PLAZA CENTERS N.V.

("החברה")

תשקיף בקשר להסדר חוב של החברה

אשר לפיו יתוקנו במועד הקובע, כהגדרת מונח זה בסעיף 1 לפרק 2 לתשקיף (להלן: "**המועד הקובע**"), תנאי שטר הנאמנות (על נספחיו) לאגרות החוב (סדרה א') של החברה מיום 4 ביולי 2007 (כפי שתוקן ביום 31 בינואר 2008 וביום 10 במרס 2014) ותנאי שטר הנאמנות (על נספחיו) לאגרות החוב (סדרה ב') של החברה מיום 31 בינואר 2008 (כפי שתוקן ביום 17 בפברואר 2008 וביום 10 במרס 2014) (להלן ביחד: "**אגרות החוב**" ו"**שטרי הנאמנות המתוקנים**" בהתאמה). שטרי הנאמנות המתוקנים מהווים חלק מתוכנית הסדר חוב כוללת של החברה, אשר כפוף לקבלת האישורים הנדרשים, תחול על כלל נושי החברה אשר הינם צד להסדר החוב, ובכללם מחזיקי אגרות החוב (להלן ביחד: "**מחזיקי אגרות החוב**"). לפרטים בדבר תוכנית הסדר החוב של החברה (על נספחיה, לרבות שטרי הנאמנות המתוקנים) ראו **נספח א'** לתשקיף (להלן: "**התוכנית**" או "**תוכנית הסדר החוב**" ו"**הסדר החוב**", בהתאמה).

כמו כן, על פי תוכנית הסדר החוב ושטרי הנאמנות יוקצו במועד ההקצאה, כהגדרת מונח זה בסעיף 2.1 בפרק 2 לתשקיף, למחזיקי אגרות החוב אשר החזיקו באגרות החוב במועד הקובע (להלן: "**מחזיקי אגרות החוב הזכאים**") ניירות הערך הבאים: (א) סך של 5,516,329 ש"ח ע"נ אגרות חוב (סדרה א') וסך של 13,727,951 ש"ח ע"נ אגרות חוב (סדרה ב') של החברה, שתיהן בנות 1 ש"ח ע"נ כ"א, רשומות על שם, וזאת בגין הריבית הנדחית של אגרות החוב (סדרה א' ו-(סדרה ב'), כמפורט בסעיפים 4א(2) לשטרי הנאמנות המתוקנים. אגרות החוב האמורות תוקצינה ללא תמורה, בדרך של הרחבת סדרה א' והרחבת סדרה ב', לפי העניין, והכל כמפורט בסעיף 2 לפרק 2 לתשקיף (להלן ביחד: "**אגרות החוב המוצעות**"); וכן (ב) מניות רגילות של החברה בנות 0.01 אירו ע"נ כ"א אשר תייצגנה (לאחר הקצאתן, לאחר הקצאת המניות הנוספות, כפי שיפורט להלן, בגין אגרות החוב ובגין אגרות החוב שהונפקו בפולין, ולאחר ההנפקה באמצעותה תבוצע ההזרמה ההונית, כהגדרת מונח זה להלן) כ-12.0857% מהון המניות המונפק של החברה ומזכויות ההצבעה בה, וזאת בתמורה לתשלום לחברה של הערך הנקוב לכל מניה (לפי השער אירו/שקל ביום שקדם למועד ההקצאה) (להלן: "**המניות המוקצות**") וכן כמות נוספת של מניות בחברה, בתמורה לתשלום לחברה של הערך הנקוב לכל מניה, אשר תוקצה לידי הנאמנים לשטרי הנאמנות, בנאמנות בעבור מחזיקי אגרות החוב, שתחושב כתוצאה של חלוקת (i) מספר מניות השווה ל-1% מכמות המניות המוקצות בהנחת היעדות מלאה להנפקה באמצעותה תבוצע ההזרמה ההונית ב-(ii) מחיר למניה בהנפקה באמצעותה תבוצע ההזרמה ההונית פחות 0.01 אירו (להלן: "**המניות הנוספות**"), והכל כמפורט בסעיף 2 לפרק 2 (להלן יחד: "**המניות המוצעות**"). המניות המוצעות לא תוקצינה לחברה בת של החברה בגין אגרות חוב המוחזקות על ידיה. אגרות החוב המוצעות והמניות המוצעות ייקראו להלן ביחד: "**ניירות הערך המוצעים**"[1]. ניירות הערך המוצעים יירשמו למסחר בבורסה לניירות ערך בתל אביב בע"מ (להלן: "**הבורסה**").

לפרטים נוספים בדבר הקצאת ניירות הערך המוצעים למחזיקי אגרות החוב הזכאים, לרבות סך הע"נ של אגרות החוב המוצעות שיונפקו בגין כל 1 ש"ח ע"נ אגרות חוב ותחשיב שיעור המניות המוצעות שיונפקו למחזיקי אגרות החוב הזכאים, ראו סעיף 2.2 לפרק 2 לתשקיף.

החל ממועד הקצאתן תהיינה המניות המוצעות שוות בזכויותיהן, לכל דבר ועניין, למניות הרגילות הקיימות בהונה המונפק והנפרע של החברה. לפרטים בדבר הזכויות הנלוות למניות החברה ראו סעיף 2.6 לפרק 2 לתשקיף.

מובהר, כי מחזיקי אגרות החוב הזכאים לא יהיו זכאים לתשלומי ריבית ו/או קרן בגין אגרות החוב המוצעות אשר המועד הקובע לתשלומם חל לפני מועד הנפקתן של אגרות החוב המוצעות על פי תשקיף זה. תנאי אגרות החוב המוצעות יהיו זהים לתנאי אגרות החוב (סדרה א') ותנאי אגרות החוב (סדרה ב') של החברה שבמחזור, לפי העניין, כפי שיהיו במועד הנפקתן של אגרות החוב המוצעות. אגרות החוב המוצעות שתונפקנה, כאמור, תהוונה, החל ממועד הנפקתן, סדרה אחת לכל דבר ועניין ביחד עם אגרות החוב (סדרה א') ואגרות החוב (סדרה ב') של החברה שבמחזור (לפי העניין).

לפרטים בדבר פדיון מוקדם כפוי מלא או חלקי של אגרות החוב בנסיבות מסוימות וכן בדבר פדיון מוקדם ביוזמת החברה, ראו סעיף 7א' לשטרי הנאמנות המתוקנים.

לפרטים בדבר התחייבות החברה לשעבוד שלילי במסגרת שטרי הנאמנות המתוקנים, ראו סעיף 4.2 לשטרי הנאמנות המתוקנים.

לפרטים בדבר מגבלות אשר יחולו על החברה בעניין חלוקת דיבידנד ורכישה עצמית של מניות החברה, בהתאם לשטרי הנאמנות המתוקנים, ראו סעיף 4.4 לשטרי הנאמנות המתוקנים.

לפרטים בדבר מגבלות ביחס לנטילת חוב פיננסי במסגרת שטרי הנאמנות המתוקנים, ראו סעיף 4.3 לשטרי הנאמנות המתוקנים.

נכון למועד התשקיף, החברה ואגרות החוב מדורגות על ידי סטנדרט & פורס מעלות (S&P) בדירוג D.

כניסתם לתוקף של שטרי הנאמנות המתוקנים כפופה להתקיימותם במצטבר של התנאים המתלים הבאים עד ליום 30 בנובמבר 2014 (להלן: "**התנאים המתלים**"): (א) החלטת בית המשפט המוסמך בהולנד בדבר אישור הסדר החוב הפכה לחלוטה על פי הדין ההולנדי (בהמשך לאישור אסיפות מחזיקי אגרות החוב ונושי החברה ואסיפת בעלי המניות של החברה, כנדרש על פי הדין ההולנדי); (ב) הושלם ביצועה של הזרמת מזומנים בסך של לפחות עשרים (20) מיליון אירו, בהפחתת סכום מסוים המפורט בשטרי הנאמנות המתוקנים, לחברה ו/או לנאמן (שאינו הנאמן למחזיקי אגרות החוב) אשר יחזיק בסכום בנאמנות עבור החברה תחת כתב הוראות לפיו יועבר סכום זה לחברה עד (וכולל) למועד הקובע, או מועד ההקצאה, כהגדרתו בפרק 2 להלן, לפי המאוחר (ובלבד שלא ידוע לחברה על מניעה מהותית להקצאת ניירות הערך נשוא שטרי הנאמנות), וזאת בדרך של הנפקת מניות חדשות (להלן: "**ההזרמה ההונית**"); (ג) נמסרו לנאמנים אישורים חתומים על ידי החברות הבנות של החברה (כהגדרתן בשטרי הנאמנות המתוקנים), על פי סעיף 5א' לשטרי הנאמנות המתוקנים; (ד) בוצעה הפקדה אצל הנאמנים לאגרות החוב או בחברה לרישומים של בנק לאומי לישראל בע"מ של הסכום אשר ישולם במועד תשלום הריבית הראשון, כהגדרתו בסעיף 2.2.2.1 לשטרי הנאמנות המתוקנים, למחזיקי אגרות החוב; (ה) הופקדה הכרית לכיסוי הוצאות הנאמנים לאגרות החוב במקרה של העמדה לפירעון מיידי בסך של 25,000 ש"ח עבור כל סדרת אגרות חוב בחשבון בנק מיוחד ושעבוד החשבון האמור לטובת הנאמנים עבור מחזיקי אגרות החוב, והכל כמפורט בסעיף 4ג לשטרי הנאמנות לאגרות החוב; (ו) רישום כל הון המניות של החברה למסחר בבורסה; (ז) התקבל Pre-Ruling מרשות המיסים לגבי השלכות המס על מחזיקי אגרות החוב כתוצאה משטרי הנאמנות המתוקנים. לפרטים נוספים בדבר התנאים המתלים ראו סעיף 34 לשטרי הנאמנות המתוקנים.

הנאמן למחזיקי אגרות החוב (סדרה א') של החברה הינו: **הרמטיק נאמנות (1975) בע"מ**; הנאמן למחזיקי אגרות החוב (סדרה ב') של החברה הינו: **רזניק פז נבו נאמנויות בע"מ**.

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[1] לשם השלמת התמונה יובהר, כי במסגרת הסדר החוב עתידה החברה להנפיק מניות רגילות של החברה בנות 0.01 אירו ע"נ כ"א הן למחזיקי אגרות החוב הזכאים, כאמור לעיל, והן למחזיקי אגרות חוב אותן הנפיקה החברה בהנפקה פרטית בפולין (אשר אינן רשומות למסחר בבורסה או בשוק מוסדר כלשהו), כמפורט בתוכנית הסדר החוב (להלן: "**מחזיקי אגרות החוב בפולין**"). כמו כן, החברה עשויה במסגרת הסדר החוב להנפיק למחזיקי אגרות החוב בפולין, אגרות חוב נוספות מאותה סדרת אגרות חוב (בדרך של הרחבת סדרה), והכל כמפורט בתוכנית המוצעת להסדר החוב (כהגדרתה בסעיף 1 לפרק 2 לתשקיף). יודגש, כי אגרות החוב ומניות החברה אשר תונפקנה למחזיקי אגרות החוב בפולין (ככל שתונפקנה אגרות חוב כאמור), כאמור לעיל, לא תופקדנה במסלקת הבורסה לניירות ערך בתל אביב בע"מ, אך המניות שתונפקנה למחזיקי אגרות החוב בפולין מכח תוכנית ההסדר כאמור תהיינה רשומות למסחר במועד הנפקתן בבורסה.

ניירות הערך המוצעים מיועדים להירשם למסחר בבורסה אשר נתנה את אישורה העקרוני לכך. מתן האישור העקרוני אינו מהווה אישור לרישום למסחר של ניירות הערך המוצעים על פי תשקיף זה ורישומם למסחר יהיה כפוף לקבלת אישור רישום המניות המוצעות ואגרות החוב המוצעות למסחר. אישור זה כפוף להתקיימותם של כל התנאים הבאים: (א) התקיימותם של כל התנאים המתלים, כהגדרתם לעיל; (ב) פרסום דו"ח מתאים במגנ"א בדבר התקיימות התנאים המתלים, פרסום Pre-Ruling שיתקבל מאת רשויות המס, לוחות הזמנים והמועדים הרלוונטיים לביצוע הנפקת ניירות הערך המוצעים וכמות המניות המוצעות שתונפקנה, כמפורט בסעיף 2 לפרק 2 להלן.

החברה התאגדה על פי דיני מדינת הולנד, ולכן אינה כפופה לדיני החברות בישראל. החברה אינה מאמצת הוראות מכח חוק החברות, התשנ"ט-1999. מניות החברה רשומות למסחר ברשימה הראשית ב-London Stock Exchange Plc. (להלן: "**בורסת לונדון**") וב-Warsaw Stock Exchange (להלן: "**בורסת ורשה**"). בחודש פברואר 2008 רשמה החברה למסחר בבורסה את אגרות החוב (סדרה א') של החברה שהונפקו בהנפקה פרטית וכן הנפיקה לציבור אגרות חוב (סדרה ב') של החברה הרשומות גם הן למסחר בבורסה. בנוסף, לחברה סדרת אגרות חוב שהונפקה בהנפקה פרטית למשקיעים בפולין.

<u>להלן יובא פירוט תמציתי של גורמי הסיכון בעלי השפעה גדולה על עסקי החברה</u>:

(א) ייתכנות לפיה הקבוצה לא תוכל לממן או לממן מחדש הסדרי חוב קיימים; (ב) כישלון הקבוצה לשמור על יחסים פיננסיים מסוימים ולעמוד בתנאי מסגרות האשראי שלה, עלול לגרום להטלתן של תניות מגבילות ולפירעונן המיידי של מסגרות אשראי מסוימות; (ג) אין כל ודאות כי הקבוצה תיישם בהצלחה את אסטרטגיית ה"לבנות ולהשליך" שלה. אי יישומה של האסטרטגיה כאמור, עלול להשפיע לרעה באופן מהותי על תוצאותיה של הקבוצה; (ד) הקבוצה תלויה באופן ניכר בהכנסותיה המתקבלות במזומן ממכירתם של פרויקטים קיימים ופרויקטים בביצוע על מנת שתוכל לעמוד בהתחייבויותיה הכספיות, הכוללות גם התחייבויות כספיות הנוגעות לאיגרות החוב של החברה; (ה) הקבוצה עלולה להיות חשופה לסיכונים הנוגעים להשקעותיה המשותפות, היות והבעלות והשליטה בהשקעות כגון אלה הינה במשותף עם צדדים שלישיים; (ו) הקבוצה עשויה לעמוד בפני תחרות ברכישת אתרים ו/או עשויה לעמוד בפני תחרות מצידם של פרויקטים אחרים; (ז) הגבלות בנייה והתנגדות מקומית עלולות לעכב או למנוע בנייה על ידי החברה; (ח)עסקי הקבוצה מושפעים מתנאים כלכליים באזורים בהם היא פועלת; (ט) עלויות המימון של הקבוצה וגישתה לשוקי ההון תלויות באופן משמעותי בדירוג האשראי של החברה, תפישת השוק של החברה ובחוסנם הפיננסי של בעלי השליטה בה; (י) אי אישורו של הסדר החוב על ידי נושי ההסדר כאמור עלול להוביל לחדלות פירעון של החברה; (י"א) כישלון הוצאתו לפועל של הסדר החוב עלול להוביל ישירות לחדלות פירעון של החברה; (י"ב) הקבוצה חשופה לסיכונים שונים הקשורים לפעילותה במרכז ובמזרח אירופה ובאסיה, ובהם חוסר יציבות כלכלית ופוליטית, שחיתות פוליטית ופלילית וכן חוסר הניסיון ואי הצפיות של מערכת המשפט האזרחית באזורים אלה; ו-(י"ג) ישנן מגבלות מסוימות במערכת רישום הבעלות על נכסים בהודו וסיכונים נוספים נלווים הקשורים לנכסי נדל"ן בהודו, העלולים לחשוף את הקבוצה לתביעות של צדדים שלישיים בקשר לנדל"ן שנרכש על ידי הקבוצה בהודו. לפרטים נוספים בדבר גורמי הסיכון הנוגעים לחברה ולפעילותה ראו חלק 2 (Part II) לתשקיף.

ניירות הערך המוצעים על פי תשקיף זה, לא הוצעו או נמכרו ולא יוצעו או ימכרו ולא ניתן יהיה להציעם, למוכרם, להעבירם, או למוסרם, כחלק מפעילות ההפצה הראשונית שלהן, או בכל עת לאחר מכן, בין במישרין ובין בעקיפין, לציבור במדינה החברה באזור הכלכלי האירופי (European Economic Area) שיישמה את דירקטיבה 2003/71EC, כפי שתוקנה, (להלן: "**הנחיית התשקיף**") (כולל הולנד, בריטניה ופולין), למעט "למשקיעים מסווגים" כפי שמוגדרים בדירקטיבה 2010/73/EU של הפרלמנט והמועצה האירופאים, המתקנת את הנחיית התשקיף ואת דירקטיבה 2004/19 EC בדבר דרישות גילוי למנפיקים אשר ניירות הערך שלהם רשומים למסחר בשווקים מוסדרים. לביטוי "**הצעה או מכירה לציבור**" בקשר לניירות הערך הכלולים בתשקיף זה תהא בפסקה זו לעיל המשמעות הבאה – כל סוג של תקשורת או פנייה בכל אמצעי הכוללת מידע מספיק באשר לתנאי ניירות הערך הכלולים בתשקיף זה המאפשר למשקיע פוטנציאלי לקבל החלטת השקעה על פיה (בשינויים המחויבים בין המדינות השונות החברות באזור הכלכלי האירופי, כמפורט לעיל, בהתאם ליישומה של הנחיית התשקיף במדינה כאמור).
תשקיף זה איננו מהווה הצעה של ניירות ערך בכל מדינה אחרת למעט מדינת ישראל. תיקון שטרי הנאמנות, כמפורט לעיל, והקצאתם של ניירות הערך המוצעים למחזיקי אגרות החוב הזכאים על פי תשקיף זה נעשית בישראל בלבד, מיועדת לתושבי ישראל בלבד ואינה נעשית ו/או מיועדת לתושבי כל מדינה אחרת, לרבות מדינות החברות באיחוד הכלכלי האירופי או ארה"ב. תשקיף זה לא הוגש לרשות ניירות ערך כלשהי, למעט רשות ניירות ערך בישראל. המניות המוצעות על פי תשקיף זה אשר תירשמנה למסחר בבורסה בעת הנפקתן, לאחר שפורסם תשקיף, אשר אושר על ידי הרשות הרגולטורית המוסמכת לכך בהולנד, ה-Authority for the Financial Markets ("**AFM**"), ותשקיף זה יועבר (passported) על ידי ה-AFM גם לבריטניה ולפולין, תירשמנה למסחר (admitted for listing) בבורסת לונדון ובבורסת ורשה.

תשקיף זה נערך בהתאם לפטור מתקנות ניירות ערך (פרטי התשקיף, מבנהו וצורתו), התשכ"ט-1969, שניתן לחברה על ידי הרשות לניירות ערך בישראל (להלן: "**רשות ניירות ערך**") מכוח סעיפים 35ל ו-35כט לחוק ניירות ערך, התשכ"ח-1968 (להלן: "**חוק ניירות ערך**"). לעניין הפטור כאמור שקיבלה החברה מרשות ניירות ערך בקשר לתשקיף זה, ראו סעיף 3 לפרק 1 לתשקיף.

הדיווחים השוטפים של החברה מבוצעים בשפה האנגלית בהתאם לדין ההולנדי, לדין האנגלי ולדין הפולני, כפי שחלים על החברה מעת לעת, בהתאם לכללי הרישום הכפול הקבועים בפרק ה'3 לחוק ניירות ערך והתקנות שהותקנו מכוחו.

בחוות דעת רואה החשבון לדוחות הכספיים המאוחדים והמבוקרים של החברה לשנת 2013 כלולה הפניית תשומת לב בנוסח הבא: "מבלי לסייג את חוות דעתנו הנ"ל, אנו מפנים את תשומת הלב לאמור בביאור 2(ד) ובביאור 34(א) לדוחות הכספיים המאוחדים מיום 31 בדצמבר 2013, המתארים, בין היתר, כי החברה מנעה תשלומים מבעלי האג"ח הפולני ובעלי האג"ח הישראלי; וכי החברה הגישה בקשה להליך רה-ארגון לבית המשפט המחוזי באמסטרדם, הולנד. התנאים האמורים, בצירוף יתר העניינים המנויים בביאור 2(ד) ובביאור 34(א), מצביעים על קיומו של חוסר וודאות מהותי העשוי להטיל ספק משמעותי בדבר יכולת החברה להמשיך ולהתקיים כעסק חי".

בחברה מתקיימים סימני אזהרה כהגדרת המונח "סימני אזהרה" בתקנה 10(ב)(14) לתקנות ניירות ערך (דוחות תקופתיים ומיידיים) התש"ל-1970 עקב גירעון בהון החוזר לתקופה של שניים עשר חודשים בצירוף תזרים מזומנים שלילי מתמשך מפעילות שוטפת וכן חוות דעת רואה החשבון המבקר למועד הדוח, כוללת הפניית תשומת לב בדבר ספקות משמעותיים להמשך פעילותו של התאגיד כעסק חי (ראו לעיל).

תאריך התשקיף: 27 במאי 2014.

ניירות הערך המוצעים על פי תשקיף זה לא הוצעו או נמכרו ולא יוצעו או ימכרו ולא ניתן יהיה להציעם, למוכרם, להעבירם, או למוסרם, כחלק מפעילות ההפצה הראשונית שלהן, או בכל עת לאחר מכן, בין במישרין ובין בעקיפין, לציבור במדינה החברה באזור הכלכלי האירופי (European Economic Area) שיישמה את דירקטיבה 2003/71EC, כפי שתוקנה, (להלן: "**הנחיית התשקיף**") (כולל הולנד, בריטניה ופולין), למעט "למשקיעים מסווגים" כפי שמוגדרים בדירקטיבה 2010/73/EU של הפרלמנט והמועצה האירופאים, המתקנת את הנחיית התשקיף ואת דירקטיבה EC 2004/19 בדבר דרישות גילוי למנפיקים אשר ניירות הערך שלהם רשומים למסחר בשווקים מוסדרים. לביטוי "**הצעה או מכירה לציבור**" בקשר לניירות הערך הכלולים בתשקיף זה תהא בפסקה זו לעיל המשמעות הבאה – כל סוג של תקשורת או פנייה בכל אמצעי הכוללת מידע מספיק באשר לתנאי ניירות הערך הכלולים בתשקיף זה המאפשר למשקיע פוטנציאלי לקבל החלטת השקעה על פיה (בשינויים המחויבים בין המדינות השונות החברות באזור הכלכלי האירופי, כמפורט לעיל, בהתאם ליישומה של הנחיית התשקיף במדינה כאמור). על פי ה- Act on the Financial Supervision "**הצעה**" הוגדרה כביצוע הצעה מסוימת דיה המופנית ליותר מאדם אחד לצורך חתימת הסכם לרכישה או קניה באופן אחר כלשהו של ניירות ערך.

תשקיף זה איננו מהווה הצעה של ניירות ערך בכל מדינה אחרת למעט מדינת ישראל. תיקון שטרי הנאמנות, כמפורט לעיל, והקצאתם של ניירות הערך המוצעים למחזיקי אגרות החוב הזכאים על פי תשקיף זה נעשית בישראל בלבד, מיועדת לתושבי ישראל בלבד ואינה נעשית ו/או מיועדת לתושבי כל מדינה אחרת, לרבות מדינות החברות באיחוד הכלכלי האירופי או ארה"ב. תשקיף זה לא הוגש לרשות ניירות ערך כלשהי, למעט רשות ניירות ערך בישראל. המניות המוצעות על פי תשקיף זה, אשר תירשמנה למסחר בבורסה בעת הנפקתן, ולאחר שפורסם תשקיף, אשר אושר על ידי הרשות הרגולטורית המוסמכת לכך בהולנד, ה-Authority for the Financial Markets ("AFM"), ותשקיף זה יועבר (passported) על ידי ה-AFM גם לבריטניה ולפולין, תירשמנה למסחר (admitted for listing) בבורסת לונדון ובבורסת ורשה.

חוו"ד משפטיות בנוגע להשלכות רישום ניירות הערך המוצעים על פי הדין הזר

טרם קבלת האישור לפרסום תשקיף זה, קבלה החברה חוות דעת משפטית, בהתאם לדין ההולנדי מאת משרד עורכי דין בהולנד, לפיה על בסיס ההנחות המתוארות בה לפיה, בין היתר, על אף שאגרות החוב (סדרה א') ו-(סדרה ב') של החברה והמניות המוצעות, כהגדרתן לעיל, נסחרות ו/או תסחרנה, לפי העניין, בבורסה באמצעות מערכת אוטומטית למסחר רציף וסימולטני, המבוסס על ספר הזמנות ממוחשב אשר אינו מאפשר את נשיאת ההצהרה (legend) הבאה:

> "לא ניתן להציע, למכור, להעביר או למסור את אגרות החוב (סדרה א') ואגרות החוב (סדרה ב') ואת המניות המוצעות בהולנד כחלק מהפצתן הראשונית או בכל עת לאחר מכן, במישרין ו/או בעקיפין, למעט למשקיעים כשירים (qualified investors), כהגדרתם בסעיף 1:1 לחוק הפיקוח הפיננסי ההולנדי, לרבות, אך מבלי לגרוע מהאמור לעיל, בנקים, ברוקרים, דילרים ומשקיעים מוסדיים המחזיקים רישיון או המפוקחים בצורה אחרת לפעול בשווקים הפיננסיים או ישויות שמטרתן היחידה הינה השקעה בניירות ערך".

הרישום למסחר והמסחר בניירות הערך על פי תשקיף זה בבורסה לא יוביל להפרה על ידי החברה של פרק 5.1 לחוק הפיקוח הפיננסי ההולנדי (המסדיר הצעת ניירות ערך בחוק והמהווה חוק ניירות הערך הבלעדי הרלוונטי בהולנד),

ובלבד שההצהרה האמורה (legend) נכללה במסגרת כל מסמכי ההצעה של ניירות הערך המוצעים על פי תשקיף זה, בין בעל פה או בין בכתב, ובמסמכי הרישום למסחר. הצהרה זו נכללה במסמכי ההצעה המקוריים של אגרות החוב.

בנוסף, טרם קבלת האישור לפרסום תשקיף זה, קיבלה החברה חוות דעת משפטית בהתאם לדין האנגלי מאת משרד עורכי דין בבריטניה. חוות הדעת כאמור מאשרת, בכפוף לתנאים ועל בסיס ההנחות המתוארות בה, כי כל הפעולות המפורטות להלן לא יעמדו בסתירה או יגרמו להפרה של הוראות דיני ניירות הערך האנגליים על ידי החברה. הפעולות הן: (א) המסחר באגרות החוב (סדרה א') של החברה ובאגרות החוב (סדרה ב') של החברה בבורסה, בידי כל משקיע הרשאי לסחור בבורסה; (ב) הנפקת המניות המוצעות ואגרות החוב המוצעות על ידי החברה, על פי תשקיף זה; ו-(ג) הרישום למסחר והמסחר במניות החברה בבורסה.

עוד קבלה החברה טרם קבלת האישור לפרסום תשקיף זה חוות דעת משפטית בהתאם לדין הפולני מאת משרד עורכי דין בפולין. חוות הדעת מאשרת, בכפוף לתנאים ועל בסיס ההנחות המתוארות בה, כי כל הפעולות המפורטות להלן לא יעמדו בסתירה או יגרמו להפרה בידי החברה של כל הוראה בחוק ניירות הערך הפולני ותקנות בורסת וורשה. הפעולות הן: (א) המסחר באגרות החוב (סדרה א') של החברה ובאגרות החוב (סדרה ב') של החברה בבורסה בידי כל משקיע הרשאי לסחור בבורסה; (ב) המסחר במניות המוצעות על פי תשקיף זה בידי כל משקיע הרשאי לסחור בבורסה; ו-(ג) הנפקתן של המניות המוצעות ושל אגרות החוב המוצעות, על פי תשקיף זה.

<u>הסתמכות על תשקיף זה בלבד</u>

על מחזיקי אגרות החוב הזכאים להסתמך על המידע הכלול בתשקיף זה בלבד. אף אדם לא הוסמך לתת מידע כלשהו או להציג מצג כלשהו, למעט כמפורט בתשקיף זה ואם ניתן מידע או מצג כאמור, על מחזיקי אגרות החוב הזכאים להימנע מלהסתמך על מידע או מצג כאמור.

IMPORTANT INFORMATION ABOUT THIS DOCUMENT

Noteholders of Series A Notes and Series B Notes, as of the effective date of the amended deeds of trust of each of Series A Notes and Series B Notes, pursuant to the debt settlement and in accordance with this prospectus of Plaza Centers N.V. (as such terms are defined in this prospectus) (the "**Company**" and the **"Entitled Noteholders"**, respectively), should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by or on behalf of the Company. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the business affairs of the Company or of the Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

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פרק 1 - כללי

1. כללי

החברה התאגדה בהולנד ביום 17 במאי 1993. מניות החברה רשומות למסחר ברשימה הראשית ב-London Stock Exchange Plc. (להלן: "**בורסת לונדון**") וב-Warsaw Stock Exchange (להלן: "**בורסת ורשה**").

בחודש פברואר 2008 רשמה החברה למסחר בבורסה לניירות ערך בתל אביב בע"מ (להלן: "**הבורסה**") את אגרות החוב (סדרה א') של החברה שהונפקו בהנפקה פרטית וכן הנפיקה לציבור אגרות חוב (סדרה ב') של החברה אשר רשומות אף הן למסחר בבורסה. בנוסף, לחברה סדרת אגרות חוב שהונפקה בהנפקה פרטית למשקיעים בפולין, אשר אינן רשומות למסחר בבורסה או בשוק מוסדר כלשהו.

כמפורט בסעיף 1 לפרק 2 להלן, החברה הגישה לבית המשפט המוסמך בהולנד ביום 18 בנובמבר 2013, בין היתר, תוכנית מוצעת להסדר חוב (restructuring plan) בין החברה לבין נושיה הלא מובטחים, ובכללם מחזיקי אגרות החוב (סדרה א') ו-(סדרה ב') של החברה (להלן: "**מחזיקי אגרות החוב**" ו"**אגרות החוב**" בהתאמה), בהתאם להוראות הדין ההולנדי. תוכנית זו תוקנה על ידי החברה ואושרה על ידי דירקטוריון החברה ביום 25 במאי 2014 והיא עתידה להיות מוגשת לבית המשפט בהולנד בסמוך לתאריך תשקיף זה. הנוסח המתוקן של התוכנית המוצעת להסדר החוב מצורף כ**נספח א'** לתשקיף זה (להלן: "**התוכנית**" או "**תוכנית הסדר החוב**" ו"**הסדר החוב**", בהתאמה). כפוף לקבלת האישורים הנדרשים, תוכנית הסדר החוב תחול על כלל נושי החברה אשר הינם צד להסדר החוב של החברה, ובכללם מחזיקי אגרות החוב.

תוכנית הסדר החוב כוללת, בין היתר, ביצוע תיקונים לשטרי הנאמנות (על נספחיהם) לאגרות החוב, והכל כמפורט בסעיף 3 לפרק 2 להלן (להלן יחד: "**שטרי הנאמנות המתוקנים**"). במסגרת שטרי הנאמנות המתוקנים נקבע, בין היתר, כי תונפקנה למחזיקי אגרות החוב הזכאים, כהגדרת מונח זה בסעיף 2.1 לפרק 2 להלן, על פי תשקיף זה: (א) סך של 5,516,329 ש"ח ע"נ אגרות חוב (סדרה א') ו-13,727,951 ש"ח ע"נ אגרות חוב (סדרה ב') של החברה, שתיהן בנות 1 ש"ח ע"נ כ"א, וזאת בגין הריבית הנדחית של אגרות החוב, כמפורט בסעיף 4א(2) לשטרי הנאמנות המתוקנים. אגרות החוב האמורות תוקצינה, ללא תמורה, בדרך של הרחבת סדרה א' והרחבת סדרה ב', לפי העניין, והכל כמפורט בסעיף 2 לפרק 2 להלן (להלן ביחד: "**אגרות החוב המוצעות**"); ו-(ב) מניות רגילות של החברה בנות 0.01 אירו ע"נ כ"א אשר תייצגנה (לאחר הקצאתן, לאחר הקצאת המניות הנוספות, כפי שיפורט להלן, בגין אגרות החוב ובגין אגרות החוב שהונפקו בפולין, ולאחר ההנפקה באמצעותה תבוצע ההזרמה ההונית, כהגדרת מונח זה להלן) כ-12.0857% מהון המניות המונפק והנפרע של החברה ומזכויות ההצבעה בה, וזאת בתמורה לתשלום לחברה של הערך הנקוב לכל מניה (לפי השער אירו/שקל ביום שקדם למועד ההקצאה) (להלן: "**המניות המוקצות**") וכן כמות נוספת של מניות בחברה, בתמורה לתשלום לחברה של הערך הנקוב לכל מניה, אשר תוקצה לידי הנאמנים לשטרי הנאמנות, בנאמנות בעבור מחזיקי אגרות החוב, שתחושב כתוצאה של חלוקת (i) מספר מניות השווה ל-1% מכמות המניות המוקצות בהנחת היענות מלאה להנפקה באמצעותה תבוצע ההזרמה ההונית ב-(ii) מחיר למניה בהנפקה באמצעותה תבוצע ההזרמה ההונית פחות 0.01 אירו (להלן: "**המניות הנוספות**"), והכל כמפורט בסעיף 2 לפרק 2 להלן (להלן יחד: "**המניות המוצעות**").[1] המניות המוצעות לא תוקצינה לחברה בת של החברה בגין אגרות חוב המוחזקות על ידיה. אגרות החוב המוצעות והמניות המוצעות ייקראו להלן ביחד: "**ניירות הערך המוצעים**"[2]. ניירות הערך המוצעים יירשמו למסחר בבורסה לניירות ערך בתל אביב בע"מ (להלן: "**הבורסה**"). לפרטים בדבר תוכנית הסדר החוב, ראו נספח א' לתשקיף זה.

1 יצוין, כי לאור העובדה כי אחד התנאים המתלים כולל הזרמה הונית בדרך של הנפקת מניות חדשות, נכון למועד התשקיף, אין וודאות ביחס למספר המניות המוצעות שתוקצינה למחזיקי אגרות החוב הזכאים. לפרטים בדבר דוח מיידי אותו תפרסם החברה לפני המועד הקובע בדבר סך המניות המוצעות שיונפקו בפועל למחזיקי אגרות החוב הזכאים כאמור, ראו סעיף 2.1 להלן.

2 לשם השלמת התמונה יובהר, כי במסגרת הסדר החוב עתידה החברה להנפיק מניות רגילות של החברה בנות 0.01 אירו ע"נ כ"א הן למחזיקי אגרות החוב הזכאים, כאמור לעיל, והן למחזיקי אגרות חוב אותן הנפיקה החברה בהנפקה פרטית בפולין (אשר אינן רשומות למסחר בבורסה או בשוק מוסדר כלשהו), כמפורט בתוכנית הסדר החוב (להלן: "**מחזיקי אגרות החוב בפולין**"). כמו כן, החברה עשויה במסגרת הסדר החוב להנפיק למחזיקי אגרות החוב בפולין, אגרות חוב נוספות מאותה סדרת אגרות חוב (בדרך של

כניסתם לתוקף של שטרי הנאמנות המתוקנים כפופה להתקיימותם של תנאים מתלים עד ליום 30 בנובמבר 2014, כמפורט בסעיף 1 לפרק 2 להלן (להלן: "**התנאים המתלים**"), אשר נכון למועד התשקיף טרם התקיימו.

2. **<u>היתרים</u>**

בכפוף להתקיימותם של התנאים המתלים, החברה קיבלה את כל האישורים, ההיתרים והרישיונות הדרושים על פי דין לפרסום התשקיף ולהנפקתם של ניירות הערך המוצעים מכוחו.

אין בהיתר של רשות ניירות ערך לפרסם את התשקיף משום אימות הפרטים המובאים בו או אישור מהימנותם או שלמותם, ואין בו משום הבעת דעה על טיבם של ניירות הערך המוצעים ו/או על הסדר החוב.

הבורסה נתנה את אישורה העקרוני לפרסום התשקיף, אשר לפיו יוצעו ניירות הערך המוצעים ואת היותם עומדים בתנאים הקבועים בתקנון הבורסה ובהנחיות על פיו, כפי שהינם נכון למועד פרסום התשקיף (להלן: "**האישור העקרוני**").

אין לראות באישור העקרוני של הבורסה לתשקיף זה אישור לפרטים המובאים בתשקיף או למהימנותם או לשלמותם, ואין בו משום הבעת דעה כלשהי על החברה או על טיבם של ניירות הערך המוצעים והנרשמים למסחר על פיו ו/או על הסדר החוב.

מתן האישור העקרוני אינו מהווה אישור לרישום למסחר של ניירות הערך המוצעים על פי תשקיף זה ורישומם למסחר יהיה כפוף לקבלת אישור רישום המניות המוצעות ואגרות החוב המוצעות למסחר. אישור זה כפוף להתקיימותם של כל התנאים הבאים: (א) התקיימותם של כל התנאים המתלים, כהגדרתם לעיל; (ב) פרסום דו"ח מתאים במגנ"א בדבר התקיימות התנאים המתלים, פרסום Pre-Ruling שיתקבל מאת רשויות המס, לוחות הזמנים והמועדים הרלוונטיים לביצוע הנפקת ניירות הערך המוצעים וכמות המניות המוצעות שתונפקנה, כמפורט בסעיף 2 לפרק 2 להלן.

3. **<u>פטור רשות ניירות ערך</u>**

3.1. סעיף 35כט לפרק ה'3 לחוק ניירות ערך, תשכ"ח-1968 (להלן: "**חוק ניירות ערך**") קובע, בין היתר, כי רשות ניירות ערך רשאית לפטור מהוראות הנוגעות לפרטים בתשקיף, מבנהו וצורתו, כולן או מקצתן, תאגיד שהואגד בישראל המציע ניירות ערך לציבור בישראל אם ניירות הערך שלו רשומים למסחר בבורסה בחו"ל. בנוסף, סעיף 35ל לפרק ה'3 לחוק ניירות ערך קובע, בין היתר, כי רשות ניירות ערך רשאית להחליט כי הוראות לפי פרק ה'3, כולן או מקצתן, יחולו על תאגיד שהואגד מחוץ לישראל וניירות הערך שלו רשומים למסחר בבורסה בחו"ל, המבקש לרשום ניירות ערך אלה למסחר בבורסה.

3.2. החברה קיבלה מאת רשות ניירות ערך פטור בהתאם לסעיפים 35ל ו- 35כט לחוק ניירות ערך מתחולת תקנות ניירות ערך (פרטי תשקיף, מבנהו וצורתו), התשכ"ט-1969 ביחס לתשקיף זה (להלן: "**תקנות פרטי תשקיף**" ו"**פטור הרשות**" בהתאמה). פטור הרשות הותנה במתן חוות דעת אשר ניתנה לחברה בהתאם לדין ההולנדי, לפיה במקרה בו החברה היתה פועלת לרישום והנפקה בשוק מוסדר באיחוד האירופאי, לרבות בבורסת לונדון (main market) של ניירות ערך מהסוג המוצע על פי תשקיף זה, הייתה החברה רשאית להגיש תשקיף זה, בכפוף לחריגים בסעיף 3.3 להלן, לרשות ההולנדית לשווקים פיננסיים בהתאם להוראות סעיף 6:5 (פסקה 1) לחוק הפיקוח הפיננסי ההולנדי (להלן: ה-"**AFS**").

3.3. בהתאם לפטור הרשות ולחוות הדעת שנמסרה לחברה כאמור בסעיף 3.2 לעיל, מצהירה החברה, כי תשקיף זה תואם מכל הבחינות המהותיות את דרישות ה-AFS והמידע הנדרש לפי סעיפים 23-3 של ה- Commission Regulation (EC) 809/2004 מיום 29 באפריל 2004 (כפי שתוקן על ידי ה-Commission Regulation (EU) 862/2012), המיישמים את

הרחבת סדרה), והכל כמפורט בתוכנית המוצעת להסדר החוב (כהגדרתה בסעיף 1 לפרק 2 לתשקיף). יודגש, כי אגרות החוב ומניות החברה אשר תונפקנה למחזיקי אגרות החוב בפולין (ככל שתונפקנה אגרות חוב כאמור), כאמור לעיל, לא תופקדנה במסלקת

דירקטיבת המועצה והפרלמנט האירופאי EC 2003/71 (כפי שתוקנה על ידי דירקטיבת ה- EU/ 2010/73 של המועצה והפרלמנט האירופאי), בנוגע למידע הנכלל בתשקיפים (להלן: ה-"**Prospectus Regulation**") שהיו חלים על תשקיף זה אם התשקיף היה מוגש ל- Authority for the Financial Markets ההולנדית (רשות ניירות הערך המוסמכת) בקשר להצעה של ניירות ערך מהסוג המוצע על פי תשקיף זה או רישום למסחר, בשוק מוסדר באיחוד האירופי, לרבות בורסת לונדון. בהתאם, תשקיף זה, עומד, מכל הבחינות המהותיות, בדרישות ה-AFS וה-Prospectus Regulation, למעט:

(i) כריכת התשקיף;

(ii) פרק 1 לתשקיף שכותרתו "General";

(ii) פרק 2 לתשקיף שכותרתו "Details of the Offer and Debt Settlement";

(iii) החלק בתשקיף שכותרתו הינה "Legal Counsel's Opinion and Signature Page";

3.4. כריכת התשקיף, פרק 1 לתשקיף שכותרתו "General" ופרק 2 לתשקיף שכותרתו " Details of the Offer and Debt Settlement" בתשקיף נערכו בשפה העברית, בהתאם להוראות חוק ניירות ערך והתקנות שהותקנו מכוחו.

הסעיפים הבאים הנדרשים בתשקיף הערוך לפי כללי ה-AFS וה-Prospectus Regulation אינם עומדים בדרישות כאמור ו/או אינם כלולים בתשקיף:

(i) A cover page in the Dutch language or in a language customary in the financial circle, which cover page may not be longer than 1,5 page;

(ii) A Summary in the Dutch language or in a language customary in the financial circles;

(iii) A Securities Note in respect of the Ordinary Shares or the Bonds in the Dutch language, or in a language customary in the financial circle.

יודגש, כי תשקיף זה לא הוגש לרשות ההולנדית לשווקים פיננסיים ולא נבדק על ידה.

3.5. כמו כן, בהתאם לפטור הרשות, הדיווחים השוטפים של החברה נעשים בשפה האנגלית, ומבוצעים בהתאם להוראות סעיף 35לא' לחוק ניירות ערך, אשר הוחל על החברה מכח סעיף 35ל' לחוק ניירות ערך (להלן: "**הדיווח הדואלי**") ובהתאם לתקנות שהותקנו מכח הוראות פרק ה'3 לחוק ניירות ערך.

מבלי לגרוע מכלליות האמור לעיל, הובהר בפטור הרשות, כי היה ולאחר רישום מניותיה של החברה בבורסה בהתאם להוראות פרק ה'3 לחוק ניירות ערך, ימחקו מניותיה של החברה מהמסחר בבורסה או מהמסחר בורסת לונדון, החברה תידרש לשנות את מתכונת הדיווח הנוכחית שלה, על פי כללי הדיווח הדואלי, ותחל לדווח מכח פרק ו' לחוק ניירות ערך והתקנות על פיו, והכל בהתאם ובכפוף להוראות סעיף 36(א2) לחוק ניירות ערך, התשכ"ח-1968.

4. **<u>הוראות "מודל הגילוי ההיברידי"</u>**

הבורסה לניירות ערך בתל אביב בע"מ, אך המניות שתונפקנה למחזיקי אגרות החוב בפולין מכח תוכנית ההסדר כאמור תהיינה רשומות למסחר במועד הנפקתן בבורסה.

פטור רשות ניירות ערך שניתן בהתאם להוראות סעיפים 35כט' ו-35ל' לחוק ניירות ערך לכניסתם לתוקף של שטרי הנאמנות המתוקנים ולהנפקת אגרות החוב המוצעות על פיהם הותנה בעמידת החברה בדרישות "מודל הגילוי ההיברידי" כמפורט להלן:

4.1. דרישות "מודל הגילוי ההיברידי" יחולו רק אם יתקיימו בחברה "סימני אזהרה", כהגדרת מונח זה בתקנה 10(ב)(14) לתקנות ניירות ערך (דוחות תקופתיים ומיידיים), תש"ל-1970 (להלן: "**תקנות הדוחות**"), החל מהמועד בו הם יתקיימו, וכל עוד סימני האזהרה מתקיימים[3].

סימני האזהרה הרלבנטיים ייבחנו בהסתמך על הדוחות הכספיים המאוחדים השנתיים או החצי שנתיים שתפרסם החברה. ככל שהחברה תפרסם גם דוחות כספיים רבעוניים, סימני האזהרה ייבחנו גם בהסתמך על דוחות אלה. יודגש, כי החברה אינה מחויבת לפרסם דוחות כספיים רבעוניים, אך החברה התחייבה לכך במסגרת שטרי הנאמנות המתוקנים. לפרטים נוספים ראו סעיף 4.8 לשטרי הנאמנות המתוקנים.

הוראות הגילוי המפורטות להלן יהוו את מודל הגילוי ההיברידי, ויחולו על החברה בהתקיים סימני אזהרה כאמור (להלן: "**דרישות 'מודל הגילוי ההיברידי'**")[4]:

4.1.1. תקנה 10(ב)(14) לתקנות הדוחות, בדבר צירוף דוח תזרים מזומנים חזוי במקרים הנדרשים בתקנה.

4.1.2. תקנה 10(ב)(1)(ד) לתקנות הדוחות - גילוי אודות הבחינה שנעשתה על ידי הדירקטוריון לגבי מצב הנזילות של החברה מקום שקיים אחד מסימני האזהרה והנימוקים להחלטה.

4.1.3. תקנה 31ח לתקנות הדוחות - פשרה או הסדר.

4.1.4. תקנה 35א לתקנות הדוחות - דיווחים מיידיים לטובת המחזיקים בתעודות התחייבות שבמחזור.

4.1.5. תקנה 37(א)(1) לתקנות הדוחות - פרטים על חלוקת דיבידנד.

4.1.6. תקנה 37(א)(5) לתקנות הדוחות - פדיון מוקדם של אגרות חוב.

4.1.7. תקנה 37כ-37כה לתקנות הדוחות - גילוי אגב הסדרי חוב.

4.2. <u>סמכויות רשות ניירות ערך ביחס לדרישות מודל הגילוי ההיברידי</u>

רשות ניירות ערך תוכל להפעיל את סמכויותיה הבאות בנוגע למודל הגילוי ההיברידי: (א) סמכויות הרשות לדרוש קבלת מידע, פרטים ומסמכים; (ב) סמכויות הרשות לעניין דרישה לפרסום דיווח מיידי ו/או דיווח מתקן ו/או דיווח משלים; (ג) סמכויות הרשות לעניין דרישה להוספת גילוי או מידע כאמור בדיווחי החברה, ככל שהדבר נחוץ לצורך הגנת ציבור המשקיעים באגרות החוב; וכן (ד) סמכויות אכיפה.

החברה תהא רשאית למסור גילוי בהתאם לדרישות מודל הגילוי ההיברידי בשפה האנגלית, ובמועדים הקבועים בתקנות ניירות ערך (דוחות תקופתיים ומיידיים של תאגיד חוץ), התשס"א- 2000.

4.3. <u>אופן בחינת סימני האזהרה</u>

3 הוראות "מודל הגילוי ההיברידי" לא תחולנה מקום בו אגרות החוב (סדרה א') או (סדרה ב'), לפי העניין, תרשמנה למסחר באמצעות תשקיף רישום למסחר (או כל מסמך רישום מקביל) בבורסת לונדון או בכל בורסה כשירה אחרת.

4 יובהר, כי דרישות הגילוי, על פי סעיפים 4.1.1-4.1.7 להלן, יחולו ויוותרו בתוקפם גם במקרה של שינוי ו/או תיקון לתקנות הדוחות ביחס לסעיפים כאמור, כך שהגילוי על פי סעיפים 4.1.1-4.1.7 להלן יבוצע ויותאם, בשינויים המחויבים, בהתאם לתיקון ו/או לשינוי לתקנות הדוחות כאמור.

בסמוך לפני מועד אישור הדוחות הכספיים המאוחדים של החברה (להלן: "**הדוחות הכספיים**"), תבצע החברה בחינה פנימית האם מתקיימים "סימני אזהרה", כאמור בתקנה 10(ב)(14) לתקנות הדוחות, על בסיס הנתונים בדוחות הכספיים העומדים להתפרסם לציבור.

סימני אזהרה, משמע[5]:

4.3.1. גירעון בהון העצמי;

4.3.2. גירעון בהון החוזר או בהון החוזר לתקופה של שניים עשר חודשים בצירוף תזרים מזומנים שלילי מתמשך מפעילות שוטפת;

4.3.3. גירעון בהון החוזר או בהון החוזר לתקופה של שניים עשר חודשים או תזרים מזומנים שלילי מתמשך מפעילות שוטפת, ודירקטוריון התאגיד לא קבע כי אין בכך כדי להצביע על בעיית נזילות בתאגיד;

4.3.4. חוות דעת או דוח סקירה של רואה החשבון למועד הדוח הכוללת הפניית תשומת לב בדבר ספקות משמעותיים להמשך פעילותו של התאגיד כעסק חי;

4.3.5. חוות דעת או דוח סקירה של רואה החשבון למועד הדוח הכוללים הפניית תשומת הלב המתייחסת למצבו הפיננסי של התאגיד.

יובהר, כי בחינת סימני האזהרה המפורטים לעיל, תיעשה הן ביחס לדוחותיה המאוחדים של החברה והן ביחס לדוחות הכספיים "סולו" של החברה (אשר למעט הדוחות הסטטוטוריים השנתיים ההולנדים אינם דוחות פומביים ומבוססים על דיווח פנימי של החברה).

למען הסר ספק, יובהר, כי דרישות מודל הגילוי ההיברידי תחולנה באופן שוטף החל ממועד כניסתם לתוקף שלשטרי הנאמנות המתוקנים, כמפורט בסעיף 1 לעיל, ובאופן רציף - והכל החל מהמועד בו יתקיימו "סימני האזהרה" ובכפוף להליכי הבחינה כמפורט בפרק זה.

עם הפסקת התקיימות סימני האזהרה, קרי: פרסום דוחות כספיים אשר אינם כוללים אף סימן אזהרה כאמור בסעיפים 4.3.1-4.3.5 לעיל, תהא החברה פטורה מדרישות מודל הגילוי ההיברידי, וזאת עד להתקיימותם בחוזר של אילו מבין סימני האזהרה (ככל שיתקיימו).

יצוין, כי ככל שרשות ניירות ערך תקל בעתיד ו/או תפטור לחלוטין מדרישות הגילוי וההוראות הנלוות המפורטות בסעיף 4 זה לעיל, החברה תהא זכאית להסתמך על הפטור ו/או על ההקלות כאמור וזאת גם ביחס לאגרות החוב המוצעות על פי תשקיף זה.

5 יובהר, כי במקרה של שינוי ו/או תיקון לתקנות הדוחות ביחס להגדרת "סימני אזהרה", אזי יחול התיקון ו/או השינוי כאמור גם ביחס לחברה ולהתחייבותה על פי תשקיף זה, בשינויים המחויבים.

פרק 2 - פרטים בדבר ההצעה והסדר החוב

1. כללי

לאור קשיי נזילות של החברה ובהיעדר מקורות סבירים לתזרים משמעותי, הגישה החברה ביום 18 בנובמבר 2013 לבית המשפט המוסמך בהולנד בקשה לקבלת צו זמני להקפאת תשלומים ובד בבד הגישה החברה לבית המשפט האמור, בהתאם להוראות הדין ההולנדי, תוכנית מוצעת להסדר חוב (restructuring plan) לנושיה הלא מובטחים, כמפורט להלן, ובכלל זאת מחזיקי אגרות החוב.

ביום 18 בנובמבר 2013, קיבלה החברה צו זמני להקפאת תשלומים על ידי בית המשפט המוסמך בהולנד על פי הדין ההולנדי.

התוכנית המוצעת להסדר החוב תוקנה על ידי החברה ואושרה על ידי דירקטוריון החברה ביום 25 במאי 2014 והיא עתידה להיות מוגשת לבית המשפט המוסמך בהולנד בסמוך לתאריך תשקיף זה. הנוסח המתוקן של התוכנית המוצעת להסדר החוב מצורף **כנספח א'** לתשקיף (להלן: "**התוכנית**" או "**תוכנית הסדר החוב**" ו-"**הסדר החוב**", בהתאמה). כפוף לקבלת האישורים הנדרשים, תוכנית הסדר החוב תחול על כלל נושי החברה אשר הינם צד להסדר החוב של החברה, ובכללם מחזיקי אגרות החוב. לפרטים בדבר תוכנית הסדר החוב של החברה (על נספחיה), לרבות שטרי הנאמנות המתוקנים, אשר הינם נספח לה, ראו **נספח א'** לתשקיף.

כניסתם לתוקף של שטרי הנאמנות המתוקנים, אשר הינם נספח לתוכנית הסדר החוב כאמור, כפופה להתקיימותם במצטבר של התנאים המתלים הבאים עד ליום 30 בנובמבר 2014 (להלן: "**התנאים המתלים**"): (א) החלטת בית המשפט המוסמך בהולנד בדבר אישור הסדר החוב הפכה לחלוטה על פי הדין ההולנדי (בהמשך לאישור אסיפות מחזיקי אגרות החוב ונושי החברה ואסיפת בעלי המניות של החברה, כנדרש על פי הדין ההולנדי); (ב) הושלם ביצועה של הזרמת מזומנים בסך של לפחות עשרים (20) מיליון אירו, בהפחתת סכום מסוים המפורט בשטרי הנאמנות המתוקנים, לחברה ו/או לנאמן (שאינו הנאמן למחזיקי אגרות החוב) אשר יחזיק בסכום בנאמנות עבור החברה תחת כתב הוראות לפיו יועבר סכום זה לחברה עד (וכולל) למועד הקובע, או מועד ההקצאה, כהגדרתו להלן, לפי המאוחר (ובלבד שלא ידוע לחברה על מניעה מהותית להקצאת ניירות הערך נשוא שטרי הנאמנות), וזאת בדרך של הנפקת מניות חדשות (להלן: "**ההזרמה ההונית**")[1]; (ג) נמסרו לנאמנים אישורים חתומים על ידי החברות הבנות של החברה (כהגדרתן בשטרי הנאמנות המתוקנים), על פי סעיף 5א' לשטרי הנאמנות המתוקנים; (ד) בוצעה הפקדה אצל הנאמנים לאגרות החוב או בחברה לרישומים של בנק לאומי לישראל בע"מ (להלן: "**החברה לרישומים**") של הסכום אשר ישולם במועד תשלום הריבית הראשון, כהגדרתו בסעיף 2.2.2.1 לשטרי הנאמנות לאגרות החוב, למחזיקי אגרות החוב; (ה) הופקדה הכרית לכיסוי הוצאות הנאמנים לאגרות החוב במקרה של העמדה לפירעון מיידי בסך של 25,000 ש"ח עבור כל סדרת אגרות חוב בחשבון בנק מיוחד ושעבוד החשבון האמור לטובת הנאמנים עבור מחזיקי אגרות החוב, והכל כמפורט בסעיף 4ג לשטרי הנאמנות לאגרות החוב; (ו) רישום כל הון המניות של החברה למסחר בבורסה; (ז) התקבל Pre-Ruling מרשות המיסים לגבי השלכות המס על מחזיקי אגרות החוב כתוצאה משטרי הנאמנות המתוקנים.[2] לפרטים נוספים בדבר התנאים המתלים ראו סעיף 34 לשטרי הנאמנות המתוקנים.

יצוין, כי לאור העובדה כי אחד התנאים המתלים כולל הזרמה הונית בדרך של הנפקת מניות חדשות, נכון למועד התשקיף, אין וודאות ביחס למספר המניות המוצעות שתוקצינה למחזיקי אגרות החוב הזכאים, כהגדרתם בסעיף 2.1 להלן. לפרטים בדבר

[1] יצוין, כי נכון למועד תשקיף זה טרם נתקבלה בחברה התחייבות של גורם כל שהוא לביצועה של ההזרמה ההונית.

[2] יובהר, כי התנאי המתלה בדבר ביצועה של הזרמה הונית (כמפורט בסעיף קטן (ב) לעיל) יבוצע לפני התקיימות התנאי המתלה בדבר רישומן למסחר של מניות החברה בבורסה (כמפורט בסעיף קטן (ו) לעיל).

דוח מיידי אותו תפרסם החברה לפני המועד הקובע בדבר סך המניות המוצעות שיונפקו בפועל למחזיקי אגרות החוב הזכאים כאמור, ראו סעיף 2.1 להלן.

נכון למועד התשקיף, התנאים המתלים טרם התקיימו. על פי שטרי הנאמנות המתוקנים, לא יאוחר מחלוף עשרה ימי מסחר מהמועד שבו התקיימו במצטבר כל התנאים המתלים (להלן: "**המועד הקובע**"), התיקונים לשטרי הנאמנות ייכנסו לתוקפם והזכאות לניירות הערך המוצעים על פי תשקיף זה תתגבש, והכל כמפורט בסעיפים 2 ו-3 להלן.

2. **<u>ניירות הערך המוצעים והזכויות הנלוות להם</u>**

2.1. במועד הקובע ייכנסו לתוקפם שטרי הנאמנות המתוקנים, אשר יחד עם תוכנית הסדר החוב, מהווים את מכלול התנאים, ההוראות וההסדרים אשר יחולו על מחזיקי אגרות החוב. לפרטים בדבר תוכנית הסדר החוב, ראו **<u>נספח א'</u>** לתשקיף זה.

2.2. בנוסף, במועד ההקצאה, כהגדרת מונח זה להלן, תקצה החברה את ניירות הערך הבאים:

2.2.1. לכל מחזיקי אגרות חוב (סדרה א'), אשר יחזיקו באגרות החוב (סדרה א') במועד הקובע (אך למעט לחברה בת של החברה בגין אגרות חוב (סדרה א') המוחזקות על ידיה) - כמות כוללת של מניות החברה בנות 0.01 אירו ע"נ כ"א, אשר תייצגנה (לאחר הקצאתן, לאחר הקצאת המניות הנוספות לסדרה א', המניות המוקצות לסדרה ב', המניות הנוספות לסדרה ב' והמניות שיוקצו בגין אגרות החוב שהונפקו בפולין, כפי שיפורט להלן, ולאחר ההנפקה באמצעותה תבוצע ההזרמה ההונית) כ-2.8660% מהון המניות המונפק של החברה ומזכויות ההצבעה בה, וזאת בתמורה לתשלום לחברה של הערך הנקוב לכל מניה (לפי השער אירו/שקל ביום שקדם למועד ההקצאה) (להלן: "**המניות המוקצות לסדרה א'**") וכן כמות נוספת של מניות בחברה, בתמורה לתשלום לחברה של הערך הנקוב לכל מניה, אשר תוקצה לידי הנאמנים לשטרי הנאמנות, בנאמנות בעבור מחזיקי אגרות החוב (סדרה א'), שתחושב כתוצאה של חלוקת (i) מספר מניות השווה ל-1% מכמות המניות המוקצות לסדרה א' בהנחת היענות מלאה להנפקה באמצעותה תבוצע ההזרמה ההונית ב-(ii) מחיר למניה בהנפקה באמצעותה תבוצע ההזרמה ההונית פחות 0.01 אירו (להלן: "**המניות הנוספות לסדרה א'**").

2.2.2. לכל מחזיקי אגרות חוב (סדרה ב'), אשר יחזיקו באגרות החוב (סדרה ב') במועד הקובע (אך למעט לחברה בת של החברה בגין אגרות חוב (סדרה ב') המוחזקות על ידיה) - כמות כוללת של מניות החברה בנות 0.01 אירו ע"נ כ"א, אשר תייצגנה (לאחר הקצאתן, לאחר הקצאת המניות הנוספות לסדרה ב', המניות המוקצות לסדרה א', המניות הנוספות לסדרה א'' והמניות שיוקצו בגין אגרות החוב שהונפקו בפולין, כפי שמפורט לעיל ולהלן, ולאחר ההנפקה באמצעותה תבוצע ההזרמה ההונית) כ-9.2197% מהון המניות המונפק של החברה ומזכויות ההצבעה בה, וזאת בתמורה לתשלום לחברה של הערך הנקוב לכל מניה (לפי השער אירו/שקל ביום שקדם למועד ההקצאה) (להלן: "**המניות המוקצות לסדרה ב'**") וכן כמות נוספת של מניות בחברה, בתמורה לתשלום לחברה של הערך הנקוב לכל מניה, אשר תוקצה לידי הנאמנים לשטרי הנאמנות, בנאמנות בעבור מחזיקי אגרות החוב (סדרה ב'), שתחושב כתוצאה של חלוקת (i) מספר מניות השווה ל-1% מכמות המניות המוקצות לסדרה ב' בהנחת היענות מלאה להנפקה באמצעותה תבוצע ההזרמה ההונית ב-(ii) מחיר למניה בהנפקה באמצעותה תבוצע ההזרמה ההונית פחות 0.01 אירו (להלן: "**המניות הנוספות לסדרה ב'**").

2.2.3. לכל מחזיק ב-1 ש"ח ע"נ אגרות חוב (סדרה א') של החברה במועד הקובע, כהגדרתו לעיל, יוקצו 0.0225 ש"ח ע"נ אגרות חוב (סדרה א') של החברה בדרך של הרחבת סדרה.

2.2.4. לכל מחזיק ב-1 ש"ח ע"נ אגרות חוב (סדרה ב') של החברה במועד הקובע, כהגדרתו לעיל, יוקצו 0.0270 ש"ח ע"נ אגרות חוב (סדרה ב') של החברה בדרך של הרחבת סדרה.

מחזיקי אגרות החוב אשר יחזיקו באגרות החוב במועד הקובע ויהיו זכאים לניירות הערך המוצעים ייקראו להלן ביחד: "**מחזיקי אגרות החוב הזכאים**".

לעניין זה "**מועד ההקצאה**" – מועד אשר ייקבע בסמוך לאחר המועד הקובע ובמועד אשר יתואם עם הבורסה[3].

עם התקיימותם של התנאים המתלים תפרסם החברה דיווח מיידי מתאים במגנ"א, במסגרתו תציין החברה את כמות המניות המוצעות בפועל לפי החישוב בסעיף זה לעיל, את לוחות הזמנים לביצוע הקצאת ניירות הערך המוצעים, לרבות המועד הקובע ומועד ההקצאה וכן תצרף לדיווח זה את ה-Pre-Ruling שתקבל מאת רשויות המס. החברה תודיע לבורסה על המועד הקובע לפחות ארבעה ימי מסחר טרם התקיימותו.

2.3. מבלי לגרוע מן האמור לעיל, במועד ההקצאה תפקיד החברה בידי החברה לרישומים עבור מחזיקי אגרות החוב הזכאים את ניירות הערך המוצעים.

2.4. <u>פרטים נוספים בדבר אגרות החוב המוצעות</u>

2.4.1. מחזיקי אגרות החוב הזכאים לא יהיו זכאים להקצאה של שברי אגרות חוב וכמות אגרות החוב המוצעות לה יהיה זכאי כל מחזיק כאמור תעוגל כלפי מטה למספר השלם הקרוב ביותר. היה וכתוצאה מההקצאה תיווצרנה אגרות חוב שלא תוקצינה בפועל (שברי אגרות חוב), הן תבוטלנה על ידי החברה.

2.4.2. תנאי אגרות החוב המוצעות יהיו זהים לתנאי אגרות החוב (סדרה א') ו-(סדרה ב') של החברה, לפי העניין, שבמחזור כפי שיהיו במועד הנפקתן של אגרות החוב המוצעות. אגרות החוב המוצעות שתונפקנה, כאמור, תהוונה, החל ממועד הנפקתן, סדרה אחת לכל דבר ועניין ביחד עם אגרות החוב (סדרה א') ו-(סדרה ב') של החברה, לפי העניין, שבמחזור.

2.4.3. נכון למועד התשקיף, קיימות במחזור 245,170,166 ש"ח ע"נ אגרות חוב (סדרה א') של החברה ו-508,442,675 ש"ח ע"נ אגרות חוב (סדרה ב') של החברה ואילו על פי תשקיף זה מוצעים למחזיקי אגרות החוב הזכאים, כאמור בסעיף 2 לעיל, על דרך של הרחבת סדרה, 5,516,329 ש"ח ע"נ אגרות חוב (סדרה א') של החברה ו-13,727,951 ש"ח ע"נ אגרות חוב (סדרה ב') של החברה.

[3] יצוין, כי במקרה בו שטרי הנאמנות המתוקנים ייכנסו לתוקף במועד הקובע, כהגדרתו בסעיף 1 לעיל, ולא תבוצע הקצאת ניירות הערך המוצעים על פי תשקיף זה עד תום 2 ימי מסחר מהמועד הקובע, שטרי הנאמנות המתוקנים לא יהיו בעלי תוקף כל עוד לא תבוצע ההקצאה כאמור, ובמקרה שהקצאת ניירות הערך המוצעים לא בוצעה עד חלוף 10 ימי מסחר מהמועד הקובע, שטרי הנאמנות המתוקנים יהיו בטלים ומבוטלים (אלא אם הוחלט אחרת בהחלטה מיוחדת של מחזיקי אגרות החוב (סדרה א'), מחזיקי אגרות חוב (סדרה ב') של החברה ומחזיקי אגרות החוב בפולין) ובמקרה כאמור יחולו הוראות סעיף 34.2 לשטרי הנאמנות, בשינויים המחויבים, והנאמן לאגרות החוב ישיב לחברה באופן מיידי את כל הסכומים שהופקדו בידו כאמור בסעיפים 34.1.7 ו-34.1.8 לשטרי הנאמנות, לרבות הפירות שהצטברו בגינם. במקרה של אי כניסתם לתוקף של שטרי הנאמנות המתוקנים, או במקרה של ביטול שטרי הנאמנות המתוקנים, כאמור לעיל, שטרי הנאמנות המקוריים ימשיכו לעמוד בתוקפם.

2.4.4. לפרטים בדבר תנאי אגרות החוב (סדרה א') ו-(סדרה ב') של החברה ראו את תוכנית הסדר החוב, המצורפת כנספח א' לתשקיף זה, לרבות שטרי הנאמנות המתוקנים, אשר הינם נספח לה. מובהר, כי מחזיקי אגרות החוב הזכאים לא יהיו זכאים לתשלומי ריבית ו/או קרן בגין אגרות החוב המוצעות אשר המועד הקובע לתשלומם חל לפני מועד הנפקתן של אגרות החוב המוצעות על פי תשקיף זה.

2.5. <u>פרטים נוספים בדבר המניות המוצעות</u>

2.5.1. כל עוד מניות החברה תהיינה רשומות למסחר בבורסה הון המניות של החברה יכלול סוג מניות אחד בלבד.[4]

2.5.2. מחזיקי אגרות החוב הזכאים לא יהיו זכאים להקצאה של שברי מניות וכמות המניות המוצעות לה יהיה זכאי כל מחזיק כאמור תעוגל כלפי מטה למספר השלם הקרוב ביותר. היה וכתוצאה מן ההקצאה תיווצרנה מניות שלא תוקצינה בפועל (שברי מניות), אזי הן תבוטלנה על ידי החברה.

2.5.3. מרגע הנפקתן, המניות המוצעות תהיינה שוות בזכויותיהן, לכל דבר ועניין, למניות הרגילות הקיימות בהונה המונפק והנפרע של החברה.

2.5.4. לפרטים בדבר הזכויות הנלוות למניות החברה ראו סעיף 2.6 להלן.

2.6. <u>תמצית תיאור עיקרי הזכויות הנלוות למניות החברה</u>

2.6.1. הון מניותיה של החברה מורכב מסוג אחד של מניות: מניות רגילות בנות 0.01 אירו ע"נ כ"א רשומות על שם.

2.6.2. דירקטוריון החברה ינהל מרשם בעלי מניות[5,6] אשר יעודכן באופן שוטף. החברה לא תנפיק תעודות מניה לבעלי מניותיה הרשומים במרשם בעלי המניות. לבקשת בעל מניות, תימסר לבעל המניות, ללא חיוב, הצהרה בכתב בדבר הרישום במרשם ביחס למניות שנרשמו על שמו אשר תחתם בשם החברה על ידי נציג מיוחד שיומנה לעניין זה על ידי הדירקטוריון.

2.6.3. כל מניה מקנה את הזכות לקול אחד (1) בהצבעה באסיפה הכללית, למעט מניות המוחזקות על ידי החברה או חברה בת של החברה, אשר אינן בעלות זכויות הצבעה[7].

2.6.4. כל בעלי המניות יהיו רשאים להשתתף באסיפה הכללית, להביע דעתם ולהצביע בה.

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4 יובהר, כי נכון למועד תשקיף זה, קיים בהון החברה סוג מניות אחד בלבד.

5 בסעיף 2.6 זה המונח "בעלי מניות" מתייחס גם למחזיקים בזכויות הנאה במניות (Usufructuaries) אשר להם הזכות לתשואות מהמניות ולמחזיקים בזכויות משכון במניות (Pledges) אשר להם זכויות ההצבעה והזכויות לקבלת מניות. בהתאם לתקנון החברה, לבעלי זכויות הנאה במניות (Usufructuaries) ולבעלי זכויות משכון במניות (Pledges) אין זכויות הצבעה, אלא אם כן זכויות ההצבעה הועברו אליהם (בכללותן או באופן מותנה) כחלק מההסדר החוזי ליצירת זכות ההנאה במניות או זכות המשכון במניות. נכון למועד תשקיף זה, אין בחברה מחזיקים בזכויות הנאה במניות (Usufructuaries) אשר להם הזכות לתשואות מהמניות ו/או מחזיקים בזכויות משכון במניות (Pledges) אשר להם זכויות ההצבעה והזכויות לקבלת מניות.

6 בפועל, המסחר במניות החברה בבורסת לונדון מתבצע באמצעות תעודות אלקטרוניות המייצגות זכות למניות החברה (Depositary Interests) ("**DI**") ביחס של תעודה אלקטרונית אחת לכל מניה רגילה אחת בת 0.01 אירו ערך נקוב. כל מניות החברה רשומות במרשם בעלי המניות על שם Capita IRG Trustees שהינו נאמן למניות החברה ("**Capita**") והינן מוחזקות על ידו. Capita מנפיק בגין מניות החברה המוחזקות על ידו, DI בכמות זהה למניות בהון המונפק של החברה והן משמשות לצרכי מסחר בבורסת לונדון.

7 נכון למועד תשקיף זה, אין מניות בהונה של החברה המוחזקות על ידי החברה או על ידי חברה בת שלה.

2.6.5. בעלי מניות רשאים לממש את זכויות ההצבעה שלהם באסיפה כללית רק ביחס למניות הרשומות על שמם ביום קיום האסיפה, אלא אם כן הדירקטוריון קבע מועד אחר (להלן: "**תאריך הרישום**") והללו נרשמו באחד או יותר מהמרשמים שקבע לכך הדירקטוריון. תאריך הרישום לא ייקבע למועד מוקדם מן המותר בקוד האזרחי ההולנדי. אם הדירקטוריון קבע תאריך רישום, הודעת הזימון לישיבת האסיפה הכללית תציין תאריך זה בהודעה בדבר כינוס האסיפה הכללית, וכן תציין את האופן שבו בעלי המניות יכולים להירשם והאופן שבו הם יכולים לממש את זכויות ההצבעה שלהם.

2.6.6. **תעודות אלקטרוניות המייצגות זכויות למניות החברה (Depositary Interests)**

2.6.6.1. דירקטוריון החברה מורשה לקבוע הסדרים שונים על מנת לאפשר שמניות החברה ייוצגו על ידי ויוחלפו תמורת DI, המוחזקות והמועברות בצורה שאינה מלווה בתעודה פיזית, אלא במערכת ממוחשבת, בין אם זו נמצאת בהולנד או במדינה אחרת. הודעה בדבר הסדרים כגון אלה תימסר לבעלי המניות של החברה באופן שעליו יחליט דירקטוריון החברה[8].

2.6.6.2. דירקטוריון החברה מורשה לקבל מהנאמן המחזיק בכל מניות החברה (Capita) רשימת שמות המחזיקים ב-DI וכן את מספר ה-DI המוחזקים על ידו.

2.6.7. **רווחים וחלוקת רווחים**

2.6.7.1. <u>חלוקת דיבידנד</u>

(א) החלטת החברה על חלוקת דיבידנד, מניות הטבה או כל חלוקה אחרת, תתקבל על ידי האסיפה הכללית של החברה.

(ב) החברה רשאית לבצע חלוקת דיבידנד לבעלי מניותיה רק אם ערך נכסיה נטו עולה על חלק ההון ששולם ונדרש לתשלום בתוספת העתודות שהחברה חייבת להחזיק על פי דין. האסיפה הכללית רשאית, להחליט על חלוקת דיבידנד מתוך העתודות שאינן כפופות לדרישת ההחזקה בעתודות בדין ההולנדי או בתקנון החברה, כאמור לעיל.

(ג) דירקטוריון החברה רשאי להחליט על תשלום דיבידנד ביניים בהתאם לדוחות ביניים של החברה.

(ד) כל חלוקת דיבידנד תיעשה לאחר אישור הדוחות הכספיים השנתיים ולאחר שיתברר כי החלוקה מותרת. האמור לעיל לא יחול והחברה לא תהא רשאית לחלק דיבידנדים

8 כמפורט בהערת שוליים 6 לעיל, בפועל, המסחר במניות החברה בבורסת לונדון מתבצע באמצעות DI ביחס של תעודה אלקטרונית אחת לכל מניה רגילה אחת בת 0.01 אירו ערך נקוב ובבורסת ורשה באופן אלקטרוני על בסיס אותן DI המוחזקות בנאמנות על ידי Euroclear Nominee בעבור ה-KDPW (שהיא מוסד תשתית מרכזי האחראי על ניהול ופיקוח על הפקדת ניירות ערך ומערכת סליקה המאפשרים סליקה במכשירים פיננסיים בפולין) ביחס של תעודת מניה אלקטרונית אחת לכל DI. כל מניות החברה רשומות במרשם בעלי המניות על שם Capita שהינו נאמן למניות החברה והינן מוחזקות על ידו (למעט מניה אחת המוחזקת על ידי Stiching L'orage בנאמנות עבור בעל המניות העיקרי של החברה, Elbit Ultrasound (Netherlands) B.V. ואינה רשומה למסחר). לפרטים נוספים ראו הערת שוליים 6 לעיל.

במקרה בו לחברה הפסדים משמעותיים לאחר תאריך המאזן שהיו ידועים לדירקטוריון ולבעלי מניותיה.

(ה) במקרה של חלוקת מניות הטבה, מניות ההטבה יתווספו למרשם בעלי המניות של החברה.

(ו) האסיפה הכללית של בעלי המניות בחברה רשאית, בהתאם להמלצת דירקטוריון החברה, להחליט כי תשלום הדיבידנד לבעלי מניותיה יהא כולו או חלקו באמצעות חלוקת מניות או ניירות ערך אחרים של החברה או באמצעות חלוקת מניות של חברה אחרת.

(ז) האסיפה הכללית של בעלי המניות בחברה רשאית, בהתאם להמלצת דירקטוריון החברה להחליט כי החלוקה לבעלי המניות תתבצע מאחת או יותר מהקרנות של החברה.

(ח) דיבידנד שחולק בניגוד להוראות הדין יוחזר לחברה מבעלי מניותיה או על ידי כל אחד אחר הזכאי לקבלת הדיבידנד שידע או שהיה עליו לדעת שחלוקה כאמור אסורה.

2.6.7.2. <u>זכאות לדיבידנד</u>

(א) כל בעל מניות זכאי לקבל דיבידנדים באופן יחסי למספר המניות המוחזקות על ידו. בחישוב חלוקת הדיבידנד יכללו גם המניות המוחזקות על ידי החברה[9].

(ב) תביעה של בעל מניות לזכאותו לדיבידנד תפקע בתוך חמש (5) שנים.

2.6.7.3. <u>דרך תשלום הדיבידנד</u>[10]

(א) דיבידנדים יחולקו לבעלי המניות במועד שייקבע על ידי דירקטוריון החברה ויחול בתוך ששה (6) שבועות מקביעתו לכתובות שנמסרו לחברה על ידי בעלי המניות.

(ב) הדירקטוריון רשאי לקבוע את אופן תשלום דיבידנד במזומן לבעלי המניות. ככל שעל הדיבידנד להשתלם לבעל מניות מחוץ להולנד, ישולם הדיבידנד במטבע המדינה של בעל המניות. המרת המטבע כאמור תעשה בהתאם לשער החליפין של בורסת אמסטרדם (Euronext) בסוף היום, ביום הקודם למועד קבלת ההחלטה בדבר תשלום הדיבידנד. במקרה בו נבצר מהחברה לשלם את הדיבידנד במזומן מחוץ לגבולות הולנד במועד שנקבע לכך, כתוצאה מפעולות ממשלתיות או נסיבות חריגות אחרות שאינן בשליטת החברה, בסמכות דירקטוריון החברה לקבוע מקום אחד או יותר בהולנד, במקום כתובתו של בעל המניות שנמסרה לחברה. במקרה כאמור, לא תתבצע המרת מטבע תשלום הדיבידנד למטבע המדינה של בעל המניות.

9 ראו הערת שוליים 7 לעיל.
10 לפני ביצועה של חלוקת דיבידנד, ככל שתהיה, החברה תתאם את מועדי החלוקה ואופן ביצועה עם הבורסה.

2.6.7.4. <u>דיבידנד שלא נתבע</u>

(א) דיבידנד שלא נתבע במשך חמש (5) שנים ויומיים מהמועד שנקבע לתשלום יעבור לידי החברה.

(ב) במקרה של דיבידנד במניות, מניות שלא ידרשו על ידי בעל מניות זכאי יימכרו בתוך פרק זמן שייקבע על ידי דירקטוריון החברה, על חשבון בעלי המניות הזכאים שלא דרשו את הדיבידנד במניות. התקבולים נטו ממכירה כאמור ימשיכו לעמוד לזכות בעלי המניות הזכאים, באופן יחסי לזכותם לדיבידנד במניות.

(ג) הודעה בדבר חלוקת דיבידנד ומניות הטבה ובדבר התאריכים והמקומות אשר יקבעו לשם כך, תתפרסם, לכל הפחות, בעיתון יומי ארצי בהולנד, ובעיתון יומי ארצי בכל תחום שיפוט שבו המניות נסחרות, ובכל דרך נוספת אחרת שהדירקטוריון ימצא לנכון.

2.6.8. **הזכויות בעת פירוק וארגון מחדש של החברה**

2.6.8.1. במקרה של פירוק החברה, הדירקטוריון יהיה המפרק הממונה, אלא אם כן האסיפה הכללית של בעלי המניות בחברה תמנה אחרים לתפקיד זה.

2.6.8.2. במהלך הפירוק יישמרו הוראות תקנון החברה על תוקפם במידה המרבית האפשרית.

2.6.8.3. בעלי המניות בחברה יהיו זכאים להשתתפות בחלוקת עודפי נכסי החברה בפירוק, אשר ייוותרו לאחר תשלום החובות, באופן יחסי להחזקותיהם במניות החברה.

2.6.9. **מינוי דירקטורים**

2.6.9.1. האסיפה הכללית תמנה את חברי הדירקטוריון ותקבע את מספרם בכפוף לכך שבדירקטוריון החברה יכהנו לפחות שלושה (3) דירקטורים, אך לא יותר מעשרה (10) דירקטורים.

2.6.9.2. בכל אסיפה כללית שנתית:

(א) שליש (1/3) מחברי הדירקטוריון (לא כולל חבר דירקטוריון שמונה מאז האסיפה הכללית השנתית הקודמת), או במקרה שמספרם אינו כפולה של שלוש (3), המספר הקרוב ביותר לשליש (1/3) מחברי הדירקטוריון, אך לא יותר משליש (1/3), יפרשו מתפקידם (לפיכך, אם יש פחות משלושה (3) חברי דירקטוריון האמורים לפרוש ברוטציה על פי סעיף זה, אחד מהם יפרוש); וכן,

(ב) כל חבר דירקטוריון שאינו נדרש לפרוש ברוטציה בהתאם לאמור בסעיף 2.6.9.2 (א) לעיל, אך המכהן בתפקידו במשך שלוש (3) שנים או יותר מאז מינויו או מינויו מחדש האחרון, או שהחזיק במשרה מבלי לפרוש במשך לפחות שלוש (3) אסיפות כלליות שנתיות עוקבות של החברה (אלמלא הופעל סעיף זה), יפרוש מתפקידו.

2.6.9.3. חברי הדירקטוריון שיפרשו ברוטציה בכל אסיפה כללית שנתית בהתאם לסעיף 2.6.9.2 לעיל יהיו חברי הדירקטוריון, אשר בתאריך ההודעה בדבר כינוס האסיפה הכללית כיהנו את הזמן הממושך ביותר בתפקידם מאז מינויים האחרון או מינויים מחדש. בחירת חברי הדירקטוריון אשר יפרשו מבין האנשים שמונו או היו האחרונים שמונו מחדש לחברה הדירקטוריון באותו היום, תקבע על פי הגרלה, אלא אם כן יוסכם ביניהם אחרת.

2.6.9.4. חבר דירקטוריון, אשר פרש באסיפה כללית שנתית, רשאי להתמנות מחדש, אם ייתן הסכמתו לכך. אם לא יתמנה מחדש באופן הקבוע לעיל, ימשיך לכהן בתפקידו עד שהאסיפה הכללית תמנה אדם אחר במקומו ואם זו לא תעשה כן, עד לתום ישיבת האסיפה הכללית.

2.6.9.5. כן קובע תקנון החברה כי האסיפה הכללית של החברה יכולה בכל עת להשעות או לפטר כל אחד מחברי הדירקטוריון.

2.6.10. **הרכב הדירקטוריון וחלוקת התפקידים**

2.6.10.1. דירקטוריון החברה יהיה מורכב מדירקטור מנהל אחד (1) לפחות ומדירקטור שאינו מנהל (1) לפחות.

2.6.10.2. תפקידי הדירקטוריון יתחלקו בין דירקטורים מנהלים (Directors Executive) ובין דירקטורים שאינם מנהלים (Non–ExecutiveDirectors). הדירקטוריון רשאי להחליט להעניק לכל דירקטור מנהל תואר של מנהל כללי (CEO), מנהל כספים ראשי (CFO) או מנהל תפעול ראשי (COO).

2.6.10.3. הדירקטורים המנהלים מופקדים על הניהול השוטף של החברה והדירקטורים שאינם מנהלים אחרים לפקח על הדירקטוריון בביצוע תפקידיו בכפוף לאחריות הכוללת של הדירקטוריון.

2.6.11. **פעולת הדירקטוריון במקרה של הפסקת כהונת דירקטור**

הדירקטוריון יהיה רשאי להמשיך ולפעול כל עוד לפחות שלושה (3) דירקטורים מכהנים בדירקטוריון החברה. במקרה בו פחת מספר הדירקטורים המכהנים בדירקטוריון משלושה (3), הדירקטורים הנותרים, או הדירקטור המכהן היחיד שנותר בדירקטוריון, ימשיכו להחזיק בסמכויותיהם ויפעלו לקדם את מינויים של מספר הדירקטורים כפי שנדרש כדי לציית למספר המינימום של דירקטורים מכהנים.

2.6.12. **היעדרות או נבצרות של דירקטורים**

אם אחד או יותר מהדירקטורים נעדר או נבצר ממנו לפעול, יתר חברי הדירקטוריון יהיו מופקדים זמנית על ניהול החברה. אם כל חברי הדירקטוריון נעדרים או נבצרים לפעול, האסיפה הכללית תמנה זמנית אדם אשר ינהל את החברה.

2.6.13. **אסיפות כלליות**

2.6.13.1. <u>אסיפה שנתית</u>

(א) האסיפה הכללית השנתית תכונס בתוך שישה (6) חודשים מתום שנת הכספים של החברה.

(ב) בכל מקרה, סדר היום של האסיפה הכללית השנתית יכלול את הנושאים הבאים: (1) הדוח השנתי; (2) אימוץ הדוחות הכספיים השנתיים; (3) שחרור חברי הדירקטוריון מאחריותם כלפי החברה בהתבסס על המידע שהוגש לאסיפת בעלי המניות השנתית, או בהתבסס על המידע הכלול בדוחות הכספיים השנתיים של החברה שהוגשו לאסיפה הכללית השנתית; (4) הקצאת רווחים; וכן (5) כל יתר הפריטים המופיעים בסדר היום.

2.6.13.2. <u>זימון אסיפה</u>

(א) אסיפות כלליות יזומנו על ידי יו"ר הדירקטוריון או על ידי שני (2) דירקטורים או במקרה בו בעל מניות אחד או יותר, המייצג לפחות עשירית מן ההון המונפק של החברה, הגיש בקשה בכתב לדירקטוריון לזימון אסיפה כללית המפרטת את הנושאים המתבקשים לדיון באסיפה הכללית.

(ב) בהודעת זימון האסיפה יפורטו הנושאים אשר יידונו באסיפה. הודעת הזימון תכלול כל נושא שדיון בו התבקש בכתב על ידי אחד או יותר מבעלי המניות המחזיק אחוז אחד (1%) לפחות מההון המונפק, או המייצגים ערך של חמישים מיליון אירו לפחות או סכום גבוה או נמוך יותר, כפי שיקבע בדין ההולנדי בהתאם למחיר הרשמי של המניה בבורסה שבה המניות נסחרות, וזאת בתנאי שהחברה קיבלה את הבקשה לפחות שישים (60) ימים לפני המועד הקבוע לכינוס האסיפה, ובתנאי שהדבר לא יפגע באינטרסים של החברה בצורה מהותית. הודעת בעל מניות כאמור בסעיף זה לעיל או בסעיף 2.6.13.2 (א) לעיל יכולה להיעשות באופן אלקטרוני ובלבד, שתעמוד בכללים שיקבעו על ידי דירקטוריון החברה ויפורסמו באתר האינטרנט של החברה.

(ג) הודעת זימון אסיפה כללית תימסר לא יאוחר משמונה (8) ימים לפני תאריך הרישום (כמפורט בסעיף 2.6.5) לעיל ובכל מקרה לא יאוחר מהיום הארבעים ושניים (42) לפני המועד הקבוע לכינוס האסיפה. במקרה בו התקופה קצרה יותר או שלא נמסרה הודעה כאמור, תתקבלנה החלטות באסיפה כללית אך ורק באמצעות הצבעה פה אחד בישיבה בה נכחו או יוצגו כל בעלי המניות. האמור לעיל יחול גם על קבלת החלטות באסיפה כללית בעניינים אשר לא צוינו בהודעת זימון האסיפה הכללית.

(ד) הודעת זימון אסיפה כללית תתבצע באמצעות תקשורת אלקטרונית, שהינה נגישה באופן ישיר ותמידי לבעלי המניות של החברה עד למועד האסיפה הכללית האמור. במקרה בו על סדר יום האסיפה הכללית עומדת החלטה לתיקון תקנון ההתאגדות של החברה, יופקד במשרדי החברה עותק מההחלטה המוצעת בצירוף תיקון התקנון המוצע במלואו, לעיון כל בעל מניות בחברה שיחפוץ בכך.

2.6.13.3. <u>השתתפות באסיפה</u>

בעלי מניות יכולים להשתתף בעצמם באסיפה הכללית או להיות מיוצגים באמצעות מיופה כוח שהוסמך לכך בכתב. ייפוי הכוח יופקד לפחות ארבעים ושמונה (48) שעות לפני המועד הקבוע לקיום האסיפה הכללית, באופן אשר ייקבע בהודעה בדבר זימון האסיפה הכללית.

2.6.13.4. <u>מקום קיום האסיפה</u>

אסיפות כלליות יתקיימו באמסטרדם או ב-Haarlemmermeer, שדה התעופה סכיפול. במקרה בו תתקיים אסיפה כללית במקום אחר, החלטות האסיפה הכללית יתקבלו כדין רק בנוכחות ייצוג של כלל ההון המונפק של החברה.

2.6.13.5. <u>יו"ר האסיפה</u>

(א) האסיפה הכללית תנוהל בידי יו"ר הדירקטוריון, אשר רשאי למנות אחר לניהול הישיבה, בין אם הוא נוכח או לאו באסיפה הכללית. אם יו"ר הדירקטוריון נעדר מהאסיפה הכללית, מבלי שמינה אדם אחר לנהל את האסיפה, בעלי המניות הנוכחים והמיוצגים באסיפה הכללית ימנו את יו"ר האסיפה. יו"ר האסיפה ימנה את המזכיר לאסיפה.

(ב) יו"ר האסיפה הכללית יחליט בכל העניינים הנוגעים לזכאות השתתפות בעלי מניות באסיפה, למימוש זכויות הצבעה, ולכל עניינים אחרים הנוגעים לאסיפה הכללית.

2.6.13.6. <u>מניין חוקי</u>

המניין החוקי לאסיפה הכללית יהיה לפחות שלושה (3) בעלי מניות המייצגים לפחות עשרה אחוזים (10%) מהון המניות המונפק של החברה. בהתאם לדין ההולנדי, מניות המוחזקות על ידי החברה או חברה בת לא יילקחו בחשבון בקביעת המניין החוקי לקיום אסיפות כלליות של בעלי המניות בחברה.

2.6.13.7. <u>קבלת החלטות</u>

(א) למעט כמפורט להלן, החלטות האסיפה הכללית יתקבלו ברוב רגיל.

(ב) ההחלטות הבאות יתקבלו באסיפה הכללית של החברה, לאחר הצעתן על ידי הדירקטוריון, ברוב של שבעים וחמישה אחוז (75%), באסיפה, שבה נוכחים או מיוצגים לפחות שלושה (3) בעלי מניות, המייצגים לפחות עשרה אחוזים (10%) מהון המניות המונפק: (1) החלטה על תיקון התקנון; (2) החלטה על מיזוג החברה; (3) החלטה על פיצול החברה; וכן (4) החלטה על פירוק החברה.

(ג) במקרה של שוויון קולות בהצבעה על מינוי חברי דירקטוריון, לא תאומץ כל החלטה. במקרה של שוויון קולות בהצבעה על נושאים אחרים, ההצעה לא תתקבל.

(ד) חברי הדירקטוריון יהיו זכאים להשתתף באסיפה הכללית ותוענק להם זכות להביע עמדתם בעניינים העומדים על סדר היום. זכות זו של הדירקטורים איננה נכללת במניין קולות ההצבעה.

2.6.14. **העברת מניות**

העברת מניות בהן לרבות במקרה של (א) הקצאת מניות מתוך נכסים משותפים של בני זוג; (ב) העברת מניות כתוצאה ממימוש משכון על המניות; (ג) יצירת, ויתור והעברה של זכויות בעל זכות הנאה במניה (Usufruct); וכן (ד) יצירת או ויתור על שעבוד מניה תתבצע במסמך בכתב בהתאם לתנאים המפורטים בקוד האזרחי ההולנדי.

2.6.15. **הנפקת מניות**

2.6.15.1. החלטה על הנפקת מניות תתקבל באסיפה הכללית של בעלי המניות בחברה, בכפוף לקבלת המלצה לא מחייבת מטעם דירקטוריון החברה להנפקה, למחיר בו תונפקנה המניות ולתנאי ההנפקה. האסיפה הכללית רשאית לקבוע את המחיר בו תונפקנה המניות ואת התנאים האחרים של ההנפקה[11].

2.6.15.2. בכפוף לקבלת המלצה לא מחייבת של דירקטוריון החברה בעניין, האסיפה הכללית רשאית להאציל את סמכותה להנפיק מניות לאורגן אחר בחברה למשך תקופה מוגדרת שלא תעלה על חמש (5) שנים והיא רשאית לשלול סמכות זו. החלטת המינוי תציין את מספר המניות המותר להנפקה. האסיפה הכללית רשאית להאריך מעת לעת, את החלטתה כאמור למשך תקופה שלא תעלה על חמש (5) שנים. בעת מינוי כאמור, יצוין מספר המניות המותר להנפקה. האצלת סמכות להנפקת מניות לאורגן אחר בחברה בהתאם להחלטת האסיפה הכללית לא תבוטל, אלא אם כן החלטת האסיפה הכללית בדבר המינוי תקבע אחרת[12].

2.6.15.3. האמור בסעיף 2.6.15 חל בהתאם על הענקת זכויות לרכישת מניות, אך אינו חל על הנפקת מניות לאדם המממש זכות קיימת לרכישת מניות.

2.6.15.4. הנפקת מניה תתבצע באמצעות מסמך כתוב, וכן בהתאם לתנאים נוספים הקבועים בקוד האזרחי ההולנדי.

2.6.15.5. החברה לא תנפיק מניות במחיר הנמוך מערכן הנקוב.

2.6.15.6. הדירקטוריון מורשה - ללא אישור מוקדם של האסיפה הכללית - לבצע פעולות משפטיות בנוגע להקצאת מניות שלא בתמורה למזומנים וכן פעולות אחרות כמפורט בקוד האזרחי ההולנדי.

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11 כל עוד מניות החברה רשומות למסחר בבורסה כל הנפקה של מניות בחברה תהא כפופה לתקנון הבורסה ולהנחיות על פיו, כפי שיהיו מעת לעת, ולקבלת אישור הבורסה לרישום למסחר של המניות האמורות.

12 בהתאם להחלטת האסיפה הכללית של החברה מיום 20 ביוני 2013, האצילה האסיפה הכללית לדירקטוריון את הסמכות להנפיק מניות של החברה (לרבות הנפקת זכויות לרכישת מניות החברה או אופציות של החברה) עד לשיעור של 33% מההון המונפק של החברה נכון ליום זימון האסיפה הכללית וזאת עד למועד כינוס האסיפה הכללית השנתית הבאה שתתקיים במהלך 2014.

2.6.16. **הפחתת הון**

2.6.16.1. האסיפה הכללית רשאית להחליט להפחית את ההון המונפק של החברה באמצעות: (א) ביטול מניות המוחזקות על ידי החברה; או (ב) הפחתת הערך הנקוב של מניות החברה.

2.6.16.2. החלטת האסיפה הכללית בדבר הפחתת הון תתקבל ברוב של לפחות שבעים וחמישה אחוזים (75%) מזכויות ההצבעה, באסיפה שבה נוכחים או מיוצגים לפחות שלושה (3) בעלי מניות, המייצגים לפחות עשרה אחוזים (10%) מהון המניות המונפק של החברה.

2.6.17. **זכות קדימה**

2.6.17.1. לכל בעל מניות תעמוד זכות קדימה ביחס לכל הנפקת מניות כנגד תשלום במזומן באופן יחסי להחזקותיו במניות החברה. לבעלי המניות לא תהא זכות קדימה ביחס למניות שהונפקו לתרומה בעין או ביחס למניות שהונפקו לעובדי החברה או לעובדי חברות בקבוצה.

2.6.17.2. במקרה של הנפקת מניות שביחס אליהן עומדות זכויות קדימה לבעלי המניות בחברה, תשלח החברה הודעה לבעלי המניות לכתובות שנמסרו על ידם וכן, תפרסם על כך מודעה בעיתון יומי ארצי בהולנד ובעיתון יומי ארצי בכל תחום שיפוט אחר שבו נסחרות מניות החברה. זכויות הקדימה יהיו ניתנות למימוש על ידי בעלי המניות למשך שבועיים ימים, לכל הפחות, לאחר תאריך משלוח ההודעה בכתב אל בעלי המניות כאמור ותאריך פרסום המודעות כאמור.

2.6.17.3. האסיפה הכללית רשאית להגביל או לבטל את זכויות הקדימה של בעלי המניות בהחלטה מנומקת. אורגן שהוסמך על ידי האסיפה הכללית בהתאם לתקנון החברה[13] רשאי אף הוא להגביל או לבטל את זכויות הקדימה של בעלי המניות למשך תקופת זמן שלא תעלה על חמש (5) שנים, אשר ניתנת להארכה בכל פעם לחמש (5) לכל היותר. לא ניתן לבטל מינוי של אורגן כאמור, אלא אם כן נקבע הביטול בהחלטת המינוי.

2.6.17.4. החלטת האסיפה הכללית להגביל או לבטל זכויות קדימה של בעלי המניות תתקבל ברוב של שבעים וחמישה אחוזים (75% לפחות באסיפה שבה נוכחים או מיוצגים לפחות שלושה (3) בעלי מניות, המייצגים לפחות עשרה אחוזים (10%) מהון המניות המונפק של החברה.

2.7. לפרטים בדבר היבטי מיסוי הכרוכים בהקצאת המניות המוצעות ראו סעיף 5 להלן.

2.8. <u>פרטים נוספים בדבר הזכויות הנלוות לאגרות החוב</u>

עם קבלת אישור חלוט מאת בית המשפט בהולנד לתוכנית הסדר החוב, מחזיקי אגרות החוב יהיו כפופים להוראות התוכנית. לפרטים בדבר תוכנית הסדר החוב, ראו **<u>נספח א'</u>** לתשקיף זה. התוכנית כוללת, בין היתר, נספח פטור וויתור

13 בהתאם להחלטת האסיפה הכללית של החברה מיום 20 ביוני 2013, האצילה האסיפה הכללית לדירקטוריון את הסמכות לשלילת זכויות קדימה מבעלי המניות עד למקסימום של 10% מההון המונפק של החברה נכון ליום זימון האסיפה הכללית וזאת עד למועד כינוס האסיפה הכללית השנתית הבאה שתתקיים במהלך 2014.

הדדיים בין החברה, בעלת השליטה בה ונושיה וכן נספח של שטרי הנאמנות המתוקנים. יודגש, כי כתבי הפטור והויתור ההדדיים ייכנסו לתוקפם כניסתם לתוקף של שטרי הנאמנות המתוקנים.

החל מהמועד הקובע תנאי שטר הנאמנות (על נספחיו) לאגרות החוב (סדרה א') של החברה, כפי שנחתם בין החברה לנאמן לאגרות החוב (סדרה א') של החברה ביום 4 ביולי 2007 (כפי שתוקן ביום 31 בינואר 2008 וביום 10 במרס 2014) ותנאי שטר הנאמנות (על נספחיו) לאגרות החוב (סדרה ב') של החברה, כפי שנחתם בין החברה לנאמן לאגרות החוב (סדרה ב') של החברה ביום 31 בינואר 2008 (כפי שתוקן ביום 17 בפברואר 2008 וביום 10 במרס 2014), יבוטלו ויוחלפו בשטרי הנאמנות המתוקנים..

פרטי הנאמן לאגרות החוב (סדרה א') של החברה: שם: הרמטיק נאמנות (1975) בע"מ; רחוב הירקון 113, תל אביב, טלפון: 03-5274867, פקס: 03-5271736; איש קשר: מר דן אבנון; כתובת דואר אלקטרוני: Avnon@hermetic.co.il.

פרטי הנאמן לאגרות החוב (סדרה ב') של החברה: שם: רזניק פז נבו נאמנויות בע"מ; רחוב יד חרוצים 14, תל אביב, טלפון: 03-6393311, פקס: 03-6393316; איש קשר: מר יוסי רזניק; כתובת דואר אלקטרוני: yossi@rpn.co.il.

לפרטים בדבר תנאי תוכנית הסדר החוב, על נספחיה, ובכללם תנאי שטרי הנאמנות המתוקנים, ראו נספח א' לתשקיף זה.

3. **<u>הימנעות מעשיית הסדרים שאינם כתובים בתשקיף</u>**

3.1. החברה והדירקטורים מתחייבים בחתימותיהם על תשקיף זה, להימנע מלעשות הסדרים שאינם כתובים בתשקיף, בקשר עם הצעת ניירות הערך על פי תשקיף זה, הפצתם ופיזורם בציבור, ומתחייבים להימנע מלהעניק לזכאים לניירות הערך על פי תשקיף זה זכות למכור את ניירות הערך אשר קבלו, והכל מעבר למפורט בתשקיף.

3.2. החברה והדירקטורים מתחייבים בחתימותיהם על תשקיף זה, להודיע לרשות ניירות ערך על כל הסדר הידוע להם עם צד ג' הסותר את ההתחייבות כאמור בסעיף 3.1 לעיל.

3.3. החברה והדירקטורים מתחייבים, בחתימותיהם על תשקיף זה, להימנע מלהתקשר עם צד ג' כלשהו שלפי מיטב ידיעתם ערך הסדרים בניגוד לאמור בסעיף 3.1 לעיל.

3.4. התחייבות הדירקטורים כאמור, תעמוד בתוקף כל עוד הדירקטורים ממשיכים לכהן בתפקידם כדירקטורים בחברה.

4. **<u>מיסוי</u>**

כמקובל בעת קבלת החלטות בנוגע להשקעות כספים, על כל מחזיק אגרות חוב לשקול את השלכות המס הקשורות בהשקעה בניירות הערך המוצעים. ההוראות, הכלולות בפרק להלן בדבר מיסוי ניירות הערך המוצעים, אינן מתיימרות להוות פרשנות מוסמכת של הוראות החוק הנזכרות בו, ואינן באות במקום יעוץ מקצועי, בהתאם לנתונים המיוחדים ולנסיבות הייחודיות לכל מחזיק אגרות חוב.

4.1. <u>השלכות המס בישראל</u>

ביום 25 ביולי 2005 התקבל בכנסת חוק לתיקון פקודת מס הכנסה (מס' 147), התשס"ה-2005. התיקון משנה באופן ניכר את הוראות פקודת מס הכנסה (נוסח חדש), התשכ"א-1961 (להלן: "**הפקודה**"), הנוגעות למיסוי ניירות ערך

הנסחרים בבורסה. בנוסף, ביום 29 בדצמבר 2008 אישרה הכנסת את תיקון 169 לפקודה (להלן: "**תיקון 169**"), אשר פורסם ברשומות ביום 31 בדצמבר 2008 (ונכנס לתוקף ביום 1 בינואר 2009), וחולל שינויים נוספים ביחס למיסוי ניירות ערך, וביום 23 ביולי 2009 התקבל בכנסת חוק ההתייעלות הכלכלית (תיקוני חקיקה ליישום התכנית הכלכלית לשנים 2009 ו-2010), התשס"ט-2009, אשר כלל תיקון מס' 171 לפקודה (להלן: "**תיקון 171**"). ביום 5 בדצמבר 2011 אישרה הכנסת את תיקון 187 לפקודה, אשר פורסם ברשומות ביום 6 בדצמבר 2011, במסגרתו אומצו חלק מהמלצות ועדת טרכטנברג במסגרת החוק לשינוי נטל המס (תיקוני חקיקה), התשע"ב-2011 (להלן: "**תיקון 187**")

כמו כן, ביום 13 באוגוסט 2012 פורסם ברשומות תיקון 195 לפקודה, במסגרתו חלו שינויים נוספים וביניהם החלת מס נוסף החל מיום 1 בינואר 2013, בשיעור של 2% על הכנסתו של יחיד העולה על הסכום הקבוע בסעיף 121ב לפקודה (811,560 בשנת 2014). **יש להוסיף בהתאמה חבות מס זו על אלה המפורטים להלן, ככל שרלוונטי** (להלן: "**מס יסף**").

ביום 5 באוגוסט 2013 פורסם בספר החוקים 2405 החוק לשינוי סדרי עדיפויות לאומיים (תיקוני חקיקה להשגת יעדי התקציב לשנים 2013 ו-2014), התשע"ג-2013 (להלן: "**החוק לשינוי**"). בין השינויים שנקבעו במסגרת חוק זה עלה שיעור המס החל על חברות החל מיום 1 בינואר 2014.

כל התיקונים גם יחד יכונו לעניין סעיף זה להלן: "**התיקון**".

למיטב ידיעת החברה, לפי הדין הקיים כיום חלים על ניירות הערך המוצעים הסדרי המס המתוארים בתמצית להלן.

4.2. <u>רווח הון ממכירת ניירות הערך המוצעים</u>

בהתאם לסעיף 91 לפקודה, רווח הון ריאלי ממכירת ניירות ערך על-ידי יחיד תושב ישראל חייב במס בשיעור המס השולי של היחיד בהתאם לסעיף 121 לפקודה, אך בשיעור שלא יעלה על עשרים וחמישה אחוזים (25%), ויראו את רווח ההון כשלב הגבוה ביותר בסולם הכנסתו החייבת. זאת, למעט לגבי מכירת ניירות ערך על-ידי יחיד שהינו "בעל מניות מהותי" בחברה, קרי: המחזיק, במישרין או בעקיפין, לבדו או יחד עם אחר,[14] בעשרה אחוזים (10%) לפחות באחד או יותר מאמצעי השליטה[15] בחברה במועד מכירת ניירות הערך או במועד כלשהו ב-12 החודשים שקדמו למכירה כאמור, אשר שיעור המס לגבי רווח הון ריאלי בידיו יהיה בשיעור שלא יעלה על שלושים אחוזים (30%).

כמו כן, לגבי יחיד שתבע הוצאות ריבית ריאלית והפרשי הצמדה בשל ניירות הערך, יחויב רווח ההון ממכירת ניירות הערך במס בשיעור של שלושים אחוזים (30%) עד קביעת הוראות ותנאים לניכוי הוצאות ריבית ריאלית לפי סעיף 101א(א)(9) לפקודה. שיעור המס המופחת כאמור לא יחול לגבי יחיד, שההכנסה בידיו ממכירת ניירות הערך היא בגדר הכנסה מ"עסק", בהתאם להוראות סעיף 2(1) לפקודה שאז, יחויב היחיד במס השולי כקבוע בסעיף 121 לפקודה.

בחישוב רווח ההון בידי יחיד בלבד ממכירת ניירות ערך הנקובים במטבע חוץ או שערכם צמוד למטבע חוץ יראו לצורך חישוב הסכום האינפלציוני את שער המטבע כמדד.

חבר בני אדם יהיה חייב במס על רווח הון ריאלי ממכירת ניירות ערך בשיעור מס החברות, (26.5% בשנת 2014).

קרן נאמנות פטורה וכן קופות גמל וגופים הפטורים ממס לפי סעיף 9(2) לפקודה, פטורים ממס בגין רווחי הון ממכירת ניירות ערך כאמור, בהתאם ובכפוף לתנאי הסעיף. על הכנסותיה של קרן נאמנות חייבת ממכירת ניירות ערך יחול שיעור המס החל על הכנסתו של יחיד שההכנסה אינה מהווה בידיו הכנסה מ"עסק" או "משלח יד" בידיו, אלא אם כן

14 כהגדרת מונח זה בסעיף 88 לפקודה.
15 כהגדרת מונח זה בסעיף 88 לפקודה.

נקבע מפורשות אחרת. לא נקבע להכנסה שיעור מס מיוחד, תחויב ההכנסה במס בשיעור המירבי הקבוע בסעיף 121 לפקודה.

בהתאם לסעיף 92 לפקודה, הפסדים בשנת המס, שמקורם במכירת ניירות הערך המוצעים בשנת המס ושאילו היו רווחי הון היו חייבים במס בידי מקבלם, יקוזזו כנגד רווחי הון ושבח מקרקעין לרבות רווח ממכירת נייר ערך, נסחר או שאינו נסחר, ישראלי או זר, וכן, כנגד ריבית ודיבידנד ששולמו בגין אותו נייר ערך או בגין ניירות ערך אחרים (בתנאי ששיעור המס החל על ריבית או דיבידנד כאמור לא עולה על שיעור מס החברות (26.5% בשנת 2014), באותה שנת מס. קיזוז ההפסדים יבוצע בדרך של קיזוז הפסד ההון כנגד רווחי הון או הכנסות מריבית או מדיבידנד כאמור.

על פי סעיף 94ג לפקודה, במכירת מניה על-ידי חבר בני אדם, יופחת מסכום הפסד ההון אשר נוצר ממכירת המניה, סכום דיבידנד שהתקבל בשל המניה במשך 24 החודשים שקדמו למכירה (למעט דיבידנד ששולם עליו מס (למעט מס ששולם מחוץ לישראל) בשיעור של חמישה עשר אחוזים (15%) או יותר), אך לא יותר מסכום ההפסד.

לעניין ניכוי המס במקור מרווח ההון הריאלי במכירת ניירות הערך המוצעים, בהתאם לסעיפי 164-243 לפקודה והוראות תקנות מס הכנסה מכוחם (ניכוי מתמורה, מתשלום או מרווח הון במכירת נייר ערך, במכירת יחידה בקרן נאמנות או בעסקה עתידית), התשס"ג-2002, חייב (כהגדרת מונח זה בתקנות האמורות) המשלם למוכר תמורה במכירת ניירות הערך, ינכה מס בשיעור של עשרים וחמישה אחוזים (25%) מרווח ההון הריאלי, כאשר המוכר הינו יחיד, ובשיעור מס חברות (26.5% בשנת 2014) מרווח ההון הריאלי, כאשר המוכר הינו חבר בני אדם. זאת, כפוף לאישורי פטור (או שיעור מופחת) מניכוי מס במקור וכפוף לקיזוז הפסדים שרשאי המנכה במקור לבצע. כמו כן, לא ינוכה מס במקור לקופות גמל, קרנות נאמנות וגופים נוספים הפטורים מניכוי מס במקור לפי הדין.

אם במועד המכירה לא נוכה מלוא המס במקור מרווח ההון הריאלי, יחולו הוראות סעיף 91(ד) לפקודה וההוראות מכוחו בדבר דיווח ותשלום מקדמה על-ידי המוכר בגין מכירה כאמור.

ככלל, תושב חוץ (יחיד או חברה), כמשמעותו בפקודה, פטור ממס על רווחי הון במכירת ניירות ערך הנסחרים בבורסה מכוח סעיף 97(ב2) לפקודה, אם רווח ההון אינו במפעל הקבע שלו בישראל. ואולם, האמור לעיל , לא יחול לגבי חברה תושבת חוץ אם תושבי ישראל הם בעלי השליטה בה, או הנהנים, או הזכאים ל-25% או יותר מההכנסות או מהרווחים של החברה תושבת החוץ, במישרין או בעקיפין כאמור לפי סעיף 68א לפקודה. במקרה שפטור כאמור אינו חל, יחולו הוראות אמנת המס (אם קיימת) בין ישראל למדינת התושבות של תושב החוץ, בכפוף להמצאה מראש של אישור מתאים אשר יונפק על ידי רשות המיסים. כמו-כן, לא ינוכה מס במקור על-ידי תאגיד בנקאי או חבר בורסה לתושב חוץ בהתקיים תנאים מסוימים.

4.3. <u>שיעור המס שיחול על הכנסות מדיבידנד</u>

דיבידנד שמקורו במניות החברה, יהיה חייב ככלל במס בידי יחידים תושבי ישראל בשיעור של עשרים וחמישה אחוזים (25%), למעט לגבי יחיד שהינו בעל מניות מהותי בחברה במועד קבלת הדיבידנד, או במועד כלשהו ב-12 החודשים שקדמו לו, אשר שיעור המס לגביו יהיה שלושים אחוזים (30%).

מכיוון שהחברה הינה חברה תושבת הולנד, הרי שככלל שיעור המס על דיבידנד בידי חברות תושבות ישראל יהיה בשיעור מס החברות (26.5% בשנת 2014); בידי תושב חוץ (יחיד או חברה) שאינו בעל מניות מהותי - בשיעור של עשרים וחמישה אחוזים (25%), כפוף לאמנות המס עליהן חתומה מדינת ישראל, לגבי תושב חוץ שהנו בעל מניות מהותי בחברה במועד קבלת הדיבידנד או במועד כלשהו ב-12 החודשים שקדמו לו שלושים אחוזים (30%), כפוף לאמנות המס עליהן חתמה מדינת ישראל; בידי קרן נאמנות חייבת - בהתאם לשיעורי המס החלים על יחיד. קרן

נאמנות פטורה וכן קופות גמל וגופים אחרים הפטורים ממס בהתאם לסעיף 9(2) לפקודה, יהיו פטורים ממס בגין דיבידנד כאמור, ובלבד שההכנסות כאמור אינן מהוות הכנסה מ"עסק" או מ"משלח יד".

למרות האמור לעיל, דיבידנד שתשלם החברה מתוך דיבידנד שתקבל שמקורו ברווחי "מפעל מאושר", ו/או מפעל מוטב ו/או מפעל מועדף ו/או מפעל מועדף מיוחד כהגדרתם בחוק לעידוד השקעות הון, תשי"ט-1959 (להלן: "**חוק עידוד השקעות הון**") הזכאי להטבות מס מכוח החוק האמור, יהיה חייב, ככלל, במס בשיעור של 20%-15% הן לגבי יחידים והן לגבי חבר בני אדם, לרבות תושבי חוץ (כפוף לאמנות למניעת כפל מס עליהן חתומה מדינת ישראל).

החברה תנכה את המס במקור בחלוקת הדיבידנד, בהתאם לתקנות מס הכנסה (ניכוי מריבית, מדיבידנד ומרווחים מסוימים), התשס"ו-2005 (להלן: "**תקנות הניכוי**"). בהתאם לתקנות הניכוי, ניכוי המס במקור בחלוקת דיבידנד ליחיד תושב ישראל ולתושב חוץ (יחיד או חבר בני אדם) בגין מניות החברה לרבות בחלוקה כאמור לבעל מניות מהותי בחברה במועד כלשהו ב-12 החודשים שקדמו לו ואשר מניותיו רשומות ומוחזקות בחברת הרישומים, יהיה בשיעור של 25%. על פי תקנות אלו, שולם דיבידנד ליחיד תושב ישראל ו/או לתושב חוץ לגביו נקבע שיעור מס מוגבל לפי כל דין, ינוכה המס לפי השיעור שנקבע. לגבי תושב חוץ שיעור ניכוי במקור יהיה בכפוף להוראות אמנה למניעת כפל מס שנכרתה בין מדינת ישראל לבין מדינת תושבותו של המקבל, וקבלת אישור מראש מרשות המיסים.

לא ינוכה מס במקור בגין תשלומים לקופות גמל, קרנות נאמנות וגופים נוספים הפטורים מניכוי מס במקור לפי הדין.

החל מיום 1 בינואר 2013 ניכוי המס במקור מדיבידנד ששילם חבר בני אדם תושב ישראל שמניותיו רשומות למסחר בבורסה בשל מניות שמוחזקות בחברת רישומים, יהיה באמצעות מוסד כספי.

4.4. <u>קבלת זיכוי מהמס הזר שנוכה במקור (ראו פירוט המיסוי בהולנד בהמשך)</u>

בעל מניות יהיה זכאי כפוף להוראות הפקודה והתקנות מכוחה לפנות לרשות המיסים בעת הגשת דוח המס השנתי לצורך קבלת זיכוי מהמס שנוכה במקור בהולנד כנגד המס החייב בשל הדיבידנד בישראל. לצורך כך על בעל המניות להציג לרשות המיסים בין היתר אישור מרשויות המס בהולנד המעיד על סכום המס שנוכה לו במקור שם.

על אף האמור לעיל, בכוונת החברה לפנות לרשות המיסים בישראל לקבלת הסדר מס אשר יסדיר את קבלת הזיכוי מהמס המנוכה במקור בהולנד כבר בעת הניכוי במקור מהדיבידנד בישראל, כך שיינתן זיכוי מהמס שנוכה במקור בהולנד כבר בעת הניכוי במקור בישראל. ככל שיתקבל הסדר כאמור, החברה תודיע על כך בדוח מיידי לבורסה.

4.5. <u>שיעור המס שיחול על הכנסות ריבית ו/או דמי ניכיון</u>

בהתאם לסעיף 125ג(ב) לפקודה, יחיד יהא חייב במס בשיעור שלא יעלה על עשרים וחמישה אחוזים (25%) על ריבית או דמי ניכיון, שמקורם באיגרות חוב הצמודות במלואן למדד, לרבות אגרות חוב הצמודות למטבע חוץ, ויראו את הכנסתו זו כשלב הגבוה ביותר בסולם הכנסתו החייבת.

ככלל, יחיד יהיה פטור ממס על הפרשי ההצמדה או הפרשי השער, לפי העניין שנצמחו בגין קרן אגרות החוב הצמודות כאמור. הפרשי הצמדה שנצמחו על הריבית, מהווים, לצורכי מס, ריבית.

שיעורי המס כאמור לא יחולו בהתקיים, בין היתר, אחד מהתנאים הבאים: (1) הריבית היא הכנסה מ"עסק" או "משלח יד" לפי סעיף 2(1) לפקודה או שהיא רשומה בספרי חשבונותיו של היחיד או חייבת ברישום כאמור; (2) היחיד תבע בניכוי הוצאות ריבית והפרשי הצמדה בשל אגרות החוב ו/או ניירות הערך המסחריים; (3) היחיד הוא בעל מניות מהותי בחברה המשלמת את הריבית; (4) היחיד עובד בחבר בני האדם ששילם את הריבית, או שהוא נותן לו שירותים

או מוכר לו מוצרים, או שיש לו יחסים מיוחדים אחרים עימו, אלא אם כן הוכח להנחת דעתו של פקיד השומה ששיעור הריבית נקבע בתום לב ובלי שהושפע מקיומם של יחסים כאמור בין היחיד לבין חבר בני האדם; (5) מתקיים תנאי אחר שקבע שר האוצר בתקנות באישור ועדת הכספים של הכנסת. במקרים אלו יחול מס שולי בהתאם לסעיף 121 לפקודה.

שיעור המס החל על הכנסות הריבית או דמי הניכיון של חבר בני אדם תושב ישראל שאיננו חבר בני אדם שהוראות סעיף 9(2) לפקודה חלות בקביעת הכנסתו, למעט לעניין סעיף 3(ח) לפקודה לגבי ריבית שנצברה, שמקורן באגרות חוב נסחרות בבורסה, הינו שיעור מס החברות, אשר עומד על 26.5% בשנת המס 2014.

תושב חוץ[16] פטור ממס על הכנסה מריבית, מדמי ניכיון או מהפרשי הצמדה בשל אגרת חוב הנסחרת בבורסה בישראל, שהנפיק חבר בני אדם תושב ישראל ובלבד שההכנסה אינה במפעל קבע של תושב החוץ בישראל. ככל שלא יחול הפטור כאמור לעיל, שיעור המס שיחול על הכנסות ריבית בידי תושבי חוץ (יחיד וחבר בני-אדם) שמקורן בניירות הערך, עשוי להיות כפוף להוראותיהן של אמנות למניעת כפל מס שנכרתו בין מדינת ישראל לבין מדינת מושבו של תושב החוץ, בכפוף לקבלת אישור מתאים מרשות המסים.

קרן נאמנות פטורה, וכן קופות גמל וגופים הפטורים ממס לפי סעיף 9(2) לפקודה, פטורים ממס בגין הכנסת ריבית או דמי ניכיון כאמור, כפוף להוראות סעיף 3(ח) לפקודה בדבר ריבית או דמי ניכיון שנצברו בתקופת החזקתו של אחר. על הכנסותיה של קרן נאמנות חייבת מריבית או דמי ניכיון יחול שיעור המס החל על הכנסתו של יחיד שההכנסה אינה מהווה בידיו הכנסה מ"עסק" או מ"משלח יד", אלא אם נקבע אחרת.

בפדיון איגרת חוב הצמודה למדד או למטבע חוץ, יראו את הפרשי ההצמדה כחלק מהתמורה ויחולו הוראות הפקודה הנוגעות לחישוב רווח ההון, כמפורט לעיל. האמור לעיל לא יחול אם ההכנסה מהפרשי ההצמדה מהווה הכנסה העולה לכדי "עסק" או "משלח יד".

בהתאם לתקנות הניכוי, שיעור המס שיש לנכות במקור על ריבית (כהגדרתה בתקנות הנ"ל)[17] המשולמת על אגרות חוב ו/או ניירות ערך מסחריים הצמודים במלואם למדד המחירים לצרכן או למטבע חוץ, הינו עשרים וחמישה אחוזים (25%) לגבי יחיד (לרבות תושב חוץ) שאינו בעל מניות מהותי בחברה המשלמת את הריבית. שיעור המס שיש לנכות במקור על ריבית כאמור לגבי יחיד שהינו בעל מניות מהותי בחברה המשלמת את הריבית או לגבי יחיד העובד בחבר בני אדם או הנותן לו שירותים או מוכר לו מוצרים, יהיה בהתאם לשיעור המס השולי המרבי לפי סעיף 121 לפקודה. לגבי חבר בני אדם (תושב ישראל ותושב חוץ), ינוכה מס בהתאם לשיעור מס החברות הקבוע בסעיף 126(א) לפקודה.

שיעור המס שינוכה במקור לגבי תושב חוץ, ככל שהינו חייב במס כאמור לעיל, כפוף להוראות האמנות למניעת כפל מס עליהן חתומה מדינת ישראל.

חברי הבורסה ינכו במקור מתשלומי הריבית שישולמו על-ידי החברה למחזיקי אגרות החוב את תשלומי המס אותם היא חייבת לנכות במקור, למעט לגבי גופים הפטורים מניכוי מס במקור כאמור בהתאם לדין. במועדי פירעון קרן איגרות החוב ינוכה מס במקור בגין דמי הניכיון.

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16 תושב חוץ - מי שהוא תושב חוץ ביום קבלת הריבית, דמי הניכיון או הפרשי ההצמדה, לפי העניין, למעט אחד מאלה: (1) בעל מניות מהותי בחבר בני האדם המנפיק; (2) קרוב, כהגדרת מונח זה בפסקה 3 להגדרת קרוב בסעיף 88 לפקודה, של חבר בני האדם המנפיק; (3) מי שעובד בחבר בני האדם המנפיק, נותן לו שירותים, מוכר לו מוצרים או שיש לו יחסים מיוחדים עימו אלא אם הוכח להנחת דעתו של פקיד השומה ששיעור הריבית או דמי הניכיון נקבעו בתום לב ומבלי שהושפעו מקיומם של היחסים כאמור; (4) חברה תושבת חוץ המוחזקת בידי תושבי ישראל, בהתאם לקבוע בסעיף 68א לפקודה.

17 ריבית - ריבית, הפרשי הצמדה שאינם פטורים על-פי כל דין, לרבות הפרשי הצמדה חלקיים, כהגדרתם בסעיף 9(13) לפקודה ודמי ניכיון.

בתקנה 4 לתקנות מס הכנסה (חישוב רווח הון במכירת נייר ערך הנסחר בבורסה, מלווה מדינה או יחידה בקרן נאמנות), התשס"ג-2002 נקבע, כי בפדיון של אגרת חוב הנסחרת בבורסה שבו משולמים גם דמי ניכיון, יראו כתמורת הפדיון את התמורה בתוספת דמי הניכיון, אם התקיימו כל אלה: (1) רווח ההון במכירת איגרת החוב אינו פטור ממס; (2) במועד הפדיון נוצר הפסד הון; ו-(3) הפדיון אינו בידי בעל שליטה או בידי מי שהחזיק באיגרת החוב מיום שהוקצתה או הוצאה, והכול עד גובה הפסד ההון. דמי הניכיון שרואים אותם כתמורה לפי הוראות אלה, לא יחשבו כהכנסה לפי סעיף 2(4) לפקודה.

4.6. <u>אופן חישוב הניכיון בהרחבת סדרה</u>

ככל ששיעור הניכיון אשר נקבע לאגרות חוב מסדרה כלשהי בשל הרחבת סדרת אגרות החוב מאותה סדרה, שונה משיעור הניכיון של אגרות החוב מאותה סדרה הקיימות במחזור באותה עת, פועלת החברה בהתאם לאישור רשות המיסים שיש בידיה, לפיו ייקבע לאגרות החוב האמורות שיעור ניכיון אחיד לפי נוסחה המשקללת את שיעורי הניכיון השונים באותה סדרה, ככל שיהיו. החברה מחשבת לפני מועד רישום אגרות החוב החדשות את שיעור הניכיון המשוקלל בגין כל אגרות החוב מהסדרה האמורה, ומפרסמת בדיווח מיידי לפני מועד רישום אגרות החוב החדשות, את שיעור הניכיון המשוקלל האחיד לכל הסדרה. יצוין, כי בעקבות הרחבת הסדרות המתוכננת במסגרת ביצוע הסדר החוב, החברה פועלת לקבלת אישור רשות המיסים להחלת הנוסחה כאמור גם לענין ההרחבה כאמור. אם לא יתקבל אישור כאמור, החברה תודיע בדיווח מיידי, לפני הנפקת אגרות חוב כתוצאה מהרחבת הסדרה, כי לא התקבל אישור כאמור וכי ששיעור הניכיון האחיד יהיה שיעור הניכיון הגבוה ביותר שנוצר בגין הסדרה הרלבנטית. חברי הבורסה ינכו מס במקור בעת פירעון אגרות החוב מאותה סדרה, בהתאם לשיעור הניכיון שידווח כאמור. לפיכך, ייתכנו מקרים בהם ינכו חברי הבורסה מס במקור בגין דמי ניכיון בשיעור הגבוה מדמי הניכיון שנקבעו למי שהחזיק אגרות חוב מאותה סדרה טרם הרחבת הסדרה. במקרה זה, נישום שהחזיק את אגרות החוב לפני הרחבת הסדרה ועד לפירעון אגרות החוב, יהיה זכאי להגיש דוח מס לרשות המסים ולקבל החזר של המס שנוכה מדמי הניכיון, ככל שהינו זכאי להחזר כאמור על פי דין.

4.7. <u>מיסוי בהולנד</u>

השלכות המס בהולנד בהתאם להוראות האמנה למניעת מסי כפל ומניעת התחמקות ממס בין מדינת ישראל לבין ממלכת הולנד (להלן: "**אמנת המס בין ישראל והולנד**" או "**אמנת המס**").

4.7.1. השלכות המס בהולנד על בעל מניות שהינו יחיד תושב ישראל הינן כדלקמן:

4.7.1.1. חלוקת דיבידנד לבעל מניות שהינו יחיד תושב ישראל תחויב בניכוי מס במקור בהולנד בשיעור של 15%.

4.7.1.2. בהתאם להוראות סעיף 15 לאמנת המס בין ישראל והולנד, רווח ממכירת המניות על ידי יחיד תושב ישראל תחויב במס בישראל בלבד, למעט אם מדובר ברווח מהעברתן של מניות "הנאה" או זכויות "הנאה" בחברה, שהונה, כולו או בחלקו, מחולק למניות, והיא תושבת הולנד, ובלבד שאותן מניות או זכויות הן בבעלותו של יחיד תושב ישראל, והוא -

(א) אזרחה של ישראל מבלי להיות אזרחה של הולנד;

(ב) היה תושב ישראל במשך חמש השנים האחרונות שקדמו להעברתן של מניות ההנאה או זכויות ההנאה;

(ג) החזיק בבעלותו, במשך אותה תקופה, במישרין או בעקיפין, לבד או יחד עם בן זוגו ושארי משפחתו, לפחות שליש, וכן, לבד או יחד עם בן זוגו, יותר מ-8 אחוזים, מן ההון הנקוב הנפרע של החברה האמורה.

4.7.2. <u>השלכות המס בהולנד על בעל מניות שהינו חברה תושבת ישראל הינן כדלקמן:</u>

4.7.2.1. חלוקת דיבידנד לבעל מניות שהינו חברה תושבת ישראל תחויב בניכוי מס במקור בהולנד בשיעור של 15%, למעט אם החברה בעלת המניות מחזיקה 25% לפחות מהונו של החברה המחלקת את הדיבידנד. במקרה כזה שיעורי המס יהיו:

(א) 10 אחוזים מהסכום ברוטו של הדיבידנדים מקום שהדיבידנדים משתלמים מרווחים אשר מתוקף הוראות בחוק הישראלי בדבר השקעות בישראל, הם פטורים ממס או חייבים במס בשיעור נמוך יותר מהשיעור הרגיל המוטל על רווחי חברה תושבת ישראל.

(ב) 5 אחוזים מן הסכום ברוטו של הדיבידנדים במקרים אחרים.

4.7.2.2. בהתאם להוראות סעיף 15 לאמנת המס בין ישראל והולנד, רווח ממכירת המניות על ידי חברה תושבת ישראל יחויב במס בישראל בלבד.

4.7.3. <u>השלכות המס בהולנד על מחזיק אגרות חוב תושבי ישראל הינן כדלקמן:</u>

בהתאם לדיני מס הכנסה בהולנד ובכפוף לסעיפי האמנה למניעת כפל מס בין ישראל לבין הולנד,יחיד שהינו תושב ישראל, כהגדרתו באמנה, אשר אינו תושב הולנד ולא בחר להיחשב כתושב הולנד לצורכי מס, לא צפוי להיות מחויב במס בהולנד בגין מכירת איגרות החוב או בגין הכנסות הנובעות מאיגרות החוב או בגין ניכיון, למעט: אם ניתן לייחס את ההכנסה ממכירת איגרות החוב (לרבות רווחים מהפרשי שער) לעסק (או חלקו) המנוהל באמצעות מוסד קבע או נציגות קבע בהולנד, עלול היחיד להיות מחויב במס בהולנד על רווחים ממכירות איגרות החוב או מהכנסות הנובעות מאותם איגרות החוב (כגון ריבית והפרשי שער) או בגין ניכיון, בהתאם לשיעורי המס השוליים בהולנד, עד לשיעור מקסימלי של 52%.

על תושב ישראל או תושב זר החייבים במס בהולנד, כאמור בכל אחד מהמקרים המפורטים לעיל, וכן על תושב הולנד, חלה חובה להגיש דו"ח מס שנתי לרשויות המס בהולנד.

בהתאם לדין ההולנדי, לא מנוכה מס במקור על תשלומי ריבית או בגין ניכיון לתושב זר ולחברות זרות, לרבות תושבי ישראל ולתושבי הולנד.

בהתאם לדיני מס חברות בהולנד, ובכפוף לסעיפי האמנה, חברה שהינה תושבת ישראל, כהגדרתה באמנה, אשר אינה תושבת הולנד, לא תחויב ככלל במס בהולנד בגין מכירת איגרות החוב או בגין הכנסות הנובעות מאיגרות החוב או בגין ניכיון, בכפוף לכך שחברה זו זכאית להטבות האמנה, ולמעט: אם ניתן ליחס את ההכנסה ממכירת איגרות החוב (לרבות רווחים מהפרשי שער) או את ההכנסה הנובעת מאיגרות החוב או את הניכיון, לעסק (או חלקו) המנוהל באמצעות מוסד קבע או נציגות קבע בהולנד, אותה חברה תהיה כפופה למס חברות בהולנד על הכנסות כאמור. שיעור מס החברות בהולנד הינו 25%. על ההכנסה החייבת עד לסכום של 200,000 אירו, יחול שיעור מס חברות מופחת של 20%.

על חברה תושבת ישראל או חברה זרה, החייבות במס בהולנד, כאמור בכל אחד מהמקרים המפורטים לעיל וכן על חברה תושבת הולנד, חלה חובה להגיש דו"ח מס שנתי לרשויות המס בהולנד.

בהתאם לדין ההולנדי, לא מנוכה מס במקור על תשלומי ריבית או תשלומים בגין ניכיון לתושב זר ולחברות זרות, לרבות לתושבי ישראל ולתושבי הולנד.

מובהר, כי ככל שתקום בעתיד חובה לניכוי מס במקור תודיע על כך החברה למחזיקי אגרות החוב בדיווח מיידי, שיפורסם בסמוך לפני ביצוע תשלום על חשבון ריבית ו/או קרן בגין איגרות החוב.

4.8. <u>השלכות המס החלות על מחזיקי אגרות החוב בגין הסדר החוב</u>

ככל הידוע לחברה, שינוי תנאי אגרות החוב מהווה, ככלל, אירוע מס בידי מחזיקי אגרות החוב, ואולם רשות המיסים נוטה לאשר כי שינוי שאינו מהותי, כדוגמת דחיית פירעון הקרן ושינוי שיעור ריבית כאמור בהסדר החוב, לא ייחשב כמכירת אגרות החוב ויחול רצף מס.

החברה פנתה לרשות המסים לקבלת רולינג בדבר השלכות המס החלות על החברה ומחזיקי אגרות החוב בגין הסדר החוב, לרבות בענין אופן ניכוי המס במקור ובעניין אופן חישוב הניכיון המשוקלל. למועד זה, טרם התקבל אישור רשות המסים לבקשת החברה. עם זאת, להלן יפורטו העקרונות לרולינג הצפוי מרשות המסים כפי שעולה מטיוטה ראשונית של רשות המסים שהומצאה לחברה. ככל שיהיה שינוי בעקרונות אלה, החברה תפנה לקבלת אישור חדש מאת הבורסה להקצאת ניירות הערך המוצעים.

תשלום במזומן למחזיקי אגרות החוב במסגרת הסדר החוב, על חשבון ריבית יהווה הכנסת ריבית בידי המחזיקים ותקום חובת ניכוי מס במקור בגינה כדין בהתאמה אשר תבוצע על ידי חברי הבורסה.

היוון הריבית שנצברה לקרן אגרות החוב, באמצעות הרחבת אגרות החוב יהווה הכנסת ריבית בידי המחזיקים ותקום חובת ניכוי מס במקור בגינה כדין בהתאמה, אשר תבוצע על ידי חברי הבורסה. סכום הריבית כאמור יחושב כמכפלת כמות אגרות החוב המוקצות, להן זכאים מחזיקי אגרות החוב בממוצע שער הסגירה של אגרות החוב מהסדרה הרלוונטית בתום שלושת ימי המסחר שלפני מועד ביצוע ההסדר בפועל (כשהוא מותאם/לא מותאם לתשלום הריבית), הכל כפי שייקבע על ידי רשות המיסים. לעניין ניכוי המס במקור בעת מכירת אגרות חוב שהתקבלו אגב ההסדר, ייראו את השווי שנקבע כאמור לעיל כמחיר המקורי שלהן. כמו כן, יום הרכישה יהא מועד ההסדר בפועל.

חישוב הניכיון המשוקלל לאגרות החוב עם החלת ההסדר, לרבות הנפקת אגרות החוב הנוספות, יבוצע בהתאם לנוסחה הקבועה ברולינגים שקיבלה החברה מרשות המיסים (מסלול ירוק - אישור מס' 20100095 מיום 21 בינואר 2010 בגין אג"ח סדרה א' ואישור מס' 20110021 מיום 5 בינואר 2011 בגין אג"ח סדרה ב') בכפוף לאישור רשות המיסים. אם לא יתקבל אישור כאמור, החברה תודיע בדיווח מיידי, לפני הנפקת אגרות חוב כתוצאה מהרחבת הסדרה, כי לא התקבל אישור כאמור וכי ששיעור הניכיון האחיד יהיה שיעור הניכיון הגבוה ביותר שנוצר בגין הסדרה הרלבנטית.

מניות שיקבלו מחזיקי אגרות החוב ללא תמורה (בכפוף לתשלום הערך הנקוב של מניות אלה), במסגרת ההסדר, יסווגו כהכנסת ריבית נוספת בידיהם ובהתאמה תקום חובת ניכוי מס במקור בגינה כדין, אשר תבוצע על ידי חברי הבורסה. סכום הריבית כאמור יחושב כמכפלת כמות המניות המוקצות, להן זכאים מחזיקי אגרות החוב בממוצע שער הסגירה של המניות בתום שלשת ימי המסחר בבורסה בישראל שלפני מועד ביצוע ההסדר בפועל או ביום המסחר הראשון שלהן בבורסה בישראל, הכל כפי שיקבע על ידי רשות המיסים. לעניין ניכוי המס במקור בעת מכירת המניות שהתקבלו אגב ההסדר, ייראו את השווי שנקבע כאמור לעיל כמחיר המקורי שלהן. כמו כן יום הרכישה יהא מועד ההסדר בפועל.

החברה תגיש לבורסה טיוטה סופית של הסדר המס על מנת שהבורסה תוכל לאשר את תפעול ההסדר. עם קבלת הרולינג מרשות המיסים כאמור, תודיע החברה על כך בדיווח מיידי לבורסה ותפרסם את הרולינג שיתקבל.

מודגש, כי אין כל וודאות כי רולינג כאמור אכן יתקבל ואם וככל שיתקבל, אם הוראותיו תתאמנה לעקרונות המפורטים לעיל. עוד יודגש, כי הוראות הרולינג בלבד הן אלה שתחולנה בעניינם של המחזיקים ואין בפירוט לעיל משום קביעה כי זו תהא עמדת רשות המיסים ברולינג האמור.

התיאור הכללי לעיל אינו מהווה תחליף לייעוץ אינדיבידואלי על-ידי מומחים, בשים לב לנסיבות הייחודיות לכל משקיע. מומלץ לכל המבקש לרכוש ניירות ערך, לפנות לייעוץ מקצועי על-מנת להבהיר את תוצאות המס אשר יחולו עליו בשים לב לנסיבותיו הייחודיות.

5. **<u>גילוי נוסף בקשר להסדר החוב על פי תקנה 37כ לתקנות ניירות ערך (דוחות תקופתיים ומיידיים), תש"ל-1970</u>**

להלן יובאו פרטים נוספים בקשר להסדר החוב של החברה, בהתאם להוראות תקנה 37כ לתקנות ניירות ערך (דוחות תקופתיים ומיידיים), תש"ל-1970:

Disclosure in accordance with Regulation 37(T) of the Israeli Securities Regulations (Periodic and Immediate Reports), of 1970

In this section:

"**Reporting Regulations**" - Israeli Securities Regulations (Periodic and Immediate Reports) of 1970.

"**Settlement Regulations**" – Israeli Companies Regulation (a Request for Settlement or Arrangement) of 2002.

1. **General Background**

1.1. On November 18, 2013 the Company filed for suspension of payments proceedings under Dutch Law and simultaneously filed with the District Court of Amsterdam, the Netherlands ("**Dutch Court**") a draft of restructuring plan to all of its creditors with unsecured non-preferred claims, that includes: the Series A and Series B Noteholders, the Polish Noteholders and banks that collaterals over the level of the assets and also have a recourse right to the Company itself (collectively: "**Plan Creditors**"), in accordance with the Dutch Bankruptcy Act. On the aforesaid date, the Dutch Court approved the Company's request and granted a six-month period for reaching an agreement with its creditors until the creditors meeting scheduled for April 17, 2014. In addition, the Dutch Court has appointed an administrator and a supervisory judge with respect to the restructuring process under the Dutch law. On March 11, 2014, the Company obtained from the Dutch Court a postponement of the dates for the voting on the proposed restructuring plan due to technicalities involved with the completion of the arrangement. The Dutch Court set June 26, 2014 as the date for voting on the restructuring plan.

On May 25, 2014 the Company's board of directors approved a revised restructuring plan with respect to the proposed debt settlement with the Plan Creditors ("**Restructuring Plan**"), which is intended to be filed shortly following the date of this Prospectus with the Dutch Court. A short summary of the principal terms of the Restructuring Plan is detailed in Section 3 of Part IX - Additional Information below. The Restructuring Plan, including its annexes, is attached as **Appendix A**, hereto. As part of the restructuring plan the terms of the trust deeds entered into between the Company and the trustees for the Series A and Series B Notes will be revised ("**Revised Trust Deeds**").

1.2. A professional opinion of *Baker Tilly Finance* has been prepared with respect to the Restructuring Plan which includes an economic analysis of the debt settlement, including, the estimated amounts that the Company's creditors and shareholders would receive under a liquidation scenario and under a 'going concern' basis[1] ("**Economic Opinion**").

The Economic Opinion is attached as **Appendix B** hereto.

1.3. The Restructuring Plan is subject, *inter alia*, to its approval by the Plan Creditors at the creditors meeting which is scheduled to be held on June 26, 2014, at 10:00 am CET, in the Herzberg Hall of the District Court of Amsterdam, the Netherlands.

[1] Assuming the Restructuring Plan is approved.

1.4. Accordingly, on or following the publication date of this prospectus, the Israeli trustees to the Series A and the Series B Notes, intend to convene Noteholders' pre-meetings in Israel (prior to the aforesaid creditors meeting) in which the Restructuring Plan will be presented and discussed by the Israeli Noteholders. The voting of the Series A and Series B Noteholders at the pre-meetings will determine their voting on the Restructuring Plan at the general creditors meeting. The documents convening such pre-meetings will be published separately following the date of this Prospectus. The voting results of these pre-meetings will be published by the Israeli trustees.

In light of all of the above, the following sections address the disclosure requirements pursuant to section 37(t) of the Reporting Regulations regarding a proposal for debt settlement in light of financial difficulties.

2. **Last Periodic Report**[2]

The Company's consolidated financial statements for the years ended on December 31, 2013, December 31, 2012 and December 31, 2011 are included in Part XII of this Prospectus. The Company's Operating and Financial Review ("**OFR**") for the year that ended on December 31, 2013 is included in Part VII of this Prospectus.

For material changes that have occurred with respect to matters that are described in the Company's 2013 OFR, see the list of immediate reportsas published by the Company through the MAGNA* as of January 1, 2014 and until the publication of this Prospectus, which are all incorporated by reference into this Propsectus.

Two MAGNA reports dated January 2, 2014.
MAGNA report dated January 6, 2014.
MAGNA report dated January 12, 2014.
MAGNA report dated January 13, 2014.
MAGNA report dated January 15, 2014.
MAGNA report dated January 16, 2014.
MAGNA report dated January 22, 2014.
MAGNA report dated January 27 2014.
MAGNA report dated January 30, 2014.
MAGNA report dated February 13, 2014.
MAGNA report dated March 4, 2014.
MAGNA report dated March 9, 2014.
MAGNA report dated March 12, 2014.
MAGNA report dated March 13, 2014.
MAGNA report dated March 18 2014.
MAGNA report dated March 20, 2014.
MAGNA report dated March 26, 2014.
MAGNA report dated April 13, 2014.
MAGNA report dated May 16, 2014.
MAGNA report dated May 21, 2014.
MAGNA report dated May 23, 2014.

* For details on MAGNA please refer to the following link: http://www.isa.gov.il/sites/ISAEng/2860/Pages/MAGNA.aspx

3. **The Restructuring Plan and its Reasoning**[3]

[2] Regulation 37T(a)(1) of the Reporting Regulations.

3.1. For general background on the Restructuring Plan, see section 1 above.

3.2. The Restructuring Plan is addressed to all the Company's ordinary unsecured creditors (which consist of Israeli Noteholders, Polish Noteholders and banks with fixed charges over assets of Company's subsidiaries that also have a recourse right to the Company itself). The purpose of the Restructuring Plan is to provide the Company with the ability to preserve value for its creditors by giving it time to resolve its liquidity situation and thereby avoiding a liquidation scenario. This will primarily be achieved through a deferral of payment obligations. Apart from the proposed payment deferral, the terms of the Restructuring Plan do not require Noteholders to take a loss on the value of their outstanding exposures. The Restructuring Plan, including its annexes, is attached as **Appendix A** hereto.

3.3. In accordance with the Economic Opinion, if the Company would have undergone liquidation procedures, the estimated total amount that would have been recovered by the Company's creditors would have not exceeded 61% of the total outstanding debt (*i.e.*, approximately EUR 124 million). For further details see chapter 7 of the Economic Opinion.

3.4. Projected Cash Flow

The below is the projected cash flow for the two years following the the approval of the Restructuring Plan by the Dutch Court, assuming that the Restructuring Plan is approved by the Dutch Court and is consummated in accordance with its terms. The projected cash flow details the sources the Company is expected to generate that are expected to be used in order to meet its obligations towards its creditors during the aforesaid two years.

The information regarding the Company's financial results and cash flows as a result of its commercial operation during the next two years constitutes forward-looking information. The information is based on subjective estimates of the Company's management on the development of the Company's business, the Company's work plans, and forecasts regarding the Company's revenues, the development of the real estate industry in which the Company and its subsidiaries and affilates operate in, reviews and information known to Company's management at that time, and other information relating to future events or conditions, whose realization is uncertain and depends not only on the Company but on other external factors as well.

Forward-looking information is based substantively, in addition to the information that the Company has at that time, on expectations and assessments of the market status in which the Company operates and its macro economic data, as well as on future developments in such market.

A variety of factors, many of which are beyond the Company's control, affect the Company's operations, performance and results and could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking information. These factors include, in particular, but are not limited to, market yields of operating shopping centers, value of SQM of plots intended to be disposed of, as well as the matters described in Part II of this Prospectus (Risk Factors).

[3] Regulation 37T(a)(2) of the Reporting Regulations and Regulations 7(a)(2), 38(2), 38(3) and 38(4) of the Settlement Regulations.

The projected cash flow below includes consolidated cash balances of the Group, and also specifically mention restrictions on cash balances of SPV's which holds operating shopping centers or plots in the jurisdictions where the Company operates, and is based on the assumption that the Restructuring Plan is approved and consummated.

Description	Footnote (details and assumptions)	July 1, 2014 till December 31, 2014	January 1, 2015 till December 31,2015	January 1, 2016 till June 30, 2016
		(Million EURO)		
Cash and Cash equivalents - Opening balance	(1)	9.6	35.9	27.0
Solo resources:				
Cash inflow from operating activity:				
proceeds from selling trading and investment properties	(2)	40.1	83.2	48.3
Cash inflow from finance activity:				
Right issuance		20.0	-	-
Distributions from operating subsidiaries (through loan repayments)	(3)	8.9	17.6	6.1
Other financial income (treasury bonds, interest on deposits)		0.8	1.7	0.9
Total sources:		79.4	138.4	82.3
Expected use				
Cash outflow from operating activity:				
Administrative expenses, including restructuring costs	(4)	3.5	7.0	3.5
Cash outflow from investment activity:				
Investment in equity in projects	(5)	10.6	18.7	-
Cash outflow from finance activity:				
Principal repayment to Noteholders	(6)	21.9	57.6	29.8
Interest repayment to Noteholders	(6)	1.4	12.2	4.3
Principal and interest repayment to banks in subsidiaries	(7)	6.1	15.9	8.1
Total uses:		43.5	111.4	45.7
Cash and cash equivalents -Closing balance:	(1)	35.9	27.0	36.6

(1) Expected solo cash position.

(2) 2014: Comprised from the exercise of the following projects: Riga (Latvia) EUR 17.7 million, Koregaon Park (India): EUR 9.9 million, Targu Mures (Romania):

EUR 3.5 million, Bangalore (India): EUR 9.0 million 2015: Comprised from the exercise of the following projects: Torun (Poland) EUR 47.1 million, Bangalore (India): EUR 9.0 million, Suwalki (Poland): EUR 10.3 million, Iasi (Romania): EUR 6.2 million, Lodz (Poland): EUR 2.6 million, Kielce (Poland): EUR 2.0 million, David House (Office building, Hungary): EUR 2.0 million, Palazzo Du Calle (Office building, Romania): EUR 1.2 million, Hunedoara (Romania): EUR 1.1 million, Riga (Latvia) EUR 0.9 million and Leszno (Poland): EUR 0.8 million. 2016: Comprised from the exercise of the following projects: Belgrade (Serbia) - EUR 18 million, Kragujevac (Serbia) EUR 16.5 million, Koregaon Park (India): EUR 6.2 million, Torun (Poland) EUR 4.7 million, Constanta (Romania) – EUR 2 million and Suwalki (Poland) – EUR 0.9 million.
The abovementioned amounts are based on various information, including, signed contracts or indicative offers from possible third parties. The abovementioned figures are based, in part, on valuations obtained from third party experts (sold either at market value or at distressed value) and on management estimations.

(3) Based on expected Net Operating Income ("NOI") from subsidiaries. The Company expects to retrieve the funds through repayment of existing intercompany loans.

The following table indicates the source of the NOI (in millions of EURO):

Country/Period	H2 2014	2015	H1 2016
Poland	6.0	12.4	0.8
India	-0.7	0.8	2.4
Czech Republic	0.4	1.0	0.5
Latvia	1.8	-	-
Serbia	1.4	3.4	1.7
Romania	-	-	0.7
Total	8.9	17.6	6.4

(4) Management estimation, based on last year actual costs and the 2014 expectations.

(5) 2014: Comprised mainly from investments in the schemes of Timisoara (Romania) (EUR 4.0 million) and Visnjicka Belgarde (Serbia) (EUR 5.0 million). 2015: Comprised from investments in the schemes of Timisoara (Romania) (EUR 4.7 million), Visnjicka Belgarde (Serbia) (EUR 4.0 million) and Lodz Plaza (EUR 10.0 million).

(6) Assuming EUR/NIS rate of 4.8 and EUR/PLN rate of 4.19. The repayment schedule also takes into consideration that in case of disposal of a subsidiary, 75% of the proceeds are use for the early prepayment of the Unsecured Debt as specified in section 3.3.8 in accordance with the terms of the Restructuring Plan.

(7) Repayment is done due to bank facilities in the following jurisdictions (in millions of EUR):

Country/Period	H2 2014	2015	H1 2016
Poland	2.8	5.7	0.5
Czech Republic	0.7	1.4	0.7
Latvia	1.0	-	-
Serbia	1.5	5.5	4.2

Romania	0.1	3.3	2.7
Total	6.1	15.9	8.1

3.5. The Company believes that the Restructuring Plan is an arrangement which will benefit its creditors, and the Company's management makes efforts to reach an agreement within the time frame that was granted by the Dutch Court (for further details, see section 1.1 above).

3.6. The Company's Board of Directors and management believe that, should the Restructuring Plan be accepted in accordance with its existing terms, the Company would be able to retain significant value for its shareholders (as shown in the Economic Opinion) and would be able to repay its creditors in full. By contrast, the Board of Directors of the Company and management are convinced that a forced liquidation (which is expected to occur, should the creditors reject the Restructuring Plan) will most probably cause the Company's shareholders and creditors to incur significant losses. The analysis presented in the Economic Opinion clearly shows that the economic value offered to the Company's creditors on a 'going concern' basis (assuming the Restructuring Plan is approved and consummated pursuant to its terms) is significantly higher than the 'liquidation value'. The estimations and beliefs of the Company's Board of Directors and management constitute forward looking statements. Such statements may not be realized (in full or in part) due to failure to comply with the Company's cashflow forecasts, failure to develop existing plots, failure to receive financing at favorable terms or at all and all other risk factors detailed in this Prospectus.

4. **Advantages to the Company's Office Holders in light of the Restructuring Plan**[4]

The Company does not expect its office holders to receive any benefit from the Restructuring Plan, other than the release from claims as detailed in the Restructuring Plan attached hereto as **Appendix A**.

5. **Details regarding the Company's Controlling Shareholders and Affiliated Corporations**[5]

5.1. The Company is indirectly controlled by Elbit Imaging Ltd. ("**Elbit Imaging**"), which holds indirectly (as of the date of this Prospectus) approximately 62.52% of the Company's issued and paid up share capital and voting rights. To the best of the Company's knowledge, as of the date of this Prospectus, Elbit Imaging Ltd. has no controlling shareholder (as such term is defined under the Israeli Securities Law of 1968).

5.2. Elbit Imaging currently operates primarily in the following principal fields of business:

(I) Commercial and Entertainment Centers - initiation, construction and sale of commercial and entertainment centers and other mixed-use real property projects, predominantly in the retail sector, located in Central and Eastern Europe and in India primarily through the Company. In certain circumstances and depending on market conditions, Elbit Imaging operates and manages commercial and entertainment centers prior to their sale;

(II) Hotels - hotel operation and management;

[4] Regulation 37T(a)(2) of the Reporting Regulations and Regulation 7(a)(4) of the Settlement Regulations.
[5] Regulation 37T(a)(2) of the Reporting Regulations and Regulation 7(a)(5) of the Settlement Regulations.

(III) Medical Industries - (a) research and development, production and marketing of magnetic resonance imaging guided focused ultrasound treatment equipment, and (b) development of stem cell population expansion technologies and stem cell therapy products for transplantation and regenerative medicine;

(IV) Residential Projects - initiation, construction and sale of residential projects and other mixed-use real property projects, predominantly residential, located primarily in India;

(V) Fashion Apparel - distribution and marketing of fashion apparel and accessories in Israel.

5.3. In respect of the Company's holdings in other corporations, which are material to the business affairs of the Company ("**Material Corporations**"), the following are the Material Corporations held by the Company (unless specifically mentioned otherwise – the Company holds 100% directly or indirectly in these corporations) as of the date of this Prospectus. All Material Corporations operate in the Company's field of business and hold either operational shopping malls or plots:

Material Corporation held	*Details on assets held by corporation*
S.C. Dâmbovița Center S.R.L	Casaradio project in Bucharest Romania – 75% held indirectly by the Company.
Legnica Plaza Spółka z ograniczoną odpowiedzialnością S.K.A.	Torun Plaza operating shopping center in Torun, Poland
Suwałki Plaza Sp.z.o.o.	Suwalki Plaza operating shopping center in Suwalki, Poland
Diksna SIA	Riga Plaza operating shopping center in Riga, Latvia – 50% held directly by the Company
Sek D.O.O.	Kragujevac Plaza operating shopping center in Kragujevac, Serbia
Aayas Trade Services Pvt. Ltd.	Major scheme in Bangalore, India – 50% held indirectly by the Company.
Kadavanthra Builders Pvt. Ltd.	Major scheme in Chennai, India – 40% held indirectly by the Company
Orchid Group D.O.O.	Major scheme in Belgrade, Serbia
Leisure Group D.O.O.	Major scheme in Belgrade, Serbia (Visnjicka project)
S.C. Elite Plaza S.R.L.	Major scheme in Romania (Timisoara project)
Włocławek Plaza Sp.z.o.o.	Major scheme in Poland (Lodz mall project)

6. The Company's Classes of Shares; The Effect of the Restructuign Plan over Existing Rights of Existing Shareholders[6]

The Company has only one type of ordinary shares with nominal value of EUR 0.01. Under the proposed Restructuring Plan, there is no change to the rights attached to the Company's ordinary shares. Nevertheless, the current shareholders are expected to undergo a significant dilution due to the following elements of the Restructuring Plan:

[6] Regulation 37T(a)(2) of the Reporting Regulations and Regulation 7(a)(6) of the Settlement Regulations

a) Injection to the Company of at least EUR 20 million deducted by a certain amount as detailed in the Restructuring Plan by way of issuance of additional shares, which is a condition precedent to the entering into effect of the Revised Trust Deeds, see also Section 1 in Chapter 2 - Details of the Offer (Hebrew) above.

b) Under the terms of the Restructuring Plan, the Company has undertaken to issue to the Series A Noteholders, to the Series B Noteholders and to the holders of the Polish notes additional shares of the Company, all as detailed in the Restructuring Plan.

As of the date of this Prospectus the Company cannot know the percentage of dilution to be inflicted following the issuance of the Company's shares as detailed above.

7. Information on the Company's Material Creditors[7]

The below table describes the Company's material creditors, the total debt owed to these creditors, the collaterals to their debts, and the total accumulated debt to the non-material creditors of the Company.

Creditor	Outstanding principal debt as of December 31, 2013	Collaterals	Original terms of debt (prior to the approval of the Restructuring Plan)
Series A Notes issued to the public in Israel	NIS 296 million (EUR 62 million)	No collateral	4.5% per annum, linked to the Israeli CPI. Principal payable in 8 equal annual installments commencing December 31, 2010 through December 31, 2017. Interest payable by semi-annual installments commencing December 31, 2007 through December 31, 2017
Series B Notes issued to the public in Israel	NIS 576 million (EUR 121 million)	No collateral	5.4% per annum, linked to the Israeli CPI. Principal payable in 5 equal annual installments commencing December 31, 2011 through December 31, 2015. Interest payable by semi-annual installments commencing July 1, 2008 through July 1, 2015
Private note issuance to Polish institutional investors	PLN 60 million (EUR 15 million)	No collateral	Three years maturity, with balloon payment at the end of the maturity period (November 2013). Interest payable by semi-annual installments commencing May 2011 through November 2013.
Recourse bank loans[8]	Circa EUR 12 million, commulatively		Due to 5 loan facilities that are secured by pledges over assets of subsidiaries of the Company in which the relevant banks also have a recourse right to the Company itself.

8. Cost of Services and Expenses in connection with the Restructuring Plan[9]

[7] Regulation 37T(a)(2) of the Reporting Regulations and Regulation 7(a)(7) of the Settlement Regulations.

[8] This disclosure is provided due to caution considerations. Each of the banks is not considered individually as a "Material Creditor" of the Company (as such term is defined under the Settlement Regulations.

[9] Regulation 37T(a)(2) of the Reporting Regulations and Regulation 7(a)(9) of the Settlement Regulations.

As of the date of this Prospectus, the Company has paid circa EUR 1.5 million to various service providers and advisors in respect of the Restructuring Plan. The Company estimates the total costs concerning its debt restructuring to be circa EUR 3 million.

9. Office Holder for the Execution of the Restructuring Plan[10]

The Dutch Court appointed in November 2013 Mr. J.L.M. Groenewegen as a special administrator (*bewindvoerder*) and Ms. L. van Berkum as a supervisory judge (*rechter-commissaris*) pursuant to the applicable Dutch law.

Pursuant to Dutch reorganization proceedings, the Dutch Court has appointed an administrator to manage the affairs of the Company together with the existing management. In practice, under such proceedings the administrator has a supervisory role (rather than an initiative role), responsible mainly to assure that there is no unauthorized leakage of assets/funds from the Company.

The Administrator is entitled to receive refund of his expenses and his fees are based on charge per hour. The total fees charged by the administrator from the commencement of his work and until the date of this Prospectus totaled circa EUR 200,000.

10. Company's Employees[11]

The total number of Company's employees as of the original filing date of the Restructuring Plan on November 18, 2013 was 136 (one year before the filing date of the Restructuring Plan - 166). The total number of the Company's employees as of the date of this Prospectus was 129.

11. Transfer of Material Assets of the Company[12]

No material assets were sold or transferred or pledged in the six months preceding the date of submission of the Restructuring Plan request.

12. Company's Creditors who have affiliation with the Company or its Controlling Shareholders[13]

To the best of the Company's knowledge, York Capital Management Global Advisors, LLC on behalf of certain funds and/or accounts managed by it or its affiliates ("**York**"), holds approximately 28% of the Company's Series A and Series B Notes. York also holds approximately 19% of the issued share capital and voting rights in Elbit Imaging. York is a fee-only investment management and financial planning firm.

In addition, as of the date of this Prospectus other Company's Noteholders may hold securities of Elbit Imaging.

13. Details of Persons Proposed to Serve as Office Holders in the Company Following the Approval of the Restructuring Plan[14]

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[10] Regulation 37T(a)(2) of the Reporting Regulations and Regulation 7(a)(10) of the Settlement Regulations.
[11] Regulation 37T(a)(2) of the Reporting Regulations and Regulation 38(1) of the Settlement Regulations.
[12] Regulation 37T(a)(2) of the Reporting Regulations and Regulation 38(5) of the Settlement Regulations.
[13] Regulation 37T(a)(2) of the Reporting Regulations and Regulations 38(6) and 38(8) of the Settlement Regulations.
[14] Regulation 37T(a)(2) of the Reporting Regulations and Regulation 38(7) of the Settlement Regulations.

As of the date of this Prospectus, no resolution has been made with regard any replacement of existing members of the Company's management and Board of Directors. For additional information, please see Part II: Risk Factors, the risk titled: "Risks relating to the Company's management".

For details about the remuneration of the current members of the Company's Board of Directors (including the CEO), see note 35 of the Company's consolidated audited financial statements for the year ended December 31, 2013 as included in Part IX of this Prospectus.

14. Legal Proceedings[15]

For details regarding material legal proceedings that the Company is a party thereto, see section 13 of Part IX – Additional Information of this Prospectus.

15. Settlements with Material Creditors[16]

There were no settlements or arrangements performed with material creditors in the six months preceding the date of submission of the Restructuring Plan request.

On July 1, 2013, the Company paid NIS 324 million to its Series A and Series B Noteholders consisting of principal and interest payment with respect to Series B Notes and interest payment with respect to Series A notes, all of which were conducted in accordance with the original repayment schedule of the Series A and the Series B Notes.

16. Limitations on Dividend Distribution[17]

The Restructuring Plan contains limitations on the Company's ability to distribute dividends. For additional information, see the Restructuring Plan attached hereto as **Appendix A**.

17. Cash Flow of the Company in the Last Three Years[18]

In respect of the consolidated cash flow of the Company in the three years ending December 31, 2013, see Chapter VII – Operating and Financial Review of this Prospectus.

For information regarding the circumstances that led to the Company's current financial status and to the Restructuring Plan, see section "Liquidity and Capital Resources" of Chapter VII – Operating and Financial Review of this prospectus.

During the course of the two years preceding the submission of the Restructuring Plan request, the Company was seeking various other financial alternatives for raising capital, such as issuance of new notes or refinancing of the existing Notes, but these alternatives did not materialize in practice.

18. Effect on the Company's Financial Statements[19]

The Restructuring Plan is not expected to have a material effect on the data disclosed in the Company's financial statements. There is no pro-forma event under the Restructuring Plan.

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[15] Regulation 37T(a)(2) of the Reporting Regulations and Regulation 38(9) of the Settlement Regulations.
[16] Regulation 37T(a)(3) of the Reporting Regulations.
[17] Regulation 37T(a)(4) of the Reporting Regulations.
[18] Regulation 37T(a)(6) of the Reporting Regulations.
[19] Regulations 37T(a)(7)-(8) of the Reporting Regulations.

19. Tax Implications of the Restructuring Plan on the Company and the Bondholders[20]

The Restructuring Plan does not expect to have any material tax implications on the Company.

For the Israeli tax consequences in connection with the Revised Trust Deeds and the issuance of additional Series A and Series B Notes as well as Ordinary Shares of the Company to its Noteholders under the Restructuring Plan, see Chapter 2 - Details of the Offer (Hebrew) in this Prospectus.

For the Polish tax consequences in connection with the revised notes and the issuance of additional notes as well as Ordinary Shares of the Company to its Polish noteholders under the Restructuring Plan, see Section 7 of Part IX – Additional Information of this Prospectus.

20. Description of the Terms of the Notes[21]

For details on the proposed revised terms of the Notes under the Restructuring Plan, see Section 3 of Part IX – Additional Information and Chapter 2 - Details of the Offer (Hebrew) of this Prospectus.

For a legal opinion with respect to the offered securities in accordacne with regulation 61 of the Israeli Securities Regulations (Details, Structure and Form of Propsectus and Draft Prospectus) of 1969, see Chapter "Legal Opinion and Signautre Page" in this Propsectuts.

[20] Regulation 37T(a)(9) of the Reporting Regulations.

[21] Regulations 37T(a)(10)-(11) of the Reporting Regulations.

PART II - Risk Factors

Any investment in the Ordinary Shares and the Notes is subject to a number of risks and uncertainties. Before making any investment decision, prospective investors should consider carefully the factors, risks and uncertainties attaching to an investment in the Ordinary Shares and the Notes, the Group's business, strategy and the industry in which it operates, together with all other information contained in this document, including, in particular, the risk factors described below. The information below does not purport to be an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the ordinary Shares Shares and the Notes and should be used as guidance only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group's business, operating results, financial condition or prospects. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, operating results, financial condition or prospects and, if any such risk should materialise, the price of the Ordinary Shares and/or the Notes Shares may decline and investors could lose all or part of their investment. Additional risks and uncertainties not presently known to the Group, or that the Group currently deems immaterial, may also have an adverse effect on its business. Investors should consider carefully whether an investment in the Ordinary Shares or the Notes is suitable for them in the light of the information in this document and their personal circumstances.

A potential investor who is in any doubt about the action they should take should consult a professional adviser who specialises in advising on the acquisition of shares and other securities.

Suspension of payments

Provisional suspension of payments granted to the Company

The Company has been incorporated under the laws of the Netherlands which means that the applicable jurisdiction for all matters of corporate law will be governed by Dutch law and that all matters relating to its insolvency will be governed by the Dutch Bankruptcy Code (*Faillissementswet*).

On 18 November 2013, the Company applied for suspension of payments proceedings (*surseance van betaling*) under Dutch law and simultaneously filed the draft Restructuring plan (*ontwerpakkoord*) with the district court of Amsterdam, the Netherlands (*Rechtbank Amsterdam*).

Failure of the Restructuring Plan to be confirmed by the Plan Creditors, may lead to insolvency of the Company

The Restructuring Plan purports to enable the Company to continue its business operations in the forthcoming future *inter alia* by extending the maturity of certain debt. If the Restructuring Plan is not adopted by the required majority of the relevant creditors or is, subsequently, not confirmed by a final decision of the Dutch court, or if certain undertakings under the Restructuring Plan are not fully executed and on time, the Company may be declared bankrupt and enter into liquidation proceedings. It is uncertain whether the proceeds from the liquidation of the Company's assets will be sufficient to fully or partially redeem outstanding debt. Therefore, in a liquidation scenario, it is not unlikely that the holders of Notes and holders of Ordinary Shares will lose their entire investment.

Failure of the Restructuring Plan to be performed may lead to direct insolvency of the Company.

The Restructuring Plan purports to enable the Company to continue its business operations in the forthcoming future by *inter alia* the extension of the maturity of certain debt. If certain undertakings under the Restructuring Plan are not fully executed and on time, the Company may be declared bankrupt and enter into liquidation proceedings. It is uncertain whether the proceeds from the liquidation of the Company's assets will be sufficient even to redeem outstanding debt. Therefore, in a liquidation scenario, it is most likely that the holders of Notes and Ordinary Shares will lose their entire investment.

Financing risks

The Group will borrow to fund its future growth and expects to have a relatively high level of gearing

The Group intends to use debt financing for its developments, acquisitions, the debt refinancing and early repayment of the Bonds (if and to the extent the Bonds will be early repaid) and expects to have high level of gearing. It is not certain that borrowing facilities will be able to be secured at levels or on terms acceptable to the Company, or on a non-recourse basis (subject to the approval of the Restructuring Plan). Any amounts that are secured under a bank facility are likely to rank ahead of rights of holders of Bonds and the rights of holders of Bonds rank ahead of rights of holders of Ordinary Shares. Holders of Ordinary Shares may not recover their initial investment. Should any fall in the underlying asset value or revenues result in the Company or another member of the Group breaching financial covenants given to any lender, the Company or that member of the Group may be required to repay such borrowings in whole or in part (on full recourse loans), together with any related costs, or sell the relevant development on unfavourable terms to fund such repayment. Additionally, where an unanticipated and significant increase in construction costs occurs, the Group may be required to inject further equity capital so as to ensure the completion of the project in terms of cost overrun guarantees which are generally given under non-recourse loans.

The Group may be unable to secure finance or refinancing existing debt arrangements

Similar to other businesses in the property investment and development sector, the Group's business continues to employ a certain level of gearing with the aim of maximising returns. The Group requires substantial up-front expenditures for land acquisition, development and construction costs as well as certain investments in research and development. In addition, following construction capital expenditures are necessary to maintain the centers in good condition. Accordingly, the Group requires substantial amounts of cash and construction financing from banks and other capital resources (such as institutional investors and/or the public) for its operations. In addition, construction loan agreements generally permit the drawdown of the loan funds against the achievement of predetermined construction and space leasing milestones. If the Group fails to achieve these milestones, the availability of the loan funds may be delayed, thereby causing a further delay in the construction schedule. In addition, a change in credit ratings of notes issued by the Company or any other member of the Group, could adversely affect the Group's financing costs and its ability to raise funds in the future. The Company's debt securities experienced credit rating downgrades in 2012 and 2013 and following the announcement of the suspension of payment proceedings.

It is not certain that borrowing facilities will be able to be secured at levels or on terms acceptable to the Group, or on a timely or non-recourse basis basis (subject to the approval of the Restructuring Plan). The ability of the Group and its joint ventures to raise funds to roll-over or refinance its existing debt arrangements, on similar terms to the Group's existing debt arrangements, or at all (particularly in the current market and in light of recent economic conditions), will depend on a number of factors, including general economic, political, debt and equity capital market conditions, funding availability and, importantly, the appetite of the financial institutions to lend to the property sector. If the Group were to face a liquidity crisis in the future, whether for macroeconomic reasons or for reasons specific to the Group, it

could significantly increase the Group's cost of funding or lead to difficulties for the Group in refinancing debts.

If refinancing will not be possible or if additional financing will not be available, the Group may not be able to complete the relevant developments on schedule or at all, invest in or develop properties, the Group might have to sell its assets, or may default on its debt obligations. Sales in such circumstances may not deliver the level of proceeds that the Group may otherwise expect. In addition, if the Group is unable to renegotiate or refinance existing debt arrangements, there is a material risk that the Group would face insolvency or be placed into administration by the relevant lenders.

Events of default under the Group's debt arrangements may result in cross-defaults being triggered under other debt arrangements that the Group has in place

If an event of default were to subsist under one or more of the Group's debt arrangements, that event of default may, in accordance with the cross-default provisions, constitute an event of default under the Group's other debt arrangements.

Upon an event of default, (whether due to cross-default or otherwise), the relevant lenders would have the right, subject to the terms of the relevant facility arrangements to, amongst other things, declare the borrower's outstanding debts under the relevant facilities to be due and payable and/or cancel their respective commitments under the facilities, enforce their security, take control of certain assets or make a demand on any guarantees given in respect of the relevant facility.

In respect of the Notes, the trustees representing holders of Notes (or a resolution of the holders of Notes) may be able to claim, under circumstances where the Company does not fulfil its obligations under the Notes (including but not limited to payment obligations) an immediate settlement, and declare all or any part of the unsettled balance of the Notes immediately due and payable.

In respect of the Polish Bonds, each holder of the Polish Bonds has the right to ask for an early redemption of the Polish Bonds in case of an event of default on the side of the Company (including but not limited to payment obligations)

A default and/or acceleration of repayment of debt under the debt arrangements may affect the ability of the Group to obtain alternative financing in the longer term, either on a timely basis or on terms favourable to the Group, and the Group's ability to pursue its strategic business plans. This may have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Whilst the use of borrowings is intended to enhance the returns on the Group's invested capital when the value of the Group's underlying assets is rising, it may have the opposite effect where the value of underlying assets is falling. Any fall in the value of any of the Group's properties may significantly reduce the value of the Group's equity investment in the member of the Group which holds such property, meaning that the Group may not make a profit, may incur a loss on the sale or revaluation of any such property and/or increase the likelihood of a member of the Group breaching certain financial covenants in its existing debt arrangements resulting in an event of default under such arrangements.

The occurrence of one or more of these factors may have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group's leverage could adversely affect its ability to operate its business

The Group has significant debt service obligations, including bank debt, the publicly traded Notes in Israel and the Polish Bonds offered in a private offering in Poland, all of which require cash payments of principal and interest, in the short and medium term. In addition, the

Group may incur additional debt from time to time to finance acquisitions or capital expenditures or for other purposes.

The Group's lenders require it to maintain and comply with certain financial and operational covenants including compliance with certain debt to equity ratios, restrictions on interest rates and maintenance of cash balances for current operations. The Group's ability to comply with these covenants may be affected by events beyond the Group's control. Any breach of the financial ratios or operational covenants by the Group could result in the imposition of restrictions on the actions the Group may take, or may constitute an event of default, and if such breach were continuing and not cured or waived in a timely manner, the Group may be required to immediately repay (in full or in part) such credit facilities or borrowings, including all accrued interest and any pre-payment premiums. In addition, a default under one of the Group's existing or future credit facilities, may trigger a cross default in some of the Group's other credit facilities or borrowings or under the Bonds.

As a result of the Group's indebtedness, the Group:

- could be more vulnerable to general adverse economic and industry conditions;
- may find it more difficult to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;
- will be required to dedicate a substantial portion of its cash flow from operations to the payment of principal and interest on its debt, reducing the available cash flow to fund other projects;
- may have limited flexibility in planning for, or reacting to, changes in the business and in the industry;
- may have a competitive disadvantage relative to other companies in the same business segments with less debt; and
- if insolvent, upon a liquidator's distribution to holders of equity or debt securities, the owners of such securities may receive less than their initial investment or nothing at all, given that the secured bank debt will take priority.

The Group cannot guarantee that it will be able to generate enough cash flow from operations or that it will be able to obtain sufficient capital to service the Group's debt or fund the Group's planned capital expenditures. In addition, the Group may need to refinance some or all of its indebtedness on or before maturity. The Group cannot guarantee that it will be able to refinance its indebtedness on commercially reasonable terms or at all. The Group has the ability under its debt instruments to incur substantial additional indebtedness and any additional indebtedness it incurs could exacerbate the risks described above.

The Group's failure to maintain certain financial ratios and adherence to terms of its credit facilities could result in the imposition of restrictive covenants and could trigger the immediate repayment of certain credit facilities

The Group's credit facilities require the Group to comply with certain financial and operational covenants. The Group is currently in breach in respect of most of the facility agreements due to the suspension of payment procedure and specifically in breach of certain covenants in connection with 5 of its credit facilities being (i) Suwalki Plaza a breach of the loan to value covenant; (ii) Kragujevac Plaza financing a breach of the loan to value covenant, the debt service cover ratio, the average rent; and each of (iii) Liberec Plaza (iv) Valley View (Brasov) and (v) Primavera (Ploiesti) in a breach of the loan to value covenant and non-payment) and there is no guarantee that the Group will obtain the necessary waivers or alternative financing (which it is currently in the process of negotiating). Until now, although in breach of more than one financing arrangement, the Group has only received one default notice in respect of the financing arrangement for Liberec Plaza which notice did not specify a date on which the default should be cured. If the Group will be unable to obtain the necessary waivers or alternative financing and restrictions are imposed or a breach continues

over a period of time, culminating in an event of default the Group may, among other things, be required to immediately fully or partially repay such credit facilities, including accrued interest and premiums. Such events may have a material adverse effect on the financial condition, results of operations, cash flow and prospects of the Group and may increase the difficulty for the Group to obtain financing in the future or to refinance existing debt.

The Group's financial instruments (mainly its loans and debentures) and its derivative financial instruments are subject to fluctuation in interest rates, currency exchange rates, changes in the Israeli consumer price index and/or changes in fair value, which may have a negative impact on its earnings, balance sheet and cash flows

The Group is impacted by currency exchange rates and fluctuations. The Group has a large exposure to exchange rates and has limited hedging protection. The Group is likely to face risks from fluctuations in the value of the functional currencies of its Subsidiaries against its functional currency. In addition, the Group is exposed to currency exchange rate fluctuations with respect to certain of its publicly traded debentures, to the extent that such exchange rate fluctuations are unhedged or insufficiently hedged. Although the Group's exposure to USD dollar exchange rate fluctuations has decreased following the sale of its USA investment properties, the Group still has a number of facilities, contract arrangements and cash balances denominated in USD. To the extent that the Group at any time is unhedged or insufficiently hedged against currency exchange rates, the Group's earnings, cash flows and balance sheet position may be negatively impacted.

Furthermore, floating interest rates on debt facilities expose the Group to increases in market interest rates and subsequent increases in interest costs. Internationally the interest rates set by central banks have been at historic lows, but to the extent that the Group at any time is unhedged or insufficiently hedged against future interest rate fluctuations, the Group's earnings and cash flows may be negatively impacted. In addition, certain debt agreements may include, under certain circumstances, default interest, which may be higher than the original interest rate set out in the debt agreement. If a lender successfully asserts its right to invoke a default or increased interest clause, this will increase the Group's effective interest costs in respect of facilities with that lender.

The principal and interest of certain of the Group's debt instruments (including, in particular, its Israeli publicly traded Notes) is determined by reference to the Israeli consumer price index (the "**Israeli CPI**"), which represents the basis level and entails significant risks not associated with similar investments in a conventional fixed or floating rate debt security. The historical value of the Israeli CPI is not indicative of future Israeli CPI performance and its value is affected by, and sometimes depends on, a number of inter related factors, including direct government intervention and economic, financial, regulatory, and political events, over which the Group has no control. An increase in the Israeli CPI may result in additional financing expenses and may have an adversely negative impact on the Group's cash flows and profitability.

The Group is subject to interest rate risk

Changes in interest rates could adversely affect the results of the Group's operations by increasing financing costs. Any increase in interest rates would increase debt service costs (on the floating element of the Group's debt) and would adversely affect the Group's cash flow. Conversely, whilst a reduction in interest rates would have a positive cash flow effect (due to a reduction in interest payable on the floating element of the Group's debt), it would reduce the Group's net asset value (to the extent the reduction in interest rates is reflected in long-term yield curves) as well as the market value of any hedging contracts entered into by the Group. Accordingly, changes in interest rates could therefore have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

In addition, the Group may not be able to continue borrowing on similar terms to its debt financing arrangements. If interest rates on new debt financing arrangements entered into are higher than the rates applicable to existing arrangements, then the Group's profitability may be affected.

The Group is subject to counterparty credit risk

The Group is potentially exposed to counterparty credit risk on cash deposits, marketable securities and in respect of certain financial derivatives being used to hedge interest rates risk by Subsidiaries. There is a risk of a loss being sustained by the Group as a result of payment default by the counterparty with whom the Group has deposited cash or entered into hedging transactions. Any such payment defaults by counterparties may have a material adverse effect the Group's business, financial condition and/or results of operations. Currently, the Group does not hedge against interest rate fluctuations unless obliged to do so by the lending banks if interest rates exceed certain levels.

The Group is exposed to changes in foreign currency exchange rates

The Group is exposed to risks deriving from changes in foreign currency exchange rates as some of its purchases of construction materials and services are conducted in local currencies, or are affected by them. Its rental revenues may also be denominated in local currencies.

The Group seeks to minimise these risks by ensuring that its principal liabilities (financing and construction) and its principal sources of revenue (sale proceeds and rentals) are all denominated in the same currency (namely the euro), or are linked to the rate of exchange of the local currency and the euro. In order to limit the foreign currency exchange risk in connection with the Notes, the Company has hedged in previous years, the future payments to correlate with the Euro under certain swap arrangements and forward transactions in respect of the Notes previously issued, and may enter into similar hedging arrangements (as necessary) in respect of each of the series of Notes, subject to market conditions. If the Group is not successful in fully hedging its foreign exchange rate exposure, changes in currency exchange rates relative to the euro may adversely affect the Group's profits and cash flows. A devaluation of the local currencies in relation to the euro, or vice versa, may adversely affect the Group's profitability.

Risks relating to the real estate projects

The Group develops real estate and is subject to construction and development risks

As part of its business, the Group develops real estate, which subjects it to the general risks associated with construction and development projects. The Group's development and construction activities may involve the following risks:

- the Group may be unable to proceed with a development because it cannot obtain financing on favourable terms;
- the Group may incur construction costs for a development that exceeds its original estimates due to increased material, construction input index, labour or other costs, which could make completion of the development uneconomical because it may not be able to increase rents or the sale price to offset the increase in such costs;
- the Group may be unable to obtain, or face delays in obtaining required land-use, building, occupancy, environmental and other governmental permits and authorisations, which could result in increased costs deriving from delays in construction and operation and could result in the Group abandoning its activities entirely with respect to a development;

- the Group may be unable to complete the construction, leasing or sale of a development on schedule, which could result in increased debt servicing, construction or renovation costs and which could allow competitors to enter into lease agreements with tenants that the Group was targeting or open a shopping and entertainment center or other development ahead of the Group, which may have a negative effect on the ability of the Group to sell the completed development;
- the Group may lease developed shopping and entertainment centers or other developments at below expected rental rates or sell at a price which is below what was expected;
- occupancy rates and rents at newly completed or renovated shopping and entertainment centers or other developments may fluctuate depending on a number of factors, including market and economic conditions, and may result in the Group's disposal of the shopping and entertainment center or other development not being profitable;
- the Group may experience difficulties in finding suitable sites for development in an increasingly competitive market, either at all or at viable prices;
- the Group may take on additional development and construction risks outside its traditional area of expertise in developing shopping and entertainment centers when it develops hotels, residential apartments or offices as part of integrated large scale business and leisure projects, such as mixed use or residential projects, the Casa Radio development in Bucharest, Romania or large projects in India;
- the Group may encounter unforeseen construction delays due to factors beyond its control, such as delays caused by previously unknown soil contamination or the discovery of archaeological findings, which may have a significant impact on development budgets and schedules, and which may in turn have a detrimental effect on the viability or marketability of the development.
- arbitrary changes in enabling legislation, such as zoning and environmental laws, after site acquisition may cause serious delays or frustrate the development entirely; and
- some occupational tenants may enjoy enhanced occupational rights which may require the Group to make additional *ex gratia* payments to them in order to obtain vacant possession before the contractual expiry of such occupational tenants' lease terms.

The occurrence of one or more of these factors may have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may be subject to increases in operating and other expenses

The Group's operating and other expenses could increase without a corresponding increase in turnover. Factors which could increase operating and other expenses include:

- increases in the rate of inflation and currency fluctuation;
- increases in real estate, commercial, corporate and turnover taxes and other statutory charges;
- changes in laws, regulations or government policies (including those relating to health, safety and environmental compliance) that increase the costs of compliance with such laws, regulations or policies;
- increases in insurance premiums;

- unforeseen increases in the costs of developing and selling shopping and entertainment centers and other developments;
- defects and findings affecting the developments that need to be rectified such as soil contamination and archaeological findings;
- failure to perform by subcontractors or increases in operating costs;
- a shortage of suitably qualified and experienced building contractors in the local market, resulting in higher construction costs which may not be offset by rentals in a weaker retail market;
- disputes with building contractors or other third parties; and
- increase in labour expenses.

Such increases may have a material adverse effect on the Group's business, financial position, its results of operations and its ability to make distributions to its Shareholders.

Certain projects have limited development and exploitation rights

In 2006, the Group added the Casa Radio project in Romania to its portfolio. The nature of the development and exploitation rights granted to the joint venture company in relation to the Casa Radio site in Bucharest are for a period of only 49 years, and in the event that this term is not extended, the rights in relation to the site would revert to the Government of Romania. Furthermore, these rights are subject to termination under certain circumstances by the Romanian government, and any termination prior to the expiration of such rights may have a material adverse effect on the Group.

The building permit obtained by the Group for the development of Helios Plaza will expire by the end of 2014 and there is no assurance for prolongation. In respect of the Arena Plaza Extension, the building permit has expired a renewal will need to be applied for.

Any expiry or termination of these rights may have a material adverse effect on the Group's business, financial condition and/or results of operations.

The homebuilding industry continues to be cyclical and affected by changes in general economic, real estate or other business conditions that could adversely affect the Group's business or financial results

The homebuilding industry has been cyclical historically and continues to be significantly affected by changes in industry conditions, as well as in general and local economic conditions, such as:

- employment levels;
- availability of financing for homebuyers;
- interest rates;
- consumer confidence;
- levels of new and existing homes for sale;
- demographic trends; and
- housing demand.

These may occur on a global scale or may affect some of the regions or markets in which the Group operates more than others. When adverse conditions affect any of the Group's larger markets, they may have a proportionately greater impact on the Group than on some other homebuilding groups. Where the Group has significant inventory, this will more adversely affect the Group's financial results than in its other markets. An oversupply of alternatives to new homes, including foreclosed homes, homes held for sale by investors and speculators,

other existing homes and rental properties, can also reduce the Group's ability to sell new homes and depress new home prices and reduce its margins on the sales of new homes.

As a result of the foregoing matters, potential customers may be less able or willing to buy the Group's homes, or the Group may need longer or incur more costs to build them. Because of current market conditions, the Group may not be able to recapture any increased costs by raising prices and its ability to do so may also be limited by market conditions or because it fixes its prices in advance of delivery by signing home sales contracts. The Group may be unable to change the mix of its home offerings or the affordability of its homes to maintain its margins or satisfactorily address changing market conditions in other ways. In addition, cancellations of home sales contracts in backlog may increase as homebuyers cancel or do not honour their contracts. The occurrence of one or more of these factors may have a material adverse effect on the Group's business, financial condition and/or results of operations.

If home buyers or such home buyers' buyers are not able to obtain suitable financing, the Group's results of operations may be adversely affected

The Group's results of operations will depend on the ability of potential home buyers to obtain mortgages for the purchase of the Group's homes. Uncertainties in the mortgage markets and their impact on the overall mortgage market, including the tightening of credit standards, could adversely affect the ability of the Group's customers to obtain financing for a home purchase, thus preventing potential home buyers from purchasing the Group's homes. Moreover, increases in the cost of home mortgage financing could prevent potential home buyers from purchasing the Group's homes. In addition, where potential home buyers must sell their existing homes in order to buy a home from the Group, increases in mortgage costs and/or lack of availability of mortgages or alternative financing could prevent the buyers of those potential home buyers' existing homes from obtaining the mortgages they need to complete the purchase, which could result in those potential customers' inability to buy a home from the Group. If home buyers, potential buyers or buyers of home buyers' current homes cannot obtain suitable financing, this may have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may have excess land inventory if it is not successful in completing housing projects and selling homes profitably

Inventory risks are substantial for the Group's homebuilding business. The risks inherent in controlling or purchasing and developing land increase as consumer demand for housing decreases. Thus, the Group may have acquired options on or bought and developed land at a cost that it will not be able to recover fully or on which it cannot build and sell homes profitably. The Group's deposits for building lots controlled under option or similar contracts may be put at risk. The value of undeveloped land, building lots and housing inventories can also fluctuate significantly as a result of changing market conditions. In addition, inventory carrying costs can be significant and can result in reduced margins or losses in a poorly performing project or market. In weak market conditions, the Group may have to sell homes and land for lower margins or at a loss and it may record significant inventory impairment charges.

The Group's goals for the supply for ownership and control of land and building lots are based on management's expectations for future volume growth. In light of any weaker market conditions, the Group may have to significantly slow its purchases of land and lots and make substantial land and lot sales as part of its strategy to reduce its inventory to better match its reduced rate of production. Because future market conditions are uncertain, the Group may not be successful in managing its future inventory risks. The occurrence of one or more of these factors may have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may be affected by shortages in raw materials and employees

The building industry may, from time to time, experience fluctuating prices and shortages in the supply of raw materials as well as shortages of labour and other materials. The inability to obtain sufficient amounts of raw materials and to retain efficient employees on terms acceptable to the Group may result in delay in the construction of the project and increase the budget of the project and, consequently, may have a material adverse effect on the Group's business, financial condition and/or results of operations.

There is no assurance that the Group will successfully implement its "construct and dispose" strategy and in such event its results may be materially adversely affected

The Group's strategy is to dispose of a project upon completion or, if there are no willing purchasers at the value that the Group attributes to a project, to retain and operate it upon completion, until economic conditions and other factors mean that a profitable sale can be made. The decision to sell properties is based on various factors, including market conditions and exit yield rates, and the Group cannot predict when such sales will actually occur. There can be no assurance that the Group will be able to complete dispositions on a timely basis, on commercially reasonable terms or at all. Accordingly, the Group's results of operations and cash flows may be materially adversely affected.

The Group's shopping and entertainment center business is seasonal in nature

The shopping and entertainment center business is, to some extent, seasonal in nature. Tenants typically achieve their highest levels of sales during the fourth quarter due to the holiday season, which generally results in a higher percentage rent income for the Group in the fourth quarter. Additionally, shopping and entertainment centers earn most of their "temporary" rents (rents from short-term tenants) during the same holiday period. As a result, occupancy levels and revenue production are generally the highest in the fourth quarter of each year. Results of operations realised in any one quarter may not be indicative of the results likely to be experienced over the course of the Group's fiscal year.

Geographical risks

The Group is subject to various risks related to its operations in CEE and Asia, including economic and political instability, political and criminal corruption and the lack of experience and unpredictability of the civil justice system

Many of the CEE countries in which the Group operates or intends to operate are countries that until the last two decades were allied with the former Soviet Union under a communist economic system, and they are still subject to various risks, which may include instability or changes in national or local government authorities, land expropriation, changes in taxation legislation or regulation, changes to business practices or customs, changes to laws and regulations relating to currency repatriation and limitations on the level of foreign investment or development. These risks are very difficult to quantify or predict; however, if they were to materialise, may have a material adverse effect on the Group. Although many governments of CEE countries have liberalised policies on international trade, foreign ownership and development, investment, and currency repatriation to increase both international trade and investment, such policies might change unexpectedly. The Group will be affected by the rules and regulations regarding foreign ownership of real and personal property. Such rules may change quickly and dramatically and thus may have an adverse impact on ownership and may result in a loss of the Group's property or assets without legal recourse. Domestic and international laws and regulations, whether existing today or in the future, could adversely affect the Group's ability to market and sell the shopping and entertainment centers developed by it and could impair its profitability.

With respect to the Group's operations in Romania, any foreign company or litigant may encounter difficulties in prevailing in any dispute with, or enforcing any judgment against, the Romanian government or any of officers or directors under the Romanian legal system. The joint venture in relation to the Casa Radio site in Bucharest is governed by the public-private partnership laws of Romania pursuant to which no projects have yet been implemented in Romania. There is a risk that the legal structure of this partnership may be challenged in the future and that the development and exploitation rights to be granted by the Romanian government to the joint venture company are more restrictive than currently anticipated, leading to the Group being unable to obtain the development profits it has predicted for the project. Furthermore, third parties could challenge the Romanian government's decision, following the failure of the original partners to fulfil their obligations under the 2003 contract award, neither to put the contract out to tender nor to carry out a new site valuation. A successful challenge on either count could result in the Group having to enter a new tender process, with associated costs and uncertainties.

Furthermore, some countries, like Serbia, may regulate or require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is a deterioration in a country's balance of payments or for other reasons, a country may impose temporary restrictions on foreign capital remittances abroad. Any such restrictions may adversely affect the Group's ability to repatriate investment loans or to remit dividends. Many emerging countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies and securities markets of certain emerging countries.

The occurrence of one or more of these factors may have a material adverse effect on the Group's business, financial condition and/or results of operations.

Expropriation of land (general)

While the Group makes every effort to conduct thorough and reliable due diligence investigations, in some countries where former communist regimes carried out extensive land expropriations in the past, the Group may be faced with restitution claims by former land owners in respect of project sites acquired by it. If upheld, these claims would jeopardise the integrity of its title to the land and its ability to develop the land, which may have a material adverse effect on the Group's business, financial condition and/or results of operations.

Historical monuments and protected buildings developing a site, the Group may be faced with archaeological findings on historic sites.

During the development phase of a project, the Group may be faced with archaeological findings or be faced with building restrictions on historic sites. Such findings and restrictions will in most cases lead to a substantial delay in the development of a project and may have a material adverse effect on the costs involved with such project.

The Group may not replicate its success in other markets

Whilst the Directors believe that the skills and experiences acquired through sourcing sites, and developing and selling shopping and entertainment centers in emerging markets in CEE, can be applied successfully to projects in India and other countries, this cannot be guaranteed. The differences between emerging markets in CEE and emerging markets in India and other countries in Asia or in the United States, such as differing legal structures, requirements and business cultures and restrictions on foreign ownership and control of real estate projects, may mean that the success of the Group in developing and selling shopping and entertainment centers in CEE may not be replicated in India and Asia.

There are certain limitations in India's property title registration system and other associated risks in relation to real property, which may expose the Group to third party claims in connection with the purchase of land in India by the Group

Under Indian law, the registration of ownership in land with the land registration offices does not automatically guarantee the absence of third party rights to such land. In contrast to other countries, India does not have a central title registry for real property. Title registries are maintained at the state and district level and, since the process of storing such records digitally has only recently started, may not be available online for inspection. In addition, because it is common practice in some parts of India (especially in villages) for transfers of title upon deaths of family members and in certain other circumstances to be made only by notation in local revenue records, changes in the ownership of land may not be registered with the relevant land registry in a timely manner or at all. Title registries and local revenue records may not be updated or complete. As such, legal defects and irregularities may exist in the title to the properties on which the Group's existing facilities and/or future facilities are or may be located. While the Group goes to considerable lengths to ensure integrity of title in the real estate properties acquired by it, the system of recording ownership and rights in and to immovable property is not conclusive. The Group's rights in respect of such properties may be threatened by improperly executed, unregistered or insufficiently stamped conveyance instruments, unregistered encumbrances in favour of third parties, rights of adverse possessors, ownership claims of family members of prior owners, or other defects of which the Group may not be aware. These defects may arise after land is acquired by the Group, and are not necessarily revealed by due diligence, due to various factors, including incomplete land records, transactions without registered documents, the decentralised nature of land registries and local revenue records, property-related litigation in India and family disputes in previous sellers' families. Any defects or irregularities of title may result in litigation and/or the loss of development rights over the affected property. With respect to projects on leasehold land, revocation/expiry of the lease and any defect or irregularity in the lessor's title may result in loss of the Group's rights over affected property. Any such loss could have a material adverse effect on the Group's business, results of operations and cash flows

Hostilities in India and other countries in Asia may have a material adverse effect on the Group's financial conditions and results of operations

India has from time to time experienced instances of hostilities with neighbouring countries, including Pakistan and China. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that companies operating in India are usually involved in higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and may have a material adverse effect on the Group's business, financial condition and/or results of operations. In addition, India has from time to time experienced social and civil unrest due to religious strife.

Changes in the economic policies of the Indian government or political instability may have a material adverse effect on the Group's business

Since 1991, successive Indian governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector and significantly reducing the roles of the state governments in the Indian economy as producers, consumers and regulators. The Indian government has announced policies and taken initiatives that support the continued economic liberalisation pursued by previous governments. However, this trend of liberalisation may not continue in the future. The rate of economic liberalisation could change, and specific laws and policies generally affecting the foreign investment, currency exchange, repatriation of profits and other matters affecting the Group's investments, as well

as specifically affecting the sectors of commercial activity in which the Group operates, could also change. A significant shift in India's economic liberalisation and deregulation policies could materially adversely affect business and economic conditions in India generally, as well as the Group's business operations in particular. In addition to potential economic instability, the Indian economy and business practices are relatively unsophisticated and lacking in experience, and there have been some instances of political and criminal corruption. Furthermore, India continues to suffer from high unemployment, low wages and low literacy rates. These risks are very difficult to quantify or predict; however, if they were to materialise they may have a material adverse effect on the Group's business, financial condition and/or results of operations.

Indian governments are democratically elected, but are invariably comprised of a coalition of several political parties. The withdrawal of one or more of these parties from the coalition could cause the government to fall, resulting in political instability or stagnation pending new elections or the formation of a new coalition. Such events could delay or even halt the progress and development of the Indian economy and its receptiveness to foreign investment, and could thus have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group's Indian operations are relatively new and the Group may not be able to apply its existing skills and experience in the region

While the Company believes that the Group's skills and experiences in sourcing sites in the emerging markets in CEE for potential shopping and entertainment sites and thereafter developing and selling such sites can be applied successfully to projects in India, this cannot be guaranteed. The differences between emerging markets in CEE and emerging markets in India, such as differing mentalities, social and business cultures, legal structures and systems, integrity of the courts, and restrictions on foreign ownership of real estate, may mean that the Group's success in developing and selling shopping and entertainment centers in CEE may not be replicated in India which may have a material adverse effect on the Group's business, financial condition and/or results of operations.

Limitations by the Indian government to invest in India may adversely affect the Group's business and results of operations

Under the Indian government's policy on Foreign Direct Investment ("**FDI Policy**"), an acquisition or investment by the Group, in an Indian sector or activity in particular in the shopping and entertainment centers business, which does not comply with certain limitations, is subject to a governmental approval. With respect to the real estate sector, these limitations include, among other things, a minimum investment and minimum size of build-up land. In addition, under the FDI Policy it is not permitted for foreign investors to acquire agricultural land for real estate development purposes. There is no assurance that the Group will comply with the limitations prescribed in the FDI Policy in order to not be required to receive governmental approvals. Failure to comply with the requirements of the FDI Policy will require the Group to receive governmental approvals which it may not be able to obtain or which may include limitations or conditions that will make the investment unviable or impossible, and non-compliance with investment restrictions may result in the imposition of penalties. This may have a material adverse effect on the Group's business, financial condition and/or results of operations.

Restrictions on the repatriation of capital in India may adversely affect the Group's cash flows and results of operations

Pursuant to regulations promulgated under the FDI Policy and by the Central Bank of India, the repatriation of capital with regard to investments made in the real estate sector is such to

strict regulatory procedures, and is restricted during three years commencing on the date of such investment. If the Group is unable to repatriate capital from its investments in India, in whole or in part, this may have a material adverse effect on the Group's cash flows, business, financial condition and/or results of operations.

Risks relating to the Group's business

The Group is highly dependent on realising cash proceeds from the sale of existing and pipeline projects in order to service its financial obligations including these relating to the Notes.

The Company's primary business strategy is the construction, development and sale of shopping and entertainment centers in CEE and other markets where it operates. Whilst the Company intends to continue to implement its "construct and sell" development strategy, it also holds completed developments on its balance sheet, until sales prices which appropriately reflect their potential are achieved. While the properties are held on the Company's balance sheet, it manages them deriving rental and other income from those assets

The Group's current debt maturity profile indicates that significant principal repayments of senior secured and other debt obligations will come due over the anticipated life of the Notes. There is no assurance that the Group will be successful in either realising cash proceeds to service such debt obligations or, alternatively, re-negotiating and extending scheduled debt maturities in order to match its income on completed projects which have not been sold. The non-realisation of cash proceeds from sales and/or an inability to renegotiate debt maturities may have a material adverse effect on the Company's ability to service its debt obligations, including the Notes.

Rental income received by the Group may fall

The Group's turnover and the value of the properties of the Group is, to a significant degree, dependent on the rental and occupancy rates that can be achieved from the properties the Group and its joint ventures own or manage. Return from an investment in property depends, amongst other things, on the amount of rental income generated by the property and the costs and expenses incurred in the ownership or redevelopment of the property (including financing costs). A reduction in income may adversely affect the Group's profitability.

Lease payment defaults by tenants could also cause the Group to lose rental income and to have to meet the tenant's costs relating to the property. In the event of a tenant's default, the Group may experience delays in enforcing its rights as landlord and may incur substantial costs including litigation, enforcement and related expenses in protecting its investment and re-letting its property. If a lease is terminated, the Group may be unable to lease the property for the level of rent which it previously received or unable to sell the property without incurring a loss. During any other period in which a property is vacant, the Group will suffer a rental shortfall and incur additional costs in maintaining, running, insuring and re-letting the property, as well as meeting any void costs, until the property is occupied. Lettings at a reduced level of rent and lower demand for property may result in reduced returns on a relevant investment, which may have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may be subject to risk relating to its co-investments, because ownership and control of such investments are shared with third parties

Some of the Group's projects (at the date of this document, Riga Plaza, Plaza Bas projects, the Casa Radio development and two projects in India (Bangalore and Chennai) are held through joint venture arrangements with third parties meaning that ownership and control of

such assets is shared with third parties. As a result, these arrangements involve risks that are not present with projects in which the Group owns a controlling interest, including:

- the possibility that the Group's joint venture partner might at any time have economic or other business interests that are inconsistent with the Group's business interests;
- the possibility that the Group's joint venture partner may be in a position to take action contrary to the Group's instructions or requests, or contrary to the Group's policies or objectives, or frustrate the execution of acts which the Group believes to be in the interests of any particular project;
- the possibility that the Group's joint venture partner may have different objectives from the Group, including with respect to the appropriate timing and pricing of any sale or refinancing of a development and whether to enter into agreements with potential contractors, tenants or purchasers;
- the possibility that the Group's joint venture partners may engage in, or be perceived to engage in, disreputable conduct;
- the possibility that the Group's joint venture partner might become bankrupt or insolvent; and
- the possibility that the Group may be required to provide finance to make up any shortfall due to the Group's joint venture partner failing to provide such equity finance or to furnish collaterals to the financing banks.

Disputes or disagreements with any of the Group's joint venture partners could result in significant delays and increased costs associated with the development of the Group's properties. Even when the Group has a controlling interest, certain major decisions (such as whether to sell, refinance or enter into a lease or contractor agreement and the terms on which to do so) may require joint venture partner or other third party approval. If the Group is unable to reach or maintain agreement with the joint venture partner or other third party on the matters relating to the operation of its business, this may have a material adverse effect on the Group's reputation, business, financial condition and/or results of operations.

The Group may take on additional costs and liabilities associated with existing lease obligations

The Group may in the future acquire development sites or existing shopping and entertainment centers that have existing tenants. In so doing, the Group may acquire lease liabilities and obligations in connection with such acquisitions. As a consequence, the Group's earnings may be adversely affected to the extent that the Group is obliged to give continued occupation to tenants with lease payments below the then market rate for the refurbished or redeveloped center. In addition, the Group may incur costs in obtaining vacant possession of a site where there are existing tenants who have protected occupation rights, and the Group is required to pay compensation to evict such tenants. The Group may also be obliged to relocate existing tenants, which could delay the development of the site and add to the cost of development. Any of the above costs may also apply if the Group wishes to improve the mixture of tenants by replacing current lessees. The occurrence of one or more of these factors may have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group is dependent on attracting third parties to enter into lease agreements

The Group is dependent on its ability to attract third parties to enter into new leases on favourable terms in order to receive a profitable price for each shopping and entertainment center or other development. The level of demand from occupiers for premises varies depending on a number of factors, including materials or labour, general economic

conditions, interest rates and the cost of credit. Reduced occupancy rates could lead to a decline in the value of the Group's property assets and rental income and/or restrict the ability of the Group to maintain or increase rental rates in certain areas and to maintain current tenants and gain new tenants. Such a decline in net rental income could result in a consequential reduction in the value of the Group's properties and result in additional expenses being incurred until the property is re-let or sold. The continuing and long term lack of demand from occupiers for premises may have a material adverse impact on the Group's business, financial condition and/or results of operations.

The Group's results of operations, specifically those related to the Group actually operating shopping centers, may be affected by retail climates and tenant bankruptcies

The Group's ability to collect rents depends on the solvency of the tenants. Tenants may be in default or not pay on time, or the Group may need to reduce the amount of rents invoiced by lease incentives, to align lease payments with the financial situation of some tenants. The occurrence of one or more of these factors may have a material adverse effect on the Group's business, financial condition and/or results of operations.

Bankruptcy filings by retailers are normal in the course of the Group's operations. The Group continually re-leases vacant spaces arising out of tenant terminations. As a consequence, adverse economic factors that negatively affect retailers may have an adverse effect on the Group as such factors may impact the Group's ability to retain existing tenants or find new tenants for property vacancies that result from store closings or bankruptcies. The occurrence of one or more of these factors could also have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may be unable to comply with governmental regulations

The Group's business is subject to numerous national and local government regulations, including those relating to acquisition of real estate properties, building and zoning requirements, fire safety control, access for the disabled, environmental law and health authorities' reviews and standards. In addition, the Group is subject to laws governing its relationships with employees, including minimum wage requirements, overtime, working conditions, work permit requirements, and in some localities, to collective labour agreements. A determination that the Group is not in compliance with these regulations could result in the imposition of fines, an award of damages and compensation to private and public entity litigants and significant expenses in bringing its operations into compliance with such laws and regulations. In addition, the Group's ability to dismiss staff may be hampered by local labour laws and courts which traditionally favour employees in disputes with former employers.

The tenants or operators of units comprising part of a development may be unable to obtain the necessary governmental permits or licences which are necessary for the operation of their respective businesses. Where such operations are delayed or not permitted due to lack of necessary permits this may have a negative impact on the attractiveness of the project and, consequently, a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group is dependent upon securing suitable locations for development

The choice of suitable locations for the construction of shopping and entertainment centers or other developments is an important factor in the success of individual projects. Ideally for shopping and entertainment centers, these sites should be located: (i) within or near to the city center, with well-developed transportation infrastructures (road and rail) in close proximity to facilitate customer access; or (ii) within local areas with sufficient population to support the

center. If the Group is not able to find sites in the target cities which meet these criteria, either at all or at viable prices, this may have a material adverse effect on the Group's business, financial condition and/or results of operations.

If the Group finds and acquires a location that is suitable for the development of a shopping and entertainment center, the suitability of that location may be adversely affected by external factors such as a competing shopping center opening within the same catchment area. In the event that the suitability of a location is adversely affected, the development of a shopping and entertainment center by the Group may be delayed or abandoned. In such circumstances, the Group may not be able to use the site for an alternative development or be able to sell the site, either of which circumstances may have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may not be as successful in identifying suitable development sites outside of its traditional areas of operation

Most of the properties developed by the Group have been in Hungary and Poland. The Group is not actively investigating any further development opportunities for shopping and entertainment centers in Hungary, as it believes that more attractive development opportunities exist in other countries. Therefore, the Group's future success will depend in large part on its ability to identify locations and develop centers in these other countries where the Group may have less experience and less market knowledge than in Hungary. As a result, the Group may not be as successful in the identification and development of future projects as it has been to date in Hungary, which may have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may face competition in acquiring sites and/or may face competition from other projects

In each country, the Group may face competition from other property developers for sites that the Group has identified for the development of projects, including shopping and entertainment centers. In particular, when seeking to acquire development sites for shopping and entertainment centers in CEE in the past the Group has faced competition from Atrium European Real Estate, Multi Corporation BV, Globe Trade Center SA, ECE Projektmanagement GmbH and TriGranit Holding Limited. Furthermore, strong competition from other developers not only affects the availability of suitable sites but also the cost at which they may be acquired.

Developers compete not only for patrons, but also for desirable properties, financing, raw materials, qualified contractors, experienced system consultants, expert marketing agents and skilled labour. The public bidding process through which the Group often acquires new properties in the CEE region, and prime locations in general, is subject to competition. In addition, some of the Group's competitors have longer operating histories and greater resources than the Group, all of which may limit the Group's ability to successfully acquire such projects. There can be no assurance that the Group will be successful in winning projects that it bids for, or which are awarded pursuant to fixed price tenders, or that it will otherwise continue to be successful in competing in such countries for prime and selected locations.

If the Group finds and acquires a suitable location for a project, the suitability of that location may be adversely affected by external factors such as competing projects in the same area, demographic trends and urban development and changes. These factors may impact both the character of the target or potential customers (in case of shopping and entertainment centers) and the projects' operations. In the event that the suitability of a location is adversely affected, the development of the project may be delayed or abandoned. In such circumstances, there is

no guarantee that the Group will be able to use the site for an alternative development or be able to sell the site.

In the event that the Group's shopping or entertainment centers face competition from other such centers, the Group's centers may experience a decline in occupancy levels. Any in ability to acquire sites as a result of competition or any decline in occupancy levels due to competing centers may have a material adverse effect on the Group's business, financial condition and/or results of operations.

Zoning restrictions and local opposition can delay or preclude construction

Sites that meet the Group's criteria must be zoned for commercial activities of the type contained in shopping and entertainment centers and other developments. In instances where the existing zoning is not suitable or in which the zoning has yet to be determined, the Group will apply for the required zoning classifications. This procedure may be protracted, particularly in countries where the bureaucracy is cumbersome and inefficient, and the Group cannot be certain that the process of obtaining proper zoning will be completed with sufficient speed to enable the relevant shopping and entertainment center to open ahead of the competition, or at all. Opposition by local residents to zoning and/or building permit applications may also cause considerable delays. In addition, arbitrary changes to applicable zoning regulations, policies or decisions may jeopardise projects that have already commenced. Therefore, if the Group does not receive zoning approvals or if the procedures for the receipt of such zoning approvals are delayed, the Group's costs will increase.

Building permits have in the past contained, and may in the future contain, conditions that the Group must satisfy in order to develop a shopping and entertainment center. Such conditions may require the Group to contribute to local infrastructure or alter a planned development to include additional landscaping or planted areas. If the Group is obliged to maintain certain areas of the project site as "green areas" this may reduce lettable areas, which may, in turn, reduce potential rental revenues on the one hand and increase development costs on the other hand.

The occurrence of one or more of these factors may have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group depends on contractors and subcontractors to construct its centers

The Group relies on subcontractors for all of its construction and development activities. If the Group cannot enter into subcontracting arrangements on terms acceptable to it or at all, the Group will incur additional costs which will have an adverse effect on its business. The competition for the services of quality contractors and subcontractors may cause delays in construction, thus exposing the Group to a loss of its competitive advantage. Subcontracting arrangements may be on less favourable terms than would otherwise be available, which may result in increased development and construction costs. By relying on subcontractors, the Group becomes subject to a number of risks relating to these entities, such as quality of performance, varied work ethics, performance delays, construction defects and the financial stability of the subcontractors. A shortage of workers would have a detrimental effect on the Group and its subcontractors and, as a result, on the Group's ability to conclude the construction phase on time and within budget. The Group generally requires its subcontractors to provide bank guarantees in its favour to financially secure their performance. In the event the subcontractor fails to perform, the bank guarantees provide for a monetary payment to the Group. The guarantees do not, however, oblige the subcontractors to complete the project and may not adequately cover the Group's costs of completing the project or the Group's lost profits during the period while alternative means of completing the project are sought. The occurrence of one or more of these factors may have a material

adverse effect on the Group's reputation, business, financial condition and/or results of operations.

Delays in the completion of construction projects could affect the Group's success

An important element in the success of the Group's shopping and entertainment center projects is the short construction time (generally eight to 18 months from the receipt of building permits, depending on the size of the project), and the Group's ability to open the centers ahead of its competition, particularly in cities which do not have shopping and entertainment centers of the type constructed by the Group.

This makes the Group subject to a number of risks relating to these activities. Such risks include:

- delays in obtaining zoning and other approvals;
- the unavailability of materials and labour;
- the abilities of subcontractors to complete work competently and on schedule;
- the surface and subsurface condition of the land underlying the project;
- environmental uncertainties;
- extraordinary circumstances or "acts of God"; and
- ordinary risks of construction that may hinder and/or delay the successful completion of a particular project.

In addition, under the Group's development contracts with local municipalities, the Group has deadlines for several of its projects (subject to limited exceptions). If construction of a project does not proceed in accordance with the Group's schedule, it may in some instances be required to pay penalties to the vendor (usually local municipalities) based on the extent of the delay and in isolated instances to forfeit rights in the land. The failure to complete a particular project on schedule or on budget may have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may be held liable for design or construction defects of third party contractors

The Group relies on the quality and timely performance of construction activities by third party contractors. Claims may be asserted against the Group by local government and zoning authorities or by third parties for personal injury and design or construction defects. These claims may not be covered by the professional liability insurance of the contractors or of the architects and consultants. These claims may give rise to significant liabilities, which may have a material adverse effect on the Group's financial condition.

The Group is dependent on the presence of anchor tenants

The Group relies on the presence of "anchor" tenants in its entertainment and commercial centers. Anchor tenants (such as cinemas, supermarkets and department stores) in entertainment and commercial centers play an important part in generating customer traffic and making a center a desirable location for other tenants. The failure of the Group to secure: (a) an agreement in principle from a prospective anchor tenant, (b) entry by an anchor tenant into a formal lease or (c) a renewal of an anchor tenant's lease may have an adverse effect on the Group's ability to achieve specified occupancy levels in the relevant center. Likewise, the termination of an anchor tenant's lease, or the bankruptcy or economic decline of an anchor tenant may lead to a reduction in a center's occupancy levels as the Group may not be able to replace such anchor tenants in a timely manner or it may not be able to do so on acceptable terms or without incurring further costs. Furthermore, the expiration of an anchor lease at an

entertainment and commercial center may make the refinancing of such a center difficult. In addition, any deterioration of the Group's relationships with any of its anchor tenants may negatively impact on the Group's ability to retain such anchor tenants and/or secure anchor tenants for its future projects, which may, in turn, have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group's business is impacted by general economic conditions in the regions in which it operates

If an economic downturn occurs in the regions in which the Group operates, the demand and rents for shopping and entertainment centers may decline. Property markets tend to be cyclical and affected by general economic conditions and/or by the political and economic climate of the locality in which the property assets are situated, as well as in the rest of the world. The Group has experienced, and may experience in the future, the negative impact of periods of economic slowdown or recession and corresponding declines in the demand for property in the markets in which it operates. Relevant economic factors which can affect rental incomes and property values resulting in an adverse effect on the Group's business, results of operations, financial condition and/or prospects include tenant and investor demand for property, changes in growth of gross domestic product, employment trends, inflation, changes in interest rates, the availability and cost of credit, declining investment yields and the liquidity of financial markets. The financial performance of the Group's business could be adversely affected by the continued worsening of general economic conditions globally or in certain individual markets and which may limit the Group's ability to make investments, pursue developments or refinance projects. Furthermore, any economic downturn may adversely affect the ability of the Group (where it has retained a development) to collect rent from tenants, which could negatively impact cash flow and debt service reserve covenants under its financing facilities. The occurrence of one or more of these factors could therefore have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group's financial performance is dependent on local real estate prices and rental levels

The performance of the Group's financial performance is dependent, in part, on real estate prices and rental levels in the countries in which the Group operates remaining stable or rising at corresponding levels. There is no guarantee that this will be the case. The Group may not be able to sell or let the centers and other developments that it develops at profitable prices. The Group's financial performance also depends, in part, on the economic situation in the markets in which it operates. The real estate markets in these countries may not continue to develop, or develop at the rate anticipated by the Group and that the market trends anticipated by the Group may not materialise. The occurrence of one or more of these factors may have a material adverse effect on the Group's business, financial condition and/or results of operations.

Real estate valuation is inherently subjective and uncertain

The valuation of property is inherently subjective due to, amongst other things, the individual nature of each property, and furthermore valuations are sensitive to change in market sentiment. As such, valuations are subject to uncertainty and cash generated on disposals may be different from the value of assets previously carried on the Group's balance sheet. There is no assurance that valuations of properties, when made, will reflect the actual sale prices even where those sales occur shortly after the valuation date. This may mean that the value ascribed by the Group to the properties held by it may not reflect the value realised on sale, and that the returns generated by the Group on disposals of properties may be less than anticipated. In addition, the value of the Group's properties may fluctuate as a result of factors

such as changes in regulatory requirements and applicable laws (including taxation and planning), political conditions, the availability of credit finance and the condition of financial markets, interest and inflation fluctuations and local factors such as competition. Each of these factors may have an adverse effect on the Group's business, result of operations, financial condition and/or prospects. The Company may from time to time publish such valuations. Any decreases in the published value of the Group's properties may adversely affect the price of the Ordinary Shares.

The fair value of the Group's real estate assets may be harmed by certain factors, which may entail impairment losses not previously recorded which, in turn, will affect the Group's financial results

Certain circumstances may affect the fair value of the Group's real estate assets, including, among other things, (i) the absence of, or modifications to, permits or approvals required for the construction and/or operation of any real estate asset; (ii) with respect to shopping and entertainment centers where a significant part of the rental area is subject to long term leases with a small group of retailers, the Group may be exposed to a risk of rental rates being significantly lower than otherwise might be the case; (iii) with regard to shopping and entertainment centers, any material long term decline in the business operations of retailers may impact their ability to pay rents and service charges at all, ultimately resulting in vacant units, thereby having an adverse effect on the real estate assets recoverable amount and their final sale prices; (iv) delays in completion of works beyond the anticipated target, may adversely affect the Group's results of operations and cash flows; and (v) lawsuits that are pending, whether or not the Group is a party thereto, may have a significant impact on its real estate assets and/or on certain of its shareholding rights in the companies owning such assets.

In addition, certain laws and regulations, applicable to the Group's business in certain countries where the legislative process undergoes constant changes, may be subject to frequent and substantially different interpretations; agreements which may be interpreted by governmental authorities so as to shorten the term of use of real estate, and which may be accompanied with a demolition order (with or without compensation), may significantly affect the value of such real estate asset. The fair value of the Group's real estate assets may be significantly decreased, thereby resulting in potential impairment losses not previously recorded in its financial results.

Since market conditions and other parameters which affect the fair value of the Group's real estate assets and investments, vary from time to time, the fair value may vary significantly following the date that the measurement was executed. In the event the projected forecasts regarding the future cash flows generated by those assets are not met, the Group may have to record an additional impairment loss not previously recorded.

In addition, any further downward change in the yield of any of the Group's real estate assets may cause a significant decrease to the fair value of such assets, thereby resulting in potential impairment losses not previously recorded in the Group's financial results.

Far reaching and continually changing real estate laws and regulations may impose additional burdens on the Group

CEE and Indian jurisdictions are subject to extensive real estate regulations. Changes to the law create an uncertain environment for investment and business activity. In addition, the comparatively recent nature of some CEE region legislation (enacted following the breakup of the Soviet Union) and of certain Indian laws creates a number of problems. The legal systems in the CEE region and India demonstrate a number of risks, including:

- limited judicial and administrative guidance on interpretations of law;
- a lack of transparency in decision making;
- gaps in the regulatory structure due to delay or absence of implementing legislation;
- discrepancies between federal and regional legislation, especially with regard to town planning, construction, zoning and land rights;
- the relative inexperience of a number of judges in interpreting new principles of law, particularly business and corporate law; and
- bankruptcy procedures that are still being developed.

In addition, in the CEE region and India, laws and regulations, particularly those involving taxation, foreign investment and trade, title to securities, and transfer of title that are applicable to the Issuer's activities, can change quickly and in a far more volatile manner than in developed market economies. This could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Real estate developments are relatively illiquid

Properties, including the projects which the Group develops, or may develop in the future, can be relatively illiquid investments and are typically more difficult, and/or take longer, to realise than certain other investments such as equities, gilts or bonds. This lack of liquidity may affect the ability of the Group to realise valuation gains and to dispose of or acquire properties in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions. Economic conditions could materially and adversely affect the ability of the Group to dispose of properties. A decline in the value of the Group's property assets may limit or reduce the level of return on the Group's investment in the property, which in turn could have an adverse effect on the Group's business, results of operations and/or financial condition.

The Group may incur environmental liabilities

The Group may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances located on or in a site owned or leased by it, regardless of whether a member of the Group was responsible for the presence of such hazardous or toxic substances. The costs of any required removal, investigation or remediation of such substances may be substantial and/or may result in significant budget overruns and critical delays in construction schedules. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect the Group's ability to sell or lease the development or to borrow using the real estate as security. Additionally, any future sale of the development will be generally subject to indemnities to be provided by the Group to the purchaser against such environmental liabilities. Accordingly, the Group may continue to face potential environmental liabilities with respect to a particular property even after such property has been sold. Laws and regulations, as may be amended over time, may also impose liability for the release of certain materials into the air or water from a property, including asbestos, and such release can form the basis for liability to third persons for personal injury or other damages. Other laws and regulations can limit the development of, and impose liability for, the disturbance of wetlands or the habitats of threatened or endangered species. Any environmental issue may significantly increase the cost of a development and/or cause delays, which may have a material adverse effect on the profitability of that development and the results of operations of the Group.

There is an increasing awareness of environmental issues in Central and Eastern Europe. This may be of critical importance in areas previously occupied by the Soviet Army, where soil pollution may be prevalent. The Group generally insists upon receiving an environmental

report as a condition for purchase, or alternatively, conducts environmental tests during its due diligence investigations. Also, some countries such as Poland, Hungary, Romania and the Czech Republic require that a developer carries out an environmental report on the land before building permit applications are considered. Nevertheless, the Group cannot be certain that all sites acquired will be free of environmental pollution. If a property that the Group acquires turns out to be polluted, such a finding will adversely affect the Group's ability to construct, develop and operate a shopping and entertainment center on such property, and may cause the Group to suffer expenses incurred in cleaning up the polluted site which may be significant.

The occurrence of one or more of these factors may have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may suffer material losses in excess of insurance proceeds in operating a shopping and entertainment center

The Group's properties could, in the event the Group operates a shopping and entertainment center after practical completion of the development, suffer physical damage caused by fire or other causes, resulting in losses which may not be fully compensated by insurance. In addition, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, terrorism or acts of war, that may be uninsurable or are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations and other factors, including terrorism or acts of war, also might result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds may be inadequate to restore the Group's economic position with respect to the affected developments. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the affected developments as well as anticipated profits from that shopping and entertainment center. In addition, the Group could be liable to repair damage caused by uninsured risks. The Group would also remain liable for any debt or other financial obligation related to that center. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

Furthermore, the Group may not be able to obtain insurance for its assets and properties at coverage levels or at cost it deems to be and appropriate based on the risks associated with the Group's business and on industry practice.

The occurrence of one or more of these factors may have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may be unable to retain and develop skilled management and personnel

The Group's future success is substantially dependent on the continued services and performance of the executive Board members and its senior management team and skilled personnel and the Company believes that the Group's future financial success and ability to meet its financial objectives will depend, in part, on its ability to retain and continue to attract highly skilled management and personnel and maintain their skills. The Group is also dependent on the implementation of adequate succession planning procedures in respect of key roles to ensure continuity. If the Group does not succeed in retaining skilled personnel, fails to maintain the skills of its personnel or is unable to continue to attract and retain all personnel necessary for the development and operation of its business, it may not be able to grow its business as anticipated or meet its financial objectives which may have an adverse effect on the Group's business, results of operations, financial condition and/or prospects. The departure from the Group of any of the Directors or certain senior employees, could, in the

short term, have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group's global operations expose it to additional and unpredictable risks

The Group conducts its businesses on a global basis and constantly seeks new opportunities in various regions of the world. The Group's future results could be materially adversely affected by a variety of factors relating to international transactions, including changes in currency exchange rates, general economic conditions, regulatory requirements, tax structures or changes in tax laws or practices, and longer payment cycles in the countries in its geographic areas of operations. International operations may be limited or disrupted by the imposition of governmental controls and regulations, political instability and difficulties in managing international operations. There can be no assurance that one or more of these factors will not have a material adverse effect on the Group's international operations and, consequently, on the Group's business, financial condition and results of operations. A failure to effectively manage the expansion of the Group's business could have a negative impact on the Group's business. To accommodate its global expansion, the Group is continuously implementing new or expanded business systems, procedures and controls. There can be no assurance that the implementation of such systems, procedures, controls and other internal systems can be completed successfully.

The Group's failure to maintain certain financial ratios and adherence to terms of its credit facilities could result in the imposition of restrictive covenants and could trigger the immediate repayment of certain credit facilities

The Group's credit facilities require the Group to comply with certain financial and operational covenants. The Group is currently in breach of certain covenants in connection with one of its credit facilities and there is no guarantee that the Group will obtain the necessary waivers or alternative financing (which it is currently in the process of negotiating) from the financing bank. Furthermore, cross-default clauses in credit facilities may be triggered due to the fact that the Company has been granted a provisional suspension of payments.

If the Group is unable to obtain the necessary waivers or alternative financing and restrictions are imposed or a breach continues over a period of time, culminating in an event of default the Group may, among other things, be required to immediately fully or partially repay such credit facilities, including accrued interest and premiums. Such events may have a material adverse effect on the financial condition, results of operations and prospects of the Group and may increase the difficulty for the Group to obtain financing in the future or to refinance existing debt.

Failure to comply with laws and regulations to which the Group is subject may lead to disciplinary, administrative, civil and/or criminal enforcement actions, fines, penalties and civil liability and may result in negative publicity harming the Group's business and reputation.

The Group is subject to laws and regulations relating to several areas such as environment, health and safety, construction, procurement, administrative, accounting, corporate governance, market disclosure, tax, employment and data protection. Such laws and regulations may be subject to change and interpretation. Any failure to comply with applicable laws and regulations that may change over time, or the interpretation and enforcement of which may change over time, may lead to disciplinary, administrative, civil and/or criminal enforcement actions, fines, penalties and civil liability and may result in negative publicity harming the Group's business and reputation.

The laws and regulations applicable to the real estate industry have generally become more stringent, and penalties and potential liability have increased and may increase further in the

future. In addition, changes in such laws and regulations including the reversal of current favourable policies may impose more onerous obligations on the Group and limit its profitability, including increasing costs associated with its compliance. Failure to comply with laws and regulations may have an adverse effect on the Group's business, results and financial condition.

The Company, for various reasons, has not filed its 2013 Dutch statutory accounts and Dutch auditor's statement within the required time limit, four months after the end of the 2013 financial year. Furthermore, the Company has not filed its interim management statement (*tussentijdse verklaring*) in respect of the first quarter of 2014, in time with the AFM. Accordingly, the Company currently is in violation of articles 5:25c and 5:25e of the AFS. The AFM is entitled to impose an order subject to a penalty (*last onder dwangsom*) and/or an administrative fine (*bestuurlijke boete*) on the Company. The standard amount of the administrative fine is EUR 2,000,000 (*two million euro*) in respect of the violation of article 5:25c AFS and EUR 10,000 (*ten thousand euro*) in respect of the violation of article 5:25e of the AFS.

In respect of the administrative fine that may be imposed in respect of the violation of article 5:25c of the AFS, the AFM has discretion to increase or decrease the minimum level of the administrative fine by 50% depending upon the seriousness or the duration of the offence or insofar the degree to which blame can be attributed to the Company justifies such decrease or increase.

Any fine imposed by the AFM on the Company may have adverse consequences on the financial position of the Company.

Risks relating to the Company's management

In the agenda of the upcoming annual General Meeting of the Company, which meeting is currently scheduled to be held on or around 8 July 2014 there may be proposals to restructure the Board. Dependent on which current Executive and Non-executive Directors will continue to be involved in the Company's business (which is, at the date of this document, not known), a change in the composition of the Board may, under circumstances, have an adverse effect on the effectiveness of the Company's management.

Risks relating to the inability of the Company to repurchase Ordinary Shares

The fact that the General Meeting has not been in the position to adopt the Company's 2013 annual accounts within six months after the end of the 2013 bookyear, has led to the fact that, pursuant to section 2:98 paragraph 3 DCC, the Company will not be allowed to repurchase Ordinary Shares, a prohibition which also extends to its Subsidiaries. As a listed company will mainly use the repurchase of share instrument for a capital decrease, such limitation may have consequences for the price of the Ordinary Shares.

Risks relating to the Group's structure

EI controls a significant shareholding of the Company and its interests may conflict with the interests of other Shareholders

The Controlling Shareholder indirectly holds approximately 62.5% of the Company's Ordinary Shares. Through its holdings, the Controlling Shareholder will continue to be able to exert significant influence over, or in some cases block, certain matters that must be decided by a vote of the General Meeting, including the election of directors. To the extent that the interests of the Controlling Shareholder may differ from the interests of other Shareholders, such other Shareholders may be disadvantaged by any actions that the Controlling Shareholder may seek to pursue. Historically, the Controlling Shareholder has been supportive of the Company and the Company has enjoyed a good working relationship with it. The Controlling Shareholder has recently approved an arrangement with its creditors in relation to its debt.. This may alter the relationship that existed between the Company and the

Controlling Shareholder. Although the Controlling Shareholder is a separate legal entity to the Company, the Company's stakeholders may also form a negative view of the Company's financial condition due to its association with the Controlling Shareholder.

For further information, see in Part III "Controlling Shareholder" and in Part IX "Related Party Transactions".

To the Company's knowledge (based on public reports), the Controlling Shareholder is currently in distress; even though the arrangement with the Controlling Shareholder's creditors has been concluded, the Controlling Shareholder still has a low ability to inject funds into the Company, which is likely to have a negative effect on the Group's ability to obtain financing from third parties.

The Controlling Shareholder has pledged its Ordinary Shares

On 31 March 2011, EUL, on the request of the Controlling Shareholder has granted to Bank Hapoalim a first priority pledge under Luxembourg law, over its rights, title and interest in a securities account held with ABN AMRO Bank (Luxembourg) S.A., which pledge effectively *inter alia* covers 29% of the Ordinary Shares in issue by the Company from time to time. The pledge has been granted to secure any debt outstanding between EI and Bank Hapoalim. Should EI default under the pledge agreement or under any of its outstanding debt arrangements with Bank Hapoalim, Bank Hapoalim will be entitled to operate payment of all its secured obligations under the pledge agreement at its option by, including but not limited to, sell the Ordinary Shares in the market or have the Ordinary Shares sold in realization upon mutual agreement in a private transaction at normal commercial conditions, taking control of the proceeds. A forced sale by Bank Hapoalim of 29% of the Ordinary Shares in issue will have a negative effect on the price of the Ordinary Shares.

Changes in tax laws or their interpretation could affect the Group's financial condition or prospects and the cash flows available to the Company

Relief from taxation available to the Group may not be in accordance with the assumptions made by the Company and/or may change. Changes to the tax laws or practice in the countries in which the Company operates or any other tax jurisdiction affecting the Group could be relevant. Such changes could affect the value of the investments held by the Company or affect the Company's ability to achieve its investment objective or alter the post-tax returns to Shareholders. The tax positions taken by the Group, including the tax effect of transfer pricing and the availability of tax relief provisions, are also subject to review by various tax authorities.

Under the Dutch participation exemption rules, income including dividends and capital gains derived by Dutch companies in respect of qualifying investments in the nominal paid up share capital of resident or non-resident investee companies, are exempt from Dutch corporate income tax provided the conditions as set under these rules have been satisfied. The participation exemption rules and more particularly the statutory conditions thereunder have most recently been amended with effect of 1 January 2010. Such amended conditions require, among others, a minimum percentage of the share capital in the investee company requires that the investee company is not held as a passive investment (the 'motive test'). If the motive test is not met, the participation exemption nevertheless applies provided that either the subject-to -tax- test or asset test is met. To benefit from the participation exemption regime during the entire holding period, the requirements must be met throughout the entire holding period. The participation exemption also applies to qualifying hybrid loans. Should the Company not be in compliance with all participation exemption requirements or should the participation exemption rules be amended, this will affect its tax relief which could have an adverse effect on its cash flow position and net profits.

The Company has provided substantial amounts of loans to its Subsidiaries which are treated as hybrid loans and exempt under the participation exemption. Most of these loans are not covered by a tax ruling confirming the treatment for Dutch tax purposes. Therefore, there is a risk that a discussion arises with the Dutch tax authorities on the treatment thereof.
Tax losses may be carried forward and set off against income of the immediately preceding tax year and the 9 subsequent tax years and may be offset against any income of the companies currently included in the fiscal unity as long as these remain part of the fiscal unity. If losses are considered so-called “holding and/or financing losses”, they may only be offset against income that is derived in years that the Company also qualifies as “holding and/or financing company” within the meaning of art. 20 (4) of the Dutch corporate income tax Act 1969, provided that the net balance of intragroup receivables has not increased compared to the relevant loss making year (unless there are sufficient business reasons for such increase).

If the Company were to be treated as having a permanent establishment, or as otherwise being engaged in a trade or business (including owning real estate outside the Netherlands), in any country in which it develops shopping and entertainment centers or in which its centers are managed, income (positive and negative) attributable to or effectively connected with such permanent establishment or trade or business, is generally excluded from the Dutch tax base. Specific conditions may apply based on the relevant double taxation treaty and Dutch domestic law.

Participation by the Company in a distribution of a Subsidiary’s assets will generally be subject to prior claims of creditors

The Company holds all of its property assets in its Subsidiaries and in joint venture entities. The Company’s rights to participate in a distribution of its Subsidiaries’ and joint ventures’ assets upon their liquidation, re-organisation or insolvency is generally subject to any claims made against the Subsidiaries and joint ventures, including secured creditors (if any) such as any lending bank and trade creditors.

The obligations of the Company to make payments to Shareholders is therefore structurally subordinated to any liabilities of the Company’s Subsidiaries and joint ventures. In the event that members of the Group are unable to remit funds to the Company, the Company’s ability to make dividend or other payments to Shareholders may be adversely affected.

The Group’s borrowing costs and access to capital markets depend significantly on the Company’s credit ratings and market perception of the Company’s and the Controlling Shareholder’s financial resilience

At the date of this document, the Company’s two series of Notes are rated “D” by Maalot. The update follows the Company’s announcement on 14 November 2013, that it will withhold payment on the upcoming maturities of the Bonds and will approach the creditors of the Company with a restructuring plan in a formalized restructuring process.

The downgrading of the rating followed a series of consecutive downgrading activities Maalot have performed in recent years. In the last downgrading that was carried out in July 2013, Maalot stressed its estimate then that in absence of material positive developments, the Company would struggle to fulfil promptly its entire liabilities already in the next six months. This estimate was based on the previous rating date on the deterioration of the Company's financial flexibility and its liquidity, which it defined as "weak" according to its methodology and the Company's high dependency on selling its assets in a challenging macroeconomic environment.

On 31 July 2013, Midroog has updated the rating of the Notes to "B1" with a negative outlook on a local Israeli scale. At the Company's request Midroog discontinued the rating of the Notes.

Reduction in the credit ratings of the Group or deterioration in the capital market perception of the Group's financial resilience, could significantly increase its borrowing costs, limit its access to the capital markets and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. Therefore, any further reduction in credit ratings or deterioration of market perception could materially adversely affect the Group's access to liquidity and competitive position and, hence, have a material adverse effect on the Group's business, financial position and/or results of operations. These material adverse effects could also follow from a reduction in the credit ratings of the Controlling Shareholder.

If the Company is characterized as a passive foreign investment company for US federal income tax purpose, holders of Ordinary Shares may suffer adverse tax consequences.

Generally, if for any taxable year 75% or more of the Company's gross income is passive income, or at least 50% of the value of its assets, averaged quarterly, are held for the production of, or produce, passive income, the Company will be characterized as a passive foreign investment company ("**PFIC**"), for US federal income tax purposes. A determination that the Company is a PFIC could cause the Company's US shareholders to suffer adverse tax consequences, including having gains realized on the sale of the Company's shares taxed as ordinary income rates, rather than capital gains rates, and being subject to an interest charge on gain from the sale or other disposition of ordinary shares, and on certain "excess distributions" with respect to Ordinary Shares and could have an adverse effect on the price and marketability of such shares. If the Company is a PFIC for US federal income tax purposes, highly complex rules would apply to US holders owning the Ordinary Shares. Accordingly, you are urged to consult your tax advisors regarding the application of such rules.

Risks relating to the Notes – General

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this document;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes and be familiar with the financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, inflation, foreign currency, tax and other factors that may affect its investment and its ability to bear the applicable risks.

Modifications and waivers in the conditions of the Notes

The Trust Deeds applicable to the Notes contain provisions for calling meetings of holders of the Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of Notes including holders of Notes who did not attend

and vote at the relevant meeting and holders of the Notes who voted in a manner contrary to the majority. The Trust Deeds also provide that the trustee for each series of Notes may, without the consent of the holders of Notes, agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or provisions of the Trust Deed upon the occurrence of one of the following: (1) the trustee is satisfied that the modification or waiver do not materially adversely affect the rights of the holders of the Notes (excluding modifications or waivers with respect to payment terms of the Notes, events of default or reports to be submitted by the Company to the trustee); (2) the proposed revision has been approved by a special resolution adopted at the general meeting of the holders of Notes, at which the holders of at least fifty per cent. (50%) of the par value of the unsettled balance of the principal of all the Notes to be issued, pursuant to the Trust Deed, were present in person or by proxy, or at an adjourned meeting, at which the holders of at least ten percent (20%) of such balance were present in person or by proxy.

Exchange rate risks and exchange control risks

The Company will pay principal and interest on the Notes in NIS. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (**"Investor's Currency"**) other than NIS. These include the risk that exchange rates may significantly change (including changes due to devaluation of the NIS or revaluation of the Investor's Currency and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the NIS would decrease (1) the Investor's Currency-equivalent of the principal and interest payable on the Notes and (2) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

Interest Rate Risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Rating of the Notes may be subject to suspension, reduction or withdrawal at any time

With respect to the Notes currently rated (series A and Series B Notes) and that may be rated in the future, rating of the Notes is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in the applicable rating of the Notes could adversely affect the trading price and the marketability for the Notes.

As of the date of this document, the Company's two series of Notes are rated "D" by Maalot. The update follows the Company's announcement on 14 November 2013, that it will withhold payment on the upcoming maturities of its Bonds and will approach the creditors of the Company with a restructuring plan in a formalized restructuring process.

The downgrading of the rating followed a series of consecutive downgrading activities Maalot have performed in recent years. In the last downgrading that was carried out in July 2013, Maalot stressed its estimate then that in absence of material positive developments, the Company will struggle to meet its entire liabilities in the next six months from the last downgrading. This estimate was based on the previous rating date on the deterioration of the Company's financial flexibility and its liquidity, which it defined as "weak" according to its methodology and the Company's high dependency on selling its assets in a challenging macroeconomic environment.

On 31 July 2013 Midroog, the Israeli credit rating agency and affiliate of Moody's Investors Service, updated the rating of the Company's two Israeli listed series of Notes to "B1" with a

negative outlook on a local Israeli scale. At the Company's request Midroog discontinued the rating of Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The Notes are unsecured. As a result, there may be circumstances in which the Company's secured indebtedness will be paid from assets that secure that indebtedness before payment is made on the Notes.

The Company's obligations under its existing credit facilities are secured by certain first ranking fixed and floating charges over the Company's rights, assets and property. The Notes are unsecured. The Company may, subject to the terms of the Restructuring Plan which contains a negative pledge covenant, also create additional security interests with respect to its current or future indebtedness, subject to the terms of its credit facilities. If the Company defaults on its secured indebtedness or goes into bankruptcy, liquidation or reorganisation, then all of its assets that secure the Company's debts will be used to satisfy the obligations under such secured indebtedness before the Company could make any payments on any of the Notes. Therefore, there may only be limited assets available to make payments on the Notes if one of these events were to occur.

Governing law of the Trust Deeds relating to the Notes

The Notes and the Trust Deeds are governed by Israeli law. Holders of Notes should be aware of the fact that the Company is incorporated under the laws of the Netherlands which means that the applicable jurisdiction for all matters of corporate law will be governed by Dutch law and that all matters relating to its insolvency will be governed by the Dutch Bankruptcy Code (*Faillissementswet*). In case of a suspension of payments of the Company or a bankruptcy, Dutch law will be leading, in which case holders of Notes may be refrained from enforcing their rights under Israeli law and before an Israeli court.

Risk factors that may affect the Company's ability to fulfil its obligations under the Notes

The Company may be unable to make its debt payments in the future

The Company recently defaulted on interest payments under the Notes as it was unable to generate sufficient cash flow from its operations to meet interest payments on its debt. The Company may have to refinance all or part of its indebtedness. If the Company is unable to generate sufficient cash flow from operations to meet principal and interest payments on its debt, the Company may have to refinance all or part of its indebtedness. The Company's ability to meet its debt obligations will depend on whether the Company can successfully implement its strategy, as well as on financial, competitive, legal, regulatory and technical factors, including some factors that are beyond its control. In addition, certain of the Group's existing credit facilities and other loan agreements mature or may mature prior to the scheduled maturity date of each of the Notes. Furthermore, cash flows from the Company's operations may be insufficient to repay the Notes in full at maturity, in which case these Notes may need to be refinanced. The Company's ability to refinance its indebtedness, including the Notes, will depend on, among other things:

- its financial condition at the time;

- restrictions in agreements governing its debt;
- restrictions under the Restructuring Plan; and
- other factors, including market conditions.

The Company cannot ensure that any such refinancing would be possible on acceptable terms or that the Company could obtain additional financing. If refinancing will not be possible or if additional financing will not be available, the Company might have to sell its assets in circumstances that may not yield the highest prices, or default on its debt obligations, including each of the Notes, which would permit its note holders to accelerate their maturity dates.

See also "*The Group will borrow to fund its future growth and expects to have a relatively high level of gearing" above*.

Intra Group payment of dividends and distributions

The Company is a holding company with no material assets other than its equity interests in its Subsidiaries. Almost all of the Company's operations are carried out through its Subsidiaries and group companies. The Company's principal source of income and its ability to meet its financial obligations, including with respect to the holders of the Notes, is therefore, dependent on the level of dividends, loan repayments, distributions and other inter-company transfers of funds it receives from its Subsidiaries. There is no contractual or other obligation for the Company's Subsidiaries to make regular dividend payments to the Company. In addition, the ability of the directors of the Company's Subsidiaries to declare dividends or the amount of dividends they may pay will depend on such relevant Subsidiary's operating results and will be subject to applicable laws and regulations. Claims of creditors of the Company's Subsidiaries have priority as to the assets of such Subsidiaries to the claims of the Company. Consequently, the claims of the holders of Notes are structurally subordinated, in the event of a bankruptcy/insolvency of any of the Subsidiaries, to the claims of the creditors of such Subsidiaries.

There is a risk that the General Meeting will not approve the issue of the Ordinary Shares to the Bondholders

Following the finalization of certain documents in connection with the proposed capital injection into the Company, the Company intends to convene an extraordinary General Meeting, the agenda whereof will, *inter alia* include the approval by the Shareholders of the issue of Ordinary Shares to the Bondholders. Furthermore, approval of the General Meeting will be sought for the authorization of the Board as the competent body to resolve to issue Ordinary Shares and to exclude pre-emptive rights. If these resolutions are not approved (or if just one of the resolutions will be approved), the Ordinary Shares cannot be issued by the Company to the Bondholders.

There is a risk that the General Meeting will not approve the registration of the Ordinary Shares at the TASE

The agenda for the upcoming annual General Meeting 2014 (currently scheduled to be held on or around 8 July 2014) will include a proposal to the General Meeting to approve the contemplated admission to trading of the Ordinary Shares on the TASE. If this resolution is not approved by the General Meeting the Ordinary Shares cannot be traded on the TASE which may be detrimental for the possibility for Israeli investors to trade the Ordinary Shares.

There is a risk that the a capital injection in the form of equity contribution may not be approved by the General Meeting

Any capital injection into the Company (being part of the Restructuring Plan) insofar this is done in the form of an equity contribution (e.g. in the form of a rights offering), will be conditional on the passing by the General Meeting of certain resolutions. If these resolutions, which will include approving the terms of the proposed capital injection and the authorization for the Board to issue Ordinary Shares and to disapply pre-emption rights, are not approved, such capital injection (whether or not in the form of a rights offering) will not occur. In that event, the Group would not benefit from the net proceeds expected to result from a straight capital injection or rights offering and, therefore, it would be necessary for the Group to raise the additional funding required by alternative means. There can be no certainty that the Group would be able to successfully raise such funding or as to the terms on which such funding could be raised, including the price and/or whether any equity fundraising would be on a pre-emptive basis. If a capital injection is not effected and the Group is unable to find alternative sources of funding, in any case the Group's business, results of operations and/or financial condition will be materially adversely affected and the Company will not be able to pay its due and payable debts. This will most likely lead to immediate bankruptcy of the Company.

Risks relating to the investment in Ordinary Shares – General

The share price of publicly traded companies can be highly volatile, including for reason, related to differences between expected and actual operating performance, corporate and strategic actions taken by such companies or their competitors, speculation and general market conditions and regulatory changes

Investors should be aware that the value of an investment in the Ordinary Shares may decrease or increase abruptly. In addition, stock markets have, from time to time, and especially in recent years, experienced significant price and volume fluctuations (including as a result of technical failures or market disruptions) which have affected the market price of securities. A number of factors outside the control of the Group may impact the price and performance of the Ordinary Shares. The market price of the Ordinary Shares may fluctuate widely, depending on many factors beyond the Company's control. These factors include, amongst other things, actual or anticipated variations in operating results and earnings by the

Group and/or its competitors, changes in financial estimates by securities analysts, market conditions in the industry and in general the status of the securities market, governmental legislation and regulations, as well as general economic and market conditions, such as recession and the reduction in the availability of credit.

The issue of additional Ordinary Shares in connection with future acquisitions, capital raisings, the Share Option Schemes or otherwise may dilute all other shareholdings

The Group may seek to raise financing to fund future acquisitions, future investments and other growth opportunities. The Company may, for these and other purposes (including but not limited to each of the Share Option Schemes), issue additional equity or convertible equity securities. As a result, the Company's existing Shareholders would suffer dilution in their percentage ownership.

The Company's ability to pay dividends in the future depends on, among other things, the Group's financial performance and is therefore not guaranteed

The Company is a holding company with no material assets other than its equity interests in its Subsidiaries. Almost all of the Company's operations are carried out through its Subsidiaries and group companies. The Company's principal source of income and its ability to meet its financial obligations, including its ability to pay dividends to Shareholders, is therefore, dependent on the level of dividends, loan repayments, distributions and other inter-company transfers of funds it receives from its Subsidiaries. There is no contractual or other obligation for the Company's Subsidiaries to make regular dividend payments to the Company. In addition, the ability of the directors of the Company's Subsidiaries to declare dividends or the amount of dividends they may pay will depend on such relevant Subsidiary's operating results and will be subject to applicable laws and regulations.

These factors may also have an adverse effect on the ability of the Company to pay interest and principal on its debt facilities and outstanding debt securities.

Restructuring Plan arrangements for limitations on Distributions

Pursuant to the Restructuring Plan, the Company will be allowed to make any Distribution to its Shareholders provided (i) at least 75% of the unpaid principal balance of the Bonds as per the Amendment Date (excluding Bonds that are sold by a Company's Subsidiary following the Amendment Date) have been repaid in full prior to such Distribution and (ii) that following such Distribution a certain financial coverage ratio is met, unless such Distribution has been approved in a meeting of the creditors that are subject to the Restructuring Plan (by a majority of at least 67% of the debt's balance which is being held by the creditors participating in such meeting and voting). Notwithstanding the aforesaid, in the event that, following the implementation of the Restructuring Plan, at least an additional €20 million is invested in the Company in the form of an equity investment or in the form of subordinated debt to the debt towards the Bondholders (i.e., in addition to the equity contribution that is a condition to the Restructuring Plan), the Company will be permitted (subject to applicable law) to distribute a dividend to its shareholders in an amount equal to 50% of the said additional equity investment and such Distribution will not be subject to the aforementioned limitations.

Exchange rate risks and exchange control risks

The Company will calculate any dividends on the Ordinary Shares in EUR. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit ("**Investor's Currency**") other than EUR. These include the risk that exchange rates may significantly change (including changes due to devaluation of the EUR or revaluation of the Investor's Currency and the risk that

authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to EUR would decrease (1) the Investor's Currency-equivalent of the dividends payable on the Ordinary Shares and (2) the Investor's Currency-equivalent market value of the Ordinary Shares.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less dividend payments than expected or none at all.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Ordinary Shares are legal investments for it, (2) the Ordinary Shares can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Ordinary Shares. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Ordinary Shares under any applicable risk-based capital or similar rules.

Anti-takeover provisions could negatively impact holders of Ordinary Shares

The AFS contains mandatory provisions regarding mandatory tender offers for companies with seat in the Netherlands and whose shares are admitted to listing on a regulated market (*i.e.* for the Company: the London Stock Exchange and the Warsaw Stock Exchange).

Under the AFS any party who, either on its own or together with persons with which it acts in joint consultation, acquires, either directly or indirectly, at least 30% of the voting rights of a public company shall make a public takeover bid for all the shares and all the depositary receipts for shares issued with the public company's cooperation.

Pursuant to the DCC, in a tender offer pursuant to which at least 95% of the issued share capital of the target company which represent at least 95% of the voting rights of the target company were purchased, each of the offeror or the remaining shareholders of such company may file a legal claim for the purchase of the remaining shareholders' shares and their transfer to the offeror. The claim must be filed with the Enterprise Chamber (*Ondernemingskamer*) of the Court of Appeal in Amsterdam, or the "Enterprise Chamber", within three months after the deadline set for acceptance of the tender offer. Following a mandatory tender offer as referred to above, the bid price offered in that tender offer is regarded as a fair price. Nevertheless, the Enterprise Chamber may order that one or three experts shall report on the value of the shares to be transferred. All of the above provisions limit the acquisition of control in the Company.

Holders of Ordinary Shares may not be able to exercise their pre-emption rights

In the case of certain increases in the Company's issued share capital, the Company's existing Shareholders are generally entitled to pre-emption rights unless such rights are waived by a special resolution of the Shareholders at a General Meeting. In case the General Meeting has authorized the Board as the competent corporate body to issue shares and to exclude pre-emption rights, pre-emption rights may be excluded by the Board. Holders of Ordinary Shares outside the Netherlands may not be able to exercise their pre-emption rights over Ordinary Shares unless the Company decides to comply with applicable local laws and regulations and, in the case of holders of Ordinary Shares in the United States, a registration statement under the US Securities Act is effective with respect to such rights and Ordinary Shares, or an exemption from the registration requirements of the US Securities Act is available. The Company cannot assure any Shareholders outside the Netherlands (including Israeli

Shareholders) that steps will be taken to enable them to exercise their pre-emption rights, or to permit them to receive any proceeds or other amounts relating to their pre-emption rights.

Future substantial sales of Ordinary Shares, or the perception that such sales might occur, could depress the market price of the Ordinary Shares

The Controlling Shareholder indirectly holds approximately 62.5% of the Company's Ordinary Shares. Any sales of substantial amounts of Ordinary Shares in the public market by the Controlling Shareholder or by the Company, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Ordinary Shares.

Risks relating to the Depositary Interests

DI holders may not have the rights that Dutch law confers on holders of depositary receipts

Under Dutch law, holders of depositary receipts of shares (*certificaten van aandelen*) issued with a company's concurrence, have certain rights such as the right to attend meetings of shareholders of the company that issued the shares and a statutory right of pledge on the shares underlying their depositary receipts.

The Company believes that the DIs qualify as depositary receipts for these purposes. However, there can be no assurance that this view will be endorsed by the competent Dutch courts. Consequently, holders of DIs should not rely on the rights conferred by Dutch law on holders of depositary receipts, but should rely solely on the rights conferred on them by the Articles and the Deed Poll pursuant to which the DIs have been created.

DI holders do not have the rights attaching to the underlying Ordinary Shares and must rely on the Depositary or any custodian to either exercise those rights for their benefit or authorise them to exercise those rights for their own benefit

DI holders do not have the rights which Dutch law and the Articles confer on Shareholders of the Company such as voting rights. In respect of the Ordinary Shares underlying the DIs, those rights vest in the Depositary or any custodian. Consequently, if the DI holders want to exercise any of those rights, they must rely on the Depositary or any custodian to either exercise those rights for their benefit, or authorise them to exercise those rights for their own benefit. Pursuant to the Deed Poll pursuant to which the DIs have been created, the Depositary and any custodian must pass on to, and so far as it is reasonably able, exercise on behalf of the relevant DI holders all rights and entitlements which it receives or is entitled to in respect of the underlying Ordinary Shares and which are capable of being passed on or exercised. However, there can be no assurance that all such rights and entitlements will at all times be duly and timely passed on or exercised.

Risks relating to the listing and trading of the Ordinary Shares

The market price of the Ordinary Shares may be subject to fluctuation, which could result in substantial losses to investors.

The stock market in general, and the market price of the Ordinary Shares in particular, is subject to fluctuation, and changes in our share price may be unrelated to the Group's operating performance. The market price of the Ordinary Shares on the stock exchanges where they have been admitted to listing may fluctuate and each fluctuation on a certain market may affect the market price on other markets where the Ordinary Shares are traded. The market price of the Ordinary Shares is and will be subject to a number of factors, including:

- trends in the end-markets in which the Group operates;
- general market conditions;
- variations in the Group's and its competitors' results of operations;
- changes in earnings estimates or recommendations by securities analysts; and
- general market conditions and other factors, including factors unrelated to the Group's operating performance.

These factors and any corresponding price fluctuations may materially and adversely affect the market price of the Ordinary Shares and result in substantial losses to the investors.

There has been no prior public market in Israel for the Ordinary Shares, and an active trading market in Israel may not develop.

Prior to the issue of Ordinary Shares to the holders of Notes, there has been no public market in Israel for the Ordinary Shares. An active trading market in Israel may not develop following the registration of the Ordinary Shares on the Tel Aviv Stock Exchange or, if developed, may not be sustained. The lack of an active market may impair an investor's ability to sell the Ordinary Shares at the time the investor desires to sell them or at a price that is considered reasonable. The lack of an active market may also reduce the fair market value of the Ordinary Shares.

The Ordinary Shares are and will be traded on different markets and this may result in price variations.

The Ordinary Shares are traded on the LSE and the WSE and will be listed on the TASE following the completion of the restructuring of the Company. Trading in the Ordinary Shares on these markets will be made in different currencies (GBP on the LSE, PLN on the WSE and NIS on the TASE) and will take place at different times (resulting from different time zones, different trading days and different public holidays in the United Kingdom, Poland and Israel). The trading prices of the Ordinary Shares on these three markets may differ due to these and other factors. Any decrease in the price of the Ordinary Shares on one of these markets could cause a decrease in the trading price of the Ordinary Shares on the other market.

The Ordinary Shares are and will be traded on different markets and simultaneous trading on different markets may cause delay in settlement

The Ordinary Shares are traded on the LSE and the WSE and will be listed on the TASE following the completion of the restructuring of the Company. Trading on three different markets may cause settlement issues which result therein that there may lead to delay in settlement which may have an adverse effect on the sale or purchase price of the Ordinary Shares

If existing shareholders sell additional Ordinary Shares, the market price of the Ordinary Shares could decline.

The sale of substantial amounts of Ordinary Shares in the public market, or the perception that such sales could occur, could harm the prevailing market price of the Ordinary Shares on the LSE, on the WSE, or on the TASE. These sales, or the perception that such sales could occur, also might make it more difficult for the Company to sell equity securities in the future at a time and at a price that the Board deems appropriate.

Trading in the Ordinary Shares on the TASE may be suspended

The TASE's Chief Executive Officer has the right to suspend trading in the securities of a listed company if: (1) the company delays the publication of its financial statements by more than the period detailed in the TASE's regulations; (2) a liquidator, temporary liquidator, receiver or temporary receiver is appointed to a company or to the majority of its assets; (3) there is no clarity with regard to the company, its controlling shareholders or its securities, which may influence the price of the security. There can be no assurance that trading in the Ordinary Shares will not be suspended. Currently, there are no specific reasons to assume that such a suspension may occur in the foreseeable future. Any suspension of trading would adversely affect the price of the Ordinary Shares.

The Ordinary Shares may be excluded from trading on the TASE

The TASE's board is allowed in certain circumstances to exclude a company's securities from trading on the TASE subject to the timetable set in the TASE regulation. There can be no assurance that the value of public holdings in the Ordinary Shares will not decrease below the minimum required under the TASE's regulations which may result in the exclusion of the Ordinary Shares from trading on the TASE and thereby adversely affecting the price of the Ordinary Shares.

PART III - Information on the Group

1. Estimations and forward looking statements; completion dates

The Group's estimations in this Part III - "Information on the Group" regarding the Group's projects, including their development plans, schedule for construction and opening, number of projects to be constructed each year, holding period of projects upon completion and forecast regarding market conditions, constitute forward looking statements that involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, and are based on the Group's current estimations with regard to its projects. Such estimations may differ materially from the impression created by the forward looking statement. The main factors that may affect the Group's estimations include, but are not limited to, the global financial crisis, zoning restrictions and opposition by local inhabitants, delays in construction, the obtaining of financing for the relevant projects, and all other risk factors that are specified in Part II – "Risk Factors" herein.

Prospective investors should duly notice that all of the below mentioned completion dates are estimated and dependent on and subject to the securing of external project financing and/or tenants' demand.

2. Overview, competitive strengths and development strategy

Background

The Group is a leading emerging markets developer of shopping and entertainment centers, focusing on constructing new centers and, where there is significant redevelopment potential, redeveloping existing centers, in both capital cities and important regional centers. The Group has been present in CEE since 1996 and was the first to develop western-style shopping and entertainment centers in Hungary. The Group has pioneered this concept throughout CEE whilst building a strong track record of successfully developing, letting, managing and selling shopping and entertainment centers. In 2006, the Group has extended its area of operations beyond CEE into India. In 2010, the Company took advantage of a real estate opportunity in the US and made, with its joint venture partners, a first acquisition of a strategic stake in EDT Retail Trust, which then owned 49 retail properties located in 20 states. The Group then exited from the US during 2012 with a significant return on the invested equity.

The Company is an indirect Subsidiary of EI, an Israeli public company whose shares are traded on both the TASE in Israel and the NASDAQ Global Select Market in the United States. EI engages, directly or indirectly, mainly in the following areas: (i) shopping and entertainment centers - initiation, construction and sale of shopping and entertainment centers and other mixed-use projects in Central and Eastern Europe and in India primarily through the Company. In certain circumstances and depending on market conditions, EI operates and manages the centers prior to their sale; (ii) Hotels - hotel ownership, operation, management and sale, primarily in major European cities. (iii) Medical Industries – (a) research and development, production and marketing of magnetic resonance imaging guided focused ultrasound treatment equipment, and (b) development of stem cell population expansion technologies and stem cell therapy products for transplantation and regenerative medicine; (iv) Residential Projects – initiation, construction and sale of residential projects and other mixed-used real property projects, predominately residential, located primarily in India; (v) Fashion Apparel – distribution and marketing of fashion apparel and accessories in Israel.

The Group has been present in real estate development in emerging markets for over 18 years, initially pursuing shopping and entertainment center development projects in Hungary and subsequently expanding into Poland, the Czech Republic, Romania, Latvia, Greece, Serbia, Bulgaria and India. To date, the Group has developed and let 32 shopping and entertainment centers in the CEE and one in India, of which 26 were sold with an aggregate gross value of

circa EUR 1.16 billion. Twenty one of these centers and an office project were acquired by Klépierre, a player of the top rank in the continental European shopping center property market, which manages over 300 shopping centers in 13 countries in continental Europe. An additional four shopping and entertainment centers were sold to Dawnay Day. Another shopping center was sold in 2007 to aAIM. The transaction had a completion value totaling approximately EUR 387 million, representing circa 20% of all real estate transactions completed in Hungary in 2007.

Shopping and entertainment centers sold to Klépierre in 2004 had an aggregate gross asset value of EUR 278 million and produced an average net yield of approximately 9.3%:

Name	**City**	**Country**	**GLA** (m^2)	**Acquirer**
Alba Plaza	Székesfehérvár	Hungary	14,981	Klépierre
Csepel Plaza	Budapest	Hungary	13,565	Klépierre
Debrecen Plaza	Debrecen	Hungary	14,624	Klépierre
Duna Plaza	Budapest	Hungary	35,915	Klépierre
Győr Plaza	Győr	Hungary	15,085	Klépierre
Kanizsa Plaza	Nagykanizsa	Hungary	5,947	Klépierre
Kaposvár Plaza	Kaposvár	Hungary	8,296	Klépierre
Miskolc Plaza	Miskolc	Hungary	14,647	Klépierre
Nyír Plaza	Nyiregyháza	Hungary	13,775	Klépierre
Szeged Plaza	Szeged	Hungary	15,842	Klépierre
Szolnok Plaza	Szolnok	Hungary	6,815	Klépierre
Zala Plaza	Zalaegerszeg	Hungary	7,405	Klépierre
Total			**166,897**	

Shopping and entertainment centers sold to Dawnay Day in 2005 had an aggregate gross asset value of EUR 54.4 million and produced an average net yield of approximately 9.2%:

Name	**City**	**Country**	**GLA** (m^2)	**Acquirer**
Balaton Plaza	Veszprém	Hungary	9,155	Dawnay Day
Pécs Plaza	Pécs	Hungary	15,356	Dawnay Day
Savaria Plaza	Szombathely	Hungary	8,235	Dawnay Day
Sopron Plaza	Sopron	Hungary	14,128	Dawnay Day
Total			**46,874**	

Shopping and entertainment centers sold to Klépierre in 2005 had an aggregate gross asset value of EUR 204 million and produced an average net yield of approximately 8.4%:

Name	**City**	**Country**	**GLA** (m^2)	**Acquirer**
Kraków Plaza	Kraków	Poland	30,209	Klépierre
Poznań Plaza	Poznań	Poland	29,522	Klépierre
Ruda Śląska Plaza	Ruda Śląska	Poland	14,452	Klépierre
Sadyba Best Mall	Warsaw	Poland	24,078	Klépierre
Total			**98,261**	

Shopping and entertainment centers sold to Klépierre in 2006 (Novo), in 2007 (Rybnik (100%), Sosnowiec (100%) and Lublin (50%)) and in 2008 (Plzěn), had an aggregate gross asset value of EUR 240.5 million and produced an average net yield of approximately 6.9%:

Name	**City**	**Country**	**GLA** (m^2)	**Acquirer**
Rybnik Plaza	Rybnik	Poland	18,127	Klépierre
Sosnowiec Plaza	Sosnowiec	Poland	12,860	Klépierre
Lublin Plaza	Lublin	Poland	25,738	Klépierre

Novo Plaza	Prague	Czech Republic	26,417	Klépierre
Plzeň Plaza	Plzeň	Czech Republic	20,000	Klépierre
Total			**103,142**	

Shopping and entertainment centers forward sold to aAIM in 2007 had an aggregate gross asset value of approximately EUR 387 million and produced a gross yield of approximately 5.9%:

Name	**City**	**Country**	**GLA** (m^2)	**Acquirer**
Arena Plaza	Budapest	Hungary	66,000	aAIM

Duna Plaza offices were sold to Klépierre in May 2007 for a consideration of EUR 14.2 million. The Company recorded a gain of approximately EUR 2.5 million from this transaction.

Name	**City**	**Country**	**GLA** (m^2)	**Acquirer**
Duna Plaza Offices	Budapest	Hungary	11,000	Klépierre

During 2012, the Group completed the sale of its 49 US-based assets for USD 1.47 billion, mainly to a joint venture between Blackstone Real Estate and DDR Corp. After monitoring the US real estate market for a number of years, the Group announced its first transaction in the region in 2010 through the acquisition of a strategic stake in EDT Retail Trust with its joint venture partners. During 2011, the Group achieved its aim of repositioning the portfolio through reducing debt levels and improving occupancy rates as well as lengthening lease and in-place debt maturities. Consequently, in June 2012, EPN Group, the Group's US-based joint venture, completed the sale of 47 of its 49 US-based assets in a transaction valued at US$1.428 billion, which reflects an ROE for the Group of nearly 50% in a period of little over 18 months. In July 2012, EPN Group completed the disposal phase of the Group's highly successful first venture in the US with the sale of its two remaining US assets.

During 2013 and beginning of 2014, the Group completed several transactions as follows:

(i) in May 2013 the Group completed the sale of its 50% interest in a vehicle which mainly holds interests in an office complex project located in Pune, India, generating gross cash proceeds of circa €16.7 million in line with its holding;

(ii) in July 2013 the Group Completed the sale of 100% of its interest in a vehicle which holds the interest in the Prague 3 project, a logistics and commercial center in the third district of Prague. The transaction valued the asset at circa €11.1 million and, as a result, further to related bank financing and other balance sheet adjustments, the Group has received cash proceeds of net circa €7.6 million; In addition, in the same month, the Group completed the sale of a residential plot in Roztoky, generating net cash proceeds of €1.3 million;

(iii) in November 2013 the Group reached an agreement to sell the Koregaon Park Plaza shopping and entertainment center in Pune, India, subject to the fulfillment of certain closing conditions. Following the repayment of the bank loan, the Group expects to receive circa €18 million before transaction and tax costs that will be paid in several installments during 2014-2016 (the majority to be paid in 2014);

(iv) in November 2013 the Group completed the sale of the Dream Island project in Budapest to the Hungarian state for approximately €16.5 million (the Group's share 43.5%). The proceeds of the transaction were used to repay a proportion of the securitised related bank debt held against the asset; and

(v) in January 2014 the Group has reached an agreement to sell its 35% stake in the Uj Udvar project in Budapest, Hungary. As a result of the transaction, proceeds of €2.35 million in cash were received by the Company for its share in the asset.

The shopping and entertainment center product offering

The Group has generally built shopping and entertainment centers of between 8,000m² and 66,000m^2 (GLA), but would consider developing larger shopping and entertainment centers if its development criteria were met. The Group builds shopping and entertainment centers whose size, tenant mix and design are dictated by market demand, and that take into account particular factors such as the size of the local catchment area (generally a minimum of 50,000 people), the socio-economic status of the population, any competing shopping and entertainment centers in the locality, local retail demand (whether for fashion, grocery/local convenience stores or entertainment) and the location of the site (whether city center or suburban).

Each center comprises two principal elements: shopping and entertainment.

The shopping element comprises large retail anchor tenants (such as Tesco, Match, Peek&Cloppenburg, New Yorker, H&M, TKMaxx, Toys 'R Us, Zara, C&A etc.). These anchor tenants form the basis of the shopping areas around which smaller boutiques, international brands such as Hugo Boss, Mango, Aldo, Sephora, Reserved, House, Esprit, and local retailers create a carefully balanced tenant mix to meet local demand. Leases with anchor tenants generally run for a term of ten to fifteen years, with an option to extend. Leases with semi-anchor tenants are usually for a term of five to ten years, while standard units usually will be leased for three to five years.

The entertainment facilities typically include a multiplex cinema complex of between four and twelve screens, depending on the size of the center, and, where appropriate, an IMAX auditorium. The entertainment areas also include a gaming area comprising a video games arcade, bowling alley, electronic gaming machines, billiards, discotheque, bar and a children's playground. Mulan B.V., which is a Subsidiary of the Company, operates the "Fantasy Park" gaming area. Each entertainment area also includes a food court offering a wide range of food outlets together with coffee shops and restaurants.

Competitive strengths

The Directors believe that the Group has a number of strengths that enable it to compete effectively in the industry where it operates. These strengths include:

Well positioned in current challenging times for real estate

Despite the testing conditions in real estate markets worldwide, the Group continues to deliver high-class western-style developments. The Group, however, is mindful of the impact of these extraordinary markets on investor demand in the regions in which it operates. The Group is therefore taking a cautious view on the projects on which it has not yet started construction and will keep the timing of the commencement of these under regular scrutiny in order to identify the optimal time to deliver these projects into a recovering market. The Group is being well positioned to prosper thanks to its conservative gearing levels and good relationships with its financing banks, who appreciate the Group's strong track record.

Pioneer in introducing western-style shopping and entertainment centers to the CEE region and India

The Group has been active in emerging markets since 1996, when it opened the first western-style shopping and entertainment center in Hungary and began to implement its vision of offering western-style retail and entertainment facilities to a growing middle class and an increasingly affluent consumer base. Over the past 18 years, the Group has expanded its operations in central Europe and eastwards into Poland, the Czech Republic, Greece, Latvia, Romania, Serbia and Bulgaria, as well as to India and the US, and has proven its ability to anticipate and adapt to market trends and deliver innovative prestigious projects.

Highly skilled management team

In its 18 years of operation, the Group's highly qualified real estate professionals and local management teams have accumulated extensive knowledge of local markets and demonstrated a proven ability to source strategic development sites, design attractive and innovative projects that meet the demands of the local market and obtain planning and building permissions expeditiously. The Group runs a highly efficient construction process in order to minimise costs – the Group has completed the many of its developments within a construction timeframe of between twelve and twenty-four months and without budget overruns. The Directors believe that it is this efficiency and quality of execution together with the Company's local knowledge and infrastructure that has given the Group its competitive advantage in each of its principal markets.

Productive relationships with both leading international and local retailers

The Group has productive relationships with recognised international retailers – such as Tesco, H&M, Inditex, C&A, TKMaxx, New Yorker, Peek & Cloppenburg and Reserved – and local retailers. The strength of such relationships is demonstrated by the Company's track record of signing up tenants, with 80% to 100% of each shopping and entertainment center developed by the Group having been let within the first two years after opening and at least 70% of each shopping center having been pre-let during the construction period. In addition, through its exclusive relationship with Cinema City International N.V., Multi-Kino, Cineplex (international cinema operators) and its own Subsidiary Mulan B.V. (operating the Fantasy Park gaming areas), the Group has strong relationships with the occupiers of the entertainment space in the centers.

Proven track record and strong relationships with premier property investors and operators

The Company's strong track record in successfully selling (and sometimes pre-selling) its centers is demonstrated by the sale of developments between 2004-2008 to Klépierre, a major player in continental Europe's retail property market, and Dawnay Day, then one of the UK's leading institutional property investors and aAIM. The Group also has continuing relationships with leading institutional property developers and strategic buyers. As the CEE markets continue to recover from the financial turmoil of 2008, the Group has positioned its development program to ensure that it can deliver shopping centers into markets with the highest retail demand. Between 2009-2012, the Group has opened seven shopping centers and currently operates them using its managing experience, while benefiting from their rental income, until sufficient sale prices are achieved.

Despite the challenging economic conditions in the CEE, the Group has managed to conclude some significant transactions between 2012-2014. In 2012, taking advantage of its qualities and experience in identifying opportunities, managing and exiting gained over the years, the Group completed another significant sale of 49 US-based assets mainly to a joint venture between Blackstone Real Estate and DDR Corp. in a transaction valued at USD 1.428 billion, which reflects an ROE for the Group of nearly 50% in a period of little over 18 months. In addition, during 2013-2014, in line with its disposal program, the Company has managed to successfully sell some of its assets - Kharadi and Trivandrum projects in India, Prague 3 and a plot in Roztoky in the Czech Republic, Dream Island and existing shopping center Uj Udvar in Hungary, as well as to sign an agreement for the sale of Koregaon Park Plaza shopping and entertainment center in India.

Flexible business model

The Group has the flexibility and ability to anticipate and adapt to market trends – it is well positioned to satisfy the significant retail demand resulting from rapidly growing incomes as well as increasingly westernized tastes and habits of emerging market populations. Decisions to dispose of portfolio properties are based on an in-depth analysis of the market situation at the relevant time.

During the years 1996-2004, when exit yields (yields of realization) were high, the Group retained and operated shopping centers on completion and gained rental income. Once property yields decreased, starting 2004, the Group started selling its shopping centers in line with the its commercial decision to focus its business more on development and sale rather than operating. While yields are high, the Group has the management skills to operate the assets and benefit from their rental income, as done in the past, until the next low yields cycle. The Company is currently managing its existing centers, as it is expecting a drop in the yields, which would most likely lead to a significant profit over the invested equity.

Diversification and focus

In geographic terms, the Group is well diversified, active in nine countries and reviews potential new geographic markets on a continuous basis.

The Group's diversification, experience, "know-how" and ability to quickly identify opportunities and act have led to its transaction in the US, as previously described. In addition, the Group completed in 2013 its first transaction in India, with the sale of 100% of its interest in an office complex project located in Pune. This sale is in-line with the Group's strategy to reduce its activity in India and in the office segment.

Strong brand name

"Plaza Centers" has become a widely recognized brand name for successful property development in CEE which the Directors believe, is beneficial at all stages of project execution (for example following portfolio sales to Klépierre, Dawnay Day and aAIM, the purchasers continue to use the "Plaza Centers" trade name under license).

Flexible product mix tailored to local market demand

The Group has pioneered the development of western-style shopping and entertainment centers in both capital cities and other key regional centers in CEE. Furthermore, the Group is able to design and deliver shopping and entertainment centers based on a comprehensive demographic analysis within each of its markets. Each project is tailored to the demand of the local market in terms of the retail/entertainment offering, tenant mix, design and lettable area so as to seek to exploit the local market to the maximum effect.

Business strategy

The Group's development strategy is to:

- develop modern western-style shopping and entertainment centers in the capital and regional cities of selected countries, primarily in CEE (focusing in the medium term on Poland, Serbia and Romania);
- acquire operating shopping centers that show significant redevelopment potential (either as individual assets or as portfolios) for refurbishment and subsequent resale;
- depending on market yields and occupancy level, to either pre-sell or hold and manage its assets until the exit yields are sufficiently attractive; and
- where the opportunity exists in CEE, extend its developments beyond shopping and entertainment centers by leveraging its strengths and drawing upon the experience and skills of the Group's executive management team and the Elbit Imaging Group's to participate in residential, hotel, office and other development schemes where such developments form part of integrated large scale business and leisure developments, such as Casa Radio project in Romania.

The Group will also assess and consider specific development opportunities that satisfy its development parameters and investment criteria in countries not previously targeted. The

Group will also seek to acquire high yielding mature assets or invest in new markets where opportunities may arise to enhance capital and income.

The Group monitors regularly whether under market yields at the relevant time, it is favourable to hold and operate centers or to sell upon completion. While yields are high, the Group has the management skills to operate the assets, as done in the past, until the next low yields cycle. To date, the Group operates and manages seven shopping and entertainment centers. Currently, the Group is managing and stabilizing its shopping centers before selling them, as it believes that investors are seeking to invest in assets with a track record and above 90% occupancy.

Mindful of the impact of the ongoing issues in the euro area on the economies in which the Group operates, the Group will seek to find the optimal blend of reducing its levels of gearing while progressing its limited development program into the strongest economies of the CEE. The Group's cautious but opportunistic approach is set to unlock significant value on behalf of its creditors and shareholders. It will continue to attempt to sell completed developments but will hold them on its balance sheet and benefit from the rental income until sufficient sale prices are achieved. The Directors believe that selling developments at the present time, due to ongoing economic conditions, be unlikely to recover the invested equity, and therefore the Group is focusing, where possible, on developing the project and realizing value at an appropriate stage.

The Group will continue to examine other future emerging and mature market opportunities, which it considers to offer the highest returns with minimum risks. Therefore, the Group will seek to utilize its track record and experience to find attractive new opportunities including purchasing existing shopping malls in markets other than its traditional areas of operation.

3. The Groups developments

The Group is currently in the process of developing 27 projects, which are under various stages of development.

Complete and Active Projects

Project	City	Ownership (%)	GLA (m2)	Opened
Poland				
Zgorzelec Plaza	Zgorzelec	100	13,000	Q1 2010
Suwalki Plaza	Suwalki	100	20,000	Q2 2010
Torun Plaza	Torun	100	40,000	Q4 2011
Czech Republic				
Liberec Plaza	Liberec	100	17,000	Q1 2009
Serbia				
Kragujevac Plaza	Kragujevac	100	22,000	Q1 2012
Latvia				
Riga Plaza	Riga	50	49,000	Q1 2009
India				
Koregaon Park Plaza*	Pune	100	41,000	Q1 2012
Total			202,000	

*an agreement for sale is in place (see details below)

Poland

The Group has three operating shopping and entertainment centers in Poland:

Torun Plaza, Torun

Torun Plaza is located in Torun, an almost 800-year-old city of approximately 200,000 inhabitants. Torun is one of the most beautiful cities of Poland located at the intersection of ancient trade routes. The gothic buildings of Torun's old town were designated as a world heritage site by UNESCO in 1997. Torun Plaza, which opened in November 2011, is the

Group's tenth completed development in Poland. The two-floor shopping and entertainment center with approximately 40,000m^2 of GLA, is anchored by Zara, Reserved, Home & You, New Yorker, H&M, Media Expert, Carry, TKMaxx, a multi-screen Cinema City, Pure fitness center as well as a Fantasy Park bowling and entertainment area.

Zgorzelec Plaza, Zgorzelec

Zgorzelec Plaza is located in Zgorzelec in south west Poland, near the German border. Thanks to two roads border crossing (including one of the largest in Poland), a railway border crossing and the restored old town bridge which connects the old towns of Zgorzelec and Goerlitz (55,000 citizens on the German side), Zgorzelec is a "gate" between Germany and Poland. The shopping and entertainment center is situated less than five minutes walking distance from the railway station and comprises approximately 13,000m^2 of GLA anchored by H&M, KappAhl, Douglas, Carry, a Fantasy Park entertainment area, a fitness center, the only cinema in the area and 300 parking spaces.

Suwalki Plaza, Suwalki

Suwalki Plaza is located in Suwalki, a city crossed by expressway E67(8), which links Augustow with the Lithuanian border. Suwałki is a city with approximately 70,000 inhabitants and is located 45km from the Polish-Lithuanian border. The creation of Suwałki Special economic zone offers new opportunities for trade, commerce and tourism.

Suwałki Plaza, which was opened in May 2010, is located in the main commercial and residential district of the city and is fronted by an important arterial route to the east. It is also located on a junction of a street which links directly into the city center. The PKS bus terminal and main railway station are located approximately 1km from the shopping and entertainment center. Suwałki Plaza is a three-floor shopping and entertainment center with approximately 20,000m^2 of GLA anchored by Delima delicatessen, H&M, KappAhl, Deichmann, Carry, HeBe, Douglas and Empik. The entertainment area comprises a three-screen cinema and bowling and entertainment center.

Czech Republic

The Group has one operating shopping and entertainment center in Czech Republic:

Liberec Plaza, Liberec

Liberec Plaza is located in the center of Liberec, a city in the north of the Czech Republic, close to the border with Germany and Poland, with a population of 101,000 inhabitants and a catchment area of approximately 350,000 inhabitants. The site is situated 20m from the main square. The complete center comprises of approximately 17,000m^2 of GLA, and includes an anchor supermarket, fashion retailers, a squash and sports center, a Dino Park, a food court and restaurants. The center is also comprising a residential area of 514m^2 (five apartments) and 1,100m^2 of office space. The center was opened to the public in March 2009.

Latvia

The Group has one operating shopping and entertainment center in Latvia:

Riga Plaza, Riga

Riga Plaza is located on the west coast of the Daugava River, south-west of Riga's city center. Riga, the capital of Latvia and the largest city in the Baltic States, has a population of approximately 750,000. Riga Plaza has excellent connections to the city center (a three to five-minute drive), as well as outstanding connections to the nearby main roads. There are eight public transport stops (trolleybus and bus) located within 500 meters, with the nearest public transport stop located directly in front of Riga Plaza. The primary catchment area is made up of the 350,000 inhabitants of Riga's west coast. Riga Plaza is a two-floor shopping and entertainment center with a GLA of approximately 49,000m^2, anchored by a hypermarket,

an eight-screen multiplex cinema and 2,000m^2 of Fantasy Park. The center was opened to the public in March 2009.

The Riga Plaza project is held by the Company and two affiliates of Development Capital Corporation (Latvia) (for the purposes of this paragraph "**DCC**") through a joint Subsidiary (in which the Company holds a 50% stake), named SIA Diksna. The agreement between the Company and DCC provides for a buy-out mechanism in the event of certain deadlocks and for certain limitations on the sale of each party's holdings in SIA Diksna, including a right of first offer and a tag along right to all of each party's shares. For additional information regarding the joint venture agreement relating to this project, reference is made to paragraph 12 of Part IX (Additional Information – Material Contracts).

Serbia

The Group has one operating shopping and entertainment center in Serbia:

Kragujevac Plaza, Kragujevac

The Group has purchased a 24,500m^2 plot of land in Kragujevac, the fourth largest city in Serbia with a population of 180,000 inhabitants and a wider catchment area of approximately 490,000 people. Kragujevac is the largest city in the Sumadija region and the administrative center of the region.
The shopping center, which was opened to the public on 20 March 2012, comprises 22,000m^2 of GLA and is anchored by C&A, New Yorker, Home Center, Cinaplexx, Deichmann, McDonald's, Adidas, Benetton and Idea.
Kragujevac Plaza is the first shopping center that has been completed in Serbia outside the capital of Belgrade.

India

The Group has one operating shopping and entertainment center in India:

Koregaon Park Plaza, Pune

In 2007 the Company purchased a plot of land of approximately six acres (24,000m^2) in Koregaon Park, an upmarket area of Pune, Maharashta State, India. The shopping and entertainment center, which comprises a 41,000m^2 GLA, was completed and opened to the public on 2 March 2012. It is the Group's first completed project in India.
In June 2012, a fire event occurred at the center (due to a tenant's faulty electrical equipment), which required a temporary close-down, but did not consume it entirely. The center's safety and evacuation procedures were implemented quickly and efficiently and no injuries occurred in the incident. Although roughly two thirds of the center's rentable area was reopened in August 2012, the reminder of the center required extensive renovation and these works were completed in the second quarter of 2013. In June 2013 the Company collected INR 529 million (€6.9 million) refund from the insurance company in connection with the damage occurred, which covered all the renovation costs.
In November 2013 the Group reached an agreement to sell Koregaon Park Plaza, subject to the fulfillment of certain closing conditions. After the repayment of the bank loan, the Group is expected to receive €18 million before transaction and tax costs that will be paid in several installments during 2014-2016. For that reason, as Koregaon Park is in the process of being sold and commitments have been made, Koregaon Park has not been valued by the valuator, in the valuation report in part IX of this document.

Current developments

In light of market conditions at the time, in the second half of 2008 the Group took the strategic decision to scale back on starting new projects and to focus on projects with availability of external financing and strong tenants demand. The Group currently plans to

progress in a selected number of projects which are: (i) Casa Radio (Phase 1) in Romania; (ii) Timisoara in Romania; (iii) Lodz Mall in Poland; (iv) Belgrade Plaza (MUP) in Serbia; (v) Belgrade Plaza (Visnjicka) in Serbia; and (vi) Chennai in India.
Most of the projects are either in the design phase or awaiting permits. Prospective investors should duly note that the below mentioned completion dates are estimated and dependent on and subject to the securing of external project financing and tenant's demand/pre-leasing.

Project	City	Ownership (%)	GLA (m2)	Market value on completion (EURm) (3)	Market value of the land and project (EURm) (3)	Expected completion
Poland						
Lodz Plaza	**Lodz**	**100**	**35,000**	**74.2**	**7.9**	**2017**
Serbia						
Belgrade Plaza (Visnjiska)	**Belgrade**	**100**	**32,000**	**108.3**	**19**	**2015/6**
Belgrade Plaza (MUP)	**Belgrade**	**100**	**63,000(1)**	**145.7**	**16.1**	**2017**
Romania						
Timisoara Plaza	**Timisoara**	**100**	**36,000**	**77**	**10.8**	**2016**
Casa Radio	**Bucharest**	**75**	**555,000(1)**	**622.9**	**130.6**	**2017(2)**
India						
Chennai	**Chennai**	**40**	**230,000(1)**	**39.9**	**11.3**	**2014/5-2018/9**
Total			**956,000**			

(1) GBA

(2) Phase 1

(3) Value as per Cushman and Wakefield valuation reports as at 31 December 2013.

Poland

Lodz Plaza, Lodz

Lodz Plaza is located in Lodz, the second largest city in Poland with over 740,000 inhabitants.

Lodz is recognized as an important academic and cultural center in Poland, hosting well-known cultural events. The site is located in a residential district of the city with a catchment area of 270,000 people. Lodz Plaza is expected to be a two-floor shopping and entertainment center with approximately 35,000m² of GLA anchored by a supermarket, a department store as well as a multi-screen cinema and bowling and entertainment center. The project is currently under master plan stage, which shall be prepared by the city municipality and the process is expected to be completed by the end of 2014.

The Group intends to commence construction in 2015/2016, with completion targeted for 2017.

Serbia

Belgrade Plaza (Visnjicka), Belgrade

The Group owns a 31,000$m^{2.}$ plot of land in Belgrade, the capital of Serbia. The Belgrade market offers particular potential, with its large populated catchment area of approximately 2.5 million people. The Company intends to develop a new shopping and entertainment center with a total GLA of approximately 32,000m^2. The Group intends to commence construction in 2014/2015 and the center is scheduled to open in 2015/2016.

Belgrade Plaza (MUP), Serbia

The Company won a competitive tender announced by the Government of Serbia for a site located in the center of Belgrade, which it intends to develop into an office space together with a hotel and retail gallery. The development is expected to comprise a total of 63,000m^2 of GBA including an apartment hotel, business center and shopping gallery as well as 700 car parking spaces.

The Belgrade market offers particular potential, with its large populated catchment area of approximately 2.5 million people. The new complex will be located on the prominent site of the former Federal Ministry of Internal Affairs, situated on the main street which runs through

the center of Belgrade. The area is home to foreign embassies, the Serbian Government, the Serbian Ministry of Finance, the Belgrade chamber of commerce and Belgrade's largest public hospital as well as the city fair and the future railway station. The project is under planning and feasibility examination. The Group intends to commence construction in 2015/6 and the center is scheduled to open in 2017.

Romania

Timisoara Plaza, Romania

The Group has a plot of land with an area of 32,000m^2 in Timisoara, on which it is intending to develop a shopping and entertainment center. Timisoara Plaza is situated in the North East of Timisoara, a city in western Romania, close to the border with Hungary with a population of 320,000 inhabitants and a catchment area of approximately 700,000 inhabitants. The site is situated on a three-way junction and enjoys excellent visibility. The planned center will have a GLA of approximately 38,000m^2 which is intended to include a supermarket, a hypermarket complex, fashion retailers, a fantasy park, a food court and restaurants. The Group intends to commence construction in 2014/2015 and the center is scheduled to open in 2016.

Casa Radio, Bucharest, Romania

In February 2007, the Company consummated a transaction for the acquisition of a 75% interest in a company (the "Project Company"), which under a public-private partnership agreement with the Government of Romania is expected to develop the Casa Radio (Dambovita) site in central Bucharest, Romania. The property comprises a site covering an approximate area of 92,000m^2 (97,000m^2 including 5,000m^2 for Public Authority Building)

The proposed scheme will comprise the refurbishment of the existing building as well as the development of additional space annexed to the building and on adjoining land. The development of Casa Radio comprises approximately 555,000m^2 of built area, including a 76,000 m^2 GLA shopping mall with an 11,000m^2 hypermarket and indoor leisure center (one of the largest in Europe), ferris wheel, approximately 148,000m^2 GLA of offices, hotel complex with conference center and 300 rooms, an apartment hotel with 150 apartments, casino and approximately 4,500 underground car parking spaces.

As per the PPP contract in consideration for granting the necessary development and exploitation rights in relation to the site for a 49-year period (starting the purchase date), the government of Romania holds a 15% share in the Project Company and additional investors hold 10%. The Company expects to complete the first phase of the project, which includes the shopping center, parking and PAB, in 2017.

For additional information regarding the public and private partnership contract relating to this project, reference is made to paragraph 12 of Part IX (Additional Information – Material Contracts).

India

Chennai, India

The Indian JV Vehicle has an 80% stake in a company which holds a 75 acres plot (and paid advances in order to secure acquisition of an additional 8.4 acres) in Chennai, India's fourth largest city with a population of over eight million people. The site will be developed into a residential project consisting of approximately 160,000m^2 of plotted area for development and approximately 70,000m^2 for high quality villas. The Company anticipates that the project will be completed between 2014/2015 to 2018/2019. For additional information regarding the joint venture agreement relating to this project, reference is made to paragraph 12 of part IX (Additional Information – Material Contracts)

Pipeline projects

The Group is particularly mindful of the impact of market conditions on investor demand in the regions in which it operates. The Group is, therefore, taking a cautious view on pipeline projects and will keep the timing of the commencement of these schemes under regular scrutiny. Developing will be subject to finance and tenants demand.

Project	City	Ownership (%)	GLA (m2)			
Poland						
Kielce Plaza	Kielce	100	33,000			
Leszno Plaza	Leszno	100	16,000			
Lodz Residential	Lodz	100	80,000(1)			
Hungary						
Arena Plaza Extension	Budapest	100	40,000			
Bulgaria						
Shumen Plaza	Shumen	100	20,000			
Greece						
Helios Plaza	Athens	100	26,000			
Romania						
Iasi	Iasi	100	58,000			
Csiki Plaza (Miercurea Ciuc)	Miercurea Ciuc	100	14,000			
Slatina Plaza	Slatina	100	17,000			
Hunedoara Plaza	Hunedoara	100	14,000			
Targu Mures Plaza	Targu Mures	100	10,000			
Constanta Plaza	Constanta	100	18,000			
Cina Plaza	Bucharest	100	5,000 (i)	-	-	2015/6
India						
Bangalore	Bangalore	25	310,000(2)			
Total			656,000			

(i) not valued due to immateriality

(2) GBA

Poland

The Group currently owns three development projects in Poland which are in the planning and permitting stage:

Kielce Plaza, Kielce

The Company has won a competitive tender for a perpetual usufruct over a site previously owned by PKS Kielce S.A. (the local branch of the Polish National Bus Company) for the development of a major new shopping and entertainment center in Kielce, Poland. The new center will be located on a 30,000m² plot alongside a major road and two kilometers from the heart of Kielce. Kielce has over 200,000 inhabitants and an estimated catchment area of approximately 350,000, and is located in Central Poland on the main motorway linking Warsaw and Krakow. On completion, the scheme will have a GLA of 33,000m², and approximately 1,000 car-parking spaces. The Company will be targeting a mixture of domestic and high-profile international retailers and entertainment operators as potential tenants for the center. The project is under planning and feasibility examination.

Leszno Plaza, Leszno

The Company has a perpetual usufruct over a 18,000m² site in Leszno, Poland for the development of a new shopping and entertainment center. The site is ideally located in the center of Leszno, a city with 65,000 inhabitants, situated in western Poland between the two big economic centers of Poznan and Wroclaw, and is close to the central railway and bus station. On completion, the shopping and entertainment center is intended to have a GLA of 16,000m² providing space for over 70 shops and 450 car parking space. The project is under planning and feasibility examination.

Lodz, Poland

The Group owns part of a development site and has a perpetual usufruct over the remaining part of the site, located in the center of Lodz, which is suitable for use as a residential and offices area. The city of Lodz, which is the administrative capital of the Lodzkie region, is situated in the center of Poland approximately 140 km south-west of Warsaw, and, with a population of over 740,000, it is the second most populous city in Poland. The site is located in the central university district, within 500m of the popular Piotrkowska pedestrian street.

The site is also located in close proximity to large high density housing estates. The planned development will comprise built area of approximately 80,000m^2. The Group is also considering selling the plot.

Hungary

Arena Plaza extension, Budapest, Hungary

The Group has land usage right on an area of 22,000m^2 located next to the Arena Plaza shopping and entertainment center, which was built by the Group in Budapest, Hungary. The Arena Plaza extension is a planned office addition to the Arena Plaza and is intended to comprise approximately 40,000m^2 GLA of "class A" offices. The Arena Plaza extension will occupy part of the former historic Kerepesi trotting track in the 8th district of Budapest. The project is under planning and feasibility examination.

Bulgaria

Shumen Plaza, Shumen

The Group has purchased a 26,000m^2 plot of land in Shumen, one of the largest cities in north-eastern Bulgaria, 80km from Varna. The site is ideally situated at the crossroads of the two major traffic arteries in Shumen, within a short walking distance to the city center, railway station and university.

The proposed scheme is expected to be the first western-style shopping center in the district and to serve the city population of approximately 100,000 people and a larger catchment of 205,000 people. Shumen Plaza is planned to be a three-floor commercial and entertainment center with 20,000 m^2 GLA and 650 parking spaces. The project is under planning and feasibility examination.

Greece

Helios Plaza, Athens, Greece

The Group currently owns a plot of approximately 15,000m^2 in the city of Piraeus, a commercial-industrial center 10km from the heart of Athens. The site has an ideal highly visible and commercial position at the junction of two of the biggest arteries in Attica National Highway, running from the north to the south of Greece and Piraeus Avenue, connecting the center of Athens with the port of Piraeus. Conveniently located in front of the ISAP metro line, bus stations and in a walking distance from Europe's largest passenger port, the project will be easily accessed by a large catchment of more than one million people. Piraeus Plaza is planned to be a three-storey commercial and entertainment center with 26,000m^2 GLA and to be served by four underground parking levels for 775 cars. The project is under planning and feasibility examination. The Group obtained a building permit valid until 22 December 2014.

Romania

Csiki Plaza (Miercurea Ciuc)

The Group purchased a plot of land with an area of 36,500m^2 in Miercurea Ciuc, for the development of a shopping and entertainment center. Miercurea Ciuc Plaza is situated in the center of Miercurea Ciuc, a city in Romania, with a population of 50,000 inhabitants and a catchment area of approximately 300,000 inhabitants. The site is situated 400 meters from the city hall. The shopping center is planned to have a GLA of approximately 14,000m^2, and is intended to include a supermarket, fashion retailers, a food court and restaurants. Construction commenced in late 2008 and stopped during 2009 due to lack of interest from tenants derived from the economic crisis. Currently the Group intends to sell the project or alternatively

checking the option to lease-up the project parallel to the development of other sites in Romania – subject to leasing progress and financing.

Slatina Plaza Romania

The Company has acquired a site in Slatina, in southern Romania. The site totals approximately 24,000m^2 and is located in the North West part of Slatina. Slatina is a city with around 80,000 inhabitants and is considered a major city in the county of Olt which has approximately 520,000 inhabitants. The Company plans to build a shopping and entertainment center with approximately 17,000m^2 of GLA. The project is under planning and feasibility examination.

Hunedoara Plaza, Romania

The Company has acquired a 41,000m^2 site in Hunedoara, Romania. The site is intended to be developed into a modern, western style shopping and entertainment center, with 14,000m^2 of GLA. It is ideally located on the main entry to the city from Deva and which is near the city center. It has 70,000 inhabitants and catchment area of 200,000 people. The project is under planning and feasibility examination.

Targu Mures Plaza, Romania

The Company has acquired a 31,500m^2 site in Targu Mures, Romania, to develop a power center, with a planned GLA of 10,000m^2. The proposed development is ideally located near the city center, close to the main road that links to the neighboring towns of Cluj Napoca and Alba Iulia. The project is under planning and feasibility examination.

Constanta, Romania

The Company has acquired a 26,500m^2 plot in Constanta, Romania. The plot is conveniently located on one of the two main entrance roads to the city and consists of an existing shopping center and an open parking lot of 8,500m^2. Constanta is located on the Black Sea bank and is one of Romania's main industrial, commercial and tourist centers. The Group is investigating the option of adapting the existing shopping center to create approximately 18,000m^2 of GLA which will be suitable for one big anchor such as leading supermarket and/or DIY store together with some smaller retail units.

Iasi Plaza, Romania

The Group has purchased a 46,500m^2 plot of land in Iasi. This land is expected to be developed as a shopping and entertainment center and office space. Iasi Plaza is situated in Iasi, a city in the northeast of Romania. The population of Iasi is approximately 350,000 inhabitants and the catchment area is approximately 820,000 inhabitants. The shopping center comprises approximately 40,000m^2 of GLA, and is intended to include an anchor supermarket, a cinema, fashion retailers, a fantasy park, a food court and restaurants. In addition, the project is intended to include office spaces of 18,000m^2 GLA. The project is under planning and feasibility examination.

Cina, Romania

The Group has lease rights for 49 years (starting 12/2007) for an existing building in Cina, Bucharest. Cina is located in Bucharest city center, on Calea Victoriei Venue, next to Romanian Athenaeum, among central iconic landmarks: Romanian art museum, Revolution square, central university library and more. The Group intends to develop the building into an exclusive office building with luxury retail space with a GLA of approximately 5,000m^2. The Group intends to commence construction in 2014 and the center is scheduled to open in 2015/2016.

India

Bangalore, India

The Indian JV Vehicle currently has a 50% stake in a company which has rights on a 54 acre plot in Bangalore. The site is located on the eastern side of Bangalore, India's fifth largest city, with a population of over eight million people. The Indian JV Vehicle intends to develop the site into a mega mixed-use project with a total built area of 310,000m^2. The project will comprise over 1,100 luxury residential units. According to the new framework agreement, the partner undertakes to complete the acquisitions of the additional land and/or the development rights therein in order to obtain the ownership and/or the development rights over all 165 acres needed for the development of the project. The project is under planning and feasibility examination. For additional information regarding the joint venture agreement relating to this project, reference is made to paragraph 12 of Part IX (Additional Information – Material Contracts).

Office buildings owned by the Group

David House, Budapest, Hungary

The Company owns an office building located on Andrássy Boulevard, a prestigious location and one of the most sought-after streets in the center of Budapest. Several foreign embassies are situated nearby. The building facades of all buildings on the Andrássy Boulevard, including David House, are listed in the "World Heritage" list. The building was reconstructed / refurbished by the Group during 2000 - 2001 in cooperation with the local monument preservation authority. Many of the original features have been retained, including the inner courtyard, staircases, stucco, ornate metalwork and fine wood carvings. The building is located on a plot comprising an area of 800m^2 and consists of four floors, an atrium and a basement, with a total constructed area of approximately 2,000m^2.

Palazzo Ducale, Bucharest, Romania

In October 2007, the Company acquired a prestigious French style villa converted into an office building. The building is located in the center of Bucharest and was completely renovated in 2005. The total constructed area is approximately 700m^2 built on a plot of around 600m^2 and consists of three floors, a basement and a garage. All three floors are currently leased.

Plaza BAS B.V, Romania

Plaza Bas B.V. (**BAS**), of which 50.1 per cent is owned by the Company and the remaining 49.9 per cent by a third party (three Israeli individual investors), acquired shares in seven residential and office development projects in partnership with Aura Investment Limited ("**Aura**"), an Israeli investment and management company listed on the TASE.

The seven existing residential and office development projects are as follows:

- Bucharest – BAS owns a 12.5% share in a residential project in Bucharest known as Fountain Park;
- Brasov – BAS owns a 25% share in a residential project in Brasov, north of Bucharest known as Valley View;
- Brasov – BAS owns a 25% share in an office development project in Brasov known as the Primavera Tower Brasov;
- Brasov – BAS owns a 25% share in a project in a residential project in Brasov known as Pine Tree Glade;
- Ploiesti – BAS owns a 25% share in an office development project in Ploiesti known as the Primavera Tower Ploiesti;

- Ploiesti – BAS owns a 25% share in a residential project in Ploiesti known as Acacia Park;
- Ploiesti – BAS owns a 25% share in a residential project known as Green Land.

For additional information regarding the contracts relating to BAS reference is made to paragraph 12 of Part IX (Additional Information – Material Contracts).

4. Controlling Shareholder

The Controlling Shareholder holds (directly and indirectly) 185,788,100 Ordinary Shares which represents approximately 62.52% of the Company's issued share capital. As such, the Controlling Shareholder has effective control of the Company. The Company is satisfied that all transactions and relationships between the Group and the Controlling Shareholder are and will continue to be at arm's length and on a normal commercial basis. To ensure that this is the case, the Company has entered into a relationship agreement with the Controlling Shareholder (a summary of which is set out in paragraph 13 of Part IX (Additional Information – Related Party Transactions) of this document. In accordance with the terms of this agreement, if a conflict of interest arises between the Controlling Shareholder and the Company, the Controlling Shareholder will ensure that the non-independent Directors will not vote in respect of such matter.

PART IV - Market Overview

This market overview has been provided by CBRE Limited, Chartered Surveyors at the request of the Company and covers general information on each country in which the Group operated, operates or is intending to operate as at the date of this document.

Plaza Centers N.V.
Attn. the Board of Directors
Prins Hendrikkade 48-s
1012 AC Amsterdam
The Netherlands

May 25, 2014

Re : Plaza Centers N.V.

Dear Sirs,

Re: Prospectus of the Company with regard to the Company's debt restructuring to be published in Israel, dated May 27, 2014

We hereby consent to the inclusion in the Prospectus, to be dated on May 27, 2014 and proposed to be published in respect of Plaza Centers N.V. (the "Prospectus"), of our market overview report dated 28 February 2014 (the "Report"), its findings and our name in the form and the context in which they are included, as shown in the attached proof of the Prospectus which we have signed for identification, and to the Report being put on public display in accordance with Annex I Item 24 of Commission regulation (EC) No. 809/2004 (the "Prospectus Directive").

For the pruposes of Prospectus Rule 5.5.3(R)(2)(f), we are responsible for our Report and we will accept responsibility for the information contained in our Report and confirm to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information in our Market Overview is in accordance with the facts andcontains no omissions likley to affect its import.

Yours faithfully,

Gábor Borbély MRICS

Head of Reasearch & Consultancy, CBRE Hungary

CBRE Kft.

H − 1055 Budapest

Honvéd str. 20/a

Phone: + 36 1 374 3040

Fax: +36 1 374 3050

Tax No: 10940828-2-41

MARKET OVERVIEWS

Poland, Romania, Czech Republic, Greece, Hungary, Serbia, Latvia, India

On behalf of:
Plaza Centers

Date of Consultancy: 28 February 2014

Information herein has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee warranty or representative about it. It is your responsibility to independently confirm its accuracy and completeness. Any Projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the market.This information is designed exclusively for use by CBRE Kft. Clients, and cannot be reproduced without prior written permission of CBRE Kft.

Yours Faithfully:

Gábor Brobély MRICS I Associate Director
Head of Research & Consultancy

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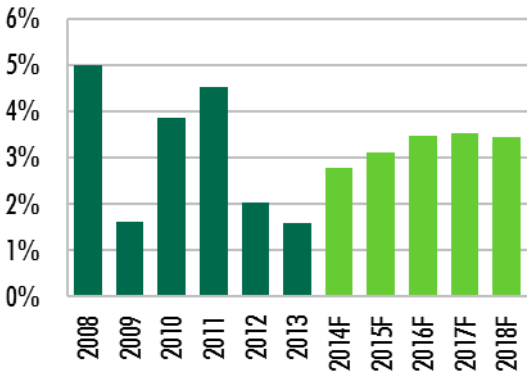
POLAND

Macroeconomics

Poland has a population of 38.5 million inhabitants. Warsaw is the capital city as well as the most significant political and economic centre of the country. The city is also an administrative hub of the Mazovian Voivodship, one of 16 voivodships in Poland.

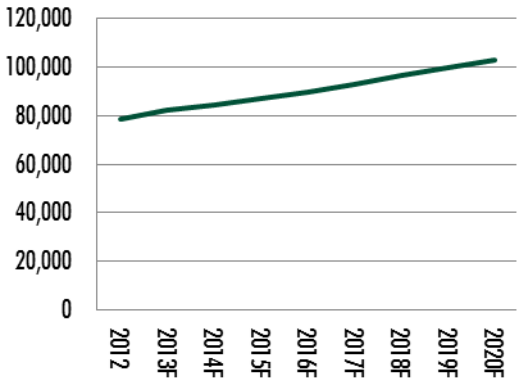
Along with the economic rebound, which is currently driven mostly by domestic rather than external demand, the business confidence is improving. According to the initial data, the Polish GDP increased by 1.6% in 2013 y-o-y, which is lower than the 2% registered in 2012. Nevertheless, the second half of the year brought a significant rebound of the Polish economy with the GDP growth amounting to 1.9% y-o-y in Q3 2013 and 2.7% in Q4 2013. Economists are confident that the positive trend will be carried well into 2014, fuelled by positive information from the EU zone.

GDP Growth in Poland



Source: Central Statistical Office; F - Oxford Economics forecasts, 2014

Retail sales in Poland
(milion EUR, 2005 constant prices)



Source: Oxford Economics, 2014, F- forecasts

The long term prospects regarding the Polish economy also remain very positive. The country's GDP growth is expected to accelerate strongly in 2014, triggered by the low level of interest rates, strong consumer demand, and improving economic situation in many EU countries. The rebound is expected to continue throughout 2015-2016. The anticipated slowdown, expected to start in 2018 should be significantly smoother.

Poland is perceived as one of the most stable and dynamic economies in the CEE region. The continued recovery should result in a much stronger GDP growth than in most of the EU countries, proving that Poland remains a dynamic market with strong fundamentals and a huge growth potential. According to Oxford Economics, Poland's GDP will grow by 2.8% in 2014 and by 3.1% in 2015, in relation to 0.9% and 1.4% GDP growth forecasted for the Eurozone, respectively.

The Consumer Price Index (CPI), which began to compress in H2 2012, reached the level of 0.8% y-o-y in November 2013, well below the Polish Monetary Council's target. The CPI for the whole 2013 amounted to a safe 1.4%. The most important factor influencing the low level of CPI is a relatively low pace of consumption growth, being triggered by the persistent uncertainty in the EU. This however might change throughout 2014 along with the early signs of economic uplift.

Both household disposable income and retail sales remain dependant on the general economic situation. The retail sales level in 2014 is expected to increase by 4.8% in comparison to the previous year. On top of that, according to Oxford Economics, in the medium to long run the dynamic of both retail sales as well as expenditures should remain positive, amounting to an average 3.2% y-o-y in 2014-2020.

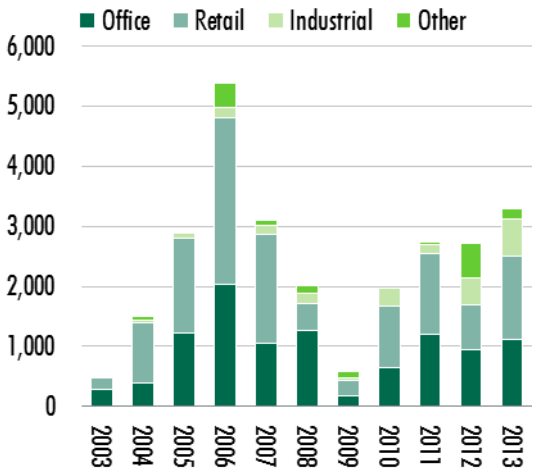
Investment Market in Poland

After a period of a general slowdown in terms of real estate investment, the market has been facing a recovery since early 2011. Last year, Poland witnessed a strong demand for quality products, driven mainly by the core funds. However, the activity of players looking for secondary assets is increasing considerably. Activity on the investment market was focused primarily in Warsaw where the majority of the office transactions took place as well as in big regional cities where significant retail transactions were completed. The share of industrial in the investment volume remained strong throughout 2013, mainly due to two significant portfolio transactions that completed in the first and the fourth quarter.

In 2013 the investment volume in Central & Eastern Europe was around 39% higher than in 2012 and reached EUR 11.4 billion, triggered by solid year-end economic results in Poland and Russia. Notably, these two markets are increasingly driving CEE commercial real estate investment, with a combined share of ca. 75% in the transaction volume. Total investment activity in Poland amounted to EUR 3.3 billion in 2013, that is some 21% more in comparison to 2012. Due to the considerable number of on-going transactions, the 2014 investment volume might exceed EUR 3.5 billion.

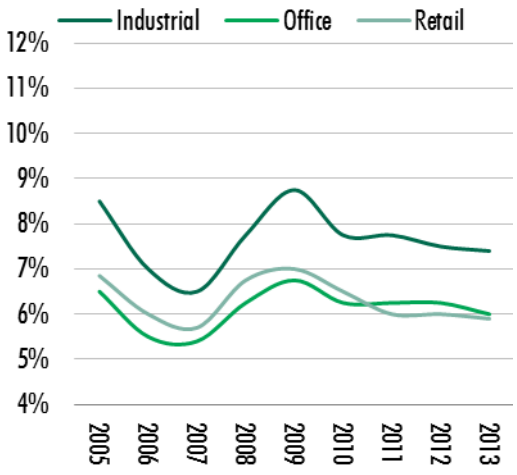
Last year the investment volumes considerably improved in all sector of the market. In total, 68 investment transactions were closed in 2013. Offices are considered to be the most liquid asset type in Poland with 27 schemes transacting last year, amounting to 34% of the investment volume. The retail sector was responsible for 42% of investment share with 23 schemes transacting worth almost EUR 1.4 billion sold last year. The industrial stake improved from 17% in 2012 up to 19% in 2013 with 13 transactions amounting together to EUR 610 million.

Poland Investment Volume
(EUR million)



Source: CBRE

Prime yields in Poland
(%)



Source: CBRE

Interest in the Polish assets remains viable mostly due to the political and economic

stability of the country, accompanied by a sound performance of tenants in all sectors of the commercial property market. Moreover, the market fundamentals and the economic forecasts are relatively positive for Poland, which should sustain the investors' demand in the long run. Due to improving economic sentiment in the European Union, the investment volume in Poland continues to increase in all sectors of the market.

The European funds are the most important group of purchasers in Poland. UK investors proved to be most active in this regard, with a 22% share in the transaction volume, followed by German open-ended and close-ended funds, being responsible for 40% of purchasing activity in 2013. A significant 13% share has also been registered by Austrian investors. Furthermore, a visible trend from domestic buyers was also registered with volume at the level of 7% in 2013.

Largest Retail Investment Transactions in Poland, 2013

CITY	NAME	SIZE (sq m)	YIELD	VOLUME (EUR)	BUYER
Katowice	Silesia City Centre	85,000	est. 6%	412 million	Allianz / ECE
Warsaw	Wola Park	61,900	6.00%	195 million	Inter Ikea
Krakow	Galeria Kazimierz	37,000	6.10%	180 million	Invesco
Wroclaw	Galeria Dominikanska	32,900	6.00%	152 million	Atrium
Warsaw	23% share of Zlote Tarasy	225,000	n/a	140 million	Unibail-Rodamco
Leszno	Galeria Leszno	32,500	8-8.5%	50 million	Blackstone
Krakow	Zakopianka	27,700	12.30%	44 million	Tristan
Wroclaw	Borek	12,000	8.70%	40.5 million	Tristan
Gliwice	Arena	12,000	8.70%	40.5 million	Tristan
Szczecin	Turzyn	11,900	8.70%	40 million	Tristan

Source: CBRE

Retail Market Overview

Poland is gradually establishing its position as a strong and stable economy, offering attractive market conditions for both investors and developers. Economic drivers for further retail market development are easing, placing Poland among the top destinations for investment.

At the beginning of 2014 the shopping centre stock in Poland amounted to 9.85 million sq m located in 434 schemes. This is almost a 10% increase when compared to 2011. Over 57% of the stock is located in the major agglomerations, however the differentiation of the formats and schemes is deepening with 10 factory outlet centres and 33 retail parks already present on the market.

The Polish retail market is entering its third decade of continuous and dynamic development. After twenty years of demand-driven growth of the shopping centre offer in the major urban centres, it is well developed nearly everywhere, although market niches persist.

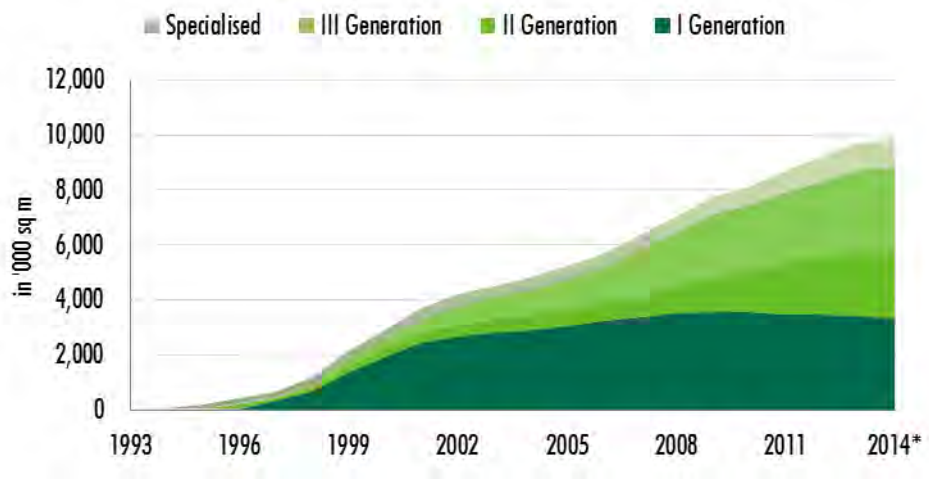
With 250 sq m of gross leasable area per 1,000 residents and gradually improving high streets, the modern retail in Poland has become increasingly mature while it still offers further, albeit more and more selective, development potential.

Although the Polish market is in-line with other rapidly developing EMEA countries, it still remains characterised by the dominance of shopping centre stock and relatively weak high street development.

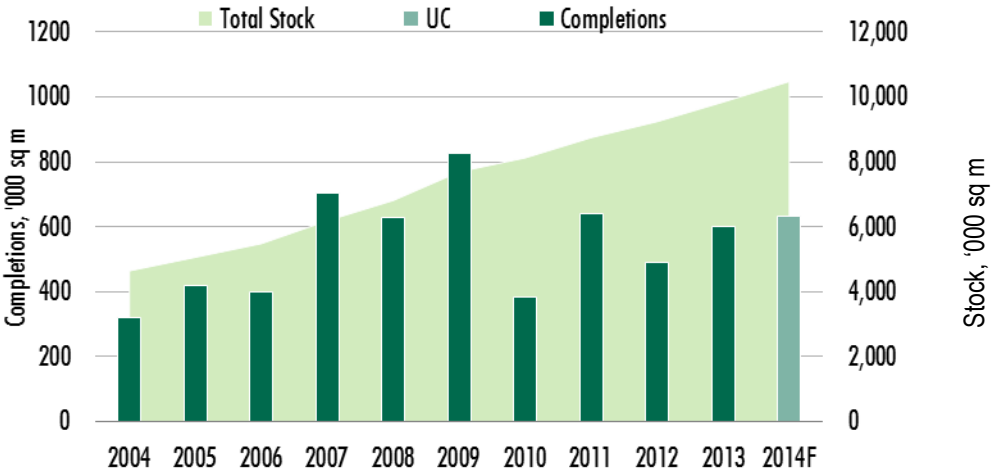
After 2012 completion results, with over 440,000 sq m of new GLA coming to the market, 2013 reached more significant results with nearly 600,000 sq m of new retail space, of which over 20% comprised the extensions and new phases of existing projects.

With only 3 out of 39 new 2013 completions being large shopping centres (over 40,000 sq m of GLA), the pipeline was once again dominated by small and medium-sized schemes as well as a considerable number of new additions to the existing schemes – 13 extensions and new phases were added to the market. In addition, a substantial amount of specialised projects was completed, with 1 factory outlet centre and 6 retail parks indicating the trend to diversify the retail offer.

Retail Stock Evolution in Poland



Shopping Centre Supply in Poland



Source: CBRE

In terms of size, currently completed shopping centres vary from small (under 20,000 sq m of GLA) to medium-sized schemes while projects over 40,000 sq m of GLA are becoming scarce in comparison to 2008 – 2010 pipelines.

Five large schemes were brought to the market in 2013, accounting for nearly 50% of the total completions. The largest scheme - Europa Centralna in Gliwice is a hybrid scheme combining a shopping centre and a retail park. Two large schemes were completed to integrate with the main railway station. Poznan City Center (58,000 sq m) and Galeria Katowicka (42,000 sq m) were both completed in H2 2013.

Key New Shopping Centre Openings in Poland, 2013

City	Project name	Size (sq m of GLA)	Opening Quarter	Developer
Krakow	Auchan Bronowice	60,000	Q4	Immochan
Poznan	Poznan City Center	58,000	Q4	Tri Granit / Europa Capital / PKP
Katowice	Galeria Katowicka	42,000	Q3	Meyer Bergman
Gliwice	Europa Centralna	67,000	Q1	Helical Poland
Nowy Sacz	Trzy Korony	32,000	Q4	CD Locum
Inowroclaw	Galeria Solna	30,000	Q2	Acteeum CE
Chojnice	Brama Pomorza	25,300	Q4	Rank Progress
Warszawa	Factory Annopol	19,700	Q1	Neinver
Warszawa	Plac Unii City Shopping	15,400	Q4	Liebrecht&wooD, BBI
Lomza	Veneda	15,300	Q1	Echo Investment

Source: CBRE

The vacancy rate in Polish shopping centres remains low with the average for the 15 largest cities of 3.55%. The lowest vacancy indicators on the city level (below 2.5%) were recorded in Czestochowa, Szczecin and Lodz, whereas Kielce, Bialystok and Poznan were the agglomerations with higher levels of vacant space (over 4.5%). Then medium-size cities are concerned, Radom, Bydgoszcz and Torun recorded the highest vacancy ratio of around 6%. Warsaw, with only 2.6% of vacant retail space remains the most attractive market in the country with availability of retail space for a typical, fashion tenant in an inner-city retail scheme remaining close to zero, indicating an outstanding potential for fashion anchored retail space.

As a natural entry point for the majority of retailers, Warsaw continues to attract newcomers and is still a shopping centre market that is being chosen over high street units. Most of the new brands appearing on the map of Poland choose prime locations as a guarantee of success. Latest direct entries recorded by the end of 2013 include such brands as Armani Jeans, Boomerang, Karl Lagerfeld, Manila Grace, Sports Direct and Laura Ashley.

Warsaw remains the most expensive retail location in Poland with prime rents at approximately EUR 75 - 90/ sq m/month (for the best unit of approximately 100 sq m and located in a prime shopping centre or high street) with upwards pressure continuing. Prime rents in other large cities of Poland are more moderate and reach up to EUR 40 – 55 /sq m/month. Average rents in Warsaw remain at EUR 25 – 35 /sq m/month. Service charges in the best shopping centres are at the level of EUR 7 – 10 /sq m/month while on average they reach EUR 5 – 7 /sq m/month. However, despite stabilising prime rental levels there is strong pressure on incentives, such as capital contributions towards shop fitting and rent-free periods, as well as turnover rents instead of set (or combined with lower) monthly payments. Also, tenants that are increasingly price-sensitive insist on better cost control in particular with regards to service and marketing charges.

Retail Pipeline

2014 is expected to see shopping centre stock completion levels comparable to 2013, and is expected to bring 631,000 sq m of new retail space in 32 new schemes and 6 extensions.

Over 70% of the newly constructed schemes fall into the category of small retail (under 20,000 sq m of GLA). These are constructed to serve as the first retail scheme in small cities or to fill the niches in the less provisioned parts of the agglomerations. The largest scheme scheduled for opening in 2014 – Atrium's Felicity (73,000 sq m) is built in the eastern city of Lublin. Other pipeline schemes, such as Galeria Warminska (41,300 sq m) in Olsztyn or Galeria Amber (33,500 sq m) in Kalisz will serve as the first third generation schemes in the city.

Among the schemes that are currently being extended are Galeria Sudecka (25,000 sq m added to the existing 19,000 sq m) in Jelenia Gora and Magnolia Park (24,000 added to the existing 77,000 sq m) in Wroclaw. All six extensions account for 15% of the 2014 pipeline (95,000 sq m).

Map of Retail Pipeline in Poland (excluding extensions)

Source: CBRE, Google Maps

Selected under construction schemes (over 8,000 sq m) scheduled for opening in 2014 (excluding extensions)

Source: CBRE

NUTS II Region	NUTS III Region	Population	City	Address	Total Project Name	GLA sq m	Planned opening quarter	Developer 1
Lubelskie	M. Lublin	348 120	Lublin	Witosa /Grygowej	Felicity	73 000	Q1	Atrium European Real Estate(previously: Gray International)
Warminsko - Mazurskie	M. Olsztyn	175 482	Olsztyn	Sikorskiego i Tuwima	Galeria Warminska	41 270	Q4	Libra Project
Lubelskie	M. Lublin	348 120	Lublin	Tysiaclecia / Unii Lubelskiej	Tarasy Zamkowe	37 000	Q3	Immofinanz
Mazowieckie	M. Siedlce	76 495	Siedlce	Pilsudskiego/ Sienkiewicza i Jurowiecka	Galeria S	34 000	Q1	PB Konstanty Strus
Wielkopolskie	M. Kalisz	104 867	Kalisz	Gornoslaska, Dworcowa, Podmiejska	Galeria Amber	33 500	Q1	Echo Investment
Mazowieckie	M. Ostroleka	53 375	Ostroleka	Gorbatowa / Zebrowskiego	Galeria Bursztynowa	27 000	Q2	Narev-Investycje
Pomorskie	starogardzki	49 075	Starogard Gdanski	Pomorska / Jana Pawla	Galeria Neptun	25 400	Q4	Galeria Neptun sp z o.o. s.k.
Podlaskie	M. Bialystok	294 675	Bialystok	pl. Inwalidow Wojennych	Galeria Jurowiecka	25 000	Q4	Strus Przedsiebiorstwo Budowlane
Wielkopolskie	pilski	74 763	Pila	Chrobrego, Zakopianskiej i 14 Lutego	Galeria Pilska	23 800	Q4	Rank Progress
Swietokrzyskie	starachowicki	51 888	Starachowice	Ilzecka / Wyszynskiego	Galeria Galardia	17 600	Q4	Galardia (JV of NBGI / Balmain Asset Management / Claybark)
Warminsko - Mazurskie	elcki	59 370	Elk	Dabrowskiego / Kosciuszki	Brama Mazur	16 250	Q2	Master Management Group
Lodzkie	kutnowski	46 025	Kutno	ul. Kościuszki	Marcredo Kutno	16 000	Q1	Elbfonds
Pomorskie	chojnicki	40 291	Chojnice	Zielona / Derdowskiego	Multicentrum Victoria	16 000	Q1	Apo-Pharma (Victoria Sobol)
Mazowieckie	nowodworski	28 254	Nowy Dwor Mazowiecki	Warszawska / Thommee	CH HIT	15 000	Q4	MarcPol
Lubelskie	M. Lublin	348 120	Lublin	Melgiewska 16	Outlet Center	12 100	Q4	ADV Por Property Investment SA
Wielkopolskie	gnieznienski	70 129	Gniezno	Gdanska 87/91	Galeria Winiary	11 500	Q3	San - Dal
Slaskie	wodzislawski	49 317	Wodzislaw Slaski	Marklowicka	Stara Kopalnia	10 000	Q4	PPH Rico
Wielkopolskie	M. Poznan	552 393	Poznan	28 Czerwca 1956r. 382	Galeria Debiec	9 750	Q3	RED Development
Lodzkie	radomszczanski	48 154	Radomsko	Sierakowskiego / Warszyca	Era Park Handlowy Radomsko	8 500	Q1	BW Logistyka
Slaskie	M. Piekary Slaskie	57 572	Piekary Slaskie	Miarki	Marcredo Center	8 500	Q1	Elbfonds Development
Podlaskie	zambrowski	22 653	Zambrow	Mazowiecka / Magazynowa	Galeria Bem	8 000	Q4	Wand-Pol (grupa Bemex)

ROMANIA

Macroeconomics

Very good macroeconomic results were recorded in 2013: the GDP growth was of 3.5% in 2013 (with an estimated 2.3% for 2014) coupled with record exports of approx. EUR 50 billion and the industrial production growth at 7.8%. The interest rate dropped to 4% in December 2013 while an historic low was registered for the inflation rate - 1.55%.

Major contributors to the GDP growth in 2013 were: agriculture, industrial production and exports (with second part of the year registering a strong increase for exports within auto industry).

	2013	2012
Population	20 mln.	21 mln.
GDP Growth Rate (YoY)	3.5 %	0.7 %
Gross Monthly Wage (€)	516	479
Unemployment Rate	5.01%	5.59 %
Standard Income Tax Rate	16%	16%

Source: National Institute of Statistics, ANOFM

The Romanian economy continued to surprise on the upside, with 1.6% q/q expansion in Q3 following the 0.8% in Q2 2013. Exports remained the main driver of growth (up by 19.1% y/y) while a strong harvest provided additional support. Growth is expected to become increasingly broad-based as domestic demand benefits from the strong export sector.

The consumer sector is improving, with moderate growth of 0.6% y/y recorded in Q3. Inflation has fallen sharply and is now expected to stay within the target of 1.5-3.5% throughout 2014. Lower prices combined with the improving labour market and income growth are expected to result in a more significant rise in household disposable incomes in due course. Falling inflation triggered additional interest rate cuts at the end of 2013, which should continue to bring the cost of credit down.

OUTLOOK

The economy is estimated to have grown by a robust 2.6% in 2013. This year growth is expected to become more broad-based, with the consumer responding to falling inflation and improving credit conditions and businesses expanding spending due to rising export orders. Slower than expected recovery in the euro zone and political tensions at home resulting from strained relations between the prime minister and the president are the main risks to domestic growth.

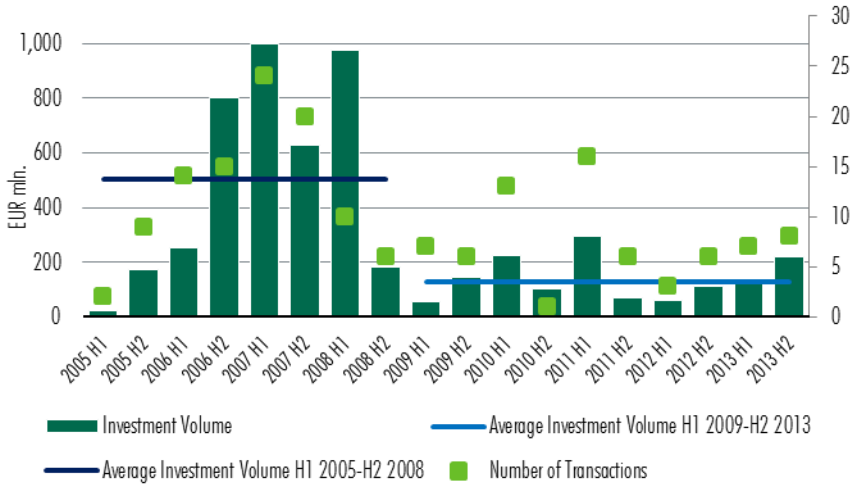
Property Investment Market in Romania

Investment Volume 2013

The real estate commercial investment volume for the entire year was EUR 343 million, up 100% versus 2012 and in a similar volume with 2011 and 2010, of this figure circa EUR 215m represented retail assets. A total of 15 transactions comprising 30 properties were recorded in the period with an average volume size of EUR 23 million.

The year was dominated by NEPI, as out of the 15 transactions recorded in 2013, NEPI was involved in six of them. NEPI was the buyer for the biggest transactions within each half-year - the sale of City Park Mall (81m Eur) in Constanta in H2 2013 and the sale of LakeviewOfficeBuilding in Bucharest by AIG in H1 2013. In total, NEPI holds 40% of the investment volume recorded in 2010 – 2013. In this period, NEPI bought office & retail properties, no industrial investment and has acted both in Bucharest& regional & secondary cities in Romania.

Investment Volume Half-Year H1 2005 – H2 2013 (EUR mln)



Source: CBRE

Some of the most important important transactions of 2013 were: Mega Mall Bucharest, Deva Shopping Center, Vulcan Value Center, Severin Shopping Center (NEPI buyer), Cathedral Plaza (office), Timisoara Airport Park (industrial) - both acquired by Globalworth Real Estate Investment Limited, Galleria Suceava, Bucuresti store (retail) or Continental hotel in ClujNapoca. Smaller transactions occurred where Mitiska Ventures acquired three regional Cora shopping centers.
Based on press releases, the majority of these transactions lay between 8,75% - 9,5% gross initial.

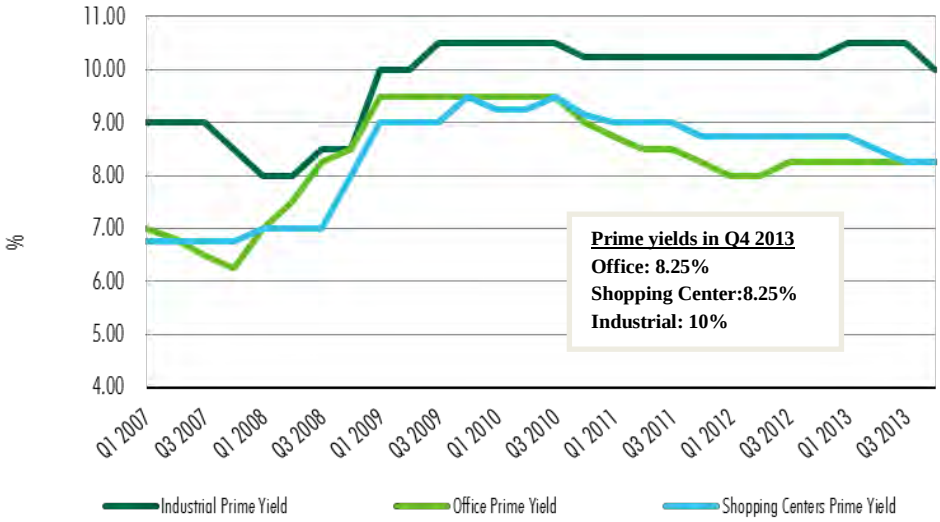
In addition to these income generating transactions other two owner-occupied transactions were concluded, but not(3 included in overall investment volume: a medium-size office building located on Nicolae Caranfil Street and a retail premise located on Lipscani Street acquired by Koton and a private Dutch investor.

The most transacted properties in 2013 were also the retail schemes (73%), followed by the office schemes (21%) and the industrial schemes (5%).

Yields

During the past twelve months the yield for prime shopping centers in Bucharest dropped from 8.75% to 8.25% on the back of increased investor interest for prime retail schemes. Whereas in provincial cities such as Timisoara, Brasov, Cluj and Constanta yields are 9 – 9,5 %. Industrial yield

compressed to 10% from 10.5% considering higher leasing transactional activity, while the prime yield for offices remained stable at 8.25% in Bucharest and plus 100bp higher in the provincial cities.



Source: CBRE

Retail Market Overview

In 2013 there were approx. 106,000 sq m of shopping center space delivered to the market represented by Uvertura Mall Botosani, AFI Palace, Ploiesti (29,000 sqm), Promenada Bucharest (35,000 sq m) and Galati ShoppingCity (27,000 sqm), plus 18,000 sq m – Cora Constanta a hypermarket-led scheme.

By end of 2014 some schemes will be operational: GhenceaShopping Center and VulcanValueCenter, while for 2015-2016 major schemes like Mega Mall and Park Lake are to be completed.

Retail Scheme	GLA (sq m)	Project Start	Developer	City
Mega Mall	70,000	2015	NEPI	Bucharest
ParkLake	67,000	2016	Caelum Development & SonaeSierra	Bucharest
Vulcan ValueCenter	25,000	2014	NEPI	Bucharest
Ghencea Shopping Center	26,000	2015	Immochan	Bucharest
Coresi ShoppingCity(phase I)	48,000	2015	Immochan	Brasov

TarguJiu Center	Shopping	27,000	2014	NEPI	TarguJiu

Source: CBRE

The Capital's retail stock comprises of approx. 575,000 sq m GLA of shopping center space and more than 266,000 sq m GLA of retail park space. With the addition of Uvertura Mall Botosani, AFI Palace Ploiesti, Promenada Bucharest and Galati Shopping City, Romania accounts for more than 2,810,000 sq m of modern stock – as of Q4 2013.

Retail sales in Romania registered a slower start in January 2013, while January 2014 recorded the highest increase (4.7%) since October 2012.

Expansions by international food chains continued in the fourth quarter of 2013 and this trend is expected to be maintained over the course of 2014. The most notable openings recorded last year included expansions by Mega Image and Profi which opened 104 and 64 units respectively. However, other similar retailers also expanded, albeit at a more modest pace, with Lidl, Penny marke, Billa and Kaufland adding stores to their portfolio. In the fashion segment, Zara and H&M continued to enlarge their presence, although their expansion strategy will be somewhat restricted by the limited number of new schemes being opened this year.

Source: CBRE

Retail Market

Retail Indicators (Q4 2013)	
Stock (mln. sq m)	2.81
Shopping Center Stock (mln. sq m)	1.62
Retail Park Stock (mln. sq m)	1.19
Factory Outlet Stock (sq m)	16,000
Pipeline UC Romania 2014 vs 2013 (sq m)	56,500
Prime Rent High-Street (EUR / sq m / mth)	60
Prime Yield High-Street (%)	10
Prime Rent Shopping Centers (EUR / sq m / mth)	57.5
Bucharest Prime Yield Shopping Centers (%)	8.25

Timisoara

It is recognised that this city is one of the few in Romainia which is under supplied with modern retail formats and still there were no new deliveries during 2013 save for some isolated food retailing formats for Mega Image, Profi and Kaufland. Clear demand from the larger food store formats is lead by Auchan, Carrefour and Cora who are all seeking hypermarket formats in the city. Similarly, in the fashion segment, Inditex, C&A and H&M continued to enlarge their presence directly into shopping

center formats.

Only two schemes are in the pipeline, that of NEPI in the south part of the city which is proposed to be a single level food anchored retail scheme of circa 20,000 sq m GLA and Timisoara Plaza to be developed by Plaza Centers representing circa 40,000 sq m GLA. Both schemes are anticipated to break ground during 2014.

Prime rental evidence (Julius Mall) suggests figures of EUR 35 – 38 /sq m/month for units shops dropping to under Eur 10 /sq m / month for fashion anchors. Average blended rents are believed to be circa Eur 14 - 15 / sq m /month.

Office Market Overview

In 2013, signs of improvement in the occupier market have been noted with net take-up rising. However, rents held firm and the market is still tenant-led with landlords required to offer incentives in order to attract and retain tenants. Further improvements are expected in 2014 when impending monetary easing and strong exports should feed into the domestic economy.

A flurry of deals in Bucharest in Q4, equating to 77,000 sq.m, brings take-up in 2013 to 304,500 sq.m - the highest annual total seen since 2008 and 29% higher than 2012. The largest deal of the year was the 10-year lease, 26,000 sq m renewal of HP's headquarters at Novo Park. Pre-lets fell, but volumes were supported by rising new leases and renewals. Encouragingly, expansion driven occupier activity increased by 54%.

Prime rents hover around EUR 19-20/sq m/ month in central Bucharest dropping to EUR 8-10/ sq m /month in the outerlying districts.

The total amount of new supply in 2013 is 118,100 sq.m, of which 80% is concentrated in Barbu Vacarescu (the capital's new business district). Floreasca Park (37,500 sq.m) was the only completion in Q4 also located in the Barbu Vacarescu district. Oracle pre-let 25,000 sq.m here as their new HQ premises. With a modest amount of new space coming to the market and better demand the overall vacancy rate nudged down to 13.50% and there is cautious optimism that it will continue to decline. Looking forward, there is potential for some of the 126,000 sq.m on hold to be activated with relative ease so developers must remain selective and seek pre-lets before breaking ground.

OUTLOOK

The Romanian office market will see an occupier led recovery as investors wait for more visible and sustained income streams before investigating opportunities. There are lingering concerns over the relatively high vacancy rate and prime rents are still supported by incentive packages. However, demand is improving and less speculative completions will, over time, help to rebalance the office sector.

CZECH REPUBLIC

Macroeconomics

Czech Republic has a stable high credit rating, which is the highest of any country in the CE region. Czech Republic has deserved this favourable rating due to strict fiscal policy application and low level of government debt.

The table below shows recent development and the last updated economic forecast of macroeconomic variables for Czech Republic.

ITEM	2008	2009	2010	2011	2012	2013	2014f	2015F
GDP Growth (real y/y change, %)	2,9	-4,4	2,3	1,8	-0,9	-1,4	2,2	2,9
Consumption, private (real y/y change, %)	2,7	0,3	0,8	0,5	-2,1	-0,4	0,5	2,0
Unemployment rate (end of period, %)	4,1	6,2	7,0	6,7	6,8	7,7	7,7	7,4
Inflation rate (CPI y/y change, end of period, %)	6,3	1,0	1,5	1,9	3,3	1,4	1,8	1,8
Average wages (nominal y/y change, %)	7,5	-2,1	0,8	2,2	1,8	-0,2	3,1	5,3
Interest rate, short term (3 month, %)	4,0	2,2	1,3	1,2	1,0	0,5	0,5	0,9
EUR/CZK Exchange rate (end of period)	25,0	26,5	25,3	24,6	25,1	26,0	27,0	26,3

Source: Oxford Economics, February 2014

The Czech economy grew by 1.8% on average in Q4 2013 in comparison with the previous quarter according to the first GDP prediction of the Czech Statistical Office. The GDP for 2013 was reviewed downwards to -1.1% y-o-y. Czech GDP is forecast to increase again in 2014 by 2.2% and 2.9% in 2015. Preliminary GDP figures in the Eurozone as a whole decrease by 0.4% in 2013 and is forecast to increase by 0.9% in 2014 and by 1.4% in 2015.

The Czech Republic has the lowest unemployment rate within the Central European countries and has remained the economy with the lowest levels of unemployment within the EU-27 countries, despite witnessing a slight increase. Regardless of increasing industrial production and increasing GDP in last months, the unemployment rate experienced an increase and ended up at the level of 7.7% in 2013. In January 2014 the number of jobless people in the Czech Republic hit an all-time record and reached almost 630,000. We expect the unemployment rate to stabilise in the upcoming months and remain at 7.7% in 2014, before the expected drop in 2015 to 7.3%.

According to the CNB, inward Foreign Direct Investment (FDI) in 2012 was almost 5 times that recorded in 2011. FDI totalled EUR 8.3 billion in 2012 and this was the third highest since 1993. Almost EUR 84 billion in FDI has been recorded since 1993. The Czech Republic consistently attracts the highest rate of FDI per capita in the CE region. Germany, the United States, Austria, Japan and the United Kingdom are the most important investors in the country in the long-term. The most frequented sectors were financial intermediation, transport & storage and communications, trade & hotels and restaurants as well as machinery and equipment in 2012.

According to the Czech Statistical Office, the consumer price index (CPI) growth for years 2012 and 2013 was 3.3% and 1.4% respectively. However, it is expected to stabilise and reached the growth rate of 1.8% in 2014. In January 2014 the inflation rate stood at 1.3% y-

o-y, a 0.2% increase when compared with January 2013. The total consumer price level decreased by 0.1% in Q3 2013 compared to the previous quarter. A decrease was recorded in the communication sector due to mobile operator discounts, also a drop in fuel prices and in furnishings and appliances. The growth came from a rise in clothing and shoes sector due to start of new collection and in alcoholic beverages and tobacco sector.

The Czech National Bank (CNB) holds its interest rates steadily very low. The CNB lowered them to the record low of 0.05%. No change was made with national bank interest rates during 2013 and no changes are predicted for the future until the Czech economic performance improves.

The National Bank sent its currency lower with an aggressive foreign-exchange intervention strategy on 7 November 2013. This was first central bank's intervention for 11 years and was carried out to avoid deflation and improve the economy by supporting the country's export. The CNB aims to target an exchange rate of around 27.00 CZK/EUR in the long term.

Property Investment Market in the Czech Republic

After very moderate investment volumes in the Czech Republic in 2012 (only EUR 609 mln), 2013 recorded a substantial increase with a total volume of EUR 1,036 mln of investment transactions (an increase of 68%). This figure is however 50% less than 2011 and remains below the 10Y average. 2011 was an exceptional year both in terms of volumes as well as deal size. In terms of transaction numbers there were considerably more transactions in 2013; 31 deals compared to 20 and 24 respectively for the previous two years. It should be noted that recorded investment transactions refer predominantly direct property transactions. Therefore corporate transactions such as TPG/Ivanhoe Cambridge's purchase of PointPark Properties and Multi development's acquisition by Blackstone are excluded from the total volume.

The breakdown of annual volumes by asset type shows that offices continue to dominate accounting for 57.3%. Industrial stock and mixed-use were responsible for 14.7% and 7.0%, respectively. Little volume was seen this year in the retail sector reflecting only 6.3% of transactions. Conversely, hotels witnessed an exceptional year in 2013 with 4 hotels in Prague being sold for a total of EUR 152.5 mln. The Intercontinental hotel alone represents 75% of this amount and the purchasers in this transaction were Best Hotel Properties and J&T.

The significance of local investors is still evident, although the statistics are influenced by the purchase of The Park by Starwood Capital group. This deal alone was circa EUR 300 mln. Czech buyers accounted for 31% of the investment volumes in 2013, American for 28%.

Country	Company
Czech Republic	Cimex, REICO, CPI
USA	Starwood Capital group

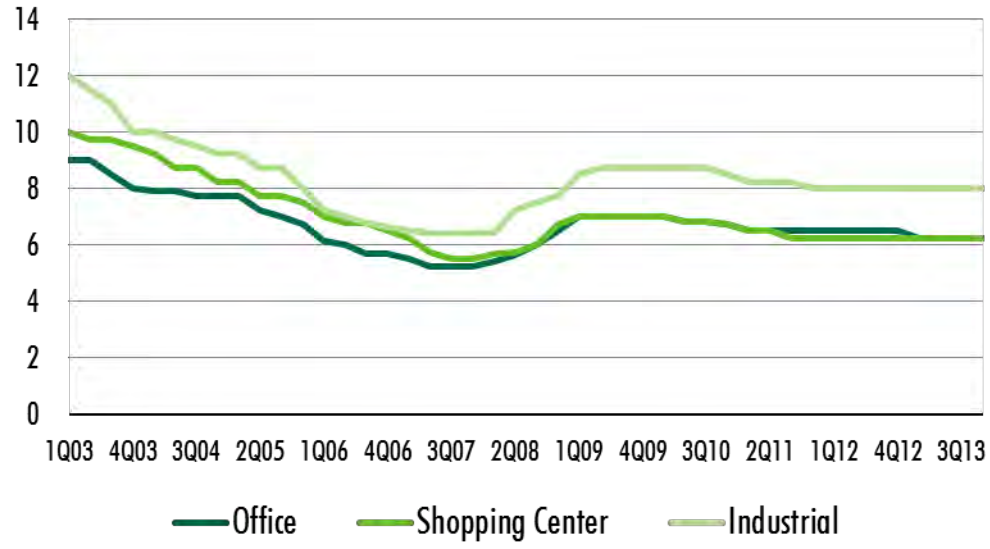
In 2013, office assets were responsible for EUR 594 mln and accounted for 57% of total investment volume which shows the continued dominance of the asset class. In Q3 2013, office assets were responsible for EUR 325 million and accounted for 73% of the total Q3 volume. Most of the office investments were transacted in Prague.

We are witnessing a further widening of yield discrepancies with the limited availability of true prime product resulting in downward yield pressure at the Prime end, with further drops expected.

Investment demand may increase as result of the expectation that the economic recovery will gain momentum both locally and in Europe. The 2013 investment volume was boosted by the single asset transaction of The Park. Similar scale transactions in retail and industrial could to be closed in 2014. This combined with an improving investment outlook suggests that total investment volumes in 2014 will exceed 2013.

The continued lack of supply of truly prime product will continue to maintain the prime yield levels; however the definition of what constitutes true prime is narrow and thus the proportion deals at these yields will remain low.

Prime Yield Development in the Czech Republic (%)



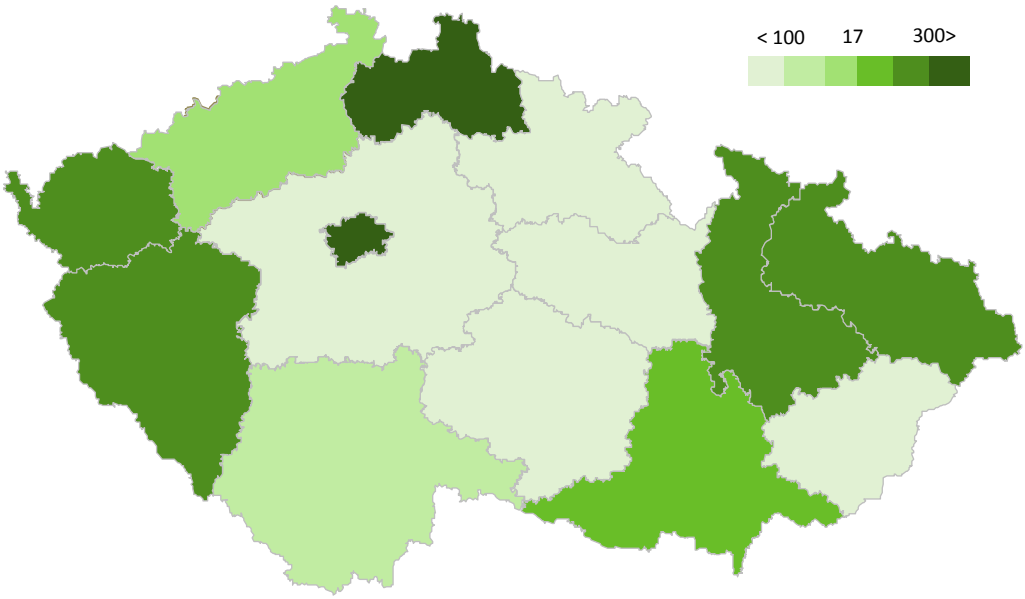
Source: CBRE Research

Retail Market Overview

The volume of shopping centre stock reached 2.2 million sq m by the end of 2013 in the Czech Republic. Total saturation is 203 sq m of modern shopping centre stock per 1,000 population considering schemes with a GLA of 10,000 sq m and above. This puts the Czech Republic at 20th place in Europe. Within CEE, the saturation figures are slightly higher for Poland and Slovakia and significantly lower in the Hungarian and Romanian markets.

As for the regional stock, the most saturated is the capital Prague (24 shopping centres) with 703 sq m per 1,000 population and Liberecky region (6 shopping centres) with 377 sq m per 1,000 population. The lowest saturation is in the region Vysocina with 56 sq m per 1,000 population and only one shopping centre. Currently almost 80 % of all shopping centres are located in the regional cities. The retail market saturation has already reached its maximum in Liberec and Olomouc, where the volume exceeded the boundary of 1,000 sq m per 1,000 population. The potential for further development is in Hradec Kralove with the saturation below 500 sq m per 1,000 population.

Retail stock per capita per 000 population, 2013 year-end



Source: CBRE Research

The Czech retail market almost tripled its size in the last 10 years. The biggest shopping centre boom was recorded between 2004 and 2008 when almost 1 million sq m of modern shopping centre space was delivered to the market (38 new schemes and 8 expansions), out of which 40 % was in Prague, 10% in Brno and 8% in Plzen. Since 2008 construction has rapidly declined and finally in 2011 dropped to the bottom when only one small shopping centre was opened with a total size of 6,400 sq m.

The Czech retail development has gone through a recovery and is now stable. In 2012 over 100,000 sq m of modern retail space was added to the market. During 2013 seven new shopping centres and two expansions with a total area of 162,000 sq m were completed. This was the highest supply of modern retail space since 2008. The most active developers in this period were JTH (3 projects), Multi development, Dandreet and Unibail-Rodamco. Apart from two large constructions in 2013 namely, Centrum Cerny Most (extension) in Prague with over 44,000 sq m and Galerie Santovka in Olomouc with almost 50,000 sq m; developers focused on smaller regional projects below 10,000 sq m. Development in smaller regional cities reflected the need to adapt to customers demand who are now less willing to travel for shopping.

In terms of demand the situation on the Czech retail market was stable in 2013. Attractive destinations for tenants remained the dominant shopping centres and high streets in Prague. Due to the strong competitive environment the diversification on the market was getting gradually bigger in terms of the schemes and tenants as well – the strong becoming stronger, the weak becoming weaker.

The competitive environment also forced retailers to be more active in contract negotiations and the optimisation of their portfolio.

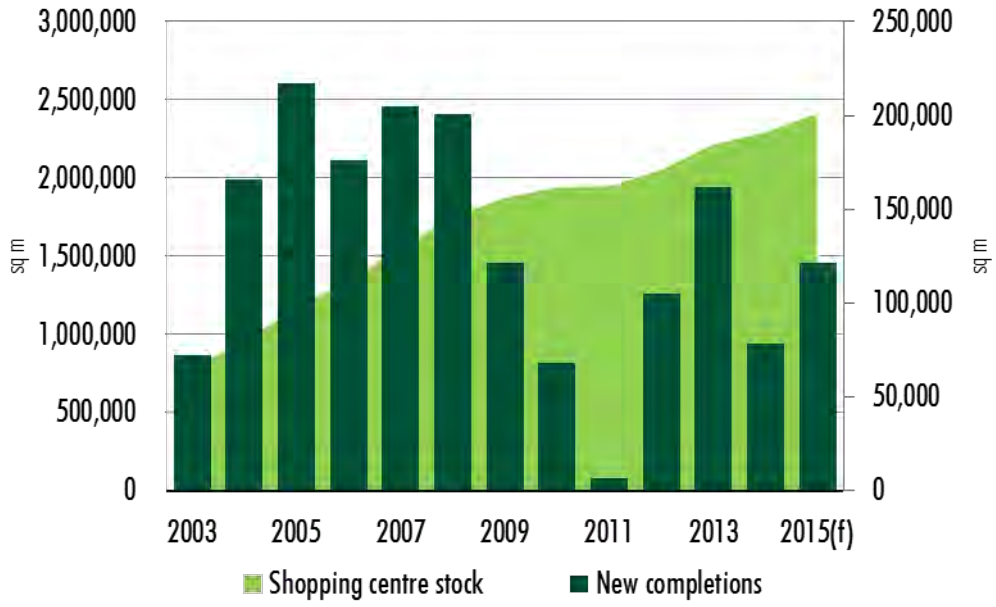
There are still new retailers entering the Czech market, namely Smyk, Wochas, Sinsay or Grycan entered the market in 2013. They were mostly looking for prime shopping centres and high street locations. Moreover, current retailers, especially large chains stores, expanded as well. Conversely, retailers such as KappAhl, Puntanela, Mixer and Pixmania left the Czech market.

The ongoing market consolidation will cause the termination of weaker retail chains and the buy up by the thriving retailers. We expect further penetration of online retailers to the stores, following the aim to get closer to the customer and offer the best service. Retailers will further pursue the so called click and collect policy of combining an online and mortar stores sales via new technologies and Internet.

Retail rents are subject to regional differences and depend on the performance and location of each project. In 2013, prime rents in traditional SC remained stable across the regions. As at 2013 year-end, prime SC rent stood at 85 EUR/sq m/month (no y-o-y change). Rental levels in traditional SC in regions vary from 20 to 45 EUR/sq m/month. Prime rental levels in retail parks across the Czech Republic vary from 7 to 12.50 EUR/sq m/month.

Rental levels are expected to remain stable in 2014. However due to the strong competitive environment the diversification on the market is getting gradually bigger in terms of the schemes and tenants as well, so we can expect higher pressure on rents in weaker projects.

Growth of Shopping centre stock, 2013 year-end

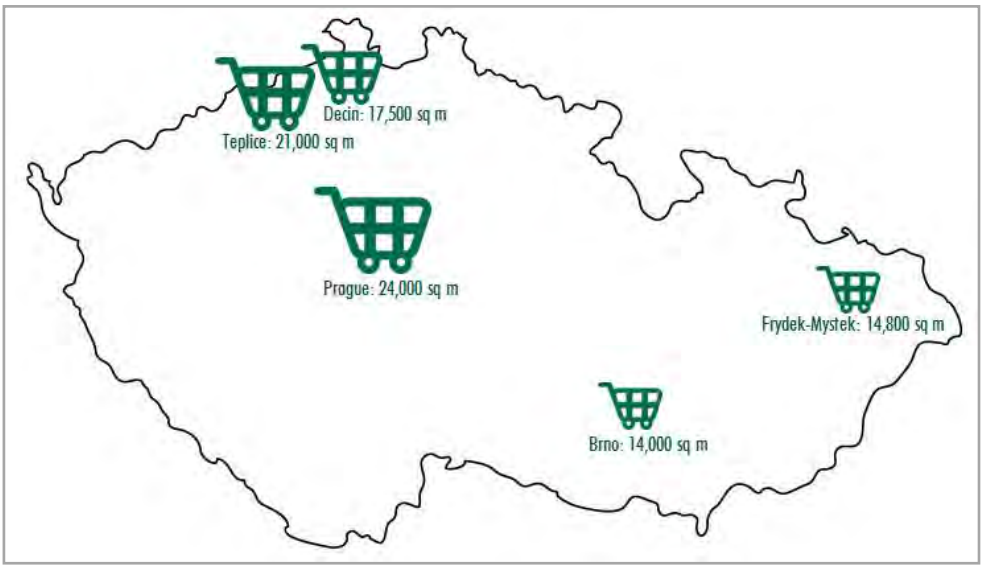


Source: CBRE Research

Retail Pipeline

Currently five new shopping centres are under construction with total size reaching 80,000 sq m and should be delivered by the end of 2014. The extension of Brno Kralovo Pole scheme will be completed in 2015. There are at least six other projects that are in the planning stage for 2014 and 2015, namely Tesco Trnita in Brno, Aupark in Hradec Kralove, Gecko in Ostrava, Central Kladno and Nova Palmovka and Palac Stromovka in Prague. The total value of modern retail stock of these schemes is 115,000 sq m.

Map of Retail Pipeline in the Czech Republic



Source: CBRE

City	Project	Size (sq m)	Rental level*	Developer	Anchor tenants	Delivery
Teplice	Galerie Teplice	21,800	EUR 20.0	Dandreet	*H&M, Intersport, Bata, CCC, Gate, Euronics, dm drogerie, Bambule*	Q1 2014
Decin	Pivovar Děčín	17,500	EUR 20.0	Settimo Development	*CCC, dm dorgerie, Euronics, H&M, Bambule*	Q2 2014
Prague	OC Lužiny	16,000	EUR 35.0	Urban developers and Investors LTD	*Billa, dm drogerie, Euronics, Dracik, Czech post office. City library*	Q2 2014
Prague	Quadrio	8,000	EUR 70.0-80.0	CPI	*Euronics, CCC, dm drogerie, Neo Luxor, Promod, Calzedonia*	Q3 2014
Frydek-Mistek	OC Frýdek-Místek	14,800	EUR 20.0	TK Development	*Billa, Intersport, H&M, New Yorker, Euronics*	Q4 2014
Brno	NC Kralovo Pole	14,000	EUR 25.0-35.0	Tesco Stores	*Tesco hypermarket, Reserved, CCC, dm drogerie, Deichmann, Sparkys, Okay*	2015

* EUR/sq m/m – referring to a 200 sq m unit in the ground floor

GREECE

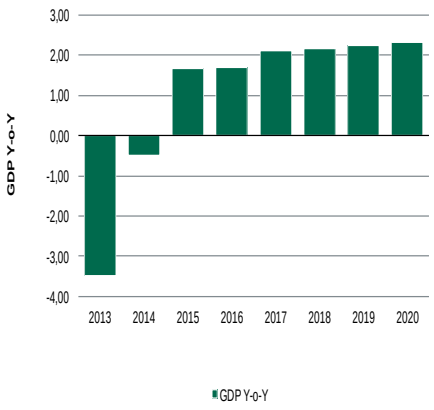
Macroeconomics

Greece has a total population of 10,80 million inhabitants out of which 60% resides in urban areas. The average GDP per capita in PPS in 2012 has fallen to 75% compared to the European Union average according to Eurostat. The economy is heavily based on the services sector.

Greece suffers from a high public debt which led to the IMF – Eurozone support and to private sector debt swap. To acquire this, the Greek government proceeded with a severe austerity program which has resulted in less public investment and consumption.

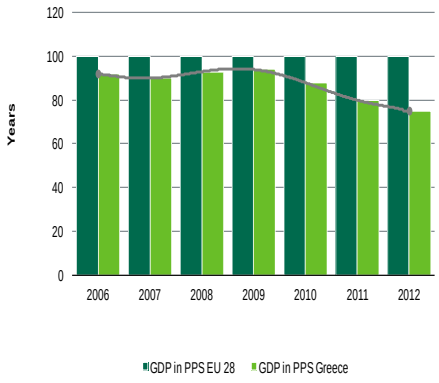
For the last five years the economy has been in deep recession. GDP decreased by -6.4% in 2012 and in 2013 it showed further decrease in the order of -3.7% according to the Hellenic Statistical Authority, which however was regarded as a very positive development as it was expected to exceed -4% . The unemployment rate has risen to 27% for Q3 2013 and, based on Oxford Economics projections, it is expected to rise further for 2014 reaching 28%, while it will start decreasing slightly from 2015 onwards (27.6%). Private expenditure in terms of volume diminished by -6.5% in 2013 and it is anticipated to decrease by -1.0% in 2014, before starting to increase again from 2015 onwards. The fall in private consumption is explained by a decrease in households' disposable income, as a result of reduced wages, a significantly lower number of employed persons and increased tax burden, as well as shrinking consumer credit and prevailing uncertainty.

Long Term Greek GDP Forecasts



Source: Oxford Economics

Greek GDP Evolution in PPS



Source: Eurostat

On the other hand, exports of goods and services are expected to increase in the foreseeable future (from 2.5% in 2013 gradually and up to 4.0% in 2016 in terms of volume and it is expected to keep this positive pace in the long term). Inflation was at -1.7% in December 2013 but it is expected to be cut down to -1.2% in 2014. From 2015 onwards, the consumer price index is expected to rise slightly (0.5% in 2015, 1.1% in 2016, 1.6% in 2017 etc). According to Oxford Economics the economy is estimated to start recovering in 2015. This depends to a certain degree on the implementation of structural reforms which leaves concerns over the future growth.

By now, the fiscal program of the country has been revised, however it still remains at high risk to be knocked off track. In any case, according to the Governor the Bank of Greece's

annual market report dated February 2013, the Greek economy is still in deep recession and the fiscal program should be followed, since recovery will be visible in the course of 2014.

Property Investment Market in Greece

The annual turnover from retail activity in September 2013 (as cumulative period) decreased by 10.3% compared to the same period in 2012. This general index excludes automotive fuel and shows the significant impact of the salaries decrease in consumption and as a consequence to the retail activity. It should be stressed that a consequence of the decrease in retail activity was the increase in vacancy rates regarding retail units, as well as the significant decrease in rental values. According to forecasts of Oxford Economics, the general retail index in retail trade will decrease at 3.27% in 2014 and will start to recover gradually in the years to come, reaching by 2026 levels equal to those of 2008. On the other hand the retail sales volume in general, for the period between November 2012 and November 2013, presented a slight increase in the order of 3%, showing first of all that prices have fallen (combining it with the evolution of the annual turnover) and that the market starts to stabilize albeit slowly.

Regarding new foreign investments in Greece, some have taken place during 2013 which, although not always impressive, show a new trend in the economy. The areas of interest are energy, tourism, real estate and industry. Companies such as Piraeus Container Terminal (a subsidiary of Cosco Pacific in Greece), Qatar Petroleum International, Third Point, Fairfax Financial Holdings, Dogus, Eldorado Gold etc have already invested significant amounts in the above mentioned sectors during 2013. Also, companies such as GlaxoSmithKline, Unilever, Hewlett Packard, Kraft Foods, Johnson & Johnson, Philip Morris, Henkel and Novartis have either increased or transferred their production in Greece in the same year.

It should also be noted that there was strong mobility in the bank sector. Within a year ten banks have been absorbed by other Groups and mainly 4 banks control approximately 90% of the banking sector. These so called systemic banks are National Bank, Eurobank, Alpha Bank and Piraeus Bank.

Although the real estate investment sector in Greece is characterised by the lack of liquidity and finance, aggravation of the tax system regarding real estate assets, the continuous rental decrease and the laws that allow tenants to terminate their leases easily with a small penalty and the investors' perception of the public debt, during 2013 a rather important number of investments in real estate has taken place through the privatisations procedures by the Hellenic Asset Development Fund. It is noted that in general the actual investments in 2013 have taken place at prices higher than €100 million, compared to 2012, when the most important investments were no higher than €50-60 million, while the annual initial yield levels varied between 8.50%-10.50%.

Besides privatisations however, investors in the real estate sector in Greece are interested in acquiring hotels or small islands. Already a few transactions have taken place in the Ionian sea and Corfu island, where an Emir from Qatar acquired Miramar Hotel for € 40 million as well as Oxia island in the complex of Echinades islands. Furthermore, the most prestigious acquisition was that of Scorpio island, that belonged to the heiress of the Greek tycoon Aristotle Onassis and was sold on a long lease basis to the daughter of the Russian tycoon Dmitri Ribolovlev for € 117 million. Finally, the prestigious hotel complex of Astir Palace, in the area of Vouliagmeni, Athens, was sold to the Arab AGC for € 400 million.

As far as offices are concerned, in February 2013 Ethniki Pangaea acquired a 6 office building complex in Paiania, Attica, named "Karela Office Park", which is leased for 35 years to the telecommunications company "Cosmote". The property has a total main use floor area of approximately 40,000 sq.m. and it is the first development in Greece that was

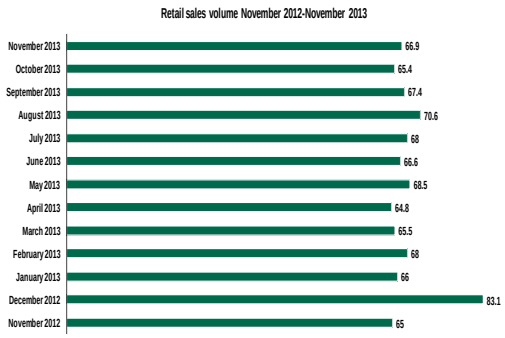
awarded with the international certification Leed Gold due to its environmental specifications. It was sold for € 120 million and the annual yield is estimated at 8.50%. Also in October 2013 Eurobank Properties acquired a portfolio comprising 14 office building in Athens, Xanthi, Serres and Corinthos, leased to the Greek Public Sector for € 14 million annually. The portfolio has a total area of 136,000 sq.m. (main areas) and was sold for 145.81 million at a 9.60% yield.

Logistics is also a sector that shows some mobility. In February 2014 Lidl Hellas inaugurated officially its new logistics centre, in the area of Kalyvia, close to the Athens International Airport "Eleftherios Venizelos". It is Lidl's 5th logistics centre in Greece and occupies a total area of 50,000 sq.m. Lidl is expected to operate another logistics centre in Thessaloniki, northern Greece, in 2014, with a total area of 60,000 sq.m., that will be the largest in Europe.

Regarding retail sector, an important investment transaction during 2013 concerns the acquisition of City Gate shopping centre in Thessaloniki by Marinopoulos Group for €6 million. The property has a total area of 87,000 sq.m. and belonged to the Australian Fund APN. What is worth mentioning is that the actual development cost of the centre was €80 million. Today, due to the negative economic climate the largest part of the centre is vacant, the most important departure being that of Ster Cinemas. In December Eurobank Properties acquired a portfolio of 4 commercial properties from Rockspring, that are leased to Praktiker, McDonald's and Marinopoulos Group for € 50 million. Three of these properties are located in Athens and one in Thessaloniki. The total area of the portfolio is 65,000 sq.m., of which 53,500 sq.m. are above ground areas and 11,600 sq.m. underground ancillary areas, while the annual yield is estimated at approximately 12%.

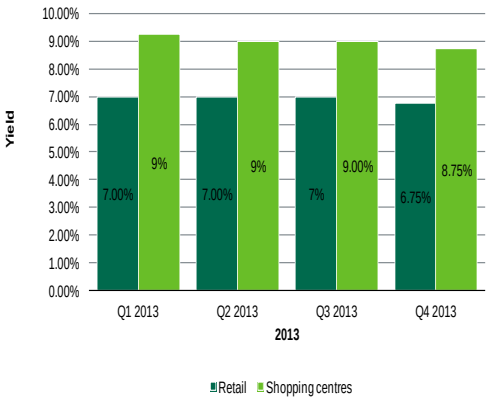
Yield levels for prime retail units have started to decrease in the last two quarters. Today they are believed to trade at 6.75%; however, no transactional evidence has confirmed this so far this year. Prime shopping centre yields may reach as high as 8.75%.

Retail sales volume 11.2012-11.2013



Source: Greek National Statistics Agency

Prime yield evolution



Source: CBRE ATRIA

Retail Market Overview

Significant numbers of small even high-street retail units have closed and continue to close while vacancy rates have increased even in prime areas, such as the pedestrian Ermou Street and the upscale fashionable district of Kolonaki in the centre of Athens. More specifically, vacancy rates in prime commercial areas in the centre of Athens have reached 25%, with higher rates to be observed in secondary areas.

As turnover keeps falling, the current economic climate and reduced demand have led to a significant fall in terms of market rents, both in prime as well as in secondary markets. Tenants tend to renegotiate harder and are prepared to leave the premises if they cannot obtain the reductions demanded. As a consequence, landlords in most cases tend to agree to reduce rents, thus preferring to reduce their income, than having to re-let an empty unit.

Transactions are generally very few, since companies have reconsidered their plans for potential expansion and even decided to close branches that do not perform as expected, while new businesses do not enter the market either. Following today's trends, a potential investor would be interested in nothing less than an A class property, at a prime area and preferably let to a tenant with strong covenant.

Regarding rents in general, they have decreased by even more than 70% in non-prime areas, while in prime areas the decrease is approximately around 40%-50% and key money is no longer asked by landlords. In other cases however tenants do not hesitate to go to court in order to obtain discounts they believe fair. Also, nowadays, most lease agreement are signed on a turnover basis, than on a specific rent amount.

What seems to be the general trend also is the gathering of commercial activity in specific prime areas, with very low vacancies, that will be dominated by the most important retail "players". On the other hand, the secondary commercial areas are not expected to survive, and this will lead consequently to a large number of vacant units that will not be easily absorbed by the market.

A notable new trend in the market is the expansion of bakery chains, which nowadays are located even in prime and central areas such as Kolonaki.

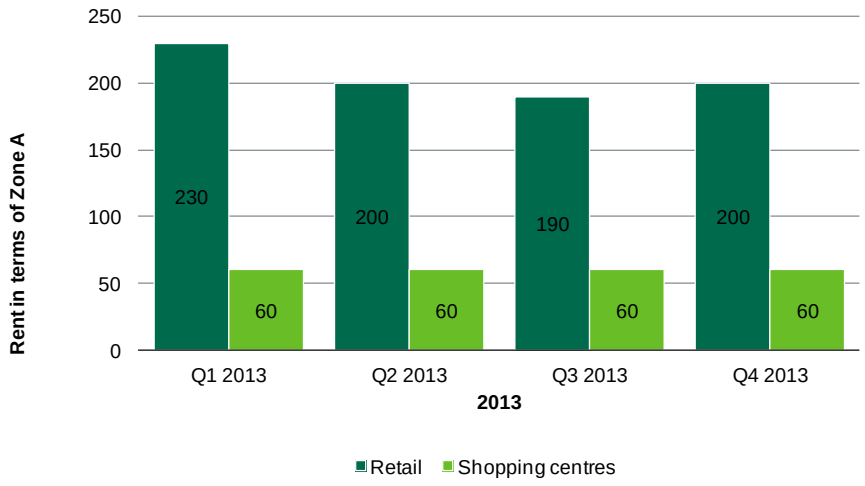
The total stock of shopping centres in Athens is estimated at 413,400 sq m. Typical size ranges between 20,000 sq m and 40,000 sq m. The largest shopping centre is "The Mall Athens", in the Municipality of Marousi with a total area of 58,500 sq m. The occupancy ratio of the most successful shopping centres is between 95%-98%, while the rest of the schemes range between 85%-90% in terms of total leasable area.

Even those tenants that already operate within the shopping centres ask for temporary reductions or for discounts in common charges. On the other hand however, shopping centres tend to be more attractive to operators than high-streets due to the significantly lower rents (approximately 1/4 of the rents asked in high streets) and the fact that they provide higher security levels as well as rather steady footfall flow.

The situation however is considered to be significantly more difficult when it comes to shopping centres in Greek cities other than Athens and Thessaloniki.

Following the above, rental values for retail units in prime areas in terms of zone A range between € 150-€200m²/month. For prime shopping centre rents range between €40-€60/sq/m/month.

Prime rent evolution in Athens (ITZA) in €/sq m/month



Source: CBRE ATRIA

Retail Pipeline

The current economic climate prevents investors from undertaking new development projects, especially regarding retail. This trend is expected to last until the economy starts recovering, with the exception of some developments in Athens that have already been announced, and are expected to occupy approximately 223,000 sq m.

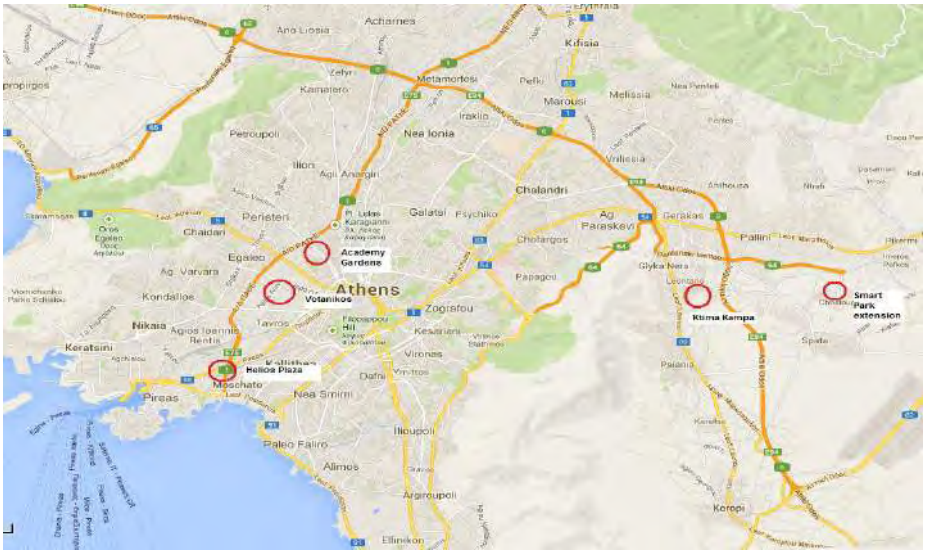
Pipeline Shopping Centres

City	Project	Size	Rental level*	Developer	Anchor tenants	Delivery
Athens	Smart Park extension	17,680	N/A(we assume €10-12/sq.m./mth but we refer to cinemas and big box retail unit)	REDS S.A.	Village Cinemas, Praktiker (however no agreement has been signed yet)	Unknown-construction not started yet
Athens	Votanikos	35,000	N/A	Babis Vovos IC	N/A	Delivery unknown-Construction postponed due to problems with Council of the state
Athens	Ktima Kampa	66,000	N/A	REDS S.A.	N/A	Construction not started yet
Athens	Academy Gardens	54,000	N/A (we assume €40-60/sq m/month)	MGPA EUROPE FUND III	N/A	Construction not started yet
Athens	Pireas (Helios) Plaza	38,700	N/A	Plaza Centers	N/A	Construction not started yet due to domestic economic status.

* Rental range in EUR/sq m/m – referring to a 200 sq m unit in the ground floor

Source: CBRE AXIES

Map of Pipeline Shopping Centre Projects



Source: Google Maps

HUNGARY

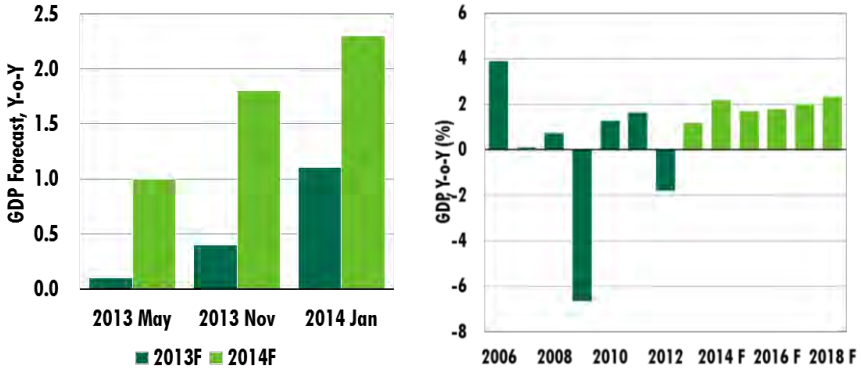
Macroeconomics

GDP forecasts are turning more optimistic than they had been earlier on the back of a stronger economic performance in Q3. Oxford Economics gradually improved their GDP forecast figures throughout last year and now they forecast 2.2% for 2014, slightly under the government's expectation. There are increasing signs that the recovery is becoming more broad-based, with exports continuing to expand and also domestic demand gaining momentum. The unemployment rate is down to 9.8% in November, and the overall employment is close to surpass the 4.0 million line; however this figure is backed by public hiring programs which aim to channel back the least educated workforce into the labour market. CPI inflation has continued to decline since September, reaching a historic low in December at 0.4%. This level is, however, artificially low due to the phased cuts of state-regulated household energy prices.

On the back of falling inflation and with the aim of helping the economic recovery, the National Bank of Hungary (NBH) cut the base interest rate further to 2.85% in January. The NBH have been engaged in a lengthy easing cycle, with the base rate cut by a cumulative 415bp since August 2012. As another tool of monetary easing, the NBH launched the Funding for Lending scheme, with the programme set to expand up to over 5% of GDP by end-2014. This monetary easing is aimed to help Hungarian small and mid-sized enterprises (SMEs) who were suffering under the conservative lending policies of the commercial banks recently. On the commercial real estate market in particular, this funding scheme makes financing easier for typical local investors who are keen to enter the property market in the current stage of the value cycle.

Consumer spending is seemingly picking up with retail sales growth reaching 5% in November - supported by the recent sharp improvement in labour market conditions and an increase in real wages. According to Oxford Economics' forecast, GDP growth will be driven increasingly by domestic demand in 2014. Investment should also continue its recent revival, backed by the extended Funding for Growth scheme that has already had a noticeable impact on corporate lending.

Recent GDP Forecasts (left) and Long-Term GDP Forecast (right)



Sources: Oxford Economics, CBRE

In January the Hungarian Forint (HUF) depreciated significantly against the EUR and crossed the 310 HUF/EUR line. Expectations remain that the HUF exchange rate to the euro will stay around 300-310 in H1 2013, a significantly weaker level than previous year. Macroeconomic fundamentals speak for a stronger currency as the deficit target of 2.7%

was met in 2013 and also massive current account surplus has accumulated, and no deterioration is expected in fiscal scrutiny even in the election year of 2014. Nevertheless, US tapering impact the emerging markets (like Hungary) in an unfavourable way as capital flow can be more limited to such destinations and make their currency more volatile.

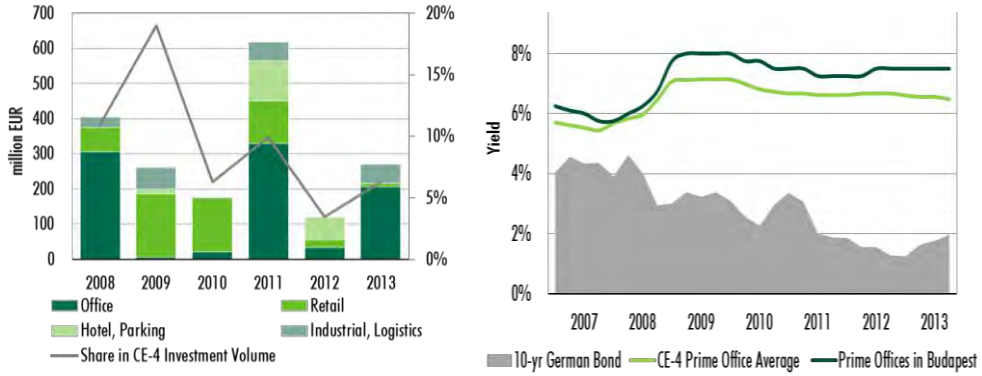
Property Investment Market in Hungary

The annual investment volume in 2012 only reached EUR 121 million, marking a new low in commercial real estate (CRE) turnover on the Hungarian market. In 2013 market activity has clearly increased and annual turnover reached EUR 272 million.

Turnover figure in 2013 was boosted by two large corporate deals in H1, amounting to EUR 155 million. A prime office building in the capital was traded between two German funds and also the pan-European transaction between Norges (the buyer) and ProLogis (the vendor) added to the Hungarian CRE turnover in H1. A Budapest retail big-box anchored with TESCO was also traded. Two office assets in the ORCO Endurance Fund also changed owner as the entire Central European fund was taken over by CPI, a Czech listed property company.

The largest deal in H2 was the sale of Akadémia Park (Officium) in North Buda. The property was purchased by a Russian individual for an announced 34 mln EUR. Retail investments of small deal sizes (sub 3 million) remained very popular and CBRE are aware of two such deals in Q4 2013 with more are expected to close in 2014. This is a segment where our estimation can come short and similar transactions involving local buyers can go unnoticed.

Commercial Real Estate Turnover and Prime Yield Evolution in Hungary



Sources: CBRE

Besides CRE turnover, there is a growing market of non-income yielding properties. These include corporate sales, owner occupied transactions and properties with vacant possession. Overall volume of these other investments accumulated to EUR 95-100 mln, up from an estimated EUR 40-50 mln in 2012. The largest portion of this non-income turnover is generated by end-users (corporates and owner occupiers) who made 70% of the volume last year. Besides end-users, opportunistic buyers contributed the remaining 30% of the turnover. Opportunistic investors are showing growing interest for well located, good quality vacant properties, mostly in the office sector.

Yield levels for all asset categories have been stable for the last two quarters. At the end of the year, prime office yields were quoted at 7.50%, supported by a transaction earlier in 2013. The best retail properties are believed to trade at 7.00%; however, no transactional evidence has confirmed this so far this year. Prime yields for logistics parks stand at 9.50%

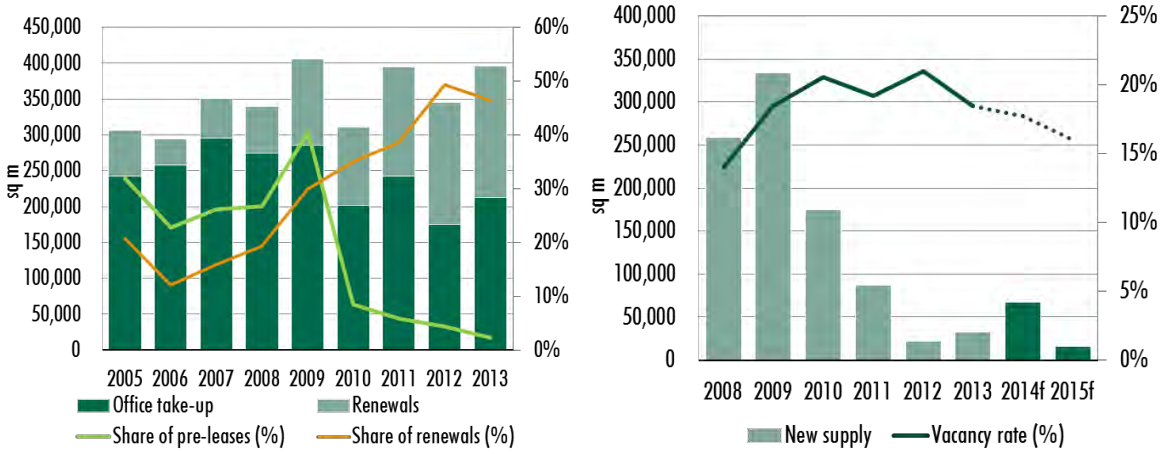
after a 25 bps shift in Q1 2013. Based on running bids, yields for ‚A' category offices not in the CBD are in the range of 8.0%-8.5%. Non-prime retail properties are priced at 9.0%-9.5%. All these yields have a stable outlook with little chance of decompression. Prime supermarket yields can move out from the current level of 7.75%.

Office Market Overview

The total office stock in Budapest stands at 3.17 million sq m (including 0.63 mln sq m of owner occupied space). One third of this volume was developed in the period of 2007-2010 making Budapest one of the European office markets with the most dynamic growth. This period came to a sudden halt in 2010/2011 and new supply fell to levels never seen before. Some increase on this record-low development level was witnessed in 2013 with 30,100 sq m of new delivery. Furthermore, another 66,600 sq m are under construction and scheduled for delivery in 2014. The pipeline beyond 2014, however, looks very dry as only one larger project has kicked off recently. This can lead to a shortage of appropriate office space for larger occupiers as the modern premises are getting absorbed.

Office demand in 2013 showed revival on the previous year by all measures. Annual take-up totalled to 212,300 sq m, showing an increase of 21% compared to 2012. As usual, on the Budapest office market, pre-leases remained insignificant with a negligible share of 2% in take-up. Owner occupied transactions made up 12% of take-up this year. The remaining 86% of take-up was attributed to new leases or expansions of existing leases premises. On top of take-up, 184,200 sq m of lease renewals were also registered in 2013. While renegotiations were gaining weight within the office demand in the years following the recession in 2009, this trend seems to have stopped in 2013. However the share of renewals is still high with 48%, it is already slightly under the figure registered in the peak year of 2012 (51%).

Total Leasing Activity, New Supply and Vacancy Rate



Source: CBRE, BRF

The vacancy rate has decreased by 2.6 pps year-on-year and stood at 18.4% at the end of the year. Vacant stock decreased to 584,700 sq m – a level not seen in the last four years. On the back of stronger demand, net absorption was positive in all quarters in 2013. Rents vary significantly by category and location. In general, Budapest rents are competitive when compared to other CEE capitals across all market segments.

- As there has been no development in the prime category since 2010 and the most valuable floor plates are taken, premises in prime buildings are available for EUR 18.0-20.0*. Eiffel Palace, the only running CBD development confirms this price level.

- ‘A’ category buildings in Central areas offer premises at headline rents quoted somewhere between EUR 11.0-16.0*. Comparable average rents are typically at 12.5-12.75, going as high as 17.0* in CBD.
- Rent range is even wider for ‘A’ category offices in Non-Central areas; however, a clear discount can be seen due to geography. Rents vary between EUR 6.0-13.5* with typical comparables being at EUR 10.0-11.5* and as low as EUR 7.5* in Periphery.

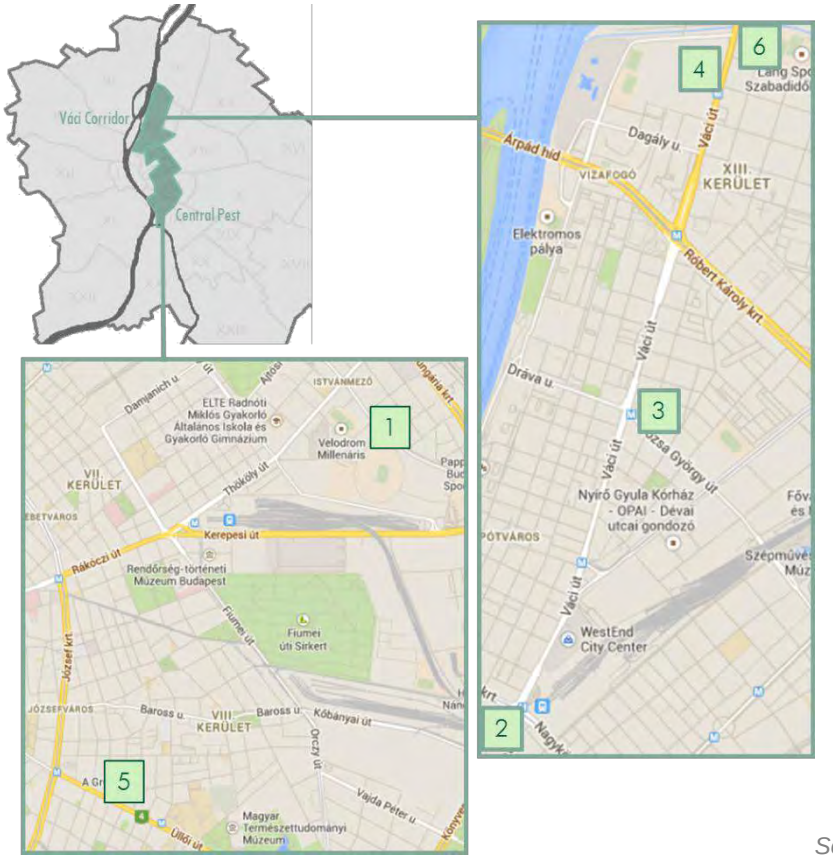
*All rents quoted in EUR on a sq m/month basis.

Rents go below this level for second-hand space in older premises. ‘B’ category rental rates start in single-digit figures in all submarkets except for the CBD. A discount due to lower technical specification and higher age of the building can accumulate to 30-40% depending on the state of the premise. Typical ‘B’ category rates start at EUR 4.0 in Non-Central areas and at EUR 6.0.

Office Pipeline

Although the level of new completion has risen from the all-time low seen in 2012, the 2013 completion level is far from significant when compared to other CEE capitals. During the year, a total of 30,100 sq m was delivered, out of which 11,300 sq m was owner occupied (including the new Bosch HQ and the small building of Geometria, a Hungarian IT company). Such high share (38%) of owner occupancy in the new supply has never been measured on the Budapest market, reflecting the significant fall in speculative development activity. We believe the bottom of the market has been passed and we will see development activity slowly pick up in the coming years. However, larger projects are likely to start only based on built-to-suit agreement or at least 50% pre-lease. We are aware of several large occupiers actively searching for new premises and this can bring momentum to the development market, but until now none of these projects were officially launched.

Map of Office Pipeline Projects (Under Construction in March 2014)



Source: CBRE, Google

Pipeline Office Projects

	PROJECT	DEVELOPER	SUBMARKET	SIZE (m^2)	AVAILABLE (m^2)	DELIVERY	KEY TENANTS
1	Ilka Corner	HU private	Non-Central Pest	2,700	850	Q1 2014	Small local IT tenants (largest: Jet-Sol)
2	Eiffel Paloce	Horizon	CBD	14,500	5,500	H2 2014	PwC and Denton signed pre-leases; ongoing negotiations
3	Vision Tower	Futureal	Váci Corridor	23,000	8,450	H2 2014	KPMG and Teva signed pre-leases
4	Váci Corner	HB Reavis	Váci Corridor	20,200	20,200	H2 2014	No tenant; negotiations ongoing
5	Corvin Corner	Futureal	Central Pest	6,200	6,200	H2 2014	No tenant; tenants from Corvin 1/2 are likely to expand
6	Váci Greens C	Atenor	Váci Corridor	18,000	18,000	H2 2015	No tenant (potentially GE will expand into the building)
	V17	WING	Váci Corridor	12,000	Start not confirmed yet /Negotiations with key tenant on-going.		
	Nordic Light I	Skanska	Váci Corridor	4,000	Start not confirmed yet /Negotiations with key tenant on-going.		
	Budapest One	Futureal	South Buda	Cca. 15,000	Start not confirmed yet /Negotiations with key tenant on-going.		

Source: CBRE

SERBIA

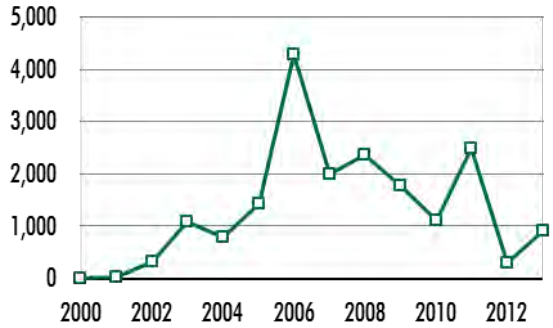
Macroeconomics

In 2007 Serbia had one of Europe's fastest growing economies. GDP per capita reached EUR 3,946, whereas the major growth drivers were telecommunications, construction and transport. However, in 2009 the global economic crisis slowed down the overall situation in the Serbian economy, causing the drop of GDP to 3.5%. As per official data, GDP on a quarterly level in 2013 grew by 2.7%, 0.3% and 3.7%, respectively, and according to the flash estimate it grew 2.6% in Q4 2013. Having in mind that final figures on GDP for 2013 are not published yet, the National Bank of Serbia's projection of GDP growth remains at the level of 2%, while the projection of GDP growth in 2014 has been revised to 1.5%.

According to the National bank of Serbia, the total net inflow of FDI in 2010 amounted to USD 1.12 billion, indicating a reduction of 37% when compared to 2009. However, 2011 witnessed a significant increase marking the highest inflow of FDI after 2006. The transaction by Belgium's Delhaize involving the acquisition of Delta Maxi for EUR 932 million is the largest single investment inflow of 2011.

GDP Growth

Net FDI (million USD)



Sources: National Bank of Serbia

Inflation in Serbia is highly sensitive to the changing of energy and food product prices due to their major share in CPI (Consumer Price Index) and the frequent price oscillation of these products. As per the National Bank of Serbia's estimations, inflationary pressures weakened further in Q3 2013 and year-on-year inflation returned within the target tolerance band, confirming the projection and expectations of NBS. The key contribution to inflation's return within the target came from monetary policy measures, falling prices of primary agricultural commodities, low aggregate demand and relative stability of the exchange rate of the local currency. In December 2013, y-o-y inflation stood at the level 2.2%, while the key inflation rate was decreased to the level of 9.5%.

As of March 2012, the European Union granted Serbia formal EU candidate status, which should result in an improvement of business potential and investment climate in Serbia resulting in a positive impact on Belgrade property market in general. The government of Serbia is continuously demonstrating positive signs to the international community that it wants to join the EU as soon as possible.

Investment Market in Serbia

Being a small country, Serbia is far from being seen as an institutional investment destination, such as a few countries in the region which currently meet institutional investor's criteria. As of the beginning of the global economic crisis, Belgrade market lacks any recorded investment transactions, yet only several non-income transactions have been recorded in owner-occupied segment, generated by end-users (corporates and owner-occupiers). Besides end-users in several occasions, opportunistic buyers made the trade of properties with vacant possessions, aiming to renovate the property into a hotel or an office building. In addition, several transactions in the high street retail segment were marked, however, the volume of each transaction remained below EUR 1 million.

Still, at the moment, a few income producing large-scale properties have been put for sale, however, these transactions have not been realised yet. Based on general conditions in the Belgrade real estate market, as well as several offers during 2012 and 2013, we may believe that yields for high street properties vary between 7.5 and 8%, while for the other retail formats and office properties, yields range between 8.5% and 10.0%. The next chart shows the estimated yields in the Belgrade property market.

Belgrade Prime Yields (%)

Source: CBS International, part of the CBRE Affiliate Network

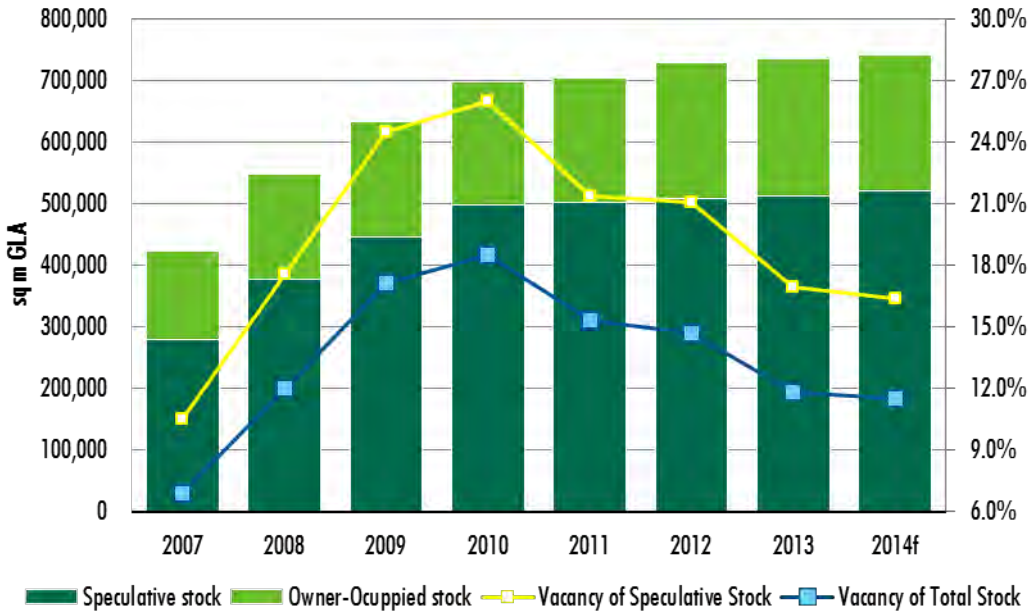
Office Market Overview

The Belgrade office market was faced with the challenge of responding to the needs of the constantly growing number of foreign companies and organisations searching for quality office space. Starting from 2000, construction activity marked an upward trend, but the real expansion phase started in 2005 and continued through the period 2006-2010, when a minimum 50,000 sq m of modern speculative office space was developed each year and offered to the market.

The total speculative stock of modern Class A and Class B office buildings, at the end of 2011, equalled 502,500 sq m of GLA. During 2012, owner-occupied (OO) stock was enlarged, due to the completion of Raiffeisen bank's HQ of 18,370 sq m in New Belgrade's block 66a, and small-scale project of local project design company Delta Inzenjering's of app. 2,000 sq m in Milutina Milankovica street, which led the owner-occupied stock to the level of 221,000 sq m of GLA. Moreover, in December 2012, the office building Danube Business Centre with 5,300 sq m of GLA became operational, whilst Zelengorska office scheme was completed in 2013, increasing the speculative stock to the level of app. 513,000 sq m. Consequently, the total office stock stands at the level of app. 734,000 sq m of GLA.

The graph below shows the development process of Belgrade office stock (speculative and owner-occupied), starting from 2007.

Belgrade Office Stock



Source: CBS International, part of the CBRE Affiliate Network

Location-wise, New Belgrade has established itself as a major business district as a result of the adequate infrastructure system, land availability, convenient parking ratios, as well as proximity to the airport and Corridor X. On the other side, due to the construction density and limited available land lots in downtown, the city centre has seen the least new developments in the previous years. Several refurbishments increased the availability of modern office space in the centre; however, this lack of appropriate space has forced many companies to choose New Belgrade for the future corporate settings.

Following the strong take-up in 2012, the year 2013 noted even higher figures in the leasing activity. At the end of 2013, the total take-up equalled 60,028 sq m, with no owner-occupied deals recorded. The 2013 results show almost equal total take-up to that realized in 2012, due to a large share of owner-occupied deals in 2012. However, when analysing the speculative take-up only, without owner-occupied deals, 2013 marked stronger activity in demand, noting an increase of more than 30%.

Class A office buildings mark mostly stable asking rents, ranging between EUR 14-16/sq m/month, while average asking rents of Class B stock vary between EUR 11-12/sq m/month.

Despite the fact that in recent years the office market was considered as a very attractive segment for investors, the turmoil on the world's financial market has influenced the developers to be rather cautious with regard to new investment decisions. In 2013, the only small-scale office scheme completed comprised 5,000 sq m in Zelegorska street, while few smaller projects entered the final phase of construction, or were in shell and core condition on standby for future tenants before completion. Overall, the office market is facing the lack of new supply and no large-scale projects have commenced construction, yet only small-scale projects are currently under construction.

Office Pipeline in Belgrade

City	Project	Size (sq m)	Rental level*	Developer	Anchor tenants (retail) / Pre-lease (office)	Delivery
Belgrade	Becad	2,000	9-10 for the whole building	Becad	n/a	The project is currently shall and core completed, will be completed upon client's requests
Belgrade	Swiss Build	1,500	n/a	Swiss Build	n/a	mid-2014

Belgrade	Atlas	3,600	n/a	Atlas	n/a	the building is shall and core finished, which will be completed upon client's requests
Belgrade	OldMill	3,200	n/a	Soravia	n/a	mid-2014
Belgrade	B23	35,000	n/a	Verano	n/a	n/a, project on hold
Belgrade	TLD	9,000	n/a	MPC	n/a	n/a, project on hold
Belgrade	Banca Intesa HQ	32,000	n/a	Banca Intesa	n/a	n/a
Belgrade	GTC Fortyone	27,000	n/a	GTC	n/a	n/a

Source: CBS International, part of the CBRE Affiliate Network

Since the Belgrade office stock has seen limited changes in terms of new deliveries over the previous several quarters, the vacancy level continually marks a downward trend. Due to the strong activity on the market in 2013, the vacancy rate dropped below 12% when compared to the total stock. In terms of the vacancy rate when compared to only speculative (leasable) stock, it declined below 17% at the end of 2013. It is expected that the limited construction activity in the Belgrade office market along with stable demand will further boost the downward trend in vacancy levels.

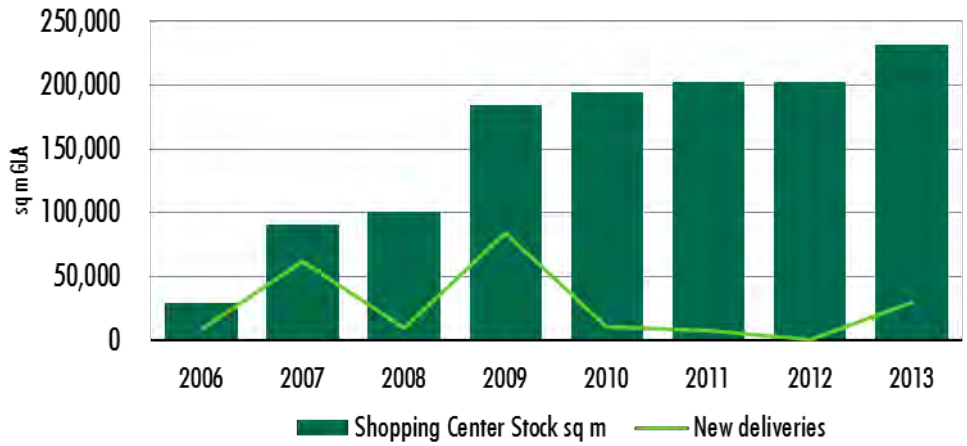
Retail Market Overview

Although Serbia is still underdeveloped when compared to the rest of the region, the retail market continues to pick up after the economic downturn. The current time is considered attractive for international retailers as they have the opportunity to position themselves in the market which is expected to grow following the anticipated EU accession.

The only retail scheme delivered in 2013 in Belgrade is the 30,000 sq m Stadion Shopping Centre, being developed at the location of Sports Centre Vozdovac, by local company Eurobau Connect. Although this project enlarged the shopping centre stock, Belgrade still suffers from a lack of modern retail space, with app. 230,000 sq m to serve nearly 2 million people. Presently, Belgrade retail stock holds only three modern western-style shopping centres, Usce Shopping center, Delta City and newly opened Stadion Shopping centre, totalling app. 100,000 sq m GLA.

Belgrade has not been developed at the same pace. Location-wise, New Belgrade area holds 60% of the total shopping centre stock, amounting to more than 500 sq m per 1,000 inhabitants. At the same time, the Belgrade downtown remains undersupplied, with less than 30,000 sq m of shopping centre schemes available for tenants.

Belgrade Shopping Centre Stock



Source: CBS International, part of the CBRE Affiliate Network

The most significant new entrant in the Serbian retail market in 2013 is the long-awaited Swedish brand H&M, which secured 2,600 sq m flagship space in the Delta City mall in Belgrade, and in the newly-opened Stadion Shopping centre. Looking to 2014 and expected entrants to the market are the

arrivals of LIDL and Carrefour, while Koton, MAC Cosmetics and Apple (via a premium reseller) are all set for further expansion. Also, for several years now, Swedish IKEA plans to enter Serbian market by opening a few facilities across the country. However, they are still in the process of search for appropriate locations. As per available information, this well-known retailer selected the location for the first store in Belgrade, nonetheless, the acquiring process is not ended yet.

Due to the limited offer, Belgrade rarely sees any vacant space in the prime shopping centres. Small modifications in unit sizes are enabling landlords to introduce certain new brands and keep the existing tenants in the centre. Vacancy rates usually stand at approximately 5% which is only due to the vacant space in smaller-scale retail schemes.

Headline Rental Levels in Belgrade (EUR/sq m/month)

Location	Size of units	
	<150 sq m	> 150 sq m
Knez Mihailova Street	Up to 100	40-60
Terazije Square/Kralja Milana Street/Kralja Aleksandra Blvrd	45-60	30-40
Secondary high street	30-45	20-30
Modern Shopping Centres	50-70	15-60

Source: CBS International, part of the CBRE Affiliate Network

With access to financing still difficult, the retail market is witnessing more intensive development activity in retail park schemes, which require less initial capital. During April 2012, the retail park has been opened in city of Indjija, 45km away from Belgrade. The first phase of Blackoak Developments' Fashion Park Outlet holds 15,000 sq m with 65 stores. At the moment, Guess, Replay, Timberland, Tom Tailor, Adidas, BATA, Converse, Office Shoes, Nicola's, LISCA, Piquadro, NIKE, Bottega del Sarto, Puma are some of brands which can be purchased in this retail park.

In terms of the planned future offer in Belgrade, Israeli investor IBC plans to develop the retail park One in Zemun, estimated to cover approximately 28,000 sq m on 80,000 sq m of the land lot. The construction of the first phase commenced recently and will include the development of 15,300 sq m, which is expected to be delivered in 2014. After the development of Aviv Park in Pancevo, Aviv Arlon intends to develop a retail park in Belgrade, in Zvezdara municipality. The retail park Aviv Park Beograd will comprise 11,000 sq m GLA.

Future Projects in Belgrade

Retail Park One

Aviv Park Belgrade

In addition, prior to the global economic crisis, many shopping centre projects have been announced for completion. Since then, initiated projects have been put on hold, while projects that were in the planning stages have been postponed several times. The shortlist of shopping centres in the pipeline is given in the table below. Having in mind all announced projects in Belgrade and Serbia, the years to follow should greatly affect the retail scene in Serbia and significantly increase the retail offer and stock of shopping centres per 1,000 inhabitants in Belgrade. However, at the moment, the completion dates of mentioned projects remain uncertain.

Future Retail Schemes in Belgrade

City	Project	Size (sq m)	Rental level*	Developer	Anchor tenants (retail) / Pre-lease (office)	Delivery
Belgrade	Rajiceva	19,000	n/a	Ashtrom	n/a	n/a
Belgrade	Visnjicka Plaza	45,000	n/a	Plaza Centres	n/a	n/a
Belgrade	Delta Planet	70,000	n/a	Delta Holding	n/a	n/a
Belgrade	Skadarlija	38,000	n/a	Key stone	n/a	n/a
Belgrade	Ada mall	30,000	n/a	GTC	n/a	n/a

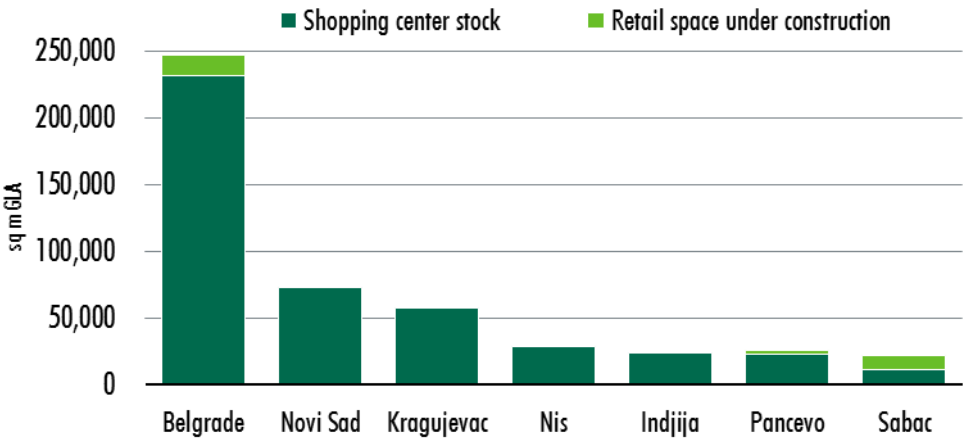
Source: CBS International, part of the CBRE Affiliate Network

Existing and planned shopping malls in Belgrade

Source: Google Maps, CBRE

The interest of both international and local developers in the Serbian retail market is constantly increasing which reflects the number of shopping centres planned for construction. On 7 November 2013, an Israeli investor opened the last phase of its retail park in Novi Sad, BIG CEE, which totals 34,000 sq m of GLA. After a few postponements, in December 2013, the construction works on the shopping center Vivo in Jagodina commenced. The project will comprise 10,000 sq m with app. 30 stores. Furthermore, the development of Capitol Park in Sabac of 9,850 sq m enters the final construction phase. The completion of the retail park is expected in March 2014.

Serbia Shopping Centre Stock (sq m)



Source: CBS International, part of the CBRE Affiliate Network

Hotel Market Overview

Even though the Belgrade hotel market has experienced considerable improvements over the previous years, the market still lacks a satisfactory number of high-end hotels and global hotel chains. The majority of hotels in Belgrade are two and three-star hotels that require additional investment to meet the needs of more demanding guests. Unsuitable maintenance and a lack of proper reconstructions due to financial difficulties resulted in a loss of former categorisation for several hotels. Instead of four star hotels, they were forced to charge for their services as three star hotels. Another characteristic is the level of difference between some hotels' stated standards and the actual quality of the offered service.

The most dynamic changes in the Belgrade hotel stock occurred in the upscale hotel segment, where the supply was enriched with several new or renovated establishments – i.e. IN Hotel, Holiday Inn, Zira Hotel, BAH, Life DESIGN Hotel, also the four-star Falkeinsteiner hotel opened in late 2012, hotel Prag was upgraded to a 4-star hotel in 2012, while Metropol Palace, as a five-star hotel with 239 rooms was opened in November 2013 after a complete renovation. Lower to middle budget hotels (2-3 star hotels) have still not attracted significant investment, and definitely promise good development prospects in the foreseeable future.

The InterContinental Hotel in Belgrade lost its 5th star and official license in 2005, and afterwards continued to operate under the name Hotel Continental. However, as of summer 2012, Delta Real Estate commenced a complete reconstruction of Hotel Continental, aiming to opening a five-star hotel Crown Plaza of 416 keys in late 2013, which will introduce the IHG hotel chain to the domestic market.

The Belgrade hotel stock of five-star hotels has increased to the level 1,038 keys, whilst the four-star hotels stock holds app. 1,800 keys.

In general, the Belgrade hotel market can be divided into two categories, i.e. international branded hotel operations and locally managed hotels. Within the total stock of less than 30 five-star and four-star hotels, only a few of them are affiliated with international chains: Hyatt Regency Belgrade (302 rooms), Holiday Inn (140 rooms), Falkeinsteiner (170 rooms), Crowne Plaza and two Best Western hotels – M (180 rooms) and Sumadija (110 rooms).

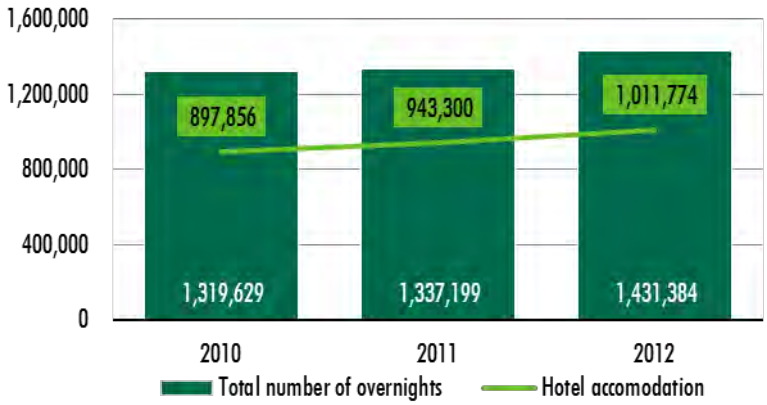
In addition to the prospective supply, Soravia Group is developing a 25,000 sq m large mixed–use project, which will contain a Radisson Blu 4 star-hotel of 236 keys and office space of app. 3,200 sq m. The completion date is set for mid-2014.

Belgrade cannot compete with the touristic potentials of Prague, Budapest or Vienna and will not follow the same path such as these primary hotel markets in the region. On the other hand, the overall development of the Belgrade hotel industry could more resemble hotel developments in secondary cities such as Sofia, Bucharest or Zagreb with great potential to exceed those markets i.e. to be positioned somewhere in-between these two segments. Sofia and Zagreb have less populations, more modest regional significance, but a more sophisticated and developed hotel supply.

Although this market segment saw positive movements in the previous period, Belgrade hotel market still lags behind the major cities of Central and Eastern Europe, in terms of market share of global hotel chains. Belgrade, with less than 25% share of international brands, is significantly below major regional cities that host between 40 to 80% of global chains of total stock in each city. Consequently, it is expected that international hotel chains will play an important role in the forthcoming period.

In the previous few years, the number of tourists in Belgrade and the number of overnights is increasing, as well as the number of tourists using hotel facilities for the accommodation. The share of tourists who were using hotel in 2012 equaled 71%.

Key Tourism Statistics in Belgrade



Source: Statistical Office of the Republic of Serbia

The number of hotels currently under construction or announced for development indicates the large interest in Belgrade market among hotel operators and investors. The market practice shows that the majority of hotels, precisely large hotels are financed through bank debts, while small-scale/boutique hotels are in some cases financed through equity. The following table presents the hotels that are under construction or only announced for construction the in four and five-star segment in the period to come.

Future Hotel Schemes in Belgrade

Hotel	Address	Keys	Assumed opening date	Notes
Radisson Blu Old Mill	Vojvode Misica Boulevard	236	2014	Part of Old Mill mixed-use project
Courtyard by Marriott	Vasina Str.	108	2015	Next to National Theatre
Jump Inn	Zagrebacka Str.	49	March 1, 2014	Small-scale hotel of local developer
88 rooms	Takovska Str.	88	Q1 2014	The owner is MK Mountain Resort
Zepter	Terazije Str.	34	May 2014	
Nobel	Andricev venac	53	2014	
Constantine the Great	27.marta Str.	49	2014	
Rajiceva	Rajiceva Str	200	Unknown	incl. shopping centre
Kempinski	Nikole Tesle Blvd	280	Unknown	at the location of hotel Yugoslavia

Source: CBS International, part of the CBRE Affiliate Network

LATVIA

Macroeconomics

With reference to data obtained by the central statistical office, Latvia has been recorded as the probably fastest growing economy among the Euro zone countries in 2013. Latvia's gross domestic product (GDP) increased by 0.7% q-o-q in the October-December period of 2013, according to figures adjusted seasonally and for calendar effects. Compared with the last quarter of the previous year, real GDP growth was recorded at 3.5 %, thus recording overall increment of a little over 4.0 % per annum.

The quarterly GDP rise in Q3 of 2013 came mainly from external trade as the largest EU markets started to pick up. Exports returned to real growth in Q3, leaving them up 0.8% on the year in January-September, while imports were down by 0.4%. Industrial production, weak for the first seven months of this year, picked up in August and is set for more consistent growth in 2014 as faster EU and Russian expansion add to the momentum.

In accordance with Oxford Economics forecast Real GDP growth will remain in 2014, 2015 and 2016 of 4.2%, 5.2% and 5.0%, respectively.

With EU growth and currency union promoting exports, the current account deficit is forecast to remain around 1% of GDP despite faster GDP growth. It will stay financeable mainly through inward investment, promoted by the adoption of the Euro currency.

Falling unemployment, rising real incomes and recovery in property prices will continue to strengthen household finances, enabling a consumption upturn that includes catching up on durable purchases postponed in 2009-2012. Growth of retail sales has leveled off since mid-year, but they were still some 2% up on the year in September, and will be lifted in 2014 by falling real interest rates after some initial volatility due to the impending currency changeover. By November last year the unemployment level reached its three year historical minimum of 9.5 %. However, in January unemployment readjusted to 9.8 %, which is not considered significantly detrimental due to the rapid unemployment decrease in the previous quarter.

Key economic indicators

INDICATOR		2011	2012	2013	2014F	2015F
GDP/capita (current prices)	(EUR)	10,183	10,197	11,000	11,525	12,059
Real GDP growth	(% year)	5.5	5.6	4.3	4.2	5.2
Current Account balance	(% of GDP)	-2.2	-1.7	-0.7	-1.0	-1.2
CPI	(%)	4.4	2.3	0.0	2.4	2.5

Source: Oxford Economics

Although the Latvian economy in 2014 for the year as a whole, will maintain a positive trend, and in the context of relatively rapid development dynamics, it is expected that the quarterly growth rate will become slightly lower than initially anticipated.

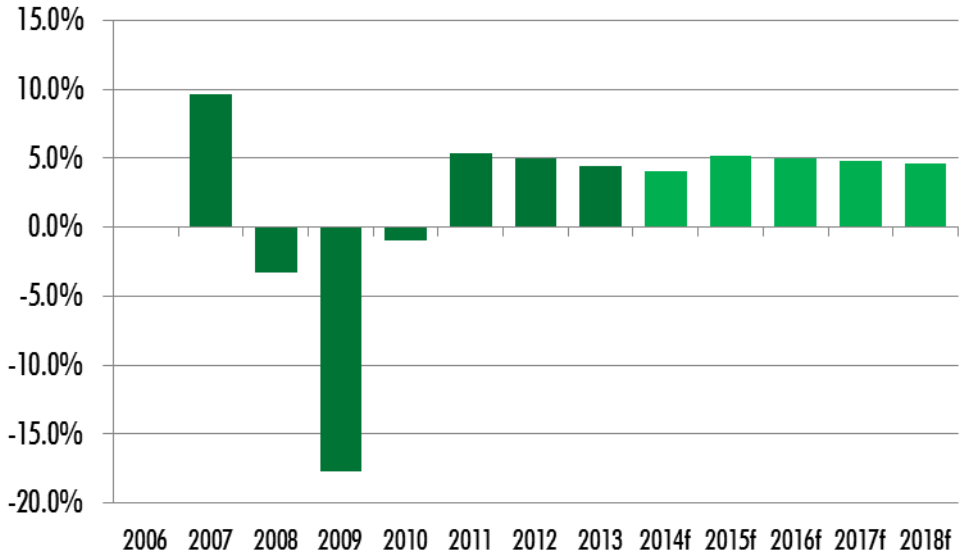
On the other hand, if, as expected, the income will continue to grow and inflation will remain at a low level, by improving the purchasing power of consumers, private consumption will continue further leadership. In addition, taking into account Latvia's accession to the eurozone, the successful development of the economy compared with other European countries, as well as the new EU funds inflow, a positive impact of the investment is to be expected.

The return to growth will prompt wage bargainers to claw back some of the substantial real wage reduction imposed since 2008, making productivity growth essential if export revival and trade deficit reduction are to stay on track. Wage growth in 2014 – 2015 will be encouraged by the forecast rebound in inflation, from zero in October to around 2.5% in 2014 – 2016. This will gain extra impetus from interest rate cuts in Q4; the central bank dropped its refinancing rate from 2.5% in June to 1.5%

in September and then to 0.24% in November to move into line with the ECB base rate of 0.25%.

It is considered that in 2014 inflation will also be affected by domestic supply-side factors, such as an increase in the tobacco excise tax and the delayed increase of the price of electricity to households.

Long-Term GDP Forecast (Y-o-Y growth)



Sources: Oxford Economics, CBRE

Property Investment Market in Latvia

The investment market in Latvia remained active during the last year. In H2 2013 investment deals of around EUR 5 million and over appeared with the same frequency as in the first half of the year. In general yields remained unchanged throughout the 2013.

Yield levels for all asset categories have been stable for the last 2013. With regard to research performed by Colliers International, prime office yields were quoted at 8.0 % and prime retail properties at 7.75%. Prime yields for warehouse and logistic properties stands at 9.0%.

CBRE research data shows CRE capital market investment volume of slightly over EUR 120 million in 2013. Analyzed investment scope covers transactions of over EUR 3 million per deal. Comparing to the total CRE transaction volume of over EUR 330 million this illustrates continuous precaution among investors to invest in yielding assets.

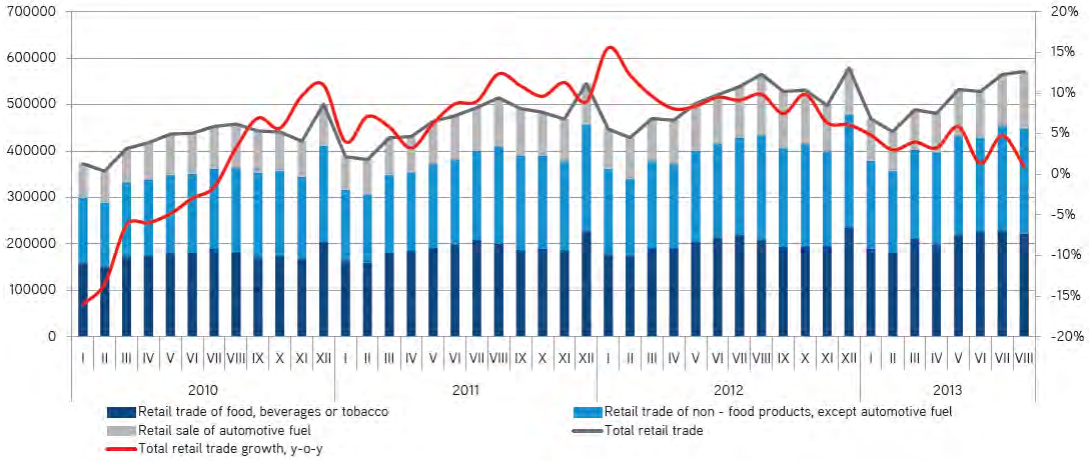
In the beginning of 2014 a single investment transaction was closed between Russian Capital Mill as a purchaser and Baltic Property Trust AM on the vendor's side. The subject property is located in Barona Centrs in the CBD of Riga, consisting of retail premises with an area of 4,102 sq m. The transaction volume remains undisclosed.

The turnover figure in 2013 was boosted by local investment fund Lords LB Baltic Fund III acquiring SMI Group RE portfolio in H1, amounting to approximate EUR 60 million for the portfolio share situated in Latvia. The sold portfolio share in Latvia consists of one prime logistics centre with a GLA of 50,000 sq. m, located next to Riga city borderline and five separate neighborhood shopping centres including one DIY store. Several single asset deals took place in H1 2013 as well. A prime office building Valdemara Centrs and Kalku 15 in the CBD of Riga city was traded to Russian Capital Mill and Italy based Baltic RE group, respectively. The seller was Baltic Property Trust AM, BPT Secura fund. A Riga retail big-box with a GLA of 11,600 sq m anchored by Prisma and developed by Finnish VCA Baltic Retail Fund was also traded. It was acquired by East Capital Baltic Property Fund II. In Q3 2013, Dominante Logistics centre in Saulgozi, Kekava which is approximately 10 km from Riga

was also transacted. The transaction amounted to EUR 11 million. In the industrial sector a single asset purchase of a warehouse complex comprising 10,000 sq m took place in December 2013. The transaction amounted to EUR 4.75 million.

Applied yield rates for the pointed transactions are not disclosed by the involved parties; however we assume the yield rates are in 8 – 9 % range for the above capital transactions.

Retail Turnover in Latvia, thousand EUR



Source: Colliers International

Retail Market Overview

Almost for three years the retail market continues to show positive development figures. These are generally supported by the continuously growing consumption and improvement in salary and employment levels.

After enjoying the fastest retail sales growth in EU (+7,3%) in 2012, the retail sales grew more moderately in 2013 (+3,8%). The steepest growth was achieved by non-food line sectors. It is forecasted that in 2014 retail sales will continue growing at +4% annual rate.

Vacancy rates are close to zero percent in the context of the leading prime shopping centres and as such rental rates have witnessed a marginal increase. The basic absence of additional retail premises results in improvements of tenant mix.

A certain amount of existing retail premises will become vacant following Dressmann, BikBok and Cubus exiting the market. Nevertheless, considering current market conditions, it is expected that these future vacant premises will be occupied shortly after.

High-street retail continued to evolve, driven by ongoing tourist spending and the desire of some retailers to open high street store locations. However, the catering segment is believed to be oversupplied with market players, whose main income source is derived from tourist spending with many of them struggling to survive when the high season is over.

As already mentioned, at the end of 2013 the best-performing shopping centres' vacancy rates were close to zero (Galactico centres run by Linstow Centre Management Alfa, Galerija Centrs, Origo, Mols, Spice). For SC Domina Shopping vacancy was also below 2%. One of the most recognisable shopping centres, Riga Plaza, which positions itself as the leading fashion and entertainment centre and opened amidst the crisis in 2009, has a vacancy rate of 2.5%. Galleria Riga, which is among the new comers in the market and situated in the CBD of Riga with 8 levels dedicated to retail has nearly 20% vacancy. However, this is largely attributable to the redevelopment of the 5th and 6th level. Without this factor taken into consideration the vacancy in the retail floors is below 10%.

Sources: Google maps, CBRE

The total retail stock in Riga stands at approx. 660,000 sq m (excluding high street retail stock space). Shopping Centre take up comprises approximately 417,000 sq m from total retail stock, whilst big boxes and department stores fill out 212,500 sq m and 32,000 sq m respectively. Only 5 projects consist of more than 30,000 sq. m (51% of GLA), while others are considered medium or small shopping centres.

Most of this volume, comprising slightly above of 70% from total SC retail stock was developed in the period of 2002 – 2009.

According to ICSC Baltic committee research, the share of retail turnovers in the traditional shopping centre formats starting from 5,000 sqm in Latvia constitutes approx. 24% of total retail sales in the country.

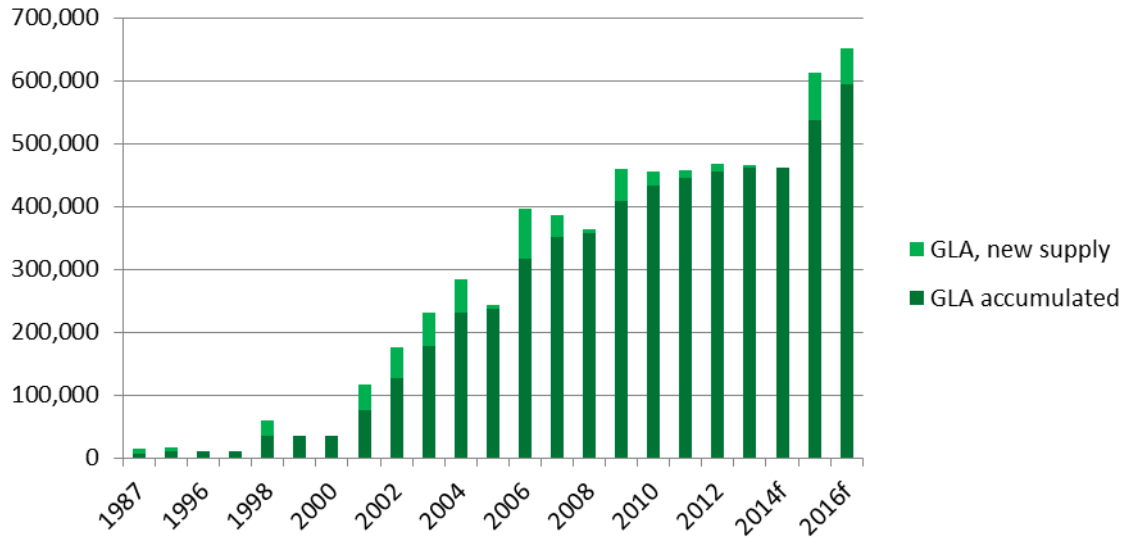
Turnover per square metre in medium and large shopping centres (starting from GLA 10.000 sqm) in Riga is within the range of EUR 1,000 – 3,600 / sqm / per year averaging at EUR 1,800 / sqm in 2012. According to data derived from the listed fashion retailers in Latvia (such as Apranga group and Baltika group), average sales efficiency of the leading fashion retailers per square meter is within the range of EUR 2,000 – 2,600 per year.

Due to the global economic crisis almost all planned and already started construction has been frozen and suspended for an indefinite period of time. However, separate developments have been introduced to consumers despite the overall suffering economy. Shopping Centre Galleria Riga was put into the operation in Q4 2010 adding an extra GLA of 23,600 sq m to the total retail stock. Later on, in 2011, Shopping Centre Damme with a GBA of 15,958 sq m was opened as well as Finnish Prisma anchored hypermarket with satellite tenants totaling to GLA of 11,600 was introduced in 2012.

Two leading competitors – grocery chains, in particular Rimi Latvia SIA (ICA) and Maxima Latvija SIA (VP Market), each sharing 50% of the local market, increased their hypermarket and supermarket figure. This expansion was not covering only the capital Riga, but also the biggest cities of Latvia as well. Like in 2012, the only hypermarkets/supermarkets were delivered to the market in 2013. RIMI

anchored supermarket “Draudziba” was introduced to consumers and two Maxima hypermarkets: Maxima next to the SC Domina at Dzelzavas street 6a and Maxima Bikernieku 121 are expected to level out the existing stock.

Dynamics of Retail space, SC in Riga



Source: CBRE

Following the overall economic recovery and retail trade improvement, the market faced new brand entrants in 2012 and 2013. Among them were H&M, Massimo Dutti, Aldo, Desigual, Next, Cortefiel Group. When deciding on the first locations, brand holders’ preference is given to the well-established leading shopping centres or prime city centre locations. Thus after a successful start at Galerija Centers two years ago, H&M proceeded with announcing openings in the largest malls, such as Alfa, Riga Plaza, Spice and Domina. The expansion of H&M led to indirect occupancy improvements elsewhere, for example Jysk will be reallocated from Spice to Spice Home in order to free the premises for the opening of an H&M store.

Given the fact that leading schemes are almost 100% occupied, the new brand entrants with the help of prime space is possible by landlord’s necessity to further improve the tenant mix and cancelling the leases of existing occupiers, or – the brands can choose the route to open flagships on the high-street. This has been one of the factors boosting high-street retail activity. Brands such as Baldessarini, Superdry, River Island and COS are giving preference to high-street retail locations when searching for their first locations in Riga.

High-street locations have proven to be particularly successful for aspirational and luxury brand operators. Among the new comers to the market the luxury brands Burberry and Ermenegildo Zegna. Those who have preferred shopping centres for their first locations are Stefanel, i Blues, Marc Cain, Max&Co. In the next months Max Mara Weekend and EA Jeans will also open stores in the shopping centre, namely Spice, whose strategy is to focus of the upper middle customer group.

Among other potential market entrants is Swedish giant, IKEA. After successfully opening in Vilnius in September last year, the Swedish franchisee is evaluating further steps in Latvian and Estonian market. Similar evaluation of the market is undertaken by Senukai and Ermitažas DIY chains.

Continuously growing economies of the Baltic states will continue attracting attention of new international retailers. It will also facilitate decision taking of franchisees to take more brands in their portfolio. From official announcements it can be mentioned that Debenhams department store will open in Spice in spring. Among the brands which are interested in the market but have not yet fully decided are the fast food chain KFC and Pizza Hut express, George of Asda group, as well as Takko

and Deichmann which are already established in other Baltic countries and their entrance in Latvia was postponed by the crisis.

During 2013, rental rates in the shopping centres and high street retail premises showed growth of 10-15%, however in some prime retail space the growth was recorded even higher. The tendency goes in line with the continuously growing consumption and improvement in wage and unemployment levels. Monthly base rent for prime shopping centres and high street premises with leased areas up to 100 sq m is in the range of 25 – 50 EUR/sq m. Premises with areas up to 350 sq m can be leased at 15 – 35 EUR/sq m and anchor tenants can pay 6 – 10 EUR/sq m.

Notwithstanding the growth tendency, the market can still be regarded as a tenant's rather than a landlord's market. Due to low risk strategies, a careful approach is taken by most of the retailers when selecting locations and committing to rental terms.

Retail pipeline

Since 2010 when the SC Galleria Riga with GLA of 23 600 sq m was commissioned no new significant (over 10,000 sq m of GLA) developments except SC Damme in 2011 and SC Prisma Deglava in 2012 with GBA of 15,958 sq m and 11,600 sq m respectively, have been launched ever after.

Riga market is saturated with traditional shopping Centre formats. However further developments are not stopped but are more focused on neighbourhood supermarket developments. Maxima, RIMI and Prisma super / hypermarket chains are opening new schemes and looking for further opportunities in underserved areas. Basically these schemes deliver 2,500 – 7,000 sq m of GLA.

To mention larger shopping centre schemes – about two years ago Lithuanian Akropolis (VP Market) has announced development of 2 large Akropolis schemes (up till GLA 90,000), however an exact construction and opening times were not revealed until 2013. It is likely that one of the two developments with retail GLA of 60,000 sq m could be commissioned in Q4 2015 although there are still uncertainties about the start of active construction phase. The site is in the neighborhood of the Southern Bridge, between Maskavas and Salaspils streets.

Another eventual development that has been started and is in early stage of preleasing is led by DOMUSS, which is a real estate development company – part of the US investment fund group NCH. The planned development is a retail park / outlet centre. These are two new formats not represented in Latvia market yet. Project development is envisaged in two stages. Kaivas Retail Park will be located next to the bypass of Riga –7 km from the center of the city. Delivery date is suspected by Q1 2016.

Also, it is announced that Linstow Centre Management will enlarge their existing schemes to remain competitive. Future extensions are planned for Origo and Alfa SC schemes.

A multifunctional complex consisting of office space and shopping center is to be built next to the Origo shopping center. The projected total floor space is 40,185 sq m, of which 15,750 sq m is space for retail lease. The time schedule for the new extensions to be commissioned is not announced yet.

The Alfa Retail Park is to be expanded. Currently the sketch design for the expansion of the Retail Park is underway. As a result of expansion, the total space of the Alfa Retail Park will increase by 16,400 sq m amounting to 79,940 sq m, while space for lease will increase by 11,150 sq m totalling to 58,950 sq m.

Pipeline Shopping Centres

City	Project	Size	Rental level*	Developer	Anchor tenants	Delivery
Riga	RIGA AKROPOLE	60,000	20	AKROPOLIS GROUP	MAXIMA XXX and Forum cinemas	2015
Riga	Kaivas Retail park	41,000	N/A	Domuss	N/A	2016

Riga	ORIGO orpject	15,750	N/A	Linstow	N/A	N/A
Riga	Expansion of Alfa Retail park	16,400	N/A	Linstow	N/A	N/A

* EUR/sq m/m – referring to a 200 sq m unit in the ground floor

Source: CBRE

Map of Pipeline Retail Projects

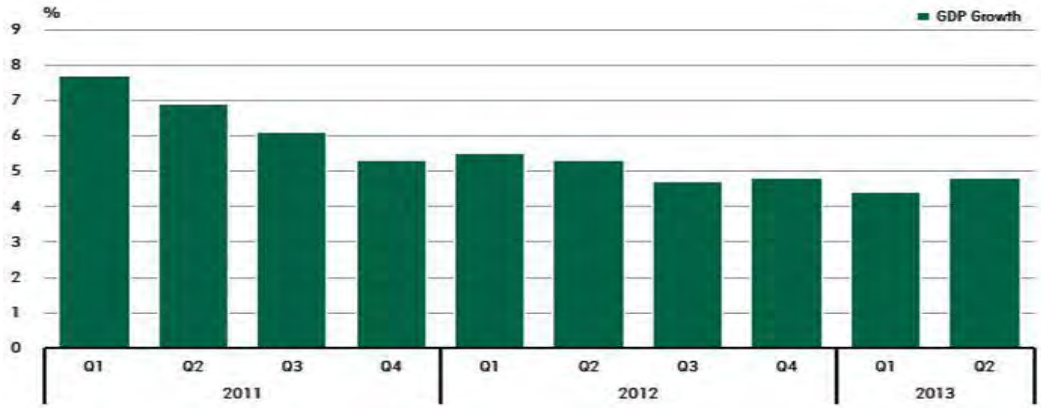
Source: CBRE

INDIA

Macroeconomics

India's recent economic performance stands in stark contrast to the high-growth years between 2003 and 2011. Official numbers revealed a slowdown to 5.1% y-o-y GDP growth in 2012 (lowest in a decade) and 4.4% y-o-y in H1 2013 (slowest quarterly growth in four years), compared to an average 8.3% y-o-y growth between 2003 and 2011. However, "green shoots" of revival were visible during the period July–September, 2013, when the economy grew by 4.8% largely on account of improved performance in agriculture, financing, insurance, real estate and business services, and select infrastructure sectors.

India's Weakening Gross Domestic Product Growth (%)



Source: Ministry of Statistics & Programme Implementation (MOSPI); Kindly note that the years in exhibit above are reflective of Indian financial years (viz. 1st April to 31st March) in-line with data released by MOSPI

Factors impacting macroeconomics

- Persistently high inflation: The Consumer Price Index (CPI) - one of India's two main inflation gauges - has remained high due to rising food prices and capital inflows. The Ministry of Statistics' most recently released provisional data indicated CPI growth of 10.09% y-o-y in October 2013.
- Tight monetary policy: In response to the high inflation, the Reserve Bank of India (RBI) steadily raised interest rates from 4.25% in early 2010 to 8.5% in Q1 2012. Despite cuts in 2012, the RBI raised rates again in September and October 2013, citing inflationary concerns. Increased interest costs have slowed consumption and investment across sectors, and also contributed to slackening industrial growth. The latest figures for the government's Index of Industrial Production (IIP) showed a 1.1% y-o-y decline between April and June 2013.
- Slowing exports: Export growth slowed down to 1.5% y-o-y in 2012, as compared to 14% y-o-y between 2000 and 2012 - as weaker external demand, higher production costs, tighter monetary policy and supply constraints weighed on the trading sector. However, the latest government data indicated a rebound in exports, with a growth of 13.5% y-o-y during October, 2013.
- Fragmented political landscape: The inability of the present regime to clear itself

from corruption scandals, as well as generate a political consensus on structural reforms has dimmed growth prospects and shifted foreign investors' focus to other emerging markets. The present market sentiment of a policy paralysis, both in terms of government decision making as well as bureaucratic approvals, has delayed investment plans of a large number of corporates.

Credit Cost Increased Amidst Sustained High Inflation

Source: Ministry of Statistics & Programme Implementation, RBI, Ministry of Finance

Impact on Real Estate Sector

As study of the real estate sector trends in year 2013 shows that the economic downturn has subdued office and retail markets, resulting in a sales slowdown and pressure on capital values across leading cities. Buyer sentiment in residential markets has largely remained cautious on account of relatively high price points and sticky borrowing costs amidst an economic downturn. As a result, investment has slowed across segments (viz. residential and commercial), resulting in stagnant construction activity.

From the perspective of office space alone, demand declined during Q3 2013 because corporates focused on consolidating and downsizing their space portfolios and relocating towards peripheral markets. While this has contributed to rental stability in most markets in Q3 2013, the subdued demand coupled with significant vacancy levels across key cities have led to a decline in office space supply during Q3 (with developers delaying their proposed launch of fresh supply), weighing on future investment plans.

Looking forward, deficits and high inflation will continue to weigh on the economy. Consensus growth estimates are for 4.9% GDP growth in H2 2013 — up from 4.6% in H1 2013, but flat compared with H2 2012 — and 8.8% y-o-y CPI growth. These developments, along with a phase of political instability before the General Elections, will prevent a rapid growth recovery in the next two quarters. The clearance of the National Land Acquisition, Rehabilitation and Resettlement Bill (LARR) by the Parliament is likely to make the process of land acquisition more expensive and time consuming. In principle, the Bill is meant to promote transparency and clarity in land titling, protect landholders from coercion and raise compensation via land sales. However, the Bill is likely to make land acquisition more expensive and time consuming for developers and inhibit investment in development of townships and industrial projects. Owing to rising cost and, associated risks, more developers are likely to opt for joint development projects. From an investment perspective, rising costs and procedural delays may not augur well for foreign investors who may prefer to revise their

investment outlook towards more investment-friendly markets.

Some Positive Developments for the Economy

Recent indications of revival in the global and domestic economy, however, and the possibility of reforms being implemented to invigorate the economy once a new political order is established — should contribute towards better performance and improved economic prospects by the mid of 2014.

Improving Outlook Clouded by Political Cycle

With the economy showing signs of improvement, consensus estimates are forecasting a pick-up in GDP growth to 5.9% y-o-y in 2014, from 4.9% y-o-y in 2013. Political dynamics need to be improved, however, with improved clarity and internal consensus on longer-term policy initiatives, before India's economy can approach its strong performance of previous years.

The upcoming General Elections in April 2014 will, hence, prove to be a watershed event for India's economic and investment rejuvenation. A coalition government with a fractured mandate might not be able to bring in sweeping transformation in the country's present system of economic management; while the return of the present regime might keep away investors. Hence, a lot that the Central Bank or the private sector can deliver depends on the outcome of the electoral process that unfolds during April–May 2014.

From the standpoint of both the economy and the real estate sector, reforms are required in the following areas:

- Speedier clearance of stalled projects: Slow, archaic project approval processes inhibit real estate development, and are unattractive to foreign investors.
- Liberalization of supply chain management: Supply bottlenecks are a key contributing factor to the high inflation rates of recent years. Both liberalization and investment are required to cater to the burgeoning consumer demand in India.
- Opening of key sectors to FDI: Retail is a prime example where India has a vast, largely unorganized market where government regulations restrict foreign investment.
- Public-private partnership projects: India is in urgent need of infrastructure creation and foreign investments, but government regulations, again, are a drag on investment opportunities.

It is imperative for the new political order to be proactive from the outset, with respect to implementing industry-centric policies and reforms, while promoting measures to boost foreign investments into the country. Should these measures be implemented in their true essence, the Indian economy has the potential to break away from its recent experience of weak growth and post stronger economic performance, going forward.

Property Investment Market in India

India remained quiet in Q4 2013 as the economic and political picture continued to dampen investor sentiment. The occupier markets were slightly more positive but the bulk of investors opted to remain on the sidelines ahead of the forthcoming general election scheduled to take place before the end of May.

The period saw a number of deals involving developers buying back stakes in projects

as funds look to exit the market. Other funds have been active, however, with the likes of Blackstone, Xander Group and Red Fort Capital all active during the quarter. Funds previously only purchased stakes in projects as passive partners but are now more closely involved in the project cycle. Local developers remain in need of private equity cash given sluggish residential sales and weak lending environment.

On the regulatory side, the land acquisition bill was passed during the quarter and lays out new requirements and pricing guidelines for the government and private sector looking to acquire land for development purposes.

The other major regulatory change afoot pertains to REITs, initial guidelines for which were recently unveiled by the Securities and Exchange Board of India (SEBI). SEBI has proposed limiting investment in REITs initially to institutional investors and high net worth individuals. Final guidelines are expected later in the year.

The market will remain quiet in H1 2014 but activity is expected to increase in the second half of the year once the election is over. There will continue to be isolated deals as evidenced by the current level of activity by private equity groups (for example, Milestone Capital Advisors and Motilal Oswal Private Equity's investment in Bangalore based Fortuna Group, JP Morgan's investment in Vaswani Group, etc.).

Residential Market Overview – Bangalore

The central region of Bangalore has been the core around which the real estate components in the city developed. Comprising of commercial and retail hubs such as MG Road, Brigade Road, Residency Road and Commercial Street, the central region emerged as the Central Business District (CBD), primarily characterized by a mixed development profile. In due course, the central zone started witnessing saturation due to indiscriminate real estate development as well as natural organic growth. Currently, central areas have limited development potential on account of scarce land coupled with spiralling land costs.

In conjunction with the increasing prominence of IT/ ITES activity in the late 1990s and the natural expansion of the city, 'spill-over' growth was witnessed towards the suburban and peripheral regions due to ample land availability and affordability. Significant IT activity was witnessed in the suburban regions in the south of Bangalore city such as Koramangala, Bannerghatta Road and the Airport Road corridor.

Further, large campus developments by IT majors initiated the commercial activity in Electronic City and Hosur Road to the south and Whitefield (where the subject property is located) towards the eastern periphery of the city. These large campuses attracted a significant number of smaller IT/ ITES companies to follow suit and the two regions emerged as the commercial growth vectors of the city. Commensurate with the commercial activity and the ensuing influx of IT professionals from all parts of India, residential markets surrounding these commercial growth areas also exhibited significant activity levels. Prominent residential micro-markets to emerge in the South include Jayanagar, J P Nagar and BTM Layout while in the East, apart from established residential micro-markets such as Indiranagar and Old Madras Road significant residential activity was witnessed in Whitefield and surrounding areas.

Further in the mid 2000's, Sarjapur Outer Ring Road was completed in the south east of the city and resulted in this area emerging as a growth corridor due to a host of factors such as excellent connectivity and accessibility to other parts of the city and availability of large land parcels for development.

Along with Sarjapur Outer Ring Road, the northern periphery of the city has witnessed

heightened real estate activity in the last 2-3 years primarily on account of the Kempegowda International Airport development at Devanahalli. Going forward, areas in the North such as Devanahalli, Yelahanka and Jakkur are expected to emerge as prominent real estate activity hubs, primarily as residential areas in the near to medium term, with commercial activity (office space, hospitality, retail) expected to pick up at the Bangalore International Airport in the medium term.

For the purpose of understanding the real estate sector, Bangalore can be classified into different activity zones based on the concentration/ profile of development activity, as below:

Source: CBRE Research; Note: map not to scale

Central Business District (CBD): defined by the city centre location in proximity to MG Road, comprising of significant roads such as such as Residency Road, Richmond Road, Lavelle Road, St. Marks Road and Kasturba Road

Non CBD: micro-markets on the periphery of CBD (viz. approx. 4 – 6 km from CBD) such as Infantry Road, Cunningham Road, Langford Town, Airport Road, Frazer Town, Ulsoor, etc.

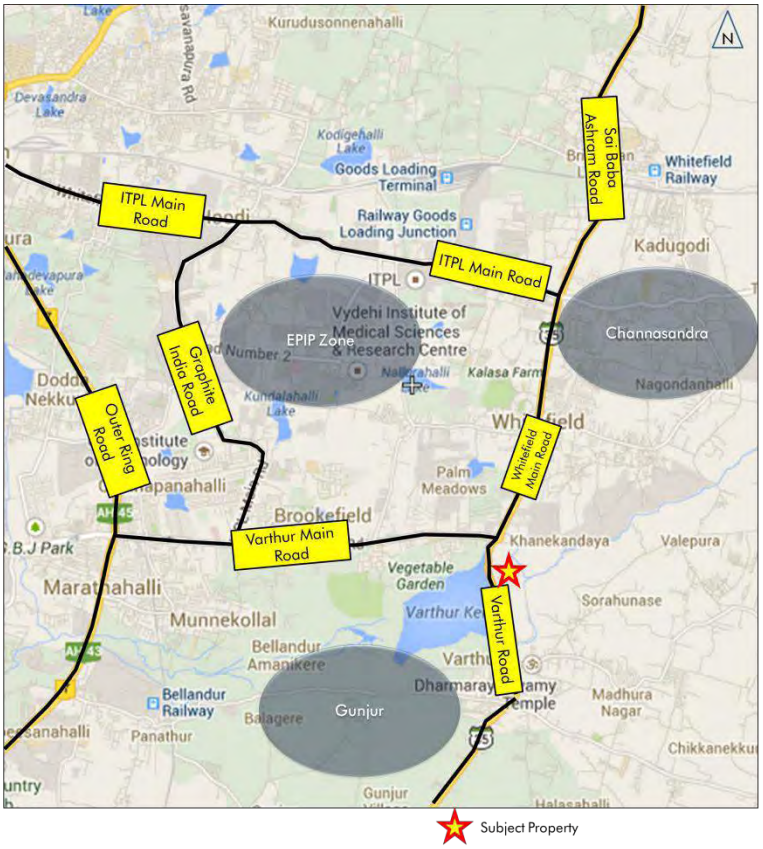
Suburban Areas: micro-markets outside the inner ring road (viz. approx. 6 – 10 km from CBD), however primarily inside the outer ring road such as Koramangala, Jayanagar, Banerghatta Rd, Banashankari, in South, IndiraNagar, C.V. Raman Nagar, etc. in the east and Sadashivnagar, RMV extension, etc. in North

Peripheral Areas: micro-markets beyond the outer ring road (viz. approx. 20 – 25 km from CBD) such as Electronic City, Whitefield, Devanahalli, etc. Though these micro-markets are located in peripheral areas, the proposed second phase of the metro rail is expected to connect micro-markets such as Whitefield (subject location) to the CBD. The second phase of the metro rail initiative (for which work is expected to commence in year 2014) is expected to enhance the connectivity and accessibility of peripheral areas (such as Whitefield) thereby positively impacting the image and attractiveness of

the region

Residential Market Overview – Whitefield

Whitefield is one of the most established commercial IT/ITeS suburbs of Bangalore. The subject micro-market has emerged as a prominent IT/ ITeS destination, subsequent to the establishment of the Export Promotion Industrial Park (EPIP) Zone in 1996 and International Technology Park Ltd. (ITPL) in 1998. Prominent IT/ ITeS commercial developments in this region include ITPL, DivyaSree Technopark, DivyaSree NR Enclave, RMZ NXT, SJR I Park, etc. The subject micro-market has attracted interests from various MNCs and prominent Indian IT/ITeS majors, owing to availability of the good quality office space at lower rentals as compared to other established commercial micro-markets, availability of multiple scalable options, good connectivity and presence of good social infrastructure. Some of the prominent companies present in the micro-market include SAP Labs, IBM, Tesco, Accenture, TCS, HUL, etc. With the increase in IT/ ITeS activity in the recent past, residential activity has also witnessed a commensurate increase in and around the subject micro market to support the increasing demand of working populace looking at housing options close to their workplace. Prominent completed residential developments in the subject region include Sobha Rose, Gopalan Grandeur, Prestige Shantiniketan, Brigade Metropolis, etc. In addition, prominent residential developments which are currently marketing include Pursuit of Radical Rhapsody, Windmills of your mind, Brigade Cosmopolis, Brigade Lakefront, Prestige White Meadows, Sobha Habitech, Vaswani Brentwood, etc.



Source: CBRE Research; Note: map not to scale

Further, the subject micro-market is well supported by social infrastructure in the form of Retail malls (viz. Park Square Mall, Phoenix Market City, Inorbit mall, etc.); Educational

institutes (viz. The International School, Delhi Public School, Deans Academy, etc.); Hospitals (viz. Sri Sathya Sai Baba Hospital, Vydehi Institute of Medical Sciences, etc.). These social infrastructure facilities have contributed to the region to develop into a self-sustaining micro-market.

Within Whitefield, the residential and commercial activity has been witnessed across a few major corridors:

ITPL Main road ~ Emanates from Old Madras Road and connects to the Hope Farm Junction, housing large scale mixed use developments like Brigade Metropolis, Prestige Shantiniketan, Borukha IT Park, etc. The inner roads emanating from ITPL main road are witnessing villa developments such as Prestige Silver Oak, Gopalan Urban Woods, etc. Commercial developments located along the vector are few of the most prominent developments and include developments such as ITPB, Salarpuria GR Tech Park, Brigade Tech Park, etc.

Whitefield Main Road ~ Connecting Varthur circle to Hope Farm Junction and is a significant residential vector in Whitefield. Prominent residential developments along the road include Prestige White Meadows, Prestige Ozone, Sobha Rose, Brigade Cosmopolis, The Avenue, etc.

Graphite India road ~ Including Brookfields, is one of the established corridors for apartment and commercial activity due to proximity of EPIP zone. Prominent residential projects in the vector include Skylark Esta, Aratt Premier, Gopalan Granduer, Sterling Brookside, Sterling Shalom, etc. Limited commercial developments witnessed on this vector, with RMZ Centennial and Kalyani Platina as the only few commercial developments located along this vector.

Varthur road ~ Owing to its good connectivity to Sarjapur Outer Ring Road and Old Airport Road this stretch has emerged as an important corridor as far as residential activity is concerned. The area consists of landmark villa developments such as Adarsh Palm Meadows, Prestige Lake Vista and large scale apartment developments such as Purva Riviera and Purva Fountain Square. In addition, upcoming developments in various stages of construction include Mahaveer Maple, DNR Atmosphere, UKN Miraya Rose, Vaswani Brentwood, etc. However, commercial developments are negligible on this vector, with the only prominent development being Sigma Tech Park by IDEB developers.

Sai Baba Ashram road ~ Current growth corridor within Whitefield, primarily witnessing large scale villa and apartment activity owing to ample availability of large tracts of land. It is located away from the IT/ITeS activity centres within Whitefield and therefore offers relatively calm and tranquil environment suitable of residential developments. Villa projects along the vector include Sterling Villa Grande, Goel Ganga Prive, Chaitanya Smaran, etc. Prominent apartment projects on this stretch include Nitesh Forest Hills, Nitesh Flushing Meadows, Mera Homes, etc.

Channasandra Road ~ Stretch from Hope Farm Junction to Chikka Tirupathi, primarily characterized by large tracts of agricultural land parcels. The initial stretch on this vector is witnessing increased real estate activity in the past 1-2 years, owing to the spill-over of demand from other established locations in Whitefield. Prominent residential developments on this vector include Sobha Habitech, Prestige Mayberry, DSR Sunrise, etc. Developments beyond the Food Corporation of India are in nascent stages and are characterized by affordable to mid end apartments being developed by local developers.

Residential Benchmarks

Apartments

	PROJECT	DEVELOPER	SUBMARKET	INVENTORY (Units)	SALEABLE AREA (m^2/unit)	CAPITAL VALUES (USD / m^2)	ABSORPTION	LAUNCH	DELIVERY
1	The Five Summit Address	The Address Makers	EPIP Zone	224	242	931	44%	Q4 2013	2016
2	Brigade Cosmopolis	Brigade Group	Whitefield Main Road	880	171	1,095	17%	Q3 2013	2016
3	UKn Miraya Rose	Ukn Properties	Varthur Main Road	95	317	1,653	11%	Q2 2013	2015
4	In Pursuit of Radical Rhapsody	Total Environment	ITPL Road	1,290	305	1,471	12%	Q1 2013	2015
5	The Avenue	Ezzy Group	Whitefield Main Road	48	313	1,044	73%	Q4 2012	2014
6	Indraprastha Ruhe	Indraprastha Developers	Whitefield Main Road	23	281	1,131	70%	Q1 2012	2014
7	Prestige White Meadows	Prestige Group	Whitefield Main Road	291	608	1,305	93%	Q1 2010	2014

Note: 1 USD = INR 61.787; Source: www.xe.com as on 18.02.2014

Villas – Primary Sales

	PROJECT	DEVELOPER	TYPE OF DEVELOPMENT	SUBMARKET	INVENTORY (Units)	SALEABLE AREA (m^2/unit)	PLOT AREA (m^2/unit)	CAPITAL VALUES (USD / m^2)	ABSORPTION	LAUNCH	DELIVERY
1	Prestige Lakeside Habitat	Prestige Group	Villas	Varthur	271	350	279	1,331	55%	2013	2018
2	VDB Willow Farm	Value Designbuild	Villas	Borewell Road	22	528	372	1,305	59%	2012	2014
3	Habitat Crest	Habitat Ventures	Villaments	ITPL Road	150	275	UDS	957	84%	2011	2014

4	Prestige Silver Oaks	Prestige Group	Villas	Off ITPL Road	146	370	188	1,305	92%	2010	2014
5	Sterling Villa Grande	Sterling Developers	Villas	Sai Baba Ashram Road	156	260	319	1,508	88%	2010	2014

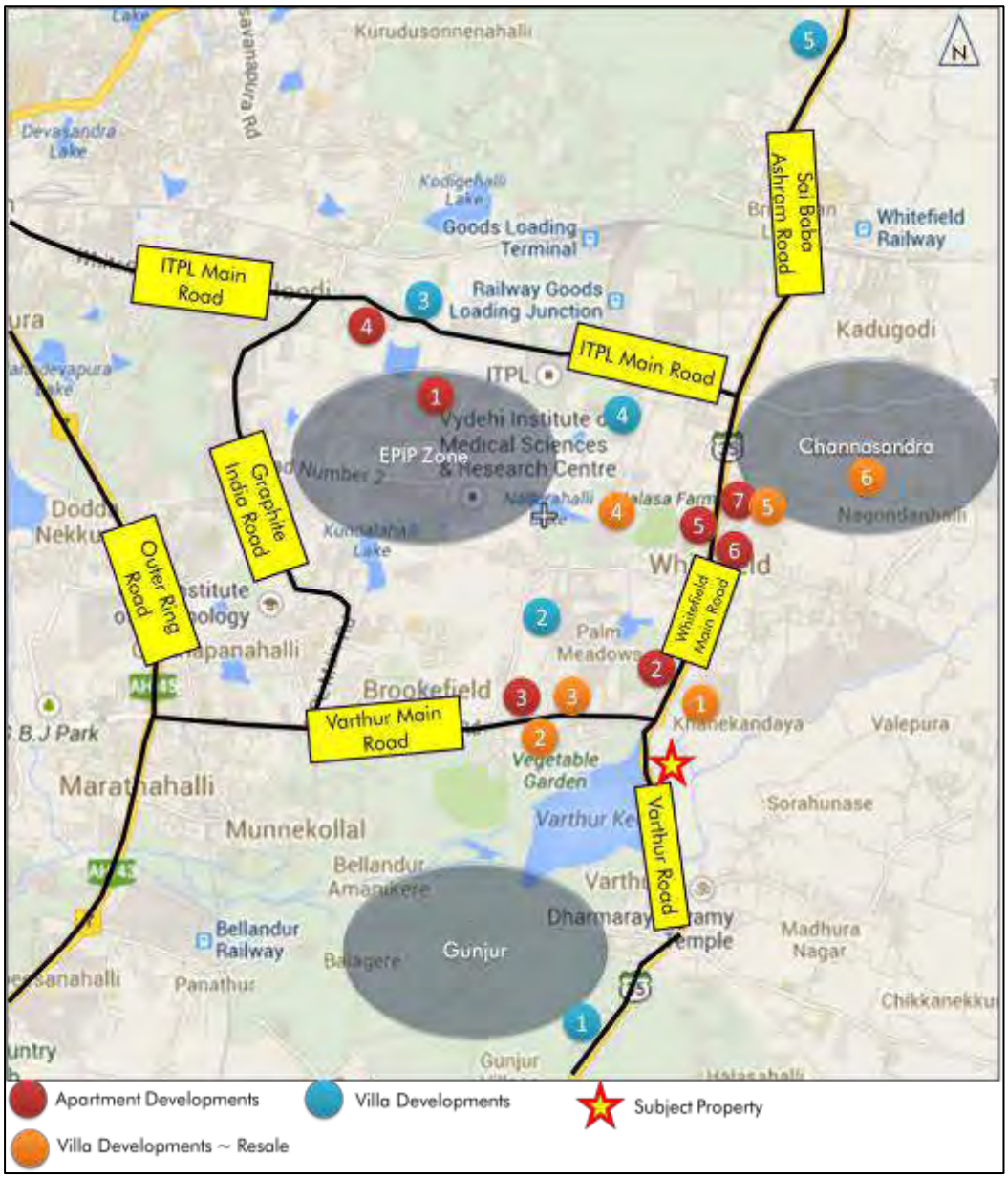
Note: Highlighted developments are reflective of projects that are currently being marketed in the subject region *UDS – Un-Divided Share of area*

Villas – Secondary Sales

	PROJECT	DEVELOPER	TYPE OF DEVELOPMENT	SUBMARKET	INVENTORY (Units)	SALEABLE AREA (m^2 /unit)	PLOT AREA (m^2 /unit)	CAPITAL VALUES (USD / m^2)	ABSORPTION	LAUNCH	DELIVERY
1	Prestige Ozone	Prestige Developers	Villas	Varthur Circle	211	228	223.2	2,309	100%	2004	2006
2	Prestige Lake Vista	Prestige Developers	Villas	Varthur Road	28	298	446	2,067	100%	2001	2003
3	Adarsh Palm Meadows	Adarsh Developers	Villas	Varthur Road	585	326	372	2,586	100%	2001	2003
4	Prestige Bougainvillea	Prestige Developers	Villas	Off ITPL Main Road	40	353	326	2,061	100%	2006	2008
5	Prestige White Meadows	Prestige Developers	Villas	Whitefield Main Road	66	519	437	1,841	100%	2010	2014
6	Prestige Mayberry	Prestige Developers	Twin Houses	Off Whitefield Main Road	166	334	279	1,455	100%	2012	2015

Note: Developments highlighted above are reflective of prominent projects available for secondary sales in the subject region. Transactions in the above developments would be far and few (viz. approx. 1 – 2 units per year)

Map of Residential Benchmarks



Source: CBRE Research; Note: Map not to scale

Residential Market Overview - Chennai

Chennai is one of the key commercial hubs in South India. The city's real estate sector has been dominated by requirements of local corporate houses and financial service sector; as a consequence of the growth of the IT industry, this sector has witnessed significant growth in recent years.

For better understanding of the real estate dynamics in the city, Chennai has been classified into four distinct zones based on the concentration of real estate development activity as given below:

- Central Business District (CBD)

- Secondary Business District (SBD)
- Suburban Areas
- Peripheral Areas

Central Business District (CBD):

The CBD of Chennai is primarily constituted by Anna Salai, Nungambakkam High Road and Dr. Radhakrishnan Salai (a part of the road is also referred to as Cathedral Road). These micro-markets are dominated by office / commercial developments. Residential developments (independent houses and apartment developments) in these micro-markets are limited and are primarily concentrated in a few clusters located off the main roads. Real estate activity is limited in this zone, primarily due to the lack of availability of land. Factors such as central location and business image have resulted in a distinct premium being attached to real estate available in these micro-markets (and its surrounding areas). The subject property considered for this research synopsis is located within this zone

Secondary Business District (SBD):

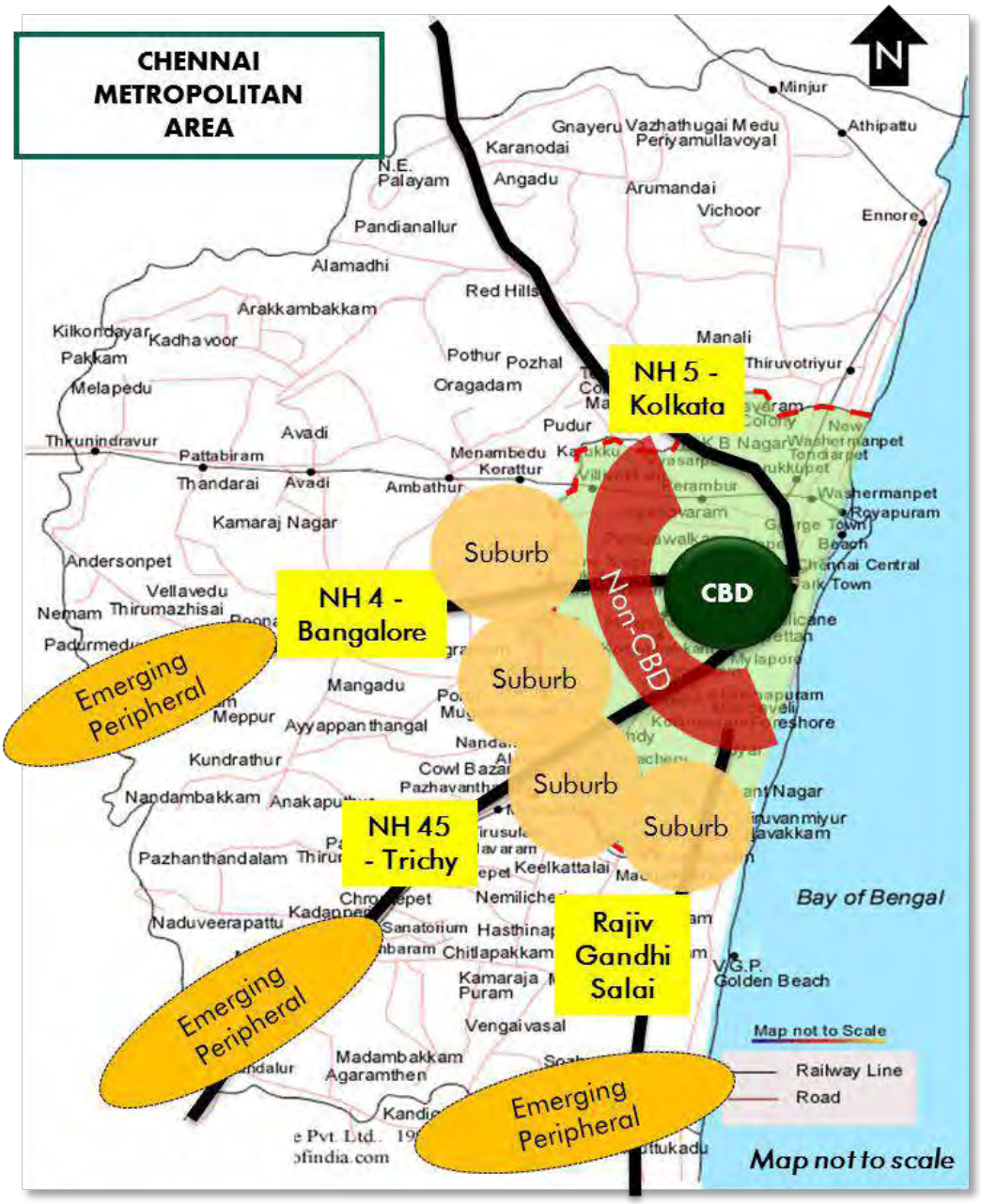
This zone comprises of micro-markets that are located outside the CBD and are characterized by both commercial and residential real estate segments. Commercial activity is dominated by retail and office developments. Residential developments in these micro-markets primarily cater to the upper mid-end and mid-end income groups. Some significant micro-markets constituting the Secondary Business District in Chennai include T. Nagar, Kilpauk, Adayar, Anna Nagar, Guindy etc.

Sub Urban Areas:

These are primarily fringe areas located beyond the Secondary Business District and are in the radius of 7-10 kms from the CBD. These micro-markets are primarily residential in nature with a few commercial developments. A few prominent micro-markets in this zone include Velachery, Ambattur, Mogappair, etc.

Peripheral Areas:

This zone primarily comprises of micro-markets that are located in the periphery of the city. Development of micro-markets in this zone has been witnessed to be a consequence of conscious development programs initiated by the Government. Growth in these micro-markets is catalysed by either industrial or educational developments or campuses of prominent IT companies. The subject property is located in Siruseri micro market, which is one of the peripheral locations of the city.


CHENNAI METROPOLITAN AREA
N
NH 5 - Kolkata
NH 4 - Bangalore
NH 45 - Trichy
Rajiv Gandhi Salai
CBD
Non-CBD
Suburb
Suburb
Suburb
Suburb
Emerging Peripheral
Emerging Peripheral
Emerging Peripheral
Bay of Bengal
Map not to Scale
Railway Line
Road
Map not to scale
Minjur
Athipattu
Gnayeru
Vazhathugai Medu
Periyamullavoyal
Karanodai
N.E. Palayam
Angadu
Arumandai
Vichoor
Ennore
Pandianallur
Alamadhi
Red Hills
Arakkambakkam
Kilkondayar
Kadhavoor
Pakkam
Melapedu
Pothur
Pozhal
Oragadam
Manali
Thiruvotriyur
Pudur
Thirunindravur
Pattabiram
Avadi
Thandarai
Avadi
Menambedu
Korattur
Ambathur
Kamaraj Nagar
Andersonpet
Vellavedu
Nemam
Thirumazhisai
Padurmedu
Mangadu
Meppur
Ayyappanthangal
Kundrathur
Nandambakkam
Pazhanthandalam
Naduveerapattu
Sanatorium
Chitlapakkam
Kamaraja Puram
Vengaivasal
Madambakkam
Agaramthen
Keelkattalai
Nemiliche
Washermanpet
Royapuram
Chennai Central
Park Town
Beach
Tondiarpet
New Washermanpet
V.G.P. Golden Beach

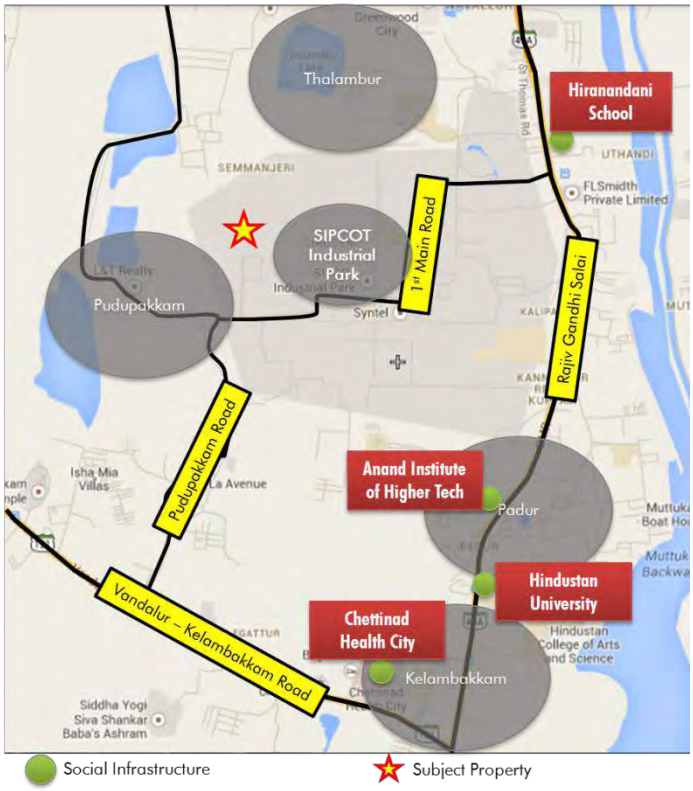
Residential Market Overview – Rajiv Gandhi Salai

The subject site is located in Siruseri micro-market on Rajiv Gandhi Salai (the erstwhile Old Mahabalipuram Road). Keeping in perspective the location of the subject property and nature of the development, it is opined that the subject development would be directly impacted by the existing and future dynamics of Rajiv Gandhi Salai. A brief real estate market overview of Rajiv Gandhi Salai has been provided below:

Rajiv Gandhi Salai, the designated IT corridor of Chennai, extends from Madhya Kailash Junction (located in Adyar micromarket) up to the tourist town of Mahabalipuram (located at a distance of approx. 50 kms). The subject property is located at a distance of approx. 24 Km from Madhya Kailash Junction in the Siruseri micro-market in close proximity to the SIPCOT IT Park. The corridor has been witnessing extensive real estate development activity in commercial/IT and residential segments over the last 8 to 10 years.

The initial stretch from Madhya Kailash Junction to Semmenchery comprises of large scale commercial / residential activity and currently characterised by organised supply of commercial (predominantly IT/ITES parks) and residential developments. This stretch has limited land availability and is witnessing a steady increase in capital values over the last 4-5 years. The subject property however is located in the latter half of Rajiv Gandhi Salai which extends from Semmenchery to Kelambakkam, approximately 14 km stretch. This stretch characterized by the presence of residential settlements, educational institutions etc. Navalur, Egattur, Siruseri, Semmencherry, Pudupakkam Kazhipattur, Padur, Kelambakkam, etc., are some of the notable micromarkets located along this stretch.

In conjunction with the first stretch, that has ELCOT SEZ and other IT Parks and residential developments. The second stretch is witnessing extensive office space development activity. This stretch is characterized by the presence of large IT parks, Special Economic Zones (SEZ's) and campuses of IT corporates. A few of the notable IT developments located within this stretch include ETA Technopark (an SEZ development), Pacifica Tech Park, SSPDL Alpha City, etc. Polaris Software, American Megatrends, Scope International, etc., are some of the notable companies to have established their campuses within the stretch.



In addition, an IT park (admeasuring approx. 750 acres) has been developed by State

Industries Promotion Corporation of Tamil Nadu (SIPCOT) at Siruseri. Majority of the plots in the first phase of the development have been allotted to numerous IT corporates. A few of the prominent occupiers include Tata Consultancy Services, Steria, Polaris Technologies, Hexaware Technologies, Cognizant Technologies, etc. A few occupants of this park have already started their operations viz. Tata Consultancy Services, Steria, Cognizant Technologies, Patni Computers, Aspire Systems, Hexaware Technologies, etc., and a few other campuses were observed to be in various stages of construction. The subject land parcel is located behind the Tata Consultancy Services campus development located within SIPCOT, Siruseri. The scale of the above developments is in-turn creating residential demand.

Owing to extensive commercial/IT activity, the corridor has been witnessing launch of numerous large-scale residential projects (in excess of 300 dwelling units) in the last 5-6 years. Majority of these projects have been positioned as integrated townships and are targeted at the existing and future IT population in the region. A few of the prominent large-scale residential projects that are currently under various stages of development Hiranandani 'Upscale', KGS 'Sunnyside', Provident Housing 'Cosmo City', L&T 'Eden park', Green Tree 'Green 201', Arihant 'Frangipani', Olympia 'Opaline', etc. The subject micro-market has presence of few educational institutions such as Hindustan University, Anand Institute of Higher Tech, Chettinad Dental Hospital & College, etc. and retail developments such as the recently operational Coromandel Plaza.

Currently, the residential activity has seen a spill over to other adjoining micro markets beyond Kelambakkam along Rajiv Gandhi Salai such as Thaiyur, Thiruporur, etc. However, commercial real estate activity predominantly is restricted until Kelambakkam with concentration of activity along the initial stretch of Rajiv Gandhi Salai. Rajiv Gandhi Salai continues to witness significant introduction of new residential and commercial supply. The capital values for residential apartments/villas are expected to remain stable in the short to medium term on account of introduction of new supply and unsold inventory in existing projects. The table overleaf highlights the current residential pricing levels along with the available inventory.

Residential Benchmarks

Apartments

	PROJECT	DEVELOPER	SUBMARKET	INVENTORY (Units)	SALEABLE AREA (m^2/unit)	CAPITAL VALUES (USD / m^2)	ABSORPTION	LAUNCH	DELIVERY
1	Eden Park Phase II	Larson & Toubro	Pudupakkam	712	104	678	5%	Q4 2013	2017
2	Green 201	Green Tree Constructions	Pudupakkam	585	107	582	95%	Q4 2012	2014
3	Sunnyside	KGS Developers	Siruseri	526	128	647	10%	Q4 2013	2016
4	Cosmo City Phase III	Provident Housing	Pudupakkam	784	91	534	70%	Q3 2010	2014
5	Earth Homes	KG Group	Siruseri	140	110	508	60%	Q2 2013	2015
6	Hiranandani Upscale Phase I & II	Hiranandani Realtors	Siruseri	Phase I – 1,120 & Phase II – 900	Phase I – 199 & Phase II – 227	Phase I – 1,068 & Phase II – 1,019	Phase I – 95% & Phase II – 20%	Phase I – 2007 & Phase II – 2012	Phase I – 2012 & Phase II – 2015
7	Imperial Towers	Sri Sreenivasa Constructions	Egattur	207	107	647	90%	Q4 2011	2014

Note: 1 USD = INR 61.787; Source: www.xe.com as on 18.02.2014

Villas

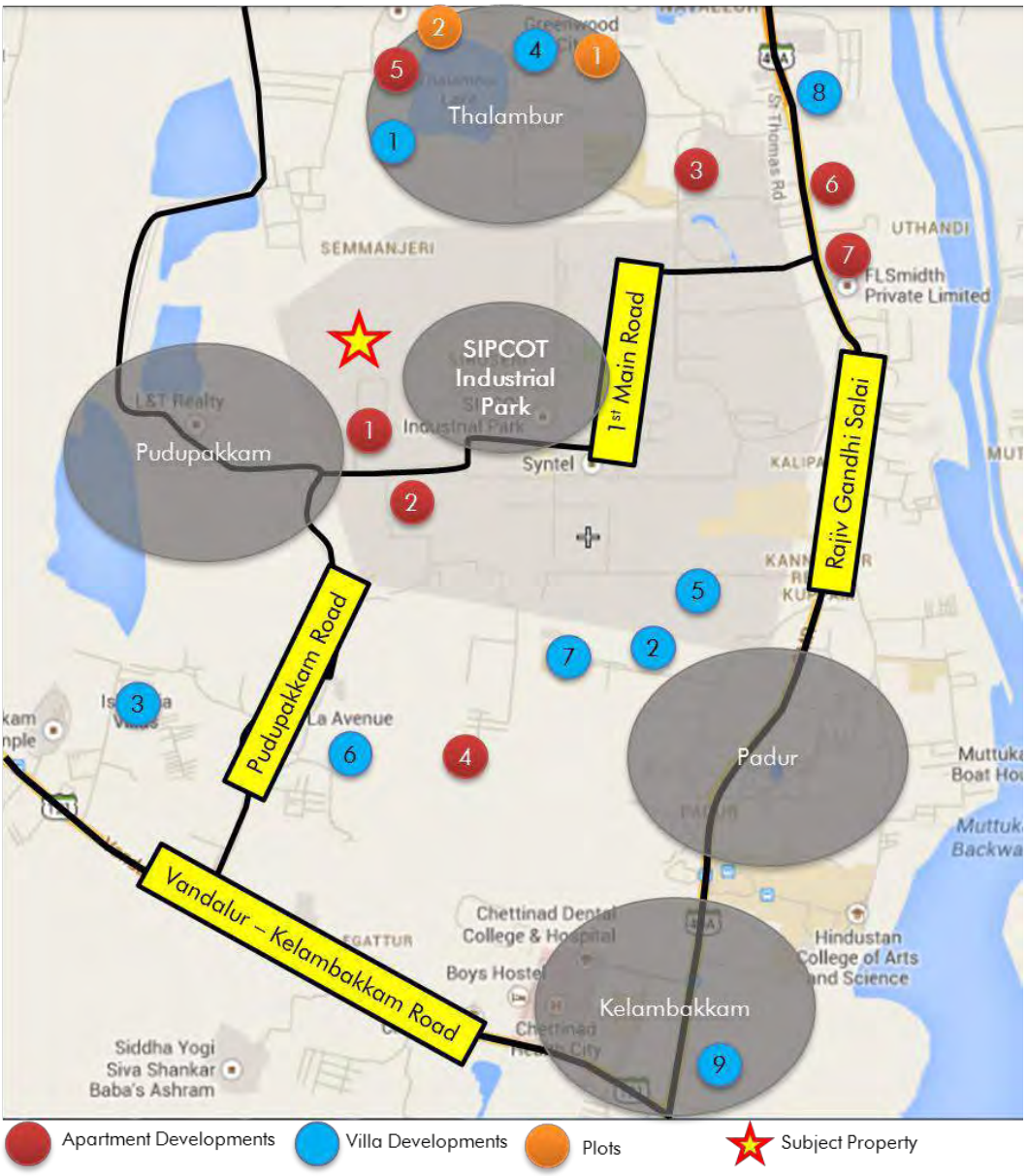
	PROJECT	DEVELOPER	SUBMARKET	INVENTORY (Units)	SALEABLE AREA (m^2/unit)	PLOT AREA (m^2/unit)	CAPITAL VALUES (USD / m^2)	ABSORPTION	LAUNCH	DELIVERY
1	Lake Wood Enclave	SSPDL	Thalambur	33	251	302	1052	80%	Q2 2012	2014
2	Groovy Woods	Shri Janani Homes	Kazhipattur	86	186	242	745	45%	Q2 2012	2014
3	Mia Villas	Isha Homes	Pudupakkam	106	274	232	906	85%	Q2 2011	2014
4	Pavilion	Casa Grande	Thalambur	330	235	186	647	75%	Q1 2012	2014
5	Villa Boutique	XS Real	Kazhipattur	23	128	220	971	40%	Q3 2012	2014
6	Whispering Villas	Gemma Habitats	Pudupakkam	28	116	209	906	90%	Q1 2012	2014
7	Aurum Villas	Pacifica Companies	Padur	410	281	233	728	94%	Q2 2009	2014

8	Panache	Olympia Group	Navalur	123	478	326	1295	81%	Q1 2013	2015
9	Green Athens	Green Tree Constructions	Kelambakkam	40	446	223	1133	15%	Q1 2013	2015

Plotted Developments

	PROJECT	DEVELOPER	SUBMARKET	INVENTORY (Units)	SALEABLE AREA (m^2 /unit)	CAPITAL VALUES (USD / m^2)	ABSORPTION	LAUNCH	DELIVERY
1	Greenwood City	Arihent Unitech	Navallur	335	250	470	77%	2011	NA
2	Wing Haven	ETA Star	Karanai	465	290	450	93%	2010	NA

Map of Residential Benchmarks



Source: CBRE Research; Note: Map not to scale

APPENDIX

Retail Pipeline Projects in the Czech Republic

1. Galerie Teplice by Dandreet

Delivery: Q1 2014

Size: 21,800 sq m
Pre-lease: 75%

Headline rents: EUR 20.0

Strengths:
- good location in the city centre
- historically well established and operationa
- good accessibility and parking

Weaknesses:
- strong competitive environment
- weaker economic position of the region
- limited catchment area

Dandreet is a developer and investor of larger-scale mixed-use development areas, creating primarily inner-city regeneration projects comprising innovative, unique and sustainable shopping centers, offices and residential properties. Galerie Teplice is the refurbishment of the older shopping centre Prior. On three floors will the gallery offer mix of fashion and sport tenants, cafés and restaurants, supermarket, services and cinema. Main retailers are: H&M, Intersport, Bata, CCC, Gate, Euronics, dm drogerie, Bambule.

2. Pivovar Děčín by Settimo Development a.s.

Delivery: Q2 2014

Size: 17,500 sq m
Pre-lease: 60-70%

Headline rents: EUR 20.0

Strengths:
- first project in the city
- good location close to the city centre
- unique project in terms of architecture and big attention to leisure activities)

Weaknesses:
- limited catchment area
- lower retailers demand
- weaker economic position of the region

The company Settimo Development a.s. was established at the end of 2007, mainly with the intent to prepare and implement the scheme of the shopping centre Pivovar Decin. It is unique refurbishment of four brewery buildings. Pivovar Decin is located in the west part of the city, it has very good accessibility by car and public transport. This multifunction centre will offer over 60 retail units, children centre, restaurant with own brewery and 400 parking spaces.

3. OC Lužiny by Urban developers and Investors LTD

Delivery: Q2 2014

Size: 16,000 sq m
Pre-lease: 80%

Headline rents: EUR 35.0

Strengths:

- great location above the metro station
- historically well established and operationa
- conceptual design of the project (highly eff lay-out)

Weaknesses:

- proximity of the competition
- local project - limited catchment area
- lower offer of fashion brands

OC Luziny will be established as a refurbishment of existing shopping centre and will offer to the customers 60 retail units on 3 floors. Apart form classical stores, cafés and restaurants, the shopping centre will offer a wide range of services and leisure activities. The main tenants are: billa, dm drogerie, Euronics, Dracik, Czech post office and City library.

4. Quadrio by CPI

Delivery: Q3 2014

Size: 8,000 sq m
Pre-lease: 85%

Headline rents: EUR 70-80

Strengths:

- great location in Prague city centre
- excellent catchment area (traffic intersectic
- financially strong developer

Weaknesses:

- strong competitive environment
- worse accessibility by car
- complicated lay-out

CPI Group is a leading Czech real estate group engaged in property investment, development and administration in Central Europe across all segments of real estate market. It has more than 20 years of experience with real estates. Mix-use project Quadrio is located at the heart of the Czech capital and offers highest-quality office space combined with retail and leisure facilities. Its attractive location, excellent access by public transport, contemporary architecture and high-quality services. The tram stop and metro exits right in front of the shopping gallery entrance and a leisure zone with greenery and restaurants combine helping create unique retail destination. The Quadrio shopping gallery will offer approximately 70 retail units, including: Food, delicatessen, services, fashion and beauty, sport and lifestyle, gifts and accessories

5. OC Frýdek-Místek by TK Development

Delivery: Q4 2014

Size: 14,800 sq m
Pre-lease: 85%

Headline rents: EUR 20.0

Strengths:
- first project in the city
- strong tenant mix
- appropriate size of the project

Weaknesses:
- limited catchment area
- weaker economic position of the region ac
- old fashion style

TK Development's primary business area is development of real property (shopping centres and retail parks). The main markets are Denmark, Sweden, Poland and the Czech Republic. In the third quarter of 2013/14 TK Development sold 80 % of a planned shopping centre project in the Czech town of Frydek-Mistek to a business partner (Gemo Olomouc). The centre is located next to the four-lane road connecting the two city centres, Frydek and Mistek. The shopping centre will consist of about 60 retail stores. Within the retailers are: Billa, Intersport, H&M, New Yorker and Euronics. The capacity of parking lot is 600 spaces.

6. NC Kralovo Pole extension by Tesco Stores

Delivery: 2015

Size: 14,000 sq m
Pre-lease: 80%

Headline rents: EUR 25.0-30.0

Strengths:
- historically well established and operationa
- great catchment area
- extension

Weaknesses:
- bad visibility and navigation
- oversized space of the Tesco hypermarket
- old fashion style

Tesco Stores, one the world´s largest retailers, entered the Czech market in 1996 and currently run 209 stores, 19 gas stations and 7 shopping centres. The shopping centre is located in northern part of Brno. It was opened with 25,500 sq m at the end of 2004. The project offers over 80 stores on two floor and the Tesco hypermarket as the main anchor. Other main tenants are: Reserved, CCC, dm drogerie, Deichmann, Sparkys and Okay. The capacity of parking lot is 862 spaces. The planned expansion will be situated on the ground floor.

Retail Pipeline Projects in Athens, Greece

1. Smart Park extension by REDS S.A

Delivery: Unknown

Size: 17,680 sq.m.

Pre-lease: N/A

Headline rents: N/A

Strengths:

- Smart Park is already operating and performing rather well
- Easy access through Attiki Odos Metropolitan Ring Road
- It borders with Mc Arthur Glenn Designer Outlet and this is expected to attract more visitors in the near future

Weaknesses:

- Restricted access with public transport means
- Proximity to the future development of Ktima Kampa, with similar character

The extension of Smart Park is said by the developer to host DIY store Praktiker and Village Cinemas. However, it is not known when the construction works will begin and given the current climate, they are not expected to take place before 2015-early 2016. The extension is expected to increase footfall, mainly through the cinemas, that will make the centre an all-day destination. The bordering with Mc Arthur Glenn Designer Outlet is also considered a main advantage for the entire development.

2. Votanikos by Babis Vovos IC

Delivery: Unknown

Size: 35,000 sq m

Pre-lease: N/A

Headline rents: N/A

Strengths:

- Very good access
- Potential upgrade of the entire area

Weaknesses:

- Significant problems of the developer (lack of finance etc)
- Construction froze after relevant decision the Counsil of State
- Competitive developments within short proximity

A long discussed project, that passed through many phases. Originally it was planned to host Panathinaikos FC stadium together with retail uses. In the end, the plan was to erect a shopping centre. However, after a decision of the Counsil of State that led to stop all works and the eventual financial problems of the developer, the project remains frozen and it is not known when works will start again.

3. Ktima Kampa by REDS S.A

Delivery: Unknown

Size: 66,000 sq.m.

Pre-lease: N/A

Headline rents: N/A

Strengths:
- Located at an area of established uses, through Presidential Decree
- Easy access through Attiki Odos Metropolitan Ring Road
- High visibility

Weaknesses:
- Existence of listed buildings that should be preserved, therefore increasing development's cost
- Restricted access with public transport means
- Proximity to Smart Park and Mc Arthur Glenn Designer Outlet

Ktima Kampa includes the old Kampa's winery, which buildings have been characterized as listed and will be included in the future development. It is expected to have a target group not similar to that of Smart Park and Mc Arthur Glenn Designer Outlet, however we are of the opinion that it will act competitively to these developments, as they have similar catchment area. It has the advantage of being located at an area with specific established uses through Presidential Decree. Its construction has not started yet.

4. Academy Gardens by MGPA EUROPE FUND III

Delivery: Unknown

Size: 54,000 sq.m.

Pre-lease: N/A

Headline rents: N/A

Strengths:
- Exceptional visibility
- Strong architectural and artistic concept together with a cultural element
- Location still characterized by low supply in shopping malls

Weaknesses:
- Closest Metro station being located approximately 800m away
- Complicated local planning egime

- Lies within a former industrial area, which is still in transition.

Academy Gardens will be erected upon two neighboring land plots, The former was until recently occupied by old industrial facilities which are currently being demolished and the latter is still occupied by old commercial and residential buildings pending demolition. The land plots are considered eligible for the development of a five-storey shopping mall with five basements, which is planned to be operative in late 2016. The shopping mall will comprise two buildings: the main building (Building A) and the annex building (Building B), with a total NLA of 54,184.71sq.m (not including parking facilities and outdoors sitting areas) and will include approximately 100 different retail units ranging from small size premium stores up to department stores. The mall will also feature approximately 20 F&B units, 5 cinema halls, an open-space leisure component, as well as an amphitheatre used as a cultural/educational element; the latter will be located on the rooftop of the main building along with F&B units deployed in the form of a high street promenade. The schedule of accommodation will be supplemented by 2,010 parking spaces on the lower basements of the main building, as well as by 1,909.00sq.m of outdoor sitting areas. The two buildings are planned to be connected via a closed footbridge, linking the upper levels of the two buildings.

5. Helios Plaza by Plaza Centers

Delivery: Unknown

Size: 38,700 sq.m.

Pre-lease: N/A

Headline rents: N/A

Strengths:
- Unique in terms of size
- Exceptional visibility
- Easy accessibility

Weaknesses:
- Planning problems that do not allow immediate development
- Many competing developments within close proximity
- Size attractive only to a limited number of potential investors
- Difficult to be developed with a viable project

The property is a land plot with a total area of 14,892 sq.m. It lies at the junction of Kifissou Avenue with Piraeus Avenue and it seems to be practically flat and of irregular shape. Its main frontage is along Piraeus Avenue. The nearby area is dominated by big box retail units and shopping centres, therefore its proposed development as shopping centre is not considered viable. An office development is also not considered viable, as a Business Park is developed in the nearby vicinity while Piraeus Avenue is also not considered very attractive for this kind of use any more. There may be a problem with the Archaeological Authorities. If this is indeed the case, it may lead to either tremendous delays in the sites development or complete cancellation of all development plans.

Office Pipeline Projects in Budapest, Hungary

1. Ilka Corner by Westbay (HU)

Delivery: Q1 2014

Size: 2,700 sq m
Pre-lease: 67%

Headline rents: N/A

Strengths:
- No other available project in that location
- Optimal for small tenants

Weaknesses:
- Not an office location
- Poor car and public transport access
- No green certificate
- Average quality

This is the first office project of Westbay, a local developer. The building was tailor made as a head quarter for Jet-Sol, a Hungarian IT company. This tenant will occupy 1,700 sq m and other small companies pre-leased 500 sq m in total. The building is clearly off the radar of international companies and can target small, local start-up businesses.

2. Eiffel Palace by Horizon (HU)

Delivery: Q2 2014

Size: 14,500 sq m
Pre-lease: 70%

Headline rents: EUR 16.0-20.0

Strengths:
- Strategic corner of CBD and Váci Corridor
- Outstanding architectural quality
- Highly effective modern inner spaces
- First building with BREEAM and LEED certificates

Weaknesses:
- Immediate neighborhood (flyover in front of the building)

One of the most remarkable constructions ever in the Budapest market is marked by Horizon. A building has been built according to latest technical standards and awarded by excellent certificates from LEED and BREEAM, both. The building occupies a strategic corner in the CBD with easy access and excellent visibility from Váci Corridor. Parking ratio will be outstanding among CBD buildings with five underground levels. Architectural quality is outstanding as the protected neo-classical façade was kept. PwC with the lawyer group Denton pre-leased 9,000 sq m. This property will definitely set the benchmark for the prime office rent and yield in Budapest.

3. Vision Tower by Futureal (HU)

Delivery: Q3 2014

Size: 20,000 sq m
Pre-lease: 40%

Headline rents: EUR 13.5-16.0

Strengths:
- Busiest and most demanded submarket
- One of the best location in the submarket
- High technical and architectural quality (BREEAM)

Weaknesses:
- Inefficient floor plates in the two southern wings
- Not optimal for another HQ

KPMG secured its future head quarter in one of the best locations in town with excellent accessibility and visibility. Architectural and technical quality of the building is hard to dispute; however, the South Tower (remaining 60% of GLA) will be more difficult to lease because of less effective floor plates. The South Tower is not ideal for large occupiers who rather tend to commit themselves in advance. Increasing the pre-let status is critical in order to secure safe financing for the project. The developer is highly experienced and has a professional sales team on board; however, they decided not to work exclusively with any of the consultants.

4. Váci Corner Offices by HB Reavis (SK)

Delivery: Q3 2014

Size: 20,600 sq m
Pre-lease: 0%

Headline rents: EUR 12.5-14.0

Strengths:
- Direct Váci út location with direct metro access
- Highly effective lay-out (BREEAM qualification)
- Good price-to-value ratio

Weaknesses:
- Not a business neighborhood
- Outer Váci út location
- Average architectural quality

HB Reavis, the Slovak developer purchased the site from SBI, the Israeli developer in 2012. The project "Cornerstone" had valid building permit but HB Reavis slightly modified the original plans in order to get even more efficient floor plates. The front wing offers large floor plates (ideal for shared service centres) while the back wing can be divided flexibly for smaller occupiers. Váci Corner Offices will offer space with average architectural quality but very effective inner lay-out. Although HB Reavis is known of price-conscious office solutions, they did not enter into a price competition and are quoting headline rents at the upper end of the submarket average..

5. Corvin Corner by Futureal (HU)

Delivery: Q4 2014

Size: 6,200 sq m
Pre-lease: 0%

Headline rents: EUR 14.0

Strengths:
- Established commercial location
- High building quality
- Services & amenities are great

Weaknesses:
- Low visibility
- Continuous construction in the area

Futureal continued their mixed-use project in Corvin Promenade and started the next residential and office block as well. As Corvin Offices 1 and 2 are still popular with tenants but there is no space left to larger occupiers, Futureal kicked off Corvin Corner on a speculative basis. This building would be suitable for one large tenant as head quarter but so far no such LOI has been signed. The building can be interesting for some IT tenants in Corvin 1/2 as they are lacking expansion option in their current premise. We believe the building will be fully leased within 6 months after the completion.

6. Váci Greens 'C' by Atenor (BE)

Delivery: Q4 2015

Size: 15,000
Pre-lease: 0%

Headline rents: EUR 12.0-13.0

Strengths:
- Váci út location, metro access
- High quality office space
- BREEAM qualification

Weaknesses:
- Area remains a development site for foreseeable future
- Outer Váci út location with little business appeal

Following the successful lease of Váci Greens 'A' to GE and Sykes in 2013, Atenor launched the next phase ('C') later last year. Although further expansion of GE cannot be ruled out, there is no pre-lease signed for the new building. Based on current pipeline, this project can be the only new supply in 2015. The new building will be identical with the current building 'A' in size and in lay-out. As following phases of the entire office park, further three blocks will be built in a later stage.

Retail Pipeline Projects in Riga, Latvia

1. RIGA AKROPOLE by AKROPOLIS GROUP (LT)

Delivery: 2015

Size: 60,000
Pre-lease:

Headline rents:

Strengths:

- Neighbourhood of the Southern Bridge, between Maskavas and Salaspils streets, close to the Slavic Bridge and Krasta Street with the highest intensity traffic
- Retail demand has revived and currently most shopping centres enjoy stable levels of occupancy, after the market bottomed in 2009
- Although depopulation process of the country continues, Riga agglomeration remains relatively resilient to that trend and the overall population of Riga and Pieriga remains stable
- Mixture of strong, recognized anchor tenants
- Modern architecture
- Financially strong developer with own retail brands and ability to make portfolio leasing deals in Latvia and Lithuania

Weaknesses:

- Due to quite saturated prime catchment area limited demand for hypermarket / FMCG category goods are expected
- Other competing projects in pipeline

AKROPOLIS GROUP, UAB is a leading shopping centre developer in Lithuania and one of the largest companies in this area in the Baltic countries. The developer is financially strong. The company's history dates back to the year 2002 when the first shopping and entertainment centre AKROPOLIS was opened in Vilnius. Currently the AKROPOLIS group owns shopping and entertainment centres AKROPOLIS in Vilnius, Klaipėda and Šiauliai, and land lots based in Vilnius, Kaunas, Latvia's capital city Riga, Estonia's city Narva and Bulgaria's capital city Sofia. Development is planned in the vicinity of the Southern Bridge, between Maskavas and Salaspils streets, close to the Slavic Bridge and Krasta Street This 60,000 sq m of GLA project is to include hypermarket Maxima XXX, Food court with 1,200 seats, ice skating arena, eight screen multiplex cinema as well as entertainment centre with 16 bowling lanes. The project is planned to launch in 2015.

2. Kaivas Retail park by Domuss (LV)

Delivery: 2016

Size: 41,000 sq m
Pre-lease:

Headline rents:

Strengths:

- Development is at an important crossroads, right next to the bypass of the center of Riga—only 7 km from the center of the city
- Although depopulation process of the country continues, Riga agglomeration remains relatively resilient to that trend and the overall population of Riga and Pieriga remains stable
- Demand from new market entrants - value retailers, household and big ticket item retailers to enter specialized retail schemes at retail park rent level.

Weaknesses:

- Limited demand for traditional outlet units which is explained firstly by the small size of the market, secondly - large amount of franchisees as well as strong focus on efficiency out of the recent recession experience
- Planned retail projects, in particular Alfa's planned extension as well as Riga Akrople, are expected to introduce an increased degree of competition for Domuss project

DOMUSS is a real estate development company—a part of the US investment fund group NCH. NCH is one of the leading investment funds in Eastern Europe, with investments exceeding three billion USD. The headquarters of NCH is in New York (US), with regional offices in Latvia, Romania, Ukraine, Russia, Bulgaria, Moldava, Kazakhstan and Albania. Construction of surrounding roads and streets was completed in 2010; thus, excellent access to the property is ensured, both from the city center and from the opposite side of the city via the Southern Bridge. Access from the Riga–Moscow motorway to the traffic circle next to the Kaivas Commercial Park is envisioned; thus the property will be made accessible to one of the most intensive traffic concentrations in Riga. The traffic volume passing the property currently exceeds 80,000 vehicles a day.
Kaivas Retail Park has basic infrastructure; further infrastructure objectives include a public-transport terminal point and "Park & Ride" parking accommodation.

NOTES

PART V – Management

1. The Board

Pursuant to the Dutch Act on Management & Supervision (*Wet Bestuur & Toezicht*, the "**AM&S**") that came into force on 1 January 2013 by implementation into book 2 of the DCC, all Directors were appointed in their current functions by the General Meeting on 20 November 2012, which resolution took effect on 2 January 2013, being the date on which the Articles were amended to enable the Company to have a one-tier board, in line with the Dutch Act on management and supervision and book 2 of the DCC.

Executive Directors

Mr. Mordechay Zisser (58). Mr. Zisser is the founder of Europe Israel and served as executive chairman of that company and of EI until 13 March 2014. Since the outset of his career in 1982, Mr. Zisser has developed some of the most ambitious and prestigious real estate development projects in Israel (including the city of Emmanuel, the Herzlia Marina, the Ashkelon Marina, and the Sea and Sun luxury residential project in north Tel Aviv), as well as large scale residential and hotel projects in South Africa, and the shopping and entertainment center developments in CEE. Mr. Zisser is active in charitable organisations, including assisting in the management of the "Oranit" foundation for children with cancer, as well as the national Bone Marrow Donor Registry.

Mr. Zisser was initially appointed as an Executive Director and Chairman of the board of directors on 17 August 2006 and was appointed as an Executive Director, in accordance with the AM&S, on 20 November 2012 and re-appointed by the General Meeting on 20 June 2013. Mr. Zisser may periodically be re-elected by the annual General Meeting pursuant to article 15.3 of the Articles, provided that Mr. Zisser will have expressed his availability for a subsequent term of office.

President and Chief Executive Officer

Mr. Ran Shtarkman (46) CPA, MBA. Mr. Shtarkman joined the Company in 2002, and was appointed Chief Financial Officer of Plaza Centers in 2004. Mr. Shtarkman was appointed Chief Executive Officer in September 2006. Prior to his joining the Company, Mr. Shtarkman acted as CFO of SPL Software Ltd., the Finance and Administration Manager of the Israeli representative office of Continental Airlines (a publicly traded company – NYSE), and the controller of Natour Ltd. (a publicly traded company – TASE). Mr. Shtarkman holds a B.A degree in accounting and economics from Tel-Aviv University, an M.B.A. degree from Ben-Guryon University of the Negev.

Mr. Shtarkman was initially appointed as an Executive Director on 12 September 2006 and as President of the Company in 2007. Mr. Shtarkman was appointed as an Executive Director, in accordance with the AM&S, on 20 November 2012 and re-appointed by the General Meeting on 20 June 2013. Mr. Shtarkman may periodically be re-elected by the annual General Meeting pursuant to article 15.3 of the Articles, provided that Mr. Shtarkman will have expressed his availability for a subsequent term of office.

Non-executive Directors

Mr. Shimon Yitzchaki (58), CPA, has been the President of EI from 1999 to 2010 and from 2010 to 13 March 2014, he has served as Chairman of EI. An accountant by profession, Mr. Yitzchaki has been with the Europe Israel/Elbit Imaging Group since 1985 and has held several positions within the Group, among which, has served as an Executive Director of the Company for the period commencing on 3 March 2000 and ending on 12 October 2006, and thereafter he was appointed as a Non-executive Director of the Company. Mr. Yitzchaki holds a B.A. degree in accounting from Bar Ilan University and he is a Certified Public Accountant.

Mr. Yitzchaki was appointed as Non-executive Director, in accordance with the AM&S, on 20 November 2012. Mr. Yitzchaki may periodically be re-elected by the annual General Meeting pursuant to article 15.3 of the Articles, provided that Mr. Yitzchaki will have expressed his availability for a subsequent term of office.

Mr. Sarig Shalhav (40) Mr. Shalhav is a lawyer and tax counsel and has extensive experience on commercial real estate and real estate finance transactions and advises multinational businesses, government agencies, private equity houses and banks on a wide range of real estate and real estate finance related matters. In addition he acts as a counsel in restructuring and enforcement scenarios, buyout and venture capital transactions. Mr. Shalhav holds an LLB degree in law from Manchester University, an LLM degree in international business law and a Ph.D. in international taxation from Amsterdam University. Mr. Shalhav has been working with leading law firms and major audit & tax corporations.

The General Meeting appointed Mr. Sarig Shalhav as an Non-executive Director on 19 December 2013. Mr. Shalhav may periodically be re-elected by the annual General Meeting pursuant to article 15.3 of the Articles, provided that Mr. Shalhav will have expressed his availability for a subsequent term of office.

Independent Non-executive Directors

Mr. Marco Wichers (55) is currently the Chief Executive Officer and owner of AMGEA Holding BV and the Chief Executive Officer of AMGEA Vastgoed Adviseurs BV (Real Estate Advisers). Between 1988 and 1995, he acted as the Chief Executive Officer of Branco International Inc. New York (a manufacturing company) and between 1983 and 1995 he acted as the Chief Executive Officer and owner of Cravat Club, Inc. New York (a manufacturing company). Mr. Wichers holds a degree in economics and marketing from the International University of Hospitality Management.

Mr. Wichers was appointed as Non-executive Director of the Company on 1 November 2006. In November 2011, Mr. Wichers was appointed as Chairman of the Board. Mr. Wichers was appointed as Non-executive Director, in accordance with the AM&S, on 20 November 2012. Mr. Wichers may periodically be re-elected by the annual General Meeting pursuant to article 15.3 of the Articles, provided that Mr. Wichers will have expressed his availability for a subsequent term of office.

Mr. Marius van Eibergen Santhagens (62) is currently the General Manager and Owner of Leisure Investments & Finance BV, a company which specializes in structuring, financing and managing investment possibilities in the leisure industry. Prior to this he was a consultant at Beauchamp Leasing and Metro BV, and he has held various positions at Generale Bank Nederland NV (Fortis Group). Mr. van Eibergen Santhagens has been active in corporate finance and change management for more than 25 years and has been active in the leisure industry since 2000.

Mr. van Eibergen Santhagens was appointed as Non-executive Director of the Company on 1 November 2006. Mr. van Eibergen Santhagens was appointed as Non-executive Director, in accordance with the AM&S, on 20 November 2012. Mr. Van Eibergen Santhagens may periodically be re-elected by the annual General Meeting pursuant to article 15.3 of the Articles, provided that Mr. Van Eibergen Santhagens will have expressed his availability for a subsequent term of office.

2. Senior managers

Mr. Roy Linden joined the Company in November 2006 and has acted as Chief Financial Officer since then. Prior to joining the Company, Mr. Linden served as manager in the real estate desk of KPMG in Hungary for nearly four years, specialising in auditing, business advisory, local and international taxation for companies operating throughout the CEE region. Mr. Linden also served as a senior member of an audit team of Ernst and Young in Israel for three years and specialised in high-tech companies. Mr. Linden holds a BB.A degree in

accounting from the College of Management Academic Studies and he is a Certified Public Accountant in Israel and in the United States.

Mr. Uzi Eli joined the Company as General Counsel and Compliance Officer in 2007. Prior to joining the Company, Mr. Eli practised law in two leading commercial law firms in Israel. His main practice concentrated in commercial and corporate law, providing ongoing legal services to corporate clients (mainly hi-tech and bio-tech companies and venture capital funds) in all aspects of corporate governance, and representation in various transactions, such as financing and M&A transactions and other wide varieties of licensing and technology transactions. Mr. Eli holds a LL.B. degree and an MBA degree from the College of Management Academic Studies and he is an attorney at law.

Mr. Yaron Moryosef joined the Company in 2007. Prior to joining the Company he acted as the site engineer of the Arena Herzelia shopping and entertainment center, which was developed by EI. At the Company he was acting as the project manager of Romanian projects. In 2010 he became the Company's Country chief engineer in Romania and on 1 August 2012 he was appointed as the Group's Chief engineer and Head of construction.

3. Management structure

The Board

The Board, having wide-ranging property development expertise, has an oversight on the Company's strategy and all project development decisions. The Board will review and approve business plans and budgets and actively manages and monitors development risks.

Senior management

The senior management team, consisting of Mordechay Zisser, Ran Shtarkman, Roy Linden, Uzi Eli and Yaron Moryosef are experienced property development professionals with global property development expertise. The team is responsible for sourcing development projects, developing business plans and overseeing the management of development projects.

Local country management

The local country management team, consisting of Dori Keren, Oren Kolton, Luc Ronsmans, Therese Keys and Sagiv Meger all have extensive local experience. The team is responsible for cultivating connections with market to source opportunities and the day-to-day management of local operations and development projects.

4. Corporate governance

The Company has the Ordinary Shares listed on the main market of the LSE and on the main market of the WSE. It is envisaged that shortly after the completion of the restructuring of the Company, the Ordinary Shares will be admitted to listing on the TASE. Insofar the TASE will impose corporate governance on the Company, the Company shall, insofar in the position, abide by that. It is noted that currently, there are no corporate governance requirements by the TASE as such requirements are addressed in Israeli company law which does not apply to the Company.

Except as set out below, the Company complies with the Dutch Code and the UK Code on Corporate Governance. The Company acknowledges the importance of good corporate governance. The Company has made an effort in drawing up internal corporate governance regulations that comply, to the highest extent possible, with the Dutch Code and the UK Code on Corporate Governance. Where deviations from the Dutch Code or the UK Code on Corporate Governance have been necessary, such has been indicated below for the financial 2013 onwards and any future deviations will be indicated in the Company's annual reports on an ongoing basis.

The Company currently has six Directors, two of whom are Executive Directors and four of whom are Non-executive Directors, of whom two are considered by the Board to be independent. The Board believes that there is a satisfactory balance for the purposes of decision-making at Board level in line with the provisions of the UK Code on Corporate Governance, the Dutch Code and the WSE Corporate Governance Rules.

Deviations from the Dutch Code in 2013

The Company has not applied a limited number of provisions from the Dutch Code, as it has not considered them to be in the interests of the Company and its stakeholders.

• Best Practice Provision II.1.3 stipulates inter alia that the Company should have an internal risk management and control system and that in that respect, it should have inter alia employ as instruments of such internal risk management and control system, a code of conduct which should be published on the Company's website. Such code of conduct is not available at the date of publication of this document.

• Best Practice Provision II.1.4 (b) stipulates that the management board shall provide a description of the design and effectiveness of the internal risk management and control system for the main risks. Such description is not available.

• Best Practice Provision II.1.6 stipulates that the management board shall describe the sensitivity of the results of the Company to external factors and variables. Since the Company has no streaming/fix annual revenue from operation of properties, it does not perform such analysis.

• Best Practice Provision II.2.4 stipulates that granted options shall not be exercised in the first three years after the date of granting. The Share Option Schemes do not restrict the exercise of options to a lockup period of three years. The reason therefore is that the Company and the Elbit Imaging Group share the same remuneration policy and Share Option Schemes were drafted in accordance with EI's share option scheme, in order to maintain the incentive for all employees of the Elbit Imaging Group based upon the same principles.

• Best Practice Provision II.2.7 stipulates that neither the exercise price nor the other conditions regarding the granted options shall be modified during the term of the options, except insofar as prompted by structural changes relating to the shares of the Company in accordance with established market practice. The Company has on 25 November 2008 adjusted the exercise price of the granted options and in November 2012 the Company extended the option term from ten (10) to fifteen (15) years from the date of grant of the 2006 Share Option Scheme. This has been done since the Board was of the view that the each Share Option Scheme should serve as an effective incentive for the employees of the Group, to encourage them to remain in employment and work to achieve the best possible results for the Company and the Shareholders. Market conditions and the global economic crisis that is still impacting the geographic regions and real estate sectors in which the Company operates, however, led to a strong decline in the Company's share price at both the London Stock Exchange and the Warsaw Stock Exchange, resulting in practically all options being out of the money without a favorable outlook for a quick recovery. In order to maintain the incentive for all employees, the Board has submitted to the extraordinary meeting of shareholders that was held on 25 November 2008, a proposal to amend the 2006 Share Option Scheme and to determine the exercise price of all options granted on or prior to 25 October 2008, to GBP 0.52 and to the extraordinary meeting of shareholders that was held on November 20, 2012, a proposal to amend the 2006 Share Option Scheme and to extend the option term from ten (10) to fifteen (15) years from the date of grant to be in line with the end date of the option term under the 2011 Share Option Scheme, adopted by the extraordinary General Meeting on 22 November 2011. In an attempt to insure that the options are and remain an effective incentive and to assist in the retention of employees, and that the option holders should have the opportunity to exercise their options until the same end date as the holders of options under the 2011 Share Option Scheme, the revised 2006 Share Option Scheme includes an extension

of the vesting term for options granted less than one year prior to 25 October 2008. The shareholders approved the amendments of the 2006 Share Option Scheme, the adjustment of the exercise price and the extension of the option term.

• Best Practice Provision II.2.12 and Best Practice Provision II.2.13 stipulate inter alia that the remuneration report of the supervisory board shall include account of the manner in which the remuneration policy has been implemented in the past financial year as well as an overview of the remuneration policy planned by the supervisory board for the next financial year and subsequent years and should contain the information specified in these provisions. The current remuneration policy of the Company has remained unchanged from 2006 at the moment the Company's shares were admitted to listing and is fairly straight-forward, as such that "implementation" is not an issue. Furthermore, pursuant to the Articles, the General Meeting determines the remuneration policy, and not the Non-executive Directors. When the remuneration policy needs amendment, this will be addressed in a General Meeting.

• Best Practice Provision II.3.3 and Best Practice Provision III.6.2 stipulate that both executive directors and non-executive directors shall not take part in any discussion or decision-making that involves a subject or transaction in relation to which they have a conflict of interest with the Company. Since 4 July 2013, Section 17.1 of the Articles provide for this. Section 17.2 of the Articles further stipulates that when as a consequence of the provision of Section 17.1. of the Articles, no board resolution can be passed, then despite the conflict of interest, such resolution can be resolved by the Board provided that the resolution is adopted unanimously and in a meeting where all Board members are present or represented.

• Best Practice Provision II.3.4 and Best Practice Provision III.6.3 stipulate, inter alia, that decisions to enter into transactions in which there are conflicts of interest with management board members that are of material significance to the Company and/or to the relevant board members require the approval of the non-executive directors. As the Company has a one-tier board and as each Board member is obliged to notify all direct and indirect conflicts of interest, the Articles contain no specific approval clause.

• Best Practice Provision III.1.7 stipulates that the supervisory board shall discuss at least once a year on its own, both its own functioning and that of its individual members, and the conclusions that must be drawn on the basis thereof. The desired profile, composition and competence of the supervisory board shall also be discussed. Moreover, the supervisory board shall discuss at least once a year without the management board being present, the functioning of the management board as an organ of the company and the performance of its individual members, and the conclusions that must be drawn on the basis thereof. In 2013 the Non-executive Directors have not specifically discussed the items that appear in this Best Practice Provision on separate occasions. The Board, however, feels it important to notify the shareholders that as a rule, every Board meeting includes an assessment by all Board members of their own functioning and that of their fellow Board members. The Board is of the view that, given the fact that the Company has a one-tier board rather than a separate management board and supervisory board, this course of action appropriately meets actual purpose of this Best Practice Provision.

• Best Practice Provision III.1.8 stipulates that the supervisory board shall discuss at least once a year the corporate strategy and the risks of business and the results of assessment by the management board of the structure and operation of the internal risks management and control systems, as well as any significant changes thereto. In 2013, there have not been separate meetings of the Non-executive Directors to discuss the items mentioned in this Best Practice Provision. The reason therefor is that risk management at the Company is, pursuant to the internally applicable corporate governance regulations, a matter specifically reserved for decision by the full Board. Board meetings in 2013 have included discussions in respect of corporate strategy and risk management and periodically throughout the year, the internal system of risk management has been assessed by the full Board.

Best Practice Provisions III.2.1 and III.8.4 stipulate that the majority of the members of the Board shall be independent non-executives within the meaning of Best Practice Provision III.2.2. The Company currently has two Executive Directors (who are considered to be non-independent) and four Non-executive Directors out of whom two Non-executive Directors are considered to be independent, applying the criteria of Best Practice Provision III.2.2. and III 2.3. The Non-executive Directors who are considered to be non-independent are Messrs. Shimon Yitzchaki and Sarig Shalhav. The independent Non-executive Directors are: Messrs. Marco Habib Wichers and Marius Van Eibergen Santhagens. Consequently, two out of the six directors are considered to be independent. The Board believes that the experience of the non-independent Directors is of great importance to the Company.

• Best Practice Provision III.3.3 and Best Practice Provision III.4.1 (a) stipulate that all supervisory board members shall follow an induction program. The composition of the Board has remained unchanged from 2006 until 19 December 2013, on which date Mr. Sarig Shalhav was appointed as Non-executive director. Given the fact that the Board does not undergo frequent changes as to its composition, there is currently no induction program in place.

• Best Practice Provision III.3.5 stipulates that a non-executive director (in terms of the Dutch Code a supervisory director (*commissaris*)) may be appointed to the board for a maximum of three four-year terms. Section 15 of the Articles provides for a retirement schedule whereby directors who have been in office for not less than three consecutive annual General Meetings shall retire from office. Pursuant to section 15.6 of the Articles, such a director may be reappointed, which could result in a term of office which is longer than three four-year terms.

• Best Practice Provision III.5.1 provides that the committee rules stipulate that a maximum of one member of each committee need not be independent within the meaning of Best Practice Provision III.2.2 The Company's nomination committee is comprised of three members, two of whom, Messrs. Yitzchaki and Shalhav, are considered to be non-independent. The Board believes that the composition of the nomination committee as currently envisaged is in the best interests of the Company, given the skills and experience of the committee members.

• Best Practice provision III.5.6 stipulates that the audit committee must not be chaired by the chairman of the board or by a former executive director of the company. The Company's audit committee is chaired by Mr Shimon Yitzchaki, who has been an Executive Director of the Company and thus the Company deviates from this Best Practice Provision. The Board, however, believes that given Mr Yitzchaki's extensive financial experience, chairmanship of the audit committee is appropriate.

• Best Practice Provision III.5.11 inter alia provides that the remuneration committee shall not be chaired by a non-executive director who is either a former executive director or a member of the management board of another listed company. Since the Company's remuneration committee is chaired by Mr Shimon Yitzchaki, who is a former Executive Director and serves as President of EI, the Company deviates from this requirement. The Board is convinced that the experience of Mr Yitzchaki in this respect should be considered more important than the fact that Mr Yitzchaki is a Board member of another listed company. It should be noted that, since 14 March 2014, Mr. Yitzchaki is no longer a director of EI.

• Best Practice Provision III.7.1 stipulates that non-executive directors should not be granted any shares and/or rights to shares by way of remuneration. Under the 2006 Share Option Scheme, prior to the admission of the Ordinary Shares to trading on the London Stock Exchange and thereafter, options were granted to Mr Yitzchaki. Furthermore, the Share Option Schemes do not exclude the possibility of making further grants of options to non-executive directors. In particular, the Board believes that the granting of options to Mr Yitzchaki has been appropriate, given his extensive involvement in the Company to date. Furthermore, the Company has retained the right to grant options to Non-executive Directors as it believes that granting such options is appropriate in order to offer present and future non-executive directors a competitive remuneration package. All proposals for remuneration in the

form of shares or rights to acquire shares (options) will be submitted to the General Meeting pursuant to Section 15.7 of the Articles and book 2 of the DCC.

• Best Practice Provision IV.3.13 stipulates that the Company shall formulate an outline policy on bilateral contacts with the shareholders and publish this policy on its website. All contacts between the Company and its shareholders are carried out in full transparency and therefore the Board considers such policy as not necessary.

• Best Practice provision V.1.3. states that the management board should be responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the management board, so that he timeliness, completeness and correctness of the external financial reporting are assured. For this purpose, the management board ensures that the financial information from business divisions and/or Subsidiaries is reported directly to it and that the integrity of the information is not compromised. The non-executive directors (in terms of the Dutch Code: the supervisory board) shall ensure that the internal procedures are established and maintained. In respect of the Company, in 2013 the internal procedures on timeliness of external financial reporting were not met due to restructuring and investigation on compliance

• Best Practice Provision V.2.1. stipulates that the external auditor may be questioned by the General Meeting in relation to his report on the fairness of the financial statements and that the external auditor shall for this purpose attend and be entitled to address this meeting. As the experience is that the Shareholders vote by proxy in a General Meeting, in the view of the Board, the presence of the external auditor is not required. The auditor however, is available to attend if required.

• Best Practice Provision V.3 stipulates inter alia that the Company should have an internal auditor. Though in fact the Company does not have an internal auditor itself, as part of the Europe Israel Group, the Company has a Quality Control Regulator, who practically functions as an internal auditor.

Deviations from the UK Code on Corporate Governance

The Company did not comply with the following provisions of the UK Code on Corporate Governance in the year ended 31 December 2013.

• Code Provision A.2.1 states that the division of responsibilities between the Chairman and Chief Executive should be clearly established, set out in writing and agreed by the Board. Whilst the Company does not possess such a document, it believes that the division of responsibilities between the Chairman and Chief Executive is sufficiently clear.

• Code Provision A.4.2 states that the Chairman should hold meetings with the non-executive directors without the executive directors present and, led by the Senior independent director, the non-executive directors should meet without the Chairman present at least annually to appraise the Chairman's performance and on such other occasions as are deemed appropriate. Code Provision B.6.1 states that the Board should refer in the annual report as to how performance evaluation of the Board, its committees and its individual directors has been conducted. Code Provision B.6.3 states that the non-executive directors, led by the Senior independent director, should be responsible for performance evaluation of the Chairman, taking into account the views of Executive directors. In 2013, the Chairman and the non-executive directors did not meet separately. However, at every Board meeting, an assessment is made by each Board member of his/her own performance and that of other members. The Board is of the view that this course of action provides an appropriate mechanism for the evaluation of the performance of Board members.

• Code Provision B.2.1 states, amongst other things, that a majority of members of the Nomination Committee should be independent non-executive directors and that the Chairman or an independent Non-executive director should chair the committee. Since the Nomination Committee is chaired by Mr Shimon Yitzchaki, who is a not regarded as being an independent

non-executive director, the Company does not comply with this provision. However, the Board is satisfied that Mr Yitzchaki's experience outweighs the fact that he is not regarded as being independent.

• Code Provision C.2.1 states that the Board should, at least annually, conduct a review of the effectiveness of the Company's risk management and internal control systems and should report to shareholders that they have done so. The Board did not conduct a review of the effectiveness of the Company's risk management and internal control systems in the year under review. However, the Board has established a process for identifying and managing the risks faced by the Company and both the audit committee and the Executive Directors regularly consider the effectiveness of the Company's internal controls and risk management procedures as part of the on-going management of the Company. The Board confirms that any appropriate actions either have been or are being taken to address any weaknesses in these areas.

• Code Provision C.3.6 states (amongst other things) that, where there is no internal audit function, the Audit Committee should consider annually whether there is a need for an internal audit function and make a recommendation to the Board, and the reasons for the absence of such a function should be explained in the relevant section of the annual report. Although the Company does not have an internal auditor, as part of the Europe Israel Group, the Company has access to a quality control regulator who, in practice, functions as an internal auditor.

• Code Provision E.2.3 states that the Chairman should arrange for the Chairmen of the Audit, Remuneration and Nomination Committees to be available to answer questions at the annual general meeting of shareholders and for all directors to attend. In the year under review, the Chairman of the Nomination Committee and the Audit Committee, Mr Shimon Yitzchaki, was unable to attend the annual General Meeting.

Compliance with WSE Corporate Governance Rules

The WSE Corporate Governance Rules (the Code of Best Practice for WSE-Listed Companies) applies to companies listed on the WSE, irrespective of whether such companies are incorporated outside of Poland. The WSE Corporate Governance Rules consist of general recommendations related to best practice for listed companies (Part I) and best practice provisions relating to management boards, supervisory board members and shareholders (Parts II to IV). The WSE Corporate Governance Rules impose upon the companies listed on the WSE an obligation to disclose in their current reports continuous or incidental noncompliance with best practice provisions (with the exception of the rules set forth in Part I). Moreover, every year each WSE-listed company is required to publish a detailed statement on any noncompliance with the WSE Corporate Governance Rules (including the rules set forth in Part I) by way of a statement submitted with the Company's annual report. Companies listed on the WSE are required to justify non-compliance or partial compliance with any WSE Corporate Governance Rule and to present possible ways of eliminating the potential consequences of such non-compliance or the steps such company intends to take to mitigate the risk of non-compliance with such rule in the future. The Company intends, to the extent practicable, to comply with all the principles of the WSE Corporate Governance Rules. However, certain principles will apply to the Company only to the extent permitted by Dutch law. Detailed information regarding non-compliance, as well as additional explanations regarding partial compliance with certain Corporate Governance Rules of the WSE due to incompatibilities with Dutch law, will be included in the aforementioned reports, which will be available on the Company's website and published by way of a current report.

Board practices

In the Netherlands, statutory law provides for both a one-tier governance and a two-tier governance (the latter having a separate management board and a separate supervisory board).

It is well established practice for international active companies in the Netherlands to have a one-tier structure in the management board (*raad van bestuur*). Although all members of the management board are formally managing directors (*bestuurders*), the Articles provide that certain directors have tasks and obligations which are similar to tasks and obligations of executive directors and certain directors which have tasks and obligations which are similar to tasks of non-executive directors. The Articles provide that some directors are responsible for the day-to-day management of the Company and other directors are responsible for supervising the day-to-day management of the Company. All responsibilities are subject to the overall responsibility of the Board.

All statutory provisions relating to the members of the management board apply in principle to all members of a one-tier board.

The Board meets regularly throughout the year. To enable the Board to perform its duties, each Director has full access to all relevant information. If necessary, the Non-executive Directors may take independent professional advice at the Company's expense.

In line with the Dutch Code and the UK Combined Code, the Company has established three committees: an audit committee, a remuneration committee and a nomination committee. The members of these committees are appointed from among the Non-executive Directors. The terms of reference of the committees have been supplemented with additional provisions from the Combined Code. A brief description of the terms of reference of the committees is set out below. The Board has also established an executive committee comprising the two Executive Directors and any relevant Senior Managers or other personnel who may be invited. The executive committee meets on a monthly basis to discuss, amongst others, the status of contracts, including budgets, contingencies and risk management issues.

Audit Committee

The audit committee comprises three Non-executive Directors and meets at least three times each financial year. Currently, the Audit Committee is chaired by Mr. Yitzchaki and the other members are Mr. Wichers and Mr. van Eibergen Santhagens. The Audit Committee must consider, amongst other matters: (i) the integrity of the financial statements of the Company, including its annual and interim accounts, the effectiveness of the Company's internal controls and risk management systems; (ii) auditors' reports; and (iii) the terms of appointment and remuneration of the auditor. The committee supervises and monitors, and advises the Board on, risk management and control systems and the implementation of codes of conduct. In addition, the Audit Committee supervises the submission by the Company of financial information and a number of other audit-related issues.

Remuneration Committee

The remuneration committee, comprising three Non-executive Directors, meets at least twice each financial year to prepare the Board's decisions on the remuneration of directors and the Company's Share Option Scheme (Under Dutch law and the Articles, the principal guidelines for directors' remuneration and approval for directors' options and share incentive schemes must be determined by a General Meeting). The remuneration committee also prepares a Remuneration Report which is included into the Company's Annual Report. Currently, the Remuneration Committee is chaired by Mr. Yitzchaki and the other members are Messrs. Wichers and van Eibergen Santhagens.

Nomination Committee

Meeting at least twice a year, the Nomination Committee comprises three Non-executive directors. Its main roles are to prepare selection criteria and appointment procedures for Board members and to review the Board's structure, size and composition. Currently, the Nomination Committee is chaired by Mr. Shalhav and the other members are Mr. Yitzchaki and Mr. van Eibergen Santhagens.

Controlling Shareholder

As stated in paragraph 8 of Part III – "Information on the Group", the Controlling Shareholder has effective control of the Company. To ensure that all transactions and relationships between the Group and the Controlling Shareholder are at arm's length and on a normal commercial basis, the Company has entered into a relationship agreement with the Controlling Shareholder. If a conflict of interest arises between the Controlling Shareholder and the Company, the non-independent Directors will take no part in the Board's decisions on the matter.

Furthermore, the Articles stipulate that a member of the Board must abstain from participating in the decision-making process with respect to matters by which he has a direct or indirect conflict of interest with the Company. When as a consequence thereof, no board resolution can be passed, then despite the conflict of interest such resolution can be resolved by the Board provided that the resolution is adopted unanimously in a meeting in which all members of the Board are present or represented.

Corporate, social and ethical policies

The Company is responsible not only to its shareholders, but also to a range of other stakeholders including employees, customers, suppliers and the communities upon whom its operations have an impact.

It is therefore the responsibility of the Board to ensure that the Company, its directors and its employees act at all time in an ethical manner. As a result, the Company seeks to be honest and fair in its relations with all stakeholders and to respect the laws and sensitivities of all the countries in which it operates.

Environment

The Company regards compliance with environmental legislation in every country where the Group operates as its minimum standard, and significant levels of management attention are focused on ensuring that all employees and contractors achieve and surpass both regulatory and internal environmental standards.

The Company undertakes a detailed environmental impact study of every project the Group undertakes, including an audit of its waste management, water and energy usage, emissions to air and water, ozone depletion and more.

Health and safety

The Company regards compliance with environmental legislation in every country where the Group operates as its minimum standard, and significant levels of management attention are focused on ensuring that all employees and contractors achieve and surpass both regulatory and internal environmental standards.

The Company undertakes a detailed environmental impact study of every project the Group undertakes, including an audit of its waste management, water and energy usage, emissions to air and water, ozone depletion and more.

Sharedealing code

The Company operates a share dealing code, which limits the freedom of Directors and certain employees of the Company to deal in the Ordinary Shares. The share dealing code imposes restrictions beyond those that are imposed by applicable law. The sharedealing code particularly relates to dealing during close periods, for all Directors and other key employees as is appropriate for a listed company. The Company takes all reasonable steps to ensure compliance by those parties affected. The Company takes all reasonable steps to ensure compliance by those parties affected. The share dealing code meets the requirements of both the Model Code set out in the Listing Rules and the Market Abuse chapter of the AFS and the decree promulgated thereunder.

PART VI - Selected Financial Information on the Group

The table below is a summary of financial information for the Company for the periods indicated. The information has been extracted, without material adjustment from (and should be read in conjunction with) the information set out in Part XII – "Financial Information on Plaza Centers N.V.", which has been prepared in accordance with IFRS. The information below is a summary only and investors are advised to read the whole of this document and not to rely on the information summarized in this Part VI.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS IN '000 EUR

	For the year ended 31 December		
	2013	**2012 Restated(*)**	**2011 Reclassified(*)**
Continuing operations			
Rental income	23,678	23,112	15,629
Revenues from entertainment centers	3,345	6,911	7,121
	27,023	30,023	22,750
Cost of operations	(9,408)	(9,384)	(9,388)
Cost of operations – entertainment centers	(4,025)	(8,267)	(7,757)
Gross profit	13,590	12,372	5,605
Gain (Loss) from disposal of undeveloped Trading Property	(346)	(65)	109
Write-down of Trading Properties	(117,913)	(60,293)	(47,987)
Write-down of equity-accounted investees	(56,417)	(23,443)	-
Loss from disposal of equity accounted investees (holding undeveloped Trading Properties)	(3,724)	-	-
Share in results of equity-accounted investees	952	1,475	(153)
Administrative expenses, excluding restructuring costs	(9,435)	(11,432)	(15,957)
Restructuring costs	(702)	-	-
Other income	413	8,970	169
Other expenses	(11,468)	(1,122)	(1,783)
Results from operating activities	(185,050)	(73,538)	(59,997)
Finance income	1,288	20,358	103,018
Finance costs	(40,632)	(37,531)	(29,032)
Net finance costs	(39,344)	(17,173)	73,986
Profit (Loss) before income tax	(224,394)	(90,711)	13,989
Tax benefit (expense)	6,256	6,592	(12,910)
Profit (Loss) from continuing operations	(218,138)	(84,119)	1,079
Discontinued operation			
Profit (loss) from discontinued operation, net of tax	65	(2,044)	12,785

Profit (Loss) for the year	(218,073)	(86,163)	13,864
Profit (Loss) attributable to:			
Owners of the Company	(218,073)	(86,163)	9,346
Non-controlling interests	-	-	4,518
Earnings per share			
Basic and diluted loss per share (in EURO)	(0.73)	(0.29)	0.03
Earnings per share – continuing operations			
Basic and diluted loss per share (in EURO)	(0.73)	(0.28)	0.003

(*)Restated due to Retrospective application of IFRS. As a result of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Group has classified its interests in joint arrangements as Equity accounted investees. The balances of 2012 have been restated in the financial statements. Amounts for the year ended 31 December 2011 were not amended due to application of IFRS 11.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN '000 EUR

	31 December 2013	31 December 2012 Restated (*)	1 January 2012 Restated (*)
ASSETS			
Cash and cash equivalents	26,157	35,374	51,438
Restricted bank deposits	6,319	18,759	17,440
Short term deposits	-	-	3,102
Available for sale financial assets	-	11,714	25,568
Held for trading financial assets	1,246	-	-
Trade receivables	3,372	3,399	2,792
Other receivables	4,871	11,492	8,721
Prepayments and advances	1,393	7,821	8,043
Trading properties	40,333	612,475	648,674
Total current assets	83,691	701,034	765,778
Trading properties	454,841	-	-
Equity accounted investee - discontinued operations	-	-	95,475
Equity accounted investees	33,102	154,830	141,174
Loan to equity accounted investees	7,039	6,949	15,160
Long term deposits and other investments	-	-	50,577
Property and equipment	6,520	7,381	8,230
Investment property	-	14,489	13,652
Other non-current assets	573	1,135	5,221
Total non-current assets	502,075	184,784	329,489
Total assets	585,766	885,818	1,095,267
LIABILITIES AND SHAREHOLDERS' EQUITY			
Interest bearing loans from banks	175,338	205,977	208,858
Debentures at fair value through profit or loss	97,983	34,966	32,930
Debentures at amortized cost	70,636	34,184	22,831
Trade payables	2,432	7,569	25,712
Related parties liabilities	944	546	2,228
Derivatives	910	3,320	-
Provisions	15,597	15,597	15,597
Other liabilities	11,219	7,648	15,261
Total current liabilities	375,059	309,807	323,417
Interest bearing loans from banks	-	5,773	15,696
Debentures at fair value through profit or loss	-	81,181	110,320
Debentures at amortized cost	-	39,010	86,052
Derivatives	-	-	3,561
Other liabilities	-	185	159
Deferred tax liabilities	379	6,930	13,189
Total non-current liabilities	379	133,079	228,977
Share capital	2,972	2,972	2,972

Translation reserve	(40,651)	(26,359)	(10,672)
Capital reserve due to transaction with Non-controlling interests	(20,706)	(20,706)	(19,342)
Other reserves	35,133	35,262	31,954
Share premium	261,773	261,773	261,773
Retained earnings (losses)	(28,799)	189,274	275,437
Total equity attributable to equity holders of the Company	209,722	442,216	542,122
Non-controlling interests	606	716	751
Total equity	210,328	442,932	542,873
Total equity and liabilities	585,766	885,818	1,095,267

(*)Restated due to Retrospective application.

CONSOLIDATED STATEMENT OF CASH FLOWS IN '000 EUR

	For the year ended 31 December		
	2013	**2012 Restated (*)**	**2011 Reclassified (**)**
Cash flows from operating activities			
Profit (Loss) for the year	(218,073)	(86,163)	13,864
Adjustments necessary to reflect cash flows used in operating activities:			
Depreciation and impairment of property and equipment	423	1,065	2,517
Change in fair value of investment property	4,267	(837)	(8,084)
Net finance costs	39,344	17,173	(73,986)
Equity-settled share-based payment transaction	424	197	2,978
Discontinued operations	(65)	2,044	(12,785)
Gain on sale of property and equipment	(23)	(13)	(4)
Share of loss of equity-accounted investees, net of tax	78,617	19,854	153
Tax benefit	(6,256)	(6,592)	12,910
	(101,342)	(53,272)	(62,437)
Changes in:			
Trade receivables	(122)	(581)	(1,298)
Other accounts receivable	10,126	5,821	(2,300)
Trading properties	108,831	27,632	(21,930)
Trade payables	(4,028)	(18,122)	543
Other liabilities, related parties liabilities and provisions	3,498	(8,577)	5,093
	118,305	6,173	(19,892)
Interest received	353	3,822	9,356
Interest paid	(10,926)	(24,214)	(36,593)
Taxes paid	(295)	(297)	(58)
Net cash from (used in) operating activities	6,095	(67,788)	(109,624)
Cash from investing activities			
Purchase of property and equipment	(75)	(462)	(380)
Proceeds from sale of property and equipment	169	250	30
Discontinued operations	-	63,885	10,576
Proceeds from sale of investment property	7,649	-	-
Proceeds from liquidation of equity accounted investee EPUS	32,410	-	-
Long term deposits redemption	-	50,643	-
Purchase of marketable debt securities financial	(1,424)	(16,089)	(9,307)

assets			
Proceeds from sale of available for sale financial assets	12,012	31,294	9,051
Short term deposits, net	-	3,102	(3,213)
Net cash from investing activities	50,741	132,623	6,757

CONSOLIDATED STATEMENT OF CASH FLOWS IN '000 EUR (cont.)

	For the year ended 31 December		
	2013	**2012 Restated (*)**	**2011 Reclassified (*)**
Cash from financing activities			
Proceeds from bank loans and financial institutions	659	46,720	80,098
Proceeds from utilization and settlement of derivatives	-	238	39,331
Proceeds (payments) from hedging activities through sell of options	(2,364)	11,683	5,212
Repurchase of debentures	-	(18,814)	(29,966)
Changes in restricted cash	9,316	(1,796)	17,964
Acquisition of non-controlling interest	-	-	(40,370)
Dividend paid	-	-	(30,018)
Proceeds from re-issuance (2011 – issuance) of long term debentures	13,772	-	62,895
Repayment of debentures	(60,319)	(65,320)	(76,075)
Repayment of interest bearing loans from banks	(27,490)	(53,554)	(4,667)
Net cash used in financing activities	(66,426)	(80,843)	24,134
Effect of movement in exchange rate fluctuations on cash held	373	(56)	(807)
Decrease in cash and cash equivalents during the year	(9,217)	(16,064)	(79,540)
Cash and cash equivalents at 1 of January	35,374	51,438	137,801
Cash and cash equivalents at 31 of December	**26,157**	**35,374**	**58,261**

(*) Restated due to Retrospective application. Amounts for the year ended 31 December 2011 were not amended due to application of IFRS 11.

PART VII - Operating and Financial Review

The following review should be read in conjunction with the Financial Information set out in Part XII – "Financial Information on Plaza Centers N.V." and other information contained elsewhere in this document. The review may contain forward-looking statements, including the development plans of the projects, schedules for construction and opening and costs of investments in projects, that involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual investment performance, results of operations, financial condition, liquidity and dividend policy of the Group, as well as the development of its financing strategies, may differ materially from the impression created by the forward-looking statements contained herein as a result of certain factors including, but not limited to, the global financial crisis, zoning restrictions and opposition by local inhabitants, delay in construction, the obtaining of financing for the relevant properties and the risk factors as discussed in Part II – "Risk Factors".

The Financial Information set out in Part XII contains information for the years ended 31 December 2011, 2012 and 2013, on the basis of IFRS.

OVERVIEW

The Group is a leading emerging markets developer of shopping and entertainment centers, focusing on constructing new centers and, where there is significant redevelopment potential, redeveloping existing centers, in both capital cities and important regional centers. The Group has been present in CEE since 1996 and was the first to develop western-style shopping and entertainment centers in Hungary. The Group has pioneered this concept throughout CEE whilst building a strong track record of successfully developing, letting and selling shopping and entertainment centers. The Group has extended its area of operations beyond CEE into India and between 2010 and 2012 was present in the USA, where it has completed a highly successful transaction.

Subsequent to pursuing shopping and entertainment centre development projects in Hungary the Group has expanded into Poland, the Czech Republic, Latvia, Greece, Romania, Serbia, Bulgaria, India and (between 2010 and 2012, as mentioned above) also in the USA.

To date, the Group has developed and let 33 shopping and entertainment centers and two office project in CEE and India of which 26 centers and the two office project were sold. Twenty one of these centers and the office project were acquired by Klépierre, the second largest shopping centre owner/operator in Europe, which owns more than 230 shopping centers in ten countries. An additional four shopping and entertainment centers were sold to Dawnay Day. One shopping centre was sold to aAIM, on 7 August 2007. In 2010 the Company together with several joint venture partners has entered the US retail market through a purchase and subsequent takeover of a publicly traded Australian REIT fund. The Company's total investment was US$82 million for the 22.7% stake of the joint venture. In 2012, EPN Group, the Company's US based joint venture, completed the sale of all the 49 assets (47 was sold to the joint venture between Blackstone Real Estate and DDR Corp.) in a transaction valued at US$ 1.47 billion. The transaction generated a gross cash inflow of circa US$ 125 million to the Company before taxes and transaction costs.

The Group is currently involved in the development of 20 schemes and operates seven shopping and entertainment centers in CEE and India, and in addition, the Group owns two office buildings.

The Group might be considering to sell some of the projects before developing them.

In light of the changes in the market conditions, in the second half of 2008, the Group took the strategic decision to scale back on starting new projects and acquisitions. It was however decided to continue the development of the seven projects that were already in an advanced development or planning stage which are: (i) Casa Radio in Romania; (ii) Timisoara in Romania; (iii) Lodz Plaza in Poland; (iv) Belgrade Plaza in Serbia; (v) Visnjicka Plaza (Belgrade) in Serbia; and (vi) Chennai in India. Most of the other projects are either in the design phase or awaiting permits and the commencement of these projects will depend on the availability of external financing and letting progress.

The Company continues to be impacted by the lasting economic uncertainty across CEE. Whilst financial institutions in the region remain well financed, they continue to take a cautious approach to lending and

investors continue to be wary of moving up the risk curve, both factors which are illustrated by the lack of transactional activity in 2013. In the shopping mall space, the core economies are well serviced with retail and entertainment centers, so the Company sees value in the region's secondary cities. For this reason, as signs of an improvement in business and investor sentiment across CEE become even more apparent, the Group's portfolio should be particularly well positioned to benefit from wider recovery in Eurozone growth. The Company's efforts to reposition the business resulted in five sales in the year 2013 of non-core assets and securing increased occupancy levels, footfall and turnover across its portfolio of operating assets. The success of the Company's intensive asset management initiatives, which have driven these operational achievements, are extremely important in maximising the income and value of our shopping centers, particularly in the context of the future implementation of the restructuring plan. Alongside the management of the restructuring process, which continues to make good progress, it is vital that the Company continues to look to the long term objectives of the business. The deferral of the repayment of the Company's debt maturities enables to progress with the initiation of projects and investment as appropriate, including actively managing income generating assets to prepare for their ultimate sale, whilst continuing to identify exit opportunities from the remaining non-core assets.

From 2005 onwards, the Group is preparing its financial information in accordance with IFRS, and the Financial Information presented in Part XII of this document is in accordance with IFRS.

Results of operations

The following information should be read in conjunction with the Financial Information and operating data elsewhere in this document. The Financial Information has been prepared by the Directors from audited financial information for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 as set out in Part XI of this document.

Potential investors should read the whole document (and in particular Part XII) and not rely on the summarised data.

The table below sets out the Group's results of operations in the three years ended 31 December 2011, 31 December 2012 and 31 December 2013.

	For the year ended 31 December		
	2013	**2012 Restated(*)**	**2011 Reclassified(**)**
Continuing operations			
Rental income	23,678	23,112	15,629
Revenues from entertainment centers	3,345	6,911	7,121
	27,023	30,023	22,750
Cost of operations	(9,408)	(9,384)	(9,388)
Cost of operations – entertainment centers	(4,025)	(8,267)	(7,757)
Gross profit	13,590	12,372	5,605
Gain (Loss) from disposal of undeveloped Trading Property	(346)	(65)	109
Write-down of Trading Properties	(117,913)	(60,293)	(47,987)
Write-down of equity-accounted investees	(56,417)	(23,443)	-
Loss from disposal of equity accounted investees (holding undeveloped Trading Properties)	(3,724)	-	-
Share in results of equity-accounted investees	952	1,475	(153)
Administrative expenses, excluding restructuring costs	(9,435)	(11,432)	(15,957)
Restructuring costs	(702)	-	-
Other income	413	8,970	169
Other expenses	(11,468)	(1,122)	(1,783)
Results from operating activities	(185,050)	(73,538)	(59,997)
Finance income	1,288	20,358	103,018
Finance costs	(40,632)	(37,531)	(29,032)
Net finance costs	(39,344)	(17,173)	73,986
Profit (Loss) before income tax	(224,394)	(90,711)	13,989
Tax benefit (expense)	6,256	6,592	(12,910)
Profit (Loss) from continuing operations	(218,138)	(84,119)	1,079

Discontinued operation			
Profit (loss) from discontinued operation, net of tax	65	(2,044)	12,785
Profit (Loss) for the year	(218,073)	(86,163)	13,864
Profit (Loss) attributable to:			
Owners of the Company	(218,073)	(86,163)	9,346
Non-controlling interests	-	-	4,518
Earnings per share			
Basic and diluted loss per share (in EURO)	(0.73)	(0.29)	0.03
Earnings per share – continuing operations			
Basic and diluted loss per share (in EURO)	(0.73)	(0.28)	0.003

(*) Restated due to Retrospective application of IFRS. As a result of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Group has classified its interests in joint arrangements as Equity accounted investees. The balances of 2012 have been restated in the financial statements.

(**) The 2011 balances were prepared based on different IFRSs and therefore no direct comparison can be made with the 2012 and 2013 results. Amounts for the year ended 31 December 2011 were not amended due to application of IFRS 11. Please refer to Note 3 in the financial statements regarding initial application of the new suite of standards in 2012 and to notes 27, 28 and 29 on other reclassifications in 2011 and 2012 in part XII of this Prospectus. Refer also to changes in accounting policies paragraph in principal factors affecting the Group's results of operation below.

PRINCIPAL FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATION

Changes in accounting Policy as of 1 January 2012 and impact on 2011 data of financial statements - elaboration

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013:

a. IFRS 10 Consolidated Financial Statements (2011) – early adoption
b. IFRS 11 Joint Arrangements – early adoption
c. IFRS 12 Disclosure of Interests in Other Entities – early adoption
d. IFRS 13 Fair Value Measurement

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

As a result of the adoption of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements.

Under IFRS 11, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement).

When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. The Group has re-evaluated its involvement in its various joint arrangements and, deeming them to be joint ventures rather than joint operations because in all cases the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement rather than to the assets and liabilities of the arrangement, therefore, the Group has changed the accounting treatment for all its jointly controlled entities (previously accounted according to proportional consolidation method) to be accounted for as joint ventures applying the equity method, thus

impacting the recognised assets, liabilities and comprehensive income of the Group.

Summary of quantative impact - 2011

Effect on the statement of financial position

The summary of the quantative effect on the statement of financial position of 31 December 2011 (or 1 January 2012) is described in note 3 (g) (1) of the financial statements.

The main effect on the asset side was due to reclassification EUR 202 million of jointly controlled entities holding real estate projects (previously accounted according to proportional consolidation method, hence being part of the trading property line item) into the new line item Equity accounted investees.

Another major asset side change was the EUR 259 million reclassification of the investment in the US (being part of the investment property line item) into the new line item Equity accounted investee - discontinued operation.

From the liability side of the balance sheet, the main changed feature is the reclassification of interest bearing loans from banks of Equity accounted investees (EUR 87 million) and equity accounted investee- discontinued operation (EUR 137 million) to the asset side to the abovementioned line items, respectively.

Equity position of the group has remained unaffected at large, the main change being the diminished Non-Controlling interests, as the vast majority of non-controlling interests is under entities which are jointly controlled joint ventures (i.e that the joint venture entity holds a Subsidiary with minority holding). Regarding the possible effect on the retained earnings due change in the 2011 profit or loss, refer to the section Effect on the statement of profit or loss for the year ended 31 December 2011 below.

Effect on the statement of profit or loss for the year ended 31 December 2011

The application of IFRS 11 did not require the restatement of the 2011 numbers. Therefore the figures appearing in this section are not audited, and are rough estimation of the Group on the possible impact, had IFRS 11 being implemented already in the beginning of 2011.

The net profit of the Group in 2011 was expected to decrease by circa EUR 1.2 million, as the group would have not able to allocate non-specific finance to its assets held under joint ventures, and the amount of EUR 1.2 million of non-specific finance would have stayed as additional finance cost.

Apart from that, profit or loss line items are changed due to reclassifications into the line item Share in results of equity-accounted investees. The below table is capturing the main estimated effect on the statement profit or loss, had IFRS 11 being implemented in the year 2011 (all information is unaudited and in thousands of EUR):

	As presented in the past	**Estimated effect of IFRS 11 implementation**	**Proforma profit or loss**
Total revenues	22,750	(4,624)	18,126
Cost of operations	(17,145)	2,860	(14,285)
Gross profit	5,605	(1,764)	3,841
Write-down of Trading Properties	(47,987)	14,161	(33,826)
Share in results of equity-accounted investees	(153)	(16,041)	(16,194)
Administrative expenses	(15,957)	1,255	(14,702)
Other expenses, net	(1,505)	-	(1,505)
Results from operating activities	(59,997)	(2,389)	(62,386)

Net finance costs	73,986	1,193	75,179
Profit (Loss) before income tax	13,989	(1,196)	12,793
Tax benefit (expense)	(12,910)	-	(12,910)
Profit (Loss) from continuing operations	1,079	(1,196)	(117)
Profit (loss) from discontinued operation, net of tax	12,785	-	12,785
Profit (Loss) for the year	13,864	(1,196)	12,668

Effect on the statement of cash flow for the year ended 31 December 2011

As mentioned above, the application of IFRS 11 did not require the restatement of the 2011 numbers. Therefore the figures appearing in this section are not audited, and are rough estimation of the group on the possible impact, had IFRS 11 being implemented already in the beginning of 2011.

As appeared from the table below, the main change in the cash flow report would have been net the reclassification of EUR 31 million of US joint venture related cash flow (equity accounted investee - discontinued operation) from finance activities to investing activities.

	For the year ended 31 December 2011		
	As presented in the past	**Estimated effect of IFRS 11 implementation**	**Proforma cash flow**
	€ 000'	**€ 000'**	**€ 000'**
Net cash used in operating activities	(109,624)	(251)	(109,875)
Net cash from investing activities	6,757	(31,245)	(24,488)
Net cash used in financing activities	24,134	32,512	56,646
Effect of exchange rate fluctuations on cash and cash equivalents	(807)	807	-
Net increase (decrease) in cash and cash equivalents	(79,540)	1,823	(77,717)
Cash and cash equivalents as at the beginning of the period	137,801	(8,646)	129,155
Cash and cash equivalents at the end of the period	58,261	(6,823)	51,438

Rental Income and Revenues from entertainment centers

Income comprised rental income from operating shopping centers: In 2013, the Company generated €23.7 million of income compared to €23.1 million in 2012 and €15.6 million in 2011. The 2013 rental income performance would have been even stronger, had there not been a loss of income caused by a fire incident in India. However, income from the Group's Fantasy Park operation which provides gaming and entertainment services in the Group's active shopping centers decreased to €3.3 million from EUR6.9 million in 2012 (2011 - €7.1 million) following the closure of a number of underperforming units.

Cost of operations

The cost of operation of active malls remained at the same level despite increasing rental income (€9.4 million in 2011, 2012 and 2013). The cost of marketing expenses were classified as part of operating cost rather than administrative expenses, and comparative figures for 2012 were also restated. The cost of the Fantasy Park operations (operation of entertainment centers) also decreased from €8.3 million in 2012 to €4 million in 2013 after the closures mentioned above (2011 €7.8 million).

Write-down of trading properties and equity accounted investees

Write-down of trading properties amounted to €118 million in 2013 (€60 million in 2012, €48 million in 2011). This 2013 amount is attributable mainly to projects in Serbia (€37 million), Romania (€24.6 million), India (€15.6 million), Czech Republic (€15 million), Greece (€12 million), Poland (€11 million) and Bulgaria (€2.4 million). In accordance with IFRS 11, the Group has changed its accounting policy regarding joint arrangement. Joint ventures are classified as equity accounted investments. The write-down in connection to those assets amounted to €56 million in 2013 and €23 million in 2012. More than 90% of the write-down relates to the Company's Indian projects (Bangalore, Chennai and Kharadi). This was slightly offset by the 2013 €1.5 million increase in the value of Riga Plaza (Latvia).

Loss from disposal of equity accounted investees (holding undeveloped trading properties)

In 2013 the Company has sold 50% interests in an investee which mainly held interests in an office complex project located in Pune, Maharashtra, has completed the sale of its Dream Island project (in which the Company held 43.5% stake) land and the consortium of shareholders of Uj Udvar, in which the Company indirectly holds a 35% stake, has completed the sale of its Uj Udvar project.

Administrative expenses, excluding restructuring costs

Administrative expenses amounted to €9.4 million (2012: €11.4 million after restatement, 2011 €16 million), reflecting a 2013 decrease of 18% , mainly as a result of a decrease in payroll and employee related expenses as part of the Company's efforts to reduce costs during the year.

Other expense

Other expense increased from €1 million in 2012 to €11.5 million in 2013, due to the impairment of certain prepayments and fair value adjustment of investment property (2011- €1.8 million).

Finance income, expense net

A net finance loss of €39.3 million was recorded in 2013 compared to a net finance cost of €17.2 million in 2012 (2011- net finance income of €74 million).

Finance income decreased in 2013 to €1.3 million from €20.4 million in 2012 (2011 €103 million, mainly due to a €80 devaluation in value of bonds) mainly due to no income being recorded in connection to its buyback programme (2012: €4.3 million income) as the Company ceased this activity in order to preserve short term liquidity. In addition, no income resulted from hedging activity through selling currency options (2012: €11.7 million) as hedging activity was reduced also in order to preserve short term liquidity.

Finance expenses increased from €37.5 million to €40.6 million (after capitalization of borrowing costs of €6.5 million in 2013 and €19.1 million in 2012) (2011 €29 million). The main reasons for this 2013 increase were:

- discontinuing of capitalization of interest on debentures in H2 2013, resulting in an additional €3 million of expenses being reflected in the profit or loss
- loss on the reissuance of bonds previously bought back (2013 - €5.7 million, 2012 - nil)
- increase in foreign exchange loss on bonds issued in ILS and PLN (2013 - €5.4 million, 2012 - €2.0 million).

This was partly offset by the decrease in the expense recorded due to the increase in the fair value of bonds (2013 - €13.2 million, 2012 - €19.0 million)

Tax benefit

A tax benefit of €6.3 (2012- €6.6 million, 2011- €12.8 million tax expense) million recorded in the consolidated income statement mainly represents the decrease in the deferred tax liability, primarily in connection with the fair value changes of the debentures measured through the profit or loss.

SIGNIFICANT/PRICIPAL ACCOUNTING POLICIES

In respect of the changes in accounting policies effecting the presentation of comparative financial information, refer to abovementioned subsection principal factor affecting the Group's result of operation

to paragraph Changes in accounting Policy as of 1 January 2012 and impact on 2011 data of financial statements - elaboration

Revenues

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement.

Rental income

The Group leases real estate to its customers under leases that are classified as operating leases. Rental income from investment property and trading property is recognized in profit or loss on a straight-line basis over the term of the lease. Lease origination fees and internal direct lease origination costs are deferred and amortized over the related lease term. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

The leases generally provide for rent escalations throughout the lease term. For these leases, the revenue is recognized on a straight line basis so as to produce a constant periodic rent over the term of the lease. The leases may also provide for contingent rent based on a percentage of the lessee's gross sales or contingent rent indexed to further increases in the Consumer Price Index ("CPI").

Where rentals that are contingent upon reaching a certain percentage of the lessee's gross sales, the Group recognizes rental revenue when the factor on which the contingent lease payment is based actually occurs. Rental revenues for lease escalations indexed to future increases in the CPI are recognized only after the changes in the index have occurred.

Revenues from selling of trading properties and investment properties

Revenues from selling of trading properties and investment properties are measured at the fair value of the consideration received or receivable. Revenues are recognized when all the following conditions are met:

a. the Group has transferred to the buyer the significant risks and rewards of ownership**;**
b. the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the property sold;
c. the amount of revenue can be measured reliably;
d. it is probable that the economic benefits associated with the transaction will flow to the Group (including the fact that the buyer's initial and continuing investment is adequate to demonstrate commitment to pay);
e the costs incurred or to be incurred in respect of the transaction can be measured reliably; and
f. there are no remaining significant performance obligations.

Determining whether these criteria have been met for each sale transaction, requires certain degree of judgment by the Group management. The judgment is made in determination whether, at the end of the reporting period, the Group has transferred to the buyer the significant risks and rewards associated with the real estate assets sold.

Such determination is based on an analysis of the terms included in the sale agreement executed with the buyer as well as an analysis of other commercial understandings with the buyer in respect of the real estate sold. In certain cases, the sale agreement with the buyer is signed during the construction period and the consummation of the transaction is subject to certain conditions precedents which have to be fulfilled prior to delivery. Revenues are, therefore, recognized when all the significant conditions precedent included in the agreement have been fulfilled by the Group and/or waived by the buyer prior to the end of the reporting period.

Generally, the Group is provided with a bank guarantee from the buyer for the total estimated proceeds in order to secure the payment by the buyer at delivery. Therefore, the Group is not exposed to any significant risks in respect of payment of the proceeds by the buyer.

Trading properties

Properties that are being constructed or developed for sale in the ordinary course of business and empty plots acquired to be developed for such a sale are classified as trading properties (inventory) and measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete construction and selling expenses. If net realisable value is less than the cost, the trading property is written down to net realisable value.

In each subsequent period, a new assessment is made of net realisable value. When the circumstances that previously caused trading properties to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realisable value.

The amount of any write-down of trading properties to net realisable value and all losses of trading properties are recognised as a Write-down of trading properties expense in the period the write-down or loss occurs. The amount of any reversal of such write downs arising from an increase in net realisable value is recognised as a reduction in the expense in the period in which the reversal occurs.

Lands which are designated for development of trading properties projects are not written down below costs if the completed projects are expected to be sold at or above cost.

Costs comprise all costs of purchase, direct materials, direct labour costs, subcontracting costs and other direct overhead costs incurred in bringing the properties to their present condition.

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the costs of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they incurred.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditure and borrowing costs are being incurred. Capitalization of borrowing costs may continue until the asset is substantially ready for its intended use (i.e. upon issuance of certificate of occupancy).

In certain cases, where the construction phase is suspended for an unplanned period expected to exceed 25% of the total scheduled time for construction, cessation of the capitalisation of borrowing cost will apply, until construction phase is resumed.

Non–specific borrowing costs are capitalised to such qualifying asset, by applying a capitalization rate to the expenditures on such asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowing made specifically for the purpose of obtaining a qualifying asset.

The amount of borrowing costs capitalized during the period does not exceed the amount of borrowing costs incurred during that period.

Impairment

(1) Non-derivative financial assets

inancial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;

- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.

If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; Subsequent recovery in the fair value of available for sale equity instruments are reversed through other comprehensive income.

(2) Non – financial assets and interests in equity accounted investees

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (property and equipment) and interests in equity accounted investees to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGU").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is never reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that

would have been determined, net of depreciation, if no impairment loss had been recognised.

Financial instruments

(1) Non-derivative financial assets and financial liabilities – recognition and de-recognition.

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(2) Non-derivative financial assets – measurement

Cash and cash equivalents and restricted bank deposits

In the consolidated statement of cash flows, cash and cash equivalents includes bank deposits deposited for periods which do not exceed three months. Restricted bank deposits are deposit restricted due to bank facilities.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off in the period in which they are identified. Doubtful receivables are impaired when there is objective evidence that the Group will not collect all amounts due.

Held for trading financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognised in statement of profit or loss.

Available-for-sale financial assets

These assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments (refer to 3(h) below), are recognised in other comprehensive income and accumulated in equity. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(3) Non-derivative financial liabilities

Financial Liabilities at fair value through profit or loss

Financial Liabilities at fair value through profit or loss include selected unsecured non-convertible Debentures series A and series B.

Upon initial recognition a financial liability may be designated by the Company at fair value through profit or loss. Financial instruments are designated at fair value through profit or loss if the Group manages such instruments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy, or to eliminate or significantly reduce a measurement or recognition inconsistency. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other non-derivative financial liabilities

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. The Group has the following non-derivative financial liabilities: interest bearing loans, debentures not designated as fair value through profit or loss, trade payables, related parties and other liabilities.

(4) Derivative financial instruments

The Group holds (or held) derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met. Derivatives are recognised initially at fair value; any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

LIQUIDITY AND CAPITAL RESOURCES

Restructuring

In the years starting 2008, as result of the change in the economic environment in connection with the global credit crises, the Company's original strategy of developing for sale has faced new challenges. The decline in the retail consumption has led to hardened conditions in the leasing of the shopping and entertainment centres. The uncertainties in the economies of the CEE countries, the lack of funds for asset financing and the increasing yield expectations has resulted in sharp drop in the volume and number of investment transactions. Under these conditions the Company scaled back on new developments starting 2008 and developed only in cases when external bank financing was secured and strong tenant demand was in place. Realization of the existing projects in the past years was hard to be executed at fair prices.

The cash position of the company was deteriorating through the years as a result of the bonds principal and interest repayments, and lack of cash inflows from project realizations. As the confidence in companies active in emerging markets was significantly reduced, the Company was not able to recycle its issued debt over the time, as planned and all the above finally lead to inability of timely repayment of its obligations

Funding structure

The Group has relied in the past primarily upon bank and publicly traded debt to finance development and construction of the shopping and entertainment centers. The Company was not able to execute its asset disposal plan within a timeframe that would have enabled it to meet its short term obligations towards bondholders, specifically a circa EUR 15 million payment that was due to Polish bondholders on 18 November 2013 and a circa EUR 17 million payment that was due to Israeli bondholders on 31 December 2013, and therefore decided to withhold payment of principal and interest on maturities of all its bonds and any material payment to the Company's creditors. Furthermore, due to cross default clauses in the Group's bank facilities the Group has entered into, the financing banks can force immediate repayments of the Group's credit facilities which could result in foreclosure of the pledged property by the banks in cases of non-recourse loans or, in cases of recourse loans, to execute the guaranties provided by the Group in favour of the banks. As of the date of approval of these financial statements there were no early demand requests by any of the financing banks.

On 18 November 2013, the Company has applied for (provisional) suspension of payments thereby submitting the Restructuring Plan with the district court of Amsterdam (Amsterdam being the Company's statutory seat).

The court approved the Company's request and granted a six-month period for reaching an agreement with its creditors until the creditors meeting scheduled for 17 April 2014. On 11 March 2014, the Company

obtained from the Amsterdam court a postponement of the dates for the voting on the Restructuring Plan proposed plan, due to technicalities involved with the completion of the arrangement. The Amsterdam court set 26 June 2014 as the date for voting on the Restructuring Plan . If until 16 June 2014, the Company will not reach an agreement the Company most likely will be involved in a bankruptcy procedure.

The main points of the Restructuring Plan are reflected in part IX of this document.

The table below sets out the principal components of the capital resources:

	Year ended 31 December		
	2011(**)	2012(*)	2013
	EUR'000		
Non current:			
Interest bearing loans from banks	15,696	5,773	-
Debentures at fair value through profit or loss	110,320	81,181	-
Debentures at amortized cost	86,052	39,010	-
	212,068	*125,964*	-
Current:			
Interest bearing loans from banks	208,858	205,977	175,338
Debentures at fair value through profit or loss	32,930	34,966	97,983
Debentures at amortized cost	22,831	34,184	70,636
	264,619	*275,127*	*343,957*

(*) Restated

(**) Reclassified

Assets

The balance sheet as at 31 December 2013 showed total assets of €586 million compared to total assets of €886 million at the end of 2012 (2011 €1,095 million). The decrease from 2011 onwards was mainly driven by the write-down of trading properties and equity accounted investees, as well as the disposal of assets and cash used for repayment of debt.

The Company's consolidated cash position (including restricted bank deposits, short term and long term deposits, available for sale and held for trading financial assets) decreased to €33.7 million (31 December 2012: €65.8 million, 31 December 2011 €148 million). Gearing increased to 64% (31 December 2012: 50%, 31 December 2011 50%) as a result of impairment losses and finance costs incurred during the year.

The value of investment property decreased from €14.5 million in 2012 (€13.7 million in 2011) to nil in 2013, due to the sale of the Prague 3 project in the Czech Republic, the sole investment property at the end of the 2012 and 2011.

Trading properties decreased from €612 million in 2012 (€649 million as of 31 December 2011) to €495 million in 2013 mainly as result of write-downs booked in the period. At the end of the year, excluding Koregaon Park for which a sale and purchase agreement was signed before year end, trading properties were classified as non-current assets due to uncertainties about the development and realization dates.

The Company has on its balance sheet a €40 million investment in equity accounted investees which includes a joint venture project reclassified in accordance with IFRS 11. The only operating asset currently classified under this heading is Riga Plaza. The value has decreased from the 2012 figure of €161.7 mainly as result of the dissolution of the US holding entity (totalling €32 million), disposals (totalling €21 million), write-downs (totalling €56 million) and the effect of the changes in exchange rates (totalling €15 million). (as of 31 December 2011 the total investment in equity accounted investees was €251.9 million including the US joint venture sold during 2012)

	31 December 2013	31 December 2012 Restated (*)	1 January 2012 Restated (*)
ASSETS			
Cash and cash equivalents	26,157	35,374	51,438
Restricted bank deposits	6,319	18,759	17,440
Short term deposits			3,102
Available for sale financial assets	-	11,714	25,568
Held for trading financial assets	1,246	0	-
Trade receivables	3,372	3,399	2,792
Other receivables	4,871	11,492	8,721
Prepayments and advances	1,393	7,821	8,043
Trading properties	40,333	612,475	648,674
Total current assets	83,691	701,034	765,778
Trading properties	454,841	-	-
Equity accounted investee - discontinued operations	-	-	95,475
Equity accounted investees	33,102	154,830	141,174
Loan to equity accounted investees	7,039	6,949	15,160
Long term deposits and other investments	-	-	50,577
Property and equipment	6,520	7,381	8,230
Investment property	-	14,489	13,652
Other non-current assets	573	1,135	5,221
Total non-current assets	502,075	184,784	329,489
Total assets	585,766	885,818	1,095,267

(*) Restated

Cash flow

The following table sets out data regarding the consolidated cash flow of the Group.

	Year ended 31 December		
	2013	**2012(*)**	**2011(**)**
	EUR'000	EUR'000	EUR'000
net cash flows from (used in) operating activities	6,095	-67,788	-109,624
net cash flows from investing activities	50,741	132,623	6,757
net cash flows used in financing activities	-66,426	-80,843	24,134
effect of exchange rate fluctuations on cash held	373	-56	-807
decrease in cash and cash equivalents	-9,217	-16,064	-79,540
cash and cash equivalents at the beginning of the year	35,374	51,438	137,801
cash and cash equivalents at the end of the year	26,157	35,374	58,261

(*) Restated

(**) Reclassified

A review of the cash flows for the two years ended 31 December 2013:

(i) Operating activities

Net cash flows used in operating activities decreased from 2012 to 2013 (and also between 2011 and 2012) principally due to lower investments in trading properties, proceeds obtained from disposal of both trading properties and equity accounted investees, and significantly lower interest paid on bonds (partially due to bond repayment and partially due to withholding of interest payment). The 2013 main source of cash was the net operating income generated by the operating shopping and entertainment centers (app €13.4 million) as well as the insurance received in connection with the Koregaon Park fire incident (app €7.6 million). Total construction and acquisition cost of trading properties was only €3.8 million in 2013 (2012 –€21 .3 million, 2011- €84.8 million).

(ii) Investing activities

Net cash flows from investing activities included the following items:

- 2013 Proceeds from sale of investment property of €7.6 million
- Net cash inflows from the sale of available for sale financial assets of €12 million (2012- €31 million, 2011 €9 million).
- 2012 figures including net cash obtained in respect of discontinued operations of €64 million (2011 €11 million), as well as financial instruments redemption of EUR 51 million.
- Proceeds in 2013 from liquidation of the US holding entity equity accounted investee EPUS of €32 million.
- The remainder relates mainly to other investing activities such as purchase of marketable debt securities (€1.4 million, 2012 and 2011 - €16.1 million €9.3 million respectively), as well as small scaled purchase and sale of property and equipment.

(iii) Financing activities

Net cash flows from financing activities include the following items:

- Proceeds from bank loans and financial institutions €0.7 million (in 2012 €46.7 million, 2011 €80.1 million as a result of mainly draw down of project financing loans).
- Decrease in restricted cash of €9.3 million mainly as a result of release of funds held as collateral in respect of reclaiming the India insurance funds. (2012 €1.8 million increase, 2011 €18 million increase)
- Proceeds from re-issuance of long term debentures bought in previous years €13.8 million. In 2012 there was a net cash outflow used for repurchase of debentures in the amount of €18.8 million (2011- €30 million cash outflow).
- In 2011 the Company has also received €39 million from settlement of its derivatives and €63 million from bond issuance

Net cash flows used in financing activities include the following items:

- Payments for hedging activities through sell of options €2.4 million (2012 proceeds of €11.7 million, 2011 proceeds of €5 million). The Company writes currency option to hedge the foreign currency risk related to the NIS and PLN denominated bonds. As of 31 December 2013 there were no such derivatives held by the Company.
- Repayment of debentures and interest bearing loans from banks €87.8 million (2012 €118.9 million, 2011 €80.7 million)
- In 2011 the Company has used €40 million for acquisition of non-controlling interest (mainly US transaction) and paid €30 million dividend.

FUNDING AND TREASURY POLICIES

The Group's funding and treasury policies are dictated by management's assessment of the Group's foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Group's functional currency across all its Subsidiaries is the euro (with the exception of the Indian Operation, where the functional currency is the Indian Rupee (INR)) and therefore in order to avoid taking on currency risk, the Group has the policy of attempting wherever possible to pay the principal contractors and service suppliers in euros. The Group's principal loans and cash deposits are held in euros. With the exception of NIS denominated Series A and Series B Notes issued in Israel, PLN denominated bonds issued in Poland and INR denominated project financing loan for Koregaon Park. The company has used various derivatives to eliminate the risks associated with the foreign exchange currencies and variable interest rates. The table below summarizes the results of the 2013 and 2012 derivatives activity, as well as the outstanding derivatives as of 31 December 2013 and 31 December 2012:

Derivative type	Nominal amount as of 31 December 2013	Fair value of derivatives at 31 December 2013	Gain (loss)in 2013	Fair value of derivatives at 31 December 2012	Gain (loss)in 2012	Maturity date of derivative
Currency options (1)	N/A	N/A	(2,364)	N/A	11,683	N/A
Cross currency Interest Rate SWAP (2)	N/A	N/A	(251)	(817)	966	November 2013
Cross currency Interest Rate SWAP	N/A	N/A	N/A	N/A	419	Settled in January 2012
Interest Rate Swap ("IRS") 1 (3)	EUR 25 million	(222)	188	(706)	(62)	June 2014
IRS 2 (4)	EUR 30 million	(475)	(31)	(1,136)	(462)	December 2014
IRS 3 (5)	EUR 35.5 million	(213)	187	(661)	(661)	December 2017
Total		(910)	(2,271)	(3,320)	11,883	

(1) Selling options strategy (by writing call and put options through Major Israeli and foreign banks) in order to manage its foreign currency risk (EUR-NIS) inherent in its long term debentures series A and series B issued in NIS. The Company has suspended its selling option strategy effective 1July 2013.

(2) The Company was paying a fixed interest of 6.98% based on a nominal EUR amount of EUR 15.1 million and receiving an interest of six months WIBOR + 4.5% with the same amortization schedule as the Polish bonds. The swap was settled in March 2013 for a cash payment of EUR 0.8 million, in order to release EUR 2.7 million restricted cash served as guarantee in respect of the SWAP.

(3) In respect of Suwalki project loan. The project company pays EUR fixed interest rate of 2.13% and receives three months Euribor on a quarterly basis, until 30 June 2014.

(4) In respect of Kragujevac project loan. The project company pays EUR fixed interest rate of 1.85% and receives three months EURIBOR on a quarterly basis, until 31 December 2014.

(5) In respect of Torun project loan. The project company pays fixed interest rate of 1% and receives three months Euribor on a quarterly basis, until 31 December 2017.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. In view of the restructuring procedure and

the default in bond payments which triggered a cross default on all other loan facilities within the Group, all loan facilities are currently payable on demand, triggering also repayments of trade and other payables, and therefore are reclassified as to be paid within six months from the end of the reporting period:

31 December 2013

	Carrying amount	Contractual cash flows	6 months or less
Derivative financial liabilities			
IRS Derivatives	910	(946)	(946)
Non-derivative financial liabilities			
Secured bank loans	175,338	(179,402)	(179,402)
Unsecured debentures issued	168,619	(207,452)	(207,452)
Trade and other financial payables	13,651	(13,651)	(13,651)
Related parties	944	(944)	(944)
	358,552	(401,449)	(401,449)

POST BALANCE SHEET EVENTS

A. **Selling of airplane**

On 25 February 2014, the Company disposed of an airplane for a total consideration of USD 1.9 million (EUR 1.4 million). The proceeds from the disposal were used to repay the bank facility taken for the purchase of the airplane, and the Company currently negotiates with the financing bank the conditions to be set for the repayment of the remaining outstanding bank loan (circa EUR 1 million).

B. Sale of turbines

In March 2014 the Casa Radio project company disposed the turbines held in respect of the Casa Radio project for a total net consideration of EUR 2.6 million.

C. Postponement of creditors meeting to vote on the Restructuring Plan

On 11 March 2014, the Company obtained from the Dutch court a postponement of the date for the voting on the Restructuring Plan, due to technicalities involved with the completion of the arrangement.

The Amsterdam court set 26 July 2014 as the date for voting on the Restructuring Plan. The Company does not expect this postponement to have any effect on its ability to conclude the Restructuring Plan to the satisfaction of both its creditors and Shareholders. More information in respect of the contents of the Restructuring Plan are set forth in nr. 3 of Part IX "Additional Information".

RATIO ANALYSIS

Interest cover ratio

	For the year ended 31 December		
	2013	**2012(*)**	**2011(**)**
	EUR'000		
Gross profit	13,590	12,372	5,605
Net interest costs (excluding exchange gains and losses)[(1)]	23,916	25,191	22,372
Interest cover	0.57	0.49	0.25

(*) Restated

(**) Reclassified

(1) 2013 – due to withholding of payment, the interest of the last six months of Israel bonds and Polish bonds in the amount of circa EUR 5 million was not repaid.

The Group had net interest payable throughout the period, due to loans required to finance the Group development and centre operating activities.

The Group funds projects out of project specific loans and debentures issued in addition to certain equity requirements from banks. The interest charged on these loans /and notes during the construction phase of the project is capitalised to the cost of the project and recovered by selling the completed operation The company ceased capitalization of borrowing cost starting 1 July 2013. Interest on related party loans and interest charges after construction is complete are taken to the profit and loss as and when they are incurred.

Debt/equity ratio

	Year ended 31 December		
	2013	**2012(*)**	**2011(*)**
Financial year ended	EUR'000		
Interest bearing loans and borrowings	175,338	211,750	224,554
Debentures at fair Value or Amortised cost	168,619	189,341	252,133
Restricted bank deposits/Held for trading financial assets/Available for sale financial assets	-7,565	-30,473	-96,687
Cash and short-term deposits	-26,157	-35,374	-51,438
Net debt	310,235	335,244	328,562
Shareholders' equity	210,328	442,932	542,873
Gross gearing ratio	164%	91%	88%
Net gearing ratio	148%	76%	61%

(*) restated

Dividend policy and dividends

The Directors adopted a dividend policy which is intended to reflect the long-term earnings and cash flow potential of the Group, taking into account the Group's capital requirements, while at the same time maintaining an appropriate level of dividend cover.

Pursuant to the Restructuring Plan, the Company will be allowed to make Distributions to its Shareholders only if at least 75% of the unpaid principal balance of the Bonds as per the Amendment Date (excluding

Bonds that are sold by a Company's Subsidiary following the Amendment Date), have been repaid in full prior to such distribution and provided that following such distribution a certain financial coverage ratio is met, unless such distribution has been approved in a meeting of the creditors that are subject to the Restructuring Plan by a majority of at least 67% of the debt's balance which is being held by the creditors participating in such meeting and voting. Notwithstanding the aforesaid, in case of an additional equity investment in the Company of at least €20 million that occurs following the date the Restructuring Plan comes into force (i.e., in addition to the equity contribution), the Company will be allowed (subject to applicable law) to distribute a dividend to its shareholders in an amount equal to 50% of the said additional equity investment and such distribution will not be subject to the said limitations.

Subject to all of these factors and the Restructuring Plan as set forth above, and where it is otherwise appropriate to do so, it is the intention of the Directors to make distributions based on the annual net profits (after deduction of all directly related costs) derived from transactions for the sale of projects developed by the Group during any financial year.

The Company has not declared and has not the intention to distribute dividends with respect to the financial year ended 31 December, 2013.

PART VIII - Details of the Offer and Debt Settlement

Reference is made to the Hebrew part of this document, which sets out the details of the securities.

PART IX - Additional Information

1. Responsibility

The Directors, whose names and functions appear in Part V – "Management" and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

1. The Company has been incorporated in the Netherlands on 17 May 1993 by a notarial deed of incorporation as a private company with limited liability under the laws of the Netherlands (*besloten vennootschap met beperkte aansprakelijkheid*), under Book 2 of the DCC, with the legal and commercial name "Leystone Holding B.V." and with number 33248324. On 9 August 1994, the Company changed its name to "Shaka B.V.". On 19 December 1997, the Company changed its name to "Bea Real Estate B.V.", and on 8 June 1998 to "Plaza Centers (Europe) B.V.". On 6 October 2006, the name of the Company was changed to Plaza Centers B.V.

2. By a resolution passed on 9 October 2006 the Controlling Shareholder and Stichting L'Orage resolved to change the form of the Company to a public company with limited liability under the laws of the Netherlands (*naamloze vennootschap* or "N.V.") under the name "Plaza Centers N.V.". To that effect, the Articles were amended and restated entirely by a notarial deed, executed on 12 October 2006.

3. The statutory seat (*statutaire zetel*) of the Company is in Amsterdam, the Netherlands. The Company's registered office is at Prins Hendrikkade 48-s, 1012 AC Amsterdam, the Netherlands, with telephone number +31-20-3449560. The Company is registered with the Dutch Trade Register (*Kamer van Koophandel Nederland*) with number 33248324.

4. The principal legislation under which the Ordinary Shares have been created and under which the Company was formed and now operates is Book 2 of the DCC. A summary of certain applicable provisions of Dutch company law is set out in Part XI – "Summary of Applicable Dutch Law".

5. By several resolutions during 2007 up to and including 2011, the Board resolved to issue Series A Notes in the aggregate par value of NIS391,565,400 (*three hundred ninety-one million, five hundred sixty-five thousand four hundred New Israeli Shekel*) and to issue Series B Notes in the aggregate par value of NIS 1,431,194,196 (*one billion four hundred thirty-one million hundred ninety-four thousand hundred ninety-six New Israeli Shekel*). All Notes have been admitted to listing on the TASE.

6. By resolution of 3 November 2010, the Board resolved to issue the Polish Bonds in the aggregate nominal value of PLN 60,000,000 (*sixty million Polish Zloty*).

7. On 20 June 2013, the annual General Meeting resolved *inter alia* to: (i) adopt the Company's Dutch statutory annual accounts for the year ended 31 December 2012; (ii) discharge the Directors from their liability for the conduct of business for the year ended 31 December 2012; (iii) not to distribute any dividend; (iv) to grant authorization to the Board of Directors to issue Ordinary Shares to a maximum of 33% of the Company's outstanding share capital at the date of the notice of the annual General Meeting, which authorization will expire at the next annual General Meeting to be held in 2014; and (v) to grant authorization to the Board of Directors to exclude pre-emptive rights to a maximum of 10% of the Company's outstanding share capital which authority will expire at the next annual General Meeting to be held in 2014. Furthermore, Messrs. Mordechay Zisser van Ran Shtarkman were re-elected as executive directors.

8. On 19 December 2013 the extraordinary General Meeting resolved *inter alia* to honourably dismiss Mr. Edward Paap as Non-executive director of the Company and to appoint Mr. Sarig C. Shalhav as Non-executive director of the Company.

9. After the publication of this document, on or around 27 May 2014 the Board will convene the annual General Meeting 2014, which will be held on or around 8 July 2014. The items on the agenda are *inter alia*: (i) Board report of the 2013 financial year and consideration of the Company's Dutch statutory annual accounts and the annual report for 2013; (ii) report by the Board of the provisional suspension of payments; (iii) discussion of the remuneration in 2013; adoption of the Dutch statutory annual accounts for 2013; (iv) proposal to not distribute any dividend in respect of 2013; (v) proposal to discharge the Board members from their liability for the conduct of business for 2013; (vi) proposal to appoint Mazars Paardekooper Hoffman Accountants N.V. as the external auditor for the 2014 financial year; (v) amendment of the Articles; (vi) authorization for the Board to issue Ordinary Shares; (vii) authorization for the Board to exclude pre-emptive rights; (viii) proposal to approve the contemplated admission of Ordinary Shares on the Tel Aviv Stock Exchange; (ix) general changes in the composition of the Board.

   The full text of the agenda for the annual General Meeting 2014 and the explanatory notes thereto, will be available for inspection on the Company's website www.plazacenters.com from the date the annual General Meeting has been convened.

   The agenda of the annual General Meeting 2014 will not contain a proposal for the Shareholders to authorize the Board to repurchase Ordinary Shares. The reason therefor is that the 2013 financial statements have not been adopted within six months from the end of the bookyear, in which case the DCC stipulates that repurchase of shares cannot be made. The authorization for the Board to issue Ordinary Shares (and rights to acquire Ordinary Shares) and to exclude pre-emptive rights, will, in respect of the authorization to issue Ordinary Shares, be limited to 33% of the outstanding capital at the date of the notice for the annual General Meeting and in respect of the authorization to exclude pre-emptive rights, be limited to 10% of the outstanding share capital at the date of the notice for the annual General Meeting. Additional authorization, insofar necessary to effectuate a Capital Injection (defined below in this Part IX paragraph 3) and an additional issue of shares to the holders of Bonds, as provided for in the Restructuring Plan, will, insofar necessary, be sought in a separate General Meeting which will be held at a later stage in 2014.

10. All notarial records of General Meetings held from 2007 onwards, are available on the Company's website www.plazacenters.com under "legal" ""general meetings of shareholders".

3. Suspension of payments under Dutch law and Restructuring Plan

1. Company been granted provisional suspension of payments on 18 November 2013

The Company has been incorporated under the laws of the Netherlands which means that the applicable jurisdiction for all matters of corporate law will be governed by Dutch law and that all matters relating to its insolvency will be governed by the Dutch Bankruptcy Code (*Faillissementswet*).

On 18 November 2013, the Company applied for suspension of payments proceedings (*surseance van betaling*) under Dutch law and simultaneously filed a draft restructuring plan (*ontwerpakkoord*) (the "**Restructuring Plan**") with the district court of Amsterdam, the Netherlands (*Rechtbank Amsterdam*) (the "**Court**").

On 18 November 2013, the Court granted the Company a provisional suspension of payments, appointing Mr. J.L.M. Groenewegen as administrator (*bewindvoerder*) and Mrs. L. van Berkum as supervisory judge (*rechter-commissaris*). The court determined that no hearing should take place for deciding on the granting of definitive suspension of payments, order that, instead, a creditors meeting will take place to vote on the Restructuring Plan. The Restructuring Plan will be submitted to vote to the Plan Creditors on 26 June 2014. Once the Plan Creditors have voted in favor of the Restructuring Plan, it is expected that within two weeks from that date, the Amsterdam District court will confirm (*homologeren*) the Restructuring Plan. For a description of suspension of payments under Dutch law, reference is made to nr. 2 of this paragraph 3 of Part IX.

2. The proceedings for suspension of payments under Dutch law

Dutch suspension of payments proceedings are court-supervised reorganization proceedings, as opposed to liquidation proceedings. The proceedings can be described as a general deferment of payment of unsecured, non-preferential, claims against the debtor. The objective is to provide an instrument for the reorganisation and continuation of (partially) viable businesses in financial distress.

Suspension of payments proceedings essentially provide for two forms of relief: (i) a temporary suspension of unsecured, non-preferential, payment obligations (*moratorium*); and (ii) the ability to restructure unsecured, non-preferential, debts by implementing a restructuring plan (*akkoord*) through a mechanism in which a majority of the creditors can bind a dissenting minority (cram down).

In general, Dutch law does not provide for specific requirements for the form or content of a restructuring plan. This means that a restructuring plan can consist of, for example, a deferral and/or reduction of payment obligations of the debtor.

A Dutch company can apply for suspension of payments if it foresees that it will not be able to pay its debts as they fall due. Creditors or third parties are not eligible to file for the commencement of the proceedings.

Under Dutch law directors do not have a formal obligation to file for suspension of payments proceedings if they foresee that the company will not be able to pay its debts as they fall due. However, in such a situation filing for suspension of payments proceedings will often be the appropriate course of action for directors to follow and failing to do so can expose the directors to serious liability risks (e.g. for bad management).

General effects of a Dutch suspension of payments

Upon receipt of the request, the competent district court will automatically and immediately grant provisional suspension of payments and appoint one or more independent administrators. The administrator is usually a specialized insolvency lawyer. Mostly the court also appoints a supervisory judge, who advises the administrator and supervises the process.

There is no general obligation to publish the filing of a request to open suspension of payments proceedings. All known creditors of the company are notified in writing about the opening of provisional suspension of payments proceedings. The opening of suspension of payments proceedings is published in an online register and in the Dutch Official Gazette (*Nederlandse Staatscourant*) . A suspension of payment is also registered in the company's records at the Trade Register of the Dutch Chamber of Commerce (*Kamer van Koophandel*).

During suspension of payments proceedings, the board of managing directors of the company is not authorized to perform any acts of administration or disposal without the consent of the administrator. Mutual cooperation is required to perform legal acts concerning the insolvency estate. Obligations incurred by the company during suspension of payments proceedings without the cooperation or prior authorisation of the insolvency administrator cannot be enforced against the debtor's assets, unless these obligations arise from legal acts beneficial to the insolvency estate. If the company fails to comply with these rules, the supervisory judge can submit a request to the court for the termination of the proceedings.

During the suspension of payments proceedings creditors with unsecured, non-preferential, claims are not able to enforce their claims against the company; the moratorium is against unsecured creditors. Secured and preferential creditors remain entitled to enforce their rights during the proceedings, such unless a temporary stay on their enforcement actions (*afkoelingsperiode*) has been ordered by the court. At the date of this document, a temporary stay in respect of the Company has not been ordered.

The Dutch Bankruptcy Code does not explicitly provide for the possibility to appoint a creditors committee in suspension of payments proceedings. In practice, the possibility to do so has been assumed to follow from the general discretion of the court to order protective measures on the commencement of the proceedings. Such a court order can specifically mention which statutory provisions concerning creditors' committees in bankruptcy proceedings apply mutatis mutandis to the creditors committee in the relevant suspension of payments proceedings.

Upon the provisional commencement of suspension of payments proceedings, the court can simultaneously order any measures necessary to protect the interests of creditors. Examples of such protective measures include the appointment of a creditors committee, the mandatory release of specific information to creditors or the sealing of the insolvency estate. Provisional measures can also be ordered in order to give effect to legitimate interests of creditors under foreign law. An important example concerns the order of protective

measures by the court which enabled beneficial owners of notes issued by the debtor and governed by foreign law to vote on a proposed restructuring plan. This application of foreign law prevented the unsatisfactory outcome where only the trustee as legal owner of the notes would have been entitled to vote and protected the legitimate interests of parties as contemplated in the transaction documentation (i.e. a note programme) governed by foreign law.

Restructuring plan; majority during creditor's meeting

The debtor is entitled to file a restructuring plan together with the application for suspension of payments proceedings or thereafter. Only the debtor is entitled to propose a restructuring plan. The administrator, creditors or third parties do not have the right to propose a plan.

A restructuring plan is characterised as an agreement concluded between the debtor and its creditors (albeit with a unique feature consisting of a cram down mechanism upon its adoption by creditors and its confirmation by the court). This means that the content of the plan is governed by the principle of freedom of contract. This provides the parties a large degree of flexibility to negotiate the terms. Examples of measures which are regularly included in a restructuring plan include deferral of payment maturities, partial payment of debts against a waiver of remaining liabilities and debt for equity swaps. In determining the content of the restructuring plan, debtors generally also consider mandatory reasons for a court to deny confirmation (as further discussed below).

If the debtor files a restructuring plan simultaneously with the application for suspension of payments proceedings (as the Company did), the court can determine that a hearing for granting definitive suspension of payments shall not take place, and that, instead, a creditors meeting shall take place to vote on the plan. Before or at the creditors meeting the administrator issues an independent written report on the restructuring plan.

The following majority is required for the adoption of a restructuring plan: an ordinary majority of (provisionally) admitted creditors present at the creditors meeting who hold at least 50% of all (provisionally) admitted claims in the proceedings. If the required majority in amount is not achieved, the court can determine that the restructuring plan shall nevertheless be deemed to be adopted if at least 75% of the (provisionally) admitted creditors in number have voted in favour and the rejection of the restructuring plan is – in essence – a result of creditors voting unreasonably.

After the restructuring plan has been adopted by the requisite majority of the creditors at the creditors meeting (or the court has determined that the restructuring plan shall be deemed to have been adopted), the court has to decide on the confirmation (*homologatie*) of the restructuring plan, for which purpose a separate hearing is held The confirmation hearing usually takes place about two weeks after the creditors meeting. In the meantime, creditors can inform the supervisory judge in writing of any reasons why the confirmation of the restructuring plan should be considered undesirable.

During the confirmation hearing, the supervisory judge will present a written report (including an independent advice on the possible confirmation of the plan). Support for and objections against the confirmation of the plan can be voiced by the administrator and creditors during the confirmation hearing. The court must deny confirmation of the restructuring plan upon the occurrence of certain circumstances, including:

- the value of the assets of the estate is higher than the amount offered to the creditors under the plan;
- the performance of the restructuring plan is not adequately warranted;
- the restructuring plan came into place through fraud (*bedrog*) or unfair preference of one or more creditors or has been concluded on the basis of other unfair means (irrespective of whether the debtor has cooperated in using such means) and/or;
- payment of certain administrative expenses is not secured.

Furthermore, the court may deny confirmation based on other grounds (at its discretion). Appeal against the confirmation is possible in two instances (with the appellate court and supreme court).

If the court confirms the plan and the decision becomes final, the plan becomes binding on all unsecured, non-preferential, creditors (including those who have voted against the adoption of the plan or did not participate in the voting) and the suspension of payments proceedings terminate by operation of law.

Should the required majority not be obtained or should the court deny confirmation of the restructuring plan, the court is authorized to declare the company bankrupt.

Safeguards for creditors

Dutch suspension of payments proceedings are designed to protect the interests of creditors and the administrator and the supervisory judge have the duty to act in the interests of the creditors.

Safeguards for creditors include:

- the suspension of payments proceedings are opened by a decision of an independent court;
- an independent administrator is appointed by the court who has the duty to act in the interests of the creditors;
- an independent supervisory judge is (usually) appointed by the court, who advises the administrator and supervises the process with a view to the interests of the creditors;
- the opening of the suspension of payments proceedings is published and all creditors are notified of the relevant facts;
- the debtor may not dispose of its assets without the consent of the administrator;
- protective measures may be ordered by the court for the benefit of creditors (e.g. the appointment of a creditors committee or the protection of legitimate interests of creditors under foreign law);
- no payments may be made to unsecured, non-preferential, creditors unless equally to all on a pro rata basis;
- liabilities incurred without the consent of the administrator do not bind the estate;
- the creditors are heard on important decisions such as the granting of definitive suspension of payments and the confirmation of a restructuring plan and have the ability to appeal such decisions (with the appellate and supreme court);
- the creditors that are affected by the suspension of payments proceedings can cast a vote on the adoption of the restructuring plan;
- the administrator renders an independent advice on the restructuring plan;
- the supervisory judge advises the court on the confirmation of the restructuring plan;
- creditors can issue support for or objections against the confirmation of the restructuring plan at several points in time (including during the confirmation hearing);
- the restructuring plan, if the required votes are obtained, has to be separately confirmed by the court;
- the restructuring plan may not be confirmed if certain elementary requirements are not met, such as the requirement that the amount offered to the creditors under the plan may not be less than the expected realization upon liquidation and/or;
- the termination of the proceedings upon the occurrence of certain events (as described above).

These safeguards well align with international principles of insolvency law and best practice recommendations contained in inter alia the Principles of European Insolvency Law and the UNCITRAL Legislative Guide on Insolvency Law.

International Insolvency Law – Insolvency Regulation

The European Insolvency Regulation (EC) No 1346/2000 (the "**Insolvency Regulation**") provides for a EU framework on jurisdiction, recognition and applicable law in cross-border insolvency proceedings. The Insolvency Regulation aims to enable insolvency proceedings to operate efficiently and effectively throughout the EU and is based on the premise that international insolvency proceedings can be effectively conducted only if the states concerned recognize the jurisdiction of the courts of the state of the opening of the proceedings, the powers of the liquidators (administrators) and the effects of their judgments.

Dutch suspension of payments proceedings are insolvency proceedings within the meaning of the Insolvency Regulation and are listed in Annex A of the Insolvency Regulation. Although EU Member States can

determine which national insolvency proceedings are brought within the ambit of the Insolvency Regulation, strict eligibility requirements as set out in the Insolvency Regulations must be met.

Pursuant to article 3(1) of the Insolvency Regulation, the Dutch courts have jurisdiction to open suspension of payments proceedings, as main proceedings within the meaning of article 3(1) of the Insolvency Regulation, if the debtor has its center of main interests ("**COMI**") in the Netherlands. In the case of a company, the place of the registered office is presumed to be its COMI in the absence of proof to the contrary. A debtor can have its COMI in only a single country. The jurisdiction to open main insolvency proceedings within the meaning of article 3(1) of the Insolvency Regulation is therefore exclusive.

Pursuant to articles 3 and 25 of the Insolvency Regulation the court that has (exclusive) jurisdiction to open (main) insolvency proceedings, also has (exclusive) jurisdiction to hand down judgments which concern the course and closure of the proceedings and compositions.

Given that the registered office of the Company is in the Netherlands, the COMI of the Company must be presumed to be located in the Netherlands, and, consequently, the Dutch court must be presumed to have (exclusive) jurisdiction to open suspension of payments proceedings as main proceedings within the meaning of article 3(1) of the Insolvency Regulation, in the absence of proof to the contrary.

The (exclusive) jurisdiction of the Dutch court to open suspension of payments proceedings is not affected by the fact that the Trust Deed for the Series A Notes and the Trust Deed for the Series B Notes contain an exclusive jurisdiction clause in favour of the Israeli courts.

Pursuant to article 4(1) of the Insolvency Regulation the law applicable to insolvency proceedings and their effects shall be that of the EU Member State in which the proceedings are opened (*lex concursus*). Therefore, if the proceedings are opened in the Netherlands, the proceedings and their effects are governed by Dutch law.

Article 4(2)(j) of the Insolvency Regulation provides, more specifically, that the law of the State of the opening of proceedings shall in particular determine the conditions for and the effects of closure of insolvency proceedings, in particular by composition (a restructuring plan). The procedure for adoption and confirmation and the effects of a restructuring plan in the Dutch suspension of payments proceedings are therefore solely determined by Dutch law.

Consequently, if the Restructuring Plan is adopted and becomes effective, the holders of the Notes will be bound by the terms of the Restructuring Plan, as a matter of Dutch (international insolvency) law.

The suspension of payments proceedings of the Company are main proceedings within the meaning of the Insolvency Regulation. Main proceedings opened in the EU Member State where the debtor has its COMI within the meaning of article 3(1) of the Insolvency Regulation (as opposed to secondary or territorial proceedings opened in the EU Member State where the debtor has an establishment within the meaning of article 3(2) of the Insolvency Regulation), have immediate effect in all jurisdictions of the European Union in which the Insolvency Regulation is in force.

According to article 16(1) of the Insolvency Regulation any judgment opening insolvency proceedings handed down by a court of a EU Member State shall be recognised in all other EU Member States.

Article 17(1) of the Insolvency Regulation provides that the judgment opening main proceedings referred to in article 3(1) of the Insolvency Regulation shall, with no further formalities, produce the same effects in any other EU Member State as under the law of the EU Member State of the opening of proceedings (unless otherwise provided by the Insolvency Regulation and as long as no proceedings referred to in article 3 (2) of the Insolvency Regulations are opened in that other EU Member State).

Article 18(1) of the Insolvency Regulation provides that the liquidator in main proceedings appointed by a court pursuant to Article 3(1) may in principle exercise all the powers conferred on him by the law of the State of the opening of proceedings in all other EU Member States.

Article 25 (1) of the Insolvency Regulation further provides that judgments handed down by a court whose judgment concerning the opening of proceedings is recognised in accordance with article 16 and which concern the course and closure of insolvency proceedings and compositions approved by that court shall also be recognised with no further formalities.

The foregoing implies that the Dutch suspension of payments proceedings of the Company are immediately and automatically recognized and have immediate and automatic effect, and that the creditors will be bound by the terms of the Plan once it becomes effective, in all EU Member States in which the Insolvency Regulation is in force.

Since all or substantially all of the assets of the Company are located in the European Union, the restructuring will be effective, and the creditors will be bound by the terms of the Plan, in all EU jurisdictions where the Company has assets.

3. The Restructuring Plan

Background of the Restructuring Plan

The Company has been faced with challenging market conditions for some years. Adverse market conditions have primarily been caused by the underlying economic situation in many of the countries in which the Company operates, combined with the lack of transactional liquidity in the investment markets for assets such as those owned by the Company and the on-going lack of traditional bank financing available to real estate developers and investors.

Although Board and senior management team have made considerable progress in re-positioning the Company's business model to ensure that it is focused on the deleveraging of its balance sheet and the recycling of capital, primarily through the disposal of its non-core assets, the Company has not been able to complete these transactions within a timeframe that would enable it to meet its short term obligations towards the holders of Series A Notes, the holders of Series B Notes, the Polish bondholders and other unsecured creditors. As a result, by the end of 2013, the Company was faced with significant liquidity problems. Notwithstanding the liquidity issues, the Company continues to have a strong balance sheet, with a significant positive current net asset value, and owns assets and development opportunities that offer significant potential to deliver returns over the medium to long term. Accordingly, the Board believes that, on a going concern basis, the Company will retain substantial value for its stakeholders and will be able to repay its creditors in full, while the Board is certain that a forced liquidation would cause creditors and shareholders to incur significant losses.

Purpose and summary of the Restructuring Plan

The Restructuring Plan is addressed to all ordinary unsecured creditors of the Company. The purpose of the Restructuring Plan is to provide the Company with the ability to preserve value for its creditors by giving it time to resolve its liquidity situation and thereby avoiding a liquidation scenario. This will primarily be achieved through a deferral of payment obligations. Apart from the proposed payment deferral, the terms of the Restructuring Plan do not require Bondholders to take a loss on the par value of their outstanding exposures.

An overview of the main terms of the Restructuring Plan is set forth below:

Amendment of the original terms and conditions to the Bonds

As part of the Restructuring Plan, the original terms of the Trust Deeds and the terms of the Polish Bonds shall be amended and restated, subject to the occurrence of certain events by 30 November 2014, as set forth under the Trust Deeds and the Polish Bonds, respectively.

Capital/monetary injection to the Company

The amended Trust Deeds shall be subject, *inter alia*, to the injection of at least EUR 20 million to the Company against issuance of new Ordinary Shares ("**Capital Injection**") and will become effective only *inter alia* following the placing of the Capital Injection.

Creditors included in the arrangement

The group of creditors included in the Company's debt restructuring comprises: holders of Notes, the holders of Polish Bonds and the banks on the level of assets with a right of recourse to the parent company.

Release from claims

The Company, EI and the Directors and senior managers in the Group (in the past and in the present) and affiliated parties will be released from claims, excluding claims for fraud or malice or other grounds for which a waiver is not permitted under applicable law.

To the holders of Bonds

Principal payments – all principal payments of the debt that is not backed with collateral Series A Notes, Series B Notes and Polish Bonds due under the years 2013, 2014 and 2015, including unpaid accrued interest until 31 December 2013 in the aggregate amount of EUR 181.9 million (hereinafter: **the "Deferred Debt"**) will be deferred for a period of four and a half (4.5) years,*i.e.*, with respect to Series A Notes – the said principal payments will be deferred to July 2018, July 2019, and July 2020, respectively while the December 2016 and December 2017 principal payments will be deferred in one year – to December 2017 and December 2018, respectively and with respect to Series B Notes – the said principal payments will be deferred to December 2018 and December2019, respectively. However, if within two years after the Amendment Date or 1 December 2016 (the earlier of which), the Company does not manage to prepay an aggregate amount of at least NIS 434 million[1] (approximately EUR 90,981,982 at the date of this document) of the principal of the Bonds, excluding linkage differentials (which includes a principal prepayment of at least NIS 305 million Series A Notes and of at least NIS 92 million Series B Notes), then all remaining deferred principal payments (as described above) will be automatically advanced by one (1) year.

- **Interest payments** – interest payments until the end of 2013 will be capitalised. After the restructuring's closing, interest payments will be paid on their respective due dates except the first payment (payment upon restructuring closing – as detailed below).
- **Interest rate** – starting on 1 January 2014, an addition will be paid in the annual interest rate of 1.5%.
- **Payment upon the Amendment Date** – the Company will pay the Bondholders following the Amendment Date an amount that equals to the higher of: (a) EUR 11.6 million on account of 2014 interest payments, that will be allocated among the Bondholders as follows: Series A – EUR 2.5 million, Series B – EUR 8.17 million and the Polish Bonds – EUR 0.93 million; or (b) the accrued and unpaid interest on the Notes until the repayment date.
- **Upside** – the Bondholders will be allocated, (excluding a Subsidiary which holds Notes) (for the par value of the Ordinary Shares), 13.2106% of the Ordinary Shares following such issuance and following the Capital Injection. This allocation of Ordinary Shares issued to the Bondholders as aforementioned shall be done on the following distribution basis: 2.8660% will be allocated to Series A Notes 9.2197% will be allocated to Series B Notes and 1.1249% will be allocated to Polish Bonds (each according to its share in the Deferred Debt. In addition, the Company shall issue the Bondholders with additional Ordinary Shares to be purchased by EI, at the price per Ordinary Share of the rights offering under the Capital Injection, the proceeds of which shall be used for payment of the par value of the Ordinary Shares issued to the Bondholders, all of which as described in the Restructuring Plan.
- **Mandatory early prepayment ("Mandatory Early Prepayment**") – the Company will have to assign at least 75%[2] of the Net Cash Flow from Disposition of any of its Real-Estate Assets or from incurring a new Financial Indebtedness (including by way of refinancing a Real-Estate Assets) other than for the purpose of purchase and/or investment and/or development of a Real-Estate Asset, to early prepayment of the Bonds, to be allocated among the Bondholders in accordance with the mechanism set forth under the Revised Trust Deeds and the Restructuring Plan. In case, the Net Cash Flow from the relevant Exercise Event is received in practice by one of the Company's Subsidiaries, the Company will take any action reasonably required in order that those proceeds will be transferred from the to the Company no later than 14 days following that, unless such transfer is not possible within the said timeframe due to legal and/or other regulatory limitations or due to other limitations which are not under the Company's or the Subsidiary's control. In case such limitations exist, the Company shall act to remove the relevant limitations and transfer the relevant Net Cash Flow to the Company on the date in which such limitation is removed and during that period the Subsidiary will not use the relevant Net Cash Flow and this amount will be deposited in solid bank deposits. The Company will be allowed at any time to prepay any debt balance without any prepayment fee. When making any prepayment, the amount of the prepayment will be applied first

[1] If the repayment is not in NIS – pursuant to the exchange rate of the foreign currency compared to the NIS on the repayment date.

[2] This ratio will be decreased upon the occurrence of certain events to 60% or 50%.

as against the debt for the accumulated interest and then against the next principal payments, subject to some exceptions as set forth under the Plan. Out of the amount paid as prepayment of principal, 21.23% will be paid to Series A Notes, 70.44% will be paid to Series B Notes and 8.33% will be paid to the Polish Bonds (to each in accordance with his relative share in the Deferred Debt). In the event, that one of series of Bonds has been repaid in full prior to the full repayment of the other series of Bonds, then as of such date, the Deferred Debt Ratio, shall be divided pro-rata between the remaining series of Bonds based on the aforesaid ratios. Such prepayment will be repayment in reality and not be deemed to be a bond repurchase.
The Company will execute prepayment only when the prepayment amount accumulated as a result of one or more transactions exceeds EUR 2 million. Prepayment will be executed, as necessary, within a quarter of the relevant event occurring, and not more than once in any calendar quarter.

- **Limitation of payments to the Shareholders** – there will be no Distribution before the repayment of at least 75% of the unpaid principal balance of the Bonds to the Bondholders as per the Amendment Date (excluding Bonds that are sold by a Company's Subsidiary following the Amendment Date) and the coverage ratio of assets to debt on the date of the Distribution decision will be at least 150% after the Distribution. A Distribution in any other circumstances will require the approval of all creditors included in the debt restructuring, with a 67% majority of the creditors that voted on such resolution.

Collateral and Protection

Negative Pledge on Real-Estate Assets of the Company

The Company undertakes that until the outstanding debt under the Bonds has been repaid in full, it shall not create any Encumbrance on any of the Real-Estate Assets held, by the Company except in the event that it is created with respect to the Company's holdings in a Subsidiary, as additional security for Financial Indebtedness incurred by such Subsidiary which is secured by Encumbrances on assets owned by that Subsidiary as permitted by the terms of the Restructuring Plan.

Negative Pledge on the Real-Estate Assets of Subsidiaries

The Subsidiaries shall undertake that until the outstanding Bonds have been repaid in full, none of them will create any Encumbrance on any of Real-Estate Assets except in the event that:

(i) the Subsidiary creates an Encumbrance over a Real-Estate Asset owned by such Subsidiary exclusively as security for new Financial Indebtedness incurred for the purpose of purchasing, investing in or developing such Real-Estate Asset;

Notwithstanding the aforesaid, Subsidiaries shall be entitled to create an Encumbrance on land as security for Financial Indebtedness incurred for the purpose of investing in and developing, but not for purchasing, a Real-Estate Asset held by a different Group company (hereinafter: a "**Cross** Pledge"), provided the total value of the lands owned by the Group charged with Cross Pledges after 18 November 2013 does not exceed at any given point EUR 35 million, calculated on the basis of book value (the "**Sum of Cross Pledges**"). When calculating the Sum of Cross Pledges, lands that were charged with Cross Pledges created prior to the on 18 November 2013 or created solely for the purpose of refinancing an existing Financial Indebtedness shall be excluded;

(ii) the Encumbrance is created over an asset as security for new Financial Indebtedness that replaces existing Financial Indebtedness and such asset was already encumbered prior to the refinancing. For the avoidance of doubt, any Net Cash Flow generated from such refinancing, shall be subject to the Mandatory Early Prepayment (described above).

(iii) the Encumbrance is created over interests in a Subsidiary as additional security for Financial Indebtedness incurred by such Subsidiary which is secured by Encumbrances on assets owned by that Subsidiary as permitted by sub-section (i) above;

(iv) the Encumbrance is created as security for New Financial Indebtedness that is incurred for purposes other than the purchase of and/or investment in and development of a Real-Estate Asset,

provided that at least 75% of the Net Cash Flow generated from such new Financial Indebtedness is used for Mandatory Early Prepayment (as described above).

Limitations on Incurring new Financial Indebtedness by the Company and the Subsidiaries

The Company and the Subsidiaries shall not incur any new Financial Indebtedness (including by way of replacing an existing Financial Indebtedness with a new Financial Indebtedness – "refinancing") until the outstanding Bonds debt has been repaid in full, except in any of the following events :

(i) the new Financial Indebtedness is incurred for the purpose of investing in the development of a Real-Estate Asset, provided that: (a) the loan to cost ratio ("**LTC Ratio**") of the investment is not less than the Minimum LTC Ratio (as defined in the Restructuring Plan); (b) the new Financial Indebtedness is incurred by the Subsidiary that owns the Real-Estate Asset or, if the Financial Indebtedness is incurred by a different Subsidiary, any Encumbrance created as security for such new Financial Indebtedness is permitted under sub-section(i) above; and (c) following such investment the Cash Reserve (as defined in the Restructuring Plan) is not less than the Minimum Cash Reserve (as defined in the Restructuring Plan);

(ii) the new Financial Indebtedness is incurred by a Subsidiary for the purpose of purchasing a new Real-Estate Asset by such Subsidiary, provided that following such purchase the Cash Reserve is not less than the Minimum Cash Reserve.

(iii) at least 75% of the Net Cash Flow resulting from the incurrence of new Financial Indebtedness is used to for a Mandatory Early Prepayment of the Bonds (as described above). the Group may also refinance existing Financial Indebtedness even if this does not generate Net Cash Flow.

Notwithstanding the aforesaid, in the event that of injection of additional capital to the Company (as described in sub-section (a) below, the aforesaid limitations shall not apply to investments in an aggregate amount up to the amount of the additional Capital Injection.

Collateral and Protection - Provisions with respect to pledged assets

- The Company will be allowed to incur new Financial Indebtedness provided, that in the event the new Financial Indebtedness is not incurred for the purpose of purchase and/or investment and/or development of a Real-Estate Asset, then it will be subject to the Mandatory Early Prepayment mechanism (described above).
- The Company or its Subsidiaries will be allowed to make a Disposition with respect to any of its assets with no restriction, provided that in case of Disposition of a Real-Estate Asset, such Disposition shall be subject, to the Mandatory Early Prepayment mechanism (described above). Notwithstanding the foregoing, all income from the Koregaon Park project in India will be used by the Company for current operations, and the principles of prepayment detailed above in this section will not apply to this income.
- Provisions with respect to the four shopping malls (Torun Plaza, Suwalki Plaza, Kragujevac Plaza and Riga Plaza) – the Company and its Subsidiaries will be allowed to make a Disposition or a refinancing with respect to the four shopping malls (Torun Plaza, Suwalki Plaza, Kragujevac Plaza and Riga Plaza) or to perform refinancing for any of these (hereinafter: **"Disposal Event"**), provided, that such Disposition is subject to the Mandatory Early Prepayment mechanism (described above) and provided further that such Disposition is subject to the cumulative Net Cash Flow for the Disposal Event between these four shopping malls being no less than EUR 70 million. In case no Disposal Event occurs for the four shopping malls together, the Company will be allowed to perform a partial Disposal Event only if after execution of the partial Disposal Event, the surplus value of shopping malls not sold (according to the valuation minus the specific debt to banks) is no less than EUR 70 million, minus the aggregate Net Cash Flow received from previous Disposal Events and from the current Disposal Event.

Provisions with respect to new Real-Estate Assets

- The Company will be allowed to receive new Financial Indebtedness for the purpose of purchasing of new Real-Estate Assets and/or to invest in new or existing Real-Estate Assets subject to compliance with the Minimum Cash Reserve (as defined in the Restructuring Plan).

- The Company will be allowed to receive Financial Indebtedness for the purpose of investment of funds in the development of new Real-Estate Assets with a loan to cost ratio of ≥ 50%, unless a partner enters the project (no less than 20%), in which case the foregoing ratio will be reduced to 40%.

Covenants

Minimum Cash Reserve

The Company has undertaken that an investment in new or existing Real-Estate Assets of the Group shall only be permitted provided following such investment the Cash Reserve is not less than the Minimum Cash Reserve (as defined in the Restructuring Plan) and the Coverage Ratio is not less than the Minimum Coverage Ratio (as defined below).

❖ "Net asset value" coverage ratio ("**Coverage Ratio**")

- The Coverage Ratio will be examined four (4) times per year on the approval date of the Company's consolidated audited annual financial statements or its consolidated reviewed quarterly financial statements, as the case may be ("**Examination Date**"). If a breach of the minimal Coverage Ratio which is 118% (**"Minimal Coverage Ratio"**) has been created and has not been remedied within two (2) consecutives Examination Dates following the first Examination Date in which such breach has been created (*i.e.*, during such period the Coverage Ratio has not returned back to the Minimal Coverage Ratio), then cause for immediate repayment of the Bonds will be created and during the period in which the coverage ratio is less than the Minimal Coverage Ratio, the Company and its Subsidiaries will not be allowed to dispose of Real-Estate Assets (excluding the consummation of sale of assets and rights for which the Company entered into an obligatory engagement prior to the relevant Examination Date) or perform investments in new Real-Estate Assets or injection of money in to existing projects, unless it is limited to a ratio of no more than 20% of the construction cost approved by the lending bank, and subject to the foregoing loan to cost ratios.
- The "net asset value" coverage ratio is equal to (A) – (B) / (D) × 100%, where (A) is equal to the asset value plus the cash and cash equivalents; (B) is equal to the liabilities of the Group owed to banks that are secured by an Encumbrance over any rights or assets of the Group or structurally or otherwise rank in priority ahead of the debts under the Restructuring Plan; and (D) is equal to the aggregate amount of remaining debts under the Restructuring Plan Claims plus all other liabilities of the Group that rank pari passu with the debts under the Restructuring Plan and that are not Subordinated Debt (as defined in the Restructuring Plan) .

  The value of the assets for the purpose of the examination will be in accordance with the most up-to-date valuations as these are on the examination date, and insofar as on the examination date a devaluation occurs in the management's opinion (with respect to the up-to-date valuation) with regard to any asset, the value of the asset will be updated accordingly (for the purpose of the Coverage Ratio calculation).

  The value of Casa Radio for the matter of this ratio will be EUR 50 million. The value of Casa Radio will be updated to the value of an asset in quick disposal (distress) according to an up-to-date valuation, and the Minimal Coverage Ratio will increase to 120% upon the occurrence of any of the following circumstances: (a) performing a transaction (introducing an investor or a partner) in the Casa Radio project, as long as the transaction is performed for at least 20% of the rights in the project; (b) reaching a binding arrangement with the relevant Romanian authorities with respect to the timetable for executing the project, or reaching an agreement on the extension of the lease period (the Company will report only to the trustees on the occurrence of this event); (c) engagement in a debt finance agreement for the Casa Radio project at a financial scope of no less than EUR 25 million.

  9 months after the occurrence of events (a) or (c), the value of the Casa Radio project will be updated according to an up-to-date valuation (not in quick disposal).

Adjustment of covenants and limitations

a. Injection of capital against issuance of shares and/or in the form of debt subordinated to the Bonds (beyond the Capital Injection) at the amount of EUR 20 million or more will free the Company from the foregoing sections in the following manner: minimal cash reserve – a decrease as set forth under the Plan, the "minimal asset coverage" ratio will decrease to 115%. In addition, with respect to the new amount of the said additional capital injection, no restriction of ratio of investment in assets and/or equity will apply to projects, and it will be possible to make any use of it, including distribution of a dividend of up to 50% of the injection amount, this after at least one year of the injection, subject to distribution rules by law.

b. Upon the occurrence of such capital injection and repayment of 60% or 50% of the unpaid principal balance of the Bonds (excluding repayment of Bonds which were sold by a Subsidiary following the Amendment Date), the Company's undertaking to perform prepayments prepayments under the Mandatory Early Prepayment mechanism (described above) at the rate of 75% will be reduced to a rate of 50% or 60% (respectively).

To banks with a right of recourse

The debt to the banks – the banks provided long-term loans to the Company, on the level of the assets pledged to them in a first ranking pledge with a right of recourse to the Company.

Recourse to the Company – deferral of the option of recourse to the Company for a period of 4 years.

In case the Company does not succeed in performing the current payments, and there remains a debt balance to the banks after disposal of the assets, the banks will be allowed to claim such debt balance from the Company only after four years from the date of the approval of the Restructuring Plan.

The right of recourse to the Company as foregoing will be at the amount of the debt before disposal of the assets, deducting the higher of the consideration received from the disposal of the assets, and 90% of the valuation of an external appraiser (as agreed) in a period of time of no more than three months before the disposal date.

General provisions

- **Transparency**

  The Company is a public company and reports and will continue to report all operations it performs regularly. The Company is required by law to publish financial statements every six months, however starting with the Amendment Date, the Company will publish financial reports every calendar quarter, and will respectively report every quarter on its compliance or noncompliance with the financial ratios and the stipulations set in the restructuring and in this paper.

- **Efficiency**

  The Company will do its best to ensure that the scope of general and administrative expenses, on the Company's current level of operations, does not exceed an amount of EUR 7.5 million per year.

- **Adjustment to amendments to the Israeli securities law**

  The Trust Deeds will be prepared in Hebrew, and will include, *inter alia* changes required in light of amendments made to the Israeli securities law of 1968 (for example, mandatory causes for call for immediate repayment).

- **Buffer deposits**

  Upon the date of closing of the debt restructuring, the Company will deposit with each of the trustees for the Notes an amount of NIS 25,000 (*twenty five thousand New Israeli Shekel*), to be returned upon their final repayment.

- For the purpose of Section 3 in this Part IX of the prospecuts: "**Subsidiary**" means all corporations, limited liability companies, partnerships, joint ventures, joint stock companies and other entities in which the Company holds, directly or indirectly, at least 50% of the capital or the rights (as the case may be) or an entity controlled, directly or indirectly, by the Company.

The Restructuring Plan and all other documents in connection with the suspension of payments have been made available to the public on the Company's website and to be approached via the following link: http://plazacenters.com/index.php?p=debt_restructuring. The Restructuring Plan is included in this document as Appendix A. In connection with the suspension of payments, on 20 November 2013, Baker Tilly (Horowitz Idan Sabo Tevet & Cohen Tabach Certified Public Accountants (Isr.)) prepared an independent advisory report in respect of the Company which includes *inter alia* a review of expected cash flows, expected net asset value (the "**Baker Tilly Report**"). The English version of the Baker Tilly Report is incorporated by reference into this document and available on the Company's website http://plazacenters.com/index.php?p=debt_restructuring . The Hebrew version of the Baker Tilly Report is included in this document as Appendix B.

4. Subsidiaries and investments

The Company is a Dutch holding company and operates mainly in the central and eastern European region and in India through its local Subsidiaries. The Subsidiaries are held either directly by the Company or indirectly, through Dutch or Cypriot Subsidiaries of the Company.

The local Subsidiaries are formed either to act as management companies which handle the local administration, day to day management and business development in the specific country, or as special purpose vehicles which hold or develop real estate assets.

As of the date of this document, the Company holds the following material companies (directly or indirectly):

	ACTIVITY	REMARKS
HUNGARY		
Directly wholly owned		
Kerepesi 5 Irodaépület Ingatlanfejlesztő Kft.	Holder of land usage rights	100% held by Plaza Centers Establishment B.V. Arena Plaza Extension project
Plaza House Ingatlanfejelsztési Kft.	Office building	David House
HOM Ingatlanfejlesztési és Vezetési Kft.	Management company	
POLAND		
Directly wholly owned		
Kielce Plaza Sp.z.o.o.	Shopping center project	Kielce Plaza project
Leszno Plaza Sp.z.o.o.	Owns plot of land	Leszno Plaza project
Łódź Centrum Plaza Sp.z.o.o.	Owns plot of land	Łódź (Residential) project
Olsztyn Plaza Sp.z.o.o.	Owns plot of land	Bialysztok Plaza project
Włocławek Plaza Sp.z.o.o.	Mixed used project	Łódź Plaza project
Plaza Centers Polish Operations B.V.	Holding company	
EDMC Sp.z.o.o.	Management company	
Plaza Centers (Poland) Sp.z.o.o.	Management company	
Indirectly or jointly owned		
Suwałki Plaza Sp.z.o.o.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Suwałki Plaza project
Legnica Plaza Spółka z ograniczoną odpowiedzialnością S.K.A.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Toruń Plaza project
Zgorzelec Plaza Sp.z.o.o.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Zgorzelec Plaza project
Fantasy Park Sp.z.o.o.	Entertainment	100% held by Mulan B.V.
Fantasy Park Suwałki Sp.z.o.o.	Entertainment	100% held by Mulan B.V.
Fantasy Park Toruń Sp.z.o.o.	Entertainment	100% held by Mulan B.V.
Fantasy Park Zgorzelec Sp.z.o.o.	Entertainment	100% held by Mulan B.V.
LATVIA		
Indirectly or jointly owned		
Diksna SIA	Operating shopping center	Equity accounted investee - 50% held by Plaza Centers N.V. with JV partner (50%). Riga Plaza project.
Fantasy Park Latvia SIA	Entertainment	100% held by Mulan B.V.
ROMANIA		
Directly wholly owned		
Dâmbovița Centers Holding B.V.	Holding company	100% held by Plaza Centers N.V.
Plaza Bas B.V.	Holding company	50.1% held by Plaza Centers N.V.
S.C. Elite Plaza S.R.L.	Shopping center project	Timișoara Plaza project
S.C. Green Plaza S.R.L.	Shopping center project	Iași Plaza project
S.C. North Eastern Plaza S.R.L.	Shopping center project	Constanța Plaza project
S.C. North West Plaza S.R.L.	Shopping center project	Hunedoara Plaza project
S.C. North Gate Plaza S.R.L.	Shopping center project	Csíki Plaza (Miercurea Ciuc) project
S.C. Eastern Gate Plaza S.R.L.	Real estate project	Cina project
S.C. South Gate Plaza S.R.L.	Shopping center project	Slatina Plaza project

S.C. Mountain Gate Plaza S.R.L.	Shopping center project	Târgu Mureș Plaza project
S.C. Palazzo Ducale S.R.L.	Office building	
S.C. Plaza Centers Management Romania S.R.L.	Management company	
Indirectly or jointly owned		
S.C. Dâmbovița Center S.R.L.	Mixed used project	75% held by Dambovita Centers Holding B.V. Casa Radio project
Adams Invest S.R.L.	Residential project	Equity accounted investee - 50% /50% held by Plaza Bas B.V with partner. Vally View project
Colorado Invest S.R.L.	Residential project	Equity accounted investee - 50% /50% held by Plaza Bas B.V with partner. Pine Tree project
Malibu Invest S.R.L.	Residential project	Equity account investee - 25%/75% held by Plaza Bas B.V. with partner. Fountain Park project
Spring Invest S.R.L.	Office project	Equity accounted investee - 50% /50% held by Plaza Bas B.V with partner. Primavera Tower Brașov project
Sunny Invest S.R.L.	Residential project	Equity accounted investee - 50% /50% held by Plaza Bas B.V with partner. Green Land project
Primavera Invest S.R.L.	Office project	Equity accounted investee - 50% /50% held by Plaza Bas B.V with partner. Primavera Tower Ploiești project
Bas Developement S.R.L.	Residential project	Equity accounted investee - 50% /50% held by Plaza Bas B.V with partner. Acacia Park project
SERBIA		
Directly wholly owned		
Plaza Centers Holding B.V.	Holding company	
Plaza Centers (Estates) B.V.	Holding company	
Plaza Centers (Ventures) B.V.	Holding company	
Plaza Centers Management D.O.O.	Management company	
Indirectly or jointly owned		
Sek D.O.O.	Operating shopping center	100% held by Plaza Centers Holding B.V. Kragujevac Plaza project
Leisure Group D.O.O.	Shopping center project	100% held by Plaza Centers (Estates) B.V. Belgrade Plaza (Visnjicka) project
Orchid Group D.O.O.	Shopping center project	100% held by Plaza Centers (Ventures) B.V. Belgrade Plaza project
Accent D.O.O.	Shopping center project	100% held by Plaza Centers Logistic B.V. Kruševac Plaza project
CZECH REPUBLIC		
Directly wholly owned		
P4 Plaza S.R.O.	Operating shopping center	Liberec Plaza project
BULGARIA		
Directly wholly owned		
Shumen Plaza EOOD	Shopping center project	Shumen Plaza project
GREECE		
Directly wholly owned		
Helios Plaza S.A.	Shopping center project	Pireas Plaza project
THE NETHERLANDS		
Directly wholly owned		
Plaza Dâmbovița Complex B.V.	Holding company	
Plaza Centers Enterprises B.V.	Finance company	100% held by Plaza Dâmbovița Complex B.V.
Mulan B.V. (Fantasy Park Enterprises B.V.)	Holding company	Holds Fantasy Park subsidiaries in CEE
CYPRUS – INDIA		
Directly wholly owned		
PC India Holdings Public Company Ltd.	Holding company	
Indirectly or jointly owned		
Permindo Ltd.	Holding company	100% held by PC India Holdings Public Company Ltd. Holds 99.9% of Anuttam Developers Pvt. Ltd. Koregaon Park Plaza project
Anuttam Developers Pvt. Ltd.	Operating shopping center	99.99% held by Permindo Ltd. Koregaon Park Plaza project
Spiralco Holdings Ltd.	Holding company	100% held by PC India Holdings Public Company Ltd.
HOM India Management Services Pvt. Ltd.	Management company	99.99% held by PC India Holdings Public Company Ltd.
Elbit Plaza India Real Estate Holdings Ltd.	Holding company	Equity accounted investee 47.5% held by Plaza Centers N.V.
Polyvendo Ltd.	Holding company	100% held by Elbit Plaza India Real Estate Holdings Ltd.
Elbit Plaza India Management Services Pvt. Ltd.	Management company	99.99% held by Polyvendo Ltd.
Kadavanthra Builders Pvt. Ltd.	Mixed used project	80% held by Elbit Plaza India Real Estate Holdings Ltd. Chennai (SipCot) project
Aayas Trade Services Pvt. Ltd.	Mixed used project	100% held by Elbit Plaza India Real Estate Holdings Ltd. Bangalore project (refer to note 34(B))

5. Share capital

1. At the date of this document, the authorised and issued fully paid share capital of the Company is:

	Authorised		Issued (fully paid)	
Class of shares	**EUR**	**Amount**	**EUR**	**Amount**
Ordinary Shares.....	10,000,000	1,000,000,000	2,971,861.38	297,186.138

2. The following table shows the issued share capital of the Company as at the beginning and end of FY 2013:

As of 1 January 2013		As of 31 December 2013	
Issued		Issued	
Nominal Value	**Number**	**Nominal Value**	**Number**
EUR 0.01	**297,186,138**	**EUR 0.01**	**297,186,138**

3. The following table shows the issued share capital of the Company as at the beginning and end of FY 2012:

As of 1 January 2012		As of 31 December 2012	
Issued		Issued	
Nominal Value		**Nominal Value**	
EUR 0.01	**Number**	**EUR 0.01**	**Number**
2,971,745.15	297,174,515	2,971,861.38	297,186,138

	Authorised		Issued (fully paid)	
Class of shares	**EUR**	**Amount**	**EUR**	**Amount**
Ordinary Shares.....	10,000,000	1,000,000,000	2,971,745.15	297,174,515

4. The following table shows the issued share capital of the Company as at the beginning and end of FY 2011:

As of 1 January 2011		As of 31 December 2011	
Issued		Issued	
Nominal Value		**Nominal Value**	
EUR 0.01	**Number**	**EUR 0.01**	**Number**
2,967,221.29	296,722,129	2,971,745.15	297,174,515

5. In the past year, (i.e. the year preceding the publication of this document) no transactions have been carried out between the Company and members of administrative bodies, Directors, senior management or affiliated persons.

6. The authorised but unissued share capital of the Company is €7,028,138.62 representing approximately 70% of the authorised share capital of the Company.

7. Other than the Notes in an aggregate principal amount of NIS 753,612,843 (*seven hundred fifty three million six hundred twelve thousand eight hundred forty three New Israeli Shekel*) and the Polish Bonds in the aggregate principal amount of PLN60,000,000 (*sixty million Polish Zloty*) the Company does not have in issue any securities not representing share capital.

8. Subject to certain limited exceptions, unless the approval of Shareholders in a General Meeting is obtained, the Company must offer Ordinary Shares to be issued for cash to holders of Ordinary Shares on a pro rata basis. Pursuant to the Deed Poll, the Depositary must accept such offer for the benefit of those DI Holders who request it to do so. For a description of the applicable provisions from the Articles, see also paragraph 6 – "Articles – Issuance of Ordinary Shares; pre-emptive rights" of this Part IX. For a description of the Deed Poll see also paragraph 24 – "CREST, Depositary Interests and the Deed Poll" of this Part IX.

9. No shares in the Company are currently in issue with a fixed date on which entitlement to a dividend arises and, other than as described in the Restructuring Plan, there are no arrangements in force whereby future dividends are waived or agreed to be waived.

10. There has been no issue of share or loan capital of the Company or any other member of the Group (other than intra-Group issues by wholly-owned Subsidiaries) in the three years immediately preceding the date of this document and (other than pursuant to the initial public

offer or on the exercise of the options issued under the Share Option Scheme, as referred to in paragraph 11 of this Part IX) no such issues are proposed.

11. No commissions, discounts, brokerages or other special terms have been granted by the Company or any other member of the Group in connection with the issue or sale of any share or loan capital of the Company or any other member of the Group in the three years immediately preceding the date of this document.

12. On the date of this document, no share or loan capital of the Company or any other member of the Group will be under option or will be agreed conditionally or unconditionally to be put under option.

13. The Ordinary Shares and the will be issued to Capita IRG Trustees Limited or its nominee (the Depositary). The Depositary will subsequently issue DIs that can be settled through CREST.

6. The Articles

The Company's primary constitutional document is formed by the Articles (*statuten*). The current Articles were adopted by the General Meeting on 20 June 2013 and came into force by notarial deed of 4 July 2014. By the convening notice for the annual General Meeting 2014 which is to be held on or around 8 July 2014, a proposal to amend the Articles will be submitted to the Shareholders. The amendments to the Articles are proposed in order to *inter alia* enable the trading of the Ordinary Shares on the TASE. A copy of the proposal to amend the Articles will be filed with the AFM (pursuant to the AFS) and with the relevant stock exchange authorities in London and Warsaw.

The current Articles contain, amongst others, provisions to the following effect:

Objects of the Company

Pursuant to section 3.1 of the Articles, the objects of the Company are:

(i) to act as a general commercial company in a variety of sectors, including but not limited to real estate development, acquisition and re-development of existing real estate assets and the purchase, development and sale of immovable properties;

(ii) to incorporate, to finance, to participate in, to manage and to supervise companies, partnerships and other enterprises;

(iii) to raise funds by way of bank loans, by way of issue of securities (bonds or notes), or by borrowing moneys in any other way, to lend moneys, to provide guarantees including guarantees for debts of other persons, and to bind the Company jointly or severally with or for others in any other way;

(iv) to acquire, to alienate, to manage, to exploit, to develop, and to commercialise in any other way real estate, securities and any other assets, including patents, permits, copyrights, trademarks, licences, secret processes or formulas, designs and other industrial and intellectual property rights;

(v) to render administrative, technical, financial, economic, commercial or managerial services to companies, partnerships and other enterprises; and

(vi) to engage in all activities, whether or not in collaboration with others, which directly and indirectly relate to those objects, all this in the broadest sense.

Financial Assistance

In relation to the subscription or acquisition by others of Ordinary Shares in its capital or of Depositary Interests thereof, the Company may not grant loans, furnish security, give a price guarantee or otherwise warrant the performance or bind itself jointly or severally in addition to or for others. This prohibition does not apply if Ordinary Shares or Depositary Interests are subscribed to or acquired by or for employees employed by the Company or a group company.

The Ordinary Shares

The Ordinary Shares are in registered form. They are only available in the form of an entry in the shareholders' register of the Company without the issuance of a share certificate. Share certificates shall not be issued.

The nominal value of an Ordinary Share is EUR 0.01 (*one eurocent*).

The Articles contain one class of shares, being the Ordinary Shares. Each Ordinary Share entitles the holder thereof to one vote in a General Meeting.

Ordinary Shares must be transferred by way of a written instrument (private deed). The transferee may only exercise its rights as Shareholder after acknowledgement of the transfer by the Company.

Shareholders register

Subject to Dutch law and the Articles, the Company must keep a shareholders register. The shareholders register must be kept up-to-date and must be kept at the offices of the Company. The register records the names, addresses and all other information of all shareholders of which Dutch law demands recording and such other information which is desirable in the view of the Board. The requirement applies similarly to holders of a right of pledge (*pandrecht*) on shares and holders of a right of usufruct (*vruchtgebruik*) on shares.

Shareholders (which, in this case, does not include DI Holders), holders of a right of pledge on Ordinary Shares and holders of right of usufruct on Ordinary Shares will, at their request, be provided free of charge with a written statement of the recording in the register with respect to Ordinary Shares entered in their name, which statement may be signed on behalf of the Company by a special representative to be designated by the Board. The Board may allow inspection of the register and provide information regarding the direct or indirect shareholding of a Shareholder provided to the Company by such Shareholder to the authorities which are charged with the supervision of and/or the performance of the trading in Ordinary Shares on the London Stock Exchange in order to comply with the requirements set by the London Stock Exchange.

Depositary Interests

Pursuant to section 7 of the Articles, the Board is authorised to make such arrangements as it may think fit in order to enable Ordinary Shares to be represented by and exchanged for Depositary Interests. The Board is authorised to request from Capita IRG Trustees Limited a list of the names of the Depositary Interest holders as well as the number of Depositary Interests held by them.

Board

The minimum number of Directors is three (3) and the maximum number is ten (10). The Board will consist of at least one (1) executive director (*uitvoerend bestuurder*) and one (1) non-executive director (*niet-uitvoerend bestuurder*). The duties of the Board shall be divided between executive directors with the title "Executive Director" and non-executive directors with the title "Non-executive Director". The Board may resolve that any Executive Director may be granted the title of Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") or Chief Operating Officer ("COO"). The executive directors are charged with the daily management of the Company and the non-executive directors are charged with the supervision on the performance by the Board of its duties subject to the overall responsibility of the entire Board.

The Shareholders in a General Meeting are entitled to set the number of the members of the Board and to appoint, suspend and dismiss members of the Board.

The office of any director shall be vacated if one of the following events takes place:

(i) the director resigns from office by means of a written notification delivered to the registered office of the Company or offered in a meeting of the Board;

(ii) the director becomes mentally ill or he becomes a patient because of his mental health pursuant to any law or applicable right;

(iii) the director is by Dutch and/or English law prevented from serving as a director;

(iv) the director is, becomes or is declared bankrupt; or

(v) the director is dismissed from office with the Company.

The chairman of the Board, will be appointed by the Board amidst its Non-executive directors by a simple majority of votes of those members of the Board who are present or are deemed to be present at the relevant Board meeting, for a period of three (3) years. At the end of the period, the Board will reappoint the outgoing chairman or appoint a new chairman amidst its Non-executive directors by a simple majority of the votes of those members of the Board who are present or are deemed to be present at the first meeting after the lapse of the previous period of three (3) years for a further period of three (3) years.

At each annual General Meeting, one-third (1⁄3) of the members of the Board (excluding any member of the Board who has been appointed since the previous annual General Meeting) or, if their number is not an integral multiple of three (3), the number nearest to one-third (1⁄3) but not exceeding one-third (1⁄3) shall retire from office (but so that if there are fewer than three (3) members of the Board who are subject to retirement by rotation one shall retire); and any member of the Board who is not required to retire by rotation but who has been in office for three (3) years or more since his appointment or his last re-appointment or who would have held office at not less than three (3) consecutive annual General Meetings without retiring, shall retire from office.

The Company is represented by the Board as well as by one (1) executive director. If the Company has a direct and/or indirect conflicting interest with one (1) or more members of the Board, the Company may nevertheless be represented by that/those member(s) of the Board subject to the rules on conflict of interest in the Articles.

The General Meeting shall determine the principles of the remuneration policy and other employment conditions in respect of members of the Board. The salary, bonus, and any other kind of remuneration of the members of the Board shall, with due observance of the provision of the policy referred to in the first sentence of this paragraph, be determined by the Board. Regarding the remuneration in the form of Ordinary Shares or the right to acquire Ordinary Shares as well as changes thereto, the Board shall submit a proposal to the General Meeting for its approval. The proposal includes at least how many Ordinary Shares or right to acquire Ordinary Shares may be awarded to the member of the Board and which criteria apply to award or modification.

Board meetings

The quorum for a Board meeting is fifty percent (50%) of the Directors, with at least one Executive Director and one Non-executive Director present. The Board must hold a meeting at least once every three months. Additional meetings can be convened at the request of two members of the Board. In any meeting of the Board, each member shall be entitled to one vote and a simple majority is required to pass a resolution. In the event of an equality of votes the resolution shall be deemed to have been rejected. A resolution can be passed without a meeting if all the Directors consent in writing to the proposal. Subject to Dutch law, the Articles and any applicable regulation, the Board may entrust and assign certain powers to one or more of its members or a committee made up of some of its members.

Subject to Dutch law, the Articles and any regulation determined by the Board, the Board is in charge of the management of the Company. If one or more members of the Board is/are absent or unable to act, the remaining members or sole member of the Board will be temporarily charged with the management of the Company. If all members of the Board are absent or unable to act, the Shareholders in a General Meeting will appoint a person who is temporarily to be charged with the management of the Company.

With due regard of the relevant provisions in Dutch law, the Board shall establish an Audit Committee, a Remuneration Committee and a Selection and Appointment Committee as well as such other committees as it may deem fit. The Board shall draw up a set of rules and regulations for the Audit Committee, the Remuneration Committee, the Selection and Appointment Committee as well as for such other committees as it may deem fit. The members of each committee shall be appointed from among the members of the Board, provided that the Executive Directors may not be appointed as members of the Audit Committee nor as members of the Remuneration Committee or the Selection and Appointment Committee. The task of each committee shall be to prepare the resolutions of the Board and to make proposals to the Board. No committee shall have any executive power.

Conflicts of interest

The Articles stipulate that a member of the Board must abstain from participating in the decision-making process with respect to matters by which he has a direct or indirect conflict of interest with the Company.

When as a consequence thereof, no board resolution can be passed, then despite the conflict of interest such resolution can be resolved by the Board provided that the resolution is adopted unanimously in a meeting in which all members of the Board are present or represented.

General meeting

Pursuant to Chapter VI (sections 19 up to and including 24) of the Articles, an annual General Meeting is to be held within six (6) months after the end of the Company's financial year. In any event, the agenda of that meeting will include the following points:

(i) the annual report;

(ii) the adoption of the annual accounts;

(iii) discharge of the members of the Board for their management in the past year; and

(iv) profit appropriation.

Extraordinary General Meetings will be convened by the Board if the Board deems such necessary. Furthermore, extraordinary General Meetings will be held as soon as practicable following one or more Shareholders and/or DI Holders who jointly represent (an entitlement to) at least one-tenth of the issued capital, filing a written request thereto with the Board, stating the exact matters to be considered.

The convening notice of a General Meeting shall specify the matters to be discussed. The convening notice will include any matter of which the discussion has been requested in writing by one or more Shareholders and/or DI Holders representing individually or collectively at least (an entitlement to) one percent (1%) of the issued capital, or, provided that the Ordinary Shares are admitted to official quotation, representing a value of at least fifty million euro (EUR 50,000,000) or such higher or lower amount as laid down by Dutch order in council (*algemene maatregel van bestuur*) on the condition that the Company has received the request not later than the sixtieth day prior to the day of the meeting and provided that it will not prejudice the interests of the Company in any material respect.

The notice convening a General Meeting should be served on the Shareholders (which, in this context, does not include DI Holders) not later than on the fourty-second (42^{nd}) day prior to the day of the meeting. The General Meeting shall be called through a convening announcement which is made by electronic means of communication and which is directly and permanently accessible for the Shareholders and DI holders until that General Meeting. If the notice was served later than on the fourty-second (42^{nd}) day prior to the day of the meeting or if no notice has been served, valid resolutions can only be adopted by unanimous votes in a meeting where the entire issued capital is represented. The last sentence applies accordingly to matters which were not mentioned on the agenda in the convening notice.

General Meetings will be held in Amsterdam, the Netherlands or in Haarlemmermeer, the Netherlands (Schiphol Airport). If a meeting is held elsewhere, valid resolutions can only be adopted if the entire issued capital is represented.

General meeting – Rights of attendance and voting rights

All Shareholders (DI Holders) which have been authorised by the Depositary to attend the General Meeting and to vote on the Ordinary Shares of which the DI Holder holds the corresponding DIs, usufructuaries (*vruchtgebruikers*) and pledgees (*pandhouders*) with voting rights will be entitled to attend the General Meeting, to speak and to cast a vote. Shareholders and pledgees with voting rights can only exercise the voting rights at the meeting in respect of the Ordinary Shares which are registered in their name on the day of the meeting. The Board is authorised to determine that with regard to a General Meeting, Shareholders, usufructuaries and pledgees with voting rights will be treated as holders of voting rights who have these rights at the time to be set by the Board (a "**Registration Date**") and have as such been registered in one or more registers designated by the Board. If the Board sets a Registration Date, the notice convening the meeting shall state this date, in addition to the way in which the attendees to the meeting can exercise their voting rights.

Each Ordinary Share will give the right to cast one (1) vote. No business may be put to a General Meeting unless a quorum is present. A quorum of the General Meeting, as provided for in the Articles, will consist of at least three (3) Shareholders or DI Holders (which have been authorised by the Depositary to attend the General Meeting and to vote on the Ordinary Shares of which the DI Holders hold the corresponding DIs)

representing at least ten percent (10%) of the issued share capital. Unless Dutch law or the Articles prescribe a greater majority, resolutions shall be adopted by a simple majority of the votes cast.

Shareholder resolutions which require a qualified majority

The following resolutions of the General Meeting will be taken with a seventy-five percent (75%) majority in a meeting in which at least three (3) Shareholders and/or DI Holders are present or represented, representing at least ten percent (10%) of the issued share capital:

(i) a resolution of the General Meeting to limit or exclude pre-emptive rights (*voorkeursrechten*);

(ii) the resolution to reduce the issued share capital;

The following resolutions of the General Meeting will be taken upon the non-binding proposal thereto by the Board, with a seventy-five percent (75%) majority in a meeting in which at least three (3) Shareholders and/or DI Holders are present or represented, representing at least ten percent (10%) of the issued share capital:

(i) a resolution to amend the Articles;

(ii) a resolution to merge (*fuseren*) the Company;

(iii) a resolution to split up (*splitsing*) the Company; and

(iv) a resolution to dissolve (*ontbinden*) the Company.

Resolutions of the Board which require prior approval by the General Meeting

Resolutions of the Board require the prior approval of the General Meeting when these relate to an important change in the identity or character of the Company or an undertaking of the Company, including in any case:

(i) the transfer of the undertaking or practically the entire undertaking of the Company to a third party;

(ii) the entry into or termination of a long-term agreement or cooperation of the Company or a Subsidiary with another legal entity or partnership or as a fully liable partner in a limited partnership, if such cooperation or termination is of far-reaching significance for the Company; and

(iii) the acquisition or divestment by the Company or a Subsidiary of the Company of a participating interest in the capital of a company having a value of at least one-third (1/3) of the amount of the Company's assets according to the Company's balance sheet and explanatory notes or, if the Company prepares a consolidated balance sheet, according to its consolidated balance sheet and explanatory notes in each case in the most recent annual accounts of the Company.

The absence of an approval as referred to above does not affect the representative authority of the Board or of the members of the Board.

Indemnity

Article 18.1. of the Articles stipulates that to the maximum extent as allowed by law the Company will indemnify and keep indemnified the members of the Board during the Company's existence (with respect hereto, and to avoid any misunderstandings, the term "members of the Board" specifically includes the Board members holding office from the date of adoption of the prevailing Articles and for the prior period during which they were Board members), the our officers and the Board members committees, from any liabilities, obligations, losses, damage, fines, proceedings, judgments, legal actions, costs, expenses or disbursements of whatever kind or nature, to which such person may be obliged on the basis of his position as member of the Board, as officer, as member of any committee of the Board on the basis of any action taken or omitted within the scope of the obligations as Board member, except for those arisen from wilful default or fraud or gross negligence or liability, indemnification whereof would not be appropriate according to Dutch law.

Article 18.2 the Articles stipulates that, subject to the provisions of and to the extent permitted by Dutch law, the Board may purchase and maintain for or for the benefit of any person who holds or has at any time held a relevant office, insurance against any liability or expense incurred by such person in relation to the Company, any of its Subsidiaries or any third party in respect of any act or omission in the actual or purported discharge of the duties of the relevant office-concerned or otherwise in connection with the holding of that relevant office. For this purpose "relevant office" means that of a member of the Board,

officer or employee of the Company or any (former or current) Subsidiary thereof any predecessor in business of the Company or of any such Subsidiary or that of trustee of any pension fund or retirement, death or disability scheme or other trust for the benefit of any officer or employee or former officer or former employee of the Company or any such Subsidiary or of any such predecessor in business or their respective dependants.

Financial year, annual report and annual accounts

The Company's financial year will coincide with the calendar year. Within five (4) months of the end of the financial year the Board will prepare the annual accounts. The General Meeting has the right to extend the date by which the annual accounts must be completed for up to six (6) months on the basis of special circumstances.

The Company may instruct its auditors as referred to in section 2:393 DCC to audit the annual accounts prepared by the Board with the proviso that the Company will be bound to do so if such is required by Dutch law. The General Meeting will be authorised to make the instruction. If the General Meeting does not make such instruction, the Board will be authorised thereto. The instruction of an auditor can be revoked at any time by the General Meeting and by the person who made the instruction.

The annual accounts will be submitted to the General Meeting for adoption. The General Meeting may resolve to discharge the members of the Board for their management in the past year. Under Dutch law, this discharge is not absolute and is not effective with regard to matters not disclosed to the Shareholders.

Amendment of the Articles, dissolution and liquidation

The General Meeting may decide to amend the Articles. In addition, the General Meeting may resolve to merge, split up or dissolve the Company. If a resolution to amend the Articles is included in the notice convening the General Meeting, a copy of the proposal containing the proposed amendment in full in the form in which it is proposed to be adopted must be deposited simultaneously at the Company's office for inspection by any Shareholder until the end of the meeting.

In the event of dissolution of the Company, the Board will be the appointed liquidator (*vereffenaar*) unless the General Meeting appoints other persons to that effect. The surplus remaining after payment of all debts will be paid to the Shareholders in proportion to their individual shareholdings.

Issuance of Ordinary Shares; pre-emptive rights

The General Meeting is authorised to resolve to issue Ordinary Shares and to determine the issue price for the Ordinary Shares and the other conditions of the issue. The General Meeting may delegate its authority to issue Ordinary Shares to another corporate body for a specified period not exceeding five (5) years. The designation of another corporate body as authorised to resolve to issue Ordinary Shares may be extended from time to time, upon resolution of the General Meeting, for a period not exceeding five (5) years. On such designation, the number of Ordinary Shares must be specified. A designation pursuant to a resolution of the General Meeting may, unless such resolution provides otherwise, not be revoked. These provisions apply accordingly to the granting of rights to acquire Ordinary Shares (e.g. the issuance of share options) but do not apply to the issuance of Ordinary Shares if to a person who exercises an existing right to subscribe for Ordinary Shares.

Each Shareholder (but not each DI Holder) will have a pre-emptive right on any issue of Ordinary Shares for payment in cash in proportion to the aggregate amount of his Ordinary Shares. DI Holders will not have such a pre-emptive right; they must rely on the Depositary to pass on to them such a pre-emptive right or to exercise such a pre-emptive right for their benefit. A Shareholder will not have a pre-emptive right in respect of Ordinary Shares issued for a non-cash contribution or in respect of Ordinary Shares (or rights to acquire Ordinary Shares), issued to employees of the Company or of a Group company.

The General Meeting may limit or exclude pre-emptive rights in respect of individual issues of Ordinary Shares. The pre-emptive rights may also be limited or excluded by the corporate body to which the authority to issue Ordinary Shares has been assigned (see above), pursuant to a designation of the power to limit or exclude pre-emptive rights to that body by the General Meeting for a period not exceeding five (5) years. The designation may not be withdrawn unless otherwise provided for in the resolution in which the designation is made. The resolution of the General Meeting to exclude pre-emptive rights is subject to a quorum requirement (see above).

Reduction of capital

The General Meeting may resolve to reduce the issued capital by a withdrawal of Ordinary Shares or by a reduction of the nominal amount of the Ordinary Shares by an amendment of the Articles. The resolution of the General Meeting to reduce the capital is subject to a combined majority and quorum requirement (see above).

Purchase of own Ordinary Shares by the Company

The Company may, provided that it shall have received the prior authorisation of the General Meeting, acquire fully paid Ordinary Shares in its own capital for no consideration only or in the event that:

(i) the net assets less the acquisition price is not less than the sum of the paid-up (*gestort*) and called-up (*opgevraagd*) capital plus the reserves which must be maintained by law; and

(ii) the nominal amount of the Ordinary Shares in its capital which the Company acquires, hold, holds in pledge or which are held by a Subsidiary does not exceed one-half (1⁄2) of the issued capital.

These provisions also apply to the purchase by the Company of Depositary Interests. The Board may resolve to sell the Ordinary Shares held by the Company in its own capital. The Company has no voting rights in respect of Ordinary Shares that it holds in its own capital.

When acquiring Ordinary Shares in its own capital the Company will comply with Commission Regulation (EC) No 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programmes and stabilisation of financial instruments.

Notification interests of shares and/or voting rights

The Articles do not contain provisions which set out an ownership threshold above which a Shareholder ownership or voting rights entitlement should be disclosed. Reference is made to the description of obligations for Shareholders pursuant to the AFS in Part XI – "Summary of Applicable Dutch Law".

7. Taxation

For Israeli tax consequences in connection with Ordinary Shares and Notes, attention of investors is drawn to the information contained in the Hebrew part of this document.

If in any doubt, prospective investors should immediately seek their own taxation advice from an independent tax adviser who specialises in advising on the acquisition of shares and other securities.

8. Major shareholders

1. At the date of this document, save for the interests of the Directors disclosed in paragraph 9 of this Part IX, the Company is aware of the following person who is or will be interested (articles 5:38 and 5:39 AFS), directly or indirectly in 3% or more of the issued share capital of the Company:

Name		Number of Ordinary Shares		Percentage of issued share capital/voting rights
Elbit Ultrasound (Luxembourg) B.V./Sa.r.l.[1]		185,788,100		62.52%/62.52%
Davidson Kempner Capital Management LLC		16.478.999,00		5,54%[2]/5,54%
ING Open Pension Fund		13.509.540,00		4,55%/4,55%

[1] *One share held by Stichting L'Orage as nominee for Elbit Ultrasound (Luxembourg) B.V./S.a.r.l*

2 Equity swap whereby the capital interest is potential

2. Save as disclosed above, the Company is at the date of this documents, not aware of any person who is interested (for the purposes of articles 5:38 and 5:39 AFS), directly or indirectly, in 3% or more of the issued share capital of the Company or could, directly or indirectly, jointly or severally, exercise control over the Company. All shareholders have the same voting rights.

3. Neither the Company nor any of the Directors is aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

9. Directors and Senior Managers

1. Details of the names and functions of the Directors and Senior Managers are set out in paragraphs 1 and 2 of Part V – "Management".

2. The executive and non-executive directors of public limited liability companies incorporated under the laws of the Netherlands whose shares are listed on a regulated market within the European Union (such as the London Stock Exchange and the WSE) should, pursuant to articles 5:38 and 5:39 AFS, inform the AFM of a change in the number of shares (including DIs and option rights) and the number of voting rights which they have in the listed company and in issuing institutions (as defined in art. 5:48 AFS) affiliated with the listed company (see also Part X – "Summary of Applicable Dutch Law"). The interests (all of which are beneficial) of the Directors in the share capital of the Company are as follows as of the date of this document:

	Number of Options
Mr Mordechay Zisser	3,907,895
Mr Ran Shtarkman	7,089,151*
Mr Shimon Yitzchaki	1,794,361
Mr Marius van Eibergen Santhagens	—
Mr. Sarig Shalhav	—
Mr Marco Wichers	—

Also through Goryan Management Limited, a company owned by Mr. Ran Shtarkman

3. The amount of remuneration paid (including any contingent or deferred compensation and share options granted pursuant to the Share Option Scheme), and benefits in kind granted to the Executive Directors by the Company and its Subsidiaries for services in all capacities to the Company and its Subsidiaries for the year ended 31 December 2013 was as follows:

	Salary and fees €'000	Share incentive plan* €'000	Total non-performance related remuneration €'000	Total remuneration for the year ended 31 December 2013 €'000
Chairman and executive directors				
Non-performance related remuneration				
Mr Mordechay Zisser	222	-	-	222
Mr Ran Shtarkman	452			452
Total	674			674
Non-executive directors				
Non-performance related remuneration				
Mr Shimon Yitzchaki		112		112
Mr Marius van Eibergen Santhagens	67.7			67.7
Mr Edward Paap**	65.7			65.7
Mr Marco Wichers	67.7			67.7
Mr. Sarig Shalhav***	2			2
Total	203	112		315
Total – all directors 2013	877	112		989

** Accounting non-cash expenses recorded in the Company's consolidated income statement in connection with the share option plan.*

***Period 1 January 2013 until 19 December 2013*

*** Period 20 December 2013 until 31 December 2013*

4. No Director has a related financial product referenced to the Ordinary Shares..

The formula pursuant to which Ordinary Shares will be allotted upon exercise of the options is set out in paragraph 11 of this Part IX.

5. In the past year (i.e. the year preceding the publication of this document) no transactions have been carried out between the Company and members of administrative bodies, Directors, senior management or affiliated persons.

6. No Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Group and which were effected by any member of the Group in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.

7. The Directors currently hold, and have during the five years preceding the date of this document held, the following directorships and/or partnerships

Mr Mordechay Zisser of 49 Yad Ha'banim Street, Petach Tikva, Israel	*Current directorships/partnerships:*	
	Control Centers Ltd Marina Herzelia Ltd. Marina Holdings Ltd. CCB N.V. Europe Israel (MMS) Limited Asigra Inc. Elbit Ultrasound Ltd. Gamida Cell Ltd. Elbit Trade & Retail Ltd.	Sea & Sun Beach Hotels Ltd. Sea&Sun Management (1989) Ltd. Marina Ashkelon Management 1992 Limited Marina Ashkelon Management 1992 Limited Partnership Jetlink Ltd. Vectory Investment Company Ltd. BEA Holding B.V. Elbit Medical Holding Ltd. InSightec Ltd.
	Past directorships/partnerships held during the past 5 years:	
Mr Ran Shtarkman of 59 Andrassy Ut Budapest, Hungary	*Current directorships/partnerships:*	
	. Goryan Management Limited	
	Past directorships/partnerships held during the past 5 years: None	
Mr Shimon Yitzchaki of Dolev Settlement D.N.Dolev (Zip code: 71935), Israel	*Current directorships/partnerships:*	
	Control Centers Ltd. Marina Herzelya Limited Marina Holdings Ltd. Vectory Investment Company Ltd. Bea Holding B.V. EE Eastern Europe B.V. Elbit Ultrasound Ltd. InSightec Ltd. Plaza Centers Ventures B.V. Papagaio Food Services Limited	Sea & Sun Beach Hotels Ltd. Sea & Sun Management (1989) Limited Marina Ashkelon Management 1992 Ltd. Marina Ashkelon Management 1992 Limited Partnership Europe Israel (MMS) Limited Vectory Hi-Tech B.V. Elbit Trade & Retail Ltd. Elbit Imaging Ltd. Elbit Medical Holding Ltd. Elbit Ultrasound (Luxembourg) B.V./S.a.r.l. Plaza Centers Management B.V. Elscint Limited
	Past directorships/partnerships held during the past 5 years: Bea Hotels N.V. .	.
Mr Marius van Eibergen Santhagens, of Parallel Boulevard 190, 2202 HS Noordwijk, the Netherlands	*Current directorships/partnerships:*	
	Santhagens Management BV Leisure Investments & Finance BV Caduceus Partner in Management BV Velduil BV Stichting Amazon Teak Foundation Stichting Administratie-en Trustkantoor Tectona	
	Past directorships/partnerships held during the past 5 years:	

	None
Mr Sarig Shalhav of Startbaan 8, 1185 XR Amstelveen, the Netherlands	*Current directorships/partnerships:*
	Director – Shalhav Tax & Law BV Director – Promotives BV *Past directorships/partnerships held during the past 5 years:* None
Mr Marco Wichers of Prins Mauritslaan 6, 2582 LR The Hague, the Netherlands	*Current directorships/partnerships*:
	Branco Europe B.V. *Past directorships/partnerships held during the past 5 years:* AMGEA Holding B.V. — AMGEA Vastgoed Adviseurs B.V.

8. As at the date of this document:

(i) None of the Directors has any unspent convictions in relation to indictable offences;

(ii) none of the Directors has been the subject of any public criticism by any statutory or regulatory authority (including a recognised professional body);

(iii) All Directors (except for Mr. Sarig Shalhav) were in function when the Company applied for the provisional suspension of payments on 18 November 2013. Messrs. Mordechay Zisser was a director of Control Centers, EI and Europe Israel when these companies went into receivership under Israeli law. Mr. Shimon Yitzchaki was a director of EI when this company went into receivership under Israeli law. Other than the circumstances mentioned above, none of the Directors has been a director of a company at the time of, or within the 12 months preceding the date of, that company being the subject of a receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors;

(iv) none of the Directors has been a partner of a partnership at the time of, or within 12 months preceding the date of, that partnership being placed into compulsory liquidation or administration or being entered into a partnership voluntary arrangement; nor in that time have the assets of any such partnership been the subject of a receivership;

(v) other than in respect of Mr. Mordechay Zisser (see above), no asset of any Director has at any time been the subject of a receivership;

(vi) none of the Directors is or has been bankrupt or been the subject of any form of individual voluntary arrangement;

(vii) none of the Directors is or has ever been disqualified by a court from acting either as a director of a company or in the management or conduct of the affairs of any company;

(viii) there are no outstanding loans or guarantees provided by any member of the Group for the benefit of any of the Directors; nor are there any loans or guarantees provided by any of the Directors for the benefit of any member of the Group; and

(ix) other than as disclosed in this document, there are no actual or potential conflicts of interests between any duties to the Company of the Directors and their private interests and other duties.

9. Directors' services agreements and letters of appointment.

9.1. Executive Directors

The following agreements have been entered into between the Executive Directors and the Company:

a) a service agreement dated 26 October 2006 between (1) the Company and (2) Mr. Mordechay Zisser terminable by either party on 12 months' written notice, pursuant to which he is paid an annual salary of $300,000. This remuneration package is subject to approval of the shareholders of EI under the applicable provisions of Israeli Law; and

b) a services agreement dated 26 October 2006 between the Company and Goryan Management Limited, a company owned by Mr Shtarkman, pursuant to which the services of Mr Shtarkman as chief executive officer are to be provided to the Group for an initial period of three years and thereafter terminable by either party on three months' notice. Pursuant to this agreement an annual fee of $540,000 is to be paid by the Company together with provision of a company car, private medical insurance and expenses. If the Company terminates the agreement it must pay an amount equal to nine months' fees and benefits.

9.2. Non-executive Directors

The following agreements have been entered into between the Non-executive Directors and the Company:

a) a letter of appointment under which Mr. Shimon Yitzchaki has been appointed as a Non-executive Director of the Company, the appointment being for an initial period of 12 months and then terminable by either party on three months' written notice;

b) a letter of appointment under which Mr. Marius van Eibergen Santhagens has been appointed as a Non-executive Director of the Company, the appointment being for an initial period of 12 months and then terminable by either party on three months' written notice;

c) a letter of appointment under which Mr. Sarig Shalhav has been appointed as a Non-executive Director of the Company, the appointment being for an initial period of 12 months and then terminable by either party on three months' written notice; and

d) a letter of appointment under which Mr. Marco Habib Wichers has been appointed as a Non-executive Director of the Company, the appointment being for an initial period of 12 months and then terminable by either party on three months' written notice.

No amounts are set aside by the Group to provide pension, retirement or similar benefits to any of the Company's executive or non-executive Directors. Save for payment during respective notice periods and as set out in the paragraph above, none of the agreements disclosed above in this paragraph above provides for payment on termination.

10. Insurance and indemnity

Insurance

The Company maintains Directors' and Officers' liability cover, presently at the maximum amount of USD 60,000,000 for a term of 18 months commencing on 25 October 2013. Pursuant to the terms of this policy, all the Directors and senior manager are insured. The new policy does not exclude past public offerings and covers the risk that may be incurred by the Directors through future public offerings of equity up to the amount of USD 50,000,000.

Indemnity Agreements

The Company has concluded agreements with the Directors and senior managers in respect of indemnity. Those agreements stipulate inter alia the following:

The Company may indemnify a Director or senior manager to the fullest extent permitted by the laws of any relevant jurisdiction, for liability or expense imposed on him in consequence of an action taken by him in his capacity as such, as follows:

(i) any liability arising out of the actual or purported exercise of any of his powers, duties or responsibilities as a director or senior manager of the Company or arising out of any actual or alleged negligence, default, breach of duty, breach of trust, error, misstatement, misleading statement, omission, breach of warranty of authority or other act;

(ii) any liability arising out of any matter claimed against a Director or senior manager in his capacity as a director or senior manager including the reasonable costs and expenses incurred in

defending any criminal, civil or regulatory proceedings, in connection with any application for relief under any statutory or regulatory provision; and

(iii) any liability arising out of any required attendance by a Director or senior manager at any investigation into the affairs of the Company or its Subsidiaries by any judicial, governmental, regulatory or other similar body.

The Company shall pay to the fullest extent permitted by the laws of any applicable jurisdiction, the reasonable legal and other expenses incurred or to be incurred by a Director or senior manager in defending any proceedings (whether civil or criminal) or in applying for relief as they arise.

The agreements further stipulate that the Company may not be liable to indemnify a Director or senior manager against any liability:

(i) incurred to the Company itself or to any Subsidiary or holding company or any Subsidiary of any such holding company;
(ii) incurred in defending any criminal proceedings in which the relevant person is convicted;
(iii) incurred in defending any civil proceedings brought by the Company or any of its Subsidiaries or holding company or any Subsidiary of any such holding company, in which judgment is given against the relevant person; or
(iv) incurred in connection with any application for relief in which the court refuses to grant the relevant person such relief;
(v) arising out of, based upon or attributable to the gaining by the Director or senior manager of any personal profit or advantage to which such Director or senior manager was not legally entitled to;
(vi) arising out of, based upon or attributable to the Director's or senior manager's wilful misconduct or gross negligence;
(vii) arising out of, based upon or attributable to the committing of any wilful misconduct or any dishonest, fraudulent or criminal act by a Director or senior manager; or
(viii) to pay a fine imposed in criminal proceedings or a sum payable to a regulatory authority by way of penalty in respect of non-compliance with any requirement of a regulatory nature.

The aggregate indemnification amount payable by the Company pursuant to indemnification undertakings may not exceed the lower of (i) 25% of the Company's shareholder equity as of the date of actual payment of the indemnification amount (as set forth in the most recent consolidated financial statements prior to such payment) and (ii) USD 60 million, in excess of any amounts paid (if paid) by insurance companies pursuant to insurance policies maintained by the Company with respect to matters covered by such indemnification.

Indemnity under Dutch law

Pursuant to the terms of book 2 of the DCC, as a general rule, a managing director will be held liable for improper performance of duties only in case of serious negligence (*ernstig verwijt*). Whether a specific line of action can be regarded as serious negligence is highly dependent upon the specific circumstances of a case. Specific circumstances to be taken into consideration may, inter alia, be the character of the activities, the risks connected to these activities, the task assignments within the board of directors, internal guidelines (if any) and the expertise and judgment, which may be expected of a managing director who is fit for his job and diligently performs it. Case law based on the applicable provision in book 2 of the DCC is scarce. Liability of managing directors towards third parties may be based on a number of grounds. Liability may occur inter alia in case of bankruptcy of a company, in relation to a misleading presentation of annual accounts or in tort.

In Dutch literature, it is argued that an indemnity for third party damage is permitted insofar this indemnity does not cover damage due to intention or serious negligence. Such an indemnity only makes sense in those cases where the managing director is bound to bear the damage himself, i.e. those cases where there will be no direct recourse on the company. In general, in literature it is argued that it is possible for a company to indemnify a managing director for costs he will incur in order to defend himself against a liability claim. An indemnification for beforehand liability would only be useful if it relates as a minimum to serious negligence by the managing directors towards the company (otherwise, no liability exists). However, as a general rule of Dutch contract law, a clause excluding beforehand liability caused by intentional acts is void as it may be

considered to run counter to public policy and good order. The indemnification or insurance may though cover serious negligence and conditional intention (*voorwaardelijk opzet*).

11. Share Option Schemes

On 26 October 2006, the General Meeting and the Board approved the grant of up to 33,834,586 non-negotiable options on Ordinary Shares to the members of the Board, employees in the Company and other persons who provide services to the Company including employees of the Group. The options were granted for no consideration.

On 22 November 2011, the General Meeting and the Board approved to amend the 2006 Share Option Scheme to extend the option term (i.e., as defined in the 2006 Share Option Scheme as the term during which options can be exercised under this scheme) from seven (7) to ten (10) years from the date of grant. As a result thereof, the Company recorded an incremental fair value of EUR 955,433 which was included in the consolidated income statement.

Furthermore, the 2011 Share Option Scheme was adopted on 22 November 2011. The 2011 Share Option Scheme is based on the terms of the 2006 Share Option Scheme as amended in accordance with the terms as referred to above, with a couple of amendments, the most important of which is the total number of options to be granted under the 2011 Share Option Scheme is fourteen million (14,000,000) and a cap of GBP 2.

On 20 November 2012 the General Meeting and the Board approved to amend the 2006 Share Option Scheme to further extend the option term from ten (10), as previously resolved by the General Meeting on 22 November 2011 to fifteen (15) years from the date of grant.

Eligibility

Grantees eligible to receive options ("**Eligible Grantees**"), are board members and/or employees of any company within the Company Group, which is defined in the Share Option Scheme as "The Company, its Subsidiaries and companies under its control directly and/or indirectly (in any form of corporation, including companies and partnerships" for the purposes of this paragraph "**Company Group**"). Solely with respect to the first allocation of options that was effected on 26 October 2006, whereby a total of 26,108,602 options were granted, Eligible Grantees include other persons who provide similar services to a company within the Company Group (including the company in which any grantee is currently employed by or serves in) and employees, officers and directors of EI.

Dilution

The total number of options that may be granted under the Share Option Schemes shall be 34,722,528 which, if fully exercised, would be a maximum dilution of 10.46% of the Company's issued share capital as of the date of this document.

Adjustments

In the event that the Company issues bonus Ordinary Shares, the record date for the distribution of which takes place after the date of grant of the relevant options but before the exercise or expiry of the options, the number of Ordinary Shares to which the grantee is entitled upon the exercise of the Options shall increase by the number of the Ordinary Shares that the grantee would have been entitled to as bonus shares, had he exercised the options prior to the record date for the distribution of bonus shares. The exercise price of each option shall not vary as a result of the increase in the number of Ordinary Shares to which the grantee is entitled in the wake of the distribution of the bonus shares.

If rights to acquire any securities whatsoever are offered to shareholders in the Company by way of a rights issue, the Company shall act with a view that the rights be offered on the same terms, mutatis mutandis also to holders of options not yet exercised or expired, as though the holders of such options have exercised their options on the eve of the record date for the right to participate in the issuance of rights. The number of Ordinary Shares arising from the exercise of options shall not increase as a result of the said issuance of rights.

Grant of options

The granting of options shall be effected by a resolution of the Board. The 2006 Share Option Scheme stipulates that 750,000 options shall be granted in each of 2007, 2008 and 2009 under the Share Option Scheme, on the 5th (fifth) day following the date of publication of the annual financial results of the Company, to Eligible Grantees with the best performance evaluation as shall be decided by the Board upon management's recommendation. Furthermore, pursuant to the Share Option Scheme, options may be granted to new employees and board members in accordance with their seniority ranks as applicable within the Company Group. The grant of options to new employees shall be made on the first Quarterly Grant Date (as defined in the Share Option Scheme) following the date of signing of the employment agreement of the relevant employee and the grant of options to new board members shall take place on the date of their appointment by the General Meeting. In addition, Eligible Grantees who received a higher rank during their employment with a company within the Company Group will be entitled to an additional number of options, so as to reflect such Eligible Grantee's new rank. Such grant would be effective on the date of the first Quarterly Grant Date (as defined in the Share Option Scheme) following receipt of the higher rank.

Exercise price

The exercise price of an option shall be the average closing price of the Ordinary Shares on the London Stock Exchange during the 5-day period to and including the date of grant. Notwithstanding the foregoing, the exercise price of options granted pursuant to the Share Option Scheme prior to the admission of the Ordinary Shares to the LSE in 2006 was 180 pence.

Exercise mechanism of options

On the date of receipt by the Company of the Exercise Notice as defined in the Share Option Scheme (and where the Exercise Notice is received after the hour 13:00, on the trading day subsequent to receipt of the

Exercise Notice by the Company) (the "**Exercise Day**"), the Company shall allocate the Exercise Shares as calculated in accordance with the following formula:

$$\frac{(A \times B) - (A \times C)}{D}$$

A = The number of Options which a grantee wishes to exercise that is specified in the Exercise Notice

B = The opening price in £ of the Ordinary Shares on the London Stock Exchange on the Exercise Day, provided that if the opening price exceeds 180% of the Exercise Price (without adjustments for the distribution of cash dividend) the opening price shall be set as 180% of the Exercise Price

C = Exercise Price in £ per option

D = The opening price in £ of the Company's Share on the Stock Exchange on the Exercise Day

Fractions of shares shall be rounded up for any fraction of a share that is equal to or exceeds 0.5 and rounded down for any fraction of a share that is lower than 0.5.

Transfer of options

An option may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent.

Acceleration of Vesting of options at Change of Control

Upon the occurrence of an event of Change of Control in the Company (which is defined in the Share Option Schemes as: "the obtaining of 50.01% of the Company's issued share capital and/or voting rights by another person or entity, other than EI, its Subsidiaries or companies under its control, directly or indirectly, and/or EI's controlling shareholder, directly or indirectly"), the vesting of all the outstanding options granted by the Company that were not exercised or did not expire by such date, shall be accelerated, so that on the date of such Change of Control all such Options shall be fully vested and may be exercised by the grantees.

The restructuring of EI and the change of shareholdership in EI, qualifies, in the view of the Board, as a Change of Control pursuant to each of the Share Option Schemes. Therefore, all options have been declared fully vested and they may be exercised by the grantees.

Termination of eligibility

If the holder of an option ceases to be an employee or director within the Company Group other than by reason of death, cause, retirement or disability following the vesting of any Options but prior to them being exercised, the options can be exercised for a period of six months from the date of termination or the end of the Option Period. Any options which have not vested at the termination date will lapse. Provided always that if the holder of an option has been employed by, or a director of, the Company Group for three consecutive years, he or she will be entitled to exercise all of his or her options, regardless of whether they have vested, in accordance with the vesting dates and all other terms of the Share Option Scheme.

If the holder of an option ceases to be an employee or director with the Company Group by reason of death, disability or retirement following the vesting of any options but prior to them being exercised, the options can be exercised for a period of 12 months from the date of termination or the end of the Option Period. Any options which have not vested at the termination date will lapse. Provided always that if the holder of an option has been employed by, or a director of, the Company Group for three consecutive years, he or she will be entitled to exercise all of his or her options regardless of whether they have vested in accordance with the vesting dates and all other terms of the Share Option Scheme.

If the holder of an option ceases to be an employee or director with the Company Group for cause, such holder of an option shall not be entitled to exercise any options, regardless of whether they have vested.

Modifications of the Share Option Schemes

The Board has discretion to manage and administer the Share Option Schemes, adopt resolutions with respect to the Share Option Scheme, interpret the same and introduce changes therein, subject to the provisions of any applicable law, including but not limited to applicable market abuse laws in the Netherlands, Poland or England.

Tax

All tax implications under any law (other than stamp duty) shall be incurred by the grantee and the grantees indemnify the Company Group for such liabilities.

Amendments made to the 2006 Share Option Scheme

The Company had on 25 November 2008 adjusted the exercise price of the granted options and in November 2012 the Company extended the option term from ten (10) to fifteen (15) years from the date of grant of the 2006 Share Option Scheme. This has been done since the Board was of the view that the Share Option Scheme should serve as an effective incentive for the employees of the group of companies, headed by the Company, to encourage them to remain in employment and work to achieve the best possible results for the Company and its shareholders. Market conditions and the global economic crisis that is still impacting the geographic regions and real estate sectors in which the Company operates, however, led to a strong decline in the Company's share price at both the London Stock Exchange and the Warsaw Stock Exchange, resulting in practically all options being out of the money without a favorable outlook for a quick recovery. In order to maintain the incentive for all employees, the Board has submitted to the extraordinary General Meeting that was held on 25 November 2008, a proposal to amend the 2006 Share Option Scheme and to determine the exercise price of all options granted on or prior to 25 October 2008, to GBP 0.52 and to the extraordinary meeting of shareholders that was held on 20 November 2012, a proposal to amend the 2006 Share Option Scheme and to extend the option term from ten (10) to fifteen (15) years from the date of grant to be in line with the end date of the option term under the 2011 Share Option Scheme (whereas in the extraordinary General Meeting of 22 November 2011, the Option Term of the 2006 Share Option Scheme had been amended from seven (7) to ten (10) years. In an attempt to insure that the options are and remain an effective incentive and to assist in the retention of employees, and that the option holders should have the opportunity to exercise their options until the same end date as the holders of options under the 2011 Share Option Scheme, the revised 2006 Share Option Scheme includes an extension of the vesting term for options granted less than one year prior to 25 October 2008. The shareholders approved the amendments of the 2006 Share Option Scheme, the adjustment of the exercise price and the extension of the option term.

12. Material contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by members of the Group and which are, or may be, material:

Joint Venture and Shareholders Agreement with EI

On 25 August 2008, the Company and EI entered into a strategic joint venture and shareholders agreement, for the development of existing and future major mixed-use projects in India (the "**Indian JV Agreement**"). Under the Indian JV Agreement, the Company acquired from EI a 47.5% stake in the Indian JV Vehicle in consideration for approximately USD126 million. The Indian JV Vehicle owns 50% and 80% of two residential projects in India, in conjunction with local Indian partners. In addition, under the Indian JV Agreement, EI undertakes to transfer all of its rights and interests in a real estate development project being conducted by it in the city of Cochin (the "**Cochin Project Rights**") to the Indian JV Vehicle, and has provided the Company with a corporate guarantee for the fulfillment of this undertaking. Following this transaction, the Group and EI each own 47.5% of the Indian JV Vehicle and the remaining 5% is owned by Mr. Abraham Goren, EI's former Vice Chairman. The Indian JV Vehicle's board of directors comprises four members, of whom two were appointed by the Company and two were appointed by EI. The Indian JV Agreement is not subject to time restrictions, therefore, as long as there is no occurrence of a termination event, the Indian JV Agreement shall survive. Under the Indian JV Agreement, the Company and EI agreed to terminate by mutual consent the project sourcing agreement which they entered into on 26 October 2006, under which EI was obliged to offer to the Company potential real estate development sites sourced by it in India. However, in the event that the validity of the Indian JV Agreement shall lapse or be terminated prior to 26 October 2021, the parties shall re-execute a project sourcing agreement in identical form to the previous one.

Bangalore and Chennai (India)

In March 2008, the Indian JV Vehicle entered into an amended and reinstated share subscription and framework agreement (the "**Amended Framework Agreement**"), with a local third party (the "**Partner**") and a wholly owned Indian Subsidiary of the Indian JV Vehicle which was designated for this purpose ("**SPV**"), to acquire, through the SPV, up to 440 acres of land in Bangalore, India (the "**Project**") in certain phases as set forth in the Amended Framework Agreement. As of 31 December 2013, the Partner has surrendered land transfer deeds in favor of the SPV to a trustee nominated by the parties for approximately 54 acres for a total aggregate consideration of approximately INR 2,843 million (EUR 40 million), and upon the actual transfer of the title, the Partner will be entitled to receive 50% of the shareholdings in the SPV.

In addition, the SPV has paid to the Partner advances of approximately INR 2,536 million (EUR 35 million) on account of future acquisitions by the SPV of a further 51.6 acres.

On 22 July 2010, the JV Vehicle, the SPV and the Partner signed a new framework agreement which, subject to certain conditions (which, as of the date of this document have not been satisfied), is supposed to replace the Amended Framework Agreement (the "**New Framework Agreement**").

The New Framework Agreement established new commercial understandings between the parties thereto, pertaining, inter alia, to the joint development of the Project and its magnitude and financing, the commercial relationships and working methods between the parties and the distribution mechanism of the revenues from the Project. In accordance with the New Framework Agreement, the following commercial terms have been, inter alia, agreed between the parties:

- The Indian JV Vehicle will remain the holder of 100% of the shareholdings and the voting rights in the SPV.
- The scope of the new project will be decreased to approximately 165 acres instead of the original 440 acres.
- The Partner undertakes to complete the acquisitions of the additional land and/or the development rights therein in order to obtain the ownership and/or the development rights over all 165 acres.
- Neither the Indian JV Vehicle nor the SPV will be required to pay any additional amounts in respect of the land acquisitions or with respect to the Project and its development.
- The Project will be re-designed as an exclusive residential project.
- The Project will be executed jointly by the Partner and the SPV. The Partner (or any of its affiliates) will also serve as the general contractor and marketing manager of the project. Under the New Framework Agreement, the Partner is also committed to a maximum sale prices, minimum construction costs threshold and a detailed timeline and budget with respect to the development of the project.

Under the New Framework Agreement, the Indian JV Vehicle will receive distributions (following a certain 3+6 months reserve mechanism to enable the Partner to utilize a portion of the proceeds for construction costs and expenses) of approximately 70% of the net proceeds from the Project (including the proceeds from any sale by the Partner or any transaction with respect to the original land which does not form part of the said 165 acres), until such time that EPI's investment in the amount of INR 5,780 million (approximately EUR 80 million) ("**JV's Investment**") plus an Internal Return Rate of 20% per annum calculated from 30 September 2009 ("**IRR**") is paid to the SPV on behalf of EPI) (the "**Discharge Date**").

Following the Discharge Date, the Indian JV Vehicle will not be entitled to receive any additional profits from the Project and it will transfer to the Partner the entire shareholdings in the SPV for no consideration. In addition, the Partner has a call option, subject to applicable law and regulations, to acquire the entire shareholdings of the SPV, at any time, in consideration for the JV's Investment plus an IRR of 20% per annum calculated on the relevant date of acquisition.

The New Framework Agreement will enter into full force and effect upon execution of certain ancillary agreements described therein as well as satisfaction of certain other conditions; however, the Indian JV Vehicle, the SPV and the Partner are actually pursuing the Project itself in accordance with the New Framework Agreement.

In January 2011, the Partner has submitted the development plans pertaining to approximately 49 plus 35 acres included in the scope of the new project of 165 acres to the local planning authority, the Bangalore Development Authority ("**BDA**"). In October 2011, the BDA had notified the Partner that the development plans cannot be considered due to a future eminent domain plan. In January 2012, the Partner applied to the State High Court, requesting to issue a court order directing the BDA to consider the development plans. In March 2012, the court awarded a judgment pertaining to approximately 49 acres, ordering the BDA to consider the development plans related to the said 49 acres ("**Development Plan**"), while ignoring any future eminent domain plan that may be considered by the state authorities. In December 2012, the BDA decided to submit the Development Plan pertaining to the aforementioned 49 acres to the Sensitive Zone Sub-Committee of the BDA and in January 2013, the Sensitive Zone Sub-Committee of the BDA granted its approval to the aforementioned Development Plan. In May 2013, the court awarded a judgment pertaining to the additional 35 acres, ordering the BDA to consider the development plans related to the said 35 acres as well.

In December 2007, the Indian JV Vehicle executed agreements for the establishment of a special purpose vehicle ("**Chennai Project SPV**") together with one of the leading real estate developers in Chennai (in this section, the "**Local Partner**"). Subject to the fulfillment of certain conditions, the Chennai Project SPV undertook to acquire the ownership and development rights in and up to 135 acres of land situated in the Sipcot Hi-Tech Park in the Siruseri District of Chennai, India. Under these agreements, the Indian JV Vehicle is to hold 80% of the equity and voting rights in the Chennai Project SPV, while the Local Partner

will retain the remaining 20%. Under the agreement, EPI's investment in the Chennai Project SPV will be a combination of investment in shares and compulsory convertible debentures. Due to changes in market conditions, the Indian JV Vehicle and the Chennai Project SPV later decided to limit the extent of the project to 83.4 acres.

As at the date hereof, the Chennai Project SPV has completed the purchase of approximately 75 acres out of the total 83.4 acres for consideration of approximately INR 2,367 million (approximately EUR 33 million). An additional amount of INR 564 million (approximately EUR 8 million) was paid in advance in order to secure the acquisition of an additional 8.4 acres.

A shareholders agreement in respect of the management of the Chennai Project SPV provides for a five member board of directors, four of whom are appointed by the Indian JV Vehicle. The shareholders agreement also includes certain pre-emptive rights and restrictions on transferring securities in the Chennai Project SPV. Profit distributions declared by the Chennai Project SPV will be distributed in accordance with the shareholders' proportionate shareholdings in that company, subject to the Indian JV Vehicle's entitlement to receive certain preferential payments out of the Chennai Project SPV's cash flow on the terms specified in the agreements. The consummation of the agreements will be accomplished in stages, and is subject to the fulfillment of certain regulatory requirements, as well as to our satisfactory due diligence investigations, in respect of each stage. However, the Indian JV Vehicle is currently negotiating certain changes in the project's implementation plan and holding structure, which would require changes also in the respective agreements. Among other things, should those changes be accepted, the Indian JV Vehicle shall not be required to advance more financing to the project in addition to the amounts mentioned above and shall hold all the issued and outstanding share capital of the SPV. In furtherance of the foregoing, the Indian JV Vehicle is currently operating to secure a joint development agreement with local developer(s) for the development of the project land, in accordance with the aforementioned guidelines.

Option agreement Mr. Rami Goren

The Company has entered into an agreement on 27 October 2006 with Mr Abraham (Rami) Goren who then acted as the Executive Vice-Chairman of EI with responsibility for its operations in India, under which he will be entitled to receive options (the "**Options**") to acquire up to 5% of the holding company through which the Company will carry on its operations in India. However, where considered appropriate and by agreement, Mr Goren will be entitled to take up a 5% interest in specific projects, in which case necessary adjustments will be made at the holding company level. The Company and Mr Goren will agree the form of the Option for each acquisition, taking into account taxation, securities laws and regulations applicable to either party or their respective affiliates, and other considerations of the respective parties. If Mr Goren exercises all of his Options (5%) at the holding company level, his right to take up interests on a project by project basis will lapse. The Options will be subject to vesting over a three-year period, with an initial vesting of 2% on award of the Options following commencement of the relevant project. This will rise by 1% on the following dates: 31 March 2007; 31 March 2008; and 31 March 2009. Therefore, this will reach a maximum amount of 5% after the three-year period. If Mr Goren elects to take up Options in a specific project which commences after any of the vesting dates specified above, an immediate vesting will be allowed in respect of Options which would have vested as of the above dates. For example, if a project commences after 31 March 2008, Mr Goren will be entitled to an immediate vesting of 4%. The Options will also vest immediately upon: (i) Mr Goren's death, in which event all of his rights under the agreement will devolve upon his legal heirs; or (ii) Mr Goren being declared, by court order, mentally or physically incapacitated and incapable of conducting his own affairs, in which case all of his rights under the agreement will devolve upon his legal guardians appointed by court order. The Options may be exercised at any time, at a price (the "Exercise Price") calculated in accordance with the following formula:

$$\frac{[A]}{100} \times [B] + [C] = [D]$$

Where:

[A] is the total owner's net equity investment made by the Company in the projects as at the Option exercise date;

[B] is the number of vested Options to be exercised (expressed as a percentage of the total outstanding shares held by the Company in the projects);

[C] is interest at the rate of LIBOR plus 2% per annum from the date of the investment until the Option exercise date; and

[D] is the Option Exercise Price.

Mr Goren has a cash-in right to require the Company to purchase shares held by him following exercise of the Options, at a price to be determined by an independent valuer. In addition, Mr Goren has the right to pay the Exercise Price on a partial exercise of Options by way of the surrender to the Company of Options valued at the Exercise Price of the exercised Options. If the Company sells its shares in the India holding company to a third party, Mr Goren's Options will not be affected. However, if a new investor is allotted shares in the holding company, Mr Goren's options will be diluted pro-rata.

The Option arrangement was approved by EI's relevant corporate organs together with an additional agreement that is intended to replace this agreement, subject to receipt of the relevant approvals of the Company's corporate bodies. The agreement includes tag-along rights and rights of first refusal. The parties have given the standard representations and warranties for an agreement of this kind.

Mr. Goren left the Group in 2011, the option agreement still remaining in place.

Riga Plaza (Latvia)

The joint-venture company for Riga Plaza, SIA Diksna, is jointly owned by two affiliates of Development Corporation Latvia (being ATS Development Corporation (Moldova) Limited and SIA Diksna Finanses, both of which are unrelated third parties). The Company's ownership in SIA Diksna share amounts to 50%. The joint venture and shareholders' agreement was concluded in February 2004 for the purpose of the development, construction, opening, management and operation of Riga Plaza, located in Riga, Latvia. The agreement governs the obligations of the parties in the construction, development and operation of Riga Plaza and provides for a buy-out mechanism in the event of certain deadlocks and for certain limitations on the sale of each party's holdings in the special purpose vehicle, including provisions ensuring that negotiations take place on bona fide arms-length terms, a right of first offer and a tag along right for all of each party's shares.

Any problematic shareholder resolution will first be submitted to a deadlock committee, comprising the CEO's of the Company, and in the event of an unresolved deadlock, either party may invoke the compulsory buy out procedures.

Dambovita (Casa Radio) – Bucharest, Romania

Mimel Insaat San Ve Tic. A.S. (the "**Original Investor**"), which was at the relevant time controlled by a Turkish group, and Orb Estates Plc, following a Romanian Government tender, entered into a public-private partnership agreement ("**PPP Contract**") with the Government of Romania ("**GOR**") in 2003, for the development of the "Casa Radio" or "Dambovita" Project ("**Casa Radio Project**") in central Bucharest, Romania. Pursuant to the original PPP Contract, the original investors, through nominee companies, held 90% of a Romanian company incorporated to develop the Casa Radio Project (Dambovita Center SRL — the "**Project SPV**"), while the GOR held the remaining 10%. The original investors failed to fulfil their investment obligations under the PPP Contract and another Turkish group ("**Vendors**") acquired 90% interest of the Original Investor in the Project SPV. The Company and the Vendors have entered into a share purchase agreement dated 11 October 2006 (the "**Agreement**"), pursuant to which the parties have agreed that EI and the Company (the "**Purchaser**") acquired from the Vendors' nominee company such number of shares equalling to 75% of the total outstanding and issued shares in the Project SPV at a price of USD 23,365,000. In addition, the Purchaser paid USD 2,000,000 as reimbursement of costs for the transaction. Both of these sums were paid into escrow, and were released to Vendors following approval by GOR of the Purchaser as a new investor, and of certain amendments to the PPP Contract. Accordingly the Company holds indirectly 75% of the shares in the Project SPV, the remaining 25% are held by the Romanian authorities (15%) and another third party (10%).

Further to the Agreement, on 19 October 2006, the Vendors and the Purchaser entered into a shareholders agreement ("**Shareholders Agreement**") in relation to the Project SPV. The Shareholders Agreement, which is conditional on the amendments to the PPP Contract being approved by GOR, governs some of the obligations of the parties in relation to the Project SPV, and includes pre-emption and drag and tag along rights on the transfer of shares in the Project SPV, obligations on the Purchaser to take all necessary measures to obtain financing for the demolition and site organization works required by the PPP Contract (as amended) and for the development of the Casa Radio Project, including the payment of all expenses. The board of directors of the Project SPV will comprise five directors of which the Purchaser has the right to appoint three members, and each of the GOR and the Vendors one director. All transactions between the Project SPV, the Purchaser and its respective affiliates shall be made on arm's length terms and the margin on loans made by members of the Purchaser's group to the Project SPV shall not exceed 1.5% above the interest rate charged by the Purchaser (or any affiliate) on loans granted to other companies within its group.

As part of the PPP Contract, the Project SPV was granted with development and exploitation rights in relation to the site for a period of 49 years, starting December 2006. In addition, the Project SPV has committed to construct a Public Authority Building ("**PAB**") measuring approximately 11.000sqm for the GOR Government at its own cost.

Large scale demolition, design and foundation works were performed on the construction site which amounted to circa EUR 85 million until 2010, when current construction and development were put on hold due to lack of progress in the renegotiation of the PPP Contract with the Romanian Authorities.

The Project SPV obtained the Detailed Urban Plan ("**PUD**") permit related to the Casa Radio Project in September 2012. Furthermore, on 13 December 2012, the Romanian Court took note of the waiver of a claim submitted by certain plaintiffs and rejected the litigation aiming to cancel the approval of the Zonal Urban Plan ("**PUZ**") related to the Casa Radio Project. The court decision is irrevocable. As the PUD is based on the PUZ, the risk that the PUD would be cancelled as a result of the cancellation of the PUZ was removed following the date when the PUZ was cleared in court on 13 December 2012.

Following the Court decision, the Project SPV was required to submit a request for building permits within 60 days from the approval date of the PUZ/PUD and commence development of its project within 60 days after obtaining the building permit.

However, due to substantial differences between the approved PUD and stipulations in the PPP Contract as well as changes in the EU directives concerning buildings used by public authorities, and in order to ensure a construction process that will be adjusted to current market conditions, the Project SPV started preliminary discussions with the Romanian authorities (which are both shareholders of the Project SPV and a party to the PPP) regarding the future development of the project.

The Project SPV also officially notified the Romanian authorities in order to renegotiate the existing PPP contract on items such as time table, structure and milestones.

The Company estimates that although there is no formal obligation from the Romanian authorities to renegotiate the PPP Contract, such obligation is expressly provided for the situation when extraordinary economic circumstances arise.

There are no contracts (not being contracts entered into in the ordinary course of business) which have been entered into by members of the Group which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

Credit Facility Agreements

Certain Subsidiaries entered into credit facility agreements for the purchase of land and construction of the Group's projects. With regard to Liberec Plaza, Zgorzelec Plaza, Valley View, Primavera and Koregaon Park Project, the Company has provided different types of corporate guarantees.

BAS, Romania

On 22 October 2007, the Company entered into a share purchase agreement and an asset purchase agreement ("**Transaction Agreements**") with Badto Adviesburo B.V. and its shareholders, being three private Israeli individuals ("**Badto Shareholders**") for the purpose of purchasing existing assets, namely Romanian special purpose vehicles that hold real estate property in Romania ("**Existing Assets**") and for cooperation with the

Badto Shareholders in the development, construction and selling of future residential and office projects in Romania.

At the closing of the Transaction Agreements on 31 January 2008 ("**Closing**"), the Existing Assets were transferred to Plaza BAS B.V. ("**BAS**"), at that time a wholly owned Subsidiary of the Company, and BAS issued to the Badto Shareholders such amount of new shares that the Badto Shareholders together acquired 49.9% of the issued and outstanding share capital. In addition, at the Closing, the Company and the Badto Shareholders entered into a shareholders agreement setting out the terms and conditions under which they will jointly operate BAS. Following the Closing the Company has 50.1% of the issued and outstanding share capital of BAS and the majority of members of BAS' board of directors (three members out of a total of five members of the board of directors). In the frame of the Transaction Agreements 7 local special purpose vehicles are holding residential and office projects in Bucharest, Ploiesti and Brasov. The 7 local special purpose vehicles are held together with Aura Investments Limited (see Part III, Information on the Group).

Agreement related to the Bonds

The Company and the Bondholders have agreed in the Restructuring Plan, on certain terms in relation to the Bonds. Reference is made to this Part IX, paragraph 3 "Suspension of payments under Dutch law and Restructuring Plan".

13. Related party transactions

The transactions described in this paragraph are transactions which, as a single transaction or in their entirety, are or may be material to the Company and have been entered into by the Company or any other member of the Group during the period commencing on 1 January 2003 and up to the date of this document with a related party. Each of the transactions was concluded at arm's length.

Agreement with Control Centers

The Company and/or its Subsidiaries were parties to a projects initiation and supervision agreement which was signed in 2006 between the Company and Control Centers. Bank Hapoalim has instituted legal action to foreclose on its pledges, including, *inter alia*, all the assets of Europe-Israel securing Europe-Israel's obligations under a loan agreement with Bank Hapoalim including its shares in EI. On 21 July 2013 a receiver was appointed to Control Centers and Europe-Israel and on 10 September 2013, the Receiver dismissed their employees. Consequently, as of the date hereof the Company is not receiving the agreed services under the aforementioned agreement. As of the date of this document the agreement with Control Centers is deemed to be terminated due to EI's restructuring and there is no liability in respect of engineering supervision services supplied by related parties in Control Centers Group.

Relationship Agreement

On 27 October 2006, the Company entered into an agreement, with the Controlling Shareholder (the "Relationship Agreement") pursuant to which the Controlling Shareholder undertook on behalf of itself and persons connected with it that for so long as the Controlling Shareholder holds at least 30% of the issued share capital of the Company:

- the non-independent Directors will abstain at meetings of the Board from voting on matters in which the Controlling Shareholder is interested;
- all transactions, agreements or arrangements between, any member of the Group and the Controlling Shareholder or persons connected with it will be on arm's length terms;
- neither the Controlling Shareholder nor any person connected with it will compete with the business of the Group in so far as that comprises the development of shopping and entertainment centers in Central and Eastern Europe or India or the development of the Dream Island or Casa Radio projects;
- any voting rights of the Controlling Shareholder shall be exercised in such a manner so as to procure (to the extent possible by the exercise of voting rights) that there will within three months following admission of the Ordinary Shares to trading on the LSE, be a majority of independent Directors on the Board, and when there are an equal number of independent and non-independent Directors, one of the non-independent Directors will at all times abstain from voting at Board meetings and

- at any meeting of the Board at which the appointment or removal of an independent Director is to be considered, the Controlling Shareholder will either exercise its votes in a manner approved by the other independent Directors or abstain from voting.

The Relationship Agreement also terminates in the event that the Company's issued share capital ceases to be admitted to the main market of the LSE.

EI Guarantees

An agreement dated 27 October 2006, addressed to the Company from EI, pursuant to which with effect from 1 January 2006 the Company will pay a commission to EI in respect of all and any outstanding corporate and first demand guarantees which have been issued by EI in favour of the Company and which remain valid and outstanding ("**EI Guarantees**"). The amount of the commissions to be paid will be determined by agreement between EI and the Company at the beginning of each financial year, and will apply to all EI Guarantees which remain outstanding during the course of that relevant financial year. The amount of the commission payable by the Company is subject to a cap of 0.5% of the amount or value of the relevant EI Guarantee, per annum. The commission payable is exclusive of value added tax, if applicable, and will be paid annually in arrears. In the event that an EI Guarantee lapses, or is returned, during the course of the relevant financial year, then the commission is payable pro rata for the period during which it remained valid during that year. The Company has the right to replace the EI Guarantees at any time, either with its own corporate guarantees or with guarantees issued by third parties. Upon the termination or return of EI Guarantees which have been replaced, the commission is payable pro rata for the period during which it remained valid during that year. As of the date of this document no EI Guarantees are issued and/or there are no outstanding EI Guarantees.

Joint Venture Agreement

On 25 August 2008, the Company and EI entered into a strategic joint venture and shareholders agreement, for the development of existing and future major mixed use projects in India. For a description of this agreement, reference is made to paragraph 12 of this Part IX (Material Contracts).

14. Litigation

Other than as set out below, no member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position or profitability and, so far as the Directors are aware, no such proceedings are pending or threatened against any member of the Group.

Current litigation

1. The tax authorities have challenged the applied tax treatment in two of the entities previously sold in Hungary by the Company to Klépierre in the course of the Framework Agreement dated 30 July, 2004 ("**Framework Agreement**"). In respect of two of the former Subsidiaries of the Company, the tax authorities decision of reducing the tax base by and imposed a penalty in the sum of HUF 428.5 Million (approximately EUR 1.428k), were challenged by the previously held entities at the competent courts. Klépierre has submitted an indemnification request claiming that the tax assessed in the described procedures falls into the scope of the Framework Agreement tax indemnification provisions and the Company in its respond rejected such claims.
2. On 11 November, 2013 the Company exercised the corporate guarantee provided by Elbit in the Indian JV Agreement. The Company demanded a sum EUR 4,301,834 including the interest thereon (the "Reimbursement Payment") on the ground of EI's default to finalize and conclude the transfer of the Cochin Project Rights to the Indian JV Vehicle. Elbit in its reply letter has refused to repay the Reimbursement Payment.

Potential litigation

1. The Group is currently in breach in respect of most of the facility agreements it has entered into with finance providers due to the Company's suspension of payment procedure and certain covenants of such facilities. If the Group is unable to obtain the necessary waivers or alternative financing and restrictions are imposed or a breach continues over a period of time, culminating in an event of default the Group may, among other things, be required to immediately fully or partially repay such

credit facilities, including accrued interest and premiums. Such events may lead to litigation with the financing banks.

2. SIA Diksna (the joint venture company for Riga Plaza) submitted a claim against Seesam Latvia, Chartis Finland, QBE Estonia, AXA Versicherung with third persons MAI Insurance Brokers and SIA Peek & Cloppenburg for recovery of the insurance indemnity in the total amount of EUR 630,891. The damage was reported by SIA Peek & Cloppenburg to be caused due to a fire accident in the premises of SIA Peek & Cloppenburg being the tenant of the shopping center in Riga, Latvia during the construction of the mall. The first instance court judgment was delivered on 27 December 2011 which fully satisfied SIA Diksna's claim. The insurers submitted an appeal regarding the first instance judgment. SIA Diksna has submitted written pleadings against it and a counter appeal. The next court hearing is scheduled for 19 May 2014.
3. Due to the challenging conditions in the real estate markets where the Company operates, the Company has been experiencing cash flow difficulties and cannot meet its short term obligations towards bondholders and has applied for a provisional suspension of payments. As a result thereof, the Company received demand letters from the bondholders making various demands, insinuation, allegations and threats, including (i) allegations against the payments made before the granting of the provisional suspension of payment, attempting to classify these as unlawful preference of creditors; (ii) allegations regarding the "financial deterioration of the Company" and the responsibility thereto; (iii) allegations against non-payment; (iv) allegations regarding sale of the Bonds in the year 2013, allegedly in discount. The Company rejected any and all such insinuations, allegations and threats and has responded accordingly. Potential claims have been reported to the Company's insurer.
4. During the audit of the Company's 2013 financial statements by the Company's Dutch auditor (Mazars Paardekooper Hoffman Accountants N.V., "**Mazars** ") a remark has been made by Mazars in respect of a certain transaction in Romania. On the request of Mazars, the Company has added to the 2014 consolidated financial statements as audited by Mazars the following note (being note 33 to the consolidated financial statements):

   "In 2013 the Company started an investigation in respect of a certain contract with a consultant. This contract was entered into by a Subsidiary of the Company. The Subsidiary paid an amount of EUR 2 million (USD 2.7 million) in respect of the abovementioned contract. This payment is currently under investigation by the Company as there is a possibility that laws and regulations may not have been complied with. The investigation by the Company is still ongoing and a full assessment of the matter has therefore not yet been made by the Company. The Company's preliminary conclusion is that both the due diligence and the work performed has not been adequately recorded in a manner that is usual for such consultancy arrangements. The Board of Directors has discussed this extensively and has decided to strengthen the Company's compliance programme in respect of third party contracts. Depending on the outcome of the Company's investigation, the Company will take necessary steps to fulfil compliance and reporting requirements. The Company started to work on a conduct plan that will be implemented once concluded."

   The same text has been added, at the request of Mazars, to the directors' report in the Company's annual report over the year 2013.

Ordinary course of business

The Company is involved from time to time in litigation arising in the ordinary course of its business. Although the final outcome of each of these cases cannot be estimated at this time, the Company's management believes, based on legal advice, that the resolution of such litigation will not have a material adverse effect on the Company's financial position.

15. Significant change

There has been no significant change in the financial or trading position of the Group since 31 December 2013, the date to which the last audit of the annual accounts for the year ending 31 December 2013 other than as disclosed in Note 38 to the Company's financial report over the year 2013, which is included in this document.

16. Employees

The following table shows the approximate number of employees of the Group for each of the following period ends:

31 December 2011	31 December 2012	31 December 2013
185	166	136

The arrangements for involving the employees in the share capital of the Company are set out in paragraph 11 of this Part IX.

17. Use of Proceeds

The proceeds of offering of Notes will be applied to convert accumulated interest to principal of the Notes. The Company does not expect any substantial proceeds from the offering of the Ordinary Shares to Bondholders as these Ordinary Shares will be issued at par value (EUR 0.01 per Ordinary Share).

18. General Information

1. Presentation of financial and other information.

The financial information in this document has been prepared in accordance with International Financial Reporting Standards endorsed by the European Commission ("IFRS").

Unless otherwise indicated, the historical financial information included in this document has been derived from the Company's historical balance sheets and statements of income and cash flows and the related notes thereto as at, for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 as set out in Part XI of this document – "Financial Information on Plaza Centers N.V." The historical financial information has been prepared on a consolidated basis.

The Company prepares its consolidated financial statements in euro. Unless otherwise indicated, all references to "EUR" or "€", are to euro, all references to "$", "USD" or "US Dollars" are to the lawful currency of the United States, all references to "£" or "pounds sterling" are to the lawful currency of the United Kingdom and all references to NIS are to the lawful currency of the state of Israel.

2. Forward-looking statements

This document includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "projects", "anticipates", "expects", "intends", "plans", "contemplates", "is expected to", "seeks", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, statements regarding the intentions, beliefs or current expectations of the Company concerning, amongst other things, the investment objective and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, growth, strategy and dividend policy of the Company and the markets in which it, directly and indirectly, operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, dividend policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the investment performance, results of operations, financial condition, liquidity and dividend policy of the Company, and the development of its financing strategies are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results

or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to:

- the effects of competition in the Central and Eastern European and Indian property market;
- the saturation of the leisure and retail market in Central and Eastern Europe and India;
- the Company's ability to successfully implement its business plan in India;
- changes in demand for the Company's properties;
- the Company's ability to obtain and maintain the necessary licences and regulatory approvals;
- future changes in accounting policies;
- general economic recession affecting those areas in which the Company is active;
- changes in legislation, specifically in respect of zoning, environmental regulations, building regulations and foreign exchange controls; or
- inability to obtain project financing at all or on viable terms,

and all other risk factors included in Part II "Risk Factors" of this document above.

Prospective investors are advised to read this document in its entirety, and, in particular, the sections entitled "Summary", "Risk Factors", "Operating and Financial Review" for a further discussion of the factors that could affect the Company's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur. Many of these factors are beyond the Company's control. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document as anticipated, believed, estimated or expected.

These forward-looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations (including any applicable stock exchange rules, the AFS and the DCC), the Company does not intend and does not assume any obligation to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

3. Figures and percentages used in this document are approximate. In addition, certain figures and percentages have been rounded up or down. As a result, certain figures and percentages may not add up to the total.

4. The estimated costs and expenses relating to the amendments to the Trust Deeds, the offering of Notes and the offering of Ordinary Shares to the Bondholders and the admission to trading of the Ordinary Shares and the Notes on the TASE are estimated at approximately EUR 3 million (*three million euro*).

5. Other than the application for and the granting of the provisional suspension of payments on 18 November 2013, there have been no interruptions to the Group's business in the 12 months preceding the date of this document which may have or have had a significant effect on the Group's financial position.

6. The financial information relating to the Company contained in this document does not comprise statutory accounts for the purposes of Section 2:101/361/2:392 of the DCC. Where required, statutory audited accounts of the Company and its Subsidiaries relating to each financial period to which the financial information relates have been filed with the Dutch Chamber of Commerce (*Kamer van Koophandel Nederland*).

7. KPMG Hungaria Kft., chartered accountants and members of the Chamber of Hungarian Auditors of Vaci út 99, H- 1139 Budapest, Hungary have been the auditors of the Group for the three financial years ended 31 December 2011, 31 December 2012 and 31 December 2013 and have given unqualified audit reports (in respect of 2013 however, with emphasize of matter with indication of

the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern) on the accounts of the Group for those financial years.

8. Mazars Paardekooper Hoffman Accountants N.V., chartered accountants and members of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*) of Delflandlaan 1, 1062 EA Amsterdam, the Netherlands, have been the auditors for the Company's Dutch statutory annual accounts for the years ended 31 December 2011, 31 December 2012 and 31 December 2013. The Dutch statutory annual accounts comprise the Company annual accounts (*vennootschappelijke jaarrekening*) and the consolidated annual accounts. Mazars Paardekooper Hoffman Accountants N.V. have given unqualified opinions (in respect of 2013 however, with emphasize of matter with indication of the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern) for the financial statements over these financial years.

   Furthermore, Mazars Paardekooper Hoffman Accountants N.V. has indicated in its letter to the Company which accompanied the 2013 audited Dutch statutory annual accounts, that if up to the date of the annual General Meeting 2014 (which is currently scheduled for 8 July 2014),any events occur or circumstances become manifest which necessitate an adjustment of the 2013 annual statements, such as transactions being cancelled which could lead to uncertainty with respect to the going concern assumption (see above) adjustment must be made before the annual General Meeting, as requested by the provisions pursuant to section 2:362 subsection 6 and section 2:392 subsection 1 under g of the DCC. In this respect, the (negative) outcome of the following events (and others) may lead to an adjustment of the 2013 Dutch statutory annual accounts and may occur before the annual General Meeting of 8 July 2014:

   (i) 26 May 2014: the decision date of EI on whether EI will contribute EUR 20mln (*twenty million euro*) to the Company; and

   (ii) 26 June 2014: meeting of the Plan Creditors and the voting on the Restructuring Plan.

9. Save for a registered trademark in the Netherlands for its logo, there are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Group's business or profitability.

10. CBRE Limited, Chartered Surveyors, registered in England and Wales under number 3536032 with registered office at St. Martin's Court, 10 Paternoster Row, London, EC4M 7HP United Kingdom, whose reports are included in this document at the request of the Company, has given and not withdrawn its written consent to the inclusion in this document of the Market Overview in Part IV in the form and context in which it is included. CBRE Limited do not have a material interest in the Company.

11. Cushman & Wakefield Kft., chartered surveyors, a limited liability company under Hungarian law, with company registration number 01-09-263277 and having its registered office at Deák Ferenc utca 15, H-1052 Budapest, Hungary, has given and not withdrawn its written consent to the inclusion in this document of the Valuers Report in Part XI of this document in the form and context in which it is included. Cushman & Wakefield Kft. do not have a material interest in the Company.

12. The Company affirms that no material changes have occurred since the dates of valuation as stated in the Valuers Report that is included in Part XI of this document.

13. Horowitz Idan Sabo Tevet & Cohen Tabach Certified Public Accountants (Isr.) (trade name Baker Tilly) having its registered office at 11 Menachem Begin Street Rogovin Tidhar Tower Ramat-Gan, 52681, Israel, has given and not withdrawn its written consent to the inclusion in this document of the Baker Tilly Report in Part IX of this document in the form and context in which it is included. Horowitz Idan Sabo Tevet & Cohen Tabach Certified Public Accountants (Irs.) do not have a material interest in the Company

14. Where in this document, information has been sourced from a third party, the Directors confirm that this information has been accurately reproduced. As far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

15. There are no environmental issues of which the Company or the Directors are aware that may affect the Company's utilisation of the tangible fixed assets.

16. The official Shareholders' register is maintained by the Company in the Netherlands.

17. There have been no public takeover bids by third parties in respect of the Ordinary Shares which have occurred during either the last financial year or the current financial year.

18. All the Ordinary Shares are traded on the London Stock Exchange under the symbol "PLAZ" and on the WSE under the symbol "PLZ" . The Ordinary Shares have the following security code ("ISIN"): NL 0000686772. The Series A Notes are admitted to trading on the TASE with ISIN IL0011094955 and the Series B Notes are admitted to trading on the TASE with ISIN IL0011095036. As soon as practically possible after the Settlement Date, the code under which the Ordinary Shares will be registered for trading on the TASE is not known at the date of this document.

19. Save as set out in this document, there are no undertakings in which the Company has a proportion of the capital which are likely to have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits and losses.

19. Market and industry information

The Company has obtained market data and certain industry forecasts used in this document from market research, publicly available information and industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed.

20. Jurisdiction and enforcement of civil liabilities

The Company has been informed by its legal counsel in Israel, Gross, Kleinhendler, Hodak, Halevy, Greenberg & Co. that there is doubt as to the enforceability of foreign judgments in Israel. However, subject to certain time limitations, an Israeli court may declare a foreign civil judgment enforceable if it finds that all of the following terms are met:

1. The judgment was rendered by a court which was, according to the laws of the state of the court, competent to render the judgment*;*

2. The judgment can no longer be appealed*;*

3. The obligation imposed by the judgment is enforceable according to the rules relating to the enforceability of judgments in Israel and the substance of the judgment is not contrary to public policy; and

4. The judgment is executory in the state in which it was given.

Even if the above conditions are satisfied, an Israeli court will not enforce a foreign judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases) or if its enforcement is likely to prejudice the sovereignty or security of the State of Israel. An Israeli court will also not declare a foreign judgment enforceable in the occurrence of any of the following:

1. The judgment was obtained by fraud*;*

2. There was no due process*;*

3. The judgment was rendered by a court not competent to render it according to the laws of private international law in Israel*;*

4. The judgment is at variance with another judgment that was given in the same matter between the same parties and which is still valid; or

5. At the time the action was brought in the foreign court a suit in the same matter and between the same parties was pending before a court or tribunal in Israel.

The Company has been informed by its counsel in the Netherlands that the following applies in respect of the enforcement of foreign judgments in the Netherlands:

Pursuant to section 431 of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*), foreign judgments shall not be enforceable in the Netherlands unless by virtue of a treaty or an act.

In the absence of an applicable treaty between (i) Israel and (ii) the United States and the Netherlands, a judgment against the Company or any of its directors and officers rendered by an Israeli court or an United States federal or state court will not be enforced by the courts of the Netherlands. In order to obtain a judgment which is enforceable in the Netherlands, the claim must be reheard on the merits before a competent Dutch court. A binding effect of the judgment obtained in Israel or in the United States should generally be obtained if proper service of process has been given and if the judgment rendered by the Israeli court or United States federal or state court:

1. results from proceedings compatible with Dutch concepts of due process; and
2. does not contravene public policy (*openbare orde*) of the Netherlands.

If the Dutch court finds that the jurisdiction of the Israeli court or the United States federal or state court has been based on the grounds as mentioned above, the court in the Netherlands would, under current practice, give binding effect to the final judgment that has been rendered in Israel or the United States and will accordingly render judgment.

Final and enforceable judgments rendered by an English or Polish court will be enforced by the Dutch courts, subject to the provisions of Council Regulation (EC) No. 44/2001 (as amended), Council Regulation (EC) 805/2004 (as amended) and the Dutch Code of Civil Procedure.

Specific performance (*nakoming*) may not always be available under Netherlands law.

Dutch courts may render judgments for a monetary amount in foreign currencies, but such foreign monetary amounts may be converted into euro for enforcement purposes. Foreign currency amounts claimed in a Dutch moratorium of payments or bankruptcy will be converted into euro at the rate prevailing at the commencement thereof.

21. Documents incorporated by reference

The following information is hereby incorporated by reference:

1. The Company's annual report (*jaarverslag*) 2013; and
2. The English version of the Baker Tilly Report.

All documents incorporated by reference are to be accessed (i) through the Company's website (www.plazacenters.com); and (ii) at the registered office of the Company.

22. Documents available to the public and for inspection

Copies of the following documents will be available for inspection during normal business hours on any business day for the life of this document at the registered offices of the Company and on the Company's website (www.plazacenters.com).

1. the deed of incorporation (*akte van oprichting*) of the Company;
2. the Articles;
3. the Deed Poll;
4. the Trust Deeds for the Series A Notes and the Series B Notes (also included in this document as Appendix A – Annex 1 (Series A Notes) and Appendix A – Annex 2 (Series B Notes);
5. the terms and conditions for the Polish Bonds;
6. the proposal to amend the Articles; and
7. the agenda and explanatory notes to the annual General Meeting 2014.

Copies of this document will be available to the public free of charge at the registered office of the Company during normal business hours on any business day as well as in the electronic form on the Company's corporate website at www.plazacenters.com from the date of this document and for one year thereafter. The website www.plazacenters.com does not and should not be deemed to, constitute a part of, or be incorporated in this document.

23. CREST, Depositary Interests and the Deed Poll

CREST and Depositary Interests

CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. Securities issued by non-UK registered companies, such as the Company, cannot be held or transferred in the CREST system. However, to enable investors to settle such securities through CREST, a depositary or custodian can hold the relevant securities and issue dematerialised DIs representing the underlying securities which are held on trust for the holders of the DIs.

CREST members hold and transfer interests in Ordinary Shares within CREST pursuant to a DI arrangement established by the Company. The Ordinary Shares are in registered form. They are only available in the form of an entry in the shareholders' register of the Company without the issuance of a share certificate. Share certificates shall not be issued.

Pursuant to a method approved by CRESTCo, under which transactions in foreign securities may be settled through CREST, the Depositary issued DIs representing entitlements to the Ordinary Shares. The DIs are independent securities constituted under English law which may be held and transferred through CREST. The Depositary holds the Ordinary Shares on trust for the holder of DIs and this trust relationship is documented in a deed poll executed by the Depositary ("**Deed Poll**").

The DIs have been created pursuant to, and issued on the terms of, the Deed Poll. Prospective holders of DIs should note that under the Deed Poll they will have no rights in respect of the underlying Ordinary Shares or the DIs representing them against CRESTCo or its Subsidiaries. Ordinary Shares have been transferred to the Depositary or its nominated custodian ("**Custodian**") and the Depositary has agreed to pass on to the holders of DIs any cash or other benefits received by it as holder of Ordinary Shares on trust for such DI Holder.

The DIs have the same security code ("**ISIN**") as the underlying Ordinary Shares. Participation in CREST is voluntary and Shareholders who wish to hold their Ordinary Shares in registered form may do so. They are not, however, able to settle their Ordinary Shares through CREST and will have their holding recorded on the Company's share register in the Netherlands.

Depositary Interests – Terms of the Deed Poll

Ordinary Shares have been issued or transferred to the Depositary or the Custodian and the Depositary issued DIs to participating members.

In summary, the Deed Poll contains, *inter alia*, provisions to the following effect:

The Depositary holds (itself or through the Custodian), as bare trustee, the underlying securities issued by the Company and all and any rights and other securities, property and cash attributable to the underlying securities for the time being held by the Depositary or Custodian pertaining to the DIs for the benefit of the DI Holders. The Depositary re-allocates securities or distributions allocated to the Depositary or the Custodian pro rata to the Ordinary Shares held for the respective accounts of the holders of DIs but are not required to account for fractional entitlements arising from such re-allocation.

Each DI Holder warrants, *inter alia*, that the securities in the Company transferred or issued to the Depositary or Custodian for the account of such DI Holder are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Articles or any contractual obligation, or applicable law or regulations binding or affecting such holder.

The Depositary and any Custodian must pass on to DI Holders, or exercise on their behalf, all rights and entitlements received by the Depositary or the Custodian in respect of the underlying securities. However, there can be no assurance that all such rights and entitlements will at all times be duly and timely passed on or exercised. Rights and entitlements to cash distributions, to information, to make choices and elections and to attend and vote at meetings must, subject to the Deed Poll, be passed on in the form which they are received, together with amendments and additional documentation necessary to effect such passing-on, or exercised in accordance with the Deed Poll. If arrangements are made which allow a DI Holder to take up rights in the Company's securities requiring further payment, the DI Holder must put the Depositary in

cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights.

The Depositary is entitled to cancel DIs and treat the DI Holder as having requested a withdrawal of the underlying securities in certain circumstances including where a DI Holder fails to furnish to the Depositary such certificates or representations as to material matters of fact, including his identity, as the Depositary deems appropriate.

The Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any DI Holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or fraud or that of any person for whom it is vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any Custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent. Furthermore, the Depositary's liability to a DI Holder will be limited to the lesser of:

(i) the value of the shares and other deposited property properly attributable to the DIs to which the liability relates; and

(ii) that proportion of £10 million which corresponds to the proportion which the amount the Depositary would otherwise be liable to pay to the DI Holder bears to the aggregate of the amounts the Depositary would otherwise be liable to pay to all such holders in respect of the same act, omission, or event or, if here are no such amounts, £10 million.

The Depositary is entitled to charge DI Holders fees and expenses for the provision of its services under the Deed Poll.

The DI Holders are required to agree and acknowledge with the Depositary that it is their responsibility to ensure that any transfer of DIs by them which is identified by the CREST system as exempt from stamp duty reserve tax is so exempt, and to notify the Depositary if this is not the case, and to pay to CRESTCo any interest, charges or penalties arising from non-payment of stamp duty reserve tax in respect of such transaction.

Each DI Holder is liable to indemnify the Depositary and any Custodian (and their agents, officers and employees) against all liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the DIs (and any property or rights held by the Depositary or Custodian in connection with the DIs) held by that holder, other than those resulting from the wilful default, negligence or fraud of the Depositary, or the Custodian or agent if such Custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use of such Custodian or agent.

The Depositary is entitled to make deductions from any income or capital arising from the underlying securities, or to sell such underlying securities and make deductions from the sale proceeds there from, in order to discharge the indemnification obligations of DI Holders. The Depositary may terminate the Deed Poll by giving 30 days' notice. During such notice period holders may cancel their DIs and withdraw their deposited property and, if any DIs remain outstanding after termination, the Depositary must, among other things, deliver the deposited property in respect of the DIs to the relevant DI Holders or, at its discretion sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll pro rata to holders of DIs in respect of their DIs.

The Depositary or the Custodian may require from any holder information as to the capacity in which DIs are or were owned and the identity of any other person with or previously having any interest in such DIs and the nature of such interest and evidence or declarations of nationality or residence of the legal or beneficial owners of DIs and such information as is required for the transfer of the relevant Ordinary Shares to the DI Holders. DI Holders agree to provide such information requested and consent to the disclosure of such information by the Depositary or Custodian to the extent necessary or desirable to comply with their legal or regulatory obligations. Furthermore, to the extent that the Articles require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of the Company's securities, the DI Holders are to comply with the Company's instructions with respect thereto.

DI Holders do not have the rights which Dutch law and the Articles confer on Shareholders, such as voting rights. In respect of the shares underlying the DIs those rights vest in the Depositary or any Custodian. Consequently, if the DI Holders want to exercise any of those rights they must rely on the Depositary or any Custodian to either exercise those rights for their benefit or authorise them to exercise those rights for their own benefit.

For more information concerning CREST, Shareholders should contact their brokers or CRESTCo at 33 Cannon Street, London EC4M 5SB, United Kingdom.

Settlement in Poland

The transfers of the DIs executed on the WSE will be settled in accordance with the principles established by the Polish National Depository for Securities applicable to all companies listed on the WSE. The transactions in securities executed on the WSE are settled in accordance with the t+3 principle. An Investor who wants to trade the DIs on the WSE should transfer such DIs to a securities account opened with an investment firm that is a participant of the Polish National Depository for Securities. All DIs held by the investors through the investment firms which are participants of the Polish National Depository for Securities will be credited to an account of the Polish National Depository for Securities opened with CREST directly or through another settlement organization acting as an intermediary.

Dated 26 May 2014]

Part X - Summary of Applicable Dutch Law

Takeover Directive

Directive 2004/25 of the European Parliament and of the Council of the European Union (the "**Council**") on takeover bids (the "**Takeover Directive**") was adopted by the Council on 30 March 2004, became effective on 20 May 2004 and has been implemented into Dutch law on 1 January 2008. The Takeover Directive applies to all companies governed by the laws of a European Union member state of which all or some securities are admitted to trading on a regulated market in one or more member states (in case of the Company: both the LSE and the WSE).

Pursuant to the Takeover Directive, a person holding securities in such company which, when added to any existing holdings and the holdings of persons acting in concert with him, directly or indirectly give him control over that company is required to make a public offer to all the holders of those securities for all their holdings at an equitable price.

The Takeover Directive has been fully implemented in the AFS and the DCC on 1 January 2008. Pursuant to article 5:70 AFS, a shareholder who has acquired control ("control" defined in the AFS as the ability to cast at least 30% of voting rights in a General Meeting of shareholders) will be obliged to make a public offer for all issued and outstanding shares in a Company's share capital. The laws of the member state in which such company has its registered office (so for the Company Dutch law) will determine the method of calculation of such percentage.

In addition, the Enterprise Chamber (*Ondernemingskamer*) of the Amsterdam Court of Appeal may, at the request of any shareholder (or holder of depositary receipts for shares) or the issuing company, order a shareholder with a shareholding of 30% or more to make a public offer. The Enterprise Chamber may also, at the request of a company, determine that such a shareholder is not required to make a public offer when the financial condition of the company and the business related to it gives rise thereto.

Shared authority between the Panel and the AFM in applying the national regulations implementing the Takeover Directive

As the Company was incorporated under the laws of the Netherlands, it is subject to Dutch law. However, pursuant to section 4 of the Takeover Directive which was implemented into UK law by the Takeover Directive (Interim Implementation) Regulations 2006, the English supervisory authority will be competent in respect of public takeover bids for the Company. The City Code will apply to the Company in respect of consideration and procedural matters. In relation to employee information and company law matters, the rules of the articles 5:70 up to and including 5:83b of the AFS and the future articles 2:359a up to and including 359e of the DCC, implementing the Takeover Directive, will apply and the AFM will be the supervisory authority in respect thereof.

Dutch squeeze-out proceedings after a takeover

Following the implementation of the Takeover Directive, the DCC contains certain stipulations for a forced transfer of shares following a public offer and for a forced buy-up of shares following a public offer in respect of companies listed on a regulated market.

Forced buy-out (squeeze-out) in respect of listed companies.

Article 2:359c DCC stipulates *inter alia*:

Someone who has released a public offer bid and who provides for its own account, as shareholder, at least 95% of the issued share capital of the target company and represents at least 95% of the voting rights of the target company, may file a legal claim against the other shareholders for a forced transfer of their shares. The same applies if two or more group companies jointly provide this part of the issued share capital and jointly represent this part of the voting rights, and they jointly file a legal claim for a forces transfer of shares to the person who has made the public bid. The legal claim must be filed within three months after the deadline set

for acceptance of the bid. The Enterprise Chamber (*ondernemingskamer*) of the Amsterdam Court of Appeal shall decide in first instance on such legal claim. It is only possible to lodge an appeal in cassation against its decision. If one or more defendants are in default of appearance, the court must of its own motion (*ex officio*) examine whether the plaintiff or plaintiffs meet the applicable requirements.

If the Enterprise Chamber is of the opinion that the applicable rules do not prevent the legal claim of being awarded, it will fix a fair price for the shares to be transferred on a day to be set by the court. If a public bid as referred to in article 5:74 AFS (a voluntary public offer) has been released, the value of the counter performance offered in that bid is regarded as a fair price, provided that at least 90% of the shares to which that bid relates has been acquired. If a public offer as referred to in article 5:70 AFS (mandatory offer) has been released, the value of the counter performance offered in that bid is regarded as a fair price.

In derogation from the above, the Enterprise Chamber may order that one or three experts shall report on the value of the shares to be transferred. The price will be fixed in money (in cash). As long and as far as the price has not been paid, it will be raised with an interest equal to the statutory interest, running from the day set by the Enterprise Chamber for fixing the price until the transfer of shares; distributions on shares declared payable in this period, are taken into account on the day of payment as a partial payment of the price.

If the Enterprise Chamber awards the legal claim, it shall order the transferee (acquiring party) to pay the fixed price plus interest to those to whom the shares belong or will belong against the simultaneous transfer (delivery) of the unencumbered entitlement to the shares. The Enterprise Chamber shall give a decision on the costs of proceedings as it regards appropriate. A defendant who has not defended himself cannot be ordered to pay the costs of proceedings.

When the order of the Enterprise Chamber for a forced transfer of shares has become final and binding, then the transferee shall notify the holders of the shares to be transferred, of whom he knows the address in writing of the day and place of payment. He shall announce this information also in a national newspaper, unless he knows the addresses of all involved holders of the shares to be transferred.

Forced take-over (buy-up) in respect of listed companies

Article 2:359d DCC stipulates *inter alia*:

Another shareholder may file a legal claim against someone who has released a public offer and who provides for its own account, as shareholder, at least 95% of the issued share capital of the target company and represents at least 95% of the voting rights of the target company, in order to force him to take over the shares of that other shareholder. The same applies if two or more group companies jointly provide this part of the issued share capital and jointly represent this part of the voting rights, and one of them has released the public offer. The legal claim must be filed within three months after the deadline set for acceptance of the offer.

The Enterprise Chamber shall decide in first instance on such legal claim. It is only possible to lodge an appeal in cassation against its decision. If one or more defendants are in default of appearance, the court must of its own motion examine whether the defendant or defendants meet the applicable requirements

When the order of the Enterprise Chamber for a forced takeover of the shares has become final and binding, then the transferee shall notify the holders of the shares to be transferred in writing of the day and place of payment. The price of the shares will be established in the same manner as stipulated in article 2:359c DCC (see above).

Right to have items added to the agenda of General Meetings

Persons holding 1% or more of the issued share capital of the Company, or in addition thereto, persons that hold securities of the Company that have a value of least 50 million euro, have the right to have items added to the agenda of General Meetings, on the condition that the Company has received the request not later than 60 days prior to the day of the meeting. The Board may refuse such request if it would substantially prejudice the interests of the Company.

The AFS – disclosure of major shareholdings and voting rights

Holders of interests and/or voting rights in the Company may be subject to reporting obligations under Chapter 5.3. AFS. The overview below is a brief and non-exhaustive outline of the applicable provisions of

Chapter 5.3. AFS. Investors should consult their legal or financial advisers in respect of the notification duty that may be imposed on them by Chapter 5.3. AFS.

Pursuant to article 5:43 AFS, each person whose holding of voting rights and/or capital interest, directly or indirectly, amounts to 3% or more must notify the AFM immediately by means of a standard form available from the AFM's website (www.afm.nl).

Pursuant to articles 5:38 and 5:39 AFS, any person who directly or indirectly acquires or disposes of an interest in the Company's capital and/or voting rights (also through the holding of Depositary Interests) must immediately notify the AFM by means of a standard form if, as a result of this acquisition or disposal, the percentage of capital interest or voting rights held directly or indirectly meets, exceeds or falls below the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Any person who directly or indirectly acquires or disposes of an interest in one or more of the Ordinary Shares to which special controlling rights are attached according to the Articles must immediately give written notice to the AFM.

On the basis of article 5:48 AFS, members of the Board must also immediately give written notice to the AFM by means of a standard form of all changes in their holdings of ordinary shares and voting rights in the Company.

The Company is required to notify the AFM immediately if the Company's capital or voting rights have changed by 1% or more since its previous notification on outstanding capital and voting rights. Furthermore, the Company must notify the AFM of changes of less than 1% in the Company's outstanding share capital and voting rights, within eight days after the end of each calendar quarter. Shareholders should be aware that anyone whose direct or indirect capital and/or voting rights interest meets or passes the thresholds referred to in the previous paragraph as a result of a change in the share capital or voting rights that are outstanding must notify the AFM no later than the fourth trading day after the AFM has published the change in the Company's share capital and/or voting rights.

Pursuant to article 5:41 AFS, a person whose substantial interest (which is defined as an interest in shares and/or voting rights equal to or more than 3%) will, at midnight on 31 December in each year, have a different composition when compared to an earlier notification, due to a conversion of shares into depositary receipts or depositary receipts into shares or other depositary receipts should notify the AFM thereof within four weeks. A person whose substantial interest will, at midnight on 31 December in each year, have a different composition when compared to an earlier notification, due to the exercise of rights pursuant to an agreement for the acquisition or disposal of voting rights, should notify the AFM thereof within four weeks.

For the purpose of calculating the percentage of capital interest or voting rights, among other metrics, the following interests must be taken into account: (i) shares or depositary receipts for shares or voting rights directly held (or acquired or disposed of) by any person, (ii) shares or depositary receipts for shares or voting rights held (or acquired or disposed of) by such person's Subsidiaries or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement (including a discretionary power of attorney), and (iii) shares or depositary receipts for shares or voting rights which such person, or any Subsidiary or third party referred to above, may acquire pursuant to any option or other right held by such person (or acquired or disposed of, including, but not limited to, on the basis of convertible bonds).

Special rules apply with respect to the attribution of shares or depositary receipts for shares or voting rights which are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of shares or depositary receipts for shares can also be subject to the reporting obligations of the AFS, if such person has, or can acquire, the right to vote on the shares or, in the case of depositary receipts, the underlying shares. If a pledgee or usufructuary acquires the voting rights on the shares or depositary receipts for the shares, the subject of such pledge or usufruct arrangement, this may trigger a corresponding reporting obligation for the holder of the shares or depositary receipts for the shares. In addition, the AFS states that a person is deemed to have at his disposal shares which are held by a Subsidiary company and the voting rights which can be exercised by such a Subsidiary company. Furthermore, the AFS states that a person is deemed to have at his disposal shares that are held for his account by a third party and the voting rights that can be cast by such third party on his behalf. A person is deemed to have at his disposal voting rights which he can cast at his own discretion in his capacity as a proxy holder (authorised representative of the shareholder).

The AFS contains detailed rules that set out how its requirements apply to certain categories of holders, including but not limited to (managers of) investment funds, investment managers, custodians, market makers, clearing and settlement institutions, brokers and credit institutions. The AFM keeps a register with notifications made on the basis of Chapter 5:3 AFS, which is publicly accessible (www.afm.nl). The Decree on the Disclosure of voting rights and capital interest in issuing institutions (*Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen Wft*) promulgated under the AFS determines what should be contained in the register and the manner in which the information will be visible (see below).

The AFS – Market abuse

General prohibition to deal while making use of inside information

Any dealings in or from the Netherlands in the Securities and any other securities whose value is determined by the value of Notes and/or the Ordinary Shares (including dealings by the Company itself) are subject to the provisions of Dutch law regarding insider dealing and market abuse as contained in Chapter 5:4 of the AFS.

Pursuant to article 5:56 paragraph 1 sub b AFS, it is prohibited, to use inside information in carrying out a transaction or effectuating a transaction in or from the Netherlands in securities that are admitted to the trade on a regulated market in another EU Member State (LSE and WSE) or to a market in financial instruments outside the European Union (such as the TASE). The term "financial instruments" includes the Ordinary Shares and the Notes.

Article 5:53 paragraph 1 AFS defines "inside information" as follows (not in respect of securities which price is dependent on the value of commodities): "knowledge of specific information, directly or indirectly concerning a legal person, company or institution to which the securities relate or the trade in said securities that has not been made public and where disclosure can be expected to have a significant influence on the price of such securities or derivatives thereof".

This prohibition extends to the following persons: (article 5:56 paragraph 2 AFS):

1. natural persons or legal persons who have inside information since they (co)determine the day-to-day policy of the issuer or who have inside information since they supervise the policy and the general course of business of the issuer the securities whereof the inside information relates to;
2. natural persons or legal persons who have inside information because of the fact that they have a qualified interest in the issuer the securities whereof the inside information relates to;
3. natural persons or legal persons who have access to inside information as a consequence of their work, profession or function; and
4. natural persons or legal persons who have inside information as a consequence of them being involved in criminal offences.

The prohibition also extends to the Company, when dealing in its own financial instruments.

Pursuant to article 5:56 paragraph 3 AFS, it is prohibited for any person who does not belong to one of the categories of persons mentioned above, and who knows or reasonably ought to know that he has inside information, to in or from the Netherlands carry out a transaction or effectuate a transaction in financial instruments that are admitted to the trade on a regulated market in another EU Member State or to a market in financial instruments outside the European Union.

Consequently, any dealings in or from the Netherlands in the Ordinary Shares, the Depositary Interests and any other securities whose value is determined by the value of the ordinary shares (including dealings by the Company itself) are subject to the provisions of Dutch law regarding insider dealing and market abuse as contained in Chapter 5:4 of the AFS.

Notifications

Pursuant to article 5:60 AFS, persons who:

1. determine or co-determine the day-to-day policy of the Company;

2. supervise the conduct of management and the general course of business in the Company and the undertaking connected with it;
3. have a managing position and, thereby, have the right to make decisions which have consequences for the future development and business prospects of the Company and can have access to inside information on a regular basis; (the persons mentioned under 1., 2., and 3. above hereinafter collectively being referred to as the "**Managing Persons**") or
4. are designated in the Decree on Market Abuse Wft (*Besluit marktmisbruik Wft*) promulgated under the AFS ("**Related Persons**"), should, ultimately on the fifth business day after the date of the transaction, report to the AFM, transactions in the ordinary shares or in securities whose value is at least in part determined by the value of the ordinary shares, carried out or caused to be carried out for their own account. The notification may be postponed until the moment the value of the aggregated transactions reaches or exceeds an amount of five thousand euro (EUR 5,000) whereby transactions, carried out for the account of Related Persons should be added to the value of the transactions carried out by Managing Persons.

"Related Persons" are:

(i) spouses, registered partners or life partners from Managing Persons, or other persons who live together in a comparable manner with Managing Persons;
(ii) children from Managing Persons, in respect of whom those persons hold legal custody or who are placed under guardianship and in respect of whom a Managing Person is appointed as guardian (*bewindvoerder*);
(iii) other relatives by blood or affinity of Managing Persons who, on the date of the transaction at issue, have run a joint household with such Managing Persons for at least one year; or
(iv) legal persons, trusts within the meaning of article 1 sub c of the Dutch Trust office supervision act (*Wet toezicht trustkantoren*), or partnerships (*personenvennootschap*):
  (a) the managerial responsibility for which lies with a Managing Person or another Related Person;
  (b) in which a Managing Person or another Related Person has a controlling interest;
  (c) that are incorporated or set up for the benefit of a Managing Person or another Related Person; or
  (d) whose economical interest essentially is equivalent to that of a Managing Persons or that of another Related Person.

The Company is also required to have a code of conduct with rules as regards the possession of and transactions in shares which relate to it or in transferable securities the value of which is also determined by the value of such shares by the employees of the Company or any other company in the Group and the Managing Persons, to draw up an insider list, i.e. a list of persons working for the Company or any other company in the Group, who regularly or incidentally, may have access to inside information (*voorwetenschap*), to regularly update this list of persons and to inform persons on this list of the relevant prohibitions and sanctions in respect of inside information and market abuse.

Register and sanctions

The AFM keeps a register of all notifications made pursuant to the AFS, which register is for public inspection. The register does not contain information about the addresses of the natural persons who made the notification. Non-compliance with the reporting obligations under the AFS constitutes an economic offence under the Dutch Economic Offences Act (*Wet op de economische delicten*). Non-compliance may be punished with criminal fines, administrative fines, imprisonment and other sanctions. In addition, non-compliance with the reporting obligations under the chapter 5:3 AFS may lead to civil sanctions, including (i) a general suspension of voting rights in respect of ordinary shares for a period of up to three years and/or (ii) a court order prohibiting a person from (acquiring or) exercising voting rights in respect of ordinary shares for a period of up to five years, and/or publication of non-compliance.

Transparency Directive requirements in the AFS

On 1 January 2009, Directive 2004/109 EC (Transparency Directive) was implemented into the AFS and the DCC. The Transparency Directive establishes *inter alia* requirements in relation to the disclosure of periodic and ongoing information about Dutch based issuers whose securities are admitted to trading on a regulated market situated or operating within a member state of the European Union. The relevant provisions regarding the disclosure of major holdings (sections 9 up to and including 15 of the Transparency Directive) were earlier implemented into the AFS (see above nr. 5). Below, a brief and non-exhaustive overview is given of the provisions from the Transparency Directive that are implemented into Dutch law as of 1 January 2009.

Inter alia articles 5:25a up to and including article 5:25x AFS contain the implemented rules of the Transparency Directive for companies whose home member state (*lidstaat van herkomst*) is the Netherlands. The Company's home member state is the Netherlands, being its country of incorporation.

Annual financial reports should be publicly available within four months from the end of the financial year. This period cannot be extended by the general meeting of shareholders. There is no requirement for the adoption (*vaststelling*) of the annual financial reports within a fixed timeframe (article 5:25c AFS).

The publication of semi-annual financial information is obligatory under article 5:25d AFS. In respect of semi-annual reporting, the semi-annual report should be publicly available as soon as possible but no later than two months after the end of the applicable period.

Furthermore, the publication of an interim management report ("**IMR"**) for each half-year period, is obligatory under article 5:52e AFS. An IMR should be published within the period between ten weeks after begin and six weeks before the end of the applicable semi-annual period. The information to be incorporated in the IMR should contain information from the period between the beginning of the applicable semi-annual period and the date of publication of the IMR.

The AFS furthermore contains several requirements applicable to issuers, with respect to the dissemination and publication of information. The AFS contains general provisions for the equal treatment of shareholders and holders of bonds. An issuer of shares or bonds that are admitted to listing on a regulated market within the European Union, should ensure an equal treatment with respect to the provision of information and costs charged in connection therewith, for all shareholders and bondholders who are in the same position.

Part XI – Valuer's Report

Plaza Centers N.V.
Attn. the Board of Directors
Prins Hendrikkade 48-s
1012 AC Amsterdam
The Netherlands

May 25, 2014

Re : Plaza Centers N.V.

Dear Sirs,

Re: Prospectus of the Company with regard to the Company's debt restructuring to be published in Israel, dated May 27, 2014

We hereby consent to the inclusion in the Prospectus, to be dated on May 27, 2014 and proposed to be published in respect of Plaza Centers N.V. (the "Prospectus"), of our valuation report for the Company's European and Indian assets dated 31 December 2013 (the "Valuation Report"), its findings and our name in the form and the context in which they are included, as shown in the attached proof of the Prospectus which we have signed for identification, and to the Valuation Report being put on public display in accordance with Annex I Item 24 of Commission regulation (EC) No. 809/2004 (the "Prospectus Directive").

For the pruposes of Prospectus Rule 5.5.3(R)(2)(f), we are responsible for our Valuation Report and we will accept responsibility for the information contained in our Valuation Report and confirm to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information in our Valuation Report is in accordance with the facts and contains no omissions likley to affect its import. Our Valuation Report complies with Rule 5.6.5G of the Prospectus Rules and paragraphs 130-130 of CESR's recommendations for the consistent implementation of the Prospectus Directive.

We confirm that we have acted as external valuer (as defined in the *RICS Valuation – Professional Standards*) for the purposes of valuaing

properties.

Our consent is subject to the terms and conditions and contract dated 7th May 2013 agreed between us ("Conditions") governing the basis and assumptions upon which we have prepared our valuation report dated 31st December 2013. Our liability to you and to any third party relying on the report shall be as set out in the Conditions

We further confirm that, as of 25 May 2014, we are unaware of any material changes that would impact on the value of the Properties covered by the Valuation Report since the valuation date (other than minor changes, in aggregate amounting to less than 5% from the valuation as expressed in the Valuation Report).

Yours faithfully,

Michael Edwards, MRICS

RICS Registered Valuer

Partner, Head of Valuation & Advisory, Central Europe

Cushman&Wakefield

Deák Palota

Deák Ferenc u. 15

Budapest 1052

Hungary

Phone: +36 1 268 12 88

Fax: +36 1 268 12 89

Strictly Confidential
For Addressee Only

Plaza Centers Portfolio: Hungary, Poland, Czech Republic, Bulgaria, Latvia, Greece, Romania, and Serbia

Report and Valuation for

Plaza Centers

Valuation Date

31 December 2013

CUSHMAN & WAKEFIELD®

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10 Disclosure and Publication

B Property Reports

Appendix 1 Economic and Retail Snapshots

Appendix 2 Terms & Conditions

Cushman & Wakefield
Deák Ferenc u. 15.
Budapest, 1052 Hungary
Tel (36) 1 268 1288
Fax (36) 1 268 1289
www.cushwake.com

A Valuation Report

To: **Plaza Centers**

Attention: **Mr Gabor Lattmann**

Portfolio: **Hungary, Poland, Czech Republic, Romania, Latvia, Greece, Bulgaria, and Serbia**

Report Date: **3 January 2014**

Valuation Date: **31 December 2013**

1 Instructions

Appointment

We are pleased to submit our valuation report, which has been prepared for financial reporting purposes. The properties and interests valued are detailed in Part B.

The valuation has been carried out in accordance with the instructions detailed in Part C of this report. The extent of our professional liability to you is also outlined within these instructions. Accordingly, to cover any liability that might be incurred by us, we confirm that we will maintain professional indemnity insurance through the Lloyds and company insurance market, so long as such insurance is available at commercially acceptable rates and terms but for at least the terms of the loan, with insurers of good standing and repute of not less than £10 million on an each and every claim basis.

Cushman & Wakefield LLP is a limited liability partnership registered in England & Wales with registration number OC328588. The term partner is used to refer to a member of Cushman & Wakefield LLP or an employee or consultant with equivalent standing and qualifications. A list of members of the LLP is open to inspection at our registered office at 43/45 Portman Square, London W1A 3BG. Regulated by the Royal Institution of Chartered Surveyors.

We confirm we have no conflicts of interest in our advising you on the value of the property. We also confirm that we have sufficient knowledge, skills and understanding to undertake the valuation competently.

2 Background to the Valuation

You have told us that valuation report is required for IFRS purposes. We confirm that our valuation is IFRS 13 (IAS 40) compliant. The valuation date is 31st December 2013.

3 Bases of Valuation

The valuation and report has been prepared in accordance with the RICS Valuation – Professional Standards (the "Red Book") by a valuer acting as an External Valuer, as defined within the Red Book.

Bases

The properties in Part B have been valued on the bases of Market Value.

Definitions

Our Principal Terms of Appointment as Valuers (within Part C) contain full definitions of the Red Book valuation bases.

4 Assumptions, Departures and Reservations

We have prepared our valuation on the basis of the assumptions within our instructions detailed in Part C of this report.

Plaza Centers have advised us of operating expenditure at various centres. We have relied on their data but have not verified this information through detailed due diligence.
We have not inspected leases and assume these are drawn up on standard institutional market terms. We have relied upon information supplied by you.

In respect of the Casa Radio property, we have not reviewed the current master plan for this scheme and recommend that careful consideration is given to best use. It should be

noted that the scheme is of a size that there will likely be additional costs in improving local infrastructure capacity, particularly the surrounding surface streets. We have made no allowance for any such 'planning gain' costs.

Given the property's history as well as the size of the land and the scale of the potential project, this site will no doubt have a certain degree of political sensitivity and this is increased given that the state is a stakeholder in the project; nonetheless, the state's part ownership puts the site in a unique position. Given the political uncertainty and the state's interest in the property, it is questionable whether the property could be sold in current circumstances; however, we have valued on the assumption that the interest held is the unencumbered effective freehold.

We have made no departures from the "Red Book".

Reservation

Typically a purchase of such a property would be facilitated through a loan. Access to finance depends upon various factors, many of which are not directly attributable to the property. At present the financial markets are uncertain and banks are generally retracting from offering new loans. It is uncertain whether a financial institution would generally offer terms for a new loan in the current market; however, we are aware of situations in Central European markets where existing lenders have provided finance to a new owner or where a fund has a particular relationship or connection with a borrower which enables them to raise finance. Whilst these situations are specific and cannot be guaranteed, it is appropriate to consider the possibility of obtaining finance in assessing market value. Our valuation assumes that finance can be secured by a buyer on non-onerous terms; however, it should be noted that if finance could not be raised by any party then this will significantly impact on bids, hence there will be a very significant impact on the value here reported.

5 Inspection

We inspected the properties internally and externally from May-July 2013. Individual inspection details are given in the individual property reports.

6 Sources of Information

In addition to information established by us, we have relied on the information obtained from you. We have not undertaken detailed investigations of statutory authorities, and have relied upon your information in this respect.

7 General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgements that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

Should you or the borrower contemplate a sale, we strongly recommend that the property is given proper exposure to the market.

You should not rely on this report unless any reference to tenure, tenancies and legal title has been verified as correct by your legal advisers.

Currency

The property has been valued in Euro. We have reflected any local realisation taxes.

8 Valuation

Our opinion of value of the interests in the properties detailed in Part B is the sum of:

Property	Market Value		
Arena Plaza Extension	€	7,800,000	Seven Million, Eight Hundred Thousand Euros
David House	€	3,950,000	Three Million, Nine Hundred and Fifty Thousand Euros
Torun Plaza	€	97,580,000	Ninety Seven Million, Five Hundred and Eighty Thousand Euros
Zgorzelec Plaza	€	17,125,000	Seventeen Million, One Hundred and Twenty Five Thousand Euros
Suwalki Plaza	€	43,525,000	Forty Three Million, Five Hundred and Twenty Five Thousand Euros
Lodz Residential	€	6,500,000	Six Million, Five Hundred Thousand Euros
Lodz Plaza	€	7,925,000	Seven Million, Nine Hundred and Twenty Five Thousand Euros
Leszno Plaza	€	1,719,000	One Million, Seven Hundred and Nineteen Thousand Euros
Kielce Plaza	€	5,350,000	Five Million, Three Hundred and Fifty Thousand Euros
Liberec Plaza	€	17,675,000	Seventeen Million, Six Hundred and Seventy Five Thousand Euros
Shumen Plaza	€	2,125,000	Two Million, One Hundred and Twenty Five Thousand Euros
Riga Plaza	€	87,725,000	Eighty Seven Million, Seven Hundred and Twenty Five Thousand Euros
Helios Plaza	€	15,300,000	Fifteen Million, Three Hundred Thousand Euros
Casa Radio	€	174,150,000	One Hundred and Seventy Four Million, One Hundred and Fifty Thousand Euros
Costanta Plaza	€	6,300,000	Six Million, Three Hundred Thousand Euros
Hunedoara Plaza	€	2,375,000	Two Million, Three Hundred and Seventy Five Thousand Euros
Iasi Plaza	€	11,550,000	Eleven Million, Five Hundred and Fifty Thousand Euros
Miercurea (Csiki Plaza)	€	5,625,000	Five Million, Six Hundred and Twenty Five Thousand Euros
Palazzo Ducale	€	1,800,000	One Million, Eight Hundred Thousand Euros
Slatina	€	1,650,000	One Million, Six Hundred and Fifty Thousand Euros
Targu Mures	€	6,175,000	Six Million, One Hundred and Seventy Five Thousand Euros
Timisoara	€	10,825,000	Ten Million, Eight Hundred and Twenty Five Thousand Euros
Belgrade Plaza	€	16,150,000	Sixteen Million, One Hundred and Fifty Thousand Euros
Kragujevac Plaza	€	41,775,000	Forty One Million, Seven Hundred and Seventy Five Thousand Euros
Visnjicka Plaza	€	19,025,000	Nineteen Million, Twenty Five Thousand Euros
Total	**€**	**611,699,000**	**Six Hundred and Eleven Million, Six Hundred and Ninety Nine Thousand Euros**

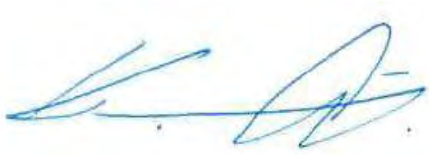
9 Confidentiality

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

10 Disclosure and Publication

You must not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

Signed for and on behalf of Cushman & Wakefield



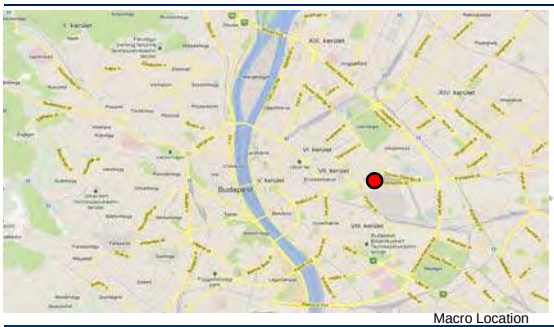
Gergely Kollai
Valuer, Cushman & Wakefield
Budapest Office

Michael Edwards MRICS
Partner, RICS Registered Valuer,
Head of Valuation & Advisory
Central Europe

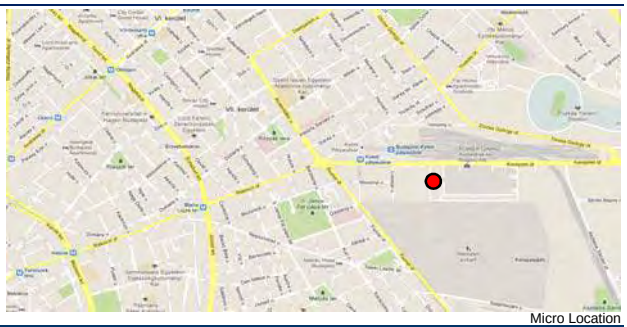
B Property Reports

PROPERTY	Arena Plaza Extension
ADDRESS	1148 Budapest, Kerepesi út 9, Hungary
VALUATION DATE	31 December 2013

PROPERTY	Arena Plaza Extension
ADDRESS	1148 Budapest, Kerepesi út 9, Hungary
VALUATION DATE	31 December 2013



Macro Location



Micro Location

Areal View

Street View

LOCATION

The Property is located along Kerepesi út in Budapest, Hungary. The site is adjacent to an established shopping centre, Arena Plaza, which opened in 2007.
The site is two blocks away from Keleti railway station and Keleti metro stop. Ferihegy airport is located some 12.5 km to the south-east. Trolleybus no 80 and 80A; and bus lines no 908, 931, 956 and 990 have a stop in front of Arena Plaza.
Accessibility is generally good, although the two blocks are relatively far from the metro stop by foot.

LOCATION DETAILS

City Population	2 million
Local Land	Commercial
Distance to Centre	3 km
Distance to Highway	10 km (M0); 7 km (M1,M7)
Distance to National Road	On arterial city route
Public Transport	well developed
Plot area	21,788
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	Vacant
Historic monument	No
Site area	21,788
Parking Places (closed)	n/a
Access	off Kerepesi út
Utilities	available, not checked
Legal issues	not checked

PROPERTY	Arena Plaza Extension
ADDRESS	1148 Budapest, Kerepesi út 9, Hungary
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

Site area, total	21,788
Surplus Land	0
Developed area (% total site)	0

INSPECTION

Inspection Type	External
Inspection Date	17/05/2013
Inspected by	Balazs Lados MRICS

PROPERTY DESCRIPTION

The subject property is a rectangular piece of flat development land adjacent to Arena Plaza shopping centre. It is accessible off Kerepesi út. We consider its highest and best use as multi-let Class A offices, although development would be unfeasible currently, due to the high market vacancy and generally low new demand on the Budapest office market.
The site has been cleared and fenced. We have made no specific queries of the statutory authorities, but understand and assume that all mains services are available on the site.
We have received a copy of a building permit and an extension of this building permit (which has expired on 21/5/2012) for an office scheme of approximately 40,000 sqm GLA. We have been advised that this building permit is currently being extended. In or valuation we have not valued this specific building, but valued an alternative and more general hypothetic scheme based on the relevant zoning regulations and our market experience.

LAND REGISTRY DETAILS

The plot is registered in the District VIII municipality under land registry no. 38829/6 with 122,857 sqm site area. The owner of the Freehold is Symmetry Arean Kft. There is a land usage right registered in favour of Kerepesi 5 Irodaépület Ingatlanfejlesztő kft in section II/24 in for 10,894 sqm (registered on 08/10/2007) and in section II/30 for a further 10,894 sqm (registered on 08/09/2008), which effectively works as a long term freehold.
This is a slightly unusual practice in Hungary, but we were advised by Plaza Centers that this way Kerepesi 5 kft has the benefit of over-building the densities allowed by the Zoning regulation, as Arena Plaza did not "use up" all the buildable area on their part of the plot.
There a few easements registered on the property securing right of access and maintenance to the utility companies, but these do not have a negative effect on the value of the property. Having checked the title documentation we believe and assume that the property is free of any issues in terms of tenure.

Land registry extract	38829/6	Obtained on	06/02/2012
Registered owner	Symmetry Arena Ingatlankezelő Kft		
Registered use	yard, exhibition centre, recreational centre, commercial centre, and restaurants		
Registered size	122,847 sqm (out of which Kerepesi 5 Irodaépület Ingatlanfejelsztő Kft has a usage right on two times 10,894 sqm)		

Restrictions and encumbrances

High voltage line on the site.
Land usage right in favour of Kerepesi 5 Irodaépület Ingatlanfejlesztő Kft on two times 10,894

Comments

We have not seen the land use agreement with Symmetry Arena Kft we therefore assume that construction on the site is possible and that the land use right is perpetual and transferrable.
We have been advised that the building permit is inthe process of being extended by the municipality.

PROPERTY	Arena Plaza Extension
ADDRESS	1148 Budapest, Kerepesi út 9, Hungary
VALUATION DATE	31 December 2013

PLANNING ISSUES

According to our enquiries in May 2013 (which we assume to be correct as at the valuation date):

Zoning	IZ-VIII-1
Footprint ratio	35%
Floor area/plot ratio	2.4
Maximum height	30 m
Permit status	Building permit expired 21/5/2012

The subject Property is covered by a valid Master Plan. The plan allows the suggested office use, key parameters are as follows:

- minimum plot size: 2 ha
- minimum green area: 50%
- footprint ratio: 35%
- maximum building height: 30 m
- underground build ratio: 50%

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPOSED SCHEME

As per the expired building permit, the proposed scheme was a ground plus seven storey office building with 880 parking spaces arranged over two underground levels.
In our valuation we have considered a very generic alternative scheme based upon the sites zoning parameters and our market experience.

site area: 21,788 sqm
max GBA: 52,291.2 sqm
proposed scheme: 50,000 sqm
proposed GLA: 45,000 sqm
proposed car park: 900 underground spaces (1:50 parking space to GLA ratio)
8 proposed storeys with a total of 5,625 sqm footprint which calculates around 26% of the site area.

PROPERTY	Arena Plaza Extension
ADDRESS	1148 Budapest, Kerepesi út 9, Hungary
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS

- Size and shape of the site
- Surrounding area continues to be developed

WEAKNESSES

- unusual legal status
- a short walk away from the metro on foot

OPPORTUNITIES

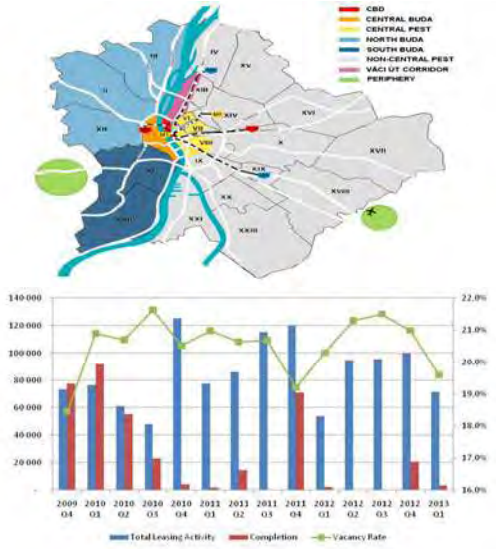
- New metro line may increase importance of the Keleti / Baross tér railway station hub

THREATS

- low market demand
- high market vacancy
- non-established office location

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

The total Budapest office stock (including owner-occupied and speculative buildings) was 3,145,467sqm in the first quarter of 2013. Investment grade office stock in the Central Business District stands at 337,794sqm compared with 981,865sqm in the Central sub-market, 672,234sqm on Váci út corridor and 1,153,574sqm in Non Central and Peripheral areas. The subject property is located in the central pest submarket.
The total volume of demand reached 71,409sqm in Q1 2013, which is almost 34% higher than in the first quarter of 2012. Out of this volume renewals had a share of 24.6% (17,575sqm), which is the lowest ratio since Q3 2009. The volume of new leases and expansions also improved more than 45% year on year reaching 47,688sqm while one owner occupation transaction was of 6,146sqm. We registered 172 lease agreements in Q1 2013, with an average deal size of 415sqm. This size is in line with the Q1 2012 size but half the size recorded in the previous quarter - almost 80% of the transactions were signed for a volume of ≤ 500sqm.
Despite the high vacancy rate in Budapest, prime space is registering high level of occupancy and thus rents in the CBD submarket (at €21.00/sqm/month), in particular are expected to remain in stable. In some instances incentive packages are offered as landlords bid to attract and/or remain occupiers. In the Central locations, both sides of the city, prime headline rents are at €15.00/sqm/month. In the Non-central area headline rents are at €13.00/sqm/month and Peripheral areas headline rents are about €3 below the non-central rents. In most secondary and peripheral locations rents are still under pressure.



COMPETITION

The property is situated in a non-established office location, direct competition mainly consists of existing scenes along (the red metro line M2) Rákóczi/Kerepesti út (R70, Arena Corner) and within a 2-3 km radius along Hungária/Könyves Kálmán körút and Tram Line no 1 and 1A (Hermina Towers, M3 Business Center, Népliget Center, Stefánia Park and ParkWay Offices). Indirect competition includes the outer sections of Váci út (along the blue metro line M3), the South-Buda and South Pest office submarkets.
There are also a few pipeline development projects in the wider vicinity which have been stopped or postponed to a lack of financing. These include the Raiffesien site in very close proximity to the subject property, Galeria Office Building on Baross tér (which has been under redevelopment for the past 8 years), Hungária Center (a concrete skeleton, opposite Budapest Arena), Skanska's project on the Thököly/Hungária corner and K3's additional phases by Népliget.

COMPETING SCHEMES

Building / Address	*District*	*Headline Rent (psm / mth)*	*Total GLA*	*Comments*
R70 (A)	VII	12.00	19,000	73% occupancy
Aréna Corner (A)	VIII	13.00	30,000	75% occupancy
Parkway (A)	VIII	13.50	27,500	95% occupancy
Népliget Center (A)	IX	10.50	26,000	62.5% occupancy
Hermina Towers (B)	XIV	11.00	16,500	85% occupancy
M3 Business Cntr. (A)	XIV	10.00	14,000	50% occupancy
Stefánia Park (A)	XIV	13.00	5,400	90% occupancy

PROPERTY	Arena Plaza Extension
ADDRESS	1148 Budapest, Kerepesi út 9, Hungary
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

Office development is currently unfeasible at depressed rents and a tenant driven market. Anyone investing in the site would probably calculate with a certain holding period prior to construction until the market somewhat recovers.
In our calculations we assumed a three year holding period, a 12 month construction period, a recovered market for the lettings in the consecutive 12 months and for the sale in month 60 from valuation date.

VALUATION ASSUMPTIONS

RENTAL VALUE

We assumed and average ERV for each category based on our market research and knowledge of office lease transactions and current trends.

Offices	€	12.50	/sqm /month
Underground Parking	€	75.00	/sqm /month
Offices	€	12.50	/sqm /month
Underground Parking	€	75.00	/sqm /month
5	€	-	/sqm /month
6	€	-	/sqm /month
7	€	-	/sqm /month
8	€	-	/sqm /month
9	€	-	/sqm /month
10	€	-	/sqm /month
11	€	-	/sqm /month

EXIT RATES APPLIED

We calculated with a 3 year hold period, a 12 month construction period and a further 12 month letting period, so project sale is assumed to happen 5 years from the valuation date. We have compared office yields and sale prices with the existing stock in Budapest. Based on our market experience we estimate that prime yields will be around 7.0% for fully established scheme in a recovered market. We have applied a 150 basis point discount to reflect the speculative nature of the assumed scheme.

	Exit
Offices	8.50%
Underground Parking	8.50%
Offices	8.50%
Underground Parking	8.50%
5	0.00%
6	0.00%
7	0.00%
8	0.00%
9	0.00%
10	0.00%
11	0.00%

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.

Office Building	€	750	/sqm
Underground Car Parking	€	200	/sqm
Contingencies		5%	
Letting Fees		12%	ERV
Sales Fees		1%	ERV
Fees		10%	GDC
Planning Fees & Contributions	€		-
Other	€		-
Developer's Profit		25%	GDV

PROPERTY	Arena Plaza Extension
ADDRESS	1148 Budapest, Kerepesi út 9, Hungary
VALUATION DATE	31 December 2013

SUMMARY RESIDUAL VALUATION

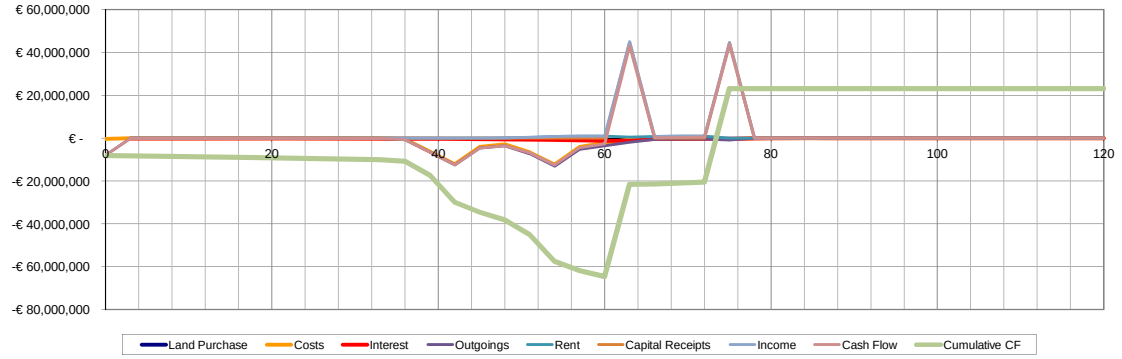
Capital Receipts			€	88,941,176		
Rent			€	5,953,500		
Income					€	**94,894,676**
Development Costs			-€	44,250,000		
Infrastructure			€	-		
Demolitions			€	-		
Planning fees & contributions			€	-		
Other costs			€	-		
Fees			-€	4,425,000		
Contingencies			-€	2,433,750		
Fixed Marketing Costs			€	-		
Sales Fees	1%	sales proceeds	-€	889,412		
Leasing Fees	**12%**	**annual rent**	-€	907,200		
Development Finance	8.00%		-€	6,614,901		
Developer's Profit @	25.00%	GDV	-€	22,235,294		
Acquisition Fees	4.00%		-€	505,351		
					-€	**82,260,908**
Residual value					€	**12,633,769**
Land Holding cost						0.618184
					€	**7,810,000**

Cash Flow

Year	0	1	2	3	4	5	6	7	8
Land Purchase	-€ 7,810,000								
Costs	-€ 312,400	€ -	€ -	-€ 580,781	-€ 25,554,375	-€ 25,427,194	-€ 898,306	-€ 444,706	€ -
Income	€ -	€ -	€ -	€ -	€ -	€ 2,976,750	€ 47,447,338	€ 44,470,588	€ -
Interest	€ -	-€ 649,792	-€ 701,775	-€ 757,917	-€ 1,802,067	-€ 3,937,427	-€ 2,495,422	-€ 398,310	€ -
Cash Flow	-€ 8,122,400	-€ 649,792	-€ 701,775	-€ 1,338,699	-€ 27,356,442	-€ 26,387,870	€ 44,053,610	€ 43,627,573	€ -
Cumulative CF	-€ 8,122,400	-€ 8,772,192	-€ 9,473,967	-€ 10,812,666	-€ 38,169,108	-€ 64,556,978	-€ 20,503,368	€ 23,124,204	€ 23,124,204

As can be seen in the chart below, we assume development will commence at the fourth year. Based on the proposed scheme the property will be developed in two equal phases of 25,000 sqm Gross Built Area. Each phase will consist of 22,500 sqm net lettable office space with corresponding 450 underground car parking spaces at 1:50 space per GLA ratio. After a 12 month letting period the schemes are sold. The scheme starts to generate profit after the handover of the second phase in month 75. The main cost for the first year is the land acquisition. The first phase is developed in the fourth while the second phase is developed in the fifth year.

Cash Flow Profile



PROPERTY	Arena Plaza Extension
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VALUATION DATE	31 December 2013

SUMMARY & CONCLUSION

We have compared the site to available commercial land in the wider vicinity. However we primarily ran a residual calculation to develop our findings. We estimate that the subject plot would transact in the €100-€200per buildable sqm range, which we consider to be realistic in the context of the available market information.
Sites in Budapest in more favourable locations have been traded at around €200 per buildable sqm, we therefore consider the subject property should be somewhere in the middle of this range.

No directly comparable transaction (office development land in the Central Pest submarket) has been concluded in the last two years, therefore residual approach provides the most reliable market value.

In summary, using the above assumptions and variables we have arrived at a residual amount of €360 per sqm, which calculates to €150 per buildable area and is according to our opinion a unit value of the site.

Gross value **€** **-**

Address	Details	Asking or sold?	Date	€/ build. Sqm
Cornerstone site (Váci út 140-150)	Bought by HB Reavis early 2012 – to be developed into an office building with 24,000 GLA	transaction	H1 2012	€ 220
Nordic Light Site (Váci út 96)	c. €10.5m paid in 2011 - to be developed into a 30,000sqm GLA of offices	transaction	2011	€ 350
Green House site (Kassák u. 19-25)	c. €3.2m paid in 2010- to be developed into 18,000sqm GLA office building	transaction	2010	€ 177

MARKET VALUE	**€**	**7,810,000.00**	**say**	**€**	**7,800,000**

PROPERTY	David House
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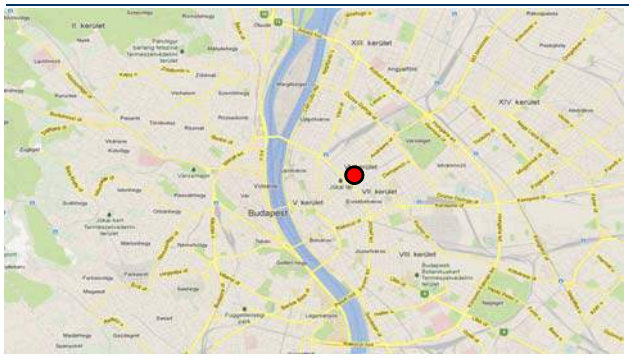
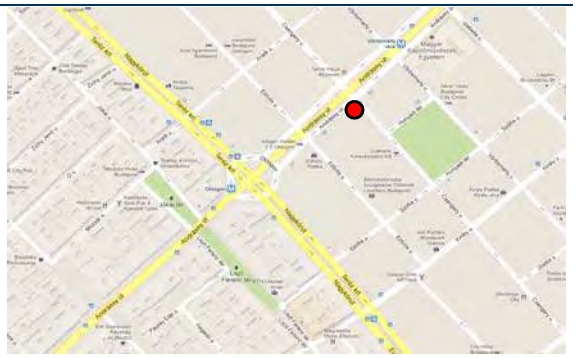


Macro Location



Micro Location

Front View

Internal View

LOCATION

The subject scheme is located on the prestigious Andrássy út in district VI of Budapest, two corners away from Oktogon and just opposite the House of Terror Museum. Surrounding land use primarily includes office, institutional (embassies, museums, schools) and residential uses.
The location is served well in terms of public transportation. The Millennium underground (M1) has its nearest stops at Vörösmarty utca and Oktogon. Bus no 105 stops at Oktogon, while trolleybus line no 73 and 76 run along the nearby Izabella utca. Nyugati railway station is some 500 metres to the north while Liszt Ferenc International Airport is located some 15km to the south-east.

LOCATION DETAILS

City Population	2,000,000
Local Land	Mixed, offices, institutional and residential
Distance to Centre	1 km
Distance to Highway	2.5 km
Distrance to National Road	0.5 km
Public Transport	Metro M1, Bus # 105
Plot area	796 sq m
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Refurbished, protected offices
Occupation	owner occupied
Historic monument	yes, facade & artwork protected
Gross lettable area	approx 2,200 sqm if single let
Parking Places	none
Access	street
Utilities	all
Legal issues	assumed to be problem free

PROPERTY	David House
ADDRESS	1062 Budapest, Andrássy út 59, Hungary
VALUATION DATE	31 December 2013

PROPERTY DATA

BUILDING

Year of Construction	1882
Modernisation Year	2001
Building Condition	good
Gross lettable area	2297.24
Parking places	0
Current rent p.a.	0
Vacancy rate (overall)	100%
Weighted remaining lease term	0
State of Repair	Good
Overall Condition	Good

TECHNICAL DETAILS

Building Type	Office
Construction	late 19th century
Facade	Neorenessaince, protected
Roof	Pitched
Windows	Various
Glazing	double
Heating	central heating
AC/ Ventilation	parapet fan coil
Cabling	walls/raised floor
Sanitary	Modern standard

PLOT OF LAND

Site area, total	796
Surplus Land	0
Developed area (% total site)	100%

INSPECTION

Inspection Type	Internal and external
Inspection Date	17/05/2013
Inspected by	Balazs Lados MRICS

PROPERTY DESCRIPTION

The subject property is a protected historic building currently refurbished to office use. The refurbishment works were carried out in 2001, it currently serves as the office headquarters of Plaza Centers. Many of the original features of the building have been preserved such as the facade, the inner courtyard, stukkos, woodwork, etc.

The building offers approximately 2,000 sqm of office space on 2,200 sqm of net internal area arranged over ground plus two stories and an attic level. Technical areas and building machinery are installed in the basement.

The building is maintained in good condition, although Plaza Centers only use the first and second floors as office space. The building is currently best suited for a single occupier, although multi-tenanted occupation is also possible with some investment in the specification.

Potential occupiers may include end users, such as embassies, international organizations or high profile advisory firms (McKinsey, Boston Consulting Group etc.).

ACCOMMODATION

We were provided with an area break-down of the property from the scaled floor plans. These areas are Net Internal Areas and reflect the area schedule of the building in single occupation. We have relied on these areas and have not undertaken check measurements on site to verify the accuracy of these floor areas. We assume that these areas are accurate and calculated in accordance with normal market practice. A summary is shown below.

Description	Primary use	Sqm (NIA)
B	Technical Areas	95.06
G	Ground floor reception, Covered Atrium, Café and street level offices	607.37
1	First Floor office cellular office space	400.43
2	Offices, meeting rooms and common areas renovated and restored to a very high standard	484.45
3	Open space offices with raised floors and state of the art internal fit out (a bit dark at some plat	405.56
4 (Attic)	Attic level, primarily open space offices with a very good amount of natural light through sky ligl	399.43
Total		2392.30
Total Above Ground		2297.24

PROPERTY	David House
ADDRESS	1062 Budapest, Andrássy út 59, Hungary
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LAND REGISTRY DETAILS

The property is situated in Budapest District VI Municipality.

According to the information provided by the Chief Architect's office, plot is zoned in the VK-VI-2 category, for city centre 'urban' use. The zoning allows uses such as residential, offices, public administration, hospitality, sports, recreational and underground parking. Key Parameters are as follows:

Land registry no.	29458	Obtained on	12/02/2012
Registered owner	Plaza House Ingatlanfejlesztő Kft		
Registered use	Office		
Registered size	796 sqm		

Restrictions and encumbrances

The facade and certain parts of the building (artwork, woodwork, stucco, etc) are protected and are listed as World Heritage.

Comments

The building seems to accord with its current zoning.
We were advised that it received a valid use permit and occupancy permit at the 2001 refurbishment.

PLANNING ISSUES

Zoning	VK-VI-2
Footprint ratio	80%
Maximum buildable area	3582
Maximum height	21
Permit status	assumed to be valid

- Minimum Plot area:	700 sqm
- Minimum Plot Width:	18 sqm
- Maximum Built Up Ratio:	80% (100%)
- Minimum Green Area:	10% (0%)
- Floor Area/Plot Ratio:	4.5 sqm/sqm
- Minimum Building Height:	16 m

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPERTY	David House
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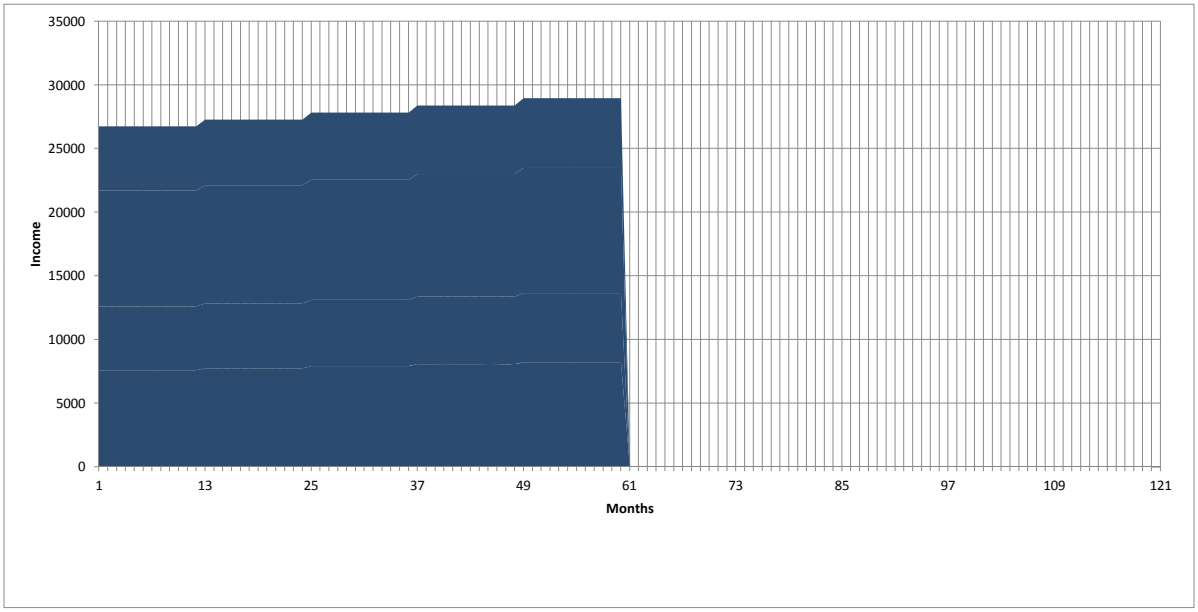
TENANCIES

Number of Tenants		
Vacant space (m²)		
Lease Income (p.a.)	€	365,941
Other Income (p.a.)	€	-
Operating Expenses (p.a.)	-€	1,458,576
Service Charge (/sqm / month)	€	4.00
Lease inspected?		
Standard Lease Terms:		
Lease length		
User Clause		
Security		
External Repairs		
Internal Repairs		
Insurance		
Alienation		
Indexation		

The property is currently owner occupied by Plaza Centers and serves as their headquarter building.
In our calculations we valued the building in vacant possession at our estimation of Market Rent and the relevant Vacant Possession yield.
We are on the opinion that the market rent of the property is approximately €365,000 per annum.

Income Profile



The above show our assumption of the market rent of a 5 year single lease in the subject scheme with annual 2% growth (indexation).

PROPERTY	David House
ADDRESS	1062 Budapest, Andrássy út 59, Hungary
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS	WEAKNESSES
good location	no parking space
good accessability	very cellular layout
unique architecture	big differences in terms of quality among floor

OPPORTUNITIES	THREATS
suitable as a headquarter building to a single	competing schemes
occupier, or	low currently achievable rental levels
multi-let occupation with minor investment	high market vacancy, low demand

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Andrássy út is a prestigious boulevard of Budapest and has two clearly differentiable sections.

The inner strip between Deák tér and Oktogon is the second most important high street destination in Budapest (after Váci utca) accommodating luxury brands on street level and office and/or residential functions on the upper floors. The outer strip is mostly characterized by owner occupiers, institutions, museums, embassies, galleries and luxury residential estates.

The subject scheme is located on the outer strip, only a couple of corners away from Oktogon a busy intersection of Andrássy and the 'Körút' ring road. The building could compete for potential high-end owner occupiers in case sold or could serve as a headquarter building to office occupiers.
Leasing evidence varies very much along Andrássy depending upon the specifications of the building and their distance to the centre and the major metro stops. Headline levels are offered from €10 to €15 with incentives depending upon the term of the lease and the amount of fit-out works required by the tenant.
There haven't been many sale transactions in the past 24 months. The late evidence is the sale of the OREX building

PROPERTY	David House
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VALUATION DATE	31 December 2013

COMPARABLES

LEASE COMPARABLES

Building (Class)	*Address*	*Headline Rent (psm/mth)*	*Incentives on a 5 year contract*	*Comment*
Andrássy Palace (A)	Andrássy 9	€ 12.50	3 monhts rent free, €50/sqm fit-out	ING refurb in 2006
Andrássy 11 (B)	Andrássy 11	€ 10.00	5 monhts rent free, €50-€100/sqm fit-out	IVG refurb in 1999
Krausz Palace (A)	Andrássy 12	€ 10.00	5 monhts rent free, €50-€100/sqm fit-out	IVG refurb in 2001
Wahrmann Palace (A+)	Andrássy 23	€ 15.00	2 monhts rent free, €50/sqm fit-out	McKinsey & Gucci refurb 2009
Andrássy 70 (A)	Andrássy 70	€ 12.50	5 monhts rent free, €50/sqm fit-out	ORCO refurb in 2004
Stock Exchange Bldg (A)	Andrássy 93	€ 10.00	6 monhts rent free, €50/sqm fit-out	Refurb in 2006
Andrássy 100 (A)	Andrássy 93	€ 12.00	5 monhts rent free, €100/sqm fit-out	Refurb in 1999, multi-let building
Russian Embassy (A)	Andrássy	€ 10.00	5 monhts rent free, €100/sqm fit-out	Refurb in 1999, surplus space
Andrássy 126 (B)	Andrássy	€ 10.00	5 monhts rent free, €50-100/sqm fit-out	Refurb in 2001, offices for SMEs

SALES COMPARABLES

Building / Address	*Date*	*Price (€m)*	*Yield %*	*Cap. Value/ sqm*	*Comment*
Millenáris	Q2 2010	5.00	na	€ 2,800	1,800 sqm Class A office building in Discrict II sold to the EU commission
Andrássy 64 (OREX)	Q3 2010	4.00	na	€ 1,800	2,200 sqm Class A office building sold to an owner occupier in vacant possession
Ady Center	Q4 2011	2.60	10.00%	€ 2,000	1,300 sqm Class B offices in Disctirct XII let on short term contracts
Király utca 16	Q4 2011	3.60	na	€ 564	6,400 sqm Class B office building sold to a developer for refurbishment
Milleium Towers	Q4 2011	110.00	7.85%	€ 1,600	70,000 sqm portfolio of Class A offices on long term good covenant contracts
Aviva Porfolio	Q4 2011	106.50	8.25%	€ 1,775	60,000 sqm portfolio of Class A offices on long term good covenant contracts
Infopark E	Q1 2013	35.00	8.25%	€ 2,050	17,000 sqm Class A office building sold with a 3 year rental guarantee

COMPETITION

The subject scheme is unique asset in a prestigious location. The amount of stock here is very limited and although a depressed market, the still may be demand for it primarily from high-end owner occupiers.
The 'outer strip' of Andrássy boulevard has been experiencing falling rental levels and higher incentives, due to their relatively remote location compared to the 'inner strip' and the lack of new demand on the Budapest market. The subject scheme is unique in terms of its quality among other buildings of the outer strip and it is only a couple of corners away from Oktogon, the busiest hub of District VI.

INVESTMENT CONSIDERATIONS

Overall the scheme is good quality office building, nicely refurbished and restored. The property is best suitable for single occupation, but could be converted to multi-let use as well with minor investment. There is clear difference in terms of quality and specifications among the individual floors with the second floor being the most valuable.
Potential occupiers could include embassies or high-end corporate occupiers.
The lack of in-house car parking provision could be a potential problem, but it could be solved in the nearby garages around Oktogon.

PROPERTY	David House
ADDRESS	1062 Budapest, Andrássy út 59, Hungary
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

In valuing the property, we have applied a Discounted Cash Flow (DCF) Approach.

The basis of DCF valuation is that the value of the property investment will be equal to the Gross Present Value (GPV) of the projected rental income flow, at the market's required rate of return (discount rate). It allows for explicit assumptions (market expectations) on future rental growth, holding period, depreciation, refurbishment, redevelopment, cost of management and transfer, taxation and financing arrangements.

To run a DCF, one would normally construct a cash flow applying current contracted income for its duration, then replacing the cash flow thereafter with the projected sustainable income (in the case of rents usually calculated at estimated rental value) whilst allowing for expected costs such as bad debts, income voids, commercialisation,

DATE OF ASSESSMENT

Valuation Date	31 December 2013
Report Date	1 January 2014

VALUATION DETAILS SUMMARY

Market Value	€	4,200,000.00
Gross annual income	€	366,000.00
Net Operating Income (Year one)	€	357,000.00
Day One annualised NOI	€	357,000.00
Estimated Rental Value	€	366,000.00
Initial Yield (Year one)		8.50%
Initial Yield (Annualised day one)		8.50%

VALUATION ASSUMPTIONS

RENTAL VALUE

Based upon comparable evidence we used a base rate of €12.5/sqm/month which we have weighted according to the specifications of the relevant floors.
We have priced the building as the market would for a single occupied building. For the Basement technical areas we did not calculate any rent. We used the base rate for the Ground, First and Third floors; 150% of the base rate for the restored and protected second floor;

Cat. 1	€	-	/sqm /month
Cat. 2	€	12.50	/sqm /month
Cat. 3	€	18.75	/sqm /month
Cat. 4	€	9.38	/sqm /month
Cat. 5	€	1.00	/sqm /month
Cat. 6	€	1.00	/sqm /month
Cat. 7	€	1.00	/sqm /month
Cat. 8	€	1.00	/sqm /month
Cat. 9	€	1.00	/sqm /month
Cat. 10	€	1.00	/sqm /month
Cat. 11	€	1.00	/sqm /month

DISCOUNT AND EXIT RATES APPLIED

We estimate that that the building could be sold at a rate of approx 7.5% in case single let on a long term basis to a good covenant occupier. We have added an additional 100-150 bps to reflect vacancy risk to arrive at our rate applied in the traditional method and as exit rate.
For the discount rate we have added 200 bps to reflect

	Discount	Exit
Default	10.50%	8.50%
Vacant	10.50%	8.50%
Yield2	10.50%	8.50%
Yield3	10.50%	8.50%
Yield4	10.50%	8.50%
Yield5	10.50%	8.50%
Yield6	10.50%	8.50%
Yield7	10.50%	8.50%
Yield8	10.50%	8.50%

OTHER VARIABLES

We have used market rates for service charge, lease term and non-recoverable costs.

Service Charge Income	€	4.00	/sqm/ month
Service Charge Outgoings	€	4.00	/sqm/ month
Non recoverables		2.50%	ERV
Void on expiry		1.00	months
Lease Term		10.00	years
Rent Free Periods		0.00	months
Leasing Fees		0%	1 year's rent
Fit out costs	€	-	psm
Other fixed costs			
Inflation			

PROPERTY	David House
ADDRESS	1062 Budapest, Andrássy út 59, Hungary
VALUATION DATE	31 December 2013

PROJECTED INCOME PROFILE

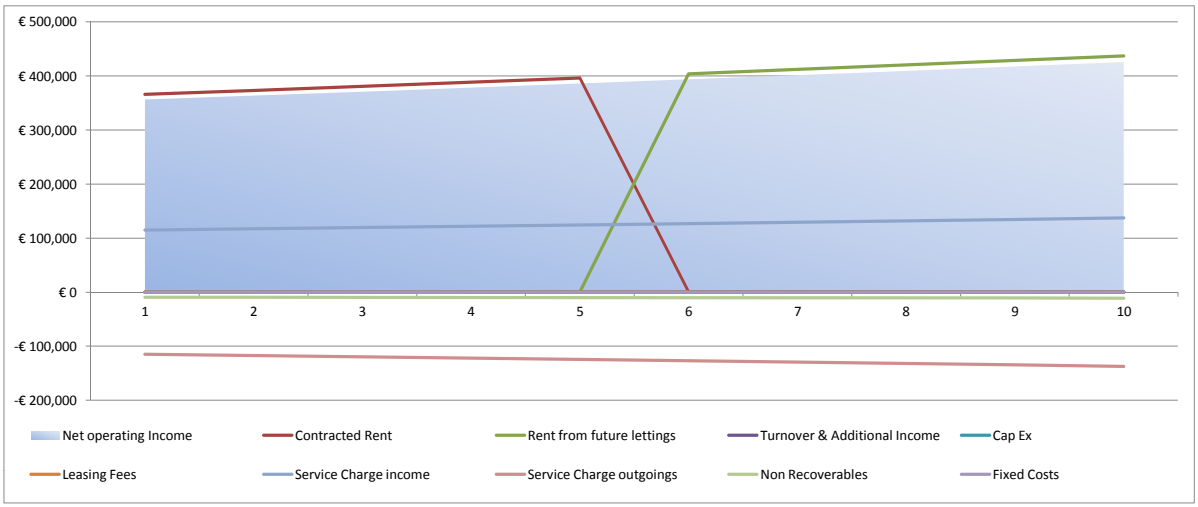
CASH FLOW

Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 365,941	€ 373,260	€ 380,725	€ 388,340	€ 396,106	€ -	€ -	€ -	€ -	€ -
Rent from future lettings	€ -	€ -	€ -	€ -	€ -	€ 404,029	€ 412,109	€ 420,351	€ 428,758	€ 437,334
Turnover & Additional Income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge income	€ 114,830	€ 117,127	€ 119,470	€ 121,859	€ 124,296	€ 126,782	€ 129,318	€ 131,904	€ 134,542	€ 137,233
Service Charge outgoings	-€ 114,830	-€ 117,127	-€ 119,470	-€ 121,859	-€ 124,296	-€ 126,782	-€ 129,318	-€ 131,904	-€ 134,542	-€ 137,233
Non Recoverables	-€ 9,149	-€ 9,331	-€ 9,518	-€ 9,708	-€ 9,903	-€ 10,101	-€ 10,303	-€ 10,509	-€ 10,719	-€ 10,933
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
TOTAL	**€ 356,793**	**€ 363,928**	**€ 371,207**	**€ 378,631**	**€ 386,204**	**€ 393,928**	**€ 401,806**	**€ 409,843**	**€ 418,039**	**€ 426,400**

Monthly income

The chart above

Annual Income



PROPERTY	David House
ADDRESS	1062 Budapest, Andrássy út 59, Hungary
VALUATION DATE	31 December 2013

DISCOUNTED CASH FLOW

Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 331,168	€ 305,694	€ 282,179	€ 260,473	€ 240,437	€ -	€ -	€ -	€ -	€ -
Rent from future lettings	€ -	€ -	€ -	€ -	€ -	€ 221,941	€ 204,869	€ 189,110	€ 174,563	€ 161,135
Turnover & Additional Income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge income	€ 103,919	€ 95,925	€ 88,546	€ 81,735	€ 75,448	€ 69,644	€ 64,287	€ 59,342	€ 54,777	€ 50,563
Service Charge outgoings	-€ 103,919	-€ 95,925	-€ 88,546	-€ 81,735	-€ 75,448	-€ 69,644	-€ 64,287	-€ 59,342	-€ 54,777	-€ 50,563
Non Recoverables	-€ 8,279	-€ 7,642	-€ 7,054	-€ 6,512	-€ 6,011	-€ 5,549	-€ 5,122	-€ 4,728	-€ 4,364	-€ 4,028
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Exit										€ 1,885,280
TOTAL	**€ 322,889**	**€ 298,052**	**€ 275,125**	**€ 253,961**	**€ 234,426**	**€ 216,393**	**€ 199,747**	**€ 184,382**	**€ 170,199**	**€ 2,042,387**

Based upon the above assumptions we have arrived at and answer of €4 million, which is in line with the comparable relatively small lot size transactions of high prestige vacant possession buildings in Budapest.

Lanchid Palota sold for c€2,000/sqm in Spetember 2013

Gross value			**€**	**4,197,560**
Legal Costs	**1.00%**			
Agent Fees	**1.00%**			
Transaction Costs	**4.00%**	**6.00%**	**€**	**237,598**
Market Value			**€**	**3,959,962**

MARKET VALUE

say € 3,950,000

PROPERTY	TORUŃ PLAZA
ADDRESS	UL. BRONIEWSKIEGO 90, TORUŃ
VALUATION DATE	31 December 2013

PROPERTY	TORUŃ PLAZA
ADDRESS	UL. BRONIEWSKIEGO 90, TORUŃ
VALUATION DATE	31 December 2013

Macro Location

Micro Location

Front View

Internal View

LOCATION

The property is located in North Central Poland, the city of Toruń with population of 205,000 inhabitants

The Property is located in the western part of Toruń, approximately 3 km from the centre, in the Bydgoskie Przedmieścia District, at 90 Władysława Broniewskiego Street.

The Property benefits from excellent transport links. The Property is about 3km distant from the centre of the city. The distance to the Main Railway Station in Toruń is approximately 5 km.

Władysława Broniewskiego Street, extended by the Bydgoska Route, is the main route leading through the city from east to west. This location provides great accessibility, exposure and appeal for a shopping centre.

Public transport in Toruń consists of 40 bus lines and 6 tram lines operated by the Municipal Transport Company.

Public transport in the vicinity of the Property is considered to be sufficient in the context of the current use of the Property. Tram lines no. 2, 3, 4, 5 stop opposite the Property. Bus line no. 18 stops directly next to the Property, numerous others (0, 15, 17, 26, 28, 34, 36, 40, 43) stop close by.

LOCATION DETAILS

City Population	205,000
Local Land	Mostly residential
Distance to Centre	3 km
Distance to Highway	10 km
Distance to National Road	50 m
Public Transport	Busses and trams
Plot area	49,137 sq m
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Purpose built, retail
Occupation	multi tenancy
Historic monument	No
Gross lettable area	40,456.89
Parking Places	1,137.00
Access	good
Utilities	full
Legal issues	not checked

PROPERTY	TORUŃ PLAZA
ADDRESS	UL. BRONIEWSKIEGO 90, TORUŃ
VALUATION DATE	31 December 2013

PROPERTY DATA

BUILDING

Year of Construction		2011
Modernisation Year		None
Building Condition		excellent
Gross lettable area		40,456.89
Parking places		1,137.00
Current rent p.a.	€	6,531,103.98
Vacancy rate (overall)		19.70%
Weighted remaining lease term		5.36
State of Repair		excellent
Overall Condition		excellent

TECHNICAL DETAILS

Building Type	Retail
Construction	Reinforced steel framework
Facade	steel and glass
Roof	Flat roof
Windows	Various
Glazing	aluminium
Heating	Public heating
AC/ Ventilation	Air conditioning system
Cabling	standard
Sanitary	Modern standard

PLOT OF LAND

Site area, total	62,800 sqm
Surplus Land	None
Developed area (% total site)	100%

INSPECTION

Inspection Type	Internal & External
Inspection Date	16 May 2013
Inspected by	Katarzyna Michnikowska

PROPERTY DESCRIPTION

Toruń Plaza is the largest shopping centre in Toruń. It was completed in 4Q 2011 and provides over 120 shop units on 2 storeys . The building is a modern shopping centre with 40 456.89 sq m of retail area.

The Property is of reinforced concrete framed building with steel and glass elevations.

Internally, floors are tiled, ceilings are either of exposed with various types of suspended lighting, or suspended with various types of lighting embedded.

The building has an efficient layout with anchor retail units located in the central and north part and of the centre. That, together with the supermarket's location at ground level in the north-eastern part of the scheme with a food court and leisure component above, evenly distributes footfall and enhances its circulation.

ACCOMMODATION

We were provided with a break-down of floor areas by the client. We have relied on these areas and have not undertaken check measurements on site to verify the accuracy of these floor areas. We assume that these areas are accurate and calculated in accordance with normal market practice. A summary is shown below.

Description	Primary use	Sqm
Retail	Retail	40,456.89

PROPERTY	TORUŃ PLAZA
ADDRESS	UL. BRONIEWSKIEGO 90, TORUŃ
VALUATION DATE	31 December 2013

LAND REGISTRY DETAILS

The property is situated in **Toruń** Municipality.

According to the information provided by the Chief Architect's office, plot is zoned in the 40.01-UC/U1 category, for **large scale retail** use. This allows uses such as [list possible uses] on the site. The main criteria of the subject zoning are as follows:

Land registry extract		Obtained on	18 October 2012
Registered owner	Toruń Plaza Sp z o.o.		
Registered use			
Registered size	62,800 sqm		

Restrictions and encumbrances

Land easement regarding the transmission set in favour of Toruńska Energetyka Cergia S.A., including the right of access to stretch of land to redevelop, modernize and repair infrastructure.

Comments

Clear and marketable tenure structure

PLANNING ISSUES

Zoning	Large Scale Retail
Footprint ratio	NA (15% green area ratio)
Maximum buildable area	NA
Maximum height	30m
Permit status	Obtained Use Permit

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

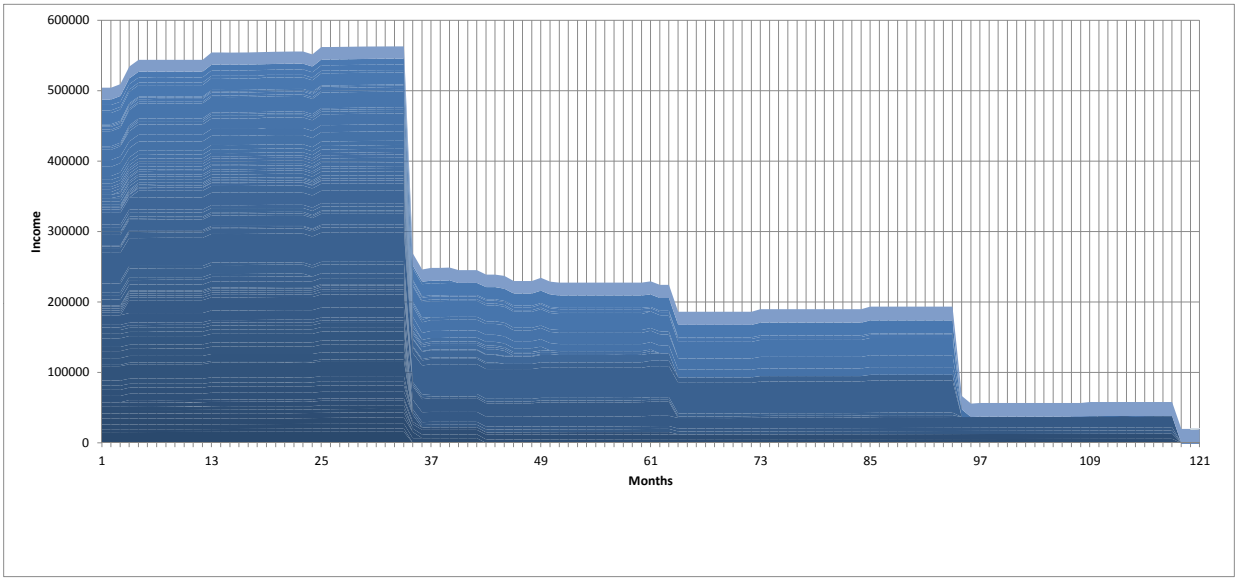
PROPERTY	TORUŃ PLAZA
ADDRESS	UL. BRONIEWSKIEGO 90, TORUŃ
VALUATION DATE	31 December 2013

TENANCIES

Number of Tenants		79
Vacant space (m²)		7953.68
Lease Income (p.a.)	€	6,531,103.98
Other Income (p.a.)	€	288,936.00
Operating Expenses (p.a.)	-€	1,437,386.31
Service Charge (/sqm / month)	€	-
Lease inspected?	Not inspected	
Standard Lease Terms:		
Lease length		5 years
User Clause		Assumed market standard
Security		Cash deposit or bank guarantee
External Repairs		Not covered
Internal Repairs		Covered
Insurance		Covered
Alienation		Assumed market standard
Indexation		HICP

The Property is currently let to 79 tenants overall. According to a spreadsheet provided to us, the Property is almost 80% let. The Property currently generates a gross rental income of EUR 6 531 104 pa (including short-term leases and additional income) as at the valuation date. The average rent in the shopping centre equals EUR 15.83/sq m/month, which we consider to be in line with the market level for schemes of this size, profile and location

Income Profile



Most leases are secure until November 2016. Another wave of lease expiries will occur in November 2021. The weighted remaining lease term is 5.36 years.

PROPERTY	TORUŃ PLAZA
ADDRESS	UL. BRONIEWSKIEGO 90, TORUŃ
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS	WEAKNESSES
Excellent Visibility	high vacancy
Extensive parking	most rental income is not secure beyond 2016
Good public transportation	
Excellent condition	

OPPORTUNITIES	THREATS
Recovery of the real estate investment market	Possible growth in competition
Growth in consumer spending	

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

The total modern retail stock in Toruń amounts to approx. 180,000 sqm GLA, of which 110,000 sqm is within shopping centres (62%), 20,000 sqm retail warehouses (11%) and 50,000 sqm other retail schemes (27%). At the end of Q1 2013 the shopping centre saturation ratio in Toruń was at an average level and amounted to 564 sqm per 1,000 inhabitants. Development activity in large cities is currently low as markets are fairly saturated with modern retail space. However new retail projects are expected in Toruń, in the mid-term perspective (before 2015).

PROPERTY	TORUŃ PLAZA
ADDRESS	UL. BRONIEWSKIEGO 90, TORUŃ
VALUATION DATE	31 December 2013

COMPARABLES

LEASE COMPARABLES

Building / Address	*Date*	*Rent (psm / mth)*	*area*
Atrium Toruń	2013/04/22	€ 14.00	415 sqm
Atrium Toruń	2013/07/15	€ 33.00	24 sqm
Atrium Toruń	2013/08/01	€ 34.77	73 sqm
Atrium Toruń	2013/09/20	€ 30.00	103 sqm
Atrium Toruń	2013/09/20	€ 33.89	101 sqm
Plaza Torun	2013/12/31	€ 14.10	1283 sqm
Plaza Torun	2013/12/31	€ 10.00	1656 sqm

SALES COMPARABLES

Building / Address	*Date*	*Price (€m)*	*Yield %*	
Galeria Leszno	Q1 2013	50.00	8.50%	33,400 sq m GLA
Echo Radom	Q2 2013	23.75	8.50%	19,500 sq m GLA
Echo Tarnów	Q2 2013	22.96	8.50%	20,200 sq m GLA
Echo Piotrków	Q2 2013	20.38	8.50%	17,400 sq m GLA
Galeria Dominikańska	Q3 2013	151.70	6.10%	32,900 sq m GLA
Silesia City Center	Q3 2013	412.00	5.95%	85,547 sq m GLA
Charter Hall Portfolio	Q4 2013	174.50	9.75%	66,277 sq m GLA (Szczecin, Wrocław, Gliwice, Katowice, Kraków)
Wola Park	Q4 2013	180.00	6.00%	43,720 sq m GLA

The property is one of two third generation centres in Toruń, the other one being Galeria Copernicus (ul. Żółkiewskiego) which is expected to be extended bringing the total GLA of Copernicus to 50,000 sqm (most probably after 2015).

Another third generation project will be Solaris located at Szosa Chełminska. Solaris will be slightly smaller than the subject property at GLA of 35,000 sqm. However, this project is currently on hold.

INVESTMENT CONSIDERATIONS

Institutional grade investors may be interested in the asset type. Currently the market liquidity remains low in regional cities in Poland, we expect long marketing periods to be potentially necessary to secure bids in the region of the Market Value.

PROPERTY	TORUŃ PLAZA
ADDRESS	UL. BRONIEWSKIEGO 90, TORUŃ
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

In valuing the property, we have applied a Discounted Cash Flow (DCF) Approach.

The basis of DCF valuation is that the value of the property investment will be equal to the Gross Present Value (GPV) of the projected rental income flow, at the market's required rate of return (discount rate). It allows for explicit assumptions (market expectations) on future rental growth, holding period, depreciation, refurbishment, redevelopment, cost of management and transfer, taxation and financing arrangements.

To run a DCF, one would normally construct a cash flow applying current contracted income for its duration, then replacing the cash flow thereafter with the projected sustainable income (in the case of rents usually calculated at estimated rental value) whilst allowing for expected costs such as bad debts, income voids, commercialisation, letting fees, fit out costs, incentives and the like.

DATE OF ASSESSMENT

Valuation Date	31 December 2013
Report Date	31 December 2013

VALUATION DETAILS SUMMARY

Market Value	€	97,575,000.00
Gross annual income	€	6,820,000.00
Net Operating Income (Year one)	€	6,578,000.00
Day One annualised NOI	€	6,228,000.00
Estimated Rental Value	€	7,787,000.00
Initial Yield (Year one)		6.74%
Initial Yield (Annualised day one)		6.38%

VALUATION ASSUMPTIONS

RENTAL VALUE

We have adopted the following ERV's to reflect the local leasing market as well as the specific characteristics of the centre.

0-50	€	42.00	/sqm /month
50-100	€	34.00	/sqm /month
100-150	€	30.00	/sqm /month
150-200	€	21.00	/sqm /month
200-300	€	20.00	/sqm /month
300-500	€	17.00	/sqm /month
500+	€	14.00	/sqm /month
cinema	€	6.50	/sqm /month
leisure	€	7.00	/sqm /month
food	€	27.00	/sqm /month
supermarket	€	10.00	/sqm /month

DISCOUNT AND EXIT RATES APPLIED

Yield chosen reflect the current state of the market and parameters of the Property

	Discount	Exit
Default	9.75%	8.25%
Vacant	10.25%	8.25%
Yield2	9.75%	8.25%
Yield3	9.75%	8.25%
Yield4	9.75%	8.25%
Yield5	9.75%	8.25%
Yield6	9.75%	8.25%
Yield7	9.75%	8.25%
Yield8	9.75%	8.25%

OTHER VARIABLES

We have assumed 12 months vacancy for the currently vacant units. Otherwise typical market assumptions were made

Service Charge Income	€	-	/sqm/ month
Service Charge Outgoings	€	-	/sqm/ month
Non recoverables		1.5%	ERV
Void on expiry		1.00	months
Lease Term		5.00	years
Rent Free Periods		0.00	months
Leasing Fees		9%	1 year's rent
Fit out costs	€	-	psm
Other fixed costs			
Inflation		1.90%	

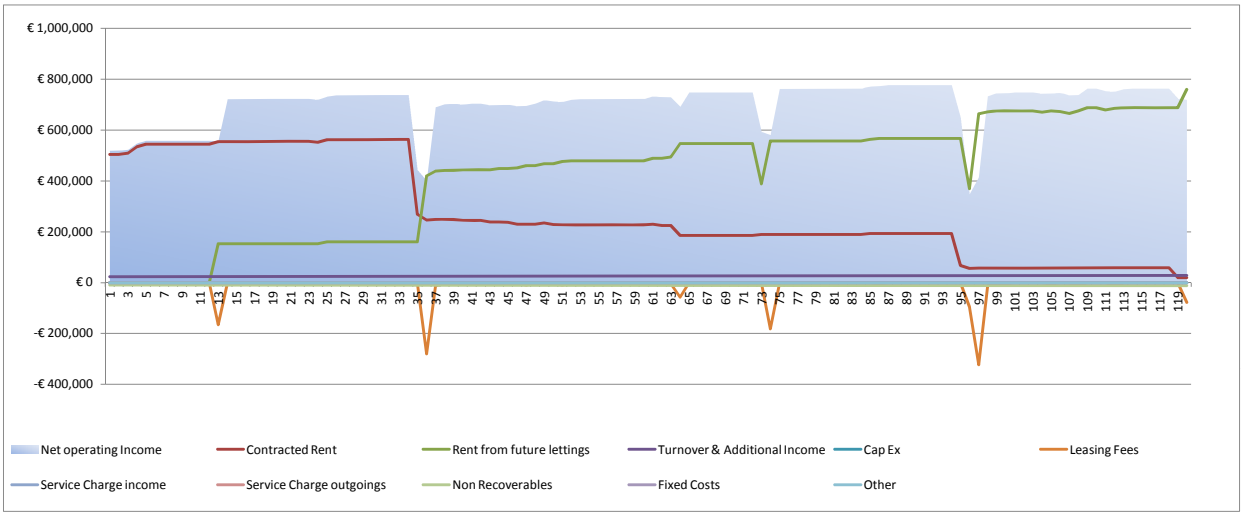
PROPERTY	TORUŃ PLAZA
ADDRESS	UL. BRONIEWSKIEGO 90, TORUŃ
VALUATION DATE	31 December 2013

PROJECTED INCOME PROFILE

CASH FLOW

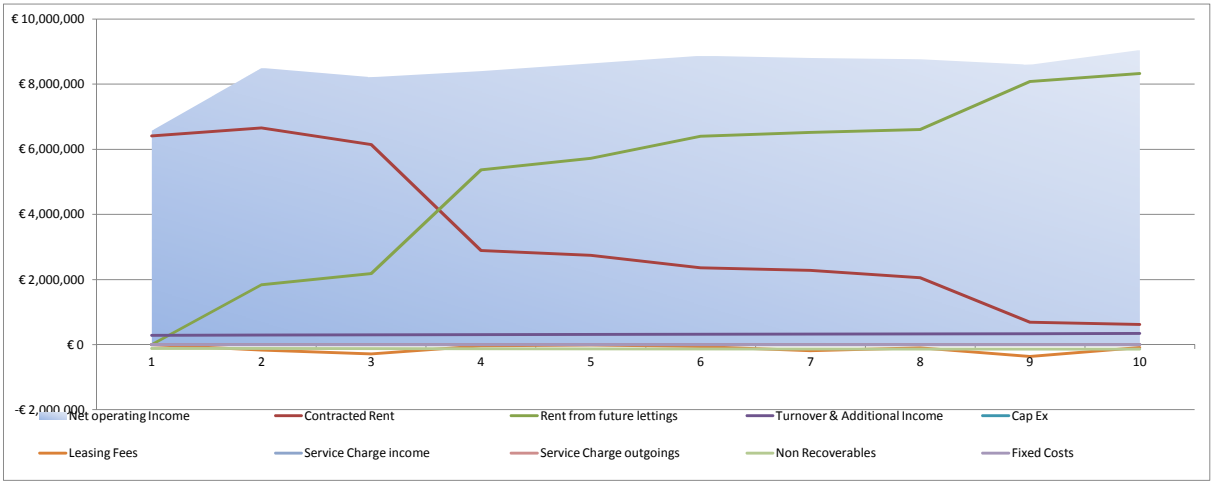
Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 6,408,063	€ 6,657,883	€ 6,144,457	€ 2,888,072	€ 2,742,492	€ 2,356,337	€ 2,279,439	€ 2,058,534	€ 684,627	€ 621,387
Rent from future lettings	€ -	€ 1,840,601	€ 2,185,608	€ 5,368,072	€ 5,724,023	€ 6,394,542	€ 6,516,959	€ 6,610,216	€ 8,075,356	€ 8,321,344
Turnover & Additional Income	€ 288,936	€ 294,426	€ 300,020	€ 305,720	€ 311,529	€ 317,448	€ 323,479	€ 329,626	€ 335,888	€ 342,270
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	€ -	-€ 165,654	-€ 284,864	-€ 34,330	-€ 11,136	-€ 63,460	-€ 182,001	-€ 99,496	-€ 360,075	-€ 90,004
Service Charge income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge outgoings	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Non Recoverables	-€ 118,584	-€ 120,837	-€ 123,133	-€ 125,473	-€ 127,857	-€ 130,286	-€ 132,762	-€ 135,284	-€ 137,854	-€ 140,474
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
TOTAL	**€ 6,578,415**	**€ 8,506,419**	**€ 8,222,087**	**€ 8,402,061**	**€ 8,639,052**	**€ 8,874,581**	**€ 8,805,115**	**€ 8,763,595**	**€ 8,597,942**	**€ 9,054,524**

Monthly income



The property is rented broadly in line with the ERV level. We are forecasting growth in the ERV to be in line with the inflation rate which is estimated at 1.9% per year.

Annual Income



PROPERTY	TORUŃ PLAZA
ADDRESS	UL. BRONIEWSKIEGO 90, TORUŃ
VALUATION DATE	31 December 2013

DISCOUNTED CASH FLOW

Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 5,838,782	€ 5,527,479	€ 4,648,040	€ 1,990,627	€ 1,722,355	€ 1,348,374	€ 1,188,492	€ 977,961	€ 296,356	€ 245,085
Rent from future lettings	€ -	€ 1,528,096	€ 1,653,326	€ 3,699,987	€ 3,594,833	€ 3,659,167	€ 3,397,921	€ 3,140,360	€ 3,495,594	€ 3,282,073
Turnover & Additional Income	€ 263,267	€ 244,437	€ 226,953	€ 210,720	€ 195,648	€ 181,654	€ 168,661	€ 156,597	€ 145,397	€ 134,997
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	€ -	-€ 137,529	-€ 215,488	-€ 23,663	-€ 6,993	-€ 36,314	-€ 94,895	-€ 47,268	-€ 155,866	-€ 35,499
Service Charge income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge outgoings	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Non Recoverables	-€ 108,050	-€ 100,321	-€ 93,146	-€ 86,483	-€ 80,297	-€ 74,554	-€ 69,221	-€ 64,270	-€ 59,673	-€ 55,405
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Exit										€ 45,963,581
TOTAL	**€ 5,994,000**	**€ 7,062,163**	**€ 6,219,686**	**€ 5,791,189**	**€ 5,425,546**	**€ 5,078,327**	**€ 4,590,958**	**€ 4,163,380**	**€ 3,721,806**	**€ 49,534,831**

The property valuation outcome with exception of relatively low initial yield due to the relatively high vacancy is typical for the market.

Gross value			**€**	**97,581,886**
Legal Costs	**0.00%**			
Agent Fees	**0.00%**			
Transaction Costs	**0.00%**	**0.00%**		
Market Value			**€**	**97,581,886**

MARKET VALUE

say € 97,580,000

PROPERTY	Zgorzelec Plaza
ADDRESS	Armii Krajowej 52a, Zgorzelec
VALUATION DATE	31 December 2013

PROPERTY	Zgorzelec Plaza
ADDRESS	Armii Krajowej 52a, Zgorzelec
VALUATION DATE	31 December 2013

Macro Location

Micro Location

Front View

Internal View

LOCATION

The Property is located in Zgorzelec, at 52a Armii Krajowej Street. Zgorzelec is located in south-western Poland, in Lower Silesia Voivodeship, and has a population of nearly 32,000. The city borders with Goerlitz (located on the German side of the border) which is inhabited by nearly 55,000 citizens.
Zgorzelec is situated about 160 km west of Wrocław, and 260 km south-west of Poznań.
At the end of October 2013 the unemployment rate in Zgorzelec Poviat stood at 14.5%, more than in Lower Silesia Voivodship (12.8%) and Poland (13%).
According to GFK Polonia's survey, purchasing power in Zgorzelec in 2012 was approximately 27% higher than the country average and stood at EUR 7,298 annually per capita.
The Property is located in western part of Zgorzelec, within a predominantly commercial and residential development. The immediate neighbourhood of the Property comprises single family houses to the south, church to the west, Armii Krajowej Street to the north and Słowiańska Street to the east. Further east there are Castorama, Eden retail park and Leroy Merlin.
The Property's micro location provides convenient access to the city centre and other parts of the city.
The property has a vehicle access point directly from Armii Krajowej Street.
In the city, there is only one bus line No. MLK 50, which runs from German Gorlitz to the Carrefour market on the Polish side.

LOCATION DETAILS

City Population	32,000
Local Land	Mixed, residential and retail development
Distance to Centre	2 km
Distance to Highway	2 km
Distrance to National Road	0 km
Public Transport	N/A
Plot area	35,071
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Shopping Centre
Occupation	Multi-tenant
Historic monument	No
Gross lettable area	12,556.64
Parking Places	
Access	Direct from Armii Krajowej Street
Utilities	water, electricity
Legal issues	not checked

PROPERTY	Zgorzelec Plaza
ADDRESS	Armii Krajowej 52a, Zgorzelec
VALUATION DATE	31 December 2013

PROPERTY DATA

BUILDING

Year of Construction	2010
Modernisation Year	n/a
Building Condition	Good
Gross lettable area	12,556.64
Parking places	0.00
Current rent p.a.	€ 1,519,109
Vacancy rate (overall)	10.49%
Weighted remaining lease term	3.19
State of Repair	Good
Overall Condition	Good

TECHNICAL DETAILS

Building Type	Retail
Construction	Reinforced concrete
Facade	Mineral and painted finishing /Aluminium Panels
Roof	Flat roof
Windows	Various
Glazing	n/a
Heating	Gas
AC/ Ventilation	AC
Cabling	Yes
Sanitary	Modern standard

PLOT OF LAND

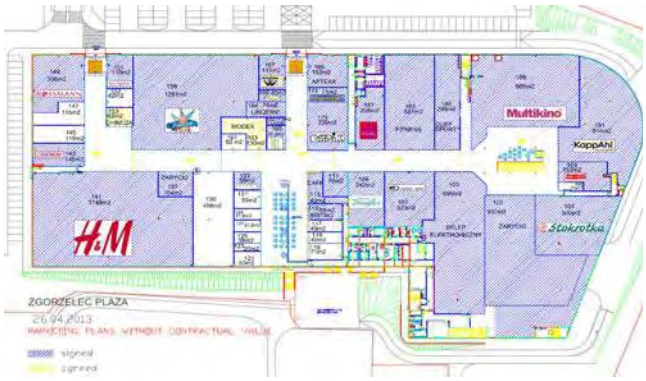
Site area, total	35,071
Surplus Land	n/a
Developed area (% total site)	48%

INSPECTION

Inspection Type	Internal/external
Inspection Date	20 May 2013
Inspected by	Jakub Budych

PROPERTY DESCRIPTION

The Property is a modern shopping centre opened in 2010 with a total area of 12,556.64 sq m.
The retail space is arranged on the ground floor and is anchored by H&M, Multikino and Media Expert.
The building is accesed via 2 entrances located along the northern facade. The access to the underground car park is in the north-eastern corner of the property.
The subject property benefits from the surface and internal underground parking located under eastern part of the building. The property is not fenced.



ACCOMMODATION

We were provided with a break-down of floor areas in the tenancy schedule. We are advised that the areas reflect add-on (an apportionment for common area usage), which is common in the local market. We have relied on these areas and have not undertaken check measurements on site to verify the accuracy of these floor areas. We assume that these areas are accurate and calculated in accordance with normal market practice. A summary is shown below.

Description	Primary use	Sq m
0 - 50 sq m	Retail	221.38
51 - 100 sq m	Retail	630.55
101 - 150 sq m	Retail	834.29
151 - 200 sq m	Retail	314.89
201 - 300 sq m	Retail	990.28
301 - 500 sq m	Retail	1,127.90
> 501 sq m	Retail	4,430.95
Fitness	Retail	586.24
Foodcourt	Retail	322.91
Cinema	Retail	967.74
Leisure	Retail	1,281.76
Supermarket	Retail	751.30
Storage	Storage	96.45
	Total	**12,556.64**

PROPERTY	Zgorzelec Plaza
ADDRESS	Armii Krajowej 52a, Zgorzelec
VALUATION DATE	31 December 2013

LAND REGISTRY DETAILS

The property is situated in Zgorzelec Municipality.
According to the Land Register extract (copy dated 10 July 2012) we calculated the site area of the Property to be 36,516 sq m. It comprises plots no. 9/4, 9/5, 9/6, 9/29, 1/12, 9/1, 1/10 and 9/2 situated in zone 0013 in Zgorzelec entered in the Land and Building registers No. JG1Z/00026838/2, JG1Z/00044135/6, JG1Z/00045375/7, JG1Z/00048999/8. The subject plots are owned freehold by Zgorzelec Plaza Sp. z o.o.

Land registry extract	Not applicable	Obtained on	Not Applicable
Registered owner	Zgorzelec Plaza Sp. z o.o.		
Registered use			
Registered size	36,516 sq m		

Restrictions and encumbrances

L&MR JG1Z/00026838/2:
• A free of charge easement to use to the extent necessary to lay sewage line, water pipe and cable line in favour of Przedsiębiorstwo Wodociągów i Kanalizacji "Nysa" Sp. z o.o.
• Easement giving the right of way for the benefit of each owner of the plot no. 9/29.
• Claim for the establishment of contractual mortgage or cap mortgage to the amount of EUR 42,198,000 set in favour of Bank Zachodni WBK S.A as collateral for payment of the term loan.
• Claim for the establishment of contractual mortgage or cap mortgage discretion to the amount of PLN 31,500,000 set in favour of Bank Zachodni WBK S.A. as collateral for payment of the VAT loan.

L&MR JG1Z/00044135/6:
• An easement giving the right of way to the plot no. 9/2 for the benefit of each owner of the plot no. 9/1.

L&MR JG1Z/00045375/7:
•A free of charge easement until construction of pumping station on the plot 9/24 but no longer than 31st May 2008 set in favour of Przedsiębiorstwo Wodociągów i Kanalizacji "Nysa" Sp. z o.o.

L&MR JG1Z/00048999/8:
• Claim for the establishment of contractual mortgage or cap mortgage to the amount of EUR 42,198,000 set in favour of Bank Zachodni WBK S.A as collateral for payment of the term loan.
• Claim for the establishment of contractual mortgage or cap mortgage discretion to the amount of PLN 31,500,000 set in favour of Bank Zachodni WBK S.A. as collateral for payment of the VAT loan.
• A free of charge easement for unlimited period of time established for the benefit of Przedsiębiorstwo Wodociągów i Kanalizacji "Nysa" Sp. z oo. w Zgorzelcu.
• An easement giving the right on the plot no. 1/12 for the benefit of each owner of the plot no. 1/11.

There are 2 mortagages entered in the following Land and Building registers No. JG1Z/00026838/2, JG1Z/00044135/6, JG1Z/00045375/7, JG1Z/00048999/8.
Details are as follows:
• A contractual capped mortgage to the amount of EUR 42,198,000 set in favour of Bank Zachodni WBK S.A.

Comments

The property appears to hold good title with no onerous terms or conditions apparent and have valued the property on this assumption.

PLANNING ISSUES

Zoning	n/a
Footprint ratio	n/a
Maximum buildable area	n/a
Maximum height	n/a
Permit status	n/a

We have not made formal enquiries to the Local Planning Authority. However according to sources open for general access the subject Property is not subject to a valid Master Plan. According to the Outline Zoning Plan adopted by the Resolution No. 55/07 by the Zgorzelec City Council dated 17 September 2007, the subject property is located in U - zone, designated for commercial uses.

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPERTY	Zgorzelec Plaza
ADDRESS	Armii Krajowej 52a, Zgorzelec
VALUATION DATE	31 December 2013

TENANCIES

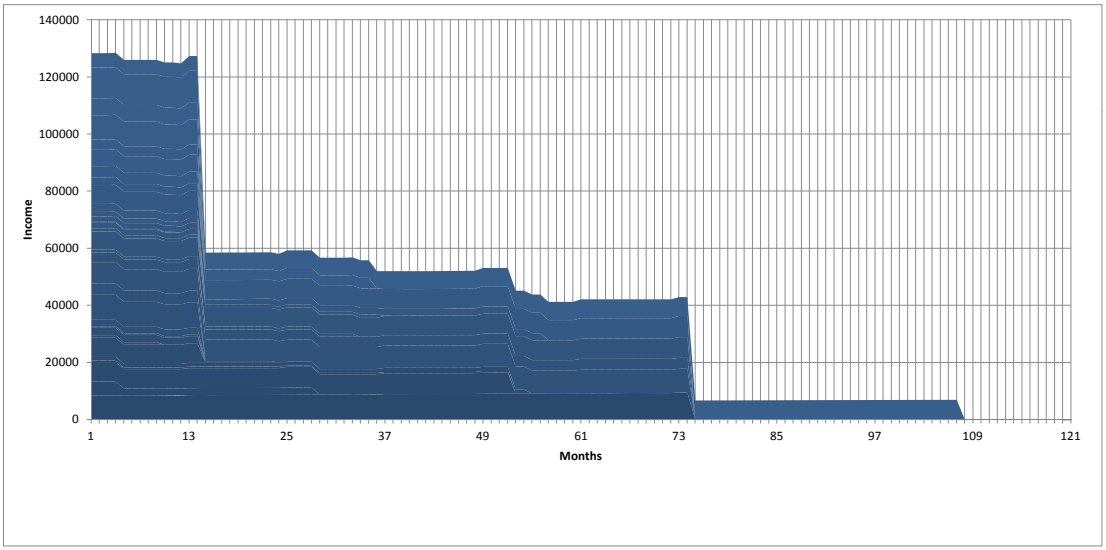
Number of Tenants		30
Vacant space (sq m)		
Lease Income (p.a.)		1,544,683
Other Income (p.a.)		21,600
Operating Expenses (p.a.)		-426,515
Service Charge (/sqm / month)	€	-
Lease inspected?		No
Standard Lease Terms:		
Lease length		6 years
User Clause		assumed market standard
Security		assumed market standard
External Repairs		assumed market standard
Internal Repairs		assumed market standard
Insurance		assumed market standard
Alienation		assumed market standard
Indexation		assumed market standard

The Property was let to 30 tenants as at the valuation date. According to rent-roll provided to us the property is 89.5% let with 1,316 sq m of vacant space.
Based on the information provided, we understand that following step rents are valid as at the valuation date (Zarycki, Modex, Yes, Domico). The tenant New Men Style pays only 10% turnover for the first 2 years of the lease. The tenant Chili Sense prolonged their lease for the next year at the turnover rent of 10%.

There are short-term tenants leasing stands, kiosks and spaces throughout the mall as well as additional income receivable from advertising boards and billboards, antennas, ATMs, vending machines, etc.

The additional income for the May 2013 equates to EUR 1,809.
The average lease term weighted by income is 3.19 years, which seems medium from an investor's perspective. The majority of current income (50%) is scheduled to expire in 2015, further 8% in 2016.

Income Profile



As at the valuation date, the property generates the net income amounting to nearly EUR 128,000 per month. The lease accouting for nearly 50% of the maxium rent will expire in February 2015, the rest will expire until 2020 year.

SWOT-ANALYSIS

STRENGTHS
- Good location in regional city
- Cinema as anchor tenant
- Good state of repair

WEAKNESSES
- Vacancy level at 10%
- Direct competition of Galeria Słowiańska
- Medium quality tenant mix
- Wide range of rents in selected categories

OPPORTUNITIES

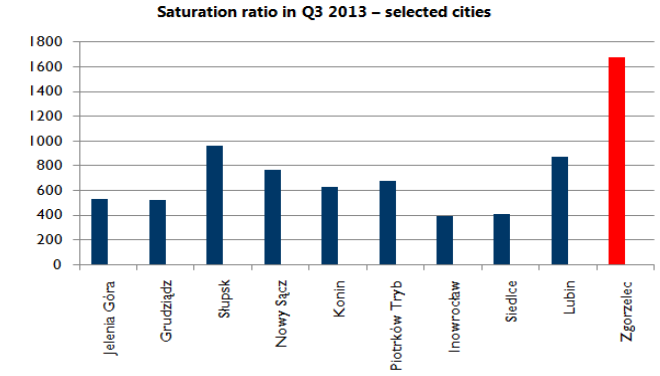
THREATS
- Leases accouting for 55% of passing rent will expire in 2015

PROPERTY	Zgorzelec Plaza
ADDRESS	Armii Krajowej 52a, Zgorzelec
VALUATION DATE	31 December 2013

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Stock & supply

The total modern retail stock in Zgorzelec amounts to approx. 75,000 sqm GLA, of which 55,000 sqm constitute shopping centres (73%). At the end of Q3 2013 the shopping centre saturation ratio in Zgorzelec was at a high level and amounted to 1,676 sqm per 1,000 inhabitants. New development activity in the city is low as the market is saturated with modern retail space.

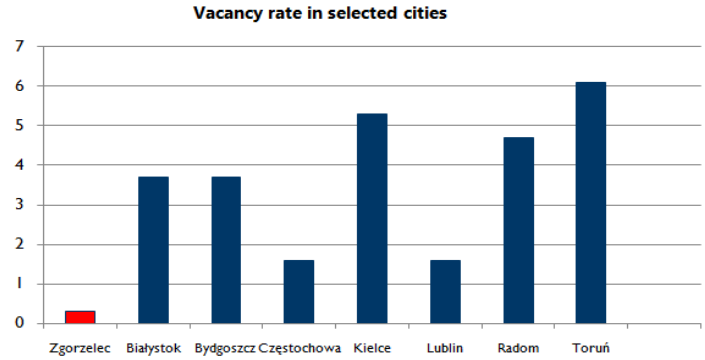


Source: C&W Valuation & Advisory services, December 2013

The development of modern retail schemes started in Zgorzelec after 2000, when Real at Słowiańska was completed. Galeria Słowiańska, totalling 27,000 sqm GLA, was constructed in the city between 2006 and 2008. The scheme is anchored by Carrefour hypermarket, LPP Group, Deichmann and CCC.
The largest offer of stores, service and catering units, as well as leisure facilities, can be found in Plaza Zgorzelec, which was completed in 2010. Plaza Zgorzelec offers 15,000 sqm GLA of stores, including Stokrotka supermarket, H&M, KappAhl, EMPiK, Multikino, a fitness club and Fantasy Park.
There are no new retail schemes at an advance stage of development in the city, except small extensions of existing retail schemes (e.g. Saller Park close to Real).

Demand & vacancy rates

The demand for modern retail space remains at an average level. Most retailers interested in the Zgorzelec market already operate in Galeria Słowiańska or Plaza, though new entrants are expected in the long term perspective. The vacancy rate is at at a low level (0.3%) compared with other cities. In the group of average size cities the highest vacancy rate has been recorded in Toruń (6.1%) and Kielce (5.3%). The lowest vacancy has been recorded in Lublin (1.6%) and Częstochowa (1.6%).



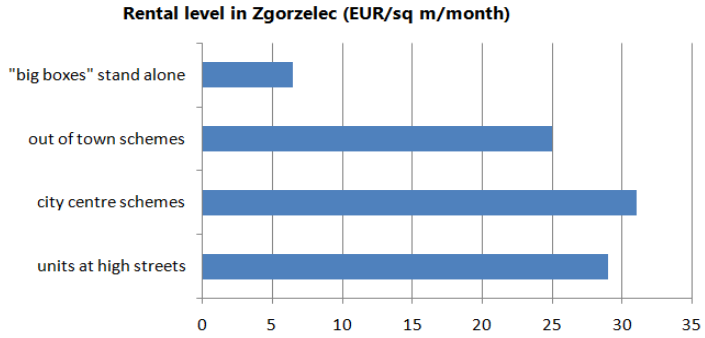
Source: C&W Valuation & Advisory services, December 2013

PROPERTY	Zgorzelec Plaza
ADDRESS	Armii Krajowej 52a, Zgorzelec
VALUATION DATE	31 December 2013

Rental level

The prime rents in shopping centres in Zgorzelec have been recorded in Plaza (EUR 29-31/sqm/month). Rents in out of town centres achieved EUR 23-25/sqm/month. Large size units (over 5,000 sqm GLA) are priced at EUR 6.0-6.5/sqm/month and average size units (1,000-3,000 sqm GLA) at EUR 7.5-9.5/sqm/month. Due to the high competition on the market incentives are common, including participation in fit-out, rent free periods and rent based only on turnover.

The service charges in shopping centres are at EUR 1.5-2.5/sqm/month for large size tenants and EUR 5.5-7.5/sqm/month for others. Additionally, tenants are obliged to pay marketing fees at EUR 1-3/sqm/month, depending on the centre and size of the unit.



Source: C&W Valuation & Advisory, December 2013

COMPARABLES

LEASE COMPARABLES

Building / Address	*Date*	*Rent (psm / mth)*	*Type*
Zgorzelec Plaza	2013	EUR 5.0	> 501 sq m
Zgorzelec Plaza	2013	EUR 7.5	> 501 sq m
Zgorzelec Plaza	2013	EUR 4.0	301 - 500 sq m
Zgorzelec Plaza	2012	EUR 9.5	Foodcourt
Zgorzelec Plaza	2012	EUR 20.0	0-50 sq m
Zgorzelec Plaza	2012	EUR 6.5	51-100 sq m
Zgorzelec Plaza	2012	EUR 6.0	Cinema

SALES COMPARABLES

Building / Address	*Date*	*Price (€m)*	*Yield %*	*Comment*
Parkridge Portfolio	Q1 2012	90	n/d	Rybnik, Zielona Góra, Bydgoszcz, Piotrków Trybunalski
Galeria Tęcza	Q1 2012	37	8.5%	
Racibórz Retail Park	Q4 2012	5	8.5%-9%	
Galeria Twierdza -	Q4 2012	1	n/d	
Galeria Tarnovia - 70%	Q4 2012	28	n/d	
Galeria Leszno	Q1 2013	50	8.5%	
Echo Radom	Q1 2013	24	n/d	
Echo Tarnów	Q1 2013	23	n/d	
Echo Piotrków	Q1 2013	20	n/d	
Galeria Świdnicka	Q2 2013	25	n/d	
Retail Park	Q3 2013	2	n/d	Nowy Dwór Mazowiecki
Galeria Orkana	Q3 2013	15	n/d	
Charter Hall	Q4 2013	174	9.75%	Szecin, Wrocław, Gliwice, Kraków, Katowice

COMPETITION

Direct competition comprises Galeria Słowiańska shopping centre located some 400 m to the north-east of the subject property. Galeria Słowiańska opened in 2006 offers nearly 20,000 sq m of retail space and 720 out door parking spaces. The anochor tenants are Carrefour, LPP Group (Reserved., Cropp, Home&You, House, Mohito), Deichmann and CCC.

PROPERTY	Zgorzelec Plaza
ADDRESS	Armii Krajowej 52a, Zgorzelec
VALUATION DATE	31 December 2013

INVESTMENT CONSIDERATIONS

Activity on the Polish commercial investment market in the first half of 2013 continued to be robust. The volume of transactions made and closed hit EUR 1.09bn at the end of June 2013, up by around 16% compared with the same period last year. The office sector accounted for around 60% of the total investment volume as a result of a relatively strong supply of high-quality properties. Despite undiminished interest, the retail and warehouse sectors did not perform so well due to lengthy sale agreement procedures, and accounted for around 23% and 16% of the transaction volume, respectively.

In line with previous years, German and US investors commanded a nearly 50% market share. Polish investors came third with the record high market share at 17.6% and properties acquired for around EUR 192m. The stronger position of domestic investors is likely to increase stability of the Polish market and stimulate other market players to invest.

The outlook for Poland's commercial investment market remains healthy for the forthcoming months given the large number of deals signed in Q3 2013 and preliminary contracts totalling around EUR 1.2bn. The volume of commercial property investment will continue to grow on the back of the gradual economic revival in Poland reflected by rising private consumption and corporate investments, call-off of the fiscal policy tightening and increased stocking. In addition, strong demand and supply of new assets to come onto the market in the years 2014–2015 are expected to contribute to a high transaction volume on the Polish investment market in later years as well.

In the first half of 2013 the retail transaction volume settled at around EUR 247m, nearly half the deal volume in the same period last year. However, this underperformance did not result from weakening demand as demand for prime retail properties in particular continued to be very strong but from the lengthy negotiations and formalities related to signing final sale agreements. Transaction volume is expected to pick up in the second half of the year following many preliminary purchase agreements, including Silesia City Center in Katowice
for EUR 412m, the largest volume for a single property in Poland on record, five retail properties from Charter Hall's portfolio for EUR 174.5m and Galeria Dominikańska in Wrocław for EUR 151.7m.

The largest deal in the first half of 2013 was the sale of a 23% stake in Złote Tarasy by the Warsaw Municipality to the French fund Unibail-Rodamco, which became the sole owner of the property. The second largest transaction on the Polish retail market was the acquisition of the portfolio of three Echo shopping centres in Radom, Piotrków Trybunalski and Tarnów by the UK fund London & Cambridge Properties for EUR 67m, the first such substantial purchase by this investor since 2006.

Prime retail yields remain at 2012's level of around 6%. Due to a paucity of prime retail assets, most deals were made for smaller properties outside Poland's five largest cities. Yields for such properties are much higher, falling within the range of 7.5% and more than 10% with the average at around 8.5%.

VALUATION

VALUATION METHODOLOGY

In valuing the property, we have applied a Discounted Cash Flow (DCF) Approach.

The basis of DCF valuation is that the value of the property investment will be equal to the Gross Present Value (GPV) of the projected rental income flow, at the market's required rate of return (discount rate). It allows for explicit assumptions (market expectations) on future rental growth, holding period, depreciation, refurbishment, redevelopment, cost of management and transfer, taxation and financing arrangements.

To run a DCF, one would normally construct a cash flow applying current contracted income for its duration, then replacing the cash flow thereafter with the projected sustainable income (in the case of rents usually calculated at estimated rental value) whilst allowing for expected costs such as bad debts, income voids, commercialisation, letting fees, fit out costs, incentives and the like.

DATE OF ASSESSMENT

Valuation Date	31 December 2013
Report Date	31 December 2013

VALUATION DETAILS SUMMARY

Market Value	€	17,125,000.00
Gross annual income	€	1,566,000.00
Net Operating Income (Year one)	€	1,526,000.00
Day One annualised NOI	€	1,547,000.00
Estimated Rental Value	€	1,534,000.00
Initial Yield (Year one)		8.91%
Initial Yield (Annualised day one)		9.03%

PROPERTY	Zgorzelec Plaza
ADDRESS	Armii Krajowej 52a, Zgorzelec
VALUATION DATE	31 December 2013

VALUATION ASSUMPTIONS

RENTAL VALUE

Our estimate of Market Rent is derived from our knowledge of concluded rents in the retail sector, also with regard to recent transactions concluded on the subject property, in addition to our other enquiries to our in house retail agency team.

0 - 50 sq m	€	27.00	/sqm /month
51 - 100 sq m	€	20.00	/sqm /month
101 - 150 sq m	€	16.00	/sqm /month
151 - 200 sq m	€	14.00	/sqm /month
201 - 300 sq m	€	12.00	/sqm /month
301 - 500 sq m	€	11.00	/sqm /month
> 501 sq m	€	9.00	/sqm /month
Fitness	€	6.00	/sqm /month
Foodcourt	€	17.50	/sqm /month
Cinema	€	6.00	/sqm /month
Leisure	€	5.00	/sqm /month
Supermarket	€	7.50	/sqm /month
Storage	€	3.00	/sqm /month

DISCOUNT AND EXIT RATES APPLIED

In analysing the market value of the subject investment, we liaised with our Capital Market team and have taken account of current investment market sentiment and comparable investment transactions closed in 2011 and 2012.

	Discount	Exit
Default	11.00%	9.00%
Vacant	11.00%	9.00%
Additional	11.00%	9.00%

OTHER VARIABLES

Even under a fully repairing and insuring lease, there are always non recoverable costs for the landlord. Therefore, we assumed non-recoverable costs including maintenance cost of vacant space to be at a level of 1.00% of market rent. We assumed leasing costs at a level of 12% of annual rental value of leased space.

Service Charge Income	€	-	/sqm/ month
Service Charge Outgoings	€	-	/sqm/ month
Non recoverables		1%	ERV
Void on expiry		0.00	months
Lease Term		5.00	years
Rent Free Periods		0.00	months
Leasing Fees		12%	1 year's rent
Fit out costs	€	-	psm
Other fixed costs			
Inflation		2%	

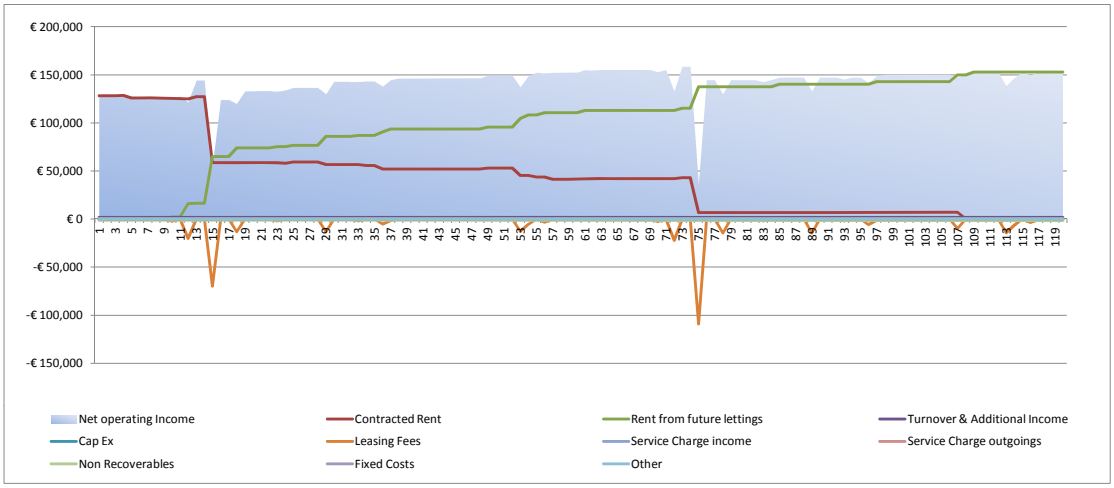
PROPERTY	Zgorzelec Plaza
ADDRESS	Armii Krajowej 52a, Zgorzelec
VALUATION DATE	31 December 2013

PROJECTED INCOME PROFILE

CASH FLOW

Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 1,519,109	€ 840,095	€ 684,163	€ 624,347	€ 555,765	€ 505,089	€ 152,432	€ 81,478	€ 76,182	€ -
Rent from future lettings	€ 23,255	€ 747,762	€ 1,002,262	€ 1,123,730	€ 1,256,812	€ 1,354,597	€ 1,604,373	€ 1,681,889	€ 1,729,133	€ 1,833,108
Turnover & Additional Income	€ 21,600	€ 21,600	€ 21,600	€ 21,600	€ 21,600	€ 21,600	€ 21,600	€ 21,600	€ 21,600	€ 21,600
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	-€ 23,048	-€ 84,816	-€ 20,214	-€ 1,528	-€ 21,820	-€ 25,447	-€ 125,710	-€ 22,318	-€ 11,484	-€ 24,091
Service Charge income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge outgoings	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Non Recoverables	-€ 15,339	-€ 15,645	-€ 15,958	-€ 16,277	-€ 16,603	-€ 16,935	-€ 17,274	-€ 17,619	-€ 17,972	-€ 18,331
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
TOTAL	**€ 1,525,577**	**€ 1,508,996**	**€ 1,671,852**	**€ 1,751,871**	**€ 1,795,755**	**€ 1,838,904**	**€ 1,635,422**	**€ 1,745,029**	**€ 1,797,459**	**€ 1,812,286**

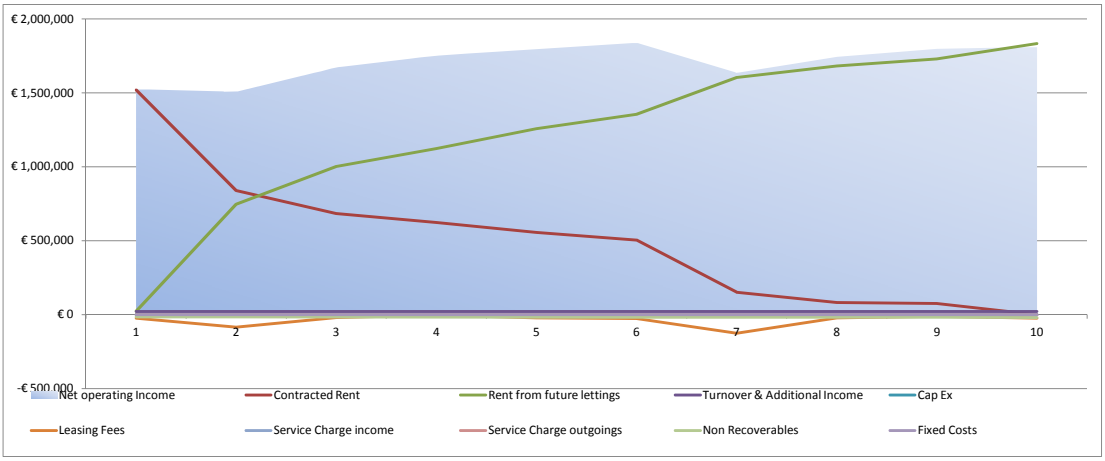
Monthly income



Most of contracted rent is secured untill February 2015. Another wave of lease expiry will occur in February 2020.
We have assumed a stable additional income in the valuation, in amount of EUR 1,800 pm according to the current additional income.
Due to the fact that the property was constructed in 2010 and represents very good state of repair, we have not assumed any capital expenditures.
We have assumed that the currently vacant space will be let within the period 12-18 months.
We have assumed leasing fee on the level of 12% of rental value.
Additionaly, the leasing costs appear in February 2015 and 2020, when most of contracted leases expire.
We have assumed Non Recoverable Costs on the level of 1% of rental value in the valuation.

PROPERTY	Zgorzelec Plaza
ADDRESS	Armii Krajowej 52a, Zgorzelec
VALUATION DATE	31 December 2013

Annual Income



DISCOUNTED CASH FLOW

Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 1,368,567	€ 681,840	€ 500,254	€ 411,276	€ 329,820	€ 270,041	€ 73,420	€ 35,355	€ 29,781	€ -
Rent from future lettings	€ 20,950	€ 606,901	€ 732,845	€ 740,236	€ 745,857	€ 724,223	€ 772,760	€ 729,816	€ 675,961	€ 645,592
Turnover & Additional Income	€ 19,459	€ 17,531	€ 15,794	€ 14,229	€ 12,819	€ 11,548	€ 10,404	€ 9,373	€ 8,444	€ 7,607
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	-€ 20,764	-€ 68,838	-€ 14,781	-€ 1,007	-€ 12,949	-€ 13,605	-€ 60,549	-€ 9,684	-€ 4,489	-€ 8,484
Service Charge income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge outgoings	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Non Recoverables	-€ 13,819	-€ 12,698	-€ 11,669	-€ 10,722	-€ 9,853	-€ 9,054	-€ 8,320	-€ 7,645	-€ 7,026	-€ 6,456
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Exit										€ 7,218,127
TOTAL	**€ 1,374,394**	**€ 1,224,735**	**€ 1,222,444**	**€ 1,154,012**	**€ 1,065,693**	**€ 983,153**	**€ 787,715**	**€ 757,214**	**€ 702,671**	**€ 7,856,386**

The market value of the Property is the sum of EUR 16,700,000 (EUR 1,333 per sq m).
According to market analysis, the estimated market value correspondences with the value of potential sale transaction.

Gross value			**€**	**17,128,417**
Legal Costs	**0.00%**			
Agent Fees	**0.00%**			
Transaction Costs	**0.00%**	**0.00%**	**€**	**-**
Market Value			**€**	**17,128,417**

MARKET VALUE say € 17,125,000

PROPERTY	SUWAŁKI PLAZA
ADDRESS	15 Dwernickiego Street, Suwałki, Poland
VALUATION DATE	31 December 2013

Macro Location

Micro Location

Front View

Internal View

LOCATION

Suwałki is a county town located in the east-northern Poland in the Podlaskie Voivodeship in the proximity to the country's borders with Lithuania and Kaliningrad Oblast, 30 km and 60 km, respectively. Suwałki has the area of 65 sq km and the population of around 70,000. The city is intersected by one national road (no. 8) connecting south-western with north-eastern parts of the country. There are plans to develop express road S61 in the near future to relieve traffic congestion in the city, which is connected with the city's location in a heavy transit corridor. The planned road will be part of an international route "Via Baltica" connecting Warsaw with the capital of Estonia, Tallinn.

According to the Central Statistical Office, the unemployment rate in September 2013 was slightly lower than national average (13.0%) and amounted to 12.4%. According to GFK Polonia's survey purchasing power in Suwałki was 0.1% lower than the country average and stood at EUR 5,752 annually per capita.

The subject property is located on Dwernickiego Street in the central part of Suwałki, close to a junction of the city's major arterial routes. The property's direct surrounding consists mostly of single and multifamily residential units. The property is accessible from Dwernickiego Street.

LOCATION DETAILS

City Population	69,404
Local Land	Residential & commercial
Distance to Centre	0 km
Distance to Highway	280 km
Distrance to National Road	0.5 km
Public Transport	9 bus lines
Plot area	21,119 sq m
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Shopping Centre
Occupation	Multi-tenancy
Historic monument	Yes
Gross lettable area	19,441.40 sq m
Parking Places	388
Access	from Dwernickiego Street
Utilities	available, not checked
Legal issues	not checked

PROPERTY	SUWAŁKI PLAZA
ADDRESS	15 Dwernickiego Street, Suwałki, Poland
VALUATION DATE	31 December 2013

PROPERTY DATA

BUILDING

Year of Construction	2010
Modernisation Year	n/a
Building Condition	good
Gross lettable area	19,441.40 sq m
Parking places	388
Current rent p.a.	€ 3,328,655
Vacancy rate (overall)	14.6%
Weighted remaining lease term	3.37 year
State of Repair	Good
Overall Condition	Good

TECHNICAL DETAILS

Building Type	Retail - Shopping Centre
Construction	Reinforced steel framework
Facade	Aluminum panels
Roof	Flat roof
Windows	Various
Glazing	yes
Heating	Gas central heating
AC/ Ventilation	Air conditioning system
Cabling	yes
Sanitary	Modern standard

PLOT OF LAND

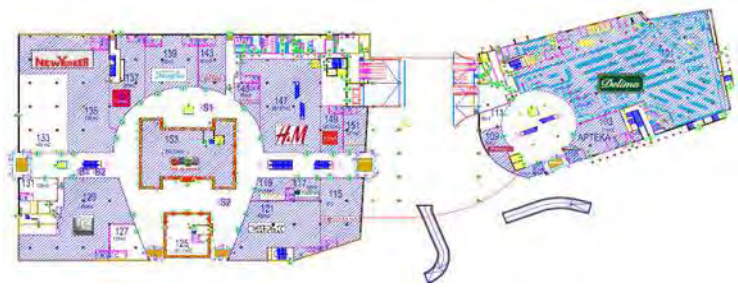
Site area, total	21,119 sq m
Surplus Land	no
Developed area (% total site)	n/a

INSPECTION

Inspection Type	Internal/external
Inspection Date	21 May 2013
Inspected by	Katarzyna Michnikowska

PROPERTY DESCRIPTION

The Property is a modern shopping centre opened in 2010 with a total leasable area of 19,441.40 sq m. It is a three-storey building with underground parking. The ground floor and the first floor mainly accommodate retail space with a food court on the first floor. The second floor is occupied by the entertainment tenants, Cinema and Fantasy Park.
The building is accessible via 4 entrances and benefits from 366 underground parking places and 22 surface places. The Property is not fenced.



ACCOMMODATION

We have obtained tenancy information from the Client. The rent roll is as at 30 September 2013 and explained by e-mail correspondence with the client in February 2014. We have relied on these areas and have not undertaken any measurements on site to verify their accuracy. A summary of the area schedule is as follows:

Description	Primary use	Sqm
Supermarket	Retail	2039.10
Cinema	Retail	1085.30
Leisure	Retail	1379.00
Food Court	Retail	435.70
0-50 sq m	Retail	237.50
51-100 sq m	Retail	953.00
101-150 sq m	Retail	698.80
151-200 sq m	Retail	355.00
201-300 sq m	Retail	967.50
301-500 sq m	Retail	2989.90
501 sq m +	Retail	8300.60

PROPERTY	SUWAŁKI PLAZA
ADDRESS	15 Dwernickiego Street, Suwałki, Poland
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LAND REGISTRY DETAILS

According to the copy of the Land Registry dated on 1 September 2010 provided by the Client, the subject land comprises 5 plots situated in precint no. 5 in Suwałki on Dwernickiego Street with a total area of 21,119 sq m. The land comprises the following plots: 10377/1, 10476/1, 10378/1, 10379/1 and 10380/1. The subject plots are owned by Suwałki Plaza Sp.zo.o.

Land registry extract	Applicable	Obtained on	2010/09/01
Registered owner	Suwałki Plaza Sp. z o. o.		
Registered use	Other undeveloped areas		
Registered size	21,119 sq m		

Restrictions and encumbrances

L&MR no. SU1S/00055838/6
a) Gratuitous land easment for benefit of each and every owner of the plot no. 24881 (L&MR no. SU1S/00006744) relating to the right to use and access the plots no. 10377/1, 10378/1, 10476/1 in the event of heating network failure.
b) Two prison buildings situated on plot no. 10378/1 are entered in the register of historical monuments.
c) Gratuitous, perpetual charge trasmision line easment for the benefit of PEC w Suwłakach Sp. z o.o. relating to heating network located in the ground on the plots no. 10378/1 and 10377/1.
d) Contractual capped mortgage security in the amount of EUR 18,000,000 held by ING Bank Hipoteczny S.A.
e) Contractual capped mortgage security in the amount of EUR 57,960,000 held by ING Bank Śląski S.A.
f) Contractual capped mortgage security in the amount of PLN 121,875,000 held by ING Bank Śląski S.A.
g) Contractual capped mortgage security in the amount of EUR 4,000,000 held by ING Bank Śląski S.A. Centrum Bankowości Korporacyjnej w Warszawie.

L&MR no. SU1S/00055838/6
a) Gratuitous, perpetual charge transmision line easment for the benefit of PEC w Suwłakach Sp. z o.o. relating to heating network located in the ground on the plots no. 10379/1 and 10380/1.
b) Contractual capped mortgage security in the amount of EUR 864,929 held by ING Bank Hipoteczny S.A.
c) Contractual capped mortgage security in the amount of EUR 6,435,971 held by ING Bank Śląski S.A.

Comments

The listed prison buildings have been preserved and form an integral part of the shopping gallery, featuring some retail units.
Transmission line easments relating to a heating network are very common rights in the city centres in Poland. As the specified easments do not limit the use of the Property, they have not impacted on the property value.
The property appears to hold good title with no onerous terms or conditions apparent and have valued the property on this assumption.

PLANNING ISSUES

Zoning	services
Footprint ratio	65%
Maximum buildable area	n/a
Maximum height	23.70 m
Permit status	valid occupancy permit

We have not made formal enquiries to the Local Planning Authority. However according to sources open for general access and information provided by the Client the subject Property is subject to a valid Master Plan approved 30 April 2010. The Property comes under jurisdiction of Suwałki Municipality in terms of zoning. According to that the subject Property is located within 1UC and 2UC zones where citywide services are allowed as well as retail over 2,000 sq m of sales area.

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

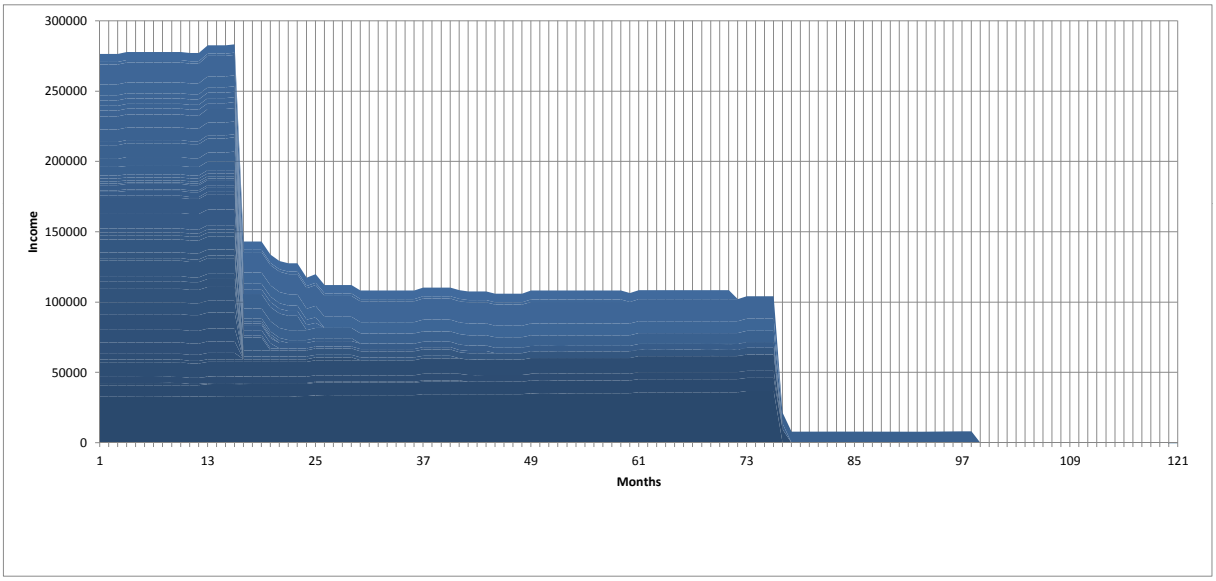
PROPERTY	SUWAŁKI PLAZA
ADDRESS	15 Dwernickiego Street, Suwałki, Poland
VALUATION DATE	31 December 2013

TENANCIES

Number of Tenants		47
Vacant space (m²)		1,748.30
Lease Income (p.a.)	€	3,328,655.05
Other Income (p.a.)	€	-
Operating Expenses (p.a.)	€	22,624.58
Service Charge (/sqm / month)	€	-
Lease inspected?	no	
Standard Lease Terms:		
Lease length		5 years
User Clause	Assumed market standard	
Security	Assumed market standard	
External Repairs	Assumed market standard	
Internal Repairs	Assumed market standard	
Insurance	Assumed market standard	
Alienation	Assumed market standard	
Indexation	Assumed market standard	

The Property was let to 47 tenants as at the valuation date. According to a spreadsheet provided to us the property is 91% let with 1,748.30 sq m of vacant space.
The property generates a gross rental income of EUR 3,228,655 p.a. (excluding additional income) as at the valuation date. The rents are euro-denominated.
Based on the information provided, we understand that step rents have been granted for 3 tenants.
There are short-term tenants leasing stands, kiosks and spaces throughout the mall as well as additional income receivable from advertising boards and billboards, ATMs, etc.
The additional income for the 2013 equates to EUR 7,400.
The average lease term weighted by income is 3.37 years, which seems relatively short from an investor's perspective. The majority of income (60%) is scheduled to expire in 2015.
We understand that the tenants pay service charges and all property costs are fully recoverable.

Income Profile



Most leases are secure until May 2015. Unless leases are extended, another wave of lease expiries will occur in April 2020. Weighted remaining lease term (by income) is 3.37 years.

SWOT-ANALYSIS

STRENGTHS

Central location in Suwałki, in the proximity of rail and bus stations.
Zoning suitable for retail use over 2,000 sq m of sales area.
Lack of direct competition in the city.
Relatively low level of market saturation.
Good tenant mix, with well known, strong tenants.

WEAKNESSES

Relatively high percentage of vacant area.
Small, secondary city.
Relatively low purchasing power index in the city.

OPPORTUNITIES

Potential increase of purchasing power in the city.
Low retail development activity in the city.

THREATS

The fear of prevailing economic slowdown.

PROPERTY	SUWAŁKI PLAZA
ADDRESS	15 Dwernickiego Street, Suwałki, Poland
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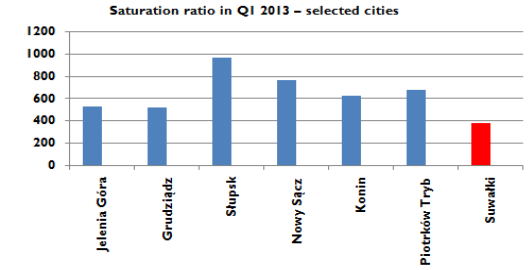
REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Stock & supply

The total modern retail stock in Suwałki stands at approx. 40,000 sqm GLA. Of this shopping centre account for 27,000 sqm (67.5%) followed by other retail schemes making up 13,000 sqm (32.5%). At the end of Q12013 the shopping centre saturation ratio in Suwałkii was at a fair level and amounted to 376 sqm per 1,000 inhabitants. New development activity in the city is low as the market is saturated with modern retail space.

Although supermarkets and food discounts have been present in the city since the late 90s, the first modern retail scheme in Suwałki was Plaza (19,000 sqm), which mainly introduced a new non food offer to the market in 2010. Currently, the scheme is anchored by Delima supermarket and supplemented by a number of service units. The fashion offer is represented by LPP, New Yorker, H&M and KappAhl and the leisure offer by Cinema Lumiere and Fantasy Park. In 2011 a Tesco store (7,500 sqm) was also completed in Suwałki on Kościuszki Street, but it offers only basic food and a non-food offer with a range of services. There is no new retail scheme at an advance stage of development in the city, as Carrefour stopped its project on AK Street (in the neighborhood of OBI).



Source: C&W Valuation & Advisory services, May 2013

Demand & vacancy rates

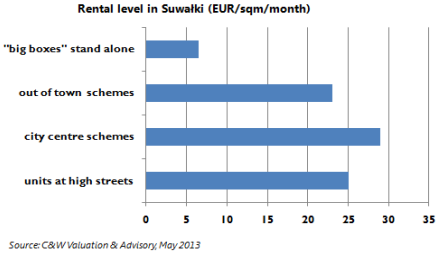
The demand for modern retail space remains at an average level. The food sector is dominated by supermarkets (Delima, Kaufland) and food discounts (Biedronka, Lidl) with the dominating presence of a Tesco hypermarket. Large non-food chains are represented by OBI DIY store. International and domestic fashion offers are mainly located in Plaza shopping centre. There are also local retailer's schemes in the city, including DH Alfa.

The vacancy rate is at a low level (0.1%) compared with other cities. In the group of average size cities the highest vacancy rate has been recorded in Toruń (6.1%) and Kielce (5.3%). The lowest vacancy has been recorded in Lublin (1.6%) and Częstochowa (1.6%).

Rental level

The prime rents in shopping centres in Suwałki have been recorded in Plaza (EUR 27-35/sqm/month). Rents in out of town centres achieved EUR 21-23/sqm/month. Large size units (over 5,000 sqm GLA) are priced at EUR 5.5-6.5/sqm/month and average size units (1,000-3,000 sqm GLA) at EUR 7.0-9.0/sqm/month. Due to the competition on the market incentives are common, including participation in fit-out, rent free periods and rent based only on turnover.

The service charges in shopping centres are at EUR 1.5-2.5/sqm/month for large size tenants and EUR 5.5-7.5/sqm/month for others. Additionally tenants are obliged to pay marketing fees at EUR 1-3/sqm/month, depending on the centre and size of the unit.



Source: C&W Valuation & Advisory, May 2013

PROPERTY	SUWAŁKI PLAZA
ADDRESS	15 Dwernickiego Street, Suwałki, Poland
VALUATION DATE	31 December 2013

COMPARABLES

LEASE COMPARABLES

Building / Address	*Date*	*Rent (psm / mth)*	*Incentives*	*Comment*
Grudziądz	Sep-13	€ 7	none	1,798.00 sq m
Grudziądz	Sep-13	€ 25	none	79.45 sq
Piła	Sep-13	€ 40	none	34.00 sq
Świdnica	Sep-13	€ 32	none	37.84 sq
Piła	Jun-13	€ 28	none	92.00 sq
Piła	Apr-13	€ 37	none	37.00 sq
Piła	Apr-13	€ 18	none	321.00 sq m
Simianowice	Feb-13	€ 32	none	26.00 sq
Suwałki	Sep-12	€ 30	none	48.00 sq
Suwałki	Sep-12	€ 22	none	45.00 sq m
Suwałki	Jun-12	€ 23	none	30.00 sq
Suwałki	Apr-12	€ 15	rent free period	121.00 sq m
Suwałki	Mar-12	€ 16	none	349.00 sq m

SALES COMPARABLES

Building / Address	*Date*	*Price (€m)*	*Yield %*	*Comment*
Galeria Leszno	Q1 2013	50.00	8.50%	33,400 sq m GLA
Echo Radom	Q2 2013	23.75	8.50%	19,500 sq m GLA
Echo Tarnów	Q2 2013	22.96	8.50%	20,200 sq m GLA
Echo Piotrków	Q2 2013	20.38	8.50%	17,400 sq m GLA
Galeria Dominikańska	Q3 2013	151.70	6.10%	32,900 sq m GLA
Silesia City Center	Q3 2013	412.00	5.95%	85,547 sq m GLA
Charter Hall Portfolio	Q4 2013	174.50	9.75%	66,277 sq m GLA (Szczecin, Wrocław, Gliwice, Katowice, Kraków)
Wola Park	Q4 2013	180.00	6.00%	43,720 sq m GLA

COMPETITION

Plaza Suwałki is the first modern retail scheme in the city, which introduced a new non food offer to the market. Since 2010, when it was opened, no new modern shopping centre has been completed in the city, therefore Plaza has no direct competitors in Suwałki.

INVESTMENT CONSIDERATIONS

In the first half of 2013 the retail transaction volume settled at around EUR 247m, nearly half the deal volume in the same period last year. However, this underperformance did not result from weakening demand as demand for prime retail properties in particular continued to be very strong but from the lengthy negotiations and formalities related to signing final sale agreements. Transaction volume is expected to pick up in the second half of the year following many preliminary purchase agreements, including Silesia City Center in Katowice for EUR 412m, the largest volume for a single property in Poland on record, five retail properties from Charter Hall's portfolio for EUR 174.5m and Galeria Dominikańska in Wrocław for EUR 151.7m.

The largest deal in the first half of 2013 was the sale of a 23% stake in Złote Tarasy by the Warsaw Municipality to the French fund Unibail-Rodamco, which became the sole owner of the property. The second largest transaction on the Polish retail market was the acquisition of the portfolio of three Echo shopping centres in Radom, Piotrków Trybunalski and Tarnów by the UK fund London & Cambridge Properties for EUR 67m, the first such substantial purchase by this investor since 2006.

Prime retail yields remain at 2012's level of around 6%. Due to a paucity of prime retail assets, most deals were made for smaller properties outside Poland's five largest cities. Yields for such properties are much higher, falling within the range of 7.5% and more than 10% with the average at around 8.5%.

PROPERTY	SUWAŁKI PLAZA
ADDRESS	15 Dwernickiego Street, Suwałki, Poland
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

In valuing the property, we have applied a Discounted Cash Flow (DCF) Approach.

The basis of DCF valuation is that the value of the property investment will be equal to the Gross Present Value (GPV) of the projected rental income flow, at the market's required rate of return (discount rate). It allows for explicit assumptions (market expectations) on future rental growth, holding period, depreciation, refurbishment, redevelopment, cost of management and transfer, taxation and financing arrangements.

To run a DCF, one would normally construct a cash flow applying current contracted income for its duration, then replacing the cash flow thereafter with the projected sustainable income (in the case of rents usually calculated at estimated rental value) whilst allowing for expected costs such as bad debts, income voids, commercialisation, letting fees, fit out costs, incentives and the like.

DATE OF ASSESSMENT

Valuation Date	31 December 2013
Report Date	31 December 2013

VALUATION DETAILS SUMMARY

Market Value	€	43,525,000.00
Gross annual income	€	3,329,000.00
Net Operating Income (Year one)	€	3,591,000.00
Day One annualised NOI	€	3,377,000.00
Estimated Rental Value	€	3,341,000.00
Initial Yield (Year one)		8.30%
Initial Yield (Annualised day one)		7.80%

VALUATION ASSUMPTIONS

RENTAL VALUE

Our estimate of Market Rent is derived from our knowledge of concluded rents in the retail sector, also with regard to recent transactions concluded on the subject property, in addition to our other enquiries to our in house retail agency team.

Supermarket	€	11.00	/sqm /month
Cinema	€	7.00	/sqm /month
Leisure	€	7.00	/sqm /month
Food Court	€	24.00	/sqm /month
0-50 sq m	€	32.00	/sqm /month
51-100 sq m	€	30.00	/sqm /month
101-150 sq m	€	26.00	/sqm /month
151-200 sq m	€	25.00	/sqm /month
201-300 sq m	€	23.00	/sqm /month
301-500 sq m	€	19.00	/sqm /month
501 sq m +	€	12.00	/sqm /month

DISCOUNT AND EXIT RATES APPLIED

In analysing the market value of the subject investment, we liaised with our Capital Market team and have taken account of current investment market sentiment and comparable investment transactions closed in 2011 and 2012.

	Discount	Exit
Default	9.75%	8.25%
Vacant	10.25%	8.75%
Additional income	9.75%	8.25%

OTHER VARIABLES

Even under a fully repairing and insuring lease, there are always non recoverable costs for the landlord. Therefore, we assumed non-recoverable costs including maintenance cost of vacant space to be at level of 1.00% of market rent. We assumed leasing costs at a level of 12% of annual rental value of leased space.

Service Charge Income	€	-	/sqm/ month
Service Charge Outgoings	€	-	/sqm/ month
Non recoverables		1%	ERV
Void on expiry		1.50	months
Lease Term		10.00	years
Rent Free Periods		0.00	months
Leasing Fees		8%	1 year's rent
Fit out costs	€	-	psm
Other fixed costs			
Inflation		2%	

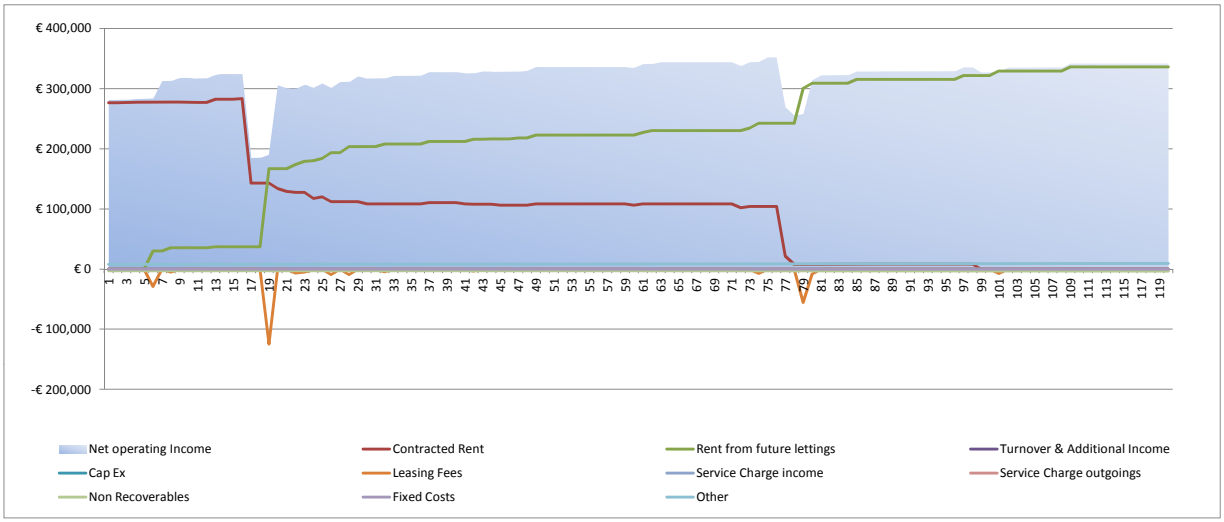
PROPERTY	SUWAŁKI PLAZA
ADDRESS	15 Dwernickiego Street, Suwałki, Poland
VALUATION DATE	31 December 2013

PROJECTED INCOME PROFILE

CASH FLOW

Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 3,329,640	€ 2,196,996	€ 1,326,832	€ 1,298,061	€ 1,297,583	€ 1,297,067	€ 493,562	€ 96,214	€ 16,356	€ -
Rent from future lettings	€ 236,302	€ 1,256,927	€ 2,427,638	€ 2,580,356	€ 2,672,720	€ 2,758,793	€ 3,294,299	€ 3,785,419	€ 3,923,282	€ 4,033,446
Turnover & Additional Income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	-€ 33,819	-€ 138,671	-€ 23,270	-€ 5,727	€ -	-€ 2,847	-€ 71,536	€ -	-€ 7,459	€ -
Service Charge income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge outgoings	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Non Recoverables	-€ 33,750	-€ 34,425	-€ 35,114	-€ 35,816	-€ 36,532	-€ 37,263	-€ 38,008	-€ 38,768	-€ 39,544	-€ 40,334
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ 92,400	€ 94,248	€ 96,133	€ 98,056	€ 100,017	€ 102,017	€ 104,057	€ 106,139	€ 108,261	€ 110,427
TOTAL	**€ 3,590,773**	**€ 3,375,075**	**€ 3,792,220**	**€ 3,934,930**	**€ 4,033,788**	**€ 4,117,768**	**€ 3,782,374**	**€ 3,949,003**	**€ 4,000,897**	**€ 4,103,538**

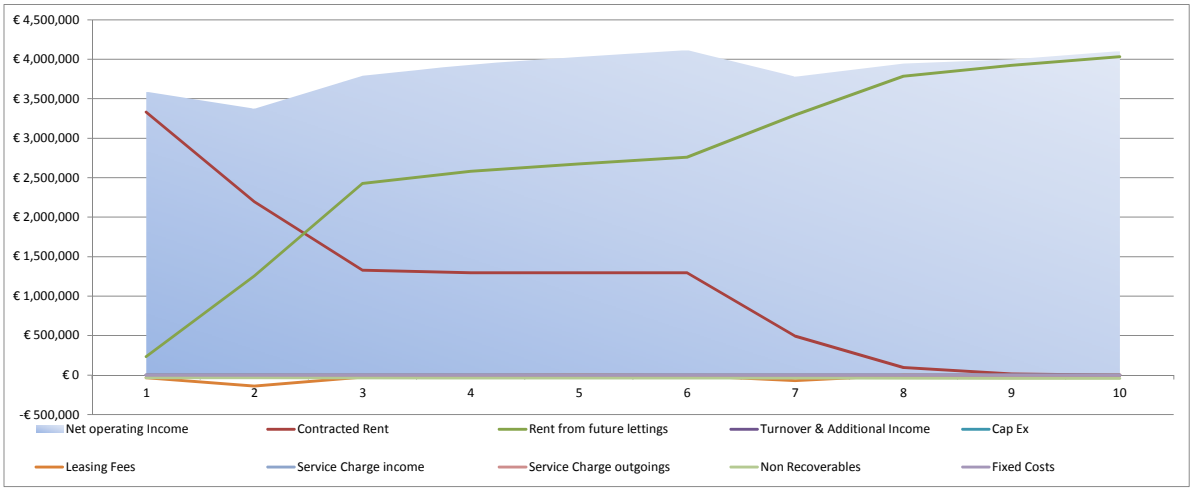
Monthly income



A net operating income is relatively stable and remains at the level of around EUR 300,000 pm in indicated period of analysis.
Most of contracted rent is secured until May 2015. Another wave of lease expiries is expected to occur in April 2020.
We have assumed a stable additional income in the valuation, in the amount of EUR 7,400 pm.
As it is a relatively new shopping centre, opened in 2010, we have not assumed any capital expenditures.
We have assumed leasing fee on the level of 8% of rental value. Due to this charge, there are two main cost waves - in May 2015, when most of contracted leases expire and in April 2020, when the remaining part of contracted leases as well as re-lettings expire.
We have assumed Non Recoverable Costs on the level of 1% of rental value in the valuation.

PROPERTY	SUWAŁKI PLAZA
ADDRESS	15 Dwernickiego Street, Suwałki, Poland
VALUATION DATE	31 December 2013

Annual Income



DISCOUNTED CASH FLOW

Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 3,033,841	€ 1,823,980	€ 1,003,697	€ 894,699	€ 814,916	€ 742,224	€ 257,342	€ 45,709	€ 7,080	€ -
Rent from future lettings	€ 215,310	€ 1,043,521	€ 1,836,413	€ 1,778,532	€ 1,678,537	€ 1,578,672	€ 1,717,636	€ 1,798,365	€ 1,698,278	€ 1,590,856
Turnover & Additional Income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	-€ 30,815	-€ 115,127	-€ 17,603	-€ 3,947	€ -	-€ 1,629	-€ 37,299	€ -	-€ 3,229	€ -
Service Charge income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge outgoings	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Non Recoverables	-€ 30,752	-€ 28,580	-€ 26,562	-€ 24,686	-€ 22,943	-€ 21,323	-€ 19,817	-€ 18,418	-€ 17,117	-€ 15,909
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ 84,191	€ 78,246	€ 72,721	€ 67,586	€ 62,813	€ 58,378	€ 54,255	€ 50,424	€ 46,863	€ 43,554
Exit										€ 19,783,468
TOTAL	**€ 3,271,775**	**€ 2,802,040**	**€ 2,868,666**	**€ 2,712,183**	**€ 2,533,322**	**€ 2,356,322**	**€ 1,972,117**	**€ 1,876,080**	**€ 1,731,875**	**€ 21,401,970**

The market value of the Property is the sum of EUR 42,650,000 (EUR 2,194 per sq m). According to the market analysis it corresponds with the value of potential sale transaction.

Gross value			**€**	**43,526,350**
Legal Costs	**0.00%**			
Agent Fees	**0.00%**			
Transaction Costs	**0.00%**	**0.00%**	**€**	**-**
Market Value			**€**	**43,526,350**

MARKET VALUE

say € 43,525,000

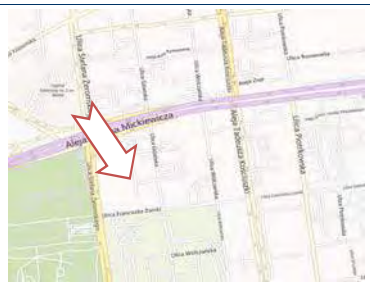
PROPERTY	Residential Development Land
ADDRESS	ul. Gdańska/Żeromskiego/Żwirki, Łódź, Poland
VALUATION DATE	31 December 2013

PROPERTY	Residential Development Land
ADDRESS	ul. Gdańska/Żeromskiego/Żwirki, Łódź, Poland
VALUATION DATE	31 December 2013

Poland

City of Łódź

Łódź City Centre



Micro Location

LOCATION

The Property is located in Łódź, occupying a city block bounded by ul. Zeromskiego, ul. Gdańska and ul. Żwirki.

With approximately 720,000 inhabitants, Łódź is a capital of Łódzkie Voivodship and the third-largest city in Poland. Together with surrounding areas, i.e. Pabianice, Zgierz and Ozorków, Łódź creates one of the largest urbanised areas in Poland – the Łódź Conurbation, with the total population of approximately 1.5 million people. Łódź is an administrative and business centre of the region and one of the main Polish cultural and science cities. It is considered as an attractive investment destination for industrial and service operations as well as the economic innovation process. However, the proximity of Warsaw (140 km), which is a powerful and economically the strongest centre in the country, makes the Łódź's economy gravitate towards the capital of Poland.

At the end of October 2013 the unemployment rate in Łódź stood at 12.2%, lower than national average of (13%). According to GFK Polonia's survey, purchasing power in Łódź in 2012 was approximately 14% higher than the country average and stood at EUR 6,572 annually per capita.

The property is located very close to the core city centre (around 800 meters) which is the intersection of ul. Piotrkowska and ul. Piłsudskiego. The property is situated directly on a major thoroughfare ul. Żeromskiego.

LOCATION DETAILS

City Population	720,000
Local Land	Residential & commercial
Distance to Centre	1 km
Distance to Highway	25 km
Distance to National Road	50 m
Public Transport	extensive
Plot area	33,137
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	Vacant
Historic monument	No
Site area	33,137
Parking Places (closed)	none
Access	from all directions
Utilities	available, not checked
Legal issues	not checked

PROPERTY DATA

PLOT OF LAND

Site area, total	33,137
Surplus Land	-
Developed area (% total site)	0%

INSPECTION

Inspection Type	External
Inspection Date	17-May-13
Inspected by	Katarzyna Michnikowska

PROPERTY	Residential Development Land
ADDRESS	ul. Gdańska/Żeromskiego/Żwirki, Łódź, Poland
VALUATION DATE	31 December 2013

PROPERTY DESCRIPTION

The property consists of almost an entire city centre city block bounded by internal road from the north, ul. Gdańska from the east, ul. Żwirki from the south and ul. Żeromskiego a dual carriageway thoroughfare from the east.

The shape of the city block is roughly square, with the sides of approximately 200 meters in length.

Several plots occupying the boundaries of the city block are excluded from the subject Property, these are build up with several building.

LAND REGISTRY DETAILS

According to the information provided by the client, the property is situated in Łódź Municipality. We have reviewed extracts from Land and Mortgage Registers (*KW*) only and did not checked the Land Register entries. The Property consists of seven plots entered in the following Land and Mortgage Registers: plots no: 50/20, 50/21, 50/22, 50/23, 50/26, 40/2, 40/8 registered under separate seven Land & Mortgage Registers.

Total area of the Property is 33,137 sqm of which 4,144 sqm is held freehold while the rest is held based on Perpetual Usufruct.

We have not checked title documentation but assume the property is an unencumbered effective freehold/RPU.

Land registry extract	Not Applicable
Registered owner	Owner: Gmina Łódź, Perpetual Usufructor: Włocławek Plaza Sp z o.o. otherwise freehold held be the above company
Registered use	None
Registered size	33,137 sqm

Restrictions and encumbrances

Clear Site

We have not checked title documentation but assume the property is an unencumbered effective freehold/RPU.

Comments

Clear and marketable title

PLANNING ISSUES

Zoning	not valid
Footprint ratio	n/a
n/a	
Maximum height	n/a
Permit status	Building Conditions (WZ) issued for mixed use - mostly residential high density development. No building permit.

The subject Property is not covered by a valid Master Plan. The area is a subject to a planning study *("Studium Uwarunkowań i Kierunków Zagospodarowania Przestrzennego Miasta Łodzi")* which is not applicable in issuing planning or building permit but rather acts as a blueprint for drawing up new zoning plans. According to this planning study the Property is located in a central cone UC2

PROPERTY	Residential Development Land
ADDRESS	ul. Gdańska/Żeromskiego/Żwirki, Łódź, Poland
VALUATION DATE	31 December 2013

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPOSED SCHEME

The client, based on the issued planning permit has drawn up a high density mostly residential development concept which we have been provided with major commercial parameters as to the amounts of sellable and rentable areas.

These values are as follows:

Residential sellable area: 122,600 sqm
Retail/Service sellable area: 3,200 sqm
Office rentable/sellable area 5,800 sqm
parking spaces 2,165

We have not been provided with gross building areas, also we have not been shown if the proposed project fulfils all statutory requirements for residential development. We note very high density of development which are assumed and could prove difficult to realise.

We assume at this valuation that planned parameters will be possible to realise and that a building permit will be obtainable.

SWOT-ANALYSIS

STRENGTHS

- Shape of the site
- City centre location

WEAKNESSES

- Weak residential market
- Noise from ul. Żeromskiego limits attractiveness of the property

OPPORTUNITIES

- Site can be used for a range of commercial developments as alternative to residential use

THREATS

- Prospects for residential market remain weak in medium term

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Residential market in Łódź is relatively weak considering the size of the city. (Łódź is the third largest city in Poland) price of residential properties in Łódź have been declining since the end of 2003-2008 property boom. This boom has not fully developed in Łódź though and therefore the price decline in the city has not been as marked.

Average residential prices in Łodź are currently at PLN 3,470 per sqm gross of VAT this is a decline from PLN 4,150 level from first quarter of 2011.

In terms of office market (proposed development will have around 5% office component) the local market in Łódź is relatively small with around 280,000 sqm of modern space (around 7% of the size of Warsaw market). Vacancy rate stood at 12%. Effective rents in Łódź amount to around EUR 10-11 per sqm per month. Take up amounted to 27,300 sqm (around 5% of market volume in Warsaw)

PROPERTY	Residential Development Land
ADDRESS	ul. Gdańska/Żeromskiego/Żwirki, Łódź, Poland
VALUATION DATE	31 December 2013

COMPETITION

Most residential development is located in outlying districts of Łódź, thre are several projects located in the city centre competing for the same residential market segment. These projects include the below mentioned schemes.

COMPETING DEVELOPMENT SCHEMES

Street	*name*	*gross price from*	gross price up to	developer
Tymienickiego	Osiedle centrum	4800 PLN	5600 PLN	JW. Construction
Jaracza	Leader House	7000 PLN	7000 PLN	Leader
Srebrna	Osiedle Srebrna	3900 PLN	4600 PLN	Maxbud

VALUATION

VALUATION METHODOLOGY

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

The property is in core city centre location. The development project that has been shown to us came in two versions. We have adopted the lower density development as optimum version. The higher density version may not be optimum for the location due to low values of land which do not support increased development costs.

VALUATION ASSUMPTIONS

CAPITAL VALUES

We have adopted variables with the local market. Location of the property allows us to arrive at the top of the capital value range.

At phasing we have assumed that each annual stage will be sold at EUR 20 premium above previous stage.

Residential	€	1,150.00	/sqm NET
Service	€	1,400.00	/sqm NET
Office	€	1,550.00	/sqm NET
Parking	€	4,500.00	/space NET

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.

Hard construction Costs	€	720	/sqm
Contingencies		5%	
Letting Fees		12%	ERV
Sales Fees		1%	ERV
Fees		10%	GDC
Planning Fees & Contributions	€		-
Other	€		-
Developer's Profit		20%	GDV

PROPERTY	Residential Development Land
ADDRESS	ul. Gdańska/Żeromskiego/Żwirki, Łódź, Poland
VALUATION DATE	31 December 2013

SUMMARY RESIDUAL VALUATION

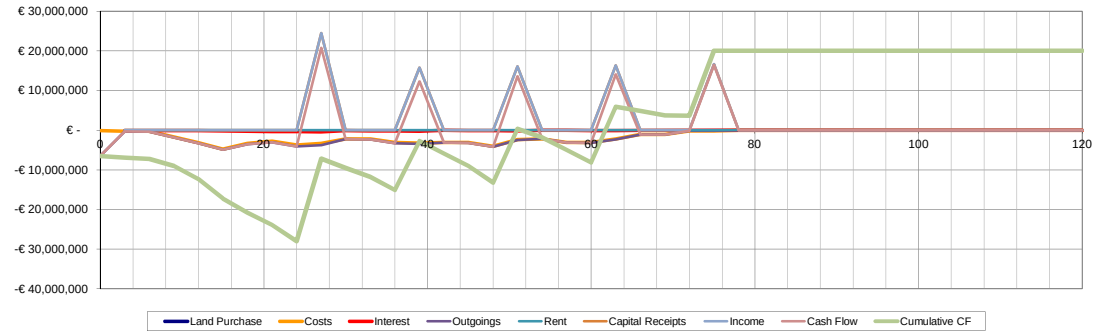
Capital Receipts			€	89,330,500	
Rent			€	-	
Income					€ **89,330,500**
Development Costs			-€	49,714,000	
Infrastructure			-€	994,280	
Demolitions			€	-	
Planning fees & contributions			€	-	
Other costs			€	-	
Fees			-€	5,070,828	
Contingencies			-€	2,788,955	
Fixed Marketing Costs			€	-	
Sales Fees	1%	sales proceeds	-€	893,305	
Leasing Fees	**12%**	**annual rent**	€	-	
Development Finance	6.00%		-€	2,569,657	
Developer's Profit @	20.00%	GDV	-€	17,866,100	
Acquisition Fees	1.00%		-€	93,400	
					-€ **79,990,526**
Residual value					€ **9,339,974**
Land Holding cost					0.694862715
					€ **6,490,000**

Cash Flow

Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Land Purchase	-€ 6,490,000								
Costs	-€ 64,900	-€ 5,333,078	-€ 14,543,287	-€ 10,762,498	-€ 13,496,713	-€ 10,678,044	-€ 4,481,622	-€ 166,127	€ -
Income	€ -	€ -	€ -	€ 24,513,500	€ 15,795,800	€ 16,068,100	€ 16,340,400	€ 16,612,700	€ -
Interest	€ -	-€ 436,000	-€ 1,089,928	-€ 827,320	-€ 479,033	-€ 293,125	-€ 119,101	€ -	€ -
Cash Flow	-€ 6,554,900	-€ 5,769,078	-€ 15,633,215	€ 12,923,682	-€ 1,820,054	€ 5,096,931	€ 11,739,678	€ 16,446,573	€ -
Cumulative CF	-€ 6,554,900	-€ 12,323,978	-€ 27,957,193	-€ 15,033,511	-€ 13,213,457	-€ 8,116,526	€ 3,623,152	€ 20,069,725	€ 20,069,725

We assumed a single phase development, in reality should a high density development be adopted it may be broken up into several phases.

Cash Flow Profile



PROPERTY	Residential Development Land
ADDRESS	ul. Gdańska/Żeromskiego/Żwirki, Łódź, Poland
VALUATION DATE	31 December 2013

SUMMARY & CONCLUSION

We have compared the site to available commercial land in secondary Polish cities. However we primarily ran a residual calculation to develop our findings.

No directly comparable transaction has been concluded in the last two years, therefore residual approach provides the most reliable market value.

In summary, using the above assumptions and variables we have arrived at a residual amount of €196 per sqm, which is according to our opinion a supportable value of the site.

Address	Details	Asking or sold?	Date	€/sqm
Dowborczyków 7	2211 sqm, core city centre	sold	31/05/2012	€ 154

MARKET VALUE	**€**	**6,490,000.00**	**say**	**€**	**6,500,000**

PROPERTY
ADDRESS Plaza Lodz
VALUATION DATE 31 December 2013

Poland

City of Łódź

Micro location

Photo -Rzgowska Street

LOCATION

The Property is located in Łódź, on Rzgowska Street, in the Górna District.
With approximately 720,000 inhabitants, Łódź is the capital of Łódzkie Voivodship and the third-largest city in Poland. Together with surrounding areas, i.e. Pabianice, Zgierz and Ozorków, Łódź creates one of the largest urbanised areas in Poland – the Łódź Conurbation, with the total population of approximately 1.5 million. Łódź is an administrative and business centre of the region and one of the main Polish cultural and science hubs. It is considered as an attractive investment destination for industrial and service operations as well as the economic innovation process. However, the proximity of Warsaw (140 km), which is a powerful and economically the strongest centre in the country, makes the Łódź's economy gravitate towards the capital of Poland.
At the end of October 2013 the unemployment rate in Łódź stood at 12.2%, lower than national average of (13%). According to GFK Polonia's survey, purchasing power in Łódź in 2012 was approximately 14% higher than the country average and stood at EUR 6,572 annually per capita.
The Property's micro location provides convenient access to the city centre and other parts of the city. The property is located approximately 5 km south of the centre of Łódź, on Rzgowska Street, which is one of the city's main dual carriageways. Accessibility is further enhanced by very good communication links, with several bus and tram stops located in close proximity to the subject property. The site is adjacent to railway track and PKP Chojny train station. The surroundings are dominated by residential areas, with both single and multifamily developments as well as commercial units.

LOCATION DETAILS

City Population	720,000
Local Land	Residential & commercial
Distance to Centre	5 km
Distance to Highway	25 km
Distance to National Road	At the national road 0 km
Public Transport	well developed
Plot area	61,718
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	Vacant
Historic monument	yes
Site area	61,718
Parking Places (closed)	n/a
Access	form Rzgowska and Warneńczyka
Utilities	available, not checked
Legal issues	not checked

PROPERTY DATA

PLOT OF LAND

Site area, total	61,718
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External
Inspection Date	17-May-13
Inspected by	Katarzyna Michnikowska

PROPERTY

ADDRESS	Plaza Lodz
VALUATION DATE	31 December 2013

PROPERTY DESCRIPTION

The Land comprises two plots situated in precinct G-28 in Łódź. Individual plots' details are as follows: 2 , 3/35, 3/36, 3/47, 3/46 with a total area of 61,718 sq m.
The site has an irregular oblong shape, is flat and fenced.
The site is developed with old industrial factory FAKORA. As a number of buildings and structure are listed as historical the proposed development is required to incorporate the protected elements in its design. A high voltage line running at the northern corner of the site limits the development in that part of the site.
The site is accessible from Rzgowska and Warneńczyka Streets.
We have made no specific enquiries to the statutory authorities but understand and assume that all mains services are available on the site.

LAND REGISTRY DETAILS

According to the information provided by the client, the property is situated in Łódź Municipality. We have reviewed extracts from the Land and Mortgage Registers (KW) only and did not check the Land Register entries. The Property consists of five plots entered in the following Land and Mortgage Registers: plots numbered: 3/36, 3/47, 3/46 and 3/35 (previously plot number 3/34) -LD1M/00064455/4, plot no: 2 - LD1M/00083794/1.
The Client holds Perpetual Usufruct title to the land.

Site no	Area [m2]	KW Number	Owner	RPU holder
3/34 (currently 3/36, 3/47, 3/46, 3/35)	55,478	LD1M/00064455/4	Łódź Municipality	Włocławek Plaza Sp. z o.o.
2	6,239	LD1M/00083794/1	Włocławek Plaza Sp. z o.o.	

We have not checked title documentation but assume the property is an unencumbered effective freehold/RPU.

Land registry extract	Not Applicable	Obtained on	Not Applicable
Registered owner	Owner: Gmina Łódź, Perpetual Usufructor: Włocławek Plaza Spółka z Ograniczoną Odpowiedzialnością		
Registered use	Assumed land		
Registered size			61,718.00

Restrictions and encumbrances

High voltage line on the site.
Historical buildings on the site.
We have not checked title documentation but assume the property is held on an unencumbered effective freehold/RPU basis.

Comments

PLANNING ISSUES

Zoning	not valid
Footprint ratio	n/a
n/a	
Maximum height	n/a
Permit status	Building Conditions (WZ) issued for retail development over 2000 sqm - proposed scheme. No building permit.

The subject Property is not covered by a valid Master Plan. The area is a subject to a planning study *("Studium Uwarunkowań i Kierunków Zagospodarowania Przestrzennego Miasta Łodzi")* which is not applicable in issuing planning or building permit but rather acts as a blueprint for drawing up new zoning plans. According to this planning study the Property is located in a zone where services and retail use is allowed (UC * with retail over 2,000 sq m use).

PROPERTY	
ADDRESS	Plaza Lodz
VALUATION DATE	31 December 2013

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPOSED SCHEME

The client is planning to develop a shopping center Łódź Plaza. The scheme comprises two storey shopping centre and four storey parking building. The building will be arranged around three core piazzas: entrance piazza, ellipse piazza and cinema piazza. The total GLA of the project is 34,944 sq m which includes: supermarket (2,603 sq m GLA), cinema (2,609 sq m GLA) as well as two storey retail gallery with a variety of different size retail units.

SWOT-ANALYSIS

STRENGTHS	WEAKNESSES
Decision on development conditions for SC obtained	Limited alternative uses, due to location next to railway truck
Good location in regional city	Historical building on the site
Completed demolition works	
Good exposure from Rzgowska street	
Large size of the site	

OPPORTUNITIES	THREATS
Lack of entertainment element in competing schemes (IKEA)	Saturated retail market
Potential increase of purchasing power in the city	Strong competition in retail sector in Łódź

PROPERTY
ADDRESS Plaza Lodz
VALUATION DATE 31 December 2013

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

The total modern retail stock in Łódź amounts to approx. 700,000 sqm GLA. Of this shopping centres account for 480 000 sqm (68.5%), followed by retail warehouses, 140,000 sqm (20%), factory outlets,12,500 sqm (1.8%) and other retail schemes, 67,500 sqm (9.7%). At the end of 2012 the shopping centre saturation ratio in Łódź was at an average level and stood at 495 sqm per 1,000 inhabitants.
There is one new shopping centre in the city under construction – Sukcesja (Fabryka Biznesu), totalling 42 200 sqm GLA on Rembielińska Street, scheduled for delivery in Q4 2014.
The demand for modern retail space remains average; most of the domestic and international chains interested in Łódź already operate in more than one location.
Although the vacancy rate is at a relatively low level (1.9%) compared with other cities, demand for new space in Sukcesja is low.

The project's primary catchment covers all the southern side of the city and majority of the east side of the city. However there are existing retail schemes in that location including huge project IKEA Port Łódź.

COMPETITION

Manufaktura (109 500 sqm GLA) offers 320 shops, service and catering units, as well as an entertainment section. It is anchored by Real, Leroy Merlin, Alma, H&M, Van Graaf, C&A, Inditex, New Yorker, LPP, KappAhl, St. Olivier, Smyk, EMPiK, Intersport, Rossmann, RTV Euro AGD, Kakadu, Go Sport, Jysk, Cinema City Grakula, and Pure fitness, among others. **Port Łódź** (100 000 sqm GLA), anchored by IKEA, Leroy Merlin, Saturn, Piotr i Paweł, Inditex, LPP, H&M, C&A, KappAl, Cubus, Vogele, Carry, Smyk and EMPIK. **Galeria Łódzka** (45 000 sqm GLA) offers 180 shops, service and catering units . It is anchored by Tesco, EMPiK, Media Markt, P&C, H&M, New Look, Inditex, LPP, Smyk, Go Sport, Cubus, KappAhl, New Yorker and Carry. **M1** (38 100 sqm GLA) is dominated by Real hypermarket, Praktiker DIY and Media Markt electronic equipment store, and supplemented by nearly 80 other stores/service units. Pasaż Łódzki (36 700 sqm GLA), recently extended, offers nearly 100 stores including: Real, Decathlon, TK Maxx, H&M, Nike, Takko and Deichmann. **Tulipan** (32 800 sqm GLA). **Sukcesja** (42 200 sqm GLA) - under

COMPETING SCHEMES

Building / Address	*Date*	*Rent (psm / mth)*	*Comments*
Manufaktura	2011		GLA 109,500 sq m, existing shopping centre
Port Łódź	1998		GLA 100,000 sq m, existing shopping centre
M1	2000		GLA 38,100 sq m, existing shopping centre
Galeria Łódzka	1998		GLA 45,000 sq m, existing shopping centre
Tulipan	1999		GLA 32,800 sq m, existing shopping centre
Sukcesja			GLA 42,200 sq m, under construction

PROPERTY	
ADDRESS	Plaza Lodz
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

The zoning of the land has to change to develop an income generating property. The proposed scheme for the subject property was for a large shopping centre. Although we believe that the highest and best use of the land is not a shopping centre we based our valuation on this use due to the reason that the land had been invested to develop a shopping centre before the opening of Optimum Shopping Centre. We also assumed that the landlord will need to hold the land for two years before the zoning changes and then will start construction immediately.

VALUATION ASSUMPTIONS

RENTAL VALUE

We assumed average ERV for each category based on our market research and knowledge of the recent lease transactions and current trends.

0-50	€	40.00	/sqm /month
51-100	€	35.00	/sqm /month
101-150	€	33.00	/sqm /month
151-200	€	30.00	/sqm /month
201-300	€	23.00	/sqm /month
301-500	€	19.00	/sqm /month
501-1000	€	11.00	/sqm /month
1000-1500	€	12.00	/sqm /month
1501-2000	€	9.00	/sqm /month
cinema	€	6.50	/sqm /month
Food court	€	28.00	/sqm /month

EXIT RATES APPLIED

We have compared retail units' yields and sale prices with the existing shopping centres in Łódź. Based on our market experience prime yields will be around 8,0%. for fully established scheme. We have applied a discount to reflect the speculative nature of the assumed scheme.

	Exit
0-50	7.75%
51-100	7.75%
101-150	7.75%
151-200	7.75%
201-300	7.75%
301-500	7.75%
501-1000	7.75%
1000-1500	7.75%
1501-2000	7.75%
cinema	7.75%
Food court	7.75%

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.

Shopping Centre	€	1,100	/sqm
Contingencies		5%	
Letting Fees		15%	ERV
Sales Fees		0%	ERV
Fees		15%	GDC
Planning Fees & Contributions	€		-
Other	€		-
Developer's Profit		20%	GDV

PROPERTY
ADDRESS Plaza Lodz
VALUATION DATE 31 December 2013

SUMMARY RESIDUAL VALUATION

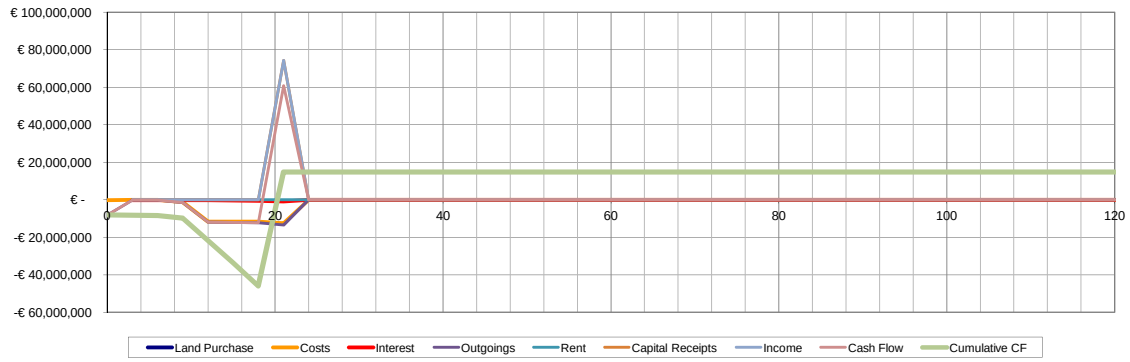
Capital Receipts			€	74,214,046		
Rent			€	-		
Income					**€**	**74,214,046**
Development Costs			-€	38,493,400		
Infrastructure			-€	1,154,802		
Demolitions			€	-		
Planning fees & contributions			€	-		
Other costs			€	-		
Fees			-€	5,947,230		
Contingencies			-€	2,279,772		
Fixed Marketing Costs			€	-		
Sales Fees	0%	sales proceeds	€	-		
Leasing Fees	**15%**	**annual rent**	-€	862,738		
Development Finance	7.75%		-€	1,430,797		
Developer's Profit @	20.00%	GDV	-€	14,842,809		
Acquisition Fees	2.00%		-€	180,441		
					-€	**65,191,990**
Residual value					**€**	**9,022,057**
Land Holding cost						0.877849
					€	**7,920,000**

Cash Flow

Year	0	1	2	3	4	5	6	7	8
Land Purchase	-€ 7,920,000								
Costs	-€ 158,400	-€ 12,905,490	-€ 35,832,452	€ -	€ -	€ -	€ -	€ -	€ -
Income	€ -	€ -	€ 74,214,046	€ -	€ -	€ -	€ -	€ -	€ -
Interest	€ -	-€ 649,601	-€ 1,908,471	€ -	€ -	€ -	€ -	€ -	€ -
Cash Flow	-€ 8,078,400	-€ 13,555,090	€ 36,473,123	€ -	€ -	€ -	€ -	€ -	€ -
Cumulative CF	-€ 8,078,400	-€ 21,633,490	€ 14,839,633	€ 14,839,633	€ 14,839,633	€ 14,839,633	€ 14,839,633	€ 14,839,633	€ 14,839,633

As can be seen in the chart below, we assume development will commence in at the second year Based on the current scheme the property will be developed in one phase .It is estimated that the development will be completed within 18 months. Following the opening the scheme will start generating profit.

Cash Flow Profile



PROPERTY	
ADDRESS	Plaza Lodz
VALUATION DATE	31 December 2013

SUMMARY & CONCLUSION

We have compared the site to other commercial lands in the city. However we primarily ran a residual calculation to develop our findings. We estimate that the subject plot would transact in the €100-150per sqm range, which we consider to be realistic in the context of the available market information.

No directly comparable transaction (retail development land in Łódź) has been concluded over the last year, therefore residual approach provides the most reliable market value.

In summary, using the above assumptions and variables we have arrived at a residual amount of €128 per sqm, which is imore or less in line with the limited comparable evidence.

Address		Details	Asking or sold?	Date	€/sqm
Rokicińska, Łódź	8,184 sq m	retail over 2,000 sqm allowed	sold	Apr-12	€ 109

MARKET VALUE	**€**	**7,920,000.00**	**say**	**€**	**7,925,000**

PROPERTY	
ADDRESS	Leszno Plaza
VALUATION DATE	31 December 2013

PROPERTY	
ADDRESS	Leszno Plaza
VALUATION DATE	31 December 2013

Poland

City of Leszno

Photo

Micro Location

LOCATION

Leszno is located in western Poland in the Wielkopolskie voivodship between two large economic centres: Wrocław and Poznań. Leszno is a county town with a population of around 65,000 inhabitants. With an area of around 32 sq km Leszno is the seventh largest city in the voivodeship. The city is located at the junction of two national roads, no. 12 and no. 5 providing access to Poznań and Wrocław, as well as to the A4 and A2 motorways. Leszno benefits from a well developed railway network, with railway stations providing connections between Poznań-Wrocław and Łódź-Forst (Germany). According to the Central Statistical Office, the unemployment rate in March 2013 was significantly lower than the national average (13.0%) and amounted to 8.4%. According to GFK Polonia's survey purchasing power in Leszno was 1.4% higher than the country's average and stood at EUR 5,835 annually per capita.

The subject property is located on Przemysłowa Street in the central part of Leszno. The property's direct surrounding consists mostly of old and relatively low-rise residential developments with ground floor retail units. There is the main railway station to the west of the property. The property is currently accessible from Przemysłowa Street.

LOCATION DETAILS

City Population	64,722
Local Land	Residential & commercial
Distance to Centre	2.5 km
Distance to Highway	75 km
Distance to National Road	1 km
Public Transport	well developed
Plot area	17 993 sq m
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	No
Historic monument	Yes
Site area	17 993 sq m
Parking Places (closed)	no
Access	from Przemysłowa Street
Utilities	available, not checked
Legal issues	not checked

PROPERTY

ADDRESS	Leszno Plaza
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

Site area, total	17 993 sq m
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External
Inspection Date	20 May 2013
Inspected by	Wojciech Kołodziej

PROPERTY DESCRIPTION

The Land comprises 10 plots on Przemysłowa Street in precint no. 2 in Leszno with a total area of 17,993 sq m. Individual plots' details are as follows: 1/2, 1/3, 1/4, 1/7, 1/11, 1/13, 2/5, 2/7, 2/9, 1/12. The site is of irregular shape close to a rectangle (see the picture), flat and fenced. The site is partially developed and this includes a listed steam mill complex. The remainder of the land is undeveloped after recent demolition works. The site is accessible from Przemysłowa Street. We have made no specific queries to the statutory authorities but understand and assume that all mains services are available on the site.

LAND REGISTRY DETAILS

According to the copy of the Land Registry dated on 16 July 2012 provided by the Client. The subject land comprises 10 plots situated in precint no. 2 in Leszno on Przemysłowa Street with a total area of 17,993 sq m. The land comprises the following plots: 1/2, 1/3, 1/4, 1/7, 1/11, 1/13, 2/5, 2/7, 2/9, 1/12. We have also examined entries in the Land and Mortgage Register (*Księga Wieczysta*) for the subject Property (PO1L/00037647 and PO1L/00025235/7) dated on 9 May 2013. According to that the Property is held on the basis of Perpetual Usufruct and Freehold interest in the building.

Land registry extract	Applicable	Obtained on	16 July 2012
Registered owner	State of Treasury/Leszno Plaza Sp. z o. o.		
Registered use	Assumed land		
Registered size	17 993 sq m		

Restrictions and encumbrances

Listed building consent is required for any works to the steam mill.
We have not checked title documentation but assume the property is an unencumbered RPU/freehold.

Comments

PROPERTY ADDRESS	Leszno Plaza
VALUATION DATE	31 December 2013

PLANNING ISSUES

Zoning	valid
Footprint ratio	max. 70%
Maximum buildable area	n/a
Maximum height	40 m
Permit status	No building permit or pending application

We have not made formal enquiries to the Local Planning Authority. However according to the sources open for general access and information provided by the Client the subject Property is subject to a valid Master Plan approved on 5 April 2012. The Property comes under jurisdiction of the Leszno Municipality in terms of zoning. According to that the subject Property is located within 39UC, 40UC and 84KDx zones where services and retail use is allowed (UC - retail over 2,000 sq m of use).

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have we been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPERTY Leszno Plaza
ADDRESS
VALUATION DATE 31 December 2013

SWOT-ANALYSIS

STRENGTHS

- Shape of the site
- Location in the proximity of main rail and bus stations
- Good location in the city centre
- Zoning suitable for retail use over 2,000 sq m of sales area

WEAKNESSES

- Historical buildings on the site
- Limited alternative uses, due to location and zoning

OPPORTUNITIES

- Potential increase of purchasing power in the city

THREATS

- Saturated retail market
- Competition on the retail market in Leszno

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Since the intended scheme is designed for service and retail use (retail of over 2,000 sqm sales area permitted) we present brief retail market analysis for Leszno.

The total modern retail stock in Leszno stands at approx. 65,000 sqm GLA. Of this, shopping centres account for 62,000 sqm (95%). At the end of Q3 2013 the shopping centre saturation ratio in Leszno was at a relatively high level and was 650 sqm per 1,000 inhabitants. New development activity in the city is low as the market is saturated with modern retail space. The demand for modern retail space remains at an average level. Most retailers interested in the Leszno market already operate in Galeria Leszno, though new entrants are expected in the long term perspective. The vacancy rate is at a relatively low level (3.5%) compared with other cities. There is one retail project at an advanced stage of development in Leszno – Galeria Goplana (the former Goplana factory). Galeria Goplana will offer 28,000 sqm GLA in 120 stores on five levels, as well as 760 parking places. The scheme is planned for completion in 2015 and is financed through EU funding.

Taking into consideration current market situation in the retail sector in Leszno, there is no market justification to build a new shopping centre in the city in the imminent future.

VALUATION

VALUATION METHODOLOGY

We have estimated Market Value of the land , using the Sales Comparison Approach.
According to the Sales Comparison Approach the Property being valued is compared with the sales prices (listings and offerings) of similar properties that have recently been transacted in the (open) market. Sales prices are analysed by applying appropriate units of comparison and are adjusted for differences with the subject on the basis of elements of comparison as e.g. location, effective date, size of plot, zoning, existing infrastructure etc.
Due to the use of the subject Property, we have analyzed not only the local market in Leszno, but also extended our search to the neighbouring region, including other locations in Poland with a similar retail market profile or population. We have based our analysis on the market transactions made during the most recent two years. A comprehensive database of transactions made within the analysed markets is presented in the table below.

No	Date	Location	Area	Price in total	Price (per sq m)	Zoning/ Comments
1	Jul 11	Leszno/Aleje Konstytucji 3 Maja	6.784	5,846,805	862	Service/retail
2	Dec 11	Leszno/Cypriana Kamila Norwida	4.841	1,830,000	378	Service/retail
3	Apr 12	Leszno/17 Stycznia	2.601	1,110,629	427	Service/retail
4	Aug 11	Kostrzyn/Warszawska	4.803	2,089,305	435	Service/retail
5	Dec 11	Lubon/Żabikowska	17.767	12,276,997	691	Service/retail
6	Feb 11	Ostrów Wielkopolski/Zębcowska	3.992	1,889,576	473	Service/retail
7	Apr 11	Ostrów Wielkopolski/Dworcowa	5.755	2,052,430	357	Service/retail
8	Oct 11	Kalisz/Długosza	1.975	459,188	233	Service/retail
9	Mar 13	Stęszew/Dąbrowskiego	4.268	2,501,048	586	Service/retail
10	Feb 13	Stęszew/Dąbrowskiego	5.190	1,598,520	308	Service/retail
11	Jun 13	Kalisz/Długa	5.100	2,100,000	412	Service/retail
12	Dec 12	Kalisz/Złota	3.456	1,100,000	318	Service/retail

VALUATION CONSIDERATIONS

The zoning of the land is precisely defined for retail and service developments (with retail above 2,000 sq m of sales area allowed). We have been provided with the initial concept of the shopping centre, however it does not include the assumed area of the listed buildings. The project assumes construction of parking spaces on the neighboring plot. According to the information from the Client an option of buying additional plot for a multilevel parking is being currently under consideration. However, this plot would be not a part of the Property being the subject of the valuation. Due to the lack of information necessary for the Residual Approach we estimated Market Value of the land using the Sales Comparison Approach.

PROPERTY	
ADDRESS	Leszno Plaza
VALUATION DATE	31 December 2013

SUMMARY & CONCLUSION

We have compared the site to other commercial lands in the region as well as in other cities with similar potential and population. We estimate that the subject Property would transact at around PLN 400 per sq m, which we consider to be realistic in the context of the available market information. Conducting analysis and logical reasoning we are of the opinion that the main factors influencing the value of the Subject Property are:
- location in Leszno, mid-sized city;
- listed buildings on the site;
- valid Master Plan with designation for retail and service use (with sales area above 2,000 sq m allowed);
- good location in the city centre and very close proximity to the main bus and rail station;
- size of the Property;
- visibility;
- shape of the Property.

Taking into consideration all the factors mentioned above we are of the opinion that the Market Value of the perpetual usufruct/freehold interest in the land of 17,993 sq m based on comparable method is PLN 400 net per sq m, PLN 7,197,000 rounded in total, which is equivalent of EUR 1,719,000.

MARKET VALUE	**€**	**1,719,000**	**say**	**€**	**1,719,000**

PROPERTY	
ADDRESS	Kielce Plaza
VALUATION DATE	31 December 2013

PROPERTY
ADDRESS Kielce Plaza
VALUATION DATE 31 December 2013

Poland

City of Kielce

Świętokrzyskie Voivodship

Micro Location

LOCATION

The Property is located in Kielce, at Zagnańska Street, in the Głęboczka District.
With approximately 202,000 inhabitants, Kielce is a capital of Świętokrzyskie Voivodship and the 17th largest city in Poland. The city is an administrative and business centre of the region and one of the most important cultural and science cities in southern Poland. It is considered as an attractive investment destination for industrial and business operations. It is also a seat to the 2nd biggest fairs in Poland - Targi Kielce.
The city benefits from its location in the proximity of the three biggest cities in Poland: Warsaw, Kraków and Łódź - all of them are located at a distance of up to 180 km from Kielce.
At the end of October 2013 the unemployment rate in Kielce stood at 10.8%, lower than in Świętokrzyskie Voivodship (15.8%) and Poland (13.0%). According to GFK Polonia's survey, purchasing power in Kielce in 2012 was approximately 7% higher than the country average and stood at EUR 6,159 annually per capita.
The Property's micro location provides convenient access to the city centre and other parts of the city. The property is located approximately 3 km north of the centre of Kielce, at the intersection of Jesionowa and Zagnańska Streets. The first one is part of the national road No. 74 , whilst the second one connects the city centre with the northern part of Kielce. Accessibility is further enhanced by very good communication links, with several bus stops located in close proximity to the subject property. There is also railway track and PKP Kielce Piaski train station located at the distance of 350 meters from the subject property. The surroundings are of mixed-use functions, including industrial, office, residential, retail and recreational areas.

LOCATION DETAILS

City Population	202,000
Local Land	Residential & commercial
Distance to Centre	about 3 km
Distance to Highway	125 km (A4 Kraków), 140 km (A1, A2 Stryków near Łódź)
Distance to National Road	Express road S7 - 4 km
Public Transport	well developed
Plot area	29,801
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	Vacant
Historic monument	No
Site area	29,801
Parking Places (closed)	n/a
Access	form Zagańska and Jesionowa Streets
Utilities	available, not checked
Legal issues	not checked

PROPERTY	
ADDRESS	Kielce Plaza
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

Site area, total	29,801
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External
Inspection Date	20-May-13
Inspected by	Jarosław Koziarski

PROPERTY DESCRIPTION

The Land comprises of ten plots situated in precinct 0010 in Kielce. Individual plot details are as follows: 46/12, 46/21, 46/22, 46/23, 46/27, 46/29, 46/36, 46/38, 46/42, 46/50 with total area of 29,801 sq m.
The site has an irregular shape divided into two parts that are connected with narrow corridor, is flat and partly fenced.
The site is undeveloped with some parts temporarily used as parking lots and some others as storage areas. Substantial part of the site is a wasteland with a reservoir in the north-western part of the property.
Car access is result of compromise between the best access to the plot and requirements of neighbour roads. As Zagnańska and Jesionowa Street are going to be refurbished as higher category roads there is no possibility for direct access to plot. Therefore it is realised by parallel road Okrzei St. and newly designed Obwodowa St.
We have made no specific queries of the statutory authorities but understand and assume that all mains services are available on the site.

LAND REGISTRY DETAILS

According to the information provided by the client, the property is situated in Kielce Municipality. We have reviewed extracts from Land and Mortgage Registers (KW) only and did not checked the Land Register entries. The Property consists of ten plots entered in the following Land and Mortgage Registeres: plots no: 46/21, 46/22, - KI1L/00095747/7, plots no: 46/12, 46/23, 46/27, 46/29, 46/38, 46/36, 46/42, 46/50 - KI1L/00075675/5.
The Client holds Perpetual Usufruct tite to the land.

Plot no	Area (sq m)	Land &Mortgage Register no (KW)	Owner	RPU holder of the land and owner of the building
46/21, 46/22	1 894	KI1L/00095747/7	State Treasury	Kielce Plaza Sp. z o.o.
46/12, 46/23, 46/27, 46/29, 46/38, 46/36, 46/42, 46/50	27 907	KI1L/00075675/5	State Treasury	Kielce Plaza Sp. z o.o.

We have not checked title documentation but assume the property is an unencumbered effective freehold/RPU.

Land registry extract	Not Applicable	Obtained on	Not Applicable
Registered owner	Owner: State Treasury, Perpetual Usufructor: Kielce Plaza Spółka z Ograniczoną Odpowiedzialnością		
Registered use	Assumed land		
Registered size			29,801.00

Restrictions and encumbrances

Vehicular and pedestrian right-of-way easements over plots constituting the property.

Comments

PROPERTY	
ADDRESS	Kielce Plaza
VALUATION DATE	31 December 2013

PLANNING ISSUES

Zoning	not valid
Footprint ratio	n/a
n/a	
Maximum height	n/a
Permit status	No building Conditions (WZ) . No building permit.

The subject Property is not covered by a valid Master Plan. The Master Plan covering this area is being prepared and according to its project substantial part of the property is marked with symbol UC1 - retail use with sales area more than 2000 sqm) while small parts of it are marked as KDD (public roads) and UMW (services area with possible residential function). The area is a subject to a planning study ("Stadium Uwarunkowań i Kierunków Zagospodarowania Przestrzennego Miasta Kielce") which is not applicable in issuing planning or building permit but rather acts as a blueprint for drawing up new zoning plans. According to this planning study the Property is located in a zone where services and retail use is allowed with retail over 2,000 sq m use.

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPOSED SCHEME

The client is planning to develop a shopping centre Kielce Plaza. The building was designed to make staying in it pleasant and to encourage frequent visits by offering many attractions. The space plan, which includes, in addition to shops, the following items, is an important factor for the attractiveness of a retail centre: a complex of 9 cinemas, restaurants with a food court, Fantasy Park including bowling alleys, a disco, playground for children, bar etc. Moreover, viewing terraces at which visitors can sit, have a meal or drink a cup of coffee have been located above the main entrances. The building is divided into two main parts, that is the mall and basement garage. The mall is situated at three ground-based levels. The basement garage has two levels with 828 parking places. The building will offer 33 600 sqm of GLA.

PROPERTY

ADDRESS	Kielce Plaza
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS

Good location in regional city

Good exposure form Zagnańska and Jesionowa streets

WEAKNESSES

Shape of the land

There is no possibility for direct car access to the land from Jesionowa or Zagnańska streets

Saturated retail market

OPPORTUNITIES

Opportunities for potential new retail brands in Poland or retail parks

THREATS

Saturated retail market

Strong competition in retail sector in Kielce

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Stock & supply

The total modern retail stock in Kielce amounts to approx. 180,000 sqm GLA, of which 150,000 sqm constitute shopping centres (83.5%). At the end of Q1 2013 the shopping centre saturation ratio in Kielce was one of the highest in Poland and amounted to 757 sqm per 1,000 inhabitants due to the completions of two retail schemes on the market – the extension of Galeria Echo (40,000 sqm GLA) and the construction of Korona (34,000 sqm GLA).

The first shopping centre in Kielce was Centrum Radomska (37,000 sqm), developed by Metro AG, which brought a new retail offer to the market in 2000 (Real, Praktiker, Media Markt). The centre was extended in 2008 by a strip mall and is a very popular mass market retail destination.

In 2002 Echo Investment completed the first large scale fashion orientated retail scheme in Kielce – Galeria Echo. Extended significantly in 2011, Galeria Echo (65,880 sqm) is currently the largest retail scheme in the city. Galeria Echo offers over 300 shops, service and catering units, including Tesco hypermarket, RTV Euro AGD, Go Sport, Smyk, EMPiK, Voegele, Inditex, LPP, TK Maxx, H&M, C&A, New Yorker, KappAhl, Cubus, Answer, Pure Jatomi fitness, MK Bowling and Helios multiplex.

Korona shopping centre was completed in 2012 in the city centre of Kielce. It offers nearly 200 units of 34,000 sqm, including: Piotr i Paweł supermarket, Media Expert, Multikino, Pure fitness, H&M, Inditex, LPP, Royal, Carry, Massimo Dutti, Smyk, EMPiK and Intersport.

Although Kielce's retail market is evidently oversupplied a number of developers are looking for new investment opportunities, including Plaza Centres (Plaza Kielce) and Rank Progress (Miedziana Góra project). Most of these projects are at an early stage of development, without secured planning or financing. New supply is not expected in the city in the short term perspective.

Demand & vacancy rates

The demand for modern retail space remains at a low level. A number of the domestic and international chains found locations for their stores in Galeria Echo and Korona between 2011 and 2012. The main fashion anchors are already present in Kielce in more than one location. Small retail chains were very cautious and focused on facilities with competitive rents and incentive packages. They focused on established retail schemes offering high footfall and revenues. Demand comes mainly from retail chains offering mid-market commodities. Limited new entrants come mainly from the clothing, footwear and sports sectors and these players are taking small and medium-size premises; expansion usually spreads from the capital.

The vacancy rate (5.3%) in the city is a result of oversupply. A number of available units of different sizes can be found in Galeria Echo and Korona.

Rental level

The prime rents in shopping centres in Kielce have been recorded in Galeria Echo (EUR 35-37/sqm/month). Rents in other centres achieved EUR 25-29/sqm/month. Large size units (over 5,000 sqm GLA) are priced at EUR 6-7/sqm/month and average size units (1,000-3,000 sqm GLA) at EUR 7.5-10/sqm/month. Due to the high competition on the market incentives are common, including participation in fit-out, rent free periods and rent based only on turnover. The service charges in shopping centres are at EUR 1.5-2.5/sqm/month for large size tenants and EUR 5.5-7.5/sqm/month for others. Additionally, tenants are obliged to pay marketing fees at EUR 1-3/sqm/month, depending on the centre and size of the unit.

COMPETING SCHEMES

Building / Address	*Date*	*Rent (psm / mth)*	*Comments*
Galeria Echo	2002 and 2011	-	GLA 40,000 sq m, existing shopping centre
Korona	2012	-	GLA 34,000 sq m, existing shopping centre
Centrum Radomska	2000 and 2008	-	GLA 37,000 sq m, existing shopping centre

PROPERTY

ADDRESS	Kielce Plaza
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

According to the information provided by the Chief Architect's office, plots are currently not covered with a valid Master Plan (Miejscowy Plan Zagospodarowania Przestrzennego). The new plan is under preparation. The valid Planning Study (Stadium uwarunkowań i kierunków zagospodarowania przestrzennego) indicates that the area where the Property is located is designated for *large scale retail* (WOH-3). That why we apply residual method taking under consideration planned scheme.

VALUATION ASSUMPTIONS

RENTAL VALUE

We assumed average ERV for each category based on our market research and knowledge of the recent lease transactions and current trends.

0-55	€	38.00	/sqm /month
56-100	€	33.00	/sqm /month
101-150	€	30.00	/sqm /month
151-200	€	25.00	/sqm /month
201-300	€	18.00	/sqm /month
301-500	€	15.00	/sqm /month
501-1000	€	10.00	/sqm /month
1000-1500	€	9.00	/sqm /month
>1501	€	8.00	/sqm /month
cinema	€	6.00	/sqm /month
Food court	€	25.00	/sqm /month
supermarket	€	10.00	/sqm /month
Fantasy Park	€	5.00	/sqm /month

EXIT RATES APPLIED

We have compared retail units' yields and sale prices with the existing shopping centres. Based on our market experience prime yields will be around 6,0% for fully established scheme. We have applied a discount to reflect the speculative nature of the assumed scheme.

Year	Name	Location	Type	Size (sq m)	Price (mn EUR)	Purchaser	Yield (est.)
H1 2013	Zlote Tarasy (23% shares)	Warsaw	retail	66 200	95.9	Unibal Rodamco	n/a
H1 2013	Echo prtfolio	Radom, Tarnów, Piotrków Tryb.	retail	57 100	67.2	L&C Properties	8.7
H1 2013	Galeria Leszno	Leszno	retail	33 400	50	Blackstone	8.5
H2 2013	Silesia City Centre	Katowice	retail		412	Alianz	under 6%
H2 2013	Galeria Dominikańska	Wrocław	Retail		151.7	Atrium	6.1

Source: C&W Valuation & Advisory, December 2013

	Exit
0-55	8.00%
56-100	8.00%
101-150	8.00%
151-200	8.00%
201-300	8.00%
301-500	8.00%
501-1000	8.00%
1000-1500	8.00%
>1501	8.00%
cinema	8.00%
Food court	8.00%
supermarket	8.00%
Fantasy Park	8.00%

OTHER VARIABLES

PROPERTY
ADDRESS Kielce Plaza
VALUATION DATE 31 December 2013

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.

Shopping Centre	€	1,250 /sqm	
Contingencies		3%	
Letting Fees		15% ERV	
Sales Fees		0% ERV	
Fees		12% GDC	
Planning Fees & Contributions	€		-
Other	€		-
Developer's Profit		20% GDV	

PROPERTY	
ADDRESS	Kielce Plaza
VALUATION DATE	31 December 2013

SUMMARY RESIDUAL VALUATION

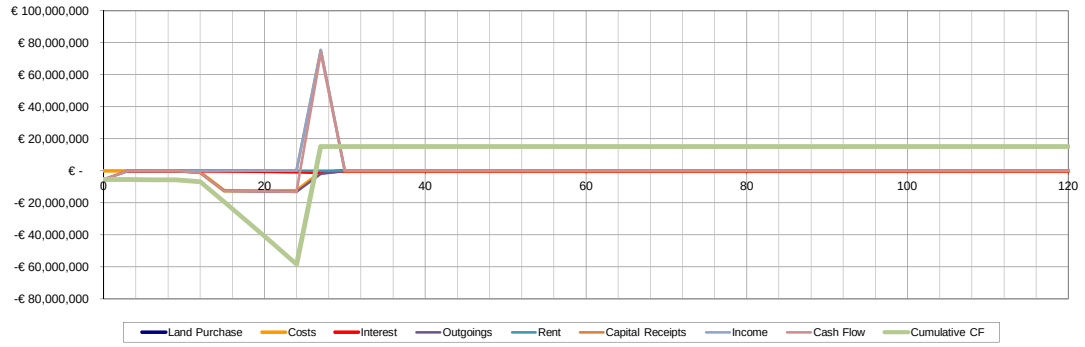
Capital Receipts			€	75,501,915		
Rent			€	-		
Income					€	**75,501,915**
Development Costs			-€	42,004,925		
Infrastructure			-€	2,100,246		
Demolitions			€	-		
Planning fees & contributions			€	-		
Other costs			€	-		
Fees			-€	5,292,621		
Contingencies			-€	1,481,934		
Fixed Marketing Costs			€	-		
Sales Fees	0%	sales proceeds	€	-		
Leasing Fees	**15%**	**annual rent**	-€	906,023		
Development Finance	7.00%		-€	2,256,087		
Developer's Profit @	20.00%	GDV	-€	15,100,383		
Acquisition Fees	2.00%		-€	124,700		
					-€	**69,266,919**
Residual value					€	**6,234,996**
Land Holding cost						0.85805986
					€	**5,350,000**

Cash Flow

Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Land Purchase	-€ 5,350,000								
Costs	-€ 107,000	-€ 1,090,280	-€ 49,789,446	-€ 906,023	€ -	€ -	€ -	€ -	€ -
Income	€ -	€ -	€ -	€ 75,501,915	€ -	€ -	€ -	€ -	€ -
Interest	€ -	-€ 381,990	-€ 1,773,601	-€ 997,793	€ -	€ -	€ -	€ -	€ -
Cash Flow	-€ 5,457,000	-€ 1,472,270	-€ 51,563,047	€ 73,598,099	€ -	€ -	€ -	€ -	€ -
Cumulative CF	-€ 5,457,000	-€ 6,929,270	-€ 58,492,316	€ 15,105,783	€ 15,105,783	€ 15,105,783	€ 15,105,783	€ 15,105,783	€ 15,105,783

As can be seen in the chart below, we assume development will commence in at the third year . Based on the current scheme the property will be developed in one phase. The scheme will be completed at the end of third year. At this point the scheme will start generating income. Following the opening , in the third year the scheme will start generating profit. The main cost for the first year is the land aquisition and the majority of the scheme will be developed in the second year.

Cash Flow Profile



PROPERTY	
ADDRESS	Kielce Plaza
VALUATION DATE	31 December 2013

SUMMARY & CONCLUSION

We have compared the site to other commercial lands in the city. However we primarily ran a residual calculation to develop our findings. We estimate that the subject plot would transact in the €40-210 per sqm range, which we consider to be realistic in the context of the available market information.

No directly comparable transaction (retail, services development land with large area above 1 ha) has been concluded in the last year, therefore residual approach provides the most reliable market value.

In summary, using the above assumptions and variables we have arrived at a residual amount of €140per sqm, which is in line with the comparable sites set out below.

Gross value **€** **-**

Address	Details	Asking / sold	Date	€/sqm
Kielce, Warszawska	plot: 2,704 sqm, no Master Plan	sold	03.2010	€ 61
Kielce, Głęboczka 3	plot: 11,173 sqm, no Master Plan	sold	01.2011	€ 107
Kielce, Zagnańska	plot: 1,492 sqm, no Master Plan	sold	02.2011	€ 100
Kielce, Zagnańska	plot: 1,538 sqm, no Master Plan	sold	07.2012	€ 211
Kielce, Zagnańska	plot: 14,524 sqm, large retail scheme	sold	04.2010	€ 41
Kielce, Łódzka	plot: 18,967 sqm, no Master Plan	sold	12.2012	€ 62

MARKET VALUE	**€**	**5,350,000.00**	**say**	**€**	**5,350,000**

PROPERTY	LIBEREC PLAZA SHOPPING CENTRE
ADDRESS	Palachova 1404, Liberec, Czech Republic
VALUATION DATE	31 December 2013

PROPERTY	LIBEREC PLAZA SHOPPING CENTRE
ADDRESS	Palachova 1404, Liberec, Czech Republic
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Macro Location

Micro Location

Front View

Internal View

LOCATION

The Property is located within the regional city of Liberec, the 5th largest city in the Czech Republic. The city is located in the north of the country and has a population of 101,000 permanent inhabitants. Liberec is located 118 kilometres north from Prague.

The Property itself occupies a corner position at the junction of Palachova and 5. května Streets in the historical city centre of Liberec. The Property is in close proximity to nám. Dr. E. Beneše Square, one of the focal points in the city which also connects with Libereec high street (Pražská Street). From here the city's other main square , Soukené náměstí Square can be accessed.

The Property is easily accessible by car as well as by public transport. Access by car is from Palachova Street. Access by public transport is also good, with bus and tram stops in front of the Property on Palachova Street. The railway station in front of the Property is one of the main public transportation hubs in the city centre.

Whilst the location of the subject property is good, a specific characteristic of the Liberec market is the very high level of retail supply. In this respect we also mention the presence of Forum Liberec, a 46,000 sq m shopping centre situated less then 500 m from the subject property. Owing to this competing schemes more central position, this has proved the more successful centre to date.

LOCATION DETAILS

City Population	101,000
Local Land	Mixed, commercial & residential
Distance to Centre	0 km
Distance to Highway	2.0 km
Distance to National Road	0.5 km
Public Transport	Buses and trams
Plot area	7,745 sq m
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Shopping centre
Occupation	Multi tenancy
Historic monument	No
Gross lettable area	20,091.75
Parking Places	490
Access	Good
Utilities	In place
Legal issues	Not checked

PROPERTY	LIBEREC PLAZA SHOPPING CENTRE
ADDRESS	Palachova 1404, Liberec, Czech Republic
VALUATION DATE	31 December 2013

PROPERTY DATA

BUILDING

Year of Construction	2009
Modernisation Year	n/a
Building Condition	Good
Gross lettable area	20,091.75
Parking places	490
Current rent p.a.	€ 1,224,840
Vacancy rate (overall)	23%
Weighted remaining lease term	3.27
State of Repair	Good
Overall Condition	Good

TECHNICAL DETAILS

Building Type	Retail (major), office, residence
Construction	Reinforced steel framework
Facade	Glass and metal sheets
Roof	Flat roof
Windows	Various
Glazing	Double
Heating	Hot water exchanger
AC/ Ventilation	Air conditioning system
Cabling	None
Sanitary	Modern standard

PLOT OF LAND

Site area, total	7,745
Surplus Land	No
Developed area (% total site)	95.8

INSPECTION

Inspection Type	Full
Inspection Date	Desk top
Inspected by	n/a

PROPERTY DESCRIPTION

The subject Property is a modern, shopping centre with a small component of office and residential accommodation. The Property was completed in 2009. In total the Property offers approximately 20,092 sq m of lettable areas, arranged across four basements, ground and four upper floors.

The office element is located at the corner of the Property and has in total seven above ground floors. The office element offers approximately 1,084 sq m of lettable area. The basements are dedicated for car parking and house 490 car parking lots with some additional storage areas (ca 384 sq m). There is some retail areas on the 1st basement level.

The lower above ground levels are dedicated for retail. At present there are 78 retail units (some of the represented by more merged units) and 14 kiosks (incl. the carwash facility), forming the retail area of the Property. In total the retail area of the Property is 18,039 sq m (inclusive of ca 20 sq m terrace of cafeteria). The 3rd and 4th floors are residential (5 residential units totalling some 515 sq m).

The Property is accessible by four entrances. One from 5. května street, one through a passage onto the Beneš square and two from the Palachova street. Due to the sloping nature of the site, one of the entrances from Palachova is from the street at 1st basement level while the other is from the ground floor.

ACCOMMODATION

We have been provided with Property areas by the Property owner. We have relied on these areas and have not undertaken check measurements on site to verify their accuracy. We assume that these areas are accurate and calculated in accordance with normal market practice. A summary is shown below.

Description	Primary use	Sqm
Retail	Retail (incl. kiosks and cafeteria terrace of ca 20 sq m)	18,039.26
Car wash	Car wash	70.00
Office	Office	1,083.97
Residential	Apartments	514.84
Storage	Storage	383.68
Total		**20,091.75**

PROPERTY	LIBEREC PLAZA SHOPPING CENTRE
ADDRESS	Palachova 1404, Liberec, Czech Republic
VALUATION DATE	31 December 2013

LAND REGISTRY DETAILS

The Property is registered on the Deed of Ownership No. 11326 in the cadastral area of Liberec. The freehold title is registered in the name of P4 Plaza s.r.o..The Property comprises 10 plots (47/7; 47/14; 47/15; 50/1; 50/7; 55/1; 55/3; 63; 74/7; 5783/3). Three of the plots (7,421 sq m) are registered as the built up area and courtyard. Building reg. No. 1404 is resisted and also forms part of the Property. According to the information provided by the Chief Architect's office, plots are zoned for mixed use with greenery. This allows uses such as commercial, administrative or residential on the site.

Land registry extract	Deed of Ownership No. 11326	Obtained	22. April 2013
Registered owner	P4 Plaza s.r.o.		
Registered use	Built up area and courtyard / other area		
Registered size	7,421 sq m / 324 sq m		

Restrictions and encumbrances

There are several easements related to the surrounding plots (rights of way and similar). Based on this, we have assumed the Property has free and unlimited access from public communications. There are several encumbrances on the Property, mainly related to infrastructure or public transportation. There is a mortgage on the Property in favour of MKB BANK Zártkoruen Mukodo Reszvenytársaság.

Comments

We note that the building is partly built on third party land (plot No. 58/1) registered on the Deed of Ownership No. 1599. According to the information provided to us, there is no easement registered on the subject Property Deed of Ownership No. 11326 permitting use this plot. For purpose of this valuation, we have assumed that this is only a registration mistake and that such an encumbrance on the plot No. 58/1 is registered on the Deed of Ownership No. 1599. We have not checked this but have assumed this for

PLANNING ISSUES

Zoning	Mixed use/greenery
Footprint ratio	95.80%
Maximum buildable area	n/a
Maximum height	n/a
Permit status	Occupancy permit

We note that according to the current zoning plan the Property partly stands on the area classified as greenery. Further to enquiries at the city architect's office we understand that there is a mistake in the zoning plan and that the newly proposed version is supposed to correct this state. For

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water). In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

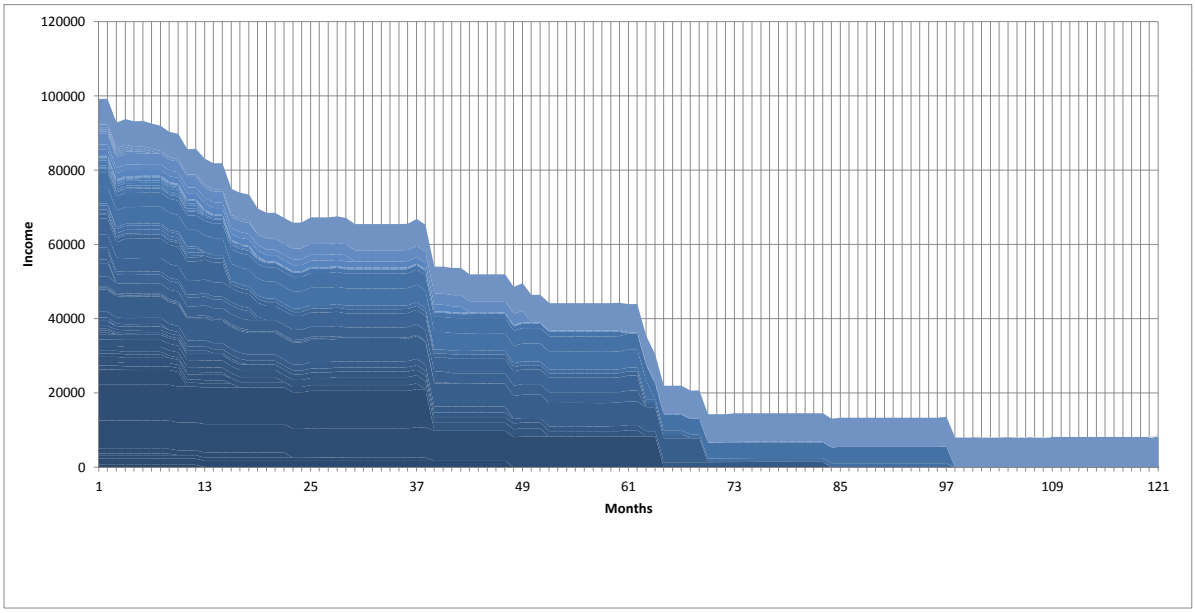
PROPERTY	LIBEREC PLAZA SHOPPING CENTRE
ADDRESS	Palachova 1404, Liberec, Czech Republic
VALUATION DATE	31 December 2013

TENANCIES

Number of Tenants		59
Vacant space (m²)		4592.5
Lease Income (p.a.)	€	1,224,840.07
Other Income (p.a.)		€ -
Operating Expenses (p.a.)	-€	1,406,351.51
Service Charge (/sqm / month)		€ -
Lease inspected?		no

At present, the property is let to 59 tenants. The lease agreements are for various lease terms with the prevailing period of 5 years (in a number of cases with option to extend). The largest tenant of the property is Dinopark, which occupies approximately 4,254 sq m. The Dinopark concept has been considered as the alternative use for part of the property to reduce the considerable vacancy of the scheme. Despite the alternative use of part of the property areas, the property continues to suffer from considerable vacancy, at present reaching ca 23% of the lettable areas. The passing rent is € 1,230,342 (€ 6.03 sq m/month excluding the short term car parking to the currently let area). There are several tenants with turn-over rent only (e.g. Easy Rider, Sephora, Dinopark, KiK etc.). In these cases the passing income has been considered based on the tenants' performance in 2013.

Income Profile



As visible from the chart above the rental income secured by lease agreements currently in place reduces over the period of next ca 97 months. There is visible relatively steep curve of decrease of the income within the next ca 12 months. This partly relates to the tenats with indefinite lease term where for purpose of the valuationo the expiry has been assumed in 12 months from the valuation date. We note that some of the tenants have extension options, nevertheless these extension options have not been taken into consideration for purpose of the valuation.

The guaranteed income further reduces over the following ca 5 years. After the 70th month, there remain only long term lessee in place from those currently concluded (e.g. Dinopark, EMTEA,.The income beyond the 98th month as shown in the chart above, is represented by income secured from short term car parking. For the purpose of this valuation, we have calculated the passing rent as the average from the last four years. We have assumed this average income from car parking to be collected during future years. This income

PROPERTY	LIBEREC PLAZA SHOPPING CENTRE
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SWOT-ANALYSIS

STRENGTHS	WEAKNESSES
Location in the city centre	Significant competition in the city
Good visibility	High proportion of vacant areas
Good accessibility	Low parking ratio (ca 1:40 sq m)

OPPORTUNITIES	THREATS
Remodelling of the centre	Existing tenants to leave the property
Identification of alternative uses	Weakening of the market
	Weakening of the retailers demand

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Retail sales received a significant boost in November as they surged by 6.1% on the same period in 2012. The positive performance was broad based, with all retail categories recording growth. However, non-food sales were particularly encouraging, with growth in constant prices of 6.3% year-on-year, in contrast to the 1.1% rise for food, beverages and tobacco. A similar pattern was also evident over the course of the year, with retail sales in the January to November period rising by 1.1% for non-foods, but declining by 1.2% for food, beverages and tobacco products.

The retail market remained generally stable on the supply side, with limited new shopping centre space delivered in and outside of Prague. When comparing 2013 to the preceding year, it was relatively positive, but with 2014 expected to improve slightly as sentiment is largely optimistic. Several new brands are expected to enter the high street market. Prime locations remain very attractive, while secondary and developing pitches are slowly recovering. Prime rents were generally stable over the fourth quarter, but they did rise on an annual basis across all sub-sectors.

Investment market activity was largely subdued in the fourth quarter, with a number of transactions in the pipeline moving into the first quarter of 2014. Trading volumes for 2013 are estimated to have amounted to a total similar to the one recorded in 2012. Nevertheless, activity is expected to improve next quarter as some of the deals are eventually finalised. Prime yields in Q4 hardened by 25 basis points quarter-on-quarter and by 50 basis points year-on-year for both high streets and shopping centres.

Business and consumer sentiment is slowly recovering in the country and this bodes well for the sector going forward. Prime locations remain sought-after, but conditions elsewhere are also slowly improving. Following two years of contraction, the economy is expected to expand moderately this year according to Consensus Forecasts, and this should strengthen occupier and investors confidence. Nevertheless, while occupier demand will generally remain stable, the investment market in 2014 is likely to see higher liquidity compared with last year.

PROPERTY	LIBEREC PLAZA SHOPPING CENTRE
ADDRESS	Palachova 1404, Liberec, Czech Republic
VALUATION DATE	31 December 2013

COMPARABLES

LEASE COMPARABLES

Building / Address	*Date*	*Rent (psm / mth)*	*Incentives*	*Comment*

SALES COMPARABLES

Building / Address	*Date*	*Price (€m)*	*Yield %*	*Comment*
Rýnovka Jablonec	Q2 2013	23.5 mil.	8.95	
City Olomouc	Q4 2012	15 mil.	15.00	Forced auction
EuroCentre Hradec	Q2 2012	25 mil.	8.00 - 8.50	Transacted together with the adjacent Baumax DIY store
Forum Nova Karolina	Q4 2011	300 mil.*	7.00 - 7.50	*Portfolio transaction together with Forum Ústí nad Labem
Forum Usti nad Labem	Q4 2011	300 mil.*	7.00 - 7.50	*Portfolio transaction together with Forum Nová Karolina Ostrava
Olympia Mladá Boleslav	Q3 2011	96 mil.*	cca. 7.50	*Portfolio transaction together with Olympia Teplice
Olympia Teplice	Q3 2011	96 mil.*	cca. 7.50	*Portfolio transaction together with Olympia Mladá Boleslav
Forum Liberec	Q3 2011	57.5 mil.	7.25 - 7.40	

COMPETITION

The retail market in Liberec is the most densely developed in the Czech Republic. The coverage per 1,000 inhabitants is 1,474 sq m of retail area. The coverage in other similar size cities of the county ranges from ca 500 - 1,000 sq m per 1,000 inhabitants. The market in Liberec significantly exceeds the average. This situation indicates that not all of the shopping centres in the city perform well. It is the Liberec Plaza scheme, which most suffers from this situation as it has been delivered to the market as the last scheme in the city. The Property currently suffers from considerable vacancy. Other retail schemes in the city: Nisa Liberec (50,000 sq m); OC Delta (5,450 sq m); Forum Liberec (47,000 sq m); Gecko (10,000 sq m) and others.

INVESTMENT CONSIDERATIONS

Due to the overall retail market in Liberec the Property suffers from a considerable level of vacancy. We would consider the Property as the weakest retail scheme in the city. Due to the performance of the Property, it could be of interest to speculative investors or value-ad investors with clear and identified remodelling/redevelopment ideas. In such cases investors would expect significant discounts, related to the risks associated with the Property. We would expect the interest into the Property to be moderate.

PROPERTY	LIBEREC PLAZA SHOPPING CENTRE
ADDRESS	Palachova 1404, Liberec, Czech Republic
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

In valuing the property, we have applied a Discounted Cash Flow (DCF) Approach.

The basis of DCF valuation is that the value of the property investment will be equal to the Gross Present Value (GPV) of the projected rental income flow, at the market's required rate of return (discount rate). It allows for explicit assumptions (market expectations) on future rental growth, holding period, depreciation, refurbishment, redevelopment, cost of management and transfer, taxation and financing arrangements.

To run a DCF, one would normally construct a cash flow applying current contracted income for its duration, then replacing the cash flow thereafter with the projected sustainable income (in the case of rents usually calculated at estimated rental value) whilst allowing for expected costs such as bad debts, income voids, commercialisation,

DATE OF ASSESSMENT

Valuation Date	31 December 2013
Report Date	12 February 2014

VALUATION DETAILS SUMMARY

Market Value	€	17,925,000.00
Gross annual income	€	1,225,000.00
Net Operating Income (Year one)	€	1,029,000.00
Day One annualised NOI	€	934,000.00
Estimated Rental Value	€	1,903,000.00
Initial Yield (Year one)		5.74%
Initial Yield (Annualised day one)		5.21%

VALUATION ASSUMPTIONS

RENTAL VALUE

Due to the current performance of the property as well as due to the condition of the retail market in Liberec (oversaturation of the market, limited demand from retailers) we have adjusted the average ERV for the retail premises of the property at €9.00/ sq m/month (Cat.1). For the Kiosks we have applied the ERV of €40/sq m/month (Cat.5). For the offices we have considered the ERV of €8.00/sq m/month (Cat. 2). For the

Cat. 1	€	9.00	/sqm /month
Cat. 2	€	8.00	/sqm /month
Cat. 3	€	3.00	/sqm /month
Cat. 4	€	5.00	/sqm /month
Cat. 5	€	40.00	/sqm /month
Cat. 6	€	6,848.00	/sqm /month
Cat. 7	€	-	/sqm /month
Cat. 8	€	-	/sqm /month
Cat. 9	€	-	/sqm /month
Cat. 10	€	-	/sqm /month
Cat. 11	€	-	/sqm /month

DISCOUNT AND EXIT RATES APPLIED

We have assembled the discount rate as the aggregate of the following: Risk free rate 1.5%; indexation growth 2%; risk premium for systematic and unsystematic risk 5.25% (relatively high due to the specific market in Liberec); obsolesce premium 2%.
We have considered the exit capitalisation rate at 8.75%. In this regard we have considered the fundamentals of

	Discount	Exit
Default	10.75%	8.75%
Vacant	10.75%	8.75%
Yield2	10.75%	8.75%
Yield3	10.75%	8.75%
Yield4	10.75%	8.75%
Yield5	10.75%	8.75%
Yield6	10.75%	8.75%
Yield7	10.75%	8.75%
Yield8	10.75%	8.75%

OTHER VARIABLES

We have considered the non-recoverable costs at the level of 10% of the annual ERV. This is due to the high vacancy at present and likely also in future and the leakage associated with it. We have considered the average expiry void as 6 months. We understand some of the units would get leased earlier while some later. For the office areas we have considered rent free period of 5 months (1 month for each year of the lease) as well as €60/sq m as fit out contribution.

Service Charge Income	€	-	/sqm/ month
Service Charge Outgoings	€	-	/sqm/ month
Non recoverables		5%	ERV
Void on expiry		3.00	months
Lease Term		5.00	years
Rent Free Periods		0.00	months
Leasing Fees		10%	1 year's rent
Fit out costs	€	-	psm
Other fixed costs			
Inflation			

PROPERTY	LIBEREC PLAZA SHOPPING CENTRE
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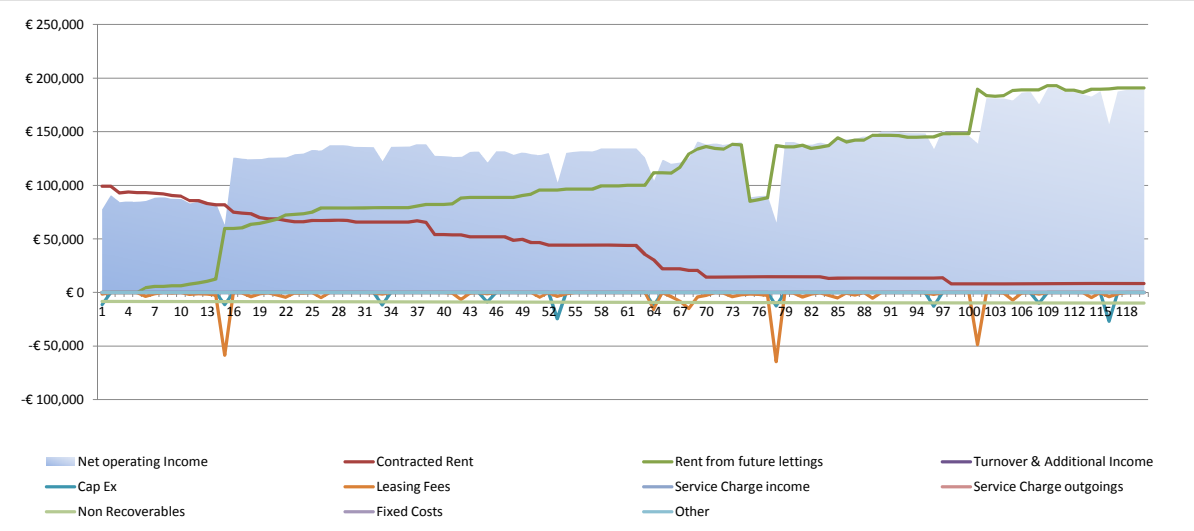
PROJECTED INCOME PROFILE

CASH FLOW

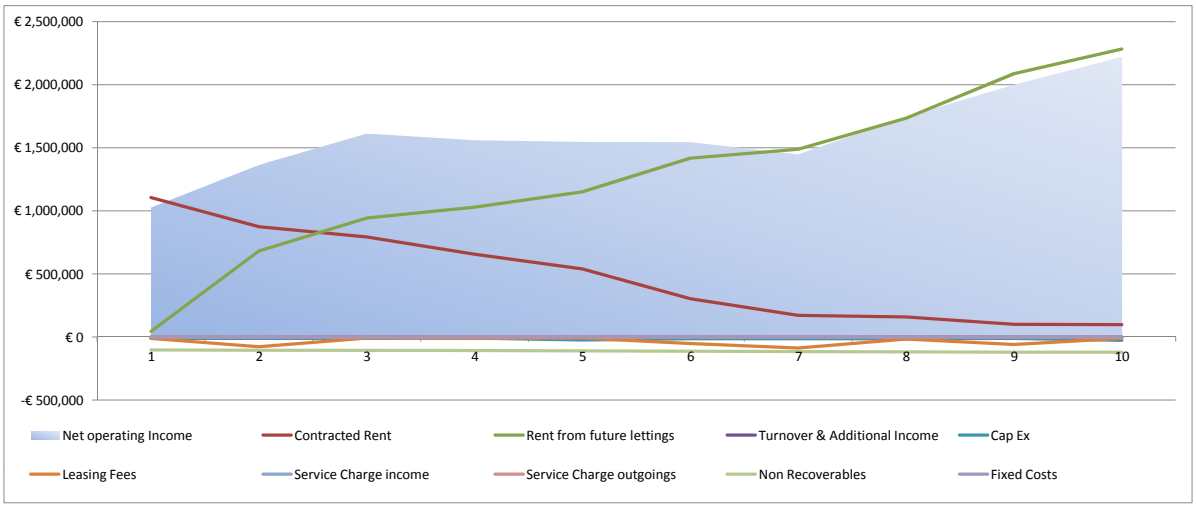
Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 1,107,447	€ 874,930	€ 795,227	€ 655,996	€ 540,222	€ 303,600	€ 173,171	€ 159,715	€ 101,835	€ 98,208
Rent from future lettings	€ 44,677	€ 682,967	€ 943,940	€ 1,030,923	€ 1,152,526	€ 1,418,091	€ 1,488,870	€ 1,735,375	€ 2,088,333	€ 2,283,468
Turnover & Additional Income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cap Ex	-€ 11,282	-€ 11,507	-€ 11,738	-€ 9,157	-€ 24,424	-€ 12,456	-€ 12,705	-€ 12,959	-€ 10,110	-€ 26,966
Leasing Fees	-€ 10,590	-€ 77,202	-€ 6,892	-€ 9,284	-€ 9,241	-€ 50,438	-€ 86,148	-€ 15,850	-€ 59,120	-€ 10,202
Service Charge income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge outgoings	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Non Recoverables	-€ 101,184	-€ 103,208	-€ 105,272	-€ 107,377	-€ 109,525	-€ 111,716	-€ 113,950	-€ 116,229	-€ 118,553	-€ 120,924
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
TOTAL	**€ 1,029,068**	**€ 1,365,979**	**€ 1,615,266**	**€ 1,561,100**	**€ 1,549,559**	**€ 1,547,081**	**€ 1,449,239**	**€ 1,750,052**	**€ 2,002,384**	**€ 2,223,583**

Monthly income



The chart above illustrates the financial performance of the scheme overt the selected period (10 years). For purposes of our valuation we have considered the current situation in Liberec as well as all the fundamentals of the subject property. We have taken into account the current vacancy. In this respect, we have applied average current void for all of the vacant units at 12 months from the valuation date. We note, that some of the vacant units could lease within a shorter timeframe, while some of the units could take longer to lease. Due to the to current performance of the property we note that there is likely to be a longer term period of vacancy. In this respect, we have assumed a permanent vacancy of 10%.

Annual Income



PROPERTY	LIBEREC PLAZA SHOPPING CENTRE
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DISCOUNTED CASH FLOW

Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 999,952	€ 713,322	€ 585,410	€ 436,040	€ 324,230	€ 164,528	€ 84,736	€ 70,566	€ 40,626	€ 35,376
Rent from future lettings	€ 40,340	€ 556,816	€ 694,886	€ 685,254	€ 691,723	€ 768,496	€ 728,535	€ 766,732	€ 833,117	€ 822,541
Turnover & Additional Income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cap Ex	-€ 10,187	-€ 9,382	-€ 8,641	-€ 6,087	-€ 14,659	-€ 6,750	-€ 6,217	-€ 5,726	-€ 4,033	-€ 9,713
Leasing Fees	-€ 9,562	-€ 62,942	-€ 5,073	-€ 6,171	-€ 5,546	-€ 27,333	-€ 42,154	-€ 7,003	-€ 23,585	-€ 3,675
Service Charge income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge outgoings	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Non Recoverables	-€ 91,363	-€ 84,144	-€ 77,496	-€ 71,374	-€ 65,735	-€ 60,541	-€ 55,758	-€ 51,353	-€ 47,296	-€ 43,559
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Exit										€ 8,816,854
TOTAL	**€ 929,181**	**€ 1,113,670**	**€ 1,189,085**	**€ 1,037,661**	**€ 930,014**	**€ 838,399**	**€ 709,143**	**€ 773,216**	**€ 798,829**	**€ 9,617,824**

The fundamentals of the property such as location and design are, in isolation, considered to be reasonable for the market place. The property represents a good quality modern retail facility. However, owing to the fact that the Liberec retail market is the most over supplied in the country, the performance of the subject property has been well below the market standard. We recognise that the building does have some longer term potential but at the current time investors in the market place are unwilling to take a speculative position. On this basis we have valued the asset according to its current performance, which is currently weak and which in fact continues to pose some longer term income risk. We have adopted the perspective of an investor in the open market.

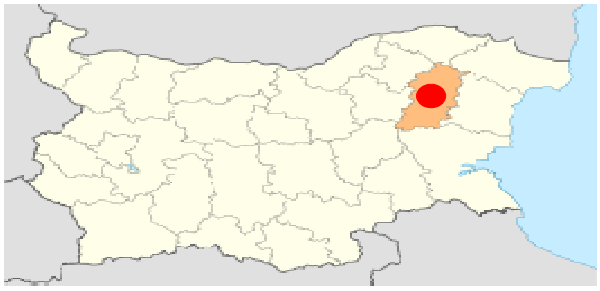
Gross value			**€**	**17,937,022**
Legal Costs	**0.50%**			
Agent Fees	**1.00%**			
Transaction Costs	**0.00%**	**1.50%**	**€**	**265,079**
Market Value			**€**	**17,671,943**

MARKET VALUE

say € 17,675,000

PROPERTY	
ADDRESS	Shumen Plaza
VALUATION DATE	31 December 2013

PROPERTY	
ADDRESS	Shumen Plaza
VALUATION DATE	31 December 2013



Bulgaria

City of Shumen

Shumen City Centre

Micro Location

LOCATION

The municipality encompasses a territory of 630 km². Currently, the eastern operating section of Hemus highway connects the main town with the port of Varna. Shumen Municipality includes 27 settlements among which the city of Shumen.

The city of Shumen lies 80 km west of Varna and in the eastern Balkans, which surround it on the west and north in the shape of a horse-shoe. From Shumen roads radiate northwards to the Danubian cities of Rousse and Silistra and to Dobruja, southwards to the passes of the Balkans, and eastwards to Varna and Balchik.

Simeon Veliki boulevard on which the properties are located is a major road artery in the city providing quick links to major districts in the settlement.

LOCATION DETAILS

City Population	100,086
Local Land Uses	Residential areas & production and industrial areas
Distance to Centre	500 meters
Distance to Highway	4 km
Distance to National Road	Located on main boulevard
Public Transport	very communicative location and developed public transport
Plot area	26 058 sqm
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	No occupation
Historic monument	No
Site area	
Parking Places (closed)	n/a
Access	Simeon Veliki Blvd., Industrialna/Stroitel Str. and Pliska Str.
Utilities	n/a
Legal issues	not checked

PROPERTY	
ADDRESS	Shumen Plaza
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

Site area, total	26,058
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	Inspected
Inspection Date	14 May 2013
Inspected by	Plamen Bachev

PROPERTY DESCRIPTION

The land referred to Shumen Plaza comprises 2 neighbouring regulated land plots located at 1 Simeon Veliki Blvd.as follows:
- N 83510.669.2, with area of 8961 sqm (by Cadastre and Registry Agency sketch)
- N 83510.669.410, with area of 17097 sqm (by Cadastre and Registry Agency sketch)

The total area of the plots amounts to 26058 sqm.

As of the valuation date the site is an undeveloped vacant plot.

The owner of the properties according to the provided sketches from the Cadastre Agency and notary deeds mentioned in the former documents is Shumen Plaza EOOD.

LAND REGISTRY DETAILS

According to the information provided by the client, the property is situated at the end of the north-western part of the industrial zone of Shumen. The provided extract from the Cadastre Agency indicates that plot N 83510.669.410 is designated "for other public services object" and plot N 83510.669.2 is designated for a warehouse.
The plot has irregular shape and trees on it.
We have not checked title documentation but assume the property is an unencumbered effective freehold.

Land registry extract	Not Applicable	Obtained on	Not Applicable
Registered owner	Not Applicable		
Registered use	Assumed land		
Registered size	Not Applicable		

Restrictions and encumbrances

We have not checked title documentation but assume the property is an unencumbered effective freehold.

Comments

There is a bus stop right next to the property on Simeon Veliki Blvd. as well as a subway for pedestrians.

PROPERTY ADDRESS
Shumen Plaza

VALUATION DATE
31 December 2013

PLANNING ISSUES

Zoning	
Footprint ratio	
Maximum buildable area	
Maximum height	
Permit status	Construction permit N 343/3.9.2008. has expired.

There is a construction permit for a shopping center with a TBA of 59,925 sqm and built-up area of 11,290 sqm.

The construction permit for a shopping center expires after 3 years of its issuance provided construction works have not been started . Alternatively the permit will not be valid in case after 5 years the building under construction has not been completed at the stage of rough construction.

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPOSED SCHEME

The client is planning to develop a shopping center. Shumen Plaza will be a three-storey commercial and entertainment center with 19,605 sqm GLA and 650 parking spaces. The shopping center will include supermarket, digital cinema, 70 retail shops, entertainment complex with bowling, billiards and games, food court, restaurants and cafes.

We comment that there is a low level of competition in the city of Shumen. This is mainly due to the low purchasing power and consumer spending of the local population. The only operating competitive scheme is the refurbished department store (RUM) which is currently City Center.

The latter prefer to visit the city of Varna (80 km) away where there are shopping centers offering international brands.

Taking into account the above we are of the opinion that the proposed retail scheme will not be successful. We advise that the location is suitable for a big box retailer.

PROPERTY	
ADDRESS	Shumen Plaza
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS

- Communicative location on a main boulevard with easy access from 2 streets and plenty of public transport in immediate proximity
- Large development plot in close proximity to the city center

WEAKNESSES

- Expired validity of the construction permit
- Surrounding area is mainly industrial

OPPORTUNITIES

- Lack of shopping centers with entertainment

THREATS

- Reduced retail spending
- Low purchasing power of the local population

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

The retail market in Shumen is mainly focused in the downtown on the pedestrian street Slavyanska where there are lots of cafes, famous retail brands, bank's offices, restaurants, etc.

The town hosts food retailers such as Billa (2 stores), Kaufland, Penny, Lidl, big box retailers for house hold appliances and electronics Technomarket and Technopolis, furniture shops and local retailer for construction materials.

The project's primary catchment covers Trakya quarter to the east of the project. Due to its strategic location the envisaged scheme's catchment area covers the whole city.

COMPETITION

The only operating competitive scheme is the refurbished department store (RUM) currently named City Center.
The project accommodates shops on ground floor and cafes, CBA (food hypermarket and shops on the second floor). The TBA of the project amounts to 2,500 sqm. The total number of covered and open-air parking places is 150.

Sports center Fabulis has a TBA of 4,800. The building accommodates bowling, bar, game zone fitness, SPA, shops and offices. There are not shopping schemes in the pipeline.

COMPETING SCHEMES

Building / Address	*Date*	*Rent (psm / mth)*	*Comments*
City Center	2006		GLA 2000 sqm, existing shopping centre
Sports center Fabulis	2007		GLA 4000 sqm, existing sports centre

PROPERTY	
ADDRESS	Shumen Plaza
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

Shumen is not a prosperous city and we have reservations as to the viability of a scheme - certainly given the current market climate. That said, this is a sizeable city and the scale of the city may justify a basic scheme in the medium term. There is a building permit for a shopping centre. To value the property we have applied a residual DCF approach incorporating a four-year holding period.

VALUATION ASSUMPTIONS

RENTAL VALUE

We have applied an average ERV of €15/sqm/month to the centre.

1	€	15.00	/sqm /month

EXIT RATES APPLIED

We have applied a yield of 10% upon sale

	Exit
1	10.00%

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.

Shopping Centre	€	500	/sqm
Contingencies		5%	
Letting Fees		13%	ERV
Sales Fees		2%	ERV
Fees		12%	GDC
Planning Fees & Contributions	€		-
Other	€		-
Developer's Profit		25%	GDV

PROPERTY Shumen Plaza
ADDRESS
VALUATION DATE 31 December 2013

SUMMARY RESIDUAL VALUATION

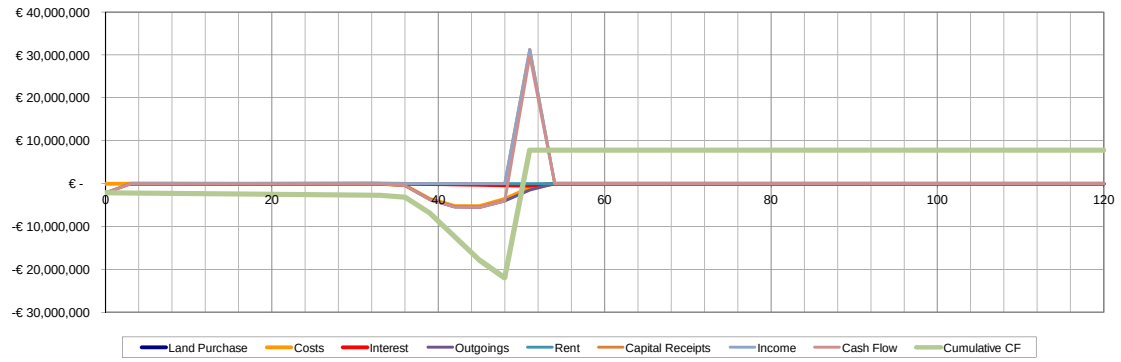
Capital Receipts			€	31,259,520		
Rent			€	-		
Income					**€**	**31,259,520**
Development Costs			-€	14,792,000		
Infrastructure			-€	739,600		
Demolitions			€	-		
Planning fees & contributions			€	-		
Other costs			€	-		
Fees			-€	1,863,792		
Contingencies			-€	869,770		
Fixed Marketing Costs			€	-		
Sales Fees	2%	sales proceeds	-€	625,190		
Leasing Fees	**13%**	**annual rent**	-€	390,744		
Development Finance	9.00%		-€	1,038,288		
Developer's Profit @	25.00%	GDV	-€	7,814,880		
Acquisition Fees	2.00%		-€	61,280		
					-€	**28,195,544**
Residual value					**€**	**3,063,976**
Land Holding cost						0.691911
					€	**2,120,000**

Cash Flow

Year	0	1	2	3	4	5	6	7	8
Land Purchase	-€ 2,120,000								
Costs	-€ 42,400	€ -	€ -	-€ 391,396	-€ 17,873,765	-€ 1,015,934	€ -	€ -	€ -
Income	€ -	€ -	€ -	€ -	€ -	€ 31,259,520	€ -	€ -	€ -
Interest	€ -	-€ 194,616	-€ 212,131	-€ 231,223	-€ 878,888	-€ 477,910	€ -	€ -	€ -
Cash Flow	-€ 2,162,400	-€ 194,616	-€ 212,131	-€ 622,620	-€ 18,752,653	€ 29,765,676	€ -	€ -	€ -
Cumulative CF	-€ 2,162,400	-€ 2,357,016	-€ 2,569,147	-€ 3,191,767	-€ 21,944,420	€ 7,821,256	€ 7,821,256	€ 7,821,256	€ 7,821,256

After building in a holding period we assumed construction over 12 months and a simultaneous lease up and sale.

Cash Flow Profile



PROPERTY
ADDRESS Shumen Plaza
VALUATION DATE 31 December 2013

SUMMARY & CONCLUSION

There are no recent land transactions in Shumen. Larger plots are available for close to €20/sqm but are typically further out of the city than the subject plot. There are very few buyers, if any, presently in the market and a buyer will likely need to self finance. We have been shown other sites available, but these are usually more expensive or are already built upon.

Our valuation equates to €81/sqm. Whilst more expensive than asking prices of other plots, this reflects the status of the scheme and the respective location.

Address	Details	Asking or sold?	Date	€/sqm
Shumen, Dobrudjanski quarter	Regulated land plot with with area of 21,000 sqm located at Rishki Prohod Str. Water mains and electricity are found next to the plot.	asking	current	€ 25.00
Shumen, Dobrudjanski quarter	Regulated land plot with area of 6,111 sqm located next to asphalt road in Dobrudjanski residential district. Available water and electricity on site.	asking	current	€ 37.00
Shumen, Rishki Prohod Str.	Regulated land plot with area of 10,000 sqm with face on road designated for industrial development. The plot is also suitable for showroom and hypermarket. Water and electricity next to the property.	asking	current	€ 25.00
Shumen, Trakia District	Regulated land plot with area of 8,000 sqm with face of 80 m on road designated for commercial development. The plot is found opposite a chemical plant	asking	current	€ 20.83
Shumen, Industrial zone	Regulated land plot with area of 32,000 sqm designated for industrial development. Water, electricity and gas are found in close proximity to the site	asking	current	€ 25.00
Shumen, close to main road artery, Trakia and Dobrudzha residential districts /close to Shumen Plaza project	site of 18,850sqm on 2 plots with 17 administrative and production buildings with a TBA of 5,200 sqm	asking	current	€ 75.00

MARKET VALUE	**€**	**2,120,000.00**	**say**	**€**	**2,125,000**

PROPERTY	RIGA PLAZA
ADDRESS	Mukusalas 71, Latvia, LV-1004
VALUATION DATE	31 December 2013

Macro Location

Micro Location

Front View

Internal View

LOCATION

Located some 3 km south of Riga City Centre, just next to the junction of the A7 motorway (Riga-Bauska-Lithuanian border), A10 (Ventspils-Riga, part of E-22 road from Holyhead, UK to Ishim, Russia) and A8 (Riga-Jelgava-Lithuanian border, part of E-77 road from Pskov, Russia to Budapest, Hungary) roads.
Riga Plaza is close to the residential districts of Tornakalns to the north-west and Ziepniekkalnsto the south. To the east lies Lucavsala, an island in the River Daugava. This green area is intended to be developed into leisure and sports destination for Riga's residents, with multiple playgrounds, jogging routes etc.
Riga Plaza is easily accessible from most parts of the capital, which has a population of ca. 700,000. The catchment population within 5 minutes drive is estimated at 50,000 with a further 10,000 inhabitants within 15 minutes drive.

LOCATION DETAILS

City Population	700,000
Local Land	Mixed, primarily RW & light industrial
Distance to Centre	3 km
Distance to Highway	
Distance to National Road	0.1 km
Public Transport	3 bus and 3 trolleybus lines
Plot area	80,310 sq m
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Retail
Legal issues	not checked
Historic monument	No
Gross lettable area	49,456
Parking Places	1,500
Access	good
Utilities	full infrastructure

PROPERTY DATA

BUILDING

Year of Construction		2009
Modernisation Year		-
Building Condition		good
Gross lettable area		51,254
Parking places		1,500
Current rent p.a.	€	5,923,173
Vacancy rate (overall)		3.50%
State of Repair		very good
Overall Condition		very good

TECHNICAL DETAILS

Building Type	Retail
Construction	Reinforced concrete framework
Facade	Cassette-type panels
Roof	Flat roof
Windows	Various
Glazing	n/a
Heating	Gas central heating
AC/ Ventilation	Air conditioning system
Cabling	None
Sanitary	Modern standard

PLOT OF LAND

Site area, total	80 310 sq m
Surplus Land	no
Developed area (% total site)	not provided

INSPECTION

Inspection Type	external and internal
Inspection Date	20/05/2013
Inspected by	Marzena Niemczyk, Izabela Mucha

PROPERTY	RIGA PLAZA
ADDRESS	Mukusalas 71, Latvia, LV-1004
VALUATION DATE	31 December 2013

PROPERTY DESCRIPTION

The subject property is a modern shopping centre completed in 2009. The Property is a two-storey building with 1,500 parking places located on the ground level and a multi-storey car park.
The building was constructed with a steel frame and was clad with sandwich panels and aluminium framed windows. Shafts are of reinforced concrete construction. Internal walls are of double plasterboard with some fire-proofed sections.
The building is L-shaped with the main entrance situated in the south-west corner. The shopping centre is served by three sets of escalators and a number of staircases and lifts. Retail units are situated in the central and eastern parts of the building while the north wing is occupied by a supermarket on the ground floor and food court, cinema and entertainment facilities on the first floor. The multi-storey car park is adjacent to the main building and is to the west.

ACCOMMODATION

We were provided with a break-down of floor areas from the on-site management. We are advised the areas reflect add-on (an apportionment for common area usage), which is common in the local market. We have relied on these areas and have not undertaken check measurements on site to verify the accuracy of these floor areas. We assume that these areas are accurate and calculated in accordance with normal market practice. A summary is shown below.

Description	Primary use		Sqm
0-50	retail		704
1001-2000	retail		7,715
101-150	retail		1,813
151-200	retail		810
201-300	retail		4,843
301-500	retail		9,415
501-700	retail		3,653
51-100	retail		1,989
701-1000	retail		4,455
cinema	retail		4,800
food court	retail		413
hypermarket	retail		8,290
leisure	retail		2,321
storage	storage		34
		Total	51,254

LAND REGISTRY DETAILS

The property is situated in Riga, in Mukuselas zone, plots no. 165, 58, 148, 2041, 140, 150, 2050, 2042, 2051, 2009, 2058 of total area of 80,310 sq m.

Land registry extract	not provided	Obtained on	-
Registered owner	not provided		
Registered use	-		
Registered size	80 310 sq m		

Restrictions and encumbrances

Not verified

Comments

We assume the Property holds good title with no onerous terms or conditions apparent.

PLANNING ISSUES

Zoning	Not verified
Footprint ratio	Not verified
Maximum buildable area	Not verified
Maximum height	Not verified
Permit status	Not verified

We were not provided with any zoning information and therefore assume that current use accords with local regulations. The building project of the shopping centre was approved by decisions No. 1964 dated 2 September 2003 and No. 317 dated 5 May 2006.

PROPERTY	RIGA PLAZA
ADDRESS	Mukusalas 71, Latvia, LV-1004
VALUATION DATE	31 December 2013

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

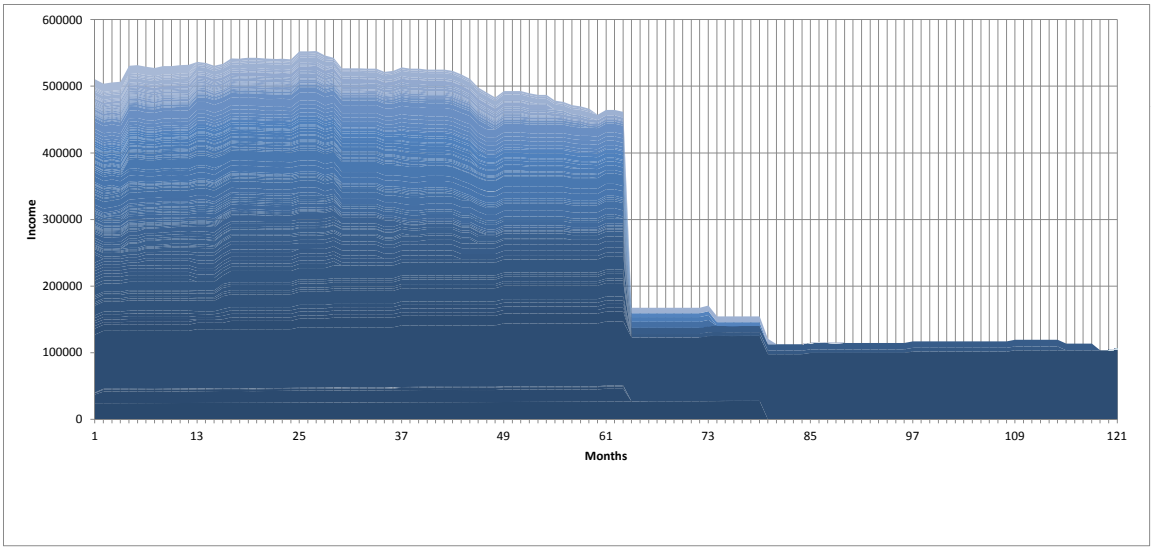
In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

TENANCIES

Number of Tenants			approx. 142
Vacant space (m²)			1797.4
Lease Income (p.a.)		€	6,142,863
Other Income (p.a.)		€	-
Operating Expenses (p.a.)		-€	2,987,279
Service Charge (/sqm / month)		€	-
Lease inspected?		No	
Standard Lease Terms:			
Lease length	5-10 years		
User Clause		assumed market standard	
Security		assumed market standard	
External Repairs		assumed market standard	
Internal Repairs		assumed market standard	
Insurance		assumed market standard	
Alienation		assumed market standard	
Indexation		assumed market standard	

The Property was let to over 140 tenants as at the valuation date. According to rent-roll provided to us the property will be over 96% let by Q2 2014 with 1,797 sq m of vacant space.
There are short-term tenants leasing stands, kiosks and spaces throughout the mall with additional income equating to an average of around EUR 12,500 per month.
The scheme has been successful in reducing vacancy in the last six months, however concessions have been granted in the form of reduced rents in order to induce certain tenants to relocate, making way for a major new anchor tenant.
The longest agreement is signed with hypermarket Prisma, which expires in 2029.

Income Profile



Many leases that were due to expire in the first quarter of 2014 have been successfully prolonged, however this is thought to often have been at the expense of rent.

SWOT-ANALYSIS

STRENGTHS	WEAKNESSES
Modern shopping centre in capital city	Several tenants have been granted temporary
Good location	rent reductions
Good state of repair	Greater proportion of tenants now paying
Extensive parking provision	rent on a turnover basis
Leisure component	

OPPORTUNITIES	THREATS
Recovery on the Latvian retail market	
Recovery of the real estate investment activity in Latvia	
Opportunity for growth from joining Eurozone	

PROPERTY	RIGA PLAZA
ADDRESS	Mukusalas 71, Latvia, LV-1004
VALUATION DATE	31 December 2013

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Latvia's GDP growth rate reached 4.4% in the second quarter and was again the highest rate in the EU. Private consumption remained as the main driver of development for the second consecutive quarter, supported by the growing disposable income, wages and salaries. It is expected that private consumption will have remained the main engine of growth until the end of 2013 and into 2014.

The total modern shopping centre stock evolved during two waves of development activity from 1995 to 2003 and from2006 to 2009. At the beginning of 2013 the total modern shopping centre stock (above of ICSC established benchmark for shopping centre – GLA of 5.000 sq m, total of 46 units) in Latvia was estimated at ~500,000 sq m (GLA), of which 420,000 sq m (GLA) is located in the capital city, Riga.

The average stock per capita of ~225 sq m per 1,000 inhabitants indicates saturation in this segment; thus, development is expected mainly as extensions/refurbishments of existing schemes or in the other retail property formats, i.e. retail parks. Nevertheless, given the limited demand from the large format retailers and refusal by the local banks to finance larger franchise formats, the development of such retail parks is not expected to commence in the coming 3 to 5 years.

All openings in year 2013, including small shopping centre "A7", were super/hypermarket based – so far main drivers of new retail development were Swedish owned RIMI, Finnish owned PRISMA and Lithuanian MAXIMA (further development of this brand is under question after PR fiasco in the wake of hypermarket collapse in late November).

As of November 2013, vacancy rates in the best performing shopping centres were as follows: Spice and Alfa 0%, Origo 0.7%, Galerija Centres 2.3%, Mols 3.2%, Riga Plaza, the subject property, at 4%. The opening of H&M will significantly reduce the vacancy rate in Riga Plaza.

COMPARABLES

LEASE COMPARABLES from Riga Plaza signed in 2013

ERV Group	*No of leases*	*Average Rent (psm / mth)*	*Comment*
0-50	7	32.79	
51-100	8	23.84	
101-150	3	13.15	
151-200	1	18.00	
201-300	7	13.98	
301-500	3	9.71	
food court	4	45.00	

SALES COMPARABLES

Building / Address	*Date*	*Price (€m)*	*Yield %*	*Comment*
Sky & More	2012	not disclosed		

COMPETITION

Competing schemes in Riga: Spice (62,000 sq m GLA), Alfa (56,500 sq m GLA), Domina (42,000 sq m GLA), Mols (29,000 sq m GLA), Origo (27,000 sq m GLA), Galerija Centres (23,000 sq m GLA), Olimpia (18,500 sq m GLA), Galeria Riga (29,700 sq m GLA), Sky&More (12,000 sq m GLA).

Direct competition include: Domina, Olimia, Mols & Spice. The turnover per sq m in completion schemes vary from €700 - €1280 per sqm of GLA. Riga Plaza generates approx. €1,000 /sq m of GLA).

INVESTMENT CONSIDERATIONS

Investment opportunities for specialised real estate funds targeting the Baltic market are limited due to the lack of quality investment products in the Riga market.

Most active investors are local Baltic players, such as Lithuanian Lords LB, and Estonian Eften Capital and Capital Mill, and Scandinavian investors with a well-established local presence, such as Baltic Property Trust, East Capital and Nordic and Baltic Property Group. Norwegian private investors are led by former executives of different retail development related businesses.

Yield levels for prime retail properties are around 8.00 - 8.50%, and for secondary retail properties around 9.00% to above 12.00%. Prime retail properties that are below medium size by ICSC standards are usually defined by length of the unbreakable part of lease contract with blue-chip anchor tenant.

PROPERTY	RIGA PLAZA
ADDRESS	Mukusalas 71, Latvia, LV-1004
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

In valuing the property, we have applied a Discounted Cash Flow (DCF) Approach.

The basis of DCF valuation is that the value of the property investment will be equal to the Gross Present Value (GPV) of the projected rental income flow at the market's required rate of return (discount rate). It allows for explicit assumptions (market expectations) on future rental growth, holding period, depreciation, refurbishment, redevelopment, cost of management and transfer, taxation and financing arrangements.

To run a DCF, one would normally construct a cash flow applying current contracted income for its duration, then replacing the cash flow thereafter with the projected sustainable income (in the case of rents usually calculated at estimated rental value) whilst allowing for expected costs such as bad debts, income voids, commercialisation, letting fees, fit out costs, incentives and the like.

DATE OF ASSESSMENT

Valuation Date	31 December 2013
Report Date	31 December 2013

VALUATION DETAILS SUMMARY

Market Value	€	87,725,000.00
Gross annual income	€	6,143,000.00
Net Operating Income (Year one)	€	6,227,000.00
Day One annualised NOI	€	5,923,000.00
Estimated Rental Value	€	6,584,000.00
Initial Yield (Year one)		7.22%
Initial Yield (Annualised day one)		6.87%

VALUATION ASSUMPTIONS

RENTAL VALUE

Our estimate of Market Rent is derived from our knowledge of concluded rents in the retail sector, also with regard to recent transactions concluded on the subject property.

0-50	€	40.00	/sqm /month
51-100	€	20.00	/sqm /month
101-150	€	18.00	/sqm /month
151-200	€	17.00	/sqm /month
201-300	€	16.00	/sqm /month
301-500	€	13.00	/sqm /month
501-700	€	13.00	/sqm /month
701-1000	€	5.00	/sqm /month
1001-2000	€	7.50	/sqm /month
cinema	€	5.00	/sqm /month
food court	€	35.00	/sqm /month
hypermarket	€	9.00	/sqm /month
leisure	€	6.50	/sqm /month
storage	€	10.00	/sqm /month

DISCOUNT AND EXIT RATES APPLIED

In analysing the market value of the subject investment, we liaised with our Capital Market team and have taken account of current investment market sentiment in CE countries.

	Discount	Exit
Default	9.25%	8.00%

OTHER VARIABLES

We have made explicit assumptions as to non-recoverable costs including maintenance cost of vacant space to be at level of 3.00% of market rent. We assumed leasing costs at a level of 9% of annual rental value of leased space.

Service Charge Income	€	-	/sqm/ month
Service Charge Outgoings	€	-	/sqm/ month
Non recoverables		3%	ERV
Void on expiry		1.00	months
Lease Term		5.00	years
Rent Free Periods		0.00	months
Leasing Fees		9%	1 year's rent
Fit out costs	€	-	psm
Other fixed costs			
Inflation			

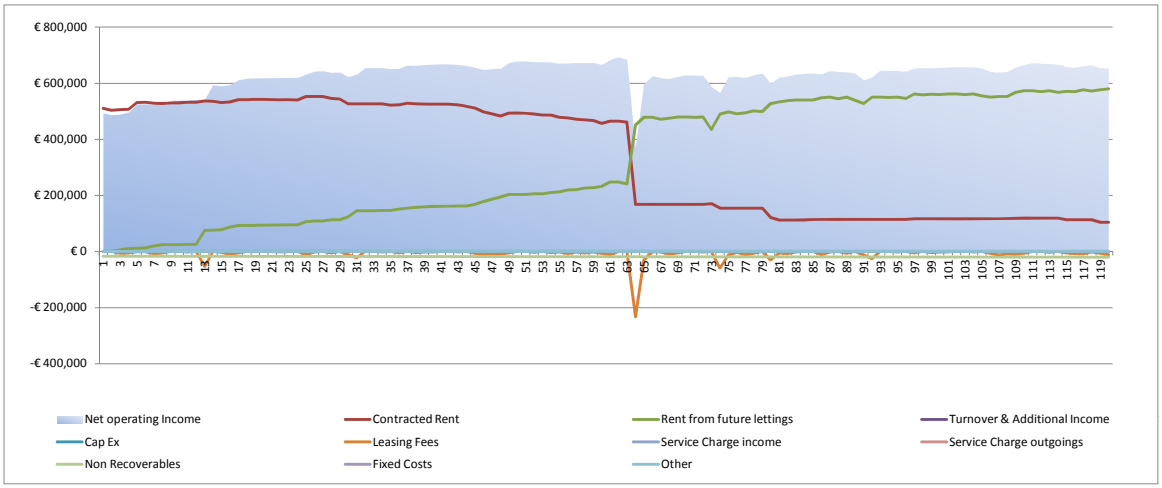
PROPERTY	RIGA PLAZA
ADDRESS	Mukusalas 71, Latvia, LV-1004
VALUATION DATE	31 December 2013

PROJECTED INCOME PROFILE

CASH FLOW

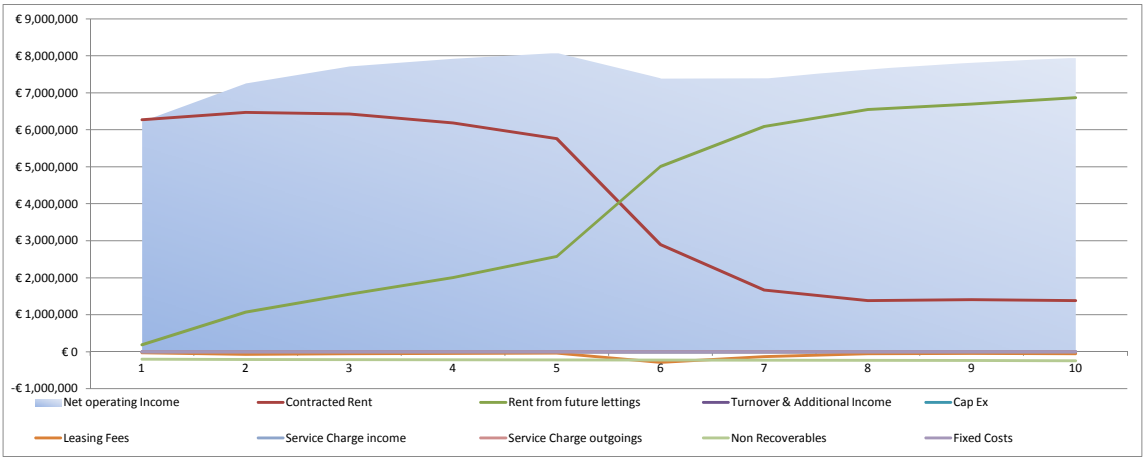
Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 6,272,119	€ 6,471,561	€ 6,426,810	€ 6,182,622	€ 5,764,350	€ 2,899,930	€ 1,669,872	€ 1,379,245	€ 1,406,830	€ 1,379,864
Rent from future lettings	€ 186,243	€ 1,069,987	€ 1,557,530	€ 2,005,310	€ 2,571,888	€ 5,011,587	€ 6,088,465	€ 6,549,701	€ 6,697,335	€ 6,872,681
Turnover & Additional Income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	-€ 27,881	-€ 74,723	-€ 58,165	-€ 43,052	-€ 37,377	-€ 292,943	-€ 136,825	-€ 58,939	-€ 43,455	-€ 59,326
Service Charge income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge outgoings	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Non Recoverables	-€ 203,633	-€ 207,706	-€ 211,860	-€ 216,097	-€ 220,419	-€ 224,828	-€ 229,324	-€ 233,911	-€ 238,589	-€ 243,361
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
TOTAL	**€ 6,226,848**	**€ 7,259,119**	**€ 7,714,314**	**€ 7,928,783**	**€ 8,078,442**	**€ 7,393,746**	**€ 7,392,187**	**€ 7,636,096**	**€ 7,822,121**	**€ 7,949,858**

Monthly income



The property is rented above the ERV level. We are forecasting growth in the ERV to be in line with the inflation rate which is estimated at 2% per year.
We have assumed that the currently vacant space will be let within the period 12 months.

Annual Income



PROPERTY	RIGA PLAZA
ADDRESS	Mukusalas 71, Latvia, LV-1004
VALUATION DATE	31 December 2013

DISCOUNTED CASH FLOW

Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 5,741,070	€ 5,422,083	€ 4,928,685	€ 4,339,972	€ 3,703,762	€ 1,705,528	€ 898,945	€ 679,626	€ 634,525	€ 569,668
Rent from future lettings	€ 170,474	€ 896,469	€ 1,194,462	€ 1,407,653	€ 1,652,513	€ 2,947,451	€ 3,277,613	€ 3,227,378	€ 3,020,710	€ 2,837,342
Turnover & Additional Income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	-€ 25,520	-€ 62,605	-€ 44,607	-€ 30,221	-€ 24,016	-€ 172,288	-€ 73,657	-€ 29,042	-€ 19,600	-€ 24,492
Service Charge income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge outgoings	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Non Recoverables	-€ 186,392	-€ 174,023	-€ 162,474	-€ 151,692	-€ 141,626	-€ 132,227	-€ 123,452	-€ 115,260	-€ 107,611	-€ 100,470
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Exit										€ 40,362,961
TOTAL	**€ 5,699,632**	**€ 6,081,925**	**€ 5,916,066**	**€ 5,565,712**	**€ 5,190,633**	**€ 4,348,464**	**€ 3,979,448**	**€ 3,762,702**	**€ 3,528,024**	**€ 43,645,009**

The Latvian market is not transparent with only a limited number of transactions during recent years. However, the level of turnover per sq m in Riga's shopping centres is similar to those recorded in regional cities in Poland and other CE countries. The yields assumed in the valuation correspond with those recorded in regional cities in Poland, what confirms the appropriate level of our estimation.

Gross value	**€**	**87,717,615**
Legal Costs		
Agent Fees		
Transaction Costs	**€**	**-**
Market Value	**€**	**87,717,615**

MARKET VALUE

say € 87,725,000

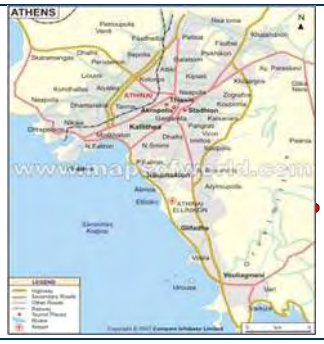
€ 1,712

PROPERTY	
ADDRESS	**Helios Plaza**
VALUATION DATE	31 December 2013

PROPERTY ADDRESS	**Helios Plaza**
VALUATION DATE	31 December 2013

Greece

Attica



City of Athens

Micro Location

LOCATION

The property is situated along 54 Piraeus Avenue, within Piraeus Municipality. Piraeus Avenue is a heavily travelled east-west arterial roadway that link the Athens city centre with Kifissou motorway and the southern suburbs of Palaio Faliro, Kalithea, Moschato and Piraeus. Kifissou Avenue passes vertically opposite the subject site, providing clear visibility from both Avenues. The immediate to the property area is characterised by light industrial uses, large retail units and scattered local interest shops. More specifically, Elais factory is situated within 300 meters from the property, Marinopoulos and Sklavenitis supermarkets, the brand new (and second store in the Attica region) Leroy Merlin DIY store, Jumbo toy store, Factory Outlet fashion and accessories store, theatres, petrol stations, car dealerships and service garages are some of the existing occupants of the immediate area to the property.

The land plot is situated close to the E75- National Highway Athens-Lamia and Athens Korinth (extension of Kifissou Avenue). The National Highway "Athinon – Lamias" (E75) lies along the Northwest part of Attiki connecting from the south the city of Patras, Korinthos, Piraeus to the city centre of Athens and to the north, Kifissia, Metamorfosi, Ag. Stefanos, Lamia, Thessaloniki etc. Recently completed infrastructure projects have improved traffic conditions of the National Highway "Athinon-Lamias". The National Highway "Athinon-Lamias" also links to the Attiki Odos, about 12 kilometres north of the site and is the main access point for the north Athens suburbs.

The prominent land uses, along the National Highway, are retail outlets, show rooms, older office buildings and some old industries. Away from the National Highway there are mainly low to medium income residential apartments, some industries and warehouses. Most of the heavy industry in the area has ceased operations and the majority of the remaining uses could be categorized as light industrial and storage. The subject site under assessment is located within the General Urban Plan designated for Piraeus Avenue, whilst according to the Government Gazette No. 1063/D/16-11-2004, the permitted uses are ex-industrial (towards regeneration) that commercial uses are permitted, in addition to restaurants, theatres, cinemas (no more than 2 screens), cultural and management uses.

Although there is no metro station in the immediate area, the property is accessed by Moschato suburban railway station, situated approx. 400 meters north-east to the site, as well as frequent bus lines running along Piraeus Avenue. In addition, note that there is another train station situated in Neo Faliro, whilst the closest metro station will be situated in Piraeus centre (along Iroon Polytechniou and Vas. Georgiou Streets) scheduled to operate in the following years. The 'Gefyra' bus station is situated right in front of the property and via the local bus service, the immediate area is connected with Omonia Square, the main city centre as well as Piraeus port, centre and suburbs.

LOCATION DETAILS

City Population	163,688 (Piraeus) 664,046
Local Land	Warehouses, retail boxes, petrol stations, theatres
Distance to Centre	4 km
Distance to Highway	0 km (adjacent Highway)
Distance to National Road	km
Public Transport	buses
Plot area	14,869.63sqm
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	plot with permit for shopping centre
Occupation	n/a
Historic monument	investigations of ancient ruins
Site area	36,014 sqm / 33,321sqm according to permit
Parking Places (closed)	800 underground spaces
Access	bus lines along Piraeus, private vehicles
Utilities	n/a
Legal issues	n/a

PROPERTY ADDRESS	**Helios Plaza**
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

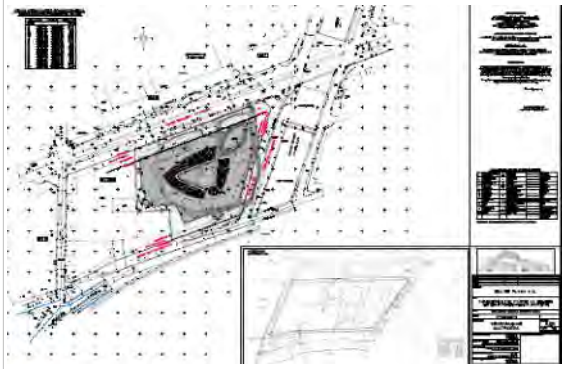
Site area, total	14869.63
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External, dive by
Inspection Date	09/12/2013
Inspected by	Lila Tsitsogiannopoulou, MSc, MRICS

PROPERTY DESCRIPTION

Based on the brief project description provided by Helios Plaza S.A., the land plot under assessment covers a total area of 14,869.63 m², with a fairly flat ground configuration. The area belongs to the urban town plan of Piraeus Municipality. It features a large frontage along Piraeus Avenue, whilst it is situated opposite Kifissos Avenue, a main commercial thoroughfare of the south-west suburbs. It has a polygonal shape and has excellent visibility both from Kifissos as well as from Piraeus Avenues, on both directions.
The proposed project concerns a shopping centre with a total gross construction area of 36,014 m²(or 33,321sqm as per the building permit) plus underground car parking of 33,249 m², situated along 54 Piraeus Avenue, within the Municipality of Piraeus, close to major thoroughfares such as Athinon Avenue, Kifissos, Thivon Streets, Thiseos and Syggrou Avenues, as well as the coastal Poseidonos Avenue. It is expected to be a pure retail shopping centre, with a Fantasy Park/Playground, occupied by well-known brands and large retail chains that have either local or international presence. The scheme will be constructed in one phase and will comprise a total GLA of 26,010 m² with 129 units. The centre will extend over three above ground levels and four basements. Levels 0, 1 and 2 will comprise retail uses as well as bar-restaurants and food corners on the top level, whilst levels -4, -3, -2 and -1 will provide approximately 800 car parking spaces. Note that Level -2 will also comprise some service retail units, a café, a supermarket and a fantasy land for children and youngsters. There will be a variety of uses, including fashion, shoes, accessories, electronics, home products, jewellery, cosmetics, lingerie, athletics and children's goods.



LAND REGISTRY DETAILS

According to no. 2561 (dated 6 July 2010) Land Registry of Piraeus, it refers to a deed no. 440 of the year 2000, drafted by Ms Lida Tsakiroglou, Notary Public, and states:
a) In the records kept by the Land Registry of Piraeus with regard to the societe anonyme under the name of 'Helios Plaza SA' (record no. 1297/53,54)
b) It seems that no deed has been registered with regard to transfer to any third party of the property mentioned and described in the above deed until last update (31/5/2010), except relevant deed no. 16715/04 of Aggeliki Koutsobeli, Notary Public.
c) In the records kept by the Land Registry of Piraeus, it seems that no lawsuit has been brought against the aforementioned company (until last update 31/5/2010) in relation to the property mentioned in the deed in question.

Land registry extract	Yes	Obtained on	Not Applicable
Registered owner	Not Applicable		
Registered use	Assumed land		
Registered size	Not Applicable		

Restrictions and encumbrances

We have not checked title documentation but assume the property is an unencumbered effective freehold.

Comments

PROPERTY ADDRESS	**Helios Plaza**
VALUATION DATE	31 December 2013

PLANNING ISSUES

Zoning	Retail-Leisure
Footprint ratio	
Maximum buildable area	
Maximum height	
Permit status	No. 285 dated 30 March 2010 (valid for 4 years)

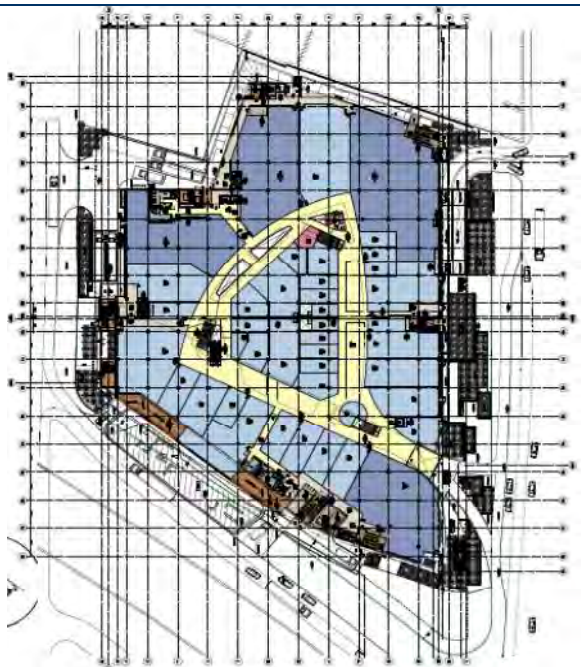
Maximum permitted site coverage: 70%
Building development coefficient: 2.60
Maximum permitted height: 21 meters

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water). We have only been provided with an Environmental Study 2010, stating no significant findings.

PROPOSED SCHEME

The proposed development will comprise four underground levels and three above ground levels. The property will be fully sheltered with a circular inner pathway forming a long and spacious corridor serving as circulation areas on each upper floor level (including ground floor). Along this pathway, voids (shafts) will be created in order to provide lighting and visibility to all levels. The centre will feature one single entrance, situated along Piraeus Avenue. It will initially form a lobby, which will lead to the main circulation corridor. The property will be constructed around a reinforced concrete frame and partly around wooden, metal, glaze and other materials structures (forming aesthetic facades). We have not been provided by any technical description, nor any property façade drawings, therefore, we are unable to comment on the architectural design. Except from the sales areas, the property will comprise approx. 800 car parking spaces at the four basement levels, with approx. 110 spaces per levels -1 and -2m whilst the remaining spaces will be split between the other two lower ground levels, -3 and -4. The centre will comprise several fashion anchors, some middle sized units as well as a supermarket and a children's park in the second basement level. There will be different categories of shopping, such as fashion, accessories, shoes, electrical goods, children's goods, socks and stockings, home products and food and beverages. Each unit will have an independent entrance and will be serviced by specifically designated alleys (service corridors), staircases and lifts. Regarding the underground levels, all wall partitions will be brick in filled and plastered and painted with emulsion paint. All exposed concrete surfaces shall remain unplastered and will be painted with cement base paint. Floor surfaces, except from the WCs, shall be laid with a 5cm thick screed, either ribbed or smooth. The proposed design comprises five escalators connecting the ground floor with the two upper levels, whilst two escalators service the second basement level with the first basement as well as the ground floor level. In addition, there are seven staircases, eleven lifts and six escape routes. The internal layout features retail units in a circular position and a central compound surrounded by the main circulation corridor. The first basement except from the car parking spaces, also comprises the mezzanine level of the fantasy park area, some technical spaces (auxiliary rooms), the management offices, two security rooms and electro-mechanical areas.



PROPERTY **Helios Plaza**
ADDRESS
VALUATION DATE 31 December 2013

SWOT-ANALYSIS

STRENGTHS

- Size and shape of the site
- Surrounding area continues to be developed

WEAKNESSES

- Location under-developed with dated industrial character
- Potential ancient ruins on ground soil
- No metro station access

OPPORTUNITIES

- No direct competition in location
- Shopping centres affected less from current crisis
- Some retail chains (such as H&M and Zara) are continuing to expand their business

THREATS

- Future competition (several shopping centres in greater area)
- Although consumers' attitude has slightly changed and more positive vibes are now evident, still income from sales is at low levels.

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Athens is the first target for international retailers entering the Greek market. Prior to the recession there was lack of adequate retail space suitable for international retailers, which caused delays in retailers' expansion plans. The economic recession hit Greece hard and particularly the retail sector. Occupier activity has continued to slow, with very few retailers looking to expand. Numerous store closures have been reported and vacancy is increasing even in the most traditionally sought-after areas. However, there is still some demand from value and discount retailers, indeed, some international players have emphasized their commitment to Greece. Retailers negotiate more favourable terms as limited demand and high supply continues to place downward pressure on rents. From 1998 there has been intense interest, by both domestic and international concerns, to develop large-scale shopping centres and to include leisure activities such as dining and cinema complexes. However, due to problems with planning regulations, difficult and long lasting permit procedures, few centres have been developed to date and although there were more in the pipeline, they are currently either postponed or frozen, due to the current difficult conditions in the country and the changing tax regime. The first largest shopping centres with the most visitors were the Mediterranean Cosmos and The Mall of Athens, both developed by the same group (Lamda Development, member of the Latsis Group of companies). Others followed, such as Athens Heart, West Plaza, City Gate, Pantheon Plaza, Talos Plaza, Golden Hall, Metro Mall, River West and others in Athens, Thessaloniki and other major cities. During the past decade major international chains entered the Greek market such as IKEA, Carrefour, Praktiker, Makro, Media Markt and fashion giants such as ZARA, M&S and H&M. The opening of Mediterranean Cosmos followed by the Mall of Athens brought other new International Retailers to Greece such as Footlocker, Promod, Sfera, Yamamay, Gerry Weber, Koton and others. The consumers reacted positively to these new entrants. However, difficult times since the economic crisis in 2008 have pushed other retailers, such as FNAC and others, to close their activities and avoid the risk of uncertainty for the future of the country. Other major retailers that exited Greece are Costa Café, Guess, Aldi, Atlantic and Carrefour (ownership passed to the Greek franchisee Marinopoulos). Moreover, Coca Cola moved its operations and production abroad, Credit Agricole looks for a way out, Saturn closed all its stores and only Media Markt maintained in the market with a lower number of stores, Electroworld closed all physical stores and operates only through internet, Citibank closed a large number of stores, Marks & Spencer's also closed down a number of stores and many other retailers

The project's primary catchment covers mostly the south west section of Attica.

COMPETITION

No immediate competition from shopping centres in location is evident. Most close one is along Piraues Avenue, further north, Athens Heart centre. Second competing scheme is the Riverwest centre next to IKEA, along the Kifissos Avenue. There are a number of schemes in the pipeline, that may create strong competition, such as the MGPA project of more than 50,000sqm mall along Kifissos Avenue, as well as the Votanikos project of approx. 30000sqm shopping centre in neighbouring area. Another less competing scheme is the Village Shopping & More scheme in Rentis area, which is a 20,600sqm entertainment and leisure centre. Shop and Trade outlet shop moved from north part of Piraeus to the south part of the Street, next to Elais Factory and Factory Outlet. The greater area location is now preferred by Children's and Baby clothing, toys and furniture, home products, discount fashion and electrical goods.
Note that Athens Heart has reporting a continuously increasing vacancy, where more retailers vacated the scheme during summer and autumn 2013.

COMPETING SCHEMES

Building / Address	*Date*	*Rent (psm / mth)*	*Comments*
Athens Heart	2008	9-25.00	GLA 20,000sqm, existing shopping centre
River West	2011	8-30.00	GLA 20,000sqm, existing shopping centre
Village S&M	1999	19.00	GLA 18,872sqm, existing shopping centre / leisure centre

PROPERTY	
ADDRESS	**Helios Plaza**
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

We assume that there will be no issues with the archaeological findings (ancient ruins on ground soil) that may stop construction.

VALUATION ASSUMPTIONS

RENTAL VALUE

We assumed average ERV for each category based on our market research and knowledge of the recent lease transactions and current trends.

Bags&Leather	€	60.13	/sqm /month
Childrens Fashion	€	35.56	/sqm /month
F&B	€	37.03	/sqm /month
Health & Beauty	€	47.91	/sqm /month
Household&gifts	€	65.00	/sqm /month
Jewelry&accessories	€	58.55	/sqm /month
Leisure	€	12.00	/sqm /month
Lingerie	€	50.81	/sqm /month
Mens fashion	€	59.17	/sqm /month
Mixed fashion	€	25.41	/sqm /month
Multimedia	€	33.19	/sqm /month

EXIT RATES APPLIED

We have based our estimation on speculations and market rumours, on shopping centres that are offered for sale (but on a confidential basis) and on interest they have attracted. Note that we have zero transactions of centres during the past 12 months.

	Exit
Bags&Leather	9.25%
Childrens Fashion	9.25%
F&B	9.25%
Health & Beauty	9.25%
Household&gifts	9.25%
Jewelry&accessories	9.25%
Leisure	9.25%
Lingerie	9.25%
Mens fashion	9.25%
Mixed fashion	9.25%
Multimedia	9.25%

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.

Shopping Centre	€	1,100	/sqm
Contingencies		3%	
Letting Fees		13%	ERV
Sales Fees		2%	ERV
Fees		10%	GDC
Planning Fees & Contributions	€		-
Other	€		-
Developer's Profit		25%	GDV

PROPERTY **Helios Plaza**
ADDRESS
VALUATION DATE 31 December 2013

SUMMARY RESIDUAL VALUATION

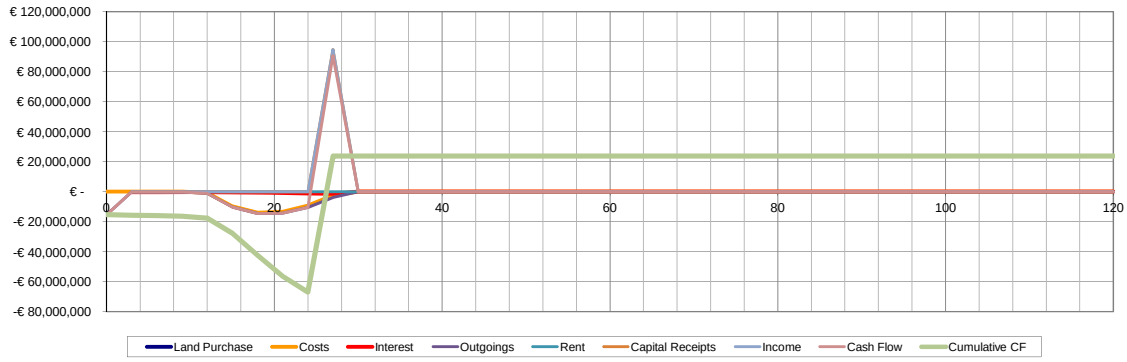
Capital Receipts			€	94,555,391		
Rent			€	-		
Income					**€**	**94,555,391**
Development Costs			-€	39,615,400		
Infrastructure			-€	1,980,770		
Demolitions			€	-		
Planning fees & contributions			€	-		
Other costs			€	-		
Fees			-€	4,159,617		
Contingencies			-€	1,372,674		
Fixed Marketing Costs			€	-		
Sales Fees	1.50%	sales proceeds	-€	1,418,331		
Leasing Fees	**13%**	**annual rent**	-€	1,093,297		
Development Finance	9.00%		-€	2,698,040		
Developer's Profit @	25.00%	GDV	-€	23,638,848		
Acquisition Fees	0.00%		€	-		
					-€	**75,976,976**
Residual value					**€**	**18,578,415**
Land Holding cost						0.823536
					€	**15,300,000**

Cash Flow

Year	0	1	2	3	4	5	6	7	8
Land Purchase	-€ 15,300,000								
Costs	€ -	-€ 856,881	-€ 46,271,580	-€ 2,511,628	€ -	€ -	€ -	€ -	€ -
Income	€ -	€ -	€ -	€ 94,555,391	€ -	€ -	€ -	€ -	€ -
Interest	€ -	-€ 1,377,000	-€ 3,136,968	-€ 1,457,884	€ -	€ -	€ -	€ -	€ -
Cash Flow	-€ 15,300,000	-€ 2,233,881	-€ 49,408,547	€ 90,585,879	€ -	€ -	€ -	€ -	€ -
Cumulative CF	-€ 15,300,000	-€ 17,533,881	-€ 66,942,428	€ 23,643,451	€ 23,643,451	€ 23,643,451	€ 23,643,451	€ 23,643,451	€ 23,643,451

As can be seen in the chart below, we have assumed development will commence after 18 months. Development will be in a single phase, with a simultaneous completion and sale.

Cash Flow Profile



PROPERTY
ADDRESS **Helios Plaza**
VALUATION DATE 31 December 2013

SUMMARY & CONCLUSION

to support our residual valuation we have simultaneously compared the site to available commercial land in the vicinity. We estimate that the subject plot would transact at €1450 / sqm, which we consider to be realistic in the context of the available market information.

In summary, our valuation is supported by the available evidence.

Address	Details	Asking or sold?	Date	€/sqm
Side of Piraeus Avenue	plot of 5900sqm with a building coefficient 1.0	Asking	current	€ 373
Close to Piraeus Avenue	plot of 4100sqm with a building coefficient 3.6	Asking	current	€ 1,100
Piraeus Avenue	plot of 6100sqm with a building coefficient 2.6	Asking	current	€ 985
Petrou Ralli Street	plot of 5000sqm with a building coefficient of 0.8	Asking	current	€ 1,575
Petrou Ralli Street	plot of 2340sqm with a building coefficient of 0.8	Asking	current	€ 1,300
Petrou Ralli Street	plot of 6500sqm with a building coefficient of 0.8	Asking	current	€ 615

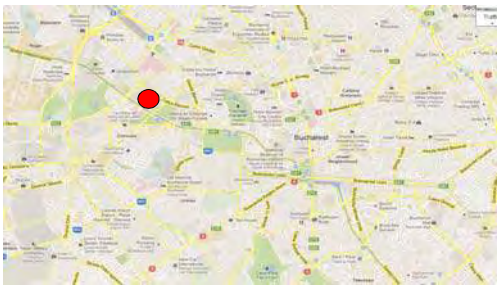
MARKET VALUE	**€**	**15,300,000.00**	**say**	**€**	**15,300,000**

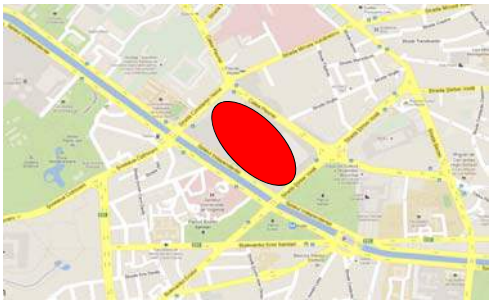
PROPERTY	Casa Radio
ADDRESS	Stirbei Voda 174-176, Bucharest, Romania
VALUATION DATE	31 December 2013

PROPERTY	Casa Radio
ADDRESS	Stirbei Voda 174-176, Bucharest, Romania
VALUATION DATE	31 December 2013

Romania

City of Bucharest


Bucharest City Centre


Micro Location

LOCATION

The property is located in Bucharest, the capital city of Romania. Bucharest has approximately 1,900,000 inhabitants and is the administrative and business centre of the region.

The micro location provides a mix of old and new commercial and residential premises with blocks of flats, ground floor retail premises and restaurants as well as modern office buildings and industrial land sites.

This area is considered to be within the city's centre and the transport links are excellent. The site is bordered on each of its boundaries by roads with four lanes (2 in each direction) and in addition there is the metro station, Eroilor, within a few minutes' walk. Eroilor has two lines passing through it so it is somewhat of a junction within the metro system. A third metro line is under construction and expected to be completed in 3-5 years time.
As well as excellent road and metro transport links there is a huge number of bus lines that pass by the Eroilor Metro station just a few minutes' walk away from the subject property, while around 200 m north an upgraded tramline will soon be completed.

LOCATION DETAILS

City Population	1,900,000
Local Land	Residential & commercial
Distance to Centre	1 km
Distance to Highway	6 km
Distance to National Road	6 km
Public Transport	well developed
Plot area	101,947
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	Vacant
Historic monument	No
Site area	101,947
Parking Places (closed)	n/a
Access	from Strada Plevnei, Stirbei Voda
Utilities	available, not checked
Legal issues	not checked

PROPERTY DATA

PLOT OF LAND

Site area, total	101,947
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External & Internal
Inspection Date	28 May 2013
Inspected by	Charlie Henry & Bogdan Blendea

PROPERTY	Casa Radio
ADDRESS	Stirbei Voda 174-176, Bucharest, Romania
VALUATION DATE	31 December 2013

PROPERTY DESCRIPTION

The property comprises of two plots. One plot is 91,947 sqm and the other is 5,000 sqm to give a total of 101,947 sqm.

On the large plot of land is partially completed building, it is a well known building called Casa Radio (the exterior was complete and the interior is not complete)

The site is almost rectangular and generally flat. The land is surrounded by three major roads, each of which can potentially provide access to the site.
The land is possibly the largest developable site currently in Bucharest.

LAND REGISTRY DETAILS

We have been provided with the following land registry information:
Land registry excerpt no. 405513/12.09.2008
Cad No. 14399 - land plot located at 174-176 Stirbei Voda St - 5,000 sqm
Cad No. 14399/2 - building located at 174-176 Stirbei Voda St - 35,597 sqm
Cad No. 14399/3 - land plot located at 174-176 Stirbei Voda St - 91,947 sqm

Land registry no. 402378/10.09.2008
Ordinance no. 95 / 29,11,2006 gives the right of use in favour of the company SC Dambovita Center SRL for the unfinished building of 35,597 sq m built area and 114,947 sq m total built area and for the future buildings and construction except the public authority building for 49 years.

Certificate of Urbanism Nr 669/69/S/11414 issued on 14.06.2010
There is a land plot of 96,947 sq m with unfinished constructions with a footprint of 35,597 sq m. It is owned by the State who has leased the land for 49 years to the company SC Dambovita Center SRL.

Land registry extract	See above	Obtained on	12/09/2008
Registered owner	Romanian State		
Registered use	Land		
Registered size			101,947.00

Restrictions and encumbrances

We are verbally advised that the existing building is listed as a historical monument although we have not been provided with any documentation to confirm current status. We assume that the property may be developed in accordance with the scheme devised.

Comments

Building permit No. 999/105/S/32349 dated 14.10.2008
authorised the prolongation of the building permit 151/14.S/26.02.2008 .
The building permit is valid for 12 months and work duration is valid for 24 months.
Building permit No. 1212/132//S/26768 dated 23.12.2008
authorised the underground parking (2UG), built area (footprint) 4,902.74 sq m, total built area 9,749.58 sq m, net area 8,242.25 sq m, 153 parking spaces; the building permit is valid for 12 months and work duration is valid for 36 months.
Both of these building permits have expired. For the purposes of this valuation we assume that the permits have been reactivated

PROPERTY	Casa Radio
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PLANNING ISSUES

Zoning	Valid
Footprint ratio	see above
Maximum height	see above
Permit status	Authorisation for construction granted but has expired

The PUZ permits the following:
Office buildings for government administration, a shopping centre with a panoramic wheel, underground parking, power station, high voltage station, office building GF+34, office building Gf+30, office building GF+26, parking, hotel and conference center.

PUZ Approval 2/3/12,11,2008
GF+34, POT 60%, CUT 4.2
Land area - 96,474 sq m
total built area 407,775.58 sq m

Underground (technical spaces and parking spaces) - 314,550.58 sq m
built area (footprint) - 54,817 sq m
CUT 4.2 POT 60 %
parking spaces - 4,500
green area - 33,765 sq m (35%)

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have we been supplied with any information from the client or from any relevant expert that can determine the presence or otherwise of pollution or contaminated substances or any other land (including any ground water).

PROPOSED SCHEME

The original proposed scheme was to comprise a 600,000 sqm mixed use development with the following aspects to be constructed:

- 158,000 sqm shopping centre with an indoor leisure centre

- 11,000 sqm hypermarket and a Ferris wheel

- 140,000 sqm GBA of offices

- 50,000 sq m GBA hotel with conference centre (350 rooms)

- 10,000 sqm apartment hotel with 100 apartments

- 4,500 underground car parking spaces

SWOT-ANALYSIS

STRENGTHS

Excellent location, close to the centre of the city
Excellent transport links, visibility
Large plot size

WEAKNESSES

Public private partnership, sensitive to government changes
Existing building was not designed to be a shopping centre
Difficult to finance

OPPORTUNITIES

Develop a landmark project
High density residential area

THREATS

AFI Cotroceni Shoping Centre
Cost to develop the project
Difficult to attract investors for such a large project
Site may be politcally sensitive to changes in the national administration

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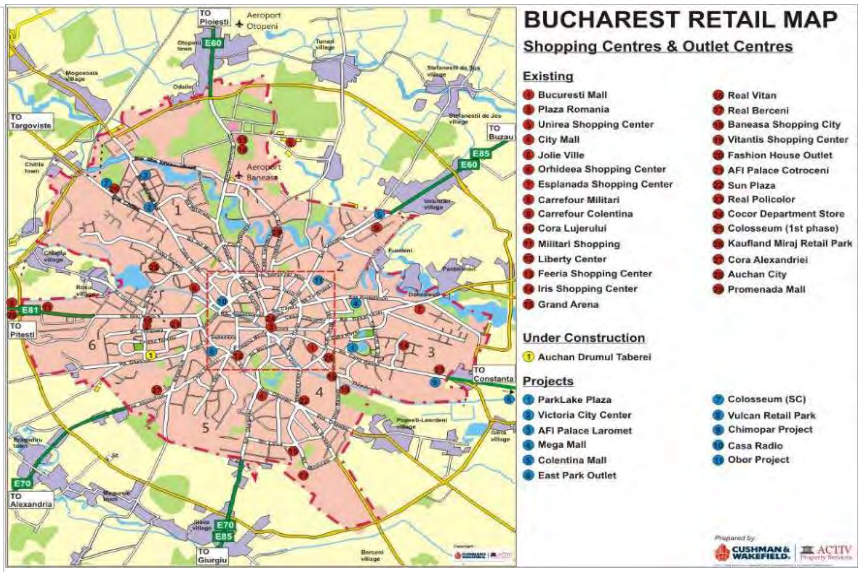
REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Bucharest is by far the largest retail market in Romania, it is being estimated that 30% of the total retail turnover is registered here. The city has the highest purchasing power in Romania. Almost all the international retailers seeking representation in Romania consider entering the capital first.

The shopping centre market has seen an important development, the main projects delivered including AFI Palace Cotroceni, Baneasa Shopping City, Sun Plaza, Bucuresti Mall, Plaza Romania, Grand Arena, Liberty Center, Militari Shopping, Orhideea Shopping Center, Esplanada Shopping Center, City Mall, Feeria Shopping Center and Iris Shopping Center; the most recent opened was Promenada Mall.



The existing shopping centre density of 421 sq m GLA per 1,000 inhabitants continues to be lower than in other capitals of the CEE region, such as Prague, Bratislava and Warsaw, where the existing stock exceeds 600 sq m GLA/1,000 population.

A large number of projects have been put on-hold after the start of the crisis, but only a few are considered to have characteristics to be restarted in the following 2-3 years. Currently there is only one shopping centre under construction, Auchan Drumul Taberei (21,670 sq m GLA), due to be finalized in 2015.

COMPETITION

AFI Palace Cotroceni (79,000 sqm GLA)is established as being the dominant scheme in the western area. It is developed over ground floor and first floor and provides approx. 250 stores. The scheme benefits from a very good concept and layout, dominant size, excellent merchandise and tenant mix; it has a very strong leisure sector, including a 20-screen Cinema City, the first IMAX in Romania, bowling and billiard, kid's area, casino, carting, a large ice ring, laser tag, etc. The main anchors of the shopping centre include Real, C&A, Zara, H&M, Domo, Intersport, Marks & Spencer, Humanic, Deichmann, Benetton, Go Sport, Hondos, Smyk, Reserved, Flanco World, New Yorker, Koton, LC Wikiki, Takko, Diverta and New Look.

Sun Plaza (80,000 sqm GLA) is the latest shopping centre opened in Bucharest and currently is the largest shopping centre in Romania. It is the dominant shopping centre in the southern area, although it has not reached the expected number of visitors and sales. The scheme has very good characteristics, especially in terms of location, accessibility and supply of major anchors. The project is anchored by three large surface units, namely Cora hypermarket (23,000 sq m), bauMax DIY (10,000 sq m) and Mobexpert furniture (10,250 sq m). The leisure elements include a 15-screen Cinema City with 3,000 seats, food-court, fitness, bowling and billiard.

Baneasa Shopping City (63,500 sqm GLA) is one of the main shopping centres in Bucharest and part of the largest retail project in Romania with over 190,000 sq m GLA, including also Feeria Shopping Center, Metro, Bricostore, Mobexpert and the single IKEA store in Romania. The project is the dominant force in the northern area, providing the largest concentration of retail units on the same platform in Romania. The merchandise mix is largely fashion oriented, while for some other sectors the representation is limited. The tenant mix include a large number of international brands, the anchor units including Peek&Cloppenburg, Zara, Humanic, Koton, Oviesse, Marks&Spencer, Reserved, GAP, Debenhams, Diverta, H&M, Domo.

Promenada Mall (35,000 sqm GLA) is the most recent opened centre in October 2013 and is part of the larger Floreasca City project, which includes also 61,000 sq m of office space. The centre is structured on LGF, GF and 2 upper floors, accommodating 120 shops. The merchandise mix is largely fashion oriented. The tenant mix include a large number of international brands, among the anchor units being Billa, H&M, Zara, Massimo Dutti, Bershka, C&A, Peek&Cloppenburg, Intersport, Hervis, Flanco, Altex, Carturesti, Deichmann, Nobilis, Humanic.

COMPETING SCHEMES

Building / Address	*Date*	*Distance to subject*	*Comments*
Orhideea Shopping Center (Carrefour)	2003	1 km	GLA 25,100 sq m, existing shopping centre
AFI Palace Cotroceni	2009	2 km	GLA 79,000 sq m, existing shopping centre
Unirea Shopping Center	1976	2.5 km	GLA 44,000 sq m, existing shopping centre
Plaza Romania	2004	3 km	GLA 51,020 sq m, existing shopping centre
ParkLake Plaza	n/a	6 km	GLA 67,000 sq m, proposed shopping centre
Baneasa Shopping City	2008	8 km	GLA 63,500 sq m, existing shopping centre

PROPERTY	Casa Radio
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VALUATION

VALUATION METHODOLOGY

It is impractical to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore be convinced that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

We have been supplied with a scheme for a retail shopping centre, representing the first phase of a larger development. We have assumed later phases of residential and offices, each of 80,000sqm GBA.

VALUATION ASSUMPTIONS

RENTAL VALUE

We assumed an average ERV for each category based on our market research and knowledge of the recent lease transactions and current trends.

Shopping Centre	€	29.00	/sqm /month
Offices I	€	17.00	/sqm /month
Residential	€	-	/sqm /month
Offices II	€	17.00	/sqm /month
5	€	-	/sqm /month
6	€	-	/sqm /month
7	€	-	/sqm /month
8	€	-	/sqm /month
9	€	-	/sqm /month
10	€	-	/sqm /month
11	€	-	/sqm /month

EXIT RATES APPLIED

The investment market is currently at a low ebb and development will not take place with the expectation of achieving current levels; therefore we have based these upon a developer's expectation for a recovered market. We have applied a holding period.

For the residential element we have applied a capital value per square metre.

	Exit
Shopping Centre	7.00%
Offices I	8.00%
Residential	0.00%
Offices II	8.00%
5	0.00%
6	0.00%
7	0.00%
8	0.00%
9	0.00%
10	0.00%
11	0.00%

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.

Shopping Centre	€	1,400	/sqm
Offices	€	850	/sqm
Residential	€	600	/sqm
Offices	€	850	/sqm
Contingencies		5%	
Letting Fees		10%	ERV
Sales Fees		1%	ERV
Fees		10%	GDC
Planning Fees & Contributions	€		-
Other	€		-
Developer's Profit		20%	GDV

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SUMMARY RESIDUAL VALUATION

Capital Receipts			€	830,507,271		
Rent			€	66,319,886		
Income					**€**	**896,827,157**
Development Costs			-€	345,884,240		
Infrastructure			-€	17,294,212		
Demolitions			€	-		
Planning fees & contributions			€	-		
Other costs			€	-		
Fees			-€	36,317,845		
Contingencies			-€	19,974,815		
Fixed Marketing Costs			€	-		
Sales Fees	1%	sales proceeds	-€	8,305,073		
Leasing Fees	10%	annual rent	-€	5,305,591		
Development Finance	7.00%		-€	41,179,737		
Developer's Profit @	20.00%	GDV	-€	166,101,454		
Acquisition Fees	0.00%		€	-		
					-€	**640,362,967**
Residual value					**€**	**256,464,190**
Land Holding cost						0.679042
					€	**174,150,000**

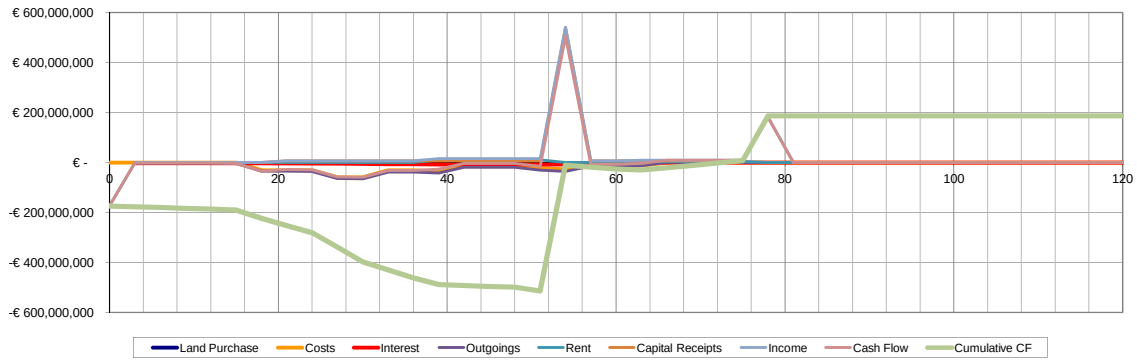
Cash Flow

Year	0	1	2	3	4	5	6	7	8
Land Purchase	-€ 174,150,000								
Costs	€ -	€ -	-€ 92,737,434	-€ 179,631,245	-€ 68,253,009	-€ 77,877,895	-€ 12,715,593	-€ 1,866,600	€ -
Income	€ -	€ -	€ 12,240,000	€ 24,480,000	€ 63,582,309	€ 567,942,848	€ 38,433,600	€ 190,148,400	€ -
Interest	€ -	-€ 12,190,500	-€ 14,529,340	-€ 24,680,930	-€ 33,025,321	-€ 17,761,090	-€ 1,522,234	-€ 40,869	€ -
Cash Flow	-€ 174,150,000	-€ 12,190,500	-€ 95,026,774	-€ 179,832,175	-€ 37,696,020	€ 472,303,863	€ 24,195,773	€ 188,240,931	€ -
Cumulative CF	-€ 174,150,000	-€ 186,340,500	-€ 281,367,274	-€ 461,199,448	-€ 498,895,469	-€ 26,591,605	-€ 2,395,833	€ 185,845,098	€ 185,845,098

We have made the following assumptions in our calculations based on the planning permissions granted:

It will take 1 year to renew the necessary expired building permits and there will be 4 elements to the whole project. In the first phase a shopping centre of 75,000 sqm will be constructed at the same time with another 68,000 sqm (net) of offices. The second phase will consist of 68,000 sqm of luxury residential accommodation and in the third phase there will be an additional 68,000 sqm of offices constructed.

Cash Flow Profile



PROPERTY	Casa Radio
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SUMMARY & CONCLUSION

We understand that the client has a 75% interest in a company which has entered into a public-private partnership agreement with the Romanian government to develop the Casa Radio (Dambovita) scheme in Bucharest, the largest development plot available in central Bucharest. The Romanian government will remain a 15% partner in the scheme, as well as another developer holding 10%. The Romanian state has granted a 49 year concession to develop and operate the land.

We have valued the property assuming freehold and that full title, permits and financing are assured.

We have not valued the part share interest and our estimation represents 100% of the scheme's ownership rights.

The scheme is extraordinarily large, in view of the sensitivities of the residual method an alternative approach is to value one phase and then compare the price per buildable area of latter phases. The shopping centre elements devalue to €574 per square metre; this is above the value of other elements, which devalue at between €345-514 per square metre of buildable area. The value is substantially higher than Skanska's purchase of land (below), which equated to €260/sqm GBA; however this reflects the unique location. It should be noted that it is unlikely that the property would transact in a single transaction at this lot size.

Address		Details	Asking or sold?	Date		€/sqm
Barbu Vacarescu (next to Nusco Tower)	15,000 sqm	Purchased by Skanska	sold	2012 Q4	€	920
Calea Floreasca (B.Vacarescu office district)	1,000 sqm	Purchased by Taso Gkotsis from Willbrook	sold	2012 Q4	€	1,000
Romana Square - land with old historical building		ASE University	sold	2012 Q4	€	3,885

MARKET VALUE	**€**	**174,150,000.00**	**say**	**€**	**174,150,000**

PROPERTY	Constanta Plaza
ADDRESS	131 I.C. Bratianu Blvd., Constanta, Romania
VALUATION DATE	31 December 2013

PROPERTY	Constanta Plaza
ADDRESS	131 I.C. Bratianu Blvd., Constanta, Romania
VALUATION DATE	31 December 2013

Macro Location

Micro Location

Front View

Internal View

LOCATION

Constanta is the largest city in south-eastern Romania, being the main administrative, economic and cultural city of the region. The city is located on the shore of the Black Sea, south of Siutghiol Lake, at approx. 266 km from Bucharest. Constanta is the 5th largest populated city of Romania, accounting in 2011 for 299,824 inhabitants.

The major part of Constanta County's economy is concentrated on the city, including tourism (Mamaia Resort), harbour and port activities, the petrol industry, etc.

Constanta has a good road infrastructure with a motorway recently being completed that links directly to the capital, Bucharest and a second ring road that will eventually run close to the border with Bulgaria. The secondary and tertiary roads are asphalted, only the new residential area developed around Baba Novac Street remaining to be surfaced.

The ring road surrounds the city on the western side, connecting the entry from Mangalia (south) with the entry from Bucharest (west), the entry from Ovidiu/Tulcea (north-west) and Mamaia (north). The ring road is refurbished and provides 2 lanes each way.

The subject property is located in the western periphery of Constanta, on I.C. Bratianu Boulevard, west of the city ring road / Aurel Vlaicu Blvd. The area is mixed, with mostly industrial/ warehouses and a poor residential area.

LOCATION DETAILS

City Population	299,824
Local Land Uses	Mixed, primarily industrial & poor residential area
Distance to Centre	3 km
Distance to Highway	3 km
Distance to National Road	0 km (fronts DN3)
Public Transport	local bus lines
Plot area	26,207*
Waterfront	No

**total site area from the land registry excerpts, including land for pumps and thermal station but excluding the access roads (Cad. 1554/26/2/1 and Cad. 1554/28/2); details in the table below, at Land Registry Details section*

PROPERTY DETAILS

Property Type/ Use	shopping centre / retail
Occupation	vacant
Historic monument	No
Gross lettable area	17,900.00
Parking Places	340.00
Access	from I.C. Bratianu Blvd.
Utilities	available, not checked
Legal issues	not checked

PROPERTY	Constanta Plaza
ADDRESS	131 I.C. Bratianu Blvd., Constanta, Romania
VALUATION DATE	31 December 2013

PROPERTY DATA

BUILDING

Year of Construction	2001-2002
Modernisation Year	n/a
Building Condition	poor
Gross lettable area	17,900.00
Parking places	340
Current rent p.a.	n/a
Vacancy rate (overall)	100%
Weighted remaining lease term	n/a
State of Repair	poor
Overall Condition	poor

TECHNICAL DETAILS

Building Type	Retail
Construction	Reinforced concrete structure
Facade	sandwich panels
Roof	Flat roof
Windows	double glazing with aluminium frames
Glazing	n/a
Heating	Gas central heating
AC/ Ventilation	Air conditioning system
Cabling	None
Sanitary	Modern standard

PLOT OF LAND

Site area, total	24,248*
Surplus Land	n/a
Developed area (% total site)	46%

**total site area for the shopping centre (parking included), for which the build permit was obtained; land for thermal power station excluded; details in the table below, at Land Registry Details section*

INSPECTION

Inspection Type	External and Internal
Inspection Date	12-May-13
Inspected by	Razvan Gheorghe MRICS

PROPERTY DESCRIPTION

The subject property consists of land extending to approximately 26,000 sq m on which there is a vacant shopping centre and a large parking area of around 8,500 sq m. There are also two access roads to the east and south, totalling 2,774 sq m of land.
The shopping centre (former Galleria Mall) was opened in 2001-2002 and was anchored by Gima supermarket. It was operational for around a year before being closed due to poor performance. The centre was redeveloped using the structure of a former warehouse for prefabricated units.

In June 2008, Plaza Centers acquired the property with the intention of redeveloping and adapting the existing shopping centre to create approximately 18,000 sq m of GLA which will be suitable for one big anchor such as leading supermarket, and/or DIY store together with some smaller retail units.

The property has been vacant since the closure of Galeria Mall.

ACCOMMODATION

According to the information received from the client, the shopping centre has a total GLA of 17,900 sq m and a gross built area of 21,582 sq m, while the built area of the parking is 8,687.84 sq m.
We have relied on these areas and have not undertaken check measurements on site to verify the accuracy of these areas. We assume that these areas are accurate and calculated in accordance with normal market practice.

PROPERTY	Constanta Plaza
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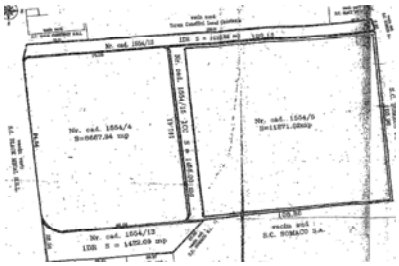
LAND REGISTRY DETAILS

The property includes several cadastral numbers and it is registered in the Land Registry of Constanta Municipality.
From the information provided to us, it is our understanding that there are:
- five cadastral numbers corresponding to the shopping centre, including the parking area (as shown in the table to the right: 1554/4, 1554/5, 1554/12, 1554/13 and 1554/15);
- two cadastral numbers related to the power station and adjacent land (1554/16 and 15424/2);



- two cadastral numbers corresponding to the access ways to the east and south (1554/26/2/1 and 1554/28/2);
- one cadastral number for which there is a right-of-way in favour of SC North Eastern Plaza SRL (1554/14).

Details are in the table below:

No.	Cad. No.	Site Area (from site plans)	Site Area (from land registry excerpts)	Land Registry No.	Description	Ownership
1	1554/4	8,687.84	8,663.00	8852	land and construction (big panels warehouse)	SC North Eastern Plaza SRL
2	1554/5	11,271.52	11,271.20	8851	land and building (commercial space Mall type)	SC North Eastern Plaza SRL
3	1554/12	1,410.08	2,760.00	11286	land and roads and concrete platforms	SC North Eastern Plaza SRL
4	1554/13	1,422.09				
5	1554/15	1,456.00	1,456.00	11180	land	SC North Eastern Plaza SRL
Total 1		**24,247.53**	**24,150.20**			
6	1554/16	715.00	715.00	14383	land and construction (thermal power station)	SC North Eastern Plaza SRL
7	15424/2	1,342.00	1,342.00	53367	intravilan land lot 2	SC North Eastern Plaza SRL
Total 2		**26,304.53**	**26,207.20**			
8	1554/26/2/1	228.00	228.00	110112	intravilan land - road	SC North Eastern Plaza SRL (B.10)
9	1554/28/2	2,546.00	2,546.00	43727	intravilan land - road	SC North Eastern Plaza SRL (B.10)
Total 3		**29,078.53**	**28,981.20**			
10	1554/14		2,045.93	11181		SC Romstal Imex SRL- right-of-way in favour of SC North Eastern Plaza SRL

Restrictions and encumbrances

According to the land registry excerpts received from the client, dated March 2008, there are no encumbrances over the subject property.
There is a right-of-way in favour of SC North Eastern Plaza SRL over the cadastral no. 1554/14 (2,045.93 sq m), owned by SC Romstal Imex SRL.

Comments

We could not identify from the information provided the exact location of three cadastral numbers, namely: 1554/16, 15424/2 and 1554/14. For the purpose of our valuation we have assumed the plot to be contiguous.

PLANNING ISSUES

We have been provided with the Urbanism Certificate No.4643 / 04.10.2000 and the Build Permit No. 3771 / 8.11.2000, for the land with a total area of 24,247.53 mp, issued for the existing warehouse improvement as a commercial center Mall type; improvement of the platform as a parking area.

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPERTY	Constanta Plaza
ADDRESS	131 I.C. Bratianu Blvd., Constanta, Romania
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TENANCIES

Number of Tenants		
Vacant space (m²)		
Lease Income (p.a.)	€	-
Other Income (p.a.)	€	-
Operating Expenses (p.a.)	€	-
Service Charge (/sqm / month)	€	-
Lease inspected?		
Standard Lease Terms:		
Lease length	Not applicable	
User Clause	Not applicable	
Security	Not applicable	
External Repairs	Not applicable	
Internal Repairs	Not applicable	
Insurance	Not applicable	
Alienation	Not applicable	
Indexation	Not applicable	

The property has been vacant and unused over the past 10 years.

PROPERTY	Constanta Plaza
ADDRESS	131 I.C. Bratianu Blvd., Constanta, Romania
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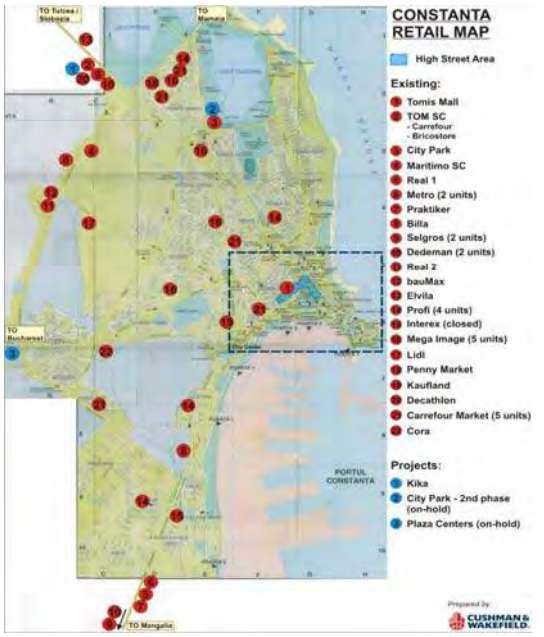
SWOT-ANALYSIS

STRENGTHS	WEAKNESSES
existing structure	located in a poor area
size of the site	a shopping centre in this area on the current structure of GF+1 may not prove feasible
large parking area	

OPPORTUNITIES	THREATS
redevelopment in order to accommodate a hypermarket, warehouse, production, wholesale centre	high competition on the retail market, especially on the hypermarket sector
	major tenants have already secured locations in the area

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Constanta has a well developed retail market with many international and national competitors represented in all the retail sectors. The market witnessed rapid development after 2006, being delivered several medium and large size schemes.
The city accounts for a modern shopping centre stock of 177,300 sq m GLA, corresponding to 625 sq m GLA/1,000 inhabitants that is the 4th highest shopping centre density in Romania. The main schemes are Maritimo (51,250 sq m GLA) and City Park (26,000 sq m GLA).
The retail warehousing sector is represented by stand-alone units (DIY, cash & carry, discounters, etc.) and units attached to shopping centres (Bricostore).
A significant number of international retailers have entered Constanta during the last 5-7 years through stand-alone developments and shopping centres. The city is targeted by all the international retailers active in Romania as a consequence of the market size and level of purchasing power.
Prime rental levels in Constanta for main anchors are placed in between €6-€14/ sq m/month, with lower rents achievable for secondary locations / properties.



PROPERTY	Constanta Plaza
ADDRESS	131 I.C. Bratianu Blvd., Constanta, Romania
VALUATION DATE	31 December 2013

COMPARABLES

SALES COMPARABLES

Building / Address	*Date*	*Price (€m)*	*Yield %*	*Comment*
Vulcan Retail Park/ Bucharest	Q4 2013	15.0	n/a	NEPI bought 50% of the project for development
Severin Shopping Center/ Severin	Q3 2013	18.9	n/a	The property consists in Carrefour hypermarket plus shopping gallery and land of 2.3 ha for the extension; the purchaser is NEPI
Deva Shopping Center/ Deva	Q3 2013	45.0	n/a	The purchaser is NEPI
Mega Mall/ Bucharest	Q3 2013	20.00 (estimation)	n/a	NEPI bought 70% of the project for development
Polus Center / Constanta	Q1 2007	185.00	6.5%	The largest transaction of Euro 185 million was announced in Q1 2007, being represented by the forward-purchase of Maritimo SC (former Polus Centre) by Immofinanz from TriGranit. The developer's difficulties in fulfilling its agreements, along with the significant changes in market conditions, brought a new agreement that was signed in 2010. According to market information, Immofinanz increased in 2010 its shares in the project from 15% to 100% with the payment of 1 Euro and the take-over of the project's debts.
Praktiker / Craiova	Q1 2011	10.00	9.0%	site area: 21,860 sq m; GLA: 9,517 sq m

COMPETITION

The largest retail concentration is found in the north-western part of the city, along Aurel Vlaicu Boulevard (ring road) and Tomis Boulevard (exit to Ovidiu/Tulcea). This area has developed with hypermarket and galleries (Tom SC-Carrefour, Real), DIY (Bricostore, Baumax, Dedeman), cash & carry (Metro, Selgros), supermarkets and discounters (Penny Market, Profi etc.), medium size boxes (Decathlon, Elvila), while in 2011 there was opened the largest shopping centre in the region (Maritimo SC anchored by Auchan). Retailers have concentrated here in order to be in the vicinity of the highest populated area (Tomis Nord District) and Mamaia Resort.
City Park and Tom SC were both announced to be extended, but the plans have been delayed by the start of the crisis and the new openings during 2011-2013.

INVESTMENT CONSIDERATIONS

The local market witnessed a number of investment transactions with properties from the retail, hotel and office sector during 2006-2011 . Most of the deals involved transactions with hotels, including Rex Hotel, Ibis Hotel, Golden Tulip Fantasy Beach Hotel and Mamaia Hotel.
The subject property is a former shopping centre redeveloped from a warehouse. The shopping centre closed after about one year due to poor performance and it has been vacant since then.
The retail market in Constanta has developed greatly in recent years, especially in the north-western part of the city, along the same boulevard where the subject property is located. Most of the major retailers already have units opened here. The largest shopping centre in town, Maritimo SC (51,250 sq m), opened in 2011, is located approximately 3 km north of the subject property. Due to the fact that a lot of potential tenants were attracted to Maritimo, the extension of Tom Shopping Center (located just 1 km from Maritimo), is struggling to attract tenants and the project is currently on-hold.
We believe thus that the project as it is structured, on GF plus 1st floor, with a total lettable area of 17,900 sq m, may not be feasible. We have thus assumed another scheme for the property, considering the demolishing of the first floor and redeveloping the centre only on GF, with a total lettable area of approx. 11,200 sq m, to be used as retail. We considered also that an additional income could be obtained from part of the parking area (either from exhibitions, fairs, ice skating rink, out-door showroom etc.)

PROPERTY	Constanta Plaza
ADDRESS	131 I.C. Bratianu Blvd., Constanta, Romania
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

In valuing the property, we have applied a Discounted Cash Flow (DCF) Approach.

The basis of DCF valuation is that the value of the property investment will be equal to the Gross Present Value (GPV) of the projected rental income flow, at the market's required rate of return (discount rate). It allows for explicit assumptions (market expectations) on future rental growth, holding period, depreciation, refurbishment, redevelopment, cost of management and transfer, taxation and financing arrangements.

To run a DCF, one would normally construct a cash flow applying current contracted income for its duration, then replacing the cash flow thereafter with the projected sustainable income (in the case of rents usually calculated at estimated rental value) whilst allowing for expected costs such as bad debts, income voids, commercialisation, letting fees, fit out costs, incentives and the like.

DATE OF ASSESSMENT

Valuation Date	31 December 2013
Report Date	11 March 2014

VALUATION DETAILS SUMMARY

Market Value	€	6,300,000.00
Gross annual income	€	-
Net Operating Income (Year one)	-€	93,975.00
Day One annualised NOI	-€	93,975.00
Estimated Rental Value	€	1,880,000.00
Initial Yield (Year one)		-1.49%
Initial Yield (Annualised day one)		-1.49%

VALUATION ASSUMPTIONS

RENTAL VALUE

We assumed an overall average ERV of €8.75 per sq m per month for the main building , based on our market research and knowledge of the recent lease transactions and current trends.

ERV	€	8.75	/sqm /month
0	€	-	/sqm /month
0	€	-	/sqm /month
0	€	-	/sqm /month
0	€	-	/sqm /month
0	€	-	/sqm /month
0	€	-	/sqm /month
0	€	-	/sqm /month

DISCOUNT AND EXIT RATES APPLIED

Prime yields for properties in Constanta City are estimated today at approx. 10.0-11.0%, having softened by 225-250 bps during the last 3-4 years. Due to the lack of transactions since the start of the crisis, these yields are just a broad estimation of the expectations that an average investor would have from a commercial property in Constanta.
We have applied a discount to reflect the speculative nature of the assumed scheme.

	Discount	Exit
Default	12.00%	12.00%
Vacant	12.00%	12.00%
Yield2	12.00%	12.00%
Yield3	12.00%	12.00%
Yield4	12.00%	12.00%
Yield5	12.00%	12.00%
Yield6	12.00%	12.00%
Yield7	12.00%	12.00%
Yield8	12.00%	12.00%

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.
We have assumed redevelopment costs of €35 per sqm.

Service Charge Income	€	-	/sqm/ month
Service Charge Outgoings	€	-	/sqm/ month
Non recoverables		5%	ERV
Void on expiry		9.00	months
Lease Term		10.00	years
Rent Free Periods		0.00	months
Leasing Fees		10%	1 year's rent
Fit out costs	€	-	psm
Other fixed costs			
Inflation			

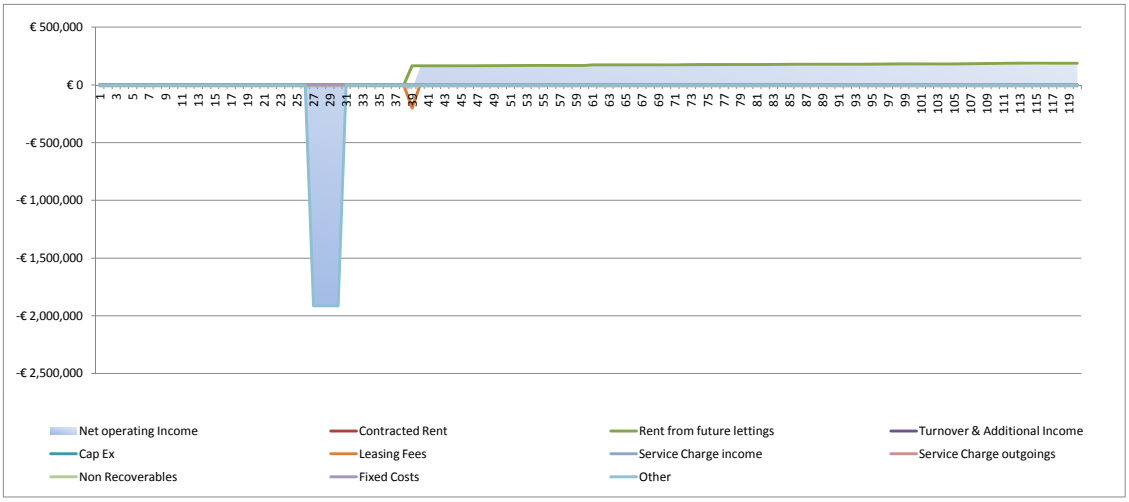
PROPERTY	Constanta Plaza
ADDRESS	131 I.C. Bratianu Blvd., Constanta, Romania
VALUATION DATE	31 December 2013

PROJECTED INCOME PROFILE

CASH FLOW

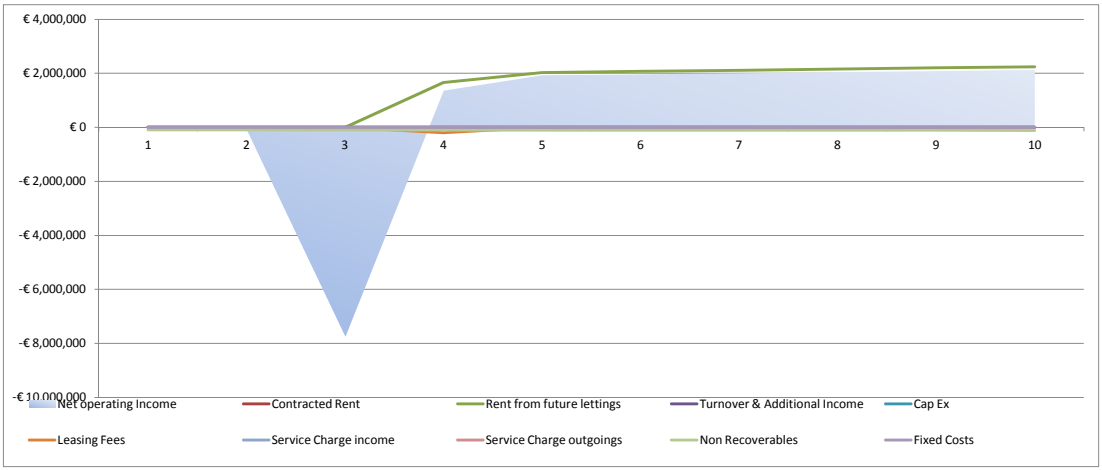
Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Rent from future lettings	€ -	€ -	€ -	€ 1,662,117	€ 2,034,431	€ 2,075,120	€ 2,116,622	€ 2,158,955	€ 2,202,134	€ 2,246,176
Turnover & Additional Income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	€ -	€ -	€ -	-€ 199,454	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge outgoings	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Non Recoverables	-€ 93,975	-€ 95,855	-€ 97,772	-€ 99,727	-€ 101,722	-€ 103,756	-€ 105,831	-€ 107,948	-€ 110,107	-€ 112,309
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	-€ 7,656,784	€ -	€ -	€ -	€ -	€ -	€ -	€ -
TOTAL	**-€ 93,975**	**-€ 95,855**	**-€ 7,754,556**	**€ 1,362,936**	**€ 1,932,710**	**€ 1,971,364**	**€ 2,010,791**	**€ 2,051,007**	**€ 2,092,027**	**€ 2,133,868**

Monthly income



We have assumed a void period of 30 months before the scheme of 17,900 sq m GLA becomes income producing. We expect that non-recoverable costs to amount to 5% of the rental income.
We have assumed a standard lease over a period of 5 years with other 5 years to extend and a 9 months void on expiry. We followed the project and cost estimates supplied by the property owner.

Annual Income



PROPERTY	Constanta Plaza
ADDRESS	131 I.C. Bratianu Blvd., Constanta, Romania
VALUATION DATE	31 December 2013

DISCOUNTED CASH FLOW

Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Rent from future lettings	€ -	€ -	€ -	€ 1,056,305	€ 1,154,391	€ 1,051,320	€ 957,452	€ 871,966	€ 794,112	€ 723,209
Turnover & Additional Income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	€ -	€ -	€ -	-€ 126,757	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge outgoings	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Non Recoverables	-€ 83,906	-€ 76,415	-€ 69,592	-€ 63,378	-€ 57,720	-€ 52,566	-€ 47,873	-€ 43,598	-€ 39,706	-€ 36,160
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	-€ 5,449,948	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Exit										€ 5,839,910
TOTAL	**-€ 83,906**	**-€ 76,415**	**-€ 5,519,540**	**€ 866,170**	**€ 1,096,671**	**€ 998,754**	**€ 909,580**	**€ 828,367**	**€ 754,406**	**€ 6,526,959**

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.
The overall value equates to €352/sqm based up[on the GLA. This compares favourably to build costs for a new facility.

Gross value	**€**	**6,301,047**
Market Value	**€**	**6,301,047**

MARKET VALUE say € 6,300,000.00

PROPERTY Vacant Land
ADDRESS 7, Traian Boulevard, Hunedoara
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PROPERTY Vacant Land
ADDRESS 7, Traian Boulevard, Hunedoara
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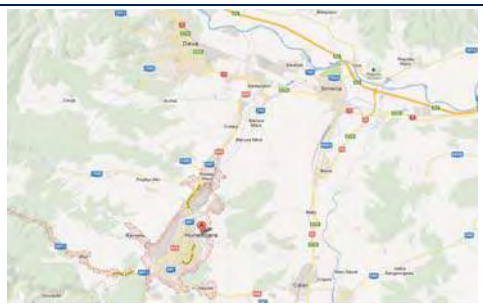
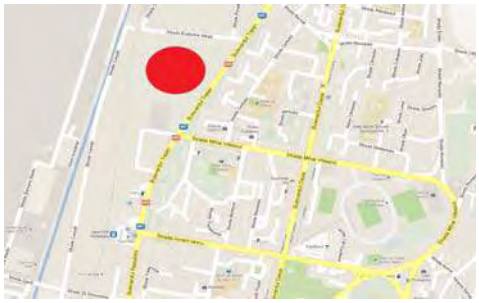
Romania


Hunedoara County

Subject Property


Micro Location

LOCATION

Hunedoara County is located in the western area of Romania, bordering Alba County to the east and north, Gorj County to the south, and with Caras-Severin, Timis and Arad counties to the west. It is the 9th largest county of Romania with an area of 7,063 sq km.
According to the official statistics-Hundedoara is the most populous city in Hunedoara County. The city has witnessed a massive economic downturn after the revolution in 1989 that has affected significantly the level of purchasing power and real-estate development. The local economy had been developed around the steel industry that employed 20,000 people prior to 1989. Whilst the steel plant was taken over by Arcelor Mittal in 2003, it has continued to reduce activity. The current number of workers is around 500-700 people. The city is placed on Cerna River, in the central area of Hunedoara County, only 18 km from the city of Deva. The connection with E68 towards Deva is provided through a dual carriageway that has been extended and refurbished over the last three years.
The subject property is a vacant plot of land in total size of 40,919 sq m. It is located in the median area of the city, close to the OMV gas station the railway station. It has direct access to Traian Boulevard, a two lane asphalted road on each way. Traian Boulevard is crossing the city from North to South avoiding the central area of the city, allowing a faster transit of the city both for heavy truck and for small cars.
The Western side of the land is bordered by a railway, the Northern side is bordered by a fuel storage complex while the Southern side is bordered by a bakery and another industrial facility. The Eastern side of Traian Boulevard is densely populated; there are many apartment blocks with ground floor and four upper floors each which were built during 1960 – 1980.

LOCATION DETAILS

City Population	60,525
Local Land	Residential & Industrial
Distance to Centre	1.5 km
Distance to Highway	18 km
Distance to National Road 7	11 km
Public Transport	Local minibuses
Plot area	40,919
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	Vacant
Historic monument	No
Site area	40,919
Parking Places (closed)	n/a
Access	to Traian Boulevard
Utilities	available, not checked
Legal issues	not checked

PROPERTY Vacant Land
ADDRESS 7, Traian Boulevard, Hunedoara
VALUATION DATE 31 December 2013

PROPERTY DATA

PLOT OF LAND

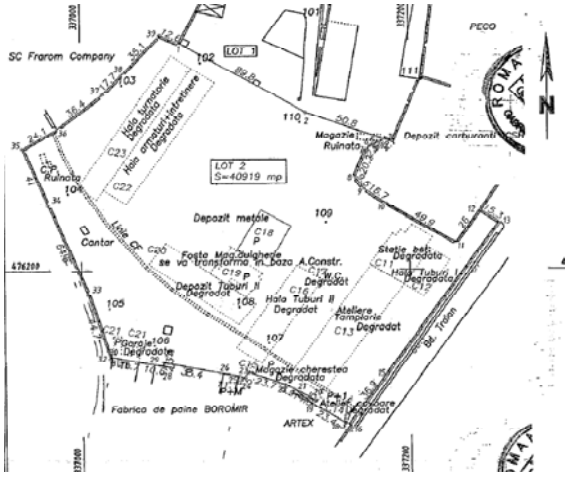
Site area, total	40,919
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External
Inspection Date	30-Nov-13
Inspected by	Bogdan Blendea

PROPERTY DESCRIPTION

The subject property comprises one land plot identified with cadastral number 2388 and extending to 40,919 sq m.
The site has an irregular shape, is flat and partially fenced.
The site is part of former steel factory. According to our understanding there were several industrial premises built as following: foundry hall, concrete station and storage hall for tubes, metal, timber and other buildings.
The site is accessible form Traian Boulevard.
We have made no specific queries to the statutory authorities but understand and assume that all mains services are available on the site.



LAND REGISTRY DETAILS

According to the information provided by the client, the property is situated in Hunedoara, Hunedoara County .
According to the Land Registry Excerpt No 880N, enclose number 1476/05.02.2008, cadastral number 2388 the property consists in one land plot in size of 40,919 sq m and 13 buildings with a foot print in total size of 10,452 sq m. The owner of the property is SC North West Plaza SRL. There is no mention regarding any mortgage.
At the inspection date we didn't see any construction on the land. The land is overgrown with grass.
We have not checked title documentation but assume the property is an unencumbered effective freehold.

Land registry extract	No 880N	Obtained on	05.02.2008
Registered owner	Owner: SC North West Plaza SRL		
Registered use	Land and constructions; Assumed vacant;		
Registered size			40,919.00

Restrictions and encumbrances

We have not checked title documentation but assume the property is an unencumbered effective freehold.

Comments

PROPERTY Vacant Land
ADDRESS 7, Traian Boulevard, Hunedoara
VALUATION DATE 31 December 2013

PLANNING ISSUES

Zoning	not valid
Footprint ratio	n/a
Maximum height	n/a
Permit status	No building permit. We were not aware of any PUZ existence

The subject Property has a PUD granted in 2009, this is an approval to accept the scheme within the municipality's urban layout framework.
To advance further with the project it may be necessary to get a PUZ, a Certificate of Urbanism and a building permit.

ENVIRONMENTAL

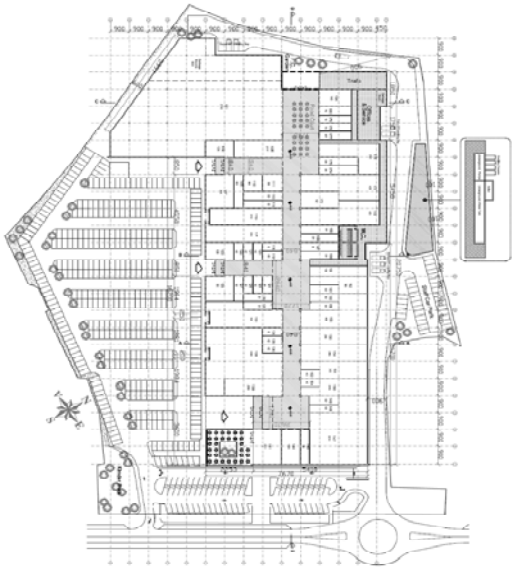
We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminated substances or any other land (including any ground water).

In view of the characteristics and history of the property parts of the land could be affected by pollution from the former steel factory.

PROPOSED SCHEME

The client is planning to develop a shopping center. The shopping center will have approximately GLA of 14,000 m2, 63 units and will include a supermarket, fashion retailers, food court, restaurants and over 600 car parking spaces. We were not provided with any PUZ for the area.

We comment that on the one hand there is no shopping centre in the city but on the other hand the purchase power of the area is very low and the economical situation of the area is not so good.



PROPERTY Vacant Land
ADDRESS 7, Traian Boulevard, Hunedoara
VALUATION DATE 31 December 2013

SWOT-ANALYSIS

STRENGTHS

Good access from the main road;
Good opening to the main road;
All the utilities in the area;
One compact plot of land; Vacant land;

WEAKNESSES

The land could be affected by pollution;
There is no valid PUZ or building permit;
The poor economical situation of the area;
The purchase power of the citizens is low;

OPPORTUNITIES

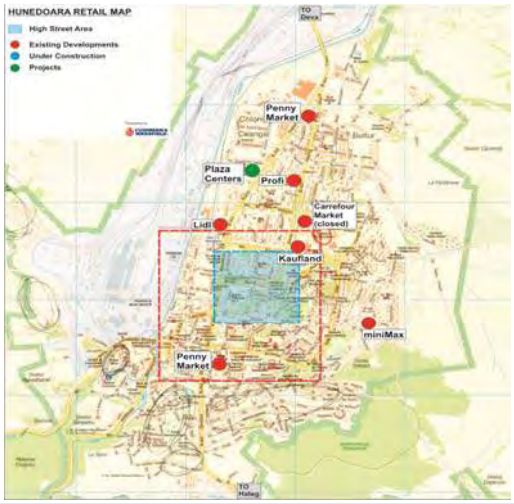
Lack of commercial centres in the area;

THREATS

Deva City which is only 15 kilometres away is attracting all the current investments from the area;
The highway junction point is 18 kilometres away while Deva junction point is only 1 kilometre away;

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

There are no shopping centres in Hunedoara, being the single city in Romania of over 50,000 inhabitants without shopping centre supply, either modernised and not modernised.
Israeli developer Plaza Centers has announced several years ago its intention to build a 13,000 sq m GLA shopping centre, the subject of this valuation. The construction of the scheme in Hunedoara has not started until now, not being available news about this project for more than 2 years.
The estimated rental level that can be achieved currently for shopping centre space in Hunedoara City is placed at €10-15 /sq m/month for shops of 100-200 sq m and €8-10 /sq m/month for units of 200-500 sq m. This is a broad estimation as the market does not include such type of facilities.
The retail warehousing sector includes only few stand-alone developments such as Kaufland, Lidl, Profi, Penny Market, etc., while the retail parks are not represented.



The project's primary catchment covers all the city area and all the other villages from the area.

COMPETITION

There is a very low representation of international and national retailers on the local market, the competition being developed mainly on the food sector.
The hypermarket sector includes a single unit opened in 2006 by Kaufland. The unit is placed in the central area of the city, at the junction between Dacia Boulevard and Avram Iancu Street. In front of the hypermarket there is a small shopping gallery with few shops, including Domo, BRD, InMedio, SensiBlu, Say and locals.
The supermarket sector includes only local retailers operating small units. In 2010 Carrefour Market decided to close its unit of 1,100 sq m placed at the junction of Dacia Boulevard with M.Viteazul Street, in close distance from Kaufland. This was the first modern retail box in Hunedoara, opened before 2006 by Artima Supermarket.
Food discount is the single sector that is well developed in Hunedoara City. It includes 5 units opened so far by international chains (Lidl, Profi, Penny Market). Penny Market operates two units on the local market, while the rest of competitors have each one unit. The average surface of the existing discounters vary between 850-1,100 sq m, and each was opened in the last 5 years.
The other sectors are largely represented by local retailers, with only few exceptions such as Leonardo (footwear), Lem's (furniture), InMedio (newspapers). The electrical goods sector includes Domo and Altex.

COMPETING SCHEMES

Building / Address	*Date*	*Rent (psm / mth)*	*Comments*
N/A	N/A	N/A	No Shopping centre in Hunedoara

PROPERTY Vacant Land
ADDRESS 7, Traian Boulevard, Hunedoara
VALUATION DATE 31 December 2013

VALUATION

VALUATION METHODOLOGY

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of the value we have had to make certain assumptions for the input variables. We consider these assumptions appropriate and reasonable, but they cannot be guaranteed. You should therefore be convinced that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

The zoning of the land has to change to develop an income generating property. The proposed scheme for the subject property was for a large shopping centre. The subject property is located in a good area of the city. Even so, due to economic problems of the area, the low purchase power of the citizens and the fact that Deva city is attracting the most important investments in the area we assumed that the highest and best use of the land is a retail unit, other services and residential development. We also assumed that the landlord will need to hold the land and allow for price recovery before starting the construction.

VALUATION ASSUMPTIONS

RENTAL VALUE

We assumed the average ERV for the commercial area based on our market research and knowledge of the recent lease transactions and current trends.

Retail	€	7.75	/sqm /month
House	€	-	/sqm /month
Plot of Land	€	-	/sqm /month
4	€	-	/sqm /month
5	€	-	/sqm /month
6	€	-	/sqm /month
7	€	-	/sqm /month
8	€	-	/sqm /month
9	€	-	/sqm /month
10	€	-	/sqm /month
11	€	-	/sqm /month

EXIT RATES APPLIED

We have compared retail units' yields and sale prices with the existing shopping centres in the county. Current yield levels are not economic; we have allowed for mid-term yield expectations in our calculations.

	Exit
Retail	9.00%
House	0.00%
Plot of Land	0.00%
4	0.00%
5	0.00%
6	0.00%
7	0.00%
8	0.00%
9	0.00%
10	0.00%
11	0.00%

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.

Retail Unit	€	300	/sqm
Contingencies		5%	
Letting Fees		10%	ERV
Sales Fees		2%	ERV
Fees		13%	GDC
Planning Fees & Contributions	€		-
Other	€		-
Developer's Profit		20%	GDV

PROPERTY Vacant Land
ADDRESS 7, Traian Boulevard, Hunedoara
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SUMMARY RESIDUAL VALUATION

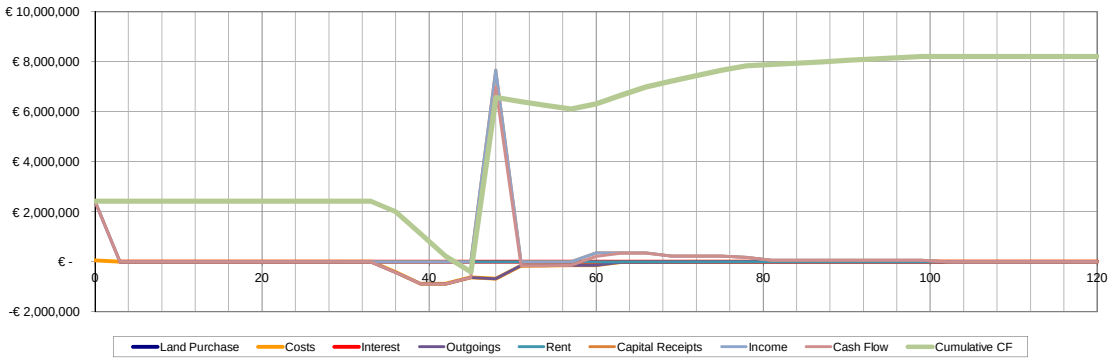
Capital Receipts			€	9,958,550		
Rent			€	-		
Income					**€**	**9,958,550**
Development Costs			-€	3,033,000		
Infrastructure			-€	303,300		
Demolitions			€	-		
Planning fees & contributions			€	-		
Other costs			€	-		
Fees			-€	417,038		
Contingencies			-€	187,667		
Fixed Marketing Costs			€	-		
Sales Fees	2%	sales proceeds	-€	149,378		
Leasing Fees	**10%**	**annual rent**	-€	68,927		
Development Finance	9.00%		-€	149,725		
Developer's Profit @	20.00%	GDV	-€	1,991,710		
Acquisition Fees	2.00%		-€	71,722		
					-€	**6,372,467**
Residual value					**€**	**3,586,083**
Land Holding cost						0.660888
					€	**2,370,000**

Cash Flow

Year	0	1	2	3	4	5	6	7	8
Land Purchase	€ 2,370,000								
Costs	€ 47,400	€ -	€ -	-€ 421,168	-€ 3,077,952	-€ 602,677	-€ 39,294	-€ 14,094	-€ 3,300
Income	€ -	€ -	€ -	€ -	€ 7,658,550	€ 350,000	€ 1,160,000	€ 515,000	€ 220,000
Interest	€ -	€ -	€ -	€ -	-€ 8,766	€ -	€ -	€ -	€ -
Cash Flow	€ 2,417,400	€ -	€ -	-€ 421,168	€ 4,571,832	-€ 252,677	€ 1,120,706	€ 500,906	€ 216,700
Cumulative CF	€ 2,417,400	€ 2,417,400	€ 2,417,400	€ 1,996,232	€ 6,568,065	€ 6,315,388	€ 7,436,094	€ 7,936,999	€ 8,153,699

As can be seen in the chart below, we assume development will commence in the future. Based on our assumption the property will be developed in three phases. The first phase will include a retail unit and some additional shops, car washing area and restaurants with a GLA of 7000 sq m. This phase will be finalised in fifteen months and following the opening it will start generating profit. Deducting the roads, parking area and the foot print of the buildings it still remains around 26000 sq m undeveloped land. We estimate that this part of the land, after the retail unit is functional, could be developed as residential. The second phase will start after the end of the first phase. It will consist in dividing the land in 65 plots with a total size of 400 sq m each and starting the construction of ten houses with a GBA of 150 sq m per house. At the end of these phases the houses will be marketed for sale. The third phase will consist in finalizing the infrastructure road for the remaining plots of land. All the fifty five plots of land will be offered for sale at an estimated price of €40 per sq m. The sealing period could achieve three years and a half.

Cash Flow Profile



PROPERTY Vacant Land
ADDRESS 7, Traian Boulevard, Hunedoara
VALUATION DATE 31 December 2013

SUMMARY & CONCLUSION

We have compared the site to available commercial land in secondary Romanian cities. We estimate that the subject plot would transact in the €40-60 per sq m range, which we consider to be realistic in the context of the available market information.
No directly comparable transaction (retail development land in the city centre of Hunedoara) has been recorded in recent years; therefore residual approach provides the most reliable market value. In summary, using the above assumptions and variables we have arrived at a residual amount of €58 per sq m, which is according to our opinion a supportable unit value of the site.

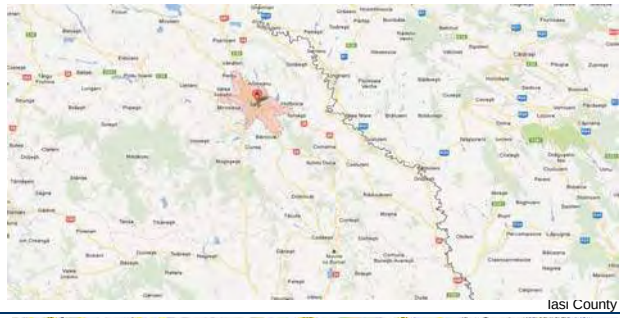
Address	Details	Asking or sold?	Date	€/sqm
Land plot in Iasi, next to Era Shopping Park	Land plot in Iasi, next to Era Shopping Park, size of 120000 sq m.	Sold	2013/Q1	€ 21
Land plot in Brasov, Tractorul Platform	Land plot in Brasov, Tractorul Platform, size of 1000000 sq m.	Sold	2012/Q2	€ 25
Bacau exit to Moinesti	Dedeman (DIY) bought 45,000 sq m	Sold	2013/Q1	€ 38
Constanta Navodari exit to Mamaia	60,000 sq m bought under bankruptcy procedure by Marina Regia	Sold	2013/Q3	€ 55
Land plot in Bistrita, south west side	Land plot in Bistrita, south west side, size of 19870 sq m.	Sold	2011/Q3	€ 80

MARKET VALUE	**€**	**2,370,000.00**	**say**	**€**	**2,375,000**

PROPERTY	Development Land
ADDRESS	2, Primaverii Street, Iasi
VALUATION DATE	31 December 2013

PROPERTY	Development Land
ADDRESS	2, Primaverii Street, Iasi
VALUATION DATE	31 December 2013

Romania


Iasi County

Subject Property

Micro Location

LOCATION

Iasi County is located on the north-east area of Romania, and borders four other counties as well as the Republic of Moldova to the East. It is the 2nd most populous county in Romania having approximately 800,000 inhabitants. Iasi City is the capital of Iasi County and of the entire north-eastern part of Romania. The city is by far the largest economic, commercial and cultural centre in its region, situated only 20 km from the border with the Republic of Moldova and 144 km from Moldova's capital, Chisinau with over 650,000 inhabitants.

The main route traversing the county is the E583, a road that connects the European route E85 with the town of Targu Frumos, Iasi and the Republic of Moldova. There are developments of new roads planned, including a motorway and 3 ring roads/bypasses – for Iasi, Targu Frumos, Pascani. The only project currently under construction is the Iasi ring road, the south-western section having been completed. Furthermore, a planned modernisation of the DN24 – a national road connecting Iasi with Vaslui – will be undertaken in the near future. The areas' only airport is located in Iasi City. The airport handles both domestic and international flights.

LOCATION DETAILS

City Population	320,888
Land Uses	Residential & Commercial
Distance to Centre	1.0 km
Distance to Highway	n/a
Distance to National Road 7	At the national road 1.5 km
Public Transport	Trolley, Trams, Buses
Plot area	46,500
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	Vacant
Historic monument	No
Site area	46,500
Parking Places (closed)	n/a
Access	Socola and Primaverii Boulevards
Utilities	available, not checked
Legal issues	not checked

PROPERTY	Development Land
ADDRESS	2, Primaverii Street, Iasi
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

Site area, total	46,500
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External
Inspection Date	18-May-13
Inspected by	Razvan Gheorghe MRICS

PROPERTY DESCRIPTION

The Land comprises a number of plots situated close to Iasi's centre. Individual plot details are as detailed in the table below. The site has an irregular oblong shape, is flat and fenced. The site is supposed to be under development on a former industrial textile factory. The site is accessible form Primaverii and Socola Boulevards. We have made no specific queries to the statutory authorities but we understand and assume that all main utilities are available on the site.

1. Cad 4373/1/1/1/1/27, plot 1/1/1/1/27(8193/1/1/1/27)- 1212.64 sq m, land book 65614 blds: C95/0;C95/1;C95/2
2. Cad 4373/1/1/1/1/13, plot 1/1/1/1/19(8193/1/1/1/19)- 3966.65 sq m, land book [illegible]
3. Cad 4373/1/1/1/1/18, plot 1/1/1/1/8(8193/1/1/1/18)- 1206.17 sq m, land book 65605 blds: C86/1/0;C86/1/1;C86/2/0;C86/2/1
4. Cad 4373/1/1/1/1/17, plot 1/1/1/1/8(8193/1/1/1/17)- 611.55 sq m, land book 65613 blds: C85/0;C85/1;C85/2
5. Cad 4373/1/1/1/1/16/1/1, plot -- 882.2 sq m, land book 65087 blds: C22-U1;C23;C26-U1;C28-U1
6. Cad 4373/1/1/1/1/16/2/1, plot -- 94.15 sq m, land book 65088 blds: CC
7. Cad 4373/1/1/1/1/15, plot 1/1/1/1/15(8193/1/1/1/15)- 12329.13 sq m, land book 65612 blds: C81/1/0;C81/1/1;C81/2/0;C81/2/1;C81/3/0;C81/3/1; C81/4/0;C81/4/1;C82;C83;C84
8. Cad 4373/1/1/1/1/14, plot 1/1/1/1/14(8193/1/1/1/14)- 1304.95 sq m, land book 60930 blds: C79/0;C79/1
9. Cad 4373/1/1/1/1/13, plot 1/1/1/1/13(8193/1/1/1/13)- 1823.83 sq m, land book 65610 blds: CC
10. Cad 4373/1/1/1/1/12, plot 1/1/1/1/12(8193/1/1/1/12)- 5854.02 sq m, land book 65609 blds: C80
11. Cad 4373/1/1/1/1/11/1, plot -- 2627.12 sq m, land book 65608 blds: C46;C47;C48;C49;C50-U1;C51;C52;C53;C54;C55;C56
12. Cad 4373/1/1/1/1/4, plot 1/1/1/1/4(8193/1/1/1/4)- 8895.44 sq m, land book 65607 blds: C88/1/0;C88/1/1;C88/2
13. Cad 4373/1/1/1/3, plot 1/1/1/12(8193/1/1/3)- 565.31 sq m, land book 65606 blds: C93/0;C93/1;C93/2;C94
14. Cad Lot 2 - 4373/1/1/1/1/1/2/1, plot -- 4299.9 sq m, land book 65091 blds: -
15. Cad 4373/1/1/1/1/20/2, plot -- 608 sq m, land book 68033 blds: C88/3/2
16. Cad 4373/1/1/1/1/22/2, plot -- 219 sq m, land book 68035 blds: C88/4/2-U1;C88/4/2-U2;C88/4/2-U3

* indicative only as it was not checked the exact boundaries

LAND REGISTRY DETAILS

According to the documents provided by the client, the property is situated at 2, Primaverii Street, Iasi, Iasi County. According to the Land Registry Excerpts, site plans and Change contract, we understand that the property comprises 16 plots extending to an aggregate area of 46,500.06 sq m divided into 51 separate cadastral registry entries with their initial buildings, as well as 3 other cadastral registry entries without buildings. The owner of the property is SC Green Plaza SRL. There is no mention regarding any mortgage, however we understand that there was a legal challenge against the ownership and this is recorded in the land registry. We have valued the land assuming freehold title.
At the inspection date most of the industrial buildings mentioned within the land book had been demolished in order to prepare the land for further development. We have not checked title documentation and permits for demolishing permission. We have not been provided with any recent land registry entries or cadastral documentation that reflects the actual current situation. We have not checked title documentation but we assume the property is an unencumbered effective freehold

Land registry extract	as specified in the section above (Property Description)	Obtained on	02-07.07.2008
Registered owner	Owner: Green Plaza SRL		
Registered use	Land and constructions; Assumed vacant;		
Registered size			46,500.06

Restrictions and encumbrances

We have not checked title documentation but we assume the property is an unencumbered effective freehold. The more relevant documents that were checked are summarised in the sections above (Property Description and Land Registry Details).

Comments

High street retail is concentrated in the very central area of Iasi, along Stefan cell Mare Boulevard, Independentei Boulevard., Unirii Square and Anastasie Panu Street. The subject site is located close to the city centre and it is thought that the highest and best use is for retail development; however the threat from the competition may affect the rents and feasibility of the project. A mixed use with office development as well as residential /leisure part could mitigate the risks associated with the current project.

PROPERTY	Development Land
ADDRESS	2, Primaverii Street, Iasi
VALUATION DATE	31 December 2013

PLANNING ISSUES

Zoning	Mixed: Retail/Office
Footprint ratio	n/a
n/a	
Maximum height	n/a
Permit status	Building Conditions - mixed use Retail/Office - proposed scheme. No

We understand that the initial urban planning permission was approved by the Urban Planning Committee of Iasi, for the site held by Green Plaza SRL at 2nd Primaverii Boulevard, Iasi at 7/7/2010. The local authorities permit the construction of a "multi-purpose development". Furthermore we are aware of the fact that the municipality of Iasi also issued the main approval ("Acord unic" in Romanian) no.165/10.09.2010 for developing a building of mixed uses, retail, underground parking and an office building.

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence of contamination or dangerous substances.
In view of the characteristics and history of the property parts of the land could be affected by pollution from the areas' former uses in connection with the steel industry.

PROPOSED SCHEME

The current plans are for the development of a shopping centre, provisionally named 'Green Plaza' to include an adjoining office building. The shopping centre will comprise approximately 40,000 sq m with approximately 120 units and will include an anchor supermarket, a cinema, fashion retailers, a theme park, a food court and restaurants. The office building is planned to offer 18,000 sq m and there will also be approximately 1,700 car parking spaces.
Project status: Planning stage
Plaza Centres' share: 100%. We are not informed of any legal or environmental issues raised. The Implementation Zoning Plan of Parcels of the first phase is not allocated.
We comment that there is a high level of competition for retail however other uses, such as residential, may be a suitable alternative.

PROPERTY	Development Land
ADDRESS	2, Primaverii Street, Iasi
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS

- Excellent location close to the city centre
- Large opening toward two of the main boulevards
- All the utilities on the site

WEAKNESSES

- Retail market oversupplied
- Local economy is underdeveloped
- Local purchasing power is low;
- Any development will require time prior to commencement

OPPORTUNITIES

- Iasi may develop as the capital of a new region which will require more office space and increase purchasing power;

THREATS

- Reducing rents as consequence of oversupply;

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

The project's primary catchment covers all the city area and surrounding villages. All the main formats of modern retail are represented in Iasi City, the very first new schemes being opened from 2000-2001. The development program accelerated during 2007-2008, witnessing the completion of 5 hypermarkets, one cash & carry, 2 DIY and 2 shopping centres. Further new schemes were completed in 2009-2010, although the development pace was significantly affected by the effects of the economic crisis. The hypermarket sector is well developed and includes 5 units opened so far. Carrefour has two large-format units, being the food anchor of Felicia Shopping Centre and Era Shopping Park, while Kaufland operates 3 small-format units placed in the middle of the residential areas. The competition will increase with the announced opening of Auchan this year as part of Palas and the 4th unit of Kaufland as part of a retail park across Iulius Mall.

PROPERTY	Development Land
ADDRESS	2, Primaverii Street, Iasi
VALUATION DATE	31 December 2013

COMPETITION

The local shopping centre market is well developed, including a total modern stock of 141,300 sq m and a density of 487 sq m GLA / 1,000 inhabitants (10th highest in Romania).
There are 5 major shopping centres in Iasi, including Palas, Iulius Mall, Felicia Shopping Center, Era Shopping Park and Moldova Mall.
Palas is the dominant shopping centre in Iasi, completed in 2012 in the downtown area of the city, adjoining the Palace of Culture. The centre has 54,300 sq m GLA and is part of a mixed-use project developed by Romanian Iulius Group including also office, residential and accommodation functions. The tenant-mix includes a significant share of international fashion-oriented retailers such as Zara, H&M, C&A, New Yorker etc. The scheme is anchored by a 5,300 sq m Auchan City hypermarket. The leisure elements include food court, bowling, exterior garden and a 10-screen cinema to be opened by Village Cinema next year.
The second major scheme is Iulius Mall, developed by the same Iulius Group during 2000-2008. Iulius Mall was the second shopping mall opened in Romania, in 2000. Two extensions, in2005 and 2008, brought the leaseable area to 23,000 sqm. The scheme includes mainly small and medium shops, with a limited number of anchors, while the entertainment area includes kid's playground, 5-screen Cinema City, WorldClass fitness, billiard & games. The scheme is almost fully let and targets especially the nearby student population.
Felicia Shopping Center is a 26,500 sq m shopping centre opened in 2007 on a former industrial site. The scheme includes a 15,500 sq m Carrefour hypermarket and a 11,000 sq m shopping gallery, anchored by Intersport, Marks&Spencer, Takko, Deichmann, Leonardo and Media Galaxy. The scheme has an optimal operation, reaching a good level of footfall and sales.
Era Shopping Park is located on north-west side of Iasi, at the city exit to Tg.Frumos and E8.It is designed as a regional scheme, including both shopping centre and retail park sections. The existing functions include a 28,000 sq m GLA shopping centre anchored by Carrefour and warehousing boxes of Mobexpert, Praktiker and Decathlon. The further phases of development, including a 28,000 sq m extension of the shopping centre and 36,500 sq m of retail boxes, are currently put on-hold until an optimal pre-lease ratio will be secured.
No shopping centre scheme is currently under construction, both schemes announced years ago, namely Plaza Centers and the extension of Era Shopping Park, being put on-hold.
The prime shopping centre rents have experienced a decrease of 15-25% in the last 4 years. Today the rents are placed at approximately €12-17 sq m/month for units of 500-1,000 sq m and €5-14 /sq m/month for anchors of over 1,000 sq m. The medium spaces of 100-200 sq m have rents of €23-30 /sq m/month.
In regard to the office market, prime office rents decreased from €14-16 /sq m/month at their peak in 2008 to today's average level of €10-12 /sq m/month. For decentralized locations the rents are between €6-8 /sq m/month, corresponding to a 40-45% fall in the last 4 years.

SHOPPING CENTER COMPETING SCHEMES

Building / Address	*Date*	*Distance to subject*	*Comments*
Palas	2012	1 km	GLA 54,300 sq m, existing shopping centre
Iulius Mall	2000	1.2 km	GLA 23,000 sq m, existing shopping centre
Felicia Shopping Center (Carrefour)	2007	1.2 km	GLA 26,500 sq m, existing shopping centre
Era Shopping Park	2008	8 km	GLA 44,350 sq m, existing shopping centre & retail park

PROPERTY	Development Land
ADDRESS	2, Primaverii Street, Iasi
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore be convinced that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted. Given current market conditions, it is uneconomic to develop at current rent and yield levels; a developer will not develop in these circumstances. Rather than apply the current uneconomic end use values, it is logical to assume that a buyer will build in a holding period to allow for the market to recover. We have applied variables that we consider reasonable assuming a "recovered" market.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

The zoning of the land has to change to develop an income generating property. The proposed scheme for the subject property is for a large shopping centre with office buildings.

VALUATION ASSUMPTIONS

RENTAL VALUE

We assumed an average ERV for each category based on our market research and knowledge of the recent lease transactions and current trends.

Anchor	€	8.50	/sqm /month
LSU	€	9.50	/sqm /month
MSU	€	16.00	/sqm /month
SU	€	28.00	/sqm /month
Offices	€	12.00	/sqm /month

EXIT RATES APPLIED

We have compared retail units' yields and sale prices with the existing shopping centres in Iasi. Based on our market experience prime yields will be around 9-10 % for fully established scheme. We have applied a discount to reflect the speculative nature of the assumed scheme.

	Exit
Anchor	7.50%
LSU	7.50%
MSU	7.50%
SU	7.50%
Offices	8.00%

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.

Shopping Centre	€	700	/sqm
Contingencies		5%	
Letting Fees		10%	ERV
Sales Fees		2%	ERV
Fees		10%	GDC
Planning Fees & Contributions	€		-
Other	€		-
Developer's Profit		20%	GDV

PROPERTY	Development Land
ADDRESS	2, Primaverii Street, Iasi
VALUATION DATE	31 December 2013

SUMMARY RESIDUAL VALUATION

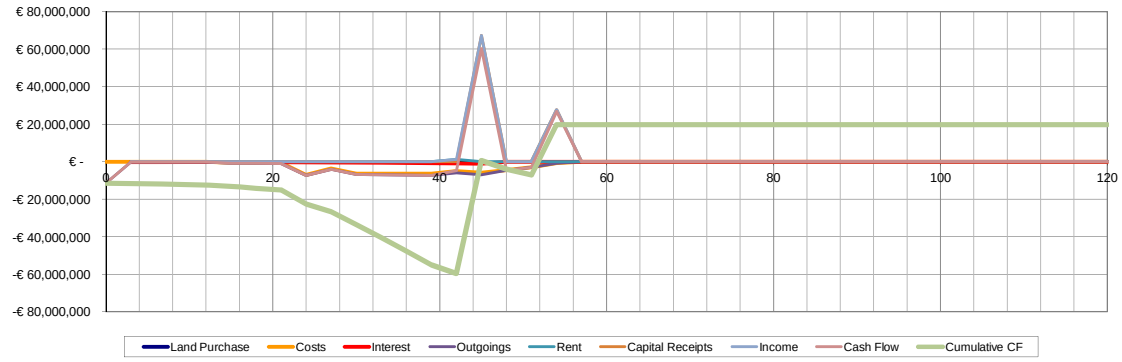
Capital Receipts			€	94,945,925		
Rent			€	1,260,824		
Income					**€**	**96,206,748**
Development Costs			-€	43,308,600		
Infrastructure			-€	4,330,860		
Demolitions			€	-		
Planning fees & contributions			€	-		
Other costs			€	-		
Fees			-€	4,763,946		
Contingencies			-€	2,620,170		
Fixed Marketing Costs			€	-		
Sales Fees	2%	sales proceeds	-€	1,898,918		
Leasing Fees	10%	annual rent	-€	725,945		
Development Finance	7.50%		-€	3,628,313		
Developer's Profit @	20.00%	GDV	-€	18,989,185		
Acquisition Fees	0.00%		€	-		
					-€	**80,265,938**
Residual value					**€**	**15,940,810**
Land Holding cost						0.723928
					€	**11,540,000**

Cash Flow

Year	0	1	2	3	4	5	6	7	8
Land Purchase	-€ 11,510,000								
Costs	€ -	€ -	-€ 9,147,122	-€ 22,898,524	-€ 21,803,139	-€ 3,799,656	€ -	€ -	€ -
Income	€ -	€ -	€ -	€ -	€ 68,504,748	€ 27,702,000	€ -	€ -	€ -
Interest	€ -	-€ 863,250	-€ 1,002,820	-€ 2,248,271	-€ 2,960,607	-€ 199,845	€ -	€ -	€ -
Cash Flow	-€ 11,510,000	-€ 863,250	-€ 10,149,941	-€ 25,146,795	€ 43,741,002	€ 23,702,499	€ -	€ -	€ -
Cumulative CF	-€ 11,510,000	-€ 12,373,250	-€ 22,523,191	-€ 47,669,986	-€ 3,928,984	€ 19,773,515	€ 19,773,515	€ 19,773,515	€ 19,773,515

Development is uneconomic at present , therefore we have a ssumed a land holding period of three years before construction commences. Based on the current scheme the property will be developed in two phases. The first phase will include anchors (hypermarket, DIY/furniture) as well as small medium and large shops, food court, leisure, restaurants with a GLA of around 41,000 sq m. In the second phase there will be two office buildings of an aggregate of 18,000 sq m. of GLA area. The first phase will be completed within 18 months and the second within 12 months. Development of second phase will start after the first phase is completed and opened. At this point the scheme should have the optimal chance for generating income. Following the opening of second phase, the schemes will fully generate profit. The main cost for the first year is the land acquisition and the majority of the scheme will be developed in the third year.
The cash flow is shown below.

Cash Flow Profile



PROPERTY	Development Land
ADDRESS	2, Primaverii Street, Iasi
VALUATION DATE	31 December 2013

SUMMARY & CONCLUSION

We have compared the site to available commercial land in secondary Romanian cities. in order to support our valuation. We estimate that the subject plot would transact in the €230-270 per sq m range, which we consider to be realistic in the context of the available market information.
Sites in Iasi in good locations redeveloped from industrial because of the accessibility and visibility are marketed at up to €300 per sq m, however it is very difficult to find buyers in today's market
An adjoining plot on Primaverii Boulevard of 6,300 sq m land plus 4,300 sq m of buildings, is under a liquidation process and has been marketed since 2012 from 2.64 million Euros to 1.98 million Euros currently but no buyers have yet been found.
No directly comparable transaction (retail development land in the city centre of Iasi) has been recorded in recent years. In summary, using the above assumptions and variables we have arrived at a residual amount of €250 per sq m, which is according to our opinion a fair unit value of the site.

Address	Details	Asking or sold?	Date	€/sqm
Sibiu semi-central former Polsib site	29,117 sq m for retail park development	Sold	2013/Q4	€ 197
Bucharest - Glucoza Factory	Bought under bankruptcy procedure, office area	Sold	2013/Q1	€ 300
Land plot in Cluj, Ruttrans Platfrom (Calea Baciului)	Land plot in Cluj, Ruttrans Platfrom (Calea Baciului), size of 5000 sq m.	Sold	2010/Q4	€ 200
Land plot in Craiova, Electroputere	Land plot in Craiova, Electroputere, size of 120000 sq m.	Sold	2010/Q4	€ 250
Land plot in Bacau, Asco Factory	Land plot in Bacau, Asco Factory, size of 35000 sq m.	Sold	2010/Q4	€ 257

MARKET VALUE	**€**	**11,540,000.00**	**say**	**€**	**11,550,000**

PROPERTY	Csiki Plaza
ADDRESS	26th, Iancu de Hunedoara, Miercurea Ciuc
VALUATION DATE	31 December 2013

PROPERTY	Csiki Plaza
ADDRESS	26th, Iancu de Hunedoara, Miercurea Ciuc
VALUATION DATE	31 December 2013

Romania

Harghita County

Miercurea Ciuc City

Micro Location

LOCATION

The Property is located in Harghita County, Miercurea Ciuc City, Iancu de Hunedoara Street.
Harghita County is located in Central Romania, within Transilvania Region, neighbouring six other counties, namely Suceava in the north, Neamt in the north-east, Bacau in the east, Covasna and Brasov in the south and Mures in the west. The county spreads over an area of 6,639 sq km, making it the 2nd largest county in Central Romania, after Mures County.
The population of Harghita County amounted to 310,867 inhabitants, as from 2011, the 32nd largest county. The county registered a population density of 46.82 inhabitants per sq km, being 43.3% smaller than the national average of 90.1 inhabitants/ sq km and the 3rd lowest in Romania, before Tulcea and Caras-Severin.
The economy of the county is above average, with GDP per capita ranking 17th place in Romania last year. However, the county did not manage to attract many major investments after 1989, and just a few foreign direct investments.
Harghita County has 438 km of modernised national roads, 105 km of modernised county roads, and 209 km of railway. There are no airport facilities within the county, the closest airports being in Bacau and Targu Mures.
The main route traversing the county is DN 12 (part of E578) that connects Miercurea Ciuc and Gheogheni with Sf. Gheorghe in the south and Toplita in the north. E578 continues further up to Reghin and Bistrita.
There are a couple of road infrastructure projects planned, including the construction of bypass roads for Miercurea Ciuc, Ciceu and Siculeni, and the highway connecting Targu Mures with Ungheni, that will pass also through Harghita County, at Ditrau.
Miercurea Ciuc is the capital of Harghita County, and the most populous city within the county.

LOCATION DETAILS

City Population	38,966
Local Land	Residential & Industrial
Distance to Centre	1 km
Distance to Highway	n/a
Distance to National Road	At the national road 0 km
Public Transport	local public transport
Plot area	36,729
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	commercial centre - under construction
Occupation	under construction
Historic monument	No
Site area	36,729
Parking Places (closed)	n/a
Access	Inacu de Hunedoara St.
Utilities	available, not checked
Legal issues	not checked

PROPERTY	Csiki Plaza
ADDRESS	26th, Iancu de Hunedoara, Miercurea Ciuc
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

Site area, total	36,729
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External
Inspection Date	13-May-13
Inspected by	Bogdan Blendea

PROPERTY DESCRIPTION

According to the information provided, the subject property comprises two land plots of 2,864 sq m and 33,865 sq m with a total area of 36,729 sq m. On site there was an old industrial building which was refurbished according to the commercial centre plan and extended. The building work has stopped.
The site is fenced and has a regular shape, with a slight slope along the road.
Csiki Plaza was intended to be a traditional shopping centre. The centre would provide the local market with 14,000 sq m GLA of modern shopping centre space. The project included 525 parking spaces, located to the rear of the main building.

LAND REGISTRY DETAILS

We have been provided with the following documents:
- Land Registry Excerpt no. 19149 / 11.12.2008 - referring to the land plot of 2,864 sq m
- Land Registry Excerpt no. 19148 / 11.12.2008 - referring to the land plot of 33,865 sq m
(bouth land plots have a mortgage registered in favour of INVESTKREDIT BANK AG)
- Building Permit no. 134 / 08.05.2008 for a commercial centre (expired)
- Building Permit no. 92 / 08.04.2008 for a parking building (expired)
- Decision no. 9 / 2008 regarding the approval of the Urban Plan for the commercial centre
- plans

Land registry extract	no. 19149/11.12.2008 and no. 19148/11.12.2008	Obtained on	11,12,2008
Registered owner	North Gate Plaza SRL		
Registered use	Assumed land		
Registered size	in total 36729sq m		

Restrictions and encumbrances

According to the information provided there are no restriction and encumbrances. The owner had a building permit for a commercial centre and parking area.

Comments

According to the information provided there is a mortgage in favour of ÌNVESTKREDIT BANK AG for the amount of 19,900,000 Euro.

PROPERTY	Csiki Plaza
ADDRESS	26th, Iancu de Hunedoara, Miercurea Ciuc
VALUATION DATE	31 December 2013

PLANNING ISSUES

Zoning	commercial center
Footprint ratio	n/a
n/a	
Maximum height	n/a
Permit status	a building permit for a commercial center and parking area (expired)

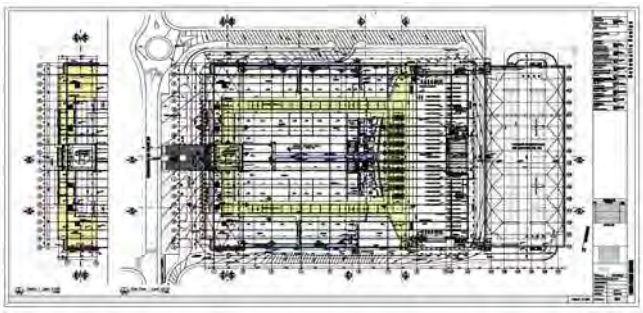
The subject Property is an old industrial facility located in the eastern outskirts of the city. There was a building permit issued in 2008 for a commercial centre and a park area. At the date of the inspection the building work had been suspended at a partially built stage. It seems there was an old building that was reconsolidated partially and integrated into the new plan. According to the documents provided the building permits expired and the building work is not finished.

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have we been supplied with any information from the client or from any relevant expert that can determine the presence or otherwise of pollution or contaminated substances or any other land (including any ground water).
In view of the characteristics and history of the property we cannot say if there are outstanding environmental or archaeological issues. We advise you to have these issues checked.

PROPOSED SCHEME

According to the information provided we understand that the owner is planning to develop a commercial centre called CSIKI PLAZA. The scheme comprises commercial centre and associated parking.
The centre was designed to provide 14,000 sqm GLA of modern shopping centre space. The project included around 525 surface parking spaces located to the rear of the property.



PROPERTY	Csiki Plaza
ADDRESS	26th, Iancu de Hunedoara, Miercurea Ciuc
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS

- Good opening to the main road
- All the utilities in the area

WEAKNESSES

- Remote location compared to city centre
- The purchase power of the citizens is low
- The pedestrian access is difficult because of the slope in the area
- The area is sparsely populated

OPPORTUNITIES

- Lack of commercial centers in the area

THREATS

- The main road which connects the city with Bacau and Targu Mures already attracted Kaufland, Dedeman and Penny
- Expansion of the town towards the west

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

The retail market in Miercurea Ciuc includes a limited international and national representation. Apart from the high street units, the representative retailers are part of several boxes developed during the recent years, and as part of Tulipan SC, the former department store of the city.

The food sector is currently the most developed, including 4 international operators, namely a small-form hypermarket unit operated by the German Kaufland and two discount units of Penny Market, Profi and Lidl.

Miercurea Ciuc has an underdeveloped shopping centre market, the only existing shopping centre being Tulipan, a small-size former state owned department store of the city, located in the downtown area.

In terms of shopping centre development there is one scheme in pipeline, namely Csiki Plaza, and another scheme in project phase, Cadran Commercial Centre.

COMPETITION

Miercurea Ciuc has an underdeveloped shopping centre market, the only existing shopping centre being Tulipan, a small-size former state owned department store of the city, located in the downtown area. The centre is structured on GF, mezzanine and 1st floor, and it is anchored by Profi, DM and Altex. Other occupiers include Richter (pharmacy), Jolidon (lingerie), Pietra (footwear), and other small local retailers, especially from the textile/ clothing sector.

Cadran Commercial Centre is a small centre of 7,500 sq m GLA developed by Red Management Capital in the western part of the city, near Kaufland. The centre is structured on GF+1 and will be anchored by a supermarket and an electrical goods store. In total there will be approx. 40 shops and around 500 parking spaces. The scheme is still in a project phase, a Dedeman DIY being also planned to be developed next to it.

COMPETING SCHEMES

Building / Address	*Date*	*Rent (€psm / mth)*	*Comments*
Tulipan Shopping Center		10-20 up to 28 for shops, 4-6 for anchors	Anchores: Profi, Altex, DM on GF, mezzanine and 1st floor
Cadran Commercial Centre in project			A project phase 14,000 sq m on hold, Dedeman DIY possible to be developed next to it.

PROPERTY	Csiki Plaza
ADDRESS	26th, Iancu de Hunedoara, Miercurea Ciuc
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

It is impractical to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).
To form an opinion of value we have had to make certain assumptions for the input variables. We consider that these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore be convinced that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.
You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

The zoning of the land has to change to develop an income generating property. The proposed scheme for the subject property was for a large shopping centre. We believe that the construction of a shopping centre may not be the best use for the land in the current market; however our valuation follows the original proposed scheme, which may be viable on a longer term. To allow for the market conditions to improve to a time when retail may be feasible we have also assumed that the landlord will need to hold the land for two years before starting construction.

VALUATION ASSUMPTIONS

RENTAL VALUE

We assumed an average ERV for each category based on our market research and knowledge of the recent lease transactions and current trends.

Retail element	€	15.00	/sqm /month
Logistic element	€	4.50	/sqm /month

EXIT RATES APPLIED

We estimate the cap rates based on the most recent information and deals as well as discussing with agents involved in transactions.

	Exit
Retail element	9.00%
Logistic element	9.00%

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market. We also considered the actual state of the building and the costs required for redevelopment.

Shopping Centre	€	300	/sqm
Logistic element	€	180	/sqm
Contingencies		5%	
Letting Fees		10%	ERV
Sales Fees		2%	ERV
Fees		10%	GDC
Developer's Profit		20%	GDV

PROPERTY	Csiki Plaza
ADDRESS	26th, Iancu de Hunedoara, Miercurea Ciuc
VALUATION DATE	31 December 2013

SUMMARY RESIDUAL VALUATION

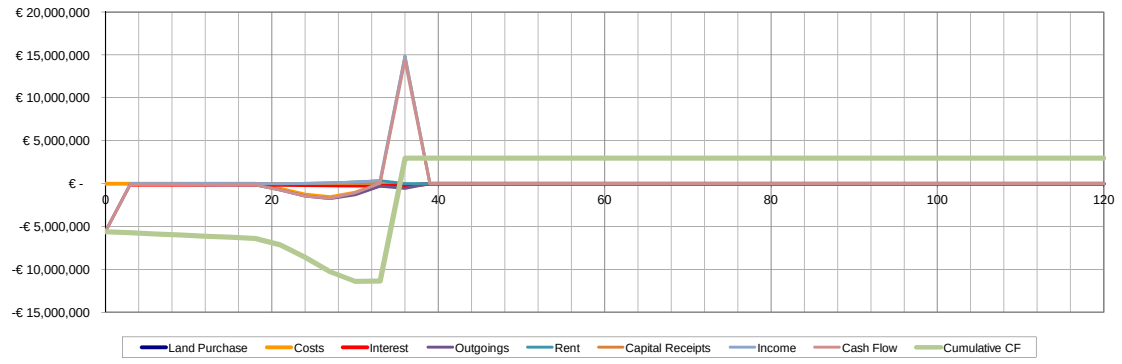
Capital Receipts			€	14,867,763		
Rent			€	591,313		
Income					**€**	**15,459,076**
Development Costs			-€	3,466,579		
Infrastructure			-€	346,658		
Fees			-€	386,324		
Contingencies			-€	212,478		
Sales Fees	2%	sales proceeds	-€	297,355		
Leasing Fees	10%	annual rent	-€	133,810		
Development Finance	9.00%		-€	318,717		
Developer's Profit @	20.00%	GDV	-€	2,973,553		
Acquisition Fees	0.00%		€	-		
					-€	**8,185,474**
Residual value					**€**	**7,273,603**
Land Holding cost						0.772657
					€	**5,620,000**

Cash Flow

Year	0	1	2	3	4	5	6	7	8
Land Purchase	-€ 5,620,000								
Costs	€ -	€ -	-€ 1,904,422	-€ 2,988,782	€ -	€ -	€ -	€ -	€ -
Income	€ -	€ -	€ -	€ 15,459,076	€ -	€ -	€ -	€ -	€ -
Interest	€ -	-€ 505,800	-€ 564,429	-€ 906,551	€ -	€ -	€ -	€ -	€ -
Cash Flow	-€ 5,620,000	-€ 505,800	-€ 2,468,851	€ 11,563,743	€ -	€ -	€ -	€ -	€ -
Cumulative CF	-€ 5,620,000	-€ 6,125,800	-€ 8,594,651	€ 2,969,092	€ 2,969,092	€ 2,969,092	€ 2,969,092	€ 2,969,092	€ 2,969,092

As can be seen in the chart below, we assume development will commence after 18 months . Based on a scheme which mixes retail and logistic the property will be developed in phases with hypermarket, shops, food court, leisure as well as a phase of logistic. We see less interest for the city coming from other retailers than those already within the city. We assumed that the phases will be completed within one year when the scheme will start generating income. The main cost for the first year is the land aquisition and the majority of the scheme will be developed in the second and third year.

Cash Flow Profile



PROPERTY	Csiki Plaza
ADDRESS	26th, Iancu de Hunedoara, Miercurea Ciuc
VALUATION DATE	31 December 2013

SUMMARY & CONCLUSION

We have compared the site to available commercial land in secondary cities of over 40,000 inhabitants. However we primarily ran a residual calculation to develop our findings. We estimate that the subject plot would transact with the existent structures on the site. Development sites across Romania were sold for retail at around the €25-80 per sqm for more peripheric locations or/and small cities and around the €100-130 per sqm for more important cities whilst few very good location achieved more, up to €300-400 per sqm.
No directly comparable transaction has been concluded in the last two years, therefore residual approach provides the most reliable market value. In summary, using the above assumptions and variables we have arrived at a residual amount of €150 per sqm, which is according to our opinion a unit value of the site taking into account the partially developed structures on site.

Address	Details	Asking or sold?	Date	€/sqm
Land plot in Galati, Ring Road area	Land plot in Galati, Ring Road area, size of 32000 sq m.	Sold	2012/Q4	€ 130
Land plot in Constanta, Tom SC area	Land plot in Constanta, Tom SC area, size of 35000 sq m.	Sold	2011/Q4	€ 171
Sibiu semi-central former Polsib site	29,117 sq m for retail park development	Sold	2013/Q4	€ 197
Land plot in Cluj, Ruttrans Platfrom (Calea Baciului)	Land plot in Cluj, Ruttrans Platfrom (Calea Baciului), size of 5000 sq m.	Sold	2010/Q4	€ 200

MARKET VALUE	**€**	**5,620,000.00**	**say**	**€**	**5,625,000**

PROPERTY	Palazzo Ducale
ADDRESS	Strada Gheorghe Manu 10, Bucharest, Romania
VALUATION DATE	31 December 2013

PROPERTY	Palazzo Ducale
ADDRESS	Strada Gheorghe Manu 10, Bucharest, Romania
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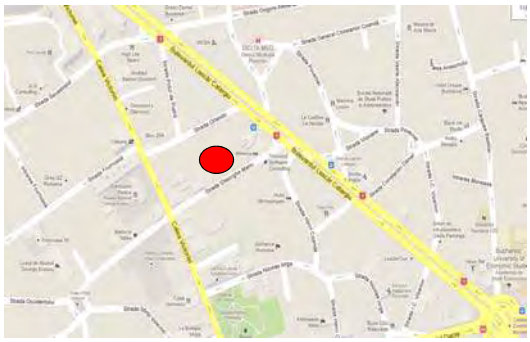
Macro Location



Micro Location

Front View

Internal View

LOCATION

The Property is located in Bucharest on 10 Gheorghe Manu Street, in the centre of the city between Piata Victoriei and Piata Romana.

Bucharest has approximately 1,900,000 inhabitants and is the capital city of Romania. It is the administrative and business hub of the region.

The immediate locality provides a mix of old and new residential and commercial buildings. There are a number of restaurants in the surrounding area and public transport links are within easy reach of the property.

Two metro stations are within a ten minute walk, and several bus stops are within a five minute walk from the property.

LOCATION DETAILS

City Population	1,900,000
Land Uses	Residential and Commerical
Distance to Centre	1 km
Distance to Highway	6 km
Distrance to National Road	6 km
Public Transport	Nearby
Plot area	449
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Residential occupied as offices
Occupation	Multi tenanted
Historic monument	Presumed no
Gross lettable area	406.06
Parking Places	5
Access	from Strada Gheorghe Manu
Utilities	yes
Legal issues	not checked

PROPERTY	Palazzo Ducale
ADDRESS	Strada Gheorghe Manu 10, Bucharest, Romania
VALUATION DATE	31 December 2013

PROPERTY DATA

BUILDING

Year of Construction	1910
Modernisation Year	2006
Building Condition	Good
Gross lettable area	406.06
Parking places	5
Current rent p.a.	90.000
Vacancy rate (overall)	0
Weighted remaining lease term	30 months
State of Repair	Good
Overall Condition	Good

TECHNICAL DETAILS

Building Type	Residential
Construction	Concrete
Facade	Plastered and painted
Roof	Flat roof
Windows	Timber / PVC
Glazing	n/a
Heating	Gas central heating
AC/ Ventilation	Air conditioning units
Cabling	None
Sanitary	Modern standard

PLOT OF LAND

Site area, total	449
Surplus Land	0
Developed area (% total site)	90

INSPECTION

Inspection Type	Internal & External
Inspection Date	28/05/2013
Inspected by	Charlie Henry MRICS

PROPERTY DESCRIPTION

The property is a large villa originally constructed in 1910 and renovated in 2006. There is a basement, ground, first and second floor. The building has two entrances to Gheorghe Manu Street, one of the entrances providing access to a small basement and a raised ground floor where there are 5 large rooms that lead from a central room plus a kitchen and a toilet. The other entrance gives access to a larger basement area as well as the first and second floors which are laid out in the same way with a central room and then several other rooms that all connect to this central room. A kitchen and a toilet are also provided on each of the floors.

The building is square shaped and on the western side of the building there are off street parking spaces for two cars and on the eastern side is space for one car to park off the street. The building has been renovated on the inside to a high standard with a large amount of the original period features being kept and restored. The concrete floors are surfaced with wooden parquet tiles and chandeliers are hung from the centre of the ceiling in each of the rooms. Heating is provided by wall mounted radiators and electricity is provided by wall mounted sockets via perimeter trunking.

ACCOMMODATION

We have been provided with floor plans and leases by the Client and we have assumed that these areas are accurate and calculated in accordance with normal market practice. A summary is shown below.

Description	Primary use	Sqm
Basement	Storage	133.25
Ground Floor	Office	221.50
First Floor	Office	283.39
Second Floor	Office	184.56
Total		**539.31**

PROPERTY	Palazzo Ducale
ADDRESS	Strada Gheorghe Manu 10, Bucharest, Romania
VALUATION DATE	31 December 2013

LAND REGISTRY DETAILS

The property is situated in Bucharest, Sector 1 and we have been provided with the following land registry details:

Cadastral	Land	Usable Area	Description
253723-C1-U1	109		Ground Floor 221,5 with Basement 133,25
255400-C1-U1	156	185	
253723-C1-U2	149,67	302	Apartment of 301,65 with Garage (18,26 sqm), C2 locuinta 283,39 sqm. One third of 449 sqm land

Land registry extract	253723-C1-U1 / 255400-C1-U1 / 253723-C1-U1
Registered owner	SC Palazzo Ducale SRL
Registered use	Offices
Registered size	

Restrictions and encumbrances

We have not checked title documentation but we assume the property is an unencumbered effective freehold.

PLANNING ISSUES

Zoning	n/a
Footprint ratio	n/a
Maximum buildable area	n/a
Maximum height	n/a
Permit status	n/a

We have not carried out any investigations as to planning and assume the property is in optimal use and complies with all requirements

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have we been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminated substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPERTY	Palazzo Ducale
ADDRESS	Strada Gheorghe Manu 10, Bucharest, Romania
VALUATION DATE	31 December 2013

TENANCIES

Number of Tenants		3
Vacant space (m²)		0
Lease Income (p.a.)	€	90,000
Other Income (p.a.)	€	-
Operating Expenses (p.a.)	€	-
Service Charge (/sqm / month)	€	-
Lease inspected?	yes	
Standard Lease Terms:		
Lease length		3
User Clause		Offices
Security		Cash guarantee
External Repairs		Landlord
Internal Repairs		Tenant
Insurance		Landlord
Alienation		Landlord
Indexation		CPI

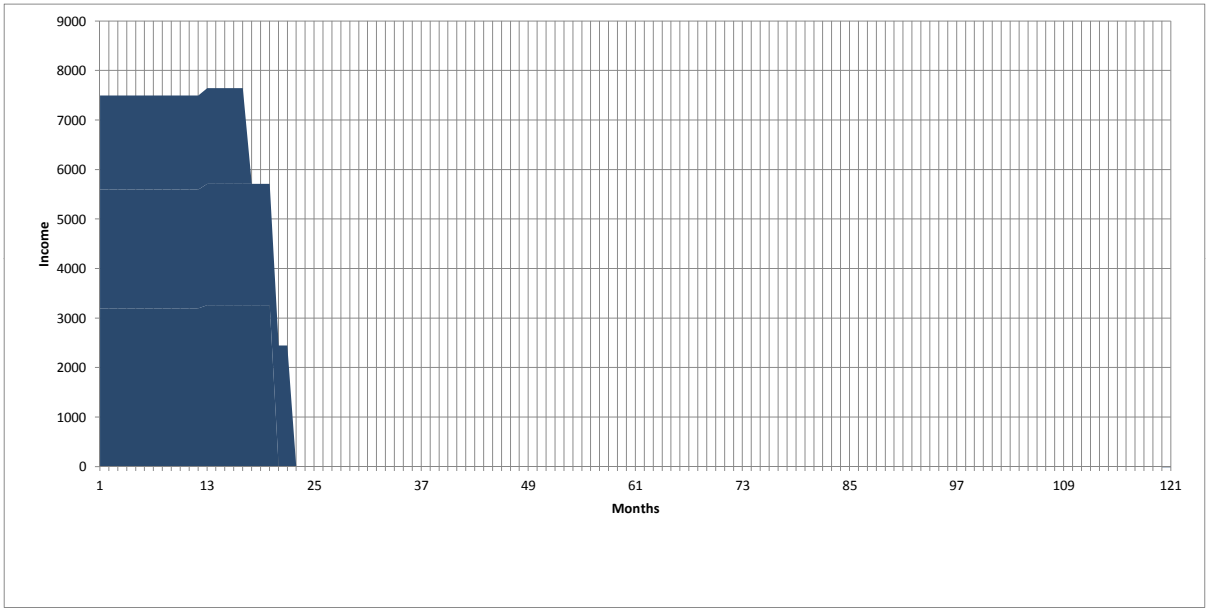
There are 2 tenants occupying by way of 3 leases. One tenant occupies the ground floor and the other tenant occupies the first and second floors and leases 5 car parking spaces. The first and second floors are separate leases. The leases are all for 3 years and have terms of at least 2 years unexpired. The first lease expires on 31/08/2015

Rents are denominated in Euros with a current passing rent of €90,000 per annum.

We understand that the tenants do not pay service charge but the utility consumption and the cost of property tax, insurance, etc. are all recoverable.

We are not aware of any specific non-recoverable costs but have assumed property tax in our calculations

Income Profile



The leases are for 3 years and they were signed within a short time period of each other. Therefore the income may drop off sharply if renegotiations or new leasing activities are unsuccessful.

PROPERTY	Palazzo Ducale
ADDRESS	Strada Gheorghe Manu 10, Bucharest, Romania
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS

Excellent location
Surrounding area continues to develop
Excellent public transport links

WEAKNESSES

Only 5 car parking spaces
Inefficient as office space
Surrounding streets can become congested

OPPORTUNITIES

Demand for high quality office space in villas is still high
The property can be converted back to its original use

THREATS

Modern office accommodation nearby
Requirements for office space in villas may decline

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Investment demand for historical villas is currently at a very low level, due to the fact that these properties require relatively large refurbishment costs and provide risky returns. Most of the developers are targeting properties that can be demolished and redeveloped into new multi-level buildings.
The residential market experienced another year of low activity and an absence of any sign of recovery. The residential demand is maintained low, while most of the sales were generated through the “First Home” and 5% VAT programmes. The downward trend of prices tempered within 2012-2013 to an average decrease of approximately 5% per year.
The low volume of sales also influenced significantly the higher end of the residential market, both for new and old properties. Prices have recorded large drops of more than 50% since 2008, but the demand is still at a very low level. Investors, most of them being domestic, have a very prudent attitude and are ready to extend their waiting period to see if further reduction of prices can occur.

PROPERTY	Palazzo Ducale
ADDRESS	Strada Gheorghe Manu 10, Bucharest, Romania
VALUATION DATE	31 December 2013

COMPARABLES

LEASE COMPARABLES

Building / Address	*Date*	*Rent (psm / mth)*	*Incentives*	*Comment*
Romana Square	Dec. 2013	18.50	n/a	refurbished, 22 r., good location
Romana Square	Dec. 2013	15.50	n/a	refurbished, 16 r., good location
Calea Victoriei	Dec. 2013	11.50	n/a	refurbished, 25 r., good location
Victoriei Square	Dec. 2013	10.60	n/a	refurbished, 6 r., good location

SALES COMPARABLES

Building / Address	*Date*	*Price (€m)*	*Price (€/sqm)*	*Comment*
Calea Victorei	Dec. 2013	1.30	3,400	380 sq m, gr. fl. and mansarde, in need finishings, better location
Romana-Victoriei	Dec. 2013	1.30	3,400	500 sq m useable, rennovated
Victoriei Square	Dec. 2013	1.60	2,666	Refurbished building, 530 sq m, good location
Dorobanti Capitale	Dec. 2013	1.35	2,045	17 rooms, in need of refurbishment

COMPETITION

The property is surrounded by a mix of old and new commercial buildings. At one end of Gheorghe Manu Street is a modern office building and also in the immediate vicinity are some residential blocks and other old villas that have not been refurbished.

The CBD area around Piata Victoriei is approximately 500 m north from the property. Here there are several large modern office buildings as well as a number of large old villas that have been converted for office use in this area.

INVESTMENT CONSIDERATIONS

The subject property has been renovated to a very high standard and provides large rooms suitable for offices. In comparison to modern office buildings the space is not as efficient in terms of fitting in people and workstations. However, that being said some tenants are not looking for modern office space and they prefer renovated space in old villas in which this property will meet their expectations.
From an investment stand point the pool of occupants is limited because it is a sub sector of the office occupational market. This restricts the options of cash flow from an investment perspective if one is looking for an office building in Bucharest. If there are investors that would like to purchase a refurbished historic villa this building will fit their requirements very well.

PROPERTY	Palazzo Ducale
ADDRESS	Strada Gheorghe Manu 10, Bucharest, Romania
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

In valuing the property, we have applied a Discounted Cash Flow (DCF) Approach.
The basis of DCF valuation is that the value of the property investment will be equal to the Gross Present Value (GPV) of the projected rental income flow, at the market's required rate of return (discount rate). It allows for explicit assumptions (market expectations) on future rental growth, holding period, depreciation, refurbishment, redevelopment, cost of management and transfer, taxation and financing arrangements. To run a DCF, one would normally construct a cash flow applying current contracted income for its duration, then replacing the cash flow thereafter with the projected sustainable income (in the case of rents usually calculated at estimated rental value) whilst allowing for expected costs such as bad debts, income voids, commercialization, letting fees, fit out costs, incentives and the like.

DATE OF ASSESSMENT

Valuation Date	31 December 2013
Report Date	11 March 2014

VALUATION DETAILS SUMMARY

Market Value	€	1,800,000.00
Gross annual income	€	90,000.00
Net Operating Income (Year one)	€	90,000.00
Day One annualised NOI	€	90,000.00
Estimated Rental Value	€	96,000.00
Initial Yield (Year one)		4.98%
Initial Yield (Annualised day one)		4.98%

VALUATION ASSUMPTIONS

RENTAL VALUE

The leases have all been signed within the last 12 months and we consider that the market for such space has not changed considerably during this time. Therefore the ERV's used are the same as the lease contracts.

Cat. 1	€	13.00	/sqm /month
Cat. 2	€	10.00	/sqm /month
Cat. 3	€	10.00	/sqm /month
Cat. 4	€	3.00	/sqm /month
Cat. 5	€	-	/sqm /month
Cat. 6	€	-	/sqm /month
Cat. 7	€	-	/sqm /month
Cat. 8	€	-	/sqm /month
Cat. 9	€	-	/sqm /month
Cat. 10	€	-	/sqm /month
Cat. 11	€	-	/sqm /month

DISCOUNT AND EXIT RATES APPLIED

The yield applied is based on the very specialised market of large old renovated villas in the centre of Bucharest where property values are not driven by the office investment market.

	Discount	Exit
Default	6.00%	5.50%
Vacant	6.00%	5.50%
Yield2	6.00%	5.50%
Yield3	6.00%	5.50%
Yield4	6.00%	5.50%
Yield5	6.00%	5.50%
Yield6	6.00%	5.50%
Yield7	6.00%	5.50%
Yield8	6.00%	5.50%

OTHER VARIABLES

The tenants pay their own utilities so no service charge is formally in place. We have assumed it will take 6 months to lease the space if the space becomes vacant.

Service Charge Income	€	-	/sqm/ month
Service Charge Outgoings	€	-	/sqm/ month
Non recoverables		0%	ERV
Void on expiry		6.00	months
Lease Term		3.00	years
Rent Free Periods		0.00	months
Leasing Fees		10%	1 year's rent
Property Insurance	€	-	psm
Other fixed costs			
Inflation			

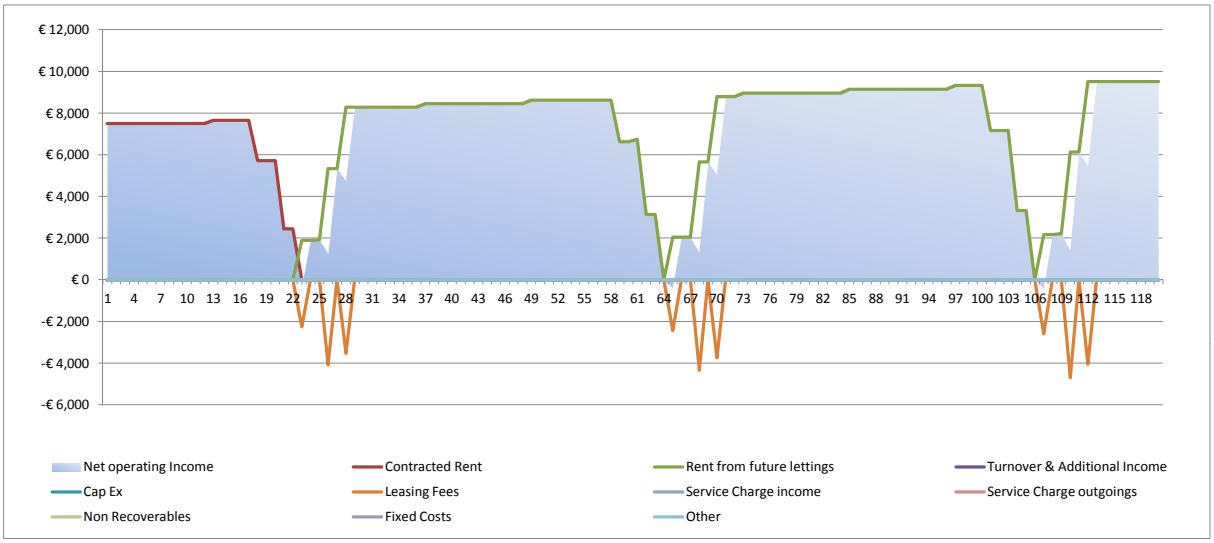
PROPERTY	Palazzo Ducale
ADDRESS	Strada Gheorghe Manu 10, Bucharest, Romania
VALUATION DATE	31 December 2013

PROJECTED INCOME PROFILE

CASH FLOW

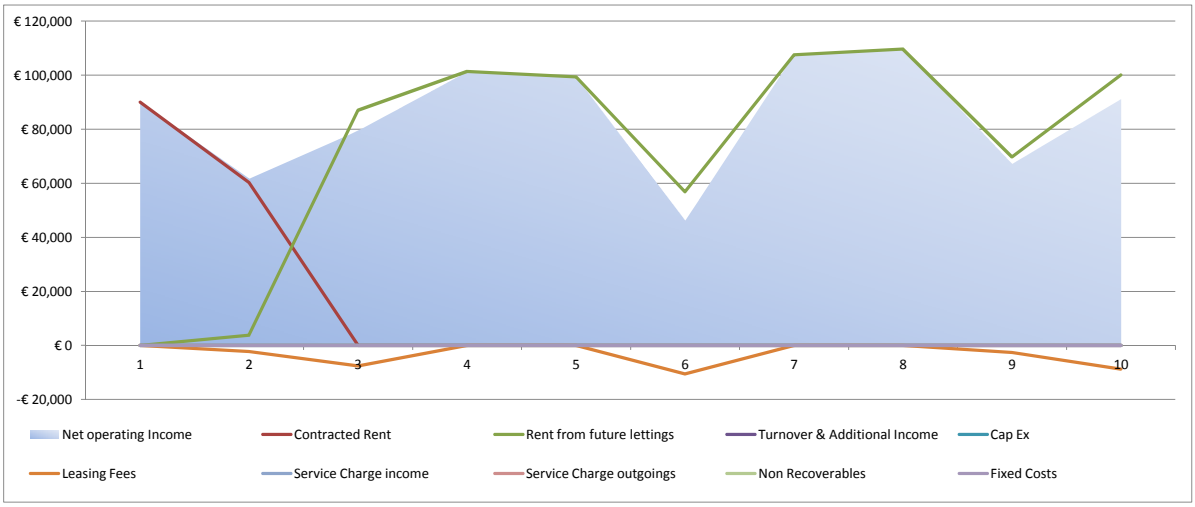
Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 90,000	€ 60,282	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Rent from future lettings	€ -	€ 3,765	€ 87,107	€ 101,351	€ 99,382	€ 56,798	€ 107,554	€ 109,705	€ 69,753	€ 100,058
Turnover & Additional Income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	€ -	-€ 2,259	-€ 7,632	€ -	€ -	-€ 10,545	€ -	€ -	-€ 2,595	-€ 8,767
Service Charge income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge outgoings	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Non Recoverables	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
TOTAL	**€ 90,000**	**€ 61,788**	**€ 79,474**	**€ 101,351**	**€ 99,382**	**€ 46,253**	**€ 107,554**	**€ 109,705**	**€ 67,158**	**€ 91,291**

Monthly income



The income profile shows that the leases will expire after 3 years but in the case when negotiations for extending the leases are unsuccessful then a void period of 6 months can be expected to find a new tenant.

Annual Income



PROPERTY	Palazzo Ducale
ADDRESS	Strada Gheorghe Manu 10, Bucharest, Romania
VALUATION DATE	31 December 2013

DISCOUNTED CASH FLOW

Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 84,906	€ 53,651	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Rent from future lettings	€ -	€ 3,351	€ 73,136	€ 80,279	€ 74,264	€ 40,040	€ 71,530	€ 68,830	€ 41,287	€ 55,872
Turnover & Additional Income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	€ -	-€ 2,011	-€ 6,408	€ -	€ -	-€ 7,433	€ -	€ -	-€ 1,536	-€ 4,895
Service Charge income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge outgoings	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Non Recoverables	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Exit										€ 1,181,970
TOTAL	**€ 84,906**	**€ 54,991**	**€ 66,728**	**€ 80,279**	**€ 74,264**	**€ 32,607**	**€ 71,530**	**€ 68,830**	**€ 39,751**	**€ 1,232,947**

The property's location in the very centre of the capital's cultural and entertainment districts as well as proximity to the financial and administrative areas means that this property will likely enjoy investor demand over the long term.

Due to the lack of transactions of similar properties with tenants in cases like this we have underpinned our valuation by using comparable with a sale per sqm basis. Using this methodology we concluded that the value per sqm of the subject property is around 3,000 euros per sq m. This is slightly higher than the average of the sale comparables due to the fact that this villa has been renovated to a particularly high standard and we consider it to be of higher quality.

Gross value			**€**	**1,806,833**
Legal Costs	**0.00%**			
Agent Fees	**0.00%**			
Transaction Costs	**0.00%**	**0.00%**	**€**	**-**
Market Value			**€**	**1,806,833**

MARKET VALUE

say € 1,800,000

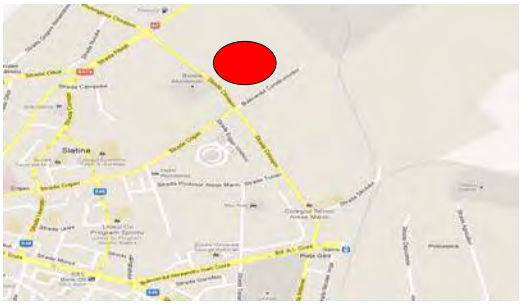
PROPERTY	Slatina
ADDRESS	Slatina, Str Cireasov, nr 22-28, 30A, 100
VALUATION DATE	31 December 2013

PROPERTY	Slatina
ADDRESS	Slatina, Str Cireasov, nr 22-28, 30A, 100
VALUATION DATE	31 December 2013

Romania

City of Slatina

Slatina City Centre


Micro Location

LOCATION

The Property is located in Slatina which is in Olt County, a part of the south-western region of Romania (Oltenia Region), where it occupies an area of 5,498 km2. It neighbours with Dolj County in the west, Bulgaria in the south, Teleorman County in the east, Arges County in the north-east and Valcea County in the north-west.

Slatina has a population of 63,524 (2011 Census) and is the capital of Olt County.

The property is located approximately 2 km north east of the city centre towards the edge of the city in the direction of Pitesti. The access is via Cireasov Street and the surroundings are dominated by industrial and small commercial enterprises.

LOCATION DETAILS

City Population	63,254
Land Uses	Residential & commercial
Distance to Centre	2 km
Distance to Highway	0.5 km
Distance to National Road	0.5 km
Public Transport	average
Plot area	23,881
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	Vacant
Historic monument	No
Site area	23,881
Parking Places (closed)	n/a
Access	from Cireasov Street
Utilities	available, not checked
Legal issues	not checked

PROPERTY	Slatina
ADDRESS	Slatina, Str Cireasov, nr 22-28, 30A, 100
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

Site area, total	23,881
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External
Inspection Date	17-May-13
Inspected by	David Hunt

PROPERTY DESCRIPTION

The Land comprises of three plots with a total area of 23,881 sqm. The site is flat and has an irregularly shape.

The site was previously used for commercial purposes, it is accessible directly from Cireasov Street.

We have made no specific queries of the statutory authorities but we understand and assume that all main services are available on the site.

LAND REGISTRY DETAILS

According to the information provided by the client, the property is situated in Slatina Municipality. We have reviewed extracts from the land registry but we have not verified the details. The Property consists of three plots entered in the Land Registry as follows:

Land Registry Nr.	Nr Cadastal	Description	Surface Area	Owner
17973	4756-565/2	Intravilan Land situated in tarla 22 parcela 7/1/2 address Str. Cireasov Nr.30A & Nr.100	3200	SC South Gate Plaza SRL
17478	822/5/1/41	Intravilan Land Address Str. Cireasov Nr.28	476	SC South Gate Plaza SRL
17121	3217/3844	Intravilan Land Address Str. Cireasov Nr.22-28	20204	SC South Gate Plaza SRL

Land registry extract	See land registry details above	Obtained on	Not Applicable
Registered owner	SC South Gate Plaza SRL		
Registered use	Assumed land		
Registered size	23,881.00		

Restrictions and encumbrances

We have not checked title documentation but assume the property is an unencumbered effective freehold/RPU.

Comments

PROPERTY	Slatina
ADDRESS	Slatina, Str Cireasov, nr 22-28, 30A, 100
VALUATION DATE	31 December 2013

PLANNING ISSUES

Zoning	not valid
Footprint ratio	n/a
Maximum height	n/a
Permit status	PUD granted No PUZ No Building Permit

The subject Property has a PUD granted in 2008, this is an approval to accept the scheme within the municipality's urban layout framework.
To advance further on the project it will be necessary to obtain a PUZ, a Certificate of Urbanism and a building permit.

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have we been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminated substances or any other land (including any ground water).
In view of the characteristics and history of the property it is possible that there may be some ground contamination resulting from the property's historic industrial use.

PROPOSED SCHEME

The owners plan to develop a project called Slatina Plaza, which will comprise the following:
- shopping and entertainment centre with approximately 17,000 sqm
- 80 retail units including supermarket, fashion retailers, a fantasy park, a food court and over 500 car parking spaces.

PROPERTY	Slatina
ADDRESS	Slatina, Str Cireasov, nr 22-28, 30A, 100
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS

- Size of the site
- No competing modern shopping centres in the city

WEAKNESSES

- City is small
- Lack of consumer demand

OPPORTUNITIES

- To be the first modern shopping centre in Slatina
- Retail demand remains strong

THREATS

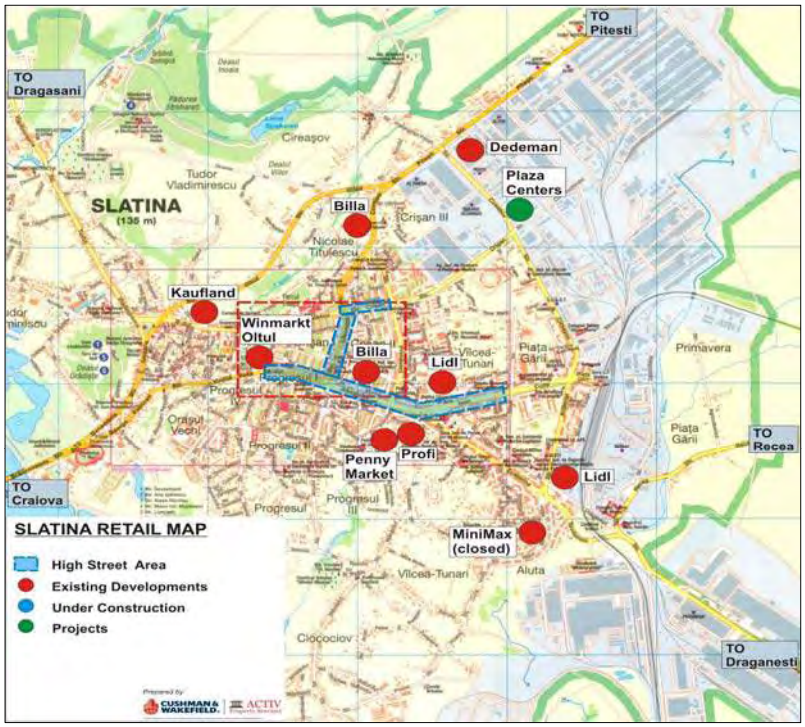
- Low purchasing power of the local inhabitants
- Improved road connections with Craiova may encourage shoppers away from Slatina

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Slatina's retail market is characterised by low competition in most of the retail sectors, only the food segment being well represented. There are few major non-food international or national retailers operating in Slatina, the competition being mainly represented by locals.

The majority of retailers entered the city in 2008, with the food sector currently having the best representation, including a hypermarket (Kaufland), supermarkets (2 units of Billa, Profi) and discounters (2 units of Lidl, Penny market).

Kaufland opened its unit in 2008 which include an electrical goods store (Domo) within the gallery. The latest major retailer to open in Slatina is Dedeman who opened a DIY unit in the first quarter of 2013.



COMPETITION

The shopping centre market in Slatina includes a single important scheme placed in the central area of the city. Winmarkt Oltul Slatina was built during the communist period and partially modernised in 2006. The building is structured on B+HB+GF+5, accounting approx. 6,500 sq m GLA. The tenant mix includes Altex, Domo, B&B Collection, House of Art and locals. Although it is the only shopping centre in the city, the vacancy rate reaches 30% and there are no international retailers.

The shopping centre rents achievable in Slatina are estimated at approx. €4-6 sq m/month for units of over 1,000 sq m and €10-13 /sq m/month for 100-200 sq m shops

COMPETING SCHEMES

Building / Address	*Date*	*Rent (psm / mth)*	*Comments*
Winmarkt Slatina	2006	24.00	GLA 6,500 sq m, existing shopping centre. Refurbished retail centre built during the communist times

PROPERTY	Slatina
ADDRESS	Slatina, Str Cireasov, nr 22-28, 30A, 100
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

It is impractical to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore be convinced that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

The zoning of the land has to change to develop an income generating property. The proposed scheme for the subject property was for a shopping centre and we have based our valuation on this use due to the reason that the land had been invested to develop a shopping centre.

VALUATION ASSUMPTIONS

RENTAL VALUE

We assumed an average ERV for each category based on our market research and knowledge of the recent lease transactions and current trends.

Retail project	€	17.00	/sqm /month
2	€	-	/sqm /month
3	€	-	/sqm /month
4	€	-	/sqm /month

EXIT RATES APPLIED

A scheme will not be developed with prevailent current yields.
We have assumed a recovery in yields from current levels, counterbalenced by a holding period.
We have applied a discount to reflect the speculative nature of the assumed scheme.

	Exit
Retail project	8.50%
2	0.00%
3	0.00%
4	0.00%
5	0.00%
6	0.00%

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.

Shopping Centre	€	750	/sqm
Contingencies		5%	
Letting Fees		10%	ERV
Sales Fees		2%	ERV
Fees		13%	GDC
Developer's Profit		20%	GDV

PROPERTY	Slatina
ADDRESS	Slatina, Str Cireasov, nr 22-28, 30A, 100
VALUATION DATE	31 December 2013

SUMMARY RESIDUAL VALUATION

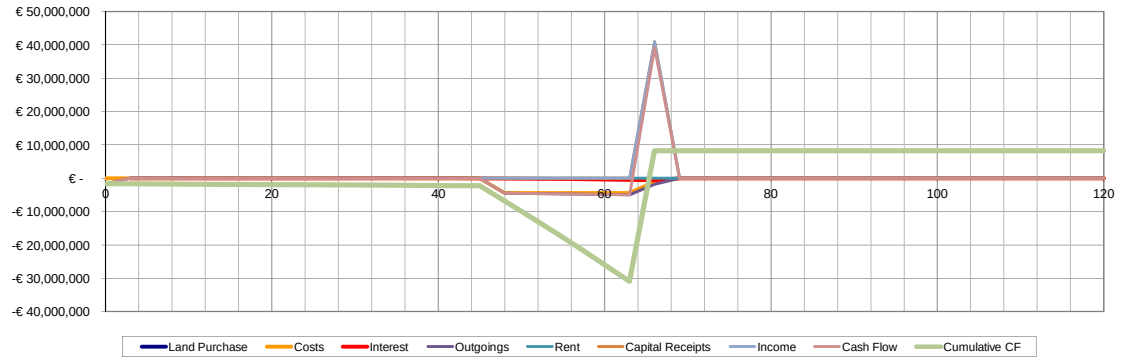
Capital Receipts			€	40,919,502		
Rent			€	-		
Income					€	**40,919,502**
Development Costs			-€	20,708,250		
Infrastructure			-€	2,070,825		
Demolitions			€	-		
Planning fees & contributions			€	-		
Other costs			€	-		
Fees			-€	2,847,384		
Contingencies			-€	1,281,323		
Fixed Marketing Costs			-€	30,000		
Sales Fees	2%	sales proceeds	-€	818,390		
Leasing Fees	10%	annual rent	-€	347,816		
Development Finance	8.50%		-€	2,010,731		
Developer's Profit @	20.00%	GDV	-€	8,183,900		
Acquisition Fees	2.00%		-€	51,390		
					-€	**38,350,010**
Residual value					€	**2,569,492**
Land Holding cost						0.638258
					€	**1,640,000**

Cash Flow

Year	0	1	2	3	4	5	6	7	8
Land Purchase	-€ 1,640,000								
Costs	-€ 32,800	€ -	€ -	€ -	-€ 4,489,630	-€ 17,958,522	-€ 5,655,836	€ -	€ -
Income	€ -	€ -	€ -	€ -	€ -	€ -	€ 40,919,502	€ -	€ -
Interest	€ -	-€ 142,188	-€ 154,274	-€ 167,387	-€ 181,615	-€ 1,141,371	-€ 1,171,134	€ -	€ -
Cash Flow	-€ 1,672,800	-€ 142,188	-€ 154,274	-€ 167,387	-€ 4,671,246	-€ 19,099,893	€ 34,092,532	€ -	€ -
Cumulative CF	-€ 1,672,800	-€ 1,814,988	-€ 1,969,262	-€ 2,136,649	-€ 6,807,895	-€ 25,907,788	€ 8,184,745	€ 8,184,745	€ 8,184,745

As can be seen in the chart below, we assume development will commence after 48 months. Based on the current scheme the property will be developed in one phase. This will comprise a shopping and entertainment centre with approximately 17,000 sq m with 80 units including supermarket, fashion retailers, a theme park, a food court and over 500 car parking spaces.
The phase will be completed at the end of the 18 months and at this point the scheme will start generating income. The main cost for the first year is the land acquisition and the majority of the scheme will be developed in the second year.

Cash Flow Profile



PROPERTY	Slatina
ADDRESS	Slatina, Str Cireasov, nr 22-28, 30A, 100
VALUATION DATE	31 December 2013

SUMMARY & CONCLUSION

We checked recent transactions closed within the last two years across Romania in cities of similar sizes and locations as for the property subject, listed below.
In our opinion the local market is at this time unable to support any modern multi-let retail mall. Local purchasing power remains low and in terms of retail the biggest opportunities remain in the discount grocery market.; however, a scheme may be feasible in the future and our residual calculation would appear to be realistic in the context of transactions and available sites.

Address	Details	Asking or sold?	Date	€/sqm
Bacau exit to Moinesti	Dedeman (DIY) bought 45,000 sq m	Sold	2013/Q1	€ 38
Constanta Navodari exit to Mamaia	60,000 sq m bought under bankruptcy procedure by Marina Regia	Sold	2013/Q3	€ 55
Land plot in Bistrita, south west side	Land plot in Bistrita, south west side, size of 19870 sq m.	Sold	2011/Q3	€ 80
Land plot in Calarasi, Semi-central (between Catex and the stadium)	Land plot in Calarasi, Semi-central (between Catex and the stadium), size of 20000 sq m.	Sold	2011/Q1	€ 100

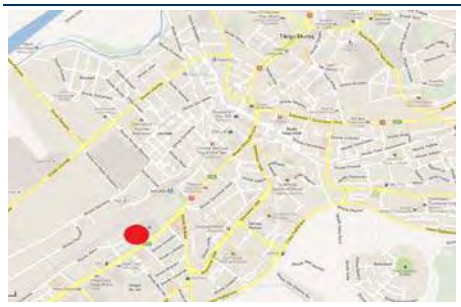
MARKET VALUE	**€**	**1,640,000.00**	**say**	**€**	**1,650,000**

PROPERTY	Vacant Land
ADDRESS	64-68, Gheorghe Doja Street, Targu Mures, Mures County
VALUATION DATE	31 December 2013

PROPERTY	Vacant Land
ADDRESS	64-68, Gheorghe Doja Street, Targu Mures, Mures County
VALUATION DATE	31 December 2013

Romania

Hunedoara County


Subject Property

Micro Location

LOCATION

The property is located on Gheorghe Doja Street, Targu Mures, Mures County. Mures County is located in the central region of Romania and shares borders with Bistrita-Nasaud and Suceava counties to the north, Cluj and Alba counties to the west, Sibiu and Brasov counties to the south and Harghita County to the east. It is the 11th largest county of Romania with 6,714 km2. Targu Mures is the capital of Mures County and is where most of the area's administrative, economic and commercial are concentrated. It is the 3rd most important city in central Romania, after Brasov and Sibiu. The city sits on the Mures River and is traversed by European Route 60. Targu Mures is the 16th most populous city in Romania, with an official population of 144,590 inhabitants as at July 2009. The metropolitan area of Targu Mures is estimated to be home to 225,000 inhabitants. The local economy includes a number of major companies with activity in the chemical industry, equipment and machines, furniture, textiles, food and beverage, automotive components, construction materials and others. The city has succeeded in attracting direct investment from international companies. The largest industrial complex is that of the nitrous producer Azomures, situated on the west side of the city, in an extension to the main industrial platform. Most of the production facilities in use are situated on the old industrial platforms of the city; however there are also more modern developments such as Mures Industrial Park. The number of people working in the industrial sector decreased by 45% after 1989, while other sectors have seen large increases: services (+50%), retail (+17%), education (+6%) and health (+31%). The unemployment rate in Targu Mures was calculated at 4.28% in 2007, 4.66% in 2008 and increased to 5.25% in 2009.
Gheorghe Doja Street (E60) is a major road that crosses the city from west to east. The property is 2 km west of Targu Mures' centre. The surrounding area is a mix of residential (houses and apartment blocks) and commercial (in the form of ground floor retail). The southern side of the land is bordered by Gheorghe Doja Street, the east side is bordered by Kaufland, and the northern side by a railway line while to the west is Turzii Street, an un-surfaced local road.

LOCATION DETAILS

City Population	134,290
Local Land	Residential & commercial
Distance to Centre	2 km
Distance to Highway	N/A
Distance to National Road	Adjacent
Public Transport	well developed
Plot area	31,578
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	Vacant
Historic monument	No
Site area	31,578
Parking Places (closed)	n/a
Access	to Gheorghe Doja and Turzii Street
Utilities	available, not checked
Legal issues	not checked

PROPERTY	Vacant Land
ADDRESS	64-68, Gheorghe Doja Street, Targu Mures, Mures County
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

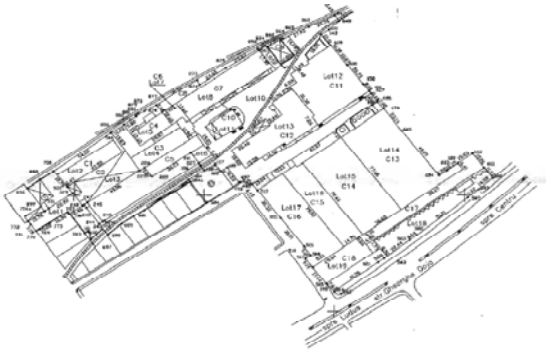
Site area, total	31,578
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External
Inspection Date	14-May-13
Inspected by	Bogdan Blendea

PROPERTY DESCRIPTION

The subject property consists of a single plot identified by the cadastral number 126146 and extending to a total area of 31,578 sq m. The land is flat and has an irregular shape. It is fenced and accessible both from Gheorghe Doja and Turzii Streets.
We have made no specific queries to the statutory authorities but we understand and assume that all main services are available on the site.



LAND REGISTRY DETAILS

According to Land Registry Excerpt No. 126146 with Enclose No. 57563/11.12.2009 the subject property comprises land extending to a total size of 31578 sq m along with several industrial buildings. The buildings were part of the former machinery factory, Imatex SA.
At the date of the inspection all the former buildings were demolished. The land was vacant.
According to the Land Registry the property is owned by SC Mountain Gate Plaza SRL with 1020 sq m specified as being leased to a third party. We are not aware of any other details regarding the lease contract or the location of the let plot.
We have not checked title documentation but assume the property is unencumbered with freehold tenure.

Land registry extract	No 126146	Obtained on	11.12.2009
Registered owner	Owner: Mountain Gate Plaza SRL		
Registered use	Land and Constructions; Assumed Vacant		
Registered size			31,578.00

Restrictions and encumbrances

We have not checked title documentation but assume the property is freehold and is free from any encumbrances or servitudes

Comments

PROPERTY	Vacant Land
ADDRESS	64-68, Gheorghe Doja Street, Targu Mures, Mures County
VALUATION DATE	31 December 2013

PLANNING ISSUES

Zoning	not valid
Footprint ratio	n/a
Maximum height	n/a
Permit status	PUZ granted No building permit

The subject Property has a PUZ (a master plan approved by local authorities) granted in 2010. No building permit was provided.

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).
In view of the characteristics and history of the property parts of the land could be contaminated by pollution from the historic factory uses.

PROPOSED SCHEME

The owners were planning to develop a shopping centre with 31,730 sq m GLA including a theme park. Presently the land is vacant. We are not informed of any legal or environmental issues raised. We were not provided with any building permit. It was our understanding that the project is on hold.
We comment that the proposed scheme is quite large given current market circumstances. Imminent development is unlikley given current circumstances, therefore a holding period is required.

PROPERTY	Vacant Land
ADDRESS	64-68, Gheorghe Doja Street, Targu Mures, Mures County
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS

Good access from the main road;
Good opening to the main road;
All the utilities in the area;
One compact plot of land; Vacant land;

WEAKNESSES

The land could be affected by pollution;
The northern side of the land is bordered by a railway;

OPPORTUNITIES

The market includes three modern schemes, namely European Retail Park, Mures Mall and Real, opened between 2006-2007 and now becoming dated. A modern scheme may be more attractive.

THREATS

Mega Mall was also planned to be developed only 50 metres away from subject property. If development proceeds it may compete to attract tenants.

European Retail Park is the largest retail project in Targu Mures and is located 3.5 km west from the subject property.

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

International and national retailers have invested in the city renting in stand-alone retail boxes as well as shopping centre projects; however there is still a significant list of major retailers that are not represented and are likely to have interest in the local market. The market includes three modern schemes, namely European Retail Park, Mures Mall and Real, each opened in between 2006-2007. These schemes provide a total modern shopping space of 60,250 sq m GLA, and this corresponds to a density of 449 sq m GLA/1,000 inhabitants.

The project's primary catchment covers the western side of the city.

COMPETITION

European Retail Park is the largest retail project in the city with 48,200 sq m GLA, including a shopping centre building of 35,160 sq m GLA and retail boxes of Baumax and others with a total of 13,000 sq m GLA. The scheme is situated at the city exit to Cluj-Napoca, directly opposite Azomures platform. The shopping centre was developed over a single level and is anchored by Auchan, Altex, Takko, Hervis, Sprider, Leonardo, Deichmann and House of Art. Approximately 25% of the shopping gallery is vacant, and the number of visitors is rather low during weekdays. The general operation has improved, but the scheme has not reached yet the expected levels of sales and footfall.

Mures Mall was delivered in 2007 at the far end of Piata Trandafirilor, the city's high street. The scheme, developed by Matrix Investments, comprises a 10,000 sq m GLA and a number of approximately 50 shops. The building has a lower ground floor (Carrefour Supermarket, Altex), a ground floor and 3 upper levels, the topmost level being dedicated to leisure and refreshments (6-unit food-court, casino and bowling). The scheme is fashion-oriented but includes few anchors and thus the power to attract visitors is limited, despite the excellent location. In general the scheme has not performed as well as expectations and the construction of the second phase, planned to double the scheme's lettable area, is currently on-hold.

Real Shopping Centre is a grocery hypermarket with supporting retail opened in 2006 on the main road towards Bucharest, at the edge of the city's limits. The scheme has a total of 15,090 sq m GLA, including Real hypermarket (11,500 sq m) and a GF+1 gallery of 3,590 sq m GLA. The gallery is service oriented, the single apparel anchor being the footwear retailer Leonardo. The first floor includes Flanco World, a kid's area and ZooMania (pets).

Mega Mall and Plaza Centres' scheme are the two shopping centre projects. Mega Mall is also planned to be developed on Gh.Doja Street, on the opposite side of Kaufland. Both were planned to deliver 30,000 sq m GLA of shopping centre space distributed on several floors. It is likely that only one of these projects will be delivered as it is thought that the area and city cannot sustain the development of both over the short to medium.

COMPETING SCHEMES

Building / Address	*Date*	*Rent (psm / mth)*	*Comments*
European Retail Park	2007	-	GLA 35,160 sq m, existing shopping centre
Mures Mall	2007	-	GLA 10,000 sq m, existing shopping centre
Real	2006	-	GLA 15,090 sq m, existing shopping centre
Mures Mall - phase 2	n/a	-	GLA 10,000 sq m, under construction - On hold
Mega Mall	n/a		GLA 30,000 sq m, Project - On hold

PROPERTY	Vacant Land
ADDRESS	64-68, Gheorghe Doja Street, Targu Mures, Mures County
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

It is impractical to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).
To form an opinion regarding the value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore be convinced that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.
You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

The zoning of the land has to change to permit the development of an income generating property. The proposed scheme for the subject property is for a large shopping centre. We also assumed that the landlord will need to hold the land for two years and then will start construction, by then the local market is expected to develop.

VALUATION ASSUMPTIONS

RENTAL VALUE

We assumed an average ERV for each category based on our market research and knowledge of the recent lease transactions and current trends.

Retail	€	17.00	/sqm /month
2	€	-	/sqm /month
3	€	-	/sqm /month
4	€	-	/sqm /month
5	€	-	/sqm /month
6	€	-	/sqm /month
7	€	-	/sqm /month
8	€	-	/sqm /month
9	€	-	/sqm /month
10	€	-	/sqm /month
11	€	-	/sqm /month

EXIT RATES APPLIED

A buyer of the site will do so in the expectation of an improvement in the market. The yields applied reflect an improvement in the market and we have built in a holding period to reflect this.

	Exit
Retail	8.50%
2	0.00%
3	0.00%
4	0.00%
5	0.00%
6	0.00%
7	0.00%
8	0.00%
9	0.00%
10	0.00%
11	0.00%

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.

Shopping Centre	€	750	/sqm
Contingencies		5%	
Letting Fees		10%	ERV
Sales Fees		2%	ERV
Fees		13%	GDC
Planning Fees & Contributions	€		-
Other	€		-
Developer's Profit		20%	GDV

PROPERTY	Vacant Land
ADDRESS	64-68, Gheorghe Doja Street, Targu Mures, Mures County
VALUATION DATE	31 December 2013

SUMMARY RESIDUAL VALUATION

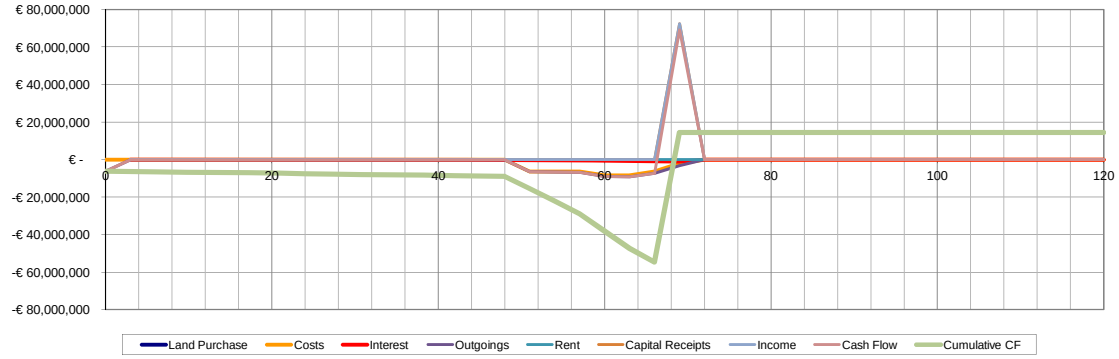
Capital Receipts			€	72,344,400		
Rent			€	-		
Income					**€**	**72,344,400**
Development Costs			-€	32,701,500		
Infrastructure			-€	3,270,150		
Demolitions			€	-		
Planning fees & contributions			€	-		
Other costs			€	-		
Fees			-€	4,496,456		
Contingencies			-€	2,023,405		
Fixed Marketing Costs			-€	123,000		
Sales Fees	2%	sales proceeds	-€	1,446,888		
Leasing Fees	**10%**	**annual rent**	-€	614,927		
Development Finance	8.50%		-€	3,121,069		
Developer's Profit @	20.00%	GDV	-€	14,468,880		
Acquisition Fees	2.00%		-€	197,610		
					-€	**62,463,886**
Residual value					**€**	**9,880,514**
Land Holding cost						0.625474
					€	**6,180,000**

Cash Flow

Year	0	1	2	3	4	5	6	7	8
Land Purchase	-€ 6,180,000								
Costs	-€ 123,600	€ -	-€ 123,000	€ -	€ -	-€ 27,619,483	-€ 16,933,844	€ -	€ -
Income	€ -	€ -	€ -	€ -	€ -	€ -	€ 72,344,400	€ -	€ -
Interest	€ -	-€ 535,806	-€ 581,350	-€ 641,219	-€ 695,723	-€ 1,553,699	-€ 2,886,170	€ -	€ -
Cash Flow	-€ 6,303,600	-€ 535,806	-€ 704,350	-€ 641,219	-€ 695,723	-€ 29,173,182	€ 52,524,385	€ -	€ -
Cumulative CF	-€ 6,303,600	-€ 6,839,406	-€ 7,543,756	-€ 8,184,975	-€ 8,880,698	-€ 38,053,880	€ 14,470,506	€ 14,470,506	€ 14,470,506

As can be seen in the chart below, we have allowed for a holding . Based on our estimation the property will be developed in one phase. This will comprise a retail scheme with 31,730 sq m GLA including supermarket, fashion retailers, leisure, a food court and exterior car parking spaces.

Cash Flow Profile



PROPERTY	Vacant Land
ADDRESS	64-68, Gheorghe Doja Street, Targu Mures, Mures County
VALUATION DATE	31 December 2013

SUMMARY & CONCLUSION

In our opinion the local market is unable to support a new modern multi-let retail mall at this time. Local purchasing power remains low and in terms of retail the biggest opportunities remain in the discount grocery market.
Care should be taken in positioning and phasing any future retail project .
In summary, using the above assumptions and variables we have arrived at a residual amount of €195 per sqm, which is according to our opinion a reasonable value of the site.

Address	Details	Asking or sold?	Date	€/sqm
Land plot in Constanta, Tom SC area	Land plot in Constanta, Tom SC area, size of 35000 sq m.	Sold	2011/Q4	€ 171
Sibiu semi-central former Polsib site	29,117 sq m for retail park development	Sold	2013/Q4	€ 197
Land plot in Cluj, Ruttrans Platfrom (Calea Baciului)	Land plot in Cluj, Ruttrans Platfrom (Calea Baciului), size of 5000	Sold	2010/Q4	€ 200
Land plot in Craiova, Electroputere	Land plot in Craiova, Electroputere, size of 120000 sq m.	Sold	2010/Q4	€ 250

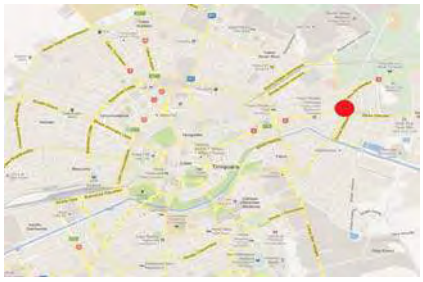
MARKET VALUE	**€**	**6,180,000.00**	**say**	**€**	**6,175,000**

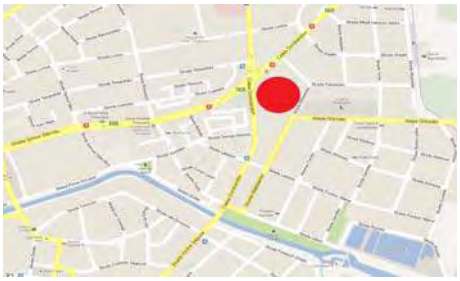
PROPERTY	Vacant Land Site
ADDRESS	46-52, Calea Dorobantilor Street, Timisoara, Timis
VALUATION DATE	31 December 2013

PROPERTY	Vacant Land Site
ADDRESS	46-52, Calea Dorobantilor Street, Timisoara, Timis
VALUATION DATE	31 December 2013

Romania

Timisoara


Subject Property


Micro Location

LOCATION

Timis County is the 9th most populous county in Romania and the largest in the western region, with 678,068 inhabitants as from July 2009. The population slightly increased since the last Census Survey in 2002, when 677,926 inhabitants were registered. The population density is placed at 78 inhabitants/sq km, below the national level of 90.1 inhabitants/sq km.
The city of Timisoara is located in the Western part of Romania, close to the international border with Hungary (73 km away) and Serbia (43 km).
Timisoara is the 3rd most populous city in Romania, accounting in 2011 for an official number of 319,279 inhabitants. This corresponds to a 1.4% increase from the 2002 Census Survey when the population reached 317,660 inhabitants. Arad, the 14th largest populated city in Romania, with over 165,000 inhabitants, is located only 51 km from Timisoara. Timisoara-Arad area has one of the largest concentrations of urban population in Romania, accounting for over 500,000 inhabitants.
Timisoara area concentrates the largest part of the economic activities in Timis County, including most of the major companies and industrial activities. The city has developed in recent years mainly around the automotive and IT&C industries. More than 8,000 people in Timisoara were employed in the automotive industry in 2010, as part of the main companies present in the city, and around 8,000 people were employed within the major companies from the IT&C sector.
The subject property is located in the north-east area of the city on the main exit of the city, on the way to the international airport of Timisoara. The northern edge of the site is bordered by a service centre (auto service) while the north-west, north-east and south-east are bordered by the following streets: Calea Dorobantilor, Palmierilor and Matasarilor; respectively. According to the General Urban Plan the land is within a planning zone designated as 'UTR 33 former shoes factory "Filty"'. The area is very densely populated; there are many apartment blocks and individual houses around the property.

LOCATION DETAILS

City Population	319,279
Local	Residential & Commercial
Distance to Centre	2.5 km
Distance to Highway	13 km
Distance to Ring Road	4.6 km
Public Transport	Local buses and trams
Plot area	31,861
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	Vacant
Historic monument	No
Site area	31,861
Parking Places (closed)	n/a
Access	to Dorobantilor, Matasarilor and Palmierilor Street
Utilities	available, not checked
Legal issues	not checked

PROPERTY	Vacant Land Site
ADDRESS	46-52, Calea Dorobantilor Street, Timisoara, Timis
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

Site area, total	31,861
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External
Inspection Date	29-May-13
Inspected by	Madalin Aresmeritoaie

PROPERTY DESCRIPTION

The subject property comprises six adjacent plots of land in total size of 31,861 sq m. The site has a hexagonal shape, is flat and fenced. The site is part of former shoes factory "Filty". The site benefits of good access from all directions. Both tram and bus stations are adjacent to the land site.
We have made no specific queries to the statutory authorities but we understand and assume that all main services are available on the site.

LAND REGISTRY DETAILS

We were not provided with the land registry excerpts. However we were informed that there are six entries in the land registry as follows: Land Registry Excerpt No 121382, Land Registry Excerpt No 121383, Land Registry Excerpt No 121384, Land Registry Excerpt No 121385, Land Registry Excerpt No 121386 and Land Registry Excerpt No 121387. The land has a total size of 31,861 sq m. The cadastral numbers of the six plots are below:

31.861 mp este înscris în **C.F. nr. 121382**, nr. cadastral 4496/2, 4431/2, 3826/3, 4497, 4498/1, 4496/1/3, 4496/1/1, 4496/1/2, 4499, 4500, 4501/1, 4495/1/1, 4495/2/1, 4495/3/1, 4495/4, 4495/5, 4495/6, 4495/7, 4495/8/1, 4495/9, 4495/10/1, 4495/11/1/I, **C.F. nr. 121383**, nr. cadastral 4496/2, 4431/2, 3826/3, 4497, 4498/1, 4496/1/3, 4496/1/1, 4496/1/2, 4499, 4500, 4501/1, 4495/1/1, 4495/2/1, 4495/3/1, 4495/4, 4495/5, 4495/6, 4495/7, 4495/8/1, 4495/9, 4495/10/1, 4495/11/1/II, **C.F. nr. 121384**, nr. cadastral 4496/2, 4431/2, 3826/3, 4497, 4498/1, 4496/1/3, 4496/1/1, 4496/1/2, 4499, 4500, 4501/1, 4495/1/1, 4495/2/1, 4495/3/1, 4495/4, 4495/5, 4495/6, 4495/7, 4495/8/1, 4495/9, 4495/10/1, 4495/11/1/III; **C.F. nr. 121385**, nr. cadastral 4496/2, 4431/2, 3826/3, 4497, 4498/1, 4496/1/3, 4496/1/1, 4496/1/2, 4499, 4500, 4501/1, 4495/1/1, 4495/2/1, 4495/3/1, 4495/4, 4495/5, 4495/6, 4495/7, 4495/8/1, 4495/9, 4495/10/1, 4495/11/1/IV; **C.F. nr. 121386**, nr. cadastral 4496/2, 4431/2, 3826/3, 4497, 4498/1, 4496/1/3, 4496/1/1, 4496/1/2, 4499, 4500, 4501/1, 4495/1/1, 4495/2/1, 4495/3/1, 4495/4, 4495/5, 4495/6, 4495/7, 4495/9, 4495/8/1, 4495/10/1, 4495/11/1/V şi **C.F. nr. 121387**, nr. cadastral 4496/2, 4431/2, 3826/3, 4497, 4498/1, 4496/1/3, 4496/1/1, 4496/1/2, 4499, 4500, 4501/1, 4495/1/1, 4495/2/1, 4495/3/1, 4495/4, 4495/5, 4495/6, 4495/7, 4495/8/1, 4495/9, 4495/10/1, 4495/11/1/VI

Land registry extract	No 121382; No 121383, No 121384, No 121385, No 121386, No 121387	Obtained on	N/A
Registered owner	Owner: SC Elite Plaza SRL		
Registered use	N/a		
Registered size			31,861.00

Restrictions and encumbrances

We were not provided with any title documentation; we have not checked title documentation but assume the property is held freehold and free from any encumbrances.

Comments

PROPERTY	Vacant Land Site
ADDRESS	46-52, Calea Dorobantilor Street, Timisoara, Timis
VALUATION DATE	31 December 2013

PLANNING ISSUES

Zoning	not valid
Footprint ratio	n/a
n/a	
Maximum height	n/a
Permit status	PUZ dated 2009 No building permit.

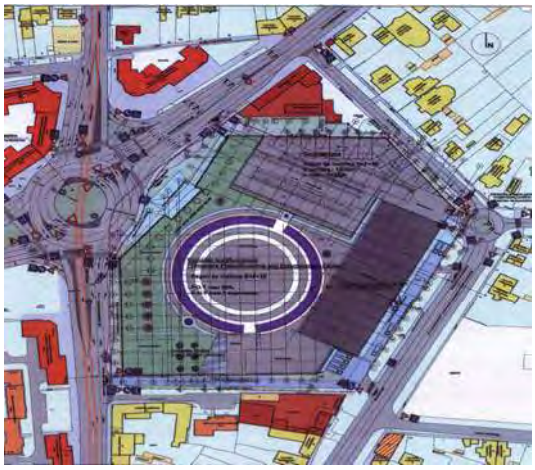
We have understood that the PUZ for Shopping Centre was granted in 2009. We are not aware of any building permits.

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminated substances or any other land (including any ground water).
In view of the characteristics and history of the property parts of the land could be affected by pollution from the former shoes factory or any previous manufacturing/industrial use.

PROPOSED SCHEME

The current plans are for the development of a shopping centre with GLA of 36,000 sq m and parking spaces. Project status: Planning stage
Plaza Centres' share: 100%.
We are not informed of any legal or environmental issues raised. The Implementation Zoning Plan of Parcels of the first phase is not allocated.
We also consider that because of the location in the semi-peripheral area of the city and because of the existing competition a mix of offices, residential and a retail box may be a suitable alternative.



PROPERTY	Vacant Land Site
ADDRESS	46-52, Calea Dorobantilor Street, Timisoara, Timis
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS

Good access from all directions;

Opening to two main roads and to secondary roads;

All the utilities in the area; Vacant land;

Densley populated area

WEAKNESSES

The land could be contaminated from historic factory uses;

OPPORTUNITIES

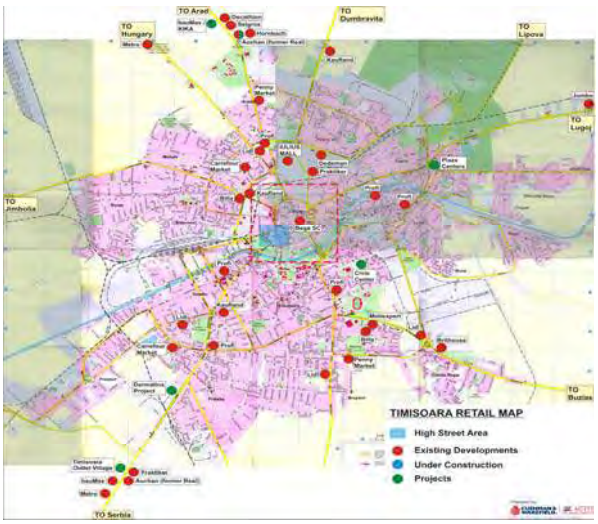
Lack of commercial centres in the east area of the city;

THREATS

Iulius Mall shopping centre is an already successful scheme that attracts customers from across the city. It may expand and further consolidate its position as the market leader.

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

The majority of international and national retailers in Timisoara are concentrated within Iulius Mall, the dominant shopping centre of the city, which is located at the limit of the extended central area.
The other areas of the city have developed mainly with stand-alone food and DIY units, not including major retailers from the apparel and personal products sectors.
The largest existing retail cluster of over 50,000 sq m GLA is located south, along Calea Sagului, including Metro Cash&Carry, Auchan (former Real), bauMax and Praktiker.
The city includes today a modern shopping centre supply of 112,375 sq m GLA, represented by 5 schemes, namely Iulius Mall, two Auchan schemes and Bega Shopping Centre.
This volume corresponds to a shopping centre density of 352 sq m GLA per 1,000 inhabitants, being only the 15th largest in Romania.



The project's primary catchment covers all the eastern side of the city and the others small cities or villages from the area.

COMPETITION

The largest shopping centre is Iulius Mall, the dominant force on the local shopping centre market, representing the main fashion destination in the city. The scheme has a total GLA of 66,994 sq m and is located in the extended central area of the city, on a former industrial complex, where several other retail developments have also been built. There were two phases, with the first delivered in 2005, and the second in 2009. It is structured over LGF+GF+2+terrace, with parking spaces on the underground. The centre is anchored by an Auchan hypermarket and has around 310 shops.
Bega Shopping Centre is the former state owned department store of the city, located downtown. It has a total area of 7,600 sq m GLA, spread on LGF+GF+4. The centre was modernised in 2006 by the owner Bega Group. It is currently anchored by Carrefour Market, the tenant mix including also DM, Unicredit Tiriac, RBS, Yves Rocher, B&B Collection, Leonardo, House of Art, Jolidon, Bernardi etc.

PROPERTY	Vacant Land Site
ADDRESS	46-52, Calea Dorobantilor Street, Timisoara, Timis
VALUATION DATE	31 December 2013

COMPETING SCHEMES

Building / Address	*Date*	*Rent (psm / mth)*	*Comments*
Iulius Mall	Phase 1: 2005 Phase 2: 2009	n/a	GLA 66,994 sq m, existing shopping centre
Bega Shopping Center	1973	n/a	GLA 7,600 sq m, existing shopping centre
Auchan Calea Aradului (former Real)	2006	n/a	GLA 19000 sq m, existing shopping centre
Auchan Calea Sagului (former Real)	2007	n/a	GLA 18800 sq m, existing shopping centre

PROPERTY	Vacant Land Site
ADDRESS	46-52, Calea Dorobantilor Street, Timisoara, Timis
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

It is impractical to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore be convinced that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

The zoning of the land has to change to develop an income generating property. The proposed scheme for the subject property was for a large shopping centre. We have followed the proposed scheme, however, it is believed that the highest and best use of the land is a mix of residential, offices and a retail box. We also assumed that the landlord will need to hold the land for two years and a half before starting the works.

VALUATION ASSUMPTIONS

RENTAL VALUE

We assumed an average ERV for all the retail premises based on our market research and knowledge of the recent lease transactions and current trends.

Retail premises	€	18.00	/sqm /month
2	€	-	/sqm /month
3	€	-	/sqm /month
4	€	-	/sqm /month
5	€	-	/sqm /month
6	€	-	/sqm /month
7	€	-	/sqm /month
8	€	-	/sqm /month
9	€	-	/sqm /month
10	€	-	/sqm /month
11	€	-	/sqm /month

EXIT RATES APPLIED

We have compared retail units' yields and sale prices with the existing offices, retail units and residential from the area. Based on our market experience prime yields will be around 9,0% for offices and retail box. We have applied a discount to reflect the speculative nature of the assumed scheme.

	Exit
Retail premises	9.00%
2	0.00%
3	0.00%
4	0.00%
5	0.00%
6	0.00%
7	0.00%
8	0.00%
9	0.00%
10	0.00%
11	0.00%

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.

Retail Unit	€	850	/sqm
Office Building	€	-	/sqm
Contingencies		5%	
Letting Fees		10%	ERV
Sales Fees		2%	ERV
Fees		0%	GDC
Planning Fees & Contributions	€		-
Other	€		-
Developer's Profit		20%	GDV

PROPERTY	Vacant Land Site
ADDRESS	46-52, Calea Dorobantilor Street, Timisoara, Timis
VALUATION DATE	31 December 2013

SUMMARY RESIDUAL VALUATION

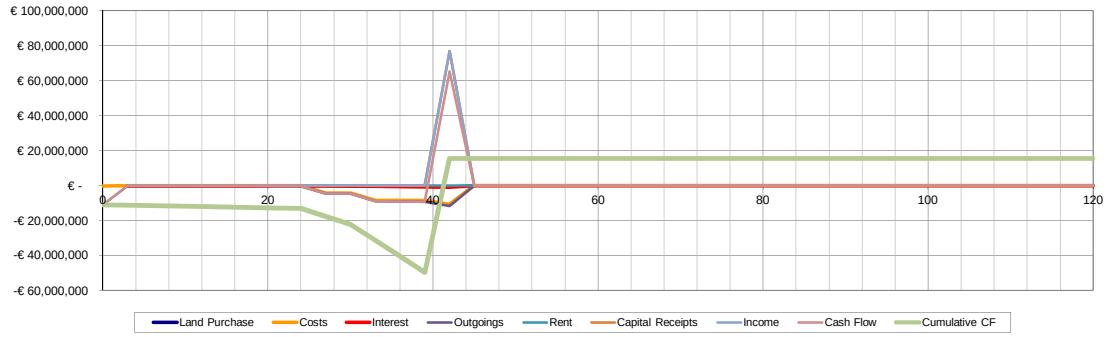
Capital Receipts			€	76,965,120		
Rent			€	-		
Income					€	**76,965,120**
Development Costs			-€	40,404,750		
Infrastructure			€	-		
Demolitions			€	-		
Planning fees & contributions			€	-		
Other costs			€	-		
Fees			€	-		
Contingencies			-€	2,020,238		
Fixed Marketing Costs			€	-		
Sales Fees	2%	sales proceeds	-€	1,539,302		
Leasing Fees	**10%**	**annual rent**	-€	692,686		
Development Finance	9.00%		-€	1,989,271		
Developer's Profit @	20.00%	GDV	-€	15,393,024		
Acquisition Fees	2.00%		-€	292,664		
					-€	**62,331,935**
Residual value					€	**14,633,185**
Land Holding cost						0.739415
					€	**10,820,000**

Cash Flow

Year	0	1	2	3	4	5	6	7	8
Land Purchase	-€ 10,820,000								
Costs	-€ 216,400	€ -	€ -	-€ 25,454,993	-€ 19,201,983	€ -	€ -	€ -	€ -
Income	€ -	€ -	€ -	€ -	€ 76,965,120	€ -	€ -	€ -	€ -
Interest	€ -	-€ 993,276	-€ 1,082,671	-€ 1,834,961	-€ 1,963,727	€ -	€ -	€ -	€ -
Cash Flow	-€ 11,036,400	-€ 993,276	-€ 1,082,671	-€ 27,289,954	€ 55,799,409	€ -	€ -	€ -	€ -
Cumulative CF	-€ 11,036,400	-€ 12,029,676	-€ 13,112,347	-€ 40,402,300	€ 15,397,109	€ 15,397,109	€ 15,397,109	€ 15,397,109	€ 15,397,109

As can be seen in the chart below, we assume that the development will commence after 27 months. Based on the current scheme the property will be developed in a single phase. The scheme will include a shopping centre with a GLA of approximately 36,000 sq m. The project will be developed in approximately one year and half. The project will be sold at the end of the construction works fully let.

Cash Flow Profile



PROPERTY	Vacant Land Site
ADDRESS	46-52, Calea Dorobantilor Street, Timisoara, Timis
VALUATION DATE	31 December 2013

SUMMARY & CONCLUSION

We have compared the site to available commercial land in secondary Romanian cities. However we primarily ran a residual calculation to develop our findings. We estimate that the subject plot would transact in the €330-350 per sq m range, which we consider to be realistic in the context of the available market information.
Sites in Timisoara in good locations have redeveloped from industrial due to the accessibility and visibility that re marketed at a maximum price of €350 per sq m in semi-central area of the city, however is very difficult to finding buyers in actual market conditions.
No directly comparable transaction (retail development land in the city centre of Timisoara) has been recorded in recent years; therefore residual approach provides the most reliable market value. In summary, using the above assumptions and variables we have arrived at a residual amount of €340 per sq m, which is according to our opinion a unit value of the site.

Gross value **€** **-**

Address	Details	Asking or sold?	Date	€/sqm
Land plot in Bacau, Asco Factory	Land plot in Bacau, Asco Factory, size of 35000 sq m.	Sold	2010/Q4	€ 257
Land plot in Bucharest, Progresului Street (Vulcan site)	Land plot in Bucharest, Progresului Street (Vulcan site), size of 78330 sq m.	Sold	2012/Q1	€ 294
Bucharest - Glucoza Factory	Bought under bankruptcy procedure, office area	Sold	2013/Q1	€ 300
Bucharest, Alexandriei Road	Land plot in Bucharest, total size od 37800 sq m	Sold	2010/Q4	€ 402

MARKET VALUE	**€**	**10,820,000.00**	**say**	**€**	**10,825,000**

PROPERTY	Belgrade Plaza Development Site
ADDRESS	Knez Milosa 90-92, Belgrade, Serbia
VALUATION DATE	31 December 2013

PROPERTY	Belgrade Plaza Development Site
ADDRESS	Knez Milosa 90-92, Belgrade, Serbia
VALUATION DATE	31 December 2013

Macro Location

Micro Location

Areal View

Street View

LOCATION

The Property is along Knez Milosa, an arterial road crossing Belgrade Old Town from the south-west to the north-east. Accessibility of the site is excellent, it is the "gate" of Old Belgrade, strategically located by the Gazela Bridge and close to the intersection of E-75, E-70 and E-763 highways.
The Property's micro location provides convenient access to the city centre and other parts of the Old Town, while the bridges secures direct access to Novi Belgrade. The property is located approximately 2 km south of the city centre (Knez Mihailova). Accessibility is further enhanced by very good communication links, with several bus and tram stops located in close proximity to the subject property. The surroundings are dominated by residential and institutional land uses as well as commercial units.

LOCATION DETAILS

City Population	1.7 million
Local Land	Residential, institutional and commercial
Distance to Centre	2 km
Distance to Highway	100 m
Distance to National Road	on the national road 0 km
Public Transport	well developed
Plot area	9,106
Waterfront	no

PROPERTY DETAILS

Property Type/ Use	Development site
Occupation	Vacant
Historic monument	No
Site area	9,106
Parking Places (closed)	n/a
Access	Off Knez Milosa
Utilities	available, not checked
Legal issues	not checked

PROPERTY	Belgrade Plaza Development Site
ADDRESS	Knez Milosa 90-92, Belgrade, Serbia
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

Site area, total	9,106
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External and Internal
Inspection Date	20/05/2013
Inspected by	Balazs Lados MRICS

PROPERTY DESCRIPTION

The subject property consists of a 9,106 sqm commercial urban development site. The plot has a regular, rectangular shape and has an incline to the east.
The site is developed with old public administration building which has been bombed and needs to be demolished completely in order to commence new development. Currently the facade is covered with advertising mega molinos.
The site is accessible both from Knez Milosa and Sarajevska streets.
We have made no specific queries of the statutory authorities but understand and assume that all mains services are available on the site.

LAND REGISTRY DETAILS

According to the information provided by the client, the property is registered under 1415/1,2,3 and 4; 1417/1,2,3,4,5,6,7,8,9 and has a total site area of 9,106 sqm.
We have not checked the title documentation in detail, but assume the property is an unencumbered effective freehold.

Land registry extract		Obtained on	03/08/2010
Registered owner	na		
Registered use	Land		
Registered size	9,106.00		

Restrictions and encumbrances

We have not checked title documentation but assume the property is an unencumbered effective freehold and is free of any issues that would negatively effect market value.

Comments

n/a

PROPERTY	Belgrade Plaza Development Site
ADDRESS	Knez Milosa 90-92, Belgrade, Serbia
VALUATION DATE	31 December 2013

PLANNING ISSUES

Zoning	n/a
Footprint ratio	n/a
n/a	
Maximum height	n/a
Permit status	n/a

We have received some initial option studies from Chapman Taylor and the less intensive concepts are running at a floor area plot ratio of 7.0. This ratio seems to fit the surrounding schemes density ratio's, but we are not aware that there would be a valid zoning regulation for the site. The option studies typically describe a mixed-use two tower scheme primarily consisting of a retail, hotel and office elements. We have roughly adopted the floor areas of the option study and constructed very generic scheme to guide our opinion.

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

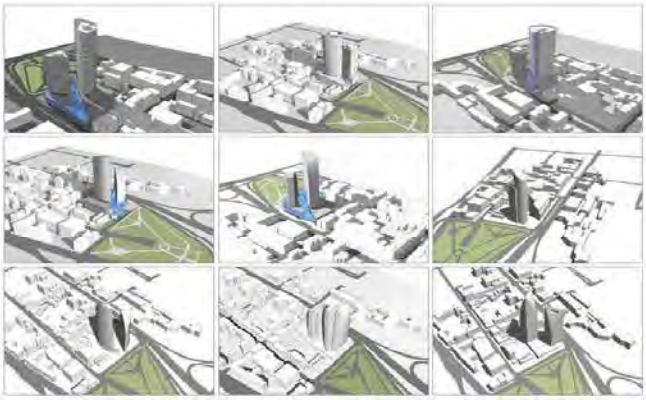
In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPOSED SCHEME

The proposed scheme includes the following elements constructed in a single phase.

10,000 sqm high end retail (6,500 sqm GLA)
25,000 sqm (192 room) 5* hotel
40,000 sqm offices (36,000 sqm GLA)
Some images of the option study are attached to the right.

In case some other mixed-use scheme would opens its 5* hotel first in the direct vicinity, we would revise the concept and increase the retail element to have a more retail focussed, classic ground plus two storey shopping centre scheme with offices on top.



PROPERTY	Belgrade Plaza Development Site
ADDRESS	Knez Milosa 90-92, Belgrade, Serbia
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS

- Excellent Location
- Excellent Accessibility
- Excellent Visibility

WEAKNESSES

- Needs Rezoning
- Needs Permitting

OPPORTUNITIES

- Brand new landmark scheme

THREATS

- Competing mixed-use scheme opening first in Old Belgrade

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Investment activity in Serbia during last couple of years has been very limited, with no recorded transaction within any type of retail sector. Many retail schemes are in the pipeline while the entire market is still in the early stage of the development cycle. Based on the expectations from local investors and developers, agents suggest yields in 2012 are as follows:

High Street – Knez Mihailova Street – 7% to 8%
Modern shopping centres (Shopping malls) – Usce and Delta shopping malls – 8.5% to 9%
Retail parks – 9.5% to 10.5%; Retail warehouse – 9.5% to 10.5%

We consider the above expectations to be on the optimistic side and comment that these are agent perceptions rather than concluded deals. The Serbian market is less established than other markets in the region and investment interest is below other markets.

Based upon such scant information, it is prudent to look further afield for evidence of deals done. We note the following:
* Mercator portfolio – Cushman & Wakefield are currently involved in the monetisation of a retail portfolio in Slovenia. Whilst limited in usefulness due to the specifics of the proposed transaction (15/20 year overriding lease, early stage of marketing), preliminary indications are that the market is prepared to pay 8-8.5% in yield terms.
* QLandia portfolio – a portfolio of retail warehouse malls and small shopping centres in Slovenia is currently being marketed by Probus and it is understood that offers close to 9% have been received for the best assets in the portfolio.
* Carpathian fund – a portfolio of strip malls in the Czech Republic and Hungary was recently sold by the financing bank, who had taken possession. The Hungarian assets were valued at 9.2% based upon current income – but there was significant vacancy.
* Plovdiv Retail Park– this retail warehouse park was sold to Europa Capital for around 11%. Whilst a 2011 deal, this is a useful comparable since the scheme was of c.25,000sqm built in two blocks facing across a car park - and had been operating for a limited period.
* Offers for long-leased standalone supermarkets backed by international covenants have reached double digit yields in non-prime locations in neighbouring countries

COMPETITION

There isn't an existing shopping centre in Old Belgrade to date, but we have listed the key pipeline developments below. Most of these are currently on hold, being lack of project financing.

COMPETING SCHEMES

Building / Address	*Date*	*GLA*	*Comments*
Delta City	2007	30,000	existing shopping centre
Usce	2009	46,000	existing shopping centre
Delta Planet	na	170,000	Mixed-use scheme including a 60k sqm shopping centre element, currently on hold
Ashtorm	na	45,000	Mixed-use scheme with 200 room hotel and 19,000 sqm shopping centre along Knez Mihajlova
BIP Skadarlija	na	90,000	Mixed-use retail, office and hotel
Ada Mall	2014	26,000	Shopping centre built by GTC in the Ada Ciganlija area in Cukarica municipality

*estimate

PROPERTY	Belgrade Plaza Development Site
ADDRESS	Knez Milosa 90-92, Belgrade, Serbia
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

In our valuation we have valued the proposed scheme based upon our key assumptions that are summarized below.

VALUATION ASSUMPTIONS

RENTAL VALUE

We assumed average ERV for each category based on our market research and knowledge of the recent lease transactions and current trends.

Shopping Centre	€	30.00	/sqm /month
Car Parking	€	75.00	/sqm /month
Hotel	€	-	/sqm /month
Offices	€	15.00	/sqm /month
5	€	-	/sqm /month
6	€	-	/sqm /month
7	€	-	/sqm /month
8	€	-	/sqm /month
9	€	-	/sqm /month
10	€	-	/sqm /month
11	€	-	/sqm /month

EXIT RATES APPLIED

We have used our experience, recent transactions and bids of on-going transactions (as listed in the Market Commentary section above) to establish our opinion of exit cap rate and discount rate.

	Exit
Shopping Centre	8.50%
Car Parking	9.00%
Hotel	€200,000/room
Offices	9.00%

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevailing norms in the market.

Shopping Centre	€	800	/sqm
Contingencies		5%	
Letting Fees		10%	ERV
Sales Fees		1%	ERV
Fees		10%	GDC
Planning Fees & Contributions	€		-
Other	€		-
Developer's Profit		20%	GDV

PROPERTY	Belgrade Plaza Development Site
ADDRESS	Knez Milosa 90-92, Belgrade, Serbia
VALUATION DATE	31 December 2013

SUMMARY RESIDUAL VALUATION

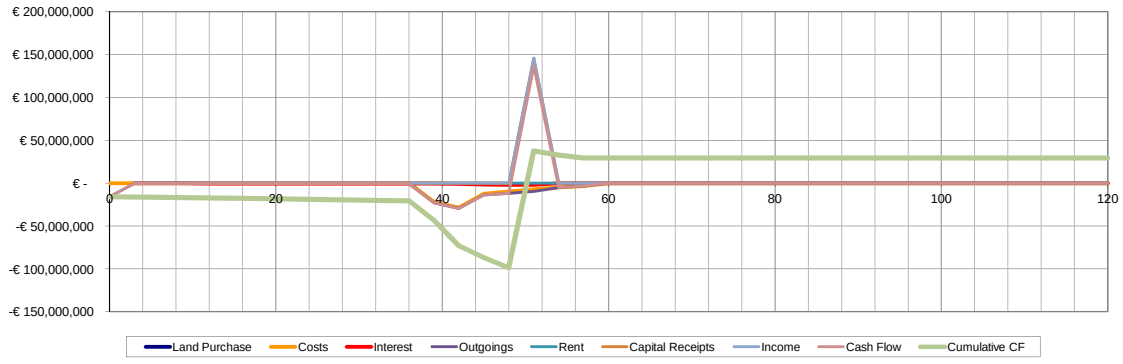
Capital Receipts			€	145,729,412		
Rent			€	-		
Income					**€**	**145,729,412**
Development Costs			-€	67,500,000		
Infrastructure			-€	3,375,000		
Demolitions			-€	4,000,000		
Planning fees & contributions			€	-		
Other costs			€	-		
Fees			-€	7,487,500		
Contingencies			-€	4,118,125		
Fixed Marketing Costs			€	-		
Sales Fees	1%	sales proceeds	-€	1,457,294		
Leasing Fees	**10%**	**annual rent**	-€	952,200		
Development Finance	9.00%		-€	4,665,238		
Developer's Profit @	20.00%	GDV	-€	29,145,882		
Acquisition Fees	0.00%		€	-		
					-€	**122,701,239**
Residual value					**€**	**23,028,172**
Land Holding cost						0.700881
					€	**16,140,000**

Cash Flow

Year	0	1	2	3	4	5	6	7	8
Land Purchase	-€ 15,970,000								
Costs	€ -	€ -	€ -	€ -	-€ 73,040,625	-€ 15,849,494	€ -	€ -	€ -
Income	€ -	€ -	€ -	€ -	€ -	€ 145,729,412	€ -	€ -	€ -
Interest	€ -	-€ 1,437,300	-€ 1,566,657	-€ 1,707,656	-€ 4,870,360	-€ 2,147,167	€ -	€ -	€ -
Cash Flow	-€ 15,970,000	-€ 1,437,300	-€ 1,566,657	-€ 1,707,656	-€ 77,910,985	€ 127,732,750	€ -	€ -	€ -
Cumulative CF	-€ 15,970,000	-€ 17,407,300	-€ 18,973,957	-€ 20,681,613	-€ 98,592,598	€ 29,140,152	€ 29,140,152	€ 29,140,152	€ 29,140,152

As can be seen in the chart below, we assume development will commence in at the fifth year . Based on the current scheme the property will be developed in a single phase. The scheme will start generating income in month 75. The main cost for the first year is the land acquisition and the majority of the scheme will be developed in the fifth year.

Cash Flow Profile



PROPERTY	Belgrade Plaza Development Site
ADDRESS	Knez Milosa 90-92, Belgrade, Serbia
VALUATION DATE	31 December 2013

SUMMARY & CONCLUSION

There is limited transactional data in Belgrade; however, we have primarily relied upon a residual calculation to develop our opinion of value. We estimate that the subject plot would transact in the €150-250 per buildable sqm range, which we consider to be realistic in the context of the available market information.
Cushman & Wakefield have been actively marketing the US embassy in Belgrade, which is close to the subject property; this is a redevelopment opportunity. Offers received have been below €450/sqm based upon current areas, although there are significant issues with zoning and registration. In terms of concluded deals, the Skadarlija site calculates at €1200 per sqm on the plot sqm /€240 per buildable sqm and the Delta Planet site at €410 per sqm on the plot and €117 per sqm per buildable area.

In summary, using the above assumptions and variables we have arrived at a residual amount of €215 per buildable sqm, which corresponds to the range of the above comparables and is according to our opinion a unit value of the site.

Address	Details	Asking or sold?	Date	€/sqm
Skadarlija	Mixed use 1.8 ha site	Sold	na	€ 1,200
Auto Komenda (Delta Planet)	Commercial 4.9 ha site	Sold	na	€ 410
Block 67a	Commercial/Resi 3.6 ha site	Sold	2011	€ 360
Block 43	Commercial 9,237 sqm	Sold	2010	€ 866
Block 26	Commercial 8 ha site	Asking	2011	€ 400
US Embassy	Embassy / development opportunity	Asking	2013	€ 1,375

MARKET VALUE	**€**	**16,140,000.00**	**say**	**€**	**16,150,000**

PROPERTY	KRAGEJUVAC PLAZA
ADDRESS	Bulevar Kraljice Marije 56, Kragujevac 34000, Serbia
VALUATION DATE	31 December 2013

PROPERTY	KRAGEJUVAC PLAZA
ADDRESS	Bulevar Kraljice Marije 56, Kragujevac 34000, Serbia
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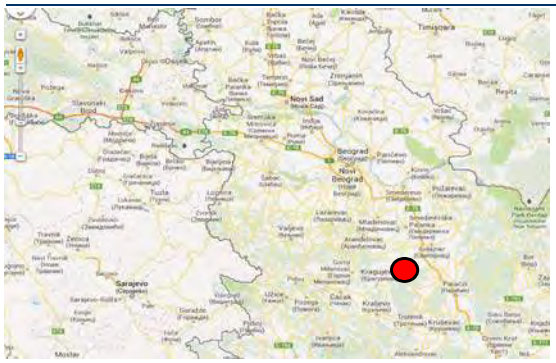

Macro Location

Micro Location

External View

Internal View

LOCATION

Kragujevac is located some 140 km south of Belgrade. It is the fourth largest city in Serbia, the main city of the Sumadija region and the administrative centre of Sumadija District. It is situated on the banks of the river Lepenica. According to official results of the 2011 census, the city has a population of 150,835 inhabitants, while administrative area has a population of 179,417.
The biggest industry, and the city's main employer was auto and weapons manufacturer Zastava which employed tens of thousands in the Socialist Era. Fiat has recently reopened the factory and assembles a range of cars in Kragejuvac and organizes its exports from here.
Kragujevac is also a university town. The University of Kragujevac consists of the Faculties of Medicine, Engineering, Law, Economics, Philology Arts, Natural Sciences and Mathematics.

LOCATION DETAILS

City Population	150,000
Local Land	Residential
Distance to Centre	1.5 km
Distance to Highway	20 km
Distrance to National Road	0.5 km
Public Transport	buses
Plot area	na
Waterfront	no

PROPERTY DETAILS

Property Type/ Use	Shopping Centre
Occupation	fully let
Historic monument	not checked
Gross lettable area	22,000.00
Parking Places	700.00
Access	good
Utilities	assumed all connected
Legal issues	not checked

PROPERTY	KRAGEJUVAC PLAZA
ADDRESS	Bulevar Kraljice Marije 56, Kragujevac 34000, Serbia
VALUATION DATE	31 December 2013

PROPERTY DATA

BUILDING

Year of Construction	2012
Modernisation Year	na
Building Condition	excellent
Gross lettable area	22000
Parking places	700
Current rent p.a.	€ 3,700,000
Vacancy rate (overall)	0%
Weighted remaining lease term	70 months
State of Repair	excellent
Overall Condition	excellent

TECHNICAL DETAILS

Building Type	Shopping Centre
Construction	Reinforced concrete frame
Facade	Plastered and painted
Roof	Flat roof
Windows	Various
Glazing	n/a
Heating	Gas central heating
AC/ Ventilation	Air conditioning system
Cabling	None
Sanitary	Modern standard

PLOT OF LAND

Site area, total	approx 30,000
Surplus Land	na
Developed area (% total site)	na

INSPECTION

Inspection Type	external and internal
Inspection Date	21/05/2013
Inspected by	Balázs Lados MRICS

PROPERTY DESCRIPTION

The subject property is a modern, purpose-built shopping centre with 22,000 sqm GLA completed in 2012.
The Property is a two-floor building with underground parking suitable for 700 cars.
There are approximately 100 shop units, a hypermarket, bowling and entertainment centre and a 6 hall cinema.
The property is of Class A standard specifications, well laid-out and the design ensures good natural light.

ACCOMMODATION

We were provided with a break-down of floor areas from the on-site management. We have relied on these areas and have not undertaken check measurements on site to verify the accuracy of these floor areas. We assume that these areas are accurate and calculated in accordance with normal market practice. A summary is shown below.

Description	Primary use	Sqm
Shops	arranged over two floors	17131.30
Cinema	first floor	2212.60
Hypermarket	ground floor	2614.30

PROPERTY	KRAGEJUVAC PLAZA
ADDRESS	Bulevar Kraljice Marije 56, Kragujevac 34000, Serbia
VALUATION DATE	31 December 2013

LAND REGISTRY DETAILS

The property is situated in Kragejuvac Municipality.
We have not received any information regarding the tenure, but assume that the property is clear of any issues and provides unencumbered title.

Land registry extract	na	Obtained on	na
Registered owner	na		
Registered use	na		
Registered size	na		

Restrictions and encumbrances

We assume that the property is free of any unduly onerous covenants or obligations.

Comments

PLANNING ISSUES

Zoning	na
Footprint ratio	na
Maximum buildable area	na
Maximum height	na
Permit status	na

We have not received any information, but assume that the property corresponds to its current zoning as it has been operational for a year.

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

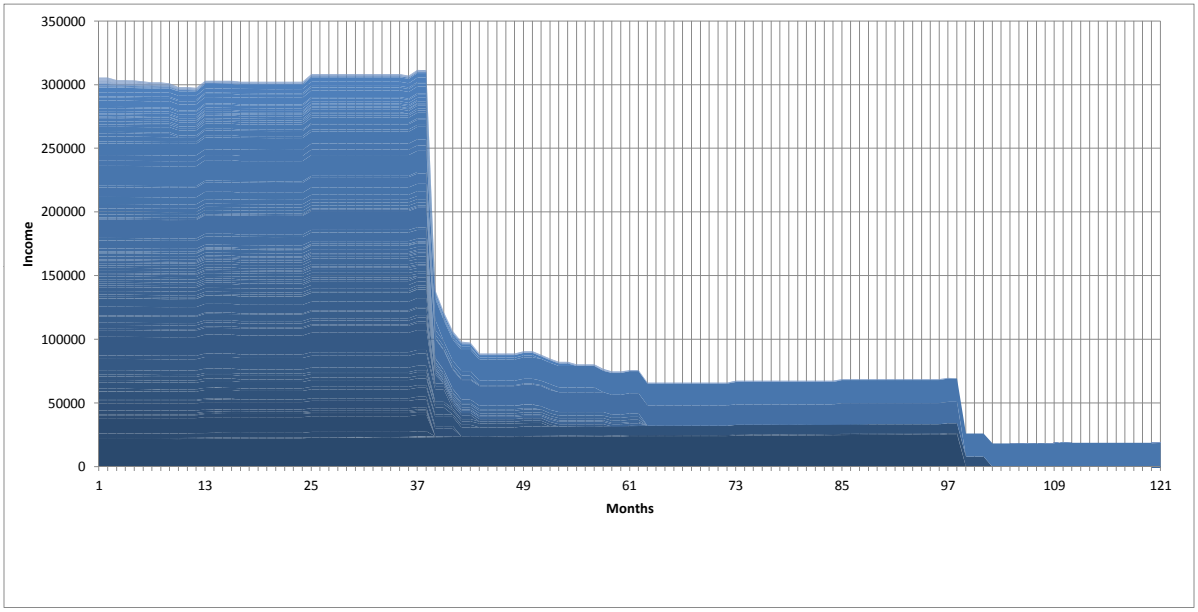
PROPERTY	KRAGEJUVAC PLAZA
ADDRESS	Bulevar Kraljice Marije 56, Kragujevac 34000, Serbia
VALUATION DATE	31 December 2013

TENANCIES

Number of Tenants		100
Vacant space (m²)		0
Lease Income (p.a.)		€ 3,673,158
Other Income (p.a.)		€ -
Operating Expenses (p.a.)		-€ 1,055,394
Service Charge (/sqm / month)		€ 6.00
Lease inspected?		not provided
Standard Lease Terms:		
Lease length	na	
User Clause	na	
Security	na	
External Repairs	na	
Internal Repairs	na	
Insurance	na	
Alienation	na	
Indexation	na	

The property opened in H1 2012 and is let to approximately 100 tenants. The typical lease terms is 5+5 year for the shops and 10+5 years for the anchors, the average unexpired term is 70 months. The rents are euro-denominated; the current passing rent is € 3.7 million per annum. The tenants pay service charge monthly and have an annual open book reconciliation. There is a non-recoverable cost element of €143,680 pa, which is approximately 3.5% of the current passing rent and calculates €0.54/sqm per month on the total GLA.

Income Profile



The majority of the leases are signed on a 5+5 year basis, hence there is a large drop in income when the initial terms expire around month 37. Long term income security is through anchor tenants such as Cineplex (cinema), Idea (supermarket) and C&A (fashion)

PROPERTY	KRAGEJUVAC PLAZA
ADDRESS	Bulevar Kraljice Marije 56, Kragujevac 34000, Serbia
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS

- Modern centre
- Has completed first year of stabilisation
- Full occupancy

WEAKNESSES

- The centre is new and so has not stabilised

OPPORTUNITIES

- H&M is looking to enter the scheme
- other expanding retailers

THREATS

- collection loss
- entertainment centre tenant rent payment capability

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Investment activity in Serbia during last couple of years has been very limited, with no recorded transaction within any type of retail sector. Many retail schemes are in the pipeline while the entire market is still in the early stage of the development cycle. Based on the expectations from local investors and developers, agents suggest yields in 2012 are as follows:

High Street – Knez Mihailova Street – 7% to 8%
Modern shopping centres (Shopping malls) – Usce and Delta shopping malls – 8.5% to 9%
Retail parks – 9.5% to 10.5%; Retail warehouse – 9.5% to 10.5%

We consider the above expectations to be on the optimistic side and comment that these are agent perceptions rather than concluded deals. The Serbian market is less established than other markets in the region and investment interest is below other markets.

Based upon such scant information, it is prudent to look further afield for evidence of deals done. We note the following:
* Mercator portfolio – Cushman & Wakefield aware involved in the attempted monetisation of a retail portfolio in Slovenia. Whilst limited in usefulness due to the specifics of the proposed transaction (15/20 year overriding lease, early stage of marketing), deals did not close in the expected 8-8.5% range.
* QLandia portfolio – a portfolio of retail warehouse malls and small shopping centres in Slovenia is currently being marketed by Probus and it is understood that offers close to 9% have been received for the best assets in the portfolio.
* Carpathian fund – a portfolio of strip malls in the Czech Republic and Hungary was recently sold by the financing bank, who had taken possession. The Hungarian assets were valued at 9.2% based upon current income – but there was significant vacancy.
* Plovdiv Retail Park– this retail warehouse park was sold to Europa Capital for around 11%. Whilst a 2011 deal, this is a useful comparable since the scheme was of c.25,000sqm built in two blocks facing across a car park - and had been operating for a limited period.
* Offers for long-leased standalone supermarkets backed by international covenants have reached double digit yields in non-prime locations in neighbouring countries.

PROPERTY	KRAGEJUVAC PLAZA
ADDRESS	Bulevar Kraljice Marije 56, Kragujevac 34000, Serbia
VALUATION DATE	31 December 2013

COMPARABLES

LEASE COMPARABLES

Building / Address	*Date*	*Rent (psm / mth)*	*Incentives*	*Comment*
We have primarily analysed rental information within the centre				

SALES COMPARABLES

Building / Address	*Date*	*Price (€m)*	*Yield %*	*Comment*
ARENA CENTAR	2010	na	8.50%	50% share ownership to Heitman from Trigranit
Mercator S&LB	2012	na	8.50%	did not close
Plovdiv Retail Park	2011	na	11.00%	Europa Capital
Allee, Budapest	2013	na	8.00%	abortive sale of 50% ownership, best bids came in in the region of 8%

COMPETITION

Delta Park Kragejuvac - 22,500 sqm GLA Retail Park consisting of 3 major big box units
- Tempo (9,200 sqm) hypermarket electronics retailer
- Neptun (3,300) sqm electronics retailer
- Jysk, Conforma, and Forma Ideal (7,000 sqm) home decor and DIY retailers

and a 3,300 GLA strip of shops with Deichmann and Takko, but the shops are 70% vacant

Metro is located on the northern end of town

INVESTMENT CONSIDERATIONS

Overall the property is a modern Class A investment grade asset with 100% occupancy and average rent of around €14/sqm per month and with 70 months unexpired term.
The property would tend to meet institutional investors requirements, although rents have not yet stabilized within the centre.

PROPERTY	KRAGEJUVAC PLAZA
ADDRESS	Bulevar Kraljice Marije 56, Kragujevac 34000, Serbia
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

In valuing the property, we have applied a Discounted Cash Flow (DCF) Approach.

The basis of DCF valuation is that the value of the property investment will be equal to the Gross Present Value (GPV) of the projected rental income flow, at the market's required rate of return (discount rate). It allows for explicit assumptions (market expectations) on future rental growth, holding period, depreciation, refurbishment, redevelopment, cost of management and transfer, taxation and financing arrangements.

To run a DCF, one would normally construct a cash flow applying current contracted income for its duration, then replacing the cash flow thereafter with the projected sustainable income (in the case of rents usually calculated at estimated rental value) whilst allowing for expected costs such as bad debts, income voids, commercialisation, letting fees, fit out costs, incentives and the like.

DATE OF ASSESSMENT

Valuation Date	31 December 2013
Report Date	31 December 2013

VALUATION DETAILS SUMMARY

Market Value	€	41,775,000.00
Gross annual income	€	3,673,000.00
Net Operating Income (Year one)	€	3,690,000.00
Day One annualised NOI	€	3,675,000.00
Estimated Rental Value	€	3,712,000.00
Initial Yield (Year one)		8.83%
Initial Yield (Annualised day one)		8.80%

VALUATION ASSUMPTIONS

RENTAL VALUE

This is a unique property. The best evidence of rents are the latest deals within the subject property. We have primarily analysed passing rents within the centre and used the following size bands to arrive at our opinion of ERV.

<50	€	25.00	/sqm /month
<100	€	21.50	/sqm /month
<200	€	18.50	/sqm /month
<400	€	17.50	/sqm /month
<800	€	12.50	/sqm /month
<2000	€	11.00	/sqm /month
Hyper	€	8.00	/sqm /month

DISCOUNT AND EXIT RATES APPLIED

There are no deals in Serbia to compare but the 50% ownership of Arena Centar in Zagreb transacted at 8.5% in. Bids for a 50% share in Allee in Budapest were reputedly in the region of 8%. Serbia is seen as a riskier, non-EU market, so we would tend to add c.50-100bps premium to Budapest/Zagreb levels and an additional 50 bps for being in a secondary city. Our selection of discount rate reflects our 2% rental / HICP growth assumption.

	Discount	Exit
Default	11.00%	9.00%
Vacant	11.00%	9.00%
Yield2	11.00%	9.00%
Yield3	11.00%	9.00%
Yield4	11.00%	9.00%
Yield5	11.00%	9.00%
Yield6	11.00%	9.00%
Yield7	11.00%	9.00%
Yield8	11.00%	9.00%

OTHER VARIABLES

We have reflected most risks implicitly in the yield and discount rate profile. Inflation is expressly reflected.

Service Charge Income	€	6.00	/sqm/ month
Service Charge Outgoings	€	6.00	/sqm/ month
Non recoverables		0%	ERV
Void on expiry		0.00	months
Lease Term		10.00	years
Rent Free Periods		0.00	months
Leasing Fees		0%	1 year's rent
Fit out costs	€	-	psm
Other fixed costs			
Inflation			

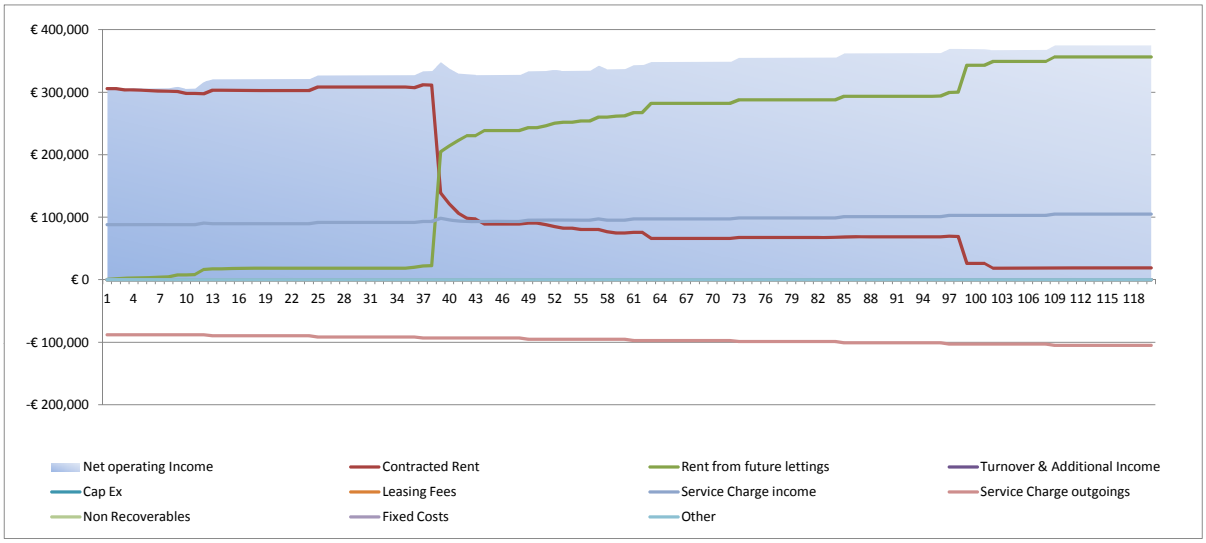
PROPERTY	KRAGEJUVAC PLAZA
ADDRESS	Bulevar Kraljice Marije 56, Kragujevac 34000, Serbia
VALUATION DATE	31 December 2013

PROJECTED INCOME PROFILE

CASH FLOW

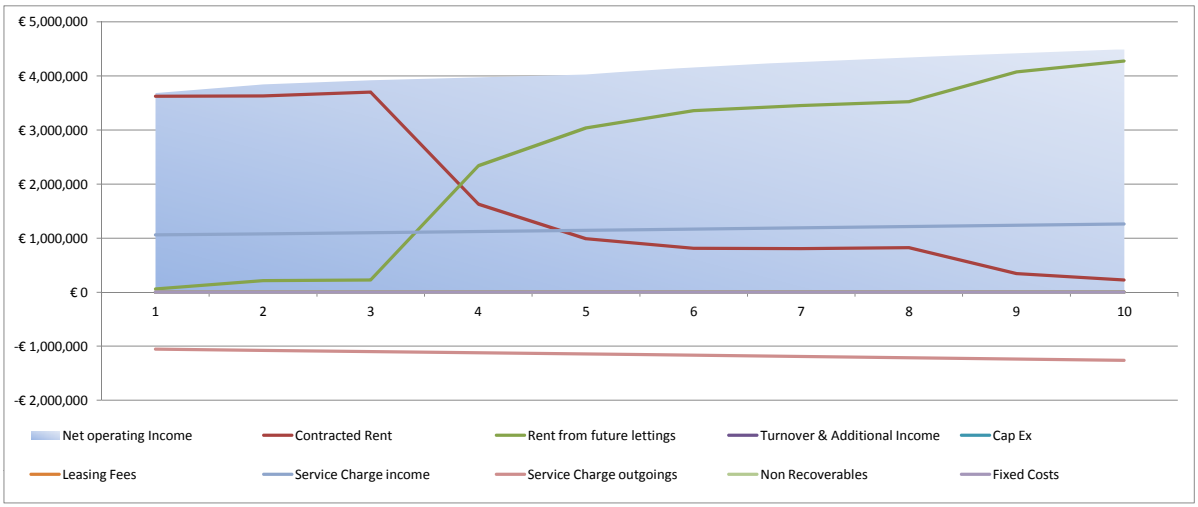
Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 3,623,407	€ 3,632,505	€ 3,701,370	€ 1,630,005	€ 987,049	€ 812,524	€ 809,064	€ 825,245	€ 345,786	€ 224,244
Rent from future lettings	€ 62,011	€ 216,742	€ 224,965	€ 2,339,415	€ 3,038,526	€ 3,356,698	€ 3,453,727	€ 3,523,146	€ 4,073,431	€ 4,274,331
Turnover & Additional Income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge income	€ 1,059,663	€ 1,077,016	€ 1,098,556	€ 1,127,892	€ 1,145,466	€ 1,165,399	€ 1,188,707	€ 1,212,481	€ 1,236,569	€ 1,261,293
Service Charge outgoings	-€ 1,055,394	-€ 1,076,502	-€ 1,098,032	-€ 1,119,992	-€ 1,142,392	-€ 1,165,240	-€ 1,188,545	-€ 1,212,316	-€ 1,236,562	-€ 1,261,293
Non Recoverables	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
TOTAL	**€ 3,689,687**	**€ 3,849,761**	**€ 3,926,859**	**€ 3,977,320**	**€ 4,028,649**	**€ 4,169,381**	**€ 4,262,953**	**€ 4,348,557**	**€ 4,419,224**	**€ 4,498,575**

Monthly income



The majority of the leases expire in month 39, at which time the units are assumed to be re-leased at our assessment of ERV. We believe that the centre is roughly rack rented, any re-letting risk is implicitly reflected in the applied yields. This profile sees steady growth over the cash flow period.

Annual Income



PROPERTY	KRAGEJUVAC PLAZA
ADDRESS	Bulevar Kraljice Marije 56, Kragujevac 34000, Serbia
VALUATION DATE	31 December 2013

DISCOUNTED CASH FLOW

Column1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Contracted Rent	€ 3,264,330	€ 2,948,223	€ 2,706,410	€ 1,073,735	€ 585,766	€ 434,409	€ 389,693	€ 358,096	€ 135,176	€ 78,975
Rent from future lettings	€ 55,865	€ 175,913	€ 164,493	€ 1,541,045	€ 1,803,217	€ 1,794,628	€ 1,663,517	€ 1,528,786	€ 1,592,405	€ 1,505,353
Turnover & Additional Income	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cap Ex	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leasing Fees	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service Charge income	€ 954,651	€ 874,130	€ 803,255	€ 742,978	€ 679,778	€ 623,070	€ 572,551	€ 526,128	€ 483,406	€ 444,208
Service Charge outgoings	-€ 950,805	-€ 873,713	-€ 802,871	-€ 737,774	-€ 677,954	-€ 622,985	-€ 572,473	-€ 526,056	-€ 483,403	-€ 444,208
Non Recoverables	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Fixed Costs	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Exit										€ 17,955,723
TOTAL	**€ 3,324,042**	**€ 3,124,553**	**€ 2,871,286**	**€ 2,619,984**	**€ 2,390,807**	**€ 2,229,122**	**€ 2,053,287**	**€ 1,886,954**	**€ 1,727,584**	**€ 19,540,051**

Based upon the above assumptions we have arrived at a market value of €41,775,000 million, which calculates at €1,800 per square metre capital value .

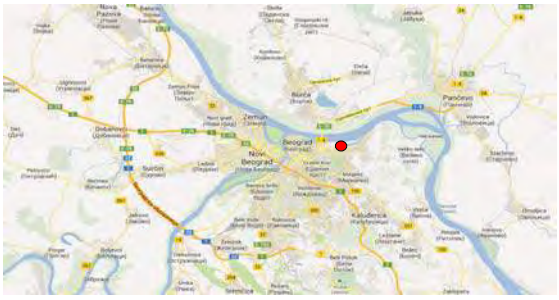
Gross value			**€**	**41,767,669**
Legal Costs	**0.00%**			
Agent Fees	**0.00%**			
Transaction Costs	**0.00%**	**0.00%**	**€**	**-**
Market Value			**€**	**41,767,669**

MARKET VALUE

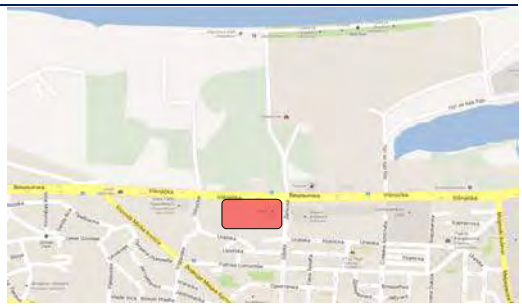
say € 41,775,000

PROPERTY	Visnjicka Plaza Development Site
ADDRESS	Visnjicka 84, Beograd
VALUATION DATE	31 December 2013

PROPERTY	Visnjicka Plaza Development Site
ADDRESS	Visnjicka 84, Beograd
VALUATION DATE	31 December 2013



Macro Location



Micro Location

Satellite View

Street View

LOCATION

The Property is located along Visnjicka in the northern part of Old Belgrade close to the bridge to Panchevo.
Accessibility of the site is good off E-70 and the bridge. The direct catchment has a population of 400,000 inhabitants while the indirect catchment reaches Panchevo and has some 700,000 inhabitants.
The Property's micro location provides convenient access to the city centre and other parts of the Old Town, while the bridges secure access to the northern satellite towns of Belgrade. The property is located approximately 2 km north-east of the city centre (Knez Mihailova). Accessibility is further enhanced by very good communication links, with several bus stops located in close proximity to the subject property. The surroundings are dominated by residential and old industrial land uses that are likely to be converted to residential on the long term.

LOCATION DETAILS

City Population	1.7 million
Local Land	Residential & Industrial
Distance to Centre	2 km
Distance to Highway	3 km
Distance to National Road	500 m
Public Transport	well developed
Plot area	31,076
Waterfront	yes, to the Danube

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	derelict industrial
Historic monument	No
Site area	31,076
Parking Places (closed)	n/a
Access	off Visnjicka
Utilities	available, not checked
Legal issues	not checked

PROPERTY	Visnjicka Plaza Development Site
ADDRESS	Visnjicka 84, Beograd
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

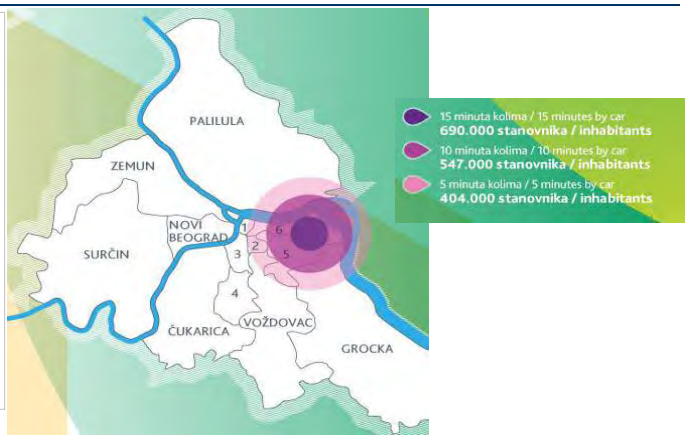
Site area, total	31,076
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External and Internal
Inspection Date	20-May-13
Inspected by	Balazs Lados MRICS

PROPERTY DESCRIPTION

The subject property consists of a 3 hectares of commercial urban development land on a derelict industrial site. The plot has a regular, rectangular shape and has an incline to the south.
The site is developed with old derelict industrial buildings that are let on short term contracts to local small and medium sized enterprises. The site used to be a sports equipment factory but went bankrupt years ago.
The site is accessible off Visnjicka street.
We have made no specific queries of the statutory authorities but understand and assume that all mains services are available on the site.
We were advised that Plaza Centers has building permit and demolition permit for the site and the only obstacle in developing the proposed scheme is the lack of bank financing.



LAND REGISTRY DETAILS

We were not provided and have not checked the title documentation in detail, but assume the property is an unencumbered effective freehold.

Land registry extract		Obtained on	n/a
Registered owner	n/a		
Registered use	Assumed land		
Registered size	31,076.36		

Restrictions and encumbrances

We have not checked title documentation but assume the property is an unencumbered effective freehold and free of any issues that would negatively effect the market value of the property.

Comments

n/a

PROPERTY	Visnjicka Plaza Development Site
ADDRESS	Visnjicka 84, Beograd
VALUATION DATE	31 December 2013

PLANNING ISSUES

Zoning	n/a
Footprint ratio	n/a
Density ratio	Assumed 3.5
Maximum height	n/a
Permit status	building permit and demolition permit obtained

The proposed scheme has a total GLA of 100,000 sqm, while the subject site is 30,000 sqm, which suggests a floor area/plot ratio of around 3.5.
We have not been provided with any information as to the zoning of the site, but having been advised that the site has a building permit we assume that the proposed scheme corresponds with the relevant zoning regulations.

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPOSED SCHEME

The proposed scheme includes the following elements constructed in a single phase.

45,000 sqm retail GLA
1,100 car parking spaces

An image of the proposed scheme is attached to the right.

PROPERTY	Visnjicka Plaza Development Site
ADDRESS	Visnjicka 84, Beograd
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS

- Size and shape of the site
- Strong Catchment
- No existing schemes in Old Belgrade

WEAKNESSES

- Visnijcka is a 'dead end' road

OPPORTUNITIES

- To be the first in Old Belgrade
- Destination Centre

THREATS

- Difficult to obtain financing in current market
- Depressed market environment

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Investment activity in Serbia during last couple of years has been very limited, with no recorded transaction within any type of retail sector. Many retail schemes are in the pipeline while the entire market is still in the early stage of the development cycle. Based on the expectations from local investors and developers, agents suggest yields are as follows:

High Street – Knez Mihailova Street – 7% to 8%
Modern shopping centres (Shopping malls) – Usce and Delta shopping malls – 8.5% to 9%
Retail parks – 9.5% to 10.5%; Retail warehouse – 9.5% to 10.5%

We consider the above expectations to be on the optimistic side and comment that these are agent perceptions rather than concluded deals. The Serbian market is less established than other markets in the region and investment interest is below other markets.

Based upon such scant information, it is prudent to look further afield for evidence of deals done. We note the following:
* Mercator portfolio – Cushman & Wakefield are currently involved in the monetisation of a retail portfolio in Slovenia. Whilst limited in usefulness due to the specifics of the proposed transaction (15/20 year overriding lease, early stage of marketing), preliminary indications are that the market is prepared to pay 8-8.5% in yield terms.
* QLandia portfolio – a portfolio of retail warehouse malls and small shopping centres in Slovenia is currently being marketed by Probus and it is understood that offers close to 9% have been received for the best assets in the portfolio.
* Carpathian fund – a portfolio of strip malls in the Czech Republic and Hungary was recently sold by the financing bank, who had taken possession. The Hungarian assets were valued at 9.2% based upon current income – but there was significant vacancy.
* Plovdiv Retail Park– this retail warehouse park was sold to Europa Capital for around 11%. Whilst a 2011 deal, this is a useful comparable since the scheme was of c.25,000sqm built in two blocks facing across a car park - and had been operating for a limited period.
* Offers for long-leased standalone supermarkets backed by international covenants have reached double digit yields in non-prime locations in neighbouring countries

COMPETITION

There isn't an existing shopping centre in Old Belgrade to date, but we have listed the key pipeline developments below. Most of these are currently on hold, being lack of project financing.

COMPETING SCHEMES

Building / Address	*Date*	*GLA*	*Comments*
Delta City	2007	30,000	existing shopping centre
Usce	2009	46,000	existing shopping centre
Delta Planet	n/a	170,000	Mixed-use scheme including a 60k sqm shopping centre element, currently on hold
Ashtorm	n/a	45,000	Mixed-use scheme with 200 room hotels and 19,000 sqm shopping centre along Knez Mihajlova
BIP Skadarlija	n/a	90,000	Mixed-use retail, office and hotel
Ada Mall	2014	26,000	Shopping centre built by GTC in the Ada Ciganlija area in Cukarica municipality

PROPERTY	Visnjicka Plaza Development Site
ADDRESS	Visnjicka 84, Beograd
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

In our valuation we have valued the proposed scheme based upon our key assumptions that are summarized below.

VALUATION ASSUMPTIONS

RENTAL VALUE

We assumed average ERV for each category based on our market research and knowledge of the recent lease transactions and current trends.

Shopping Centre	€	18.00	/sqm /month
Car Parking	€	-	/sqm /month
3	€	-	/sqm /month
4	€	-	/sqm /month
5	€	-	/sqm /month
6	€	-	/sqm /month
7	€	-	/sqm /month
8	€	-	/sqm /month
9	€	-	/sqm /month
10	€	-	/sqm /month
11	€	-	/sqm /month

EXIT RATES APPLIED

We have used our experience, recent transactions and bids of on-going transactions (as listed in the Market Commentary section above) to establish our opinion of exit cap rate and discount rate.

	Exit
Shopping Centre	8.75%
Car Parking	8.75%
3	0.00%
4	0.00%
5	0.00%
6	0.00%
7	0.00%
8	0.00%
9	0.00%
10	0.00%
11	0.00%

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevailing norms in the market.

Shopping Centre	€	600	/sqm
Contingencies		5%	
Letting Fees		10%	ERV
Sales Fees		1%	ERV
Fees		10%	GDC
Planning Fees & Contributions	€		-
Other	€		-
Developer's Profit		20%	GDV

PROPERTY	Visnjicka Plaza Development Site
ADDRESS	Visnjicka 84, Beograd
VALUATION DATE	31 December 2013

SUMMARY RESIDUAL VALUATION

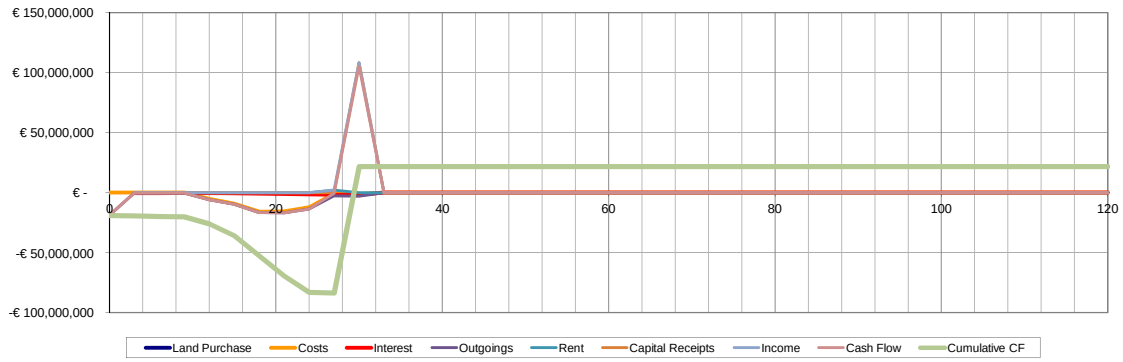
Capital Receipts			€	108,308,571		
Rent			€	2,013,863		
Income					€	**110,322,434**
Development Costs			-€	46,125,000		
Infrastructure			-€	2,306,250		
Demolitions			-€	2,000,000		
Planning fees & contributions			€	-		
Other costs			€	-		
Fees			-€	5,043,125		
Contingencies			-€	2,773,719		
Fixed Marketing Costs			€	-		
Sales Fees	1%	sales proceeds	-€	1,083,086		
Leasing Fees	**10%**	**annual rent**	-€	947,700		
Development Finance	9.00%		-€	4,770,665		
Developer's Profit @	20.00%	GDV	-€	21,661,714		
Acquisition Fees	0.00%		€	-		
					-€	**86,711,259**
Residual value					€	**23,611,175**
Land Holding cost						0.805974
					€	**19,030,000**

Cash Flow

Year	0	1	2	3	4	5	6	7	8
Land Purchase	-€ 19,030,000								
Costs	€ -	-€ 5,353,031	-€ 52,895,063	-€ 2,030,786	€ -	€ -	€ -	€ -	€ -
Income	€ -	€ -	€ -	€ 110,322,434	€ -	€ -	€ -	€ -	€ -
Interest	€ -	-€ 1,712,700	-€ 4,004,978	-€ 3,628,043	€ -	€ -	€ -	€ -	€ -
Cash Flow	-€ 19,030,000	-€ 7,065,731	-€ 56,900,041	€ 104,663,605	€ -	€ -	€ -	€ -	€ -
Cumulative CF	-€ 19,030,000	-€ 26,095,731	-€ 82,995,772	€ 21,667,833	€ 21,667,833	€ 21,667,833	€ 21,667,833	€ 21,667,833	€ 21,667,833

As can be seen in the chart below, we assume development will commence at year 2. Based on the current scheme the property will be developed in a single phase. The scheme will start generating income in month 25. The main cost for the first year is the land acquisition and the property is sold following lease-up and completion.

Cash Flow Profile



PROPERTY	Visnjicka Plaza Development Site
ADDRESS	Visnjicka 84, Beograd
VALUATION DATE	31 December 2013

SUMMARY & CONCLUSION

We have compared the site to available evidence and transactional data in Belgrade. However we primarily ran a residual calculation to develop our findings. We estimate that the subject plot would transact in the €150-200 per buildable sqm range, which we consider to be realistic in the context of the available market information.
The best comparables are the Skadarlija site, which calculates €1200 per sqm on the plot sqm and €240 per buildable sqm; and the Delta Planet site which calculates €410 per sqm on the plot and €117 per sqm per buildable area.
In summary, using the above assumptions and variables we have arrived at a residual amount of €600 per sqm on the site area (€186.2 per buildable sqm), which corresponds to the range of the above comparables and is according to our opinion a unit value of the site.

Address	Details	Asking or sold?	Date	€/sqm
Skadarlija	Mixed use 1.8 Ha site	Sold	n/a	€ 1,200
Auto Komenda (Planet Shopping Mall)	Commercial 4.9 ha site	Sold	n/a	€ 410
Block 67a	Commercial/Resi 3.6 ha site	Sold	2011	€ 360
Block 43	Commercial 9,237 sqm	Sold	2010	€ 866
Block 26	Commercial 8 ha site	Asking	2011	€ 400

MARKET VALUE	**say**	**€**	**19,025,000**

Appendix 1 Economic and Retail Snapshots

MARKETBEAT
ECONOMIC SNAPSHOT

HUNGARY
A Cushman & Wakefield Research Publication

CUSHMAN & WAKEFIELD.

Q4 2013

GROWTH PICKS UP

The Hungarian economic recovery is gradually accelerating and after a 0.9% q/q in Q3, growth in 2013 is now estimated at 1.2%. Exports and fixed investment, particularly in the manufacturing sector, are the main drivers of growth, although government spending also expanded throughout 2013 after a prolonged period of austerity. Consumers remain fragile as indicated by volatile retail sales data, albeit prospects are improving.

BETTER PROSPECTS FOR CONSUMERS

Conditions for consumer spending have improved significantly. Relaxation of austerity, lower inflation (0.4% in December) and a fall in unemployment from the April peak of 11.8% to 9.8% in November bode particularly well for the future. Combined with low cost of credit and recent utility price cuts, this should lead to a marked rebound in spending in 2014. A large stock of Swiss franc-denominated housing loans inflated by currency effects will be the only drag on disposable incomes. Indeed, retail sales grew in y/y terms between July and October after sharp falls throughout 2012H2 and 2013H1. October saw a particularly strong gain in momentum, with a 2.5% y/y pick-up in total retail sales, including 1.2% growth in foodstuffs.

SUPPORTIVE POLICIES

Alongside utility price cuts, which are expected to bring inflation down significantly at the start of this year, other public policies are supporting growth. The MPC's easing cycle continues, with further 50bp worth of cuts expected at the start of this year after a cumulative 380bp since August 2012. Moreover, the Funding for Lending Scheme was expanded in August, thus improving access to credit. Finally, government infrastructure projects are boosting overall investment activity.

OUTLOOK

After recent surprisingly positive quarterly GDP figures, growth forecasts have been revised upwards, with the economy expected to accelerate to 1.2% in 2013 and 2.2% in 2014. Exports and investment are leading the way thanks to gradual improvements in external demand and a resulting return of confidence as well as favourable credit conditions. A series of publically-funded infrastructure projects additionally boosted investment and are expected to continue to drive demand in the near future. Signs of a recovery have also started to emerge in the consumer sector, as indicated by positive growth of retail sales between July and October. Favourable conditions are expected to ensure that consumer spending growth becomes more entrenched in the medium term.

MARKET OUTLOOK

GDP:	A pick-up in growth expected in 2014.
Inflation:	To increase gradually after dropping below 1% at the end of 2013.
Interest rate:	More cuts expected after a 15bp reduction in January.
Employment:	To improve throughout the year.

ECONOMIC SUMMARY

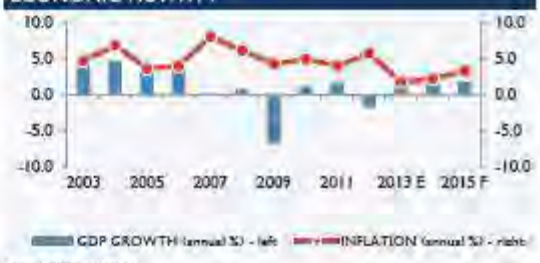
ECONOMIC INDICATORS*	2011	2012	2013F	2014F	2015F
GDP growth	1.6	-1.7	1.2	2.2	1.7
Consumer spending	0.4	-1.6	-0.2	1.3	1.4
Industrial production	5.7	-1.4	2.0	3.7	2.6
Investment	-5.9	-3.7	3.2	3.7	2.7
Unemployment rate (%)	11.0	10.9	10.4	10.3	10.3
Inflation	3.9	5.7	1.7	2.1	3.3
HUF/€ (average)	279.3	289.3	297.0	295.4	283.8
HUF/US$ (average)	201.0	225.1	223.7	226.9	227.4
Money market rate (%)	6.2	7.0	4.3	3.0	3.9
Interest rates 10-year (%)	7.6	7.9	5.9	5.4	6.2

NOTE: *annual % growth rate unless otherwise indicated. F=forecast F=forecast
Source: Oxford Economics Ltd. and Consensus Economics Inc.

ECONOMIC & POLITICAL BREAKDOWN

Population	9.9 million (2013)
GDP	US$ 130.5 billion (2013)
Public sector balance	-3.0% of GDP (2013)
Public sector debt	81.6% of GDP (2013Q2)
Current account balance	2.7% of GDP (2013)
Parliament	Majority government (Fidesz and Christian Democratic People's Party)
President	János Áder
Prime Minister	Viktor Orbán
Election dates	6th April 2014 (Parliamentary and Municipal) 2017 (Presidential)

ECONOMIC ACTIVITY



Source: Cushman & Wakefield

MARKETBEAT
RETAIL SNAPSHOT

CUSHMAN & WAKEFIELD

HUNGARY
A Cushman & Wakefield Research Publication

Q4 2013

OVERVIEW

The retail market saw a slight improvement in the fourth quarter, with increased interest from international brands but also general expansions. Retail sales continued on their upward trajectory in November, a trend which has been largely evident in the second half of the year. Sales volumes rose by a seasonally adjusted 4.9% in November, up from the 2.5% recorded in October. Trading of both food and non-food products was encouraging as sales rose by 4.5% and 4.8% respectively, with automotive fuel sales also surging ahead by 5.0%.

OCCUPIER FOCUS

The high streets of Váci utca and Andrássy út were attracting slightly stronger interest in the fourth quarter, and this was reflected in a rise of 5.6% in rental values in the former location. Nevertheless, prime rents were generally stable towards the end of the year. In the retail warehouse sub-sector, occupiers are yet to record a pick-up in activity and improvement in market conditions has been slow.

Although retailers are still cautious with regard to expansions, a number of international brands have increased their presence over the past months. Expanding retailers include the likes of H&M, Deichmann, Inditex, Reserved and Michael Kors among others. Meanwhile, landlords of prime shopping centres have experienced some improvement in the market, but with secondary developments still suffering from higher vacancy levels, and a less optimistic outlook.

INVESTMENT FOCUS

Investment in the retail sector was almost non-existent, with only one asset being acquired, a retail warehouse unit in Győr for approximately €2 million. Activity remains constrained by finance restrictions, making it difficult to fund investment transactions, and by a lack of investment-grade assets on the market. Prime yields were unchanged across all sub-sectors, with the lowest value of 7.00% in Budapest, some way short of the 10-year low of 5.50%.

OUTLOOK

Looking ahead, economic activity is expected to accelerate this year, with a Consensus Forecast of 1.7%, higher than the estimated 0.8% in 2013. Whilst growth will be mainly driven by exports, consumer spending is also anticipated to improve. When combined with a forecast stable inflation rate and healthier consumer sentiment, the indicators bode well for the recovering retail market.

MARKET OUTLOOK

Prime Rents:	Prime values to hold firm.
Prime Yields:	Expected to remain stable despite financing restrictions.
Supply:	Very limited development activity and further delays are expected.
Demand:	Stable, interest focused on prime locations.

PRIME RETAIL RENTS – DECEMBER 2013

HIGH STREET SHOPS	€ SQM/MTH	€ SQM/YR	US$ SQ.FT/YR	GROWTH % YR	GROWTH % 5YR CAGR
Budapest (Váci utca)	95	1,140	146	5.6	-4.6
Budapest (Andrássy út)	40	480	61	0.0	-10.6
RETAIL PARKS	**€ SQM/MTH**	**€ SQM/YR**	**US$ SQ.FT/YR**	**GROWTH % YR**	**GROWTH % 5YR CAGR**
Budapest	7.00	84	10.8	0.0	-5.9
Budaörs	7.00	84	10.8	0.0	-5.9

PRIME RETAIL YIELDS – DECEMBER 2013

HIGH STREET SHOPS (FIGURES ARE GROSS %)	CURRENT QUARTER	LAST QUARTER	LAST YEAR	10 YEAR HIGH	10 YEAR LOW
Budapest (Váci utca)	7.00	7.00	6.75	9.00	5.50
Budapest (Andrássy út)	7.25	7.25	7.00	11.00	6.00
RETAIL PARKS (FIGURES ARE GROSS %)	**CURRENT QUARTER**	**LAST QUARTER**	**LAST YEAR**	**10 YEAR HIGH**	**10 YEAR LOW**
Budapest	8.50	8.25	8.00	9.50	6.25
Budaörs	8.50	8.25	8.00	9.50	6.00
SHOPPING CENTRES (FIGURES ARE GROSS %)	**CURRENT QUARTER**	**LAST QUARTER**	**LAST YEAR**	**10 YEAR HIGH**	**10 YEAR LOW**
Hungary	7.25	7.25	7.00	8.00	5.00

With respect to the yield data provided, in light of the lack of recent comparable market evidence in many areas of Europe and the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

RECENT PERFORMANCE

Source: Cushman & Wakefield

MARKETBEAT
ECONOMIC SNAPSHOT

CUSHMAN & WAKEFIELD

POLAND
A Cushman & Wakefield Research Publication

Q4 2013

EXPORT-IGNITED GROWTH

Growth within the Polish economy is becoming more broad-based as the strength of the export sector is spreading to the domestic economy. Indeed, there has been a gradual gain in momentum since the low point at the start of 2013 and 0.6% growth q/q (1.7% y/y) was recorded in Q3. Consumer spending picked up gently, while investment grew in annual terms for the first time in five quarters, having recovered from lagged knock-on effects of last year's weaknesses in foreign trade. Higher export orders and resulting improvements in business confidence as well as low interest rates are now driving private investment and thus job creation.

BRIGHTENING OUTLOOK FOR CONSUMERS

After a subdued 2013, private consumption is now improving thanks to a variety of factors. Unemployment fell from the February peak to 13.2% in November thanks in particular to the manufacturing sector and although expected to stay significantly above the pre-crisis level for some time, it should continue to fall. Amongst other favourable conditions are recent increases in government spending, which are anticipated to continue into 2014, as well as falling inflation, low debt levels and a high level of precautionary savings. The impact on the consumer has materialised already, with private consumption growing in both Q2 and Q3 and retail sales gaining momentum since the start of 2013. Car sales saw a particularly strong rebound of over 20% y/y in these two months – a clear sign of improved confidence.

IMPETUS FROM PUBLIC AND PRIVATE INVESTMENT

With external demand growing strongly, as reflected in a 5.5% y/y pick-up in exports in Q3, and domestic demand recovering gradually, fixed investment is expected to continue to recover from its recent soft patch. In addition, funds from the new EU budget for 2014-20 will allow the government to continue its significant infrastructure investment programme focused on rail, road and energy, thus further boosting business activity as well.

OUTLOOK

Favourable external conditions and improving confidence are expected to continue to have a positive knock-on effect on domestic demand, with loose monetary conditions likely to additionally boost activity. The resulting gradual improvement in the labour market and low inflation will lead to higher real wages and thus increased consumer spending. The construction sector, which reached a low point at the start of 2013 started to recover and should accelerate throughout 2014. Slower than expected growth in Poland's main trade partners in the EU is the main risk to the forecast.

MARKET OUTLOOK

GDP:	GDP to continue to pick up.
Inflation:	To remain low due to wide spare capacity and the impending appreciation of the zloty.
Interest rate:	Expected to stay on hold for a prolonged period of time.
Employment:	Further modest improvements this year.

ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2011	2012	2013f	2014f	2015f
GDP growth	4.5	2.0	1.4	2.8	3.1
Consumer spending	2.6	1.2	0.5	2.2	2.9
Industrial production	6.9	1.8	2.0	5.2	5.0
Investment	8.2	-1.9	-0.6	3.9	5.8
Unemployment rate (%)	12.4	12.8	13.6	13.5	13.2
Inflation	4.2	3.7	1.2	2.1	2.8
PLZ/€ (average)	4.12	4.19	4.20	4.08	3.93
PLZ/US$ (average)	2.96	3.26	3.16	3.13	3.15
Interest rates: 3-month (%)	4.3	4.7	2.8	2.7	3.7
Interest rates 10-year (%)	6.0	5.0	4.0	4.6	5.1

NOTE: *annual % growth rate unless otherwise indicated. f=estimate F=forecast
Source: Oxford Economics Ltd. and Consensus Economics Inc

ECONOMIC & POLITICAL BREAKDOWN

Population	38.6 million (2013)
GDP	US$ 516.6 billion (2013)
Public sector balance	-4.0% of GDP (2013)
Public sector debt	58.3% of GDP (2013Q2)
Current account balance	-1.5% of GDP (2013)
Parliament	Coalition of Civic Platform party and the smaller Polish People's Party
President	Bronislaw Komorowski
Prime Minister	Donald Tusk
Election dates	Mid-2015 (Presidential) Late 2015 (Parliamentary)

ECONOMIC ACTIVITY

Source: Cushman & Wakefield

MARKETBEAT
RETAIL SNAPSHOT

POLAND
A Cushman & Wakefield Research Publication

CUSHMAN & WAKEFIELD

Q4 2013

OVERVIEW
Polish economic growth is becoming more broad-based and GDP growth accelerated to1.7% year-on-year in Q3 after stagnation earlier in the year. Consumer confidence remains robust and retail sales figures have picked up considerably, to 5.8% in December 2013.

OCCUPIER FOCUS
Along with the improving economy, the occupier market is slowly gaining momentum. Occupier demand is robust as the large fashion retail chains continue to expand, although smaller retailers are still cautious. The retail market is growing at a slower rate compared to previous years, and the expansion is generally limited to the largest towns. Prime rents have remained static for the past 18 months but there are signs that uplifts are possible in selected locations over the coming months as foreign retailers are still keen to expand their network and open new stores in the country. The trend for refurbishments and extensions of existing projects remains a key factor in the growth of shopping centre space.

INVESTMENT FOCUS
The investment market continued its strong performance in the fourth quarter with €551 million worth of retail assets traded, accounting for 56% of total volumes. Over the entire year 2013, €1.4 billion of retail properties changed hands representing around 44% of all transactions. The largest deals in Q4 were the sale of the Wola Park shopping centre in Warsaw by AEW Central Europe to IKEA Centre Group Poland; and the purchase of the 39,400 sq.m Galeria Kazimierz shopping centre by Nellia, a unit of the Invesco Group for around €180 million. Prime yields remained largely unchanged over the quarter and have been stable now for 18 months.

OUTLOOK
Favourable external conditions and improving consumer confidence are expected to continue to have a positive effect on domestic demand, with loose monetary conditions likely to boost activity. The development pipeline is still healthy, especially for shopping centres and occupier demand will continue to be driven by large retail chains. Rental growth is dependent on the development of overall economic conditions in the country, with selected locations likely to see increases this year after 18 months of stagnant rents. Activity in the investment market is expected to remain at current levels or keep improving. This may lead to further yield compression for prime shopping centres in 2014 and beyond.

MARKET OUTLOOK

Prime Rents:	Improved economic conditions may lead to growth in prime values.
Prime Yields:	Growing number of deals to put downward pressure on yields.
Supply:	Healthy pipeline in the large regional cities.
Demand:	Occupier demand stable, majority of interest from large retail chains.

PRIME RETAIL RENTS – DECEMBER 2013

HIGH STREET SHOPS	€ SQM/MTH	€ SQM/YR	USD SQFT/YR	GROWTH % 1YR	GROWTH % 5YR CAGR
Warsaw	83.0	996	127.5	0.0	-0.5
Krakow	78.0	936	119.8	0.0	0.0
Katowice	56.0	672	86.0	0.0	-3.2
Poznan	55.0	660	84.5	0.0	-2.0
Lodz	26.0	312	39.9	0.0	-5.2
Wroclaw	41.0	492	63.0	0.0	-5.7

PRIME RETAIL YIELDS – DECEMBER 2013

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT QUARTER	LAST QUARTER	LAST YEAR	HIGH	10 YEAR LOW
Warsaw	8.00	8.00	8.00	12.50	7.25
Krakow	8.25	8.25	8.25	13.00	7.75
Katowice	8.25	8.25	8.25	14.00	8.00
Poznan	8.25	8.25	8.25	13.00	8.00
Lodz	8.25	8.25	8.25	14.00	8.00
Wroclaw	8.25	8.25	8.25	14.00	8.00
STAND ALONE RETAIL WAREHOUSING UNITS (FIGURES ARE GROSS, %)	CURRENT QUARTER	LAST QUARTER	LAST YEAR	HIGH	10 YEAR LOW
Poland	8.00	8.00	8.00	13.00	6.25
SHOPPING CENTRES (FIGURES ARE GROSS, %)	CURRENT QUARTER	LAST QUARTER	LAST YEAR	HIGH	10 YEAR LOW
Poland	5.75	5.75	6.00	8.25	5.50

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RECENT PERFORMANCE

Source: Cushman & Wakefield

MARKETBEAT
ECONOMIC SNAPSHOT

CZECH REPUBLIC
A Cushman & Wakefield Research Publication

CUSHMAN & WAKEFIELD

Q4 2013

FRAGILE RECOVERY

Czech economic recovery is still fragile, as revealed by another contraction in Q3 following a rebound in Q2. Net exports were a drag due to imports growth outstripping exports. Government expenditure turned positive while the other elements of domestic demand lagged behind, with both consumption and fixed investment expected to contract in 2013 as a whole. Prospects are brightening as indicated by sharp increases in export orders and PMI at a 2.5-year high in November.

BETTER PROSPECTS FOR CONSUMERS

Consumer spending was lacklustre in 2013 as employment growth stalled and austerity continued. With less gloom over employment prospects and the ongoing easing of fiscal policy, consumers are likely to increase spending in 2014. Inflation is likely to put some breaks on this recovery as it should rise following the central bank's November foreign exchange intervention. Unemployment is also expected to remain a constraint as it is likely to fall only very gradually from the current historically high level. Nevertheless, sharp improvements in consumer confidence pushed retail sales up by as much as 7.8% y/y in November after modest growth beforehand. A rise in car sales is a particularly strong sign of strengthening confidence.

INVESTMENT SET TO IMPROVE

After being a drag on growth in 2013, fixed investment is now expected to pick up thanks to rising demand from abroad, which should pull the export-orientated Czech economy out of recession. Confidence has already recovered significantly and should be further boosted by the central bank's November foreign exchange intervention, which will additionally boost exports through weakening the koruna.

OUTLOOK

After a disappointing 2013, growth is expected to pick up strongly this year thanks to a less restrictive fiscal policy and rising demand for Czech exports. The recent foreign exchange intervention by the central bank is expected to give an additional boost to exports which are traditionally the main driver of growth. Strengthening consumer confidence bodes well for the retail sector, although spending will be limited by impending rises in inflation and high unemployment, which at 7.3% is still significantly above the pre-crisis level of around 5%. Slower than expected growth in the euro zone is the main risk to growth in this export-orientated economy.

MARKET OUTLOOK

GDP:	A marked pick-up expected this year.
Inflation:	To increase throughout 2013 due to the central bank's foreign exchange intervention.
Interest rate:	On hold.
Employment:	Some improvement expected.

ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2011	2012	2013F	2014F	2015F
GDP growth	1.8	-0.9	-1.4	1.9	2.6
Consumer spending	0.5	-2.1	-0.4	0.9	1.7
Industrial production	5.9	-0.9	0.2	4.3	4.7
Investment	0.4	-4.3	-5.1	1.2	3.3
Unemployment rate (%)	6.7	6.8	7.7	7.7	7.4
Inflation	1.9	3.3	1.4	1.3	2.2
Koruna/€ (average)	24.59	25.14	25.99	27.04	26.27
Koruna/US$ (average)	17.70	19.58	19.57	20.77	21.05
Interest rates: 3-month (%)	1.2	1.0	0.5	0.6	0.9
Interest rates: 10-year (%)	3.7	2.8	2.1	2.6	2.9

NOTE: *annual % growth rate unless otherwise indicated. F=estimate / forecast
Source: Oxford Economics Ltd. and Consensus Economics Inc.

ECONOMIC & POLITICAL BREAKDOWN

Population	10.5 million (2013)
GDP	US$ 196.8 billion (2013)
Public sector balance	-2.9% of GDP (2013)
Public sector debt	46.5% of GDP (2013Q2)
Current account balance	-1.8% of GDP (2013)
Parliament	Government to be formed by the centre-left CSSD
President	Milos Zeman
Prime Minister	Bohuslav Sobotka
Election dates	Oct 2014 (Senate), 2017 (Chamber of Deputies), 2018 (Presidential)

ECONOMIC ACTIVITY

Source: Cushman & Wakefield

MARKETBEAT
RETAIL SNAPSHOT

CZECH REPUBLIC
A Cushman & Wakefield Research Publication

CUSHMAN & WAKEFIELD

Q4 2013

OVERVIEW

Retail sales received a significant boost in November as they surged by 6.1% on the same period in 2012. The positive performance was broad based, with all retail categories recording growth. However, non-food sales were particularly encouraging, with growth in constant prices of 6.3% year-on-year, in contrast to the 1.1% rise for food, beverages and tobacco. A similar pattern was also evident over the course of the year, with retail sales in the January to November period rising by 1.1% for non-foods, but declining by 1.2% for food, beverages and tobacco products.

OCCUPIER FOCUS

On the supply side, the retail market was generally stable, with limited new shopping centre space delivered in and outside of the capital. When comparing 2013 to the preceding year, it was relatively positive, but with 2014 expected to improve slightly as sentiment has improved and is now largely optimistic. Several new brands are expected to enter the high street market. Indeed, prime locations remain very attractive, while secondary and developing pitches are also slowly recovering. Nevertheless, prime rents were largely unchanged over the fourth quarter, but they did rise on an annual basis across all sub-sectors.

INVESTMENT FOCUS

Investment market activity was largely subdued in the fourth quarter, with a number of transactions in the pipeline moving into 2014. Total trading volumes for 2013 are estimated have reached similar levels to 2012; nevertheless, activity is expected to improve in Q1 2014 as some of the delayed deals are eventually finalised. Prime yields for high streets and shopping centres in Q4 hardened by 25 basis points quarter-on-quarter and by 50 basis points year-on-year.

OUTLOOK

Looking ahead, business and consumer sentiment is slowly recovering and this bodes well for the sector. Prime locations remain sought-after, but conditions elsewhere are also slowly improving. Due to ongoing local development activity, several cities – Teplice and Olomouc among others– may have to contend with an oversupply of retail space. Following two years of contraction, the economy is expected to expand moderately this year according to Consensus Forecasts, and this should strengthen occupier and investors confidence. Nevertheless, while occupier demand will generally remain stable, the investment market in 2014 is likely to see higher liquidity compared with last year.

MARKET OUTLOOK

Prime Rents:	Prime rents to remain largely unchanged, but with potential rises in selected locations.
Prime Yields:	Yields to remain stable across all segments.
Supply:	Low development pipeline and limited supply.
Demand:	Strong demand for prime space.; weaker elsewhere, albeit stabilising.

PRIME RETAIL RENTS – DECEMBER 2013

HIGH STREET SHOPS	€ SQM/MTH	€ SQM/YR	US$ SQ.FT/YR	GROWTH % YR	GROWTH % 5YR CAGR
Prague (Wenceslas Square / Na Příkopě)	185	2,220	284	5.7	0.5
Brno (Svobody Sq.)	70	840	108	0.0	-1.4
RETAIL PARKS	€ SQM/MTH	€ SQM/YR	US$ SQ.FT/YR	GROWTH % YR	GROWTH % 5YR CAGR
Prague	10.00	120	15.4	0.0	-1.4
Brno	8.25	99	12.7	0.0	-1.4

PRIME RETAIL YIELDS – DECEMBER 2013

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT QUARTER	LAST QUARTER	LAST YEAR	10 YEAR HIGH	10 YEAR LOW
Prague (Wenceslas Square / Na Příkopě)	5.50	5.75	6.00	8.00	5.00
Brno (Svobody Sq.)	8.00	8.00	8.00	10.00	6.50
RETAIL PARKS (FIGURES ARE GROSS, %)	CURRENT QUARTER	LAST QUARTER	LAST YEAR	10 YEAR HIGH	10 YEAR LOW
Prague	8.00	8.00	8.00	9.75	6.15
Brno	8.25	8.75	8.75	11.50	6.40
SHOPPING CENTRES (FIGURES ARE GROSS, %)	CURRENT QUARTER	LAST QUARTER	LAST YEAR	10 YEAR HIGH	10 YEAR LOW
Czech Republic	5.50	5.75	6.00	8.00	5.00

With respect to the yield data provided, in light of the lack of recent comparable market evidence in many areas of Europe and the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

RECENT PERFORMANCE

Source: Cushman & Wakefield

MARKETBEAT
RETAIL SNAPSHOT

BULGARIA
A Cushman & Wakefield Research Publication

CUSHMAN & WAKEFIELD

Q4 2013

OVERVIEW
International retailers are making headway in the fashion and sport segment across the largest Bulgarian cities. Nevertheless, this was not enough to ease the pressure on rents as new supply came on the market in a relatively short period, especially in the capital.

OCCUPIER FOCUS
The most active retail segments over the quarter were the international value fashion and sports brands, with H&M, Decathlon and Sport Vision aiming to build a presence. Retailers continue to favour dominant shopping centres in the respective markets and locations which would strengthen their client base. H&M opened their first high street store in Vitosha Boulevard in Sofia, contributing to the revival of the main pedestrian area in the city centre, which benefits from recently improved public spaces, metro and better food and beverages provision. Faced with increased competition, the focus of established retailers has shifted from revenue growth to profitability, which in most cases translated into network optimisation and store relocations. Despite a strong pipeline, developers remain active as they compete to attract international brands. An extension to Burgas Plaza shopping centre with a strip mall component was announced in the third quarter, while the restart of a project in the centre of the coastal city, previously on hold, was also revealed. Construction work was underway on 139,500 sq.m in Sofia and Pleven at the end of the year, with no change from the previous three months.

INVESTMENT FOCUS
Development in Sofia has added some uncertainty to rental levels and performance of existing schemes, which is partly why investors are expected to remain in the sidelines in the coming quarters. However, less saturated locations and markets in the larger cities will still attract interest. Dominant shopping centre should emerge as the preferred choice once international investors return to Bulgaria. In the meantime, distressed opportunities are expected to come to the market as banks offload non-performing loans.

OUTLOOK
The relatively healthy demand for high street locations in the capital has aided rental levels which are stable, in contrast to shopping centre values which are under downward pressure. However, schemes which dominate their respective markets should benefit from higher turnovers in the medium run as consumption slowly improves.

MARKET OUTLOOK

Prime Rents:	Either static or falling in selected locations.
Prime Yields:	Yield stabilisation.
Supply:	Healthy pipeline with new projects announced.
Demand:	Focused on prime locations.

PRIME RETAIL RENTS – DECEMBER 2013

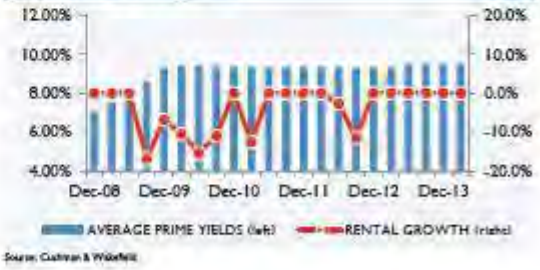
HIGH STREET SHOPS	€ SQM/YR	$ SQM/YR	US$ SQ FT/YR	GROWTH % QTR	GROWTH % YEAR
Sofia (Vitosha Boulevard)	40.0	480	61.4	0.0	-16.7

PRIME RETAIL YIELDS – DECEMBER 2013

HIGH STREET SHOPS (FIGURES ARE NET, %)	CURRENT QUARTER	LAST QUARTER	LAST YEAR	HIGH	10 YEAR LOW
Sofia (Vitosha Boulevard)	9.25	9.25	9.00	13.00	6.00
SHOPPING CENTRES (FIGURES ARE NET, %)	**CURRENT QUARTER**	**LAST QUARTER**	**LAST YEAR**	**HIGH**	**8 YEAR LOW**
Bulgaria	9.25	9.25	9.00	10.50	7.50

With respect to the yield data provided, in light of the lack of recent comparable market evidence in many areas of Europe and the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime retail yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

RECENT PERFORMANCE



Source: Cushman & Wakefield

MARKETBEAT
ECONOMIC SNAPSHOT

CUSHMAN & WAKEFIELD.

BULGARIA
A Cushman & Wakefield Research Publication

Q4 2013

MODEST PICK-UP

The economy accelerated in Q3, with 0.5% q/q growth after a broadly flat H1. Exports were the main driver of growth (3.5%), with government spending also positive (1.2%). The rest of domestic demand remained muted, with consumer spending contracting and investment growing only very marginally, albeit an improvement in both elements of the economy is still anticipated this year.

STRONGER CONSUMER

Despite contracting in Q3, the consumer sector is still expected to recover this year given favourable conditions, as indicated by strong retail sales (above 6% y/y between September and November). Wage increases on the back of falling unemployment continued to comfortably outstrip inflation, which had fallen to negative values thanks to lower energy and food prices. Indeed, consumer price index was negative between August and December. Households' purchasing power will be additionally boosted by an increase in the minimum wage at the start of this year as well as the fiscal stimulus included in the 2014 budget. Finally, rising confidence in the banking sector will encourage more lending to households. As a result, private consumption is expected to accelerate this year after a muted 2013.

MORE INVESTMENT

The government plans targeted fiscal stimulus programmes for this year aimed at education and healthcare, thus continuing its expansionary policy initiated in 2013. The budget deficit is still expected to be narrowed, however, as GDP growth accelerates. With regards to the private sector, solid export growth on the back of recovering demand from the euro zone will induce firms to increase investment. FDI rebounded significantly last year, thus also contributing to total fixed investment performance.

OUTLOOK

The export sector is expected to drive growth in the Bulgarian economy in 2014 on the back of the strong demand from the main euro zone economies such as Germany, Italy and France. Indeed, export volumes already exceeded the pre-crisis peak in Q3 and are expected to increase by around 7% in 2014. Foreign trade will have a positive knock-on effect on the domestic economy, encouraging firms to expand investment and hiring. The consumer sector will be additionally supported by the ongoing growth of wages and ultra low inflation, which is expected to return to positive territory but remain below income growth from mid-2014.

MARKET OUTLOOK

GDP:	A pick-up in 2014.
Inflation:	Deflationary pressures expected to fade in mid-2014.
Interest rate:	Stable.
Employment:	Further improvements expected.

ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2011	2012	2013	2014F	2015F
GDP growth	2.0	0.8	0.6	1.6	2.5
Consumer spending	1.7	2.5	-0.3	1.5	2.3
Industrial production	5.8	-0.2	-0.1	2.3	3.3
Investment	-5.0	0.9	2.4	2.9	4.7
Unemployment rate (%)	9.6	11.1	11.3	10.9	10.0
Inflation	4.2	3.0	0.9	1.4	2.3
Lev/€ (average)	1.96	1.96	1.96	1.96	1.96
Lev/US$ (average)	1.41	1.52	1.47	1.50	1.57
Interest rates 3-month (%)	2.9	1.6	0.8	0.7	0.7
Interest rates 10-year (%)	5.4	4.5	3.5	3.6	3.8

NOTES *annual % growth rate unless otherwise indicated. F indicates F forecast
Source: Oxford Economics Ltd. and Cornerstone Economics Inc.

ECONOMIC & POLITICAL BREAKDOWN

Population	7.3 million (2013)
GDP	US$ 54.0 billion (2013)
Public sector balance	-1.9% of GDP (2013)
Government debt	18.0% of GDP (2013Q2)
Current account balance	2.7% of GDP (2013)
Parliament	A minority coalition of the BSP and the MRF with the tacit support of Ataka
President	Rosen Plevneliev
Prime Minister	Plamen Oresharski
Election dates	October 2016 (Presidential) May 2017 (Parliamentary)

ECONOMIC ACTIVITY

Source: Cushman & Wakefield

MARKETBEAT
RETAIL SNAPSHOT

GREECE
A Cushman & Wakefield Research Publication

CUSHMAN & WAKEFIELD

Q4 2013

OVERVIEW

According to Greece's statistics agency, retail sales in October fell by 0.9% in constant prices year-on-year. Although growth was negative, it was the slowest decline for a single month since the downward retail sales trend began in Q1 2010. Indeed, the latest figures suggest good growth in automotive fuel (7.2%) and strong sales of clothing and footwear (16.9%). Conversely, however, supermarkets and department stores recorded falls of 3.6% and 5.8% respectively.

OCCUPIER FOCUS

International and a select number of national operators are taking advantage of subdued market conditions to acquire prime space with favourable terms, particularly in the prime streets of Athens and other key cities. The majority of occupiers are focusing on renegotiating their leases, but with landlord also keen to keep rental levels above a certain threshold. Tenant demand is being driven by cafes and food retailers, as well as a handful of national and international brands. As a result of changes in the Banking sector – where a number of mergers and acquisitions have taken place – the availability of space continues to increase, especially in secondary locations

INVESTMENT FOCUS

Banks and financial lending institutions maintain a close control on capital and are expected to do so until there are clear improvements in the economic environment. This has had obvious consequences on the low levels of investment transactions recorded in Greece. Nevertheless, Q4 2013 did record €50 million worth of retail assets traded, with the acquisition of four retail warehouse units by Eurobank Properties from Praktiker.

OUTLOOK

Looking ahead, there is continuous pressure from the so-called "Troika" (European Central Bank, International Monetary Fund and European Commission) towards the full liberalisation and free negotiation of lease term agreements regarding contract length. Economic activity is expected to contract again in 2014, but with the pace of the decline slower than in preceding years. The market, whilst challenging for some, can be an opportunity for others, with favourable terms and pricing for occupiers and investors alike.

MARKET OUTLOOK

Prime Rents:	Prime rents have now stabilised.
Prime Yields:	Limited activity and static yields.
Supply:	Secondary supply on the rise.
Demand:	Although demand has steadied, it remains largely opportunistic.

PRIME RETAIL RENTS – DECEMBER 2013

HIGH STREET SHOPS	€ SQM/MTH	€ SQM/YR	US$ SQFT/YR	GROWTH % Y/Y	GROWTH % 5YR CAGR
Athens (Kolonaki-Tsakalof)	90	1,080	138	-5.3	-16.4
Athens (Ermou)	165	1,980	253	-2.9	-11.3
Athens (Glyfada-Metaxa)	100	1,200	154	0.0	-12.9
Athens (Kifisia-Kolokotroni)	95	1,140	146	-9.5	-12.0
Athens (Piraeus-Sotiros)	50	600	77	-9.1	-16.1
Thessaloniki (Tsimiski)	105	1,260	161	0.0	-8.1

PRIME RETAIL YIELDS – DECEMBER 2013

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT QUARTER	LAST QUARTER	LAST YEAR	10 YEAR HIGH	10 YEAR LOW
Athens (Kolonaki-Tsakalof)	8.20	8.20	8.50	8.50	5.50
Athens (Ermou)	7.80	7.80	8.10	8.10	5.00
Athens (Glyfada-Metaxa)*	8.20	8.20	8.60	8.60	5.50
Athens (Kifisia-Kolokotroni)*	8.20	8.20	8.60	8.60	5.50
Athens (Piraeus-Sotiros)*	8.20	8.20	8.60	8.60	6.00
Thessaloniki (Tsimiski)	8.20	8.20	8.60	8.60	5.75
SHOPPING CENTRES (FIGURES ARE GROSS, %)	CURRENT QUARTER	LAST QUARTER	LAST YEAR	10 YEAR HIGH	10 YEAR LOW
Greece	8.80	8.80	8.50	9.00	6.00

NOTE * 8 year record

With respect to the yield data provided, in light of the lack of recent comparable market evidence in many areas of Europe and the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime retail yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

RECENT PERFORMANCE

Source: Cushman & Wakefield

MARKETBEAT
ECONOMIC SNAPSHOT

GREECE
A Cushman & Wakefield Research Publication

Q4 2013

DECLINE EASES

Recessionary pressures in Greece continued to ease in 2013H2 and the economy is now expected to shrink marginally this year before returning to positive growth in 2015. Manufacturing output is now close to stabilising, with PMI for the sector close to the 50 expansion-contraction mark in November and December (49.2 and 49.6 respectively). Net exports were the only driver of growth last year.

EXPORT GROWTH SPREADS

As the export sector continues to pull the economy out of recession, domestic firms are beginning to expand their investment in order in response to rising export orders. Domestic demand overall is unlikely to gain much momentum until 2015, however.

PERSISTENT WEAKNESS OF THE CONSUMER SECTOR

Private consumption is expected to be the last part of the economy to recover, with a modest fall expected this year and marginal growth anticipated for 2015. Given the consumer sector's significant contribution to GDP, its decline will in large part offset the gain from robust net exports. High unemployment (27.8% in October), a large output gap and austerity will continue to weigh on wages. Meanwhile, ultra low inflation (-2.9% in November and -1.7% in December) will provide some relief to households' budgets and is expected to persist throughout 2014, before returning to positive territory in 2015. By that time the labour market is expected to start improving.

OUTLOOK

After another, albeit marginal, decline this year, the Greek economy is expected to enter a recovery phase in 2015. Improving external demand and rising competitiveness will continue to boost exports, which will gradually spread to the domestic economy and will lift investment. Fiscal and external imbalances have been reduced but remain at unsustainably high levels and so the deleveraging effort is expected to continue, supported by gradual improvements in economic performance but constrained somehow by ongoing deflationary pressures, which will inflate the debt and deficit to GDP ratios. Deflation will favour consumers, who will however remain the weakest element of the economy this year due to the depressed labour market and low confidence. Although unemployment is starting to level out, abundant spare capacity will keep wage growth in check. Slower than expected growth in the euro zone and a delay in implementing structural reforms due to political reasons are the main risks to the forecast.

MARKET OUTLOOK

GDP:	A modest contraction in 2014 and a recovery from 2015.
Inflation:	Deflation expected until the end of 2014.
Interest rate:	On hold.
Employment:	No significant improvements this year, a pick-up in 2015.

ECONOMIC SUMMARY

ECONOMIC INDICATORS	2011	2012	2013F	2014F	2015F
GDP growth	-7.2	-6.4	-3.5	-0.3	1.5
Consumer spending	-7.7	-9.1	-6.5	-1.0	0.9
Industrial production	-7.8	-3.4	-3.8	0.7	1.9
Investment	-19.6	-19.4	-11.7	0.6	6.2
Unemployment rate (%)	17.7	24.3	27.4	28.0	27.6
Inflation	3.3	1.5	-1.0	-0.8	0.1
US$/€ (average)	1.39	1.28	1.33	1.30	1.25
US$/€ (end-period)	1.29	1.32	1.38	1.27	1.23
Interest rates: 3-month (%)	1.4	0.6	0.2	0.3	0.3
Interest rates 10-year (%)	19.0	24.3	10.2	7.7	7.5

NOTE: Annual % growth rate unless otherwise indicated. F=Cushman & Wakefield Forecast
Source: Oxford Economics Ltd. and Consensus Economics Inc.

ECONOMIC & POLITICAL BREAKDOWN

Population	11.1 million (2013)
GDP	US$ 242.7 billion (2013)
Public sector balance	-5.0% of GDP (2013)
Public sector debt	169.1% of GDP (2013Q2)
Current account balance	-0.1% of GDP (2013)
Parliament	New Democracy and PASOK
President	Karolos Papoulias
Prime Minister	Antonis Samaris
Election dates	2015 (Presidential) 2016 (Parliamentary)

ECONOMIC ACTIVITY

Source: Cushman & Wakefield

MARKETBEAT
ECONOMIC SNAPSHOT

CUSHMAN & WAKEFIELD

ROMANIA
A Cushman & Wakefield Research Publication

Q4 2013

STRONG REBOUND

The Romanian economy continued to surprise on the upside, with 1.6% q/q expansion in Q3 following 0.8% in Q2. Exports remained the main driver of growth (up by 19.1% y/y) while a strong harvest provided additional support. Growth is expected to become increasingly broad-based as domestic demand benefits from the strong export sector.

IMPROVING PROSPECTS FOR CONSUMPTION

The consumer sector is recovering gradually, with moderate growth of 0.6% y/y recorded in Q3. Inflation has fallen sharply thanks to a good harvest, a VAT cut on bread and favourable base effects and is now expected to stay within the target of 1.5-3.5% throughout 2014. Lower prices combined with the improving labour market and income growth are expected to result in a more significant rise in household disposable incomes in due course. Falling inflation triggered additional interest rate cuts at the end of 2013, which should continue to bring the cost of credit down. Moreover, further expansion in public spending is likely to support the consumer further given the government's attempts to improve its use of the EU funds.

WORST OVER FOR INVESTMENT

After a subdued 2013, investment is expected to expand thanks to a rise in export orders. External demand should continue to strengthen, while falling cost of credit on the back of the 125bp cumulative interest rate cut since June will give businesses an incentive to borrow in order to expand capacity. Banks' reluctance to lend due to their ongoing deleveraging should be offset by policy support in a form of lower capital ratio requirements. An impending increase in publically-funded projects is anticipated to give an additional boost to business activity.

OUTLOOK

The economy is estimated to have grown by a robust 2.6% in 2013. This year should see a slight slowdown as export, which have provided the main impetus to the economy so far, will grow more slowly than imports on the back of the improving domestic demand. Indeed, growth is expected to become more broad-based, with the consumer responding to falling inflation and improving credit conditions and businesses expanding spending due to rising export orders. Slower than expected recovery in the euro zone and political tensions at home resulting from strained relations between the prime minister and the president are the main risks to growth. The current impasse between Mr Ponta and Mr Basescu caused by the new tax on fuel required as part of the bailout agreement led to the freezing of the IMF funds. The bailout programme is expected to resume early this year.

MARKET OUTLOOK

GDP:	Solid, albeit slower than in 2013, growth this year.
Inflation:	To rise gradually from the current ultra low level.
Interest rate:	Further monetary easing should not be ruled out given low inflation.
Employment:	Improving.

ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2011	2012	2013 F	2014 F	2015 F
GDP growth	2.2	0.4	2.6	2.5	3.1
Consumer spending	1.2	1.0	0.7	2.3	3.1
Industrial production	7.6	2.8	6.4	4.4	4.7
Investment	6.5	5.4	-2.6	4.0	5.3
Unemployment rate (%)	5.2	5.0	5.0	4.5	4.2
Inflation	5.8	3.3	4.0	2.4	3.1
RON/€ (average)	4.24	4.45	4.42	4.55	4.67
RON/US$ (average)	3.05	3.47	3.33	3.50	3.74
Interest rates 3-month (%)	5.8	5.3	4.2	3.6	4.4
Interest rates 10-year (%)	7.2	6.5	5.2	5.3	5.5

NOTE: *annual % growth rate unless otherwise indicated. F estimate/ Forecast
Source: Oxford Economics Ltd. and Consensus Economics Inc.

ECONOMIC & POLITICAL BREAKDOWN

Population	20.0 million (2013)
GDP	US$188.3 billion (2013)
Public sector balance	-2.6% of GDP (2013)
Public sector debt	38.6% of GDP (2013Q2)
Current account balance	-1.0% of GDP (2013)
Parliament	The Social Liberal Union government
President	Traian Basescu
Prime Minister	Victor Ponta
Election dates	Late 2014 (Presidential) December 2016 (Parliamentary)

ECONOMIC ACTIVITY

Source: Cushman & Wakefield

MARKETBEAT
RETAIL SNAPSHOT

ROMANIA
A Cushman & Wakefield Research Publication

CUSHMAN & WAKEFIELD

Q4 2013

OVERVIEW

There were no significant developments in the retail market in terms of turnover, with the much needed improvements yet to materialise. Retail sales witnessed a marginal decrease of 0.1% in the first 11 months of the year. Although non-foods over this period recorded a rise of 3.2%, food and augmentative fuel sales declined 0.6% and 4.0% respectively, offsetting the positive non-food performance.

OCCUPIER FOCUS

Expansions by international food chains continued in the fourth quarter and this trend is expected to be maintained over the course of 2014. The most notable openings recorded last year included expansions by Mega Image and Profi which opened 104 and 64 units respectively. However, other similar retailers also expanded, albeit at a more modest pace, with Lidl, Penny marke, Billa and Kaufland adding stores to their portfolio. In the fashion segment, Zara and H&M continued to enlarge their presence, although their expansion strategy will be somewhat restricted by the limited number of new schemes being opened this year. Two shopping centres were completed in the fourth quarter of 2013, namely: AFI Palace (29,000 sq.m of GLA) in Ploiesti and Galati Shopping City (27,000 sq.m) in Galati. Both are significant additions to the retail market as they are located inside the city and anchored by international brands. New shopping centre stock opened in 2013 totalled 139,000 sq.m of GLA, representing the lowest figure in eight years. There are a total of 144,000 sq.m of shopping centre GLA under construction, but only 4,170 sq.m are expected to be delivered in 2014.

INVESTMENT FOCUS

Activity in the investment market was brisk in Q4, with total trading volumes of €104.5 million, the highest figure since 2008. There were four deals finalised in the last three months of the year. These included two properties acquired by NEPI, City Park Constanta for €81 million and the 50% share of the Vulcan Retail Park project, and two high street units in the historical city centre of Bucharest which were purchased by Koton and a private Dutch investor. A total of €215.8 million worth of retail assets were traded in 2013, the highest annual figure since 2008 and an increase of 128% compared with 2012 trading volumes.

OUTLOOK

Consumer spending is expected to pick up this year, whilst inflation is likely to fall closer to the Central bank target. In the occupier market, Lipscani Street in the pedestrian heart of Bucharest is gaining momentum as a viable retail location and will attract further interest from a raft of retailers.

MARKET OUTLOOK

Prime Rents:	Stable in the short term.
Prime Yields:	Potentially hardening over the course of the year.
Supply:	Subdued development pipeline.
Demand:	Demand to remain steady, with retailers adopting a 'wait and see' approach.

PRIME RETAIL RENTS – DECEMBER 2013

HIGH STREET SHOPS	€ SQ.M/MTH	£ SQ.M/YR	US$ SQ.FT/YR	GROWTH % YR	GROWTH % 5YR CAGR
Bucharest (Magheru Boulevard)	50.0	600	76.8	-9.1	-17.4
Bucharest (Calea Victoriei)	45.0	540	69.1	0.0	-19.1
Brasov	40.0	480	61.4	0.0	-6.2
Timisoara	35.0	420	53.8	0.0	-4.9
Constanta	20.0	240	30.7	0.0	-18.3
Cluj Napoca*	37.0	444	56.8	0.0	-13.2

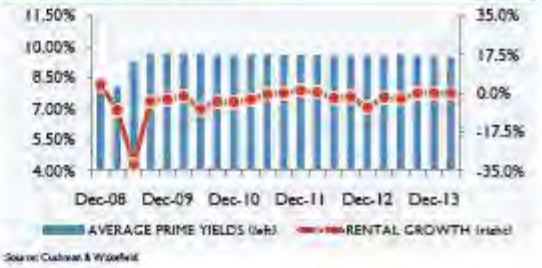
PRIME RETAIL YIELDS – DECEMBER 2013

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT QUARTER	LAST QUARTER	LAST YEAR	10 YEAR HIGH	10 YEAR LOW
Bucharest (Magheru Boulevard)	9.25	9.25	9.25	14.00	7.50
Bucharest (Calea Victoriei)	9.25	9.25	9.25	14.00	7.50
Brasov	9.50	9.50	9.75	14.00	8.00
Timisoara	9.75	9.75	10.00	14.00	8.00
Constanta	10.00	10.00	10.00	14.00	8.00
Cluj Napoca*	9.50	9.50	10.00	12.00	8.00
SHOPPING CENTRES (FIGURES ARE GROSS, %)	CURRENT QUARTER	LAST QUARTER	LAST YEAR	5 YEAR HIGH	5 YEAR LOW
Bucharest	8.50	8.50	8.50	9.00	6.25

NOTE: * 5 year record

With respect to the yield data provided, in light of the lack of recent comparable market evidence in many areas of Europe and the changing nature of the market and the issues implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

RECENT PERFORMANCE



Source: Cushman & Wakefield

Appendix 2 Terms & Conditions

1. PRELIMINARY

1.1 These general terms and conditions (the "Terms and Conditions") shall apply to all forms of professional services, other than agency services (to which separate terms will apply), provided by Cushman & Wakefield LLP, a limited liability partnership under the Limited Liability Partnerships Act 2000 with registered number OC328588 and having its registered office at 43-45 Portman Square, London, W1A 3BG ("we", "us" or "the Firm") to the client to whom the instruction confirmation letter is sent ("you"). They shall apply separately to each service provided to you.

1.2 The Terms and Conditions are to be read in conjunction with the instruction confirmation letter (the "Letter") sent by us to you. In the event of any ambiguity or conflict between the Letter and these Terms and Conditions, the provisions in the Letter shall prevail. These Terms and Conditions and the Letter may only be varied in writing by agreement between the parties.

2. PERFORMANCE OF THE SERVICES

2.1 We undertake to use all reasonable skill and care in providing the services and advice described in the instruction given by you (the "Services"). We will inform you if it becomes apparent that the Services need to be varied or external third party advice is required. Any variation is to be confirmed in writing.

2.2 We may need to appoint third party providers to perform all or part of the Services and we shall agree this with you in advance.

2.3 Where matters beyond the control of ourselves cause delay to the performance of the services we will notify the client as soon as we become aware of the situation. The client agrees that we will not be held responsible for such delay.

3. BASIS OF FEES

3.1 The basis of our fees for our Services is set out in the Letter.

3.2 When applicable, VAT shall be payable by you in addition to any fees or disbursements invoiced at the applicable rate.

3.3 You shall pay our fees on completion of our Services (whether or not additional work is still to be carried out by third parties) or, where the fees are in relation to an ongoing instruction or an instruction of a duration of more than three months, at least quarterly in arrears upon submission by us of quarterly fee accounts. Payment is due within 30 days of the invoice date.

3.4 Where valuations are undertaken for a lender for loan security purposes and it is agreed that a borrower will pay our fee, you shall remain primarily liable to pay our fee should such borrower fail to meet its liabilities to us in full. Payment of our fees is not conditional upon the loan being drawn down or any of the conditions of the loan being met.

3.5 If you do not dispute with us an invoice or any part thereof within 30 days of the date of such invoice, you shall be deemed to have accepted the invoice in its entirety.

3.6 If we are required by you to undertake additional work in relation to an instruction, you shall pay additional fees based upon our usual rates. We will notify you of the amount of such additional fees.

3.7 Where there is a change to the stated purpose for which our valuation is being commissioned and in our sole opinion we deem this to result in an increase in our liability (for example a valuation for annual accounts being used for loan security purposes), we reserve the right to charge an additional fee.

3.8 In the event that you withdraw our instructions prior to completion of a valuation, you shall be liable to pay us for a fair and reasonable proportion of our fees and any agreed disbursements. If we have sent you a draft valuation report, such fees shall be subject to a minimum of 80% of the fee originally agreed between us.

3.9 We will advise you in advance if it is necessary or convenient to instruct a third party to provide advice or to act as an expert or arbitrator and provide an estimate of the likely cost. If you approve, either verbally or in writing, that the third party be instructed, we will instruct the party as agent on your behalf and request that all the third party's invoices be addressed to you care of us. If we are requested by you to advance payment of the third party invoices, you shall be obliged to reimburse the advance payment made and pay a handling charge.

Associated/Related Entities of the Client

3.10 Where we are instructed to provide Services to one of your subsidiaries or associate/related entities or should you subsequently request that another entity be substituted for you at a later stage and we are unable to seek or obtain payment of any outstanding monies for whatever reason, you shall remain primarily liable to pay those outstanding monies if the subsidiary, associate/related or other entity does not meet its liabilities in relation to the Services.

4. INTEREST

4.1 You shall pay interest on the amount of any invoice for fees or other disbursements that remain unpaid for 30 days after the date of the invoice. Interest shall be payable at the statutory rate in accordance with the Late Payment of Commercial Debts (Interest) Act 1998, from the date of the invoice until payment is made whether after or before judgement.

5. DISBURSEMENTS

5.1 You shall reimburse disbursements incurred in the provision of the Services quarterly in arrears from the date they were incurred. These include, for example, maps, plans, research, photography, copying of documents or plans, messenger delivery, costs of obtaining external information on companies, properties, demographic or other similar information, any reproduction, copying or other royalties incurred, additional bound copy reports, costs of external information/references obtained and key cutting, travel and subsistence expenses at their actual cost and car mileage at the standard AA scales.

6. INFORMATION RECEIVED FROM THE CLIENT

6.1 We will take all reasonable steps to ensure property information is accurate where we are responsible for its preparation. Where you provide us with any information on a property that is necessary or convenient to enable us to provide the Services properly, you are aware that we will rely on the accuracy, completeness and consistency of any information supplied by you or on your behalf and, unless specifically instructed otherwise in writing, we will not carry out any investigation to verify such information. We accept no liability for any inaccuracy or omission contained in information disclosed by you or on your behalf, whether prepared directly by you or by a third party, and whether or not supplied directly to us by that third party and you shall indemnify us should any such liability arise. If our valuation is required for the purpose of purchase or loan security, you accept that full investigation of the legal title and any leases is the responsibility of your lawyers.

7. CONFLICTS OF INTEREST

7.1 We have conflict management procedures designed to prevent us acting for one client in a matter where there is or could be a conflict with the interest of another client for whom we are acting. If you are aware or become aware of a possible conflict of this type, please raise it immediately with us. If a conflict of this nature arises, then we will decide, taking account of legal constraints, relevant regulatory body rules and your and the other client's interests and wishes, whether we can continue to act for both parties (e.g. through the use of separate teams with appropriate Chinese Walls), for one only or for neither. Where we do not believe that any potential or actual conflict of interest can be managed appropriately, we will inform you and consult with you as soon as reasonably practicable. Should you have any queries on this, you should contact your client partner.

8. MANAGEMENT OF THE PROPERTY

8.1 We shall not be responsible for the management of the property nor have any other responsibility (such as maintenance or repair) in relation to the property. We shall not be liable for any damage that may occur while the property is unoccupied. The property shall be your sole responsibility. You are aware that while a property is unoccupied, the property is likely to suffer from adverse weather conditions and frost damage may occur to water and heating systems and sanitary appliances. You are strongly recommended to take all necessary actions to protect the property from such risks and to ensure that adequate insurance cover is in force.

9. VALUATION BASES AND ASSUMPTIONS

Date of Valuation

9.1 Unless we have said otherwise within the Letter, the date of valuation will be the date of our report.

Basis of Valuation

9.2 Unless we have said otherwise within the Letter, the valuation will be prepared in accordance with the RICS Valuation Standards, 6th Edition as amended ("The Red Book") by valuers conforming to its requirements, acting as external valuer.

9.3 Each property will be valued on a basis appropriate to the purpose of the valuation, in accordance with the Red Book. The basis of valuation that we will adopt for each property is specified in the Letter. The definitions are as follows:

(i) **Market Value**

PS 3.2 defines Market Value as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

(ii) **Market Rent**

PS 3.3 defines Market Rent as "the estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arms length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion."

(iii) **Existing Use Value**

UK PS 1.3 defines Existing Use Value as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently, and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding

potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost."

9.4 When assessing either Existing Use Value or Market Value for balance sheet purposes, we will not include directly attributable acquisition or disposal costs in our valuation. Where you have asked us to reflect costs (as required under FRS15), they will be stated separately.

Specialised Property

9.5 In the case of Specialised Properties (where valuation methods such as market comparison or an income (profits) test cannot be reliably applied), we may use Depreciated Replacement Cost ("DRC") as a method of estimating Market Value. The valuation using this method of a property in the private sector will include a statement that it is subject to the adequate profitability of the business, paying due regard to the value of the total assets employed. If the property is in the public sector, the valuation will include a statement that it is subject to the prospect and viability of the continued occupation and use. Any writing down of a valuation derived solely from the DRC method to reflect the profitability/viability of the entity in occupation is a matter for the occupier.

Specialised Trading Property

9.6 Where appropriate, specialised trading properties (such as self storage properties, hotels and marinas) will be valued on the basis of Market Value as a fully equipped operational entity, having regard to trading potential.

9.7 Where we are instructed to value an operational property with regard to its trading potential, we will take account of any trading information that either the operator has supplied to us or that we have obtained from our own enquiries. We will rely on this being correct and complete and on there being no undisclosed matters that could affect our valuation. The valuation will be based on our opinion as to future trading potential and the level of turnover and net operating income likely to be achieved by a reasonably efficient operator.

9.8 Unless we have said otherwise within the Letter:

(i) the valuation will be made on the basis that each property will be sold as a whole including all fixtures, fittings, stock and goodwill;
(ii) we will assume that the new owner will normally engage the existing staff and the new management will have the benefit of existing and future bookings or occupational agreements (which may be an important feature of the continuing operation), together with all existing statutory consents, operational permits and licences;
(iii) we will assume that all assets and equipment are fully owned by the operator and are not subject to separate finance leases or charges;
(iv) we will exclude any consumable items and stock in trade; and
(v) we will assume that all goodwill for the properties is tied to the land and buildings and does not represent personal goodwill to the operator.

Valuation Assumptions

9.9 Unless otherwise advised by you in writing, we will provide the Services in relation to any property on the assumption that:-

(i) the property and any existing buildings are free from any defect whatsoever;
(ii) all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual effect on building costs, property values or viability of any development or existing buildings;

(iii) all the building services (such as lifts, electrical, gas, plumbing, heating, drainage and air conditioning installations and security systems) and property services (such as incoming mains, waste, drains, utility supplies, etc) are in good working order without any defect whatsoever;

(iv) roads and sewers serving the property have been adopted and that the property has all necessary rights of access over common estate roads, paths, corridors and stairways and to use common parking areas, loading areas and other facilities;

(v) there are no environmental matters (including but not limited to actual or potential land, air or water contamination, or by asbestos or any other harmful or hazardous substance) that would affect the property, any development or any existing buildings on the property in respect of which the Services are provided or any adjoining property, and that we shall not be responsible for any investigations into the existence of the same and that you are responsible for making such investigations;

(vi) any building, the building services and the property services comply with all applicable current regulations (including fire and health and safety regulations);

(vii) the property and any existing building comply with all planning and building regulations, have the benefit of appropriate planning consents or other statutory authorisation for the current use and no adverse planning conditions or restrictions apply (which includes, but is not limited to, threat of or actual compulsory purchase order);

(viii) appropriate insurance cover is, and will continue to be, available on commercially acceptable terms for any building incorporating types of construction or materials which may pose an increased fire or health and safety risk, or where there may be an increased risk of terrorism, flooding or a rising water table;

(ix) items of plant and machinery that usually comprise part of the property on an assumed sale are included in the property but items of plant and machinery that are associated with the process being carried on in the property or tenants trade fixtures and fittings are excluded from the property; and

(x) in reflecting the development potential of any property, that all structures will be completed using good quality materials and first class workmanship

(xi) any occupational leases are on full repairing and insuring terms, with no unusually onerous provisions or covenants that would affect value

(xii) in respect of any lease renewals or rent reviews, all notices have been served validly within any time limits

(xiii) vacant possession can be given of all accommodation which is unlet or occupied by the borrower or its employees on service tenancies

(xiv) any mineral rights are excluded from the property.

Structure

9.10 We will not carry out a structural survey of any property nor will we test services. Further, no inspection will be made of the woodwork and other parts of the structures which are covered, unexposed or inaccessible. In the absence of information to the contrary, the valuation will be on the basis that the property is free from defect. However, the value will reflect the apparent general state of repair of the property noted during inspection, but we do not give any warranty as to the condition of the structure, foundations, soil and services. Our report should not be taken or interpreted as giving any opinion or warranty as to the structural condition or state of repair of the property, nor should such an opinion be implied.

9.11 If we give the age of a building in our report, this will be an estimate and for guidance only.

Measurements

9.12 Where we are required to measure a property we will generally do so in accordance with Local Measuring Practice. However, you should specifically note that the floor areas contained in any report we may publish are approximate,.

9.13 We will not be able to measure areas that we are unable to access. In these cases we may estimate floor areas from plans or by extrapolation. Where we are required to measure land or site areas, the areas will be approximate and will be measured from plans supplied or from plans. They will not be physically checked on site.

9.14 The areas we report will be appropriate for the valuation purpose, but should not be relied upon for any other purpose.

Planning and Statutory Regulations

9.15 Unless specifically instructed in writing to make formal searches with local planning authorities, we shall rely in the provision of our Services on the information provided informally by the local municipality or its officers. We recommend that your lawyers be instructed to confirm the planning position relating to the property and review our comments on planning in the light of their findings.

9.16 We may consider the possibility of alternative uses being permitted. Unless otherwise notified by you in writing, we shall assume that the property and any existing buildings comply with all planning and building regulations existing uses have the benefit of appropriate planning consent or other statutory authorisation, and that no adverse planning conditions or restrictions apply.

Tenure and Tenancies

9.17 We will not inspect title deeds and we will therefore rely on the information supplied as being correct and complete. In the absence of information to the contrary, we will assume the absence of unusually onerous restrictions, covenants or other encumbrances and that the property has a good and marketable title. Where supplied with legal documentation, we will consider it but we will not take responsibility for the legal interpretation of it. Unless agreed we will not obtain information from The Land Registry.

9.18 You should confirm to us in writing if you require us to read leases and if so, provide all the relevant documentation within a reasonable time for consideration bearing in mind the date for receipt of our report. You should not rely upon our interpretation of the leases without first obtaining the advice of your lawyers.

9.19 We will take into account any information that you provide concerning any tenants' improvements. Otherwise, if the extent of tenants' alterations or improvements cannot be confirmed, we will assume that the property was let with all alterations and improvements evident during our inspection (or, in the case of valuation without inspection, as described within the information that you provide).

Covenant

9.20 Our valuation will take into account potential purchasers' likely opinion of the financial strength of tenants. However, we will not undertake any detailed investigations on the covenant strength of the tenants. Unless informed to the contrary by you, we will assume that there are no significant arrears and that the tenants are able to meet their obligations under their leases or agreements.

Other

9.21 Any plans we provide to you indicating the site of a property are for identification only. We will rely on our inspection and information that you provide in outlining the extent of each property, but you should not rely upon our plans to define boundaries.

9.22 Where comparable evidence information is included in our report, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe its general accuracy or where it was in accordance with expectation. In addition, we have not inspected comparable properties.

9.23 For a recently completed development property, we will not take account of any retentions or outstanding development costs. For a property in the course of development, we will reflect your advice on the stage of construction, the costs already incurred and those still to be spent at the date of valuation, and will have regard to any contractual liabilities.

9.24 We will not make any allowance in our Services for the existence of any mortgage or other financial encumbrance on or over the property nor take account of any leases between subsidiaries.

9.25 Any valuation figures provided will be exclusive of VAT whether or not the building has been elected.

9.26 We will not make any allowance in any valuation advice provided for the expenses of realisation or any taxation liability arising from the sale or development of the property.

9.27 Unless we have said otherwise in the Letter, each property will be valued individually; in the case of a portfolio, we will assume that the properties would be marketed in an orderly way and not placed on the market at the same time.

9.28 We will value in the local currency. If we are to report to you in another currency, unless we have agreed otherwise we will adopt a conversion rate equivalent to the closing rate ("spot rate") on the date of valuation.

9.29 Our valuation does not make allowance either for the cost of transferring sale proceeds to another state, or for any restrictions on doing so.

9.30 In instances where we are instructed to provide an indication of current reinstatement costs for insurance purposes, this will be given solely as a guide without warranty. Formal estimates for insurance purposes can only be given by a building surveyor or other person with sufficient current experience of replacement costs. The property will not be inspected by a building surveyor or qualified building cost estimator and the guide will be based on costs obtained from generic building cost tables. You should not rely on it as the basis for insurance cover.

10. REGULATED PURPOSE VALUATIONS

10.1 In circumstances where a valuation, although provided for a client, may also be of use to third parties, for instance the shareholders in a company (otherwise defined as a "Regulated Purpose Valuation" by the RICS), the RICS requires us to state our policy on the rotation of the surveyor who prepares the valuation and the quality control procedures that are in place.

10.2 Irrespective of the purpose of the valuation, we will select the most appropriate surveyor for the valuation having regard to his/her expertise and the possible perception that independence and objectivity could be compromised where a valuer has held the responsibility for a particular client for a number of years. This may result in us rotating the surveyor responsible for repeat valuations for the same client although we will not do so without prior discussion with the client.

10.3 For all Regulated Purpose Valuations we are required by the RICS to state all of the following in our report:

(i) the length of time the valuer continuously has been the signatory to valuations provided to you for the same purpose as the report, together with the length of time we have continuously been carrying out that valuation instruction for you;
(ii) the extent and duration of the relationship between you and us;
(iii) in relation to our preceding financial year the proportion of the total fees, if any, payable by you to our total fee income expressed as one of the following:

- less than 5%; or
- if more than 5%, an indication of the proportion within a range of 5 percentage points;

(iv) where, since the end of the last financial year, it is anticipated that there will be a material increase in the proportion of the fees payable, or likely to be payable, we shall include a further statement to that effect in addition to (iii) above.

11. TERMINATION BY NOTICE

11.1 Unless a fixed period has been agreed, either party may terminate the instruction by giving 14 days' notice in writing to the other party.

11.2 In the event of termination by notice, you shall be obliged to pay forthwith all the fees accrued in relation to the Services and work performed up to the date of termination (and any agreed abort fee) (the "Termination Fees") plus any expenses or disbursements incurred by us or to which we are committed at the date of termination.

12. PROFESSIONAL LIABILITY

12.1 Subject at all times to the provisions in these Terms and Conditions and the Letter, we shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the Services in respect of:

12.1.1 any direct loss of profit;

12.1.2 any indirect, special or consequential loss whatsoever howsoever caused including without limitation (i) indirect loss of profit; (ii) loss of business; (iii) loss of goodwill; (iv) loss of use of money; (v) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.

12.2 Subject at all times to the provisions in these Terms and Conditions and the Letter, we shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of the Services.

12.3 You acknowledge and agree that the exclusions contained in this clause 12 are reasonable in all the circumstances and that you have had the opportunity to take independent legal advice.

12.4 Where a third party has contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of the liability of such third party.

12.5 Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our Services to you.

12.6 Subject to the provisions in these Terms and Conditions and the Contract, our total aggregate liability (including that of our partners and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the Services shall be limited to an aggregate sum not exceeding twenty times the fee paid for each instruction accepted.

12.7 We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives rise, or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.

12.8 To cover any liability that might be incurred by us, we confirm that we will maintain professional indemnity insurance through the Lloyds and company insurance market, so long as such insurance is available at commercially acceptable rates and terms, with insurers of good standing and repute of not less than £10 million on an each and every claim basis.

12.9 Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the Services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.

12.10 Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However in the event of us being asked by you to readdress our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to the following minimum fees:-

	First Extended Party	Second & Subsequent Extended Parties
For the first €1m of reported value	0.075%	0.025% per party
Thereafter	0.035%	0.015% per party

These fees are exclusive of VAT & expenses (including the cost of readdressing the report) and are subject to a minimum fee of €1,000. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.

Where we consent to reliance on our report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of instruction between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.

12.11 Where you provide a copy of and/or permit another party or parties to rely upon our valuation report without obtaining our express written consent (in accordance with clause 12.10 above), you agree to indemnify us for any and all liability which arises from the use of or reliance upon our report by such unauthorised party.

12.12 Notwithstanding clause 12.10, where a valuation report is prepared or where we consent to a valuation report being used for the purpose of an offering (either directly or indirectly) in any interest in the property or properties that we have valued to a party who has not agreed in writing to be bound by these Terms and Conditions with us, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to at clause 12.6) which arises from their use and/or reliance on the valuation report.

13. QUALITY OF SERVICE

13.1 All our valuation reports are signed by an Equity Partner of the Firm whose responsibility it is to ensure that all relevant quality control procedures have been complied with. In particular, for valuations of properties with an individual value of £20m or over, the valuer is required to present and explain his methodology to another member of the Valuation Advisory Team unconnected with the instruction and who is a Partner of the Firm.

13.2 While we seek to provide high quality Services, if a client has cause for complaint we have a standard complaints procedure, a copy of which is available on request. This is in accordance with requirements of the Royal Institution of Chartered Surveyors.

14. DATA PROTECTION

14.1 We (including any of our international partnerships, group companies and affiliated organisations) are a data controller of all personal data collected during the provision of the agency services. We shall use such personal data and information we obtain from other sources for providing the agency services, for administration and customer services, for marketing and to analyse your preferences. We may keep such personal data for a reasonable period for these purposes. We may need to share personal data with our service providers and agents for these purposes. We may disclose personal data in order to comply with a legal or regulatory obligation and you may request, in writing and upon payment of a fee, a copy of the details held about you by us.

14.2 To help us to make credit decisions about you, to prevent fraud, to check identity and to prevent money laundering, we may search the files of credit reference agencies and we may also disclose details of how you conduct your account to such agencies.

14.3 We may share personal data within our international partnerships, group companies and affiliated organisations and with our business partners for marketing purposes, which may be to countries or jurisdictions which do not provide the same level of data protection as the country in which you are based, or we may send you and your employees information about other organisations' goods and services. We or any business partners may contact you and your employees, directly or via our agents, by mail, telephone, fax, email, SMS or other electronic messaging service with offers of goods and services or information that may be of interest. By providing us with your or your employees' personal data (whether that data is deemed sensitive or not) including fax numbers, telephone numbers or email addresses, you and your employees consent to being contacted by these methods for these purposes.

15. MONEY LAUNDERING REGULATIONS

15.1 We may be required to verify certain particulars of our clients and may need to ask you to assist us in complying with such requirements. Where such information is requested, you will provide such information promptly to enable us to proceed to provide our Services. We shall not be liable to you or any other parties for any delay in the performance or any failure to perform the Services which may be caused by our duty to comply with such requirements.

16. FREEDOM OF INFORMATION

16.1 You shall notify us within five business days of receiving a request pursuant to any statutory notification requesting information which relates to the business arrangements between us and you and/or any information we have provided to you at any time. In recognition of the fact that we may be providing you with genuinely confidential or commercially sensitive information, you agree to consult us and seek our views on all such requests prior to making a decision on whether any information should be publicly disclosed.

17. ELECTRONIC COMMUNICATIONS

17.1 We may communicate with each other by electronic mail, sometimes attaching electronic data. By consenting to this method of communication, we and you accept the inherent risks (including the security risks of interception of, or unauthorised access to, such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices). In the event of a dispute, neither of us will challenge the legal evidential standing of an electronic document and our system shall be deemed to be the definitive record of electronic communications and documentation.

18. CONFIDENTIALITY AND INTELLECTUAL PROPERTY

18.1 We owe our clients a duty of confidentiality. You agree, however, that we may, when required by our insurers or other advisers, provide details to them of any engagement on which we have acted for you, and that we may also disclose confidential information relating to your affairs if required to do so for legal, regulatory or insurance purposes only.

18.2 Both parties agree never to disclose sensitive details of transactions or our advice without the other's consent. Unless we are expressly bound by a duty of confidentiality which otherwise overrides this, both parties shall be entitled to mention to third parties (e.g. in the course of presentations, speeches or pitches) and/or publish (e.g. in brochures, marketing or other written material) that we provide our services to you.

18.3 We shall provide the Services to you only for your sole use and for the stated purpose. We shall not be liable to any third party in respect of our Services. You shall not mention nor refer to our advice, in whole or in part, to any third party orally or in annual accounts or other document, circular or statement without our prior written approval. The giving of an approval shall be at our sole discretion.

18.4 We will not approve any mention of our Services unless it contains sufficient reference to all the special assumptions and/or limitations (if any) to which our Services are subject. For the avoidance of doubt our approval is required whether or not we are referred to by name and whether or not our advice is combined with others.

18.5 We may make the approval of any mention of our Services, or re-address to third parties our Services, subject to the payment of an additional fee to cover additional work and professional liability.

18.6 All intellectual property rights (including copyrights) in the documents, materials, records, data and information in any form developed or provided to you by us or otherwise generated in the provision of our Services shall belong to us solely.

19. THIRD PARTIES RIGHTS AND ASSIGNMENT

19.1 No term of the Letter or these Terms and Conditions is intended to confer a benefit on or to be enforceable by any person who is not a party to the same.

19.2 Neither party shall be entitled to assign this contract or any rights and obligations arising from it without the prior written consent of the other, such consent not to be unreasonably withheld.

20. GENERAL

20.1 If any provision of the Terms and Conditions is found by any court, tribunal or administrative body of competent jurisdiction to be wholly or partly illegal, invalid, void, voidable, unenforceable or unreasonable it shall to the extent of such illegality, invalidity, voidness, voidability, unenforceability or unreasonableness be deemed severable and the remaining provisions of the Terms and Conditions and the remainder of such provision shall continue in full force and effect.

20.2 Failure or delay by us in enforcing or partially enforcing any provision of these Terms and Conditions shall not be construed as a waiver of any of our rights under these Terms and Conditions.

20.3 The Letter and these Terms and Conditions shall be governed by and be construed in accordance with English law. Any dispute arising out or in connection with the Services shall be submitted to the exclusive jurisdiction of the Courts of England and Wales.

20.4 References to partners of Cushman & Wakefield LLP are used to refer to a member of Cushman & Wakefield LLP or an employee or consultant with equivalent standing and qualifications. A list of the members of Cushman & Wakefield LLP and of the non-members who are designated as partners is open to inspection at its registered office, 43-45 Portman Square, London, W1A 3BG.

Strictly Confidential

For Addressee Only

Valuation study of properties in Bangalore, Chennai and Kochi, India

Report for

Plaza Centers

Report Date

April 14 2014

CUSHMAN & WAKEFIELD®

Cushman & Wakefield (India) Pvt Ltd
4th Floor, Pine Valley, Embassy Golf Links
Business Park, Intermediate Ring Road,
Bangalore, India 560 071

To: **Plaza Centers**

Assignment: **Valuation of 3 properties in Bangalore, Chennai and Kochi**

Valuation Date: **December 31, 2013**

Report Date: **April 14, 2014**

A VALUATION REPORT

1 Instructions

Appointment

We are pleased to submit our report which has been prepared for the internal purposes of **Plaza Centers** (Hereinafter referred to as "CLIENT"). The properties and interests valued are detailed in Part E of this report.

The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Part E of this report. The extent of our professional liability to you is also outlined within these instructions.

2 Conflicts of Interest

We confirm that there are no conflicts of interest in our advising you on the value of the subject property under the assumed conditions as instructed.

3 Basis of Valuation

We understand from our discussion with client, that the basic intention of the exercise is to assess the value of the subject property in its current state (their condition on the date of the site visit). The valuation of the subject property is assessed on the basis of 'Discounted Cash Flow Method / "Land Sales Comparable Method" as applicable.

4 Assumptions, Departures and Reservations

We have prepared our report on the basis of the assumptions within our instructions (Caveats & Limitations) detailed in Part G of this report. The area details, status of ownership and property address has been provided to us by the client.

5 Inspection

The subject property was inspected internally and externally from ground level in May 2013. Individual site visit dates have been mentioned in the property report in the next section. No measurement survey has been carried out by C&WI. We have relied entirely on the site areas provided to us by the client. We have assumed that these are correct.

6 Sources of Information

Information on comparable properties for the purpose of this study has been gathered from local real estate brokers.

7 General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and so our valuation could differ significantly if the date of valuation was to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

Should you or the borrower contemplate a sale, we strongly recommend that the property is given proper exposure to the market. You should not rely on this report unless any reference to tenure, tenancies and legal title has been verified as correct by your legal advisers.

8 Confidentiality

The contents of this Report are intended to be confidential to the addressees and for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents.

9 Disclosure and Publication

You must not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

10 Valuation

Market Value

Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.' (VS 3.2 Red Book 7th Edition)

Market Value Assuming Vacant Possession

In our opinion, assuming vacant possession, the Market Value of the proposed freehold interest in the subject property is:

Property	12/31/2013 Market Value	
Varthur Bangalore	4,183,230,000	Indian Rupees Four Thousand One Hundred Eighty Three Million and Two Hundred Thirty Thousand Only
Chennai	2,405,460,000	Indian Rupees Two Thousand Four Hundred Five Million and Four Hundred Sixty Thousand Only
Kochi	459,000,000	Indian Rupees Four Hundred and Fifty Nine Million Only
Total	7,047,690,000	Indian Rupees Seven Thousand and Forty Seven Million and Six Hundred and Ninety Thousand Only

Signed for and on behalf of Cushman & Wakefield India Pvt. Ltd.

Somy Thomas, MRICS

Executive Director

Consulting and Valuation & Advisory

B PROPERTY REPORTS

CUSHMAN & WAKEFIELD®
Global Real Estate Solutions

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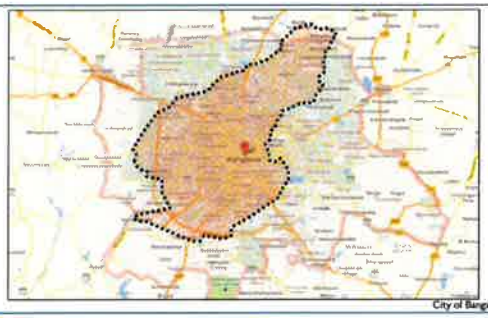
PROPERTY REPORT

PROPERTY Varthur Park Bangalore
ADDRESS
VALUATION DATE 31 December 2013

India


City of Bangalore

Micro Location

LOCATION

The subject property is located in Bangalore. Bangalore is the capital of State Karnataka and is located in the south east of the state. Greater Bangalore is spread over a total area of over 786 sq. km(conurbation area) with a population of around 9.5 Million (provisional 2011 census). The city, known as Silicon Valley of India, has emerged as a favourite IT / ITeS destination over the last 7-10 years. Home to companies like Microsoft, Yahoo, Wipro, Infosys, IBM, GE, Google, Accenture, TCS, etc. the city has been the front runner in attracting technology companies.

The real estate development has evolved from the centre of the city, with the core Business District (MG Road) located at the centre of the city. The development pattern of the city is undergoing a significant shift with development shifting from the central areas to the peripheral areas, mainly along the south-eastern corridor owing to the IT/ITES companies and the northern corridor due to the International Airport at Devanahalli. These corridors have witnessed large scale commercial as well as residential developments.

Eastern corridor comprising Whitefield, Outer Ring Road (Sarjapur – Marathahalli) and south eastern corridor comprising Hosur Road represents the largest clusters of IT/ITES companies in Bangalore. These peripheral areas have accounted for approximately 70% of the aggregate leasing in the city.

The western and north western corridors of Bangalore city have been concentrated with industries. The major industrial presence is represented by Peenya Industrial Area along Bangalore-Tumkur road (NH – 4). The south western corridor has been a trading and residential hub with industrial presence being mainly represented by the Bidadi Industrial Development Area along the Bangalore-Mysore state highway.

The subject property is located opposite Varthur Lake in Whitefield. Prestige Ozone and Forum Value Mall are located to the north of the subject property while Varthur Village is located to the south of the subject property. Whitefield is located in East Bangalore and has presence of companies in IT/ITeS and manufacturing. There are built campus style and non campus style commercial developments in the micro market. The micro market also houses a number of residential projects by a variety of developers. The residential development includes apartments, rowhouses, villas, villaments and plots among others. The micro market also has a good mix of retail and hospitality developments. Some of the prominent commercial developments in the micro market include Brigade Metropolis, Prestige Shantiniken, ITPB, Divyashree's Techno Park, RMZ Centennial and Beary's Global Research Triangle among others. Some of the prominent residential development in the micro market would include Prestige Shantiniketan,Adarsh Palm Meadows, Prestige Ozone, Brigade Metropolis, Habitat Crest, Sobha Habitech among others. The micro market is self sufficient in nature witnessing a good blend of residential, commercial, retail and hospitality development and quality support infrastructure.

LOCATION DETAILS

City Population	9,588,910
Local Land Uses	Residential and Commercial development
Distance to CBD - MG Road	18 km
Distance to Bangalore Railway Station	23 km
Distance to Bangalore International Airport	50 km
Public Transport	well developed
Plot area	163 acres
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	Vacant
Historic monument	No
Site area	163 acres
Parking Places (closed)	n/a
Access	From Varthur Main Road
Utilities	not checked
Legal issues	not checked

CUSHMAN & WAKEFIELD (INDIA) PVT. LTD.

Registered Office: B-6/8, Commercial Complex, Opp. Deer Park, Safdarjung Enclave, New Delhi-110 029. Tel : +91 11 2619 2512-17, Fax : +91 11 2619 5829

PROPERTY REPORT

PROPERTY	
ADDRESS	Varthur Park Bangalore
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

Site area, total	163 acres
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External
Inspection Date	21-May-13
Inspected by	Sony Thomas,Mayank Jain

PROPERTY DESCRIPTION

The subject property is located in Whitefield and spread over a land area of 163 acres with a saleable area of 310,508 sq.m. The subject property is currently at land stage and has been earmarked for residential development. The residential development in the subject property is proposed to have 702 villas , 242 row houses and 213 twin houses as provided to us by the Client. The SPV has 81%, 66% and 83.5% ownership in Row House,Villas and Twin House respectively.The subject property is irregular in shape. There is a presence of drain and vegetation within the premises of the subject property. The subject property can currently be accessed through Varthur Main Road which lies towards the west of the subject property. Varthur Lake also lies in the west of the subject property. Prestige Ozone, another prominent residential development in the micro market lies towards the north of the subject property. The subject property enjoys a good frontage.

LAND REGISTRY DETAILS

We have not checked title documentation but assume the property is an unencumbered effective freehold.

Land registry extract	Not Applicable	Obtained on	Not Applicable
Registered owner	Not Applicable		
Registered use			
Registered size	163 acres		

Restrictions and encumbrances

We have not checked title documentation but assume the property is an unencumbered effective freehold.

We have relied entirely on the site areas / built up area and other property details including the master plan provided to us by the Client. We have assumed that these are correct.

We confirm that there are no conflicts of interest in our advising you on the value of the subject property under the assumed conditions as instructed.

C&WI has adopted valuation method based on its own expertise and knowledge and endeavours to develop forecasts on demand, supply and pricing on assumptions that would be considered relevant and reasonable at that point of time.

Based on information from the client we understand that the land parcel (subject property) has not been leased and is contiguous in nature and the same has been considered in the valuation.

Comments

Based on the discussion with the client, we have arrived at the market value for the SPV after accounting for the JD sharing to the landlord. We understand that out of the 163 acres, 88 acres of land has 73% of JD sharing ratio to the SPV and the same has been accounted for in the valuation. The report has been prepared for audit of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) carried out for the year ended as on December 31, 2013. The valuation has been carried out in accordance with the definition of Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors ("RICS"). As per RICS (VS 3.2 Redbook 7th Edition), Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

CUSHMAN & WAKEFIELD (INDIA) PVT. LTD.

PROPERTY REPORT

PROPERTY	
ADDRESS	Varthur Park Bangalore
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PLANNING ISSUES

Zoning	Residential Zone As per the Bangalore Master Plan, the subject property lies in the residential zone.
Footprint ratio	
n/a	
Maximum height	
Permit status	

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPOSED SCHEME

The subject property is currently in land stage and has been earmarked for residential development. The residential development in the subject property is proposed to have 702 villas, 242 row houses and 213 twin houses. The total saleable area of the subject property comprising the aforementioned development mix would be approximately 310,508 sq.m.
At present the site is a vacant land area. There is a presence of a drain in the subject property. The subject property also has vegetation within the premises.

We are of an opinion that there is a high level of competition for residential development in the subject micro market, however due to thrust provided by the Commercial development and IT/ITES (Information Technology and Information Technology Enabled Services) industry, there is a good demand for residential developments. The micro-market in Q3 and Q4 2013 have seen new residential launches at price higher than Q1 - Q2 2013.

CUSHMAN & WAKEFIELD (INDIA) PVT. LTD.

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SWOT-ANALYSIS

STRENGTHS

The subject micro market has a good blend of commercial, residential and retail segments of real estate.

Established commercial micro-market of the city hence witnessing positive residential demand and price appreciation.

WEAKNESSES

Subject property has a presence of drain and vegetation within its premises which might have an impact in the time required to make the subject property developable in nature.

OPPORTUNITIES

Connectivity to the micro market is slated to improve after the completion of Peripheral Ring Road

The micro market would be accessible via metro rail after the completion of second phase of Metro Rail Line

THREATS

Increasing residential competition in the micro market

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Whitefield, located in East Bangalore has the presence of the Export Promotion Industrial Park Zone (Approximately 650 Acres) with the existence of companies in the field of IT, ITeS and manufacturing. The area houses over 400 companies, prominent amongst which are Oracle, SAP, TCS, Cap Gemini, GM, Nipuna, GE, HUL, Intel etc. The micro-market is a major commercial market in Bangalore and it accounts for 30% – 40% of city's commercial absorption. Some of the prominent commercial developments in the micro market are Brigade Metropolis, Prestige Shantiniken, ITPB, Divyashree's Techno Park, RMZ Centennial and Beary's Global Research Triangle among others.
The commercial development led to a series of residential, retail and hospitality developments. The residential development in the micro markets includes apartments, villas, villaments, rowhouses and plotted developments by both big and small developers like Brigade, Sobha, Prestige, Salarpuria,Chaithanya, Akme, Citilight, Kristal and Golden Nest among others. Some of the prominent residential development in the micro market would include Prestige Shantiniketan,Adarsh Palm Meadows, Prestige Ozone, Brigade Metropolis, Habitat Crest, Sobha Habitech among others. The residential activity in Whitefield is majorly concentrated around - Graphite India Road, Whitefield Main Road, Varthur Road and Varthur Whitefield Road and Hoskote Road. The micro-market has witnessed new project launches in the last 6 months at prices higher than the Q1 - Q2 2013 and has also witnessed price appreciation in the existing projects. The micro-market is self sufficient, with the presence of good social infrastructure of schools, colleges ,malls, hotels and hospitals. Some of the prominent malls in the micro market are Forum Value Mall, Phoenix Market City and Inorbit Mall.

COMPETITION

The proposed residential development on the subject property comprises villas, row houses and twin houses. The subject micro market is witnessing increasing residential development owing to extensive commercial development. The increasing residential development in Whitefield catering to different income groups by offering budget to luxury segment development is likely to pose stiff competition to the proposed residential development in the subject micro market.
The projects used for the competition mapping of the proposed villas would include Prestige Ozone, Adarsh Palm Meadows, Skylark Greens, Prestige Lake Vista, Prestige White Meadows, Prestige Bougainvillea and Prestige Mayberry. These aforementioned projects lie within 1 - 4 km distance from the subject property. Some of the projects are already constructed while other are in different phases of constructions and accordingly been given premiums and discounts to account for the same. The other parameters on which the projects have been compared would include accessibility, location and neighbourhood profile, brand name and quality of finishes, size of the property and old or new construction among others. The premiums and discounts are based on our interaction with various stake holders in the industry and our past experience of undertaking valuations and not on any scientific methods.
The projects used for the competition mapping of the row houses include Chaitanya Oakville and UKN Esparanza. The projects are compared on parameters like accessibility, location and neighbourhood profile, size of the property, brand name and quality of finishes, and old or new construction among others and thereafter the price for row house is determined.
Currently, there are no comparables for twin houses in the subject micro market. However they would sell at a price higher than the row house but would be price lower than a villa. Bearing the same in mind, the price for a twin house has been calculated.

COMPETING SCHEMES

Building / Address	*Area in sq.m*	*Sattus of Construction*	*Capital Value (INR per sq.m)*
Prestige Ozone - Villas	390 - 418	Constructed	139,932
Adarsh Palm Meadows - Villas	185 - 326	Constructed	139,932
Skylark Greens - Villas	234 - 533	Constructed	86,112
Prestige Lake Vista Villas	258 - 288	Constructed	118,404
Prestige White Meadows - Villas	618 - 1121	Under Construction	129,168
Prestige Bougainvillea - Villas	343 - 459	Constructed	93,647
Prestige Mayberry - Villas	301 - 333	Under Construction	91,494
Chaitanya Oakville - Rowhouse	511 - 604	Constructed	95,455
UKN Esparanza - Rowhouse	400 - 483	Under Construction	60,817

PROPERTY REPORT

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VALUATION

VALUATION METHODOLOGY

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realization (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

Based on special request of the client, land sales comparable method has been additionally carried out for 54 acres of contiguous land which is owned by the client (as informed by them).

VALUATION CONSIDERATIONS

In order to assess the value of the subject property, we have used the Residual Value Approach. The subject property lies in residential zone and is also earmarked for residential development as provided by the Client. Various assumptions have been made in terms of the sale price, cost of construction and other cost, interest rate, developer's margin, construction & sale phasing and discount rate in order to arrive at the value of the subject property.

The site details, built up area details, FSI, development mix, number of units, size of the units, the joint development ratio and the base cost of construction has been provided to us by the client. The inputs on market related assumptions of sales price(obtained from marketing office of the projects and / or property websites), sales phasing, interest rate, discount rate and developer's margin has been based on market information. We have cross verified the market sales price with our internal sales team and also based on our experience of doing valuation of properties in the micro-market for the last few years. We have not collected any documentary evidences of the sales price. Additionally we have cross verified details of FSI and cost of constructionand understand that it is in line with market practice.

Time frame for approvals - We also assumed the construction will commence on obtaining necessary approvals. The site clearance works for the vegetation present in the site and approvals are expected to be obtained within 12 months from the date of valuation.

Interest Rate - Based on our discussion with various nationalised and private banks like State Bank of India, State Bank of Hyderabad, Standard Chartered and developers like Embassy Group, DivyaSree Developer's etc, we understand that the current interest rate is approx 14% and the same has been assumed for valuation.

Discount rate - Since developer's margin has been accounted for which reflects the return for undertaking the development, the cash flows have been discounted for using the finance cost which is 14%.
Developer's profit - The developers profit is taken at 20% of the sales value based on market assumptions and our interactions with various stakeholders in the market. It reflects the return for the risks undertaken.

VALUATION ASSUMPTIONS

CAPITAL VALUE

We assumed average capital value for each category of the proposed residential development based on our market research and knowledge of the recent transactions and current trends.

Row House	INR	92,919.80	/sqm
Villas	INR	126,578.79	/sqm
Twin House	INR	102,965.19	/sqm

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.
The interest rate and discount rate applied for the subject property is 14% and the developer's margin has been assumed at 20%.
We have assumed an all inclusive sale rate of INR 126,579 per sq.m for villa, INR 92,920 per sq.m for rowhouse and INR 102,965 per sq. m for twin house. We have assumed an escalation of 5% in both sale rate as well as the cost of construction.

Row House	INR	31,533.67	/sqm
Villas	INR	38,208.03	/sqm
Twin House	INR	31,283.56	/sqm
Contingencies		2.73%	

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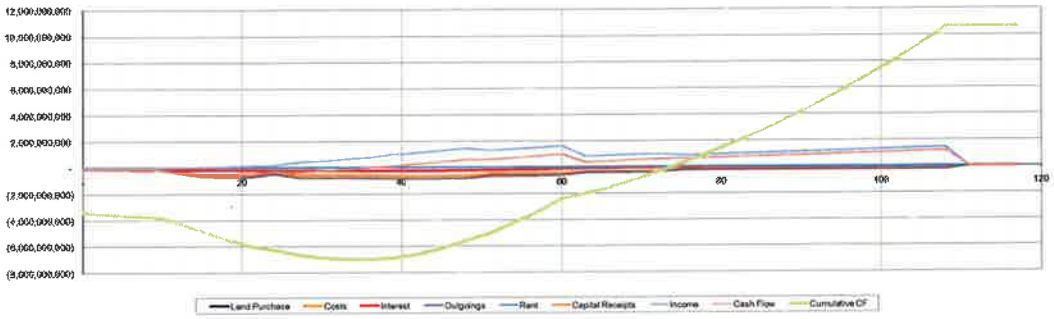
As can be observed from the chart below, we assume that the development will commence in 12 months. The development is likely to consist of villas, rowhouses and twin houses as provided by the Client. The project is estimated to be completed in 8 years, with the development phasing of rowhouse and twin house spread over 4 years and the villas development phasing speard over 8 years. All the asset classes would be launched simultaneously. 16% of the proposed development would be in the form of rowhouse, another 16% in the form of twin house and the rest 68% in the form of villas.

Cash Flow Profile



PROPERTY REPORT

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SUMMARY & CONCLUSION

We have compared the site to other residential lands in the subject micro market. However, we primarily ran a residual method calculation to assess the value of the subject property. The capital values for the proposed residential development was arrived at after taking into consideration the capital values of the similar developments in the subject micro market and running a sales comparison calculation on the same. The cost and construction and sales phasing assumption have been assumed based on market research and trends and the same have been deployed in the current workings. Based on these assumptions, the total undiscounted cash flows for the project excluding developers profit is INR 17,706 Million.

In summary, using the above assumptions and variables we have arrived at the project value of SPV of INR 4183 Million (Disocunted).

PROJECT VALUE OF SPV	**INR 4,183,230,000**	**say**	**INR 4,183,230,000**

Signed for and on behalf of Cushman & Wakefield India Pvt. Ltd.

Somy Thomas, MRICS
Executive Director, India
Consulting and Valuation & Advisory

CUSHMAN & WAKEFIELD (INDIA) PVT. LTD.

Bhawana Khetan
Area Manager, Karnataka & Andhra Pradesh
Valuation & Advisory

CASHFLOWS		All below nos are in INR	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015
Month		TOTAL	-	3	6	9	12	15	18	21	24
INCOME		**30,957,878,086**									
Row House		3,786,836,629	-	-	-	-	-	8,086,705	24,458,599	41,131,873	58,111,458
Villas		22,839,104,452	-	-	-	-	-	8,805,644	26,633,062	44,788,653	63,277,788
Twin House		4,331,937,005	-	-	-	-	-	9,867,472	29,844,607	50,189,489	70,908,134
INCOME			-	-	-	-	-	26,766,815	80,936,269	136,110,015	192,297,380
OUTGOINGS		(19,443,404,550)									
Construction Cost											
Row House		(1,586,077,555)	-	-	-	-	-	(59,477,908)	(59,477,908)	(59,477,908)	(59,477,908)
Villas		(8,017,206,852)	-	-	-	-	-	(120,258,103)	(120,258,103)	(120,258,103)	(120,258,103)
Twin House		(1,576,070,788)	-	-	-	-	-	(63,042,832)	(63,042,832)	(63,042,832)	(63,042,832)
Infrastructure (%)	10.00% of Construction Cost	(1,117,935,520)	-	-	-	-	(279,483,880)	(279,483,880)	(279,483,880)	(279,483,880)	-
Contingencies	2.73% of Construction Cost and Infrastructure Cost	(335,380,656)	-	-	-	-	(7,622,288)	(14,243,529)	(14,243,529)	(14,243,529)	(6,621,241)
Sales Fees	2% of Income	(619,157,562)	-	-	-	-	-	(535,196)	(1,618,725)	(2,722,200)	(3,845,948)
Developer's Profit	20% of Income	(6,191,575,617)	-	-	-	-	-	(5,351,964)	(16,187,254)	(27,222,003)	(38,459,476)
PERIOD OUTGOINGS		(19,443,404,550)	-	-	-	-	(287,106,168)	(542,393,412)	(554,312,230)	(566,450,455)	(291,705,507)
Monthly CF			-	-	-	-	(287,106,168)	(515,626,596)	(473,375,962)	(430,340,439)	(99,408,127)
PV Basis		**Month**	-	-	3	6	9	12	15	18	21	24
		Cash Flow	-	-	-	-	-	(287,106,168)	(515,626,596)	(473,375,962)	(430,340,439)	(99,408,127)
Interest rate	14%		1.000	1.000	0.968	0.937	0.906	0.877	0.849	0.822	0.795	0.769
		4,183,228,655	-	-	-	-	-	(251,847,515)	(437,727,918)	(388,909,833)	(342,139,592)	(76,491,326)
Residual value		4,183,230,000										

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CASHFLOWS		All below nos are in INR	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2017	4/30/2017	7/31/2017	10/31/2017	1/31/2018	4/30/2018	7/31/2018	10/31/2018
Month		TOTAL	27	30	33	36	39	42	45	48	51	54	57	60
INCOME		30,957,878,086												
Row House		3,786,836,629	116,840,561	151,838,355	187,074,161	223,158,398	265,387,402	328,617,071	373,038,152	416,063,529	359,876,992	378,399,880	406,616,045	435,335,438
Villas		22,839,104,452	142,268,866	188,399,014	231,340,556	277,194,016	351,455,260	405,458,423	460,441,911	516,427,750	573,430,213	631,465,819	690,551,343	750,703,813
Twin House		4,331,937,005	155,210,742	202,815,328	251,494,955	300,963,918	351,336,727	402,628,116	454,853,045	508,026,703	354,823,041	375,351,805	396,137,302	417,285,820
INCOME			414,320,170	540,953,597	669,909,672	801,226,333	968,179,389	1,136,901,610	1,288,333,108	1,442,517,982	1,278,032,246	1,385,217,315	1,493,304,690	1,603,325,070
OUTGOINGS		(19,443,404,550)												
Construction Cost														
Row House		(1,586,077,555)	(118,955,817)	(118,955,817)	(118,955,817)	(118,955,817)	(138,781,786)	(138,781,786)	(138,781,786)	(138,781,786)	(79,303,878)	(79,303,878)	(79,303,878)	(79,303,878)
Villas		(8,017,206,852)	(280,602,240)	(280,602,240)	(280,602,240)	(280,602,240)	(320,688,274)	(320,688,274)	(320,688,274)	(320,688,274)	(320,688,274)	(320,688,274)	(320,688,274)	(320,688,274)
Twin House		(1,576,070,788)	(141,846,371)	(141,846,371)	(141,846,371)	(141,846,371)	(141,846,371)	(141,846,371)	(141,846,371)	(141,846,371)	(47,282,124)	(47,282,124)	(47,282,124)	(47,282,124)
Infrastructure (%)	10.00% of Construction Cost	(1,117,935,520)	-	-	-	-	-	-	-	-	-	-	-	-
Contingencies	2.73% of Construction Cost and Infrastructure Cost	(335,380,656)	(14,765,575)	(14,765,575)	(14,765,575)	(14,765,575)	(16,399,539)	(16,399,539)	(16,399,539)	(16,399,539)	(12,198,389)	(12,198,389)	(12,198,389)	(12,198,389)
Sales Fees	2% of income	(619,157,562)	(8,286,403)	(10,819,072)	(13,398,193)	(16,024,527)	(19,763,588)	(22,736,032)	(25,766,662)	(28,850,360)	(25,580,645)	(27,704,346)	(29,868,094)	(32,066,501)
Developer's Profit	28% of income	(6,191,575,617)	(82,864,034)	(108,190,719)	(133,981,934)	(160,245,267)	(197,635,878)	(227,380,322)	(257,666,622)	(288,503,596)	(255,606,449)	(277,043,463)	(298,660,938)	(320,665,014)
PERIOD OUTGOINGS		(19,443,404,550)	(647,320,440)	(675,179,794)	(703,550,131)	(732,439,796)	(835,115,436)	(867,834,324)	(901,149,254)	(935,069,926)	(740,659,759)	(764,220,474)	(787,999,697)	(812,204,180)
Monthly CF			(233,000,270)	(134,226,197)	(33,640,459)	68,786,537	153,063,953	269,067,286	387,183,854	507,448,056	538,172,487	620,996,841	705,304,993	791,120,890
PV Basis		Month	27	30	33	36	39	42	45	48	51	54	57	60
		Cash Flow	(233,000,270)	(134,226,197)	(33,640,459)	68,786,537	153,063,953	269,067,286	387,183,854	507,448,056	538,172,487	620,996,841	705,304,993	791,120,890
Interest rate	14%		0.745	0.721	0.697	0.675	0.653	0.632	0.612	0.592	0.573	0.555	0.537	0.519
		4,150,228,855	(173,606,401)	(96,733,112)	(23,462,461)	46,429,953	99,864,380	170,095,924	236,977,626	300,449,885	308,372,564	344,363,854	378,811,357	410,883,450
Residual value		4,183,230,000												

CUSHMAN & WAKEFIELD (INDIA) PVT. LTD.

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CASHFLOWS		All below nos are in INR	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020
Month		TOTAL	63	66	69	72	75	78	81	84
INCOME		30,957,978,086								
Row House		3,786,836,629	-	-	-	-	-	-	-	-
Villas		22,839,104,452	811,940,518	874,279,010	937,737,109	1,002,332,908	881,882,451	928,584,313	976,107,513	1,024,465,178
Twin House		4,331,937,005	-	-	-	-	-	-	-	-
INCOME			811,940,518	874,279,010	937,737,109	1,002,332,908	881,882,451	928,584,313	976,107,513	1,024,465,178
OUTGOINGS		(19,443,404,550)								
Construction Cost										
Row House		(1,586,077,555)	-	-	-	-	-	-	-	-
Villas		(8,017,206,852)	(320,688,274)	(320,688,274)	(320,688,274)	(320,688,274)	(213,792,183)	(213,792,183)	(213,792,183)	(213,792,183)
Twin House		(1,576,070,788)	-	-	-	-	-	-	-	-
Infrastructure (%)	10.00% of Construction Cost	(1,117,935,520)	-	-	-	-	-	-	-	-
Contingencies	2.73% of Construction Cost and Infrastructure Cost	(335,380,656)	(8,746,044)	(8,746,044)	(8,746,044)	(8,746,044)	(5,830,696)	(5,830,696)	(5,830,696)	(5,830,696)
Sales Fees	2% of Income	(619,157,562)	(16,238,810)	(17,485,580)	(18,754,742)	(20,046,658)	(17,637,649)	(18,571,686)	(19,522,150)	(20,489,304)
Developer's Profit	20% of Income	(6,191,575,617)	(162,388,104)	(174,855,802)	(187,547,422)	(200,466,582)	(176,376,490)	(185,716,863)	(195,221,503)	(204,893,036)
PERIOD OUTGOINGS		(19,443,404,550)	(508,061,232)	(521,775,709)	(535,736,482)	(549,947,558)	(413,637,018)	(423,911,427)	(434,366,531)	(445,005,218)
Monthly CF			303,879,286	352,503,310	402,000,627	452,385,350	468,245,433	504,672,885	541,740,982	579,459,960
PV Basis		Month	63	66	69	72	75	78	81	84
		Cash Flow	303,879,286	352,503,310	402,000,627	452,385,350	468,245,433	504,672,885	541,740,982	579,459,960
Interest rate	14%		0.503	0.486	0.471	0.456	0.441	0.427	0.413	0.400
		4,183,228,855	152,739,241	171,468,356	189,244,748	206,100,680	206,451,589	215,341,849	223,709,251	231,573,627
Residual value		4,183,230,000								

CUSHMAN & WAKEFIELD (INDIA) PVT. LTD.

Cushman & Wakefield India Pvt. Ltd.

CASHFLOWS		All below nos are in INR	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022
Month		TOTAL	87	90	93	96	99	102	105	108
INCOME		30,657,678,086								
Row House		3,786,836,629	-	-	-	-	-	-	-	-
Villas		22,839,104,452	1,073,670,631	1,123,737,398	1,174,679,208	1,226,510,000	1,279,243,819	1,332,895,327	1,387,478,801	1,443,009,138
Twin House		4,331,937,005	-	-	-	-	-	-	-	-
INCOME			1,073,670,631	1,123,737,398	1,174,679,208	1,226,510,000	1,279,243,819	1,332,895,327	1,387,478,801	1,443,009,138
OUTGOINGS		(19,443,404,550)								
Construction Cost										
Row House		(1,586,077,555)	-	-	-	-	-	-	-	-
Villas		(8,017,206,852)	(213,792,183)	(213,792,183)	(213,792,183)	(213,792,183)	(213,792,183)	(213,792,183)	(213,792,183)	(213,792,183)
Twin House		(1,576,070,788)	-	-	-	-	-	-	-	-
Infrastructure (%)	10.00% of Construction Cost	(1,117,935,520)	-	-	-	-	-	-	-	-
Contingencies	2.73% of Construction Cost and Infrastructure Cost	(335,380,656)	(5,830,696)	(5,830,696)	(5,830,696)	(5,830,696)	(5,830,696)	(5,830,696)	(5,830,696)	(5,830,696)
Sales Fees	2% of Income	(619,157,562)	(21,473,413)	(22,474,748)	(23,493,584)	(24,530,200)	(25,584,876)	(26,657,907)	(27,749,576)	(28,860,183)
Developer's Profit	20% of Income	(6,191,575,617)	(214,734,126)	(224,747,480)	(234,935,842)	(245,302,000)	(255,848,784)	(266,579,065)	(277,495,760)	(288,601,828)
PERIOD OUTGOINGS		(19,443,404,550)	(455,830,417)	(466,845,106)	(478,052,304)	(489,455,079)	(501,056,541)	(512,859,851)	(524,868,215)	(537,084,889)
Monthly CF			617,840,213	656,892,292	696,626,904	737,054,921	778,187,278	820,035,477	862,610,586	905,924,249
PV Basis		Month	87	90	93	96	99	102	105	108
		Cash Flow	617,840,213	656,892,292	696,626,904	737,054,921	778,187,278	820,035,477	862,610,586	905,924,249
Interest rate	14%		0.387	0.374	0.362	0.351	0.339	0.328	0.318	0.308
		4,183,228,855	238,954,933	245,871,208	252,340,699	258,381,377	264,008,359	269,241,130	274,092,615	278,578,902
Residual value		4,183,230,000								

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Villas Comparables	Constructed Less Than 1 km	Constructed Less than 2 km	Constructed Less Than 1 km	Construted Less than 2 km	Under Construction Less than 3 km	Constructed Less than 4 km	Under Construction Less than 4 km
Projects	Prestige Ozone	Adarsh Palm Meadows	Skylark Greens	Prestige Lake Vista	Prestige White Meadows	Prestige Bouganvilla	Prestige Mayberry
Accessibility	-5.0%	-5.0%	5.0%	-5.0%	-5.0%	0.0%	5.0%
Location and Neighbourhood Profile	-5.0%	-5.0%	-2.5%	-5.0%	-5.0%	-2.5%	-2.5%
Size	2.5%	-2.5%	-5.0%	0.0%	5.0%	2.5%	0.0%
Quote	-5.0%	-5.0%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%
Stage of construction	-5.0%	-5.0%	-5.0%	-5.0%	-2.5%	-5.0%	0.0%
Old / New	5.0%	5.0%	2.5%	2.5%	0.0%	2.5%	0.0%
Price Inclusive of Car Park & Clubhouse	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Brand / Quality of Finishes	-5.0%	-5.0%	10.0%	-5.0%	-5.0%	-5.0%	-5.0%
Total Premium / Discount	-17.5%	-22.5%	2.5%	-20.0%	-15.0%	-10.0%	-5.0%
Quoted Sale Price (INR per sq.ft.)	13000	13000	8000	11000	12000	8700	8500
Sale Price (INR per sq.ft.) post adjustment	10725	10075	8200	8800	10200	7830	8075
Sale Rate (INR per sq.ft.)		**9100**					

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Row Houses Comparables

Projects	Chaitanya Oakville	UKN Esparanza
Accessibility	-5.0%	0.0%
Location and Neighbourhood Profile	-5.0%	-2.5%
Size	10.0%	10.0%
Quote	-2.5%	-2.5%
Stage of construction	-5.0%	-5.0%
Old / New	2.5%	0.0%
Price inclusive of Car Park & Clubhouse	0.0%	0.0%
Brand / Quality of Finishes	5.0%	5.0%
Total Premium / Discount	**0.0%**	**5.0%**
Quoted Sale Price (INR per sq.ft.)	8868	5650
Sale Price (INR per sq.ft.) post adjustment	8868	5932.5
Sale Rate (INR per sq.ft.)	7400	

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Component	(INR per sq.ft.)
As per Row Houses Comparables Sale Rate	7400
As per Villas Comparables Sale Rate	9100
Twin House Sale rate assumed based on average price of villas and row house	8200

Since there are no direct comparables for twin house in the micro market, average of row house and villas is taken.

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Particulars	Subject property	Comparable 1	Comparable 2	Comparable 3
Location	Opposite Varthur Lake	Behind Brigade Metropolis, Whitefield	HUL Property, Whitefield, Opposite Forum Value Mall	Whitefield, Near Hope Farm Junction
Land size (Acres)	54.00	28.3	9.3	7.0
Distance from the subject property		8 -9 km	11.5 km	3 - 4 km
Land Use	Residential	Residential	Residential	Residential
Conversion	Converted	Converted	Converted	Converted
Abutting road width	40 feet Road	30 feet	80 feet	80-100 feet
Accessibility	SH 35	Internal Access Road	Whitefield Main Road	Channasandra Main Road
Frontage sq ft	Good	Average	Very Good	Very Good
Shape of the property	Regular	Regular	Regular	Regular
Tenure	Freehold	Freehold	Freehold	Freehold
Transacted/ Quote		Transacted - 2012	Transacted - Q2 2013	Quote - Q3 2013
Capital Rate INR Mn / acres		65	128	131
Premium/discount on account of				
Freehold/ Leasehold		0%	0%	0%
Frontage		10%	10%	10%
Accessibility		0%	-10%	-10%
FSI		0%	-20%	-20%
Location and Neighbourhood Profile		-10%	-10%	-5%
Size		-10%	-10%	-10%
Negotiation		0%	0%	-5%
Conversion		0%	0%	0%
Shape and Topography		0%	0%	0%
Time of Transaction		5%	5%	0%
Total		-5%	-35%	-46%
		62	83	78
Applicable Land Value INR Mn /acres	74.5			
Total land value INR Mn	4026			

Based on special request of the client, land sales comparable method has been carried out for 54 acres of contiguous land which is owned by the client (as informed by the client). Current market value of land is arrived by benchmarking the subject land parcel with comparable land parcels quoted or transacted in that subject location. The sale price of comparable properties similar to the subject property is analyzed and the sale prices adjusted to account for differences in the comparables to the subject property (like accessibility, frontage, location, neighborhood profile, FSI etc) to determine the value of the subject land parcel. The premiums and discounts are based on our interaction with various stake holders in the industry and our past experience of undertaking valuations and not on any scientific methods.

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Costing Assumptions

Row House

Saleable Area sqm	50,297.9			
Annual Esclation	5.00%	Cost per sq.ft	2,500	
Quaterly Escalation	1.23%	Cost per sqm	26,910	

	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018
Construction Cost/ sqm	26910	27,240	27,575	27,913	28,256	28,602	28,953	29,309	29,668	30,032	30,401	30,774	31,152	31,534	31,921	32,313	32,709	33,111	33,517	33,928	34,345
Construction phasing (%)	0.00%	0.00%	0.00%	0.00%	0.00%	3.75%	3.75%	3.75%	3.75%	7.50%	7.50%	7.50%	7.50%	8.75%	8.75%	8.75%	8.75%	5.00%	5.00%	5.00%	5.00%
Area Constructed sqm	0	0	0	0	0	1,886	1,886	1,886	1,886	3,772	3,772	3,772	3,772	4,401	4,401	4,401	4,401	2,515	2,515	2,515	2,515

Weighted Average cost/ sqm **31,534**

Twin House

Saleable Area sqm	50380.2			
Annual Esclation	5.00%	Cost per sq.ft	2,500	
Quaterly Escalation	1.23%	Cost per sqm	26,910	

	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018
Construction Cost/ sqm	26,910	27240	27575	27913	28256	28602	28953	29309	29668	30032	30401	30774	31152	31534	31921	32313	32709	33111	33517	33928	34345
Construction phasing (%)	0.00%	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%	4.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	3.00%	3.00%	3.00%	3.00%
Area Constructed sqm	0	0	0	0	0	2,015	2,015	2,015	2,015	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	1,511	1,511	1,511	1,511
Weighted Average cost/ sqm	31,284																				

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Costing Assumptions
Villas

Saleable Area sqm	209,830.4			
Annual Escalation	5.00%	Cost per sq.ft	2,750	
Quaterly Escalation	1.23%	Cost per sqm	29,601	

	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018
Construction Cost/ sqm	29,601	29,964	30,332	30,704	31,081	31,462	31,849	32,239	32,635	33,036	33,441	33,851	34,267	34,687	35,113	35,544	35,980	36,422	36,869	37,321	37,779
Construction phasing (%)	0.00%	0.00%	0.00%	0.00%	0.00%	1.50%	1.50%	1.50%	1.50%	3.50%	3.50%	3.50%	3.50%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Area Constructed sqm	0	0	0	0	0	3,147	3,147	3,147	3,147	7,344	7,344	7,344	7,344	8,393	8,393	8,393	8,393	8,393	8,393	8,393	8,393
Weighted Average cost/ sqm	38,298																				

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Costing Assumptions
Villas

Saleable Area sqm	209,830.4			
Annual Escalation	5.00%	Cost per sq.ft	2,750	
Quarterly Escalation	1.23%	Cost per sqm	29,601	

	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022
Construction Cost/ sqm	38,243	38,712	39,187	39,668	40,155	40,648	41,147	41,652	42,163	42,680	43,204	43,734	44,271	44,814	45,364	45,921
Construction phasing (%)	4.00%	4.00%	4.00%	4.00%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%
Area Constructed sqm	8,393	8,393	8,393	8,393	5,595	5,595	5,595	5,595	5,595	5,595	5,595	5,595	5,595	5,595	5,595	5,595
Weighted Average cost/ sqm	38,208															

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Sales Scheduling

Row House

Saleable Area sqm	50,297.9	Sale price per sq.ft	7400
Annual Esclation	5%	Sale price per sqm	79653.6
Quaterly Escalation	1.23%		

	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018
Sale price	79,654	80,631	81,621	82,622	83,636	84,663	85,702	86,753	87,818	88,896	89,987	91,091	92,209	93,341	94,486	95,646	96,819	98,008	99,210	100,428	101,660
Sale phasing (%)	0.00%	0.00%	0.00%	0.00%	0.00%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Area Sold	0	0	0	0	0	3,144	3,144	3,144	3,144	3,144	3,144	3,144	3,144	3,144	3,144	3,144	3,144	3,144	3,144	3,144	3,144
Construction Linked Collection Schedule	0.00%	0.00%	0.00%	0.00%	0.00%	0.21%	0.65%	1.09%	1.53%	3.09%	4.00%	4.94%	5.89%	7.54%	8.68%	9.85%	11.04%	9.26%	9.99%	10.74%	11.50%
Average sale price	92,920																				

Twin House

Saleable Area sqm	50380.2	Sale price per sq.ft	8200
Annual Esclation	5%	Sale price per sqm	88264.8
Quaterly Escalation	1.23%		

	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018
Sale price	88,265	89,348	90,445	91,554	92,678	93,815	94,967	96,132	97,312	98,506	99,715	100,939	102,178	103,431	104,701	105,986	107,286	108,603	109,936	111,285	112,651
Sale phasing (%)	0.00%	0.00%	0.00%	0.00%	0.00%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Area Sold	0	0	0	0	0	3,149	3,149	3,149	3,149	3,149	3,149	3,149	3,149	3,149	3,149	3,149	3,149	3,149	3,149	3,149	3,149
Construction Linked Collection Schedule	0.00%	0.00%	0.00%	0.00%	0.00%	0.23%	0.69%	1.16%	1.64%	3.58%	4.68%	5.81%	6.95%	8.11%	9.29%	10.50%	11.73%	8.19%	8.66%	9.14%	9.63%
Average sale price	102,965																				

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Sales Scheduling
Villas

Saleable Area sqm	209830.4	Sale price per sq.ft	9100
Annual Escalation	5%	Sale price per sqm	97952.4
Quaterly Escalation	1.23%		

	120/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018
Sale price	97,952	99,154	100,371	101,603	102,850	104,112	105,390	106,683	107,993	109,318	110,659	112,017	113,392	114,784	116,192	117,618	119,062	120,523	122,002	123,499	125,015
Sale phasing (%)	0.00%	0.00%	0.00%	0.00%	0.00%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%
Area Sold	0	0	0	0	0	6,557	6,557	6,557	6,557	6,557	6,557	6,557	6,557	6,557	6,557	6,557	6,557	6,557	6,557	6,557	6,557
Construction Linked Collection Schedule	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.12%	0.20%	0.28%	0.62%	0.82%	1.01%	1.21%	1.54%	1.78%	2.02%	2.26%	2.51%	2.76%	3.02%	3.29%
Average sale price	126,579																				

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Sales Scheduling
Villas

Saleable Area sqm	209830.4	Sale price per sq.ft	9100
Annual Esclation	5%	Sale price per sqm	97952.4
Quaterly Escalation	1.23%		

	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022
Sale price	126,549	128,102	129.674	131.266	132,877	134.507	136.158	137.829	139.520	141.233	142,966	144,720	146.496	148.294	150.114	151.956
Sale phasing (%)	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%
Area Sold	6,557	6,557	6.557	6.557	6.557	6,557	6,557	6,557	6,557	6.557	6,557	6,557	6.557	6.557	6.557	6,557
Construction Linked Collection Schedule	3.56%	3.83%	4.11%	4.39%	3.86%	4.07%	4.27%	4.49%	4.70%	4.92%	5.14%	5.37%	5.60%	5.84%	6.08%	6.32%
Average sale price	126,579															

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PROPERTY REPORT

PROPERTY	Residential Project
ADORESS	Thalambur and Siruseri Village
VALUATION DATE	31 December 2013

India

City of Chennai

Chennai City Centre

Micro Location

LOCATION

Chennai, the capital city of Tamil Nadu, is spread over a total area of 1,177 sq. km. (Metropolitan Area) with an estimated population of approximately 8.70 million in 2011 and a decadal growth of approximately 33%. The physical infrastructure of the city is fairly well developed with good road, rail, air and sea transport networks. Chennai's airport provides both domestic and international connectivity. Chennai Airport is located off GST Road (NH 45) and 16 km from the city center.

Chennai is the third largest commercial and industrial centre in India, and is known for its cultural heritage and temple architecture. The city, known as the 'automobile manufacturing hub' of India, is a preferred manufacturing destination with over 60% share of India's automobile exports. According to the survey by Cyber Media and Tholons, Chennai is one of the 6 cities from India and one in top 8 cities in the world, featuring in the emerging outsourcing destinations. Chennai serves as the manufacturing base of large multinationals like Ford Motors, Hyundai, Saint-Gobain, Nokia and Flextronics. It is also home to IT/ ITES majors like Infosys, Wipro, Polaris, Accenture, i-Flex, TCS, Cognizant, etc.

The subject property is a vacant land admeasuring approximately 84.3 acres. The subject property is located off Old Mahabalipuram Road (OMR) which is home to a number of IT and SEZ establishments. The access to the subject property is through a panchayat road. The shape and topography of the subject property is irregular.

OMR became to be known as the IT corridor since 2000 with the Government of Tamil Nadu promoting IT/ITES industry along the corridor. Till the year 2006, growth in OMR was predominantly driven by government establishments such as TIDCO, ELCOT and SIPCOT. Post 2006, the market saw entry of many major players such as Ascendas, RMZ, Prince Foundations.

LOCATION DETAILS

City Population	8,696,010
Local Land	Residential areas & IT Buildings
Distance to Centre (Nungambakkam)	31 km
Distance to Highway (OMR)	2 km
Distance to National Road (NH 45)	19 km
Public Transport	Road Transportation
Plot area	341,910 sqm
Waterfront	No

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	No
Historic monument	No
Site area	341,910 sqm
Parking Places (closed)	No
Access	Panchayat Road
Utilities	No
Legal issues	not checked

Cushman & Wakefield India Pvt. Ltd. * Chennai *

PROPERTY REPORT

PROPERTY	Residential Project
ADDRESS	Thalambur and Siruseri Village
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

Site area, total	341,910 sqm
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External
Inspection Date	16th May 2013
Inspected by	M. Vinodh and Ram Balaraman

PROPERTY DESCRIPTION

The subject property is vacant land admeasuring 84.3 acres of land The subject property is located off OMR (also known as the IT corridor) and can be accessed through a Panchayat Road. The subject site is proposed to be a residential development comprising of plots and villas.

The shape of the subject property is irregular while the topography of the property is regular.

On the east the property abuts OMR, while on the west, south and north the property is surrounded by vacant land.

LAND REGISTRY DETAILS

According to the information provided by the client, the property is situated in Thalambur and Siruseri Villages. We have not checked title documentation but assume the property is an unencumbered effective freehold.

Land registry extract	Not Applicable	Obtained on	Not Applicable
Registered owner	Not Applicable		
Registered use	Assumed land		
Registered size	Not Applicable		

Restrictions and encumbrances

We have not checked title documentation but assume the property is an unencumbered effective freehold.

We have relied entirely on the site areas / built up area and other property details including the master plan provided to us by the Client. We have assumed that these are correct.

We confirm that there are no conflicts of interest in our advising you on the value of the subject property under the assumed conditions as instructed.

C&WI has adopted valuation method based on its own expertise and knowledge and endeavours to develop forecasts on demand, supply and pricing on assumptions that would be considered relevant and reasonable at that point of time.

Based on information from the client we understand that the land parcel (subject property) has not been leased and is contiguous in nature and the same has been considered in the valuation.

Comments

The report has been prepared for audit of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) carried out for the year ended as on December 31, 2013. The valuation has been carried out in accordance with the definition of Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors ("RICS"). As per RICS (VS 3.2 Redbook 7th Edition), Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

Cushman & Wakefield India Pvt. Ltd. Chennai

PROPERTY REPORT

PROPERTY	Residential Project
ADDRESS	Thalambur and Siruseri Village
VALUATION DATE	31 December 2013

PLANNING ISSUES

Zoning	Based on the information provided by the client the subject property is converted . All statutory approvals must be obtained before commencement of construction.
Footprint ratio	
Maximum buildable area	
Maximum height	
Permit status	Not applied

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPOSED SCHEME

The client is planning to develop a residential project. The development is likely to consist of villas and plots with a total gross built up area of approximately 208,086 sqm. While 66% of the land area is likely to be developed as plots, 32% of the land area is expected to be developed as villas. The remaining 2% of the land area will be utilized for the development of club house.

At present, the site is a vacant land. We are not informed of any legal or environmental issues raised.

We are of an opinion that there is a high level of competition for residential, however due to thrust provided by the IT/ITES (Information Technology and In formation Technology Enabled Services) industry, there is substantial demand for residential developments.

Cushman & Wakefield India Pvt Ltd ★ Chennai ★

PROPERTY REPORT

PROPERTY	Residential Project
ADDRESS	Thalambur and Siruseri Village
VALUATION DATE	31 December 2013

SWOT-ANALYSIS

STRENGTHS

Located off OMR (IT corridor) and in close proximity to major commercial establishments like SIPCOT IT Park

Well connected to other parts of the city through road network

Serene location which is conducive for villa developments

WEAKNESSES

Distance from the city might act as deterrent

Current status of the access road to the subject property

OPPORTUNITIES

Expansion of the IT/ITES companies resulting in increased IT workforce who in turn will drive the demand in the micro market

Improving physical and social infrastructure

THREATS

Competition from other upcoming residential developments by both reputed and local developers

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Old Mahabalipuram Road is one of the major arterial roads in Chennai connecting the city with Mahabalipuram. The road spans over a length of 45 Kms and is split into two phases. The subject micro-market's economy, population and infrastructure are growing at a rapid pace due to the high concentration of IT and business Parks and dedicated Special Economic Zones (SEZs). The corridor is also home to a number of BPO and IT/ITES companies. All major IT/ITES companies like Mahindra Satyam, Wipro, HCL Tech, Tata Consultancy Services, Accenture India, eBay, Infosys, are situated in the subject micro-market. IT SEZ developments such as Ramanujam IT SEZ, ETL Chennai One, ELCOT SEZ, ETA Technopark and SIPCOT IT Park are also located along the corridor. IT companies like Wipro, Infosys, TCS, HCL Tech, CTS and Mahindra Satyam have their own facilities in the micro-market.

As of Q3 2013, OMR had a total office stock of approximately 27.57 million sq.ft. OMR registered substantial supply of approximately 3.01 million sq.ft in first three quarters of 2013. OMR accounted for approximately 89% of the total supply in Chennai during the same time period. Total leasing in OMR was registered at 3.43 million sq.ft. in first three quarters of 2013 which is approximately 67% of the total leasing activity in Chennai. As a result of increasing demand, substantial absorption in the market was registered during this time period. OMR also houses a number of captive space developments. Around 6.5 million sq.ft. of captive space established by major players such as TCS, CTS, Infosys and Wipro can be seen along this corridor.

Spurred by the demand from IT/ITES workforce, the micro market also witnessed increasing demand for other real estate development - predominantly residential. Some of the major developers in the micro market include Casa Grande, DLF, Appaswamy Real Estates, Ramaniyam Developers, Jain Housing and Vaikund Estates. Factors such as proximity to workplace, prevailing infrastructure, proximity to ECR (entertainment corridor) etc continue to attract more buyers to the micro market.

The project's primary catchment covers workforce from SIPCOT IT SEZ and IT developments situated along OMR. Secondary catchment for the project would be investor market across Chennai.

COMPETITION

The subject site has good competition from various players in the micro market. At present, the micro market has a good supply of both completed and under construction residential units. Prominent local developers in the micro market include Isha Homes, Vijay Shanthi Builders, Shri Janani Homes, Casa Grande, Arihant Foundations etc.

The parameters on which the projects have been compared would include accessibility, location and neighbourhood profile, brand name and infrastructure, and size of the property among others as applicable. The premiums and discounts are based on our interaction with various stake holders in the industry and our past experience of undertaking valuations and not on any scientific methods.

However, the subject micro market does not have many developments offering plots and villas despite demand for such developments. The subject site being a proposed development consisting villas and plots is expected to cater to this demand.

COMPETING SCHEMES

Building / Address	*Date*	*Capital Value (INR/sm)*	*Comments*
Casa Grande Pavilion (Villas)	2016	60,525	168 units and spread over 18 acres
Groovy Woodz (Villas)	2015	66,712	96 units and spread over 5.5 acres
Pacifica Aurum (Villas)	2015	49,173	The project is a 110 acres township project with 406 villa units as a part of development. The development also includes residential apartments.
Wing Haven Gardens (Plots)	NA	30,128	500 plots in the size range of 140 sqm - 558 sqm spread across 55 acres.
Greenwood City (Plots)	NA	31,204	252 plots in the size range of 167 sqm - 482 sqm spread across 40 acres.
ASP Garden (Plots)	NA	27,976	27 plots in the size range of 140 sqm - 183 sqm spread across 2 acres.

Cushman & Wakefield India Pvt Ltd

PROPERTY REPORT

PROPERTY	Residential Project
ADDRESS	Thalambur and Siruseri Village
VALUATION DATE	31 December 2013

VALUATION

VALUATION METHODOLOGY

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realization (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

VALUATION CONSIDERATIONS

The proposed scheme for the subject property is residential project comprising Plots and Villas. We are of the opinion that this is the highest & best use of the land as there is considerable demand for villas and plots in the micro market. We also assumed the construction will commence on obtaining necessary approvals. The approvals are expected to be obtained within 9 months.

In order to assess the value of the subject property, we have used the Residual Value Approach. Various assumptions have been made in terms of the sale price, cost of construction and other cost, interest rate, developer's margin, construction & sale phasing and discount rate in order to arrive at the value of the subject property.

The site details, built up area details, FSI, development mix, number of units, size of the units, the joint development ratio and the base cost of construction has been provided to us by the client. The inputs on market related assumptions of sales price(obtained from marketing office of the projects and / or property websites), sales phasing, interest rate, discount rate and developer's margin has been based on market information. We have cross verified the the market sales price with our internal sales team and also based on our experience of doing valuation of properties in the micro-market for the last few years. We have not collected any documentary evidences of the sales price. Additionally we have cross verified details of FSI and cost of constructionand understand that it is in line with market practise.

Interest Rate - Based on our discussion with various nationalised and private banks like State Bank of India, State Bank of Hyderabad, Standard Chartered and developers like Embassy Group, DivyaSree Developer's etc, we understand that the current interest rate is approx 14% and the same has been assumed for valuation.
Discount rate - Since developar's margin has been accounted for which reflects the return for undertaking the development, the cash flows have been discounted for using the finance cost which is 14%.
Developer's profit - The developers profit is taken at 20% of the sales value based on market assumptions and our interactions with various stakeholdars in the market. It reflects the return for the risks undertaken.

VALUATION ASSUMPTIONS

OTHER VARIABLES

We have derived costs from our market knowledge and applied other soft and hard cost elements according to prevalent norms in the market.

We have compared the project with developemnts like Case Grande Pavillion, Groovy Woods and Pacifica Auram for villas and Wing Haven Garden, Greenwood City and ASP garden for plots to arrive at the sale price for by assigning some premium / discount on various attributes like location, accessibility, stage of construction, amenities provided etc.

We have assumed a base sale rate of INR 59,202 per sqm and INR 23,681 per sqm for villas and plots respectively. We have also assumed an escalation of 5% per annum for the sale price and cost of construction.

Plots	INR 1,615 /sqm
Villas	INR 27,572 /sqm
Contingencies	5%

Cushman & Wakefield India Pvt. Ltd. Chennai

PROPERTY REPORT

PROPERTY	Residential Project
ADDRESS	Thalambur and Siruseri Village
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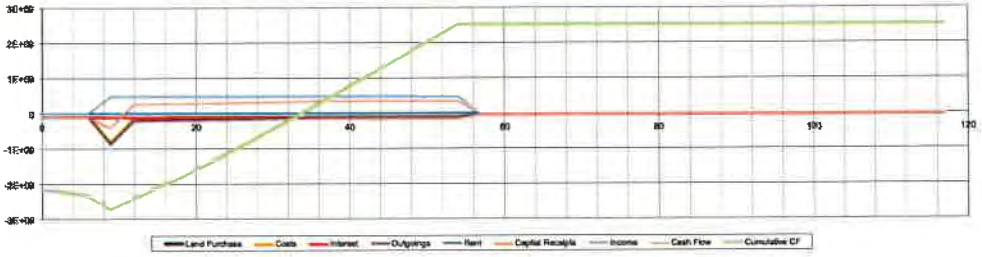
As can be seen in the chart below, we assume development will commence in 9 months. The development is likely to consist of villas and plots with a total gross built up area of 208,086 sqm. While 66% of the land area is likely to be developed as plots, 32% of the land area is expected to be developed as villas. The remaining 2% of the land area will be utilized for the development of club house. The project is estimated to be completed over the period of 4 years. Both the plots and villas will be launched simultaneously.

Cash Flow Profile



PROPERTY REPORT

PROPERTY	Residential Project
ADDRESS	Thalambur and Sirusen Village
VALUATION DATE	31 December 2013

SUMMARY & CONCLUSION

We have compared the site to other residential lands in the subject micro market. However, we primarily ran a residual method calculation to assess the value of the subject property. The capital values for the proposed development was arrived at after taking into consideration the capital values of the similar developments in the subject micro market and running a sales comparison calculation on the same. The cost and construction and sales phasing assumption have been assumed based on market research and trends and the same have been deployed in the current workings. Based on these assumptions, the total undiscounted cash flows for the project excluding developers profit is INR 3,537 Million.

In summary, using the above assumptions and variables we have arrived at the project value of SPV of INR 2,405 Million (Discounted).

MARKET VALUE	**INR**	**2,405,460,000**	**say**	**INR**	**2,405,460,000**

Signed for and on behalf of Cushman & Wakefield India Pvt. Ltd.

Sony Thomas, MRICS
Executive Director, India
Consulting and Valuation & Advisory

Vinodh Mahadevan
Regional Manager, Tamil Nadu and Kerala
Valuation & Advisory

Cushman & Wakefield India Pvt Ltd Chennai

CASHFLOWS	All below nos. are INR		12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018
MONTH		TOTAL	0	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54
INCOME		8,514,884,980																			
Plots		3,769,935,288	-	-	-	214,683,006	217,317,647	219,984,630	222,684,322	225,417,157	228,183,529	230,983,851	233,818,539	236,688,014	239,592,705	242,533,043	245,509,465	248,522,415	251,572,341	254,659,695	257,784,939
Villas		4,577,789,692	-	-	-	16,292,946	49,278,741	82,871,749	117,081,908	151,919,304	187,394,182	223,516,941	260,298,139	297,748,499	335,878,904	374,700,405	414,224,223	454,461,748	495,424,545	537,124,357	579,573,102
Club House		167,160,000	-	-	-	10,447,500	10,447,500	10,447,500	10,447,500	10,447,500	10,447,500	10,447,500	10,447,500	10,447,500	10,447,500	10,447,500	10,447,500	10,447,500	10,447,500	10,447,500	10,447,500
PERIOD INCOME			-	-	-	241,423,453	277,043,887	313,303,849	350,213,730	387,783,961	426,025,211	464,948,291	504,564,178	544,884,013	585,919,109	627,680,948	670,181,188	713,431,663	757,444,586	802,231,552	847,805,541
OUTGOINGS		(4,680,296,018)																			
Construction Cost																					
Plots		(251,329,019)	-	-	-	(14,312,200)	(14,487,843)	(14,665,641)	(14,845,621)	(15,027,810)	(15,212,235)	(15,398,923)	(15,587,903)	(15,779,201)	(15,972,847)	(16,168,870)	(16,367,298)	(16,568,161)	(16,771,489)	(16,977,313)	(17,185,663)
Villas		(1,839,290,502)	-	-	-	(114,955,656)	(114,955,656)	(114,955,656)	(114,955,656)	(114,955,656)	(114,955,656)	(114,955,656)	(114,955,656)	(114,955,656)	(114,955,656)	(114,955,656)	(114,955,656)	(114,955,656)	(114,955,656)	(114,955,656)	(114,955,656)
Club House		(100,000,000)	-	-	-	(6,250,000)	(6,250,000)	(6,250,000)	(6,250,000)	(6,250,000)	(6,250,000)	(6,250,000)	(6,250,000)	(6,250,000)	(6,250,000)	(6,250,000)	(6,250,000)	(6,250,000)	(6,250,000)	(6,250,000)	(4,250,000)
Planning fees & contributions	INR 10 per sq. ft. on plots builtup area	(14,717,809)	-	-	-	(14,717,809)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	INR 75 per sq. ft. on villas builtup area	(53,854,358)	-	-	-	(53,854,358)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	INR 75 per sq. ft. on club house builtup area	(3,750,000)	-	-	-	(3,750,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other costs	INR 100 per sq. ft. on total site area	(367,210,800)	-	-	-	(367,210,800)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prof Fees	2% of plots construction cost	(4,415,343)	-	-	-	(4,415,343)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2% of villas construction cost	(36,785,810)	-	-	-	(36,785,810)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2% of club house construction cost	(2,000,000)	-	-	-	(2,000,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingencies	5.00% of all above cost	(133,667,882)	-	-	-	(30,912,599)	(6,784,675)	(6,793,565)	(6,802,564)	(6,811,673)	(6,820,895)	(6,830,229)	(6,839,678)	(6,849,243)	(6,858,925)	(6,868,726)	(6,878,648)	(6,888,691)	(6,898,857)	(6,909,148)	(6,919,563)
Sales Fees	2% of income	(170,297,700)	-	-	-	(4,828,469)	(5,540,878)	(6,266,077)	(7,004,275)	(7,755,679)	(8,520,504)	(9,298,966)	(10,091,284)	(10,897,680)	(11,718,382)	(12,553,619)	(13,403,624)	(14,268,633)	(15,148,888)	(16,044,631)	(16,955,110)
Developer's Profit	20% of income	(1,702,976,996)	-	-	-	(48,284,691)	(55,408,777)	(62,660,774)	(70,042,746)	(77,556,792)	(85,205,042)	(92,989,658)	(100,912,836)	(108,976,803)	(117,183,822)	(125,536,190)	(134,036,238)	(142,686,333)	(151,488,877)	(160,446,310)	(169,559,098)
PERIOD OUTGOINGS		(4,680,296,018)	-	-	-	(780,337,733)	(383,427,836)	(311,291,714)	(319,900,862)	(238,337,613)	(236,904,333)	(248,733,433)	(254,637,334)	(263,708,582)	(272,939,633)	(282,333,861)	(291,891,463)	(301,617,474)	(311,513,768)	(321,583,809)	(331,838,194)
Monthly CF			-	-	-	(460,854,282)	73,616,058	101,712,155	130,312,868	159,426,349	189,060,878	219,224,858	249,926,822	281,175,430	312,979,476	345,347,887	378,289,725	411,814,189	445,930,818	480,648,493	515,977,437
PV Basis	Months		-	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54
	Cash Flow		-	-	-	(460,854,282)	73,616,058	101,712,155	130,312,868	159,426,349	189,060,878	219,224,858	249,926,822	281,175,430	312,979,476	345,347,887	378,289,725	411,814,189	445,930,818	480,648,493	515,977,437
Interest rate	14%		1.000	0.968	0.937	0.906	0.877	0.849	0.822	0.795	0.769	0.745	0.721	0.697	0.675	0.653	0.632	0.612	0.593	0.573	0.555
Residual value		2405460000																			

504

Villas

Comparable Method	Subject Property	Comparable 1	Premium(+)/ Discount(-)	Comparable 2	Premium(+)/ Discount(-)	Comparable 3	Premium(+)/ Discount(-)
Name of Development		Pavillion		Groovy Woods		Auram	
Developer		Casa Grande		Sri Janani Homes		Pacifica	
Plot Size (sq. ft.)		2,325		2,149-4,000		2,099-3,240	
Base Rate(INR/sq. ft.)		5,625		6,200		4,570	
Quote/Sale		T		T		T	
Parameters to arrive at premium(+)/discount(-)							
Location	Thalambur	Thalambur	0%	Thalambur	0%	Padur	10%
Neighbourhood Profile	Near Sipcot	Residential	10%	Residential	0%	Residential	5%
Approvals & Infrastrcucture	Not Availabie	Approval obtained	-5%	Approval obtained	-5%	Approval obtained	-5%
inside the site							
Total premium/discount			**5%**		**-5%**		**10%**
Approximate Capital value (on carpet area) (INR/ sq. ft.) for subject property			5,906		5,890		5,027
Avarage Capital value (INR/ sq. ft.)	5,600						

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Plots

Comparable Method	Subject Property	Comparable 1	Premium(+)/ Discount(-)	Comparable 2	Premium(+)/ Discount(-)	Comparable 3	Premium(+)/ Discount(-)
Name of Development		Wing Haven Gardens		Greenwood City		ASP Garden	
Developer		ETA Star		Arihant Foundations		Individual	
Plot Size (sq. ft.)		1,500-1,600		1,800-5,182		1,500-1,750	
Base Rate(INR/sq. ft.)		2,800		2,900		2,600	
Quote/Sale		T		T		T	
Parameters to arrive at premium(+)/discount(-)							
Accessibility and Location	Panchayat Road	Perumbakkam Kelambakkam Road	-5%	Panchayat Road	-5%	Panchayat Road	-5%
Neighbourhood Profile	Near Sipcot	Residential	5%	Near ETA Technopark	0%	Residential	5%
Land Area to be developed	84.3	55	-10%	40	-10%	2	-15%
Approvals	Not Available	Approved Layouts	-5%	Approved Layouts	-5%	Approved Layouts	-5%
Infrastructure within the site	Not Available	Developed Site	-5%	Developed Site	-5%	Developed Site	0%
Brand Name		Prominent Developer	0%	Prominent Developer	0%	Local Promoter	10%
Total premium/discount			**-20%**		**-25%**		**-10%**
Approximate Capital value (on carpet area) (INR/ sq. ft.) for subject property			2,240		2,175		2,340
Average Capital value (INR/ sq. ft.)	2,250						

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Particulars	Subject property	Comparable -1	Comparable-2	Comparable 3	Comparable 4
Location	Thalambur, Off OMR	Thalambur, Off OMR	Thalambur, Off OMR	Thalambur, Off OMR	Thalambur, Off OMR
Land size (Acres)	84.3	10.0	5.0	5.0	60.0
Distance from the subject property		1 - 2 km	1 - 2 km	1 - 2 km	1 - 2 km
Accessibility	Panchayat Road	Panchayat Road	Panchayat Road	Panchayat Road	Panchayat Road
Shape of the property	Irregular	Regular	Irregular	Irregular	Irregular
Tenure	Freehold	Freehold	Freehold	Freehold	Freehold
Transacted/ Quote		Quoted May, 2013	Transacted Q3 2013	Transacted 2012	Quoted May, 2013
Capital Rate INR million/acre		50.0	48.0	45.0	40.0
Premium/discount on account of					
Freehold/ Leasehold		0%	0%	0%	0%
Frontage		0%	0%	0%	0%
Accessibility		-5%	-5%	-5%	-5%
FSI		0%	0%	0%	0%
Location and Neighbourhood Profile		0%	5%	5%	0%
Size		-10%	-20%	-20%	0%
Negotiation		-5%	0%	0%	-5%
Conversion		0%	0%	0%	0%
Shape and Topography		-5%	-5%	-5%	0%
Time of Transaction		0%	5%	10%	0%
Total		**-25%**	**-20%**	**-15%**	**-10%**
		37.50	**38.40**	**38.25**	**36.00**
Weightages		**0%**	**0%**	**0%**	**0%**
Applicable Land Value INR million/acre	37.54				
Total land value INR Mn	3,164				

Current market value of land is arrived by benchmarking the subject land parcel with comparable land parcels quoted or transacted in that subject location. The sale price of comparable properties similar to the subject property is analyzed and the sale prices adjusted to account for differences in the comparables to the subject property (like accessibility, neighborhood profile, size etc.) to determine the value of the subject land parcel. The premiums and discounts are based on our interaction with various stake holders in the industry and our past experience of undertaking valuations and not on any scientific methods.

Cushman & Wakefield India Pvt Ltd Chennai

Sale Price for Villas

Saleable Area (sq m)	66709	Sale price per sq.ft		5,600
Annual Escalation	5%	Sale price per Sq M		60,278
Quaterly Esc	1.23%			

Sale price	60,278	61,018	61,767	62,525	63,292	64,069	64,855	65,651	66,457	67,273	68,098	68,934	69,780	70,636	71,503	72,381	73,269	74,168	75,079
Sale phasing (%)	0.00%	0.00%	0.00%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Area Sold	0	0	0	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169
Construction Linked Collection Sch	0.00%	0.00%	0.00%	0.36%	1.08%	1.81%	2.56%	3.32%	4.09%	4.88%	5.69%	6.50%	7.34%	8.19%	9.05%	9.93%	10.82%	11.73%	12.66%
Average sale price (INR/Sq m)	68,623																		

Construction Cost for Villas

Saleable Area (sq m)	66,709	Cost per sq.ft		2,250
Annual Escalation	5%	Cost per sqm		24,219
Quaterly Esc	1.23%			

Construction Cost	24,219	24,516	24,817	25,122	25,430	25,742	26,058	26,378	26,701	27,029	27,361	27,697	28,037	28,381	28,729	29,081	29,438	29,800	30,165
Construction phasing (%)	0.00%	0.00%	0.00%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Area Constructed	0	0	0	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169	4,169
Average cost (INR/sq m)	27,572																		

Cushman & Wakefield India Pvt Ltd Chennai

Sale Price for Plots

Saleable Area (sq m)	136732	Sale price per sq.ft	2,250	10.764
Annual Escalation	5%	Sale price per sq m	24,219	
Quaterly Esc	1.23%			

Sale price	24,219	24,516	24,817	25,122	25,430	25,742	26,058	26,378	26,701	27,029	27,361	27,697	28,037	28,381	28,729	29,081	29,438	29,800	30,165
Sale phasing (%)	0.00%	0.00%	0.00%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Area Sold	0	0	0	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546
Construction Linked Collection Schedule	0.00%	0.00%	0.00%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%

Construction Cost for Plots

Saleable Area (sq m)	136732	Cost per sq.ft	150	
Annual Escalation	5%	Cost per sqm	1,615	
Quaterly Esc	1.23%			

Construction Cost	1,615	1,634	1,654	1,675	1,695	1,716	1,737	1,759	1,780	1,802	1,824	1,846	1,869	1,892	1,915	1,939	1,963	1,987	2,011
Construction phasing (%)	0.00%	0.00%	0.00%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Area Constructed	0	0	0	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546	8,546

Cushman & Wakefield India Pvt Ltd Chennai

Sale Price for Club House

Saleable Area (sq m) 4645.1
Annual Escalation 0% Sale price per sq m 35,986
Quaterly Esc 0.00%

Sale price	35,986	35,986	35,986	35,986	35,986	35,986	35,986	35,986	35,986	35,986	35,986	35,986	35,986	35,986	35,986	35,986	35,986	35,986	35,986	35,986
Sale phasing (%)	0.00%	0.00%	0.00%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Area Sold	0	0	0	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290
Construction Linked Collection Schedule																				
Average sale price (INR/Sq m)	35,986																			

Construction Cost for Club House

Saleable Area (sq m) 4645.1 Cost per sq.ft 2,000
Annual Escalation 0% Cost per sqm 21,528
Quaterly Esc 0.00%

Construction Cost	21,528	21,528	21,528	21,528	21,528	21,528	21,528	21,528	21,528	21,528	21,528	21,528	21,528	21,528	21,528	21,528	21,528	21,528	21,528	21,528
Construction phasing (%)	0.00%	0.00%	0.00%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Area Constructed	0	0	0	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290
Average cost (INR/sq m)	21,528																			

Cushman & Wakefield India Pvt Ltd Chennai

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Global Real Estate Solutions

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www.cushmanwakefield.co.in

PROPERTY REPORT

PROPERTY	Kochi Island
ADDRESS	Mulavukadu, Kochi
VALUATION DATE	31 December 2013

India

City of Kochi

Chennai City Centre

Micro Location

LOCATION

Kochi is a major port city on the west coast of India by the Arabian Sea and is part of the district of Ernakulam of the state of Kerala. Kochi is often called by the name Ernakulam, which refers to the eastern part of the mainland Kochi. The civic body that governs the city is the Corporation of Cochin, which was constituted in the year 1967, and the statutory bodies that oversee its development are the Greater Cochin Development Authority (GCDA) and the Goshree Islands Development Authority (GIDA).

The city of Kochi is the most densely populated city in the state and is part of an extended metropolitan region, which is the largest urban agglomeration in Kerala. Kochi city is also a part of Greater Cochin region and is classified as a B-1 grade city by the Government of India, making it the highest graded city in the state. Kochi ranks first in the total number of international and domestic tourists in Kerala. Kochi has been ranked the sixth best tourist destination in India according to a survey conducted by the Nielsen Company on behalf of the Outlook Traveller magazine. Kochi was one of the 28 Indian cities found to be among the emerging 440 global cities that will contribute 50% of the world GDP by the year 2025, in a study done by McKinsey Global Institute.

The subject micro market enjoys premium in terms of having a water front view. As waterfront houses are of good demand in Kochi, the subject micro market (especially marine drive) registers good demand thereby witnessing a number of developments by major developers (both local and regional).

LOCATION DETAILS

City Population	2,117,990
Local	Residential areas
Distance to Centre (Nungambakkam)	2 km
Distance to Highway (Goshree Road)	0.5 km
Distance to National Road (NH 47C)	1 km
Public Transport	Not Available (Only through backwaters)
Plot	119,948 sqm
Waterfront	Yes

PROPERTY DETAILS

Property Type/ Use	Land
Occupation	No
Historic monument	No
Site area	119,948 sqm
Parking Places (closed)	No
Access	Waterways
Utilities	No
Legal Issues	not checked

Cushman & Wakefield India Pvt Ltd Chennai

PROPERTY REPORT

PROPERTY	Kochi Island
ADDRESS	Mulavukadu, Kochi
VALUATION DATE	31 December 2013

PROPERTY DATA

PLOT OF LAND

Site area, total	119,948 sqm
Surplus Land	-
Developed area (% total site)	n/a

INSPECTION

Inspection Type	External
Inspection Date	23rd May 2013
Inspected by	Vinodh Mahadevan

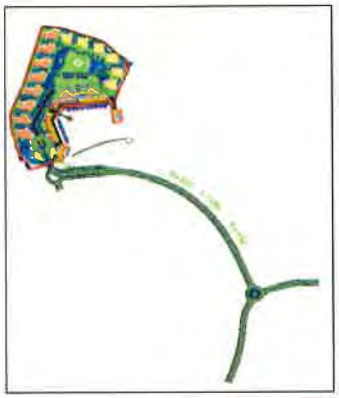
PROPERTY DESCRIPTION

The subject property is vacant land admeasuring 41 acres. The subject property is located on a backwater island called Mulavukadu, off Marine Drive. The current access to the subject property is through the backwaters of Arabian Sea. As informed by the client out of the 41 acres, 13 acres is owned by the client and for the remaining 28 acres, a SPV is formed with a 60% JD share for the client.

Based on the instructions from the client, valuation for 13 acres fof the owned property has been carried out.

The shape and topography of the subject property is irregular.

The subject property is surrounded by the backwaters on east, west, south and north.



LAND REGISTRY DETAILS

According to the information provided by the client, the property is situated on a backwater island called Mulavukadu, off Marine Drive. We have not checked title documentation but assume the property is an unencumbered effective freehold.

Land registry extract	Not Applicable	Obtained on	Not Applicable
Registered owner	Not Applicable		
Registered use	Assumed land		
Registered size	Not Applicable		

Restrictions and encumbrances

We have not checked title documentation but assume the property is an unencumbered effective freehold.

We have relied entirely on the site areas / built up area and other property details including the master plan provided to us by the Client. We have assumed that these are correct.

We confirm that there are no conflicts of interest in our advising you on the value of the subject property under the assumed conditions as instructed.
C&WI has adopted valuation method based on its own expertise and knowledge and endeavours to develop forecasts on demand, supply and pricing on assumptions that would be considered relevant and reasonable at that point of time.

Cushman & Wakefield India Pvt Ltd * Chennai *

PROPERTY REPORT

PROPERTY	Kochi Island
ADDRESS	Mulavukadu, Kochi
VALUATION DATE	31 December 2013

Comments

Based on the instructions from the client, we have valued land admeasuring approximately 13 acres (owned by the client). The report has been prepared for audit of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) carried out for the year ended as on December 31, 2013. The valuation has been carried out in accordance with the definition of Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors ("RICS"). As per RICS (VS 3.2 Redbook 7th Edition), Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

PLANNING ISSUES

Zoning		Based on the information provided by the client, the site at present has obtained clearence for construction of building. Other statutory approvals must be obtained before commencement of construction.
Footprint ratio		
Maximum buildable area		
Maximum height		
Permit status	Not applied	

ENVIRONMENTAL

We have not carried out any investigations or tests, nor have been supplied with any information from the client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the property we would not expect there to be any outstanding environmental or archaeological issues.

PROPOSED SCHEME

The client is planning for a residential project.

Currently, the site is a vacant land. We are not informed of any legal or environmental issues raised. The site has obtained a single window clearance for construction. However, the other statutory approvals are yet to be obtained for the commencement of construction.
We are of an opinion that there is a high level of competition for residential development. However due to demand for waterfront apartments in the micro market, the micro market is expected to see demand for residential developments .

SWOT-ANALYSIS

STRENGTHS

The subject property is located in an island and surrounded by the backwaters

Proximity to Central Business District (CBD) and Marine Drive

The location provides a serene environment which is conducive for villa developments

WEAKNESSES

Currently the site does not have access through land (Road/Railways).

The site is not connected through public transport.

Any development in the subject site can be marketed only upon establishing a road access.

OPPORTUNITIES

Limited residential developments within the backwater island

There is limited availability of island properties in Kochi which are conducive for villa developments.

THREATS

Competition from residential developments located in Marine Drive

Obtaining relavant approval from government for providing public transportation to the site.

Cushman & Wakefield India Pvt Ltd ★ Chennai ★

PROPERTY REPORT

PROPERTY	Kochi Island
ADDRESS	Mulavukadu, Kochi
VALUATION DATE	31 December 2013

REAL ESTATE MARKET FOR THE SUBJECT PROPERTY

Mulavukad, also known locally as Bolghatty Island, is one of the islands that form part of the city of Kochi. The island also has a golf course and an International Marina. The Marina was the first of its kind in India and was set up by Kerala Industrial and Technical Consultancy Organisation (KITCO), for Kerala State Tourism Department (KTDC). The island is home to the Bolgatty Palace, located at the southern tip of the Island. The Palace is a popular tourist attraction and a heritage hotel, managed by the KTDC.

Mulavukadu has seen limited development in terms of real estate, especially residential. However, the location enjoys a good water frontage and developments of such nature in Kochi are normally sold at a premium. The island is located off Marine Drive which is a high-end residential hub. Leading developers such as Puravankara, Prestige, DLF and Abad have a presence in Marine drive. The subject site is also located in close proximity to Central Business District (CBD).

The project's primary catchment covers home buyers working in close proximity to the CBD. Secondary catchment for the project would be Non Resident Indians investors across the globe.

COMPETITION

The subject site has good competition from various players along Marine Drive At present, the micro market has supply of both completed and under construction residential units. Prominent local , national and regional developers in the micro market include Puravankara, Prestige, TRIL and Abad.

However, the backwater island on which the subject property is located has not many residential developments despite demand for such developments. The subject site is proposed to consist of villas.

VALUATION

VALUATION METHODOLOGY

Based on special request of the client, valuation is conducted only for the 13 acres of the land which is owned by the client. Valuation is conducted using land sales comparable method based on special request from the client.

The sales comparison approach examines the price or price per unit area of similar properties being sold in the market place. The sales of properties similar to the subject property are analyzed and the sale prices adjusted to account for differences In the comparables to the subject to determine the value of the subject. This approach is generally considered the most reliable if adequate comparable sales exist.

VALUATION CONSIDERATIONS

We have compared the site to other similar land parcels in the micro market.
C&W has compared 3 land parcels in the vicinity of the subject property. The capital values of the comparable properties are quoted in the range of INR 30 million to INR 70 million. Premium and discounts are assinged to the subject property against the 3 comparables based on attributes like location, accessibility, size, water frontage, neighbourhood profile, negotiations, etc.

SUMMARY & CONCLUSION

We have compared the site (owned land parcel of 13 acres) to other land parcels in the micro market. Based on the land sale comparable method, we estimate that the subject plot would transact in the INR 33 million - INR 37 million per acre range, which we consider to be realistic in the context of the available market information.

Address	Details	Asking/ Sold	Date	INR Million /acre
Mulavukadu Island	60 acres	Asking	Q4 2013	INR 30
Island (appx 4 km from subject property)	28 acres	Asking	Q4 2013	INR 30
Island (appx 8 km from subject property)	5 acres	Asking	Q4 2013	INR 70
VALUE	**INR 459,000,000**	**say**		**INR 459,000,000**

Signed for and on behalf of Cushman & Wakefield India Pvt. Ltd.

Sony Thomas, MRICS
Executive Director, India
Consulting and Valuation & Advisory

Vinodh Mahadevan
Regional Manager, Tamil Nadu and Kerala
Valuation & Advisory

Cushman & Wakefield India Pvt Ltd * Chennai *

Particulars	Subject property	Comparable -1	Comparable-2	Comparable-3
Location	Kochi	Mulavukadu Island	Island (appx 4 km from subject property)	Mulavukadu
Land size (Acres)	13.0	60.0	28.0	5.0
Accessibility	Waterways	Waterways	Waterways	Panchayat Road
Shape of the property		Irregular	Irregular	Irregular
Tenure	Freehold	Freehold	Freehold	Freehold
Transacted/ Quote		Quoted May, 2013	Quoted May, 2013	Quoted May, 2013
Capital Rate INR million/acre		30.0	30.0	70.0
Premium/discount on account of				
Location		0%	5%	-15%
Water Frontage		10%	0%	5%
Accessibility		0%	5%	-20%
Neighbourhood Profile		0%	5%	0%
Size		10%	10%	-5%
Negotiation		-15%	-15%	-15%
Approvals/Conversion		5%	5%	5%
Total		10%	15%	-45%
		33.00	34.50	38.50
Weightages		8%	8%	8%
Applicable Land Value INR million/acre	35.33			
Total land value INR Mn	459			

TOTAL LAND VALUE (RANGE)	5%	LOW	HIGH
INR / sq. ft.	:	34	37

Appendix 1: Instructions (Caveats & Limitations)

1. The Valuation Report (hereafter referred to as "Report") will not be based on comprehensive market research of the overall market for all possible situations. Cushman & Wakefield India (hereafter referred to as "C&WI") will cover specific markets and situations, which will be highlighted in the Report. C&WI will not be carrying out comprehensive field research based analysis of the market and the industry given the limited nature of the scope of the assignment. In this connection, C&WI will rely solely on the information supplied to C&WI and update it by reworking the crucial assumptions underlying such information as well as incorporating published or otherwise available information.

2. In conducting this assignment, C&WI will carry out analysis and assessments of the level of interest envisaged for the property(ies) under consideration and the demand-supply for the hospitality / retail / land / commercial sector in general. C&WI will also obtain other available information and documents that are additionally considered relevant for carrying out the exercise. The opinions expressed in the Report will be subject to the limitations expressed below.

    a. C&WI has adopted valuation method based on its own expertise and knowledge and endeavours to develop forecasts on demand, supply and pricing on assumptions that would be considered relevant and reasonable at that point of time. All of these forecasts will be in the nature of likely or possible events/occurrences and the Report will not constitute a recommendation to **Plaza Centers** (hereafter referred to as, 'client') or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which forecasts have been generated and is not recommended as an input to a financial decision.

    b. It should be noted that C&WI's value assessments will be based upon the facts and evidence available at the date of assessment. It is therefore recommended that the value assessments be periodically reviewed.

    c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented at the stated effective date. C&WI assumes no responsibility for changes in such external conditions.

    d. In the absence of a detailed field survey of the market and industry (as and where applicable), C&WI will rely upon secondary sources of information for a macro-level analysis. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis.

    e. The services provided will be limited to assessment and will not constitute an audit, a due diligence, tax related services or an independent validation of the projections. Accordingly, C&WI will not express any opinion on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report will be prepared solely for the purpose stated, and should not be used for any other purpose.

    f. While the information included in the Report will be believed to be accurate and reliable, no representations or warranties, expressed or implied, as to the accuracy or completeness of such information is being made. C&WI will not undertake any obligation to update, correct or supplement any information contained in the Report.

    g. In the preparation of the Report, C&WI will rely on the following information:

i. Information provided to us by the Client and its affiliates and subsidiaries and third parties;

ii. Recent data on the industry segments and market projections;

iii. Other relevant information provided to us by the Client and its affiliates and subsidiaries at C&WI's request;

iv. Other relevant information available to C&WI; and

v. Other publicly available information and reports.

3. The Report will reflect matters as they currently exist. Changes may materially affect the information contained in the Report.

4. All assumptions made in order to determine the Valuation of the identified property(ies) will be based on information or opinions as current. In the course of the analysis, C&WI would be relying on information or opinions, both written and verbal, as current obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which would be accepted as accurate in bona-fide belief. No responsibility is assumed for technical information furnished by the third party organizations and this is bona-fidely believed to be reliable.

5. No investigation of the title of the assets will be been made and owners' claims to the assets will be assumed to be valid. No consideration will be given to liens or encumbrances, which may be against the assets. Therefore, no responsibility is assumed for matters of a legal nature.

6. C&WI's total aggregate liability to the Client including that of any third party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum not exceeding the total fees paid for each instructions accepted. C&WI shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.

7. C&WI endeavours to provide services to the best of ability and in bona-fide good faith. The proposed services and/or work product of C&WI shall be only for the use of the Client. If the Client allows any third party to use or rely thereon the work product of C&WI, it shall be at the sole risk of the Client and there shall be no liability on C&WI (including its Directors, and employees) towards any third party claim for damages, economic loss or damage suffered arising out of or in connection with the services proposed to be rendered, direct or indirect due to whatsoever reasons and however the loss or damage is caused. The Client shall assist and cooperate with C&WI to defend any third party claim before any court of law or authorities, and indemnify C&WI of the cost of such proceedings.

8. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from C&WI for any purpose without prior written consent from C&WI and should take all reasonable precautions to protect such information from any sort of disclosure. The information or data, whether oral or in written form (including any negotiations, discussion, information or data) forwarded by C&WI to the Client may comprise confidential information and the Client undertakes to keep such information strictly confidential at all times unless prior written consent from C&WI has been obtained.

9. In the event of any party wants to disclose any information it shall take prior written consent of C&WI and shall make only such disclosures as allowed by the C&WI. However, the non-disclosure condition shall not apply to any information that is already in the public domain or required by any court of law or authorities under any law. In such an event the disclosing party shall intimate the other party before making such disclosure.

10. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.

Part XII - Financial Information on Plaza Centers N.V.

PLAZA CENTERS N.V.

CONSOLIDATED FINANCIAL STATEMENTS

AUDITED

AS OF 31 DECEMBER 2013
31 DECEMBER 2012
31 DECEMBER 2011

PLAZA CENTERS N.V.

CONSOLIDATED FINANCIAL STATEMENTS

AUDITED

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

PLAZA CENTERS N.V.

CONSOLIDATED FINANCIAL STATEMENTS

AUDITED

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Consolidated statement of changes in equity

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- -

Independent Auditors' Report

The Board of Directors and Stockholders
Plaza Centers N.V.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Plaza Centers N.V. ("the Company"), which comprise the consolidated statement of financial position as at December 31, 2013, the consolidated statement of profit or loss and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2013 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards adopted by the EU.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2(d) and Note 34(a) in the consolidated financial statements which describes, among other matters, that the Company has withheld payment of installments on the Polish bonds as well as the Israeli bonds; and that the Company filed for reorganization proceedings with the District Court of Amsterdam in the Netherlands. These conditions, along with other matters as set forth in Note 2(d) and Note 34(a), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Without qualifying our opinion, we also draw attention to Note 3(g) and Note 14 to the consolidated financial statements which describes that the Company early adopted IFRS 11 Joint arrangements with a date of initial application of January 1, 2013 and the effect thereof on the consolidated financial statements.

KPMG Hungária Kft.

Michael Carlson
Partner

Budapest, Hungary
March 27, 2014

PLAZA CENTERS N.V.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN '000 EUR

	Note	December 31, 2013	December 31, 2012 Restated (*)	January 1, 2012 Restated (*)
ASSETS				
Cash and cash equivalents	6	26,157	35,374	51,438
Restricted bank deposits	7	6,319	18,759	17,440
Short term deposits		-	-	3,102
Available for sale financial assets	8	-	11,714	25,568
Held for trading financial assets	8	1,246	-	-
Trade receivables	9	3,372	3,399	2,792
Other receivables	10a	4,871	11,492	8,721
Prepayments and advances	10b	1,393	7,821	8,043
Trading properties	11	40,333	612,475	648,674
Total current assets		83,691	701,034	765,778
Trading properties	11	454,841	-	-
Equity accounted investee - discontinued operations	37	-	-	95,475
Equity accounted investees	14	33,102	154,830	141,174
Loan to equity accounted investees	14	7,039	6,949	15,160
Long term deposits and other investments		-	-	50,577
Property and equipment	12	6,520	7,381	8,230
Investment property	13	-	14,489	13,652
Other non-current assets		573	1,135	5,221
Total non-current assets		502,075	184,784	329,489
Total assets		585,766	885,818	1,095,267
LIABILITIES AND SHAREHOLDERS' EQUITY				
Interest bearing loans from banks	16	175,338	205,977	208,858
Debentures at fair value through profit or loss	20	97,983	34,966	32,930
Debentures at amortized cost	21	70,636	34,184	22,831
Trade payables	17	2,432	7,569	25,712
Related parties liabilities	18	944	546	2,228
Derivatives	15	910	3,320	-
Provisions	11	15,597	15,597	15,597
Other liabilities	19	11,219	7,648	15,261
Total current liabilities		375,059	309,807	323,417
Interest bearing loans from banks	16	-	5,773	15,696
Debentures at fair value through profit or loss	20	-	81,181	110,320
Debentures at amortized cost	21	-	39,010	86,052
Derivatives	15	-	-	3,561
Other liabilities		-	185	159
Deferred tax liabilities	22	379	6,930	13,189
Total non-current liabilities		379	133,079	228,977
Share capital	23	2,972	2,972	2,972
Translation reserve	23	(40,651)	(26,359)	(10,672)
Capital reserve due to transaction with Non-controlling interests		(20,706)	(20,706)	(19,342)
Other reserves	23	35,133	35,262	31,954
Share premium		261,773	261,773	261,773
Retained earnings (losses)		(28,799)	189,274	275,437
Total equity attributable to equity holders of the Company		209,722	442,216	542,122
Non-controlling interests		606	716	751
Total equity		210,328	442,932	542,873
Total equity and liabilities		585,766	885,818	1,095,267

(*)Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards

March 27, 2014		
Date of approval of the financial statements	**Ran Shtarkman** **Director, President and Chief Executive Officer**	**Shimon Yitzchaki** **Director and Chairman of the Audit Committee**

The notes on pages 10 - 98 are an integral part of these consolidated financial statements**.**

PLAZA CENTERS N.V.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS IN '000 EUR

	Note	For the year ended December 31, 2013	2012 Restated(*)
Continuing operations			
Rental income	26(a)	23,678	23,112
Revenues from entertainment centers	26(b)	3,345	6,911
		27,023	30,023
Cost of operations	27(a)	(9,408)	(9,384)
Cost of operations – entertainment centers	27(b)	(4,025)	(8,267)
Gross profit		13,590	12,372
Loss from disposal of undeveloped Trading Property	34(e)	(346)	(65)
Write-down of Trading Properties	11	(117,913)	(60,293)
Write-down of equity-accounted investees	14	(56,417)	(23,443)
Loss from disposal of equity accounted investees (holding undeveloped Trading Properties)	34(d),(f)	(3,724)	-
Share in results of equity-accounted investees	14	952	1,475
Administrative expenses, excluding restructuring costs	28a	(9,435)	(11,432)
Restructuring costs	28b	(702)	-
Other income	29	413	8,970
Other expenses	29	(11,468)	(1,122)
Results from operating activities		(185,050)	(73,538)
Finance income	30	1,288	20,358
Finance costs	30	(40,632)	(37,531)
Net finance costs		(39,344)	(17,173)
Loss before income tax		(224,394)	(90,711)
Tax benefit	31	6,256	6,592
Loss from continuing operations		(218,138)	(84,119)
Discontinued operation			
Profit (loss) from discontinued operation, net of tax	37	65	(2,044)
Loss for the year		(218,073)	(86,163)
Loss attributable to:			
Owners of the Company		(218,073)	(86,163)
Earnings per share			
Basic and diluted loss per share (in EURO)	24	(0.73)	(0.29)
Earnings per share – continuing operations			
Basic and diluted loss per share (in EURO)	24	(0.73)	(0.28)

(*) Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards and to notes 27, 28 and 29 on other reclassifications.

The notes on pages 10 - 98 are an integral part of these consolidated financial statements**.**

PLAZA CENTERS N.V.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN '000 EUR

	For the year ended December 31,	
	2013	2012 Restated(*)
Loss for the year	(218,073)	(86,163)
Other comprehensive income		
Items that are or may be reclassified to profit or loss:		
Net change in fair value of available for sale financial assets transferred to income statement	(723)	1,222
Change in fair value of available for sale financial assets	(14)	1,297
Foreign currency translation differences - foreign operations (Discontinued operation) – reclassified to profit or loss	-	(9,730)
Foreign currency translation differences - foreign operations (Discontinued operation) – 2012 movements	-	2,818
Foreign currency translation differences - foreign operations (Equity accounted investees) – reclassified to profit or loss	4,360	-
Foreign currency translation differences - foreign operations (Equity accounted investees)	(15,036)	(7,064)
Foreign currency translation differences - foreign operations (Trading properties)	(3,726)	(1,746)
Tax on other comprehensive income due to change in fair value of available for sale financial assets	184	(630)
Other comprehensive income (loss) for the year, net of income tax	(14,955)	(13,833)
Total comprehensive income (loss)for the year	(233,028)	(99,996)
Total comprehensive income (loss)attributable to:		
Owners of the Company:	(232,918)	(99,961)
Non-controlling interests	(110)	(35)
Total comprehensive loss for the year	(233,028)	(99,996)

(*) Restated due to Retrospective application – refer to note 3 regarding initial application of the new suite of standards.

PLAZA CENTERS N.V.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 EUR

	Attributable to the equity holders of the Company									
	Share capital	**Share Premium**	**Share based payment reserves**	**Translation Reserve**	**Capital reserve from acquisition of non-controlling interests without a change in control**	**Financial assets available for sale reserve**	**Retained earnings (losses)**	**Total**	**Non-controlling interests (*)**	**Total**
Balance at January 1, 2012 , as previously reported	**2,972**	**261,773**	**33,290**	**(10,672)**	**(19,342)**	**(1,336)**	**275,437**	**542,122**	**8,040**	**550,162**
Impact of changes in accounting policies	-	-	-	-	-	-	-	-	(7,289)	(7,289)
Restated balance at January 1, 2012	**2,972**	**261,773**	**33,290**	**(10,672)**	**(19,342)**	**(1,336)**	**275,437**	**542,122**	**751**	**542,873**
Change in non-controlling interest	-	-	-	-	(1,364)	-	-	(1,364)	-	(1,364)
Share based payment (refer to note 25)	-	-	1,419	-	-	-	-	1,419	-	1,419
Comprehensive income for the year										
Net loss for the year	-	-	-	-	-	-	(86,163)	(86,163)	-	(86,163)
Foreign currency translation differences	-	-	-	(15,687)	-	-	-	(15,687)	(35)	(15,722)
Available for sale reserve, net of tax	-	-	-	-	-	1,889	-	1,889	-	1,889
Total comprehensive income (loss) for the year	-	-	-	(15,687)	-	1,889	(86,163)	**(99,961)**	**(35)**	**(99,996)**
Balance at December 31, 2012	**2,972**	**261,773**	**34,709**	**(26,359)**	**(20,706)**	**553**	**189,274**	**442,216**	**716**	**442,932**
Share based payment (refer to note 25)	-	-	424	-	-	-	-	424	-	424
Comprehensive income for the year										
Net loss for the year	-	-	-	-	-	-	(218,073)	(218,073)	-	(218,073)
Foreign currency translation differences	-	-	-	(14,292)	-	-	-	(14,292)	(110)	(14,402)
Available for sale reserve, net of tax	-	-	-	-	-	(553)	-	(553)	-	(553)
Total comprehensive loss for the year	-	-	-	(14,292)	-	(553)	(218,073)	**(232,918)**	**(110)**	**(233,028)**
Balance at December 31, 2013	**2,972**	**261,773**	**35,133**	**(40,651)**	**(20,706)**	**-**	**(28,799)**	**209,722**	**606**	**210,328**

(*) Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards

The notes on pages 10 - 98 are an integral part of these consolidated financial statements.

	Note	For the year ended December 31, 2013	2012 Restated (*)
Cash flows from operating activities			
Loss for the year		(218,073)	(86,163)
Adjustments necessary to reflect cash flows used in operating activities:			
Depreciation and impairment of property and equipment	12	423	1,065
Change in fair value of investment property	13	4,267	(837)
Net finance costs	30	39,344	17,173
Equity-settled share-based payment transaction		424	197
Discontinued operations		(65)	2,044
Gain on sale of property and equipment		(23)	(13)
Share of loss of equity-accounted investees, net of tax	14	78,617	19,854
Tax benefit	31	(6,256)	(6,592)
		(101,342)	(53,272)
Changes in:			
Trade receivables		(122)	(581)
Other accounts receivable		10,126	5,821
Trading properties	11	108,831	27,632
Trade payables		(4,028)	(18,122)
Other liabilities, related parties liabilities and provisions		3,498	(8,577)
		118,305	6,173
Interest received		353	3,822
Interest paid		(10,926)	(24,214)
Taxes paid		(295)	(297)
Net cash from (used in) operating activities		6,095	(67,788)
Cash from investing activities			
Purchase of property and equipment	12	(75)	(462)
Proceeds from sale of property and equipment		169	250
Discontinued operations		-	63,885
Proceeds from sale of investment property	34(e)	7,649	-
Proceeds from liquidation of equity accounted investee EPUS	34(h)	32,410	-
Long term deposits redemption		-	50,643
Purchase of marketable debt securities financial assets	8	(1,424)	(16,089)
Proceeds from sale of available for sale financial assets	8	12,012	31,294
Short term deposits, net		-	3,102
Net cash from investing activities		50,741	132,623

	Note	For the year ended December 31, 2013	2012 Restated (*)
Cash from financing activities			
Proceeds from bank loans and financial institutions		659	46,720
Proceeds from utilization and settlement of derivatives		-	238
Proceeds (payments) from hedging activities through sell of options	15	(2,364)	11,683
Repurchase of debentures		-	(18,814)
Changes in restricted cash		9,316	(1,796)
Proceeds from re-issuance of long term debentures	20,21	13,772	-
Repayment of debentures	20,21	(60,319)	(65,320)
Repayment of interest bearing loans from banks	16	(27,490)	(53,554)
Net cash used in financing activities		(66,426)	(80,843)
Effect of movement in exchange rate fluctuations on cash held		373	(56)
Decrease in cash and cash equivalents during the year		(9,217)	(16,064)
Cash and cash equivalents at 1 of January		35,374	51,438
Cash and cash equivalents at 31 of December		**26,157**	**35,374**

(*) Restated due to Retrospective application – refer to note 3 regarding initial application of the new suite of standards

NOTE 1 - PRINCIPAL ACTIVITIES AND OWNERSHIP

Plaza Centers N.V. ("the Group" or "the Company") was incorporated and is registered in the Netherlands. The Company's registered office is at Keizersgracht 241, 1016 EA, Amsterdam, the Netherlands. The Company conducts its activities in the field of establishing, operating and selling of shopping and entertainment centers, as well as other mixed-use projects (retail, office, residential) in Central and Eastern Europe (starting 1996), India (from 2006), and, between 2010 and 2012, also in the USA. The consolidated financial statements for each of the periods presented comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The Company is dual listed on the Main Board of the London Stock Exchange ("LSE") and, starting October 2007, on the Warsaw Stock Exchange ("WSE").

The Company's immediate parent company is Elbit Ultrasound (Luxembourg) B.V. / S.à r.l. ("EUL"), which holds 62.5% of the Company's shares, as at the end of the reporting period (December 31, 2012 – 62.5%). The ultimate parent company is Elbit Imaging Limited ("EI"). For the list of the Group entities, refer to note 39.

NOTE 2 - BASIS OF PREPARATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU").

These consolidated financial statements are not intended for statutory filing purposes. The Company is required to file consolidated financial statements prepared in accordance with The Netherlands Civil Code. At the date of approving these financial statements the Company had not yet prepared consolidated financial statements for the year ended December 31, 2013 in accordance with the Netherlands Civil Code.

The consolidated financial statements were authorized for issue by the Board of Directors on March 27, 2014.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of the financial position:

- Investment properties were measured at fair value
- Liabilities for cash-settled share-based payment arrangements are measured at fair value
- Available for sale financial assets are measured at fair value
- Derivative financial instruments are measured at fair value
- Non-Derivative financial instruments at fair value through profit or loss are measured at fair value.

c. Functional and presentation currency

These consolidated financial statements are presented in EURO ("EUR"), which is the Company's functional currency. All financial information presented in EUR has been rounded to the nearest thousand, unless otherwise indicated.

NOTE 2 - BASIS OF PREPARATION (Cont.)

d. Going concern

On November 14, 2013 the Company announced that it would be freezing payments to all its lenders and would be entering into negotiations with these creditors to arrive at an agreed debt arrangement (restructuring plan). The Company's proposed debt arrangement, updated March 26, 2013, includes an equity injection from the owners in the amount of circa 20 million EUR via a rights issuance ("Equity Contribution"), a delay of all the bond series' principal payment by three years, a realization plan under which 19 of the 29 assets are estimated to be realized by 2018 for circa 490 million EUR (net proceeds, being mainly net of asset specific borrowings and taxes), a transfer of 75% of the net proceeds of realizations to the bondholders as early repayment, compensate the bondholders with an additional 1.5% annual interest, and additional compensation to the bondholders by share issuance (without additional proceeds), in a total of 13.5% (post the Equity Contribution) of the Company's outstanding shares.

Management believes that the implementation of the restructuring plan will provide the Company with the ability to resolve its immediate liquidity situation in order to continue operating as going concern and preserve value for its shareholders and creditors.

Management acknowledges that material uncertainty remains over the Group's ability to meet its funding requirements and to refinance or repay its debts as they fall due. If for any reason the Group is unable to reach an approved restructuring plan, and more specifically, if the Group will not be able to raise EUR 20 million equity from shareholders which is a pre-condition to the debt restructuring plan approval (refer to Note 34(A) section 'To shareholders') then this would likely have an adverse impact on the Group's ability to realise assets at their recognised values, and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements and ultimately result in the Group being unable to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to successfully complete its proposed debt arrangement as further discussed in Note 34(A).

e. Investment property vs. trading property classification

The Company has designated its properties into three types (Completed trading property projects, plots scheduled for construction and plots under planning stage).

In respect of its completed trading property projects, and as written above, the Company still faces material uncertainties in respect of the time needed to sell the properties. However the Group has not changed its business model and is actively seeking buyers. Therefore it is clear from the Company's perspective that these completed properties are trading properties, rather than investment properties.

In respect of plots under planning stage held, which are not intended to be constructed in the near future, the Company is actively looking for buyers and does not hold the plots passively with the intention to gain from a potential value increase. Plots scheduled for construction are intended to be developed and sold in the normal course of business once circumstances allow. Therefore we also believe that these are appropriately classified as trading properties.

f. Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

NOTE 2 - BASIS OF PREPARATION (Cont.)

f. Use of estimates and judgments (cont.)

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about other critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following note:

- Note 11 - Suspension of borrowing costs capitalization
- Note 11 – Classification of trading properties as current vs. non-current
- Note 11 – Trading property vs. Investment property

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Notes 11 – key assumptions used in determining the net realisable value of trading properties
- Note 11, 33 – provisions and contingencies
- Note 25 – measurement of share-based payments

Functional currency

The EUR is the functional currency for Group companies (with the exception of Indian companies – in which the functional currency is the Indian Rupee – INR, and the investment in the USA held until June 30, 2012 - in which the functional currency was the USD) since it is the currency of the economic environment in which the Group operates. This is because the EUR (and in India and the USA – the INR and USD, respectively) is the main currency in which management, determines its pricing with tenants, potential buyers and suppliers, determine its financing activities and budgets and assesses its currency exposures.

Operating cycle determination

The Normal Operating Cycle ("NOC") of the Group is driven by its business model to buy, develop and sell, primarily shopping centers, and comprises the estimated amount of time required to complete the process from the acquisition of undeveloped land through its development, preparation for sale and ultimate disposal. Based on the Group's experience, mainly from the period from 1996-2008, this period of time was three to five years (and in respect of large scale, multi-phase/mixed-use projects, up to eight years). For example, for completed shopping centres, these steps include achieving a stabilized tenants list, improving the tenant mix, increasing occupancy rates, completion of certain tenant improvements and finding the qualified buyers. For plots, this includes obtaining permits, finance and construction.

NOTE 2 - BASIS OF PREPARATION (Cont.)

The Company maintains its existing business model; however with the financial crisis as background the level of uncertainty of the actual amount of time needed to complete all steps in the process has become much higher than what the Company believes is a normal level.

Over the period 2009 – 2012, the Company has had difficulty selling completed properties at prices reflecting management's view of reasonable estimated values, as well as experienced a lack of available finance for development of plots.
The return to what management considers more normal conditions, primarily in the CEE markets where it has properties, has been longer than expected.

In view of these uncertainties and abnormalities, the Company has taken a position of reclassifying its entire trading properties asset to long term, with the exception of a property where a sale and purchase agreement exists as described in Note 11, until the abnormal level of uncertainty is reduced.

NOTE 3 - CHANGES IN ACCOUNTING POLICIES

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 4 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013:

a. IFRS 10 Consolidated Financial Statements (2011) – early adoption
b. IFRS 11 Joint Arrangements – early adoption
c. IFRS 12 Disclosure of Interests in Other Entities – early adoption
d. IFRS 13 Fair Value Measurement
e. Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

(a) Subsidiaries

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed the control conclusion for its investees at 1 January 2013, and concluded that there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

(b) Joint arrangements

Joint arrangements provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has right to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

As a result of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement).

NOTE 3 - CHANGES IN ACCOUNTING POLICIES (cont.)

(b) Joint arrangements (cont.)

When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. The Group has re-evaluated its involvement in its various joint arrangements and, deeming them to be joint ventures rather than joint operations because in all cases the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement rather than to the assets and liabilities of the arrangement, therefore, the Group has changed the accounting treatment for all its jointly controlled entities (previously accounted according to proportional consolidation method) to be accounted for as joint ventures applying the equity method, thus impacting the recognised assets, liabilities and comprehensive income of the Group.

The quantitative impact of the change is set out in (g) below.

(c) Disclosure of interests in other entities

As a result of IFRS 12, the Group has expanded its disclosures about its equity-accounted investees (refer to Note 14). The Group does not have interests in unconsolidated structured entities.

(d) Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. As a result, the Group has included additional disclosures in this regard (refer to Notes 11, 14). In addition, due to the significant impact of the valuation of Trading properties on their carrying amounts the Group has included additional disclosures similar to those required by this standard in note 11.

(e) Presentation of items of OCI

As a result of the amendments to IAS 1, the Group has modified the presentation of items of OCI in its statement of profit or loss and OCI, to present separately items that would be reclassified to profit or loss from those that would never be. Comparative information has been re-presented accordingly.

(f) Materiality considerations

Material joint ventures are considered equity accounted investees existing as of December 31, 2013 which their total assets approximates 5 percent of the total consolidated assets as of December 31, 2013 and/or December 31, 2012, or its revenues exceeded 15 per cent of the total consolidated revenues for the year ended December 31, 2013.

(g) Summary of quantitative impact

The below tables includes a summary of the adjustments made to the Group's statements of financial position at December 31, 2012, its statements of profit or loss and cash flows for the year period ended December 31, 2012 as a result of the implementation of the equity method instead of proportionate consolidation, as required by IFRS 11.

NOTE 3 - CHANGES IN ACCOUNTING POLICIES (cont.)

(g) Summary of quantitative impact

(1) Effect on the statement of financial position

	December 31, 2012		
	As presented in the past	Effect of retrospective application of IFRS 11	As presented in these financial statements
	€ 000'	€ 000'	€ 000'
Assets			
Cash and cash equivalents	64,440	(29,066)	35,374
Restricted bank deposits	25,518	(6,759)	18,759
Available for sale financial assets	11,714	-	11,714
Trade receivables	4,687	(1,288)	3,399
Other receivables	38,928	(27,436)	11,492
Prepayments and advances	7,821	-	7,821
Trading properties	780,963	(168,488)	612,475
Total current assets	934,071	(233,037)	701,034
Equity accounted investees	-	154,830	154,830
Loans to equity accounted investee	-	6,949	6,949
Property and equipment	8,109	(728)	7,381
Investment property	14,489	-	14,489
Restricted bank deposits	978	(199)	779
Other non-current assets	358	(2)	356
Total non-current assets	23,934	160,850	184,784
Total assets	958,005	(72,187)	885,818
Liabilities			
Interest bearing loans from banks	264,296	(58,319)	205,977
Debentures at fair value through profit or loss	34,966	-	34,966
Debentures at amortized cost	34,184	-	34,184
Trade payables	8,748	(1,179)	7,569
Related parties	511	35	546
Provisions	15,597	-	15,597
Derivatives	3,320	-	3,320
Other liabilities	14,094	(6,446)	7,648
Total current liabilities	375,716	(65,909)	309,807
Interest bearing loans from banks	5,773	-	5,773
Debentures at fair value through profit or loss	81,181	-	81,181
Debentures at amortized cost	39,010	-	39,010
Other liabilities	232	(47)	185
Deferred tax liabilities	6,947	(17)	6,930
Total non-current liabilities	133,143	(64)	133,079
Total liabilities	508,859	(65,973)	442,886
Non-controlling interests	6,930	(6,214)	716
Equity attributable to owners of the Company	442,216	-	442,216
Total equity	449,146	(6,214)	442,932
Total liabilities and equity	958,005	(72,187)	885,818

NOTE 3 - CHANGES IN ACCOUNTING POLICIES (cont.)

(g) Summary of quantitative impact

(1) Effect on the statement of financial position (cont.)

	January 1, 2012		
	As presented in the past	Effect of retrospective application of IFRS 11	As presented in these financial statements
	€ 000'	€ 000'	€ 000'
Assets			
Cash and cash equivalents	58,261	(6,823)	51,438
Restricted bank deposits	21,428	(3,988)	17,440
Short term deposits	3,102	-	3,102
Available for sale financial assets	25,568	-	25,568
Trade receivables	5,432	(2,640)	2,792
Other receivables	12,941	(4,220)	8,721
Prepayments and advances	33,089	(25,046)	8,043
Trading properties	850,229	(201,555)	648,674
Total current assets	1,010,050	(244,272)	765,778
Equity accounted investee - discontinued operation	-	95,475	95,475
Equity accounted investees	-	141,174	141,174
Loans to equity accounted investee	-	15,160	15,160
Long term deposits and other investments	51,646	(1,069)	50,577
Property and equipment	9,026	(796)	8,230
Investment property	272,348	(258,696)	13,652
Other non-current assets	5,456	(235)	5,221
Total non-current assets	338,476	(8,957)	329,489
Total assets	1,348,526	(253,259)	1,095,267
Liabilities			
Interest bearing loans from banks	296,235	(87,377)	208,858
Debentures at fair value through profit or loss	32,930	-	32,930
Debentures at amortized cost	22,831	-	22,831
Trade payables	27,329	(1,617)	25,712
Related parties	2,228	-	2,228
Provisions	15,597	-	15,597
Other liabilities	27,464	(12,203)	15,261
Total current liabilities	424,614	(101,197)	323,417
Interest bearing loans from banks	152,387	(136,691)	15,696
Debentures at fair value through profit or loss	110,320	-	110,320
Debentures at amortized cost	86,052	-	86,052
Derivatives	3,561		3,561
Other liabilities	5,757	(5,598)	159
Deferred tax liabilities	15,673	(2,484)	13,189
Total non-current liabilities	373,750	(144,773)	228,977
Total liabilities	798,364	(245,970)	552,394
Non-controlling interests	8,040	(7,289)	751
Equity attributable to owners of the Company	542,122	-	542,122
Total equity	550,162	(7,289)	542,873
Total liabilities and equity	1,348,526	(253,259)	1,095,267

NOTE 3 - CHANGES IN ACCOUNTING POLICIES (cont.)

(g) Summary of quantitative impact (cont.)

(2) Effect on the income statement

	For the year ended December 31, 2012			
	As presented in the past	Effect of retrospective application of IFRS 11	Other reclassifications (Refer to notes 27 ,28,29)	As presented in these financial statements
	€ 000'	€ 000'	€ 000'	€ 000'
Continuing operations				
Rental income	41,593	(11,570)	(6,911)	23,112
Revenue from entertainment centers	-	-	6,911	6,911
	41,593	(11,570)	-	30,023
Write-down of Trading Properties	(78,833)	26,151	52,682	-
Cost of operations	(20,385)	6,205	4,796	(9,384)
Cost of operations-entertainment centers	-	-	(8,267)	(8,267)
Gross profit (loss)	(57,625)	20,786	49,211	12,372
Write-down of Trading Properties	-	-	(60,293)	(60,293)
Loss from disposal of undeveloped Trading Property	-	-	(65)	(65)
Write-down of equity-accounted investees	-	(23,443)	-	(23,443)
Share in results of equity-accounted investees	-	-	1,475	1,475
Administrative expenses	(16,848)	1,945	3,471	(11,432)
Other income	2,763	(1,469)	7,676	8,970
Other expenses	(1,122)	-	-	(1,122)
Results from operating activities	(72,832)	(2,181)	1,475	(73,538)
Finance income	20,515	(157)	-	20,358
Finance costs	(37,055)	(476)	-	(37,531)
Net finance costs	(16,540)	(633)	-	(17,173)
Share in results of equity-accounted investees	(68)	1,543	(1,475)	-
Loss before income tax	(89,440)	(1,271)	-	(90,711)
Tax benefit	5,463	1,129	-	6,592
Loss from continuing operations	(83,977)	(142)	-	(84,119)
Discontinued operation				
Loss from discontinued operation, net of tax	(1,950)	(94)	-	(2,044)
Loss for the period	(85,927)	(236)	-	(86,163)
Loss attributable to:				
Owners of the Company (1)	(86,163)	-	-	(86,163)
Non-controlling interests	236	(236)	-	-
Earnings per share				
Basic and diluted loss per share (in EURO)	(0.29)	-	-	(0.29)
Earnings per share – continuing operations				
Basic and diluted loss per share (in EURO)	(0.28)	-	-	(0.28)

NOTE 3 - CHANGES IN ACCOUNTING POLICIES (cont.)

(g) Summary of quantitative impact (cont.)

(3) Effect on the statement of cash flows

	For the year ended December 31, 2012		
	As presented in the past	Effect of retrospective application of IFRS 11	As presented in these financial statements
	€ 000'	€ 000'	€ 000'
Net cash used in operating activities	(54,581)	(13,207)	(67,788)
Net cash from investing activities	194,476	(61,853)	132,623
Net cash used in financing activities	(133,758)	52,915	(80,843)
Effect of exchange rate fluctuations on cash and cash equivalents	42	(98)	(56)
Net increase (decrease) in cash and cash equivalents	6,179	(22,243)	(16,064)
Cash and cash equivalents as at the beginning of the period	58,261	(6,823)	51,438
Cash and cash equivalents at the end of the period	64,440	(29,066)	35,374

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES

Except for the changes explained in Note 3, the Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Certain comparative amounts in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flow have been reclassified to conform to the current year's presentation, mainly due to implementation of IFRS 11 (refer to Notes 14, 27, 28).

a. Basis of consolidation

1. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group in the consolidated financial statements.

2. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2. Interests in equity-accounted investees (cont.)

Interests in associates and the joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

3. Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

4. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b. Foreign currency

1. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss) are recognised in other comprehensive income.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income, and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

b. Foreign currency (cont.)

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in other comprehensive income and accumulated in the translation reserve.

c. Financial instruments

(1) Non-derivative financial assets and financial liabilities – recognition and de-recognition.

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Refer to note 32 for the list of Non-derivative financial assets and financial liabilities.

(2) Non-derivative financial assets – measurement

Cash and cash equivalents and restricted bank deposits

In the consolidated statement of cash flows, cash and cash equivalents includes bank deposits deposited for periods which do not exceed three months. Restricted bank deposits are deposit restricted due to bank facilities.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off in the period in which they are identified. Doubtful receivables are impaired when there is objective evidence that the Group will not collect all amounts due. These types of assets are discussed in note 9, 10a and 10b.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Financial instruments (cont.)

Held for trading financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognised in statement of profit or loss.

Available-for-sale financial assets

These assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments (refer to 3(h) below), are recognised in other comprehensive income and accumulated in equity. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(3) Non-derivative financial liabilities

Financial Liabilities at fair value through profit or loss

Financial Liabilities at fair value through profit or loss include selected unsecured non-convertible Debentures series A and series B (refer to note 20).

Upon initial recognition a financial liability may be designated by the Company at fair value through profit or loss. Financial instruments are designated at fair value through profit or loss if the Group manages such instruments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy, or to eliminate or significantly reduce a measurement or recognition inconsistency. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other non-derivative financial liabilities

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. The Group has the following non-derivative financial liabilities: interest bearing loans, debentures not designated as fair value through profit or loss (refer to note 21), trade payables, related parties and other liabilities.

(4) Derivative financial instruments

The Group holds (or held) derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met. Derivatives are recognised initially at fair value; any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

d. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effect. Costs attributable to listing existing shares are expensed as incurred.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

e. Trading properties

Properties that are being constructed or developed for sale in the ordinary course of business and empty plots acquired to be developed for such a sale are classified as trading properties (inventory) and measured at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete construction and selling expenses. If net realisable value is less than the cost, the trading property is written down to net realisable value.

In each subsequent period, a new assessment is made of net realisable value. When the circumstances that previously caused trading properties to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realisable value.

The amount of any write-down of trading properties to net realisable value and all losses of trading properties are recognised as a Write-down of trading properties expense in the period the write-down or loss occurs. The amount of any reversal of such write downs arising from an increase in net realisable value is recognised as a reduction in the expense in the period in which the reversal occurs.

Lands which are designated for development of trading properties projects are not written down below costs if the completed projects are expected to be sold at or above cost.

Costs comprise all costs of purchase, direct materials, direct labour costs, subcontracting costs and other direct overhead costs incurred in bringing the properties to their present condition.

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the costs of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they incurred.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditure and borrowing costs are being incurred. Capitalization of borrowing costs may continue until the asset is substantially ready for its intended use (i.e. upon issuance of certificate of occupancy).

In certain cases, where the construction phase is suspended for an unplanned period expected to exceed 25% of the total scheduled time for construction, cessation of the capitalisation of borrowing cost will apply, until construction phase is resumed.

Non–specific borrowing costs are capitalised to such qualifying asset, by applying a capitalization rate to the expenditures on such asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowing made specifically for the purpose of obtaining a qualifying asset.

The amount of borrowing costs capitalized during the period does not exceed the amount of borrowing costs incurred during that period.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

f. Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

g. Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses (refer to accounting policy 3(h)).If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property and equipment are as follows:

	Years
Land – owned	0
Office buildings	25-50
Equipment, fixture and fittings	10-15
Aircrafts	20
Other (*)	3-18

(*) Consists mainly of motor vehicles, equipment, computers, peripheral equipment, etc.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

h. Impairment

(1) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

h. Impairment (cont.)

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.

If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; Subsequent recovery in the fair value of available for sale equity instruments are reversed through other comprehensive income.

(2) Non – financial assets and interests in equity accounted investees

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (property and equipment) and interests in equity accounted investees to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGU").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

h. Impairment (cont.)

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is never reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

i. Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Construction costs

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Restructuring plan

A provision for restructuring is recognised when a formal Restructuring plan was approved by all relevant bodies, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

j. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

j. Revenue (cont.)

Rental income

The Group leases real estate to its customers under leases that are classified as operating leases. Rental income from investment property and trading property is recognized in profit or loss on a straight-line basis over the term of the lease. Lease origination fees and internal direct lease origination costs are deferred and amortized over the related lease term. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

The leases generally provide for rent escalations throughout the lease term. For these leases, the revenue is recognized on a straight line basis so as to produce a constant periodic rent over the term of the lease. The leases may also provide for contingent rent based on a percentage of the lessee's gross sales or contingent rent indexed to further increases in the Consumer Price Index ("CPI").

Where rentals that are contingent upon reaching a certain percentage of the lessee's gross sales, the Group recognizes rental revenue when the factor on which the contingent lease payment is based actually occurs. Rental revenues for lease escalations indexed to future increases in the CPI are recognized only after the changes in the index have occurred.

Revenues from selling of trading properties and investment properties

Revenues from selling of trading properties and investment properties are measured at the fair value of the consideration received or receivable. Revenues are recognized when all the following conditions are met:

a. the Group has transferred to the buyer the significant risks and rewards of ownership**;**
b. the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the property sold;
c. the amount of revenue can be measured reliably;
d. it is probable that the economic benefits associated with the transaction will flow to the Group (including the fact that the buyer's initial and continuing investment is adequate to demonstrate commitment to pay);
e the costs incurred or to be incurred in respect of the transaction can be measured reliably; and
f. there are no remaining significant performance obligations.

Determining whether these criteria have been met for each sale transaction, requires certain degree of judgment by the Group management. The judgment is made in determination whether, at the end of the reporting period, the Group has transferred to the buyer the significant risks and rewards associated with the real estate assets sold.

Such determination is based on an analysis of the terms included in the sale agreement executed with the buyer as well as an analysis of other commercial understandings with the buyer in respect of the real estate sold. In certain cases, the sale agreement with the buyer is signed during the construction period and the consummation of the transaction is subject to certain conditions precedents which have to be fulfilled prior to delivery. Revenues are, therefore, recognized when all the significant conditions precedent included in the agreement have been fulfilled by the Group and/or waived by the buyer prior to the end of the reporting period.

Generally, the Group is provided with a bank guarantee from the buyer for the total estimated proceeds in order to secure the payment by the buyer at delivery. Therefore, the Group is not exposed to any significant risks in respect of payment of the proceeds by the buyer.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

k. Operating lease payments

Payments made under operating leases (in respect of plots of land under usufruct) are recognized in profit or loss on a straight line basis over the term of the lease but are capitalized in relation to land used for the development of trading properties during the construction period (similar to borrowing costs).

l. Finance income and cost

For the composition of finance income and cost refer to note 30. For capitalisation of borrowing costs please refer to Note 11.

Interest income and expense which are not capitalized are recognized in the income statement as they accrue, using the effective interest method. For the Group's policy regarding capitalization of borrowing costs refer to note 3(e).

m. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

m. Income tax (cont.)

Deferred tax assets and deferred tax liabilities are offset if:

- there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
    1) the same taxable entity; or
    2) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

n. Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate debt, assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

o. Employee benefits

1. Bonuses

The Group recognizes a liability and an expense for bonuses, which are based on agreements with employees or according to management decisions based on Group performance goals and on individual employee performance. The Group recognizes a liability where contractually obliged or where past practice has created a constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Share-based payment transactions

The fair value of options granted to employees to acquire shares of the Company is recognized as an employee expense or capitalized if directly associated with development of trading property, with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employees as measured at the date of modification. The fair value of the amount payable to employees in respect of share-based payments, which may be settled in cash, at the option of the holder, is recognized as an expense, with a corresponding increase in liability, over the period in which the employees become unconditionally entitled to payment. The fair value is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as an additional cost in salaries and related expenses in the income statement. As of the end of the reporting period share-based payments which may be settled in cash are options granted to only one person and can be cash settled at the option of the holder.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

p. Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

q. Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group, that either has been disposed of or is classified as held for sale and:

1. represents a separate major line of business or geographical area of operations;
2. is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
3. is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and statement of comprehensive income are re-presented as if the operation had been discontinued from the start of the comparative year.

r. New standards not yet adopted

Several new standards and amendments to standards are not yet effective for the year ended December 31, 2013, and has not been applied in preparing these consolidated financial statements.

- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities ((Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however the additional disclosures required by Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities must also be made) do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application.

  The Amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:

  1. not contingent on a future event; and
  2. enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

  The Group does not expect the Amendments to have any impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

r. New standards not yet adopted (cont.)

- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities; (Effective for annual periods beginning on or after 1 January 2014; early adoption is permitted; to be applied retrospectively subject to transitional provisions) provide an exception to the consolidation requirements in IFRS 10 and requires qualifying investment entities to measure their investments in controlled entities – as well as investments in associates and joint ventures – at fair value through profit or loss, rather than consolidating them.

  The consolidation exemption is mandatory (i.e. not optional), with the only exception being that subsidiaries that are considered as an extension of the investment entity's investing activities, must still be consolidated.

  An entity qualifies as an investment entity if it meets all of the essential elements of the definition of an investment entity. According to these essential elements an investment entity:

  1. obtains funds from investors to provide those investors with investment management services;
  2. commits to its investors that its business purpose is to invest for returns solely from appreciation and/or investment income; and
  3. Measures and evaluates the performance of substantially all of its investments on a fair value basis.

  The amendments also set out disclosure requirements for investment entities.

  The Group does not expect the new standard to have any impact on the financial statements, since the Parent Company does not qualify as an investment entity.

- Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13).

  The Amendments clarify that recoverable amount should be disclosed only for individual assets (including goodwill) or cash-generated units for which an impairment loss was recognised or reversed during the period.

  The Amendments also require the following additional disclosures when impairment for individual assets (including goodwill) or cash-generated units has been recognised or reversed in the period and recoverable amount is based on fair value less costs to disposal:

  1. the level of IFRS 13 'Fair value hierarchy' within which the fair value measurement of the asset or cash-generating unit is categorised;
  2. for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique together with the reason for making it;
  3. for fair value measurements categorised within Level 2 and Level 3, each key assumption (i.e. assumptions to which recoverable amount is most sensitive) used in determining fair value less costs of disposal. If fair value less costs of disposal is measured using a present value technique, discount rate(s) used both in current and previous measurement should be disclosed.

  The Company does not expect the new Standard will have a material impact on the financial statements

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

r. New standards not yet adopted (cont.)

- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted:

  The Amendments allows hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations, when the following criteria are met:

  1. The novation is made as a consequence of laws or regulations
  2. A clearing counterparty becomes a new counterparty to each of the original counterparties of the derivative instrument
  3. Changes to the terms of the derivative are limited to those necessary to replace the counterparty

  The Company does not expect the new standard to have any impact on the financial statements, since the entity does not currently apply hedge accounting.

NOTE 5 - MEASUREMENT OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. The Company's finance department reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes, is used to measure fair values, then the finance department assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs)
- Note 8 – available for sale financial assets
- Note 15 - Derivatives
- Note 20 – Debentures at fair value through profit or loss
- Note 25 – Employee share option plan
- Note 32 – Financial instruments

NOTE 6 - CASH AND CASH EQUIVALENTS

Bank deposits and cash denominated in	Interest rate as of December 31, 2013	December 31, 2013	December 31, 2012 Restated (*)
EUR	See (1) below	13,894	20,982
United States Dollar (USD)	See (1) below	3,250	5,967
Polish Zlotys (PLN)	Overnight Wibor*0.7	3,393	3,469
Indian Rupee (INR)	Mainly 0%	1,541	1,704
New Israeli Shekel (NIS)		3,375	2,272
Other currencies		704	980
Cash and cash equivalents in the statement of financial position		26,157	35,374

(*) Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards.

(1) Main EUR and USD deposits as of December 31, 2013 are held on corporate level and bear money market interest rates which are mainly between 0% and 0.5%.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 32.

NOTE 7 - RESTRICTED BANK DEPOSITS

	Interest rate as of December 31, 2013	December 31, 2013	December 31, 2012 Restated (*)
Short term restricted bank deposits			
In EUR	See (1) below	5,579	8,337
In USD	See (2) below	-	6,946
In NIS	See (2) below	-	2,426
In other currencies		740	1,050
Total short term		6,319	18,759

(*) Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards.

(1) As of December 31, 2013, EUR 5.6 million is restricted mainly in respect of bank facilities agreements signed to finance Projects in Poland, Serbia, and the Czech Republic. These amounts carry an annual interest rate of mainly Overnight rates.
(2) Restriction over 2012 USD balance was removed following the insurance refund in June 2013 (refer also to note 34(J)). Restriction over 2012 NIS balance was removed following the repayment of NIS denominated loan

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 32.

NOTE 8 - AVAILABLE FOR SALE FINANCIAL ASSETS

Available-for-sale financial assets ("AFS") portfolio consisted of mainly traded debt securities issued by banks and corporates.

	For the year ended	
	December 31, 2013	December 31, 2012
Interest income from AFS	233	712
Gain (loss) from selling AFS	723	(1,222)
Total for the year	956	(510)
Balance as at January 1	11,714	25,568
Purchase of AFS (*)	155	16,089
Sale/redemption of AFS	(12,012)	(31,294)
Discount amortization	157	54
Changes in market value of AFS	(14)	1,297
Balance as at December 31	-	11,714

The fair value of available-for-sale financial assets was determined by reference to their quoted closing bid price at the reporting date.

(*) – An additional EUR 1.27 million of debt securities bonds were purchased and recorded as held for trading financial assets adjusted to fair value at year end.

NOTE 9 - TRADE RECEIVABLES

	December 31, 2013	December 31, 2012 Restated(*)
Trade receivables	4,887	4,727
Less - Allowance for doubtful debts	(1,515)	(1,328)
	3,372	3,399

(*) Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards.

NOTE 10 - OTHER RECEIVABLES, PREPAYMENTS AND ADVANCES

a. Other receivables

	December 31, 2013	December 31, 2012 Restated(*)
Insurance company receivable (refer to note 34(J))	-	7,611
Receivable in respect of disposal of equity-accounted investee Uj Udvar (refer to note 14,34(F))	2,350	-
VAT and tax receivables	1,877	2,218
Related parties	-	936
Others	644	727
	4,871	11,492

(*) Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards.

b. Prepayments and advances

	December 31, 2013	December 31, 2012 Restated(*)
Prepayment in respect of plot purchase (1)	-	5,157
Prepaid expenses	617	1,294
Advances to suppliers	776	1,370
	1,393	7,821

(*) Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards.

(1) The 2012 amount represents two components, with both amounts impaired in the course of 2013:

A) Prepayment in respect of the Kochi project in India in the amount of EUR 4.3 million.

On 11 November, 2013 the Company has demanded and exercised the corporate guarantee in the amount of EUR 4.3 million including the interest thereon up till such date (the "Reimbursement Payment") provided by EI in the frame of the Indian JV Agreement on the ground of EI's default to finalize and conclude the transfer of the Kochi Project Rights to the Indian JV Vehicle.

EI in its reply letter has refused to repay the Reimbursement Payment. The Company is in the view that, based on the mentioned JV Agreement and its ancillary documents (including the mentioned corporate guarantee issued by EI in favour of the Company), it has valid claim to get back the mentioned amount of EUR 4.3 million.

Despite the above, and in view of uncertainties regarding amounts and/or time, the Company decided to record the prepayment.

B) Prepayment in respect of the Targu Mures project in the amount of circa EUR 1 million. The Company decided to record this prepayment in view of uncertainty associated with the development of the project.

NOTE 11 - TRADING PROPERTIES

	December 31, 2013 (**)	December 31, 2012 Restated(*)
Balance as at 1 January	612,475	648,674
Acquisition and construction costs	3,728	21,254
Capitalized borrowing costs (1)	6,530	19,091
Write-down of trading properties (2)	(117,913)	(60,293)
Effect of movements in exchange rates	(7,831)	(2,800)
Trading properties disposed (refer to note 34(E))	(1,815)	(13,451)
Balance as at 31 December (3)	495,174	612,475
Completed trading properties (operating shopping centers)	222,976	252,178
Plots scheduled for construction (3),(4)	206,236	254,110
Plots under planning stage	65,962	106,187
Total	495,174	612,475

(*) Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards.
(**) As of December 31, 2013, the Koregaon park trading property is the only trading property presented as short term, owing to the existence of a sale and purchase agreement on the trading property. All other trading properties are classified as long term.

(1) Regarding accounting policy of capitalizing borrowing costs refer to note 4 (e). The Company temporarily suspended capitalization of borrowing costs starting July 1, 2013, following temporary suspension of active development of the majority of its trading properties due to the Group's liquidity crisis.

(2) Breakdown of write -down of trading properties:

Project name (location)	The year ended December 31, 2013	2012
Iasi (Iasi, Romania)	1,582	19,881
Koregaon Park (Pune, India)	15,564	14,523
Belgrade Plaza (Belgrade, Serbia)	29,347	5,014
Helios Plaza (Athens, Greece)	12,267	-
Liberec (Liberec, Czech Republic)	11,578	3,141
Belgrade Plaza Visnjicka (Belgrade, Serbia)	6,825	-
Lodz Plaza (Lodz, Poland)	6,400	-
Casaradio - Turbines (Bucharest, Romania)	6,305	1,912
Zgorzelec (Zgorzelec, Poland)	2,013	4,136
Constanta (Constanta, Romania)	4,972	-
Ciuc (Ciuc, Romania)	4,414	-
Kragujevac (Kragujevac, Serbia)	751	4,125
Timisoara (Timisoara, Romania)	3,968	-
Roztoky (Prague, Czech Republic)	3,500	-
Kielce (Kielce, Poland)	828	2,698
Sofia (Sofia, Bulgaria)	-	1,685
Other, aggregated	7,599	3,178
	117,913	60,293

NOTE 11 - TRADING PROPERTIES (Cont.)

(2) Breakdown of write -down of trading properties (cont.):

The write downs were caused mainly by the following factors:

- There were significant decreases in Net Realizable Values of certain projects below the carrying amount due to worsening market condition in the certain countries in which the Group operates including mainly Romania and Serbia.
- In accordance with the Group's accounting policy plots of lands held for development are not written down below costs if the completed projects are expected to be sold at or above cost. Following management reassessment of the business plans of certain undeveloped plots of land, and the difficulty to assess whether they will be developed or not, and to recover their costs, the carrying amount of the plots were written down to their Net Realizable Values.
- The disposal, or contracted disposal, of certain properties at a selling price below their carrying amount triggered write down of these properties to their contractual selling price (refer to note 34(E) and 34(G))

(3) Including cost of Casaradio project in Romania in a total amount of EUR 153 million (2012 – EUR 158 million).

(4) The value of the Casaradio project in Romania includes two non-operative gas turbines with a total carrying amount of EUR 3 million (following write down). These turbines were purchased in the past with the purpose of supplying energy to the completed project due to lack of sufficient energy infrastructure capabilities in Bucharest at the time. Following an improvement in the energy infrastructure in recent years the turbines became redundant and efforts were made to dispose of them. In the course of 2013 the turbines were written down (EUR 6.3 million) to their Net Realizable Values based on most recent offering prices received from potential buyers. Refer to note 38 (B) for the selling of the turbines.

Casaradio note

1. General

In 2006 the Company entered into an agreement according to which it acquired 75% interest in a company ("Project SPV") which under a Public-Private Partnership agreement ("PPP") with the Government of Romania is to develop the Casa Radio site in central Bucharest ("Project"). .After signing the PPP agreement, the Company holds indirectly 75% of the shares in the Project SPV, the remaining 25% are held by the Romanian authorities (15%) and another third party (10%).

As part of the PPP, the Project SPV was granted with development and exploitation rights in relation to the site for a period of 49 years, starting December 2006. In addition, the Project SPV has committed to construct a Public Authority Building ("PAB") measuring approximately 11.000 square meters for the Romanian Government at its own cost.

Large scale demolition, design and foundation works were performed on the construction site which amounted to circa EUR 85 million until 2010, when current construction and development were put on hold due to lack of progress in the renegotiation of the PPP Contract with the Authorities (refer to point 3 below).

2. Obtaining of the Detailed Urban Plan ("PUD") permit

The Project SPV obtained the PUD related to this project in September 2012. Furthermore, on 13 December 2012, the Court took note of the waiver of the claim submitted by certain plaintiffs and rejected the litigation aiming to cancel the approval of the Zonal Urban Plan ("PUZ") related to the Project. The court decision is irrevocable.

NOTE 11 - TRADING PROPERTIES (Cont.)

Casaradio note (cont.)

2. Obtaining of the Detailed Urban Plan ("PUD") permit (cont.)

As the PUD is based on the PUZ, the risk that the PUD would be cancelled as a result of the cancellation of the PUZ was removed following the date when the PUZ was cleared in court on December 13, 2012.

3. Discussions with Authorities on construction time table deferral

As a result of point 2, following the Court decision, the Project SPV was required to submit a request for building permits within 60 days from the approval date of the PUZ/PUD and commence development of its project within 60 days after obtaining the building permit.

However, due to substantial differences between the approved PUD and stipulations in the PPP Contract as well as changes in the EU directives concerning buildings used by Public Authorities, and in order to ensure a construction process that will be adjusted to current market conditions, the Project SPV started preliminary discussions with the Romanian Authorities (which are both shareholders of the Project SPV and a party to the PPP) regarding the future development of the project.

The Project SPV also officially notified the Romanian Authorities in order to renegotiate the existing PPP contract on items such as time table, structure and milestones (e.g the construction of the Public Authority Building ("PAB"), whose' estimated costs are provisioned for in these financial statement – refer to point 4 below).

The Company estimates that although there is no formal obligation from the Romanian Authorities to renegotiate the PPP agreement, such obligation is expressly provided for the situation when extraordinary economic circumstances arise. Management believes that an agreement will be reached with the Authorities regarding the future development of the project (management cannot assess at this stage the timing of reaching such agreement) and that the current discussions with the Authorities bear no material exposure for the Company's financial position as of 31 December 2013.

4. Provision in respect of PAB

As mentioned in point 1 above, when the Company entered into an agreement to acquire 75% interest in the Project SPV it assumed a commitment to construct the PAB at its own costs for the benefit of the Romanian Government. Consequently, the Company had recorded a provision in the amount of EUR 17.1 million in respect of the construction of the PAB. The Company utilized the amount of EUR 1.5 million out of this provision, but in the last 3 years has made no change in the provision, in view of significant changes that might be implemented to the project, mainly with the timing of the construction, and the construction specifications depending upon the outcome of the negotiations with the Authorities. Management believes that the current level of provision is an appropriate estimation in the current circumstances.

Upon reaching concrete agreements with Authorities, the Company will be able to update the provision.

Security over trading properties

As of December 31, 2013, a total carrying amount of EUR 223 million (December 31, 2012 – EUR 252 million) which represent operating shopping centers is pledged against secured bank loans of approximately EUR 173 million.

NOTE 11 - TRADING PROPERTIES (Cont.)

Write-down of trading properties

Trading properties are measured at the lower of cost and net realizable value. Determining net realizable value is inherently subjective as it requires estimates of future events and takes into account special assumptions in the valuations, many of which are difficult to predict.

Actual results could be significantly different than the Company's estimates and could have a material effect on the Company's financial results. Trading Properties accumulated write-downs from cost as of December 31, 2013, amounted to EUR 222 million or 31% percent of gross trading properties balance (2012 – EUR 108 million or 15% of gross trading property balance).

These valuations becomes increasingly difficult as it relates to estimates and assumptions for projects in the preliminary stage of development in addition to current economic uncertainty and the lack of transactions in the real estate market in the CEE and India for same or similar properties.

Management is responsible for determining the net realizable value of the Group's Trading Properties. In determining net realizable value of the vast majority of Trading Properties, management utilizes the services of an independent third party recognized as a specialist in valuation of properties (As at December 31, 2013 98% of the value of trading properties was based on valuations done by the independent third party valuation service (2012 - 99%). The remaining properties were valued internally.

On an annual basis, the Company reviews the valuation methodologies utilized by the independent third party valuator service for each property. The main features included in each valuation are:

1. Completed trading properties (operating shopping centers)

The Net Realizable Value of operating shopping centers reflects rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The Net Realizable Value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. The Group uses professional appraisers for determining the Net Realizable Value of the operating shopping centers.

Independent valuation reports are prepared by Cushman & Wakefield by using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at the reporting date.

The principal assumptions underlying management's estimation of Net Realizable Values are those related to the receipt of contractual rentals, expected future market rentals, void periods, maintenance requirements and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions made by the Group and those reported by the market, if available. Expected future rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

2. Incomplete trading properties (undeveloped plots of lands)

The net realizable value in case of an undeveloped project is determined by either:

- comparison with the sale price of land for comparable development ; or
- assessment of the value of the project as completed and deduction of the costs of development (including developer's profit) to arrive at the underlying land value. This is known as the residual method.

NOTE 11 - TRADING PROPERTIES (Cont.)

2a – Comparative method

Valuation by comparison is essentially objective in that it is based on an analysis of the price achieved for sites with broadly similar development characteristics. Valuation by comparison is generally used if evidence of actual sales can be found and analyzed on a common unit basis, such as site area, developable area or habitable room.

Where comparable development cannot be identified in the immediate area of the subject site or when sales information is not clearly available through common channels of information (internet, newspapers, trade journals, periodic market research) it is necessary to look further out for suitable comparables and to make necessary adjustments to the price in order to account for dissimilarities between the comparables development and the subject site. Such adjustments include, but not limited to:

- Adjustment because of the time of the transaction. Market conditions at the time of the sales transaction of a comparable property may differ from those on the valuation date of the property being valued. Factors that impact market conditions include rapidly appreciating or depreciating property values, changes in tax laws, building restrictions or moratoriums, fluctuations in supply and demand, or any combination or forces working in concert to alter market conditions from one date to another.

- Adjustment because of asking price and condition of payment. The special motivations of the parties to the transaction in many situations can affect the prices paid and even render some transactions as non-market. Examples of special conditions of sale include a higher price paid by a buyer because the parcel has synergistic, or marriage value; a lower price paid because a seller was in a hurry to conclude the sale; a financial, business, or family relationship between the parties involved in the transaction, unusual tax considerations; lack of exposure of the property in the (open) market; or the prospect of lengthy litigation proceedings.

- Adjustment because of size, shape and surface area. Where the physical characteristics of a comparable property vary from those of the subject property, each of the differences is considered, and the adjustment is made for the impact of each of these differences on value.

- Adjustment because of location. The locations of the comparable sale properties and the subject property are compared to ascertain whether location and the immediate environment are influencing the prices paid. The better location a property is located in the more it is worth per square meter; and conversely the worse location a property is in the less it is worth per square meter. An adjustment is made to reflect such differences based on the valuers' professional experience. Extreme location differences may indicate that a transaction is not truly comparable and are disqualified.

2b – Residual method

The residual method, in contrast, relies on an approach that is a combination of comparison and cost and it requires making a number of assumptions – any of which can affect the outcome in varying degrees.

Having established the development potential a residual valuation can be expressed as a simple equation: (value of completed development) – (development costs + developers profit) = land value. Each element of this equation is discussed in the following paragraphs.

NOTE 11 - TRADING PROPERTIES (Cont.)

2b – Residual method (cont.)

Value of completed development

The value of the completed development is the market value of the proposed development assessed on the special assumption that the development is complete as at the date of valuation in the market conditions prevailing at that date.

Development costs

The development costs include planning and design costs, construction costs, site related costs, holding costs, finance costs and contingencies.

Some larger schemes such as Casaradio in Romania, Bangalore and Chennai in India are phased over time. Is such case the phasing is reflected in the cash flows as deferment of some of costs to a date when it might be reasonable to expect them to be incurred. Similarly, not all receipts occur simultaneously.

Developer's profit

The nature of the development determines the selection of the profit margin, or rate of return and the percentage to be adopted varies for each case. The developers profit is expressed as a percentage of the cost of the completed development.

All of the trading properties were valued using the Residual technique (or the Discounted Cash Flows technique for operating shopping centres) with the exception of four projects (2012: six projects) with a total amount of EUR 15.5 million (2012: EUR 25.7 million) using the comparative method.

All the trading properties carrying amounts equals their net realizable values with the exception of Torun, Suwalki and Lodz residential in Poland and Casaradio project in Romania. (2012: Torun, Suwalki and Lodz residential in Poland, Casaradio and Timisoara in Romania and Belgarde Plaza visnjicka project in Serbia), where the carrying amount reflects the cost.

NOTE 11 - TRADING PROPERTIES (Cont.)

3. Significant estimates

The following table shows the valuation techniques used in measuring the net realizable values of trading properties, including those held by joint ventures which are equity accounted:

Group of assets	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Operating shopping centers – Poland	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the shopping centers. The cash flow projections include specific estimates for 10 years. The expected net cash flows are discounted using a risk-adjusted discount rate.	• Estimated rental prices per SQM (EUR 3–40.0, weighted average EUR 6.56). • Estimated exit yield is 8.75%. • Discount rate is 10.25% • Based on 100% occupancy rate to be achieved within 2 years	The estimated fair value would increase (decrease) if: • the estimated rental prices per sqm were higher (lower); • the Estimated yield rates were lower (higher); • the Estimated discount rates were lower (higher); • The occupancy of the mall was higher (lower).
Operating shopping center – Latvia (Joint Venture)	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the shopping centers. The cash flow projections include specific estimates for 10 years. The expected net cash flows are discounted using a risk-adjusted discount rate.	• Estimated rental prices per SQM (EUR 5.10–72.0, weighted average EUR 12.50). • Estimated exit yield is 8.00%. • Discount rate is 9.25% • Based on 100% occupancy rate to be achieved within 1 year	The estimated fair value would increase (decrease) if: • the estimated rental prices per sqm were higher (lower); • the Estimated yield rates were lower (higher); • the Estimated discount rates were lower (higher); The occupancy of the mall was higher (lower).
Operating shopping center – Serbia	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the shopping centers. The cash flow projections include specific estimates for 10 years. The expected net cash flows are discounted using a risk-adjusted discount rate.	• Estimated rental prices per SQM (EUR 8–25.0, weighted average EUR 13.91). • Estimated exit yield is 9.00%. • Discount rate is 11.00% • Based on 100% occupancy rate	The estimated fair value would increase (decrease) if: • the estimated rental prices per sqm were higher (lower); • the Estimated yield rates were lower (higher); • the Estimated discount rates were lower (higher); • The occupancy of the mall was higher (lower).

NOTE 11 - TRADING PROPERTIES (Cont.)

Significant estimates (cont.)

Group of assets	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Operating shopping center – Czech Republic	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the shopping centers. The cash flow projections include specific estimates for 10 years. The expected net cash flows are discounted using a risk-adjusted discount rate.	• Estimated rental prices per SQM (EUR 6.00–42.0, weighted average EUR 16.00). • Estimated exit yield is 8.35%. • Discount rate is 10.02% • Based on 100% occupancy rate to be achieved within 1 year	The estimated fair value would increase (decrease) if: • the estimated rental prices per sqm were higher (lower); • the Estimated yield rates were lower (higher); • the Estimated discount rates were lower (higher); • The occupancy of the mall was higher (lower).
Plots in CEE (except Casaradio)	Residual method: The valuation model considers the net present value (based on an NPV factor) based on the estimated value of the project upon completion less the estimated development cost including a provision for the profit for the potential development;	• Estimated weighted average rental prices per SQM is between EUR 14.00 to EUR 20.00; • The Estimated Exit Yield for the projects are between 8.00% • The construction cost of the projects are between 400 EUR/sqm for retail parks to 1,100 EUR /sqm for the malls; • The development finance rate is 7.00% • The occupancy of the projects at opening are estimated at 95%.	The estimated fair value would increase (decrease) if: • the estimated rental prices per sqm were higher (lower); • the Estimated yield rates were lower (higher); • the Estimated discount rates were lower (higher); • The construction cost of the project were lower (higher); • The developer's profit provision for the project were lower (higher); • The development finance provision for the project were lower (higher); • The estimated completion of the project were shorter (longer); • The occupancy of the mall were higher (lower); • The land prices for comparable transactions on the market would be higher (lower) • The characteristics of the project would be changed;

NOTE 11 - TRADING PROPERTIES (Cont.)

Significant estimates (cont.)

Group of assets	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Casaradio	Residual method: The valuation model considers the net present value (based on an NPV factor) based on the estimated value of the project upon completion less the estimated development cost including a provision for the profit for the potential development	• Estimated weighted average rental prices per SQM EUR 29.00; • The Estimated Exit Yield is 7.00% for the mall and 8.00% for the office component • The construction cost of the project is 1,400 EUR/sqm for the mall; 850 EUR/sqm for the offices; 600 EUR/sqm for the residential component • The development finance rate is 7.00% • The occupancy of the project at opening is estimated at 95% • The scheme would compose the following components: (i) retail; (ii) offices; (iii) residential	The estimated fair value would increase (decrease) if: • the estimated rental prices per sqm were higher (lower); • the estimated yield rates were lower (higher); • The construction cost of the project were lower (higher); • The developer's profit provision for the project were lower (higher); • The development finance provision for the project were lower (higher); • The estimated completion of the project were shorter (longer); • The occupancy of the mall were higher (lower); • The characteristics of the project would be changed
Bangalore and Chennai (Joint Ventures)	Residual method was used as well as follows: The valuation model considers the net present value (based on an NPV factor) based on the estimated value of the project upon completion less the estimated development cost including a provision for the profit for the potential development	For residual approach: • The sales price per sqm for the development is between INR 92,000 and INR 126,000 subject to the size, location and the quality of the asset class • The construction cost per sqm for the development is INR 21,000 to INR 38,000 subject to location and the quality of the asset class	The estimated residual fair value would increase (decrease) if: • the estimated sales prices per sqm were higher (lower); • the estimated construction cost were lower (higher); • The development finance provision for the project were lower (higher); • The estimated completion of the project were shorter (longer); • The characteristics of the project would be changed; • The developer's profit provision for the project were lower (higher)

NOTE 11 - TRADING PROPERTIES (Cont.)

Significant estimates (cont.)

The following table provides sensitivity analysis on value of certain projects (in thousands of EUR), assuming the following changes in key inputs used in valuations:

Operating Property	**Yield**					**Rent**					**Construction Cost**				
	-50bps	**-25bps**	**0**	**+25bps**	**+50bps**	**10%**	**5%**	**-**	**-5%**	**-10%**	**10%**	**5%**	**-**	**-5%**	**-10%**
Polish operating shopping centers	168,470	163,175	158,230	153,585	149,175	169,830	164,065	158,230	152,445	146,630	N/A	N/A	N/A	N/A	N/A
Serbian operating shopping center	44,225	42,975	41,775	40,625	39,575	44,325	43,050	41,775	40,500	39,225	N/A	N/A	N/A	N/A	N/A
Czech operating shopping center	18,850	18,250	17,675	17,150	16,625	19,675	18,950	17,675	17,525	16,800	N/A	N/A	N/A	N/A	N/A
Latvian operating shopping center (held in Joint Venture- 100% value disclosed, Company share is 50%)	93,600	90,575	87,725	85,050	82,525	92,775	90,250	87,725	85,200	82,675	N/A	N/A	N/A	N/A	N/A

Plots in CEE	**Yield**					**Rent**					**Construction Cost**				
	-50bps	**-25bps**	**0**	**+25bps**	**+50bps**	**10%**	**5%**	**-**	**-5%**	**-10%**	**10%**	**5%**	**-**	**-5%**	**-10%**
Helios Plaza	18,575	16,900	15,300	13,800	12,375	20,950	18,125	15,300	12,500	9,675	11,200	13,250	15,300	17,350	19,400
Belgrade Plaza	19,650	17,850	16,150	14,525	13,000	24,050	20,100	16,150	12,175	8,225	10,175	13,150	16,150	19,125	22,100
Casa Radio	202,950	188,050	174,150	161,150	149,000	226,025	200,100	174,150	148,200	122,250	139,675	156,900	174,150	191,375	208,625

Below is a summary table for main projects status:

NOTE 11 - TRADING PROPERTIES (Cont.)

Project	Location	Purchase year	Holding Rate (%)	Nature of rights	Permit status	Planned Gross Lettable Area (sqm)	Carrying amount December 31, 2013 (MEUR)	Carrying amount December 31, 2012 (MEUR)
Suwalki Plaza	Poland	2006	100	Ownership	Operating shopping center (starting Q2 2010)	20,000	38.7	38.7
Zgorzelec Plaza	Poland	2006	100	Ownership	Operating shopping center (starting Q1 2010)	13,000	17.1	18.9
Torun Plaza	Poland	2007	100	Ownership	Operating shopping center (starting Q4 2011)	40,000	67.4	67.3
Lodz residential	Poland	2001	100	Ownership/ Perpetual usufruct	Planning permit valid	80,000(*)	5.5	5.5
Lodz plaza	Poland	2009	100	Perpetual usufruct	Planning permit pending	35,000	7.9	13.6
Kielce Plaza	Poland	2008	100	Perpetual usufruct	Planning permit pending	33,000	4.0	4.8
Leszno Plaza	Poland	2008	100	Perpetual usufruct	Planning permit valid	16,000	1.7	1.9
Liberec Plaza	Czech Republic	2006	100	Ownership	Operating shopping center (starting Q1 2009)	17,000	17.7	29.4
Roztoky	Czech Republic	2007	100	Ownership	Disposed in July 2013	14,000(*)	-	5.5
Koregaon Park	India	2006	100	Ownership	Operating shopping center (starting Q1 2012)	110,000(*)	40.3	55.8
Casaradio	Romania	2007	75	Leased for 49 years	Detailed Urban Plan permit valid ("PUD")	600,000(*)	152.3	157.8
Iasi Plaza	Romania	2007	100	Ownership	Planning permit valid	58,000	11.6	13.1
Slatina Plaza	Romania	2007	100	Ownership	Planning permit valid	17,000	1.7	1.8
Targu Mures Plaza	Romania	2008	100	Ownership	Planning permit valid	30,000	3.5	6.1
Hunedoara Plaza	Romania	2008	100	Ownership	Planning permit valid	13,000	2.4	2.9
Timisoara Plaza	Romania	2007	100	Ownership	Zoning valid	38,000	10.8	14.8
Constanta Plaza	Romania	2009	100	Ownership	Existing building	18,000	6.3	11.3
Miercurea Ciuc Plaza	Romania	2007	100	Ownership	Planning permit valid	14,000	5.6	10.0
Kragujevac Plaza	Serbia	2007	100	Currently Construction lease period (99 years) with subsequent ownership	Operating shopping center (starting Q1 2012)	22,000	41.8	42.1
Belgrade Plaza visnjicka	Serbia	2007	100	Ownership	Location Permit valid	40,000	19.0	25.9
Belgrade Plaza	Serbia	2007	100	Ownership	Under negotiations	70,000(*)	16.2	45.5
Shumen Plaza	Bulgaria	2007	100	Ownership	Planning permit valid	20,000	2.1	4.6
Arena Plaza Extension	Hungary	2005	100	Land use rights	Building permit valid	40,000	3.4	3.4
Piraeus Plaza	Greece	2002	100	Ownership	Building permit valid	26,000	15.3	27.3
Other small plots, grouped							2.9	4.5
Total							495.2	612.5

(*) GBA (sqm)

NOTE 12 - PROPERTY AND EQUIPMENT

	Land and buildings	Equipment	Fixtures and fittings	Airplane (1)	Total
Cost					
Balance at January 1, 2012 (*)	**7,181**	**4,529**	**1,397**	**4,737**	**17,844**
Additions	-	462	-	-	462
Disposals	-	(592)	-	-	(592)
Exchange rate effect	-	(42)	-	-	(42)
Balance at December 31, 2012 (*)	**7,181**	**4,357**	**1,397**	**4,737**	**17,672**
Additions	-	75	-	-	75
Disposals	-	(749)	-	-	(749)
Exchange rate effect	-	(141)	-	-	(141)
Balance at December 31, 2013	**7,181**	**3,542**	**1,397**	**4,737**	**16,857**
Accumulated depreciation and impairment					
Balance at January 1, 2012 (*)	**2,606**	**3,421**	**1,020**	**2,567**	**9,614**
Depreciation	85	370	34	127	616
Impairment expenses (2)	-	-	-	449	449
Disposals	-	(355)	-	-	(355)
Exchange rate effect	-	(33)	-	-	(33)
Balance at December 31, 2012 (*)	**2,691**	**3,403**	**1,054**	**3,143**	**10,291**
Depreciation	85	194	17	127	423
Disposals	-	(333)	-	-	(333)
Exchange rate effect	-	(44)	-	-	(44)
Balance at December 31, 2013	**2,776**	**3,220**	**1,071**	**3,270**	**10,337**
Net carrying amounts					
At December 31, 2013	4,405	322	326	1,467	6,520
At December 31, 2012	4,490	954	343	1,594	7,381
At January 1, 2012	4,575	1,108	377	2,170	8,230

(*) Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards.

Major additions/ disposals/ impairments during the period

(1) The airplane of the Company is pledged as a security for a bank facility utilized for the purchase of the airplane. For the selling of the airplane refer to note 38(A).

(2) In 2012, the Company recorded a loss due to impairment of its airplane of EUR 0.4 million, based on external valuation.

NOTE 13 - INVESTMENT PROPERTY

	2013	2012
Balance at 1 January	14,489	13,652
Disposal of Investment property (refer to notes 34(E)	(10,222)	-
Fair value revaluation (refer to note 29)	(4,267)	837
Balance at 31 December	-	14,489

NOTE 14 - EQUITY ACCOUNTED INVESTEES

The Group has the following interest (directly and indirectly) in the below joint ventures (the Group has no investment in associates), as at December 31, 2013 and 2012:

Company name	Country	Activity	Interest of holding (percentage) as at December 31,	
			2013	2012
Elbit Plaza USA LP ("EPUS")(1)	USA	Inactive	N/A	50%
Elbit Plaza USA II LP	USA	Inactive	50%	50%
P-One Infrastructure Pvt. Ltd. (2)	India	Residential	N/A	50%
Elbit Plaza India Real Estate Holdings Ltd. ("EPI")	Cyprus	Mixed-use large scale projects	47.5%	47.5%
Bas - Adams Invest S.R.L	Romania	Residential	25%	25%
Bas - Colorado Invest S.R.L	Romania	Residential	25%	25%
Bas - Malibu Invest S.R.L	Romania	Residential	12.5%	12.5%
Bas - Spring Invest S.R.L	Romania	Residential	25%	25%
Bas - Sunny Invest S.R.L	Romania	Residential	25%	25%
Bas - Primavera Invest S.R.L	Romania	Residential	25%	25%
Bas development S.R.L	Romania	Residential	25%	25%
SIA Diksna ("Diksna")	Latvia	Operating shopping center	50%	50%
Erocorner Gazdasagi Szolgaltato Kft.(3)	Hungary	Mixed-use project	N/A	50%
SBI Hungary Ingatlanforgalmazo es Epito Kft. ("Uj Udvar") (3)	Hungary	Mixed-use project	N/A	35%

(1) Refer also to note 34(H) for the dissolving of investee.
(2) Refer also to note 34(D) for the selling of the investee.
(3) Refer also to note 34(F) for the selling of the investees.

None of the joint ventures are publicly listed.

The movement in equity accounted investees (in aggregation) was as follows:

	2013	2012
Balance as at 1 January	161,779	156,334
Investments in equity-accounted investees	1,849	2,113
Share in results of equity-accounted investees, net of tax	952	1,475
Reclassification of EPUS (1)	-	32,364
Write-down of Equity-accounted investees (2)	(56,417)	(23,443)
Effect of movements in exchange rates	(15,036)	(7,064)
EPUS dissolved (1)	(32,410)	-
Equity-accounted investees disposed (3)	(20,576)	-
Balance as at 31 December (4)	40,141	161,779

(1) EPUS was the top holding company of the US operations, holding all the discontinued operations in the US. Upon the disposal of all US assets, EPUS remained with undistributed cash amounts, and had no activity, therefore the EPUS remaining asset was deemed not to be part of the discontinued operations, and therefore reclassified to equity accounted investees. EPUS was dissolved in March 2013, and all of the remaining cash in it was distributed as liquidation dividend to the owners. Refer also to note 34(H).

NOTE 14 - EQUITY ACCOUNTED INVESTEES (cont.)

(2) Breakdown of the Group's share of write downs (reversals of write downs) of trading properties projects held by equity accounted investees is as follows:

	The year ended December 31,	
Project name (holding company name)	2013	2012
Bangalore (held by equity accounted investee EPI)	31,017	-
Chennai (held by equity accounted investee EPI)	20,745	-
Kharadi (held by equity accounted investee P-One)	4,311	1,157
Dream Island (held by equity accounted investee Ercorner)	-	12,183
BAS projects (Grouped – held by 7 different entities)	-	10,055
Riga Plaza (held by equity accounted investee Diksna)	(1,513)	(139)
Uj Udvar (held by equity accounted investee SBI Hungary)	1,857	187
	56,417	23,443

(3) Refer also to note 34(D) and 34(F) for the selling of Ercorner, Uj Udvar and P-One.

(4) As of December 31, 2013, the loan to equity accounted investee Diksna totalled EUR 7.04 million (December 31, 2012 – EUR 6.9 million). Other investment in equity accounted investees is either through various equity instruments, or by loans to cover negative equity position considered part of the Group's net investment in the investee.

Material joint ventures

Within the joint ventures, two joint ventures were deemed as material, and these are EPI (due to holding of major schemes in Bangalore and Chennai) and Diksna (being the only active shopping center held through a joint venture). The summarized financial information of the material joint ventures is as follows:

	December 31,			
	2013		2012	
	EPI	Diksna	EPI	Diksna
Current assets (*)	1,274	2,776	952	3,100
Trading properties	46,752	87,725	142,711	84,700
Interest bearing loans from banks – current liability	-	(59,046)	-	(63,850)
Other current liabilities	(674)	(1,275)	(1,279)	(1,616)
Group loan to Diksna	-	(14,078)	-	(13,898)
Net assets (100%)	47,352	16,102	142,384	8,436
Group share of net asset (50%) (**)	23,676	8,051	71,192	4,218
Purchase price allocated to trading property	-	-	18,750	-
Carrying amount of interest in joint venture	23,676	8,051	89,942	4,218

(*) Including cash and cash equivalents in the amount of EUR 1.1 million (2012 - EUR 1.1 million).
(**) Though EPI is 47.5% held by the Company, the Company is accounted for 50% of the results, as the third party holding 5% in EPI is deemed not to participate in accumulated losses, hence EI and the Company, the holders of the remaining 95% each account for 50% of the results of EPI.

NOTE 14 - EQUITY ACCOUNTED INVESTEES (cont.)

Material joint ventures (cont.)

	The year ended December 31,			
	2013		2012	
	EPI	Diksna	EPI	Diksna
Revenue	-	10,122	-	8,678
Cost of operations	-	(4,304)	-	(3,892)
Interest expenses	-	(2,016)		(2,186)
Gain from refinance of loan	-	1,800	-	-
Write downs (uplift)	(66,024)	3,026	-	278
Total net profit (loss) and comprehensive income (100%)	(67,446)	7,666	(1,594)	2,606
Group share of Profit (loss) and comprehensive income (50%)	(33,723)	3,833	(797)	1,303
Interest income on Diksna loan		90		133
Impairment of purchase price allocated to trading property	(18,750)	-	-	-
Total results from investee	(52,473)	3,923	(797)	1,436

Immaterial joint ventures information

With the exception of EPI and Diksna, all other joint ventures are considered immaterial. Three of these joint ventures were sold in the course of 2013, one was dissolved and the Company is currently negotiating for concluding a transaction in respect of the BAS projects as well. The aggregation of the information in respect of these immaterial joint ventures was as follows (the Group's part):

	December 31,	
	2013	2012
Current assets	61	34,011
Trading properties	7,152	55,554
Interest bearing loans from banks (*)	(5,727)	(26,529)
Current liabilities	(70)	(2,366)
Carrying amount of interest in joint venture	1,416	60,670

(*) As of December 31, 2013, the Company has recourse on interest payments of these interest bearing loans from banks. The loans bear interest of three months Euribor + margin of 6%.

	December 31,	
	2013	2012
Revenues	801	7,171
Cost of operations	(674)	(4,799)
Write downs (refer to impairment table above)	(6,168)	(23,582)
Loss and comprehensive income	(6,915)	(22,607)

NOTE 15 - DERIVATIVES

The table below summarizes the results of the 2013 and 2012 derivatives activity, as well as the outstanding derivatives as of December 31, 2013 and 2012:

Derivative type	Nominal amount as of December 31, 2013	Fair value of derivatives at December 31, 2013	Gain (loss)in 2013	Fair value of derivatives at December 31, 2012	Gain (loss)in 2012	Maturity date of derivative
Currency options (1)	N/A	N/A	(2,364)	N/A	11,683	N/A
Cross currency Interest Rate SWAP (2)	N/A	N/A	(251)	(817)	966	November 2013
Cross currency Interest Rate SWAP	N/A	N/A	N/A	N/A	419	Settled in January 2012
Interest Rate Swap ("IRS") 1 (3)	EUR 25 million	(222)	188	(706)	(62)	June 2014
IRS 2 (4)	EUR 30 million	(475)	(31)	(1,136)	(462)	December 2014
IRS 3 (5)	EUR 35.5 million	(213)	187	(661)	(661)	December 2017
Total		(910)	(2,271)	(3,320)	11,883	

(1) Selling options strategy (by writing call and put options through major Israeli and foreign banks) in order to manage its foreign currency risk (EUR-NIS) inherent in its long term debentures series A and series B issued in NIS. The Company suspended its selling option strategy effective from July 1, 2013.

(2) The Company was paying a fixed interest of 6.98% based on a nominal EUR amount of EUR 15.1 million and receiving an interest of six months WIBOR + 4.5% with the same amortization schedule as the Polish bonds (refer to note 21). The swap was settled in March 2013 for a cash payment of EUR 0.8 million, in order to release EUR 2.7 million restricted cash served as guarantee in respect of the SWAP.

(3)In respect of Suwalki project loan. The project company pays EUR fixed interest rate of 2.13% and receives three months Euribor on a quarterly basis, until June 30, 2014.

(4) In respect of Kragujevac project loan. The project company pays EUR fixed interest rate of 1.85% and receives three months EURIBOR on a quarterly basis, until December 31, 2014. Refer to note 33 for details on the guarantee.

(5)In respect of Torun project loan. The project company pays fixed interest rate of 1% and receives three months Euribor on a quarterly basis, until December 31, 2017. Regarding pledges in respect of derivative activity refer to note 33d(2).

None of the abovementioned activities (including 2013 transactions) qualified for hedge accounting.

Fair value measurement

Fair values of the SWAP may be determined in whole or in part using valuation techniques based on assumptions that are not supported by prices from current market transactions or observable market data, where current prices or observable market data are not available.

Factors such as bid-offer spread, credit profile, collateral requirements and model uncertainty are taken into account, as appropriate, when fair values are calculated using valuation techniques. Valuation techniques incorporate assumptions that other market participants would use in their valuations, including assumptions about interest rate yield curves, and middle exchange rates, as determined by relevant central banks at each cut dates.

NOTE 16 - INTEREST BEARING LOANS FROM BANKS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, refer to note 32. All interest bearing loans from banks are secured. Terms and conditions of outstanding loans were as follows:

	December 31, 2013	December 31, 2012 Restated (*)
Non-current loans		
Investment property secured bank loan	-	3,175
Other secured bank loan	-	2,598
	-	5,773
Current loans (including current maturities of long term loans)		
Trading properties secured bank loans	172,810	188,058
Investment property secured bank loans	-	469
Other secured bank loans	2,528	17,450
	175,338	205,977

(*) Restated due to Retrospective application – refer to note 3 regarding initial application of the new suite of standards.

Below is the breakdown of all outstanding bank loans:

				December 31,	
				2013	2012 Restated(*)
	Nominal interest rate	Currency	Year of maturity	Carrying amount	
Torun project secured bank loan (1)	3M Euribor+3%	EUR	2017	47,905	49,028
Liberec project secured bank loan (2)	3M Euribor+2.7%	EUR	2014	20,498	21,066
Suwalki project secured bank loan (1)	3M Euribor+1.65%	EUR	2020	31,595	32,303
Zgorzelec project secured bank loan (1),(3)	3M Euribor+2.75%	EUR	2016	21,993	21,608
Kragujevac project secured bank loan (1),(4)	3M Euribor+5%	EUR	2027	29,108	30,123
Koregaon Park project secured bank loan (5)	13.25%	INR	2021	21,710	26,943
Koregaon Park project secured bank loan	11.5%	INR	2013	-	6,987
				172,810	**188,058**
Other secured bank loans	6M Telbor+6%	NIS	2013	-	17,268
Other secured bank loans (6)	3M USD Libor+4%	USD	2014	2,528	2,780
				2,528	**20,048**
Investment property secured bank loan	3M Euribor+1.75%	EUR	2016	-	**3,644**
Total interest bearing liabilities				**175,338**	**211,750**

(1) IRS on bank loans – refer to note 15.
(2) Liberec loan – recourse loan. Default in payment has occurred, and certain loan covenants are breached - the Company is on continuous negotiations with financing banks for obtaining a waiver.
(3) Zgorzelec loan – mostly non-recourse loan (except a component of a EUR 2.25 million which is recourse) -Certain loan covenants are breached – the Company has obtained a waiver for all covenants till maturity of the loan. The Company has also pledged it's plot in Leszno, Poland (refer also to note 11) in favour of the financing bank.
(4) Kragujevac loan – non-recourse loan- Certain loan covenants are breached – the Company is in continuous negotiations with financing banks for obtaining a waiver.
(5) Koregaon Park loan – out of 2013 balance, an amount of EUR 14 million is recourse loan. Refer to note 34 (G) in respect of the selling of the Koregaon park project.
(6) In respect of the airplane held by the Company. Refer also to note 38(A).

NOTE 16 - INTEREST BEARING LOANS FROM BANKS (cont.)

Covenants

Since the Company has defaulted in its payments to bondholders, a cross-default clause covenant in most bank facilities might cause certain bank facilities to be considered as breached, and therefore banks may demand immediate repayment of such facilities. The Company has therefore reclassified all bank facilities to short term.

In certain cases, where a recourse loan is outstanding, the financing bank can become a creditor of the Company itself, in case the proceeds from selling the pledged asset do not cover the debt.

However, up to the date of approval of these financial statements, there has been no such demand from any of the financing banks for such immediate repayment of any of the bank facilities, and the Company's management estimates that no such demand will take place before the finalization of the restructuring process.

NOTE 17 - TRADE PAYABLES

	Currency	December 31, 2013	December 31, 2012 Restated(*)
Construction related payables	Mainly in INR	1,115	3,549
Other trade payables		1,317	4,020
		2,432	7,569

(*) Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards.

Main decrease in 2013 is attributable to payment to construction suppliers in respect of the projects in India, Poland and Serbia.

NOTE 18 - RELATED PARTIES PAYABLES

	Currency	December 31, 2013	December 31, 2012 Restated (*)
EI Group- ultimate parent company – expenses recharged	EUR, USD	672	144
Other related parties	EUR	272	15
EUL (parent company)	EUR, USD	-	387
		944	546

(*) Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards.

For payments (including share based payments) to related parties refer to note 35. Transactions with related parties are priced at an arm's length basis.

NOTE 19 - OTHER LIABILITIES

Short term	Currency	December 31, 2013	December 31, 2012 Restated (*)
Obligations to tenants	EUR	2,613	2,645
Advance payment in respect of selling of shopping center (refer to note 34(G))	INR	2,343	-
Loan from non-controlling interest	EUR	1,455	1,454
Obligation in respect of plot purchase	Mainly EUR	1,380	1,380
Accrued bond and bank interest	Mainly NIS	2,377	803
Accrued expenses and commissions		305	505
Government institutions and fees		416	361
Salaries and related expenses		174	275
Other		156	225
Total		11,219	7,648

(*) Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards.

NOTE 20 - DEBENTURES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company is measuring part of its debentures Series A (raised in July 2007) and debentures Series B (raised in February and May 2008 and listed in the Tel Aviv Stock Exchange ("TASE") at fair value through profit or loss. Both debentures principal are updated based on the change in the Israeli Consumer Price Index ("CPI"), meaning that every 1 percent change in Israeli CPI is causing a one (1) percent change in the principal value of the bond, and also on the interest paid. Indexation is made on a monthly basis.

Accrued interest on both debentures is paid every six months. Debentures Series A and Series B raised from 2009 onwards are presented at amortized cost (refer to note 21). Below is a summary of information on the debentures presented at fair value through profit or loss:

	Series A debentures			Series B debentures			
	Fair value	CPI adjusted	Par value	Fair value	CPI adjusted	Par value	Total Par value
January 1, 2013 (TNIS)	138,366	203,150	171,652	433,147	549,490	478,774	650,426
Reissuance (repayment) 2013 (TNIS) (*)			18,941			(159,591)	(140,650)
December 31, 2013 (TNIS)	173,554	229,868	190,593	294,989	373,313	319,183	509,776
January 1, 2013 (TEUR)	28,120	41,286	34,884	88,027	111,671	97,300	
December 31, 2013 (TEUR)	36,294	48,071	39,857	61,689	78,068	66,748	

(*) One fifth of outstanding Series A bond was scheduled to be repaid on December 31, 2013. However, all payments on both Series A and B were withheld effective November 2013 (refer also to note 34(A)). One third of outstanding debentures Series B (with par value of NIS 159,591 thousands) was repaid on July 1, 2013 in a total amount of EUR 39.1 million (2012 – repayment of NIS 193,922 thousands par value in a total amount of EUR 44.6 million).

Both debentures series are rated (effective as of the reporting date and of signing these financial statements) D by S&P Maalot Ltd. on a local scale (down from ilB in November 2013). The update followed the Company's announcement that it would withhold payment on the upcoming debentures maturities.

NOTE 20 - DEBENTURES AT FAIR VALUE THROUGH PROFIT OR LOSS (cont.)

Prior to the Group's default and the potential impact of the restructuring plan (see Note 34(A)) Debentures Series A bear an annual interest rate of 4.5% (to be paid semi-annually) with 8 annual equal par value principal instalments between December 2010 and 2017; and Debentures Series B bear an annual interest rate of 5.4% (paid semi-annually) with 5 annual equal par value principal instalments between July 2011 and 2015.

All debentures were reclassified to current liabilities, in view of the decision to withhold all payments to creditors, which was an event of default. For more details on the debt restructuring plan, refer to note 34(A).

Fair value

The fair value of debentures is determined by an active market price quotation, as the debentures are traded in the TASE.

NOTE 21 - DEBENTURES AT AMORTISED COST

Bonds issued in Israel

	Series A debentures	Series B debentures			
	Par value	Par value	Total	CPI adjusted	CPI adjusted
	TNIS	**TNIS**	**TNIS**	**TNIS**	**TEUR**
January 1, 2013 (NIS)	-	251,251	251,251	288,362	58,603
Re-issuance	54,577	8,800	63,377		
Repayment 2013(*)	-	(86,684)	(86,684)		
December 31, 2013	54,577	173,367	227,944	268,592	56,168

(*)One fifth of the outstanding Series A bond was scheduled to be repaid on December 31, 2013. However, all payments on both Series A and B debentures were withheld effective November 2013 (refer also to note 34(A)).

One third of outstanding debentures Series B (with par value of NIS 86,684 thousands) was repaid on July 1, 2013 in a total amount of EUR 21.2 million (2012 – repayment of NIS 86,074 thousands par value in a total amount of EUR 20.7 million)

Bonds issued in Poland

On November 16, 2010, the Company completed the first tranche of a bond offering to Polish institutional investors. The Company raised a total of PLN 60 million (approximately EUR 15.2 million).

Prior to the Group's default and the potential impact of the restructuring as described in Note 34(A), the unsecured bearer bonds governed by Polish law (the "Bonds") had a three year maturity at an interest rate of six months Wibor plus 4.5%. Interest was to be paid every six months and the principal due in November 2013. However, this payment, as well as all other payments on debentures were withheld effective November 2013 (refer also to note 34(A)).

For debt covenants refer to note 33d(3).

As at December 31, 2013, the amortized cost is EUR 14,468 thousands (December 31, 2012- EUR 14,678 thousands).

NOTE 22- RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes recognized are attributable to the following items:

Assets/(liabilities) 2013	December 31, 2012 Restated (1)	Recognized in Profit or loss 2013	December 31, 2013
Investment property	(1,003)	1,003	-
Property, equipment and other assets	(293)	(86)	(379)
Debentures and structures at fair value through profit or loss	(9,588)	9,588	-
Derivatives	(1,569)	1,569	-
Available for sale financial assets (*)	(184)	184	-
Tax value of loss carry-forwards recognized (**)	5,707	(5,707)	-
Deferred tax liability, net	(6,930)	(6,551)	(379)

(1) Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards

(*) Transferred to profit or loss, following the disposal of all available for sale financial assets.
(**) Due to tax losses created on the Company.

Assets/(liabilities) 2012	December 31, 2011 restated (1)	Recognized in Profit or loss	Recognized in comprehensive income	December 31, 2012 Restated (1)
Investment property	(804)	(199)	-	(1,003)
Property, equipment and other assets	(292)	(1)	-	(293)
Debentures and structures at fair value through profit or loss	(14,496)	4,908	-	(9,588)
Derivatives	(1,391)	(178)	-	(1,569)
Available for sale financial assets (*)	446	-	(630)	(184)
Tax value of loss carry-forwards recognized	3,348	2,359	-	5,707
Deferred tax liability, net	(13,189)	6,889	(630)	(6,930)

(1) Restated due to Retrospective application – refer to Note 3 regarding initial application of the new suite of standards.

(*) Change included in comprehensive income

NOTE 22- RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES (cont.)

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of tax losses in a total amount of EUR 90,043 thousands (2012: EUR 91,574 thousand).

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from. As of December 31, 2013 the expiry date status of tax losses to be carried forward is as follows:

Total tax losses carried forward	2014	2015	2016	2017	2018	After 2018
130,459	10,991	21,113	8,249	12,061	16,605	61,440

Tax losses are mainly generated from operations in Czech Republic, Romania, Serbia, Latvia and the Netherlands. Tax settlements may be subjected to inspections by tax authorities. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

NOTE 23 - EQUITY

	Remarks	December 31, 2013	December 31, 2012
		Number of shares	
Authorized ordinary shares of par value EUR 0.01 each		1,000,000,000	1,000,000,000
Issued and fully paid:			
At the beginning of the year		297,186,138	297,174,515
Exercise of share options	See (a) below	-	11,623
At the end of the year		297,186,138	297,186,138

a. In the course of 2012, 108,335 vested options were exercised into 11,623 shares of EUR 0.01. In the course of 2013 there was no exercise of options.

Share based payment reserve

Other capital reserve is in respect of Employee Share Option Plans ("ESOP") in the total amount of EUR 35,313 as of December 31, 2013 (2012 – EUR 34,889). Regarding the amendments of ESOP 1 and ESOP No. 2 and its effect on other capital reserves refer to note 25.

Translation reserve

The translation reserve comprises, as of December 31, 2013, all foreign exchange differences arising from the translation of the financial statements of foreign operations in India.

Dividend policy

Following the withholding of payments of all corporate level debt and in line with the restructuring plan (refer to note 34(A)), the Company's Board of Directors and management will commit to certain restrictions on dividends.

NOTE 24 - EARNINGS PER SHARE

The calculation of basic earnings per share ("EPS") at December 31, 2013 was based on the loss attributable to ordinary shareholders of EUR 218,073 thousand (2012: loss of EUR 86,163 thousand) and a weighted average number of ordinary shares outstanding of 297,181 thousand (2012: 297,181 thousand).

The calculation of basic EPS at December 31, 2013 from continuing operations was based on the loss attributable to ordinary shareholders of EUR 218,138 thousand (2012 – EUR 84,119 thousand).

Weighted average number of ordinary shares (for both EPS and EPS from continuing operations)

In thousands of shares with a EUR 0.01 par value	December 31,	
	2013	**2012**
Issued ordinary shares at 1 January	297,181	297,175
Share based payment - exercise of options	-	6
Weighted average number of ordinary shares at 31 December	297,181	297,181

The calculation of diluted earnings per share from continuing operations for comparative figures is calculated as follows:

Weighted average number of ordinary shares (diluted)

In thousands of shares with a EUR 0.01 par value	December 31,	
	2013	**2012**
Weighted average number of ordinary shares (basic)	297,181	297,181
Effect of share options on issue	-	792
Weighted average number of ordinary shares (diluted) at 31 December	297,181	297,973

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

Refer to note 37 for calculations of earnings per share from discontinued operation.

NOTE 25 - EMPLOYEE SHARE OPTION PLAN

On October 26, 2006 the Company's Board of Directors approved the grant of up to 33,834,586 non-negotiable options for the Company's ordinary shares to the Company's board members, employees in the company and other persons who provide services to the Company including employees of the Group ("Offerees"). The options were granted to the Offerees for no consideration.

On November 22, 2011 the Company's general shareholders meeting and the Board of Directors approved to amend the 1st ESOP to extend the Option Term (i.e., as defined in the 1st ESOP, being the term during which options can be exercised under the 1st ESOP) from seven (7) to ten (10) years from the Date of Grant. As a result the Company record an incremental fair value of EUR 955,433 which were included in the consolidated income statement.

Furthermore, 2nd ESOP plan was adopted on November 22, 2011 which is based on the terms of the 1st ESOP as amended in accordance with the terms as referred to above, with a couple of amendments, the most important of which is the total number of options to be granted under the 2nd ESOP is fourteen million (14) and a cap of GBP 2.

NOTE 25 - EMPLOYEE SHARE OPTION PLAN (cont.)

It is noted that, on the basis of all 14 options being granted under the 2nd ESOP and fully exercised thereafter, this would have an effect of dilution of up to three percent (3%) (on fully diluted basis) of the issued share capital as at October 2011.

On November 22, 2012 the Company's general shareholders meeting and the Board of Directors approved to amend the 1st ESOP to extend the Option Term (i.e., as defined in the 1st ESOP, being the term during which options can be exercised under the 1st ESOP) from ten (10) to fifteen (15) years from the Date of Grant. As a result the Company record an incremental fair value of EUR 0.5 million which were included in the consolidated income statement.

Exercise of the options is subject to the following mechanism:

Grant date / employees entitled	**Number of options**	**Vesting conditions**	**Contractual life of options(1)**
ESOP No.1			
Option grant to key management at October 27, 2006	13,218,073	see (3) below	15 years
Option grant to employees at October 27, 2006	1,894,020	see (3) below	15 years
Total granted in 2006	15,112,093	see (3) below	15 years
Total granted in 2007 (2)	1,109,490	see (3) below	15 years
Total granted in 2008 (2)	768,887	see (3) below	15 years
Total granted in 2009 (2)	441,668	Three years of service	15 years
Total granted in 2010 (2)	-	Three years of service	15 years
Total granted in 2011(2)	150,000	Three years of service	15 years
ESOP No.2			15 years
Total granted in 2011 (2)	4,874,000	Three years of service	
Total granted in 2012 (2)	970,000	Three years of service	10 years
Total granted in 2013 (2)	1,465,000	Three years of service	
Total share options Granted	24,891,138		

(1) Following the 4th amendment of ESOP1, the contractual life for stock options granted changed from 10 years to 15 years

(2) Share options granted to key management: 2007 – 100,000 share options; 2008 – 260,000 share options; 2009 - 73,334 share options; 2011- 3,225,000 share options (ESOP No. 2); 2012 – 450,000 share options; 2013 – 150,000 share options.

(3) Vesting conditions - On November 25, 2008 the Company's general shareholders meeting and the Board of Directors approved modification of ESOP1. The amendment plan determined that all options that were not vested on October 25, 2008 ("record date") shall vest over a new three-year period commencing on the record date, in such way that each year following that date one third of such options shall be vested. The number of options which were modified under the amendment was 28,182,589.

NOTE 25 - EMPLOYEE SHARE OPTION PLAN (cont.)

On exercise date the Company shall allot, in respect of each option so exercised, shares equal to the difference between (A) the opening price of the Company's shares on the LSE (or WSE under certain conditions) on the exercise date, provided that if the opening price exceeds GBP 3.24, the opening price shall be set at GBP 3.24 (Except 2nd ESOP as stated above); less (B) the Exercise Price of the Options; and such difference (A minus B) will be divided by the opening price of the Company's Shares on the LSE (or WSE under certain conditions) on the exercise date:

	Weighted average exercise price (*)	Number of options	Weighted average exercise price	Number of options
	2013	2013	2012	2012
	GBP		GBP	
Outstanding at the beginning of the year	0.43	24,997,557	0.46	26,905,132
Exercised during the year	-	-	0.42	(108,335)
Forfeited during the period - back to pool	0.45	(1,586,419)	0.96	(2,989,240)
Granted during the year	0.29	1,650,000	0.47	1,190,000
Outstanding at the end of the year	0.43	25,061,138	0.43	24,997,557
Exercisable at the end of the year		21,070,033		20,176,650

(*)-The options outstanding at 31 December 2013 have an exercise price in the range of GBP 0.28 to GBP 0.54 (app. EUR 0.34 - EUR 0.65), and have weighted average remaining contractual life of 8.16 years. The weighted average share price at the date of exercise for share options exercised in 2012 was GBP 0.48.

Following the modifications of the option plan, the maximum number of shares issuable upon exercise of all outstanding options as of the end of the reporting period is 34,722,528.

The estimated fair value of the services received is measured based on a binomial lattice model using the following assumptions:

	Key management personnel 2013	Key management personnel 2012(*)	Employees 2013	Employees 2012(*)
	EUR	EUR	EUR	EUR
Fair value of share options and assumptions				
Fair value at measurement date (in EUR)(*)	22,849	131,368	183,403	144,017
Weighted average Exercise price	0.28	0.52	0.29	0.46
Expected volatility	49.36%-49.85%	47.69%-59.8%	46.74%-49.9%	39.75%-59.8%
Weighted average share price (Gbp)	0.28	0.50	0.3	0.46
Suboptimal exercise multiple	2	2	1.5	1.5
Expected dividends	-	-	-	-
Risk-free interest rate (based on the yield rates of the non indexed linked UK treasury bonds)	0.33%-4.42%	0.31%-3.06%	0.18%-4.42%	0.24%-4.13%

(*)not including information in respect of the amendment of the 1st ESOP.

During 2013 the total employee costs for the share options granted was EUR 424 thousands (2012 - EUR 1,419 thousands).

NOTE 25 - EMPLOYEE SHARE OPTION PLAN (cont.)

Due to low trading volumes, there is not enough information concerning Plaza share price. Therefore, in order to derive the expected stock price volatility, analysis was performed based on the data of Plaza, and of three other companies operating in the similar segment, which have similar market capital and are traded at the Warsaw Stock Exchange. In an attempt to estimate the expected volatility, first calculation of the short-term standard deviation (standard deviation of company's share during one year as of the options' Grant Date) has been done. In the next stage, calculation of the long-term standard deviation (standard deviation for the period starting one year prior to the Grant Date for the remaining period of the plan) has been done, where the weight of the standard deviation for the Company was ranging between 45% -65% and the weight of the average of standard deviations of comparative companies was 35% – 55% (2012: the same)The working assumption is that the standard deviation of the underlying asset yield converges in the long term with the multi-year average.

PCI and EPI Share Option plans

On March 14, 2011 ("Date of grant") the Company's direct subsidiaries PCI and EPI ("Companies") granted non-negotiable options, exercisable into the Companies' ordinary shares, to employees, directors and officers of the Companies and/or affiliates of the Companies. The options were granted for no consideration and have 3 years of vesting with contractual life of 7 years following the date of grant of such options. PCI had granted 14,212 share options with exercise price of EUR 227 per option. EPI had granted 51,053 share options with exercise price of EUR 0.01 per option. PCI and EPI common shares valuation methodology was based on NAV Model. The expected stock price volatility was based on 5 Indian publicly traded real estate companies and set to range 43.31%-54.4%. The annual risk free interest rate range was: 1.25% - 4.03%. The suboptimal exercise multiple for key management personnel were set to 2 and for employees 1.5 in 2011. The Option Plans include, among others, a Cashless Exercise mechanism prior to/following IPO and conversion upon the listing of a subsidiary.

The total number of Underlying Shares reserved for issuance under PCI Plan and EPI Plan and any modification thereof shall be 14,697 Underlying Shares and 52,600 Underlying Shares, respectively (representing approximately 5% of the share capital of the Companies on a fully diluted basis, inclusive of all Underlying Shares).

NOTE 26 - RENTAL INCOME

a. Continuing operations (rental)

	For the year ended December 31,	
	2013	2012 Restated (*)
Rental income from operating shopping centers presented as Trading properties (1)	22,480	21,742
Other rental income (2)	1,198	1,370
Total	**23,678**	**23,112**

(*) Restated due to Retrospective application – refer to note 3 regarding initial application of the new suite of standards.

(1) As of the end of 2013 and 2012, there are six operating shopping centers presented as part of trading properties.

(2) Composed mainly from rental income generated by the Investment property Prague 3 (disposed in July 2013, refer to note 34(E)) in the amount of EUR 0.7 million (2012 – EUR 1.3 million). The rest of the rental income is attributed to small scale rental fees charged on plots held by the Group.

b. Continuing operations (entertainment centers)

Revenue from operation of entertainment centers is attributed to a subsidiary of the Company trading as "Fantasy Park" which provides gaming and entertainment services in operating shopping centers. As of December 31, 2013, these subsidiaries operate in four shopping centers (December 31, 2012 – in 13 shopping centers). Regarding the settlement reached in respect of legal claims against Fantasy Park refer to note 34(M). Following the settlement reached, seven of Fantasy Park operation centers were closed.

Discontinued operation- For comparative revenues generated from discontinued operation, refer to note 37.

NOTE 27 - COST OF OPERATIONS

a. Continuing operations (cost of operations)

	For the year ended December 31,	
	2013	2012 Restated (*)
Active shopping centers presented as Trading properties (1)	8,187	7,994
Other cost of operations (2)	1,221	1,390
Total	**9,408**	**9,384**

(*) Restated mainly due to Retrospective application – refer to note 3 regarding initial application of the new suite of standards. Additional reclassification of EUR 3.5 million of mainly marketing costs into cost of operations from administrative expenses was performed in order to better reflect the Net Operating Income (NOI) of the operating shopping centers and entertainment activities in the gross profit line item.

(1) Refer to note 26 (1) above.
(2) Composed mainly from costs generated by the Investment property Prague 3 (disposed in July 2013, refer to note 34(E)) in the amount of EUR 0.3 million (2012 – EUR 0.5 million). The rest of the cost is attributed to small scale costs on plots held by the Group.

b. Continuing operations (entertainment centers)

Refer also to note 26 (b) above. The costs are inclusive of management of the operation of the entertainment centers, as well as utility, rent and spent material associated with the operation of the entertainment centers.

Discontinued operation – For comparative costs relating to discontinued operations, refer to note 37.

NOTE 28 - ADMINISTRATIVE EXPENSES AND RESTRUCTURING COSTS

a. Administrative expenses, excluding restructuring costs

	For the year ended December 31,	
	2013	2012 Restated (*)
Salaries and related expenses	4,522	5,242
Professional services	3,743	3,734
Offices and office rent	445	707
Travelling and accommodation	180	702
Depreciation and amortization	382	610
Others	163	437
Total	**9,435**	**11,432**

(*) Restated mainly due to Retrospective application – refer to note 3 regarding initial application of the new suite of standards. Additional reclassification of EUR 3.5 million of administrative expenses (of mainly marketing costs) into cost of operations was performed in order to better reflect the operation performance of active shopping centers and entertainment activities.

NOTE 28 - ADMINISTRATIVE EXPENSES AND RESTRUCTURING COSTS (cont.)

b. Restructuring costs

The Company incurred restructuring cost as a result of the restructuring process (refer to note 34 (A)).

NOTE 29 - OTHER INCOME AND OTHER EXPENSES

	For the year ended December 31,	
	2013	2012 Restated (*)
Gain from selling property and equipment	23	19
Income from insurance company (refer to note 10)	-	7,611
Change in fair value of investment property (1)	-	837
Other income	390	503
Total other income	413	8,970
Impairment of property and equipment (2)	-	(450)
Impairment of Kochi advance (refer to note 10)	(4,321)	-
Impairments of other assets (3)	(2,548)	-
Change in fair value of investment property (1)	(4,267)	-
Other expenses	(332)	(672)
Total other expenses	11,468	(1,122)
Other income (expense), net	(11,055)	7,848

(*) Restated due to Retrospective application – refer to note 3 regarding initial application of the new suite of standards.

(1) Refer to note 13.
(2) Refer to note 12.
(3) Mainly due to assets associated with trading property assets in Romania (Targu Mures and BAS).

NOTE 30 - NET FINANCE INCOME (COSTS)

	For the year ended December 31,	
Recognized in profit or loss	2013	2012 Restated (*)
Foreign exchange losses on bank deposits, bank loans	17	-
Gain from bonds buyback programme	-	4,333
Interest income on bank deposits	119	1,025
Finance income from available for sale financial assets	956	712
Interest income on structured deposits	-	2,085
Finance income from hedging activities through writing options	-	11,683
Changes in fair value of derivatives	93	199
Interest from loans to related parties	103	321
Finance income	**1,288**	**20,358**
Interest expense on debentures (including CPI)	(9,580)	(19,135)
Interest expense on bank loans	(10,732)	(12,452)
Changes of fair value in debentures measured at fair value through profit or loss (1)	(13,185)	(19,032)
Loss from reissuance of bonds	(5,707)	-
Interest expenses on loans on structures	-	(497)
Finance costs from hedging activities through sale of options	(2,364)	-
Foreign exchange losses on debentures	(5,352)	(2,033)
Loss from available for sale financial assets sold	-	(1,222)
Changes in fair value of structured deposit	-	(45)
Foreign exchange losses on bank deposits, bank loans	-	(1,091)
Cost of raising loans amortized to profit or loss	-	(676)
Other finance expenses	(242)	(439)
	(47,162)	(56,622)
Less- borrowing costs capitalized to trading properties under development	6,530	19,091
Finance costs	**(40,632)**	**(37,531)**
Net finance costs	**(39,344)**	**(17,173)**

(*) Restated due to Retrospective application – refer to note 3 regarding initial application of the new suite of standards.

(1) The change in fair value includes a total of EUR 4 million (2012 – EUR 2.8 million) attributable to the credit risk of the Company.

NOTE 31 - TAXES

Tax recognized in profit or loss

	For the year ended December 31,	
	2013	2012 Restated (*)
Current year	295	297
Deferred tax benefit (refer to note 22)	(6,551)	(6,889)
Total	**(6,256)**	**(6,592)**

(*) Restated due to Retrospective application – refer to note 3 regarding initial application of the new suite of standards.

Deferred tax expense (tax benefit)

	For the year ended December 31,	
	2013	2012 Restated (*)
Origination and reversal of temporary differences	(6,551)	(4,368)
Recognition of previously unrecognized tax losses	-	(2,521)
	(6,551)	(6,889)

Reconciliation of effective tax rate:

		For the year ended December 31,	
	%	**2013**	**2012 Restated (*)**
Dutch statutory income tax rate		25%	25%
Loss from continuing operations before income taxes		(224,394)	(90,711)
Tax at the Dutch statutory income tax rate	25%	(56,098)	(22,678)
Recognition of previously unrecognized tax losses		-	(2,521)
Effect of tax rates in foreign jurisdictions		19,607	5,169
Current year tax loss for which no deferred tax asset is provided (1)		26,854	13,395
Non-deductible expenses		3,381	43
Tax Expense (Tax benefit)		**(6,256)**	**(6,592)**

(*) Restated due to Retrospective application – refer to note 3 regarding initial application of the new suite of standards.

(1) 2012 – Mainly due to impairments not recognized for tax purposes.

NOTE 31 - TAXES (Cont.)

The main tax laws imposed on the Group companies in their countries of residence:

The Netherlands

a. Companies resident in the Netherlands are subject to corporate income tax at the general rate of 25%. The first EUR 200,000 of profits is taxed at a rate of 20%. Tax losses may be carried back for one year and carried forward for nine years. As part of the measures to combat the consequences of the economic crisis, taxpayers can elect for an extension of the loss carry back period to three years (instead of one year). The election is only available for losses suffered in the taxable years 2009, 2010 and 2011. If a taxpayer makes use of the election, two additional limitations apply: (i) the loss carry forward period for the taxable years 2009, 2010 and/or 2011 will be limited to a maximum of six years (instead of nine years); and (ii) the maximum amount of loss that can be carried back to the second and third year preceding the taxable year will be limited to EUR 10 million per year. The amount of loss that can be carried back to the year directly preceding the taxable year for which the election is made will remain unrestricted. As of the taxable year 2012, the election for extended loss carry back is not available anymore and the regular loss carry back and carry forward limitations apply.

b. Under the participation exemption rules, income (including dividends and capital gains) derived by Netherlands companies in respect of qualifying investments in the nominal paid up share capital of resident or non-resident investee companies, is exempt from Netherlands corporate income tax provided the conditions as set under these rules have been satisfied. Such conditions require, among others, a minimum percentage ownership interest in the investee company and require the investee company to satisfy at least one of the following tests:

- Motive Test, the investee company is not held as passive investment;

- Tax Test, the investee company is taxed locally at an effective rate of at least 10% (calculated based on Dutch tax accounting standards);

- Asset Test, the investee company owns (directly and indirectly) less than 50% low taxed passive assets.

India

The corporate income tax rate applicable to the taxable income of an Indian Company is 32.445% (including surcharge of 5% and cess of 3%) or 33.99% (including surcharge of 10% and rate of 3%. Surcharge of 5% is applicable if the total income exceeds INR 10 million (EUR 0.12 million) but is less than INR 100 million (EUR 1.2 million) and 10% if the total income exceeds INR 100 million). Minimum alternate tax (MAT) of 20.01% (including surcharge of 5% and cess of 3%) or 20.96% (including surcharge of 10% and cess of 3%) would apply on the taxable book profits of a company. Taxable book profits are computed in accordance with relevant provisions of the Indian Income Tax Act. The final tax payable is the higher of the MAT liability or corporate income tax payable. If taxes are paid under MAT, then credit to the extent of MAT paid over corporate income tax is available (MAT credit). MAT Credit can be availed, if the company has future taxable profits in the following ten years and credit to the extent of difference of the MAT payable and corporate income tax payable of the Company is allowed.

Capital gains on transfer of capital assets (on which tax depreciation has not been claimed) are taxed at the rate of 21.63% (Including surcharge of 5% and rate of 3%) or 22.66% (including

NOTE 31 - TAXES (Cont.)

India (cont.)

surcharge of 10% and cess of 3%), provided that the capital assets were held for more than 36 months immediately preceding the date of the transfer or 32.445% (including surcharge of 5% and cess of 3%) or 33.99% (including surcharge of 10% and of 3 if they were held for less than 36 months (in case of capital asset being shares held in a company or any security listed on a stock exchange in India or unit of the Unit Trust of India or a Unit of Mutual fund or Zero Coupon Bonds, a period of 12 months is considered). Dividends paid out of the profits are subject to Dividend Distribution Tax at the rate of 16.995% (including surcharge of 10% and rate of 3%) There is no withholding tax on dividends distributed by an Indian company and no additional taxes need to be paid by the Shareholder. Business losses can be offset against profits and gains on any business or profession for a period of eight years from the incurrence year's end. There is no limit for carry forward of unabsorbed depreciation

India-Cyprus treaty issue

India has a Tax Treaty with Cyprus and under the Indian domestic tax laws, a resident of Cyprus would be eligible to claim recourse to the provisions of the India-Cyprus Tax Treaty to the extent the provisions of the Tax Treaty are more beneficial than those of the Indian domestic tax laws. The India-Cyprus Tax Treaty contains more beneficial provisions in respect of taxation of interest, capital gains etc. However, with effect from 1 November 2013, Cyprus has been notified as a Notified Jurisdictional Area ("NJA") under the Indian domestic tax laws due to lack of effective exchange of information with Cyprus. The notification of Cyprus as an NJA is an anti tax-avoidance measure and provides for onerous tax consequences in respect of transactions with Cypriot entities. The consequences of entering into transactions with Cypriot entities in light of the NJA provisions are:

- If a taxpayer enters into a transaction with a person in Cyprus, then all the parties to the transaction shall be treated as Associated Enterprises ['AE'] and the transaction shall be treated as an international transaction resulting in application of transfer-pricing provisions contained in the Indian domestic tax law including maintenance of prescribed documentation;
- No deduction in respect of any payment made to any financial institution in Cyprus shall be allowed unless the taxpayer furnishes an authorization allowing for seeking relevant information from the said financial institution;
- No deduction in respect of any other expenditure or allowance arising from the transaction with a person located in Cyprus shall be allowed unless the taxpayer maintains and furnishes the prescribed information;
- If any sum is received from a person located in Cyprus, then the onus is on the taxpayer to satisfactorily explain the source of such money in the hands of such person or in the hands of the beneficial owner, and in case of his failure to do so, the amount shall be deemed to be the income of the taxpayer;

Any payment made to a person located in Cyprus shall be liable for withholding tax at the highest of the following rates - (a) rates prescribed in the domestic tax laws (b) rates prescribed in the Tax Treaty (c) 30 per cent

Despite the above, the Company does not expect the above to have a material effect on its business in India, as no additional material equity injections in India is expected, and that disposal of assets is expected (if any) on an Indian level rather than on a Cypriot level.

NOTE 32 - FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included in note 34(A).

The Board of Directors has established a continuous process for identifying and managing the risks faced by the Group (on a consolidated basis), and confirms that it is responsible to take appropriate actions to address any weaknesses identified.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Company's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

a. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's financial instruments held in banks and from other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group requires collateral in the form of mainly deposit equal to three months of rent from tenants of shopping centers (collected deposits from tenants totalled EUR 2.6 million as at both December 31, 2013 and 2012).

Cash and deposits and other financial assets.

The Group limits its exposure to credit risk in respect to cash and deposits, including held for sale financial assets (debt instruments) by investing mostly in deposits and other financial instruments with counterparties that have a credit rating of at least investment grade from international rating agencies. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

b. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group encountered severe liquidity crisis during the last months of 2013. It suspended all payments to its debt holders in November 2013 and sought for credit protection from the Dutch court. Refer to note 34(A) for more details.

NOTE 32 - FINANCIAL INSTRUMENTS (cont.)
FINANCIAL RISK MANAGEMENT (Cont.)

c. Market risk

Currency risk

Currency risk is the risk that the Group will incur significant fluctuations in its profit or loss as a result of utilizing currencies other than the functional currency of the respective Group company.

The Group is exposed to currency risk mainly on borrowings (debentures issued in Israel and in Poland) that are denominated in a currency other than the functional currency of the respective Group companies. The currencies in which these transactions primarily are denominated are the NIS or PLN. Regarding currency and risk hedging of the debentures refer also to note 15. The company did not engage in hedging transactions in order to mitigate its currency risk exposure, starting the second half of 2013.

Interest Rate Risk (including inflation)

The group's interest rate risk arises mainly from short and long term borrowing (as well as debentures). Borrowings issued at variable interest rate expose the Group to variability in cash flows. Borrowings issued at fixed interest rate (but are presented at their fair value) expose the Group to changes in fair value, if the interest is changing. In certain case, the Group uses IRS to minimize the exposure to interest risk by fixing the interest rate. Regarding interest rate risk hedging of the debentures and bank facilities, refer to note 14. As the Israeli inflation risk is diminishing to a level that management believes is acceptable (Israeli CPI 2013 1.9%; 2012 1.4%), the Company has stopped using cross currency SWAP instruments in 2012.

Shareholders' equity management

Refer to note 34 (A) in respect of shareholders equity components in the restructuring plan. The Company's Board of Directors is updated on an ongoing basis on the progress of the restructuring process, to assure (among other things) that any changes in the shareholders equity (due to issuance of shares, options or any other equity instrument) is to the benefit of both the Company's bondholders and shareholders.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The vast majority of financial assets are not passed due, and the management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behavior and extensive analysis of customer credit risk. The maximum exposure to credit risk at the reporting date was:

	Note	Credit quality	Carrying amount as at December 31, 2013	Carrying amount as at December 31, 2012 Restated (*)
Cash and cash equivalents	5	Mainly Baa3	26,157	35,374
Restricted bank deposits- short term	6	Mainly BBB+	6,319	18,759
Held for trading financial assets		Mostly BB+	1,246	-
Available for sale debt securities	7	N/A	-	11,714
Trade receivables, net	8	N/A	3,372	3,399
Other receivables	9	N/A	4,871	11,492
Loan to Diksna	14	N/A	7,039	6,949
Restricted bank deposits – long term			181	779
Total			**49,185**	**88,466**

(*) Restated due to Retrospective application – refer to note 3 regarding initial application of the new suite of standards.

NOTE 32 - FINANCIAL INSTRUMENTS (cont.)

Credit risk (cont.)

As of December 31, 2013 and 2012, all debtors without credit quality have a relationship of less than five years with the Group. At 31 December 2013, the ageing of trade and other receivables that were not impaired was as follows:

	Carrying amount December 31,	
	2013	2012 Restated (*)
Neither past due nor impaired	4,443	10,212
Past due 1–90 days	3,372	3,399
Past due 91–120 days	428	1,280
Total	**8,243**	**14,891**

The maximum exposure to credit risk for the abovementioned table at the reporting date by type of debtor was as follows:

	Carrying amount December 31,	
	2013	2012 Restated (*)
Banks and financial institutions	33,903	66,958
Tenants	3,372	3,399
Governmental and insurance institutions	1,877	9,829
Loan to Diksna	7,039	6,949
Receivable due to selling equity accounted investee	2,350	-
Related parties and other	644	1,331
Total	**49,185**	**88,466**

(*) Restated due to Retrospective application – refer to note 3 regarding initial application of the new suite of standards.

Liquidity risk (refer also to note 34(A))

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

December 31, 2013 (*)

	Carrying amount	Contractual cash flows	6 months or less
Derivative financial liabilities			
IRS Derivatives	910	(946)	(946)
Non-derivative financial liabilities			
Secured bank loans	175,338	(179,402)	(179,402)
Unsecured debentures issued	168,619	(207,452)	(207,452)
Trade and other financial payables	13,651	(13,651)	(13,651)
Related parties	944	(944)	(944)
	358,552	(401,449)	(401,449)

(*) – in view of the restructuring procedure and the default in bond payments which triggered a cross default on all other loan facilities within the Group, all loan facilities are currently payable on demand, triggering also repayments of trade and other payables, and therefore are reclassified as to be paid within six months from the end of the reporting period. The Restructuring plan does not provide any protection from the banks rights to demand early repayment, including exercising the collateral, of loans provided to the Groups' entities. As of the date of approval of these consolidated financial statements, there were no early repayment requests by any of the financing banks

NOTE 32 - FINANCIAL INSTRUMENTS (cont.)

Liquidity risk (cont.)

December 31, 2012 Restated (*)

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Derivative financial liabilities							
IRS Derivatives	3,320	(3,483)	(1,023)	(1,023)	(986)	(452)	
Non-derivative financial liabilities							
Secured bank loans	211,750	(261,423)	(16,459)	(23,308)	(36,925)	(87,030)	(97,702)
Unsecured debentures issued	189,341	(255,706)	-	(90,688)	(71,098)	(93,920)	-
Trade and other payables	15,402	(15,554)	(361)	(9,377)	(1,380)	(4,436)	-
Related parties	546	(546)	-	(546)	-	-	-
	420,359	(533,229)	(16,820)	(123,919)	(109,403)	(185,386)	(97,702)

(*) Restated due to Retrospective application – refer to note 3 regarding initial application of the new suite of standards.

Currency risk

The Company's main currency risk is in respect of its NIS denominated debentures. Following the discontinuance and full settlement of all currency options effective July 2013, the Company is exposed to changes in EUR/NIS rate.

The following exchange rate of EUR/NIS applied during the year:

	Average rate		**Reporting date Spot rate**	
EUR	**2013**	**2012**	**2013**	**2012**
NIS 1	0.208	0.202	0.209	0.203

PLN denominated debentures - A change of 6 percent in EUR/PLN rates at the reporting date would have increased/(decreased) profit or loss by EUR 0.9 million, as a result of holding PLN linked bonds.

NIS denominated debentures - A change of 11 percent in EUR/NIS (2012- 10 percent) rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

		Profit or loss effect	
For the year ended December 31,	Carrying amount of debentures	NIS strengthening effect	NIS devaluation effect
2013	154,151	(16,957)	16,957
2012	174,663	(17,466)	17,466

NOTE 32 - FINANCIAL INSTRUMENTS (cont.)

Interest rate risk

Profile

As of the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2013	**2012 Restated (*)**
Fixed rate instruments		
Financial assets	30,951	39,640
Financial liabilities	(21,710)	(33,930)
	9,241	5,710
Variable rate instruments		
Financial assets	-	-
Debentures	(168,619)	(189,341)
Other financial liabilities	(153,628)	(178,005)
	(322,247)	(367,346)

Cash flow sensitivity analysis for variable rate instruments

A change of 5 basis points in Euribor interest rates (2012 – 30 basis points) at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

Variable Interest rate effect (excluding debentures)

	Profit or Loss	
	Increase	**Decrease**
December 31, 2013	(77)	77
December 31, 2012	(533)	533

NIS Debentures

Sensitivity analysis – effect of changes in Israeli CPI on carrying amount of NIS debentures

A change of 3 percent in Israeli Consumer Price Index ("CPI") at the reporting date (and in 2012) would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

		Profit or loss effect	
For the year ended December 31,	Carrying amount of debentures	CPI increase effect	CPI decrease effect
2013	154,151	(4,625)	4,625
2012	174,663	(5,240)	5,240

NOTE 32 - FINANCIAL INSTRUMENTS (cont.)

Sensitivity analysis – effect of changes in NIS basic Interest on carrying amount of NIS debentures

A change of 1 percent in Israeli basic interest rate at the reporting date (and on 2012) would have increased (decreased) profit or loss by the amounts shown below. The analysis relates only to debentures presented at fair value through profit or loss, as there is no effect on carrying amount of debentures presented at amortized cost. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

		Profit or loss effect	
For the year ended December 31,	Carrying amount of debentures	Interest increase effect	Interest decrease effect
2013	97,983	(1,104)	1,136
2012	116,147	(1,510)	1,553

Fair values

Fair values measurement versus carrying amounts

In respect to the Company's financial assets instruments not presented at fair value, being mostly short term market interest bearing liquid balances, the Company believes that the carrying amount approximates fair value.

In respect the Company's financial instruments liabilities:

For the Israeli debentures presented at amortized cost, a good approximation of the fair value would be the market quote of the relevant debenture, had they been measured at fair value.

	Carrying amount		Fair value	
	2013	2012	2013	2012
Statement of financial position				
Debentures at amortized cost – polish bonds	14,468	14,678	14,468	14,678
Debentures A at amortized cost – Israeli	13,765	-	10,393	-
Debentures B at amortized cost – Israeli	42,403	58,603	33,507	41,599

In respect of most of other non-listed borrowings, the Group was not asked to raise interest rates or to bring forward maturities as a result of the restructuring procedure, as most financing banks does not expect the restructuring procedure to have a material effect on the security the banks hold under non-recourse loans, and therefore the Company has a basis to believe that the fair value of non-listed borrowings approximates the carrying amount.

Refer to notes 20 and 21 in respect of comparison between fair value and amortized cost of debentures presented at fair value through profit or loss.

NOTE 32 - FINANCIAL INSTRUMENTS (cont.)

Fair value Hierarchy

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

	Note	Fair value hierarchy	Carrying amount as at December 31, 2013	Carrying amount as at December 31, 2012 Restated (*)
Financial assets not measured at fair value				
Cash and cash equivalents	6		26,157	35,374
Restricted bank deposits- short term	7		6,319	18,759
Held for trading financial assets		Level 2	1,246	-
Available for sale debt securities	8		-	11,714
Trade receivables, net	9		3,372	3,399
Other receivables	10a		4,871	11,492
Loan to Diksna	14		7,039	6,949
Restricted bank deposits – long term			181	779
Total			**49,185**	**88,466**

	Note	Fair value hierarchy	Carrying amount as at December 31, 2013	Carrying amount as at December 31, 2012 Restated (*)
Financial liabilities not measured at fair value				
Interest bearing loans from banks	16	Level 2	175,338	205,977
Debentures at amortized cost	21	Level 1	70,636	73,194
Trade and other payables			13,651	15,217
Related parties	18		944	546
Total			**260,569**	**294,934**

	Note	Fair value hierarchy	Carrying amount as at December 31, 2013	Carrying amount as at December 31, 2012 Restated (*)
Financial liabilities measured at fair value				
Debentures at fair value through profit or loss	20	Level 1	97,983	116,147
Derivatives	15	Level 2	910	3,320
Total			**98,893**	**119,467**

NOTE 33 - CONTINGENT LIABILITIES AND COMMITMENTS

a. Contingent liabilities and commitments to related parties

1. The Company and/or its subsidiaries were parties to Projects Initiation and Supervision Agreement which was signed in 2006 between the Company and Control Centers Ltd. ("Control Centers").

   Control Centers is a private company controlled by Mr. Zisser, the former controlling shareholder of the Company. Europe-Israel (M.M.S.) Ltd. ("Europe-Israel") is an Israeli corporation wholly-owned by Control Centers (which in turn, is controlled by Mr. Zisser).

   Bank Hapoalim B.M. (the "Bank") has instituted legal action to foreclose on its pledges, including, inter alia, all the assets of Europe-Israel securing Europe-Israel's obligations under a loan agreement with the Bank, including its shares in EI.

   On July 21, 2013 a receiver was appointed to Control Centers Ltd. and Europe-Israel and on September 10, 2010 the Receiver had dismissed their employees. Consequently, as of the date hereof the Company is not receiving the Services under the aforementioned agreement.

   At December 31, 2013 the financial statements does not include any liability in respect of engineering supervision services supplied by related parties in Control Centers Group. For the total charges in 2013 and 2012 refer to note 35).

2. On October 27, 2006 the Company and Mr. Zisser, an Executive Director of the Company, entered into a service agreement, pursuant to which he will be entitled to a monthly salary of USD 25 thousand (EUR 19 thousand) which includes pension, retirement and similar benefits for his services as the Company's Executive Director.

3. In October 2006, the Company and EI entered into an agreement, pursuant to which with effect from 1 January 2006 the Company will pay commissions to EI in respect of all and any outstanding corporate and first demand guarantees which have been issued by EI in favour of the Company up to 0.5% of the amount or value of the guarantee, per annum. As of the end of the reporting period the Group has no outstanding guarantees from EI and no consideration was paid in this respect.

4. On October 13, 2006, EI entered into an agreement (the "Agreement") with the Company, under which EI is obliged to offer to the Company potential real estate development sites sourced by it in India. Under the agreement, EI is obliged to offer the Company the exclusive right to develop all of the shopping center projects which EI acquires during the 15-year term of the Agreement. The Agreement was terminated upon the signing of the joint venture in India (refer to note 34), but both EI and the Company agreed that upon the termination of the Joint Venture agreement they will re-execute the Agreement.

NOTE 33 - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

a. Contingent liabilities and commitments to related parties (cont.):

5. On November 25, 2007 the Company entered into an indemnity agreement with all of the Company's directors and on June 20, 2011 with part of the Company's senior management - the maximum indemnification amount to be granted by the Company to the directors shall not exceed 25% of the shareholders' equity of the Company based on the shareholders' equity set forth in the Company's last consolidated financial statements prior to such payment. No consideration was paid by the Company in this respect since the agreement was signed.

b. Contingent liabilities and Commitments to others

1. Tesco

The Company is liable to the buyer of its previously owned shopping center in the Czech Republic ("NOVO") – sold in June 2006 - in respect to one of its tenants ("Tesco"). Tesco leased an area within the shopping center for a period of 30 years, with an option to extend the lease period for an additional 30 years, in consideration for EUR 6.9 million which was paid in advance. According to the lease agreement, the tenant has the right to terminate the lease agreement subject to fulfilment of certain conditions as stipulated in the agreement. The Company's management believes that it is not probable that this commitment will result in any material amount being paid by the Company.

2. General commitments and warranties in respect of trading property and investment property disposals.

In the framework of the transactions for the sale of the Group's real estate assets, the Group has undertaken to indemnify the respective purchasers for any losses and costs incurred in connection with the sale transactions. The indemnifications usually include: (i) Indemnifications in respect of completeness of title on the assets and/or the shares sold (i.e that the assets and/or the shares sold are owned by the Group and are clean from any encumbrances and/or mortgage and the like). Such indemnifications generally survived indefinitely and are capped to the purchase price in each respective transaction; and (ii) Indemnifications in respect of other representation and warranties included in the sales agreements (such as: development of the project, responsibility to defects in the development project, tax matter and others). Such indemnifications are limited in time (generally 3 years from signing a closing agreement) and are generally capped to 25% to 50% of the purchase price. No indemnifications were provided by the Group till the date of the statement of financial position.

The tax authorities have challenged the applied tax treatment in two of the entities previously sold in Hungary by the Company to Klepierre in the course of the Framework Agreement dated 30 July, 2004 ("Framework Agreement"). In respect of two of the former subsidiaries of the Company, the tax authorities decision of reducing the tax base by and imposed a penalty in the sum of HUF 428.5 Million (circa EUR 1.4 million), were challenged by the previously held entities at the competent courts. Klepierre has submitted an indemnification request claiming that the tax assessed in the described procedures falls into the scope of the Framework Agreement tax indemnification provisions and the Company in its respond rejected such claims.

The Company management estimates that no significant costs will be borne thereby, in respect of these indemnifications.

NOTE 33 - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

b. Contingent liabilities and Commitments to others (cont.)

3. The Company is retaining a 100% holding in all its projects in Serbia after it was decided to discontinue the negotiations with a Serbian developer. The Company has a contingent obligation to pay the developer in any case there is major progress in the projects. The total remaining potential obligation is EUR 0.9 million.

4. Apart from point 3 above, the Company does not have any contractual commitments in respect of construction activities.

c. Contingent liabilities due to legal proceedings

The Company is involved in litigation arising in the ordinary course of its business. Although the final outcome of each of these cases cannot be estimated at this time, the Company's management believes, that the chances these litigations will result in any outflow of resources to settle them is remote, and therefore no provision or disclosure is required.

d. Securities, guarantees and liens under bank finance agreements

1. Certain companies within the Group which are engaged in the purchase, construction or operation of shopping centers ("Project Companies") have secured their respective credit facilities (with withdrawn facility amounts totalling EUR 173 million, as of December 31, 2013) awarded by financing banks (for projects in Poland, Czech Republic, India and Serbia), by providing first or second ranking (fixed or floating) charges on property owned thereby, including right in and to real estate property as well as the financed projects, on rights pertaining to certain contracts (including lease, operation and management agreements), on rights arising from insurance policies, and the like. Shares of certain Project Companies were also pledged in favour of the financing banks.

   In respect of corporate guarantee for the fulfilment of its subsidiaries obligations and joint ventures under loan agreements, refer to note 16 and note 14, respectively.

   Shareholders loans as well as any other rights and/or interests of shareholders in and to the Project Companies were subordinated to the respective credit facilities.

   Payment to the shareholders is permitted (including the distribution of dividends but excluding management fees) subject to fulfilling certain preconditions.

   Certain loan agreements include an undertaking to fulfil certain financial and operational covenants throughout the duration of the credit, namely: complying with "a minimum debt services cover ratio", "loan outstanding amount" to secured assets value ratio; complying with certain restrictions on interest rates; maintaining certain cash balances for current operations; maintaining equity to project cost ratio and net profit to current bank's debt; occupancy percentage and others. In respect of breach of covenants, refer to note 16.

   The Project Companies undertook not to make any disposition in and to the secured assets, not to sell, transfer or lease any substantial part of their assets without the prior consent of the financing bank.

NOTE 33 - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

d. Securities, guarantees and liens under bank finance agreements (cont.)

In certain events the Project Companies undertook not to allow, without the prior consent of the financing bank:

(i) any changes in and to the holding structure of the Project Companies nor to allow for any change in their incorporation documents;
(ii) execution of any significant activities, including issuance of shares, related party transactions and significant transactions not in the ordinary course of business;
(iii) certain changes to the scope of the project;
(iv) the assumption of certain liabilities by the Project Companies in favour of third parties;
(v) receipt of loans by the Project Companies and/or the provision thereby of a guarantee to third parties; and the like.

2. Commitment in respect of derivative transaction

Within the framework of three IRS transactions (refer to note 14), executed between the Group and commercial banks (the "Banks"), the Group agreed to provide the Banks with cash or another collateral.

Accordingly, as of the end of the reporting period, the Company has pledged, a security deposit in the amount of EUR 0.3 million in respect of the Kragujevac IRS transaction. In respect of the Suwalki IRS the project company also established a bail mortgage up to EUR 4 million encumbering the real estate project. In respect of Torun IRS the project company also established a bail mortgage up to EUR 5.4 million encumbering the real estate project.

3. Commitment in respect of Bonds raised in Poland.

Under the offering memorandum for the issuance of Polish bonds, certain circumstances shall be deemed events of default giving the Bondholders the right to demand Early Redemption, which includes among others the following covenants:

a) Breach of the Cash Position as a result of the payment of dividend or the shares buy-back programme- if at any time during a period of 90 days from the payment of dividend, or the acquisition of its own shares, the Cash Position falls below EUR 50 million;

b) Breach of financial ratios –occurs if the Net Capitalization Ratio exceeds 70%; Net Capitalization Ratio ("the Ratio") is the Net Debt divided by the Equity plus the Net Debt, as calculated by the Group's auditor; "Net Debt" mean the Group's total debt under: loans and borrowings, lease agreements, bonds, other debt securities and other interest bearing or discounted financial instruments in issue, less related hedge derivatives, cash and cash equivalents, short and long-term interest bearing deposits with banks or other financial institutions, available for sale marketable securities and restricted cash, calculated based on the Consolidated Financial Statements. As at the reporting date the Ratio was circa 60% (2012 – 44%).

c) Failure to repay material debt – the company fails to repay any matured and undisputable debt in the amount of at least EUR 100 million within 30 days of its maturity.

NOTE 34 - SIGNIFICANT EVENTS

A. Debt restructuring plan ("the restructuring plan")

The Company has been facing challenging market conditions for some years. These have primarily been caused by the underlying economic environment in many of the countries in which the Company operates, combined with the lack of transactional liquidity in the investment markets for assets such as those owned by the Company and the ongoing lack of traditional bank financing available to real estate developers and investors. The significant investments in India and Romania, prior to the crisis, the increased issuance of debt and the slow pace of properties realization caused the Group to experience very significant losses and dragged the Group into cash flow distress.

Against this background, the Company's management has made some progress improving its cash position, primarily through costs cutting program and the disposal of certain properties.

In 2013, the Company has received net cash of circa EUR 61 million through the disposal of four assets (EUR 29 million) and the collection of the remaining proceeds from the transaction in the US (EUR 32 million).

In addition, it has applied intensive asset management initiatives to improve the income generated by the operating shopping centres portfolio, and has also managed to refinance an EUR 59.3 million loan secured against one of its largest assets, held via a joint venture owned 50%, Diksna during November 2013 (refer to Note 14).The Company continues to actively market for sale all of its operating shopping centres as well as some of its undeveloped lands.

However, despite efforts to progress with a number of asset disposals and a completion of some alternative financing transactions, the Company was not able to execute its asset disposal plan within a timeframe that would have enabled it to meet its short term obligations towards bondholders, specifically a circa EUR 15 million payment that was due to Polish bondholders on 18 November 2013 and a circa EUR 17 million payment that was due to Israeli bondholders on 31 December 2013, and therefore decided to withhold payment of principal and interest on maturities of all its bonds and any material payment to the Company's creditors. Furthermore, due to cross default clauses in the Group's bank facilities the Group has entered into, the financing banks can force immediate repayments of the Group's credit facilities (refer to note 16) which could result in foreclosure of the pledged property by the banks in cases of non-recourse loans or, in cases of recourse loans, to execute the guaranties provided by the Group in favour of the banks. . In the case of non-recourse loans, the Group would be entitled to any excess proceeds over the amounts owed. In the case of recourse loans, please see below. The Group has been in discussions with all affected banks and as of the date of approval of these financial statements there were no early demand requests by any of the financing banks. If the debt restructuring is successful, the technical breach of cross default clauses in the Groups' bank facilities would be remedied and the existing loan agreements would continue in force. .

On November 18, 2013, the Company has requested a restructuring plan (including suspension of payment proceedings) from the district court of Amsterdam, which is the legal seat of the Parent Company.

The court approved the Company's request and granted a six-month period for reaching an agreement with its creditors until the creditors meeting scheduled for April 17, 2014. For the postponement of the creditor meeting refer to note 38(C). If until June 26, 2014 the Company will not reach an agreement the court may switch to a liquidation procedure, which will probably cause significant damages to the Company, its creditors and its shareholders.

NOTE 34 - SIGNIFICANT EVENTS (cont.)

A. Debt restructuring plan ("the restructuring plan") (cont.)

Parallel to the court approval, the court appointed: a special manager ("administrator"), who works with the Company's management and approves every transaction, liability assumption or expense at the Company's level and is suppose to recommend to the court to summon creditors meetings in order to vote for approving the restructuring plan; and a supervisory judge who supervises the procedure. The recommendation of the administrator will be transferred to the court only if he is convinced that the restructuring plan is fair and equal for all of the creditors. The administrator has appointed PwC Netherlands in order to economically review the restructuring plan on his behalf.

Since the day of the Company's announcement about applying to the district court of Amsterdam:

- The Company's management is continuously cooperating with the trustees and representatives of the bondholders, and assisting them and their representatives in every issue in order to promote the agreement and stay in the schedule set by the court.

- Negotiations are being held between all parties in order to agree on the restructuring plan details.

The main features of the proposed debt restructuring plan include:

To the shareholders

- The shareholders will be requested to provide capital/monetary inflow to the Company by way of rights issuance of EUR 20 million as a pre-condition to the coming into force of the debt restructuring plan. To the date of approval of these consolidated financial statements this inflow has not been formally committed.

To creditors with non-collateral backed debts

- The group of creditors with non-collateral backed debts include the following lenders: bondholders in Israel, the bondholders in Poland and the banks with fixed charges with a recourse right.
- The principle of the request from creditors with bondholders is based on deferring principal payment dates (and unpaid accrued interest for November /December 2013) against intensifying collaterals (negative pledge on all of the Company's assets), the grant of compensation on interest payments and participation in the equity upside (detailed below).
- The Company intends to put all efforts in order to avoid damages to the creditors, as practicable, from the situation that has resulted in the countries of operations, and due to the change in the trends of capital markets.
- The Company and its officers will not be held responsible against any claims, except claims for violation of fiduciary duty, fraud or claims for which a waiver cannot be granted under the law.

NOTE 34 - SIGNIFICANT EVENTS (cont.)

A. Debt restructuring plan ("the restructuring plan") (cont.)

To creditors with non-collateral backed debts (cont.)

Israeli bondholders and the institutional bondholders in Poland

Principal payments - all principal payments of non-collateral backed debts (bonds (series A) bonds (series B) and bonds held by institutional investors in Poland including unpaid interest due November/December 2013) for 2013, 2014 and 2015 in the amount of EUR 181.9 million ("the Deferred Debt") will be deferred to 2016, 2017 and 2018 (at the same date and month of each series).

Interest payments – after the arrangement, interest payments will be made when due.

Interest rate – effective January 1, 2014, an additional 1.5% interest will be paid (for the deferred payments (principal and interest until the end of 2013) in addition to compensation in interest to be received from shares granted as detailed in the equity upside section below.

Early repayment – the Company will be entitled to make early repayments at any time of any debt balance which is according to the adjusted Par value price of the bonds but it must make an early repayment upon realization or refinancing of assets in a scope of 75% of the net cash flows that will be received by the Company. Upon making the early repayment, the debt in respect of the cumulative interest will be paid and thereafter the next principal payments. Out of the amount paid as an early repayment, 21.1% will be paid for bonds (series A), 70.7% will be paid for bonds (series B) and 8.2% will be paid for Polish bonds. (Each will be paid according to its relative share in the deferred debt ("Deferred Debt Ratio")).

Payment Deferral – This would occur in the event that in two years from the arrangement date, if the Company made early repayments of over 50% of the deferred debt (such that the balance of bonds (series A) will be lower than NIS 170 million (EUR 36 million) par value and the balance of bonds (series B) will be lower than NIS 250 million (EUR 52 million) par value), then the remaining deferred principal payments will be deferred in an additional year (at the same date and month of each series).

Equity Upside - to enable the creditors to enjoy an 'Equity Upside' feature, the Company will allocate, post the completion of the right issuance, to the Deferred Debt holders shares representing 13.5% of the Company's shares (2.85% to series A holders, 9.54% to series B holders and 1.11% to the Polish holders) at no consideration.

Payment to the holders of the Unsecured Debt -Following the removal of the suspension of payments order, the Company shall pay to the holders of the Deferred Debt holders an amount of EUR 10.5 million, on account of 2014 interest payments.

Restriction of Payments to Shareholders – the Company undertakes that as long as the deferred debt balance is not paid in full, certain limitations on distribution of dividends will apply.

NOTE 34 - SIGNIFICANT EVENTS (cont.)

A. Debt restructuring plan ("the restructuring plan") (cont.)

To creditors with non-collateral backed debts (cont.)

Collaterals - a negative pledge on all of the Company's assets meaning that the Company cannot pledge an unpledged asset, in favor of other lenders. The asset value included in the negative pledge according to their book value (net of debt, if any) as of December 31, 2013 is EUR 381 million (assets less liabilities that are not bonds, including accrued interest).

Instructions on unpledged assets

•The Company may not take new loans against pledging existing unpledged assets and/or non collateral loans. Despite these restrictions, the Company may obtain financing against a pledge and/or existing assets and/or non collateral loans provided that 75% of the financing will be used for early repayment.

•The Company may pledge lands, first in priority, for a construction loan in favor of a bank, with an loan to cost ratio that will not fall below 60%.

Instructions on pledged assets

•The Company may obtain refinancing or new loans with respect to each of the pledged assets provided that at least 75% of the extra financing in respect of that asset will be used for early repayment.

•Upon selling an asset of the pledged assets, 75% of the net consideration received by the Company from selling the asset (after debt repayment to the bank, selling expenses and tax, if required) will be used for early repayment of the Unsecured Debt, to be allocated among the holders of Unsecured Debt in accordance with the Deferred Debt Ratio.

• The Company will be allowed to execute actual investments only if the Company's cash reserves contain an amount equal to administrative expenses and interest payments for the Unsecured Debt for a six-month period (for this purpose also receivables with a high probability of being collected in the subsequent six-month period will be taken in account for the required minimal cash reserve).

•The Company may obtain new loans to purchase/build new assets provided that the loans will be of non-recourse type and the equity component in the purchase/build will not exceed 40%.

To banks with Recourse right

Debt balance to banks: the debt balance in the Company's books with a right of recourse as of December 31, 2013 amounts to EUR 48 million against assets valued at EUR 83 million which are pledged, with first priority, to the banks.

Recourse to the Company: deferring recourse right for four years.

If the Company fails to meet its current payments and a debt balance to the banks remains after asset realization, the banks may demand the debt remaining shortfall only after four years from the arrangement date. The recourse right will be at the debt level before asset realization net of the highest between the received consideration from asset realization and 90% of the value of an external appraiser (to be agreed upon by the parties) in a time period of not more than three months before the realization date.

NOTE 34 - SIGNIFICANT EVENTS (cont.)

Debt restructuring plan ("the restructuring plan")

The creditors have the right to accept or refuse the above mentioned features of the debt restructuring plan. In general, in order to approve the restructuring plan, a simple majority of creditors allowed to vote (both by number of attendees in the actual voting and in the amount of the claim) is required. Creditors allowed to vote are comprised of bondholders and lenders at the Company's level, as well as creditors having recourse right to the Company (for their unsecured claim). A refusal will most probably lead to the liquidation of the Company.

The company believes that the proposed agreement is the optimal for allowing the Company to serve its debt for its creditors, and the Company's management is doing its best in order to reach an agreement within the time frame that was granted by the court.

Accordingly, management believes that, should the debt restructuring plan be accepted in the manner suggested by the Company, it would be able to retain significant value for its shareholders (as shown in the table below) and will be able to repay its creditors in full. By contrast, the Board of Directors of the Company and management are convinced that a forced liquidation (which will occur, should the creditors reject the restructuring plan) will most probably cause shareholders and creditors to incur significant losses. The following table presents the Group's assets disposal plan until 2018 (net cash flows (being mainly net of asset specific borrowings and taxes), in millions of EUR):

Property name	Total	H1-2014	H2-2014	H1-2015	H2-2015	H1-2016	H2-2016	H1-2017	H2-2017	H1-2018
Diksna (Riga Plaza)	21.5	21.5	-	-	-	-	-	-	-	-
Koregaon park (*)	18.1	12.5	5.6	-	-	-	-	-	-	-
Torun	49.8	-	49.8	-	-	-	-	-	-	-
Bangalore	25.9	-	-	12.9	13	-	-	-	-	-
Suwalki	10.6	-	-	10.6	-	-	-	-	-	-
Casaradio- turbines (**)	5.0	-	-	5.0	-	-	-	-	-	-
Leszno	1.0	-	-	1.0	-	-	-	-	-	-
Kragujevac	15.9	-	-	-	15.9	-	-	-	-	-
Iasi	8.0	-	-	-	8.0	-	-	-	-	-
Lodz residential	6.0	-	-	-	6.0	-	-	-	-	-
Targu Mures	4.0	-	-	-	4.0	-	-	-	-	-
Kielce	3.0	-	-	-	3.0	-	-	-	-	-
Hunedoara	1.5	-	-	-	1.5	-	-	-	-	-
Belgrade - visnjicka	30.7	-	-	-	-	-	30.7	-	-	-
Cina (Romania)	7.5	-	-	-	-	-	7.5	-	-	-
Lodz shopping center	31.3	-	-	-	-	-	-	31.3	-	-
Timisoara	26.1	-	-	-	-	-	-	-	26.1	-
Casaradio - project	171.1	-	-	-	-	-	-	-	-	171.1
Belgrade Plaza	53.6	-	-	-	-	-	-	-	-	53.6
Total	490.6	34	55.4	29.5	51.4	-	38.2	31.3	26.1	224.7

(*) for the sale of Koregaon park, refer to note 34 (G).

(**) for the sale of turbines, resulting in different amount of cash inflow, refer to note 38 (B).

The Company's website (www.plazacenters.com) includes non-audited information related to the debt restructuring.

NOTE 34 - SIGNIFICANT EVENTS (cont.)

B. Update and impairment in respect of the Bangalore and Chennai projects

Bangalore

In March 2008, Elbit Plaza India Real Estate Holdings Ltd. ("EPI"), a 47.5% joint venture company held together with EI, entered into an amended and reinstated share subscription and framework agreement (the "Amended Framework Agreement"), with a local third party (the "Partner") and a wholly owned Indian subsidiary of EPI which was designated for this purpose ("SPV"), to acquire, through the SPV, up to 440 acres of land in Bangalore, India (the "Project") in certain phases as set forth in the Amended Framework Agreement. As of December 31, 2013, the Partner has surrendered land transfer deeds in favour of the SPV to a trustee nominated by the parties for approximately 54 acres for a total aggregate consideration of approximately INR 2,843 million (EUR 40 million), and upon the actual transfer of the title, the Partner will be entitled to receive 50% of the shareholdings in the SPV. The abovementioned amounts are presented in the statement of financial position as of December 31, 2013 and 2012 as equity accounted investees.

In addition, the SPV paid to the Partner advances of approximately INR 2,536 million (EUR 35 million) on account of future acquisitions by the SPV of a further 51.6 acres. Such amount is presented in the statement of financial position as of December 31, 2013 and 2012 as part of the equity accounted investees (refer to note 14).

On July 22, 2010, EPI, the SPV and the Partner signed a new framework agreement which, subject to certain conditions (which, as of December 31, 2013, have not been satisfied yet), is supposed to replace the Amended Framework Agreement (the "New Framework Agreement").

The New Framework Agreement established new commercial understandings between the parties thereto, pertaining, inter alia, to the joint development of the Project and its magnitude and financing, the commercial relationships and working methods between the parties and the distribution mechanism of the revenues from the Project. In accordance with the New Framework Agreement, the following commercial terms have been, inter alia, agreed between the parties:

- EPI will remain the holder of 100% of the shareholdings and the voting rights in the SPV.
- The scope of the new project will be decreased to approximately 165 acres instead of the original 440 acres.
- The Partner undertakes to complete the acquisitions of the additional land and/or the development rights therein in order to obtain the ownership and/or the development rights over all 165 acres.
- Neither EPI nor the SPV will be required to pay any additional amounts in respect of the land acquisitions or with respect to the Project and its development.
- The Project will be re-designed as an exclusive residential project.
- The Project will be executed jointly by the Partner and the SPV. The Partner (or any of its affiliates) will also serve as the general contractor and marketing manager of the project. Under the New Framework Agreement, the Partner is also committed to maximum sale prices, minimum construction costs threshold and a detailed timeline and budget with respect to the development of the project

NOTE 34 - SIGNIFICANT EVENTS (cont.)

B. **Restructuring of partnership agreements in Bangalore and Chennai, India (cont.)**

Under the New Framework Agreement, EPI will receive distributions (following a certain 3+6 months reserve mechanism to enable the Partner to utilize a portion of the proceeds for construction costs and expenses) of approximately 70% of the net proceeds from the Project (including the proceeds from any sale by the Partner or any transaction with respect to the original land which does not form part of the said 165 acres), until such time that EPI's investment in the amount of INR 5,780 million (approximately EUR 80 million) ("EPI's Investment") plus an Internal Return Rate of 20% per annum calculated from September 30, 2009 ("IRR") is paid to the SPV on behalf of EPI) (the "Discharge Date").

Following the Discharge Date, EPI will not be entitled to receive any additional profits from the Project and it will transfer to the Partner the entire shareholdings in the SPV for no consideration. In addition, the Partner has a call option, subject to applicable law and regulations, to acquire the entire shareholdings of the SPV, at any time, in consideration for EPI's Investment plus an IRR of 20% per annum calculated on the relevant date of acquisition.

The New Framework Agreement will enter into full force and effect upon execution of certain ancillary agreements described therein as well as satisfaction of certain other conditions; however, EPI, the SPV and the Partner are actually pursuing the Project itself in accordance with the New Framework Agreement.

In January 2011, the Partner has submitted the development plans pertaining to approximately 49 plus 35 acres included in the scope of the new project of 165 acres to the local planning authority, the Bangalore Development Authority ("BDA"). In October 2011, the BDA had notified the Partner that the development plans cannot be considered due to a future eminent domain plan.
In January 2012, the Partner applied to the State High Court, requesting to issue a court order directing the BDA to consider the development plans. In March 2012, the court awarded a judgment pertaining to approximately 49 acres, ordering the BDA to consider the development plans related to the said 49 acres ("Development Plan"), while ignoring any future eminent domain plan that may be considered by the state authorities.

In December 2012, the BDA decided to submit the Development Plan pertaining to the aforementioned 49 acres to the Sensitive Zone Sub-Committee of the BDA and in January 2013, the Sensitive Zone Sub-Committee of the BDA granted its approval to the aforementioned Development Plan. In May 2013, the court awarded a judgment pertaining to the additional 35 acres, ordering the BDA to consider the development plans related to the said 35 acres as well.

As for December 31, 2013 due to the uncertainly of the Group ability to develop the project in the foreseeable future the Group measured the net realizable value of the project according to the comparable model. As a result the Group recorded EUR 31 million write down expenses in the Company's profit or loss.

NOTE 34 - SIGNIFICANT EVENTS (cont.)

B. Restructuring of partnership agreements in Bangalore and Chennai, India (cont.)

Chennai

In December 2007 EPI, executed agreements for the establishment of a special purpose vehicle ("Chennai Project SPV") together with one of the leading real estate developers in Chennai (in this section, the "Local Partner"). Subject to the fulfilment of certain conditions, the Chennai Project SPV undertook to acquire the ownership and development rights in and up to 135 acres of land situated in the Sipcot Hi-Tech Park in the Siruseri District of Chennai, India.

Under these agreements, EPI is to hold 80% of the equity and voting rights in the Chennai Project SPV, while the Local Partner will retain the remaining 20%. Under the agreement, EPI's investment in the Chennai Project SPV will be a combination of investment in shares and compulsory convertible debentures. Due to changes in market conditions, EPI and the Chennai Project SPV later decided to limit the extent of the project to 83.4 acres.

As at the date of these financial statements, the Project SPV has completed the purchase of approximately 75 acres out of the total 83.4 acres for consideration of approximately INR 2,367 million (approximately EUR 33 million). An additional amount of INR 564 million (approximately EUR 8 million) was paid in advance in order to secure the acquisition of an additional 8.4 acres.

A shareholders agreement in respect of the management of the Chennai Project SPV provides for a five member board of directors, four of whom are appointed by EPI. The shareholders agreement also includes certain pre-emptive rights and restrictions on transferring securities in the Chennai Project SPV.

Profit distributions declared by the Chennai Project SPV will be distributed in accordance with the shareholders' proportionate shareholdings in that company, subject to EPI's entitlement to receive certain preferential payments out of the Chennai Project SPV's cash flow on the terms specified in the agreements.

The consummation of the agreements will be accomplished in stages, and is subject to the fulfilment of certain regulatory requirements, as well as to the Company's satisfactory due diligence investigations, in respect of each stage.

However, EPI is currently negotiating certain changes in the project's implementation plan and holding structure, which would require changes also in the respective agreements. Among other things, should those changes be accepted, EPI shall not be required to advance more financing to the project in addition to the amounts mentioned above and shall hold all the issued and outstanding share capital of the SPV.

In furtherance of the foregoing, EPI is currently operating to secure a joint development agreement with local developer(s) for the development of the project land, in accordance with the aforementioned guidelines.

As for December 31, 2013 due to the uncertainly of the Group ability to develop the project in the foreseeable future the Group recorded EUR 20.7 million write down expenses in the Company's profit or loss.

NOTE 34 - SIGNIFICANT EVENTS (cont.)

C. Additional impairments

For additional impairments information refer to notes 10 and 14.

D. Selling of joint venture in India

On May 29, 2013 the Company completed the sale of its 50% interests in an Investee which mainly held interests in an office complex project located in Pune, Maharashtra. The transaction valued the Investee collectively at EUR 33.4 million and, as a result, the Company has received gross cash proceeds of circa EUR 16.7 million in line with its holding. The Company recorded a loss of EUR 5.1 million from the disposal, mainly due to reclassification of foreign currency translation reserve associated with the investment to the statement of profit or loss in the amount of EUR 4.3 million.

E. Disposal of assets in the Czech Republic

On July 18th 2013 the Company completed the sale of 100% of its interest in a vehicle which holds the interest in the Prague 3 project ("Prague 3"), a logistics and commercial centre in the third district of Prague. Earlier this year, the Company completed its successful application to change the zoning use of Prague 3 to a residential scheme. The transaction values the asset at circa EUR 11 million and, as a result, further to related bank financing and other adjustments to the statement of financial position, the Company has received cash proceeds of net EUR 7.6 million. The Company has disposed the Prague 3 investment property asset, and has recorded a loss from fair value adjustment of EUR 4.2 million, included in other expenses in the statement of profit or loss.

In addition, in July 2013 the Company completed the sale of 100% of its interest in a vehicle which held the interest in another plot of land in Prague. The transaction values the asset at circa EUR 1.9 million and, as a result, further to liability to third parties, the Company has received cash proceeds of EUR 1.3 million. The Company has accounted for a EUR 3.5 million write down of this trading property in the second quarter of 2013 presented within write down of trading properties in the statement of profit or loss. The Company recorded a loss of EUR 0.3 million as a result of this disposal.

F. Disposal of equity accounted investees Ercorner and Uj Udvar in Hungary

On October 31, 2013 the Consortium of shareholders of Dream Island, in which the Company indirectly holds a 43.5% stake, has completed the sale of its Dream Island project land holding to the Hungarian State for circa EUR 17 million. The Consortium comprises an 87% holding interest of Ercorner, the 50:50 joint venture between the Company and a Hungarian commercial bank, as well as other small holders.

The proceeds of the transaction were used by the Consortium to repay a proportion of the securitized related bank debt held against the asset.

In addition to the above, in December 2013 the consortium of shareholders of Uj Udvar, in which the Company indirectly holds a 35% stake, has completed the sale of its Uj Udvar project holding to a private investor for a consideration of EUR 2.4 million. The Company has accounted for a EUR 1.9 million write down of this investee in the fourth quarter of 2013 presented within write down of equity accounted investees in the statement of profit or loss. The Company recorded as a result of this transaction a loss of EUR 0.1 million.

NOTE 34 - SIGNIFICANT EVENTS (cont.)

G. Agreement to sell Indian shopping mall

On November 14, 2013 the Company, announced that it has reached an agreement to sell Koregaon Park Plaza, a retail and entertainment located in Pune, India, subject to the satisfaction of certain closing conditions. The transaction values the asset at EUR 40.3 million, the asset's current carrying amount. Therefore no significant gain or loss is expected on the transaction besides the Foreign Currency Translation Reserve to be transferred to the profit or loss from Other Comprehensive Income.

Following the repayment of the outstanding related bank loan, the Company will receive aggregate gross cash proceeds from the purchaser totalling circa EUR 18.

Subject to fulfilment of certain conditions, including consent from the financing bank, the Company expects to collect circa EUR 12 million until the end of 2014 (EUR 2.3 million were already collected as of the day of statement of financial position) and the remaining EUR 6 million consideration is expected to be collected in 2015 and 2016.

In respect of the fire which occurred in this shopping center refer to note 34 (J) below.

H. Dissolving of an equity accounting investee in the US

In March 2013, the Company's 50% joint arrangement investee Elbit Plaza USA ("EPUS") was liquidated. As part of the liquidation procedure, the Company received an amount of USD 42 million (EUR 32 million), being its part in the remaining cash in EPUS. The dissolving did not result in any material effect on the statement of profit or loss of the Company.

I. Treasury bond held

As of December 31, 2013, the Company hold through it's wholly owned subsidiary 15.9 million NIS par value bonds in series B debentures (adjusted par value of NIS 18.6 million (EUR 3.9 million).

J. Fire in the Company's shopping center in India

In June 2012 a fire event occurred at the Company's shopping center in Pune, India. The fire required a temporary close-down of the shopping center, but did not consume the entire shopping center. In respect of impairments performed refer to note 11. The Company was refunded in July 2013 in the amount of a EUR 7 million damage insurance claim relating to the fire. In respect of covering the loss of income insurance claim, the Company is expected to collect circa EUR 2.5 million from this claim which has not been accrued, and is treated as a contingent asset.

K. Transaction during 2012 in the United States

On January 10, 2012 EDT, a wholly owned subsidiary of EPN Group, the Company's joint US subsidiary (held indirectly 22.69% by the Company through EPUS), reached an agreement to sell 47 of its 49 US based shopping centers in a transaction totalling USD 1.43 billion (EUR 1.13 billion). The closing of this transaction occurred on June 20, 2012.

NOTE 34 - SIGNIFICANT EVENTS (cont.)

K. Transaction during 2012 in the United States (cont.)

The centers were acquired by BRE DDR Retail Holdings LLC, a joint venture between Blackstone Real Estate Advisors VII L.P. ("Blackstone Real Estate") and DDR. Of the transaction value of USD 1.43 billion, a total of USD 934 million (EUR 736 million) was paid by way of assumption of the property level debt or repaid by EPN Group. In addition, all excess cash within EDT, which was circa USD 30 million (EUR 24 million), was retained by the vendor.

Following the sale of the 47 properties, EPN Group held two properties located in the United States that were valued at approximately USD 42 million (EUR 33 million) with total non-recourse secured debt of approximately USD 13 million (EUR 11 million). In July 2012, EPN Group sold its two remaining assets in the US for a total aggregate asset value of USD 42 million (EUR 33 million).

Non-recourse secured debt of approximately USD 13 million (EUR 11 million) was also assumed in the abovementioned transactions. As the Company indirectly held 22.69% of these US assets, the Company share in the net proceeds totaled EUR 5 million, with no realized gain or loss resulting. The table below is a summary of the 2012 transaction results of selling the 47 properties:

	€ 000'
Company's part in transaction costs	(9,339)
Foreign currency translation reserve reclassified to consolidate statement of profit or loss	9,730
Realized gain on sale of investment properties	391

L. 2012 Disposals of trading property plots in Bulgaria and Hungary

In July 2012 the Company sold its stake (51%) in a plot of land located in Sofia, Bulgaria for a total net consideration of EUR 0.1 million. In addition, certain bank loans and other liabilities in a total amount of EUR 13 million were assumed by the buyer and is not included in the Company's consolidated financial statements starting the third quarter of 2012. No material gain or loss was recorded as a result of this transaction.

In October 2012 the Company, through its jointly held investee in Hungary, disposed of a plot of land adjacent to its Dream Island property plot in Budapest Hungary. As part of the transaction, a loan in the amount of EUR 5.9 (Company's share) was assigned to the buyer, and the plot with a total book value of EUR 4.5 million was disposed of. The Investee recorded as a result of this transaction a gain of EUR 1.4 million in 2012, included as part of share in results of equity accounted investees.

M. Fantasy Park settlement

The Company's subsidiary, Fantasy Park So. Zo.o. ("Fantasy Park") was involved in several legal proceedings with Klepierre S.A subsidiaries ("Klepierre") in Poland in connection with certain terms of the lease agreements signed between the parties, including certain amendments thereto which were agreed at a later stage ("Lease").

In March 2013 Fantasy Park reached a settlement , according to which Fantasy Park paid Klepierre EUR 0.5 million and vacated the premises, and by that Fantasy Park settled all the pending disputes, as well as any other disputes that may arise in the future in connection with the Lease. The Fantasy Park settlement generated a gain of EUR 0.2 million, included as other income in profit or loss.

NOTE 35 - RELATED PARTY TRANSACTIONS

Related party transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The Company has six directors. The annual remuneration of the directors in 2013 amounted to EUR 0.9 million (2012 – EUR 0.9 million) and the annual share based payments expenses amounted to EUR 0.1 million (2012- EUR 0.5 million). There was no change in the number of Company options granted to key personnel in 2013. There are no other benefits granted to directors. Information about related party balances as of December 31, 2013 and 2012 refer to note 18.

Trading transactions

During the year, Group entities had the following trading transactions with related parties that are not members of the Group:

	For the year ended December 31,	
	2013	2012
Income		
Interest on balances with EI	139	213
Costs and expenses		
Recharges - EI and EUL	233	548
Executive director (1)	222	240
Aviation services - Jet Link (2)	-	61
Project management provision and charges - Control Centers group (2)	327	1,381

(1) The Executive director, who is also the former controlling shareholder of the ultimate parent company, is receiving an annual salary of USD 300 thousand.

(2) Jet Link Ltd. and Control Centers (refer to note 33 a(1) and a(2)) are companies owned by the former ultimate shareholder of the Company. Control Centers group costs were capitalized to the relevant trading property.

NOTE 36 - OPERATING SEGMENTS

The Group comprises the following main reportable geographical segments: CEE, India and the US (starting June 30, 2010). None of the Group's tenants is accounting for more than 10% of the total revenue. Also, no revenue is derived in the Netherlands, where the Company is domiciled. The US segment was discontinued with effect from December 31, 2012. In presenting information on the basis of geographical segments, segment revenue is based on the revenue resulted from either the selling or operating of assets geographically located in the relevant segment. Refer to note 11 for further detail by property on carrying amounts of Trading Properties and note 16 for detail on project secured bank loans by property.

Year ended December 31, 2013:

	Central & Eastern Europe	India	Total
Total revenues (1)	26,340	683	27,023
Operating loss by segment	(92,684)	(20,756)	(113,440)
Net finance costs	(5,858)	(4,054)	(9,912)
Other expenses, net	(6,402)	(4,653)	(11,055)
Share in results of equity-accounted investees	1,348	(56,813)	(55,465)
Reportable segment loss before tax (2)	(103,596)	(86,276)	(189,872)
Less - unallocated general and administrative expenses (Dutch corporate level costs).			(5,090)
Discontinued operations US (refer to note 37)			65
Unallocated other expenses (Dutch corporate level)			-
Unallocated finance costs (Dutch corporate level- mainly debentures finance cost)			(29,432)
Loss before income taxes			(224,329)
Tax benefit			6,256
Loss for the period			(218,073)
Assets and liabilities as at December 31, 2013			
Total segment assets (3)	480,196	68,829	549,025
Unallocated assets (Mainly Cash and other financial instruments held of Dutch level)			36,741
Total assets			585,766
Segment liabilities	175,302	26,715	202,017
Unallocated liabilities (Mainly debentures)			173,421
Total liabilities			375,438

(1) Out of which EUR 16.6 million is attributed to Poland.
(2) Central Eastern Europe – including EUR 109 million of impairments. India – including EUR 76 million of impairments.
(3) Refer to note 11 for the breakdown of Trading Property assets by location.

NOTE 36 - OPERATING SEGMENT (cont.)

Year ended December 31, 2012 (Restated):

	Central & Eastern Europe	India	Total
Total revenues (1)	28,373	1,650	30,023
Operating loss by segment (2)	(60,732)	(16,622)	(77,354)
Net finance costs	(10,345)	(3,039)	(13,384)
Other income, net	1,346	7,611	8,957
Share in profit of equity-accounted investees	1,348	127	1,475
Reportable segment loss before tax	(68,383)	(11,923)	(80,306)
Less - unallocated general and administrative expenses (Dutch corporate level).			(5,438)
Discontinued operations US (refer to note 37)			(2,044)
Unallocated other expenses (Dutch corporate level)			(1,109)
Unallocated finance costs (Dutch corporate level)			(3,857)
Loss before income taxes			(92,755)
Tax benefit			6,592
Loss for the period			(86,163)
Assets and liabilities as at December 31, 2012			
Total segment assets	630,851	152,943	783,794
Unallocated assets (Mainly Dutch level financial instruments)			102,024
Total assets			885,818
Segment liabilities	205,530	37,765	243,295
Unallocated liabilities (Mainly debentures)			199,591
Total liabilities			442,886

(1) Out of which EUR 19.7 million is attributed to Poland
(2) Central Eastern Europe – including EUR 68.1 million of impairments. India – including EUR 15.6 million of impairments.
(3) Refer to note 11 for the breakdown of Trading Property assets by location.

NOTE 37 – DISCONTINUED OPERATION

Following the disposal of US assets (refer to note 34(L)) the Company discontinued its US activity. The results are the results of the equity accounted investee EPUS.

	2013	2012 Revised
Results for discontinued operation		
Revenues	-	13,907
Expenses (1)		(16,942)
Results from operating activity	-	(3,035)
Tax benefit	-	600
Results from operating activities, net of tax	-	(2,435)
Gain on sale of discontinued operation	65	391
Profit (loss) for the year from discontinued operation	65	(2,044)
Earnings per share		
Basic and diluted loss per share (in EURO)	(0.00)	(0.01)

(1) 2012 - Including reduction in value of investment property in the amount of EUR 2,254 thousand.

Below is the information on allocation of profit between the owners of the Company and non-controlling interests:

	2013	2012 Revised
Loss for the year from continuing operations	-	(84,119)
Attributable to owners of the Company	-	(84,119)
Attributable to non-controlling interests	-	-

	2013	2012 Revised
Profit (loss) for the year from discontinued operations	65	(2,044)
Attributable to owners of the Company	65	(2,044)
Attributable to non-controlling interests	-	-

Cash flow from (used in) discontinued operation

	2013	2012
Net cash from (used in) operating activities	(65)	2,044
Net cash from investing activities	-	63,885
Net cash flow for the year	(65)	65,929

Effect of disposal on the 2012 financial position of the investee EPUS

	2012
Investment property	(263,047)
Interest bearing loan from banks	161,560
Trade and other payables	14,064
	(87,423)

Reclassification in statement of comprehensive income due to discontinued operation.

In 2012 the movement is attributable to creation of translation reserve (EUR 2.8 million), as well as reclassification of amounts from the translation reserve to profit or loss (EUR 9.7 million).

NOTE 38 – EVENTS AFTER THE REPORTING PERIOD

A. Selling of airplane

On February 25, 2014 the Company disposed the airplane for a total consideration of USD 1.9 million (EUR 1.4 million). The proceeds from the disposal were used to repay the bank facility taken for the purchase of the airplane, and the Company currently negotiates with the financing bank the conditions to be set for the repayment of the remaining outstanding bank loan (circa EUR 1 million).

B. Sale of turbines

In March 2014 the Casaradio project company disposed of the turbines held in respect of the Casaradio project (refer also to note 11) for a total net consideration of EUR 2.6 million.

C. Postponement of creditors meeting to vote on the restructuring plan

On 11 March 2014, the Company obtained from the Dutch court a postponement of the dates for the voting on the proposed plan, due to technicalities involved with the completion of the arrangement.

The Dutch court set 26 June 2014 as the date for voting on the proposed restructuring plan, as to be amended. The Company does not expect this postponement to have any effect on its ability to conclude the restructuring plan to the satisfaction of both its creditors and shareholders.

NOTE 39 - LIST OF GROUP ENTITIES

As of December 31, 2013, the Company owns the following companies (all are 100% held subsidiaries at the end of the reporting period presented unless otherwise indicated):

	ACTIVITY	REMARKS
HUNGARY		
Directly wholly owned		
Plaza Centers Establishment B.V.	Inactive	
Kerepesi 5 Irodaépület Ingatlanfejlesztő Kft.	Holder of land usage rights	100% held by Plaza Centers Establishment B.V. Arena Plaza Extension project
Plaza House Ingatlanfejelsztési Kft.	Office building	David House
HOM Ingatlanfejlesztési és Vezetési Kft.	Management company	
Szombathely 2002 Ingatlanhasznosító és Vagyonkezelő Kft.	Inacitve	
Tatabánya Plaza Ingatlanfejlesztési Kft.	Inacitve	
SLOVAKIA		
Directly wholly owned		
Plaza Centers Slovak Republic S.R.O.	Inactive	
POLAND		
Directly wholly owned		
Kielce Plaza Sp.z.o.o.	Shopping center project	Kielce Plaza project
Leszno Plaza Sp.z.o.o.	Owns plot of land	Leszno Plaza project
Łódź Centrum Plaza Sp.z.o.o.	Owns plot of land	Łódź (Residential) project
Olsztyn Plaza Sp.z.o.o.	Owns plot of land	Bialysztok Plaza project
Płock Plaza Sp.z.o.o.	Owns plot of land	Radom Plaza project
Włocławek Plaza Sp.z.o.o.	Mixed used project	Łódź Plaza project
O2 Fitness Club Sp.z.o.o.	Entertainment	O2 Fitness Club project
Plaza Centers Polish Operations B.V.	Holding company	
EDMC Sp.z.o.o.	Management company	
Plaza Centers (Poland) Sp.z.o.o.	Management company	
Plaza Centers (Poland) Sp.z.o.o. Hungary Branch	Finance activity	100% held by Plaza Centers (Poland) Sp.z.o.o.
Bytom Plaza Sp.z.o.o.	Inactive	
Bielsko-Biała Plaza Sp.z.o.o.	Inacitve	
Bydgoszcz Plaza Sp.z.o.o.	Inacitve	
Chorzów Plaza Sp.z.o.o.	Inactive	
Gdańsk Centrum Plaza Sp.z.o.o.	Inactive	
Gliwice Plaza Sp.z.o.o.	Inactive	
Gorzów Wielkopolski Plaza Sp.z.o.o.	Inactive	
Jelenia Góra Plaza Sp.z.o.o.	Inactive	
Katowice Plaza Sp.z.o.o.	Inactive	
Legnica Plaza Sp.z.o.o.	Inactive	
Opole Plaza Sp.z.o.o.	Inactive	
Radom Plaza Sp.z.o.o.	Inactive	
Rzeszów Plaza Sp.z.o.o.	Inactive	
Szczecin Plaza Sp.z.o.o.	Inactive	
Tarnów Plaza Sp.z.o.o.	Inactive	
Tychy Plaza Sp.z.o.o.	Inactive	
Toruń Centrum Plaza Sp.z.o.o.	Inactive	
Indirectly or jointly owned		
Suwałki Plaza Sp.z.o.o.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Suwałki Plaza project
Legnica Plaza Spółka z ograniczoną odpowiedzialnością S.K.A.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Toruń Plaza project
Zgorzelec Plaza Sp.z.o.o.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Zgorzelec Plaza project
Lublin Or Sp.z.o.o.	Inactive	50% held by Plaza Centers N.V. with Israeli based partner
EDP Plaza Sp.z.o.o.	Inactive	50% held by Plaza Centers N.V. with Israeli-based partner
Fantasy Park Sp.z.o.o.	Entertainment	100% held by Mulan B.V.
Fantasy Park Suwałki Sp.z.o.o.	Entertainment	100% held by Mulan B.V.
Fantasy Park Toruń Sp.z.o.o.	Entertainment	100% held by Mulan B.V.
Fantasy Park Zgorzelec Sp.z.o.o.	Entertainment	100% held by Mulan B.V.
Fantasy Park Poland Sp.z.o.o.	Inactive	100% held by Mulan B.V.
Fantasy Park Bytom Sp.z.o.o.	Inactive	100% held by Mulan B.V.
Fantasy Park Łódź Sp.z.o.o.	Inactive	100% held by Mulan B.V.
Fantasy Park Poznan Sp.z.o.o.	Inactive	100% held by Mulan B.V.
Fantasy Park Warszawa Sp.z.o.o.	Inactive	100% held by Mulan B.V.
Fantasy Park Investments Sp.z.o.o.	Inacitve	100% held by Mulan B.V.

NOTE 39 - LIST OF GROUP ENTITIES

LATVIA		
Indirectly or jointly owned		
Diksna SIA	Operating shopping center	Equity accounted investee - 50% held by Plaza Centers N.V. with JV partner (50%). Riga Plaza project.
Fantasy Park Latvia SIA	Entertainment	100% held by Mulan B.V.
ROMANIA		
Directly wholly owned		
Dâmbovița Centers Holding B.V.	Holding company	100% held by Plaza Centers N.V.
Plaza Bas B.V.	Holding company	50.1% held by Plaza Centers N.V.
S.C. Elite Plaza S.R.L.	Shopping center project	Timișoara Plaza project
S.C. Green Plaza S.R.L.	Shopping center project	Iași Plaza project
S.C. North Eastern Plaza S.R.L.	Shopping center project	Constanța Plaza project
S.C. North West Plaza S.R.L.	Shopping center project	Hunedoara Plaza project
S.C. North Gate Plaza S.R.L.	Shopping center project	Csíki Plaza (Miercurea Ciuc) project
S.C. Eastern Gate Plaza S.R.L.	Real estate project	Cina project
S.C. South Gate Plaza S.R.L.	Shopping center project	Slatina Plaza project
S.C. Mountain Gate Plaza S.R.L.	Shopping center project	Târgu Mureș Plaza project
S.C. Palazzo Ducale S.R.L.	Office building	
S.C. Plaza Centers Management Romania S.R.L.	Management company	
S.C. Central Plaza S.R.L.	Inactive	
S.C. White Plaza S.R.L.	Inactive	
S.C. Blue Plaza S.R.L.	Inactive	
S.C. Golden Plaza S.R.L.	Inactive	
S.C. West Gate Plaza S.R.L.	Inactive	
S.C. South Eastern Plaza S.R.L.	Inactive	
S.C. South West Plaza S.R.L.	Inactive	
S.C. Plaza Operating Management S.R.L.	Inactive	
Indirectly or jointly owned		
S.C. Dâmbovița Center S.R.L.	Mixed used project	75% held by Dambovita Centers Holding B.V. Casa Radio project
Adams Invest S.R.L.	Residential project	Equity accounted investee - 50% /50% held by Plaza Bas B.V with partner. Vally View project
Colorado Invest S.R.L.	Residential project	Equity accounted investee - 50% /50% held by Plaza Bas B.V with partner. Pine Tree project
Malibu Invest S.R.L.	Residential project	Equity account investee - 25%/75% held by Plaza Bas B.V. with partner. Fountain Park project
Spring Invest S.R.L.	Office project	Equity accounted investee - 50% /50% held by Plaza Bas B.V with partner. Primavera Tower Brașov project
Sunny Invest S.R.L.	Residential project	Equity accounted investee - 50% /50% held by Plaza Bas B.V with partner. Green Land project
Primavera Invest S.R.L.	Office project	Equity accounted investee - 50% /50% held by Plaza Bas B.V with partner. Primavera Tower Ploiești project
Bas Developement S.R.L.	Residential project	Equity accounted investee - 50% /50% held by Plaza Bas B.V with partner. Acacia Park project
MOLDOVA		
Directly wholly owned		
I.C.S. Plaza Centers Prodev S.R.L.	Inactive	
SERBIA		
Directly wholly owned		
Plaza Centers Holding B.V.	Holding company	
Plaza Centers (Estates) B.V.	Holding company	
Plaza Centers (Ventures) B.V.	Holding company	
Plaza Centers Logistic B.V.	Holding company	
S.S.S. Project Management B.V.	Holding company	
Plaza Centers Management D.O.O.	Management company	
Plaza Centers Foundations B.V.	Inactive	
Indirectly or jointly owned		
Sek D.O.O.	Operating shopping center	100% held by Plaza Centers Holding B.V. Kragujevac Plaza project
Leisure Group D.O.O.	Shopping center project	100% held by Plaza Centers (Estates) B.V. Belgrade Plaza (Visnjicka) project
Orchid Group D.O.O.	Shopping center project	100% held by Plaza Centers (Ventures) B.V. Belgrade Plaza project
Accent D.O.O.	Shopping center project	100% held by Plaza Centers Logistic B.V. Kruševac Plaza project
Telehold D.O.O.	Inactive	100% held by S.S.S. Project Management B.V.
CZECH REPUBLIC		
Directly wholly owned		
P4 Plaza S.R.O.	Operating shopping center	Liberec Plaza project
Plaza Centers Czech Republic S.R.O.	Management company	

NOTE 39 - LIST OF GROUP ENTITIES

BULGARIA		
Directly wholly owned		
Shumen Plaza EOOD	Shopping center project	Shumen Plaza project
Plaza Centers Management Bulgaria EOOD	Management company	
GREECE		
Directly wholly owned		
Helios Plaza S.A.	Shopping center project	Pireas Plaza project
Indirectly or jointly owned		
Elbit Cochin Island Ltd.	Inactive	40% held by Plaza Centers N.V.
CYPRUS – UKRAINE		
Directly wholly owned		
Tanoli Enterprises Ltd.	Finance activity	
PC Ukraine Holdings Ltd.	Inactive	
Plaza Centers Ukraine Ltd.	Management company / Inactive	100% held by PC Ukraine Holdings Ltd.
Nourolet Enterprises Ltd.	Inactive	100% held by PC Ukraine Holdings Ltd.
THE NETHERLANDS		
Directly wholly owned		
P.L.A.Z.A B.V.	Holding company – Poland	50% held by Plaza Centers N.V. 50% held by Mulan B.V. Holds Hokus Pokus Rozrywka Sp.z.o.o. jointly with Plaza Centers N.V. (50%–50%)
Plaza Dâmbovița Complex B.V.	Holding company	
Plaza Centers Enterprises B.V.	Finance company	100% held by Plaza Dâmbovița Complex B.V.
Mulan B.V. (Fantasy Park Enterprises B.V.)	Holding company	Holds Fantasy Park subsidiaries in CEE
Plaza Centers Administrations B.V.	Inactive	
Plaza Centers Connections B.V.	Inactive	
Plaza Centers Engagements B.V.	Inactive	
Plaza Centers Foundation B.V.	Inactive	
Plaza Centers Management B.V.	Inactive	
THE DUTCH ANTILLES		
Directly wholly owned		
Dreamland Entertainment N.V.	Inactive	
CYPRUS – INDIA		
Directly wholly owned		
PC India Holdings Public Company Ltd.	Holding company	
Indirectly or jointly owned		
Permindo Ltd.	Holding company	100% held by PC India Holdings Public Company Ltd. Holds 99.9% of Anuttam Developers Pvt. Ltd. Koregaon Park Plaza project
Anuttam Developers Pvt. Ltd.	Operating shopping center	99.99% held by Permindo Ltd. Koregaon Park Plaza project
Spiralco Holdings Ltd.	Holding company	100% held by PC India Holdings Public Company Ltd.
Rebeldora Ltd.	Inactive	100% held by PC India Holdings Public Company Ltd.
HOM India Management Services Pvt. Ltd.	Management company	99.99% held by PC India Holdings Public Company Ltd.
Rosesmart Ltd.	Inactive	100% held by PC India Holdings Public Company Ltd.
Xifius Services Ltd.	Inactive	100% held by PC India Holdings Public Company Ltd.
Dezimark Ltd.	Inactive	100% held by PC India Holdings Public Company Ltd.
Elbit Plaza India Real Estate Holdings Ltd.	Holding company	Equity accounted investee 47.5% held by Plaza Centers N.V.
Polyvendo Ltd.	Holding company	100% held by Elbit Plaza India Real Estate Holdings Ltd.
Elbit Plaza India Management Services Pvt. Ltd.	Management company	99.99% held by Polyvendo Ltd.
Kadavanthra Builders Pvt. Ltd.	Mixed used project	80% held by Elbit Plaza India Real Estate Holdings Ltd. Chennai (SipCot) project
Aayas Trade Services Pvt. Ltd.	Mixed used project	100% held by Elbit Plaza India Real Estate Holdings Ltd. Bangalore project (refer to note 34(B))
Elbit India Architectural Services Ltd.	Inactive	100% held by Elbit Plaza India Real Estate Holdings Ltd.
UNITED STATES OF AMERICA		
Indirectly or jointly owned		
Elbit Plaza USA II LP("EPUS 2")	Holding company	Equity accounted investee 50% held by Plaza Centers N.V. 50% held by Elbit Imaging Ltd.
EPN REIT II	Inactive	Held 100% by EPUS II

NOTE 39 - LIST OF GROUP ENTITIES

ENTITIES DISPOSED OR DISSOLVED IN 2012 AND 2013		
UNITED STATES OF AMERICA		
Indirectly or jointly owned		
Elbit Plaza USA LP	Holding company	50% held by Plaza Centers N.V. 50% held by Elbit Imaging Ltd.
Plaza USA LLC	Holding company	100% held by Elbit Plaza USA LP
Elbit USA LLC	Holding company	100% held by Elbit Plaza USA LP
Elbit USA II LLC	Holding company	100% held by Elbit Plaza USA LP
EPN GP LLC	Holding company	21.64% held by Plaza USA LLC 12.18% held by Elbit USA LLC 9.47% held by Elbit USA II LLC
EPN EDT Holdings II LLC	Holding company	23.64% held by Plaza USA LLC 13.3% held by Elbit USA LLC 10.34% held by Elbit USA II LLC
EDT Retail Trust (Australia)	Inactive	52% held by EPN EDT Holdings II LLC 48% held by EPN GP LLC
EDT U.S Trust INC. (US REIT I)	Holding company	52% held by EPN EDT Holdings II LLC 48% held by EPN GP LLC
EDT Fund LLC (US LLC)	Inactive	100% held by EDT U.S Trust INC. (US REIT)
EDT U.S Trust II INC. (US REIT II)	Inactive	52% held by EPN EDT Holdings II LLC 48% held by EPN GP LLC
Elbit Plaza II USA LP	Holding company	50% held by Plaza Centers N.V. 50% held by Elbit Imaging Ltd.
EPN Investment Management LLC	Management company	50% held by Elbit Plaza USA LP 50% held by US based-partner
EPN Fund GP LLC	Holding company	43.75% held by Elbit Plaza II USA LP
EPN Real Estate Fund LP (Fund)	Holding company	99.8% held by Israeli-based partner 0.2% held by EPN Fund GP LLC
EPN Real Estate Fund Holdings LLC	Holding company	100% held by EPN Real Estate Fund LP (Fund)
EPN Holdings I LLC	Holding company	43.29% held by Elbit Plaza II USA LP 13.42% held by EPN Real Estate Fund Holdings LLC 43.29% held by US-based partner
EDT Retail Trust Management LLC (US MGR)	Holding company	50% held by EPN Holdings I LLC 50% held by US-based partner
EDT Retail Management Ltd. (Australia)	Management company / Inactive	100% held by EDT Retail Trust Management LLC (US MGR)
EPN Operations LLC	Inactive	43.29% held by Elbit Plaza II USA LP 13.42% held by EPN Real Estate Fund Holdings LLC 43.29% held by US-based partner
EPN REIT II LLC	Inactive	45.375% held by Elbit Plaza II USA LP 9.25% held by EPN Real Estate Fund Holdings LLC 45.375% held by US-based partner
HUNGARY		
Szeged 2002 Ingatlanhasznosító és Vagyonkezelő Kft.	Inactive	Liquidated
SBI Hungary Ingatlanforgalmazó és Építő Kft.	Shopping center	50% held by Plasi Invest 2007 Ingatlanforgalmazó Kft. 50% held by Israeli-based partner Új Udvar project
Ercorner Gazdasági Szolgáltató Kft.	Holding company	50% held by Plaza Centers N.V. 50% held by Hungarian commercial bank
Álom Sziget 2004 Ingatlanfejlesztő Kft.	Mixed used project	87% held by Ercorner Gazdasági Szolgáltató Kft. Dream Island project
DI Gaming Holding Ltd.	Holding company	87% held by Ercorner Gazdasági Szolgáltató Kft.
Álom Sziget Entertainment Zrt.	Holding company	49.99% held by DI Gaming Holding Ltd. - associate
Álom Sziget Hungary Kaszinójáték Kft.	Holding company	100% held by Álom Sziget Entertainment Zrt.
CZECH REPUBLIC		
Directly wholly owned		
Praha Plaza S.R.O.	Logistic center	Prague III project
Plaza Housing S.R.O.	Owns plot of land	Roztoky project
INDIA		
P-One Infrastructure Pvt. Ltd.	Real estate	50% held by Spiralco Holdings Ltd. 50% held by Indian third party Kharadi Plaza and Trivandrum Plaza projects

PLAZA CENTERS N.V.

CONSOLIDATED FINANCIAL STATEMENTS

AUDITED

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

PLAZA CENTERS N.V.

CONSOLIDATED FINANCIAL STATEMENTS

AUDITED

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Independent Auditors' Report

The Board of Directors and Stockholders
Plaza Centers N.V.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Plaza Centers N.V. ("the Company"), which comprise the consolidated statement of financial position as at December 31, 2012, the consolidated income statement and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2012 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards adopted by the EU.

KPMG Hungária Kft.

Budapest, Hungary

March 13, 2013

PLAZA CENTERS N.V.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN '000 EUR

	Note	December 31, 2012	December 31, 2011
ASSETS			
Cash and cash equivalents	5	64,440	58,261
Restricted bank deposits	6	25,518	21,428
Short-term deposits		-	3,102
Available for sale financial assets	7	11,714	25,568
Trade receivables	8	4,687	5,432
Other receivables and prepayments	9	46,749	46,030
Trading properties	10	780,963	850,229
Total current assets		934,071	1,010,050
Long term deposits and other investments	34(O)	-	51,330
Deferred tax assets	22	-	316
Property and equipment	11	8,109	9,026
Investment property	12	14,489	272,348
Restricted bank deposits	6	978	4,961
Other non-current assets		358	495
Total non-current assets		23,934	338,476
Total assets		958,005	1,348,526
LIABILITIES AND SHAREHOLDERS' EQUITY			
Interest bearing loans from banks	15	264,296	296,235
Debentures at fair value through profit or loss	20	34,966	32,930
Debentures at amortized cost	21	34,184	22,831
Trade payables	16	8,748	27,329
Related parties	17	511	2,228
Derivatives	14	3,320	-
Provisions	18	15,597	15,597
Other liabilities	19	14,094	27,464
Total current liabilities		375,716	424,614
Interest bearing loans from banks	15	5,773	152,387
Debentures at fair value through profit or loss	20	81,181	110,320
Debentures at amortized cost	21	39,010	86,052
Other liabilities		232	5,757
Derivatives	14	-	3,561
Deferred tax liabilities	22	6,947	15,673
Total non-current liabilities		133,143	373,750
Share capital	23	2,972	2,972
Translation reserve	23	(26,359)	(10,672)
Capital reserve due to transaction with Non-controlling interests	34	(20,706)	(19,342)
Other reserves	23	35,262	31,954
Share premium		261,773	261,773
Retained earnings		189,274	275,437
Total equity attributable to equity holders of the Company		442,216	542,122
Non-controlling interests		6,930	8,040
Total equity		449,146	550,162
Total equity and liabilities		958,005	1,348,526

March 13, 2013	**Ran Shtarkman**	**Shimon Yitzchaki**
Date of approval of the financial statements	**Director, President and Chief Executive Officer**	**Director and Chairman of the Audit Committee**

The notes on pages 9 - 88 are an integral part of these consolidated financial statements.

	Note	For the year ended December 31, 2012	2011 (reclassified)*
Continuing operations			
Revenues	26	41,593	23,462
Write-down of Trading properties	10	(78,833)	(47,987)
Cost of operations	27	(20,385)	(14,849)
Gross loss		(57,625)	(39,374)
Administrative expenses	28	(16,848)	(18,856)
Other income	29	2,763	169
Other expenses	29	(1,122)	(1,783)
Results from operating activities		(72,832)	(59,844)
Finance income	30	20,515	103,018
Finance costs	30	(37,055)	(29,032)
Net finance income (costs)		(16,540)	73,986
Share in loss of equity-accounted investees		(68)	(153)
Profit (loss) before income tax		(89,440)	13,989
Tax benefit (expense)	31	5,463	(12,910)
Profit (loss) from continuing operations		(83,977)	1,079
Discontinued operation			
Profit (loss) from discontinued operation, net of tax	37	(1,950)	12,785
Profit (loss) for the year		(85,927)	13,864
Profit (loss) attributable to:			
Owners of the Company		(86,163)	9,346
Non-controlling interests		236	4,518
		(85,927)	13,864
Earnings per share			
Basic and diluted earnings (loss) per share (in EURO)	24	(0.290)	0.031
Earnings per share – continuing operations			
Basic and diluted earnings (loss) per share (in EURO)	24	(0.282)	0.003

(*) In respect of 2011 reclassifications – refer to notes 36,37.

PLAZA CENTERS N.V.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN '000 EUR

	For the year ended December 31,	
	2012	**2011 (reclassified)***
Profit (loss) for the year	(85,927)	13,864
Other comprehensive income		
Net change in fair value of Available for sale assets transferred to income statement	1,222	(326)
Change in fair value of available for sale financial assets	1,297	(1,879)
Foreign currency translation differences for foreign operations - Discontinued operation	(6,912)	4,492
Foreign currency translation differences for foreign operations	(9,148)	(26,679)
Tax on other comprehensive income due to change in fair value of available for sale financial assets	(630)	446
Other comprehensive loss for the year, net of income tax	(14,171)	(23,946)
Total comprehensive loss for the year	(100,098)	(10,082)
Total comprehensive income (loss) attributable to:		
Owners of the Company:	(99,961)	(11,159)
Non-controlling interests	(137)	1,077
Total comprehensive loss for the year	(100,098)	(10,082)

(*) 2011 reclassification due to discontinued operation – refer to note 37.

PLAZA CENTERS N.V.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 EUR

	Attributable to the equity holders of the Company									
	Share capital	**Share Premium**	**Other capital reserves**	**Translation Reserve**	**Capital reserve from acquisition of Non-controlling interests without a change in control**	**Financial assets available for sale reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
Balance at December 31, 2010	**2,967**	**261,773**	**30,849**	**8,074**	**-**	**423**	**296,109**	**600,195**	**24,254**	**624,449**
Change in non-controlling interest	-	-	-	-	(19,342)	-	-	(19,342)	(18,680)	(38,022)
Dividend distributed	-	-	-	-	-	-	(30,018)	(30,018)	-	(30,018)
Share based payment	-	-	2,446	-	-	-	-	2,446	1,389	3,835
Share option exercised	5	-	(5)	-	-	-	-	-	-	-
Comprehensive income for the year										
Net Profit for the year	-	-	-	-	-	-	9,346	9,346	4,518	13,864
Foreign currency translation differences	-	-	-	(18,746)	-	-	-	(18,746)	(3,441)	(22,187)
Available for sale reserve, net	-	-	-	-	-	(1,759)	-	(1,759)	-	(1,759)
Total comprehensive income (loss) for the year	-	-	-	(18,746)	-	(1,759)	9,346	**(11,159)**	**1,077**	**(10,082)**
Balance at December 31, 2011	**2,972**	**261,773**	**33,290**	**(10,672)**	**(19,342)**	**(1,336)**	**275,437**	**542,122**	**8,040**	**550,162**
Change in non-controlling interest	-	-	-	-	(1,364)	-	-	(1,364)	(3,754)	(5,118)
Share based payment	-	-	1,419	-	-	-	-	1,419	2,781	4,200
Comprehensive income for the year										
Net loss for the year	-	-	-	-	-	-	(86,163)	(86,163)	236	(85,927)
Foreign currency translation differences	-	-	-	(15,687)	-	-	-	(15,687)	(373)	(16,060)
Available for sale reserve, net	-	-	-	-	-	1,889	-	1,889	-	1,889
Total comprehensive income (loss) for the year	-	-	-	(15,687)	-	1,889	(86,163)	**(99,961)**	**(137)**	**(100,098)**
Balance at December 31, 2012	**2,972**	**261,773**	**34,709**	**(26,359)**	**(20,706)**	**553**	**189,274**	**442,216**	**6,930**	**449,146**

The notes on pages 9 - 88 are an integral part of these consolidated financial statements**.**

PLAZA CENTERS N.V.
CONSOLIDATED STATEMENT OF CASH FLOWS IN '000 EUR

	Note	For the year ended December 31, 2012	2011
Cash flows from operating activities			
Profit (loss) for the year		(85,927)	13,864
Adjustments necessary to reflect cash flows used in operating activities:			
Depreciation and impairment of equipment and other assets	11	1,095	2,517
Write-down of Trading properties	10	78,833	47,987
Change in fair value of Investment property	29,37	1,417	(8,084)
Gain from selling discontinued operation	34(B)	(391)	-
Net finance costs (income)	30	16,540	(73,986)
Interest received		5,777	9,356
Interest paid		(29,920)	(36,593)
Equity-settled share-based payment transaction		197	2,978
Equity-settled share-based payment – discontinued operation		2,781	680
Gain from a bargain purchase		-	(1,523)
Gain on sale of property and equipment	11	(13)	(4)
Gain on sale of trading property	26,29	(3,851)	-
Share of loss in equity-accounted investees		68	153
Proceeds from disposal of trading property, net of cash disposed		97	712
Proceeds from net assets held for sale – discontinued operation	34(B)	5,137	-
Tax expense (tax benefit) from discontinued operation	37	(600)	2,276
Tax expense (tax benefit)	31	(5,463)	12,910
		(14,223)	(26,757)
Changes in:			
Trade receivables		810	(1,298)
Other accounts receivable		10,224	(2,300)
Trading properties	10	(30,157)	(70,629)
Trade payables		(18,122)	543
Other liabilities, related parties and provisions		(2,500)	5,093
		(39,745)	(68,591)
Taxes paid		(613)	(58)
Net cash used in operating activities		(54,581)	(95,406)
Purchase of property, equipment and other assets	11	(498)	(380)
Purchase of Investment property		-	(1,204)
Proceeds from sale of property and equipment	11	250	30
Changes in long term deposits, net		50,643	-
Capital expenditure for discontinued operation		(1,949)	(2,438)
Proceeds from disposal of discontinued operation assets	37	127,723	-
Purchase of available for sale financial assets	7	(16,089)	(9,307)
Proceeds from sale of available for sale financial assets	7	31,294	9,051
Short term deposits, net		3,102	(3,213)
Net cash from (used in) investing activities		194,476	(7,461)
Cash from financing activities			
Proceeds from bank loans and financial institutions		47,181	80,098
Proceeds from utilization and settlement of derivatives	14	238	39,331
Proceeds from hedging activities through sell of options	14	11,683	5,212
Acquisition of non-controlling interest		(3,754)	(40,370)
Repurchase of debentures	34(G)	(18,814)	(29,966)
Dividend paid		-	(30,018)
Changes in restricted cash		(4,118)	17,694
Proceeds from issuance of long term debentures		-	62,895
Repayment of debentures	20,21	(65,320)	(76,075)
Disposal of discontinued operation bank loans	37	(48,014)	-
Repayment of borrowings		(52,840)	(4,667)
Net cash from (used in) financing activities		(133,758)	24,134
Effect of exchange rate fluctuations on cash held		42	(807)
Increase (decrease) in cash and cash equivalents during the year		6,179	(79,540)
Cash and cash equivalents at 1st of January		58,261	137,801
Cash and cash equivalents at 31st of December		**64,440**	**58,261**

The notes on pages 9 - 88 are an integral part of these consolidated financial statements**.**

NOTE 1 - PRINCIPAL ACTIVITIES AND OWNERSHIP

Plaza Centers N.V. ("the Company") was incorporated and is registered in the Netherlands. The Company's registered office is at Keizersgracht 241, Amsterdam, the Netherlands. The Company conducts its activities in the field of establishing, operating and selling of shopping and entertainment centers, as well as other mixed-use projects (retail, office, residential) in Central and Eastern Europe, India, and, between 2010 and 2012, also in the USA. The consolidated financial statements for each of the periods presented comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The Company is dual listed on the Main Board of the London Stock Exchange ("LSE") and, starting October 2007, in the Warsaw Stock Exchange ("WSE").

The Company's immediate parent company is Elbit Ultrasound (Luxembourg) B.V. / S.à r.l. ("EUL"), which holds 62.5% of the Company's shares, as of the end of the reporting period. The ultimate parent company is Elbit Imaging Limited ("EI"), which is indirectly controlled by Mr. Mordechay Zisser. For the list of the Group entities, refer to note 40.

NOTE 2 - BASIS OF PREPARATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU").

These consolidated financial statements are not intended for statutory filing purposes. The Company is required to file consolidated financial statements prepared in accordance with The Netherlands Civil Code. At the date of approving these financial statements the Company had not yet prepared consolidated financial statements for the year ended December 31, 2012 in accordance with the Netherlands Civil Code.

The consolidated financial statements were authorized for issue by the Board of Directors on March 13, 2013.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of the financial position:

- Investment properties is measured at fair value
- Liabilities for cash-settled share-based payment arrangements are measured at fair value
- Available for sale financial assets are measured at fair value
- Derivative financial instruments are measured at fair value
- Non-Derivative financial instruments at fair value through profit or loss are measured at fair value.

c. Functional and presentation currency

These consolidated financial statements are presented in EURO ("EUR"), which is the Company's functional currency. All financial information presented in EUR has been rounded to the nearest thousand, unless otherwise indicated.

NOTE 2 - BASIS OF PREPARATION (Cont.)

d. Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Functional currency

The EUR is the functional currency for Group companies (with the exception of Indian companies – in which the functional currency is the Indian Rupee – INR, and the investment in the USA until June 30, 2012 - in which the functional currency was the USD) since it best reflects the business and results of operations of the Group companies. This is based upon the fact that the EUR (and in India and the USA – the INR and USD respectively) is the currency in which management determines its budgets, transactions with tenants, potential buyers and suppliers, and its financing activities and assesses its currency exposures.

Information about other critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 20,21 – debentures at fair value through profit or loss
- Note 10 - Suspension of borrowing costs capitalization
- Note 10 – Normal operating cycle

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Notes 10, 38 – key assumptions used in determining the net realisable value of trading properties
- Note 33 – provisions and contingencies
- Note 25 – measurement of share-based payments

e. Going concern

The consolidated financial statements have been prepared on the assumption that the Group companies will continue as a going concern in the foreseeable future, for at least twelve months.

As forecast relates to future events, inherently it is subject to uncertainties and therefore, the Management cannot guarantee that all assumptions relating to cash flows will materialize, however it believes that as of the date of the financial statements these assumptions are reasonably achievable.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Certain comparative amounts in the consolidated statement of comprehensive income have been reclassified to conform with the current year's presentation (refer to Notes 27,29). In addition, the comparative statement of comprehensive income has been re-presented as if an operation discontinued during the current year had been discontinued from the start of the comparative year (refer to Note 37).

a. Basis of consolidation

1. Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power, directly or indirectly, to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Under IFRS 3, when acquiring subsidiaries and operations that do not constitute a business as defined in IFRS 3, the consideration for the acquisition is only allocated between the identifiable assets and liabilities of the acquiree, according to the proportion of their fair value at the acquisition date and without attributing any amount to goodwill or deferred taxes, with the participation of the minority, if any, according to its share in the net fair value of these recognized assets at the acquisition date.

When non-controlling interests in subsidiaries are acquired, the difference between the amount paid and the amount of the acquired share in the non-controlling interests at the acquisition date is attributed to assets and liabilities as aforesaid.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group in the consolidated financial statements.

2. Associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the associate. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

The consolidated financial statements include the Group's share of the total recognized income and expense and equity movements of associates after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

a. Basis of consolidation (cont.)

Investments in associates are carried in the statement of financial position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the group's interest in those associates are reduced until the investment is brought to nil, and then further losses are only recognized if the Group has incurred a legal/constructive obligation to fund such losses.

Any excess of the cost of acquisition over the Group's share of the fair values of the net identifiable assets of the associate at the date of acquisition is recognized as goodwill. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate. When the cost of acquisition is below the Group's share of the fair values of the net identifiable assets of the associate at the date of acquisition (i.e. discount on acquisition), the difference is recognized in the income statement in the period of acquisition.

3. Jointly controlled entities

Joint ventures ("JV") are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. JV's are accounted for using the proportional consolidation method of accounting.

The financial statements of joint ventures are included in the consolidated financial statements from the date that joint control commences until the date that joint control ceases. Where necessary, adjustments are made to the financial statements of joint ventures to bring the accounting policies used into line with those used by the Group in the consolidated financial statements.

4. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b. Foreign currency

1. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

1. Foreign currency transactions (cont.)

Foreign currency differences arising on retranslation are recognised in profit or loss. However, foreign currency differences arising from the retranslation of the following items are recognised in other comprehensive income:

- available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

2. Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Since 1 January 2003, the Group's date of transition to IFRSs, such differences have been recognised in the foreign currency translation reserve (translation reserve, or FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

3. Net investment in foreign operations.

Differences arising from translation of the net investment in foreign operations are included in translation reserve. They are released into the income statement upon disposal.

c. Financial instruments

(1) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Financial instruments (cont.)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group has the following non-derivative financial assets: deposits, trade receivables and available-for-sale financial assets.

(1) Non-derivative financial assets (cont.)

Cash and cash equivalents, restricted deposits and cash in escrow

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Restricted deposits consist of deposits in banks and other financial institutions that the Group has pledged to secure banking facilities and other financial instruments for the Group and cannot be used freely for operations.

Financial Liabilities at fair value through profit or loss

Financial Liabilities at fair value through profit or loss are unsecured non-convertible Debentures series A and partially series B (refer to note 20).

Upon initial recognition a financial liability may be designated by the Company at fair value through profit or loss. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy, or eliminate or significantly reduce a measurement or recognition inconsistency. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Receivables are carried at the amounts due to the Group and are generally received within 60 days of becoming due and receivable. The collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off in the period in which they are identified. A provision for doubtful receivables is raised where there is objective evidence that the Company will not collect all amounts due.

The amount of the provision is the difference between the carrying amounts and estimated future cash flows. Cash flows relating to current receivables are not discounted. The amount of any impairment loss is recognised in the Income Statement in revenues. When a trade receivable for which a provision has been recognised becomes uncollectable in a subsequent period, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against the Income

Statement in revenues.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Financial instruments (cont.)

(1) Non-derivative financial assets (cont.)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (refer to note 7), are recognised in other comprehensive income and presented within equity in the fair value reserve. The cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization is included in interest income. Realized gains and losses, interest and dividends and declines in value judged to be other-than-temporary on available-for-sale securities are included in interest income. The cost of securities sold is based on the first-in, first-out method. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

(2) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group has the following non-derivative financial liabilities: interest bearing loans, debentures and trade payables and other liabilities. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method, except for debentures that are classified as fair value through profit or loss.

(3) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures; however the Group has not elected to apply hedge accounting to any derivative financial instruments held during the reporting period. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised immediately in profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Financial instruments (Cont.)

If an entity is required to separate an embedded derivative from its host contract, but is unable to measure the embedded derivative separately, the Company shall designate the entire financial instrument at fair value through profit or loss. Changes in the fair value of separated embedded derivatives are recognized immediately in profit or loss.

d. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effect. Costs attributable to listing existing shares are expensed as incurred.

e. Trading properties

Properties that are being constructed or developed for future use as trading properties (inventory) are classified as trading properties and measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete construction and selling expenses. Lands which are designated for development of trading properties projects are not written down below costs if the completed projects are expected to be sold at or above cost.

Costs comprise all costs of purchase, direct materials, direct labour costs, subcontracting costs and other direct overhead costs incurred in bringing the properties to their present condition. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the costs of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they incurred.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs may continue until the assets are substantially ready for their intended use. Non–specific borrowing costs are capitalised to such qualifying asset, by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowing made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during the period does not exceed the amount of borrowing costs incurred during that period.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

f. Investment property

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income. Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the investment properties are then stated at fair value. Gains and losses arising from changes in the fair values of investment properties are included in the Income statement in the period in which they arise.

As the fair value method has been adopted for investment properties, the buildings and any component thereof (including plant and equipment) are not depreciated.

g. Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation (see below) and accumulated impairment losses (refer to accounting policy 3(h)). Cost includes expenditure that is directly attributable to the acquisition of the asset. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other income or other expenses in the income statement. Depreciation of items of property and equipment is charged to the income statement over their estimated useful lives, using the straight-line method, on the following rates:

	%
Land – owned	0
Office buildings	2 – 4
Mechanical systems in the buildings	7 – 10
Aircrafts	5
Other (*)	6 – 33

(*) Consists mainly of motor vehicles, office furniture and equipment, computers, peripheral equipment, etc.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

h. Impairment

(1) Financial Assets

A financial asset that is not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to the time value of money are reflected as a component of net finance income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(2) Non – Financial Assets

The carrying amounts of the Group's assets, other than investment property, trading properties and deferred tax assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

h. Impairment (cont.)

(3) Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss has decreased or may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

i. Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Provisions for construction costs in regards to agreements with governmental institutions are recognized at the sign off date, at the Company's best estimate of the expenditure required to settle the Group's obligation.

Warranties

Provision for warranty costs is recognized at the date on which the shopping centers are sold, at the Company's best estimate of the expenditure required to settle the Group's obligation. Such estimates take into consideration warranties given to the Group by subcontractors.

j. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

j. Revenue recognition (cont.)

(i) Rental income

The Group leases real estate to its customers under long-term leases that are classified as operating leases. Rental income from investment property is recognized in profit or loss on a straight-line basis over the term of the lease. Lease origination fees and internal direct lease origination costs are deferred and amortized over the related lease term. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

The leases generally provide for rent escalations throughout the lease term. For these leases, the revenue is recognized on a straight line basis so as to produce a constant periodic rent over the term of the lease.

The leases may also provide for contingent rent based on a percentage of the lessee's gross sales or contingent rent indexed to further increases in the Consumer Price Index (CPI). For contingent rentals that are based on a percentage of the lessee's gross sales, the Group recognizes contingent rental revenue when the change in the factor on which the contingent lease payment is based actually occurs. Rental revenues for lease escalations indexed to future increases in the CPI are recognized only after the changes in the index have occurred.

(ii) Revenues from selling of trading properties and investment properties

Revenues from selling of trading properties and investment properties are measured at the fair value of the consideration received or receivable. Revenues are recognized when all the following conditions are met:

a. the Group has transferred to the buyer the significant risks and rewards of ownership**;**
b. the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the property sold;
c. the amount of revenue can be measured reliably;
d. it is probable that the economic benefits associated with the transaction will flow to the Group (including the fact that the buyer's initial and continuing investment is adequate to demonstrate commitment to pay);
e the costs incurred or to be incurred in respect of the transaction can be measured reliably; and
f. there are no significant acts that the Group is obliged to complete according to the sale agreement.

Determination whether these criteria have been met for each sale transaction, requires a significant judgment by the Group management. Significant judgment is made in determination whether, at the end of the reporting period, the Group has transferred to the buyer the significant risks and rewards associated with the real estate assets sold.

j. Revenue recognition (cont.)

Such determination is based on an analysis of the terms included in the sale agreement executed with the buyer as well as an analysis of other commercial understandings with the buyer in respect of the real estate sold. Generally, the sale agreement with the buyer is signed during the construction period and the consummation of the transaction is subject to certain conditions precedents which have to be fulfilled prior to delivery. Revenues are, therefore, recognized when all the significant conditions precedent included in the agreement have been fulfilled by the Group and/or waived by the buyer prior to the end of the reporting period.

The delivery of the shopping center to the buyer is generally executed close to the end of construction and to the opening of the shopping center to the public. As a result, the Group has to use estimates in order to determine the costs and expenses required to complete the construction works which, as of the delivery date, has not been completed and/or been paid in full.

Generally, the Group is provided with a bank guarantee from the buyer for the total estimated proceeds in order to secure the payment by the buyer at delivery. Therefore, the Group is not exposed to any significant risks in respect of payment of the proceeds by the buyer.

k. Operating lease payments

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease but are immediately capitalized as long as the project is under construction period. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

Direct incremental costs related to obtaining long-term lease agreements with tenants are capitalized when they arise and charged to the statement of income over the weighted average term of the lease period.

l. Finance income and expenses

Finance income comprises interest receivable on funds invested (including available-for-sale-financial debt and equity securities), changes in the fair value of financial instruments at fair value through profit or loss, gains on derivative instruments that are recognised in profit or loss, gain on the disposal of available-for-sale financial assets, interest on late payments from receivables and net foreign exchange gains.

Finance expenses which are not capitalized comprise interest expense on borrowings, changes in the fair value of financial instruments at fair value through profit or loss, impairment losses recognised on financial assets, net foreign exchange losses and losses on derivative instruments that are recognised in profit or loss. For capitalisation of borrowing costs please refer to Note 10.

Interest income and expense which are not capitalized are recognized in the income statement as they accrue, using the effective interest method. For the Company's policy regarding capitalization of borrowing costs refer to note 3(e).

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

m. Taxation

Tax expense comprises current and deferred tax. The tax benefit is based on taxable profit (loss) for the year, and any adjustment to tax payable in respect of previous years. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

n. Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

o. Employee benefits

1. Bonuses

The Group recognizes a liability and an expense for bonuses, which are based on agreements with employees or according to management decisions based on Group performance goals and on individual employee performance. The Group recognizes a liability where contractually obliged or where past practice has created a constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

o. Employee benefits (cont.)

2. Share-based payment transactions

The fair value of options granted to employees to acquire shares of the Company is recognized as an employee expense or capitalized if directly associated with development of trading property, with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employees as measured at the date of modification. The fair value of the amount payable to employees in respect of share-based payments, which may be settled in cash, at the option of the holder, is recognized as an expense, with a corresponding increase in liability, over the period in which the employees become unconditionally entitled to payment. The fair value is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as an additional cost in salaries and related expenses in the income statement. As of the end of the reporting period share-based payments which may be settled in cash are options granted to only one person and can be cash settled at the option of the holder.

p. Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

q. Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

1. represents a separate major line of business or geographical area of operations;

2. is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

3. is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

r. New standards not yet adopted

Several new standards and amendments to standards are not yet effective for the year ended December 31, 2012, and has not been applied in preparing these consolidated financial statements.

- Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods; to be applied retrospectively.) contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting arrangements or similar agreements.

  The entity does not expect the Amendments to have any impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.

- IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements (Effective for annual periods beginning on or after 1 January 2014; Earlier application is permitted if IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early. This Standard is to be applied retrospectively when there is a change in control conclusion.

  IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. IFRS 10 introduces new requirements to assess control that are different from the existing requirements in IAS 27 (2008). Under the new single control model, an investor controls an investee when:

  1. it is exposed or has rights to variable returns from its involvements with the investee;
  2. it has the ability to affect those returns through its power over that investee; and
  3. there is a link between power and returns.

  The new Standard also includes the disclosure requirements and the requirements relating to the preparation of consolidated financial statements. These requirements are carried forward from IAS 27 (2008).

  The impact of the initial application of the amendment will depend on the specific facts and circumstances of the investees of the Group held at the date of initial application. Therefore, the Group is not able to prepare an analysis of the impact this will have on the financial statements until the date of initial application.

- IFRS 11 Joint Arrangements (Effective for annual periods beginning on or after 1 January 2014. It is to be applied retrospectively subject to transitional provisions. Earlier application is permitted if IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early. It supersedes and replaces IAS 31, Interest in Joint Ventures. IFRS 11 does not introduce substantive changes to the overall definition of an arrangement subject to joint control, although the definition of control, and therefore indirectly of joint control, has changed due to IFRS 10.

  Under the new Standard, joint arrangements are divided into two types, each having its own accounting model defined as follows:

r. New standards not yet adopted (cont.)

1. a joint operation is one whereby the jointly controlling parties, known as the joint operators, have rights to the assets, and obligations for the liabilities, relating to the arrangement.
2. a joint venture is one whereby the jointly controlling parties, known as joint venturers, have rights to the net assets of the arrangement.

IFRS 11 effectively carves out from IAS 31 jointly controlled entities those cases in which, although there is a separate vehicle for the joint arrangement, separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31, and are now called joint operations. The remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of equity accounting or proportionate consolidation; an entity must now always use the equity method in the consolidated financial statements.

The impact of the initial application of the amendment will depend on the specific facts and circumstances of the joint arrangements to which the Group is a party at the date of initial application. Therefore, the Group is not able to prepare an analysis of the impact this will have on the financial statements until the date of initial application

- IFRS 12 Disclosure of Interests in Other Entities (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively). Earlier application is permitted. It requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities.

  It is expected that the new Standard, when initially applied, will have a significant impact on the level of disclosure in the financial statements. However, the Group is not able to prepare an analysis of the impact this will have on the financial statements until the date of initial application.

- IFRS 13 Fair Value Measurement (Effective prospectively for annual periods beginning on or after 1 January 2013. Earlier application is permitted). It replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance.

  It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. The standard does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

  The standard contains an extensive disclosure framework that provides additional disclosures to existing requirements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements those use significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

r. New standards not yet adopted (cont.)

It is expected that the Standard, when initially applied, will have a significant impact on the disclosures in the notes to the financial statements in respect of the fair value and the determination of the fair value of certain financial and non-financial items. However, the Group is not able to prepare an analysis of the impact this will have on the financial statements until the date of initial application.

- Amendments to IAS 1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income (Effective for annual periods beginning on or after 1 July 2012; to be applied retrospectively. Earlier application is permitted.) require that:

  1. an entity presents separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. If items of other comprehensive income are presented before related tax effects, then the aggregated tax amount should be allocated between these sections.
  2. change the title of the Statement of Comprehensive Income to Statement of Profit or Loss and Other Comprehensive Income, however, other titles are also allowed to be used.

  The amendments are not relevant to the entity's financial statements, since the entity does not have other comprehensive income which would never be reclassified to profit or loss.

- Amendments to IAS 12: Deferred Tax: Recovery of Underlying Assets (Effective for annual periods beginning on or after 1 January 2013; to be applied retrospectively Earlier application is permitted.) introduce a rebuttable presumption that the carrying value of investment property measured using the fair value model would be recovered entirely by sale. Management's intention would not be relevant unless the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. This is the only instance in which the presumption can be rebutted.

  The Group does not expect the amendments to have any impact on the financial statements, since it does not results in a change in the Group's accounting policy. The measurement of deferred tax assets and liabilities relating to investment properties measured using the fair value model in IAS 40 will not change.

- IAS 19 (2011) Employee Benefits (Effective for annual periods beginning on or after 1 January 2013; to be applied retrospectively. Transitional provisions apply. Earlier application is permitted.) It requires actuarial gains and losses to be recognised immediately in other comprehensive income.

  The amendment removes the corridor method previously applicable to recognising actuarial gains and losses, and eliminates the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under the requirements of IAS 19. The amendment also requires the expected return on plan assets recognised in profit or loss to be calculated based on rate used to discount the defined benefit obligation

  The amendments are not relevant to the entity's financial statements, since the entity does not have any defined benefit plans.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

r. New standards not yet adopted (cont.)

- IAS 28 (2011) Investments in Associates and Joint Ventures (Amendments effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 27 (2011) are also applied early). It introduces limited amendments made to IAS 28 (2008):

  1. Associates and joint ventures held for sale. IFRS 5, Non-current Assets Held for Sale and Discontinued Operations applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.
  2. Changes in interests held in associates and joint ventures. Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) now requires that in such scenarios the retained interest in the investment is not remeasured.

  It is expected that the standard, when initially applied, will have a significant impact on the financial statements. However, the Group is not able to prepare an analysis of the impact this will have on the financial statements until the date of initial application.

- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however the additional disclosures required by Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities must also be made.)

  The Amendments do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application. The Amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:

  1. not contingent on a future event; and
  2. enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

  The entity does not expect the Amendments to have any impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.

NOTE 4 - DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Available for sale financial assets

The fair value of available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Swap transactions

Fair values of the SWAP (refer to note 14) may be determined in whole or in part using valuation techniques based on assumptions that are not supported by prices from current market transactions or observable market data, where current prices or observable market data are not available.

Factors such as bid-offer spread, credit profile, collateral requirements and model uncertainty are taken into account, as appropriate, when fair values are calculated using valuation techniques. Valuation techniques incorporate assumptions that other market participants would use in their valuations, including assumptions about interest rate yield curves, and exchange rates.

Long term debentures at fair value through profit or loss

The fair value of Long term debentures is principally determined with reference to an active market price quotation, as the debentures are traded in the Tel Aviv Stock Exchange ("TASE").

Share based payments transactions

The fair value of employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility of the Company and similar companies adjusted for changes expected due to publicly available information and the tendency of volatility to revert to its mean and other factors indicating that expected future volatility might defer from past volatility), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

NOTE 5 - CASH AND CASH EQUIVALENTS

Bank deposits and cash denominated in	Interest rate as of December 31, 2012	December 31, 2012	December 31, 2011
EUR	See (1) below	21,138	34,437
United States Dollar (USD)	Mainly 0.3%	33,249	9,944
Polish Zlotys (PLN)	Mainly O/N WIBOR	3,469	7,369
Indian Rupee (INR)	Mainly 3.5%-9.8%	2,668	3,550
New Israeli Shekel (NIS)	Mainly 0%	2,272	1,028
Hungarian Forints (HUF)	Mainly 4%	269	640
Serbian Dinar (RSD)	Mainly 11%	266	628
Romanian Lei (RON)	Mainly 5%	231	253
Czech Crowns (CZK)	Mainly 0.5%	298	167
Latvian Lat (LVL)	Mainly O/N RIGIBOR	561	182
in other currencies	0%	19	63
Cash and cash equivalents in the statement of cash flows		64,440	58,261

(1) As at December 31, 2012, cash in several commercial banks is deposited for periods up to 3 months. Fixed deposits bear interest rates varying between 0.2% and 2.5%, while floating deposits bear interest rates as determined by various benchmarks (e.g EURIBOR, LIBOR).

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 32.

NOTE 6 - RESTRICTED BANK DEPOSITS

	Interest rate as of December 31, 2012	December 31, 2012	December 31, 2011
Short term restricted bank deposits			
In EUR	See (1) and (3)	9,543	15,281
In USD	See (2)	12,499	3,231
In NIS	See (4)	2,426	530
In PLN	0%	524	2,305
In other currencies	0%	526	81
Total short term		25,518	21,428
Long term restricted bank deposits			
In EUR		-	4,550
In other currencies	0%	978	411
Total long term		978	4,961

(1) As of December 31, 2012, EUR 6.5 million is restricted in respect of bank facilities agreements signed to finance Projects in Serbia, Poland, Romania, Czech Republic and Latvia. These amounts carries an annual interest rate of mainly Overnight LIBOR. An additional EUR 1 million is restricted in respect of Interest Rate Swap ("IRS") performed in connection with bank facility agreement in Serbia (refer to note 14) and carries an annual interest rate of 2.4%.

(2) As of December 31, 2012, various deposits in a total amount of USD 9.2 million (EUR 6.9 million) are restricted in respect of bank facilities requirements, which bears interest of 0%. An additional USD 7.4 million (EUR 5.6 million) are restricted in respect of tax and wind up payments expected following the US transaction (refer to note 34(B)), and bears annual interest of 0.3%.

(3) As of December 31, 2012 an amount of EUR 2 million is restricted in respect of the EUR / PLN cross currency IRS transaction (see note 14). The restricted amount bears a fixed interest rate of 3.2%.

(4) As of December 31, 2012 an amount of EUR 2.4 million is restricted in respect of bank facility agreement signed. The restricted amount does not bear interest.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 32.

NOTE 7 - AVAILABLE FOR SALE FINANCIAL ASSETS

Available-for-sale financial assets ("AFS") portfolio consists of mainly traded securities issued by banks and corporate.

	2012	2011
Interest income from AFS	712	1,691
Gain (loss) from selling AFS	(1,222)	326
Total for the year	(510)	2,017
Balance as at 1 January	25,568	27,098
Purchase of AFS	16,089	9,307
Sale/redemption of AFS	(31,294)	(9,051)
Discount amortization	54	93
Changes in market value of AFS	1,297	(1,879)
Balance as at 31 December	11,714	25,568

As at December 31, 2012, part of the AFS Portfolio in the amount of EUR 0.6 million is pledged against a secured bank loan.

NOTE 8 - TRADE RECEIVABLES

	December 31, 2012	December 31, 2011
Trade receivables (1)	6,409	7,984
Less - Allowance for doubtful debts (2)	(1,722)	(2,552)
	4,687	5,432

(1) Main decrease is due to selling of US operations. As at December 31, 2011 US operations trade receivables amounted to EUR 2.3 million.
(2) Main decrease in allowances is due Latvia (EUR 0.7 million), due to cancelation of old invoices issued to tenants, which were provisioned as bad debt.

NOTE 9 - OTHER RECEIVABLES AND PREPAYMENTS

	December 31, 2012	December 31, 2011
Advances for plot purchases (1)	27,384	29,828
Insurance company receivable (2)	7,611	-
VAT receivables	2,387	6,125
Loans to partners in jointly controlled entities	2,673	2,930
Prepaid expenses	1,586	2,009
Accrued interest receivable	335	1,685
Advances to suppliers	2,466	1,252
Related parties	1,435	1,227
Others	872	974
	46,749	46,030

(1) As of December 31, 2012 and 2011, including mainly advance payments in the amount of EUR 26.4 million and EUR 28.3 million, respectively for the purchase of plots in India, as part of the Joint venture with EI (refer also to notes 34(C)). Out of this amount, an amount of EUR 4.1 million (2011 -EUR 5 million) is guaranteed by EI.
(2) Receivable incurred in respect of the fire in the Company shopping center in India (refer to note 34(M)).

NOTE 10 - TRADING PROPERTIES

	December 31, 2012	December 31, 2011
Balance as at 1 January	850,229	807,887
Acquisition and construction costs	25,763	84,827
Capitalized borrowing costs (1)	21,806	29,154
Write-down of trading properties (2)	(86,444)	(47,987)
Effect of movements in exchange rates	(8,567)	(23,652)
Trading properties disposed (refer to notes 27,34(N))	(21,824)	-
Balance as at 31 December (3)	780,963	850,229
Completed trading properties	294,528	202,769
Trading properties under construction	17,411	117,526
Trading properties under planning and design stage (3),(4)	469,024	529,934
Total	780,963	850,229

(1) In certain cases, the Group ceases to capitalize borrowing cost if management decides that the assets can no longer be defined as a "qualified asset". In other circumstances, capitalization is suspended for certain time periods, generally where the efforts to develop a project are significantly diminished due to inter-alia lack of external finance, or ongoing difficulties in obtaining permits. The conclusions whether an asset is qualified for capitalization or not, or whether capitalization is to be suspended, involve also management plans with regard to the specific asset, such as the ability to raise bank loans, find anchors and local market conditions that support or deny the construction of the project.

(2) Write-down of trading properties to net realisable value was performed based on independent valuation reports. In the course of 2012 write-downs were recognized in respect of projects in Romania (EUR 34.1 million), India (EUR 18.3 million), Hungary (EUR 12.4 million), Serbia (EUR 9.1 million), Poland (EUR 6.8 million), the Czech Republic (EUR 3.1 million) and Bulgaria (EUR 2.6 million).

In respect of Write-down in Indian projects, an amount of EUR 7.6 million of the loss was offset with insurance company receivable (refer also to notes 9, 34(M)), hence the net loss effect of trading property impairments totalled EUR 78.8 million. Refer to note 39(a) for more information about key assumptions.

(3) Including cost of Large scale projects (Bangalore in India, Casaradio in Romania and Dream Island in Hungary) in a total amount of EUR 221 million (2011 – EUR 230 million).

The abovementioned projects are expected to generate an operating cycle closer to eight years (refer to (5) below) comparing to other projects the Company holds.

(4) The value of the Casaradio project in Romania includes two gas turbines with a total book value of EUR 9.1 million. A write-down of EUR 1.9 million was recognised in respect of the turbines in the course of 2012.

(5) The Group is involved in projects some of which may take up to eight years to complete from the asset acquisition date. The cost of trading property, loans and related derivatives which financed the development projects are presented as current assets and liabilities.

NOTE 10 - TRADING PROPERTIES (Cont.)

As of December 31, 2012, the Company has trading properties in Poland, Czech Republic, Latvia, India, Romania, Serbia, Bulgaria, Hungary and Greece. The properties are in various stages of development as shopping and entertainment centers, residential units, offices or mixed-use. Regarding segment reporting, refer to note 36. Regarding the changes in global markets and their effect on the development of trading properties under construction refer to note 34(D).

As of December 31, 2012, a total carrying amount of EUR 322 million (December 31, 2011 – EUR 377 million) of the abovementioned trading properties is pledged against bank loans.

As of December 31, 2012 and 2011 trading properties include accumulated capitalization of share based payments in the amount of EUR 10.7 million.

Below is a summary table for projects status:

NOTE 10 - TRADING PROPERTIES (Cont.)

		December 31, 2012		General information			
			Share holding		Status of		
Project	Location	Purchase/transaction year	Rate (%)	Nature of rights	Registration of land	Permit status	Planned GLA (sqm)
Suwalki Plaza	Poland	2006	100	Ownership	Completed	Operational shopping center (starting Q2 2010)	20,000
Zgorzelec Plaza	Poland	2006	100	Ownership	Completed	Operational shopping center (starting Q1 2010)	13,000
Torun Plaza	Poland	2007	100	Ownership	Completed	Operational shopping center (starting Q4 2011)	40,000
Lodz residential	Poland	2001	100	Ownership/ Perpetual usufruct	Completed	Planning permit valid	80,000(*)
Lodz plaza	Poland	2009	100	Perpetual usufruct	Completed	Planning permit pending	35,000
Kielce Plaza	Poland	2008	100	Perpetual usufruct	Completed	Planning permit pending	33,000
Leszno Plaza	Poland	2008	100	Perpetual usufruct	Completed	Planning permit valid	16,000
Liberec Plaza	Czech Republic	2006	100	Ownership	Completed	Operational shopping center (starting Q1 2009)	17,000
Roztoky	Czech Republic	2007	100	Ownership	Completed	Building permit valid	14,000(*)
Riga Plaza	Latvia	2004	50	Ownership	Completed	Operational shopping center (starting Q1 2009)	49,000
Bangalore	India	2008	23.75	Ownership	In process	Under negotiations	320,000(*)
Chennai	India	2008	38	Ownership	In process (75 acres out of 84 acres are registered already)	Under negotiations	1,060,000(*)
Koregaon Park	India	2006	100	Ownership	Completed	Operational shopping center (starting Q1 2012)	110,000(*)
Kharadi	India	2007	50	Ownership	Completed	Partial building permit valid	250,000(*)
Trivandrum	India	2007	50	Ownership	Completed	Under negotiations	120,000(*)
Casa Radio	Romania	2007	75	Leased for 49 years	Completed	Detailed Zoning Planning permit valid	600,000(*)
Timisoara Plaza	Romania	2007	100	Ownership	Completed	Zoning valid	38,000

(*) GBA (sqm)

NOTE 10 - TRADING PROPERTIES (Cont.)

		December 31, 2012		General information			
			Share holding		Status of		
Project	Location	Purchase/transaction year	Rate (%)	Nature of rights	Registration of land	Permit status	Planned GLA (sqm)
Iasi Plaza	Romania	2007	100	Ownership	Completed	Planning permit valid	58,000
Slatina Plaza	Romania	2007	100	Ownership	Completed	Planning permit valid	17,000
Targu Mures Plaza	Romania	2008	100	Ownership	Completed	Planning permit valid	30,000
Hunedoara Plaza	Romania	2008	100	Ownership	Completed	Planning permit valid	13,000
Constanta Plaza	Romania	2009	100	Ownership	Completed	Existing building	18,000
Belgrade Plaza	Serbia	2007	100	Ownership	Completed	Under negotiations	70,000(*)
Kragujevac Plaza	Serbia	2007	100	Currently Construction lease period (99 years) with subsequent ownership	Completed	Operational shopping center (starting Q1 2012)	22,000
Sport Star Plaza	Serbia	2007	100	Ownership	Completed	Location Permit valid	40,000
Shumen Plaza	Bulgaria	2007	100	Ownership	Completed	Planning permit valid	20,000
Dream Island (Budapest)	Hungary	2003	43.5	Ownership	Completed	Valid zonning	350,000(*)
Arena Plaza Extension	Hungary	2005	100	Land use rights	Completed	Building permit valid	40,000
Uj Udvar	Hungary	2007	35	Ownership	Completed	Building permit pending	16,000
Piraeus Plaza	Greece	2002	100	Ownership	Completed	Building permit valid	26,000
Miercurea Ciuc Plaza	Romania	2007	100	Ownership	Completed	Planning permit valid	14,000

(*) GBA (sqm)

NOTE 11 - PROPERTY AND EQUIPMENT

	Land and buildings	Equipment	Fixtures and fittings	Airplane (1)	Total
Cost					
Balance at 31 December, 2010	**7,057**	**5,592**	**1,397**	**4,737**	**18,783**
Additions	-	123	-	-	123
Disposals	-	(50)	-	-	(50)
Exchange rate effect	-	(111)	-	-	(111)
Balance at 31 December, 2011	**7,057**	**5,554**	**1,397**	**4,737**	**18,745**
Additions	-	417	-	-	417
Disposals	-	(592)	-	-	(592)
Exchange rate effect	-	(25)	-	-	(25)
Balance at 31 December, 2012	**7,057**	**5,354**	**1,397**	**4,737**	**18,545**
Accumulated depreciation					
Balance at 31 December, 2010	**2,563**	**3,104**	**986**	**769**	**7,422**
Depreciation and impairment expenses (*)	43	518	34	1,798	2,393
Disposals	-	(23)	-	-	(23)
Exchange rate effect	-	(73)	-	-	(73)
Balance at 31 December, 2011	**2,606**	**3,526**	**1,020**	**2,567**	**9,719**
Depreciation and impairment expenses (*)	85	400	34	576	1,095
Disposals	-	(355)	-	-	(355)
Exchange rate effect	-	(23)	-	-	(23)
Balance at 31 December, 2012	**2,691**	**3,548**	**1,054**	**3,143**	**10,436**
Carrying amounts					
At 31 December, 2012	4,366	1,806	343	1,594	8,109
At 31 December, 2011	4,451	2,028	377	2,170	9,026
At 31 December, 2010	4,494	2,488	411	3,968	11,361

Major additions/ disposals/ impairments during the period

(1) The airplane of the Company is pledged as a security for a bank facility utilized for the purchase of the airplane.

(2) In 2012, the Company recorded a loss due to impairment of its airplane of EUR 0.4 million, based on external valuation (2011- impairment of EUR 1.6 million).

NOTE 12 - INVESTMENT PROPERTY

	December 31, 2012	December 31, 2011
Balance at 1 January	272,348	238,702
Capital expenditures on investment properties	1,949	2,438
Effect of movements in exchange rate	4,656	8,923
Disposal of US investment property (refer to note 34(B))	(263,047)	-
Acquisitions (refer to note 34 (A))	-	14,201
Fair value revaluation (refer to notes 29, 36)	(1,417)	8,084
Balance at 31 December	14,489	272,348

With the exception of the EUR 0.8 million uplift in the Investment property in the Czech Republic (refer also to note 29) all 2012 movements are in connection with the assets disposed in the US.

NOTE 12 - INVESTMENT PROPERTY (Cont.)

Investment property in the Czech Republic

As of December 31, 2012, the Company has one Investment property, which is a logistics building in Prague that is leased to third parties. Generally, leases contain an initial period of 6 months to 2 years.

Subsequent renewals are negotiated with the lessees. The vast majority of the contracts for the Prague logistic building are denominated in, or linked, to the EUR. For the Company's policy for determining the fair value of the investment property refer to note 4.

The yield used for fair value valuation was 7.5% for 2012 (2011- 7.3%), and the value determined was EUR 14.5 million for 2012 (2011- EUR 13.6 million).

NOTE 13 - PROPORTIONATE CONSOLIDATION

The following amounts are included in the Group's financial statements as a result of proportionate consolidation of companies:

	2012	2011
Current assets	237,580	243,874
Non-current assets	833	260,781
Current liabilities	68,758	118,439
Non-current liabilities	17	144,735
Non-controlling interests	6,214	7,289

	For the year ended December 31,	
	2012	2011
Revenues and other income	12,304	41,154
Expenses and tax	(36,115)	(51,268)
Net loss	(23,811)	(10,114)

Main change in 2012 is attributable to the disposal of US assets (refer to note 34(B)).

NOTE 14 - DERIVATIVES

The table below summarizes the results of the 2012 derivatives activity, as well as the outstanding derivatives as of December 31, 2012:

Derivative type	Hedged amount as of December 31, 2012	Value of derivatives at December 31, 2012	Income statement gain (loss)in 2012	Maturity date of derivative
Options on currency (1),(7)	N/A	N/A	11,683	N/A
Cross currency IRS 1 (2)	PLN 60 million	(817)	966	November 2013
Cross currency interest rate swap 2 (3)	N/A	N/A	419	N/A
Interest rate swap 1 (4)	EUR 25 million	(706)	(62)	June 2014
Interest rate swap 2 (5)	EUR 30 million	(1,136)	(462)	December 2014
Interest rate swap 3 (6)	EUR 35.5 million	(661)	(661)	December 2017
Total		(3,320)	11,883	

(1) Selling options strategy (by writing call and put options through Major Israeli and foreign banks) in order to hedge its foreign currency risk (EUR-NIS) inherent in its long term debentures series A and series B issued in NIS.

(2) The Company is paying a fixed interest of 6.98% based on a nominal EUR amount of EUR 15.1 million and receiving an interest of six months WIBOR + 4.5% with the same amortization schedule as the Polish bonds (refer to note 21).

(3) The Company paid interest of 6.82 % and received 4.5% interest linked to the Israeli CPI with the same amortization schedule as the series A Debentures. The swap was settled in January 2012 for a cash consideration of EUR 0.2 million.

(4) In respect of Suwalki project loan. The project company will pay fixed interest rate of 2.13% and receives EURIBOR three months on a quarterly basis, until June 30, 2014.

(5) In respect of Kragujevac project loan. The project company will pay fixed interest rate of 1.85% and receives EURIBOR three months on a quarterly basis, until December 31, 2014.

(6) In respect of Torun project loan. The project company will pay fixed interest rate of 1% and receives EURIBOR three months on a quarterly basis, until December 31, 2017.

(7)In 2013 the Company continued its activity with option on currency, and received premiums in connection with this amount totalling EUR 3 million. The options matures in June 2013. Cash deposit guarantees were placed in respect of this activity in a total amount of EUR 6 million.

Regarding pledges in respect of derivative activity refer to note 33d(2).

None of the abovementioned activities (including 2013 transactions) is qualified for hedge accounting.

NOTE 15 - INTEREST BEARING LOANS FROM BANKS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, refer to note 32. All interest bearing loans from banks are secured. Terms and conditions of outstanding loans were as follows:

	December 31, 2012	December 31, 2011
Non-current loans		
Investment property secured bank loans	3,175	140,335
Other secured bank loans	2,598	12,052
	5,773	152,387
Current loans (including current maturities of long term loans		
Trading properties secured bank loans	246,377	227,624
Investment property secured bank loans	469	22,402
Other secured bank loans	17,450	46,209
	264,296	296,235

Below is the breakdown of all outstanding group loans:

				December 31,	
				2012	2011
	Nominal interest rate	Currency	Year of maturity	Carrying amount	
Trading property secured bank loan (1)	3M EURIBOR+2.5%	EUR	2014	31,925	33,323
Trading property secured bank loan (2)	3M EURIBOR+3%	EUR	2017	49,028	33,845
Trading property secured bank loan	3M EURIBOR+2.7%	EUR	2014	21,064	21,800
Trading property secured bank loan	3M EURIBOR+3%	EUR	2015	20,664	20,285
Trading property secured bank loan	3M EURIBOR+3%	EUR		-	2,040
Trading property secured bank loan	3M EURIBOR+2.5%	EUR		-	3,772
Trading property secured bank loan (2)	3M EURIBOR+1.65%	EUR	2020	32,303	32,963
Trading property secured bank loan (1)	3M EURIBOR+2.75%	EUR	2016	21,608	20,811
Trading property secured bank loan (1),(2)	3M EURIBOR+5%	EUR	2027	30,123	17,820
Trading property secured bank loan	3M EURIBOR+2.25%	EUR		-	5,927
Trading property secured bank loan	13.25%	INR	2021	26,943	29,016
Trading property secured bank loan	11.5%	INR	2013	6,987	-
Trading property secured bank loan (1)	3M EURIBOR+3.5%	EUR	2013	4,100	4,100
Trading property secured bank loan	3M EURIBOR+5.5%	EUR	2013	882	1,172
Trading property secured bank loan	3M EURIBOR+4.5%	EUR	2013	750	750
				246,377	**227,624**
Other secured bank loans	3M EURIBOR+0.5%	EUR		-	6,867
Other secured bank loans	3M EURIBOR+0.4%	EUR		-	26,225
Other secured bank loans	12M EURIBOR+0.4%	EUR		-	10,000
Other secured bank loans (1)	6M TELBOR+6%	NIS	2013	17,268	12,150
Other secured bank loans	3M USD LIBOR+4%	USD	2014	2,780	3,019
				20,048	**58,261**
US portfolio bank loans	4.91%-6.4%	USD		-	158,624
Investment property secured bank loan	3M EURIBOR+1.75%	EUR	2016	3,644	4,113
				3,644	**162,737**
Total interest bearing liabilities				**270,069**	**448,622**

(1) Refer to note 33 (d) for details on breach of certain covenants.
(2) IRS on bank loans – refer to note 14.

NOTE 16 - TRADE PAYABLES

	Currency	December 31, 2012	December 31, 2011
Construction related payables	Mainly in EUR, PLN	4,373	25,610
Other trade payables		4,375	1,719
		8,748	27,329

Main decrease in 2012 is attributable to settling with construction suppliers in respect of the Torun shopping center in Poland which was opened in November 2011.

NOTE 17 - RELATED PARTIES

	Currency	December 31, 2012	December 31, 2011
EI Group- ultimate parent company – expenses recharged	EUR, USD	109	1,389
Other related parties (*)	EUR	15	452
EUL (parent company)	EUR, USD	387	387
		511	2,228

(*) Liability to Control Centers group, a group of companies which provides project consulting and supervision services and controlled by the ultimate parent company's controlling shareholder.

For payments (including share based payments) to related parties refer to note 35. Transactions with related parties are priced at an arm's length basis.

NOTE 18 - PROVISIONS

The Group's provision in respect of liability to the Romanian government is due to the Company's commitment to construct an office building for the Bucharest municipality as part of the public-private partnership agreement in respect to the Casaradio Project in Bucharest. The provision is expected to be settled by 2015. Aggregately, and as of December 31, 2012, an amount of EUR 1.5 million was utilized from the provision.

NOTE 19 - OTHER LIABILITIES

Short term	Currency	December 31, 2012	December 31, 2011
Advance payment received (1)	EUR	6,528	11,032
Loan from partners in subsidiaries (2)	EUR	1,244	7,807
Government institutions and fees (3)	Mainly USD	2,390	3,139
Accrued expenses and commissions	EUR	727	1,941
Obligation in respect of plot purchase	Mainly EUR	1,801	1,448
Accrued bank interest	Mainly EUR	813	1,130
Salaries and related expenses	EUR, HUF, PLN, CZK, USD	364	633
Other	HUF, PLN, CZK	227	334
Total		14,094	27,464

(1) 2012 decrease is mainly attributable to utilization of advances from tenants in India in respect of selling offices in India (refer also to note 26).
(2) 2012 decrease is mainly due to disposal of a plot in Bulgaria (refer also to note (34(N)).
(3) 2012 - Mainly due to liability to US tax authorities in respect of US transaction (refer to note 6(2) for cash restriction due to this liability).

NOTE 20 - LONG TERM DEBENTURES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company is presenting part of its debentures Series A (raised in July 2007) and debentures Series B (raised in February and May 2008) at fair value through profit or loss. Both debentures principal are linked to the change in the Israeli Consumer Price Index ("CPI"). Accrued interest on both debentures is paid every six months. Debentures Series A and Series B raised from 2009 onwards are presented at amortized cost (refer to note 21). Below is a summary of information on the debentures presented at fair value through profit or loss:

	Series A debentures			Series B debentures			
	Fair value	CPI adjusted	Par value	Fair value	CPI adjusted	Par value	Total Par value
January 1, 2012 (NIS)	170,839	266,986	228,852	536,547	722,212	638,366	867,218
Repayment 2012 (NIS) (*)			(34,330)			(159,592)	(193,922)
Buyback programme (**)			(22,870)			-	(22,870)
December 31, 2012 (NIS)	138,366	203,150	171,652	433,147	549,490	478,774	650,426
January 1, 2012 (EUR)	65,538	64,113	56,353	194,777	185,817	168,420	
December 31, 2012 (EUR)	28,120	41,286	34,884	88,027	111,671	97,300	

(*) One sixth of outstanding Series A bond was repaid on December 31, 2012 and one fourth of outstanding debentures Series B was repaid on July 1, 2012.

(**)Regarding the buyback programme of long term debentures refer to note 34 (G).

Both debentures series are rated (effective as of the date of signing these financial statements) ilBBB- by S&P Maalot Ltd. on a local scale (down from ilBBB+/stable in December 2012) and Ba1/Negative by Midroog Ltd., the Israeli Credit Rating Agency and an affiliate of Moody's Investors Service (Down from Baa1/Negative in March 2013). Debentures Series A bears an annual interest rate of 4.5% (paid semi-annually) with 8 annual equal principal instalments between December 2010 and 2017. Debentures Series B bears an annual interest rate of 5.4% (paid semi-annually) with 5 annual equal principal instalments between July 2011 and 2015.

NOTE 21 - LONG TERM DEBENTURES AT AMORTISED COST

Bonds issued in Israel

	Series A debentures	Series B debentures			
	Par value	Par value	Total	CPI adjusted	CPI adjusted
	TNIS	**TNIS**	**TNIS**	**TNIS**	**TEUR**
January 1, 2012 (NIS)	52,152	365,156	417,308	473,959	95,980
Repayment (1)	-	(86,074)	(86,074)		
Buyback programme (2)	(52,152)	(27,831)	(79,983)		
December 31, 2012	-	251,251	251,251	288,362	58,603(3)

(1) One sixth of outstanding Series A bond was repaid on December 31, 2012 and one fourth of outstanding debentures Series B was repaid on July 1, 2012.

(2) Regarding the buyback programme of long term debentures refer to note 34 (G).

(3) Before offset of unamortized cost of raising debentures in the amount of EUR 0.1 million.

NOTE 21 - LONG TERM DEBENTURES AT AMORTISED COST (cont.)

Bonds issued in Poland

On November 16, 2010, the Company completed the first tranche of a bond offering to Polish institutional investors. The Company raised a total of PLN 60 million (approximately EUR 15.2 million). The unsecured bearer bonds governed by Polish law (the "Bonds") have a three year maturity at an interest rate of six months Wibor plus 4.5%. Interest is paid every six months and principal after three years. For debt covenants refer to note 33d(3). As of December 31, 2012, the amortized cost is EUR 14.7 million (December 31, 2011- EUR 13.4 million). For information on cross currency IRS on the Bonds refer to note 14.

NOTE 22- RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes recognized are attributable to the following:

Assets/(liabilities) 2012	December 31, 2011	Recognized in Profit or loss/comprehensive income from continuing operation	Reclassified as liability toward tax authorities	Discontinued operation	December 31, 2012
Investment property	(4,455)	994	1,542	916	(1,003)
Property, equipment and other assets	(309)	(1)	-		(310)
Fair value adjustment of interest bearing loan from banks – US business combination	316	-	-	(316)	-
Debentures and structures at fair value through profit or loss	(14,496)	4,908	-		(9,588)
Derivatives	(1,391)	(178)	-		(1,569)
Available for sale financial assets (*)	446	(630)	-		(184)
Tax value of loss carry-forwards recognized	4,532	1,175	-		5,707
Deferred tax liability, net	(15,357)	6,268	1,542	600	(6,947)

(*) Change included in comprehensive income

NOTE 22- RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES (cont.)

Assets/(liabilities) 2011	December 31, 2010	Recognized in Profit or loss/comprehensive income	Discontinued operation	December 31, 2011
Investment property	(789)	(46)	(3,620)	(4,455)
Property, equipment and other assets	(304)	(5)	-	(309)
Fair value adjustment of interest bearing loan from banks – US business combination	282	-	34	316
Debentures and structures at fair value through profit or loss	-	(14,496)	-	(14,496)
Derivatives	-	(1,391)	-	(1,391)
Available for sale financial assets (*)	-	446	-	446
Tax value of loss carry-forwards recognized	137	3,085	1,310	4,532
Deferred tax liability, net	(674)	(12,407)	(2,276)	(15,357)

(*) Change included in comprehensive income

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of tax losses in a total amount of EUR 92 million (2011: EUR 80 million).

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from. Main decrease is due to operation in Central and Eastern Europe.

As of December 31, 2012 the expiry date status of tax losses to be carried forward is as follows:

Total tax losses carried forward	**2013**	**2014**	**2015**	**2016**	**2017**	**After 2017**
119,742	7,560	9,815	13,583	17,415	11,975	59,394

Tax losses are mainly generated from operations in Czech Republic, Romania, Serbia, Latvia and the Netherlands. Tax settlements may be subjected to inspections by tax authorities. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

NOTE 23 - EQUITY

	Remarks	December 31, 2012	2011
		Number of shares	
Authorized ordinary shares of par value EUR 0.01 each		1,000,000,000	1,000,000,000
Issued and fully paid:			
At the beginning of the year		297,174,515	296,722,129
Exercise of share options	See (a) below	11,623	452,386
At the end of the year		297,186,138	297,174,515

a. In the course of 2011, 951,564 vested options were exercised into 452,386 shares of EUR 0.01. In the course of 2012, 108,335 vested options were exercised into 11,623 shares of EUR 0.01.

Other Capital reserve due to share option plans

Other capital reserve is in respect of Employee Share Option Plans ("ESOP") in the total amount of EUR 34,889 as of December 31, 2012 (2011 – EUR 33,470). Regarding the amendments of ESOP and ESOP No. 2 and its effect on other capital reserves refer to note 25.

Translation reserve

The translation reserve comprises, as of December 31, 2012, all foreign exchange differences arising from the translation of the financial statements of foreign operations in India.

Dividend policy

The payment of dividends is dependent on the financial performance and condition of the Group, the Company's financial position and the capital and anticipated working capital requirements of the Group. The distribution of dividend is based upon the statutory report's distributable results and retained earnings of the Company itself. Subject to mandatory provisions of Dutch laws, and the agreement reached with bond holders (refer to note 34(I)), the dividend policy will reflect the long-term earnings and cash flow potential of the Group, taking into account the Group's capital requirements, while at the same time maintaining an appropriate level of dividend cover. Regarding interim dividend paid in 2011, refer to note 34 (H).

Capital reserve from acquisition of Non-controlling interest without a change in control

Regarding the abovementioned capital reserve, refer to note 34 (B).

NOTE 24 - EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2012 was based on the loss attributable to ordinary shareholders of EUR 86,163 thousand (2011: profit of EUR 9,346 thousand) and a weighted average number of ordinary shares outstanding of 297,181 thousand (2011: 296,995 thousand).

NOTE 24 - EARNINGS PER SHARE (cont.)

Weighted average number of ordinary shares

In thousands of shares with a EUR 0.01 par value	December 31,	
	2012	**2011**
Issued ordinary shares at 1 January	297,175	296,722
Share based payment - exercise of options	6	273
Weighted average number of ordinary shares at 31 December	297,181	296,995

The calculation of diluted earnings per share from continuing operations for comparative figures is calculated as follows:

Weighted average number of ordinary shares (diluted)

In thousands of shares with a EUR 0.01 par value	December 31,	
	2012	**2011**
Weighted average number of ordinary shares (basic)	297,181	296,995
Effect of share options on issue	792	4,527
Weighted average number of ordinary shares (diluted) at 31 December	297,973	301,522

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

Refer to note 37 for calculations of earnings per share from discontinued operation.

NOTE 25 - EMPLOYEE SHARE OPTION PLAN

On October 26, 2006 the Company's Board of Directors approved the grant of up to 33,834,586 non-negotiable options by the Company's ordinary shares to the Company's board members, employees in the company and other persons who provide services to the Company including employees of the Group ("Offerees"). The options were granted to the Offerees for no consideration.

On November 22, 2011 the Company's general shareholders meeting and the Board of Directors approved to amend the 1st ESOP to extend the Option Term (i.e., as defined in the 1st ESOP, being the term during which options can be exercised under the 1st ESOP) from seven (7) to ten (10) years from the Date of Grant. As a result the Company record an incremental fair value of EUR 955,433 which is included in the consolidated income statement.

Furthermore, 2nd ESOP plan was adopted On November 22, 2011 which is based on the terms of the 1st ESOP as amended in accordance with the terms as referred to above, with a couple of amendments, the most important of which is the total number of options to be granted under the 2nd ESOP is fourteen million (14,000,000) and a cap of GBP 2. It is noted that, on the basis of all 14,000,000 options being granted under the 2nd ESOP and fully exercised thereafter, this would have an effect of dilution of up to three percent (3%) (On fully diluted basis) of the issued share capital as of the date of this notice.

NOTE 25 - EMPLOYEE SHARE OPTION PLAN (cont.)

On November 22, 2012 the Company's general shareholders meeting and the Board of Directors approved to amend the 1st ESOP to extend the Option Term (i.e., as defined in the 1st ESOP, being the term during which options can be exercised under the 1st ESOP) from ten (10) to fifteen (15) years from the Date of Grant. As a result the Company record an incremental fair value of EUR 0.5 million which is included in the consolidated income statement.

Exercise of the options is subject to the following mechanism:

Grant date / employees entitled	Number of options	Vesting conditions	Contractual life of options(1)
ESOP No.1			
Option grant to key management at October 27, 2006	13,368,073	see (3) below	15 years
Option grant to employees at October 27, 2006	2,349,188	see (3) below	15 years
Total granted in 2006	15,717,261	see (3) below	15 years
Total granted in 2007 (2)	1,314,073	see (3) below	15 years
Total granted in 2008 (2)	977,221	see (3) below	15 years
Total granted in 2009 (2)	575,002	Three years of service	15 years
Total granted in 2010 (2)	25,000	Three years of service	15 years
Total granted in 2011(2)	205,000	Three years of service	15 years
			15 years
ESOP No.2			
Total granted in 2011 (2)	5,044,000	Three years of service	
Total granted in 2012 (2)	970,000	Three years of service	10 years
Total share options Granted	24,827,557		

(1) Following the modification of ESOP, the contractual life for stock options granted changed from 10 years to 15 years

(2) Share options granted to key management: 2007 – 200,000 share options; 2008 - 360,000 share options; 2009 - 73,334 share options; 2012 – 3,675,000 share options.

(3) Vesting conditions – refer to modification of employee share option paragraph above.

On exercise date the Company shall allot, in respect of each option so exercised, shares equal to the difference between (A) the opening price of the Company's shares on the LSE (or WSE under certain conditions) on the exercise date, provided that if the opening price exceeds GBP 3.24, the Exercise Price the opening price shall be set at GBP 3.24 (Except 2nd ESOP as stated above) of the Exercise Price; less (B) the Exercise Price of the Options; and such difference (A minus B) will be divided by the opening price of the Company's Shares on the LSE (or WSE under certain conditions) on the exercise date. The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares:

NOTE 25 - EMPLOYEE SHARE OPTION PLAN (cont.)

	Weighted average exercise price (*)	Number of options	Weighted average exercise price	Number of options
	2012	2012	2011	2011
	GBP		GBP	
Outstanding at the beginning of the year	0.46	26,905,132	0.61	24,889,225
Exercised during the year	0.42	(108,335)	0.53	(951,564)
Forfeited during the period - back to pool	0.96	(2,989,240)	1.40	(3,201,529)
Granted during the year	0.47	1,190,000	0.46	6,169,000
Outstanding at the end of the year	0.43	24,997,557	0.43	26,905,132
Exercisable at the end of the year		12,471,556		19,380,787

(*)-The options outstanding at 31 December 2012 have an exercise price in the range of GBP 0.39 to GBP 1.32 (app. EUR 0.48 - EUR 1.61), and have weighted average remaining contractual life of 10.3 years. The weighted average share price at the date of exercise for share options exercised in 2012 was GBP 0.48 (2011: GBP 0.88).

Following the modifications of the option plan, the maximum number of shares issuable upon exercise of all outstanding options as of the end of the reporting period is 33,176,682. The estimated fair value of the services received is measured based on a binomial lattice model using the following assumptions:

	Key management personnel 2012(*)	Key management personnel 2011	Employees 2012(*)	Employees 2011
	EUR	EUR	EUR	EUR
Fair value of share options and assumptions				
Fair value at measurement date (in EUR)(*)	131,368	812,885	144,017	470,406
Weighted average Exercise price	0.52	0.46	0.46	0.46
Expected volatility	47.69%-59.8%	33.09%-51.67%	39.75%-59.8%	33.09%-51.67%
Weighted average share price (Gbp)	0.50	0.43	0.46	0.47
Suboptimal exercise multiple	2	2	1.5	1.5
Expected dividends	-	-	-	-
Risk-free interest rate (based on the yield rates of the non indexed linked UK treasury bonds)	0.31%-3.06%	0.46%-5.49%	0.24%-4.13%	0.46%-5.49%

(*) not including information in respect of the amendment of the 1st ESOP.

During 2012 the total employee costs for the share options granted (including the modifications) was EUR 769 (2011 – EUR 2,446).

NOTE 25 - EMPLOYEE SHARE OPTION PLAN (cont.)

Since the Company has been a publicly traded company starting November 2006, there is not enough information concerning Plaza share price. Therefore, in order to derive the expected stock price volatility, analysis was performed based on the data of Plaza, and of three other companies operating in the similar segment, which have similar market capital and are traded at the Warsaw Stock Exchange. In an attempt to estimate the expected volatility, first calculation of the short-term standard deviation (standard deviation of company's share during one year as of the options' Grant Date) has been done. In the next stage, calculation of the long-term standard deviation (standard deviation for the period starting one year prior to the Grant Date for the remaining period of the plan) has been done, where the weight of the standard deviation for the Company was ranging between 45% -65% and the weight of the average of standard deviations of comparative companies was 35% – 55% (2011: the same)The working assumption is that the standard deviation of the underlying asset yield converges in the long term with the multi-year average.

Elbit Plaza US share based plan

In August 2011, EPUS (a 50% held joint venture Partnership of the Company, together with EI, it's principal shareholder) initiated a EPUS 2011 Incentive Plan (the "2011 EPUS Incentive Plan") that provides for the grant of options exercisable into up to 500,000 Participation Units of EPUS to employees, directors and officers of the Company and of affiliate companies, at an exercise price per option of USD 17 (EUR 13). The exercise price of each option will be reduced upon any event that EPUS makes cash distributions of the proceeds to all Partners or repays the Partners and/or any Affiliate any outstanding loan, interest, charges and/or current debt, etc.

Under the 2011 EPUS Incentive Plan, upon winding up of EPUS the entire amount of 500,000 Participation Units shall entitle their holders to receive 5% of an amount which equals to any and all amounts that EPUS has received from all sources of income less the costs and expenses pertaining to the applicable transaction and less any and all taxes paid or payable if any with respect to such transaction. The options expire 3.5 years following the date of grant.

During 2012 and as part of the U.S transaction (refer to note 34(B)) the Administration of the plan accelerates the vesting period.

	2012		2011	
	Number of options (*)	Weighted average exercise price (USD)	Number of options (*)	Weighted average exercise price (USD)
Balance at the beginning of the year	488,750	12.74	-	-
Granted	11,250	12.74	488,750	17
Exercised	(500,000)	1.9		
Balance at the end of the year (*)	-		488,750	12.74
Options exercisable at the year end	-		-	
(*) Includes options granted to the Company's key personnel	-	-	117,500	12.74

NOTE 25 - EMPLOYEE SHARE OPTION PLAN (cont.)

Elbit Plaza US share based plan (cont.)

The average estimated fair value of the options was calculated based on the Binomial model based on a valuation of a third party expert, using the following assumptions:

	Year ended December 31
	2011
Risk free interest rate (%)	0.48
Exercise coefficient	None
Contractual term	3.5
Expected volatility (%)	51.1
Expected dividend yield	None
Forfeited (%)	0
Total cost of benefit (USD thousand)	8,060

PCI and EPI Share Option plans

On March 14, 2011 ("Date of grant") the Company's direct subsidiaries PCI and EPI ("Companies") granted non-negotiable Options, exercisable into the Companies' Ordinary Shares, to employees, directors and officers of the Companies and/or Affiliates of the Companies. The options were granted for no consideration and have 3 years of vesting with contractual life of 7 years following the Date of Grant of such Options. PCI had granted 14,212 Share options with exercise price of EUR 227 per option. EPI had granted 51,053 share options with exercise price of EUR 0.01 per option. PCI and EPI commons shares valuation methodology was based on NAV Model. The expected stock price volatility was based on 5 Indian publicly traded real estate companies and set to range 43.31%-54.4%. The Annual risk free Interest rate range was: 1.25% -4.03%. The suboptimal exercise multiple for Key management personnel were set to 2 and for Employees 1.5 in 2011. As a result the Plaza recorded options costs of EUR 0.75 million in the income statement. The Option Plans include, among others, a Cashless Exercise mechanism prior to/following IPO and Conversion upon the Listing of a Subsidiary.

The total number of Underlying Shares reserved for issuance under PCI Plan and EPI Plan and any modification thereof shall be 14,697 Underlying Shares and 52,600 Underlying Shares, respectively (representing approximately 5% of the share capital of the Companies on a fully diluted basis, inclusive of all Underlying Shares).

Cash settled share based payment transaction with the former Vice Chairman of EI,

On October 27, 2006, the Company entered into an agreement with the former Executive Vice-Chairman of EI ("VC") who had responsibility for the Company's operations in India, under which the VC will be entitled to receive options ("the Options") to acquire up to 5% of PC India Holdings Public Company Ltd ("holding company") through which the Company will carry on its operations in India. The options are fully vested as of December 31, 2012.

NOTE 25 - EMPLOYEE SHARE OPTION PLAN (cont.)

The vested options may be exercised at any time, at a price equal to 5% of the Company's net equity investment made in the projects as at the Option exercise date plus interest at the rate of LIBOR USD plus 2% per annum from the date of the investment until the Options exercise date ("Exercise price").

VC has cash-in right to require the Company to purchase shares held by him following the exercise of the Options, at a price to be determined by an independent valuator. As of December 31, 2011, the liability recorded in these financial statements in respect of this agreement, is EUR 0.4 million. The total income recorded in the income statements in 2012 totalled EUR 0.6 million. VC ceased to be considered as a related party effective June 30, 2010.

NOTE 26 - REVENUES

	Continuing Operations		Discontinued Operation (refer to note 37)		Total	
	2012	2011	2012	2011	2012	2011
Rental income from tenants (1)	20,543	9,995	13,907	25,528	34,450	35,523
Operation of entertainment centers (2)	6,911	7,121	-	-	6,911	7,121
Management fees	6,327	4,859	-	-	6,327	4,859
Revenue from selling trading properties (3)	6,372	712	-	-	6,372	712
Other	1,440	775	-	-	1,440	775
Total	**41,593**	**23,462**	**13,907**	**25,528**	**55,500**	**48,990**

(1) As of the end of the reporting period, the main rental income from continuing operations is derived from projects in Latvia, Poland, India, Serbia and the Czech Republic. Refer to note 36 for segment breakdown of revenues.

(2) Revenue from operation of entertainment centers is attributed to a subsidiary of the Company trading as "Fantasy Park" which provides gaming and entertainment services in active shopping centers. As of December 31, 2012, these subsidiaries operate in 13 shopping centers. Regarding the expected settlement to be reached in respect of legal claims against Fantasy park refer to note 33 (C).

(3) Main revenue from selling trading properties in 2012 is mainly due to selling office units in India. The revenue of EUR 6 million generated a profit in 2012 in a total amount of EUR 2.4 million.

NOTE 27 - COST OF OPERATIONS

	For the year ended December 31,	
	2012	2011 (a)
Direct expenses:		
Property operations and maintenance (b)	8,064	5,465
Cost of sold trading properties (refer to note 26 (3)).	3,920	603
Salaries and related expenses	356	136
Initiation costs	-	387
Local taxes	1,525	1,391
	13,865	7,982
Operations of entertainment centers	6,227	6,442
	20,092	14,424
Depreciation and amortization	293	425
	20,385	14,849

(a) Reclassification due to discontinued operation – refer to note 36. Reclassification was also performed to present separately the operations of entertainment centers.

(b) 2012 - Includes EUR 4.0 million of energy related expenses and EUR 4.1 million due to other utilities expenses. 2011 – Includes EUR 3.3 million of energy related expenses and EUR 2.2 million due to other utilities expenses.

NOTE 28 - ADMINISTRATIVE EXPENSES

	For the year ended December 31,	
	2012	2011(1)
Selling and marketing expenses		
Advertising and marketing	2,919	1,423
Salaries and relating expenses	1,130	971
Others	50	41
	4,099	2,435
General and administrative expenses		
Salaries and related expenses (2)	5,743	8,472
Depreciation and amortization	403	630
Professional services	4,366	4,317
Travelling and accommodation	891	1,077
Offices and office rent	934	1,038
Others	412	887
	12,749	16,421
Total	**16,848**	**18,856**

General and administrative

(1) Salaries and related expenses reclassified to discontinued operation – refer to note 37.
(2) Including non-cash expenses due to the share option plan from continuing operations in the amount of EUR 0.2 million (2011- EUR 3.1 million) refer to note 25 for more details on share based payments.

NOTE 29 - OTHER INCOME AND OTHER EXPENSES

	For the year ended December 31,	
	2012	2011 (1)
a. Other income		
Gain from selling property and equipment	13	4
Change in fair value of investment property	837	-
Gain from disposal of trading property plots (2)	1,410	-
Other income	503	165
Total other income	2,763	169
b. Other expenses		
Impairment of property and equipment (3)	(450)	(1,588)
Change in fair value of investment property (4)	-	(195)
Other expenses	(672)	-
Total other expenses	(1,122)	(1,783)
Total	**(1,641)**	**(1,614)**

(1) 2011 Reclassification due to discontinued operation – refer to note 37.
(2) In respect of selling trading property plots in Bulgaria and Hungary, refer to note 34(N).
(3) Refer to note 11.
(4) Reclassified from revenues of 2011.

NOTE 30 - NET FINANCE INCOME (COSTS)

	For the year ended December 31,	
Recognized in profit or loss	2012	2011(1)
Changes in debentures measured at fair value through profit or loss (2)	-	59,891
Gain from bonds buyback programme (refer to note 34 (M))	4,333	7,879
Interest income on bank deposits	1,182	3,003
Finance income from available for sale financial assets	712	2,017
Interest income on structured deposits	2,085	5,221
Finance income from hedging activities through sell of options	11,683	5,212
Foreign exchange gain on debentures	-	19,418
Changes in fair value of derivatives	199	-
Interest from loans to related parties	321	377
Finance income	**20,515**	**103,018**
Interest expense on bank loans and debentures (including CPI)	(33,555)	(35,958)
Changes in fair value of derivatives	-	(16,622)
Interest expenses on loans on structures	(497)	(635)
Changes in debentures measured at fair value through profit or loss (2)	(19,032)	-
Foreign exchange losses on debentures	(2,033)	-
Loss from available for sale financial assets sold	(1,222)	-
Changes in fair value of structured deposit	(45)	(1,320)
Foreign exchange losses on bank deposits, bank loans	(1,091)	(3,140)
Cost of raising loans amortized to profit or loss	(676)	-
Other finance expenses	(710)	(511)
	(58,861)	(58,186)
Less- borrowing costs capitalized to trading properties under development	21,806	29,154
Finance costs	**(37,055)**	**(29,032)**
Net finance income (expenses)	**(16,540)**	**73,986**

(1) Regarding reclassification of 2011 finance expense due to discontinued operation refer to note 37.

(2) The change in fair value includes a total of EUR 2.8 million (2011 – EUR 60.1 million) attributable to the credit risk of the Company.

NOTE 31 - TAXES

Tax recognized in profit or loss

	For the year ended December 31,	
	2012	2011(1)
Current year	1,435	103
Deferred tax expense (benefit) (refer to note 22)	(6,898)	12,807
Total	**(5,463)**	**12,910**

Deferred tax expense (tax benefit)

	For the year ended December 31,	
	2012	2011(1)
Origination and reversal of temporary differences	(4,377)	16,051
Recognition of previously unrecognized tax losses	(2,521)	(3,244)
	(6,898)	12,807

Reconciliation of effective tax rate:

		For the year ended December 31,	
	%	**2012**	**2011(1)**
Dutch statutory income tax rate		25%	25%
Profit (loss) from continuing operations before income taxes		(89,440)	13,989
Tax at the Dutch statutory income tax rate	25%	(22,360)	3,497
Recognition of previously unrecognized tax losses	2.8%	(2,521)	(3,244)
Effect of tax rates in foreign jurisdictions	(7.6%)	6,817	6,108
Current year tax loss for which no deferred tax asset is provided	(2.0%)	1,809	8,775
Variances stemming from different measurement rules applied for the financial statements and those applied for income tax purposes	3.7%	(3,315)	(5,173)
Non-deductible expenses (tax exempt income) (2)	(15.8%)	14,107	2,947
Tax Expense (Tax benefit)	**(6.1%)**	**(5,463)**	**12,910**

(1) Refer to note 37 in respect of taxes connected with discontinued operation.
(2) 2012 – Mainly due to impairments not recognized for tax purposes.

NOTE 31 - TAXES (Cont.)

The main tax laws imposed on the Group companies in their countries of residence:

The Netherlands

a. Companies resident in the Netherlands are subject to corporate income tax at the general rate of 25%. The first EUR 200,000 of profits is taxed at a rate of 20%. Tax losses may be carried back for one year and carried forward for nine years. As part of the measures to combat the consequences of the economic crisis, taxpayers can elect for an extension of the loss carry back period to three years (instead of one year). The election is only available for losses suffered in the taxable years 2009, 2010 and 2011. If a taxpayer makes use of the election, two additional limitations apply: (i) the loss carry forward period for the taxable years 2009, 2010 and/or 2011 will be limited to a maximum of six years (instead of nine years); and (ii) the maximum amount of loss that can be carried back to the second and third year preceding the taxable year will be limited to EUR 10 million per year. The amount of loss that can be carried back to the year directly preceding the taxable year for which the election is made will remain unrestricted. As of the taxable year 2012, the election for extended loss carry back is not available anymore and the regular loss carry back and carry forward limitations apply.

b. Under the participation exemption rules, income (including dividends and capital gains) derived by Netherlands companies in respect of qualifying investments in the nominal paid up share capital of resident or non-resident investee companies, is exempt from Netherlands corporate income tax provided the conditions as set under these rules have been satisfied. Such conditions require, among others, a minimum percentage ownership interest in the investee company and require the investee company to satisfy at least one of the following tests:

- Motive Test, the investee company is not held as passive investment;

- Tax Test, the investee company is taxed locally at an effective rate of at least 10% (calculated based on Dutch tax accounting standards);

- Asset Test, the investee company owns (directly and indirectly) less than 50% low taxed passive assets.

USA

The US federal corporate income tax rate is 35%. Some states may also impose corporate income taxes, which vary from zero to approximately 12%, resulting in an effective corporate tax rate of generally around 40%. The federal tax rate on corporate capital gains is the same as that of ordinary income. The statutory withholding tax rate on US sourced income is generally 30%, which may be lowered under a relevant tax treaty.

NOTE 31 - TAXES (Cont.)

India

The corporate income tax rate applicable to the taxable income of an Indian Company is 33.22% (including surcharge of 7.5% and rate of 3%. Surcharge is applicable only if the gross total income exceeds INR 10 million (EUR 0.14 million)). Minimum alternate tax (MAT) of 19.93% (of the taxable income of a company) is applicable only if a Company books profits which exceed INR 10 million. Book profits are computed in accordance with relevant provisions of the Indian Income Tax Act. The final tax payable is the higher of the MAT liability or corporate income tax payable. If taxes are paid under MAT, then credit to the extent of MAT paid over corporate income tax is available (MAT credit). MAT Credit can be availed, if the company has future taxable profits in the following ten years. Capital gains on transfer of capital assets (on which tax depreciation has not been claimed) are taxed at the rate of 22.145% (Including surcharge of 7.5% and rate of 3%. Surcharge is applicable only if the gross total income exceeds INR 10 million) provided that the capital assets were held for more than 36 months immediately preceding the date of the transfer or 33.2175% (including surcharge of 7.5% and rate of 3%. Surcharge is applicable only if the gross total income exceeds INR 10 million) if they were held for less than 36 months. Dividends paid out of the profits are subject to Dividend Distribution Tax at the rate of 16.61% (including surcharge of 7.5% and rate of 3%. Surcharge is applicable only if the gross total income exceeds INR 10 million). There is no withholding tax on dividends distributed by an Indian company and no additional taxes need to be paid by the Shareholder. Business losses can be offset against profits and gains on any business or profession for a period of eight years from the incurrence year's end. There is no limit for carry forward unabsorbed depreciation.

Cyprus

The taxation of companies incorporated in Cyprus is based on tax residence and all companies are taxed under corporation tax at the rate of 10%. Dividend income paid from overseas subsidiaries that earn more than 50% of their income from trading activities and profits from the sale of shares and other titles of companies are tax exempt. There is no withholding tax on payments of dividends to non-resident shareholders or shareholders that are companies resident in Cyprus. Companies, which do not distribute 70% of their profits after tax, as defined by the relevant tax law within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Defence tax at 17% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year during the following two years. This defence tax is paid by the company for the account of the shareholders. Non- Cyprus tax resident shareholders are exempt from this taxation.

NOTE 32 - FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has established a continuous process for identifying and managing the risks faced by the Company, and confirms that it is responsible to take appropriate actions to address any weaknesses identified.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Company's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

a. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's financial instruments held in banks and from receivables and other financial institutions.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group requires collateral in the form of a bank guarantee or deposit equal to three months of rent from tenants of shopping centers.

Cash and deposits, structured deposits and available for sale financial assets.

The Group limits its exposure to credit risk in respect to cash and deposits, including structured deposits and available for sale financial assets by investing mostly in deposits and other financial instruments with counterparties that have a credit rating of at least investment grade from international rating agencies. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

NOTE 32 - FINANCIAL INSTRUMENTS (cont.)
FINANCIAL RISK MANAGEMENT (Cont.)

b. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Company has published its sources and uses reports to demonstrate its ability to remain liquid. For the agreement with bond holders refer to note 34(I).

c. Market risk

Currency and inflation risk

Currency risk is the risk that the Group will incur significant fluctuations in its profit or loss as a result of utilizing currencies other than the functional currency of the respective Group company.

The Group is exposed to currency risk mainly on borrowings (debentures issued in Israel and in Poland) that are denominated in a currency other than the functional currency of the respective Group companies. The currencies in which these transactions primarily are denominated are the NIS or PLN. Regarding currency and risk hedging of the debentures refer also to note 14. As the Israeli inflation risk is diminishing, the Company moves gradually to Selling options strategy, rather than using SWAP.

Interest Rate Risk

The group's interest rate risk arises mainly from short and long term borrowing (as well as debentures). Borrowings issued at variable interest rate expose the Group to variability in cash flows. Borrowings issued at fixed interest rate (but are presented at their fair value) expose the Group to changes in fair value, if the interest is changing. In certain case, the Group perform IRS to minimise the exposure to interest risk. Regarding interest rate risk hedging of the debentures and bank facilities, refer to note 14.

Shareholders' equity ("Equity") management

The Company's Board of Directors' policy is to maintain a strong equity base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company's Board of Directors also monitors the level of dividends to ordinary shareholders. The Company's Board of Directors' seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound Equity position.

NOTE 32 - FINANCIAL INSTRUMENTS (cont.)
FINANCIAL RISK MANAGEMENT (Cont.)

From time to time the Group purchases its own shares on the market; the timing of these purchases depends on market prices. No purchase is made unless the expected effect will be to increase earnings per share. The purchase of shares by the Company under this authority would be effected by a purchase in the market.

It should not be confused with any share dealing facilities that may be offered to shareholders by the Company from time to time.

The Company's Board of Directors was authorized by the general meeting of the shareholders to allot equity securities (including rights to acquire equity securities) in the Company up to an aggregate nominal value of approximately EUR 980 thousand, being approximately 33% of the Company's issued ordinary share capital as at 30 June 2012. Such authorization shall expire on the conclusion of the Annual General Meeting which will be held in June 2013. There were no changes in the Group's approach to capital management during the year.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Carrying amount	
		December 31,	
	Note	2012	2011
Cash and cash equivalents	5	64,440	58,261
Restricted bank deposits	6	25,518	21,428
Derivative and short term deposits		-	3,102
Available for sale debt securities	7	11,714	25,568
Trade receivables, net	8	4,687	5,432
Other receivables and prepayments	9	17,930	13,723
Related parties	17	1,435	1,227
Long term deposits and other investments		-	51,330
Restricted bank deposits	6	978	4,961
		126,702	185,032

The maximum exposure to credit risk for the abovementioned table at the reporting date by type of debtor was as follows:

	December 31,	
	2012	2011
Banks and financial institutions	102,985	165,702
Tenants	4,687	5,432
Governmental and insurance institutions	9,998	6,125
Related parties and other	9,032	7,773
	126,702	185,032

NOTE 32 - FINANCIAL INSTRUMENTS (cont.)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

December 31, 2012

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans, including derivatives (*)	273,389	(326,367)	(18,851)	(31,430)	(68,718)	(109,666)	(97,702)
Unsecured debentures issued(*)	189,341	(255,706)	-	(90,688)	(71,098)	(93,920)	-
Trade and other payables	32,142	(33,726)	(2,390)	(10,878)	(1,801)	(18,657)	-
Related parties	511	(511)	-	(511)			
	495,383	(616,310)	(21,241)	(133,507)	(141,617)	(222,243)	(97,072)

December 31, 2011

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	448,622	(531,082)	(102,101)	(22,716)	(70,124)	(209,431)	(126,710)
Unsecured debentures issued	252,133	(348,841)	-	(83,451)	(94,989)	(158,838)	(11,563)
Trade and other payables	68,676	(71,722)	(278)	(44,039)	(556)	(20,826)	(6,023)
Related parties	2,228	(2,228)	-	(2,228)	-	-	-
	771,659	(953,873)	(102,379)	(152,434)	(165,669)	(389,095)	(144,296)

(*) The Company intends to repay its 2013 financial obligations using its cash and liquid balances, its on-going income from activities, as well as forecasted disposal of some of its assets.

Currency risk

The Company's main currency risk is in respect of its NIS denominated debentures. The Company is using (as of the date of signing the statement of financial position) a non-designated selling options strategy to hedge the currency risk associated with these bonds.

The following exchange rate of EUR/NIS applied during the year:

	Average rate		**Reporting date Spot rate**	
EUR	**2012**	**2011**	**2012**	**2011**
NIS 1	0.202	0.201	0.203	0.203

Sensitivity analysis – changes in Exchange rates EUR-NIS in NIS denominated debentures

	Book Value change	**Book Value**	**Book Value change**
	-10%	**4.9206**	**10%**
Debentures A	(2,812)	(28,124)	2,812
Debentures B	(14,654)	(146,539)	14,654
TOTAL	**(17,466)**	**(174,663)**	**17,466**

NOTE 32 - FINANCIAL INSTRUMENTS (cont.)

Interest rate risk

Profile

As of the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2012	**2011**
Fixed rate instruments		
Financial assets	103,944	110,474
Financial liabilities	(168,828)	(187,640)
	(64,884)	(77,166)
Variable rate instruments		
Financial assets	-	51,330
Financial liabilities	(290,580)	(513,115)
	(290,580)	(461,785)

Cash flow sensitivity analysis for variable rate instruments

A change of 30 basis points in EURIBOR interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

Variable Interest rate effect (excluding debentures)

	Profit or Loss	
	30 bp Increase	**30 bp Decrease**
December 31, 2012	(303)	303
December 31, 2011	(783)	783

NIS Debentures

Sensitivity analysis – effect of changes in Israeli CPI on book value of NIS debentures

	Book Value change	**Book Value**	**Book Value change**
	-3%	**111.9**	**3%**
Debenture-A	844	(28,124)	(844)
Debenture-B	4,396	(146,539)	(4,396)
TOTAL profit or loss	**5,240**	**(174,663)**	**(5,240)**

Sensitivity analysis – effect of changes in NIS basic Interest on book value of NIS debentures

	Book Value change - decrease 100 bp	**Book Value**	**Book Value change - increase 100 bp**
Debenture-A	(859)	(28,124)	827
Debenture-B	(1,666)	(146,539)	1,629
TOTAL profit or loss	**(2,525)**	**(174,663)**	**2,456**

NOTE 32 - FINANCIAL INSTRUMENTS (cont.)

Fair values

Fair values versus carrying amounts

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of borrowings approximates the carrying amount (with the exception of debentures issued in Israel, which have a quoted active market), as the impact of discounting is not significant.

Refer to notes 20 and 21 in respect of comparison between fair value and amortized cost.

Fair value Hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

	Level 1	Level 2	Level 3	Total
December 31, 2012				
Available for sale financial assets	11,714	-	-	11,714
SWAP and IRS	-	(3,320)	-	(3,320)
Debentures at fair value through profit or loss	(116,147)	-	-	(116,147)
	(104,433)	**(3,320)**	**-**	**(107,753)**

NOTE 33 - CONTINGENT LIABILITIES AND COMMITMENTS

a. Contingent liabilities and commitments to related parties:

1. The Company and/or its subsidiaries are bound by the following agreements, with Control Centers Ltd. ("Control Centers"), a company controlled by the ultimate shareholder of EI and/or companies controlled thereby.

   On 27 October 2006, the Company entered into an agreement with Control Centers under which Control Centers will provide coordination, planning, and execution and supervision services in respect of the Group's projects (the "Agreement"). Such Agreement is substantially similar to the agreement concluded between EI and Control Centers, which was approved by the shareholders of EI on 31 May 2006 under the applicable provisions of Israeli law. The Company will receive from Control Centers (either directly or through its subsidiaries or affiliates, other than the Company and its subsidiaries) coordination, planning, execution and supervision services (the "Services") over Real Estate Projects of the Group and/or its affiliates in consideration for a fee equal to 5% of the actual execution costs of each project, plus value added tax. The agreement expired on May 31, 2011, and will not govern projects which their initiation started after May 31, 2011. At December 31, 2012 the financial statements include a net liability for engineering supervision services supplied by related parties in Control Centers Group in amount of EUR 15 thousand which relates to five projects under development in Poland, Czech Republic and India (for the total charges in 2012 and 2011 refer to note 35).

2. On October 27, 2006 the Company signed an agreement with Jet Link Ltd (a company owned by the ultimate shareholder of the Company and which owns an airplane) under which the Group and/or its affiliates may use the airplane for their operational activities up to 275 flight hours per year. The Company will pay Jet Link Ltd. in accordance with its price list, reduced by a 5% discount. The agreement expired on October 27, 2011 and was extended for an additional four-year term.

3. On October 27, 2006 the Company and Mr. Mordechay Zisser, an Executive Director of the Company, entered into a service agreement, pursuant to which he will be entitled to a monthly salary of USD 25 thousand (EUR 19 thousand) which includes pension, retirement and similar benefits for his services as the Company's Executive Director.

4. In October 2006, the Company and EI entered into an agreement, pursuant to which with effect from 1 January 2006 the Company will pay commissions to EI in respect of all and any outstanding corporate and first demand guarantees which have been issued by EI in favour of the Company up to 0.5% of the amount or value of the guarantee, per annum. As of the end of the reporting period the Group has no outstanding guarantees from EI and no consideration was paid in this respect.

5. On October 13, 2006, EI entered into an agreement (the "Agreement") with the Company, under which EI is obliged to offer to the Company potential real estate development sites sourced by it in India. Under the agreement, EI is obliged to offer the Company the exclusive right to develop all of the shopping center projects which EI acquires during the 15-year term of the Agreement. The Agreement was terminated upon the signing of the joint venture in India (refer to note 34), but both EI and the Company agreed that upon the termination of the Joint Venture agreement they will re-execute the Agreement.

NOTE 33 - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

a. Contingent liabilities and commitments to related parties:

6. On November 25, 2007 the Company entered into an indemnity agreement with all of the Company's directors and on June 20, 2011 with part of the Company's senior management - the maximum indemnification amount to be granted by the Company to the directors shall not exceed 25% of the shareholders' equity of the Company based on the shareholders' equity set forth in the Company's last consolidated financial statements prior to such payment. No consideration was paid by the Company in this respect since the agreement was signed.

b. Contingent liabilities and Commitments to others

1. Tesco

The Company is liable to the buyer of its previously owned shopping center in the Czech Republic ("NOVO") – sold in June 2006 - in respect to one of its tenants ("Tesco"). Tesco leased an area within the shopping center for a period of 30 years, with an option to extend the lease period for an additional 30 years, in consideration for EUR 6.9 million which was paid in advance. According to the lease agreement, the tenant has the right to terminate the lease agreement subject to fulfilment of certain conditions as stipulated in the agreement. The Company's management believes that it is not probable that this commitment will result in any material amount being paid by the Company.

2. General commitments and warranties in respect of trading property and investment property disposals.

In the framework of the transactions for the sale of the Group's real estate assets, the Group has undertaken to indemnify the respective purchasers for any losses and costs incurred in connection with the sale transactions. The indemnifications usually include: (i) Indemnifications in respect of completeness of title on the assets and/or the shares sold (i.e that the assets and/or the shares sold are owned by the Group and are clean from any encumbrances and/or mortgage and the like). Such indemnifications generally survived indefinitely and are capped to the purchase price in each respective transaction; and (ii) Indemnifications in respect of other representation and warranties included in the sales agreements (such as: development of the project, responsibility to defects in the development project, tax matter and others). Such indemnifications are limited in time (generally 3 years from signing a closing agreement) and are generally capped to 25% to 50% of the purchase price.

The tax authorities have challenged the applied tax treatment in two of the entities previously sold in Hungary. Currently the issue is partially being examined by the competent tax authorities. In respect of one of the former subsidiary of the Company, the tax authorities decision of reducing the tax base by HUF 427 million (EUR 1.5 million), was challenged by one of the previously held entities, with the next hearing is scheduled for 29 March 2013. The Company management estimates that no significant costs will be borne thereby, in respect of these indemnifications.

3. Aggregate potential amount of the Group's commitments in respect of construction services totalled, as of December 31, 2012, approximately EUR 132 million.

NOTE 33 - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

b. Contingent liabilities and Commitments to others (cont.)

4. The Company is retaining a 100% holding in all its projects in Serbia after it was decided to discontinue the negotiations with a Serbian developer. The Company has an obligation to pay the developer in any case there is major progress in the projects. The total remaining potential obligation is EUR 0.9 million.

c. Contingent liabilities due to legal proceedings

The Company's subsidiary, Fantasy Park So. Zo.o. ("Fantasy Park") is involved in several legal proceedings with Klepierre S.A subsidiaries ("Klepierre") in Poland in connection with certain terms of the lease agreements signed between the parties and certain amendments thereto which were agreed in a later stage ("Lease"). As of the date of signing these reports, a settlement agreement is in final stage of negotiation between the parties (under which Fantasy Park shall pay to Klepierre EUR 0.5 million and shall vacate the premises) that would settle all the pending disputes, as well as any other disputes that may arise in the future in connection with the Lease. Fantasy Park recorded a provision of EUR 1.3 million in its books in respect of outstanding debt towards Klepierre.

The Company is involved in other litigation arising in the ordinary course of its business. Although the final outcome of each of these cases cannot be estimated at this time (except for two minor claims due to which a provision in the total amount of EUR 160 hundred thousand was made), the Company's management believes, that the chances these litigations will result in any outflow of resources to settle them is remote, and therefore no provision or disclosure is required.

NOTE 33 - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

d. Securities, guarantees and liens under bank finance agreements

1. Certain companies within the Group which are engaged in the purchase, construction or operation of shopping centers ("Project Companies") have secured their respective credit facilities (with withdrawn facility amounts totalling EUR 250 million) awarded by financing banks (for projects in Hungary, Latvia, Czech Republic, India, Serbia and Bulgaria), by providing first or second ranking (fixed or floating) charges on property owned thereby, including right in and to real estate property as well as the financed projects, on rights pertaining to certain contracts (including lease, operation and management agreements), on rights arising from insurance policies, and the like. Shares of certain Project Companies were also pledged in favour of the financing banks. The Company also guarantees fulfilment of three of its subsidiaries obligations under loan agreements in an aggregate amount of EUR 53 million. The Company also guaranteed fulfilment of other transaction entered into by three of its subsidiary for a total aggregate amount of EUR 0.8 million. Shareholders loans as well as any other rights and/or interests of shareholders in and to the Project Companies were subordinated to the respective credit facilities. Payment is permitted to the shareholders (including the distribution of dividends but excluding management fees) subject to fulfilling certain preconditions.

   Certain loan agreements include an undertaking to fulfil certain financial and operational covenants throughout the duration of the credit, namely: complying with "a minimum debt services cover ratio", "loan outstanding amount" to secured assets value ratio; complying with certain restrictions on interest rates; maintaining certain cash balances for current operations; maintaining equity to project cost ratio and net profit to current bank's debt; occupancy percentage and others.

   All of the companies are in compliance with the entire loan covenants with the exception of covenants breach in respect of five of the secured loans granted. The Company has waiver in place in respect of two of the secured bank facilities, and is in negotiations to secure waiver or agreement in respect of the remaining three facilities.

   The Project Companies undertook not to make any disposition in and to the secured assets, not to sell, transfer or lease any substantial part of their assets without the prior consent of the financing bank. In certain events the Project Companies undertook not to allow, without the prior consent of the financing bank: (i) any changes in and to the holding structure of the Project Companies nor to allow for any change in their incorporation documents; (ii) execution of any significant activities, including issuance of shares, related party transactions and significant transactions not in the ordinary course of business; (iii) certain changes to the scope of the project; (iv) the assumption of certain liabilities by the Project Companies in favour of third parties; (v) receipt of loans by the Project Companies and/or the provision thereby of a guarantee to third parties; and the like.

NOTE 33 - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

d. Securities, guarantees and liens under bank finance agreements (cont.)

A company within the Group which is engaged in the debenture buyback programme (refer to note 21 and 34 (G)) has secured its credit facility awarded by the financing bank in a total amount of EUR 17.3 million, as of December 31, 2012, by providing the first ranking charges on the debentures owned thereby.

2. Commitment in respect of derivative transaction

Within the framework of cross currency SWAP transactions, selling call and put options and regular swaps (refer to note 14), executed between the Company and commercial banks (the "Banks") , the Company agreed to provide the Banks with a cash collateral deposits which will be calculated in accordance with a specific mechanism provided in each swap transaction agreement and call and put options.

Accordingly, as of the end of the reporting period, the Company has pledged, a security deposit in the amount of EUR 2 million and EUR 1 million in respect of SWAP transactions and IRS, respectively. In respect of the Suwalki IRS the project companies company also established a bail mortgage up to EUR 4 million encumbering the real estate project. In respect of Torun IRS the project companies company also established a bail mortgage up to EUR 5.4 million encumbering the real estate project.

3. Commitment in respect of Bonds raised in Poland

Under the offering memorandum for the issuance of Polish bonds, certain circumstances shall be deemed events of default giving the Bondholders the right to demand Early Redemption, which includes among others the following covenants:

a) Breach of the Cash Position as a result of the payment of dividend or the shares buy-back programme- if at any time during a period of 90 days from the payment of dividend, or the acquisition of its own shares, the Cash Position falls below EUR 50 million;

b) Breach of financial ratios –occurs if the Net Capitalization Ratio exceeds 70%; Net Capitalization Ratio ("the Ratio") is the Net Debt divided by the Equity plus the Net Debt, as calculated by the Group's auditor; "Net Debt" mean the Group's total debt under: loans and borrowings, lease agreements, bonds, other debt securities and other interest bearing or discounted financial instruments in issue, less related hedge derivatives, cash and cash equivalents, short and long-term interest bearing deposits with banks or other financial institutions, available for sale marketable securities and restricted cash, calculated based on the Consolidated Financial Statements. As at the statement of financial position date the Ratio was 44%.

c) Failure to repay material debt – the company fails to repay any matured and undisputable debt in the amount of at least EUR 100 million within 30 days of its maturity.

NOTE 34 - SIGNIFICANT ACQUISITIONS AND EVENTS

A. Transaction during 2011 in the United States

Background

As of June 2010 the Company, EI, Eastgate Property LLC and Menora Mivtachim Insurance Ltd. ("Menora"), had signed a joint agreement for capital commitments to be invested in EPN GP LLC ("EPN GP"). The Company's indirect interests in EPN GP were 21.65%.

On June 18, 2010 EPN GP acquired 47.8% of the unit holdings in Macquarie DDR Trust ("EDT" or "the Trust") for a total consideration of USD 116 million (EUR 94 million). EDT held 48 retail shopping centers across several states in the US. In addition, EPN GP acquired a 50% interest in the entity which is the owner of the Responsible Entity of the Trust for approximately USD 3 million.

2011 Events

EPN EDT Holdings II, LLC ("EPN EDT II") was formed in 2011 to acquire the remaining shares of EDT. In March 2011, EPN EDT II made an off-market takeover bid to acquire the outstanding units of EDT for AUD $0.078 per share, which was subsequently raised to AUD $0.09 per share in May 2011.

Through a series of both on-market and off-market share acquisitions, concluded in August 2011, EPN EDT II acquired the remaining 52.2% units of EDT for USD 241 million (EUR 169 million).

In the fourth quarter of 2011 EDT was delisted from the ASX and assigned all its investment to EPN GP and EPN EDT II. EPN GP, EPN EDT II and their subsidiaries are collectively referred to as EPN Group for purposes of these financial statements.

As a result of the above, EPN Group recorded a negative capital reserve in the total amount of USD 119 million (EUR 84 million), out of which the Company's share totaled USD 27 million (EUR 19 million) presented in the consolidated statement of changes in equity for 2011.

Since the Group's actual investment in EPN Group was not in accordance with its holdings in EPN GP prior to such investment (21.65%), the Group's share in EPN Group following the USD 57 million (EUR 40 million) 2011 investment was increased to 22.69%.

EPN Group's real estate investments were located in the United States and were held indirectly through two United States domiciled entities, EDT U.S. Trust, Inc. (REIT I) and EDT U.S. Trust II Inc. (REIT II),.

Both REIT I and REIT II were qualified as Real Estate Investment Trusts ("REIT") for United States income tax purposes, however, REIT status was terminated for both entities effective January 1, 2011 due to EPN Group's acquisition in 2011. REIT I and REIT II in turn hold their interests via three United States limited liability companies.

NOTE 34 - SIGNIFICANT ACQUISITIONS AND EVENTS (cont.)

B. Transaction during 2012 in the United States

On January 10, 2012 EDT, a wholly owned subsidiary of EPN Group, the Company's joint US subsidiary (held indirectly 22.69% by the Company), reached an agreement, subject to the satisfaction of certain closing conditions, to sell 47 of its 49 US based shopping centers in a deal totalling USD 1.43 billion (EUR 1.13 billion). The closing of this transaction occurred on June 20, 2012.

The centers, located across 20 US states, were acquired by BRE DDR Retail Holdings LLC, a joint venture between Blackstone Real Estate Advisors VII L.P. ("Blackstone Real Estate") and DDR. Of the transaction value of USD 1.43 billion, a total of USD 934 million (EUR 736 million) was paid by way of assumption of the property level debt or repaid by EPN Group. In addition, all excess cash within EDT, which was circa USD 30 million (EUR 24 million), was retained by the vendor.

Following the sale of the 47 properties, EPN Group continues to hold two properties located in the United States that are valued at approximately USD 42 million (EUR 33 million) with total non-recourse secured debt of approximately USD 13 million (EUR 11 million). In July 2012, EPN Group sold its two remaining assets in the US for a total aggregate asset value of USD 42 million (EUR 33 million). Non-recourse secured debt of approximately USD 13 million (EUR 11 million) was also assumed in the abovementioned transactions. As the Company indirectly holds 22.69% of these US assets, the Company share in the net proceeds totaled EUR 5 million, with no realized gain or loss resulting. The below table is a summary of the 2012 result transaction of selling the 47 properties:

	€ 000'
Company's part in transaction costs	(9,339)
Foreign currency translation reserve reclassified to income statement	9,730
Realized gain on sale of investment properties	391

Refer to note 12 for Investment property movements in the period.

C. Restructuring of partnership agreements in Bangalore and Chennai, India

Bangalore

In March 2008, Elbit Plaza India Real Estate Holdings Ltd. ("EPI"), a 47.5% joint venture company with EI entered into an amended and reinstated share subscription and framework agreement (the "Amended Framework Agreement"), with a local third party (the "Partner") and a wholly owned Indian subsidiary of EPI ("SPV"), to acquire, through the SPV, up to 440 acres of land in Bangalore, India (the "Project Land") in certain phases as set forth in the said agreement. As of December 31, 2012, the Partner has surrendered land transfer deeds in favor of the SPA to a trustee nominated by the parties for approximately 54 acres for a total aggregate consideration of approximately INR 2,843 million (EUR 40 million), and upon the actual transfer of the title, the Partner will be entitled to receive 50% of the shareholdings in the SPV. The abovementioned amounts are presented in the statement of financial position as of December 31, 2012 and 2011 as trading property.

NOTE 34 - SIGNIFICANT ACQUISITIONS AND EVENTS (cont.)

C. Restructuring of partnership agreements in Bangalore and Chennai, India (cont.)

In addition, the SPV has paid to the Partner advances of approximately INR 2,536 million (EUR 35 million) on account of future acquisitions by the SPV of a further 51.6 acres. Such amount is presented in the statement of financial position as of December 31, 2012 and 2011 as advances for plot purchases within other receivables and prepayments (refer to note 9).

On July 22, 2010, EPI, the SPV and the Partner entered into a new framework agreement which has not yet come into force (the "New Framework Agreement"). The New Framework Agreement provides that in case it does not eventually come into full force and effect, the terms of the Amended Framework Agreement will govern, according to which the Group's additional investments in the Project Land may reach up to INR 10,500 million (NIS 753 million). Nonetheless, although certain conditions precedent under the New Framework Agreement has not been met, EPI, the SPV and the Partner are actually pursuing the project in accordance with the New Framework Agreement.

The New Framework Agreement established new commercial understandings between the parties thereto, pertaining, inter alia, to the joint development of the Project Land and its magnitude and financing, the commercial relationships and working methods between the parties and the distribution mechanism of the revenues from the Project Land. In accordance with the New Framework Agreement, the following commercial terms have been, inter alia, agreed between the parties:

- EPI will remain the holder of 100% of the shareholdings and the voting rights in the SPV.
- The scope of the new project will be decreased in the first phase to approximately 165 acres instead of the original 440 acres.
- The Partner undertakes to complete the acquisitions of the additional land and/or the development rights therein in order to obtain the ownership and/or the development rights over all 165 acres.
- Neither EPI nor the SPV will be required to pay any additional amounts in respect of the land acquisitions or with respect to the Project Land and its development.
- The project will be re-designed as an exclusive residential project.
- The project will be executed jointly by the Partner and the SPV. The Partner (or any of its affiliates) will also serve as the general contractor and marketing manager of the project. Under the New Framework Agreement, the Partner is also committed to a maximum sale prices, minimum construction costs threshold and a detailed timeline and budget with respect to the development of the project.

Under the New Framework Agreement, EPI will receive distributions (following a certain 3+6 months reserve mechanism to enable the Partner to utilize a portion of the proceeds for construction costs and expenses) of approximately 70% of the net proceeds from the

NOTE 34 - SIGNIFICANT ACQUISITIONS AND EVENTS (cont.)

C. Restructuring of partnership agreements in Bangalore and Chennai, India (cont.)

project (including the proceeds from any sale by the Partner or any transaction with respect to the original land which does not form part of the said 165 acres),until such time that EPI's investment in the amount of INR 5,780 million (approximately EUR 80 million) ("EPI's Investment") plus an Internal Return Rate of 20% per annum calculated from September 30, 2009 ("IRR") is paid to the SPV 9on behalf of EPI) (the "Discharge Date").

Following the Discharge Date, EPI will not be entitled to receive any additional profits from the project and it will transfer to the Partner the entire shareholdings in the SPV for no consideration. In addition, the Partner has a call option, subject to applicable law and regulations, to acquire the entire shareholdings of the SPV, at any time, in consideration for EPI's investment plus an IRR of 20% per annum calculated on the relevant date of acquisition.

The New Framework Agreement will enter into effect upon execution of certain ancillary agreements described therein as well as satisfaction of certain other conditions; however, EPI, the SPV and the Partner are actually pursuing the project in accordance with the New Framework Agreement.

In January 2011, the Partner has submitted the development plans pertaining to approximately 49 plus 35 acres included in the scope of the new project of 165 acres to the local planning authority, the Bangalore Development Authority ("BDA"). In October 2011, the BDA had notified the Partner that the development plans cannot be considered due to a future eminent domain plan. In January 2012, the Partner applied to the State High Court, requesting to issue a court order directing the BDA to consider the development plans. In March 2012, the court awarded a judgment pertaining to approximately 49 acres, ordering the BDA to consider the development plans related to the said 49 acres ("Development Plan"), while ignoring any future eminent domain plan that may be considered by the state authorities. . In December 2012, the BDA decided to submit the Development Plan pertaining to the aforementioned 49 acres to the Sensitive Zone Sub-Committee of the BDA and in January 2013, the Sensitive Zone Sub-Committee of the BDA granted its approval to the aforementioned Development Plan. As of the date hereof, the Group awaits the court's judgment with respect to the additional 35 acres.

Chennai

In December 2007 EPI, executed agreements for the establishment of a special purpose vehicle ("Chennai Project SPV") together with one of the leading real estate developers in Chennai (in this section, the "Local Partner"). Subject to the fulfillment of certain conditions, the Chennai Project SPV undertook to acquire the ownership and development rights in and up to 135 acres of land situated in the Sipcot Hi-Tech Park in the Siruseri District of Chennai, India. Under these agreements, EPI is to hold 80% of the equity and voting rights in the Chennai Project SPV, while the Local Partner will retain the remaining 20%. Under the agreement, EPI's investment in the Chennai Project SPV will be a combination of investment in shares and compulsory convertible debentures. Due to changes in market conditions, EPI and the Chennai Project SPV later decided to limit the extent of the project to 83.4 acres.

NOTE 34 - SIGNIFICANT ACQUISITIONS AND EVENTS (cont.)

C. Restructuring of partnership agreements in Bangalore and Chennai, India (cont.)

As at the date of these financial statements, the Project SPV has completed the purchase of approximately 75 acres out of the total 83.4 acres for consideration of approximately INR 2,367 million (approximately EUR 33 million). An additional amount of INR 564 million (approximately EUR 8 million) was paid in advance in order to secure the acquisition of an additional 8.4 acres.

A shareholders agreement in respect of the management of the Chennai Project SPV provides for a five member board of directors, four of whom are appointed by EPI. The shareholders agreement also includes certain pre-emptive rights and restrictions on transferring securities in the Chennai Project SPV. Profit distributions declared by the Chennai Project SPV will be distributed in accordance with the shareholders' proportionate shareholdings in that company, subject to EPI's entitlement to receive certain preferential payments out of the Chennai Project SPV's cash flow on the terms specified in the agreements. The consummation of the agreements will be accomplished in stages, and is subject to the fulfillment of certain regulatory requirements, as well as to our satisfactory due diligence investigations, in respect of each stage. However, EPI is currently negotiating certain changes in the project's implementation plan and holding structure, which would require changes also in the respective agreements. Among other things, should those changes be accepted, EPI shall not be required to advance more financing to the project in addition to the amounts mentioned above and shall hold all the issued and outstanding share capital of the SPV. In furtherance of the foregoing, EPI is currently operating to secure a joint development agreement with local developer(s) for the development of the project land, in accordance with the aforementioned guidelines.

D. Changes in global markets

The Company continues to monitor closely market conditions in the countries in which it operates. Although there has been a slight easing in debt market conditions, the repercussions of the global recession are still very strong and the Company's management estimates, that it will continue to have an impact on current and potential tenants for some time. The Company's management believes that it is able to mitigate the global recession consequences by maintaining its strong, lasting relationships with its high quality tenant base, across its geographically diverse portfolio of western style, well located centers.

During 2012 the Company completed the construction of three developments in Kragujevac, Serbia, Koregaon Park and the first phase of Kharadi in Pune, India. In addition, the Company works to secure permitting for projects of Lodz Plaza, Poland and Sports Star Plaza in Belgrade, Serbia. The remainder of the Company's development pipeline projects is either in the design phase or waiting for permits. Commencement of these projects will depend, amongst other things, on the availability of external project financing.

E. Hedging and settlement of hedging transactions performed in the course of 2012

For the abovementioned hedging and settlement refer to note 14.

F. 2012 impairments

For the impairments refer to note 10.

NOTE 34 - SIGNIFICANT ACQUISITIONS AND EVENTS (cont.)

G. Bond Buyback programme

On May 23, 2011 the Company's Board of Directors approved a buyback programme of up to NIS 150 million (approximately EUR 30.2 million) of its Series A and Series B Debentures, which are traded on the Tel Aviv Stock Exchange ('the Bonds"). Following the completion of the abovementioned programme in November 2011, the Company's Board of Directors approved another buyback programme on December 23, 2011 of up to NIS 150 million (approximately EUR 30.3 million) of the abovementioned bond Series. On November 20, 2012, the Board approved the extension of the Company"s second bond buyback programme of the Bonds to be concluded by 31 December 2014 with a maximum amount to be purchased of up to NIS 600 million increased from NIS 150 million.

The repurchases were, and will be made either on an opportunistic basis in the open market on the Tel-Aviv Stock Exchange, or in privately negotiated transactions, or a combination thereof. The board's approval should not be deemed a commitment to purchase any debentures. The timing and amounts of any debentures repurchased will be determined by the Company`s management, based on its evaluation of market conditions and other factors. The repurchase programme may be suspended or discontinued at any time.

During the twelve months period ended December 31, 2012 the Company has purchased a total of NIS 103 million par value of debentures (with adjusted value of NIS 121 million), for a total consideration of NIS 95 million (approximately EUR 19 million), and recorded a gain of approximately EUR 4.3 million. Out of the abovementioned purchase amount, NIS 3 million par value were bought by the Company itself, hence delisted from further trading in the market.

As of the date of the statement of financial position, the Company held (through its wholly own subsidiary) a total of NIS 181 million par value of its own bonds (NIS 74 million Par value of bonds series A and NIS 107 million Par value of bonds series B) with an adjusted par value of NIS 211 million (EUR 43 million). For the bank facility taken in respect of purchase of bonds refer to note 33(d).

H. 2011 Dividend paid to shareholders

In September 2011 the Board of Directors of the Company approved an interim cash dividend payment of EUR 30 million to be paid to shareholders. The dividend per share was EUR 0.1010. The interim cash dividend payment was made on September 23, 2011 to all shareholders on the Company's register on September 23, 2011 (the record date). The ex-dividend date was September 21, 2011. In accordance with local Dutch tax regulations, a tax of 15% was withheld and paid in the Netherlands, on behalf of each holder, except for holders for which an exemption is applied.

I. Bondholders agreement

On September 23, 2011 the Company has reached an agreement with holders of the Company's Series A and B Bonds (the "Bondholders") with regards to its dividend distributions in the years 2012-2013, should any be declared.

The agreement, which was approved by the vast majority of Bondholders, places certain covenants and conditions on dividend payments by the Company during 2012-2013, in light of the ongoing challenging global economy. A summary of the major terms in the agreement is as follows:

NOTE 34 - SIGNIFICANT ACQUISITIONS AND EVENTS (cont.)

I. Bondholders agreement (cont.)

• The total dividend will be capped at EUR 30 million per annum for each of the years 2012 and 2013.

• Distribution of dividends will be made only from the net cash flows derived from the realisation of assets and will be capped at 50% of net cash flows received.

• Should a dividend be paid while the average market yield of the Company's series A and B bonds exceeds a certain threshold, the Company shall retain, for a period of 12 months following the dividend payment, a sum of not less than EUR 70 million in reserve accounts, of which a sum equal to the dividend payment can be used solely for the repurchase of bonds and / or making principal and interest payments to bondholders.

• Should a dividend be paid while the average market yield of the Company's series A and B bonds is below a certain threshold, the Company shall be entitled to distribute dividends of up to EUR 50 million per annum. Should this occur, the sum of the dividend which exceeded EUR 30 million will be held in a reserve account, to be used solely for the repurchase of bonds and / or making principal and interest payments to bondholders.

J. Dividend distribution by EDT

In September 2011 EDT distributed an interim dividend payment to its unitholders of USD 26 million (approximately EUR 18.8 million). Of this, Elbit Plaza USA LP, a jointly controlled entity of the Company and Elbit, has received a total distribution amount of USD 11.8 million (approximately EUR 8.6 million), of which the Company received half, reflecting its 50% share.

K. Opening of shopping centers in 2011 and 2012

On November 14, 2011 the Company completed and opened to the public Torun Plaza in Poland, its 31st shopping center in Central and Eastern Europe ("CEE") and its tenth in Poland. Torun Plaza comprises 40,000 sqm of Gross Lettable Area ("GLA") spread over two floors with approximately 1,100 parking spaces.

On March 20, 2012 the Company completed and opened to the public Kragujevac Plaza in Serbia, its 32nd shopping center in CEE and its first shopping center in Serbia. It comprises 22,000 sqm of Gross Lettable Area ("GLA") spread over two floors with approximately 700 parking spaces.

In March 2012 the Company conducted a soft opening to the Koregaon Park Plaza in Pune, India, its 33nd shopping center overall and its first shopping center in India. The shopping center comprises 48,000 sqm of Gross Built Area ("GBA") spread over two floors.

L. Allotment of shares in EPI to VC

On January 17, 2008 EI's shareholders approved an agreement with the VC according to which EI has undertaken to allot the VC 5% of the aggregate issued and outstanding share capital in the Company's jointly controlled subsidiary with EI (refer to note 37), Elbit Plaza India Real Estate Holdings Limited ("EPI").

NOTE 34 - SIGNIFICANT ACQUISITIONS AND EVENTS (cont.)

L. Allotment of shares in EPI to VC (cont.)

The allotment has been performed in 2011 and as of the end of the reporting period, VC holds 5% of the shares of EPI, while each of the Company and EI hold 47.5% of the shares of EPI. The VC shares in EPI shall not be entitled to receive any distributions from EPI (including, but not limited to, payment of dividends, interest, other expenses and principal repayments of shareholder loans, management fees or other payments made to the VC and any loans provided by the EPI to the VC) until the Group's investments (principal and interest calculated in accordance with a mechanism provided for in the agreement) in EPI have been repaid in full. The agreement includes, inter alia, "tag along" and "drag along" rights.

M. Fire in the Company's shopping center in India

In June 2012 a fire event occurred at the Company's shopping center in Pune, India. The fire required a temporary close-down of the shopping center, but did not consume the entire shopping center.

The Company maintains comprehensive general liability and property insurance, including business interruption insurance, with loss limits that the Company believes will provide substantial and broad coverage for the currently foreseeable losses arising from this event.

As at June 30, 2012 the Company recorded an impairment of EUR 9.7 million of its trading property asset, and recorded a receivable in the same amount as asset from the insurance company.

Subsequently, as of December 31, 2012, the Company impaired the amount of the receivable, based on the insurance company's valuator report (and hence it is virtually certain that the Company would be reimbursed by the insurance company), in the amount of EUR 7.6. The insurance company asset is included in other receivables. The impairment in the amount of EUR 1.9 million is presented as part of Write-down of Trading properties in 2012 income statement.

N. Disposal of trading property plots in Bulgaria and Hungary

In July 2012 the Company sold its stake (51%) in a plot of land located in Sofia, Bulgaria for a total net consideration of EUR 0.1 million. In addition, certain bank loans and other liabilities in a total amount of EUR 13 million were assumed by the buyer and is not included in the Company's consolidated financial statements starting the third quarter of 2012. No gain or loss was recorded as a result of this transaction.

In October 2012 the Company, through its jointly held subsidiary in Hungary, disposed of a plot of land adjacent to its Dream Island property plot in Budapest Hungary. As part of the transaction, a loan in the amount of EUR 5.9 (Company part) was assigned to the buyer, and the plot in a total book value of EUR 4.5 million was disposed of. The Company recorded as a result of this transaction a gain of EUR 1.4 million, included as part of other income in 2012 income statement.

NOTE 34 - SIGNIFICANT ACQUISITIONS AND EVENTS (cont.)

O. Sale of financial instruments

In June 2012 the Company sold two financial instruments ("Structures") for a total consideration of EUR 50.7 million. The Company used the proceeds to repay a loan granted from issuer of the Structures in a total amount of EUR 36.2 million, and the net proceeds totaled EUR 14.5 million. A loss of EUR 30 thousand was recorded as a result of this transaction in 2012 income statement.

NOTE 35 - RELATED PARTY TRANSACTIONS

Related party transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below and in note 34.

The Company has 6 directors. The annual remuneration of the directors in 2012 amounted to EUR 0.9 million (2011 – EUR 1.1 million) and the annual share based compensation expenses amounted to EUR 0.5 million (2011- EUR 1.5 million). There was no change in the number of Company options granted to key personnel in 2012. In respect of share based plan in the US, refer to note 25. There are no other benefits granted to directors. Information about related party balances as of December 31, 2012 and 2011 refer to note 17.

Trading transactions

During the year, group entities had the following trading transactions with related parties that are not members of the Group:

	For the year ended December 31,	
	2012	**2011**
Income		
Interest on balances with EI	213	215
Costs and expenses		
Recharges - EI and EUL	548	494
Executive director (1)	240	238
Aviation services - Jet Link (2)	61	522
Project management provision and charges - Control Centers group (2)	1,381	3,521

(1) The Executive director, who is also the controlling shareholder of the ultimate parent company, is receiving an annual salary of USD 300 thousand.

(2) Jet Link Ltd. and Control Centers (refer to note 33 a(1) and a(2)) are companies owned by the ultimate shareholder of the Company. Control Centers group costs are capitalized to the relevant trading property.

NOTE 36 - OPERATING SEGMENTS

The Group comprises the following main reportable geographical segments: CEE, India and the US (starting June 30, 2010). The US segment was discontinued with effect of December 31, 2012. In presenting information on the basis of geographical segments, segment revenue is based on the revenue resulted from either the selling or operating of assets geographically located in the relevant segment.

Year ended December 31, 2012:

	Central Eastern Europe	India	Sub-total	US (Discontinued)	Total
Revenues	34,034	7,559	41,593	13,907	55,500
Operating profit (loss) by segment (1)	**(58,425)**	**(10,610)**	**(69,035)**	**4,474**	**(64,561)**
Financial expenses, net	(9,807)	(2,876)	(12,683)	(5,161)	(17,844)
Other income (costs)	2,750	-	2,750	(2,254)	496
Tax benefit from discontinued operation	-	-	-	600	600
Gain from sell of discontinued operation, net of tax	-	-	-	391	391
Reportable segment loss before tax	**(65,482)**	**(13,486)**	**(78,968)**	**(1,950)**	**(80,918)**
Share in losses of associates, net					(68)
Less - unallocated general and administrative expenses					(5,438)
minus - unallocated finance expense					(3,857)
Other expense, net					(1,109)
Loss before income taxes					**(91,390)**
Tax benefit					5,463
Loss for the year					**(85,927)**
Total segment assets	661,953	194,028	855,981	-	855,981
Unallocated assets					102,024
Total assets					**958,005**
Segment liabilities	266,892	42,376	309,268	-	309,268
Unallocated liabilities					199,591
Total liabilities					**508,859**

(1) Central Eastern Europe – including EUR 68.1 million impairment of trading properties. India – include EUR 10.7 million impairment of trading property

NOTE 36 - OPERATING SEGMENT (cont.)

Year ended December 31, 2011:

	Central Eastern Europe	India	Sub-total	US (Discontinued)	**Total**
Revenues (1),(3)	23,462	-	23,462	25,528	48,990
Operating profit (loss) by segment (2)	**(47,996)**	**(2,986)**	**(50,982)**	**13,899**	**(37,083)**
Financial income (expenses), net	(8,149)	167	(7,982)	(8,641)	(16,623)
Other income (expenses) (3),(4)	(195)	-	(195)	9,803	9,608
Tax expenses from discontinued operation (5)	-	-	-	(2,276)	(2,276)
Reportable segment profit (loss) before tax	**(56,340)**	**(2,819)**	**(59,159)**	**12,785**	**(46,374)**
Share in losses of associates, net	(153)	-	(153)	-	(153)
Less - unallocated general and administrative expenses			(7,248)	-	(7,248)
Plus - unallocated finance income			81,969	-	81,969
Other expense, net (3),(4)			(1,420)	-	(1,420)
Profit before income taxes			**13,989**	**12,785**	**26,774**
Tax expense (5)			(12,910)	-	(12,910)
Profit for the year			**1,079**	**12,785**	**13,864**
Total segment assets	716,983	198,751	915,734	269,412	1,185,146
Unallocated assets			163,380	-	163,380
Total assets			**1,079,114**	269,412	**1,348,526**
Segment liabilities	258,257	40,499	298,756	171,550	470,306
Unallocated liabilities			328,058	-	328,058
Total liabilities			**626,814**	171,550	**798,364**

(1) US – including Investment property revaluation of EUR 8.3 million. Central Eastern Europe – including Investment property devaluation of EUR 0.2 million.

(2) Central Eastern Europe – including EUR 48 million impairment of trading properties

(3) US – EUR 8.3 million were reclassified from revenues to other income due to revaluation of Investment property in the US. CEE - EUR 0.2 million expenses were reclassified from revenues to other income due to revaluation of Investment property in the Czech Republic.

(4) US – EUR 1.5 million were reclassified from other expense, net.

(5) US - EUR 2.3 million were reclassified from tax expense for reconciliation purposes.

NOTE 37 – DISCONTINUED OPERATION

Following the disposal of US assets (refer to note 34(B)) the Company discontinued its US activity.

	2012	2011
Results for discontinued operation		
Revenues	13,907	25,528
Expenses (1)	(16,848)	(10,467)
Results from operating activity	(2,941)	15,061
Tax benefit (expense)	600	(2,276)
Results from operating activities, net of tax	(2,341)	12,785
Gain on sale of discontinued operation	391	-
Profit (loss) for the year from discontinued operation	(1,950)	12,785
Earnings per share		
Basic and diluted earnings (loss) per share (in EURO)	(0.01)	0.04

(1) Including reduction in value of investment property in the amount of 2,254 thousands EUR.

Below is the information on allocation of profit between owner of the Company and non-controlling interests:

	2012	2011
Profit (loss) for the year from continuing operations	(83,977)	1,079
Attributable to owners of the Company	(84,119)	1,167
Attributable to non-controlling interests	142	(88)

	2012	2011
Profit (loss) for the year from discontinued operations	(1,950)	12,785
Attributable to owners of the Company	(2,044)	8,179
Attributable to non-controlling interests	94	4,606

Cash flow from (used in) discontinued operation

	2012	2011
Net cash from operating activities	12,106	5,511
Net cash from (used in) investing activities	125,774	(3,642)
Net cash used in financing activities	(51,768)	(40,370)
Effect of exchange rate fluctuations on cash held	(88)	(59)
Net cash flow for the year	86,024	(38,560)

Effect of disposal on the financial position of the group

	2012
Investment property	263,047
Interest bearing loan from banks	(161,560)
Trade and other payables	(14,064)
Net cash inflow from US transaction	87,423

Reclassification in statement of comprehensive income due to discontinued operation.

Following the discontinuing of US operation, an amount of EUR 4.5 million of foreign currency translation reserve fund was reclassified accordingly in the statement of comprehensive income, due to 2011. In 2012 the movement is attributable to creation of translation reserve (EUR 2.8 million), as well as exercise of translation reserve into the income statement (EUR 9.7 million).

NOTE 38 – EVENTS AFTER THE REPORTING PERIOD

A. **Derivative activity in 2013**

Refer to note 14(7) in respect of 2013 option on currency activity.

B. Credit rating update

Refer to note 20 in respect of update on the credit rating of NIS denominated bonds in 2013.

NOTE 39 - CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements and application of accounting standards often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. However, other results may be derived with different judgments or using different assumptions or estimates, and events may occur that could require a material adjustment to the carrying amount of the asset or liability affected. Following are the accounting policies subject to such judgments and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported results and financial position.

a. Impairment of Trading Properties analysis

Trading Properties are measured at the lower of cost and net realizable value. In situations where excess Trading Property balances are identified, estimates of net realizable values for the excess amounts are made.

Management is responsible for determining the net realizable value of the Group's Trading Properties. In determining net realizable value of the vast majority of Trading Properties, management utilizes the services of an independent third party recognized as a specialist in valuation of properties. The independent valuation service utilizes market prices of same or similar properties whenever such prices are available. Where necessary, the independent third party valuation service uses models employing techniques such as discounted cash flow analyses. The assumptions used in these models typically include assumptions for rental levels, residential units sale prices, cost to complete the project, developers profit on costs, financing costs and capitalization yields, utilizing observable market data, where available. On an annual basis, the Company reviews the valuation methodologies utilized by the independent third party valuer service for each property. At December 31, 2012, the vast majority of the properties were valued by the independent third party valuation service. Management made adjustments to the values received to reflect the net realizable value by neutralizing the developers profit on costs from the valuations.

Determining net realizable value is inherently subjective as it requires estimates of future events and takes into account special assumptions in the valuations, many of which are difficult to predict. Actual results could be significantly different than the Company's estimates and could have a material effect on the Company's financial results. This evaluation becomes increasingly difficult as it relates to estimates and assumptions for projects in the preliminary stage of development in addition to current economic uncertainty and the lack of transactions in the real estate market in the CEE and India for same or similar properties.

Trading Properties accumulated write-downs from cost as of December 31, 2012, amounted to EUR 165. million or 17% percent of gross Trading Properties balance.

NOTE 39 - CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont.)

Significant estimates

Significant estimated (on the basis of weighted averages) used in the valuations as of 31 December 2012 and 2011 are presented below:

	Retail		Offices	
	2012	**2011**	**2012**	**2011**
Estimated rental value per sqm per month (in EUR)(*)				
Romania	6-24	10-30	10.5	11
Czech Republic	N/A	10-15	N/A	13
Serbia	16-34	10-24	14	14
Latvia	N/A	16	N/A	N/A
Poland	8-18	9-20	N/A	N/A
Greece	27	27	N/A	N/A
Hungary	15	8-25	11-11.75	11.75
Bulgaria	N/A	N/A	N/A	N/A
Average risk adjusted yield used in capitalization				
Romania	8.00%-9.75%	8.00%-8.75%	8.50%	8.50%
Czech Republic	8.35%-8.66%	7.25%	N/A	7.25%
Serbia	9.00%-9.75%	9.00%-9.75%	9.25%	9.25%
Latvia	8.75%	8.40%	N/A	N/A
Poland	7. 5%-8.50%	7.25%-8.00%	N/A	N/A
Greece	8. 5%	8.25%	N/A	N/A
Hungary	7.5%-9%	8.25%-8.75%	8.50%	8.50%
Bulgaria	N/A	N/A	N/A	N/A
(*)				
Estimated rental value per sqm per month (in USD) (*)				
India	6-24	10-29	N/A	N/A
Average risk adjusted yield used in capitalizing the net				
India	12%	11%	N/A	N/A

(*) Rental value per sqm spread due to various geographic locations in the countries (e.g provincial area comparing to capital cities).

NOTE 39 - CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont.)

b. Potential penalties, guarantees issued

Penalties are part of the on-going construction activities, and result from obligations the Group takes on towards third parties, such as banks and municipalities. The Company's management is required to provide estimations about risks evolving from potential guarantees given by the Company or penalties that the Company might have to pay.

c. Expired building permits

The process of construction is generally long, and subject to authorization from local authorities. It may occur that building permits will expire and will cause the Company additional preparations and costs, and can cause construction to be delayed or abandoned.

d. Valuation of share based payments arrangements

The Company measures the fair value of share based payments using a valuation technique. The valuation is relying on assumptions and estimations of key parameters such as volatility, which are changing, as market conditions change (refer to note 25). The risk is that the estimated costs related to share based payments might not be correct eventually.

NOTE 40 - LIST OF GROUP ENTITIES

During the period starting January 1, 2011, the Company has owned the following companies (all subsidiaries were 100% owned by the Group at the end of each reporting period presented unless otherwise indicated):

	ACTIVITY	REMARKS
HUNGARY		
Directly wholly owned		
Plaza Centers Establishment B.V.	Inactive	
Kerepesi 5 Irodaépület Ingatlanfejlesztő Kft.	Holder of land usage rights	100% held by Plaza Centers Establishment B.V. Arena Plaza Extension project
Plaza House Ingatlanfejelsztési Kft.	Office building	David House project
HOM Ingatlanfejlesztési és Vezetési Kft.	Management company	
Szeged 2002 Ingatlanhasznosító és Vagyonkezelő Kft.	Inactive	
Szombathely 2002 Ingatlanhasznosító és Vagyonkezelő Kft.	Inacitve	
Tatabánya Plaza Ingatlanfejlesztési Kft.	Inacitve	
Indirectly or jointly owned		
Plasi Invest 2007 Ingatlanforgalmazó Kft.	Holding company	70% held by Plaza Centers N.V.
SBI Hungary Ingatlanforgalmazó és Építő Kft.	Shopping center	50% held by Plasi Invest 2007 Ingatlanforgalmazó Kft. 50% held by Israeli-based partner Új Udvar project
Ercorner Gazdasági Szolgáltató Kft.	Holding company	50% held by Plaza Centers N.V. 50% held by Hungarian commercial bank
Álom Sziget 2004 Ingatlanfejlesztő Kft.	Mixed used project	87% held by Ercorner Gazdasági Szolgáltató Kft. Dream Island project
Amanati Ltd.	Inactive	
DI Gaming Holding Ltd.	Holding company	87% held by Ercorner Gazdasági Szolgáltató Kft.
Álom Sziget Entertainment Zrt.	Holding company	49.99% held by DI Gaming Holding Ltd. - associate
Álom Sziget Hungary Kaszinójáték Kft.	Holding company	100% held by Álom Sziget Entertainment Zrt.
SLOVAKIA		
Directly wholly owned		
Plaza Centers Slovak Republic S.R.O.	Inactive	
POLAND		
Directly wholly owned		
Kielce Plaza Sp.z.o.o.	Shopping center project	Kielce Plaza project
Leszno Plaza Sp.z.o.o.	Owns plot of land	Leszno Plaza project
Łódź Centrum Plaza Sp.z.o.o.	Owns plot of land	Łódź (Residential) project
Olsztyn Plaza Sp.z.o.o.	Owns plot of land	Bialysztok Plaza project
Płock Plaza Sp.z.o.o.	Owns plot of land	Radom Plaza project
Włocławek Plaza Sp.z.o.o.	Mixed used project	Łódź Plaza project
O2 Fitness Club Sp.z.o.o.	Entertainment	
Plaza Centers Polish Operations B.V.	Holding company	
EDMC Sp.z.o.o.	Management company	
Plaza Centers (Poland) Sp.z.o.o.	Management company	
Plaza Centers (Poland) Sp.z.o.o. Hungary Branch	Finance activity	100% held by Plaza Centers (Poland) Sp.z.o.o.
Hokus Pokus Rozrywka Sp.z.o.o.	Inactive	50% held by Plaza Centers N.V. 50% held by P.L.A.Z.A B.V.
Bytom Plaza Sp.z.o.o.	Inactive	
Bielsko-Biała Plaza Sp.z.o.o.	Inacitve	
Bydgoszcz Plaza Sp.z.o.o.	Inacitve	
Chorzów Plaza Sp.z.o.o.	Inactive	
Gdańsk Centrum Plaza Sp.z.o.o.	Inactive	
Gliwice Plaza Sp.z.o.o.	Inactive	
Gorzów Wielkopolski Plaza Sp.z.o.o.	Inactive	
Grudziądz Plaza Sp.z.o.o.	Inactive	
Jelenia Góra Plaza Sp.z.o.o.	Inactive	
Katowice Plaza Sp.z.o.o.	Inactive	
Legnica Plaza Sp.z.o.o.	Inactive	
Opole Plaza Sp.z.o.o.	Inactive	
Radom Plaza Sp.z.o.o.	Inactive	

NOTE 40 - LIST OF GROUP ENTITIES (cont.)

Rzeszów Plaza Sp.z.o.o.	Inactive	
Szczecin Plaza Sp.z.o.o.	Inactive	
Tarnów Plaza Sp.z.o.o.	Inactive	
Tychy Plaza Sp.z.o.o.	Inactive	
Indirectly or jointly owned		
Suwałki Plaza Sp.z.o.o.	Active shopping center	100% held by Plaza Centers Polish Operations B.V. Suwałki Plaza project
Toruń Plaza Sp.z.o.o.	Active shopping center	100% held by Plaza Centers Polish Operations B.V. Toruń Plaza project
Zgorzelec Plaza Sp.z.o.o.	Active shopping center	100% held by Plaza Centers Polish Operations B.V. Zgorzelec Plaza project
Lublin Or Sp.z.o.o.	Inactive	50% held by Plaza Centers N.V. 50% held by Israeli based partner
EDP Plaza Sp.z.o.o.	Inactive	50% held by Plaza Centers N.V. 50% held by Israeli-based partner
Fantasy Park Sp.z.o.o.	Entertainment	100% held by Mulan B.V.
Fantasy Park Poland Sp.z.o.o.	Inactive	100% held by Mulan B.V.
Fantasy Park Suwałki Sp.z.o.o.	Inactive	100% held by Mulan B.V.
Fantasy Park Zgorzelec Sp.z.o.o.	Inactive	100% held by Mulan B.V.
Fantasy Park Łódź Sp.z.o.o.	Inactive	100% held by Mulan B.V.
Fantasy Park Toruń Sp.z.o.o.	Inactive	100% held by Mulan B.V.
Fantasy Park Warszawa Sp.z.o.o.	Inactive	100% held by Mulan B.V.
Fantasy Park Investments Sp.z.o.o.	Inacitve	100% held by Mulan B.V.
Fantasy Park Management Sp.z.o.o.	Inactive	100% held by Mulan B.V.
LATVIA		
Indirectly or jointly owned		
Diksna SIA	Active shopping center	50% /50%held by Plaza Centers N.V. with partner Riga Plaza project
Fantasy Park Latvia SIA	Entertainment	100% held by Mulan B.V.
ROMANIA		
Directly wholly owned		
Dâmbovița Centers Holding B.V.	Holding company	100% held by Plaza Centers N.V.
Plaza Bas B.V.	Holding company	50.1% held by Plaza Centers N.V.
S.C. Elite Plaza S.R.L.	Shopping center project	Timișoara Plaza project
S.C. Green Plaza S.R.L.	Shopping center project	Iași Plaza project
S.C. North Eastern Plaza S.R.L.	Shopping center project	Constanța Plaza project
S.C. North West Plaza S.R.L.	Shopping center project	Hunedoara Plaza project
S.C. North Gate Plaza S.R.L.	Shopping center project	Csíki Plaza (Miercurea Ciuc) project
S.C. Eastern Gate Plaza S.R.L.	Real estate project	Cina project
S.C. South Gate Plaza S.R.L.	Shopping center project	Slatina Plaza project
S.C. Mountain Gate Plaza S.R.L.	Shopping center project	Târgu Mureș Plaza project
S.C. Palazzo Ducale S.R.L.	Office building	
S.C. Plaza Centers Management Romania S.R.L.	Management company	
S.C. Central Plaza S.R.L.	Inactive	Bacău project
S.C. White Plaza S.R.L.	Inactive	
S.C. Blue Plaza S.R.L.	Inactive	
S.C. Golden Plaza S.R.L.	Inactive	
S.C. West Gate Plaza S.R.L.	Inactive	
S.C. South Eastern Plaza S.R.L.	Inactive	
S.C. South West Plaza S.R.L.	Inactive	
S.C. Plaza Operating Management S.R.L.	Inactive	
Indirectly or jointly owned		
S.C. Dâmbovița Center S.R.L.	Mixed used project	75% held by Dambovita Centers Holding B.V. Casa Radio project
Adams Invest S.R.L.	Residential project	50% /50% held by Plaza Bas B.V with partner Vally View project
Colorado Invest S.R.L.	Residential project	50% /50% held by Plaza Bas B.V with partner Pine Tree project
Malibu Invest S.R.L.	Residential project	25%/75% held by Plaza Bas B.V. with partner Fountain Park project - Associate
Spring Invest S.R.L.	Office project	50% /50% held by Plaza Bas B.V with partner Primavera Tower Brașov project
Sunny Invest S.R.L.	Residential project	50% /50% held by Plaza Bas B.V with partner Green Land project
Primavera Invest S.R.L.	Office project	50% /50% held by Plaza Bas B.V with partner Primavera Tower Ploiești project
Bas Developement S.R.L.	Residential project	50% /50% held by Plaza Bas B.V with partner Acacia Park project
MOLDOVA		
Directly wholly owned		
I.C.S. Plaza Centers Prodev S.R.L.	Inactive	

NOTE 40 - LIST OF GROUP ENTITIES (cont.)

SERBIA		
Directly wholly owned		
Plaza Centers Holding B.V.	Holding company	
Plaza Centers (Estates) B.V.	Holding company	
Plaza Centers (Ventures) B.V.	Holding company	
Plaza Centers Logistic B.V.	Holding company	
S.S.S. Project Management B.V.	Holding company	
Plaza Centers Management D.O.O.	Management company	
Plaza Centers Foundations B.V.	Inactive	
Indirectly or jointly owned		
Sek D.O.O.	Shopping center project	100% held by Plaza Centers Holding B.V. Kragujevac Plaza project
Leisure Group D.O.O.	Shopping center project	100% held by Plaza Centers (Estates) B.V. Visnjicka Plaza project
Orchid Group D.O.O.	Shopping center project	100% held by Plaza Centers (Ventures) B.V. Belgrade Plaza project
Accent D.O.O.	Shopping center project	100% held by Plaza Centers Logistic B.V. Kruševac Plaza project
Telehold D.O.O.	Inactive	100% held by S.S.S. Project Management B.V.
CZECH REPUBLIC		
Directly wholly owned		
Praha Plaza S.R.O.	Logistic center	Prague III project
Plaza Housing S.R.O.	Owns plot of land	Roztoky project
P4 Plaza S.R.O.	Active shopping center	Liberec Plaza project
Plaza Centers Czech Republic S.R.O.	Management company	
BULGARIA		
Directly wholly owned		
Shumen Plaza EOOD	Shopping center project	Shumen Plaza project
Plaza Centers Management Bulgaria EOOD	Management company	
Plaza Centers Development EOOD	Inactive	
GREECE		
Directly wholly owned		
Helios Plaza S.A.	Shopping center project	Pireas Plaza project
Indirectly or jointly owned		
Elbit Cochin Island Ltd.	Inactive	40% held by Plaza Centers N.V.
CYPRUS – UKRAINE		
Directly wholly owned		
Tanoli Enterprises Ltd.	Finance activity	
PC Ukraine Holdings Ltd.	Inactive	
Plaza Centers Ukraine Ltd.	Management company / Inactive	100% held by PC Ukraine Holdings Ltd.
Nourolet Enterprises Ltd.	Inactive	100% held by PC Ukraine Holdings Ltd.
CYPRUS – RUSSIA		
Indirectly or jointly owned		
Plaza & Snegiri Ltd.	Inactive	50% held by Plaza Centers N.V.
THE NETHERLANDS		
Directly wholly owned		
P.L.A.Z.A B.V.	Holding company – Poland	50% held by Plaza Centers N.V. 50% held by Mulan B.V. Holds Hokus Pokus Rozrywka Sp.z.o.o. jointly with Plaza Centers N.V. (50%–50%)
Plaza Dâmboviţa Complex B.V.	Holding company	
Plaza Centers Enterprises B.V.	Finance company	100% held by Plaza Dâmboviţa Complex B.V.
Mulan B.V. (Fantasy Park Enterprises B.V.)	Holding company	Holds Fantasy Park subsidiaries in CEE
Plaza Centers Administrations B.V.	Inactive	
Plaza Centers Connections B.V.	Inactive	
Plaza Centers Engagements B.V.	Inactive	
Plaza Centers Foundation B.V.	Inactive	
Plaza Centers Management B.V.	Inactive	

NOTE 40 - LIST OF GROUP ENTITIES (cont.)

THE DUTCH ANTILLES		
Directly wholly owned		
Dreamland Entertainment N.V.	Inactive	
CYPRUS – INDIA		
Directly wholly owned		
PC India Holdings Public Company Ltd.	Holding company	
Indirectly or jointly owned		
Permindo Ltd.	Holding company	100% held by PC India Holdings Public Company Ltd. Holds 99.9% of Anuttam Developers Pvt. Ltd. Koregaon Park Plaza project
Anuttam Developers Pvt. Ltd.	Active shopping center	99.99% held by Permindo Ltd. Koregaon Park Plaza project
Spiralco Holdings Ltd.	Holding company	100% held by PC India Holdings Public Company Ltd.
P-One Infrastructure Pvt. Ltd.	Real estate	50% held by Spiralco Holdings Ltd. 50% held by Indian-based company Kharadi Plaza and Trivandrum Plaza projects
Rebeldora Ltd.	Inactive	100% held by PC India Holdings Public Company Ltd.
HOM India Management Services Pvt. Ltd.	Management company	99.99% held by PC India Holdings Public Company Ltd.
Rosesmart Ltd.	Inactive	100% held by PC India Holdings Public Company Ltd.
Xifius Services Ltd.	Inactive	100% held by PC India Holdings Public Company Ltd.
Dezimark Ltd.	Inactive	100% held by PC India Holdings Public Company Ltd.
Elbit Plaza India Real Estate Holdings Ltd.	Holding company	47.5% held by Plaza Centers N.V.
Polyvendo Ltd.	Holding company	100% held by Elbit Plaza India Real Estate Holdings Ltd.
Elbit Plaza India Management Services Pvt. Ltd.	Management company	99.99% held by Polyvendo Ltd.
Kadavanthra Builders Pvt. Ltd.	Mixed used project	80% held by Elbit Plaza India Real Estate Holdings Ltd. Chennai (SipCot) project
Aayas Trade Services Pvt. Ltd.	Mixed used project	100% held by Elbit Plaza India Real Estate Holdings Ltd. Bangalore project
Elbit India Architectural Services Ltd.	Inactive	100% held by Elbit Plaza India Real Estate Holdings Ltd.

NOTE 40 - LIST OF GROUP ENTITIES (cont.)

UNITED STATES OF AMERICA		
Indirectly or jointly owned		
Elbit Plaza USA LP	Holding company	50% held by Plaza Centers N.V. 50% held by Elbit Imaging Ltd.
Plaza USA LLC	Holding company	100% held by Elbit Plaza USA LP
Elbit USA LLC	Holding company	100% held by Elbit Plaza USA LP
Elbit USA II LLC	Holding company	100% held by Elbit Plaza USA LP
EPN GP LLC	Holding company	21.64% held by Plaza USA LLC 12.18% held by Elbit USA LLC 9.47% held by Elbit USA II LLC
EPN EDT Holdings II LLC	Holding company	23.64% held by Plaza USA LLC 13.3% held by Elbit USA LLC 10.34% held by Elbit USA II LLC
EDT Retail Trust (Australia)	Inactive	52% held by EPN EDT Holdings II LLC 48% held by EPN GP LLC
EDT U.S Trust INC. (US REIT I)	Holding company	52% held by EPN EDT Holdings II LLC 48% held by EPN GP LLC
EDT Fund LLC (US LLC)	Inactive	100% held by EDT U.S Trust INC. (US REIT)
EDT U.S Trust II INC. (US REIT II)	Inactive	52% held by EPN EDT Holdings II LLC 48% held by EPN GP LLC
Elbit Plaza II USA LP	Holding company	50% held by Plaza Centers N.V. 50% held by Elbit Imaging Ltd.
EPN Investment Management LLC	Management company	50% held by Elbit Plaza USA LP 50% held by US based-partner
EPN Fund GP LLC	Holding company	43.75% held by Elbit Plaza II USA LP
EPN Real Estate Fund LP (Fund)	Holding company	99.8% held by Israeli-based partner 0.2% held by EPN Fund GP LLC
EPN Real Estate Fund Holdings LLC	Holding company	100% held by EPN Real Estate Fund LP (Fund)
EPN Holdings I LLC	Holding company	43.29% held by Elbit Plaza II USA LP 13.42% held by EPN Real Estate Fund Holdings LLC 43.29% held by US-based partner
EDT Retail Trust Management LLC (US MGR)	Holding company	50% held by EPN Holdings I LLC 50% held by US-based partner
EDT Retail Management Ltd. (Australia)	Management company / Inactive	100% held by EDT Retail Trust Management LLC (US MGR)
EPN Operations LLC	Inactive	43.29% held by Elbit Plaza II USA LP 13.42% held by EPN Real Estate Fund Holdings LLC 43.29% held by US-based partner
EPN REIT II LLC	Inactive	45.375% held by Elbit Plaza II USA LP 9.25% held by EPN Real Estate Fund Holdings LLC 45.375% held by US-based partner

PLAZA CENTERS N.V.

CONSOLIDATED FINANCIAL STATEMENTS

AUDITED

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

PLAZA CENTERS N.V.

CONSOLIDATED FINANCIAL STATEMENTS

AUDITED

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Independent Auditors' Report

The Board of Directors and Stockholders
Plaza Centers N.V.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Plaza Centers N.V. ("the Company"), which comprise the consolidated statement of financial position as at December 31, 2011, the consolidated income statement and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2011 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards adopted by the EU.

KPMG Hungária Kft.

Budapest, Hungary

March 14, 2012

PLAZA CENTERS N.V.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN '000 EUR

	Note	December 31, 2011	December 31, 2010
ASSETS			
Cash and cash equivalents	5	58,261	137,801
Restricted bank deposits	6	21,428	29,954
Short-term deposits		3,102	-
Available for sale financial assets	7	25,568	27,098
Trade receivables	8	5,432	4,064
Other receivables and prepayments	9	46,030	47,828
Derivatives	15	-	10,535
Trading properties	10	850,229	807,887
Total current assets		1,010,050	1,065,167
Long term deposits and other investments	11	51,330	52,559
Deferred tax assets	23	316	282
Derivatives	15	-	42,110
Property and equipment	12	9,026	11,361
Investment property	13	272,348	238,702
Restricted bank deposits	6	4,961	15,751
Other non-current assets		495	364
Total non-current assets		338,476	361,129
Total assets		1,348,526	1,426,296
LIABILITIES AND SHAREHOLDERS' EQUITY			
Interest bearing loans from banks	16	296,235	232,902
Debentures at fair value through profit or loss	21	32,930	48,318
Debentures at amortized cost	22	22,831	20,762
Trade payables	17	27,329	11,260
Related parties	18	2,228	3,758
Provisions	19	15,597	15,597
Other liabilities	20	27,464	19,474
Total current liabilities		424,614	352,071
Interest bearing loans from banks	16	152,387	133,514
Debentures at fair value through profit or loss	21	110,320	211,997
Debentures at amortized cost	22	86,052	97,979
Other liabilities	20	5,757	5,330
Derivatives	15	3,561	-
Deferred tax liabilities	23	15,673	956
Total non-current liabilities		373,750	449,776
Share capital	24	2,972	2,967
Translation reserve	24	(10,672)	8,074
Capital reserve due to transaction with Non-controlling interests	35	(19,342)	-
Other reserves	24	31,954	31,272
Share premium		261,773	261,773
Retained earnings		275,437	296,109
Total equity attributable to equity holders of the Company		542,122	600,195
Non-controlling interests		8,040	24,254
Total equity		550,162	624,449
Total equity and liabilities		1,348,526	1,426,296

March 14, 2012	**Ran Shtarkman**	**Shimon Yitzchaki**
Date of approval of the financial statements	**Director, President and Chief Executive Officer**	**Director and Chairman of the Audit Committee**

PLAZA CENTERS N.V.
CONSOLIDATED INCOME STATEMENT IN '000 EUR

	Note	For the year ended December 31, 2011	2010
Revenues	27	57,074	37,641
Impairment losses - Trading properties	10	(47,987)	(6,710)
Cost of operations	28	(25,798)	(20,853)
Gross profit (loss)		(16,711)	10,078
Administrative expenses (*)	29	(19,536)	(17,923)
Other income	30	1,692	42,603
Other expenses	30	(1,588)	(260)
Results from operating activities		(36,143)	34,498
Finance income	31	103,018	49,596
Finance costs	31	(37,672)	(70,773)
Net finance income (costs)		65,346	(21,177)
Share in loss of equity-accounted investee		(153)	(381)
Profit before income tax		29,050	12,940
Tax benefit (expense)	32	(15,186)	1,308
Profit for the year		13,864	14,248
Profit attributable to:			
Owners of the Company		9,346	10,273
Non-controlling interests		4,518	3,975
		13,864	14,248
Basic and diluted earnings per share (in EURO)	25	0.03	0.03

(*) Including non-cash expenses due to the share option plans in the amount of EUR 3.7 million (2010- EUR 2.5 million) (refer to note 26).

PLAZA CENTERS N.V.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN '000 EUR

	For the year ended December 31,	
	2011	**2010**
Profit for the year	13,864	14,248
Other comprehensive income		
Net change in FV of AFS assets transferred to income statement	(326)	(724)
Change in fair value of available for sale financial assets	(1,879)	545
Foreign currency translation differences for foreign operations	(22,187)	12,221
Tax on other comprehensive income due to change in fair value of available for sale financial assets	446	-
Other comprehensive income (loss) for the year, net of income tax	(23,946)	12,042
Total comprehensive income (loss) for the year	(10,082)	26,290
Total comprehensive income (loss) attributable to:		
Owners of the Company:	(11,159)	27,808
Non-controlling interests	1,077	(1,518)
Total comprehensive income (loss) for the year	(10,082)	26,290

PLAZA CENTERS N.V.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 EUR

	Attributable to the equity holders of the Company									
	Share capital	**Share Premium**	**Other capital reserves**	**Translation Reserve**	**Capital reserve from acquisition of Non-controlling interest without a change in control**	**Financial assets available for sale reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total**
Balance at December 31, 2009	**2,942**	**261,773**	**28,286**	**(9,640)**	**-**	**602**	**285,836**	**569,799**	**4,910**	**574,709**
Effect of acquisition of subsidiaries	-	-	-	-	-	-	-	-	20,862	**20,862**
Share based payment	-	-	2,588	-	-	-	-	**2,588**	-	**2,588**
Share option exercised	25	-	(25)	-	-	-	-	-	-	-
Comprehensive income for the year										
Profit	-	-	-	-	-	-	10,273	10,273	3,975	14,248
Foreign currency translation differences	-	-	-	17,714	-	-	-	17,714	(5,493)	12,221
Available for sale reserve, net	-	-	-	-	-	(179)	-	(179)	-	(179)
Total comprehensive income (loss) for the year	-	-	-	17,714	-	(179)	10,273	**27,808**	**(1,518)**	**26,290**
Balance at December 31, 2010	**2,967**	**261,773**	**30,849**	**8,074**	**-**	**423**	**296,109**	**600,195**	**24,254**	**624,449**
Change in non-controlling interest	-	-	-	-	(19,342)	-	-	(19,342)	(18,680)	(38,022)
Dividend distributed	-	-	-	-	-	-	(30,018)	(30,018)	-	(30,018)
Share based payment	-	-	2,446	-	-	-	-	2,446	1,389	3,835
Share option exercised	5	-	(5)	-	-	-	-	-	-	-
Comprehensive income for the year										
Net Profit for the year	-	-	-	-	-	-	9,346	9,346	4,518	13,864
Foreign currency translation differences	-	-	-	(18,746)	-	-	-	(18,746)	(3,441)	(22,187)
Available for sale reserve, net	-	-	-	-	-	(1,759)	-	(1,759)	-	(1,759)
Total comprehensive income (loss) for the year	-	-	-	(18,746)	-	(1,759)	9,346	**(11,159)**	**1,077**	**(10,082)**
Balance at December 31, 2011	**2,972**	**261,773**	**33,290**	**(10,672)**	**(19,342)**	**(1,336)**	**275,437**	**542,122**	**8,040**	**550,162**

The notes on pages 10 - 93 are an integral part of these consolidated financial statements.

PLAZA CENTERS N.V.
CONSOLIDATED STATEMENT OF CASH FLOWS IN '000 EUR

	Note	For the year ended December 31, 2011	2010
Cash flows from operating activities			
Profit for the year		13,864	14,248
Adjustments necessary to reflect cash flows used in operating activities:			
Depreciation and impairment of equipment and other assets	12	2,517	2,243
Write-down of Trading properties	10	47,987	6,710
Change in fair value of Investment property	13	(8,084)	(4,647)
Net finance costs (income)	31	(65,346)	21,177
Interest received		9,356	8,631
Interest paid		(45,233)	(28,234)
Equity-settled share-based payment transaction		3,658	2,540
Gain from a bargain purchase	35	(1,523)	(42,039)
Loss (gain) on sale of property and equipment		(4)	212
Share of loss in equity-accounted investees		153	381
Proceeds from disposal of trading property, net of cash disposed (2010 - see appendix B)		712	965
Loss on sale of trading property		-	133
Tax expense (tax benefit)	32	15,186	(1,308)
		(26,757)	(18,988)
Changes in:			
Trade receivables		(1,298)	390
Other accounts receivables		(2,300)	9,881
Restricted cash		-	(9,030)
Advance payments on account of trading properties		-	(4,035)
Trading properties	10	(70,629)	(62,693)
Trade payables		543	(6,343)
Other liabilities, related parties and provisions		5,093	3,904
		(68,591)	(67,926)
Taxes paid		(58)	(121)
Net cash used in operating activities		(95,406)	(87,035)
Purchases of property, equipment and other assets		(380)	(466)
Purchase of Investment property		(1,204)	-
Proceeds from sale of property and equipment	12	30	3,135
Capital expenditure on Investment properties		(2,438)	(1,168)
Acquisition of subsidiaries, net of cash acquired	35	-	(14,354)
Purchase of available for sale financial assets	7	(9,307)	(21,935)
Proceeds from sale of available for sale financial assets	7	9,051	10,195
Short and long term deposits, net		(3,213)	(33)
Net cash used in investing activities		(7,461)	(24,626)
Cash from financing activities			
Proceeds from bank loans and financial institutions	16	80,098	53,274
Proceeds from loans from partners	20	-	5,130
Proceeds from utilization and settlement of derivatives	15	39,331	9,259
Proceeds from selling options strategy		5,212	-
Acquisition of non-controlling interest		(40,370)	-
Repurchase of debentures at amortized cost		(29,966)	-
Dividends paid		(30,018)	-
Changes in restricted cash		17,694	-
Proceeds from issuance of long term debentures	22	62,895	77,968
Long term bank loans and debentures repaid		(80,742)	(18,694)
Net cash from financing activities		24,134	126,937
Effect of exchange rate fluctuations on cash held		(807)	(71)
Increase (decrease) in cash and cash equivalents during the year		(79,540)	15,205
Cash and cash equivalents at 1st of January		137,801	122,596
Cash and cash equivalents at 31st of December		**58,261**	**137,801**

The notes on pages 10 - 93 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS IN '000 EUR (Cont.)

	For the year ended December 31,	
	2011	2010
Appendix B - Disposal of Subsidiary		-
Other receivables	-	41
Trading properties	-	1,057
Net identifiable assets and liabilities disposed	-	1,098
Cash from sale of subsidiaries	-	965
Less - Cash and cash equivalents of subsidiaries disposed	-	-
	-	965

NOTE 1 - PRINCIPAL ACTIVITIES AND OWNERSHIP

Plaza Centers N.V. ("the Company") was incorporated and is registered in the Netherlands. The Company's registered office is at Keizersgracht 241, Amsterdam, the Netherlands. The Company conducts its activities in the field of establishing, operating and selling of shopping and entertainment centres, as well as other mixed-use projects (retail, office, residential) in Central and Eastern Europe, India, and, starting 2010, also in the USA, through the acquisition of EDT retail trust ("EDT" or "the Trust"). The consolidated financial statements for each of the periods presented comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The Company's shares are traded on the Official List of the London Stock Exchange ("LSE"). The Company's shares are also listed in the Warsaw Stock Exchange ("WSE").

The Company's immediate parent company is Elbit Ultrasound B.V. ("EUL"), which holds 62.5% of the Company's shares, as of the end of the reporting period. The ultimate parent company is Elbit Imaging Limited ("EI"), which is indirectly controlled by Mr. Mordechay Zisser. For the list of the Group entities, refer to note 40.

NOTE 2 - BASIS OF PREPARATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU").

These consolidated financial statements are not intended for statutory filing purposes. The Company is required to file consolidated financial statements prepared in accordance with The Netherlands Civil Code. At the date of approving these financial statements the Company had not yet prepared consolidated financial statements for the year ended December 31, 2011 in accordance with the Netherlands Civil Code.

The consolidated financial statements were authorized for issue by the Board of Directors on March 14, 2012.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of the financial position:

- Investment property are measured at fair value
- Liabilities for cash-settled share-based payment arrangements are measured at fair value
- Available for sale financial assets are measured at fair value
- Derivative financial instruments are measured at fair value
- Financial instruments at fair value through profit or loss are measured at fair value.

c. Functional and presentation currency

These consolidated financial statements are presented in EURO, which is the Company's functional currency. All financial information presented in EURO has been rounded to the nearest thousand, unless otherwise indicated.

NOTE 2 - BASIS OF PREPARATION (Cont.)

d. Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Functional currency

The EUR is the functional currency for Group companies (with the exception of Indian companies – in which the functional currency is the Indian Rupee – INR, and the investment in the USA - in which the functional currency is the USD) since it best reflects the business and results of operations of the Group companies. This is based upon the fact that the EUR (and in India and the USA – the INR and USD respectively) is the currency in which management determines its budgets, transactions with tenants, potential buyers and suppliers, and its financing activities and assesses its currency exposures.

Information about other critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Notes 4,13, 39– classification and valuation of investment property
- Note 11 – held to maturity investment
- Note 21,22 – debentures at fair value through profit or loss
- Note 10 - Suspension of borrowing costs capitalization
- Note 10 – Normal operating cycle
- Note 35 (B)- assessing control in Business combination
- Note 38 – events after the reporting period – transaction during 2012 in the US

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Notes 10, 39 – key assumptions used in determining the net realisable value of trading properties
- Note 13 – key assumptions used in valuation of investment property
- Note 34 – provisions and contingencies
- Note 26 – measurement of share-based payments

NOTE 2 - BASIS OF PREPARATION (Cont.)

The accounting policies set out in note 3 below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities, except as explained in note 2(e), which addresses changes in accounting policies.

e. Changes in accounting policies

(i) Accounting for business combinations

From January 1, 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after January 1, 2010.
For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

NOTE 2 - BASIS OF PREPARATION (Cont.)

e. Changes in accounting policies (cont.)

(i) Accounting for business combinations (continued)

Acquisitions prior to January 1, 2010

For acquisitions of subsidiaries and entities under common control prior to January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

(ii) Accounting for acquisitions of non-controlling interests

From January 1, 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

(iii) Accounting for results of non-controlling interests

Starting January 1, 2010, the total comprehensive income is attributed to the owners of the parent and to the non- controlling interests even if this results in the non controlling interests having a deficit balance

NOTE 2 - BASIS OF PREPARATION (Cont.)

e. Changes in accounting policies (cont.)

If the Group were unable to complete the refinancing of the above facility before maturity, the lender may enforce repayment of the amount owing and the Group would become a distressed seller of certain assets. The amounts recoverable from the sale of such investment properties may materially differ to that recorded in the financial statements.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

1. Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power, directly or indirectly, to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Under IFRS 3, when acquiring subsidiaries and operations that do not constitute a business as defined in IFRS 3, the consideration for the acquisition is only allocated between the identifiable assets and liabilities of the acquiree, according to the proportion of their fair value at the acquisition date and without attributing any amount to goodwill or deferred taxes, with the participation of the minority, if any, according to its share in the net fair value of these recognized assets at the acquisition date.

When non-controlling interests in subsidiaries are acquired, the difference between the amount paid and the amount of the acquired share in the non-controlling interest at the acquisition date is attributed to assets and liabilities as aforesaid.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group in the consolidated financial statements.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

a. Basis of consolidation (cont.)

2. Associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the associate. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

The consolidated financial statements include the Group's share of the total recognized income and expense and equity movements of associates after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Investments in associates are carried in the statement of financial position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the group's interest in those associates are reduced until the investment is brought to nil, and then further losses are only recognized if the Group has incurred a legal/constructive obligation to fund such losses.

Any excess of the cost of acquisition over the Group's share of the fair values of the net identifiable assets of the associate at the date of acquisition is recognized as goodwill. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate. When the cost of acquisition is below the Group's share of the fair values of the net identifiable assets of the associate at the date of acquisition (i.e. discount on acquisition), the difference is recognized in the income statement in the period of acquisition.

3. Jointly controlled entities

Joint ventures ("JV") are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. JV's are accounted for using the proportional consolidation method of accounting.

The financial statements of joint ventures are included in the consolidated financial statements from the date that joint control commences until the date that joint control ceases. Where necessary, adjustments are made to the financial statements of joint ventures to bring the accounting policies used into line with those used by the Group in the consolidated financial statements.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

a. Basis of consolidation (cont.)

5. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b. Foreign currency

1. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2. Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Since 1 January 2003, the Group's date of transition to IFRSs, such differences have been recognised in the foreign currency translation reserve (translation reserve, or FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

3. Net investment in foreign operations.

Differences arising from translation of the net investment in foreign operations are included in translation reserve. They are released into the income statement upon disposal.

c. Financial instruments

(1) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Financial instruments (cont.)

(1) Non-derivative financial assets (cont.)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group has the following non-derivative financial assets: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Cash and cash equivalents, restricted deposits and cash in escrow

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Restricted deposits consist of deposits in banks and other financial institutions that the Group has pledged to secure banking facilities and other financial instruments for the Group and cannot be used freely for operations.

Cash in escrow represents cash paid into an escrow account held by a third party as payment for purchases of property by the Group until such purchase transactions are finalized and legal title is passed to the Group.

Financial Assets and Liabilities at fair value through profit or loss

Financial Assets and Liabilities at fair value through profit or loss includes structured deposit B (refer to note 11) and unsecured non-convertible Debentures series A and partially series B (refer to note 21, 22).

Upon initial recognition a financial asset or a financial liability may be designated by the Company at fair value through profit or loss. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy, or eliminate or significantly reduce a measurement or recognition inconsistency. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years. Held to maturity investments comprise of structure deposit A (refer to note 11).

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Financial instruments (cont.)

(1) Non-derivative financial assets (cont.)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Receivables are carried at the amounts due to the Group and are generally received within 30 days of becoming due and receivable. The collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off in the period in which they are identified. A provision for doubtful receivables is raised where there is objective evidence that the Company will not collect all amounts due. The amount of the provision is the difference between the carrying amounts and estimated future cash flows. Cash flows relating to current receivables are not discounted. The amount of any impairment loss is recognised in the Income Statement in revenues. When a trade receivable for which a provision has been recognised becomes uncollectable in a subsequent period, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against the Income Statement in revenues.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (refer to note 7), are recognised in other comprehensive income and presented within equity in the fair value reserve. The cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization is included in interest income. Realized gains and losses, interest and dividends and declines in value judged to be other-than-temporary on available-for-sale securities are included in interest income. The cost of securities sold is based on the first-in, first-out method. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

(2) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group has the following non-derivative financial liabilities: loans and borrowings, debentures and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Financial instruments (Cont.)

transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method, except for debentures that are classified as fair value through profit or loss.

(3) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures; however the Group has not elected to apply hedge accounting to any derivative financial instruments held during the reporting period. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised immediately in profit or loss..

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. If an entity is required to separate an embedded derivative from its host contract, but is unable to measure the embedded derivative separately, the Company shall designate the entire financial instrument at fair value through profit or loss. Changes in the fair value of separated embedded derivatives are recognized immediately in profit or loss.

d. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effect. Costs attributable to listing existing shares are expensed as incurred.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid which includes directly attributable costs, is net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to / from capital reserve.

e. Trading properties

Properties that are being constructed or developed for future use as trading properties (inventory) are classified as trading properties and measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete construction and selling expenses. Lands which are designated for development of trading properties projects are not written down below costs if the completed projects are expected to be sold at or above cost.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

e. Trading properties (cont.)

Costs comprise all costs of purchase, direct materials, direct labour costs, subcontracting costs and other direct overhead costs incurred in bringing the properties to their present condition. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the costs of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they incurred. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs may continue until the assets are substantially ready for their intended use.

Non–specific borrowing costs are capitalised to such qualifying asset, by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowing made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during the period does not exceed the amount of borrowing costs incurred during that period.

f. Investment property

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income. Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the investment properties are then stated at fair value. Gains and losses arising from changes in the fair values of investment properties are included in the Income statement in the period in which they arise.

The carrying amount of investment properties recorded in the Statement of Financial Position includes components relating to existing lease incentives, and assets relating to fixed increases in operating lease rentals in future periods.

As the fair value method has been adopted for investment properties, the buildings and any component thereof (including plant and equipment) are not depreciated. Refer to note 4 for the key assumptions in respect of valuations of investment property.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

g. Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation (see below) and accumulated impairment losses (refer to accounting policy 3(h)). Cost includes expenditure that is directly attributable to the acquisition of the asset. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other income or other expenses in the income statement.

Depreciation of items of property and equipment is charged to the income statement over their estimated useful lives, using the straight-line method, on the following rates:

	%
Land – owned	0
Office buildings	2 – 4
Mechanical systems in the buildings	7 – 10
Aircrafts	5
Other (*)	6 – 33

(*) Consists mainly of motor vehicles, office furniture and equipment, computers, peripheral equipment, etc.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

h. Impairment

(1) Financial Assets

A financial asset that is not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

h. Impairment (cont.)

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to the time value of money are reflected as a component of net finance income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(2) Non – Financial Assets

The carrying amounts of the Group's assets, other than investment property, trading properties and deferred tax assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

(3) Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss has decreased or may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

i. Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

i. Provisions (cont.)

Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Provisions for construction costs in regards to agreements with governmental institutions are recognized at the sign off date, at the Company's best estimate of the expenditure required to settle the Group's obligation.

Warranties

Provision for warranty costs is recognized at the date on which the shopping centres are sold, at the Company's best estimate of the expenditure required to settle the Group's obligation. Such estimates take into consideration warranties given to the Group by subcontractors.

j. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement.

(i) Rental income

The Group leases real estate to its customers under long-term leases that are classified as operating leases. Rental income from investment property is recognized in profit or loss on a straight-line basis over the term of the lease. Lease origination fees and internal direct lease origination costs are deferred and amortized over the related lease term. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

The leases generally provide for rent escalations throughout the lease term. For these leases, the revenue is recognized on a straight line basis so as to produce a constant periodic rent over the term of the lease.

The leases may also provide for contingent rent based on a percentage of the lessee's gross sales or contingent rent indexed to further increases in the Consumer Price Index (CPI). For contingent rentals that are based on a percentage of the lessee's gross sales, the Group recognizes contingent rental revenue when the change in the factor on which the contingent lease payment is based actually occurs. Rental revenues for lease escalations indexed to future increases in the CPI are recognized only after the changes in the index have occurred.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

j. Revenue recognition (cont.)

(ii) Revenues from selling of trading properties and investment properties

Revenues from selling of trading properties and investment properties are measured at the fair value of the consideration received or receivable. Revenues are recognized when all the following conditions are met:

a. the Group has transferred to the buyer the significant risks and rewards of ownership**;**
b. the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
c. the amount of revenue can be measured reliably;
d. it is probable that the economic benefits associated with the transaction will flow to the Group (including the fact that the buyer's initial and continuing investment is adequate to demonstrate commitment to pay);
e the costs incurred or to be incurred in respect of the transaction can be measured reliably; and
f. there are no significant acts that the Group is obliged to complete according to the sale agreement.

Determination whether these criteria have been met for each sale transaction, requires a significant judgment by the Group management. Significant judgment is made in determination whether, at the end of the reporting period, the Group has transferred to the buyer the significant risks and rewards associated with the real estate assets sold.

Such determination is based on an analysis of the terms included in the sale agreement executed with the buyer as well as an analysis of other commercial understandings with the buyer in respect of the real estate sold. Generally, the sale agreement with the buyer is signed during the construction period and the consummation of the transaction is subject to certain conditions precedents which have to be fulfilled prior to delivery. Revenues are, therefore, recognized when all the significant conditions precedent included in the agreement have been fulfilled by the Group and/or waived by the buyer prior to the end of the reporting period.

The delivery of the shopping centre to the buyer is generally executed close to the end of construction and to the opening of the shopping centre to the public. As a result, the Group has to use estimates in order to determine the costs and expenses required to complete the construction works which, as of the delivery date, has not been completed and/or been paid in full.

Generally, the Group is provided with a bank guarantee from the buyer for the total estimated proceeds in order to secure the payment by the buyer at delivery. Therefore, the Group is not exposed to any significant risks in respect of payment of the proceeds by the buyer.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

k. Operational lease payments

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease but are immediately capitalized as long as the project is under construction period. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

Direct incremental costs related to obtaining long-term lease agreements with tenants are capitalized when they arise and charged to the statement of income over the weighted average term of the lease period.

l. Finance income and expenses

Finance income comprises interest receivable on funds invested (including available-for-sale-financial debt and equity securities), changes in the fair value of financial instruments at fair value through profit or loss, gains on derivative instruments that are recognised in profit or loss, gain on the disposal of available-for-sale financial assets, interest on late payments from receivables and net foreign exchange gains.

Finance expenses which are not capitalized comprise interest expense on borrowings, changes in the fair value of financial instruments at fair value through profit or loss, impairment losses recognised on financial assets, net foreign exchange losses and losses on derivative instruments that are recognised in profit or loss. For capitalisation of borrowing costs please refer to Note 10.

Interest income and expense which are not capitalized are recognized in the income statement as they accrue, using the effective interest method. For the Company's policy regarding capitalization of borrowing costs refer to note 3(e).

m. Taxation

Income tax expense on the profit or loss for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year, and any adjustment to tax payable in respect of previous years. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

m. Taxation (cont.)

levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised

n. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CODM (refer to note 37) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

o. Employee benefits

1. Bonuses

The Group recognizes a liability and an expense for bonuses, which are based on agreements with employees or according to management decisions based on Group performance goals and on individual employee performance. The Group recognizes a liability where contractually obliged or where past practice has created a constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Share-based payment transactions

The fair value of options granted to employees to acquire shares of the Company is recognized as an employee expense or capitalized if directly associated with development of trading property, with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employees as measured at the date of modification. The fair value of the amount payable to employees in respect of share-based payments, which may be settled in cash, at the option of the holder, is recognized as an expense, with a corresponding increase in liability, over the period in which the employees become unconditionally entitled to payment.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

o. Employee benefits (cont.)

The fair value is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as an additional cost in salary and related expenses in the income statement. As of the end of the reporting period share-based payments which may be settled in cash are options granted to only one person and can be cash settled at the option of the holder

p. Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

q. New standard not yet adopted

One standard is not yet effective for the year ended December 31, 2011, and has not been applied in preparing these consolidated financial statements:

The Group does not expect the following amendment to have any significant impact on the consolidated financial statements:

- Amendments to IFRS 7 Disclosures - Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011) amend the required disclosure of information that enables users of financial statements, to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities, and to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognised financial assets. The Amendments define "continuing involvement" for the purposes of applying the disclosure requirements.

NOTE 4 - DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

NOTE 4 - DETERMINATION OF FAIR VALUES (cont.)

Investment properties in the US

On December 31, 2011 the Group's Value was assigned to investment properties based upon the asset fair value as reflected in the agreement signed as mentioned in note 35(C) for 47 properties owned by EPN Group. For the rest of the investment properties the Group used the same methodology as in December 2010

In 2010 the fair values of the investment properties were re-measured by EDT Retail Management LLC, which is the Responsible Entity of EDT, by reference to independent valuation reports or through appropriate valuation techniques adopted by the Responsible Entity.

Fair value is determined assuming a long term investment period. Specific circumstances of the owner are not taken into account. The factors taken into account in assessing internal valuations may include:

- Assuming a willing buyer and a willing seller, without duress and an appropriate time to market the property to maximise price;
- Information obtained from valuers, sales and leasing agents, market research reports, vendors and potential purchasers;
- Capitalisation rates used to value the asset, market rental levels and lease expiries;
- Changes in interest rates;
- Asset replacement values;
- Discounted cash flow models;
- Available sales evidence; and
- Comparisons to valuation professionals performing valuation assignments across the market.

The approach adopted for valuing the investment property portfolio at 31 December 2010 was consistent with that adopted in previous reporting periods and was as follows:

- If the most recent independent valuation was more than 3 years old, a new external valuation was obtained; and

- Internal valuations were performed by EDT Retail Management LLC on all other properties primarily using net operating income and a capitalisation rate as assessed by using market research reports and the valuations that were undertaken by the external valuers where appropriate. If this internal valuation significantly differed from the current book value of the property, an external valuation was also obtained for this property.

Application of the policy has resulted in 17 investment properties being independently valued at 31 December 2010. All properties have been independently valued within the last 18 months.

NOTE 4 - DETERMINATION OF FAIR VALUES (cont.)

Investment properties in the US (cont.)

The global market for many types of real estate remains affected, albeit to a lessening extent, by the volatility in global financial markets. Initial indications of capital market stabilisation have contributed to an increased number of transactions, however, a general weakening of market fundamentals still exists causing the volume of real estate transactions to remain beneath historic levels.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is neither a forced seller nor one prepared to sell at a price not considered reasonable in the current market. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty regarding valuations and the assumptions applied to valuation inputs.

The period of time needed to negotiate a sale in this environment may also be significantly prolonged. The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the consolidated financial statements.

Available for sale financial assets

The fair value of held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Structured deposit B at fair value through profit or loss (refer to note 11)

The fair value of structured deposit B is based on a broker quote. This quote is tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of the contract and using market interest rates for a similar instrument at the measurement date. The test is being done by using yield analysis for structured model.

NOTE 4 - DETERMINATION OF FAIR VALUES (cont.)

Swap transactions

Fair values of the SWAP (refer to note 15) may be determined in whole or in part using valuation techniques based on assumptions that are not supported by prices from current market transactions or observable market data, where current prices or observable market data are not available.

Factors such as bid-offer spread, credit profile collateral requirements and model uncertainty are taken into account, as appropriate, when fair values are calculated using valuation techniques. Valuation techniques incorporate assumptions that other market participants would use in their valuations, including assumptions about interest rate yield curves, and exchange rates. .

Long term debentures at fair value through profit or loss

The fair value of Long term debentures is principally determined with reference to an active market price quotation, as the debentures are traded in the Tel Aviv Stock Exchange ("TASE").

Share based payments transactions

The fair value of employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information and the tendency of volatility to revert to its mean and other factors indicating that expected future volatility might defer from past volatility), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

NOTE 5 - CASH AND CASH EQUIVALENTS

Bank deposits and cash denominated in	Interest rate as of December 31, 2011	December 31, 2011	December 31, 2010
EURO ("EUR") (1)	0%-4.25%	34,437	111,789
United States Dollar (USD)	0.25%-2.64%	9,944	14,587
Polish Zlotys (PLN)	Mainly 4.3%-4.9%	7,369	6,171
Indian Rupee (INR)	Mainly 7%	3,550	3,282
New Israeli Shekel (NIS)	Mainly 0%	1,028	541
Hungarian Forints (HUF)	Mainly 0%	640	422
Serbian Dinar (RSD)	Mainly 0%	628	23
Romanian Lei (RON)	Mainly 0%	253	285
Czech Crowns (CZK)	Mainly 0%	167	458
Latvian Lat (LVL)	Mainly 0%	182	226
in other currencies	Mainly 0%	63	17
Total		58,261	137,801

(1) As at December 31, 2011, cash in banks is deposited for periods up to 3 months. The Group has deposits in several commercial banks. Fixed deposits bear interest rates varying between 0.2% and 4.25%, while floating deposits bear interest rates as determined by various benchmarks (e.g EURIBOR).

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 33.

NOTE 6 - RESTRICTED BANK DEPOSITS

	Interest rate as of December 31, 2011	December 31, 2011	December 31, 2010
Short term restricted bank deposits			
In EUR	See (1), (3) and (4)	15,281	23,635
In USD	0%	3,231	1,333
In PLN	See (2)	2,305	3,273
In other currencies	0%	611	1,713
Total short term		21,428	29,954
Long term restricted bank deposits			
In EUR	see (3)	4,550	13,469
In other currencies	0%	411	2,282
Total long term		4,961	15,751

(1) As of December 31, 2011, EUR 4.1 million is restricted in respect of bank facilities agreements signed to finance Projects in Serbia, Poland, Romania, Hungary and Latvia. This amount carries an annual interest rate ranging between 0% and 1.5%. An additional EUR 1 million is restricted in respect of Interest Rate Swap ("IRS") performed in connection with bank facility agreement in Serbia (refer to note 15) and carries an annual interest rate of 3.8%.

(2) As of December 31, 2011, various deposits in a total amount of PLN 10.2 million (EUR 2.3 million) are restricted in respect of bank facilities requirements, which bears interest of 50% of the Wibid benchmark.

(3) As of December 31, 2011 an amount of EUR 2.1 million is restricted in respect of the EUR/NIS cross currency IRS transactions (see note 16). EUR 0.4 out of this amount are short term restricted. The restricted amount is carrying fixed interest rate of 0.2%. An additional EUR 2.8 million is restricted in respect of the EUR / PLN cross currency IRS transaction (see note 15). The restricted amount is carrying fixed interest rate of 3.2%.

(4) An amount of EUR 9.8 million is restricted in respect of investment in long term financial instruments (see note 11). This amount is carrying an interest rate of 1 month EURIBOR.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 33.

NOTE 7 - AVAILABLE FOR SALE FINANCIAL ASSETS

Available-for-sale financial assets ("AFS") portfolio consist of mainly perpetual securities, notes and corporate bonds securities.

	December 31, 2011	December 31, 2010
Interest income from AFS	1,691	1,379
Gain from selling AFS	326	724
	2,017	2,103
Balance as at 1 January	27,098	23,485
Purchase of AFS	9,307	13,491
Sale/redemption of AFS	(9,051)	(10,196)
Premium amortization	93	(5)
Changes in market value of AFS	(1,879)	323
Balance as at 31 December	25,568	27,098

Part of the AFS Portfolio in the amount of EUR 15.9 million is pledged against secured bank loan. Regarding the pledging of the remaining AFS portfolio refer to note 38.

NOTE 8 - TRADE RECEIVABLES

	December 31, 2011	December 31, 2010
Trade receivables (1)	7,984	6,247
Less - Allowance for doubtful debts (2)	(2,552)	(2,183)
	5,432	4,064

(1) As of December 31, 2011 trade receivables includes an amount of EUR 2.3 million (2010 – EUR 2.4 million) relating to US operations. Main increase in 2011 is due to increase of operations in Poland, following the opening of the Torun shopping Centre.

(2) Increase in allowances created during 2011 an amount of EUR 0.4 million, mainly due to operations in Czech Republic and Poland.

NOTE 9 - OTHER RECEIVABLES AND PREPAYMENTS

	December 31, 2011	December 31, 2010
Advances for plot purchases (1)	29,828	33,090
VAT receivables (2)	6,125	3,323
Loans to partners in jointly controlled entities	2,930	3,379
Prepaid expenses	2,009	711
Accrued interest receivable	1,685	2,027
Advances to suppliers	1,252	3,028
Related parties	1,227	1,185
Others	974	1,085
	46,030	47,828

(1) As of December 31, 2011 and 2010, including mainly advance payments in the amount of EUR 28.3 million and EUR 31.8 million, respectively. For the purchase of plots in India, as part of the Joint venture with EI (refer also to notes 35(E)). Out of this amount, an amount of EUR 5 million (2010 -EUR 4.8 million) is guaranteed by EI.

(2) As of December 31, 2011, VAT receivable is mainly due to projects in Poland (EUR 4 million) and Serbia (EUR 1 million).

NOTE 10 - TRADING PROPERTIES

	December 31, 2011	December 31, 2010
Balance as at 1 January	807,887	707,287
Acquisition and construction costs	84,827	74,111
Capitalized borrowing costs (1)	29,154	19,742
Write-down of trading properties (2)	(47,987)	(6,710)
Effect of movements in exchange rates	(23,652)	14,514
Trading properties disposed	-	(1,057)
Balance as at 31 December (3)	850,229	807,887
Completed trading properties	202,769	146,626
Trading properties under construction	117,526	107,825
Trading properties under planning and design stage (3),(4)	529,934	553,436
Total	850,229	807,887

(1) Suspension of capitalizing borrowing costs - In certain cases, where the efforts to develop a project are significantly diminished due to lack of external finance, or problems in obtaining permits, the Company suspends the capitalization of borrowing costs to the relevant project.

(2) Write-down of trading properties to net realisable value was performed based on independent valuation reports. In the course of 2011 write-downs were recognized in respect of projects in Romania (EUR 26.5 million), Latvia (EUR 8.5 million), Poland (EUR 7 million), Bulgaria (EUR 3 million), the Czech Republic (EUR 2.5 million) and Greece (EUR 0.5 million). Refer to note 39(a) for more information about key assumptions.

(3) Including cost of Large scale projects (Bangalore in India, Casaradio in Romania and Dream Island in Hungary) in a total amount of EUR 230 million (2010 – EUR 225 million). The abovementioned projects are expected to generate an operating cycle closer to eight years (refer to (5) below) comparing to other projects the Company holds.

(4) The value of the Casaradio project in Romania includes two gas turbines with a total book value of EUR 11 million.

(5) The Group is involved in projects some of which may take up to eight years to complete from the asset acquisition date. The cost of trading property, loans and related derivatives which financed the development projects are presented as current assets and liabilities

As of December 31, 2011, the Company has trading properties in Poland, Czech Republic, Latvia, India, Romania, Serbia, Bulgaria, Hungary and Greece. The properties are in various stages of development as shopping and entertainment centres, residential units, offices or mixed use. Regarding segment reporting, refer to note 37. Regarding the changes in global markets and their effect on the development of trading properties under construction refer to note 35(H).

As of December 31, 2011, a total carrying amount of EUR 377 million (December 31, 2010 – EUR 275 million) of the abovementioned trading properties is pledged against bank loans.

As of December 31, 2011, trading properties include accumulated capitalization of share based payments in the amount of EUR 10.7 million (December 31, 2010 – EUR 10.5 million).

Below is a summary table for project status:

NOTE 10 - TRADING PROPERTIES (Cont.)

		December 31, 2011		General information			
			Share holding		Status of		
Project	Location	Purchase/transaction year	Rate (%)	Nature of rights	Registration of land	Permit status	Planned GLA (sqm)
Suwalki Plaza	Poland	2006	100	Ownership	Completed	Operational shopping center (starting Q2 2010)	20,000
Zgorzelec Plaza	Poland	2006	100	Ownership	Completed	Operational shopping center (starting Q1 2010)	13,000
Torun Plaza	Poland	2007	100	Ownership	Completed	Operational shopping center (starting Q4 2011)	40,000
Lodz residential	Poland	2001	100	Ownership/ Perpetual usufruct	Completed	Planning permit valid	80,000(*)
Lodz plaza	Poland	2009	100	Perpetual usufruct	Completed	Planning permit pending	45,000
Kielce Plaza	Poland	2008	100	Perpetual usufruct	Completed	Planning permit pending	33,000
Leszno Plaza	Poland	2008	100	Perpetual usufruct	Completed	Planning permit pending	16,000
Liberec Plaza	Czech Republic	2006	100	Ownership	Completed	Operational shopping center (starting Q1 2009)	17,000
Roztoky	Czech Republic	2007	100	Ownership	Completed	Planning permit valid	14,000(*)
Riga Plaza	Latvia	2004	50	Ownership	Completed	Operational shopping center (starting Q1 2009)	49,000
Bangalore	India	2008	23.75	Ownership	In process	Under negotiations	320,000(*)
Chennai	India	2008	38	Ownership	In process	Under negotiations	1,060,000(*)
Koregaon Park	India	2006	100	Ownership	Completed	Building permit valid	110,000(*)
Kharadi	India	2007	50	Ownership	Completed	Partial building permit valid	250,000(*)
Trivandrum	India	2007	50	Ownership	Completed	Under negotiations	120,000(*)
Casa Radio	Romania	2007	75	Leased for 49 years	Completed	Zoning and Planning permit valid	600,000(*)
Timisoara Plaza	Romania	2007	100	Ownership	Completed	Zoning and Planning permit valid	38,000

(*) GBA (sqm)

NOTE 10 - TRADING PROPERTIES (Cont.)

		December 31, 2011		General information			
			Share holding		Status of		
Project	Location	Purchase/transaction year	Rate (%)	Nature of rights	Registration of land	Permit status	Planned GLA (sqm)
Miercurea Ciuc Plaza	Romania	2007	100	Ownership	Completed	Building permit valid	14,000
Iasi Plaza	Romania	2007	100	Ownership	Completed	Planning permit valid	62,000
Slatina Plaza	Romania	2007	100	Ownership	Completed	Planning permit valid	17,000
Targu Mures Plaza	Romania	2008	100	Ownership	Completed	Planning permit valid	30,000
Hunedoara Plaza	Romania	2008	100	Ownership	Completed	Planning permit valid	13,000
Constanta Plaza	Romania	2009	100	Ownership	Completed	Existing building	18,000
Belgrade Plaza	Serbia	2007	100	Ownership	Completed	Under negotiations	70,000(*)
Kragujevac Plaza	Serbia	2007	100	Currently Construction lease period (99 years) with subsequent ownership	Completed	Building permit valid	22,000
Sport Star Plaza	Serbia	2007	100	Land use rights	Completed	Under negotiations	40,000
Shumen Plaza	Bulgaria	2007	100	Ownership	Completed	Planning permit valid	20,000
Sofia Plaza Business Centre	Bulgaria	2009	51	Ownership	Completed	Planning permit valid	44,000
Dream Island (Budapest)	Hungary	2003	43.5	Ownership	Completed	Under negotiations	350,000(*)
Arena Plaza Extension	Hungary	2005	100	Land use rights	Completed	Building permit valid	40,000
Uj Udvar	Hungary	2007	35	Ownership	Completed	Building permit pending	16,000
Piraeus Plaza	Greece	2002	100	Ownership	Completed	Building permit valid	26,000

(*) GBA (sqm)

NOTE 11 - LONG TERM DEPOSITS AND OTHER INVESTMENTS

	Interest rate – December 31, 2011	December 31, 2011	December 31, 2010
Financial structure A (*)	0%-11.5%	38,000	38,000
Financial structure B (**)	6.25%-12.5%	12,697	14,017
Long term loan to associated Company	7%	633	542
		51,330	52,559

(*) Structure A - The EUR 38 million Principal is capital protected and payable at Maturity (February 2023). Structure A bears interest of 11.5% per annum, payable quarterly to the extent that the spread between the 30 years Euro CMS (Constant Maturity Swap) and the 10 years Euro CMS (measured on a daily basis) is higher than the accrual barrier which was set at 0.05%. For days in which the spread is lower than the barrier no interest is paid. Structure A is presented in the financial statements as held to maturity financial instrument at amortised cost.

Although Structure A is callable by the issuer on a quarterly basis at par value, the Company has the ability and a positive intent to hold Structure A until it is called or until maturity, and the Company would recover substantially all of Structure A carrying amount.

The fair value of the structure, determined by management based on the broker quotes, as of December 31, 2011 was EUR 26.9 million.

(**) Structure B - The EUR 13 million Principal of the structure is capital protected and payable at Maturity (February 2018). Structure B pays a variable interest linked to the 10 year EUR CMS rate subject to a minimum interest of 6.25% p.a and a maximum interest rate of 12.50% p.a. The Company's management has designated structure B at fair value through profit or loss since the contract contains a substantive embedded derivative. The value reflects the clean value of the structure (i.e without interest). For determining the fair values of the structured deposits refer to note 4. For the year ended December 31, 2011, the Company recorded a fair value loss of EUR 1.3 million (2010 - gain of EUR 1.1 million) in respect to structure B. An amount of EUR 0.7 million is outstanding as accrued interest receivable (refer to note 9 above) due to structure B.

For both structures financial results refer to note 31.

NOTE 12 - PROPERTY AND EQUIPMENT

	Land and buildings	Equipment	Fixtures and fittings	Airplanes (1)	Total
Cost					
Balance at 31 December, 2009	**7,057**	**4,669**	**1,376**	**9,174**	**22,276**
Additions	-	490	21	-	511
Disposals	-	(29)	-	(5,226)	(5,255)
Reclassification	-	400	-	-	400
Exchange rate effect	-	62	-	789	851
Balance at 31 December, 2010	**7,057**	**5,592**	**1,397**	**4,737**	**18,783**
Additions	-	123	-	-	123
Disposals	-	(50)	-	-	(50)
Exchange rate effect	-	(111)	-	-	(111)
Balance at 31 December, 2011	**7,057**	**5,554**	**1,397**	**4,737**	**18,745**
Accumulated depreciation					
Balance at 31 December, 2009	**2,381**	**2,415**	**953**	**1,537**	**7,286**
Depreciation expenses	182	887	33	819	1,921
Reclassification	-	(187)	-	-	(187)
Disposals	-	(41)	-	(1,652)	(1,693)
Exchange rate effect	-	30	-	65	95
Balance at 31 December, 2010	**2,563**	**3,104**	**986**	**769**	**7,422**
Depreciation and impairment expenses (*)	43	518	34	1,798	2,393
Disposals	-	(23)	-	-	(23)
Exchange rate effect	-	(73)	-	-	(73)
Balance at 31 December, 2011	**2,606**	**3,526**	**1,020**	**2,567**	**9,719**
Carrying amounts					
At 31 December, 2011	4,451	2,028	377	2,170	9,026
At 31 December, 2010	4,494	2,488	411	3,968	11,361

Major additions/ disposals/impairment in the period

(1) The airplane of the Company is pledged as a security for a bank facility utilized for the purchase of the airplane.

(2) In 2011, the Company recorded a loss due to impairment of its airplane of EUR 1.6 million, based on expert valuation.

NOTE 13 - INVESTMENT PROPERTY

	December 31, 2011	December 31, 2010
Balance at 1 January	238,702	13,399
Capital expenditures on investment properties	2,438	1,168
Effect of movements in exchange rate	8,923	(24,776)
Acquisitions (refer to note 35 ((C) and (F))	14,201	256,477
Exclusion of MV LLC (refer to note 35(D))	-	(12,213)
Fair value revaluation	8,084	4,647
Balance at 31 December	272,348	238,702

NOTE 13 - INVESTMENT PROPERTY (Cont.)

Investment property in the United States

The below information relates to US Investment property which is held through a joint venture which acquired a large portfolio of shopping centres in June 2010 through business combination (refer also to note 35 (B)), which totalled EUR 259 million as of the date of 31 December 2011 (2010 – EUR 225.1 million).

(i) Valuation basis

Fair value was assigned to investment properties as of December 31, 2011 based upon a purchase price offer presented to and accepted by EPN Group from a third-party received in January 2012 for 40 properties owned by REIT I and seven properties owned by REIT II (refer to note 35 (C)).

Internal valuations were performed by EPN Group on two properties which were not included in the proposed purchase price with an assessed fair value of USD 43 million at 31 December 2011.

(ii) Non-current assets pledged as security

All Investment properties held in the US are pledged as security on loans provided by financial institutions, which totaled EUR 164 million, as of December 31, 2011.

(iii) Leasing arrangements

Investment properties are normally leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties (Plaza Group part) are as follows:

	December 31, 2011	December 31, 2010
Minimum lease payments under non-cancellable operating lease of investment properties not recognized in the financial statements are receivable as follows:		
Within One year	19,728	17,066
More than one year up to five years	51,266	48,154
More than five years	24,206	22,026
Balance at 31 December	95,200	87,246

Investment property in the Czech Republic

The Company has one logistics building in Prague that is leased to third parties. Generally, leases contain an initial period of 6 months to 2 years.

Subsequent renewals are negotiated with the lessees. The vast majority of the contracts for the Prague logistic building are denominated in, or linked, to the EUR. For the Company's policy for determining the fair value of the investment property refer to note 4.

The yield used for fair value valuation was 7.3% for both 2011 and 2010, and the value determined was EUR 13.6 million for both 2011 and 2010.

NOTE 14 - PROPORTIONATE CONSOLIDATION

The following amounts are included in the Group's financial statements as a result of proportionate consolidation of companies:

	2011	2010
Current assets	243,874	271,937
Non-current assets	260,781	228,132
Current liabilities	118,439	100,464
Non-current liabilities	144,735	131,618
Non-controlling interests	7,289	24,254

	For the year ended December 31,	
	2011	2010
Revenues and other income	41,154	63,283
Expenses and tax	(51,268)	(23,027)
Profit (loss) after tax	(10,114)	40,256

NOTE 15 - DERIVATIVES

Selling options strategy

In January 2011, the company decided to gradually move to use a selling options strategy (by writing call and put options through major Israeli and foreign banks) in order to hedge its foreign currency risk (EUR-NIS) inherent in its long term debentures series A and series B issued in NIS which are not hedged by other derivative instruments (e.g. cross currency interest rate swaps, forwards).

During the first half of 2011 the company wrote EUR 175 million call options with Strike prices (EUR/NIS exchange rate) between 4.74 and 5 and an expiration date of June 30, 2011.

During the second half of 2011 (following the settlement of all call options written previously) the Company wrote EUR 315 million call options with Strike prices between 5 and 5.04 and an expiration date of December 28, 2011. In addition, the Company wrote a EUR 50 million put option with a strike price of 5 with an expiration date of December 28, 2011.

Premiums received in 2011 totalled EUR 13.5 million. The 2011 the selling options strategy generated net cash gain of EUR 5.2 million, included in the Company's income statement as part of the finance income.

Regarding writing of call options after the date of the statement of the financial position, refer to note 38. This option writing activities (including 2012 transactions) did not qualified for hedge accounting.

NOTE 15 - DERIVATIVES (cont.)

Cross currency Interest rate swap ("SWAP")

In addition to the abovementioned call options strategy, the Company used SWAPs in order to hedge certain foreign currency exposures (EUR-NIS and EUR-PLN).

In respect of PLN 60 million notional amount bonds of issued to Polish institutional investors (refer to notes 22, 35), the Company entered into a PLN 60 million EUR-PLN SWAP in order to hedge the expected payments in PLN (principal and interest) and to correlate them with the EUR.

The Company is paying a fixed interest of 6.98%% based on a nominal EUR amount of EUR 15.1 million and receiving an interest of six months WIBOR + 4.5% with the same amortization schedule as the Polish bonds. The fair value of the EUR-PLN SWAP, based on independent valuation, was as of December 31, 2011 a negative value in the amount of EUR 2.1 million (December 31, 2010 – EUR 0.03 million).

In respect of EUR-NIS SWAP, as of the date of the statement of financial position, the Company has entered in January 2011 into SWAP with notional amount of NIS 127 million based on a nominal EUR amount of EUR 25 million with Israeli financial institutions. This SWAP was settled in January 2012 (refer to note 38).

The Company paid interest of 6.82 % and received 4.5% interest linked to the Israeli CPI with the same amortization schedule as the series A Debentures. The fair value of the EUR-NIS SWAP, based on a valuation technique, was a negative value in the amount of EUR 0.2 million. Regarding pledged securities associated with SWAPs, refer to note 34.

SWAP settlement and utilization in 2011

In September 2011 the Company settled a Cross Currency transaction in respect of its series B debentures ("swap transaction"), for total proceeds of EUR 30.4 million. In addition, the Company released a long term restricted deposit in the amount of EUR 14.1 million, which served as a security for the swap transaction. The utilization of SWAP in July 2011 (resulting from the bond repayment schedule) generated an additional cash inflow of approximately EUR 9 million.

Interest rate swap ("IRS")

In respect of Suwalki project loan, the company hedges its exposure to cash flow due to floating interest rate. As a result, the company entered into IRS transaction on notional amount of EUR 25.1 million in which it will pay fixed interest rate of 2.13% and receives EURIBOR three months on a quarterly basis starting on June 30, 2011 and ending on June 30, 2014. Regarding the bail mortgage refer to note 34.

In respect of Kragujevac (Serbia) project loan, the company hedges its exposure to cash flow due to floating interest rate. The company entered into IRS transaction on notional amount of EUR 32.9 million in which it will pay fixed interest rate of 1.85% and receives 3 months EURIBOR on a quarterly basis starting on January 1, 2012 and ending on December 31, 2014.

The Company pledged a security deposit in the amount of EUR 1 million in respect of the Kragujevac IRS.

The aggregate fair value of the abovementioned two IRS, based on a valuation technique, was a negative value in the amount of EUR 1.3 million (December 31, 2010 – nil).

NOTE 16 - INTEREST BEARING LOANS FROM BANKS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, refer to note 33. All interest bearing loans from banks are secured. Terms and conditions of outstanding loans were as follows:

	December 31, 2011	December 31, 2010
Non-current loans		
Investment property secured bank loans	140,335	130,601
Other secured bank loans	12,052	2,913
	152,387	133,514
Current loans (including current maturities of long term loans		
Trading properties secured bank loans	227,624	170,546
Investment property secured bank loans	22,402	17,904
Other secured bank loans	46,209	44,452
	296,235	232,902

	Nominal interest rate	Currency	Year of maturity	December 31, 2011 Carrying amount	December 31, 2010 Carrying amount
Trading property secured bank loan (1)	3M EURIBOR+2.5%	EUR	2014	33,323	34,590
Trading property secured bank loan	3M EURIBOR+3%	EUR	2017	33,845	-
Trading property secured bank loan (1)	3M EURIBOR+3.5%	EUR	2014	21,800	24,069
Trading property secured bank loan	3M EURIBOR+3%	EUR	2012	20,285	21,037
Trading property secured bank loan	3M EURIBOR+3%	EUR	2012	2,040	1,971
Trading property secured bank loan	3M EURIBOR+2.5%	EUR	2012	3,772	3,772
Trading property secured bank loan (2)	3M EURIBOR+1.85%	EUR	2020	32,963	29,665
Trading property secured bank loan (1)	3M EURIBOR+2.75%	EUR	2016	20,811	20,691
Trading property secured bank loan (2)	3M EURIBOR+5.5%	EUR	2027	17,820	3,930
Trading property secured bank loan	3M EURIBOR+2.25%	EUR	2012	5,927	8,182
Trading property secured bank loan	INR linked – 13.25%-15%	INR	2021	29,016	16,589
Trading property secured bank loan (1)	3M EURIBOR+4.5%	EUR	2012	4,100	4,100
Trading property secured bank loan	3M EURIBOR+4.75%	EUR	2012	1,172	1,200
Trading property secured bank loan	3M EURIBOR+2.5%	EUR	2012	750	750
				227,624	**170,546**
Other secured bank loans	3M EURIBOR+0.5%	EUR	2012	6,867	8,047
Other secured bank loans (3)	3M EURIBOR+0.4%	EUR	2012	26,225	26,225
Other secured bank loans (3)	12M EURIBOR+0.4%	EUR	2012	10,000	10,000
Other secured bank loans	6M TELBOR+6%	NIS	2015	12,150	-
Other secured bank loans	3M USD LIBOR+4%	USD	2014	3,019	3,093
				58,261	**47,365**
Investment property secured bank loan (4)	4.91%	USD	2012	14,792	13,232
Investment property secured bank loan	5.01%	USD	2017	23,996	22,504
Investment property secured bank loan	5.1%	USD	2012	5,546	5,245
Investment property secured bank loan	5.25%	USD	2016	19,856	17,282
Investment property secured bank loan	3M LIBOR+3.25%	USD	2013	29,998	28,274
Investment property secured bank loan	6%	USD	2013	13,109	11,655
Investment property secured bank loan	6.4%	USD	2015	47,525	44,224
Investment property secured bank loan	5%	USD	2015	2,376	-
Investment property secured bank loan	5.5%	USD	2013	1,277	1,261
Investment property secured bank loan	6.25%	USD	2013	149	247
Investment property secured bank loan	3M EURIBOR+1.75%	EUR	2016	4,113	4,581
				162,737	**148,505**
Total interest bearing liabilities				**448,622**	**366,416**

NOTE 16 - INTEREST BEARING LOANS FROM BANKS (cont.)

(1) Refer to note 34 (d) for details on breach of certain covenants regarding these loans.

(2) IRS on bank loans – refer to note 15.

(3) Secured bank loans taken in respect of structured deposits (refer to note 11). These loans were extended for a period of 3 months and 1 year, respectively in February 2012. The Company is required to secure a certain amount of cash upon request from the issuing bank as collateral for the credit facilities granted by the issuing bank to finance part of these structures. The amount of the collateral is determined based on a formula which includes, among other parameters, the fair value of the structures calculated by the issuing bank. As of the end of the reporting period the Company had secured a total amount of EUR 9.8 million in respect of both structures (refer to note 6).

(4) On January 10, 2012, USD 85 million investment property secured loan (Company part is EUR 14.7 million), which matured on January 11, 2012, was refinanced with a new USD 85 million loan secured by the same investment properties. The loan bears interest at LIBOR+1% per annum and has a scheduled maturity date of March 30, 2012. On February 1, 2012, the loan was extended based upon delivery of the binding sales contract. US group Companies have guaranteed the loan and DDR Macquarie Longhorn Holdings LLC has pledged its membership interests to the lender.

NOTE 17 - TRADE PAYABLES

	Currency	December 31, 2011	December 31, 2010
Construction related	Mainly in EUR, PLN	25,610	10,812
Other trade payables		1,719	448
		27,329	11,260

Main increase in 2011 is attributable to unsettled construction suppliers in respect of the Torun shopping centre in Poland which was opened in November 2011.

NOTE 18 - RELATED PARTIES

	Currency	December 31, 2011	December 31, 2010
EI Group- ultimate parent company – expenses recharged	EUR, USD	1,389	1,803
Other related parties (*)	EUR	452	404
Former vice chairman of EI	INR	-	1,164
EUL (parent company)	EUR, USD	387	387
		2,228	3,758

(*) Liability to Control Centers group, a group of companies which provides project consulting and supervision services and controlled by the ultimate parent company's controlling shareholder.

For payments (including share based payments) to related parties refer to note 36. Transactions with related parties are priced at an arm's length basis.

NOTE 19 - PROVISIONS

The Group's provision in respect of liability to the Romanian government is due to the Company's commitment to construct an office building for the Bucharest municipality as part of the public-private partnership agreement in respect to the Casaradio Project in Bucharest. The provision is expected to be settled by 2014. As of December 31, 2011, an amount of EUR 1.5 million was utilized from the provision

NOTE 20 - OTHER LIABILITIES

Short term	Currency	December 31, 2011	December 31, 2010
Advance payment received (1)	EUR	11,032	6,716
Loan from partners in subsidiaries (2)	EUR	7,807	5,279
Government institutions and fees (3)	Mainly USD	3,139	2,915
Accrued expenses and commissions	EUR	1,941	815
Obligation in respect of plot purchase	Mainly EUR	1,448	1,699
Accrued bank interest	Mainly EUR	1,130	991
Salaries and related expenses	EUR, HUF, PLN, CZK, USD	633	539
Other	HUF, PLN, CZK	334	520
Total		27,464	19,474

(1) 2011 increase is mainly due to advances from tenants in India.
(2) As of December 31, 2011 includes loans from partners in Bulgaria and Romania.
(3) Include mainly US real estate taxes liability.

Other long term liabilities 2011

	Currency	December 31, 2011	December 31, 2010
Loan from US partner (*)	USD	5,560	5,130
Derivative			-
Others	EUR	197	200
		5,757	5,330

(*) As of December 31, 2011 one of the Company's US partners provided a USD 7.2 million (EUR 5.6 million) (the company's share) mezzanine loan to a subsidiary of EDT, secured by equity interests in six prime shopping center assets owned by EDT. The seven-year mezzanine loan has a fixed interest rate of 10% and aggregate loan to value ratio is approximately 75%.

NOTE 21 - LONG TERM DEBENTURES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company is presenting part of its debentures Series A (raised in July 2007) and debentures Series B (raised in February and May 2008) at fair value through profit or loss. Both debentures principal are linked to the change in the Israeli Consumer Price Index ("CPI"). Accrued interest on both debentures is paid every six months. Debentures Series A and Series B raised from 2009 onwards are presented at amortized cost (refer to note 22). Below is a summary of information on the debentures presented at fair value through profit or loss:

	Series A debentures			Series B debentures		
	Fair value	CPI adjusted	Par value	Fair value	CPI adjusted	Par value
January 1, 2011 (NIS)	310,514	303,760	266,994	922,834	880,381	797,957
Repayment 2011 (NIS) (*)			(38,142)			(159,591)
December 31, 2011 (NIS)	170,839	266,986	228,852	536,547	722,212	638,366
January 1, 2011 (EUR)	65.538	64,113	56,353	194,777	185,817	168,420
December 31, 2011 (EUR)	34,596	54,067	46,344	108,654	146,253	129,274

NOTE 21 - LONG TERM DEBENTURES AT FAIR VALUE THROUGH PROFIT OR LOSS (cont.)

(*) One seventh of Series A bond was repaid on December 30, 2011 and one fifth of debentures Series B was repaid on July 1, 2011

Both debentures series are rated (effective March 2012) ilBBB+ by S&P Maalot Ltd. on a local scale and ilA3/Negative by Midroog Ltd., the Israeli Credit Rating Agency and an affiliate of Moody's Investors Service ("Midroog"). Debentures Series A bears an annual interest rate of 4.5% (paid semi-annually) with 8 annual equal principal instalments between December 2010 and 2017. Debentures Series B bears an annual interest rate of 5.4% (paid semi-annually) with 5 annual equal principal instalments between July 2011 and 2015.

NOTE 22 - LONG TERM DEBENTURES AT AMORTISED COST

Bonds issued in Israel

	Series A debentures	Series B debentures			
	Par value	Par value	Total	CPI adjusted	CPI adjusted
	TNIS	**TNIS**	**TNIS**	**TNIS**	**TEUR**
January 1, 2011 (NIS) (1)	-	452,217	452,217	498,909	105,302
Issued in 2011 (2)	86,429	181,020	267,449		
Repayment (3)	(9,042)	(125,227)	(134,269)		
Buyback programme (4)	(25,235)	(142,854)	(168,089)		
December 31, 2011	52,152	365,156	417,308	473,959	95,980(5)

(1) Issued in the course of 2009 through 2010.

(2) In January 2011, following the public offering in Israel of unsecured nonconvertible Series A and B debentures, pursuant to the Company's prospectus, it was agreed with Israeli Investors to issue an additional principal amount of approximately NIS 86 million (approximately EUR 19 million) in principal amount of Series A debentures for an aggregate consideration of approximately NIS 99 million (approximately EUR 21 million), and an additional principal amount of approximately NIS 181 million (approximately EUR 39 million) in principal amount of Series B debentures for an aggregate consideration of approximately NIS 201 million (approximately EUR 44 million) by way of a private placement ("Additional Debentures"). The purpose of the issuance is purported to refinance debt principal. For credit rating refer to note 21. The terms of all Additional Debentures are identical to the terms of the Series A and B debentures issued under the Company's prospectus dated July 2007 and February 2008, respectively (refer to note 21).

(3) One seventh of Series A debentures was repaid at December 30, 2011 and one fifth of Series B debentures was repaid at July 1, 2011

(4) Regarding the buyback programme of long term debentures at amortized costs refer to note 35 (M).

(5) Before offset of unamortized cost of raising debentures in the amount of EUR 0.6 million.

NOTE 22 - LONG TERM DEBENTURES AT AMORTISED COST (cont.)

Bonds issued in Poland

On November 16, 2010, the Company completed the first tranche of a bond offering to Polish institutional investors (for the bond issuance program refer to note 35 (G)). The Company raised a total of PLN 60 million (approximately EUR 15.2 million). The unsecured bearer bonds governed by Polish law (the "Bonds") have a three year maturity at an interest rate of six months Wibor plus 4.5%. Interest is paid every six months and principal after three years. For debt covenants refer to note 34d(4). As of December 31, 2011, the amortized cost is EUR 13.4 million (December 31, 2010- EUR 14.9 million). For information on SWAP on the Bonds refer to note 15.

NOTE 23- RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes recognized are attributable to the following:

Assets/(liabilities) 2011	December 31, 2010	Recognized in Profit or loss/comprehensive income	December 31, 2011
Investment property	(789)	(3,666)	(4,455)
Property, equipment and other assets	(304)	(5)	(309)
Fair value adjustment of interest bearing loan from banks – US business combination	282	34	316
Debentures and structures at fair value through profit or loss	-	(14,496)	(14,496)
Derivatives	-	(1,391)	(1,391)
Available for sale financial assets (*)	-	446	446
Tax value of loss carry-forwards recognized	137	4,395	4,532
Deferred tax liability, net	(674)	(14,683)	(15,357)

(*) Change included in comprehensive income

Due to EPN Group (refer to note 35 (C)) acquisition of the remaining shares of EDT, the REIT elections of REIT I and REIT II were terminated effective January 1, 2011 as a result of the closely-held nature of EPN Group. As such, the REIT's are subject to US income taxes as a corporation at maximum of 35% of taxable income. Due to the difference between the tax cost base and carrying value of the investment properties at December 31, 2011, a deferred tax liability of USD 13.9 million has been recognized. The Company part is EUR 2.4 million.

NOTE 23- RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES (cont.)

Assets/(liabilities) 2010	December 31, 2009	Acquired in purchase of subsidiary	Recognized in Profit or loss	December 31, 2010
Investment property	(732)	(10)	(47)	(789)
Property and equipment and other assets	(478)	-	174	(304)
Deferred tax asset – US transaction	-	512	(230)	282
Debentures and structures at fair value through profit or loss	3,113	-	(3,113)	-
Derivatives	(6,260)	-	6,260	-
Impaired receivables and others, net	(53)	-	53	-
Tax value of losses carry-forwards recognized, net	1,973	-	(1,836)	137
Deferred tax liability, net	(2,437)	502	1,261	(674)

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following item:

	December 31,	
	2011	**2010**
Deductible temporary differences	-	2,185
Tax losses	79,656	50,346
	79,656	52,531

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from. Main increase is due to operation in Central and Eastern Europe and India, as well as extensive tax losses incurred at the parent Company level.

As of December 31, 2011 the expiry date status of tax losses to be carried forward is as follows:

Total tax losses carried forward	2012	2013	2014	2015	2016	After 2016
97,575	1,282	4,359	10,336	19,676	12,326	49,596

Tax losses are mainly generated from operations in Czech Republic, Romania, Serbia, Latvia and the Netherlands. Tax settlements may be subjected to inspections by tax authorities. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

NOTE 24 - EQUITY

	Remarks	December 31, 2011	2010
		Number of shares	
Authorized ordinary shares of par value EUR 0.01 each		1,000,000,000	1,000,000,000
Issued and fully paid:			
At the beginning of the year		296,722,129	294,195,700
Exercise of share options	See (a) below	452,386	2,526,429
At the end of the year		297,174,515	296,722,129

a. In the course of 2010, 3,954,541 vested options were exercised into 2,526,429 shares of EUR 0.01. In the course of 2011, 951,564 vested options were exercised into 452,386 shares of EUR 0.01.

Other Capital reserve due to share option plans

Other capital reserve is in respect of Employee Share Option Plans in the total amount of EUR 33,470 as of December 31, 2011 (2010 – EUR 31,029). Regarding the amendment of ESOP and ESOP No. 2 and its effect on other capital reserves refer to note 26.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations in India and in the US.

Dividend policy

The payment of dividends is dependent on the financial performance and condition of the Group, the Company's financial position and the capital and anticipated working capital requirements of the Group. The distribution of dividend is based upon the statutory report's distributable results and retained earnings of the Company itself. Subject to mandatory provisions of Dutch laws, and the agreement reached with bond holders (refer to note 35(O)), the dividend policy will reflect the long-term earnings and cash flow potential of the Group, taking into account the Group's capital requirements, while at the same time maintaining an appropriate level of dividend cover.

Regarding interim dividend paid in 2011, refer to note 35 (N).

Capital reserve from acquisition of Non-controlling interest without a change in control

Regarding the abovementioned capital reserve, refer to note 35 (C).

NOTE 25 - EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2011 was based on the profit attributable to ordinary shareholders of EUR 9,346 thousand (2010: profit of EUR 10,273 thousand) and a weighted average number of ordinary shares outstanding of 296,995 thousand (2010: 296,454 thousand).

Weighted average number of ordinary shares

In thousands of shares with a EUR 0.01 par value	December 31,	
	2011	**2010**
Issued ordinary shares at 1 January	296,722	294,196
Share based payment - exercise of options	273	2,258
Weighted average number of ordinary shares at 31 December	296,995	296,454

The calculation of diluted earnings per share for comparative figures is calculated as follows:

Weighted average number of ordinary shares (diluted)

In thousands of shares with a EUR 0.01 par value	December 31,	
	2011	**2010**
Weighted average number of ordinary shares (basic)	296,995	296,454
Effect of share options on issue	4,527	15,287
Weighted average number of ordinary shares (diluted) at 31 December	301,522	311,741

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

NOTE 26 - EMPLOYEE SHARE OPTION PLAN

On October 26, 2006 the Company's Board of Directors approved the grant of up to 33,834,586 non-negotiable options by the Company's ordinary shares to the Company's board members, employees in the company and other persons who provide services to the Company including employees of the Group ("Offerees"). The options were granted to the Offerees for no consideration. On November 25, 2008 the Company's general shareholders meeting and the Board of Directors approved modification of Employee share option Plan. The amendment plan determined that all Options that were not vested on October 25, 2008 ("Record Date") shall vest over a new 3 (three) years period commencing on the Record Date, in such way that each year following that date 1/3 (one third) of such Options shall be vested. The number of options which were modified under the amendment was 28,182,589. The incremental fair value granted (i.e: the increase in fair value of the share options measured immediately before and after the modifications) as a result of the above-mentioned modifications was EUR 6.4 million which is recognised over the vesting period or immediately for vested options.

On November 22, 2011 the Company's general shareholders meeting and the Board of Directors approved to amend the 1st ESOP to extend the Option Term (i.e., as defined in

NOTE 26 - EMPLOYEE SHARE OPTION PLAN (cont.)

the 1st ESOP, being the term during which options can be exercised under the 1st ESOP) from seven (7) to ten (10) years from the Date of Grant. As a result the Company record an incremental fair value of EUR 955,433 which is included in the consolidated income statement.

Furthermore, 2nd ESOP plan was adopted On November 22, 2011 which is based on the terms of the 1st ESOP as amended in accordance with the terms as referred to above, with a couple of amendments, the most important of which is the total number of options to be granted under the 2nd ESOP is fourteen million (14,000,000) and a cap of GBP 2. It is noted that, on the basis of all 14,000,000 options being granted under the 2nd ESOP and fully exercised thereafter, this would have an effect of dilution of up to three percent (3%) (On fully diluted basis) of the issued share capital as of the date of this notice. Exercise of the options is subject to the following mechanism:

On exercise date the Company shall allot, in respect of each option so exercised, shares equal to the difference between (A) the opening price of the Company's shares on the LSE (or WSE under certain conditions) on the exercise date, provided that if the opening price exceeds GBP 3.24, the Exercise Price the opening price shall be set at GBP 3.24 (Except 2nd ESOP as stated above) of the Exercise Price; less (B) the Exercise Price of the Options; and such difference (A minus B) will be divided by the opening price of the Company's Shares on the LSE (or WSE under certain conditions) on the exercise date. The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares:

Grant date / employees entitled	Number of options	Vesting conditions	Contractual life of options(1)
Option grant to key management at October 27, 2006	13,368,074	see (3) below	10 years
Option grant to employees at October 27, 2006	2,471,093	see (3) below	10 years
Total granted in 2006	15,839,167	see (3) below	10 years
Total granted in 2007 (2)	1,314,073	see (3) below	10 years
Total granted in 2008 (2)	1,345,556	see (3) below	10 years
Total granted in 2009 (2)	988,336	Three years of service	10 years
Total granted in 2010 (2)	1,289,000	Three years of service	10 years
Total granted in 2011(2)	6,129,000	Three years of service	10 years
Total share options Granted	26,905,132		

NOTE 26 - EMPLOYEE SHARE OPTION PLAN (cont.)

(1) Following the modification of ESOP, the contractual life for stock options granted changed from7 years to 10 years

(2) Share options granted to key management: 2007 – 200,000 share options; 2008 - 626,667 share options; 2009 - 73,334 share options; 2010 – 100,000 share options; 2011 – 2,414,000 share options.

(3) Vesting conditions – refer to modification of employee share option paragraph above.

	Weighted average exercise price (*)	Number of options	Weighted average exercise price	Number of options
	2011	2011	2010	2010
	GBP		GBP	
Outstanding at the beginning of the year	0.61	24,889,225	0.53	26,255,482
Forfeited during the period - back to pool	1.40	(3,201,529)	0.52	(200,716)
Exercised during the year	0.53	(951,564)		(3,954,541)
Granted during the year	0.46	6,169,000	1.23	2,789,000
Outstanding at the end of the year	0.43	26,905,132	0.61	24,889,225
Exercisable at the end of the year		19,380,778		15,279,330

(*)-The options outstanding at 31 December 2011 have an exercise price in the range of GBP 0.43 to GBP 1.32 (app. EUR 0.51 - EUR 1.58) following interim dividend payment of GBP 0.09 and a weighted average remaining contractual life of 6.31 years. The weighted average share price at the date of exercise for share options exercised in 2011 was GBP 0.88 (2010: GBP 1.41).

Following the modifications of the option plan, the maximum number of shares issuable upon exercise of all outstanding options as of the end of the reporting period is 29,305,718. The estimated fair value of the services received is measured based on a binomial lattice model using the following assumptions:

NOTE 26 - EMPLOYEE SHARE OPTION PLAN (Cont.)

	Key management personnel 2011(*)	Key management personnel 2010	Employees 2011(*)	Employees 2010
	EUR	EUR	EUR	EUR
Fair value of share options and assumptions				
Fair value at measurement date (in EUR)(*)	812,885	859,861	470,406	652,132
Weighted average Exercise price	0.46	1.14	0.46	1.35
Expected volatility	33.09%-51.67%	46.3%-57.93%	33.09%-51.67%	40.3%-57.93%
Weighted average share price (Gbp)	0.43	0.92	0.47	1.01
Suboptimal exercise multiple	2	2	1.5	1.5
Expected dividends	-	-	-	-
Risk-free interest rate (based on the yield rates of the non indexed linked UK treasury bonds)	0.46%-5.49%	0.55%-4.37%	0.46%-5.49%	0.65%-5.65%

(*) not including information in respect of the amendment of the 1st ESOP

During 2011 the total employee costs for the share options granted (including the modifications) was EUR 2,446 (2010 – EUR 2,588).

Since Plaza has been a publicly traded company starting November 2006, there is not enough information concerning Plaza share price. Therefore, in order to derive the expected stock price volatility, analysis was performed based on the data of Plaza, and of three other companies operating in the similar segment, which have similar market capital and are traded at the Warsaw Stock Exchange. In an attempt to estimate the expected volatility, first calculation of the short-term standard deviation (standard deviation of company's share during one year as of the options' Grant Date) has been done. In the next stage, calculation of the long-term standard deviation (standard deviation for the period starting one year prior to the Grant Date for the remaining period of the plan) has been done, where the weight of the standard deviation for the Company was ranging between 45% -65% and the weight of the average of standard deviations of comparative companies was 35% – 55% (2010: 50% – 65%)The working assumption is that the standard deviation of the underlying asset yield converges in the long term with the multi-year average.

Elbit Plaza US share based plan

In August 2011, Elbit Plaza US (a 50% held joint venture Partnership of the Company, together with EI, it's principal shareholder) ("EPUS") initiated the EPUS 2011 Incentive Plan (the "2011 EPUS Incentive Plan") which provides for the grant of options exercisable into up to 500,000 Participation Units of EPUS to employees, directors and officers of the Company and related party companies, at an exercise price per option of USD 17. The exercise price of each option will be reduced upon any event where EPUS makes cash distributions of the proceeds to all Partners or repays the Partners and/or any related party any outstanding loan, interest, charges and/or current debt, etc.

NOTE 26 - EMPLOYEE SHARE OPTION PLAN (Cont.)

Elbit Plaza US share based plan (cont.)

Under the 2011 EPUS Incentive Plan, options vest gradually over a period of three and a half years. The Administrator of the Plan may in its sole discretion accelerate or otherwise modify the vesting period. The vested options granted shall be exercisable into Participation Units only immediately prior to the date in which EPUS ceases to be a going concern and its activities are merely for the purpose of winding up its affairs.

Upon winding up of EPUS the entire amount of 500,000 Participation Units shall entitle their holders to receive 5% of an amount which equals any and all amounts that EPUS has received from all sources of income less the costs and expenses pertaining to the applicable transaction and less any and all taxes paid or payable, if any, with respect to such transaction. Each and every option shall entitle its holder to receive its proportionate share in the abovementioned amount. As a result of the above, EPUS recorded an expense of USD 1.6 million in its income statement, and the Company part is USD 0.8 million (EUR 0.6 million).

	Year ended December 31	
	2011	
	Number of options (*)	Weighted average exercise price (USD)
Balance at the beginning of the year	-	
Granted	488,750	17
Balance at the end of the year (*)	488,750	12.74
Options exercisable at the year end	-	-
(*)Includes options granted to the Company's key personnel	117,500	12.74

The weighted average contractual life of the options outstanding as of December 31, 2011 is 3.5 years. The average estimated fair value of the options was calculated based on the Binominal model based on a valuation of a third party expert, using the following assumptions:

	Year ended December 31
	2011
Risk free interest rate (%)	0.48
Exercise coefficient	None
Contractual term	3.5
Expected volatility (%)	51.1
Expected dividend yield	None
Forfeited (%)	0
Total cost of benefit (USD thousand)	8,060

NOTE 26 - EMPLOYEE SHARE OPTION PLAN (Cont.)

PCI and EPI Share Option plans

On March 14, 2011 ("Date of grant") the Company's direct subsidiaries PCI and EPI ("Companies") granted non-negotiable Options, exercisable into the Companies' Ordinary Shares, to employees, directors and officers of the Companies and/or Affiliates of the Companies. The options were granted for no consideration and have 3 years of vesting with contractual life of 7 years following the Date of Grant of such Options. PCI had granted 14,212 Share options with exercise price of EUR 227 per option. EPI had granted 51,053 share options with exercise price of EUR 0.01 per option. PCI and EPI commons shares valuation methodology was based on NAV Model. The expected stock price volatility was based on 5 Indian publicly traded real estate companies and set to range 43.31%-54.4%. The Annual risk free Interest rate range was: 1.25% -4.03%. The suboptimal exercise multiple for Key management personnel were set to 2 and for Employees 1.5.

As a result the Plaza recorded options costs of EUR 0.75 million in the income statement.

The Option Plans include, among others, a Cashless Exercise mechanism prior to/following IPO and Conversion upon the Listing of a Subsidiary.

The total number of Underlying Shares reserved for issuance under PCI Plan and EPI Plan and any modification thereof shall be 14,697 Underlying Shares and 52,600 Underlying Shares, respectively (representing approximately 5% of the share capital of the Companies on a fully diluted basis, inclusive of all Underlying Shares).

Cash settled share based payment transaction with the former Vice Chairman of EI,

On October 27, 2006, the Company entered into an agreement with the former Executive Vice-Chairman of EI ("VC") who had responsibility for the Company's operations in India, under which the VC will be entitled to receive options ("the Options") to acquire up to 5% of PC India Holdings Public Company Ltd ("holding company") through which the Company will carry on its operations in India. The options are fully vested as of December 31, 2011. The vested options may be exercised at any time, at a price equal to 5% of the Company's net equity investment made in the projects as at the Option exercise date plus interest at the rate of LIBOR USD plus 2% per annum from the date of the investment until the Options exercise date ("Exercise price").

VC has cash-in right to require the Company to purchase shares held by him following the exercise of the Options, at a price to be determined by an independent valuator. As of December 31, 2011, the liability recorded in these financial statements in respect of this agreement, is EUR 1.1 million. The total expense recorded in the income statements in 2011 totalled EUR 55 thousands. VC ceased to be considered as a related party effective June 30, 2010.

NOTE 27 - REVENUES

	For the year ended December 31,	
	2011	2010
Rental income from tenants (1)	35,523	20,576
Adjustment to fair value of investment property	8,084	4,647
Operation of entertainment centres (2)	7,121	7,442
Management fees	4,859	2,861
Revenue from selling trading properties (3)	712	924
Other	775	1,191
Total	**57,074**	**37,641**

(1) Rental income relates either to revenues from investment properties the Company holds in a total amount of EUR 26.4 million (2010 – EUR 13.4 million), or from the trading properties the Company holds in a total amount of EUR 9.1 million (2010 – EUR 7.2 million). As of the end of the reporting period, the main rental income is derived from projects in the US, Latvia, Poland and the Czech Republic. Refer to note 37 for segment breakdown of revenues.

(2) Revenue from operation of entertainment centres is attributed to special subsidiary of the Company trading as "Fantasy Park" which provides gaming and entertainment services in active shopping centres. As of December 31, 2011, these subsidiaries operate in 13 shopping centres.

(3) Revenue from selling trading properties in 2011 is due to selling residential units in Romania.

NOTE 28 -COST OF OPERATIONS

	For the year ended December 31,	
	2011	2010
Direct expenses:		
Property operations and maintenance (*)	19,159	13,589
Cost of sold trading properties	603	1,057
Salaries and related expenses	1,877	1,899
Initiation costs	713	812
Doubtful debts	-	120
Local taxes	1,391	1,438
	23,743	18,915
Other operating expenses	1,630	1,623
	25,373	20,538
Depreciation and amortization	425	315
	25,798	20,853

(*) 2011 - Includes EUR 7.2 million of energy related expenses, EUR 9.9 million due to other utilities expenses, and EUR 2.1 million due to rent expenses of Fantasy Park. 2010 – Includes EUR 5.4 million of energy related expenses, EUR 6.1 million due to other utilities expenses, and EUR 2.1 million due to rent charged to Fantasy Park subsidiaries.

Total cost of revenues resulting from investment properties the Company holds totalled EUR 11 million (2010 – EUR 5.6 million).

NOTE 29 - ADMINISTRATIVE EXPENSES

	For the year ended December 31,	
	2011	2010
Selling and marketing expenses		
Advertising and marketing	1,423	1,665
Salaries and relating expenses	971	941
Others	41	36
	2,435	2,642
General and administrative expenses		
Salaries and related expenses (1)	9,152	7,661
Depreciation and amortization	630	1,086
Professional services	4,317	3,721
Travelling and accommodation	1,077	968
Offices and office rent	1,038	1,077
Others	887	768
	17,101	15,281
Total	**19,536**	**17,923**

General and administrative

(1) Including non-cash expenses due to the share option plan in the amount of EUR 3.7 million (2010- EUR 2.5 million) refer to note 26 for more details on share based payments.

NOTE 30 - OTHER INCOME AND OTHER EXPENSES

	For the year ended December 31,	
	2011	2010
a. Other income		
Gain from selling property and equipment	4	-
Gain from bargain purchase (1)	-	42,039
Recognized goodwill – US business combination (2)	1,523	-
Non claimed payable	-	360
Other income	165	204
Total other income	1,692	42,603
b. Other expenses		
Loss from selling property and equipment	-	(212)
Impairment of property and equipment (3)	(1,588)	-
Other expenses	-	(48)
Total other expenses	(1,588)	(260)
Total	**104**	**42,343**

(1) Gain from bargain purchase – refer to note 35 (B).
(2) Recognized goodwill - refer to note 35 (C).
(3) Refer to note 12.

NOTE 31 - NET FINANCE INCOME (COSTS)

	For the year ended December 31,	
Recognized in profit or loss	2011	2010
Changes in debentures measured at fair value through profit or loss (*)	59,891	-
Gain from bonds buyback programme (refer to note 35 (M))	7,879	-
Interest income on bank deposits	3,003	2,197
Finance income from available for sale financial assets	2,017	2,103
Interest income on structured deposits (refer to note 11)	5,221	5,162
Finance income from selling option strategy, net	5,212	-
Foreign exchange gain on debentures	19,418	-
Changes in fair value of derivatives	-	37,308
Interest from loans to related parties	377	136
Changes in fair value of structured deposit (refer to note 11)	-	1,065
Foreign exchange gains on deposits, bank loans	-	456
Other interest income	-	1,169
Finance income	**103,018**	**49,596**
Interest expense on bank loans and debentures (including CPI)	(44,598)	(27,540)
Changes in fair value of derivatives	(16,622)	-
Interest expenses on loan on structures	(635)	(462)
Changes in debentures measured at fair value through profit or loss (*)	-	(50,112)
Foreign exchange losses on debentures at amortized cost	-	(10,366)
Changes in fair value of structured deposit (refer to note 11)	(1,320)	-
Foreign exchange losses on bank deposits, bank loans	(3,140)	(742)
Other finance expenses	(511)	(1,293)
	(66,826)	(90,515)
Less- borrowing costs capitalized to trading properties under development	29,154	19,742
Finance costs	**(37,672)**	**(70,773)**
Net finance income (expenses)	**65,346**	**(21,177)**

(*) The change in fair value includes a total of EUR 60.1 million (2010 – EUR 10.6 million) attributable to the credit risk of the Company

NOTE 32 - TAX EXPENSE

	For the year ended December 31,	
	2011	2010
Current tax	57	(143)
Deferred tax (refer to note 23)	15,129	(1,261)
Prior year's taxes	-	96
Total	**15,186**	**(1,308)**

Deferred tax expense (tax benefit)

	For the year ended December 31,	
	2011	2010
Origination and reversal of temporary differences	20,192	381
Recognition of previously unrecognized tax losses	(5,063)	(1,642)
	15,129	(1,261)

Reconciliation of effective tax rate:

	%	For the year ended December 31, 2011	2010
Dutch statutory income tax rate		25%	25.5%
Profit before income taxes		29,050	12,940
Tax at the Dutch statutory income tax rate	25%	7,262	3,235
Recognition of previously unrecognized tax losses	-17.4%	(5,063)	(1,642)
Effect of tax rates in foreign jurisdictions	24.8%	7,195	9,197
Deferred taxes not provided for losses	30.2%	8,775	8,428
Variances stemming from different measurement rules applied for the financial statements and those applied for income tax purposes	-17.8%	(5,173)	(4,557)
Non-deductible expenses (tax exempt income) (*)	7.5%	2,190	(15,873)
Prior years' taxes	-	-	(96)
Tax Expense (Tax benefit)	**52.3%**	**15,186**	**(1,308)**

(*) – In 2010 – Relates mainly to non taxable profit is attributable mainly to gain from bargain purchase in the US (refer to note 35 (B)).

NOTE 32 - TAX EXPENSE (Cont.)

The main tax laws imposed on the Group companies in their countries of residence:

The Netherlands

a. Companies resident in the Netherlands are subject to corporate income tax at the general rate of 25% (25.5% prior to the year 2011). The first EUR 200,000 of profits is taxed at a rate of 20%. Tax losses may be carried back for one year and carried forward for nine years. As part of the measures to combat the consequences of the economic crisis, taxpayers can elect for an extension of the loss carry back period to three years (instead of one year). The election is only available for losses suffered in the taxable years 2009, 2010 and 2011. If a taxpayer makes use of the election, two additional limitations apply: (i) the loss carry forward period for the taxable years 2009, 2010 and/or 2011 will be limited to a maximum of six years (instead of nine years); and (ii) the maximum amount of loss that can be carried back to the second and third year preceding the taxable year will be limited to EUR 10 million per year. The amount of loss that can be carried back to the year directly preceding the taxable year for which the election is made will remain unrestricted.

b. Under the participation exemption rules, income (including dividends and capital gains) derived by Netherlands companies in respect of qualifying investments in the nominal paid up share capital of resident or non-resident investee companies, is exempt from Netherlands corporate income tax provided the conditions as set under these rules have been satisfied. Such conditions require, among others, a minimum percentage ownership interest in the investee company and require the investee company to satisfy at least one of the following tests:

- Motive Test, the investee company is not held as passive investment;

- Tax Test, the investee company is taxed locally at an effective rate of at least 10% (calculated based on Dutch tax accounting standards);

- Asset Test, the investee company owns (directly and indirectly) less than 50% low taxed passive assets.

USA

The US federal corporate income tax rate is 35%. Some states may also impose corporate income taxes, which vary from zero to approximately 12%, resulting in an effective corporate tax rate of generally around 40%. The federal tax rate on corporate capital gains is the same as that of ordinary income. The statutory withholding tax rate on US sourced income is generally 30%, which may be lowered under a relevant tax treaty.

NOTE 32 - TAX EXPENSE (Cont.)

India

The corporate income tax rate applicable to the taxable income of an Indian Company is 33.22% (including surcharge of 7.5% and rate of 3%. Surcharge is applicable only if the gross total income exceeds INR 10 million). Minimum alternate tax (MAT) of 19.93% (of the taxable income of a company) is applicable only if a Company books profits which exceed INR 10 million. Book profits are computed in accordance with relevant provisions of the Indian Income Tax Act. The final tax payable is the higher of the MAT liability or corporate income tax payable. If taxes are paid under MAT, then credit to the extent of MAT paid over corporate income tax is available (MAT credit). MAT Credit can be availed, if the company has future taxable profits in the following ten years. Capital gains on transfer of capital assets (on which tax depreciation has not been claimed) are taxed at the rate of 22.145% (Including surcharge of 7.5% and rate of 3%. Surcharge is applicable only if the gross total income exceeds INR 10 million) provided that the capital assets were held for more than 36 months immediately preceding the date of the transfer or 33.2175% (including surcharge of 7.5% and rate of 3%. Surcharge is applicable only if the gross total income exceeds INR 10 million) if they were held for less than 36 months. Dividends paid out of the profits are subject to Dividend Distribution Tax at the rate of 16.61% (including surcharge of 7.5% and rate of 3%. Surcharge is applicable only if the gross total income exceeds INR 10 million). There is no withholding tax on dividends distributed by an Indian company and no additional taxes need to be paid by the Shareholder. Business losses can be offset against profits and gains on any business or profession for a period of eight years from the incurrence year's end. There is no limit for carry forward unabsorbed depreciation.

Cyprus

The taxation of companies incorporated in Cyprus is based on tax residence and all companies are taxed under corporation tax at the rate of 10%. Dividend income paid from overseas subsidiaries that earn more than 50% of their income from trading activities and profits from the sale of shares and other titles of companies are tax exempt. There is no withholding tax on payments of dividends to non-resident shareholders or shareholders that are companies resident in Cyprus. Companies, which do not distribute 70% of their profits after tax, as defined by the relevant tax law within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Defence tax at 17% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year during the following two years. This defence tax is paid by the company for the account of the shareholders. Non- Cyprus tax resident shareholders are exempt from this taxation.

NOTE 33 - FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has established a continuous process for identifying and managing the risks faced by the Company, and confirms that it is responsible to take appropriate actions to address any weaknesses identified.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Company's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

a. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's financial instruments held in banks and from receivables and other financial institutions.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group requires collateral in the form of a bank guarantee or deposit equal to three months of rent from tenants of shopping centres.

Cash and deposits, structured deposits and available for sale financial assets.

The Group limits its exposure to credit risk in respect to cash and deposits, including structured deposits and available for sale financial assets by investing mostly in deposits and other financial instruments with counterparties that have a credit rating of at least investment grade from international rating agencies. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

NOTE 33 - FINANCIAL INSTRUMENTS (cont.)
FINANCIAL RISK MANAGEMENT (Cont.)

b. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Company's Board of Directors and Audit Committee instructed the management to maintain during all times in the Company's reserves a net cash balance of at least EUR 40 million. The Company has published its sources and uses reports to demonstrate its ability to remain liquid.

c. Market risk

Currency and inflation risk

Currency risk is the risk that the Group will incur significant fluctuations in its profit or loss as a result of utilizing currencies other than the functional currency of the respective Group company.

The Group is exposed to currency risk mainly on borrowings (debentures issued in Israel and in Poland) that are denominated in a currency other than the functional currency of the respective Group companies. The currencies in which these transactions primarily are denominated are the NIS or PLN. Regarding currency and risk hedging of the debentures refer also to note 15. As the Israeli inflation risk is diminishing, the Company moves gradually to Selling options strategy, rather than using SWAP.

Interest Rate Risk

The group's interest rate risk arises mainly from short and long term borrowing (as well as debentures). Borrowings issued at variable interest rate expose the Group to variability in cash flows (mainly Borrowings in USD). Borrowings issued at fixed interest rate (but are presented at their fair value) expose the Group to changes in fair value, if the interest is changing. In certain case, the Group perform IRS to minimise the exposure to interest risk. Regarding interest rate risk hedging of the debentures and bank facilities, refer to note 15.

Shareholders' equity ("Equity") management

The Company's Board of Directors' policy is to maintain a strong equity base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company's Board of Directors also monitors the level of dividends to ordinary shareholders. The Company's Board of Directors' seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound Equity position.

NOTE 33 - FINANCIAL INSTRUMENTS (cont.)

FINANCIAL RISK MANAGEMENT (Cont.)

From time to time the Group purchases its own shares on the market; the timing of these purchases depends on market prices. No purchase is made unless the expected effect will be to increase earnings per share. The purchase of shares by the Company under this authority would be effected by a purchase in the market.

It should not be confused with any share dealing facilities that may be offered to shareholders by the Company from time to time.

The Company's Board of Directors was authorized by the general meeting of the shareholders to allot equity securities (including rights to acquire equity securities) in the Company up to an aggregate nominal value of approximately EUR 980 thousand, being approximately 33% of the Company's issued ordinary share capital as at 30 June 2011. Such authorization shall expire on the conclusion of the Annual General Meeting which will be held in June 2012. There were no changes in the Group's approach to capital management during the year.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Carrying amount	
		December 31,	
	Note	2011	2010
Cash and cash equivalents	5	58,261	137,801
Restricted bank deposits	6	21,428	29,954
Derivative and short term deposits	15	3,102	10,535
Available for sale debt securities	7	25,568	27,098
Trade receivables, net	8	5,432	4,064
Other receivables and prepayments	9	13,723	10,525
Related parties	18	1,227	1,185
Non-current derivatives	15	-	42,110
Long term deposits and other investments	11	51,330	52,559
Restricted bank deposits	6	4,961	15,751
		185,032	331,582

The maximum exposure to credit risk for the abovementioned table at the reporting date by type of debtor was as follows:

	December 31,	
	2011	2010
Banks and financial institutions	165,702	317,293
Tenants	5,432	4,064
Governmental institutions	6,125	3,323
Related parties and other	7,773	6,902
	185,032	331,582

NOTE 33 - FINANCIAL INSTRUMENTS (cont.)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

December 31, 2011

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans (*)	448,622	(531,082)	(102,101)	(22,716)	(70,124)	(209,431)	(126,710)
Unsecured debentures issued	252,133	(348,841)	-	(83,451)	(94,989)	(158,838)	(11,563)
Trade and other payables	68,676	(71,722)	(278)	(44,039)	(556)	(20,826)	(6,023)
Related parties	2,228	(2,228)	-	(2,228)	-	-	-
	771,659	(953,873)	(102,379)	(152,434)	(165,669)	(389,095)	(144,296)

December 31, 2010

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	366,416	(418,946)	(35,285)	(89,318)	(85,442)	(128,601)	(80,300)
Unsecured debentures issued	379,056	(424,342)	(68,047)	(17,418)	(81,907)	(237,416)	(19,554)
Trade and other payables	51,661	(54,781)	(257)	(31,065)	(580)	(17,293)	(5,586)
Related parties	3,758	(3,758)	-	(3,758)	-	-	-
	800,891	(901,827)	(103,589)	(141,559)	(167,929)	(383,310)	(105,440)

(*) The Company expects to revolve or to refinance the vast majority of its 2012 secured bank loans due.

NOTE 33 - FINANCIAL INSTRUMENTS (cont.)

Currency risk

The Company's main currency risk is in respect of its NIS denominated debentures. The Company is using (as of the date of signing the statement of financial position) a non-designated selling options strategy to hedge the currency risk associated with these bonds. The following exchange rate of EUR/NIS applied during the year:

	Average rate		Reporting date Spot rate	
EUR	**2011**	**2010**	**2011**	**2010**
NIS 1	0.201	0.202	0.203	0.211

Sensitivity analysis – changes in Exchange rates EUR-NIS in NIS denominated debentures

	Book Value change	Book Value	Book Value change
	-10%	**4.9381**	**10%**
Debentures A	(4,659)	(46,591)	4,659
Debentures B	(19,264)	(192,640)	19,264
TOTAL	**(23,923)**	**(239,231)**	**23,923**

Interest rate risk

Profile

As of the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2011	**2010**
Fixed rate instruments		
Financial assets	110,474	210,604
Financial liabilities	(187,640)	(177,667)
	(77,166)	32,937
Variable rate instruments		
Financial assets	51,330	52,559
Financial liabilities	(513,115)	(567,805)
	(461,785)	(515,246)

NOTE 33 - FINANCIAL INSTRUMENTS (cont.)

Interest risk (cont.)

Cash flow sensitivity analysis for variable rate instruments

A change of 30 basis points in EURIBOR interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

Variable Interest rate effect (excluding debentures)

	Profit or Loss	
	30 bp Increase	**30 bp Decrease**
December 31, 2011	(783)	783
December 31, 2010	(566)	566

Fair value sensitivity analysis for structure B

The Group accounts for one structure at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. The change in interest rates at the reporting date would result in the following affect on the structure value:

Sensitivity analysis – changes in Interest on structure

	Fair Value change - decrease 5 bp	**Fair Value**	**Fair Value change - increase 5 bp**
Structure B (refer to note 11)	12,734	12,697	12,660

NIS Debentures

Sensitivity analysis – Changes in Israeli CPI

	Book Value change	**Book Value**	**Book Value change**
	-3%	**110.3**	**3%**
Debenture-A	1,335	(46,591)	(1,335)
Debenture-B	5,724	(192,640)	(5,724)
TOTAL profit or loss	**7,059**	**(239,231)**	**(7,059)**

Sensitivity analysis – changes in NIS basic Interest on Debentures

	Book Value change - decrease 100 bp	**Book Value**	**Book Value change - increase 100 bp**
Debenture-A	(1,017)	(46,591)	976
Debenture-B	(2,636)	(192,640)	2,565
TOTAL profit or loss	**(3,653)**	**(239,231)**	**3,541**

NOTE 33 - FINANCIAL INSTRUMENTS (cont.)

Fair values

Fair values versus carrying amounts

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of borrowings approximates the carrying amount (with the exception of debentures issued in Israel, which have a quoted active market), as the impact of discounting is not significant.

Refer to notes 21 and 22 in respect of comparison between fair value and amortized cost.

Fair value Hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

	Level 1	Level 2	Level 3	Total
December 31, 2011				
Available for sale financial assets	25,568	-	-	25,568
Structured deposit B (refer to note 11)	-	-	12,697	12,697
	25,568	**-**	**12,697**	**38,265**
SWAP and IRS	-	(3,561)	-	(3,561)
Debentures at fair value through profit or loss	(143,250)	-	-	(143,250)
	(143,250)	**(3,561)**	**-**	**(146,811)**

Both level 3 financial instruments were outstanding at the beginning and at the end of the year. The total effect included in profit or loss for the year ended December 31, 2011 is as follows:

- Structured deposit B – 1,320 EUR loss as part of finance income (refer to note 31)

NOTE 34 - CONTINGENT LIABILITIES AND COMMITMENTS

a. Contingent liabilities and commitments to related parties:

1. The Company and/or its subsidiaries are bound by the following agreements, with Control Centers Ltd. ("Control Centers"), a company controlled by the ultimate shareholder of EI and/or companies controlled thereby.

   On 27 October 2006, the Company entered into an agreement with Control Centers under which Control Centers will provide coordination, planning, and execution and supervision services in respect of the Group's projects (the "Agreement"). Such Agreement is substantially similar to the agreement concluded between EI and Control Centers, which was approved by the shareholders of EI on 31 May 2006 under the applicable provisions of Israeli law. The Company will receive from Control Centers (either directly or through its subsidiaries or affiliates, other than the Company and its subsidiaries) coordination, planning, execution and supervision services (the "Services") over Real Estate Projects of the Group and/or its affiliates in consideration for a fee equal to 5% of the actual execution costs of each project, plus value added tax. The agreement expired on May 31, 2011, and will not govern projects which their initiation started after May 31, 2011. At December 31, 2011 the financial statements include a liability for engineering supervision services supplied by related parties in Control Centers Group in amount of EUR 0.4 million which relates to eleven projects under development in Serbia, Poland, Czech Republic and Romania (for the total charges in 2011 and 2010 refer to note 36).

2. On October 27, 2006 the Company signed an agreement with Jet Link Ltd (a company owned by the ultimate shareholder of the Company and which owns an airplane) under which the Group and/or its affiliates may use the airplane for their operational activities up to 275 flight hours per year. The Company will pay Jet Link Ltd. in accordance with its price list, reduced by a 5% discount. The agreement expired on October 27, 2011 and was extended for an additional four-year term.

3. On October 27, 2006 the Company and Mr. Mordechay Zisser, an Executive Director of the Company, entered into a service agreement, pursuant to which he will be entitled to a monthly salary of USD 25 thousand (EUR 19 thousand) which includes pension, retirement and similar benefits for his services as the Company's Executive Director.

4. In October 2006, the Company and EI entered into an agreement, pursuant to which with effect from 1 January 2006 the Company will pay commissions to EI in respect of all and any outstanding corporate and first demand guarantees which have been issued by EI in favour of the Company up to 0.5% of the amount or value of the guarantee, per annum. As of the end of the reporting period the Group has no outstanding guarantees from EI and no consideration was paid in this respect.

5. On October 13, 2006, EI entered into an agreement (the "Agreement") with the Company, under which EI is obliged to offer to the Company potential real estate development sites sourced by it in India. Under the agreement, EI is obliged to offer the Company the exclusive right to develop all of the shopping centre projects which EI acquires during the 15-year term of the Agreement. The Agreement was terminated upon the signing of the joint venture in India (refer to note 35), but both EI and the Company agreed that upon the termination of the Joint Venture agreement they will re-execute the Agreement.

NOTE 34 - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

a. Contingent liabilities and commitments to related parties:

6. On November 25, 2007 the Company entered into an indemnity agreement with all of the Company's directors and on June 20, 2011 with part of the Company's senior management - the maximum indemnification amount to be granted by the Company to the directors shall not exceed 25% of the shareholders' equity of the Company based on the shareholders' equity set forth in the Company's last consolidated financial statements prior to such payment. No consideration was paid by the Company in this respect since the agreement was signed.

b. Contingent liabilities and Commitments to others

1. Tesco

The Company is liable to the buyer of its previously owned shopping centre in the Czech Republic ("NOVO") – sold in June 2006 - in respect to one of its tenants ("Tesco"). Tesco leased an area within the shopping centre for a period of 30 years, with an option to extend the lease period for an additional 30 years, in consideration for EUR 6.9 million which was paid in advance. According to the lease agreement, the tenant has the right to terminate the lease agreement subject to fulfilment of certain conditions as stipulated in the agreement. The Company's management believes that it is not probable that this commitment will result in any material amount being paid by the Company.

2. General commitments and warranties in respect of trading property and investment property disposals.

In the framework of the transactions for the sale of the Group's real estate assets, the Group has undertaken to indemnify the respective purchasers for any losses and costs incurred in connection with the sale transactions. The indemnifications usually include: (i) Indemnifications in respect of completeness of title on the assets and/or the shares sold (i.e that the assets and/or the shares sold are owned by the Group and are clean from any encumbrances and/or mortgage and the like). Such indemnifications generally survived indefinitely and are capped to the purchase price in each respective transaction; and (ii) Indemnifications in respect of other representation and warranties included in the sales agreements (such as: development of the project, responsibility to defects in the development project, tax matter and others). Such indemnifications are limited in time (generally 3 years from signing a closing agreement) and are generally capped to 25% to 50% of the purchase price.

The tax authorities have challenged the applied tax treatment in two of the entities previously sold in Hungary. Currently the issue is being re-examined by the second instance of the authorities.

The Group's management estimates, based, inter alia, on a professional opinion and past experience that no significant costs will be borne thereby, in respect of these indemnifications.

3. Aggregate amount of the Group's commitments in respect of construction services totalled, as of December 31, 2011, approximately EUR 146 million.

NOTE 34 - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

b. Contingent liabilities and Commitments to others (cont.)

4. In relation to the investment property segment: DDR (refer to note 35 (B)) or the US REITs may exercise its pre-emptive right to acquire the properties held by the jointly controlled entities held by EDT and DDR (as at December 31, 2011: 7 assets) at fair market value if the Responsible Entity is removed, or there is a change in control of DDR or the US REITs or other defined events occur.

5. The Company is retaining a 100% holding in all its projects in Serbia after it was decided to discontinue the negotiations with a Serbian developer. The Company has an obligation to pay the developer in any case there is major progress in the projects. The total remaining obligation is EUR 0.9 million.

c. Contingent liabilities due to legal proceedings

On April 5, 2006 the Company and EI were sued by a third party requesting the court to order the Company and EI to pay the plaintiff an amount of NIS 10.8 million (approximately EUR 2 million) as an intermediary fee for certain sales of shopping centres in Poland and the Czech Republic.

The Company's management believes based on, among others, legal advice, that it is not probable that this litigation will cause any outflow of resources to settle it, and therefore no provision was recorded.

The Company is involved in other litigation arising in the ordinary course of its business. Although the final outcome of each of these cases cannot be estimated at this time, the Company's management believes, based on legal advice, that it is not probable that these litigations will cause any outflow of resources to settle them, and therefore no provision was recorded.

d. Securities, guarantees and liens under bank finance agreements

1. Certain companies within the Group which are engaged in the purchase, construction or operation of shopping centres ("Project Companies") have secured their respective credit facilities (with withdrawn facility amounts totalling EUR 390 million) awarded by financing banks (for projects in the US, Hungary, Latvia, Czech Republic, India, Serbia and Bulgaria), by providing first or second ranking (fixed or floating) charges on property owned thereby, including right in and to real estate property as well as the financed projects, on rights pertaining to certain contracts (including lease, operation and management agreements), on rights arising from insurance policies, and the like. Shares of certain Project Companies were also pledged in favour of the financing banks. The Company also guarantees fulfilment of one of its subsidiaries obligations under loan agreements in an aggregate amount of EUR 29 million. Shareholders loans as well as any other rights and/or interests of shareholders in and to the Project Companies were subordinated to the respective credit facilities. Payment is permitted to the shareholders (including the distribution of dividends but excluding management fees) subject to fulfilling certain preconditions.

NOTE 34 - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

d. Securities, guarantees and liens under bank finance agreements (cont.)

Certain loan agreements include an undertaking to fulfil certain financial and operational covenants throughout the duration of the credit, namely: complying with "a minimum debt services cover ratio", "loan outstanding amount" to secured assets value ratio; complying with certain restrictions on interest rates; maintaining certain cash balances for current operations; maintaining equity to project cost ratio and net profit to current bank's debt; occupancy percentage and others.

All of the companies are in compliance with the entire loan covenants with the exception of covenants breach in respect of four of the secured loans granted. The Company is in negotiation with the financing banks in respect of settling the bank requirements and agreeing on new covenants and/or waivers. All the above mentioned loans are presented at short term.

The Project Companies undertook not to make any disposition in and to the secured assets, not to sell, transfer or lease any substantial part of their assets without the prior consent of the financing bank. In certain events the Project Companies undertook not to allow, without the prior consent of the financing bank: (i) any changes in and to the holding structure of the Project Companies nor to allow for any change in their incorporation documents; (ii) execution of any significant activities, including issuance of shares, related party transactions and significant transactions not in the ordinary course of business; (iii) certain changes to the scope of the project; (iv) the assumption of certain liabilities by the Project Companies in favour of third parties; (v) receipt of loans by the Project Companies and/or the provision thereby of a guarantee to third parties; and the like.

A company within the Group which is engaged in the debenture buyback programme (refer to note 22 and 35 (M)) has secured its credit facility awarded by the financing bank by providing the first ranking charges on the debentures owned thereby.

2. Commitment in respect of Derivative transaction

Within the framework of SWAP transactions, selling call options and regular swaps (refer to note 15), executed between the Company and commercial banks (the "Banks") , the Company agreed to provide the Banks with a cash collateral deposits which will be calculated in accordance with a specific mechanism provided in each swap transaction agreement and call option.

Accordingly, as of the end of the reporting period, the Company has pledged, a security deposit in the amount of EUR 4.9 million and EUR 1 million in respect of SWAP transactions and IRS, respectively. In respect of the Suwalki IRS the project company also established a bail mortgage up to EUR 4 million encumbering the real estate project. Regarding pledge of deposits which refer to transaction performed after the end of the reporting period, refer to note 38.

NOTE 34 - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

d. Securities, guarantees and liens under bank finance agreements (cont.)

3. Commitment in respect of structured deposits

In order to secure credit lines provided to the Company for the purpose of investing in financial structures (refer to note 16), the Company has provided the issuing banks a pledge on the structures issued. In addition the Company also has to comply with certain covenants stipulated in the loan agreement (mainly loan to value covenants). Failing to comply with the said covenants shall oblige the Company to provide additional cash collateral. As of the end of the reporting period the Company has secured cash collateral of EUR 9.8 million.

4. Commitment in respect of Bonds raised in Poland

Under the offering memorandum for the issuance of Polish bonds, certain circumstances shall be deemed events of default giving the Bondholders the right to demand Early Redemption, which includes among others the following covenants:

a) Breach of the Cash Position as a result of the payment of dividend or the buy-back programme- if at any time during a period of 90 days from the payment of dividend, or the acquisition of its own shares, the Cash Position falls below EUR 50 million;

b) Breach of financial ratios –occurs if the Net Capitalization Ratio exceeds 70%; Net Capitalization Ratio ("the Ratio") is the Net Debt divided by the Equity plus the Net Debt, as calculated by the Group's auditor; "Net Debt" mean the Group's total debt under: loans and borrowings, lease agreements, bonds, other debt securities and other interest bearing or discounted financial instruments in issue, less related hedge derivatives, cash and cash equivalents, short and long-term interest bearing deposits with banks or other financial institutions, available for sale marketable securities and restricted cash, calculated based on the Consolidated Financial Statements. As at the statement of financial position date the Ratio was 50%.

c) Failure to repay material debt – the company fails to repay any matured and undisputable debt in the amount of at least EUR 100 million within 30 days of its maturity.

NOTE 35 - SIGNIFICANT ACQUISITIONS AND EVENTS

A. 2010 Framework agreement for a Joint Venture in the United States

On February 9, 2010 the Company entered through Elbit Plaza USA, L.P. ("Elbit Plaza USA", a new Real Estate Investment Partnership with Elbit), into a framework and co-investment agreement with Eastgate Property LLC ("Eastgate") to take advantage of real estate opportunities in the United States, primarily in the retail sector. Under the terms of the new strategic joint venture, Elbit Plaza USA and Eastgate have jointly committed to invest a total of USD 200 million in equal shares in one or more dedicated US real estate investment platforms, which will focus on investments in the US commercial real estate sector (collectively, the "Fund"). The Fund purpose is to identify potential investments and make both direct purchases and enter into joint ventures with local business partners over a two year acquisition period. Once assets have been acquired, Elbit and The Company undertake asset management initiatives to maximise income and capital value growth from the properties.

Pursuant to the framework and co-investment agreement with Eastgate, EPN GP LLC ("EPN GP") was jointly established as a Real Estate Investment Venture for the purpose of investing in the US real estate market, primarily in the retail sector. For the transaction in the USA refer to notes B and C below.

In June 2010 Elbit Plaza USA and Eastgate raised from Menora Mivtachim Insurance Ltd. ("Menora"), a leading pension insurance entity in Israel, and certain of Menora's affiliates, USD 31 million (EUR 25 million) of capital commitments to be invested in EPN GP. Following this commitment, the Company's indirect interests in EPN GP were reduced from 25% to 21.65%.

B. Transaction during 2010 in the United States

Pursuant to a series of agreements (which are described below) entered into during the second quarter of 2010, on June 18, 2010 EPN GP acquired 47.8% of the unit holdings in Macquarie DDR Trust ("EDT" or "the Trust") for a total consideration of USD 116 million (EUR 94 million). In addition, EPN GP acquired a 50% interest in the entity which is the owner of the Responsible Entity of the Trust (the "US Manager") for approximately USD 3 million. The Responsible Entity is the company which looks after the day-to-day management of EDT, including its investments, strategy management and financing. Developers, Diversified Realty Corporation, an Ohio corporation specializing in real estate investments and assets management ("DDR"), remained as a 50% co-owner of the US Manager and continued to act as property manager of the Trust's assets.

According to the agreements, EPN GP has the right to appoint six board members out of eleven (55%) of the Responsible Entity's board of directors. Pursuant to the Responsible Entity's constitution, few decisions require at least seven affirmative votes including the unanimous vote of all non-independent directors. According to Company management judgment, the rights specified in the Responsible Entity's constitution granted to the non-controlling interest do not give it the power to participate in the operating and financial decisions of EDT in its ordinary course of business, but only to protect its interests, and therefore fail to impair the Group's power to control the financial and operating policies of EDT. Therefore, Company management's opinion is that the rights granted to the non-controlling interest with respect to those decisions do not affect the Company's ability to control the Responsible Entity.

NOTE 35 - SIGNIFICANT ACQUISITIONS AND EVENTS (cont.)

B. Transaction during 2010 in the United States (cont.)

According to the constitution of EDT, the Responsible Entity can be appointed or dismissed only by majority vote of EDT's unit holders' general meeting. Company's management reached a conclusion that despite EPN GP's share in EDT being lower than 50%, EPN possesses de-facto control over EDT hence EPN GP was the largest unit holder in EDT (47.8% as of December 31, 2010) while the remaining units are widely spread between many other unit holders, many of which held very low percentage in EDT. Therefore, management estimated that the 52.2% unit holders, as a group, had no effective ability to force replacement of the current Responsible Entity (in which, as noted above, the Company possesses control), in case such a decision would come to the general meeting of EDT's unit holders.

Consequently, the Company management is of the opinion that EPN GP had de facto control over EDT, which gives it the power to govern the financial and operating policies of EDT. Accordingly, as of December 31 2010 EPN GP presented its investment in EDT on a fully consolidation basis with non-controlling interest of 52.2%.

Given the jointly control agreement between Elbit Plaza USA and Eastgate, as of December 31, 2010, the Group presented its investment in EPN GP, and therefore indirectly in EDT, on a proportional consolidation basis based on 21.65%.

As a result of the above, in 2010 EPN GP recorded a gain from a bargain purchase of USD 240 million (EUR 192 million), and the Company recorded in its statement of income 21.65% out of this amount, totaling circa EUR 42 million.

C. Transaction during 2011 in the United States

EPN EDT Holdings II, LLC ("EPN EDT II") was formed in 2011 to acquire the remaining shares of EDT. In March 2011, EPN EDT II made an off-market takeover bid to acquire the outstanding units of EDT for AUD $0.078 per share, which was subsequently raised to AUD $0.09 per share in May 2011.

Through a series of both on-market and off-market share acquisitions, concluded in August 2011, EPN EDT II acquired the remaining 52.2% units of EDT for USD 241 million (EUR 169 million).

In the fourth quarter of 2011 EDT was delisted from the ASX and assigned all its investment to EPN GP and EPN EDT II. EPN GP, EPN EDT II and their subsidiaries are collectively referred to as EPN Group for purposes of these financial statements.

As a result of the above, EPN Group recorded capital reserve in the total amount of USD 119 million (EUR 84 million), out of which the Company's share totaled USD 27 million (EUR 19 million) presented in the consolidated statement of changes in equity for 2011.

Since the Group's actual investment in EPN Group was not in accordance with its holdings in EPN GP prior to such investment (21.65%), the Group's share in EPN Group following the USD 57 million (EUR 40 million) 2011 investment was increased to 22.69%.

NOTE 35 - SIGNIFICANT ACQUISITIONS AND EVENTS (cont.)

C. Transaction during 2011 in the United States (cont.)

EPN Group's real estate investments are located in the United States and are held indirectly through two United States domiciled entities, EDT U.S. Trust, Inc. (REIT I) and EDT U.S. Trust II Inc. (REIT II),.

Both REIT I and REIT II were qualified as Real Estate Investment Trusts ("REIT") for United States income tax purposes, however, REIT status was terminated for both entities effective January 1, 2011 due to EPN Group's acquisition in 2011. REIT I and REIT II in turn hold their interests via three United States limited liability companies.

For the agreement entered into in January 2012 to sell 47 out of the 49 retail shopping centers of EPN, refer to note 38.

D. Loss of control of certain assets in EDT

Due to the likelihood of not being able to retrieve any equity value from the Trust's investment in a joint venture entity (MV LLC) portfolio and significant additional capital being required, the Trust, DDR and the loan servicer jointly requested that a court appoint a third party receiver to manage and liquidate the remaining assets within the portfolio. On August 24, 2010 a third party receiver was appointed over the remaining assets within the MV LLC portfolio. As a result the Trust no longer has joint control over MV LLC and in accordance with its accounting policies accounted for its interest in MV LLC at December 31, 2011 and 2010 as an investment held at the lower of cost and net realisable value which was nil at both dates.

E. Restructuring of partnership agreement in Bangalore, India

On March 13, 2008, Elbit Plaza India Real Estate Holdings Ltd. ("EPI"), a 50%/50% joint venture company with EI (Regarding the change in holding in EPI following transaction with VC, refer to 35(R) below) entered into an amended and reinstated share subscription and framework agreement ("Framework Agreement"), with a third party (the "Partner"), and a wholly owned Indian subsidiary of EPI ("SPV"), to acquire, through the SPV, up to 440 acres of land in Bangalore, India (the "Project Land"). As of December 31, 2011, the SPV has secured rights over approximately 54 acres and the total aggregate consideration paid was approximately INR 2,843 million (EUR 48 million), presented in the statement of financial position as of December 31, 2011 and 2010 as trading property.

In addition, the SPV has paid the Partner advances of approximately INR 2,536 million (EUR 21 million) on account of future acquisitions by the SPV of a further 51.6 acres. Such amount is presented in the statement of financial position as of December 31, 2011 and 2010 as advances for plot purchases within other receivables and prepayments (refer to note 9).

As detailed below, on July 22, 2010, EPI, the SPV and the Partner entered into the New Framework Agreement which has not yet come into force. The New Framework Agreement provides that in case it does not eventually come into full force and effect, the terms of the Amended Framework Agreement will govern, according to which the Company and EI additional investments in the Project Land may reach up to INR 10,500 million (EUR 152 million).

NOTE 35 - SIGNIFICANT ACQUISITIONS AND EVENTS (cont.)

E. Restructuring of partnership agreement in Bangalore, India (cont.)

On July 22, 2010, due to certain changes in the market conditions, new arrangements between the parties, EPI, the SPV and the Partner entered into a new framework agreement ("New Framework Agreement") which established new commercial understandings pertaining, inter alia, to the joint development of the Project Land and its magnitude and financing, the commercial relationships and working methods between the parties and the distribution mechanism of the revenues from the Project Land.
In accordance with the New Framework Agreement, inter alia, the following commercial terms have been agreed between the parties:

- EPI will remain the holder of 100% of the shareholdings and the voting rights in the SPV.
- The scope of the new Project will be decreased to approximately 165 acres instead of 440 acres (the "New Project").
- The Partner undertakes to complete the acquisitions of the additional land in order to obtain the rights over the said 165 acres.
- The SPV and/or EPI will not be required to pay any additional amounts in respect of such acquisitions or with respect to the Project.

The Project will be executed jointly by the Partner and the SPV. The Partner (or any of its affiliates) will also serve as the general contractor of the Project, as well as the marketing manager of the Project. Under the New Framework Agreement the Partner is committed to a maximum construction costs, minimum sale prices and a detailed timeline and budget with respect to the development of the Project.

The profits from the Project (including the sale by the Partner or any transaction with respect to the original lands which do not form part of the said 165 acres) will be distributed in a manner by which the Group's share will be approximately 70% until such time that EPI's investment in the amount of INR 5,780 million (approximately EUR 84 million) ("EPI's Investment") plus an Internal Return Rate of 20% per annum calculated from September 30, 2009 ("IRR") is paid to the SPV (on behalf of EPI) (the "Discharge Date").

Following the Discharge Date, EPI will not be entitled to receive any additional profits from the Project and it will transfer to the Partner the entire shareholdings in the SPV for no consideration. In addition, the Partner has a call option, subject to applicable law and regulations, to acquire the entire shareholdings of the SPV, at any time, in consideration for EPI's Investment plus the IRR calculated on the relevant date of acquisition.

The terms of the New Framework Agreement will enter into full force and effect upon execution of all of the Ancillary Agreements (as defined therein). Following such event the terms of the Amended Framework Agreement will be suspended, though may be revived upon occurrence of certain events as specified in the New Framework Agreement.

As of December 31, 2011 and 2010, the SPV operations are proportionately (50%) consolidated with those of the Company, since significant decisions in respect of the Project Land require the consent of both EPI and the Partner.

In January 2011, the Partner had submitted to the local planning authority, the Bangalore Development Authority ("BDA") the development plans pertaining to 84 acres included in the scope of the New Project.

NOTE 35 - SIGNIFICANT ACQUISITIONS AND EVENTS (cont.)

E. Restructuring of partnership agreement in Bangalore, India (cont.)

In October 2011, the BDA had furnished the Partner with its reply, stating that the development plans cannot be considered due to a future state plan to acquire the lands on which the New Project is proposed to be situated (among other lands in the same area) and allot it to the public under a special scheme.

Subsequently, the Partner has promptly applied to the state high court, requesting it to issue a court order forcing the BDA to consider the development plans, based on a similar judgment given by the same court for an adjacent land, and further based on the fact that, to the date hereof, the state's government had not yet published any notice in this respect, as required by law in order to validate such a plan.

F. Additional investment property transaction in the US

In December 2010, EPN signed a Real Estate Purchase and Sale Agreement (the "Agreement"), to purchase from certain affiliates of Charter Hall Retail REIT seven retail shopping centers located in Georgia, Oregon and Florida in the U.S.

On December 1, 2011, EPN acquired a single shopping center in Georgia and opted not to acquire the remaining six centers. The purchase price for the Georgia property was USD 20.4 million (EUR 15.7 million), out of which USD 13.5 million (EUR 10.4 million) was paid by way of Assumed Debt. The property has approximately GLA of 202,000 square feet (approximately 18,800 square meters).

G. Bonds issuance program in Poland

On July 28, 2010 the Board of the Company approved a bond issuance programme for the issuance of up to 3,000 unsecured bearer bonds, governed by Polish law, to the maximum amount of PLN 300 million (approximately EUR 75 million) (the "Bonds"), in several tranches. The tranches have been approved for issuance between July 2010 and the end of 2016 (the "Bonds Issuance Programme") as part of a long term strategic financing plan. For the bonds issuance refer to note 22.

H. Changes in global markets

The Company continues to monitor closely market conditions in the countries in which it operates. Although there has been a slight easing in debt market conditions, the repercussions of the global recession are still very strong and the Company's management estimates, that it will continue to have an impact on current and potential tenants for some time. The Company's management believes that it is able to mitigate the global recession consequences by ensuring maintaining its strong, lasting relationships with its high quality tenant base, across its geographically diverse portfolio of western style, well located centres.

During 2011 the Company completed the construction of one development in Torun, Poland, and continues to make progress with the construction of three further projects (Kragujevac in Serbia, Koregaon Park and Kharadi in Pune, India). The remainder of the Company's development pipeline projects are either in the design phase or waiting for permits. Commencement of these projects will depend, amongst other things, on the availability of external project financing.

NOTE 35 - SIGNIFICANT ACQUISITIONS AND EVENTS (Cont.)

I. Appointment of the Company's Chief Executive officer

On December 29, 2009, the Company announced that Mr. Ran Shtarkman, its President and Chief Executive Officer, had been appointed Joint Chief Executive Officer of EI effective 1 January 2010. In this role, he continues to work full time as the CEO of the Company, based at the Company's offices, but also assumed certain responsibilities for EI, with particular emphasis on overseeing its real estate interests in India.

J. Hedging and settlement of hedging transactions performed in the course of 2011

For the abovementioned hedging and settlement refer to note 15.

K. Issuance of debt securities in Israel

For the issuance of debt refer to note 22.

L. 2011 impairments

For the abovementioned impairments refer to note 10.

M. Bond Buyback programme

On May 23, 2011 the Company's Board of Directors approved a buyback programme of up to NIS 150 million (approximately EUR 30.2 million) of its Series A and Series B Debentures, which are traded on the Tel Aviv Stock Exchange. Following the completion of the abovementioned programme in November 2011, the Company's Board of Directors approved another buyback programme on December 23, 2011 of up to NIS 150 million (approximately EUR 30.3 million) of the abovementioned bond Series.

The repurchases were, and will be made either on an opportunistic basis in the open market on the Tel-Aviv Stock Exchange, or in privately negotiated transactions, or in a combination of the two. The board approval should not be deemed a commitment to purchase any debentures. The timing and amounts of any debentures repurchased will be determined by the Company`s management, based on its evaluation of market conditions and other factors. The repurchase programme may be suspended or discontinued at any time.

As of the date of statement of financial position, the Company has purchased a total of NIS 168 million par value Debentures (with CPI adjusted value of NIS 194 million), for a total consideration of NIS 152 million (approximately EUR 30 million). A gain of EUR 8 million was recorded in 2011 as a result of the buyback programme. An amount of NIS 35.5 million par value of the debentures repurchased by the Company from both series A and Series B have been cancelled and removed from trading and will not be permitted to be reissued. Regarding the 2012 buyback programme, refer to note 38.

N. Dividend paid to shareholders

In September 2011 the Board of Directors of the Company approved an interim cash dividend payment of EUR 30 million to be paid to shareholders. The dividend per share was EUR 0.1010.

NOTE 35 - SIGNIFICANT ACQUISITIONS AND EVENTS (Cont.)

N. Dividend paid to shareholders (cont.)

The interim cash dividend payment was made on September 23, 2011 to all shareholders on the Company's register on September 23, 2011 (the record date). The ex-dividend date was September 21, 2011. In accordance with local Dutch tax regulations, a tax of 15% was withheld and paid in the Netherlands, on behalf of each holder, except for holders for which an exemption applied.

O. Bondholders agreement

On September 23, 2011 the Company has reached an agreement with holders of the Company's Series A and B Bonds (the "Bondholders") with regards to its dividend distributions in the years 2012-2013, should any be declared.

The agreement, which was approved by the vast majority of Bondholders, places certain covenants and conditions on dividend payments by the Company during 2012-2013, in light of the ongoing challenging global economy. A summary of the major terms in the agreement is as follows:

• The total dividend will be capped at EUR 30 million per annum for each of the years 2012 and 2013.

• Distribution of dividends will be made only from the net cash flows derived from the realisation of assets and will be capped at 50% of net cash flows received.

• Should a dividend be paid while the average market yield of the Company's series A and B bonds exceeds a certain threshold, the Company shall retain, for a period of 12 months following the dividend payment, a sum of not less than EUR 70 million in reserve accounts, of which a sum equal to the dividend payment can be used solely for the repurchase of bonds and / or making principal and interest payments to bondholders.

• Should a dividend be paid while the average market yield of the Company's series A and B bonds is below a certain threshold, the Company shall be entitled to distribute dividends of up to EUR 50 million per annum. Should this occur, the sum of the dividend which exceeded EUR 30 million will be held in a reserve account, to be used solely for the repurchase of bonds and / or making principal and interest payments to bondholders.

P. Dividend distribution by EDT

In September 2011 EDT distributed an interim dividend payment to its unitholders of USD 26 million (approximately EUR 18.8 million). Of this, Elbit Plaza USA LP, a jointly controlled entity of the Company and Elbit, has received a total distribution amount of USD 11.8 million (approximately EUR 8.6 million), of which the Company received half, reflecting its 50% share.

Q. Opening of the Torun shopping centre

On November 14, 2011 the Company completed and opened to the public Torun Plaza in Poland, its 31st shopping centre in Central and Eastern Europe ("CEE") and its tenth in Poland. Torun Plaza comprises 40,000 sqm of Gross Lettable Area ("GLA") spread over two floors with approximately 1,100 parking spaces.

NOTE 35 - SIGNIFICANT ACQUISITIONS AND EVENTS (Cont.)

R. Allotment of shares in EPI to VC

On January 17, 2008 EI's shareholders approved another agreement with the VC according to which EI has undertaken to allot the VC 5% of the aggregate issued and outstanding share capital in the Company's jointly controlled subsidiary with EI (refer to note 37), Elbit Plaza India Real Estate Holdings Limited ("EPI").

The allotment has been performed in 2011 and as of the end of the reporting period, VC holds 5% of the shares of EPI, while each of the Company and EI hold 47.5% of the shares of EPI. The VC shares in EPI shall not be entitled to receive any distributions from EPI (including, but not limited to, payment of dividends, interest, other expenses and principal repayments of shareholder loans, management fees or other payments made to the VC and any loans provided by the EPI to the VC) until the Group's investments (principal and interest calculated in accordance with a mechanism provided for in the agreement) in EPI have been repaid in full. The agreement includes, inter alia, "tag along" and "drag along" rights.

NOTE 36 - RELATED PARTY TRANSACTIONS

Related party transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below and in note 35.

The Company has 6 directors. The annual remuneration of the directors in 2011 amounted to EUR 1.1 million (2010 – EUR 1.1 million) and the annual share based compensation expenses amounted to EUR 1.5 million (2010- EUR 0.8 million). There was no change in the number of Company options granted to key personnel in 2011. In respect of share base plan in the US, refer to note 26. There are no other benefits granted to directors. For the nomination of the Company's CEO as a joint CEO in EI refer to note 35(i). Information about related party balances as of December 31, 2011 and 2010 is disclosed in note 18.

Trading transactions

During the year, group entities had the following trading transactions with related parties that are not members of the Group:

	For the year ended December 31,	
	2011	**2010**
Income		
Interest on balances with EI	215	136
Costs and expenses		
Recharges - EI and EUL	494	919
Executive director (1)	238	244
Former executive Vice Chairman of EI (2)	-	710
Aviation services - Jet Link (3)	522	496
Project management provision and charges - Control Centers group (3)	3,521	5,039

NOTE 36 - RELATED PARTY TRANSACTIONS (cont.)

(1) The Executive director, who is also the controlling shareholder of the ultimate parent company, is receiving an annual salary of USD 300 thousand.

(2) 2010 - Including option plan expenses of EUR 0.5 million. For the option Plan for the former Executive Vice-Chairman of EI refer to note 26. Starting 2011, the Former executive Vice Chairman of EI is not considered a related party.

(3) Jet Link Ltd. and Control Centers (refer to note 34 a(1)) are companies owned by the ultimate shareholder of the Company. Control Centers group costs are capitalized to the relevant trading property.

NOTE 37 - OPERATING SEGMENTS

The Group comprises the following main reportable geographical segments: CEE, India and the US (starting June 30, 2010). In presenting information on the basis of geographical segments, segment revenue is based on the revenue resulted from either the selling or operating of assets geographically located in the relevant segment.

Year ended December 31, 2011:

	Central Eastern Europe	India	US	Total
Revenues (1)	23,267	-	33,807	57,074
Operating profit (loss) by segment (2)	**(48,191)**	**(2,986)**	**22,178**	**(28,999)**
Financial income (expenses), net	(8,149)	167	(8,641)	(16,623)
Reportable segment profit (loss) before tax	**(56,340)**	**(2,819)**	**13,537**	**(45,622)**
Share in losses of associates, net	(153)	-	-	(153)
Less - unallocated general and administrative expenses				(7,248)
Plus - unallocated finance income				81,969
Other income, net				104
Profit before income taxes				**29,050**
Tax expense				(15,186)
Profit for the year				**13,864**
Total segment assets	716,983	198,751	269,412	1,185,146
Unallocated assets				163,380
Total assets				**1,348,526**
Segment liabilities	258,257	40,499	171,550	470,306
Unallocated liabilities				328,058
Total liabilities				**798,364**

(1) US – including Investment property revaluation of EUR 8.3 million. Central Eastern Europe – including Investment property devaluation of EUR 0.2 million.
(2) Central Eastern Europe – including EUR 48 million impairment of trading properties.

NOTE 37 - OPERATING SEGMENT (cont.)

Year ended December 31, 2010:

	Central Eastern Europe	India	US	Total
Revenues (1)	20,824	-	16,817	37,641
Operating profit (loss) by segment (2)	**(8,579)**	**(3,669)**	**11,329**	**(919)**
Financial income (expenses), net	(4,746)	140	(3,907)	(8,513)
Reportable segment profit (loss) before tax	**(13,325)**	**(3,529)**	**7,422**	**(9,432)**
Share in losses of associates, net	(381)	-	-	(381)
Less - unallocated general and administrative expenses				(6,926)
Less - unallocated finance loss				(12,664)
Other income, net				42,343
Profit before income taxes				**12,940**
Tax benefit				1,308
Profit for the year				**14,248**
Total segment assets	675,207	196,978	236,292	1,108,477
Unallocated assets				317,819
Total assets				**1,426,296**
Segment liabilities	193,063	24,298	153,697	371,058
Unallocated liabilities				430,789
Total liabilities				**801,847**

(1) US – including Investment property revaluation of EUR 4.4 million. Central Eastern Europe – including Investment property revaluation of EUR 0.3 million.
(2)Central Eastern Europe – including EUR 6.7 million impairment of trading properties

NOTE 38 – EVENTS AFTER THE REPORTING PERIOD

Transaction during 2012 in the United States

On January 10, 2012 EDT, a wholly owned subsidiary of EPN Group, Plaza's joint US subsidiaries, has reached an agreement, subject to the satisfaction of certain closing conditions, to sell 47 of its 49 US based shopping centres in a deal totalling USD 1.43 billion (EUR 1.1 billion).

The centres, located across 20 US states, are to be acquired by BRE DDR Retail Holdings LLC, a joint venture between Blackstone Real Estate Advisors VII L.P. ("Blackstone Real Estate") and DDR. Of the transaction value of USD 1.43 billion, a total of USD 934 million (EUR 722 million) shall be paid by the way of assumption of the property level debt unless repaid by EPN Group.

In addition, all excess cash within EDT, which is estimated at USD 30 million (EUR 23 million), will be retained by the vendor.

NOTE 38 – EVENTS AFTER THE REPORTING PERIOD (cont.)

Transaction during 2012 in the United States (cont.)

Following the sale of the 47 properties, EPN Group will continue to hold two properties located in the United States that are valued at approximately USD 43 million (EUR 33 million) with total non-recourse secured debt of approximately USD 14 million (EUR 11 million).

The transaction is expected to be closed in June 2012, and is subject to satisfaction of certain closing conditions.

The proceeds from the transaction will be subject to deduction of transaction expenses and applicable taxes. The Company does not expect a material impact from the transaction on its income statement, as the properties were measured at fair value in its consolidated financial statements for the previous periods in accordance with International Financial Reporting Standards.

SWAP settlements in 2012

In January 2012 the Company settled its SWAP in respect of its series A debentures ("swap transaction"), for total proceeds of EUR 0.2 million. In addition, the Company released a long term restricted deposit in the amount of EUR 2.1 million, which served as a security for the swap transaction.

Bond Buyback programme progress in 2012

During 2012, and until the date of approval of these financial statements, the Company has purchased an additional total of NIS 38 million par value debentures (with adjusted value of NIS 46 million), for a total consideration of NIS 36 million (approximately EUR 7 million), reflecting a gain of approximately EUR 2 million.

Foreign currency hedge using options (EUR/NIS) in 2012

During 2012, and until the date of approval of these financial statements, the Company (following the settlement of all call options written in 2011) wrote EUR 300 million call options with Strike prices (EUR/NIS exchange rate) between 4.94 and 5.03 and an expiration date of March 29, 2012 and June 25, 2012. In addition, the Company wrote EUR 80 million put options with a strike price of between 4.84 and 4.92 with an expiration date of March 29, 2012. Premiums received totalled EUR 6.7 million. The Company has pledged in respect of the abovementioned options EUR 14.4 million of cash deposits.

Foreign currency hedge using options (EUR/USD) in 2012

During 2012, and until the date of approval of these financial statements, and in order to economically hedge its expected cash flow from the US transaction (refer to Transaction during 2012 in the United States above) the Company wrote two put options in an amount of USD 60 million each with Strike prices (EUR/USD exchange rate) of 1.29 and an expiration date of June 26, 2012 and December 17, 2012. Premiums received totalled EUR 3.7 million. The Company has pledged in respect of these put options approximately EUR 6 million out of its AFS portfolio.

NOTE 39 - CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements and application of accounting standards often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. However, other results may be derived with different judgments or using different assumptions or estimates, and events may occur that could require a material adjustment to the carrying amount of the asset or liability affected. Following are the accounting policies subject to such judgments and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported results and financial position.

a. Impairment of Trading Properties analysis

Trading Properties are measured at the lower of cost and net realizable value. In situations where excess Trading Property balances are identified, estimates of net realizable values for the excess amounts are made.

Management is responsible for determining the net realizable value of the Group's Trading Properties. In determining net realizable value of the vast majority of Trading Properties, management utilizes the services of an independent third party recognized as a specialist in valuation of properties. The independent valuation service utilizes market prices of same or similar properties whenever such prices are available. Where necessary, the independent third party valuation service uses models employing techniques such as discounted cash flow analyses. The assumptions used in these models typically include assumptions for rental levels, residential units sale prices, cost to complete the project, developers profit on costs, financing costs and capitalization yields, utilizing observable market data, where available. On an annual basis, the Company reviews the valuation methodologies utilized by the independent third party valuer service for each property. At December 31, 2011, the vast majority of the properties were valued by the independent third party valuation service. Management made adjustments to the values received to reflect the net realizable value by neutralizing the developers profit on costs from the valuations.

Determining net realizable value is inherently subjective as it requires estimates of future events and takes into account special assumptions in the valuations, many of which are difficult to predict. Actual results could be significantly different than our estimates and could have a material effect on our financial results. This evaluation becomes increasingly difficult as it relates to estimates and assumptions for projects in the preliminary stage of development in addition to current economic uncertainty and the lack of transactions in the real estate market in the CEE and India for same or similar properties.

Trading Properties accumulated write-downs from cost as of December 31, 2011, amounted to EUR 88.6 million or 9% percent of gross Trading Properties balance.

NOTE 39 - CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont.)

Significant estimates

Significant estimated (on the basis of weighted averages) used in the valuations as of 31 December 2011 and 2010 are presented below:

	Retail		Offices	
	2011	**2010**	**2011**	**2010**
Estimated rental value per sqm per month (in EUR)(*)				
Romania	10-30	10-24	11	12-19
Czech Republic	10-15	10-15	13	13
Serbia	10-24	16-36	14	17
Latvia	16	15.8	N/A	N/A
Poland	9-20	12-18	N/A	11.75
Greece	27	30	N/A	N/A
Hungary	8-25	10-22	11.75	11.5
Bulgaria	N/A	16.5-21	N/A	11.67
Average risk adjusted yield used in capitalization				
Romania	8.00%-8.75%	7.00%-9.70%	8.50%	7.00%-9.65%
Czech Republic	7.25%	7. 25%-8.00%	7.25%	7.50%
Serbia	9.00%-9.75%	9.25%-10.50%	9.25%	9.25%
Latvia	8.40%	8.75%	N/A	N/A
Poland	7.25%-8.00%	7.75%-8.25%	N/A	7.75%
Greece	8.25%	7.75%	N/A	N/A
Hungary	8.25%-8.75%	8.00%-9.00%	8.50%	8.50%
Bulgaria	N/A	9.00%-9.75%	N/A	8.5%
(*)				
Estimated rental value per sqm per month (in USD) (*)				
India	10-29	17-29	N/A	9-18
Average risk adjusted yield used in capitalizing the net				
India	11%	9%-13%	N/A	11%-12%

(*) Rental value per sqm spread due to various geographic locations in the countries (e.g provincial area comparing capital cities).

NOTE 39 - CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont.)

b. Potential penalties, guarantees issued

Penalties are part of the on-going construction activities, and result from obligations the Group takes on towards third parties, such as banks and municipalities. The Company's management is required to provide estimations about risks evolving from potential guarantees given by the Company or penalties that the Company might have to pay.

c. Expired building permits

The process of construction is long, and subject to authorization from local authorities. It may occur that building permits will expire and will cause the Company additional preparations and costs, and can cause construction to be delayed or abandoned.

d. Valuation of share based payments arrangements

The Company measures the fair value of share based payments using a valuation technique. The valuation is relying on assumptions and estimations of key parameters such as volatility, which are changing, as market conditions change. The risk is that the estimated costs related to share based payments might not be correct eventually.

e. Classification of investment property

The Company is classifying its assets purchased as part of business combination in the US as investment property, as it estimates it benefit from up lift of prices in the US and it will be able to dispose of these assets within 4-5 years with significant gain, and without any need for significant capital expenditure spent. Shopping centers which were constructed by the Company in Central Eastern Europe and are open to the public (five shopping centers as of December 31, 2011) are classified as trading property, as the Company holds them temporarily, and is making continuous efforts to prepare the assets to be ready for sale and dispose of them. The Company is regarding the rental income from the shopping centers as incidental to the selling price of the shopping centers.

f. IFRS 5 judgement

With respect to the EPN purchase and sale agreement was not executed as of December 31, 2011, earnest money was not paid by the purchaser as of December 31, 2011 along with the difficult state of the real estate market, lack of buyers for a portfolio the size of EPN's, the state of the global economy, stress in the capital markets, and although EPN's management did in fact have a plan in place to sell the assets and had negotiated a sales price for the portfolio at the end of 2011 it was EPN's management's estimate as of December 31, 2011 that a closing was not highly probable with a 12-month period from December 31, 2011,therefore the investment properties are classified as held for use under IFRS 5 as of December 31, 2011.

NOTE 40 - LIST OF GROUP ENTITIES

During the period starting January 1, 2010, the Company has owned the following companies (all subsidiaries were 100% owned by the Group at the end of each reporting period presented unless otherwise indicated):

	ACTIVITY	REMARKS
HUNGARY		
Directly wholly owned		
Plaza Centers Establishment B.V.		
Kerepesi 5 Irodaépület Ingatlanfejlesztő Kft.	Holder of land usage rights	100% held by Plaza Centers Establishment B.V. Arena Plaza Extension project
Plaza House Ingatlanfejelsztési Kft.	Office building	David House project
HOM Ingatlanfejlesztési és Vezetési Kft.	Management company	
Szeged 2002 Ingatlanhasznosító és Vagyonkezelő Kft.	Inactive	
Szombathely 2002 Ingatlanhasznosító és Vagyonkezelő Kft.	Inacitve	
Amanati Ltd.	Inactive	
Tatabánya Plaza Ingatlanfejlesztési Kft.	Inacitve	
Indirectly or jointly owned		
Plasi Invest 2007 Ingatlanforgalmazó Kft.	Holding company	70% held by Plaza Centers N.V.
SBI Hungary Ingatlanforgalmazó és Építő Kft.	Shopping centre	50% held by Plasi Invest 2007 Ingatlanforgalmazó Kft. 50% held by Israeli based partner Új Udvar project
Fantasy Park Magyarország Kft.	Inactive	100% held by Mulan B.V.
Ercorner Gazdasági Szolgáltató Kft.	Holding company	50% held by Plaza Centers N.V. 50% held by Hungarian commercial bank
Álom Sziget 2004 Ingatlanfejlesztő Kft.	Mixed used project	87% held by Ercorner Gazdasági Szolgáltató Kft. Dream Island project
Pro-One Ingatlanfejlesztő Kft.	Holding comany	50% held by Álom Sziget 2004 Ingatlanfejlesztő Kft. 50% held by Hungarian partner
Buszesz IMMO Zrt.	Owns plot of land	100% held by Pro-One Ingatlanfejlesztő Kft.
Water Front City Kft.	Owns plot of land	100% held by Pro-One Ingatlanfejlesztő Kft.
DI Gaming Holding Ltd.	Holding company	87% held by Ercorner Gazdasági Szolgáltató Kft.
Álom Sziget Entertainment Zrt.	Holding company	49.99% held by DI Gaming Holding Ltd.
Álom Sziget Hungary Kaszinójáték Kft.	Holding company	100% held by Álom Sziget Entertainment Zrt.
SLOVAKIA		
Directly wholly owned		
Plaza Centers Slovak Republic S.R.O.	Inactive	
POLAND		
Directly wholly owned		
Kielce Plaza Sp.z.o.o.	Shopping centre project	Kielce Plaza project
Leszno Plaza Sp.z.o.o.	Owns plot of land	Leszno Plaza project
Lodz Centrum Plaza Sp.z.o.o.	Owns plot of land	Lodz (Residential) project
Olsztyn Plaza Sp.z.o.o.	Owns plot of land	Bialysztok Plaza project
O2 Fitness Club Sp.z.o.o.	Entertainment	O2 Fitness Club project
Plock Plaza Sp.z.o.o.	Owns plot of land	Radom Plaza project
Suwałki Plaza Sp.z.o.o.	Active shopping centre	Suwałki Plaza project
Toruń Plaza Sp.z.o.o.	Active shopping centre	Toruń Plaza project
Włocławek Plaza Sp.z.o.o.	Mixed used project	Lodz Plaza project
Zgorzelec Plaza Sp.z.o.o.	Active shopping centre	Zgorzelec Plaza project
EDMC Sp.z.o.o.	Management company	
Plaza Centers (Poland) Sp.z.o.o.	Management company	
Plaza Centers (Poland) Sp.z.o.o. Hungary Branch		100% held by Plaza Centers (Poland) Sp.z.o.o.
Hokus Pokus Rozrywka Sp.z.o.o.	Inactive	50% held by Plaza Centers N.V. 50% held by P.L.A.Z.A B.V.
Bytom Plaza Sp.z.o.o.	Inactive	
Bielsko-Biała Plaza Sp.z.o.o.	Inacitve	
Bydgoszcz Plaza Sp.z.o.o.	Inacitve	
Chorzów Plaza Sp.z.o.o.	Inactive	
Gdańsk Centrum Plaza Sp.z.o.o.	Inactive	
Gliwice Plaza Sp.z.o.o.	Inactive	
Gorzów Wielkopolski Plaza Sp.z.o.o.	Inactive	
Grudziądz Plaza Sp.z.o.o.	Inactive	
Jelenia Góra Plaza Sp.z.o.o.	Inactive	
Katowice Plaza Sp.z.o.o.	Inactive	
Legnica Plaza Sp.z.o.o.	Inactive	
Opole Plaza Sp.z.o.o.	Inactive	
Radom Plaza Sp.z.o.o.	Inactive	

NOTE 40 - LIST OF GROUP ENTITIES (cont.)

Rzeszów Plaza Sp.z.o.o.	Inactive	
Szczecin Plaza Sp.z.o.o.	Inactive	
Tarnów Plaza Sp.z.o.o.	Inactive	
Tychy Plaza Sp.z.o.o.	Inactive	
Indirectly or jointly owned		
Fantasy Park Poland Sp.z.o.o.	Entertainment	100% held by Mulan B.V.
Lublin Or Sp.z.o.o.	Inactive	50% held by Plaza Centers N.V. 50% held by Israeli based partner
EDP Plaza Sp.z.o.o.	Inactive	50% held by Plaza Centers N.V. 50% held by Israeli based partner
LATVIA		
Indirectly or jointly owned		
Diksna SIA	Active shopping centre	50% held by Plaza Centers N.V. 50% held by American based partner Riga Plaza project
Fantasy Park Latvia SIA	Entertainment	100% held by Mulan B.V.
ROMANIA		
Directly wholly owned		
S.C. Elite Plaza S.R.L.	Shopping centre project	Timişoara Plaza project
S.C. Green Plaza S.R.L.	Shopping centre project	Iaşi Plaza project
S.C. North Eastern Plaza S.R.L.	Shopping centre project	Constanţa Plaza project
S.C. North West Plaza S.R.L.	Shopping centre project	Hundedoara Plaza project
S.C. North Gate Plaza S.R.L.	Shopping centre project	Csíki Plaza (Miercurea Ciuc) project
S.C. Eastern Gate Plaza S.R.L.	Real estate project	Cina project
S.C. South Gate Plaza S.R.L.	Shopping centre project	Slatina Plaza project
S.C. Mountain Gate Plaza S.R.L.	Shopping centre project	Târgu Mureş Plaza project
S.C. Palazzo Ducale S.R.L.	Office building and headquarter of Romanian offices	
S.C. Plaza Centers Management Romania S.R.L.	Management company	
S.C. Central Plaza S.R.L.	Inactive	Bacău project
S.C. White Plaza S.R.L.	Inactive	
S.C. Blue Plaza S.R.L.	Inactive	
S.C. Golden Plaza S.R.L.	Inactive	
S.C. West Gate Plaza S.R.L.	Inactive	
S.C. South Eastern Plaza S.R.L.	Inactive	
S.C. South West Plaza S.R.L.	Inactive	
S.C. Plaza Operating Management S.R.L.	Inactive	
Indirectly or jointly owned		
Dâmbovița Centers Holding B.V.	Holding company	75% held by Plaza Centers N.V.
S.C. Dâmbovița Center S.R.L.	Mixed used project	100% held by Dambovita Centers Holding B.V. Casa Radio project
Plaza Bas B.V.	Holding company	50.1% held by Plaza Centers N.V. 49.9% held by Israeli based group
Adams Invest S.R.L.	Residential project	50% held by Plaza Bas B.V. 50% held by Israeli based company Vally View project
Colorado Invest S.R.L.	Residential project	50% held by Plaza Bas B.V. 50% held by Israeli based company Pine Tree project
Malibu Invest S.R.L.	Residential project	25% held by Plaza Bas B.V. 75% held by Israeli based company Fountain Park project
Spring Invest S.R.L.	Office project	50% held by Plaza Bas B.V. 50% held by Israeli based company Primavera Tower Braşov project
Sunny Invest S.R.L.	Residential project	50% held by Plaza Bas B.V. 50% held by Israeli based company Green Land project
Primavera Invest S.R.L.	Office project	50% held by Plaza Bas B.V. 50% held by Israeli based company Primavera Tower Ploieşti project
Bas Developement S.R.L.	Residential project	50% held by Plaza Bas B.V. 50% held by Israeli based company Acacia Park project
Indirectly or jointly owned		
Fantasy Park Romania S.R.L.	Inactive	100% held by Mulan B.V.
MOLDOVA		
Directly wholly owned		
I.C.S. Plaza Centers Prodev S.R.L.	Inactive	

NOTE 40 - LIST OF GROUP ENTITIES (cont.)

SERBIA		
Directly wholly owned		
Plaza Centers Holding B.V.	Holding company	
Plaza Centers (Estates) B.V.	Holding company	
Plaza Centers (Ventures) B.V.	Holding company	
Plaza Centers Logistic B.V.	Holding company	
S.S.S. Project Management B.V.	Holding company	
Plaza Centers Management D.O.O.	Management company	
Indirectly or jointly owned		
Sek D.O.O.	Shopping centre project	100% held by Plaza Centers Holding B.V. Kragujevac Plaza project
Leisure Group D.O.O.	Shopping centre project	100% held by Plaza Centers (Estate) B.V. Sport Star Plaza and Kruševac Plaza projects
Orchid Group D.O.O.	Shopping centre project	100% held by Plaza Centers (Ventures) B.V. Belgrade Plaza project
Accent D.O.O.	Inacitve	100% held by Plaza Centers Logistic B.V.
Telehold D.O.O.	Inactive	100% held by S.S.S. Project Management B.V.
Fantasy Park Serbia D.O.O.	Inactive	100% held by Mulan B.V.
CZECH REPUBLIC		
Directly wholly owned		
Praha Plaza S.R.O.	Logistic centre	Prague III project
Plaza Housing S.R.O.	Owns plot of land	Roztoky project
P4 Plaza S.R.O.	Active shopping centre	Liberec Plaza project
Plaza Centers Czech Republic S.R.O.	Management company	
Indirectly or jointly owned		
Fantasy Park Czech Republic S.R.O.	Entertainment	100% held by Muland B.V.
BULGARIA		
Directly wholly owned		
Shumen Plaza EOOD	Shopping centre project	Shumen Plaza project
Plaza Centers Management Bulgaria EOOD	Management company	
Plaza Centers Development EOOD	Inactive	
Indirectly or jointly owned		
Plaza-ON Holding B.V.	Holding company	51% held by Plaza Centers N.V. 49% held by Israeli based company
ON International EOOD	Office project	100% held by Plaza-ON Holding B.V. Sofia Plaza Business Center project
GREECE		
Directly wholly owned		
Helios Plaza S.A.	Shopping centre project	Pireas Plaza project
CYPRUS – UKRAINE		
Directly wholly owned		
Tanoli Enterprises Ltd.	Finance activity	
PC Ukraine Holdings Ltd.	Inactive	
Plaza Centers Ukraine Ltd.	Management company / Inactive	100% held by PC Ukraine Holdings Ltd.
Nourolet Enterprises Ltd.	Inactive	100% held by PC Ukraine Holdings Ltd.
CYPRUS – RUSSIA		
Indirectly or jointly owned		
Plaza & Snegiri Ltd.	Inactive	50% held by Plaza Centers N.V.
THE NETHERLANDS		
Directly wholly owned		
P.L.A.Z.A B.V.	Holding company – Poland	100% held by Mulan B.V. Holds Hokus Pokus Rozrywka Sp.z.o.o. jointly with Plaza Centers N.V. (50%–50%)
Plaza Dambovita Complex B.V.	Holding company	
Plaza Centers Enterprises B.V.	Finance company	100% held by Plaza Dambovita Complex B.V.
Mulan B.V. (Fantasy Park Enterprises B.V.)	Holding company	Holds Fantasy Park subsidiaries in CEE
Plaza Centers Administrations B.V.	Inactive	
Plaza Centers Connections B.V.	Inactive	
Obuda B.V	Inactive	
Plaza Centers Corporation B.V.	Inactive	
Plaza Centers Engagements B.V.	Inactive	
Plaza Centers Foundation B.V.	Inactive	
Plaza Centers Management B.V.	Inactive	

NOTE 40 - LIST OF GROUP ENTITIES (cont.)

THE DUTCH ANTILLES		
Directly wholly owned		
Dreamland Entertainment N.V.	Inactive	
CYPRUS – INDIA		
Directly wholly owned		
PC India Holdings Public Company Ltd.	Holding company	
Indirectly or jointly owned		
Permindo Ltd.	Holding company	100% held by PC India Holdings Public Company Ltd. Holds 99.9% of Anuttam Developers Pvt. Ltd. Koregaon Park Plaza project
Anuttam Developers Pvt. Ltd.	Holding company of 23 subsidiaries	99.9% held by Permindo Ltd. All subsidiaries are held in connection with Koregaon Park Plaza project
Abhayang Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Achal Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Agmesh Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Ajakshya Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Ajanu Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Akhula Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Amartya Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Amraprabhu Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Amrutansh Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Anahat Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Anantshree Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Animish Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Antarmukh Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Apramad Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Aprameya Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Apratirath Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Asankhya Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Athang Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Atmavan Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Atrushya Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Avyaja Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Avyang Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Avyaya Developers Pvt. Ltd.	Owns plot of land	Wholly owned subsidiary of Anuttam Developers Pvt. Ltd.
Spiralco Holdings Ltd.	Holding company	100% held by PC India Holdings Public Company Ltd.
P-One Infrastructure Pvt. Ltd.	Real estate	50% held by Spiralco Holdings Ltd. 50% held by Indian based company Kharadi Plaza and Trivandrum Plaza projects
Rebeldora Ltd.	Holding company	100% held by PC India Holdings Public Company Ltd.
HOM India Management Services Pvt. Ltd.	Management company	99.9% held by PC India Holdings Public Company Ltd.
Rosesmart Ltd.	Inactive	100% held by PC India Holdings Public Company Ltd.

NOTE 40 - LIST OF GROUP ENTITIES (cont.)

Xifius Services Ltd.	Inactive	100% held by PC India Holdings Public Company Ltd.
Dezimark Ltd.	Inactive	100% held by PC India Holdings Public Company Ltd.
Elbit Plaza India Real Estate Holdings Ltd.	Holding company	47.5% held by Plaza Centers N.V.
Polyvendo Ltd.	Holding company	100% held by Elbit Plaza India Real Estate Holdings Ltd.
Elbit Plaza India Management Services Pvt. Ltd.	Management company	99.999% held by Polyvendo Ltd.
Kadavanthra Builders Pvt. Ltd.	Mixed used project	80% held by Elbit Plaza India Real Estate Holdings Ltd. Chennai (SipCot) project
Aayas Trade Services Pvt. Ltd.	Mixed used project	100% held by Elbit Plaza India Real Estate Holdings Ltd. Bangalore project
Elbit India Architectural Services Ltd.	Inactive	100% held by Elbit Plaza India Real Estate Holdings Ltd.
UNITED STATES OF AMERICA		
Indirectly or jointly owned		
Elbit Plaza USA LP	Holding company	50% held by Plaza Centers N.V. 50% held by Elbit Imaging Ltd.
Plaza USA LLC	Holding company	100% held by Elbit Plaza USA LP
EPN GP LLC	Holding company	21.64% held by Plaza USA LLC The reminder of shares are held by US and Israeli partners
EPN EDT Holdings II LLC	Holding company	23.64% held by Plaza USA LLC The reminder of shares are held by US and Israeli partners
EDT Retail Trust Management LLC (US MGR)	Holding company	50% held by EPN GP LLC 50% held by US based partner
EDT Australian Services Ltd. (Aus)	Management company	100% held by EDT Retail Trust Management LLC (US MGR)
EDT US Services LLC (Us)	Management company	100% held by EDT Retail Trust Management LLC (US MGR)
EDT Retail Management Ltd. (ERML)	Management company	100% held by EDT Retail Trust Management LLC (US MGR)
EDT Retail Trust	Inactive	52.18% held by EPN EDT Holdings II LLC 47.82% held by EPN GP LLC
EDT U.S Trust INC. (US REIT I)	Holding company	52.18% held by EPN EDT Holdings II LLC 47.82% held by EPN GP LLC
EDT Fund LLC (US LLC)	Holding company	100% held by EDT U.S Trust INC. (US REIT)
EDT U.S Trust II INC. (US REIT II)	Holding company	52.18% held by EPN EDT Holdings II LLC 47.82% held by EPN GP LLC
DDR MDT PS LLC (MV LLC)		50% held by EDT U.S Trust II INC. (US REIT II) 50% held by US based partner
DDR MDT MV LLC (PS LLC)		90.3362% held by EDT U.S Trust II INC. (US REIT II) 9.663% held by US based partner
EPN Investment Management LLC	Management company	50% held by Elbit Plaza USA LP 50% held by US based partner
EPN Fund GP LLC	Holding company	50% held by Elbit Plaza USA LP 50% held by US based partner
EPN Real Estate Fund LP (Fund)	Holding company	99.8% held by Israeli based partner 0.2% held by EPN Fund GP LLC
EPN Real Estate Fund Holdings LLC		100% held by EPN Real Estate Fund LP (Fund)

Directors, Registered Office and Advisers

Directors

Mr Mordechay Zisser	Executive Director
Mr Ran Shtarkman	(President and Chief Executive Officer)
Mr Shimon Yitzchaki	(Non-executive Director)
Mr Sarig Shalhav	(Non-executive Director)
Mr Marius van Eibergen Santhagens	(Independent Non-executive Director)
Mr Marco Wichers	(Chairman and Independent Non-executive Director)

Registered office and location of register	*Prins Hendrikkade 48-s 1012 AC Amsterdam, the Netherlands* *registered with the Dutch Trade Register (Kamer van Koophandel Nederland with number 33248324)*	Legal advisers to the Company as to Dutch law	*Buren N.V.* *World Trade Center* *Level 10 Tower A* *Strawinskylaan 1017* *1077 XX Amsterdam* *the Netherlands*
Legal advisers to the Company as to Polish law	*Weil, Gotshal & Manges Paweł Rymarz sp. kom* *Warsaw Financial Center* *ul. Emilii Plater 53* *00-113 Warsaw, Poland*	Legal advisers to the Company as to Israeli law	*Gross Kleinhendler Hodak Halevy Greenberg & Co.* *1 Azrieli Center Round Building* *Tel Aviv 67021 Israel*
Legal advisers to the Company as to English law	*Mayer Brown International LLP* *201 Bishopsgate* *London EC2M3AF* *United Kingdom*	Auditors	*KPMG Hungaria Kft.* *Vaci út 99- 1139 Budapest* *Hungary* *Mazars Paardekooper Hofmann Accountants N.V.* *Mazars Tower* *Delflandlaan 1* *1077 JG Amsterdam* *the Netherlands*
Registrar	*Capita Limited 34 Beckenham Road* *Beckenham H Kent BR3 4TU* *United Kingdom*		

Definitions

The following definitions apply throughout this document, unless the context otherwise requires:

"£" or "sterling"	UK pounds sterling, the legal currency of the United Kingdom for the time being
"AFM"	the Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*), being the Dutch competent supervisory authority
"AFS"	the Dutch Act on the financial supervision (*Wet op het financieel toezicht*)
"aAIM"	active Asset Investment Management Plc, a UK commercial property investment group
"Amendment Date"	the date in which the Trust Deeds will come into effect, after satisfaction of all conditions precedent thereof
"Articles"	the current articles of association (*statuten*) of the Company, a summary of which is set out in paragraph 6 of Part IX – "Additional Information"
"Bank Hapoalim"	Bank Hapoalim B.M.
"BAS"	BAS Development
"basis point"	one hundredth of a percentage point (0.01%)
"Board"	the board of managing directors of the Company (*bestuur*)
"Bondholders"	the holders of the Notes and the Polish Bonds
"Bonds"	the Notes and the Polish Bonds jointly
"business day"	a day (excluding Saturdays, Sundays and public holidays in the Netherlands) on which banks generally are open for the transaction of normal banking business in the Netherlands
"CEE" or "Central and Eastern Europe"	Hungary, Poland, Romania, the Czech Republic, Estonia, Greece, Latvia, Lithuania, Slovakia, Slovenia, Croatia, Bosnia and Herzegovina, Bulgaria, Serbia, Montenegro, Macedonia, Albania, Ukraine, Belarus and Turkey
"City Code"	the UK City Code on Takeovers and Mergers
"Company" or "Plaza Centers"	Plaza Centers N.V. incorporated in the Netherlands with number 33248324 whose registered office is at Prins Hendrikkade 48-s, 1012 AC Amsterdam, the Netherlands
"Control Centers"	Control Centers Limited, a private company under Israeli law which is controlled by Mr. Mordechay Zisser
"Controlling Shareholder" or "EI"	Elbit Imaging Ltd., the indirect parent company of the 'Company
"CREST"	the computerised paperless settlement system which facilitates the transfer of title to shares in uncertificated form in accordance with the CREST Regulations, operated by Euroclear UK
"CPI"	Israeli consumer price index
"Dawnay Day"	Dawnay Day, a privately owned UK institutional property investor group
"DCC"	Dutch Civil Code, *Burgerlijk Wetboek*
"Deed Poll"	the deed poll dated 20 October 2006 made by the Depositary dealing with the creation and issue of DIs in respect of the Company
"Depositary Interest" or **"DI"**	a dematerialised depositary interest which represents an entitlement to Ordinary Shares that can be settled electronically through and held in CREST, as issued by the Depositary which holds the underlying securities on trust, further details of which are set out on paragraph 23 of Part IX "Additional Information"
"Depositary"	Capita IRG Trustees Limited, an English company limited by shares, number 2729260 whose registered office is at 34 Beckenham Road, Beckenham, Kent, BR3 4TU and which was incorporated on 7 July 1992 and which operates under the UK Companies Act 1985
"DI Holders" or "Depositary Interest Holders"	holders of Depositary Interests
"Directors" or "Board"	the directors of the Company from time to time and whose, at the date of this document, names are set out in paragraph 1 of Part V – "Management"

"Disposition"	the sale, lease, assignment, grant or transfer in any other way of assets, rights, property, or any part thereof
"Distribution"	dividend to the Shareholders and/or any other distribution under applicable Dutch law (including repurchase of Ordinary Shares)..
"Dutch Code"	the Dutch Corporate Governance Code as in force from time to time
"EEA"	the European Economic Area, established by the agreement signed at Oporto on 2 May 1992
"EEA State"	a state which is a contracting party to the agreement on the EEA signed at Oporto on 2 May 1992, which as at the date of this document comprises: Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania the Slovak Republic, Slovenia, Spain, Sweden and the UK
"ERM"	exchange rate mechanism
"ERM-2"	second phase of monetary integration into the ERM
"EUR" or "€" or "euro"	euro, the legal currency of the Eurozone for the time being
"Elbit Imaging Group"	Elbit Imaging Limited and its Subsidiaries, excluding the Group
"Encumbrance"	any pledge, charge, assignment by way of pledge or providing another security of any kind or rank or as another guarantee
"EUL"	Elbit Ultrasound (Luxembourg) B.V./S.a.r.l., the direct major shareholder of the Company
"Europe Israel"	Europe Israel (M.M.S.) Limited, a private company under Israeli law which is controlled by Mr. Mordechay Zisser
"Eurozone"	the collective name given to those members of the European Union that have adopted the euro as their lawful currency in accordance with the legislation of the European Community relating to the Economic and Monetary Union, being: Austria, Belgium, Finland, France (except Pacific territories using CFP franc), Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain
"Executive Directors"	the executive directors on the Board
"Euroclear UK"	Euroclear UK & Ireland Limited, the operator of CREST
"European Union" or "EU"	the European Union first established by the treaty made at Maastricht on 7 February 1992
"Exercise Event"	any of the following events: (i) a Disposition of a Real-Estate Asset of the Company or a Subsidiary; or (ii) the incurrence of any new Financial Indebtedness by the Company or a Subsidiary but excluding new Financial Indebtedness incurred for the purpose of purchase and/or investment and/or development of a Real-Estate Asset; or (iii) refinancing of a Real-Estate Asset, but excluding a refinance for the purpose of an investment and/or development of a Real-Estate Asset.
"FCA" or "Financial Conduct Authority"	the Financial Conduct Authority of the United Kingdom
"FDI"	foreign direct investment
"Financial Indebtedness"	a debt that is owed to a financial creditor of the Company or a Subsidiary, including guarantees granted and/or which the Company and/or a Subsidiary shall grant, but excluding: (i) guarantees and/or undertakings granted in connection with completion and performance costs of a project for the construction or development of a Real-Estate Asset (cost overrun guarantees); or (ii) guarantees for ongoing needs in a cumulative amount which shall not exceed at any point EUR 200 thousands; or (iii) a loan granted directly to the Company by its Shareholders provided,

	that: (a) the interest rate thereof for is not higher than that of the Notes; (b) after the elapse of six (6) months following the provision date of the loan (in case it is not repaid until such date) the loan shall become a subordinated debt; and (c) it will not be permitted to call for an immediate repayment of the loan or to demand the Company's liquidation in connection with such loan; or (iv) Where the financial creditor approved in writing that the said debt is a subordinated debt. For this definition the term "Subsidiary" means all corporations, limited liability companies, partnerships, joint ventures, joint stock companies and other entities in which the Company holds, directly or indirectly, at least 50% of the capital or the rights (as the case may be) or an entity controlled, directly or indirectly, by the Company. For this purpose "Control" means as defined under the Israeli Securities Law of 1968
"FSMA"	the United Kingdom Financial Services and Markets Act 2000 (as amended)
"ft^2"	square feet
"FY"	financial year, and "FY 2013" means the financial year ended 31 December 2013
"GBA"	gross built area
"General Meeting"	the general meeting of shareholders (*algemene vergadering van aandeelhouders*) of the Company
"GDP"	gross domestic product
"GLA"	gross lettable area
"Group"	the Company and its Subsidiaries
"ha"	hectare
"H1"	first half year
"IFRS"	International Financial Reporting Standards as endorsed by the European Commission
"IMF"	International Monetary Fund
"INR"	Indian Rupee, the legal currency of India for the time being
"Indian JV Vehicle"	Elbit Plaza India Real Estate Holding Limited
"IPO"	the initial public offering of the Company, completed in November 2006
"Klépierre"	Klépierre S.A., a European specialist in commercial centers
"km"	kilometre
"LIBOR"	the London Interbank Offered Rate
"London Stock Exchange" or "LSE"	London Stock Exchange Group plc or its successor(s)
"m^2" or "sqm"	square metres
"Maalot"	S&P Maalot, the Israeli credit rating agency which is a division of International Standard & Poor's
"Member State"	a member state of the EEA
"Midroog"	Midroog Ltd. an affiliate of Moody's Investor Services
"Net Cash Flow"	the net proceeds in cash actually received by the Company, as the result of an Exercise Event that occurred after 15 May 2014. For the avoidance of doubt: net proceeds means the proceeds actually received by the Company, after deducting: (1) the full debt amount repaid that has to be repaid to banks as a result of the Exercise Event, (2) the full debt amounts repaid to the banks in case of a refinancing, (3) in case the relevant Exercise Event occurred in a Subsidiary – the sums required for repaying the existing undertakings towards the creditors of that Subsidiary due to such Exercise Event; and (4) all direct expenses related to the asset, such as fees, and direct sale expenses to third parties, brokerage expenses, loan expenses and tax expenses (as the case may be) but excluding overhead and costs of the Group's officers and employees For this definition: "**Subsidiary**" means all corporations, limited liability companies, partnerships, joint ventures, joint stock companies and other entities in which the Company holds, directly or indirectly, at least 50% of the capital or the rights (as the case may be) or an entity controlled, directly or indirectly, by the Company.

"NIS"	New Israeli Shekels, the legal currency of the State of Israel for the time being
"Non-executive Directors"	the non-executive directors on the Board
"Notes"	the Series A Notes and the Series B Notes collectively
"Official List"	the official list of the United Kingdom Listing Authority
"Ordinary Shares"	ordinary shares with a nominal value of EUR0.01 each in the share capital of the Company or DIs (as the case may be)
"Overseas Shareholders"	Shareholders or Depositary Interest Holders with registered addresses outside the Netherlands, the United Kingdom or Poland or who are incorporated in, registered in or otherwise resident or located in, countries outside the Netherlands, the United Kingdom or Poland
"pa"	per annum
"Panel"	the UK Panel on Takeovers and Mergers
"Plan Creditors"	the Company's with claims under the Restructuring Plan
"Polish Bonds"	Series A unsecured, dematerialized bearer bonds of the Company with a nominal value of PLN 100,000 per bond, issued to Polish investors pursuant to an offering memorandum dated 16 November 2010
"Prospectus Directive"	Directive 2003/71/EC of the European Parliament and of the Council of the European Union (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in a Member State), including all relevant implementing measures
"Q1", "Q2", "Q3" and "Q4"	first, second, third and fourth quarters, respectively
"Real-Estate Asset"	rights in lands or in real estate projects of various types (such as: residential, malls and mixed-use projects of commercial and residential, as well as rights in a special purpose entity holding the aforesaid assets.
"Reference Date"	18 November 2013, being the day on which the suspension of payment proceedings commenced
"Registrar"	Capita Registrars (Jersey) Limited
"Restructuring Plan"	the Company's draft restructuring plan (*ontwerpakkoord*) as filed on 18 November 2013 with the district court of Amsterdam, the Netherlands (*Rechtbank Amsterdam*)
"Rule 144A"	Rule 144A under the US Securities Act 1933
"SDRT"	stamp duty reserve tax
"SEC"	the United States Securities and Exchange Commission
"Securities Act"	the United States Securities Act of 1933, as amended
"Senior Managers"	the senior managers of the Group, other than the Directors, whose names appear in paragraph 2 of Part V – "Management"
"Series A Notes"	Series A Notes issued by the Company of NIS 1 par value each
"Series B Notes"	Series B Notes issued by the Company of NIS 1 par value each
"Share Option Schemes"	the 2006 Share option Scheme and the 2011 Share Option Scheme collectively
"Shareholders"	the holders of Ordinary Shares (or DIs as the case may be)
"sq ft"	square feet
"Subsidiary"	as defined in section 2:24a of the DCC and "Subsidiaries" shall be defined accordingly
"TASE"	the Tel Aviv Stock Exchange
"Takeover Directive"	Directive 2004/25/EC of 21 April 2004 concerning the regulation of public takeover bids
"Trust Deed" or "Trust Deeds	trust deed for the Series A Notes, concluded among the Company and Hermetic Trust (1975) Ltd. as trustee to the holders of Series A Notes, containing *among other things* the conditions applicable to the Series A Notes; and the trust deed for the Series B Notes, concluded among the Company and Reznik Paz Nevo Ltd. as trustee to the holders of Series B Notes, containing *among other things* the conditions applicable to the Series B Notes
"uncertificated" or "	refers to a share or other security recorded on the relevant register of the share

in uncertificated form"	or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"UK Listing Authority" or "UKLA"	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Code on Corporate Governance"	the code of best practice published in July 2003 by the Financial Reporting Council and including the principles of good governance appended to, but not forming part of, the Listing Rules
"UK Holder"	a Shareholder who is resident in the UK for UK tax purposes
"USD " or "US Dollars"	United States dollars, the legal currency of the US
"US" or "USA" or "United States"	the United States of America, its territories and possessions, any state or political subdivision of the United States of America, the District of Columbia and all other areas subject to the jurisdiction of the United States of America
"VAT"	value added tax
"Warsaw Stock Exchange" or "WSE"	Warsaw Stock Exchange in Warsaw, Poland
"WSE Corporate Governance Rules"	the corporate governance rules in force for companies listed on the Warsaw Stock Exchange
"2006 Share Option Scheme"	the Company's employee share option scheme as adopted on 20 October 2006
"2010 PD Amending Directive"	Directive nr. 2010/73/EU of the European Parliament and of the Council, amending the Prospectus Directive
"2011 Share Option Scheme"	the Company's employee share option scheme as adopted on 22 November 2011

Plaza Centers N.V.
Attn. the Board of Directors
Prins Hendrikkade 48-s
1012 AC Amsterdam
The Netherlands

The Hague, 26 May 2014

File : 025876
Re : Plaza Centers N.V.

Dear Sirs,

Re: Prospectus of Plaza Centers N.V.

In connection with a prospectus, dated 27 May 2014, as published in Israel on the date hereof (**Prospectus**), for the offering by Plaza Centers N.V. (**Company**) of:

(i) Series A Notes of the Company;
(ii) Series B Notes of the Company;
(iii) Ordinary shares in the capital of the Company (**Ordinary Shares**) (the Series A Notes, the Series B Notes and the Ordinary Shares hereinafter collectively referred to as the **Securities**); and

the admission to trading of the Securities on the Tel Aviv Stock Exchange,

we hereby confirm, at your request, the following, at the date hereof:

1. The Company's current directors (*bestuurders*) have been appointed in accordance with the Company's articles of

association (*statuten*) and their names are included in the Prospectus; and

2. The Company will have the corporate power and authority to issue the Securities in the manner as described in the Prospectus once the following conditions have been fulfilled:
   (i) insofar applicable, the authorization of the issue of the Securities and the exclusion of pre-emptive rights (*voorkeursrechten*) by the administrator (*bewindvoerder*) in the Company's provisional suspension of payments (*voorlopige surseance van betaling*) ;
   (ii) a resolution of the Company's general meeting of shareholders (*algemene vergadering*) to authorize the board of managing directors (*bestuur*) of the Company (**Board**) to issue ordinary shares and to exclude pre-emptive rights;
   (iii) a resolution of the Board to issue the Securities and to exclude pre-emptive rights in respect of the Ordinary Shares.
3. The rights attached to the Ordinary Shares offered under this Prospectus are accurately described therein.

In respect of nrs. 2 and 3 above, we have relied on a translation of the Hebrew text of the Prospectus, which was approved by law firm Gross, Kleinhendler, Hodak, Halevy, Greenberg & Co., the Company's legal counsel as to Israeli law.

We hereby agree to the inclusion of this letter in the Prospectus pursuant to which the Securities are offered to the public in Israel.

Yours faithfully,

Buren N.V.

S. van der Waal

GKH LAW OFFICES GROSS ▪ KLEINHENDLER ▪ HODAK HALEVY ▪ GREENBERG & CO.

Date: May 26, 2014

To
Plaza Centers N.V.
Prins Hendrikkade 48-s1012 AC Amsterdam
The Netherlands

Ladies and Gentlemen,

Re: Prospectus of Plaza Centers N.V.

We hereby confirm that the rights attached to the Company's Series A Notes and Series B Notes (collectively, the "**Securities**") offered under this Prospectus are accurately described therein.

We hereby agree to the inclusion of this opinion in the Company's prospectus pursuant to which the Securities are offered.

Very truly yours,

Adva Bitan, Adv. Moshe Ganot, Adv. Sarit Perlmutter-Sugarman, Adv.
Gross, Kleinhendler, Hodak, Halevi, Greenderg & Co.

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Jerusalem 9459201, Israel
Tel: 972-2-6232683

Appendix A:

Restructuring Plan

RESTRUCTURING PLAN

(*akkoord*)

proposed by

PLAZA CENTERS N.V.

a public company incorporated in the Netherlands,
registered with the Dutch Chamber of Commerce, no. 33248324 (the "**Company**")

in accordance with Article 252 of the Dutch Bankruptcy Code

to

The holders of unsecured Israeli Series A Notes issued by the Company

The holders of unsecured Israeli Series B Notes issued by the Company

The holders of unsecured Polish Bonds issued by the Company

All other unsecured non-preferred creditors of the Company

This Plan becomes effective on the Effective Date

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1. EXPLANATORY STATEMENT TO THE PLAN

1.1. The Company

1.1.1. The Company (www.plazacenters.com) is a leading emerging markets developer of shopping and entertainment centres in central and eastern Europe. It focuses on constructing new shopping and entertainment centres and, where there is significant redevelopment potential, redeveloping existing centres in capital cities and important regional centres. The Company's shares are admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange plc and, as of 19 October 2007, on the Warsaw Stock Exchange (LSE:"PLAZ", WSE: "PLZ/PLAZACNTR"). The Company is an indirect subsidiary of Elbit Imaging Ltd., an Israeli public company whose shares are traded on both the Tel Aviv Stock Exchange in Israel and on the NASDAQ Global Market in the United States.

1.2. Background of the Plan

1.2.1. The Company has been faced with challenging market conditions for some years. Adverse market conditions have primarily been caused by the underlying economic situation in many of the countries in which the Company operates, combined with the lack of transactional liquidity in the investment markets for assets such as those owned by the Company and the on-going lack of traditional bank financing available to real estate developers and investors.

1.2.2. Although the Company's management team has made considerable progress in re-positioning the Company's business model to ensure that it is focused on the deleveraging of its balance sheet and the recycling of capital, primarily through the disposal of its non-core assets, the Company has not been able to complete these transactions within a timeframe that will enable it to meet its short term obligations towards Bondholders (as defined herein). As a result, the Company is faced with significant liquidity problems.

1.2.3. Notwithstanding the liquidity issues, the Company continues to have a strong balance sheet, with a significant positive current net asset value, and owns assets and development opportunities that offer significant potential to deliver returns over the medium to long term.

1.2.4. Accordingly, the Company believes that, on a going concern basis, it retains substantial value for its stakeholders and will be able to repay its creditors in full, while the Company is certain that a forced liquidation would cause creditors and shareholders to incur significant losses.

1.3. Purpose and Summary of the Plan

1.3.1. The Plan is addressed to, and only binds the ordinary unsecured creditors of the Company.

1.3.2. The purpose of the Plan is to provide the Company with the ability to preserve value for its creditors by giving it time to resolve its liquidity situation and thereby avoiding a liquidation scenario. This will primarily be achieved through a deferral of payment obligations. Apart from the proposed payment deferral, the terms of the Plan do not require Noteholders to take a loss on the par value of their outstanding exposures.

1.3.3. Under the proposed terms of the Plan the principal payments under the Notes will be deferred by a period of 1 – 4,5 years, depending on the circumstances, as set forth in section 3.1 below.

1.3.4. The Company shall use a certain portion (at least 75%, subject to adjustments) of the Net Cash Flow that it receives from Dispositions of Real Estate Assets or new financings (including re-financing) in certain events to make early prepayments on the Notes and will be entitled to make further or other early prepayments on the Notes at any time without incurring a penalty.

1.3.5. As compensation for the deferral the Noteholders will receive an additional 1.5% annual interest payable on the Notes. In addition, they will receive Company shares representing effectively ca. 13.21% of the outstanding share capital and the voting rights in the Company (post such issuance and post Capital Injection).

1.3.6. Under the proposed terms of the Plan, Guarantee Claims (as defined below) will be deferred for a period of four years and will only be enforceable after the collateral granted as security for the underlying loan has been realized. The amount of the Guarantee Claim will be reduced to the extent that the collateral is sold at a price below 90% of the fair market value as determined by a reputable appraiser. It is expected that creditors of Guarantee Claims will effectively be repaid in full with priority from the proceeds of the collateral provided for the underlying loans.

1.3.7. Claims of all other ordinary unsecured creditors will be deferred for a period of four years.

1.3.8. In order to further strengthen the position of the creditors, the Company shall raise additional capital in the amount of approximately EUR 20 million by means of a rights issue.

1.3.9. The Plan includes “negative pledge”, “no new Financial Indebtedness” and "Coverage Ratio" covenants (subject to certain exceptions) in favour of all creditors bound by this Plan and certain limitations on "Distributions" (including dividends). In addition, the Plan includes certain financial covenants with respect to the realization of certain Real Estate Assets of the Group and with respect to the purchase and development of Real Estate Assets.

1.3.10. The Plan includes a mutual "waiver from claims" provision, in favour of the Company, the shareholders of the Company, and their respective directors and officers, the Noteholders and the Israeli Trustees, and other affiliated parties, as detailed below.

1.3.11. The Company is confident that, upon implementation of the Plan, the long term viability of the Company will be secured and the Company will be able to repay its creditors in full in accordance with the terms of the Plan.

2. DEFINED TERMS AND INTERPRETATION

2.1. Defined Terms

2.1.1. In this Plan, the following words and expressions have, unless the context otherwise requires, the meanings set out below:

Additional Capital Injection	A capital injection into the Company after the Amendment Date either against issuance of Shares or in the form of Subordinated Debt, in an accumulated amount of at least EUR 20 million, which is in addition to and beyond the Capital Injection.
Additional Israeli Notes	The additional Israeli Notes issued to Israeli Noteholders in satisfaction of unpaid interest accrued on the Israeli Notes until 31 December 2013 in accordance with clause 3.1.4.
Additional Shares	The additional Shares to be issued to the Israeli Trustees in accordance with section 3.2.
Amendment Date	The Amendment Date is the date on which the amendment of the Original Terms of the Notes enters into effect as set by the Company in accordance with section 3.1.16. It is hereby clarified that in any event the Amendment Date will occur after

	the Effective Date as defined below.
Annex	An annex to this Plan.
Asset Value	The value of the Company's rights in all assets held directly by the Company or indirectly through Subsidiaries or affiliated companies (in such case, the value of the relevant asset shall be multiplied by the effective holding percentage of the Company in the Subsidiary or the affiliated company which holds the relevant asset, as the case may be), all of which in accordance with the most up-to-date valuations as available to the Company on the date of determination of the Asset Value, and if and to the extent at such date, in the opinion of the Company's management, a devaluation occurs (with respect to the up-to-date valuation) with regard to any such asset, the value of the asset will be updated accordingly. For the purpose of calculating the Asset Value, the value of the Casa Radio project in Romania (a mixed use retail, leisure and office project comprising GBA 555,000 sqm including parking spaces) shall be: (i) EUR 50 million; or (ii) the fire sale value appraised on a distressed basis, in the event that: (a) an investor or a partner has entered into a participation (directly or indirectly) entitling him to at least 20% of the economic interest in the Casa Radio project or (b) a binding arrangement is reached with the relevant Romanian authorities with respect to the timetable for executing the Casa Radio project or an agreement is reached on the extension of the term of the lease of the land that is used for the Casa Radio project or (c) the Group has entered into a debt finance agreement for the project in an amount of no less than EUR 25 million; or (iii) the value based on an up-to-date valuation on a non-distressed basis in the event that nine (9) months have lapsed since an investor or a partner has entered into a participation (directly or indirectly) entitling him to at least 20% of the economic interest in the Casa Radio project or the Group has entered into a debt finance agreement for the project in an amount of no less than EUR 25 million.

	The Asset Value as defined above is only relevant for the purpose of calculating the Coverage Ratio.
Business Day	A day which is a business day on which banks conduct regular operations in the Netherlands, Israel and Poland.
Capital Injection	A capital injection into the Company of at least EUR 20 million minus the aggregate nominal value of the Noteholder Shares and the Additional Shares, by means of a rights issue.
Cash Reserve	The aggregate balance of all cash and cash equivalents (that may be included in the Company's consolidated financial statements under the items cash and cash equivalents and under the items short term deposits, financial assets held for trading or long term deposits of the Group ("additional Cash Value", provided that such Additional Cash Value can be converted into cash immediately and without limitation on its use by the Group).
Commencement Date	18 November 2013, being the date on which the preliminary suspension of payment proceedings of the Company commenced.
Company	Plaza Centers N.V.
Coverage Ratio	Is equal to (A) – (B) / (D) × 100%, where (A) is equal to the Asset Value plus the cash and cash equivalents; (B) is equal to the liabilities of the Group owed to banks that are secured by an Encumbrance over any rights or assets of the Group or structurally or otherwise rank in priority ahead of the Plan Claims; and (D) is equal to the aggregate amount of remaining Plan Claims plus all other liabilities of the Group that rank pari passu with the Plan Claims and that are not Subordinated Debt. An example of the calculation of the Coverage Ratio is attached as **Annex 1**.

DBC	The Dutch Bankruptcy Code (*Faillissementswet*).
Deferred Debt Ratio	Series A – 21.23%, Series B – 70.44%, Polish Bonds – 8.33%. In the event, that the one of series of Notes has been repaid in full prior to the full repayment of the other series of Notes, then as of such date, the Deferred Debt Ratio, shall be divided pro-rata between the remaining series of Notes based on the aforesaid ratios.
Disposition	Sale, lease, assignment, grant, transfer, encumbrance or any other disposal of assets, rights, property, or any part thereof.
Distribution	A distribution of dividend to the Company's shareholders and/or any other dividend-like distribution to the Company's shareholders, including share repurchase.
Effective Date	The date on which the Plan becomes effective and binding on all Plan Creditors, being the date on which the confirmation decision (*homologatiebeslissing*) of the Amsterdam District Court becomes irrevocable (*in kracht van gewijsde gegaan*);
Elbit	Elbit Ultrasound (Luxembourg) B.V./S.à.r.l. together with Elbit Imaging Ltd.
Encumbrance	Any pledge, charge, assignment by way of pledge or any other form of security.
Examination Date	The date of approval of the Company's consolidated audited annual financial statements or its consolidated reviewed quarterly financial statements, as the case may be.
Exercise Event	Any of the following events: (i) a Disposition of a Real Estate Asset of the Company or a Subsidiary, (ii) the incurrence of any new Financial Indebtedness by the Company or a Subsidiary but excluding new Financial Indebtedness incurred for the purpose of purchase of, investment in or development of a Real Estate Asset, or (iii) the refinancing of a Real Estate

	Asset, but excluding a refinancing for the purpose of an investment in or the development of a Real Estate Asset.
Financial Indebtedness	A debt that is owed to a financial creditor of the Company or a Subsidiary, including debts owed under guarantees that have been granted and/or which the Company and/or a Subsidiary will grant, but excluding: (i) guarantees and/or undertakings granted in connection with completion and performance of a project regarding the construction or development of a Real Estate Asset (cost overrun guarantees); (ii) guarantees granted in the ordinary course of business in a cumulative amount which shall not exceed EUR 200,000-; (iii) loans granted directly to the Company by one or more of its shareholders, provided that: (a) the interest rate of the loan is not higher than the lowest interest rate due under the Notes, (b) in the event the loan is not repaid within a period of six (6) months, it shall become Subordinated Debt; and (c) the lenders are not permitted to call for an immediate repayment of the loan or to demand the Company's liquidation in connection with such loan; and (iv) Subordinated Debt.
First Interest Payment Date	The date after 12 calendar days have lapsed from the First Record Date or such other the date as the Tel Aviv Stock Exchange may determine.
First Record Date	The first Trading Day following the day on which the Noteholder Shares and the Additional Israeli Notes have been issued.
Group	The Company together with all Subsidiaries.
Guarantee Claim	Any claim of a Plan Creditor against the Company guaranteeing or otherwise securing one or more claims that

	such Plan Creditor has against a Subsidiary or third party.
Guarantee Creditor	A Plan Creditor with a Guarantee Claim.
Israeli Noteholders	Series A Noteholders and Series B Noteholders.
Israeli Notes	Series A Notes and Series B Notes.
Israeli Trustees	The Series A Trustee and the Series B Trustee jointly.
Koregaon Park Project	The project known as Koregaon Park Plaza located in Pune, India.
London Stock Exchange	London Stock Exchange, plc.
LTC Ratio	The amount of the loan used to finance the relevant project, divided by the cost of the project as estimated on the date of the granting of the loan, multiplied by 100% ("loan to cost"). For the purpose of calculating the LTC Ratio, the "cost of the project" shall include the construction cost of the project, including the entire construction, planning, and development costs, as well as the cost of the land.
Majority	Any of the Plan Creditors whose remaining Plan Claims aggregate more than 67% of the total Plan Claims held by the Plan Creditors that have voted at a particular meeting convened for the purpose of voting on a particular matter.
Minimum Cash Reserve	Shall mean: (i) the amount estimated by the Company's management required to pay all administrative and general expenses and interest payments to the Noteholders falling due in the following six (6) months, minus sums of proceeds from transactions that have already been signed (by the Company or a Subsidiary) and closed and that to the expectation of the Company's

management have a high probability of being received during the following six (6) months; or

(ii) in the event an Additional Capital Injection has occurred: an amount calculated in accordance with sub-section (i) above whereby the aforesaid period of six (6) months is reduced to three (3) months.

After repayment or prepayment of an aggregate amount of at least NIS 434,000,000[1] of the principal of the Notes, excluding linkage differentials, the Minimum Cash Reserve as calculated under sub-sections (i) or (ii) above (as applicable) shall be reduced by 50%.

Minimum Coverage Ratio A Coverage Ratio equal to (i) 118%, or (ii) 115% in the event that an Additional Capital Injection occurs or (iii) 120% in the event any of the following circumstances occur in relation to the Casa Radio project: (a) a third party investor or partner has entered into a participation (directly or indirectly) entitling him to at least 20% of the interest in the Casa Radio project; or (b) a binding arrangement with the relevant Romanian authorities has been reached with respect to the timetable for executing the Casa Radio project, or an agreement has been reached on the extension of the lease period for the land that is used for the Casa Radio project; or (c) the Company has entered into a debt finance agreement for the project in amount of at least EUR 25 million.

Minimum LTC Ratio The minimum LTC Ratio shall be:

(i) 50% or,

(ii) 40% in the event that a partner enters, directly or indirectly, the relevant existing project against a cash or cash equivalent investment (but excluding against offsetting debt) and is entitled, directly or indirectly, to at least 20% of the rights in the project.

[1] If the repayment is not in NIS – pursuant to the exchange rate of the foreign currency compared to the NIS on the repayment date.

Net Asset Value of the Unsold Shopping Malls	The amount equal to the value of the Unsold Shopping Malls based on the most recent valuation in the Company's possession minus the balance of the Financial Indebtedness of the Subsidiaries holding (the rights to) the relevant Unsold Shopping Malls. In the event of a sale of part of the rights in one of the said malls, then the value of the unsold rights in the said mall shall be added to the Net Asset Value of the Unsold Shopping Malls, for the purpose of calculating the Coverage Ratio.
Net Cash Flow	The net proceeds in cash actually received by the Company, as the result of an Exercise Event that occurred after 15 May 2014. For the avoidance of doubt: net proceeds means the proceeds actually received by the Company, after deducting: (1) the full debt amount that has to be repaid to banks as a result of the Exercise Event, (2) the full debt amounts repaid to the banks in case of a refinancing, (3) in case the relevant Exercise Event occurred in a Subsidiary – the sums required for repaying the existing undertakings towards the creditors of that Subsidiary due to such Exercise Event; and (4) all direct expenses related to the asset, such as fees, and direct sale expenses to third parties, brokerage expenses, loan expenses and tax expenses (as the case may be) but excluding overhead and costs of the Group's officers and employees.
NIS	New Israeli Shekel.
Noteholder Shares	The Shares issued to the Noteholders in accordance with clause 3.2.
Noteholders	Series A Noteholders, Series B Noteholders and Polish Noteholders.
Notes	The Series A Notes, the Series B Notes and the Polish Bonds, jointly;
Original Terms of the	The original terms and conditions of the Series A Trust Deed,

Notes	the Series B Trust Deed, and the Polish Bond Terms as those applied before being amended and restated pursuant to this Plan.
Other Claims	All unsecured non-preferred claims against the Company other than claims arising out of Notes or Guarantee Claims.
Other Creditors	All creditors with Other Claims.
Outstanding Notes Debt	The Unpaid Principal Balance of the Notes plus the accrued and unpaid interest due pursuant to the terms of the Notes outstanding at any relevant time in respect of the Notes.
Plan	This restructuring plan (*akkoord*) including all Annexes.
Plan Claims	All unsecured non-preferred claims against the Company that are subject to this Plan pursuant to Article 273 DBC.
Plan Creditors	All creditors with Plan Claims.
Polish Bond Terms	The original terms and conditions of the series A bonds with a nominal value of PLN 100,000 per bond and total nominal value of PLN 60,000,000 issued by the Company on 16 November 2010 under Polish law with ISIN: NL0009524107, as set forth in the offering memorandum dated 16 November 2010, and subsequently amended and restated pursuant to this Plan.
Polish Bonds	All notes issued and outstanding pursuant to the Polish Bond Terms.
Polish Bonds Deferred Interest	The interest accrued and not yet paid for the principal of the Polish Bonds until December 31, 2013. As per December 31, 2013, the Polish Bonds Deferred Interest amounts to PLN 2,764,997, which amounts to EUR 665,574.71 using the exchange rate per close of business on 31 December 2013 as published by the European Central Bank.

Polish Noteholders	Plan Creditors that are holders of Polish Bonds;
Real Estate Asset	Rights in lands or in real estate projects of various types (such as: residential, malls and mixed-use projects of commercial and residential property) as well as rights in an entity holding any of the aforesaid assets.
Series A Deferred Interest	The interest accrued and not yet paid on the principal of the Series A Notes until December 31, 2013, linked to the Israeli consumer index pursuant to the Series A Trust Deed. As per December 31, 2013, the Series A Deferred Interest amounts to NIS 6,652,927, which amounts to EUR 1,389,500.21, using the exchange rate per close of business on 31 December 2013 as published by the European Central Bank.
Series A Noteholders	Holders of Series A Notes.
Series A Notes	All notes issued and outstanding pursuant to the Series A Trust Deed;
Series A Trust Deed	The Trust Deed dated 4 July 2007 by and between the Company and Hermetic Trust (1975) Ltd. as trustee to the Series A Noteholders, as amended by Amendments No. 1 and 2. to that Trust Deed dated 31 January 2008 and March 10, 2014, respectively as subsequently amended and restated pursuant to this Plan.
Series A Trustee	Hermetic Trust (1975) Ltd.
Series B Deferred Interest	The interest accrued and not yet paid on the principal of the Series B Notes until December 31, 2013, linked to the Israeli consumer index pursuant to the Series B Trust Deed. As per December 31, 2013, the Series B Deferred Interest amounts to NIS 16,055,758, which amounts to EUR 3,353,332.92, using the exchange rate per close of business on 31 December 2013 as published by the European Central Bank.

Series B Noteholders	Holders of Series B Notes.
Series B Notes	All notes issued and outstanding pursuant to the Series B Trust Deed;
Series B Trust Deed	The trust deed dated 31 January 2008 by and between the Company and Reznik Paz Nevo Trust Ltd. as trustee as amended by Amendment No. 1 to that trust deed dated 17 February 2008, and March 10, 2014, as subsequently amended and restated pursuant to this Plan.
Series B Trustee	Reznik Paz Nevo Trust Ltd.
Shares	Ordinary shares in the Company of EUR 0.01 par value each.
Shopping Malls	The four shopping malls (directly or indirectly) held by Subsidiaries of the Company known as Torun Plaza and Suwalki Plaza located in Poland, Kragujevac Plaza in Serbia, and Riga Plaza in Latvia.
Subordinated Debt	Means debt that is subordinated to the Plan Claims. Debt shall be considered to be subordinated to the Plan Claims if such debt may not be repaid, before the Plan Claims have been satisfied in full, and shall also be a subordinated debt in case of liquidation.
Subsidiary	All corporations, limited liability companies, partnerships, joint ventures, joint stock companies and other entities in which the Company holds, directly or indirectly, at least 50% of the capital or the rights (as the case may be) or an entity controlled, directly or indirectly, by the Company.
Suspension of Payment Proceedings	The preliminary suspension of payment proceedings (*voorlopige surseance van betaling*) applicable to the Company.

TASE	Tel Aviv Stock Exchange Ltd.
Terms of the Notes	The terms and conditions set forth in the Series A Trust Deed, the Series B Trust Deed and the Polish Bond Terms.
Trading Day	A day on which trading occurs on the TASE.
Trust Deeds	The Series A Trust Deed and the Series B Trust Deed.
Unpaid Principal Balance of the Notes	The Unpaid Principal Balance of the Series A Notes, the Unpaid Principal Balance of the Series B Notes, and the Unpaid Principal of the Polish Bonds, jointly, all expressed in euro's using the exchange rate as published by the European Central Bank at the relevant time. As of December 31, 2013, the aggregate Unpaid Principal Balance of the Notes amounts to EUR 205,804,336.91, using the exchange rate per close of business on 31 December 2013 as published by the European Central Bank.
Unpaid Principal Balance of the Polish Bonds	The outstanding balance, as it may be from time to time, of the nominal value of the unpaid Polish Bonds plus, for the purpose of this definition, the Polish Bonds Deferred Interest. As of December 31, 2013, this balance amounts to PLN 62,764,997 (including the Polish Bonds Deferred Interest) which amounts to EUR 15.108.441,13 using the exchange rate per close of business on 31 December 2013 as published by the European Central Bank.
Unpaid Principal Balance of the Series A Notes	The outstanding balance, as it may be from time to time, of the nominal value of the unpaid Series A Notes (which as of January 1, 2014 will also include the Series A Deferred Interest), all of which is linked to the Israeli consumer index as set forth in the Series A Trust Deed. As of December 31, 2013, this balance amounts to NIS 302,338,505 (including the Series A Deferred Interest), which amounts to EUR 63,145,051.17, using the exchange rate per close of business on 31 December 2013 as published by the European Central Bank.

2.2.	**Unpaid Principal Balance of the Series B Notes**	The outstanding balance, as it may be from time to time, of the nominal value of the unpaid Series B Notes (which as of January 1, 2014 will also include the Series B Deferred Interest), all of which is linked to the Israeli consumer index as set forth in the Series B Trust Deed. As of December 31, 2013, this balance amounts to NIS 610,713,444 (including the Series B Deferred Interest), which amounts to EUR 127,550,844.61, using the exchange rate per close of business on 31 December 2013 as published by the European Central Bank.
	Unsold Shopping Malls	The remaining (rights in any) Shopping Malls at any time (or any part thereof) that have not yet been sold.

Rules of Interpretation and Annexes

2.2.1. For purposes of this Plan, unless otherwise provided herein:

(i) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural;

(ii) the Annexes form a binding and integral part of this Plan and any reference to this Plan shall include a reference to the Annexes.

3. TERMS OF THE PLAN

3.1. Terms Applicable to Noteholders

As of the Amendment Date the Original Terms of the Notes shall be amended as follows:

Deferral of principal payments

3.1.1. Each principal payment under the Notes due in the years 2013, 2014 and 2015 pursuant to the Original Terms of the Notes shall be deferred by exactly four and a half (4,5) years and each principal payment due pursuant to the Original Terms of the Notes in subsequent years (i.e., 2016 and 2017) will be deferred by exactly one (1) year.

3.1.2. In the event that the Company does not succeed in prepaying an aggregate amount of at least NIS 434,000,000[2] of the principal of the Notes, excluding linkage differentials within a period of two years from the Amendment Date or before 1 December 2016 (whichever is earlier), then

[2]If the repayment is not in NIS – pursuant to the exchange rate of the foreign currency compared to the NIS on the repayment date.

all principal payments under the Notes deferred in accordance with clause 3.1.1. above, shall be advanced by one (1) year (i.e., shall become due one (1) year earlier).

3.1.3. The revised payment schedules under the Notes are attached as **Annex 2**.

Interest payments

3.1.4. All unpaid interest accrued on the Israeli Notes until and including 31 December 2013 shall be paid by the Company by issuing shortly following the Amendment Date such additional number of Series A Notes to the Series A Noteholders and such additional number of Series B Notes to the Series B Noteholders (Additional Israeli Notes) that the total notional amount of the Additional Israeli Notes increased with the linkage differential accrued until and including December 31, 2013, is at least equal to the amount of unpaid interest accrued until and including 31 December 2013. The Additional Israeli Notes shall be issued in satisfaction of the unpaid interest accrued until said date for no further consideration.

3.1.5. All unpaid interest accrued on the Polish Bonds until and including 31 December 2013 shall be paid on the earlier of (i) the early redemption date, (ii) the call option redemption date or (iii) the redemption date as defined in the Polish Bond Terms together with all annually compounded interest calculated as from the Amendment Date with the same interest periods and rates as applicable to the principal due under the Polish Bonds.

3.1.6. On the First Interest Payment Date, the Company shall make an interest payment to the Noteholders in an amount that is equal to the higher of: (i) EUR 11.6 million, or (ii) the accrued and unpaid interest on the Notes as of January 1 2014 until the last day prior to the First Interest Payment Date. If the amount of EUR 11.6 million is the higher, then this amount will be divided among and paid to the Noteholders as follows: Series A – EUR 2.50 million, Series B – EUR 8.17 million, Polish Bonds – EUR 0.93 million. These amounts shall first be applied towards payment of unpaid interest accrued on the Notes as of 1 January 2014 until the First Interest Payment Date. Any remainder shall be an advance on and be set-off against future interest payments.

3.1.7. The amount to be paid to the Israeli Noteholders in accordance with section 3.1.6 above, shall be deposited in a trust account or with a nominee company prior to the Amendment Date as stipulated in the Trust Deeds.

3.1.8. All interest accrued on the Notes after the First Interest Payment Date shall be paid on the ordinary (bi-annual) interest payment dates in accordance with the Terms of the Notes.

Interest rate

3.1.9. Effective from 1 January 2014, the interest rate applicable to the Notes shall increase by 1.5% per annum.

Discretionary Early Prepayments of the Notes

3.1.10. The Company shall be allowed to make early prepayments on any part of the Outstanding Notes Debt without any penalty becoming due.

Mandatory Early Prepayment of the Notes

(I) Calculating the Mandatory Prepayment Amount

3.1.11. Upon the Occurrence of an Exercise Event as a result of which a positive Net Cash Flow is generated, the Company shall make an early prepayment of the Outstanding Notes Debt, in a total amount that is equal to the Mandatory Prepayment Amount (as defined below), which will include the following amounts and be calculated as follows:

(a) "Interest Prepayment Amount" - the amount of interest on the Unpaid Principal Balance of the Notes that has accrued in the given interest period (until the early repayment date) but has not yet fallen due, plus any applicable linkage differentials on such interest; and

(b) "Principal Prepayment Amount" - 75% of the Balance of the Net Cash Flow (as defined below).

However, in the event an Additional Capital Injection occurs and 50% or 60% of the Unpaid Principal Balance of the Notes outstanding on the Amendment Date has already been repaid[3], the aforesaid 75% ratio will be decreased to 60% or 50%, respectively.

The Interest Prepayment Amount and the Principal Prepayment Amount, are hereinafter collectively referred to as the: "**Mandatory Prepayment Amount**".

(II) Balance of the Net Cash Flow

"Balance of the Net Cash Flow" shall mean: the balance (if any) of the Net Cash Flow generated as a result of an Exercise Event, after deducting: (1) 100% (or less, at the Company's discretion) of the Interest Prepayment Amount - in case the Exercise Event is related to the Shopping Malls; or (2) 50% (or less, at the Company's discretion) of

[3] Excluding repayment of Notes which were sold by a Subsidiary following the Amendment Date.

the Interest Prepayment Amount in case the Exercise Event is unrelated to the Shopping Malls, provided, that such balance is positive.

(III) The Use of the Amounts under the Mandatory Early Prepayment

The Interest Prepayment Amount shall be used for the prepayment of interest that has accrued on the Notes in the given interest period but not yet fallen due.

The Principal Prepayment Amount shall be used for the prepayment of the Unpaid Principal Balance of the Notes to be allocated among the Noteholders in proportion to the Deferred Debt Ratio, and shall be applied towards repayment of the first principal payments falling due in accordance with the Terms of the Notes.

(IV) Minimum Prepayment Amount

Any early prepayment under this section 3.1.11 shall be made only in case the Mandatory Prepayment Amount is higher than EUR 2 million. In the event, the Mandatory Prepayment Amount is not higher than EUR 2 million ("**Minimum Amount**") it will be paid together with a future Mandatory Early Prepayment if and when the sum exceeds the Minimum Amount.

(V) Timing of Mandatory Early Prepayment

Mandatory Early Prepayment shall be performed, if required, within a calendar quarter following the date on which Company has received the Net Cash Flow, and no more than once in each calendar quarter.

Notwithstanding the aforesaid, in case the receipt of Net Cash Flow triggering the Early Mandatory Prepayment provisions in this section 3.1.11 occurs during the period that begins on May 15, 2014 and ends on the Amendment Date, then such Early Prepayment shall be made on the First Interest Payment Date.

(VI) Receipt of Net Cash Flow by a Subsidiary

In the event that the Net Cash Flow from the relevant Exercise Event is received by a Subsidiary, the Company will perform any action reasonably required in order to procure that the Net Cash Flow is transferred from the relevant Subsidiary to the Company no later than 14 days following receipt of the proceeds by the Subsidiary, unless such transfer is not possible within the said timeframe due to legal and/or other regulatory limitations or due to other limitations which are not under the Company's or the Subsidiary's control. In case such limitations exist, the Company shall act to remove the relevant limitations and transfer the relevant Net Cash Flow to the

Company on the date on which such limitation is removed and during that period the Subsidiary will not use the relevant Net Cash Flow and this amount will be deposited in solid bank deposit. Sums which were not transferred from the relevant Subsidiary to the Company within 14 days following receipt of the proceeds by the Subsidiary, due to limitations which are not under the Company's or the Subsidiary's control, shall only be used, once transferred to the Company, for repayment of principal.

(VII) Mandatory Early Prepayment of the Outstanding Notes Debt under this section 3.1.11 shall not be made by way of purchase of the Notes.

(VIII) Notwithstanding the aforesaid, the Mandatory Early Prepayment obligation shall not apply to any proceeds from Koregaon Park Project.

Restrictions on Issuance of Additional Notes

3.1.12. The Company undertakes not to issue any additional Notes other than as expressly provided for in this Plan.

Issuance of additional Securities

3.1.13. Subject to the terms of this Plan and the Terms of the Notes, the Company shall be entitled to issue, at any point in time, without the need to obtain any approval of the Noteholders or the Israeli Trustees, other notes or other series of notes or other securities of any kind or type whatsoever, and on such terms as the Company shall deem fit.

Restrictions on Amendments to the Terms of the Notes

3.1.14. The Company shall not be entitled to amend the Terms of the Notes, with the exception of purely technical changes, unless such amendment is approved under the terms of the relevant series and the applicable law and the Company also obtains the approval of the Noteholders of all other series of notes issued by the Company by ordinary majority.

Amendment of the Original Terms of the Notes

3.1.15. The amendment of the Original Terms of the Notes shall enter into effect on The Amendment Date. Before the amendment of the Original Terms of the Notes pursuant to this Plan becomes effective, the Company shall do all that is necessary to procure that by no later than 30 November 2014:

(i) a Capital Injection has occurred;

(ii) the Shares of the Company have been listed on the Tel Aviv Stock Exchange;

(iii) a pre-ruling from the Israeli tax authority is received on the tax implications for the Israeli Note Holders resulting from the amendment of the Original Terms of the Notes.

(iv) the Israeli Trustees have received signed undertakings from the Subsidiaries as set forth in section 3.5.14 below[4].

(v) the amount of interest to be paid to the Israeli Noteholders on the First Interest Payment Date pursuant to section 3.1.6 of this Plan, has been deposited in a Trust Account or with the Nominee Company as defined and stipulated in the Trust Deeds;

(vi) an amount of NIS 25,000 has been deposited with each of the Israeli Trustees as required under section 4c of the Trust Deeds.

3.1.16. The Company shall set a date that lies within a period of 10 Trading Days after completion of the actions set forth in section 3.1.15 above, on which date the amendment of the Original Terms of the Notes pursuant to this Plan shall take effect (the Amendment Date).

3.1.17. As of the Amendment Date the Original Terms of the Notes shall be amended and restated as set forth in **Annex 3** (Series A Trust Deed), **Annex 4** (Series B Trust Deed) and **Annex 5** (Polish Bond Terms).

3.1.18. During the period between the Effective Date and the Amendment Date (assuming the Effective Date will occur before the Amendment Date) (i) the Original Terms of the Notes shall remain in effect, albeit that Noteholders shall not be entitled to demand payment or enforce any claims under the Notes, unless and to the extent expressly provided otherwise in this Plan, and (ii) the Company shall do nothing that is forbidden under the terms of this Plan.

3.1.19. If the Company has failed to procure that all of the actions set forth in section 3.1.15 are completed before 30 November 2014, or fails to procure that the Additional Israeli Notes and the Noteholder Shares are issued in accordance with the terms of this Plan within 10 Trading Days following the Amendment Date, this Plan shall cease to be effective and the Original Terms of the Notes shall return to full force and effect.

3.1.20. The Terms of the Notes should be interpreted in conjunction with the terms of the Plan. In the event of a conflict between the terms of the Plan and the Terms of the Notes, the Terms of the Notes shall prevail.

[4] Any future new Subsidiary established folllowing the Amendment Date, shall sign and deliver to the Israeli Trustees a respective undertaking following its establishment.

3.2. Capital Injection and Issuance of Shares to Noteholders

Capital Injection by means of rights issue

3.2.1. The Company shall procure that a Capital Injection occurs after the Effective Date and before 30 November 2014 by means of a rights issue.

Issue of Noteholder Shares

3.2.2. Following the Amendment Date the Company shall issue new Shares representing on a aggregate basis (post issuance) 13.2106% of the Company's Shares issued and outstanding following the Capital Injection, to the Noteholders recorded as such on the Amendment Date (with the exception of a Subsidiary that holds Notes) at nominal value (EUR 0.01).

3.2.3. The Noteholder Shares shall be allocated among the Noteholders recorded as such on the Amendment Date as follows: Series A - 2.8660%; Series B –9.2197%; Polish Bonds – 1.1249%. Noteholders shall not be entitled to fractional shares and the number of shares to be allocated to each Bondholder shall be rounded down to the nearest integer.

3.2.4. The Company shall procure that the Noteholder Shares and the Additional Israeli Notes are listed for trade on the TASE, as soon as practicable after issuance.

Payment of nominal value by issue of Additional Shares

3.2.5. Simultaneously with the issue of the Noteholder Shares to the Noteholders, the Company shall issue Additional Shares to the Israeli Trustees.

3.2.6. The number of Additional Shares to be issued shall be equal to:

$$(N \times EUR\ 0.01) / (S - EUR\ 0.01) \quad \text{rounded down to the nearest integer}$$

where:
N = the number of Noteholder Shares to be issued
S = the subscription price of the rights issue for the Capital Injection expressed in euro's using the exchange rate (if applicable) as published by the ECB on the date that Elbit deposits the purchase price for the Additional Shares as stipulated below.

3.2.7. The Additional Shares shall be allocated among the Israeli Trustees as follows:

Series A Trustee: (A + P) / T
Series B Trustee: B / T

Where
A = the number of Noteholder Shares allocated to the Series A Noteholders
B = the number of Noteholder Shares allocated to the Series B Noteholders
P = the number of Noteholder Shares allocated to the Polish Noteholders
T = the total number of Noteholder Shares.

3.2.8. The Israeli Trustees shall, and are hereby instructed to, sell the Additional Shares to be received by each of them to Elbit at a purchase price per Share that is equal to the subscription price of the rights issue for the Capital Injection.

3.2.9. Elbit shall deposit the purchase price (the "**Purchase Price**") for the Additional Shares allocated to each of the Israeli Trustees in an account designated by them, before the Noteholder Shares and the Additional Shares are issued.

3.2.10. The Series A Trustee shall, and is hereby instructed to, use the Purchase Price received by it to pay the nominal capital contribution of EUR 0.01 per share that is due to the Company for the issue of Noteholder Shares to the Series A Noteholders and the Polish Bondholders and for the issue of Additional Shares allocated to the Series A Trustee.

3.2.11. The Series B Trustee shall, and is hereby instructed, to use the Purchase Price received by it to pay the nominal capital contribution of EUR 0.01 per share that is due to the Company for the issue of Noteholder Shares to the Series B Noteholders and for the issue of Additional Shares allocated to the Series B Trustee.

3.2.12. Simultaneously with the payment of the nominal contribution due to the Company for the issue of the Noteholder Shares and the Additional Shares, the Israeli Trustees shall, and are instructed to, transfer the Additional Shares held by each of them to Elbit.

3.2.13. The Noteholders hereby release the Israeli Trustees from and waive any (potential) liability in connection with the issue, sale and transfer of the Additional Shares and the application of the Purchase Price towards payment of the nominal capital contribution for the Noteholder Shares and Additional Shares as set out above.

3.3. Terms Applicable to Guarantee Creditors

3.3.1. Guarantee Creditors shall not exercise their rights under any Guarantee Claim for a period of four (4) years from the Effective Date. After said four (4) year period, a Guarantee Creditor is allowed to enforce its Guarantee Claim provided that:

(i) all collateral granted as security for the underlying guaranteed obligation has been realised; and

(ii) without prejudice to any further limitation contained in the relevant guarantee or undertaking, if the actual proceeds are lower than 90% of the fair market value of the realized collateral, the remaining Guarantee Claim shall be reduced by the difference between 90% of the fair market value of the collateral as determined by an external appraiser (to be agreed between the relevant Guarantee Creditor and the Company and failing such agreement the President of the District Court of Amsterdam) within a period of not more than three months prior to the sale of the asset on the one hand and the actual proceeds realized by the relevant Guarantee Creditor on the other hand.

3.4. Terms Applicable to Other Creditors

3.4.1. All Other Claims will be deferred by a period of four (4) years as of the Effective Date.

3.5. Terms Applicable to all Plan Creditors

Coverage Ratio covenant

3.5.1. In the event that the Coverage Ratio is lower than the Minimum Coverage Ratio, then as from the first Examination Date on which a breach of the Coverage Ratio covenant has been established and for as long as the breach is continuing, the Company shall not perform any of the following: (a) a sale, directly or indirectly, of a Real Estate Asset owned by the Company or a Subsidiary, with the exception that it shall be permitted to transfer Real Estate Assets in performance of an obligation to do so that was entered into prior to the said Examination Date, (b) investments in new Real Estate Assets; or (c) an investment that regards an existing project of the Company or of a Subsidiary, unless it does not exceed a level of 20% of the construction cost of such project (as approved by the lending bank of these projects) and the LTC Ratio of the project remains equal to or greater than the Minimum LTC Ratio.

3.5.2. The Coverage Ratio will be examined four (4) times per year on the approval date of the Company's consolidated audited annual financial statements and of its consolidated reviewed

quarterly financial statements and the Company shall report on compliance with this covenant on each Examination Date.

3.5.3. If a breach of the Minimum Coverage Ratio covenant has occurred and continued throughout a period comprising two (2) consecutives Examination Dates following the first Examination Date on which such breach has been established, then such breach shall constitute an event of default under the Trust Deeds and Polish Bond Terms, and the group of (i) Series A Noteholders, (ii) Series B Noteholders, (iii) Polish Bondholders, and (iv) Guarantee and Other Creditors shall, each as a separate group acting by Majority vote, be entitled to declare by written notice to the Company that all or a part of their respective (remaining) Plan Claims become immediately due and payable.

Limitations on Incurring new Financial Indebtedness by the Company and the Subsidiaries

3.5.4. The Company undertakes not to incur any new Financial Indebtedness (including by way of refinancing an existing Financial Indebtedness with new Financial Indebtedness) until the Outstanding Notes Debt has been repaid in full, except in any of the following events:

(i) the new Financial Indebtedness is incurred for the purpose of investing in the development of a Real Estate Asset, provided that: (a) the LTC Ratio of the investment is not less than the Minimum LTC Ratio; (b) the new Financial Indebtedness is incurred by the Subsidiary that owns the Real Estate Asset or, if the Financial Indebtedness is incurred by a different Subsidiary, any Encumbrance created as security for such new Financial Indebtedness is permitted under section 3.5.7(i) below; and (c) following such investment the Cash Reserve is not less than the Minimum Cash Reserve;

(ii) the new Financial Indebtedness is incurred by a Subsidiary for the purpose of purchasing a new Real Estate Asset by such Subsidiary, provided that following such purchase the Cash Reserve is not less than the Minimum Cash Reserve.

(iii) at least 75% of the Net Cash Flow resulting from the incurrence of new Financial Indebtedness is used to for a Mandatory Early Prepayment of the Notes under section 3.1.11 above. It shall be clarified that, subject to the terms of this Plan, the Group may also refinance existing Financial Indebtedness if this does not generate Net Cash Flow.

3.5.5. Notwithstanding the aforesaid, in the event that an Additional Capital Injection occurs then the restrictions under section 3.5.4 shall not apply to investments in an aggregate amount less than or equal to the amount of the Additional Capital Injection.

Negative Pledge on Real Estate Assets of the Company

3.5.6. The Company undertakes that until the Outstanding Notes Debt has been repaid in full, it shall not create any Encumbrance on any of the Real Estate Assets, held, directly or indirectly, by the Company except in the event that the Encumbrance is created over the Company's interests in a Subsidiary as additional security for Financial Indebtedness incurred by such Subsidiary which is secured by Encumbrances on assets owned by that Subsidiary as permitted by the terms of this Plan.

Negative Pledge on the Real Estate Assets of Subsidiaries

3.5.7. The Subsidiaries shall undertake that until the Outstanding Notes Debt has been repaid in full, none of them will create any Encumbrance on any Real Estate Assets except in the event that:

(i) the Subsidiary creates an Encumbrance over a Real Estate Asset owned by such Subsidiary exclusively as security for new Financial Indebtedness incurred for the purpose of purchasing, investing in or developing such Real Estate Asset;
Notwithstanding the aforesaid, Subsidiaries shall be entitled to create an Encumbrance on land as security for Financial Indebtedness incurred for the purpose of investing in and developing, but not for purchasing, a Real Estate Asset held by a different Group company (hereinafter: a "**Cross Pledge**"), provided the total value of the lands owned by the Group charged with Cross Pledges after the Commencement Date does not exceed EUR 35 million, calculated on the basis of book value (the "**Sum of Cross Pledges**"). When calculating the Sum of Cross Pledges, lands that were charged with Cross Pledges created prior to the Commencement Date or created solely for the purpose of refinancing an existing Financial Indebtedness shall be excluded.

(ii) the Encumbrance is created over an asset as security for new Financial Indebtedness that replaces existing Financial Indebtedness and such asset was already encumbered prior to the refinancing. For the avoidance of doubt, any Net Cash Flow generated from such refinancing, shall be subject to the Mandatory Early Prepayment provision in section 3.1.11 above;

(iii) the Encumbrance is created over interests in a Subsidiary as additional security for Financial Indebtedness incurred by such Subsidiary which is secured by Encumbrances on assets owned by that Subsidiary as permitted by sub-section (i) above, or

(iv) the Encumbrance is created as security for New Financial Indebtedness that is incurred for purposes other than the purchase of and/or investment in and development of a Real Estate Asset, provided that at least 75% of the Net Cash Flow generated from such new

Financial Indebtedness is used for Mandatory Early Prepayment in accordance with section 3.1.11 above.

Permitted Disposals

3.5.8. The Company and the Subsidiaries shall not procure or permit the occurrence of an Exercise Event with respect to any Real Estate Asset of the Group unless the Net Cash Flow resulting from such Disposal is used for Mandatory Early Prepayment in accordance with section 3.1.11 above.

3.5.9. The Company and the Subsidiaries shall not perform or permit a Disposition, directly or indirectly, or a refinancing of the Shopping Malls, unless the cumulative Net Cash Flow resulting from such Disposition or refinancing amounts to at least EUR 70 million. If the Disposition or the refinancing occurs only with respect to some but not all of the Shopping Malls, then such Disposition or refinancing shall not be permitted unless the Net Asset Value of the Unsold Shopping Malls plus the aggregate Net Cash Flows received from the intended Disposition or refinancing and from any previous Disposition or refinancing of a Shopping Mall amounts to at least EUR 70 million.

Permitted Investments

3.5.10. The Company agrees that an investment in new or existing Real Estate Assets of the Group shall only be permitted provided following such investment the Cash Reserve is not less than the Minimum Cash Reserve and the Coverage Ratio not less than the Minimum Coverage Ratio.

3.5.11. In the event the Coverage Ratio is lower than the Minimum Coverage Ratio, investments in existing projects of the Company or of Subsidiaries shall only be permitted if the investment does not exceed a level of 20% of the construction cost of such project (as approved by the lending bank of these projects) and the LTC Ratio of the project remains equal to or greater than the Minimum LTC Ratio in accordance with section 3.5.1(c) above.

No Distributions

3.5.12. The Company shall not make any Distributions, unless (i) at least 75% of the Unpaid Principal Balance of the Notes as per the Amendment Date has been repaid[5] and the Coverage Ratio on the last Examination Date prior to such Distribution is not less than 150% following such Distribution, or (ii) a Majority of the Plan Creditors consents to the proposed Distribution.

[5] For the purpose of this examination, the repayment of Notes sold by a Subsidiary of the Company after the Amendment Date shall not be considered as repaid Notes.

3.5.13. Notwithstanding the aforesaid, in the event an Additional Capital Injection occurs, then after one year following the date of the Additional Capital Injection, no restrictions other than those under the applicable law shall apply to dividend distributions in an aggregate amount up to 50% of such Additional Capital Injection.

Undertakings of Subsidiaries

3.5.14. Each of the Subsidiaries shall undertake (subject to the Plan becoming effective and the amendment of the Original Terms of the Notes pursuant to this Plan entering into effect) to act in accordance with and to be bound by and to comply with the obligations and undertakings set forth in sections 3.1.11(VI), 3.5.1, 3.5.4, 3.5.7, 3.5.8, 3.5.9 and 3.5.11 of this Plan and shall issue such undertaking no later than 4 June 2014.

Waiver of Claims

3.5.15. Each Plan Creditor hereby releases, to the extent permitted by law, the Company and all other companies of the Group, the current and former directors and officers of the Group, all direct and indirect shareholders of the Group (and their respective directors, officers, employees, agents, counsels or anyone acting on their behalf), from any and all liability under any applicable law other than with respect to claims or demands regarding which the grounds are fraud or malice or other ground for which a release is not permitted by law.

3.5.16. Without derogating from the aforesaid, full and binding mutual waiver of claims with respect to the Series A Noteholders and the Series B Noteholders, will enter into effect on the Amendment Date, attached as **Annex 6** to this Plan.

3.6. Miscellaneous

The Company shall as from the Effective Date publish its annual reviewed consolidated financial statements to the public, no later than three (3) calendar months following the end of the calendar year. In addition, as of the Effective Date and until the Outstanding Notes Debt has been repaid in full, the Company undertakes to publish reviewed consolidated financial statements on a quarterly basis, no later than two (2) months following the end of each of the first three (3) calendar quarters of each year. The Company shall include, within the quarterly and annual financial statements, a detailed report regarding its compliance with the undertakings under sections 3.5.1, 3.5.4, 3.5.6, 3.5.7, 3.5.8, 3.5.9, 3.5.10. 3.5.11 and 3.5.12 of this Plan and the performance of Mandatory Early Prepayments under section 3.1.11 of this Plan.

3.6.1. The Company will use reasonable endeavours to ensure that the general and administrative expenses, based on the Company's current level of operations, does not exceed an amount of EUR 7.5 million per year.

3.6.2. Each Plan Creditor shall provide all cooperation and take all such further actions as may be required to give effect to, execute and implement this Plan and the debt restructuring contemplated thereby.

3.6.3. This Plan will not be binding and will not create any rights or obligations and no rights can be derived or inferred from the Plan before the Effective Date.

3.6.4. Any notice or request made to the Company in connection with this Plan shall be made in writing and made by courier or certified mail to:

Plaza Centers N.V.
Prins Hendrikkade 48-S
1012 AC Amsterdam
The Netherlands
Attention: Mr. Uzi Eli
Email: uzi.eli@plazacenters.com.

In each case with copy (which shall not constitute notice hereunder) to:

RESOR N.V.
PO Box 75965
1070 AZ Amsterdam
The Netherlands
Attention: Mr. N.W.A. Tollenaar
Email: nico.tollenaar@resor.nl

3.6.5. This Plan, as well as all rights and obligations arising out of or in connection with this Plan, shall be governed by the laws of the Netherlands, without prejudice to the fact that the Series A Trust Deed, the Series B Trust Deed and the Polish Bond Terms are and shall continue to be governed by Israeli and Polish law respectively.

3.6.6. The Court of Amsterdam, the Netherlands shall have exclusive jurisdiction over any dispute arising out of or in connection with this Plan, without prejudice to the fact that any dispute arising from the Series A Trust Deed, the Series B Trust Deed and the Polish Bond Terms is

and shall remain subject to the (exclusive) jurisdiction of the Israeli and Polish courts, as applicable.

Appendix A:

Annex 1-

Example Calculation

Coverage Ratio

Appendix - Covergae Ratio

An example for the calculation of the coverage ratio for 31/12/2013	
	EUR Thousands
Total Valuations according to Cushman & Wakefield except of Kielce and Targu Mures	536,293
Company's value estimation for Targu Mures	3,500
Company's value estimation for Kielce	4,000
Koregaon Park according to sale agreement	40,333
Deduction for Casa Radio (amortization to a value of EUR 50 million)	(80,613)
Cash (Including restricted cash and securities)	33,722
Expected cash from rights issuance	20,000
Total (A)	**557,235**
Total debts vis-à-vis banks which precede debts included within the Plan and/or debts which are specific debts (B)	(210,333)
Total Numerator (A-B)	**346,902**
Denominator (D) (*) - Total debts which are not preceding debts towards banks and/or debts which are inferior to debts included within the Plan and/or which are not specific debts	**203,237**
Coverage Ratio (CR)	**170.7%**

The debt included in the denominator is the net debt, meaning after deducting the share of the subsidiary holding in Bond series B in an adjusted value of EUR 3,887 thousands

Appendix A:

Annex 2 -

Revised Payment Schedule of Notes

ANNEX

BOND SERIES A SCHEDULE

Interets rate (linked to Israeli CPI)

						6%	
						NIS 6,652,926	Deferred Interest 12/2013
PAR VALUE	NIS	PAR VALUE	NIS	NIS		PAR VALUE 5,516,329	Deferred Interest 12/2013
BALANCE PAR VALUE	NET PRINCIPAL	PRINCIPAL PAYMENT	PRINCIPAL PAYMENT	INTEREST PAYMENT	INTEREST RATE	PERIOD	DATE
250,686,496	302,338,505		0	(1) 9,045,305		0.5	7/1/2014
250,686,496	302,338,505		0	9,095,004	3%	1.0	12/31/2014
250,686,496	302,338,505		0	9,045,305	3%	1.5	7/1/2015
250,686,496	302,338,505		0	9,095,004	3%	2.0	12/31/2015
250,686,496	302,338,505		0	9,095,004	3%	2.5	7/1/2016
250,686,496	302,338,505		0	0	3%	3.0	12/31/2016
250,686,496	302,338,505		0	9,045,305	3%	3.5	7/1/2017
200,549,196	241,870,805	50,137,299	60,467,701	9,095,004	3%	4.0	12/31/2017
150,411,897	181,403,104	50,137,299	60,467,701	7,236,244	3%	4.5	7/1/2018
100,274,598	120,935,402	50,137,299	60,467,701	5,457,002	3%	5.0	12/31/2018
50,137,299	60,467,701	50,137,299	60,467,701	3,618,122	3%	5.5	7/1/2019
50,137,299	60,467,701		0	1,819,000	3%	6.0	12/31/2019
0	0	50,137,299	60,467,701	1,819,000	3%	6.5	7/1/2020
		250,686,496	302,338,505	74,419,994			

(1) This interest payment will be deferred as detailed in the Restructuring plan

ANNEX

BOND SERIES B SCHEDULE

6.9% Interets rate (linked to Israeli CPI)

						NIS 16,055,758	Deferred Interest 12/2013
						PAR VALUE 13,727,951	Deferred Interest 12/2013
BALANCE PAR VALUE	NET PRINCIPAL	PRINCIPAL PAYMENT	PRINCIPAL PAYMENT	INTEREST PAYMENT	INTEREST RATE	PERIOD	DATE
610,713,444	522,170,626	0		21,011,889 (1)		0.5	7/1/2014
610,713,444	522,170,626	0		21,127,339	3.45%	1.0	12/31/2014
610,713,444	522,170,626	0		21,011,889	3.45%	1.5	7/1/2015
610,713,444	522,170,626	0		21,127,339	3.45%	2.0	12/31/2015
610,713,444	522,170,626	0		21,127,339	3.45%	2.5	7/1/2016
610,713,444	522,170,626	0		21,127,339	3.45%	3.0	12/31/2016
610,713,444	522,170,626	0		21,011,889	3.45%	3.5	7/1/2017
610,713,444	522,170,626	0		21,127,339	3.45%	4.0	12/31/2017
610,713,444	522,170,626			21,011,889	3.45%	4.5	7/1/2018
305,356,722	261,085,313	305,356,722	261,085,313	21,127,339	3.45%	5.0	12/31/2018
305,356,722	261,085,313	0		10,505,944	3.45%	5.5	7/1/2019
0	0	305,356,722	261,085,313	10,563,669	3.45%	6.0	12/31/2019
		610,713,444	522,170,626	231,881,202			

(1) This interest payment will be deferred as detailed in the Restructuring plan

POLISH BONDS

PLN	
60,000,000	**Bonds Par Value**
2,764,997	**Deferred Interest 12/2013 (**)**

PLN	PLN	PLN	PLN	PLN		
TOTAL YEARLY PAYMENT	BALANCE PAR VALUE	NET PRINCIPAL (**)	PRINCIPAL PAYMENT	INTEREST PAYMENT (***)	PERIOD	DATE
2,039,295	62,764,997	62,764,997		(*) 2,039,295	0.4	5/16/2014
2,759,046	62,764,997	62,764,997		2,759,046	0.9	11/17/2014
2,714,062	62,764,997	62,764,997		2,714,062	1.4	5/18/2015
2,759,046	62,764,997	62,764,997		2,759,046	1.9	11/16/2015
2,729,056	62,764,997	62,764,997		2,729,056	2.4	5/16/2016
2,759,046	62,764,997	62,764,997		2,759,046	2.9	11/16/2016
2,714,062	62,764,997	62,764,997		2,714,062	3.4	5/16/2017
2,759,046	62,764,997	62,764,997	0	2,759,046	3.9	11/16/2017
2,714,062	62,764,997	62,764,997	0	2,714,062	4.4	5/16/2018
62,764,997	0	0	62,764,997	0	4.4	5/16/2018
87,401,480			62,764,997	24,636,482		

(*) This interest payment will be deferred according to paragraph 4.9 of the Terms & Conditions

(**) Interest accrued will be treated as principal ; no conversion will be done to principal

(***) Interest amount is based on 6 month Wibor + 6% as of 31 december 2013

Appendix A:

Annex 3-

Series A Notes (original Hebrew execution version and English translation)[1]

[1] The Notary Certificate of translation only refers to Series A Notes and Appendices A-D.

No. 2541/מס

CERTIFICATE OF TRANSLATION

I the undersigned, Miguel Daniel Abadi, Notary at 20 Borochov St. Raanana, Israel, hereby declare that I am well acquainted with the **Hebrew and English** languages and that the document attached to this certification marked "**A**" is a correct **English** translation of the original document drawn up in the **Hebrew** language which has been produced to me which is also attached hereto and marked **"B"**.

In witness whereof I certify the correctness of the said translation by my signature and seal. This day 25th of May 2014.

Notary Fee: NIS 21,742 + V.A.T

Signature

Notary's Seal

אישור תרגום

אני החי"מ, מיגל דניאל עבאדי, נוטריון ברעננה, רח' בורוחוב 20, רעננה מצהיר כי אני שולט בשפות אנגלית ועברית, וכי המסמך המצורף ומסומן באות א', הינו תרגום באנגלית מדויק של המסמך הערוך בשפה עברית שהוצג בפניי מצורף ומסומן באות "ב".

ולראיה הנני מאשר את דיוק התרגום הנ"ל בחתימת ידי ובחותמתי, היום 25 מאי 2014.

שכר נוטריון 21,742 ₪ + מע"מ.

חתימה

חותם הנוטריון

נוטריון * NOTARY * NOTAIRE
מיגל דניאל עבאדי MIGUEL DANIEL ABADI

<u>שטר נאמנות</u>

שנערך ונחתם בתל-אביב, ביום ___בחודש __ 2014

המחליף ובא במקום שטר הנאמנות שנערך ונחתם ביום 4 בחודש יולי 2007

כפי שתוקן ביום 31 בחודש ינואר 2008 וביום 10 במרס 2014

ב י ן

Plaza Centers N.V.

חברה ציבורית המאוגדת בהולנד שמספרה: 33248324

מ- Prins Hendrikkade 48-S 1012 AC, Amsterdam, The Netherlands

(להלן: "החברה")

<u>מצד אחד</u>;

ל ב י ן:

הרמטיק נאמנות (1975) בע"מ

מרח' הירקון 113, תל אביב

טל': 03-5274867; פקס': 03-5271736

(להלן: "הנאמן")

<u>מצד שני</u>;

הואיל והחברה והנאמן (כל אחד מהם יקרא בנפרד: "**צד**" וביחד "**הצדדים**") חתמו ביום 4 ביולי 2007 על שטר נאמנות, כפי שתוקן ביום 31 בינואר 2008 וביום 10 במרס 2014 (להלן: "**שטר הנאמנות המקורי**"), אשר על פיו מונה הנאמן כנאמן למחזיקי אגרות חוב (סדרה א') של החברה (להלן: "**מחזיקי אגרות החוב**"), אשר הונפקו לראשונה בחודש אוגוסט 2007;

והואיל והנאמן הנו חברה הרשומה בישראל העוסקת בנאמנויות וכי לו הידע והכישורים המקצועיים הנדרשים לצורך ביצוע התחייבויותיו על פי שטר זה;

והואיל והנאמן הצהיר כי אין מניעה על פי דין להתקשרותו עם החברה על פי שטר נאמנות זה וכי הוא עונה על הדרישות ותנאי הכשירות הקבועים בחוק, כהגדרתו להלן, לשמש כנאמן על פי שטר נאמנות זה;

והואיל והחברה מצהירה בזאת כי בכפוף להתקיימות התנאים המתלים (כהגדרתם להלן) והכניסה לתוקף של שטר זה אין כל מניעה על-פי כל דין ו/או הסכם לקיום התחייבויות החברה כלפי מחזיקי אגרות החוב במלואן ובמועדן;

והואיל והחברה מצהירה כי ביום 18 בנובמבר 2013 הגישה החברה לבית המשפט המוסמך בהולנד בקשה לקבלת צו זמני להקפאת תשלומים ובד בבד הגישה החברה לבית המשפט תוכנית מוצעת להסדר חוב (restructuring plan) לנושי התוכנית, כהגדרתם להלן, ובכלל זאת מחזיקי אגרות החוב, בהתאם להוראות הדין ההולנדי;

והואיל והחברה מצהירה כי ביום __ ב_____ 2014 הגישה החברה תוכנית מתוקנת להסדר החוב האמור (להלן: "**התוכנית**");

והואיל והחברה מצהירה כי במועד הקפאת התשלומים (כהגדרתו להלן) הורה בית המשפט המוסמך בהולנד לחברה על מתן צו זמני להקפאת תשלומים לכל נושי התוכנית בהתאם להוראות הדין ההולנדי;

והואיל וביום 26 ביוני 2014 התקיימה באמסטרדם הולנד, אסיפה כללית של נושי התוכנית אשר בה, רוב מקרב נושיה הלא מובטחים של החברה הצביע בעד אישור התוכנית, וזאת בהתאם להוראות הדין ההולנדי;

והואיל והחברה מצהירה כי ביום 10 ביולי 2014, אישר בית המשפט המוסמך בהולנד את התוכנית (להלן: "**החלטת האישור**");

והואיל ועל פי החלטת האישור, ובכפוף להתקיימותם של התנאים המתלים הקבועים בשטר נאמנות זה, החל מן המועד הקובע (כהגדרתו להלן), תנאי אגרות חוב (סדרה א') (כהגדרתן להלן) יתוקנו והם יהיו, החל מאותו מועד ואילך, כמפורט בשטר נאמנות זה להלן, אשר יחליף לכל דבר ועניין את שטר הנאמנות המקורי ויבוא במקומו ואשר הוראותיו לא תהיינה עוד בתוקף;

והואיל והצדדים מסכימים לכל התיקונים לשטר הנאמנות המקורי, כפי שהינם נעשים על פי שטר נאמנות זה, והכל כמפורט בשטר נאמנות זה;

<u>לפיכך הוסכם, הוצהר והותנה בין הצדדים כדלהלן:</u>

1. **<u>מבוא, פרשנות והגדרות</u>**

1.1. המבוא לשטר נאמנות זה והנספחים הרצופים לו מהווים חלק בלתי נפרד הימנו.

1.2. שטר נאמנות זה ייכנס לתוקף באופן מיידי, ללא צורך בכל פעולה או חתימה נוספת, במועד שיפורסם על ידי החברה ואשר יהיה לא מאוחר מחלוף 10 ימי מסחר מן המועד שבו התקיימו במצטבר כל התנאים המתלים הקבועים בסעיף 34 להלן ("**המועד הקובע**"). החברה תדווח על התקיימות כלל התנאים המתלים ועל המועד הקובע בדיווח מיידי שיפורסם במערכת ההפצה של רשות ניירות ערך בישראל ("**המגנ"א**"). אם איזה מבין התנאים המתלים לא יתקיים עד למועד האחרון להתקיימות התנאים המתלים (כהגדרתו בסעיף 34 להלן) כי אז שטר נאמנות זה וכן החלטת אסיפת מחזיקי אגרות החוב לפיה, בין היתר, אושר שטר נאמנות זה, וכן כל פעולה אחרת שנעשתה בקשר עם ו/או מכוח שטר זה והתוכנית (כהגדרתה להלן), יהיו בטלים ומבוטלים מעיקרם וחסרי כל תוקף מחייב, לרבות כלפי החברה ו/או הנאמן ו/או מי מטעמו ו/או כלפי מחזיקי אגרות החוב ו/או מי

מטעמם. יובהר כי עד למועד כניסתו לתוקף של שטר נאמנות זה יישאר שטר הנאמנות המקורי בתוקפו המלא.

1.3. בכל מקרה של סתירה בין הוראות שטר נאמנות זה לבין דיווחים והודעות שפרסמה החברה בקשר עם תנאי התוכנית ו/או התוכנית, תגברנה הוראות שטר נאמנות זה, אשר יחול באופן בלעדי על אגרות החוב. למען הסר ספק אין באמור כדי לגרוע מהוראות סעיף 36.1 להלן ומתחולת תקנון הבורסה והנחיות מכוחו, כפי שתהיינה מעת לעת, על הוראות שטר נאמנות זה.

1.4. חלוקת שטר נאמנות זה לסעיפים וכן מתן כותרות לסעיפים, נעשו מטעמי נוחות וכמראי מקום בלבד, ואין להשתמש בהם לשם פרשנות.

1.5. כל האמור בשטר נאמנות זה בלשון רבים אף יחיד במשמע, וכן להפך, כל האמור במין זכר אף מין נקבה במשמע, וכן להפך, וכל האמור באדם אף תאגיד במשמע, והכול כשאין בשטר זה הוראה אחרת מפורשת ו/או משתמעת ו/או אם תוכן הדברים או הקשרם אינו מחייב אחרת.

1.6. בשטר נאמנות זה ובאגרות החוב תהיה לביטויים הבאים המשמעות שלצידם, אלא אם משתמעת כוונה אחרת מתוכן הדברים או הקשרם:

"**שטר הנאמנות המקורי**" – כהגדרתו במבוא לשטר זה;

"**שטר הנאמנות**" או "**שטר נאמנות זה**" או "**שטר נאמנות זה**" או "**שטר זה**" - שטר נאמנות זה, לרבות הנספחים המצורפים אליו ומהווים חלק בלתי נפרד הימנו, המתקן ומחליף לכל דבר ועניין את שטר הנאמנות המקורי (שלא יהיה עוד בתוקף החל מהמועד הקובע) ובא במקומו, וכפי שיתוקן ו/או ישונה מעת לעת;

"**אגרות החוב (סדרה א')**" או "**סדרת אגרות החוב**" או "**אגרות החוב**" - סדרה של אגרות חוב (סדרה א'), רשומות על שם בנות 1 ש"ח ע"נ כל אחת של החברה, שהונפקו על ידי החברה ואשר תנאיהן מפורטים בשטר זה;

"**הנאמן**" - הנאמן הנזכר בראש שטר זה ו/או כל מי שיכהן מדי פעם בפעם כנאמן של מחזיקי אגרות החוב לפי שטר זה;

"**מרשם**" – מרשם מחזיקי אגרות החוב כאמור בסעיף 24 לשטר זה;

"**מחזיק אגרת החוב**" או "**מחזיק אגרת חוב**" או "**בעל אגרת החוב**" - כהגדרת המונח בחוק ניירות ערך;

"**תעודת אגרות החוב**" - תעודת אגרות חוב (סדרה א') אשר נוסחה מפורט בנספח א' לשטר זה;

"**החוק**" או "**חוק ניירות ערך**" - חוק ניירות ערך, התשכ"ח-1968 ותקנותיו כפי שיהיו מעת לעת;

"**מדד המחירים לצרכן**" או "**המדד**" - מדד המחירים הידוע בשם "מדד המחירים לצרכן" הכולל ירקות ופירות והמפורסם על ידי הלשכה המרכזית לסטטיסטיקה וכולל אותו מדד אף אם יפורסם על ידי גוף או מוסד רשמי אחר, וכן כולל כל מדד רשמי שיבוא במקומו, בין אם יהיה בנוי על אותם הנתונים שעליהם בנוי המדד הקיים ובין אם לאו. אם יבוא במקומו מדד אחר שיפורסם על ידי גוף או מוסד כאמור, ואותו גוף או מוסד לא קבע את היחס שבינו לבין המדד המוחלף, ייקבע היחס על ידי הלשכה המרכזית לסטטיסטיקה. במקרה שאותו יחס לא ייקבע כאמור, אזי יקבע הנאמן בהתייעצות עם מומחים כלכליים שייבחרו על ידיו, את היחס שבין המדד האחר למדד המוחלף;

"**המדד הידוע**" בתאריך כלשהו - המדד שפורסם לאחרונה לפני אותו תאריך;

"**המדד היסודי**" - המדד בגין חודש מאי 2007, כפי שפורסם ביום 15 ביוני 2007;

"**מדד התשלום**" - המדד הידוע ביום התשלום של תשלום כלשהו על חשבון קרן ו/או ריבית כאשר, ככל ומדד זה במועד תשלום כלשהו יהיה נמוך מהמדד היסודי, יהא מדד התשלום המדד היסודי;

"**יום עסקים**" - יום בו פתוחים מרבית הבנקים בישראל לביצוע עסקאות;

"**החלטה מיוחדת**" - החלטה שנתקבלה באסיפת מחזיקי אגרות החוב, בה נכחו, בעצמם או על-ידי באי-כוחם, מחזיקים של לפחות חמישים אחוזים (50%) מיתרת הערך הנקוב של אגרות החוב שבמחזור במועד הקובע לאסיפה, או באסיפה נדחית של אסיפה זו, שנכחו בה, בעצמם או על-ידי באי-כוחם, מחזיקים של לפחות עשרים אחוזים (20%) מן היתרה האמורה, ואשר נתקבלה (בין באסיפה המקורית ובין באסיפה הנדחית) ברוב של לפחות שני שלישים (2/3) מכל הקולות של המשתתפים בהצבעה, למעט הנמנעים;

"**החלטה רגילה**" - החלטה שנתקבלה באסיפת מחזיקי אגרות החוב, בה נכחו, בעצמם או על-ידי באי-כוחם, מחזיקים של לפחות עשרים וחמישה אחוזים (25%) מיתרת הערך הנקוב של אגרות החוב שבמחזור במועד הקובע לאסיפה, או באסיפה נדחית של אסיפה זו, אשר תתקיים בכל מספר משתתפים שהוא, ואשר נתקבלה (בין באסיפה המקורית ובין באסיפה הנדחית) ברוב של לפחות חמישים אחוזים (50%) מכל הקולות של המשתתפים בהצבעה, למעט הנמנעים.

"**הבורסה**" או "**הבורסה בתל אביב**" - הבורסה לניירות ערך בתל אביב בע"מ.

"**אירו**" - המטבע האחיד של מדינות האיחוד המוניטרי האירופי.

"**ארבעת הקניונים**" – ארבעה (4) קניונים המוחזקים על ידי חברות בנות של החברה (במישרין או עקיפין), שהינם: טורון פלאזה וסולוואקי פלאזה הנמצאים בפולין,

קראגויבץ' פלאזה בסרביה, וריגה פלאזה בלטביה, אשר כולם קניונים שבנייתם הסתיימה עובר למועד שטר זה והינם פעילים. **בנספח 1.6.1** לשטר הנאמנות מפורט אופן ההחזקות של החברה בכל אחד מארבעת הקניונים ואופן המימון בגינם.

"**פרויקט קוראגון**" – פרויקט קוראגון פארק פלאזה הממוקם בעיר פונה בהודו.

"**התוכנית**" – כהגדרתה במבוא לשטר נאמנות זה.

"**נושי התוכנית**" – כל נושי החברה אשר לגביהם חלה התוכנית והחלטת האישור אשר יתרות החוב הרלוונטיות בגינם נכון ליום 31.12.2013, הינן כמפורט **בנספח 1.6.2** לשטר נאמנות זה.

"**שלושת הסדרות**" - אגרות החוב (סדרה א'), אגרות החוב (סדרה ב') ואגרות החוב בפולין.

"**יתרת הקרן הבלתי מסולקת**" או "**יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה א')**" - היתרה כפי שתהיה מעת לעת של הערך הנקוב של אגרות חוב (סדרה א') שטרם נפרעו (אשר נכון ליום 1 בינואר 2014 אף כוללת את הריבית הנדחית בגין אגרות החוב (סדרה א') (כהגדרתה להלן), אשר תיצבר ותיווסף החל מיום 1 בינואר 2014 לקרן אגרות החוב (סדרה א') באופן כמפורט בסעיף 4א(2) להלן ותהיה חלק בלתי נפרד ממנה לכל דבר ועניין, ובכלל זאת תיפרע במסגרת פירעונות הקרן של אגרות חוב (סדרה א')), כשהם צמודים למדד בגין חודש מאי 2007 (כמפורט בתנאי אגרת החוב המצ"ב כנספח א' לשטר זה) כמפורט להלן וכמפורט בלוח הסילוקין המצורף **כנספח 2.3** לשטר נאמנות זה; נכון ליום 31.12.2013 עומדת יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה א') (כולל הריבית הנדחית בגין אגרות חוב (סדרה א') הנצברת לקרן אגרות חוב (סדרה א') כאמור) על סך של 302,338,505 ש"ח.

"**הריבית הנדחית בגין אגרות חוב (סדרה א')**" - הריבית שנצברה וטרם שולמה בגין קרן אגרות החוב (סדרה א') הצמודה למדד בגין חודש מאי 2007 (על פי תנאי אגרות החוב), אשר תשולם בחמישה תשלומים שווים במועד תשלומי יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה א'). הריבית הנדחית בגין אגרות חוב (סדרה א') כאמור, תיצבר ותיווסף החל מיום 1.1.2014 לקרן אגרות חוב (סדרה א') לכל דבר ועניין כמפורט בסעיף 4א(2) להלן כך שהיא תיפרע בחמישה חלקים שווים בהתאם לתשלומי יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה א'), ואשר מסתכמת נכון ליום 31.12.2013 לסך כולל של 6,652,926 ש"ח;

"**יתרת החוב הנדחה בגין אגרות חוב (סדרה א')**" - (א) נכון ליום 31.12.2013 - היתרה של סכומי קרן אגרות החוב (סדרה א') הצמודה למדד בגין חודש מאי 2007 (כמפורט בתנאי אגרות החוב) אשר על פי תנאי שטר הנאמנות המקורי היו אמורים לעמוד לפירעון בשלושה תשלומים במהלך השנים 2013, 2014 ו-2015, בתוספת הריבית הנדחית בגין כל אגרות החוב (סדרה א') (ולא מכפלה של הריבית הנדחית בגין אגרות חוב (סדרה א') בחלק

היחסי של סך תשלומי הקרן שהיו אמורים להיפרע בשנים 2013, 2014, ו-2015 מסך כל תשלומי הקרן של אגרות החוב (סדרה א')), המסתכמים ביחד נכון ליום 31.12.2013 לסך כולל של 184,064,274 ש"ח; (ב) נכון לכל מועד בדיקה אחר - הסכום הנקוב בסעיף קטן "(א)" בניכוי כל סכום "פדיון מוקדם חובה עקב אירוע מימוש" ששולם לאגרות חוב (סדרה א') בהתאם לאמור בסעיף 7א2 להלן;

"**אגרות חוב (סדרה ב')**" – סדרה של אגרות חוב (סדרה ב'), רשומות על שם בנות 1 ש"ח ע"נ כל אחת של החברה, בערך נקוב כולל למועד הקפאת התשלומים של 508,442,675 ש"ח.

"**יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה ב')**" - היתרה כפי שתהיה מעת לעת של הערך הנקוב של אגרות חוב (סדרה ב') שטרם נפרעו (אשר נכון ליום 1 בינואר 2014 אף כוללת את הריבית הנדחית בגין אגרות החוב (סדרה ב') (כהגדרתה להלן), אשר תיצבר ותיווסף החל מיום 1 בינואר 2014 לקרן אגרות החוב (סדרה ב') כמפורט בסעיף 4א(2) להלן ותהיה חלק בלתי נפרד ממנה לכל דבר ועניין, ובכלל זאת תיפרע במסגרת פירעונות הקרן של אגרות חוב (סדרה ב')), כשהם צמודים למדד בגין חודש דצמבר 2007 (כמפורט בתנאי אגרת החוב המצ"ב כנספח א' לשטר הנאמנות של אגרות חוב (סדרה ב')). נכון ליום 31.12.2013 עומדת יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה ב') כולל הריבית הנדחית בגין אגרות חוב (סדרה ב') הנצברת לקרן אגרות חוב (סדרה ב') כאמור) על סך של 610,713,444 ש"ח.

"**הריבית הנדחית בגין אגרות חוב (סדרה ב')**" - הריבית שנצברה וטרם שולמה בגין אגרות החוב (סדרה ב') עד ליום 31.12.2013, אשר תיצבר ותיווסף החל מיום 1.1.2014 לקרן אגרות חוב (סדרה ב') לכל דבר ועניין באופן כמפורט בסעיף 4א(2) להלן ואשר תיפרע בשני חלקים שווים בהתאם לתשלומי יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה ב'), ואשר מסתכמת נכון ליום 31.12.2013 לסך כולל של 16,055,758 ש"ח;

"**יתרת החוב הנדחה בגין אגרות חוב (סדרה ב')**" - (א) נכון ליום 31.12.2013 - היתרה של סכומי קרן אגרות החוב (סדרה ב') הצמודה למדד בגין חודש דצמבר 2007 (כמפורט בתנאי אגרות חוב (סדרה ב') אשר על פי תנאי שטר הנאמנות המקורי לאגרות החוב (סדרה ב') היו אמורים לעמוד לפירעון בשני תשלומים במהלך השנים 2014 ו-2015, בתוספת הריבית הנדחית בגין אגרות החוב (סדרה ב'), המסתכמים ביחד נכון ליום 31.12.2013 לסך כולל של 610,713,444 ש"ח; (ב) נכון לכל מועד בדיקה אחר - הסכום הנקוב בסעיף קטן "(א)" בניכוי כל סכום "פדיון מוקדם חובה עקב אירוע מימוש" ששולם לאגרות חוב (סדרה ב') בהתאם לאמור בסעיף 7א2 להלן;

"**אגרות החוב בפולין**" – אגרות חוב שהונפקו על ידי החברה על פי מזכר הנפקה מיום 16 בנובמבר 2010 בנות ערך נקוב של 100,000 זלוטי (PLN) כל אחת;

"**יתרת הקרן הבלתי מסולקת של אגרות החוב בפולין**" - היתרה כפי שתהיה מעת לעת של הערך הנקוב של אגרות החוב בפולין שטרם נפרעו (אשר נכון ליום 1 בינואר 2014 אף

כוללת את הריבית הנדחית בגין אגרות החוב בפולין (כהגדרתה להלן), אשר תטופל באופן כמפורט בהגדרת הריבית הנדחית בגין אגרות החוב בפולין. נכון ליום 31.12.2013 עומדת יתרת הקרן הבלתי מסולקת של אגרות חוב בפולין (כולל הריבית הנדחית בגין אגרות החוב בפולין) על סך של 72,247,055 ש"ח (מתורגם על פי שער הזלוטי למועד האמור).

"**הריבית הנדחית בגין אגרות החוב בפולין**" - הריבית שנצברה וטרם שולמה בגין אגרות החוב בפולין עד ליום 31.12.2013, אשר החל מיום 1.1.2014 תיצבר ותיווסף לקרן אגרות חוב בפולין לכל דבר ועניין באופן כמפורט בסעיף 4א(2) להלן או תחשב לעניין הצמדה וריבית כקרן ותשולם בסוף התקופה כתשלום אחרון, ואשר מסתכמת נכון ליום 31.12.2013 לסך כולל של 3,182,712 ש"ח.

"**יתרת החוב הנדחה בגין אגרות החוב בפולין**" - (א) נכון ליום 31.12.2013 היתרה של סכומי קרן אגרות החוב בפולין אשר על פי תנאי ה-Memorandum Offering המקורי לאגרות החוב בפולין היו אמורים לעמוד לפירעון בתשלום אחד בשנת 2013, בתוספת הריבית הנדחית בגין אגרות החוב בפולין, המסתכמים ביחד נכון ליום 31.12.2013 לסך כולל של 72,247,055 ש"ח; (ב) נכון לכל מועד בדיקה אחר - הסכום הנקוב בסעיף קטן "(א)" בניכוי כל סכום "פדיון מוקדם חובה עקב אירוע מימוש" ששולם לאגרות החוב בפולין בהתאם לאמור בסעיף 7א2 להלן.

"**יתרת הקרן הבלתי מסולקת של שלושת הסדרות**" – יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה א'), בצירוף יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה ב') ובצירוף יתרת הקרן הבלתי מסולקת של אגרות החוב בפולין. נכון ליום 31.12.2013 עומדת יתרת הקרן הבלתי מסולקת של שלושת הסדרות על סך של 985,299,004 ש"ח.

"**מניות החברה**" או "**מניות של החברה**" – מניות רגילות בנות 0.01 אירו (EUR 0.01), ע"נ כל אחת, של החברה, אשר רשומות למסחר בבורסת לונדון ובבורסת ורשה ואשר תירשמנה למסחר בבורסה בתל אביב עד למועד הקובע.

"**בורסת לונדון**" - הרשימה הראשית (main market of the UKLA - premium listing) ב-London Stock Exchange Plc.;

"**בורסת ורשה**" – Warsaw Stock Exchange;

"**מועד התחילה**" - יום 10 ביולי 2014;

"**מועד הפירעון הסופי**" – המועד שבו יפרעו ויסולקו באופן מלא, סופי ומדויק, סכומי הקרן, הריבית (לרבות ריבית פיגורים, ככל שתחול) והפרשי ההצמדה עליהם, על פי תנאי אגרות חוב סדרה (א');

"**דיספוזיציה**" - כהגדרת מונח זה בסעיף 4ב(1) להלן.

"**הגבלות על נטילת אשראי ויצירת שעבודים**" - כמפורט בסעיף 4 להלן;

"**ההזרמה ההונית**" – הזרמת מזומנים בסך של לפחות עשרים (20) מיליון אירו בהפחתת סכום השווה לסכום שבידי הנאמן, כהגדרתו בתוכנית, לחברה ו/או לנאמן (שאינו הנאמן למחזיקי אגרות החוב) אשר יחזיק בסכום בנאמנות עבור החברה תחת כתב הוראות לפיו יועבר סכום זה לחברה עד (וכולל) למועד הקובע או מועד ההקצאה, לפי המאוחר (ובלבד שלא ידוע לחברה על מניעה מהותית להקצאת ניירות ערך נשוא שטר זה), וזאת בדרך של הנפקת מניות חדשות.

"**ההזרמה ההונית הנוספת**"- הזרמת מזומנים לחברה כנגד הקצאת מניות בחברה או כהלוואה שהינה נחותה להתחייבויות החברה כלפי מחזיקי אגרות החוב על פי שטר נאמנות זה, הן מבחינת דרגת הנשייה והן מבחינת מועדי הפירעון, בסך מצטבר של לפחות עשרים (20) מיליון אירו, שהינה בנוסף ומעבר לסכום ההזרמה ההונית. ככל שההזרמה ההונית הנוספת תבוצע בדרך של העמדת הלוואה לחברה תכלול החברה בדיווח המיידי שיפורסם בקשר עם ביצוע ההזרמה ההונית הנוספת, אישור בדבר נחיתות ההלוואה כאמור לעיל.

"**תזרים מזומנים נטו**" (net cash flow) – התקבולים נטו במזומן שהתקבלו ו/או שיתקבלו בפועל בידי החברה החל מיום 15 במאי 2014 ועד למועד הפירעון הסופי, בגין אירוע המימוש הרלוונטי על פי הוראות שטר זה. תקבולים נטו, משמעם, התקבולים שיתקבלו בפועל בידי החברה וזאת לאחר שנוכו מהם: (1) סכומי פירעון מלוא יתרת החוב לבנק בגין נכס הנדל"ן הרלוונטי שמומש; (2) סכומי פירעון מלוא יתרת החוב לבנק בגין ההלוואה הרלוונטית שנפרעה במקרה של מחזור חוב (refinancing) (דהיינו: כתוצאה מניכוי סכום זה, תזרים המזומנים נטו יתייחס בפועל להפרש בין החוב החדש לבין החוב המוחלף ככל שהפרש זה הינו חיובי); (3) במקרה בו אירוע המימוש הרלוונטי התרחש בחברה בת - סכומים נדרשים לצורך פירעון ההתחייבויות הקיימות לנושי אותה חברת בת בגין אותו אירוע מימוש; (4) הוצאות ישירות בגין הנכס כגון עמלות, הוצאות מכירה ישירות לצדדים שלישיים, הוצאות תיווך, הוצאות הלוואה, הוצאות מסים וכיו"ב (לפי העניין), ולמעט, תקורות ועלויות של עובדי ונושאי המשרה בקבוצה. לעניין הגדרה זו – "**אירוע מימוש**" – כהגדרתו בסעיף 7א להלן. **בנספח 1.6.3** לשטר זה, מפורטות פעולות שמהם נבע תזרים (וסכומי תזרים המזומנים נטו בגינן) ביחס לתקופה שבין מועד הקפאת התשלומים ועד ליום 14 במאי 2014.

"**נכס נדל"ן**" – זכויות בקרקעות, או זכויות בפרויקטים נדל"ניים מסוגים שונים (כגון: מגורים, קניונים ופרויקטים מעורבים של מסחר ומגורים (mixed-use projects), וכן זכויות בתאגיד המחזיק בנכסים כאמור. **בנספח 1.6.4** לשטר זה, מפורטים נכסי הנדל"ן נכון למועד חתימת שטר זה.

"**יחס הכיסוי**" – כהגדרתו בסעיף 1.1 **לנספח ד'** לשטר נאמנות זה.

"**יחס הכיסוי המינימאלי**" – כהגדרתו בסעיף 1.2 **לנספח ד'** לשטר נאמנות זה.

"**חוב פיננסי**" - חוב שהינו כלפי נושה פיננסי של החברה או החברה הבת, כולל ערבויות שנתנה ו/או תעניק החברה ו/או החברה הבת, למעט:

(i) ערבויות ו/או התחייבויות שניתנו בקשר עם עלויות השלמה וביצוע של פרויקט להקמה או פיתוח של נכס נדל"ן (Cost Overrun guarantees); או

(ii) ערבויות לצרכים שוטפים בהיקף מצטבר אשר לא יעלה בכל נקודת זמן על 200 אלף אירו; או

(iii) הלוואה שניתנה במישרין לחברה על ידי בעלי מניות שלה ובלבד ש- (א) הריבית בגינה אינה גבוהה מזו של אגרות החוב; (ב) לאחר חלוף שישה (6) חודשים ממועד העמדת ההלוואה (ככל שלא נפרעה עד אז) תהפוך הלוואה זו לחוב נחות (ג) לא ניתן יהיה להעמיד הלוואה זו לפירעון מיידי או לדרוש בגינה פירוק של החברה; או

(iv) אם הנושה הפיננסי אישר בכתב כי החוב האמור יהיה חוב נחות.

"**חוב פיננסי חדש שלא לצרכי מימון הנכס**" - כהגדרתו בסעיף 4.3 לשטר נאמנות זה.

"**חוב נחות**" - חוב אשר לא ייפרע קודם לפירעונן המלא של התחייבויות החברה כלפי מחזיקי אגרות החוב, וכן יהווה חוב נחות בפירוק;

"**יחס LTC**" – היחס בין סכום האשראי המועמד לצורך מימון הפרויקט הרלוונטי לבין עלות אותו פרויקט נכון למועד נטילת האשראי ("Loan to Cost"). לעניין זה, "עלות הפרויקט" - עלות הקמת הפרויקט, הכוללת את כל עלויות הבניה, התכנון והפיתוח ועלות הקרקע.

"**חברה בת**" – כל תאגיד, חברה בעירבון מוגבל, שותפות, מיזם משותף, חברת מניות משותפת (joint stock company), או גוף אחר בהם מחזיקה החברה, במישרין או בעקיפין, ב-50% לפחות מההון או מהזכויות (לפי העניין) או גוף בו החברה שולטת, במישרין או בעקיפין; **"שליטה"-** כהגדרתה בחוק.

"הקבוצה" - החברה והחברות הבנות שלה (כהגדרת מונח זה לעיל);

"**מועד הקפאת התשלומים**" – 18 בנובמבר 2013, המועד שבו קיבלה החברה צו זמני להקפאת תשלומים על ידי בית המשפט המוסמך בהולנד על פי הדין ההולנדי;

"**יתרת החוב הנדחה הכולל של שלושת הסדרות** " – משמעו: (i) יתרת החוב הנדחה בגין אגרות חוב (סדרה א'); בתוספת (ii) יתרת החוב הנדחה בגין אגרות חוב (סדרה ב'); וכן בתוספת (iii) יתרת החוב הנדחה בגין אגרות החוב בפולין **יתרת החוב הנדחה הכולל של שלושת הסדרות** מסתכמת נכון ליום 31.12.2013 לסך כולל של 867,024,773 ש"ח.

"**יחס יתרת החוב הנדחה**", היחס בין יתרת החוב הנדחה בגין כל אחת משלושת הסדרות לבין יתרת החוב הנדחה הכולל של שלושת הסדרות, אשר לפיו יחולק תשלום פדיון מוקדם חובה עקב אירוע מימוש כאמור בסעיף 7א' להלן, שהינו כדלקמן: 21.23% לאגרות החוב (סדרה א'), 70.44% לאגרות החוב (סדרה ב') ו- 8.33% לאגרות החוב בפולין. מובהר, כי במקרה בו נפרעה אחת הסדרות במלואה לפני שנפרעו יתר הסדרות אזי החל מאותו מועד ואילך, תשלום פדיון מוקדם חובה עקב אירוע מימוש על פי סעיף 7א' להלן, יתחלק בין הסדרות הנותרות, פרו-ראטה על פי היחס האמור לעיל.

<u>לצורך הדוגמא בלבד של חישוב "יחס יתרת החוב הנדחה"</u>: **(א)** במקרה בו מתקיים "פדיון מוקדם חובה עקב אירוע מימוש", לפיו משלמת החברה בהתאם לאמור בסעיף 2א7 סכום קרן בסך 30 ש"ח (לאחר תשלום הריבית), אזי - לאגרות החוב (סדרה א') ישולם כ- 21.23% מהתשלום (6.369 ש"ח), לאגרות החוב (סדרה ב') ישולם כ- 70.44% מהתשלום (21.132 ש"ח) ולאגרות החוב בפולין ישולם כ- 8.33% מהתשלום (2.499 ש"ח); **(ב)** בהתאם במועד הבא בו יתקיים "פדיון מוקדם חובה עקב אירוע מימוש", לפיו יהיה על החברה לשלם שוב בהתאם לאמור בסעיף 2א7, אם התשלום קרן לחלוקה (לאחר תשלום הריבית) יעמוד על 10 ש"ח, אזי 21.23% ממנו ישולם לאגרות החוב (סדרה א'), 70.44% ממנו ישולם לאגרות החוב (סדרה ב') ו- 8.33% ממנו ישולם למחזיקי אגרות החוב בפולין; **(ג)** מובהר, כי היה ובמועד הבדיקה הרלבנטי נפרע כבר מלוא החוב לסדרת אגרות חוב מסוימת חלקה של אותה סדרת אגרות חוב שנפרעה יהיה אפס, ולדוגמא אם במקרה הנקוב בסעיף קטן "(ב)" לעיל יפרע כבר מלוא החוב לאגרות החוב בפולין, אזי תשלום "פדיון מוקדם חובה עקב אירוע מימוש" בגין תשלום הקרן יחולק בין אגרות החוב (סדרה א') (כ- 23.16% מהתשלום) לבין אגרות החוב (סדרה ב') (כ- 76.84% מהתשלום).

"**המניות המוקצות**" – כהגדרתן בסעיף 4א' להלן.

"**אגרות החוב הנוספות**" – כהגדרתן בסעיף 4א' להלן.

"**מועד ההקצאה**" – כהגדרתו בסעיף 4א' להלן.

"**חשבון הנאמנות**"- חשבון אשר ייפתח על ידי הנאמן ויתנהל על שמו בבנק בישראל, בנאמנות לטובת מחזיקי אגרות החוב ואשר ישועבד לטובת הנאמן עבור מחזיקי אגרות החוב (סדרה א') בשעבוד קבוע ושוטף יחיד ראשון בדרגה וללא הגבלה בסכום, בנוסח לשביעות רצון הנאמן.

"**החברה לרישומים**" – החברה לרישומים של בנק לאומי לישראל בע"מ.

"**יום מסחר**" – יום בו מתקיים מסחר בבורסה בתל אביב.

1.7. מובהר בזאת כי מחזיקי אגרות החוב מאשרים ככל שכניסתו לתוקף של שטר נאמנות טעונה אישור של חברת דירוג, הם מוותרים על דרישה זו.

1.8. לשטר נאמנות זה מצורפים הנספחים הבאים:

נספח	**נושא**
נספח א' -	תעודת אגרת חוב והתנאים הרשומים מעבר לדף.
נספח ב' -	אסיפות כלליות של מחזיקי אגרות החוב.
נספח ג' -	שכר טרחת הנאמן.
נספח ד' -	"יחס הכיסוי".
נספח 1.6.1 -	פרטים בדבר אופן ההחזקות בארבעת הקניונים והמימון בגינם.
נספח 1.6.2 -	רשימת כל נושי החברה אשר לגביהם חלה התוכנית ויתרות החוב בגינם נכון ליום 31.12.2013.
נספח 1.6.3 -	רשימת פעולות בתקופה שבין ה-18.11.2013 ועד ליום 14.5.2014.
נספח 1.6.4 -	פירוט נכסי הנדל"ן נכון ליום _____ (מועד חתימת שטר זה).
נספח 2.3 -	לוח הסילוקין של אגרות חוב (סדרה א').
נספח 4.2 -	רשימת נכסי נדל"ן המוחזקים על ידי החברה וחברות בנות המשועבדים לטובת צדדים שלישיים נכון ליום _____ (מועד חתימת שטר זה).
נספח 5א -	רשימת החברות הבנות נכון למועד הקובע.
נספח 5א1 -	אישורי חברות בנות.
נספח 34.1.5 -	Pre-Ruling מרשות המסים.

2. **<u>אגרות החוב</u>**

עד למועד שטר נאמנות זה, החברה הנפיקה סך כולל של 391,565,400 ש"ח ע"נ אגרות חוב (סדרה א'), רשומות על שם, בנות 1 ש"ח ע.נ. כל אחת, אשר על פי תנאי שטר הנאמנות המקורי, הן עמדו לפירעון ב-8 תשלומים שנתיים שווים, ביום 31 בדצמבר של כל אחת מהשנים 2010 ועד 2017 ועד בכלל (כאשר התשלום הראשון בוצע ביום 31 בדצמבר 2010 והתשלום האחרון אמור היה להתבצע ביום 31 בדצמבר 2017), נושאות ריבית בשיעור של 4.5% לשנה המשולמת בתשלומים חצי שנתיים בימים 31 בדצמבר ו-1 ביולי של כל אחת מהשנים 2007 עד 2017 (כאשר התשלום הראשון בוצע ביום 31 בדצמבר 2007 והתשלום האחרון ביום 31 בדצמבר 2017), וצמודות קרן וריבית למדד המחירים לצרכן, הכול לפי התנאים המפורטים באגרת החוב המצ"ב **<u>בנספח א'</u>** לשטר הנאמנות המקורי. עד למועד שטר נאמנות זה, ביצעה החברה שלושה (3) פירעונות של תשלומי קרן, ביום 31 בדצמבר של כל אחת מן השנים 2010, 2011 ו-2012 בסך כולל של 136,233,571 ש"ח ע.נ. אגרות חוב (סדרה א').

החל מן המועד הקובע ואילך, תנאי אגרות חוב (סדרה א') יתוקנו והם יהיו כמפורט להלן:

2.1. **<u>הקרן</u>**

2.1.1. יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה א') תעמוד לפירעון בחמישה (5) תשלומים שווים (כל תשלום יהווה 20% מן היתרה האמורה) שישולמו כדלקמן: ביום 31 בדצמבר 2017, בימים 1 ביולי ו-31 בדצמבר של שנת 2018 וביום 1 ביולי של כל אחת מן השנים 2019 ו-2020 (כאשר התשלום הראשון יבוצע ביום 31 בדצמבר 2017 והתשלום האחרון ביום 1 ביולי 2020).

2.1.2. על אף האמור בסעיף 2.1.1 לעיל, במקרה בו לא פרעה החברה במהלך השנתיים הראשונות שתחילתן במועד הקובע או עד ליום 1 בדצמבר 2016 (לפי המוקדם), קרן אגרות חוב בגין שלושת הסדרות בסכום כולל של לפחות 434,000,000 ש"ח[1] (ארבע מאות, שלושים וארבעה מיליון ש"ח) לא כולל הפרשי הצמדה, ובכלל זאת פירעון של קרן אגרות חוב (סדרה א') בסכום כולל של לפחות 92,032,137 ש"ח (לא כולל הפרשי הצמדה), אזי יבוצע פדיון מוקדם כפוי של יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה א') באופן שהיא תעמוד לפירעון בחמישה (5) תשלומים שווים (כל אחד בסך של חמישית (20%) מיתרת הקרן הבלתי מסולקת כפי שתיוותר) שישולמו ביום 31 בדצמבר 2016, בימים 1 ביולי ו-31 בדצמבר של שנת 2017 וביום 1 ביולי של כל אחת מן השנים 2018 ו-2019 (כאשר התשלום הראשון יבוצע ביום 31 בדצמבר 2016 והתשלום האחרון ביום 1 ביולי 2019). לא יאוחר מחלוף 7 ימי עסקים לאחר תום שנתיים מהמועד הקובע או עד ליום 1 בדצמבר 2016, לפי

[1] ככל שהפירעון אינו בש"ח - בהתאם לשער היציג של המטבע הזר מול השקל במועד הפירעון.

המוקדם, תפרסם החברה דיווח מיידי בעניין זה בין אם הוקדמו מועדי תשלומי הקרן ובין אם לאו.

2.2. **<u>הריבית</u>**

2.2.1. יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה א') נושאת החל מיום 1 בינואר 2014 ואילך ריבית בשיעור של 6% לשנה.

2.2.2. תשלומי הריבית בגין יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה א') החל מן המועד הקובע ועד למועד הפירעון הסופי יבוצעו כדלקמן:

2.2.2.1. **<u>תשלום ריבית ראשון</u>** – במועד תשלום הריבית הראשון, אשר יחול בחלוף 12 יום מהמועד הקובע לתשלום הריבית הראשון, או במועד אחר אשר יוכתב על ידי הבורסה, בהתאם להנחיותיה (להלן: "**מועד תשלום הריבית הראשון**"), תשלם החברה למחזיקי אגרות החוב בשלושת הסדרות ריבית עבור התקופה שתחילתה ביום 1 בינואר 2014 וסיומה ביום שקדם למועד תשלום הריבית הראשון ("**תקופת הריבית הראשונה**"), לפי הגבוה מבין:

(i) סך של 11.6 מיליון אירו; כאשר מתוך תשלום זה ישולם למחזיקי אגרות חוב (סדרה א') סך בש"ח השווה ל-2.5 מיליון אירו; או

(ii) סך הריבית אשר נצברה ולא שולמה בגין יתרת הקרן הבלתי מסולקת של שלושת הסדרות (על פי תנאיהן), כאשר מתוך תשלום זה תשולם למחזיקי אגרות חוב (סדרה א') הריבית בגין יתרת הקרן הבלתי מסולקת שנצברה ולא שולמה עבור תקופת הריבית הראשונה על פי ריבית בשיעור של 6% בשנה (אשר תחושב לפי מספר הימים הכלול בתקופת הריבית הראשונה לפי 365 ימים בשנה).

במקרה בו תשלום הריבית הראשון מבוצע על פי ס"ק (i) לעיל - ההפרש בין סך הריבית המגיע למחזיקי אגרות חוב (סדרה א') על פי סעיף קטן (i) לעיל לבין סעיף קטן (ii) יקרא להלן: "**הסכום הנוסף**".

תשלום הריבית הראשון ישולם לכל סדרת אגרות חוב על פי המטבע בו הונפקה, כאשר שער ההמרה מאירו למטבע הרלוונטי (במקרה של תשלום על פי החלופה האמורה בסעיף קטן (i) לעיל), יהיה לפי השער היציג שיקבע ביום המסחר הקודם למועד הקובע. לפחות ארבעה ימי מסחר לפני המועד הקובע לתשלום הריבית הראשון תפרסם החברה

את סכום הריבית המדויק ואת שיעור הריבית בגין תקופת הריבית הראשונה.

כמו כן, במקרה של אירוע מימוש (כהגדרתו בסעיף 7א'2 להלן) אחד או יותר, במהלך התקופה שבין ה-15 במאי 2014 ועד למועד הקובע, אשר יש לבצע בגינו פדיון מוקדם חובה של אגרות החוב (כאמור בסעיף 7א'2.), אזי במועד תשלום הריבית הראשון יבוצע פדיון מוקדם כאמור.

"**המועד הקובע לתשלום הריבית הראשון**" - יום המסחר הראשון לאחר מועד ההקצאה כהגדרתו בסעיף 4א' להלן.

הסכום המשולם למחזיקי אגרות החוב (סדרה א') כאמור במועד תשלום הריבית הראשון, יופקד על ידי החברה קודם למועד הקובע אצל הנאמן בחשבון הנאמנות (כהגדרתו בסעיף 1.6 לעיל) או אצל החברה לרישומים לצורך ביצוע התשלום הריבית הראשון במועדו, והפקדה כאמור תיחשב כתשלום מלא וסופי של תשלום הריבית הראשון על פי סעיף 2.2.2.1 זה, החל ממועד תשלום הריבית.

2.2.2.2. **<u>תשלום ריבית שני</u>** – ריבית בגין יתרת הקרן הבלתי מסולקת שנצברה בגין התקופה שתחילתה במועד תשלום הריבית הראשון וסיומה ביום 31 בדצמבר 2014, לאחר הפחתת הסכום הנוסף (כהגדרתו בסעיף 2.2.2.1 לעיל, ככל שתשלום הריבית הראשון בוצע בהתאם לסעיף 2.2.2.1(i) לעיל), תשולם ביום 31 בדצמבר 2014. לא יאוחר מחלוף 5 ימי מסחר מתחילת תקופת הריבית השניה תפרסם החברה את שיעור הריבית בגין תקופת ריבית זו על פי ריבית בשיעור של 6% לשנה (אשר תחושב לפי מספר הימים הכלול בתקופת הריבית השניה לפי 365 ימים בשנה).

2.2.2.3. **<u>יתרת תשלומי הריבית</u>** - לאחר תשלום הריבית הראשון ותשלום הריבית השני, תשולם הריבית בגין יתרת הקרן הבלתי מסולקת בתשלומים חצי שנתיים בימים 1 ביולי ו-31 בדצמבר של כל אחת מן השנים 2015 עד 2019 וביום 1 ביולי 2020, כל תשלום בגין הריבית שנצברה בחצי השנה שהסתיימה ביום שקדם למועד כל תשלום כאמור (כאשר התשלום הראשון מבין תשלומים אלו יבוצע ביום 1 ביולי 2015 והתשלום האחרון ביום 1 ביולי 2020), וזאת אלא אם יוקדמו מועדי פירעון תשלומי הקרן כמפורט בסעיף 2.1.2 לעיל ובמקרה כאמור תשולם הריבית בתשלומים חצי שנתיים בימים 1 ביולי ו-31 בדצמבר של כל אחת מן השנים 2015 עד 2018 וביום 1

ביולי 2019 (כאשר תשלום הריבית הראשון מבין תשלומים אלו יבוצע ביום 1 ביולי 2015 והתשלום האחרון ביום 1 ביולי 2019).

יתרת הקרן הבלתי מסולקת והריבית צמודות למדד המחירים לצרכן, והכל לפי התנאים המפורטים באגרת החוב המצ"ב **<u>בנספח א'</u>** לשטר נאמנות.

2.3. מצ"ב כ**<u>נספח 2.3</u>** לשטר זה, לוח הסילוקין של תשלומי הקרן והריבית בגין אגרות חוב (סדרה א') החל מן המועד הקובע ועד למועד הפירעון הסופי (דהיינו, עד ליום 1 ביולי 2020, אלא אם יוקדמו מועדי הפירעון כמפורט בסעיף 2.1.2 לעיל או יבוצעו פדיונות מוקדמים כאמור בסעיף 7א להלן). בכל מקרה בו יחול במשך התקופה בה יהיו אגרות החוב במחזור ועד למועד הפירעון הסופי, שינוי בלוח הסילוקין של אגרות חוב (סדרה א') בגין פדיון מוקדם של חלק מיתרת הקרן הבלתי מסולקת על פי הוראות שטר זה, תמסור החברה לנאמן ותפרסם לוח סילוקין מעודכן וזאת לא יאוחר מחלוף 10 ימי עסקים לאחר קרות השינוי ולא יאוחר מ-4 ימי מסחר מהמועד הקובע לתשלום הקרוב על פי לוח הסילוקין המעודכן.

2.4. <u>אי הגדלת הסדרה</u> - החברה לא תהא רשאית להנפיק אגרות חוב (סדרה א') נוספות.

2.5. <u>אי הגדלת סדרת אגרות החוב (סדרה ב') וסדרת אגרות החוב בפולין</u> - החברה לא תהא רשאית להנפיק אגרות חוב (סדרה ב') נוספות או אגרות חוב נוספות מסדרת אגרות החוב בפולין.

2.6. <u>אי שינוי תנאים של אגרות החוב (סדרה א') ו/או (סדרה ב') ו/או בפולין</u> - החברה לא תהיה רשאית לשנות את התנאים של אגרות החוב (סדרה א') ו/או (סדרה ב') ו/או בפולין (למעט שינויים טכניים), אלא אם התקבל (בנוסף לאישור הנדרש על פי תנאי אגרות החוב ו/או על-פי כל דין) גם אישור של אגרות החוב (סדרה א') בהחלטה רגילה.

2.7. <u>הנפקת ניירות ערך נוספים</u> - בכפוף להוראות שטר נאמנות זה, ובפרט הוראות סעיף 4 להלן (מגבלות בדבר נטילת אשראי ויצירת שעבודים), החברה שומרת לעצמה את הזכות להנפיק בכל עת, ללא צורך בהסכמת הנאמן ו/או בהסכמת מחזיקי אגרות החוב, אגרות חוב אחרות או סדרות אחרות של אגרות חוב או ניירות ערך אחרים מכל מין וסוג שהוא, בתנאים כפי שהחברה תמצא לנכון והכל בכפוף להוראות שטר נאמנות זה.

לא ניתן להציע, למכור, להעביר או למסור את אגרות החוב (סדרה א') ואת המניות המוצעות בהולנד כחלק מהפצתן הראשונית או בכל עת לאחר מכן, במישרין ו/או בעקיפין, למעט למשקיעים כשירים (qualified investors), כהגדרתם בסעיף 1:1 לחוק הפיקוח הפיננסי ההולנדי, לרבות, אך מבלי לגרוע מהאמור לעיל, בנקים, ברוקרים, דילרים ומשקיעים מוסדיים המחזיקים רישיון או המפוקחים בצורה אחרת לפעול בשווקים הפיננסיים או ישויות שמטרתן היחידה הינה השקעה בניירות ערך.

3. **<u>רכישת אגרות חוב על ידי החברה וחברה בת</u>**

3.1. בכפוף להוראות שטר נאמנות זה, ומבלי לגרוע מחובת החברה לבצע פדיון מוקדם בהתאם להוראות שטר נאמנות זה, החברה שומרת לעצמה את הזכות לקנות בכל עת אגרות חוב מסדרת אגרות החוב בכל מחיר שיראה לה, וזאת מבלי לפגוע בחובת הפירעון של אגרות החוב שתוחזקנה על ידי אחרים זולת החברה ובלבד ש: **(א)** רכישה כאמור (ככל שתבוצע) תהיה בדרך של: (i) הצעת רכש; או (ii) במסגרת רכישות במהלך המסחר בבורסה בעסקאות לא מתואמות - בכפוף להוראות כל דין, החברה תפרסם לפחות יום מסחר אחד טרם ביצוע הרכישה דוח מיידי על כוונתה לבצע רכישת אגרות חוב במהלך המסחר בבורסה. ההודעה תכלול פירוט של ההיקף המקסימאלי הכספי שהחברה מתעתדת לרכוש; **(ב)** רכישת אגרות החוב כאמור תבוצע באופן שוויוני בין שלושת הסדרות, פרו-ראטה בין הסדרות כאשר הסכום המיועד לצורך רכישת אגרות החוב כאמור יחולק בין שלושת הסדרות בהתאם ליחס יתרת הקרן הבלתי מסולקת של שלושת הסדרות, כפי שיהיה באותו מועד, והמחיר בו תציע החברה לרכוש אגרות חוב מכל סדרה יהיה ביחס לאגרות החוב מסדרה א' ומסדרה ב', בשיעור סטייה זהה ממחיר הסגירה של אגרות החוב מאותה סדרה ביום המסחר הקודם למועד פרסום הדוח המיידי על הכוונה לביצוע הרכישה או מועד פרסום הצעת הרכש, לפי העניין, וביחס לאגרות החוב בפולין, בשיעור סטייה זהה לשיעור האמור לעיל, אך ביחס לערך הפארי של אגרות החוב שבפולין. הוראות סעיף 3.1 זה, יחולו גם על רכישות אגרות החוב המבוצעות על ידי חברה בת של החברה, בשינויים המחויבים.

3.2. אגרות החוב שיירכשו על ידי החברה תתבטלנה ותמחקנה מן המסחר בבורסה והחברה לא תהיה רשאית להנפיקן מחדש.

3.3. חברה בת של החברה, בעל שליטה בחברה (במישרין ו/או בעקיפין), קרובו, תאגיד בשליטת אחד מהם או תאגיד בשליטת החברה (כולם להלן - "**מחזיק קשור**") רשאים לקנות ו/או למכור מעת לעת, בכפוף לכל דין, לרבות אך מבלי לגרוע מהאמור לעיל, החוקים ההולנדים בדבר ניצול שוק (market abuse), בבורסה ומחוצה לה, אגרות חוב מסדרת אגרות החוב. אגרות החוב אשר תוחזקנה כאמור על ידי מחזיק קשור תיחשבנה כנכס של המחזיק הקשור, לא תמחקנה מהמסחר בבורסה, ותהיינה ניתנות להעברה כיתר אגרות החוב (סדרה א'). אגרות חוב אשר תוחזקנה על ידי מחזיק קשור כאמור לא יובאו במניין לצורך קביעת קיומו של מנין חוקי באסיפות כלליות של מחזיקי אגרות החוב מכוח שטר נאמנות זה, ואגרות החוב המוחזקות בידי המחזיק הקשור לא יקנו לו זכויות הצבעה באסיפות כלליות כאמור, וזאת כל עוד תוחזקנה אגרות החוב על ידי המחזיק הקשור.

3.4. אין באמור בסעיף 3 זה לעיל כשלעצמו כדי לחייב את החברה ו/או מחזיק קשור ו/או את מחזיקי אגרות החוב לקנות אגרות חוב או למכור את אגרות החוב שבידיהם.

4. **<u>התחייבויות החברה</u>**

4.1. החברה מתחייבת בזה לשלם במועדים הקבועים לכך את הקרן, הריבית ותוספת הריבית והפרשי ההצמדה (לרבות ריבית פיגורים אם וככל שתהיה, בהתאם להוראות סעיף 6 לתנאים הרשומים מעבר לדף של אגרת החוב) המשתלמים על פי תנאי אגרות החוב ולמלא אחר כל יתר התנאים וההתחייבויות המוטלות עליה על פי תנאי אגרות החוב ועל פי שטר זה. חל מועד הפירעון לאגרות החוב (סדרה א') או המועד הנקוב לתשלום כלשהו של הריבית, ביום שאינו יום עסקים, יידחה מועד הפירעון או המועד של אותו תשלום ליום העסקים הבא מיד אחריו ולא תשולם ריבית בגין דחייה זו.

4.2. <u>התחייבות שלא ליצור שעבודים (שעבוד שלילי)</u>

החברה מתחייבת (והחברות הבנות מתחייבות בחתימתן כאמור בסעיף 5א. להלן), וזאת מבלי לגרוע מיתר הוראות סעיף 4 זה וסעיף 7א להלן ובנוסף להן, לרבות בכל הנוגע להוראות סעיף 4.6 להלן (שמירה על יתרת מזומנים מינימאלית), כי החל מהמועד הקובע ועד למועד הפירעון הסופי, היא לא תיצור שעבוד, תמשכן, תמחה על דרך השעבוד או תעמיד כבטוחה אחרת מסוג כלשהו וכל דרגה שהיא או כערובה אחרת (ביחד: "**שעבוד**"), על נכס נדל"ן, המוחזק על ידה במישרין או בעקיפין.

על אף האמור לעיל, החברה וחברות הבת תהיינה רשאיות לשעבד נכס נדל"ן המוחזק על ידן, במקרים הבאים:

4.2.1. <u>שעבוד אשר נרשם על ידי חברה בת</u>

4.2.1.1. שעבוד הנרשם בגין נטילת חוב פיננסי חדש אשר נועד אך ורק לצורכי רכישה ו/או השקעה ופיתוח של נכס נדל"ן המשועבד על ידי אותה חברת בת (בכפוף להוראות סעיף 4.3 להלן) והשעבוד האמור יבטיח אך ורק את החוב הפיננסי החדש שניטל לרכישת אותו הנכס או לפיתוחו, לפי העניין; על אף האמור, חברות בנות תהיינה רשאיות לרשום שעבוד על קרקע לטובת השקעה ופיתוח של נכס נדל"ן לפי סעיף 4.3.1 להלן (ולא לרכישת נכס חדש) המוחזק על ידי החברה ו/או חברות בנות אחרות שלה (להלן: "**שעבוד צולב**") ובלבד שסך השעבודים הצולבים אשר הועמדו החל ממועד הקפאת התשלומים, כפי שיהיו בכל נקודת זמן לאחר מכן, יחולו ביחס לקרקעות בשווי מצטבר של הקבוצה בכללותה, שלא יעלה על 35 מיליון אירו (לפי שווי הקרקעות בספרי החברה) ("**סך השעבודים הצולבים**") ואולם במסגרת סך השעבודים הצולבים לא יכללו קרקעות אשר השעבודים עליהן נרשמו לפני מועד הקפאת התשלומים (לרבות אם נרשמו מחדש לאחר מכן במסגרת מחזור חוב פיננסי).

4.2.1.2. החוב הפיננסי החדש הינו במסגרת החלפת חוב פיננסי קיים בחוב פיננסי חדש - "refinancing", ביחס לנכס המשועבד עובר לנטילת החוב הפיננסי החדש, לרבות הגדלת סכום האשראי בגין אותו נכס (על החלק של הגדלת סכום האשראי יחולו הוראות סעיף 7א2 להלן).

4.2.1.3. שעבוד הנרשם ביחס להחזקות חברת בת בתאגיד בשליטתה, המבטיח חוב אשר נלקח על ידי אותו תאגיד, בהתאם לאמור בס"ק 4.2.1.1 לעיל.

4.2.1.4. שעבוד הנרשם לצורך הבטחת נטילת חוב פיננסי חדש שלא לצורכי רכישה ו/או השקעה ופיתוח של נכס הנדל"ן המשועבד, בכפוף לכך שלפחות 75% מתזרים המזומנים נטו הנובע מהחוב הפיננסי החדש משמש לביצוע פדיון מוקדם בהתאם להוראות סעיף 7א להלן.

4.2.2. <u>שעבוד הנרשם על ידי החברה</u>

שעבוד הנרשם ביחס להחזקות החברה בחברה בת, המבטיח חוב אשר נלקח על ידי אותה חברה בת ו/או תאגידים בשליטתה, בהתאם לאמור בס"ק 4.2.1.1 לעיל.

נכון למועד חתימת שטר נאמנות זה, רשימת נכסי הנדל"ן המוחזקים על ידי החברה והחברות הבנות שלה, במישרין ובעקיפין, המשועבדים לטובת צדדים שלישיים הינה כמפורט **<u>בנספח 4.2</u>** לשטר נאמנות זה.

4.3. <u>מגבלות ביחס לנטילת חוב פיננסי</u>

בכפוף לאמור בסעיף 4.2 לעיל, החברה מתחייבת בזאת (והחברות הבנות מתחייבות בחתימתן כאמור בסעיף 5א. להלן) כי החל מהמועד הקובע ועד למועד הפירעון הסופי, היא לא תיטול חוב פיננסי חדש (כולל בדרך של החלפת חוב פיננסי קיים של החברה בחוב פיננסי חדש – "refinancing"), אלא בהתקיים אחד מן הסעיפים המפורטים להלן:

4.3.1. החוב הפיננסי החדש נועד להשקעת כספים לפיתוח נכס נדל"ן המוחזק על ידי החברה ו/או חברות בנות שלה, ובלבד ש: (א) ההשקעה תיעשה לפי יחס LTC שלא יפחת מ-50% (ובמקרה בו יכנס, במישרין או בעקיפין, לפרויקט קיים כאמור, שותף, אשר יהיה זכאי בתמורה לכסף או שווה כסף (למעט כנגד קיזוז חוב) לפחות ל- 20% מהזכויות בפרויקט, במישרין או בעקיפין, אזי יפחת יחס ה-LTC בגין אותו פרויקט ליחס שלא יפחת מ-40%); (ב) החוב ניטל על ידי החברה הרלוונטית בעלת הנכס או על ידי חברה אחרת בקבוצה כאמור בסעיף 4.2.1.1 לעיל ו-(ג) וזאת בכפוף לעמידה בדרישת יתרת קופת המזומנים המינימאלית כמפורט בסעיף 4.7 להלן;

או

4.3.2. החוב הפיננסי החדש הניטל על ידי החברה הרלוונטית נועד לרכישת נכסי נדל"ן חדשים על ידי החברה הרלוונטית וזאת בכפוף לעמידה בדרישת יתרת קופת המזומנים המינימאלית כמפורט בסעיף 4.7 להלן ; או

4.3.3. לפחות 75% מתזרים המזומנים נטו הנובע מהחוב הפיננסי החדש משמש לצורך פדיון מוקדם של שלושת הסדרות, בהתאם להוראות סעיף 7א. להלן. יובהר, למען הסר כל ספק, כי החברה ו/או החברות הבנות רשאיות לבצע מחזור חוב (refinancing) גם אם כתוצאה מכך לא נבע תזרים מזומנים נטו.

על אף כל האמור בסעיף 4.3 זה, במקרה של ביצוע ההזרמה ההונית הנוספת לא יחולו הוראות סעיף 4.3 זה על השקעות בסכום מצטבר עד לגובה סכום ההזרמה ההונית הנוספת.

במקרה של נטילת חוב פיננסי חדש על ידי חברה בת, יחולו הוראות סעיף 7א.2 להלן בקשר להעברת תזרים המזומנים נטו מחברת הבת לחברה לצורך פדיון מוקדם של אגרות החוב הוראות הסעיף האמור.

החברה מצהירה, בקשר עם האמור בסעיפים 4.2 ו-4.3 לעיל, כי החל ממועד הקפאת התשלומים ועד למועד הקובע לא בוצעה על ידי החברה ו/או על ידי חברה בת שלה כל פעולה שאינה מותרת על פי האמור בסעיפים 4.2 ו-4.3 לעיל.

4.4. <u>חלוקה</u>

4.4.1. החברה תהא רשאית לחלק דיבידנד לבעלי מניותיה ו/או כל חלוקה אחרת על פי הדין ההולנדי החל (לרבות רכישה עצמית של מניות החברה) (להלן בסעיף זה: "**חלוקה**") אך ורק בכפוף לעמידת החברה בתנאים המצטברים הבאים:

4.4.1.1. לפחות 75% מיתרת הקרן הבלתי מסולקת של שלושת הסדרות (כהגדרתה בסעיף 1.6 לעיל) כפי שהינה במועד הקובע, נפרעה עד לאותו מועד. לצורך בחינה זו, לא יראו בפירעון אגרות חוב אשר נמכרו על ידי חברה בת של החברה לאחר המועד הקובע כאגרות חוב שנפרעו.

4.4.1.2. יחס הכיסוי (כהגדרתו בסעיף 1.6 לשטר נאמנות זה) על בסיס הדוחות הכספיים המאוחדים (המבוקרים או הסקורים, לפי העניין) האחרונים של החברה במועד אישור החלוקה יעמוד (בהנחה של ביצוע החלוקה) על לפחות 150%.

4.4.2. על אף האמור בסעיף 4.4.1 לעיל, החברה תהא רשאית לבצע חלוקת דיבידנד לבעלי מניותיה ללא קיום התנאים שבסעיף 4.4.1 לעיל ובלבד שחלוקה כאמור אושרה באסיפה של נושי התוכנית ברוב של לפחות 67% מיתרת החוב המוחזק על ידי

הנושים המצביעים באסיפת הנושים, בהתאם לאמור בסעיף 38 לנספח ב' לשטר זה להלן.

4.4.3. על אף כל האמור בסעיף 4.4 זה, במקרה שבו תבוצע ההזרמה ההונית הנוספת, החברה תהא רשאית לאחר חלוף לפחות שנה ממועד ההזרמה ההונית הנוספת לחלק דיבידנד לבעלי מניותיה, באופן חד פעמי או במספר חלוקות, בסכום השווה במצטבר לעד מחצית (עד 50%) מסכום ההזרמה ההונית הנוספת, והכל בכפוף להוראות הדין.

במקרה של חלוקה על פי סעיף 4.4 לעיל, תכלול החברה בדוחות הכספיים הראשונים שלה שיתפרסמו לאחר חלוקה כאמור התייחסות לעמידת החלוקה האמורה בהוראות סעיף 4.4 זה (לפי העניין).

4.5. <u>הוצאות החברה</u>

החברה תפעל כמיטב יכולתה על מנת שהיקף הוצאות הנהלה וכלליות של החברה בהתייחס להיקף פעילותה הנוכחית של החברה, לא יעלה על סך שנתי של 7.5 מיליון אירו.

4.6. החברה מתחייבת בזאת (והחברות הבנות מתחייבות בחתימתן כאמור בסעיף 5א. להלן), כי היה ויחס הכיסוי ירד אל מתחת ליחס הכיסוי המינימאלי, אזי במהלך התקופה שתחילתה במועד בדיקת יחס הכיסוי בו נוצרה הירידה לראשונה מיחס הכיסוי המינימאלי וכל עוד לא חזר יחס הכיסוי בחזרה אל שיעור יחס הכיסוי המינימאלי, החברה וכל אחת מחברות הבת של החברה לא תבצענה את כל אחד מהבאים: (א) מכירה, במישרין או בעקיפין, של נכס נדל"ן כלשהו שבבעלותן ואולם האמור לא יחול ביחס להשלמת מכירת נכסים וזכויות אשר לגביה התקשרה החברה בהתקשרות מחייבת קודם למועד הבדיקה כאמור; או (ב) השקעות בנכס נדל"ן חדש; או (ג) השקעת כספים בפרויקטים קיימים בחברה או בחברת בת במועד הבדיקה כאמור, בשיעור העולה על 20% מעלות ההקמה של פרויקטים כאמור (כפי שאושרה על ידי הבנק המלווה את הפרויקטים), ובכפוף לעמידתה ביחס LTC כמפורט בסעיף 4.3.1 לעיל.

4.7. החברה מתחייבת בזאת, כי החל מן המועד הקובע ועד למועד הפירעון הסופי, ביצוע הזרמות כספים בגין השקעות בנכסי נדל"ן קיימים או חדשים, לרבות לצורך פיתוח ו/או רכישה, ייעשה בכפוף לכך שיתרת המזומנים ושווה מזומנים (שניתן לכלול בדוחות הכספיים המאוחדים של החברה בסעיפים הבאים: מזומנים ושווי מזומנים וכן פיקדונות לזמן קצר, נכסים פיננסיים מוחזקים למסחר ופיקדונות לזמן ארוך (להלן יחדיו: "**שווי מזומנים נוספים**") ובלבד ששווי המזומנים הנוספים ניתנים למימוש למזומן באופן מיידי וללא מגבלה בחברה ובחברות הבנות), תכיל במועד ביצוע הזרמת הכספים בגין השקעות אלו סכום השווה לפחות ל-: (i) הוצאות הנהלה וכלליות בהיקף הנדרש, להערכת הנהלת החברה, לתקופה של 6 חודשים קדימה (ובמקרה שקודם לכך בוצעה ההזרמה ההונית הנוספת – 3 חודשים קדימה) ("**תקופת ההגנה**"); בתוספת (ii) הוצאות ריבית בגין אגרות

חוב (סדרה א'), אגרות חוב (סדרה ב') ואגרות החוב בפולין לתקופת ההגנה); ובניכוי (iii) סכומי תקבולים לקבל על ידי החברה ו/או החברות הבנות שלה, בגין עסקאות אשר נחתמו על ידי החברה ו/או החברות הבנות שלה ובוצעה לגביהן השלמה (closing) ואשר להערכת הנהלת החברה קיימת סבירות גבוהה לקבלתם במהלך תקופת ההגנה.

לאחר שהחברה תפרע קרן אגרות חוב בגין שלושת הסדרות בסכום כולל של לפחות 434,000,000 ש"ח, לא כולל הפרשי הצמדה (ככל שהפירעון אינו בש"ח - בהתאם לשער היציג של המטבע הזר מול השקל במועד הפירעון) ובכלל זאת פירעון של קרן אגרות חוב (סדרה ב') בסכום כולל של לפחות 92,032,100 ש"ח (לא כולל הפרשי הצמדה), אזי יוקטן סכום הרזרבה כפי שחושב לעיל ב-50%.

4.8. החברה מתחייבת לפרסם לציבור דוחות כספיים מאוחדים מבוקרים שנתיים וזאת לא יאוחר מחלוף שלושה (3) חודשים קלנדריים מתום כל שנה קלנדרית, וכן, מעבר למחויב בדין, החברה מתחייבת כי במהלך התקופה שתחילתה במועד הקובע וסיומה במועד הפירעון הסופי, היא תפרסם לציבור דוחות כספיים מאוחדים סקורים על בסיס רבעוני, וזאת לא יאוחר מחלוף חודשיים מתום כל אחד משלושת הרבעונים הקלנדריים הראשונים בכל שנה. החברה תכלול במסגרת דוחותיה הכספיים הרבעוניים והשנתיים דיווח מפורט בדבר עמידתה בהתחייבויותיה שבסעיפים 4.1 עד 4.7 לעיל (כולל) וכן בסעיפים 4ב, וביצוע פדיונות מוקדמים על פי הוראות סעיף 7א.2 להלן.

4.9. <u>מסירת אישורים לנאמן</u>

לא יאוחר מחלוף 14 ימים לאחר ביצוע כל פעולה הקבועה בסעיף 4 זה לעיל ו-4ב' להלן, בין על ידי החברה ובין על ידי חברות הבת של החברה (בין אם יצירת שעבודים, נטילת חוב פיננסי לרבות בדרך של מימון מחדש, ביצוע חלוקה וכדומה) אשר תזרים המזומנים נטו הנוצר בגינה עולה על סך של שני (2) מיליון אירו, תמסור החברה לנאמן, אישור חתום על ידי המנהל הכללי של החברה ונושא המשרה הבכיר בתחום הכספים בחברה בדבר עמידת החברה או חברת הבת הרלוונטית (לפי העניין) בהוראות הקבועות בסעיף 4 זה לעיל ו-4ב' להלן, ביחס לפעולה הרלוונטית, בצירוף תחשיבים לשביעות רצון הנאמן, ככל שיידרשו. הנאמן יסתמך על אישור החברה ולא יידרש לבצע בדיקה נוספת מטעמו.

לעניין התחייבויות המתייחסות לחברה ו/או לחברות הבת הכלולות בשטר זה ובנספח לו, יובהר כי אין לנאמן יכולת לפקח ו/או לוודא ו/או לבקר אחר אופן קיום ההתחייבויות על ידי החברות הבנות וכי הוא יסתמך על אישורים שתמסור לו החברה ועל דיווחי החברה בדוחותיה הכספיים כמפורט בסעיף זה מבלי שיוכל לבצע בדיקות עצמאיות מטעמו.

4.10. כן מתחייבת החברה (והחברות הבנות מתחייבות בחתימתן כאמור בסעיף 5א. להלן), כי החל ממועד התחילה ועד למועד הקובע וכן החל מהמועד הקובע ועד למועד הפירעון הסופי לא בוצעה כל פעולה שאינה מותרת על פי האמור בשטר נאמנות זה ולא תבוצע כל פעולה שאינה מותרת על פי האמור בשטר נאמנות זה.

4א. **<u>הקצאת מניות החברה ואגרות חוב למחזיקי אגרות החוב</u>**

בכפוף לכניסתו של שטר נאמנות זה לתוקפו, יהיו זכאים כל מי שהינם מחזיקי אגרות חוב (סדרה א') במועד הקובע, כל אחד על פי חלקו היחסי (פרו-ראטה) ביחס לכלל מחזיקי אגרות חוב (סדרה א'), להקצאת מניות ואגרות חוב כדלהלן:

(1) <u>הקצאת מניות</u>

בתמורה לתשלום לחברה של 0.01 אירו למניה (לפי השער אירו/שקל ביום שקדם להקצאה) תוקצה לכלל מחזיקי אגרות חוב (סדרה א'), כמות כוללת של מניות החברה המייצגת, (לאחר הקצאתן, והקצאת המניות הנוספות כמפורט להלן ואף ליתר הסדרות ולמען הסר ספק אף לאחר הנפקת הזכויות) 2.8660% מההון המונפק והנפרע ומזכויות ההצבעה בחברה ("**המניות המוקצות**") וכן כמות נוספת של מניות בחברה אשר תוקצה לידי הנאמן בנאמנות בעבור מחזיקי אגרות החוב, שתחושב כתוצאה של חלוקת (א) מספר מניות השווה ל-1% מכמות המניות המוקצות בהנחה של היענות מלאה להנפקת הזכויות ב-(ב) מחיר למניה בהנפקת הזכויות פחות 0.01 אירו (להלן: "**המניות הנוספות**"). "הנפקת הזכויות" – משמעה ההנפקה באמצעותה תבוצע ההזרמה ההונית. לפחות 4 ימי מסחר לפני המועד הקובע, תפרסם החברה דיווח מיידי אודות סך המניות המוקצות בפועל לפי החישוב דלעיל.

המניות המוקצות והמניות הנוספות תהיינה שוות בזכויותיהן לזכויות מניות החברה שתהיינה קיימות באותה עת בחברה.

מחזיק אגרות חוב לא יהיה זכאי להקצאה של שברי מניות וכמות המניות לה יהיה זכאי כל מחזיק כאמור תעוגל כלפי מטה למספר השלם הקרוב ביותר. היה וכתוצאה מן ההקצאה ייווצרו מניות שלא יוקצו בפועל (כשברי מניות) אזי הם יבוטלו על ידי החברה.

(2) כמות כוללת של אגרות חוב (סדרה א') נוספות, רשומות על שם, בנות 1 ש"ח ע.נ. כל אחת, בגין סכום הריבית הנדחית בגין אגרות חוב (סדרה א') (כהגדרתה בסעיף 1.6 לעיל) הנצברת ומתווספת לקרן אגרות חוב (סדרה א') החל מיום 1.1.2014, ללא תמורה. לצורך חישוב הכמות הכוללת של אגרות החוב (סדרה א') הנוספות, נלקח בחשבון סך הפרשי ההצמדה החלים על אגרות החוב (סדרה א') ליום 31 בדצמבר 2013. לפיכך,כתוצאה מן ההקצאה האמורה, הקרן של אגרות חוב (סדרה א') תגדל בסך של 5,516,329 ש"ח ע"נ אגרות חוב (סדרה א') ("**אגרות החוב הנוספות**").

בנוסף לאגרות החוב הנוספות יוקצו למחזיקי אגרות החוב (סדרה ב') אגרות חוב מסדרה ב', בהתאם לאותו מנגנון חישוב, בהתאמות המחויבות. ביחס למחזיקי אגרות החוב בפולין תטופל הריבית הנדחית בגין אגרות החוב בפולין באופן כאמור בהגדרת הריבית הנדחית בגין אגרות החוב בפולין בסעיף 1.6 לעיל ובהתאם לעקרונות המפורטים בסעיף 4א(2) זה, בשינויים המחוייבים.

תנאי אגרות החוב (סדרה א') הנוספות יהיו זהים לתנאי אגרות החוב (סדרה א') שבמחזור אשר הונפקו עובר למועד שטר זה. אגרות החוב (סדרה א') הנוספות שתוקצינה כאמור, תהוונה, החל ממועד הקצאתן ובתוקף מיום 1.1.2014, סדרה אחת לכל דבר ועניין ביחד עם אגרות חוב (סדרה א') שבמחזור. מובהר, כי מחזיקי אגרות החוב הזכאים לאגרות החוב הנוספות כאמור בסעיף זה, לא יהיו זכאים לתשלומי ריבית ו/או קרן בגין אגרות החוב הנוספות, אשר המועד הקובע לתשלומם חל לפני מועד הנפקתן של אגרות החוב הנוספות. מחזיק אגרות חוב לא יהיה זכאי להקצאה של שברי אגרות חוב (סדרה א') וכמות אגרות החוב לה יהיה זכאי כל מחזיק כאמור תעוגל כלפי מטה למספר השלם הקרוב ביותר. היה וכתוצאה מן ההקצאה ייווצרו אגרות חוב שלא יוקצו בפועל (כשברי מניות) אזי הם יבוטלו על ידי החברה.

הקצאת המניות המוקצות, המניות הנוספות ואגרות החוב הנוספות תבוצע על ידי החברה בסמוך לאחר המועד הקובע ובמועד אשר יתואם עם הבורסה בתל אביב ("**מועד ההקצאה**").

4ב. **<u>מימוש נכסים</u>**

4ב(1) בכפוף למגבלות הקבועות בשטר נאמנות זה, החברה ו/או כל אחת מן החברות הבנות שלה, רשאיות, מעת לעת, למכור, להחכיר, להמחות, למסור או להעביר בכל דרך אחרת את נכסיה, זכויותיה ורכושה או כל חלק מהם ("**דיספוזיציה**"), ללא צורך בקבלת הסכמת הנאמן או הסכמת מחזיקי אגרות החוב.

4ב(2) על אף האמור בסעיף 4ב(1) לעיל, ביחס לארבעת הקניונים (כהגדרתם בסעיף 1.4 לעיל) יחולו ההוראות הבאות:

(i) החברה ו/או כל אחת מן החברות הבנות שלה לא תהיינה רשאיות לבצע דיספוזיציה, במישרין או בעקיפין, במי מארבעת הקניונים או לבצע מחזור חוב (re-financing) ביחס לכל אחד מהם (להלן בסעיף זה: "**אירוע**") אלא בכפוף לכך שתזרים המזומנים נטו מאירוע בקשר עם ארבעת הקניונים לא יפחת מסך מצטבר של שבעים (70) מיליון אירו.

(ii) במקרה בו האירוע חל אך ורק ביחס לחלק מארבעת הקניונים (דהיינו, אינו חל ביחס לארבעת הקניונים יחדיו), אזי החברה ו/או כל אחת מן החברות הבנות שלה תוכל לבצע את האירוע בכפוף לכך שתזרים המזומנים נטו מהאירוע או תזרים המזומנים נטו מהאירוע בתוספת תזרים המזומנים נטו מאירועים קודמים של מי מארבעת הקניונים (ככל שהיו עד לאותו מועד), לפי העניין, ובתוספת עודף השווי הנטו של יתרת הקניונים (כהגדרת מונחים אלו להלן), לא יפחת מסך מצטבר של שבעים (70) מיליון אירו.

לעניין סעיף זה:

"**עודף השווי נטו**"– שווי הנכס על פי הערכת שווי עדכנית שבידי החברה בניכוי יתרת החובות הפיננסיים שיש לחברת הבת המחזיקה את הנכס האמור לאותו מועד.

"**יתרת הקניונים**" – הקניונים הנותרים מתוך ארבעת הקניונים, אשר טרם נמכרו עד למועד האירוע האחרון או במסגרתו. מובהר, כי במקרה של מכירת חלק מהזכויות באחד מן הקניונים האמורים (אשר על תזרים המזומנים נטו בגינה יחולו הוראות סעיף 7א' להלן), אזי הזכויות שלא נמכרו בקניון האמור תיווספנה לעודף השווי נטו של הקניונים הנותרים שטרם נמכרו, לצורך חישוב העמידה בסך המצטבר של שבעים מיליון אירו.

4ג. **<u>הפקדת כרית במזומן</u>**

במועד הקובע, תפקיד החברה בידי הנאמן, בחשבון הנאמנות (כהגדרתו בסעיף 1.6 לעיל) , סך של עשרים וחמישה אלף (25,000) ש"ח במזומן (להלן: "הסכום המופקד"), אשר יוחזק בנאמנות לטובת מחזיקי אגרות החוב וישמש ככרית/מקדמה אך ורק לצורך כיסוי הוצאות הנאמן בקשר עם מקרה של העמדה לפירעון מיידי של אגרות החוב (סדרה א'). במועד הפירעון הסופי, ישיב הנאמן את הסכום המופקד כאמור (ככל שלא נוצל לייעוד שלו) לידי החברה. הסכום המופקד יהווה משכון מופקד.

5. **<u>בטחונות</u>**

5.1. אגרות החוב אינן מובטחות בשעבוד כלשהו.

למען הסר ספק מובהר, כי על הנאמן לא חלה חובה לבחון, ובפועל הנאמן לא בחן, את הצורך בהעמדת בטחונות להבטחת התשלומים למחזיקי אגרות החוב. הנאמן לא נתבקש לערוך, והנאמן בפועל לא ערך בדיקת נאותות (Due Diligence) כלכלית, חשבונאית או משפטית באשר למצב עסקי החברה. בהתקשרותו בשטר נאמנות זה, ובהסכמת הנאמן לשמש כנאמן למחזיקי אגרות החוב, הנאמן אינו מחווה דעתו, באופן מפורש או משתמע, באשר ליכולתה של החברה לעמוד בהתחייבויותיה כלפי מחזיקי אגרות החוב. אין באמור כדי לגרוע מחובות הנאמן על פי כל דין ו/או שטר הנאמנות לרבות אין בה כדי לגרוע מחובתו של הנאמן (ככל שחובה כזו חלה על הנאמן על פי כל דין) לבחון השפעתם של שינויים בחברה מהמועד הקובע ואילך ככל שיש בהם כדי להשפיע לרעה על יכולתה של החברה לעמוד בהתחייבויותיה למחזיקי אגרות החוב.

5.2. בכפוף להוראות סעיף 4 לעיל, החברה והחברות הבנות של החברה תהיינה רשאיות לשעבד את רכושן, כולו או מקצתו, בכל שיעבוד ובכל דרך שהיא, לטובת צד שלישי כלשהו, ללא צורך בהסכמה כלשהי מהנאמן ו/או ממחזיקי אגרות החוב.

5א. **<u>התחייבות חברות בנות</u>**

עד למועד האחרון לקיום התנאים המתלים (כהגדרתו בסעיף 34 להלן), כל אחת מן החברות בנות במועד שטר זה כמפורט ברשימה המצורפת לשטר זה **<u>כנספח 5א</u>**, תחתום על אישור בנוסח המצ"ב

<u>כנספח 5א1</u> לשטר נאמנות זה, לפיו בכפוף לכניסתו לתוקף של שטר נאמנות זה היא מתחייבת לפעול בהתאם ההתחייבויות החלות עליה מכוח סעיפים 4.2, 4.3, 4.6, 4ב., 5.2 ו-7.א(2) לשטר נאמנות זה. החברה תעביר לנאמן את כל האישורים החתומים על ידי החברות הבנות (כולל שמות בחותמים בשם כל חברת בת) יחד עם אישורה של החברה כי אלו כל החברות הבנות וכי אישורי חברות הבת נחתמו על ידי מורשי החתימה של חברות הבת (להלן: "**התחייבויות חברות הבת**"). יובהר כי לנאמן אין דרך לוודא כי הרשימה המצורפת כנספח 5א לשטר זה כוללת את כל החברות הבנות ו/או כי הם נחתמו כדין ועל ידי הגורמים המוסמכים לחייב אותן והוא יסתמך על אישור החברה לעניין זה.

החברה מתחייבת כי לאחר המועד הקובע כל חברה בת חדשה שתוקם תתחייב לפעול בהתאם להתחייבויות חברות הבת ואישור כאמור מיד לאחר חתימתו יועבר על ידי החברה לנאמן.

החברה תאשר לנאמן כי האישורים האמורים לעיל נחתמו בידי מורשי החתימה של כל אחת מן החברות הבנות. מובהר, כי החברה לא תהיה מחויבת להמציא לנאמן אישורי עורכי דין או כל אישור אחר בנוגע לחתימות מורשי החתימה של החברות הבנות מעבר לאמור לעיל.

6. **<u>דרגת אגרות החוב</u>**

אגרות החוב תעמודנה בדרגה שווה, פרי פסו, בינן לבין עצמן, בלי זכות בכורה או עדיפות של האחת על פני האחרת.

7. **<u>זכות להעמדה לפירעון מיידי</u>**

7.1. בקרות אחת או יותר מן העילות המפורטות להלן, יהיה הנאמן וכן מחזיקי אגרות החוב, רשאים להעמיד לפירעון מיידי את היתרה הבלתי מסולקת של אגרות החוב, כולה או חלקה, ויחולו הוראות סעיף 7.2 להלן, לפי העניין:

7.1.1. אם אגרות החוב לא נפרעו במועדן או אם החברה לא קיימה התחייבות מהותית אחרת שניתנה לטובת מחזיקי אגרות החוב.

7.1.2. אם נתמנה לחברה מפרק זמני על ידי בית משפט או אם נתן בית המשפט צו פירוק זמני לחברה, והמינוי או הצו כאמור לא בוטל עד תום 45 ימים מיום תחילתו, או אם תתקבל בחברה החלטה בת תוקף לפירוק החברה (למעט פירוק למטרות מיזוג עם חברה אחרת ו/או שינוי במבנה החברה, וכן במקרה בו נתמנה לחברה מפרק קבוע או אם ניתן נגדה צו פירוק סופי. על אף האמור לעיל, לא תחול תקופת ריפוי כלשהי בקשר עם בקשות ו/או צווים כאמור שניתנו לבקשת החברה ו/או בהסכמתה.

7.1.3. אם יקרה אחד מהמקרים המנויים להלן, ויהיה בכך משום סכנה לזכויותיהם של מחזיקי אגרות החוב:

(א) בעלי שעבודים על רכוש החברה יממשו את השעבודים שיש להם על נכסים מהותיים של החברה.

(ב) יוטל עיקול על נכסים מהותיים של החברה והעיקול לא יוסר עד תום 45 (ארבעים וחמישה) ימים מיום הטלתו. על אף האמור לעיל, לא תחול תקופת ריפוי כלשהי בקשר עם פעולות כאמור שבוצעו לבקשת החברה ו/או בהסכמתה.

(ג) תבוצע פעולה של הוצאה לפועל כנגד נכסים מהותיים של החברה והפעולה לא תבוטל עד תום 45 (ארבעים וחמישה) ימים מיום ביצועה. על אף האמור לעיל, לא תחול תקופת ריפוי כלשהי בקשר עם פעולות כאמור שבוצעו לבקשת החברה ו/או בהסכמתה.

(ד) ימונה כונס לנכסים מהותיים של החברה והמינוי לא יבוטל עד תום 45 (ארבעים וחמישה) ימים מיום תחילתו. על אף האמור לעיל, לא תחול תקופת ריפוי כלשהי בקשר עם בקשות ו/או צווים כאמור שניתנו לבקשת החברה ו/או בהסכמתה.

(ה) תוגש לבית המשפט בקשה להקפאת הליכים לפי סעיף 350 לחוק החברות או לפי סעיף מקביל בדין אחר החל על החברה, כנגד החברה והבקשה כאמור לא תבוטל תוך 45 (ארבעים וחמישה) ימים מיום תחילתו. על אף האמור לעיל, לא תחול תקופת ריפוי כלשהי בקשר עם בקשות ו/או צווים כאמור שניתנו לבקשת החברה ו/או בהסכמתה.

"**נכסים מהותיים של החברה**" משמעם: נכסים, אחד או יותר, ששוויים הנכסי נטו (עלות בספרים בניכוי החוב הישיר בגינם) עולה על 25% מההון העצמי של החברה, או על 25% מסך המאזן המאוחד של החברה, לפי הנמוך מביניהם, על-פי דוחותיה הכספיים המאוחדים האחרונים שפורסמו.

לעניין סעיפים קטנים (א) עד (ד) בסעיף 7.1.3 לעיל – לרבות חברות בנות של החברה.

7.1.4. החברה לא פרסמה דוח כספי, בתוך 30 ימים מהמועד האחרון שבו היא חייבת בפרסומו.

7.1.5. בהתאם לדוחות כספיים שפרסמו בהם נמצא כי יחס הכיסוי ירד אל מתחת ליחס הכיסוי המינימאלי (להלן: "**מועד הבדיקה הראשון**") ולא עלה בחזרה אל יחס הכיסוי המינימאלי במשך שני מועדי בדיקה רצופים (כהגדרת המונח <u>בנספח ד'</u> לשטר זה) לאחר מועד הבדיקה הראשון, הכל בהתאם להתחייבות בהתאם לאמור בנספח ד' לשטר נאמנות זה.

7.1.6. אם חלה הרעה מהותית בעסקי החברה לעומת מצבה במועד הקפאת ההליכים (לרבות בתקופה שבין מועד הקפאת ההליכים לבין המועד הקובע), וקיים חשש ממשי שהחברה לא תוכל לפרוע את אגרות החוב במועדן.

7.1.7. אגרות החוב נמחקו מן המסחר בבורסה.

7.1.8. החברה תפסיק את תשלומיה ו/או תודיע על כוונתה להפסיק את תשלומיה ו/או קיים חשש מהותי כי תפסיק את תשלומיה ו/או תחדל להמשיך בעסקיה ו/או תתעתד לחדול מלהמשיך בעסקיה ו/או סביר כי תחדל מלנהל את עסקיה.

7.1.9. החברה הפרה איזו מבין התחייבויותיה כאמור בסעיפים 2.4, 2.5, 3, 4, 4א, 4ב ו-7.א לשטר נאמנות זה.

7.2. בקרות איזה מהאירועים המפורטים בסעיף 7.1 לעיל ובהתאם להוראות הכלולות בו על סעיפי המשנה שבו יחולו ההוראות הבאות:

7.2.1. (1) בקרות איזה מהאירועים שבסעיפים 7.1.1 עד 7.1.9 (כולל) לעיל, הנאמן יהיה חייב, ומחזיקים כאמור בסעיף 2 לנספח ב' לשטר הנאמנות יהיו רשאים לזמן אסיפת מחזיקי אגרות החוב, אשר על סדר יומה תהיה החלטה בדבר העמדה לפירעון מיידי של כל היתרה הבלתי מסולקת של אגרות החוב.

7.2.2. מועד כינוסה של אסיפה כאמור בסעיף 7.2.1 לעיל יהא לא מוקדם משבעה ימים ולא יאוחר מחלוף 21 ימים ממועד זימונה (ואולם הנאמן רשאי להקדים את כינוס האסיפה ליום אחד לפחות לאחר מועד הזימון, אם סבר כי הדבר דרוש לשם הגנה על זכויות המחזיקים; עשה כן, ינמק הנאמן בדוח בדבר זימון האסיפה את הסיבות להקדמת מועד הכינוס).

7.2.3. החלטת מחזיקי אגרות החוב להעמיד את אגרות החוב לפירעון מיידי, תתקבל באסיפת מחזיקים שנכחו בה מחזיקים בחמישים אחוזים לפחות מיתרת הערך הנקוב של אגרות החוב שבמחזור, ברוב של המחזיקים ביתרת הערך הנקוב של אגרות החוב המיוצג בהצבעה, למעט הנמנעים, או ברוב כאמור באסיפת מחזיקים נדחית שנכחו בה מחזיקים בעשרים אחוזים לפחות מהיתרה כאמור.

7.2.4. על אף כל האמור לעיל, הנאמן או המחזיקים לא יעמידו את אגרות החוב לפירעון מיידי, אלא לאחר שמסרו לחברה הודעה בכתב על כוונתם לעשות כן; ואולם הנאמן או המחזיקים אינם חייבים למסור לחברה הודעה כאמור אם קיים חשש סביר כי מסירת ההודעה תפגע באפשרות להעמיד את אגרות החוב לפירעון מיידי.

7.2.5. העתק מהודעת זימון האסיפה כאמור שישלח על ידי הנאמן לחברה מיד עם פרסום ההודעה או פרסום זימון האסיפה במגנ"א יהווה התראה מראש ובכתב לחברה על כוונתם של הנאמן או המחזיקים להעמדת אגרות החוב לפירעון מיידי כאמור בסעיף 7.2.4 לעיל.

7.2.6. נקבעה באיזה מסעיפי המשנה בסעיף 7.1 לעיל, תקופה שבה רשאית החברה לבצע פעולה או לקבל החלטה שכתוצאה ממנה נשמטת העילה להעמדה לפירעון מיידי, רשאים הנאמן או המחזיקים להעמיד את אגרות החוב לפירעון מיידי כאמור בסעיף 7 זה, רק אם חלפה התקופה שנקבעה כאמור והעילה לא נשמטה.

7.2.7. הנאמן יודיע למחזיקי אגרות החוב על קרות אירוע המהווה עילה לפירעון מיידי מייד לאחר שנודע לו בפועל הדבר. הודעה כאמור תפורסם בהתאם להוראות סעיף 22 להלן.

7.2.8. למען הסר ספק, מובהר כי אין בזכות ההעמדה לפירעון מיידי כאמור לעיל ו/או בהעמדה לפירעון מיידי כדי לגרוע או לפגוע בכל סעד אחר או נוסף העומד למחזיקי אגרות החוב או לנאמן על פי תנאי אגרות החוב והוראות שטר זה או על פי דין, ואי העמדת החוב לפירעון מיידי בקרות איזה מהמקרים המפורטים בסעיף 7.1 לעיל, לא תהווה ויתור כלשהו על זכויותיהם של מחזיקי אגרות החוב או של הנאמן כאמור.

7א. **<u>פדיון מוקדם</u>**

7.א.1. <u>פדיון מוקדם ביוזמת החברה</u>

בכל עת עד למועד הפירעון הסופי, והכל בכפוף להנחיות רשות ניירות ערך ולהוראות תקנון הבורסה וההנחיות מכוחו, כפי שיהיו במועד הרלוונטי, החברה תהא רשאית (אך לא חייבת) לפי שיקול דעתה הבלעדי, לבצע פדיון מוקדם, מלא או חלקי, של יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה א'), ו/או של הריבית והפרשי ההצמדה (ככל שישנם) שנצברו עד למועד הפדיון המוקדם, כקבוע בתנאי אגרות החוב, ואשר טרם נפרעו.

7.א.2 <u>פדיון מוקדם חובה עקב "אירוע מימוש"</u>

(I) על אף האמור בסעיף 7.א.1 לעיל, ובכפוף לכניסתו לתוקף של שטר נאמנות זה, בקרות "אירוע מימוש" (כהגדרת מונח זה להלן), החל מיום 15 במאי 2014 ועד למועד הפירעון הסופי, שכתוצאה ממנו נבע תזרים מזומנים נטו חיובי ("**תמורת המימוש נטו**"), החברה תהא מחויבת לבצע פדיון מוקדם, מלא או חלקי, (שלא על דרך רכישת אגרות חוב), של קרן וריבית של אגרות חוב משלושת הסדרות והפרשי הצמדה על כל אלה, בסכום שיקבע לפי אחת משתי החלופות הקבועות להלן (להלן: "**הסכום המיועד לפדיון מוקדם**") ובלבד שהסכום המיועד לפדיון המוקדם שיצטבר כתוצאה מאירוע אחד או יותר יהיה גבוה מסך

של שני (2) מיליון אירו (להלן: "**הסך המינימלי**") ובמקרה בו הסך המצטבר הינו נמוך מן הסך המינימאלי הוא ישולם במסגרת פדיון מוקדם עתידי לאחר שהסך המצטבר בפיקדון בצירוף התמורה מאירועי מימוש נוספים יעבור את הסך המינימאלי של שני מיליון אירו והוא ישולם לשלושת הסדרות בהתאם למפורט להלן. בתוך 5 ימי עסקים מקרות אירוע מימוש תפרסם החברה דיווח על אירוע המימוש (ובלבד שתמורת המימוש נטו בגינו עולה על הסך המינימאלי) והסכומים אשר עתידים להתקבל בידיה בגין אירוע המימוש.

סכומי הפדיון מוקדם של אגרות החוב (סדרה א'), ייזקפו כאמור בסעיף 7א.7 להלן.

חלוקת סכומי תמורת המימוש נטו במסגרת הפדיון המוקדם של שלושת הסדרות תבוצע בהתאם לאמור להלן:

(1) בכל הנוגע לאירוע מימוש שלא קשור בארבעת הקניונים (כולם או חלקם) -

(א) סך השווה ל- 50% מהריבית שנצברה וטרם שולמה עד למועד הפדיון המוקדם בפועל, בצירוף הפרשי הצמדה על הריבית, וכל זאת בגין שלוש הסדרות על פי תנאיהן, ישולם מתוך תמורת המימוש נטו (כהגדרתה לעיל), ויחולק בין שלוש הסדרות פרו רטה בהתאם לגובה הריבית שנצברה, בצירוף הפרשי הצמדה על הריבית כאמור, בגין כל אחת מהסדרות (בסעיף זה: "**יחס הריביות**"), ואולם החברה תהא רשאית להחליט על פי שיקול דעתה הבלעדי כי הסך האמור בס"ק (1)(א) זה או כל חלק ממנו לא ישולם מתוך תמורת המימוש נטו אלא ממקורותיה (לרבות החלק הנותר בידי החברה על פי ס"ק (1)(ג) להלן ובמקרה כאמור לא ינוכה סך זה או חלקו (לפי העניין) כאמור בס"ק (1)(ג) להלן; יובהר כי היה ולא יהיה די בתמורת המימוש נטו כדי לפרוע 50% מהריבית שנצברה וטרם שולמה עד למועד הפדיון המוקדם בפועל, בצירוף הפרשי הצמדה על הריבית, וכל זאת בגין שלוש הסדרות על פי תנאיהן, יחולק סכום תמורת המימוש נטו פרו רטה בין שלושת הסדרות בהתאם לגובה הריבית שנצברה, בצירוף הפרשי הצמדה על הריבית כאמור, בגין כל אחת מהסדרות.

(ב) סך השווה ליתרת 50% מהריבית שנצברה וטרם שולמה עד למועד הפדיון המוקדם בפועל, בצירוף הפרשי הצמדה על הריבית, וכל זאת בגין שלוש הסדרות על פי תנאיהן, ישולם ממקורותיה העצמיים של החברה (לרבות, החלק הנותר בידי החברה על פי ס"ק (1)(ג) להלן) ויחולק בין שלוש הסדרות פרו רטה לפי יחס הריביות; יובהר כי היה ולא היה ולא יהיה די בתמורת המימוש נטו כדי לפרוע 50% מהריבית שנצברה וטרם שולמה עד למועד הפדיון המוקדם בפועל, ישולם ממקורותיה העצמיים של החברה, כאמור, סך השווה לתמורת המימוש נטו, פרו רטה בין הסדרות לפי יחס הריביות.

(ג) יתרת תמורת המימוש נטו, קרי תמורת המימוש נטו (כהגדרתה לעיל) בניכוי סכום הריבית והפרשי ההצמדה עליה שישולמו ממנה כאמור בס"ק (1)(א) לעיל ("**יתרת תמורת המימוש נטו**"), ככל שיתרה זו חיובית, תחולק באופן שסך השווה ל 75% (שיעור זה יהיה כפוף לשינויים כמפורט בסעיף 7א.2(III) להלן - "**שיעור תשלום הקרן בפדיון מוקדם**") מיתרת תמורת המימוש נטו, ישמש לפירעון יתרת הקרן הבלתי

מסולקת של אגרות החוב משלוש הסדרות והפרשי הצמדה עליה, ויחולק בין שלושת הסדרות פרו רטה על-פי יחס יתרת החוב הנדחה, ובהתאם למנגנון המפורט בס"ק (3) להלן ואילו הסך הנותר מיתרת תמורת המימוש נטו יוותר בידי החברה.

(2) בכל הנוגע לאירוע הקשור במימוש ארבעת הקניונים (כולם או חלקם) -

(א) ראשית, מתוך תמורת המימוש נטו תשולם הריבית שנצברה וטרם שולמה עד למועד הפדיון המוקדם בפועל, בצירוף הפרשי הצמדה על הריבית, וכל זאת בגין שלוש הסדרות על פי תנאיהן, ויחולק בין שלוש הסדרות בהתאם ליחס הריביות; ואולם החברה תהא רשאית להחליט על פי שיקול דעתה הבלעדי כי הסך האמור בס"ק (2)(א) זה או כל חלק ממנו לא ישולם מתוך תמורת המימוש נטו אלא ממקורותיה לרבות החלק הנותר בידי החברה על פי ס"ק (2)(ב) להלן ובמקרה כאמור לא ינוכה סך זה או חלקו (לפי העניין) כאמור בס"ק (2)(ב) להלן. יובהר כי היה ולא יהיה די בתמורת המימוש נטו כדי לפרוע את הריבית שנצברה וטרם שולמה עד למועד הפדיון המוקדם בפועל, בצירוף הפרשי הצמדה על הריבית, וכל זאת בגין שלוש הסדרות על פי תנאיהן, יחולק סכום תמורת המימוש נטו פרו רטה בין שלושת הסדרות פרו רטה לפי יחס הריביות.

(ב) יתרת תמורת המימוש נטו, קרי תמורת המימוש נטו בניכוי סכום הריבית והפרשי ההצמדה עליה שישולמו ממנה כאמור בס"ק (2)(א) לעיל ("**יתרת תמורת המימוש נטו**"), ככל שיתרה זו חיובית, תחולק באופן שסך השווה למכפלת שיעור תשלום הקרן בפדיון מוקדם (כהגדרתו לעיל) ביתרת תמורת המימוש נטו, - ישמש לפירעון יתרת הקרן הבלתי מסולקת של קרן אגרות החוב משלוש הסדרות והפרשי ההצמדה עליה, ויחולק בין שלושת הסדרות פרו רטה לפי יחס יתרת החוב הנדחה, ובהתאם לאמור בסעיף קטן "(3)" להלן, ואילו הסך הנותר מיתרת תמורת המימוש נטו יוותר בידי החברה.

(3) מובהר, כי בכל הנוגע לפירעונות יתרת הקרן הבלתי מסולקת של שלוש הסדרות במקרה של פדיון חובה עקב אירוע מימוש, כאמור לעיל, יהא הסך שיוקצה לפירעון יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה א') על פי סעיפים קטנים (1)(ג) או 2(ב) לעיל, לפי העניין, על-פי יחס יתרת החוב הנדחה.

על אף כל האמור, סעיף זה לא יחול על תזרים מזומנים הנובע מפרויקט קוראגון.

פדיון מוקדם יתבצע, ככל שיידרש, בתוך רבעון מהמועד בו התקבל הסכום המיועד לפדיון מוקדם בידי החברה או הצטבר לסך המינימלי, לפי העניין, ולא יותר מפעם אחת בכל רבעון קלנדרי (כל זאת בכפוף ליתר הוראות סעיף 7א'2 זה).

(II) החברה מתחייבת בזאת, לבצע כל פעולה הנדרשת, באופן סביר, כדי לגרום לכך שבמקרה בו תזרים המזומנים נטו התקבל אצל חברת הבת, חברת הבת תעביר את תזרים המזומנים נטו לידי החברה ויחול האמור להלן:

(א) העברה כאמור תבוצע לא יאוחר מחלוף 14 יום מהמועד בו התקבל תזרים המזומנים נטו בחברת הבת הרלוונטית, וזאת אלא אם קיימות מגבלות חוקיות ו/או רגולטוריות אחרות ו/או מגבלות שאינן בשליטת החברה או חברת הבת הרלוונטית, אשר אינן מאפשרות העברה תוך פרק הזמן האמור ובמקרה זה תפעל החברה כמיטב יכולתה להסרת המגבלה ולהעברת הסכום אליה במועד הראשון בו תוסר המגבלה כאמור. (ב) במהלך התקופה שבין מועד קבלת תזרים המזומנים נטו בידי חברת הבת לבין מועד העברתו לידי החברה, לא ייעשה שימוש בסכום זה על ידי חברת הבת והסכום יופקד בפיקדונות כספיים סולידיים. (ג) במידה והכספים לא הועברו לחברה תוך 14 יום מהמועד בו התקבל תזרים המזומנים נטו בחברת הבת הרלוונטית כתוצאה ממגבלות שאינן בשליטת החברה או חברת הבת הרלוונטית, ביום שיועברו כספים אלו לחברה הם ישמשו רק לתשלומי קרן.

לעניין סעיף זה:

"**אירוע מימוש**" - כל אחד מן האירועים הבאים: (i) דיספוזיציה של נכס נדל"ן של החברה או של נכס נדל"ן של חברה בת; או (ii) נטילת חוב פיננסי חדש על ידי החברה או חברה בת למעט נטילת חוב פיננסי חדש לצורכי רכישה, ו/או השקעה ו/או פיתוח של נכס נדל"ן; או (iii) מימון מחדש (refinancing) של נכס נדל"ן, למעט לצורך השקעה ו/או פיתוח של נכס נדל"ן.

"**תזרים המזומנים נטו**", "**חוב פיננסי**", "**דיספוזיציה**" - כהגדרת מונחים אלו בסעיף 1.6 לעיל.

(III) שיעור תשלום הקרן בפדיון מוקדם (כהגדרת מונח זה בס"ק **(I)**(1)(ג) לעיל) יקטן במקרה בו יתקיימו במצטבר האירועים הבאים:

(1) בוצעה ההזרמה ההונית הנוספת (כהגדרתה בסעיף 1.6 לעיל); ו-(2) בוצע פירעון חלקי של יתרת הקרן הבלתי מסולקת של שלושת הסדרות (כהגדרתה בסעיף 1.6 לעיל) כפי שהינה במועד הקובע, בין בדרך של פירעון על פי סעיף 2 לעיל, בין בדרך של פדיון מוקדם של אגרות חוב או פירעונן ובין בדרך של רכישת אגרות חוב על פי סעיף 3.1 לעיל, וזאת בהתאם לשיעורים המפורטים כדלקמן:

% פירעון של יתרת הקרן הבלתי מסולקת של שלושת הסדרות הנוכחית (מבלי לקחת בחשבון פירעון אגרות חוב אשר נמכרו על ידי חברה בת של החברה לאחר המועד הקובע)	**שיעור תשלום הקרן בפדיון מוקדם**

50%	60%
60%	50%

3.א.7 החברה תמסור לנאמן הודעה מראש בדבר ביצוע פדיון מוקדם כאמור בסעיף 7א. מועד ביצוע הפדיון המוקדם ייקבע על ידי החברה בתיאום עם הבורסה ובהתאם להוראות והנחיות הבורסה. ההודעה על הפדיון המוקדם תפורסם בדו"ח מיידי של החברה לפחות 17 ימים אך לא יותר מ-45 ימים לפני מועד הפדיון המוקדם, ויפורטו בה, ככל שרלוונטי: (א) סכום הערך הנקוב הכולל של אגרות החוב שייפדו בפדיון המוקדם וכן את הריבית שנצברה בגין סכום הקרן האמור עד למועד הפדיון המוקדם וסכום הפדיון המוקדם; (ב) המועד הקובע לזכאות לפדיון המוקדם שיהיה 12 יום לפני המועד שנקבע לפדיון המוקדם; (ג) מועד התשלום; (ד) הפרשי הצמדה (ככל שישנם) בגין הערך הנקוב ובגין הריבית שייפרעו כאמור (ה) שיעור הפדיון החלקי במונחי היתרה הבלתי מסולקת; (ו) שיעור הפדיון החלקי במונחי הסדרה המקורית; (ז) שיעור הריבית בפדיון החלקי על החלק הנפדה; (ח) שיעור הריבית שישולם בפדיון החלקי, מחושב לגבי היתרה הבלתי מסולקת; (ט) עדכון שיעורי הפדיונות החלקיים שנותרו, במונחי הסדרה המקורית; (י) פירוט בדבר חישוב חלוקת סכום הפדיון המוקדם בין שלושת הסדרות; ו- (יא) לוח הסילוקין המעודכן לאגרות החוב. החברה תהא רשאית לפרסם את הנתונים המפורטים בסעיפים א-ה, ללא הצמדה למדד, ובלבד שבפועל הפדיון המוקדם יבוצע בכפוף להצמדה למדד, כמפורט בתוספת הראשונה לשטר זה.

לא ייעשה פדיון מוקדם לחלק מסדרת אגרות החוב אם סכום הפדיון האחרון יפחת מ-3.2 מיליון ש"ח.

מועד הפדיון המוקדם לא יחול בתקופה שבין המועד הקובע לתשלום ריבית בגין אגרות החוב לבין מועד תשלום הריבית בפועל.

תדירות הפדיונות המוקדמים לא תעלה על פדיון אחד לרבעון.

נקבע פדיון מוקדם ברבעון שקבוע בו גם מועד לתשלום ריבית,או מועד לתשלום פדיון חלקי או מועד לתשלום פדיון סופי,יבוצע הפדיון המוקדם במועד שנקבע לתשלום כאמור.

לענין זה "רבעון" משמעו כל אחת מהתקופות הבאות: ינואר – מרץ , אפריל – יוני, יולי –ספטמבר, אוקטובר-דצמבר.

ההיקף המזערי של כל פדיון מוקדם, לא יפחת מ-1 מיליון ש"ח.למרות האמור לעיל ,חברה רשאית לבצע פדיון מוקדם בהיקף הנמוך מ-1 מיליון ש"ח ובלבד שתדירות הפדיונות לא תעלה על פדיון אחד לשנה.

כל סכום שיפרע בפירעון מוקדם ע"י החברה, ייפרע ביחס לכלל מחזיקי אגרות החוב, פרו-רטה לפי ע.נ. של אגרות החוב המוחזקות.

4.א.7 אגרות חוב אשר ייפדו במסגרת הפדיון המוקדם כאמור לעיל תימחקנה מהמסחר בבורסה, תתבטלנה ותהיינה חסרות כל תוקף ונפקות ולא תקנינה לאחר ביצוע הפדיון המוקדם זכויות כלשהן.

5.א.7 פדיון מוקדם חלקי או מלא על פי סעיף זה יבוצע על פי הערך ההתחייבותי של אגרות החוב הנפדות במועד הפדיון המוקדם, ולא יהיה כפוף לתשלום עלות, פיצוי או קנס כלשהו. למען הסר ספק, הפדיון המוקדם כאמור לא יקנה למי שהחזיק באגרות החוב שייפדו בפדיון מוקדם חלקי או מלא כאמור, את הזכות לתשלום ריבית והפרשי הצמדה (ככל שישנם) בגין התקופה שלאחר מועד הפדיון המוקדם.

לעניין סעיף 7א. זה:

"**הערך ההתחייבותי**": סכום היתרה הבלתי מסולקת של הערך הנקוב של אגרות החוב ושל הריבית והפרשי ההצמדה (ככל שישנם) שנצברו עד למועד הפדיון המוקדם בפועל, כקבוע בתנאי אגרות החוב, ואשר טרם נפרעו.

6.א.7 הסכום המשולם על ידי החברה במסגרת פדיון מוקדם למחזיקי אגרות החוב כאמור, ישולם לכל מחזיקי אגרות החוב (סדרה א'), פרו-ראטה להחזקותיהם באגרות החוב (סדרה א').

7.א.7 בכל מקרה של פדיון מוקדם על פי סעיף 7א' זה, סכומי הפדיון מוקדם של אגרות החוב (סדרה א'), ייזקפו לפי הסדר הבא: (1) תחילה לפירעון הריבית שנצברה וטרם שולמה על יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה א') עד למועד הפדיון המוקדם בפועל (חישוב הריבית ייעשה על בסיס 365 יום בשנה) בצירוף הפרשי הצמדה עד למועד האמור; ורק לאחר מכן - (2) לפירעון יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה א'), כאשר זקיפת סכום הפדיון המוקדם ביחס ליתרת הקרן הבלתי מסולקת של אגרות החוב תיעשה על פי מועדי תשלומי יתרת הקרן הבלתי מסולקת על פי סדר פירעונם מן המוקדם למאוחר.

8. **<u>תביעות והליכים בידי הנאמן</u>**

8.1. בנוסף לכל הוראה אחרת בשטר הנאמנות וכזכות וסמכות עצמאית יהיה הנאמן רשאי, לפי שיקול דעתו וללא מתן הודעה נוספת, לנקוט בכל אותם הליכים, לרבות הליכים משפטיים, כפי שימצא לנכון ובכפוף להוראות כל דין, לשם הגנה על זכויות מחזיקי אגרות החוב ולבצע את הוראות שטר הנאמנות והוא יהיה רשאי לכנס אסיפה של מחזיקי אגרות החוב לשם כך. הנאמן יהיה חייב לנקוט בהליכים כאמור על פי דרישת אסיפת מחזיקי אגרות החוב שהתקבלה בהחלטה רגילה אלא אם כן ראה כי בנסיבות העניין אין הדבר צודק ו/או סביר לעשות כן ופנה לבית המשפט המתאים בבקשה לקבלת הוראות בנדון במועד הסביר הראשון.

8.2. הנאמן רשאי, בטרם ינקוט בהליכים כאמור לעיל, לכנס אסיפה כללית של מחזיקי אגרות החוב כדי שיוחלט על ידיהם בהחלטה רגילה אלו הליכים לנקוט למימוש זכויותיהם על פי שטר זה ואגרות החוב. כן יהיה הנאמן רשאי לשוב ולכנס אסיפות כלליות של מחזיקי אגרות החוב לצורך קבלת הוראות בכל הנוגע לניהול ההליכים כאמור. פעולת הנאמן תתבצע במקרים כאמור ללא שיהוי ובמועד הראשון האפשרי והסביר.

8.3. בכפוף להוראות שטר זה, רשאי הנאמן, אך לא חייב, לכנס בכל עת אסיפה כללית של מחזיקי אגרות החוב על מנת לדון ו/או לקבל את הוראותיה בכל עניין הנוגע לשטר זה, ובלבד שכינוס האסיפה יבוצע על ידי הנאמן במקרים כאמור ללא שיהוי ובמועד הראשון האפשרי והסביר.

8.4. הנאמן רשאי, אך לא חייב, על פי שיקול דעתו הבלעדי, לעכב ביצוע של כל פעולה על ידו על פי שטר זה, לצורך פניה לאסיפה כללית של מחזיקי אגרות החוב ו/או לבית המשפט, עד שיקבל הוראות מאסיפה כללית של מחזיקי אגרות החוב ו/או הוראות מבית המשפט כיצד לפעול. הפניה לאסיפה הכללית של מחזיקי אגרות החוב ו/או לבית המשפט יתבצעו במקרים כאמור ללא שיהוי ובמועד הראשון האפשרי והסביר.

8.5. למען הסר כל ספק מובהר בזאת, כי אין באיזה מההוראות המפורטות לעיל כדי לפגוע ו/או לגרוע מזכותו של הנאמן המוקנית לו בזאת לפנות בכל עת על פי שיקול דעתו הבלעדי לערכאות משפטיות לצורך מתן כל צו באשר לענייני הנאמנות.

9. **<u>נאמנות על התקבולים</u>**

9.1. כל התקבולים שיתקבלו על ידי הנאמן ולרבות כתוצאה מהליכים שינקוט, אם ינקוט, כנגד החברה, יוחזקו על ידיו בנאמנות וישמשו בידיו למטרות ולפי סדר העדיפות הבא: תחילה לסילוק ההוצאות הסבירות, התשלומים ההיטלים וההתחייבויות שהוצאו על ידי הנאמן, הוטלו עליו, או נגרמו אגב או כתוצאה מפעולות ביצוע הנאמנות או באופן אחר בקשר לתנאי שטר זה, לרבות שכרו (וזאת מבלי לגרוע מהתחייבויות החברה לפי סעיף 18 להלן). שנית – לתשלום החזר למחזיקים אשר נשאו בתשלומים לפי סעיף 23 לשטר מעבר לחלקם היחסי בגין חלקם העודף כאמור (ולרבות ריבית שתיזקף בגין חלקם העודף כאמור, ככל שתיזקף) ולאחר מכן תשלום החזר למחזיקים אשר נשאו בתשלומים כפי חלקם היחסי; שלישית - כדי לשלם למחזיקי אגרות החוב את פיגורי הריבית המגיעה להם ובכפוף לתנאי ההצמדה שבאגרות החוב פרי-פסו ובאופן יחסי לסכומים המגיעים לכל אחד מהם ללא העדפה או זכות קדימה לגבי איזה מהם, ובלי כל העדפה בקשר לקדימות בזמן של הוצאת אגרות החוב על ידי החברה או באופן אחר; רביעית - כדי לשלם למחזיקי אגרות החוב את התשלומים על חשבון יתרת הקרן הבלתי מסולקת המגיעים להם על פי אגרות החוב המוחזקות על ידיהם פרי-פסו ובכפוף לתנאי ההצמדה שבאגרות החוב, וזאת בין אם הגיע זמן סילוק תשלום על חשבון יתרת הקרן הבלתי מסולקת כאמור ובין אם לאו ובאופן יחסי לסכומים המגיעים להם, בלי כל העדפה בקשר לקדימות בזמן של הוצאת אגרות החוב על ידי החברה או באופן אחר, ואת העודף, אם יהיה כזה, ישלם הנאמן לחברה או

לחליפיה, לפי העניין. מהתשלומים למחזיקי אגרות החוב ינוכה מס במקור ככל שיש חובה לנכותו על פי כל דין.

9.2. תשלום הסכומים על-ידי הנאמן למחזיקי אגרות החוב כפוף לזכויות של נושים אחרים של החברה, אם תהיינה כאלה, בהתאם להוראות הדין.

9.3. מהתשלומים למחזיקי אגרות החוב ינוכה מס במקור, ככל שיש חובה לנכותו על פי כל דין.

9.4. הנאמן יהיה רשאי לקזז כל סכום אותו חייבת החברה ו/או חייבים מחזיקי אגרות החוב לנאמן (בין כתשלום על חשבון שכר הטרחה ובין כהחזר הוצאות) בהתאם לזכותו של הנאמן לקבלת הסכומים כאמור מכוח שטר נאמנות זה, וזאת ללא צורך בהחלטה של אסיפת מחזיקי אגרות חוב ו/או בהסכמת החברה, ובתנאי כי הנאמן הודיע למחזיקי אגרות החוב ולחברה על קיזוז כאמור באופן הקבוע בסעיף 24 לשטר זה.

9.5. יובהר, כי ככל והיה על החברה לשאת באיזה מההוצאות אולם לא עשתה כן, יפעל הנאמן לקבלת הסכומים כאמור מהחברה ובמקרה ויצליח לקבלם יוחזקו על ידו בנאמנות וישמשו בידיו למטרות ולפי סדר העדיפות המפורט בסעיף זה.

10. **<u>סמכות לדרוש תשלום למחזיקים באמצעות הנאמן</u>**

בכפוף לקבלת החלטה רגילה של מחזיקי איגרות החוב, הנאמן רשאי להורות לחברה בכתב להעביר לחשבון הנאמן, עבור מחזיקי איגרות החוב וחלף ביצוע התשלום להם, חלק או מלוא התשלום הבא (ריבית ו/או קרן), וזאת לשם מימון ההליכים ו/או ההוצאות ו/או שכר הנאמן על-פי שטר זה. העברה כאמור תבוצע על ידי החברה לנאמן במועד שנקבע לתשלום הבא על-פי שטר זה (ולא קודם לכן). החברה אינה רשאית לסרב לפעול על-פי הודעת הנאמן ויראו את העברת הסכום כאמור לידי הנאמן כתשלום על ידי החברה של סכום זה למחזיקים לכל דבר וענין ויראו את החברה כמי שמילאה אחר התחייבותה כלפי מחזיקי אגרות החוב אם העבירה את הסכום שנדרש על-ידי הנאמן לזכות החשבון שפרטיו פורטו בהודעת הנאמן ולנאמן ולמחזיקים לא תהא כל טענה כנגד החברה במקרה כאמור בקשר עם העברת התשלום כאמור בסעיף זה לעיל. אין באמור כדי לשחרר את החברה מחבותה לשאת בתשלומי ההוצאות והשכר הנוספים, ככל שיהיו, מקום בו היא חייבת לשאת בהם על-פי שטר זה או על-פי דין.

11. **<u>סמכות לעכב חלוקת כספים</u>**

11.1. למרות האמור בסעיף 9 לעיל, היה והסכום הכספי אשר יתקבל בידי הנאמן ואשר יעמוד בזמן כלשהו לחלוקה, כאמור באותו סעיף, יהיה פחות ממיליון ש"ח (להלן: "**הסכום המינימלי**") לא יהיה הנאמן חייב לחלקו, והוא יהיה רשאי להשקיע את הסכום האמור, כולו או מקצתו, בהשקעות המותרות לפי שטר זה ולהחליף השקעות אלה מזמן לזמן בהשקעות מותרות אחרות על פי שטר זה הכל לפי ראות עיניו. על אף האמור לעיל, החלטה מיוחדת באסיפת מחזיקי אגרות החוב תהא רשאית להורות לנאמן לחלק למחזיקי אגרות החוב כל סכום כאמור גם אם הסכום המצטבר כאמור נמוך מהסכום המינימלי.

11.2. לכשתגענה ההשקעות האמורות לעיל על רווחיהן, יחד עם כספים נוספים שיגיעו לידי הנאמן לצורך תשלומם למחזיקי אגרות החוב, אם יגיעו, לסכום אשר יספיק כדי לשלם לפחות את הסכום המינימאלי ישלמם הנאמן למחזיקי האגרות כאמור בסעיף 9 לעיל. במקרה בו תוך פרק זמן סביר לא יהיה בידי הנאמן סכום אשר יספיק כדי לשלם לפחות את הסכום המינימאלי יהיה הנאמן חייב לחלק למחזיקי אגרות החוב את הכספים שבידו.

12. **<u>הודעה על חלוקה והפקדה אצל הנאמן</u>**

הנאמן יודיע למחזיקי אגרות החוב על היום והמקום שבו יבוצע תשלום כלשהו מבין התשלומים הנזכרים בסעיפים 9 ו-11 לעיל, וזאת בהודעה שתימסר להם באופן הקבוע בסעיף 24 להלן לא פחות מעשרה ימים ולא יותר מעשרים ימים מראש.

לאחר היום הקבוע בהודעה יהיו מחזיקי אגרות החוב זכאים לריבית בגינן לפי השיעור הקבוע באגרות החוב, אך ורק על יתרת הקרן הבלתי מסולקת (אם תהיה כזו) לאחר ניכוי הסכום ששולם או שהוצע להם לתשלום כאמור.

13. **<u>הימנעות מתשלום מסיבה שאינה תלויה בחברה</u>**

13.1. סכום כלשהו המגיע למחזיק אגרת החוב שלא שולם בפועל במועד הקבוע לתשלומו מסיבה שאינה תלויה בחברה, בעוד שהחברה הייתה מוכנה לשלמו, יחדל לשאת ריבית והפרשי הצמדה מהמועד שנקבע לתשלומו, ואילו המחזיק באגרות החוב יהיה זכאי אך ורק לאותם סכומים שהיה זכאי להם במועד שנקבע לפירעון אותו תשלום על חשבון הקרן, הריבית והפרשי ההצמדה.

13.2. החברה תפקיד בידי הנאמן את סכום התשלום שלא שולם במועדו, כאמור בסעיף קטן 13.1 לעיל, לא יאוחר מ-15 ימי עסקים מהמועד שנקבע לאותו תשלום, ותודיע על הפקדה כאמור, וההפקדה הנ"ל תחשב כסילוק אותו תשלום ובמקרה של סילוק כל המגיע בגין אגרת החוב, גם כפדיון אגרת החוב.

13.3. הנאמן ישקיע, במסגרת חשבונות נאמנות בשמו ולפקודתו, את הכספים שיועברו אליו כאמור בסעיף קטן 13.2 לעיל בהשקעות המותרות לנאמן על-פי שטר זה. עשה כן הנאמן, לא יהיה חייב לזכאים בגין אותם סכומים אלא את התמורה שתתקבל ממימוש ההשקעות בניכוי ההוצאות הקשורות בהשקעה האמורה ובניהול חשבונות הנאמנות, העמלות ובניכוי תשלומי החובה החלים על חשבון הנאמנות. מתוך הכספים כאמור יעביר הנאמן סכומים למחזיקי אגרות החוב הזכאים להם, וזאת בסמוך ככל הניתן לאחר שיומצאו לנאמן הוכחות ואישורים על זכותם לסכומים אלו לשביעות רצונו המלאה של הנאמן, ובניכוי הוצאותיו הסבירות.

13.4. הנאמן יחזיק בכספים אלו וישקיעם בדרך האמורה, עד לתום שנה אחת ממועד הפירעון הסופי. לאחר מועד זה, יעביר הנאמן לחברה את הסכומים כאמור בסעיף קטן 13.3 לעיל, כולל רווחים הנובעים מהשקעתם בניכוי הוצאותיו הסבירות, ככל שיוותרו בידיו באותו

מועד. החברה תחזיק בסכומים אלו בנאמנות עבור מחזיקי אגרות החוב הזכאים לאותם סכומים, ובכל הנוגע לסכומים שיועברו אליה על ידי הנאמן כאמור לעיל יחולו עליה הוראות סעיף קטן 13.3 לעיל, בשינויים המחויבים.

החברה תאשר לנאמן בכתב את אחזקת הסכומים ואת דבר קבלתם בנאמנות עבור מחזיקי אגרות החוב האמורים, ותשפה את הנאמן בגין כל תביעה ו/או הוצאה ו/או נזק מכל סוג שהוא שייגרמו לו עקב ובגין העברת הכספים כאמור, אלא אם כן פעל הנאמן ברשלנות שאינה פטורה על פי סעיף 52יג. לחוק ניירות ערך (להלן: "**רשלנות שאינה פטורה על פי החוק**"). לאחר העברת הסכומים לחברה לא יהיה הנאמן חייב למחזיקי אגרות החוב מאותה סדרה תשלום כלשהו בגין הסכומים שהוחזקו על-ידו כאמור.

החברה תחזיק בכספים אלו בנאמנות עבור מחזיקי אגרות החוב הזכאים לאותם סכומים במשך שש שנים נוספות מיום העברתם אליה מאת הנאמן ותשקיעם בהשקעות המותרות על פי שטר, ולא תעשה בהם כל שימוש במשך תקופה זו. כספים שלא יידרשו מאת החברה על ידי מחזיק אגרות חוב עד תום שבע שנים ממועד הפירעון הסופי, יעברו לידי החברה, והיא תהא רשאית להשתמש בכספים הנותרים לכל מטרה שהיא.

14. **<u>קבלה מאת מחזיקי אגרות החוב</u>**

14.1. קבלה מאת מחזיק אגרת החוב בגין תשלום על חשבון הקרן, הריבית והפרשי ההצמדה ששולמו לו על ידי הנאמן בגין אגרת החוב תשחרר את הנאמן ואת החברה בשחרור מוחלט בכל הקשור לעצם ביצוע התשלום של הסכומים הנקובים בקבלה.

14.2. קבלה מאת הנאמן בדבר הפקדת תשלום על חשבון הקרן, הריבית והפרשי ההצמדה אצלו לזכות מחזיקי אגרת החוב כאמור בסעיף 13.2 לעיל תחשב כקבלה מאת מחזיק אגרת החוב לצורך האמור בסעיף 14.1 לעיל ביחס לשחרור החברה בכל הקשור לביצוע התשלום של הסכומים הנקובים בקבלה.

14.3. כספים שחולקו כאמור בסעיף 13 לעיל ייחשבו כתשלום על חשבון הפירעון של אגרות החוב.

15. **<u>הצגת אגרת חוב לנאמן ורישום בקשר לתשלום חלקי</u>**

15.1. הנאמן יהיה רשאי לדרוש ממחזיק אגרת חוב להציג בפני הנאמן, בזמן תשלום ריבית כלשהי או תשלום חלקי של קרן, ריבית והפרשי הצמדה לפי סעיפים 9, 10, 11 ו- 12 לעיל, את תעודת אגרות החוב שבגינן משולמים התשלומים.

15.2. הנאמן יהיה רשאי לרשום על תעודת אגרות החוב הערה בנוגע לסכומים ששולמו כאמור לעיל ותאריך תשלומם.

15.3. הנאמן יהיה רשאי בכל מקרה מיוחד, לפי שיקול דעתו, לוותר על הצגת תעודת אגרות החוב לאחר שניתן לו על ידי מחזיק אגרת החוב כתב שיפוי ו/או ערובה מספקת להנחת דעתו בגין נזקים העלולים להיגרם מחמת אי רישום ההערה כאמור, הכול כפי שימצא לנכון.

15.4. למרות האמור לעיל יהיה הנאמן רשאי על פי שיקול דעתו לקיים רישומים באופן אחר, לגבי תשלומים חלקיים כאמור.

16. **<u>השקעת כספים</u>**

כל הכספים אשר רשאי הנאמן להשקיעם לפי שטר זה, יושקעו על ידיו, בחשבונות של אחד מחמשת הבנקים הגדולים בישראל, בשמו או בפקודתו, בהשקעות שדיני מדינת ישראל מתירים להשקיע בהם כספי נאמנות וזאת כפי שימצא למתאים, והכול בכפוף לתנאי שטר נאמנות זה.

עשה כן הנאמן, לא יהיה חייב לזכאים בגין אותם סכומים אלא את התמורה שתתקבל ממימוש ההשקעות בניכוי שכר טרחתו והוצאותיו, העמלות וההוצאות הקשורות בהשקעה האמורה ובניהול חשבונות הנאמנות, העמלות ובניכוי תשלומי החובה החלים על חשבון הנאמנות, וביתרת הכספים כאמור יפעל הנאמן על פי הוראות סעיפים 9 ו/או 11 לעיל, לפי הענין.

17. **<u>התחייבויות החברה כלפי הנאמן</u>**

החברה מתחייבת בזאת כלפי הנאמן, כל זמן שאגרות החוב טרם נפרעו במלואן, כדלקמן:

17.1. להתמיד ולנהל את עסקיה בצורה סדירה ונאותה ולהחזיק ולשמור את נכסיה במצב טוב ותקין.

17.2. לשלם בקביעות את כל תשלומי החובה והמסים החלים, אם חלים, על נכסיה.

17.3. לנהל פנקסי חשבונות סדירים בהתאם לעקרונות חשבונאיים מקובלים, לשמור את הפנקסים והמסמכים המשמשים להם כאסמכתאות, ולאפשר לכל נציג מורשה של הנאמן לעיין, בכל זמן סביר שיתואם מראש עם החברה, בכל פנקס ו/או מסמך כאמור שהנאמן יבקש לעיין בו. לענין זה, נציג מורשה של הנאמן פירושו מי שהנאמן ימנה למטרת עיון כאמור, וזאת בהודעה בכתב של הנאמן שתימסר לחברה לפני העיון כאמור ותכלול גם אישור של הנאמן לפיו הממונה כאמור מחויב כלפי הנאמן בשמירה על סודיות המידע שיגיע לידיעת אותו ממונה בפעולותיו עבור הנאמן.

17.4. לאפשר לנאמן ו/או למי שימנה הנאמן בכתב למטרה זו, להיכנס בתיאום מראש למשרדיה ולכל מקום שבו יימצאו נכסיה, בכל זמן סביר, לשם בדיקת נכסיה, על-פי שיקול דעתו הסביר של הנאמן, לשם הגנה על מחזיקי אגרות החוב ובלבד שהנאמן פעל לשם מילוי תפקידו בתום לב.

17.5. החברה תמסור לנאמן ו/או לנציג מורשה שלו שיכול ויהיה עו"ד ו/או רו"ח במקצועו (ואשר הודעה על מינויו תימסר על-ידי הנאמן לחברה עם מינויו) מידע נוסף בנוגע לחברה (לרבות הסברים, מסמכים וחישובים בנוגע לחברה, עסקיה או נכסיה) אשר יאושר על ידי נושא משרה בחברה ואף תורה לרואה החשבון שלה וליועציה המשפטיים לעשות כן, לפי דרישה סבירה בכתב של הנאמן, וזאת ככל שלדעתו הסבירה של הנאמן המידע דרוש לנאמן לשם יישום והפעלת הסמכויות, הכוחות וההרשאות של הנאמן ו/או באי כוחו על-פי שטר הנאמנות לרבות מידע אשר עשוי להיות חיוני ונדרש לשם בדיקות שנעשות על-ידי הנאמן לשם הגנה על זכויות מחזיקי איגרות החוב ובלבד שהנאמן פועל בתום לב, וזאת בכפוף להתחייבות לסודיות כאמור בסעיף 29.8 להלן .

17.6. לבטח את נכסיה בהתאם לעקרונות נוהל עסקי תקין שלפיהם נוהגים לבטח נכסים מאותו סוג, ולמלא אחר תנאי הביטוח ולהמציא לנאמן אישור על קיום פוליסות ביטוח אחת לשנה.

17.7. להודיע לנאמן בכתב מייד לאחר שנודע לה, ולא יאוחר מ-2 ימי עסקים לאחר שנודע לה, על קרות כל אירוע מהאירועים המפורטים בסעיף 7.1 לשטר זה על סעיפיו הקטנים לעיל.

17.8. למסור לנאמן על פי דרישתו לוח סילוקין בקובץ Excel פעיל.

17.9. למסור לנאמן הודעות בדבר רכישת אגרות חוב על-ידי החברה או על ידי חברה בת שלה, כאמור בסעיף 3 לשטר. דיווח של החברה במערכת המגנ"א בדבר רכישת אגרות החוב ייחשב כמסירה לנאמן.

17.10. לתת לנאמן, העתק מכל דו"ח שהיא חייבת בהגשתו לבורסת לונדון, באותו מועד שהיא מגישה אותו לבורסת לונדון, והעתק מכל מסמך שהחברה מעבירה לבעלי מניותיה או למחזיקים באגרות החוב ופרטי כל מידע שהיא מעבירה להם בדרך אחרת. דיווח של דוח או מסמך כאמור על ידי החברה במערכת המגנ"א ייחשב לצורך כך כמסירה לנאמן. כן תעביר החברה לנאמן מידע נוסף בנוגע לחברה לפי דרישה סבירה של הנאמן, וכל מידע שיועבר לנאמן יישמר על ידיו בסודיות בהתאם להוראות סעיף 29 להלן, או לפי צו של בית משפט.

17.11. בסמוך לאחר פרסומו של דוח כספי שנתי של החברה ולא יאוחר מיום 10 באפריל של כל שנה, תמציא החברה לנאמן אישור חתום על-ידי מורשי חתימה בחברה על כך שבתקופה שמתאריך השטר ו/או מתאריך האישור הקודם שנמסר לנאמן, המאוחר מביניהם, ועד למועד מתן האישור לא קיימת מצד החברה הפרה של שטר זה (לרבות הפרה של תנאי איגרת החוב ולרבות ביחס להוראות בסעיפים ספציפיים בשטר שביחס אליהם יבקש הנאמן התייחסות החברה באישור זה), וכי כל התשלומים למחזיקי אגרות החוב בתקופה הנ"ל שולמו במועדם אלא אם כן צוין בו במפורש אחרת וכן בדבר יתרת הערך הנקוב של אגרות החוב שבמחזור.

17.12. לאפשר לנאמן להשתתף באסיפות בעלי מניות של החברה (המתקיימות כולן בהולנד), ללא מתן זכות הצבעה לנאמן. לבקשת הנאמן החברה תעביר את הפרוטוקולים של אסיפות בעלי המניות של החברה (המתקיימות כולן מחוץ למדינת ישראל).

17.13. מובהר כי לא חלה חובה על הנאמן להשתתף פיזית באסיפות בעלי מניות המתקיימות מחוץ למדינת ישראל ויהיה רשאי להשתתף טלפונית באסיפות בעלי מניות כאמור וכן יהיה זכאי לקבלת פרוטוקול של אסיפה כאמור כמפורט בסעיף 17.12 לעיל.

17.14. החברה (ו/או מי מטעמה לרבות כל נושא משרה בה) אינה זכאית לקבל פרוטוקול השיחות והדיונים בחלק של אסיפות מחזיקי אגרות החוב המתנהל ללא החברה או באסיפות מחזיקים המתנהלות ללא החברה.

17.15. אלא אם כן מצוין במפורש אחרת, האישורים שיינתנו על-ידי החברה לנאמן, על פי שטר זה, ייחתמו באמצעות מורשי חתימה של החברה, שהינם נושאי משרה בה.

17.16. במקרה שהחברה תרכוש, עד למועד הפירעון הסופי, חברה בת (כהגדרת המונח בשטר נאמנות זה) (להלן בסעיף זה: "**התאגיד הנרכש**"), תפעיל החברה את כוח השליטה בתאגיד הנרכש על מנת שהתאגיד הנרכש יחתום על כתב התחייבות בנוסח דומה לנוסח המצ"ב **כנספח 5א'** לשטר נאמנות זה ותעביר לנאמן עותק חתום מאישור זה.

18. **התחייבויות נוספות של החברה**

לאחר שאגרות החוב תעמודנה לפירעון מיידי, כמוגדר בסעיף 7 לשטר, תבצע החברה מזמן לזמן ובכל עת שתידרש לכך על-ידי הנאמן, את כל הפעולות הסבירות כדי לאפשר את הפעלת כל הסמכויות הנתונות בידי הנאמן בהתאם להוראות שטר זה ובמיוחד תעשה החברה את הפעולות הבאות:

18.1. תצהיר את ההצהרות ו/או תחתום על כל המסמכים ו/או תבצע ו/או תגרום לביצוע כל הפעולות הנחוצות ו/או הדרושות בהתאם לחוק לשם מתן תוקף להפעלת הסמכויות, הכוחות וההרשאות של הנאמן ו/או באי כוחו והכל כפי שיתבקש על ידי הנאמן באופן סביר.

18.2. תיתן את כל ההודעות, הפקודות וההוראות שהנאמן יראה אותן באופן סביר למועילות וידרשן.

19. **הסכמים אחרים**

בכפוף להוראות החוק ולמגבלות המוטלות על הנאמן בחוק לא יהיה במילוי תפקידו של הנאמן, לפי שטר זה, או בעצם מעמדו כנאמן, כדי למנוע אותו מלהתקשר עם החברה בחוזים שונים או מלבצע עמה עסקאות במהלך הרגיל של עסקיו, ובלבד שההתקשרויות ו/או העסקאות כאמור לא יגרמו לכך שהנאמן יאבד את כשירותו לפי סעיף 35ה לחוק לשמש כנאמן למחזיקי אגרות החוב.

20. **<u>שכר הנאמן</u>**

שכר הטרחה של הנאמן יהיה כמפורט ב<u>נספח ג'</u> לשטר זה, אשר הינו חלק בלתי נפרד משטר זה.

21. **<u>סמכויות מיוחדות</u>**

21.1. הנאמן רשאי במסגרת ביצוע עניני הנאמנות לפי שטר זה לפעול לפי חוות דעתו ו/או עצתו של כל עורך דין, רואה חשבון, שמאי, מעריך, מודד, מתווך או מומחה אחר (להלן: "**היועצים**"), בין אם חוות דעת ו/או עצה כזו הוכנה לבקשת הנאמן ו/או על ידי החברה, והנאמן לא יהיה אחראי בעד כל הפסד או נזק שיגרם כתוצאה מכל פעולה ו/או מחדל שנעשו על ידו על סמך עצה או חוות דעת כאמור, אלא אם כן נקבע בפסק דין חלוט כי הנאמן פעל ברשלנות שאינה פטורה על פי החוק או בחוסר תום לב. החברה תישא במלוא ההוצאות סבירות בגין העסקת היועצים שימונו.

21.2. כל עצה ו/או חוות דעת כזו יכולה להינתן, להישלח או להתקבל על ידי מכתב, מברק, פקסימיליה ו/או כל אמצעי אלקטרוני אחר להעברות מידע, והנאמן לא יהיה אחראי בגין פעולות שעשה על סמך עצה ו/או חוות דעת או ידיעה שהועברו באחד האופנים המוזכרים לעיל למרות שנפלו בה שגיאות ו/או שלא היו אותנטיות, אלא אם ידע הנאמן על השגיאות כאמור או ניתן היה לגלות שגיאות אלה בבדיקה סבירה.

21.3. הנאמן, ישתמש בנאמנות, בכוחות, בהרשאות ובסמכויות שהוקנו לו לפי שטר זה, לפי שיקול דעתו המוחלט ולא יהיה אחראי לכל נזק שנגרם עקב טעות בשיקול הדעת כנ"ל, אלא אם כן נקבע בפסק דין חלוט כי פעל הנאמן ברשלנות שאינה פטורה על פי החוק או בחוסר תום לב.

22. **<u>סמכות הנאמן להעסיק שלוחים</u>**

הנאמן יהיה רשאי למנות שלוח/ים שיפעל/ו במקומו, בין עורך דין ובין אחר, כדי לעשות או להשתתף בעשיית פעולות מיוחדות שיש לעשותן בקשר לנאמנות ולשלם שכר לכל שלוח כאמור, ומבלי לגרוע מכלליות האמור לעיל נקיטה בהליכים משפטיים או ייצוג בהליכי מיזוג או פיצול של החברה. החברה תהיה רשאית להתנגד למינוי כאמור מכל טעם סביר שהוא, לרבות במקרה בו החברה תוכיח כי השלוח הינו מתחרה, בין במישרין ובין בעקיפין, בעסקי החברה ובתנאי שהחברה תעביר לנאמן את נימוקיה הסבירים לכך תוך 7 ימים ממועד קבלת ההודעה על מינוי השלוח. עם זאת, לא יהא בהתנגדותה של החברה למינוי שלוח מסוים שמונה באסיפת מחזיקים, כדי לעכב את תחילת העסקת השלוח ככל שהעיכוב עלול לפגוע בזכויות המחזיקים.

23. **<u>שיפוי הנאמן</u>**

23.1. החברה ומחזיקי אגרות החוב (במועד הקובע הרלוונטי כאמור בסעיף 23.7 להלן, כל אחד בגין התחייבותו כאמור בסעיף 23.4 להלן), מתחייבים בזאת לשפות את הנאמן וכל נושאי משרה בו, עובדיו, שלוח או מומחה שימונה ע"י הנאמן על פי הוראות שטר נאמנות זה ו/או

על פי החלטה כדין שהתקבלה באסיפה של מחזיקי אגרות החוב על פי הוראות שטר נאמנות זה (להלן כולם או חלקם, ביחד ו/או בנפרד: "**הזכאים לשיפוי**") בגין:

23.1.1. חיוב כספי לרבות על-פי פסק דין (שלא ניתן לגביו עיכוב ביצוע) או על-פי פשרה שנסתיימה (ובכל שהפשרה נוגעת לחברה ניתנה הסכמת החברה לפשרה) אשר עילתו קשורה לפעולות שביצעו הזכאים לשיפוי או שעליהם לבצע מכוח הוראות שטר זה ו/או על-פי חוק ו/או הוראה של רשות מוסמכת ו/או כל דין ו/או לפי דרישת מחזיקי אגרות החוב ו/או לפי דרישת החברה והכל בקשר לשטר נאמנות זה. וכן בגין -

23.1.2. שכר הזכאים לשיפוי והוצאות סבירות שהוציאו ו/או שעומדים להוציא, לרבות אגב ביצוע הנאמנות או בקשר לפעולות כאלה, שלפי דעתם היו דרושות לביצוע הנ"ל ו/או בקשר לשימוש בסמכויות והרשאות הנתונות בתוקף שטר זה וכן בקשר לכל מיני הליכים משפטיים, חוות דעת עורכי דין ומומחים אחרים, משא ומתן, דין ודברים, הוצאות, הליכי חדלות פירעון, הליכי גביה, הסדרי חוב, הערכת מצב החוב, הערכות שווי, תביעות ודרישות בנוגע לכל עניין ו/או דבר שנעשו ו/או לא נעשו באופן כלשהו ביחס לנדון.

והכל בתנאי כי

(1) הזכאים לשיפוי לא ידרשו שיפוי מראש בעניין שאינו סובל דיחוי, וזאת מבלי לפגוע בזכותם לדרוש שיפוי בדיעבד, אם וכלל שתקום לו זכות כאמור;

(2) לא נקבע בהחלטה שיפוטית חלוטה כי הזכאים לשיפוי פעלו שלא בתום לב;

(3) לא נקבע בהחלטה שיפוטית חלוטה כי הזכאים לשיפוי התרשלו ברשלנות שאינה פטורה על-פי חוק כפי שיהיה מעת לעת;

(4) לא נקבע בהחלטה שיפוטית חלוטה כי הזכאים לשיפוי פעלו בזדון.

התחייבויות השיפוי על-פי סעיף 23.1 זה תקרא "**התחייבות השיפוי**".

23.2. מוסכם כי בכל מקרה בו ייקבע בהחלטה שיפוטית חלוטה כי הזכאים לשיפוי: (1) פעלו שלא בתום לב; ו/או (2) התרשלו ברשלנות שאינה פטורה על-פי חוק; ו/או (3) פעלו בזדון – ישיבו הזכאים לשיפוי את סכומי 'התחייבות השיפוי' ככל ששולמו להם.

23.3. מבלי לפגוע בזכויות לפיצוי הניתנות לנאמן לפי החוק ובכפוף לאמור בשטר זה ו/או במחויבויות החברה על-פי שטר זה, יהיו הזכאים לשיפוי, זכאים לקבל שיפוי מתוך הכספים שיתקבלו על-ידי הנאמן בנוגע להתחייבויות שקיבלו על עצמם, בנוגע להוצאות סבירות שהוציאו אגב ביצוע הנאמנות או בקשר לפעולות כאלה, שלפי דעתם הסבירה היו דרושות לביצוע הנ"ל ו/או בקשר לשימוש בסמכויות והרשאות הנתונות בתוקף שטר זה וכן בקשר לכל מיני הליכים משפטיים, חוות דעת עורכי דין ומומחים אחרים, משא ומתן, דין

ודברים, תביעות ודרישות בנוגע לכל עניין ו/או דבר שנעשו ו/או לא נעשו באופן כלשהו ביחס לנדון, והנאמן יוכל לעכב את הכספים הנמצאים ברשותו ולשלם מתוכם את הסכומים הנחוצים לשם תשלום השיפוי האמור. כל הסכומים האמורים יעמדו בעדיפות על זכויות מחזיקי אגרות החוב ובכפוף להוראות כל דין ובלבד שהנאמן נהג בתום לב ובהתאם לחובות המוטלות עליו על פי כל דין ועל פי שטר זה. לעניין סעיף זה פעולה של הנאמן שאושרה על ידי החברה ו/או על ידי מחזיקי אגרות החוב, תיחשב כפעולה שהייתה דרושה באופן סביר ואולם אין באמור בכדי לגרוע מזכותה של החברה להעלות טענות כנגד ביצוע פעולה כאמור או להגביל את החברה מלפעול למניעתה, לפי העניין.

23.4. מבלי לגרוע מתוקף התחייבות השיפוי שבסעיף 23.1 לעיל, כל אימת שהנאמן יהיה חייב לפי תנאי שטר הנאמנות ו/או על-פי חוק ו/או הוראה של רשות מוסמכת ו/או כל דין ו/או לפי דרישת מחזיקי אגרות החוב ו/או לפי דרישת החברה, ו/או לשם הגנה על זכויות מחזיקי אגרות החוב לעשות פעולה כלשהי, לרבות אך לא רק פתיחת הליכים או הגשת תביעות לפי דרישת בעלי אגרות החוב, כאמור בשטר זה, יהיה הנאמן רשאי להימנע מלנקוט כל פעולה כאמור, עד שיקבל לשביעות רצונו כתב שיפוי מבעלי אגרות החוב או ממי מהם, ואם תבוצע הפעולה בשל דרישת החברה- מן החברה, בגין כל אחריות לנזקים ו/או להוצאות שיכולים להיגרם לזכאים לשיפוי עקב עשיית הפעולה האמורה ו/או פיקדון כספי לכיסוי התחייבות השיפוי ("**כרית המימון**") בסכום הנדרש, בעדיפות ראשונה מהחברה, ובמקרה בו החברה לא תפקיד את כרית המימון במועד בו נדרשה לעשות זאת על-ידי הנאמן, יפנה הנאמן למחזיקי אגרות החוב שהחזיקו במועד הקובע (כאמור בסעיף 23.7 להלן), בבקשה כי יפקידו בידיו את סכום כרית המימון, כל אחד את חלקו היחסי (כהגדרת מונח זה להלן). במקרה בו מחזיקי אגרות החוב לא יפקידו בפועל את מלוא סכום כרית המימון לא תחול על הנאמן חובה לנקוט בפעולה או בהליכים הרלוונטיים. אין באמור כדי לפטור את הנאמן מנקיטת פעולה דחופה הדרושה לשם מניעת פגיעה מהותית לרעה בזכויות מחזיקי אגרות החוב.

הנאמן מוסמך לקבוע את סכום כרית המימון ויהיה רשאי לחזור ולפעול ליצירת כרית נוספת כאמור, מעת לעת, בסכום שיקבע על-ידו.

יובהר, כי אין באמור בסעיף 23 זה כדי להוסיף על התחייבויות החברה בשטר זה.

23.5. התחייבות השיפוי:

23.5.1. תחול על החברה בכל מקרה של (1) פעולות שבוצעו על פי שיקול דעת סביר של הנאמן ו/או על פי כל דין ו/או נדרשו להתבצע לפי תנאי שטר הנאמנות או לשם הגנה על זכויות מחזיקי אגרות החוב; וכן (2) פעולות שבוצעו ו/או נדרשו להתבצע לפי דרישת החברה.

23.5.2. תחול על המחזיקים שהחזיקו במועד הקובע (כאמור בסעיף 23.7 לשטר הנאמנות) בכל מקרה של (1) פעולות שבוצעו ו/או נדרשו להתבצע לפי דרישת מחזיקי אגרות החוב (ולמעט פעולות שכאמור שננקטו לפי דרישת מחזיקים לשם הגנה על זכויות

מחזיקי אגרות החוב); וכן (2) אי תשלום על-ידי החברה של סכום התחייבות השיפוי החלה עליה על-פי סעיף 23.4 לשטר הנאמנות (בכפוף להוראות סעיף 23.7 לשטר הנאמנות). יובהר כי אין בתשלום בהתאם לסעיף קטן (2) לעיל בכדי לגרוע מחובת החברה לשאת בהתחייבות השיפוי בהתאם להוראות סעיף 23.5.1.

23.6. בכל מקרה בו: (א) החברה לא תשלם את הסכומים הדרושים לכיסוי התחייבות השיפוי ו/או לא תפקיד את סכום כרית המימון, לפי העניין; ו/או (ב) חובת השיפוי חלה על המחזיקים מכח הוראות סעיף 23.5.2 לשטר הנאמנות ו/או נקראו המחזיקים להפקיד את סכום כרית המימון לפי סעיף 23.4 לשטר הנאמנות, יחולו ההוראות הבאות:

הכספים יגבו באופן הבא:

(1) ראשית - הסכום ימומן מתוך כספי הריבית ו/או יתרת הקרן הבלתי מסולקת שעל החברה לשלם למחזיקי אגרות החוב לאחר תאריך הפעולה הנדרשת, ויחולו הוראות סעיף 11 לשטר הנאמנות;

(2) שנית - ככל שלדעת הנאמן לא יהיה בסכומים המופקדים בכרית המימון כדי לכסות את התחייבות השיפוי, יפקידו המחזיקים שהחזיקו במועד הקובע (כאמור בסעיף 23.6 לשטר הנאמנות) כל אחד בהתאם לחלקו היחסי (כהגדרת מונח זה) בידי הנאמן הסכום החסר.

"חלקו היחסי" משמעו: החלק היחסי של אגרות החוב אותם החזיק המחזיק במועד הקובע הרלוונטי כאמור בסעיף 23.7 לשטר הנאמנות מסך הערך הנקוב שבמחזור באותו מועד. מובהר כי חישוב החלק היחסי ייוותר קבוע אף אם לאחר אותו מועד יחול שינוי בערך הנקוב של אגרות החוב שבידי המחזיק.

יובהר, כי מחזיקי אגרות החוב אשר יישאו באחריות לכיסוי הוצאות כאמור בסעיף זה לעיל יוכלו לשאת בהוצאות כאמור בסעיף זה לעיל מעבר לחלקם היחסי ובמקרה זה יחול על השבת הסכומים סדר העדיפות בהתאם לאמור בסעיף 10 לשטר זה.

23.7. המועד הקובע לקביעת חבותו של מחזיק בהתחייבות השיפוי ו/או בתשלום כרית המימון הינו כדלקמן:

23.7.1. בכל מקרה בו התחייבות השיפוי ו/או תשלום כרית המימון נדרשים בשל החלטה או פעולה דחופה הדרושות לשם מניעת פגיעה מהותית לרעה בזכויות מחזיקי אגרות החוב וזאת ללא החלטה מוקדמת של אסיפת מחזיקי אגרות החוב - יהיה המועד הקובע לחבות תום יום המסחר של יום נקיטת הפעולה או קבלת ההחלטה ואם אותו יום אינו יום מסחר, יום המסחר הקודם לו.

23.7.2. בכל מקרה בו התחייבות השיפוי ו/או תשלום כרית המימון נדרשים על-פי החלטת אסיפת מחזיקי אגרות חוב - יהיה המועד הקובע לחבות המועד הקובע להשתתפות

באסיפה (כפי שמועד זה נקבע בהודעת הזימון) ותחול גם על מחזיק אשר לא נכח או השתתף באסיפה.

23.8. ככל שהסכומים שישולמו לנאמן היו צריכים להיות משולמים על-ידי החברה, לא יהיה בקבלת התשלומים מהמחזיקים כדי למנוע מהנאמן לפעול להשגת הסכומים מן החברה, כמפורט בסעיף 23 זה.

23.9. לעניין קדימות ההחזר למחזיקים אשר נשאו בתשלומים לפי סעיף זה מתוך תקבולים בידי הנאמן ראה סעיף 10 לשטר הנאמנות.

24. **<u>הודעות</u>**

24.1. כל הודעה מטעם החברה ו/או הנאמן למחזיקי אגרות החוב תינתן באמצעות פרסום דיווחים במערכת המגנ"א בלבד. הנאמן יהא רשאי להורות לחברה והחברה תהיה חייבת לדווח לאלתר במערכת המגנ"א בשם הנאמן כל דיווח בנוסחו כפי שיועבר בכתב על-ידי הנאמן לחברה. החברה תהא רשאית לפרסם את התייחסותה ו/או תגובתה לדיווח האמור.

על אף האמור לעיל, במקרים המפורטים להלן בלבד תפורסם ההודעה בנוסף גם בשני עיתונים יומיים הנפוצים בשפה העברית: 1) הסדר או פשרה לפי סעיף 350 לחוק החברות או לפי סעיף מקביל בדין אחר החל על החברה; 2) מיזוג. דיווח שיפורסם כאמור ייחשב כאילו נמסר למחזיקי אגרות החוב ביום פרסומו.

24.2. העתקים מהודעות ומהזמנות שינתנו על ידי החברה למחזיקי אגרות החוב יישלחו על ידה גם לנאמן. יובהר, כי הודעות והזמנות כאמור אינם כוללים דיווחים שוטפים של החברה לציבור, אם וככל שנדרשים.

העתקים מהודעות והזמנות שיינתנו על ידי הנאמן למחזיקי אגרות החוב יישלחו על ידו גם לחברה.

24.3. כל הודעה או דרישה מטעם הנאמן לחברה או מטעמה לנאמן תוכל להינתן על ידי מכתב שיישלח בדואר רשום לפי הכתובת המפורטת בשטר זה, או לפי כתובת אחרת עליה יודיע צד אחד למשנהו בכתב, או באמצעות שיגורה בדואר אלקטרוני שקבלתו אושרה בדואר אלקטרוני חוזר (לא אוטומטי) על-ידי הצד המקבל או בפקסימיליה. כל הודעה או דרישה שתישלח בדואר רשום תחשב כאילו נתקבלה על ידי הצד לו נשלחה ההודעה כעבור שלושה ימי עסקים מיום מסירתה בדואר. כל הודעה או דרישה שתישלח באמצעות פקסימיליה (בתוספת וידוא טלפוני בדבר קבלתה) תחשב כאילו נתקבלה כעבור יום עסקים אחד מיום שיגורה. כל הודעה שנשלחה באמצעות דואר אלקטרוני תחשב כאילו נתקבלה כעבור יום עסקים אחד מיום שליחתה.

25. **<u>פשרות ו/או שינויים בתנאי אגרות החוב ו/או בשטר הנאמנות</u>**

25.1. בכפוף להוראות החוק והתקנות שהותקנו מכוחו ולמעט אם צוין אחרת בשטר זה, יהיה הנאמן רשאי מעת לעת ובכל עת אם שוכנע כי אין בדבר, לדעתו, משום פגיעה בזכויות מחזיקי אגרות החוב, לוותר על כל אי מילוי של כל תנאי מתנאי אגרת החוב או שטר הנאמנות על ידי החברה שאינם מתייחסים לתנאי הפירעון של אגרות החוב, עילות ההעמדה לפירעון מיידי ו/או לדיווחים שעל החברה למסור לנאמן בהתאם להוראות שטר זה.

25.2. בכפוף להוראות החוק והתקנות שהותקנו מכוחו, ובאישור מוקדם בהחלטה מיוחדת של מחזיקי אגרות החוב, יהיה הנאמן רשאי, בין לפני ובין אחרי שקרן כל אגרות החוב שתונפקנה על פי שטר הנאמנות תעמוד לפירעון, להתפשר עם החברה בקשר לכל זכות או תביעה של מחזיקי אגרות החוב או מי מהם ולהסכים עם החברה לכל הסדר, לרבות לוותר על כל זכות או תביעה שלו ו/או של מחזיקי אגרות החוב או מי מהם כלפי החברה.

25.3. התפשר הנאמן עם החברה לאחר שקיבל אישור מוקדם של האסיפה הכללית של מחזיקי אגרות החוב כאמור בסעיף 25.2 לעיל, יהיה הנאמן פטור מאחריות בגין פעולה זו, כפי שאושרה על ידי האסיפה הכללית, ובלבד שלא נקבע בהחלטה שיפוטית חלוטה כי הנאמן הפר חובת אמון או פעל בחוסר תום לב או בזדון ביישום החלטת האסיפה הכללית.

25.4. בכפוף להוראות החוק, החברה והנאמן רשאים, בין לפני ובין אחרי שקרן כל אגרות החוב שתונפקנה על פי שטר הנאמנות תעמוד לפירעון, לשנות את שטר הנאמנות ו/או את תנאי אגרות החוב אם נתקיים אחד מאלה:

25.4.1. למעט שינוי זהות הנאמן או שכרו, או לשם מינוי נאמן במקומו של נאמן שהסתיימה כהונתו, אם הנאמן שוכנע כי השינוי אינו פוגע בזכויות מחזיקי אגרות החוב ולמעט לגבי שינוי הנוגע לתנאי הפירעון של אגרות החוב, לעילות ההעמדה לפירעון מיידי ו/או לדיווחים שעל החברה למסור לנאמן בהתאם להוראות שטר זה.

25.4.2. השינוי המוצע אושר בהחלטה מיוחדת של מחזיקי אגרות החוב.

25.5. בכל מקרה של שימוש בזכות הנאמן על פי סעיף זה לעיל, יהיה הנאמן רשאי לדרוש ממחזיקי אגרות החוב למסור לו או לחברה את תעודותיהן, לשם רישום הערה בדבר כל פשרה, ויתור, שינוי או תיקון כאמור ולפי דרישת הנאמן תרשום החברה הערה כאמור בתעודות שימסרו לה. בכל מקרה של שימוש בזכות הנאמן על פי סעיף 25 זה, יודיע על כך, בכתב, למחזיקי אגרות החוב תוך זמן סביר.

25.6. החברה ו/או הנאמן ימסרו לכל המחזיקים באגרות החוב הודעה באמצעות מערכת המגנ"א בלבד על כל שינוי ו/או ויתור כאמור בסעיף 25 זה בסמוך לאחר ביצועו.

26. **<u>מרשם מחזיקי אגרות החוב</u>**

26.1. החברה תחזיק ותנהל במשרדה הרשום מרשם מחזיקי אגרות החוב בהתאם להוראות החוק. הנאמן וכל מחזיק אגרת החוב יהיה רשאי, בכל זמן סביר, לעיין במרשם האמור. החברה רשאית לסגור את המרשם מדי פעם לתקופה או לתקופות שלא תעלינה ביחד על 30 יום בשנה.

26.2. החברה לא תהיה חייבת לרשום במרשם שום הודעה בדבר נאמנות מפורשת, מכללא או משוערת, או משכון או שעבוד מכל מין שהוא או כל זכות שביושר, תביעה או קיזוז או זכות אחרת כלשהי, בקשר לאגרות החוב. החברה תכיר אך ורק בבעלותו של האדם שבשמו נרשמו אגרות החוב ובלבד שיורשיו החוקיים, מנהלי עזבונו או מבצעי צוואתו של הבעלים הרשום וכל אדם שיהיה זכאי לאגרות החוב עקב פשיטת רגל של כל בעלים רשום (ואם הוא תאגיד - עקב פירוקו) יהא רשאי להירשם כבעליהן, לאחר מתן הוכחות שלדעת החברה תספקנה להוכיח את זכותו להירשם כבעלים שלהם.

27. **<u>פיצול תעודות אגרות החוב</u>**

27.1. בגין אגרות החוב (סדרה א') הרשומות על שם מחזיק אחד תוצא לו תעודה אחת, או לפי בקשתו, תוצאנה לו מספר תעודות (להלן: "**התעודות**").

27.2. כל תעודת אגרות החוב ניתנת לפיצול למספר תעודות אגרות חוב, אשר סך כל סכומי יתרת הקרן הבלתי מסולקת הנקובים בהן שווה לסכום הקרן הנקוב של התעודה שפיצולה מבוקש.

27.3. פיצול תעודת אגרות החוב כאמור יעשה על פי בקשת פיצול חתומה על ידי בעל אגרות החוב שבתעודה או נציגיו החוקיים, אשר תימסר לחברה במשרדה הרשום, בצרוף תעודת אגרות החוב שפיצולה מבוקש.

27.4. ביצוע הפיצול יעשה תוך שלושים יום מתום החודש בו נמסרה התעודה במשרדה הרשום של החברה. תעודות אגרות החוב החדשות שיוצאו בעקבות הפיצול תהיינה בסכומי ערך נקוב בשקלים חדשים שלמים כל אחת.

27.5. כל ההוצאות הכרוכות בפיצול, לרבות מס בולים והיטלים אחרים, אם יהיו כאלה, יחולו על מבקש הפיצול.

28. **<u>דוח שנתי של הנאמן</u>**

28.1. החל מהמועד הקובע יערוך ויפרסם הנאמן, עד תום הרבעון השני בכל שנה קלנדרית, דוח שנתי על ענייני הנאמנות (להלן: "**הדוח השנתי**").

28.2. הדוח השנתי יכלול פרוט הנושאים הבאים:

28.2.1. פירוט שוטף על מהלך ענייני הנאמנות בשנה שחלפה.

28.2.2. דיווח על אירועים חריגים בקשר עם הנאמנות שאירעו במהלך השנה שחלפה.

28.3. הנאמן יפרסם (בעצמו או באמצעות החברה לבקשת הנאמן) את הדוח השנתי במערכת המגנ"א.

28.4. נודע לנאמן על הפרה מהותית של שטר זה מצד החברה יודיע למחזיקי אגרות החוב על ההפרה ועל הצעדים שנקט למניעתה או לקיום התחייבויות החברה, לפי העניין.

28.5. הנאמן יהיה חייב להגיש דוח לגבי פעולות שביצע בהתאם להוראות חוק ניירות ערך ותקנותיו.

29. **<u>תפקידי הנאמן, סמכויות הנאמן ופקיעת כהונתו של הנאמן</u>**

29.1. על כהונת הנאמן ופקיעתה ועל מינוי נאמן חדש יחולו הוראות החוק.

29.2. ממועד כניסתו לתוקף של שטר נאמנות זה תפקידי הנאמן יהיו על-פי כל דין ושטר זה.

29.3. הנאמן יפעל בהתאם להוראות חוק ניירות ערך.

29.4. הנאמן ייצג את המחזיקים באגרות החוב בכל ענין הנובע מהתחייבויות החברה כלפיהם, והוא יהיה רשאי לשם כך לפעול למימוש הזכויות הנתונות למחזיקים לפי החוק או לפי שטר הנאמנות.

29.5. אין בחתימת הנאמן על שטר נאמנות זה הבעת דעת מצדו בדבר טיבם של ניירות הערך המוצעים או כדאיות ההשקעה בהם.

29.6. הנאמן לא יהיה חייב להודיע לצד כל שהוא על חתימת שטר זה. הנאמן לא יתערב באיזו צורה שהיא בהנהלת עסקי החברה או ענייניה והדבר אינו נכלל בין תפקידיו. אין באמור בסעיף זה כדי להגביל את הנאמן בכל פעולה שעליו לבצע בהתאם להוראות שטר זה.

29.7. בכפוף להוראות כל דין, הנאמן אינו מחויב לפעול באופן שאינו מפורט במפורש בשטר נאמנות זה, כדי שמידע כלשהו, לרבות על החברה ו/או בקשר ליכולתה של החברה לעמוד בהתחייבויותיה למחזיקי אגרות החוב יגיע לידיעתו ואין זה מתפקידו.

29.8. בכפוף להוראות כל דין ולאמור בשטר נאמנות זה, הנאמן מתחייב, בחתימתו על שטר זה, לשמור בסודיות כל מידע שניתן לו מהחברה, לא יגלה אותו לאחר ולא יעשה בו כל שימוש, אלא אם כן גילויו או השימוש בו נדרש לשם מילוי תפקידו לפי חוק ניירות ערך, לפי שטר הנאמנות, או לפי צו של בית משפט ובלבד שגילוי מידע כאמור יצומצם למידה והיקף המינימאליים הנדרשים לשם מילוי תפקידו של הנאמן כאמור וכי הנאמן יתאם עם החברה מראש, ככל שהדבר יהיה אפשרי בנסיבות העניין וככל שלא יהיה בכך כדי לפגוע בזכויות מחזיקי אגרות החוב, את תוכן ועיתוי הגילוי. הנאמן ישמור את המידע בסודיות

מוחלטת, לפחות באותה רמת זהירות בה הוא שומר מידע סודי שלו, וינקוט לשם כך לא פחות מרמת זהירות סבירה. חובת הסודיות המפורטת בסעיף זה תחול ותחייב גם את נציגיו המורשים ו/או יועציו המקצועיים של הנאמן והחברה תהא רשאית לדרוש כי יועצים מקצועיים כאמור יחתמו כלפי החברה על התחייבות לשמירת סודיות בנוסח זהה להוראות סעיף 29.8 זה.

ההתחייבות הנ"ל לסודיות לא תחול על כל חלק מהמידע, שהינו בבחינת נחלת הכלל (למעט מידע שהפך לנחלת הכלל בגין הפרה של ההתחייבות זו לסודיות) או שהתקבל בידי הנאמן על ידי צד ג' שלא עקב הפרת חובת סודיות של אותו צד ג' כלפי החברה - החל ממועד קבלתו.

29.9. הנאמן רשאי להסתמך במסגרת נאמנותו על כל מסמך בכתב לרבות, כתב הוראות, הודעה, בקשה, הסכמה או אישור, הנחזה להיות חתום או מוצא על ידי אדם או גוף כלשהו, אשר הנאמן מאמין בתום לב כי נחתם או הוצא על ידו.

29.10. פקעה כהונת נאמן, ימונה נאמן חדש במקומו באסיפת מחזיקים.

29.11. למרות האמור לעיל, החלטת מחזיקים על סיום כהונתו של הנאמן והחלפתו באחר תיעשה באסיפת מחזיקי אגרות החוב, בה נכחו, בעצמם או על-ידי באי-כוחם, מחזיקים של לפחות חמישים אחוזים (50%) מיתרת הערך הנקוב של אגרות החוב שבמחזור במועד הקובע לאסיפה, או באסיפה נדחית של אסיפה זו, שנכחו בה, בעצמם או על-ידי באי-כוחם, מחזיקים של לפחות עשרה אחוזים (10%) מן היתרה האמורה, ואשר נתקבלה (בין באסיפה המקורית ובין באסיפה הנדחית) ברוב של לפחות שבעים וחמישה אחוזים (75%) מכל הקולות של המשתתפים בהצבעה, למעט הנמנעים".

29.12. בכפוף להוראות כל דין, הנאמן שכהונתו פקעה ימשיך לכהן בתפקידו עד למינוי נאמן אחר. הנאמן יעביר לידי הנאמן החדש את כל המסמכים והסכומים שהצטברו אצלו בקשר עם הנאמנות נשוא שטר הנאמנות לסדרה הרלוונטית, ויחתום על כל מסמך שיידרש לשם כך. לכל נאמן חדש יהיו אותם הכוחות, הסמכויות וההרשאות האחרות כשל הנאמן שכהונתו פקעה, והוא יוכל לפעול, לכל דבר ועניין כאילו התמנה כנאמן מלכתחילה.

29.13. החברה תפרסם דוח מיידי בכל מקרה של התפטרות הנאמן ו/או מינוי נאמן אחר.

30. **<u>אסיפות של מחזיקי אגרות החוב</u>**

אסיפות מחזיקי אגרות החוב יתנהלו כאמור ב<u>נספח ב'</u> לשטר זה.

31. **<u>דיווח לנאמן</u>**

החברה תמסור לנאמן, כל עוד לא נפרעו כל אגרות החוב (לרבות הפרשי ההצמדה עליהן):

31.1. דוחות כספיים כמפורט בסעיף 4.8 לעיל.

31.2. אישורים כמפורט בסעיף 4.9 לעיל.

31.3. כל דוח מיידי של החברה אשר יתפרסם בישראל מיד לאחר פרסומו לציבור על ידי החברה, ככל שיפורסם.

31.4. על פי דרישת הנאמן - אישור מנהל הכספים של החברה בדבר ביצוע תשלום הריבית ו/או תשלום על חשבון יתרת הקרן הבלתי מסולקת ומועדם למחזיקי אגרות החוב ויתרת הערך הנקוב של אגרות החוב שבמחזור.

לצורך סעיף 31 זה פרסום הדיווחים האמורים בסעיף 31 זה לעיל במגנ"א - אם וככל שיפורסמו דיווחים אלו בעתיד במגנ"א ייחשב כמסירת הדיווח לידי הנאמן.

32. **<u>אחריות הנאמן</u>**

32.1. על אף האמור בכל דין ובכל מקום בשטר הנאמנות, ככל שהנאמן פעל לשם מילוי תפקידו בתום לב ובתוך זמן סביר וכן בירר את העובדות שנאמן סביר היה מברר בנסיבות העניין, לא יהא אחראי כלפי מחזיק באגרות החוב לנזק שנגרם לו כתוצאה מכך שהנאמן הפעיל את שיקול דעתו לפי הוראות סעיף 35ח(ד1) או 35ט1 לחוק, אלא אם כן יוכיח התובע כי הנאמן פעל ברשלנות חמורה. מובהר כי ככל שתתעורר סתירה בין הוראת סעיף זה להוראה אחרת בשטר הנאמנות, תגבר הוראת סעיף זה.

32.2. פעל הנאמן בתום לב ובלא התרשלות בהתאם להוראות סעיף 35ח(ד2) או 35ח(ד3) לחוק, לא יהיה אחראי בשל ביצוע הפעולה כאמור.

33. **<u>תחולת חוק ניירות ערך, התשכ"ח-1968</u>**

בכל עניין שלא נזכר בשטר זה וכן בכל מקרה של סתירה בין הוראות החוק ותקנותיו (שאינן ניתנות להתניה, בכל הנוגע למקרים של סתירה בלבד) לבין שטר זה, יפעלו הצדדים בהתאם להוראות החוק ותקנותיו.

34. **<u>תנאים מתלים</u>**

34.1. כניסתו של שטר נאמנות זה לתוקף במועד הקובע, כפופה לקיומם במצטבר של התנאים המתלים הבאים עד לא יאוחר מיום 30 בנובמבר 2014 ("**המועד האחרון לקיום התנאים המתלים**"):

34.1.1. החלטת האישור (כהגדרתה במבוא לשטר זה) הפכה לחלוטה על פי הדין ההולנדי.

34.1.2. הושלם ביצועה של ההזרמה ההונית כהגדרתה בסעיף 1.6 לעיל.

34.1.3. רישום כל מניות החברה למסחר בבורסה.

34.1.4. נמסרו לנאמן אישורים חתומים על ידי החברות הבנות על פי סעיף 5א' לעיל.

34.1.5. התקבל Pre-Ruling מרשות המיסים לגבי השלכות המס על מחזיקי אגרות החוב כתוצאה מתיקון שטר זה, אשר יצורף כנספח 34.1.5 לשטר נאמנות זה.

34.1.6. הפקדת הסכום אשר ישולם במועד תשלום הריבית הראשון בחשבון הנאמנות או אצל או אצל החברה לרישומים כאמור בסעיף 2.2.2.1 לעיל.

34.1.7. הפקדת הכרית כאמור בסעיף 4ג' בחשבון הנאמנות.

34.2. אם איזה מבין התנאים המתלים לא יתקיים עד למועד האחרון להתקיימות התנאים המתלים (כהגדרתו בסעיף 34 זה לעיל) כי אז שטר נאמנות זה וכן החלטת אסיפת מחזיקי אגרות החוב לפיה, בין היתר, אושר שטר נאמנות זה, וכן כל פעולה אחרת שנעשתה בקשר עם ו/או מכוח שטר זה והתוכנית (כהגדרתה להלן), יהיו בטלים ומבוטלים מעיקרם וחסרי כל תוקף מחייב, לרבות כלפי החברה ו/או הנאמן ו/או מי מטעמו ו/או כלפי מחזיקי אגרות החוב ו/או מי מטעמם.

35. **<u>תנאי מפסיק</u>**

במקרה בו שטר זה ייכנס לתוקף במועד הקובע על פי סעיף 34.1 לעיל ולא תבוצע הקצאת המניות המוקצות ואגרות החוב הנוספות עד תום 2 ימי מסחר מהמועד הקובע, לא יהיה שטר זה בתוקף כל עוד לא תבוצע ההקצאה כאמור, ובמקרה שהקצאה זו לא בוצעה עד חלוף 10 ימי מסחר מהמועד הקובע, שטר זה יהא בטל ומבוטל (אלא אם הוחלט אחרת בהחלטה מיוחדת של מחזיקי אגרות החוב (סדרה א'), מחזיקי אגרות חוב (סדרה ב') ומחזיקי אגרות החוב בפולין) ובמקרה כאמור יחולו הוראות סעיף 34.2 לעיל, בשינויים המחויבים והנאמן ישיב לחברה באופן מיידי את כל הסכומים שהופקדו בידו כאמור בסעיפים 34.1.6 ו-34.1.7 לעיל, לרבות הפירות שהצטברו בגינם. יובהר, כי במקרה ששטר נאמנות זה יבוטל שטר הנאמנות המקורי יחזור לתוקפו המלא.

36. **<u>דין חל וסמכות שיפוט</u>**

36.1. הדין הישראלי יחול באופן בלעדי על שטר נאמנות זה, על נספחיו, וכן על כל סכסוך שיתגלע בקשר לשטר זה, ולא תהא כל תחולה להוראות כל דין אחר בקשר עם שטר נאמנות זה.

36.2. סמכות השיפוט הבלעדית בכל הקשור לשטר זה תהיה מסורה לבית המשפט הרלוונטי בתל אביב-יפו בישראל בלבד, ולא תהא כל סמכות שיפוט לבית משפט אחר ו/או בתחום אחר.

37. **<u>כתובת חברה בישראל לצורך שטר זה</u>**

כתובת של החברה בישראל לצורכי שטר זה בלבד הינה רח' החשמונאים 88, ת.ד. 20039, תל אביב.

38. **<u>סתירה בין הוראות השטר</u>**

בכל מקרה של סתירה בין הוראות שטר הנאמנות לבין תוספותיו, יגברו הוראות שטר הנאמנות.

בכל מקרה של סתירה בין הוראות התוכנית ו/או כל דיווח אחר שנעשה בקשר עם התוכנית לבין הוראות שטר הנאמנות יגברו הוראות שטר הנאמנות.

39. **<u>הסמכה לדיווח במגנ"א</u>**

הנאמן מסמיך בחתימתו על שטר זה את מורשי החתימה האלקטרונית של החברה לדווח בשמו במגנ"א על התקשרותו בשטר זה וחתימתו עליו, ככל שהדבר נדרש ו/או יידרש על פי דין.

ולראיה באו הצדדים על החתום:

_____	_____
Plaza Centers N.V.	**הרמטיק נאמנות (1975) בע"מ**

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אני הח"מ, עוזי אלי, עו"ד, מאשר/ת כי שטר נאמנות זה נחתם על ידי חברת Plaza Centers N.V. על פי מסמכי ההתאגדות שלה, באמצעות ה"ה _____.

_____
עוזי אלי, עו"ד

_____

נספח א'

Plaza Centers N.V.

תעודת אגרת חוב (סדרה א')

עד למועד שטר הנאמנות, החברה (כהגדרתה להלן) הנפיקה סך כולל של 391,565,400 ש"ח ע"נ אגרות חוב (סדרה א'), רשומות על שם, בנות 1 ש"ח ערך נקוב כל אחת. עד למועד שטר הנאמנות, ביצעה החברה שלושה (3) פירעונות של תשלומי קרן ביום 31 בדצמבר של כל אחת מן השנים 2010, 2011 ו-2012 בסך כולל של 136,233,571 ש"ח ע"נ אגרות חוב (סדרה א'). אגרות חוב (סדרה א') שהונפקו כאמור וטרם נפרעו נכון למועד זה, תעמודנה לפירעון בחמישה (5) תשלומים שווים, ביום 31 בדצמבר 2017, בימים 1 ביולי ו-31 בדצמבר 2018, וביום 1 ביולי של כל אחת מהשנים 2019 ו-2020 (כאשר התשלום הראשון יבוצע ביום 31 בדצמבר 2017 והתשלום האחרון יבוצע ביום 1 ביולי 2020), וזאת אלא אם יוקדמו מועדי הפירעונות בשנה אחת כמפורט להלן, הנושאות החל מיום 1 בינואר 2014 ואילך ריבית בשיעור של 6% לשנה כמפורט בתנאים שמעבר לדף, אשר תשולם (מלבד שני תשלומי הריבית הראשונים שישולמו כמפורט להלן) בתשלומים חצי שנתיים בימים 1 ביולי ו-31 בדצמבר של כל אחת מהשנים 2015 עד 2019 וביום 1 ביולי 2020 (כאשר התשלום הראשון מבין תשלומי ריבית אלו יבוצע ביום 1 ביולי 2015 והתשלום האחרון יבוצע ביום 1 ביולי 2020), וזאת אלא אם יוקדמו מועדי פירעון תשלומי יתרת הקרן הבלתי מסולקת כמפורט להלן ובמקרה כאמור תשולם הריבית בתשלומים חצי שנתיים בימים 1 ביולי ו-31 בדצמבר של כל אחת מן השנים 2015 עד 2018 וביום 1 ביולי 2019 (כאשר התשלום הראשון מבין תשלומים אלו יבוצע ביום 1 ביולי 2015 והתשלום האחרון ביום 1 ביולי 2019), וצמודות קרן וריבית למדד בגין חודש מאי 2007, כפי שפורסם ביום 15 ביוני 2007.

אגרות חוב רשומות על שם _____

מספר תעודה: ____

ערך נקוב כולל של אגרות החוב שבתעודה זו _____ ש"ח

הבעלים הרשום של אגרות החוב שבתעודה זו: _____.

1. תעודה זו מעידה, כי Plaza Centers N.V. (להלן: "**החברה**") תשלם: ביום 31 בדצמבר 2017, בימים 1 ביולי ו-31 בדצמבר של שנת 2018 וביום 1 ביולי של כל אחת מהשנים 2019 ו-2020 (כולל) (כאשר התשלום הראשון יבוצע ביום 31 בדצמבר 2017 והתשלום האחרון יבוצע ביום 1 ביולי 2020) 20% מהיתרה הבלתי מסולקת של אגרות החוב שבתעודה זו, וכן תשלם החברה ריבית במועדים הבאים: לאחר חלוף 12 יום מן המועד הקובע לתשלום הריבית הראשון (כהגדרתו בשטר הנאמנות) ("**תשלום הריבית הראשון**"), ביום 31 בדצמבר 2014 ("**תשלום הריבית השני**"), בימים 1 ביולי ו-31 בדצמבר של כל אחת מהשנים 2015 עד 2019 וביום 1 ביולי 2020; על אף האמור, במקרה של הקדמת מועדי פירעון תשלומי יתרת הקרן הבלתי מסולקת כמפורט בסעיף 1 זה להלן, מועד תשלום הריבית האחרון יהיה ביום 1 ביולי 2019. ריבית שנצברה ולא שולמה בגין התקופה שעד ליום 31 בדצמבר 2013 (בשיעור של 4.5% לשנה) תיצבר ותיווסף באופן כאמור בסעיף 4א(2) לשטר הנאמנות, החל מיום 1 בינואר 2014 לקרן אגרות חוב (סדרה א') ותהיה חלק בלתי נפרד ממנה לכל דבר ועניין ובכלל זאת תיפרע במסגרת פירעונות הקרן. החל מיום 1 בינואר 2014 ואילך, שיעור הריבית על היתרה הבלתי מסולקת של קרן אגרות החוב הינו 6% לשנה.

   על אף האמור בסעיף 1 זה לעיל, במקרה בו לא פרעה החברה במהלך השנתיים הראשונות שתחילתן במועד הקובע (כהגדרתו בשטר הנאמנות) או עד ליום 1 בדצמבר 2016, לפי המוקדם, קרן אגרות חוב בגין שלושת הסדרות (כהגדרתן בשטר הנאמנות) בסכום כולל של לפחות 434,000,000 ש"ח[2] (ארבע מאות, שלושים וארבעה מיליון ש"ח) לא כולל הפרשי הצמדה, ובכלל זאת פירעון של קרן אגרות חוב (סדרה א') בסכום כולל של לפחות 92,032,137 ש"ח (לא כולל הפרשי הצמדה), יבוצע פדיון מוקדם כפוי של יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה א') באופן שהיא תעמוד לפירעון בחמישה (5) תשלומים שווים (כל אחד בסך של חמישית (20%) מיתרת הקרן הבלתי מסולקת האמורה) שישולמו ביום 31 בדצמבר 2016, בימים 1 ביולי ו-31 בדצמבר של שנת 2017 וביום 1 ביולי של כל אחת מן השנים 2018 ו-2019 (כאשר התשלום הראשון יבוצע ביום 31 בדצמבר 2016 והתשלום האחרון ביום 1 ביולי 2019). שיעור הריבית בגין כל תקופת ריבית יהיה כמפורט בסעיף 4.2 בתנאים הרשומים מעבר לדף.

   כל תשלום כאמור ייעשה למי שיהיה המחזיק הרשום של אגרות החוב שבתעודה זו ביום 19 בדצמבר או ביום 19 ביוני הסמוך לפני מועד הפירעון של אותו תשלום, למעט תשלום הריבית הראשון אשר ייעשה למי שיהיה המחזיק הרשום של אגרות החוב שבתעודה זו במועד הקובע לתשלום הריבית הראשון (כהגדרתו בשטר הנאמנות).

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[2] ככל שהפירעון אינו בש"ח - בהתאם לשער היציג של המטבע הזר מול השקל במועד הפירעון.

2. התשלום האחרון בגין יתרת הקרן הבלתי מסולקת והריבית ייעשה כנגד מסירת תעודת אגרות החוב לידי החברה במועד התשלום במשרדה הרשום של החברה או בכל מקום אחר עליו תודיע החברה לא יאוחר מ-5 ימי עסקים לפני מועד תשלומו על פי תנאי אגרת החוב.

3. אגרות החוב מסדרה זו הונפקו בהתאם לשטר נאמנות בין החברה מצד אחד לבין הרמטיק נאמנות (1975) בע"מ (להלן: "**הנאמן**") מצד שני, שנחתם ביום 4 ביולי 2007 כפי שתוקן ביום 31 בינואר 2008 וביום 10 במרס 2014 וכפי שתוקן והוחלף ביום __ ב_____ 2014 (להלן ולעיל: "**שטר הנאמנות**") ואינן מובטחות בשעבוד כלשהו.

4. כל אגרות החוב מסדרה זו תעמודנה בדרגה שווה בינן לבין עצמן (פרי-פסו), מבלי שתהיה כל זכות עדיפה לאחת על פני האחרת.

5. בכפוף להוראות שטר הנאמנות ובפרט הוראות סעיף 4 לשטר הנאמנות (מגבלות בדבר נטילת אשראי ויצירת שעבודים), החברה שומרת לעצמה את הזכות להנפיק בכל עת, ללא צורך בהסכמת הנאמן ו/או מחזיקי אגרות החוב מסדרה זו, אגרות חוב אחרות או סדרות אחרות של אגרות חוב או ניירות ערך אחרים, מכל מין וסוג שהוא, בין שיקנו זכות המרה במניות החברה ובין שלא יקנו זכות כאמור, בתנאים כפי שהחברה תמצא לנכון והכל בכפוף להוראות שטר הנאמנות.

6. אגרות החוב שבתעודה זו כפופות גם לתנאים המפורטים מעבר לדף ולתנאים המפורטים בשטר הנאמנות.

לא ניתן להציע, למכור, להעביר או למסור את אגרות החוב (סדרה א') ואת המניות המוצעות בהולנד כחלק מהפצתן הראשונית או בכל עת לאחר מכן, במישרין ו/או בעקיפין, למעט למשקיעים כשירים (qualified investors), כהגדרתם בסעיף 1:1 לחוק הפיקוח הפיננסי ההולנדי, לרבות, אך מבלי לגרוע מהאמור לעיל, בנקים, ברוקרים, דילרים ומשקיעים מוסדיים המחזיקים רישיון או המפוקחים בצורה אחרת לפעול בשווקים הפיננסיים או ישויות שמטרתן היחידה הינה השקעה בניירות ערך.

נחתם על ידי החברה ביום _____

_____ _____

אני הח"מ, _____, עו"ד, מאשר/ת כי תעודת אגרת חוב זאת נחתמה על ידי חברת Plaza Centers N.V. על פי מסמכי ההתאגדות שלה, באמצעות ה"ה _____.

_____

_____, עו"ד

<u>התנאים הרשומים מעבר לדף</u>

1. **<u>כללי</u>**

באגרת חוב זו תהיינה לביטויים הבאים המשמעויות הבאות, אלא אם משתמעת כוונה אחרת מהקשר הדברים, דהיינו:

"**החברה**" – Plaza Centers N.V.;

"**שטר הנאמנות המקורי**" – כהגדרתו בסעיף 1.6 לשטר הנאמנות.

"**שטר הנאמנות**" או "**שטר הנאמנות**" - שטר נאמנות בין החברה לבין הרמטיק נאמנות (1975) בע"מ שנחתם בקשר לאגרות החוב (סדרה א'), לרבות הנספחים המצורפים אליו ומהווים חלק בלתי נפרד הימנו, המתקן ומחליף לכל דבר ועניין את שטר הנאמנות המקורי (שלא יהיה בתוקף החל מהמועד הקובע) ובא במקומו, וכפי שיתוקן ו/או ישונה מעת לעת;

"**אגרות החוב (סדרה א')**" או "**אגרות חוב (סדרה א')** או "**סדרת אגרות החוב**" או "**אגרות החוב**" או "**אגרות חוב**" - סדרה של אגרות חוב (סדרה א') רשומות על שם בנות 1 ש"ח ע"נ כל אחת של החברה שהונפקו על ידי החברה ואשר תנאיהן מפורטים בשטר הנאמנות;

"**החוב הנדחה בגין אגרות חוב (סדרה א')**" – כהגדרתו בשטר הנאמנות.

"**הנאמן**" – הרמטיק נאמנות (1975) בע"מ ו/או כל מי שיכהן מדי פעם בפעם כנאמן של מחזיקי אגרות החוב לפי שטר הנאמנות;

"**מרשם**" - מרשם מחזיקי אגרות החוב כאמור בסעיף 24 לשטר הנאמנות;

"**מחזיק אגרת החוב**" או "**מחזיק אגרת חוב**" - האדם ששמו רשום בזמן הנדון במרשם כבעל אגרת החוב, ובמקרה של מספר מחזיקים במשותף, המחזיק המשותף הרשום ראשונה במרשם;

"**תעודת אגרות החוב**" - תעודת אגרות חוב (סדרה א') אשר נוסחה מפורט ב<u>נספח א'</u> לשטר הנאמנות.

"**החוק**" או "**חוק ניירות ערך**" - חוק ניירות ערך, התשכ"ח-1968 ותקנותיו כפי שיהיו מעת לעת.

"**אירו**" - המטבע האחיד של מדינות האיחוד המוניטרי האירופי.

"**מדד המחירים לצרכן**" או "**מדד**" - מדד המחירים הידוע בשם "מדד המחירים לצרכן" הכולל ירקות ופירות והמפורסם על ידי הלשכה המרכזית לסטטיסטיקה וכולל אותו מדד אף אם יפורסם על ידי גוף או מוסד רשמי אחר במקום הלשכה המרכזית לסטטיסטיקה, וכן כולל כל מדד רשמי אחר שיבוא במקומו, אם יהיה בנוי על אותם הנתונים שעליהם בנוי המדד

הקיים ואם לאו. אם יבוא במקומו מדד אחר שיפורסם על ידי גוף או מוסד כאמור, ואותו גוף או מוסד לא קבע את היחס שבינו לבין המדד המוחלף, ייקבע היחס האמור על ידי הלשכה המרכזית לסטטיסטיקה. במקרה שאותו יחס לא ייקבע כאמור, אזי יקבע הנאמן, בהתייעצות עם מומחים כלכליים שייבחרו על ידיו, את היחס שבין המדד האחר למדד המוחלף.

"**המדד הידוע**" בתאריך כלשהו - המדד שפורסם לאחרונה לפני אותו תאריך.

"**המדד היסודי**" - המדד בגין חודש מאי 2007, כפי שפורסם ביום 15 ביוני 2007.

"**מדד התשלום**" – המדד הידוע ביום התשלום של תשלום כלשהו על חשבון יתרת הקרן הבלתי מסולקת ו/או ריבית כאשר, ככל ומדד זה במועד תשלום כלשהו יהיה נמוך מהמדד היסודי, יהא מדד התשלום המדד היסודי.

"**יום עסקים**" - יום בו פתוחים מרבית הבנקים בישראל לציבור לביצוע עסקאות.

"**החלטה מיוחדת**" - החלטה שנתקבלה באסיפת מחזיקי אגרות החוב, בה נכחו, בעצמם או על-ידי באי-כוחם, מחזיקים של לפחות חמישים אחוזים (50%) מיתרת הערך הנקוב של אגרות החוב שבמחזור במועד הקובע לאסיפה, או באסיפה נדחית של אסיפה זו, שנכחו בה, בעצמם או על-ידי באי-כוחם, מחזיקים של לפחות עשרים אחוזים (20%) מן היתרה האמורה, ואשר נתקבלה (בין באסיפה המקורית ובין באסיפה הנדחית) ברוב של לפחות שני שלישים (2/3) מכל הקולות של המשתתפים בהצבעה, למעט הנמנעים.

"**זכאי**" - בעל אגרות החוב שבתעודה זו הזכאי לזכויות שנקבעו בה במועד הנדון.

"**הבורסה**" הבורסה לניירות ערך בתל אביב בע"מ.

"**יתרת הקרן הבלתי מסולקת**" – כהגדרתה בשטר הנאמנות.

"**המועד הקובע**" – כהגדרתו בשטר הנאמנות.

"**מועד הפירעון הסופי**" – כהגדרתו בשטר הנאמנות.

2. **<u>אגרות החוב</u>**

ראו סעיף 2 לשטר הנאמנות.

3. **<u>יתרת הקרן הבלתי מסולקת</u>**

יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה א') תעמוד לפירעון כמפורט בסעיף 2.1 לשטר הנאמנות. יתרת הקרן הבלתי מסולקת תהיה צמודה למדד המחירים לצרכן בהתאם לתנאי ההצמדה כאמור בסעיף 5 להלן.

4. **<u>הריבית</u>**

4.1. היתרה הבלתי מסולקת של קרן אגרות החוב (סדרה א') נושאת החל מיום 1 בינואר 2014 ואילך ריבית בשיעור של 6% לשנה.

הריבית תהיה צמודה למדד המחירים לצרכן בהתאם לתנאי ההצמדה כאמור בסעיף 5 להלן.

4.2. תשלום הריבית הראשון יבוצע במועד שיחול לאחר חלוף 12 יום מן המועד הקובע לתשלום הריבית הראשון, או במועד אחר אשר יוכתב על ידי הבורסה, בהתאם להנחיותיה ("**מועד תשלום הריבית הראשון**") עבור התקופה שתחילתה ביום 1 בינואר 2014 וסיומה ביום שקדם למועד תשלום הריבית הראשון ("**תקופת הריבית הראשונה**"), ישולם כמפורט בסעיף 2.2.2.1 לשטר הנאמנות. **המועד הקובע לתשלום הריבית הראשון**" – יום המסחר הראשון לאחר מועד ההקצאה כהגדרתו בסעיף 4א' לשטר הנאמנות. בהתאם לכך, שיעור הריבית בגין תקופת הריבית הראשונה יפורסם על ידי החברה לפחות 4 ימי מסחר לפני המועד הקובע לתשלום הריבית הראשון. תשלום הריבית השני יבוצע ביום 31 בדצמבר 2014 בגין התקופה שתחילתה במועד תשלום הריבית הראשון וסיומה ביום 31 בדצמבר 2014 ("**תקופת הריבית השניה**") וישולם כמפורט בסעיף 2.2.2.2 לשטר הנאמנות. שיעור הריבית בגין תקופת הריבית השניה יפורסם על ידי החברה לא יאוחר מחלוף 5 ימי מסחר מתחילת תקופה זו.

לאחר תקופת הריבית הראשונה ותקופת הריבית השניה לגביהן יחול האמור בסעיף 4.2 זה לעיל, הריבית תשולם בימים 1 ביולי ו-31 בדצמבר בעד חצי השנה שהסתיימה ביום שקדם למועד כל תשלום כאמור (להלן: "**תקופת ריבית**") על היתרה הבלתי מסולקת מעת לעת של סכום הקרן באותה תקופת ריבית, כאשר שיעור הריבית בגין כל תקופת ריבית יעמוד על 3%.

בכפוף ליתר תנאי אגרות החוב, החברה תשלם את הריבית כאמור למי שיהיה הבעלים הרשום של אגרות החוב בפנקס ביום 19 בדצמבר וביום 19 ביוני של כל שנה שקדם למועד פירעונו של אותו תשלום, בהתאמה, למעט תשלום הריבית הראשון אשר ייעשה למי שיהיה הבעלים הרשום של אגרות החוב שבתעודה זו במועד הקובע.

התשלום האחרון של הריבית יבוצע ביום 1 ביולי 2020 יחד עם התשלום האחרון על חשבון יתרת הקרן הבלתי מסולקת כנגד החזרת תעודות אגרות החוב לחברה. על אף האמור, במקרה של פדיון מוקדם כפוי כמפורט בסעיף 2.1.2 לשטר הנאמנות ובתעודת אגרת החוב, יבוצע התשלום האחרון של הריבית ביום 1 ביולי 2019.

5. **<u>תנאי ההצמדה של יתרת הקרן הבלתי מסולקת והריבית</u>**

יתרת הקרן הבלתי מסולקת והריבית עליה, כמפורט לעיל, יהיו צמודים למדד המחירים לצרכן באופן כדלקמן:

אם יתברר במועד הפירעון של תשלום כלשהו על חשבון יתרת הקרן הבלתי מסולקת ו/או הריבית של אגרות החוב כי מדד התשלום באותו מועד גבוה מהמדד היסודי, תשלם החברה אותו תשלום של קרן או ריבית, כשהוא מוגדל באופן יחסי לשיעור העלייה של מדד התשלום האמור לעומת המדד היסודי; אולם אם יתברר כי מדד התשלום האמור זהה למדד היסודי או נמוך ממנו, תשלם החברה אותו תשלום של קרן או ריבית כשהוא מחושב על בסיס המדד היסודי. על פי הנחיות הבורסה שיטת ההצמדה לא תשתנה בתקופת אגרות החוב.

6. **<u>תשלומי יתרת הקרן הבלתי מסולקת והריבית</u>**

6.1. כל תשלום על חשבון יתרת הקרן הבלתי מסולקת ו/או הריבית, בהתאמה, ישולם למי שיהיה רשום במרשם כבעל אגרות החוב ביום 19 בדצמבר או ביום 19 ביוני הסמוך לפני מועד הפירעון של אותו תשלום, למעט תשלום הריבית הראשון אשר ייעשה למי שיהיה הבעלים הרשום של אגרות החוב שבתעודה זו במועד הקובע וכן פרט לתשלום האחרון שיעשה כנגד מסירת תעודות אגרות החוב לידי החברה, במשרדה הרשום של החברה ו/או בכל מקום אחר עליו תודיע החברה, לא יאוחר מ-5 ימי עסקים לפני המועד הקבוע לפירעון התשלום האחרון.

תשלומים על חשבון יתרת הקרן הבלתי מסולקת והריבית יעשה בכפוף לתנאי ההצמדה כאמור בסעיף 5 לעיל.

בכל מקרה שבו מועד פירעון התשלום על חשבון קרן ו/או ריבית יחול ביום שאינו יום עסקים, יידחה מועד הפירעון של אותו תשלום ליום העסקים הראשון הבא אחריו, ובגין דחייה כאמור אותו תשלום לא יישא ריבית.

כל תשלום על חשבון קרן ו/או ריבית, אשר ישולם באיחור העולה על 3 ימי עסקים מהמועד הקבוע לתשלומו על פי תעודת אגרות חוב זו, וזאת מסיבות התלויות בחברה, יישא ריבית פיגורים כהגדרתה להלן החל מהמועד הקבוע לתשלומו ועד למועד תשלומו בפועל. לעניין זה, שיעור ריבית הפיגורים יהיה שיעור הריבית הגבוה מבין: (i) שיעור הריבית על אגרות החוב האמור בסעיף 4 לעיל בתוספת 2% או (ii) שיעור ריבית הפריים בתוספת 2%, והכול על בסיס שנתי. החברה תודיע לבורסה בדיווח מיידי שני ימי מסחר לפני יום התשלום בפועל על שיעור הריבית הכולל את שיעור ריבית הפיגורים.

6.2. כל תשלום המגיע מהחברה בגין אגרות החוב יהיה בכפוף לניכוי מס במקור ככל שיידרש על פי דין מהחברה לעשות כן.

6.3. התשלום לזכאי ייעשה בשיק או בהעברה בנקאית לזכות חשבון בנק שפרטיו יימסרו בכתב לחברה מבעוד מועד על ידי הזכאי, בהתאם לאמור בסעיף 6.5 להלן. אם החברה לא תוכל, מכל סיבה שהיא שאינה תלויה בה, לשלם סכום כלשהו לזכאי לכך, היא תפקיד סכום זה בידי הנאמן כאמור בסעיף 7 להלן.

6.4. אם הזכאי לתשלום לא מסר מבעוד מועד לחברה את פרטי חשבון הבנק לזיכויו בהעברה בנקאית כאמור, תשלח החברה בדואר רשום שיק לכתובתו האחרונה הרשומה במרשם. משלוח שיק לזכאי בדואר רשום כאמור יחשב לכל דבר ועניין כתשלום הסכום הנקוב בו בתאריך שיגורו בדואר ובלבד שנפרע עם הצגתו כהלכה לגביה.

6.5. בעל אגרות החוב שיחפוץ להודיע את פרטי חשבון הבנק לזיכויו בתשלומים על פי אגרות החוב כאמור, או לשנות את פרטי החשבון האמור או את הוראותיו לגבי אופן התשלום, יוכל לעשות כן בהודעה בכתב שתישלח לחברה בדואר רשום, אולם החברה תמלא אחר ההוראה אך ורק אם הגיעה למשרדה הרשום לפחות 10 ימים לפני המועד הקבוע לפירעון תשלום כלשהו על פי אגרת החוב. במקרה שההודעה תתקבל על ידי החברה באיחור, תפעל החברה לפיה אך ורק ביחס לתשלומים שמועד פירעונם חל לאחר מועד התשלום הסמוך ליום קבלת ההודעה.

7. **<u>הימנעות מתשלום מסיבה שאינה תלויה בחברה</u>**

לעניין זה ראו סעיף 13 לשטר הנאמנות.

8. **<u>העברת אגרות החוב</u>**

8.1. אגרות החוב ניתנות להעברה לגבי כל סכום ערך נקוב ובלבד שיהיה בשקלים חדשים שלמים. כל העברה של אגרות החוב תיעשה על פי כתב העברה הערוך בנוסח המקובל להעברת מניות, חתום כדין על ידי הבעלים הרשום או נציגיו החוקיים, וכן על ידי מקבל ההעברה או נציגיו החוקיים, שיימסר לחברה במשרדה הרשום בצרוף תעודות אגרות החוב המועברות על פיו, וכל הוכחה אחרת שתידרש על ידי החברה לשם הוכחת זכותו של המעביר להעברתן.

8.2. העברת אגרות חוב תבוצע באמצעות חתימת המעביר ומקבל ההעברה על כתב העברת מניות בנוסח מקובל על החברה, בצירוף עד לחתימת כל אחד מהם. כתב העברת אגרות החוב יימסר לחברה בשעות העבודה המקובלות.

8.3. על אף האמור לעיל, עד לרישום אגרות החוב (סדרה א') למסחר בבורסה, אם וככל שיירשמו, אגרות החוב לא תהיינה ניתנות להעברה על ידי מי מבעלי אגרות החוב אלא למי שהנו (א) משקיע הנמנה עם המשקיעים המנויים בתוספת הראשונה לחוק ניירות ערך ; (ב) לחברה או לחברה בת שלה ; או (ג) למשקיע אחר בכפוף לקבלת אישורה מראש של החברה. החברה תהא רשאית למנוע העברת אגרות החוב כאמור שלא למשקיעים המפורטים לעיל לפי שיקול דעתה הבלעדי ומבלי שתצטרך לנמק את סירובה להעברה כאמור ולמחזיקי אגרות החוב לא תהא כל טענה ו/או תביעה כלפי החברה בקשר עם סירוב כאמור.

8.4. במקרה של העברת חלק בלבד מסכום הקרן הנקוב הבלתי מסולק של אגרות החוב שבתעודה זו, תפוצל תחילה על פי הוראות סעיף 9 להלן התעודה למספר תעודות אגרות חוב כמתחייב מכך, באופן שסך כל סכומי הקרן הנקובים בהן יהיה שווה לסכום הקרן הנקוב של תעודת אגרות החוב האמורה.

8.5. לאחר קיום כל התנאים האלה תרשם ההעברה במרשם.

8.6. כל ההוצאות והעמלות הכרוכות בהעברה יחולו על מבקש ההעברה.

9. **<u>פיצול תעודת אגרות החוב</u>**

9.1. כל תעודת אגרות החוב ניתנת לפיצול למספר תעודות אגרות חוב, אשר סך כל סכומי הקרן הנקובים בהן שווה לסכום הקרן הנקוב של התעודה שפיצולה מבוקש.

9.2. פיצול תעודת אגרות החוב כאמור יעשה על פי בקשת פיצול חתומה על ידי בעל אגרות החוב שבתעודה או נציגיו החוקיים, אשר תימסר לחברה במשרדה הרשום, בצרוף תעודת אגרות החוב שפיצולה מבוקש.

9.3. ביצוע הפיצול יעשה תוך שלושים יום מתום החודש בו נמסרה התעודה במשרדה הרשום של החברה. תעודות אגרות החוב החדשות שיוצאו בעקבות הפיצול תהיינה בסכומי ערך נקוב בשקלים חדשים שלמים כל אחת.

9.4. כל ההוצאות הכרוכות בפיצול, לרבות מס בולים והיטלים אחרים, אם יהיו כאלה, יחולו על מבקש הפיצול.

10. **<u>הוראות כלליות</u>**

10.1. תשלומים על חשבון יתרת הקרן הבלתי מסולקת והריבית משתלמים וניתנים להעברה בלי שים לב לכל זכויות שביושר או כל זכות קיזוז או תביעה נגדית הקיימות או שתהיינה קיימות בין החברה לבין מחזיק, מחזיק קודם, כולל המחזיק המקורי של אגרות החוב.

10.2. כל מי שנעשה זכאי לאגרות החוב כתוצאה מפשיטת רגל או כתוצאה מהליכי פירוק של מחזיק אגרות החוב, תהיה לו הזכות, לכשיביא את אותן הראיות שהחברה תדרוש ממנו מדי פעם בפעם, להירשם במרשם כמחזיק אגרות החוב או, בכפוף לתנאים המפורטים לעיל בתעודה זו, להעביר אותן.

10.3. בעלי אגרות החוב יהיו רשאים להפעיל את זכויותיהם על פי אגרות החוב ושטר הנאמנות באמצעות הנאמן או על פי החלטת אסיפה כללית של בעלי אגרות החוב בדרכים המפורטות באגרת החוב ובשטר הנאמנות. למרות האמור לעיל, היה והנאמן

ינהג שלא בהתאם להוראות שטר הנאמנות ואגרת החוב, יהיו בעלי אגרות החוב רשאים להפעיל את זכויותיהם על פי החלטת האסיפה הכללית.

10.4. זכות הפירעון המיידי המפורטת בסעיף 7 לשטר הנאמנות תחשב כחלק בלתי נפרד מאגרת חוב זו.

11. **<u>פשרות ו/או שינויים בתנאי אגרות החוב</u>**

לעניין זה ראו סעיף 25 לשטר הנאמנות.

12. **<u>אסיפות כלליות של מחזיקי אגרות החוב</u>**

האסיפות הכלליות של מחזיקי אגרות החוב תתכנסנה ותתנהלנה בהתאם לאמור ב<u>נספח ב'</u> לשטר הנאמנות.

13. **<u>קבלות כהוכחה</u>**

מבלי לגרוע מכל תנאי אחר מתנאים אלה, תהווה קבלה חתומה על ידי מחזיק אגרות החוב שבתעודה זו הוכחה לסילוק מלא של כל תשלום הנקוב בקבלה, אשר נעשה על ידי החברה או על ידי הנאמן, לפי העניין, בגין אגרות החוב שבתעודה זו.

14. **<u>החלפת תעודת אגרות החוב</u>**

במקרה שתעודת אגרות החוב תתבלה, תאבד או תושמד תהיה החברה רשאית להוציא במקומה תעודה חדשה של אגרות החוב, וזאת באותם תנאים ביחס להוכחה, לשיפוי ולכיסוי ההוצאות שנגרמו לחברה לשם בירור אודות זכות הבעלות באגרות החוב, כפי שהחברה תמצא לנכון, בתנאי שבמקרה של בלאי, תעודת אגרות החוב הבלויה תוחזר לחברה לפני שתוצא התעודה החדשה. מס בולים והיטלים אחרים וכן הוצאות אחרות הכרוכות בהוצאת התעודה החדשה, יחולו על מבקש התעודה האמורה.

15. **<u>הודעות</u>**

לעניין זה ראו סעיף 24 לשטר הנאמנות.

16. **<u>רכישת אגרות חוב על ידי החברה או על ידי חברה בת</u>**

לעניין זה ראו סעיף 3 לשטר הנאמנות.

17. **<u>פדיון מוקדם ביוזמת הבורסה</u>**

אם יוחלט על ידי הבורסה על מחיקה מרישום למסחר של אגרות החוב שבמחזור מפני ששווי סדרת אגרות החוב בהן פחת מהסכום שנקבע בהנחיות הבורסה בדבר מחיקה מהמסחר של

אגרות חוב, תקבע החברה מועד פדיון שבו רשאי המחזיק באגרות החוב לפדותן ותפעל לשם כך כדלקמן:

17.1. תוך 45 יום מתאריך החלטת דירקטוריון הבורסה על מחיקה מהמסחר כאמור, תודיע החברה על מועד פדיון מוקדם שבו רשאי המחזיק באגרות חוב לפדותן. החברה תשלם למחזיק את הקרן בתוספת הפרשי הצמדה וריבית על פי תנאי אגרת החוב שנצברו עד ליום הפדיון בפועל. ההודעה על מועד הפדיון המוקדם תפורסם בשני עיתונים יומיים נפוצים בישראל בשפה העברית ותישלח בכתב בדואר רשום לכל המחזיקים באותה עת באגרות החוב.

17.2. מועד הפדיון המוקדם יחול לא לפני 17 יום מתאריך פרסום ההודעה ולא יאוחר מ-45 יום מהתאריך הנ"ל, אך לא בתקופה שבין המועד הקובע לתשלום ריבית לבין מועד תשלומה בפועל.

17.3. במועד הפדיון המוקדם תפדה החברה את אגרות החוב שהמחזיקים בהן ביקשו לפדותן, לפי ערכן הנקוב בצירוף הפרשי ההצמדה והריבית שהצטברו על הקרן עד מועד הפדיון בפועל (חישוב הריבית עבור חלק משנה יעשה על בסיס 365 יום לשנה).

17.4. קביעת מועד פדיון מוקדם כאמור לעיל אין בה כדי לפגוע בזכויות הפדיון הקבועות באגרות החוב, למי ממחזיקי אגרות החוב שלא יפדו אותן במועד הפדיון המוקדם כאמור לעיל, אך אגרות החוב תמחקנה מהמסחר, ויחולו עליהן, בין היתר, השלכות המס הנובעות מכך.

17.5. פדיון מוקדם של אגרות החוב כאמור לעיל לא יקנה למי שהחזיק באגרות החוב שייפדו כאמור את הזכות לתשלום ריבית בגין התקופה שלאחר מועד פדיונן בפועל.

18. **<u>פדיון מוקדם ביוזמת החברה ופדיון מוקדם חובה עקב "אירוע מימוש"</u>**

לעניין זה ראו סעיף 7א. לשטר הנאמנות.

נספח ב'

Plaza Centers N.V.

אסיפות כלליות של מחזיקי אגרות החוב

בכפוף להוראות חוק ניירות ערך, כינוס אסיפה של מחזיקי איגרות החוב, אופן ניהולה ותנאים שונים לגביה, יהיו כאמור להלן:

זימון אסיפה

1. הנאמן יכנס אסיפת מחזיקי אגרות חוב אם ראה צורך בכך, או לפי דרישה בכתב של מחזיקים באגרות החוב המחזיקים, לבד או יחדיו, לפחות בחמישה אחוזים (5%) מיתרת הערך הנקוב של אגרות החוב שבמחזור.

2. במקרה שהמבקשים את זימון האסיפה הינם מחזיקי אגרות החוב כאמור בסעיף 1 לעיל, יהיה הנאמן רשאי לדרוש מהמבקשים שיפוי, לרבות מראש, עבור ההוצאות הסבירות הכרוכות בכך. יובהר כי לא יהיה בדרישת שיפוי זו כדי לגרוע מחובת החברה לשאת בהוצאות הכרוכות בזימון האסיפה.

3. נאמן שנדרש לכנס אסיפת מחזיקים לפי הוראות סעיף 11 לעיל, יזמנה בתוך 21 ימים מיום שהוגשה לו הדרישה לכנסה, למועד שיקבע בהזמנה, ובלבד שמועד הכינוס לא יהיה מוקדם משבעה ימים ולא מאוחר מ-21 ימים ממועד הזימון; ואולם הנאמן רשאי להקדים את כינוס האסיפה, ליום אחד לפחות לאחר מועד הזימון, אם סבר כי הדבר דרוש לשם הגנה על זכויות המחזיקים ובכפוף להוראות סעיף 16 להלן; עשה כן, ינמק הנאמן בדוח בדבר זימון האסיפה את הסיבות להקדמת מועד הכינוס.

4. הנאמן רשאי על פי שיקול דעתו לשנות את מועד כינוס האסיפה לרבות להקדים את מועד כינוס האסיפה כאמור בסעיף 3 לעיל.

5. לא זימן הנאמן אסיפת מחזיקים, לפי דרישת מחזיקים (כאמור בסעיף 1 לעיל), בתוך המועד כאמור בסעיף 3 לעיל, רשאים המחזיקים לכנס את האסיפה, ובלבד שמועד הכינוס יהיה בתוך 14 ימים, מתום התקופה לזימון האסיפה בידי הנאמן, והנאמן יישא בהוצאות שהוציא המחזיק בקשר עם כינוס האסיפה.

6. החברה רשאית לזמן, בכל עת, אסיפה של מחזיקי איגרות החוב בתיאום עם הנאמן. אם החברה מזמנת אסיפה כזו, עליה לשלוח מיד לנאמן הודעה בכתב על המקום, היום והשעה בהם תתקיים האסיפה וכן על העניינים שיובאו לדיון בה, והנאמן או נציג מטעמו יהיו רשאים להשתתף באסיפה כאמור מבלי שתהיה להם זכות הצבעה. אסיפה כאמור תזומן למועד שיקבע בהזמנה, ובלבד שמועד הכינוס לא יהיה מוקדם משבעה ימים ולא מאוחר מ-21 ימים ממועד הזימון.

<u>פגמים בכינוס</u>

7. בית המשפט רשאי, לבקשת מחזיק, להורות על ביטולה של החלטה שהתקבלה באסיפת מחזיקים שהתכנסה או שהתנהלה בלא שהתקיימו התנאים הקבועים לכך לפי החוק או לפי הוראות שטר הנאמנות ותוספת זו.

8. היה הפגם בכינוס נוגע להודעה לגבי מקום כינוס האסיפה או מועדה, לא יהיה רשאי מחזיק שהגיע לאסיפה, על אף הפגם, לדרוש את ביטול ההחלטה.

<u>הודעה על כינוס אסיפה</u>

9. הודעה על אסיפת מחזיקים תפורסם לפי הוראות פרק ז'1 לחוק ניירות ערך ותימסר לחברה על ידי הנאמן.

10. הודעת הזימון תכלול את סדר היום, ההחלטות המוצעות וכן הסדרים לעניין הצבעה בכתב לפי הוראות סעיפים 24 ו-26 להלן.

<u>סדר היום באסיפה</u>

11. הנאמן יקבע את סדר היום באסיפת מחזיקים, ויכלול בו נושאים שבשלהם נדרש כינוסה של אסיפת מחזיקים לפי סעיפים 1 ו-12 לעיל, וכן נושא שנתבקש כאמור בסעיף 13 להלן לבקשת מחזיק.

12. ככל שתזומן אסיפה כאמור בסעיף 6 לעיל תקבע החברה את סדר היום באסיפה.

13. מחזיק, אחד או יותר, שלו חמישה אחוזים (5%) לפחות מיתרת הערך הנקוב של סדרת אגרות החוב, רשאי לבקש מהנאמן לכלול נושא בסדר היום של אסיפת מחזיקים שתתכנס בעתיד, ובלבד שהנושא מתאים להיות נדון באסיפה כאמור.

14. באסיפת מחזיקים יתקבלו החלטות בנושאים שפורטו בסדר היום בלבד.

<u>מקום כינוס אסיפה</u>

15. אסיפת מחזיקים תיערך בישראל במשרדי עורכי הדין של החברה או במקום אחר עליו יודיעו הנאמן או החברה והחברה תישא בעלויות כינוס האסיפה במקום אחר כאמור. הנאמן רשאי לשנות את מען כינוס האסיפה.

<u>המועד הקובע לבעלות באגרות חוב</u>

16. מחזיקים הזכאים להשתתף ולהצביע באסיפת המחזיקים הם מחזיקים באגרות חוב במועד שייקבע בהחלטה לזמן אסיפת מחזיקים, ובלבד שמועד זה לא יפחת מיום אחד ולא יעלה על שלושה ימים לפני מועד הכינוס.

<u>יו"ר האסיפה, פרוטוקולים באסיפות מחזיקים</u>

17. בכל אסיפת מחזיקים (לרבות אסיפה שזומנה על ידי החברה כאמור בסעיף 6 לעיל) יכהן הנאמן או מי שהוא מינה כיושב ראש אותה אסיפה.

18. הנאמן יערוך פרוטוקולים של אסיפת מחזיקי אגרות החוב, וישמור אותם במשרדו הרשום לתקופה של שבע (7) שנים ממועד האסיפה. פרוטוקול האסיפה יכול שיהיה בדרך של הקלטה. פרוטוקול, ככל שנערך בכתב, ייחתם על-ידי יושב הראש של האסיפה. כל פרוטוקול שנחתם בידי יושב ראש האסיפה מהווה ראיה לכאורה לאמור בו.

19. מרשם הפרוטוקולים של אסיפות המחזיקים יישמר במשרדו של הנאמן, יהיה פתוח לעיון מחזיקי אגרות החוב (ולעיון החברה על פי בקשתה ורק לעניין אסיפות/דיונים בהן נכחה החברה ו/או מי מטעמה) והעתק ממנו יישלח למחזיק באגרות חוב שיבקש. הנאמן יהיה רשאי לעכב מסירה של כל פרוטוקול, לכל גורם שהוא (למעט החברה – ביחס לאסיפות דיונים בהם נכחה החברה ו/או מי מטעמה), אם עפ"י שיקול דעתו הבלעדי, העברת הפרוטוקול, כולו או חלקו, עלולה לפגוע בזכויות מחזיקי אגרות החוב.

20. הכרזת יושב ראש האסיפה שהחלטה באסיפת מחזיקים התקבלה או נדחתה, בין פה אחד ובין ברוב פלוני, תהיה ראיה לכאורה לאמור בה.

<u>מנין חוקי; אסיפה נדחית או נמשכת</u>

21. אסיפת מחזיקי אגרות החוב תיפתח על ידי יו"ר האסיפה לאחר שקבע כי קיים המניין החוקי הדרוש לאיזה מן הנושאים שעל סדר יומה של האסיפה, כדלקמן:

21.1. כפוף למניין החוקי הנדרש לצורך קבלת החלטה מיוחדת וכפוף להוראות חוק ניירות ערך אשר אינן ניתנות להתניה ולהוראות שטר הנאמנות, המניין החוקי הנדרש לקיום אסיפה של מחזיקי אגרות החוב יהיה נוכחותם של לפחות שני מחזיקי אגרות חוב, הנוכחים בעצמם או על-ידי בא-כוחם, שלהם לפחות עשרים וחמישה אחוזים (25%) מזכויות ההצבעה של אגרות החוב שבמחזור, בתוך מחצית השעה מהמועד שנקבע לפתיחת האסיפה, אלא אם כן נקבעה דרישה אחרת בחוק. על אף האמור, אסיפת התייעצות כאמור בסעיף 47 להלן תתקיים בכל מספר משתתפים שהוא.

21.2. לא נכח באסיפת מחזיקים, בתום מחצית השעה מהמועד שנקבע לתחילת האסיפה, מנין חוקי, תידחה האסיפה למועד אחר שלא יקדם משני ימי עסקים לאחר המועד שנקבע לקיום האסיפה המקורית או מיום עסקים אחד, אם סבר הנאמן כי הדבר דרוש לשם הגנה על זכויות המחזיקים; נדחתה האסיפה, ינמק הנאמן בדוח בדבר זימון האסיפה את הסיבות לכך.

21.3. לא נכח באסיפת המחזיקים הנדחית כאמור בסעיף 21.2 לעיל, מניין חוקי כעבור מחצית השעה לאחר המועד שנקבע לה, תתקיים האסיפה בכל מספר משתתפים שהוא, אלא אם כן נקבעה דרישה אחרת בחוק.

21.4. על אף האמור בסעיף 21.3 לעיל, כונסה אסיפת המחזיקים על פי דרישת מחזיקים כאמור בסעיף 1 לעיל, תתקיים אסיפת המחזיקים הנדחית רק אם נכחו בה מחזיקים באגרות חוב לפחות במספר הדרוש לצורך כינוס אסיפה כאמור באותו סעיף (קרי: חמישה אחוזים (5%) לפחות מיתרת הערך הנקוב של אגרות החוב שבמחזור).

22. אגרות חוב המוחזקות בידי מחזיק קשור (כהגדרתו בסעיף 3.3 לשטר הנאמנות), לא יובאו בחשבון לצורך קביעת המניין החוקי באסיפת מחזיקים, וקולותיו לא יובאו במניין הקולות בהצבעה באסיפה כאמור.

23. לפי החלטה של הנאמן או בהחלטה רגילה של מחזיקי אגרות החוב, ידחה המשכה של האסיפה המקורית מפעם לפעם, הדיון או קבלת החלטה בנושא שפורט בסדר היום, למועד אחר ולמקום שיקבע כפי שהנאמן או האסיפה כאמור יחליטו (להלן: "**אסיפה נמשכת**"). באסיפה נמשכת לא יידון אלא נושא שהיה על סדר היום ושלא נתקבלה לגביו החלטה.

נדחתה אסיפת מחזיקים בלי לשנות את סדר יומה, יינתנו הזמנות לגבי המועד החדש לאסיפה הנמשכת, מוקדם ככל האפשר, ולא יאוחר מ-12 שעות קודם לאסיפה הנמשכת; ההזמנות כאמור יינתנו לפי סעיפים 9 ו-10 לעיל.

<u>השתתפות והצבעה</u>

24. מחזיק באגרות חוב רשאי להצביע באסיפת מחזיקים, בעצמו או באמצעות שלוח וכן בכתב הצבעה שבו יציין את אופן הצבעתו, ולפי הוראות סעיף 26 להלן. מחזיק אגרות החוב המבקש להשתתף באסיפה יציג בפני הנאמן אישור על בעלות נכון למועד הקובע, לרבות כתב מינוי אם אגרות החוב אינן רשומות על שם המשתתף באסיפה על פי סעיף 35א' לחוק, עובר למועד פתיחת האסיפה הרלוונטית, אלא אם נקבע אחרת בהודעת זימון האסיפה.

25. החלטה באסיפת המחזיקים תתקבל בהצבעה במניין קולות.

26. יו"ר האסיפה רשאי לקבוע כי הצבעות יהיו בדרך של כתבי הצבעה או בהצבעה במהלך האסיפה. במקרה בו קבע היו"ר כי ההצבעה תהיה בדרך של כתב הצבעה ידאג הנאמן, כי נוסח כתב ההצבעה יופץ למחזיקים, ויקבע את מועד נעילת ההצבעה שעד אליו על המחזיקים לשלוח לנאמן את כתב ההצבעה מלא וחתום כדין. הנאמן רשאי לדרוש ממחזיק להצהיר במסגרת כתב ההצבעה באשר לקיומו או היעדרו של עניין מנוגד (כהגדרתו להלן) שיש לו, וכן להצהיר אודות החזקותיו של אותו מחזיק בניירות ערך אחרים של החברה ו/או ניירות ערך של כל תאגיד רלוונטי אחר, בהתאם לשיקול דעתו של הנאמן. מחזיק אשר לא ימלא את כתב ההצבעה במלואו ו/או אשר לא יוכיח את זכאותו להשתתף ולהצביע באסיפה על פי הוראות התוספת השנייה, ייחשב כמי שלא מסר כתב הצבעה, ולפיכך בחר שלא להצביע על הנושא/ים שבכתב ההצבעה. כתב הצבעה מלא וחתום כדין שבו ציין מחזיק את אופן הצבעתו, אשר הגיע לנאמן עד למועד האחרון שנקבע לכך, ייחשב כנוכחות באסיפה לעניין קיום המניין החוקי כאמור בסעיף 21 לעיל.

הנאמן יהיה רשאי, בהתאם לשיקול דעתו ובכפוף לכל דין, לקיים אסיפות הצבעה בהן יערכו הצבעות באמצעות כתבי הצבעה וללא התכנסות המחזיקים, וכן לקיים הצבעה באמצעות כתבי הצבעה באסיפת הצבעה (לרבות באסיפה נדחית שלה אשר לא נכח בה עם פתיחתה המניין החוקי הנדרש לצורך קבלת ההחלטה שעל סדר היום) ובלבד שיתקבלו אצל הנאמן, עד למועד נעילת אסיפת ההצבעה, אשר ייקבע בהודעה על כינוס האסיפה או קיום ההצבעה, לפי העניין, כתבי הצבעה מאת מחזיקים המהווים מניין חוקי הדרוש לצורך קבלת ההחלטה באסיפה מקורית או אסיפה נדחית, לפי העניין.

כתב הצבעה שהתקבל אצל הנאמן כאמור לעיל לגבי עניין מסוים אשר לא התקיימה לגביו הצבעה באסיפת המחזיקים, ייחשב כנמנע בהצבעה באותה אסיפה לעניין החלטה על קיום אסיפת מחזיקים נדחית לפי הוראת סעיף 23 לעיל, והוא יימנה באסיפת המחזיקים הנדחית שתתקיים לפי הוראות סעיפים 23 או 21.3 ו-21.4 לעיל.

27. כל 1 ש"ח ערך נקוב של אגרות החוב המיוצגות בהצבעה יקנה קול אחד בהצבעה. במקרה של מחזיקים במשותף באגרות חוב יתקבל רק קולו של מי שרשום ראשון מביניהם במרשם.

28. מחזיק אגרות חוב רשאי להצביע בגין חלק מאגרות החוב שבהחזקתו לרבות להצביע בגין חלקן בעד הצעת החלטה ובגין חלק אחר נגדה ובגין חלק אחר להימנע, הכל כפי ראות עיניו.

<u>החלטות</u>

29. הרוב הדרוש לאישור החלטה רגילה באסיפה הוא רוב רגיל של מספר הקולות המשתתפים בהצבעה כאמור בסעיף 24 לעיל מבלי להביא בחשבון את קולות הנמנעים. הרוב הדרוש לאישור החלטה מיוחדת באסיפה כזו הוא רוב של לא פחות משני שלישים (2/3) ממספר הקולות המשתתפים בהצבעה כאמור בסעיף 24 לעיל מבלי להביא בחשבון את קולות הנמנעים.

30. החלטות אסיפת מחזיקים יתקבלו ברוב רגיל, אלא אם כן נקבע רוב אחר בחוק או בשטר הנאמנות. בנוסף, ביחס להחלטות שלא נקבע לגביהן במפורש בחוק או בשטר הנאמנות כי יתקבלו ברוב רגיל, רשאי הנאמן להחליט על פי שיקול דעתו הסביר בהתאם לנסיבות האם אישור החלטה דורש רוב שאינו רגיל.

במספר הקולות המשתתפים בהצבעה לא ימנו קולות הנמנעים מהצבעה.

<u>הצבעה ופעולות באמצעות שלוח/בא כוח</u>

31. כתב מינוי הממנה שלוח יהיה בכתב וייחתם על-ידי הממנה או על-ידי בא-כוחו שיש לו הסמכה לעשות כן בכתב כהלכה. אם הממנה הוא תאגיד, ייעשה המינוי בכתב ויהא חתום בחותמת התאגיד, בצירוף חתימת מורשי החתימה של התאגיד.

32. כתב מינוי של שלוח ייערך בכל צורה אשר תהיה מקובלת על הנאמן.

33. שלוח אינו חייב להיות בעצמו מחזיק איגרת חוב.

34. כתב מינוי וייפוי הכוח וכל תעודה אחרת שעל-פיה נחתם כתב המינוי או העתק מאושר של ייפוי כוח כזה, יימסר לנאמן עד למועד כינוס האסיפה אלא אם כן נקבע אחרת בהודעה המזמנת את האסיפה.

35. קול שניתן ו/או הצבעה שנעשתה בהתאם לתנאים שבמסמך הממנה בא-כוח, יהיה בר תוקף אף אם: (1) קודם לכן נפטר הממנה או הוכרז פסול דין; או (2) לאחר ההצבעה בוטל כתב המינוי; או (3) לאחר ההצבעה הועברה איגרת החוב שלגביה ניתן הקול, אלא אם נתקבלה במשרדה הרשום של החברה או במען אחר עליו תודיע החברה או בידי הנאמן, לפני האסיפה או ההצבעה, הודעה בכתב בדבר פטירת הממנה, היותו פסול דין, או בדבר הביטול או ההעברה כאמור לעיל.

36. הנאמן ישתתף באסיפה באמצעות עובדיו, נושאי משרה בו, ממלאי תפקיד בו או אדם אחר שיתמנה על ידו, אך לא תהיה לו זכות הצבעה.

37. החברה וכל אדם אחר למעט הנאמן יהיו מנועים מלהשתתף באסיפת מחזיקי אגרות החוב או בכל חלק ממנה, לפי החלטת הנאמן או לפי החלטה רגילה של מחזיקי אגרות החוב. על אף האמור בסעיף 37 זה, החברה תוכל להשתתף בפתיחת אסיפה לשם הבעת עמדתה בקשר עם כל נושא שעל סדר היום של האסיפה ו/או הצגת נושא מסוים (לפי העניין).

<u>אסיפות של כלל נושי התוכנית</u>

38. במקרה של אסיפות של כלל נושי התוכנית, לצורך המקרה המפורט בסעיף 4.4.2 לשטר נאמנות זה, אזי אופן הצבעת הנאמן בשם מחזיקי אגרות החוב (סדרה א') תבוצע בהתאם ולאחר ההליך שלהלן:

38.1. תכונס אסיפה נפרדת מקדימה של מחזיקי אגרות חוב (סדרה א'), לצורך קבלת החלטה והצבעה ביחס לנושא הנדון; האסיפה המקדימה, לרבות הצבעות במסגרתה, תכונס ותתנהל על פי הוראות שטר הנאמנות ותוספת זו.

38.2. כינוס האסיפה ואופן ההצבעה באסיפה יבוצע בהתאם לכללים הקבועים בנספח ב' זה;

38.3. הנאמן מוסמך בזה להצביע באסיפות של כלל נושי התוכנית, בגין כל הנשיה של אגרות החוב (סדרה א'), בהתאם להתפלגות ההצבעות באסיפה המקדימה.

38.4. על אף האמור בסעיף 38.3 לעיל, יתאפשר לכל מחזיק אגרות חוב, לרבות אם הינו מחזיק קשור או מחזיק בעל עניין מנוגד, להצביע ישירות באסיפת כלל נושי

התוכנית. כל מחזיק אשר יצביע ישירות כאמור יקרא להלן: "**מחזיק מוחרג**". במקרה כאמור, הנאמן לא יצביע באסיפות נושי התוכנית בגין ומטעם המחזיק המוחרג והצבעותיו לא יובאו בחשבון לצורך חישוב התפלגות הצבעת מחזיקי אגרות החוב (סדרה א') במסגרת האסיפה המקדימה על פיה יצביע הנאמן במסגרת אסיפת כלל נושי התוכנית כאמור.

מחזיק שיבקש להחריג הצבעתו כאמור יודיע על כך לנאמן לפחות יום עסקים אחד טרם אסיפת כלל נושי התוכנית הרלוונטית.

38.5. למען הסר ספק, יובהר, כי אין באמור בכדי לגרוע מהוראות הדין הרלוונטי בהולנד באשר להצבעה באסיפות נושים ככלל, וסעיף 38 זה חל אך ורק בהתייחס לאסיפות נושי התוכנית בקשר לסעיף 4.4.2 לשטר הנאמנות.

<u>פניה למחזיקי אגרות חוב</u>

39. הנאמן, וכן מחזיק, אחד או יותר, שלו חמישה אחוזים (5%) לפחות מיתרת הערך הנקוב של אגרות החוב שבמחזור, באמצעות הנאמן, רשאים לפנות בכתב למחזיקים על מנת לשכנעם לגבי אופן הצבעתם בנושא מהנושאים העולים לדיון באותה אסיפה (להלן: "**הודעת עמדה**").

40. זומנה אסיפת מחזיקים לפי סעיף 1 לעיל, רשאי מחזיק לפנות לנאמן ולבקשו לפרסם, לפי הוראות פרק ז'1 לחוק, הודעת עמדה מטעמו למחזיקי אגרות החוב האחרים.

41. הנאמן או החברה רשאים לשלוח הודעת עמדה למחזיקים באגרות החוב, בתגובה על הודעת עמדה שנשלחה כאמור בסעיף 39 ו-40 לעיל, או בתגובה לפנייה אחרת למחזיקי אגרות החוב.

<u>בחינת ניגודי עניינים</u>

42. כונסה אסיפת מחזיקים, יבחן הנאמן את קיומם של ניגודי עניינים אצל המחזיקים, בין עניין הנובע מהחזקתם באגרות החוב לבין עניין אחר שלהם, כפי שיקבע הנאמן (בסעיף זה – "**עניין אחר**"), בהתאם להוראות כל דין כפי שיהיו באותה העת; הנאמן רשאי לדרוש ממחזיק המשתתף באסיפת מחזיקים להודיע לו, לפני ההצבעה, על עניין אחר שלו וכן אם יש לו ניגוד עניינים כאמור.

מבלי לגרוע מכלליות האמור לעיל, ייחשב כל אחד מאלה כבעל עניין מנוגד:

42.1. מחזיק אשר הנו מחזיק קשור (כהגדרת מונח זה בסעיף 3.3 בשטר הנאמנות);

42.2. מחזיק אשר כיהן כנושא משרה בחברה בסמוך למועד האירוע שבסיס ההחלטה באסיפה;

42.3. כל מחזיק אשר קבע הנאמן לגביו כי הינו בעל "עניין מנוגד" לפי האמור להלן בכפוף לכל דין ו/או הוראת רשות מוסמכת ובכלל כך: כל מחזיק אשר יצהיר בכתב לנאמן כי הינו בעל עניין אישי מהותי כלשהו אשר חורג מעניינם של כלל מחזיקי אגרות

החוב באסיפת מחזיקי אגרות החוב. מחזיק אשר לא ימסור הצהרה בכתב לאחר שהתבקש לעשות כן על-ידי הנאמן, יחשב כמי שהצהיר שיש לו עניין אישי כאמור, ולגביו יקבע הנאמן הרלוונטי כי הינו מחזיק בעל עניין מנוגד. מבלי לגרוע מהאמור בסעיף 43 זה, הנאמן יבחן אם מחזיק הינו מחזיק בעל "עניין מנוגד", גם בהתחשב בהחזקותיו של אותו מחזיק בניירות ערך אחרים של החברה ו/או ניירות ערך של כל תאגיד רלוונטי אחר להחלטה המובאת לאישור באסיפה (כפי שיפורט בכתב ההצבעה), בהתאם להצהרת אותו מחזיק.

קביעת קיומו של עניין מנוגד תיעשה גם על סמך מבחן כללי של ניגודי עניינים שיערוך הנאמן. כמו כן, להסרת ספק מובהר, כי אין בהוראות לעניין הגדרת מחזיקי אגרות חוב בעלי עניין מנוגד כדי לגרוע מהוראות הדין, הפסיקה והנחיות מחייבות של רשות ניירות ערך, לעניין הגדרת מחזיקי אגרות חוב בעלי עניין מנוגד, כפי שיחולו במועד הבחינה.

43. לצורך בחינת ניגוד עניינים כאמור יהא הנאמן רשאי להסתמך על חוות דעת משפטית שיזמין, ויחולו עליה הוראות שטר הנאמנות לעניין נשיאה בהוצאות.

44. יובהר, כי בחינת ניגוד עניינים כאמור לעיל, ככל והיא דרושה לדעת הנאמן, תיערך בנפרד ביחס לכל החלטה על סדר יומה של האסיפה וכן ביחס לכל אסיפה בנפרד. עוד יובהר, כי אין בהכרזה על מחזיק כעל בעל עניין מנוגד בהחלטה או אסיפה כלשהי, כשלעצמה, כדי להראות על עניין מנוגד של אותו מחזיק בהחלטה אחרת אשר על סדר יומה של האסיפה או על עניין מנוגד שלו באסיפות אחרות.

45. בספירת מניין הקולות בהצבעה שהתקיימה באסיפת מחזיקים, לא יביא הנאמן בחשבון את קולותיהם של מחזיקים שלא נענו לדרישתו כאמור בסעיף 42 לעיל או שלגביהם מצא כי מתקיים ניגוד עניינים כאמור באותו סעיף (להלן: "**מחזיקים בעלי עניין מנוגד**").

46. על אף האמור בסעיף 45 לעיל, פחת סך החזקות המשתתפים בהצבעה, שאינם מחזיקים בעלי עניין מנוגד, משיעור של חמישה אחוזים (5%) מיתרת הערך הנקוב של אגרות החוב מאותה סדרה, יביא הנאמן בחשבון בספירת מניין הקולות בהצבעה גם את קולותיהם של המחזיקים בעלי עניין מנוגד.

<u>כינוס אסיפת מחזיקים לצורך התייעצות</u>

47. אין בהוראות סעיפים 1, 3, 5, 11, 13 ו-14 לעיל כדי לגרוע מסמכות הנאמן לכנס אסיפת מחזיקים, אם ראה צורך בהתייעצות עמם; בזימון לאסיפה כאמור לא יפורטו נושאים לסדר יומה ומועד כינוסה יהיה יום אחד לפחות לאחר מועד הזימון.

באסיפה כאמור לא תיערך הצבעה, לא יתקבלו בה החלטות ולא יחולו עליה הוראות סעיפים 1, 3, 5, 10, 11, 13, 14, 24, 26.

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נספח ג'

<u>שכר טרחת נאמן</u>

החל מן המועד הקובע, החברה תשלם שכר לנאמן עבור שירותיו, בהתאם לשטר זה, כמפורט להלן:

1. בגין כל שנה מהשנים בהן יהיו איגרות חוב (סדרה א') שעדיין לא נפרעו במחזור, סך של 40,000 ש"ח ("**השכר השנתי**").

2. השכר השנתי ישולם לנאמן בתחילת כל שנת נאמנות.

3. השכר השנתי ישולם לנאמן בגין התקופה שעד תום תקופת הנאמנות על-פי תנאי שטר זה גם אם מונה לחברה כונס נכסים ו/או כונס נכסים מנהל ו/או באם הנאמנות על-פי שטר זה תנוהל בהשגחת בית משפט.

בנוסף יהיה הנאמן זכאי מהחברה להחזר ההוצאות הסבירות כהגדרתן להלן.

"**הוצאות סבירות**" – סכומים אשר יוציא הנאמן במסגרת מילוי תפקידו ו/או מכוח הסמכויות המוענקות לו על פי שטר זה ובכלל זה: הוצאות ועלויות בגין זימון וכינוס אסיפה של מחזיקי אגרות החוב והוצאות בגין שליחויות ונסיעות ופרסומים בעיתונות הקשורים לזימון אסיפה וככל שמתחייב על פי כל דין.

במידה ופקעה כהונת הנאמן, לא יהיה הנאמן זכאי לתשלום שכר טרחתו החל מיום פקיעת כהונתו. במידה וכהונת הנאמן פקעה במהלך שנת הנאמנות יוחזר שכר הטרחה ששולם בגין החודשים בהם לא שימש הנאמן כנאמן לחברה. האמור בסעיף זה לא יחול לגבי שנת הנאמנות הראשונה.

4. מבלי לפגוע בכלליות האמור בסעיף 1 לעיל, יהיה הנאמן זכאי לתשלום שכר טרחה בסך של 550 ש"ח, בעבור כל שעת עבודה שיידרש לו בגין פעולות מיוחדות אשר יבצע במסגרת תפקידו כנאמן (הכל בכפוף להוראות שטר הנאמנות), ולרבות:

4.1 פעולות הנובעות מהפרה של השטר על ידי החברה;

4.2 פעולות בקשר להעמדת אגרות החוב לפירעון מיידי ו/או פעולות בקשר עם החלטת אסיפת מחזיקי אגרות חוב להעמיד את אגרות החוב לפירעון מיידי;

4.3 פעולות מיוחדות שיידרש או שיהא צריך לבצע, לצורך מילוי תפקידיו על פי שטר זה בקשר עם זכויות מחזיקי איגרות החוב ולשם הגנה עליהן, לרבות בשל אי עמידת החברה בהתחייבויותיה על פי שטר זה, לרבות כינוסן של אסיפות מחזיקי אגרות חוב כאמור בשטר זה ולרבות בשל השתתפות באספות מחזיקי אגרות חוב;

4.4 פעולות מיוחדות (לרבות, אך לא רק, פעולה הנדרשת בשל שינוי במבנה החברה או פעולה בשל דרישת החברה) או בגין הצורך בביצוע פעולות נוספות לשם מילוי תפקידו כנאמן סביר, בשל שינוי בחוקים (לרבות תקנות שיותקנו בעקבות תיקונים 50 ו-51 לחוק ניירות ערך) ו/או תקנות ו/או הוראות מחייבות אחרות שיחולו בקשר לפעולות הנאמן ואחריותו לפי שטר נאמנות זה;

5. במקרה בו החברה תהיה אמורה לשלם לנאמן תשלום בגין הוצאות שכר טרחתו ו/או תשלום בעבור הוצאות סבירות שהוציא ו/או בעבור פעולות מיוחדות שעליו לבצע או שביצע במסגרת מילוי תפקידו ו/או מכוח הסמכויות המוענקות לו על פי שטר זה כאמור בנספח זה, אם וככל שאלו יהיו, והחברה לא עשתה כן, הנאמן יהיה רשאי לשלם את מלוא הסכומים האלה מהתקבולים שנצברו בידו בהתאם לאמור בסעיף 9 ו-10 לשטר הנאמנות, ובלבד שהודיע לחברה על כוונתו לעשות כן בכתב ומראש

6. בגין כל אסיפת בעלי מניות שנתית הנאמן יטול בה חלק, לרבות נוכחותו באסיפת בעלי מניות שלא נפתחה עקב העדרו של מניין חוקי, ישולם שכר נוסף של 600 ש"ח לישיבה, צמוד למדד בהתאם להוראות נספח זה.

7. במקרה בו רשות ניירות ערך (במהלך הרישום למסחר) תחייב את הנאמן להשתתף בדיונים עם החברה ישולם לנאמן שכר (בתעריף הנקוב בסעיף 3 להלן) בהתאם לשעות הדיונים בהם הנאמן יטול חלק לרבות החזר הוצאות נסיעה. תשלום זה אינו מותנה בהנפקת אגרות החוב או בחתימת שטר הנאמנות.

8. מע"מ אם יחול יתווסף לתשלומים המגיעים לנאמן על-פי הוראות נספח זה וישולם על-ידי החברה.

9. כל הסכומים האמורים יהיו צמודים למדד הידוע במועד החתימה על שטר הנאמנות אולם בכל מקרה לא ישולם סכום הנמוך מהסכום הנקוב בנספח זה.

10. שכר הנאמן ישולם בגין התקופה שעד תום הנאמנות הכלולה בשטר זה אף אם מונה כונס נכסים לחברה (או כונס נכסים ומנהל), או אם הנאמנות לפי שטר זה תנוהל בהשגחת בית המשפט אם לאו.

11. כל הסכומים האמורים בנספח זה, ייהנו מעדיפות על פני הכספים המגיעים למחזיקי איגרות החוב.

12. מונה נאמן במקומו של נאמן שהסתיימה כהונתו לפי סעיפים 35ב(א1) או 35יד(ד) לחוק ניירות ערך, יישאו המחזיקים באגרות החוב בהפרש שבו עלה שכרו של הנאמן שמונה כאמור על השכר ששולם לנאמן שבמקומו מונה אם ההפרש כאמור הוא בלתי סביר ויחולו הוראות הדין הרלוונטיות במועד החלפה כאמור.

נשיאה של המחזיקים בהפרש כאמור תבוצע באופן של קיזוז החלק היחסי של ההפרש מכל תשלום שהחברה תבצע למחזיקי אגרות החוב בהתאם לתנאי שטר הנאמנות והעברתו ע"י החברה ישירות לנאמן.

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נספח ד'

<u>יחס הכיסוי</u>

1. <u>יחס הכיסוי</u>

1.1 "**יחס הכיסוי**" מוגדר ומחושב כדלקמן (באחוזים):

כאשר:

$$CR = \frac{A-B}{D}$$

CR	-	יחס הכיסוי (Coverage Ratio)
A	-	שווי כלל הנכסים (לרבות מזומנים ושווי מזומנים), בכפוף להוראות סעיף 3 להלן.
B	-	סך החובות כלפי בנקים הקודמים לחובות הנכללים במסגרת התוכנית ו/או חובות שהינם חובות ספציפיים
D	-	סך החובות שאינם חובות קודמים כלפי בנקים ו/או חובות נחותים לחובות הנכללים במסגרת התוכנית ו/או שאינם חובות ספציפיים

"**הנכסים**" או "**נכסים**" – שווי הזכויות של החברה בכל הנכסים המוחזקים על ידה לרבות החזקה בעקיפין באמצעות חברות בנות או קשורות של החברה כאשר במקרה כזה יוכפל שווי הנכס הרלוונטי בשיעור ההחזקה של החברה בשרשור בחברת הבת או בחברה הקשורה המחזיקה בנכס, והכל לפי שוויים על פי הערכת שמאי עדכנית שתהיה בידי החברה או כאמור בסעיף 3.2 להלן (לפי העניין).

"**התוכנית**" - כהגדרתה בסעיף 1.6 לשטר הנאמנות.

"**חוב ספציפי**" – חוב אשר ניתן לחברה או לחברות בנות/קשורות כנגד שיעבוד על נכסים לפי החלק של זכויות החברה או החברה הבת או החברה הקשורה בנכסים.

1.2 "**יחס הכיסוי המינימאלי**" - 118%, בכפוף לשינויים הבאים: (א) בקרות אירוע קאזה (אחד או יותר) כמפורט בסעיף 3.3 להלן קודם לקרות ההזרמה ההונית הנוספת (כהגדרתה בסעיף 1.4 לשטר הנאמנות) - 120%; (ב) במקרה של הזרמה הונית נוספת (כהגדרתה בסעיף 1.4 לשטר הנאמנות) – 115%. החברה תפרסם דיווח לציבור אודות השינוי ביחס הכיסוי המינימאלי, ככל שיחול.

2. <u>יחס הכיסוי - הוראות כלליות</u>

יחס הכיסוי ייבדק ארבע (4) פעמים בשנה במועד אישור דוחותיה הכספיים המאוחדים המבוקרים השנתיים או דוחותיה הכספיים המאוחדים הרבעוניים הסקורים של החברה, לפי הענין (להלן: "**מועד הבדיקה**"), וזאת עד למועד הפירעון הסופי. הנתונים הנדרשים לצורך בחינת יחס הכיסוי ייבחנו במועד הבדיקה נכון למועד הדוחות הכספיים, בהתאם לנתונים המופיעים בדוחות הכספיים, בכפוף להתאמות כמפורט בסעיף 3 להלן.

3. <u>הוראות לעניין אופן חישוב שווי כלל הנכסים ("A") ביחס הכיסוי</u>

3.1 שווי הנכסים יחושב בהתאם להערכת השווי העדכנית ביותר שתהייה קיימת ביחס לאותו נכס במועד הבדיקה (להלן: "**הערכת השווי העדכנית**").

3.2 על אף האמור בסעיף 3.1 לעיל, במקרה בו, להערכת הנהלת החברה, חלה ירידת ערך של נכס מסוים ביחס להערכת השווי העדכנית של אותו נכס, שווי הנכס האמור לצורך חישוב יחס הכיסוי יהיה בהתאם להערכת ההנהלה.

3.3 **<u>נכס "קאזה רדיו" (Casa Radio) ברומניה</u>** ("**<u>קאזה</u>**")

3.3.1 לצורך הערכת שווי כלל הנכסים במסגרת חישוב יחס הכיסוי יוערך שווי קאזה החל מהמועד הקובע בסך של חמישים (50) מיליון אירו. בהתאם לכך, במסגרת חישוב שווי כלל הנכסים ינוכה משווי הערכת השווי העדכנית שבידי החברה לקאזה הסכום הנדרש על מנת ששווי קאזה במסגרת סך הנכסים יעמוד על הסך האמור של 50 מיליון אירו ("**סכום הניכוי בגין קאזה**").

3.3.2 על אף האמור בסעיף 3.3.1 לעיל, בקרות כל אחד מהמקרים להלן על קרות מקרה אחד או יותר מהמקרים להלן, לא יופחת עוד משווי הערכת השווי העדכנית שבידי החברה (לצורך חישוב יחס הכיסוי) סכום הניכוי בגין קאזה, ושווי זה יוערך לצורך חישוב יחס הכיסוי בלבד על פי הערכת השווי העדכנית של קאזה תחת הנחת מימוש מהיר (דיסטרס):

3.3.2.1 תושלם עסקה במסגרתה ייכנס לקאזה משקיע או שותף, אשר יהיה זכאי לפחות ל-20% מהזכויות בקאזה, במישרין או בעקיפין.

3.3.2.2 הגעה להסדר מחייב עם הרשויות הרלוונטיות ברומניה לגבי לוחות הזמנים לביצוע פרויקט קאזה או הגעה להסכם להארכת תקופת החכירה של הקרקע המשמשת לצורך פרויקט קאזה. החברה תדווח על קרות מקרה זה לנאמן בלבד.

3.3.2.3 התקשרות בהסכם מימון בגין קאזה בהיקף כספי שלא יפחת מסך של 25 מיליון אירו.

(כל אחד מן המקרים בסעיף 3.3.2 זה לעיל: "**אירוע קאזה**").

3.3 במקרה בו התקיים האמור בסעיפים 3.3.2.1 או 3.3.2.3 לעיל, אזי לאחר חלוף 9 חודשים מקרות האירוע האמור, יחושב שווי קאזה במסגרת חישוב יחס הכיסוי על פי הערכת שווי מעודכנת רגילה ולא על פי על פי הערכת שווי נכס במימוש מהיר.

<u>דוגמא להמחשה - אופן חישוב יחס הכיסוי ליום 31.12.2013</u>

דוגמה לאופן חישוב יחס הכיסוי ליום 31.12.2013	
	אלפי אירו
סך כל הערכות שווי לפי מעריך השווי Wakefield & Cushman למעט KIELCE וכן Targu Mures	536,293
הערכת הנהלת החברה לנכס TARGU MURES	3,500
הערכת הנהלת החברה לנכס KIELCE	4,000
בתוספת קורגאון פארק לפי הסכם המכירה	40,333
סכום הניכוי בגין קאזה (הפחתה לשווי 50 מיליון אירו)	(80,613)
בתוספת מזומן (כולל מזומן משועבד ונ"ע)	33,722
בתוספת מזומן **צפוי** מהנפקת זכויות	20,000
סה"כ (A)	**557,235**
סך החובות כלפי בנקים הקודמים לחובות הנכללים במסגרת התוכנית ו/או חובות שהינם חובות ספציפיים (B)	(210,333)
סה"כ מונה (A-B)	**346,902**
מכנה (D) (*) - סך החובות שאינם חובות קודמים כלפי בנקים ו/או חובות נחותים לחובות הנכללים במסגרת התוכנית ו/או שאינם חובות ספציפיים	**203,237**
יחס הכיסוי (CR)	**170.7%**

החובות הכלולים במכנה הינם בסכום נטו, כלומר לאחר הפחתת חלקה של חברת הבת המחזיקה באגח סדרה ב' בערך מתואם של 3,887 אלפי אירו

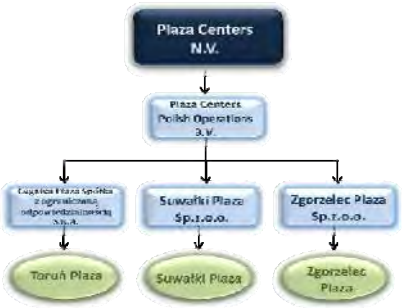
נספח 1.6.1

פרטים בדבר אופן ההחזקות בארבעת הקניונים והמימון בגינם

שם הפרוייקט	עיר, מדינה	שיעור החזקה	החברה המחזיקה	יתרת קרן הלוואה 31.12.2013 (מליוני אירו)	שנת פירעון	מועדי תשלום ריבית	שיעור ריבית
Torun	טורון, פולין	100%(*)	ראה תרשים 1	47.9 (***)	2017	תשלום רבעוני ביום האחרון של כל רבעון	3% + 3M EURIBOR p.a.
Suwalki	סוואלקי, פולין	100%(*)	ראה תרשים 1	31.6 (***)	2020	תשלום רבעוני ביום האחרון של כל רבעון	1.65% + 3M EURIBOR p.a.
Riga	ריגה, לטביה	50%	ראה תרשים 3	29.5 (**),(***)	2017	תשלום רבעוני ביום האחרון של כל רבעון	2.9% + 3M EURIBOR p.a.
Kragujevac	קרגוייבץ, סרביה	100%	ראה תרשים 2	29.1	2027	תשלום רבעוני ביום האחרון של כל רבעון	5% + 3M EURIBOR p.a.

(*) ההחזקה בשרשור.
(**) יתרת הקרן מייצגת את חלקה של פלאזה בהלוואה (50%).
(***) הלוואת בלון

תרשים 1:



תרשים 2:

תרשים 3:

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Guarantee claims

	Creditor	Borrower	Type of obligation outstanding	Outstanding loan amount 31.12.2013	Interest accrued	Interest
1.	MKB Bank Zrt.; Erste Bank der Oestereichischen Sparkassen AG	Liberec Plaza	Conditional guarantee re Debt Service	EUR 20,700,000	EUR 198,317	3 months Euribor + 3.5% p.a
2.	Bank Zachodni WBK S.A.	Zgorzelec Plaza	Conditional guarantee re Payment Deficiency for max. EUR 2,250,000	EUR 22,000,000	-	3 months Euribor + 2.75% p.a
3.	OTP Bank Nyrt.	S.C. Adams Invest SRL/Valley View	Conditional guarantee re Secured Liabilities (i.c. interest)	EUR 8,200,000	EUR 196,584	3 months Euribor + 5.5% p.a
4.	MKB Zrt.	Primavera	Conditional guarantee re interest accrued re all Outstanding Obligations	EUR 1,500,000	EUR 489,323	3 months Euribor + 4.5% p.a (*)
5.	Axis Bank Ltd.	Koregaon Park	Conditional guarantee all amounts payable under facility	INR 1,212 million (EUR 14,200,000)	-	13.5% p.a

(*) Interest accrued re obligations up to loan maturity (31.3.12)

Loan and bond related claims

	Creditor	Debtor	Type of obligation outstanding	Outstanding principal amount	Accrued interest
6.	GEFA Gesellschaft für Absatzfinanzierung mbH (SG)	PC	Repayment loan as principal debtor	EUR [1]2,500,000	(amount is inclusive of interest)
7.	Israeli Bondholders Series A	PC	Repayment bonds	NIS 295,685,579	NIS 6,652,926
8.	Israeli Bondholders Series B	PC	Repayment bonds	NIS 594,657,686	NIS16,055,758
9.	Polish Bondholders	PC	Repayment bonds	PLN 60,000,000	PLN 2,764,997 [2]

[1] Loan serves to finance the purchase of a company airplane. In February 2014 the Company has sold the airplane. The proceeds from the disposal were used to repay the bank facility taken for the purchase of the airplane, and the Company currently negotiates with the financing bank the conditions to be set for the repayment of the remaining outstanding bank loan (circa EUR 1.2 million).

[2] Accreud interest as of Decemebr 31,2013 calculated as follows: until original payment dated (November 18, 2013) 7.34% p.a; untill Decemebr 31,2013 7.2% p.a.

A. Selling of airplane

On February 25, 2014 the Company disposed the airplane for a total consideration of USD 1.9 million (EUR 1.4 million). The proceeds from the disposal were
used to repay the bank facility taken for the purchase of the airplane, and the Company currently negotiates with the fi nancing bank the conditions to be set for the
repayment of the remaining outstanding bank loan (circa EUR 1 million).

B. Sale of turbines

In March 2014 the Casa Radio project company disposed of the turbines held in respect of the Casa Radio project (refer also to note 11) for a total net consideration of EUR 2.6 million.

C. Disposal of Uj Údvar in Hungary

In December 2013 the consortium of shareholders of Uj Udvar, in which the Company indirectly holds a 35% stake, has completed the sale of its Uj Udvar project holding to a private investor for a consideration of EUR 2.4 million. The Company has accounted for a EUR 1.9 million write down of this investee in the fourth quarter of 2013 presented within write down of equity accounted investees in the statement of profi t or loss. The Company recorded as a result of this transaction a loss of EUR 0.1 million.

Asset/Project	Location	Nature of asset	Size sqm (GLA)	Plaza's effective ownership %
Operating Shopping and Entertainment Centers				
Suwalki Plaza	Suwalki, Poland	Retail & entertainment scheme	20,000	100
Zgorzelec Plaza	Zgorzelec, Poland	Retail & entertainment scheme	13,000	100
Torun Plaza	Torun, Poland	Retail & entertainment scheme	40,000	100
Liberec Plaza	Liberec, Czech Rep.	Retail & entertainment scheme	17,000	100
Kragujevac Plaza	Kragujevac, Serbia	Retail & entertainment scheme	22,000	100
Riga Plaza	Riga, Latvia	Retail & entertainment scheme	49,000	50
Koregaon Park Plaza	Pune, India	Retail, entertainment and office scheme	41,000	100
Development Projects				
Casa Radio	Bucharest, Romania	Mixed-use retail and leisure plus office scheme	555,000 (GBA including parking spaces)	75
Timisoara Plaza	Timisoara, Romania	Retail & entertainment scheme	38,000	100
Lodz Plaza	Lodz, Poland	Retail & entertainment scheme	35,000	100
Belgrade Plaza	Belgrade, Serbia	Apartment-hotel and business centre with a shopping gallery	63,000 (GBA)	100
Belgrade Plaza (Visnjicka)	Belgrade, Serbia	Retail & entertainment scheme	32,000	100
Cina Plaza	Bucharest, Romania	Retail and Office scheme (Existing building for development)	4,786	Lease rights for 43 years (starting 12/2007)
Chennai	Chennai, India	Residential Scheme	230,000 (for sale)	40
David House	Budapest, Hungary	Office	2,000	100
Palazzo Ducale	Bucharest, Romania	Office	700	100
Pipeline Plots				
Asset/Project	**Location**	**Nature of asset**	**Plot Size (sqm)**	**Plaza's effective ownership %**
Kielce Plaza	Kielce, Poland	Retail & entertainment scheme	30,000	100
Leszno Plaza	Leszno, Poland	Retail & entertainment scheme	17,000	100
Lodz (Residential)	Lodz, Poland	Residential scheme	33,000	100
Arena Plaza Extension	Budapest, Hungary	Office scheme	22,000 (land use right)	100
Csiki Plaza	Miercurea Ciuc, Romania	Retail & entertainment scheme	36,500	100
Iasi Plaza	Iasi, Romania	Retail, entertainment and office scheme	46,500	100
Slatina Plaza	Slatina, Romania	Retail & entertainment scheme	24,000	100
Hunedoara Plaza	Hunedoara, Romania	Retail & entertainment scheme	41,000	100
Targu Mures Plaza	Targu Mures, Romania	Retail & entertainment scheme (Power Centre)	31,500	100
Constanta Plaza	Constanta, Romania	Retail & entertainment scheme	26,500	100
Shumen Plaza	Shumen, Bulgaria	Retail & entertainment scheme	26,000	100
Pireas Plaza	Athens, Greece	Retail & entertainment scheme	15,000	100
Bangalore	Bangalore, India	Residential Scheme	218,500	25

Other projects				
Asset/Project	**Location**	**Nature of asset**	**Plot Size (sqm)**	**Plaza's effective ownership %**
Fountain Park Bucharest	Bucharest, Romania	Residential	16,600	12.5
Acacia Park	Ploiesti, Romania	Residential	32,000	25
Primavera Tower	Ploiesti, Romania	offices	10,500	25
Green Land	Ploiesti, Romania	Residential	25,800	25
Poiana Brasov	Brasov, Romania	Residential	138,000	25
Primavera Tower	Brasov, Romania	offices	10,800	25
Pinetree Glade	Brasov, Romania	Residential	40,000	25
Krusevac	Krusevac, serbia	Retail & entertainment scheme	20,000	100

נספח 2.3 - לוח סילוקין אגרות חוב (סדרה א')

<u>אג"ח א' לוח סילוקין</u>

שיעור ריבית שנתית צמודה
למדד המחירים לצרכן 6%

ריבית 12/2013 בש"ח	6,652,926 ש"ח
ריבית 12/2013 באגח	5,516,329 ע.נ

תאריך	זמן	שיעור ריבית	תשלומי ריבית	תשלומי קרן בש"ח	פרעון אגח ע.נ.	קרן נטו בש"ח	יתרת אגח ע.נ.
7/1/2014	0.5		9,045,305 (1)	0		302,338,505	250,686,496
12/31/2014	1.0	3%	9,095,004	0		302,338,505	250,686,496
7/1/2015	1.5	3%	9,045,305	0		302,338,505	250,686,496
12/31/2015	2.0	3%	9,095,004	0		302,338,505	250,686,496
7/1/2016	2.5	3%	9,095,004	0		302,338,505	250,686,496
12/31/2016	3.0	3%	9,095,004	0		302,338,505	250,686,496
7/1/2017	3.5	3%	9,045,305	0		302,338,505	250,686,496
12/31/2017	4.0	3%	9,095,004	60,467,701	50,137,299	241,870,805	200,549,196
7/1/2018	4.5	3%	7,236,244	60,467,701	50,137,299	181,403,104	150,411,897
12/31/2018	5.0	3%	5,457,002	60,467,701	50,137,299	120,935,402	100,274,598
7/1/2019	5.5	3%	3,618,122	60,467,701	50,137,299	60,467,701	50,137,299
12/31/2019	6.0	3%	1,819,000	0		60,467,701	50,137,299
7/1/2020	6.5	3%	1,819,000	60,467,701	50,137,299	0	0
			92,560,303	302,338,505	250,686,496		

(1) תשלום ריבית זו יידחה כמפורט בסעיף 2.2.2.1 לשטר הנאמנות

נספח 4.2

רשימת נכסי הנדל"ן המוחזקים על ידי החברה והחברות הבנות שלה, במישרין ובעקיפין, המשועבדים לטובת צדדים שלישיים (נכון ליום ___2014 - מועד שטר הנאמנות)

Holding Company	Project name	Holding Rate	Location	Asset type
Legnica Plaza Spółka z ograniczoną odpowiedzialnością S.K.A. (*)	Torun	100%	Torun , Poland	Active shopping center
Suwałki Plaza Sp.z.o.o. (*)	Suwalki	100%	Suwalkie, Poland	Active shopping center
Zgorzelec Plaza Sp.z.o.o.	Zgorzelec	100%	Zgorzelec, Poland	Active shopping center
Sek D.O.O.	Kragujevac	100%	Kragujevac, Serbia	Active shopping center
Diksna SIA	Riga	50%	Riga, Latvia	Active shopping center
P4 Plaza S.R.O.	Liberec	100%	Liberec, Czech Republic	Active shopping center
Anuttam Developers Pvt. Ltd.	Koregaon Park	100%	Pune, India	Active shopping center
Leszno Plaza Sp.z.o.o. (**)	Leszno	100%	Leszno, Poland	Plot of Land
Primavera Invest S.R.L.	Primavera Tower	25%	Ploiești, Romania	Plot of Land
Adams Invest S.R.L.	Valley View	25%	Brasov, Romania	Plot of Land

(*) In respect of the Suwałki interest rate swap ("IRS ") the project company also established a bail mortgage up to EUR 4 million encumbering the real estate project. In respect of Torun IRS the project company also established a bail mortgage up to EUR 5.4 million encumbering the real estate project.

(**) To secure the loan from Bank BZ WBK for Zgorzelec project, a lien was placed on plot of land in Leszno.

נספח 5א רשימת החברות הבנות של החברה נכון למועד הקובע

HUNGARY		
Directly owned		
Plaza Centers Establishment B.V.	Holding company	
Indirectly wholly owned		
Kerepesi 5 Irodaépület Ingatlanfejlesztő Kft.	Holder of land usage rights	100% held by Plaza Centers Establishment B.V. Arena Plaza Extension project
Plaza House Ingatlanfejelsztési Kft.	Office building	David House
POLAND		
Directly wholly owned		
Kielce Plaza Sp.z.o.o.	Shopping center project	Kielce Plaza project
Leszno Plaza Sp.z.o.o.	Owns plot of land	Leszno Plaza project
Łódź Centrum Plaza Sp.z.o.o.	Owns plot of land	Łódź (Residential) project
Włocławek Plaza Sp.z.o.o.	Mixed used project	Łódź Plaza project
Plaza Centers Polish Operations B.V.	Holding company	
Indirectly or jointly owned		
Suwałki Plaza Sp.z.o.o.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Suwałki Plaza project
Legnica Plaza Spółka z ograniczoną odpowiedzialnością S.K.A.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Toruń Plaza project
Zgorzelec Plaza Sp.z.o.o.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Zgorzelec Plaza project
LATVIA		
Diksna SIA	Operating shopping center	Equity accounted investee - 50% held by Plaza Centers N.V. with JV partner (50%). Riga Plaza project.
ROMANIA		
Directly wholly owned		
Dâmbovița Centers Holding B.V.	Holding company	100% held by Plaza Centers N.V.
Plaza Bas B.V.	Holding company	50.1% held by Plaza Centers N.V.
S.C. Elite Plaza S.R.L.	Shopping center project	Timișoara Plaza project
S.C. Green Plaza S.R.L.	Shopping center project	Iași Plaza project
S.C. North Eastern Plaza S.R.L.	Shopping center project	Constanța Plaza project
S.C. North West Plaza S.R.L.	Shopping center project	Hunedoara Plaza project
S.C. North Gate Plaza S.R.L.	Shopping center project	Csíki Plaza (Miercurea Ciuc) project
S.C. Eastern Gate Plaza S.R.L.	Real estate project	Cina project
S.C. South Gate Plaza S.R.L.	Shopping center project	Slatina Plaza project
S.C. Mountain Gate Plaza S.R.L.	Shopping center project	Târgu Mureș Plaza project
S.C. Palazzo Ducale S.R.L.	Office building	
Indirectly or jointly owned		
S.C. Dâmbovița Center S.R.L.	Mixed used project	75% held by Dambovita Centers Holding B.V. Casa Radio project
SERBIA		
Directly wholly owned		
Plaza Centers Holding B.V.	Holding company	
Plaza Centers (Estates) B.V.	Holding company	
Plaza Centers (Ventures) B.V.	Holding company	
Plaza Centers Logistics B.V.	Management company	
Indirectly or jointly owned		
Sek D.O.O.	Operating shopping center	100% held by Plaza Centers Holding B.V. Kragujevac Plaza project
Leisure Group D.O.O.	Shopping center project	100% held by Plaza Centers (Estates) B.V. Belgrade Plaza (Visnjicka) project
Orchid Group D.O.O.	Shopping center project	100% held by Plaza Centers (Ventures) B.V. Belgrade Plaza project
Accent D.O.O.	Shopping center project	100% held by Plaza Centers Logistic B.V. Kruševac Plaza project
CZECH REPUBLIC		
Directly wholly owned		
P4 Plaza S.R.O.	Operating shopping center	Liberec Plaza project
BULGARIA		
Directly wholly owned		
Shumen Plaza EOOD	Shopping center project	Shumen Plaza project
GREECE		

נספח 5א רשימת החברות הבנות של החברה נכון למועד הקובע

Directly wholly owned		
Helios Plaza S.A.	Shopping center project	Pireas Plaza project
CYPRUS – INDIA		
Directly wholly owned		
PC India Holdings Public Company Ltd.	Holding company	
Elbit Plaza India Real Estate Holdings Ltd.	Holding company	Equity accounted investee 47.5% held by Plaza Centers N.V.
Indirectly or jointly owned		
Permindo Ltd.	Holding company	100% held by PC India Holdings Public Company Ltd. Holds 99.9% of Anuttam Developers Pvt. Ltd. Koregaon Park Plaza project
Anuttam Developers Pvt. Ltd.	Operating shopping center	99.99% held by Permindo Ltd. Koregaon Park Plaza project
Kadavanthra Builders Pvt. Ltd.	Mixed used project	80% held by Elbit Plaza India Real Estate Holdings Ltd. Chennai (SipCot) project
Aayas Trade Services Pvt. Ltd.	Mixed used project	100% held by Elbit Plaza India Real Estate Holdings Ltd. Bangalore project (refer to note 34(B))

נספח 5א1

נוסח אישור חברה בת [יוכן נוסח מקביל באנגלית]

אישור חברת בת

בהתאם להוראות סעיף 5א' לשטר הנאמנות שנחתם ביום __ ב___ 2014 בין **Plaza Centers N.V.** לבין הרמטיק נאמנות (1975) בע"מ ("**שטר הנאמנות**"), אני החתומה מטה, מאשרת ומתחייבת בזאת, בכפוף לכניסתו לתוקף של שטר הנאמנות, לפעול בהתאם להוראות סעיפים 4.2, 4.3, 4.6, 4.4ב., 5.2 ו-7א.(2) לשטר נאמנות זה.

_____

שם חברת הבת: _____

נחתם על ידי: _____

אישור החברה

בהתאם להוראות סעיף 5א' לשטר הנאמנות, הריני לאשר בזאת כי האישור החתום לעיל על ידי _____ ("**חברת הבת**") נחתם על ידי מורשי החתימה של חברת הבת.

_____

Plaza Centers N.V.

אני הח"מ, עוזי אלי, עו"ד, מאשר/ת כי **אישור החברה** המפורט לעיל נחתם על ידי חברת Plaza Centers N.V. על פי מסמכי ההתאגדות שלה, באמצעות ה"ה _____.

_____

עוזי אלי, עו"ד

Trust Deed

Made and entered into in Tel Aviv, this ___ of _____, 2014
As an alternative and replacement to the Trust Deed created and signed on July 4, 2007

By and Between:
Plaza Centers N.V.
A public company incorporated in the Netherlands, No.: 33248324
Of Prins Hendrikkade 48-S 1012 AC, Amsterdam, The Netherlands
(Hereinafter: the "Company")

Of the first part;

And:
Hermetic Trust (1975) Ltd.
Of 113 Hayarkon Street, Tel Aviv
Tel.:03-5274867; Fax:03-5271736
(Hereinafter: the "Trustee").

Of the other part;

Whereas The Company and the Trustee (each of which will be separately referred to as a: "**Party**" and together the "**Parties**") have signed on the 4th of July, 2007 a Trust Deed, as amended on January 31, 2008 and on March 10, 2014 (hereinafter: the "**Original Trust Deed**"), based on which the Trustee was appointed as a trustee for holders of the Company's Series A Notes (hereinafter: the "**Note Holders**") which were first issued in August 2007;

Whereas The Trustee is a company registered in Israel, engaged in trusts that has the knowledge and professional skills required to perform its undertakings under this Deed; and

Whereas The Trustee has declared that there is no impediment under law to its entering into this Trust Deed with the Company and that it complies with the requirements and capacity conditions laid down in the Law, as defined below, to serve as trustee pursuant to this Trust Deed; and

Whereas The Company hereby declares that subject to the compliance with the Condition Precedents (as defined below) and the coming into effect of this Deed, there is no impediment under any law and/or agreement for the fulfillment of the Company's undertakings towards the Holders of Notes in their entirety and on time; and

Whereas The Company declares that on November 18, 2013, the Company submitted, to the authorized court in Holland, a motion for a provisional order to freeze payments and at the same time the Company submitted, to the court, a restructuring plan for the Creditors of the Plan, as defined below, including the Holders of Notes, pursuant to the provisions of the Dutch Law; and

Whereas The Company declares that on _____, 2014, the Company submitted an amended plan for the said debt arrangement (hereinafter: the **"Plan"**); and

Whereas The Company declares that on the Freeze Date of the Payments (as defined below) the authorized court in Holland instructed the provision of a provisional order to freeze payments to all of the Creditors of the Plan pursuant to the provisions of the Dutch Law; and

Whereas On June 26, 2014 a general assembly of Creditors of the Plan took place in Amsterdam, Holland, at which the majority of the unsecured creditors of the Company voted for the approval of the Plan, pursuant to the provisions of the Dutch Law; and

Whereas The Company declares that on July 10, 2014, the authorized court in Holland approved the Plan, (hereinafter: the **"Approval Resolution"**); and

Whereas According to the Approval Resolution, and pursuant to the compliance with the Condition Precedents set forth in this Trust Deed, commencing on the Effective Date (as defined below), the terms of the notes (series A) will be amended and will be, starting on that date and onward, as detailed in this Trust Deed below, which shall replace for all intents and purposes for the Original Trust Deed and shall replace it and the provisions of which shall no longer be valid; and

Whereas The parties agree to all the amendments to the Original Trust Deed, as they are performed according to this Trust Deed, all as detailed in this Trust Deed;

Now, therefore, it is agreed, declared and stipulated by and between the parties as follows:

1. Preamble, Interpretation And Definitions

1.1. The preamble to this Trust Deed and the appendixes attached hereto constitute an integral part hereof.

1.2. This Trust Deed shall come into effect immediately, without requiring any additional action or signature, on the publication date thereof by the Company and which shall be no later than the passing of 10 trading days from the date on which all of the Condition Precedents set forth in section 34 below cumulatively occur (hereinafter: the **"Effective Date"**). The Company shall report regarding the existence of all the Condition Precedents and regarding the Effective Date in an immediate report to be published in the distribution system of the Israel Securities Authority (the **"Magna"**). If any of the Condition Precedents are not be met by the final date for complying with the Condition Precedents (as defined in section 34 below) then this Trust Deed, as well as the resolution of the assembly of Holders of Notes according to which, inter alia, this Trust Deed is approved, and any other action performed in connection with and/or on behalf of this Trust Deed and the Plan (as defined below), shall be principally null and void and lacking any binding effect, including towards the Company and/or the Trustee and/or anyone on their behalf and/or towards the Holders of Notes and/or anyone on their behalf. It shall be clarified that until the entry into effect of this Trust Deed, the Original Trust Deed shall remain valid in its entirety.

1.3. In any event of a conflict between the provisions of this Trust Deed and between the reports and notices which the Company publishes in connection with the conditions of the Plan and/or the Plan, the provisions of this Trust Deed shall govern, and shall apply solely to the Notes. For the removal of doubt, the above shall not derogate from the provisions of Section 36.1 below, and from the application of the Stock Exchange's bylaws and the provisions thereunder, as shall be from time to time, on the provisions of this Trust Deed.

1.4. The division of this Trust Deed into sections as well as the section headings herein is for purposes of convenience and ease of reference only and shall not be used for the purpose of interpretation.

1.5. Everything stated in this Trust Deed in the plural shall also mean the singular and vice versa; everything stated in the masculine shall also mean the feminine and vice versa; and the term "person" shall also mean a corporation, all unless there is any contrary expressed and/or implied provision and/or unless the context or the contents otherwise require.

1.6. In this Trust Deed and in the Notes, the following terms shall have the meaning set out opposite them, unless the contents or the context otherwise require.

"The Original Trust Deed" – as defined in the preamble to this Deed;

"The Trust Deed" or "This Trust Deed" or "This Trust Deed" or "This Deed" – This Trust Deed, including the appendixes attached hereto, constituting an inseparable part hereof, amending or replacing for all intents or purposes the Original Trust Deed (which shall no longer by valid as of the Effective Date) and shall replace it, as shall be amended and/or changed from time to time;

"**Series A Notes**" or "**Series Notes**" or the "**Notes**" – a series of registered Series A Notes, of NIS 1 par value each of the Company, issued by the Company whose terms are set out in this Deed.

The "**Trustee**" – The Trustee referred to at the outset of this Deed and/or anyone serving from time to time as trustee for the Noteholders hereunder;

"**Register**" – The Register of Noteholders as set forth in section 24 herein;

"**Noteholder**" or "**Noteowner**" or **"Holder of Notes"** – as the term is defined in the Securities Law;

"**Note Certificate**" – A Series A Note Certificate in such wording as set out in Appendix A hereto.

The "**Law**" or the "**Securities Law**" – the Securities Law, 5728 – 1968 and its regulations, as shall be in effect from time to time.

"**Consumer Price Index**" or "**Index**" - The price index known as the Consumer Price Index, including fruit and vegetables and which is published by the Central Bureau of Statistics, including such index even if published by any other official entity or institution, as well as any official index superseding the same, whether or not it is based on the same data on which the existing index is based. If another index supersedes it,

published by such body or institution, where such body or institution has not prescribed the ratio between it and the index that has been superseded, such ratio shall be prescribed by the Central Bureau of Statistics. In the event of such ratio not being prescribed as aforesaid, then the Trustee, in consultation with such economic experts at its option, shall determine the ratio between the other index and the superseded index.

The "**Known Index**" at any given time – the Index last published before such date.

"**Base Index**" – the index for May 2007, as published on June 15, 2007.

"**Payment Index**" – The index known on the due date of any payment on account of principal and/or interest, while as long as this index on any payment date shall be lower than the Base Index, the payment index shall be the Base Index.

"**Business Day**" – A day on which most of the banks in Israel are open for the performance of transactions.

"**Special Resolution"** – a resolution passed in an assembly of Holders of Notes, and which was attended by, themselves or by their counsel, the holders of at least fifty percent (50%) of the unpaid balance of the Notes in circulation on the date determined for the assembly, or the adjourned assembly of this assembly, who attended, themselves or their counsel, the holders of at least twenty percent (20%) of the said balance, and which was passed (whether in the original assembly or the adjourned assembly) with a majority of at least two thirds (2/3) of the total votes of those participating in the vote, excluding the abstaining votes;

"Regular Resolution" – a resolution passed in an assembly of the Holders of Notes, in which participated, themselves or through their counsel, the holders of at least twenty five percent (25%) of the unpaid balance of the Notes in circulation on the date determined for the assembly, or the adjourned assembly of this assembly, which shall occur with any number of participants, and which was passed (whether in the original assembly or the adjourned assembly) with a majority of at least fifty percent (50%) of the total votes of those participating in the vote, excluding the abstaining votes.

"**Stock Exchange**" or the **"Tel Aviv Stock Exchange"** – The Tel Aviv Stock Exchange Ltd.

"Euro" – the sole currency of the EMU countries.

"The Four Malls" – the four (4) malls held by the subsidiaries of the Company (directly or indirectly), which are: Torun Plaza and Solvaky Plaza located in Poland, Kragujevac Plaza in Serbia, and Riga Plaza in Lativa, which are all malls whose construction has been completed by the date of This Deed and are operational. **Appendix 1.6.1** of the Trust Deed details the holdings structure of the Company in each of the Four Malls and the financing structure therefor.

"Project Koregaon" – the Koregaon Park Plaza project located in Pune, India.

"The Plan" – as defined in the preamble to this Trust Deed.

"Creditors of the Plan" – all of the creditors of the Company for which the Plan and the Approval Resolution apply for which the relevant debt balances therefore as of 12/31/2013 areas detailed in **Appendix1.6.2** to This Trust Deed;

"The Three Series" – the Notes (Series A), Notes (Series B) and Notes in Poland.

"Unpaid Principal Balance" or the **"Unpaid Balance of the Notes (Series A)"** -the balance as it may be from time to time of the nominal value of the unpaid Notes (Series A) (which as of January 1, 2014 also include the deferred interest for the Notes (Series A) (as defined below), linked to the index (as detailed in the debenture attached as Appendix A to This Deed), which shall accrue and be added starting from January 1, 2014 to the principal of Notes (Series A) in the manner set forth in Section 4a(2) below and shall be an integral part thereof for all intents and purposes, including being repaid in the framework of the payments of principal of Notes (Series A)), when inked to the index for the month of May 2007 (as detailed in the conditions of the Notes attached as Appendix A to this Deed), as detailed below and as detailed in the repayment schedule attached as **Appendix 2.3**of this Trust Deed; as of December 31, 2013, the unpaid balance of the Notes (Series A) (including the deferred interest for the Notes (Series A) accrued for the principal of Notes (Series A) as stated amounts to NIS 302,338,505.

"The Deferred Interest for Notes (Series A)" – the interest accrued and which is not yet paid for the principal of the Notes (Series A), linked to the index for the month of May 2007 (based on the terms of the Notes) shall be paid in five equal payments on the payment dates of the Unpaid Principal Balance of the Notes (Series A). The Deferred Interest for Notes (Series A) as stated shall be accrued and added as of January 1, 2014 to the principal of Notes (Series A), for all intents and purposes, as set forth in Section 4a(2) below, such that it shall be repaid in five equal installments pursuant to the payments of the Unpaid Principal Balance of Notes (Series A), and which amounts, as of December 31, 2013, to a total of NIS 6,652,926;

"The Deferred Debt Balance for Notes (Series A)" – (a) as of December 31, 2013 – the balance of principal amounts of the Notes (Series A) which is linked to the index for the month of May 2007 (as detailed in the conditions of the Notes) and which based on the terms of the original trust deed was supposed to be repaid in three payments during 2013, 2014 and 2015, plus the Deferred Interest for Notes (Series A) (and not a product of the Deferred Interest for the Notes (Series A) by the relative share of the total payments of principal which were to be paid during 2013, 2014 and 2015, for the total payments of principal of the Notes (Series A)), amounting jointly as of December 31, 2013 to a total of NIS 184,064,274; (b) as of any other inspection date – the amount denominated in Subsection "(a)", less any amount of "early repayment which is required following an exercise event" paid for the Notes (Series A) pursuant to the provisions of Section 2a7 below;

"Notes (Series B)" – a series of Notes (Series B), registered by name par value NIS 1 each of the Company, with a total par value as of the freezing of payments date of NIS 508,442,675.

"Unpaid Principal Balance of Notes (Series B)" –the balance as it may be from time to time of the par value of Notes (Series B) which are not yet repaid (and which as of January 1, 2014 even include the Deferred Interest for Notes (Series B) (as defined below), which shall accrue and be added as of January 1, 2014 to the Principal of the Notes (Series B) (as defined below), which shall be accrued and added as of January 1, 2014 to the principal of the Notes (Series B) as set forth in Section 4a(2) below and will be an integral part of for all intents and purposes, and within the above, shall be repaid within payments of the Principal of Notes (Series B)), when linked to the index for the month of December 2007 (as described in the conditions of the Notes attached as Appendix A to the Trust Deed of Notes (Series B)). As of December 31, 2013, the Unpaid Principal of Notes (Series B) (including the deferred interest for the Notes (Series B) accrued for the principal of Notes (Series B) as stated amounts to NIS 610,713,444.

"The Deferred Interest for Notes (Series B)" - the interest accrued and which is not yet paid for the principal of the Notes (Series B)until December 31, 2013, which shall be accrued and added as of January 1, 2014 to the principal of Notes (Series B), for all intents and purposes in the manner set forth in Section 4a(2) below, and which is repaid in two equal installments pursuant to the payments of the Unpaid Principal Balance of Notes (Series B), and which amounts, as of December 31, 2013, to a total of NIS 16,055,758.

"The Deferred Debt Balance for Notes (Series B)" – (a) as of December 31, 2013 – the balance of principal amounts of the Notes (Series B) which is linked to the index for the month of December 2007 (as detailed in the conditions of the Notes (Series B) and which based on the terms of the original trust deed for Notes (Series B) was supposed to be repaid in two payments during 2014 and 2015, plus the Deferred Interest for Notes (Series B), amounting jointly as of December 31, 2013 to a total of NIS 610,713,444; (b) as of any other inspection date – the amount denominated in Subsection "(a)", less any amount of "early repayment which is required following an exercise event" paid for the Notes (Series B) pursuant to the provisions of Section 2a7 below;

"The Notes in Poland" – Notes issued by the Company under the issuance memorandum dated November 16, 2010 par value PLN 100,000 each;

"Unpaid Principal Balance of Notes in Poland" – the balance as it may be from time to time of the par value of Notes in Poland which are not yet repaid (and which as of January 1, 2014 even include the Deferred Interest for Notes in Poland (as defined below), which shall be handled in the manner as detailed in the definition of the Deferred Interest for the Notes in Poland. As of December 31, 2013, the Unpaid Principal of Notes in Poland (including the deferred interest for the Notes in Poland) amounts to NIS 72,247,055 (translated based on the zloty rate as of the same date).

"The Deferred Interest for Notes in Poland" - the interest accrued and which is not yet paid for the Notes in Poland until December 31, 2013, which as of January 1, 2014 shall be accrued and added to the principal of Notes in Poland, for all intents and purposes in the manner set forth in Section 4a(2) below or shall be calculated for the purpose of

linkage and interest as principal and shall be paid at the end of the last payment term, and which amounts, as of December 31, 2013, to a total of NIS 3,182,712.

"The Deferred Debt Balance for Notes in Poland" – (a) as of December 31, 2013 – the balance of principal amounts of the Notes in Poland which is linked and which based on the terms of the original Offering Memorandum for Notes in Poland was supposed to be repaid during 2013, plus the Deferred Interest for Notes in Poland, amounting jointly as of December 31, 2013 to a total of NIS 72,247,055; (b) as of any other inspection date – the amount denominated in Subsection "(a)", less any amount of "early repayment which is required following an exercise event" paid for Notes in Poland pursuant to the provisions of Section 2a7 below;

"Unpaid Principal Balance of the Three Series" – the Unpaid Principal Balance of the Notes (Series A) with the addition of the Unpaid Principal Balance of the Notes (Series B) and plus the Unpaid Principal Balance of the Notes in Poland. As of December 31, 2013, the Unpaid Principal Balance of the Three Series amounts to NIS 985,299,004.

"Company Shares" or "The Shares of the Company" – regular shares par value EUR 0.01 each, of the Company, which are registered for trade in the London Stock Exchange, and the Warsaw Stock Exchange and which are registered for trade in the Tel Aviv Stock Exchange until the Effective Date.

"London Stock Exchange" – the premium listing – the main market of the UKLA at London Stock Exchange Plc.

"Warsaw Stock Exchange" – the Warsaw Stock Exchange.

"Commencement Date" – July 10, 2014.

"Final Repayment Date" – the date on which the principal sums, the interest (including arrears interest, as applicable) and linkage differentials thereon shall be entirely, finally and accurately repaid and removed, according to the terms of the Notes (Series A);

"Disposition" – as this term is defined in section 4b(1) below.

"Restrictions on Taking Credit and Creating Pledges" – as detailed in section 4 below;

"**The Capital Injection" –** the cash flows in the sum of at least EUR twenty (20) million less the sum equal to the Sum in the Trustee's Possession, as the term is defined in the Plan for the Company and/or the Trustee (who is not the Trustee of the Noteholders) who will hold a sum in trust for the Company under the instructions whereby this amount will be transferred to the Company until (and including) the latest of the Effective Date or the Allocation Date (provided that the Company is not aware of any material prevention for the issuance of the securities under this Trust Deed) by way of issuing new shares.

"The Additional Capital Injection" – the cash flows for the Company against the allocation of shares in the Company or as a loan which is inferior to the undertakings of the Company towards the Holders of Notes according to this Trust Deed, both in terms of the creditor ranking and in terms of the repayment dates, in a cumulative sum of at least EUR twenty (20) million, which is in addition to and beyond the Capital Injection if the

Additional Capital Injection is performed by way of providing a loan to the Company, the Company shall include, in the immediate report published in connection with the performance of the Additional Capital Injection, a confirmation of the loan's inferiority as stated above.

"Net Cash Flow" – the net receipts in cash received and/or which will be received in practice by the Company as of May 15, 2014 and until the Final Repayment Date, for the relevant exercise event according to the provisions of this Deed. The net receipts means the receipts received in practice by the Company and after the deduction of: (1) the full amount of the debt balance for the repayment to the bank for the relevant real estate asset which was exercised; (2) the full amount for the repayment of the debt balance to the bank for the relevant loan repaid in the event of a debt cycle (refinancing) (meaning: as a result of the deduction of this sum, the net cash flows will relate in practice to the difference between the new debt and between the replaced debt as long as this difference is positive); (3) in the event where the relevant exercise event occurred in a subsidiary – the sums required for the purpose of repaying the existing undertakings to the creditors of that subsidiary for that same exercise event; (4) the direct expenses for the asset, such as the fees, sales expenses direct to third parties, brokerage expenses, loan expenses, tax expenses and the like (as applicable), and excluding the overhead and costs of the employees and officers in the Group. Regarding this definition – **"Exercise Event"** – as defined in section 7a below. **Appendix 1.6.3** to This Deed details the operations from which the cash flows are derived (and the sums of the net cash flows therefor) in relation to the term between the payment freezing date and until May 14, 2014.

"Real Estate Property" – rights in the lands or rights in the real estate projects of various types (such as: residential, malls and mixed-use) as well as rights in the corporation holding the said properties. **Appendix 1.6.4** of this Deed describes the real estate assets as of the signing date of this Deed.

"Coverage Ratio" – as defined in section 1.1 of Appendix D of This Amended Trust Deed.

"Minimum Coverage Ratio" – as defined in section 1.2 of Appendix D to This Amended Trust Deed.

"Financial Debt" – a debt that is directed towards a financial creditor of the Company or subsidiary, including guarantees granted and/or which the Company and/or a subsidiary shall grant, excluding:

(i) Guarantees and/or undertakings granted in relation with the costs of completion and the performance the project's construction or development of the real estate asset (cost overrun guarantees); or

(ii) Guarantees for ongoing needs in a cumulative scope which shall not exceed at any point in time EUR 200 thousand; or

(iii) A loan granted directly to the Company by its shareholders and provided that (a) the interest therefor is not higher than that of the Notes; and (b) after the passing of six (6) months from the provision date of the loan (if not repaid by then) this

loan shall become a subordinated debt; (c) it would not be possible to call for the immediate payment of this loan or to demand the liquidation of the Company with respect thereto; or

(iv) Where the financial creditor approved in writing that the said debt shall be an inferior debt.

"New Financial Debt Not For the Financing of the Asset" – as defined in section 4.3 of This Trust Deed.

"Subordinated Debt" – a debt that will not be repaid before the full repayment of the Company's undertakings towards the Holders of Notes, and shall constitute a subordinated debt during liquidation;

"LTC Ratio" – the ratio between the credit sum proposed for the purpose of financing the relevant project and between the cost of that project as of the date of taking the credit ("Loan to Cost"). In this regard, "cost of the project" – the cost of constructing the project, including all of the construction, planning and development costs and the cost of the land.

"Subsidiary" – any corporation, limited liability company, partnership, joint initiative, joint stock company, or other entity in which the Company holds, directly or indirectly, at least 50% of the equity or rights (as applicable) or an entity controlled by the Company, directly or indirectly; "**Control**" – as defined by Law.

"The Group" – the Company and its subsidiaries (as this term is defined above);

"Freeze Date of the Payments" – November 18, 2013, the date on which the Company received a provisional order to freeze payments by the authorized court in Holland according to the Dutch Law;

"The Total Deferred Debt of the Three Series" – meaning: (i) the Deferred Debt Balance for the Notes (Series A); with the addition of (ii) the Deferred Debt Balance for the Notes (Series B); and the addition of (iii) the Deferred Debt Balance for the Notes in Poland. **The Total Deferred Debt of the Three Series** amounts as of December 31, 2013 to a total of NIS 867,024,773;

"The Deferred Debt Balance Ratio" -the ratio between the Deferred Debt Balance for each of the Three Series and between the Total Deferred Debt of the Three Series, based on which an obligatory early repayment will be divided following an exercise event as stated in Section 7a below, which is as follows: 21.23% of the Notes (Series A), 70.44% for the Notes (Series B) and 8.33% for the Notes in Poland. It is clarified that in the case where one of the series is repaid in full before the other series are repaid, then as of the same date and thereafter, obligatory early repayment following an exercise event under Section 7a below shall be divided between the remaining series, pro rata based on the ratio stated above.

For the purpose of the example alone of a calculation of "Deferred Debt Balance Ratio": (a) There exists an "obligatory early repayment due to an exercise event" according to which the Company shall pay, pursuant to the statements of section 7a2, a

sum in the principal amount of NIS 30 (after the interest payment), then for the Notes (Series A) 21.23% will be paid from the payment (NIS 6.369), about 70.44% of the payment (NIS 21.132) will be paid for the Notes (Series B), and about 8.33% from the payment (NIS 2.499) will be paid for the Notes in Poland; (b) pursuant to the date on which the "obligatory early repayment due to an exercise event" occurs, according to which the Company must again pay in accordance with the statements of section 7a2, if the principal payment for the distribution (after the interest payment) shall amount to NIS 10, then 21.23% of which shall be paid to the Notes (Series A), 70.44% of it shall be paid to the Notes (Series B) and 8.33% of it shall be paid to the Holders; (c) it is clarified that if on the relevant examination date the entire debt has been repaid for a certain series of Notes, the part of that series of Notes which was repaid shall be zero, and for example, if in the event denoted above in subsection "(B)" the full debt for the Notes in Poland shall be repaid, then the payment of the "obligatory early repayment due to an exercise event" for the principal payment, shall be split for between the Notes (Series A) (about 23.16% of the payment) and between the Notes (Series B) (about 76.84% of the payment).

"The Allocated Shares" – as defined in section 4a below.

"The Additional Notes" – as defined in Section 4a below.

"The Allocation Date" – as defined in Section 4a below.

"The Trust Account" – an account which shall be opened by the Trustee and operated in its name at the Bank of Israel, in trust, for the benefit of the Holders of Notes and which shall be pledged for the benefit of the Trustee for the Holders of Notes (Series A) in a fixed and floating single first degree pledge without any limit of sum, with a text to the satisfaction of the Trustee.

"The Nominee Company" – the Nominee Company of Bank Leumi Israel Ltd.

"Trading Day" – the day on which trading occurs in the Tel Aviv Stock Exchange.

1.7. It shall be hereby clarified that the Noteholders affirm that as long as the entry into effect of the Trust Deed requires the approval of the Rating Company, they waive this request.

1.8. For This Trust Deed, the following Appendices are attached:

Appendix	**Subject**
Appendix A -	The Notes certificate and the overleaf conditions.
Appendix B	The general assemblies of the Holders of Notes.
Appendix C	The Trustee's salary.
Appendix D	"The Coverage Ratio".
Appendix 1.6.1	Details regarding the manner of holding the

	Four Malls and the financing therefor.
Appendix 1.6.2	A list of all the Company's creditors for which the Plan applies and the debt waivers therefor as of December 31, 2013.
Appendix 1.6.3	A list of the operations in the term between November 18, 2013 and until May 14, 2014.
Appendix 1.6.4 -	Description of the real estate assets as of _____ (the signing date of This Deed).
Appendix 2.3	The repayment schedule of the Notes (Series A).
Appendix 4.2	The list of real estate assets held by the Company and the subsidiaries pledged for the benefit of third parties (as of the signing date of This Deed).
Appendix 5a	A list of the subsidiaries as of the Effective Date.
Appendix 5a1	Approval of the subsidiaries.
Appendix 5.1.34	**Pre-ruling by the Tax Authority**

2. The Notes

Up to the date of this Trust Deed, the Company issued a total sum of NIS 391,565,400par value Notes (Series A), registered by name, par value NIS 1 each, which according to the terms of the Original Trust Deed are called for repayment in 8 equal annual installments, on December 31 of each of the years 2010 to 2017, inclusive (the first installment was performed on December 31, 2010 and the last installment to be effected on December 31, 2017), bearing interest at a rate of 4.5% per annum, paid in semi-annual installments on December 31 and July 1 of each of the years 2007 to 2017 (the first installment was performed on December 31, 2007 and the last installment to be effected on December 31, 2017), linked (principal and interest) to the Consumer Price Index, all pursuant to the terms set forth in the Note attached as Appendix A to the Original Trust Deed. As of the date of this Trust Deed, the Company performed three (3) repayments of the Principal payments, on December 31, of each of 2010, 2011, and 2012 in a total sum of NIS 136,233,571par value, Notes (Series A).

Commencing on the Effective Date and thereafter, the terms of the Notes (Series A) will be amended and shall be as detailed below:

2.1. **The Principal**

2.1.1. The Unpaid Principal Balance of the Notes (Series A) shall be called for repayment in five (5) equal payments (each payment shall be 20% of the said balance) to be paid as follows: on December 31, 2017, on July 1, and December 31, 2018 and on July 1, 2019 and 2020 (with the first payment being performed on December 31, 2017 and the final payment being performed on July 1, 2020).

2.1.2. Notwithstanding section 2.1.1 above, in the event where the Company did not pay, during the first two years commencing on the Effective Date or by December 1, 2016 (whichever is earlier), the Principal of the Notes for the Three Series' in a total amount of at least NIS 434,000,000 (four hundred and thirty four million)[1] excluding linkage differentials, and including repayment of the Principal of Notes (Series A) in a total of at least NIS 92,032,137 (excluding linkage differentials) then the forced early repayment of the Unpaid Principal Balance of the Notes (Series A) shall be performed and shall be repayable in five (5) equal payments (each one in a sum of one fifth (20%) of the Unpaid Principal Balance as shall remain) to be paid on December 31, 2016, July 1 and December 31, 2017 and July 1, 2018 and 2019 (with the first payment being performed on December 31, 2016 and the final payment being paid on July 1, 2019). No later than after 7 business days following the end of two years from the Effective Date or by December 1, 2016 (whichever is earlier), the Company shall publish an immediate report in this matter whether the Principal payment dates have been advanced or otherwise.

2.2. **The Interest**

2.2.1. The Unpaid Debt Balance of the Notes (Series A) shall bear interest from January 1, 2014 and thereafter at a rate of 6% annually.

2.2.2. The interest payments for the Unpaid Principal Balance of the Notes (Series A), starting from the Effective Date until the Final Repayment Date, shall be performed as follows:

2.2.2.1. **The First Interest Payment** – on the First Interest Payment date, which shall occur after 12 days transpires from the Effective Date for the payment of the first interest, or on another date which shall be written by the Stock Exchange, pursuant to its provisions (hereinafter: the "**First Interest Payment Date**")the Company shall pay interest to the Holders of Notes in the three series for a term commencing on January 1, 2014 and ending on the day preceding the first interest payment date (the **"First Interest Term"**), according to the higher of:

(i) A total sum of EUR 11.6 million, whereas from this payment, a total equal to EUR 2.5 million, shall be paid to the Holders of Notes (Series A); or

[1]If the repayment is not in NIS – pursuant to the exchange rate of the foreign currency compared to the shekel on the repayment date.

(ii) An interest sum which was accrued and not paid for the Unpaid Principal Balance of the Three Series (according to their conditions), whereas from this sum the Holders of Notes (Series A) shall be paid interest for the Unpaid Principal Balance which has accrued and not been paid for the First Interest Term according to the interest at a rate of 6% annually (which shall be calculated according to the total number of days in the First Interest Term, according to 365 days per year).

In the event where the first interest payment is performed pursuant to Subsection (i) above – the difference between the total interest to which the Holders of Notes (Series A) are entitled according to Subsection (i) above and between Section (ii) shall be hereinafter referred to as: the **"Additional Sum"**).

The First Interest Payment shall be paid to each series of notes based on the currency with which it was issued, while the conversion rate from euro to the relevant currency (in the event of a payment according to the alternative as stated in Subsection (i) above), will be based on the representative rate determined on the trading day prior to the Effective Date. At least four Trading Days prior to the Effective Date for the first interest payment the Company will publish the precise interest sum and the interest rate for the First Interest Term.

similarly, in the event of one or more Exercise Events (as defined in Section 7a2 below), during the term between May 15, 2014 and until the Effective Date, for which early repayment shall be performed for the debt of the Notes (as stated in Section 7a.2), then on the first interest payment date, the early repayment shall be performed as stated.

"**The Effective Date for the First Interest Payment**" – the first trading day after the allocation date as defined in section 4a below.

The sum paid to the Holders of Notes (Series A) as stated on the first interest payment date shall be deposited by the Company prior to the Effective Date to the Trustee in the Trust Account (as defined in Section 1.6 above) or with the Nominee Company for the purpose of the performance of the First Interest Payment in a timely manner, and the above deposit shall be considered as full and final payment of the first interest payment according to this Section 2.2.2.1, commencing on the interest payment date.

2.2.2.2. **The Second Interest Payment** – the interest for the Unpaid Principal Balance accrued for the period commencing on the payment date of the first interest payment and ending on December 31, 2014, after the deduction of the Additional Sum (as defined in Section 2.2.2.1 above, as long as the first interest payment was performed in accordance with

Section 2.2.2.1(i) above), to be paid on December 31, 2014. No later than the passing of 5 Trading Days from the beginning of the second interest term, the Company shall publish the interest rate for this interest term pursuant to a 6% interest rate per annum (which shall be calculated according to the number of days included in the second interest term according to 365 days per year.

2.2.2.3. **The remaining interest payments** – after the payment of the First Interest Payment and the Second Interest Payment, the interest shall be paid for the Unpaid Principal Balance in biannual payments on July 1st and December 31st of each of the years between 2015 and 2019 and on July 1, 2020, each payment for the interest accrued in the six months ending on the date preceding each payment date as stated (with the first payment of these payments being performed on July 1, 2015 and the final payment on July 1, 2020), unless the repayment dates of the Principal payments shall be advanced, as detailed in section 2.1.2 above, and in such an event the biannual interest payments shall be paid on July 1st and December 31st of each of the years between 2015 and 2018 and on July 1, 2019 (with the First Interest Payment of these payments being performed on July 1, 2015 and the final payments being performed on July 1, 2019).

The balance of unpaid Principal and interest are linked to the Consumer Price Index, all according to the conditions as detailed in the Note attached in Appendix A to the Trust Deed.

2.3. Attached as **Appendix 2.3**to this Deed, the repayment schedule of the Principal and interest payments for the Notes (Series A), commencing on the Effective Date until the Final Repayment Date (meaning, until July 1, 2020, unless the repayment dates will be advanced as detailed in section 2.1.2. above, or early withdrawals will be performed, as stated in section7a below). In any event when during a term where notes will be in circulation and until the final repayment a change will occur to the repayment schedule of the Notes (Series A) for the early repayment of a portion of the Unpaid Principal Balance pursuant to the provisions of this Deed, the Company shall provide the Trustee and shall publish an updated repayment schedule, no later than after 10 business days after the occurrence of the change and no later than 4 Trading Days from the Effective Date for the nearest payment according to the updated payment schedule.

2.4. Non-Increase of the Series – the Company shall not be entitled to issue additional Notes (Series A).

2.5. Non-Increase of the series of Notes (Series B) and the Series of Notes in Poland – the Company may not issue additional Notes (Series B) or additional notes from the Poland Notes series.

2.6. Non-Change of terms of the Notes (Series A) and/or (Series B) and/or in Poland – the Company may not change the terms of the Notes (Series A) and/or (Series B) and/or in Poland (excluding technical changes), unless it receives (in addition to the approval

required under the terms of the Notes and/or under any law) the approval of the Notes (Series A) as well, in an ordinary resolution.

2.7. Issuance of additional securities – pursuant to the provisions of this Trust Deed and specifically the provisions of section 4 below (restrictions to taking credit and creating pledges) the Company reserves the right to issue, at any time, without approval of the Trustee and/or the Holders of Notes, other Notes or Series Notes or other securities of any nature or type whatsoever, at such terms as the Company shall find fit, all pursuant to the provisions of this Trust Deed.

The Notes (Series A) and the Offered Shares may not be offered, sold, transferred or disposed of in the Netherlands, as part of the preliminary distribution thereof or at any other time, either directly and/or indirectly, excluding to qualified investors as defined in article 1:1 of the Dutch Act on the financial supervision, including, but without prejudice to that which is set forth above, banks, brokers, dealers and institutional investors holding a license or which supervise in another matter operation in the financial markets or entities whose sole purpose is the investment in securities..

3. **Acquisition Of Notes On The Part Of The Company And A Subsidiary**

3.1 Subject to the provisions of this Trust Deed, and without derogating from the Company's obligation to perform early repayment pursuant to the provisions of this Trust Deed, the Company reserves the right to acquire, at any time, Notes of the Series Notes at any price it finds fit, without prejudice to the duty to settle the Notes held by others apart from the Company, and provided that : (A) the purchase as stated (if performed) will be by manner of: (i) purchase offer; or (ii) within purchases during trade in the Stock Exchange in non-adjusted transactions – subject to the provisions of any law, the Company shall publish, at least one trading day prior to the performance of the purchase, an immediate report of its intent to perform the purchase of notes during trade in the Stock Exchange. The notice shall include a description of the maximal financial scope that the Company intends to purchase; (B) the purchase of notes as stated shall be performed equally between the three series, pro rata between the series while the amount designated for the purchase of notes as stated shall be divided between the three series pursuant to the ratio of the Unpaid Principal Balance of the Three Series, as it may be at the time, and the price at which the Company shall offer to purchase notes of any series shall be based on the ratio of the Series A and Series B Notes, with the same deviation rate from the closing price of the notes of the same series on the trading day preceding the publication date of the immediate report of the intent to perform the purchase or the publication date of the purchase offer, as applicable, and regarding the Poland Notes, at the same deviation rate to the above rate, but in relation to the par value of the Poland Notes. The provisions of this section 3.1 shall also apply to purchases of Notes performed by a subsidiary of the Company, mutatis mutandis.

3.2 The Notes to be acquired by the Company shall be cancelled, and shall also be erased from the trading on the Stock Exchange and the Company shall not be entitled to reissue them.

3.3 The Company's subsidiary, a controlling shareholder of the Company (directly and/or indirectly), a relative thereof, corporation under the control of one of them or a corporation under the control of the Company (all jointly hereinafter: a "**Related Holder**"), may acquire and/or sell Notes of the Series Notes, from time to time, pursuant to any law, including but without derogating from the above, the Dutch Laws regarding market abuse, either on the Stock Exchange or off-market. The Notes to be held, as aforesaid, by a Related Holder, will be deemed as an asset of the Related Holder, they will not be delisted from trading on the Stock Exchange, and will be transferable similar to the other Series A Notes. Notes which are held by a Related Holder as stated will not be counted for the purpose of determining the existence of a quorum at general meetings of Holders of Notes under this Trust Deed, and the Notes held by the Related Holder will not confer on it voting rights at such general meetings, so long as the Notes are held by the Related Holder.

3.4 Nothing in the foregoing in this section 3 above, *per se*, shall bind the Company and/or the Company's Related Holder and/or the Holders of Notes, to acquire Notes or sell the Notes in their possession.

4. Company's Undertakings

4.1. The Company hereby undertakes to pay, on the designated dates, the principal, interest and Interest Increment and linkage differentials (including arrears interest, if any, pursuant to the provisions of section 6 of the terms overleaf of the Note) payable under the terms of the Note and to comply with all the other terms and obligations imposed on it pursuant to the terms of the Note and hereunder. Where the designated date for payment of the Series A Notes, or the designated date for any interest installment, occurs on any day other than a business day, the payment date or the date of such installment shall be postponed to the business day immediately subsequent thereto and no interest shall be paid for such delay.

4.2. Undertaking Not to Create Pledges (Negative Pledge)

The Company undertakes (and the subsidiaries undertaking through signature, as stated in section 5a below), without prejudice to the other provisions of this section 4 and section 7a below, and additionally, including with regard to the provisions of section 4.6 below (maintaining a minimal cash balance), that as of the Effective Date and until the Final Repayment Date, it shall not create a pledge, charge, assign by way of pledge or provide as another security of any kind or rank or as another guarantee (jointly: a "**Pledge**"), the real estate assets held thereby directly or indirectly.

Notwithstanding the above, the Company and the subsidiaries may pledge real estate assets held thereby in the following cases:

4.2.1. A pledge registered by a subsidiary

4.2.1.1. A pledge registered for taking new financial debt which is intended solely for the purposes of a purchase and/or investment and development of a real estate asset pledged by the same subsidiary (subject to the provisions of section 4.3 below), and the said pledge will solely insure the new financial debt taken

for the purchase of the same asset or development, as applicable; notwithstanding the above, subsidiaries may register a pledge on land in favor of an investment and development of a real estate asset under Section 4.3.1 below (and not for the purchase of a new asset), held by the Company and/or its other subsidiaries (hereinafter: a "**Cross Pledge**"), provided that the total Cross Pledges which are provided commencing on the payment freeze date, as they may be at any point in time thereafter, apply with respect to land with an aggregate value of the Group generally that shall not exceed EUR 35 million (based on the values of the land in the Company's books) (the **"Sum of Cross Pledges"**), however, in the framework of the Sum of Cross Pledges, the lands whose pledges are registered before the payment freeze date shall not be included (including if they were reregistered thereafter in the framework of the financial debt circulation).

4.2.1.2. The new financial debt involves the replacement of an existing financial debt with new financial debt – "refinancing", regarding the pledged asset before taking the new financial debt including increasing the amount of credit for the same asset (the provisions of section 7a2 below shall apply to the part of the increase credit amount).

4.2.1.3. A pledge recorded with respect to the holdings of a subsidiary in a corporation under its control, which ensures a debt which was taken by the same corporation, pursuant to the provisions of subsection 4.2.1.1 above.

4.2.1.4. A pledge recorded in order to secure taking a new financial debt for purposes other than the purchase and/or investment and development of the pledged real estate asset, subject to at least 75% of the net cash flow arising from the new financial debt being uses for the performance of early repayment pursuant to the provisions of section 7a below.

4.2.2. Pledge recorded by the Company

A pledge recorded regarding the Company's holdings in a subsidiary, which ensures a debt which was taken by the same subsidiary and/or corporations under its control, pursuant to the provisions of subsection 4.2.1.1 above.

As of the signature date of this Trust Deed, the list of real estate assets held by the Company and the subsidiaries, directly and indirectly, pledged in favor of third parties, is as set forth in **Appendix 4.2** of this Trust Deed.

4.3. Limitations Regarding Taking Financial Debt

As stated in section 4.2 above, the Company hereby undertakes (as do the subsidiaries with their signatures as stated in section 5a below) that as of the Effective Date and until the Final Repayment Date it shall not place a new financial debt (including by way of changing an existing financial debt of the Company to a new financial debt – "refinancing"), other than upon the occurrence of one of the following:

4.3.1. The new financial debt is designed to invest funds in the development of real estate assets and is held by the Company and/or its subsidiaries, provided that: (a) the investment shall be performed based on an LTC ratio which shall not be less than 50% (in the event of entering, directly or indirectly, an existing project as stated, a partner, who is entitled to consideration in cash or cash equivalents (excluding against offsetting debt) at least for 20% of the rights in the project, directly or indirectly, then the LTC ratio will be reduced for the sale project to a ratio which is no less than 40%); (b) the debt is taken by the relevant company which owns the asset or another company of the Group as stated in section 4.2.1.1 above; and (c) this being subject to the compliance with the requirement of the minimum cash reserve balance, as detailed in Section 4.7 below; or

4.3.2. The new financial debt taken by the relevant company is designed for the purchase of new real estate assets by the relevant company, subject to compliance with the minimal cash fund balance requirement as set forth in section 4.7 below; or

4.3.3. At least 75% of the net cash flow arising from the new financial debt shall serve for the purpose of early repayment of the three series, pursuant to the provisions of section 7a below. It shall be clarified, for the avoidance of any doubt, that the Company and/or the subsidiaries may perform refinancing, even if as a result no net cash flow is generated.

Notwithstanding all of the provisions of this section 4.3, in the case of the performance of the Additional Capital Injection, the provisions of this section 4.3 above shall not apply to investments with an aggregate amount up to the Additional Capital Injection amount.

In the case of the placement of a new financial debt by a subsidiary, the provisions of section 7a.2 below shall apply in connection with the transfer of net cash flows from the subsidiary to the Company for the purpose of early repayment of the Notes at the subject of the said section.

The Company warrants, in connection with sections 4.2 and 4.3 above, that as of the stay date of the payments and until the Effective Date, the Company and/or a subsidiary thereof have not performed any action which is not permitted under sections 4.2 and 4.3 above.

4.4. Distribution

4.4.1. The Company shall be entitled to distribute dividends to its shareholders and/or any other distribution any the applicable Dutch law (including buyback of the Company's shares) (hereinafter in this section: a "**Distribution**") only pursuant to the Company's compliance with the following cumulative conditions:

4.4.1.1. At least 75% of the Unpaid Principal Balance of the Three Series (as defined in section 1.6 above), as shall be on the Effective Date, shall be repaid by that same date. For the purpose of this examination, the repayment of Notes sold by the subsidiary of the Company after the Effective Date shall not be considered repaid Notes.

4.4.1.2. The Coverage Ratio (as defined in section 1.6 of this Trust Deed) on the basis of the Company's most recent consolidated financial statements (audited or reviewed, as applicable) on the approval date of the distribution shall be (with the assumption of the execution of the distribution) at least 150%.

4.4.2. Notwithstanding the statements of section 4.4.1. above, the Company shall be entitled to perform a distribution of dividends to its shareholders without the compliance with the terms in section 4.4.1 above, provided that the said distribution was approved in an assembly of the Creditors of the Plan in a majority of at least 67% of the remaining debt held by the voting creditors in the vote of the creditors' assembly, pursuant to the provisions of section 38 of Appendix B to this Deed below.

4.4.3. Notwithstanding the statements in this section 4.4, in the event where an Additional Capital Injection shall be performed, the Company shall be entitled, after the passing of at least one year from the date of the Additional Capital Injection, to distribute dividends to its shareholders at one time or through a number of distributions, in an equal cumulative sum up to half (up to 50%) of the Additional Capital Injection's sum, all pursuant to the provisions of the law.

In the case of a distribution under section 4.4 above, the Company shall include in its first financial statements which are published after a distribution as stated, reference to the compliance of the said distribution with the provisions of this section 4.4 (as applicable).

4.5. Expenses of the Company

The Company shall act to the best of its ability in order for the scope of general and management expenses of the Company in relation to the scope of the Company's current operations, shall not exceed an annual sum of EUR 7.5 million.

4.6. The Company hereby undertakes (and the subsidiaries undertake through their signatures as stated in section 5a below) that if the Coverage Ratio decreased lower than the Minimal Coverage Ratio, then during the term, the beginning of which commenced on the examination date of the Coverage Ratio where the decrease was first created from the Minimal Coverage Ratio and as long as the Coverage Ratio did not return to the rate of the Minimal Coverage Ratio, the Company and each of the subsidiaries of the Company shall not perform any of the following: (a) sale, directly or indirectly, of a real estate asset (any, in their ownership, however, the above shall apply, and shall not apply in relation to the completion of the sale of assets and rights for which the Company engaged in an obligatory engagement prior to the said examination date); or (b) an investment in a new real estate property; or (c) a financial investment in projects existing in the Company or a subsidiary on the said examination date, at a rate exceeding 20% of the construction cost of the said project (as approved by the lending bank of the projects), and pursuant to its compliance with the LTC ratio, as detailed in section 4.3.1 above.

4.7. The Company hereby undertakes that commencing on the Effective Date and until the Final Repayment Date, the execution of cash injections for investments in existing or new real estate properties, including for the purpose of development and/or purchase, shall be performed pursuant to the fact that the cash and cash equivalent balance (which may be included in the consolidated financial statements of the Company in the following sections: cash and cash equivalents as well as short-term deposits, financial assets held for trade and long-term deposits (hereinafter jointly: **"Additional Cash Equivalents"**) and provided that the Additional Cash Equivalents are granted for exercise into cash immediately and without restriction in the Company and subsidiaries), shall include, on the execution date of the injection, monies for these investments in a sum equal at least to: (i) the general and management expenses in the required scope, at the estimate of the Company's management, for a period of 6 months ahead (and in the event that prior thereto the Additional Capital Injection was performed – 3 months ahead) (the "**Protection Period**"); with the addition of (ii) interest expenses for the Notes (Series A), Notes (Series B) and Notes in Poland for the Protection Period); and less (iii) the sums of receipts to be received by the Company and/or its Subsidiaries for transactions signed by the Company and/or its Subsidiaries and for which closing was performed and, according to the estimate of the Company's management, there is a high probability to receive them during the Protection Period.

After the Company shall repay the Note principal for the Three Series in a total sum of at least NIS 434,000,000, not including the linkage differentials (as long as the repayment is not in NIS – pursuant to the exchange rate of the foreign currency versus the Shekel on the repayment date), including a repayment of the principal of Notes (Series B) in a total sum of at least NIS 92,032,100 (not including linkage differentials), then the reserve sum shall be decreased as calculated above by 50%.

4.8. The Company undertakes to publish its annual reviewed consolidated financial statements to the public, no later than the passing of three (3) calendar months from the end of the calendar year, and, beyond the letter of the law, the Company undertakes that during the period commencing on the Effective Date and ending on the Final Repayment Date it shall publish its reviewed consolidated financial statements on a quarterly basis, no later than after two months from the end of each of the first three calendar quarters of each year. The Company shall include, within the quarterly and annual financial statements, a detailed report regarding its compliance with the undertakings in sections 4.1 through 4.7 above (inclusive) as sections 4b, and the performance of early repayments under the provisions of section 7a.2 below.

4.9. <u>Delivery of Approvals to Trustee</u>

No later than 14 days after the performance of any action set forth in this section 4 above and 4b below, whether by the Company or by the Company's subsidiaries (whether the creation of pledges, taking financial debt including by way of refinancing, performance of a distribution and the like) for which the net cash flow generated therefrom exceeds EUR two (2) million, the Company shall provide the Trustee with a signed confirmation by the CEO of the Company and the senior officer

in the financial department of the Company regarding the compliance of the Company or the relevant subsidiary (as applicable) with the provisions set forth in this section 4 above and 4b below with regard to the relevant action, plus calculations to the satisfaction of the Trustee, if required. The Trustee shall rely on the Company's approval and shall not be required to perform an additional investigation on its part.

Regarding liabilities attributed to the Company and/or the subsidiaries included in this Deed and the appendices hereto, it shall be clarified that the Trustee does not have the ability to supervise and/or ensure and/or oversee the manner of the fulfillment of undertakings by the subsidiaries, and shall rely on the confirmations provided thereto by the Company and the Company's reports in its financial statements as described in this section, without being able to perform independent examinations on its part.

4.10. The Company further undertakes (as do the subsidiaries by signing as stated in section 5a below) that as of the commencement date and until the Effective Date, and as of the Effective Date and until the Final Repayment Date, no action is performed which is not permitted under the provisions of this Trust Deed, and no action shall be performed which is not permitted under this Trust Deed.

4a. **The Allocation of Company Shares and Notes to Note Holders**

Pursuant to this Trust Deed becoming valid, whoever is a Holder of Notes (Series A) on the Effective Date shall be entitled, each according to their relative part (pro rata) in the ratio to all of the Holders of Notes (Series A), for the allocation of shares and notes as follows:

(1) Allocation of shares

In consideration for a payment to the Company of EUR 0.01 per share (based on the euro/shekel rate prior to the allocation), all of the holders of Notes (Series A) will be allocated a total amount of shares of the Company, representing, (after their allocation, and the allocation of the Additional Shares, as detailed below, and even for the remaining series, and for the removal of doubt even after the issue of the rights) 2.866% of the issued and paid-up capital and from the voting rights in the Company (the **"Allocated Shares"**) and an additional sum of shares in the Company which shall be allocated to the Trustee in trust for the Noteholders, which shall be calculated as a result of the distribution of (a) the number of shares equal to 1% of the sum of Allocated Shares with the assumption of full compliance for the issue of the rights in (b) the price per share in the issue of rights less EUR 0.01 (hereinafter: the **"Additional Shares"**). The "issue of rights" – meaning the issue through which the Capital Injection shall be performed. At least 4 Trading Days before the Effective Date, the Company shall publish an immediate report regarding to the total shares actually allocated based on the calculation above.

The Allocated Shares and the Additional Shares shall be equal in their rights to the rights of the Company shares which shall exist at that time in the Company.

A Holder of Notes shall not be entitled to the allocation of fractional shares and the amount of shares to which any Holder shall be entitled as stated, shall be rounded

down to the closest integer. In the event that as a result of the issuance, shares are created which are not actually issued (such as share fragments), then they shall be annulled by the Company.

(2) A total amount of additional Notes (Series A), registered by name, par value NIS 1 each, in to the sum of the Deferred Interest Amount for the Notes (Series A) (as defined in section 1.6 above) which is accrued and added to the Principal of Notes (Series A) as of January 1, 2014, at no consideration, For the purpose of calculating the total quantity of the Additional Notes (Series A), the total linkage differentials applicable to the Notes as of December 31, 2013 were taken in to account. Therefore, as a result of the said allocation, the Principal of Notes (Series A) shall increase in a total of NIS 5,516,329 par value Notes (Series A) (the "**Additional Notes**").

In addition to the Additional Notes, the Holders of the Notes (Series B) shall be allocated notes from series B, based on the same calculation method, with the necessary adjustments. In relation to the Noteholders in Poland, the Deferred Interest for the Notes in Poland shall be handled in the manner as stated in the definition, the Deferred Interest for the Notes in Poland in Section 1.6 above, and pursuant to the principles detailed in this Section 4a(2), mutatis mutandis.

The terms of the Additional Notes (Series A) shall be identical to the terms of the Notes (Series A) in circulation which are issued prior to the date of this Deed. The Additional Notes (Series A) which are allocated as stated, shall be discounted as of the allocation date and are in effect as of January 1, 2014, one series for all intents and purposes together with Notes (Series A) in circulation. It shall be clarified that the Note Holders entitled to the Additional Notes as stated in this section shall not be entitled to interest and/or principal payments for the Additional Notes for which the Effective Date for payment occurs before the issuance date of the Additional Notes. A Note Holder shall not be entitled to an allocation of fragments of Notes (Series A) and the amount of Notes that each Holder is entitled to shall be rounded downward to the nearest full number. If as a result of the allocation, Notes are created which are not actually issued (as share fragments), they shall be cancelled by the Company.

The allocation of the Allocated Shares, the Additional Shares and Additional Notes shall be performed by the Company closely after the Effective Date, and on a date which is coordinated with the Tel Aviv Stock Exchange (the "**Allocation Date**").

4b. **Exercise of Assets**

4b(1) Pursuant to the limitations set forth in this Trust Deed, the Company and/or any of its Subsidiaries shall be entitled, from time to time, to sell, lease, assign, grant or transfer in any other way, its assets, rights, property or any part thereof ("**Disposition**"), without requiring the receipt of the Trustee's agreement or the agreement of the Holders of Notes.

4b(2)Notwithstanding the above in section 4b(1), in relation to the Four Malls (as defined in section 1.4 above) the following provisions shall apply:

(i) The Company and/or any of its Subsidiaries may not perform Disposition, directly or indirectly, in any of the Four Malls, or to perform refinancing in relation to any of them (hereinafter in this section: an **"Event"**), other than subject to the net cash flow from the Event in connection with the Four Malls not being less than a cumulative sum of EUR seventy (70) million.

(ii) In the event where the Event occurred only in relation to part of the Four Malls (meaning, does not apply in relation to the Four Malls together), then the Company and/or each of its subsidiaries may perform the Event pursuant to the fact that Net Cash Flows from the Event or a Net Cash Flow from the Event with the addition of the Net Cash Flows from previous Events of any of the Four Malls (as shall be at that date) and with the addition of the surplus net value from the remaining malls (as these terms are defined below), as applicable, shall not be less than the cumulative sum of EUR seventy (70) million.

For the purpose of this section:

"Net Surplus Value" section– the value of the asset according to the updated valuation in the Company's possession, less the balance of financial debts that the subsidiary holding the same asset has as of the same date.

"Remaining Malls" – the remaining malls from the Four Malls, not yet sold as of the date of the recent Event or in the framework thereof. It shall be clarified that in the event of the sale of part of the rights in one of the said malls (regarding which the net cash flow shall be subject to the provisions of section 7a below), then the unsold rights in the said mall shall be added to the Net Surplus Value of the Remaining Malls not yet sold, for the purpose of calculating the compliance with the cumulative sum of EUR seventy million.

4c. **Depositing a Cash Cushion**

On the Effective Date, the Company shall deposit with the Trustee, in the Trust Account (as defined in Section 1.6 above) , a sum of NIS twenty five thousand (25,000) in cash (hereinafter: the "**Deposited Amount**") which shall be held in trust for the benefit of the Holders of Notes and shall serve as a cushion/advance only for the purpose of covering the Trustee's expenses in relation with the event of the calling for immediate repayment of the Notes (Series A). On the Final Repayment Date the Trustee shall return the said deposited sum (as long as it was not utilized for its purpose) to the Company. The Deposited Amount shall constitute a deposited pledge.

5. **Securities**

5.1 The Notes are not secured by means of any lien.

For the avoidance of doubt it is clarified that the Trustee is not obligated to examine, and de facto, the Trustee did not examine the need for the grant of securities in order to secure the payments to the Holders of Notes. The Trustee is not asked to conduct, and the Trustee is not, in practice, conducting a financial, accounting or legal due

diligence regarding the state of the Company's business. By entering into this Deed and by agreeing to perform as a trustee, the Trustee does not give an opinion, express or implied, with regard to the Company's ability to fulfill its obligations towards the Holders of Notes. The above does not derogate from the Trustee's obligations in accordance with applicable law and this Deed, including the Trustee's obligation (as far as such obligation is applicable to the trustee pursuant to any applicable law) to analyze changes in the Company as of the Effective Date and going forward, as far as they adversely affect the Company's ability to fulfill its obligations to the Holders of Notes.

5.2 Pursuant to the provisions of section4 above, the Company and the subsidiaries of the Company may encumber their property, by means of any encumbrance and in any fashion whatsoever, in favor of any third party whatsoever, without having to obtain any approval from the Trustee and/or from the Holders of Notes.

5a. **Undertakings of Subsidiaries**

Until the last date for the fulfillment of the condition precedents (as defined in section 34 below), each of the subsidiaries upon the date of this Deed as described in the list attached to this Deed as **Appendix 5a**, shall sign a confirmation in the form attached as **Appendix 5a1** to this Trust Deed, whereby subject to the entry into effect of this Trust Deed, it undertakes to act pursuant to the liabilities applicable thereto under sections 4.2, 4.3, 4.6, 4b, 5.2 and 7a(2) of this Trust Deed. The Company shall provide the Trustee with all of the approvals signed by the subsidiaries (including names of those signing on behalf of each subsidiary) together with the Company's approval that all of the subsidiaries and the approvals of the subsidiaries have been signed by authorized signatories of the Companies (hereinafter: the "**Undertakings of Subsidiaries**"). It shall be clarified that the Trustee has no way to ensure that the list attached as Appendix 5a of this Deed includes all of the subsidiaries and/or that they are duly signed, and by the entities competent to bind them, and shall rely on the approval of the Company in this regard.

The Company undertakes that after the Effective Date, each new subsidiary which is established shall be required to act pursuant to the Undertakings of Subsidiaries, and approval as stated immediately following the signature shall be transferred by the Company to the Trustee.

The Company shall confirm to the Trustee that the confirmations mentioned above were signed by the authorized signatories of each of the subsidiaries. It shall be clarified that the Company shall not be required to provide the Trustee with attorney confirmations or any other confirmation regarding the signature of the authorized signatories of the subsidiaries other than that set forth above.

6. **Grade Of The Notes**

The Notes shall be equal, *pari passu, inter se*, without any preference or priority of one over the other.

7. **The Right to Immediate Repayment**

7.1 Upon the occurrence of one or more of the grounds detailed below, the Trustee, as well as the Holders of Notes shall be entitled to declare all or any part of the unsettled balance of the Notes, immediately due and payable, and the provisions of section 7.2 below shall apply, as applicable:

7.1.1 If the Notes were not repaid on time, or if the Company did not comply with another substantial undertaking granted for the benefit of the Holders of Notes.

7.1.2 If a temporary liquidator has been appointed by a court or if a court has entered a temporary liquidation order against the Company and such appointment or order is not cancelled by the end of 45 days from its commencement date, or if the Company adopts a valid resolution of the winding up thereof (other than winding up for the purpose of a merger with another company and/or a change in the Company's structure), or where a permanent liquidator has been appointed for the Company or if a final winding up order has been entered against it. Notwithstanding the above, no remedy period at all shall apply in connection with requests and/or orders as stated at the request of the Company and/or with its consent.

7.1.3 Upon the occurrence of any of the following, Holders of Notes which shall pose a risk to the rights of the Note Holders:

(a) Holders of liens on the Company's property realize their liens on material assets of the Company.

(b) An attachment is imposed on substantial assets of the Company, and such lien is not removed by the end of forty five (45) days from the date of the imposition thereof. Notwithstanding the above, no remedy period at all shall apply in connection with requests and/or orders as stated at the request of the Company and/or with its consent.

(c) An act of execution is instituted against substantial assets of the Company, and such act is not cancelled by the end of forty five (45) days from the date of the institution thereof. Notwithstanding the above, no remedy period at all shall apply in connection with requests and/or orders as stated at the request of the Company and/or with its consent.

(d) A receiver for material assets of the Company is appointed, and such appointment is not cancelled by the end of forty five (45) days from the commencement thereof. Notwithstanding the above, no remedy period at all shall apply in connection with requests and/or orders as stated at the request of the Company and/or with its consent.

(e) A motion for stay of proceedings is submitted to the court against the Company under section 350 of the Companies Law, or under a corresponding section, pursuant to another law applicable to

the Company, and such motion is not cancelled within forty five (45) days from the commencement date thereof. Notwithstanding the above, no remedy period at all shall apply in connection with requests and/or orders as stated at the request of the Company and/or with its consent.

"**Material Assets of the Company**" shall mean: assets, one or more, whose net asset value (book cost less the direct debt for them) exceeds 25% of the Company's equity or 25% of the total consolidated balance sheet of the Company, whichever is lower, under the most recent consolidated financial statements published.

For the purpose of subsections (a) through (d) of section 7.1.3 above – including subsidiaries of the Company.

7.1.4 The Company shall not publish a financial statement within 30 days from the final date on which it is obligated to publish it.

7.1.5 Pursuant to the financial statements published, in which it is found that the Coverage Ratio decreased to lower than the Minimal Coverage Ratio (hereinafter: the "**First Inspection Date**"), and did not increase back to the Minimal Coverage Ratio during two consecutive inspection dates (as the term is defined in Appendix D of this Deed), after the First Inspection Date, all pursuant to the liabilities pursuant to Appendix D of this Trust Deed.

7.1.6 If a material deterioration occurred in the Company's business as opposed to its situation on the Stay of Proceedings Date (including during the period between the Stay of Proceedings Date and the Effective Date), and a substantial suspicion exists that the Company will not be able to repay the Notes on time.

7.1.7 The Notes were erased from trade in the Stock Exchange.

7.1.8 The Company ceases the payments and/or announces its intent to cease its payments and/or there is a material concern that it shall cease the payment and/or no longer continue its business and/or intends to cease from continuing its business and/or it is reasonable that it shall cease to continue its business.

7.1.9 The Company has violated any of its undertakings as stated in sections 2.4, 2.5, 3, 4, 4a, 4b and 7a of this Trust Deed.

7.2 Upon the occurrence of any of the events detailed in section 7.1 above and in accordance with the provisions included in these subsections, the following provisions shall apply:

7.2.1 (1) Upon the occurrence of any of the events in sections 7.1.1 through 7.1.9 (inclusive) above, the Trustee shall be obligated, and the Holders, as stated in section 2 of Appendix B to the Trust Deed, shall be entitled to convene an assembly of Holders of Notes, which shall include a resolution regarding the calling for immediate repayment of the Unpaid Principal Balance of the Notes.

7.2.2 On the convening date of an assembly as stated in section 7.2.1 above, which shall not be earlier than seven days and no later than the passing of 21 days from the date of its notice (however, the Trustee is entitled to advance the convention of the assembly to at least one day after the notice date, if it reasoned that this required for the purpose of protecting the rights of the Holders; if the Trustee did so, it shall explain in a report regarding the convention of the assembly, the reasons for advancing the convention date).

7.2.3 The resolution of the Holders of Notes to call the Notes for immediate repayment shall be passed in an assembly of Holders in which Holders of at least 50% of the nominal value of Notes in circulation, with a majority of Holders of the remaining nominal value of Notes represented in the vote, excluding abstaining votes, or with a majority as stated for a deferred assembly of Holders in which at least 20% of the remainder of Holders took part, as stated.

7.2.4 Notwithstanding the statements above, the Trustee or the Holders shall only call the Notes for immediate repayment after they provided notice in writing to the Company of their intention to do so; however, the Trustee or the Holders are not obligated to provide the Company with notice as stated, if a reasonable suspicion exists that the provision of the notice will damage the possibility of calling the Notes for immediate repayment.

7.2.5 A copy of the notice to convene the assembly as stated, to be sent by the Trustee to the Company immediately upon the publication of the notice or publication of the invitation to the assembly in the Magna system shall constitute prior and written warning to the Company of the intention of the Trustee or the Holders to call for the immediate repayment of Notes as stated in section 7.2.4 above.

7.2.6 Any of the subsections in section 7.1 above determine a period in which the Company may perform an action or pass a resolution as a result of which the grounds to call for the immediate repayment were eliminated, the Trustee or Holders may call for immediate repayment as stated in this section 7, only if the term determined as stated has passed and the grounds have not been eliminated.

7.2.7 The Trustee shall notify the Holders of Notes of the occurrence of an event constituting grounds to call for immediate repayment after it was notified of the matter in practice. The notice as stated shall be published in accordance with the provisions of section 22 below.

7.2.8 For the avoidance of doubt, it is clarified that the right to call for immediate repayment as stated above and/or calling for immediate repayment shall not derogate from or harm any other or additional remedy available to holders of

the Notes or the Trustee under the terms of the Notes and provisions of this Deed or under the law, and failure to call of the immediate repayment of the debt upon the occurrence of any of the events listed in section 7.1 above shall not constitute a waiver of the rights of Note Holders or the Trustee as stated.

7a. **Early Repayment**

7.a.1 Early Repayment at the Initiative of the Company

At any time until the Final Repayment Date, all subject to the provisions of the Securities Authority and the provisions of the Stock Exchange Bylaws, and the provisions thereunder, as shall be on the relevant date, the Company may (but is not required to), at its sole discretion, perform early repayment, in whole or in part, of the balance of unpaid principal of the Series A Notes and/or of the interest and linkage differentials (if any) accrued until the early repayment date, as set forth in the terms of the notes, and which is not yet repaid.

7.a.2 Obligatory Early Repayment Following an "Exercise Event"

(I) Notwithstanding the provisions of section 7.a.1 above, and subject to the entry in effect of this Trust Deed, upon the occurrence of an "exercise event" (as this term is defined below), as of May 15, 014 and until the final repayment date, as a result of which a positive net cash flow is generated ("**Net Exercise Consideration**"), the Company shall be required to perform early repayment, fully or partially, (other than by way of the purchase of Notes), of principal and interest of Notes from Three Series and linkage differentials of each of the same, in an amount determined based on one of the two alternatives set forth below (hereinafter: the "**Amount Designated for Early Repayment**"), provided that the Amount Designated for Early Repayment which accrues as a result of one or more events will the higher EUR two (2) million (hereinafter: the "**Minimal Total**"), and in the case where the aggregate total is the lower than the Minimal Total, it shall be paid within a future early repayment after the aggregate total in the deposit plus the consideration from additional exercise events exceeds the Minimal Total of EUR 2 million and it shall be paid to the three series pursuant , as detailed below. Within 5 business days from the occurrence of an exercise event, the Company shall publish a report of the exercise event (provided that the Net Exercise Consideration with respect thereto exceeds the Minimal Total), and the amounts which will be received thereby for the exercise event.

The early repayment amounts of the Notes (Series A) will be credited as stated in section 7a.7 below.

The distribution of Net Exercise Consideration amounts within the early repayment of the three series shall be performed based on the following:

(1) With respect to an exercise event which is not related to the Four Malls (in whole or in part) –

a. A total equal to 50% of the interest accrued and which is not yet paid by the actual early repayment date, plus linkage differentials on the interest, all for the three series based on their terms, shall be paid from the Net Exercise Consideration (as defined above), and shall be distributed between the Three Series pro rata in accordance with the amount of accrued interest, with the attachment of the linkage differentials on the said interest, for each of the series (in this section: the **"Interest Ratios"**), however, the Company may decide, at its sole discretion, that the amount listed in this subsection (1)(a) or any part thereof shall not be paid from the Net Exercise Consideration but rather from its sources (including the part remaining with the Company under subsection (1)(c) below, and in such a case, this amount or part shall not be reduced (as applicable) as stated in subsection (1)(c) below; it shall be clarified that if the Next Exercise Consideration was sufficient to repay 50% of the accrued interest and has not yet been paid by the early repayment date in practice, with the attachment of the linkage differentails on the interest, for the Three Series according to their provisions, the Net Exercise Consideration sum shall be distributed pro rata between the Three Series in accordance with the sum of the accrued interest, with the attachment of the linkage differentials on the interest as stated, for each of the series.

b. A total equal to the remaining 50% of the interest accrued and which is not yet paid until the actual early repayment date, plus linkage differentials on the interest, all for three series based on their terms, will be paid from the independent resources of the Company (including the part remaining with the Company under subsection (1)(c) below) and shall be distributed between the Three Series pro rata according to the Interest Ratios; it shall be clarified that if the Net Exercise Consideration was not and shall not be sufficient in order to repay 50% of the accrued interest and has not yet been paid by the early repayment date in practice, from the personal sources of the Company, as stated, a sum equal to the Net Exercise Consideration shall be paid, pro rata between the series according to the Interest Ratios.

c. The Balance of the Net Exercise Consideration, i.e. the Net Exercise Consideration (as defined above), less the amount of interest and linkage differentials on which amounts are paid as stated in subsection (1)(a) above (the "**Balance of the Net Exercise Consideration**"), if the balance is positive, shall be

divided such that a total of 75% (this rate shall be subject to changes as set forth in section 7a2(III) below – the "**Payment Rate of the Principal with Early Repayment**") from the Balance of the Net Exercise Consideration, shall be used for the repayment of the Unpaid Balance of Notes from Three Series and linkage differentials thereon, and shall be distributed between the Three Series pro rata based on the ratio of the Deferred Debt Balance, pursuant to the mechanism set forth in subsection (3) below, while the amount remaining from the Balance of the Net Exercise Consideration shall remain in the possession of the Company.

(2) With respect to an event related to the exercise of the Four Malls (in whole or in part) –

a. Firstly, from the Net Exercise Consideration, interest shall be paid which has accrued and not yet been paid by the actual early repayment date, plus linkage differentials on the interest, all for three series based on their terms, and shall be distributed between the Three Series in accordance with the Interest Ratios; however, the Company may decide at its sole discretion that the total mentioned in this subsection (2)(a) or any part thereof shall not be paid from the Net Exercise Consideration, but rather from its resources including the part remaining with the Company under subsection (2)(b) below, and in such a case, this total or part thereof shall not be reduced (as applicable) as stated in subsection (2)(b) below. It shall be clarified that if the Net Exercise Consideration was not and shall not be sufficient to repay the accrued interest and has not been paid by the early repayment date in practice, with the attachment of linkage differentials on the interest, all for the Three Series according to their conditions, the sum of the Net Exercise Consideration shall be distributed pro rata between the Three Series pro rata, according to the Interest Ratios.

b. The Balance of the Net Exercise Consideration, meaning the Net Exercise Consideration less the amount of interest and linkage differentials on which amounts are paid as stated in subsection (2)(a) above (the "**Balance of the Net Exercise Consideration**"), if the balance is positive, shall be divided such that a total equal to the product of the principal payment rate in early repayment (as defined above) by the Balance of the Net Exercise Consideration - shall be used for the repayment of the Unpaid Balance of Notes from Three Series and linkage differentials thereon, and shall be distributed between the Three Series pro rata according to the ratio of the Deferred Debt

Balance, pursuant to the mechanism set forth in subsection (3) below, while the amount remaining from the Balance of the Net Exercise Consideration shall remain in the possession of the Company.

(3) It shall be clarified that with respect to the repayments of the Unpaid Principal Balance of Three Series, in the event of the repayment of the debt due to an Exercise Event, as stated above, shall be the total allocated for the repayment of the Unpaid Principal Balance of Notes (Series A) based on subsections (1)(c) or (2)(b) above, as applicable, based on the ratio of Deferred Debt Balance.

Notwithstanding all of the above, this section shall not apply to a cash flow arising from the Koregaon Project.

Early repayment shall be performed, if required, within a quarter from the date on which the amount designated for early repayment is received by the Company or accrued to the Minimal Total, as applicable, and no more than one time in each calendar quarter (all subject to the other provisions of this section 7a.2).

(II) The Company hereby undertakes to perform any action reasonably required in order to ensure that in the case where the net cash flow is received by a subsidiary, the subsidiary shall transfer the net cash flow to the Company, and the following shall apply:

(a) A transfer as stated shall be performed no later than 14 days from the date on which the net cash flow is received by the relevant subsidiary, unless there are legal and/or other regulatory limitations which are not under the control of the Company or a relevant subsidiary, which do not permit a transfer within the said period of time, and in such a case, the Company shall act to the best of its ability in order to remove the limitation and transfer the amount thereto on the first date on which the limitation as stated is removed. (b) During the term between the receipt of the net cash flow by the subsidiary about the transfer date thereof to the Company, no use shall be made of this amount by the Subsidiary and the amount will be deposited in solid financial deposits. (c) In the event that the funds are not transferred to the Company within 14 days from the date on which the net cash flow is received in the relevant subsidiary as a result of the limitations which are not under the control of the Company or the relevant subsidiary, on the date on which funds are transferred to the Company, they shall only be used for the principal payments.

For the purpose of this section:

"**Exercise Event**" – each of the following events: (i) the Disposition of a real estate asset of the Company or a real estate asset of a subsidiary; or (ii) taking a new financial debt by the Company or a subsidiary excluding taking

new financial debt for the purpose of purchase and/or investment and/or development of a real estate asset; or (iii) refinancing of a real estate asset, excluding for the purpose of an investment and/or development of a real estate asset.

"**Net Cash Flow**", "**Financial Debt**", "**Disposition**" – as these terms are defined in section6.1above.

(III) The payment rate of the principal with early repayment (as this term is defined in subsection (I)(1)(c) above will be reduced in the case that the following events occur in the aggregate:

1) The Additional Capital Injection (as defined in section 1.6 above) was performed; and (2) Partial repayment was performed of the Unpaid Principal Balance of the Three Series (as defined in section 1.6 above), as it may be on the Effective Date, whether by way of repayment under section 2 above or whether by way of early repayment of notes or repayment thereof or by way of the purchase of notes under section 3.1 above, pursuant to the rates set forth below:

% payment of the unpaid balance of the three current series (without taking into account the repayment of notes which were sold by a subsidiary of the Company after the Effective Date)	**The Payment Rate of Principal in Early Repayment**
50%	60%
60%	50%

7.a.3 The Company shall provide the Trustee with prior notice regarding the performance of early repayment as stated in section 7a.. The performance date of the early repayment shall be determined by the Company in coordination with the Stock Exchange and pursuant to the provisions and instruction of the Stock Exchange. The notice of the early repayment shall be published in an immediate report of the Company at least 17 days but no more than 45 days before the early repayment date, and shall describe, as relevant: (a) the amount of the total par value of the notes which shall be repaid with early repayment and the accrued interest for the said principal sum by the early repayment date and the amount of the early repayment; (b) the Effective Date for entitlement to early repayment which is 12 days before the date determined for early repayment; (c) the payment date; (d) the linkage differentials (if any) for the par value and for the interest repaid as stated; (e) the rate of the partial repayment in terms of the Unpaid Balance; (f) the partial repayment rate in terms of

the original series; (g) the interest rate in the partial repayment of the repaid part; (h) the interest rate to be paid in the partial repayment, calculated regarding the Unpaid Balance; (i) an update of the remaining partial repayment rates, in terms of the original series; (j) a description of the calculation of the division of the early repayment amount between three series; and (k) the updated repayment schedule for the notes. The Company may publish the data set forth in sections a-e without linkage to the index, provided that the early repayment is actually performed subject to the linkage to the index, as set forth in the first Addendum of this Deed.

An early repayment shall not be performed for part of the series of Notes if the final repayment sum shall be less than NIS 3.2 million.

The early repayment date shall not fall in the term between the Effective Date for the payment of the interest for the Notes and between the interest payment date in practice.

The frequencies of the early repayments shall not exceed one repayment per quarter.

If an early repayment was set within a quarter in which an interest payment date is also set, or a date of a partial repayment or the final repayment date, the early repayment shall be performed on the date set forth for the said payment.

In this regard, "quarter" means each of the following terms: January – March, April – June, July – September, October – December.

The minimal scope of each early repayment shall not be less than NIS 1 million. Notwithstanding the above, the Company is entitled to perform an early repayment in a scope less than NIS 1 million, provided that the frequencies of the repayments shall not exceed one repayment per year.

Any sum repaid in an early repayment by the Company shall be repaid in relation to all of the Noteholders, pro-rata according to the par value of the held Notes.

7.a.4 The notes which shall be repaid within the early repayment as stated above shall be removed from trade in the Stock Exchange, cancelled and shall have no validity and effect, and shall not confer, after the performance of the early repayment, any rights.

7.a.5 Partial of complete early repayment under this section shall be performed based on the liability value of the notes redeemed upon the early repayment date, and shall not be subject to the payment of a cost, compensation or fine. For the avoidance of doubt, the early repayment as stated shall not confer any Holder of Notes which were redeemed with partial or full early repayment as stated the right to the payment of interest and linkage differentials (if any) for the period after the early repayment date.

For the purpose of this section 7a:

"**The Liability Value**": the amount of the unpaid balance of the par value of the notes and of the interest and the linkage differentials (if any) which have accrued until the actual early repayment date, as set forth in the terms of the notes, and which is not yet repaid.

7.a.6 The amount paid by the Company within early repayment to Holders of Notes as stated shall be paid to each Series A Noteholder, pro rata to their holdings of the Series A Notes.

7.a.7 In any case of early repayment under this section 7a, the early repayment amounts of the Series A Notes shall be credited based on the following order: (1) first for the payment of the interest accrued and which is not yet repaid on the Unpaid Principal Balance of the Series A Notes until the actual early repayment date(calculation of the interest will be performed on the basis of 365 days per year) plus linkage differentials until the same date; and only thereafter – (2) for the repayment of the Unpaid Principal Balance of Series A Notes, while crediting the amount of early repayment compared to the Unpaid Principal Balance of the Notes will take place based on the payment dates of the Unpaid Principal Balance according to the repayment order of earlier to later.

8. Claims And Proceedings On The Part Of The Trustee

8.1 In addition to any other provision in the Deed of Trust and as a right an independent authority, the Trustee may, at its discretion and without giving another notice, adopt all such proceedings, including legal proceedings, as it finds fit, subject to the provisions of any law, to protect the rights of the Holders of Notes and implement the provisions of the Trust Deed and it may convene a meeting of the Holders of Notes to this end. The Trustee shall be compelled to take the same actions at the demand of the meeting of the Holders of Notes, adopted by an ordinary resolution, unless under the circumstances, it does not find it just and/or reasonable to do so, and has petitioned the suitable court with a request to receive instructions on the matter on the first reasonable date.

8.2 The Trustee may, before resorting to such proceedings, convene a general meeting of the Holders of Notes, to determine with an ordinary majority the type of proceedings to be adopted to exercise their rights under this Deed and the Notes. The Trustee may further reconvene general meetings of the Holders of Notes for the purpose of receiving orders in respect of the conducting of such proceedings. In such cases, the Trustee shall act without delay and on the first practicable and reasonable date.

8.3 Subject to the provisions of this Deed, the Trustee may, but shall not be obligated to, convene a general meeting of the Holders of Notes at any time, with a view to discussing and/or receiving its instructions on any matter pertaining to this Deed, provided that the convening of the meeting shall be performed by the Trustee in such cases without any delay, and on the first practicable and reasonable date.

8.4 The Trustee may, but shall not be obligated to, at its sole discretion, withhold the execution of any action on its part under this Deed, for the purpose of an application to the general meeting of the Holders of Notes and/or the court, until such time as it receives instructions from the general meeting of the Holders of Notes and/or instructions from the court on how to proceed. The application to the general meeting

of the Holders of Notes and/or to the court will be effected, in such cases, without delay and on the first practicable and reasonable date.

8.5 To remove any doubts, it is hereby clarified, that nothing in any of the aforesaid provisions shall prejudice and/or derogate from the Trustee's right, which is hereby vested in it, to apply at any time, at its exclusive discretion, to legal instances for the purpose of obtaining any order concerning the trust affairs.

9. **Receipts Held In Trust**

All receipts collected by the Trustee, including receipts arising from proceedings instituted by it, if any, against the Company, shall be held by the Trustee in trust and it shall use same for such purposes and according to such priorities as follows:

9.1 First, for settlement of all reasonable expenses, payments, levies and obligations incurred by the Trustee, imposed on it, or caused in the course or in consequence of acts in implementation of the trust or otherwise, with respect to the terms of this Deed, including its fee (but without derogating from the Company's undertakings pursuant to section 18 below).Second – to pay a reimbursement to Holders who bore payments under section 23 of the Deed beyond their relative shares for the surplus parts as stated (and including interest credited for the surplus parts as stated, if any), and thereafter a payment of a reimbursement to Holders who bore payments based on their relative shares; third - to pay, to the Holders of Notes, the arrears interest due to them and subject to the linkage terms under the Notes, *pari passu* and *pro rata* to the sums payable to each of them, without preference or priority with respect to any of them, and without any preference as to the time priority of the issuance of the Notes by the Company or otherwise; fourth – to make, to the Holders of Notes, such payments on account of the Unpaid Principal Balance as are owed to them under the Notes held by them *pari passu* and subject to the linkage terms under the Notes, all whether or not the due date has come for settlement of any installment on account of the Unpaid Principal Balance as aforesaid, *pro rata* to the sums owing to them, without any preference as to the time priority of the issuance of the Notes by the Company or otherwise. The surplus, if any, shall be paid by the Trustee to the Company or its successors, as the case may be. Tax will be withheld from the payments to the Holders of Notes, to the extent such should be deducted under any law.

9.2 Payment of the amounts by the Trustee to Holders of Notes is subject to the rights of other creditors of the Company, if any, pursuant to the provisions of the law.

9.3 Tax will be withheld at source from the payments to Holders of Notes, if there is an obligation to withhold it under any law.

9.4 The Trustee may offset any amount that it owes the Company and/or is owed by the Holders of Notes to the Trustee (whether as a payment on account of legal fees or as a reimbursement of expenses) pursuant to the right of the Trustee to receive the amounts as stated under this Trust Deed, without requiring a resolution of the assembly of Holders of Notes and/or the consent of the Company, and provided that

the Trustee has informed the Holders of Notes and the Company of offsetting as stated in the manner provided in section 24 of this Deed.

9.5 It shall be clarified that if the Company is required to bear any of the expenses, but fails to do so, the Trustee shall act to receive the amounts as stated from the Company, and in the event that it succeeds in receiving them, they will be held thereby in trust and uses for the purpose and based on the priorities listed in this section.

10. **Power to Demand Payment to Holders Through the Trustee**

Subject to the receipt of a regular resolution of Holders of Notes, the Trustee may instruct the Company in writing to transfer to the Trustee account, for Holders of Notes and instead of the performance of the payment thereto, part or all of the following payment (interest and/or principal), for the purpose of financing the proceedings and/or expenses and/or Trustee fees under this Deed. A transfer as stated shall be performed by the Company to the Trustee on the date determined for the following payment under this Deed (and not prior thereto). The Company may not refuse to act according to the notice of the Trustee, and the transfer as stated to the Trustee shall be considered a payment by the Company of the same amount to Holders for all intents and purposes, and the Company shall be considered to have fulfilled its liabilities towards the Holders of Notes if it has transferred the amount required by the Trustee to the account the details of which are included in the Trustee's notice, and the Trustee and Holders shall have no claim against the Company in such a case in connection with the transfer of the payment as stated in this section above. The above shall not release the Company from its obligation to bear the additional expenses and fee payments, if any, where it was required to bear them under this Deed or under the law.

11. **Power To Withhold Distribution Of Funds**

11.1 Notwithstanding the provisions of section 9 above, in the event that the monetary sum obtained by the Trustee and which at any time is available for distribution, as set out in such section, is less than NIS 1 million (hereinafter: the "**Minimum Sum**"), the Trustee shall not be obligated to distribute same, and it may invest such sum, in whole or in part, in such investments as are permitted hereunder and substitute such investments from time to time by other permitted investments under this Deed, all as it finds fit. Notwithstanding the foregoing, a special resolution at the meeting of the Holders of Notes may instruct the Trustee to distribute, to the Holders of Notes, any such amount, even where the cumulative sum, as aforesaid, is less than the Minimum Sum.

11.2 Where such investments, including accruals thereon, together with other funds, received by the Trustee, for the purpose of the payment thereof to the Holders of Notes, total, if at all, such amount as is sufficient to pay at least the Minimal Amount, the Trustee shall pay same to the Holders of Notes as set out in section 9 above. In the event that, within a reasonable period of time, the Trustee does not have a sufficient sum to pay at least the Minimal Amount, the Trustee must distribute the funds held by it to the Holders of Notes.

12. **Notice Of Distribution And Deposit With The Trustee**

The Trustee shall give notice to the Holders of Notes of the date and the place of effecting any installment of the installments set out in sections 9 and 11 above, in a notice to be delivered to them in the manner designated in section 24 below, not less than ten (10) days and not more than twenty (20) days in advance.

After the date designated in the notice, the Noteholder shall be entitled to interest thereon at the rate designated in the Notes, only in respect of the unsettled balance of the principal (if any), after deduction of the amount paid, or offered to be paid to them as aforesaid.

13. **Failure to Pay for a Reason Independent of the Company**

13.1 Any sum payable to a Noteholder, which has not been actually paid on the date designated for payment, for any reason beyond the Company's control, while the Company was willing to pay same, shall cease to bear interest and linkage differentials, as of the date designated for payment thereof, while the Noteholder shall be entitled only to such payments as he would have been entitled to on the date designated for payment of such installment on account of the principal, interest and linkage differentials.

13.2 The Company shall deposit, with the Trustee, the sum of the installment not paid in a timely fashion, as set out in subsection 13.1 above, not later than fifteen (15) business days as of the date designated for such installment, and shall give notice of such deposit, and such deposit shall be deemed as settlement of such installment, and, in the event of settlement of everything owing for the Note, also as redemption of the Note.

13.3 The Trustee shall invest, within the framework of trust accounts in its name and for its benefit, such funds as are transferred to it as set out in subsection 13.2 above, in such investments as are permitted to the Trustee under this Deed. In the event that the Trustee acts as aforesaid, it shall only owe, to those eligible for such amounts, the consideration received from the realization of the investments, less the expenses related to the said investment and to the management of the trust accounts, as well as the charges, and less the obligatory payment applicable to the trust account. From such funds, the Trustee shall transfer, to the Holders of Notes, the sums to which they are entitled, as soon as practicable after proof and confirmations are presented to the Trustee of their entitlement to such amounts, to the Trustee's full satisfaction, and less its reasonable expenses.

13.4 The Trustee shall hold such funds and shall invest them in the said manner, up to the end of one year from the final settlement date. After such date, the Trustee shall transfer, to the Company, such amounts as are set out in subsection 13.3 above, including profits arising from their investment, less its reasonable expenses, to the extent remaining in its possession on such date. The Company shall hold such amounts in trust for such Holders of Notes as are entitled to such sum, and in respect of the sums transferred to it by the Trustee, as aforesaid, the provisions of subsection 13.3 above shall apply to it, *mutatis mutandis*.

The Company shall confirm to the Trustee, in writing, the holding of the amounts and the receipt thereof on behalf of the Holders of Notes, and shall indemnify the Trustee for any claim and/or expense and/or damage of any type whatsoever incurred by it, in the wake of, and due to, the transfer of the funds as aforesaid, unless the Trustee has acted with negligence which is not exempt under section 52m of the Securities Law (hereinafter: **"Non-Exempt Negligence Under the Law**")**.**After the transfer of the amounts to the Company, the Trustee shall not owe the Holders of Notes of the same series any payment for the amounts held thereby as stated.

The Company shall hold such funds in trust on behalf of the Holders of Notes entitled thereto for six (6) additional years, from the date of the transfer thereof by the Trustee and will invest them in permitted transfer under the Deed, and shall not make any use thereof during this period. Funds not demanded from the Company by a Noteholder up to the lapse of seven (7) years from the date of the final settlement date, shall be transferred to the Company, and the Company shall be entitled to use the remaining funds for any purpose whatsoever.

14. **Receipt From The Holders of Notes**

14.1 A receipt from a Noteholder for any payment on account of the principal, the interest and the linkage differentials paid to him by the Trustee, in connection with the Note, shall serve as absolute exemption of the Trustee and the Company in connection with the very performance of the payment of the sums designated in the receipt.

14.2 A receipt from the Trustee as to the deposit of any installment on account of the principal, the interest and the linkage differentials with it, for the benefit of the Holders of Notes, as set out in subsection 13.3 above, shall be deemed as a receipt from the Noteholder for the purpose of the provisions of subsection 14.1 above, with respect to the exemption of the Company in connection with the performance of the payment of the sums designated in the receipt.

14.3 Funds distributed as aforesaid in section 13 above, shall be deemed as payment on account of the settlement of the Notes.

15. **Presentation Of A Note To The Trustee And Registration With Respect To Partial Installment**

15.1 The Trustee may demand of a Noteholder to present, to the Trustee, upon the payment of any interest or partial installment of principal, interest and linkage differentials, pursuant to sections 9, 10, 11 and 12 above, the Note Certificates for which the installments are made.

15.2 The Trustee may register, in the Note Certificate, a note with respect to the sums paid as aforesaid and as to the date of payment thereof.

15.3 The Trustee may, in any special case, at its discretion, waive the presentation of a Note Certificate, after an indemnity undertaking and/or sufficient security, to its satisfaction, has been given to it, by the Noteholder, for damages liable to be caused, due to failure to register such Note, all as it finds fit.

15.4 Notwithstanding the aforesaid, the Trustee may, at its discretion, keep records in any other manner, with respect to such partial installments.

16. **Investment Of Funds**

All funds which the Trustee may invest under this Deed, shall be invested by it, in accounts of one of the five leading banks in Israel, in its name or to its order, in such investments as the laws of the State of Israel permit to invest trust funds therein, as it finds fit, all subject to the terms of this Trust Deed.

In the event that the Trustee does so, it shall not owe the parties entitled to the same amounts the consideration received from the exercise of the investments, less legal fees and expenses, commissions and expenses related to the said investment and the management of the trust accounts, fees and less obligatory payments applicable to the trust account, and the Trustee shall act, with the amount balance, in accordance with the provisions of sections 9 and/or 11 above, as applicable.

17. **Company's Undertakings To The Trustee**

The Company hereby undertakes to the Trustee, so long as the Notes have not been fully settled, as follows:

17.1 To continue to conduct its business in a regular and appropriate manner and to maintain and conduct its assets in a good and orderly condition.

17.2 To regularly pay all the obligatory payments and taxes applicable, if any, to its assets.

17.3 To maintain orderly books of account in accordance with accepted accounting principles, to maintain the books and documents used as their references, and to allow any authorized representative of the Trustee to review, at any reasonable time to be coordinated in advance with the Company, any book and/or document, as aforesaid, which the Trustee seeks to review. In this context, an authorized representative of the Trustee means a person designated by the Trustee for the purpose of such review, by means of a written notice on the part of the Trustee, to be given to the Company, prior to the review as aforesaid, and which shall also contain the Trustee's approval, whereby such designated representative is obligated, to the Trustee, to keep confidential the information disclosed to such designated representative in his capacity on behalf of the Trustee.

17.4 To enable the Trustee and/or any person appointed by the Trustee in writing for this purpose, to enter, with prior coordination, the offices and any place which contains its assets, at any reasonable time, in order to inspect its assets, at the reasonable discretion of the Trustee, in order to protect the Holders of Notes, provided that the Trustee has acted in order to fulfill its role in good faith.

17.5 The Company shall inform the Trustee and/or authorized representative thereof who can and will be an attorney and/or accountant by profession (and for which notice of appointment shall be delivered by the Trustee to the Company upon his appointment), additional information regarding the Company (including explanations, documents and calculations regarding the Company, its business or assets) which shall be

approved by an officer of the Company, and shall even instruct its accountant and legal counsel to do so, at the reasonable written request of the Trustee, if in the reasonable opinion of the Trustee the information is required by the Trustee in order to implement and operate the authorities, powers and permissions of the Trustee and/or its representative under the Trust Deed, including information which may be essential and required for the inspections performed by the Trustee in order to protect the rights of Holders of Notes, provided that the Trustee acts in good faith, subject to the undertaking of confidentiality as stated in section 29.8 below.

17.6 To insure its assets pursuant to principles of regular business procedures, pursuant to which assets of such type are covered, and to comply with all the terms of the insurance and to present, to the Trustee, a certification of issuance of insurance policies, as aforesaid, per year.

17.7 To advise the Trustee in writing, immediately upon learning thereof, and not later than two (2) business days after learning of it, of the occurrence of any of the events set out in section 7.1 of this Deed and its subsections above.

17.8 To provide the Trustee, at its request, a repayment schedule in an active Excel file.

17.9 To provide the Trustee with notices regarding the purchase of Notes by the Company or by a its subsidiary, as stated in section 3 of the Deed. A report of the Company in the Magna system regarding the purchase of Notes shall be considered delivery to the Trustee.

17.10 To deliver to the Trustee, a copy of any report that it is compelled to submit to the London Stock Exchange, on the same date of submission thereof to the London Stock Exchange, and a copy of any document that the Company transfers to its shareholders or to the Holders of Notes and the particulars of any information that it otherwise transfers to them. A reporting of a report or document, as stated, by the Company in the Magna system shall be considered, for this purpose, as delivery to the Trustee. The Company shall further transfer, to the Trustee, additional information with respect to the Company, at the Trustee's reasonable demand, and any information transferred by the Trustee shall be maintained in confidence by the Trustee, pursuant to the provisions of section 29 below, or under an order of a court.

17.11 Shortly after the publication of an annual financial statement of the Company and no later than April 10 of each year, the Company shall provide the Trustee with a signed confirmation by the Company's authorized signatures that during the period from the Deed's date and/or the date of the previous confirmation provided to the Trustee, whichever is later, and until confirmation is provided, there has been no violation of this Deed on the part of the Company (including a breach of the terms of the Notes, and including with respect to the provisions of specific sections of the Deed with respect to which the Trustee requests the Company's reference in the said confirmation) and that all of the payments to Holders of Notes during the above period were paid on time, unless expressly stated otherwise, and regarding the balance of par value of the Notes in circulation.

17.12 To allow the Trustee to participate in meetings of the Company's shareholders (which are all held in Holland), without conferring on it a voting right. At the request of the Trustee, the Company shall provide the minutes of meetings of the Company's shareholders (which are all held outside of Israel).

17.13 It is hereby clarified that the Trustee will not be obligated to physically participate in meetings of the Company's shareholders outside Israel, and it may participate via phone in a meeting of shareholders as stated. It shall also be entitled to receive minutes of the meeting as stated in section 17.12 above.

17.14 The Company (and/or any entity on its behalf, including any officer thereof) is not entitled to receive the minutes of the discussions and conversions in part of the assemblies of Note Holders conducted without the Company or the assemblies conducted without the Company.

7.15 Unless expressly stated otherwise, the approvals provided by the Company to the Trustee, under this Deed, shall be signed by the Company's authorized signatories, who are officers therein.

17.16 In the case that the Company purchases, until the Final Repayment Date, a subsidiary (as this term is defined in this Trust Deed) (hereinafter in this section: the "**Purchased Corporation**"), the Company shall use the control power in the Purchased Corporation, in order for the Purchased Corporation to sign a letter of undertaking in the form similar to that attached as **Appendix 5a** to this Trust Deed and shall provide the Trustee with a signed copy of this approval.

18. **Additional Undertakings of the Company**

After the Notes are called for immediate repayment, as defined in section 7 of the Deed, the Company shall perform, from time to time and at any time required by the Trustee, all of the reasonable actions in order to enable the operation of all of the authorities provided to the Trustee, pursuant to the provisions of this Deed, and in particular, the Company shall perform the following actions:

18.1 Shall declare the declarations and/or sign all of the documents and/or perform and/or cause the performance of all of the actions required and/or necessary pursuant to the Law in order to provide effect to the operation of the authorities, powers and permissions of the Trustee and/or its representative, all as reasonably requested by the Trustee.

18.2 Will provide all notices, orders and instructions that the Trustee reasonably sees as being beneficial and requests.

19. **Other Agreements**

Subject to the provisions of the Law and the restrictions imposed on the Trustee under law, the fulfillment of its capacity as Trustee, under this Deed, or its very status as Trustee, shall not prevent the Trustee from entering into various agreements with the Company, or entering into transactions with the Company in the ordinary course of its business, provided that such engagements and/or transactions shall not cause the Trustee to lose its capacity, under section 35.E. of the Law, to serve as Trustee for the Holders of Notes.

20. **Trustee's Fee**

The Trustee's fee shall be as set out in Appendix C hereto, constituting an integral part of this Deed.

21. **Special Powers**

21.1 The Trustee may, as part of the fulfillment of the Trust affairs under this Deed, act in accordance with the opinion and/or advice of any attorney, accountant, appraiser, assessor, surveyor, mediator or other specialist (hereinafter: the "**Consultants**"), whether such opinion and/or advice has been prepared at the Trustee's request and/or by the Company, and the Trustee shall not be responsible for any loss or damage caused in consequence of any act and/or omission performed by it, on the basis of such advice or opinion, unless it is determined in a final judgment that the Trustee has acted which negligence which is not exempt under the law, or *mala fide*. The Company shall bear all of the reasonable expenses for employing the Consultants appointed.

21.2 Any such advice and/or opinion may be given, forwarded or received by means of a letter, telegram, facsimile and/or any other electronic means for transmission of information, and the Trustee shall not be responsible for any acts performed by it on the basis of any advice and/or opinion and/or information transmitted in one of the aforesaid manners, notwithstanding that same contained errors and/or was not authentic, unless the Trustee was aware of such errors or such errors could have been detected under a reasonable examination.

21.3 The Trustee shall use the trust, powers, authorizations and authorities conferred on it under this Deed, at its absolute discretion and shall not be responsible for any damage caused in consequence of an error in such discretion, unless it is determined in a final judgment that the Trustee has acted which negligence which is not exempt under the law, or *mala fide*..

22. **The Trustee's Power To Engage Agents**

The Trustee may appoint an attorney or other agent/s to act in its stead, to perform or participate in the performance of special acts to be performed with respect to the Trust and pay a fee to any such agent, and, without limitation to the generality of the foregoing, institution of legal proceedings or representation in proceedings of the Company's merger or spin-off. The Company may object to such appointment on any reasonable ground whatsoever, including in the event that the Company proves that the agent is competing, directly and/or indirectly, with the Company's business and provided that the Company transfers to the Trustee the reasonable reasons for the above within 7 days from the receipt of the agent's appointment notice. However, the opposition of the Company to the appointment of a certain agent appointed in a meeting of holders shall not delay the beginning of employing the agent, if the delay may harm the rights of holders.

23. **Trustee's Indemnification**

23.1 The Company and Holders of Notes (upon the relevant effective date as stated in section 23.7 below, each of their undertaking as stated in section 23.4 below) hereby undertake to indemnify the Trustee and any officer, employee, agent of expert appointed by the Trustee under the provisions of this Trust Deed and/or under a legal resolution passed in an assembly of Holders of Notes under the provisions of this Trust Deed (hereinafter all or part thereof, jointly and/or severally: the "**Parties Entitled to Indemnification**") for:

23.1.1 A financial debt, including under a judgment (for which no stay of proceedings is provided) or under a settlement which has ended (and if the settlement relates to the Company, the Company has agreed to the settlement) the grounds of which are related to operations performed by the Parties Entitled to Indemnification or are required to perform under the provisions of this Deed and/or by law and/or an instruction of a competent authority and/or any law and/or at the request of the Holders of Notes and/or the request of the Company, all with respect to this Trust Deed. And for -

23.1.2 Fees of the Parties Entitled to Indemnification and reasonable expenses incurred and/or that will be incurred, including in the course of implementing the Trust or with respect to such acts, which, in their opinion, were required for such implementation and/or with respect to the exercise of powers and authorizations vested pursuant to this Deed, and with respect to all kinds of legal proceedings, opinions of attorneys and other specialists, negotiations, discussions, expenses, insolvency proceedings, collection proceedings, debt arrangements, transfer of the debt, revaluation, claims and demands in connection with any matter and/or matter performed and/or not performed in any manner regarding the matter in question.

All provided that:

(1) The Parties Entitled to Indemnification do not demand indemnification in advance for a manner which is not urgent, without prejudice to their right to demand indemnification in retrospect, if such a right as stated exists;

(2) It is not determined in a final judgment that the Parties Entitled to Indemnification acted in bad faith;

(3) It is not determined in a final judgment that the Parties Entitled to Indemnification were negligent in a manner which is not exempt under law, as it may be from time to time;

(4) It is not determined in a final judgment that the Parties Entitled to Indemnification acted maliciously.

The indemnification undertaking under this section 23.1 shall be referred to as: the "**Indemnification Undertaking**").

23.2 It is agreed that in any event where it is decided in a final judicial judgment that the Parties Entitled to Indemnification: (1) acted in bad faith; and/or (2) were negligent in a manner which is not exempt under law; and/or (3) acted maliciously – then the Parties Entitled to Indemnification shall return the amounts of the 'Indemnification Undertaking', if paid thereto.

23.3 Without prejudice to the rights to compensation provided to the Trustee under the law and subject to the contents of this Deed and/or the requirements of the Company under this Deed, the Parties Entitled to Indemnification shall be entitled to receive indemnification from the amounts received by the Trustee regarding the liabilities that they have undertaking, regarding reasonable expenses incurred following the performance of the trusteeship or in connection with such actions, which according to their reasonable discretion must be performed and/or in connection with use of the authorities and permissions granted under this Deed, and in connection with all types of legal proceedings, legal opinions and opinions of other experts, negotiations, discussions, claims and requirements regarding any matter, made and/or omitted in any manner with respect to the above, and the Trustee may withhold the funds in its possession and pay, out of such funds, such amounts as are required for settlement of the said indemnification. All of the said amounts shall have priority over the rights of Holders of Notes and subject to the provisions of any law, provided that the Trustee acts in food faith and pursuant to the obligations imposed thereon under any law and under this Deed. For the purpose of this section, an action of the Trustee which is approved by the Company and/or by Holders of Notes shall be considered an action which is reasonably required; however, the above shall not derogate from the Company's right to raise claims against the performance of an action as stated or limit the Company from acting to prevent it, as applicable.

23.4 Without prejudice to the Indemnification Undertaking in section 23.1 above, if the Trustee is required under the terms of the Trust Deed and/or law and/or an instruction of a competent authority and/or any law and/or at the request of Holders of Notes and/or the request of the Company, or in order to protect the rights of Holders of Notes to perform any action, including but not only commencing proceedings or submitting claims at the request of the Holders of Notes, as stated in this Deed, the Trustee may refrain from taking any action as stated, until receiving, to its satisfaction, a written indemnification from the Holders of Notes or part thereof, and if the action is performed at the request of the Company – from the Company, for all liability for damages and/or expenses which may be caused to Parties Entitled to Indemnification following the performance of the same action and/or financial repayment to cover the Indemnification Obligation (a "**Financing Cushion**") in the amount required, with first priority from the Company, and in a case where the Company does not deposit the Financing Cushion on the date on which it is required to do so by the Trustee, the Trustee shall refer to Holders of Notes with holdings on the Effective Date (as stated in section 23.7 below) a request to deposit the Financing Cushion amount, each based on their relative share (as this

term is defined below). In the case where the Holders of Notes do not actually deposit the entire Financing Cushion amount, the Trustee shall not be subject to the obligation to take an action or the relevant proceedings. The above shall not exempt the Trustee from taking an urgent action required to prevent material harm to the rights of the Holders of Notes.

The Trustee is authorized to determine the Interest Cushion amount and may again act to create an additional cushion as stated, from time to time, in the amount determined thereby.

It shall be clarified that the above in section 23 shall not add to the liabilities of the Company in this Deed.

23.5 The Indemnification Undertaking:

23.5.1 Shall apply to the Company in any event of (1) actions performed at the reasonable discretion of the Trustee and/or under any law and/or required to be performed under the terms of the Trust Deed or in order to protect the rights of Holders of Notes; and (2) actions performed and/or which are required to be performed at the request of the Company.

23.5.2 Shall apply to Holders with holdings on the Effective Date (as stated in section 23.7 of the Trust Deed) in any event of (1) actions performed and/or which are required to be performed at the request of Holders of Notes (excluding actions as stated which are taken at the request of Holders to protect rights of Holders of Notes); and (2) the non-payment by the Company or the amount of the Indemnification Undertaking applicable thereto under section 23.4 of the Trust Deed (subject to provisions of section 23.7 of the Trust Deed). It shall be clarified that the payment pursuant to subsection (2) above shall not harm the obligation of the Company to bear the Indemnification Undertaking pursuant to the provisions of section 23.5.1.

23.6 In any case where: (a) the Company does not pay the amounts required to cover the Indemnification Undertaking and/or does not provide the Financing Cushion amount, as applicable; and/or (b) the Indemnification Obligation applicable to Holders under the provisions of section 23.5.2 of the Trust Deed and/or the Holders call to deposit the Financing Cushion amount under section 23.4 of the Trust Deed, the following provisions shall apply:

The funds will be collected in the following manner:

(1) First – the amount will be financed from the interest and/or Unpaid Principal Balance that the Company must pay the Holders of Notes after the date of the action required, and the provisions of section 11 of the Trust Deed shall apply;

(2) Second – if in the Trustee's opinion, the amounts deposited in the Financing Cushion are insufficient to cover the Indemnification Undertaking, the Holders with holdings on the Effective Date (as stated in section 23.6 of the Trust Deed)

shall deposit, each based on the relative share (as this term is defined) with the Trustee, the amount lacking.

"Relative share" shall mean: the relative share of the Notes held by the Holder on the relevant Effective Date as stated in section 23.7 of the Trust Deed of the total par value in circulation at the time. It is clarified that a calculation of the relative share shall remain fixed, even if after the same date a change occurs to the par value of the Notes held by the Holder.

It shall be clarified that holders of the Notes who bear liability to cover expenses as stated in this section above may bear expenses as stated in this section above beyond their relative shares, and in such a case, the priority listed in section 10 of this Deed shall apply to the repayment of the amounts.

23.7 The Effective Date for determining the obligation of a Holder in the Indemnification Undertaking and/or the payment of the Financing Cushion shall be as follows:

23.7.1 In any event in which the Indemnification Undertaking and/or the Financing Cushion payment is required due to a resolution or action which is urgent and necessary in order to prevent material harm to the rights of Holders of Notes, without a prior resolution of an assembly of Holders of Notes – the Effective Date for the obligation shall be the end of the trading day of the day on which the action was taken or the resolution passed, and if the same day is not a trading day, the preceding trading day.

23.7.2 In any event where the Indemnification Undertaking and/or paying of the Financing Cushion is required under a resolution of an assembly of Holders of Notes – the Effective Date for the obligation shall be the effective date for participation in the assembly (as this date is determined in the invitation notice), and shall also apply to a Holder who is not present or does not participate in the assembly.

23.8 If the amounts paid to the Trustee should have been paid by the Company, the receipt of the payments from the Holders shall not prevent the Trustee from acting to obtain the amounts from the Company, as described in this section 23.

23.9 Regarding priority of the repayment to Holders who bore payments under this section from the receipts by the Trustee, see section 10 of the Trust Deed.

24. **Notices**

24.1 Any notice on behalf of the Company and/or the Trustee, to the Holders of Notes, shall be given by means of publication of reports on the Magna system only. The Trustee may instruct the Company and the Company shall be required to immediately report in the Magna system on behalf of the Trustee of any report in the form as shall be transferred in writing to the Company from the Trustee. The Company may publish its comments and/or response to the said report.

Notwithstanding the above, in cases listed below only, the notice shall also be published in two widely circulated daily newspapers in the Hebrew language:1)

arrangement or settlement under section 350 of the Companies Law or under a corresponding section pursuant to another law applicable to the Company; 2) merger. A report published as stated shall be considered to have been delivered to the Noteholder upon publication thereof.

24.2 Copies of notices and invitations to be given by the Company to the Holders of Notes shall also be sent it to the Trustee. It shall be clarified that such notices and invitations do not include ongoing accounts by the Company to the public, insofar as, and to the extent, required.

Copies of notices and invitations to be given by the Trustee to the Holders of Notes shall also be sent by it to the Company.

24.3 Any notice or demand on the part of the Trustee to the Company, or on behalf of the Company to the Trustee, may be given by means of a letter to be forwarded, by registered mail, to the address set out in this Deed, or to any other address of which one party gives written notice to the other or through dispatch via email the receipt of which is confirm with a confirmation email (not automatic) by the recipient or by facsimile. Any notice or demand sent via registered mail shall be deemed to have been received, by its addressee, within three business days from the date of dispatch thereof at the post office. Any notice or demand sent via facsimile (plus telephone confirmation of receipt thereof) shall be considered to have been received one business from the date of dispatch thereof. Any notice sent via email shall be considered to have been received one business day from the delivery date thereof.

25. **Settlements and/or Changes In The Terms Of The Notes and/or Deed of Trust**

25.1 Subject to the provisions of the Law and the regulations enacted thereunder and unless otherwise specified in this Deed, the Trustee may, from time to time and at any time, if it is satisfied, at its discretion, that same does not amount to injury to the rights of the Holders of Notes, waive any failure to fulfill any of the terms of the Notes or the Trust Deed on the part of the Company, which do not refer to the terms of payment of the Notes, the grounds for the declaration as immediately due and payable and/or reports that the Company is to deliver to the Trustee, pursuant to the provisions of this Deed.

25.2 Subject to the provisions of the Law and the regulations enacted thereunder, and with the prior approval in a special resolution of Holders of Notes, the Trustee may, either before or after the principal of all the Notes to be issued, pursuant to the Trust Deed, becomes due, settle with the Company with respect to any right or claim of all or any of the Holders of Notes and reach any arrangement with the Company, including waiver of any of its rights or claims and/or those of all or any of the Holders of Notes, *vis-à-vis* the Company.

25.3 If the Trustee settles with the Company after receiving prior approval of the general assembly of Holders of Notes as stated in section 25.2 above, the Trustee shall be exempt from liability for the same action, as approved by the general assembly, provided that it is not determined in a final judicial decision that the Trustee has

violated a fiduciary duty or acted in bad faith or maliciously in applying the resolution of the general assembly.

25.4 Subject to the provisions of the Law, the Company and the Trustee may, either before or after the principal of all the Notes to be issued under the Trust Deed becomes due, revise the Trust Deed and/or the terms of the Notes, upon the occurrence of one of the following:

25.4.1 Excluding a change of the identity or wages of the Trustee, or to appoint a trustee in the place of the Trustee whose service ended, if the Trustee has been satisfied that the change does not materially adversely affect the rights of the Holders of Notes, other than revisions relating to the terms of payment of the Notes, the grounds for declaration as immediately due and payable and/or reports to be submitted by the Company to the Trustee, pursuant to the provisions of this Deed.

25.4.2 The proposed revision has been approved by a special resolution of Holders of Notes.

25.5 In any event of the exercising of the Trustee's right under this section above, the Trustee may demand, from the Holders of Notes, to deliver the Notes certificates to it or to the Company, for the purpose of entering a note as to any compromise, waiver, revision or amendment as aforesaid and, at the Trustee's demand, the Company shall enter such a note in the certificates furnished to it. In any event of the use of the Trustee's right under this section25, it shall give a written notice thereof to the Holders of Notes, within a reasonable time.

25.6 The Company and/or the Trustee shall provide to all Holders of Notes a notice through the Magna system only of any change and/or waiver as stated in this section 25 shortly after the performance thereof.

26. **Holders of Notes' Register**

26.1 The Company shall keep and maintain, at its registered office, a Register, pursuant to the provisions of the law. The Trustee and any Noteholder may, at any reasonable time, peruse such Register. The Company may close the Register from time to time for such period or periods as shall not exceed, cumulatively, 30 days per annum.

26.2 The company shall not be obligated to record, in the Register, any notice as to express, implied or estimated trust, or pledge or lien of any nature whatsoever or any equitable right, claim or offset or any other right whatsoever, with respect to the Notes. The Company shall only recognize the ownership of the person in whose name the Notes were registered, provided that his legal heirs, administrators of estate or executors of the will of the registered owner, and any person entitled to the Notes in the wake of the bankruptcy of any registered owner (and, in the case of a corporation – in the wake of the dissolution thereof), may be registered as their owner, after presenting proof which, at the Company's discretion, is sufficient to prove his right to be registered as the owner thereof.

27. **Splitting Certificates And Notes**

27.1 For the Series A Notes registered in the name of one holder, one certificate shall be issued to him, or, at his request, a number of certificates shall be issued to him (hereinafter: the "**Certificates**").

27.2 Each Note Certificate may be split into a number of Note Certificates such that the total amounts of Unpaid Principal Balance included therein equals the amount of the principal set forth in the certificates for which the split is requested.

27.3 Splitting Note Certificates as stated will be performed in accordance with a splitting application, signed by the holder of the Notes in the certificate or the legal representatives thereof, which shall be provided to the Company, at its registered office, in addition to the certificate of the notes for which the splitting is sought.

27.4 The performance of splitting shall be effected within thirty days from the end of the month in which the certificate was delivered, at the Company's registered office. The new Notes certificates, to be issued in the wake of the splitting, shall each be for a par value amount in whole New Shekels.

27.5 All expenses relating to the splitting, including Stamp Duty and other levies, if any, shall apply to the holder seeking the splitting.

28. **Annual Report of the Trustee**

28.1 As of the Effective Date, the Trustee shall prepare and publish, until the end of the second quarter of each calendar year, an annual report of the trusteeship matters (hereinafter: the "**Annual Report**").

28.2 The Annual Report shall include a description of the following:

28.2.1 A current description of the course of the trusteeship matters during the previous year.

28.2.2 A report of irregular events in connection with the trusteeship which occurred during the previous year.

28.3 The Trustee shall publish (itself or through the Company at the request of the Trustee) the Annual Report on the Magna system.

28.4 If the Trustee is made aware of a material breach to this Deed on the part of the Company, it shall inform the Holders of Notes of the breach and the remedies that will be taken to prevent it or fulfill the Company's obligations, as applicable.

28.5 The Trustee shall be required to submit a report regarding actions performed pursuant to the provisions of the Securities Law and its regulations.

29. **Roles of the Trustee, Authorities of the Trustee and Expiry Of The Trustee's Office**

29.1 The provisions of the Law shall apply to the office of the Trustee and the expiry thereof and to the appointment of a new trustee.

29.2 From the entry into effect of this Trust Deed, the roles of the Trustee shall be pursuant to any law and this Deed.

29.3 The Trustee shall act pursuant to the provisions of the Securities Law.

29.4 The Trustee shall represent the Holders of Notes in all matters arising from the Company's liabilities towards them, and it may, to do so, act to exercise the rights granted to Holders under the law or under the Trust Deed.

29.5 The signature of the Trustee on this Trust Deed shall not serve as an expression on its part of the nature of the Offered Securities or the advisability of investing therein.

29.6 The Trustee shall not be required to inform any part of the signature of this Deed. The Trustee shall not intervene in any manner in the management of the Company's business or its interests, as the above is not included in its roles. The contents of this section shall not limit the Trustee in any manner that it must perform pursuant to the provisions of this Deed.

29.7 Subject to the provisions of any law, the Trustee is not required to act in a manner which is not expressly stated in this Trust Deed in order for any information, including regarding the Company and/or in connection with the Company's ability to meet its undertakings to Holders of Notes reach it, as this is not included in its roles.

29.8 Subject to the provisions of any law and the contents of this Trust Deed, the Trustee undertakes, upon signing this Deed, to maintain confidentiality of any information provided thereto from the Company, and shall not disclose it to another and shall not make any use thereof, unless the disclosure or use thereof is required in order to fulfill its roles under the Securities Law, under the Trust Deed, or under a court order, provided that the disclosure of information as stated will be limited to the minimal scope and degree required for the fulfillment of the Trustee's roles as stated, and that the Trustee will coordinate with the Company in advance, if possible under the circumstances and in order for the above to not harm the rights of Holders of Notes, the content and timing of the disclosure. The Trustee shall maintain the absolute confidentiality of the information, at with the same degree of care with which it would maintain its own confidential information, and shall adopt no less than a reasonable standard of care. The confidentiality requirement specified in this section shall also apply and bind the authorized representatives and/or professional consultants of the Trustee, and the Company may demand that the professional consultants as stated sign, towards the Company, an undertaking to maintain confidentiality in a form identical to the provisions of this section 29.8.

The above confidentiality undertaking shall not apply to any part of the information which is within the public forum (excluding information which enters the public forum due to a breach of this confidentiality undertaking) or received by the Trustee by a third party other than following a breach of a duty of confidentiality of the same third party towards the Company – as of the receipt thereof.

29.9 The Trustee may rely within the trusteeship on any written document including a letter of instructions, a notice, request, consent or approval, which appears to be signed or provided by any person or entity that the Trustee believes in good faith to be signed or issued thereby.

29.10 In the event of expiry of the Trustee's office, a new trustee may be appointed in its place with an assembly of Holders.

29.11 Notwithstanding the above, a resolution of Holders as to the termination of office and replacement with another of the Trustee shall take place in an assembly of Holders of Notes which is attended, themselves or through their representatives, by Holders of at least fifty percent (50%) of the balance of par value of Notes in circulation on the Effective Date for the assembly, or an adjourned assembly of this assembly, which was attended, themselves or through representatives, by holders of at least ten percent (10%) of the said balance, and which was passed (whether in the original or adjourned assembly) with a majority of at least seventy five percent (75%) of all of the votes of participants in the vote, excluding the abstaining votes.

Subject to the provisions of any law, the Trustee whose office has expired shall continue to act until the appointment of another trustee.

29.12 The Trustee shall provide the new trustee with all of the documents and amounts accrued therewith in connection with the trusteeship at the subject to the Trust Deed for the relevant series, and shall sign any document required for the same. Each new trustee shall have the same powers, authorities and other permissions of the trustee which served before it whose office has expired, and may act, for all intents and purposes, as if having been appointed as a Trustee at the outset.

29.13 The Company shall publish an immediate report in any case of the dismissal of the Trustee and/or appointment of a new Trustee.

30. **Meetings Of The Holders of Notes**

Meetings of the Holders of Notes shall be conducted as set forth in Appendix B hereto.

31. **Reporting To The Trustee**

The Company shall submit to the Trustee, so long as not all the Notes have been settled (included the linkage differentials related thereto):

31.1 Financial statements as stated in section 4.8 above.

31.2 Approvals as set forth in section 4.9 above.

31.3 Any immediate report of the Company which is published in Israel immediately after the publication to the public by the Company, if published.

31.4 At the request of the Trustee - Approval by the Company's CFO, of the effecting of the interest payment and/or payment on account of the Unpaid Principal Balance, and the dates thereof, to the Holders of Notes and the balance of the par value of the Notes in circulation.

For the purpose of this section 31, the publication of the reports set out in this section 31 above, on the Magna – insofar as, and to the extent that, such reports are published in the future on the Magna, shall be deemed as submission of the report to the Trustee.

32. **Liability of the Trustee**

32.1 Notwithstanding the provisions of any law and in any place in the Trust Deed, as long as the Trustee acted in order to fulfill its role in good faith and within a reasonable time, and clarified the facts that a reasonable trustee would have clarified under the circumstances, it shall not be liable towards and Holder of Notes for damage caused thereto as a result of the Trustee using its discretion according to the provisions of section 35h(d1) of 35i1 of the Law, unless the plaintiff proved that the Trustee acted with gross negligence. It shall be clarified that if a contradiction shall arise between the provision of this section and another provision in the Trust Deed, the provision of this section shall govern.

32.2 If the Trustee acted with good faith and without negligence in accordance with the provisions of section 35h(d2) or 35h(d3) of the Law, it shall not be liable for the performance of the said action.

33. **Applicability Of The Securities Law, 5728 - 1968**

The parties shall act pursuant to the provisions of the Law and the Regulations thereof, in any matter not referred to in this Deed and, in any event of conflict between the provisions of the Law and its Regulations (that may not be conditioned with respect to cases of conflict alone) and this Deed, the parties shall act in accordance with the provisions of the Law and its Regulations.

34. **Condition Precedents**

34.1 The entry of this Trust Deed into effective on the Effective Date is subject to the cumulative fulfillment of the following condition precedents by no later than November 30, 2014 (the "**Deadline for the Fulfillment of the Condition Precedents**"):

34.1.1 The approval decision (as defined in the preamble to this Deed) became final under Dutch law.

34.1.2 The performance of the capital injection was completed as defined in section 1.6 above.

34.1.3 The registration of all the shares of the Company for trade in the Stock Exchange.

34.1.4 The Trustee has received signed approvals by the subsidiaries under section 5a above.

34.1.5 A pre-ruling was received from the Tax Authority regarding the tax implications on the Noteholders as a result of an amendment to This Deed, which is attached as Appendix 34.1.5 to this Trust Deed.

34.1.6 The deposit of the amount which is paid upon the payment date of the First Interest Payment in the Trust Account or with the Nominee Company as stated in section 2.2.2.1 above.

34.1.7 The deposit of the cushion as stated in section 4c in the Trust Account.

34.2 If any of the condition precedents are not met by the deadline for the fulfillment of the condition precedents (as defined in this section 34 above), then this Trust Deed and the resolution of the meeting of Note Holders whereby, inter alia, this Trust Deed is approved, and any other action performed in connection with and/or under this Trust Deed and the Plan (as defined below) shall be null and void, and lack all binding effect, including vis-à-vis the Company and/or Trustee and/or entity on its behalf and/or Note Holder and/or entity on their behalf.

35. **Suspending Condition**

In the event that this Deed takes effect on the Effective Date under section 34.1 above and no allotment of shares allocated and additional debentures occurs by two trading days after the Effective Date, this Deed will not be valid as long as such allocation does not occur as stated, and in the case that the allotment is not made by the expiry of 10 trading days from the Effective Date, this Deed shall be null and void (unless it is decided otherwise in a special resolution of Holders of Notes (Series A), holders of Notes (Series B) and holders of Notes in Poland, and in such a case the provisions of section 34.2 above shall apply, mutatis mutandis, and the Trustee will return to the Company immediately all amounts deposited therewith as described in sections 34.1.6and 34.1.7 above, including benefits accrued in respect thereof. It shall be clarified that in the event that this Trust Deed shall be terminated, the Original Trust Deed shall return to its full validity.

36. Applicable Law and Jurisdiction

36.1 Israeli Law shall apply exclusively to this Trust Deed, including the appendixes hereto, as well as to any dispute arising with respect to this Deed and no other Law shall have any application whatsoever.

36.2 The exclusive jurisdiction in respect of this Trust Deed shall vest in the relevant Tel – Aviv – Jaffa Court of Israel only, and no other court in other area and/or jurisdiction shall have any jurisdiction.

37. **Company's address for purposes of this Deed**

The Company's address in Israel for the purposes of this Deed shall alone is 88 Hashmonaim St., POB 20039, Tel Aviv.

38. **Conflict Between The Provisions Of The Deed**

In any event of conflict between the provisions of the Trust Deed and the addenda thereto, the provisions of the Trust Deed shall prevail.

In any event of a conflict between the provisions of the Plan and/or any other reporting performed in connection with the Plan and between the provisions of the Trust Deed, the provisions of the Trust Deed shall prevail.

39. **Authorization To Report In Magna**

By signing this Deed, the Trustee authorizes the authorized electronic signatories of the Company to report, in its name, on the Magna, of its entering into this Deed and its execution of this Deed, to the extent required and/or to be required under law.

In Witness Whereof The Parties Have Signed:

Plaza Centers N.V.	**Hermetic Trust (1975) Ltd.**

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I, the undersigned, _____, Advocate, hereby confirm that this Trust Deed was signed by Plaza Centers N.V in accordance with its documents of incorporation, via Messrs. _____.

Uzi Eli, Advocate

Appendix A

Plaza Centers N.V.

Series A Note Certificate

Up to the date of the Trust Deed, the Company (as defined below) has issued a total of NIS 39,565,400par value Series A Notes, registered by name, par value NIS 1 each. Up to the date of the Trust Deed, the Company has performed three (3) repayments of principal payments on December 31 of each of the years 2010, 2011 and 2012, in a total of NIS 136,233,571par value Series A Notes. Series A Notes issued as stated and which are not yet repaid as of this date, shall be repayable in five (5) equal payments, on December 31, 2017, July 1 and December 31, 2018 and on July 1 of each of the years 2019 and 2020 (while the first payment will be performed on December 31, 2017 and the last payment will be performed on July 1, 2020), unless the payment dates are advanced by one year as stated below, and bearing as of January 1, 2014 and thereafter interest at a rate of 6% annually as described in the terms in the overleaf, which shall be paid (excluding the first two interest payments which shall be paid as set forth below) in biannual payments on July 1 and December 1 of year of the years 2015 through 2019 and on July 1, 2020 (while the first of the interest payments will be paid on July 1, 2015 and the last payment will be performed on July 1, 2010), unless the payment dates of the Unpaid Principal Balance are advanced as set forth below, and in such a case, the interest will be paid in biannual payments on the 1 of July and 31 of December of each of the years 2015 through 2018 and on July 1, 2019 (while the first of the same payments will be performed on July 1, 2015 and the last payment on July 1, 2019), and the principal and interest are linked to the index for May 2007, as published on June 15, 2007.

Notes Registered In the Name _____

Certificate No.:____

Total par value of the Notes under this Certificate - NIS _____

The registered owner of the Notes under this Certificate:

_____

1. This Certificate evidences that Plaza Centers N.V. (hereinafter: the "**Company**") shall pay: on December 31, 2017,July 1, and December 31 of 2018 and on July 1 of each of the years 2019 and 2020 (inclusive), (the first installment to be effected on December 31, 2017 and the last installment to be effected on July 1, 2020), 20% of the Unpaid Principal Balance of the Notes under this Certificate; the Company shall further pay interest on the following dates: After 12 days transpire from the Effective Date for the payment of the First Interest Payment (as defined in the Trust Deed) (the "**First Interest Payment**"), on December 31, 2014 (the "**Second Interest Payment**") and July 1 and December 31 of each of the years 2015 through 2019 and July 1, 2020; notwithstanding the above, in the case in which payment date of the Unpaid Principal Balance payments are advanced as stated in this section 1 below, the final interest payment date shall be July 1, 2019. The interest accrued and which is not paid for the period until December 31, 2013 (in a rate of 4.5% per year) shall be accrued and added in the manner as stated in Section 4a(2) of the

Trust Deed as of January 1, 2014 to the principal of the Series A Notes and shall be an integral part thereof for all intents and purposes, and will be repaid within the repayments of the principal. Commencing on January 1, 2014 and thereafter, the interest rate on the Unpaid Principal Balance of the Notes is 6% annually.

Notwithstanding the provisions of this section 1, in the case where the Company does not repay, during the first two years commencing on the Effective Date (as defined in the Trust Deed) or by December 1, 2016, whichever is earlier, the Principal Notes for the Three Series (as defined in the Trust Deed) with a total sum of at least NIS 434,000,000 (four hundred and thirty four million)2excluding linkage differentials and including repayment of Principal of Notes (Series A) in a total of at least NIS 92,032,137 (excluding linkage differentials), the forced early repayment of the unpaid balance of the principal of the Series A Notes shall be performed and shall be repayable in five (5) equal payments (each in a total of a fifth (20%) of the said unpaid balance) which shall be paid on December 31, 2016, July 1 and December 31 of 2017 and on July 1 of each of the years 2018 and 2019 (while the first payment will be performed on December 31, 2016 and the last on July 1, 2019). The interest rate for the entire interest term shall be as detailed in Section 4.2 in the overleaf conditions.

Any such installment shall be effected to the registered Holder of the Notes, under this Certificate, on December 19 or on June 19 that fall immediately before the due date of such installment, excluding the First Interest Payment which shall be paid to the registered Holder of the Notes in this Certificate on the Effective Date for the First Interest Payment (as defined in the Trust Deed).

2. The last payment for the Unpaid Principal Balance and interest shall be effected against the delivery of the Notes to the Company on the payment date at the Company's registered office or at any other place of which the Company shall give a notice, not later than five (5) business days prior to the due date thereof, under the terms of the Note.

3. The Notes of this Series were issued pursuant to the Trust Deed between the Company on the one hand and Hermetic Trust (1975) Ltd. **(**hereinafter**:** the "**Trustee**") on the other hand, entered into on July 4, 2007 (as amended on January 1, 2008 and on March 10, 2014 and as amended and replaced on the __ of ____, 2014) (hereinafter and above: the "**Trust Deed**") and are not secured by means of any lien.

4. All Notes of this Series shall be equal *inter se* (*pari passu),* such that none shall have any preferential right over the other.

5. Subject to the provisions of the Trust Deed, and specifically the provisions of section 4 of the Trust Deed (Restrictions Regarding Taking Credit and Creating Pledges), the Company reserves the right to issue, at any time, without approval of the Trustee and/or the Noteholders of this Series, other Notes or other Series of Notes or other securities of any nature or type whatsoever, whether or not vesting a right to convert into Company

[22]If the repayment is not in NIS – pursuant to the exchange rate of the foreign currency compared to the shekel on the repayment date.

shares, at such terms as the Company shall find fit, all pursuant to the provisions of the Trust Deed.

6. The Notes under this Certificate are further subject to the terms listed overleaf and to the terms set out in the Trust Deed.

The Notes (Series A) and the offered shares may not be offered, sold, transferred or disposed of in the Netherlands, as part of the initial distribution thereof and at any time thereafter, either directly or indirectly, other than to qualified investors as defined in section 1:1 of the Dutch Act on the Financial supervision, including, but without derogating from the above, banks, brokers, dealers, and institutional investors holding a license or supervised by another means to operate in the financial markets or entities whose sole objective is to invest in securities.

Signed by the Company on _____

_____ _____

I, the undersigned, _____, Advocate, hereby confirm that this Note Certificate was signed by Plaza Centers N.V in accordance with its documents of incorporation, via Messrs. _____.

_____

_____, Advocate

The Terms Listed Overleaf

1. **General**

In this Note, the following terms shall have the meaning set out opposite them, unless otherwise required by the context, namely:

The "**Company**" - Plaza Centers N.V.;

The "**Original Trust Deed**" – as defined in section 1.6 of the Trust Deed.

The "**Trust Deed**" or the "**Trust Deed**" - The Trust Deed between the Company and Hermetic Trust (1975) Ltd., entered into with respect to the Series A Notes, including the appendices attached thereto and constituting an integral part hereof, which amends and replaces, for all intents and purposes, the Original Trust Deed (which shall not be effective as of the Effective Date) and replaces it, as amended and/or changed from time to time;

"**The Series A Notes**" or "**Series A Notes**" or "**Series Notes**" or "**The Notes**" or "**Notes**" – a series of registered Series A Notes, of NIS 1 par value each of the Company which are issued by the Company and whose terms are described in the Trust Deed;

The "**Deferred Debt for Series A Notes" –** as defined in the Trust Deed.

The "**Trustee**" – Hermetic Trust (1975) Ltd. and/or anyone serving from time to time as trustee for the Noteholders under the Trust Deed;

"Register" – The register of the Note Holders of the Company, as stated in section 24 of the Trust Deed;

"**The Noteholder**" or "**Noteholder**"– the person named at such time in the Register as the owner of the Note and, in the event of a number of joint holders, the joint holder whose name appears first in the Register;

"**Note Certificate**" – A Series A Notes Certificate in such wording as set out in Appendix A to the Trust Deed.

The "**Law**" or the "**Securities Law**" – the Securities Law, 5728 – 1968 and its regulations as shall be in effect from time to time.

"**Euro**" – the uniform currency of the European Monetary Union countries.

"**Consumer Price Index**" or "**Index**" - The price index known as the Consumer Price Index, including fruit and vegetables, and which is published by the Central Bureau of Statistics, including such index even if published by any other official entity or institution *in lieu of* the Central Bureau of Statistic, as well as any other official index superseding the same, whether or not it is based on the same data on which the existing index is based. If another index supersedes it, published by such body or institution, where such body or institution has not prescribed the ratio between it and the index that has been superseded, such ratio shall be prescribed by the Central Bureau of Statistics. In the event of such ratio not being prescribed as aforesaid, then the Trustee, in

consultation with such economic experts as it shall select, shall fix the ratio between the other index and the superseded index.

The "**Known Index**" at any given time – the Index last published before such date.

"**Base Index**" – the index for May 2007, as published on June 15, 2007.

"**Payment Index**" – The index known on the due date of any payment on account of Unpaid Principal Balance and/or interest when, as long as this index on any payment date shall be lower than the Base Index, the payment index shall be the Base Index.

"**Business Day**" – A day on which most of the banks in Israel are open to the public for the performance of transactions.

"Special Resolution" – the resolution passed in an assembly of Holders of Notes, in which participated, themselves or their counsel, the Holders of at least fifty percent (50%) of the par value balance of the Notes in circulation on the Effective Date of the assembly, or a adjourned assembly of this assembly, in which participated, themselves or their counsel, the Holders of at least twenty percent (20%) of the said balance, and which was passed (whether in the original assembly or the adjourned assembly) with a majority of two thirds (2/3) of all the voters participating in the vote, excluding the abstainers.

"**Subscriber**" – The Noteholder under this Certificate, eligible for the rights provided herein on the date in question.

"**Stock Exchange**" – The Tel Aviv Stock Exchange Ltd.

"**Unpaid Principal Balance"** – as defined in the Trust Deed.

"**Effective Date**" – as defined in the Trust Deed.

"**Final Payment Date**" – as defined in the Trust Deed.

2. **Notes**

See section 2 of the Trust Deed.

3. **The Unpaid Principal Balance**

The Unpaid Principal Balance of Series A Notes shall be payable as set forth in section 2.1 of the Trust Deed.

The Unpaid Principal Balance will be linked to the Consumer Price Index, in accordance with the linkage terms as set out in section 5 below.

4. **Interest**

4.1 The unsettled balance of the principal of the Series A Notes bears, as of January 1, 2014 and thereafter annual interest at a rate of 6% per year.

The interest will be linked to the Consumer Price Index, in accordance with the linkage terms as set out in section 5 below.

4.2 The First Interest Payment will be performed on the date occurring after 12 months transpired from the Effective Date for the First Interest Payment, or on another date which shall be written by the Stock Exchange, in accordance with its provisions (the "**Date of the First Interest Payment**") for the period beginning on January 1, 2014 and ending on the day preceding the Date of the First Interest Period (the "**First Interest Period")** will be paid as set forth in section 2.2.2.1 of the Trust Deed. **The Effective Date for the First Interest Payment** – the first trading day after the allocation date, as defined in section 4a of the Trust Deed. Accordingly, the interest rate for the First Interest Period will be published by the Company at least 4 Trading Days before the Effective Date for the First Interest Payment. The Second Interest Payment will be performed on December 31, 2014 for the period beginning on the Date of the First Interest Payment and ending on December 31, 2014 (the "**Second Interest Period**") and will be paid as set forth in section 2.2.2.1 of the Trust Deed. The interest rate for the Second Interest Period shall be published by the Company no later than 5 business days from the beginning of this period.

After the First Interest Period and the Second Interest Period for which the provisions of this section 4.2 above shall apply, the interest shall be paid on July 1 and December 31 for the six months ending on the day preceding the date of each such installment (hereinafter: the **"Interest Period"**) on the unsettled balance, from time to time, of the amount of the principal, at such Interest Period, while the interest rate for each Interest Period shall amount to 3%.

Subject to all other terms of the Notes, the Company shall pay the Interest, as aforesaid, to the then registered owner of the Notes in the Register, on December 19 and on June 19 of each year that fall immediately before the due date of such installment, respectively, excluding the First Interest Payment which will be made to the registered owner of the Notes in this Certificate on the Effective Date.

The last interest installment will be effected on July 1, 2020, together with the last payment on account of the Unpaid Principal Balance, against the return of the Notes Certificates to the Company. Notwithstanding the above, in the case of the forced early repayment as set forth in section 2.1.2 of the Trust Deed and Note Certificate, the last interest payment will be effected on July 1, 2019.

5. **Linkage Terms Of The Unpaid Principal Balance And Interest**

The balance of the unsettled principal and the interest thereon, as set out above, will be linked to the Consumer Price Index, as follows:

Should it turn out on the settlement date of any installment on account of the Unpaid Principal Balance and/or interest of the Notes that the payment Index on that date exceeds the Base Index, the Company will effect such installment of principal or interest, being increased *pro rata* to the rate of increase of such payment Index, *vis-à-vis* the Base Index; however, should it turn out that such payment Index is identical to, or lower than, the Base Index, the Company shall effect such payment of principal or

interest, computed on the basis of the Base Index. Based on the guidelines of the Stock Exchange, the linkage method shall not be changed in the Note Period.

6. **Unpaid Principal Balance And Interest Installments**

6.1 Any installment on account of the Unpaid Principal Balance and/or the interest, respectively, shall be paid to whomsoever shall be registered in the Register as the Noteholder on the 19th of December or on the 19th of June, immediately prior to the payment date of said payment, excluding the First Interest Payment, which shall be made to the registered owner of the Notes in this Certificate on the Effective Date, and with the exception of the last installment, which shall be made against the delivery of the note certificates to the Company, at the Company's registered offices and/or at any other place in respect of which the Company shall provide notice, not later than five business days prior to the date designated for the settlement of the last payment.

Payments on account of the Unpaid Principal Balance and Interest shall be effected subject to the linkage terms as set out in section 5 above.

Wherever the date of making a payment on account of the Principal and/or the interest falls on a day which is not a business day, the payment date of said payment shall be adjourned to the first business day thereafter, and no interest shall be borne in respect of the deferment of said payment.

Any payment on account of the Principal and/or the Interest, paid with a delay exceeding three business days from the date designated for the payment thereof under this Note Certificate, for reasons dependent on the Company, shall bear arrears interest as defined below, commencing from the date designated for the payment thereof, and up to the date of actual payment thereof. For this purpose, the rate of the arrears interest shall be the higher of: (i) the Interest Rate on the Notes, as stated in section 4 above, plus 2% or (ii) the Prime interest rate, plus 2%; all on an annual basis. The Company shall notify the Stock Exchange, by way of an immediate report, two trading days prior to the actual payment day, of the interest rate, which includes the rate of the arrears interest.

6.2 Each payment due from the Company, in respect of the Notes, shall be subject to a deduction of tax at source, insofar as the Company is required by law to make such deduction.

6.3 The payment to the Subscriber shall be made by check or by bank transfer, in favor of the bank account whose details shall be submitted in writing to the Company beforehand, by the Subscriber, in accordance with that stated in subsection 6.5 below. Should the Company be unable, for any reason which is beyond the Company's control, to pay any amount to the Noteholder entitled thereto, it shall deposit this amount with the Trustee, as stated in subsection 7 below.

6.4 If the Noteholder entitled to payment did not submit, beforehand, to the Company, the details of the bank account for the crediting thereof by bank

transfer, as stated, the Company shall send a check by registered mail to his last address registered in the Register. The sending of the check to the eligible Noteholder by registered mail, as stated, shall be deemed, for all intents and purposes, to be payment of the amount specified therein on the date of the dispatch thereof by mail, provided that it was cashed upon due presentation thereof for collection.

6.5 A Noteholder wishing to provide notice of the bank account details for the crediting thereof with the payments under the Notes, as stated, or who wishes to change said bank account details, or his instructions with regard to the manner of payment, may do so by providing written notice, which shall be sent to the Company by registered mail; however, the Company shall comply with the instruction only where it reached its registered offices at least ten days prior to the date designated for the remittance of any payment under the Note. Should the notice be received by the Company in delay, the Company shall act pursuant thereto solely with regard to those payments whose payment date shall fall after the payment date close to the date of receipt of the notice.

7. Failure To Pay For A Reason Beyond The Company's Control

In this regard, see section 13 of the Trust Deed.

8. Transfer Of Notes

8.1 The Notes are transferable with regard to any par value amount, provided that it shall be in whole New Israel Shekels. Any transfer of the Notes shall be made pursuant to a deed of transfer, drawn up as per the standard draft for a share transfer, duly signed by the registered holder or his legal representatives, and also by the transferee or his legal representatives, which shall be submitted to the Company at its registered offices, together with the certificates of the Notes being transferred pursuant thereto, and any other proof that shall be required by the Company for the purpose of proving the transferor's right to transfer same.

8.2 The transfer of Notes shall be made by the signing, by the transferor and the transferee, of a share transfer deed, as per such draft that is acceptable to the Company, together with a witness to the signature of each one of them. The Note transfer deed shall be submitted to the Company during normal working hours.

8.3 Notwithstanding the foregoing, until such time as the Series A Notes are listed for trading on the Stock Exchange, insofar as, and to the extent listed, the Notes may not be transferred by any of the Noteholders, other than to: (a) A holder who is one of the investors set out in the First Addendum to the Securities Law; (b) To the Company or its subsidiary; or (c) To another investor subject to obtaining the Company's prior approval. The Company shall have the right to refuse the transfer of Notes to investors not specified above, at its sole discretion without the need to justify its decision and the Noteholders shall not have any claim and/or demand in connection with such refusal.

8.4 In the event of the transfer of only part of the unpaid specified principal amount of the Notes in this Certificate, the Certificate shall first be split, pursuant to the provisions of section 9 below, into the number of note certificates as required as a consequence thereof, in such a manner that the total of all the principal amounts specified therein, shall be equal to the specified principal amount of said Note Certificate.

8.5 After fulfillment of all these terms, the transfer shall be entered into the Register.

8.6 All of the expenses and commissions entailed in the transfer shall apply to the entity requesting the transfer.

9. **Split Of Note Certificates**

9.1 Any Note Certificate may be split into a number of Note Certificates, where the total of all the principal amounts specified therein shall be equal to the specified principal amount of the Certificate whose split was requested.

9.2 The split of a Note Certificate as stated shall be done upon a requisition for the split, signed by the Noteholder in the Certificate or his legal representatives, which shall be submitted to the Company at its registered offices, together with the Note Certificate whose split was requested.

9.3 The splitting shall be effected within 30 days from the end of the month in which the certificate was delivered to the Company's registered office. The new Notes certificates to be issued in the wake of the splitting shall each be for a par value amount in whole New Shekels.

9.4 All expenses relating to the splitting, including Stamp Duty and other levies, if any, shall apply to the holder seeking the splitting.

10. **General Provisions**

10.1 Payments on account of the Unpaid Principal Balance and the interest are payable and transferable without taking into consideration any equity rights or any offsetting rights or any right of counterclaim that exists or shall exist between the Company and a holder, former holder, including the original holder of the Notes.

10.2 Any holder becoming entitled to the Notes as a consequence of bankruptcy or as a consequence of dissolution proceedings of a Noteholder, shall be entitled, as soon as he shall provide such proof as the Company shall demand of him, from time to time, to be registered in the Register as the holder of the Notes or, subject to the terms set forth above in such Certificate, to transfer same.

10.3 The Noteholders shall be entitled to exercise their rights pursuant to the Notes and the Trust Deed, through the Trustee or pursuant to a resolution of the General Meeting of the Noteholders, in such manners as set forth in the Note and in the Trust Deed. Notwithstanding the foregoing, should the Trustee fail to act in accordance with the provisions of the Trust Deed and the Note, the Noteholders

shall be entitled to exercise their rights, pursuant to a resolution of the General Meeting.

10.4 The right of immediate settlement set out in section 7 of the Trust Deed, shall be deemed as an inseparable part of this Note.

11. **Compromises and/or Changes In The Terms Of The Notes**

In this regard, see section 25 of the Trust Deed.

12. **General Meetings Of The Noteholders**

The general meetings of the Noteholders shall be convened and administered in accordance with the provisions of Appendix B to the Trust Deed.

13. **Receipts As Proof**

Without derogating from any other of these terms, a receipt signed by a holder of the Notes under this Certificate shall constitute proof of the full settlement of any payment specified in the receipt, which was made by the Company or by the Trustee, as the case may be, in respect of the Notes under this Certificate.

14. **Replacement Of Note Certificates**

Should a Note Certificate be defaced, lost or destroyed, the Company shall be entitled to issue, in place thereof, a new Note Certificate, upon the same terms with regard to proof, indemnity and cover of the expenses that were caused to the Company for the purpose of clarifying the right of ownership of the Notes, as the Company shall deem fit, provided that, in the event of defacement, the defaced Note Certificate shall be returned to the Company prior to the issuance of the new certificate. Stamp tax and other levies, as well as other expenses entailed in the issuance of the new certificate, shall apply to the entity requesting said certificate.

15. **Notices**

In this regard, see section 24 of the Trust Deed.

16. **Purchase Of Notes By The Company Or By A Subsidiary**

In this regard, see section 3 of the Trust Deed.

17. **Early Redemption at the Initiative of the Stock Exchange**

Should it be decided by the Stock Exchange to delist the Notes in circulation, because the value of the series of the Notes falls below the amount set forth in the directives of the Stock Exchange, regarding the delisting of notes, the Company shall set the redemption date on which the Noteholder shall be entitled to redeem the Notes, and the Company shall act for this purpose as follows:

17.1 Within 45 days from the date of the decision of the Board of Directors of the Stock Exchange regarding said delisting, the Company shall provide notice of an early redemption date on which the Noteholder shall be entitled to redeem the Notes. The Company shall pay, to the Noteholder, the principal, together with linkage differentials and interest pursuant to the terms of the Note, which had

accrued by the date of the actual redemption. The notice of the early redemption date shall be published in two daily newspapers which are widely circulated in Israel in Hebrew and shall be sent in writing, by registered mail, to all of the Noteholders at that time.

17.2 The early redemption date shall fall due not prior to 17 days from the date of the publication of the notice and not later than 45 days from said date; however, not in the period between the Effective Date for payment of interest and the date of the actual payment thereof.

17.3 On the early redemption date, the Company shall redeem the Notes whose holders had requested redemption thereof, according to the par value thereof, together with the linkage differentials and interest accrued on the principal up to the actual redemption date (the calculation of the interest for part of a year shall be made on the basis of 365 days per year).

17.4 The determination of the early redemption date, as stated above, shall not have an adverse effect on the redemption rights set forth in the Notes, for any of the Noteholders who shall not redeem them on the early redemption date, as stated above; however, the Notes shall be delisted from trading, and they shall be subject, *inter alia*, to the tax implications arising therefrom.

17.5 Early redemption of the Notes, as stated above, shall not confer on any of the Noteholders, who shall redeem the Notes, as stated, the right to payment of interest in respect of the period subsequent to the actual redemption date.

18. **Early Redemption at the Initiative of the Company and the Early Repayment of a Debt Due to an "Exercise Event"**

In this regard, see section 7a of the Trust Deed.

Appendix B

Plaza Centers N.V.

General Meetings Of The Noteholders

Subject to the provisions of the Securities Law, the assembly of Noteholders, the manner of its management and the various terms with respect thereto shall be as set forth below:

Convening the Meeting

1. The Trustee shall convene a meeting of Noteholders if he sees a need to do so, or at the written request of the Holders of Notes, together or jointly, of at least five percent (5%) of the balance of the par value of the notes in circulation.

2. In the event that those requesting the meeting are Noteholders, as stated in section 1above, the Trustee may demand that requesting holders provide indemnification, including in advance, for the reasonable expenses involved. It shall be clarified that this indemnification request shall not derogate from the obligation of the Company to bear the expenses involved in convening the assembly.

3. A Trustee which is required to convene a meeting of holders under the provisions of section 1 above shall convene it within 21days from the date on which a demand for convening was submitted thereto, for the date determined in the invitation, provided that the meeting date will not be earlier than seven days and no later than 21 days from the invitation date; however, the Trustee may advance the convening of the meeting by one day after the invitation date, if he feels that the above is necessary in order to protect the rights of Holders and subject to the provisions of section 16below; if he does so, the Trustee shall provide reasons in the report of convening the meeting for advancing the convening date.

4. The Trustee may, at its discretion, change the convening date of the meeting including by advancing the meeting convening date as stated in section 3 above.

5. In the event that the Trustee does not convene a meeting of holders, at the request of holders (as stated in section 1 above), by the date as stated in section 3above, the holders may convene the meeting, provided that the meeting date will be within 14 days, from the end of the period for the convening of the meeting by the Trustee, and the Trustee shall bear the expenses incurred by the holder in connection with convening the meeting.

6. The Company may convene, at any time, a meeting of Noteholders in coordination with the Trustee. If the Company convenes such a meeting, it shall immediately send the Trustee a written notice of the place, date and time on which the meeting will take place and the matters that will be presented for discussion therein, and the Trustee or a representative on its behalf may participate in the meeting as stated without having a voting right. A meeting as stated will be convened for the date determined in the invitation, provided that the meeting date shall not be earlier than seven days and no later than 21 days from the invitation date.

Flaws in Convening

7. The Court may, at the request of a Holder, order the cancellation of a decision made in a meeting of Holders convened or held without the conditions by law or the provisions of this Trust Deed and Addendum with respect thereto having been met.

8. In the event that the flaw in convening was related to the notice of the place of the meeting's convening or date thereof, a Holder who does not arrive at the meeting despite the flaw will be unable to demand the cancellation of the decision.

Notice of Convening a Meeting

9. A notice of a meeting of Holders will be published pursuant to the provisions of Chapter G1 of the Securities Law and shall be delivered to the Company by the Trustee.

10. The invitation notice shall include the agenda, resolutions proposed and the arrangements regarding written voting under the provisions of sections 24and 26below.

Agenda in the Meeting

11. The Trustee shall determine the agenda in the meeting of holders, which shall include matters for which the convening of a meeting of holders is necessary under sections 1 and 12 above, and a matter which is required as stated in section 13 below at the request of a holder.

12. In the event that a meeting is convened as stated in section 6above, the Company shall determine the agenda for the meeting.

13. One or more holder with at least five percent (5%) of the balance of par value of the series of notes may request from the Trustee to include a matter in the agenda of the meeting of holders convened in the future, provided that the matter is suitable for discussion in a meeting as stated.

14. A meeting of holders shall make resolutions of matters listed in the agenda alone.

Location of the Meeting's Assembly

15. A meeting of holders shall take place in Israel at the law offices of the Company or another location as the Trustee or Company shall announce, and the Company shall bear the costs of convening the meeting in another place, as stated. The Trustee may change the place of the meeting's assembly.

The Effective Date for Ownership of Notes

16. Holders entitled to participate and vote in a meeting of holders are Holders of Notes on the date determined in the resolution to convene a meeting of holders, provided that this date is no less than one day and shall not exceed three days before the convening date.

Chairman of the Meeting, Minutes of Meetings of Holders

17. In each meeting of holders (including an assembly convened by the Company as stated in section 6 above), the Trustee or a person appointed thereby shall serve as a chairman of the same meeting.

18. The Trustee shall prepare minutes of the meeting of Noteholders, and shall keep them in his registered offices for a period of seven (7) years from the meeting date. The minutes of the meeting may be in recorded form. Minutes, if in written form, shall be signed by the chairman of the meeting. All minutes signed by the chairman of the meeting constitute prima facie evidence of the contents thereof.

19. The Registrar of Minutes of the assembly of Holders shall be kept in the offices of the Trustee, shall be available for the review of the Holders of Notes (and for the review of the Company at its request and only for the review of assemblies/discussions in which the Company and/or on anyone on its behalf participated) and a copy thereof shall be sent to the requested Holder of the Notes. The Trustee shall be entitled to delay the provision of any minutes, to any entity (excluding the Company – regarding meeting discussions in which the Company and/or an entity on its behalf is present), if at its sole discretion, the transfer of the minutes, entirely or in part, may damage the rights of the Holders of Notes.

20. A declaration by the chairman of the meeting that the resolution of the meeting of holders was passed or rejected, whether unanimously or with a given majority, shall be prima facie evidence of the contents thereof.

Legal Quorum; Adjourned or Continued Meeting

21. A meeting of Noteholders shall be opened by the chairman of the meeting after determining that the legal quorum required for any of the matters on the meeting's agenda has been met, as follows:

    21.1. Pursuant to the legal quorum required for passing a Special Resolution and pursuant to the provisions of the Securities Law which are not conditional and the provisions of the Trust Deed, the legal quorum required for holding a meeting of Noteholders is the presence of at least two Noteholders, present themselves or through their representatives, holding at least twenty five percent (25%) of the voting rights of the Notes in circulation, within a half hour from the time determined for the commencement of the meeting, unless another requirement is set forth by law. Notwithstanding the above, a consultation assembly as stated in section 47 below shall occur with any number of participants.

    21.2. In the event that the legal quorum of holders is not present at the meeting at the end of half an hour from the time determined for the commencement of the meeting, the meeting will be adjourned to another date which shall not be earlier than two business days after the date determined for the original meeting to be held or one business day, if the Trustee believes that the above is required in order to protect the rights of the holders; in the event that the

meeting is deferred, the Trustee shall provide an explanation of the reasons in the report of convening the meeting.

21.3. In the event that a legal quorum is not present at a adjourned meeting of holders as stated in section 21.2 above within a half hour after the prescribed time, the meeting will take place with any number of participants, unless another requirement is set forth by law.

21.4. Notwithstanding the provisions of section 21.3 above, where a meeting of Noteholders is convened at the request of holders as stated in section 1 above, the adjourned meeting of holders will only take place if Noteholders constituting at least the number required to convene a meeting set forth in the same section are present (meaning: five percent (5%) at least of the balance of par value of the notes in circulation).

22. Notes held by Related Holders (as defined in section 3.3of the Trust Deed) shall not be taken into account for the purpose of determining the legal quorum in the assembly of Holders, and their votes shall not be taken for the counting of votes in the said voting assembly.

23. Based on a decision of the Trustee or a regular resolution of Holders of Notes, the continuation of the original meeting will be postponed from time to time, the discussion or passing resolutions on matters listed in the agenda, for a later date and time that shall be determined as the Trustee or meeting as stated decides (hereinafter: the "**Continued Meeting**"). In a Continued Meeting, only matters on the agenda and for which no decisions were made shall be discussed.

In the event that a meeting of holders was adjourned without changing the agenda, the invitations shall be provided regarding the new date for the Continued Meeting, as early as possible, and no later than 12 hours prior to the Continued Meeting; the invitations as stated shall be provided under sections 9and 10above.

Participation and Voting

24. A Holder of Notes may vote in a meeting of holders, himself or through an agent and a proxy in which he states the manner of his vote, and based on the provisions of section 26below. A Holder of Notes requesting to participate in the assembly shall present the Trustee with confirmation of ownership as of the Effective Date, including a written appointment if the Notes are not registered in the name of the participant in the assembly, under section 35a of the Law prior to the opening date of the relevant assembly, unless determined otherwise in the convention notice of the assembly.

25. The resolution in a meeting of Holders shall be passed with a vote with a quorum of votes.

26. The chairman of the assembly is entitled to determine that the votes shall be performed with voting letters or through voting during the assembly. In the event

where the chairman determined that the voting shall be performed via voting letters, the Trustee shall ensure that the text of the voting letter is distributed to the Holders, and shall determine the date for closing the vote until which the Holders must send the voting letters to the Trustee fully completed and signed by law. The Trustee shall be entitled to request from a Holder to declare in the framework of the voting letter regarding the existence or absence of a Conflict of Interest (as defined below) that he has, and to warrant regarding its holdings of the same other securities of the Company and/or securities of any other relevant company, at the discretion of the Trustee. A Holder who will not complete the voting letter entirely and/or will not prove their entitlement to participate and vote in the assembly according to the provisions of the Second Addendum, shall be considered as not having submitted their voting letter, and therefore chose to not vote on the topic/s in the voting letter. The voting letter which is signed and completed by law, in which a holder states the manner of his vote, which reaches the Trustee by the deadline determined, shall be considered present in the meeting for the purpose of the legal quorum being met as stated in section 21above.

The Trustee shall be entitled, at its discretion and pursuant to any law, to conduct voting assemblies in which the votes shall be conducted through voting letters without the convening of the Holders, and similarly to conduct a vote through voting letters in the voting assembly (including its adjourned assembly in which the legal quorum required for the purpose of passing a resolution on the agenda was not present at its commencement) and provided that the Trustee shall receive, by the closing date of the voting assembly, which shall be determined in a notice upon the convening of the assembly or the performance of the vote, as applicable, the voting letters from the Holders constituting the legal quorum required for the purpose of passing a resolution in the original assembly or the adjourned assembly, as applicable.

The voting paper received by the Trustee as stated above regarding a certain matter for which no vote in the meeting of holders occurred shall be considered abstaining from a vote in the same meeting regarding the decision to hold a adjourned meeting of holders under the provisions of section 23above, and will be counted in the adjourned meeting of holders held based on the provisions of sections 23or 21.3 and 21.4 above.

27. Each NIS 1 par value of notes represented in a vote shall grant on vote therein. IN the event of joint Holders of Notes, only the vote of the person listed first from among them in the register shall be counted.

28. A Holder of Notes may vote for part of the notes in his possession, including voting in favor for part and abstaining for another part, all as he sees fit.

Resolutions

29. The majority required for the approval of an ordinary resolution in the assembly is a regular majority of the number of voters participating in the vote as stated in section

24 above, without taking into account the abstaining votes. The majority required for the approval of a Special Resolution in the assembly is a majority of no less than two thirds (2/3) of the number of voters participating in the votes stated in section 24 above, without taking into account the abstaining vote.

30. Resolutions of the meetings of holders shall be passed with a regular majority, unless another majority is determined in the law or the Trust Deed. Additionally, regarding resolutions for which it is not expressly determined in the law or Trust Deed that they shall be passed with an ordinary majority the Trustee is entitled to decide, at its reasonable discretion, in accordance with the circumstances, whether the approval of the resolution requires a special majority.

Votes abstaining from the vote shall not be counted in the number of votes participating in the vote.

Vote and Actions Via Proxy / Agent

31. The instrument appointing a proxy, shall be in writing and shall be signed by the appointer, or by his proxy, who has authorization to do so, in writing. Should the appointer be a corporation, the appointment shall be made in writing and signed by the corporation's stamp together with the signature of the authorized signatories of the corporation.

35. 32. An instrument of a proxy shall be prepared in any manner acceptable by the Trustee.

36. 33. A proxy need not be a Noteholder himself.

37. 34. The instrument of appointment and the power of attorney and any other certificate pursuant to which the instrument of appointment was signed, or an authenticated copy of such a power of attorney, shall be delivered to the Trustee by the assembly date of the meeting unless determined otherwise in the notice convening the meeting.

38. A vote given in accordance with the terms of the document appointing counsel, shall only be valid if: (1) prior thereto, the Appointer was terminated or declared legally incompetent; or (2) after the voting the appointment letter was terminated; or (3) after the voting, the Notes for which the vote was given were transferred, unless the registered offices of the Company or another location which the Company shall notify thereof or the Trustee received, before the assembly or vote, a notice in writing regarding the termination of the Appointer, his status as legally incompetent or regarding the termination or transfer as stated above.

39. The Trustee will participate in the meeting through its employees, officers thereof, replacements or another person appointed thereby, but shall not have a voting right therein.

40. The Company and any other person excluding the Trustee shall be precluded from participating in a meeting of Noteholders or any part thereof, at the decision of the Trustee or an ordinary resolution of Noteholders. Notwithstanding the provisions of

this section 37, the Company may participate in opening a meeting in order to present its position in connection with any matter on the agenda of the meeting and/or to present a specific matter (as applicable).

1. Assemblies of All the Creditors of the Plan

41. In the event of assemblies of all the Creditors of the Plan, for the purpose of the case described in section 4.4.2 of this Trust Deed, then the manner of the Trustee's vote in the name of the Holders of Notes (Series A) shall be performed pursuant to and following the following proceeding:

41.1. A separate preliminary assembly shall be convened for each Holders of the Notes (Series A) for the purpose of passing a resolution and voting in relation to the topic under discussion; the preliminary meeting including the votes therein, shall be convened and held pursuant to the provisions of the Trust Deed and this Addendum.

41.2. The convening of the assembly and the manner of the vote in the assembly shall be performed in accordance with the rules set forth in this Appendix B;

41.3. The Trustee is hereby authorized to vote in the assemblies of all the Creditors of the Plan, for each creditor of the Notes (Series A), in accordance with the breakdown of the votes in the preliminary assembly.

41.4. Notwithstanding the provisions of section 38.3 above, each Holder of Notes, including if the same is a Related Holder or a Holder with a Conflicting Interest, may vote directly in meetings of all of the Plan's creditors. Each Holder who votes directly as stated shall be hereinafter referred to as an: "**Excluded Holder**". In such a case, the Trustee shall not vote in assemblies of the Plan's creditors for and on behalf of the Excluded Holder and its votes shall not be taken into account for the purpose of calculating the votes of Holders of Notes (Series A) within the preliminary meeting based on which the Trustee shall vote within the meeting of all of the Plan's creditors as stated.

A holder who asks to exclude its vote as stated shall inform the Trustee at least one business day prior to the relevant meeting of all of the creditors of the Plan.

38.5 For the avoidance of doubt, it is clarified that the above shall not derogate from the provisions of the relevant law in Holland regarding the vote in a creditors' meeting generally, and this section 38 shall only apply with respect to meetings of the Plan's creditors in connection with section 4.4.2 of the Trust Deed.

Contacting Noteholders

42. The Trustee, and any holder, one or more, holding at least five percent (5%) of the balance of par value of notes in circulation, through the Trustee, may contact the

holders in writing in order to convince them regarding the manner of vote in any of the matters presented for discussion in the same meeting (hereinafter: a "**Position Notice**").

43. In the event that a meeting of holders is convened under section 1 above, a holder may contact the Trustee and ask him to publish, under the provisions of Chapter G1 of the Law, a Position Notice on its behalf to the other Noteholders.

44. The Trustee or Company may send a Position Notice to Noteholders in response to a Position Notice sent as stated in section 39and 40above, or in response to another inquiry to Noteholders.

Reviewing Conflicts of Interest

45. In the event that a meeting of holders is convened, the Trustee shall examine the existence of conflicts of interest with holders, whether a matter arising from the possession of the notes or another matter, as determined by the Trustee (in this section – "**Another Matter**"), pursuant to the provisions of any law, as they may be at the time; the Trustee may demand from a holder participating in a meeting of holders to inform him, before the vote, of another matter and whether he has a conflict of interests as stated.

Without derogating from the generality of the above, each of these shall be considered as a party with a conflicting interest:

45.1 A Holder who is a Related Holder (as this term is defined in section 3.3of the Trust Deed);

45.2 A Holder who served as an officer in the Company, close to the date of the event at the basis of the resolution in the assembly;

45.3 Any Holder for which the Trustee determined that it is a party with a "conflicting interest" as stated below, pursuant to any law and/or the provisions of the authorized authority, and including: any Holder who will declare in writing to the Trustee that it has any substantial personal interest which deviates from the interest of the other Holders of Notes in the assembly of Holders of Notes. The Holder who will not provide the declaration in writing after being requested to do so by the Trustee shall be considered as having declared to have a personal interest as stated, and the relevant Trustee shall determine in their regard that they are a conflicting interest party. Without derogating from the above in this section 43, the Trustee will examine whether the Holder was a Holder and party with a conflicting interest, while considering the holdings of that Holder in other securities of the Company and/or the securities of any other relevant corporation for the resolution brought for the assembly's approval (as will be detailed in writing in the voting paper), in accordance with the declaration of that Holder.

Determining the existence of a conflicting interest shall also be performed on the basis of a general test of the conflicts of interest which the Trustee shall

conduct. Similarly, for the removal of doubt, it is clarified that the provisions regarding the definition of Holders of Notes as parties with a conflicting interest shall not derogate from the provisions of the law, the case law and the obligatory instructions of the Securities Authority, regarding the definition of Holders of Notes as parties with a conflicting interest, as applicable on the date of the examination.

46. For the purpose of examining the said conflicts of interest, the Trustee shall be entitled to rely on requested legal opinion, to which the provisions of the Trust Deed shall apply regarding bearing expenses.

47. It shall be clarified that the examination of the conflicts of interest as stated above, as will be requested by the Trustee, shall be conducted separate from any resolution on the assembly's agenda and in relation to each assembly separately. It shall be further clarified that the declaration on the Holder as a party with a conflicting interesting the resolution or any assembly, *per se*, shall not serve to prove a conflicting interest of the same Holder in another resolution which is on the agenda of the assembly or of a conflicting interest in other assemblies.

48. In counting the number of votes in a meeting of holders, the Trustee shall not take into account the votes of holders who have not responded to its demand as stated in section 42above or for which it was found that there exists a conflict of interest as stated in that same section (hereinafter: "**Holders with a Conflicting Interest**").

49. Notwithstanding the provisions of section 45above, in the total holdings of participants in the vote, who are not Holders with a Conflicting Interest, are less than a rate of five percent (5%) of the balance of the par value of notes from the same series, the Trustee shall take into account, in counting the number of votes, the votes of the Holders with a Conflicting Interest as well.

Convening an Assembly of Holders for the Purpose of Consulting

50. The provisions of sections 1, 3, 5, 11, 13 and 14above shall not derogate from the authority of the Trustee to convene a meeting of holders, if it sees fit in consultation therewith; an invitation for a meeting as stated shall not list matters for the agenda and the convening date will be at least one day after the invitation date.

In a meeting as stated, a vote shall not occur, resolution shall not be made, and the provisions of sections 1, 3, 5, 10, 11, 13, 14, 24, 26shall not apply.

* * *

Appendix C

The Trustee's Fee

As of the Effective Date, the Company shall pay the Trustee a fee for its services under this Deed, as follows:

1 With respect to each of the years in which unpaid Notes (Series A) in circulation exist, a fee of NIS 40,000 (the "**Annual Amount**").

2 The Annual Amount shall be paid to the Trustee at the beginning of each annual trust.

3 The Annual Amount shall be paid to the Trustee with respect to the period up to the end of the trust in accordance with the terms of this Deed even if a receiver was appointed and/or manager receiver and/or the trust will be managed by the supervision of the court.

In addition, the Trustee shall be entitled to a reimbursement of reasonable expenses, as defined below, from the Company.

"**Reasonable Expenses**" – amounts which are expended by the Trustee within the fulfillment of its role and/or under the authorities granted thereto under this Trust Deed, including: expenses and costs for inviting and convening a meeting of the Holders of Notes and expenses for deliveries, travel and media publications related to inviting the meeting and as required by law.

In the event the service of the Trustee is terminated, the Trustee shall not be entitled to its fees as of the date of such termination. In the event the service of the Trustee was terminated during an annual trust, the fees paid for the months in which the Trustee did not serve as a Trustee for the Company will be retrieved by the Trustee to the Company. The provisions of this section shall not apply with respect to the first annual trust.

4 Without prejudice to the generality of this section 1 above, the Trustee shall be entitled to a payment of fees in the amount of NIS 550, for each year of work which is required therefrom for special actions which are performed without its position as a trustee (all subject to the provisions of the Trust Deed), including:

4.1 Actions arising from a breach of the Deed by the Company;

4.2 Actions in connection with calling for the immediate repayment of the Notes and/or actions in connection with a resolution of a meeting of Note Holders to call for the immediate repayment of the Notes;

4.3 Special actions which are required or which it must perform for the fulfillment of its role under this Deed in connection with rights of Note Holders and to protect them, including for the Company's non-compliance with its liabilities under this Deed, including convening a meeting of Note Holders as stated in this Deed ad include for participation in meetings of Note Holders;

4.4 Special actions (including but not only actions required for a change to the Company's structure or work due to demands of the Company) or for the need to perform additional actions in order to fulfill its role as a reasonable trustee, due to changes in laws (including regulations promulgated following amendments 50 and 51 to the Securities Law) and/or regulations and/or other binding provisions which shall apply in connection with the actions of the Trustee and its liability under this Trust Deed.

5 In the case that the Company is supposed to pay the Trustee a payment for expenses of its fees and/or a payment for reasonable expenses incurred and/or for special actions which it must perform or which it performed within the fulfillment of its roles and/or under the authorities granted thereto under this Deed, as stated in this Appendix, if any, and the Company does not do so, the Trustee may pay all of the same amounts from the receipts accrued therewith pursuant to section 9 and 10 of the Trust Deed, provided that it has informed the Company of its intent to do so, in advance and in writing.

6. With respect to any annual general meeting of shareholders , in which the Trustee shall be present, including presence in meetings of shareholders which are not commenced following the absence of a legal quorum, the Company shall pay an additional amount of NIS 600 per meeting, linked to the Consumer Price Index in accordance with the provisions of this Appendix.

7. In the event the Israel Securities Authority (during the process of listing) obligates the Trustee to participate in discussions with the Company, the Company shall pay the Trustee a fee (in accordance with price list provided in section 3 below) respective to the number of hours the Trustee participates in such discussions, including reimbursement of travel expenses. This fee is not conditioned upon the issuance of the Notes or upon the signing of the Trust Deed.

8. Value Added Tax, if applicable, shall be added to the payments the Trustee is entitled to in accordance with the provisions of this appendix and will be borne by the Company.

9. All of the said amounts shall be linked to the index known upon the signature of the Trust Deed, however, in any case, an amount shall not be paid which is lower than the amount set forth in this Appendix.

10. The fees of the Trustee shall be paid for the period until the end of the trusteeship included in this deed, even if a receiver is appointed for the Company (or a manager and receiver), or if the trusteeship under this Deed is conducted with the supervision of the court or otherwise.

11. All of the amounts noted in this Appendix shall have priority over the funds due to Holders of Notes.

12. If a trustee was appointed in place of the Trustee which ceased its office according to sections 35b(a1) or 35m(d) of the Securities Law, the Holders of Notes shall bear the difference in the rise in the salary of the trustee appointed as stated, between the salary

paid to the Trustee who was replaced, if the said difference is unreasonable and the provisions of the relevant law shall apply on the replacement date as stated.

The Holders' bearing of the said difference shall be performed through an offsetting of the relative part of the difference from every payment which the Company shall perform to the Holders of Debentures in accordance with the terms of the Trust Deed and the transfer of which by the Company directly to the Trustee.

* * *

Appendix D

Coverage Ratio

1. Coverage Ratio

1.1 "The **Coverage Ratio**" is defined and calculated as follows (in percentages):

Where:

CR - Coverage Ratio

$$\mathbf{CR} = \frac{\mathbf{A-B}}{\mathbf{D}}$$

A - Value of all assets (including cash and cash equivalents), subject to provisions of section 3 below.

B - Total debts vis-à-vis banks which precede debts included within the Plan and/or debts which are specific debts

D - Total debts which are not preceding debts towards banks and/or debts which are inferior to debts included within the Plan and/or which are not specific debts

The "**Assets**" or "**Assets**" – the value of the Company's rights in all assets held thereby including indirect possession through subsidiaries or affiliates of the Company, while in such a case, the value of the relevant asset will be multiplied by the Company's holdings in concatenation in the subsidiary or affiliate holding the asset, all based on the value according to the updated appraisal in the Company's possession or as stated in section 3.2 below (as applicable).

The "**Plan**" – as defined in section 1.6 of the Trust Deed.

"**Specific Debt**" – a debt which is provided to the Company or subsidiaries / affiliates against a pledge on assets based on the share of the rights of the Company or the subsidiary or the affiliate in the assets.

1.2 "**Minimal Coverage Ratio**" – 118%, subject to the following changes: (a) upon the occurrence of a Casa event (one or more) as set forth in section 3.3 below prior to the occurrence of the Additional Capital Injection (as defined in section 1.4 of the Trust Deed) – 120%; (b) in the event of an Additional Capital Injection (as defined in section 1.4 of the Trust Deed – 115%. The Company shall publish a public report regarding the change in the Minimal Coverage Ratio, if any.

2. **Coverage Ratio – General Provisions**

The Coverage Ratio will be inspected four (4) times per year on the approval date of the consolidated audited annual financial statements or the consolidated reviewed quarterly financial statements by the Company, as applicable (hereinafter: the

"**Inspection Date**"), by the final payment date. The data required for the review of the Coverage Ratio will be reviewed on the Inspection Date, as of the date of the financial statements, pursuant to the data appearing in the financial statements, subject to adjustments as set forth in section 3 below.

3. <u>Provisions Regarding Manner of Calculating the Value of All Assets ("A") in the Coverage Ratio</u>

3.1 The value of the assets will be calculated pursuant to the most updated valuation existing with respect to the same asset on the Inspection Date (hereinafter: the "**Updated Valuation**").

3.2 Notwithstanding the provisions of section 3.1 above, in the case where, in the estimate of the Company's management, there is impairment of a certain asset compared to the updated valuation of the same asset, the value of the said asset, for the purpose of calculating the Coverage Ratio, shall be based on the opinion of the management.

3.3 "**Casa Radio**" **Asset in Romania** ("**Casa**")

3.3.1 For the purpose of the valuation of all assets within the calculation of the Coverage Ratio, the value of Casa shall be estimated, as of the Effective Date, in a total of EUR fifty (50) million. Accordingly, within the calculation of all of the assets, the amount required in order for the value of Casa within the total assets to amount to the said EUR 50 million will be reduced from the value of the updated valuation possessed by the Company for Casa (the "**Reduction Amount for Casa**").

3.3.2 Notwithstanding the provisions of section 3.3.1 above, upon the occurrence of each of the cases below on the occurrence of one or more of the cases below, the Reduction Amount for Casa shall no longer be reduced from the value of the updated valuation possessed by the Company (for the purpose of calculating the Coverage Ratio), and this value shall be estimated for the purpose of calculating the Coverage Ratio alone based on the updated valuation of Casa under the assumption of rapid exercise (distress):

3.3.2.1 A transaction shall be completed within which an investor or partner shall be entered into Casa who will be entitled to at least 20% of the rights in Casa, directly or indirectly.

3.3.2.2 Reaching a binding arrangement with the relevant authorities in Romania regarding the timeframes for the performance of a Casa project or reaching an agreement for the extension of the lease term of the land used for the purpose of the Casa project. The Company shall report of the occurrence of this event to the Trustee alone.

3.3.2.3 Engagement in a financing agreement for Casa in a financial scope which is no less than EUR 25 million.

(Each of the cases in this section 3.3.2 above: a "**Casa Event**")

3.4 In the event where the provisions of sections 3.3.2.1 or 3.3.2.3 above occur, then after 9 months transpire from the occurrence of the said event, the value of Casa will be calculated within the calculation of the Coverage Ratio based on an ordinary updated valuation and not based on the valuation of an asset with rapid exercise.

Example for illustration - Manner of calculating the Coverage Ratio as of December 31, 2013

Example for the manner of calculating the Coverage Ratio as of December 31, 2013	**-**	**-**
		In EUR thousands
The sum of all the valuations according to appraiser Wakefield & Cushman, with the exception of KIELCE and Targu Mures		536,293
The estimation of the Company's management for the Targu Mures asset		3,500
The estimation of the Company's management for the KIELCE asset		4,000
The addition of the Koreagon Park according to the sales agreement		40,333
The deduction for Kaza (less a value of EUR 50 million)		(80,613)
The addition of cash (including pledged cash and securities)		33,722
The addition of **expected** cash from the issue of the rights		20,000
Total (A)		**557,235**
The sum of the debts to Banks preceding the debts included in the framework of the Plan and/or the debts which are specific debts (B)		(210,333)

Total sum (A-B)		346,902
Denominator (D) (*) – the sum of debts which are not previous debts to Banks and/or debts inferior to debts included in the Plan and/or which are not specific debts		**203,237**
Coverage Ratio (CR)		**170.7%**
The debts included in the denominator are the net sum, meaning after the decrease of the subsidiary's part which holds the Note (Series B) with an adjusted value of EUR 3,887 thousand.		

Appendix 1.6.1

Information about the holdings in the four shopping centers and their related debt

Project Name	City, Country	Holding Percentage	Holding Company	Loan Principle Balance as of 31.12.2013 (EUR M)	Maturity Date	Interest Payment Day	Interest Rate
Torun	Torun, Poland	100% (*)	See diagram 1	(***) 47.9	2017	Quarterly payment on the last day of each quarter	3% + 3M EURIBOR p.a.
Suwalki	Suwalki, Poland	100% (*)	See diagram 1	(***) 31.6	2020	Quarterly payment on the last day of each quarter	1.65% + 3M EURIBOR p.a.
Riga	Riga, Latvia	50%	See diagram 3	(***),(**) 29.5	2017	Quarterly payment on the last day of each quarter	2.9% + 3M EURIBOR p.a.
Kragujevac	Kragujevac, Serbia	100%	See diagram 2	29.1	2027	Quarterly payment on the last day of each quarter	5% + 3M EURIBOR p.a.

(*) Indirect holding
(**) The loan balance represents Plaza's share (50%)
(***) Balloon loan

Diagram 1:

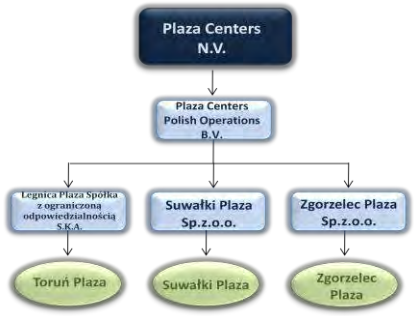

Diagram 2:

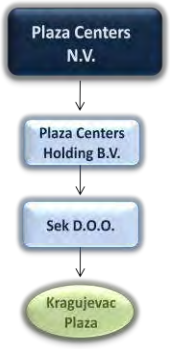

Diagram 3:

Appendix 1.6.2 – A list of the Company's creditors included in the plan and thier confirmation decision and relevant debt balances as of 31/12/2013

Guarantee claims

	Creditor	Borrower	Type of obligation outstanding	Outstanding loan amount 31.12.2013	Interest accrued	Interest
1.	MKB Bank Zrt.; Erste Bank der Oestereichischen Sparkassen AG	Liberec Plaza	Conditional guarantee re Debt Service	EUR 20,700,000	EUR 198,317	3 months Euribor + 3.5% p.a
2.	Bank Zachodni WBK S.A.	Zgorzelec Plaza	Conditional guarantee re Payment Deficiency for max. EUR 2,250,000	EUR 22,000,000	-	3 months Euribor + 2.75% p.a
3.	OTP Bank Nyrt.	S.C. Adams Invest SRL/Valley View	Conditional guarantee re Secured Liabilities (i.c. interest)	EUR 8,200,000	EUR 196,584	3 months Euribor + 5.5% p.a
4.	MKB Zrt.	Primavera	Conditional guarantee re interest accrued re all Outstanding Obligations	EUR 1,500,000	EUR 489,323	3 months Euribor + 4.5% p.a (*)
5.	Axis Bank Ltd.	Koregaon Park	Conditional guarantee all amounts payable under facility	INR 1,212 million (EUR 14,200,000)	-	13.5% p.a

(*) Interest accrued re obligations up to loan maturity (31.3.12)

Loan and bond related claims

	Creditor	Debtor	Type of obligation outstanding	Outstanding principal amount	Accrued interest
6.	GEFA Gesellschaft für Absatzfinanzierung mbH (SG)	PC	Repayment loan as principal debtor	EUR [1]2,500,000	(amount is inclusive of interest)
7.	Israeli Bondholders Series A	PC	Repayment bonds	NIS 295,685,579	NIS 6,652,926
8.	Israeli Bondholders Series B	PC	Repayment bonds	NIS 594,657,686	NIS16,055,758
9.	Polish Bondholders	PC	Repayment bonds	PLN 60,000,000	PLN 2,764,997 [2]

[1] Loan serves to finance the purchase of a company airplane. In February 2014 the Company has sold the airplane. The proceeds from the disposal were used to repay the bank facility taken for the purchase of the airplane, and the Company currently negotiates with the financing bank the conditions to be set for the repayment of the remaining outstanding bank loan (circa EUR 1.2 million).

[2] Accreud interest as of Decemebr 31,2013 calculated as follows: until original payment dated (November 18, 2013) 7.34% p.a; untill Decemebr 31,2013 7.2% p.a.

Appendix 1.6.3
Activities between 18/11/2013 and 14/05/2014

A. Selling of airplane

On February 25, 2014 the Company disposed the airplane for a total consideration of USD 1.9 million (EUR 1.4 million). The proceeds from the disposal were
used to repay the bank facility taken for the purchase of the airplane, and the Company currently negotiates with the fi nancing bank the conditions to be set for the
repayment of the remaining outstanding bank loan (circa EUR 1 million).

B. Sale of turbines

In March 2014 the Casa Radio project company disposed of the turbines held in respect of the Casa Radio project (refer also to note 11) for a total net consideration of EUR 2.6 million.

C. Disposal of Uj Údvar in Hungary

In December 2013 the consortium of shareholders of Uj Udvar, in which the Company indirectly holds a 35% stake, has completed the sale of its Uj Udvar project holding to a private investor for a consideration of EUR 2.4 million. The Company has accounted for a EUR 1.9 million write down of this investee in the fourth quarter of 2013 presented within write down of equity accounted investees in the statement of profi t or loss. The Company recorded as a result of this transaction a loss of EUR 0.1 million.

Appendix 1.6.4 – Real Estate Assets as of ____ 2014

Asset/Project	Location	Nature of asset	Size sqm (GLA)	Plaza's effective ownership %
Operating Shopping and Entertainment Centers				
Suwalki Plaza	Suwalki, Poland	Retail & entertainment scheme	20,000	100
Zgorzelec Plaza	Zgorzelec, Poland	Retail & entertainment scheme	13,000	100
Torun Plaza	Torun, Poland	Retail & entertainment scheme	40,000	100
Liberec Plaza	Liberec, Czech Rep.	Retail & entertainment scheme	17,000	100
Kragujevac Plaza	Kragujevac, Serbia	Retail & entertainment scheme	22,000	100
Riga Plaza	Riga, Latvia	Retail & entertainment scheme	49,000	50
Koregaon Park Plaza	Pune, India	Retail, entertainment and office scheme	41,000	100
Development Projects				
Casa Radio	Bucharest, Romania	Mixed-use retail and leisure plus office scheme	555,000 (GBA including parking spaces)	75
Timisoara Plaza	Timisoara, Romania	Retail & entertainment scheme	38,000	100
Lodz Plaza	Lodz, Poland	Retail & entertainment scheme	35,000	100
Belgrade Plaza	Belgrade, Serbia	Apartment-hotel and business centre with a shopping gallery	63,000 (GBA)	100
Belgrade Plaza (Visnjicka)	Belgrade, Serbia	Retail & entertainment scheme	32,000	100
Cina Plaza	Bucharest, Romania	Retail and Office scheme (Existing building for development)	4,786	Lease rights for 43 years (starting 12/2007)
Chennai	Chennai, India	Residential Scheme	230,000 (for sale)	40
David House	Budapest, Hungary	Office	2,000	100
Palazzo Ducale	Bucharest, Romania	Office	700	100
Pipeline Plots				
Asset/Project	**Location**	**Nature of asset**	**Plot Size (sqm)**	**Plaza's effective ownership %**
Kielce Plaza	Kielce, Poland	Retail & entertainment scheme	30,000	100
Leszno Plaza	Leszno, Poland	Retail & entertainment scheme	17,000	100
Lodz (Residential)	Lodz, Poland	Residential scheme	33,000	100
Arena Plaza Extension	Budapest, Hungary	Office scheme	22,000 (land use right)	100
Csiki Plaza	Miercurea Ciuc, Romania	Retail & entertainment scheme	36,500	100
Iasi Plaza	Iasi, Romania	Retail, entertainment and office scheme	46,500	100
Slatina Plaza	Slatina, Romania	Retail & entertainment scheme	24,000	100
Hunedoara Plaza	Hunedoara, Romania	Retail & entertainment scheme	41,000	100
Targu Mures Plaza	Targu Mures, Romania	Retail & entertainment scheme (Power Centre)	31,500	100
Constanta Plaza	Constanta, Romania	Retail & entertainment scheme	26,500	100
Shumen Plaza	Shumen, Bulgaria	Retail & entertainment scheme	26,000	100
Pireas Plaza	Athens, Greece	Retail & entertainment scheme	15,000	100
Bangalore	Bangalore, India	Residential Scheme	218,500	25

Appendix 1.6.4 – Real Estate Assets as of ____ 2014

Other projects				
Asset/Project	**Location**	**Nature of asset**	**Plot Size (sqm)**	**Plaza's effective ownership %**
Fountain Park Bucharest	Bucharest, Romania	Residential	16,600	12.5
Acacia Park	Ploiesti, Romania	Residential	32,000	25
Primavera Tower	Ploiesti, Romania	offices	10,500	25
Green Land	Ploiesti, Romania	Residential	25,800	25
Poiana Brasov	Brasov, Romania	Residential	138,000	25
Primavera Tower	Brasov, Romania	offices	10,800	25
Pinetree Glade	Brasov, Romania	Residential	40,000	25
Krusevac	Krusevac, serbia	Retail & entertainment scheme	20,000	100

Appendix 2.3 - Notes (Series A) Amortization table

BOND SERIES A SCHEDULE

						6%	Interets rate (linked to Israeli CPI)
						NIS 6,652,926	Deferred Interest 12/2013
PAR VALUE	NIS	PAR VALUE	NIS	NIS		PAR VALUE 5,516,329	Deferred Interest 12/2013
BALANCE PAR VALUE	NET PRINCIPAL	PRINCIPAL PAYMENT	PRINCIPAL PAYMENT	INTEREST PAYMENT	INTEREST RATE	PERIOD	DATE
250,686,496	302,338,505		0	(1) 9,045,305		0.5	7/1/2014
250,686,496	302,338,505		0	9,095,004	3%	1.0	12/31/2014
250,686,496	302,338,505		0	9,045,305	3%	1.5	7/1/2015
250,686,496	302,338,505		0	9,095,004	3%	2.0	12/31/2015
250,686,496	302,338,505		0	9,095,004	3%	2.5	7/1/2016
250,686,496	302,338,505		0	9,095,004	3%	3.0	12/31/2016
250,686,496	302,338,505		0	9,045,305	3%	3.5	7/1/2017
200,549,196	241,870,805	50,137,299	60,467,701	9,095,004	3%	4.0	12/31/2017
150,411,897	181,403,104	50,137,299	60,467,701	7,236,244	3%	4.5	7/1/2018
100,274,598	120,935,402	50,137,299	60,467,701	5,457,002	3%	5.0	12/31/2018
50,137,299	60,467,701	50,137,299	60,467,701	3,618,122	3%	5.5	7/1/2019
50,137,299	60,467,701		0	1,819,000	3%	6.0	12/31/2019
0	0	50,137,299	60,467,701	1,819,000	3%	6.5	7/1/2020
		250,686,496	302,338,505	92,560,303			

(1) This interest payment will be deferred as detailed in the Restructuring plan

Appendix 4.2

The real estate properties held by the Company and its subsidiaries, directly and indirectly, which are pledged in favor of third parties (as of ___ 2014 – the Trust Deed date)

Holding Company	Project name	Holding Rate	Location	Asset type
Legnica Plaza Spółka z ograniczoną odpowiedzialnością S.K.A. (*)	Torun	100%	Torun , Poland	Active shopping center
Suwałki Plaza Sp.z.o.o. (*)	Suwalki	100%	Suwalkie, Poland	Active shopping center
Zgorzelec Plaza Sp.z.o.o.	Zgorzelec	100%	Zgorzelec, Poland	Active shopping center
Sek D.O.O.	Kragujevac	100%	Kragujevac, Serbia	Active shopping center
Diksna SIA	Riga	50%	Riga, Latvia	Active shopping center
P4 Plaza S.R.O.	Liberec	100%	Liberec, Czech Republic	Active shopping center
Anuttam Developers Pvt. Ltd.	Koregaon Park	100%	Pune, India	Active shopping center
Leszno Plaza Sp.z.o.o. (**)	Leszno	100%	Leszno, Poland	Plot of Land
Primavera Invest S.R.L.	Primavera Tower	25%	Ploiești, Romania	Plot of Land
Adams Invest S.R.L.	Valley View	25%	Brasov, Romania	Plot of Land

(*) In respect of the Suwałki interest rate swap ("IRS ") the project company also established a bail mortgage up to EUR 4 million encumbering the real estate project. In respect of Torun IRS the project company also established a bail mortgage up to EUR 5.4 million encumbering the real estate project.

(**) To secure the loan from Bank BZ WBK for Zgorzelec project, a lien was placed on plot of land in Leszno.

Appendix 5A - LIST OF SUBSIDIARIES AS OF THE AMENDMENT DATE

HUNGARY		
Directly owned		
Plaza Centers Establishment B.V.	Holding company	
Indirectly wholly owned		
Kerepesi 5 Irodaépület Ingatlanfejlesztő Kft.	Holder of land usage rights	100% held by Plaza Centers Establishment B.V. Arena Plaza Extension project
Plaza House Ingatlanfejelsztési Kft.	Office building	David House
POLAND		
Directly wholly owned		
Kielce Plaza Sp.z.o.o.	Shopping center project	Kielce Plaza project
Leszno Plaza Sp.z.o.o.	Owns plot of land	Leszno Plaza project
Łódź Centrum Plaza Sp.z.o.o.	Owns plot of land	Łódź (Residential) project
Włocławek Plaza Sp.z.o.o.	Mixed used project	Łódź Plaza project
Plaza Centers Polish Operations B.V.	Holding company	
Indirectly or jointly owned		
Suwałki Plaza Sp.z.o.o.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Suwałki Plaza project
Legnica Plaza Spółka z ograniczoną odpowiedzialnością S.K.A.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Toruń Plaza project
Zgorzelec Plaza Sp.z.o.o.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Zgorzelec Plaza project
LATVIA		
Diksna SIA	Operating shopping center	Equity accounted investee - 50% held by Plaza Centers N.V. with JV partner (50%). Riga Plaza project.
ROMANIA		
Directly wholly owned		
Dâmbovița Centers Holding B.V.	Holding company	100% held by Plaza Centers N.V.
Plaza Bas B.V.	Holding company	50.1% held by Plaza Centers N.V.
S.C. Elite Plaza S.R.L.	Shopping center project	Timișoara Plaza project
S.C. Green Plaza S.R.L.	Shopping center project	Iași Plaza project
S.C. North Eastern Plaza S.R.L.	Shopping center project	Constanța Plaza project
S.C. North West Plaza S.R.L.	Shopping center project	Hunedoara Plaza project
S.C. North Gate Plaza S.R.L.	Shopping center project	Csíki Plaza (Miercurea Ciuc) project
S.C. Eastern Gate Plaza S.R.L.	Real estate project	Cina project
S.C. South Gate Plaza S.R.L.	Shopping center project	Slatina Plaza project
S.C. Mountain Gate Plaza S.R.L.	Shopping center project	Târgu Mureș Plaza project
S.C. Palazzo Ducale S.R.L.	Office building	
Indirectly or jointly owned		
S.C. Dâmbovița Center S.R.L.	Mixed used project	75% held by Dambovita Centers Holding B.V. Casa Radio project
SERBIA		
Directly wholly owned		
Plaza Centers Holding B.V.	Holding company	
Plaza Centers (Estates) B.V.	Holding company	
Plaza Centers (Ventures) B.V.	Holding company	
Plaza Centers Logistics B.V.	Management company	
Indirectly or jointly owned		
Sek D.O.O.	Operating shopping center	100% held by Plaza Centers Holding B.V. Kragujevac Plaza project
Leisure Group D.O.O.	Shopping center project	100% held by Plaza Centers (Estates) B.V. Belgrade Plaza (Visnjicka) project
Orchid Group D.O.O.	Shopping center project	100% held by Plaza Centers (Ventures) B.V. Belgrade Plaza project
Accent D.O.O.	Shopping center project	100% held by Plaza Centers Logistic B.V. Kruševac Plaza project
CZECH REPUBLIC		
Directly wholly owned		
P4 Plaza S.R.O.	Operating shopping center	Liberec Plaza project
BULGARIA		
Directly wholly owned		
Shumen Plaza EOOD	Shopping center project	Shumen Plaza project

Appendix 5A - LIST OF SUBSIDIARIES AS OF THE AMENDMENT DATE

GREECE		
Directly wholly owned		
Helios Plaza S.A.	Shopping center project	Pireas Plaza project
CYPRUS – INDIA		
Directly wholly owned		
PC India Holdings Public Company Ltd.	Holding company	
Elbit Plaza India Real Estate Holdings Ltd.	Holding company	Equity accounted investee 47.5% held by Plaza Centers N.V.
Indirectly or jointly owned		
Permindo Ltd.	Holding company	100% held by PC India Holdings Public Company Ltd. Holds 99.9% of Anuttam Developers Pvt. Ltd. Koregaon Park Plaza project
Anuttam Developers Pvt. Ltd.	Operating shopping center	99.99% held by Permindo Ltd. Koregaon Park Plaza project
Kadavanthra Builders Pvt. Ltd.	Mixed used project	80% held by Elbit Plaza India Real Estate Holdings Ltd. Chennai (SipCot) project
Aayas Trade Services Pvt. Ltd.	Mixed used project	100% held by Elbit Plaza India Real Estate Holdings Ltd. Bangalore project (refer to note 34(B))

Appendix 5a1

Wording for confirmation by a subsidiary

Confirmation by a subsidiary

Further to the provisions of Section 5a of the deed of trust which was signed on the ____ day of _____ 2014 between **Plaza Centers N.V.** and Hermetic Trust (1975) Ltd (**"the deed of trust"**), I the undersigned, hereby confirm and undertake, subject to the coming into force of the deed of trust, to act pursuant to the provisions of Sections 4.2, 4.3, 4.6, 4b, 5.2 and 7a.(2) of this deed of trust.

_____

Subsidiary name: _____
Signed by: _____

Confirmation by the company

Pursuant to the provisions of Section 5a of the deed of trust, I hereby confirm that the confirmation above signed by _____ (**"the subsidiary"**) was signed by the authorized signatories of the subsidiary.

_____

Plaza Centers N.V.

I the undersigned, Uzy Eli, Adv. confirm that the above **confirmation by the company** was signed by Plaza Centers N.V. pursuant to its documents of incorporation, by means of Messrs _____.

_____

Uzy Eli, Adv.

Appendix A:

Annex 4-

Series B Notes (original Hebrew execution version and English translation)[2]

[2] The Notary Certificate of translation only refers to Series B Notes and Appendices A-D.

No. 2542/מס

CERTIFICATE OF TRANSLATION

I the undersigned, Miguel Daniel Abadi, Notary at 20 Borochov St. Raanana, Israel, hereby declare that I am well acquainted with the **Hebrew and English** languages and that the document attached to this certification marked "**A**" is a correct **English** translation of the original document drawn up in the **Hebrew** language which has been produced to me which is also attached hereto and marked **"B"**.

In witness whereof I certify the correctness of the said translation by my signature and seal. This day 25th of May 2014.

Notary Fee: NIS 21,742 + V.A.T

Signature

Notary's Seal

אישור תרגום

אני הח"מ, מיגל דניאל עבאדי, נוטריון ברעננה, רח' בורוחוב 20, רעננה מצהיר כי אני שולט בשפות אנגלית ועברית, וכי המסמך המצורף ומסומן באות א', הינו תרגום באנגלית מדויק של המסמך הערוך בשפה עברית שהוצג בפניי מצורף ומסומן באות "ב".

ולראיה הנני מאשר את דיוק התרגום הנ"ל בחתימת ידי ובחותמתי, היום 25 מאי 2014.

שכר נוטריון 21,742 ₪ + מע"מ.

חתימה

חותם הנוטריון

נוטריון * NOTAIRE * NOTARY * מיגל דניאל עבאדי MIGUEL DANIEL ABADI

<u>שטר נאמנות</u>

שנערך ונחתם בתל-אביב, ביום ___בחודש __ 2014

המחליף ובא במקום שטר הנאמנות שנערך ונחתם ביום 31 בחודש ינואר 2008

כפי שתוקן ביום 17 בחודש פברואר 2008 וביום 10 במרס 2014

ב י ן

Plaza Centers N.V.

חברה ציבורית המאוגדת בהולנד שמספרה: 33248324

מ-Prins Hendrikkade 48-S 1012 AC, Amsterdam, The Netherlands

(להלן: "החברה")

<u>מצד אחד</u>;

ל ב י ן:

רזניק פז נבו נאמנויות בע"מ

מרח' יד חרוצים 14, תל אביב

טל': 03-6393311; פקס': 03-6393316

(להלן: "הנאמן")

<u>מצד שני</u>;

הואיל והחברה והנאמן (כל אחד מהם יקרא בנפרד: "**צד**" וביחד "**הצדדים**") חתמו ביום 31 בינואר 2008 על שטר נאמנות, כפי שתוקן ביום 17 בפברואר 2008 וביום 10 במרס 2014 (להלן: "**שטר הנאמנות המקורי**"), אשר על פיו מונה הנאמן כנאמן למחזיקי אגרות חוב (סדרה ב') של החברה (להלן: "**מחזיקי אגרות החוב**"), אשר הונפקו לראשונה בחודש ינואר 2008;

והואיל והנאמן הנו חברה הרשומה בישראל העוסקת בנאמנויות וכי לו הידע והכישורים המקצועיים הנדרשים לצורך ביצוע התחייבויותיו על פי שטר זה;

והואיל והנאמן הצהיר כי אין מניעה על פי דין להתקשרותו עם החברה על פי שטר נאמנות זה וכי הוא עונה על הדרישות ותנאי הכשירות הקבועים בחוק, כהגדרתו להלן, לשמש כנאמן על פי שטר נאמנות זה;

והואיל והחברה מצהירה בזאת כי בכפוף להתקיימות התנאים המתלים (כהגדרתם להלן) והכניסה לתוקף של שטר זה אין כל מניעה על-פי כל דין ו/או הסכם לקיום התחייבויות החברה כלפי מחזיקי אגרות החוב במלואן ובמועדן;

והואיל והחברה מצהירה כי ביום 18 בנובמבר 2013 הגישה החברה לבית המשפט המוסמך בהולנד בקשה לקבלת צו זמני להקפאת תשלומים ובד בבד הגישה החברה לבית המשפט תוכנית מוצעת להסדר חוב (restructuring plan) לנושי התוכנית, כהגדרתם להלן, ובכלל זאת מחזיקי אגרות החוב, בהתאם להוראות הדין ההולנדי;

והואיל והחברה מצהירה כי ביום __ ב_____ 2014 הגישה החברה תוכנית מתוקנת להסדר החוב האמור (להלן: "**התוכנית**");

והואיל והחברה מצהירה כי במועד הקפאת התשלומים (כהגדרתו להלן) הורה בית המשפט המוסמך בהולנד לחברה על מתן צו זמני להקפאת תשלומים לכל נושי התוכנית בהתאם להוראות הדין ההולנדי;

והואיל וביום 26 ביוני 2014 התקיימה באמסטרדם הולנד, אסיפה כללית של נושי התוכנית אשר בה, רוב מקרב נושיה הלא מובטחים של החברה הצביע בעד אישור התוכנית, וזאת בהתאם להוראות הדין ההולנדי;

והואיל והחברה מצהירה כי ביום 10 ביולי 2014, אישר בית המשפט המוסמך בהולנד את התוכנית (להלן: "**החלטת האישור**");

והואיל ועל פי החלטת האישור, ובכפוף להתקיימותם של התנאים המתלים הקבועים בשטר נאמנות זה, החל מן המועד הקובע (כהגדרתו להלן), תנאי אגרות חוב (סדרה ב') (כהגדרתן להלן) יתוקנו והם יהיו, החל מאותו מועד ואילך, כמפורט בשטר נאמנות זה להלן, אשר יחליף לכל דבר ועניין את שטר הנאמנות המקורי ויבוא במקומו ואשר הוראותיו לא תהיינה עוד בתוקף;

והואיל והצדדים מסכימים לכל התיקונים לשטר הנאמנות המקורי, כפי שהינם נעשים על פי שטר נאמנות זה, והכל כמפורט בשטר נאמנות זה;

<u>לפיכך הוסכם, הוצהר והותנה בין הצדדים כדלהלן:</u>

1. **<u>מבוא, פרשנות והגדרות</u>**

1.1. המבוא לשטר נאמנות זה והנספחים הרצופים לו מהווים חלק בלתי נפרד הימנו.

1.2. שטר נאמנות זה ייכנס לתוקף באופן מיידי, ללא צורך בכל פעולה או חתימה נוספת, במועד שיפורסם על ידי החברה ואשר יהיה לא מאוחר מחלוף 10 ימי מסחר מן המועד שבו התקיימו במצטבר כל התנאים המתלים הקבועים בסעיף 34 להלן ("**המועד הקובע**"). החברה תדווח על התקיימות כלל התנאים המתלים ועל המועד הקובע בדיווח מיידי שיפורסם במערכת ההפצה של רשות ניירות ערך בישראל ("**המגנ"א**"). אם איזה מבין התנאים המתלים לא יתקיים עד למועד האחרון להתקיימות התנאים המתלים (כהגדרתו בסעיף 34 להלן) כי אז שטר נאמנות זה וכן החלטת אסיפת מחזיקי אגרות החוב לפיה, בין היתר, אושר שטר נאמנות זה, וכן כל פעולה אחרת שנעשתה בקשר עם ו/או מכוח שטר זה והתוכנית (כהגדרתה להלן), יהיו בטלים ומבוטלים מעיקרם וחסרי כל תוקף מחייב, לרבות כלפי החברה ו/או הנאמן ו/או מי מטעמו ו/או כלפי מחזיקי אגרות החוב ו/או מי

מטעמם. יובהר כי עד למועד כניסתו לתוקף של שטר נאמנות זה יישאר שטר הנאמנות המקורי בתוקפו המלא.

1.3. בכל מקרה של סתירה בין הוראות שטר נאמנות זה לבין דיווחים והודעות שפרסמה החברה בקשר עם תנאי התוכנית ו/או התוכנית, תגברנה הוראות שטר נאמנות זה, אשר יחול באופן בלעדי על אגרות החוב. למען הסר ספק אין באמור כדי לגרוע מהוראות סעיף 36.1 להלן ומתחולת תקנון הבורסה והנחיות מכוחו, כפי שתהיינה מעת לעת, על הוראות שטר נאמנות זה.

1.4. חלוקת שטר נאמנות זה לסעיפים וכן מתן כותרות לסעיפים, נעשו מטעמי נוחות וכמראי מקום בלבד, ואין להשתמש בהם לשם פרשנות.

1.5. כל האמור בשטר נאמנות זה בלשון רבים אף יחיד במשמע, וכן להפך, כל האמור במין זכר אף מין נקבה במשמע, וכן להפך, וכל האמור באדם אף תאגיד במשמע, והכול כשאין בשטר זה הוראה אחרת מפורשת ו/או משתמעת ו/או אם תוכן הדברים או הקשרם אינו מחייב אחרת.

1.6. בשטר נאמנות זה ובאגרות החוב תהיה לביטויים הבאים המשמעות שלצידם, אלא אם משתמעת כוונה אחרת מתוכן הדברים או הקשרם:

"**שטר הנאמנות המקורי**" – כהגדרתו במבוא לשטר זה;

"**שטר הנאמנות**" או "**שטר נאמנות זה**" או "**שטר נאמנות זה**" או "**שטר זה**" - שטר נאמנות זה, לרבות הנספחים המצורפים אליו ומהווים חלק בלתי נפרד הימנו, המתקן ומחליף לכל דבר ועניין את שטר הנאמנות המקורי (שלא יהיה עוד בתוקף החל מהמועד הקובע) ובא במקומו, וכפי שיתוקן ו/או ישונה מעת לעת;

"**אגרות החוב (סדרה ב')**" או "**סדרת אגרות החוב**" או "**אגרות החוב**" - סדרה של אגרות חוב (סדרה ב'), רשומות על שם בנות 1 ש"ח ע"נ כל אחת של החברה, שהונפקו על ידי החברה ואשר תנאיהן מפורטים בשטר זה;

"**הנאמן**" - הנאמן הנזכר בראש שטר זה ו/או כל מי שיכהן מדי פעם בפעם כנאמן של מחזיקי אגרות החוב לפי שטר זה;

"**מרשם**" – מרשם מחזיקי אגרות החוב כאמור בסעיף 24 לשטר זה;

"**מחזיק אגרת החוב**" או "**מחזיק אגרת חוב**" או "**בעל אגרת החוב**" - כהגדרת המונח בחוק ניירות ערך;

"**תעודת אגרות החוב**" - תעודת אגרות חוב (סדרה ב') אשר נוסחה מפורט בנספח א' לשטר זה;

"**החוק**" או "**חוק ניירות ערך**" - חוק ניירות ערך, התשכ"ח-1968 ותקנותיו כפי שיהיו מעת לעת;

"**מדד המחירים לצרכן**" או "**המדד**" - מדד המחירים הידוע בשם "מדד המחירים לצרכן" הכולל ירקות ופירות והמפורסם על ידי הלשכה המרכזית לסטטיסטיקה וכולל אותו מדד אף אם יפורסם על ידי גוף או מוסד רשמי אחר, וכן כולל כל מדד רשמי שיבוא במקומו, בין אם יהיה בנוי על אותם הנתונים שעליהם בנוי המדד הקיים ובין אם לאו. אם יבוא במקומו מדד אחר שיפורסם על ידי גוף או מוסד כאמור, ואותו גוף או מוסד לא קבע את היחס שבינו לבין המדד המוחלף, ייקבע היחס על ידי הלשכה המרכזית לסטטיסטיקה. במקרה שאותו יחס לא ייקבע כאמור, אזי יקבע הנאמן בהתייעצות עם מומחים כלכליים שייבחרו על ידיו, את היחס שבין המדד האחר למדד המוחלף;

"**המדד הידוע**" בתאריך כלשהו - המדד שפורסם לאחרונה לפני אותו תאריך;

"**המדד היסודי**" - המדד בגין חודש דצמבר 2007, כפי שפורסם ביום 15 בינואר 2008;

"**מדד התשלום**" - המדד הידוע ביום התשלום של תשלום כלשהו על חשבון קרן ו/או ריבית כאשר, ככל ומדד זה במועד תשלום כלשהו יהיה נמוך מהמדד היסודי, יהא מדד התשלום המדד היסודי;

"**יום עסקים**" - יום בו פתוחים מרבית הבנקים בישראל לביצוע עסקאות;

"**החלטה מיוחדת**" - החלטה שנתקבלה באסיפת מחזיקי אגרות החוב, בה נכחו, בעצמם או על-ידי באי-כוחם, מחזיקים של לפחות חמישים אחוזים (50%) מיתרת הערך הנקוב של אגרות החוב שבמחזור במועד הקובע לאסיפה, או באסיפה נדחית של אסיפה זו, שנכחו בה, בעצמם או על-ידי באי-כוחם, מחזיקים של לפחות עשרים אחוזים (20%) מן היתרה האמורה, ואשר נתקבלה (בין באסיפה המקורית ובין באסיפה הנדחית) ברוב של לפחות שני שלישים (2/3) מכל הקולות של המשתתפים בהצבעה, למעט הנמנעים;

"**החלטה רגילה**" - החלטה שנתקבלה באסיפת מחזיקי אגרות החוב, בה נכחו, בעצמם או על-ידי באי-כוחם, מחזיקים של לפחות עשרים וחמישה אחוזים (25%) מיתרת הערך הנקוב של אגרות החוב שבמחזור במועד הקובע לאסיפה, או באסיפה נדחית של אסיפה זו, אשר תתקיים בכל מספר משתתפים שהוא, ואשר נתקבלה (בין באסיפה המקורית ובין באסיפה הנדחית) ברוב של לפחות חמישים אחוזים (50%) מכל הקולות של המשתתפים בהצבעה, למעט הנמנעים.

"**הבורסה**" או "**הבורסה בתל אביב**" - הבורסה לניירות ערך בתל אביב בע"מ.

"**אירו**" - המטבע האחיד של מדינות האיחוד המוניטרי האירופי.

"**ארבעת הקניונים**" – ארבעה (4) קניונים המוחזקים על ידי חברות בנות של החברה (במישרין או עקיפין), שהינם: טורון פלאזה וסולוואקי פלאזה הנמצאים בפולין,

קראגויבץ' פלאזה בסרביה, וריגה פלאזה בלטביה, אשר כולם קניונים שבנייתם הסתיימה עובר למועד שטר זה והינם פעילים. **<u>בנספח 1.6.1</u>** לשטר הנאמנות מפורט אופן ההחזקות של החברה בכל אחד מארבעת הקניונים ואופן המימון בגינם.

"**פרויקט קוראגון**" – פרויקט קוראגון פארק פלאזה הממוקם בעיר פונה בהודו.

"**התוכנית**" – כהגדרתה במבוא לשטר נאמנות זה.

"**נושי התוכנית**" – כל נושי החברה אשר לגביהם חלה התוכנית והחלטת האישור אשר יתרות החוב הרלוונטיות בגינם נכון ליום 31.12.2013, הינן כמפורט **<u>בנספח 1.6.2</u>** לשטר נאמנות זה.

"**שלושת הסדרות**" - אגרות החוב (סדרה א'), אגרות החוב (סדרה ב') ואגרות החוב בפולין.

"**יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה ב')**" - היתרה כפי שתהיה מעת לעת של הערך הנקוב של אגרות חוב (סדרה ב') שטרם נפרעו (אשר נכון ליום 1 בינואר 2014 אף כוללת את הריבית הנדחית בגין אגרות החוב (סדרה ב') (כהגדרתה להלן), אשר תיצבר ותיווסף החל מיום 1 בינואר 2014 לקרן אגרות החוב (סדרה ב') באופן כמפורט בסעיף 4א(2) להלן ותהיה חלק בלתי נפרד ממנה לכל דבר ועניין, ובכלל זאת תיפרע במסגרת פירעונות הקרן של אגרות חוב (סדרה ב')), כשהם צמודים למדד בגין חודש דצמבר 2007 (כמפורט בתנאי אגרת החוב המצ"ב כנספח א' לשטר זה) כמפורט להלן וכמפורט בלוח הסילוקין המצורף **<u>כנספח 2.3</u>** לשטר נאמנות זה. נכון ליום 31.12.2013 עומדת יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה ב') (כולל הריבית הנדחית בגין אגרות חוב (סדרה ב') הנצברת לקרן אגרות החוב (סדרה ב') כאמור) על סך של 610,713,444 ש"ח.

"**הריבית הנדחית בגין אגרות חוב (סדרה ב')**" - הריבית שנצברה וטרם שולמה בגין קרן אגרות החוב (סדרה ב') עד ליום 31.12.2013, אשר תיצבר ותיווסף החל מיום 1.1.2014 לקרן אגרות חוב (סדרה ב') לכל דבר ועניין כמפורט בסעיף 4א(2) להלן ואשר תיפרע בשני חלקים שווים בהתאם לתשלומי יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה ב'), ואשר מסתכמת נכון ליום 31.12.2013 לסך כולל של 16,055,758 ש"ח;

"**יתרת החוב הנדחה בגין אגרות חוב (סדרה ב')**" - (א) נכון ליום 31.12.2013 - היתרה של סכומי קרן אגרות החוב (סדרה ב') הצמודה למדד בגין חודש דצמבר 2007 (כמפורט בתנאי אגרות חוב (סדרה ב') אשר על פי תנאי שטר הנאמנות המקורי היו אמורים לעמוד לפירעון בשני תשלומים במהלך השנים 2014 ו-2015, בתוספת הריבית הנדחית בגין אגרות החוב (סדרה ב'), המסתכמים ביחד נכון ליום 31.12.2013 לסך כולל של 610,713,444 ש"ח; (ב) נכון לכל מועד בדיקה אחר - הסכום הנקוב בסעיף קטן "(א)" בניכוי כל סכום "<u>פדיון מוקדם חובה עקב אירוע מימוש</u>" ששולם לאגרות חוב (סדרה ב') בהתאם לאמור בסעיף 7א2 להלן;

"**יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה א')**" - היתרה כפי שתהיה מעת לעת של הערך הנקוב של אגרות חוב (סדרה א') שטרם נפרעו (אשר נכון ליום 1 בינואר 2014 אף כוללת את הריבית הנדחית בגין אגרות החוב (סדרה א') (כהגדרתה להלן), אשר תיצבר ותיווסף החל מיום 1 בינואר 2014 לקרן אגרות החוב (סדרה א') כמפורט בסעיף 4א(2) להלן ותהיה חלק בלתי נפרד ממנה לכל דבר ועניין, ובכלל זאת תיפרע במסגרת פירעונות הקרן של אגרות חוב (סדרה א'), כשהם צמודים למדד בגין חודש מאי 2007 (כמפורט בתנאי אגרת החוב המצ"ב כנספח א' לשטר הנאמנות של אגרות חוב (סדרה א')); נכון ליום 31.12.2013 עומדת יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה א') (כולל הריבית הנדחית בגין אגרות חוב (סדרה א') הנצברת לקרן אגרות החוב (סדרה א') כאמור) על סך של 302,338,505 ש"ח.

"**הריבית הנדחית בגין אגרות חוב (סדרה א')**" - הריבית שנצברה וטרם שולמה עד ליום 31.12.2013 בגין קרן אגרות החוב (סדרה א') הצמודה למדד בגין חודש מאי 2007 (על פי תנאי אגרות החוב), אשר תשולם בחמישה תשלומים שווים במועד תשלומי יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה א'). הריבית הנדחית בגין אגרות חוב (סדרה א') כאמור תיצבר ותיווסף החל מיום 1.1.2014 לקרן אגרות חוב (סדרה א') לכל דבר ועניין באופן כמפורט בסעיף 4א(2) להלן כך שהיא תיפרע בחמישה חלקים שווים בהתאם לתשלומי יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה א'), ואשר מסתכמת נכון ליום 31.12.2013 לסך כולל של 6,652,926 ש"ח;

"**יתרת החוב הנדחה בגין אגרות חוב (סדרה א')**" - (א) נכון ליום 31.12.2013 - היתרה של סכומי קרן אגרות החוב (סדרה א') הצמודה למדד בגין חודש מאי 2007 (כמפורט בתנאי אגרות החוב) אשר על פי תנאי שטר הנאמנות המקורי היו אמורים לעמוד לפירעון בשלושה תשלומים במהלך השנים 2013, 2014 ו-2015, בתוספת הריבית הנדחית בגין כל אגרות החוב (סדרה א') (ולא מכפלה של הריבית הנדחית בגין אגרות חוב (סדרה א') בחלק היחסי של סך תשלומי הקרן שהיו אמורים להיפרע בשנים 2013, 2014, ו-2015 מסך כל תשלומי הקרן של אגרות החוב (סדרה א'),המסתכמים ביחד נכון ליום 31.12.2013 לסך כולל של 184,064,274 ש"ח; (ב) נכון לכל מועד בדיקה אחר - הסכום הנקוב בסעיף קטן "(א)" בניכוי כל סכום "פדיון מוקדם חובה עקב אירוע מימוש" ששולם לאגרות חוב (סדרה א') בהתאם לאמור בסעיף 7א2 להלן;

"**אגרות חוב (סדרה א')**" – סדרה של אגרות חוב (סדרה א'), רשומות על שם בנות 1 ש"ח ע"נ כל אחת של החברה, בערך נקוב כולל למועד הקפאת התשלומים של 245,170,166 ש"ח.

"**אגרות החוב בפולין**" – אגרות חוב שהונפקו על ידי החברה על פי מזכר הנפקה מיום 16 בנובמבר 2010 בנות ערך נקוב של 100,000 זלוטי (PLN) כל אחת;

"**יתרת הקרן הבלתי מסולקת של אגרות החוב בפולין**" - היתרה כפי שתהיה מעת לעת של הערך הנקוב של אגרות החוב בפולין שטרם נפרעו (אשר נכון ליום 1 בינואר 2014 אף

כוללת את הריבית הנדחית בגין אגרות החוב בפולין (כהגדרתה להלן), אשר תטופל באופן כמפורט בהגדרת הריבית הנדחית בגין אגרות החוב בפולין.נכון ליום 31.12.2013 עומדת יתרת הקרן הבלתי מסולקת של אגרות חוב בפולין (כולל הריבית הנדחית בגין אגרות חוב בפולין) על סך של 72,247,055 ש"ח (מתורגם על פי שער הזלוטי למועד האמור).

"**הריבית הנדחית בגין אגרות החוב בפולין**" - הריבית שנצברה וטרם שולמה בגין אגרות החוב בפולין עד ליום 31.12.2013, אשר החל מיום 1.1.2014 תיצבר ותיווסף לקרן אגרות חוב בפולין לכל דבר ועניין באופן כמפורט בסעיף 4א(2) להלן או תחשב לעניין הצמדה וריבית כקרן ותשולם בסוף התקופה כתשלום אחרון, ואשר מסתכמת נכון ליום 31.12.2013 לסך כולל של 3,182,712 ש"ח.

"**יתרת החוב הנדחה בגין אגרות החוב בפולין**" - (א) נכון ליום 31.12.2013 היתרה של סכומי קרן אגרות החוב בפולין אשר על פי תנאי ה-offering memorandum המקורי לאגרות החוב בפולין היו אמורים לעמוד לפירעון בתשלום אחד בשנת 2013, בתוספת הריבית הנדחית בגין אגרות החוב בפולין, המסתכמים ביחד נכון ליום 31.12.2013 לסך כולל של 72,247,055 ש"ח; (ב) נכון לכל מועד בדיקה אחר - הסכום הנקוב בסעיף קטן "(א)" בניכוי כל סכום "פדיון מוקדם חובה עקב אירוע מימוש" ששולם לאגרות החוב בפולין בהתאם לאמור בסעיף 7א2 להלן.

"**יתרת הקרן הבלתי מסולקת של שלושת הסדרות**" – יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה א'), בצירוף יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה ב') ובצירוף יתרת הקרן הבלתי מסולקת של אגרות החוב בפולין. נכון ליום 31.12.2013 עומדת יתרת הקרן הבלתי מסולקת של שלושת הסדרות על סך של 985,299,004 ש"ח.

"**מניות החברה**" או "**מניות של החברה**" – מניות רגילות בנות 0.01 אירו (EUR 0.01), ע"נ כל אחת, של החברה, אשר רשומות למסחר בבורסת לונדון ובבורסת ורשה ואשר תירשמנה למסחר בבורסה בתל אביב עד למועד הקובע.

"**בורסת לונדון**" - הרשימה הראשית (main market of the UKLA - premium listing) ב-London Stock Exchange Plc.;

"**בורסת ורשה**" – Warsaw Stock Exchange;

"**מועד התחילה**" - יום 10 ביולי 2014;

"**מועד הפירעון הסופי**" – המועד שבו יפרעו ויסולקו באופן מלא, סופי ומדויק, סכומי הקרן, הריבית (לרבות ריבית פיגורים, ככל שתחול) והפרשי ההצמדה עליהם, על פי תנאי אגרות חוב סדרה (ב');

"**דיספוזיציה**" - כהגדרת מונח זה בסעיף 4ב(1) להלן.

"**הגבלות על נטילת אשראי ויצירת שעבודים**" - כמפורט בסעיף 4 להלן;

"**ההזרמה ההונית**" – הזרמת מזומנים בסך של לפחות עשרים (20) מיליון אירו, בהפחתת סכום השווה לסכום שבידי הנאמן, כהגדרתו בתוכנית, לחברה ו/או לנאמן (שאינו הנאמן למחזיקי אגרות החוב) אשר יחזיק בסכום בנאמנות עבור החברה תחת כתב הוראות לפיו יועבר סכום זה לחברה עד (וכולל) למועד הקובע, או מועד ההקצאה, לפי המאוחר (ובלבד שלא ידוע לחברה על מניעה מהותית להקצאת ניירות ערך נשוא שטר זה), וזאת בדרך של הנפקת מניות חדשות.

"**ההזרמה ההונית הנוספת**"- הזרמת מזומנים לחברה כנגד הקצאת מניות בחברה או כהלוואה שהינה נחותה להתחייבויות החברה כלפי מחזיקי אגרות החוב על פי שטר נאמנות זה, הן מבחינת דרגת הנשייה והן מבחינת מועדי הפירעון, בסך מצטבר של לפחות עשרים (20) מיליון אירו, שהינה בנוסף ומעבר לסכום ההזרמה ההונית. ככל שההזרמה ההונית הנוספת תבוצע בדרך של העמדת הלוואה לחברה תכלול החברה בדיווח המיידי שיפורסם בקשר עם ביצוע ההזרמה ההונית הנוספת, אישור בדבר נחיתות ההלוואה כאמור לעיל.

"**תזרים מזומנים נטו**" (net cash flow) – התקבולים נטו במזומן שהתקבלו ו/או שיתקבלו בפועל בידי החברה החל מיום 15 במאי 2014 ועד למועד הפירעון הסופי, בגין אירוע המימוש הרלוונטי על פי הוראות שטר זה. תקבולים נטו, משמעם, התקבולים שיתקבלו בפועל בידי החברה וזאת לאחר שנוכו מהם: (1) סכומי פירעון מלוא יתרת החוב לבנק בגין נכס הנדל"ן הרלוונטי שמומש; (2) סכומי פירעון מלוא יתרת החוב לבנק בגין ההלוואה הרלוונטית שנפרעה במקרה של מחזור חוב (refinancing) (דהיינו: כתוצאה מניכוי סכום זה, תזרים המזומנים נטו יתייחס בפועל להפרש בין החוב החדש לבין החוב המוחלף ככל שהפרש זה הינו חיובי); (3) במקרה בו אירוע המימוש הרלוונטי התרחש בחברה בת - סכומים נדרשים לצורך פירעון ההתחייבויות הקיימות לנושי אותה חברת בת בגין אותו אירוע מימוש; (4) הוצאות ישירות בגין הנכס כגון עמלות, הוצאות מכירה ישירות לצדדים שלישיים, הוצאות תיווך, הוצאות הלוואה, הוצאות מסים וכיו"ב (לפי העניין), ולמעט, תקורות ועלויות של עובדי ונושאי המשרה בקבוצה. לעניין הגדרה זו – "**אירוע מימוש**" – כהגדרתו בסעיף 7א להלן. **בנספח 1.6.3** לשטר זה, מפורטות פעולות שמהם נבע תזרים (וסכומי תזרים המזומנים נטו בגינן) ביחס לתקופה שבין מועד הקפאת התשלומים ועד ליום 14 במאי 2014.

"**נכס נדל"ן**" – זכויות בקרקעות, או זכויות בפרויקטים נדל"ניים מסוגים שונים (כגון: מגורים, קניונים ופרויקטים מעורבים של מסחר ומגורים (mixed-use projects), וכן זכויות בתאגיד המחזיק בנכסים כאמור. **בנספח 1.6.4** לשטר זה, מפורטים נכסי הנדל"ן נכון למועד חתימת שטר זה.

"**יחס הכיסוי**" – כהגדרתו בסעיף 1.1 **לנספח ד'** לשטר נאמנות זה.

"**יחס הכיסוי המינימאלי**" – כהגדרתו בסעיף 1.2 **לנספח ד'** לשטר נאמנות זה.

"**חוב פיננסי**" - חוב שהינו כלפי נושה פיננסי של החברה או החברה הבת, כולל ערבויות שנתנה ו/או תעניק החברה ו/או החברה הבת, למעט:

(i) ערבויות ו/או התחייבויות שניתנו בקשר עם עלויות השלמה וביצוע של פרויקט להקמה או פיתוח של נכס נדל"ן (Cost Overrun guarantees); או

(ii) ערבויות לצרכים שוטפים בהיקף מצטבר אשר לא יעלה בכל נקודת זמן על 200 אלף אירו; או

(iii) הלוואה שניתנה במישרין לחברה על ידי בעלי מניות שלה ובלבד ש-א) הריבית בגינה אינה גבוהה מזו של אגרות החוב ב) לאחר חלוף שישה (6) חודשים ממועד העמדת ההלוואה (ככל שלא נפרעה עד אז) תהפוך הלוואה זו לחוב נחות ג) לא ניתן יהיה להעמיד הלוואה זו לפירעון מיידי או לדרוש בגינה פירוק של החברה; או

(iv) אם הנושה הפיננסי אישר בכתב כי החוב האמור יהיה חוב נחות.

"**חוב פיננסי חדש שלא לצרכי מימון הנכס**" - כהגדרתו בסעיף 4.3 לשטר נאמנות זה.

"**חוב נחות**" - חוב אשר לא ייפרע קודם לפירעונן המלא של התחייבויות החברה כלפי מחזיקי אגרות החוב, וכן יהווה חוב נחות בפירוק;

"**יחס LTC**" – היחס בין סכום האשראי המועמד לצורך מימון הפרויקט הרלוונטי לבין עלות אותו פרויקט נכון למועד נטילת האשראי ("Loan to Cost"). לעניין זה, "עלות הפרויקט" - עלות הקמת הפרויקט, הכוללת את כל עלויות הבניה, התכנון והפיתוח ועלות הקרקע.

"**חברה בת**" – כל תאגיד, חברה בעירבון מוגבל, שותפות, מיזם משותף, חברת מניות משותפת (joint stock company), או גוף אחר בהם מחזיקה החברה, במישרין או בעקיפין, ב-50% לפחות מההון או מהזכויות (לפי העניין) או גוף בו החברה שולטת, במישרין או בעקיפין; **"שליטה"-** כהגדרתה בחוק.

"הקבוצה" - החברה והחברות הבנות שלה (כהגדרת מונח זה לעיל);

"**מועד הקפאת התשלומים**" – 18 בנובמבר 2013, המועד שבו קיבלה החברה צו זמני להקפאת תשלומים על ידי בית המשפט המוסמך בהולנד על פי הדין ההולנדי;

"**יתרת החוב הנדחה הכולל של שלושת הסדרות** " – משמעו: (i) יתרת החוב הנדחה בגין אגרות חוב (סדרה א'); בתוספת (ii) יתרת החוב הנדחה בגין אגרות חוב (סדרה ב'); וכן בתוספת (iii) יתרת החוב הנדחה בגין אגרות החוב בפולין **יתרת החוב הנדחה הכולל של שלושת הסדרות** מסתכמת נכון ליום 31.12.2013 לסך כולל של 867,024,773 ש"ח.

"**יחס יתרת החוב הנדחה**", היחס בין יתרת החוב הנדחה בגין כל אחת משלושת הסדרות לבין יתרת החוב הנדחה הכולל של שלושת הסדרות, אשר לפיו יחולק תשלום פדיון מוקדם חובה עקב אירוע מימוש כאמור בסעיף 7א' להלן, שהינו כדלקמן: 21.23% לאגרות החוב (סדרה א'), 70.44% לאגרות החוב (סדרה ב') ו- 8.33% לאגרות החוב בפולין. מובהר, כי במקרה בו נפרעה אחת הסדרות במלואה לפני שנפרעו יתר הסדרות אזי החל מאותו מועד ואילך, תשלום פדיון מוקדם חובה עקב אירוע מימוש על פי סעיף 7א' להלן, יתחלק בין הסדרות הנותרות, פרו-ראטה על פי היחס האמור לעיל.

<u>לצורך הדוגמא בלבד של חישוב "יחס יתרת החוב הנדחה"</u>: **(א)** במקרה בו מתקיים "פדיון מוקדם חובה עקב אירוע מימוש", לפיו משלמת החברה בהתאם לאמור בסעיף 2א7 סכום קרן בסך 30 ₪ (לאחר תשלום הריבית) , אזי - לאגרות החוב (סדרה א') ישולם כ- 21.23% מהתשלום (6.369 ש"ח), לאגרות החוב (סדרה ב') ישולם כ- 70.44% מהתשלום (21.132 ש"ח) ולאגרות החוב בפולין ישולם כ- 8.33% מהתשלום (2.499 ש"ח); **(ב)** בהתאם במועד הבא בו יתקיים "פדיון מוקדם חובה עקב אירוע מימוש", לפיו יהיה על החברה לשלם שוב בהתאם לאמור בסעיף 2א7, אם התשלום קרן לחלוקה (לאחר תשלום הריבית) יעמוד על 10 ש"ח, אזי 21.23% ממנו ישולם לאגרות החוב (סדרה א'), 70.44% ממנו ישולם לאגרות החוב (סדרה ב') ו- 8.33% ממנו ישולם למחזיקי אגרות החוב בפולין; **(ג)** מובהר, כי היה ובמועד הבדיקה הרלבנטי נפרע כבר מלוא החוב לסדרת אגרות חוב מסוימת חלקה של אותה סדרת אגרות חוב שנפרעה יהיה אפס, ולדוגמא אם במקרה הנקוב בסעיף קטן "(ב)" לעיל יפרע כבר מלוא החוב לאגרות החוב בפולין, אזי תשלום "פדיון מוקדם חובה עקב אירוע מימוש" בגין תשלום הקרן יחולק בין אגרות החוב (סדרה א') (כ- 23.16% מהתשלום) לבין אגרות החוב (סדרה ב') (כ- 76.84% מהתשלום).

"**המניות המוקצות**" – כהגדרתן בסעיף 4א' להלן.

"**אגרות החוב הנוספות**" – כהגדרתן בסעיף 4א' להלן.

"**מועד ההקצאה**" – כהגדרתו בסעיף 4א' להלן.

"**חשבון הנאמנות**"- חשבון אשר ייפתח על ידי הנאמן ויתנהל על שמו בבנק בישראל, בנאמנות לטובת מחזיקי אגרות החוב ואשר ישועבד לטובת הנאמן עבור מחזיקי אגרות החוב (סדרה ב') בשעבוד קבוע ושוטף יחיד ראשון בדרגה וללא הגבלה בסכום, בנוסח לשביעות רצון הנאמן.

"**החברה לרישומים**" – החברה לרישומים של בנק לאומי לישראל בע"מ.

"**יום מסחר**" – יום בו מתקיים מסחר בבורסה בתל אביב.

1.7. מובהר בזאת כי מחזיקי אגרות החוב מאשרים ככל שכניסתו לתוקף של שטר נאמנות טעונה אישור של חברת דירוג, הם מוותרים על דרישה זו.

1.8. לשטר נאמנות זה מצורפים הנספחים הבאים:

נספח	**נושא**
נספח א' -	תעודת אגרת חוב והתנאים הרשומים מעבר לדף.
נספח ב' -	אסיפות כלליות של מחזיקי אגרות החוב.
נספח ג' -	שכר טרחת הנאמן.
נספח ד' -	"יחס הכיסוי".
נספח 1.6.1 -	פרטים בדבר אופן ההחזקות בארבעת הקניונים והמימון בגינם.
נספח 1.6.2 -	רשימת כל נושי החברה אשר לגביהם חלה התוכנית ויתרות החוב בגינם נכון ליום 31.12.2013.
נספח 1.6.3 -	רשימת פעולות בתקופה שבין ה-18.11.2013 ועד ליום 14.5.2014.
נספח 1.6.4 -	פירוט נכסי הנדל"ן נכון ליום _____ (מועד חתימת שטר זה).
נספח 2.3 -	לוח הסילוקין של אגרות חוב (סדרה ב').
נספח 4.2 -	רשימת נכסי נדל"ן המוחזקים על ידי החברה וחברות בנות המשועבדים לטובת צדדים שלישיים נכון ליום _____ (מועד חתימת שטר זה).
נספח 5א -	רשימת החברות הבנות נכון למועד הקובע.
נספח 5א1 -	אישורי חברות בנות.
נספח 34.1.5 -	Pre-Ruling מרשות המסים.

2. **<u>אגרות החוב</u>**

עד למועד שטר נאמנות זה, החברה הנפיקה סך כולל של 1,431,194,196 ש"ח ע"נ אגרות חוב (סדרה ב'), רשומות על שם, בנות 1 ש"ח ע.נ. כל אחת, אשר על פי תנאי שטר הנאמנות המקורי, הן עמדו לפירעון ב-5 תשלומים שנתיים שווים, ביום 1 ביולי של כל אחת מהשנים 2011 ועד 2015 ועד בכלל (כאשר התשלום הראשון בוצע ביום 1 ביולי 2011 והתשלום האחרון אמור היה להתבצע ביום 1 ביולי 2015), נושאות ריבית בשיעור של 5.4% לשנה המשולמת בתשלומים חצי שנתיים בימים 1 ביולי ו-31 בדצמבר של כל אחת מהשנים 2008 עד 2015 (כאשר התשלום הראשון בוצע ביום 1 ביולי 2008 והתשלום האחרון ביום 1 ביולי 2015), וצמודות קרן וריבית למדד המחירים לצרכן, הכול לפי התנאים המפורטים באגרת החוב המצ"ב **<u>בנספח א'</u>** לשטר הנאמנות המקורי. עד למועד שטר נאמנות זה, ביצעה החברה שלושה (3) פירעונות של תשלומי קרן, ביום 1 ביולי של כל אחת מן השנים 2011, 2012 ו-2013 בסך כולל של 819,264,848 ש"ח ע.נ. אגרות חוב (סדרה ב').

החל מן המועד הקובע ואילך, תנאי אגרות חוב (סדרה ב') יתוקנו והם יהיו כמפורט להלן:

2.1. **<u>הקרן</u>**

2.1.1. יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה ב') תעמוד לפירעון בשני (2) תשלומים שווים (כל תשלום יהווה 50% מן היתרה האמורה) שישולמו ביום 31 בדצמבר 2018 וביום 31 בדצמבר 2019 (כאשר התשלום הראשון יבוצע ביום 31 בדצמבר 2018 והתשלום האחרון ביום 31 בדצמבר 2019).

2.1.2. על אף האמור בסעיף 2.1.1 לעיל, במקרה בו לא פרעה החברה במהלך השנתיים הראשונות שתחילתן במועד הקובע או עד ליום 1 בדצמבר 2016, לפי המוקדם, קרן אגרות חוב בגין שלושת הסדרות בסכום כולל של לפחות 434,000,000 ש"ח[1] (ארבע מאות, שלושים וארבעה מיליון ש"ח) לא כולל הפרשי הצמדה, ובכלל זאת פירעון של קרן אגרות חוב (סדרה ב') בסכום כולל של לפחות 305,000,000 ש"ח (לא כולל הפרשי הצמדה), אזי יבוצע פידיון מוקדם כפוי של יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה ב') באופן שהיא תעמוד לפירעון בשני (2) תשלומים שווים (כל אחד בסך של מחצית (50%) מיתרת הקרן הבלתי מסולקת כפי שתיוותר) שישולמו ביום 31 בדצמבר 2017 ו-31 בדצמבר 2018 (כאשר התשלום הראשון יבוצע ביום 31 בדצמבר 2017 והתשלום האחרון ביום 31 בדצמבר 2018). לא יאוחר מחלוף 7 ימי עסקים לאחר תום שנתיים מהמועד הקובע או עד ליום 1 בדצמבר 2016, לפי המוקדם, תפרסם החברה דיווח מיידי בעניין זה בין אם הוקדמו מועדי תשלומי הקרן ובין אם לאו.

2.2. **<u>הריבית</u>**

2.2.1. יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה ב') נושאת החל מיום 1 בינואר 2014 ואילך ריבית בשיעור של 6.9% לשנה.

2.2.2. תשלומי הריבית בגין יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה ב') החל מן המועד הקובע ועד למועד הפירעון הסופי יבוצעו כדלקמן:

2.2.2.1. **<u>תשלום ריבית ראשון</u>** – במועד תשלום הריבית הראשון, אשר יחול בחלוף 12 יום מהמועד הקובע לתשלום הריבית הראשון, או במועד אחר אשר יוכתב על ידי הבורסה, בהתאם להנחיותיה (להלן: "**מועד תשלום הריבית הראשון**"), תשלם החברה למחזיקי אגרות החוב בשלושת הסדרות ריבית עבור התקופה שתחילתה ביום 1 בינואר 2014 וסיומה ביום שקדם למועד תשלום הריבית הראשון ("**תקופת הריבית הראשונה**"), לפי הגבוה מבין:

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[1] ככל שהפירעון אינו בש"ח - בהתאם לשער היציג של המטבע הזר מול השקל במועד הפירעון.

(i) סך של 11.6 מיליון אירו; כאשר מתוך תשלום זה ישולם למחזיקי אגרות חוב (סדרה ב') סך בש"ח השווה ל-8.17 מיליון אירו; או

(ii) סך הריבית אשר נצברה ולא שולמה בגין יתרת הקרן הבלתי מסולקת של שלושת הסדרות (על פי תנאיהן), כאשר מתוך תשלום זה תשולם למחזיקי אגרות חוב (סדרה ב') הריבית בגין יתרת הקרן הבלתי מסולקת שנצברה ולא שולמה עבור תקופת הריבית הראשונה, על פי ריבית בשיעור של 6.9% בשנה (אשר תחושב לפי מספר הימים הכלול בתקופת הריבית הראשונה לפי 365 ימים בשנה).

במקרה בו תשלום הריבית הראשון מבוצע על פי ס"ק (i) לעיל - ההפרש בין סך הריבית המגיע למחזיקי אגרות חוב (סדרה ב') על פי סעיף קטן (i) לעיל לבין סעיף קטן (ii) יקרא להלן: "**הסכום הנוסף**".

תשלום הריבית הראשון ישולם לכל סדרת אגרות חוב על פי המטבע בו הונפקה, כאשר שער ההמרה מאירו למטבע הרלוונטי (במקרה של תשלום על פי החלופה האמורה בסעיף קטן (i) לעיל), יהיה לפי השער היציג שיקבע ביום המסחר הקודם למועד הקובע. לפחות ארבעה ימי מסחר לפני המועד הקובע לתשלום הריבית הראשון תפרסם החברה את סכום הריבית המדויק ואת שיעור הריבית בגין תקופת הריבית הראשונה.

כמו כן, במקרה של אירוע מימוש (כהגדרתו בסעיף 7א'2 להלן) אחד או יותר, במהלך התקופה שבין ה-15 במאי 2014 ועד למועד הקובע, אשר יש לבצע בגינו פדיון מוקדם חובה של אגרות החוב (כאמור בסעיף 7א'.2), אזי במועד תשלום הריבית הראשון יבוצע פדיון מוקדם כאמור.

"**המועד הקובע לתשלום הריבית הראשון**" - יום המסחר הראשון לאחר מועד ההקצאה כהגדרתו בסעיף 4א' להלן.

הסכום המשולם למחזיקי אגרות החוב (סדרה ב') כאמור במועד תשלום הריבית הראשון, יופקד על ידי החברה קודם למועד הקובע, אצל הנאמן בחשבון הנאמנות (כהגדרתו בסעיף 1.6 לעיל) או אצל החברה לרישומים לצורך ביצוע התשלום הריבית הראשון במועדו, והפקדה כאמור תיחשב כתשלום מלא וסופי של תשלום הריבית הראשון על פי סעיף 2.2.2.1 זה, החל ממועד תשלום הריבית.

2.2.2.2. **<u>תשלום ריבית שני</u>** – ריבית בגין יתרת הקרן הבלתי מסולקת שנצברה בגין התקופה שתחילתה במועד תשלום הריבית הראשון וסיומה ביום 31 בדצמבר 2014, לאחר הפחתת הסכום הנוסף (כהגדרתו בסעיף 2.2.2.1 לעיל, ככל שתשלום הריבית הראשון בוצע בהתאם לסעיף 2.2.2.1(i) לעיל), תשולם ביום 31 בדצמבר 2014. לא יאוחר מחלוף 5 ימי מסחר מתחילת תקופת הריבית השניה תפרסם החברה את שיעור הריבית בגין תקופת ריבית זו, על פי ריבית בשיעור של 6.9% בשנה (אשר תחושב לפי מספר הימים הכלול בתקופת הריבית השניה לפי 365 ימים בשנה).

2.2.2.3. **<u>יתרת תשלומי הריבית</u>** - לאחר תשלום הריבית הראשון ותשלום הריבית השני, תשולם הריבית בגין יתרת הקרן הבלתי מסולקת בתשלומים חצי שנתיים בימים 1 ביולי ו-31 בדצמבר של כל אחת מן השנים 2015 עד 2019, כל תשלום בגין הריבית שנצברה בחצי השנה שהסתיימה ביום שקדם למועד כל תשלום כאמור (כאשר התשלום הראשון מבין תשלומים אלו יבוצע ביום 1 ביולי 2015 והתשלום האחרון ביום 31 בדצמבר 2019), וזאת אלא אם יוקדמו מועדי פירעון תשלומי הקרן כמפורט בסעיף 2.1.2 לעיל ובמקרה כאמור תשולם הריבית בתשלומים חצי שנתיים בימים 1 ביולי ו-31 בדצמבר של כל אחת מן השנים 2015 עד 2018 (כאשר תשלום הריבית הראשון מבין תשלומים אלו יבוצע ביום 1 ביולי 2015 והתשלום האחרון ביום 31 בדצמבר 2018).

יתרת הקרן הבלתי מסולקת והריבית צמודות למדד המחירים לצרכן, והכל לפי התנאים המפורטים באגרת החוב המצ"ב **<u>בנספח א'</u>** לשטר נאמנות.

2.3. מצ"ב כ**<u>נספח 2.3</u>** לשטר זה, לוח הסילוקין של תשלומי הקרן והריבית בגין אגרות חוב (סדרה ב') החל מן המועד הקובע ועד למועד הפירעון הסופי (דהיינו, עד ליום 31 בדצמבר 2019, אלא אם יוקדמו מועדי הפירעון כמפורט בסעיף 2.1.2 לעיל או יבוצעו פדיונות מוקדמים כאמור בסעיף 7א להלן). בכל מקרה בו יחול במשך התקופה בה יהיו אגרות החוב במחזור ועד למועד הפירעון הסופי, שינוי בלוח הסילוקין של אגרות חוב (סדרה ב') בגין פדיון מוקדם של חלק מיתרת הקרן הבלתי מסולקת על פי הוראות שטר זה, תמסור החברה לנאמן ותפרסם לוח סילוקין מעודכן וזאת לא יאוחר מחלוף 10 ימי עסקים לאחר קרות השינוי ולא יאוחר מ-4 ימי מסחר מהמועד הקובע לתשלום הקרוב על פי לוח הסילוקין המעודכן.

2.4. <u>אי הגדלת הסדרה</u> - החברה לא תהא רשאית להנפיק אגרות חוב (סדרה ב') נוספות.

2.5. <u>אי הגדלת סדרת אגרות החוב (סדרה א') וסדרת אגרות החוב בפולין</u> - החברה לא תהא רשאית להנפיק אגרות חוב (סדרה א') נוספות או אגרות חוב נוספות מסדרת אגרות החוב בפולין.

2.6. <u>אי שינוי תנאים של אגרות החוב (סדרה א') ו/או (סדרה ב') ו/או בפולין</u> - החברה לא תהיה רשאית לשנות את התנאים של אגרות החוב (סדרה א') ו/או (סדרה ב') ו/או בפולין (למעט שינויים טכניים), אלא אם התקבל (בנוסף לאישור הנדרש על פי תנאי אגרות החוב ו/או על-פי כל דין) גם אישור של אגרות החוב (סדרה ב') בהחלטה רגילה.

2.7. <u>הנפקת ניירות ערך נוספים</u> - בכפוף להוראות שטר נאמנות זה, ובפרט הוראות סעיף 4 להלן (מגבלות בדבר נטילת אשראי ויצירת שעבודים), החברה שומרת לעצמה את הזכות להנפיק בכל עת, ללא צורך בהסכמת הנאמן ו/או בהסכמת מחזיקי אגרות החוב, אגרות חוב אחרות או סדרות אחרות של אגרות חוב או ניירות ערך אחרים מכל מין וסוג שהוא, בתנאים כפי שהחברה תמצא לנכון והכל בכפוף להוראות שטר נאמנות זה.

לא ניתן להציע, למכור, להעביר או למסור את אגרות החוב (סדרה ב') ואת המניות המוצעות בהולנד כחלק מהפצתן הראשונית או בכל עת לאחר מכן, במישרין ו/או בעקיפין, למעט למשקיעים כשירים (qualified investors), כהגדרתם בסעיף 1:1 לחוק הפיקוח הפיננסי ההולנדי, לרבות, אך מבלי לגרוע מהאמור לעיל, בנקים, ברוקרים, דילרים ומשקיעים מוסדיים המחזיקים רישיון או המפוקחים בצורה אחרת לפעול בשווקים הפיננסיים או ישויות שמטרתן היחידה הינה השקעה בניירות ערך.

3. **<u>רכישת אגרות חוב על ידי החברה וחברה בת</u>**

3.1. בכפוף להוראות שטר נאמנות זה, ומבלי לגרוע מחובת החברה לבצע פדיון מוקדם בהתאם להוראות שטר נאמנות זה, החברה שומרת לעצמה את הזכות לקנות בכל עת אגרות חוב מסדרת אגרות החוב בכל מחיר שיראה לה, וזאת מבלי לפגוע בחובת הפירעון של אגרות החוב שתוחזקנה על ידי אחרים זולת החברה ובלבד ש: **(א)** רכישה כאמור (ככל שתבוצע) תהיה בדרך של: (i) הצעת רכש; או (ii) במסגרת רכישות במהלך המסחר בבורסה בעסקאות לא מתואמות - בכפוף להוראות כל דין, החברה תפרסם לפחות יום מסחר אחד טרם ביצוע הרכישה דוח מיידי על כוונתה לבצע רכישת אגרות חוב במהלך המסחר בבורסה. ההודעה תכלול פירוט של ההיקף המקסימאלי הכספי שהחברה מתעתדת לרכוש; **(ב)** רכישת אגרות החוב כאמור תבוצע באופן שוויוני בין שלושת הסדרות, פרו-ראטה בין הסדרות כאשר הסכום המיועד לצורך רכישת אגרות החוב כאמור יחולק בין שלושת הסדרות בהתאם ליחס יתרת הקרן הבלתי מסולקת של שלושת הסדרות, כפי שיהיה באותו מועד, והמחיר בו תציע החברה לרכוש אגרות חוב מכל סדרה יהיה ביחס לאגרות החוב מסדרה א' ומסדרה ב', בשיעור סטייה זהה ממחיר הסגירה של אגרות החוב מאותה סדרה ביום המסחר הקודם למועד פרסום הדוח המיידי על הכוונה לביצוע הרכישה או מועד פרסום הצעת הרכש, לפי העניין, וביחס לאגרות החוב בפולין, בשיעור

סטייה זהה לשיעור האמור לעיל, אך ביחס לערך הפארי של אגרות החוב שבפולין. הוראות סעיף 3.1 זה, יחולו גם על רכישות אגרות החוב המבוצעות על ידי חברה בת של החברה, בשינויים המחויבים.

3.2. אגרות החוב שיירכשו על ידי החברה תתבטלנה ותמחקנה מן המסחר בבורסה והחברה לא תהיה רשאית להנפיקן מחדש.

3.3. חברה בת של החברה, בעל שליטה בחברה (במישרין ו/או בעקיפין), קרובו, תאגיד בשליטת אחד מהם או תאגיד בשליטת החברה (כולם להלן - "**מחזיק קשור**") רשאים לקנות ו/או למכור מעת לעת, בכפוף לכל דין, לרבות אך מבלי לגרוע מהאמור לעיל, החוקים ההולנדים בדבר ניצול שוק (market abuse), בבורסה ומחוצה לה, אגרות חוב מסדרת אגרות החוב. אגרות החוב אשר תוחזקנה כאמור על ידי מחזיק קשור תיחשבנה כנכס של המחזיק הקשור, לא תמחקנה מהמסחר בבורסה, ותהיינה ניתנות להעברה כיתר אגרות החוב (סדרה ב'). אגרות חוב אשר תוחזקנה על ידי מחזיק קשור כאמור לא יובאו במניין לצורך קביעת קיומו של מנין חוקי באסיפות כלליות של מחזיקי אגרות החוב מכוח שטר נאמנות זה, ואגרות החוב המוחזקות בידי המחזיק הקשור לא יקנו לו זכויות הצבעה באסיפות כלליות כאמור, וזאת כל עוד תוחזקנה אגרות החוב על ידי המחזיק הקשור.

3.4. אין באמור בסעיף 3 זה לעיל כשלעצמו כדי לחייב את החברה ו/או מחזיק קשור ו/או את מחזיקי אגרות החוב לקנות אגרות חוב או למכור את אגרות החוב שבידיהם.

4. <u>התחייבויות החברה</u>

4.1. החברה מתחייבת בזה לשלם במועדים הקבועים לכך את הקרן, הריבית ותוספת הריבית והפרשי ההצמדה (לרבות ריבית פיגורים אם וככל שתהיה, בהתאם להוראות סעיף 6 לתנאים הרשומים מעבר לדף של אגרת החוב) המשתלמים על פי תנאי אגרות החוב ולמלא אחר כל יתר התנאים וההתחייבויות המוטלות עליה על פי תנאי אגרות החוב ועל פי שטר זה. חל מועד הפירעון לאגרות החוב (סדרה ב') או המועד הנקוב לתשלום כלשהו של הריבית, ביום שאינו יום עסקים, יידחה מועד הפירעון או המועד של אותו תשלום ליום העסקים הבא מיד אחריו ולא תשולם ריבית בגין דחייה זו.

4.2. <u>התחייבות שלא ליצור שעבודים (שעבוד שלילי)</u>

החברה מתחייבת (והחברות הבנות מתחייבות בחתימתן כאמור בסעיף 5א. להלן), וזאת מבלי לגרוע מיתר הוראות סעיף 4 זה וסעיף 7א להלן ובנוסף להן, לרבות בכל הנוגע להוראות סעיף 4.6 להלן (שמירה על יתרת מזומנים מינימאלית), כי החל מהמועד הקובע ועד למועד הפירעון הסופי, היא לא תיצור שעבוד, תמשכן, תמחה על דרך השעבוד או תעמיד כבטוחה אחרת מסוג כלשהו וכל דרגה שהיא או כערובה אחרת (ביחד: "**שעבוד**"), על נכס נדל"ן, המוחזק על ידה במישרין או בעקיפין.

על אף האמור לעיל, החברה וחברות הבת תהיינה רשאיות לשעבד נכס נדל"ן המוחזק על ידן, במקרים הבאים:

4.2.1. <u>שעבוד אשר נרשם על ידי חברה בת</u>

4.2.1.1. שעבוד הנרשם בגין נטילת חוב פיננסי חדש אשר נועד אך ורק לצורכי רכישה ו/או השקעה ופיתוח של נכס נדל"ן המשועבד על ידי אותה חברת בת (בכפוף להוראות סעיף 4.3 להלן) והשעבוד האמור יבטיח אך ורק את החוב הפיננסי החדש שניטל לרכישת אותו הנכס או לפיתוחו, לפי העניין; על אף האמור, חברות בנות תהיינה רשאיות לרשום שעבוד על קרקע לטובת השקעה ופיתוח של נכס נדל"ן לפי סעיף 4.3.1 להלן (ולא לרכישת נכס חדש) המוחזק על ידי החברה ו/או חברות בנות אחרות שלה (להלן: "**שעבוד צולב**") ובלבד שסך השעבודים הצולבים אשר הועמדו החל ממועד הקפאת התשלומים, כפי שיהיו בכל נקודת זמן לאחר מכן, יחולו ביחס לקרקעות בשווי מצטבר של הקבוצה בכללותה, שלא יעלה על 35 מיליון אירו (לפי שווי הקרקעות בספרי החברה) ("**סך השעבודים הצולבים**") ואולם במסגרת סך השעבודים הצולבים לא יכללו קרקעות אשר השעבודים עליהן נרשמו לפני מועד הקפאת התשלומים (לרבות אם נרשמו מחדש לאחר מכן במסגרת מחזור חוב פיננסי).

4.2.1.2. החוב הפיננסי החדש הינו במסגרת החלפת חוב פיננסי קיים בחוב פיננסי חדש - "refinancing", ביחס לנכס המשועבד עובר לנטילת החוב הפיננסי החדש, לרבות הגדלת סכום האשראי בגין אותו נכס (על החלק של הגדלת סכום האשראי יחולו הוראות סעיף 7א2 להלן).

4.2.1.3. שעבוד הנרשם ביחס להחזקות חברת בת בתאגיד בשליטתה, המבטיח חוב אשר נלקח על ידי אותו תאגיד, בהתאם לאמור בס"ק 4.2.1.1 לעיל.

4.2.1.4. שעבוד הנרשם לצורך הבטחת נטילת חוב פיננסי חדש שלא לצורכי רכישה ו/או השקעה ופיתוח של נכס הנדל"ן המשועבד, בכפוף לכך שלפחות 75% מתזרים המזומנים נטו הנובע מהחוב הפיננסי החדש משמש לביצוע פדיון מוקדם בהתאם להוראות סעיף 7א להלן.

4.2.2. <u>שעבוד הנרשם על ידי החברה</u>

שעבוד הנרשם ביחס להחזקות החברה בחברה בת, המבטיח חוב אשר נלקח על ידי אותה חברה בת ו/או תאגידים בשליטתה, בהתאם לאמור בס"ק 4.2.1.1 לעיל.

נכון למועד חתימת שטר נאמנות זה, רשימת נכסי הנדל"ן המוחזקים על ידי החברה והחברות הבנות שלה, במישרין ובעקיפין, המשועבדים לטובת צדדים שלישיים הינה כמפורט **<u>בנספח 4.2</u>** לשטר נאמנות זה.

4.3. <u>מגבלות ביחס לנטילת חוב פיננסי</u>

בכפוף לאמור בסעיף 4.2 לעיל, החברה מתחייבת בזאת (והחברות הבנות מתחייבות בחתימתן כאמור בסעיף 5א. להלן) כי החל מהמועד הקובע ועד למועד הפירעון הסופי, היא לא תיטול חוב פיננסי חדש (כולל בדרך של החלפת חוב פיננסי קיים של החברה בחוב פיננסי חדש – "refinancing"), אלא בהתקיים אחד מן הסעיפים המפורטים להלן:

4.3.1. החוב הפיננסי החדש נועד להשקעת כספים לפיתוח נכס נדל"ן המוחזק על ידי החברה ו/או חברות בנות שלה, ובלבד ש: (א) ההשקעה תיעשה לפי יחס LTC שלא יפחת מ-50% (ובמקרה בו יכנס, במישרין או בעקיפין, לפרויקט קיים כאמור, שותף, אשר יהיה זכאי בתמורה לכסף או שווה כסף (למעט כנגד קיזוז חוב) לפחות ל- 20% מהזכויות בפרויקט, במישרין או בעקיפין, אזי יפחת יחס ה-LTC בגין אותו פרויקט ליחס שלא יפחת מ-40%); (ב) החוב ניטל על ידי החברה הרלוונטית בעלת הנכס או על ידי חברה אחרת בקבוצה כאמור בסעיף 4.2.1.1 לעיל ו-(ג) וזאת בכפוף לעמידה בדרישת יתרת קופת המזומנים המינימאלית כמפורט בסעיף 4.7 להלן; או

4.3.2. החוב הפיננסי החדש הניטל על ידי החברה הרלוונטית נועד לרכישת נכסי נדל"ן חדשים על ידי החברה הרלוונטית וזאת בכפוף לעמידה בדרישת יתרת קופת המזומנים המינימאלית כמפורט בסעיף 4.7 להלן; או

4.3.3. לפחות 75% מתזרים המזומנים נטו הנובע מהחוב הפיננסי החדש משמש לצורך פדיון מוקדם של שלושת הסדרות, בהתאם להוראות סעיף 7א. להלן. יובהר, למען הסר כל ספק, כי החברה ו/או החברות הבנות רשאיות לבצע מחזור חוב (refinancing) גם אם כתוצאה מכך לא נבע תזרים מזומנים נטו.

על אף כל האמור בסעיף 4.3 זה, במקרה של ביצוע ההזרמה ההונית הנוספת לא יחולו הוראות סעיף 4.3 זה על השקעות בסכום מצטבר עד לגובה סכום ההזרמה ההונית הנוספת.

במקרה של נטילת חוב פיננסי חדש על ידי חברה בת, יחולו הוראות סעיף 7א.2 להלן בקשר להעברת תזרים המזומנים נטו מחברת הבת לחברה לצורך פדיון מוקדם של אגרות החוב הוראות הסעיף האמור.

החברה מצהירה, בקשר עם האמור בסעיפים 4.2 ו-4.3 לעיל, כי החל ממועד הקפאת התשלומים ועד למועד הקובע לא בוצעה על ידי החברה ו/או על ידי חברה בת שלה כל פעולה שאינה מותרת על פי האמור בסעיפים 4.2 ו-4.3 לעיל.

4.4. <u>חלוקה</u>

4.4.1. החברה תהא רשאית לחלק דיבידנד לבעלי מניותיה ו/או כל חלוקה אחרת על פי הדין ההולנדי החל (לרבות רכישה עצמית של מניות החברה) (להלן בסעיף זה: "**חלוקה**") אך ורק בכפוף לעמידת החברה בתנאים המצטברים הבאים:

4.4.1.1. לפחות 75% מיתרת הקרן הבלתי מסולקת של שלושת הסדרות (כהגדרתה בסעיף 1.6 לעיל) כפי שהינה במועד הקובע, נפרעה עד לאותו מועד. לצורך בחינה זו, לא יראו בפירעון אגרות חוב אשר נמכרו על ידי חברה בת של החברה לאחר המועד הקובע כאגרות חוב שנפרעו.

4.4.1.2. יחס הכיסוי (כהגדרתו בסעיף 1.6 לשטר נאמנות זה) על בסיס הדוחות הכספיים המאוחדים (המבוקרים או הסקורים, לפי העניין) האחרונים של החברה במועד אישור החלוקה יעמוד (בהנחה של ביצוע החלוקה) על לפחות 150%.

4.4.2. על אף האמור בסעיף 4.4.1 לעיל, החברה תהא רשאית לבצע חלוקת דיבידנד לבעלי מניותיה ללא קיום התנאים שבסעיף 4.4.1 לעיל ובלבד שחלוקה כאמור אושרה באסיפה של נושי התוכנית ברוב של לפחות 67% מיתרת החוב המוחזק על ידי הנושים המצביעים באסיפת הנושים, בהתאם לאמור בסעיף 38 לנספח ב' לשטר זה להלן.

4.4.3. על אף כל האמור בסעיף 4.4 זה, במקרה שבו תבוצע ההזרמה ההונית הנוספת, החברה תהא רשאית לאחר חלוף לפחות שנה ממועד ההזרמה ההונית הנוספת לחלק דיבידנד לבעלי מניותיה, באופן חד פעמי או במספר חלוקות, בסכום השווה במצטבר לעד מחצית (עד 50%) מסכום ההזרמה ההונית הנוספת, והכל בכפוף להוראות הדין.

במקרה של חלוקה על פי סעיף 4.4 לעיל, תכלול החברה בדוחות הכספיים הראשונים שלה שיתפרסמו לאחר חלוקה כאמור התייחסות לעמידת החלוקה האמורה בהוראות סעיף 4.4 זה (לפי העניין).

4.5. <u>הוצאות החברה</u>

החברה תפעל כמיטב יכולתה על מנת שהיקף הוצאות הנהלה וכלליות של החברה בהתייחס להיקף פעילותה הנוכחית של החברה, לא יעלה על סך שנתי של 7.5 מיליון אירו.

4.6. החברה מתחייבת בזאת (והחברות הבנות מתחייבות בחתימתן כאמור בסעיף 5א. להלן), כי היה ויחס הכיסוי ירד אל מתחת ליחס הכיסוי המינימאלי, אזי במהלך התקופה שתחילתה במועד בדיקת יחס הכיסוי בו נוצרה הירידה לראשונה מיחס הכיסוי המינימאלי וכל עוד לא חזר יחס הכיסוי בחזרה אל שיעור יחס הכיסוי המינימאלי,

החברה וכל אחת מחברות הבת של החברה לא תבצענה את כל אחד מהבאים: (א) מכירה, במישרין או בעקיפין, של נכס נדל"ן כלשהו שבבעלותן ואולם האמור לא יחול ביחס להשלמת מכירת נכסים וזכויות אשר לגביה התקשרה החברה בהתקשרות מחייבת קודם למועד הבדיקה כאמור; או (ב) השקעות בנכס נדל"ן חדש; או (ג) השקעת כספים בפרויקטים קיימים בחברה או בחברת בת במועד הבדיקה כאמור, בשיעור העולה על 20% מעלות ההקמה של פרויקטים כאמור (כפי שאושרה על ידי הבנק המלווה את הפרויקטים), ובכפוף לעמידתה ביחס LTC כמפורט בסעיף 4.3.1 לעיל.

4.7. החברה מתחייבת בזאת, כי החל מן המועד הקובע ועד למועד הפירעון הסופי, ביצוע הזרמות כספים בגין השקעות בנכסי נדל"ן קיימים או חדשים, לרבות לצורך פיתוח ו/או רכישה, ייעשה בכפוף לכך שיתרת המזומנים ושווה מזומנים (שניתן לכלול בדוחות הכספיים המאוחדים של החברה בסעיפים הבאים: מזומנים ושווי מזומנים וכן פיקדונות לזמן קצר, נכסים פיננסיים מוחזקים למסחר ופיקדונות לזמן ארוך (להלן יחדיו: "**שווי מזומנים נוספים**") ובלבד ששווי המזומנים הנוספים ניתנים למימוש למזומן באופן מיידי וללא מגבלה בחברה ובחברות הבנות), תכיל במועד ביצוע הזרמת הכספים בגין השקעות אלו סכום השווה לפחות ל-: (i) הוצאות הנהלה וכלליות בהיקף הנדרש, להערכת הנהלת החברה, לתקופה של 6 חודשים קדימה (ובמקרה שקודם לכך בוצעה ההזרמה ההונית הנוספת – 3 חודשים קדימה) ("**תקופת ההגנה**"); בתוספת (ii) הוצאות ריבית בגין אגרות חוב (סדרה א'), אגרות חוב (סדרה ב') ואגרות החוב בפולין לתקופת ההגנה); ובניכוי (iii) סכומי תקבולים לקבל על ידי החברה ו/או החברות הבנות שלה, בגין עסקאות אשר נחתמו על ידי החברה ו/או החברות הבנות שלה ובוצעה לגביהן השלמה (closing) ואשר להערכת הנהלת החברה קיימת סבירות גבוהה לקבלתם במהלך תקופת ההגנה.

לאחר שהחברה תפרע קרן אגרות חוב בגין שלושת הסדרות בסכום כולל של לפחות 434,000,000 ש"ח, לא כולל הפרשי הצמדה (ככל שהפירעון אינו בש"ח - בהתאם לשער היציג של המטבע הזר מול השקל במועד הפירעון) ובכלל זאת פירעון של קרן אגרות חוב (סדרה ב') בסכום כולל של לפחות 305,000,000 ש"ח (לא כולל הפרשי הצמדה), אזי יוקטן סכום הרזרבה כפי שחושב לעיל ב-50%.

4.8. החברה מתחייבת לפרסם לציבור דוחות כספיים מאוחדים מבוקרים שנתיים וזאת לא יאוחר מחלוף שלושה (3) חודשים קלנדריים מתום כל שנה קלנדרית, וכן, מעבר למחויב בדין, החברה מתחייבת כי במהלך התקופה שתחילתה במועד הקובע וסיומה במועד הפירעון הסופי, היא תפרסם לציבור דוחות כספיים מאוחדים סקורים על בסיס רבעוני, וזאת לא יאוחר מחלוף חודשיים מתום כל אחד משלושת הרבעונים הקלנדריים הראשונים בכל שנה. החברה תכלול במסגרת דוחותיה הכספיים הרבעוניים והשנתיים דיווח מפורט בדבר עמידתה בהתחייבויותיה שבסעיפים 4.1 עד 4.7 לעיל (כולל) וכן בסעיפים 4ב, וביצוע פדיונות מוקדמים על פי הוראות סעיף 7א.2 להלן.

4.9. <u>מסירת אישורים לנאמן</u>

לא יאוחר מחלוף 14 ימים לאחר ביצוע כל פעולה הקבועה בסעיף 4 זה לעיל ו-4ב' להלן, בין על ידי החברה ובין על ידי חברות הבת של החברה (בין אם יצירת שעבודים, נטילת חוב פיננסי לרבות בדרך של מימון מחדש, ביצוע חלוקה וכדומה) אשר תזרים המזומנים נטו הנוצר בגינה עולה על סך של שני (2) מיליון אירו, תמסור החברה לנאמן, אישור חתום על ידי המנהל הכללי של החברה ונושא המשרה הבכיר בתחום הכספים בחברה בדבר עמידת החברה או חברת הבת הרלוונטית (לפי העניין) בהוראות הקבועות בסעיף 4 זה לעיל ו-4ב' להלן, ביחס לפעולה הרלוונטית, בצירוף תחשיבים לשביעות רצון הנאמן, ככל שיידרשו. הנאמן יסתמך על אישור החברה ולא יידרש לבצע בדיקה נוספת מטעמו.

לעניין התחייבויות המתייחסות לחברה ו/או לחברות הבת הכלולות בשטר זה ובנספח לו, יובהר כי אין לנאמן יכולת לפקח ו/או לוודא ו/או לבקר אחר אופן קיום ההתחייבויות על ידי החברות הבנות וכי הוא יסתמך על אישורים שתמסור לו החברה ועל דיווחי החברה בדוחותיה הכספיים כמפורט בסעיף זה מבלי שיוכל לבצע בדיקות עצמאיות מטעמו.

4.10. כן מתחייבת החברה (והחברות הבנות מתחייבות בחתימתן כאמור בסעיף 5א. להלן), כי החל ממועד התחילה ועד למועד הקובע וכן החל מהמועד הקובע ועד למועד הפירעון הסופי לא בוצעה כל פעולה שאינה מותרת על פי האמור בשטר נאמנות זה ולא תבוצע כל פעולה שאינה מותרת על פי האמור בשטר נאמנות זה.

4א. **<u>הקצאת מניות החברה ואגרות חוב למחזיקי אגרות החוב</u>**

בכפוף לכניסתו של שטר נאמנות זה לתוקפו, יהיו זכאים כל מי שהינם מחזיקי אגרות חוב (סדרה ב') במועד הקובע, כל אחד על פי חלקו היחסי (פרו-ראטה) ביחס לכלל מחזיקי אגרות חוב (סדרה ב'), להקצאת מניות ואגרות חוב כדלהלן:

(1) <u>הקצאת מניות</u>

בתמורה לתשלום לחברה של 0.01 אירו למניה (לפי השער אירו/שקל ביום שקדם להקצאה) תוקצה לכלל מחזיקי אגרות חוב (סדרה ב') (למעט לחברת הבת בגין אגרות חוב המוחזקות על ידה), כמות כוללת של מניות החברה המייצגת, (לאחר הקצאתן והקצאת המניות הנוספות כמפורט להלן ואף ליתר הסדרות ולמען הסר ספק אף לאחר הנפקת הזכויות), 9.2197% מההון המונפק והנפרע ומזכויות ההצבעה בחברה (**"המניות המוקצות"**) וכן כמות נוספת של מניות בחברה אשר תוקצה לידי הנאמן בנאמנות בעבור מחזיקי אגרות החוב, שתחושב כתוצאה של חלוקת (א) מספר מניות השווה ל-1% מכמות המניות המוקצות בהנחה של היענות מלאה להנפקת הזכויות ב- (ב) מחיר למניה בהנפקת הזכויות פחות 0.01 אירו (להלן: "**המניות הנוספות**"). "הנפקת הזכויות" משמעה ההנפקה באמצעותה תבוצע ההזרמה ההונית. לפחות 4 ימי מסחר לפני המועד הקובע, תפרסם החברה דיווח מיידי אודות סך המניות המוקצות בפועל לפי החישוב דלעיל.

המניות המוקצות והמניות הנוספות תהיינה שוות בזכויותיהן לזכויות מניות החברה שתהיינה קיימות באותה עת בחברה.

מחזיק אגרות חוב לא יהיה זכאי להקצאה של שברי מניות וכמות המניות לה יהיה זכאי כל מחזיק כאמור תעוגל כלפי מטה למספר השלם הקרוב ביותר. היה וכתוצאה מן ההקצאה ייווצרו מניות שלא יוקצו בפועל (כשברי מניות) אזי הם יבוטלו על ידי החברה.

(2) <u>הקצאת אגרות חוב</u>

כמות כוללת של אגרות חוב (סדרה ב') נוספות, רשומות על שם, בנות 1 ש"ח ע.נ. כל אחת, בגין סכום הריבית הנדחית בגין אגרות חוב (סדרה ב') (כהגדרתה בסעיף 1.6 לעיל) הנצברת ומתווספת לקרן אגרות חוב (סדרה ב') החל מיום 1.1.2014, ללא תמורה. לצורך חישוב הכמות הכוללת של אגרות החוב (סדרה ב') הנוספות, נלקח בחשבון סך הפרשי ההצמדה החלים על אגרות החוב (סדרה ב') ליום 31 בדצמבר 2013. לפיכך, כתוצאה מן ההקצאה האמורה, הקרן של אגרות חוב (סדרה ב') תגדל בסך של 13,727,951 ש"ח ע"נ אגרות חוב (סדרה ב') ("**אגרות החוב הנוספות**").

בנוסף לאגרות החוב הנוספות יוקצו למחזיקי אגרות החוב (סדרה א') אגרות חוב מסדרה א', בהתאם לאותו מנגנון חישוב, בהתאמות המחויבות. ביחס למחזיקי אגרות החוב בפולין תטופל הריבית הנדחית בגין אגרות החוב בפולין באופן כאמור בהגדרת הריבית הנדחית בגין אגרות החוב בפולין בסעיף 1.6 לעיל ובהתאם לעקרונות המפורטים בסעיף 4א(2) זה, בשינויים המחוייבים.

תנאי אגרות החוב (סדרה ב') הנוספות יהיו זהים לתנאי אגרות החוב (סדרה ב') שבמחזור אשר הונפקו עובר למועד שטר זה. אגרות החוב (סדרה ב') הנוספות שתוקצינה כאמור, תהוונה, החל ממועד הקצאתן ובתוקף מיום 1.1.2014, סדרה אחת לכל דבר ועניין ביחד עם אגרות חוב (סדרה ב') שבמחזור. מובהר, כי מחזיקי אגרות החוב הזכאים לאגרות החוב הנוספות כאמור בסעיף זה, לא יהיו זכאים לתשלומי ריבית ו/או קרן בגין אגרות החוב הנוספות, אשר המועד הקובע לתשלומם חל לפני מועד הנפקתן של אגרות החוב הנוספות. מחזיק אגרות חוב לא יהיה זכאי להקצאה של שברי אגרות חוב (סדרה ב') וכמות אגרות החוב לה יהיה זכאי כל מחזיק כאמור תעוגל כלפי מטה למספר השלם הקרוב ביותר. היה וכתוצאה מן ההקצאה ייווצרו אגרות חוב שלא יוקצו בפועל (כשברי מניות) אזי הם יבוטלו על ידי החברה.

הקצאת המניות המוקצות, המניות הנוספות ואגרות החוב הנוספות תבוצע על ידי החברה בסמוך לאחר המועד הקובע ובמועד אשר יתואם עם הבורסה בתל אביב ("**מועד ההקצאה**").

4ב. <u>**מימוש נכסים**</u>

4ב(1) בכפוף למגבלות הקבועות בשטר נאמנות זה, החברה ו/או כל אחת מן החברות הבנות שלה, רשאיות, מעת לעת, למכור, להחכיר, להמחות, למסור או להעביר בכל דרך אחרת את נכסיה, זכויותיה ורכושה או כל חלק מהם ("**דיספוזיציה**"), ללא צורך בקבלת הסכמת הנאמן או הסכמת מחזיקי אגרות החוב.

4ב(2) על אף האמור בסעיף 4ב(1) לעיל, ביחס לארבעת הקניונים (כהגדרתם בסעיף 1.4 לעיל) יחולו ההוראות הבאות:

(i) החברה ו/או כל אחת מן החברות הבנות שלה לא תהיינה רשאיות לבצע דיספוזיציה, במישרין או בעקיפין, במי מארבעת הקניונים או לבצע מחזור חוב (re-financing) ביחס לכל אחד מהם (להלן בסעיף זה: "**אירוע**") אלא בכפוף לכך שתזרים המזומנים נטו מאירוע בקשר עם ארבעת הקניונים לא יפחת מסך מצטבר של שבעים (70) מיליון אירו.

(ii) במקרה בו האירוע חל אך ורק ביחס לחלק מארבעת הקניונים (דהיינו, אינו חל ביחס לארבעת הקניונים יחדיו), אזי החברה ו/או כל אחת מן החברות הבנות שלה תוכל לבצע את האירוע בכפוף לכך שתזרים המזומנים נטו מהאירוע או תזרים המזומנים נטו מהאירוע בתוספת תזרים המזומנים נטו מאירועים קודמים של מי מארבעת הקניונים (ככל שהיו עד לאותו מועד), לפי העניין, ובתוספת עודף השווי הנטו של יתרת הקניונים (כהגדרת מונחים אלו להלן), לא יפחת מסך מצטבר של שבעים (70) מיליון אירו.

לעניין סעיף זה:

"**עודף השווי נטו**"– שווי הנכס על פי הערכת שווי עדכנית שבידי החברה בניכוי יתרת החובות הפיננסיים שיש לחברת הבת המחזיקה את הנכס האמור לאותו מועד.

"**יתרת הקניונים**" – הקניונים הנותרים מתוך ארבעת הקניונים, אשר טרם נמכרו עד למועד האירוע האחרון או במסגרתו. מובהר, כי במקרה של מכירת חלק מהזכויות באחד מן הקניונים האמורים (אשר על תזרים המזומנים נטו בגינה יחולו הוראות סעיף 7א' להלן), אזי הזכויות שלא נמכרו בקניון האמור תיווספנה לעודף השווי נטו של הקניונים הנותרים שטרם נמכרו, לצורך חישוב העמידה בסך המצטבר של שבעים מיליון אירו.

4ג. **<u>הפקדת כרית במזומן</u>**

במועד הקובע, תפקיד החברה בידי הנאמן, בחשבון הנאמנות (כהגדרתו בסעיף 1.6 לעיל) , סך של עשרים וחמישה אלף (25,000) ש"ח במזומן (להלן: "הסכום המופקד"), אשר יוחזק בנאמנות לטובת מחזיקי אגרות החוב וישמש ככרית/מקדמה אך ורק לצורך כיסוי הוצאות הנאמן בקשר עם מקרה של העמדה לפירעון מיידי של אגרות החוב (סדרה ב'). במועד הפירעון הסופי, ישיב הנאמן את הסכום המופקד כאמור (ככל שלא נוצל לייעוד שלו) לידי החברה. הסכום המופקד יהווה משכון מופקד.

5. **<u>בטחונות</u>**

5.1. אגרות החוב אינן מובטחות בשעבוד כלשהו.

למען הסר ספק מובהר, כי על הנאמן לא חלה חובה לבחון, ובפועל הנאמן לא בחן, את הצורך בהעמדת בטחונות להבטחת התשלומים למחזיקי אגרות החוב. הנאמן לא נתבקש לערוך, והנאמן בפועל לא ערך בדיקת נאותות (Due Diligence) כלכלית, חשבונאית או משפטית באשר למצב עסקי החברה. בהתקשרותו בשטר נאמנות זה, ובהסכמת הנאמן לשמש כנאמן למחזיקי אגרות החוב, הנאמן אינו מחווה דעתו, באופן מפורש או משתמע, באשר ליכולתה של החברה לעמוד בהתחייבויותיה כלפי מחזיקי אגרות החוב. אין באמור כדי לגרוע מחובות הנאמן על פי כל דין ו/או שטר הנאמנות לרבות אין בה כדי לגרוע מחובתו של הנאמן (ככל שחובה כזו חלה על הנאמן על פי כל דין) לבחון השפעתם של שינויים בחברה מהמועד הקובע ואילך ככל שיש בהם כדי להשפיע לרעה על יכולתה של החברה לעמוד בהתחייבויותיה למחזיקי אגרות החוב.

5.2. בכפוף להוראות סעיף 4 לעיל, החברה והחברות הבנות של החברה תהיינה רשאיות לשעבד את רכושן, כולו או מקצתו, בכל שיעבוד ובכל דרך שהיא, לטובת צד שלישי כלשהו, ללא צורך בהסכמה כלשהי מהנאמן ו/או ממחזיקי אגרות החוב.

5א. **<u>התחייבות חברות בנות</u>**

עד למועד האחרון לקיום התנאים המתלים (כהגדרתו בסעיף 34 להלן), כל אחת מן החברות בנות במועד שטר זה כמפורט ברשימה המצורפת לשטר זה **<u>כנספח 5א</u>**, תחתום על אישור בנוסח המצ"ב **<u>כנספח 5א1</u>** לשטר נאמנות זה, לפיו בכפוף לכניסתו לתוקף של שטר נאמנות זה היא מתחייבת לפעול בהתאם ההתחייבויות החלות עליה מכוח סעיפים 4.2, 4.3, 4.6, 4ב., 5.2 ו-7.א(2) לשטר נאמנות זה. החברה תעביר לנאמן את כל האישורים החתומים על ידי החברות הבנות (כולל שמות בחותמים בשם כל חברת בת) יחד עם אישורה של החברה כי אלו כל החברות הבנות וכי אישורי חברות הבת נחתמו על ידי מורשי החתימה של חברות הבת (להלן: "**התחייבויות חברות הבת**"). יובהר כי לנאמן אין דרך לוודא כי הרשימה המצורפת כנספח 5א לשטר זה כוללת את כל החברות הבנות ו/או כי הם נחתמו כדין ועל ידי הגורמים המוסמכים לחייב אותן והוא יסתמך על אישור החברה לעניין זה.

החברה מתחייבת כי לאחר המועד הקובע כל חברה בת חדשה שתוקם תתחייב לפעול בהתאם להתחייבויות חברות הבת ואישור כאמור מיד לאחר חתימתו יועבר על ידי החברה לנאמן.

החברה תאשר לנאמן כי האישורים האמורים לעיל נחתמו בידי מורשי החתימה של כל אחת מן החברות הבנות. מובהר, כי החברה לא תהיה מחויבת להמציא לנאמן אישורי עורכי דין או כל אישור אחר בנוגע לחתימות מורשי החתימה של החברות הבנות מעבר לאמור לעיל.

6. **<u>דרגת אגרות החוב</u>**

אגרות החוב תעמודנה בדרגה שווה, פרי פסו, בינן לבין עצמן, בלי זכות בכורה או עדיפות של האחת על פני האחרת.

7. **<u>זכות להעמדה לפירעון מיידי</u>**

7.1. בקרות אחת או יותר מן העילות המפורטות להלן, יהיה הנאמן וכן מחזיקי אגרות החוב, רשאים להעמיד לפירעון מיידי את היתרה הבלתי מסולקת של אגרות החוב, כולה או חלקה, ויחולו הוראות סעיף 7.2 להלן, לפי העניין:

7.1.1. אם אגרות החוב לא נפרעו במועדן או אם החברה לא קיימה התחייבות מהותית אחרת שניתנה לטובת מחזיקי אגרות החוב.

7.1.2. אם נתמנה לחברה מפרק זמני על ידי בית משפט או אם נתן בית המשפט צו פירוק זמני לחברה, והמינוי או הצו כאמור לא בוטל עד תום 45 ימים מיום תחילתו, או אם תתקבל בחברה החלטה בת תוקף לפירוק החברה (למעט פירוק למטרות מיזוג עם חברה אחרת ו/או שינוי במבנה החברה, וכן במקרה בו נתמנה לחברה מפרק קבוע או אם ניתן נגדה צו פירוק סופי. על אף האמור לעיל, לא תחול תקופת ריפוי כלשהי בקשר עם בקשות ו/או צווים כאמור שניתנו לבקשת החברה ו/או בהסכמתה.

7.1.3. אם יקרה אחד מהמקרים המנויים להלן, ויהיה בכך משום סכנה לזכויותיהם של מחזיקי אגרות החוב:

(א) בעלי שעבודים על רכוש החברה יממשו את השעבודים שיש להם על נכסים מהותיים של החברה.

(ב) יוטל עיקול על נכסים מהותיים של החברה והעיקול לא יוסר עד תום 45 (ארבעים וחמישה) ימים מיום הטלתו. על אף האמור לעיל, לא תחול תקופת ריפוי כלשהי בקשר עם פעולות כאמור שבוצעו לבקשת החברה ו/או בהסכמתה.

(ג) תבוצע פעולה של הוצאה לפועל כנגד נכסים מהותיים של החברה והפעולה לא תבוטל עד תום 45 (ארבעים וחמישה) ימים מיום ביצועה. על אף האמור לעיל, לא תחול תקופת ריפוי כלשהי בקשר עם פעולות כאמור שבוצעו לבקשת החברה ו/או בהסכמתה.

(ד) ימונה כונס לנכסים מהותיים של החברה והמינוי לא יבוטל עד תום 45 (ארבעים וחמישה) ימים מיום תחילתו. על אף האמור לעיל, לא תחול תקופת ריפוי כלשהי בקשר עם בקשות ו/או צווים כאמור שניתנו לבקשת החברה ו/או בהסכמתה.

(ה) תוגש לבית המשפט בקשה להקפאת הליכים לפי סעיף 350 לחוק החברות או לפי סעיף מקביל בדין אחר החל על החברה, כנגד החברה והבקשה כאמור לא תבוטל תוך 45 (ארבעים וחמישה) ימים מיום תחילתו. על אף האמור לעיל, לא תחול תקופת ריפוי כלשהי בקשר עם בקשות ו/או צווים כאמור שניתנו לבקשת החברה ו/או בהסכמתה.

"**נכסים מהותיים של החברה**" משמעם: נכסים, אחד או יותר, ששוויים הנכסי נטו (עלות בספרים בניכוי החוב הישיר בגינם) עולה על 25% מההון העצמי של החברה, או על 25% מסך המאזן המאוחד של החברה, לפי הנמוך מביניהם, על-פי דוחותיה הכספיים המאוחדים האחרונים שפורסמו.

לעניין סעיפים קטנים (א) עד (ד) בסעיף 7.1.3 לעיל – לרבות חברות בנות של החברה.

7.1.4. החברה לא פרסמה דוח כספי, בתוך 30 ימים מהמועד האחרון שבו היא חייבת בפרסומו.

7.1.5. בהתאם לדוחות כספיים שפרסמו בהם נמצא כי יחס הכיסוי ירד אל מתחת ליחס הכיסוי המינימאלי (להלן: "**מועד הבדיקה הראשון**") ולא עלה בחזרה אל יחס הכיסוי המינימאלי במשך שני מועדי בדיקה רצופים (כהגדרת המונח בנספח ד' לשטר זה) לאחר מועד הבדיקה הראשון, הכל בהתאם להתחייבות בהתאם לאמור בנספח ד' לשטר נאמנות זה.

7.1.6. אם חלה הרעה מהותית בעסקי החברה לעומת מצבה במועד הקפאת ההליכים (לרבות בתקופה שבין מועד הקפאת ההליכים לבין המועד הקובע), וקיים חשש ממשי שהחברה לא תוכל לפרוע את אגרות החוב במועדן.

7.1.7. אגרות החוב נמחקו מן המסחר בבורסה.

7.1.8. החברה תפסיק את תשלומיה ו/או תודיע על כוונתה להפסיק את תשלומיה ו/או קיים חשש מהותי כי תפסיק את תשלומיה ו/או תחדל להמשיך בעסקיה ו/או תתעתד לחדול מלהמשיך בעסקיה ו/או סביר כי תחדל מלנהל את עסקיה.

7.1.9. החברה הפרה איזו מבין התחייבויותיה כאמור בסעיפים 2.4, 2.5, 2.6, 3, 4, 4א, 4ב ו-7.א לשטר נאמנות זה.

7.2. בקרות איזה מהאירועים המפורטים בסעיף 7.1 לעיל ובהתאם להוראות הכלולות בו על סעיפי המשנה שבו יחולו ההוראות הבאות:

7.2.1. (1) בקרות איזה מהאירועים שבסעיפים 7.1.1 עד 7.1.9 (כולל) לעיל, הנאמן יהיה חייב, ומחזיקים כאמור בסעיף 2 לנספח ב' לשטר הנאמנות יהיו רשאים לזמן אסיפת מחזיקי אגרות החוב, אשר על סדר יומה תהיה החלטה בדבר העמדה לפירעון מיידי של כל היתרה הבלתי מסולקת של אגרות החוב.

7.2.2. מועד כינוסה של אסיפה כאמור בסעיף 7.2.1 לעיל יהא לא מוקדם משבעה ימים ולא יאוחר מחלוף 21 ימים ממועד זימונה (ואולם הנאמן רשאי להקדים את כינוס האסיפה ליום אחד לפחות לאחר מועד הזימון, אם סבר כי הדבר

דרוש לשם הגנה על זכויות המחזיקים ; עשה כן, ינמק הנאמן בדוח בדבר זימון האסיפה את הסיבות להקדמת מועד הכינוס).

7.2.3. החלטת מחזיקי אגרות החוב להעמיד את אגרות החוב לפירעון מיידי, תתקבל באסיפת מחזיקים שנכחו בה מחזיקים בחמישים אחוזים לפחות מיתרת הערך הנקוב של אגרות החוב שבמחזור, ברוב של המחזיקים ביתרת הערך הנקוב של אגרות החוב המיוצג בהצבעה, למעט הנמנעים, או ברוב כאמור באסיפת מחזיקים נדחית שנכחו בה מחזיקים בעשרים אחוזים לפחות מהיתרה כאמור.

7.2.4. על אף כל האמור לעיל, הנאמן או המחזיקים לא יעמידו את אגרות החוב לפירעון מיידי, אלא לאחר שמסרו לחברה הודעה בכתב על כוונתם לעשות כן ; ואולם הנאמן או המחזיקים אינם חייבים למסור לחברה הודעה כאמור אם קיים חשש סביר כי מסירת ההודעה תפגע באפשרות להעמיד את אגרות החוב לפירעון מיידי.

7.2.5. העתק מהודעת זימון האסיפה כאמור שישלח על ידי הנאמן לחברה מיד עם פרסום ההודעה או פרסום זימון האסיפה במגנ"א יהווה התראה מראש ובכתב לחברה על כוונתם של הנאמן או המחזיקים להעמדת אגרות החוב לפירעון מיידי כאמור בסעיף 7.2.4 לעיל.

7.2.6. נקבעה באיזה מסעיפי המשנה בסעיף 7.1 לעיל, תקופה שבה רשאית החברה לבצע פעולה או לקבל החלטה שכתוצאה ממנה נשמטת העילה להעמדה לפירעון מיידי, רשאים הנאמן או המחזיקים להעמיד את אגרות החוב לפירעון מיידי כאמור בסעיף 7 זה, רק אם חלפה התקופה שנקבעה כאמור והעילה לא נשמטה.

7.2.7. הנאמן יודיע למחזיקי אגרות החוב על קרות אירוע המהווה עילה לפירעון מיידי מייד לאחר שנודע לו בפועל הדבר. הודעה כאמור תפורסם בהתאם להוראות סעיף 22 להלן.

7.2.8. למען הסר ספק, מובהר כי אין בזכות ההעמדה לפירעון מיידי כאמור לעיל ו/או בהעמדה לפירעון מיידי כדי לגרוע או לפגוע בכל סעד אחר או נוסף העומד למחזיקי אגרות החוב או לנאמן על פי תנאי אגרות החוב והוראות שטר זה או על פי דין, ואי העמדת החוב לפירעון מיידי בקרות איזה מהמקרים המפורטים בסעיף 7.1 לעיל, לא תהווה ויתור כלשהו על זכויותיהם של מחזיקי אגרות החוב או של הנאמן כאמור.

7א. <u>**פדיון מוקדם**</u>

7.א.1. <u>פדיון מוקדם ביוזמת החברה</u>

בכל עת עד למועד הפירעון הסופי, והכל בכפוף להנחיות רשות ניירות ערך ולהוראות תקנון הבורסה וההנחיות מכוחו, כפי שיהיו במועד הרלוונטי, החברה תהא רשאית (אך לא חייבת) לפי שיקול דעתה הבלעדי, לבצע פדיון מוקדם, מלא או חלקי, של יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה ב'), ו/או של הריבית והפרשי ההצמדה (ככל שישנם) שנצברו עד למועד הפדיון המוקדם, כקבוע בתנאי אגרות החוב, ואשר טרם נפרעו.

2.א.7 <u>פדיון מוקדם חובה עקב "אירוע מימוש"</u>

(I) על אף האמור בסעיף 1.א.7 לעיל, ובכפוף לכניסתו לתוקף של שטר נאמנות זה, בקרות "אירוע מימוש" (כהגדרת מונח זה להלן), החל מיום 15 במאי 2014 ועד למועד הפירעון הסופי, שכתוצאה ממנו נבע תזרים מזומנים נטו חיובי ("**תמורת המימוש נטו**"), החברה תהא מחויבת לבצע פדיון מוקדם, מלא או חלקי, (שלא על דרך רכישת אגרות חוב), של קרן וריבית של אגרות חוב משלושת הסדרות והפרשי הצמדה על כל אלה, בסכום שיקבע לפי אחת משתי החלופות הקבועות להלן (להלן: "**הסכום המיועד לפדיון מוקדם**") ובלבד שהסכום המיועד לפדיון המוקדם שיצטבר כתוצאה מאירוע אחד או יותר יהיה גבוה מסך של שני (2) מיליון אירו (להלן: "**הסך המינימלי**") ובמקרה בו הסך המצטבר הינו נמוך מן הסך המינימאלי הוא ישולם במסגרת פדיון מוקדם עתידי לאחר שהסך המצטבר בפיקדון בצירוף התמורה מאירועי מימוש נוספים יעבור את הסך המינימאלי של שני מיליון אירו והוא ישולם לשלושת הסדרות בהתאם למפורט להלן. בתוך 5 ימי עסקים מקרות אירוע מימוש תפרסם החברה דיווח על אירוע המימוש (ובלבד שתמורת המימוש נטו בגינו עולה על הסך המינימאלי) והסכומים אשר עתידים להתקבל בידיה בגין אירוע המימוש.

סכומי הפדיון מוקדם של אגרות החוב (סדרה ב'), ייזקפו כאמור בסעיף 7א.7 להלן.

חלוקת סכומי תמורת המימוש נטו במסגרת הפדיון המוקדם של שלושת הסדרות תבוצע בהתאם לאמור להלן:

(1) בכל הנוגע לאירוע מימוש שלא קשור בארבעת הקניונים (כולם או חלקם) -

(א) סך השווה ל- 50% מהריבית שנצברה וטרם שולמה עד למועד הפדיון המוקדם בפועל, בצירוף הפרשי הצמדה על הריבית, וכל זאת בגין שלוש הסדרות על פי תנאיהן, ישולם מתוך תמורת המימוש נטו (כהגדרתה לעיל), ויחולק בין שלוש הסדרות פרו רטה בהתאם לגובה הריבית שנצברה, בצירוף הפרשי הצמדה על הריבית כאמור, בגין כל אחת מהסדרות (בסעיף זה: "**יחס הריביות**"), ואולם החברה תהא רשאית להחליט על פי שיקול דעתה הבלעדי כי הסך האמור בס"ק (1)(א) זה או כל חלק ממנו לא ישולם מתוך תמורת המימוש נטו אלא ממקורותיה (לרבות החלק הנותר בידי החברה על פי ס"ק (1)(ג) להלן ובמקרה כאמור לא ינוכה סך זה או חלקו (לפי העניין) כאמור בס"ק (1)(ג) להלן; יובהר כי היה ולא יהיה די בתמורת המימוש נטו כדי לפרוע 50% מהריבית שנצברה וטרם שולמה עד למועד הפדיון המוקדם בפועל, בצירוף הפרשי הצמדה על הריבית, וכל זאת בגין שלוש הסדרות על פי תנאיהן, יחולק סכום תמורת

המימוש נטו פרו רטה בין שלושת הסדרות בהתאם לגובה הריבית שנצברה, בצירוף הפרשי הצמדה על הריבית כאמור, בגין כל אחת מהסדרות.

(ב) סך השווה ליתרת 50% מהריבית שנצברה וטרם שולמה עד למועד הפדיון המוקדם בפועל, בצירוף הפרשי הצמדה על הריבית, וכל זאת בגין שלוש הסדרות על פי תנאיהן, ישולם ממקורותיה העצמיים של החברה (לרבות, החלק הנותר בידי החברה על פי ס"ק (1)(ג) להלן) ויחולק בין שלוש הסדרות פרו רטה לפי יחס הריביות; יובהר כי היה ולא היה ולא יהיה די בתמורת המימוש נטו כדי לפרוע 50% מהריבית שנצברה וטרם שולמה עד למועד הפדיון המוקדם בפועל, ישולם ממקורותיה העצמיים של החברה, כאמור, סך השווה לתמורת המימוש נטו, פרו רטה בין הסדרות לפי יחס הריביות.

(ג) יתרת תמורת המימוש נטו, קרי תמורת המימוש נטו (כהגדרתה לעיל) בניכוי סכום הריבית והפרשי ההצמדה עליה שישולמו ממנה כאמור בס"ק (1)(א) לעיל ("**יתרת תמורת המימוש נטו**"), ככל שיתרה זו חיובית, תחולק באופן שסך השווה ל 75% (שיעור זה יהיה כפוף לשינויים כמפורט בסעיף 7א2. (III) להלן - "**שיעור תשלום הקרן בפדיון מוקדם**") מיתרת תמורת המימוש נטו, ישמש לפירעון יתרת הקרן הבלתי מסולקת של אגרות החוב משלוש הסדרות והפרשי הצמדה עליה, ויחולק בין שלוש הסדרות פרו רטה על-פי יחס יתרת החוב הנדחה, ובהתאם למנגנון המפורט בס"ק (3) להלן ואילו הסך הנותר מיתרת תמורת המימוש נטו יוותר בידי החברה.

(2) בכל הנוגע לאירוע הקשור במימוש ארבעת הקניונים (כולם או חלקם) -

(א) ראשית, מתוך תמורת המימוש נטו תשולם הריבית שנצברה וטרם שולמה עד למועד הפדיון המוקדם בפועל, בצירוף הפרשי הצמדה על הריבית, וכל זאת בגין שלוש הסדרות על פי תנאיהן, ויחולק בין שלוש הסדרות בהתאם ליחס הריביות; ואולם החברה תהא רשאית להחליט על פי שיקול דעתה הבלעדי כי הסך האמור בס"ק (2)(א) זה או כל חלק ממנו לא ישולם מתוך תמורת המימוש נטו אלא ממקורותיה לרבות החלק הנותר בידי החברה על פי ס"ק (2)(ב) להלן ובמקרה כאמור לא ינוכה סך זה או חלקו (לפי העניין) כאמור בס"ק (2)(ב) להלן. יובהר כי היה ולא יהיה די בתמורת המימוש נטו כדי לפרוע את הריבית שנצברה וטרם שולמה עד למועד הפדיון המוקדם בפועל, בצירוף הפרשי הצמדה על הריבית, וכל זאת בגין שלוש הסדרות על פי תנאיהן, יחולק סכום תמורת המימוש נטו פרו רטה בין שלושת הסדרות פרו רטה לפי יחס הריביות.

(ב) יתרת תמורת המימוש נטו, קרי תמורת המימוש נטו בניכוי סכום הריבית והפרשי ההצמדה עליה שישולמו ממנה כאמור בס"ק (2)(א) לעיל ("**יתרת תמורת המימוש נטו**"), ככל שיתרה זו חיובית, תחולק באופן שסך השווה למכפלת שיעור תשלום הקרן בפדיון מוקדם (כהגדרתו לעיל) ביתרת תמורת המימוש נטו, - ישמש לפירעון יתרת הקרן הבלתי מסולקת של קרן אגרות החוב משלוש הסדרות והפרשי ההצמדה עליה ויחולק בין שלוש הסדרות פרו רטה לפי יחס יתרת החוב הנדחה, ובהתאם

לאמור בסעיף קטן "(3)" להלן, ואילו הסך הנותר מיתרת תמורת המימוש נטו יוותר בידי החברה.

(3) מובהר כי בכל הנוגע לפירעונות יתרת הקרן הבלתי מסולקת של שלוש הסדרות במקרה של פידיון חובה עקב אירוע מימוש, כאמור לעיל, יהא הסך שיוקצה לפירעון יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה ב') על פי סעיפים קטנים (1)(ג) או 2(ב) לעיל, לפי העניין, על-פי יחס יתרת החוב הנדחה.

על אף כל האמור, סעיף זה לא יחול על תזרים מזומנים הנובע מפרויקט קוראגון.

פדיון מוקדם יתבצע, ככל שיידרש, בתוך רבעון מהמועד בו התקבל הסכום המיועד לפדיון מוקדם בידי החברה או הצטבר לסך המינימלי, לפי העניין, ולא יותר מפעם אחת בכל רבעון קלנדרי (כל זאת בכפוף ליתר הוראות סעיף 7א'2 זה).

(II) החברה מתחייבת בזאת, לבצע כל פעולה הנדרשת, באופן סביר, כדי לגרום לכך שבמקרה בו תזרים המזומנים נטו התקבל אצל חברת הבת, חברת הבת תעביר את תזרים המזומנים נטו לידי החברה ויחול האמור להלן:

(א) העברה כאמור תבוצע לא יאוחר מחלוף 14 יום מהמועד בו התקבל תזרים המזומנים נטו בחברת הבת הרלוונטית, וזאת אלא אם קיימות מגבלות חוקיות ו/או רגולטוריות אחרות ו/או מגבלות שאינן בשליטת החברה או חברת הבת הרלוונטית, אשר אינן מאפשרות העברה תוך פרק הזמן האמור ובמקרה זה תפעל החברה כמיטב יכולתה להסרת המגבלה ולהעברת הסכום אליה במועד הראשון בו תוסר המגבלה כאמור. (ב) במהלך התקופה שבין מועד קבלת תזרים המזומנים נטו בידי חברת הבת לבין מועד העברתו לידי החברה, לא ייעשה שימוש בסכום זה על ידי חברת הבת והסכום יופקד בפיקדונות כספיים סולידיים. (ג) במידה והכספים לא הועברו לחברה תוך 14 יום מהמועד בו התקבל תזרים המזומנים נטו בחברת הבת הרלוונטית כתוצאה ממגבלות שאינן בשליטת החברה או חברת הבת הרלוונטית, ביום שיועברו כספים אלו לחברה הם ישמשו רק לתשלומי קרן.

לעניין סעיף זה:

"**אירוע מימוש**" - כל אחד מן האירועים הבאים: (i) דיספוזיציה של נכס נדל"ן של החברה או של נכס נדל"ן של חברה בת; או (ii) נטילת חוב פיננסי חדש על ידי החברה או חברה בת למעט נטילת חוב פיננסי חדש לצורכי רכישה, ו/או השקעה ו/או פיתוח של נכס נדל"ן; או (iii) מימון מחדש (refinancing) של נכס נדל"ן, למעט לצורך השקעה ו/או פיתוח של נכס נדל"ן.

"**תזרים המזומנים נטו**", "**חוב פיננסי**", "**דיספוזיציה**" - כהגדרת מונחים אלו בסעיף 1.6 לעיל.

(III) שיעור תשלום הקרן בפדיון מוקדם (כהגדרת מונח זה בס"ק **(I)**(1)(ג) לעיל) יקטן במקרה בו יתקיימו במצטבר האירועים הבאים:

(1) בוצעה ההזרמה ההונית הנוספת (כהגדרתה בסעיף 1.6 לעיל); ו-(2) בוצע פירעון חלקי של יתרת הקרן הבלתי מסולקת של שלושת הסדרות (כהגדרתה בסעיף 1.6 לעיל) כפי שהינה במועד הקובע, בין בדרך של פירעון על פי סעיף 2 לעיל, בין בדרך של פדיון מוקדם של אגרות חוב או פירעונן ובין בדרך של רכישת אגרות חוב על פי סעיף 3.1 לעיל, וזאת בהתאם לשיעורים המפורטים כדלקמן:

% פירעון של יתרת הקרן הבלתי מסולקת של שלושת הסדרות הנוכחית (מבלי לקחת בחשבון פירעון אגרות חוב אשר נמכרו על ידי חברה בת של החברה לאחר המועד הקובע)	**שיעור תשלום הקרן בפדיון מוקדם**
50%	60%
60%	50%

3.א.7 החברה תמסור לנאמן הודעה מראש בדבר ביצוע פדיון מוקדם כאמור בסעיף 7א. מועד ביצוע הפדיון המוקדם ייקבע על ידי החברה בתיאום עם הבורסה ובהתאם להוראות והנחיות הבורסה. ההודעה על הפדיון המוקדם תפורסם בדו"ח מיידי של החברה לפחות 17 ימים אך לא יותר מ-45 ימים לפני מועד הפדיון המוקדם, ויפורטו בה, ככל שרלוונטי: (א) סכום הערך הנקוב הכולל של אגרות החוב שייפדו בפדיון המוקדם וכן את הריבית שנצברה בגין סכום הקרן האמור עד למועד הפדיון המוקדם וסכום הפדיון המוקדם; (ב) המועד הקובע לזכאות לפדיון המוקדם שיהיה 12 יום לפני המועד שנקבע לפדיון המוקדם; (ג) מועד התשלום; (ד) הפרשי הצמדה (ככל שישנם) בגין הערך הנקוב ובגין הריבית שייפרעו כאמור; (ה) שיעור הפדיון החלקי במונחי היתרה הבלתי מסולקת; (ו) שיעור הפדיון החלקי במונחי הסדרה המקורית; (ז) שיעור הריבית בפדיון החלקי על החלק הנפדה; (ח) שיעור הריבית שישולם בפדיון החלקי, מחושב לגבי היתרה הבלתי מסולקת; (ט) עדכון שיעורי הפדיונות החלקיים שנותרו, במונחי הסדרה המקורית; (י) פירוט בדבר חישוב חלוקת סכום הפדיון המוקדם בין שלושת הסדרות; ו- (יא) לוח הסילוקין המעודכן לאגרות החוב. החברה תהא רשאית לפרסם את הנתונים המפורטים בסעיפים א-ה, ללא הצמדה למדד, ובלבד שבפועל הפדיון המוקדם יבוצע בכפוף להצמדה למדד, כמפורט בתוספת הראשונה לשטר זה.

לא ייעשה פדיון מוקדם לחלק מסדרת אגרות החוב אם סכום הפדיון האחרון יפחת מ-3.2 מיליון ש"ח.

מועד הפדיון המוקדם לא יחול בתקופה שבין המועד הקובע לתשלום ריבית בגין אגרות החוב לבין מועד תשלום הריבית בפועל.

תדירות הפדיונות המוקדמים לא תעלה על פדיון אחד לרבעון.

נקבע פדיון מוקדם ברבעון שקבוע בו גם מועד לתשלום ריבית,או מועד לתשלום פדיון חלקי או מועד לתשלום פדיון סופי,יבוצע הפדיון המוקדם במועד שנקבע לתשלום כאמור.

לענין זה "רבעון" משמעו כל אחת מהתקופות הבאות: ינואר – מרץ , אפריל – יוני, יולי –ספטמבר, אוקטובר-דצמבר.

ההיקף המזערי של כל פדיון מוקדם, לא יפחת מ-1 מיליון ש"ח.למרות האמור לעיל ,חברה רשאית לבצע פדיון מוקדם בהיקף הנמוך מ-1 מיליון ש"ח ובלבד שתדירות הפדיונות לא תעלה על פדיון אחד לשנה.

כל סכום שיפרע בפירעון מוקדם ע"י החברה, ייפרע ביחס לכלל מחזיקי אגרות החוב, פרו-רטה לפי ע.נ. של אגרות החוב המוחזקות.

4.א.7 אגרות חוב אשר ייפדו במסגרת הפדיון המוקדם כאמור לעיל תימחקנה מהמסחר בבורסה, תתבטלנה ותהיינה חסרות כל תוקף ונפקות ולא תקנינה לאחר ביצוע הפדיון המוקדם זכויות כלשהן.

5.א.7 פדיון מוקדם חלקי או מלא על פי סעיף זה יבוצע על פי הערך ההתחייבותי של אגרות החוב הנפדות במועד הפדיון המוקדם, ולא יהיה כפוף לתשלום עלות, פיצוי או קנס כלשהו. למען הסר ספק, הפדיון המוקדם כאמור לא יקנה למי שהחזיק באגרות החוב שייפדו בפדיון מוקדם חלקי או מלא כאמור, את הזכות לתשלום ריבית והפרשי הצמדה (ככל שישנם) בגין התקופה שלאחר מועד הפדיון המוקדם.

לעניין סעיף 7א. זה:
"**הערך ההתחייבותי**": סכום היתרה הבלתי מסולקת של הערך הנקוב של אגרות החוב ושל הריבית והפרשי ההצמדה (ככל שישנם) שנצברו עד למועד הפדיון המוקדם בפועל, כקבוע בתנאי אגרות החוב, ואשר טרם נפרעו.

6.א.7 הסכום המשולם על ידי החברה במסגרת פדיון מוקדם למחזיקי אגרות החוב כאמור, ישולם לכל מחזיקי אגרות החוב (סדרה ב'), פרו-ראטה להחזקותיהם באגרות החוב (סדרה ב').

7א.7 בכל מקרה של פדיון מוקדם על פי סעיף 7א' זה, סכומי הפדיון מוקדם של אגרות החוב (סדרה ב'), ייזקפו לפי הסדר הבא: (1) תחילה לפירעון הריבית שנצברה וטרם שולמה על יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה ב') עד למועד הפדיון המוקדם בפועל (חישוב הריבית ייעשה על בסיס 365 יום בשנה) בצירוף הפרשי הצמדה עד למועד האמור; ורק לאחר מכן - (2) לפירעון יתרת הקרן הבלתי מסולקת של אגרות החוב (סדרה ב'), כאשר זקיפת סכום הפדיון המוקדם ביחס ליתרת הקרן הבלתי מסולקת של אגרות החוב תיעשה על פי מועדי תשלומי יתרת הקרן הבלתי מסולקת על פי סדר פירעונם מן המוקדם למאוחר.

8. **<u>תביעות והליכים בידי הנאמן</u>**

8.1. בנוסף לכל הוראה אחרת בשטר הנאמנות וכזכות וסמכות עצמאית יהיה הנאמן רשאי, לפי שיקול דעתו וללא מתן הודעה נוספת, לנקוט בכל אותם הליכים, לרבות הליכים משפטיים, כפי שימצא לנכון ובכפוף להוראות כל דין, לשם הגנה על זכויות מחזיקי אגרות החוב ולבצע את הוראות שטר הנאמנות והוא יהיה רשאי לכנס אסיפה של מחזיקי אגרות החוב לשם כך. הנאמן יהיה חייב לנקוט בהליכים כאמור על פי דרישת אסיפת מחזיקי אגרות החוב שהתקבלה בהחלטה רגילה אלא אם כן ראה כי בנסיבות העניין אין הדבר צודק ו/או סביר לעשות כן ופנה לבית המשפט המתאים בבקשה לקבלת הוראות בנדון במועד הסביר הראשון.

8.2. הנאמן רשאי, בטרם ינקוט בהליכים כאמור לעיל, לכנס אסיפה כללית של מחזיקי אגרות החוב כדי שיוחלט על ידיהם בהחלטה רגילה אלו הליכים לנקוט למימוש זכויותיהם על פי שטר זה ואגרות החוב. כן יהיה הנאמן רשאי לשוב ולכנס אסיפות כלליות של מחזיקי אגרות החוב לצורך קבלת הוראות בכל הנוגע לניהול ההליכים כאמור. פעולת הנאמן תתבצע במקרים כאמור ללא שיהוי ובמועד הראשון האפשרי והסביר.

8.3. בכפוף להוראות שטר זה, רשאי הנאמן, אך לא חייב, לכנס בכל עת אסיפה כללית של מחזיקי אגרות החוב על מנת לדון ו/או לקבל את הוראותיה בכל עניין הנוגע לשטר זה, ובלבד שכינוס האסיפה יבוצע על ידי הנאמן במקרים כאמור ללא שיהוי ובמועד הראשון האפשרי והסביר.

8.4. הנאמן רשאי, אך לא חייב, על פי שיקול דעתו הבלעדי, לעכב ביצוע של כל פעולה על ידו על פי שטר זה, לצורך פניה לאסיפה כללית של מחזיקי אגרות החוב ו/או לבית המשפט, עד שיקבל הוראות מאסיפה כללית של מחזיקי אגרות החוב ו/או הוראות מבית המשפט כיצד לפעול. הפניה לאסיפה הכללית של מחזיקי אגרות החוב ו/או לבית המשפט יתבצעו במקרים כאמור ללא שיהוי ובמועד הראשון האפשרי והסביר.

8.5. למען הסר כל ספק מובהר בזאת, כי אין באיזה מההוראות המפורטות לעיל כדי לפגוע ו/או לגרוע מזכותו של הנאמן המוקנית לו בזאת לפנות בכל עת על פי שיקול דעתו הבלעדי לערכאות משפטיות לצורך מתן כל צו באשר לענייני הנאמנות.

9. **<u>נאמנות על התקבולים</u>**

9.1. כל התקבולים שיתקבלו על ידי הנאמן ולרבות כתוצאה מהליכים שינקוט, אם ינקוט, כנגד החברה, יוחזקו על ידיו בנאמנות וישמשו בידיו למטרות ולפי סדר העדיפות הבא: תחילה לסילוק ההוצאות הסבירות, התשלומים ההיטלים וההתחייבויות שהוצאו על ידי הנאמן, הוטלו עליו, או נגרמו אגב או כתוצאה מפעולות ביצוע הנאמנות או באופן אחר בקשר לתנאי שטר זה, לרבות שכרו (וזאת מבלי לגרוע מהתחייבויות החברה לפי סעיף 18 להלן). שנית – לתשלום החזר למחזיקים אשר נשאו בתשלומים לפי סעיף 23 לשטר מעבר לחלקם

היחסי בגין חלקם העודף כאמור (ולרבות ריבית שתיזקף בגין חלקם העודף כאמור, ככל שתיזקף) ולאחר מכן תשלום החזר למחזיקים אשר נשאו בתשלומים כפי חלקם היחסי; שלישית - כדי לשלם למחזיקי אגרות החוב את פיגורי הריבית המגיעה להם ובכפוף לתנאי ההצמדה שבאגרות החוב פרי-פסו ובאופן יחסי לסכומים המגיעים לכל אחד מהם ללא העדפה או זכות קדימה לגבי איזה מהם, ובלי כל העדפה בקשר לקדימות בזמן של הוצאת אגרות החוב על ידי החברה או באופן אחר; רביעית - כדי לשלם למחזיקי אגרות החוב את התשלומים על חשבון יתרת הקרן הבלתי מסולקת המגיעים להם על פי אגרות החוב המוחזקות על ידיהם פרי-פסו ובכפוף לתנאי ההצמדה שבאגרות החוב, וזאת בין אם הגיע זמן סילוק תשלום על חשבון יתרת הקרן הבלתי מסולקת כאמור ובין אם לאו ובאופן יחסי לסכומים המגיעים להם, בלי כל העדפה בקשר לקדימות בזמן של הוצאת אגרות החוב על ידי החברה או באופן אחר, ואת העודף, אם יהיה כזה, ישלם הנאמן לחברה או לחליפיה, לפי העניין. מהתשלומים למחזיקי אגרות החוב ינוכה מס במקור ככל שיש חובה לנכותו על פי כל דין.

9.2. תשלום הסכומים על-ידי הנאמן למחזיקי אגרות החוב כפוף לזכויות של נושים אחרים של החברה, אם תהיינה כאלה, בהתאם להוראות הדין.

9.3. מהתשלומים למחזיקי אגרות החוב ינוכה מס במקור, ככל שיש חובה לנכותו על פי כל דין.

9.4. הנאמן יהיה רשאי לקזז כל סכום אותו חייבת החברה ו/או חייבים מחזיקי אגרות החוב לנאמן (בין כתשלום על חשבון שכר הטרחה ובין כהחזר הוצאות) בהתאם לזכותו של הנאמן לקבלת הסכומים כאמור מכוח שטר נאמנות זה, וזאת ללא צורך בהחלטה של אסיפת מחזיקי אגרות חוב ו/או בהסכמת החברה, ובתנאי כי הנאמן הודיע למחזיקי אגרות החוב ולחברה על קיזוז כאמור באופן הקבוע בסעיף 24 לשטר זה.

9.5. יובהר, כי ככל והיה על החברה לשאת באיזה מההוצאות אולם לא עשתה כן, יפעל הנאמן לקבלת הסכומים כאמור מהחברה ובמקרה ויצליח לקבלם יוחזקו על ידו בנאמנות וישמשו בידיו למטרות ולפי סדר העדיפות המפורט בסעיף זה.

10. **<u>סמכות לדרוש תשלום למחזיקים באמצעות הנאמן</u>**

בכפוף לקבלת החלטה רגילה של מחזיקי איגרות החוב, הנאמן רשאי להורות לחברה בכתב להעביר לחשבון הנאמן, עבור מחזיקי איגרות החוב וחלף ביצוע התשלום להם, חלק או מלוא התשלום הבא (ריבית ו/או קרן), וזאת לשם מימון ההליכים ו/או ההוצאות ו/או שכר הנאמן על-פי שטר זה. העברה כאמור תבוצע על ידי החברה לנאמן במועד שנקבע לתשלום הבא על-פי שטר זה (ולא קודם לכן). החברה אינה רשאית לסרב לפעול על-פי הודעת הנאמן ויראו את העברת הסכום כאמור לידי הנאמן כתשלום על ידי החברה של סכום זה למחזיקים לכל דבר וענין ויראו את החברה כמי שמילאה אחר התחייבותה כלפי מחזיקי אגרות החוב אם העבירה את הסכום שנדרש על-ידי הנאמן לזכות החשבון שפרטיו פורטו בהודעת הנאמן ולנאמן ולמחזיקים לא תהא כל טענה כנגד החברה במקרה כאמור בקשר עם העברת התשלום כאמור בסעיף זה לעיל. אין

באמור כדי לשחרר את החברה מחבותה לשאת בתשלומי ההוצאות והשכר הנוספים, ככל שיהיו, מקום בו היא חייבת לשאת בהם על-פי שטר זה או על-פי דין.

11. **<u>סמכות לעכב חלוקת כספים</u>**

11.1. למרות האמור בסעיף 9 לעיל, היה והסכום הכספי אשר יתקבל בידי הנאמן ואשר יעמוד בזמן כלשהו לחלוקה, כאמור באותו סעיף, יהיה פחות ממיליון ש"ח (להלן: "**הסכום המינימלי**") לא יהיה הנאמן חייב לחלקו, והוא יהיה רשאי להשקיע את הסכום האמור, כולו או מקצתו, בהשקעות המותרות לפי שטר זה ולהחליף השקעות אלה מזמן לזמן בהשקעות מותרות אחרות על פי שטר זה הכל לפי ראות עיניו. על אף האמור לעיל, החלטה מיוחדת באסיפת מחזיקי אגרות החוב תהא רשאית להורות לנאמן לחלק למחזיקי אגרות החוב כל סכום כאמור גם אם הסכום המצטבר כאמור נמוך מהסכום המינימלי.

11.2. לכשתגענה ההשקעות האמורות לעיל על רווחיהן, יחד עם כספים נוספים שיגיעו לידי הנאמן לצורך תשלומם למחזיקי אגרות החוב, אם יגיעו, לסכום אשר יספיק כדי לשלם לפחות את הסכום המינימאלי ישלמם הנאמן למחזיקי האגרות כאמור בסעיף 9 לעיל. במקרה בו תוך פרק זמן סביר לא יהיה בידי הנאמן סכום אשר יספיק כדי לשלם לפחות את הסכום המינימאלי יהיה הנאמן חייב לחלק למחזיקי אגרות החוב את הכספים שבידו.

12. **<u>הודעה על חלוקה והפקדה אצל הנאמן</u>**

הנאמן יודיע למחזיקי אגרות החוב על היום והמקום שבו יבוצע תשלום כלשהו מבין התשלומים הנזכרים בסעיפים 9 ו-11 לעיל, וזאת בהודעה שתימסר להם באופן הקבוע בסעיף 24 להלן לא פחות מעשרה ימים ולא יותר מעשרים ימים מראש.

לאחר היום הקבוע בהודעה יהיו מחזיקי אגרות החוב זכאים לריבית בגינן לפי השיעור הקבוע באגרות החוב, אך ורק על יתרת הקרן הבלתי מסולקת (אם תהיה כזו) לאחר ניכוי הסכום ששולם או שהוצע להם לתשלום כאמור.

13. **<u>הימנעות מתשלום מסיבה שאינה תלויה בחברה</u>**

13.1. סכום כלשהו המגיע למחזיק אגרת החוב שלא שולם בפועל במועד הקבוע לתשלומו מסיבה שאינה תלויה בחברה, בעוד שהחברה הייתה מוכנה לשלמו, יחדל לשאת ריבית והפרשי הצמדה מהמועד שנקבע לתשלומו, ואילו המחזיק באגרות החוב יהיה זכאי אך ורק לאותם סכומים שהיה זכאי להם במועד שנקבע לפירעון אותו תשלום על חשבון הקרן, הריבית והפרשי ההצמדה.

13.2. החברה תפקיד בידי הנאמן את סכום התשלום שלא שולם במועדו, כאמור בסעיף קטן 13.1 לעיל, לא יאוחר מ-15 ימי עסקים מהמועד שנקבע לאותו תשלום, ותודיע על הפקדה כאמור, וההפקדה הנ"ל תחשב כסילוק אותו תשלום ובמקרה של סילוק כל המגיע בגין אגרת החוב, גם כפדיון אגרת החוב.

13.3. הנאמן ישקיע, במסגרת חשבונות נאמנות בשמו ולפקודתו, את הכספים שיועברו אליו כאמור בסעיף קטן 13.2 לעיל בהשקעות המותרות לנאמן על-פי שטר זה. עשה כן הנאמן, לא יהיה חייב לזכאים בגין אותם סכומים אלא את התמורה שתתקבל ממימוש ההשקעות בניכוי ההוצאות הקשורות בהשקעה האמורה ובניהול חשבונות הנאמנות, העמלות ובניכוי תשלומי החובה החלים על חשבון הנאמנות. מתוך הכספים כאמור יעביר הנאמן סכומים למחזיקי אגרות החוב הזכאים להם, וזאת בסמוך ככל הניתן לאחר שיומצאו לנאמן הוכחות ואישורים על זכותם לסכומים אלו לשביעות רצונו המלאה של הנאמן, ובניכוי הוצאותיו הסבירות.

13.4. הנאמן יחזיק בכספים אלו וישקיעם בדרך האמורה, עד לתום שנה אחת ממועד הפירעון הסופי. לאחר מועד זה, יעביר הנאמן לחברה את הסכומים כאמור בסעיף קטן 13.3 לעיל, כולל רווחים הנובעים מהשקעתם בניכוי הוצאותיו הסבירות, ככל שיוותרו בידיו באותו מועד. החברה תחזיק בסכומים אלו בנאמנות עבור מחזיקי אגרות החוב הזכאים לאותם סכומים, ובכל הנוגע לסכומים שיועברו אליה על ידי הנאמן כאמור לעיל יחולו עליה הוראות סעיף קטן 13.3 לעיל, בשינויים המחויבים.

החברה תאשר לנאמן בכתב את אחזקת הסכומים ואת דבר קבלתם בנאמנות עבור מחזיקי אגרות החוב האמורים, ותשפה את הנאמן בגין כל תביעה ו/או הוצאה ו/או נזק מכל סוג שהוא שייגרמו לו עקב ובגין העברת הכספים כאמור, אלא אם כן פעל הנאמן ברשלנות שאינה פטורה על פי סעיף 52יג. לחוק ניירות ערך (להלן: "**רשלנות שאינה פטורה על פי החוק**"). לאחר העברת הסכומים לחברה לא יהיה הנאמן חייב למחזיקי אגרות החוב מאותה סדרה תשלום כלשהו בגין הסכומים שהוחזקו על-ידו כאמור.

החברה תחזיק בכספים אלו בנאמנות עבור מחזיקי אגרות החוב הזכאים לאותם סכומים במשך שש שנים נוספות מיום העברתם אליה מאת הנאמן ותשקיעם בהשקעות המותרות על פי שטר, ולא תעשה בהם כל שימוש במשך תקופה זו. כספים שלא יידרשו מאת החברה על ידי מחזיק אגרות חוב עד תום שבע שנים ממועד הפירעון הסופי, יעברו לידי החברה, והיא תהא רשאית להשתמש בכספים הנותרים לכל מטרה שהיא.

14. <u>קבלה מאת מחזיקי אגרות החוב</u>

14.1. קבלה מאת מחזיק אגרת החוב בגין תשלום על חשבון הקרן, הריבית והפרשי ההצמדה ששולמו לו על ידי הנאמן בגין אגרת החוב תשחרר את הנאמן ואת החברה בשחרור מוחלט בכל הקשור לעצם ביצוע התשלום של הסכומים הנקובים בקבלה.

14.2. קבלה מאת הנאמן בדבר הפקדת תשלום על חשבון הקרן, הריבית והפרשי ההצמדה אצלו לזכות מחזיקי אגרת החוב כאמור בסעיף 13.2 לעיל תחשב כקבלה מאת מחזיק אגרת החוב לצורך האמור בסעיף 14.1 לעיל ביחס לשחרור החברה בכל הקשור לביצוע התשלום של הסכומים הנקובים בקבלה.

14.3. כספים שחולקו כאמור בסעיף 13 לעיל ייחשבו כתשלום על חשבון הפירעון של אגרות החוב.

15. **<u>הצגת אגרת חוב לנאמן ורישום בקשר לתשלום חלקי</u>**

15.1. הנאמן יהיה רשאי לדרוש ממחזיק אגרת חוב להציג בפני הנאמן, בזמן תשלום ריבית כלשהי או תשלום חלקי של קרן, ריבית והפרשי הצמדה לפי סעיפים 9, 10, 11 ו- 12 לעיל, את תעודת אגרות החוב שבגינן משולמים התשלומים.

15.2. הנאמן יהיה רשאי לרשום על תעודת אגרות החוב הערה בנוגע לסכומים ששולמו כאמור לעיל ותאריך תשלומם.

15.3. הנאמן יהיה רשאי בכל מקרה מיוחד, לפי שיקול דעתו, לוותר על הצגת תעודת אגרות החוב לאחר שניתן לו על ידי מחזיק אגרת החוב כתב שיפוי ו/או ערובה מספקת להנחת דעתו בגין נזקים העלולים להיגרם מחמת אי רישום ההערה כאמור, הכול כפי שימצא לנכון.

15.4. למרות האמור לעיל יהיה הנאמן רשאי על פי שיקול דעתו לקיים רישומים באופן אחר, לגבי תשלומים חלקיים כאמור.

16. **<u>השקעת כספים</u>**

כל הכספים אשר רשאי הנאמן להשקיעם לפי שטר זה, יושקעו על ידיו, בחשבונות של אחד מחמשת הבנקים הגדולים בישראל, בשמו או בפקודתו, בהשקעות שדיני מדינת ישראל מתירים להשקיע בהם כספי נאמנות וזאת כפי שימצא למתאים, והכול בכפוף לתנאי שטר נאמנות זה.

עשה כן הנאמן, לא יהיה חייב לזכאים בגין אותם סכומים אלא את התמורה שתתקבל ממימוש ההשקעות בניכוי שכר טרחתו והוצאותיו, העמלות וההוצאות הקשורות בהשקעה האמורה ובניהול חשבונות הנאמנות, העמלות ובניכוי תשלומי החובה החלים על חשבון הנאמנות, וביתרת הכספים כאמור יפעל הנאמן על פי הוראות סעיפים 9 ו/או 11 לעיל, לפי הענין.

17. **<u>התחייבויות החברה כלפי הנאמן</u>**

החברה מתחייבת בזאת כלפי הנאמן, כל זמן שאגרות החוב טרם נפרעו במלואן, כדלקמן:

17.1. להתמיד ולנהל את עסקיה בצורה סדירה ונאותה ולהחזיק ולשמור את נכסיה במצב טוב ותקין.

17.2. לשלם בקביעות את כל תשלומי החובה והמסים החלים, אם חלים, על נכסיה.

17.3. לנהל פנקסי חשבונות סדירים בהתאם לעקרונות חשבונאיים מקובלים, לשמור את הפנקסים והמסמכים המשמשים להם כאסמכתאות, ולאפשר לכל נציג מורשה של הנאמן

לעיין, בכל זמן סביר שיתואם מראש עם החברה, בכל פנקס ו/או מסמך כאמור שהנאמן יבקש לעיין בו. לענין זה, נציג מורשה של הנאמן פירושו מי שהנאמן ימנה למטרת עיון כאמור, וזאת בהודעה בכתב של הנאמן שתימסר לחברה לפני העיון כאמור ותכלול גם אישור של הנאמן לפיו הממונה כאמור מחויב כלפי הנאמן בשמירה על סודיות המידע שיגיע לידיעת אותו ממונה בפעולותיו עבור הנאמן.

17.4. לאפשר לנאמן ו/או למי שימנה הנאמן בכתב למטרה זו, להיכנס בתיאום מראש למשרדיה ולכל מקום שבו יימצאו נכסיה, בכל זמן סביר, לשם בדיקת נכסיה, על-פי שיקול דעתו הסביר של הנאמן, לשם הגנה על מחזיקי אגרות החוב ובלבד שהנאמן פעל לשם מילוי תפקידו בתום לב.

17.5. החברה תמסור לנאמן ו/או לנציג מורשה שלו שיכול ויהיה עו"ד ו/או רו"ח במקצועו (ואשר הודעה על מינויו תימסר על-ידי הנאמן לחברה עם מינויו) מידע נוסף בנוגע לחברה (לרבות הסברים, מסמכים וחישובים בנוגע לחברה, עסקיה או נכסיה) אשר יאושר על ידי נושא משרה בחברה ואף תורה לרואה החשבון שלה וליועציה המשפטיים לעשות כן, לפי דרישה סבירה בכתב של הנאמן, וזאת ככל שלדעתו הסבירה של הנאמן המידע דרוש לנאמן לשם יישום והפעלת הסמכויות, הכוחות וההרשאות של הנאמן ו/או באי כוחו על-פי שטר הנאמנות לרבות מידע אשר עשוי להיות חיוני ונדרש לשם בדיקות שנעשות על-ידי הנאמן לשם הגנה על זכויות מחזיקי איגרות החוב ובלבד שהנאמן פועל בתום לב, וזאת בכפוף להתחייבות לסודיות כאמור בסעיף 29.8 להלן .

17.6. לבטח את נכסיה בהתאם לעקרונות נוהל עסקי תקין שלפיהם נוהגים לבטח נכסים מאותו סוג, ולמלא אחר תנאי הביטוח ולהמציא לנאמן אישור על קיום פוליסות ביטוח אחת לשנה.

17.7. להודיע לנאמן בכתב מייד לאחר שנודע לה, ולא יאוחר מ-2 ימי עסקים לאחר שנודע לה, על קרות כל אירוע מהאירועים המפורטים בסעיף 7.1 לשטר זה על סעיפיו הקטנים לעיל.

17.8. למסור לנאמן על פי דרישתו לוח סילוקין בקובץ Excel פעיל.

17.9. למסור לנאמן הודעות בדבר רכישת אגרות חוב על-ידי החברה או על ידי חברה בת שלה, כאמור בסעיף 3 לשטר. דיווח של החברה במערכת המגנ"א בדבר רכישת אגרות החוב ייחשב כמסירה לנאמן.

17.10. לתת לנאמן, העתק מכל דו"ח שהיא חייבת בהגשתו לבורסת לונדון, באותו מועד שהיא מגישה אותו לבורסת לונדון, והעתק מכל מסמך שהחברה מעבירה לבעלי מניותיה או למחזיקים באגרות החוב ופרטי כל מידע שהיא מעבירה להם בדרך אחרת. דיווח של דוח או מסמך כאמור על ידי החברה במערכת המגנ"א ייחשב לצורך כך כמסירה לנאמן. כן תעביר החברה לנאמן מידע נוסף בנוגע לחברה לפי דרישה סבירה של הנאמן, וכל מידע

שיועבר לנאמן יישמר על ידיו בסודיות בהתאם להוראות סעיף 29 להלן, או לפי צו של בית משפט.

17.11. בסמוך לאחר פרסומו של דוח כספי שנתי של החברה ולא יאוחר מיום 10 באפריל של כל שנה, תמציא החברה לנאמן אישור חתום על-ידי מורשי חתימה בחברה על כך שבתקופה שמתאריך השטר ו/או מתאריך האישור הקודם שנמסר לנאמן, המאוחר מביניהם, ועד למועד מתן האישור לא קיימת מצד החברה הפרה של שטר זה (לרבות הפרה של תנאי איגרת החוב ולרבות ביחס להוראות בסעיפים ספציפיים בשטר שביחס אליהם יבקש הנאמן התייחסות החברה באישור זה), וכי כל התשלומים למחזיקי אגרות החוב בתקופה הנ"ל שולמו במועדם אלא אם כן צוין בו במפורש אחרת וכן בדבר יתרת הערך הנקוב של אגרות החוב שבמחזור.

17.12. לאפשר לנאמן להשתתף באסיפות בעלי מניות של החברה (המתקיימות כולן בהולנד), ללא מתן זכות הצבעה לנאמן. לבקשת הנאמן החברה תעביר את הפרוטוקולים של אסיפות בעלי המניות של החברה (המתקיימות כולן מחוץ למדינת ישראל).

17.13. מובהר כי לא חלה חובה על הנאמן להשתתף פיזית באסיפות בעלי מניות המתקיימות מחוץ למדינת ישראל ויהיה רשאי להשתתף טלפונית באסיפות בעלי מניות כאמור וכן יהיה זכאי לקבלת פרוטוקול של אסיפה כאמור כמפורט בסעיף 17.12 לעיל.

17.14. החברה (ו/או מי מטעמה לרבות כל נושא משרה בה) אינה זכאית לקבל פרוטוקול השיחות והדיונים בחלק של אסיפות מחזיקי אגרות החוב המתנהל ללא החברה או באסיפות מחזיקים המתנהלות ללא החברה.

17.15. אלא אם כן מצוין במפורש אחרת, האישורים שיינתנו על-ידי החברה לנאמן, על פי שטר זה, ייחתמו באמצעות מורשי חתימה של החברה, שהינם נושאי משרה בה.

17.16. במקרה שהחברה תרכוש, עד למועד הפירעון הסופי, חברה בת (כהגדרת המונח בשטר נאמנות זה) (להלן בסעיף זה: "**התאגיד הנרכש**"), תפעיל החברה את כוח השליטה בתאגיד הנרכש על מנת שהתאגיד הנרכש יחתום על כתב התחייבות בנוסח דומה לנוסח המצ"ב **כנספח 5א'** לשטר נאמנות זה ותעביר לנאמן עותק חתום מאישור זה.

18. **<u>התחייבויות נוספות של החברה</u>**

לאחר שאגרות החוב תעמודנה לפירעון מיידי, כמוגדר בסעיף 7 לשטר, תבצע החברה מזמן לזמן ובכל עת שתידרש לכך על-ידי הנאמן, את כל הפעולות הסבירות כדי לאפשר את הפעלת כל הסמכויות הנתונות בידי הנאמן בהתאם להוראות שטר זה ובמיוחד תעשה החברה את הפעולות הבאות:

18.1. תצהיר את ההצהרות ו/או תחתום על כל המסמכים ו/או תבצע ו/או תגרום לביצוע כל הפעולות הנחוצות ו/או הדרושות בהתאם לחוק לשם מתן תוקף להפעלת הסמכויות,

הכוחות וההרשאות של הנאמן ו/או באי כוחו והכל כפי שיתבקש על ידי הנאמן באופן סביר.

18.2. תיתן את כל ההודעות, הפקודות וההוראות שהנאמן יראה אותן באופן סביר למועילות וידרשן.

19. **<u>הסכמים אחרים</u>**

בכפוף להוראות החוק ולמגבלות המוטלות על הנאמן בחוק לא יהיה במילוי תפקידו של הנאמן, לפי שטר זה, או בעצם מעמדו כנאמן, כדי למנוע אותו מלהתקשר עם החברה בחוזים שונים או מלבצע עמה עסקאות במהלך הרגיל של עסקיו, ובלבד שההתקשרויות ו/או העסקאות כאמור לא יגרמו לכך שהנאמן יאבד את כשירותו לפי סעיף 35ה לחוק לשמש כנאמן למחזיקי אגרות החוב.

20. **<u>שכר הנאמן</u>**

שכר הטרחה של הנאמן יהיה כמפורט ב<u>נספח ג'</u> לשטר זה, אשר הינו חלק בלתי נפרד משטר זה.

21. **<u>סמכויות מיוחדות</u>**

21.1. הנאמן רשאי במסגרת ביצוע עניני הנאמנות לפי שטר זה לפעול לפי חוות דעתו ו/או עצתו של כל עורך דין, רואה חשבון, שמאי, מעריך, מודד, מתווך או מומחה אחר (להלן: "**היועצים**"), בין אם חוות דעת ו/או עצה כזו הוכנה לבקשת הנאמן ו/או על ידי החברה, והנאמן לא יהיה אחראי בעד כל הפסד או נזק שיגרם כתוצאה מכל פעולה ו/או מחדל שנעשו על ידו על סמך עצה או חוות דעת כאמור, אלא אם כן נקבע בפסק דין חלוט כי הנאמן פעל ברשלנות שאינה פטורה על פי החוק או בחוסר תום לב. החברה תישא במלוא ההוצאות סבירות בגין העסקת היועצים שימונו.

21.2. כל עצה ו/או חוות דעת כזו יכולה להינתן, להישלח או להתקבל על ידי מכתב, מברק, פקסימיליה ו/או כל אמצעי אלקטרוני אחר להעברות מידע, והנאמן לא יהיה אחראי בגין פעולות שעשה על סמך עצה ו/או חוות דעת או ידיעה שהועברו באחד האופנים המוזכרים לעיל למרות שנפלו בה שגיאות ו/או שלא היו אותנטיות, אלא אם ידע הנאמן על השגיאות כאמור או ניתן היה לגלות שגיאות אלה בבדיקה סבירה.

21.3. הנאמן, ישתמש בנאמנות, בכוחות, בהרשאות ובסמכויות שהוקנו לו לפי שטר זה, לפי שיקול דעתו המוחלט ולא יהיה אחראי לכל נזק שנגרם עקב טעות בשיקול הדעת כנ"ל, אלא אם כן נקבע בפסק דין חלוט כי פעל הנאמן ברשלנות שאינה פטורה על פי החוק או בחוסר תום לב.

22. **<u>סמכות הנאמן להעסיק שלוחים</u>**

הנאמן יהיה רשאי למנות שלוח/ים שיפעל/ו במקומו, בין עורך דין ובין אחר, כדי לעשות או להשתתף בעשיית פעולות מיוחדות שיש לעשותן בקשר לנאמנות ולשלם שכר לכל שלוח כאמור, ומבלי לגרוע מכלליות האמור לעיל נקיטה בהליכים משפטיים או ייצוג בהליכי מיזוג או פיצול של החברה. החברה תהיה רשאית להתנגד למינוי כאמור מכל טעם סביר שהוא, לרבות במקרה בו החברה תוכיח כי השלוח הינו מתחרה, בין במישרין ובין בעקיפין, בעסקי החברה ובתנאי שהחברה תעביר לנאמן את נימוקיה הסבירים לכך תוך 7 ימים ממועד קבלת ההודעה על מינוי השלוח. עם זאת, לא יהא בהתנגדותה של החברה למינוי שלוח מסוים שמונה באסיפת מחזיקים, כדי לעכב את תחילת העסקת השלוח ככל שהעיכוב עלול לפגוע בזכויות המחזיקים.

23. **<u>שיפוי הנאמן</u>**

23.1. החברה ומחזיקי אגרות החוב (במועד הקובע הרלוונטי כאמור בסעיף 23.7 להלן, כל אחד בגין התחייבותו כאמור בסעיף 23.4 להלן), מתחייבים בזאת לשפות את הנאמן וכל נושאי משרה בו, עובדיו, שלוח או מומחה שימונה ע"י הנאמן על פי הוראות שטר נאמנות זה ו/או על פי החלטה כדין שהתקבלה באסיפה של מחזיקי אגרות החוב על פי הוראות שטר נאמנות זה (להלן כולם או חלקם, ביחד ו/או בנפרד: "**הזכאים לשיפוי**") בגין:

23.1.1. חיוב כספי לרבות על-פי פסק דין (שלא ניתן לגביו עיכוב ביצוע) או על-פי פשרה שנסתיימה (וככל שהפשרה נוגעת לחברה ניתנה הסכמת החברה לפשרה) אשר עילתו קשורה לפעולות שביצעו הזכאים לשיפוי או שעליהם לבצע מכוח הוראות שטר זה ו/או על-פי חוק ו/או הוראה של רשות מוסמכת ו/או כל דין ו/או לפי דרישת מחזיקי אגרות החוב ו/או לפי דרישת החברה והכל בקשר לשטר נאמנות זה. וכן בגין -

23.1.2. שכר הזכאים לשיפוי והוצאות סבירות שהוציאו ו/או שעומדים להוציא, לרבות אגב ביצוע הנאמנות או בקשר לפעולות כאלה, שלפי דעתם היו דרושות לביצוע הנ"ל ו/או בקשר לשימוש בסמכויות והרשאות הנתונות בתוקף שטר זה וכן בקשר לכל מיני הליכים משפטיים, חוות דעת עורכי דין ומומחים אחרים, משא ומתן, דין ודברים, הוצאות, הליכי חדלות פירעון, הליכי גביה, הסדרי חוב, הערכת מצב החוב, הערכות שווי, תביעות ודרישות בנוגע לכל עניין ו/או דבר שנעשו ו/או לא נעשו באופן כלשהו ביחס לנדון.

והכל בתנאי כי

(1) הזכאים לשיפוי לא ידרשו שיפוי מראש בעניין שאינו סובל דיחוי, וזאת מבלי לפגוע בזכותם לדרוש שיפוי בדיעבד, אם וכלל שתקום לו זכות כאמור;

(2) לא נקבע בהחלטה שיפוטית חלוטה כי הזכאים לשיפוי פעלו שלא בתום לב;

(3) לא נקבע בהחלטה שיפוטית חלוטה כי הזכאים לשיפוי התרשלו ברשלנות שאינה פטורה על-פי חוק כפי שיהיה מעת לעת;

(4) לא נקבע בהחלטה שיפוטית חלוטה כי הזכאים לשיפוי פעלו בזדון.

התחייבויות השיפוי על-פי סעיף 23.1 זה תקרא "**התחייבות השיפוי**".

23.2. מוסכם כי בכל מקרה בו ייקבע בהחלטה שיפוטית חלוטה כי הזכאים לשיפוי: (1) פעלו שלא בתום לב; ו/או (2) התרשלו ברשלנות שאינה פטורה על-פי חוק; ו/או (3) פעלו בזדון – ישיבו הזכאים לשיפוי את סכומי 'התחייבות השיפוי' ככל ששולמו להם.

23.3. מבלי לפגוע בזכויות לפיצוי הניתנות לנאמן לפי החוק ובכפוף לאמור בשטר זה ו/או במחויבויות החברה על-פי שטר זה, יהיו הזכאים לשיפוי, זכאים לקבל שיפוי מתוך הכספים שיתקבלו על-ידי הנאמן בנוגע להתחייבויות שקיבלו על עצמם, בנוגע להוצאות סבירות שהוציאו אגב ביצוע הנאמנות או בקשר לפעולות כאלה, שלפי דעתם הסבירה היו דרושות לביצוע הנ"ל ו/או בקשר לשימוש בסמכויות והרשאות הנתונות בתוקף שטר זה וכן בקשר לכל מיני הליכים משפטיים, חוות דעת עורכי דין ומומחים אחרים, משא ומתן, דין ודברים, תביעות ודרישות בנוגע לכל עניין ו/או דבר שנעשו ו/או לא נעשו באופן כלשהו ביחס לנדון, והנאמן יוכל לעכב את הכספים הנמצאים ברשותו ולשלם מתוכם את הסכומים הנחוצים לשם תשלום השיפוי האמור. כל הסכומים האמורים יעמדו בעדיפות על זכויות מחזיקי אגרות החוב ובכפוף להוראות כל דין ובלבד שהנאמן נהג בתום לב ובהתאם לחובות המוטלות עליו על פי כל דין ועל פי שטר זה. לעניין סעיף זה פעולה של הנאמן שאושרה על ידי החברה ו/או על ידי מחזיקי אגרות החוב, תיחשב כפעולה שהייתה דרושה באופן סביר ואולם אין באמור בכדי לגרוע מזכותה של החברה להעלות טענות כנגד ביצוע פעולה כאמור או להגביל את החברה מלפעול למניעתה, לפי העניין.

23.4. מבלי לגרוע מתוקף התחייבות השיפוי שבסעיף 23.1 לעיל, כל אימת שהנאמן יהיה חייב לפי תנאי שטר הנאמנות ו/או על-פי חוק ו/או הוראה של רשות מוסמכת ו/או כל דין ו/או לפי דרישת מחזיקי אגרות החוב ו/או לפי דרישת החברה, ו/או לשם הגנה על זכויות מחזיקי אגרות החוב לעשות פעולה כלשהי, לרבות אך לא רק פתיחת הליכים או הגשת תביעות לפי דרישת בעלי אגרות החוב, כאמור בשטר זה, יהיה הנאמן רשאי להימנע מלנקוט כל פעולה כאמור, עד שיקבל לשביעות רצונו כתב שיפוי מבעלי אגרות החוב או ממי מהם, ואם תבוצע הפעולה בשל דרישת החברה- מן החברה, בגין כל אחריות לנזקים ו/או להוצאות שיכולים להיגרם לזכאים לשיפוי עקב עשיית הפעולה האמורה ו/או פיקדון כספי לכיסוי התחייבות השיפוי ("**כרית המימון**") בסכום הנדרש, בעדיפות ראשונה מהחברה, ובמקרה בו החברה לא תפקיד את כרית המימון במועד בו נדרשה לעשות זאת על-ידי הנאמן, יפנה הנאמן למחזיקי אגרות החוב שהחזיקו במועד הקובע (כאמור בסעיף 23.7 להלן), בבקשה כי יפקידו בידיו את סכום כרית המימון, כל אחד את חלקו היחסי (כהגדרת מונח זה להלן). במקרה בו מחזיקי אגרות החוב לא יפקידו בפועל את מלוא סכום כרית המימון לא תחול על הנאמן חובה לנקוט בפעולה או בהליכים הרלוונטיים. אין באמור כדי לפטור את הנאמן מנקיטת פעולה דחופה הדרושה לשם מניעת פגיעה מהותית לרעה בזכויות מחזיקי אגרות החוב.

הנאמן מוסמך לקבוע את סכום כרית המימון ויהיה רשאי לחזור ולפעול ליצירת כרית נוספת

כאמור, מעת לעת, בסכום שיקבע על-ידו.

יובהר, כי אין באמור בסעיף 23 זה כדי להוסיף על התחייבויות החברה בשטר זה.

23.5. התחייבות השיפוי:

23.5.1. תחול על החברה בכל מקרה של (1) פעולות שבוצעו על פי שיקול דעת סביר של הנאמן ו/או על פי כל דין ו/או נדרשו להתבצע לפי תנאי שטר הנאמנות או לשם הגנה על זכויות מחזיקי אגרות החוב; וכן (2) פעולות שבוצעו ו/או נדרשו להתבצע לפי דרישת החברה.

23.5.2. תחול על המחזיקים שהחזיקו במועד הקובע (כאמור בסעיף 23.7 לשטר הנאמנות) בכל מקרה של (1) פעולות שבוצעו ו/או נדרשו להתבצע לפי דרישת מחזיקי אגרות החוב (ולמעט פעולות שכאמור שננקטו לפי דרישת מחזיקים לשם הגנה על זכויות מחזיקי אגרות החוב); וכן (2) אי תשלום על-ידי החברה של סכום התחייבות השיפוי החלה עליה על-פי סעיף 23.4 לשטר הנאמנות (בכפוף להוראות סעיף 23.7 לשטר הנאמנות). יובהר כי אין בתשלום בהתאם לסעיף קטן (2) לעיל בכדי לגרוע מחובת החברה לשאת בהתחייבות השיפוי בהתאם להוראות סעיף 23.5.1.

23.6. בכל מקרה בו: (א) החברה לא תשלם את הסכומים הדרושים לכיסוי התחייבות השיפוי ו/או לא תפקיד את סכום כרית המימון, לפי העניין; ו/או (ב) חובת השיפוי חלה על המחזיקים מכח הוראות סעיף 23.5.2 לשטר הנאמנות ו/או נקראו המחזיקים להפקיד את סכום כרית המימון לפי סעיף 23.4 לשטר הנאמנות, יחולו ההוראות הבאות:

הכספים יגבו באופן הבא:

(1) ראשית - הסכום ימומן מתוך כספי הריבית ו/או יתרת הקרן הבלתי מסולקת שעל החברה לשלם למחזיקי אגרות החוב לאחר תאריך הפעולה הנדרשת, ויחולו הוראות סעיף 11 לשטר הנאמנות;

(2) שנית - ככל שלדעת הנאמן לא יהיה בסכומים המופקדים בכרית המימון כדי לכסות את התחייבות השיפוי, יפקידו המחזיקים שהחזיקו במועד הקובע (כאמור בסעיף 23.6 לשטר הנאמנות) כל אחד בהתאם לחלקו היחסי (כהגדרת מונח זה) בידי הנאמן הסכום החסר.

"חלקו היחסי" משמעו: החלק היחסי של אגרות החוב אותם החזיק המחזיק במועד הקובע הרלוונטי כאמור בסעיף 23.7 לשטר הנאמנות מסך הערך הנקוב שבמחזור באותו מועד. מובהר כי חישוב החלק היחסי ייוותר קבוע אף אם לאחר אותו מועד יחול שינוי בערך הנקוב של אגרות החוב שבידי המחזיק.

יובהר, כי מחזיקי אגרות החוב אשר יישאו באחריות לכיסוי הוצאות כאמור בסעיף זה

לעיל יוכלו לשאת בהוצאות כאמור בסעיף זה לעיל מעבר לחלקם היחסי ובמקרה זה יחול על השבת הסכומים סדר העדיפות בהתאם לאמור בסעיף 10 לשטר זה.

23.7. המועד הקובע לקביעת חבותו של מחזיק בהתחייבות השיפוי ו/או בתשלום כרית המימון הינו כדלקמן:

23.7.1. בכל מקרה בו התחייבות השיפוי ו/או תשלום כרית המימון נדרשים בשל החלטה או פעולה דחופה הדרושות לשם מניעת פגיעה מהותית לרעה בזכויות מחזיקי אגרות החוב וזאת ללא החלטה מוקדמת של אסיפת מחזיקי אגרות החוב - יהיה המועד הקובע לחבות תום יום המסחר של יום נקיטת הפעולה או קבלת ההחלטה ואם אותו יום אינו יום מסחר, יום המסחר הקודם לו.

23.7.2. בכל מקרה בו התחייבות השיפוי ו/או תשלום כרית המימון נדרשים על-פי החלטת אסיפת מחזיקי אגרות חוב - יהיה המועד הקובע לחבות המועד הקובע להשתתפות באסיפה (כפי שמועד זה נקבע בהודעת הזימון) ותחול גם על מחזיק אשר לא נכח או השתתף באסיפה.

23.8. ככל שהסכומים שישולמו לנאמן היו צריכים להיות משולמים על-ידי החברה, לא יהיה בקבלת התשלומים מהמחזיקים כדי למנוע מהנאמן לפעול להשגת הסכומים מן החברה, כמפורט בסעיף 23 זה.

23.9. לעניין קדימות ההחזר למחזיקים אשר נשאו בתשלומים לפי סעיף זה מתוך תקבולים בידי הנאמן ראה סעיף 10 לשטר הנאמנות.

24. **<u>הודעות</u>**

24.1. כל הודעה מטעם החברה ו/או הנאמן למחזיקי אגרות החוב תינתן באמצעות פרסום דיווחים במערכת המגנ"א בלבד. הנאמן יהא רשאי להורות לחברה והחברה תהיה חייבת לדווח לאלתר במערכת המגנ"א בשם הנאמן כל דיווח בנוסחו כפי שיועבר בכתב על-ידי הנאמן לחברה. החברה תהא רשאית לפרסם את התייחסותה ו/או תגובתה לדיווח האמור.

על אף האמור לעיל, במקרים המפורטים להלן בלבד תפורסם ההודעה בנוסף גם בשני עיתונים יומיים הנפוצים בשפה העברית: 1) הסדר או פשרה לפי סעיף 350 לחוק החברות או לפי סעיף מקביל בדין אחר החל על החברה; 2) מיזוג. דיווח שיפורסם כאמור ייחשב כאילו נמסר למחזיקי אגרות החוב ביום פרסומו.

24.2. העתקים מהודעות ומהזמנות שינתנו על ידי החברה למחזיקי אגרות החוב יישלחו על ידה גם לנאמן. יובהר, כי הודעות והזמנות כאמור אינם כוללים דיווחים שוטפים של החברה לציבור, אם וככל שנדרשים.

העתקים מהודעות והזמנות שיינתנו על ידי הנאמן למחזיקי אגרות החוב יישלחו על ידו גם לחברה.

24.3. כל הודעה או דרישה מטעם הנאמן לחברה או מטעמה לנאמן תוכל להינתן על ידי מכתב שיישלח בדואר רשום לפי הכתובת המפורטת בשטר זה, או לפי כתובת אחרת עליה יודיע צד אחד למשנהו בכתב, או באמצעות שיגורה בדואר אלקטרוני שקבלתו אושרה בדואר אלקטרוני חוזר (לא אוטומטי) על-ידי הצד המקבל או בפקסימיליה. כל הודעה או דרישה שתישלח בדואר רשום תחשב כאילו נתקבלה על ידי הצד לו נשלחה ההודעה כעבור שלושה ימי עסקים מיום מסירתה בדואר. כל הודעה או דרישה שתישלח באמצעות פקסימיליה (בתוספת וידוא טלפוני בדבר קבלתה) תחשב כאילו נתקבלה כעבור יום עסקים אחד מיום שיגורה. כל הודעה שנשלחה באמצעות דואר אלקטרוני תחשב כאילו נתקבלה כעבור יום עסקים אחד מיום שליחתה.

25. **<u>פשרות ו/או שינויים בתנאי אגרות החוב ו/או בשטר הנאמנות</u>**

25.1. בכפוף להוראות החוק והתקנות שהותקנו מכוחו ולמעט אם צוין אחרת בשטר זה, יהיה הנאמן רשאי מעת לעת ובכל עת אם שוכנע כי אין בדבר, לדעתו, משום פגיעה בזכויות מחזיקי אגרות החוב, לוותר על כל אי מילוי של כל תנאי מתנאי אגרת החוב או שטר הנאמנות על ידי החברה שאינם מתייחסים לתנאי הפירעון של אגרות החוב, עילות ההעמדה לפירעון מיידי ו/או לדיווחים שעל החברה למסור לנאמן בהתאם להוראות שטר זה.

25.2. בכפוף להוראות החוק והתקנות שהותקנו מכוחו, ובאישור מוקדם בהחלטה מיוחדת של מחזיקי אגרות החוב, יהיה הנאמן רשאי, בין לפני ובין אחרי שקרן כל אגרות החוב שתונפקנה על פי שטר הנאמנות תעמוד לפירעון, להתפשר עם החברה בקשר לכל זכות או תביעה של מחזיקי אגרות החוב או מי מהם ולהסכים עם החברה לכל הסדר, לרבות לוותר על כל זכות או תביעה שלו ו/או של מחזיקי אגרות החוב או מי מהם כלפי החברה.

25.3. התפשר הנאמן עם החברה לאחר שקיבל אישור מוקדם של האסיפה הכללית של מחזיקי אגרות החוב כאמור בסעיף 25.2 לעיל, יהיה הנאמן פטור מאחריות בגין פעולה זו, כפי שאושרה על ידי האסיפה הכללית, ובלבד שלא נקבע בהחלטה שיפוטית חלוטה כי הנאמן הפר חובת אמון או פעל בחוסר תום לב או בזדון ביישום החלטת האסיפה הכללית.

25.4. בכפוף להוראות החוק, החברה והנאמן רשאים, בין לפני ובין אחרי שקרן כל אגרות החוב שתונפקנה על פי שטר הנאמנות תעמוד לפירעון, לשנות את שטר הנאמנות ו/או את תנאי אגרות החוב אם נתקיים אחד מאלה:

25.4.1. למעט שינוי זהות הנאמן או שכרו, או לשם מינוי נאמן במקומו של נאמן שהסתיימה כהונתו, אם הנאמן שוכנע כי השינוי אינו פוגע בזכויות מחזיקי אגרות

החוב ולמעט לגבי שינוי הנוגע לתנאי הפירעון של אגרות החוב, לעילות ההעמדה לפירעון מיידי ו/או לדיווחים שעל החברה למסור לנאמן בהתאם להוראות שטר זה.

25.4.2. השינוי המוצע אושר בהחלטה מיוחדת של מחזיקי אגרות החוב.

25.5. בכל מקרה של שימוש בזכות הנאמן על פי סעיף זה לעיל, יהיה הנאמן רשאי לדרוש ממחזיקי אגרות החוב למסור לו או לחברה את תעודותיהן, לשם רישום הערה בדבר כל פשרה, ויתור, שינוי או תיקון כאמור ולפי דרישת הנאמן תרשום החברה הערה כאמור בתעודות שימסרו לה. בכל מקרה של שימוש בזכות הנאמן על פי סעיף 25 זה, יודיע על כך, בכתב, למחזיקי אגרות החוב תוך זמן סביר.

25.6. החברה ו/או הנאמן ימסרו לכל המחזיקים באגרות החוב הודעה באמצעות מערכת המגנ"א בלבד על כל שינוי ו/או ויתור כאמור בסעיף 25 זה בסמוך לאחר ביצועו.

26. **<u>מרשם מחזיקי אגרות החוב</u>**

26.1. החברה תחזיק ותנהל במשרדה הרשום מרשם מחזיקי אגרות החוב בהתאם להוראות החוק. הנאמן וכל מחזיק אגרת החוב יהיה רשאי, בכל זמן סביר, לעיין במרשם האמור. החברה רשאית לסגור את המרשם מדי פעם לתקופה או לתקופות שלא תעלינה ביחד על 30 יום בשנה.

26.2. החברה לא תהיה חייבת לרשום במרשם שום הודעה בדבר נאמנות מפורשת, מכללא או משוערת, או משכון או שעבוד מכל מין שהוא או כל זכות שביושר, תביעה או קיזוז או זכות אחרת כלשהי, בקשר לאגרות החוב. החברה תכיר אך ורק בבעלותו של האדם שבשמו נרשמו אגרות החוב ובלבד שיורשיו החוקיים, מנהלי עזבונו או מבצעי צוואתו של הבעלים הרשום וכל אדם שיהיה זכאי לאגרות החוב עקב פשיטת רגל של כל בעלים רשום (ואם הוא תאגיד - עקב פירוקו) יהא רשאי להירשם כבעליהן, לאחר מתן הוכחות שלדעת החברה תספקנה להוכיח את זכותו להירשם כבעלים שלהם.

27. **<u>פיצול תעודות אגרות החוב</u>**

27.1. בגין אגרות החוב (סדרה ב') הרשומות על שם מחזיק אחד תוצא לו תעודה אחת, או לפי בקשתו, תוצאנה לו מספר תעודות (להלן: "**התעודות**").

27.2. כל תעודת אגרות החוב ניתנת לפיצול למספר תעודות אגרות חוב, אשר סך כל סכומי יתרת הקרן הבלתי מסולקת הנקובים בהן שווה לסכום הקרן הנקוב של התעודה שפיצולה מבוקש.

27.3. פיצול תעודת אגרות החוב כאמור יעשה על פי בקשת פיצול חתומה על ידי בעל אגרות החוב שבתעודה או נציגיו החוקיים, אשר תימסר לחברה במשרדה הרשום, בצרוף תעודת אגרות החוב שפיצולה מבוקש.

27.4. ביצוע הפיצול יעשה תוך שלושים יום מתום החודש בו נמסרה התעודה במשרדה הרשום של החברה. תעודות אגרות החוב החדשות שיוצאו בעקבות הפיצול תהיינה בסכומי ערך נקוב בשקלים חדשים שלמים כל אחת.

27.5. כל ההוצאות הכרוכות בפיצול, לרבות מס בולים והיטלים אחרים, אם יהיו כאלה, יחולו על מבקש הפיצול.

28. **<u>דוח שנתי של הנאמן</u>**

28.1. החל מהמועד הקובע יערוך ויפרסם הנאמן, עד תום הרבעון השני בכל שנה קלנדרית, דוח שנתי על ענייני הנאמנות (להלן: "**הדוח השנתי**").

28.2. הדוח השנתי יכלול פרוט הנושאים הבאים:

28.2.1. פירוט שוטף על מהלך ענייני הנאמנות בשנה שחלפה.

28.2.2. דיווח על אירועים חריגים בקשר עם הנאמנות שאירעו במהלך השנה שחלפה.

28.3. הנאמן יפרסם (בעצמו או באמצעות החברה לבקשת הנאמן) את הדוח השנתי במערכת המגנ"א.

28.4. נודע לנאמן על הפרה מהותית של שטר זה מצד החברה יודיע למחזיקי אגרות החוב על ההפרה ועל הצעדים שנקט למניעתה או לקיום התחייבויות החברה, לפי העניין.

28.5. הנאמן יהיה חייב להגיש דוח לגבי פעולות שביצע בהתאם להוראות חוק ניירות ערך ותקנותיו.

29. **<u>תפקידי הנאמן, סמכויות הנאמן ופקיעת כהונתו של הנאמן</u>**

29.1. על כהונת הנאמן ופקיעתה ועל מינוי נאמן חדש יחולו הוראות החוק.

29.2. ממועד כניסתו לתוקף של שטר נאמנות זה תפקידי הנאמן יהיו על-פי כל דין ושטר זה.

29.3. הנאמן יפעל בהתאם להוראות חוק ניירות ערך.

29.4. הנאמן ייצג את המחזיקים באגרות החוב בכל ענין הנובע מהתחייבויות החברה כלפיהם, והוא יהיה רשאי לשם כך לפעול למימוש הזכויות הנתונות למחזיקים לפי החוק או לפי שטר הנאמנות.

29.5. אין בחתימת הנאמן על שטר נאמנות זה הבעת דעת מצדו בדבר טיבם של ניירות הערך המוצעים או כדאיות ההשקעה בהם.

29.6. הנאמן לא יהיה חייב להודיע לצד כל שהוא על חתימת שטר זה. הנאמן לא יתערב באיזו צורה שהיא בהנהלת עסקי החברה או ענייניה והדבר אינו נכלל בין תפקידיו. אין באמור בסעיף זה כדי להגביל את הנאמן בכל פעולה שעליו לבצע בהתאם להוראות שטר זה.

29.7. בכפוף להוראות כל דין, הנאמן אינו מחויב לפעול באופן שאינו מפורט במפורש בשטר נאמנות זה, כדי שמידע כלשהו, לרבות על החברה ו/או בקשר ליכולתה של החברה לעמוד בהתחייבויותיה למחזיקי אגרות החוב יגיע לידיעתו ואין זה מתפקידו.

29.8. בכפוף להוראות כל דין ולאמור בשטר נאמנות זה, הנאמן מתחייב, בחתימתו על שטר זה, לשמור בסודיות כל מידע שניתן לו מהחברה, לא יגלה אותו לאחר ולא יעשה בו כל שימוש, אלא אם כן גילויו או השימוש בו נדרש לשם מילוי תפקידו לפי חוק ניירות ערך, לפי שטר הנאמנות, או לפי צו של בית משפט ובלבד שגילוי מידע כאמור יצומצם למידה וההיקף המינימאליים הנדרשים לשם מילוי תפקידו של הנאמן כאמור וכי הנאמן יתאם עם החברה מראש, ככל שהדבר יהיה אפשרי בנסיבות העניין וככל שלא יהיה בכך כדי לפגוע בזכויות מחזיקי אגרות החוב, את תוכן ועיתוי הגילוי. הנאמן ישמור את המידע בסודיות מוחלטת, לפחות באותה רמת זהירות בה הוא שומר מידע סודי שלו, וינקוט לשם כך לא פחות מרמת זהירות סבירה. חובת הסודיות המפורטת בסעיף זה תחול ותחייב גם את נציגיו המורשים ו/או יועציו המקצועיים של הנאמן והחברה תהא רשאית לדרוש כי יועצים מקצועיים כאמור יחתמו כלפי החברה על התחייבות לשמירת סודיות בנוסח זהה להוראות סעיף 29.8 זה.

ההתחייבות הנ"ל לסודיות לא תחול על כל חלק מהמידע, שהינו בבחינת נחלת הכלל (למעט מידע שהפך לנחלת הכלל בגין הפרה של ההתחייבות זו לסודיות) או שהתקבל בידי הנאמן על ידי צד ג' שלא עקב הפרת חובת סודיות של אותו צד ג' כלפי החברה - החל ממועד קבלתו.

29.9. הנאמן רשאי להסתמך במסגרת נאמנותו על כל מסמך בכתב לרבות, כתב הוראות, הודעה, בקשה, הסכמה או אישור, הנחזה להיות חתום או מוצא על ידי אדם או גוף כלשהו, אשר הנאמן מאמין בתום לב כי נחתם או הוצא על ידו.

29.10. פקעה כהונת נאמן, ימונה נאמן חדש במקומו באסיפת מחזיקים.

29.11. למרות האמור לעיל, החלטת מחזיקים על סיום כהונתו של הנאמן והחלפתו באחר תיעשה באסיפת מחזיקי אגרות החוב, בה נכחו, בעצמם או על-ידי באי-כוחם, מחזיקים של לפחות חמישים אחוזים (50%) מיתרת הערך הנקוב של אגרות החוב שבמחזור במועד הקובע לאסיפה, או באסיפה נדחית של אסיפה זו, שנכחו בה, בעצמם או על-ידי באי-כוחם, מחזיקים של לפחות עשרה אחוזים (10%) מן היתרה האמורה, ואשר נתקבלה (בין באסיפה המקורית ובין באסיפה הנדחית) ברוב של לפחות שבעים וחמישה אחוזים (75%) מכל הקולות של המשתתפים בהצבעה, למעט הנמנעים".

29.12. בכפוף להוראות כל דין, הנאמן שכהונתו פקעה ימשיך לכהן בתפקידו עד למינוי נאמן אחר. הנאמן יעביר לידי הנאמן החדש את כל המסמכים והסכומים שהצטברו אצלו בקשר עם הנאמנות נשוא שטר הנאמנות לסדרה הרלוונטית, ויחתום על כל מסמך שיידרש לשם כך. לכל נאמן חדש יהיו אותם הכוחות, הסמכויות וההרשאות האחרות כשל הנאמן שכהונתו פקעה, והוא יוכל לפעול, לכל דבר ועניין כאילו התמנה כנאמן מלכתחילה.

29.13. החברה תפרסם דוח מיידי בכל מקרה של התפטרות הנאמן ו/או מינוי נאמן אחר.

30. **<u>אסיפות של מחזיקי אגרות החוב</u>**

אסיפות מחזיקי אגרות החוב יתנהלו כאמור ב<u>נספח ב'</u> לשטר זה.

31. **<u>דיווח לנאמן</u>**

החברה תמסור לנאמן, כל עוד לא נפרעו כל אגרות החוב (לרבות הפרשי ההצמדה עליהן):

31.1. דוחות כספיים כמפורט בסעיף 4.8 לעיל.

31.2. אישורים כמפורט בסעיף 4.9 לעיל.

31.3. כל דוח מיידי של החברה אשר יתפרסם בישראל מיד לאחר פרסומו לציבור על ידי החברה, ככל שיפורסם.

31.4. על פי דרישת הנאמן - אישור מנהל הכספים של החברה בדבר ביצוע תשלום הריבית ו/או תשלום על חשבון יתרת הקרן הבלתי מסולקת ומועדם למחזיקי אגרות החוב ויתרת הערך הנקוב של אגרות החוב שבמחזור.

לצורך סעיף 31 זה פרסום הדיווחים האמורים בסעיף 31 זה לעיל במגנ"א - אם וככל שיפורסמו דיווחים אלו בעתיד במגנ"א ייחשב כמסירת הדיווח לידי הנאמן.

32. **<u>אחריות הנאמן</u>**

32.1. על אף האמור בכל דין ובכל מקום בשטר הנאמנות, ככל שהנאמן פעל לשם מילוי תפקידו בתום לב ובתוך זמן סביר וכן בירר את העובדות שנאמן סביר היה מברר בנסיבות העניין, לא יהא אחראי כלפי מחזיק באגרות החוב לנזק שנגרם לו כתוצאה מכך שהנאמן הפעיל את שיקול דעתו לפי הוראות סעיף 35ח(ד1) או 35ט1 לחוק, אלא אם כן יוכיח התובע כי הנאמן פעל ברשלנות חמורה. מובהר כי ככל שתתעורר סתירה בין הוראת סעיף זה להוראה אחרת בשטר הנאמנות, תגבר הוראת סעיף זה.

32.2. פעל הנאמן בתום לב ובלא התרשלות בהתאם להוראות סעיף 35ח(ד2) או 35ח(ד3) לחוק, לא יהיה אחראי בשל ביצוע הפעולה כאמור.

33. **<u>תחולת חוק ניירות ערך, התשכ"ח-1968</u>**

בכל עניין שלא נזכר בשטר זה וכן בכל מקרה של סתירה בין הוראות החוק ותקנותיו (שאינן ניתנות להתניה, בכל הנוגע למקרים של סתירה בלבד) לבין שטר זה, יפעלו הצדדים בהתאם להוראות החוק ותקנותיו.

34. **<u>תנאים מתלים</u>**

34.1. כניסתו של שטר נאמנות זה לתוקף במועד הקובע, כפופה לקיומם במצטבר של התנאים המתלים הבאים עד לא יאוחר מיום 30 בנובמבר 2014 ("**המועד האחרון לקיום התנאים המתלים**"):

34.1.1. החלטת האישור (כהגדרתה במבוא לשטר זה) הפכה לחלוטה על פי הדין ההולנדי.

34.1.2. הושלם ביצועה של ההזרמה ההונית כהגדרתה בסעיף 1.6 לעיל.

34.1.3. רישום כל מניות החברה למסחר בבורסה.

34.1.4. נמסרו לנאמן אישורים חתומים על ידי החברות הבנות על פי סעיף 5א' לעיל.

34.1.5. התקבל Pre Ruling מרשות המיסים לגבי השלכות המס על מחזיקי אגרות החוב כתוצאה מתיקון שטר זה, אשר יצורף כנספח 34.1.5 לשטר נאמנות זה.

34.1.6. הפקדת הסכום אשר ישולם במועד תשלום הריבית הראשון בחשבון הנאמנות או אצל או אצל החברה לרישומים כאמור בסעיף 2.2.2.1 לעיל.

34.1.7. הפקדת הכרית כאמור בסעיף 4ג' בחשבון הנאמנות.

34.2. אם איזה מבין התנאים המתלים לא יתקיים עד למועד האחרון להתקיימות התנאים המתלים (כהגדרתו בסעיף 34 זה לעיל) כי אז שטר נאמנות זה וכן החלטת אסיפת מחזיקי אגרות החוב לפיה, בין היתר, אושר שטר נאמנות זה, וכן כל פעולה אחרת שנעשתה בקשר עם ו/או מכוח שטר זה והתוכנית (כהגדרתה להלן), יהיו בטלים ומבוטלים מעיקרם וחסרי כל תוקף מחייב, לרבות כלפי החברה ו/או הנאמן ו/או מי מטעמו ו/או כלפי מחזיקי אגרות החוב ו/או מי מטעמם.

35. **<u>תנאי מפסיק</u>**

במקרה בו שטר זה ייכנס לתוקף במועד הקובע על פי סעיף 34.1 לעיל ולא תבוצע הקצאת המניות המוקצות ואגרות החוב הנוספות עד תום 2 ימי מסחר מהמועד הקובע, לא יהיה שטר זה בתוקף כל עוד לא תבוצע ההקצאה כאמור, ובמקרה שהקצאה זו לא בוצעה עד חלוף 10 ימי מסחר מהמועד הקובע, שטר זה יהא בטל ומבוטל (אלא אם הוחלט אחרת בהחלטה מיוחדת של מחזיקי אגרות החוב (סדרה ב'), מחזיקי אגרות חוב (סדרה א') ומחזיקי אגרות החוב בפולין) ובמקרה

כאמור יחולו הוראות סעיף 34.2 לעיל, בשינויים המחויבים והנאמן ישיב לחברה באופן מיידי את כל הסכומים שהופקדו בידו כאמור בסעיפים 34.1.6 ו-34.1.7 לעיל, לרבות הפירות שהצטברו בגינם. יובהר כי במקרה ששטר נאמנות זה יבוטל שטר הנאמנות המקורי יחזור לתוקפו המלא.

36. **<u>דין חל וסמכות שיפוט</u>**

36.1. הדין הישראלי יחול באופן בלעדי על שטר נאמנות זה, על נספחיו, וכן על כל סכסוך שיתגלע בקשר לשטר זה, ולא תהא כל תחולה להוראות כל דין אחר בקשר עם שטר נאמנות זה.

36.2. סמכות השיפוט הבלעדית בכל הקשור לשטר זה תהיה מסורה לבית המשפט הרלוונטי בתל אביב-יפו בישראל בלבד, ולא תהא כל סמכות שיפוט לבית משפט אחר ו/או בתחום אחר.

37. **<u>כתובת חברה בישראל לצורך שטר זה</u>**

כתובת של החברה בישראל לצורכי שטר זה בלבד הינה רח' החשמונאים 88, ת.ד. 20039, תל אביב.

38. **<u>סתירה בין הוראות השטר</u>**

בכל מקרה של סתירה בין הוראות שטר הנאמנות לבין תוספותיו, יגברו הוראות שטר הנאמנות.

בכל מקרה של סתירה בין הוראות התוכנית ו/או כל דיווח אחר שנעשה בקשר עם התוכנית לבין הוראות שטר הנאמנות יגברו הוראות שטר הנאמנות.

39. **<u>הסמכה לדיווח במגנ"א</u>**

הנאמן מסמיך בחתימתו על שטר זה את מורשי החתימה האלקטרונית של החברה לדווח בשמו במגנ"א על התקשרותו בשטר זה וחתימתו עליו, ככל שהדבר נדרש ו/או יידרש על פי דין.

ולראיה באו הצדדים על החתום:

Plaza Centers N.V.	**רזניק פז נבו נאמנויות בע"מ**

==========

אני הח"מ, עוזי אלי, עו"ד, מאשר/ת כי שטר נאמנות זה נחתם על ידי חברת Plaza Centers N.V. על פי מסמכי ההתאגדות שלה, באמצעות ה"ה _____.

אגרות חוב (סדרה ב')

עוזי אלי, עו"ד

נספח א'

Plaza Centers N.V.

תעודת אגרת חוב (סדרה ב')

עד למועד שטר הנאמנות, החברה (כהגדרתה להלן) הנפיקה סך כולל של 1,431,194,196 ש"ח ע"נ אגרות חוב (סדרה ב'), רשומות על שם, בנות 1 ש"ח ערך נקוב כל אחת. עד למועד שטר הנאמנות, ביצעה החברה שלושה (3) פירעונות של תשלומי קרן ביום 1 ביולי של כל אחת מן השנים 2011,2012 ו-2013 בסך כולל של 819,264,848 ש"ח ע"נ אגרות חוב (סדרה ב'). אגרות חוב (סדרה ב') שהונפקו כאמור וטרם נפרעו נכון למועד זה, תעמודנה לפירעון בשני (2) תשלומים שווים, ביום 31 בדצמבר 2018 וביום 31 בדצמבר 2019, וזאת אלא אם יוקדמו מועדי הפירעונות בשנה אחת כמפורט להלן, הנושאות החל מיום 1 בינואר 2014 ואילך ריבית בשיעור של 6.9% לשנה כמפורט בתנאים שמעבר לדף, אשר תשולם (מלבד שני תשלומי הריבית הראשונים שישולמו כמפורט להלן) בתשלומים חצי שנתיים בימים 1 ביולי ו-31 בדצמבר של כל אחת מהשנים 2015 עד 2019 (כאשר התשלום הראשון מבין תשלומי ריבית אלו יבוצע ביום 1 ביולי 2015 והתשלום האחרון יבוצע ביום 31 בדצמבר 2019), וזאת אלא אם יוקדמו מועדי פירעון תשלומי יתרת הקרן הבלתי מסולקת כמפורט להלן ובמקרה כאמור תשולם הריבית בתשלומים חצי שנתיים בימים 1 ביולי ו-31 בדצמבר של כל אחת מן השנים 2015 עד 2018 (כאשר התשלום הראשון מבין תשלומים אלו יבוצע ביום 1 ביולי 2015 והתשלום האחרון ביום 31 בדצמבר 2018), וצמודות קרן וריבית למדד בגין חודש דצמבר 2007, כפי שפורסם ביום 15 בינואר 2008.

אגרות חוב רשומות על שם _____

מספר תעודה: ____

ערך נקוב כולל של אגרות החוב שבתעודה זו _____ **ש"ח**

הבעלים הרשום של אגרות החוב שבתעודה זו: _____.

1. תעודה זו מעידה, כי Plaza Centers N.V. (להלן: "**החברה**") תשלם: ביום 31 בדצמבר 2018 וביום 31 בדצמבר 2019 (כולל) (כאשר התשלום הראשון יבוצע ביום 31 בדצמבר 2018 והתשלום האחרון יבוצע ביום 31 בדצמבר 2019) 50% מהיתרה הבלתי מסולקת של אגרות החוב שבתעודה זו, וכן תשלם החברה ריבית במועדים הבאים: לאחר חלוף 12 יום מן המועד הקובע לתשלום הריבית הראשון (כהגדרתו בשטר הנאמנות) ("**תשלום הריבית הראשון**"), ביום 31 בדצמבר 2014 ("**תשלום הריבית השני**"), ובימים 1 ביולי ו-31 בדצמבר של כל אחת מהשנים 2015 עד 2019; על אף האמור, במקרה של הקדמת מועדי פירעון תשלומי יתרת הקרן הבלתי מסולקת כמפורט בסעיף 1 זה להלן, מועד תשלום הריבית האחרון יהיה ביום 31 בדצמבר 2018. ריבית שנצברה ולא שולמה בגין התקופה שעד ליום 31 בדצמבר 2013 (בשיעור של 5.4% לשנה) תיצבר ותיווסף באופן כאמור בסעיף 4א(2) לשטר הנאמנות, החל מיום 1 בינואר 2014 לקרן אגרות חוב (סדרה ב') ותהיה חלק בלתי נפרד ממנה לכל דבר ועניין ובכלל זאת תיפרע במסגרת פירעונות הקרן. החל מיום 1 בינואר 2014 ואילך, שיעור הריבית על היתרה הבלתי מסולקת של קרן אגרות החוב הינו 6.9% לשנה.

   על אף האמור בסעיף 1 זה לעיל, במקרה בו לא פרעה החברה במהלך השנתיים הראשונות שתחילתן במועד הקובע (כהגדרתו בשטר הנאמנות) או עד ליום 1 בדצמבר 2016, לפי המוקדם, קרן אגרות חוב בגין שלושת הסדרות (כהגדרתן בשטר הנאמנות) בסכום כולל של לפחות 434,000,000 ש"ח[2] (ארבע מאות, שלושים וארבעה מיליון ש"ח) לא כולל הפרשי הצמדה, ובכלל זאת פירעון של קרן אגרות חוב (סדרה ב') בסכום כולל של לפחות 305,000,000 ש"ח (לא כולל הפרשי הצמדה), יבוצע פידיון מוקדם כפוי של יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה ב') באופן שהיא תעמוד לפירעון בשני (2) תשלומים שווים (כל אחד בסך של מחצית (50%) מיתרת הקרן הבלתי מסולקת האמורה) שישולמו ביום 31 בדצמבר 2017 וביום 31 בדצמבר 2018 (כאשר התשלום הראשון יבוצע ביום 31 בדצמבר 2017 והתשלום האחרון ביום 31 בדצמבר 2018). שיעור הריבית בגין כל תקופת ריבית יהיה כמפורט בסעיף 4.2 בתנאים הרשומים מעבר לדף

   כל תשלום כאמור ייעשה למי שיהיה המחזיק הרשום של אגרות החוב שבתעודה זו ביום 19 בדצמבר או ביום 19 ביוני הסמוך לפני מועד הפירעון של אותו תשלום, למעט תשלום הריבית הראשון אשר ייעשה למי שיהיה המחזיק הרשום של אגרות החוב שבתעודה זו במועד הקובע לתשלום הריבית הראשון (כהגדרתו בשטר הנאמנות).

2. התשלום האחרון בגין יתרת הקרן הבלתי מסולקת והריבית ייעשה כנגד מסירת תעודת אגרות החוב לידי החברה במועד התשלום במשרדה הרשום של החברה או בכל מקום אחר עליו תודיע החברה לא יאוחר מ-5 ימי עסקים לפני מועד תשלומו על פי תנאי אגרת החוב.

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[2] ככל שהפירעון אינו בש"ח - בהתאם לשער היציג של המטבע הזר מול השקל במועד הפירעון.

3. אגרות החוב מסדרה זו הונפקו בהתאם לשטר נאמנות בין החברה מצד אחד לבין רזניק פז נבו נאמנויות בע"מ (להלן: "**הנאמן**") מצד שני, שנחתם ביום 31 בינואר 2008 כפי שתוקן ביום 17 בפברואר 2008 וביום 10 במרס 2014 וכפי שתוקן והוחלף ביום __ ב_____ 2014 (להלן ולעיל: "**שטר הנאמנות**") ואינן מובטחות בשעבוד כלשהו.

4. כל אגרות החוב מסדרה זו תעמודנה בדרגה שווה בינן לבין עצמן (פרי-פסו), מבלי שתהיה כל זכות עדיפה לאחת על פני האחרת.

5. בכפוף להוראות שטר הנאמנות ובפרט הוראות סעיף 4 לשטר הנאמנות (מגבלות בדבר נטילת אשראי ויצירת שעבודים), החברה שומרת לעצמה את הזכות להנפיק בכל עת, ללא צורך בהסכמת הנאמן ו/או מחזיקי אגרות החוב מסדרה זו, אגרות חוב אחרות או סדרות אחרות של אגרות חוב או ניירות ערך אחרים, מכל מין וסוג שהוא, בין שיקנו זכות המרה במניות החברה ובין שלא יקנו זכות כאמור, בתנאים כפי שהחברה תמצא לנכון והכל בכפוף להוראות שטר הנאמנות.

6. אגרות החוב שבתעודה זו כפופות גם לתנאים המפורטים מעבר לדף ולתנאים המפורטים בשטר הנאמנות.

לא ניתן להציע, למכור, להעביר או למסור את אגרות החוב (סדרה ב') ואת המניות המוצעות בהולנד כחלק מהפצתן הראשונית או בכל עת לאחר מכן, במישרין ו/או בעקיפין, למעט למשקיעים כשירים (qualified investors), כהגדרתם בסעיף 1:1 לחוק הפיקוח הפיננסי ההולנדי, לרבות, אך מבלי לגרוע מהאמור לעיל, בנקים, ברוקרים, דילרים ומשקיעים מוסדיים המחזיקים רישיון או המפוקחים בצורה אחרת לפעול בשווקים הפיננסיים או ישויות שמטרתן היחידה הינה השקעה בניירות ערך.

נחתם על ידי החברה ביום _____

_____ _____

אני הח"מ, _____, עו"ד, מאשר/ת כי תעודת אגרת חוב זאת נחתמה על ידי חברת Plaza Centers N.V. על פי מסמכי ההתאגדות שלה, באמצעות ה"ה _____.

_____

_____, עו"ד

<u>התנאים הרשומים מעבר לדף</u>

1. **<u>כללי</u>**

באגרת חוב זו תהיינה לביטויים הבאים המשמעויות הבאות, אלא אם משתמעת כוונה אחרת מהקשר הדברים, דהיינו:

"**החברה**" – Plaza Centers N.V.;

"**שטר הנאמנות המקורי**" – כהגדרתו בסעיף 1.6 לשטר הנאמנות.

"**שטר הנאמנות**" או "**שטר הנאמנות**" - שטר נאמנות בין החברה לבין רזניק פז נבו נאמנויות בע"מ שנחתם בקשר לאגרות החוב (סדרה ב'), לרבות הנספחים המצורפים אליו ומהווים חלק בלתי נפרד הימנו, המתקן ומחליף לכל דבר ועניין את שטר הנאמנות המקורי (שלא יהיה בתוקף החל מהמועד הקובע) ובא במקומו, וכפי שיתוקן ו/או ישונה מעת לעת;

"**אגרות החוב (סדרה ב')**" או "**אגרות חוב (סדרה ב')** או "**סדרת אגרות החוב**" או "**אגרות החוב**" או "**אגרות חוב**" - סדרה של אגרות חוב (סדרה ב') רשומות על שם בנות 1 ש"ח ע"נ כל אחת של החברה שהונפקו על ידי החברה ואשר תנאיהן מפורטים בשטר הנאמנות;

"**החוב הנדחה בגין אגרות חוב (סדרה ב')**" – כהגדרתו בשטר הנאמנות.

"**הנאמן**" – רזניק פז נבו נאמנויות בע"מ ו/או כל מי שיכהן מדי פעם בפעם כנאמן של מחזיקי אגרות החוב לפי שטר הנאמנות;

"**מרשם**" - מרשם מחזיקי אגרות החוב כאמור בסעיף 24 לשטר הנאמנות;

"**מחזיק אגרת החוב**" או "**מחזיק אגרת חוב**" - האדם ששמו רשום בזמן הנדון במרשם כבעל אגרת החוב, ובמקרה של מספר מחזיקים במשותף, המחזיק המשותף הרשום ראשונה במרשם;

"**תעודת אגרות החוב**" - תעודת אגרות חוב (סדרה ב') אשר נוסחה מפורט ב<u>נספח א'</u> לשטר הנאמנות.

"**החוק**" או "**חוק ניירות ערך**" - חוק ניירות ערך, התשכ"ח-1968 ותקנותיו כפי שיהיו מעת לעת.

"**אירו**" - המטבע האחיד של מדינות האיחוד המוניטרי האירופי.

"**מדד המחירים לצרכן**" או "**מדד**" - מדד המחירים הידוע בשם "מדד המחירים לצרכן" הכולל ירקות ופירות והמפורסם על ידי הלשכה המרכזית לסטטיסטיקה וכולל אותו מדד אף אם יפורסם על ידי גוף או מוסד רשמי אחר במקום הלשכה המרכזית לסטטיסטיקה, וכן כולל כל מדד רשמי אחר שיבוא במקומו, אם יהיה בנוי על אותם הנתונים שעליהם בנוי המדד

הקיים ואם לאו. אם יבוא במקומו מדד אחר שיפורסם על ידי גוף או מוסד כאמור, ואותו גוף או מוסד לא קבע את היחס שבינו לבין המדד המוחלף, ייקבע היחס האמור על ידי הלשכה המרכזית לסטטיסטיקה. במקרה שאותו יחס לא ייקבע כאמור, אזי יקבע הנאמן, בהתייעצות עם מומחים כלכליים שייבחרו על ידיו, את היחס שבין המדד האחר למדד המוחלף.

"**המדד הידוע**" בתאריך כלשהו - המדד שפורסם לאחרונה לפני אותו תאריך.

"**המדד היסודי**" - המדד בגין חודש דצמבר 2007, כפי שפורסם ביום 15 בינואר 2008.

"**מדד התשלום**" – המדד הידוע ביום התשלום של תשלום כלשהו על חשבון יתרת הקרן הבלתי מסולקת ו/או ריבית כאשר, ככל ומדד זה במועד תשלום כלשהו יהיה נמוך מהמדד היסודי, יהא מדד התשלום המדד היסודי.

"**יום עסקים**" - יום בו פתוחים מרבית הבנקים בישראל לציבור לביצוע עסקאות.

"**החלטה מיוחדת**" - החלטה שנתקבלה באסיפת מחזיקי אגרות החוב, בה נכחו, בעצמם או על-ידי באי-כוחם, מחזיקים של לפחות חמישים אחוזים (50%) מיתרת הערך הנקוב של אגרות החוב שבמחזור במועד הקובע לאסיפה, או באסיפה נדחית של אסיפה זו, שנכחו בה, בעצמם או על-ידי באי-כוחם, מחזיקים של לפחות עשרים אחוזים (20%) מן היתרה האמורה, ואשר נתקבלה (בין באסיפה המקורית ובין באסיפה הנדחית) ברוב של לפחות שני שלישים (2/3) מכל הקולות של המשתתפים בהצבעה, למעט הנמנעים.

"**זכאי**" - בעל אגרות החוב שבתעודה זו הזכאי לזכויות שנקבעו בה במועד הנדון.

"**הבורסה**" הבורסה לניירות ערך בתל אביב בע"מ.

"**יתרת הקרן הבלתי מסולקת**" – כהגדרתה בשטר הנאמנות.

"**המועד הקובע**" – כהגדרתו בשטר הנאמנות.

"**מועד הפירעון הסופי**" – כהגדרתו בשטר הנאמנות.

2. **<u>אגרות החוב</u>**

ראו סעיף 2 לשטר הנאמנות.

3. **<u>יתרת הקרן הבלתי מסולקת</u>**

יתרת הקרן הבלתי מסולקת של אגרות חוב (סדרה ב') תעמוד לפירעון כמפורט בסעיף 2.1 לשטר הנאמנות. יתרת הקרן הבלתי מסולקת תהיה צמודה למדד המחירים לצרכן בהתאם לתנאי ההצמדה כאמור בסעיף 5 להלן.

4. **<u>הריבית</u>**

4.1. היתרה הבלתי מסולקת של קרן אגרות החוב (סדרה ב') נושאת החל מיום 1 בינואר 2014 ואילך ריבית בשיעור של 6.9% לשנה.

הריבית תהיה צמודה למדד המחירים לצרכן בהתאם לתנאי ההצמדה כאמור בסעיף 5 להלן.

4.2. תשלום הריבית הראשון יבוצע במועד שיחול לאחר חלוף 12 יום מן המועד הקובע לתשלום הריבית הראשון, או במועד אחר אשר יוכתב על ידי הבורסה, בהתאם להנחיותיה ("**מועד תשלום הריבית הראשון**") עבור התקופה שתחילתה ביום 1 בינואר 2014 וסיומה ביום שקדם למועד תשלום הריבית הראשון ("**תקופת הריבית הראשונה**"), ישולם כמפורט בסעיף 2.2.2.1 לשטר הנאמנות. **המועד הקובע לתשלום הריבית הראשון**" – יום המסחר הראשון לאחר מועד ההקצאה כהגדרתו בסעיף 4א' לשטר הנאמנות. בהתאם לכך, שיעור הריבית בגין תקופת הריבית הראשונה יפורסם על ידי החברה לפחות 4 ימי מסחר לפני המועד הקובע לתשלום הריבית הראשון. תשלום הריבית השני יבוצע ביום 31 בדצמבר 2014 בגין התקופה שתחילתה במועד תשלום הריבית הראשון וסיומה ביום 31 בדצמבר 2014 ("**תקופת הריבית השניה**") וישולם כמפורט בסעיף 2.2.2.2 לשטר הנאמנות. שיעור הריבית בגין תקופת הריבית השניה יפורסם על ידי החברה לא יאוחר מחלוף 5 ימי מסחר מתחילת תקופה זו.

לאחר תקופת הריבית הראשונה ותקופת הריבית השניה לגביהן יחול האמור בסעיף 4.2 זה לעיל, הריבית תשולם בימים 1 ביולי ו-31 בדצמבר בעד חצי השנה שהסתיימה ביום שקדם למועד כל תשלום כאמור (להלן: "**תקופת ריבית**") על היתרה הבלתי מסולקת מעת לעת של סכום הקרן באותה תקופת ריבית, כאשר שיעור הריבית בגין כל תקופת ריבית יעמוד על 3.45%.

בכפוף ליתר תנאי אגרות החוב, החברה תשלם את הריבית כאמור למי שיהיה הבעלים הרשום של אגרות החוב בפנקס ביום 19 בדצמבר וביום 19 ביוני של כל שנה שקדם למועד פירעונו של אותו תשלום, בהתאמה, למעט תשלום הריבית הראשון אשר ייעשה למי שיהיה הבעלים הרשום של אגרות החוב שבתעודה זו במועד הקובע.

התשלום האחרון של הריבית יבוצע ביום 31 בדצמבר 2019 יחד עם התשלום האחרון על חשבון יתרת הקרן הבלתי מסולקת כנגד החזרת תעודות אגרות החוב לחברה. על אף האמור, במקרה של פידיון מוקדם כפוי כמפורט בסעיף 2.1.2 לשטר הנאמנות ובתעודת אגרת החוב, יבוצע התשלום האחרון של הריבית ביום 31 בדצמבר 2018.

5. **<u>תנאי ההצמדה של יתרת הקרן הבלתי מסולקת והריבית</u>**

יתרת הקרן הבלתי מסולקת והריבית עליה, כמפורט לעיל, יהיו צמודים למדד המחירים לצרכן באופן כדלקמן:

אם יתברר במועד הפירעון של תשלום כלשהו על חשבון יתרת הקרן הבלתי מסולקת ו/או הריבית של אגרות החוב כי מדד התשלום באותו מועד גבוה מהמדד היסודי, תשלם החברה אותו תשלום של קרן או ריבית, כשהוא מוגדל באופן יחסי לשיעור העלייה של מדד התשלום האמור לעומת המדד היסודי; אולם אם יתברר כי מדד התשלום האמור זהה למדד היסודי או נמוך ממנו, תשלם החברה אותו תשלום של קרן או ריבית כשהוא מחושב על בסיס המדד היסודי. על פי הנחיות הבורסה שיטת ההצמדה לא תשתנה בתקופת אגרות החוב.

6. **<u>תשלומי יתרת הקרן הבלתי מסולקת והריבית</u>**

6.1. כל תשלום על חשבון יתרת הקרן הבלתי מסולקת ו/או הריבית, בהתאמה, ישולם למי שיהיה רשום במרשם כבעל אגרות החוב ביום 19 בדצמבר או ביום 19 ביוני הסמוך לפני מועד הפירעון של אותו תשלום, למעט תשלום הריבית הראשון אשר ייעשה למי שיהיה הבעלים הרשום של אגרות החוב שבתעודה זו במועד הקובע וכן פרט לתשלום האחרון שיעשה כנגד מסירת תעודות אגרות החוב לידי החברה, במשרדה הרשום של החברה ו/או בכל מקום אחר עליו תודיע החברה, לא יאוחר מ-5 ימי עסקים לפני המועד הקבוע לפירעון התשלום האחרון.

תשלומים על חשבון יתרת הקרן הבלתי מסולקת והריבית יעשה בכפוף לתנאי ההצמדה כאמור בסעיף 5 לעיל.

בכל מקרה שבו מועד פירעון התשלום על חשבון קרן ו/או ריבית יחול ביום שאינו יום עסקים, יידחה מועד הפירעון של אותו תשלום ליום העסקים הראשון הבא אחריו, ובגין דחייה כאמור אותו תשלום לא יישא ריבית.

כל תשלום על חשבון קרן ו/או ריבית, אשר ישולם באיחור העולה על 3 ימי עסקים מהמועד הקבוע לתשלומו על פי תעודת אגרות חוב זו, וזאת מסיבות התלויות בחברה, יישא ריבית פיגורים כהגדרתה להלן החל מהמועד הקבוע לתשלומו ועד למועד תשלומו בפועל. לעניין זה, שיעור ריבית הפיגורים יהיה שיעור הריבית הגבוה מבין: (i) שיעור הריבית על אגרות החוב האמור בסעיף 4 לעיל בתוספת 2% או (ii) שיעור ריבית הפריים בתוספת 2%, והכול על בסיס שנתי. החברה תודיע לבורסה בדיווח מיידי שני ימי מסחר לפני יום התשלום בפועל על שיעור הריבית הכולל את שיעור ריבית הפיגורים.

6.2. כל תשלום המגיע מהחברה בגין אגרות החוב יהיה בכפוף לניכוי מס במקור ככל שיידרש על פי דין מהחברה לעשות כן.

6.3. התשלום לזכאי ייעשה בשיק או בהעברה בנקאית לזכות חשבון בנק שפרטיו יימסרו בכתב לחברה מבעוד מועד על ידי הזכאי, בהתאם לאמור בסעיף 6.5 להלן. אם החברה לא תוכל, מכל סיבה שהיא שאינה תלויה בה, לשלם סכום כלשהו לזכאי לכך, היא תפקיד סכום זה בידי הנאמן כאמור בסעיף 7 להלן.

6.4. אם הזכאי לתשלום לא מסר מבעוד מועד לחברה את פרטי חשבון הבנק לזיכויו בהעברה בנקאית כאמור, תשלח החברה בדואר רשום שיק לכתובתו האחרונה הרשומה במרשם. משלוח שיק לזכאי בדואר רשום כאמור יחשב לכל דבר ועניין כתשלום הסכום הנקוב בו בתאריך שיגורו בדואר ובלבד שנפרע עם הצגתו כהלכה לגביה.

6.5. בעל אגרות החוב שיחפוץ להודיע את פרטי חשבון הבנק לזיכויו בתשלומים על פי אגרות החוב כאמור, או לשנות את פרטי החשבון האמור או את הוראותיו לגבי אופן התשלום, יוכל לעשות כן בהודעה בכתב שתישלח לחברה בדואר רשום, אולם החברה תמלא אחר ההוראה אך ורק אם הגיעה למשרדה הרשום לפחות 10 ימים לפני המועד הקבוע לפירעון תשלום כלשהו על פי אגרת החוב. במקרה שההודעה תתקבל על ידי החברה באיחור, תפעל החברה לפיה אך ורק ביחס לתשלומים שמועד פירעונם חל לאחר מועד התשלום הסמוך ליום קבלת ההודעה.

7. **<u>הימנעות מתשלום מסיבה שאינה תלויה בחברה</u>**

לעניין זה ראו סעיף 13 לשטר הנאמנות.

8. **<u>העברת אגרות החוב</u>**

8.1. אגרות החוב ניתנות להעברה לגבי כל סכום ערך נקוב ובלבד שיהיה בשקלים חדשים שלמים. כל העברה של אגרות החוב תיעשה על פי כתב העברה הערוך בנוסח המקובל להעברת מניות, חתום כדין על ידי הבעלים הרשום או נציגיו החוקיים, וכן על ידי מקבל ההעברה או נציגיו החוקיים, שיימסר לחברה במשרדה הרשום בצרוף תעודות אגרות החוב המועברות על פיו, וכל הוכחה אחרת שתידרש על ידי החברה לשם הוכחת זכותו של המעביר להעברתן.

8.2. העברת אגרות חוב תבוצע באמצעות חתימת המעביר ומקבל ההעברה על כתב העברת מניות בנוסח מקובל על החברה, בצירוף עד לחתימת כל אחד מהם. כתב העברת אגרות החוב יימסר לחברה בשעות העבודה המקובלות.

8.3. על אף האמור לעיל, עד לרישום אגרות החוב (סדרה ב') למסחר בבורסה, אם וככל שיירשמו, אגרות החוב לא תהיינה ניתנות להעברה על ידי מי מבעלי אגרות החוב אלא למי שהנו (א) משקיע הנמנה עם המשקיעים המנויים בתוספת הראשונה לחוק ניירות ערך ; (ב) לחברה או לחברה בת שלה ; או (ג) למשקיע אחר בכפוף לקבלת אישורה מראש של החברה. החברה תהא רשאית למנוע העברת אגרות החוב כאמור שלא למשקיעים המפורטים לעיל לפי שיקול דעתה הבלעדי ומבלי שתצטרך לנמק את סירובה להעברה כאמור ולמחזיקי אגרות החוב לא תהא כל טענה ו/או תביעה כלפי החברה בקשר עם סירוב כאמור.

8.4. במקרה של העברת חלק בלבד מסכום הקרן הנקוב הבלתי מסולק של אגרות החוב שבתעודה זו, תפוצל תחילה על פי הוראות סעיף 9 להלן התעודה למספר תעודות אגרות חוב כמתחייב מכך, באופן שסך כל סכומי הקרן הנקובים בהן יהיה שווה לסכום הקרן הנקוב של תעודת אגרות החוב האמורה.

8.5. לאחר קיום כל התנאים האלה תרשם ההעברה במרשם.

8.6. כל ההוצאות והעמלות הכרוכות בהעברה יחולו על מבקש ההעברה.

9. **<u>פיצול תעודת אגרות החוב</u>**

9.1. כל תעודת אגרות החוב ניתנת לפיצול למספר תעודות אגרות חוב, אשר סך כל סכומי הקרן הנקובים בהן שווה לסכום הקרן הנקוב של התעודה שפיצולה מבוקש.

9.2. פיצול תעודת אגרות החוב כאמור יעשה על פי בקשת פיצול חתומה על ידי בעל אגרות החוב שבתעודה או נציגיו החוקיים, אשר תימסר לחברה במשרדה הרשום, בצרוף תעודת אגרות החוב שפיצולה מבוקש.

9.3. ביצוע הפיצול יעשה תוך שלושים יום מתום החודש בו נמסרה התעודה במשרדה הרשום של החברה. תעודות אגרות החוב החדשות שיוצאו בעקבות הפיצול תהיינה בסכומי ערך נקוב בשקלים חדשים שלמים כל אחת.

9.4. כל ההוצאות הכרוכות בפיצול, לרבות מס בולים והיטלים אחרים, אם יהיו כאלה, יחולו על מבקש הפיצול.

10. **<u>הוראות כלליות</u>**

10.1. תשלומים על חשבון יתרת הקרן הבלתי מסולקת והריבית משתלמים וניתנים להעברה בלי שים לב לכל זכויות שבישר או כל זכות קיזוז או תביעה נגדית הקיימות או שתהיינה קיימות בין החברה לבין מחזיק, מחזיק קודם, כולל המחזיק המקורי של אגרות החוב.

10.2. כל מי שנעשה זכאי לאגרות החוב כתוצאה מפשיטת רגל או כתוצאה מהליכי פירוק של מחזיק אגרות החוב, תהיה לו הזכות, לכשיביא את אותן הראיות שהחברה תדרוש ממנו מדי פעם בפעם, להירשם במרשם כמחזיק אגרות החוב או, בכפוף לתנאים המפורטים לעיל בתעודה זו, להעביר אותן.

10.3. בעלי אגרות החוב יהיו רשאים להפעיל את זכויותיהם על פי אגרות החוב ושטר הנאמנות באמצעות הנאמן או על פי החלטת אסיפה כללית של בעלי אגרות החוב בדרכים המפורטות באגרת החוב ובשטר הנאמנות. למרות האמור לעיל, היה והנאמן

ינהג שלא בהתאם להוראות שטר הנאמנות ואגרת החוב, יהיו בעלי אגרות החוב רשאים להפעיל את זכויותיהם על פי החלטת האסיפה הכללית.

10.4. זכות הפירעון המיידי המפורטת בסעיף 7 לשטר הנאמנות תחשב כחלק בלתי נפרד מאגרת חוב זו.

11. **<u>פשרות ו/או שינויים בתנאי אגרות החוב</u>**

לעניין זה ראו סעיף 25 לשטר הנאמנות.

12. **<u>אסיפות כלליות של מחזיקי אגרות החוב</u>**

האסיפות הכלליות של מחזיקי אגרות החוב תתכנסנה ותתנהלנה בהתאם לאמור ב<u>נספח ב'</u> לשטר הנאמנות.

13. **<u>קבלות כהוכחה</u>**

מבלי לגרוע מכל תנאי אחר מתנאים אלה, תהווה קבלה חתומה על ידי מחזיק אגרות החוב שבתעודה זו הוכחה לסילוק מלא של כל תשלום הנקוב בקבלה, אשר נעשה על ידי החברה או על ידי הנאמן, לפי העניין, בגין אגרות החוב שבתעודה זו.

14. **<u>החלפת תעודת אגרות החוב</u>**

במקרה שתעודת אגרות החוב תתבלה, תאבד או תושמד תהיה החברה רשאית להוציא במקומה תעודה חדשה של אגרות החוב, וזאת באותם תנאים ביחס להוכחה, לשיפוי ולכיסוי ההוצאות שנגרמו לחברה לשם בירור אודות זכות הבעלות באגרות החוב, כפי שהחברה תמצא לנכון, בתנאי שבמקרה של בלאי, תעודת אגרות החוב הבלויה תוחזר לחברה לפני שתוצא התעודה החדשה. מס בולים והיטלים אחרים וכן הוצאות אחרות הכרוכות בהוצאת התעודה החדשה, יחולו על מבקש התעודה האמורה.

15. **<u>הודעות</u>**

לעניין זה ראו סעיף 24 לשטר הנאמנות.

16. **<u>רכישת אגרות חוב על ידי החברה או על ידי חברה בת</u>**

לעניין זה ראו סעיף 3 לשטר הנאמנות.

17. **<u>פדיון מוקדם ביוזמת הבורסה</u>**

אם יוחלט על ידי הבורסה על מחיקה מרישום למסחר של אגרות החוב שבמחזור מפני ששווי סדרת אגרות החוב בהן פחת מהסכום שנקבע בהנחיות הבורסה בדבר מחיקה מהמסחר של

אגרות חוב, תקבע החברה מועד פדיון שבו רשאי המחזיק באגרות החוב לפדותן ותפעל לשם כך כדלקמן:

17.1. תוך 45 יום מתאריך החלטת דירקטוריון הבורסה על מחיקה מהמסחר כאמור, תודיע החברה על מועד פדיון מוקדם שבו רשאי המחזיק באגרות חוב לפדותן. החברה תשלם למחזיק את הקרן בתוספת הפרשי הצמדה וריבית על פי תנאי אגרת החוב שנצברו עד ליום הפדיון בפועל. ההודעה על מועד הפדיון המוקדם תפורסם בשני עיתונים יומיים נפוצים בישראל בשפה העברית ותישלח בכתב בדואר רשום לכל המחזיקים באותה עת באגרות החוב.

17.2. מועד הפדיון המוקדם יחול לא לפני 17 יום מתאריך פרסום ההודעה ולא יאוחר מ-45 יום מהתאריך הנ"ל, אך לא בתקופה שבין המועד הקובע לתשלום ריבית לבין מועד תשלומה בפועל.

17.3. במועד הפדיון המוקדם תפדה החברה את אגרות החוב שהמחזיקים בהן ביקשו לפדותן, לפי ערכן הנקוב בצירוף הפרשי ההצמדה והריבית שהצטברו על הקרן עד מועד הפדיון בפועל (חישוב הריבית עבור חלק משנה יעשה על בסיס 365 יום לשנה).

17.4. קביעת מועד פדיון מוקדם כאמור לעיל אין בה כדי לפגוע בזכויות הפדיון הקבועות באגרות החוב, למי ממחזיקי אגרות החוב שלא יפדו אותן במועד הפדיון המוקדם כאמור לעיל, אך אגרות החוב תמחקנה מהמסחר, ויחולו עליהן, בין היתר, השלכות המס הנובעות מכך.

17.5. פדיון מוקדם של אגרות החוב כאמור לעיל לא יקנה למי שהחזיק באגרות החוב שייפדו כאמור את הזכות לתשלום ריבית בגין התקופה שלאחר מועד פדיונן בפועל.

18. **<u>פדיון מוקדם ביוזמת החברה ופדיון מוקדם חובה עקב "אירוע מימוש"</u>**

לעניין זה ראו סעיף 7א. לשטר הנאמנות.

נספח ב'

Plaza Centers N.V.

אסיפות כלליות של מחזיקי אגרות החוב

בכפוף להוראות חוק ניירות ערך, כינוס אסיפה של מחזיקי איגרות החוב, אופן ניהולה ותנאים שונים לגביה, יהיו כאמור להלן:

זימון אסיפה

1. הנאמן יכנס אסיפת מחזיקי אגרות חוב אם ראה צורך בכך, או לפי דרישה בכתב של מחזיקים באגרות החוב המחזיקים, לבד או יחדיו, לפחות בחמישה אחוזים (5%) מיתרת הערך הנקוב של אגרות החוב שבמחזור.

2. במקרה שהמבקשים את זימון האסיפה הינם מחזיקי אגרות החוב כאמור בסעיף 1 לעיל, יהיה הנאמן רשאי לדרוש מהמבקשים שיפוי, לרבות מראש, עבור ההוצאות הסבירות הכרוכות בכך. יובהר כי לא יהיה בדרישת שיפוי זו כדי לגרוע מחובת החברה לשאת בהוצאות הכרוכות בזימון האסיפה.

3. נאמן שנדרש לכנס אסיפת מחזיקים לפי הוראות סעיף 11 לעיל, יזמנה בתוך 21 ימים מיום שהוגשה לו הדרישה לכנסה, למועד שיקבע בהזמנה, ובלבד שמועד הכינוס לא יהיה מוקדם משבעה ימים ולא מאוחר מ-21 ימים ממועד הזימון; ואולם הנאמן רשאי להקדים את כינוס האסיפה, ליום אחד לפחות לאחר מועד הזימון, אם סבר כי הדבר דרוש לשם הגנה על זכויות המחזיקים ובכפוף להוראות סעיף 16 להלן; עשה כן, ינמק הנאמן בדוח בדבר זימון האסיפה את הסיבות להקדמת מועד הכינוס.

4. הנאמן רשאי על פי שיקול דעתו לשנות את מועד כינוס האסיפה לרבות להקדים את מועד כינוס האסיפה כאמור בסעיף 3 לעיל.

5. לא זימן הנאמן אסיפת מחזיקים, לפי דרישת מחזיקים (כאמור בסעיף 1 לעיל), בתוך המועד כאמור בסעיף 3 לעיל, רשאים המחזיקים לכנס את האסיפה, ובלבד שמועד הכינוס יהיה בתוך 14 ימים, מתום התקופה לזימון האסיפה בידי הנאמן, והנאמן יישא בהוצאות שהוציא המחזיק בקשר עם כינוס האסיפה.

6. החברה רשאית לזמן, בכל עת, אסיפה של מחזיקי איגרות החוב בתיאום עם הנאמן. אם החברה מזמנת אסיפה כזו, עליה לשלוח מיד לנאמן הודעה בכתב על המקום, היום והשעה בהם תתקיים האסיפה וכן על העניינים שיובאו לדיון בה, והנאמן או נציג מטעמו יהיו רשאים להשתתף באסיפה כאמור מבלי שתהיה להם זכות הצבעה. אסיפה כאמור תזומן למועד שיקבע בהזמנה, ובלבד שמועד הכינוס לא יהיה מוקדם משבעה ימים ולא מאוחר מ-21 ימים ממועד הזימון.

<u>פגמים בכינוס</u>

7. בית המשפט רשאי, לבקשת מחזיק, להורות על ביטולה של החלטה שהתקבלה באסיפת מחזיקים שהתכנסה או שהתנהלה בלא שהתקיימו התנאים הקבועים לכך לפי החוק או לפי הוראות שטר הנאמנות ותוספת זו.

8. היה הפגם בכינוס נוגע להודעה לגבי מקום כינוס האסיפה או מועדה, לא יהיה רשאי מחזיק שהגיע לאסיפה, על אף הפגם, לדרוש את ביטול ההחלטה.

<u>הודעה על כינוס אסיפה</u>

9. הודעה על אסיפת מחזיקים תפורסם לפי הוראות פרק ז'1 לחוק ניירות ערך ותימסר לחברה על ידי הנאמן.

10. הודעת הזימון תכלול את סדר היום, ההחלטות המוצעות וכן הסדרים לעניין הצבעה בכתב לפי הוראות סעיפים 24 ו-26 להלן.

<u>סדר היום באסיפה</u>

11. הנאמן יקבע את סדר היום באסיפת מחזיקים, ויכלול בו נושאים שבשלהם נדרש כינוסה של אסיפת מחזיקים לפי סעיפים 1 ו-12 לעיל, וכן נושא שנתבקש כאמור בסעיף 13 להלן לבקשת מחזיק.

12. ככל שתזומן אסיפה כאמור בסעיף 6 לעיל תקבע החברה את סדר היום באסיפה.

13. מחזיק, אחד או יותר, שלו חמישה אחוזים (5%) לפחות מיתרת הערך הנקוב של סדרת אגרות החוב, רשאי לבקש מהנאמן לכלול נושא בסדר היום של אסיפת מחזיקים שתתכנס בעתיד, ובלבד שהנושא מתאים להיות נדון באסיפה כאמור.

14. באסיפת מחזיקים יתקבלו החלטות בנושאים שפורטו בסדר היום בלבד.

<u>מקום כינוס אסיפה</u>

15. אסיפת מחזיקים תיערך בישראל במשרדי עורכי הדין של החברה או במקום אחר עליו יודיעו הנאמן או החברה והחברה תישא בעלויות כינוס האסיפה במקום אחר כאמור. הנאמן רשאי לשנות את מען כינוס האסיפה.

<u>המועד הקובע לבעלות באגרות חוב</u>

16. מחזיקים הזכאים להשתתף ולהצביע באסיפת המחזיקים הם מחזיקים באגרות חוב במועד שייקבע בהחלטה לזמן אסיפת מחזיקים, ובלבד שמועד זה לא יפחת מיום אחד ולא יעלה על שלושה ימים לפני מועד הכינוס.

<u>יו"ר האסיפה, פרוטוקולים באסיפות מחזיקים</u>

17. בכל אסיפת מחזיקים (לרבות אסיפה שזומנה על ידי החברה כאמור בסעיף 6 לעיל) יכהן הנאמן או מי שהוא מינה כיושב ראש אותה אסיפה.

18. הנאמן יערוך פרוטוקולים של אסיפת מחזיקי אגרות החוב, וישמור אותם במשרדו הרשום לתקופה של שבע (7) שנים ממועד האסיפה. פרוטוקול האסיפה יכול שיהיה בדרך של הקלטה. פרוטוקול, ככל שנערך בכתב, ייחתם על-ידי יושב הראש של האסיפה. כל פרוטוקול שנחתם בידי יושב ראש האסיפה מהווה ראיה לכאורה לאמור בו.

19. מרשם הפרוטוקולים של אסיפות המחזיקים יישמר במשרדו של הנאמן, יהיה פתוח לעיון מחזיקי אגרות החוב (ולעיון החברה על פי בקשתה ורק לעניין אסיפות/דיונים בהן נכחה החברה ו/או מי מטעמה) והעתק ממנו יישלח למחזיק באגרות חוב שיבקש. הנאמן יהיה רשאי לעכב מסירה של כל פרוטוקול, לכל גורם שהוא (למעט החברה – ביחס לאסיפות דיונים בהם נכחה החברה ו/או מי מטעמה), אם עפ"י שיקול דעתו הבלעדי, העברת הפרוטוקול, כולו או חלקו, עלולה לפגוע בזכויות מחזיקי אגרות החוב.

20. הכרזת יושב ראש האסיפה שהחלטה באסיפת מחזיקים התקבלה או נדחתה, בין פה אחד ובין ברוב פלוני, תהיה ראיה לכאורה לאמור בה.

<u>מנין חוקי; אסיפה נדחית או נמשכת</u>

21. אסיפת מחזיקי אגרות החוב תיפתח על ידי יו"ר האסיפה לאחר שקבע כי קיים המניין החוקי הדרוש לאיזה מן הנושאים שעל סדר יומה של האסיפה, כדלקמן:

21.1. כפוף למניין החוקי הנדרש לצורך קבלת החלטה מיוחדת וכפוף להוראות חוק ניירות ערך אשר אינן ניתנות להתניה ולהוראות שטר הנאמנות, המניין החוקי הנדרש לקיום אסיפה של מחזיקי אגרות החוב יהיה נוכחותם של לפחות שני מחזיקי אגרות חוב, הנוכחים בעצמם או על-ידי בא-כוחם, שלהם לפחות עשרים וחמישה אחוזים (25%) מזכויות ההצבעה של אגרות החוב שבמחזור, בתוך מחצית השעה מהמועד שנקבע לפתיחת האסיפה, אלא אם כן נקבעה דרישה אחרת בחוק. על אף האמור, אסיפת התייעצות כאמור בסעיף 47 להלן תתקיים בכל מספר משתתפים שהוא.

21.2. לא נכח באסיפת מחזיקים, בתום מחצית השעה מהמועד שנקבע לתחילת האסיפה, מנין חוקי, תידחה האסיפה למועד אחר שלא יקדם משני ימי עסקים לאחר המועד שנקבע לקיום האסיפה המקורית או מיום עסקים אחד, אם סבר הנאמן כי הדבר דרוש לשם הגנה על זכויות המחזיקים; נדחתה האסיפה, ינמק הנאמן בדוח בדבר זימון האסיפה את הסיבות לכך.

21.3. לא נכח באסיפת המחזיקים הנדחית כאמור בסעיף 21.2 לעיל, מניין חוקי כעבור מחצית השעה לאחר המועד שנקבע לה, תתקיים האסיפה בכל מספר משתתפים שהוא, אלא אם כן נקבעה דרישה אחרת בחוק.

21.4. על אף האמור בסעיף 21.3 לעיל, כונסה אסיפת המחזיקים על פי דרישת מחזיקים כאמור בסעיף 1 לעיל, תתקיים אסיפת המחזיקים הנדחית רק אם נכחו בה מחזיקים באגרות חוב לפחות במספר הדרוש לצורך כינוס אסיפה כאמור באותו סעיף (קרי: חמישה אחוזים (5%) לפחות מיתרת הערך הנקוב של אגרות החוב שבמחזור).

22. אגרות חוב המוחזקות בידי מחזיק קשור (כהגדרתו בסעיף 3.3 לשטר הנאמנות), לא יובאו בחשבון לצורך קביעת המניין החוקי באסיפת מחזיקים, וקולותיו לא יובאו במניין הקולות בהצבעה באסיפה כאמור.

23. לפי החלטה של הנאמן או בהחלטה רגילה של מחזיקי אגרות החוב, ידחה המשכה של האסיפה המקורית מפעם לפעם, הדיון או קבלת החלטה בנושא שפורט בסדר היום, למועד אחר ולמקום שיקבע כפי שהנאמן או האסיפה כאמור יחליטו (להלן: "**אסיפה נמשכת**"). באסיפה נמשכת לא יידון אלא נושא שהיה על סדר היום ושלא נתקבלה לגביו החלטה.

נדחתה אסיפת מחזיקים בלי לשנות את סדר יומה, יינתנו הזמנות לגבי המועד החדש לאסיפה הנמשכת, מוקדם ככל האפשר, ולא יאוחר מ-12 שעות קודם לאסיפה הנמשכת; ההזמנות כאמור יינתנו לפי סעיפים 9 ו-10 לעיל.

<u>השתתפות והצבעה</u>

24. מחזיק באגרות חוב רשאי להצביע באסיפת מחזיקים, בעצמו או באמצעות שלוח וכן בכתב הצבעה שבו יציין את אופן הצבעתו, ולפי הוראות סעיף 26 להלן. מחזיק אגרות החוב המבקש להשתתף באסיפה יציג בפני הנאמן אישור על בעלות נכון למועד הקובע, לרבות כתב מינוי אם אגרות החוב אינן רשומות על שם המשתתף באסיפה על פי סעיף 35א' לחוק, עובר למועד פתיחת האסיפה הרלוונטית, אלא אם נקבע אחרת בהודעת זימון האסיפה.

25. החלטה באסיפת המחזיקים תתקבל בהצבעה במניין קולות.

26. יו"ר האסיפה רשאי לקבוע כי הצבעות יהיו בדרך של כתבי הצבעה או בהצבעה במהלך האסיפה. במקרה בו קבע היו"ר כי ההצבעה תהיה בדרך של כתב הצבעה ידאג הנאמן, כי נוסח כתב ההצבעה יופץ למחזיקים, ויקבע את מועד נעילת ההצבעה שעד אליו על המחזיקים לשלוח לנאמן את כתב ההצבעה מלא וחתום כדין. הנאמן רשאי לדרוש ממחזיק להצהיר במסגרת כתב ההצבעה באשר לקיומו או היעדרו של עניין מנוגד (כהגדרתו להלן) שיש לו, וכן להצהיר אודות החזקותיו של אותו מחזיק בניירות ערך אחרים של החברה ו/או ניירות ערך של כל תאגיד רלוונטי אחר, בהתאם לשיקול דעתו של הנאמן. מחזיק אשר לא ימלא את כתב ההצבעה במלואו ו/או אשר לא יוכיח את זכאותו להשתתף ולהצביע באסיפה על פי הוראות התוספת השנייה, ייחשב כמי שלא מסר כתב הצבעה, ולפיכך בחר שלא להצביע על הנושא/ים שבכתב ההצבעה. כתב הצבעה מלא וחתום כדין שבו ציין מחזיק את אופן הצבעתו, אשר הגיע לנאמן עד למועד האחרון שנקבע לכך, ייחשב כנוכחות באסיפה לעניין קיום המניין החוקי כאמור בסעיף 21 לעיל.

הנאמן יהיה רשאי, בהתאם לשיקול דעתו ובכפוף לכל דין, לקיים אסיפות הצבעה בהן יערכו הצבעות באמצעות כתבי הצבעה וללא התכנסות המחזיקים, וכן לקיים הצבעה באמצעות כתבי הצבעה באסיפת הצבעה (לרבות באסיפה נדחית שלה אשר לא נכח בה עם פתיחתה המניין החוקי הנדרש לצורך קבלת ההחלטה שעל סדר היום) ובלבד שיתקבלו אצל הנאמן, עד למועד נעילת אסיפת ההצבעה, אשר ייקבע בהודעה על כינוס האסיפה או קיום ההצבעה, לפי העניין, כתבי הצבעה מאת מחזיקים המהווים מניין חוקי הדרוש לצורך קבלת ההחלטה באסיפה מקורית או אסיפה נדחית, לפי העניין.

כתב הצבעה שהתקבל אצל הנאמן כאמור לעיל לגבי עניין מסוים אשר לא התקיימה לגביו הצבעה באסיפת המחזיקים, ייחשב כנמנע בהצבעה באותה אסיפה לעניין החלטה על קיום אסיפת מחזיקים נדחית לפי הוראת סעיף 23 לעיל, והוא יימנה באסיפת המחזיקים הנדחית שתתקיים לפי הוראות סעיפים 23 או 21.3 ו-21.4 לעיל.

27. כל 1 ש"ח ערך נקוב של אגרות החוב המיוצגות בהצבעה יקנה קול אחד בהצבעה. במקרה של מחזיקים במשותף באגרות חוב יתקבל רק קולו של מי שרשום ראשון מביניהם במרשם.

28. מחזיק אגרות חוב רשאי להצביע בגין חלק מאגרות החוב שבהחזקתו לרבות להצביע בגין חלקן בעד הצעת החלטה ובגין חלק אחר נגדה ובגין חלק אחר להימנע, הכל כפי ראות עיניו.

<u>החלטות</u>

29. הרוב הדרוש לאישור החלטה רגילה באסיפה הוא רוב רגיל של מספר הקולות המשתתפים בהצבעה כאמור בסעיף 24 לעיל מבלי להביא בחשבון את קולות הנמנעים. הרוב הדרוש לאישור החלטה מיוחדת באסיפה כזו הוא רוב של לא פחות משני שלישים (2/3) ממספר הקולות המשתתפים בהצבעה כאמור בסעיף 24 לעיל מבלי להביא בחשבון את קולות הנמנעים.

30. החלטות אסיפת מחזיקים יתקבלו ברוב רגיל, אלא אם כן נקבע רוב אחר בחוק או בשטר הנאמנות. בנוסף, ביחס להחלטות שלא נקבע לגביהן במפורש בחוק או בשטר הנאמנות כי יתקבלו ברוב רגיל, רשאי הנאמן להחליט על פי שיקול דעתו הסביר בהתאם לנסיבות האם אישור החלטה דורש רוב שאינו רגיל.

במספר הקולות המשתתפים בהצבעה לא ימנו קולות הנמנעים מהצבעה.

<u>הצבעה ופעולות באמצעות שלוח/בא כוח</u>

31. כתב מינוי הממנה שלוח יהיה בכתב וייחתם על-ידי הממנה או על-ידי בא-כוחו שיש לו הסמכה לעשות כן בכתב כהלכה. אם הממנה הוא תאגיד, ייעשה המינוי בכתב ויהא חתום בחותמת התאגיד, בצירוף חתימת מורשי החתימה של התאגיד.

32. כתב מינוי של שלוח ייערך בכל צורה אשר תהיה מקובלת על הנאמן.

33. שלוח אינו חייב להיות בעצמו מחזיק איגרת חוב.

34. כתב מינוי וייפוי הכוח וכל תעודה אחרת שעל-פיה נחתם כתב המינוי או העתק מאושר של ייפוי כוח כזה, יימסר לנאמן עד למועד כינוס האסיפה אלא אם כן נקבע אחרת בהודעה המזמנת את האסיפה.

35. קול שניתן ו/או הצבעה שנעשתה בהתאם לתנאים שבמסמך הממנה בא-כוח, יהיה בר תוקף אף אם: (1) קודם לכן נפטר הממנה או הוכרז פסול דין; או (2) לאחר ההצבעה בוטל כתב המינוי; או (3) לאחר ההצבעה הועברה איגרת החוב שלגביה ניתן הקול, אלא אם נתקבלה במשרדה הרשום של החברה או במען אחר עליו תודיע החברה או בידי הנאמן, לפני האסיפה או ההצבעה, הודעה בכתב בדבר פטירת הממנה, היותו פסול דין, או בדבר הביטול או ההעברה כאמור לעיל.

36. הנאמן ישתתף באסיפה באמצעות עובדיו, נושאי משרה בו, ממלאי תפקיד בו או אדם אחר שיתמנה על ידו, אך לא תהיה לו זכות הצבעה.

37. החברה וכל אדם אחר למעט הנאמן יהיו מנועים מלהשתתף באסיפת מחזיקי אגרות החוב או בכל חלק ממנה, לפי החלטת הנאמן או לפי החלטה רגילה של מחזיקי אגרות החוב. על אף האמור בסעיף 37 זה, החברה תוכל להשתתף בפתיחת אסיפה לשם הבעת עמדתה בקשר עם כל נושא שעל סדר היום של האסיפה ו/או הצגת נושא מסוים (לפי העניין).

<u>אסיפות של כלל נושי התוכנית</u>

38. במקרה של אסיפות של כלל נושי התוכנית, לצורך המקרה המפורט בסעיף 4.4.2 לשטר נאמנות זה, אזי אופן הצבעת הנאמן בשם מחזיקי אגרות החוב (סדרה ב') תבוצע בהתאם ולאחר ההליך שלהלן:

38.1. תכונס אסיפה נפרדת מקדימה של מחזיקי אגרות חוב (סדרה ב'), לצורך קבלת החלטה והצבעה ביחס לנושא הנדון; האסיפה המקדימה, לרבות הצבעות במסגרתה, תכונס ותתנהל על פי הוראות שטר הנאמנות ותוספת זו.

38.2. כינוס האסיפה ואופן ההצבעה באסיפה יבוצע בהתאם לכללים הקבועים בנספח ב' זה;

38.3. הנאמן מוסמך בזה להצביע באסיפות של כלל נושי התוכנית, בגין כל הנשיה של אגרות החוב (סדרה ב'), בהתאם להתפלגות ההצבעות באסיפה המקדימה.

38.4. על אף האמור בסעיף 38.3 לעיל, יתאפשר לכל מחזיק אגרות חוב, לרבות אם הינו מחזיק קשור או מחזיק בעל עניין מנוגד, להצביע ישירות באסיפת כלל נושי

התוכנית. כל מחזיק אשר יצביע ישירות כאמור יקרא להלן: "**מחזיק מוחרג**". במקרה כאמור, הנאמן לא יצביע באסיפות נושי התוכנית בגין ומטעם המחזיק המוחרג והצבעותיו לא יובאו בחשבון לצורך חישוב התפלגות הצבעת מחזיקי אגרות החוב (סדרה ב') במסגרת האסיפה המקדימה על פיה יצביע הנאמן במסגרת אסיפת כלל נושי התוכנית כאמור.

מחזיק שיבקש להחריג הצבעתו כאמור יודיע על כך לנאמן לפחות יום עסקים אחד טרם אסיפת כלל נושי התוכנית הרלוונטית.

38.5. למען הסר ספק, יובהר, כי אין באמור בכדי לגרוע מהוראות הדין הרלוונטי בהולנד באשר להצבעה באסיפות נושים ככלל, וסעיף 38 זה חל אך ורק בהתייחס לאסיפות נושי התוכנית בקשר לסעיף 4.4.2 לשטר הנאמנות.

<u>פניה למחזיקי אגרות חוב</u>

39. הנאמן, וכן מחזיק, אחד או יותר, שלו חמישה אחוזים (5%) לפחות מיתרת הערך הנקוב של אגרות החוב שבמחזור, באמצעות הנאמן, רשאים לפנות בכתב למחזיקים על מנת לשכנעם לגבי אופן הצבעתם בנושא מהנושאים העולים לדיון באותה אסיפה (להלן: "**הודעת עמדה**").

40. זומנה אסיפת מחזיקים לפי סעיף 1 לעיל, רשאי מחזיק לפנות לנאמן ולבקשו לפרסם, לפי הוראות פרק ז'1 לחוק, הודעת עמדה מטעמו למחזיקי אגרות החוב האחרים.

41. הנאמן או החברה רשאים לשלוח הודעת עמדה למחזיקים באגרות החוב, בתגובה על הודעת עמדה שנשלחה כאמור בסעיף 39 ו-40 לעיל, או בתגובה לפנייה אחרת למחזיקי אגרות החוב.

<u>בחינת ניגודי עניינים</u>

42. כונסה אסיפת מחזיקים, יבחן הנאמן את קיומם של ניגודי עניינים אצל המחזיקים, בין עניין הנובע מהחזקתם באגרות החוב לבין עניין אחר שלהם, כפי שיקבע הנאמן (בסעיף זה – "**עניין אחר**"), בהתאם להוראות כל דין כפי שיהיו באותה העת; הנאמן רשאי לדרוש ממחזיק המשתתף באסיפת מחזיקים להודיע לו, לפני ההצבעה, על עניין אחר שלו וכן אם יש לו ניגוד עניינים כאמור.

מבלי לגרוע מכלליות האמור לעיל, ייחשב כל אחד מאלה כבעל עניין מנוגד:

42.1. מחזיק אשר הנו מחזיק קשור (כהגדרת מונח זה בסעיף 3.3 בשטר הנאמנות);

42.2. מחזיק אשר כיהן כנושא משרה בחברה בסמוך למועד האירוע שבסיס ההחלטה באסיפה;

42.3. כל מחזיק אשר קבע הנאמן לגביו כי הינו בעל "עניין מנוגד" לפי האמור להלן בכפוף לכל דין ו/או הוראת רשות מוסמכת ובכלל כך: כל מחזיק אשר יצהיר בכתב לנאמן כי הינו בעל עניין אישי מהותי כלשהו אשר חורג מעניינם של כלל מחזיקי אגרות

החוב באסיפת מחזיקי אגרות החוב. מחזיק אשר לא ימסור הצהרה בכתב לאחר שהתבקש לעשות כן על-ידי הנאמן, יחשב כמי שהצהיר שיש לו עניין אישי כאמור, ולגביו יקבע הנאמן הרלוונטי כי הינו מחזיק בעל עניין מנוגד. מבלי לגרוע מהאמור בסעיף 43 זה, הנאמן יבחן אם מחזיק הינו מחזיק בעל "עניין מנוגד", גם בהתחשב בהחזקותיו של אותו מחזיק בניירות ערך אחרים של החברה ו/או ניירות ערך של כל תאגיד רלוונטי אחר להחלטה המובאת לאישור באסיפה (כפי שיפורט בכתב ההצבעה), בהתאם להצהרת אותו מחזיק.

קביעת קיומו של עניין מנוגד תיעשה גם על סמך מבחן כללי של ניגודי עניינים שיערוך הנאמן. כמו כן, להסרת ספק מובהר, כי אין בהוראות לעניין הגדרת מחזיקי אגרות חוב בעלי עניין מנוגד כדי לגרוע מהוראות הדין, הפסיקה והנחיות מחייבות של רשות ניירות ערך, לעניין הגדרת מחזיקי אגרות חוב בעלי עניין מנוגד, כפי שיחולו במועד הבחינה.

43. לצורך בחינת ניגוד עניינים כאמור יהא הנאמן רשאי להסתמך על חוות דעת משפטית שיזמין, ויחולו עליה הוראות שטר הנאמנות לעניין נשיאה בהוצאות.

44. יובהר, כי בחינת ניגוד עניינים כאמור לעיל, ככל והיא דרושה לדעת הנאמן, תיערך בנפרד ביחס לכל החלטה על סדר יומה של האסיפה וכן ביחס לכל אסיפה בנפרד. עוד יובהר, כי אין בהכרזה על מחזיק כעל בעל עניין מנוגד בהחלטה או אסיפה כלשהי, כשלעצמה, כדי להראות על עניין מנוגד של אותו מחזיק בהחלטה אחרת אשר על סדר יומה של האסיפה או על עניין מנוגד שלו באסיפות אחרות.

45. בספירת מניין הקולות בהצבעה שהתקיימה באסיפת מחזיקים, לא יביא הנאמן בחשבון את קולותיהם של מחזיקים שלא נענו לדרישתו כאמור בסעיף 42 לעיל או שלגביהם מצא כי מתקיים ניגוד עניינים כאמור באותו סעיף (להלן: "**מחזיקים בעלי עניין מנוגד**").

46. על אף האמור בסעיף 45 לעיל, פחת סך החזקות המשתתפים בהצבעה, שאינם מחזיקים בעלי עניין מנוגד, משיעור של חמישה אחוזים (5%) מיתרת הערך הנקוב של אגרות החוב מאותה סדרה, יביא הנאמן בחשבון בספירת מניין הקולות בהצבעה גם את קולותיהם של המחזיקים בעלי עניין מנוגד.

<u>כינוס אסיפת מחזיקים לצורך התייעצות</u>

47. אין בהוראות סעיפים 1, 3, 5, 11, 13 ו-14 לעיל כדי לגרוע מסמכות הנאמן לכנס אסיפת מחזיקים, אם ראה צורך בהתייעצות עמם; בזימון לאסיפה כאמור לא יפורטו נושאים לסדר יומה ומועד כינוסה יהיה יום אחד לפחות לאחר מועד הזימון.

באסיפה כאמור לא תיערך הצבעה, לא יתקבלו בה החלטות ולא יחולו עליה הוראות סעיפים 1, 3, 5, 10, 11, 13, 14, 24, 26.

* * *

נספח ג'

<u>שכר טרחת נאמן</u>

החל מן המועד הקובע, החברה תשלם שכר לנאמן עבור שירותיו, בהתאם לשטר זה, כמפורט להלן:

1. בגין כל שנה מהשנים בהן יהיו איגרות חוב (סדרה ב') שעדיין לא נפרעו במחזור, סך של 40,000 ש"ח ("**השכר השנתי**").

2. השכר השנתי ישולם לנאמן בתחילת כל שנת נאמנות.

3. השכר השנתי ישולם לנאמן בגין התקופה שעד תום תקופת הנאמנות על-פי תנאי שטר זה גם אם מונה לחברה כונס נכסים ו/או כונס נכסים מנהל ו/או באם הנאמנות על-פי שטר זה תנוהל בהשגחת בית משפט.

בנוסף יהיה הנאמן זכאי מהחברה להחזר ההוצאות הסבירות כהגדרתן להלן.

"**הוצאות סבירות**" – סכומים אשר יוציא הנאמן במסגרת מילוי תפקידו ו/או מכוח הסמכויות המוענקות לו על פי שטר זה ובכלל זה: הוצאות ועלויות בגין זימון וכינוס אסיפה של מחזיקי אגרות החוב והוצאות בגין שליחויות ונסיעות ופרסומים בעיתונות הקשורים לזימון אסיפה וככל שמתחייב על פי כל דין.

במידה ופקעה כהונת הנאמן, לא יהיה הנאמן זכאי לתשלום שכר טרחתו החל מיום פקיעת כהונתו. במידה וכהונת הנאמן פקעה במהלך שנת הנאמנות יוחזר שכר הטרחה ששולם בגין החודשים בהם לא שימש הנאמן כנאמן לחברה. האמור בסעיף זה לא יחול לגבי שנת הנאמנות הראשונה.

4. מבלי לפגוע בכלליות האמור בסעיף 1 לעיל, יהיה הנאמן זכאי לתשלום שכר טרחה בסך של 550 ש"ח, בעבור כל שעת עבודה שיידרש לו בגין פעולות מיוחדות אשר יבצע במסגרת תפקידו כנאמן (הכל בכפוף להוראות שטר הנאמנות), ולרבות:

4.1 פעולות הנובעות מהפרה של השטר על ידי החברה;

4.2 פעולות בקשר להעמדת אגרות החוב לפירעון מיידי ו/או פעולות בקשר עם החלטת אסיפת מחזיקי אגרות חוב להעמיד את אגרות החוב לפירעון מיידי;

4.3 פעולות מיוחדות שיידרש או שיהא צריך לבצע, לצורך מילוי תפקידיו על פי שטר זה בקשר עם זכויות מחזיקי איגרות החוב ולשם הגנה עליהן, לרבות בשל אי עמידת החברה בהתחייבויותיה על פי שטר זה, לרבות כינוסן של אסיפות מחזיקי אגרות חוב כאמור בשטר זה ולרבות בשל השתתפות באספות מחזיקי אגרות חוב;

4.4 פעולות מיוחדות (לרבות, אך לא רק, פעולה הנדרשת בשל שינוי במבנה החברה או פעולה בשל דרישת החברה) או בגין הצורך בביצוע פעולות נוספות לשם מילוי תפקידו כנאמן סביר, בשל שינוי בחוקים (לרבות תקנות שיותקנו בעקבות תיקונים 50 ו-51 לחוק ניירות ערך) ו/או תקנות ו/או הוראות מחייבות אחרות שיחולו בקשר לפעולות הנאמן ואחריותו לפי שטר נאמנות זה;

5. במקרה בו החברה תהיה אמורה לשלם לנאמן תשלום בגין הוצאות שכר טרחתו ו/או תשלום בעבור הוצאות סבירות שהוציא ו/או בעבור פעולות מיוחדות שעליו לבצע או שביצע במסגרת מילוי תפקידו ו/או מכוח הסמכויות המוענקות לו על פי שטר זה כאמור בנספח זה, אם וככל שאלו יהיו, והחברה לא עשתה כן, הנאמן יהיה רשאי לשלם את מלוא הסכומים האלה מהתקבולים שנצברו בידו בהתאם לאמור בסעיף 9 ו-10 לשטר הנאמנות, ובלבד שהודיע לחברה על כוונתו לעשות כן בכתב ומראש

6. בגין כל אסיפת בעלי מניות שנתית הנאמן יטול בה חלק, לרבות נוכחותו באסיפת בעלי מניות שלא נפתחה עקב העדרו של מניין חוקי, ישולם שכר נוסף של 600 ש"ח לישיבה, צמוד למדד בהתאם להוראות נספח זה.

7. במקרה בו רשות ניירות ערך (במהלך הרישום למסחר) תחייב את הנאמן להשתתף בדיונים עם החברה ישולם לנאמן שכר (בתעריף הנקוב בסעיף 3 להלן) בהתאם לשעות הדיונים בהם הנאמן יטול חלק לרבות החזר הוצאות נסיעה. תשלום זה אינו מותנה בהנפקת אגרות החוב או בחתימת שטר הנאמנות.

8. מע"מ אם יחול יתווסף לתשלומים המגיעים לנאמן על-פי הוראות נספח זה וישולם על-ידי החברה.

9. כל הסכומים האמורים יהיו צמודים למדד הידוע במועד החתימה על שטר הנאמנות אולם בכל מקרה לא ישולם סכום הנמוך מהסכום הנקוב בנספח זה.

10. שכר הנאמן ישולם בגין התקופה שעד תום הנאמנות הכלולה בשטר זה אף אם מונה כונס נכסים לחברה (או כונס נכסים ומנהל), או אם הנאמנות לפי שטר זה תנוהל בהשגחת בית המשפט אם לאו.

11. כל הסכומים האמורים בנספח זה, ייהנו מעדיפות על פני הכספים המגיעים למחזיקי איגרות החוב.

12. מונה נאמן במקומו של נאמן שהסתיימה כהונתו לפי סעיפים 35ב(א1) או 35יד(ד) לחוק ניירות ערך, יישאו המחזיקים באגרות החוב בהפרש שבו עלה שכרו של הנאמן שמונה כאמור על השכר ששולם לנאמן שבמקומו מונה אם ההפרש כאמור הוא בלתי סביר ויחולו הוראות הדין הרלוונטיות במועד החלפה כאמור.

נשיאה של המחזיקים בהפרש כאמור תבוצע באופן של קיזוז החלק היחסי של ההפרש מכל תשלום שהחברה תבצע למחזיקי אגרות החוב בהתאם לתנאי שטר הנאמנות והעברתו ע"י החברה ישירות לנאמן.

* * *

נספח ד'

יחס הכיסוי

1. יחס הכיסוי

1.1 "**יחס הכיסוי**" מוגדר ומחושב כדלקמן (באחוזים):

כאשר:

$$CR = \frac{A-B}{D}$$

CR	-	יחס הכיסוי (Coverage Ratio)
A	-	שווי כלל הנכסים (לרבות מזומנים ושווי מזומנים), בכפוף להוראות סעיף 3 להלן.
B	-	סך החובות כלפי בנקים הקודמים לחובות הנכללים במסגרת התוכנית ו/או חובות שהינם חובות ספציפיים
D	-	סך החובות שאינם חובות קודמים כלפי בנקים ו/או חובות נחותים לחובות הנכללים במסגרת התוכנית ו/או שאינם חובות ספציפיים

"**הנכסים**" או "**נכסים**" – שווי הזכויות של החברה בכל הנכסים המוחזקים על ידה לרבות החזקה בעקיפין באמצעות חברות בנות או קשורות של החברה כאשר במקרה כזה יוכפל שווי הנכס הרלוונטי בשיעור ההחזקה של החברה בשרשור בחברת הבת או בחברה הקשורה המחזיקה בנכס, והכל לפי שוויים על פי הערכת שמאי עדכנית שתהיה בידי החברה או כאמור בסעיף 3.2 להלן (לפי העניין).

"**התוכנית**" - כהגדרתה בסעיף 1.6 לשטר הנאמנות.

"**חוב ספציפי**" – חוב אשר ניתן לחברה או לחברות בנות/קשורות כנגד שיעבוד על נכסים לפי החלק של זכויות החברה או החברה הבת או החברה הקשורה בנכסים.

1.2 "**יחס הכיסוי המינימאלי**" - 118%, בכפוף לשינויים הבאים: (א) בקרות אירוע קאזה (אחד או יותר) כמפורט בסעיף 3.3 להלן קודם לקרות ההזרמה ההונית הנוספת (כהגדרתה בסעיף 1.4 לשטר הנאמנות) - 120%; (ב) במקרה של הזרמה הונית נוספת (כהגדרתה בסעיף 1.4 לשטר הנאמנות) – 115%. החברה תפרסם דיווח לציבור אודות השינוי ביחס הכיסוי המינימאלי, ככל שיחול.

2. יחס הכיסוי - הוראות כלליות

יחס הכיסוי ייבדק ארבע (4) פעמים בשנה במועד אישור דוחותיה הכספיים המאוחדים המבוקרים השנתיים או דוחותיה הכספיים המאוחדים הרבעוניים הסקורים של החברה, לפי הענין (להלן: "**מועד הבדיקה**"), וזאת עד למועד הפירעון הסופי. הנתונים הנדרשים לצורך בחינת יחס הכיסוי ייבחנו במועד הבדיקה נכון למועד הדוחות הכספיים, בהתאם לנתונים המופיעים בדוחות הכספיים, בכפוף להתאמות כמפורט בסעיף 3 להלן.

3. <u>הוראות לעניין אופן חישוב שווי כלל הנכסים ("A") ביחס הכיסוי</u>

3.1 שווי הנכסים יחושב בהתאם להערכת השווי העדכנית ביותר שתהייה קיימת ביחס לאותו נכס במועד הבדיקה (להלן: "**הערכת השווי העדכנית**").

3.2 על אף האמור בסעיף 3.1 לעיל, במקרה בו, להערכת הנהלת החברה, חלה ירידת ערך של נכס מסוים ביחס להערכת השווי העדכנית של אותו נכס, שווי הנכס האמור לצורך חישוב יחס הכיסוי יהיה בהתאם להערכת ההנהלה.

3.3 **<u>נכס "קאזה רדיו" (Casa Radio) ברומניה</u>** ("**<u>קאזה</u>**")

3.3.1 לצורך הערכת שווי כלל הנכסים במסגרת חישוב יחס הכיסוי יוערך שווי קאזה החל מהמועד הקובע בסך של חמישים (50) מיליון אירו. בהתאם לכך, במסגרת חישוב שווי כלל הנכסים ינוכה משווי הערכת השווי העדכנית שבידי החברה לקאזה הסכום הנדרש על מנת ששווי קאזה במסגרת סך הנכסים יעמוד על הסך האמור של 50 מיליון אירו ("**סכום הניכוי בגין קאזה**").

3.3.2 על אף האמור בסעיף 3.3.1 לעיל, בקרות כל אחד מהמקרים להלן על קרות מקרה אחד או יותר מהמקרים להלן, לא יופחת עוד משווי הערכת השווי העדכנית שבידי החברה (לצורך חישוב יחס הכיסוי) סכום הניכוי בגין קאזה, ושווי זה יוערך לצורך חישוב יחס הכיסוי בלבד על פי הערכת השווי העדכנית של קאזה תחת הנחת מימוש מהיר (דיסטרס):

3.3.2.1 תושלם עסקה במסגרתה ייכנס לקאזה משקיע או שותף, אשר יהיה זכאי לפחות ל-20% מהזכויות בקאזה, במישרין או בעקיפין.

3.3.2.2 הגעה להסדר מחייב עם הרשויות הרלוונטיות ברומניה לגבי לוחות הזמנים לביצוע פרויקט קאזה או הגעה להסכם להארכת תקופת החכירה של הקרקע המשמשת לצורך פרויקט קאזה. החברה תדווח על קרות מקרה זה לנאמן בלבד.

3.3.2.3 התקשרות בהסכם מימון בגין קאזה בהיקף כספי שלא יפחת מסך של 25 מיליון אירו.

(כל אחד מן המקרים בסעיף 3.3.2 זה לעיל: "**אירוע קאזה**").

3.3 במקרה בו התקיים האמור בסעיפים 3.3.2.1 או 3.3.2.3 לעיל, אזי לאחר חלוף 9 חודשים מקרות האירוע האמור, יחושב שווי קאזה במסגרת חישוב יחס הכיסוי על פי הערכת שווי מעודכנת רגילה ולא על פי על פי הערכת שווי נכס במימוש מהיר.

דוגמא להמחשה - אופן חישוב יחס הכיסוי ליום 31.12.2013

דוגמה לאופן חישוב יחס הכיסוי ליום 31.12.2013	
	אלפי אירו
סך כל הערכות שווי לפי מעריך השווי Wakefield & Cushman למעט KIELCE וכן Targu Mures	536,293
הערכת הנהלת החברה לנכס TARGU MURES	3,500
הערכת הנהלת החברה לנכס KIELCE	4,000
בתוספת קורגאון פארק לפי הסכם המכירה	40,333
סכום הניכוי בגין קאזה (הפחתה לשווי 50 מיליון אירו)	(80,613)
בתוספת מזומן (כולל מזומן משועבד וני"ע)	33,722
בתוספת מזומן **צפוי** מהנפקת זכויות	20,000
סה"כ (A)	**557,235**
סך החובות כלפי בנקים הקודמים לחובות הנכללים במסגרת התוכנית ו/או חובות שהינם חובות ספציפיים (B)	(210,333)
סה"כ מונה (A-B)	**346,902**
מכנה (D) (*) - סך החובות שאינם חובות קודמים כלפי בנקים ו/או חובות נחותים לחובות הנכללים במסגרת התוכנית ו/או שאינם חובות ספציפיים	**203,237**
יחס הכיסוי (CR)	**170.7%**

החובות הכלולים במכנה הינם בסכום נטו, כלומר לאחר הפחתת חלקה של חברת הבת המחזיקה באגח סדרה ב' בערך מתואם של 3,887 אלפי אירו

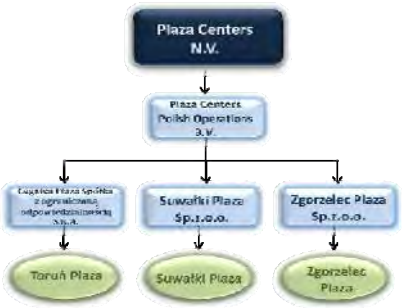
נספח 1.6.1

פרטים בדבר אופן ההחזקות בארבעת הקניונים והמימון בגינם

שם הפרוייקט	עיר, מדינה	שיעור החזקה	החברה המחזיקה	יתרת קרן הלוואה 31.12.2013 (מליוני אירו)	שנת פירעון	מועדי תשלום ריבית	שיעור ריבית
Torun	טורון, פולין	100%(*)	ראה תרשים 1	47.9 (***)	2017	תשלום רבעוני ביום האחרון של כל רבעון	3% + 3M EURIBOR p.a.
Suwalki	סוואלקי, פולין	100%(*)	ראה תרשים 1	31.6 (***)	2020	תשלום רבעוני ביום האחרון של כל רבעון	1.65% + 3M EURIBOR p.a.
Riga	ריגה, לטביה	50%	ראה תרשים 3	29.5 (**),(***)	2017	תשלום רבעוני ביום האחרון של כל רבעון	2.9% + 3M EURIBOR p.a.
Kragujevac	קרגוייבץ, סרביה	100%	ראה תרשים 2	29.1	2027	תשלום רבעוני ביום האחרון של כל רבעון	5% + 3M EURIBOR p.a.

(*) ההחזקה בשרשור.
(**) יתרת הקרן מייצגת את חלקה של פלאזה בהלוואה (50%).
(***) הלוואת בלון

תרשים 1:



תרשים 2:

תרשים 3:

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Guarantee claims

	Creditor	Borrower	Type of obligation outstanding	Outstanding loan amount 31.12.2013	Interest accrued	Interest
1.	MKB Bank Zrt.; Erste Bank der Oestereichischen Sparkassen AG	Liberec Plaza	Conditional guarantee re Debt Service	EUR 20,700,000	EUR 198,317	3 months Euribor + 3.5% p.a
2.	Bank Zachodni WBK S.A.	Zgorzelec Plaza	Conditional guarantee re Payment Deficiency for max. EUR 2,250,000	EUR 22,000,000	-	3 months Euribor + 2.75% p.a
3.	OTP Bank Nyrt.	S.C. Adams Invest SRL/Valley View	Conditional guarantee re Secured Liabilities (i.c. interest)	EUR 8,200,000	EUR 196,584	3 months Euribor + 5.5% p.a
4.	MKB Zrt.	Primavera	Conditional guarantee re interest accrued re all Outstanding Obligations	EUR 1,500,000	EUR 489,323	3 months Euribor + 4.5% p.a (*)
5.	Axis Bank Ltd.	Koregaon Park	Conditional guarantee all amounts payable under facility	INR 1,212 million (EUR 14,200,000)	-	13.5% p.a

(*) Interest accrued re obligations up to loan maturity (31.3.12)

Loan and bond related claims

	Creditor	Debtor	Type of obligation outstanding	Outstanding principal amount	Accrued interest
6.	GEFA Gesellschaft für Absatzfinanzierung mbH (SG)	PC	Repayment loan as principal debtor	EUR [1]2,500,000	(amount is inclusive of interest)
7.	Israeli Bondholders Series A	PC	Repayment bonds	NIS 295,685,579	NIS 6,652,926
8.	Israeli Bondholders Series B	PC	Repayment bonds	NIS 594,657,686	NIS16,055,758
9.	Polish Bondholders	PC	Repayment bonds	PLN 60,000,000	PLN 2,764,997 [2]

[1] Loan serves to finance the purchase of a company airplane. In February 2014 the Company has sold the airplane. The proceeds from the disposal were used to repay the bank facility taken for the purchase of the airplane, and the Company currently negotiates with the financing bank the conditions to be set for the repayment of the remaining outstanding bank loan (circa EUR 1.2 million).

[2] Accreud interest as of Decemebr 31,2013 calculated as follows: until original payment dated (November 18, 2013) 7.34% p.a; untill Decemebr 31,2013 7.2% p.a.

A. Selling of airplane

On February 25, 2014 the Company disposed the airplane for a total consideration of USD 1.9 million (EUR 1.4 million). The proceeds from the disposal were
used to repay the bank facility taken for the purchase of the airplane, and the Company currently negotiates with the fi nancing bank the conditions to be set for the
repayment of the remaining outstanding bank loan (circa EUR 1 million).

B. Sale of turbines

In March 2014 the Casa Radio project company disposed of the turbines held in respect of the Casa Radio project (refer also to note 11) for a total net consideration of EUR 2.6 million.

C. Disposal of Uj Údvar in Hungary

In December 2013 the consortium of shareholders of Uj Udvar, in which the Company indirectly holds a 35% stake, has completed the sale of its Uj Udvar project holding to a private investor for a consideration of EUR 2.4 million. The Company has accounted for a EUR 1.9 million write down of this investee in the fourth quarter of 2013 presented within write down of equity accounted investees in the statement of profi t or loss. The Company recorded as a result of this transaction a loss of EUR 0.1 million.

Asset/Project	Location	Nature of asset	Size sqm (GLA)	Plaza's effective ownership %
Operating Shopping and Entertainment Centers				
Suwalki Plaza	Suwalki, Poland	Retail & entertainment scheme	20,000	100
Zgorzelec Plaza	Zgorzelec, Poland	Retail & entertainment scheme	13,000	100
Torun Plaza	Torun, Poland	Retail & entertainment scheme	40,000	100
Liberec Plaza	Liberec, Czech Rep.	Retail & entertainment scheme	17,000	100
Kragujevac Plaza	Kragujevac, Serbia	Retail & entertainment scheme	22,000	100
Riga Plaza	Riga, Latvia	Retail & entertainment scheme	49,000	50
Koregaon Park Plaza	Pune, India	Retail, entertainment and office scheme	41,000	100
Development Projects				
Casa Radio	Bucharest, Romania	Mixed-use retail and leisure plus office scheme	555,000 (GBA including parking spaces)	75
Timisoara Plaza	Timisoara, Romania	Retail & entertainment scheme	38,000	100
Lodz Plaza	Lodz, Poland	Retail & entertainment scheme	35,000	100
Belgrade Plaza	Belgrade, Serbia	Apartment-hotel and business centre with a shopping gallery	63,000 (GBA)	100
Belgrade Plaza (Visnjicka)	Belgrade, Serbia	Retail & entertainment scheme	32,000	100
Cina Plaza	Bucharest, Romania	Retail and Office scheme (Existing building for development)	4,786	Lease rights for 43 years (starting 12/2007)
Chennai	Chennai, India	Residential Scheme	230,000 (for sale)	40
David House	Budapest, Hungary	Office	2,000	100
Palazzo Ducale	Bucharest, Romania	Office	700	100
Pipeline Plots				
Asset/Project	**Location**	**Nature of asset**	**Plot Size (sqm)**	**Plaza's effective ownership %**
Kielce Plaza	Kielce, Poland	Retail & entertainment scheme	30,000	100
Leszno Plaza	Leszno, Poland	Retail & entertainment scheme	17,000	100
Lodz (Residential)	Lodz, Poland	Residential scheme	33,000	100
Arena Plaza Extension	Budapest, Hungary	Office scheme	22,000 (land use right)	100
Csiki Plaza	Miercurea Ciuc, Romania	Retail & entertainment scheme	36,500	100
Iasi Plaza	Iasi, Romania	Retail, entertainment and office scheme	46,500	100
Slatina Plaza	Slatina, Romania	Retail & entertainment scheme	24,000	100
Hunedoara Plaza	Hunedoara, Romania	Retail & entertainment scheme	41,000	100
Targu Mures Plaza	Targu Mures, Romania	Retail & entertainment scheme (Power Centre)	31,500	100
Constanta Plaza	Constanta, Romania	Retail & entertainment scheme	26,500	100
Shumen Plaza	Shumen, Bulgaria	Retail & entertainment scheme	26,000	100
Pireas Plaza	Athens, Greece	Retail & entertainment scheme	15,000	100
Bangalore	Bangalore, India	Residential Scheme	218,500	25

Other projects				
Asset/Project	**Location**	**Nature of asset**	**Plot Size (sqm)**	**Plaza's effective ownership %**
Fountain Park Bucharest	Bucharest, Romania	Residential	16,600	12.5
Acacia Park	Ploiesti, Romania	Residential	32,000	25
Primavera Tower	Ploiesti, Romania	offices	10,500	25
Green Land	Ploiesti, Romania	Residential	25,800	25
Poiana Brasov	Brasov, Romania	Residential	138,000	25
Primavera Tower	Brasov, Romania	offices	10,800	25
Pinetree Glade	Brasov, Romania	Residential	40,000	25
Krusevac	Krusevac, serbia	Retail & entertainment scheme	20,000	100

נספח 2.3 - לוח סילוקין אגרות חוב (סדרה ב')

<u>אג"ח ב' לוח סילוקין</u>

שיעור ריבית שנתית צמודה לדד המחירים לצרכן 6.9%

ריבית מומרת לקרן (בש"ח)	16,055,758 ש"ח
ריבית מומרת לקרן (באגח)	13,727,951 ע.נ

תאריך	זמן	שיעור ריבית	תשלומי ריבית	פרעון ע.נ. אגח	תשלומי קרן	יתרת ע.נ. אגח	קרן נטו בש"ח
7/1/2014	0.5		21,011,889 (1)		0	522,170,626	610,713,444
12/31/2014	1.0	3.45%	21,127,339		0	522,170,626	610,713,444
7/1/2015	1.5	3.45%	21,011,889		0	522,170,626	610,713,444
12/31/2015	2.0	3.45%	21,127,339		0	522,170,626	610,713,444
7/1/2016	2.5	3.45%	21,127,339		0	522,170,626	610,713,444
12/31/2016	3.0	3.45%	21,127,339		0	522,170,626	610,713,444
7/1/2017	3.5	3.45%	21,011,889		0	522,170,626	610,713,444
12/31/2017	4.0	3.45%	21,127,339		0	522,170,626	610,713,444
7/1/2018	4.5	3.45%	21,011,889			522,170,626	610,713,444
12/31/2018	5.0	3.45%	21,127,339	261,085,313	305,356,722	261,085,313	305,356,722
7/1/2019	5.5	3.45%	10,505,944			261,085,313	305,356,722
12/31/2019	6.0	3.45%	10,563,669	261,085,313	305,356,722	0	0
			231,881,202	522,170,626	610,713,444		

(1) תשלום ריבית זו יידחה כמפורט בסעיף 2.2.2.1 לשטר הנאמנות

נספח 4.2

רשימת נכסי הנדל"ן המוחזקים על ידי החברה והחברות הבנות שלה, במישרין ובעקיפין, המשועבדים לטובת צדדים שלישיים (נכון ליום ___2014 - מועד שטר הנאמנות)

Holding Company	Project name	Holding Rate	Location	Asset type
Legnica Plaza Spółka z ograniczoną odpowiedzialnością S.K.A. (*)	Torun	100%	Torun , Poland	Active shopping center
Suwałki Plaza Sp.z.o.o. (*)	Suwalki	100%	Suwalkie, Poland	Active shopping center
Zgorzelec Plaza Sp.z.o.o.	Zgorzelec	100%	Zgorzelec, Poland	Active shopping center
Sek D.O.O.	Kragujevac	100%	Kragujevac, Serbia	Active shopping center
Diksna SIA	Riga	50%	Riga, Latvia	Active shopping center
P4 Plaza S.R.O.	Liberec	100%	Liberec, Czech Republic	Active shopping center
Anuttam Developers Pvt. Ltd.	Koregaon Park	100%	Pune, India	Active shopping center
Leszno Plaza Sp.z.o.o. (**)	Leszno	100%	Leszno, Poland	Plot of Land
Primavera Invest S.R.L.	Primavera Tower	25%	Ploiești, Romania	Plot of Land
Adams Invest S.R.L.	Valley View	25%	Brasov, Romania	Plot of Land

(*) In respect of the Suwałki interest rate swap ("IRS ") the project company also established a bail mortgage up to EUR 4 million encumbering the real estate project. In respect of Torun IRS the project company also established a bail mortgage up to EUR 5.4 million encumbering the real estate project.

(**) To secure the loan from Bank BZ WBK for Zgorzelec project, a lien was placed on plot of land in Leszno.

נספח 5א רשימת החברות הבנות של החברה נכון למועד הקובע

HUNGARY		
Directly owned		
Plaza Centers Establishment B.V.	Holding company	
Indirectly wholly owned		
Kerepesi 5 Irodaépület Ingatlanfejlesztő Kft.	Holder of land usage rights	100% held by Plaza Centers Establishment B.V. Arena Plaza Extension project
Plaza House Ingatlanfejelsztési Kft.	Office building	David House
POLAND		
Directly wholly owned		
Kielce Plaza Sp.z.o.o.	Shopping center project	Kielce Plaza project
Leszno Plaza Sp.z.o.o.	Owns plot of land	Leszno Plaza project
Łódź Centrum Plaza Sp.z.o.o.	Owns plot of land	Łódź (Residential) project
Włocławek Plaza Sp.z.o.o.	Mixed used project	Łódź Plaza project
Plaza Centers Polish Operations B.V.	Holding company	
Indirectly or jointly owned		
Suwałki Plaza Sp.z.o.o.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Suwałki Plaza project
Legnica Plaza Spółka z ograniczoną odpowiedzialnością S.K.A.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Toruń Plaza project
Zgorzelec Plaza Sp.z.o.o.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Zgorzelec Plaza project
LATVIA		
Diksna SIA	Operating shopping center	Equity accounted investee - 50% held by Plaza Centers N.V. with JV partner (50%). Riga Plaza project.
ROMANIA		
Directly wholly owned		
Dâmbovița Centers Holding B.V.	Holding company	100% held by Plaza Centers N.V.
Plaza Bas B.V.	Holding company	50.1% held by Plaza Centers N.V.
S.C. Elite Plaza S.R.L.	Shopping center project	Timișoara Plaza project
S.C. Green Plaza S.R.L.	Shopping center project	Iași Plaza project
S.C. North Eastern Plaza S.R.L.	Shopping center project	Constanța Plaza project
S.C. North West Plaza S.R.L.	Shopping center project	Hunedoara Plaza project
S.C. North Gate Plaza S.R.L.	Shopping center project	Csíki Plaza (Miercurea Ciuc) project
S.C. Eastern Gate Plaza S.R.L.	Real estate project	Cina project
S.C. South Gate Plaza S.R.L.	Shopping center project	Slatina Plaza project
S.C. Mountain Gate Plaza S.R.L.	Shopping center project	Târgu Mureș Plaza project
S.C. Palazzo Ducale S.R.L.	Office building	
Indirectly or jointly owned		
S.C. Dâmbovița Center S.R.L.	Mixed used project	75% held by Dambovita Centers Holding B.V. Casa Radio project
SERBIA		
Directly wholly owned		
Plaza Centers Holding B.V.	Holding company	
Plaza Centers (Estates) B.V.	Holding company	
Plaza Centers (Ventures) B.V.	Holding company	
Plaza Centers Logistics B.V.	Management company	
Indirectly or jointly owned		
Sek D.O.O.	Operating shopping center	100% held by Plaza Centers Holding B.V. Kragujevac Plaza project
Leisure Group D.O.O.	Shopping center project	100% held by Plaza Centers (Estates) B.V. Belgrade Plaza (Visnjicka) project
Orchid Group D.O.O.	Shopping center project	100% held by Plaza Centers (Ventures) B.V. Belgrade Plaza project
Accent D.O.O.	Shopping center project	100% held by Plaza Centers Logistic B.V. Kruševac Plaza project
CZECH REPUBLIC		
Directly wholly owned		
P4 Plaza S.R.O.	Operating shopping center	Liberec Plaza project
BULGARIA		
Directly wholly owned		
Shumen Plaza EOOD	Shopping center project	Shumen Plaza project
GREECE		

נספח 5א רשימת החברות הבנות של החברה נכון למועד הקובע

Directly wholly owned		
Helios Plaza S.A.	Shopping center project	Pireas Plaza project
CYPRUS – INDIA		
Directly wholly owned		
PC India Holdings Public Company Ltd.	Holding company	
Elbit Plaza India Real Estate Holdings Ltd.	Holding company	Equity accounted investee 47.5% held by Plaza Centers N.V.
Indirectly or jointly owned		
Permindo Ltd.	Holding company	100% held by PC India Holdings Public Company Ltd. Holds 99.9% of Anuttam Developers Pvt. Ltd. Koregaon Park Plaza project
Anuttam Developers Pvt. Ltd.	Operating shopping center	99.99% held by Permindo Ltd. Koregaon Park Plaza project
Kadavanthra Builders Pvt. Ltd.	Mixed used project	80% held by Elbit Plaza India Real Estate Holdings Ltd. Chennai (SipCot) project
Aayas Trade Services Pvt. Ltd.	Mixed used project	100% held by Elbit Plaza India Real Estate Holdings Ltd. Bangalore project (refer to note 34(B))

נספח 5א1

נוסח אישור חברה בת [יוכן נוסח מקביל באנגלית]

אישור חברת בת

בהתאם להוראות סעיף 5א' לשטר הנאמנות שנחתם ביום __ ב___ 2014 בין **Plaza Centers N.V.** לבין רזניק פז נבו נאמנויות בע"מ ("**שטר הנאמנות**"), אני החתומה מטה, מאשרת ומתחייבת בזאת, בכפוף לכניסתו לתוקף של שטר הנאמנות, לפעול בהתאם להוראות סעיפים 4.2, 4.3, 4.6, 4.4ב., 5.2 ו-7א.(2) לשטר נאמנות זה.

_____

שם חברת הבת: _____

נחתם על ידי: _____

אישור החברה

בהתאם להוראות סעיף 5א' לשטר הנאמנות, הריני לאשר בזאת כי האישור החתום לעיל על ידי _____ ("**חברת הבת**") נחתם על ידי מורשי החתימה של חברת הבת.

_____

Plaza Centers N.V.

אני הח"מ, עוזי אלי, עו"ד, מאשר/ת כי **אישור החברה** המפורט לעיל נחתם על ידי חברת Plaza Centers N.V. על פי מסמכי ההתאגדות שלה, באמצעות ה"ה _____.

_____

עוזי אלי, עו"ד

Trust Deed

Made and entered into in Tel Aviv, this 31st day of January, 2008
As an alternative and replacement to the Trust Deed created and signed on the 17th of February, 2008 and the 10th of March, 2014

By and Between:
Plaza Centers N.V.
A public company incorporated in the Netherlands, No.: 33248324
Of Prins Hendrikkade 48-S 1012 AC, Amsterdam, The Netherlands
(Hereinafter: the "Company")

Of the first part;

And:
Reznik Paz Nevo Trusts Ltd.
Of 14 Yad Harutzim Street, Tel Aviv
Tel: 03-6393311; Fax: 03-6393316
(Hereinafter: the "Trustee").

Of the other part;

Whereas The Company and the Trustee (each of which will be separately referred to as a: "**Party**" and together the "**Parties**") have signed on January 31, 2008a Trust Deed, as amended on February 17, 2008 and on March 10, 2014 (hereinafter: the "**Original Trust Deed**"), based on which the Trustee was appointed as a trustee for holders of the Company's Series B Notes (hereinafter: the "**Note Holders**") which were first issued in January 2008;

Whereas The Trustee is a company registered in Israel, engaged in trusts that has the knowledge and professional skills required to perform its undertakings under this Deed; and

Whereas The Trustee has declared that there is no impediment under law to its entering into this Trust Deed with the Company and that it complies with the requirements and capacity conditions laid down in the Law, as defined below, to serve as trustee pursuant to this Trust Deed; and

Whereas The Company hereby declares that subject to the compliance with the Condition Precedents (as defined below) and the coming into effect of this Deed, there is no impediment under any law and/or agreement for the fulfillment of the Company's undertakings towards the Holders of Notes in their entirety and on time; and

Whereas The Company declares that on November 18, 2013, the Company submitted, to the authorized court in Holland, a motion for a provisional order to freeze payments and at the same time the Company submitted, to the court, a restructuring plan for the Creditors of the Plan, as defined below, including the Holders of Notes, pursuant to the provisions of the Dutch Law; and

Whereas The Company declares that on _____, 2014, the Company submitted an amended plan for the said debt arrangement (hereinafter: the **"Plan"**); and

Whereas The Company declares that on the Freeze Date of the Payments (as defined below) the authorized court in Holland instructed the provision of a provisional order to freeze payments to all of the Creditors of the Plan pursuant to the provisions of the Dutch Law; and

Whereas On June 26, 2014 a general assembly of Creditors of the Plan took place in Amsterdam, Holland, at which the majority of the unsecured creditors of the Company voted for the approval of the Plan, pursuant to the provisions of the Dutch Law; and

Whereas The Company declares that on July 10, 2014, the authorized court in Holland approved the Plan (hereinafter: the **"Approval Resolution"**); and

Whereas According to the Approval Resolution, and pursuant to the compliance with the Condition Precedents set forth in this Trust Deed, commencing on the Effective Date (as defined below), the terms of the notes (series b) will be amended and will be, starting on that date and onward, as detailed in this Trust Deed below, which shall replace for all intents and purposes for the Original Trust Deed and shall replace it and the provisions of which shall no longer be valid; and

Whereas The parties agree to all the amendments to the Original Trust Deed, as they are performed according to this Trust Deed, all as detailed in this Trust Deed;

Now, therefore, it is agreed, declared and stipulated by and between the parties as follows:

1. Preamble, Interpretation And Definitions

1.1. The preamble to this Trust Deed and the appendixes attached hereto constitute an integral part hereof.

1.2. This Trust Deed shall come into effect immediately, without requiring any additional action or signature, on the publication date thereof by the Company and which shall be no later than the passing of 10 trading days from the date on which all of the Condition Precedents set forth in section 34 below cumulatively occur (hereinafter: the **"Effective Date"**). The Company shall report regarding the existence of all the Condition Precedents and regarding the Effective Date in an immediate report to be published in the distribution system of the Israel Securities Authority (the **"Magna"**). If any of the Condition Precedents are not be met by the final date for complying with the Condition Precedents (as defined in section 34 below) then this Trust Deed, as well as the resolution of the assembly of Holders of Notes according to which, inter alia, this Trust Deed is approved, and any other action performed in connection with and/or on behalf of this Trust Deed and the Plan (as defined below), shall be principally null and void and lacking any binding effect, including towards the Company and/or the Trustee and/or anyone on their behalf and/or towards the Holders of Notes and/or anyone on their behalf. It shall be clarified that until this Trust Deed becomes valid, the Original Trust Deed shall remain valid in its entirety.

1.3. In any event of a conflict between the provisions of this Trust Deed and between the reports and notices which the Company publishes in connection with the terms of the Plan and/or the Plan, the provisions of this Trust Deed shall govern, and shall apply solely to the Notes. For the avoidance of doubt, the above shall not derogate from the provisions of Section 36.1 below and from the application of the bylaws of the Stock Exchange and the regulations thereunder, as they may be from time to time, to the provisions of this Trust Deed.

1.4. The division of this Trust Deed into sections as well as the section headings herein is for purposes of convenience and ease of reference only and shall not be used for the purpose of interpretation.

1.5. Everything stated in this Trust Deed in the plural shall also mean the singular and vice versa; everything stated in the masculine shall also mean the feminine and vice versa; and the term "person" shall also mean a corporation, all unless there is any contrary expressed and/or implied provision and/or unless the context or the contents otherwise require.

1.6. In this Trust Deed and in the Notes, the following terms shall have the meaning set out opposite them, unless the contents or the context otherwise require.

"The Original Trust Deed" – as defined in the preamble to this Deed;

"The Trust Deed" or "This Trust Deed" or "This Trust Deed" or "This Deed" – This Trust Deed, including the appendixes attached hereto, constituting an inseparable part hereof, amending or replacing for all intents or purposes the Original Trust Deed (which shall no longer by valid as of the Effective Date) and shall replace it, as shall be amended and/or changed from time to time;

"**Series B Notes**" or "**Series Notes**" or the "**Notes**" – a series of registered Series B Notes, of NIS 1 par value each of the Company, issued by the Company whose terms are set out in this Deed.

The "**Trustee**" – The Trustee referred to at the outset of this Deed and/or anyone serving from time to time as trustee for the Noteholders hereunder;

"**Register**" – The Register of Noteholders as set forth in section 24 herein;

"**Noteholder**" or "**Noteowner**" or **"Holder of Notes"** as the term is defined in the Securities Law;

"**Note Certificate**" – A Series B Note Certificate in such wording as set out in Appendix A hereto.

The "**Law**" or the "**Securities Law**" – the Securities Law, 5728 – 1968 and its regulations, as shall be in effect from time to time.

"**Consumer Price Index**" or "**Index**" - The price index known as the Consumer Price Index, including fruit and vegetables and which is published by the Central Bureau of Statistics, including such index even if published by any other official entity or institution, as well as any official index superseding the same, whether or not it is based on the same data on which the existing index is based. If another index supersedes it,

published by such body or institution, where such body or institution has not prescribed the ratio between it and the index that has been superseded, such ratio shall be prescribed by the Central Bureau of Statistics. In the event of such ratio not being prescribed as aforesaid, then the Trustee, in consultation with such economic experts at its option, shall determine the ratio between the other index and the superseded index.

The "**Known Index**" at any given time – the Index last published before such date.

"**Base Index**" – the index for December 2007, as published on January 2008.

"**Payment Index**" – The index known on the due date of any payment on account of principal and/or interest, while as long as this index on any payment date shall be lower than the Base Index, the payment index shall be the Base Index.

"**Business Day**" – A day on which most of the banks in Israel are open for the performance of transactions.

"**Special Resolution"** – a resolution passed in an assembly of Holders of Notes, and which was attended by, themselves or by their counsel, the holders of at least fifty percent (50%) of the unpaid balance of the Notes in circulation on the date determined for the assembly, or the adjourned assembly of this assembly, who attended, themselves or their counsel, the holders of at least twenty percent (20%) of the said balance, and which was passed (whether in the original assembly or the adjourned assembly) with a majority of at least two thirds (2/3) of the total votes of those participating in the vote, excluding the abstaining votes;

"Regular Resolution" – a resolution passed in an assembly of the Holders of Notes, in which participated, themselves or through their counsel, the holders of at least twenty five percent (25%) of the unpaid balance of the Notes in circulation on the date determined for the assembly, or the adjourned assembly of this assembly, which shall occur with any number of participants, and which was passed (whether in the original assembly or the adjourned assembly) with a majority of at least fifty percent (50%) of the total votes of those participating in the vote, excluding the abstaining votes.

"**Stock Exchange**" or the **"Tel Aviv Stock Exchange"** – The Tel Aviv Stock Exchange Ltd.

"Euro" – the sole currency of the EMU countries.

"The Four Malls" – the four (4) malls held by the subsidiaries of the Company (directly or indirectly), which are: Torun Plaza and Solvaky Plaza located in Poland, Kragujevac Plaza in Serbia, and Riga Plaza in Lativa, which are all malls whose construction has been completed by the date of This Deed and are operational. **Appendix 1.6.1** of the Trust Deed details the holdings structure of the Company in each of the Four Malls and the financing structure therefor.

"Project Koregaon" – the Koregaon Park Plaza project located in Pune, India.

"The Plan" – as defined in the preamble to this Trust Deed.

"Creditors of the Plan" – all of the creditors of the Company for which the Plan and the Approval Resolution apply for which the relevant debt balances therefore as of 12/31/2013 areas detailed in **Appendix1.6.2** to This Trust Deed;

"The Three Series" – the Notes (Series A), Notes (Series B) and Notes in Poland.

"Unpaid Principal Balance of the Notes (Series B)" -the balance as it may be from time to time of the nominal value of the unpaid Notes (Series B) (which as of January 1, 2014 also include the deferred interest for the Notes (Series B) (as defined below), linked to the index (as detailed in the debenture attached as Appendix A to This Deed), which shall accrue and be added starting from January 1, 2014 to the principal of Notes (Series B) in the manner set forth in Section 4a(2) below and shall be an integral part thereof for all intents and purposes, including being repaid in the framework of the payments of principal of Notes (Series B)), when inked to the index for the month of December 2007 (as detailed in the conditions of the Notes attached as Appendix A to this Deed), as detailed below and as detailed in the repayment schedule attached as **Appendix 2.3** of this Trust Deed; as of December 31, 2013, the unpaid balance of the Notes (Series B) (including the deferred interest for the Notes (Series B) accrued for the principal of Notes (Series B) as stated amounts to NIS 610,713,444.

"The Deferred Interest for Notes (Series B)" – the interest accrued and which is not yet paid for the principal of the Notes (Series B) by December 31, 2013, which shall be accrued and added as of January 1, 2014 to the principal of Notes (Series B), for all intents and purposes, in the manner set forth in Section 4a(2) below and which is repaid in two equal installments pursuant to the payments of the Unpaid Principal Balance of Notes (Series B), and which amounts, as of December 31, 2013, to a total of NIS 16,055,758;

"The Deferred Debt Balance for Notes (Series B)" – (a) as of December 31, 2013 – the balance of principal amounts of the Notes (Series B) which is linked to the index for the month of December 2007 (as detailed in the conditions of the Notes (Series B) and which based on the terms of the original trust deed was supposed to be repaid in two payments during 2014 and 2015, plus the Deferred Interest for Notes (Series B), amounting jointly as of December 31, 2013 to a total of NIS 610,713,444; (b) as of any other inspection date – the amount denominated in subsection "(a)", less any amount of "early repayment which is required following an exercise event" paid for the Notes (Series B) pursuant to the provisions of Section 2a7 below;

"Unpaid Principal Balance of Notes (Series A)" –the balance as it may be from time to time of the par value of Notes (Series A) which are not yet repaid (and which as of January 1, 2014 even include the Deferred Interest for Notes (Series A) (as defined below), which shall accrue and be added as of January 1, 2014 to the Principal of the Notes (Series A) in the manner set forth in Section 4a(2) below and will be an integral part of for all intents and purposes, and within the above, shall be repaid within payments of the Principal of Notes (Series A)), when linked to the index for the month of May 2007 (as described in the conditions of the Notes attached as Appendix A to the Trust Deed of Notes (Series A)). As of December 31, 2013, the Unpaid Principal of Notes

(Series A) (including the deferred interest for the Notes (Series A) accrued for the principal of Notes (Series A) as stated amounts to NIS 302,338,505.

"The Deferred Interest for Notes (Series A)" – the interest accrued and which is not yet paid by December 31, 2013 for the principal of the Notes (Series A), linked to the index for the month of May 2007 (based on the terms of the Notes), which shall be paid in five equal payments on the payment dates of the Unpaid Principal Balance of the Notes (Series A). The Deferred Interest for Notes (Series A) as stated shall be accrued and added as of January 1, 2014 to the principal of Notes (Series A), for all intents and purposes, in the manner set forth in Section 4a(2) below, such that it is repaid in five equal installments pursuant to the payments of the Unpaid Principal Balance of Notes (Series A), and which amounts, as of December 31, 2013, to a total of NIS 6,652,926;

"The Deferred Debt Balance for Notes (Series A)" – (a) as of December 31, 2013 – the balance of principal amounts of the Notes (Series A) which is linked to the index for the month of May 2007 (as detailed in the conditions of the Notes) and which based on the terms of the original trust deed was supposed to be repaid in three payments during 2013, 2014 and 2015, plus the Deferred Interest for Notes (Series A) (and not a product of the Deferred Interest for the Notes (Series A) by the relative share of the total payments of principal which were to be paid during 2013, 2014 and 2015, for the total payments of principal of the Notes (Series A)) amounting jointly as of December 31, 2013 to a total of NIS 184,064,274; (b) as of any other inspection date – the amount denominated in Subsection "(a)", less any amount of "early repayment which is required following an exercise event" paid for the Notes (Series A) pursuant to the provisions of Section 2a7 below;

"Notes (Series A)" – a series of Notes (Series A), registered by name par value NIS 1 each of the Company, with a total par value as of the freezing of payments date of NIS 245,170,166.

"The Notes in Poland" – Notes issued by the Company under the issuance memorandum dated November 16, 2010 par value PLN 100,000 each;

"Unpaid Principal Balance of Notes in Poland" – the balance as it may be from time to time of the par value of Notes in Poland which are not yet repaid (and which as of January 1, 2014 even include the Deferred Interest for Notes in Poland (as defined below), which shall be dealt with in the manner detailed in the definition of the Deferred Interest for the Debt in Poland. As of December 31, 2013, the Unpaid Principal of Notes in Poland (including the deferred interest for the Notes in Poland accrued for the principal of Notes in Poland as stated) amounts to NIS 72,247,055 (translated based on the zloty rate as of the same date).

"The Deferred Interest for Notes in Poland" - the interest accrued and which is not yet paid for the Notes in Poland until December 31, 2013, which, as of January 1, 2014, shall be accrued and added to the principal of Notes in Poland, for all intents and purposes, in the manner set forth in Section 4a(2) below or shall be calculated for the purpose of

linkage and the interest like the principle shall be paid at the end of the final payment term, and which amounts, as of December 31, 2013, to a total of NIS 3,182,712.

"The Deferred Debt Balance for Notes in Poland" – (a) as of December 31, 2013 – the balance of principal amounts of the Notes in Poland which is linked and which based on the terms of the original offering memorandum for Notes in Poland was supposed to be repaid during 2013, plus the Deferred Interest for Notes in Poland, amounting jointly as of December 31, 2013 to a total of NIS 72,247,055; (b) as of any other inspection date – the amount denominated in Subsection "(a)", less any amount of "early repayment which is required following an exercise event" paid for Notes in Poland pursuant to the provisions of Section 2a7 below;

"Unpaid Principal Balance of the Three Series" – the Unpaid Principal Balance of the Notes (Series A) with the addition of the Unpaid Principal Balance of the Notes (Series B) and plus the Unpaid Principal Balance of the Notes in Poland. As of December 31, 2013, the Unpaid Principal Balance of the Three Series amounts to NIS 985,299,004.

"Company Shares" or "The Shares of the Company" – regular shares par value EUR 0.01 each, of the Company, which are registered for trade in the London Stock Exchange, and the Warsaw Stock Exchange and which are registered for trade in the Tel Aviv Stock Exchange until the Effective Date.

"London Stock Exchange" – the premium listing – the main market of the UKLA at London Stock Exchange Plc.

"Warsaw Stock Exchange" – the Warsaw Stock Exchange.

"Commencement Date" – July 10, 2014.

"Final Repayment Date" – the date on which the principal sums, the interest (including arrears interest, as applicable) and linkage differentials thereon shall be entirely, finally and accurately repaid and removed, according to the terms of the Notes (Series B);

"Disposition" – as this term is defined in section 4b(1) below.

"Restrictions on Taking Credit and Creating Pledges" – as detailed in section 4 below;

"**The Capital Injection" –** the cash flows in the sum of at least EUR twenty (20) million, less the sum equal to the Sum in the Trustee's Possession, as the term is defined in the Plan, for the Company and/or the Trustee (who is not the Trustee for the Holders of Notes) who will hold a sum in trust for the Company under the instructions whereby this amount will be transferred to the Company by (and including) the latest of the Effective Date or the Allocation Date (provided that the Company is not aware of any material prevention for the issuance of the securities under this Trust Deed), by way of issuing new shares.

"The Additional Capital Injection" – the cash flows for the Company against the allocation of shares in the Company or as a loan which is inferior to the undertakings of the Company towards the Holders of Notes according to this Trust Deed, both in terms of the creditor ranking and in terms of the repayment dates, in a cumulative sum of at least

EUR twenty (20) million, which is in addition to and beyond the Capital Injection if the Additional Capital Injection is performed by way of providing a loan to the Company, the Company shall include, in the immediate report published in connection with the performance of the Additional Capital Injection, a confirmation of the loan's inferiority as stated above.

"Net Cash Flow" – the net receipts in cash received and/or which will be received in practice by the Company as of May 15, 2014 and until the Final Repayment Date, for the relevant exercise event according to the provisions of this Deed. The net receipts means the receipts received in practice by the Company and after the deduction of: (1) the full amount of the debt balance for the repayment to the bank for the relevant real estate asset which was exercised; (2) the full amount for the repayment of the debt balance to the bank for the relevant loan repaid in the event of a debt cycle (refinancing) (meaning: as a result of the deduction of this sum, the net cash flows will relate in practice to the difference between the new debt and between the replaced debt as long as this difference is positive); (3) in the event where the relevant exercise event occurred in a subsidiary – the sums required for the purpose of repaying the existing undertakings to the creditors of that subsidiary for that same exercise event; (4) the direct expenses for the asset, such as the fees, sales expenses direct to third parties, brokerage expenses, loan expenses, tax expenses and the like (as applicable), and excluding the overhead and costs of the employees and officers in the Group. Regarding this definition – **"Exercise Event"** – as defined in section 7a below. **Appendix 1.6.3** to This Deed details the operations from which the cash flows are derived (and the sums of the net cash flows therefor) in relation to the term between the payment freezing date and until May 14, 2014.

"Real Estate Property" – rights in the lands or rights in the real estate projects of various types (such as: residential, malls and mixed-use) as well as rights in the corporation holding the said properties. **Appendix 1.6.4** of this Deed describes the real estate assets as of the signing date of this Deed.

"Coverage Ratio" – as defined in section 1.1 of Appendix D of This Amended Trust Deed.

"Minimum Coverage Ratio" – as defined in section 1.2 of Appendix D to This Amended Trust Deed.

"Financial Debt" – a debt that is directed towards a financial creditor of the Company or subsidiary, including guarantees granted and/or which the Company and/or a subsidiary shall grant, excluding:

(i) Guarantees and/or undertakings granted in relation with the costs of completion and the performance the project's construction or development of the real estate asset (cost overrun guarantees); or

(ii) Guarantees for ongoing needs in a cumulative scope which shall not exceed at any point in time EUR 200 thousand; or

(iii) A loan granted directly to the Company by its shareholders and provided that (a) the interest therefor is not higher than that of the Notes; and (b) after the passing

of six (6) months from the provision date of the loan (if not repaid by then) this loan shall become a subordinated debt; (c) it would not be possible to call for the immediate payment of this loan or to demand the liquidation of the Company with respect thereto; or

(iv) Where the financial creditor approved in writing that the said debt shall be an inferior debt.

"New Financial Debt Not For the Financing of the Asset" – as defined in section 4.3 of This Trust Deed.

"Subordinated Debt" – a debt that will not be repaid before the full repayment of the Company's undertakings towards the Holders of Notes, and shall constitute a subordinated debt during liquidation;

"LTC Ratio" – the ratio between the credit sum proposed for the purpose of financing the relevant project and between the cost of that project as of the date of taking the credit ("Loan to Cost"). In this regard, "cost of the project" – the cost of constructing the project, including all of the construction, planning and development costs and the cost of the land.

"Subsidiary" – any corporation, limited liability company, partnership, joint initiative, joint stock company, or other entity in which the Company holds, directly or indirectly, at least 50% of the equity or rights (as applicable) or an entity controlled by the Company, directly or indirectly; "**Control**" – as defined by Law.

"The Group" – the Company and its subsidiaries (as this term is defined above);

"Freeze Date of the Payments" – November 18, 2013, the date on which the Company received a provisional order to freeze payments by the authorized court in Holland according to the Dutch Law;

"The Total Deferred Debt of the Three Series" – meaning: (i) the Deferred Debt Balance for the Notes (Series A); with the addition of (ii) the Deferred Debt Balance for the Notes (Series B); and the addition of (iii) the Deferred Debt Balance for the Notes in Poland. **The Total Deferred Debt of the Three Series** amounts as of December 31, 2013 to a total of NIS 867,024,773;

"The Deferred Debt Balance Ratio" -the ratio between the Deferred Debt Balance for each of the Three Series and between the Total Deferred Debt of the Three Series, based on which an obligatory early repayment will be divided following an exercise event as stated in Section 7a below, which is as follows: 21.23% of the Notes (Series A), 70.44% for the Notes (Series B) and 8.33% for the Notes in Poland. It is clarified that in the case where one of the series is repaid in full before the other series are repaid, then as of the same date and thereafter, obligatory early repayment following an exercise event under Section 7a below shall be divided between the remaining series, pro rata based on the ratio stated above.

For the purpose of the example alone of a calculation of "Deferred Debt Balance Ratio": (a) In the event that an "obligatory early repayment due to an exercise event"

exists according to which the Company shall pay, pursuant to the statements of section 7a2, a principal sum in the amount of NIS 30 (after the payment of interest), then for the Notes (Series A) 21.23% will be paid from the payment (NIS 6.369), about 70.44% of the payment (NIS 21.132) will be paid for the Notes (Series B), and about 8.33% from the payment (NIS 2.499) will be paid for the Notes in Poland; (b) pursuant to the date on which the "obligatory early repayment due to an exercise event" occurs, according to which the Company must again pay in accordance with the statements of section 7a2, if the principal payment for the distribution (after the interest payment) shall amount to NIS 10, then 21.23% of which shall be paid to the Notes (Series A), 70.44% of it shall be paid to the Notes (Series B) and 8.33% of it shall be paid to the Noteholders in Poland; (c) it is clarified that if on the relevant examination date the entire debt has been repaid for a certain series of Notes, the part of that series of Notes which was repaid shall be zero, and for example, if in the event denoted above in subsection "(B)" the full debt for the Notes in Poland shall be repaid, then the payment of the "obligatory early repayment due to an exercise event" for the principal payment shall be split for between the Notes (Series A) (about 23.16% of the payment) and between the Notes (Series B) (about 76.84% of the payment).

"The Allocated Shares" – as defined in section 4a below.

"The Additional Notes" – as defined in Section 4a below.

"The Allocation Date" – as defined in Section 4a below.

"The Trust Account" – an account which shall be opened by the Trustee and operated in its name at the Bank of Israel, in trust, for the benefit of the Holders of Notes and which shall be pledged for the benefit of the Trustee for the Holders of Notes (Series B) in a fixed and floating single first degree pledge without any limit of sum, with a text to the satisfaction of the Trustee.

"The Nominee Company" – the Nominee Company of Bank Leumi Israel Ltd.

"Trading Day" – the day on which trading occurs in the Tel Aviv Stock Exchange.

1.7. It shall be hereby clarified that the Holders of Notes affirm if the entry into force of this Trust Deed requires the approval of a Rating Company, that they hereby waive this requirement.

1.8. For This Trust Deed, the following Appendices are attached:

Appendix	**Subject**
Appendix A -	The Notes certificate and the overleaf conditions.
Appendix B	The general assemblies of the Holders of Notes.
Appendix C	The Trustee's salary.

Appendix D	"The Coverage Ratio".
Appendix 1.6.1	Details regarding the manner of holding the Four Malls and the financing therefor.
Appendix 1.6.2	A list of all the Company's creditors for which the Plan applies and the debt waivers therefor as of December 31, 2013.
Appendix 1.6.3	A list of the operations in the term between November 18, 2013 and until May 14, 2014.
Appendix 1.6.4 -	Description of the real estate assets as of _____ (the signing date of This Deed).
Appendix 2.3	The repayment schedule of the Notes (Series B).
Appendix 4.2	The list of real estate assets held by the Company and the subsidiaries pledged for the benefit of third parties (as of the signing date of This Deed).
Appendix 5a	A list of the subsidiaries as of the Effective Date.
Appendix 5a1	Approval of the subsidiaries.
Appendix 5.1.34	**Pre-ruling by the Tax Authority**

2. The Notes

Up to the date of this Trust Deed, the Company issued a total sum of NIS 1,431,194,196 par value Notes (Series B), registered by name, par value NIS 1 each, which according to the terms of the Original Trust Deed are called for repayment in 5 equal annual installments, on July 1 of each of the years 2011 to 2015, inclusive (the first installment was performed on July 1, 2011 and the last installment to be effected on July 1, 2015), bearing interest at a rate of 5.4% per annum, paid in semi-annual installments on July 1 and December 31 of each of the years 2008 to 2015 (the first installment was performed on July 1, 2008 and the last installment to be effected on July 1, 2015), linked (principal and interest) to the Consumer Price Index, all pursuant to the terms set forth in the Note attached as Appendix A to the Original Trust Deed. As of the date of this Trust Deed, the Company performed three (3) repayments of the Principal payments, on July 1, of each of 2011, 2012 and 2013 in a total sum of NIS 891,264,848 par value, Notes (Series B).

Commencing on the Effective Date and thereafter, the terms of the Notes (Series A) will be amended and shall be as detailed below:

2.1. **The Principal**

2.1.1. The Unpaid Principal Balance of the Notes (Series B) shall be called for repayment in two (2) equal payments (each payment shall be 50% of the said balance) to be paid on December 31, 2018 and December 31, 2019 (with the first payment being performed on December 31, 2018 and the final payment being performed on December 31, 2019).

2.1.2. Notwithstanding Section 2.1.1 above, in the event where the Company did not pay, during the first two years commencing on the Effective Date or by December 1, 2016 (whichever is earlier), the Principal of the Notes for the Three Series' in a total amount of at least NIS 434,000,000 (four hundred and thirty four million)[1] excluding linkage differentials and including repayment of principal of Notes (Series B) in a total amount of at least NIS 305,000,000 (excluding linkage differentials), then forced early repayment shall be performed of the Unpaid Principal Balance of the Notes (Series B) such that it shall be repayable in two (2) equal payments (each one in a sum of one half (50%) of the Unpaid Principal Balance as shall remain) to be paid on December 31, 2017 and December 31, 2018 (with the first payment being performed on December 31, 2017 and the final payment being paid on December 31, 2018). No later than after 7 business days following the end of two years from the Effective Date or by December 1, 2016 (whichever is earlier), the Company shall publish an immediate report in this matter whether the Principal payment dates have been advanced or otherwise.

2.2. **The Interest**

2.2.1. The Unpaid Debt Balance of the Notes (Series B) shall bear interest from January 1, 2014 and thereafter at a rate of 6.9% annually.

2.2.2. The interest payments for the Unpaid Principal Balance of the Notes (Series A), starting from the Effective Date until the Final Repayment Date, shall be performed as follows:

2.2.2.1. **The First Interest Payment** – on the First Interest Payment date, which shall occur after 12 days transpires from the Effective Date for the payment of the first interest, or on another date which shall be written by the Stock Exchange, in accordance with its provisions (hereinafter: the "**First Interest Payment Date**")the Company shall pay interest to the Holders of Notes in the three series for a term commencing on January 1, 2014 and ending on the day before the First Interest Payment Date (the **"First Interest Term"**), according to the higher of:

(i) A total sum of EUR 11.6 million, whereas from this payment, a total equal to EUR 8.17 million, shall be paid to the Holders of Notes (Series B); or

[1]If the repayment is not in NIS – pursuant to the exchange rate of the foreign currency compared to the shekel on the repayment date.

(ii) An interest sum which was accrued and not paid for the Unpaid Principal Balance of the Three Series (according to their conditions), whereas from this sum the Holders of Notes (Series B) shall be paid interest for the Unpaid Principal Balance which has accrued and not been paid for the First Interest Term based on interest at a rate of 6.9% per year (which shall be calculated based on the number of days included during the First Interest Period based on 365 days per year)..

In the event where the first interest payment is performed pursuant to Subsection (i) above – the difference between the total interest to which the Holders of Notes (Series B) are entitled according to Subsection (i) above and between Section (ii) shall be hereinafter referred to as: the **"Additional Sum"**).

The First Interest Payment shall be paid to each series of notes based on the currency with which it was issued, while the conversion rate from euro to the relevant currency (in the event of a payment according to the alternative as stated in Subsection (i) above), will be based on the representative rate determined on the trading day prior to the Effective Date. At least four business days before the Effective Date for the first interest payment the Company will publish the exact interest sum and the interest rate for the First Interest Term.

Similarly, in the event of one or more Exercise Events (as defined in Section 7a2 below), during the term between May 15, 2014 and until the Effective Date, for which early repayment shall be performed for the debt of the Notes (as stated in Section 7a.2), then on the first interest payment date, the early repayment shall be performed as stated.

"**The Effective Date for the First Interest Payment**" – the first trading day after the allocation date as defined in section 4a below.

The sum paid to the Holders of Notes (Series B) as stated on the first interest payment date shall be deposited by the Company before the Effective Date to the Trustee in the Trust Account (as defined in Section 1.6 above) or with the Nominee Company for the purpose of the performance of the First Interest Payment on time and the above deposit shall be considered as full and final payment of the first interest payment according to this Section 2.2.2.1, commencing on the interest payment date.

2.2.2.2. **The Second Interest Payment** – the interest for the Unpaid Principal Balance accrued for the period commencing on the First Interest Payment Date and ending on December 31, 2014, after the deduction of the Additional Sum (as defined in Section 2.2.2.1 above, as long as the first interest payment was performed in accordance with Section 2.2.2.1(i)

above), to be paid on December 31, 2014. No later than the passing of 5 Trading Days from the beginning of the second interest term, the Company shall publish the interest rate for this interest term, according to an interest rate of 6.9% annually (which shall be calculated according to the number of days in the Second Interest Term, based on 365 days per year).

2.2.2.3. **The remaining interest payments** – after the payment of the First Interest Payment and the Second Interest Payment, the interest shall be paid for the Unpaid Principal Balance in biannual payments on July 1st and December 31st of each of the years between 2015 and 2019 , each payment for the interest accrued in the six months ending on the date preceding each payment date as stated (with the first payment of these payments being performed on July 1, 2015 and the final payment on December 31, 2019), unless the repayment dates of the Principal payments shall be advanced, as detailed in section 2.1.2 above, and in such an event the biannual interest payments shall be paid on July 1st and December 31st of each of the years between 2015 and 2018 (with the First Interest Payment of these payments being performed on July 1, 2015 and the final payments being performed on December 31, 2018).

The balance of unpaid Principal and interest are linked to the Consumer Price Index, all according to the conditions as detailed in the Note attached in Appendix A to the Trust Deed.

2.3. Attached as **Appendix 2.3**to this Deed, the repayment schedule of the Principal and interest payments for the Notes (Series B), commencing on the Effective Date until the Final Repayment Date (meaning, until December 31, 2019, unless the repayment dates will be advanced as detailed in section 2.1.2. above, or early withdrawals will be performed, as stated in section7a below). In any event when during a term where notes will be in circulation and until the final repayment a change will occur to the repayment schedule of the Notes (Series B) for the early repayment of a portion of the Unpaid Principal Balance pursuant to the provisions of this Deed, the Company shall provide the Trustee and shall publish an updated repayment schedule, no later than after 10 business days after the occurrence of the change and no later than 4 business days from the Effective Date for the next payment based on the updated payment schedule.

2.4. Non-Increase of the Series – the Company shall not be entitled to issue additional Notes (Series B).

2.5. Non-Increase of the series of Notes (Series A) and the Series of Notes in Poland – the Company may not issue additional Notes (Series A) or additional notes from the Poland Notes series.

2.6. Non-Change of terms of the Notes (Series A) and/or (Series B) and/or in Poland – the Company may not change the terms of the Notes (Series A) and/or (Series B) and/or in Poland (excluding technical changes), unless it receives (in addition to the approval

required under the terms of the Notes and/or under any law) the approval of the Notes (Series B) as well, in an ordinary resolution.

2.7. Issuance of additional securities – pursuant to the provisions of this Trust Deed and specifically the provisions of section 4 below (restrictions to taking credit and creating pledges) the Company reserves the right to issue, at any time, without approval of the Trustee and/or the Holders of Notes, other Notes or Series Notes or other securities of any nature or type whatsoever, at such terms as the Company shall find fit, all pursuant to the provisions of this Trust Deed.

The Notes (Series B), and the Offered Shares may not be offered, sold, transferred or disposed of in the Netherlands, as part of the preliminary distribution thereof or at any other time, either directly and/or indirectly, excluding to qualified investors as defined in article 1:1 of the Dutch Act on the financial supervision, including, but without prejudice to that which is set forth above, banks, brokers, dealers and institutional investors holding a license or which supervise in another matter operation in the financial markets or entities whose sole purpose is the investment in securities..

3. **Acquisition Of Notes On The Part Of The Company And A Subsidiary**

3.1 Subject to the provisions of this Trust Deed, and without derogating from the Company's obligation to perform early repayment pursuant to the provisions of this Trust Deed, the Company reserves the right to acquire, at any time, Notes of the Series Notes at any price it finds fit, without prejudice to the duty to settle the Notes held by others apart from the Company, and provided that : (A) the purchase as stated (if performed) will be by manner of: (i) purchase offer; or (ii) within purchases during trade in the Stock Exchange in non-adjusted transactions – subject to the provisions of any law, the Company shall publish, at least one trading day prior to the performance of the purchase, an immediate report of its intent to perform the purchase of notes during trade in the Stock Exchange. The notice shall include a description of the maximal financial scope that the Company intends to purchase; (B) the purchase of notes as stated shall be performed equally between the three series, pro rata between the series while the amount designated for the purchase of notes as stated shall be divided between the three series pursuant to the ratio of the Unpaid Principal Balance of the Three Series, as it may be at the time, and the price at which the Company shall offer to purchase notes of any series shall be based on the ratio of the Series A and Series B Notes, with the same deviation rate from the closing price of the notes of the same series on the trading day preceding the publication date of the immediate report of the intent to perform the purchase or the publication date of the purchase offer, as applicable, and regarding the Poland Notes, at the same deviation rate to the above rate, but in relation to the par value of the Poland Notes. The provisions of this section 3.1 shall also apply to purchases of Notes performed by a subsidiary of the Company, mutatis mutandis.

3.2 The Notes to be acquired by the Company shall be cancelled, and shall also be erased from the trading on the Stock Exchange and the Company shall not be entitled to reissue them.

3.3 The Company's subsidiary, a controlling shareholder of the Company (directly and/or indirectly), a relative thereof, corporation under the control of one of them or a corporation under the control of the Company (all jointly hereinafter: a "**Related Holder**"), may acquire and/or sell Notes of the Series Notes, from time to time, pursuant to any law, including but without derogating from the above, the Dutch Laws regarding market abuse, either on the Stock Exchange or off-market. The Notes to be held, as aforesaid, by a Related Holder, will be deemed as an asset of the Related Holder, they will not be delisted from trading on the Stock Exchange, and will be transferable similar to the other Series B Notes. Notes which are held by a Related Holder as stated will not be counted for the purpose of determining the existence of a quorum at general meetings of Holders of Notes under this Trust Deed, and the Notes held by the Related Holder will not confer on it voting rights at such general meetings, so long as the Notes are held by the Related Holder.

3.4 Nothing in the foregoing in this section 3 above, *per se*, shall bind the Company and/or the Company's Related Holder and/or the Holders of Notes, to acquire Notes or sell the Notes in their possession.

4. Company's Undertakings

4.1. The Company hereby undertakes to pay, on the designated dates, the principal, interest and Interest Increment and linkage differentials (including arrears interest, if any, pursuant to the provisions of section 6 of the terms overleaf of the Note) payable under the terms of the Note and to comply with all the other terms and obligations imposed on it pursuant to the terms of the Note and hereunder. Where the designated date for payment of the Series B Notes, or the designated date for any interest installment, occurs on any day other than a business day, the payment date or the date of such installment shall be postponed to the business day immediately subsequent thereto and no interest shall be paid for such delay.

4.2. Undertaking Not to Create Pledges (Negative Pledge)

The Company undertakes (and the subsidiaries undertaking through signature, as stated in section 5a below), without prejudice to the other provisions of this section 4 and section 7a below, and additionally, including with regard to the provisions of section 4.6 below (maintaining a minimal cash balance), that as of the Effective Date and until the Final Repayment Date, it shall not create a pledge, charge, assign by way of pledge or provide as another security of any kind or rank or as another guarantee (jointly: a "**Pledge**"), the real estate assets held thereby directly or indirectly.

Notwithstanding the above, the Company and the subsidiaries may pledge real estate assets held thereby in the following cases:

4.2.1. A pledge registered by a subsidiary

4.2.1.1. A pledge registered for taking new financial debt which is intended solely for the purposes of a purchase and/or investment and development of a real estate asset pledged by the same subsidiary (subject to the provisions of section 4.3 below), and the said pledge will solely insure the new financial debt taken

for the purchase of the same asset or development, as applicable; notwithstanding the above, subsidiaries may register a pledge on land in favor of an investment and development of a real estate asset under Section 4.3.1 below (and not for the purchase of a new asset), held by the Company and/or its other subsidiaries (hereinafter: a "**Cross Pledge**"), provided that the total Cross Pledges which are provided commencing on the payment freeze date, as they may be at any point in time thereafter, apply with respect to land with an aggregate value of the Group generally that shall not exceed EUR 35 million (based on the values of the land in the Company's books) (the **"Sum of Cross Pledges"**), however, in the framework of the Sum of Cross Pledges, the lands whose pledges are registered before the payment freeze date shall not be included (including if they were reregistered thereafter in the framework of the financial debt circulation).

4.2.1.2. The new financial debt involves the replacement of an existing financial debt with new financial debt – "refinancing", regarding the pledged asset before taking the new financial debt including increasing the amount of credit for the same asset (the provisions of section 7a2 below shall apply to the part of the increase credit amount).

4.2.1.3. A pledge recorded with respect to the holdings of a subsidiary in a corporation under its control, which ensures a debt which was taken by the same corporation, pursuant to the provisions of subsection 4.2.1.1 above.

4.2.1.4. A pledge recorded in order to secure taking a new financial debt for purposes other than the purchase and/or investment and development of the pledged real estate asset, subject to at least 75% of the net cash flow arising from the new financial debt being uses for the performance of early repayment pursuant to the provisions of section 7a below.

4.2.2. Pledge recorded by the Company

A pledge recorded regarding the Company's holdings in a subsidiary, which ensures a debt which was taken by the same subsidiary and/or corporations under its control, pursuant to the provisions of subsection 4.2.1.1 above.

As of the signature date of this Trust Deed, the list of real estate assets held by the Company and the subsidiaries, directly and indirectly, pledged in favor of third parties, is as set forth in **Appendix 4.2** of this Trust Deed.

4.3. Limitations Regarding Taking Financial Debt

As stated in section 4.2 above, the Company hereby undertakes (as do the subsidiaries with their signatures as stated in section 5a below) that as of the Effective Date and until the Final Repayment Date it shall not place a new financial debt (including by way of changing an existing financial debt of the Company to a new financial debt – "refinancing"), other than upon the occurrence of one of the following:

4.3.1. The new financial debt is designed to invest funds in the development of real estate assets and is held by the Company and/or its subsidiaries, provided that: (a) the investment shall be performed based on an LTC ratio which shall not be less than 50% (in the event of entering, directly or indirectly, an existing project as stated, a partner, who is entitled to consideration in cash or cash equivalents (excluding against offsetting debt) at least for 20% of the rights in the project, directly or indirectly, then the LTC ratio will be reduced for the sale project to a ratio which is no less than 40%); and (b) the debt is taken by the relevant company which owns the asset or another company of the Group as stated in section 4.2.1.1 above and (c) this being subject to complyiance with the requirement of the minimal balance in the cash fund as detailed in Section 4.7 below; or

4.3.2. The new financial debt taken by the relevant company is designed for the purchase of new real estate assets by the relevant company, subject to compliance with the minimal cash fund balance requirement as set forth in section 4.7 below; or

4.3.3. At least 75% of the net cash flow arising from the new financial debt shall serve for the purpose of early repayment of the three series, pursuant to the provisions of section 7a below. It shall be clarified, for the avoidance of any doubt, that the Company and/or the subsidiaries may perform refinancing, even if as a result no net cash flow is generated.

Notwithstanding all of the provisions of this section 4.3, in the case of the performance of the Additional Capital Injection, the provisions of this section 4.3 above shall not apply to investments with an aggregate amount up to the Additional Capital Injection amount.

In the case of the placement of a new financial debt by a subsidiary, the provisions of section 7a.2 below shall apply in connection with the transfer of net cash flows from the subsidiary to the Company for the purpose of early repayment of the Notes at the subject of the said section.

The Company warrants, in connection with sections 4.2 and 4.3 above, that as of the stay date of the payments and until the Effective Date, the Company and/or a subsidiary thereof have not performed any action which is not permitted under sections 4.2 and 4.3 above.

4.4. Distribution

4.4.1. The Company shall be entitled to distribute dividends to its shareholders and/or any other distribution any the applicable Dutch law (including buyback of the Company's shares) (hereinafter in this section: a "**Distribution**") only pursuant to the Company's compliance with the following cumulative conditions:

4.4.1.1. At least 75% of the Unpaid Principal Balance of the Three Series (as defined in section 1.6 above), as shall be on the Effective Date, shall be repaid by that same date. For the purpose of this examination, the repayment of Notes sold by the subsidiary of the Company after the Effective Date shall not be considered repaid Notes.

4.4.1.2. The Coverage Ratio (as defined in section 1.6 of this Trust Deed) on the basis of the Company's most recent consolidated financial statements (audited or reviewed, as applicable) on the approval date of the distribution shall be (with the assumption of the execution of the distribution) at least 150%.

4.4.2. Notwithstanding the statements of section 4.4.1. above, the Company shall be entitled to perform a distribution of dividends to its shareholders without the compliance with the terms in section 4.4.1 above, provided that the said distribution was approved in an assembly of the Creditors of the Plan in a majority of at least 67% of the remaining debt held by the voting creditors in the vote of the creditors' assembly, pursuant to the provisions of section 38 of Appendix B to this Deed below.

4.4.3. Notwithstanding the statements in this section 4.4, in the event where an Additional Capital Injection shall be performed, the Company shall be entitled, after the passing of at least one year from the date of the Additional Capital Injection, to distribute dividends to its shareholders at one time or through a number of distributions, in an equal cumulative sum up to half (up to 50%) of the Additional Capital Injection's sum, all pursuant to the provisions of the law.

In the case of a distribution under section 4.4 above, the Company shall include in its first financial statements which are published after a distribution as stated, reference to the compliance of the said distribution with the provisions of this section 4.4 (as applicable).

4.5. Expenses of the Company

The Company shall act to the best of its ability in order for the scope of general and management expenses of the Company in relation to the scope of the Company's current operations, shall not exceed an annual sum of EUR 7.5 million.

4.6. The Company hereby undertakes (and the subsidiaries undertake through their signatures as stated in section 5a below) that if the Coverage Ratio decreased lower than the Minimal Coverage Ratio, then during the term, the beginning of which commenced on the examination date of the Coverage Ratio where the decrease was first created from the Minimal Coverage Ratio and as long as the Coverage Ratio did not return to the rate of the Minimal Coverage Ratio, the Company and each of the subsidiaries of the Company shall not perform any of the following: (a) sale, directly or indirectly, of a real estate asset (any, in their ownership, however, the above shall apply, and shall not apply in relation to the completion of the sale of assets and rights for which the Company engaged in an obligatory engagement prior to the said examination date); or (b) an investment in a new real estate property; or (c) a financial investment in projects existing in the Company or a subsidiary on the said examination date, at a rate exceeding 20% of the construction cost of the said project (as approved by the lending bank of the projects), and pursuant to its compliance with the LTC ratio, as detailed in section 4.3.1 above.

4.7. The Company hereby undertakes that commencing on the Effective Date and until the Final Repayment Date, the execution of cash injections for investments in existing or new real estate properties, including for the purpose of development or purchase, shall be performed pursuant to the fact that the cash and cash equivalent balance (which may include in the consolidated financial statements of the Company in the following sections: cash and cash equivalents as well as short-term deposits, financial assets held for trade and long-term deposits (hereinafter jointly: the **"Additional Cash Equivalents"**) and provided that the Additional Cash Equivalents may be exercised into cash immediately and without limitation in the Company and subsidiaries) shall include, on the execution date of the injection, monies for these investments in a sum equal at least to: (i) the general and management expenses in the required scope, at the estimate of the Company's management, for a period of 6 months ahead (and in the event that prior thereto the Additional Capital Injection was performed – 3 months ahead) (the "**Protection Period**"); with the addition of (ii) interest expenses for the Notes (Series A), Notes (Series B) and Notes in Poland for the Protection Period); and less (iii) the sums of receipts to be received by the Company and/or its Subsidiaries for transactions signed by the Company and/or its Subsidiaries and for which closing was performed and, according to the estimate of the Company's management, there is a high probability to receive them during the Protection Period.

After the Company shall repay the principal of the Notes for the Three Series in the total sum of at least NIS 434,000,000, not including the linkage differentials (as long as the repayment is not in NIS – pursuant to the exchange rate for the foreign currency against the shekel on the repayment date) and including a repayment of the Principal of the Notes (Series B) in a total sum of at least NIS 305,000,000 (not including the linkage differentials), then the reserve sum shall be decreased, as calculated above, by 50%.

4.8. The Company undertakes to publish its annual reviewed consolidated financial statements to the public, no later than the passing of three (3) calendar months from the end of the calendar year, and, beyond the letter of the law, the Company undertakes that during the period commencing on the Effective Date and ending on the Final Repayment Date it shall publish its reviewed consolidated financial statements on a quarterly basis, no later than after two months from the end of each of the first three calendar quarters of each year. The Company shall include, within the quarterly and annual financial statements, a detailed report regarding its compliance with the undertakings in sections 4.1 through 4.7 above (inclusive) as sections 4b, and the performance of early repayments under the provisions of section 7a.2 below.

4.9. <u>Delivery of Approvals to Trustee</u>

No later than 14 days after the performance of any action set forth in this section 4 above and 4b below, whether by the Company or by the Company's subsidiaries (whether the creation of pledges, taking financial debt including by way of refinancing, performance of a distribution and the like) for which the net cash flow generated therefrom exceeds EUR two (2) million, the Company shall provide the Trustee with a signed confirmation by the CEO of the Company and the senior officer

in the financial department of the Company regarding the compliance of the Company or the relevant subsidiary (as applicable) with the provisions set forth in this section 4 above and 4b below with regard to the relevant action, plus calculations to the satisfaction of the Trustee, if required. The Trustee shall rely on the Company's approval and shall not be required to perform an additional investigation on its part.

Regarding liabilities attributed to the Company and/or the subsidiaries included in this Deed and the appendices hereto, it shall be clarified that the Trustee does not have the ability to supervise and/or ensure and/or oversee the manner of the fulfillment of undertakings by the subsidiaries, and shall rely on the confirmations provided thereto by the Company and the Company's reports in its financial statements as described in this section, without being able to perform independent examinations on its part.

4.10. The Company further undertakes (as do the subsidiaries by signing as stated in section 5a below) that as of the commencement date and until the Effective Date, and as of the Effective Date and until the Final Repayment Date, no action is performed which is not permitted under the provisions of this Trust Deed, and no action shall be performed which is not permitted under this Trust Deed.

4a. **The Allocation of Company Shares and Notes to Note Holders**

Pursuant to this Trust Deed becoming valid, whoever is a Holder of Notes (Series B) on the Effective Date shall be entitled, each according to their relative part (pro rata) in the ratio to all of the Holders of Notes (Series B), for the allocation of shares and notes as follows:

(1) Allocation of shares

In consideration for a payment to the Company of EUR 0.01 per share (based on the euro/shekel rate prior to the allocation), all of the holders of Notes (Series B) (with the exception of the subsidiary for the Notes held thereby), will be allocated a total amount of shares of the Company, representing (after the allocation of the additional share as detailed below and the additional series' as well, and for the removal of doubt event after the issue of the rights), 9.2197% of the issued and paid-up capital and from the voting rights in the Company (the **"Allocated Shares"**) as well as the additional amount of shares in the Company which shall be allocated to the Trustee in trust for the Holders of Notes, which shall be calculated as a result of the distribution of (a) a number of shares equal to 1% of the sum of the shares allocated assuming full compliance for the issuance of the rights in the (b) price per share in the issue of the rights less EUR 0.01 (hereinafter: the **"Additional Shares"**). The "issue of rights" means the issue through which the Capital Injection shall be performed. At least four business days before the Effective Date, the Company shall publish an immediate report regarding to the total shares actually allocated based on the calculation above.

The Allocated Shares and the Additional Shares shall be equal in their rights to the rights of the Company shares which shall exist at that time in the Company.

A Holder of Notes shall not be entitled to the allocation of fractional shares and the amount of shares to which any Holder shall be entitled as stated, shall be rounded

down to the closest integer. In the event that as a result of the issuance, shares are created which are not actually issued (such as share fragments), then they shall be annulled by the Company.

(2) Allocation of Notes

A total amount of additional Notes (Series B), registered by name, par value NIS 1 each, in to the sum of the Deferred Interest Amount for the Notes (Series B) (as defined in section 1.6 above) which is accrued and added to the Principal of Notes (Series B) as of January 1, 2014, at no consideration. For the purpose of calculating the total quantity of the Additional Notes (Series B), the total linkage differentials applicable to the Notes as of December 31, 2013 were taken in to account. Therefore, as a result of the said allocation, the Principal of Notes (Series A) shall increase in a total of NIS 13,727,951 par value Notes (Series B) (the "**Additional Notes**").

In addition to the Additional Notes, the Holders of the Notes (Series A) shall be allocated notes from Series A, based on the same calculation method, with the necessary adjustments. In relation to the Holders of Notes in Poland, the Deferred Interest for the Notes shall be dealt with in the manner as stated in the definition of the Deferred Interest for the Notes in Poland in Section 1.6 above, and in accordance with the principals detailed in this Section 4a(2), mutatis mutandis.

The terms of the Additional Notes (Series B) shall be identical to the terms of the Notes (Series B) in circulation which are issued prior to the date of this Deed. The Additional Notes (Series B) which are allocated as stated, shall be discounted as of the allocation date and are in effect as of January 1, 2014, one series for all intents and purposes together with Notes (Series B) in circulation. It is clarified that the holders of the Notes entitled to the Additional Notes as stated in this section shall not be entitled to interest and/or principal payments for the Additional Notes for which the Effective Date for payment occurs before the issuance date of the Additional Notes. A Note Holder shall not be entitled to an allocation of fragments of Notes (Series B) and the amount of Notes that each Holder is entitled to shall be rounded downward to the nearest full number. If as a result of the allocation, Notes are created which are not actually issued (as share fragments), they shall be cancelled by the Company.

The allocation of the Allocated Shares, Additional Notes and the Additional Notes shall be performed by the Company shortly after the Effective Date, and on a date which is coordinated with the Tel Aviv Stock Exchange (the "**Allocation Date**").

4b. **Exercise of Assets**

4b(1) Pursuant to the limitations set forth in this Trust Deed, the Company and/or any of its Subsidiaries shall be entitled, from time to time, to sell, lease, assign, grant or transfer in any other way, its assets, rights, property or any part thereof ("**Disposition**"), without requiring the receipt of the Trustee's agreement or the agreement of the Holders of Notes.

4b(2) Notwithstanding the above in section 4b(1), in relation to the Four Malls (as defined in section 1.4 above) the following provisions shall apply:

(i) The Company and/or any of its Subsidiaries may not perform Disposition, directly or indirectly, in any of the Four Malls, or to perform refinancing in relation to any of them (hereinafter in this section: an **"Event"**), other than subject to the net cash flow from the Event in connection with the Four Malls not being less than a cumulative sum of EUR seventy (70) million.

(ii) In the event where the Event occurred only in relation to part of the Four Malls (meaning, does not apply in relation to the Four Malls together), then the Company and/or each of its subsidiaries may perform the Event pursuant to the fact that Net Cash Flows from the Event or a Net Cash Flow from the Event with the addition of the Net Cash Flows from previous Events of any of the Four Malls (as shall be at that date) and with the addition of the surplus net value from the remaining malls (as these terms are defined below), as applicable, shall not be less than the cumulative sum of EUR seventy (70) million.

For the purpose of this section:

"Net Surplus Value" section– the value of the asset according to the updated valuation in the Company's possession, less the balance of financial debts that the subsidiary holding the same asset has as of the same date.

"Remaining Malls" – the remaining malls from the Four Malls, not yet sold as of the date of the recent Event or in the framework thereof. It shall be clarified that in the event of the sale of part of the rights in one of the said malls (regarding which the net cash flow shall be subject to the provisions of section 7a below), then the unsold rights in the said mall shall be added to the Net Surplus Value of the Remaining Malls not yet sold, for the purpose of calculating the compliance with the cumulative sum of EUR seventy million.

4c. **Depositing a Cash Cushion**

On the Effective Date, the Company shall deposit with the Trustee, in the Trust Account (as defined in Section 1.6 above) , a sum of NIS twenty five thousand (25,000) in cash (hereinafter: the "**Deposited Amount**") which shall be held in trust for the benefit of the Holders of Notes and shall serve as a cushion/advance only for the purpose of covering the Trustee's expenses in relation with the event of the calling for immediate repayment of the Notes (Series B). On the Final Repayment Date the Trustee shall return the said deposited sum (as long as it was not utilized for its purpose) to the Company. The Deposited Amount shall constitute a deposited pledge.

5. **Securities**

5.1 The Notes are not secured by means of any lien.

For the avoidance of doubt it is clarified that the Trustee is not obligated to examine, and de facto, the Trustee did not examine the need for the grant of securities in order

to secure the payments to the Holders of Notes. The Trustee is not asked to conduct, and the Trustee is not, in practice, conducting a financial, accounting or legal due diligence regarding the state of the Company's business. By entering into this Deed and by agreeing to perform as a trustee, the Trustee does not give an opinion, express or implied, with regard to the Company's ability to fulfill its obligations towards the Holders of Notes. The above does not derogate from the Trustee's obligations in accordance with applicable law and this Deed, including the Trustee's obligation (as far as such obligation is applicable to the trustee pursuant to any applicable law) to analyze changes in the Company as of the Effective Date and going forward, as far as they adversely affect the Company's ability to fulfill its obligations to the Holders of Notes.

5.2 Pursuant to the provisions of section4 above, the Company and the subsidiaries of the Company may encumber their property, by means of any encumbrance and in any fashion whatsoever, in favor of any third party whatsoever, without having to obtain any approval from the Trustee and/or from the Holders of Notes.

5a. **Undertakings of Subsidiaries**

Until the last date for the fulfillment of the condition precedents (as defined in section 34 below), each of the subsidiaries upon the date of this Deed as described in the list attached to this Deed as **Appendix 5a**, shall sign a confirmation in the form attached as **Appendix 5a1** to this Trust Deed, whereby subject to the entry into effect of this Trust Deed, it undertakes to act pursuant to the liabilities applicable thereto under sections 4.2, 4.3, 4.6, 4b, 5.2 and 7a(2) of this Trust Deed. The Company shall provide the Trustee with all of the approvals signed by the subsidiaries (including names of those signing on behalf of each subsidiary) together with the Company's approval that all of the subsidiaries and the approvals of the subsidiaries have been signed by authorized signatories of the Companies (hereinafter: the "**Undertakings of Subsidiaries**"). It shall be clarified that the Trustee has no way to ensure that the list attached as Appendix 5a of this Deed includes all of the subsidiaries and/or that they are duly signed, and by the entities competent to bind them, and shall rely on the approval of the Company in this regard.

The Company undertakes that after the Effective Date, each new subsidiary which is established shall be required to act pursuant to the Undertakings of Subsidiaries, and approval as stated immediately following the signature shall be transferred by the Company to the Trustee.

The Company shall confirm to the Trustee that the confirmations mentioned above were signed by the authorized signatories of each of the subsidiaries. It shall be clarified that the Company shall not be required to provide the Trustee with attorney confirmations or any other confirmation regarding the signature of the authorized signatories of the subsidiaries other than that set forth above.

6. **Grade Of The Notes**

The Notes shall be equal, *pari passu, inter se*, without any preference or priority of one over the other.

7. **The Right to Immediate Repayment**

7.1 Upon the occurrence of one or more of the grounds detailed below, the Trustee, as well as the Holders of Notes shall be entitled to declare all or any part of the unsettled balance of the Notes, immediately due and payable, and the provisions of section 7.2 below shall apply, as applicable:

7.1.1 If the Notes were not repaid on time, or if the Company did not comply with another substantial undertaking granted for the benefit of the Holders of Notes.

7.1.2 If a temporary liquidator has been appointed by a court or if a court has entered a temporary liquidation order against the Company and such appointment or order is not cancelled by the end of 45 days from its commencement date, or if the Company adopts a valid resolution of the winding up thereof (other than winding up for the purpose of a merger with another company and/or a change in the Company's structure), or where a permanent liquidator has been appointed for the Company or if a final winding up order has been entered against it. Notwithstanding the above, no remedy period at all shall apply in connection with requests and/or orders as stated at the request of the Company and/or with its consent.

7.1.3 Upon the occurrence of any of the following, Holders of Notes which shall pose a risk to the rights of the Note Holders:

(a) Holders of liens on the Company's property realize their liens on material assets of the Company.

(b) An attachment is imposed on substantial assets of the Company, and such lien is not removed by the end of forty five (45) days from the date of the imposition thereof. Notwithstanding the above, no remedy period at all shall apply in connection with requests and/or orders as stated at the request of the Company and/or with its consent.

(c) An act of execution is instituted against substantial assets of the Company, and such act is not cancelled by the end of forty five (45) days from the date of the institution thereof. Notwithstanding the above, no remedy period at all shall apply in connection with requests and/or orders as stated at the request of the Company and/or with its consent.

(d) A receiver for material assets of the Company is appointed, and such appointment is not cancelled by the end of forty five (45) days from the commencement thereof. Notwithstanding the above, no remedy period at all shall apply in connection with requests and/or orders as stated at the request of the Company and/or with its consent.

(e) A motion for stay of proceedings is submitted to the court against the Company under section 350 of the Companies Law, or under a corresponding section, pursuant to another law applicable to the Company, and such motion is not cancelled within forty five (45) days from the commencement date thereof. Notwithstanding the above, no remedy period at all shall apply in connection with requests and/or orders as stated at the request of the Company and/or with its consent.

"**Material Assets of the Company**" shall mean: assets, one or more, whose net asset value (book cost less the direct debt for them) exceeds 25% of the Company's equity or 25% of the total consolidated balance sheet of the Company, whichever is lower, under the most recent consolidated financial statements published.

For the purpose of subsections (a) through (d) of section 7.1.3 above – including subsidiaries of the Company.

7.1.4 The Company shall not publish a financial statement within 30 days from the final date on which it is obligated to publish it.

7.1.5 Pursuant to the financial statements published, in which it is found that the Coverage Ratio decreased to lower than the Minimal Coverage Ratio (hereinafter: the "**First Inspection Date**"), and did not increase back to the Minimal Coverage Ratio during two consecutive inspection dates (as the term is defined in Appendix D of this Deed), after the First Inspection Date, all pursuant to the liabilities pursuant to Appendix D of this Trust Deed.

7.1.6 If a material deterioration occurred in the Company's business as opposed to its situation on the Stay of Proceedings Date (including during the period between the Stay of Proceedings Date and the Effective Date), and a substantial suspicion exists that the Company will not be able to repay the Notes on time.

7.1.7 The Notes were erased from trade in the Stock Exchange.

7.1.8 The Company ceases the payments and/or announces its intent to cease its payments and/or there is a material concern that it shall cease the payment and/or no longer continue its business and/or intends to cease from continuing its business and/or it is reasonable that it shall cease to continue its business.

7.1.9 The Company has violated any of its undertakings as stated in sections 2.4, 2.5, 2.6, 3, 4, 4a, 4b and 7a of this Trust Deed.

7.2 Upon the occurrence of any of the events detailed in section 7.1 above and in accordance with the provisions included in these subsections, the following provisions shall apply:

7.2.1 (1) Upon the occurrence of any of the events in sections 7.1.1 through 7.1.9 (inclusive) above, the Trustee shall be obligated, and the Holders, as stated in section 2 of Appendix B to the Trust Deed, shall

be entitled to convene an assembly of Holders of Notes, which shall include a resolution regarding the calling for immediate repayment of the Unpaid Principal Balance of the Notes.

7.2.2 On the convening date of an assembly as stated in section 7.2.1 above, which shall not be earlier than seven days and no later than the passing of 21 days from the date of its notice (however, the Trustee is entitled to advance the convention of the assembly to at least one day after the notice date, if it reasoned that this required for the purpose of protecting the rights of the Holders; if the Trustee did so, it shall explain in a report regarding the convention of the assembly, the reasons for advancing the convention date).

7.2.3 The resolution of the Holders of Notes to call the Notes for immediate repayment shall be passed in an assembly of Holders in which Holders of at least 50% of the nominal value of Notes in circulation, with a majority of Holders of the remaining nominal value of Notes represented in the vote, excluding abstaining votes, or with a majority as stated for a deferred assembly of Holders in which at least 20% of the remainder of Holders took part, as stated.

7.2.4 Notwithstanding the statements above, the Trustee or the Holders shall only call the Notes for immediate repayment after they provided notice in writing to the Company of their intention to do so; however, the Trustee or the Holders are not obligated to provide the Company with notice as stated, if a reasonable suspicion exists that the provision of the notice will damage the possibility of calling the Notes for immediate repayment.

7.2.5 A copy of the notice to convene the assembly as stated, to be sent by the Trustee to the Company immediately upon the publication of the notice or publication of the invitation to the assembly in the Magna system shall constitute prior and written warning to the Company of the intention of the Trustee or the Holders to call for the immediate repayment of Notes as stated in section 7.2.4 above.

7.2.6 Any of the subsections in section 7.1 above determine a period in which the Company may perform an action or pass a resolution as a result of which the grounds to call for the immediate repayment were eliminated, the Trustee or Holders may call for immediate repayment as stated in this section 7, only if the term determined as stated has passed and the grounds have not been eliminated.

7.2.7 The Trustee shall notify the Holders of Notes of the occurrence of an event constituting grounds to call for immediate repayment after it was notified of the matter in practice. The notice as stated shall be published in accordance with the provisions of section 22 below.

7.2.8 For the avoidance of doubt, it is clarified that the right to call for immediate repayment as stated above and/or calling for immediate repayment shall not derogate from or harm any other or additional remedy available to holders of the Notes or the Trustee under the terms of the Notes and provisions of this Deed or under the law, and failure to call of the immediate repayment of the debt upon the occurrence of any of the events listed in section 7.1 above shall not constitute a waiver of the rights of Note Holders or the Trustee as stated.

7a. **Early Repayment**

7.a.1 Early Repayment at the Initiative of the Company

At any time until the Final Repayment Date, and all subject to the instructions of the Securities Authority and the instructions of the provisions of the Stock Exchange Bylaws and regulations thereunder, as they may be on the relevant date, the Company may (but is not required to), at its sole discretion, perform early repayment, in whole or in part, of the balance of unpaid principal of the Series B Notes and/or of the interest and linkage differentials (if any) accrued until the early repayment date, as set forth in the terms of the notes, and which is not yet repaid.

7.a.2 Obligatory Early Repayment Following an "Exercise Event"

(I) Notwithstanding the provisions of section 7.a.1 above, and subject to the entry in effect of this Trust Deed, upon the occurrence of an "exercise event" (as this term is defined below), as of May 15, 014 and until the final repayment date, as a result of which a positive net cash flow is generated ("**Net Exercise Consideration**"), the Company shall be required to perform early repayment, fully or partially, (other than by way of the purchase of Notes), of principal and interest of Notes from Three Series and linkage differentials of each of the same, in an amount determined based on one of the two alternatives set forth below (hereinafter: the "**Amount Designated for Early Repayment**"), provided that the Amount Designated for Early Repayment which accrues as a result of one or more events will the higher EUR two (2) million (hereinafter: the "**Minimal Total**"), and in the case where the aggregate total is the lower than the Minimal Total, it shall be paid within a future early repayment after the aggregate total in the deposit plus the consideration from additional exercise events exceeds the Minimal Total of EUR 2 million and it shall be paid to the three series pursuant to the details below. Within 5 business days from the occurrence of an exercise event, the Company shall publish a report of the exercise event (provided that the Net Exercise Consideration with respect thereto exceeds the Minimal Total), and the amounts which will be received thereby for the exercise event.

The early repayment amounts of the Notes (Series B) will be credited as stated in section 7a.7 below.

The distribution of Net Exercise Consideration amounts within the early repayment of the three series shall be performed based on the following:

(1) With respect to an exercise event which is not related to the Four Malls (in whole or in part) –

a. A total equal to 50% of the interest accrued and which is not yet paid by the actual early repayment date, plus linkage differentials on the interest, all for the three series based on their terms, shall be paid from the Net Exercise Consideration (as defined above), and shall be distributed among the Three Series pro rata in accordance with the amount of accrued interest, with the addition of linkage differentials on the said interest for each of the series (in this section: the **"Interest Ratios"**), and however, the Company may decide, at its sole discretion, that the amount listed in this subsection (1)(a) or any part thereof shall not be paid from the Net Exercise Consideration but rather from its sources (including the part remaining with the Company under subsection (1)(c) below, and in such a case, this amount or part shall not be reduced (as applicable) as stated in subsection (1)(c) below; it shall be clarified that if the Net Exercise Consideration was not sufficient to repay 50% of the accrued interest and has not yet been paid as of the early repayment date in practice, with the addition of linkage differentials on the interest, all for the Three Series according to their conditions, the Net Exercise Consideration shall be distributed pro rata between the Three Series in accordance with the amount of accrued interest, with the attachment of linkage differentials on the said interest, for each of the series.

b. A total equal to the remaining 50% of the interest accrued and which is not yet paid until the actual early repayment date, plus linkage differentials on the interest, all for three series based on their terms, will be paid from the independent resources of the Company (including the part remaining with the Company under subsection (1)(c) below) and will be distributed between the Three Series pro rata according to the Interest Ratios; it shall be clarified that if the Net Exercise Consideration was not sufficient to repay 50% of the accrued interest and has not yet been paid by the early repayment date in practice, it shall be paid from the personal sources of the Company, as stated, the sum equal to the Net Exercise Consideration, pro rata between the series according to the Interest Ratios.

c. The Balance of the Net Exercise Consideration, i.e. the Net Exercise Consideration (as defined above), less the amount of interest and linkage differentials on which amounts are paid as stated in subsection (1)(a) above (the "**Balance of the Net Exercise Consideration**"), if the balance is positive, shall be divided such that a total of 75% (this rate shall be subject to changes as set forth in section 7a2(III) below – the "**Payment Rate of the Principal with Early Repayment**") from the Balance of the Net Exercise Consideration, shall be used for the repayment of the Unpaid Balance of Notes from Three Series and linkage differentials thereon, and shall be distributed among the Three Series pro rata based on the ratio of the Deferred Debt Balance, pursuant to the mechanism set forth in subsection (3) below, while the amount remaining from the Balance of the Net Exercise Consideration shall remain in the possession of the Company.

(2) With respect to an event related to the exercise of the Four Malls (in whole or in part) –

a. Firstly, from the Net Exercise Consideration, interest shall be paid which has accrued and not yet been paid by the actual early repayment date, plus linkage differentials on the interest, all for three series based on their terms, and shall be distributed among the Three Series in accordance with the Interest Ratios; however, the Company may decide at its sole discretion that the total mentioned in this subsection (2)(a) or any part thereof shall not be paid from the Net Exercise Consideration, but rather from its resources including the part remaining with the Company under subsection (2)(b) below, and in such a case, this total or part thereof shall not be reduced (as applicable) as stated in subsection (2)(b) below. It shall be clarified that if the Net Exercise Consideration was not sufficient in order to repay the accrued interest and has not yet been paid as of the early repayment date in practice, with the attachment of linkage differentials on the interest, all for the Three Series based on their terms, the sum of the Net Exercise Consideration shall be distributed pro rata among the Three Series pro rata according to the Interest Ratios.

b. The Balance of the Net Exercise Consideration, meaning the Net Exercise Consideration less the amount of interest and linkage differentials on which amounts are paid as stated in subsection (2)(a) above (the "**Balance of the Net Exercise Consideration**"), if the balance is positive, shall be divided such that a total equal to the product of the principal payment rate in

early repayment (as defined above) by the Balance of the Net Exercise Consideration - shall be used for the repayment of the Unpaid Balance of Notes from Three Series and linkage differentials thereon, and shall be distributed among the Three Series pro rata according to the ratio of the Deferred Debt Balance, pursuant to the mechanism set forth in subsection (3) below, while the amount remaining from the Balance of the Net Exercise Consideration shall remain in the possession of the Company.

(3) It shall be clarified that with respect to the repayments of the Unpaid Principal Balance of Three Series, in the event of the repayment of the debt due to an Exercise Event, as stated above, shall be the total allocated for the repayment of the Unpaid Principal Balance of Notes (Series B) based on subsections (1)(c) or (2)(b) above, as applicable, based on the ratio of Deferred Debt Balance.

Notwithstanding all of the above, this section shall not apply to a cash flow arising from the Koregaon Project.

Early repayment shall be performed, if required, within a quarter from the date on which the amount designated for early repayment is received by the Company or accrued to the Minimal Total, as applicable, and no more than one time in each calendar quarter (all subject to the other provisions of this section 7a.2).

(II) The Company hereby undertakes to perform any action reasonably required in order to ensure that in the case where the net cash flow is received by a subsidiary, the subsidiary shall transfer the net cash flow to the Company, and the following shall apply:

(a) A transfer as stated shall be performed no later than 14 days from the date on which the net cash flow is received by the relevant subsidiary, unless there are legal and/or other regulatory limitations which are not under the control of the Company or a relevant subsidiary, which do not permit a transfer within the said period of time, and in such a case, the Company shall act to the best of its ability in order to remove the limitation and transfer the amount thereto on the first date on which the limitation as stated is removed.

(b) During the term between the receipt of the net cash flow by the subsidiary about the transfer date thereof to the Company, no use shall be made of this amount by the Subsidiary and the amount will be deposited in solid financial deposits.

(c) In the event that the funds are not transferred to the Company within 14 days from the date on which the net cash flow is received in the relevant subsidiary as a result of the limitations which are not under the control of the Company or the relevant subsidiary, on the date on which funds are

transferred to the Company, they shall only be used for the principal payments.

For the purpose of this section:

"**Exercise Event**" – each of the following events: (i) the Disposition of a real estate asset of the Company or a real estate asset of a subsidiary; or (ii) taking a new financial debt by the Company or a subsidiary excluding taking new financial debt for the purpose of purchase and/or investment and/or development of a real estate asset; or (iii) refinancing of a real estate asset, excluding for the purpose of an investment and/or development of a real estate asset.

"**Net Cash Flow**", "**Financial Debt**", "**Disposition**" – as these terms are defined in section6.1above.

(III) The payment rate of the principal with early repayment (as this term is defined in subsection (I)(1)(c) above will be reduced in the case that the following events occur in the aggregate:

1) The Additional Capital Injection (as defined in section 1.6 above) was performed; and (2) Partial repayment was performed of the Unpaid Principal Balance of the Three Series (as defined in section 1.6 above), as it may be on the Effective Date, whether by way of repayment under section 2 above or whether by way of early repayment of notes or repayment thereof or by way of the purchase of notes under section 3.1 above, pursuant to the rates set forth below:

% payment of the unpaid balance of the three current series (without taking into account the repayment of notes which were sold by a subsidiary of the Company after the Effective Date)	**The Payment Rate of Principal in Early Repayment**
50%	60%
60%	50%

7.a.3 The Company shall provide the Trustee with prior notice regarding the performance of early repayment as stated in section 7a.. The performance date of the early repayment shall be determined by the Company in coordination with the Stock Exchange and pursuant to the provisions and instruction of the Stock Exchange. The notice of the early repayment shall be published in an immediate report of the Company at least 17 days but no more than 45 days before the early repayment date, and shall describe, as relevant: (a) the amount of the total par value of the notes which shall be repaid in the early repayment, as well as the interest accrued for the said

Principal Amount until the early repayment date and the amount of the early repayment; (b) the Effective Date for entitlement to early repayment which is 12 days before the date determined for early repayment; (c) the payment date; (d) the linkage differentials (if any) for the par value and for the interest repaid as stated and (e) The partial repayment rate in terms of the unpaid balance; (f) the partial repayment rate in terms of the original series; (g) the interest rate in partial repayment on the paid part; (h) the interest rate paid in the partial repayment, calculated regarding the unpaid balance; (i) an update of the partial payment rates which remain, in terms of the original series: (j)a description of the calculation of the division of the early repayment amount between three series; and (k) the updated repayment schedule for the notes. The Company may publish the data set forth in sections a-e without linkage to the index, provided that the early repayment is actually performed subject to the linkage to the index, as set forth in the first Addendum of this Deed.

Early repayment shall not be performed for a part of the Series of Notes, if the sum of the last repayment is less than NIS 3.2 million.

The early repayment date shall not fall during the period between the Effective Date for the interest payment for the Notes and between the interest payment date in practice.
The frequencies of the early repayments shall not exceed one repayment per quarter. If an early repayment was scheduled in a quarter during which an interest payment is also determined, or the payment date for a partial repayment or the payment date for the final repayment, the earlier repayment on the date set forth for the payment, as stated, shall be performed.

In this regard – "quarter" – means each of the following terms: January – March, April – June, July – September, October – December.

The minimal scope for each early repayment shall not be less than NIS 1 million. Notwithstanding the above, the Company is entitled to perform an early repayment with a scope less than NIS 1 million, provided that the frequencies of the repayments shall not exceed one repayment per year.

Any sum that will be repaid in an early repayment by the Company shall be repaid in relation to all of the Noteholders, pro-rata according to the par value of each held Note.7.a.4 The notes which shall be repaid within the early repayment as stated above shall be removed from trade in the Stock Exchange, cancelled and shall have no validity and effect, and shall not confer, after the performance of the early repayment, any rights.

7.a.5 Partial of complete early repayment under this section shall be performed based on the liability value of the notes redeemed upon the early repayment date, and shall not be subject to the payment of a cost, compensation or fine. For the avoidance of doubt, the early repayment as stated shall not confer any Holder of Notes which were

redeemed with partial or full early repayment as stated the right to the payment of interest and linkage differentials (if any) for the period after the early repayment date.

For the purpose of this section 7a:

"**The Liability Value**": the amount of the unpaid balance of the par value of the notes and of the interest and the linkage differentials (if any) which have accrued until the actual early repayment date, as set forth in the terms of the notes, and which is not yet repaid.

7.a.6 The amount paid by the Company within early repayment to Holders of Notes as stated shall be paid to each Series B Noteholder, pro rata to their holdings of the Series B Notes.

7.a.7 In any case of early repayment under this section 7a, the early repayment amounts of the Series B Notes shall be credited based on the following order: (1) first for the payment of the interest accrued and which is not yet repaid on the Unpaid Principal Balance of the Series B Notes until the actual early repayment date(calculation of the interest will be performed on the basis of 365 days per year) plus linkage differentials until the same date; and only thereafter – (2) for the repayment of the Unpaid Principal Balance of Series B Notes, while crediting the amount of early repayment compared to the Unpaid Principal Balance of the Notes will take place based on the payment dates of the Unpaid Principal Balance according to the repayment order of earlier to later.

8. **Claims And Proceedings On The Part Of The Trustee**

8.1 In addition to any other provision in the Deed of Trust and as a right an independent authority, the Trustee may, at its discretion and without giving another notice, adopt all such proceedings, including legal proceedings, as it finds fit, subject to the provisions of any law, to protect the rights of the Holders of Notes and implement the provisions of the Trust Deed and it may convene a meeting of the Holders of Notes to this end. The Trustee shall be compelled to take the same actions at the demand of the meeting of the Holders of Notes, adopted by an ordinary resolution, unless under the circumstances, it does not find it just and/or reasonable to do so, and has petitioned the suitable court with a request to receive instructions on the matter on the first reasonable date.

8.2 The Trustee may, before resorting to such proceedings, convene a general meeting of the Holders of Notes, to determine with an ordinary majority the type of proceedings to be adopted to exercise their rights under this Deed and the Notes. The Trustee may further reconvene general meetings of the Holders of Notes for the purpose of receiving orders in respect of the conducting of such proceedings. In such cases, the Trustee shall act without delay and on the first practicable and reasonable date.

8.3 Subject to the provisions of this Deed, the Trustee may, but shall not be obligated to, convene a general meeting of the Holders of Notes at any time, with a view to discussing and/or receiving its instructions on any matter pertaining to this Deed,

provided that the convening of the meeting shall be performed by the Trustee in such cases without any delay, and on the first practicable and reasonable date.

8.4 The Trustee may, but shall not be obligated to, at its sole discretion, withhold the execution of any action on its part under this Deed, for the purpose of an application to the general meeting of the Holders of Notes and/or the court, until such time as it receives instructions from the general meeting of the Holders of Notes and/or instructions from the court on how to proceed. The application to the general meeting of the Holders of Notes and/or to the court will be effected, in such cases, without delay and on the first practicable and reasonable date.

8.5 To remove any doubts, it is hereby clarified, that nothing in any of the aforesaid provisions shall prejudice and/or derogate from the Trustee's right, which is hereby vested in it, to apply at any time, at its exclusive discretion, to legal instances for the purpose of obtaining any order concerning the trust affairs.

9. **Receipts Held In Trust**

All receipts collected by the Trustee, including receipts arising from proceedings instituted by it, if any, against the Company, shall be held by the Trustee in trust and it shall use same for such purposes and according to such priorities as follows:

9.1 First, for settlement of all reasonable expenses, payments, levies and obligations incurred by the Trustee, imposed on it, or caused in the course or in consequence of acts in implementation of the trust or otherwise, with respect to the terms of this Deed, including its fee (but without derogating from the Company's undertakings pursuant to section 18 below).Second – to pay a reimbursement to Holders who bore payments under section 23 of the Deed beyond their relative shares for the surplus parts as stated (and including interest credited for the surplus parts as stated, if any), and thereafter a payment of a reimbursement to Holders who bore payments based on their relative shares; third - to pay, to the Holders of Notes, the arrears interest due to them and subject to the linkage terms under the Notes, *pari passu* and *pro rata* to the sums payable to each of them, without preference or priority with respect to any of them, and without any preference as to the time priority of the issuance of the Notes by the Company or otherwise; fourth – to make, to the Holders of Notes, such payments on account of the Unpaid Principal Balance as are owed to them under the Notes held by them *pari passu* and subject to the linkage terms under the Notes, all whether or not the due date has come for settlement of any installment on account of the Unpaid Principal Balance as aforesaid, *pro rata* to the sums owing to them, without any preference as to the time priority of the issuance of the Notes by the Company or otherwise. The surplus, if any, shall be paid by the Trustee to the Company or its successors, as the case may be. Tax will be withheld from the payments to the Holders of Notes, to the extent such should be deducted under any law.

9.2 Payment of the amounts by the Trustee to Holders of Notes is subject to the rights of other creditors of the Company, if any, pursuant to the provisions of the law.

9.3 Tax will be withheld at source from the payments to Holders of Notes, if there is an obligation to withhold it under any law.

9.4 The Trustee may offset any amount that it owes the Company and/or is owed by the Holders of Notes to the Trustee (whether as a payment on account of legal fees or as a reimbursement of expenses) pursuant to the right of the Trustee to receive the amounts as stated under this Trust Deed, without requiring a resolution of the assembly of Holders of Notes and/or the consent of the Company, and provided that the Trustee has informed the Holders of Notes and the Company of offsetting as stated in the manner provided in section 24 of this Deed.

9.5 It shall be clarified that if the Company is required to bear any of the expenses, but fails to do so, the Trustee shall act to receive the amounts as stated from the Company, and in the event that it succeeds in receiving them, they will be held thereby in trust and uses for the purpose and based on the priorities listed in this section.

10. **Power to Demand Payment to Holders Through the Trustee**

Subject to the receipt of a regular resolution of Holders of Notes, the Trustee may instruct the Company in writing to transfer to the Trustee account, for Holders of Notes and instead of the performance of the payment thereto, part or all of the following payment (interest and/or principal), for the purpose of financing the proceedings and/or expenses and/or Trustee fees under this Deed. A transfer as stated shall be performed by the Company to the Trustee on the date determined for the following payment under this Deed (and not prior thereto). The Company may not refuse to act according to the notice of the Trustee, and the transfer as stated to the Trustee shall be considered a payment by the Company of the same amount to Holders for all intents and purposes, and the Company shall be considered to have fulfilled its liabilities towards the Holders of Notes if it has transferred the amount required by the Trustee to the account the details of which are included in the Trustee's notice, and the Trustee and Holders shall have no claim against the Company in such a case in connection with the transfer of the payment as stated in this section above. The above shall not release the Company from its obligation to bear the additional expenses and fee payments, if any, where it was required to bear them under this Deed or under the law.

11. **Power To Withhold Distribution Of Funds**

11.1 Notwithstanding the provisions of section 9 above, in the event that the monetary sum obtained by the Trustee and which at any time is available for distribution, as set out in such section, is less than NIS 1 million (hereinafter: the "**Minimum Sum**"), the Trustee shall not be obligated to distribute same, and it may invest such sum, in whole or in part, in such investments as are permitted hereunder and substitute such investments from time to time by other permitted investments under this Deed, all as it finds fit. Notwithstanding the foregoing, a special resolution at the meeting of the Holders of Notes may instruct the Trustee to distribute, to the Holders of Notes, any such amount, even where the cumulative sum, as aforesaid, is less than the Minimum Sum.

11.2 Where such investments, including accruals thereon, together with other funds, received by the Trustee, for the purpose of the payment thereof to the Holders of Notes, total, if at all, such amount as is sufficient to pay at least the Minimal Amount, the Trustee shall pay same to the Holders of Notes as set out in section 9 above. In the event that, within a reasonable period of time, the Trustee does not have a sufficient sum to pay at least the Minimal Amount, the Trustee must distribute the funds held by it to the Holders of Notes.

12. **Notice Of Distribution And Deposit With The Trustee**

The Trustee shall give notice to the Holders of Notes of the date and the place of effecting any installment of the installments set out in sections 9 and 11 above, in a notice to be delivered to them in the manner designated in section 24 below, not less than ten (10) days and not more than twenty (20) days in advance.

After the date designated in the notice, the Noteholder shall be entitled to interest thereon at the rate designated in the Notes, only in respect of the unsettled balance of the principal (if any), after deduction of the amount paid, or offered to be paid to them as aforesaid.

13. **Failure to Pay for a Reason Independent of the Company**

13.1 Any sum payable to a Noteholder, which has not been actually paid on the date designated for payment, for any reason beyond the Company's control, while the Company was willing to pay same, shall cease to bear interest and linkage differentials, as of the date designated for payment thereof, while the Noteholder shall be entitled only to such payments as he would have been entitled to on the date designated for payment of such installment on account of the principal, interest and linkage differentials.

13.2 The Company shall deposit, with the Trustee, the sum of the installment not paid in a timely fashion, as set out in subsection 13.1 above, not later than fifteen (15) business days as of the date designated for such installment, and shall give notice of such deposit, and such deposit shall be deemed as settlement of such installment, and, in the event of settlement of everything owing for the Note, also as redemption of the Note.

13.3 The Trustee shall invest, within the framework of trust accounts in its name and for its benefit, such funds as are transferred to it as set out in subsection 13.2 above, in such investments as are permitted to the Trustee under this Deed. In the event that the Trustee acts as aforesaid, it shall only owe, to those eligible for such amounts, the consideration received from the realization of the investments, less the expenses related to the said investment and to the management of the trust accounts, as well as the charges, and less the obligatory payment applicable to the trust account. From such funds, the Trustee shall transfer, to the Holders of Notes, the sums to which they are entitled, as soon as practicable after proof and confirmations are presented to the Trustee of their entitlement to such amounts, to the Trustee's full satisfaction, and less its reasonable expenses.

13.4 The Trustee shall hold such funds and shall invest them in the said manner, up to the end of one year from the final settlement date. After such date, the Trustee shall transfer, to the Company, such amounts as are set out in subsection 13.3 above, including profits arising from their investment, less its reasonable expenses, to the extent remaining in its possession on such date. The Company shall hold such amounts in trust for such Holders of Notes as are entitled to such sum, and in respect of the sums transferred to it by the Trustee, as aforesaid, the provisions of subsection 13.3 above shall apply to it, *mutatis mutandis*.

The Company shall confirm to the Trustee, in writing, the holding of the amounts and the receipt thereof on behalf of the Holders of Notes, and shall indemnify the Trustee for any claim and/or expense and/or damage of any type whatsoever incurred by it, in the wake of, and due to, the transfer of the funds as aforesaid, unless the Trustee has acted with negligence which is not exempt under section 52m of the Securities Law (hereinafter: **"Non-Exempt Negligence Under the Law**").After the transfer of the amounts to the Company, the Trustee shall not owe the Holders of Notes of the same series any payment for the amounts held thereby as stated.

The Company shall hold such funds in trust on behalf of the Holders of Notes entitled thereto for six (6) additional years, from the date of the transfer thereof by the Trustee and will invest them in permitted transfer under the Deed, and shall not make any use thereof during this period. Funds not demanded from the Company by a Noteholder up to the lapse of seven (7) years from the date of the final settlement date, shall be transferred to the Company, and the Company shall be entitled to use the remaining funds for any purpose whatsoever.

14. Receipt From The Holders of Notes

14.1 A receipt from a Noteholder for any payment on account of the principal, the interest and the linkage differentials paid to him by the Trustee, in connection with the Note, shall serve as absolute exemption of the Trustee and the Company in connection with the very performance of the payment of the sums designated in the receipt.

14.2 A receipt from the Trustee as to the deposit of any installment on account of the principal, the interest and the linkage differentials with it, for the benefit of the Holders of Notes, as set out in subsection 13.3 above, shall be deemed as a receipt from the Noteholder for the purpose of the provisions of subsection 14.1 above, with respect to the exemption of the Company in connection with the performance of the payment of the sums designated in the receipt.

14.3 Funds distributed as aforesaid in section 13 above, shall be deemed as payment on account of the settlement of the Notes.

15. Presentation Of A Note To The Trustee And Registration With Respect To Partial Installment

15.1 The Trustee may demand of a Noteholder to present, to the Trustee, upon the payment of any interest or partial installment of principal, interest and linkage

differentials, pursuant to sections 9, 10, 11 and 12 above, the Note Certificates for which the installments are made.

15.2 The Trustee may register, in the Note Certificate, a note with respect to the sums paid as aforesaid and as to the date of payment thereof.

15.3 The Trustee may, in any special case, at its discretion, waive the presentation of a Note Certificate, after an indemnity undertaking and/or sufficient security, to its satisfaction, has been given to it, by the Noteholder, for damages liable to be caused, due to failure to register such Note, all as it finds fit.

15.4 Notwithstanding the aforesaid, the Trustee may, at its discretion, keep records in any other manner, with respect to such partial installments.

16. **Investment Of Funds**

All funds which the Trustee may invest under this Deed, shall be invested by it, in accounts of one of the five leading banks in Israel, in its name or to its order, in such investments as the laws of the State of Israel permit to invest trust funds therein, as it finds fit, all subject to the terms of this Trust Deed.

In the event that the Trustee does so, it shall not owe the parties entitled to the same amounts the consideration received from the exercise of the investments, less legal fees and expenses, commissions and expenses related to the said investment and the management of the trust accounts, fees and less obligatory payments applicable to the trust account, and the Trustee shall act, with the amount balance, in accordance with the provisions of sections 9 and/or 11 above, as applicable.

17. **Company's Undertakings To The Trustee**

The Company hereby undertakes to the Trustee, so long as the Notes have not been fully settled, as follows:

17.1 To continue to conduct its business in a regular and appropriate manner and to maintain and conduct its assets in a good and orderly condition.

17.2 To regularly pay all the obligatory payments and taxes applicable, if any, to its assets.

17.3 To maintain orderly books of account in accordance with accepted accounting principles, to maintain the books and documents used as their references, and to allow any authorized representative of the Trustee to review, at any reasonable time to be coordinated in advance with the Company, any book and/or document, as aforesaid, which the Trustee seeks to review. In this context, an authorized representative of the Trustee means a person designated by the Trustee for the purpose of such review, by means of a written notice on the part of the Trustee, to be given to the Company, prior to the review as aforesaid, and which shall also contain the Trustee's approval, whereby such designated representative is obligated, to the Trustee, to keep confidential the information disclosed to such designated representative in his capacity on behalf of the Trustee.

17.4 To enable the Trustee and/or any person appointed by the Trustee in writing for this purpose, to enter, with prior coordination, the offices and any place which contains its assets, at any reasonable time, in order to inspect its assets, at the reasonable discretion of the Trustee, in order to protect the Holders of Notes, provided that the Trustee has acted in order to fulfill its role in good faith.

17.5 The Company shall inform the Trustee and/or authorized representative thereof who can and will be an attorney and/or accountant by profession (and for which notice of appointment shall be delivered by the Trustee to the Company upon his appointment), additional information regarding the Company (including explanations, documents and calculations regarding the Company, its business or assets) which shall be approved by an officer of the Company, and shall even instruct its accountant and legal counsel to do so, at the reasonable written request of the Trustee, if in the reasonable opinion of the Trustee the information is required by the Trustee in order to implement and operate the authorities, powers and permissions of the Trustee and/or its representative under the Trust Deed, including information which may be essential and required for the inspections performed by the Trustee in order to protect the rights of Holders of Notes, provided that the Trustee acts in good faith, subject to the undertaking of confidentiality as stated in section 29.8 below.

17.6 To insure its assets pursuant to principles of regular business procedures, pursuant to which assets of such type are covered, and to comply with all the terms of the insurance and to present, to the Trustee, a certification of issuance of insurance policies, as aforesaid, per year.

17.7 To advise the Trustee in writing, immediately upon learning thereof, and not later than two (2) business days after learning of it, of the occurrence of any of the events set out in section 7.1 of this Deed and its subsections above.

17.8 To provide the Trustee, at its request, a repayment schedule in an active Excel file.

17.9 To provide the Trustee with notices regarding the purchase of Notes by the Company or by a its subsidiary, as stated in section 3 of the Deed. A report of the Company in the Magna system regarding the purchase of Notes shall be considered delivery to the Trustee.

17.10 To deliver to the Trustee, a copy of any report that it is compelled to submit to the London Stock Exchange, on the same date of submission thereof to the London Stock Exchange, and a copy of any document that the Company transfers to its shareholders or to the Holders of Notes and the particulars of any information that it otherwise transfers to them. A reporting of a report or document, as stated, by the Company in the Magna system shall be considered, for this purpose, as delivery to the Trustee. The Company shall further transfer, to the Trustee, additional information with respect to the Company, at the Trustee's reasonable demand, and any information transferred by the Trustee shall be maintained in confidence by the Trustee, pursuant to the provisions of section 29 below, or under an order of a court.

17.11 Shortly after the publication of an annual financial statement of the Company and no later than April 10 of each year, the Company shall provide the Trustee with a signed confirmation by the Company's authorized signatures that during the period from the Deed's date and/or the date of the previous confirmation provided to the Trustee, whichever is later, and until confirmation is provided, there has been no violation of this Deed on the part of the Company (including a breach of the terms of the Notes, and including with respect to the provisions of specific sections of the Deed with respect to which the Trustee requests the Company's reference in the said confirmation) and that all of the payments to Holders of Notes during the above period were paid on time, unless expressly stated otherwise, and regarding the balance of par value of the Notes in circulation.

17.12 To allow the Trustee to participate in meetings of the Company's shareholders (which are all held in Holland), without conferring on it a voting right. At the request of the Trustee, the Company shall provide the minutes of meetings of the Company's shareholders (which are all held outside of Israel).

17.13 It is hereby clarified that the Trustee will not be obligated to physically participate in meetings of the Company's shareholders outside Israel, and it may participate via phone in a meeting of shareholders as stated. It shall also be entitled to receive minutes of the meeting as stated in section 17.12 above.

17.14 The Company (and/or any entity on its behalf, including any officer thereof) is not entitled to receive the minutes of the discussions and conversions in part of the assemblies of Note Holders conducted without the Company or the assemblies conducted without the Company.

7.15 Unless expressly stated otherwise, the approvals provided by the Company to the Trustee, under this Deed, shall be signed by the Company's authorized signatories, who are officers therein.

17.16 In the case that the Company purchases, until the Final Repayment Date, a subsidiary (as this term is defined in this Trust Deed) (hereinafter in this section: the "**Purchased Corporation**"), the Company shall use the control power in the Purchased Corporation, in order for the Purchased Corporation to sign a letter of undertaking in the form similar to that attached as **Appendix 5a** to this Trust Deed and shall provide the Trustee with a signed copy of this approval.

18. Additional Undertakings of the Company

After the Notes are called for immediate repayment, as defined in section 7 of the Deed, the Company shall perform, from time to time and at any time required by the Trustee, all of the reasonable actions in order to enable the operation of all of the authorities provided to the Trustee, pursuant to the provisions of this Deed, and in particular, the Company shall perform the following actions:

18.1 Shall declare the declarations and/or sign all of the documents and/or perform and/or cause the performance of all of the actions required and/or necessary pursuant to the Law in order to provide effect to the operation of the authorities,

powers and permissions of the Trustee and/or its representative, all as reasonably requested by the Trustee.

18.2 Will provide all notices, orders and instructions that the Trustee reasonably sees as being beneficial and requests.

19. **Other Agreements**

Subject to the provisions of the Law and the restrictions imposed on the Trustee under law, the fulfillment of its capacity as Trustee, under this Deed, or its very status as Trustee, shall not prevent the Trustee from entering into various agreements with the Company, or entering into transactions with the Company in the ordinary course of its business, provided that such engagements and/or transactions shall not cause the Trustee to lose its capacity, under section 35.E. of the Law, to serve as Trustee for the Holders of Notes.

20. **Trustee's Fee**

The Trustee's fee shall be as set out in Appendix C hereto, constituting an integral part of this Deed.

21. **Special Powers**

21.1 The Trustee may, as part of the fulfillment of the Trust affairs under this Deed, act in accordance with the opinion and/or advice of any attorney, accountant, appraiser, assessor, surveyor, mediator or other specialist (hereinafter: the "**Consultants**"), whether such opinion and/or advice has been prepared at the Trustee's request and/or by the Company, and the Trustee shall not be responsible for any loss or damage caused in consequence of any act and/or omission performed by it, on the basis of such advice or opinion, unless it is determined in a final judgment that the Trustee has acted which negligence which is not exempt under the law, or *mala fide*. The Company shall bear all of the reasonable expenses for employing the Consultants appointed.

21.2 Any such advice and/or opinion may be given, forwarded or received by means of a letter, telegram, facsimile and/or any other electronic means for transmission of information, and the Trustee shall not be responsible for any acts performed by it on the basis of any advice and/or opinion and/or information transmitted in one of the aforesaid manners, notwithstanding that same contained errors and/or was not authentic, unless the Trustee was aware of such errors or such errors could have been detected under a reasonable examination.

21.3 The Trustee shall use the trust, powers, authorizations and authorities conferred on it under this Deed, at its absolute discretion and shall not be responsible for any damage caused in consequence of an error in such discretion, unless it is determined in a final judgment that the Trustee has acted which negligence which is not exempt under the law, or *mala fide*..

22. **The Trustee's Power To Engage Agents**

The Trustee may appoint an attorney or other agent/s to act in its stead, to perform or participate in the performance of special acts to be performed with respect to the Trust and

pay a fee to any such agent, and, without limitation to the generality of the foregoing, institution of legal proceedings or representation in proceedings of the Company's merger or spin-off. The Company may object to such appointment on any reasonable ground whatsoever, including in the event that the Company proves that the agent is competing, directly and/or indirectly, with the Company's business and provided that the Company transfers to the Trustee the reasonable reasons for the above within 7 days from the receipt of the agent's appointment notice. However, the opposition of the Company to the appointment of a certain agent appointed in a meeting of holders shall not delay the beginning of employing the agent, if the delay may harm the rights of holders.

23. **Trustee's Indemnification**

23.1 The Company and Holders of Notes (upon the relevant effective date as stated in section 23.7 below, each of their undertaking as stated in section 23.4 below) hereby undertake to indemnify the Trustee and any officer, employee, agent of expert appointed by the Trustee under the provisions of this Trust Deed and/or under a legal resolution passed in an assembly of Holders of Notes under the provisions of this Trust Deed (hereinafter all or part thereof, jointly and/or severally: the "**Parties Entitled to Indemnification**") for:

23.1.1 A financial debt, including under a judgment (for which no stay of proceedings is provided) or under a settlement which has ended (and if the settlement relates to the Company, the Company has agreed to the settlement) the grounds of which are related to operations performed by the Parties Entitled to Indemnification or are required to perform under the provisions of this Deed and/or by law and/or an instruction of a competent authority and/or any law and/or at the request of the Holders of Notes and/or the request of the Company, all with respect to this Trust Deed. And for -

23.1.2 Fees of the Parties Entitled to Indemnification and reasonable expenses incurred and/or that will be incurred, including in the course of implementing the Trust or with respect to such acts, which, in their opinion, were required for such implementation and/or with respect to the exercise of powers and authorizations vested pursuant to this Deed, and with respect to all kinds of legal proceedings, opinions of attorneys and other specialists, negotiations, discussions, expenses, insolvency proceedings, collection proceedings, debt arrangements, transfer of the debt, revaluation, claims and demands in connection with any matter and/or matter performed and/or not performed in any manner regarding the matter in question.

All provided that:

(1) The Parties Entitled to Indemnification do not demand indemnification in advance for a manner which is not urgent, without prejudice to their right to demand indemnification in retrospect, if such a right as stated exists;

(2) It is not determined in a final judgment that the Parties Entitled to Indemnification acted in bad faith;

(3) It is not determined in a final judgment that the Parties Entitled to Indemnification were negligent in a manner which is not exempt under law, as it may be from time to time;

(4) It is not determined in a final judgment that the Parties Entitled to Indemnification acted maliciously.

The indemnification undertaking under this section 23.1 shall be referred to as: the "**Indemnification Undertaking**").

23.2 It is agreed that in any event where it is decided in a final judicial judgment that the Parties Entitled to Indemnification: (1) acted in bad faith; and/or (2) were negligent in a manner which is not exempt under law; and/or (3) acted maliciously – then the Parties Entitled to Indemnification shall return the amounts of the 'Indemnification Undertaking', if paid thereto.

23.3 Without prejudice to the rights to compensation provided to the Trustee under the law and subject to the contents of this Deed and/or the requirements of the Company under this Deed, the Parties Entitled to Indemnification shall be entitled to receive indemnification from the amounts received by the Trustee regarding the liabilities that they have undertaking, regarding reasonable expenses incurred following the performance of the trusteeship or in connection with such actions, which according to their reasonable discretion must be performed and/or in connection with use of the authorities and permissions granted under this Deed, and in connection with all types of legal proceedings, legal opinions and opinions of other experts, negotiations, discussions, claims and requirements regarding any matter, made and/or omitted in any manner with respect to the above, and the Trustee may withhold the funds in its possession and pay, out of such funds, such amounts as are required for settlement of the said indemnification. All of the said amounts shall have priority over the rights of Holders of Notes and subject to the provisions of any law, provided that the Trustee acts in food faith and pursuant to the obligations imposed thereon under any law and under this Deed. For the purpose of this section, an action of the Trustee which is approved by the Company and/or by Holders of Notes shall be considered an action which is reasonably required; however, the above shall not derogate from the Company's right to raise claims against the performance of an action as stated or limit the Company from acting to prevent it, as applicable.

23.4 Without prejudice to the Indemnification Undertaking in section 23.1 above, if the Trustee is required under the terms of the Trust Deed and/or law and/or an instruction of a competent authority and/or any law and/or at the request of Holders of Notes and/or the request of the Company, or in order to protect the rights of Holders of Notes to perform any action, including but not only commencing proceedings or submitting claims at the request of the Holders of Notes, as stated in

this Deed, the Trustee may refrain from taking any action as stated, until receiving, to its satisfaction, a written indemnification from the Holders of Notes or part thereof, and if the action is performed at the request of the Company – from the Company, for all liability for damages and/or expenses which may be caused to Parties Entitled to Indemnification following the performance of the same action and/or financial repayment to cover the Indemnification Obligation (a "**Financing Cushion**") in the amount required, with first priority from the Company, and in a case where the Company does not deposit the Financing Cushion on the date on which it is required to do so by the Trustee, the Trustee shall refer to Holders of Notes with holdings on the Effective Date (as stated in section 23.7 below) a request to deposit the Financing Cushion amount, each based on their relative share (as this term is defined below). In the case where the Holders of Notes do not actually deposit the entire Financing Cushion amount, the Trustee shall not be subject to the obligation to take an action or the relevant proceedings. The above shall not exempt the Trustee from taking an urgent action required to prevent material harm to the rights of the Holders of Notes.

The Trustee is authorized to determine the Interest Cushion amount and may again act to create an additional cushion as stated, from time to time, in the amount determined thereby.

It shall be clarified that this section 23 shall not add to the liabilities of the Company in this Deed.

23.5 The Indemnification Undertaking:

23.5.1 Shall apply to the Company in any event of (1) actions performed at the reasonable discretion of the Trustee and/or under any law and/or required to be performed under the terms of the Trust Deed or in order to protect the rights of Holders of Notes; and (2) actions performed and/or which are required to be performed at the request of the Company.

23.5.2 Shall apply to Holders with holdings on the Effective Date (as stated in section 23.7 of the Trust Deed) in any event of (1) actions performed and/or which are required to be performed at the request of Holders of Notes (excluding actions as stated which are taken at the request of Holders to protect rights of Holders of Notes); and (2) the non-payment by the Company or the amount of the Indemnification Undertaking applicable thereto under section 23.4 of the Trust Deed (subject to provisions of section 23.7 of the Trust Deed). It shall be clarified that the payment pursuant to subsection (2) above shall not harm the obligation of the Company to bear the Indemnification Undertaking pursuant to the provisions of section 23.5.1.

23.6 In any case where: (a) the Company does not pay the amounts required to cover the Indemnification Undertaking and/or does not provide the Financing Cushion amount, as applicable; and/or (b) the Indemnification Obligation applicable to

Holders under the provisions of section 23.5.2 of the Trust Deed and/or the Holders call to deposit the Financing Cushion amount under section 23.4 of the Trust Deed, the following provisions shall apply:

The funds will be collected in the following manner:

(1) First – the amount will be financed from the interest and/or Unpaid Principal Balance that the Company must pay the Holders of Notes after the date of the action required, and the provisions of section 11 of the Trust Deed shall apply;

(2) Second – if in the Trustee's opinion, the amounts deposited in the Financing Cushion are insufficient to cover the Indemnification Undertaking, the Holders with holdings on the Effective Date (as stated in section 23.6 of the Trust Deed) shall deposit, each based on the relative share (as this term is defined) with the Trustee, the amount lacking.

"Relative share" shall mean: the relative share of the Notes held by the Holder on the relevant Effective Date as stated in section 23.7 of the Trust Deed of the total par value in circulation at the time. It is clarified that a calculation of the relative share shall remain fixed, even if after the same date a change occurs to the par value of the Notes held by the Holder.

It shall be clarified that holders of the Notes who bear liability to cover expenses as stated in this section above may bear expenses as stated in this section above beyond their relative shares, and in such a case, the priority listed in section 10 of this Deed shall apply to the repayment of the amounts.

23.7 The Effective Date for determining the obligation of a Holder in the Indemnification Undertaking and/or the payment of the Financing Cushion shall be as follows:

23.7.1 In any event in which the Indemnification Undertaking and/or the Financing Cushion payment is required due to a resolution or action which is urgent and necessary in order to prevent material harm to the rights of Holders of Notes, without a prior resolution of an assembly of Holders of Notes – the Effective Date for the obligation shall be the end of the trading day of the day on which the action was taken or the resolution passed, and if the same day is not a trading day, the preceding trading day.

23.7.2 In any event where the Indemnification Undertaking and/or paying of the Financing Cushion is required under a resolution of an assembly of Holders of Notes – the Effective Date for the obligation shall be the effective date for participation in the assembly (as this date is determined in the invitation notice), and shall also apply to a Holder who is not present or does not participate in the assembly.

23.8 If the amounts paid to the Trustee should have been paid by the Company, the receipt of the payments from the Holders shall not prevent the Trustee from acting to obtain the amounts from the Company, as described in this section 23.

23.9 Regarding priority of the repayment to Holders who bore payments under this section from the receipts by the Trustee, see section 10 of the Trust Deed.

24. **Notices**

24.1 Any notice on behalf of the Company and/or the Trustee, to the Holders of Notes, shall be given by means of publication of reports on the Magna system only. The Trustee may instruct the Company and the Company shall be required to immediately report in the Magna system on behalf of the Trustee of any report in the form as shall be transferred in writing to the Company from the Trustee. The Company may publish its comments and/or response to the said report.

Notwithstanding the above, in cases listed below only, the notice shall also be published in two widely circulated daily newspapers in the Hebrew language:1) arrangement or settlement under section 350 of the Companies Law or under a corresponding section pursuant to another law applicable to the Company; 2) merger. A report published as stated shall be considered to have been delivered to the Noteholder upon publication thereof.

24.2 Copies of notices and invitations to be given by the Company to the Holders of Notes shall also be sent it to the Trustee. It shall be clarified that such notices and invitations do not include ongoing accounts by the Company to the public, insofar as, and to the extent, required.

Copies of notices and invitations to be given by the Trustee to the Holders of Notes shall also be sent by it to the Company.

24.3 Any notice or demand on the part of the Trustee to the Company, or on behalf of the Company to the Trustee, may be given by means of a letter to be forwarded, by registered mail, to the address set out in this Deed, or to any other address of which one party gives written notice to the other or through dispatch via email the receipt of which is confirm with a confirmation email (not automatic) by the recipient or by facsimile. Any notice or demand sent via registered mail shall be deemed to have been received, by its addressee, within three business days from the date of dispatch thereof at the post office. Any notice or demand sent via facsimile (plus telephone confirmation of receipt thereof) shall be considered to have been received one business from the date of dispatch thereof. Any notice sent via email shall be considered to have been received one business day from the delivery date thereof.

25. **Settlements and/or Changes In The Terms Of The Notes and/or Deed of Trust**

25.1 Subject to the provisions of the Law and the regulations enacted thereunder and unless otherwise specified in this Deed, the Trustee may, from time to time and at any time, if it is satisfied, at its discretion, that same does not amount to injury to the rights of the Holders of Notes, waive any failure to fulfill any of the terms of the Notes or the Trust Deed on the part of the Company, which do not refer to the terms of payment of the Notes, the grounds for the declaration as immediately due and payable and/or reports that the Company is to deliver to the Trustee, pursuant to the provisions of this Deed.

25.2 Subject to the provisions of the Law and the regulations enacted thereunder, and with the prior approval in a special resolution of Holders of Notes, the Trustee may, either before or after the principal of all the Notes to be issued, pursuant to the Trust Deed, becomes due, settle with the Company with respect to any right or claim of all or any of the Holders of Notes and reach any arrangement with the Company, including waiver of any of its rights or claims and/or those of all or any of the Holders of Notes, *vis-à-vis* the Company.

25.3 If the Trustee settles with the Company after receiving prior approval of the general assembly of Holders of Notes as stated in section 25.2 above, the Trustee shall be exempt from liability for the same action, as approved by the general assembly, provided that it is not determined in a final judicial decision that the Trustee has violated a fiduciary duty or acted in bad faith or maliciously in applying the resolution of the general assembly.

25.4 Subject to the provisions of the Law, the Company and the Trustee may, either before or after the principal of all the Notes to be issued under the Trust Deed becomes due, revise the Trust Deed and/or the terms of the Notes, upon the occurrence of one of the following:

25.4.1 Excluding a change of the identity or wages of the Trustee, or to appoint a trustee in the place of the Trustee whose service ended, if the Trustee has been satisfied that the change does not materially adversely affect the rights of the Holders of Notes, other than revisions relating to the terms of payment of the Notes, the grounds for declaration as immediately due and payable and/or reports to be submitted by the Company to the Trustee, pursuant to the provisions of this Deed.

25.4.2 The proposed revision has been approved by a special resolution of Holders of Notes.

25.5 In any event of the exercising of the Trustee's right under this section above, the Trustee may demand, from the Holders of Notes, to deliver the Notes certificates to it or to the Company, for the purpose of entering a note as to any compromise, waiver, revision or amendment as aforesaid and, at the Trustee's demand, the Company shall enter such a note in the certificates furnished to it. In any event of the use of the Trustee's right under this section25, it shall give a written notice thereof to the Holders of Notes, within a reasonable time.

25.6 The Company and/or the Trustee shall provide to all Holders of Notes a notice through the Magna system only of any change and/or waiver as stated in this section 25 shortly after the performance thereof.

26. **Holders of Notes' Register**

26.1 The Company shall keep and maintain, at its registered office, a Register, pursuant to the provisions of the law. The Trustee and any Noteholder may, at any reasonable time, peruse such Register. The Company may close the Register from time to time for such period or periods as shall not exceed, cumulatively, 30 days per annum.

26.2 The company shall not be obligated to record, in the Register, any notice as to express, implied or estimated trust, or pledge or lien of any nature whatsoever or any equitable right, claim or offset or any other right whatsoever, with respect to the Notes. The Company shall only recognize the ownership of the person in whose name the Notes were registered, provided that his legal heirs, administrators of estate or executors of the will of the registered owner, and any person entitled to the Notes in the wake of the bankruptcy of any registered owner (and, in the case of a corporation – in the wake of the dissolution thereof), may be registered as their owner, after presenting proof which, at the Company's discretion, is sufficient to prove his right to be registered as the owner thereof.

27. **Splitting Certificates And Notes**

27.1 For the Series B Notes registered in the name of one holder, one certificate shall be issued to him, or, at his request, a number of certificates shall be issued to him (hereinafter: the "**Certificates**").

27.2 Each Note Certificate may be split into a number of Note Certificates such that the total amounts of Unpaid Principal Balance included therein equals the amount of the principal set forth in the certificates for which the split is requested.

27.3 Splitting Note Certificates as stated will be performed in accordance with a splitting application, signed by the holder of the Notes in the certificate or the legal representatives thereof, which shall be provided to the Company, at its registered office, in addition to the certificate of the notes for which the splitting is sought.

27.4 The performance of splitting shall be effected within thirty days from the end of the month in which the certificate was delivered, at the Company's registered office. The new Notes certificates, to be issued in the wake of the splitting, shall each be for a par value amount in whole New Shekels.

27.5 All expenses relating to the splitting, including Stamp Duty and other levies, if any, shall apply to the holder seeking the splitting.

28. **Annual Report of the Trustee**

28.1 As of the Effective Date, the Trustee shall prepare and publish, until the end of the second quarter of each calendar year, an annual report of the trusteeship matters (hereinafter: the "**Annual Report**").

28.2 The Annual Report shall include a description of the following:

28.2.1 A current description of the course of the trusteeship matters during the previous year.

28.2.2 A report of irregular events in connection with the trusteeship which occurred during the previous year.

28.3 The Trustee shall publish (itself or through the Company at the request of the Trustee) the Annual Report on the Magna system.

28.4 If the Trustee is made aware of a material breach to this Deed on the part of the Company, it shall inform the Holders of Notes of the breach and the remedies that will be taken to prevent it or fulfill the Company's obligations, as applicable.

28.5 The Trustee shall be required to submit a report regarding actions performed pursuant to the provisions of the Securities Law and its regulations.

29. **Roles of the Trustee, Authorities of the Trustee and Expiry Of The Trustee's Office**

29.1 The provisions of the Law shall apply to the office of the Trustee and the expiry thereof and to the appointment of a new trustee.

29.2 From the entry into effect of this Trust Deed, the roles of the Trustee shall be pursuant to any law and this Deed.

29.3 The Trustee shall act pursuant to the provisions of the Securities Law.

29.4 The Trustee shall represent the Holders of Notes in all matters arising from the Company's liabilities towards them, and it may, to do so, act to exercise the rights granted to Holders under the law or under the Trust Deed.

29.5 The signature of the Trustee on this Trust Deed shall not serve as an expression on its part of the nature of the Offered Securities or the advisability of investing therein.

29.6 The Trustee shall not be required to inform any part of the signature of this Deed. The Trustee shall not intervene in any manner in the management of the Company's business or its interests, as the above is not included in its roles. The contents of this section shall not limit the Trustee in any manner that it must perform pursuant to the provisions of this Deed.

29.7 Subject to the provisions of any law, the Trustee is not required to act in a manner which is not expressly stated in this Trust Deed in order for any information, including regarding the Company and/or in connection with the Company's ability to meet its undertakings to Holders of Notes reach it, as this is not included in its roles.

29.8 Subject to the provisions of any law and the contents of this Trust Deed, the Trustee undertakes, upon signing this Deed, to maintain confidentiality of any information provided thereto from the Company, and shall not disclose it to another and shall not make any use thereof, unless the disclosure or use thereof is required in order to fulfill its roles under the Securities Law, under the Trust Deed, or under a court order, provided that the disclosure of information as stated will be limited to the minimal scope and degree required for the fulfillment of the Trustee's roles as stated, and that the Trustee will coordinate with the Company in advance, if possible under the circumstances and in order for the above to not harm the rights of Holders of Notes, the content and timing of the disclosure. The Trustee shall maintain the absolute confidentiality of the information, at with the same degree of care with which it would maintain its own confidential information, and shall adopt no less than a reasonable standard of care. The confidentiality requirement specified in this section shall also apply and bind the authorized representatives and/or professional consultants of the Trustee, and the Company may demand that the professional

consultants as stated sign, towards the Company, an undertaking to maintain confidentiality in a form identical to the provisions of this section 29.8.

The above confidentiality undertaking shall not apply to any part of the information which is within the public forum (excluding information which enters the public forum due to a breach of this confidentiality undertaking) or received by the Trustee by a third party other than following a breach of a duty of confidentiality of the same third party towards the Company – as of the receipt thereof.

29.9 The Trustee may rely within the trusteeship on any written document including a letter of instructions, a notice, request, consent or approval, which appears to be signed or provided by any person or entity that the Trustee believes in good faith to be signed or issued thereby.

29.10 In the event of expiry of the Trustee's office, a new trustee may be appointed in its place with an assembly of Holders.

29.11 Notwithstanding the above, a resolution of Holders as to the termination of office and replacement with another of the Trustee shall take place in an assembly of Holders of Notes which is attended, themselves or through their representatives, by Holders of at least fifty percent (50%) of the balance of par value of Notes in circulation on the Effective Date for the assembly, or an adjourned assembly of this assembly, which was attended, themselves or through representatives, by holders of at least ten percent (10%) of the said balance, and which was passed (whether in the original or adjourned assembly) with a majority of at least seventy five percent (75%) of all of the votes of participants in the vote, excluding the abstaining votes.

Subject to the provisions of any law, the Trustee whose office has expired shall continue to act until the appointment of another trustee.

29.12 The Trustee shall provide the new trustee with all of the documents and amounts accrued therewith in connection with the trusteeship at the subject to the Trust Deed for the relevant series, and shall sign any document required for the same. Each new trustee shall have the same powers, authorities and other permissions of the trustee which served before it whose office has expired, and may act, for all intents and purposes, as if having been appointed as a Trustee at the outset.

29.13 The Company shall publish an immediate report in any case of the dismissal of the Trustee and/or appointment of a new Trustee.

30. **Meetings Of The Holders of Notes**

Meetings of the Holders of Notes shall be conducted as set forth in Appendix B hereto.

31. **Reporting To The Trustee**

The Company shall submit to the Trustee, so long as not all the Notes have been settled (included the linkage differentials related thereto):

31.1 Financial statements as stated in section 4.8 above.

31.2 Approvals as set forth in section 4.9 above.

31.3 Any immediate report of the Company which is published in Israel immediately after the publication to the public by the Company, if published.

31.4 At the request of the Trustee - Approval by the Company's CFO, of the effecting of the interest payment and/or payment on account of the Unpaid Principal Balance, and the dates thereof, to the Holders of Notes and the balance of the par value of the Notes in circulation.

For the purpose of this section 31, the publication of the reports set out in this section 31 above, on the Magna – insofar as, and to the extent that, such reports are published in the future on the Magna, shall be deemed as submission of the report to the Trustee.

32. **Liability of the Trustee**

32.1 Notwithstanding the provisions of any law and in any place in the Trust Deed, as long as the Trustee acted in order to fulfill its role in good faith and within a reasonable time, and clarified the facts that a reasonable trustee would have clarified under the circumstances, it shall not be liable towards and Holder of Notes for damage caused thereto as a result of the Trustee using its discretion according to the provisions of section 35h(d1) of 35i1 of the Law, unless the plaintiff proved that the Trustee acted with gross negligence. It shall be clarified that if a contradiction shall arise between the provision of this section and another provision in the Trust Deed, the provision of this section shall govern.

32.2 If the Trustee acted with good faith and without negligence in accordance with the provisions of section 35h(d2) or 35h(d3) of the Law, it shall not be liable for the performance of the said action.

33. **Applicability Of The Securities Law, 5728 - 1968**

The parties shall act pursuant to the provisions of the Law and the Regulations thereof, in any matter not referred to in this Deed and, in any event of conflict between the provisions of the Law and its Regulations (that may not be conditioned with respect to cases of conflict alone) and this Deed, the parties shall act in accordance with the provisions of the Law and its Regulations.

34. **Condition Precedents**

34.1 The entry of this Trust Deed into effective on the Effective Date is subject to the cumulative fulfillment of the following condition precedents by no later than November 30, 2014 (the "**Deadline for the Fulfillment of the Condition Precedents**"):

34.1.1 The approval decision (as defined in the preamble to this Deed) became final under Dutch law.

34.1.2 The performance of the capital injection was completed as defined in section 1.6 above.

34.1.3 The registration of all of the shares of the Company for trade in the Stock Exchange.

34.1.4 The Trustee has received signed approvals by the subsidiaries under section 5a above.

34.1.5 A pre-ruling was received from the Tax Authority regarding the tax implications on Holders of Notes as a result of the amendment of this Deed, which is attached as Appendix 34.1.5 to this Trust Deed.

34.1.6 The deposit of the amount which is paid upon the payment date of the First Interest Payment in the Trust Account or with the Nominee Company as stated in section 2.2.2.1 above.

34.1.7 The deposit of the cushion as stated in section 4c in the Trust Account.

34.2 If any of the condition precedents are not met by the deadline for the fulfillment of the condition precedents (as defined in this section 34 above), then this Trust Deed and the resolution of the meeting of Note Holders whereby, inter alia, this Trust Deed is approved, and any other action performed in connection with and/or under this Trust Deed and the Plan (as defined below) shall be null and void, and lack all binding effect, including vis-à-vis the Company and/or Trustee and/or entity on its behalf and/or Note Holder and/or entity on their behalf.

35. **Suspending Condition**

In the event that this Deed takes effect on the Effective Date under Section 34.1 above and no allotment of shares allocated and additional debentures occurs by two trading days after the Effective Date, this Deed will not be valid as long as such allocation does not occur as stated, and in the case that the allotment is not made by the expiry of 10 trading days from the Effective Date, this Deed shall be null and void (unless it is determined otherwise in a special resolution of Holders of Notes (Series B), holders of Notes (Series A) and holders of the Poland Notes) and in such a case the provisions of Section 34.2 above shall apply, mutatis mutandis, and the Trustee will return to the Company immediately all amounts deposited therewith as described in Sections 34.1.6 and 34.1.7 above, including benefits accrued in respect thereof. It shall be clarified that in the event that this Trust Deed shall be terminated, the Original Trust Deed shall return to its full validity.

36. Applicable Law and Jurisdiction

36.1 Israeli Law shall apply exclusively to this Trust Deed, including the appendixes hereto, as well as to any dispute arising with respect to this Deed and no other Law shall have any application whatsoever.

36.2 The exclusive jurisdiction in respect of this Trust Deed shall vest in the relevant Tel – Aviv – Jaffa Court of Israel only, and no other court in other area and/or jurisdiction shall have any jurisdiction.

37. **Company's address for purposes of this Deed**

The Company's address in Israel for the purposes of this Deed shall alone is 88 Hashmonaim St., POB 20039, Tel Aviv.

38. **Conflict Between The Provisions Of The Deed**

In any event of conflict between the provisions of the Trust Deed and the addenda thereto, the provisions of the Trust Deed shall prevail.

In any event of a conflict between the provisions of the Plan and/or any other reporting performed in connection with the Plan and between the provisions of the Trust Deed, the provisions of the Trust Deed shall prevail.

39. **Authorization To Report In Magna**

By signing this Deed, the Trustee authorizes the authorized electronic signatories of the Company to report, in its name, on the Magna, of its entering into this Deed and its execution of this Deed, to the extent required and/or to be required under law.

In Witness Whereof The Parties Have Signed:

Plaza Centers N.V.	**Reznik Paz Nevo TrustsLtd.**

==========

I, the undersigned, _____, Advocate, hereby confirm that this Trust Deed was signed by Plaza Centers N.V in accordance with its documents of incorporation, via Messrs. _____.

Uzi Eli, Advocate

Appendix A

Plaza Centers N.V.

Series A Note Certificate

Up to the date of the Trust Deed, the Company (as defined below) has issued a total of NIS 1,431,194,196 par value Series B Notes, registered by name, par value NIS 1 each. Up to the date of the Trust Deed, the Company has performed three (3) repayments of principal payments on July 1 of each of the years 2011, 2012 and 2013 in a total of NIS 819,264,848 par value Series B Notes. Series B Notes issued as stated and which are not yet repaid as of this date, shall be repayable in two (2) equal payments, on December 31, 2018, and December 31, 2019, unless the payment dates are advanced by one year as stated below, and bearing as of January 1, 2014 and thereafter interest at a rate of 6.9% annually as described in the terms in the overleaf, which shall be paid (excluding the first two interest payments which shall be paid as set forth below) in biannual payments on July 1 and December 1 of year of the years 2015 through 2019 (while the first of the interest payments will be paid on July 1, 2015 and the last payment will be performed on December 31, 2019), unless the payment dates of the Unpaid Principal Balance are advanced as set forth below, and in such a case, the interest will be paid in biannual payments on the 1 of July and 31 of December of each of the years 2015 through 2018 (while the first of the same payments will be performed on July 1, 2015 and the last payment on December 31, 2018), and the principal and interest are linked to the index for December 2007, as published on January 2008.

Notes Registered In the Name _____

Certificate No.:____

Total par value of the Notes under this Certificate - NIS _____

The registered owner of the Notes under this Certificate:

_____

1. This Certificate evidences that Plaza Centers N.V. (hereinafter: the "**Company**") shall pay: on December 31, 2018 and December 31, 2019 (inclusive), (the first installment to be effected on December 31, 2018 and the last installment to be effected on December 31, 2019), 50% of the Unpaid Principal Balance of the Notes under this Certificate; the Company shall further pay interest on the following dates: After 12 days transpire from the Effective Date for the payment of the First Interest Payment (as defined in the Trust Deed) (the "**First Interest Payment**"), on December 31, 2014 (the "**Second Interest Payment**") and July 1 and December 31 of each of the years 2015 through 2019; notwithstanding the above, in the case in which payment date of the Unpaid Principal Balance payments are advanced as stated in this section 1 below, the final interest payment date shall be December 31, 2018. The interest accrued and which is not paid for the period until December 31, 2013 (in a rate of 5.4% per year) shall be accrued and added in the manner as stated in Section 4a(2) of the Trust Deed as of January 1, 2014 to the principal of the Series B Notes and shall be an integral part thereof for all intents and purposes, and will be repaid within the repayments of the principal. Commencing on

January 1, 2014 and thereafter, the interest rate on the Unpaid Principal Balance of the Notes is 6.9% annually.

Notwithstanding the provisions of this section 1, in the case where the Company does not repay, during the first two years commencing on the Effective Date (as defined in the Trust Deed) or by December 1, 2016, whichever is earlier, the Principal Notes for the Three Series (as defined in the Trust Deed) with a total sum of at least NIS 434,000,000 (four hundred and thirty four million)[2]excluding linkage differentials and including the repayment of the principal of Notes (Series B) in a total amount of at least NIS 305,000,000 (excluding linkage differentials), forced early repayment shall be performed of the unpaid balance of the principal of the Series B Notes such that it shall be payable in two (2) equal payments (each in a total of a half (50%) of the said unpaid balance) which shall be paid on December 31, 2017 and December 31, 2018 (while the first payment will be performed on December 31, 2017 and the last on December 31, 2018). The interest rate for the entire interest period shall be as set forth in Section 4.2, under the terms listed on the overleaf.

Any such installment shall be effected to the registered Holder of the Notes, under this Certificate, at the end of December 19 or June 19 that fall immediately before the due date of such installment, excluding the First Interest Payment which shall be paid to the registered Holder of the Notes in this Certificate at the end of the Effective Date for the First Interest Payment (as defined in the Trust Deed).

2. The last payment for the Unpaid Principal Balance and interest shall be effected against the delivery of the Notes to the Company on the payment date at the Company's registered office or at any other place of which the Company shall give a notice, not later than five (5) business days prior to the due date thereof, under the terms of the Note.

3. The Notes of this Series were issued pursuant to the Trust Deed between the Company on the one hand and Reznik Paz Nevo Trusts Ltd. **(**hereinafter**:** the "**Trustee**") on the other hand, entered into on January 31, 2008 (as amended on February 17, 2008 and on March 10, 2014 and as amended and replaced on the __ of ____, 2014) (hereinafter and above: the "**Trust Deed**") and are not secured by means of any lien.

4. All Notes of this Series shall be equal *inter se* (*pari passu),* such that none shall have any preferential right over the other.

5. Subject to the provisions of the Trust Deed, and specifically the provisions of section 4 of the Trust Deed (Restrictions Regarding Taking Credit and Creating Pledges), the Company reserves the right to issue, at any time, without approval of the Trustee and/or the Noteholders of this Series, other Notes or other Series of Notes or other securities of any nature or type whatsoever, whether or not vesting a right to convert into Company shares, at such terms as the Company shall find fit, all pursuant to the provisions of the Trust Deed.

[2]If the repayment is not in NIS – pursuant to the exchange rate of the foreign currency compared to the shekel on the repayment date.

6. The Notes under this Certificate are further subject to the terms listed overleaf and to the terms set out in the Trust Deed.

The Notes (Series B) and the offered shares may not be offered, sold, transferred or disposed of in the Netherlands, as part of the initial distribution thereof and at any time thereafter, either directly or indirectly, other than to qualified investors as defined in section 1:1 of the Dutch Act on the Financial supervision, including, but without derogating from the above, banks, brokers, dealers, and institutional investors holding a license or supervised by another means to operate in the financial markets or entities whose sole objective is to invest in securities.

Signed by the Company on _____

_____ _____

I, the undersigned, _____, Advocate, hereby confirm that this Note Certificate was signed by Plaza Centers N.V in accordance with its documents of incorporation, via Messrs. _____.

_____

_____, Advocate

The Terms Listed Overleaf

1. **General**

In this Note, the following terms shall have the meaning set out opposite them, unless otherwise required by the context, namely:

The "**Company**" - Plaza Centers N.V.;

The "**Original Trust Deed**" – as defined in section 1.6 of the Trust Deed.

The "**Trust Deed**" or the "**Trust Deed**" - The Trust Deed between the Company and Reznik Paz Nevo Trusts Ltd., entered into with respect to the Series B Notes, including the appendices attached thereto and constituting an integral part hereof, which amends and replaces, for all intents and purposes, the Original Trust Deed (which shall not be effective as of the Effective Date) and replaces it, as amended and/or changed from time to time;

"**The Series B Notes**" or "**Series B Notes**" or "**Series Notes**" or "**The Notes**" or "**Notes**" – a series of registered Series B Notes, of NIS 1 par value each of the Company which are issued by the Company and whose terms are described in the Trust Deed;

The "**Deferred Debt for Series B Notes" –** as defined in the Trust Deed.

The "**Trustee**" – Reznik Paz Nevo Trusts Ltd. and/or anyone serving from time to time as trustee for the Noteholders under the Trust Deed;

"Register" – The register of the Note Holders of the Company, as stated in section 24 of the Trust Deed;

"**The Noteholder**" or "**Noteholder**"– the person named at such time in the Register as the owner of the Note and, in the event of a number of joint holders, the joint holder whose name appears first in the Register;

"**Note Certificate**" – A Series B Notes Certificate in such wording as set out in Appendix A to the Trust Deed.

The "**Law**" or the "**Securities Law**" – the Securities Law, 5728 – 1968 and its regulations as shall be in effect from time to time.

"**Euro**" – the uniform currency of the European Monetary Union countries.

"**Consumer Price Index**" or "**Index**" - The price index known as the Consumer Price Index, including fruit and vegetables, and which is published by the Central Bureau of Statistics, including such index even if published by any other official entity or institution *in lieu of* the Central Bureau of Statistic, as well as any other official index superseding the same, whether or not it is based on the same data on which the existing index is based. If another index supersedes it, published by such body or institution, where such body or institution has not prescribed the ratio between it and the index that has been superseded, such ratio shall be prescribed by the Central Bureau of Statistics. In the event of such ratio not being prescribed as aforesaid, then the Trustee, in

consultation with such economic experts as it shall select, shall fix the ratio between the other index and the superseded index.

The "**Known Index**" at any given time – the Index last published before such date.

"**Base Index**" – the index for December 2007, as published on January 2008.

"**Payment Index**" – The index known on the due date of any payment on account of Unpaid Principal Balance and/or interest when, as long as this index on any payment date shall be lower than the Base Index, the payment index shall be the Base Index.

"**Business Day**" – A day on which most of the banks in Israel are open to the public for the performance of transactions.

"Special Resolution" – the resolution passed in an assembly of Holders of Notes, in which participated, themselves or their counsel, the Holders of at least fifty percent (50%) of the par value balance of the Notes in circulation on the Effective Date of the assembly, or a adjourned assembly of this assembly, in which participated, themselves or their counsel, the Holders of at least twenty percent (20%) of the said balance, and which was passed (whether in the original assembly or the adjourned assembly) with a majority of two thirds (2/3) of all the voters participating in the vote, excluding the abstainers.

"**Subscriber**" – The Noteholder under this Certificate, eligible for the rights provided herein on the date in question.

"**Stock Exchange**" – The Tel Aviv Stock Exchange Ltd.

"**Unpaid Principal Balance"** – as defined in the Trust Deed.

"**Effective Date**" – as defined in the Trust Deed.

"**Final Payment Date**" – as defined in the Trust Deed.

2. **Notes**

See section 2 of the Trust Deed.

3. **The Unpaid Principal Balance**

The Unpaid Principal Balance of Series B Notes shall be payable as set forth in section 2.1 of the Trust Deed.

The Unpaid Principal Balance will be linked to the Consumer Price Index, in accordance with the linkage terms as set out in section 5 below.

4. **Interest**

4.1 The unsettled balance of the principal of the Series B Notes bears, as of January 1, 2014 and thereafter annual interest at a rate of 6.9% per year.

The interest will be linked to the Consumer Price Index, in accordance with the linkage terms as set out in section 5 below.

4.2 The First Interest Payment will be performed on the date occurring after 12 months transpired from the Effective Date for the First Interest Payment, or on another date which the Stock Exchange shall write, in accordance with its provisions (the "**Date of the First Interest Payment**") for the period beginning on January 1, 2014 and ending on the date before the Date of the First Interest Period (the "**First Interest Period")** will be paid as set forth in section 2.2.2.1 of the Trust Deed. **The Effective Date for the First Interest Payment** – the first trading day after the allocation date, as defined in section 4a of the Trust Deed. Accordingly, the interest rate for the First Interest Period will be published by the Company at least four business days before the Effective Date for the First Interest Payment. The Second Interest Payment will be performed on December 31, 2014 for the period beginning on the First Interest Payment Date and ending on December 31, 2014 (the "**Second Interest Period**") and will be paid as set forth in section 2.2.2.1 of the Trust Deed. The interest rate for the Second Interest Period shall be published by the Company no later than 5 business days from the beginning of this period.

After the First Interest Period and the Second Interest Period for which the provisions of this section 4.2 above shall apply, the interest shall be paid on July 1 and December 31 for the six months ending on the day preceding the date of each such installment (hereinafter: the **"Interest Period"**) on the unsettled balance, from time to time, of the amount of the principal, at such Interest Period, while the interest rate for each Interest Period shall amount to 3.45%.

Subject to all other terms of the Notes, the Company shall pay the Interest, as aforesaid, to the then registered owner of the Notes in the Register, on December 19 and on June 19 of each year that fall immediately before the due date of such installment, respectively, excluding the First Interest Payment which will be made to the registered owner of the Notes in this Certificate on the Effective Date.

The last interest installment will be effected on December 31, 2019, together with the last payment on account of the Unpaid Principal Balance, against the return of the Notes Certificates to the Company. Notwithstanding the above, in the case of the forced early repayment as set forth in section 2.1.2 of the Trust Deed and Note Certificate, the last interest payment will be effected on December 31, 2018.

5. **Linkage Terms Of The Unpaid Principal Balance And Interest**

The balance of the unsettled principal and the interest thereon, as set out above, will be linked to the Consumer Price Index, as follows:

Should it turn out on the settlement date of any installment on account of the Unpaid Principal Balance and/or interest of the Notes that the payment Index on that date exceeds the Base Index, the Company will effect such installment of principal or interest, being increased *pro rata* to the rate of increase of such payment Index, *vis-à-vis* the Base Index; however, should it turn out that such payment Index is identical to, or lower than, the Base Index, the Company shall effect such payment of principal or

interest, computed on the basis of the Base Index. Based on the guidelines of the Stock Exchange, the linkage method shall not be changed in the Note Period.

6. **Unpaid Principal Balance And Interest Installments**

6.1 Any installment on account of the Unpaid Principal Balance and/or the interest, respectively, shall be paid to whomsoever shall be registered in the Register as the Noteholder on the 19th of December or the 19th of June, immediately prior to the payment date of said payment, excluding the First Interest Payment, which shall be made to the registered owner of the Notes in this Certificate on the Effective Date, and with the exception of the last installment, which shall be made against the delivery of the note certificates to the Company, at the Company's registered offices and/or at any other place in respect of which the Company shall provide notice, not later than five business days prior to the date designated for the settlement of the last payment.

Payments on account of the Unpaid Principal Balance and Interest shall be effected subject to the linkage terms as set out in section 5 above.

Wherever the date of making a payment on account of the Principal and/or the interest falls on a day which is not a business day, the payment date of said payment shall be adjourned to the first business day thereafter, and no interest shall be borne in respect of the deferment of said payment.

Any payment on account of the Principal and/or the Interest, paid with a delay exceeding three business days from the date designated for the payment thereof under this Note Certificate, for reasons dependent on the Company, shall bear arrears interest as defined below, commencing from the date designated for the payment thereof, and up to the date of actual payment thereof. For this purpose, the rate of the arrears interest shall be the higher of: (i) the Interest Rate on the Notes, as stated in section 4 above, plus 2% or (ii) the Prime interest rate, plus 2%; all on an annual basis. The Company shall notify the Stock Exchange, by way of an immediate report, two trading days prior to the actual payment day, of the interest rate, which includes the rate of the arrears interest.

6.2 Each payment due from the Company, in respect of the Notes, shall be subject to a deduction of tax at source, insofar as the Company is required by law to make such deduction.

6.3 The payment to the Subscriber shall be made by check or by bank transfer, in favor of the bank account whose details shall be submitted in writing to the Company beforehand, by the Subscriber, in accordance with that stated in subsection 6.5 below. Should the Company be unable, for any reason which is beyond the Company's control, to pay any amount to the Noteholder entitled thereto, it shall deposit this amount with the Trustee, as stated in subsection7 below.

6.4 If the Noteholder entitled to payment did not submit, beforehand, to the Company, the details of the bank account for the crediting thereof by bank

transfer, as stated, the Company shall send a check by registered mail to his last address registered in the Register. The sending of the check to the eligible Noteholder by registered mail, as stated, shall be deemed, for all intents and purposes, to be payment of the amount specified therein on the date of the dispatch thereof by mail, provided that it was cashed upon due presentation thereof for collection.

6.5 A Noteholder wishing to provide notice of the bank account details for the crediting thereof with the payments under the Notes, as stated, or who wishes to change said bank account details, or his instructions with regard to the manner of payment, may do so by providing written notice, which shall be sent to the Company by registered mail; however, the Company shall comply with the instruction only where it reached its registered offices at least ten days prior to the date designated for the remittance of any payment under the Note. Should the notice be received by the Company in delay, the Company shall act pursuant thereto solely with regard to those payments whose payment date shall fall after the payment date close to the date of receipt of the notice.

7. Failure To Pay For A Reason Beyond The Company's Control

In this regard, see section 13 of the Trust Deed.

8. Transfer Of Notes

8.1 The Notes are transferable with regard to any par value amount, provided that it shall be in whole New Israel Shekels. Any transfer of the Notes shall be made pursuant to a deed of transfer, drawn up as per the standard draft for a share transfer, duly signed by the registered holder or his legal representatives, and also by the transferee or his legal representatives, which shall be submitted to the Company at its registered offices, together with the certificates of the Notes being transferred pursuant thereto, and any other proof that shall be required by the Company for the purpose of proving the transferor's right to transfer same.

8.2 The transfer of Notes shall be made by the signing, by the transferor and the transferee, of a share transfer deed, as per such draft that is acceptable to the Company, together with a witness to the signature of each one of them. The Note transfer deed shall be submitted to the Company during normal working hours.

8.3 Notwithstanding the foregoing, until such time as the Series B Notes are listed for trading on the Stock Exchange, insofar as, and to the extent listed, the Notes may not be transferred by any of the Noteholders, other than to: (a) A holder who is one of the investors set out in the First Addendum to the Securities Law; (b) To the Company or its subsidiary; or (c) To another investor subject to obtaining the Company's prior approval. The Company shall have the right to refuse the transfer of Notes to investors not specified above, at its sole discretion without the need to justify its decision and the Noteholders shall not have any claim and/or demand in connection with such refusal.

8.4 In the event of the transfer of only part of the unpaid specified principal amount of the Notes in this Certificate, the Certificate shall first be split, pursuant to the provisions of section 9 below, into the number of note certificates as required as a consequence thereof, in such a manner that the total of all the principal amounts specified therein, shall be equal to the specified principal amount of said Note Certificate.

8.5 After fulfillment of all these terms, the transfer shall be entered into the Register.

8.6 All of the expenses and commissions entailed in the transfer shall apply to the entity requesting the transfer.

9. **Split Of Note Certificates**

9.1 Any Note Certificate may be split into a number of Note Certificates, where the total of all the principal amounts specified therein shall be equal to the specified principal amount of the Certificate whose split was requested.

9.2 The split of a Note Certificate as stated shall be done upon a requisition for the split, signed by the Noteholder in the Certificate or his legal representatives, which shall be submitted to the Company at its registered offices, together with the Note Certificate whose split was requested.

9.3 The splitting shall be effected within 30 days from the end of the month in which the certificate was delivered to the Company's registered office. The new Notes certificates to be issued in the wake of the splitting shall each be for a par value amount in whole New Shekels.

9.4 All expenses relating to the splitting, including Stamp Duty and other levies, if any, shall apply to the holder seeking the splitting.

10. **General Provisions**

10.1 Payments on account of the Unpaid Principal Balance and the interest are payable and transferable without taking into consideration any equity rights or any offsetting rights or any right of counterclaim that exists or shall exist between the Company and a holder, former holder, including the original holder of the Notes.

10.2 Any holder becoming entitled to the Notes as a consequence of bankruptcy or as a consequence of dissolution proceedings of a Noteholder, shall be entitled, as soon as he shall provide such proof as the Company shall demand of him, from time to time, to be registered in the Register as the holder of the Notes or, subject to the terms set forth above in such Certificate, to transfer same.

10.3 The Noteholders shall be entitled to exercise their rights pursuant to the Notes and the Trust Deed, through the Trustee or pursuant to a resolution of the General Meeting of the Noteholders, in such manners as set forth in the Note and in the Trust Deed. Notwithstanding the foregoing, should the Trustee fail to act in accordance with the provisions of the Trust Deed and the Note, the Noteholders

shall be entitled to exercise their rights, pursuant to a resolution of the General Meeting.

10.4 The right of immediate settlement set out in section 7 of the Trust Deed, shall be deemed as an inseparable part of this Note.

11. **Compromises and/or Changes In The Terms Of The Notes**

In this regard, see section 25 of the Trust Deed.

12. **General Meetings Of The Noteholders**

The general meetings of the Noteholders shall be convened and administered in accordance with the provisions of Appendix B to the Trust Deed.

13. **Receipts As Proof**

Without derogating from any other of these terms, a receipt signed by a holder of the Notes under this Certificate shall constitute proof of the full settlement of any payment specified in the receipt, which was made by the Company or by the Trustee, as the case may be, in respect of the Notes under this Certificate.

14. **Replacement Of Note Certificates**

Should a Note Certificate be defaced, lost or destroyed, the Company shall be entitled to issue, in place thereof, a new Note Certificate, upon the same terms with regard to proof, indemnity and cover of the expenses that were caused to the Company for the purpose of clarifying the right of ownership of the Notes, as the Company shall deem fit, provided that, in the event of defacement, the defaced Note Certificate shall be returned to the Company prior to the issuance of the new certificate. Stamp tax and other levies, as well as other expenses entailed in the issuance of the new certificate, shall apply to the entity requesting said certificate.

15. **Notices**

In this regard, see section 24 of the Trust Deed.

16. **Purchase Of Notes By The Company Or By A Subsidiary**

In this regard, see section 3 of the Trust Deed.

17. **Early Redemption at the Initiative of the Stock Exchange**

Should it be decided by the Stock Exchange to delist the Notes in circulation, because the value of the series of the Notes falls below the amount set forth in the directives of the Stock Exchange, regarding the delisting of notes, the Company shall set the redemption date on which the Noteholder shall be entitled to redeem the Notes, and the Company shall act for this purpose as follows:

17.1 Within 45 days from the date of the decision of the Board of Directors of the Stock Exchange regarding said delisting, the Company shall provide notice of an early redemption date on which the Noteholder shall be entitled to redeem the Notes. The Company shall pay, to the Noteholder, the principal, together with linkage differentials and interest pursuant to the terms of the Note, which had

accrued by the date of the actual redemption. The notice of the early redemption date shall be published in two daily newspapers which are widely circulated in Israel in Hebrew and shall be sent in writing, by registered mail, to all of the Noteholders at that time.

17.2 The early redemption date shall fall due not prior to 17 days from the date of the publication of the notice and not later than 45 days from said date; however, not in the period between the Effective Date for payment of interest and the date of the actual payment thereof.

17.3 On the early redemption date, the Company shall redeem the Notes whose holders had requested redemption thereof, according to the par value thereof, together with the linkage differentials and interest accrued on the principal up to the actual redemption date (the calculation of the interest for part of a year shall be made on the basis of 365 days per year).

17.4 The determination of the early redemption date, as stated above, shall not have an adverse effect on the redemption rights set forth in the Notes, for any of the Noteholders who shall not redeem them on the early redemption date, as stated above; however, the Notes shall be delisted from trading, and they shall be subject, *inter alia*, to the tax implications arising therefrom.

17.5 Early redemption of the Notes, as stated above, shall not confer on any of the Noteholders, who shall redeem the Notes, as stated, the right to payment of interest in respect of the period subsequent to the actual redemption date.

18. **Early Redemption at the Initiative of the Company and the Early Repayment of a Debt Due to an "Exercise Event"**

In this regard, see section 7a of the Trust Deed.

Appendix B

Plaza Centers N.V.

General Meetings Of The Noteholders

Subject to the provisions of the Securities Law, the assembly of Noteholders, the manner of its management and the various terms with respect thereto shall be as set forth below:

Convening the Meeting

1. The Trustee shall convene a meeting of Noteholders if he sees a need to do so, or at the written request of the Holders of Notes, together or jointly, of at least five percent (5%) of the balance of the par value of the notes in circulation.

2. In the event that those requesting the meeting are Noteholders, as stated in section 1above, the Trustee may demand that requesting holders provide indemnification, including in advance, for the reasonable expenses involved. It shall be clarified that this indemnification request shall not derogate from the obligation of the Company to bear the expenses involved in convening the assembly.

3. A Trustee which is required to convene a meeting of holders under the provisions of section 1 above shall convene it within 21days from the date on which a demand for convening was submitted thereto, for the date determined in the invitation, provided that the meeting date will not be earlier than seven days and no later than 21 days from the invitation date; however, the Trustee may advance the convening of the meeting by one day after the invitation date, if he feels that the above is necessary in order to protect the rights of Holders and subject to the provisions of section 16below; if he does so, the Trustee shall provide reasons in the report of convening the meeting for advancing the convening date.

4. The Trustee may, at its discretion, change the convening date of the meeting including by advancing the meeting convening date as stated in section 3 above.

5. In the event that the Trustee does not convene a meeting of holders, at the request of holders (as stated in section 1 above),, by the date as stated in section 3above, the holders may convene the meeting, provided that the meeting date will be within 14 days, from the end of the period for the convening of the meeting by the Trustee, and the Trustee shall bear the expenses incurred by the holder in connection with convening the meeting.

6. The Company may convene, at any time, a meeting of Noteholders in coordination with the Trustee. If the Company convenes such a meeting, it shall immediately send the Trustee a written notice of the place, date and time on which the meeting will take place and the matters that will be presented for discussion therein, and the Trustee or a representative on its behalf may participate in the meeting as stated without having a voting right. A meeting as stated will be convened for the date determined in the invitation, provided that the meeting date shall not be earlier than seven days and no later than 21 days from the invitation date.

Flaws in Convening

7. The Court may, at the request of a Holder, order the cancellation of a decision made in a meeting of Holders convened or held without the conditions by law or the provisions of this Trust Deed and Addendum with respect thereto having been met.

8. In the event that the flaw in convening was related to the notice of the place of the meeting's convening or date thereof, a Holder who does not arrive at the meeting despite the flaw will be unable to demand the cancellation of the decision.

Notice of Convening a Meeting

9. A notice of a meeting of Holders will be published pursuant to the provisions of Chapter G1 of the Securities Law and shall be delivered to the Company by the Trustee.

10. The invitation notice shall include the agenda, resolutions proposed and the arrangements regarding written voting under the provisions of sections 24and 26below.

Agenda in the Meeting

11. The Trustee shall determine the agenda in the meeting of holders, which shall include matters for which the convening of a meeting of holders is necessary under sections 1 and 12 above, and a matter which is required as stated in section 13 below at the request of a holder.

12. In the event that a meeting is convened as stated in section 6above, the Company shall determine the agenda for the meeting.

13. One or more holder with at least five percent (5%) of the balance of par value of the series of notes may request from the Trustee to include a matter in the agenda of the meeting of holders convened in the future, provided that the matter is suitable for discussion in a meeting as stated.

14. A meeting of holders shall make resolutions of matters listed in the agenda alone.

Location of the Meeting's Assembly

15. A meeting of holders shall take place in Israel at the law offices of the Company or another location as the Trustee or Company shall announce, and the Company shall bear the costs of convening the meeting in another place, as stated. The Trustee may change the place of the meeting's assembly.

The Effective Date for Ownership of Notes

16. Holders entitled to participate and vote in a meeting of holders are Holders of Notes on the date determined in the resolution to convene a meeting of holders, provided that this date is no less than one day and shall not exceed three days before the convening date.

Chairman of the Meeting, Minutes of Meetings of Holders

17. In each meeting of holders (including an assembly convened by the Company as stated in section 6 above), the Trustee or a person appointed thereby shall serve as a chairman of the same meeting.

18. The Trustee shall prepare minutes of the meeting of Noteholders, and shall keep them in his registered offices for a period of seven (7) years from the meeting date. The minutes of the meeting may be in recorded form. Minutes, if in written form, shall be signed by the chairman of the meeting. All minutes signed by the chairman of the meeting constitute prima facie evidence of the contents thereof.

19. The Registrar of Minutes of the assembly of Holders shall be kept in the offices of the Trustee, shall be available for the review of the Holders of Notes (and for the review of the Company at its request and only for the review of assemblies/discussions in which the Company and/or on anyone on its behalf participated) and a copy thereof shall be sent to the requested Holder of the Notes. The Trustee shall be entitled to delay the provision of any minutes, to any entity (excluding the Company – regarding meeting discussions in which the Company and/or an entity on its behalf is present), if at its sole discretion, the transfer of the minutes, entirely or in part, may damage the rights of the Holders of Notes.

20. A declaration by the chairman of the meeting that the resolution of the meeting of holders was passed or rejected, whether unanimously or with a given majority, shall be prima facie evidence of the contents thereof.

Legal Quorum; Adjourned or Continued Meeting

21. A meeting of Noteholders shall be opened by the chairman of the meeting after determining that the legal quorum required for any of the matters on the meeting's agenda has been met, as follows:

    21.1. Pursuant to the legal quorum required for passing a Special Resolution and pursuant to the provisions of the Securities Law which are not conditional and the provisions of the Trust Deed, the legal quorum required for holding a meeting of Noteholders is the presence of at least two Noteholders, present themselves or through their representatives, holding at least twenty five percent (25%) of the voting rights of the Notes in circulation, within a half hour from the time determined for the commencement of the meeting, unless another requirement is set forth by law. Notwithstanding the above, a consultation assembly as stated in section 47 below shall occur with any number of participants.

    21.2. In the event that the legal quorum of holders is not present at the meeting at the end of half an hour from the time determined for the commencement of the meeting, the meeting will be adjourned to another date which shall not be earlier than two business days after the date determined for the original meeting to be held or one business day, if the Trustee believes that the above is required in order to protect the rights of the holders; in the event that the

meeting is deferred, the Trustee shall provide an explanation of the reasons in the report of convening the meeting.

21.3. In the event that a legal quorum is not present at a adjourned meeting of holders as stated in section 21.2 above within a half hour after the prescribed time, the meeting will take place with any number of participants, unless another requirement is set forth by law.

21.4. Notwithstanding the provisions of section 21.3 above, where a meeting of Noteholders is convened at the request of holders as stated in section 1 above, the adjourned meeting of holders will only take place if Noteholders constituting at least the number required to convene a meeting set forth in the same section are present (meaning: five percent (5%) at least of the balance of par value of the notes in circulation).

22. Notes held by Related Holders (as defined in section 3.3of the Trust Deed) shall not be taken into account for the purpose of determining the legal quorum in the assembly of Holders, and their votes shall not be taken for the counting of votes in the said voting assembly.

23. Based on a decision of the Trustee or a regular resolution of Holders of Notes, the continuation of the original meeting will be postponed from time to time, the discussion or passing resolutions on matters listed in the agenda, for a later date and time that shall be determined as the Trustee or meeting as stated decides (hereinafter: the "**Continued Meeting**"). In a Continued Meeting, only matters on the agenda and for which no decisions were made shall be discussed.

In the event that a meeting of holders was adjourned without changing the agenda, the invitations shall be provided regarding the new date for the Continued Meeting, as early as possible, and no later than 12 hours prior to the Continued Meeting; the invitations as stated shall be provided under sections 9and 10above.

Participation and Voting

24. A Holder of Notes may vote in a meeting of holders, himself or through an agent and a proxy in which he states the manner of his vote, and based on the provisions of section 26below. A Holder of Notes requesting to participate in the assembly shall present the Trustee with confirmation of ownership as of the Effective Date, including a written appointment if the Notes are not registered in the name of the participant in the assembly, under section 35a of the Law prior to the opening date of the relevant assembly, unless determined otherwise in the convention notice of the assembly.

25. The resolution in a meeting of Holders shall be passed with a vote with a quorum of votes.

26. The chairman of the assembly is entitled to determine that the votes shall be performed with voting letters or through voting during the assembly. In the event where the chairman determined that the voting shall be performed via

voting letters, the Trustee shall ensure that the text of the voting letter is distributed to the Holders, and shall determine the date for closing the vote until which the Holders must send the voting letters to the Trustee fully completed and signed by law. The Trustee shall be entitled to request from a Holder to declare in the framework of the voting letter regarding the existence or absence of a Conflict of Interest (as defined below) that he has, and to warrant regarding its holdings of the same other securities of the Company and/or securities of any other relevant company, at the discretion of the Trustee. A Holder who will not complete the voting letter entirely and/or will not prove their entitlement to participate and vote in the assembly according to the provisions of the Second Addendum, shall be considered as not having submitted their voting letter, and therefore chose to not vote on the topic/s in the voting letter. The voting letter which is signed and completed by law, in which a holder states the manner of his vote, which reaches the Trustee by the deadline determined, shall be considered present in the meeting for the purpose of the legal quorum being met as stated in section 21above.

The Trustee shall be entitled, at its discretion and pursuant to any law, to conduct voting assemblies in which the votes shall be conducted through voting letters without the convening of the Holders, and similarly to conduct a vote through voting letters in the voting assembly (including its adjourned assembly in which the legal quorum required for the purpose of passing a resolution on the agenda was not present at its commencement) and provided that the Trustee shall receive, by the closing date of the voting assembly, which shall be determined in a notice upon the convening of the assembly or the performance of the vote, as applicable, the voting letters from the Holders constituting the legal quorum required for the purpose of passing a resolution in the original assembly or the adjourned assembly, as applicable.

The voting paper received by the Trustee as stated above regarding a certain matter for which no vote in the meeting of holders occurred shall be considered abstaining from a vote in the same meeting regarding the decision to hold a adjourned meeting of holders under the provisions of section 23above, and will be counted in the adjourned meeting of holders held based on the provisions of sections 23or 21.3 and 21.4 above.

27. Each NIS 1 par value of notes represented in a vote shall grant on vote therein. IN the event of joint Holders of Notes, only the vote of the person listed first from among them in the register shall be counted.

28. A Holder of Notes may vote for part of the notes in his possession, including voting in favor for part and abstaining for another part, all as he sees fit.

Resolutions

29. The majority required for the approval of an ordinary resolution in the assembly is a regular majority of the number of voters participating in the vote as stated in section

24 above, without taking into account the abstaining votes. The majority required for the approval of a Special Resolution in the assembly is a majority of no less than two thirds (2/3) of the number of voters participating in the votes stated in section 24 above, without taking into account the abstaining vote.

30. Resolutions of the meetings of holders shall be passed with a regular majority, unless another majority is determined in the law or the Trust Deed. Additionally, regarding resolutions for which it is not expressly determined in the law or Trust Deed that they shall be passed with an ordinary majority the Trustee is entitled to decide, at its reasonable discretion, in accordance with the circumstances, whether the approval of the resolution requires a special majority.

    Votes abstaining from the vote shall not be counted in the number of votes participating in the vote.

Vote and Actions Via Proxy / Agent

31. The instrument appointing a proxy, shall be in writing and shall be signed by the appointer, or by his proxy, who has authorization to do so, in writing. Should the appointer be a corporation, the appointment shall be made in writing and signed by the corporation's stamp together with the signature of the authorized signatories of the corporation.

32. An instrument of a proxy shall be prepared in any manner acceptable by the Trustee.

33. A proxy need not be a Noteholder himself.

34. The instrument of appointment and the power of attorney and any other certificate pursuant to which the instrument of appointment was signed, or an authenticated copy of such a power of attorney, shall be delivered to the Trustee by the assembly date of the meeting unless determined otherwise in the notice convening the meeting.

35. A vote given in accordance with the terms of the document appointing counsel, shall only be valid if: (1) prior thereto, the Appointer was terminated or declared legally incompetent; or (2) after the voting the appointment letter was terminated; or (3) after the voting, the Notes for which the vote was given were transferred, unless the registered offices of the Company or another location which the Company shall notify thereof or the Trustee received, before the assembly or vote, a notice in writing regarding the termination of the Appointer, his status as legally incompetent or regarding the termination or transfer as stated above.

36. The Trustee will participate in the meeting through its employees, officers thereof, replacements or another person appointed thereby, but shall not have a voting right therein.

37. The Company and any other person excluding the Trustee shall be precluded from participating in a meeting of Noteholders or any part thereof, at the decision of the Trustee or an ordinary resolution of Noteholders. Notwithstanding the provisions of

this section 37, the Company may participate in opening a meeting in order to present its position in connection with any matter on the agenda of the meeting and/or to present a specific matter (as applicable).

1. Assemblies of All the Creditors of the Plan

38. In the event of assemblies of all the Creditors of the Plan, for the purpose of the case described in section 4.4.2 of this Trust Deed, then the manner of the Trustee's vote in the name of the Holders of Notes (Series B) shall be performed pursuant to and following the following proceeding:

38.1. A separate preliminary assembly shall be convened for each Holders of the Notes (Series B) for the purpose of passing a resolution and voting in relation to the topic under discussion; the preliminary meeting including the votes therein, shall be convened and held pursuant to the provisions of the Trust Deed and this Addendum.

38.2. The convening of the assembly and the manner of the vote in the assembly shall be performed in accordance with the rules set forth in this Appendix B;

38.3. The Trustee is hereby authorized to vote in the assemblies of all the Creditors of the Plan, for each creditor of the Notes (Series B), in accordance with the breakdown of the votes in the preliminary assembly.

38.4. Notwithstanding the provisions of section 38.3 above, each Holder of Notes, including if the same is a Related Holder or a Holder with a Conflicting Interest, may vote directly in meetings of all of the Plan's creditors. Each Holder who votes directly as stated shall be hereinafter referred to as an: "**Excluded Holder**". In such a case, the Trustee shall not vote in assemblies of the Plan's creditors for and on behalf of the Excluded Holder and its votes shall not be taken into account for the purpose of calculating the votes of Holders of Notes (Series B) within the preliminary meeting based on which the Trustee shall vote within the meeting of all of the Plan's creditors as stated.

A holder who asks to exclude its vote as stated shall inform the Trustee at least one business day prior to the relevant meeting of all of the creditors of the Plan.

38.5 For the avoidance of doubt, it is clarified that the above shall not derogate from the provisions of the relevant law in Holland regarding the vote in a creditors' meeting generally, and this section 38 shall only apply with respect to meetings of the Plan's creditors in connection with section 4.4.2 of the Trust Deed.

Contacting Noteholders

39. The Trustee, and any holder, one or more, holding at least five percent (5%) of the balance of par value of notes in circulation, through the Trustee, may contact the holders in writing in order to convince them regarding the manner of vote in any of the matters presented for discussion in the same meeting (hereinafter: a "**Position Notice**").

40. In the event that a meeting of holders is convened under section 1 above, a holder may contact the Trustee and ask him to publish, under the provisions of Chapter G1 of the Law, a Position Notice on its behalf to the other Noteholders.

41. The Trustee or Company may send a Position Notice to Noteholders in response to a Position Notice sent as stated in section 39and 40above, or in response to another inquiry to Noteholders.

Reviewing Conflicts of Interest

42. In the event that a meeting of holders is convened, the Trustee shall examine the existence of conflicts of interest with holders, whether a matter arising from the possession of the notes or another matter, as determined by the Trustee (in this section – "**Another Matter**"), pursuant to the provisions of any law, as they may be at the time; the Trustee may demand from a holder participating in a meeting of holders to inform him, before the vote, of another matter and whether he has a conflict of interests as stated.

Without derogating from the generality of the above, each of these shall be considered as a party with a conflicting interest:

42.1 A Holder who is a Related Holder (as this term is defined in section 3.3of the Trust Deed);

42.2 A Holder who served as an officer in the Company, close to the date of the event at the basis of the resolution in the assembly;

42.3 Any Holder for which the Trustee determined that it is a party with a "conflicting interest" as stated below, pursuant to any law and/or the provisions of the authorized authority, and including: any Holder who will declare in writing to the Trustee that it has any substantial personal interest which deviates from the interest of the other Holders of Notes in the assembly of Holders of Notes. The Holder who will not provide the declaration in writing after being requested to do so by the Trustee shall be considered as having declared to have a personal interest as stated, and the relevant Trustee shall determine in their regard that they are a conflicting interest party. Without derogating from the above in this section 43, the Trustee will examine whether the Holder was a Holder and party with a conflicting interest, while considering the holdings of that Holder in other securities of the Company and/or the securities of any other relevant corporation for the resolution brought for the assembly's approval (as will be detailed in writing in the voting paper), in accordance with the declaration of that Holder.

Determining the existence of a conflicting interest shall also be performed on the basis of a general test of the conflicts of interest which the Trustee shall conduct. Similarly, for the removal of doubt, it is clarified that the provisions regarding the definition of Holders of Notes as parties with a conflicting interest shall not derogate from the provisions of the law, the case law and the obligatory instructions of the Securities Authority, regarding the definition of Holders of Notes as parties with a conflicting interest, as applicable on the date of the examination.

43. For the purpose of examining the said conflicts of interest, the Trustee shall be entitled to rely on requested legal opinion, to which the provisions of the Trust Deed shall apply regarding bearing expenses.

44. It shall be clarified that the examination of the conflicts of interest as stated above, as will be requested by the Trustee, shall be conducted separate from any resolution on the assembly's agenda and in relation to each assembly separately. It shall be further clarified that the declaration on the Holder as a party with a conflicting interesting the resolution or any assembly, *per se*, shall not serve to prove a conflicting interest of the same Holder in another resolution which is on the agenda of the assembly or of a conflicting interest in other assemblies.

45. In counting the number of votes in a meeting of holders, the Trustee shall not take into account the votes of holders who have not responded to its demand as stated in section 42above or for which it was found that there exists a conflict of interest as stated in that same section (hereinafter: "**Holders with a Conflicting Interest**").

46. Notwithstanding the provisions of section 45above, in the total holdings of participants in the vote, who are not Holders with a Conflicting Interest, are less than a rate of five percent (5%) of the balance of the par value of notes from the same series, the Trustee shall take into account, in counting the number of votes, the votes of the Holders with a Conflicting Interest as well.

Convening an Assembly of Holders for the Purpose of Consulting

47. The provisions of sections 1, 3, 5, 11, 13 and 14above shall not derogate from the authority of the Trustee to convene a meeting of holders, if it sees fit in consultation therewith; an invitation for a meeting as stated shall not list matters for the agenda and the convening date will be at least one day after the invitation date.

In a meeting as stated, a vote shall not occur, resolution shall not be made, and the provisions of sections 1, 3, 5, 10, 11, 13, 14, 24, 26shall not apply.

* * *

Appendix C

The Trustee's Fee

As of the Effective Date, the Company shall pay the Trustee a fee for its services under this Deed, as follows:

1 With respect to each of the years in which unpaid Notes (Series B) in circulation exist, a fee of NIS 40,000 (the "**Annual Amount**").

2 The Annual Amount shall be paid to the Trustee at the beginning of each annual trust.

3 The Annual Amount shall be paid to the Trustee with respect to the period up to the end of the trust in accordance with the terms of this Deed even if a receiver was appointed and/or manager receiver and/or the trust will be managed by the supervision of the court.

In addition, the Trustee shall be entitled to a reimbursement of reasonable expenses, as defined below, from the Company.

"**Reasonable Expenses**" – amounts which are expended by the Trustee within the fulfillment of its role and/or under the authorities granted thereto under this Trust Deed, including: expenses and costs for inviting and convening a meeting of the Holders of Notes and expenses for deliveries, travel and media publications related to inviting the meeting and as required by law.

In the event the service of the Trustee is terminated, the Trustee shall not be entitled to its fees as of the date of such termination. In the event the service of the Trustee was terminated during an annual trust, the fees paid for the months in which the Trustee did not serve as a Trustee for the Company will be retrieved by the Trustee to the Company. The provisions of this section shall not apply with respect to the first annual trust.

4 Without prejudice to the generality of this section 1 above, the Trustee shall be entitled to a payment of fees in the amount of NIS 550, for each year of work which is required therefrom for special actions which are performed without its position as a trustee (all subject to the provisions of the Trust Deed), including:

4.1 Actions arising from a breach of the Deed by the Company;

4.2 Actions in connection with calling for the immediate repayment of the Notes and/or actions in connection with a resolution of a meeting of Note Holders to call for the immediate repayment of the Notes;

4.3 Special actions which are required or which it must perform for the fulfillment of its role under this Deed in connection with rights of Note Holders and to protect them, including for the Company's non-compliance with its liabilities under this Deed, including convening a meeting of Note Holders as stated in this Deed ad include for participation in meetings of Note Holders;

4.4 Special actions (including but not only actions required for a change to the Company's structure or work due to demands of the Company) or for the need to perform additional actions in order to fulfill its role as a reasonable trustee, due to changes in laws (including regulations promulgated following amendments 50 and 51 to the Securities Law) and/or regulations and/or other binding provisions which shall apply in connection with the actions of the Trustee and its liability under this Trust Deed.

5 In the case that the Company is supposed to pay the Trustee a payment for expenses of its fees and/or a payment for reasonable expenses incurred and/or for special actions which it must perform or which it performed within the fulfillment of its roles and/or under the authorities granted thereto under this Deed, as stated in this Appendix, if any, and the Company does not do so, the Trustee may pay all of the same amounts from the receipts accrued therewith pursuant to section 9 and 10 of the Trust Deed, provided that it has informed the Company of its intent to do so, in advance and in writing.

6 With respect to any annual general meeting of shareholders , in which the Trustee shall be present, including presence in meetings of shareholders which are not commenced following the absence of a legal quorum, the Company shall pay an additional amount of NIS 600 per meeting, linked to the Consumer Price Index in accordance with the provisions of this Appendix.

7 In the event the Israel Securities Authority (during the process of listing) obligates the Trustee to participate in discussions with the Company, the Company shall pay the Trustee a fee (in accordance with price list provided in section 3 below) respective to the number of hours the Trustee participates in such discussions, including reimbursement of travel expenses. This fee is not conditioned upon the issuance of the Notes or upon the signing of the Trust Deed.

8 Value Added Tax, if applicable, shall be added to the payments the Trustee is entitled to in accordance with the provisions of this appendix and will be borne by the Company.

9 All of the said amounts shall be linked to the index known upon the signature of the Trust Deed, however, in any case, an amount shall not be paid which is lower than the amount set forth in this Appendix.

10 The fees of the Trustee shall be paid for the period until the end of the trusteeship included in this deed, even if a receiver is appointed for the Company (or a manager and receiver), or if the trusteeship under this Deed is conducted with the supervision of the court or otherwise.

11 All of the amounts noted in this Appendix shall have priority over the funds due to Holders of Notes.

12 If a trustee was appointed in place of the Trustee which ceased its office according to sections 35b(a1) or 35m(d) of the Securities Law, the Holders of Notes shall bear the difference in the rise in the salary of the trustee appointed as stated, between the salary

paid to the Trustee who was replaced, if the said difference is unreasonable and the provisions of the relevant law shall apply on the replacement date as stated.

The Holders' bearing of the said difference shall be performed through an offsetting of the relative part of the difference from every payment which the Company shall perform to the Holders of Debentures in accordance with the terms of the Trust Deed and the transfer of which by the Company directly to the Trustee.

* * *

Appendix D

Coverage Ratio

1. Coverage Ratio

1.1 "The **Coverage Ratio**" is defined and calculated as follows (in percentages):

Where:

$$CR = \frac{A-B}{D}$$

CR	-	Coverage Ratio
A	-	Value of all assets (including cash and cash equivalents), subject to provisions of section 3 below.
B	-	Total debts vis-à-vis banks which precede debts included within the Plan and/or debts which are specific debts
D	-	Total debts which are not preceding debts towards banks and/or debts which are inferior to debts included within the Plan and/or which are not specific debts

The "**Assets**" or "**Assets**" – the value of the Company's rights in all assets held thereby including indirect possession through subsidiaries or affiliates of the Company, while in such a case, the value of the relevant asset will be multiplied by the Company's holdings in concatenation in the subsidiary or affiliate holding the asset, all based on the value according to the updated appraisal in the Company's possession or as stated in section 3.2 below (as applicable).

The "**Plan**" – as defined in section 1.6 of the Trust Deed.

"**Specific Debt**" – a debt which is provided to the Company or subsidiaries / affiliates against a pledge on assets based on the share of the rights of the Company or the subsidiary or the affiliate in the assets.

1.2 "**Minimal Coverage Ratio**" – 118%, subject to the following changes: (a) upon the occurrence of a Casa event (one or more) as set forth in section 3.3 below prior to the occurrence of the Additional Capital Injection (as defined in section 1.4 of the Trust Deed) – 120%; (b) in the event of an Additional Capital Injection (as defined in section 1.4 of the Trust Deed – 115%. The Company shall publish a public report regarding the change in the Minimal Coverage Ratio, if any.

2. Coverage Ratio – General Provisions

The Coverage Ratio will be inspected four (4) times per year on the approval date of the consolidated audited annual financial statements or the consolidated reviewed quarterly financial statements by the Company, as applicable (hereinafter: the "**Inspection Date**"), by the final payment date. The data required for the review of the Coverage Ratio will be reviewed on the Inspection Date, as of the date of the financial statements, pursuant to the data appearing in the financial statements, subject to adjustments as set forth in section 3 below.

3. <u>Provisions Regarding Manner of Calculating the Value of All Assets ("A") in the Coverage Ratio</u>

3.1 The value of the assets will be calculated pursuant to the most updated valuation existing with respect to the same asset on the Inspection Date (hereinafter: the "**Updated Valuation**").

3.2 Notwithstanding the provisions of section 3.1 above, in the case where, in the estimate of the Company's management, there is impairment of a certain asset compared to the updated valuation of the same asset, the value of the said asset, for the purpose of calculating the Coverage Ratio, shall be based on the opinion of the management.

3.3 "**Casa Radio**" **Asset in Romania** ("**Casa**")

3.3.1 For the purpose of the valuation of all assets within the calculation of the Coverage Ratio, the value of Casa shall be estimated, as of the Effective Date, in a total of EUR fifty (50) million. Accordingly, within the calculation of all of the assets, the amount required in order for the value of Casa within the total assets to amount to the said EUR 50 million will be reduced from the value of the updated valuation possessed by the Company for Casa (the "**Reduction Amount for Casa**").

3.3.2 Notwithstanding the provisions of section 3.3.1 above, upon the occurrence of each of the cases below on the occurrence of one or more of the cases below, the Reduction Amount for Casa shall no longer be reduced from the value of the updated valuation possessed by the Company (for the purpose of calculating the Coverage Ratio), and this value shall be estimated for the purpose of calculating the Coverage Ratio alone based on the updated valuation of Casa under the assumption of rapid exercise (distress):

3.3.2.1 A transaction shall be completed within which an investor or partner shall be entered into Casa who will be entitled to at least 20% of the rights in Casa, directly or indirectly.

3.3.2.2 Reaching a binding arrangement with the relevant authorities in Romania regarding the timeframes for the performance of a Casa project or reaching an agreement for the extension of the lease term of the land used for the purpose of the Casa project. The Company shall report of the occurrence of this event to the Trustee alone.

3.3.2.3 Engagement in a financing agreement for Casa in a financial scope which is no less than EUR 25 million.

(Each of the cases in this section 3.3.2 above: a "**Casa Event**")

3.4 In the event where the provisions of sections 3.3.2.1 or 3.3.2.3 above occur, then after 9 months transpire from the occurrence of the said event, the value of Casa will be calculated within the calculation of the Coverage Ratio based on an ordinary updated valuation and not based on the valuation of an asset with rapid exercise.

Example for illustration - Manner of calculating the Coverage Ratio as of December 31, 2013

Example for the manner of calculating the Coverage Ratio as of December 31, 2013	-	-
		In EUR thousands
The sum of all the valuations according to appraiser Wakefield & Cushman, with the exception of KIELCE and Targu Mures		536,293
The estimation of the Company's management for the Targu Mures asset		3,500
The estimation of the Company's management for the KIELCE asset		4,000
The addition of the Koreagon Park according to the sales agreement		40,333
The deduction for Kaza (less a value of EUR 50 million)		(80,613)
The addition of cash (including pledged cash and securities)		33,722
The addition of **expected** cash from the issue of the rights		20,000
Total (A)		**557,235**
The sum of the debts to Banks preceding the debts included in the framework of the Plan and/or the debts which are specific debts (B)		(210,333)

Total sum (A-B)		**346,902**
Denominator (D) (*) – the sum of debts which are not previous debts to Banks and/or debts inferior to debts included in the Plan and/or which are not specific debts		**203,237**
Coverage Ratio (CR)		**170.7%**
The debts included in the denominator are the net sum, meaning after the decrease of the subsidiary's part which holds the Note (Series B) with an adjusted value of EUR 3,887 thousand.		

Appendix 1.6.1

Information about the holdings in the four shopping centers and their related debt

Project Name	City, Country	Holding Percentage	Holding Company	Loan Principle Balance as of 31.12.2013 (EUR M)	Maturity Date	Interest Payment Day	Interest Rate
Torun	Torun, Poland	100% (*)	See diagram 1	(***) 47.9	2017	Quarterly payment on the last day of each quarter	3% + 3M EURIBOR p.a.
Suwalki	Suwalki, Poland	100% (*)	See diagram 1	(***) 31.6	2020	Quarterly payment on the last day of each quarter	1.65% + 3M EURIBOR p.a.
Riga	Riga, Latvia	50%	See diagram 3	(***),(**) 29.5	2017	Quarterly payment on the last day of each quarter	2.9% + 3M EURIBOR p.a.
Kragujevac	Kragujevac, Serbia	100%	See diagram 2	29.1	2027	Quarterly payment on the last day of each quarter	5% + 3M EURIBOR p.a.

(*) Indirect holding
(**) The loan balance represents Plaza's share (50%)
(***) Balloon loan

Diagram 1:

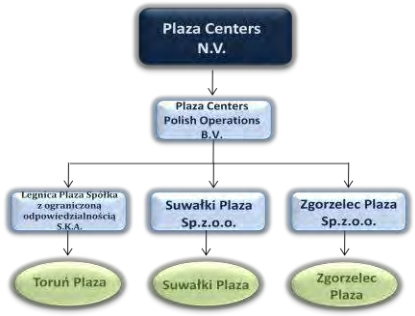

Diagram 2:

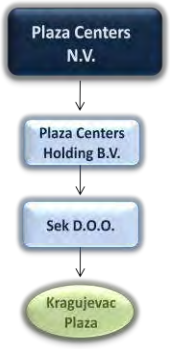

Diagram 3:

Appendix 1.6.2 – A list of the Company's creditors included in the plan and thier confirmation decision and relevant debt balances as of 31/12/2013

Guarantee claims

	Creditor	Borrower	Type of obligation outstanding	Outstanding loan amount 31.12.2013	Interest accrued	Interest
1.	MKB Bank Zrt.; Erste Bank der Oestereichischen Sparkassen AG	Liberec Plaza	Conditional guarantee re Debt Service	EUR 20,700,000	EUR 198,317	3 months Euribor + 3.5% p.a
2.	Bank Zachodni WBK S.A.	Zgorzelec Plaza	Conditional guarantee re Payment Deficiency for max. EUR 2,250,000	EUR 22,000,000	-	3 months Euribor + 2.75% p.a
3.	OTP Bank Nyrt.	S.C. Adams Invest SRL/Valley View	Conditional guarantee re Secured Liabilities (i.c. interest)	EUR 8,200,000	EUR 196,584	3 months Euribor + 5.5% p.a
4.	MKB Zrt.	Primavera	Conditional guarantee re interest accrued re all Outstanding Obligations	EUR 1,500,000	EUR 489,323	3 months Euribor + 4.5% p.a (*)
5.	Axis Bank Ltd.	Koregaon Park	Conditional guarantee all amounts payable under facility	INR 1,212 million (EUR 14,200,000)	-	13.5% p.a

(*) Interest accrued re obligations up to loan maturity (31.3.12)

Loan and bond related claims

	Creditor	Debtor	Type of obligation outstanding	Outstanding principal amount	Accrued interest
6.	GEFA Gesellschaft für Absatzfinanzierung mbH (SG)	PC	Repayment loan as principal debtor	EUR [1]2,500,000	(amount is inclusive of interest)
7.	Israeli Bondholders Series A	PC	Repayment bonds	NIS 295,685,579	NIS 6,652,926
8.	Israeli Bondholders Series B	PC	Repayment bonds	NIS 594,657,686	NIS16,055,758
9.	Polish Bondholders	PC	Repayment bonds	PLN 60,000,000	PLN 2,764,997 [2]

[1] Loan serves to finance the purchase of a company airplane. In February 2014 the Company has sold the airplane. The proceeds from the disposal were used to repay the bank facility taken for the purchase of the airplane, and the Company currently negotiates with the financing bank the conditions to be set for the repayment of the remaining outstanding bank loan (circa EUR 1.2 million).

[2] Accreud interest as of Decemebr 31,2013 calculated as follows: until original payment dated (November 18, 2013) 7.34% p.a; untill Decemebr 31,2013 7.2% p.a.

Appendix 1.6.3
Activities between 18/11/2013 and 14/05/2014

A. Selling of airplane

On February 25, 2014 the Company disposed the airplane for a total consideration of USD 1.9 million (EUR 1.4 million). The proceeds from the disposal were
used to repay the bank facility taken for the purchase of the airplane, and the Company currently negotiates with the fi nancing bank the conditions to be set for the
repayment of the remaining outstanding bank loan (circa EUR 1 million).

B. Sale of turbines

In March 2014 the Casa Radio project company disposed of the turbines held in respect of the Casa Radio project (refer also to note 11) for a total net consideration of EUR 2.6 million.

C. Disposal of Uj Údvar in Hungary

In December 2013 the consortium of shareholders of Uj Udvar, in which the Company indirectly holds a 35% stake, has completed the sale of its Uj Udvar project holding to a private investor for a consideration of EUR 2.4 million. The Company has accounted for a EUR 1.9 million write down of this investee in the fourth quarter of 2013 presented within write down of equity accounted investees in the statement of profi t or loss. The Company recorded as a result of this transaction a loss of EUR 0.1 million.

Appendix 1.6.4 – Real Estate Assets as of ____ 2014

Asset/Project	Location	Nature of asset	Size sqm (GLA)	Plaza's effective ownership %
Operating Shopping and Entertainment Centers				
Suwalki Plaza	Suwalki, Poland	Retail & entertainment scheme	20,000	100
Zgorzelec Plaza	Zgorzelec, Poland	Retail & entertainment scheme	13,000	100
Torun Plaza	Torun, Poland	Retail & entertainment scheme	40,000	100
Liberec Plaza	Liberec, Czech Rep.	Retail & entertainment scheme	17,000	100
Kragujevac Plaza	Kragujevac, Serbia	Retail & entertainment scheme	22,000	100
Riga Plaza	Riga, Latvia	Retail & entertainment scheme	49,000	50
Koregaon Park Plaza	Pune, India	Retail, entertainment and office scheme	41,000	100
Development Projects				
Casa Radio	Bucharest, Romania	Mixed-use retail and leisure plus office scheme	555,000 (GBA including parking spaces)	75
Timisoara Plaza	Timisoara, Romania	Retail & entertainment scheme	38,000	100
Lodz Plaza	Lodz, Poland	Retail & entertainment scheme	35,000	100
Belgrade Plaza	Belgrade, Serbia	Apartment-hotel and business centre with a shopping gallery	63,000 (GBA)	100
Belgrade Plaza (Visnjicka)	Belgrade, Serbia	Retail & entertainment scheme	32,000	100
Cina Plaza	Bucharest, Romania	Retail and Office scheme (Existing building for development)	4,786	Lease rights for 43 years (starting 12/2007)
Chennai	Chennai, India	Residential Scheme	230,000 (for sale)	40
David House	Budapest, Hungary	Office	2,000	100
Palazzo Ducale	Bucharest, Romania	Office	700	100
Pipeline Plots				
Asset/Project	**Location**	**Nature of asset**	**Plot Size (sqm)**	**Plaza's effective ownership %**
Kielce Plaza	Kielce, Poland	Retail & entertainment scheme	30,000	100
Leszno Plaza	Leszno, Poland	Retail & entertainment scheme	17,000	100
Lodz (Residential)	Lodz, Poland	Residential scheme	33,000	100
Arena Plaza Extension	Budapest, Hungary	Office scheme	22,000 (land use right)	100
Csiki Plaza	Miercurea Ciuc, Romania	Retail & entertainment scheme	36,500	100
Iasi Plaza	Iasi, Romania	Retail, entertainment and office scheme	46,500	100
Slatina Plaza	Slatina, Romania	Retail & entertainment scheme	24,000	100
Hunedoara Plaza	Hunedoara, Romania	Retail & entertainment scheme	41,000	100
Targu Mures Plaza	Targu Mures, Romania	Retail & entertainment scheme (Power Centre)	31,500	100
Constanta Plaza	Constanta, Romania	Retail & entertainment scheme	26,500	100
Shumen Plaza	Shumen, Bulgaria	Retail & entertainment scheme	26,000	100
Pireas Plaza	Athens, Greece	Retail & entertainment scheme	15,000	100
Bangalore	Bangalore, India	Residential Scheme	218,500	25

Appendix 1.6.4 – Real Estate Assets as of ____ 2014

Other projects				
Asset/Project	**Location**	**Nature of asset**	**Plot Size (sqm)**	**Plaza's effective ownership %**
Fountain Park Bucharest	Bucharest, Romania	Residential	16,600	12.5
Acacia Park	Ploiesti, Romania	Residential	32,000	25
Primavera Tower	Ploiesti, Romania	offices	10,500	25
Green Land	Ploiesti, Romania	Residential	25,800	25
Poiana Brasov	Brasov, Romania	Residential	138,000	25
Primavera Tower	Brasov, Romania	offices	10,800	25
Pinetree Glade	Brasov, Romania	Residential	40,000	25
Krusevac	Krusevac, serbia	Retail & entertainment scheme	20,000	100

ANNEX

BOND SERIES B SCHEDULE

6.9% Interets rate (linked to Israeli CPI)

						NIS 16,055,758	Deferred Interest 12/2013
						PAR VALUE 13,727,951	Deferred Interest 12/2013
BALANCE PAR VALUE	NET PRINCIPAL	PRINCIPAL PAYMENT	PRINCIPAL PAYMENT	INTEREST PAYMENT	INTEREST RATE	PERIOD	DATE
610,713,444	522,170,626	0		21,011,889 (1)		0.5	7/1/2014
610,713,444	522,170,626	0		21,127,339	3.45%	1.0	12/31/2014
610,713,444	522,170,626	0		21,011,889	3.45%	1.5	7/1/2015
610,713,444	522,170,626	0		21,127,339	3.45%	2.0	12/31/2015
610,713,444	522,170,626	0		21,127,339	3.45%	2.5	7/1/2016
610,713,444	522,170,626	0		21,127,339	3.45%	3.0	12/31/2016
610,713,444	522,170,626	0		21,011,889	3.45%	3.5	7/1/2017
610,713,444	522,170,626	0		21,127,339	3.45%	4.0	12/31/2017
610,713,444	522,170,626			21,011,889	3.45%	4.5	7/1/2018
305,356,722	261,085,313	305,356,722	261,085,313	21,127,339	3.45%	5.0	12/31/2018
305,356,722	261,085,313	0		10,505,944	3.45%	5.5	7/1/2019
0	0	305,356,722	261,085,313	10,563,669	3.45%	6.0	12/31/2019
		610,713,444	522,170,626	231,881,202			

(1) This interest payment will be deferred as detailed in the Restructuring plan

Appendix 4.2

The real estate properties held by the Company and its subsidiaries, directly and indirectly, which are pledged in favor of third parties (as of ___ 2014 – the Trust Deed date)

Holding Company	Project name	Holding Rate	Location	Asset type
Legnica Plaza Spółka z ograniczoną odpowiedzialnością S.K.A. (*)	Torun	100%	Torun , Poland	Active shopping center
Suwałki Plaza Sp.z.o.o. (*)	Suwalki	100%	Suwalkie, Poland	Active shopping center
Zgorzelec Plaza Sp.z.o.o.	Zgorzelec	100%	Zgorzelec, Poland	Active shopping center
Sek D.O.O.	Kragujevac	100%	Kragujevac, Serbia	Active shopping center
Diksna SIA	Riga	50%	Riga, Latvia	Active shopping center
P4 Plaza S.R.O.	Liberec	100%	Liberec, Czech Republic	Active shopping center
Anuttam Developers Pvt. Ltd.	Koregaon Park	100%	Pune, India	Active shopping center
Leszno Plaza Sp.z.o.o. (**)	Leszno	100%	Leszno, Poland	Plot of Land
Primavera Invest S.R.L.	Primavera Tower	25%	Ploiești, Romania	Plot of Land
Adams Invest S.R.L.	Valley View	25%	Brasov, Romania	Plot of Land

(*) In respect of the Suwałki interest rate swap ("IRS ") the project company also established a bail mortgage up to EUR 4 million encumbering the real estate project. In respect of Torun IRS the project company also established a bail mortgage up to EUR 5.4 million encumbering the real estate project.

(**) To secure the loan from Bank BZ WBK for Zgorzelec project, a lien was placed on plot of land in Leszno.

Appendix 5A - LIST OF SUBSIDIARIES AS OF THE AMENDMENT DATE

HUNGARY		
Directly owned		
Plaza Centers Establishment B.V.	Holding company	
Indirectly wholly owned		
Kerepesi 5 Irodaépület Ingatlanfejlesztő Kft.	Holder of land usage rights	100% held by Plaza Centers Establishment B.V. Arena Plaza Extension project
Plaza House Ingatlanfejelsztési Kft.	Office building	David House
POLAND		
Directly wholly owned		
Kielce Plaza Sp.z.o.o.	Shopping center project	Kielce Plaza project
Leszno Plaza Sp.z.o.o.	Owns plot of land	Leszno Plaza project
Łódź Centrum Plaza Sp.z.o.o.	Owns plot of land	Łódź (Residential) project
Włocławek Plaza Sp.z.o.o.	Mixed used project	Łódź Plaza project
Plaza Centers Polish Operations B.V.	Holding company	
Indirectly or jointly owned		
Suwałki Plaza Sp.z.o.o.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Suwałki Plaza project
Legnica Plaza Spółka z ograniczoną odpowiedzialnością S.K.A.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Toruń Plaza project
Zgorzelec Plaza Sp.z.o.o.	Operating shopping center	100% held by Plaza Centers Polish Operations B.V. Zgorzelec Plaza project
LATVIA		
Diksna SIA	Operating shopping center	Equity accounted investee - 50% held by Plaza Centers N.V. with JV partner (50%). Riga Plaza project.
ROMANIA		
Directly wholly owned		
Dâmbovița Centers Holding B.V.	Holding company	100% held by Plaza Centers N.V.
Plaza Bas B.V.	Holding company	50.1% held by Plaza Centers N.V.
S.C. Elite Plaza S.R.L.	Shopping center project	Timișoara Plaza project
S.C. Green Plaza S.R.L.	Shopping center project	Iași Plaza project
S.C. North Eastern Plaza S.R.L.	Shopping center project	Constanța Plaza project
S.C. North West Plaza S.R.L.	Shopping center project	Hunedoara Plaza project
S.C. North Gate Plaza S.R.L.	Shopping center project	Csíki Plaza (Miercurea Ciuc) project
S.C. Eastern Gate Plaza S.R.L.	Real estate project	Cina project
S.C. South Gate Plaza S.R.L.	Shopping center project	Slatina Plaza project
S.C. Mountain Gate Plaza S.R.L.	Shopping center project	Târgu Mureș Plaza project
S.C. Palazzo Ducale S.R.L.	Office building	
Indirectly or jointly owned		
S.C. Dâmbovița Center S.R.L.	Mixed used project	75% held by Dambovita Centers Holding B.V. Casa Radio project
SERBIA		
Directly wholly owned		
Plaza Centers Holding B.V.	Holding company	
Plaza Centers (Estates) B.V.	Holding company	
Plaza Centers (Ventures) B.V.	Holding company	
Plaza Centers Logistics B.V.	Management company	
Indirectly or jointly owned		
Sek D.O.O.	Operating shopping center	100% held by Plaza Centers Holding B.V. Kragujevac Plaza project
Leisure Group D.O.O.	Shopping center project	100% held by Plaza Centers (Estates) B.V. Belgrade Plaza (Visnjicka) project
Orchid Group D.O.O.	Shopping center project	100% held by Plaza Centers (Ventures) B.V. Belgrade Plaza project
Accent D.O.O.	Shopping center project	100% held by Plaza Centers Logistic B.V. Kruševac Plaza project
CZECH REPUBLIC		
Directly wholly owned		
P4 Plaza S.R.O.	Operating shopping center	Liberec Plaza project
BULGARIA		
Directly wholly owned		
Shumen Plaza EOOD	Shopping center project	Shumen Plaza project

Appendix 5A - LIST OF SUBSIDIARIES AS OF THE AMENDMENT DATE

GREECE		
Directly wholly owned		
Helios Plaza S.A.	Shopping center project	Pireas Plaza project
CYPRUS – INDIA		
Directly wholly owned		
PC India Holdings Public Company Ltd.	Holding company	
Elbit Plaza India Real Estate Holdings Ltd.	Holding company	Equity accounted investee 47.5% held by Plaza Centers N.V.
Indirectly or jointly owned		
Permindo Ltd.	Holding company	100% held by PC India Holdings Public Company Ltd. Holds 99.9% of Anuttam Developers Pvt. Ltd. Koregaon Park Plaza project
Anuttam Developers Pvt. Ltd.	Operating shopping center	99.99% held by Permindo Ltd. Koregaon Park Plaza project
Kadavanthra Builders Pvt. Ltd.	Mixed used project	80% held by Elbit Plaza India Real Estate Holdings Ltd. Chennai (SipCot) project
Aayas Trade Services Pvt. Ltd.	Mixed used project	100% held by Elbit Plaza India Real Estate Holdings Ltd. Bangalore project (refer to note 34(B))

Appendix 5a1

Wording for confirmation by a subsidiary

Confirmation by a subsidiary

Further to the provisions of Section 5a of the deed of trust which was signed on the ____ day of _____ 2014 between **Plaza Centers N.V.** and Reznik Paz Nevo Trusts Ltd (**"the deed of trust"**), I the undersigned, hereby confirm and undertake, subject to the coming into force of the deed of trust, to act pursuant to the provisions of Sections 4.2, 4.3, 4.6, 4b, 5.2 and 7a.(2) of this deed of trust.

_____

Subsidiary name: _____
Signed by: _____

Confirmation by the company

Pursuant to the provisions of Section 5a of the deed of trust, I hereby confirm that the confirmation above signed by _____ (**"the subsidiary"**) was signed by the authorized signatories of the subsidiary.

_____

Plaza Centers N.V.

I the undersigned, Uzy Eli, Adv. confirm that the above **confirmation by the company** was signed by Plaza Centers N.V. pursuant to its documents of incorporation, by means of Messrs _____.

_____

Uzy Eli, Adv.

Appendix A:

Annex 5-

Polish Bond Terms

TERMS AND CONDITIONS

AS AMENDED AND RESTATED BY THE PLAN (AS DEFINED BELOW)

The bonds which these terms and conditions of issue relate to shall be series A unsecured, dematerialized, bearer bonds with a nominal value of PLN 100,000 per bond (the "**Bonds**") and will be issued by Plaza Centers N.V., with its registered office at Prins Hendrikkade 48-S, 1012 AC Amsterdam, the Netherlands (the "**Issuer**" or the "**Company**"); the Bonds shall be issued in compliance with the Polish Act on Bonds dated 29 June 1995 (unified text: Journal of Laws of 2001, No. 120, item 1300, as amended). The Bonds are being issued on the basis of resolutions of the Board of the Issuer dated 28 July 2010 and 3 November 2010.

1 DEFINITIONS

Capitalized terms used but not defined elsewhere shall have the meanings set forth below.

"**Additional Capital Injection**" shall mean a capital injection into the Company after the Plan Amendment Date either against issuance of shares or in the form of Subordinated Debt, in an accumulated amount of at least EUR 20 million, which is in addition to and beyond the Capital Injection (as defined in the Plan).

"**Agent**" shall mean IPOPEMA Securities S.A., with its registered office at ul. Próżna 9, 00-107 Warsaw, Poland.

"**Allotment Date**" shall mean the day on which the Issuer makes the final allotment of the Bonds to the Investors in accordance with the Offering Memorandum.

"**Asset Value**" shall mean the value of the Company's rights in all assets held directly by the Company or indirectly through Subsidiaries or affiliated companies (in such case, the value of the relevant asset shall be multiplied by the effective holding percentage of the Company in the Subsidiary or the affiliated company which holds the relevant asset, as the case may be), all of which in accordance with the most up-to-date valuations as available to the Company on the date of determination of the Asset Value, and if and to the extent at such date, in the opinion of the Company's management, a devaluation occurs (with respect to the up-to-date valuation) with regard to any such asset, the value of the asset will be updated accordingly. For the purpose of calculating the Asset Value, the value of the Casa Radio Project in Romania (a mixed use retail, leisure and office project comprising GBA 555,000 sqm including parking spaces) shall be: (i) EUR 50 million; or (ii) the fire sale value appraised on a distressed basis, in the event that: (a) an investor or a partner has entered into a participation (directly or indirectly) entitling him to at least 20% of the economic interest in the Casa Radio project or (b) a binding arrangement is reached with the relevant Romanian authorities with respect to the timetable for executing the Casa Radio project or an agreement is reached on the extension of the term of the lease of the land that is used for the Casa Radio Project or (c) the Group has entered into a debt finance agreement for the project in an amount of no less than EUR 25 million; or (iii) the value based on an up-to-date valuation on a non-distressed basis in the event that nine (9) months have lapsed since an investor or a partner has entered into a participation (directly or indirectly) entitling him to at least 20% of the economic interest in the Casa Radio project or the Group has entered into a debt finance agreement for the project in an amount of no less than EUR 25 million. The Asset Value as defined above is only relevant for the purpose of calculating the Coverage Ratio.

"**Balance of the Net Cash Flow**" shall mean: the balance (if any) of the Net Cash Flow per Bond generated as a result of an Exercise Event, after deducting: (1) 100% (or less, at the Company's discretion) of the Interest Prepayment Amount per Bond - in case the Exercise Event is related to the Shopping Malls; or (2) 50% (or less, at the Company's discretion) of the Interest Prepayment Amount per Bond in case the Exercise Event is unrelated to the Shopping Malls, provided, that such balance is positive.

"**Bondholder**" shall mean a person who has at least one Bond registered in his securities account maintained by a Depository Participant or the Polish NDS.

"**Bonds**" shall mean series A unsecured, dematerialized, bearer bonds with a nominal value of PLN 100,000 per bond issued by the Issuer, and a "Bond" shall mean one of such Bonds.

"**Bonds Act**" shall mean the Polish Act on Bonds dated 29 June 1995 (unified text: Journal of Laws of 2001, No. 120, item 1300, as amended), or any legal act which replaces such Act.

"**Business Day**" shall mean any day from Monday to Friday (excluding statutory holidays).

"**Call Option**" shall have the meaning given to such term in Clause 7.1 of these Terms and Conditions.

"**Call Option Redemption Amount**" shall have the meaning given to such term in Clause 7.4 of these Terms and Conditions.

"**Call Option Redemption Date**" shall have the meaning given to such term in Clause 7.2 of these Terms and Conditions.

"**Cash Position**" shall be the sum of cash and cash equivalents of: cash, short and long-term interest bearing deposits with banks or other financial institutions, available for sale marketable securities, and restricted cash, calculated based on the Consolidated Financial Statements.

"**Cash Reserve**" shall mean the aggregate balance of all cash and cash equivalents (that may be included in the Company's consolidated financial statements under the items cash and cash equivalents and under the items short term deposits, financial assets held for trading or long term deposits of the Group ("**Additional Cash Value**", provided that such Additional Cash Value can be converted into cash immediately and without limitation on its use by the Group).

"**Consolidated Financial Statements**" shall mean the most recent annual consolidated financial statements or condensed consolidated semi-annual financial information of the Group audited or reviewed by the Company's auditors which were made publicly available by the Issuer in accordance with the applicable legal regulations.

"**Coverage Ratio**" shall be equal to (A) – (B) / (D) × 100%, where (A) is equal to the Asset Value plus the cash and cash equivalents (including restricted cash and marketable securities); (B) is equal to the liabilities of the Group owed to banks that are secured by an Encumbrance over any rights or assets of the Group or structurally or otherwise rank in priority ahead of the claims of the Plan Creditors subject to the Plan; and (D) is equal to the aggregate amount of remaining claims of the Plan Creditors subject to the Plan plus all other liabilities of the Group that rank *pari passu* with claims of the Plan Creditors subject to the Plan and that are not Subordinated Debt.

"**Debt**" shall mean the Group's total debt under: loans and borrowings, lease agreements, bonds, other debt securities and other interest bearing or discounted financial instruments in issue, calculated based on the Consolidated Financial Statements.

"**Deferred Debt Ratio**" shall mean 8.33%, subject to adjustment pursuant to the Plan.

"**Depository**" shall mean the records, within the meaning of Article 5a section 2 of the Bonds Act, maintained by the Polish NDS which contain entries which facilitate identification of the Bondholders and constituting a depository of securities within the meaning of the Trading in Financial Instruments Act.

"**Depository Participant**" shall mean an entity holding the status of a participant of the depository within the meaning of the Rules of the Polish NDS.

"**Detailed Rules**" shall mean the Detailed Rules of Operation of the Polish NDS adopted by Resolution No. 79/98 of the Management Board of the Polish NDS dated 29 January 1998, as amended, or other regulations which replace the legal basis for the adoption of such rules.

"**Disposition**" shall mean sale, lease, assignment, grant, transfer, encumbrance or any other disposal of assets, rights, property, or any part thereof.

"**Distribution**" shall mean a distribution of dividend to the Company's shareholders and/or any other dividend-like distribution to the Company's shareholders, including share repurchase.

"**Early Redemption**" shall have the meaning given to this term in Clause 10.2 of these Terms and Conditions.

"**Early Redemption Amount**" shall mean an amount equal to the number of Bonds subject to Early Redemption multiplied by the Redemption Amount, increased by Interest accrued for the period from the day beginning the Interest Period in which the Early Redemption Date occurs to the Early Redemption Date (exclusive).

"**Early Redemption Date**" shall have the meaning given to this term in Clause 10.3 of these Terms and Conditions

"**Early Redemption Period**" shall mean a period of 60 days from the day on which an Event of Default occurs but in no case longer than until the date on which such Event of Default is no longer outstanding.

"**Equity**" shall mean the Group's total equity including non-controlling interest as disclosed in the Consolidated Financial Statements.

"**Encumbrance**" shall mean any pledge, charge, assignment by way of pledge or any other form of security.

"**EUR**" shall mean the lawful currency of the Euro zone.

"**Events of Default**" shall have the meaning given to this term in Clause 10.1 of these Terms and Conditions.

"**Examination Date**" shall mean the date of approval of the Company's consolidated audited annual financial statements or its consolidated reviewed quarterly financial statements, as the case may be.

"**Exercise Event**" means any of the following events: (i) a Disposition of a Real Estate Asset of the Company or a Subsidiary (other than Koregaon Park Project), (ii) the incurrence of any new Financial Indebtedness by the Company or a Subsidiary but excluding new Financial Indebtedness incurred for the purpose of purchase of, investment in or development of a Real Estate Asset, or (iii) the refinancing of a Real Estate Asset, but excluding a refinancing for the purpose of an investment in or the development of a Real Estate Asset, provided that as a result of such events a positive Net Cash Flow is generated.

"**Financial Indebtedness**" means a debt that is owed to a financial creditor of the Company or a Subsidiary, including debts owed under guarantees that have been granted and/or which the Company and/or a Subsidiary will grant, but excluding:

(i) guarantees and/or undertakings granted in connection with completion and performance of a project regarding the construction or development of a Real Estate Asset (cost overrun guarantees);

(ii) guarantees granted in the ordinary course of business in a cumulative amount which shall not exceed EUR 200,000;

(iii) loans granted directly to the Company by one or more of its shareholders, provided that: (a) the interest rate of the loan is not higher than the lowest interest rate due under the Notes, (b) in the event the loan is not repaid within a period of six (6) months, it shall become Subordinated Debt; and (c) the lenders are not permitted to call for an immediate repayment of the loan or to demand the Company's liquidation in connection with such loan;

(iv) Subordinated Debt.

"**Group**" shall mean the Company together with all of its Subsidiaries.

"**Interest Amount**" or "**Interest**" shall mean the amount of gross interest on the Bonds payable on the Interest Payment Date.

"**Interest Payment Date**" shall mean the day: (i) on which Interest is due and payable in accordance with Clause 4.4 of these Terms and Conditions; or (ii) which is the Early Redemption Date.

"**Interest Period**" shall mean: (i) with respect to the first Interest Period, the period beginning on the Allotment Date and ending on the day preceding the first Interest Payment Date or the Early Redemption Date, respectively; and (ii) with respect to subsequent Interest Periods, the period beginning on the Interest Payment Date for the preceding Interest Period and ending on the day preceding the Interest Payment Date for the respective Interest Period or either the Early Redemption Date or Call Option Redemption Date, respectively or, with respect to the last Interest Period, the day preceding the Redemption Date, subject to Clause 4.8 and 4.9 of these Terms and Conditions.

"**Interest Prepayment Date**" shall have the meaning given to this term in Clause 4.9 of these Terms and Conditions.

"**Interest Prepayment Amount per Bond**" shall mean the amount of interest on the Outstanding Bonds Debt that has accrued in the given Interest Period (until the Mandatory Prepayment Upon Exercise Event Date) but has not yet fallen due.

"**Interest Rate**" shall mean the Reference Rate increased by Margin.

"**Interest Rate Determination Date**" shall mean the day falling one Business Day prior to the first day of the Interest Period during which a relevant Interest Rate is to be applicable.

"**Investor**" shall mean a qualified investor, within the meaning of Article 8 section 1 of the Public Offering Act, which submits a Purchase Offer to the Issuer.

"**Issue Date**" shall mean the date on which the Bonds are registered in the Depository, pursuant to Clause 3.1 of these Terms and Conditions.

"**Issuer**" shall mean Plaza Centers N.V., with its registered office at Prins Hendrikkade 48-S, 1012 AC Amsterdam, the Netherlands.

"**LTC Ratio**" shall mean the amount of the loan used to finance the relevant project, divided by the cost of the project as estimated on the date of the granting of the loan, multiplied by 100% ("loan to cost"). For the

purpose of calculating the LTC Ratio, the "cost of the project" shall include the construction cost of the project, including the entire construction, planning, and development costs, as well as the cost of the land.

"**Majority**" shall mean any of the Plan Creditors whose remaining claims subject to the Plane aggregate more than 67% of the total claims subject to the Plan held by the Plan Creditors that have voted at a particular meeting convened for the purpose of voting on a particular matter.

"**Mandatory Prepayment Amount per Bond**" shall mean the sum of the Interest Prepayment Amount per Bond and the Principal Prepayment Amount per Bond.

"**Margin**" shall mean 4.5% per annum until 31 December 2013 and then following 1 January 2014 by 6% per annum.

"**Material Assets**" shall mean the Group's assets representing at least 10% of the Group's total assets disclosed in the Consolidated Financial Statements.

"**Minimum Cash Reserve**" shall mean:

(i) the amount estimated by the Company's management required to pay all administrative and general expenses and interest payments to the holders of Plan Debt Securities falling due in the following six (6) months, minus sums of proceeds from transactions that have already been signed (by the Company or a Subsidiary) and closed and that to the expectation of the Company's management have a high probability of being received during the following six (6) months; or

(ii) in the event an Additional Capital Injection has occurred: an amount calculated in accordance with sub-section (i) above whereby the aforesaid period of six (6) months is reduced to three (3) months.

After repayment or prepayment of an aggregate amount of at least NIS 434,000,000 (or equivalent of such amount in other currencies as of the repayment date) of the principal amount of the Plan Debt Securities, the Minimum Cash Reserve as calculated under sub-sections (i) or (ii) above (as applicable) shall be reduced by 50%.

"**Minimum Coverage Ratio**" shall mean a Coverage Ratio equal to (i) 118%, or (ii) 115% in the event that an Additional Capital Injection occurs or (iii) 120% in the event any of the following circumstances occur in relation to the Casa Radio project: (a) a third party investor or partner has entered into a participation (directly or indirectly) entitling him to at least 20% of the interest in the Casa Radio project; or (b) a binding arrangement with the relevant Romanian authorities has been reached with respect to the timetable for executing the Casa Radio project, or an agreement has been reached on the extension of the lease period for the land that is used for the Casa Radio project; or (c) the Company has entered into a debt finance agreement for the project in amount of at least EUR 25 million.

"**Minimum LTC Ratio**" shall amount to:

(i) 50% or,

(ii) 40% in the event that a partner enters, directly or indirectly, the relevant existing project against a cash or cash equivalent investment (but excluding against offsetting debt) and is entitled, directly or indirectly, to at least 20% of the rights in the project.

"**Net Debt**" shall mean the Group's total debt under: loans and borrowings, lease agreements, bonds, other debt securities and other interest bearing or discounted financial instruments in issue, less related hedge derivatives, cash and cash equivalents, short and long-term interest bearing deposits with banks or other financial institutions, available for sale marketable securities and restricted cash, calculated based on the Consolidated Financial Statements.

"**Net Capitalization Ratio**" shall mean the Net Debt divided by the Equity plus the Net Debt, as calculated by the Group's auditor during its annual audit and included in the Issuer's annual report and accounts; or as included in the Issuer's interim accounts and reviewed by the Company's auditor; or as calculated by the Company's auditor at any other time at the request of the Board of the Company, whichever is the most recent.

"**Net Cash Flow per Bond**" shall mean:

(i) the product of the Deferred Debt Ratio applicable to the Bonds, divided by the total number of Bonds and the net proceeds in cash actually received by the Company, as the result of an Exercise Event that occurred after 15 May 2014 less (ii) part of the product of the Deferred Debt Ratio applicable to the Bonds, divided by the total number of Bonds and the net proceeds in cash actually received by the Company, as the result of an Exercise Event that occurred after 15 May 2014, attributable to the Polish Bonds Deferred Interest per one Bond.

For the avoidance of doubt: net proceeds means the proceeds actually received by the Company, after deducting: (1) the full debt amount that has to be repaid to banks as a result of the Exercise Event, (2) the full debt amounts repaid to the banks in case of a refinancing, (3) in case the relevant Exercise Event occurred in a Subsidiary – the sums required for repaying the existing undertakings towards the creditors of that Subsidiary due to such Exercise Event; and (4) all direct expenses related to the asset, such as fees, and direct sale expenses to third parties, brokerage expenses, loan expenses and tax expenses (as the case may be) but excluding overhead and costs of the Group's officers and employees.

"**Notes**" the Series A Notes and Series B Notes listed on the Tel Aviv Stock Exchange issued by the Company pursuant to trust deeds dated 4 July 2007 and 31 January 2008 respectively and each as amended.

"**Notification Date**" shall mean the Business Day falling five Business Days prior to the relevant Record Date or, as the case may be, on another date in the event of a change in the Detailed Rules, which triggers a change in the requirements relating to the Notification Date.

"**Offering**" shall mean a public offering of the Bonds conducted exclusively in the territory of the Republic of Poland addressed exclusively to qualified investors within the meaning of Article 8 section 1 of the Act on Public Offering.

"**Offering Memorandum**" shall mean the offering memorandum prepared by the Company for the purposes of the Offering.

"**Outstanding Bonds Debt**" shall mean the Outstanding Principal plus the accrued and unpaid Interest in respect of such Outstanding Principal at any relevant time.

"**Outstanding Principal**" means the outstanding balance, as it may be from time to time, of the nominal value of one Bond.

"**Plan**" shall mean the plan the Issuer offered to the Plan Creditors pursuant to Article 252 of the Dutch Bankruptcy, effective and binding on Plan Creditors as of the Plan Effective Date.

"**Plan Amendment Date**" shall mean a date to be set by the Company pursuant to the Plan.

"**Plan Creditors**" shall mean all creditors with all unsecured and non-preferred claims against the Issuer that are subject to and bound by the Plan as of the Plan Effective Date pursuant to Article 273 of the Dutch Bankruptcy Code including without limitation all Bondholders on the Plan Effective Date.

"**Plan Effective Date**" shall mean a date as of which the Plan is effective and binding on all Plan Creditors (being the date as of which the confirmation decision (*homologatiebeslissing*) of the Amsterdam District Court becomes irrevocable (*in kracht van gewijsde gegaan*)).

"**Payment Amount**" shall mean the Interest Amount, the Redemption Amount, the Call Option Redemption Amount or the Early Redemption Amount, as the context may be.

"**Payment Date**" shall mean the Interest Payment Date, the Interest Prepayment Date, the Mandatory Prepayment upon Exercise Event Date, the Redemption Date, the Call Option Redemption Date or the Early Redemption Date, as the context may be.

"**Plan Debt Securities**" shall mean jointly the Bonds and the Notes.

"**PLN**" or "**złoty**" shall mean the legal tender of the Republic of Poland.

"**Polish NDS**" shall mean the Polish National Depository for Securities (*Krajowy Depozyt Papierów Wartościowych S.A.*).

"Principal Prepayment Amount per Bond" shall mean 75% of the Balance of the Net Cash Flow, subject to reduction of such percentage pursuant to the Plan.

"**Public Offering Act**" shall mean the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005 (Journal of Laws No 184, item 1539, as amended), or any legal act which replaces this Act.

"**Purchase Offer**" shall mean a written statement made by the Investor to whom the Offering Memorandum was addressed, the contents of which shall be consistent with the form set forth in Schedule 2 to the Offering Memorandum, specifying the number of Bonds which the Investor submitting the Purchase Offer undertakes to purchase.

"**Real Estate Asset**" shall mean rights in lands or in real estate projects of various types (such as: residential, malls and mixed-use projects of commercial and residential property) as well as rights in an entity holding any of the aforesaid assets.

"**Record Date**" shall mean: (i) with respect to the Interest Payment Dates referred to in item (i) of the "Interest Payment Date" definition above, any date indicated in the "Record Date" column in Clause 4.4 of these Terms and Conditions; or (ii) with respect to other Payment Dates, the Business Day falling six Business Days prior to the relevant Payment Date or, as the case may be, on another date in the event of a change in the Detailed Rules relating to the requirements applying to the Record Date.

"**Redemption Amount**" shall mean an amount equal to the par value of a single Bond.

"**Redemption Date**" shall mean the day falling seven and a half years after the Issue Date (16 May 2018), subject to moving such day forward as provided for under Clause 6.2 of the Terms and Conditions, or the nearest Business Day if the day falling on such day is not a Business Day.

"**Reference Banks**" shall mean Polska Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A. and ING Bank Śląski S.A.

"**Reference Rate**" shall be equal to the Reuters Market 3000 Xtra Screen Rate or the Bloomberg Screen Rate , if a Screen Rate is not available, the Issuer shall request the Reference Banks to quote the interest rate offered by each of such Reference Banks to leading banks on the interbank market in Warsaw. In such an event, the reference rate shall be determined as the arithmetic mean of the interest rates quoted by the Reference Banks, calculated by the Issuer and rounded off, if necessary, to five decimal places (with 0.000005 to be rounded up). If the Reference Rate cannot be determined pursuant to the above provisions, the variable interest rate shall be determined based on the most recent variable interest rate applicable to the preceding Interest Period.

"**Regulation on Statutory Interest**" shall mean the Regulation of the Polish Council of Ministers on the determination of statutory interest dated 4 December 2008 (Journal of Laws No. 220, item 1434), or any legal act which replaces that Regulation.

"**Related Parties**" shall mean parties related to a given entity, in accordance with International Accounting Standard 24 (Related-party disclosure).

"**Rules of the Polish NDS**" shall mean the rules of the Polish NDS applicable at a given time, adopted by the Supervisory Board of the Polish NDS in accordance with Article 50 of the Trading in Financial Instruments Act or other regulations which replace this legal basis for the adoption of such rules.

"**Screen Rate**" shall mean the interest rate for six-month borrowings displayed on the Reuters Market 3000 Xtra Screen or the Bloomberg Screen based on the fixing which takes place at circa. 11.00 a.m. (Warsaw time) on a given Interest Rate Determination Date. For the purposes of this definition, Reuters Monitor Screen shall mean the WIBOR screen of the Reuters Market 3000 Xtra Service, or any other screen which may at any time replace such WIBOR screen, containing information on interest rates offered for time borrowings denominated in PLN.

"**Net Asset Value of the Unsold Shopping Malls**" shall mean the amount equal to the value of the Unsold Shopping Malls based on the most recent valuation in the Company's possession minus the balance of the Financial Indebtedness of the Subsidiaries holding (the rights to) the relevant Unsold Shopping Malls. In the event of a sale of part of the rights in one of the said malls, then the value of the unsold rights in the said mall shall be added to the Net Asset Value of the Unsold Shopping Malls, for the purpose of calculating the Coverage Ratio.

"**Shopping Malls**" shall mean the four shopping malls (directly or indirectly) held by Subsidiaries of the Company known as Torun Plaza and Solvaky Plaza located in Poland, Kragujevac Plaza in Serbia, and Riga Plaza in Latvia.

"**Subsidiary**" any corporation, limited liability company, partnership, joint venture, joint stock company and other entity in which the Company holds, directly or indirectly, at least 50% of the capital or the rights (as the case may be) or an entity controlled, directly or indirectly, by the Company.

"**Subordinated Debt**" means debt that may not be repaid before the claims of the Plan Creditors which are subject to the Plan have been satisfied in full, and shall also be a subordinated debt in case of liquidation.

"**Terms and Conditions**" shall mean these terms and conditions of the issuance of the Bonds by the Issuer.

"**Trading in Financial Instruments Act**" shall mean the Act on Trading in Financial Instruments dated 29 July 2005 (Journal of Laws No 183, item 1538, as amended), or any legal act which replaces this Act.

"**Unsold Shopping Malls**" shall mean the remaining (rights in any) Shopping Malls at any time (or any part thereof) that have not yet been sold.

"**WIBOR**" shall mean the Polish inter-bank interest rates on PLN-denominated inter-bank loans.

2 FORM OF THE BONDS AND MANNER OF OPERATION OF THE DEPOSITORY

2.1 The Bonds are securities issued in a series in accordance with the Bonds Act under which the Issuer represents that it is the Bondholders' debtor and undertakes to make payment of the Redemption Amount and Interest on the terms and at the time specified in these Terms and Conditions. The Bonds are issued in the Republic of Poland as bearer bonds and do not have a document form.

2.2 On the Allotment Date the Agent, based on the authorisation given by the Issuer, shall place with the Polish NDS instructions to register the Bonds in the registration accounts maintained for Depository Participants in order to make it possible to register the Bonds in the Bondholders' securities accounts. The time and manner of registration of the Bonds shall be compliant with the Rules of the Polish NDS and the Detailed Rules.

2.3 If the Polish NDS issues a decision whereby it refuses to register the Bonds in the depository operated by the Polish NDS, the Bond issue shall be deemed unsuccessful and the amounts paid by the Investors in respect of the Bonds shall be returned in accordance with the rules set forth in Clause 2.4 below.

2.4 If the Bonds are not allotted to the Investors to whom they were initially allotted or if the Bond issue is unsuccessful, as the case may be, the Agent shall promptly return the amounts paid for the Bonds. In addition, the Issuer shall notify, through the intermediation of the Agent, the Investors to whom the Bonds were initially allotted or finally allotted, as the case may be, that the Bonds have not been finally allotted or that the Bond issue has been unsuccessful; such notices shall be sent by registered mail.

2.5 The rights attached to the Bonds take effect upon the first registration of the Bonds in the Depository. The first registration in the Depository shall take place on the Issue Day. The rights attached to the Bonds shall accrue to the person who has at least one Bond registered in his securities account maintained by a Depository Participant or the Polish NDS.

2.6 The rules governing the transfer of the Bonds on the secondary market are defined in the Rules of the Polish NDS and the Detailed Rules.

3 STATUS OF THE BONDS

3.1 The Bond issue date shall be the day on which the Bonds which have been allotted to those Investors who submitted a Purchase Offer in response to the Offering Memorandum addressed to them are registered in the Depository (the "**Issue Date**"). Detailed allotment rules are contained in the Offering Memorandum.

3.2 The Bonds constitute an unconditional, direct, unsubordinated and unsecured obligation of the Issuer to make the payments and provide the entitlements specified in these Terms and Conditions, which shall be performed in accordance with their terms. The Bonds shall be repaid at the same time and to the same extent, and shall rank *pari passu* with any future unsubordinated obligations of the Issuer, except other obligations which are preferred under mandatory provisions of law.

4 INTEREST

4.1 The Bonds shall bear interest from the first day of the first Interest Period, at the Reference Rate determined by the Issuer on each Interest Rate Determination Date, increased by Margin, per annum, save as provided in Clause 4.7 below (the "**Interest Rate**"). A 365-day year shall be assumed for the purpose of the calculations.

4.2 The Interest on one Bond shall be calculated using the following formula:

$$K = \frac{N * O * L}{365}$$

Where:

K is the Interest Amount per Bond for a given Interest Period;

L is the number of days in such Interest Period;

N is the Outstanding Principal; and

O is the Interest Rate.

4.3 On each Notification Date (excluding the first Notification Date) the Issuer shall notify the Polish NDS of the next Record Date, Payment Date, and Payment Amount due on the next Payment Date, pursuant to Par. 135.1 of the Detailed Rules.

4.4 Save as provided in Clauses 4.7 to 4.9 below and situations where Interest is paid on the Early Redemption Date, the Interest shall be payable in PLN, in accordance with the Rules of the Polish NDS, on the Interest Payment Dates indicated in the table below:

Year	Interest Period	Record Date	Interest Payment Date
1.	First	6 May 2011	16 May 2011
	Second	7 November 2011	16 November 2011
2.	Third	8 May 2012	16 May 2012
	Fourth	8 November 2012	16 November 2012
3.	Fifth	8 May 2013	16 May 2013
	Sixth	7 November 2013	18 November 2013
4.	Seventh	8 May 2014	16 May 2014
	Eight	6 November 2014	17 November 2014
5.	Ninth	8 May 2015	18 May 2015
	Tenth	5 May 2016	16 November 2015
6.	Eleventh	6 May 2017	16 May 2016
	Twelfth	7 November 2016	16 November 2016
7.	Thirteenth	8 May 2017	16 May 2017
	Fourteenth*	8 November 2017	16 November 2017
8.	Fifteenth*	8 May 2018	16 May 2018

* - applicable unless the conditions set forth under Clause 6.2 are satisfied.

4.5 Calculation of the Interest on the Bonds which have not been redeemed in accordance with these Terms and Conditions shall terminate on the Redemption Date unless the Issuer improperly withholds or refuses payment of the Redemption Amount.

4.6 If an Event of Default occurs and is continuing and Bondholders acquire the right to demand Early Redemption, each Bondholder who has not demanded Early Redemption from the Issuer during a Put Period shall be entitled to demand that the Issuer increases the Interest Rate determined for the Interest Period in which the Bondholder has acquired the right to make such demand by 2.0 percentage points per annum for the entire period when the Event of Default is continuing (the "**Interest Rate Increase Demand**"). If the Event of Default is remedied during the relevant Interest Period, the increased interest rate shall be applied for the Bondholder until the end of such Interest Period in which the Event of Default has ceased to exist or has been remedied. A Bondholder who has made an Interest Rate Increase Demand to the Issuer shall not demand Early Redemption of the Bonds during the Put Period in which such Interest Rate Increase Demand has been made.

4.7 If a Payment Date in respect of cash payments under the Bonds falls on a day which is not a Business Day, a Bondholder shall receive the payment on the first Business Day following such Payment Date and shall have no right to demand default interest or any other amount on account of such delayed payment.

4.8 All Interest accrued between 7 May 2013 and 31 December 2013 (inclusive) shall be payable pursuant to section 3.1.5 of the Plan (the "**Polish Bonds Deferred Interest**") and for the purpose of these Terms and Conditions only it is regarded as if it had been already paid in full.

4.9 On the First Interest Payment Date (as defined in the Plan) (the "**Interest Prepayment Date**") the Issuer shall pay, on the account of Interest accrued from 1 January 2014 the amount in respect of each Bond which will be determined pursuant to the Plan any such amount paid in respect of the Bond shall decrease the Interest payable on a Bond on the first Interest Payment Date falling thereafter (or in addition, subsequent Interest Payment Dates if the amount to be paid exceeds the Interest payable on a Bond on the first Interest Payment Date).

5 PAYMENTS

5.1 All Payment Amounts shall be paid in accordance with the Rules of the Polish NDS and the Detailed Rules.

5.2 Taxation:

5.2.1 On the basis of the information obtained from the Depository Participants pursuant to Par. 135 of the Detailed Rules, the Issuer shall calculate, withhold and pay any income tax payable in respect of any Payment Amount paid to the Bondholders, unless otherwise regulated by mandatory provisions of law.

5.2.2 Each Bondholder shall notify the relevant Depository Participant, at such time as to enable the latter to provide the information required under Par. 135 of the Detailed Rules, of whether such Bondholder is required to pay any taxes, charges or public dues of any type under regulations issued in the Republic of Poland and concerning the Bonds. In particular, a Bondholder who is a non-resident within the meaning of the tax law shall provide the Depository Participant with the information referred to in Par. 135 section 1.6 of the Detailed Rules for the purpose of its forwarding to the Issuer. If any Bond gives rise to the obligation to pay any tax, the Issuer shall not return any amounts as compensation for the withheld taxes or make any additional payments.

5.2.3 Irrespective of the provisions of Clause 5.2.1 above, the Issuer may require each Bondholder to provide such information or documents regarding the Bondholder's tax status as may be required pursuant to the applicable legal regulations.

5.2.4 Each Bondholder that is not a resident of Poland within the meaning of the tax law shall provide the Depository Participant, promptly after the purchase of the Bonds, with the residence certificate for the purpose of its forwarding to the Issuer.

5.3 In case of the failure to pay the Bond's nominal value on the date of maturity thereof, the Bondholder shall be authorised to receive from the Issuer statutory interest charged from the date of maturity of such payment until the date on which the Bondholder receives the payment due under the Bonds in an amount which is based on the Regulation on Statutory Interest.

6 REDEMPTION

6.1 The Bonds which have not been redeemed early in accordance with these Terms and Conditions shall be redeemed by the Issuer on the Redemption Date. The Bonds shall be redeemed through the payment of the Redemption Amount.

6.2 If within 2 years from the Plan Amendment Date or before 1 December 2016 (whichever is earlier) the Issuer does not manage to repay (through redemption or otherwise) Plan Debt Securities in the principal amount of NIS 434,000,000 (or equivalent of such amount in other currencies as of the repayment date), the Redemption Date of all the Bonds then remaining shall be moved forward to 16 May 2017.

6.3 The Redemption Amounts shall be paid by the Issuer on the Redemption Date to the entities that are the Bondholders on the Record Date immediately preceding the Redemption Date.

7 ISSUER'S CALL OPTION

7.1 The Issuer shall have the right to request, prior to the Redemption Date, an early redemption of some or all of the Bonds (the "**Call Option**"). The intention of the Issuer to exercise the Call Option will be announced in accordance with the terms of these Terms and Conditions and in accordance with the Rules of the Polish NDS.

7.2 In order to exercise the Call Option, the Issuer shall publish on its website an announcement on its intention to exercise the Call Option, indicating the percentage of the Bonds it intends to redeem and the date on which early redemption is to take place, falling no earlier than 10 days from the date of the announcement by the Issuer (the "**Call Option Redemption Date**").

7.3 If the Issuer announced its intention to redeem some of the Bonds, the early redemption shall apply to such number of Bonds held by each Bondholder at the Record Date preceding the Call Option Redemption Date that corresponds to the percentage of all the Bonds designated in the Issuer's notice as subject to the Call Option to all the issued and outstanding Bonds, rounded down to a full Bond.

7.4 In the event of exercising the Call Option, the Issuer will pay the Bondholders an amount equal to the sum of: (i) the nominal value of the Bonds held by each given Bondholder which are subject to the Call Option; and (ii) the Interest accrued for the period from the first day of the Interest Period in which the Call Option Redemption Date occurs to the Call Option Redemption Date (exclusive) in relation to the Bonds subject to the Call Option (the "**Call Option Redemption Amount**").

7.5 An early redemption in case of the Call Option shall be carried out following the payment of the Call Option Redemption Amount on the Call Option Redemption Date, subject to the relevant Polish NDS Regulations in this respect.

8 MANDATORY PREPAYMENT UPON EXERCISE EVENT

8.1 Whenever an Exercise Event occurs, the Company shall make an early prepayment of the Outstanding Bonds Debt in respect of each Bond, in the amount equal per Bond to the Mandatory Prepayment Amount per Bond, pursuant to this Clause 8 (the "**Mandatory Prepayment upon Exercise Event**").

8.2 Mandatory Prepayment upon Exercise Event shall be performed, if required, within a calendar quarter following the Company has received the Net Cash Flow per Bond, and no more than once in each calendar quarter on a day which will be established by the Company in accordance with the Plan (the "**Mandatory Prepayment upon Exercise Event Date**").

8.3 Mandatory Prepayment upon Exercise Event shall be made only in case the Mandatory Prepayment Amount per Bond is higher than a product of the Deferred Debt Ratio applicable to the Bonds, divided by the total number of Bonds and EUR 2 million. In the event the Mandatory Prepayment Amount per bond is not higher than the amount established per previous sentence ("**Minimum Amount**") it will be paid together with a future Mandatory Prepayment upon Exercise Event if and when the sum exceeds the Minimum Amount.

8.4 Mandatory Prepayment upon Exercise Event shall be carried out on the Mandatory Prepayment upon Exercise Event Date, subject to the relevant Polish NDS Regulations applicable in this respect.

9 COVENANTS

9.1 In the event that the Coverage Ratio is lower than the Minimum Coverage Ratio, then as from the first Examination Date on which a breach of the Coverage Ratio covenant has been established and for as long as the breach is continuing, the Company shall not perform any of the following: (a) a sale, directly or indirectly, of a Real Estate Asset owned by the Company or a Subsidiary, with the exception that it shall be permitted to transfer Real Estate Assets in performance of an obligation to do so that was entered into prior to the said Examination Date, (b) investments in new Real Estate Assets; or (c) an investments that regards an existing project of the Company or of a Subsidiary, unless it does not exceed a level of 20% of the construction cost of such project (as approved by the lending bank of these projects) and the LTC Ratio of the project remains equal to or greater than the Minimum LTC Ratio.

9.2 In the event that the Coverage Ratio is lower than the Minimum Coverage Ratio, then as from the first Examination Date on which a breach of the Coverage Ratio covenant has been established and for as long as the breach is continuing, the Company shall not perform any of the following: (a) a sale, directly or indirectly, of a Real Estate Asset owned by the Company or a Subsidiary, with the exception that it shall be permitted to transfer Real Estate Assets in performance of an obligation to do so that was entered into prior to the said Examination Date, (b) investments in new Real Estate Assets; or (c) an investments that regards an existing project of the Company or of a Subsidiary, unless it does not exceed a level of 20% of the construction cost of such project (as approved by the lending bank of these projects) and the LTC Ratio of the project remains equal to or greater than the Minimum LTC Ratio

9.3 The Coverage Ratio will be examined four (4) times per year on the approval date of the Company's consolidated audited annual financial statements and of its consolidated reviewed quarterly financial statements and the Company shall report on compliance with this covenant on each Examination Date.

10 EVENTS OF DEFAULT

10.1 The following circumstances shall be deemed events of default giving the Bondholders the right to demand Early Redemption, as referred to in Clause 10.2 ("**Events of Default**"):

10.1.1 **Non-payment of amounts payable under the Bonds** – the Issuer fails to make any payment under the Bonds within 14 days of the relevant Payment Date;

10.1.2 **Breach of the Cash Position as a result of the payment of dividend or the buy-back programme** – if at any time during a period of 90 days from the payment of dividend, or the acquisition of its own shares, the Cash Position falls below EUR 50 million;

10.1.3 **Statutory merger or de-merge**r – the Issuer conducts statutory merger (*juridische fusie*) or de-merger (*splitsing*) in both cases involving the Company as disappearing entity;

10.1.4 **Takeover of the Material Assets** – the Material Assets are taken over or are subject to expropriation or enforced seizure without equitable compensation in an amount determined on market terms;

10.1.5 **Discontinuance of operations or change of the business profile** – the Group discontinues or significantly limits its core business;

10.1.6 **Breach of financial ratios** – the Net Capitalization Ratio exceeds 70% in the opinion of the auditor, subsequent to a request for an opinion by the Board of the Company at any time, with the Board of the Company obliging itself to seek such an immediate opinion if in its view such an event has occurred, or as discovered during the audit or review of the Consolidated Financial Statements;

10.1.7 **Breach of Minimum Coverage Ratio** – a breach of the Minimum Coverage Ratio has occurred and continued throughout a period comprising two (2) consecutives Examination Dates following the first Examination Date on which such breach has been established;

10.1.8 **Incurrence of Financial Indebtedness by the Issuer** – the Issuer incurred new Financial Indebtedness, unless:

(a) the new Financial Indebtedness is incurred for the purpose of investing in the development of a Real Estate Asset, provided that: (a) the LTC Ratio of the investment is not less than the Minimum LTC Ratio; (b) the new Financial Indebtedness is incurred by the Subsidiary that owns the Real Estate Asset or, if the Financial Indebtedness is incurred by a different Subsidiary, any Encumbrance created as security for such new Financial Indebtedness is permitted under Clause 10.1.10(a) below; and (c) following such investment the Cash Reserve is not less than the Minimum Cash Reserve;

(b) the new Financial Indebtedness is incurred by a Subsidiary for the purpose of purchasing a new Real Estate Asset by such Subsidiary, provided that following such purchase the Cash Reserve is not less than the Minimum Cash Reserve; or

(c) at least 75% of the Net Cash Flow per Bond resulting from the incurrence of new Financial Indebtedness is used to for a Mandatory Prepayment upon Exercise Event. It shall be clarified that, subject to the terms of the Plan, the Group may also refinance existing Financial Indebtedness if this does not generate Net Cash Flow per Bond,

provided however that in the event that an Additional Capital Injection occurs then the restrictions under this Clause 10.1.8 shall not apply to investments in an aggregate amount less than or equal to the amount of the Additional Capital Injection;

10.1.9 **Breach of Issuer's negative pledge** – the Issuer created any Encumbrance on any of the Real Estate Assets held, directly or indirectly, by the Company, except in the event that the Encumbrance is created over the Company's interests in a Subsidiary as additional security for Financial Indebtedness incurred by such Subsidiary which is secured by Encumbrances on assets owned by that Subsidiary as permitted by the Plan;

10.1.10 **Establishment of encumbrances by Subsidiaries** – a Subsidiary created any Encumbrance on any of its assets, unless the relevant Encumbrance meets one of these following conditions:

(a) the Subsidiary created an Encumbrance over a Real Estate Asset owned by such Subsidiary exclusively as security for new Financial Indebtedness incurred for the purpose of purchasing, investing in or developing such Real Estate Asset;

(b) a Subsidiary created an Encumbrance on land as security for Financial Indebtedness incurred for the purpose of investing in and developing, but not for purchasing, a Real Estate Asset held by a different Group company (hereinafter: a "**Cross Pledge**"), provided the total value of the lands owned by the Group charged with Cross Pledges after 18 November 2013 does not exceed EUR 35 million, calculated on the basis of book value (the "**Sum of Cross Pledges**"). When calculating the Sum of Cross Pledges, lands that were charged with Cross Pledges created prior to 18 November 2013 or created solely for the purpose of refinancing an existing Financial Indebtedness shall be excluded;

(c) the Encumbrance is created over an asset as security for new Financial Indebtedness that replaces existing Financial Indebtedness and such asset was already encumbered prior to the refinancing. For the avoidance of doubt, any Net Cash Flow per Bond generated from such refinancing, shall be subject to the Mandatory Prepayment upon Exercise Event;

(d) the Encumbrance is created over interests in a Subsidiary as additional security for Financial Indebtedness incurred by such Subsidiary which is secured by Encumbrances on assets owned by that Subsidiary as permitted by sub-section 10.1.10(a) above; or

(e) the Encumbrance is created as security for New Financial Indebtedness that is incurred for purposes other than the purchase of and/or investment in and development of a Real Estate Asset, provided that at least 75% of the Net Cash Flow per Bond generated from such new Financial Indebtedness is used for Mandatory Prepayment upon Exercise Event;

10.1.11 **Occurrence of Non-Permitted Disposal** - the Issuer:

(a) procured or permitted the occurrence of an Exercise Event with respect to any Real Estate Asset of the Group where the Net Cash Flow resulting from such Disposal was not used for Mandatory Prepayment upon Exercise Event in accordance with Clause 8 above; or

(b) performed or permitted a Disposition, directly or indirectly, or a refinancing of the Shopping Malls, where the cumulative Net Cash Flow resulting from such Disposition or refinancing amounted to less than EUR 70 million. If the Disposition or the refinancing occurs only with respect to some but not all of the Shopping Malls, then such Disposition or refinancing shall constitute an Event of Default unless the Net Asset Value of the Unsold Shopping Malls plus the aggregate Net Cash Flows received from the intended Disposition or refinancing and from any previous Disposition or refinancing of a Shopping Mall amounts to at least EUR 70 million;

10.1.12 **Occurrence of Non-Permitted Investment** - The Issuer made an investment in new or existing Real Estate Assets of the Group where following such investment the Cash Reserve was less than the Minimum Cash Reserve or the Coverage Ratio was less than the Minimum Coverage Ratio, provided however, in the case of the Coverage Ratio being lower than the Minimum Coverage Ratio an investments in existing projects of the Company or of Subsidiaries shall be permitted if the investment does not exceed a level of 20% of the construction cost of such project (as approved by the lending bank of these projects) and the LTC Ratio of the project remains greater than the Minimum LTC Ratio in accordance with Clause 9.1 (c) above;

10.1.13 **Exclusion from trading or listing of the Issuer's shares** – the Issuer's shares are delisted or excluded from trading on the regulated market of the Warsaw Stock Exchange;

10.1.14 **Failure to repay material debt** – the Issuer fails to repay any matured and undisputable debt in the amount of at least EUR 100,000,000 within 30 days of its maturity;

10.1.15 **Insolvency** – the Issuer is declared bankrupt (*failliet verklaard*);

10.1.16 **Dissolution** – if while any Bond remains outstanding an effective resolution is passed or an order of a court with competent jurisdiction is issued on or before the due date for final redemption of the Bonds for the dissolution (*ontbinding*) of the Issuer;

10.1.17 **Validity** – if (i) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Bonds, or (ii) the validity of the Bonds is contested by the Issuer or the Issuer denies any of its obligations under the Bonds;

10.1.18 **Nationalization** – any law is passed or any legal proceeding is initiated under which all or any material part of the issued shares of the Issuer or the whole or any material part of its revenues or assets are, or are to be, seized, nationalised, expropriated or compulsorily acquired; or

10.1.19 **Distributions to the shareholders by the Issuer** – the Issuer made a Distribution, despite the fact that (i) less than 75% of the outstanding balance of the nominal value of the Plan Debt Securities as per the Plan Amendment Date has been repaid or the Coverage Ratio on the last Examination Date prior to such Distribution was less than 150% following such Distribution, or (ii) no Majority consented to the proposed Distribution. Notwithstanding the aforesaid, in the event an Additional Capital Injection occurs, then after one year following the date of the Additional Capital Injection, no restrictions other than those under the applicable law shall apply to dividend distributions in an aggregate amount up to 50% of such Additional Capital Injection.

10.2 If an Event of Default occurs, each Bondholder (except for an Event of Default referred to in Clause 10.1.7, where a Majority of Bondholders is required to file Early Redemption demand in order for it to be effective) shall have the right to demand in writing, during an Early Redemption Period, an early redemption of the Bonds held by such Bondholder ("**Early Redemption**"). In his Early Redemption demand, a Bondholder shall specify the basis for making the demand and the number of Bonds presented for Early Redemption, and shall enclose a deposit certificate issued by the relevant Depository Participant covering the Bonds in respect of which the Early Redemption demand is made and valid until the Early Redemption Date.

10.3 If any of the Events of Default specified in Clause 10.1 occurs, Early Redemption of the Bonds held by the Bondholders who have exercised the right to demand Early Redemption, shall take place on the first Business Day following the lapse of three months from the date on which the Early Redemption demand was made by the Bondholder ("**Early Redemption Date**").

10.4 An Early Redemption shall be effected through the payment of the Early Redemption Amount on the Early Redemption Date.

11 NOTICES

11.1 Any notices and communications from the Issuer to the Bondholders shall be deemed duly delivered after 10 (ten) Business Days from their posting on the Issuer's website.

11.2 Notices to the Issuer should be delivered to the following address:

Plaza Centers N.V

Prins Hendrikkade 48-S

1012 AC Amsterdam,

The Netherlands

Attn.: the Board

12 STATUS OF THE AGENT

The Issuer mandated the Agent to execute certain tasks related to the issue of the Bonds on the terms and conditions set forth in the agreement concluded between the Issuer and the Agent. The Agent's liability towards the Bondholders shall be limited to the respective tasks assigned to the Agent. The Agent shall bear no liability towards the Bondholders for the discharge of the Issuer's obligations under the Bonds. If the agreement between the Issuer and the Agent is terminated, the Issuer shall ensure that the tasks to be

executed by the Agent set forth in the Terms and Conditions shall be executed by another entity authorized to execute such tasks.

13 AMENDMENTS

Amendments to these Terms and Conditions shall require the approval of all the Bondholders, except for amendments which: (i) do not any way affect the rights and obligations of the Issuer and the Bondholders; or (ii) constitute a minor, formal or technical change or a change made in order to correct a manifest error.

14 GOVERNING LAW, JURISDICTION AND LANGUAGE

14.1 Governing Law.

The Bonds are issued in accordance with, and shall be governed by, Polish law.

14.2 Jurisdiction.

Any disputes relating to the Bonds shall be resolved in proceedings before a Polish common court having jurisdiction over the Capital City of Warsaw.

14.3 Language.

This Terms and Conditions has been drawn up in both English and Polish language versions. In case of any discrepancies between the two versions, the English language version shall prevail.

Appendix A:

Annex 6-

Israeli Mutual waiver of Claims (Hebrew version and English translation)

נספח 6

פטור וויתור הדדי על תביעות

נספח זה ייכנס לתוקף באופן מלא, סופי, מוחלט ובלתי חוזר, במועד בו ייכנסו לתוקף התיקונים לשטרי הנאמנות של אגרות חוב (סדרה א') ואגרות חוב (סדרה ב') (להלן: "Amendment Date", "מועד התיקון").

בנספח זה:

"**שטר הנאמנות המקורי לסדרה א'**" – שטר הנאמנות לאגרות חוב (סדרה א'), לפני שתוקן והוחלף במועד התיקון, במסגרת התוכנית.

"**שטר הנאמנות המקורי לסדרה ב'**"- שטר הנאמנות לאגרות חוב (סדרה ב'), לפני שתוקן והוחלף במועד התיקון, במסגרת התוכנית.

"**הקבוצה**" - החברה, בעלי השליטה בחברה במישרין ו/או בעקיפין, וחברות בשליטתה או בהחזקתה של החברה במישרין ו/או בעקיפין.

"**יחידי הקבוצה**" - דירקטורים ונושאי משרה בקבוצה (המכהנים בהווה או שכיהנו בעבר וכהונתם הסתיימה לפני מועד התיקון), עובדי הקבוצה, בעלי מניותיה של הקבוצה, באי כוחה, יועציה וכל מי מטעמה של הקבוצה.

פטור וויתור על תביעות כלפי מחזיקי אגרות החוב (סדרה א' וסדרה ב') והנאמנים

בקשר לאגרות חוב (סדרה א')

בכפוף לכניסתו לתוקף של שטר הנאמנות של אגרות חוב (סדרה א') במועד התיקון, הקבוצה ויחידי הקבוצה (כהגדרתם לעיל), מעניקים בזאת פטור, מלא, סופי, מוחלט ובלתי חוזר כלפי מחזיקי אגרות החוב (סדרה א'), הרמטיק נאמנות (1975) בע"מ (הנאמן למחזיקי אגרות חוב (סדרה א')) ויועציו, דירקטורים ונושאי משרה בהם, עובדיהם, בעלי מניותיהם וכל מי מטעמם, ביחס לכל הטענות, הדרישות והתביעות (ידועות או לא ידועות), בגין ו/או בקשר עם שטר הנאמנות המקורי לסדרה א' ואגרות החוב (סדרה א') שעילתן הינה עובר למועד התיקון, ועל כל טענה, דרישה ו/או תביעה אחרת, ידועה או לא ידועה, שעילתה הינה עובר למועד התיקון וכל זאת למעט: ביחס לטענות, דרישות או תביעות שעילתן מרמה או זדון ו/או עילה אחרת אשר לא ניתן לתת ביחס אליהן פטור על פי דין.

בקשר לאגרות חוב (סדרה ב')

בכפוף לכניסתו לתוקף של שטר הנאמנות של אגרות חוב (סדרה ב') במועד התיקון, הקבוצה ויחידי הקבוצה (כהגדרתם לעיל), מעניקים בזאת פטור, מלא, סופי, מוחלט ובלתי חוזר כלפי מחזיקי אגרות החוב (סדרה ב'), רזניק פז נבו נאמנויות בע"מ (הנאמן למחזיקי אגרות חוב (סדרה ב')) ויועציו, דירקטורים ונושאי משרה בהם, עובדיהם, בעלי מניותיהם וכל מי מטעמם, ביחס לכל הטענות, הדרישות והתביעות (ידועות או לא ידועות), בגין ו/או בקשר עם שטר הנאמנות המקורי לסדרה ב' ואגרות החוב (סדרה ב') שעילתן הינה עובר למועד התיקון, ועל כל טענה, דרישה ו/או

תביעה אחרת, ידועה או לא ידועה, שעילתה הינה עובר למועד התיקון וכל זאת למעט: ביחס לטענות, דרישות או תביעות שעילתן מרמה או זדון ו/או עילה אחרת אשר לא ניתן לתת ביחס אליהן פטור על פי דין.

<u>פטור וויתור על תביעות כלפי הקבוצה ויחידי הקבוצה</u>

<u>אגרות חוב (סדרה א')</u>

בכפוף לכניסתו לתוקף של שטר הנאמנות של אגרות חוב (סדרה א') במועד התיקון, מחזיקי אגרות החוב (סדרה א') ובאי כוחם, והרמטיק נאמנות (1975) בע"מ (הנאמן למחזיקי אגרות חוב (סדרה א')), מעניקים בזה פטור מלא, סופי, מוחלט ובלתי חוזר כלפי הקבוצה וכלפי יחידי הקבוצה (כהגדרתם לעיל), ביחס לכל הטענות, הדרישות והתביעות (ידועות או לא ידועות) בגין ו/או בקשר להתחייבויות החברה כלפי הנאמן ו/או כלפי מחזיקי אגרות החוב (סדרה א') על פי תנאי שטר הנאמנות המקורי לסדרה א' ואגרות החוב (סדרה א') (שעילתן הינה עובר למועד התיקון) ו/או בנוגע להתנהלותה של הקבוצה ו/או יחידי הקבוצה ו/או פעולותיהם עובר למועד התיקון, ובכלל זה ויתור ופטור מלאים בגין זכויות להעמדה לפירעון מיידי שהיו קיימות להם עובר למועד התיקון, וכן ביחס לכל טענה, דרישה ו/או תביעה אחרת, ידועה או לא ידועה, שעילתה הינה עובר למועד התיקון, וכל זאת למעט: ביחס לטענות, דרישות או תביעות שעילתן מרמה או זדון ו/או עילה אחרת אשר לא ניתן לתת ביחס אליהן פטור על פי דין.

<u>אגרות חוב (סדרה ב')</u>

בכפוף לכניסתו לתוקף של שטר הנאמנות של אגרות חוב (סדרה ב') במועד התיקון, מחזיקי אגרות החוב (סדרה ב') ובאי כוחם, רזניק פז נבו נאמנויות בע"מ (הנאמן למחזיקי אגרות חוב (סדרה ב')), מעניקים בזה פטור מלא, סופי, מוחלט ובלתי חוזר כלפי הקבוצה וכלפי יחידי הקבוצה (כהגדרתם לעיל), ביחס לכל הטענות, הדרישות והתביעות (ידועות או לא ידועות) בגין ו/או בקשר להתחייבויות החברה כלפי הנאמן ו/או כלפי מחזיקי אגרות החוב (סדרה ב') על פי תנאי שטר הנאמנות המקורי לסדרה ב' ואגרות החוב (סדרה ב') (שעילתן הינה עובר למועד התיקון) ו/או בנוגע להתנהלותה של הקבוצה ו/או יחידי הקבוצה ו/או פעולותיהם עובר למועד התיקון, ובכלל זה ויתור ופטור מלאים בגין זכויות להעמדה לפירעון מיידי שהיו קיימות להם עובר למועד התיקון, וכן ביחס לכל טענה, דרישה ו/או תביעה אחרת, ידועה או לא ידועה, שעילתה הינה עובר למועד התיקון, וכל זאת למעט: ביחס לטענות, דרישות או תביעות שעילתן מרמה או זדון ו/או עילה אחרת אשר לא ניתן לתת ביחס אליהן פטור על פי דין.

למען הסר ספק מובהר, כי אין באמור לעיל בכדי לגרוע מזכויות הביטוח והשיפוי של הדירקטורים ויתר נושאי המשרה כלפי הקבוצה, ככל שקיימות.

על אף האמור לעיל, בכל מקרה בו מי מנותני הפטור כאמור בנספח זה לעיל ייתבע ("**הנתבע**") על ידי גורם כלשהו ("**התובע**") בעילה כלשהי, לרבות העילות הכלולות במסגרת הפטור והוויתור כאמור בנספח זה, אזי הנתבע לא יהיה מנוע מלהגיש תביעה שכנגד כלפי התובע ו/או לשלוח הודעות צד ג' כנגד גורם כלשהו לרבות כלפי מי ממקבלי הפטור כאמור בנספח זה לעיל ("**הצד השלישי**"), וזאת מבלי לפגוע באופן כלשהו בזכויות הצד השלישי מכוח הויתור כלפי התובע.

Annex 6

Mutual Waiver of Claims

This Annex shall enter into effect fully, finally, absolutely and irrevocably on the Amendment Date.

In this Annex :

"**Original Series A Trust Deed**" – the Series A Trust Deed before being amended and restated on the Amendment Date, within the framework of the Plan**.**

"**Original Series B Trust Deed**" – the Series B Trust Deed before being amended and restated on the Amendment Date, within the framework of the Plan**.**

"**Group**" – the Company, the Company's direct and indirect controlling shareholders and companies controlled or held directly or indirectly by the Company.

"Members of the Group" - the directors and officers in the Group (currently serving or which served in the past and their office ended prior to the Amendment Date), the employees of the Group, the shareholders of the Group, its agents and counsels and anyone on behalf of the Group.

Waiver towards the Series A and Series B Noteholders and the Trustees

Re Series A Notes

Subject to the Series A Trust Deed entering into effect on the Amendment Date, the Group and the Members of the Group (as both terms defined above), hereby grant a full, final, absolute and irrevocable waiver towards the Series A Noteholders, Hermetic Trust (1975) Ltd. (the Series A Trustee) and its consultants, directors and officers therein, their employees, shareholders and anyone on their behalf, in relation to all of the claims, suits and demands (known or unknown), for and/or in connection with the Original Series A Trust Deed and the Series A Notes, the grounds of which are prior to the Amendment Date, and any other claim, suits and demand, known or unknown, the grounds of which are prior to the Amendment Date, and all of the above shall exclude claims, suits or demands for which the grounds are fraud or malice and/or other grounds for which a waiver is not allowed by law.

Re Series B Notes

Subject to the Series B Trust Deed entering into effect on the Amendment Date, the Group and the Members of the Group (as both terms defined above), hereby grant a

full, final, absolute and irrevocable waiver towards the Series B Noteholders, Reznik Paz Nevo Trust Ltd. (the Series B Trustee) and its consultants, directors and officers therein, their employees, shareholders and anyone on their behalf, in relation to all of the claims, suits and demands (known or unknown), for and/or in connection with the Original Series B Trust Deed and the Series B Notes, the grounds of which are prior to the Amendment Date, and any other claim, suits and demand, known or unknown, the grounds of which are prior to the Amendment Date, and all of the above shall exclude claims, suits or demands for which the grounds are fraud or malice and/or other grounds for which a waiver is not allowed by law.

Waiver towards the Group and Members of the Group

Series A Notes

Subject to the Series A Trust Deed entering into effect on the Amendment Date, the Series A Noteholders and their agents, and Hermetic Trust (1975) Ltd. (the Series A Trustee), hereby grant a full, final, absolute and irrevocable waiver towards the Group and towards the Members of the Group (as both terms defined above), in relation to all claims, suits and demands (known or unknown) for and/or in connection with the undertakings of the Company towards the Series A Trustee and/or towards the Series A Noteholders according to the terms of the Original Series A Trust Deed and the Series A Notes (regarding which the grounds are prior to the Amendment Date) and/or with respect to the conduct of the Group and/or the Members of the Group and/or their actions prior to the Amendment Date, and this shall include full waivers for the rights to call for immediate repayment of the Series A Notes which exist prior to the Amendment Date, and in relation to any other claim, suits or demand, known or unknown, regarding which the grounds are prior to the Amendment Date, and all of the above shall exclude claims, suits or demands for which the grounds are fraud or malice and/or other grounds for which a waiver is not allowed by law.

Series B Notes

Subject to the Series B Trust Deed entering into effect on the Amendment Date, the Series B Noteholders and their agents, and Reznik Paz Nevo Trust Ltd. (the Series B Trustee), hereby grant a full, final, absolute and irrevocable waiver towards the Group and towards the Members of the Group (as both terms defined above), in relation to all claims, suits and demands (known or unknown) for and/or in connection with the undertakings of the Company towards the Series B Trustee and/or towards the Series B Noteholders according to the terms of the Original Series B Trust Deed and the

Series B Notes (regarding which the grounds are prior to the Amendment Date) and/or with respect to the conduct of the Group and/or the Members of the Group and/or their actions prior to the Amendment Date, and this shall include full waivers for the rights to call for immediate repayment of the Series B Notes which exist prior to the Amendment Date, and in relation to any other claim, suits or demand, known or unknown, regarding which the grounds are prior to the Amendment Date, and all of the above shall exclude claims, suits or demands for which the grounds are fraud or malice and/or other grounds for which a waiver is not allowed by law.

For the avoidance of doubt, it is clarified that the above shall not derogate from the insurance and indemnification rights of the directors and the officers towards the Group, as applicable.

Notwithstanding the aforementioned, in the event a lawsuit or a claim is filed by any party ("**Plaintiff**") against any grantor of the waiver herein ("**Defendant**"), with respect to any grounds whatsoever, including grounds included in this Mutual Waiver of Claims, then the Defendant shall be not be prevented from filing a cross claim against the Plaintiff and/or to deliver a third party notice, against any party, including against any of the grantees under this Mutual Waiver of Claims ("**Third Party**"), provided, this will not derogate in any way from the Third Party's rights by virtue of this Waiver of Claims vis-à-vis the Plaintiff.

Appendix B:

Baker Tilly Report

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

Plaza Centers N.V.
Attn. the Board of Directors
Prins Hendrikkade 48-s
1012 AC Amsterdam
The Netherlands

25 May, 2014

Re: Plaza Centers N.V.

Dear Sirs,

Re: Prospectus of the Company with regard to the Company's debt restructuring to be published in Israel, dated May 27, 2014

We hereby consent to the inclusion in the Prospectus, to be dated on May 27,2014 and proposed to be published in respect of Plaza Centers N.V. (the "Prospectus"), of our report dated April 30, 2014 (the "Report"), its findings and our name in the form and the context in which they are included, as shown in the attached proof of the Prospectus which we have signed for identification, and to the Report being put on public display in accordance with Annex I Item 24 of Commission regulation (EC) No. 809/2004 (the "Prospectus Directive").

For the pruposes of Prospectus Rule 5.5.3(R)(2)(f), we are responsible for our Report and we will accept responsibility for the information contained in our Report and confirm to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information in our Report is in accordance with the facts andcontains no omissions likley to affect its import.

Yours faithfully,

Horowitz Idan Sabo Tevet & Cohen Tabach

Certified Public Accountants (Isr.)

בנין רוגובין תדהר
רחוב מנחם בגין 11
רמת גן 52681
טלפון 03-5665006
פקס 074-7144150
info@bakertilly.co.il
www.bakertilly.co.il

חוות דעת כלכלית

פלאזה סנטרס

סלע קולקר
בייקר טילי פיננסים

אפריל 2014

Baker Tilly הינו שמה המסחרי של הורוביץ עידן סבו טבת & כהן טבח.
הפירמה הינה פירמה עצמאית ברשת ראיית החשבון Baker Tilly International

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פרק 1: תקציר מנהלים

1.1 רקע

חברת Plaza Centers NV (להלן: "**פלאזה**" או "**החברה**"), מתמחה בייזום, שיווק, ניהול, איכלוס ומכירה של קניונים, ופועלת בשוק פיתוח הנדל"ן, בעיקר קניונים, במדינות מתפתחות מזה 18 שנה. עד שנת 2013 החברה השלימה ייזום, הקמה ואיכלוס של 33 מרכזי קניות ומכירה של 26 מרכזי קניות בהונגריה, פולין וצ'כיה, בשווי ברוטו של למעלה ממיליארד יורו, תוך שהיא שומרת על שיעורי רווחיות גבוהים. בשנים 2007-2011 גייסה כ-370 מיליוני יורו באמצעות הנפקת שתי סדרות של אגרות חוב בבורסה בתל אביב, ועוד 14 מיליוני יורו באמצעות אגרות חוב בוורשה. לאחר עשור של פעילות מוצלחת בו החברה מימשה נכסים רבים ברווח, הגיע משבר שנת 2008 ויחד איתו ירידה משמעותית בערכם של נכסי הנדל"ן בכל מזרח אירופה, ובכללם נכסי החברה.

נכון לחודש נובמבר 2013 קופת המזומנים של החברה עמדה על כ-23 מיליוני יורו בלבד, והיא היתה אמורה לשלם עד סוף שנת 2013 כ-32 מיליוני יורו לבעלי אגרות החוב, וכ-67 מיליוני יורו נוספים במחצית הראשונה של שנת 2014. על רקע זאת, הודיעה החברה ביום 14 בנובמבר 2013 על הקפאת התשלומים לכל הנושים, וכניסה להליך מו"מ עם הנושים בכדי להגיע למתווה הסדר מוסכם.

הצעתה המקורית של החברה להסדר חוב מחודש נובמבר 2013 כללה בין השאר הזרמת הון בעלים בסך של כ-20 מיליוני יורו, דחייה של כל סדרות האג"ח ב-3 שנים, מתן פיצוי לבעלי אגרות החוב באמצעות תוספת לריבית השנתית בשיעור של 1.5%, ופיצוי נוסף לבעלי אגרות החוב באמצעות הענקת אופציות. בחודש נובמבר 2013 הגיש הח"מ חוות דעת כלכלית (להלן: "**חוות דעת נובמבר**") הסוקרת את מצבה הכלכלי של החברה, את ההצעה להסדר חוב ואת תוכנית מימושי הנכסים של החברה. כמו כן, כללה חוות הדעת, אומדן השווי הכלכלי של התמורה לבעלי אגרות החוב על פי ההסדר המוצע, והתייחסות לשווי המניות של פלאזה סנטרס על פי חלופת הפירוק.

במהלך התקופה שחלפה מחודש נובמבר 2013 ועד חודש אפריל 2014 התנהל משא ומתן בין החברה ובין הנושים במטרה להגיע למתווה מוסכם להסדר חוב, על בסיס הצעתה המקורית של החברה מחודש נובמבר. בחודש אפריל 2014 הגיעה החברה להבנות עם הנאמנים של בעלי אגרות החוב הישראליות, ובעקבות כך הציגה הצעה משופרת להסדר חוב. השיפורים העיקריים כוללים הענקת 13.5% ממניות החברה (לאחר הנפקת הזכויות), חלף ההצעה הקודמת להענקת אופציות, הקדמה של חלק מתשלומי הריבית, ומנגנוני הגנה נוספים, כמפורט בפרק 4 לחוות דעת זו.

בתקופה שחלפה, חלו גם מספר שינויים במצבת נכסי החברה. לגבי חלק מהנכסים חלו שינויים בהערכות החברה לגבי יכולתה לממש אותם ולגבי השווי הצפוי במימוש. חוות דעת זו סוקרת את התוכנית העדכנית של החברה למימוש 22 מתוך 29 נכסיה עד לשנת 2018, בהיקף של כ-450 מיליוני יורו, ותוכנית להעברה של 75% מתמורת המימושים נטו, לבעלי אגרות החוב על חשבון הקטנת יתרת הקרן.

1.2 אגרות החוב החדשות

על פי ההסדר המוצע, כל תשלומי הקרן של שלוש הסדרות הצפויים ב-3 השנים הקרובות יידחו ב-3 שנים, מיום אישור ההסדר, באופן פרופורציוני, להלן: "החוב הנדחה". החוב הנדחה מסתכם בכ-181.4 מילוני יורו. שני התשלומים האחרונים של אג"ח מסדרה א' לא ידחו, וישולמו במועדם המקורי, בחודשים דצמבר 2016 ודצמבר 2017. החוב שאינו נדחה מסתכם בכ-25 מיליוני יורו. במהלך התקופה, בכל פעם שחברה תממש נכס, 75% מתזרים המימוש נטו, יועבר לבעלי אגרות החוב על חשבון הקטנת יתרת הקרן. במידה שהחברה תפרע לבעלי אגרות החוב, בתוך שנתיים מאישור ההסדר, מעל ל-50% מהחוב הנדחה, קרי מעל ל-90 מיליוני יורו, מועדי התשלומים שיוותרו, ידחו בשנה אחת נוספת. כדי לעמוד בתנאי זה על החברה לממש נכסים בסך של 120 מיליוני יורו (תמורה נטו) בתוך שנתיים. לכל הסדרות תתוסף ריבית שנתית בשיעור של 1.5%. על פי ההסדר המוצע, החברה תשלם לבעלי אגרות החוב סך של כ-**245** מילוני יורו, מהם כ-**201** מיליוני יורו בגין קרן, וכ-**44** מיליוני יורו בגין ריבית.

לוח סילוקין חדש - מצרפי של כל הסדרות, על פי הצעת ההסדר ותוכנית המימושים

מיליוני יורו

	2H-13	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18
יתרת פתיחה	201.3	**206.6**	206.6	184.4	175.5	126.9	97.1	85.9	63.8	8.2
תשלום ריבית		**10.5**	3.5	6.2	5.9	4.2	3.2	2.8	2.1	0.2
תשלומים ממימושים ע"ח הקרן		0.0	22.2	8.9	48.6	29.8	11.2	22.0	43.0	8.2
יתרת ביניים		206.6	184.4	175.5	126.9	97.1	85.9	63.8	20.8	0.0
תשלומים מקוריים									**12.6**	
יתרת סגירה	206.6	206.6	184.4	175.5	126.9	97.1	85.9	63.8	8.2	0.0
סה"כ תשלומי קרן			**22.2**	**8.9**	**48.6**	**29.8**	**11.2**	**22.0**	**55.6**	**8.2**
סה"כ תשלומי קרן וריבית	0.0	10.5	25.7	15.1	54.5	34.0	14.5	24.9	57.7	8.4

1.3 סקירת התזרים הצפוי

בחוות דעת זו התבססתי על תחזית תזרים המזומנים של פלאזה לשנים 2014 עד 2018, אשר הוכנה על ידי הנהלת החברה, תוך ביצוע התאמות. על פי תחזית זו, יתרת המזומנים בסוף שנת 2017 תהיה כ-61 מילוני יורו, ובסוף שנת 2018 תעמוד על כ-150 מיליוני יורו.

סיכום תזרים מזומנים צפוי 2014 - 2018

מיליוני יורו

	2Q-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18
יתרת פתיחה	36.3	23.2	46.7	29.5	31.1	38.6	35.2	39.7	61.0	149.5
הכנסות משכירות	6.5	8.9	8.1	8.8	6.1	7.4	10.6	10.9	4.7	5.1
מימושים		39.5	11.9	64.8	45.9	15.0	29.4	76.0	95.9	0.0
הנפקת זכויות		20.0					0.0	0.0	0.0	0.0
הכנסות מימון	0.2	0.3	0.4	0.3	0.3	0.4	0.4	0.5	1.0	1.5
סה"כ מקורות	6.7	68.8	20.3	73.9	52.4	22.7	40.3	87.5	101.7	6.6
תשלומים לבנקים	4.6	6.1	5.5	10.4	8.1	8.5	8.0	5.8	1.3	1.3
תשלומים לבעלי אגרות החוב	10.3	25.1	14.8	53.4	33.3	14.2	24.3	56.8	8.4	0.0
הנהלה וכלליות	1.8	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
השקעות חדשות	3.2	10.6	13.7	5.1	0.0	0.0	0.0	0.0	0.0	0.0
סה"כ שימושים	19.8	45.3	37.5	72.3	44.9	26.1	35.8	66.2	13.2	4.8
יתרת סגירה	**23.2**	**46.7**	**29.5**	**31.1**	**38.6**	**35.2**	**39.7**	**61.0**	**149.5**	**151.3**

1.4 שווי על פי חלופת ההסדר

השווי על פי חלופת ההסדר מורכב מהשווי של אגרות החוב החדשות והשווי של חבילת המניות. השווי הכלכלי המהוון של אגרות החוב החדשות תחת הנחת שיעור היוון של 20% והנחת תוכנית המימושים של החברה, מסתכם לכ-170 מיליוני יורו.

החברה נסחרת לפי שווי של כ-40 מיליוני יורו. השווי הצפוי לאחר הזרמת הכספים כתוצאה מהנפקת הזכויות הינו כ- 60 מיליוני יורו. שווי החבילה בשיעור 13.5% ממניות החברה נאמד בכ-8 מיליוני יורו. **שיעור ההחזר הנומינאלי לבעלי אגרות החוב הינו 123%. בערכים מהוונים בשיעור של 20% שיעור ההחזר לבעלי אגרות החוב על פי ההסדר המוצע הינו כ- 86%**

שווי החבילה ושיעור ההחזר (Recovery)

מיליוני יורו

	ערכים נומינאליים	ערכים מהוונים בשיעור של 20%
שווי של סדרות האג"ח החדשות	245.4	169.7
שווי של חבילת המניות	8.1	8.1
סה"כ שווי חבילה	253.5	177.8
חוב נומיאלי כולל ריבית צבורה לסוף 2013	206.6	206.6
שיעור החזר	**123%**	**86%**

1.5 שווי על פי חלופת הפירוק

תחת הנחת הפירוק, הנכסים ימומשו על פי שווים במימוש מהיר. הערכות הנכסים במימוש מהיר התקבלו מהשמאי JLL ליום 13 בנובמבר 2013. מסכום זה יש לנכות את הוצאות הפירוק בשיעור של כ-6% משווי הנכסים, את החוב החיצוני של החברה והתחייבויות נוספות כגון התחייבויות בגין סיום יחסי עובד מעביד. הונח, בהתאם להערכות השווי של JLL כי הנכסים ימומשו בתוך 6 חודשים. לחישוב הערך הנוכחי של שווי הנכסים במימוש מהיר נעשה היוון ל-6 חודשים שימוש בשיעור היוון של 20%.

אולם, תחזית זו מבוססת בין השאר על מימוש של פרויקט קאסה רדיו בתוך 6 חודשים במחיר מימוש מהיר של כ-80 מיליוני יורו. להערכתי, ועל סמך מידע שהתקבל מהנהלת החברה, ההיתכנות של מימוש נכס מסוג זה שבו השותף המרכזי הוא ממשלת רומניה, בתוך שישה חודשים איננה גבוהה. הואיל ומדובר בפרויקט בסדר גדול של מאות מיליוני יורו, הכולל קרקע בחכירה, והמעוגן בהסכם שותפות עם הממשלה PPP (Public private partnership) ובשל העובדה כי בשנים האחרונות לא בוצעו ברומניה עסקאות לרכישת קרקע בסכומים אדירים בסדר גודל כזה, ההנחה שאפשר יהיה לממש את הפרויקט תמורת 80 מיליוני יורו בתוך 6 חודשים נראית בלתי סבירה. בהתאם לכך בוצעה הפחתה נוספת של 30 מיליוני יורו בשווי נכסי החברה. **סך כל שווי נכסי החברה על פי חלופת הפירוק מסתכם בכ-127 מיליוני יורו, המהווים שיעור החזר של 62% לבעלי אגרות החוב.**

שיעור ההחזר על פי חלופת הפירוק

מיליוני יורו

מזומן (י. פתיחה)	36
מימושים	152
הוצאות פירוק משוערות בשיעור 6% מהנכסים	-24
הנהלה וכלליות למשך שנה	-7
הפחתה נוספת בגין קאסה רדיו	-30
סה"כ	127
חוב נומינאלי כולל ריבית צבורה לסוף 2013	206.6
שיעור החזר (Recovery Rate)	**62%**

פרק 2: תאור החברה

2.1 כללי

חברת **Plaza Centers NV** מתמחה בייזום, שיווק, ניהול, איכלוס ומכירה של קניונים, ופועלת בשוק פיתוח הנדל"ן, בעיקר קניונים, במדינות מתפתחות מזה 18 שנה. החברה מאוגדת בהולנד ומניותיה הרגילות רשומות למסחר בבורסת לונדון (LSE) ובבורסת וורשה (WSE), ומוחזקת בשיעור של כ-62.5% על ידי אלביט הדמיה. פלאזה מחזיקה בכ-29 נכסי נדל"ן, רובם במזרח אירופה, וכן בהודו.

2.1.1 נכסים

בשנים האחרונות יזמה החברה שני פרויקטים בתחום המגורים בהודו, בערים צ'נאי (Chennai) ובנגלור (Bangalore) בשיתוף עם חברת האם אלביט הדמיה. בנוסף החברה מחזיקה במספר רב של קרקעות במזרח אירופה, ובשני מבני משרדים. בידי החברה 29 נכסי נדל"ן מארבעה סוגים:

1. **קניונים** – 7 קניונים פעילים, מהם 6 במזרח אירופה.
2. **נכסים בפיתוח** - 6 פרויקטים בפיתוח, בעיקר במזרח אירופה.
3. **עתודת קרקעות** - 14 קרקעות המיועדות לפיתוח או למכירה.
4. **נכסים אחרים** - 2 משרדים ורכוש אחר

השווי ההוגן של כל הנכסים ברוטו מוערך בכ-602 מיליוני יורו. שבעת הקניונים הפעילים, מוערכים בשווי של כ-301 מיליוני יורו, ממומנים במערכת הבנקאית ביחס LTV של כ-67%. רב הנכסים האחרים הם פרויקטים לפיתוח וקרקעות שנרכשו בהון עצמי, ללא מינוף. נכסי החברה מהווים בטוחה לחוב בנקאי בסכום כולל של כ-210 מיליוני יורו. רב רובם של החובות הם חובות ללא זכות חזרה (non-recourse). יחד עם זאת בחלק מהמקרים, לבנקים יש ערבות של פלאזה. הסך המצטבר של ההלוואות שבגינם יש ריקורס לפלאזה לא יעלה על 47 מיליוני יורו, הכל כמפורט בפרק 3.2.2 לחוות דעת זו. ברב המקרים האלה, שווי הנכס העומד כבטוחה גבוה משווי ההלוואה, כך שהחשיפה נטו של פלאזה לחובות בנקאיים לרבות ערבויות אלה נאמדת בכ-10 מיליוני יורו.

השווי ההוגן של נכסי החברה, בניכוי סך ההתחייבות לבנקים המגובים בנכסים כבטוחה מוערכים בכ-391 מיליוני יורו. תחת הנחות מימוש מהיר, שווי נכסי החברה ברוטו מוערך בכ-394 מיליוני יורו, שווי הנכסים במימוש מהיר בניכוי התחייבויות לבנקים נאמד בכ-184 מיליוני יורו.

הערכת שווי נכסי החברה, בשווי הוגן ובמימוש מהיר

מיליוני יורו

	שווי כלכלי	שווי במימוש מהיר
שווי נכסים ברוטו	601.5	393.7
חוב ספציפי בגין הנכסים	210.1	210.1
עודף שווי	**391.4**	**183.6**

2.1.2 יתרת חוב לבעלי אגרות החוב

לחברה חוב לבעלי אגרות חוב. עד היום החברה הנפיקה 3 סדרות של אגרות חוב, שתי סדרות הנסחרות בבורסה לני"ע בתל אביב, ואחת בפולין, אשר נכון ליוני 2013, יתרת החוב בגינן היתה כ-61.6, 125.4 ו-14.3 מיליוני יורו בהתאמה במונחי ערך נקוב (מותאם למדד המחירים לצרכן) [1].

יתרת הקרן הבלתי מסולקת מסתכמת בכ-201.3 מ' יורו, וסך כל החוב מסתכם בכ-206.6 מיליוני יורו חיום 31 בדצמבר 2013, כולל ריבית שנצברת עד לסוף שנת 2013, וטרם שולמה. החוב נטו של החברה לבעלי אגרות החוב מסתכם בכ-202.6 מיליוני יורו, סכום זה הינו לאחר ניכוי של כ-4 מיליוני יורו (במונחי פארי) שנרכשו על ידי החברה ונמצאות באוצר החברה.

יתרת החוב לבעלי אגרות החוב

מיליוני יורו

	יתרת פתיחה ליום 30/6/13	כולל ריבית צבורה ליום 31/12/13	בניכוי יחידות המוחזקת באוצר
אגח א'	61.6	63.0	63.0
אגח ב'	125.4	128.8	124.8
אגח פולני	14.3	14.8	14.8
סה"כ	**201.3**	**206.6**	**202.6**

[1] שערי החליפין שנלקחו בחשבון הם 4.8 שקל ליורו ו- 4.1888 זלוטי ליורו, לאורך כל חוות הדעת

2.2 הרקע למצוקה התזרימית

2.2.1 השנים הראשונות

מאז הקמתה בשנת 1996, פלאזה התמחתה ביזום והקמת מרכזי קניות ובידור במזרח אירופה ובעיקר בהונגריה. פלאזה זיהתה את הביקוש העולה למרכזי קניות מודרניים במדינות מזרח אירופה, ונקטה באסטרטגיה של ייזום, בנייה, ניהול ומכירה ברווח גבוה לקרנות נדל"ן בינלאומיות. לאור ההצלחה הגדולה בהונגריה, החברה החלה להקים מרכזים גם בפולין ומדינות נוספות במזרח אירופה. עד שנת 2013 החברה השלימה ייזום, הקמה, ניהול ואיכלוס של 33 מרכזי קניות ומכירה של 26 מרכזי קניות בהונגריה, פולין וצ'כיה, בשווי ברוטו (Gross asset Value) של למעלה ממיליארד יורו, תוך שהיא שומרת על שיעורי רווחיות גבוהים. בכך הפכה פלאזה לחברה המובילה בתחום הקמת מרכזי הקניות במזרח אירופה. המתחרים שלה בתחום הם: ECE הגרמנית, Tri Granit ההונגרית ו- GTC מקבוצת קרדן הישראלית. שלושת המתחרים יחד בנו פחות מ- 32 המרכזים שבנתה פלאזה על פני אותה התקופה במרכז ומזרח אירופה.

2.2.2 הנפקות לציבור

בשנת 2006 החברה הפכה לציבורית לאחר שהנפיקה את מניותיה בבורסה הראשית בלונדון, וגייסה כ-247 מיליון יורו. בשנת 2007 רשמה החברה את מניותיה גם בבורסה בוורשה (WSE) וכן, החל משנה זו החברה גייסה כ-370 מיליוני יורו (כ-1.8 מיליארד ₪) באמצעות הנפקת שתי סדרות של אגרות חוב בבורסה בתל אביב, ועוד כ-14 מיליוני יורו (60 מיליון זלוטי) באמצעות אגרות חוב בוורשה.

2.2.3 ארנה פלאזה

בין ההצלחות הגדולות של פלאזה, בולט פרוייקט ה"ארנה פלאזה". פלאזה הקימה בתוך פחות משנתיים, בהשקעה של כ-162 מיליוני יורו, את הקניון הגדול בהונגריה, ובו מעל 200 חנויות ו-2,800 מקומות חנייה. הקניון נמכר לקבוצת ההשקעה הבריטית aAIM בתמורה לכ- 387 מיליון יורו, מכירה שייצרה רווח של כ- 225 מיליון יורו (מעל מיליארד ₪).

2.2.4 קאסה רדיו

החברה ניצלה עודף תזרימי המזומנים לרכישה של קרקעות נוספות במטרה להקים מרכזי קניות, במדינות נוספות במזרח אירופה ובעיקר ברומניה, לרבות נכס מרכזי אחד – קאסה רדיו. פלאזה מחזיקה ב-75% מהפרויקט ביחד עם ממשלת רומניה (15%) ושותף טורקי. החברה מתכננת לפתח את הפרויקט בשלבים: בשלב הראשון הקמת קניון, ובשלבים הבאים הקמת בנייני משרדים ובית מלון. החברה רכשה את המבנה בכ-30 מיליון יורו, ובסך הכל השקיעה בו עד היום כ-115 מיליוני יורו. מדובר בפרויקט בעל רמת סיכון גבוהה שמשך הבנייה שלו מוערך בחמש וחצי שנים. יחד עם זאת, להערכת פלאזה, השילוב של נכס במיקום כל כך מרכזי והשותפות עם ממשלת רומניה, משפרים את הסיכויים להוציא את התוכניות אל הפועל.

2.2.5 הודו

בשנת 2007 החברה נכנסה להשקעה מאסיבית בהודו – טריטוריה שלא היתה מוכרת לה, בכוונה להקים מרכזי קניות מסחריים בדומה לפעילותה במזרח אירופה, ובנוסף בכוונה להכנס לתחום פעילות חדש, שאינו מוכר לה – פרויקטים למגורים. פעילות זו מומנה בין השאר מתמורת אגרות החוב שהונפקו. חלק מהפרויקטים בהודו התבצעו ביחד עם חברת האם "אלביט הדמיה" ובשותפות של 20% עד 50% עם גוף מקומי כאשר הפרויקטים שאינם למגורים בוצעו ללא חברת האם.

2.2.6 משבר 2008

לאחר עשור של פעילות מוצלחת בו החברה מימשה נכסים רבים ברווח, הגיע משבר שנת 2008 ויחד איתו ירידה משמעותית בערכם של נכסי הנדל"ן בכל מזרח אירופה, ובכללם נכסי החברה. באופן יחסי לחברות אחרות העוסקות ביזום ופיתוח נדל"ן במזרח אירופה, פלאזה היתה ערוכה למשבר. החברה מכרה את כל הקניונים שהיו ברשותה לפני המשבר, והחלה לבנות קניונים חדשים לאחר שנת 2008 בקצב נמוך בהרבה ותוך שימת דגש על יעדים שבהם הכלכלה נפגעה בצורה מתונה יותר במשבר.

2.2.7 השנים האחרונות

בשנים 2009 עד 2012 הקימה החברה בסך הכל 7 קניונים, 3 בפולין, 3 נוספים במזרח אירופה (סרביה, לטביה וצ'כיה) ו-1 בהודו. בסך הכל מדובר בקצב הקמה נמוך לעומת העבר, של פחות מ-2 קניונים בשנה. ההשקעות בהודו וברומניה, ערב המשבר, הסבו לחברה הפסדים כבדים, והכניסו אותה למצוקה תזרימית, אולם בשל העובדה שרב הקרקעות במזרח אירופה נרכשו ללא מינוף כלל, רמת המינוף הכוללת של החברה נשארה סבירה, ביחס לחברות אחרות בענף.

נכון לנובמבר 2013 החברה עמדה בכל התחייבויותיה ואף הצליחה לפרוע לבעלי האג"ח סך של כ-1.1 מיליארדי ₪ (סדר גודל של כ-230 מיליוני יורו על פי השער היום). החל משנת 2013 החברה מיישמת תוכנית מימושים שנועדה לשרת את תשלום חובותיה. עד כה החברה השלימה בהצלחה מימוש של 6 נכסים, וגבתה את שאריות תקבולי עסקת ארה"ב מ-2012 בשווי מצטבר של כ-43 מיליוני יורו.

2.2.8 קורגאון פארק

מימוש של נכס מהותי – מרכז קניות בקרוגאון פארק, בעיר פונה שבהודו, התעכב לעומת תוכנית המימושים המקורית. שריפה שפרצה בקניון בשנת 2012, מספר חודשים לאחר מועד פתיחתו, הרסה כשליש מהקניון והשביתה אותו לתקופה ארוכה. מכירת הקניון היתה אמורה להניב תזרים חיובי של עשרות מיליוני יורו בשנת 2013. החברה אמנם שיפצה את הקניון, ואף קיבלה השבה של כ-7 מיליוני יורו מחברת הביטוח, אולם עדין ההשקעה בקורגאון פארק הסבה לחברה הפסד ניכר.

ביום 14 בנובמבר 2013 פרסמה החברה הודעה לפיה החברה חתמה חוזה למכירתו של מרכז הקניות בקורגאון פארק, בתמורה לכ-40.5 מיליוני יורו. הקונה אף העביר לחברה מקדמה בסך של כ-2.4 מיליוני יורו, אולם נכון לחודש אפריל 2014 העסקה טרם הושלמה, ויש להטיל ספק ביכולת החברה להשלים את העסקה כמתוכנן. במידה והעסקה תושלם, לחברה צפוי תזרים נטו של כ-16 מיליוני יורו, לאחר החזר החוב לבנק שעומד על כ-21.4 מיליוני יורו. מתוך סכום זה, צפויים לזרום כ-10 מיליוני יורו עד סוף שנת 2014, והיתרה בתוך כשנתיים. במידה והעסקה תסוכל, תאלץ החברה למצוא רוכש אחר. בינתיים החזקת הנכס במצבו הנוכחי, כאשר הוא אינו מושכר, מסב לחברה הפסד תפעולי חודשי (לפני הוצאות מימון) של כ- 120 אלפי יורו.

2.3 התגבשות ההסדר המוצע

2.3.1 חדלות פירעון

נכון לחודש נובמבר 2013 קופת המזומנים של החברה עמדה על כ-23 מיליוני יורו בלבד, בעוד שהיא היתה אמורה לשלם כ-32 מיליוני יורו לבעלי אגרות החוב עד סוף שנת 2013, ועוד כ-67 מיליוני יורו במחצית הראשונה של שנת 2014. אמנם, בידי החברה נכסים בשווי הוגן נטו המוערך בכ-400 מיליוני יורו, אך לא ניתן היה לממש אותם בלוח זמנים שישרת את החוב. בנוסף, מימוש מהיר של הנכסים, היא גורר פרמיה שלילית המוערכת בכ-40%, ומסב נזק לחברה, ובעקיפין גם לבעלי אגרות החוב. על כן, ביום 14 בנובמבר 2013 הודיעה החברה, על הקפאת התשלומים לכל הנושים, וכניסה להליך מו"מ עם הנושים להגיע למתווה הסדר מוסכם.

2.3.2 הצעה ראשונה להסדר חוב

בחודש נובמבר 2013 החברה הציגה תוכנית הבראה, והצעה להסדר חובות. הצעתה המקורית של החברה כללה בין השאר הזרמת הון בעלים בסך של כ-20 מיליוני יורו, דחייה של כל סדרות האג"ח ב-3 שנים, מתן פיצוי לבעלי אגרות החוב בתוספת לריבית השנתית בשיעור של 1.5%, ופיצוי נוסף לבעלי אגרות החוב באמצעות הענקת אופציות. בחודש נובמבר 2013 הגיש הח"מ חוות דעת כלכלית (להלן: "**חוות דעת נובמבר**") הסוקרת מצבה הכלכלי של החברה, את ההצעה להסדר חוב ואת תוכנית מימושי הנכסים של החברה. כמו כן כללה חוות הדעת אומדן השווי הכלכלי של התמורה לבעלי אגרות החוב על פי ההסדר המוצע, והתייחסות לשווי המניות של פלאזה סנטרס על פי חלופת הפירוק.

2.3.3 הצעה משופרת

במהלך התקופה שחלפה מחודש נובמבר 2013 ועד חודש אפריל 2014 התנהל משא ומתן בין החברה ובין הנושים במטרה להגיע למתווה מוסכם להסדר חוב, על בסיס הצעתה המקורית של החברה מחודש נובמבר. בחודש אפריל 2014 הגיעה החברה להסכמות עקרוניות אודות פרטי ההסדר המוצע, עם נאמני אגרות החוב הישראליות, ואשר כפופות לאישור הנושים בהצבעה. על בהתאם להבנות אלו, החברה הציגה הצעה משופרת להסדר חוב. השיפורים העיקריים כוללים פיצוי מורחב בהון מניות בהיקף של 13.5%, חלף ההצעה הקודמת לפיצוי באופציות, הקדמה של חלק מתשלומי הריבית, הגבלות על מימוש או פיתוח נכסי נדל"ן, ומנגנוני הגנה נוספים, כמפורט בפרק 4 לחוות דעת זו.

2.4 מטרת חוות דעת זו

מטרות חוות דעת זו הן:

1. לסקור את המתווה אותו מציעה החברה לפריסת חובותיה, ולהעריך את סבירותו.
2. לאמוד את השווי הכלכלי של חבילת אגרות החוב החדשות, והמכשירים ההוניים שינתנו על פי ההסדר המוצע על ידי החברה, למחזיקי אגרות החוב חלף אגרות החוב הקיימות היום, ואת שיעור ההחזר (Recovery Rate)
3. לאמוד את שיעור ההחזר לבעלי אגרות החוב על פי חלופת הפירוק.

2.5 מקורות מידע

מקורות המידע ששימשו אותי לטובת מתן חוות הדעת כללו, בין השאר:

1. סדרת פגישות ושיחות עם הנהלת החברה במטה החברה באירופה ובהם מנכ"ל החברה וסמנכ"ל הכספים, אנליסטים וכלכלנים בפלאזה.
2. ביקור במטה החברה לטובת בחינה פרטנית של נכסי החברה.
3. הערכות שווי של שמאי המקרקעין Cushman & Wakefield [2] (להלן: "**קושמן**") העריך את רב נכסי החברה ליום 31 בדצמבר 2013. חוות דעת זו מסתמכת במידה רבה על הערכותיו של קושמן.
4. הערכות שווי של שמאי המקרקעין Jones Lang LaSalle [3] (להלן: "**לאסל**" או "**JLL**"). לאסל העריך את רב רובם של נכסי החברה ליום 31 בדצמבר 2011 וליום 31 בדצמבר 2012. בחודש נובמבר 2013, נערכו על ידי לאסל הערכות שווי מקוצרות ("Desktop") תחת הנחות ניכיון בגין מימוש מהיר.
5. שימוש במידע ציבורי הנוגע לנכסי החברה, התחייבויותיה, מצבה הפיננסי וכל מידע אחר הרלוונטי לפעילות החברה ולחוות הדעת.
6. שימוש במידע ציבורי בכל הנוגע לאזורים בהם פועלת החברה, לתחום פעילותה וכן תחזיות והערכות לגבי מידע זה.
7. מצגות ונתונים של החברה אשר שימשו לצורך הצגה לדירקטוריון החברה.
8. דוחות כספיים מבוקרים של החברה לשנים 2011 – 2013.
9. נתוני הבורסה לני"ע בתל אביב בקשר עם אגרות החוב של החברה.

[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 inreal 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.

פרק 3: מצבת נכסים והתחייבויות

3.1 נכסים

3.1.1 קניונים

עד היום החברה מימשה 26 קניונים שיזמה, ובנוסף, השלימה את הקמתם של שבעה קניונים, מתוכם 6 במזרח אירופה ואחד בהודו, אותם היא מתפעלת. החברה מתמחה באיתור שוכרים פוטנציאלים וסגירת חוזים ארוכי טווח עמם. שיעורי התפוסה בקניונים בשנת 2013 נעים בטווח של 80% עד 100%, והכוונה היא להמשיך ולהפעיל את הקניונים תוך הגדלה של שיעורי התפוסה בהם, ולאחר מכן למכור אותם, בכפוף ליכולת החברה שתהיה באותה עת, לאתר רוכשים במחירים אטרקטיביים ובכפוף לתנאי השוק.

שבעת הקניונים שבידי החברה

מיליוני יורו

	שם הפרויקט	מדינה	חלק פלאזה	שטח במ"ר	תפוסה 2012	תפוסה 2013	הערכת שמאי 2013	הערכה במימוש מהיר	יתרת חוב 1Q-2014	שווי נטו	שווי נטו מימוש מהיר
1	Torun	פולין	100%	40,000	84%	89%	97.6	72.5	47.9	49.7	24.6
2	Suwalki	פולין	100%	20,000	90%	91%	43.5	36.6	31.5	12.0	5.1
3	Kragujevac	סרביה	100%	22,000	98%	99.5%	41.8	35.0	28.6	13.2	6.4
4	Pune - Koregaon	הודו	100%	41,000	85%		39.9 [4]	30.0	21.5	18.4	8.5
5	(50%) Riga	לטביה	50%	49,000	94%	97%	43.9	31.9	28.8	15.1	3.1
6	Zgorzelec	פולין	100%	13,000	89%	91%	17.1	14.0	22.1	-5.0	-8.1
7	Liberec	צ'כיה	100%	17,000	80%	86%	17.7	10.7	20.2	-2.5	-9.5
	סה"כ			**202,000**	**89%**	**91%**	**301.4**	**230.7**	**200.6**	**100.8**	**30.1**

<u>טורון - פולין</u>

הקניון בעל השווי הגדול ביותר הוא הקניון שבעיר טורון (Torun) שבמרכז פולין. פוטנציאל ההכנסות משכירות בטורון עומד על כ-7.5 מיליוני יורו בשנה תחת הנחת תפוסה מלאה. בשנת 2012 שיעורי התפוסה בקניון היו 84%. לקראת סוף שנת 2013, החברה מצאה דייר לשטח מהותי הממוקם במרכז הקניון ומהווה כ-7% משטחי המסחר בו. בעקבות כך, הנהלת החברה צופה כי היא תוכל להגיע בתום שנת 2014 לשיעורי תפוסה של כ-95% ולהגדיל את הכנסות הקניון משכירות לכ-7.2 מיליוני יורו בשנה. על פי הערכת השמאי קושמן, הקניון מוערך בכ-98 מיליוני יורו.

<u>פונה - הודו</u>

בשנת 2012 החברה פתחה קניון בעיר פונה שבמערב הודו, בשכונה היוקרתית Koregaon. שוויו של הקניון הופחת בשנתיים האחרונות מכ-56 מיליוני יורו לכ-40 מיליוני יורו. ביוני 2012, חודשים ספורים אחרי הפתיחה של הקניון, פרצה בו שריפה שהרסה כשליש ממנו. ביום 14 בנובמבר 2013 החברה הודיעה כי היא חתמה החברה חוזה למימושו של מרכז הקניות קורגאון פארק, בתמורה לכ-40.5 מיליוני יורו, ובכפוף לתנאים מתלים.

הקונה אף העביר לחברה מקדמה בסך של כ-2.4 מיליוני יורו, אולם נכון לחודש אפריל 2014 העסקה טרם הושלמה, ויש להטיל ספק ביכולת החברה להשלים את העסקה כמתוכנן. במידה והעסקה תושלם, לחברה צפוי תזרים נטו של כ-16 מיליוני יורו, לאחר החזר החוב לבנק שעומד על כ-21.4 מיליוני יורו. מתוך סכום זה, צפויים לזרום כ-10 מיליוני יורו עד סוף שנת 2014, והיתרה בתוך כשנתיים. במידה והעסקה תסוכל, תאלץ החברה למצוא רוכש אחר. בינתיים החזקת הנכס במצבו הנוכחי, כאשר הוא אינו מושכר, מסב לחברה הפסד תפעולי חודשי, לפני הוצאות מימון, של כ- 120 אלפי יורו.

[4] לא בוצעה הערכה של קושמן לנכס זה. ההערכה היא על בסיס הסכם המכירה החתום. במימוש מהיר בוצעה הפחתה של 25%.

3.1.2 פרויקטים בפיתוח

כל הנכסים בקבוצה זו מומנו מהונה העצמי של החברה, ואינם משועבדים לגורם כלשהו. סך כל השווי של הפרויקטים בקבוצה זו הוערכו על ידי קושמן בכ-187 מיליוני יורו. הערכת שווי הנכסים במימוש מהיר מסתכמת בכ-102 מיליוני יורו. הערכת השווי של הפרויקטים כגמורים שבוצעה בסוף שנת 2013 על ידי קושמן מעריכה את שווים העתידי ביותר מ- 900 מיליוני יורו.

פרויקטים בפיתוח

מיליוני יורו

	שם הפרוייקט	מדינה	חלקה של פלאזה	שטח במ"ר (GLA)	הערכת שמאי 2013	הערכת שמאי במימוש מהיר
1	Casa Radio	רומניה	75%	555,000 [5]	130.58	75.20
2	Visnjicka (Sport Star)	סרביה	100%	32,000	19.03	10.00
3	Timisoara	רומניה	100%	38,000	10.83	5.35
4	Chennai	הודו	40%	230,000 [6]	11.27	8.06
5	Lodz (mall)	פולין	100%	35,000	7.93	3.80
6	Cina	רומניה	100%	4,800	7.5 [7]	
				894,800	**187**	**102**

<u>קאסה רדיו</u>

הנכס הבולט בקבוצה זו הוא Casa Radio שבבוקרשט ברומניה, ושוויו של החלק המוחזק על ידי החברה בשיעור 75%, מוערך על ידי קושמן בכ-130 מיליוני יורו. מדובר במבנה ייחודי ומרשים שהוקם במרכז בוקרשט, ובכוונת החברה לפתח את הפרויקט בשלושה שלבים: הקמת קניון, בנייני משרדים ובשלב האחרון בתי מלון. החברה רכשה את המבנה בכ-30 מיליון יורו, והשקיעה בו עד היום כ-115 מיליוני יורו בין השאר עבור תכנון, הריסות ועבור הקמה של "קירות סלאריים" מסביב לאתר להגנת המבנה העתידי מפני מי הנהר הזורם לצידו.

המשבר הכלכלי במזרח אירופה וברומניה בפרט, גרם לעיכוב משמעותי בביצוע הפרויקטים בפיתוח לרבות פרוייקט קאסה רדיו. נכון למועד חוות דעת זו קשה להעריך מתי, או האם בכלל יצא הפרויקט אל הפועל. הערכת השווי של קושמן המביאה בחשבון את כל המידע הנ"ל, מעריכה את הפרויקט בכ-130 מיליוני יורו, ומתוך כך מייחסת סך של כ-50 מיליוני יורו לשלב א', וכ-80 מיליוני יורו לשלבים ב' ו-ג'. לאסל מעריך את שווי הנכס במימוש מהיר בכ-75 מיליוני יורו.

<u>סרביה - Visnjicka</u>

החברה רכשה קרקע בעיר בלגרד שבסרביה, המוערכת נכון להיום בשווי של כ-19 מיליון יורו, ובמימוש מהיר ב-10 מיליוני יורו. רכישת הקרקע בוצעה מהון עצמי, וכנגד הפרויקט אין חוב בנקאי. החברה מתעתדת להקים על הקרקע קניון בהשקעה של כ-9 מיליוני יורו בשנים 2014-2015. הקניון עשוי להניב כ-7 מיליוני יורו בשנה (NOI) החל משנת 2017, ומימוש עתידי שלו, צפוי להניב לחברה עודף תזרימי של כ-34 מיליוני יורו.

<u>הודו - Chennai</u>

כחלק מאסטרטגיית החברה לגוון את מקורות התזרים שלה, פנתה החברה להשקעות בפרויקטים למגורים בהודו. חלק מההשקעות בהודו נעשו במשותף עם חברת האם אלביט הדמיה, ובכל פרויקט הוכנס גם שותף מקומי בעל ידע מעשי בתחום. בפרויקט צ'נאי נרכשה קרקע בהיקף של כ-336 דונם, במטרה לבנות פרויקט מגורים גדול בצמוד לפארק הי-טק בעיר צ'נאי. זהו המטרופולין הרביעי בגודלו בהודו המונה כ-9 מיליון תושבים. הקרקע רשומה בדוחות הכספיים של החברה לדצמבר 2013 בסכום של כ-11 מיליוני יורו, עבור חלקה של פלאזה, המחזיקה ב-40% מהפרויקט. קושמן העריך את שווי חלקה של פלאזה בקרקע בכ-11 מיליון יורו בשנת 2013. לאסל מעריך את שוויו במימוש מהיר ב-8 מיליוני יורו. רכישת הקרקע בוצעה מהון עצמי, וכנגד הפרויקט אין חוב בנקאי.

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[5] GBA – Gross Built Area
[6] דירות למכירה
[7] פרוייקט זה הוערך על ידי הנהלת החברה

3.1.3 קרקעות עתודה

כל הנכסים בקבוצה זו מומנו מהונה העצמי של החברה ואינם משועבדים. סך כל השווי של הקרקעות בקבוצה זו הוערכו על ידי קושמן (תוך התאמות שבוצעו על פי הערכת ההנהלה בנכסים טארגו מורש וקיילצה) בכ-97 מיליוני יורו.

קרקעות – עתודה לפיתוח

מיליוני יורו

	שם הפרוייקט	מדינה	חלקה של פלאזה	הערכת שמאי 2013	הערכת שמאי במימוש מהיר
1	Belgrade (Mup)	סרביה	100%	16.15	9.44
2	Pireas (Helios)	יוון	100%	15.30	6.00
3	Iasi	רומניה	100%	11.55	6.20
4	Bangalore	הודו	25%	12.25	10.86
5	Constanta	רומניה	100%	6.30	4.80
6	Arena Extension	הונגריה	100%	7.80	3.15
7	Miercurea Ciuc	רומניה	100%	5.62	3.02
8	Targu Mures	רומניה	100%	3.50 [8]	2.61
9	Lodz (resi)	פולין	100%	6.50	2.60
10	Shumen	בולגריה	100%	2.13	1.48
11	Kielce	פולין	100%	4.00 [9]	2.00
12	Hunedoara	רומניה	100%	2.38	1.17
13	Slatina	רומניה	100%	1.65	0.72
14	Leszno	פולין	100%	1.72	0.80
	סה"כ			**96.8**	**54.9**

<u>הודו – Bangalore</u>

פרויקט זה דומה לפרויקט צ'נאי המתואר לעיל, בסדר גודל כפול. בפרויקט זה נחתם הסכם לשותפות בקרקע בשטח של 165 אקרים בפרבר יוקרתי של העיר בנגלור, בכוונה להקים עליה כ-1,000 יחידות דיור יוקרתיות. זהו המטרופולין החמישי בגודלו בהודו המונה כ-9 מיליון תושבים. על פי הדוחות הכספיים לסוף שנת 2012, עלות חלק פלאזה בקרקע, המחזיקה ב-25% מהפרויקט הינה כ-48 מיליוני יורו. לאסל העריך את חלקה של פלאזה בקרקע בכ-14.5 מיליון יורו לסוף שנת 2012 וקושמן העריך אותה בכ-12.2 מיליון יורו בשנת 2013. גם כאן, רכישות הקרקע בוצעו מהון עצמי, וכנגד הפרויקט אין חוב בנקאי. בשני פרויקטי המגורים הנ"ל החברה מעריכה כי לא תדרש להשקעת הון עצמי משמעותי נוסף.

<u>סרביה – בלגרד (Mup)</u>

החברה רכשה קרקע בעיר בלגרד שבסרביה, המוערכת נכון להיום בשווי של כ-16 מיליון יורו, ובמימוש מהיר ב-9 מיליוני יורו. רכישת הקרקע בוצעה מהון עצמי, וכנגד הפרויקט אין חוב בנקאי. בתוכנית המקורית, החברה התכוונה להקים במקום קניון, מלון דירות ומשרדים. נכון להיום החברה בוחנת האם לפתח את הפרוייקט או למכור את הנכס כקרקע, בהתאם להתפתחויות בשוק והתקדמות תוכנית המימושים בפועל. בתחזית תזרים המזומנים הוצגה האפשרות הזהירה, שהקרקע תימכר במהלך שנת 2016 בתמורה ל-18 מיליוני יורו.

[8] להערכת החברה
[9] להערכת החברה

3.1.4 נכסים אחרים

החברה מחזיקה מבנה משרדים בהונגריה המשמש חלק מעובדיה ומבנה משרדים ברומניה אשר שימש חלק מעובדיה, וכיום מושכר לחיצוניים. הנכסים בקבוצה זו אינם משועבדים ואין כנגדם הלוואות. בחוות דעת נובמבר, בקבוצה זו נכלל נכס נוסף בהונגריה (Uj Udvar), שבינתיים מומש בתמורה לכ-2.6 מיליוני יורו.

נכסים אחרים

מיליוני יורו

	מדינה	שם הנכס	חלקה של פלאזה	הערכת שמאי 2013	הערכת שמאי במימוש מהיר	תיאור הנכס
1	הונגריה	David House	100%	3.95	2.0	מבנה משרדים
2	רומניה	Palaazo Ducale	100%	1.80	1.2	מבנה משרדים
	סה"כ			**5.75**	**3.2**	

בנוסף, לחברה ישנו רכוש אחר, הכולל 2 קרקעות שאינן מיועדות בשלב זה לפיתוח: Krusevac שבסרביה, ו- Valley View ברומניה, ושוויין מוערך במיליוני יורו בודדים. בנוסף החברה תובעת כ-4.3 מיליון יורו מחברת אלביט הדמיה בגין מקדמה על חשבון פרוייקט Kochi Island שבהודו. חברת אלביט כופרת בחוב, ונכון למועד חוות דעת זו לא ניתן להעריך את סיכויי התביעה.

3.2 התחייבויות

3.2.1 אגרות חוב

לחברה חוב לבעלי אגרות בגובה של כ-201.3 מיליוני יורו. בתוספת ריבית צבורה חוב זה מסתכם בכ-206.6 מיליוני יורו. עד היום החברה הנפיקה 3 סדרות של אגרות חוב, 2 סדרות הנסחרות בבורסה לני"ע בתל אביב, וסדרה אחת בפולין כדלקמן:

<u>אג"ח ישראלי סדרה א</u>

נכון לחודש יוני 2013, יתרת קרן סדרה א' עמדה על כ-**61.6** מיליוני יורו ועמדה לפירעון ב-5 תשלומים שנתיים של כ-**12.3** מיליוני יורו כל אחד החל מ-31 בדצמבר 2013 ועד ל-31 בדצמבר 2017, בתוספת ריבית שנתית של 4.5% צמודה למדד המחירים לצרכן. יתרת החוב נכון ל-31 בדצמבר 2013 בתוספת הריבית שנצברה הינה כ-**63** מיליוני יורו.

<u>אג"ח ישראלי סדרה ב</u>

נכון לחודש יוני 2013, יתרת קרן סדרה ב' עמדה על כ-**125.4** מיליוני יורו ועמדה לפירעון ב-2 תשלומים שנתיים של כ-**62.7** מיליוני יורו כל אחד: הראשון ב-1 ביולי 2014 והשני ב-1 ביולי 2015, בתוספת ריבית שנתית של 5.4% צמודה למדד המחירים לצרכן. יתרת החוב נכון ל-31 בדצמבר 2013 בתוספת הריבית שנצברה הינה כ-**128.8** מיליוני יורו. מסכום זה יש לנכות סכום של כ-4 מיליוני יורו שנרכשו על ידי חברת בת של פלאזה, ואשר מוחזקות באוצר.

<u>אג"ח פולני</u>

נכון לחודש יוני 2013, יתרת החוב למחזיקי אג"ח זה עמדה על כ-**14.3** מיליוני יורו לתשלום ביום 18 בנובמבר 2013. יתרת החוב נכון ל-31 בדצמבר 2013 בתוספת הריבית שנצברה הינה כ-**14.8** מיליוני יורו.

מצבת התחייבויות החברה לבעלי אגרות החוב, דצמבר 2013

מיליוני יורו

סדרת אג"ח	יתרת חוב כולל ריבית צבורה	שיעור ריבית	תשלומי קרן שנותרו	תשלום מקורי ראשון	תשלום מקורי אחרון
אג"ח ישראלי סדרה א	63.0	4.50% + מדד	5	31 בדצמבר 2013	31 בדצמבר 2017
אג"ח ישראלי סדרה ב	128.8	5.40% + מדד	2	1 ביולי 2014	1 ביולי 2015
אג"ח פולני	14.8	Wibor + 4.50%	1	18 בנובמבר 2013	18 בנובמבר 2013
סה"כ	**206.6**				

3.2.2 בנקים

רוב חובות החברה לבנקים, ניטלו על ידי חברות הבנות – חברות הנכס, ואשר נכסי הנדל"ן הפעילים מהווים בטוחות כנגד ההלוואות ביחס LTV ממוצע של כ- 67%. פלאזה חבה בעצמה, או ערבה במידה מסוימת, לחובות חברות הנכס לבנקים בשלושה מקרים בלבד:

1. **Koregaon park mall** – קיימת הלוואה משולבת משני בנקים בהודו: AXIS ו- SBH בסך של כ- 21.4 מיליוני יורו שנלקחה על ידי חברת בת, ואשר הנכס בקורגאון משועבד לבנק כבטוחה. כאמור הנכס נמכר לאחרונה בתמורה לכ-40.5 מיליוני יורו, כך שלאחר השלמת העסקה והעברת התשלומים, יפרע החוב לבנק במלואו ולא תהיה לחברה חשיפה בגין ערבות זו. בכל מקרה החברה ערבה רק לחלקו של בנק AXIS בהלוואה, כלומר ערבות לסכום של כ-14 מיליוני יורו.

2. **זגורזלץ** – קיימת הלוואה שניטלה מבנק BZ WBK בפולין, בסך 22 מ' יורו ואשר הנכס בזגורזלץ בשווי מוערך של כ-20 מ' יורו משועבד לטובת הבנק כבטוחה. קיימת ערבות של פלאזה בגובה 2.2 מיליוני יורו [10].

3. **GEFA** – פלאזה בעצמה, נטלה הלוואה מבנק GEFA בגרמניה, שיתרתה נכון להיום כ-1.2 מיליוני יורו, חוב זה נותר ללא בטוחה ספציפית לאחר מימושו של ה Hawker 400xp במחצית הראשונה של שנת 2014.

על פי עמדת החברה, היא אינה ערבה לחובות נוספים כלשהם, אולם, במקרה אחד או שניים נוספים של הלוואות בחברות הנכס, הבנק עלול לטעון שבמקרה של אי פירעון החוב על ידי חברת הנכס, קמה לו זכות להיפרע מפלאזה עצמה. בכל מקרה החברה מעריכה את החשיפה שלה לסך חובות חברות הבנות כתוצאה מערבויות שנתנה, או שהבנקים עלולים לטעון שנתנה, בלא יותר מ-47 מיליוני יורו, לפני השבה בגין מימוש נכסים שניתנו כבטוחות. להערכת הנהלת החברה, החשיפה המקסימאלית נטו של פלאזה לחובות בנקאיים, לרבות ערבות לחובות בנקאים של חברות הנכס, מוערכת בכ-10 מיליוני יורו.

[10] בנוסף, להבטחת הלוואה זו קיים שיעבוד על קרקע נוספת ב- Leszno המוערכת על ידי קושמן בכ-1.7 מילוני יורו.

פרק 4: תיאור ההסדר המוצע

ההסדר המוצע כולל את הרכיבים הבאים:

1. הזרמה של 20 מיליוני יורו באמצעות הנפקת זכויות
2. פריסת חובות
3. פיצוי בריבית
4. תוכנית מימושים ומנגנון הקדמה של התשלומים
5. פיצוי באמצעות הקצאת מניות
6. בטוחות והגנות

מתווה ההסדר המוצע אינו כולל "תספורת" לבעלי אגרות החוב.

1. <u>הזרמת הון בעלים</u>

בעלי המניות יבצעו הזרמה הונית לחברה בסך של כ- 20 מיליוני יורו בדרך של הנפקת זכויות, וזאת כתנאי לכניסתו לתוקף של ההסדר.

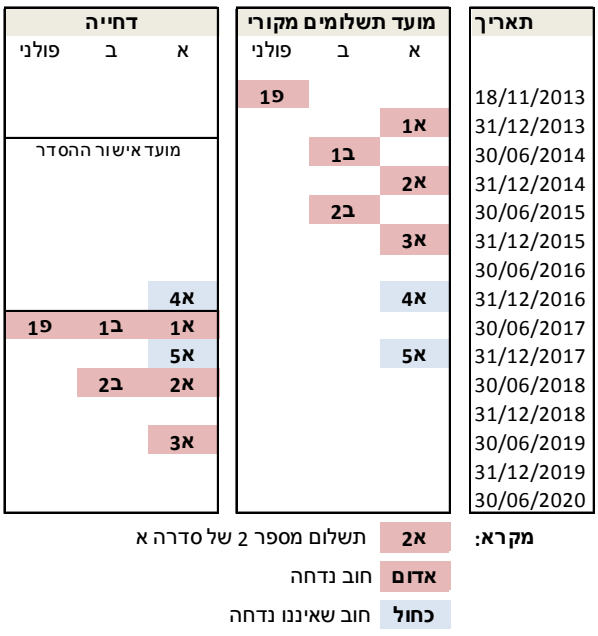
2. <u>פריסת חובות</u>

שני התשלומים האחרונים של אג"ח מסדרה א' לא ידחו, וישולמו במועדם המקורי, קרי בחודשים דצמבר 2016 ודצמבר 2017. (בתרשים שלהלן תשלומים אלו מסומנים בכחול ומצוינים כ- "**א4**" וכ-"**א5**").

החוב הנדחה כולל את תשלומי הקרן של שלוש הסדרות הצפויים ב-3 השנים הקרובות ("**א1**", "**א2**", "**א3**", "**ב1**", "**ב2**" ו-"**פ1**"). תשלומים אלו יידחו ב-3 שנים, מיום אישור ההסדר, באופן פרופורציוני. לדוגמא, בהנחה שההסדר יאושר ביום 30/6/2014, התשלום הראשון של אג"ח א' שהיה אמור להיות משולם בחודש דצמבר 2013 יידחה לחודש יוני 2017, התשלום הראשון של אג"ח ב' שהיה אמור להיות משולם בחודש יוני 2014 ידחה אף הוא לחודש יוני 2017 וכך הלאה.

תרשים המתאר את דחיית התשלומים על פי ההסדר המוצע

הנחה: אישור ההסדר ביום 30 ביוני 2014



3. <u>פיצוי בריבית</u>

החל מינואר 2014 תתווסף ריבית שנתית בשיעור של 1.5% לכל סדרה, ליתרת הקרן. תשלומי הריבית שהיו אמורים להיות משולמים בסוף שנת 2013, יתווספו ליתרת הקרן הבלתי מסולקת שבדחייה. החל מינואר 2014, ולאחר השלמת הליך הסדר החוב, תשלומי הריבית ישולמו כסדרם. בנוסף, במועד השלמת ההסדר החברה תשלם למחזיקי האג"ח סך של 10.5 מיליוני יורו על חשבון ריבית לשנת 2014.

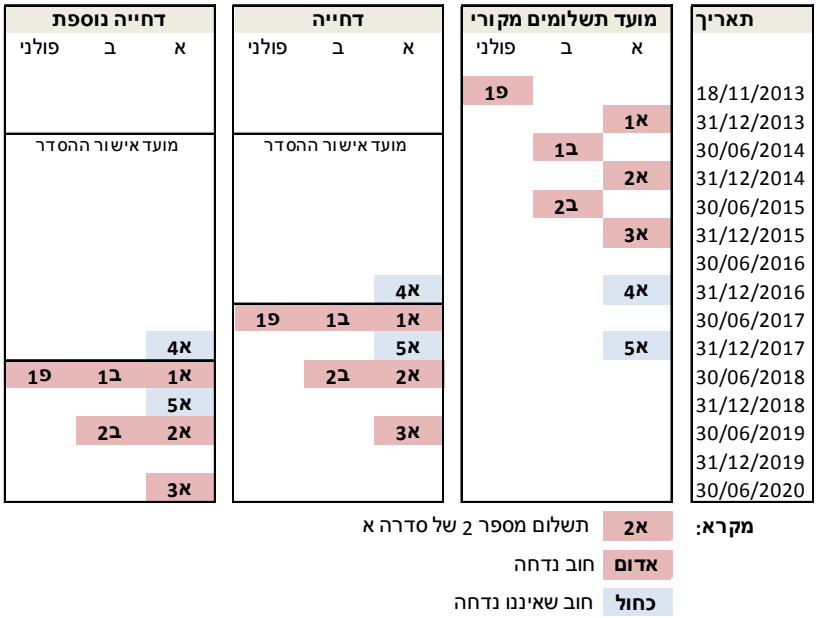
4. <u>תוכנית מימושים</u>

החברה מתכננת לממש 22 נכסים מתוך 29 מהנכסים שבידה. שווי הנכסים המיועדים למימוש על פי הערכות השמאי קושמן עומד על כ-450 מיליוני יורו. תמורת מימוש הנכסים נטו צפויה לעמוד על כ-380 מיליוני יורו, (לפירוט מלא ראה פרק 5.3). בעת מימוש נכס, 75% מהתזרים נטו (למעט התמורה ממימוש נכס קורגאון) יועבר לבעלי אגרות החוב על חשבון הקטנת יתרת הקרן. התשלום יחולק בין הסדרות פרו-ראטה ליתרת הקרן שנדחתה, לאותו מועד.

במידה והחברה תפרע לבעלי אגרות החוב בשנתיים הראשונות לקיום ההסדר, לפחות 50% מהחוב הנדחה, מועדי התשלומים שייותרו, ידחו בשנה אחת נוספת. כדי לעמוד בתנאי זה על החברה לממש נכסים בסך של 120 מיליוני יורו (תמורה נטו) בתוך שנתיים.

תרשים המתאר את דחיית התשלומים והדחייה הנוספת

הנחה: אישור ההסדר ביום 30 ביוני 2014



5. <u>פיצוי באמצעות מניות</u>

החברה תעניק לבעלי האג"ח 13.5% ממניות החברה לאחר ההזרמה של בעלי המניות בדרך של הנפקת זכויות. המניות יוקצו לבעלי אגרות החוב משלוש הסדרות, פרו ראטה לחוב הנדחה.

חוב נדחה, ויחסי פרו ראטה

מיליוני יורו

	סדרה א'	סדרה ב'	אג"ח פולני	סה"כ
חוב נדחה	37.8	128.8	14.8	181
פרו ראטה	**21%**	**71%**	**8%**	**100%**

6. <u>בטוחות הגנות, ומגבלות נוספות</u>

שעבוד שלילי על כל נכסי החברה

יתקבל אישור של חברות הבת על התחייבותן לפעול בהתאם לשעבוד השלילי. כל אחת מהחברות המוחזקות לא תהיה רשאית ליטול מימון (כולל אשראי חדש) אלא לטובת השקעה בנכס המוחזק או אשר יהיה מוחזק על ידה.

למרות האמור, החברה תהיה רשאית ליטול מימון, שלא כנגד רישום בטחונות, ושלא לצרכי השקעה בנכס, בכפוף לכך ש-75% מהמימון נטו ישמשו לפירעון של האג"ח. בנוסף, מי מחברות הבת תהיה רשאית ליטול מימון (כולל refinance) לרבות מימון המובטח בנכס, ושלא לצרכי השקעה בנכס, בכפוף לכך ש-75% מהמימון נטו ישמשו לפירעון של האג"ח.

בטחונות והגנות - הוראות לגבי הנכסים שאינם משועבדים

החברה לא תהיה רשאית ללוות הלוואות חדשות (שאינם לטובת הלוואות בניה) כנגד שעבוד נכסים קיימים שאינם משועבדים ו/או הלוואות ללא ביטחונות. למרות האמור, החברה תהיה רשאית לקבל מימון כנגד שעבוד נכסים קיימים שאינם משועבדים ו/או הלוואות ללא ביטחונות בהתקיים שלפחות 75% מהמימון ישמש לפירעון מוקדם.

החברה תהיה רשאית לשעבד לבנק בדרגה ראשונה קרקעות לטובת הלוואת בנייה ביחס LTC שלא יפחת מ- 50%. יחס זה יופחת ל- 40% אם יכנס שותף ל- 20% או יותר בפרויקט.

החברה תהיה רשאית למכור כל אחד מנכסיה שאינם משועבדים ובלבד שלפחות 75% מהתמורה שתתקבל בידי החברה בפועל לאחר החזר החוב בגין הנכס, הוצאות מכירה ומס תשמש לפירעון מוקדם. למרות האמור, החברה לא תהיה רשאית למכור נכסים שאינם משועבדים אם כתוצאה מהמכירה תקום עילה להעמדה לפירעון מיידי לנושים הכלולים בהסדר ללא אישור ברב רגיל של כל הנושים הכלולים בהסדר.

בטחונות והגנות - הוראות לגבי נכסים משועבדים

החברה תהיה רשאית לממן מחדש או לקבל הלוואות נוספות ביחס לכל אחד מהנכסים המשועבדים ובלבד שלפחות 75% מהגדלת המימון בגין אותו הנכס קרי ההפרש שבין יתרת המימון החדש ליתרת המימון שקדמה למימון החדש ובניכוי כל ההוצאות ככל שיהיו תשמש לפירעון מוקדם.

החברה תהיה רשאית למכור כל אחד מנכסיה המשועבדים, למעט ארבעת הקניונים טורון, סולוואקי, קראגויבץ וריגה, ללא כל מגבלה ובלבד שלפחות 75% מהתמורה שתתקבל בידי החברה ממכירת הנכס המשועבד (לאחר החזר החוב לבנק, הוצאות מכירה ומס) תשמש לפירעון מוקדם. למרות האמור, כל ההכנסות מפרויקט קוראגון פארק בהודו ישמשו את החברה לפעילות השוטפת ולא יחולו על הכנסות אלו עקרונות הפירעון המוקדם כמפורט בסעיף זה.

החברה תוכל למכור את ארבעת הקניונים (טורון, סולוואקי, קראגויבץ וריגה) או לבצע מחזור חוב (refinancing) בגין מי מהם בכפוף לכך שהתזרים נטו במצטבר באירוע מימוש בין ארבעת קניונים אלה לא יפחת מ-70 מ' יורו. במקרה שלא יחול אירוע מימוש בגין ארבעת הקניונים יחדיו, החברה תוכל לבצע אירוע מימוש מיועד רק אם לאחר ביצוע אירוע המימוש המיועד העודף של הקניונים שלא נמכרו (לפי הערכת השווי בניכוי החוב הספציפי לבנקים) לא יפחת מ- 70 מ' אירו בניכוי התמורה נטו שנתקבלה מאירועי מימוש קודמים ובניכוי אירוע המימוש המיועד.

למרות האמור לעיל, החברה לא תהיה רשאית למכור נכסים משועבדים אם כתוצאה מהמכירה תקום עילה להעמדה לפירעון מיידי לנושים הכלולים בהסדר ללא אישור של כל הנושים הכלולים בהסדר ברב רגיל.

בטחונות והגנות – הוראות לגבי נכסים חדשים

החברה תהיה רשאית להשקיע בנכסים חדשים בכפוף לעמידה ביתרת מזומנים מינימאלית (כפי שהוגדרה באמות המידה) לאחר ההשקעה.

החברה תהיה רשאית לקבל הלוואות חדשות לרכישת נכסים חדשים לפי יחס LTC של עד 50%. אלא אם כן נכנס שותף לפרוייקט (לא פחות מ 20%) או אז היחס האמור יופחת ל 40% וזאת בכפוף לעמידה בקופת מזומנים מינימאלית.

פרק 5: סקירת התזרים הצפוי

5.1 תחזית תזרים המזומנים עפ"י החברה

בחוות דעת זו התבססתי על תחזית תזרים המזומנים של פלאזה לשנים 2014 עד 2018, אשר הוכנה על ידי הנהלת החברה, תוך ביצוע התאמות. על פי תחזית זו, יתרת המזומנים בסוף שנת 2017 תהיה כ-61 מילוני יורו, ובסוף שנת 2018 תעמוד על כ-150 מיליוני יורו.

סיכום תזרים מזומנים צפוי 2014 - 2018

מיליוני יורו

	2Q-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18
יתרת פתיחה	36.3	23.2	46.7	29.5	31.1	38.6	35.2	39.7	61.0	149.5
הכנסות משכירות	6.5	8.9	8.1	8.8	6.1	7.4	10.6	10.9	4.7	5.1
מימושים		39.5	11.9	64.8	45.9	15.0	29.4	76.0	95.9	0.0
הנפקת זכויות		20.0					0.0	0.0	0.0	0.0
הכנסות מימון	0.2	0.3	0.4	0.3	0.3	0.4	0.4	0.5	1.0	1.5
סה"כ מקורות	6.7	68.8	20.3	73.9	52.4	22.7	40.3	87.5	101.7	6.6
תשלומים לבנקים	4.6	6.1	5.5	10.4	8.1	8.5	8.0	5.8	1.3	1.3
תשלומים לבעלי אגרות החוב	10.3	25.1	14.8	53.4	33.3	14.2	24.3	56.8	8.4	0.0
הנהלה וכלליות	1.8	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
השקעות חדשות	3.2	10.6	13.7	5.1	0.0	0.0	0.0	0.0	0.0	0.0
סה"כ שימושים	19.8	45.3	37.5	72.3	44.9	26.1	35.8	66.2	13.2	4.8
יתרת סגירה	**23.2**	**46.7**	**29.5**	**31.1**	**38.6**	**35.2**	**39.7**	**61.0**	**149.5**	**151.3**

הערה: תחזית זו בוצעה על סמך הערכות הנהלת החברה, תוך ביצוע מספר התאמות ושינויים כנדרש

5.2 מקורות

5.2.1 הזרמות בעלים

נכון ליום 15 באפריל 2014, בקופת החברה יתרת מזומנים נזילה של כ-29.6 מיליוני יורו, ועוד מזומן מוגבל בסך של כ-6.7 מיליוני יורו. על פי ההסדר המוצע, במהלך 2014 יזרימו בעלי המניות לחברה סך של כ- **20 מיליוני יורו** באמצעות הנפקת זכויות.

5.2.2 תוכנית מימושים

תוכנית המימושים מתבססת על מכירת 5 מרכזי קניות בטווח הקרוב, בניה של 3 קניונים נוספים על קרקעות לפיתוח בשנת 2017, וכן הקמה של שלב א' בפרויקט קאסה רדיו ומימושו בשנת 2018.

1. **<u>מימוש 5 קניונים פעילים</u>**

הקניונים המיועדים למכירה הם: קורגאון, ריגה, טורון, סוואלקי וקרגוייבץ. מכירת קורגאון נחתמה כאמור בחודש נובמבר 2013, אולם נכון למועד זה אין וודאות לגבי השלמת העסקה. התמורה נטו מקניון ריגה בסך של כ-18 מיליוני יורו אמורה להתקבל במהלך שנת 2014. הקניון בעל הערך הגדול ביותר הוא הקניון בטורון בפולין, ששוויו נאמד בכ-98 מיליוני יורו. הקניון אמור להמכר עד סוף שנת 2015, והעודף התזרימי הצפוי במכירה הינו כ-47.2 מיליוני יורו. עד סוף שנת 2015 צפוי להמכר גם הקניון שבסוואלקי פולין, ולהניב עודף תזרימי של כ-9 מיליוני יורו. מכירת הקניון בקרגוייבץ מתוכננת לשנת 2016.

סך התמורה נטו בשנתיים הראשונות, ממימוש נכסים ללא קורגאון, מסתכמת בכ-146 מיליוני יורו. כאמור, כ-75% מסכום זה, מיועד לפירעון אגרות החוב על חשבון הקרן. הסכום המיועד לפירעון אפוא, הינו כ-110 מיליוני יורו המהווים כ-60% מיתרת החוב הנדחה בגובה 180 מיליוני יורו. על פי ההסדר המוצע, פרעון של מעל ל-50% מתוך ה"חוב הנדחה" בתוך שנתיים, פירושו דחייה נוספת של שנה ביתרת החוב שטרם נפרע.

תוכנית המימושים עד 2018, תזרים נטו

מיליוני יורו

H1 2018	H2 2017	H1 2017	H2 2016	H1 2016	H2 2015	H1 2015	H2 2014	H1 2014	H2 2013	שנה	מימוש נטו	נכס
				6.2			9.9			H2 2014	16.1	**Koregaon park Mall**
						0.9	17.1			H2 2014	18.0	**Riga**
							3.5			H2 2014	3.5	Targu Mures
		2.0				9.0	9.0			H2 2014	20.0	Bangalore
						1.2				H1 2015	1.2	Palaazo Ducale
						0.8				H1 2015	0.8	Leszno
				4.7	42.5					H2 2015	47.2	**Torun**
				0.9	8.4					H2 2015	9.4	**Suwalki**
					6.2					H2 2015	6.2	Iasi
					2.6					H2 2015	2.6	Lodz (resi)
					2.0					H2 2015	2.0	David House
					2.0					H2 2015	2.0	Kielce
					1.1					H2 2015	1.1	Hunedoara
				18.0						2016	18.0	Belgrade (Mup)
				14.0						2016	14.0	**Kragujevac**
				2.0						2016	2.0	Constanta
			9.0							2016	9.0	Cina
			6.0							2016	6.0	Pireas
		27.4								2017	27.4	**Timisoara**
	41.9									2017	41.9	**Lodz (mall)**
	34.2									2017	34.2	**Sport Star (Visnjicka)**
95.9										2018	95.9	**Casa Radio Ph I**
95.9	**76.0**	**29.4**	**15.0**	**45.9**	**64.8**	**11.9**	**39.5**	**0.0**	**0.0**		**378.5**	**סה"כ**
95.9	76.0	29.4	15.0	39.7	64.8	11.9	29.6	**0.0**	**0.0**		362.4	ללא קורגאון

כאמור, על פי התוכנית המוצעת, תמורת המימושים נטו בשנתיים הראשונות מסתכמת בכ-146 מיליוני יורו. הסכום המינימאלי של מימושים, הדרוש על מנת שיופעל מנגנון הדחייה של הינו 121 מיליוני יורו.

2. <u>הקמת 3 קניונים ומימושם בשנת 2017</u>

המרכיב השני בתוכנית המימושים, הינו הקמת שלושה מרכזי קניות ומכירתם בשנת 2017. מדובר בקניונים בערים טימישוארה שברומניה, לודג' שבפולין, ופרוייקט ווישניצקה בעיר בלגרד שבסרביה. העודף התזרימי צפוי להסתכם בכ-27.4, 41.9 ו- 34.2 מיליוני יורו בהתאמה, ובסה"כ בכ-105 מיליוני יורו בשנת 2017.

העודף התזרימי הצפוי של החברה בסוף שנת 2017 הינו כ-60 מיליוני יורו. יכולת החברה לעמוד בהתחייבויותיה כלפי מחזיקי אגרות החוב על פי ההסדר המוצע, ולהשאיר בידה עודף תזרימי, תלוי מן הסתם ביכולתה להשביח את נכסיה אלו, ולממשם. אולם, גם במידה והחברה לא תממש את שלושת הקניונים בשנת 2017, ותמשיך להחזיק בהם בשנת 2018, העודף התזרימי בסוף שנת 2017 עדיין צפוי להישאר חיובי ולעמוד על כ-20 מיליוני יורו. כדי לעמוד בהתחייבויותיה בשנת 2018 החברה תהיה חייבת לממש את הקניונים, או לחילופין לממש את שלב א' של פרוייקט **קאסה רדיו**.

3. <u>קאסה רדיו</u>

קאסה רדיו הינו נכס מפתח עבור החברה. שוויו של הנכס הופחת בכל אחת מהשנים האחרונות. על פי הערכותיו של השמאי קושמן שוויו של הנכס נכון להיום מוערך בכ-130 מיליוני יורו, מהם כ-50 מיליוני יורו עבור שלב א' – הקמת קניון, וכ-80 מיליוני יורו עבור השלבים הבאים – הקמת בנייני משרדים ומלון. החברה מתכננת להשלים עד תום שנת 2018 רק את שלב א' ולהמשיך ולהחזיק בזכויות לשלבים הבאים.

חוות דעת נובמבר התבססה על תוכנית החברה לפתח את שלב א' בעצמה, בעזרת מימון בנקאי. נכון להיום הנהלת החברה מעריכה, כי בשנים הקרובות לא יהיה קל להשיג מימון בנקאי בסדר גודל של כ-150 מיליוני יורו עבור פיתוח הנכס. התוכנית המעודכנת היא, לאתר משקיע פוטנציאלי לרכישת 50% מהנכס, ובהתאם לך העודף הצפוי לחברה עם מימושו של שלב א' בשנת 2018, עומד על כ-95 מיליוני יורו.

4. <u>אחר</u>

לגבי שאר המימושים המתוכננים, מדובר בדרך כלל בקרקעות המיועדות לפיתוח, אשר הנהלת החברה מעריכה כי אין כדאיות כלכלית להשקיע בהם בטווח הקרוב. הונח כי קרקעות אלה ימכרו בשווי התואם את הערכות השמאי, ובמועדים סבירים על פי הערכות ההנהלה.

5. <u>בחינת תסריטים</u>

על פי התוכנית המוצעת, העודף התזרימי הצפוי לחברה בסוף שנת 2018 עומד על כ-150 מיליוני יורו. במידה ולא יעלה בידי החברה לממש את פרוייקט קאסה רדיו, יהיה עליה לממש עד סוף שנת 2018, לפחות 2 מתוך-3 הפרויקטים המתוכננים לשנת 2017: טימישוארה, לודג' ו- וישניצקה. במידה וכל ארבעת הפרויקטים הנ"ל <u>לא יניבו לחברה תזרים חיובי כלשהו</u>, צפוי לה גרעון תזרימי של כ-50 מיליוני יורו במחצית שנת 2018.

במידה ובנייתם של הקניונים אכן תושלם במועד המתוכנן, אולם הם לא ימכרו, וימשיכו להיות מוחזקים בידי החברה, הכנסות החברה מהשכרת הקניונים תקזז באופן חלקי את הגרעון הנ"ל. במקרה כזה, הגרעון התזרימי בסוף שנת 2018 צפוי לעמוד על כ-10 עד 20 מיליוני יורו. בתסריט כזה, סביר שהחברה תוכל לגשר על הגרעון התזרימי הנ"ל באמצעות הלוואה בנקאית, שכן בשלב זה, רובה של הקרן יוחזר לבעלי אגרות החוב, ורמת המינוף של החברה תרד משמעותית.

לסיכום, תוכנית המימושים הנ"ל מאפשרת לחברה מרחב פעולה וגמישות, וסביר שהיא תוכל לעמוד בהתחייבויותיה לבעלי אגרות החוב על פי ההסדר המוצע. יחד עם זאת, תוכנית המימושים המוצגת כאן, והנחות היסוד שבסיסה, מהווים תנאי קריטי להצלחת ההסדר וליכולתה של החברה לעמוד בתשלומים לבעלי אגרות החוב על פי ההסדר המוצע. בפרט, המקור היחידי של החברה המאפשר לה לעמוד בתשלומי הקרן בשנת 2018, הינו מימושם של 4 הפרויקטים הנ"ל.

5.2.3 הכנסות משכירות

לחברה הכנסות נטו מהשכרת קניונים בסך של כ-19 מיליוני יורו בשנה. בתחזית ההכנסות משכירות נלקחו בחשבון מימוש הנכסים המניבים על פי תכנית המימושים של החברה, בטורון, ריגה, סוואלקי ובקרגוייבץ. כמו כן הונח שהקניונים שעתידים להיבנות בלודז', בטימישוארה ו- ווישניצקה, יוחזקו על ידי החברה לתקופה של כחצי שנה עד שנה וחצי. בנוסף, החל מהמחצית הראשונה של שנת 2015 צפויות הכנסות מעסקת קומבינציה מהנכס בצ'נאי בגובה של כ- 5 מיליוני יורו בשנה, סכום זה הופחת מסכום של כ-7 מיליוני יורו בשנה על פי חוות דעת נובמבר. בסך הכל ההכנסות משכירות צפויות לרדת מכ-19 מיליוני יורו בשנת 2014 לכ-10 מיליוני יורו בשנת 2018, בעקבות מימוש נכסים.

הכנסות צפויות משכירות

מיליוני יורו

	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
סה"כ	**6.5**	**8.9**	**8.1**	**8.8**	**6.1**	**7.4**	**10.6**	**10.9**	**4.7**	**5.1**

ההכנסות ברבעון השני של שנת 2014 בקורגאון פארק כוללות סכום חד פעמי של כ-2.4 מיליוני יורו מכספי הביטוח בגין אובדן הכנסות שנגרם בשריפה.

בנוסף, הונח כי יתרות הזכות שבקופת המזומנים של החברה, מניבות תשואה בשיעור שנתי של כ- 1%.

5.3 שימושים

5.3.1 תשלום לבעלי אגרות החוב

תאור מפורט של התשלום לבעלי אגרות החוב מופיע בפרק 6 לחוות דעת זו.

בקצרה: יתרת החוב ל-30 ביוני 2013 הינה כ-201 מיליוני יורו, ובתוספת ריבית שנצברה עד לתום שנת 2013 הינה כ-206.6 מיליוני יורו. נכון להיום, יתרת הפתיחה המצרפית ל-3 הסדרות מסתכמת בכ-201 מיליוני יורו, עם השלמת ההסדר תשלם החברה ריבית של 10.5 מיליון יורו על חשבון ריבית לשנת 2014.

במהלך השנים 2014 עד 2017, תפרע החברה את יתרת הקרן באמצעות העודפים שיתקבלו ממימוש הנכסים, ובשיעור של 75% מעודפים אלו. במחצית השנייה של שנת 2017 תשלם החברה לאגרת חוב מסדרה א' את התשלום שאינו נדחה בסך של כ-12.6 מילוני יורו. במידה ותוכנית המימושים תתקיים על פי הנחות היסוד, החברה תפרע את מלוא חובה לבעלי אגרות החוב במחצית הראשונה של שנת 2018.

לוח סילוקין חדש - מצרפי של כל הסדרות, על פי הצעת ההסדר ותוכנית המימושים

מיליוני יורו

	2H-13	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18
יתרת פתיחה	201.3	**206.6**	206.6	184.4	175.5	126.9	97.1	85.9	63.8	8.2
תשלום ריבית		**10.5**	3.5	6.2	5.9	4.2	3.2	2.8	2.1	0.2
תשלומים ממימושים ע"ח הקרן		0.0	22.2	8.9	48.6	29.8	11.2	22.0	43.0	8.2
יתרת ביניים		206.6	184.4	175.5	126.9	97.1	85.9	63.8	20.8	0.0
תשלומים מקוריים									**12.6**	
יתרת סגירה	206.6	206.6	184.4	175.5	126.9	97.1	85.9	63.8	8.2	0.0
סה"כ תשלומי קרן			**22.2**	**8.9**	**48.6**	**29.8**	**11.2**	**22.0**	**55.6**	**8.2**
סה"כ תשלומי קרן וריבית	0.0	10.5	25.7	15.1	54.5	34.0	14.5	24.9	57.7	8.4

בסך הכל החברה תשלם לבעלי אגרות החוב כ-**245** מילוני יורו, מהם כ-**201** מיליוני יורו בגין קרן, וכ-**44** מיליוני יורו בגין ריבית.

5.3.2 תשלום לבנקים

בהתאם להנחות המימושים לעיל, יתרת התשלומים לבנקים עבור קרן וריבית מסתכמת בכ-11 מיליוני יורו בשנת 2014, ולאחר מכן התשלום השנתי לבנקים בגין קרן וריבית מצטמצם לכ- 3 מיליוני יורו בשנה.

תשלומים צפויים לבנקים 2014 - 2018

מיליוני יורו

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

5.3.3 הנהלה וכלליות

בשנים 2009 - 2011 הסתכמו הוצאות ההנהלה וכלליות בסך של כ-16 מיליוני יורו (כולל רישום חשבונאי של הוצאה שאינה תזרימית בגין מענק אופציות לעובדים). עד שנת 2013 צומצמו הוצאות אלו לכ-9.5 מיליוני יורו בשנה. על פי תוכנית נובמבר הוצאות ההנהלה והכלליות הצפויות לשנים הבאות נאמדות בכ-9 מיליוני יורו בשנה. בתוכנית הנוכחית החברה צמצמה את הסכום הנ"ל ל-7 מיליוני יורו בשנה.

פלאזה סנטרס, הוצאות הנהלה וכלליות 2009 – 2013

אלפי יורו

	2009	2010	2011	2012	2013
שכר ונלוות	7,543	7,661	8,472	5,743	4,522
פחת והפחתות	1,007	1,086	630	403	382
שירותים מקצועיים	4,478	3,721	4,317	4,366	3,743
נסיעות	1,233	968	1,077	891	180
שכ"ד ומשרדיות	1,461	1,077	1,038	934	445
אחר	931	768	887	412	163
סה"כ הנהלה וכלליות	**16,653**	**15,281**	**16,421**	**12,749**	**9,435**
שינוי		*-8%*	*7%*	*-22%*	*-26%*

5.3.4 השקעות חדשות

בכוונת החברה, להשקיע את יתרת המזומנים הפנויה שתיווצר ממימוש הנכסים ושלא תשולם למחזיקי האג"ח בכפוף לתנאים בהסדר החוב, בפיתוח הקרקעות שברשותה, ובעיקר בנכסים בבלגרד, סרביה, נכס בלודג', פולין ונכס בטימישוארה, רומניה. בנוסף, דרושה השקעה של עשרות מיליוני יורו בנכס המרכזי קאסה רדיו שברומניה. החברה בוחנת בין השאר את האפשרות להכניס שותף שישקיע בפרויקט.

השקעות הון עצמי 2014 - 2015

מיליוני יורו

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

פרק 6: התמורה לבעלי אגרות החוב

6.1 אגרות החוב החדשות

6.1.1 דחיית חובות

על פי ההסדר המוצע, כל תשלומי הקרן של שלוש הסדרות הצפויים ב-3 השנים הקרובות יידחו ב-3 שנים, מיום אישור ההסדר, באופן פרופורציוני, להלן: "החוב הנדחה". החוב הנדחה מסתכם בכ-181.4 מילוני יורו. שני התשלומים האחרונים של אג"ח מסדרה א' לא ידחו, וישולמו במועדם המקורי, בחודשים דצמבר 2016 ודצמבר 2017. החוב שאינו נדחה מסתכם בכ-25 מיליוני יורו.

במהלך התקופה, בכל פעם שחברה תממש נכס, 75% מתזרים המימוש נטו, יועבר לבעלי אגרות החוב על חשבון הקטנת יתרת הקרן. במידה שהחברה תפרע לבעלי אגרות החוב, בתוך שנתיים מאישור ההסדר, מעל ל-50% מהחוב הנדחה, קרי מעל ל-90 מיליוני יורו, מועדי התשלומים שיוותרו, ידחו בשנה אחת נוספת. כדי לעמוד בתנאי זה על החברה לממש נכסים בסך של 120 מיליוני יורו (תמורה נטו) בתוך שנתיים.

תרשים המתאר את דחיית התשלומים על פי ההסדר המוצע

הנחה: אישור ההסדר ביום 30 ביוני 2014

תאריך	מועד תשלומים מקורי				
	א	ב	פולני	סה"כ	
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	
30/06/2018					
31/12/2018					
30/06/2019	37.8	128.8	14.8	181.4	חוב נדחה
31/12/2019	25.2	0.0	0.0	25.2	חוב שאיננו נדחה
30/06/2020	63.0	128.8	14.8	206.6	סה"כ

תאריך	מועד תשלומים מקורי			
	א	ב	פולני	
18/11/2013			פ1	
31/12/2013	א1			
30/06/2014		ב1		
31/12/2014	א2			
30/06/2015		ב2		
31/12/2015	א3			
30/06/2016				
31/12/2016	א4			
30/06/2017				
31/12/2017	א5			
30/06/2018				
31/12/2018				
30/06/2019				
31/12/2019				
30/06/2020				

דחייה			
	א	ב	פולני
	מועד אישור ההסדר		
30/06/2014			
31/12/2014			
30/06/2015			
31/12/2015			
30/06/2016	א4		
31/12/2016	א1	ב1	פ1
30/06/2017	א5		
31/12/2017	א2	ב2	
30/06/2018			
31/12/2018			
30/06/2019	א3		
31/12/2019			
30/06/2020			

דחייה נוספת			
	א	ב	פולני
	מועד אישור ההסדר		
30/06/2014			
31/12/2014			
30/06/2015			
31/12/2015			
30/06/2016			
31/12/2016			
30/06/2017	א4		
31/12/2017	א1	ב1	פ1
30/06/2018	א5		
31/12/2018	א2	ב2	
30/06/2019			
31/12/2019	א3		
30/06/2020			

מקרא:

א2	תשלום מספר 2 של סדרה א
אדום	חוב נדחה
כחול	חוב שאיננו נדחה

6.1.2 פיצוי בריבית

החל מינואר 2014 תתווסף ריבית שנתית בשיעור של 1.5% לכל סדרה, ליתרת הקרן. תשלומי הריבית שהיו אמורים להיות משולמים בסוף שנת 2013, יתווספו ליתרת הקרן הבלתי מסולקת. החל מינואר 2014, ולאחר השלמת הליך הסדר החוב, תשלומי הריבית ישולמו כסדרם. בנוסף, במועד השלמת ההסדר החברה תשלם למחזיקי האג"ח סך של 10.5 מיליוני יורו על חשבון ריבית לשנת 2014.

6.2 שווי הסדרות

6.2.1 שיעור היוון

כדי לחשב את שווי התזרים החדש המהוון יש לקבוע מהו שיעור ההיוון הראוי.

מכיוון שהחברה נמצאת במצב של קושי תזרימי, ערב כניסת החברה להליכי הסדר חוב, אגרות החוב נסחרו במחירים המשקפים תשואה של כ-30% עבור אג"ח א' וכ-50% עבור אג"ח ב'. אפשר להניח שהתשואה הגלומה באג"ח מסדרה א' בגובה 30% מהווה רף עליון לשיעור ההיוון הראוי לאחר ההסדר. שימוש במודל WACC המשקלל את סיכון ההון עם סיכון החוב על פי שיעורי התשואה בהם נסחרות אגרות החוב של החברה, עלול להוביל לתוצאה מוטה כלפי מעלה, ולכן, לדעתי, איננו רלבנטי למקרה זה.

לחילופין, ניתן להשתמש בסיכון החוב הענפי, שייגזר מתשואה ממוצעת של אגרות חוב של חברות בענף המגלמות, לכאורה, סיכון דומה לזה של החברה. לדעתי קיים קושי בקבלת מדגם מייצג כאמור, שיישקף נכונה את מרכיב הסיכון של החברה, כך שגם שימוש בשיעור תשואה ענפי, גם הוא עלול להוביל לתוצאה שגויה והפעם בהטיה כלפי מטה ולכן גם הוא איננו רלוונטי למקרה זה. לחילופין, ניתן להשתמש במדגם של "שערי ריבית" עבור אג"ח שיקלי (NR3). המח"מ החדש אחרי מימושים הינו 2.5 לסדרה א' ו-2.0 לסדרה ב' ולאג"ח הפולני. על פי מדגם שערי ריבית, התשואה על החוב, למח"מ זה הינה 29% ו-25% בהתאמה.

שיעור ההיוון אמור לשקף את רמת הסיכון עבור בעלי אגרות החוב. לאחר ההסדר, אגרות החוב תסחרנה בבורסה בתל אביב, בתשואות שיקבעו על ידי כוחות השוק, שאמורות לשקף את הסיכון הגלום עבור בעלי אגרות החוב לאחר ההסדר. יש להניח שלאחר ההסדר רמת הסיכון של אגרות החוב תרד. להערכתי, שיעור היוון בטווח של 15% עד 25% ייחשב כסביר.

בחוות דעת זו, לצורך גילום הסיכון, השתמשתי בשיעור היוון של 20%.

6.2.2 סדרה א

נכון לחודש יוני 2013, יתרת קרן סדרה א' עמדה על כ-**61.6** מיליוני יורו ועמדה לפירעון ב-5 תשלומים שנתיים של כ-**12.3** מיליוני יורו כל אחד החל מ-31 בדצמבר 2013 ועד ל-31 בדצמבר 2017, בתוספת ריבית שנתית של 4.5% צמודה למדד המחירים לצרכן. יתרת החוב נכון ל-31 בדצמבר 2013 בתוספת הריבית שנצברה הינה כ-**63** מיליוני יורו.

שלושת תשלומי הקרן הראשונים, יידחו ב-3 שנים מיום ההסדר. בהנחה שההסדר יצא לפועל ב-30 ביוני 2014, התשלומים יידחו ל30 ביוני 2017, 2018 ו-2019. שני התשלומים האחרונים לא ידחו ויפרעו במועדם המקורי בחודשים דצמבר 2016 ו-2017.

החל מה-1 בינואר 2014 יישא החוב ריבית של 6%. בסך הכל ישולמו לבעלי אגרות החוב מסדרה א' תשלומי קרן וריבית בסכום מצטבר של כ-**78.5** מיליוני יורו. השווי המהוון של סך התשלומים תחת הנחת שיעור היוון של 20% הינו **44.5** מיליוני יורו.

סדרה א' – לוח סילוקין חדש – תסריט ללא מימושים בכלל

מיליוני יורו

סה"כ	אגח א	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
	יתרת פתיחה	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	תשלומי ריבית	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	תשלום ריבית מובטח		3.2	0.6	1.9	1.9	1.9	1.9	1.5	1.1	0.8	0.4	0.4		
0.0	תשלומים ממימושים ע"ח הקרן		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
	יתרת ביניים		63.0	63.0	63.0	63.0	63.0	63.0	50.4	37.8	25.2	12.6	12.6		
63.0	תשלומים מקוריים דחויים								12.6	12.6	12.6		12.6		
	יתרת סגירה	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	סה"כ תשלומי קרן		0.0	0.0	0.0	0.0	0.0	0.0	12.6	12.6	12.6	0.0	12.6		
78.5	**סה"כ תשלומי קרן וריבית**		**3.2**	**0.6**	**1.9**	**1.9**	**1.9**	**14.5**	**14.1**	**13.7**	**13.4**	**0.4**	**13.0**		
	שנים להיוון		0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0		
44.5	תזרים מהוון		3.2	0.5	1.6	1.4	1.3	9.2	8.2	7.2	6.4	0.2	5.2		

בהתאם לתוכנית המימושים של החברה, יוקדמו תשלומי הקרן. על פי תסריט זה בסך הכל ישולמו לבעלי אגרות החוב מסדרה א' תשלומי קרן וריבית בסכום מצטבר של כ-**75.1** מיליוני יורו. השווי המהוון של סך התשלומים תחת הנחת שיעור היוון של 20% הינו **48.7** מיליוני יורו.

סדרה א' – לוח סילוקין חדש – על פי תוכנית המימושים של החברה

מיליוני יורו

סה"כ	אגח א	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
	יתרת פתיחה	61.6	63.0	63.0	58.3	56.4	46.1	39.9	37.5	32.8	8.2				
13.5	תשלומי ריבית	1.4	1.9	1.9	1.7	1.7	1.4	1.2	1.1	1.0	0.2				
12.2	תשלום ריבית מובטח		3.2	0.6	1.7	1.7	1.4	1.2	1.1	1.0	0.2				
50.4	תשלומים ממימושים ע"ח הקרן		0.0	4.7	1.9	10.3	6.3	2.4	4.7	12.0	8.2				
	יתרת ביניים		63.0	58.3	56.4	46.1	39.9	37.5	32.8	20.8	0.0				
12.6	תשלומים מקוריים דחויים									12.6	0.0	0.0	0.0		0.0
	יתרת סגירה	63.0	63.0	58.3	56.4	46.1	39.9	37.5	32.8	8.2	0.0				
63.0	סה"כ תשלומי קרן		0.0	4.7	1.9	10.3	6.3	2.4	4.7	24.6	8.2				
75.1	**סה"כ תשלומי קרן וריבית**		**3.2**	**5.3**	**3.6**	**12.0**	**7.7**	**3.6**	**5.8**	**25.6**	**8.4**				
	שנים להיוון		0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0				
48.7	תזרים מהוון		3.2	4.8	3.0	9.1	5.3	2.3	3.3	13.5	4.1				

6.2.3 סדרה ב'

נכון לחודש יוני 2013, יתרת קרן סדרה ב' עמדה על כ-**125.4** מיליוני יורו ועמדה לפירעון ב-2 תשלומים שנתיים של כ-**62.7** מיליוני יורו כל אחד: הראשון ב-1 ביולי 2014 והשני ב-1 ביולי 2015, בתוספת ריבית שנתית של 5.4% צמודה למדד המחירים לצרכן. יתרת החוב נכון ל-31 בדצמבר 2013 בתוספת הריבית שנצברה הינה כ-**128.8** מיליוני יורו.

תשלומי הקרן, יידחו ב-3 שנים מיום אישור ההסדר. בהנחה שההסדר יצא לפועל ב-30 ביוני 2014, התשלומים יידחו ל- 30 ביוני 2017 ו-30 ביוני 2018.

החל מה-1 בינואר 2014 יישא החוב שבדחייה ריבית של 6.9% בסך הכל ישולמו לבעלי אגרות החוב מסדרה ב' תשלומי קרן וריבית בסכום מצטבר של כ-**164.4** מיליוני יורו. השווי המהוון של סך התשלומים תחת הנחת שיעור היוון של 20% הינו **94.8** מיליוני יורו.

סדרה ב' – לוח סילוקין חדש – תסריט ללא מימושים בכלל

מיליוני יורו

סה"כ	אגח ב	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
	יתרת פתיחה	125.4	128.8	128.8	128.8	128.8	128.8	128.8	128.8	64.4	64.4				
38.9	תשלומי ריבית	3.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	2.2	2.2				
35.6	תשלום ריבית מובטח		6.5	2.3	4.4	4.4	4.4	4.4	4.4	2.2	2.2				
0.0	תשלומים ממימושים ע"ח הקרן		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
	יתרת ביניים		128.8	128.8	128.8	128.8	128.8	128.8	128.8	64.4	64.4				
128.8	תשלומים מקוריים דחויים								64.4		64.4				
	יתרת סגירה	128.8	128.8	128.8	128.8	128.8	128.8	128.8	64.4	64.4	0.0				
128.8	סה"כ תשלומי קרן		0.0	0.0	0.0	0.0	0.0	0.0	64.4	0.0	64.4				
164.4	**סה"כ תשלומי קרן וריבית**		**6.5**	**2.3**	**4.4**	**4.4**	**4.4**	**4.4**	**68.9**	**2.2**	**66.6**				
	שנים להיוון		0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0				
94.8	**תזרים מהוון**		**6.5**	**2.1**	**3.7**	**3.4**	**3.1**	**2.8**	**39.8**	**1.2**	**32.1**				

בהתאם לתוכנית המימושים של החברה, יוקדמו תשלומי הקרן. על פי תסריט זה בסך הכל ישולמו לבעלי אגרות החוב מסדרה ב' תשלומי קרן וריבית בסכום מצטבר של כ-**152** מיליוני יורו. השווי המהוון של סך התשלומים תחת הנחת שיעור היוון של 20% הינו **108.1** מיליוני יורו.

סדרה ב' – לוח סילוקין חדש – על פי תוכנית המימושים של החברה

מיליוני יורו

סה"כ	אגח ב	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
	יתרת פתיחה	125.4	128.8	128.8	113.1	106.8	72.4	51.3	43.3	27.7					
26.6	תשלומי ריבית	3.4	4.4	4.4	3.9	3.7	2.5	1.8	1.5	1.0					
23.2	תשלום ריבית מובטח		6.5	2.3	3.9	3.7	2.5	1.8	1.5	1.0					
128.8	תשלומים ממימושים ע"ח הקרן		0.0	15.7	6.3	34.4	21.1	8.0	15.6	27.7					
	יתרת ביניים		128.8	113.1	106.8	72.4	51.3	43.3	27.7	0.0					
0.0	תשלומים מקוריים דחויים										0.0		0.0		
	יתרת סגירה	128.8	128.8	113.1	106.8	72.4	51.3	43.3	27.7	0.0					
128.8	סה"כ תשלומי קרן		0.0	15.7	6.3	34.4	21.1	8.0	15.6	27.7					
152.0	**סה"כ תשלומי קרן וריבית**		**6.5**	**18.1**	**10.2**	**38.1**	**23.6**	**9.7**	**17.1**	**28.7**					
	שנים להיוון		0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5					
108.1	**תזרים מהוון**		6.5	16.5	8.5	29.0	16.4	6.2	9.9	15.1					

6.2.4 אג"ח פולני

נכון לחודש יוני 2013, יתרת החוב למחזיקי אג"ח זה עמדה על כ-**14.3** מיליוני יורו לתשלום ביום 18 בנובמבר 2013. יתרת החוב נכון ל-31 בדצמבר 2013 בתוספת הריבית שנצברה הינה כ-**14.8** מיליוני יורו.

תשלומי הקרן, יידחו ב-3 שנים מיום אישור ההסדר. בהנחה שההסדר יצא לפועל ב-30 ביוני 2014, תשלום הקרן יידחה ל- 30 ביוני 2017.

החל מה-1 בינואר 2014 יישא החוב שבדחייה ריבית של 6% + 6 month Wibor, הנאמדת ב-8.7%. בסך הכל ישולמו לבעלי אגרת החוב הפולנית תשלומי קרן וריבית בסכום מצטבר של כ-**19.3** מיליוני יורו. השווי המהוון של סך התשלומים תחת הנחת שיעור היוון של 20% הינו **12.1** מיליוני יורו.

אג"ח פולני – לוח סילוקין חדש – תסריט ללא מימושים בכלל

מיליוני יורו

סה"כ	פולני	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
	יתרת פתיחה	14.3	14.8	14.8	14.8	14.8	14.8	14.8	14.8						
5.0	תשלומי ריבית	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6						
4.5	תשלום ריבית מובטח		0.7	0.5	0.6	0.6	0.6	0.6	0.6						
0.0	תשלומים ממימושים ע"ח הקרן		0.0	0.0	0.0	0.0	0.0	0.0	0.0						
	יתרת ביניים		14.8	14.8	14.8	14.8	14.8	14.8	14.8						
14.8	תשלומים מקוריים דחויים								14.8						
	יתרת סגירה	14.8	14.8	14.8	14.8	14.8	14.8	14.8	0.0						
14.8	סה"כ תשלומי קרן		0.0	0.0	0.0	0.0	0.0	0.0	14.8						
19.3	**סה"כ תשלומי קרן וריבית**		**0.7**	**0.5**	**0.6**	**0.6**	**0.6**	**0.6**	**15.5**						
	שנים להיוון		0.0	0.5	1.0	1.5	2.0	2.5	3.0						
12.1	**תזרים מהוון**		**0.7**	**0.5**	**0.5**	**0.5**	**0.4**	**0.4**	**8.9**						

בהתאם לתוכנית המימושים של החברה, יוקדמו תשלומי הקרן. על פי תסריט זה בסך הכל ישולמו לבעלי אגרת החוב הפולנית תשלומי קרן וריבית בסכום מצטבר של כ-**18.2** מיליוני יורו. השווי המהוון של סך התשלומים תחת הנחת שיעור היוון של 20% הינו **13** מיליוני יורו.

אג"ח פולני – לוח סילוקין חדש – על פי תוכנית המימושים של החברה

מיליוני יורו

סה"כ	פולני	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
	יתרת פתיחה	14.3	14.8	14.8	13.0	12.3	8.4	6.0	5.1	3.3					
3.9	תשלומי ריבית	0.5	0.6	0.6	0.6	0.5	0.4	0.3	0.2	0.1					
3.4	תשלום ריבית מובטח		0.7	0.5	0.6	0.5	0.4	0.3	0.2	0.1					
14.8	תשלומים ממימושים ע"ח הקרן		0.0	1.8	0.7	3.9	2.4	0.9	1.8	3.3					
	יתרת ביניים		14.8	13.0	12.3	8.4	6.0	5.1	3.3	0.0					
0.0	תשלומים מקוריים דחויים										0.0				
	יתרת סגירה	14.8	14.8	13.0	12.3	8.4	6.0	5.1	3.3	0.0					
14.8	סה"כ תשלומי קרן		0.0	1.8	0.7	3.9	2.4	0.9	1.8	3.3					
18.2	**סה"כ תשלומי קרן וריבית**		**0.7**	**2.3**	**1.3**	**4.5**	**2.8**	**1.2**	**2.0**	**3.4**					
	שנים להיוון		0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5					
13.0	**תזרים מהוון**		0.7	2.1	1.1	3.4	1.9	0.7	1.2	1.8					

6.2.5 סיכום השווי

תחת הנחת שיעור היוון של 20% והנחת תוכנית המימושים של החברה, שווי אגרות החוב מסתכם לכ-170 מיליוני יורו.

סיכום שווי אג"ח

מיליוני יורו

אגח א'	אגח ב'	אג"ח פולני	סה"כ
48.7	**108.1**	**13.0**	**169.7**

שווי זה נבחן תחת הנחות שיעור היוון שונות, ותחת 3 תסריטים של מימוש נכסים כדלקמן:

1. מימושים על פי תוכנית החברה
2. מימושים בהיקף של מחצית מתוכנית החברה.
3. ללא מימושים כלל

דוח רגישות

סדרה א'

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

סדרה ב'

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

אג"ח פולני

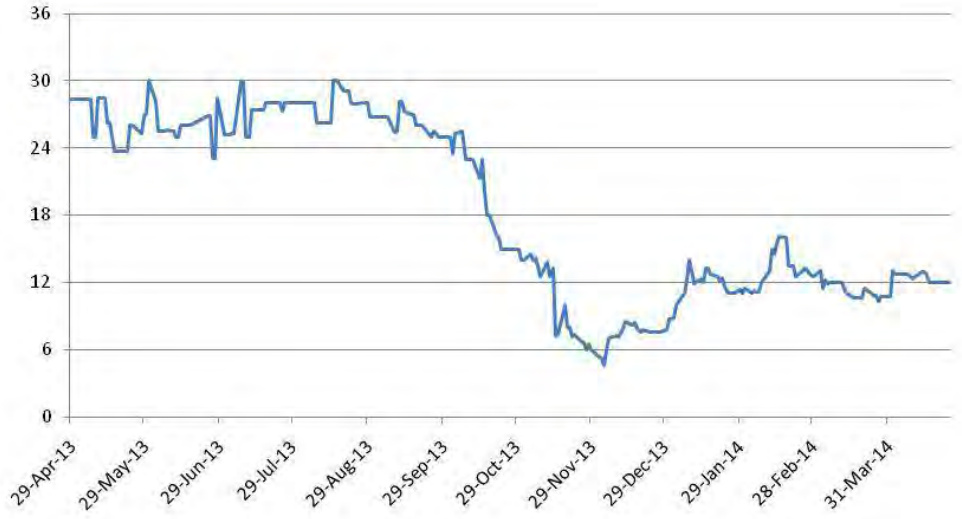
3	2	1	
15.1	15.1	15.2	10%
14.4	14.5	14.7	12%
13.4	13.7	14.0	15%
12.1	12.6	**13.0**	**20%**
10.9	11.5	12.1	25%
9.9	10.7	11.3	30%
8.3	9.2	10.0	40%

6.3 שווי המניות

החברה תעניק לבעלי האג"ח 13.5% ממניות החברה לאחר ההזרמה של בעלי המניות. המניות יוקצו לבעלי אגרות החוב משלוש הסדרות, פרו ראטה לחוב הנדחה.

שווי מניית פלאזה כפי שנסחר בשנה האחרונה

פני למניה



ערב הודעת החברה על כניסתה לתהליך של הסדר חוב נסחרה המניה של פלאזה במחיר ממוצע של כ-25 פני. לאחר ההודעה על הסדר החוב ירד המחיר עד לשפל של כ-5 פני למניה. בחודשים האחרונים התייצב מחיר המניה על 11 פני, מחיר המשקף לחברה שווי של כ-40 מיליוני יורו.

שווי המניות

מיליוני יורו

	מחיר למניה בפני	שווי במיליוני פאונד	שווי במיליוני יורו
ממוצע שלושה חודשים אחרונים	12.23	36	44
ממוצע שישה חודשים אחרונים	**11.05**	**33**	**40**
ממוצע שנה אחרונה	18.38	55	66

שווי החברה הצפוי לאחר הזרמת הכספים כתוצאה מהנפקת הזכויות הינו כ- 60 מיליוני יורו. שווי החבילה בשיעור 13.5% ממניות החברה נאמד בכ-8 מיליוני יורו. שיעור ההחזר הנומינאלי לבעלי אגרות החוב הינו 123%. בערכים מהוונים בשיעור של 20% שיעור ההחזר לבעלי אגרות החוב על פי ההסדר המוצע הינו כ- 86%

שווי החבילה ושיעור ההחזר (Recovery)

מיליוני יורו

	ערכים נומינאליים	ערכים מהוונים בשיעור של 20%
שווי של סדרות האג"ח החדשות	245.4	169.7
שווי של חבילת המניות	8.1	8.1
סה"כ שווי חבילה	253.5	177.8
חוב	206.6	206.6
שיעור החזר	**123%**	**86%**

פרק 7: חלופת הפירוק

תחת הנחת הפירוק, הנכסים ימומשו על פי שווים במימוש מהיר. הערכות הנכסים במימוש מהיר התקבלו מהשמאי JLL ליום 13 בנובמבר 2013. מסכום זה יש לנכות את הוצאות הפירוק בשיעור של כ-6% משווי הנכסים, את החוב החיצוני של החברה והתחייבויות נוספות כגון התחייבויות בגין סיום יחסי עובד מעביד. הונח, בהתאם להערכות השווי של JLL כי הנכסים ימומשו בתוך 6 חודשים. לחישוב הערך הנוכחי של שווי הנכסים במימוש מהיר נעשה היוון ל-6 חודשים שימוש בשיעור היוון של 20%.

אולם, תחזית זו מבוססת בין השאר על מימוש של פרויקט קאסה רדיו בתוך 6 חודשים במחיר מימוש מהיר של כ-80 מיליוני יורו. להערכתי, ועל סמך מידע שהתקבל מהנהלת החברה, ההיתכנות של מימוש נכס מסוג זה שבו השותף המרכזי הוא ממשלת רומניה, בתוך שישה חודשים איננה גבוהה. הואיל ומדובר בפרויקט בסדר גדול של מאות מיליוני יורו, הכולל קרקע בחכירה, והמעוגן בהסכם שותפות עם הממשלה PPP (Public private partnership) ובשל העובדה כי בשנים האחרונות לא בוצעו ברומניה עסקאות לרכישת קרקע בסכומים אדירים בסדר גודל כזה, ההנחה שאפשר יהיה לממש את הפרויקט תמורת 80 מיליוני יורו בתוך 6 חודשים נראית בלתי סבירה. בהתאם לכך בוצעה הפחתה נוספת של 30 מיליוני יורו בשווי נכסי החברה.

שיעור ההחזר על פי חלופת הפירוק

מיליוני יורו

מזומן (י. פתיחה)	36
מימושים	152
סה"כ נכסים ומזומן	188
הוצאות	
הוצאות פירוק בשיעור 6% מהנכסים	24
הנהלה וכלליות שנה	7
סיכום ביניים	**157**
קאסה רדיו	-30
סה"כ	**127**
יתרת חוב לבעלי אגרות החוב	206.6
שיעור החזר (Recovery Rate)	**62%**

סך כל שווי נכסי החברה על פי חלופת הפירוק מסתכם בכ-127 מיליוני יורו, המהווים שיעור החזר של 62% לבעלי אגרות החוב.

בברכה ובכבוד רב,

הורוביץ עידן סבו טבת & כהן טבח

רואי חשבון

פרק 8: פרטי השכלתי וניסיוני

סלע קולקר

השכלה

2006 - 2010 MBA תואר שני במנהל עסקים מאוניברסיטת תל אביב.
התמחות במימון.
1998 - 2001 BA תואר ראשון בכלכלה וניהול, מאוניברסיטת תל אביב.

רקע תעסוקתי

2012 - בייקר טילי. שותף, ומנהל את מחלקת "בייקר טילי פיננסים"
אחראי על ביצוע הערכות שווי, תכניות עסקיות, בדיקות כלכליות, הערכות PPA, חוות דעת כלכליות, בחינות לירידת ערך, ועוד.
ניסיון בהכנת חוות דעת כלכליות לבית המשפט, כמומחה להסדרי חוב בחברות ציבוריות, וניסיון רב במתן שירותי ייעוץ הן לבעלי אגרות חוב במו"מ לגיבוש הסדרי חוב והן לחברות המנפיקות.

2010 – 2011 אדקו טכנולוגיות סמנכ"ל כספים
מנהל מחלקת הכספים, וחבר בצוות ההנהלה.
הפקת דוחות שנתיים ורבעוניים בסטנדרט של חברה ציבורית.
בקרה תקציבית, ניתוח הפעילות והצגת תחזיות למועצת המנהלים.
ניהול צוות הנהלת חשבונות.
ניהול AR ו AP, קביעת אובליגו ללקוחות, ניהול ביטוחי אשראי ופקטורינג.
מו"מ מול בנקים, ספקים ולקוחות.
ניהול הגנות מטבע וביצוע ההגנות בפועל.

2006 - 2009 קבוצת אמפא סמנכ"ל מימון
גיוס הון מהשוק המוסדי באמצעות אג"ח מגובות נכסים, למימון הפעילות של חברות הבנות בקבוצה.
זיהוי וניתוח נכסים פיננסים, המתאימים לגיוס באמצעות אג"ח מגובה נכסים.
ניהול מו"מ מול חברות הדירוג, חברה לנאמנות, רואי חשבון וגופי סליקה.
שיווק של המוצר הסופי למשקיעים מוסדים, מו"מ על תנאי אגרות החוב וגובה הריבית, עד לביצוע הגיוס.
גיוס של כ- 700 מיליוני שקלים מעשרות גופים בשוק ההון, באמצעות 10 Road Shows.
ניהול צוות כלכלנים המפיק דוחות בקרה חודשיים, רבעוניים ושנתיים.

2001 - 2004 תבור כלכלה ופיננסים מנהל המחלקה הכלכלית
כ-4 שנים בתפקיד כלכלן, ובשנה האחרונה מנהל המחלקה הכלכלית.
כתיבת תכניות עסקיות רבות.
ביצוע הערכות שווי רבות
חוות דעת כלכליות
בניית מודלים של תמחיר והמחרה
תכנון פיננסי וליווי עסקי של לקוחות, גם לצרכי מימון
חבר בוועדת השקעות של "דיבידנד" חברה בת לניהול תיקי השקעות
תפקיד מרכזי בהקמה של מנגנון "הקרן לעידוד עסקים קטנים",
הכולל קביעת הקריטריונים להגשת בקשות אשראי, ותדרוך היועצים הכלכליים

הגבלת אחריות

מוסכם בינינו, לבין החברה (להלן: "**מזמיני העבודה**") כי פרט למקרה בו ייקבע ע"י בית משפט כי עבודתנו בוצעה תוך פעולה בזדון, לא נישא בכל אחריות כלפי מזמיני העבודה וכל צד ג', מכל מקור שהוא ועל פי כל עילה שהיא, לרבות בנזיקין, בכל הקשור לביצוע שירותים על פי הצעה זו, ולא תהיה למזמיני העבודה ו/ או למי מטעמם כל טענה ו/או תביעה כלפינו, לרבות דרך של הודעת צד שלישי, בכל הקשור לשירותים הניתנים בהתקשרות ובשירותים המוענקים על ידנו לחברה.

מבלי לגרוע מהאמור לעיל, אחריותנו לפצות את מזמיני העבודה במקרה של נזקים שייגרמו להם כתוצאה ישירה מפעולתנו, במידה שייקבע ע"י בית משפט כי פעלנו בזדון כאמור לעיל, לא תעלה על שכר הטרחה ששולם לנו בקשר להתקשרות זו.

מקובל ומוסכם שכל הצעדים משפטיים הקשורים בעבודה זו חייבים להתבצע לא יאוחר מתום 3 שנים מיום הגשת עבודתנו. מוסכם בין הצדדים שכל הליכים משפטיים כאמור ימסרו להכרעתו הבלעדית של בורר שיתמנה בהסכמה בתוך 30 יום מיום הגשת הבקשה לקיום בוררות. אם לא יגיעו הצדדים לכלל בחירת בורר מוסכם יתמנה הבורר ע"י נשיא לשכת עורכי הדין שיכהן באותה עת אלא אם כן יהא לו עניין או היכרות עם אחד הצדדים שאז ימונה הבורר ע"י נשיא בית המשפט המחוזי בתל אביב. למען הסר ספק יובהר כי הצדדים מצהירים כי כל טענות ותביעות בקשר להתקשרות זו יוכרעו באמצעות בוררות כאמור לעיל והם ימנעו מלפנות לערכאות משפטיות. בכל מקרה כל התדיינות משפטית תהיה בישראל ולפי דיני ישראל.

במהלך עבודתנו נקבל מידע, תחזיות, הסברים ומצגים מהחברה ו/או ממי מטעמה. האחריות למידע, למצגים ולהסברים הנ"ל הינה על ספקי מידע זה. מסגרת עבודתנו אינה כוללת בדיקה ו/או אימות של הנתונים שנקבל כאמור. לאור זאת, עבודתנו לא תחשב ולא תהווה אישור לנכונותם, שלמותם או דיוקם של הנתונים המועברים אלינו. בשום מקרה לא נהיה אחראים לכל הפסד, נזק, עלות או הוצאה אשר יגרמו בכל אופן ודרך ממעשי הונאה, מצג שווא, הטעיה, מסירת מידע שאינו נכון ואינו מלא או מניעת מידע מצידכם ו/או מי מטעמכם, או כל התבססות אחרת על מידע כאמור, בכפוף לאמור לעיל.

אם יפסק בהליך משפטי חלוט ובלתי ניתן לערעור כי עלינו לשלם סכום כלשהו לצד שלישי בקשר ישיר עם ביצוע השירותים נשוא מכתב התחייבות זה, מתחייבת החברה לשאת בכל ההוצאות הסבירות שנוציא או שנידרש לשלם עבור ייעוץ וייצוג משפטי, חוות דעת מומחים, התגוננות מפני הליכים משפטיים, משא ומתן וכיו"ב בקשר לכל תביעה, דרישה או הליכים אחרים בשל השירותים על פי מכתב זה.

בנוסף ומבלי לפגוע בכלליות האמור לעיל, באם יפסק בהליך משפטי חלוט ובלתי ניתן לערעור כי עלינו לשלם סכום כלשהו לצד שלישי בקשר ישיר עם ביצוע השירותים נשוא מכתב התקשרות זה, מתחייבת החברה לשפותנו אם מקור התביעה אינו קשור במעשה שבזדון בעת מתן השירותים. בכל מקרה כזה, אנו נעדכן את החברה ונאפשר לה להתגונן בכל הליך שכזה ולא נתפשר ללא הסכמתה מראש ובכתב.

מוסכם כי החברה תשלם את הסכומים כאמור בשתי הפיסקאות לעיל רק אם הם עולים על שכר טרחתנו ובניכוי סכום זה.

בברכה ובכבוד רב,

הורוביץ עידן סבו טבת & כהן טבח
רואי חשבון

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