

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

Commission file number 0-28996

ELBIT IMAGING LTD.

(Exact name of registrant as specified in its charter)

N/A

(Translation of registrant's name into English)

ISRAEL

(Jurisdiction of incorporation or organization)

7 MOTA GUR STREET, PETACH TIKVA 4952801, ISRAEL

(Address of principal executive offices)

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7 MOTA GUR STREET, PETACH TIKVA 4952801, ISRAEL

(Name, Telephone, E-Mail and/or Facsimile Number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class:

ORDINARY SHARES, NO PAR VALUE

Name of each exchange on which registered:

NASDAQ GLOBAL SELECT MARKET

Securities registered or to be registered pursuant to Section 12(g) of the Act:

NONE

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

NONE

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 27,472,426 ordinary shares, no par value per share, as of December 31, 2015.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES ☐ NO ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES ☐ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 in the Exchange Act. (Check one):

Large Accelerated Filer ☐

Accelerated Filer ☐

Non-Accelerated Filer ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

☐ U.S. GAAP

☒ International Financial Reporting Standards as issued by the International Accounting Standards Board

☐ Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

☐ Item 17 ☐ Item 18

If this is an annual report indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

YES ☐ NO ☒

TABLE OF CONTENTS

ITEM	DESCRIPTION	Page
	FORWARD LOOKING STATEMENTS	1
1.	IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS	3
2.	OFFER STATISTICS AND EXPECTED TIMETABLE	3
3.	KEY INFORMATION	3
4.	INFORMATION ON THE COMPANY	25
4A.	UNRESOLVED STAFF COMMENTS	47
5.	OPERATING AND FINANCIAL REVIEW AND PROSPECTS	47
6.	DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	88
7.	MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	97
8.	FINANCIAL INFORMATION	99
9.	THE OFFER AND LISTING	100
10.	ADDITIONAL INFORMATION	101
11.	QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK	112
12.	DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	115
13.	DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES	116
14.	MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	116
15.	CONTROLS AND PROCEDURES	116
16A.	AUDIT COMMITTEE FINANCIAL EXPERT	117
16B.	CODE OF ETHICS	117
16C.	PRINCIPAL ACCOUNTANT FEES AND SERVICES	117
16D.	EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES	118
16E.	PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS	118
16F.	CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT	118
16G.	CORPORATE GOVERNANCE	118
16H.	MINE SAFETY DISCLOSURE	118
17.	FINANCIAL STATEMENTS	118
18.	FINANCIAL STATEMENTS	118
19.	EXHIBITS	120
	CERTIFICATIONS	
	INDEX TO FINANCIAL STATEMENTS	F-1

Special Explanatory Note

Share and share price information in this annual report have been adjusted to reflect the 1-for-20 reverse share split effected by us on August 21, 2014.

FORWARD-LOOKING STATEMENTS

THIS ANNUAL REPORT ON FORM 20-F CONTAINS "FORWARD-LOOKING STATEMENTS," WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "EXCHANGE ACT"). FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS REGARDING THE INTENT, BELIEF OR CURRENT EXPECTATIONS OF THE COMPANY AND ITS MANAGEMENT ABOUT THE COMPANY'S BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS, RELATIONSHIPS WITH EMPLOYEES, BUSINESS PARTNERS AND OTHER THIRD PARTIES, THE CONDITION OF ITS PROPERTIES, LOCAL AND GLOBAL MARKET TERMS AND TRENDS, AND THE LIKE. WORDS SUCH AS "BELIEVE," "EXPECT," "INTEND," "ESTIMATE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS BUT ARE NOT THE EXCLUSIVE MEANS OF IDENTIFYING SUCH STATEMENTS. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE PROJECTED, EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS AS A RESULT OF VARIOUS FACTORS INCLUDING, WITHOUT LIMITATION, THE FACTORS SET FORTH BELOW UNDER THE CAPTION "RISK FACTORS." ANY FORWARD-LOOKING STATEMENTS CONTAINED IN THIS ANNUAL REPORT SPEAK ONLY AS OF THE DATE HEREOF, AND WE CAUTION EXISTING AND PROSPECTIVE INVESTORS NOT TO PLACE UNDUE RELIANCE ON SUCH STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS DO NOT PURPORT TO BE PREDICTIONS OF FUTURE EVENTS OR CIRCUMSTANCES, AND THEREFORE, THERE CAN BE NO ASSURANCE THAT ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN WILL PROVE TO BE ACCURATE. WE UNDERTAKE NO OBLIGATION TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS.

CURRENCY TRANSLATION

For the reader's convenience, financial information for 2015 has been translated from various foreign currencies to the U.S. dollar (" \$" or "U.S. dollar"), as of December 31, 2015, in accordance with the following exchange rates:

Currency	\$1.00 as of December 31, 2015
1 New Israeli Shekel (NIS)	0.25657
1 Euro	1.09270
1 Great British Pound (GBP)	1.48259
1 Hungarian Forint (HUF)	0.00349
1 Czech Republic Koruny (CZK)	0.04045
1 Romanian LEI (RON)	0.24129
1 Polish Zloty (PLN)	0.25771
1 Indian Rupee (INR)	0.01511
1 Crore (10 million INR)	151,100

The U.S. dollar amounts reflected in these convenience translations should not be construed as representing amounts that actually can be received or paid in U.S. dollars or convertible into U.S. dollars (unless otherwise indicated), nor do such convenience translations mean that the foreign currency amounts (i) actually represent the corresponding U.S. dollar amounts stated, or (ii) could be converted into U.S. dollars at the assumed rate. The Federal Reserve Bank of New York does not certify for customs purposes a buying rate for cable transfers in New Israeli Shekel ("NIS"). Therefore all information about exchange rates is based on the Bank of Israel rates.

EXCHANGE RATES

The exchange rate between the NIS and U.S. dollar published by the Bank of Israel was NIS 3.7630 to the U.S. dollar on April 19, 2016. The exchange rate has fluctuated during the six month period beginning October 2015 through April 19, 2016 from a high of NIS 3.983 to the U.S. dollar to a low of NIS 3.763 to the U.S. dollar. The monthly high and low exchange rates between the NIS and the U.S. dollar during the six month period beginning October 2015 through April 19, 2016, as published by the Bank of Israel, were as follows:

MONTH	HIGH	LOW
	1 U.S. dollar =NIS	1 U.S. dollar =NIS
October 2015	3.9230	3.8160
November 2015	3.9210	3.8680
December 2015	3.9050	3.8550
January 2016	3.9830	3.9130
February 2016	3.9640	3.8710
March 2016	3.9120	3.7660
April 2016 (through April 19)	3.8190	3.7630

The average exchange rate between the NIS and U.S. dollar, using the average of the exchange rates on the last day of each month during the period, for each of the five most recent fiscal years was as follows:

PERIOD	AVERAGE EXCHANGE RATE
January 1, 2011 - December 31, 2011	3.577 NIS/\$1
January 1, 2012 - December 31, 2012	3.857 NIS/\$1
January 1, 2013 - December 31, 2013	3.609 NIS/\$1
January 1, 2014 - December 31, 2014	3.577 NIS/\$1
January 1, 2015 - December 31, 2015	3.885 NIS/\$1

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

The following selected consolidated financial data of Elbit Imaging Ltd. and its subsidiaries (together, "EI," "Elbit," the "Company," "our," "we" or "us") are derived from our 2015 consolidated financial statements and are set forth below in table format. Our 2015 consolidated financial statements and notes included elsewhere in this report were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The 2015 consolidated financial statements were audited by Brightman Almagor Zohar & Co., a firm of certified public accountants in Israel and a member of Deloitte Touche Tohmatsu. Our selected consolidated financial data are presented in NIS. A convenience translation to U.S. dollars is presented for 2015 only.

The selected financial data for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 which are presented in the table below are derived from our consolidated financial statements prepared in accordance with IFRS and do not include consolidated financial data in accordance with U.S. GAAP.

CONSOLIDATED STATEMENTS OF OPERATIONS IN ACCORDANCE WITH IFRS
(in thousands, except share and per share data)

	2015 Convenience translation (\$'000)	2015	2014	2013	2012	2011
Income revenues and gains						
Revenues						
Revenues from sale of commercial centers	51,276	200,078	201,571	8,614	67,594	3,525
Revenues from hotel operations and management	37,900	147,886	197,007	202,791	206,746	286,548
Total revenues	89,176	347,964	398,578	211,405	274,340	290,073
Gains and other						
Rental income from commercial centers	21,489	83,849	113,661	129,748	147,185	111,745
Gains from sale of investees	1,720	6,712	11,301	-	-	-
Gains from changes of shareholding in investees	-	-	-	-	53,875	-
Total gains	23,209	90,561	124,962	129,748	201,060	111,745
Total income revenues and gains	112,385	438,525	523,540	341,153	475,400	401,818
Expenses and losses						
Commercial centers	74,413	290,360	291,864	124,737	213,367	159,626
Hotel operations and management	32,509	126,849	173,918	179,137	186,760	240,784
General and administrative expenses	4,274	16,678	39,785	60,643	48,771	61,857
Share in losses of associates, net	11,001	42,925	17,298	339,030	102,127	7,568
Financial expenses	60,558	236,288	237,601	334,101	184,273	160,707
Financial income	(552)	(2,154)	(6,317)	(3,930)	(28,303)	(65,571)
Change in fair value of financial instruments measured at fair value through profit and loss	1,396	5,446	71,432	68,407	50,229	(273,020)
Financial gain from debt restructuring	-	-	(1,616,628)	-	-	-
Write-down, charges and other expenses, net	9,815	38,298	531,042	840,034	302,093	288,935
	193,414	754,690	(260,005)	1,942,159	1,059,317	580,886
Profit (loss) before income taxes	(81,029)	(316,165)	783,545	(1,601,006)	(583,917)	(179,068)
Income taxes (tax benefits)	1,443	5,631	(2,287)	(30,937)	(9,212)	63,283
Profit (loss) from continuing operations	(82,472)	(321,796)	785,832	(1,570,069)	(574,705)	(242,351)
Profit(loss) from discontinued operations, net	1,762	6,874	(1,475)	5,059	90,721	(4,678)
Profit (loss) for the year	(80,710)	(314,922)	784,357	(1,565,010)	(483,984)	(247,029)
Attributable to:						
Equity holders of the Company	(47,709)	(186,150)	1,008,999	(1,155,645)	(315,746)	(264,919)
Non-controlling interest	(33,001)	(128,772)	(224,642)	(409,365)	(168,238)	17,890
	(80,710)	(314,922)	784,357	(1,565,010)	(483,984)	(247,029)
Earnings per share - (in NIS)						
Basic earnings (loss) per share:						
From continuing operations	(2.00)	(7.00)	42.55	(932.15)	(329.51)	(10.46)
From discontinued operations	-	0.25	(0.06)	3.84	75.75	(0.19)
	(2.00)	(6.75)	42.49	(928.31)	(253.76)	(10.65)
Diluted earnings (loss) per share:						
From continuing operations	(2.00)	(7.00)	42.55	(932.15)	(329.51)	(10.46)
From discontinued operations	-	0.25	(0.06)	3.84	75.75	(0.19)
	(2.00)	(6.75)	42.49	(928.31)	(253.76)	(10.65)
Dividend declared per share	0	0	0	0	0	0

SELECTED BALANCE SHEET DATA IN ACCORDANCE WITH IFRS

	2015 Convenience translation (\$ '000)	2015	2014	2013	2012	2011
Current Assets	55,752	217,544	488,702	694,348	1,042,069	1,258,227
Non-current Assets	637,111	2,486,008	3,172,611	3,870,096	5,700,578	9,112,840
Total	692,863	2,703,552	3,661,313	4,564,444	6,742,647	10,371,067
Current Liabilities	206,625	806,251	358,985	4,794,477	1,721,661	2,226,971
Non-current Liabilities	408,313	1,593,237	2,589,091	178,597	3,631,878	6,605,226
Shareholders' equity Attributable to:						
Equity holders of the company	4,943	19,287	231,979	(1,032,637)	288,630	359,630
Non-controlling interest	72,982	284,777	481,258	624,007	1,100,478	1,179,240
Total	692,863	2,703,552	3,661,313	4,564,444	6,742,647	10,371,067

B. CAPITALIZATION AND INDEBTEDNESS

Not Applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not Applicable.

D. RISK FACTORS

The following is a list of the material risk factors that may affect our business our financial condition, results of operations and our cash flows. We cannot predict nor can we assess the impact, if any, of such risk factors on our business or the extent to which any factor, or a combination of factors, may cause actual results to differ materially from those projected in any forward-looking statement. Furthermore, we cannot assess the occurrence, probability or likelihood of any such risk factor, or a combination of factors, to materialize, nor can we provide assurance that we will not be subject to additional risk factors resulting from local and/or global changes and developments not under our control that might impact our businesses or the markets in which we operate.

GENERAL RISKS

Following the consummation of our debt restructuring we essentially ceased significant business development activities, particularly in the fields of hotels, plots in India, and residential projects, which may have a material adverse effect on our operations and cash flow.

As discussed below under "Our Debt Restructuring", on February 20, 2014, we completed a major debt restructuring pursuant to an arrangement under Section 350 of the Israeli Companies Law, 5759-1999 (the "Companies Law"). Since then, due to constraints imposed due to the Debt Restructuring, as well as other circumstances, such as the change of control of the Company, the replacement of our board members, our participation in the rights offering of PC in the framework of its own debt restructuring in a significant amount which limited our available resources, lack of new financing and related matters, we did not initiate any new projects nor make any significant progress in projects that were under development. Rather we, and our subsidiary, PC, are focused on enhancing parts of our backlog projects and selling them at favorable market conditions. In addition, we did not commence new cycles of entrepreneurship-development-improvement-realization, and focused only on our backlog projects with no new pipeline. Since we are highly dependent on the realization of our current assets as a source of cash flow this change in corporate strategy and focus may adversely affect our operations, and may cause us to suffer adverse effects in the future, including our ability to generate future cash flow in order to meet our obligations.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 9
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As a result of the Debt Restructuring, we have numerous liens on our assets and subsidiaries, which may result in a material adverse effect on our operations.

In accordance with the terms of the Debt Restructuring, we placed floating liens on all of our assets and fixed liens on our various holdings and rights in our subsidiaries Elbit Ultrasound (Luxembourg) B.V./S.ar.l (through which we hold a controlling stake in Plaza, of which we own approximately 44.9% of its share capital) and Elscint Holdings and Investments N.V. (through which we hold our Radisson Complex in Bucharest), including rights to a shareholder's loan granted by us to each of such entities.

In addition, in accordance with the refinancing agreement with Bank Hapoalim, we placed fixed liens on BEA Hotels' holdings and shareholder's loan (subject to certain exception) in Bea Hotels Eastern Europe B.V. (through which we hold a in the Radisson Blu Complex in Bucharest) and we placed a lien on approximately 13% of share capital in PC. In event that we default on the terms of the Debt Restructuring or the refinancing agreement, applicable liens may be foreclosed, which may result in the liquidation of our subsidiaries and material harm to our operations and cash flow. In addition, such liens limit our ability to sell our holdings and other rights in these subsidiaries (subject to certain exceptions included in the New Notes, as defined below) without making early prepayment of certain amounts to Bank Hapoalim.

The grant of liens pursuant to the Debt Restructuring and the amended loan agreement with Bank Hapoalim resulted in most of our valuable assets being subject to liens and encumbrances. In the event that we need additional financing for our operations, we will not be able to provide adequate collateral, which may adversely affect our ability to raise the financing on favorable terms or at all. Such outcome may substantially limit our ability to further develop our assets. In addition, we are significantly exposed to exchange rate fluctuations and if we enter into currency hedging transactions we would be required by the financing bank to secure certain cash collateral to secure our obligations under the hedge agreement. The liens imposed on us as part of our Debt Restructuring may prevent us to provide such collateral without the prior consent of our note holders.

As a result of the new notes that we issued pursuant to the Debt Restructuring, we have limited flexibility in making dividends due to prepayment obligations.

The new notes issued to our note holders pursuant to the Debt Restructuring (the "New Notes") include mandatory prepayment provisions in the event we pay a dividend or make any other distribution before the full redemption of the New Notes, such that we will be obligated to prepay an amount equal to the amount distributed by us, in the following order: (i) first, towards all unpaid amounts under the Series H notes, and (ii) secondly, towards all unpaid amounts under the Series I notes. In addition, pursuant to the Refinancing Agreement, in the case of a distribution, including payment of a dividend in any manner to the Company's shareholders, we are required to prepay Bank Hapoalim an amount equal to the amount paid to the note holders on such date multiplied by the ratio between our debt to Bank Hapoalim and our total debt to Bank Hapoalim and to the note holders as of such date. Such provisions may substantially limit our ability to distribute dividends to our shareholders. In addition, such limitation could prove burdensome and limit our ability to raise equity investments due to the limited ability to avail our shareholders of the return of such investments by way of dividends or distributions.

We have significant capital needs and additional financing may not be available.

The sectors in which we compete are capital intensive. We require substantial up-front expenditures for land development and construction costs for our existing plots designated for commercial centers, investments in research and development as well as for the ongoing maintenance of our Radisson Complex or operation of our commercial centers. In addition, following construction, additional financing is necessary to maintain the centers in good condition until they are almost fully leased to tenants and sold. Accordingly, we require substantial amounts of cash and financing for our operations. We cannot be certain that our own capital will be sufficient to support such future development or that such external financing would be available on favorable terms, on a timely basis or at all. Furthermore, any changes in the global economy, real estate or business environments in which we operate, any negative trend in the capital markets, any restrictions on the availability of credit and/or decrease the credit rating of PC, might have a material adverse effect on our ability to raise capital.

As a result of our recent financial difficulties, our suspension of payments in respect of our outstanding notes during the year leading up to the Debt Restructuring, the restructuring of our financial debt as part of the Debt Restructuring and the restructuring of PC's debt as part of the Amended PC Plan (as defined below), we may experience difficulties raising financing from investors, especially in Israel, at attractive terms or at all.

In addition, under the terms of our outstanding notes, the net proceeds of any debt we raise must be used to repay the notes, unless raised to refinance the debt to Bank Hapoalim under the Refinancing Agreement. This further limits our ability to secure additional debt financing. In addition, as part of the Debt Restructuring and the Refinancing Agreement, most of our valuable assets are subject to liens and encumbrances. In the event we shall need additional financing for our operations, we will not be able to provide adequate collateral, which may adversely affect our ability to raise the financing on favorable terms or at all. Such outcome may substantially limit our ability to pursue our business plan.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 10
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Furthermore, as part of PC's debt restructuring under the Amended PC Plan which is described more fully below, *inter alia*, PC is required to assign 75% of the net proceeds received from the sale or refinancing of any of its assets to early repayment of its debt to its note holders. PC will be permitted to make investments only if its cash reserves contain an amount equal to general and administrative expenses and interest payments for such debt for a six-month period, has placed a negative pledge on its assets and undertook certain limitations on distribution of dividends and incurring of new indebtedness, financial covenants and other undertakings with respect to the sale and financing of certain projects and investment in new projects, all together, imposing considerable limitations on obtaining new financing.

Events of default under our debt arrangements may result in cross-defaults being triggered under our other credit facilities.

If an event of default were to subsist under one or more of our debt arrangements, namely, either the Company's Debt Restructuring or the Amended PC Plan, that event of default may, in accordance with cross-default provisions, constitute an event of default under our other debt arrangements or credit facilities. 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, *inter alia*, 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. Accordingly, in the event we do not fulfill our obligations under the notes issued pursuant to our Debt Restructuring or if PC does not fulfill its obligations under the notes issued for trading on the Tel Aviv Stock Exchange or issued to certain Polish shareholders (including but not limited to payment obligations), as the case may be, the respective trustees representing holders of our notes in case of the Company or the Israeli notes in case of PC, may be able to claim an immediate settlement, and declare all or any part of the unsettled balance of our notes or PC's Israeli notes or Polish notes, as the case may be, immediately due and payable. Such event of default will trigger cross-default provisions included in other credit facilities which may lead the financing banks to foreclose the collateral granted to them as part of their respective financing agreements (related mainly to operational commercial centers and the Radisson Complex). The occurrence of one or more of these factors may have a material adverse effect on our business, financial condition or prospects and/or results of operations and cash flow.

Our ability to satisfy our obligations under certain credit facilities depends on the value of our assets.

Although the use of borrowings is intended to enhance the returns on our invested capital when the value of our underlying assets increases, it may have the opposite effect where the value of underlying assets falls. Any fall in the value of any of our properties may significantly reduce the value of our equity investment in the entity which holds such property, meaning that we may not make a profit, may incur a loss on the sale or impairment of any such property and/or increase the likelihood of breaching certain financial covenants in our existing debt arrangements (namely, our Debt Restructuring or the Amended PC Plan) or credit facilities resulting in an event of default under such arrangements, and trigger potential cross defaults. The occurrence of one or more of these factors may have a material adverse effect on our business, financial condition, prospects and/or results of operations and cash flow.

We may be exposed to liabilities under the Foreign Corrupt Practices Act and similar worldwide anti-bribery laws, and any determination that we or any of our subsidiaries has violated the Foreign Corrupt Practices Act or similar worldwide laws could have a material adverse effect on our business.

We are subject to compliance with various laws and regulations, including the Foreign Corrupt Practices Act ("FCPA") and similar worldwide anti-corruption laws, including Sections 290-295 of the Israeli Penal Code, which generally prohibit companies and their intermediaries from engaging in bribery or making other improper payments to foreign officials for the purpose of obtaining or retaining business or gaining an unfair business advantage. The FCPA also requires proper record keeping and characterization of such payments in our reports filed with the SEC.

While our employees and agents are required to comply with these laws, we operate in many parts of the world that have experienced governmental and commercial corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. Despite our commitment to legal compliance and corporate ethics, we cannot ensure that our policies and procedures will always protect us from intentional, reckless or negligent acts committed by our employees or agents. Violations of these laws, or allegations of such violations, could disrupt our business and result in financial penalties, debarment from government contracts and other consequences that may have a material adverse effect on our business, financial condition or results of operations.

In particular, in March 2016 PC announced that its board had become aware of certain issues with respect to certain agreements that were executed in the past by PC in connection with the Casa Radio Project in Romania. In order to address this matter, PC's Board appointed the chairman of its Audit Committee to investigate the matters internally. PC's Board also appointed independent law firms to perform an independent review of the issues raised. PC has approached and is co-operating fully with relevant Romanian authorities regarding the matters that have come to its attention in this respect, and it has submitted its findings to the Romanian authorities. As the investigation is ongoing, PC is unable to comment on any details related to this matter. Following PC's report to us, our audit committee decided to appoint a special committee to examine the matters raised in PC's announcement, including any internal control and reporting issues. At this time, we cannot predict the results of this investigation.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 11
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

We have no controlling shareholders who are able to influence the composition of our board of directors.

Our largest shareholders include affiliates of York Capital Management Global Advisers LLC and affiliates of Davidson Kempner Capital Management LLC beneficially own an aggregate of approximately 19.7% and 14.3%, respectively, of our outstanding ordinary shares. In addition, as per the general shareholders meeting held on March 31, 2016 and based on the information available to us as of such date, certain Israeli institutional investors held, in aggregate, approximately 6% of our outstanding ordinary shares. To our knowledge, these shareholders are not party to a shareholders' agreement between them or with any other shareholders. As a result, we have no controlling shareholder able to influence the composition of our board of directors. Consequently, following the next annual general meeting of our shareholders, a board of directors comprised of new individuals may be elected. Such new board or directors may have significantly different corporate strategies than our current board of directors, which may cause a material change in our operations and financial results.

The market price of our ordinary shares may suffer from fluctuation and may decline significantly.

There are a number of different major groups of shareholders (as described below) with different and possibly opposing interests who may at any time sell their shares in the Company. There may be an adverse effect on the market price of our shares as a result of a substantial number of shares being sold or available for sale. If our shareholders sell substantial amounts of our ordinary shares, the market price of our ordinary shares may fall. The ordinary shares issued pursuant to the Debt Restructuring are generally freely tradable, and the potential sales of such shares could cause the market price of our ordinary shares to decline significantly. They also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

We are restricted from receiving dividends from PC and other subsidiaries.

The Amended PC Plan includes certain limitations on the distribution of dividends as well as subordination provisions, which would significantly limit our ability to generate cash flow from PC and may significantly affect our cash flow and operations. In addition, other subsidiaries of ours are subject to limitations on the payment of dividends by virtue of legal or regulatory restrictions in their respective jurisdictions. These limitations may have material adverse effects on our cash flow and in turn our ability to service our debts in timely manner.

IF PC fails to comply with the provisions of the Amended PC Plan, it may enter into liquidation or we may lose our control over PC.

As part of the Amended PC Plan we and our affiliates participated in a rights offering conducted by PC. Should PC default under the Amended PC Plan, there is no obligation or assurance that we will be able to further support PC, and such default may result in massive dilution of our holdings causing us to lose our control over PC or the liquidation of PC, which would result in the loss of our investment in PC.

Conditions and changes in the local and global economic environments may adversely affect our business and financial results including our ability to comply with certain financial covenants.

Adverse economic conditions in the markets in which we operate can harm our business. Such adverse economic conditions may result in economic factors including diminished liquidity and tighter credit conditions, leading to decreased credit availability, as well as declines in economic growth, employment levels, purchasing power and the size and amount of transactions.

The credit crisis of recent years could have a number of follow-on effects on our business, including a possible: (i) decrease in asset values that are deemed to be permanent, which may result in impairment losses and possible noncompliance with certain financial covenants in credit and loan agreements to which we are a party, (ii) negative impact on our liquidity, financial condition and share price, which may impact our ability to raise capital in the market, obtain financing and other sources of funding in the future on terms favorable to us, which would harm our ability to finance the development of our projects and engage with co-investors, (iii) slowdown in our business resulting from potential buyers experiencing difficulties in raising capital from financial institutions in order to finance the purchase of our assets from us, which may significantly impact our cash flow and our ability to serve our debts in a timely manner and (iv) imposition of regulatory limitations on financial institutions with respect to their ability to provide financing to companies such as us and/or projects such as those in which we are engaged, while creating a credit crunch. If such financial and economic uncertainty shall occur, it may materially adversely affect our results of operations and cash flow and may increase the difficulty for us to accurately forecast and plan future business.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 12
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

We are highly leveraged and our debts contain financial and operational covenants, which if breached could adversely affect our ability to operate our business.

We are highly leveraged and have significant debt service obligations. As of the balance sheet date our consolidated debt toward banks and note holders amount to NIS 2,170 million (\$556 million), out of which a corporate -level debt (i.e.: debts of the Company on a standalone balance sheet) amounted to NIS 755 million (approximately \$194 million).

In addition, we may incur additional debt from time to time to finance development of projects or refinancing our existing operational projects.

As a result of our substantial indebtedness:

- we could be more vulnerable to general adverse economic and industry conditions;
- we may find it more difficult to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;
- we may have limited flexibility in planning for, or reacting to, changes in our business and in the industry;
- we may face difficulties in establishing strategic or other long-term business joint ventures; and
- we may not be able to refinance our outstanding indebtedness.

We cannot guarantee that we will be able to generate enough cash flow from operations or that we will be able to obtain sufficient capital to serve our debt or fund our planned capital expenditures. In addition, we may need to refinance some or all of our indebtedness on or before maturity. We cannot guarantee that we will be able to refinance our indebtedness on commercially reasonable terms or at all.

Delays in the realization of our assets could result in significant harm to our financial condition and our ability to repay our indebtedness in a timely manner.

Our business activity is characterized by cycles of entrepreneurship-development-improvement-realization, with the objective to create value with our assets and, as a result, following the realization of such assets, to create value for our company. Our cash flow is dependent upon maintaining synchronization between the realization timetables to the payment schedules of our indebtedness. Delays or inability to realize our assets could harm our cash flow and our ability to service our indebtedness. Difficulties in realizing our assets may be attributed to a number of factors, including delays in obtaining permits and licenses from municipal and planning authorities and the hardening of financing policies by banks and financial institutions for the financing of our projects (both for entrepreneurs and potential purchasers). We and PC are dependent on realizing a significant part of our assets in order to serve our debts in a timely manner, some of which require further development before placing them in the market. There is no assurance that we and PC will succeed in the realization of our assets in synchronization with the maturity date of our debts, which would prevent our ability to avoid a recurrence of such events.

Our real estate assets and investments are managed in foreign currencies while our liabilities and the liabilities of PC are denominated in NIS.

We are impacted by exchange rate fluctuations as a significant part of our cash flow is dependent on our real estate assets and investments which are acquired and managed in foreign currencies (mainly Euro, US Dollar and Rupee) while our debts (mainly our and PC's Notes) are mainly incurred in NIS and Euro. As a result of this currency discrepancy, the proceeds from the realization of our real estate assets and investments may significantly fluctuate and we may be adversely affected by such discrepancy. Currently we do not have any material hedges against exchange rate fluctuations. If a devaluation of the foreign currency against the NIS will occur when we will realize these assets and investments our cash flow may be significantly harmed. In addition such exchange rate fluctuations will affect our shareholders equity and our net asset value in the event we will have currency exchange losses that are attributed to the our profit and loss or directly to our shareholders equity in accordance with accounting standard.

Our financial instruments (mainly our loans and notes) and our derivative financial instruments are subject to fluctuation in interest rates, changes in the consumer price index and/or changes in fair value, which may have a negative impact on our earnings, balance sheet and cash flows.

Floating interest rates on of our debt facilities expose us to increases in market interest rates and subsequent increases in interest costs. From time to time, we may engage in transactions to hedge a portion of this risk through currency swaps in order to reduce our risk of increases in interest costs. To the extent that at any time we do not have any hedges or our hedges are insufficient against interest rate fluctuations, our earnings, cash flow, and financial position may be negatively impacted. Currently we do not have hedges for all of our loans against interest rate fluctuations. In addition, certain debt agreements may include default interest under certain circumstances, 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 interest clause, it will increase our effective interest costs in respect of facilities with that lender.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 13
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

The principal and interest of most of our debt instruments is determined by reference to the Israeli consumer price index (the "CPI"), which may entail significant risks not associated with similar investments in a conventional fixed or floating rate debt security. The historical value of the CPI is not indicative of future CPI performance and its value is affected by, and sometimes depends on, a number of interrelated factors, including direct government intervention and economic, financial, regulatory, and political events, over which we have no control. An increase in the CPI will result in additional financing expenses to our profits and losses and will have a negative impact on our cash flows. Currently we do not have any material hedges against fluctuations in the CPI.

Certain of our financial instruments and derivative financial instruments are measured by fair value. Any change to the fair value of such instrument will affect our profits and losses and may have a material effect on our results.

The fair value of our real estate assets (including commercial centers, hotels, plots in India and others) may be harmed by certain factors that may entail impairment losses not previously recorded, which would affect our financial results and the satisfaction of financial covenants.

Certain circumstances may affect the fair value of our real estate assets (whether operating or under construction), 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) in commercial centers where a significant part of the rental areas is subject to long-term leases with a small group of retailers which is distinguished from other lessees, we may be exposed to a risk of rental fee rates being significantly lower than originally anticipated and a material long term decline in the business operations of such retailers may therefore have an adverse effect on the real estate assets recoverable amount and their final sale prices; (iii) delays in completion of works, beyond the anticipated target, may adversely affect the fair value of the assets and our results of operations and cash flow; (iv) costs overruns in the constructions of our real estate and higher operational costs than anticipated may affected the fair value of our real estate; (v) an increase in the applicable discounts rates in which we discount the anticipated operational cash flow of the real estate may have a material adverse affect on the fair value of the real estate (vi) lawsuits that are pending, whether or not we are a party thereto, may have a significant impact on our real estate assets and/or on certain of our shareholding rights in the companies owning such assets; (vii) full or partial eminent domain proceedings (with or without compensation) regarding such real estate assets; and (viii) findings indicating soil or water contamination or the existence of historical or geological antiquities may require the company to absorb significant cleaning, purification or preservation costs, and may limit the use or exploitation of the land, resulting in significant decrease in its fair value. In addition, certain laws and regulations applicable to our business in certain countries where the legislation process undergoes constant changes may be subject to frequent and substantially different interpretations, and agreements which may be interpreted by governmental authorities so as to shorten the term of use of real estate, which may be accompanied by a demolition or nationalization order with or without compensation, may significantly affect the value of such real estate asset. The fair value of our real estate assets may be significantly decreased thereby resulting in potential impairment losses not previously recorded in our financial results, which would impact our ability to satisfy financial covenants under our bank loans.

Since market conditions and other parameters (such as macroeconomic and microeconomic environment trends, and others) that affect the fair value of our real estate and investments vary from time to time, the fair value may not be adequate on a date other than the date the measurement was executed (in general, immediately after the balance sheet date). In the event the underlying assumptions included in the valuation of the real estate (mainly the projected forecasts regarding the future cash flows generated by those assets and the applicable discount rate) are not met, we may have to record an additional impairment loss not previously recorded.

The failure to comply with government regulation may adversely affect our business and results of operations.

Our 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 board reviews and standards. In addition, we are subject to laws governing our relationships with employees, including minimum wage requirements, overtime, working conditions, and work permit requirements,. A determination that we (or any of our tenants, where applicable) are not in compliance with these regulations could result in the imposition of fines, an award of damages to private litigants and significant expenses in bringing our operations into compliance with such laws and regulations. In addition, our ability to terminate the employment of workers whom we think we no longer need may be hampered by local labor laws and courts, which traditionally favor employees in disputes with former employers.

Operating globally exposes us to additional and unpredictable risks.

We conduct our businesses in multiple countries. Our future results could be materially adversely affected by a variety of factors relating to international transactions, including changes in exchange rates, general economic conditions, regulatory requirements, dividend restrictions, tax structures or changes in tax laws or practices, and longer payment cycles in the countries in our geographic areas of operations. International operations may be limited or disrupted by the imposition of governmental controls and regulations, political instability, hostilities, natural disasters and difficulties in managing international operations. 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 our activities, can change quickly and in a far more volatile manner than in developed market economies. We cannot assure you that one or more of these factors will not have a material adverse effect on our international operations and, consequently, on our business, financial condition results of operations and our cash flow. A failure to effectively manage the expansion of our business could have a negative impact on our business.

If we are characterized as a passive foreign investment company for U.S. federal income tax purposes, U.S. holders of ordinary shares may suffer adverse tax consequences.

Generally, if for any taxable year, 75% or more of our gross income is passive income, or at least 50% of the value of our assets, averaged quarterly, are held for the production of, or produce, passive income, we will be characterized as a passive foreign investment company ("PFIC"), for U.S. federal income tax purposes. Our PFIC status is determined based on several factors, including our market capitalization, the valuation of our assets, the assets of companies held by us in certain cases and certain assumptions and methodologies upon which we base our analysis. A determination that we are a PFIC could cause our U.S. shareholders to suffer adverse tax consequences, including having gains realized on the sale of our shares taxed at ordinary income rates, rather than capital gains rates, and being subject to an interest charge on such gain. Similar rules apply to certain "excess distributions" made with respect to our ordinary shares. A determination that we are a PFIC could also have an adverse effect on the price and marketability of our shares. If we are a PFIC for U.S. federal income tax purposes, highly complex rules would apply to U.S. holders owning our ordinary shares. Accordingly, you are urged to consult your tax advisors regarding the application of such rules. See "Item 10.E. Taxation - Tax consequences if we are a Passive Foreign Investment Company" in our Annual Report on Form 20-F.

We are subject to a class actions proceeding that may have a material adverse effect on our results of operations and cash flow.

In November 1999 a claim was initiated against us and certain other third parties, including former directors of the Company and Elscint Ltd., in connection with the change of control of our company and our former subsidiary Elscint Ltd. ("Elscint," which was merged into us in 2010) in May 1999 and the acquisition of the hotel businesses and the Arena Commercial Center in Israel by Elscint in September 1999 from Europe Israel (our former controlling shareholder prior to the Debt Restructuring), as well as motions to certify certain of such claims as class actions (Gadish et al v. Elscint et al). On May 28, 2012, the Supreme Court certified the lawsuit as a class action with respect to the claim that the hotels and the Arena Commercial Center were allegedly sold to us at a price higher than the then-current fair value and that Elron Electronic Industries Ltd. (an unrelated third party) had breached certain minority rights in the framework of the sale of Elscint's shares to Europe Israel), and the case was remanded to the Court for hearing the case without prejudicing the parties' rights and arguments with respect to a derivative action. On April 6, 2016 we announced that the we and other defendants in the case entered into a settlement agreement with the Plaintiffs which is subject to court approval and satisfaction of additional preconditions, including, but not limited to the right of the insurer to terminate the settlement under certain circumstances. For additional details regarding the class action lawsuit filed against us, see "Note 14 (B) (1) in our 2015 annual financial statements".

In the event the settlement is not completed and the class action is reverted to court, a determination against us in this class action, may materially adversely affect our results of operations and cash flow.

Our results of operations fluctuate due to the seasonality of our various businesses.

Our annual revenues and earnings are substantially dependent upon general business activity, vacation and holiday seasons and the influence of weather conditions. As a result, changes in any of the above have a disproportionate effect on the annual results of operations of our hotels and fashion retail businesses (as well as on the consumer activity in our commercial centers).

Our annual and quarterly results may fluctuate, which may cause the market price of our shares and notes to decline.

We have experienced at times in the past, and may in the future experience, significant fluctuations in our quarterly and annual operating results, which may cause the market price of our shares and notes to decline. These fluctuations may be caused by various factors including, among other things, significant sales of our properties and the frequency of such transactions. As a result of the disposition of our real estate assets and/or investments, we may experience significant fluctuations in our annual and quarterly results. As a result, we believe that period-to-period comparisons of our historical results of operations may not necessarily be meaningful and that investors should not rely on them as an indication of our future performance. It is likely that in some future periods, our operating results may be below expectations of public market analysts or investors.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 15
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

Our business is subject to general business and macro and microeconomic risks.

In addition to risks that are relevant to a specific activity or relate to a specific territory, certain conditions and changes in the economic environment in the countries in which we operate may have an adverse effect on our business performance. Changes in the global economy, in real estate and/or the business environment in which we operate, and/or a negative trends in the capital markets and/or a decrease in our capital and/or impairments in our real estate assets as described in this Item 3 under "The fair value of our real estate assets (including commercial shopping centers, hotels, plots in India and others) may be harmed by certain factors that may entail impairment losses not previously recorded, which would affect our financial results and the satisfaction of financial covenants" risk factor above, may have an adverse effect on our ability to raise funds. Macroeconomic or microeconomic changes as described above may influence our compliance with financial covenants under certain bank loans and credit agreements, including but not limited to, as a result of the decrease in the LTV or Debt Service Cover Ratio ("DSCR") and/or a decrease in our capital.

If we do not satisfy the NASDAQ requirements for continued listing, our ordinary shares could be delisted from NASDAQ.

Our listing on the NASDAQ Stock Market is contingent on our compliance with the NASDAQ's conditions for continued listing. One of such conditions is maintaining a bid price for our ordinary shares of least \$1.00 per share. On January 14, 2016, NASDAQ notified us of our noncompliance with the aforementioned condition and set a period of 180 days in order to regain compliance.

Our Board has unanimously recommended that our shareholders will authorize the effecting of a reverse share split of shares at a ratio, to be established by our Board in its sole discretion, not to exceed one-for-ten, or to abandon the reverse share split in order to increase the per share trading price of our ordinary shares to satisfy NASDAQ's conditions for continued listing. Our Board intends to effect a reverse share split only if it believes that a decrease in the number of shares outstanding is likely to improve the trading price of our shares and is necessary to continue our listing on the Nasdaq Global Select Market. If the reverse stock split is authorized by our shareholders, our Board will have the discretion to implement the reverse stock split once during the next 12 months, or effect no reverse share split at all. On March 31, 2106, our shareholders approved a 1-for-10 reverse split of our ordinary shares, no par value.

If a delisting were to occur, and our shares did not thereafter qualify for trading on the Nasdaq Global Market or the Nasdaq Capital Market, trading in our shares in the United States may be conducted, if available, on the Over the Counter Bulletin Board or another medium. In the event of such delisting, an investor may find it significantly more difficult to dispose of, or to obtain accurate quotations as to the value of, our shares, and our ability to raise future capital through the sale of our shares could be adversely affected. Moreover, we would be unable to use the SEC's "short form" Form F-3 to register the offering and sale of securities, even for limited primary offerings. In addition, in the event of such delisting, we may be required to comply with enhanced reporting obligations under the Israeli securities laws, in addition to the reporting obligations under the U.S. securities laws, which could require additional management attention, increase our legal and accounting expenses and raise our exposure to sanctions for possible violations of Israeli securities laws.

There is no assurance that following the reverse share split the share price will not fall below \$1.00 per share or that we will not be in violation of the Nasdaq Listing Rule.

If PC and Elbit Medical Technologies Ltd. do not satisfy the applicable stock exchange conditions of for continued listing, their shares could be delisted.

The shares of PC are listed for trading on the main board of the London Stock Exchange under the symbol "PLAZ", on the main list of the Warsaw Stock Exchange under the symbol "PLZ", and on the Tel Aviv Stock Exchange under the symbol "PLAZ". The shares of our subsidiary Elbit Medical Technologies are listed on the Tel-Aviv Stock Exchange under the symbol "EMTC". If PC or Elbit Medical Technologies Ltd. do not satisfy the conditions of the applicable stock exchange for continued listing (such as, but not limited to, free-float requirements), their shares could be delisted. Such occurrences would make the realization of those investments or any part thereof by us more difficult and could limit the possibility to attract new investors to those portfolios.

Our Ordinary Shares are traded on different markets and this may result in price variations.

Our ordinary shares are traded on the Tel Aviv Stock Exchange and on the Nasdaq Stock Market. Trading in our ordinary shares on these markets will be made in different currencies (NIS on the Tel Aviv Stock Exchange and USD on the Nasdaq) and will take place at different times (resulting from different time zones, different trading days and different public holidays in the United States and Israel). The trading prices of our ordinary shares on these two markets may differ due to these and other factors. Any decrease in the price of our ordinary shares on any of these markets could cause a decrease in the trading price of our ordinary shares on the other market.

RISKS RELATING TO THE COMMERCIAL CENTERS BUSINESS

There is no assurance that we will successfully implement our disposal strategy in the commercial centers business and in such event our results and cash flows may be materially adversely affected.

Generally, our strategy in the commercial centers business is to sell such commercial centers to third parties and to use the proceeds from such sales in order to reduce PC's corporate debt in accordance with the provisions of PC debt Restructuring and invest in the development and building of certain plots that are designated to be developed as commercial centers. Certain of PC's existing plots, which currently do not have commercial centers built on them, are designated for the development and subsequent disposal of commercial centers upon completion, or operation of commercial centers following completion until such time as we reach the minimum occupancy threshold necessary for the property to be attractive to potential buyers and to allow us to attempt to obtain the best price for our completed commercial centers. Our decision to sell properties is based on various factors, including market conditions. There is no assurance that such sales will actually occur or that they will occur according to the timetable we predicted or planned. In addition there is no assurance that we will have the financial resource to invest in the plots designated for commercial centers. There can be no assurance that we will be able to complete dispositions under commercially reasonable terms or at all. Accordingly, our results of operation and cash flows can be materially adversely affected.

Suitable locations are critical to the success of a commercial center; however, there is no guarantee that our existing plots that are designated for developments are in the most suitable locations, which may adversely affect our business and results of operations.

The choice of suitable locations for the development of commercial center projects for certain of PC's plots designated for development is an important factor in the success of the individual projects. Ideally, these sites should be located (i) within, or near, the city center, with well-developed transportation infrastructure (road and rail) located in close proximity to facilitate customer access and (ii) in areas with sufficient population to support the centers. There is no assurance that the plots designated for development of commercial centers will prove to be suitable in commercially optimal locations. In addition, our estimations as to the urban development of the area and/or consumer spending power or the growth thereof may be wrong or may be influenced by factors we cannot predict, which can cause the results of the center to be less than we predicted and/or difficulty to reach the desirable occupancy rates, and/or require us to sell the center at a time or upon terms different that we had planned.

We are dependent on attracting third parties to enter into lease agreements, and in particular on anchor tenants.

We are dependent on our ability to enter into new leases on favorable terms with third parties, including anchor tenants (such as the operators of supermarkets, department stores, cinemas, national retail outlets and large electrical appliances stores) in order to receive a profitable price for each commercial center. Anchor stores in commercial centers play an important part in generating customer traffic and making a center a desirable location for other tenants. We may find it more difficult to engage tenants to enter into leases during periods when market rents are increasing, or when general consumer activity is decreasing, or if there is competition for tenants from competing centers. The global economic slowdown, pressures that affect consumer confidence, job growth, energy costs and income gains can affect retail sales growth, and a continuing soft economic cycle (as well as vacancies and available spaces at other shopping centers as a result of the recession) may impact our ability to find tenants for our commercial centers. Failure to attract tenants, the termination of a tenant's lease, or the bankruptcy or economic decline of a tenant may adversely affect the price obtainable for the commercial center and adversely affect our financial condition results of operations and cash flow. The failure of tenants to abide by the terms of their agreements may cause delays or result in a temporary or long term decline in rental income, the effects of which we may not be able to offset due to difficulties in finding a suitable replacement anchor tenant. Furthermore, the tenants or operators of units comprising part of a development may be unable to obtain the necessary governmental permits or licenses which are necessary for the operation of their respective businesses. Where such operations are delayed or not permitted due to lack of necessary permits, a negative impact on the attractiveness of the project and on revenues and cash flow may result.

We may lease developed commercial centers until we dispose of them or other developments at below expected rental rates or sell at a price that is below what was expected or at a delayed date, which would materially harm our business.

If rental leases decrease below our expectations or if circumstances arise beyond our control, such as market prices, market demand and negative trends, or if we are required to sell a center in order to meet certain payment obligation under our outstanding financing facilities or notes when due, we may have to sell a commercial center at a price below our projections. In addition, we could be in the position where there will be no demand at acceptable prices and we will be required to hold, operate and maintain the commercial center until the financial environment improves and we are able to attempt to achieve the best price for our completed commercial centers. This will cause a considerable delay in the sale of the asset and will require us to devote (or acquire by way of outsourcing) the resources (including, in some cases, injecting additional capital) required for its operation and maintenance.

Zoning restriction and local opposition can delay or prevent construction of a project.

Existing plots designated for the development of commercial centers require zoning for activities of the type common for such use and developments. Where the existing zoning is not suitable or has yet to be determined, we apply for the required zoning classifications. This procedure may be protracted, particularly in countries where the bureaucracy is cumbersome and inefficient, and we cannot be certain that the process of obtaining proper zoning will be completed in a timely manner to enable the commercial centers 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 or even rejection of such applications. In addition, arbitrary changes to applicable zoning may jeopardize projects that have already commenced. Therefore, if we cannot receive zoning approvals or if the procedures for the receipt of such zoning approvals are delayed, our costs will increase and competition may strengthen, which will have an adverse effect on our business.

Building permits may contain conditions that we must satisfy in order to develop a project. Such conditions may require us to contribute to local infrastructure or alter a planned development to include additional landscaping or planted areas. If we are obligated to maintain certain areas of the project site as “green areas” this may reduce areas that contribute to revenues which in turn may reduce potential revenues while increasing development costs.

Certain zoning permits are granted for limited time periods and if the term is not extended the rights revert back to the local government or municipality. Furthermore, these rights may be subject to termination under certain circumstances by the government and any termination prior to the expiration of such rights could have a material adverse effect on our business, prospects and results of operations or financial condition.

We depend on contractors and subcontractors to construct our commercial centers, which may lead to increased development and construction costs and the loss of our competitive advantage.

We rely on subcontractors for all of our construction and development activities. If we cannot enter into subcontracting arrangements on terms acceptable to us or at all, we will incur additional costs which will have an adverse effect on our business. The competition for the services of quality contractors and subcontractors may cause delays in construction, thus exposing us to a loss of our competitive advantage. Subcontracting arrangements may be on less favorable terms than would otherwise be available, which may result in increased development and construction costs. By relying on subcontractors, we become subject to a number of risks relating to these entities, such as quality of performance, varied work ethics, performance delays, construction defects, breach or non-performance of agreements and the financial stability of the subcontractors. A shortage of workers or materials would have a detrimental effect on us and our subcontractors and, as a result, on our ability to conclude construction phases on time and within budget.

Some of our projects are co-owned and control of such investments is shared with third parties

Some of our projects are held through joint venture arrangements with third parties or government authorities with whom we share ownership and control of such assets. As a result, these arrangements entail risks in addition to those associated with projects in which we own a controlling interest, including the possibility that: (i) our joint venture partner might, at any time, have economic or other business interests that are inconsistent with ours; (ii) our joint venture partner may be in a position to take action contrary to our instructions or requests, or contrary to our policies or objectives, or frustrate the execution of acts which we believe to be in the interest of any particular project; (iii) our joint venture partner may have different objectives than us, 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; (iv) our joint venture partner might become bankrupt or insolvent; and (v) we may be required to provide financing to make up any shortfall due to our joint venture partner failing to provide such equity finance or to furnish collaterals to the financing third parties.

Disputes or disagreements with any of our joint venture partners could result in significant delays and increased costs associated with the development of our properties. Even when we have 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 approval from a joint venture partner or other third party. If we are unable to reach or maintain agreement with a joint venture partner or other third party on matters relating to the business operations, our financial condition and results of operations may be materially adversely affected.

Delays in the completion of construction projects could affect our success.

An important element in the success of the construction process of our commercial projects is the short construction time, and our ability to open projects such as commercial centers ahead of our competitors, particularly in cities which do not have projects of the type constructed by us.

This makes us subject to a number of risks relating to these activities, including:

- the inability to obtain financing for development at attractive terms or at all;
- delays in obtaining zoning (or land classification, as the case may be for each jurisdiction) and other approvals;

- the unavailability of materials and labor;
- 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 or delay the successful completion of a particular project.

In addition, under our development contracts with local municipalities or governmental authorities, we have deadlines for several of our projects (subject to limited exceptions). If construction of a project does not proceed in accordance with our schedule, we may in some instances be required to pay penalties to the vendor (usually local municipalities, but may also be a governmental authority that has allotted the land) based on the extent of the delay and in certain cases 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 our business, prospects and results of operations or financial condition.

We may be held liable for design or construction defects of third-party contractors.

We rely on the quality and timely performance of construction activities by third-party contractors. Claims may be asserted against us 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.

Shortages in raw materials and employees may have a material adverse effect on our results of operations.

The building industry may from time to time experience fluctuating prices and shortages in the supply of raw materials as well as shortages of labor and other materials. The inability to obtain sufficient amounts of raw materials and to retain efficient employees on terms acceptable to us may delay construction and increase the budget of our projects and, as a result, have a material adverse effect on the results of our operations.

Our Casa Radio project in Romania may be subject to governmental expropriation or monetary sanctions.

In 2006, PC 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. Additionally, there may be other regulatory risks relating to the Romanian government's right to expropriate the rights to the Casa Radio Site in Bucharest or that they will impose sanctions on PC with respect to the property. See "Item 4 – Information on the Company – History and Development of the Company – Recent Events - Casa Radio Project in Bucharest, Romania" for more information regarding the Casa Radio Site. Furthermore, these rights are subject to termination under certain circumstances by the Romanian government, such as in the event a delay in the project timetable, and any termination prior to the expiration of such rights may have a material adverse effect on our business.

RISKS RELATING TO THE HOTEL BUSINESS

The hotel industry may be affected by economic conditions, oversupply, travel patterns, weather and other conditions beyond our control which may adversely affect our business and results of operations.

The hotel industry may be adversely affected by changes in national or local economic conditions and other local market conditions, especially in times of economic crisis. Our Radisson Complex in Bucharest, Romania, comprised mainly of the Radisson Blu hotel and the Park Inn hotel and commercial areas (collectively, the "Radisson Complex"), may be subject to the risk of oversupply of hotel rooms. Other general risks that may affect our Radisson Complex are changes in travel patterns (business or tourism), changes in trends as to performance of exhibitions, conferences and conventions in Romania or at all (including as a result of a financial crisis). Extreme weather conditions, changes in Romanian governmental regulations which influence or determine wages, workers' union activities, changes in interest rates, the availability of financing for operating or capital needs, and changes in real estate tax rates and other current operating expenses. Unforeseen events, such as terrorist attacks, volcanic eruptions, extreme weather conditions, outbreaks of epidemics and health concerns (such as SARS, avian flu, swine flu) and the economic recession had, and may continue to have, an adverse effect on local and international travel patterns and, as a result, on occupancy rates and rates in our Radisson Complex. Downturns or prolonged adverse conditions in the real estate or capital markets or in national or local economies and difficulties in securing financing for the development of hotels could have a material adverse effect on our business, results of operations and cash flow, ability to develop new projects and the attainment of our strategic goals.

Competition in the hotels industry could have an adverse effect on our business and results of operations.

The hotel business is highly competitive. Competitive factors within the industry include: (i) convenience of location and accessibility to business centers; (ii) room rates; (iii) quality of accommodations; (iv) brand name recognition; (v) quality and nature of service and guest facilities provided; (vi) reputation; (vii) convenience and ease of reservation systems; and (viii) the supply and availability of alternative lodging.

Many of these competitors have greater financial resources and better brand name recognition than we do, and may have more established relationships with prospective franchisers, representatives in the local Romanian industry. The number of competitive lodging facilities in Bucharest could have a material adverse effect on our Radisson Complex's occupancy and rates and, therefore, results of operations and cash flows. New or existing competitors may significantly reduce their rates or offer greater convenience, services or amenities or significantly expand or improve hotels in Bucharest, thereby materially adversely affecting our business and results of operations.

We rely on management agreements with the Rezidor Hotel Group, which may not provide the intended benefits and may be terminated. Any significant decline in the reputation of the Rezidor Hotel Group or in the performance of our Radisson Complex could adversely affect our results of operation.

Our Radisson Complex operates under a long-term management agreement with the Rezidor Hotel Group ("Rezidor"). Any significant decline in the reputation of Rezidor or in its ability to ensure the performance of our Radisson Complex at anticipated levels could adversely affect our results of operations. If our agreement with Rezidor is terminated, we cannot be certain that we would be able to obtain alternative management services of the same standard on similar or better terms.

The long-term management arrangements entail additional risks, including the possibility that: (i) Rezidor might, at any time, have economic or other business interests that are inconsistent with ours or with the management of our Radisson Complex; (ii) Rezidor may be in breach of the agreement or in a position to take action contrary to the agreement, or frustrate the execution of acts which we believe to be in the interest of our Radisson Complex; and (iii) Rezidor might become bankrupt or insolvent.

Disputes or disagreements with Rezidor could result in interruption to the business operations of our Radisson Complex, may materially impact our financial condition, cash flow, and results of operations.

Our agreement with Rezidor imposes obligations on us that may force us to incur significant costs.

Our agreement with Rezidor, contains specific standards for, and restrictions and limitations on, hotel operation and maintenance. These standards, restrictions and limitations may conflict with our priorities, and impose capital demands upon us. In addition, Rezidor may alter its standards or hinder our ability to improve or modify our Radisson Complex. We may be forced to incur significant costs or make capital improvements in order to comply with the requirements of Rezidor and, if our relationship with Rezidor is terminated, to change the franchise affiliation of our Radisson Complex.

The value of our investment in our Radisson Complex is subject to various risks related to ownership and operation of real property.

In addition to the items set forth above, our investment in our Radisson Complex is subject to varying degrees of risk related to the ownership and operation of real property. The fair value of our Radisson Complex and income from our Radisson Complex may be materially adversely affected by:

- changes in global and national economic conditions, including global or national recession, such as those triggered by the recent economic crisis;
- a general or local slowdown in the real property market which may make it difficult to sell a property, such as the recent global slowdown;
- political events that may have a material adverse effect on the hotel industry;
- competition from other lodging facilities, and oversupply of hotel rooms in Romania;
- material changes in operating expenses, including as a result of changes in real property tax systems or rates or labor laws;
- changes in the availability, cost and terms of financing;
- the effect of present or future environmental laws;
- our ongoing need for capital improvements and refurbishments; and
- material changes in governmental rules and policies.

We are in a violation of our lease agreement with the Israeli Land Administration with respect the plots in Tiberius.

In 2007, we have entered into a lease agreement with the Israel Land Administration ("ILA") with respect to a plot in Tiberius which was designated for the development of a hotel. Under the agreement we undertook to complete the hotel (following extension granted) by July 2013. As of the date of this filing we did not start the development work on the project. These rights are subject to termination under certain circumstances by the ILA and they may also forfeit bank guarantee of approximate NIS14 million granted.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 20
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

RISKS RELATING TO OUR PLOTS IN INDIA

Our plots located in India are subject to highly regulated legal regime which is burdensome for foreigner investors

Our plots are located in India, and are subject to the Indian Foreign Exchange Management Act, 1999, and the regulations framed thereunder with respect to the construction development sector in India. That sector is governed by provisions of the Foreign Exchange Management Act and the consolidated Foreign Direct Investment (“FDI”) policy issued by the Department of Industrial Policy and Promotion (“DIPP”) of the Indian Ministry of Commerce and Industry, and updated/ revised from time to time through various Press Notes (“FDI Policy”). The last release with respect to the FDI Policy was a Consolidated FDI Policy circular issued by the DIPP, with effect from May 12, 2015, which was followed by press note no.12 of 2015 dated November 24, 2015. These regulations forbid the sale of undeveloped land in view of blocking speculative real-estate investments by foreigners. Such limitations block or limit our ability to separate and walk away from unsuccessful joint ventures, terminate land acquisition contracts, dispose of land inventory that the development thereof is not economical for us or control the timing of such disposition. In addition, that legislation is subject to continuous rapid and unexpected changes that can jeopardize our business strategy, planning and conduct, and can cause severe delays in timetables for the disposition of the plots and could have a material adverse effect on our operations, cash flow and in turn, our ability to repay our debts in timely manner.

Restrictions on the repatriation of capital in India may adversely affect our cash flows and results of operations.

Pursuant to regulations promulgated under the FDI Policy and by the Reserve Bank of India (“RBI”), the repatriation of capital with regard to investments made in the real estate sector is subject to strict regulatory procedures, and is restricted during three years commencing on the date of such investment. At times, the RBI will further slow-down repatriation of capital by requiring real estate investors to comply with additional regulatory and time-consuming bureaucratic processes. Although recent regulations promulgated by the RBI in this respect have been more beneficial to our operations, if we are unable to repatriate capital from our investments in India, in whole or in part, this may have an adverse effect on our cash flows and our results of operations.

We may have difficulties exercising mortgages/guarantees given in connection with our project in Bangalore, India which may significantly affect our ability to dispose of such asset and complete our strategy relating to our plots in India

Although the real estate sector in India is experiencing a challenging downturn, our strategy with respect to our plots in India is to dispose of such assets under the most optimal market conditions. Our plots in India are partially owned by our subsidiary, Elbit Plaza India Real Estate Holdings Limited, or EPI, and by local Indian partners. Due to regulatory, physical and other limitations to develop our project in Bangalore, India, on December 2, 2015 we announced that EPI signed an agreement to sell 100% of its interest in a special purpose vehicle which holds a site in Bangalore, India to a local Investor. The transaction is subject to certain conditions precedent, and closing will take place once these conditions are met and no later than 30 September 2016. In the event the closing conditions aren't met by this date, the local investor would be subject to the terms of an agreed upon separation mechanism under which EPI will be entitled, under certain circumstances, to exercise guarantees placed by the local investor. In the event the separation mechanism isn't properly executed and we are unable to enforce the terms of the separation mechanism on the local investor, we may face regulatory, judicial, and/or legal difficulties in exercising the guarantees placed by the local investor due to, among other things, injunctive relief requested by the local investor or third parties which may materially adversely affect our ability to dispose of the land to third parties which may jeopardize our business strategy, planning and operations, and could cause severe delays in disposition of the plots and could have a material adverse effect on our operations, cash flow and in turn, our ability to repay our debts in timely manner.

Even if we are able to properly execute the separation mechanism and/or exercise the guarantees placed by the local investor, there is no guarantee that we will be able to dispose of the land in the Bangalore project due to third party proprietary claims to certain parts of the Bangalore project, and third party holdings on parts of the land within the Bangalore project thus making the holdings in the land a non-contiguous property. In addition, legal and regulatory restrictions placed by local authorities can materially impede our ability to dispose of the land on optimal commercial terms.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 21
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

We may have difficulties disposing our project in Chennai, India which may significantly affect our ability to complete our strategy relating to our plots in India

Due to regulatory and legal restrictions in India which make it difficult to register a transfer of ownership rights in our Indian projects, our ability to secure full title to our projects in India may be significantly restricted. For example, in September 2015 we announced that EPI obtained a backstop commitment for the purchase of our Chennai, India project. The project was owned 80% by EPI and 20% by a local Indian partner through Kadavanthara Builders Private Limited, a special purpose vehicle. Since the transaction did not close by January 15, 2016, EPI exercised its right to receive the local Indian partner's 20% holdings in Kadavanthara Builders Private Limited and now contractually owns 100% of the Chennai, India project. Due to local regulatory and legal restrictions and a lack of cooperation from our local Indian partners such newly acquired 20% holdings may be difficult to register under applicable Indian regulations, see "Item 3 – Key Information – Risk Factors – Risks Relating to Our Plots in India - Real estate legislation in India does not assure clear title and ownership status" for more information.

In addition, there are ongoing court cases with respect to third party proprietary claims to certain parcels of land within the Chennai, India project which further impede our ability to dispose of the asset. Physical and geographical limitations such as lack of an access road leading to the Chennai project territory, theft of sand and destruction of property, and third party holdings throughout the Chennai project territory (which we are unable to purchase from such third parties at all or on reasonable market terms) may also impede our ability to dispose of the Chennai project on optimal commercial terms.

Even in the event we are successful in obtaining full title to the Chennai India project, the presence of other limitations described above means that there is no assurance that we will be able to sell such project to third parties which may harm our business strategy and our cash flow.

Limitations by the Indian government to invest in India may adversely affect our business and results of operations.

Under the Indian FDI Policy, an acquisition or investment in an Indian sector or activity, in particular in the commercial centers business, which does not comply with certain limitations, is subject to governmental approval. With respect to the real estate sector, these limitations include, among other things, restrictions on selling an undeveloped land without governmental approval and a minimum lock in of 3 years for each tranche of investment. 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 we 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 us to receive governmental approvals which we 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 and inability to dispose of our projects.

Real estate legislation in India does not assure clear title and ownership status.

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, such records 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 our existing facilities and/or future facilities are or may be located. While we utilize all reasonable efforts to ensure integrity of title in the real estate properties acquired by us, the system of recording ownership and rights in and to immovable property is not conclusive. Our rights in respect of such properties may be threatened by improperly executed, unregistered or insufficiently stamped conveyance instruments, unregistered encumbrances in favor of third parties, rights of adverse possessors, ownership claims of family members of prior owners, or other defects of which we may not be aware. These defects may arise after land is acquired by us, and are not necessarily revealed by due diligence, due to various factors, including incomplete land records, transactions without registered documents, the decentralized 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 our rights over affected property. This would have an adverse effect on our business and results of operations.

RISKS RELATING TO THE COMMERCIAL CENTERS BUSINESS, TO THE HOTEL BUSINESS AND TO THE PLOTS IN INDIA BUSINESS

Real estate investments are relatively illiquid.

Substantially all of our portfolio's total consolidated assets consist of investments in real properties, part of which are operational and a significant part of which are undeveloped. Because real estate investments are relatively illiquid, our ability to quickly sell one or more properties in the portfolio in response to changing economic, financial and investment conditions is limited. Moreover, the sale of undeveloped land to third parties will involve additional difficulties compared to selling of operational real estate assets such as the lack of financing for development in the CEE and India, the risk of not obtaining the building permits and approval from the authorities and the like. The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand for space, trends, that are beyond our control. As our projects are subject to numerous factors that are not under our control, there is no assurance that our predictions and estimations of the timing in which we will be able to sell any property and/or the price or terms we set will actually materialize as predicted. There is no assurance that our predictions and estimations as to the length of time needed to find a willing purchaser and to close the sale of a property will be correct. In addition, current economic and capital market conditions might make it more difficult for us to sell properties or might adversely affect the price we receive for properties that we do sell, as prospective buyers might experience increased costs of debt financing or other difficulties in obtaining debt financing. Finally, attempting to sell any of our investments in real properties at an accelerated pace due to cash flow needs may result in our receiving lower purchase price for such investments.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 22
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

In addition, the number of prospective buyers interested in purchasing real estate properties may be limited. Therefore, if we want to sell one or more of the properties in our portfolio, we may not be able to dispose of the property in the desired time period and may receive less consideration than we originally invested in the property.

Before a property can be sold, we may be required to make expenditures to correct defects or to make improvements. We cannot assure investors that we will have funds available to correct those defects or to make those improvements, and if we cannot do so, we might not be able to sell the property, or might be required to sell the property on unfavorable terms. In acquiring a property, we might agree to provisions that materially restrict us from selling that property for a period of time or impose other restrictions, such as limitations on the amount of debt that can be placed or repaid on that property. These factors and any others that would impede our ability to respond to adverse changes in the performance of our properties could adversely affect our financial condition and results of operations.

Environmental discoveries may have a significant impact on the budget, schedule, viability and marketability of our assets.

We may encounter unforeseen construction delays or compliance defaults due to factors beyond our control such as delays or defaults caused by previously unknown soil contamination or the discovery of archeological findings which may have a significant impact on development budget and schedules and which may, in turn, have a detrimental effect on the viability or marketability of the development or cause legal liability in connection with a portfolio asset. We may be liable for the costs of removal, investigation or remedy of hazardous or toxic substances located on or in a site owned or leased by us, regardless of whether we were responsible for the presence of such hazardous or toxic substances. The costs of any required removal, investigation or remedy 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 remedy such substances properly, may also adversely affect our ability to sell or lease such property or to obtain financing using the real estate as security. Additionally, any future sale of such property will be generally subject to indemnities to be provided by us to the purchaser against such environmental liabilities. Accordingly, we may continue to face potential environmental liabilities with respect to a particular property even after such property has been sold. Laws and regulations may also impose liability for the release of certain materials into the air or water from a property, 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 could have a material adverse effect on the profitability of that development and our results of operations and cash flows.

There is an increasing awareness of environmental issues in CEE and India. This may be of critical importance in areas where soil pollution may be prevalent. If a property that we acquire turns out to be polluted, such a finding will adversely affect our ability to construct, develop and operate a commercial center, a hotel or a residential project on such property, and may cause us to suffer expenses incurred in cleaning up the polluted site which may be significant.

RISKS RELATING TO OUR MEDICAL COMPANIES

InSightec's future growth substantially depends on its ability to develop and obtain regulatory clearance and reimbursement for additional treatment applications for the ExAblate.

Our associate InSightec Ltd. ("InSightec") has received regulatory approvals to market the ExAblate in the United States, Israel, Canada, Russia, Brazil, Mexico, Korea, Taiwan, Australia, New Zealand, Singapore, Japan, China and the European Union Economic Area ("EEA"), which is comprised of the member nations of the European Union and certain additional European nations, solely for the treatment of uterine fibroids. In addition, InSightec received CE-marking (approval to market in the EEA), Israeli approval and FDA approval for pain palliation of bone metastases. Finally, in December 2012, InSightec's ExAblate Neuro system received the CE-marking for the treatment of neurological disorders in the brain including essential tremor, Parkinson's disease and neuropathic pain. However, clinical experience for bone metastases and for the neurological disorders in the brain application is still in the early stages and therefore commercial acceptance is expected to take some time. InSightec's objective is to expand the use of the ExAblate by developing and introducing new treatment applications, particularly for neurological applications. InSightec is currently in various stages of product development and clinical studies for a number of new treatment applications for the ExAblate. It will be required to obtain FDA approval in the United States and other regulatory approvals outside of the United States before marketing the ExAblate for these additional treatment applications. InSightec cannot guarantee that its product development activities for these other applications will be successful and if not, InSightec's future growth will be harmed. In particular, InSightec's future curative oncology treatment applications are subject to significant risks since these applications must be able to demonstrate complete ablation of malignant tumors, or meet or exceed the current medical standard related to the oncology application in question. If InSightec is unable to demonstrate this degree of efficacy, its future treatment applications may not prove to be successful. In addition, assuming product development is successful, the regulatory processes can be lengthy, lasting many years in some cases, and expensive. We cannot assure that FDA approval or other regulatory approvals will be granted.

In order to obtain FDA clearance and other regulatory approvals, and to obtain reimbursement coverage for use of the ExAblate treatment for additional applications, InSightec is required to conduct extensive clinical studies which may take several years to demonstrate the therapeutic benefits, absence of dangerous adverse side effects and cost-effectiveness of these new treatment applications and products. Clinical trials are expensive and may take several years to complete. If future clinical trials indicate that the ExAblate is not as beneficial or cost-effective as existing treatment methods, or that such products cause unexpected complications or other unforeseen adverse events, InSightec may not obtain regulatory clearance to market and sell the ExAblate for these additional treatment applications or obtain reimbursement coverage, and InSightec's long-term growth would be seriously harmed.

Gamida's future growth substantially depends on its ability to develop and obtain regulatory clearance for additional treatment applications for their products.

Our associate Gamida Cell Ltd. ("Gamida"), a leader in stem cell expansion technologies and therapeutic products, is substantially dependent on receiving FDA and other applicable regulatory approval of its products and is also required to conduct extensive clinical studies that may take several years to demonstrate the therapeutic benefits, absence of dangerous adverse side effects and cost-effectiveness of these new treatment applications and products.

In the event that Gamida does not receive regulatory approval to market and sell their products it would have a material adverse effect on their respective sales and results of operations

If the ExAblate systems do not achieve broad market acceptance, InSightec will not be able to generate sufficient sales to support its business.

InSightec must achieve broad market acceptance of the approved ExAblate systems among physicians, patients and third-party payors in order to generate sufficient sales to support its business. Physicians will not recommend the use of any of the approved systems unless InSightec can demonstrate that it produces results comparable or superior to existing alternative treatments. If long-term patient studies do not support InSightec's existing clinical results, or if they indicate that the use of the particular approved systems has negative side effects on patients, physicians may not adopt or not continue to use them. Even if InSightec demonstrates the effectiveness of the approved systems, physicians may still not use the systems for a number of other reasons. Physicians may continue to recommend traditional treatment options simply because those methods are already widely accepted and are based on established technologies. Patients may also be reluctant to undergo new, less established treatments. If, due to any of these factors, the approved ExAblate systems do not receive broad market acceptance among physicians or patients, InSightec will not generate significant sales. In this event, InSightec's business, financial condition and results of operations would be significantly harmed, and InSightec's ability to develop additional treatment applications for the ExAblate would be adversely affected.

If physicians, hospitals and other healthcare providers are unable to obtain coverage and sufficient reimbursement from third-party healthcare payors for treatment procedures using the ExAblate, InSightec may be unable to generate sufficient sales to support its business.

Demand for commercial use for the ExAblate is likely to depend substantially on the extent to which sufficient reimbursement for treatment procedures using InSightec's system will be available from third-party payors, such as private health insurance plans and health maintenance organizations and, to a lesser degree, government payor programs, such as Medicare and Medicaid. Reimbursement practices vary significantly from country to country and within some countries, by region. InSightec believes that third-party payors will not provide reimbursement on a national basis for treatments using the ExAblate, unless InSightec can generate a sufficient amount of data through long-term patient studies to demonstrate that such treatments produce favorable results in a cost-effective manner relative to other treatments. Furthermore, InSightec could be adversely affected by changes in reimbursement policies of private healthcare or governmental payors to the extent any such changes affect reimbursement for treatment procedures using the ExAblate. If physicians, hospitals and other healthcare providers are unable to obtain sufficient coverage and reimbursement from third-party payors for treatment procedures using the ExAblate, InSightec may be unable to generate sufficient sales to support its business.

Our medical companies' operations (which include clinical trials) may lead to exposure to legal claims.

Our medical companies' activities in the field of medical equipment and devices development include clinical trials, which raise exposure to legal claims due to bodily injury or side effects resulting from the usage of such medical devices or treatment or the negligence or improper usage of such equipment by our treatment staff. Any such claims could result in harm to our business and results of operations.

InSightec is dependent on General Electric.

The ExAblate is compatible only with certain Magnetic Resonance Imaging (MRI) systems of GE Healthcare, a division of the General Electric Company ("GE"), which may limit InSightec's potential market. A significant portion of the MRI systems in use in the United States and elsewhere are not GE MRI systems. On October 17, 2012, InSightec and GE entered into a Technology, Cooperation, and Distribution Agreement as amended on June 26, 2014, on March 30, 2015, and December 31, 2015 (the "Cooperation Agreement") relating, *inter alia*, to product exclusivity, cooperation with respect to the development and sale of the parties' complementary products, distribution, marketing and sales, intellectual property rights and licenses, sale terms and conditions, and similar items. In the event that GE is unable to effectively market its MRI systems or compete in the MRI market, InSightec's ability to generate additional sales of the ExAblate could be adversely affected. In addition, InSightec's interface technology relies on GE's intellectual property rights and licenses. If and in the event GE will terminate those IP licenses (such as in the case of transfer of shares of InSightec to a competitor of GE), InSightec's ability to support its products and generate additional sales of the ExAblate may be adversely affected. As discussed below under Item 4B, "Business Overview", the Cooperation Agreement was amended in December 2015 such that InSightec was appointed as a non-exclusive distributor for GE's MR Scanners in order for InSightec to sell the scanners as an Integrated Therapy Platform (ITP) together with InSightec's products, and revocation of the right granted to GE to receive royalties' payments from InSightec and extension of the term of the Cooperation Agreement to 5 years from December 31, 2015.

Although InSightec was released from the product exclusivity limitations, to date it has not developed an interface to any other MRI machine developed by MRI manufacturers other than GE. Hence, the disadvantages of a single MRI source and reliance on GE have not changed yet.

In light of the above, although InSightec is contractually entitled to engage with third parties, it still depends on its collaboration with GE to ensure the compatibility of the ExAblate with new models of GE MRI systems and upgrades to existing GE MRI systems. GE regularly develops new models of its MRI systems, as well as new capabilities for its existing MRI systems, which could affect their compatibility with the ExAblate. If InSightec is unable to receive information regarding new models of the GE MRI systems or upgrades to existing GE MRI systems, and coordinate corresponding upgrades to the ExAblate to ensure continued compatibility with new and existing GE MRI systems, and if InSightec is unable to achieve collaboration with other MRI manufacturers and adjust its products to other MRI machines, its ability to generate sales of its system will be adversely affected. In addition, if InSightec is unable to coordinate new applications or upgrades with GE's research and development team (or such teams of other MRI manufacturers), it may be unable to develop such applications or upgrades in a timely manner and its future revenue growth may be seriously harmed.

If the ExAblate is subject to a product recall, InSightec will not be able to generate sufficient sales to support its business.

If the ExAblate does not comply with regulatory standards or if it is subject to reports of damaging effects to patients, it may be subject to a mandatory recall by the relevant authorities and sales may be stopped until it can clear regulatory approvals once again. A recall may harm the reputation of InSightec and its products and its ability to generate additional sales of the ExAblate may be adversely affected.

InSightec and Gamida are dependent on further capital investments.

Until InSightec achieves broad market acceptance of the ExAblate and is able to generate sufficient sales to support its business and until Gamida begins selling its products and generating positive cash flow, each of them will need to obtain additional capital investments to support its business in general and, in particular, its significant research and development costs and expenses. The current volume of sales and backlog of InSightec will not suffice to maintain its current cash burn-rate and expenditure levels. Each of InSightec's or Gamida's inability to obtain additional funding sources, particularly capital investments, might have a material adverse effect on its business and/or ability to continue its operations.

If InSightec and Gamida are unable to protect their intellectual property rights, their competitive position could be harmed. Third-party claims of infringement could require InSightec and Gamida to redesign their products, seek licenses, or engage in future costly intellectual property litigation, which could impact InSightec's and Gamida's future business and financial performance.

InSightec's and Gamida's success and ability to compete depends in large part upon their ability to protect their proprietary technology. InSightec and Gamida rely on a combination of patent, copyright, trademark and trade secret laws, and on confidentiality and invention assignment agreements, in order to protect their intellectual property rights. The process of seeking patent protection can be long and expensive, and there can be no assurance that InSightec's and Gamida's existing or future patent applications will result in patents being issued, or that InSightec's and Gamida's existing patents, or any patents, which may be issued as a result of existing or future applications, will provide meaningful protection or commercial advantage to InSightec and Gamida.

Claims by competitors and other third parties that InSightec's or Gamida's products allegedly infringe the patent rights of others could have a material adverse effect on InSightec's or Gamida's business. Any future litigation, regardless of outcome, could result in substantial expense and significant diversion of the efforts of InSightec's and Gamida's technical and management personnel. An adverse determination in any such proceeding could subject InSightec and Gamida to significant liabilities or require InSightec or Gamida to seek licenses from third parties or pay royalties that may be substantial.

InSightec's and Gamida's technology may become obsolete, which could materially adversely impact InSightec's and Gamida's future business and financial performance.

InSightec's and Gamida's success and ability to compete depends in large part upon their ability to develop and maintain unique and leading technologies and capabilities, providing medical solutions superior to alternative treatments and technologies. The discovery or development of more advanced, efficient or cost-effective treatments or technologies by third parties providing better solutions to the same diseases, could make InSightec's or Gamida's technologies or solutions inferior, obsolete or irrelevant. The rapid development and massive research and development activities in the medical areas in which these companies operate creates constant risk of such occurrence, which could adversely impact InSightec's and Gamida's future business and financial performance.

RISKS RELATING TO ISRAEL

Security and economic conditions in Israel may affect our operations.

We are incorporated under Israeli law and our principal offices are located in Israel. In addition, our operations in our other lines of business, such as Elbit Medical, operate in Israel. Political, economic and security conditions in Israel directly affect our operations. Since the establishment of the State of Israel in 1948, various armed conflicts have taken place between Israel and its Arab neighbors, Hamas (an Islamist militia and political group in the Gaza Strip) and Hezbollah (an Islamist militia and political group in Lebanon), and a state of hostility, varying in degree and intensity, has led to security and economic problems for Israel.

In addition, acts of terrorism, armed conflicts or political instability in the region could negatively affect local business conditions and harm our results of operations. We cannot predict the effect on the region of any diplomatic initiatives or political developments involving Israel or the Palestinians or other countries in the Middle East. Recent political uprisings, social unrest and violence in various countries in the Middle East and North Africa, including Israel's neighbors Egypt and Syria, are affecting the political stability of those countries. This instability may lead to deterioration of the political relationships that exist between Israel and these countries and have raised concerns regarding security in the region and the potential for armed conflict. In addition, Iran has threatened to attack Israel and is widely believed to be developing nuclear weapons, and the Islamic State of Iraq and Levant (ISIL), a violent jihadist group, is involved in hostilities in Iraq and Syria and have been growing in influence. Although ISIL's activities have not directly affected the political and economic conditions in Israel, ISIL's stated purpose is to take control of the Middle East, including Israel. Iran is also believed to have a strong influence among extremist groups in the region, such as Hamas in Gaza and Hezbollah in Lebanon. This situation may potentially escalate in the future to violent events which may affect Israel and us.

Furthermore, some neighboring countries, as well as certain companies and organizations, continue to participate in a boycott of Israeli firms and others doing business with Israel or with Israeli companies. Restrictive laws, policies or practices directed towards Israel or Israeli businesses could have an adverse impact on the expansion of our business. In addition, we could be adversely affected by the interruption or curtailment of trade between Israel and its trading partners, a significant increase in the rate of inflation, or a significant downturn in the economic or financial condition of Israel.

Service and enforcement of legal process on us and our directors and officers may be difficult to obtain.

Service of process upon our directors and officers, all of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, since the majority of our assets and all of our directors and officers are located outside the United States, any judgment obtained in the United States against us or these individuals or entities may not be collectible within the United States. Additionally, it may be difficult to enforce civil liabilities under U.S. federal securities law in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws on the grounds that Israel is not the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing these matters. For more information, see below under "Enforceability of Civil Liabilities."

Furthermore, the Debt Restructuring included an exemption from personal civil liability with respect to our then-current officers and directors, other than Mr. Mordechai Zisser, for actions and omission during the period preceding the consummation of the Debt Restructuring. This also limits the ability to pursue legal action against such individuals.

Provisions of Israeli law may delay, prevent or make more difficult a merger or other business combination, which may depress our share price.

Provisions of Israeli corporate law may have the effect of delaying, preventing or making more difficult a merger or acquisition involving us. The Companies Law generally provides that a merger be approved by the board of directors and a majority of the shares present and voting on the proposed merger. For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the shares not held by the other party to the merger (or by any person who holds 25% or more of the shares or the right to appoint 25% or more of the directors of the other party or its general manager) have voted against the merger. Upon the request of any creditor of a party to the proposed merger, a court may delay or prevent the merger if it concludes that there is a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the surviving company. Finally, a merger may not be completed unless at least (i) 50 days have passed since the filing of a merger proposal signed by both parties with the Israeli Registrar of Companies and (ii) 30 days have passed since the merger was approved by the shareholders of each merging company.

The Companies Law also provides that an acquisition of shares of a public company must be made by means of a tender offer if as a result of the acquisition the purchaser would become (i) a 25% or greater shareholder of the company unless prior to such acquisition there is already another 25% or greater shareholder of the company or (ii) a 45% or greater shareholder of the company unless prior to such acquisition there is already a 45% or greater shareholder of the company. These requirements do not apply if the acquisition (i) occurs in the context of a private placement by the company that received shareholder approval or (ii) was from a 25% or 45% shareholder, as the case may be. The tender offer may be consummated only if (i) at least 5% of the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer. In addition, under our amended articles of association, a person seeking to cross the 25% ownership threshold is required to offer to purchase at least 10% of our outstanding ordinary shares in such a tender offer. In any event, if as a result of an acquisition of shares the purchaser will beneficially own more than 90% of a company's shares, the acquisition must be made by means of a tender offer for all of the remaining shares. Shareholders may request an appraisal in connection with a tender offer for a period of six months following the consummation of the tender offer, but the purchaser is entitled to stipulate that any tendering shareholder surrender its appraisal rights.

Finally, Israel tax law treats some acquisitions, such as stock-for-stock exchanges between an Israeli company and a foreign company, less favorably than U.S. tax laws. For example, Israeli tax law may, under certain circumstances, subject a shareholder who exchanges its ordinary shares for shares in another corporation to taxation prior to the sale of the shares received in such stock-for-stock swap.

The described restrictions could prevent or make more difficult an acquisition involving us, which could depress our share price.

RISKS RELATING TO EASTERN EUROPE AND GREECE

We are subject to various risks related to our operations in Eastern Europe, including economic and political instability, political and criminal corruption and the lack of experience and unpredictability of the civil justice system.

Many of the Eastern European countries in which we operate are countries which were allied with the former Soviet Union under a communist economic system, and subject us to various risks. Certain Eastern European countries, in particular those countries that are not expected to join the European Union in the near future, are still economically and politically unstable and suffer from political and criminal corruption, lack of commercial experience, unpredictability of the civil justice system, 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. Certain Eastern European countries also continue to suffer from high unemployment and low wages. These risks could be harmful to us and are very difficult to quantify or predict. In countries that are not members of the Eastern Union but have liberalized policies on international trade, foreign ownership and development, investment, and currency repatriation to increase international trade and investment, such policies might change unexpectedly. We 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 without recourse of our property or assets. Domestic and international laws and regulations, whether existing today or in the future, could adversely affect our ability to market and sell our products and could impair our profitability. With respect to our 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 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 us being unable to obtain the development profits predicted for the project. Furthermore, third parties could challenge the Romanian government's decision, following the failure of the original partners to fulfill their obligations or to put the contract out to tender or to carry out a new site valuation. A successful challenge on either count could result in us having to enter a new tender process, which would lead to an increase in associated expenses and uncertainty.

We and PC have become aware of certain issues with respect to certain agreements that were executed in the past in connection with the Casa Radio. See, "Item 4 – Information on the Company – History and Development of the Company – Recent Events - Casa Radio Project in Bucharest, Romania" for more information.

Certain Eastern European countries such as 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 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 our 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. In addition, in an attempt to control inflation, price controls at our hotels have been imposed at times in certain countries, which may affect our ability to increase our room rates.

Certain Post-Communist Eastern Europe countries initiated legislation that cancels and nullifies transactions involving real estate that were subject to confiscation, condemnation or eminent domain proceeding by the former communist regime. While we make 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, we may be faced with restitution claims by former land owners in respect of project sites acquired by it. If upheld, these claims would jeopardize the integrity of our title to the land and our ability to develop the land.

The economic crisis in the Balkans is also placing stress on the real estate industry, which has been experiencing difficulties since late 2008, although recent market data suggests that the Romanian and Serbian markets are recovering. The cost of real estate has fallen by approximately 30% to 50% across the region, and plans for developing industrial or tourist projects have been terminated or postponed. If the current trend continues, future prospects for the industry in this region are limited and could adversely affect our ability to develop and sell our projects there.

While the Greek government has overcome a number of obstacles, and the pace of contraction there continued to ease in 2014, in light of a negative short-term outlook, areas of the economy that remain in recession and currency instability due to the Euro, targeted policies at future growth industries and restoring confidence will be required to restore sustainable growth.

Recent political changes in Romania have resulted in delays in receiving required communications, regulatory approvals and permits from the Romanian government, which may affect our ability to develop and sell our projects there.

Hostilities in Eastern European countries could have a material adverse effect on our financial conditions and results of operations.

Eastern European countries may face military activity or terrorist attacks in the future as a result of increased global terrorist activity in the EU, and that could influence their economies by disrupting communications and making travel more difficult and such political tensions could create a greater perception that companies operating in such countries are usually involved in higher degrees of risk. Events of this nature in the future, as well as social and civil unrest due to increased tendencies towards extremism in the countries where we operate, could influence their economies and could have a material adverse effect on our financial condition and results of operations.

Expropriation of land

While we make 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, we may be faced with restitution claims by former land owners in respect of project sites acquired by it. If upheld, these claims would jeopardize the integrity of our title to the land and our ability to develop the land, which may have a material adverse effect on our business, financial condition and/or results of operations.

RISKS RELATING TO INDIA

Hostilities in India and other countries in Asia could have a material adverse effect on our financial conditions and results of operations.

India has from time to time experienced instances of internal terror attacks and hostilities with neighboring 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 or within India, could influence the Indian economy and could have a material adverse effect on our financial condition and 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 Government of India or political instability could have a material adverse effect on our business.

Since 1991, successive Indian governments have pursued policies of economic liberalization, 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 liberalization pursued by previous governments. However, this trend of liberalization may not continue in the future. The rate of economic liberalization could change, and specific laws and policies generally affecting, among other things, foreign investments, currency exchange, local taxation legislation, repatriation of profits and other matters affecting our investments, as well as specifically affecting the sectors of commercial activity in which we operate, could also change. A significant shift in India's economic liberalization and deregulation policies could materially adversely affect business and economic conditions in India generally, as well as our 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 could be harmful to us and are very difficult to quantify or predict. 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. Such events could delay or even halt the progress and development of the Indian economy and its receptiveness to foreign investment, and may have a material adverse effect on our business.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Elbit Imaging Ltd. was incorporated in 1996 under the laws of the State of Israel. Our shares are listed on the NASDAQ Global Select Market (ticker symbol: EMITF) and on the Tel Aviv Stock Exchange ("TASE"). Our executive offices are located at 5 Mota Gur Street, Petach Tikva 4952801, Israel. You may reach us by telephone at (972-3) 608-6000 or by fax at (972-3) 608-6050. Our address in the U.S. is c/o Elscint, Inc., 747 Third Avenue, 4th Floor, New York, N.Y. 10017-2803.

For a summary of our recent acquisitions, dispositions and other activities and of our capital expenditures and divestitures during the years 2013, 2014 and 2015, and that are currently in progress, see "Item 5. Operating and Financial Review and Prospects - Overview."

Recent Events

Non-Binding Letter of Intent with International Manufacturer of MRI Scanners

On April 18, 2016 we announced that we were informed by InSightec Ltd. that it had signed a Non-binding Letter of Intent (LOI) with an international manufacturer of MRI scanners to develop compatibility between InSightec's MRI guided Focused Ultrasound Systems (MRgFUS) and this manufacturer's MRI scanners with the intention to expand the MRgFUS market globally. The completion of the transaction outlined in the aforementioned LOI is subject to signing and implementation of a definitive agreement between the parties that includes R&D and regulatory approvals. As of the date of this annual report, the timelines of successful implementation are unclear.

Gadish Settlement

On April 6, 2016, we announced that we and some other defendants (i.e: our and Elscint's former directors and officers) entered into a settlement agreement with the Plaintiffs in class action #1318/99 (Gadish v. Elscint et. al.) The settlement generally provides that in consideration of a total payment of NIS 46 million (approximately \$11.9 million) (a) the Hotels & Marina Transactions cause of action (as well as any other cause of action that is – or may be – directed against us and our former directors and officers and to Elscint and its former directors and officers) shall be exhausted with respect to all of the defendants; and (b) all other causes of action shall be exhausted with respect to us and our former directors and officers as well as with respect to Elscint and its former directors and officers. Our share in the aforementioned compensation is NIS 4 million (approximately \$1 million) and the rest will be financed by our D&O Insurance. The Settlement is subject to the court's approval and additional preconditions fulfillment as determined in the settlement agreement, including, but not limited to the right of the insurer to terminate the settlement under certain circumstances. For further information with regards to the class action, please see Note 14B. (1) of our Annual Consolidated Financial Statements as of December 31, 2015 filed as Exhibit 99.1 to our Report on Form 8-K filed with the SEC on March 31, 2016.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 29
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

Acquisition of Loan to Control Liberec Plaza in the Czech Republic and Sale of the Commercial Center

On March 31, 2016 we announced that PC completed the sale of Liberec Plaza for €9.5 million (approximately \$10 million). Following net asset value adjustments related to PC's balance sheet, PC received net €9.37 million (approximately \$10 million). On September 29, 2015 we had announced that PC won a tender to buy the loan in respect of the Liberec Plaza commercial center in the Czech Republic. The €20.4 million bank loan was granted by two commercial banks which PC has agreed to buy for €8.5 million, reflecting a discount of 58%.

Reverse Share Split

On March 31, 2016, following Board unanimous recommendation our shareholders authorized the effecting of a reverse share split of shares at a ratio, to be established by our Board in its sole discretion, not to exceed one-for-ten, or to abandon the reverse share split in order to increase the per share trading price of our ordinary shares to satisfy Nasdaq's Listing Rule 5450(a)(1) which requires that listed stocks maintain a closing bid price in excess of \$1.00 per share for continued listing on the Nasdaq Global Select Market. For more information, see "Item 3 – Risk Factors – General Risks - If we do not satisfy the NASDAQ requirements for continued listing, our ordinary shares could be delisted from NASDAQ."

Casa Radio Project in Bucharest, Romania

On March 29, 2016, we announced that PC announced that its board had become aware of certain issues with respect to certain agreements that were executed in the past by PC in connection with the Casa Radio Project in Romania. In order to address this matter, PC's Board appointed the chairman of PC's Audit Committee to investigate the matters internally. PC's Board also appointed independent law firms to perform an independent review of the issues raised. PC has approached and is co-operating fully with the relevant Romanian Authorities regarding the matters that have come to its attention in this respect and it has submitted its findings to the Romanian Authorities. Following PC's report to us, our audit committee has decided to appoint a special committee to examine the matters raised in PC's announcement, including any internal control and reporting issues. As the investigation of this matter is ongoing PC is unable to comment on any details related to this matter.

Addendum to Loan Agreement with Bank Hapoalim

On March 22, 2016, we announced that we had signed an addendum to the loan agreement with Bank Hapoalim B.M. (the "Bank" and "Loan Agreement"), that will cancel and replace the previous loan agreement (the "Addendum" and the "Loan"). Under the Addendum, subject to the prepayment of €15.0 million (approximately \$16 million) to the Bank by March 31, 2016, the following new terms will apply to the loan: (i) the repayment schedule of the Loan will be as follows: €7 million (approximately \$8 million) will be repaid on November 30, 2016 and the balance will be repaid on November 30, 2017 instead of one single payment in February 20, 2017 in the existing Loan Agreement; (ii) we will not have prepayment obligations for the planned notes repurchase program which will be executed by us during 2016 for an amount up to NIS 50 million (approximately \$13 million); and (iii) any net cash flow that will be received by us from the refinancing of the Radisson Blu hotel in Bucharest Romania in an amount up to €97 million shall not have repayment obligations, and shall be used by us at our sole discretion.

Notes Repurchase Programs

On February 1, 2016 we approved a new program to repurchase up to NIS 40 million (approximately \$10.1 million) of our Notes, which are traded on the Tel Aviv Stock Exchange. Our board of directors has determined that until further notice, we will purchase only Series H Notes. The repurchases will be made from time to time in the open market on the Tel Aviv Stock Exchange, in privately negotiated transactions or in a combination of the two, commencing the date of this announcement and for a period of 12 months. The repurchase program does not require us to acquire any or a specific amount of notes, and it may be modified, suspended, extended or discontinued without prior notice. Repurchase of Notes under this program depends on factors such as market conditions and legal compliance. Notes repurchased by us will be canceled and removed from trading. Until the date of this report, we have bought back 13.7 million par value Series H Notes for a total amount of NIS 12.2 million (approximately \$3.13 million).

On October 12, 2015 we approved a program to repurchase up to NIS 50 million (approximately \$13 million) of our Series H Notes and Series I Notes, which are traded on the Tel Aviv Stock Exchange. We subsequently announced that only Series H Notes will be included in the repurchase program. The repurchases were made from time to time in the open market on the Tel Aviv Stock Exchange, in privately negotiated transactions or in a combination of the two for a period of 12 months. On December 17, 2015 we announced that we had reached the repurchase program goal by purchasing NIS 56 million par value of series H notes for the total consideration of NIS 50 million.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 30
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

An agreement to sell a Plot in Chennai, India

In September 2015, we announced that our subsidiary Elbit Plaza India Real Estate Holdings Limited, or EPI, obtained a backstop commitment for the sale of the Chennai, India project. The project is owned 80% by EPI and 20% by a local Indian partner through Kadavanthara Builders Private Limited, a special purpose vehicle. The total consideration under the sale agreement was INR crore 161.7 (approximately \$49 million). Since the transaction did not close by January 15, 2016, EPI exercised its right to get the local Indian partner's 20% holdings in Kadavanthara Builders Private Limited and now owns 100% of the Chennai, India plot.

An agreement for the sale of Land Plot in Kochi, India

On January 15, 2016 we announced that we signed an agreement to waive any of our rights and interest in a special purpose vehicle which holds a land plot in Kochi, India. The total consideration for us is INR 10 Crores (approximately €1.4 million), which will be paid to us upon the closing of the transaction. The transaction is subject to certain conditions precedent, and closing will take place once these conditions are met and no later than October 15, 2016. The local Investor has provided certain security in order to guarantee the aforementioned deadline.

InSightec Series D Share Purchase Agreement

On December 31, 2015, InSightec and some of its existing and new shareholders signed and executed an amendment to certain Series D Preferred Share Purchase Agreement, dated June 26, 2014, as amended from time to time, under which InSightec completed an investment of \$22 million at a price of \$1.94 per share, in consideration for approximately 7.3% of InSightec's outstanding share capital, on a fully diluted basis. The terms and conditions of the investment are the same as in the original Series D Preferred Share Purchase Agreement, based on the same pre-money valuation and subject to certain adjustments. As for the terms and conditions of the Original Series D agreement see "Item 4 – Business Overview – Medical Companies - Recent Investment Rounds in InSightec."

In addition, General Electric company, Healthcare Division ("GE") and the shareholders signed and executed an agreement for the sale of 20 million Preferred B and Preferred C Shares held by GE, which constitutes approximately 13% of InSightec's issued and outstanding share capital (on a fully diluted basis after the closing of the Amendment Share Purchase Agreement), at a price of \$1.25 per share. Furthermore, GE granted to the shareholders an option to purchase 7.5 million additional Preferred B and B1 Shares from GE, representing approximately 4.8% of InSightec's issued and outstanding share capital (on a fully diluted basis after the closing of the Amendment Share Purchase Agreement) for the same price. The option is exercisable within one to two years following the closing date of the transaction, subject to the conditions stipulated in the agreement. For more information, See "Item 4 – Business Overview – Medical Companies – InSightec- Recent Transactions in InSightec's shares".

Sale of Cina Property in Bucharest

On December 15, 2015, we announced, that our 98% holding subsidiary, S.C. Bucuresti Turism S.A. ("Butu") and PC signed a transaction for the sale of the Cina property in Bucharest. The total consideration was €4 million (approximately \$4.3 million), divided to €2.7 million (approximately \$2.9 million) for PC and €1.3 million (approximately \$1.4 million) for BUTU. The net proceeds, after related taxes and transaction costs was approximately €2.26 million (approximately \$2.5 million) for PC and approximately €1.3 million (approximately \$1.4 million) for BUTU.

Agreement to Sell a plot in Bangalore, India

On December 2, 2015 we announced that EPI signed an agreement to sell 100% of its interest in a special purpose vehicle which holds a site in Bangalore, India to a local Investor. The total consideration for the sale upon completion of the transaction is approximately €45.4 million which will be paid at transaction closing. Our direct share in the proceeds is 50% (approximately €22.7 million). The transaction is subject to certain conditions precedent, and closing will take place once these conditions are met and no later than 30 September 2016. The local partner has provided certain securities in order to guarantee the abovementioned dead line.

Refinance of Hotel in Bucharest

On October 28, 2015 we announced that our subsidiary BUTU entered into a term sheet with Raiffeisen Bank International A.G and Raiffeisen Bank S.A., leading international European banks, as lenders, ("Lenders") to amend the facilities agreement between the parties entered into on September 16, 2011, as amended. According to the term sheet, the lenders will increase the loan under the facilities agreement up to € 97 million. The new facility can be drawn down in two Tranches, with the first Tranche in the amount of up €85 million, and the second Tranche in the amount of up to € 12 million. The proceeds of the new facility shall be used, inter alia, to prolong the outstanding facility under the existing facility agreement in the amount of approximately €60 million. The surplus of the new facility will be used for the repayment of all existing shareholder loans granted to BUTU by Elbit Group. On March 10, 2016 BUTU and the Lenders, and us as guarantor signed a definitive facility agreement in the total amount of €97 million. On March 24, 2016 the first draw down in an amount of €85 million (approximately \$93 million) was closed. The net cash received by us was approximately € 24.4 million (approximately \$27 million).

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 31
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

Novartis Investment in Gamida

On October 12, 2015 we announced that Gamida our indirect subsidiary, entered into agreements with Novartis according to which Novartis invested in Gamida an immediate amount of \$5 million, in return for approximately 2.5% of Gamida on a fully diluted basis. For further discussion, see “Item 5. Operating and Financial Review and Prospects – Overview - 2015”.

Sale of Koregaon Park Plaza

On June 11, 2015 we announced that PC reached an agreement to sell Koregaon Park Plaza, the retail, entertainment and office scheme located in Pune, India for approximately €35 million (approximately US\$ 39 million), consistent with the asset’s last reported book value. The net cash proceeds (after repayment of the related bank loan, other liabilities and transaction costs) from the sale were approximately €7.2 million (approximately US\$ 8 million).

Non- Exercise of Novartis Option

On September 2, 2014, Elbit Medical announced that Gamida Cell, and the vast majority of Gamida Cell’s shareholders (including Elbit Medical), completed the execution of the Option and Investment Agreements with Novartis Pharma A.G (“Novartis”). Under such agreements, Novartis invested \$35 million in Gamida Cell in exchange for approximately 15% of Gamida Cell’s share capital and an option to purchase the holdings of the other shareholders in Gamida Cell, including Elbit Medical’s holdings upon the completion of certain milestones relating to the development of NiCord.

On June 3, 2015 Gamida Cell notified Elbit Medical that following discussions held between the Novartis representative and the CEO of Gamida Cell, the Novartis representative notified Gamida Cell that Novartis did not intend to exercise the Novartis Option.

Sale of Hotels in Antwerp, Belgium

On May 11, 2015 we announced that we had closed the Share Purchase Agreement with Astrid JV Sarl, an affiliate of Kohlberg Kravis Roberts & Co. L.P., with regard to the sale of PC’s entire (100%) holdings in PC’s wholly owned subsidiary which owns and operates our hotels in Antwerp, Belgium, the Radisson Blu Hotel and the Park Inn Hotel. The total net consideration paid to PC, following the repayments of PC’s subsidiary’s bank loans was approximately €27 million out of which €1 million was deposited in escrow to secure the Seller’s indemnification obligations under the Share Purchase Agreement. In accordance with our Refinancing Loan Agreement with Bank Hapoalim B.M we have prepaid an amount of approximately \$5 million on account of a loan with the bank.

Delisting of Bucuresti Turism S.A.

On February 19, 2015, we announced that the extraordinary general meeting of shareholders of our subsidiary Bucuresti Turism S.A. (in which we hold 77% of the issued share capital), which shares were traded on the Bucharest Stock Exchange market (RASDAQ) that took place on February 18, 2015, resolved, amongst other things, that BUTU will not take the necessary legal actions for the shares issued by it to be admitted for trading on a regulated market or to be listed on an alternate trading system. On June 9, 2015 we announced that shareholders holding 21.48% of BUTU exercised their right to withdraw from BUTU. The total amount paid by BUTU for such withdrawal requests was approximately €13.9 million (approximately USD \$15 million). An amount of €2 million was financed by BUTU from its own resources and the remainder in the amount of approximately €11.9 million was financed by us through a shareholder loan granted to BUTU.

Following approval of the Financial Supervisory Authority in Romania BUTU was delisted from the RASDAQ. Upon the completion of the delisting, all the shares acquired by BUTU during the delisting process were cancelled and the share capital of BUTU was decreased accordingly. Following the share capital decrease, we hold (indirectly) approximately 98% of BUTU’s share capital

Sale of Elbit Fashion’s Mango franchise rights

On September 29, 2014, we announced that our subsidiary Elbit Fashion Ltd. (“Elbit Fashion”) had received from PUNTO FA, S.L (“Punto”) written notice of its intention not to extend the term of the franchise rights of Elbit Fashion for operation of the “Mango” retail stores in Israel, as granted under the agreement entered between Elbit Fashion and Punto on May 3, 2005 (the “Franchise Agreement”) and to terminate the Franchise Agreement. On October 27, 2014, we announced that Elbit Fashion signed a sale agreement (the “Fox Agreement”) with Fox-Wisel Ltd. (“Fox”) with regards to the sale of the operation and business of “Mango” retail stores in Israel. Under the Fox Agreement, which was consummated on January 5, 2015, Elbit Fashion sold and assigned Fox all business activity, stores, investments in the leased properties, furniture and equipment, inventory and customer loyalty program and any and all rights relating thereto, free and clear of any third party rights, except as explicitly set in the Fox Agreement and net of certain liabilities related to the business activities of Mango, for consideration of approximately NIS 37.7 million, out of which NIS 4.9 million were deposited in escrow, subject to certain adjustments in accordance with the provisions of the transaction documents. As of the date of this filing we received all the amounts which were deposited in Escrow. Following the consummation of the transaction, Elbit Fashion has ceased to operate the “Mango” retail stores activity, and accordingly the said activity was classified as discontinued operation in our financial statements.

PC Debt Restructuring

On November 18, 2013 our subsidiary PC announced that it had filed for reorganization proceedings (preliminary suspension of payments) with the District Court of Amsterdam in the Netherlands (the “Dutch Court”) and submitted a restructuring plan to the Dutch Court proposed to its creditors, which was further amended (the “Amended PC Plan”). The Amended PC Plan proposed, *inter alia*, that all principal payments of any unsecured debt due during 2013-2015 be deferred for three years from the date of approval of the Amended PC Plan by the Dutch Court (“Approval Date”). If within two years from the Approval Date PC manages to repay 50% of such unsecured debt, then the remaining principal payments shall be deferred for an additional one year. Under the Amended PC Plan, following the removal of the suspension of payments order by the Dutch Court, PC will be required to assign 75% of the net proceeds received from the sale or refinancing of any of its assets to early repayment of its unsecured debt, to be allocated among the holders of such unsecured debt. PC will be permitted to make investments only if its cash reserves contain an amount equal to general and administrative expenses and interest payments for such unsecured debt for a six-month period. The Amended PC Plan was made contingent upon a cash injection of approximately €20 million in PC, by way of a rights issuance (the “Rights Offering”), under which, we, PC, and its directors and officers would be fully released from all claims. On June 23, 2014, subject to the application of certain conditions precedent, we undertook to exercise (or procure that other persons will exercise) all of our rights in the proposed Rights Offering and to procure subscriptions for any unexercised portion of the Rights Offering (the “Undertaking”). On June 26, 2014 PC announced that a majority of its creditors voted to approve the Amended PC Plan, and on July 10, 2014, the Dutch Court approved the Amended PC Plan, with the Approval Date being July 18, 2014, upon which PC’s management resumed full control of PC’s business. On December 19, 2014, PC announced that it had successfully completed the Rights Offering.

In addition, the Amended PC Plan includes other provisions which essentially prevent us from using the proceeds from realization of PC’s projects for the development of PC’s existing projects designated for development. As a result, any future development of existing projects by PC may not be executed due to insufficient cash for equity injection into such projects.

Our Debt Restructuring

During 2013, our Board resolved to suspend all payments to its unsecured creditors and to negotiate with its unsecured creditors on a restructuring plan for the unsecured financial debts. On October 17, 2013 our unsecured financial creditors approved a Plan of Arrangement (the “Arrangement”) (as adjusted from time to time) and on January 1, 2014, the Israeli District Court approved the Arrangement. The closing of the Arrangement took place on February 20, 2014. The general terms of the Arrangement are: (i) in consideration of the extinguishment of our unsecured financial debts (i.e.: Series A-G notes, series 1 note and our debts to Bank Leumi), we issued at the closing of the Arrangement the following instruments (A) New ordinary shares, representing immediately following such exchange 95% of our outstanding share capital on a fully diluted basis; and (B) Two series of new notes in the aggregate principal amount of NIS 666 million, (ii) the new Shares and the new notes were allocated among the various unsecured financial creditors in proportion to the outstanding balance (principal, interest and CPI linkage) under each obligation as of the closing of the Arrangement. The new Shares are listed for trading on both the Tel Aviv Stock Exchange and the NASDAQ Stock Market, and the new notes are listed for trading on the Tel Aviv Stock Exchange, and (iii) pursuant to the terms of the Arrangement, we amended our Articles of Association to include among other things that a decision to engage in a new field of business which is material to us, in which neither we nor any of our subsidiaries is engaged and which new field of business is not complementary to our business or our subsidiaries, shall require the unanimous approval of all of the members of the board.

B. BUSINESS OVERVIEW

We operate primarily in the following principal fields of business:

- Commercial Centers - Initiation, construction and sale of commercial centers and other mixed-use real property projects, predominantly in the retail sector, located in Central and Eastern Europe and in India, primarily through PC. In certain circumstances and depending on market conditions, we operate and manage commercial centers prior to their sale;
- Hotels - Operation and management of our Radisson Complex in Bucharest, Romania;
- 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; and
- Plots in India - Sale of plots in India which were initially designated as residential projects.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 33
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Following our Debt Restructuring and PC's Debt Restructuring we are no longer focused on developing our principal fields of business, rather our focus is on disposing our assets at optimal market conditions.

Commercial Centers

This business includes operational commercial centers, plots designated for the construction and/or development of commercial centers in CEE as well as plots not designated for development in the foreseeable future or designated for sale these plots without further development. Certain projects designated for development are mixed-use real estate projects which include predominantly commercial centers combined with other elements of operations, including offices, residential units, conference centers and leisure facilities. In this annual report, we refer to all projects mentioned above, as "commercial centers." Construction or development of each such project is generally conducted through a special purpose project corporation, owned by PC. In certain cases, such special purpose corporation is held as a joint venture with project partners.

As of the date of this annual report, our commercial segment of operations includes a total of four operating projects and four projects which are designated to be developed by PC in the coming years. In addition, we have eleven projects which are not designated to be developed by us in the foreseeable future. Our projects are located in Romania, Poland, Serbia, Latvia, Bulgaria, Greece, and Hungary.

Business Concept and Strategy

General

In this field of operations, our focus is the development and construction of new commercial centers and redeveloping existing centers, where there is significant redevelopment potential, in both capital cities and important regional centers and the subsequent sale of such centers.

Our commercial centers vary in size and may range between 6,000 square meters and 66,000 square meters gross lettable area ("GLA"), but we may develop larger commercial centers if our development criteria are met. We develop commercial 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 population in the area (generally a minimum of 50,000 people), the socio-economic status of the population, any competing commercial 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).

Our commercial centers are comprised of 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 are usually leased for three to five years.

Our commercial centers also include a multiplex cinema complex of between four and 12 theater 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. Each entertainment area also includes a food court offering a wide range of food outlets, coffee shops and restaurants.

Operational commercial centers

Our main goal is to sell the operational commercial centers subject to prevailing market conditions. Up to the consummation of a transaction for the sale of the operational commercial centers we will operate the commercial centers. During the operational period of the commercial centers we aim to improve their operational results by increasing the occupancy rates, the average rent rate as well as changing the mixture of the tenants. PC regularly monitors whether according to market yields at the relevant time it is favorable to hold and operate centers or to sell upon completion. While yields are high, PC believes that it has the management skills to operate the assets, as done in the past, until the next low yields cycle. Currently, PC operates and manages its four active commercial centers, attempting to stabilize them prior to selling them, as it believes that investors are seeking to invest in assets with a track record and an occupancy rate above 90%. Mindful of the impact of the ongoing issues in the geographical area on the economies in which PC operates, PC intends to simultaneously reduce its ratio of capital to debt while leading its limited development program into the stronger economies of the CEE. PC'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. PC believes that selling developments at the present time, due to ongoing economic conditions, will unlikely recover invested equity, and therefore PC is focusing, where possible, on developing projects and realizing value at an appropriate stage.

The following provides additional information with respect to our operational projects, as of December 31, 2015:

Name of Project	Location	PC Share %	Approx. Gross Lettable	
			Area (m ²)	Opening Date
Riga Plaza	Riga, Latvia	50	49,000	March 2009
Liberec Plaza (1)	Liberec, Czech Republic	100	17,000	March 2009
Zgorzelec Plaza	Zgorzelec, Poland	100	13,000	March 2010
Suwalki Plaza	Suwałki, Poland	100	20,000	May 2010
Torun Plaza	Torun, Poland	100	40,000	November 2011

(1) Project was sold on March 31, 2016

Projects Proposed for Development

Our goal is to develop modern western-style commercial centers and mixed-use developments in the capital and regional cities of selected countries, primarily in CEE, focusing in the medium-term on Serbia and Romania.

All of our plots designated for development are currently in the planning stages and construction work has not yet started (except for the Belgrade Plaza (Visnjicka) project). The last commercial center which was built by us was the Kragujevac Plaza which was opened to the public in March 2012. As of the date of this filing all of our commercial centers are planning stages and construction work has not yet started (except for the Belgrade Plaza (Visnjicka) project).

In light of market conditions at the time, PC made the strategic decision to scale back on starting new projects and to focus on projects with available external financing and strong tenant demand. PC currently plans to progress in a selected number of projects, which are: (i) Casa Radio (Phase 1) in Romania; (ii) Timisoara in Romania; (iii) Belgrade Plaza (MUP) in Serbia; and (iv) Belgrade Plaza (Visnjicka) in Serbia. All of PC's other projects are not designated to be developed in the foreseeable future. PC intends to either sell these plots without further development or to hold them until market conditions in CEE improve. Due to the recent Debt Restructuring and due to the existing backlog of undeveloped plots, PC is not actively seeking any significant acquisitions of new plots or operating commercial centers.

The following table provides additional information for projects designated for developments in the foreseeable future:

Name of Project	Location	Type	Title	PC Share % ¹	Approx. Land Area (m ²)	Approx. Gross Lettable Area (m ²)	Estimated Completion	Status
Timisoara Plaza	Timisoara, Romania	Commercial Center	Ownership	100	32,000	40,000	2018	Planning and development stage – received building permit
Belgrade Plaza (Visnjicka)	Belgrade, Serbia	Commercial Center	Ownership	100	31,000	32,000	2017	Construction commenced in 2015.
Casa Radio	Bucharest, Romania	Mixed Use	Leasing for 49 years	753	97,000	467,000 ^{2,4}	-	Planning and development stage
Belgrade Plaza (MUP)	Belgrade, Serbia	Mixed Use	Ownership	100	9,000	63,000 ²	2018	Planning and development stage

¹ Directly or indirectly.

² Gross building area (“GBA”).

³ Other investors in the project include the Government of Romania, which will procure that the project company is granted the necessary development and exploitation rights in relation to the site for a 49-year period in consideration for a 15% interest in the project, as well as an additional developer which holds 10%.

⁴ The project will consist of a complex with a planned GBA of approximately 467,000 square meters (including parking), and will include a commercial center of approximately GLA of 90,000 square meters, with a hypermarket, office buildings of approximately GBA of 127,000 square meters, hotel complex with conference center and a Public Authority Building (“PAB”).

Total additional estimated costs of construction, required for completion of the above 4 projects designated for development and the percentage of pre-leased areas are presented in the following table:

Country	Estimated cost of completion	Percentage Pre-leased *
Romania ¹	€251.4 million (approximately \$ 274 million)	-
Serbia ²	€136.4 million (approximately \$ 148.7 million)	45%

¹ In respect of Casa Radio, the cost represents Phase 1 of the project.

² Solely with respect to the Belgard Plaza(visijcka) project.

Projects (plots) designated for sale

Our main goal in respect of plots which are not designated for future development is to hold them in their current state without investments of significant financial and managerial resource. During the last few years we have executed several transactions for the sale of undeveloped plots and, subject to prevailing market condition, we will consider the sale of the additional undeveloped plots in their current state to third parties.

The following table provides additional information in respect of our plots which are designated for sale, as of December 31, 2015:

Name of Project	Location	Type	Title	PC Share % ¹
Csiki Plaza	Miercurea Ciuc, Romania	Commercial and Entertainment Center	Ownership	100
Kielce Plaza	Kielce, Poland	Commercial and Entertainment Center	Perpetual Usufruct	100
Leszno Plaza	Leszno, Poland	Commercial and Entertainment Center	Perpetual Usufruct	100
Shumen Plaza	Shumen, Bulgaria	Commercial and Entertainment Center	Ownership	100
Slatina Plaza(*)	Slatina, Romania	Commercial and Entertainment Center	Ownership	100
Constanta Plaza	Constanta, Romania	Commercial and Entertainment Center	Ownership	100
Pireas Helios Plaza (**)	Athens, Greece	Offices/Retail	Ownership	100
Arena Extension	Budapest, Hungary	Offices	Land use rights	100
Lodz Plaza	Lodz, Poland	Retail and Entertainment Center	Perpetual Usufruct	100
Lodz (Residential)	Lodz, Poland	Ownership/Perpetual Usufruct	Ownership	100

(*) On 24 March 2016 PC completed the sale of its site in Slatina to a third party developer.

(**) On April 8, 2016 PC announced a Pre-Agreement to sell development plot in Greece for €4.7 million.

(***) Gross area of the plot.

Hotels

General

Our goal in respect of the Radisson Blu Complex is to hold and operate, and enhance its value until its sale to third parties. We hold 98% of the Radisson Blu complex in Bucharest, while the rest is owned by various unrelated third parties. For a discussion of the procedures under Romanian law for the delisting of the sale-out right of the minority shareholders in Bucuresti – see "Item 4 – Information on the Company – History and Development of the Company - Recent Events".

Management of Hotels

Rezidor manages our hotel complex in Romania, comprised of our Radisson Blue and Park Inn hotels, and other apartments. Under the management agreement signed with Rezidor, we undertook to pay Rezidor certain agreed upon fees which are calculated as a percentage of the hotel's revenue as well as a certain agreed upon percentage from the gross operating profit of the hotel. We also undertook to participate in certain portions of the expenses incurred by Rezidor in the course of performance of their obligations (mainly marketing and advertising expenses), up to a certain percentage of the room revenues, and to invest in the hotel's capital expenditures. In regards to the agreement to manage the Radisson Blu Bucharest Hotel we can terminate the agreement only in limited circumstances set forth in the agreement.

Radisson Blu complex- additional information

The tables below provide information with regard to our Radisson Blu Complex:

Name	Title	Our Share As of December 31, 2015	Approximate Constructed Area (square feet)	Rate of Hotel	Total Rooms and description	Additional information
Radisson Complex Bucharest, Romania	Freehold	98%	900,000	The Radisson Blu and elite apartments – 487 Five Star units Park Inn apartments – 276 Four Stars units	Radisson Blu - 424 rooms and suites, 63 elite apartments Park Inn - 210 apartments 66 unbranded apartments.	The complex includes several restaurants and bars, a spa and a world class health academy, casino, and shopping area

Name	Average Room Rate (Euro)	Average Occupancy Rates (%)	Revenue Per Available room (RevPar)
Radisson Complex Bucharest Romania	90	77%	69

Plot in Tiberius, Israel

In July 2007 we entered into an agreement with the Israel Land Administration ("ILA"), according to which we leased a plot of approximately 44,600 square meters near Tiberius, Israel for a term of 49 years (through 2056) with an option to extend the lease term for an additional 49 years. The total consideration paid amounted to NIS 30.6 million. Under the agreement, we undertook to complete the construction work of the hotel within a period not exceeding 36 months (July 2010). During 2010 we received an extension of an additional three years until July 2013 to complete the construction of the hotel. Also under the agreement, we provided the Israel Land Administration with two bank guarantees in the aggregate amount of NIS 14 million (in order to secure our undertakings under the lease agreement). The agreement may be terminated upon a breach of its terms. We are seeking a buyer for this plot or a joint venture partner which will manage the initiation and the construction of the project and/or return the plot to the ILA for an agreed compensation.

Medical Companies

Our Medical portfolio is held by Elbit Medical Technologies Ltd. (an Israeli company traded on the TASE ("Elbit Medical")). Elbit Medical is the largest shareholder in two medical companies: InSightec Ltd. ("InSightec") and Gamida Cell Ltd. ("Gamida"). As of the date of this annual report, we hold 89.9% of Elbit Medical's share capital (83.6% on a fully diluted basis).

In addition to our holding in the shares of Elbit Medical, we provided throughout the year credit lines and services to Elbit Medical. As of December 31, 2015 Elbit Medical has a total of NIS 145.6 million (approximately \$47 million) outstanding loans and current accounts due to us with the following terms:

Loan Balance as of December 31, 2015:	Interest:	Linkage Mechanism:	Contractual Repayment Date:	Early Repayment:
NIS 85.2 million	6%	Linked to USD	December 31, 2017	Possibility of early repayment (without penalties) after October 1, 2016, at Elbit Medical's discretion. Early repayment requires approval of an independent board committee of Elbit Medical
NIS 52.5 million	Non-interest bearing	Linked to CPI	December 31	Possibility of early repayment (without penalties) after April 1, 2016, at Elbit Medical's discretion. Early repayment requires approval of an independent board committee of Elbit Medical.
NIS 7.9 million	Non-interest bearing	Non-Linked	December 31	Possibility of early repayment (without penalties) after April 1, 2016, at Elbit Medical's discretion. Early repayment requires approval of an independent board committee of Elbit Medical

InSightec

We indirectly hold, through Elbit Medical, approximately 31.3% of the outstanding share capital (26.6% on a fully diluted basis) of InSightec.

Business Concept

InSightec develops and markets Exablate, the first FDA approved magnetic resonance imaging guided focused ultrasound treatment platform ("MRgFUS") for a variety of neurosurgery, oncology and gynecology indications. Treatments are non-invasive and are performed in an ambulatory setting.

InSightec's objective is to transform the surgical environment for the treatment of a limited number of forms of benign and malignant tumors by replacing invasive and minimally invasive surgical procedures with an incision-less surgical treatment solution. The system is designed to deliver safe and effective non-invasive treatments while reducing the risk of disease, potential complications, as well as the direct and indirect costs associated with surgery.

InSightec's MRgFUS technology integrates the therapeutic effects of focused ultrasound energy with the precision guidance and treatment outcome monitoring provided by MRI systems. Ultrasound is a form of energy that can pass harmlessly through skin, muscle, fat and other soft tissue, and is widely used in diagnostic applications. The ExAblate uses a phased-array transducer that generates a high intensity, focused beam of ultrasound energy, or a sonication, aimed at a small volume of targeted tissue. The focused ultrasound energy provides an incision-less therapeutic effect by raising the temperature of the targeted tissue mass high enough to ablate, or destroy it, while minimizing the risk of damage to overlying and surrounding tissue.

InSightec believes that by combining the non-invasive therapeutic effects of focused ultrasound energy and the precise "real-time" data provided by the MRI system, it has developed an effective, non-invasive treatment solution for its approved applications.

InSightec also believes that its MRgFUS technology can be applied to the treatment of other medical conditions, providing similar advantages by presenting both physicians and patients with a safe and effective incision-less surgical treatment option for several medical conditions, including a number of indications for which there are currently few effective treatment options.

Products

ExAblate Neuro

The Exablate Neuro indication is designated to preform treatment for Essential Tremor, Tremor dominate Parkinson's disease and Neuropathic pain and others. The following items describe the significant clinical and regulatory events in the Exablate Neuro:

- In November 2015 InSightec informed us that the Korean Ministry of Food and Drug Safety (MFDS) has approved its Exablate Neuro system to treat movement, pain and behavioral disorders which allows Korean patients suffering from neurological disorders which cause significant disability access to a new, non-invasive treatment option that does not require open surgery.
- In November 2015, InSightec informed us that they are investigating the use of MR Guided Focused Ultrasound technology to temporarily open the blood brain barrier which is a protective barrier that restricts the passage of substances from the bloodstream into the brain, protecting it from toxic chemicals and preventing the delivery of essential medication to reach the brain.
- In October 2015 InSightec informed us that it had submitted a premarket approval application (PMA) to the FDA for its ExAblate Neuro treatment of Essential Tremor. In March 4, 2014, focused ultrasound was successfully used for the first time in the treatment of a brain tumor. The patient had a recurrent glioma, a portion of which was thermally ablated using InSightec's ExAblate For Body Platform. The treatment was conducted at the FUS Center of University Children's Hospital Zurich. Since then, three more patients were treated successfully in the treatment of brain tumor
- In October 2013 the Israeli Ministry of Health approved ExAblate Neuro (known as ExAblate 4000) for the treatment of neurological movement disorders including Essential Tremor and tremor-dominant Parkinson's disease.
- In December 2012, ExAblate Neuro, was awarded the European CE mark for the treatment of neurological disorders in the brain including essential tremor, Parkinson's disease and neuropathic pain.
- In January 2012 a team at the University of Virginia Medical Center completed a feasibility study testing the use of ExAblate Neuro for the treatment of essential tremor in fifteen adult patients. The results show significant tremor suppression at the three-month follow up period and a very positive safety profile. This supported additional phase-I studies performed in Canada, Korea and Japan all of which were completed in early 2013. This accumulated data has led to a phase-III study for essential tremor under FDA approval that includes eight sites globally. This study commenced in 2013, and in 2014 InSightec completed the recruitment of patients and accomplished their treatment. The results were submitted to the FDA at the end of 2015 after one year's follow up.
- The ExAblate system is also being evaluated in additional feasibility studies for Parkinson's disease in Korea and the United States. These studies commenced in 2013 and are expected to continue through 2016.

ExAblate For Body Platform

Exablate for Body Platform is designated to treat the Uterine fibroids, Pain palliation of bone metastasis and others. The following items describe the significant clinical and regulatory events in the Exablate for Body Platform:

- In October 2015 InSightec informed us that the FDA approved InSightec's Exablate For Body Platform to treat symptomatic uterine fibroids and changed the labeling to allow consideration for women who desire to maintain fertility. The updated labeling specifies that ablation of uterine fibroid tissue can now be considered for women with symptomatic uterine fibroids, who desire to retain fertility and spare their uterus. InSightec estimates that such change in labeling provides younger women suffering from symptomatic fibroids access to a new, non-invasive treatment option that is safe, effective and keeps their uterus intact without compromising their existing ability to get pregnant. The approval is based on accumulated, documented clinical data on 118 patients' pregnancies post Exablate MRgFUS treatments.
- In October 2004, InSightec received FDA approval to market the ExAblate For Body Platform in the United States for the treatment of uterine fibroids, a type of benign tumor of the uterus. InSightec also has regulatory approval to market the ExAblate For Body Platform for the treatment of uterine fibroids in Israel, Canada, Russia, Brazil, Mexico, Korea, Taiwan, Australia, New Zealand, Singapore, Japan, China and the European Union Economic Area ("EEA"), as well as for the treatment of breast cancer in Korea. In February 2013, the Clalit healthcare fund agreed to cover treatments executed at Sheba Medical Center using ExAblate For Body Platform technology to treat uterine fibroids. CE Marking
- In May 2007, InSightec received CE marking for the pain palliation of bone metastases. In October 2012 the U.S. FDA approved ExAblate For Body Platform to treat pain from bone metastases in patients who do not respond or cannot undergo radiation treatment for their pain. In July 2013 ExAblate For Body Platform also received an extended European CE Mark for the local treatment of cancerous and benign primary and secondary bone tumors. In August 2013 InSightec received the approval of the Health Canada Administration, and in November 2014 the approval of Japanese Ministry of Health, for the treatment for pain result from bone tumors.

ExAblate For Body Platform is currently the only non-invasive treatment for uterine fibroids approved for use in Japan. InSightec is also in various stages of development and clinical research for the application of its MRgFUS technology to the treatment of other types of benign and malignant tumors. These additional applications are being developed to take advantage of the modular design of the ExAblate for Body Platform, which enables it to function as a common platform for multiple MRgFUS-based surgical applications. Currently, InSightec has an installed base of more than 130 units in academic hospitals, community hospitals, MRI clinics and physician-formed joint ventures. Currently, the ExAblate For Body Platform is operable only with certain MRI systems manufactured by GE.

Distribution and Marketing

InSightec's main distribution channel is through GE, as a non-exclusive distributor. In addition, InSightec distributes and markets its products directly and through the entering into distribution agreements with third parties. Distribution agreements are generally for a term of between one and five years, with an option to extend the agreement based on the performance of the distributor. InSightec has contracted with several non-exclusive distributors in Europe and Asia who market and sell its systems.

Business Strategy

InSightec's strategic objective is to continue to expand its approved applications, as well as the product development efforts and clinical studies for additional applications, particularly with respect to its neurological applications. If the results of its clinical studies are positive, InSightec intends to pursue regulatory approval in the United States and other targeted jurisdictions to market the ExAblate for these additional treatment applications.

In addition, InSightec aims to become the market leader in MRgFUS systems and to achieve a significant improvement in the quality and efficacy of the treatment while demonstrating cost effectiveness. To achieve this goal, InSightec intends to pursue a number of operating and growth strategies, which include:

- developing the ExAblate® Neuro, a unique system targeted at non-invasive treatment of brain tumors and central nervous system targets;
- contemplating entering into a strategic cooperation with partners in the relevant markets;
- develop a new surgical method that would enable non-invasive treatment in several clinical applications;
- expand the marketing of the ExAblate to additional countries, such as the United States, Europe, Asia and Ukraine; and
- develop further applications to its existing systems, such that each purchased system will be used to treat a variety of diseases.

In order to expand the marketing of its products, InSightec intends to cooperate with other international MRI scanner manufacturers with which its systems are compatible. On April 18, 2016, we announced that we were informed by InSightec, that it signed a Non-binding Letter of Intent (LOI) with an international manufacturer of MRI scanners to develop compatibility between InSightec's MRI guided Focused Ultrasound Systems (MRgFUS) and this manufacturer's MRI scanners with the intention to expand the MRgFUS market globally. The completion of the transaction outlined in the LOI is subject to signing and implementation of a definitive agreement between the parties that include R&D and regulatory approvals. As of the date of this annual report, the timelines of successful implementation are unclear.

Recent investment rounds of InSightec

On December 31, 2015, InSightec and some of its existing and new shareholders signed and executed an amendment to certain Series D Preferred Share Purchase Agreement, dated June 26, 2014, as amended from time to time (the "Amendment to the Share Purchase Agreement"), under which InSightec completed an investment of \$22 million at a price of \$1.94 per share, in consideration for approximately 7.3% of InSightec's outstanding share capital, on a fully diluted basis. The terms and conditions of the investment are the same as in the original Series D Preferred Share Purchase Agreement, based on the same pre-money valuation and subject to certain adjustments.

As part of the Amendment Share Purchase Agreement and the Sale Transaction, InSightec's articles of association and the GE Technology, Co-Operation and Distribution Agreement of October 17, 2012 between InSightec and GE, as amended (the "Cooperation Agreement"), were amended. The aforementioned amendments were approved by the meeting of the shareholders of InSightec on December 28, 2015. The principal amendments to the articles of association of InSightec were: revocation of certain rights granted to GE in InSightec's articles of association, including the right to appoint 2 director, so that GE shall have the right to appoint only 1 director; one of the new Shareholders shall have the right to appoint 1 director; amending the Co-Sale right of a shareholder when a major shareholder sells its shares. The principal amendments to the Cooperation Agreement which regulates the commercial relationship between the parties, including, amongst other things, with respect to product exclusivity, cooperation with respect to the development and sale of the parties' complementary products, distribution, marketing and sales, intellectual property rights and licenses, sale terms and conditions, and similar items, were: InSightec will be appointed as a non-exclusive distributor for GEHC's MR Scanners in order for InSightec to sell the scanners as an Integrated Therapy Platform (ITP) together with InSightec's products; revocation of the right granted to GE to get royalties' payments from InSightec and extension of the term of the Cooperation Agreement to 5 years from the date hereof.

As discussed under Item 5 "Operating and Financial Review and Prospects" below, on June 26, 2014 InSightec entered into a Series D Preferred Share Purchase Agreement with York Global Finance II S.à r.l., a company owned by York Capital Management Global Advisers LLC and affiliated with York Global Finance Offshore BDH (Luxembourg) S.à.r.l (for purposes of this item only, "York"), as amended on September 7, 2014, and on December 15, 2014, pursuant to which York and subsequent investors invested a total of \$59 million in InSightec (the "Series D Transaction"). As discussed above, the Series D Transaction has since been amended.

In addition, under the terms of the Series D Transaction, Elbit Medical had a right to invest a total amount of up to \$3.5 million in InSightec, in consideration for 1,804,433 Series D Preferred Shares, upon written notice to be submitted to InSightec not later than May 31, 2015. York may purchase any Series D Preferred Shares not purchased by Elbit Medical under such right. As of the date of this report, Elbit Medical did not exercise this right and the additional D shares were purchased by York.

The Series D Transaction reflected a pre money valuation of InSightec of \$200 million (on a fully diluted, as-converted basis). In the event InSightec's aggregate revenues for 2014 and 2015 as reflected in its annual audited financial statements for such years are less than \$60,000,000, the Series D price per share will be adjusted proportionately and the investors in the InSightec Investment Agreement shall be issued additional Series D Preferred Shares, provided, however, that the price per share shall not be reduced by more than 8%. In March 2016, since InSightec had not reached the target revenues for the years 2014 and 2015 the original purchase price of the Series D shares was reduced to \$1.78 per share. Accordingly, InSightec allotted additional Series D shares to the Series D investors as was agreed in the InSightec Investment Agreement.

Transactions between InSightec's shareholders

As part of the financing round concluded in December 31, 2015 General Electric company, Healthcare Division ("GE") and the shareholders signed and executed an agreement for the sale of 20 million Preferred B and Preferred C Shares held by GE, which constitutes approximately 13% of InSightec's issued and outstanding share capital (on a fully diluted basis after the closing of the Amendment Share Purchase Agreement), at a price of \$1.25 per share ("Sale Transaction"). Furthermore, GE granted to the shareholders an option to purchase 7.5 million additional Preferred B and B1 Shares from GE, representing approximately 4.8% of InSightec's issued and outstanding share capital (on a fully diluted basis after the closing of the Amendment Share Purchase Agreement) for the same price (collectively: the "Sold Shares"). The option is exercisable within one to two years following the closing date of the transaction, subject to the conditions stipulated in the agreement.

On March 31, 2015 GE signed and executed an agreement with York, other shareholders of InSightec and certain other purchasers (the "InSightec Purchasers"), for the sale of 6 million Series C Preferred Shares of InSightec held by GE, which constitutes approx. 4.2% of InSightec's issued and outstanding share capital on a fully diluted basis, at a price of \$1.50 per share. Furthermore, the agreement grants the Purchasers an option to purchase 12 million additional Series C Preferred Shares from GE, which represent approx. 8.5% of InSightec's issued and outstanding share capital on a fully diluted basis, for the same price (\$1.50) within one year of the closing date of the transaction, subject to the conditions stipulated in the agreement (the "York Sale Transaction"), and that the York Sale Transaction had been closed and consummated.

Gamida Cell Ltd.

We indirectly hold, through Elbit Medical, approximately 25.05% of the outstanding share capital (22.47% on a fully diluted basis) of Gamida. Other shareholders of Gamida include Novartis Pharma AG ("Novartis"), Clal Biotechnology Industries, Israel Healthcare Venture, Teva Pharmaceuticals, Amgen, Denali Ventures and Auriga Ventures.

Clinical Development

Gamida's leading product, NiCord®, is in clinical development (Phase I/II) for potential use as a hematopoietic (blood) stem cell (HSC) transplantation product in patients with hematological malignancies (blood cancer) such as leukemia and lymphoma.. HSC transplantation from bone marrow (also called bone marrow transplantation) is currently the standard of care treatment for many of these patients, but we believe there is a significant unmet need for patients who cannot rapidly find a fully matched bone marrow donor. NiCord is derived from a unit of umbilical cord blood whose HSC have been expanded in culture using our NAM platform technology. Clinical results obtained to date suggest that NiCord may effectively address this unmet need.

The following items describe the significant clinical and regulatory events related to NiCord®:

- On December 7, 2015, Gamida announced that following the initial data analysis of 16 patients who were treated with NiCord® in the Phase I/II study for treating patients with hematological malignancies (leukemia or lymphoma), NiCord® demonstrated absorption in all patients and in an average timeframe of 10 days. This timeframe is significantly shorter than absorption timeframes reported in transplanted untreated cord blood, where reported absorption timeframes averaged 23-27 days. The clinical study demonstrated a positive drug safety profile, and proper rehabilitation of blood systems post-transplant. According to Gamida, final clinical results are expected during the second half of 2016.

On January 8, 2015, the first person was successfully transplanted with cryopreserved (frozen) NiCord® in Gamida's ongoing Phase I/II clinical study for blood cancer patients. After thaw the cryopreserved product maintained the advantage of NiCord® in demonstrating very rapid engraftment (white blood cell recovery). Gamida expects that this rapid engraftment will reduce the risk of opportunistic infections, will lower the morbidity associated with cord blood transplantation and shorten hospitalization. On January 2014, orphan drug designation has been granted to NiCord® by The US Department of Health and Human Services, The FDA Office of Orphan Products Development, for treatment of several medical conditions. The Orphan Drug Act of 1983, or Orphan Drug Act, encourages manufacturers to seek approval of products intended to treat "rare diseases and conditions" with a prevalence of fewer than 200,000 patients in the U.S. or for which there is no reasonable expectation of recovering the development costs for the product. For products that receive Orphan Drug designation by the FDA, the Orphan Drug Act provides tax credits for clinical research, FDA assistance with protocol design, eligibility for FDA grants to fund clinical studies, waiver of the FDA application fee, and a period of seven years of marketing exclusivity for the product following FDA marketing approval.

- On February 14, 2013 Gamida announced successful results of NiCord's Phase I/II study for treating patients with hematological malignancies. An additional Phase I/II clinical study with respect to patients suffering of SCD is ongoing. On September 9, 2013 Gamida announced the successful transplantation of the first patient in Gamida's Phase I/II study of NiCord using a single unit of cord blood. Additional indications and products are in development for cancer, genetic diseases, immune therapy for cancer and refractory autoimmune diseases.

Gamida's is also in clinical development (Phase I/II) of Cordin which uses technology based on NAM molecules for treatment through transplantation of enriched umbilical blood in stem cells for patients with non-cancerous blood diseases such as SCD, thalassemia, and serious metabolic genetic diseases and serious autoimmune diseases. As of March 31, 2016 Cordin is in a Phase I/II clinical study which is transplanted along with untreated umbilical blood. Gamida expects, during 2016, to recruit patients for an additional Phase I/II study with transplantation of Cordin only.

Recent transactions in Gamida's shares.

On October 12, 2015 we announced that Gamida entered into agreements with Novartis according to which Novartis will invest in Gamida an immediate amount of \$5 million, in return for approximately 2.5% of Gamida on a fully diluted basis. For further discussion, see "Item 5. Operating and Financial Review and Prospects – Overview - 2015".

In September 2, 2014, Novartis invested \$35 million in Gamida in exchange for approximately 15% of Gamida's share capital and an option to purchase the holdings of the other shareholders in Gamida, including Elbit Medical's holdings, which Novartis did not exercise. For further discussion, see "Item 5. Operating and Financial Review and Prospects – Overview - 2015".

Plots in India

Joint Venture with PC in respect of Plots in India

Our plots in India are partially owned by our subsidiary, Elbit Plaza India Real Estate Holdings Limited, or EPI, and by local Indian partners. EPI is held 47.5% directly by us and 47.5% by our subsidiary PC.

EPI holds two plots in India (in Bangalore and Chennai) in conjunction with local Indian partners,

Business concept and strategy

Our business concept and strategy in respect of our plots in India is to sell the plots to third parties under the most optimal commercial conditions. Alternatively, we may want to achieve the minimal development threshold under the respective FDI legislation that will allow us to dispose of the land. Such sale will be executed depending on market conditions and certain regulatory requirements under applicable law in the respective countries. During the period until the execution of the sale we intend to hold these plots in their current state without investment of significant financial and managerial resources.

Additional information in respect of the Chennai Project

In December 2007, EPI executed agreements for the establishment of a special purpose vehicle ("Chennai Project SPV") together with a local developer in Chennai ("Local Partner"). The Chennai Project SPV acquired 74.3 acres of land situated in the Sipcot Hi-Tech Park in Siruseri District in Chennai, India in consideration of a total of INR 2,367 million (NIS 138 million) (EPI share). In addition, as of December 31, 2015, EPI paid advances in the amount of INR 564 million (NIS 33 million) in order to secure acquisition of an additional 8.4 acres. EPI holds 80% of the equity and voting rights in the Chennai Project SPV, while the Local Partner holds the remaining 20%.

The Chennai Project was designated at the end of 2014 as project for development. During 2015, due to changes in the Group's activities and objectives, management has decided not to develop the Chennai project but rather to dispose it in its current situation. In this respect, on September 16, 2015 EPI has obtained a backstop commitment for the purchase of Chennai, India Scheme. EPI which has been in discussions regarding the sale of Chennai Project SPV, has obtained a commitment that, subject to the fulfilment of certain conditions precedent, the sale transaction will be completed by 15th of January 2016 (the "Long Stop Date") for the consideration of approximately INR 162.7 Crores (\$25 million), net of all transaction related costs. If completion does not take place by the Long Stop Date, then EPI's stake in the Chennai Project SPV will be increased to 100%. On January 15, 2016 we announced that the local Indian partner (the "Partner") failed to complete the transaction by the Long Stop Date, and that EPI shall exercise its right to get the Partner's 20% holdings in the Chennai Project SPV.

Additional information in respect of Bangalore project

In March, 2008 EPI entered into an amended and reinstated share subscription and framework agreement (the "Amended Framework Agreement"), with a 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, 2015, the Partner has surrendered land title deeds to the SPV for approximately 54 acres for a total aggregate consideration of approximately INR 2,843 million (NIS 167 million). Upon the actual transfer of title of such 54 acres, 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 (NIS 149 million) on account of future acquisitions by the SPV of a further 51.6 acres.

On December 2, 2015 EPI has signed an agreement to sell 100% of its interest in the SPV to the Partner. The total consideration for the sale upon completion of the transaction is INR 3,210 million (approximately NIS188 million) which will be paid at transaction closing. The transaction is subject to certain conditions precedent, and closing will take place once these conditions are met and no later than 30 September 2016. The Partner has provided certain security in order to guarantee the aforementioned deadline.

Additional information in respect of the Kochi project

The Company has rights under certain share subscription agreement to hold 50% shareholding in Indian SPV ("Project SPV"). The Project SPV has entered into an agreement for the purchase of a land located in Kochi, India according to which it has acquired 13 acres ("Property A") for a total consideration of INR 1,495 million (NIS 84 million) payable subject to fulfillment of certain obligations and conditions by the seller. Up to the balance sheet date the Project SPV has paid INR718 million (NIS40 million) to the seller in consideration for the transfer of title in Property A to the Project SPV. Our share in such acquisition amount to approximately NIS 20 million.

On January 15, 2016, the Company has signed an agreement to waive any of its rights and interest in the Project SPV. The total consideration for the Company is INR 10 Crores (approximately €1.4 million), which will be paid to the Company upon the closing of the transaction.

Revenues classified by geographical markets and by business segments

The following table sets forth our breakdown of revenues by each geographic market in which we operate, for each of the last three years (in NIS thousands):

	2015	2014	2013	Convenience Translation in U.S. Dollars for 2015
Western Europe	27,743	72,537	90,470	7,110
Central and Eastern Europe	253,774	435,355	269,896	65,037
India	150,296	4,348	3,227	38,518
Other and Allocations	6,712	11,301	(22,440)	1,702
Total Revenues	438,525	523,540	341,153	112,384

The following table sets forth our breakdown of revenue by business segments for each of the last three years (in NIS thousands):

	2015	2014	2013	Convenience Translation in U.S. Dollars for 2015
Commercial and Entertainment Centers	309,302	341,937	162,639	79,268
Hotels	147,886	197,007	202,791	37,900
Medical Companies*	69,432	92,026	74,670	17,794
Plots in India	-	-	-	-
Other and Allocations*	(88,095)	(107,430)	(98,948)	(22,578)
Total	<u>438,525</u>	<u>523,540</u>	<u>341,153</u>	<u>112,384</u>

* Following our loss of control of InSightec during 2012 revenues were classified to discontinued operations.

** Other and Allocations includes equity method adjustments to eliminate revenues of our equity method investments that are reviewed on a full basis. See note 19 to our financial statements.

Seasonality

Radisson Blu Complex

The business activities of our Radisson Blu Complex is influenced by several factors that affect our revenues and gross operating profit. These factors include (i) fluctuations in business activity in certain seasons, which affects the volume of traffic in the business community, (ii) holiday seasons, such as Christmas and Easter and (iii) weather conditions. These factors generally cause the first and third quarters to be weaker than the second and fourth quarters.

The first quarter, which is the period immediately following the Christmas season and the height of the European winter, is traditionally characterized by lower revenues and gross operating profit resulting from lower occupancy rates and reduced room rates. During the third quarter, there is generally a decrease in local business activities due to the summer holidays, which, together with a tendency for local tourist traffic to seek out resort destinations, also generates slower results. This is offset somewhat by increase in international tourism, but the impact of this increase is, in turn, offset by lower room rates, particularly for groups.

However, during the second quarter, there is generally a marked increase due to more favorable weather conditions (spring to early summer), the Easter holiday and the corresponding revival of both business and tourist activity. The fourth quarter is usually the strongest period due to increased business in October and November, the Christmas and New Year's holiday season and a significant year-end increase in business activities.

Commercial Centers

The commercial 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 PC in the fourth quarter. Additionally, shopping and entertainment centers earn most of their "temporary" rental income (income 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 realized in any one quarter may not be indicative of the results likely to be experienced over the course of PC's fiscal year.

Patents and Proprietary Rights; Licenses

PC is the registered owner of a European Community trademark "Plaza Centers + figures." The trademark is also registered in India.

Pursuant to our agreements with Rezidor, our hotel is managed under the name: "Radisson Blu". We have also registered our CenterVille operations as a trademark in Romania. In November 2010 we entered into an agreement with Rezidor pursuant to which the CenterVille apartment hotel, now known as the ApartHotel, which is located next to the Radisson Blu Bucharest Hotel, will be managed by Rezidor so that both hotels will be operated as one complex, under the "Radisson Blu" brand. We still utilize the trade mark of CenterVille in connection with the ApartHotel.

InSightec's intellectual property includes ownership of 131 patents. In addition, InSightec has submitted 48 patent applications, which remain pending and in process. InSightec has registered trademarks for "ExAblate," ExAblate 2000" and "InSightec" in the United States, European Union, Canada and Israel.

As of March 15, 2016, Gamida's patent portfolio is comprised of 16 issued U.S. patents, 21 issued non-U.S. patents, 4 pending U.S. patent applications, 17 pending non-U.S. patent applications, and 0 pending patent applications under the Patent Cooperation Treaty.

Competition

Commercial centers

We have been active in emerging markets since 1996, when we opened the first western-style commercial center in Hungary and began to implement our vision of offering western-style retail facilities to a growing middle class and an increasingly affluent consumer base. Over the past 20 years, we have expanded our operations in Central Europe and eastward into Poland, Greece, the Czech Republic, Latvia, Serbia, Romania, Bulgaria and India, and have proven our ability to anticipate and adapt to market trends and deliver innovative large-scale projects.

We have a number of competitors in CEE countries in which we operate or intend to operate in the commercial centers business, particularly in the larger capital cities. The following factors, however, should be noted:

- shopping centers which are not in close proximity and which do not draw their clientele from the same population areas are not considered competitive;
- we believe that even if large retail centers (known as "power centers") compete with our centers directly merely by virtue of their proximity to our commercial centers, are at a disadvantage because they do not offer the entertainment facilities that are offered at our commercial centers, and which we consider to be a significant element in the attraction of our patrons. These power centers also lack a wide range of services and common areas; and
- in the regional cities of our targeted countries, competitive activity is more limited. In these cities, we compete with traditional shopping outlets. These outlets lack the added benefit of the entertainment activities that our centers offer and, accordingly, we believe that they have difficulty competing with us.

In addition to several ad hoc entrepreneurial projects, there are a number of significant groups operating commercial centers in CEE with whom we compete directly, namely Globe Trade Centre SA, ECE Projekt Management GmbH TriGranit Holding Limited, NEPI and Atrium European Real Estate. We compete with these chains, and with other developers, in the pre-development stage, in the cost of acquisition of such sites, in the development stage (in retaining suitably qualified architects, consultants and contractors), in receiving financing and in the operational stage, if the centers compete for the patronage of the same population. We also compete for quality "brand name" tenants to occupy rental units. In locations where competing centers are being constructed simultaneously, the first center to open generally enjoys an advantage over its competitor, which is the reason behind our emphasis on the expeditious completion of construction operations.

Radisson Blu Complex

Our Radisson Blu Bucharest Hotel is rated a five-star luxury hotel and our Park Inn hotel is rated a four-star hotel.

Each of our hotels competes with other hotels in its geographic area for clientele. We compete with other facilities on various bases, including room prices, quality, service, location, reservation service, marketing tools and amenities customarily offered to the traveling public. Levels of demand are dependent upon many factors, including general and local economic conditions and changes in levels of tourism and business-related travel. Our hotels depend upon both business and tourist travelers for revenues.

We believe that our hotels nevertheless offer quality and value for competitive prices. In addition, our cooperation with Rezidor, using the Radisson Blu brand assists us in gaining recognition.

Medical Companies – InSightec

Competition to MRgFUS treatments includes traditional surgical modalities, minimally invasive surgery, and competing image guided high intensity focused ultrasound (HIFU) systems.

Minimally invasive procedures involving tissue ablation methods include radiofrequency ablation where electromagnetic energy is inserted into the body with a special needle, microwave ablation, laser, cryoablation which ablates tissue through freezing, embolization of the blood vessels, and irreversible electroporation, are potential competitors of InSightec. Depending upon the medical indication treated, these methods may have regulatory approval in various geographies, including CE marking in Europe and FDA approval in the US.

InSightec faces competition from both traditional and minimally invasive treatments of uterine fibroids and the other medical conditions that InSightec has targeted for its future applications. Traditional treatment methods for uterine fibroids and other medical conditions that InSightec has targeted for product development are more established, accepted and practiced widely among physicians, and reimbursed by healthcare insurance. Competitive treatments for uterine fibroids, which are approved by the FDA and CE marked include hysterectomy, myomectomy, radiofrequency ablation, cryotherapy, and uterine artery embolization. Competitive treatments for bone metastases include external beam radiation therapy, radio frequency, cryoablation and microwave ablation. Similarly for medical procedures that are under investigation by InSightec there are a number of competitive treatment modalities.

In recent years, GE's main competitors in magnetic resonance imaging, Philips and Siemens, have developed MRgFUS devices; Philips has designed and manufactures its own system, Sonalleve, whereas Siemens has partnered with Chongqing Haifu, a Chinese manufacturer of therapeutic ultrasound systems, a partnership that has since dissolved. In 2010 Philips announced that their MRgHIFU Sonalleve device for treatment of uterine fibroids received CE Mark and is available commercially in Europe and other countries that recognize the CE regulation. In 2011 ECR Philips also announced that Sonalleve has been cleared for treating painful bone metastases. Some sites are participating in an FDA Phase III study for the treatment of uterine fibroids ; the study is currently on hold as Philips is unable to recruit patients in the US (due to a specific endpoint measurement that the FDA requires) Until now only 20 out of 120 patients were recruited. They are also conducting a clinical trial for CFDA approval in China. This validates the uterine fibroid application for which InSightec's ExAblate received FDA approval in 2004. There are several ultrasound-guided HIFU approved in China, including Chongqing. According to recent publications more than 10,000 UF treatments were performed in China using these systems. Treatments however are limited to relatively small fibroids, and reports regarding the safety of the procedures significantly vary between less than 1% and more than 28% serious complications. At present, to our knowledge, the Chinese ULgFUS companies have focused their marketing efforts in Asia.

In 2008, YDME (US-guided HIFU system) received FDA IDE to start a phase I pancreatic cancer study in the United States but terminated that study due to its own financial reasons.

Two US-guided systems for treatment of prostate cancer, Ablatherm (EDAP TMS) and Sonablate (SonaCare Medical) have registered a CE Mark. Recently SonaCare succeeded the changing the category of their device into category II, and approved the Sonablate for treatment of prostate tissue..

In the area of treating brain disorders (tremor, tumors, CNS, stroke, mediated drug delivery) using MRgFUS, InSightec faces potential competition from the French company Supersonic Imagine. The company has been developing a product similar in capabilities to InSightec's ExAblate Neuro device. The Supersonic Imagine device is still in a pre-clinical development stage.

Medical Companies – Gamida

NiCord may face indirect competition from other pharmaceutical and biotechnology companies that develop products for the treatment of the diseases that we target. If these therapies are successful in curing these diseases, they may reduce the number of patients undergoing hematopoietic (blood) stem cell transplantation (HSCT) procedures.

HSCT from cord blood in general may face additional competition from haplo-identical peripheral blood transplantation, another therapeutic approach currently being studied. This approach uses blood from a non-matched family related donor and is not currently regulated by the FDA. Companies like MolMed S.p.A. and Kiadis Pharma B.V. are developing technologies aiming to improve the clinical outcomes of haplo-identical transplantation.

Other companies are developing clinical-stage technologies that aim to improve the clinical outcomes of HSCT from cord blood by expanding HSCT from cord blood. These companies include Mesoblast Limited, Fate Therapeutics, Cellerant Therapeutics, and Novartis International AG.

In addition, the bio-medical field is characterized by rapid development and massive research and development activities, having potential for direct or non-direct competition resulting from the discovery or development of more advanced, efficient or cost-effective treatments or technologies by third parties providing better solutions to the same diseases, while making InSightec's (or Gamida's) technologies or solutions inferior, obsolete or irrelevant. Such occurrence could adversely impact InSightec's (and Gamida's) future business and financial performance.

Governmental Regulation

Commercial centers

The development, construction and operation of commercial centers are subject to various regulatory controls, which vary according to the country of activity. Some countries require that a developer provide an environmental report for the land before building permit applications are considered, while in other countries we usually have direct contact with the local authorities to receive basic information on environmental issues. In certain European countries, antitrust permits must be obtained before a foreign investor is allowed to acquire shares of a local entity. In most Eastern European countries, construction work may only begin after the lapse of the objection period provided for third parties whose interests may be affected by such permits, at which time the contestation permit becomes final. If restitution claims made by former land owners in respect of project sites are upheld, these claims can jeopardize the integrity of title to the land and the ability to develop the land. Generally, construction must commence within a specified period following issuance of the permit, otherwise, the construction permit may expire.

Generally, the approval process for construction projects requires compliance with local zoning plans which state the conditions for construction and development and the designated permitted uses for the property. After review by the relevant authorities to verify that the developer complies with the local zoning plan, the developer must apply for a building permit, which includes the building design, permits, utility plans, surveys, environmental reports and any other documentation required by applicable law. Construction may commence upon receipt of a final valid building permit. Building permits are usually limited in time, and if construction does not commence before the expiration of the building permit, a developer will have to obtain a new building permit prior to construction. After completion, finished buildings are subject to operational inspection by applicable authorities such as environmental, sanitation, labor, utility and fire authorities. Once all approvals are obtained, an occupancy permit can be obtained for the building.

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 PC'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.

There is an increasing awareness of environmental issues in CEE. This may be of critical importance in areas where soil pollution may be prevalent. If findings determine that a property that we acquire is polluted, such a finding will adversely affect our ability to construct, develop and operate a commercial center, a hotel or a residential project on such property. This may have a significant impact on development budget and schedules and may have a detrimental effect on the viability or marketability of the development or cause legal liability in connection with a portfolio asset. We may be liable for the costs of removal, investigation or remedy of hazardous or toxic substances located on or in a site owned or leased by us, regardless of whether we were responsible for the presence of such hazardous or toxic substances. The costs of any required removal, investigation or remedy 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 remedy such substances properly, may also adversely affect our ability to sell or lease such property or to obtain financing using the applicable property as a security.

Plots in India

FDI in the construction development sector is subject to certain conditions under the FDI Policy. Under the FDI Policy, FDI is allowed up to 100% under the automatic route into construction-development projects (which includes development of townships, construction of residential/ commercial premises, roads or bridges, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure), subject to restrictions pertaining, inter alia, to the following matters: (a) the investor will be permitted to exit on the earlier of (i) completion of the project, (ii) development of trunk infrastructure, i.e. roads, water supply, street lighting, drainage and sewerage, or (iii) expiry of 3 years (lock-in period); (b) project completion schedule; (c) conformance with local laws and applicable standards; (d) obtaining necessary approvals; (e) supervision by the state government/municipal/local body concerned and (f) ability to sell only developed plots (developed plots has been defined to mean plots where trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage has been made available. Certain conditions are relaxed to not apply to hotels and tourist resorts, hospitals, special economic zones, educational institutions, old age homes and investment by NRIs or where the companies commit at least 30% of the total project cost for low cost affordable housing, (which have also been defined and detailed in the policy).

With the revised policy norms as above becoming effective, even prior investments will now be governed by the revised norms.

100% FDI under the automatic route is also permitted in completed projects for operation and management of townships, malls/ shopping complexes and business centers.

Under the Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) Regulations, 2000, we cannot acquire any agricultural land without a prior approval of the Reserve Bank of India ("RBI") and proposals relating to acquisition of agricultural land are considered in consultation with the Government of India, and such approval process can be time consuming.

Due to the urbanization process in India, former agricultural lands and villages were merged into expanding urban areas, and as a result, those lands and the buildings that were built on them became subject to various municipal regimes, some of which were legislated by municipal authorities that no longer exist. As a result, in certain locations throughout India, it is very difficult to initiate rezoning activities and/or obtain building permits from the currently governing municipal authorities, with respect to lands and buildings that were handled by the former municipal authorities. Those problems are being solved either by specific legislation or by other solutions, such as municipal tax assessments that define the new land usage. The solutions may vary from state to state within India. There is no assurance that those solutions will be validated by future legislations or recognized by the respective authorities, at any time in the future.

Certain commercial center projects, as well as our other projects in India, are being carried out through joint ventures with Indian partners. The RBI has from time to time, amended certain provisions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations (2000), relating to the pricing norms for issuance of shares by an Indian company to persons residing outside India. These regulations include provisions stipulating that the shares of an unlisted company have to be issued at a price not less than the fair valuation of the shares (arrived at by adopting an international pricing methodology), in case of issuance on preferential allotment, and such issue price cannot be less than the relevant price. Also, in case of transfer of shares of an unlisted company from resident to non-resident, the relevant price will serve as the minimum price payable by the non-resident to the resident. In the case of transfer of shares of an unlisted company from a non-resident to a resident, the relevant price will serve as the maximum price payable by the resident to the non-resident. Furthermore, certain provisions of the Companies Act, 2013 have also recently been amended, which pertain to compliance by Indian companies in relation to the issue and allotment of shares on rights or preferential basis. These provisions include a new requirement of obtaining a valuation report from a registered value agency where shares are to be issued on a preferential basis.

Radisson Blu complex

The development, construction and operation of hotels and leisure facilities, including advertising tariffs, health and safety issues, environmental regulations, activities conducted within the premises of the hotels (such as restaurants, bars, shops, health clubs, and in particular the sale of alcohol, food and beverage to the public), installations and systems operating within the hotel (elevators, sprinkler systems, sanitation, fire department etc.), terms of employing personnel, as well as methods of rating the hotels, are all subject to various regulatory controls.

In Romania, the operation of hotels requires licenses for the operation of the building as a hotel and the obtaining of local municipal and police approvals for the means of access to and egress from the hotel for motor vehicles. In addition, we are required to obtain licenses for the sale of alcohol on the premises and the operation of a restaurant and tourism services. We are also required to comply with regulations regarding food, hygiene, the operation and maintenance of the swimming pool, casino, elevators, health, sanitation, electricity and fire hazards prevention.

Hotels are required to have a fire protection authorization (including the specific technical documentation) to be obtained and maintained in accordance with applicable law, such as, fire safety scenarios and identification and assessment of fire risks.

In addition, we are required to comply with various Romanian labor regulations, in particular working hour regulations and overtime. Romanian labor legislation has a mandated minimum wage. Also, the aggregate obligations companies may incur as a result of the termination of employees cannot be predicted.

Medical Companies

InSightec

The testing, manufacture and sale of InSightec's products are subject to regulation by numerous governmental authorities, principally the FDA, the EEC, and corresponding state and foreign regulatory agencies.

The U.S. Safe Medical Devices Act of 1990 (the "SMDA") includes various provisions which are applicable to each of the existing products of InSightec and may result in the pre-market approval process (a process whereby the FDA approves high risk or a new system that has no predicate devices that have been approved in the past) for such products becoming lengthier and more costly. Under the SMDA, the FDA can impose new special controls on medical products. These include the promulgation of performance standards, post-market surveillance requirements, patient registries, and the development and dissemination of guidelines and other actions as the FDA may deem necessary to provide reasonable assurance and effectiveness.

In June 1993, directive 93/42/EEC for medical devices was adopted by the EEC. In June 1998, this directive replaced the local regulation and ensured free transfer of qualified medical equipment among member states. Medical devices that meet the established standards, receive certification represented by the symbol "CE". There are two types of certifications that are granted: (1) general certification of a company and (2) CE certification for a specific product. InSightec decided to comply with Medical Device Directive 93/42/EEC ("MDD") and with the international standard ISO 13485 entitled "Medical Devices - Quality management systems - requirements for regulatory purposes". InSightec obtained a certification of compliance with the standard in May 2001, and is subject to annual audits by the European Notified Body to renew the certification in accordance with all applicable updates of the standard and the MDD.

The Japanese MHLW (Ministry of Health, Labor, and Welfare) with JPAL (Japan Pharmaceutical Affairs Law) also requires company registration and a device license. InSightec obtained a device license in September 2009. In Japan the ExAblate is classified as class 4 (highest risk category) and as such it is highly regulated.

The Chinese CFDA requires the ExAblate to be registered as high risk as well under the relevant regulatory orders. ExAblate has been registered in the Chinese CFDA since July 2013.

Gamida

In the United States, the FDA regulates biological products under the Federal Food, Drug, and Cosmetic Act, or FDCA, and the Public Health Service Act, or PHS Act, and related regulations. Biological products are also subject to other U.S. federal, state, and local statutes and regulations, as well as non-U.S. statutes and regulations. The FDA and comparable regulatory agencies in state and local jurisdictions and in countries outside the United States impose substantial requirements upon the clinical development, manufacture and marketing of biological products. These agencies regulate research and development activities and the testing, manufacture, quality control, safety, effectiveness, packaging, labeling, storage, distribution, record keeping, reporting, approval, advertising and promotion of our products. These requirements and regulations vary from country to country. Failure to comply with the applicable regulatory requirements at any time during the product development process, including during clinical testing, during the approval process, or after approval, in Israel, the United States and any other country in which Gamida conducts its operations or sells its products may subject us to administrative or judicial sanctions.

Government regulation may delay or prevent marketing of product candidates for a considerable period of time and impose costly procedures upon Gamida's activities. The testing and approval process requires substantial time, effort, and financial resources, and Gamida cannot be certain that the FDA or any other regulatory agency will grant approvals for NiCord, CordIn, Gamida's NK cell product, or any future product candidates on a timely basis, if at all. The FDA's policies and the policies of comparable regulatory authorities in other countries may change and additional government regulations may be enacted that could prevent or delay regulatory approval of Gamida's current product candidates or any future product candidates or approval of new disease indications or label changes. We cannot predict the likelihood, nature or extent of adverse governmental regulation that might arise from future legislative, judicial, or administrative action, either in the United States or elsewhere.

C. ORGANIZATIONAL STRUCTURE

Our significant subsidiaries and companies in which we have a significant interest as of the date of this annual report are as follows:

NAME OF COMPANY	COUNTRY OF ORGANIZATION	DIRECT/INDIRECT OWNERSHIP PERCENTAGE
Plaza Centers N.V.	The Netherlands	44.9% ⁽¹⁾
Elscint Holdings & Investment N.V.	The Netherlands	100%
Elbit Medical Technologies Ltd.	Israel	89.9% ⁽²⁾
Elbit Plaza India Real Estate Holdings Limited	Cyprus	50% ⁽³⁾⁽⁴⁾
Elbit Ultrasound (Luxemburg) B.V./S.a r.l.	The Netherlands and Luxemburg	100 %

(1) Approximately 42.7% on a fully diluted basis.

(2) Approximately 86.2% on a fully diluted basis.

(3) We hold 47.5% of the shares in EPI directly, and an additional 47.5% through PC. For additional information as to the joint venture signed between us and PC regarding EPI, see "Item 4.B Business Overview - Plots in India."

(4) 5% of the equity in EPI was allotted to Mr. Avraham (Rami) Goren who served as our former Executive vice chairman of the Board. The shares allotted are entitled to distribution only following their return of Investment of Elbit and PC plus agreed expenses.

D. PROPERTY, PLANTS AND EQUIPMENT

Our operational portfolio consists of various freeholds, leaseholds and other tangible assets. For details as to such real estate portfolio, see "Item 4.B Business Overview." Below we present information regarding certain tangible fixed assets including leasehold properties that do not form part of our operational portfolio, but rather serve as basis for our and our subsidiaries' offices and management, as of March 31, 2016.

On May 13, 2015 we signed a lease agreement for approximately 300 square meters of space, including storage area and parking spaces, for management and administrative purposes in an office building in Petach Tikva, Israel. The annual aggregate rental fee (including management fees and index linkage pursuant to the lease agreement, and excluding VAT) to be paid by us will be approximately NIS 430,000 (approximately \$111,000) on an annual basis.

PC's headquarters are located in an office building located on Andrassy Boulevard, Budapest, Hungary. The building is located on an 800 square meter plot and consists of four floors, an atrium and a basement, with a total built area of approximately 2,000 square meters.

On June 29, 2015 Elbit Plaza India Management Services Pvt. Ltd. signed a lease agreement for approximately 70 square meters of office space in Bangalore, Karnataka, India, for its management and administration activities. The term of the lease is until June 14, 2016, thereafter renewable by mutual consent of both parties. The annual lease payments payable by Elbit Plaza India Management Services Pvt. Ltd. is INR 2,40,000 (approximately \$3,582), with an annual increase in the monthly rental fees of 10%.

ITEM 4A. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS.

Overview

We operate primarily in the following principal fields of business:

- Commercial Centers - Initiation, construction and sale of commercial centers and other mixed-use real property projects, predominantly in the retail sector, located in Central and Eastern Europe and in India, primarily through Plaza Centers N.V. ("PC"), of which we own approximately 44.9% of its share capital. In certain circumstances and depending on market conditions, we operate and manage commercial centers prior to their sale;
- Hotels - Operation and management of our Radisson Complex in Bucharest, Romania;
- Medical Industries - Through our investee entities, we engage in (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; and
- Plots in India - Sale of plots in India which were initially designated as residential projects.

On January 5, 2015, we completed the sale of all of our fashion apparel operations. Accordingly, this operation is presented in our annual consolidated financial statements appearing elsewhere in this report as discontinued operations.

Our revenues from the sale of real estate and trading property are subject to the execution and consummation of sale agreements with potential purchasers. In periods when we consummate a sale of a real estate asset we record revenues in substantial amounts and as a result we may experience significant fluctuations in our annual and quarterly results. We believe that period-to-period comparisons of our historical results of operations may not necessarily be meaningful or indicative and that investors should not rely on them as a basis for future performance.

Our functional currency is NIS. Our consolidated financial statements are also presented in NIS. Since our revenues and expenses are recorded in various currencies, our results of operations are affected by several inter-related factors, including the fluctuations of the NIS compared to other currencies at the time we prepare our financial statements.

Financial data included in this discussion were derived from our consolidated financial statements and the analysis herein is based on our general accounting records and published statistical data. Such financial data have been rounded to the nearest thousand or million. Unless otherwise indicated, we have translated NIS amounts into U.S. dollars at an exchange rate of NIS 3.902 to \$1.00, the representative exchange rate on December 31, 2015, and we have translated Euro amounts into U.S. Dollars and NIS at the respective exchange rates of \$1.09 to €1.00 and NIS 4.247 to €1.00, the representative exchange rates on December 31, 2015.

The following activities affected our operational results for 2013, 2014, 2015 and 2016 (to date) and may continue to affect our operational results and cash flow in the coming years.

2016

- On March 31, 2016 we announced following PC's announcement that it has completed the sale of its subsidiary holding Liberec Plaza, a shopping and entertainment center in the Czech Republic, for €9.5 million (approximately \$10 million). Following net asset value adjustments related to the subsidiary's balance sheet, Plaza received net €9.37 million (approximately \$10 million).
- On March 30, 2016 the extraordinary general meeting of our shareholders approved the reverse split of our ordinary shares such that each 10 ordinary shares will be replaced to one ordinary share of us. The reverse split is expected to occur in April or May 2016 and the total number of ordinary shares following the reverse split will be 2,757,243.

- On March 29, 2016, we announced that PC announced that its board had become aware of certain issues with respect to certain agreements that were executed in the past by PC in connection with the Casa Radio Project in Romania. In order to address this matter, PC's Board appointed the chairman of PC's Audit Committee to investigate the matters internally. PC's Board also appointed independent law firms to perform an independent review of the issues raised. PC has approached and is co-operating fully with the relevant Romanian Authorities regarding the matters that have come to its attention in this respect and it has submitted its findings to the Romanian Authorities. Following PC's report to us, our audit committee has decided to appoint a special committee to examine the matters raised in PC's announcement, including any internal control and reporting issues. As the investigation of this matter is ongoing Plaza is unable to comment on any details related to this matter.
- On March 22, 2016, we announced that we signed an addendum to the loan agreement with Bank Hapoalim B.M. (the "Bank" and "Loan Agreement"), that will cancel and replace the previous loan agreement (the "Amendment" and the "Loan"). Under the Amendment, subject to the prepayment of €15.0 million (approximately \$16 million) to the Bank by March 31, 2016, the following new terms will apply to the loan:
 - The repayment schedule of the Loan will be as follows: €7 million (approximately \$8 million) will be repaid on November 30, 2016 and the balance will be repaid on November 30, 2017 instead of one single payment in February 20, 2017 in the existing Loan Agreement.
 - The Company will not have prepayment obligations for the planned notes repurchase program which will be executed by us during 2016 for an amount up to NIS 50 million (approximately \$13 million).
 - Any net cash flow that will be received by us from the refinancing of the Radisson Blu hotel in Bucharest Romania in an amount up to €97 million shall not have repayment obligations, and shall be used by us at our sole discretion.
- On March 10, 2016 we announced that our subsidiary Bucuresti Turism S.A. ("BUTU"), as borrower, Raiffeisen Bank International A.G and Raiffeisen Bank S.A., leading international European banks, as lenders (the "Lenders") and us as guarantor have amended and restated the existing facility agreement for a total aggregate amount of €97 million (approximately \$106 million) which will be draw down in two tranches. On March 24, 2016 we announced the closing of the first tranche of the facility agreement in the total amount of €85 million (approximately \$93 million). The total net proceed received by the Company as a result of the drawdown of the first Tranch was approximately €24.4 million (approximately \$26.6 million)
- On February 1, 2016 we approved a new program to repurchase up to NIS 40 million (approximately \$10.1 million) of our Notes, which are traded on the Tel Aviv Stock Exchange. Our board of directors has determined that until further notice, we will purchase only Series H Notes. The repurchases will be made from time to time in the open market on the Tel Aviv Stock Exchange, in privately negotiated transactions or in a combination of the two, commencing the date of this announcement and for a period of 12 months. The repurchase program does not require us to acquire any or a specific amount of notes, and it may be modified, suspended, extended or discontinued without prior notice. Repurchase of Notes under this program depends on factors such as market conditions and legal compliance. Notes repurchased by us will be canceled and removed from trading. Until the date of this report, we have bought back 13.7 million par value Series H Notes for a total amount of NIS 12.2 million (approximately \$3 million).
- On January 15, 2016 we announced that we signed an agreement to waive any of our rights and interest in a special purpose vehicle which holds a land plot in Kochi, India. The total consideration for us is INR 10 Crores (approximately €1.4 million), which will be paid to us upon the closing of the transaction. The transaction is subject to certain conditions precedent, and closing will take place once these conditions are met and no later than October 15, 2016. The local Investor has provided certain security in order to guarantee the aforementioned deadline.

2015

- On December 31, 2015, our subsidiary InSightec Ltd. ("InSightec") and some of its existing and new shareholders signed and executed an amendment to certain Series D Preferred Share Purchase Agreement, dated June 26, 2014, as amended from time to time (the "Amendment to the Share Purchase Agreement"). For more information see our Form 6-K filed on December 31, 2015.
- On December 15, 2015, we announced, that our 98% holding subsidiary, S.C. Bucuresti Turism S.A. ("Butu") and its indirect subsidiary, Plaza Centers N.V. ("PC") have signed a transaction for the sale of the Cina property in Bucharest. The expected total consideration is €4 million (approximately \$4.3 million), divided to €2.7 million (approximately \$2.9 million) for Plaza and €1.3 million (approximately \$1.4 million) for BUTU. The expected net proceeds, after related taxes and transaction costs, is approximately €2.26 million (approximately \$2.5 million) for Plaza and approximately €1.3 million (approximately \$1.4 million) for BUTU.
- On December 2, 2015, we announced that EPI signed an agreement to sell 100% of its interest in a special purpose vehicle which holds a site in Bangalore, India to a local investor. The total consideration for the sale upon completion of the transaction is INR 321 Crores (approximately €45.4 million, \$50 million) which will be paid at transaction closing. The Company's direct share in the proceeds is 50% (approximately €22.7 million, \$25 million). The transaction is subject to certain conditions precedent, and closing will take place once these conditions are met and no later than 30 September 2016. The Investor has provided certain security in order to guarantee the aforementioned deadline.

- On November 4, 2015, we announced that we closed a transaction for sell of Elbit Medical Technologies Ltd. ("Elbit Medical") share: we sold and transferred 41,000,000 Elbit Medical Shares (the "Sold Shares") to a third party (the "Purchaser"). The consideration for the will be in an amount that the Purchaser will sell the Sold Shares to third parties, after a deduction of a fee to the Purchaser as determined by agreement. The transaction is irrevocable, and therefore, the Sold Shares are solely and exclusively owned by the Purchaser. We did not exercise rights related to the Sold Shares, including among others: voting rights, dividends, rights issuing, bonus shares, etc. Simultaneously, 1,016,316,297 exercise-free options exercisable into 1,016,316,297 Elbit Medical shares.
- On October 12, 2015 we approved a program to repurchase up to NIS Fifty (50) million (approximately \$13 million) of our Series H Notes and Series I Notes, which are traded on the Tel Aviv Stock Exchange. We subsequently announced that only Series H Notes will be included in the repurchase program. The repurchases will be made from time to time in the open market on the Tel Aviv Stock Exchange, in privately negotiated transactions or in a combination of the two for a period of 12 months. On December 17, 2015 we announced that we purchased NIS 55 million par value of Series H Notes for cash consideration of NIS 50 million (approximately \$13 million).
- In September 2015 we announced that our subsidiary EPI obtained a commitment for the purchase of the Chennai, India project which was due to be completed by January 15, 2016 (the "Long Stop Date") for a total net consideration of INR 167 Crores (approximately €23 million, \$25 million). In line with the sale transaction agreement, since the local Indian partner (the "Partner") failed to complete the transaction by the Long Stop Date, EPI shall exercise its right to get the Indian partner's 20% holdings in the Indian company, Kadavanthara Builders Private Limited. For more information see our Forms 6-K filed on September 16, 2015 and January 15, 2016.
- On September 29, 2015 we announced that PC won a tender to buy the loan in respect of the Liberec Plaza commercial center in the Czech Republic. The €20.4 million (approximately \$22.2 million) bank loan was granted by two commercial banks which PC has agreed to buy for €8.5 million (approximately \$9.3 million), reflecting a discount of 58%.
- On June 11, 2015 we announced that we closed the Share Purchase Agreement with Astrid JV Sarl with regards to the sale of our entire (100%) holdings in our wholly owned subsidiary which owns and operates our hotels in Antwerp, Belgium. The asset value reflected in the transaction was approximately €48 million (approximately \$52 million) for both hotels subject to working capital and other adjustments as specified in the agreement. The total net consideration paid to the Company's wholly owned subsidiary (the "Seller"), following the repayments of the target's bank loan, and the aforementioned adjustments, was approximately €27 million (approximately \$29 million) out of which €1 million (approximately \$1.1 million) was deposited in escrow to secure the Seller's indemnification obligations under the Share Purchase Agreement. For more information see "Item 4 – Business Overview – Medical Companies – InSightec- Recent Transactions in InSightec's shares".
- On May 13, 2015 we announced that PC reached an agreement to sell Koregaon Park Plaza the retail, entertainment and office scheme located in Pune, India for approximately €35 million (approximately US\$ 39 million, 2,500 million INR), consistent with the asset's last reported book value. The net cash proceeds (after repayment of the related bank loan, other liabilities and transaction costs) from the sale was €7.2 million (approximately US\$ 8 million, 516.5 million INR).
- On February 18, 2015, the shareholders of our subsidiary Bucuresti Turism S.A., whose shares were traded on the RASDAQ market ("BUTU"), resolved, amongst other things, that BUTU will not take the necessary legal actions for the shares issued by it to be admitted for trading on a regulated market or to be listed on an alternate trading system. Our subsidiary which is the direct owner of the shares in BUTU voted in favor of the above resolution. On June 9, 2015 we announced that shareholders holding 21.48% of BUTU exercised their right to withdraw from BUTU. The total amount paid by BUTU for such withdrawal requests was approximately €13.9 million (approximately \$15 million). An amount of €2 million (approximately \$2.2 million) was financed by BUTU from its own resources and the remainder in the amount of approximately €11.9 million (approximately \$13 million) was financed by us through a shareholder loan granted to BUTU. Following the expiration of the withdrawing term and following the payment of the aforesaid amount to the withdrawing shareholders, BUTU was delisted from the RASDAQ and all the shares acquired by BUTU during the delisting process were cancelled and the share capital of BUTU was decreased accordingly. Following the share capital decrease, we hold (indirectly) approximately 98% of BUTU's share capital.

2014

- On September 29, 2014, we announced that our subsidiary Elbit Fashion Ltd. ("Elbit Fashion") received from PUNTO FA, S.L ("Punto") written notice of its intention not to extend the term of the franchise rights granted by Punto to Elbit Fashion for operation of the "Mango" retail stores in Israel under the franchise agreement entered into by the parties on May 3, 2005 (the "Franchise Agreement") and to terminate the Franchise Agreement. On October 27, 2014, we announced that Elbit Fashion signed a sale agreement (the "Fox Sale Agreement") with Fox-Wisel Ltd. ("Fox") with regards to the sale of the operation and business of "Mango" retail stores in Israel. Under the Fox Sale Agreement, which was consummated on January 5, 2015, Elbit Fashion sold and assigned Fox all business activity, stores, investments in the leased properties, furniture and equipment, inventory and customer loyalty program and any and all rights relating thereto, free and clear of any third party rights, except as explicitly set in the Fox Sale Agreement and net of certain liabilities related to the business activities of Mango for consideration of approximately NIS 37.7 million. Following the consummation of the transaction, Elbit Fashion ceased to operate the "Mango" retail stores activity, and accordingly such activity was classified as discontinued operations in our financial statements.

- On September 28, 2014, we announced that BUTU, as borrower, we as a guarantor, certain other subsidiaries of us, as additional obligors, and a leading international European bank, as lender ("Lender"), have entered into an amendment to the facilities agreement between the aforementioned parties entered into on September 16, 2011 (the "Facilities Agreement") which facilitates the drawdown of the second facility under the Facilities Agreement and that BUTU has consummated such drawdown in the amount of approximately € 9 million.
- On September 2, 2014, Elbit Medical announced that Gamida Cell Ltd., ("Gamida Cell"), and the vast majority of Gamida Cell's shareholders (including Elbit Medical), completed the execution of the Option and Investment Agreements (the "Agreements") with Novartis Pharma AG (Novartis). Under the Agreements, Novartis invested \$35 million in Gamida Cell in exchange for approximately 15% of Gamida Cell's share capital and an option to purchase the holdings of the other shareholders in Gamida Cell, including Elbit Medical's holdings the "Novartis Option") upon the completion of certain milestones relating to the development of NiCord (the "Prodcut"). On June 3, 2015 Gamida Cell notified Elbit Medical that following discussions held between the Novartis representative and the CEO of Gamida Cell, the Novartis representative notified Gamida Cell that Novartis did not intend to exercise the Novartis Option.
- Effective beginning September 2014, PC completed the disposition of its commercial center, Kragujevac Plaza, in Serbia for approximately € 38.6 million. Following the repayment of a related bank loan of approximately € 28.2 million, PC received net cash from the disposition of approximately € 10.4 million. Restricted cash linked to the bank debt and other working capital balances of approximately € 2 million were also released following the transaction.
- On August 14, 2014 the annual general meeting of our shareholders approved the reverse split of our ordinary shares such that each 20 ordinary shares will be replaced to one ordinary share of us. The reverse split occurred on August 21, 2014 and the total number of ordinary shares following the reverse split is 27,572,426.
- In June 2014, PC terminated, following a mutual agreement, its joint venture agreement with an Israeli based company ("Aura"). The seven asset companies held by the joint venture were spilled between PC's 50.1% subsidiary ("Plaza Bas") and Aura, where Aura received a full control over three of the asset companies, and Plaza Bas received full control over the remaining four asset companies. The carrying amount of the assets received by Plaza Bas valued at € 9 million and Plaza Bas assumed two bank facilities with principal of € 9.7 million. In addition, Aura paid € 0.6 million to PC as part of the joint venture termination.
- During 2014, PC completed the sale of two plots in Romania (Targu Mures and Hunedoara) to third party developers for a total consideration of € 4.7 million. On July 6, 2014, we announced that our wholly owned subsidiary entered into a transaction for the sale of 1.7 million shares of PPHE Hotel Group (LSE: PPH) for a net consideration of GBP 6.0 million (\$ 9 million, NIS 35 million).
- On June 29, 2014, InSightec entered into the Series D Preferred Share Purchase Agreement with York Global Finance II S.à r.l. (an affiliate of York Capital Management, which is a related party of us) (the "Investor"), pursuant to which the Investor and certain other investors invested, in stages during the second half of 2014, an aggregate amount of \$59 million in InSightec, reflecting a pre-money valuation of InSightec of \$ 200 million (on a fully diluted, as-converted basis), subject to certain adjustments as specified in the InSightec Investment Agreement. In addition, Elbit Medical had the right to invest up to an additional \$ 3.5 million in InSightec by the end of May 31, 2015, and the Investor had the option to purchase any additional Series D Preferred Shares not purchased by Elbit Medical, up to a total investment in the round of \$ 62.5 million. Elbit Medical did not exercise its option and the additional \$3.5 million was invested by InSightec's other shareholders.
- On June 26, 2014 PC unsecured financial creditors approved the plan of arrangement (PC's Arrangements), as amended from time to time. On July 9, 2014 the Dutch Court approved PC's Arrangement. All conditions precedent of the restructuring plan were fulfilled prior to November 30, 2014.

The following are the material terms of PC's Arrangement:

- In the event that PC does not succeed in prepaying an aggregate amount of at least NIS 434 million from the principal of the notes, excluding linkage differentials before December 1, 2016, then all principal payments under the notes deferred in accordance with the above, shall be advanced by one year (i.e., shall become due one year earlier).
- Accrued interest on the notes up and until December 31, 2013 was added to the principal of the notes. Accordingly, PC issued additional NIS 5.5 million par value notes to series A holders and NIS 13.3 million par value notes to series B holders and PLN 2.8 million (\$ 0.9 million ,NIS 3.4 million) par value to Polish investors. The accrued interest will be paid together with the principal.

- Following January 1, 2014 ("Effective Date"), interest payments will be paid on their due dates. PC paid to its note holders an amount of € 13.8 million (\$ 16.8 million, NIS 65 million) of 2014 interest payments.
- As of January 1, 2014, the annual interest rate on the notes was increased by 1.5%.
- PC, its directors and officers and its controlling shareholder are fully released from claims.
- The net cash flow received by PC following an exit or raising new Financial indebtedness (except if taken for the purpose of purchase, investment or development of real estate asset) or refinancing of Real estate Asset's after the full repayment of the asset's related debt that was realized or in respect of a loan paid in case of debt recycling (and in case where the exit occurred in the subsidiary – amounts required to repay liabilities to the creditors of that subsidiary) and direct expenses in respect of the asset (any sale and tax costs, as incurred), will be used for repayment of the accumulated interest till that date in all of the series (in case of an exit which is not one of the four shopping centers only 50% of the interest) and 75% of the remaining cash (following the interest payment) will be used for an early repayment of the close principal payments for each of the series (A, B, Polish) each in accordance with its relative share in the deferred debt. Such prepayment will be real repayment and not in bond purchase.
- An injection of a € 20 million into PC at a price per-share of € 0.0675, ("Equity Contribution") was executed by PC in the form of Rights Offering to its shareholders. As part of PC's injection, our subsidiary, Elbit Ultrasound (Luxembourg) BV/ S. a' r. l ("EUL") enter into a Back Stop Agreement (the "Back Stop Agreement") with various affiliates of Davidson Kempner Capital Management LP ("DK"), (a related party of ours), pursuant to which DK undertook to purchase under the Rights Offering, in lieu of EUL, a portion to be determined by EUL, provided that such portion shall not be less than the higher of € 3 million (\$ 3.6 million, NIS 14 million) and shall not exceed € 10 million or result in DK and its affiliates directly or indirectly holding shares representing 30% or more of the total voting rights in PC, all subject to the terms and conditions therein. Consequently EUL has purchased 122,847,376 new ordinary shares of PC for the total amount of approximately € 8.3 million and DK purchase 163,803,197 new ordinary shares of PC for an additional amount of € 11.05 million.
- PC issued to the noteholders of 13.21% of PC's shares (post Equity Contribution) for payment of par value of shares. Such issuances of shares were distributed among the noteholders pro rata to the relative share of each relevant creditor in the Deferred Debt.
- Following the Rights Offering and associated placing of shares and the issuance of new ordinary shares to PC's noteholders under the restructuring plan, EUL hold 44.9% in PC and DK hold approximately 26.3% of the outstanding shares of PC.
- On September 18, 2013, our unsecured financial creditors (the holders of our publicly traded Series 1 and Series A to Series G notes and Bank Leumi) approved the Debt Restructuring under Section 350 of the Israeli Companies Law, and on January 1, 2014, the Court approved the Debt Restructuring. On February 20, 2014, following the satisfaction of all conditions required to be satisfied prior to the effectiveness of the Debt Restructuring (other than registration of liens in favor of the trustees of the new series of notes), the Debt Restructuring was consummated and came into effect. In accordance with the terms of the Debt Restructuring, our unsecured financial creditors were issued 508,027,457 ordinary shares, which represented 95% of our share upon effectiveness of the Debt Restructuring on a fully diluted basis (except for certain options issued to our employees and officers) and before the issuance of our ordinary shares to Bank Hapoalim (as detailed below). According to the terms of the Debt Restructuring, the outstanding balance under our unsecured financial debt was extinguished and converted into these ordinary shares and new notes issued by us to our unsecured financial creditors. The aggregate principal amount of the two series of new notes issued pursuant to the Debt Restructuring was equal to NIS 666 million. The principal amount of the first series of new notes ("Series H") was equal to NIS 448 million repayable in a single payment by May 31, 2018. The principal amount of the second series of new notes ("Series I") was equal to NIS 218 million), repayable in a single payment by November 30, 2019. Both series of the new notes bear interest at the rate of 6% per annum and are linked to the Israeli consumer price index, while interest on Series H notes is payable in cash on a semi-annual basis, and interest on the Series I notes will be payable on the final maturity date. In addition, the new notes include mandatory prepayment provisions in the event we pay cash, distribute dividends or make any other distribution within four and half years following the date of issuance thereof, such that we will be obligated to prepay an amount equal to the amount distributed. In addition, the new notes are secured by first ranking and second ranking floating charges that were placed on all of our assets in favor of the Series H and Series I trustees, respectively, and first-ranking and second ranking fixed pledges that were placed on our various holdings and rights in our subsidiaries Elbit Ultrasound (Luxembourg) B.V./S.ar.l (through which we hold a controlling stake in PC) and Elscint Holdings and Investments N.V. (through which we hold our hotels in Belgium and Romania) as well as any amounts which we shall be entitled to receive therefrom (including under all and any shareholders loans advanced by us to those companies, if any). Furthermore, our Articles of Association were amended such that (i) a decision by us to engage in a field of business that is new to us and our subsidiaries and is material to us requires the unanimous approval of all of the members of the Board present and lawfully entitled to vote at the relevant meeting and (ii) in certain events, a person contemplating a purchase of our shares shall be required to offer to acquire ordinary shares representing at least 10% of our voting rights in connection with such purchase. The Series H Notes and the Series I Notes were listed on the TASE, and the New Shares were listed on NASDAQ and the TASE. For a discussion of the approval and consummation of the Debt Restructuring, please see the Forms 6-K we filed on September 18, 2013, January 2, 2014 and February 20, 2014.

- On January 26, 2014 a holder of the our Series B notes ("the Plaintiff") filed an appeal to the Supreme Court, against the ruling of the Tel-Aviv District Court, dated 1 January, 2014 approving the amended plan of arrangement (the "Appeal"). In the Appeal the Plaintiff is seeking, *inter alia*, to cancel the section on the said court ruling which grants release from potential liability and claims to our officers and directors, and also the section which determines the class action that was filed by the Plaintiff shall be strike; Alternatively, the Plaintiff has requested to cancel the section on the said court ruling which determines the class action shall be strike against Mr. Mordechay Zisser, who is not included in the release from potential liability and claims provided to our other officers, or that the whole Arrangement shall be canceled. On June 15, 2015, following recommendation of the Court, the plaintiff withdrew the Appeal.
- In connection with the Debt Restructuring, we issued 16,594,036 ordinary shares to Bank Hapoalim pursuant to the terms set forth in the Refinancing Agreement. Pursuant to the Refinancing Agreement, the outstanding loan amount (approximately \$48 million) will be repayable by us on February 20, 2017, and bears interest of LIBOR +3.8% per year, payable quarterly, and an additional 1.3% per year, payable on the final maturity date. In addition, pursuant to the Refinancing Agreement, first-ranking fixed charges were placed on our holdings and other rights in certain of our subsidiaries holding our hotels in Romania and Belgium as collateral securing our debt to Bank Hapoalim under the Refinancing Agreement. Such charges were placed in addition to the existing securities that Bank Hapoalim held under the loan previously received from Bank Hapoalim, i.e., a first ranking pledge over an amount of 86 million shares of PC, representing approximately 13% of PC's outstanding shares. We are subject to certain prepayment obligations in the event of prepayment of the aforementioned new notes or a distribution. For further details regarding the Refinancing Agreement, please see the Form 6-K we filed on November 14, 2013. As for addendum to this loan agreement see 2016 above.
- Our unsecured debt prior to the entering into effect of the Debt Restructuring included approximately \$12.8 million principal amount of bank debt held by Bank Leumi. As of the Closing of the Debt Restructuring, we had outstanding disputes with Bank Leumi with respect to the validity of certain pledges over accounts held by us at Bank Leumi and consequently, whether the debt we owed to Bank Leumi should be classified as unsecured or secured. As a result of this dispute and in connection with the Debt Restructuring, we issued to an escrow agent for the benefit of Bank Leumi approximately NIS 8.0 million in principal amount of our Series H Notes, approximately NIS 3.9 million in principal amount of our Series I Notes, and 9,090,122 ordinary shares. On July 23, 2014, following the Court's approval and the closing of the Debt Restructuring, we announced the consummation of a settlement of the dispute (the "Settlement"), under which Bank Leumi received ownership of all marketable securities held in our accounts at Bank Leumi having a fair value of approximately NIS 8.7 million (based on their then-market price). In addition, our net debt (after offset of the aforementioned marketable securities) to Bank Leumi in the amount of approximately NIS 38 million was cancelled in exchange for 7,404,119 ordinary shares, NIS 6,507,666 aggregate principal amount of our Series H notes and NIS 3,166,678 aggregate principal amount of Series I notes of us. The balance of 1,686,003 ordinary shares, NIS 1,481,870 aggregate principal amount of Series H notes and NIS 721,089 aggregate principal amount of Series I notes of us retained in escrow under the Debt Restructuring was cancelled. The Settlement constituted the full settlement of our obligations to Bank Leumi under the Debt Restructuring as well as under the loan agreement entered between the parties on May 5, 2011, and Bank Leumi released all liens registered for its benefit on our assets. The Settlement also included a mutual waiver of claims.
- On January 13, 2014 PC announced that its subsidiary (in which it holds approximately 70% of its voting power) had reached an agreement to sell its 50% equity stake in the Uj Udvar project in Budapest, Hungary. As a result of the transaction, PC received cash proceeds of € 2.4 million

2013

- In February 2013 we announced that we would temporarily cease making all principal payments due under our Series A and Series B notes and all interest payments due under all of our publicly-traded notes; for a discussion of these announcements please see the Form 6-Ks we filed on February 5, 2013, and February 19, 2013, respectively. In March 2013 we entered into a letter of undertaking (the "Letter of Undertaking") with the trustees of our Series 1, C, D, E, F and G note holders regarding our activities during an interim period, under which, *inter alia*, it was agreed that we and the entities controlled by us (excluding PC) would not make any payments to our respective creditors, other than under certain circumstances, we will not dispose and/or undertake to dispose any of our material asset and/or our Controlled Entities, and we will not provide any guarantee and/or security of any kind, to secure our or any third party's debt further more we will not make any payments and/or engage in any transactions with the former Controlling Shareholder and/or entities under the control of the former Controlling Shareholder and/or Mr. Mordechay Zisser's relatives either directly or indirectly. For a discussion of the Letter of Undertaking, please see the Form 6-K we filed on March 21, 2013. For a discussion of the terms of the Debt Restructuring, please see "-2014" above.
- In August and November 2012, acting through our wholly owned subsidiary Elbit Imaging Financing Services, Limited Partnership ("Elbit Financing"), we entered into two note structured transactions with two leading global financial institutions (the "Counterparties"). On February 20, 2013, the Counterparties notified us of the early termination of the transactions as a result of the decline in the market price of our outstanding notes and consequent failure to meet the loan-to-value covenants under the agreements governing the transactions.

- In March 2013, we received a letter from Bank Leumi demanding repayment within ten days of the outstanding balance of approximately \$14.1 million due primarily under certain loans made by Bank Leumi to us pursuant to a refinancing agreement dated May 5, 2011. Bank Leumi stated that it was taking this action in light of our then-financial condition and our having informed Bank Leumi that we would not pay the principal and the interest due on March 29, 2013. Bank Leumi also informed us that it had placed a freeze on the Leumi Accounts (certain accounts maintained by us with Bank Leumi in which we held cash and trading securities in the amount of approximately NIS 8 million) until the outstanding amounts due are repaid. Bank Leumi also notified us that should such repayment not be made within ten days Bank Leumi was reserving its rights to take all actions necessary in order to protect its rights under the loan agreements including offsetting any amounts in the Leumi accounts against the loans. Bank Leumi also claimed that it has certain pledges registered in its favor and therefore it is a secured creditor and should not be included in the Debt Restructuring. For a discussion of the settlement agreement with Bank Leumi, please see "-2014" above.
- On May 29, 2013 PC successfully completed the sale of its 50% interest in an entity which mainly holds interests in an office complex project located in Pune, Maharashtra. The transaction valued the entity at €33.4 million and, as a result, PC received gross cash proceeds of approximately €16.7 million.
- On June 6, 2013, we received a letter from Bank Hapoalim, demanding repayment within seven days of the outstanding balance of the loan owed to Bank Hapoalim under the March 31, 2011 Facility Agreement, without prejudicing its right under any other loan facility to which we are a party as a guarantor or otherwise. Bank Hapoalim stated that it was taking this action in light of our alleged breaches under the loan, including, *inter alia*, non-payment to Bank Hapoalim on March 31, 2013 of approximately \$14.5 million, failure to satisfy certain financial covenants under the loan and adverse change in our financial position. On November 4, 2013, we have announced that we and Bank Hapoalim have reached general terms of agreement between the parties, and on November 12, 2013, we had announced certain amendments to the said general terms of agreement. On November 26, 2013, our unsecured financial creditors voted on the general terms of agreement to be entered into with Bank Hapoalim. At the Meeting, unsecured financial creditors holding approximately 70.6% of the aggregate voting power that had participated in the meeting voted in favor of the refinancing. On December 29, 2013 we entered into a new facility agreement with Bank Hapoalim based on the aforementioned general terms of agreement, and on February 20, 2014, the transactions under the agreement were consummated. For further discussion of the terms and the closing of the Refinancing Agreement, please see "-2014" above.
- In July 2013 PC completed the sale of 100% of its interest in an entity which holds the interest in a plot of land in Prague. The transaction values the entity at approximately €1.9 million. The net cash consideration after deducting a liability to a third party amounted to €1.3 million
- A subsidiary of PC was party to a loan with a commercial bank, secured by PC's notes that PC had repurchased, that was due to be repaid in September 2013. Due to a rating downgrade that resulted in a loan covenant breach, PC entered into negotiations with the bank and the two parties agreed upon an early repayment of the loan that was consummated during the first half of 2013. The loan balance, including accrued interest, was approximately NIS 77.5 million. To finance the early repayment of the loan, PC sold NIS 66 million of the notes it had repurchased that served as the loan's collateral.
- On October 31, 2013 the consortium of shareholders of Dream Island, in which PC holds a 43.5% stake, completed the sale of the Dream Island project land to the Hungarian State for approximately €15 million. The proceeds of the transaction were used by the consortium to repay a proportion of a secured bank loan.
- On November 18, 2013, PC announced that it had filed for reorganization proceedings (preliminary suspension of payments) with the Dutch Court and submitted a restructuring plan to the Dutch Court. Further to that announcement, PC announced that the Dutch Court had granted its application for preliminary suspension of payment proceedings. PC noted further that in order to resolve its liquidity situation it had filed with the Dutch Court a restructuring plan proposed to its creditors. For a discussion of PC's reorganization proceedings, please see the Forms 6-K we filed on November 14, 2013, November 20, 2013 and November 25, 2013. For a discussion regarding the amendment to the restructuring plan and the consummation of the Amended PC Plan, see "- 2014" above.

Critical judgment in applying accounting policies and use of estimates

General

In the application of our accounting policies, we are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, and 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. In addition, in the process of applying our accounting policies, management makes various judgments, apart from those involving estimations, that can significantly affect the amounts recognized in the financial statements.

The following are the critical judgments and key sources of estimation that management has made while applying our accounting policies and that have the most significant effect on the amounts recognized in our consolidated financial statements.

Use of estimates

Write-down of trading properties

The recognition of a write down of our trading properties is subject to a considerable degree of judgment and estimates, the results of which, when applied under different principles, conditions and assumptions, are likely to result in materially different results and could have a material adverse effect on our consolidated financial statements.

This valuation 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.

We are responsible for determining the net realizable value of our trading properties. In determining net realizable value of the vast majority of trading properties, we utilize the services of an independent third party recognized as a specialist in valuation of properties. Independent valuation reports for our trading properties as of December 31, 2015 and 2014 were prepared by Cushman& Wakefield.

On an annual basis, we review the valuation methodologies utilized by the independent third party valuator service for each property. The main features included in each valuation are:

1. Operating trading properties (mainly commercial centers)

The net realizable value of operating commercial centers includes rental income from current leases and assumptions in respect of additional rental income from future leases in 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. We use assumptions that are mainly based on market conditions existing on the reporting date.

The principal assumptions underlying our estimation of net realizable values for operating commercial centers are those related to the receipt of contractual rental fees, expected future market rental fees, void periods, maintenance requirements and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions made by us 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. Undeveloped trading properties

The vast majority of our undeveloped real estate assets are lands which are designated for development of commercial centers. The net realizable value for an undeveloped project is determined based on our business plans for the specific project as of the balance sheet date.

Some of our lands are designated for future development in the foreseeable future. Other undeveloped lands are planned to be sold in their current state. A considerable degree of judgment is required in order to determine whether a specific real estate project can be developed in the foreseeable future or not. The most significant factors in such decision are: market conditions in the surrounding area of the project, availability of bank financing for the development, competition in the area, zoning and building permits for the project, our liquidity and ability to invest equity into the project, our ability to enforce the joint development agreement against our partners in a joint venture project (mainly our plots designated for residential project in India), the scale of the project and our ability to execute it and others. As explained below, the status of the project, as determined by us in each reporting period also determines the net realizable value which will be used in the preparation of the financial statements. Therefore a change in each of the factors mentioned below may lead to a change in the status of a project (from project designated for future development to project in hold) and may cause an additional write down which was not recognized in our financial statement for the year ended December 31, 2015.

As for accounting policies in respect of the measurement of the net realizable value for undeveloped trading property – see note above 2K to our consolidated financial statements included elsewhere in this report.

2.1 Critical assumptions under the residual method

Our trading properties which are designated by us for development in the foreseeable future are usually measured using the residual method. Estimations of fair value under the residual method involve in general, critical estimations and take into account special assumptions in the valuations, many of which are difficult to predict, in respect of the future operational cash flow expected to be generated from the real-estate asset, yield rate which will be applied for each real estate asset, estimate of developer's profit and timeline to commencement of the construction of the project. Actual results could be significantly different than the estimates and could have a material effect on our financial results.

Determination of the operational cash flow expected to be generated from the real estate asset is based on reasonable and supportable assumptions as well as on historical results adjusted to reflect our best estimate of future market and economic conditions that we believe will exist during the remaining useful life of the assets. Such determination is subject to significant uncertainties. In preparing these projections, we takes assumptions the majority of which relate to market share of the real estate asset, benchmark operating figures such as occupancy rates, rental and management fees rates (in respect of commercial centers), selling price of apartments (in respect of residential units), the expected schedule to complete the real estate assets under construction, costs to complete the establishment of the real estate asset, expected operational expenses and others. In addition the process of construction is long, and subject to approvals and authorization from local authorities. It may occur that building permits will expire and will cause us additional preparations and costs, and can cause construction to be delayed or abandoned.

The yield rate reflects economic environment risks, current market assessments regarding the time value of money, industry risks as a whole and risks specific to each asset, and it also reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that we expect to derive from the assets. Such rate is generally estimated from the rate implied in current market transactions for similar assets, or where such transactions do not exist, based on external appraisers.

2.2 Critical assumptions under the comparable method

Our trading property which is not designated by us for development in the foreseeable future is usually measured using the comparable method or the residual method (for details regarding the residual method see 2.1 above). 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 sale information is not clearly available through common channels of information (internet, newspapers, trade journals, periodic, market research, etc.) it is necessary to look further out for suitable comparable development and to make necessary adjustments to the price in order to account for dissimilarities between the comparable development and the subject site. Such adjustments include, but are not limited to:

- Adjustment in respect of the time of the transaction. Market conditions at the time of the sale 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 in respect 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 finalize 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 in respect 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 in respect of location. The locations of the comparable sale properties and the subject property are compared to ascertain whether location and the immediate environs influence the prices paid. The more attractive location a property is located in the more it is worth per square meter; and conversely the less attractive location a property is in the less it is worth per square meter. An adjustment is made to reflect such differences based on the valuator's professional experience. Extreme location differences may indicate that a transaction is not truly comparable and are disqualified.

Litigation and other contingent liabilities

We are involved in litigation, tax assessments and other contingent liabilities in substantial amounts including class actions. See note 14B to our annual consolidated financial statements included elsewhere in this report. We recognize a provision for such litigation when it is probable that we will be required to settle the obligation, and the amount of the obligation can be reliably estimated. We evaluate the probability and outcome of such litigation based on, among other factors, legal opinions, consultation, and past experience. The outcome of such contingent liabilities may differ materially from management's estimation. We periodically evaluate these estimations and makes appropriate adjustments to the provisions recorded in the consolidated financial statements. In addition, as facts concerning contingencies become known, we reassess our position and make appropriate adjustments to the consolidated financial statements. In rare circumstances, mainly with respect to class actions, when the case is unique, complicated and involves prolog and uncommon proceedings, we cannot reliably estimate the outcome of said case.

Accounting for income taxes

The calculation of our tax liabilities involves uncertainties in the application and/or interpretation of complex tax laws, tax regulations and tax treaties, in respect of various jurisdictions in which we operate and which vary from time to time. In addition, tax authorities may interpret certain tax issues in a different manner other than that which we adopted. Should such contrary interpretive principles be adopted upon adjudication of such cases, our tax burden may be significantly increased. In calculating deferred taxes, we are required to evaluate (i) the probability of the realization of our deferred income tax assets against future taxable income and (ii) the anticipated tax rates under which our deferred taxes would be utilized.

Potential penalties, guarantees issued and expired building permits

Penalties and guaranties are part of the ongoing construction activities, and result from obligations we have towards third parties such as banks and municipalities. Our management is required to provide estimations regarding risks evolving from penalties that we may have to settle. In addition, our operations in the construction area are subject to valid authorizations and building permits from local authorities. Under certain circumstances we are required to determine whether the building permits we obtain have not yet expired. It may occur that building permits have expired which might impose on us additional costs and expenses, or delays, and may even cause us to abandon projects under construction.

Fair value of hotels

As of December 31, 2015, our fair value of the Radisson Complex is determined based upon the discounted cash flows ("DCF") approach. The assumptions underlying this model, as well as the ability to support them by means of objective and reasonable market benchmarks so they can be viewed as assumptions that market participants may have used, are significant in determining the fair value of the Radisson Complex. The predominant assumptions that may cause substantial changes in the fair value are: the capitalization rate, exit yield rate, the expected net operating income of the hotel (which is mainly affected by the expected average room rate and the occupancy rate as well as the level of operational expenses of the hotels) the level of refurbishments reserve and the capital expenditures that need to be invested in the Radisson Complex. Our fair value of the Radisson Complex is performed by an independent appraiser with knowledgeable in the local hotel business.

Critical judgment in applying accounting policies

Classification of trading property as current/non-current asset

We classify our assets and liabilities as current or non-current based on the operating cycle of each of our operations (generally 12 months). Careful consideration is required with respect to assets and liabilities associated with our operations of commercial centers and trading property, where by their nature the operating cycle is more than 12 months. These assets and liabilities are classified as current only if their operating cycle is clearly identifiable. In accordance with guidance set out in IAS 1 if we cannot clearly identify the actual operating cycle of a specific operation, then the assets and liabilities of that operation are classified as non-current. Our determination of our inability to clearly identify the actual operating cycle is a matter of judgment. A different conclusion can materially affect the classification of current assets and current liabilities. See also note 2 E to our financial statements included elsewhere in this report

Classification of operating commercial centers as trading property rather than investment property

We classified operating commercial centers as trading property rather than investment property even though we are currently earning rental income from these properties. Our business model is to dispose of the shopping centers in the ordinary course of our business.

During 2015 we sold one operating center and have conducted several negotiations in respects of our other operating commercial centers. During 2016 we expect to continue negotiating with third parties in order to sell additional commercial centers.

De facto Control

As for December 31, 2015 and 2014, we held approximately 44.9% of PC's share capital; DK held approximately 26.3% of PC's share capital and the rest is widely spread in the public. We are of the opinion that based on the absolute size of our holdings, the relative size of the other shareholdings and due to the fact that PC's directors are appointed by a regular majority of PC's general meeting of shareholders, we have a sufficiently dominant voting interest to meet the power criterion, therefore we have de facto control over PC.

New accounting standards and interpretation issued that are not yet effective

For information on recently issued accounting standards under IFRS, see note 2X to our annual consolidated financial statements included elsewhere in this report.

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A. Operating Results

Presentation method of financial statements

We are involved in investments in a wide range of different activities. Accordingly, management believes that its income statements should be presented in the "single-step form." According to this form, all costs and expenses (including general and administrative and financial expenses) should be considered as continuously contributing to the generation of overall income and gains. We also believe that our operating expenses should be classified by a function of: (i) those directly related to each revenue source (including general and administrative expenses and selling and marketing expenses relating directly to each operation); and (ii) overhead expenses which serve the business as a whole and are to be determined as general and administrative expenses.

Our strategy in respect of PC's commercial centers is to dispose of the commercial centers upon completion, subject to certain exceptions. In response to the lingering real estate and financing crisis in CEE, and following discussion with the SEC, our management determined that PC no longer retains sufficient consistent historical experience of trading property realizations in order to clearly identify the actual operating cycle of selling its trading property. Under such circumstances, we decided to utilize for accounting reporting purposes an assumed operating cycle of 12 months. Revenues from these commercial centers are mainly derived from their disposal to third parties, while until a disposal occurs we collect rental income from our completed commercial centers. Therefore, rental income from commercial centers (from the first day of their operations until the sale thereof) may not be sustainable in the future upon PC selling the commercial centers as part of its business cycle.

Our revenues from the sale of commercial centers and other real estate properties are subject to the execution and consummation of sale agreements with potential purchasers. In periods when we consummate a sale of a real estate asset we record revenues in substantial amounts and as a result we may experience significant fluctuations in our annual and quarterly results. We believe that period-to-period comparisons of our historical results of operations may not necessarily be meaningful or indicative and that investors should not rely on them as a basis for future performance.

Our policy in respect of the hotels segment is to designate the hotels to be managed and operated by Rezidor. Consequently, the Radisson Complex is presented as part of our property, plant and equipment in the financial statements.

Translation of statements of income of foreign operations

The majority of our businesses, which operate in various countries, report their operational results in their respective functional currency which differs from the NIS (our reporting and functional currency). We translate our subsidiaries' results of operations into NIS based on the average exchange rate of the functional currency against the NIS. Therefore, a devaluation of the NIS against each functional currency would cause an increase in our reported revenues and the costs related to such revenues in NIS while an increase in the valuation of the NIS against each functional currency would cause a decrease in our revenues and costs related to such revenues in NIS.

Statements of income

The following table presents our statements of income for each of the three years ended December 31, 2015, 2014 and 2013:

	Year ended December 31			
	2 0 1 5	2 0 1 4	2 0 1 3	2 0 1 5
				Convenience translation (Note 2D)
				U.S.\$'000
	(in thousand NIS)			
	(Except for per-share data)			
Revenues and gains				
Revenues				
Revenues from sale of commercial centers	200,078	201,571	8,614	51,276
Revenues from Hotels operations and management	147,886	197,007	202,791	37,900
Total revenues	347,964	398,578	211,405	89,176
Gains and other				
Rental income from Commercial centers	83,849	113,661	129,748	21,489
Gain from sale of investees	6,712	11,301	-	1,720
Total gains	90,561	124,962	129,748	23,209
Total revenues and gains	438,525	523,540	341,153	112,385
Expenses and losses				
Commercial centers	290,360	291,864	124,737	74,413
Hotels operations and management	126,849	173,918	179,137	32,509
General and administrative expenses	16,678	39,785	60,643	4,274
Share in losses of associates, net	42,925	17,298	339,030	11,001
Financial expenses	236,288	237,601	334,101	60,558
Financial income	(2,154)	(6,317)	(3,930)	(552)
Change in fair value of financial instruments measured at fair value through profit and loss	5,446	71,432	68,407	1,396
Financial gain from debt restructuring	-	(1,616,628)	-	-
Write-down, charges and other expenses, net	38,298	531,042	840,034	9,815
	754,690	(260,005)	1,942,159	193,413
Profit (loss) before income taxes	(316,165)	783,545	(1,601,006)	(81,029)
Income taxes expenses (tax benefits)	5,631	(2,287)	(30,937)	1,443
Profit (loss) from continuing operations	(321,796)	785,832	(1,570,069)	(82,472)
Profit (loss) from discontinued operations, net	6,874	(1,475)	5,059	1,762
Profit (loss) for the year	(314,922)	784,357	(1,565,010)	(80,710)

	Year ended December 31			
	2015	2014	2013	2015
				Convenience translation (Note 2D)
				U.S.\$'000
	(in thousand NIS)			
	(Except for per-share data)			
Attributable to:				
Equity holders of the Company	(186,150)	1,008,999	(1,155,645)	(47,709)
Non-controlling interest	(128,772)	(224,642)	(409,365)	(33,001)
	<u>(314,922)</u>	<u>784,357</u>	<u>(1,565,010)</u>	<u>(80,710)</u>
Profit (loss) from continuing operations				
Equity holders of the Company	(193,024)	1,010,619	(1,160,429)	(49,468)
Non-controlling interest	(128,772)	(224,787)	(409,640)	(33,002)
	<u>(321,796)</u>	<u>785,832</u>	<u>(1,570,069)</u>	<u>(82,472)</u>
Profit (loss) from discontinued operation, net				
Equity holders of the Company	6,874	(1,620)	4,785	1,762
Non-controlling interest	-	145	274	-
	<u>6,874</u>	<u>(1,475)</u>	<u>5,059</u>	<u>1,762</u>
Earnings (loss) per share - (in NIS)				
Basic earnings (loss) per share:				
From continuing operation	(7)	42.55	(932.15)	(2)
From discontinued operations	0.25	(0.06)	3.84	-
	<u>(6.75)</u>	<u>42.49</u>	<u>(928.31)</u>	<u>(2)</u>
Diluted earnings (loss) per share:				
From continuing operation	(7)	42.55	(932.15)	(2)
From discontinued operations	0.25	(0.06)	3.84	-
	<u>(6.75)</u>	<u>42.49</u>	<u>(928.31)</u>	<u>(2)</u>

2015 compared to 2014

Income - Revenues and Gains

Total income (revenues and gains) in 2015 amounted to NIS 438 million (\$112 million), compared to NIS 524 million in 2014.

Total revenues in 2015 amounted to NIS 348 million (\$89 million), compared to NIS 399 million in 2014. The decrease is mainly attributable to:

- (i) Revenues from the sale of commercial centers amounted to NIS 200 million (\$51 million), in 2015 compared to NIS 201 million in 2014. Our revenues in 2015 were attributable to consummations of transaction for the sale of the Koregon commercial center in India and plots in Romania and Poland. In 2014 such revenues were attributable to sale of Kragujevac Plaza commercial center in Serbia and plots in Romania.
- (ii) Revenues from hotel operations and management decreased to NIS 148 million (\$34 million) in 2015 compared to NIS 197 million in 2014. The decrease was mainly attributable to the sale of our hotels in Antwerp, Belgium in June 2015 which caused a decrease in hotel operations and management revenues. The average occupancy rate increase from 76% in 2014 to 77% in 2015 and the average room rate increase from € 92 in 2014 to € 94 in 2015.
- (iii) Total gains and other in 2015 amounted to NIS 91 million (\$23 million), compared to NIS 125 million in 2014. Set forth below is an analysis of our gains and other:
 - a. Rental income from commercial centers decreased to NIS 83 million (\$21 million), in 2015 compared to NIS 114 million in 2014, mainly as a result of: (i) selling the Kragujevac Plaza commercial center during 2014 and the Koregaon Park commercial center in May 2015, (ii) decrease in revenues from the entertainment parks within the commercial centers which were closed during 2014; and (iii) depreciation of the Euro (the functional currency of our commercial center operation) against the NIS. The average occupancy rate in our commercial centers was 84%-97% in 2015, compared to 84%-99% in 2014.

- b. Gain from a sale of investee companies decreased to NIS 7 million (\$3 million) in 2015, compared to NIS 11 million in 2014 attributable to the closing of Gamida's investment rounds with Novartis, as described above.

Expenses and losses

Our expenses and losses in 2015 amounted to NIS 755 million (\$193 million), compared to income NIS 260 million in 2014. Set forth below is an analysis of our expenses and losses:

- (i) Expenses of commercial centers amounted to NIS 290 million (\$75 million) in 2015, compared to NIS 292 million in 2014. Such decrease was mainly attributable to the operational expenses of commercial centers in the amount of NIS 24 million mainly due to the sale Kragujevac Plaza commercial center during 2014 and the Koregaon Park commercial center in May 2015, offset by an increase in the cost of trading property sold in the amount of NIS 22 million.
- (ii) Cost of hotel operations and management decreased to NIS 127 million (\$33 million) in 2015, compared to NIS 174 million in 2014. The decrease was mainly attributable to the sale of our hotels in Antwerp, Belgium in June 2015.
- (iii) General and administrative expenses decreased to NIS 17 million (\$4 million) in 2015, compared to NIS 40 million in 2014. The decrease was mainly attributable to the efficiency measures taken to reduce the general and administrative costs in our headquarters during 2014 and 2015.
- (iv) Share in losses of associates, net increased to NIS 43 million (\$11 million) in 2015, compared to NIS 17 million in 2014. The increase is mainly attributable to the losses of our medical activities as a results of a reduction in Insightec's revenues in 2015 comparing to 2014, as well an increase in the research and development cost of our Medical investees offset by the operations of PC's commercial center in Riga, Latvia.
- (v) Financial expenses decreased to NIS 236 million (\$61 million) in 2015, compared to NIS 238 million in 2014. Such decrease of approximately NIS 2 million is explained as follows:
 - a. Gain from a buyback of debentures and a bank loan (as mention above) in 2015 in the amount of NIS 56 compared to no comparable gain in 2014;
 - b. Decrease in interest and CPI-linked expenses in our headquarters of NIS 13 million as a result of the decrease in the level of our corporate debts following the consummation of our debt restructuring at the beginning of 2014.

Offset by:

 - a. Increase in the interest and CPI-linked expenses of PC in the amount of NIS 26 million which was mainly attributable to an increase in interest expenses on PC's notes due to highly effective interest rates and an acceleration of amortizing of discounts offset by a decrease in PC's interest on bank loans due to the sale of commercial centers during 2014 and 2015;
 - b. Increase in loss from foreign currency translation exchange and other in the amount of NIS 41 million. The exchange rate losses are mainly attributable to the effect of the variation in the exchange rate between the Euro and NIS on PCs' notes, which are recorded in NIS and are measured in Euro, and to our bank loan which in 2014 was recorded in \$ and measured in NIS.
- (vi) Financial income decreased to NIS 2 million (\$0.5 million) in 2015, compared to NIS 6 million in 2014.
- (vii) Losses from changes in fair value of financial instruments (including derivatives, embedded derivatives and marketable securities) amounted to NIS 5 million (\$1 million) in 2015 compared to NIS 71 in 2014. The change in fair value of financial instruments was mainly attributable to the following:
 - a. We had no losses from changes in fair value attributable to PC's notes in 2015 compared to losses of NIS 60 million in 2014 mainly due to the fact that following the consummation of PC's debt restructuring (at the end of 2014) PC's notes were no longer measured at fair value through profit and loss and therefore changes in their fair value in 2015 did not affect our profit and loss account.
 - b. Loss from change in fair value of derivatives, embedded derivatives and marketable securities amounted to NIS 5 million (\$1 million) in 2015, compared to NIS 11 million in 2014.
- (viii) Financial gain from the debt restructuring in 2014 amounted to approximately NIS 1,616 million. The gain from our restructuring amounted to NIS 1,610 million, and PC's net gain from its restructuring amounted to NIS 6 million. Such gain reflects the difference between our carrying amount and PC's unsecured financial debts as of the closing of their respective restructuring plans and the fair value of the shares and notes issued by us and PC based on their respective quoted closing prices on the first day thereafter.

- (ix) Write-down, charges and other expenses, net, decreased to NIS 38 million (\$10 million) in 2015, compared to NIS 531 million in 2014. The write down was mainly attributable to the write-down in PC's trading property in Eastern Europe and India in the amount of NIS 87 million (\$22 million) in 2015 compared to NIS 528 million in 2014. The following table provides information in respect of the write down of the trading property in each of the years ended on December 31, 2015 and 2014:

Project name (City, Country)	Year ended December 31	
	2 0 1 5	2 0 1 4
	(In thousand NIS)	
Operational:		
Kragujevac (Kragujevac, Serbia)	-	16,040
Koregaon Park (Pune, India) (See description below)	6,547	47,525
Zgorzelec (Zgorzelec, Poland)	6,233	18,275
Liberec (Liberec, Czech Republic)	26,466	9,827
	<u>39,246</u>	<u>91,667</u>
Non-Operational:		
Iasi (Iasi, Romania)	-	20,221
Chennai (Kadavantara, India)	-	28,988
Belgrade Plaza (Belgrade, Serbia)	-	11,812
Helios Plaza (Athens, Greece)	1,913	51,168
Sportstar Plaza Visnjicka (Belgrade, Serbia)	(23,814)	827
Lodz Plaza (Lodz, Poland)	9,460	5,134
Krusevac (Krusevac, Serbia)	3,401	-
Casa radio (Bucharest, Romania)	36,139	217,265
Constanta (Constanta, Romania)	1,701	17,898
Ciuc (Ciuc, Romania)	-	17,147
Timisoara (Timisoara, Romania)	1,110	9,577
Lodz residential (Lodz, Poland)	9,070	3,137
Kielce (Kielce, Poland)	723	(1,526)
BAS (S Romania)	-	27,269
Arena Plaza extention	5,323	-
Others	<u>2,716</u>	<u>26,968</u>
	<u>47,742</u>	<u>435,885</u>
	<u>86,988</u>	<u>527,552</u>

The above write down of expenses for 2015 were offset by income of NIS 56 million (\$16 million) which was attributable to realization of foreign currency translation reserves to profit and loss mainly due to realization of the Euro activity in our Hotel segment.

As a result of the foregoing factors, we recognized a loss before income tax in the total amount of NIS 316 million (\$81 million) in 2015, compared to profit of NIS 784 million in 2014.

Income tax amounted to 6 million (\$1.5 million) in 2015 compared to tax benefits of NIS 2 million in 2014. The increase in tax expenses was attributable mainly to deferred taxes due to timing differences related to PC's notes.

The above resulted in a loss from continuing operations in the amount of NIS 322 million (\$82 million) in 2015, compared to profit in the amount of NIS 786 million in 2014.

Profit from discontinued net operation amounted to NIS 7 million (\$2 million) comparing to loss amounted to NIS 1 million in 2014. The discontinued operations is attributable to our former Mango operation.

The above resulted in a loss of NIS 315 million (\$81 million) in 2015, of which a loss of NIS 186 million (\$48 million) was attributable to our equity holders and a loss in the amount of NIS 129 million (\$33 million) was attributable to the non-controlling interest. Profit in 2014 included NIS 1,009 million attributable to our equity holders and a loss in the amount of NIS 225 million attributable to the non-controlling interest.

Our shareholders' equity as of December 31, 2015 amounted to NIS 304 million (\$78 million) of which an amount of NIS 19 million (\$5 million) is attributable to our equity holders.

The following table provides supplemental information of our results of operations per segment, for the year ended December 31, 2015 (in NIS million):

Segment	Hotels	Commercial Centers	Medical Industries	India plots	Other and Allocations	Total
Revenues	148	200	63	-	(63)	348
Rental income from commercial centers	-	109	-	-	(25)	84
Gain from changes of shareholding in investees entities	-	-	-	-	7	7
Total revenues and gains	148	309	63	-	(81)	439
Costs and expenses	127	300	107	6	(123)	417
Research and development expenses	-	-	59	-	(59)	-
Other expenses (income), net	-	84	-	6	-	90
Segment profit (loss)	21	(74)	(103)	(12)	100	(68)
Financial (expenses) income, net	(31)	30	1	-	-	-
Share in losses of associates, net	-	-	(13)	-	(29)	(43)
Unallocated general and administrative expenses						(17)
Unallocated other expenses						52
Unallocated financial expenses						(239)
Financial income						2
Changes in fair value of financial instruments measured at FVTPL						(3)
Loss before income taxes						(316)
Income taxes						(6)
Loss from continuing operations						(322)
Income from discontinued operation						7
Loss for the year						(315)

2014 compared to 2013

Income - Revenues and Gains

Total income (revenues and gains) in 2014 amounted to NIS 524 million, compared to NIS 341 million in 2013.

Total revenues in 2014 amounted to NIS 399 million, compared to NIS 211 million in 2013. The increase is mainly attributable to:

- (i) Revenues from the sale of commercial centers, which increased to NIS 201 million in 2014 compared to NIS 9 million in 2013. In 2014, PC consummated the sale of the Kragujevac Plaza commercial center in Serbia and a few plots in Romania. In 2013 the revenues were attributable to sale of a plot by PC in the Czech Republic.
- (ii) Revenues from hotel operations and management decreased to NIS 197 million in 2014 compared to NIS 203 million in 2013. The decrease was mainly attributable to a decrease in revenues from our hotel in Romania. The average occupancy rate increase from 74% in 2013 to 76% in 2014 and the average room rate decreased from € 94 in 2013 to € 92 in 2014.
- (iii) Total gains and other in 2014 amounted to NIS 125 million, compared to NIS 130 million in 2013. Set forth below is an analysis of our gains and other:
 - a. Rental income from commercial centers decreased to NIS 114 million in 2014 compared to NIS 130 million in 2013, mainly as a result of selling the Kragujevac Plaza commercial center and the decrease in revenues from the entertainment parks within the commercial centers which were closed during 2013 and 2014. The average occupancy rates in our commercial centers were 84%-99% in 2014, compared to 86%-100% in 2013.
 - b. Gain from a sale of investees increased to NIS 11 million in 2014, compared to NIS nil in 2013, attributable to the closing of Gamida's investment round with Novartis, as described above.

Expenses and losses

Our expenses and losses (net of financial gain from debt restructuring) in 2014 amounted to income of NIS 260 million compared to expenses of NIS 1,942 million in 2013. Set forth below is an analysis of our expenses and losses:

- (iv) Expenses of commercial centers increased to NIS 292 million in 2014, compared to NIS 125 million in 2013. The increase is mainly attributable to the sale of Kragujevac Plaza commercial center and plots in Romania in the aggregate amount of NIS 206 million (\$53 million), offset by a decrease in PC's general and administrative expenses as a result of efficiency measures taken by PC during 2014.
- (v) Cost of hotel operations and management decreased to NIS 174 million in 2014, compared to NIS 179 million in 2013. The decrease was mainly attributable to a decrease in revenue from hotel operations.
- (vi) General and administrative expenses decreased to NIS 40 million in 2014, compared to NIS 61 million in 2013. The decrease was mainly attributable to our arrangement costs incurred mainly during 2013, as well as efficiency measures taken to reduce the general and administrative costs in our headquarters during 2014.
- (vii) Share in losses of associates, net decreased to NIS 17 million in 2014, compared to NIS 339 million in 2013. The share in losses in 2014 is mainly attributable to the operation of our medical activity and to operations of PC's commercial center in Riga, Latvia. The losses in 2013 in attributable mainly to write-down of trading properties by our joint-venture entities in India, in addition to the operational losses attributable to the operation of our medical activity offset by the income from PC's commercial centers in Riga.

- (viii) Financial expenses decreased to NIS 238 million in 2014, compared to NIS 334 million in 2013. Such decrease of NIS 96 million explained as follow :
- a. interest and CPI-linked borrowings in the amount of NIS 202 million in 2014, compared to NIS 338 million in 2013. The decrease in interest and CPI-linked borrowings in the amount of approximately NIS 136 million was mainly attributable to (i) decrease in the level of our corporate debts following the consummation of our debt restructuring from NIS 2.4 billion in 2013 to NIS 664 million in 2014 ; and (ii) a decrease in the Israeli consumer price index to which we and several of PC's notes are linked (-0.1% in 2014, compared to 1.92% in 2013), offset by financial expenses capitalized to qualified assets in the amount of nil in 2014, compared to NIS 31 million in 2013 as a result of n, we temporarily suspension of capitalization of borrowing costs starting July 1, 2013.
 - b. The decrease in financial expenses was offset by a loss from foreign currency translation differences and other in the amount of NIS 36 million (\$9 million) in 2014, compared to a gain in the amount of NIS 4 million in 2013. The exchange rate differences gains (losses) are mainly attributable to non-cash expenses attributed to the effect of the change in the exchange rate between the € and NIS on PC's' notes, which are recorded in NIS and are measured in Euro, and to our bank loan which is recorded in \$ and measured in NIS.
- (ix) Financial income increased to NIS 6 million (\$2 million) in 2014, compared to NIS 4 million in 2013.
- (x) Losses from changes in fair value of financial instruments amounted to NIS 71 million in 2014 compared to NIS 68 in 2013. The change in fair value of financial instruments was mainly attributable to the following:
- a. Loss from changes in fair value of financial instruments (measured at fair value through profit and loss (mainly PC's notes)) amounted to NIS 60 million in 2014 and in 2013; and
 - b. Loss from change in fair value of derivatives, embedded derivative and marketable securities amounted to NIS 11 million in 2014, compared to NIS 4 million in 2013.
- (xi) Financial gain from debt restructuring in 2014 amounted to approximately NIS 1,616 million (\$416 million). The gain from our restructuring amounted to NIS 1,610 million (\$414 million), while PC's net gain from its restructuring amounted to NIS 6 million (\$2 million). Such gain reflects the difference between our carrying amount and PC's unsecured financial debts as of the closing of their respective restructuring plans and the fair value of the shares and notes issued by us and PC based on their respective quoted closing prices on the first day thereafter.
- (xii) Write-down, charges and other expenses, net, decreased to NIS 531 million (\$137 million) in 2014, compared to NIS 840 million in 2013. The write down in 2014 was mainly attributable to the write-down in PC's trading property in Eastern Europe and India in the amount of NIS 527 million as described above.

As a result of the foregoing factors, we recognized profit before income tax in the total amount of NIS 784 million in 2014, compared to loss of NIS 1,601 million in 2013.

Tax benefits amounted to NIS 2 million in 2014 compared to NIS 31 million in 2013. The decrease in tax expenses was attributable mainly to deferred taxes due timing differences related to PC's notes.

The above resulted in profit from continuing operations in the amount of NIS 786 million in 2014, compared to loss in the amount of NIS 1,570 million in 2013.

Loss from discontinued operations, net, amounted to NIS 1 million in 2014, compared to profit in the amount of NIS 5 million in 2013. The discontinued operations is attributable to our former Mango operation.

The above resulted in profit of NIS 784 million in 2014, of which a profit of NIS 1,009 million was attributable to our equity holders and loss in the amount of NIS 225 million was attributable to the non-controlling interest. The loss in 2013 included NIS 1,156 million attributable to our equity holders and NIS 410 million attributable to the non-controlling interest.

Our shareholders' equity as of December 31, 2014 amounted to NIS 713 million out of which an amount of NIS 232 million is attributable to our equity holders.

The following table provides supplemental information of our results of operations per segment, for the year ended December 31, 2014 (in NIS million):

Segment	Hotels	Commercial Centers	Medical Industries	Residential	Other and Allocations	Total
Revenues	197	201	81	-	(81)	398
Rental income from commercial centers	-	141	-	-	(27)	114
Gain from loss of control over a subsidiary	-	-	-	-	11	11
Total revenues and gains	197	342	81	-	(97)	523
Costs and expenses	174	298	124	(6)	(112)	478
Research and development expenses	-	-	58	-	(58)	-
Other expenses (income), net	(13)	447	-	58	26	518
Segment profit (loss)	36	(403)	(101)	(52)	47	(473)
Financial expenses (income), net	30	43	(2)	-	(1)	(70)
Share in losses of associates, net	-	-	(6)	-	(11)	(17)
Unallocated general and administrative expenses						(40)
Unallocated financial expenses						(167)
Financial income						6
Financial gain from debt restructuring						1,616
Changes in fair value of financial instruments measured at FVTPL						(71)
Profit before income taxes						784
Income taxes						2
Profit from continuing operations						786
Loss from discontinued operation						(1)
Loss for the year						785

B. Liquidity and Capital Resources

General

As discussed above in "Item 4. History and Development of the Company – Recent Events", on February 20, 2014, the consummation of our Debt Restructuring took place resulting, *inter alia*, in the following:

- 508,027,457 ordinary shares were issued to our unsecured financial creditors;
- We issued NIS 448 million aggregate principal amount of Series H notes and NIS 218 million aggregate principal amount of Series I notes;
- We refinanced our loan to Bank Hapoalim in the amount of \$48 million; and

As a result our corporate debts (*i.e.*, the outstanding series A-G and 1 notes, the secured debts to Bank Hapoalim and the outstanding debt to Bank Leumi) were reduced from approximately NIS 2.8 billion (approximately \$0.8 billion) to NIS 0.8 billion (approximately \$ 0.2 billion).

As discussed above in "Item 4. History and Development of the Company – Recent Events", during December, 2014 the consummation of the PC Debt Restructuring took place resulting, *inter alia*, in the following:

- 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 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 year.

- As from January 1, 2014, the annual interest rate of the unsecured debt was increased by 1.5%.
- The net cash flow received by PC following an exit or raising new financial indebtedness (except if taken for the purpose of purchase, investment or development of real estate asset) or refinancing of real estate asset's after the full repayment of the asset's related debt that was realized or in respect of a loan paid in case of debt recycling (and in case where the exit occurred in the subsidiary – amounts required to repay liabilities to the creditors of that subsidiary) and direct expenses in respect of the asset (any sale and tax costs, as incurred), will be used for repayment of the accumulated interest till that date in all of the series (in case of an exit which is not one of certain four shopping centers held by PC, only 50% of the interest) and 75% of the remaining cash (following the interest payment) will be used for an early repayment of the close principal payments for each of the series (A, B, Polish) each in accordance with its relative share in the deferred debt. Such prepayment will be real repayment and not in bond purchase.
- An injection of EUR 20 million into PC at a price per-share of EUR 0.0675 was executed by PC in the form of Rights Offering to its shareholders out of which we participated to the extent of EUR 8.3 million.

Our capital resources include the following: (a) proceeds from sales of commercial centers and other real estate properties (hotel and plots in India) subject to market conditions; (b) proceeds from sale of our holdings in the medical business subject to market conditions (c) lines of credit obtained from banks and others as well as refinancing of our existing real estate project while increasing their leverage; and (d) available cash and cash equivalents.

See “ - Overview” above for information on the major transactions and events carried out by us in 2013, 2014 and 2015, which resulted in material changes in our liquidity and capital resources.

Such resources are generally used for the following purposes:

- Equity investments in our commercial centers and our hotels which are constructed by our wholly owned and jointly-controlled subsidiaries or joint ventures (special purpose entities that are formed for the construction of our real estate projects (a “Project Company”)). We generally finance approximately 35%-50% of such projects through equity investments in the Project Companies, while the remaining amounts are generally financed through a credit facility secured by a mortgage on the project constructed by the respective Project Company, registered in favor of the financial institution that provides such financing. The equity investments in the Project Companies are typically provided by us (and our partners, if any) through shareholder loans that are subordinated to the credit facilities provided to the Project Company;
- Interest and principal payments on our notes and loans (including purchase of our debts);
- Payment of general and administrative expenses.

Liquidity

The sectors in which we compete are capital intensive. We require substantial up-front expenditures for, development and construction costs in our plots designated for development and investment by us in our investees to the extent such financing would be required by our medical companies. Accordingly, we require substantial amounts of cash and financing for our operations. We cannot be certain that such external financing will be available on favorable terms, on a timely basis or at all, or that the amounts we earn from our projects will be as we planned.

Also, during recent years the world markets experienced a financial crisis from which they have not fully recovered that resulted in lower liquidity in the capital markets and lower liquidity in bank financing for real property projects. The financial crisis also affected our ability to obtain financing in CEE for our commercial centers and real estate plots in those countries, especially for projects under developments. Lower liquidity may result in difficulties to raise additional debt or less favorable interest rates for such debt. In addition, construction loan agreements generally permit the drawdown of the loan funds against the achievement of pre-determined construction and space leasing or selling milestones. If we fail to achieve these milestones (including as a result of the global financial crisis and the significant decrease in the number and volume of transactions in general), the availability of the loan funds may be delayed, thereby causing a further delay in the construction schedule.

If we are not successful in obtaining financing to fund our planned projects and other expenditures, our ability to develop existing projects and to undertake additional development projects may be limited and our future profits and results of operations could be materially adversely affected.

Lack of financing increases our dependence on realization of assets as the main source of cash flow. However, if we shall be unable to synchronize the realization cycle with our maturities or fail to implement our business plan, we might have insufficient cash reserve to repay our loans and notes when due.

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The followings list describes major transactions and events in 2015, 2014 and 2013, which resulted in material changes in our liquidity:

Sources of Cash from Major Transactions and Events:

2015 to date

- On March 31, 2016 we announced following PC's announcement that it has completed the sale of its subsidiary holding Liberec Plaza, a shopping and entertainment center in the Czech Republic, for €9.5 million (approximately \$10 million). Following net asset value adjustments related to the subsidiary's balance sheet, Plaza received net €9.37 million (approximately \$10 million).
- On March 10, 2016 we announced that our subsidiary Bucuresti Turism S.A. ("BUTU"), as borrower, Raiffeisen Bank International A.G and Raiffeisen Bank S.A., leading international European banks, as lenders (the "Lenders") and us as guarantor have amended and restated the existing facility agreement for a total aggregate amount of €97 million (approximately \$106 million) which will be draw down in two tranches. On March 24, 2016 we announced the closing of the first tranche of the facility agreement in the total amount of €85 million (approximately \$93 million).
- On December 31, 2015, InSightec and some of its existing and new shareholders signed and executed an amendment to certain Series D Preferred Share Purchase Agreement, dated June 26, 2014, as amended from time to time, under which InSightec completed an investment of \$22 million at a price of \$1.94 per share, in consideration for approximately 7.3% of InSightec's outstanding share capital, on a fully diluted basis.
- On December 2, 2015, we announced that EPI signed an agreement to sell 100% of its interest in a special purpose vehicle which holds a site in Bangalore, India to a local investor. The total consideration for the sale upon completion of the transaction is INR 321 Crores (approximately €45.4 million, \$50 million) which will be paid at transaction closing. The Company's direct share in the proceed is 50% (approximately €22.7 million, \$25 million). The transaction is subject to certain conditions precedent, and closing will take place once these conditions are met and no later than 30 September 2016. The Investor has provided certain security in order to guarantee the aforementioned deadline.
- On October 12, 2015 we announced that Gamida our indirect subsidiary, entered into agreements with Novartis according to which Novartis invested in Gamida an immediate amount of \$5 million, in return for approximately 2.5% of Gamida on a fully diluted basis.
- On June 11, 2015 we announced that we closed the Share Purchase Agreement with Astrid JV Sarl with regards to the sale of our entire (100%) holdings in our wholly owned subsidiary which owns and operates our hotels in Antwerp, Belgium. The asset value reflected in the transaction was approximately €48 million (approximately \$52 million) for both hotels subject to working capital and other adjustments as specified in the agreement. The total net consideration paid to the Company's wholly owned subsidiary (the "Seller"), following the repayments of the target's banks loan, and the aforementioned adjustments, was approximately €27 million (approximately \$29 million) out of which €1 million (approximately \$1.1 million) was deposited in escrow to secure the Seller's indemnification obligations under the Share Purchase Agreement. For more information see our Forms 6-K filed on May 10, 2015 and June 11, 2015.
- On May 13, 2015 we announced that PC reached an agreement to sell Koregaon Park Plaza the retail, entertainment and office scheme located in Pune, India for approximately €35 million (approximately US\$ 39 million, 2,500 million INR), consistent with the asset's last reported book value. The net cash proceeds (after repayment of the related bank loan, other liabilities and transaction costs) from the sale was €7.2 million (approximately US\$ 8 million, 516.5 million INR).

2014

- On October 27, 2014 Elbit Fashion signed a sale agreement (the "Sale Agreement") with Fox-Wisel Ltd. ("Fox") with regards to the sale of the operation and business of "Mango" retail stores in Israel. Under the Sale Agreement, Elbit Fashion sold and assigned Fox all business activity, stores, investments in the leased properties, furniture and equipment, inventory and customer loyalty program and any and all rights relating thereto, free and clear of any third party rights, except as explicitly set in the Sale Agreement and net of certain liabilities related to the business activities of Mango. On January 5, 2015 Elbit Fashion have completed the sale of the operation and business of "Mango" retail stores in Israel from Elbit Fashion to Fox (the "Closing"), for consideration of approximately NIS 37.7 million, Following the Closing and consummation of the transaction, Elbit Fashion has ceased to operate the "Mango" retail stores activity.

- Effective beginning September 2014, PC completed the disposal of its commercial center, Kragujevac Plaza in Serbia for approximately € 38.6 million. Following the repayment of related bank loan of approximately € 28.2 million PC received net cash from the disposal of approximately € 10.4 million (Restricted cash linked to the bank debt and other working capital balances of approximately € 2 million (approximately NIS 9.4 million) were also released following the transaction.
- During 2014 PC completed the selling of two plots in Romania (Targu Mures and Hunedoara) to a third party developers for a total consideration of EUR 4.7 million (approximately NIS 22 million).
- In September 2, 2014, Novartis invested \$35 million in Gamida in exchange for approximately 15% of Gamida's share capital and an option to purchase the holdings of the other shareholders in Gamida, including Elbit Medical's holdings.
- In September 2014 Bucuresti as borrower, we as a guarantor, certain other subsidiaries of us as additional obligors and a leading international European bank, as lender ("Lender"), have entered into an amendment to the facilities agreement for a second drawdown of approximately € 9 million ("Tranche B Facility"). The proceeds of the Tranche B Facility were used in their entirety to repay shareholders loans of BUTU to us.
- In July 2014 we sold 1.7 million shares of Park Plaza Hotels Limited for a net consideration of GBP 6.0 million.
- On June 26, 2014 InSightec entered into a Series D Preferred Share Purchase Agreement with York Global Finance II S.à r.l., a company owned by York Capital Management Global Advisers LLC and affiliated with York Global Finance Offshore BDH (Luxembourg) S.à.r.l (for purposes of this item only, "York"), as amended on September 7, 2014, and on December 15, 2014, pursuant to which York and subsequent investors invested a total of \$59 million in InSightec.

2013

- In December 2013 the consortium of shareholders of Uj Udvar, in which PC indirectly holds a 35% stake, completed the sale of the Uj Udvar project to a private investor for consideration of EUR 2.4 million.
- On October 31, 2013 the consortium of shareholders of Dream Island, in which PC holds a 43.5% stake, has completed the sale of the Dream Island project land to the Hungarian State for approximately EUR 17 million. The proceeds of the transaction were used by the consortium to repay a proportion of the secured bank loan.
- In July 2013 PC 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 center in the third district of Prague. The transaction values the asset at approximately EUR 11 million and, as a result, further to related bank financing and other adjustments to the statement of financial position, PC has received cash proceeds of net EUR 7.6 million.
- In July 2013 PC completed the sale of 100% of its interest in an entity which holds the interest in plot of land in Prague. The transaction values the asset at approximately EUR 1.9 million. The net cash consideration after deducting a liability to third party amounted to EUR 1.3 million.
- On May 29, 2013 PC completed the sale of its 50% interest in an Investee which mainly holds interests in an office complex project located in Pune, India. The total transaction value was EUR 33.4 million and, PC has received gross cash proceeds of approximately EUR 16.7 million in line with its holding.
- In June 2012, a fire event occurred at the Koregaon Plaza shopping center in Pune, India, which resulted in a temporary close-down of the shopping center. PC's subsidiary maintains comprehensive general liability and property insurance, including business interruption insurance. During 2013 PC received an amount of NIS 32 million from the insurance company.

The following table sets forth the components of our cash flows statements for the periods indicated:

	Year ended December 31,			
	2015	2015	2014	2013
	Convenience translation in \$ thousands	NIS Thousands	NIS Thousands	NIS Thousands
Net cash provided by (used in) operating activities	49,038	191,353	281,135	(16,873)
Net cash provided by investing activities	60,428	235,796	39,150	354,517
Net cash used in financing activities	(148,528)	(579,557)	(294,518)	(544,674)
Increase (decrease) in cash and cash equivalents	(39,062)	(152,408)	25,767	(207,030)

Cash flow in or from operating activities

Our cash flow from operating activities is affected by our policy in respect of PC's commercial centers which are classified as trading property since it is PC's management goal to sell these commercial centers following their development. Accordingly, our cash flow from operating activities includes all the costs of acquisition and construction of a trading property and also the proceeds from sale of trading properties after their disposition. Therefore, in periods in which our investments in construction and/or acquisition of trading properties are higher than the proceeds from the sale of trading properties, we will have a negative cash flow from operating activities.

Net cash provided by operating activities was NIS 191 million (approximately \$49 million) in 2015 compared to net cash used in operating activities of NIS 281 million in 2014 and net cash used in operating activities of NIS 17 million in 2013.

Our cash flow from operating activities in 2015, 2014 and 2013 was influenced by the following significant factors:

- (i) Cash flow from operating activities in 2015 included positive cash flow attributable to proceeds from sale of trading properties in an amount of NIS 182 million (\$47 million) mostly from the sale of Koregaon park shopping center in India.
- (ii) Cash flow from operating activities in 2014 included positive cash flow attributable to sale of trading properties in an amount of NIS 214 million mostly from the sale of Kragujevac Plaza in Serbia
- (iii) Cash flow from operating activities in 2013 included negative cash flow resulting from the cost of purchase of trading properties in an amount of NIS 11 million, mostly with respect to the development of the Koregaon park shopping center in India.
- (iv) Cash flows from operating activities in 2015, 2014 and 2013 also included the proceeds from operations of our commercial centers, hotels and retail (which is included as cash flow from discontinued operation) less operating expenses of those segments (including sales and marketing and general and administrative expenses attributable directly to those segments) as well as general and administrative expenses of our headquarters.

Cash used in or from investing activities

Cash flow provided by investing activities in 2015, 2014 and 2013 amounted to NIS 236 million (\$60 million), NIS 39 million and NIS 355 million, respectively.

Our cash flow provided by investing activities in 2015 was influenced by the following factors:

- (i) Proceeds from realization of investments in subsidiaries (our hotel in Belgium) in an amount of NIS 192 million (\$49 million).
- (ii) Proceeds from sale of property, plant and equipment, mainly sell of Cina and Plaza Offices in Romania e amounted to NIS 13 million (\$3 million).
- (iii) Purchase of property, plant and equipment and other assets in the amount of NIS 24 million (\$6 million) mainly attributable to the renovation which was executed in the Radssion complex during 2015 .
- (iv) Proceed from realization of long-term deposits and long term loans in the amount of NIS 10 million (\$3 million).

- (v) Disposition of short-term deposits and marketable securities, net, in the amount of NIS 5 million (\$1 million).

Our cash flow provided by investing activities in 2014 was influenced by the following factors:

- (i) Proceeds from sale of property, plant and equipment, mainly PC's aircraft amounted to NIS 7 million.
- (ii) Purchase of property, plant and equipment and other assets in the amount of NIS 5 million mainly investment and improvement of our hotels.
- (iii) Disposition of short-term deposits and marketable securities, net, in the amount of NIS 47 million.

Our cash flow provided by investing activities in 2013 was influenced by the following factors:

- (i) Proceeds from sale of investment property in the Czech Republic in an amount of NIS 37.6 million.
- (ii) Proceeds from realization of joint ventures entities (Kharadi in India, Dream Island and Uj Udvar in Hungary) in an amount of NIS 96 million.
- (iii) Proceeds from realization of long term deposits and loans in an amount of NIS 45 million, mainly attributable to PC's operations.
- (iv) Proceeds from sale of available for sale marketable securities net of purchase of available for sale marketable securities amounted to NIS 51 million.
- (v) Purchase of property, plant and equipment, investment property and other assets in the amount of NIS 15 million mainly attributable to our hotel segment.
- (vi) Disposition of short-term deposits and marketable securities, net, in the amount of NIS 140 million

Cash flow from financing activities

Cash flow used in financing activities in 2015, 2014 and 2013 amounted to NIS 580 million (\$149 million), NIS 295 million and NIS 545 million, respectively.

Our cash flow used in financing activities in 2015 was influenced by the following factors:

- (i) Purchase of non-controlling interests in an amount of NIS 62 million (\$16 million) which is attributed to shares acquired by BUTU during delisting process.
- (ii) Interest paid in cash by us in the amount of NIS 123 million (\$33 million) on our borrowings (mainly notes issued by us and by PC and loans provided to our hotels and commercial centers).
- (iii) Repayment of borrowings, net, of proceeds from loans in the amount of NIS 377 million (\$97 million), mainly attributable repayment of PC notes and repayments of loans provided to our operating commercial centers and our hotels.
- (iv) Repayment of short-term credit in the amount of NIS 7 million (\$2 million).

Our cash flow used in financing activities in 2014 was influenced by the following factors:

- (i) Proceeds from transaction with non-controlling interests, net in an amount of NIS 55 million (\$14 million) which is attributed to a rights issuance by PC as part of Amended PC Plan.
- (ii) Interest paid in cash by us in the amount of NIS 154 million (\$39 million) on our borrowings (mainly notes issued by us and by PC and loans provided to our hotels and commercial centers).
- (iii) Repayment of borrowings, net, of proceeds from loans in the amount of NIS 205 million (\$53 million), mainly attributable repayment of PC notes and repayments of loans provided to our operating commercial centers and our hotels.
- (iv) Proceeds from short-term credit in the amount of NIS 7 million (\$2 million).

Our cash flow used in financing activities in 2013 was influenced by the following factors:

- (i) Proceeds from re-issuance of our notes in an amount of NIS 76 million.
- (ii) Interest paid in cash by us in the amount of NIS 98 million on our borrowings (mainly notes issued by PC and loans provided to our hotels and commercial centers).
- (iii) Repayment of borrowings, net, of proceeds from loans in the amount of NIS 420 million, mainly attributable repayment of PC notes and repayments of loans provided to our operating commercial centers and our hotels.
- (iv) Purchase of a derivative in the amount of NIS 8 million.
- (v) Repayment of short-term credit in the amount of NIS 86 million.

Major balance sheet changes

The following table discloses the balance sheet balances in NIS million and major balance sheet items as a percentage of total assets as of December 31, 2015, 2014 and 2013:

	2015		2014		2013	
	NIS million	%	NIS million	%	NIS million	%
Current assets	218	8%	489	13%	694	15%
Current liabilities	806	30%	359	10%	4,794	105%
Non-current assets	2,486	92%	3,173	87%	3,870	85%
Non-current liabilities	1,593	59%	2,589	71%	179	4%
Shareholders' equity (Deficiency):						
Attributable to our equity holders	19	1%	232	6%	(1,033)	(23%)
Non-controlling interest	285	10%	481	13%	624	14%

2015 compared to 2014

The decrease in current assets in the amount of NIS 271 million (\$69 million) in 2015 was mainly attributable to a decrease in each of: (i) cash and cash equivalents in an amount of NIS 165 million (\$42 million) mainly due to buyback of notes and loans, payment of interest on notes and loans, investments made by us during the year (mainly the renovation of part of Radisson Blu Complex and the purchase of the minority) and general and administrative expenses; and (ii) assets related to discontinued operation in the amount of NIS 63 million (\$16 million), due to the sale of our Mango operation

The increase in current liabilities in the amount of NIS 447 million (\$115 million) in 2015 was mainly attributable to: (i) classification of our hotel's loans in an amount of NIS 245 million (\$65 million) from non-current liabilities to current liabilities as the loan is due in June 2016 (as for refinancing of this loan see note 22 (4) to our financial reporting); (ii) PC's notes in the total amount of NIS 338 million (\$87 million) were classified from non-current liabilities to current liabilities as PC is planning to generate sufficient cash flow which will enable it to repay this amount by December 1, 2016 (refer to note 8 B (1) to our financial reporting), offset by (A) a decrease in current maturities of PC project company loans in the amount of NIS 54 million (\$14 million); (B) decrease in payable and other payable in the amount of NIS 35 million (\$9 million) mainly due to advances received in 2014; (C) decrease in liabilities related discontinued operation in the amount of NIS 30 million (\$8 million) due to the sale of Mango operation.

The decrease in non-current assets in the total amount of NIS 651 million (\$167 million) in 2015 was mainly attributable to (i) write-down of PC trading properties in an amount of NIS 87 million (\$22 million); (ii) sale of Koreagon Park shopping centre and other plots of PC in the total amount of NIS 200 million (\$51 million); (iii) foreign currency in translation adjustments in the amount of NIS 247 million (\$63 million); (iv) sale of our hotel in Belgium in the amount of NIS 211 million (\$54 million) offset by the revaluation of hotels during the year in the total amount of NIS 102 million (\$ 26 million).

The decrease in non-current liabilities of NIS 996 million (\$255 million) in 2015 was mainly attributable to (i) classification of PC notes in an amount of NIS 338 million (\$87 million) from non-current liabilities to current liabilities (refer to note 8 B (1) and 12 E to our financial statements); (ii) classification of our hotel's loans from current liabilities to non-current liability in an amount of NIS 245 million (\$65 million) as the loan is due in June 2016 (as for refinancing agreement see note 22 (4) to our financial statements); and (iv) repayment of PCs notes and loans and the hotels loans in an amount of NIS 377 million (\$97 million) mainly due to the sale of Koreagon Park shopping centre our hotel in Belgium and buyback of Liberec loan (see note 12 C (2) to our financial statements).

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2014 compared to 2013

The decrease in current assets in the amount of NIS 205 million (\$53 million) in 2014 was mainly attributable to a decrease in each of: (i) short-term deposits and investment in the amount of NIS 34 million (\$9 million), mainly due to the sale of Park Plaza shares; and (ii) classification of Koregaon Park trading property from current assets to non-current assets due to the delay in its sale procedure in an amount of NIS 193 million (\$50 million).

This decrease was offset by: (i) increase in cash and cash equivalents due to net proceeds from the sale of trading property.

The decrease in current liabilities in the amount of NIS 4,435 million (\$1,140 million) in 2014 was mainly attributable to: (i) a decrease in our unsecured corporate debt due to our Debt Restructuring according to which unsecured financial debt in an amount of NIS 2.6 billion (\$669 million) was extinguished and new notes in a total amount of NIS 666 million (\$171 million) were issued, causing a decrease of NIS 1.8 billion (\$463 million) in our debts. Following our Debt Restructuring, these notes and a bank loan in an amount of NIS 180 million (\$46 million) were classified to non-current liabilities. (ii) a decrease due to the classification of PCs notes and loans from current liabilities to non-current liabilities in an amount of NIS 1,440 million (\$370 million) due to the Amended PC Plan (iii) a decrease in interest payable (mainly interest accrued on our notes which was not paid during 2013, but paid or included in the Debt Restructuring in 2014); and (iv) our hotels' loans in an amount of NIS 390 million (\$100 million) were classified from current liabilities to non-current liabilities due to the closing of our Debt Restructuring.

The decrease in non-current assets in the total amount of NIS 697 million (\$179 million) in 2014 was mainly attributable to (i) write-down of PC trading properties in an amount of NIS 528 million (\$136 million); which was set off by a classification of the trading property (Koregaon Park project) in the amount of NIS 193 million (\$50 million), due to delay in its sale procedure; (ii) a decrease in long term deposits in an amount of NIS 21 million (\$5.4 million); (iii) reversal of impairment of investments in joint ventures in an amount of NIS 16 million (\$4 million); and (iv) a decrease in property, plant and equipment in an amount of NIS 189 million (\$49 million) due to impairment of our hotels. The rest of the decrease is attributable to changes between the NIS and the foreign currency in which our subsidiaries operate.

The increase in non-current liabilities of NIS 2,410 million (\$620 million) in 2014 was mainly attributable to an increase in (i) classification of our notes and loans in an amount of NIS 730 million (\$188 million) from current liabilities to non-current liabilities due to our Debt Restructuring; (ii) classification of PCs notes and loans to non-current liabilities in an amount of NIS 1,440 million (\$370 million) due to the Amended PC Plan; (iii) classification of our hotel's loans from current liabilities due to our Debt Restructuring in an amount of NIS 390 million (\$100 million); and (iv) repayment of PCs notes and loans and the hotels loans in an amount of NIS 248 million (\$64 million).

Concentration of Credit Risk

We hold cash and cash equivalents, short term investments and long-term deposits at banks and financial institutions in various reputable banks and financial institutions. Our maximum credit risk exposure is equal to the financial assets presented in the balance sheet.

Due to the nature of their activity, our subsidiaries operating in the hotel, medical and fashion merchandise segments, are not materially exposed to credit risks stemming from dependence on a given customer. Our subsidiaries examine the credit amounts extended to their customers on an ongoing basis and, accordingly, record a provision for doubtful debts based on factors they believe to have an effect on specific customers. As of December 31, 2015 and 2014 our trade receivables do not include any significant amounts due from buyers of trading property.

Derivative Instruments

For information on financial instruments used, profile of debt, currencies and interest rate structure, see "Item 11. Quantitative and Qualitative Disclosure about Market Risks" below.

Other Loans

We have entered into or assumed liability for various financing agreements, either directly or indirectly through our subsidiaries, to provide capital for the purchase, construction, and renovation and operation of commercial and entertainment centers and hotels as well as for various investments in our other operations. Set forth below is certain material information with respect to material loans extended to us, our subsidiaries and our jointly controlled companies as of December 31, 2015.

The loans granted to our jointly controlled companies are presented in the following table at their 100% amount, unless otherwise specified.

Borrower	Lender	Original Amount	Amount Outstanding on Dec. 31, 2015	Interest	Payment Terms
EI	Series H Notes issued to the public as part of the debt Arrangement	NIS 448 million (approximately \$115 million)	NIS 390 million (approximately \$100 million)(*)	6% per annum, linked to the Israeli CPI.	- One installment on May 31, 2018. - Interest payable by semi-annual installments commencing December 1, 2013.
Principal Security and Covenants	- First ranking floating charge granted by the Company, over all the Company's assets - First ranking fixed pledges granted by each of the Company and our wholly owned subsidiary Elscint Holding and Investment NV ("EH"), which is holding, indirectly, our Raddison Complex), over the current and future shares of EH and all rights associated therewith. - First ranking fixed pledges granted by each of the Company and EH over all intercompany receivables and shareholders loans provided or that will be provided by us to EH. - First ranking fixed pledges granted by each of the Company and our wholly owned subsidiary EUL, which is holding our shares at PC, over the current and future shares of EUL and all rights associated therewith. - First ranking fixed pledges granted by each of the Company and EUL over all intercompany receivables and shareholders loans that may be provided by us to EUL. - Negative Pledge by each of the Company, EH and EUL, while with respect to EH the Negative Pledge shall apply to all its current and future assets and with respect to EUL the Negative Pledge applies to EUL's share in PC that have not already been pledged to Bank Hapoalim B.M. ("Bank Hapoalim"), including all rights associated therewith. - Corporate guaranty by each of EH and EUL, by which each of them guarantees the Company's obligations to the Series H and Series I Trustees. It should be noted that the collaterals securing the Series I Notes are subordinated to the collaterals securing the Series H Notes and that all the Noteholders' pledges are subordinated to the pledges granted to Bank Hapoalim or any successor thereof. It should be noted, further, that those pledges are recorded in Israel, the Netherlands and Luxemburg, where applicable. The pledges include exemptions allowing the disposition of the pledged assets so long as the Company is not in default under the Notes nor Material Adverse Event (as defined under the Notes) shall have been occurred.				
Other Information	The notes are registered for trade on the TASE. The notes are not registered under the Securities Act. Events of default include, among other things, the occurrence of event of default under the Notes or an event that would entitle the Trustees under the Notes or the Noteholders to accelerate and redeem the Notes, as well as cross default with the other series of notes and delisting from both the TASE and NASDAQ Global Select Market. (*) We approved on October 12, 2015 a Notes Buy-Back Plan for our series H and I Notes in the total amount of NIS 50 million. In December 2015 we reached the Buy-Back Plan goal by purchasing approximately NIS 55 par value of series H notes for a total consideration of approximately NIS 50 million. (**) On February 1, 2016 we approved a new program to repurchase up to NIS forty (40) million (approximately \$10.1 million) of our Series H Notes, which are traded on the TASE. Until the date of this report, we have bought back 13.7 million par value Series H Notes for a total amount of NIS 12.2 million (approximately \$3 million).				

Borrower	Lender	Original Amount	Amount Outstanding on Dec. 31, 2015	Interest	Payment Terms
EI	Series I public notes issued to the Public as part of the debt Arrangement	NIS 218 million (approx. \$56 million)	NIS 145 million (approx. \$63million)	6% per annum, linked to the Israeli CPI.	Principal and accrued interest is paid in one installment on December 1, 2019.
Principal Security and Covenants	Second ranking floating charge over all the Company's assets - Second ranking fixed pledges granted by each of the Company and EH over the current and future shares of EH and all rights associated therewith. - Second ranking fixed pledges granted by each of the Company and EH over all intercompany receivables and shareholders loans provided or that will be provided by us to EH. - Second ranking fixed pledges granted by each of the Company and EUL over the current and future shares of EUL and all rights associated therewith. - Second ranking fixed pledges granted by each of the Company and EUL over all intercompany receivables and shareholders loans that may be provided by us to EUL. - Negative Pledge by each of the Company, EH and EUL, while with respect to EH the Negative Pledge shall apply to all its current and future assets and with respect to EUL the Negative Pledge applies to EUL's share in PC that have not already been pledged to Bank Hapoalim B.M. ("Bank Hapoalim"), including all rights associated therewith. - Corporate guaranty by each of EH and EUL, by which each of them guarantees the Company's obligations to the Series H and Series I Trustees. It should be noted that the collaterals securing the Series I Notes are subordinated to the collaterals securing the Series H Notes and that all the Noteholders' pledges are subordinated to the pledges granted to Bank Hapoalim or any successor thereof. It should be noted, further, that those pledges are recorded in Israel, the Netherlands and Luxemburg, where applicable. The pledges include exemptions allowing the disposition of the pledged assets so long as the Company is not in default under the Notes nor Material Adverse Event (as defined under the Notes) shall have been occurred.				
Other Information	The notes are registered for trade on the TASE. The notes are not registered under the Securities Act. Events of default include, among other things, the occurrence of an event of default under the Notes or an event that would entitle the Trustees under the Notes or the Noteholders to accelerate and redeem the Notes, as well as cross default with other series of notes and delisting from both the TASE and NASDAQ Global Select Market.				

Borrower	Lender	Original Amount	Amount Outstanding on Dec. 31, 2015	Interest	Payment Terms
EI	Bank Hapoalim B.M.	€ 44 million(*) (approximately \$48 million)	€ 37 million (approximately \$40 million)	The total interest rate on the loan is Euro Libor+ 4.5 payable as follow: interest of LIBOR + 3.2% is to be paid on a quarterly basis and additional 1.3% which shall accrue and be paid in a single installment on the maturity date of the loan principal	One installment on February 20, 2017 subject to certain early mandatory prepayment as described below.
Principal Security and Covenants	- a first ranking pledge over 86 million shares of Plaza Centers which represent approximately 13% of Plaza's share capital. - a pledge that has been granted by BEA Hotels over 99% of the issued and outstanding share capital of our wholly owned indirect subsidiary, Bea Hotels Eastern Europe B.V. ("BHEE", indirectly holds the Radisson Blu Bucharest hotel in Bucharest, Romania), and a pledge over any proceeds that may become due to it under shareholders loans provided by it to BHEE. In addition, BEA Hotels and BHEE had executed certain direct undertakings in favor of Bank Hapoalim, <i>inter alia</i>, not to engage in any other business or to incur any further indebtedness not in the ordinary course of their business or as allowed under such undertakings, not to change the holdings structure, to assume certain reporting obligations etc., all as set forth in such undertakings. The loan agreement contains a covenant that the ratio between the outstanding amount of the loan to the value of the pledges assets ("LTV") will not exceed 85% (or 75% following the sale of the Belgium and Romanian hotels). On March 22, 2016, we announced that we signed an addendum to the loan agreement with Bank Hapoalim B.M., that will cancel and replace the previous loan agreement. Under the Addendum, subject to the prepayment of €15.0 million (approximately \$16 million) to the Bank by March 31, 2016. For more information see "Item 4 – Information on the Company – History and Development of the Company – Recent Events - Addendum to Loan Agreement with Bank Hapoalim"				
Additional information in respect of Mandatory provision	- In the case of the sale of all of the rights or the sale of the control of BHEE or Bucuresti Turism SA ("BUTU") or BUTU's rights in the Radisson Blu hotel in Bucharest, the Company will undertake to prepay the Bank an amount of € 27 million; in the case of the sale of part of those rights, after which the Company retains control over the asset – a proportionate share of such amount. The balance of the net cash flow from the sale (if any) will be used by the Company for their on-going operations. - In the case of a sale of Plaza Centers' shares which are held by the Company – the Company will undertake that the full net cash flow attributed to the shares held by the Company and pledged to the Bank will be used to prepay the loan to the Bank. - If and in the event that the Company shall prepay its debt to the Noteholders, in whole or any part thereof, from the Company's internal sources (i.e., other than from a raising of capital and/or alternative debt), then the Company shall prepay the Bank an amount equal to the amount paid to the Noteholders on such date multiplied by the ratio between the Company's debt to the Bank and the Company's total debt to the Bank and to the Noteholders as of such date. - In the case of a distribution as defined in the Israeli Companies Law, including payment of a dividend in any manner to the Company's shareholders, the Company shall prepay the Bank an amount equal to the amount paid to the shareholders on such date multiplied by the ratio between the Company's debt to the Bank and the total debt of the Company to the Bank and to the Noteholders as of such date. (*) The loan was converted from USD into Euro in 2015.				

Borrower	Lender	Adjusted Original Amount following debt restructuring	Amount Outstanding on Dec. 31, 2015	Interest	Payment Terms
PC	Series A Notes issued to the public	NIS 302 million (approximately \$77.65 million) Interest payments accrued and not paid until the end of 2013 were added to the principal and are paid together with it.	NIS 235.1 million* (approximately \$64.7 million) **Adjusted par value of Notes NIS 280.7 million	6% per annum, linked to the Israeli CPI.	- The Principal Balance of the Notes shall be called for repayment in five (5) equal payments to be paid as follows: on December 31, 2017, on July 1, and December 31, 2018 and on July 1, 2019 and 2020 - Notwithstanding the above, in the event that PC did not repay the Notes by December 1, 2016 the Principal amount of the Notes for the three Series of Notes in a total amount of at least NIS 434,000,000 excluding linkage differentials, and including repayment of the Principal of the Notes (Series A) in a total of at least NIS 92,032,137 (excluding linkage differentials) then the repayment dates of the Unpaid Principal Balance of the Notes (Series A) shall be automatically advanced by one year in relation to the repayment dates. - The interest shall be paid in semi-annual 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 and subject to prepayment and deferral of payments.
Principal Security and Covenants	Negative pledge on all of the real estate assets of the Company and its subsidiaries. "Net asset value" coverage ratio - In case the up-to-date and adjusted "net asset value" coverage ratio against debt is lower than 118% ("Minimal Coverage Ratio") in two consecutive examination dates after the first examination date (in which a decline under the minimal coverage ratio was created) then cause for immediate prepayment will be created. The "net asset value" coverage ratio is the ratio between: (a) the value of all assets including balances of cash and cash equivalents deducting preceding / specific bank debts, and (b) the Group's debts that are not preceding / specific and/or debts subordinate to the debts included in the restructuring. In the event that the Coverage Ratio is lower than the Minimum Coverage Ratio, then commencing on the first Examination Date in 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.				
Other Information	The Notes have been registered for trade on the TASE. Prepayments – PC is allowed at any time to prepay any debt balance at the adjusted par value of the note, but it will have to execute prepayment upon disposal, raising new financial debt or refinancing of assets (see Item 5 - "Operating and Financial Review and Prospects"). The Notes are not registered under the Securities Act.				

Borrower	Lender	Adjusted Original Amount Following debt restructuring	Amount Outstanding on Dec. 31, 2015	Interest	Payment Terms
PC	Series B Notes issued to the public	NIS 610.1 million (approximately \$156.9 million) Interest payments accrued and not paid until the end of 2013 were added to the principal and will be paid together with it.	NIS 468.7 million* (approximately \$117.1 million) **Adjusted par value of Notes NIS 542.8 million	6.9% per annum, linked to the Israeli CPI	The Unpaid Principal Balance of the Notes shall be called for repayment in two (2) equal payments to be paid on July 1, 2018 and July 1, 2019 (with the first payment being performed on July 1, 2018 and the final payment being performed on July 1, 2019). Notwithstanding the above, in the event where the Company did not pay, by December 1, 2016 the Principal of the Notes for the 'Three Series' in a total amount of at least NIS 434,000,000 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 the repayment dates of the Unpaid Principal Balance of the Notes (Series B) shall be automatically advanced by one year in relation with the repayment dates. 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 2018 and on July 1, 2019, each payment for the interest accrued in the six months ending on the date preceding each payment date as stated, and subject to prepayment and deferral of payments.
Principal Security and Covenants	Negative pledge on all of the real estate assets of the Company and its subsidiaries. "Net asset value" coverage ratio - In case the up-to-date and adjusted "net asset value" coverage ratio against debt is lower than 118% ("Minimal Coverage Ratio") in two consecutive examination dates after the first examination date (in which a decline under the minimal coverage ratio was created) then cause for immediate prepayment will be created. The "net asset value" coverage ratio is the ratio between: (a) the value of all assets including balances of cash and cash equivalents deducting preceding / specific bank debts, and (b) the Group's debts that are not preceding / specific and/or debts subordinate to the debts included in the restructuring. 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.				
Other Information	The Notes have been registered for trade on the TASE. Prepayments – PC is allowed at any time to prepay any debt balance at the adjusted par value of the note, but it will have to execute prepayment upon disposal, raising new financial debt or refinancing of assets (see Item 5 - "Operating and Financial Review and Prospects"). The Notes are not registered under the Securities Act.				

Borrower	Lender	Adjusted Original Amount Following debt restructuring	Amount Outstanding on Dec. 31, 2015	Interest	Payment Terms
PC	Private note issuance to Polish institutional investors	PLN 62.76 million Interest payments accrued and not paid until the end of 2013 were added to the principal and are paid together with it.	PLN 55.9 million	6 Month WIBOR + 6%	“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 in the event that prior to December 1, 2016 PC does not manage to repay (through redemption or otherwise) the 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 outstanding notes shall be moved forward to May 16, 2017. Interest is payable in semi-annual installments.

Principal Security and Covenants	• Certain circumstances shall be deemed events of default by giving the note holders the right to demand early redemption, which include, inter alia, the following covenants (in addition to the abovementioned covenant under debt restructuring): • Breach of the Cash Position as a result of the payment of dividends or the buy-back program falling below €50 million. "Cash Position" means the sum of cash and cash equivalent of: cash, short and long interest bearing deposits with banks or other financial institutions, available for the sale of marketable securities, and restricted cash, calculated based on the consolidated financial statements. • Breach of financial ratios – the Net Capitalization Ratio exceeds 70%; "Net Capitalization Ratio" is the Net Debt divided by the Equity plus the Net Debt, as calculated by PC's auditor; "Net Debt" mean PC's total debt under: loans and borrowings, lease agreements, notes, 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. • Breach of Minimum Coverage Ratio – a breach of the Minimum Coverage Ratio has occurred and continued throughout a period comprising two (2) consecutive Examination Dates following the first Examination Date on which such breach has been established; • Incurrence of Financial Indebtedness by PC - PC incurred new Financial Indebtedness, unless certain conditions are met; • Breach of PC's negative pledge; • Establishment of encumbrances by Subsidiaries – a Subsidiary created any Encumbrance on any of its assets, unless the relevant Encumbrance meets one of the conditions detailed under restructuring plan; • 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; • Occurrence of Non-Permitted Investment - PC 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; • Exclusion from trading or listing of PC's shares; • Failure to repay material debt – PC fails to repay any matured and undisputable debt in the amount of at least €100 million within 30 days of its maturity; • Distributions to the shareholders by PC – PC 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.

Borrower	Lender	Facility Amount	Amount Outstanding on Dec. 31, 2015	Interest	Payment Terms
SIA DIKSNA ("Riga Plaza")	AS SEB Banka, Swedbank AS	€29.7 million *	€28.3million *	3 months Euribor + 2.9%	Expires on 2017 October 31. Quarterly annuity payments calculated according to 20 years amortization, with balloon payment.
Principal Security and Covenants	Registered first ranking mortgage on Riga Plaza commercial center; Assignment of all rights under relevant valid insurance policies; Charges over each quota owned by PC in the borrower or share pledge agreement; First ranking pledges on the borrowers' accounts; Prompt collection right to debit any of the bank accounts of the borrower; Maintain a Debt Service Cover Ratio of 1.2; Loan to Value ratio of 70%;				
Other Information	* Represents 50% of the loan, which is PC's shareholding in Riga Plaza. * SIA Diksna is an equity accounted investee of PC.				

Borrower	Lender	Original Amount *	Amount Outstanding on Dec. 31, 2015	Interest	Payment Terms
A: Valley View	A: OTP Bank Nyrt.	A: €8.2 million	A: €8.2 million	A: Euribor + 6% p.a.	A: Expired. Only interest payments. Negotiations ongoing.
B: Primavera Tower	B: MKB Bank Zrt	B: €1.5 million	B: €1.5 million	B: Euribor + 4.5% p.a.	B: Expired March 31, 2012. Only interest payments. Approval to sell project for EUR 240k and the rest will be written down by the bank.
Principal Security and Covenants	First ranking mortgage on the properties.				
Other Information					

Borrower	Lender	Original Amount	Amount Outstanding on Dec. 31, 2015	Interest	Payment Terms
Suwalki Plaza	ING Bank Slaski S.A.	€33.5 million	€27.7 million	3 months Euribor + 1.65% per annum	Expires December 29, 2020. Quarterly payments with fixed principal amounts and balloon payment at the end.
Principal Security and Covenants	First ranking mortgage on the property. Pledge on shares of borrower and pledge on bank accounts. Assignment of rights from insurance, guaranties and agreements. Maintain a debt service cover ratio of 1.2. Loan to value ratio of 0.7.				
Other Information					

Borrower	Lender	Original Amount	Amount Outstanding on Dec. 31, 2015	Interest	Payment Terms
Zgorzelec Plaza	Bank Zachodni WBK S.A.	€22.3 million	€21.2 million	3 months Euribor + 2.75% per annum for	Expired June 30, 2014. Negotiations about prolongation ongoing. With default interest outstanding amount is € 22.7 million.
Principal Security and Covenants	A first ranking mortgage on the property. Pledge on shares of borrower and pledge on bank accounts. Assignment of rights from insurances, guaranties and agreements. Maintain a debt service cover ratio of 1.15. Loan to value ratio of 0.75.				
Other Information					

Borrower	Lender	Original Amount	Amount Outstanding on Dec. 31, 2015	Interest	Payment Terms
Torun Plaza	Bank PEKAO S.A.	€50.1 million	€45.7 million	3 months Euribor + 3% per annum	Expires December 31, 2017. Quarterly payments with fixed principal amounts and balloon payment at the end.
Principal Security and Covenants	First ranking mortgage on the property. Pledge on shares of borrower and pledge on bank accounts. Assignment of rights from insurances, guaranties and agreements. Maintain a debt service cover ratio of 1.25. Loan to value ratio of 0.7.				

Borrower	Lender	Original Amount	Amount Outstanding on Dec. 31, 2015	Interest	Payment Terms
Bucuresti Turism SA	Raiffeisen Bank International ("RBI")	€71.5 million	€59.8 million	Euribor + 4.6%	The principal is repayable in 20 quarterly installments of €0.65 million each, commencing September 2011, with a balloon payment of €58.5 million to be repaid on June 30, 2016.
Principal Security and Covenants	First rank mortgage on the Complex which include the Radisson Blu Bucharest Hotel and the Park Inn Hotel Future and existing cash flow through the bank accounts opened at Raiffeisen Bank. Pledge over the shares of Bucuresti Turism SA and its subsidiary held by the majority shareholder (BEA Hotels Eastern Europe BV). Pledge of receivables arising from lease agreements and insurance policies concluded by the borrower. Guarantee of the yearly debt service from us. Title insurance over the mortgage asset.				
Other Information	On April 3, 2012, we concluded an agreement with RBI fixing the Euribor at 1.40% from January 1, 2013, until the end of the loan. On March 10, 2016 we announced that BUTU, as borrower, Raiffeisen Bank International A.G and Raiffeisen Bank S.A., leading international European banks, as lenders and us as guarantor have amended and restated the existing facility agreement for a total aggregate amount of €97 million (approximately \$106 million) which will be draw down in two trenches. On March 24, 2016 we announced the closing of the first tranche of the facility agreement in the total amount of €85 million (approximately \$93 million).				

Financial Instruments

For information on financial instruments used, profile of debt, currencies and interest rate structure, see "Item 11. Quantitative and Qualitative Disclosure about Market Risks" below.

Material Commitments for Capital Expenditure

See "Tabular Disclosure of Contractual Obligations" below.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

The Israeli government encourages industrial companies by funding their research and development activities through grants by the Office of the Chief Scientist (the "OCS").

Each of InSightec's and Gamida's research and development efforts has been financed, in part, through OCS grants. InSightec and Gamida (only for Gamida's NiCord development) have received or were entitled to receive grants totaling \$28 million and \$17.1 million, respectively, from the OCS since their respective inception and each of them is required to repay such grants through payment of royalties to the OCS from its respective revenues until the entire amount is repaid.

Each of InSightec's and Gamida's technology developed with OCS funding is subject to transfer restrictions, which may impair its ability to sell its technology assets or to outsource manufacturing. The restrictions continue to apply even after InSightec or Gamida has paid the full amount of royalties payable for the grants. In addition, the restriction may impair InSightec's or Gamida's ability to consummate a merger or similar transactions in which the surviving entity is not an Israeli company.

The total OCS grants received by InSightec during 2015, 2014 and 2013 were \$2.6 million, \$1.8 million and \$1.3 million, respectively, and the total OCS grants received by Gamida during 2015, 2014 and 2013 were \$3.2 million, \$2.5 million and \$1.2 million, respectively.

D. TREND INFORMATION

Commercial Centers

Our commercial centers business is affected by trends in each of the geographic areas in which we operate.

The CEE region experienced some growth in the course of 2015, and this pace of growth is expected to accelerate further in the coming years. However, prospects remain slightly uncertain as a result of the ongoing Ukrainian crisis which has hit investor sentiment and consumer confidence, and could have a ripple effect far beyond the region.

As in previous years, economic growth in the CEE is broad ranging. The GDP growth in 2015 is expected to be in Poland (3.3%), Hungary (2.4%), Romania (2.7%), Czech Republic (2.5%), Latvia (2.9%), and in Serbia (0.75%).

Until 2014/15, the geopolitical environment in Europe had not weakened investment activity within the CEE region, with the exception of Russia, compared to 2013. The continued development and growth of CEE investment relies heavily on favorable occupancy trends across the different sectors in all countries. Recent forecasts show that this positive trend should also continue in 2015, with no signs of a slow-down. Investor demand proved to be strong during 2015 and investment volume reached close to EUR 9 billion, which is approximately 23% higher than 2014.

During 2015, Poland led the region in terms of real estate investment volumes with €4.1 billion, a market share of 46%. The Czech Republic came next (30%, a total of €2.65 billion) followed by Hungary (9%, a total of €790 million), Romania (7.5 percent, a total of €650 million), Slovakia (4.5 percent, a total of €412 million), and the SEE (other CEE) markets (3 percent, a total of €300 million).

As confidence returned to the retail sector, it triggered a rise in new developments across the region. Overall there is a positive outlook for prime retail rents across the region, both for high street and traditional shopping centers, due to the continued increase in turnover. Despite the geopolitical tension in the region, retail investment sentiment has also been improving.

Poland - 2015 was a stable and moderate period for the Polish economy. According to expert forecasts, GDP growth in 2015 varied around 3-3.6% throughout the year and settled at an average of 3.5%. Contrary to expert forecasts, in 2015 there was an easing of monetary policy, as the Monetary Policy Council, which lowered the reference rate from 2% to 1.5%. According to the Central Statistical Office, inflation is slowly increasing. At the end of December 2015, the inflation rate reached approximately 0.5% year over year while the average rate stood at approximately 0.9%. Labor markets improved showing that unemployment at the end of December 2015 decreased to 9.8%, which is the lowest since 2008. 2015 was also the time of large fluctuations in the Polish currency. In the first months of the year, the zloty gained against the euro, reaching PLN 4.0 in April, and finishing the year at PLN 4.5.

The total volume of investment was almost €41. Billion across 70 transactions (€3.18 billion in 2014). Retail yields are around 5% for Warsaw and major regional cities for modern 3rd generation dominant assets and up approximately 8 to 8.5% for smaller secondary cities. At the end of 2015, total inventory of modern retail space in Poland reached approximately 10.9 million square metets. Among retail formats, traditional shopping centers still dominate. Nevertheless, a new factory outlet centre in Białystok was delivered to the market and two other existing schemes in Warsaw and Szczecin were extended.

The retail space density ratio increased in Poland and approximately 623,000 square meters of new retail space was delivered to the market, which is close to the record breaking 2013 numbers. Extensions of existing schemes constituted 25% of new supply. The largest changes were observed in Aleja Bielany in Wrocław and the Ogrody shopping centre in Elbląg. Over a dozen shopping centres were modernised and extended, including Morena in Gdańsk.

Most newly opened retail space (38.5%) was delivered in the eight largest agglomerations, which are considered to have great potential for development. Interest in the potential of smaller towns (below 100,000 inhabitants) is still high and last year ten new shopping centres were built in such towns. Most projects which were opened in 2015 are medium-sized shopping centres smaller than 20,000 m2 GLA.

In 2015, approximately 25 new international brands, such as à Tab, Superdry, Kiabi, Sportisimo, Gate, Origins and Decimas, the gastronomy chains Dairy Queen, Dunkin Donuts and Fuddruckers, as well as Fitness 24 Seven debuted in Poland. On the other hand, GAP, Bata and Centro decided to withdraw from the market. Polish retail chains including LPP, CCC, 4F, Sizeer, Kazar and Smyk increased their level of expansion abroad – not only in the CEE region but also in the Middle East and Western Europe. An increasing number of retail chains have supplemented their traditional distribution chains with e-commerce. The opening of online stores by H&M and Rossmann was considered a significant event last year.

In 2015, vacancy rates in major Polish cities was below 4%. The highest level of prime rents for retail space located in the best shopping centres was observed in Warsaw (EUR 105-110/square meter/month). In the remaining markets, prime rents were in the range EUR 37-47/square meters/month.

It is estimated that in 2016 a decrease in annual supply may be experienced with approximately, 400,000 square meters of GLA expected to be delivered to the market.

At the end of 2015, approximately 600,000 square meters of retail space remained under construction in Poland, 12% of which is made up of extensions of existing schemes. Vacancy rates will probably remain stable and will not exceed 5% across the eight major Polish retail markets. The stable position of structural vacancy will be observed in secondary projects. Rental rates will remain stable. A slight downward trend may be experienced in cities with a high density ratio and in particular old schemes.

Romania – The Romanian economy maintained one of the highest growth rates in Europe in 2015, for the fourth consecutive year (+3.7%) year over year according to the flash GDP release. Growth was driven mainly by the ample private consumption, similar to the trends emerging in Europe where the low oil price boosted disposable income. In Romania, besides the lower oil price there were several factors which contributed to higher private consumption, namely: repeated hikes to the minimum wage, wage increases for several categories of public sector employees, higher social benefits, a VAT cut for food products from 24% to 9%, revitalized consumer confidence and surging new RON-denominated lending (totaling RON 25.1billion in 2015; 44% year over year). We expect growth to continue to be driven by consumption this year. Despite a strong boost in consumption, the wave of optimism has yet to reach companies, which postpone expansion plans and are not increasing their exposure to bank loans, in spite of borrowing costs being at all-time lows. According to an NBR survey published at year-end, the most pressing issues for companies are the level of taxation, the competition and finding customers.

The new Fiscal Code enforced since the beginning of 2016 focuses strongly on consumers, while most of the measures which were to benefit companies were postponed or eliminated. The other two issues are exacerbated by a slowdown in global demand triggered by worries concerning the Chinese lower growth and by an underperformance in exports in comparison to the region due to a lack of large new investment projects and the RON's real appreciation in comparison to central European peers. In 2015, Romania went through an episode of political turmoil which ended when a new technocratic government was sworn in, ran by the Prime Minister Dacian Cioloș. The new government will lead Romania until the parliamentary elections in December 2016. The Romanian economy is growing strongly and is in a better fiscal position than its peers, maintaining a favorable investor sentiment towards the country. However, the new Fiscal Code poses risks to medium-term fiscal sustainability, as highlighted by rating agencies and international lenders.

This year's cut to the general VAT from 24% to 20% delivered a new downward shock to inflation, after the cut in June 2015 sent it to negative territory. We estimate that annual inflation will remain negative until June 2016 when the effect of the first VAT cut will exit base and will stay below 1.5% throughout 2016. On top, the renewed downward pressure on the oil price led to a downward revision of global inflationary expectations and increased prospects of further easing by central banks in Europe. However, the negative inflation conceals a booming demand, as reflected by the average growth in total retail sales (9% year over year in 2015), supported by salaries which increased by 8.4% in real terms.

The shopping centers inventory in Romania reached 3.3 million square meters GLA at the end of 2015. Romania registered a significant growth in household consumption in 2015 (of 5.7% compared to 2014). This had an uneven impact on retail sales: while the food & beverage segment registered a 16.3% increase, supported by VAT cut for food products from 24% to 9%, the non-food segment posted only a 1.1% increase, but has positive future perspectives. International retailers reported an increase in sales in 2015 compared to 2014 with the well established experiencing growth rates between 10% and 20% in turnover for most of the existing shops. Overall retailers were actively looking to expand in 2015. While most of the already established fashion brands added 1 to 2 additional stores to their networks, H&M remained the most active of them, with a number of 4 stores opened in 2015. Still, we believe that the number of openings was influenced by the limited deliveries, while the appetite of the retailers is higher. The market also recorded demand coming from new international brands such as Louis Purple, Sportisimo, Sport Vision, Michael Kors, PUPA, Marmot, Tally Weijl, Bobbi Brown, Chanel, Nespresso Boutique, Liu Jo. The recent players on the market opened from 1-2 units up to 40 units, as in case of Pepco, which was by far the most active retailer during 2015. Average rents vary between 55-65 €/month/square meter in Bucharest prime locations, 30-40 in cities bigger than 250,000 inhabitants and 15-20 €/month/square meters in smaller cities. The later rent shows big variance depending on the local competition.

The shopping centers inventory is expected to increase by 500,000 square meters by 2020, 95,000 of which are planned to be delivered in Bucharest by the end of 2016, with ParkLake Plaza (70,000 square meters GLA), being the largest future scheme announced. The Romanian economy has all the premises to continue on the ascending trend in 2016. With a 5% estimated increase in household consumption for this year, we expect to see a further strengthening in the retailers' sales. Most likely, the non-food sector will register an additional boost in sales due to VAT compression.

Serbia –In January 2014, Serbia started membership talks with the European Union (EU) after making significant progress in negotiations with Pristina, Kosovo.

The Systematic Country Diagnostic, a comprehensive assessment carried out by the World Bank, identified six fundamental priorities as having the greatest potential impact on growth and poverty reduction in Serbia and for achieving greater shared prosperity across the society. These six priorities are: (i) restore fiscal sustainability, and maintain macroeconomic and financial stability; (ii) improve governance and institutional capacity to implement and monitor reforms; (iii) make the public sector more efficient by privatizing commercially oriented enterprises, restructuring large public utilities, and rightsizing the public sector; (iv) improve the business climate by creating an environment conducive to private sector-led investment, growth, and job creation; (v) enhance the quality of public infrastructure to better support international, regional and domestic connectivity; (vi) strengthen the labor market institutions to facilitate formal employment and create earnings opportunities for the less well-off.

Growth in Serbia for 2015 is projected at 0.5%, a small but important recovery after a severe impact of floods in 2014 which led to a decline of economy of 1.8% in 2014. More robust growth rates of around 2-3% are forecasted over the medium term. Serbia's per-capita Gross Domestic Product (GDP) was approximately \$6,181 in 2014. Poverty went up after the crisis and during the recessions of 2012 and 2014, mainly due to losses in employment and labor income. Growing unemployment led to a record high unemployment rate of 25.5% in April 2012, which gradually decreased over the recent years to reach 17.9 percent in June 2015.

During 2015, Serbian retail market entered the phase of stronger development with the construction of various retail schemes across the country. In terms of the planned projects, two shopping centres are currently under construction in Belgrade, both being set for completion in 2017.

Latvia – Despite Russian economic sanctions, GDP increased 2.4% in 2015, well above the 1.6% GDP growth in the Eurozone in 2015. Forecasts are for GDP growth of 2.7% in 2016. GDP growth in 2014 was 2.4%, while in 2013 it was 4.2%. Inflation in Latvia still remains low; it stood at 0.4% in 2015, while it was 0.6% in 2014. Forecasts are for inflation growth of 1.7% in 2016. The minimum wage will increase €10 on January 1, 2016 and will be €370. The minimum wage was increased for the third year in the row, and the total growth over the past three years is €85. In its 2016 budget, the government supported the implementation of a differentiated non-taxable minimum. At the end of 2014, the government approved a bankruptcy law that should have entered into force on March 1, 2015. The law stipulated the return of mortgaged property to a bank, thus ending credit obligations.

There were no new shopping centers (counting those over 5,000 square meter of GLA with over 10 tenants) opened in Riga in 2015. At the end of 2015, there was 649,000 square meters of total leasable space in shopping centers in Riga. Ober-Haus expects leading shopping center operators will increase supply in 2017-2018, since several new shopping centers are planned and the expansion of existing ones is anticipated.

The Old Town has lost its consumers from Russia, who were the largest clients for the shops in this district. Served guests from Russia decreased 24.8% in Q3 2015 compared to Q3 2014. This worsens the fragile situation and has led to a decrease in retail turnover in the central parts of Riga. But regardless of the situation, the city center still has only 2.5% of vacant space, and tenants frequently change. Riga city center and Old Town traditionally remain entertainment areas within the city and demand for space suitable for bars, clubs and restaurants remains high, although availability is limited. The first KFC, a popular player in the international market, was opened in the Old Town in summer 2015. Max Burgers and other small eateries opened next to Subway and Coffee Inn. The opening of an H&M store and the first H&M Home Department strongly increased availability of children's merchandise. In 2015 Calzendonía Group opened a Calzendonía clothing store and Intimissimi underwear store, as well as other stores: Lakstos, Ecco, Aleksandra, Aldo, Adidas, KidZone & Toys Planet, Milani, Subway, Drogas, Levi's, Kuoshi. In 2015 there have been no substantial changes in rents in stores in the center of the city, and rental fees vary from €15.00 to €35.00 per square meter.

The real estate market became more active in 2015. Investors from Scandinavia and the Baltic States showed the most interest in the market and investors from the USA entered the market. The target properties of investors in 2015 were shopping centers and office buildings. In the next three years, McDonalds will invest approximately €5 million in Latvia and continue to expand its network to include self-service kiosks.

India

Despite the global economic slowdown, the Indian economy remained relatively strong and was among the fastest growing economies of the world with an average GDP growth rate of 5 % in 2015. The services sector grew by 7%, and its share in the Indian GDP was 60%. The government has reiterated its commitment to adhering to its fiscal deficit target. This factor has significantly reduced the momentum of inflation, and both near-term and longer-term inflation expectations have eased to single digit for the first time since September 2009. On current policy settings, inflation is likely to be below 6 per cent by January 2017. The recent wave of reforms by the Government of India to incentivize FDI in various sectors is bringing a new energy to the investment climate in India. In the construction development sector the Government has liberalized the FDI Policy by removing the requirements of minimum built up area of 20,000 sq meters and the need for minimum capital requirement for such projects.

Radisson Blu Complex

Supported by positive advances shaped in 2014, the Bucharest, Romania hotel market registered a positive track record for all indicators in 2015, revealing realistic perspectives for future growth. With sustained national economic performance, the hospitality industry in Bucharest showed elevated volumes of both supply and demand. In addition, positive macroeconomic influences affected both occupancy and average daily rate indicators which are slowly correcting their previous crisis hikes. We expect the hospitality sector to expand mainly due to the interest of large tourist groups in new markets and the general development of tourism in the area.

E. OFF-BALANCE SHEET ARRANGEMENTS

The following are our off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors:

- In the framework of the transactions for the sale of our holdings in certain subsidiaries or projects, or the realization and sale of certain business activities, we have 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 integrity of title on the assets and/or the shares sold (i.e.: that the assets and/or the shares sold are owned by us and are free 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. (ii) Indemnifications in respect of other representations and warranties included in the sales agreements (such as: development of the project, responsibility to defects in the development project, tax matters, employees and others). Such indemnifications are limited in time and are generally capped to certain percentages of the purchase price.

To the best of our knowledge as of the approval date of our financial statements for 2015, other than the described below, no claim of any kind was received by us with respect to these indemnifications. The Hungarian tax authorities have challenged the applied tax treatment in two of the entities previously sold in Hungary by PC to Klepierre in the course of the Framework Agreement dated 30 July, 2004 ("Framework Agreement"). In respect of two of the former subsidiaries of PC, the tax authorities decision of reducing the tax base by and imposed a penalty in the sum of HUF 428.5 million (approximately NIS 6 million), was 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 PC in its response rejected such claims. Subsequently Klepierre has submitted a claim to the International Chamber of Commerce in Brussels for arbitration procedure is still undergoing, the last hearing was held on February 29, 2016, while the decision of the arbitrary court is expected in the third quarter of 2016. PC's management estimates that no significant costs will be borne thereby, in respect of these indemnifications.

- As part of a lease agreement executed in July 2007 between us and the Israel Land Administration for a long-term lease of land in Tiberius, Israel, we had undertaken to finalize the construction until July 2013. We have provided the Israel Land Administration with two bank guarantees in the aggregate amount of NIS 13 million linked to the increase in the Israeli consumer price index in order to secure our undertakings included in the lease agreement. As a security for the guarantees, we pledged deposits in the same amount. In accordance with the terms of the lease agreement, in the event either of the parties does not comply with the terms of the agreement, the agreement can be terminated by the other party.
- A former subsidiary of PC incorporated in Prague ("Bestes"), which was sold in June 2006 is a party to an agreement with a third party ("Lessee"), for the lease of commercial areas in a center constructed on property owned by it, for a period of 30 years, with an option to extend the lease period by an additional 30 years, in consideration for €6.9 million (approximately \$8.7 million), which has been fully paid. According to the lease agreement, the Lessee has the right to terminate the lease, subject to fulfillment of certain conditions set forth in the agreement. As part of the agreement for the sale of Bestes to Klepierre in June 2006, it was agreed that PC will remain liable to Klepierre in case the Lessee terminates its contract. PC's management is of the opinion that this commitment will not result in any material amount due to be paid by it.
- We and our subsidiaries have entered into indemnification agreements with our respective directors and officers. For more information, see Note 14C to our consolidated financial statements for the year ended December 31, 2015 filed on Form 8-K on March 31, 2016.
- We and PC become aware of certain issues with respect to certain agreements that were executed in the past in connection with the Casa Radio Project in Bucharest, Romania that may contain potential violation of the requirements of the U.S. Foreign Corrupt Practices Act (FCPA), including the books and records provisions of the FCPA. As a result the abovementioned, our audit committee has decided to appoint a special committee to examine these matters, including any internal control and reporting issues. For more information, see Note 14C (13) to our consolidated financial statements for the year ended December 31, 2015 filed on Form 8-K on March 31, 2016.

- As required under the lease agreement for our new and previous executive offices we provided bank guarantees to secure our compliance with the terms of the agreement in the total amount of approximately NIS 0.6 million.
- We have guaranteed certain of our Project Companies' obligations under the loans agreements with third parties up to an aggregate amount of NIS 254 million. In addition, PC is a guarantor to obligations under loan agreements of its project companies with third parties up to an aggregate amount of NIS 5 million.
- We have provided bank guarantees in the total amount of NIS 0.7 million and corporate guarantees for the benefit of the Israeli Customs Authority in the framework of a dispute between our subsidiary and the Israeli Customs Authority which was engaged in the Retail business regarding customs duties charged with respect to the importation of the Mango and GAP brands to Israel. The Customs Authority had agreed that the collection of the disputed customs charges will be put on hold until the resolution of our motion.
- PC is retaining a 100% holding in all its projects in Serbia after it was decided to discontinue the negotiations with a Serbian developer. PC has a contingent obligation to pay the developer in any case there is major progress in the projects. The total remaining potential obligation is € 0.8 million (\$ 0.9 million).
- PC has contractual commitments in respect of its project in Serbia (Visnjicka) in a total amount of € 2 million (\$ 2 million) in respect of construction activities, to be paid during 2016 and 2017.
- Within the framework of PC's derivative transactions executed between PC and commercial banks (the "Banks"), PC agreed to provide the Banks with collaterals or cash deposits. Accordingly, and with respect of Torun IRS, the project company also established a bail mortgage up to € 5.4 million (\$6 million) encumbering the real estate project.
- PC has contractual commitments in respect of lease agreement in Poland in a total amount of € 8.7 million (\$ 9.5 million).

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Our contractual obligations consist mainly of: (i) long-term borrowings (mainly loans from banks and financial institutions and non convertible notes); (ii) commitments towards suppliers, subcontractors and other third parties in respect of land acquisitions and operational lease; and (iii) other long term liabilities reflected in the balance sheet. Our contractual obligations are generally linked to foreign currencies (mainly Euro and U.S. dollar) and/or other indexes (such as the Israeli consumer price index). Below is a summary of our significant contractual obligations as of December 31, 2015 in NIS, based upon the representative exchange rate of the NIS as of the balance sheet date, against the currency in which the obligation is originally denominated or based on the respective index of the Israeli consumer price index as of December 31, 2015. Actual payments of these amounts (as are presented in our financial statements) are significantly dependent upon such exchange rates or indexes prevailing as at the date of execution of such obligation, and therefore may significantly differ from the amounts presented herein below.

Contractual Obligations as of December 31, 2015	Payments due by Period (in NIS thousands)			
	Total	Less than 1 Year	2-3 Years	4-5 Years (and thereafter)
Long-Term Debt ⁽¹⁾	2,659,204	831,379	1,268,609	559,216
Operating Leases ⁽²⁾	38,449,036	1,504,703	2,344,099	34,600,234
Purchase Obligations and Commitments ⁽³⁾	11,892	8,494	3,398	-
Total	41,120,132	2,344,576	3,616,106	35,159,450

(1) Long term debt includes interest that we will pay from January 1, 2015 through the loan maturity dates. Part of our loans bear variable interest rates and the interest presented in this table is based on the LIBOR rates known as of December 31, 2015. Actual payments of such interest (as presented in our financial statements) are significantly dependent upon the LIBOR rate prevailing as of the date of payment of such interest. For additional information in respect of the long term debt, see "Item 5.B. Liquidity and Capital Resources - Other Loans."

(2) Our operating lease obligations are subject to periodic adjustment of the lease payments as stipulated in the agreements. This table includes the lease obligation based on the most recent available information.

(3) Includes mainly commitments for construction suppliers and subcontractors. Such obligations were not recorded as liabilities in the balance sheet, since, as of the balance sheet date, the construction services were not yet provided and/or certain conditions precedent have not yet been fulfilled.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth information regarding our directors, executive officers and other key employees as of the date of this annual report except as otherwise noted below:

NAME	AGE	POSITION
Ron Hadassi	51	Chairman of the Board of Directors and Director
Alon Bachar ⁽¹⁾	46	Director
Zvi Tropp ^{(1) (2)}	76	External Director
Elina Frenkel Ronen ^{(1) (2)}	42	External Director
Boaz Lifschitz ⁽²⁾	47	Director
Nadav Livni ⁽¹⁾	42	Director
Doron Moshe	45	Chief Executive Officer and Chief Financial Officer
Dori Keren	45	Acting Chief Executive Officer of PC

(1) Member of the audit committee

(2) Member of the compensation committee

(3) Mr. Keren appointment has been entered into effect April 1, 2016

RON HADASSI. Mr. Hadassi has served as the Chairman of our Board of Directors since March 2014. Mr. Hadassi has served as Senior Manager of the Bronfman-Fisher Group since 2002, as well as the Vice Chairman of Super-Sol Ltd., Isralom Properties Ltd., and Shefa Success Logistic (B.P) Ltd. (former name - Palace Industries Ltd.). Mr. Hadassi also served until the summer of 2015 as Executive Chairman and until March 2014 as acting Chief Executive Officer of Nanette Real Estate Group N.V. From 2005 until 2012, Mr. Hadassi served as Chairman of the board of directors of Northern Birch Ltd. (IKEA Israel), where he continues to serve on the board and as Chairman of a subsidiary. Mr. Hadassi serves as a director of the Carmel Winery. Mr. Hadassi has served on the boards of public companies, including Blue Square Israel Ltd., Blue Square Real Estate Ltd., Bet Shemesh Engines Holdings Ltd., Naaman Group N.V. Ltd. and Olimpia Real Estate Holdings (as well as its subsidiaries). Mr. Hadassi is a banking and finance professor at Hebrew University, Jerusalem, the Interdisciplinary Centre, Herzeliya, and the College of Management, Rishon LeZiyon, holds a B.A in Economics and Political Science, an LL.B and a MBA, all from Tel Aviv University, and is a member of the Israeli Bar.

ALON BACHAR. Mr. Bachar, has served as a member of our Board of Directors since March 2014. Mr. Bachar has served as the Chief Financial Officer of the Bronfman-Fisher Group since 2006, as the Chief Executive Officer of Isralom Properties Ltd. since 2012, and in addition currently serves as a director of Shefa Success Logistic (B.P) Ltd. and Palace Industries (P.I.) Ltd. Mr. Bachar served in the past as a director of various private and public companies, such as Sufersal Ltd. From 2003 until 2006, Mr. Bachar served as the Deputy Chief of the corporate division of Bank of Jerusalem Ltd. From 1999 until 2003, Mr. Bachar served as Credit Officer of the corporate division in the Industrial Development Bank of Israel Ltd. From 1996 until 1999, Mr. Bachar served as an Analyst and Credit Officer in the corporate division of Bank Leumi L'Israel B.M. Mr. Bachar holds a B.A in Economics from Tel Aviv University, as well as an MBA from Ben-Gurion University.

ZVI TROPP. Mr. Tropp has served as one of our external directors since September 2004. Since 2003, Mr. Tropp has been a senior consultant at Zenovar Consultant Ltd. From February 2006 until June 2007, Mr. Tropp served as the chairman of the board of Rafael Advanced Defense Systems Ltd. From 2000 until 2003, Mr. Tropp served as the Chief Financial Officer of Enavis Networks Ltd. Mr. Tropp has served as a board member of various companies, including Rafael (Armament Development Authority) Ltd., Beit Shemesh Engines Ltd., Rada - Electronic Industries Ltd. and has also served as the Chairman of the investment committee of Bank Leumi Le'Israel Trust Company Ltd. Mr. Tropp holds a B.Sc. in agriculture and an M.Sc. in agricultural economics and business administration from the Hebrew University in Jerusalem.

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ELINA FRENKEL RONEN. Ms. Frenkel Ronen has served as one of our external directors since December 2008. Ms. Frenkel Ronen currently serves as a member of the board of the Institute of CPAs in Israel as the Chair of the CEOs, CFOs and Controllers Committee of the Institute of CPAs in Israel (since 1997), and as an external director of Tempo Beverages Ltd (since 2012) and as an external director of IDB Development Ltd. Ms. Frenkel Ronen has served as the Chairperson of the Board of Directors of Haifa Port Ltd (2008-2011), and an External Director Tao Tsuot Ltd (2008-2011). Ms. Frenkel Ronen served as an External Director of Micromedic Technologies Ltd (2011-2014). Ms. Frenkel Ronen served as the Public Representative for the Public Utility Authority – Electricity (2004-2007). Ms. Frenkel Ronen has headed her family's real estate business (2005-2013). Ms. Frenkel Ronen professional experience includes financial management (CFO) in Tnuva Industries and its 97 subsidiaries (1993-1999), and Orek Paper (2008-2012) and Sherutey Hashomrim group (security, cleaning, and information technology (IT) systems security) (1999-2002). Ms. Frenkel Ronen also managed the financial aspects of Chapter 11 procedures - nomination received from the trustee appointed by the Court of law. Ms. Frenkel Ronen holds a B.A. in accounting and economics and an Executive M.B.A., both from Tel-Aviv University. Ms. Frenkel Ronen is a Certified Public Accountant.

BOAZ LIFSCHITZ. Mr. Lifschitz has served as a member of our Board of Directors since March 2014. Mr. Lifschitz is a co-founder and General Partner of Peregrine Ventures, a venture capital fund founded in 2001. Mr. Lifschitz previously served as Chief Operating Officer and Chief Financial Officer of VisionCare Ophthalmic Technologies. Mr. Lifschitz currently serves as Chairman of Cartiheel Ltd. and is a board member of other privately held companies. He previously served on the board of Neovasc Inc. (NVCN). Mr. Lifschitz holds a B.Sc. from Bar-Ilan University as well as a M.Sc. from Boston University jointly with Ben Gurion University.

NADAV LIVNI. Mr. Livni has served as a member of our Board of Directors since March 2014. Mr. Livni is the founder and Managing Director of The Hillview Group, an independent Merchant Bank based in London. Since 2006, The Hillview Group has expertly managed over \$3 billion of strategic capital market transactions and principal investments across Central and Eastern Europe, Russia, Africa and the U.S. During his 20 year career, Nadav has advised governments, controlling shareholders and entrepreneurs on all aspects of capital markets transactions. In previous roles at Deutsche Bank, Goldman Sachs and KPMG, Nadav participated in over \$100 billion of transactions in the real estate, financial services, healthcare and consumer sectors, specializing in mergers and acquisitions, structuring innovative funds and all aspects of capital raising in the public and private markets. Nadav is a qualified Chartered Accountant, holds a Bachelor of Commerce from the University of the Witwatersrand, a MSc. in Finance from City University Business School and is a guest speaker at London Business School on the topics of private equity and real estate investment.

DORON MOSHE. On April 2, 2015, Mr. Moshe was appointed as our Acting Chief Executive Officer. On March 31, 2016 Mr. Moshe has been appointed as our Chief Executive Officer. In addition, Mr. Moshe is serving as our CFO from January 1, 2010. From January 2006 until January 2010, Mr. Moshe served as our Chief Controller. From 2001 until 2005, Mr. Moshe served as the Controller of our subsidiaries. Mr. Moshe also serves as Chief Finance Officer of Elbit Medical. From 2000 until 2001, he served as the Controller for a group of public companies in the fields of contracting, real estate, and technology, and from 1999 until 2000, he was a senior accountant at KPMG Israel. Mr. Moshe holds a B.A. in Accounting and Economics from the University of Haifa and is a Certified Public Accountant.

DORI KEREN. On April 1, 2016, Mr. Keren was appointed as PC Acting Chief Executive Officer. Mr. Dori Keren joined PC in 2006 as financial director of Poland and Latvia and was appointed Poland country director in 2013. Prior thereto, he worked in Israel for 10 years in variety of financial jobs in positions which accompany business activity as economist, financial controller and CFO.

B. COMPENSATION OF DIRECTORS AND OFFICERS

Aggregate 2015 Compensation of Directors and Officers

The aggregate compensation paid to or accrued on behalf of all persons as a group (12 persons – who served in the capacity of director or executive officer in the year ended December 31, 2015 was approximately NIS 9.0 million (approximately \$2.3 million). Such aggregate amount includes management fees, director's fees salaries and certain fringe benefits and accrued amounts in respect of pensions and retirement benefits, but does not include stock-based compensation expenses relating to options granted to our directors and officers.

In addition, our officers participate in share or option allocations pursuant to various plans adopted by us, our subsidiaries and our associates. For information regarding the terms of grant and exercise under all plans, see "Item 6.E. Share Ownership."

The table below reflects the compensation granted (including accrued compensation) during the year ended December 31, 2015 to office holders (including former office holders) in the Company and its controlled companies in connection with their service in the Company or in its controlled subsidiaries. We refer to the five individuals for whom disclosure is provided herein as our "Covered Executives."

For purposes of the table below, "compensation" includes salary cost, consultancy fees, bonuses, equity-based compensation, retirement or termination payments, benefits and perquisites such as car and social benefits and any undertaking to provide such compensation. All amounts reported in the table are in terms of cost to the Company, as recognized in our financial statements for the year ended December 31, 2015 plus compensation paid to such Covered Executive following the end of the year in respect of services provided during the year. Each of the Covered Employees was covered by the respective D&O liability insurance policy and was entitled to indemnification and exculpation in accordance with applicable law.

Name and Principal Position ⁽¹⁾	Salary Cost ⁽²⁾	Consultancy Fees	Bonus ⁽³⁾	Equity-Based Compensation ⁽⁴⁾	Termination cost ⁽⁵⁾	Total (NIS Thousands)
			(NIS Thousands)			
Maurice R. Ferre <i>InSightec's Chairman of the Board and CEO</i>	-	1,220	-	7,995	-	9,215
Kobi Vortman <i>InSightec's vice chairman of the Board</i>	1,648	-	-	2,071		3,719
Ran Shtrakman <i>Plaza's Former CEO</i>	149	1,177	-	22	2,002	3,351
Ron Hadassi ⁽⁶⁾ <i>Chairman of the Board of the Company, Plaza and Elbit Medical</i>	505	764	152	845	50	2,316
Robert Segal <i>InSightec's President CCO and director</i>	1,075	-	-	1,100	-	2,175

- (1) Unless otherwise indicated herein, all Covered Executives are employed on a full-time (100%) basis. The positions of the Covered Executives in this table represent their position as of the date of this filing.
- (2) Salary cost includes the Covered Executive's gross salary plus payment of social benefits made by the Company on behalf of such Covered Executive. Such benefits may include, to the extent applicable to the Covered Executive, payments, contributions and/or allocations for savings funds (e.g., Managers' Life Insurance Policy), education funds (referred to in Hebrew as "keren hishtalmut"), pension, severance, risk insurances (e.g., life, or work disability insurance), payments for social security and tax gross-up payments, vacation, car, medical insurances and benefits, convalescence or recreation pay and other benefits and perquisites consistent with the Company's policies.
- (3) Represents annual bonuses granted to the Covered Executives based on formulas set forth in their respective employment agreements.
- (4) Represents the equity-based compensation expenses recorded in the Company's financial statements for the year ended December 31, 2015 based on the options' grant date fair value in accordance with accounting guidance for equity-based compensation. For a discussion of the assumptions used in reaching this valuation, see Note 2Q to our consolidated financial statements included in this annual report on Form 20-F for the year ended December 31, 2015.
- (5) Termination costs include payment made to retired employees during the year ended December 31, 2015 and/or accrued provision recorded in the Company's consolidated financial statements for the retirement of the Covered Executive.
- (6) Mr. Hadassi devoted 90% of his business hours to the affairs of the Company during 2015

Independent Director Compensation

The compensation of our external directors is governed by regulations promulgated under the Companies Law (the "Compensation Regulations"). According to the Compensation Regulations, we pay our external directors, Mr. Zvi Tropp and Ms. Elina Frenkel Ronen, both of whom have been designated as experts by our Board of Directors, the maximum annual fee set forth in the Compensation Regulations for non-experts and the maximum meeting attendance fee set forth in the Compensation Regulations for experts. The amounts payable by a company to external directors under the Compensation Regulations are based on the amount of the company's shareholders' equity as of the end of the previous year. According to our Compensation policy, our board members' compensation is linked to our external director's compensation. Accordingly, in 2015, we paid our directors (both external and others) NIS 62,640 (approximately \$16,570) per year and NIS 4,390 (approximately \$1,160) per meeting (or a smaller amount in case they did not physically attend the meeting). The fees payable to our directors in 2016 under the Compensation Regulations will be NIS 37,115 (approximately \$9,820) per year and NIS 3,300 (approximately \$875) per meeting, subject to adjustment for CPI changes pursuant to the Compensation Regulations.

Adoption of Compensation Policy

In August 2014, following our shareholders' approval, we adopted a compensation policy for our officers and directors (the "Compensation Policy"), in accordance with Amendment No. 20 to the Israeli Companies Law, pursuant to which we are required to determine the compensation of our officers and directors in accordance with a compensation policy. In March 2016, following our shareholders' approval, we adopted an amended compensation policy (the "Amendment"). The Compensation Policy and the Amendment was previously approved by our board of directors, upon recommendation of our Compensation Committee. An English translation of the Compensation Policy and the Amendment were filed with the Securities and Exchange Commission. For further discussion regarding the Compensation Policy and the Amendment, please see Item 10B "Memorandum and Articles of Association" below and our Reports on Form 6-K filed on July 10, 2014, August 14, 2014 and February 24, 2016 (as exhibit to the proxy statement of the 3.31.2016 extraordinary shareholders meeting) which are incorporated herein by reference.

Services of our Chairman, Mr. Ron Hadassi

In August 2014, our shareholders approved a compensation plan for Mr. Hadassi for his services as the Chairman of our Board of Directors. The terms of the consideration for such services are as follows:

- A fixed cash fee of NIS 80,000 per month (the "Fixed Compensation"), reflecting a scope of 90% of Mr. Hadassi's business hours (based on a rate of NIS 89,000 per a full-time position). Additional payments, benefits and expenses, including a company car and related expenses, income tax and VAT in the total amount of 50% of the Fixed Compensation, including any applicable taxes deriving from the Fixed Compensation and benefits. Notwithstanding the foregoing, any amounts of VAT refundable to (or subject to offset by) the Company shall be in addition to the Fixed Compensation and such 50% addition. Accordingly, the total fixed cost of Mr. Hadassi to the Company was NIS 1,440,000 per annum until April 1 2015. In December 2015 the Company's compensation committee drafted, by mutual consent with Mr. Hadassi, an amended compensation offer for Mr. Hadassi which was approved by the Board. Therefore the total fixed cost of Mr. Hadassi to the Company was reduced retroactively from April 2015 and the total fixed cost of Mr. Hadassi for 2015 was NIS 1,269,000 and will be NIS 1,212,000 in 2016 (excluding bonuses and equity based compensation expenses).
- An annual cash bonus, to be determined by the Compensation Committee and Board of Directors in accordance with the Company's Compensation Policy, which shall in no event exceed an amount equal to the Fixed Compensation payable for 3.5 months of continued service. Mr. Hadassi shall not be entitled to a bonus or other variable compensation due to his success in meeting personal targets or discretionary bonuses.
- Options exercisable in to 285,165 ordinary shares, no par value, of the Company, constituting approximately 1.0% of the Company's issued and outstanding share capital on a fully diluted basis with a vesting period of 3 years, subject to Mr. Hadassi's continued service with the Company. In November 2015, Mr. Hadassi has notified the Company that he is waiving his rights to receive the aforementioned options.
- These compensation terms shall be in effect until March 21, 2017, and shall be subject to annual review by the Compensation Committee, which shall determine if such terms require updating pursuant to the Company's requirements and business. Any modification or extension of such terms shall be made pursuant to the requisite corporate approvals and subject to Mr. Hadassi's annual re-election as a Director and continued appointment as Chairman.
- Mr. Hadassi shall be entitled to a period of notice prior to termination of his rights to receive the aforementioned compensation, calculated as follows: If notice of such termination is delivered during Mr. Hadassi's first year of service – one month's notice; during Mr. Hadassi's second year of service – one and a half months' notice; during Mr. Hadassi's third year of service and thereafter – two months' notice.
- Mr. Hadassi may be entitled to receive a retirement bonus up to an amount equal to the Fixed Compensation payable for 4 months of continued service, calculated as follows: If notice of termination of Mr. Hadassi's right to receive the aforementioned compensation is delivered during Mr. Hadassi's first year of service – an amount equal to the Fixed Compensation payable for 2 months of continued service; If notice of termination is delivered during Mr. Hadassi's second year of service – an amount equal to the Fixed Compensation payable for 3 months of continued service; If notice of termination is delivered during Mr. Hadassi's third year of service and thereafter – an amount equal to the Fixed Compensation payable for 4 months of continued service.

- Mr. Hadassi shall be covered under the Company's Directors and Officers Liability insurance policies and the Company's indemnification undertaking shall remain valid and binding and shall not be changed, cancelled or nullified by virtue of the aforementioned engagement.
- It was clarified that Mr. Ron Hadassi shall be entitled to no further compensation for his services as our Acting Chief Executive Officer, between March 2014 and March 2015.

Services of our Director, Mr. Boaz Lifschitz

In August 2014, our shareholders approved our entering into a consultancy agreement with Mr. Lifschitz for consultancy services relating to the life sciences field (the "Services") to the Company and its subsidiaries (and other related companies). In consideration for such services, the Company shall pay Mr. Lifschitz an annual fee of NIS 100,000 plus VAT, payable in quarterly installments in arrears as well as reimbursement for expenses incurred within the providing of the Services, in accordance with the Company's policy regarding reimbursement of expenses. Such fees shall be made in addition to the fees Mr. Lifschitz is entitled to in his capacity as a member of our Board. The Company will have the option to terminate this arrangement upon 30 days' notice. The consultancy agreement terminated in August 2015 and has not since been renewed.

Services of our CEO, Mr. Doron Moshe

In March 2016, our shareholders approved the terms of office and employment for Mr. Moshe for his services as the chief executive officer of our Company. The terms of office and employment for his service are as follows:

- A fixed cash fee of NIS 70,000 per month (the "Fixed Compensation"), which will be linked to the Israeli consumer price index. In addition Mr. Moshe shall be entitled to certain customary benefits, such as, use of a car, phone and cell phone and other work related expenses in accordance with the Company's practices, managers insurance and/or pension funds, vacation days and sick leave, as well as other benefits consistent with employee social welfare benefits, such as contributions to pension funds and a study fund and recuperation pay (dmei havraa). In addition, Mr. Moshe will be entitled to company car, personal laptop, communication expenses reimbursement and cell phone. The tax cost of the company car, certain contribution by the Company to the pension fund and study funds that are higher than maximum amount under the Israeli tax regulations, and communication expenses shall be grossed up as part of Mr. Moshe salary.
- Target-based Bonus, for each calendar year during the Term, which will be based on pre-defined objectives determined by the Company's compensation committee and approved by the Company's Board of Directors, up to an amount not exceeding 5 Monthly gross salaries.
- Special Bonus based on the realization of two main assets of the Company. Bonuses (target based Bonus plus Special Bonus) for the year 2016 shall not exceed the aggregated amount equal to eight monthly gross Salaries (NIS 560,000 for 2016).
- Equity Incentive: Mr. Moshe holds the following - 19,851,000 Elbit Medical's options exercisable in to 9,925,500 ordinary shares; 16,666 PC's options exercisable in to 16,666 ordinary shares; 17,500 InSightec's options exercisable in to 17,500 ordinary shares
- Mr. Moshe shall be entitled to a period of three months' notice prior to termination of his rights to receive the aforementioned compensation. In addition, Mr. Moshe Shall be entitled to an adjustment period of nine additional months, during which he shall be entitled to payment of Salary and all applicable social benefits contributions, as well as to continue the use of the company car and cell phone.
- Mr. Moshe shall be covered under the Company's Directors and Officers Liability insurance policies and the Company's indemnification undertaking shall remain valid and binding and shall not be changed, cancelled or nullified by virtue of the aforementioned engagement.

C. BOARD PRACTICES

Corporate Governance Practices

We are incorporated in Israel and therefore are subject to various corporate governance practices under the Companies Law, relating to such matters as external directors, the audit committee, the internal auditor and approvals of interested-party transactions. These matters are in addition to the ongoing listing conditions of the Nasdaq Global Select Market and other relevant provisions of U.S. securities laws. Under the Nasdaq rules, a foreign private issuer may generally follow its home country rules of corporate governance in lieu of the comparable Nasdaq requirements, except for certain matters such as composition and responsibilities of the audit committee and the independence of its members. For further information, see “Item 16G. Corporate Governance.”

Under the Companies Law, our board of directors must determine the minimum number of directors having financial and accounting expertise, as defined in the regulations promulgated under the Companies Law that our board of directors should have. In determining the number of directors required to have such expertise, the board of directors must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our board of directors has determined that we require at least two directors with the requisite financial and accounting expertise and that two of our directors fulfill the requirements promulgated under the Companies Law.

Election of Directors

Pursuant to our Amended and Restated Articles of Association, the size of our board of directors shall be no less than 4 persons but no more than 7, excluding at least two external directors. Our directors are generally elected by our shareholders at the annual meeting of the shareholders by a simple majority. The directors hold office until the next annual meeting of our shareholders. Our board of directors may appoint additional directors to our board of directors in the event of a vacancy on or an enlargement of the board of directors up to the maximum number provided in our articles of association. Any director so appointed will hold office until the next annual meeting of the shareholders. Our board of directors currently consists of six members.

In addition, the Companies Law provides that a person will not be elected and will not serve as a director in a public company if he or she does not have the required qualifications and the ability to dedicate an appropriate amount of time for the performance of his or her director position in the company, taking into consideration, among other factors, the special needs and size of the company. A general shareholders meeting of a company whose shares are publicly traded, at which the election of a director is to be considered, will not be held unless the nominee has declared to the company that he or she complies with the above-mentioned requirements, and the details of his or her applicable qualifications are provided, and in case such nominee is an “independent director” as defined in the Companies Law (see below), that such nominee has also declared that he or she complies with the independence criteria under the Companies Law. Each of our elected directors has declared to our board of directors that he or she complies with the required qualifications under the Companies Law for appointment as a member of our board of directors, detailing his or her applicable qualifications, and that he or she is capable of dedicating the appropriate amount of time for the performance of his or her role as a member of our board of directors.

Alternate Directors

Our Amended and Restated Articles of Association provide that any director, other than the external directors, may, by written notice to us, appoint another person, who is not a director, to serve as an alternate director, subject to the approval of the chairman of the board. In the case of an appointment made by the chairman, such appointment shall be valid unless objected to by the majority of other directors. The term of appointment of an alternate director is unlimited in time and scope unless otherwise specified in the appointment notice, or until notice is given of the termination of the appointment. No director currently has appointed any other person as an alternate director. The Companies Law stipulates that a person who serves as a director may not serve as an alternate director and that external director may not appoint alternate director, except under very limited circumstances. An alternate director has the same responsibility as a director, and shall possess all the required qualifications to serve as a director.

External Directors; Independent Directors

The Companies Law requires Israeli public companies (such as us) to appoint at least two external directors. At least one External Director must have “financial and accounting expertise”, and the other External Director(s) must have “professional competence”. However, in “dual listed” companies (such as our company) if one or more other directors who meet the independence criteria applicable to members of the audit committee under the foreign applicable law (including stock exchange rules) have been determined by the board of directors to have “financial and accounting expertise” then it is permissible for any or all of the External Directors to have only “professional competence” as described below. Under the relevant regulations of the Companies Law, a director has “financial and accounting expertise” if he or she, based on his or her education, experience and qualifications, is highly skilled in respect of, and understands, business and accounting matters and financial statements, in a manner that enables him or her to have an in-depth understanding of the company’s financial statements and to stimulate discussion with respect to the manner in which the financial data is presented. A director has “professional competence” if he or she (1) has an academic degree in either economics, business administration, accounting, law or public administration or an academic degree in an area relevant to the company’s business, or (2) has at least five years experience in a senior position in the business management of any corporate entity with a substantial scope of business, in a senior position in public service or in the field of the applicable company’s business.

The Companies Law provides for certain qualifications that a candidate for external directorship must comply with. Among such requirements, a person may not be appointed as an external director if: (i) such person or person's relative or affiliate has, at the date of appointment, or had at any time during the two years preceding such date, any affiliation with the company, a controlling shareholder thereof or their respective affiliates; or (ii) in a company that does not have a 25% shareholder, if such person has an affiliation with any person who, at the time of appointment, is the chairman, the chief executive officer, the chief financial officer or a 5% shareholder of the company. The term "affiliation" is broadly defined in the Companies Law, including an employment relationship, a business or professional relationship maintained on a regular basis, control or service as a director or officer.

In addition, no person may serve as an external director if such person's position or other business creates, or may create, conflict of interest with the person's position as an external director, or if such position or other business may impair such person's ability to serve as an external director. Until the lapse of two years from termination of office, a company or its controlling shareholder may not give any direct or indirect benefit to the former external director.

In addition, person may serve as an external director if that person was not appointed as a director in a company in the same time when a director of the Company was appointed as an external director; and if that person is not an employee of the Securities Authority or an employee of a stock exchange in Israel.

External directors are to be elected by a majority vote at a general meeting of shareholders, provided that (i) such majority vote at the general meeting includes at least a majority of the total votes of non-controlling shareholders voted at such general meeting or (ii) the total number of votes of non-controlling shareholders that voted against such election does not exceed 2% of the total voting rights in the company.

The initial term of an external director is three years, and such term may be extended for up to two additional three-year terms. In addition, for a dual listed companies (such as our company) the service of an external director may be extended for additional terms of up to three years each, if both the audit committee and the board of directors confirm that, in light of the expertise and contribution of the external director, the extension of such external director's term would be in the interest of the company. Reelection of an external director may be effected through one of the following mechanisms: (1) the board of directors proposed the reelection of the nominee and the election was approved by the shareholders by the majority required to appoint external directors for their initial term; or (2) a shareholder holding 1% or more of the voting rights proposed the reelection of the nominee, or the nominee proposed themselves for reelection, and the reelection is approved by a majority of the votes cast by the shareholders of the company, excluding the votes of controlling shareholders and those who have a personal interest in the matter as a result of their relations with the controlling shareholders, provided that the aggregate votes cast in favor of the reelection by such non-excluded shareholders constitute more than 2% of the voting rights in the company. External directors may be removed only in a general meeting, by the same percentage of shareholders as is required for their election, or by a court, and in both cases only if the external directors cease to meet the statutory qualifications for their appointment or if they violate their duty of loyalty to us. Each committee of a company's board of directors that is authorized to exercise powers of the board of directors is required to include at least one external director, and all external directors must be members of the company's audit committee and compensation committee.

An external director is entitled to reimbursement of expenses and to monetary and other compensation as provided in regulations promulgated under the Companies Law, but is otherwise prohibited from receiving any other compensation, directly or indirectly, for his serving as a director of the company.

Mr. Zvi Tropp's fourth three-year term as an external director commenced on September 30, 2013, and Ms. Elina Frenkel Ronen's third three-year term as an external director commenced on January 8, 2015.

Under the Nasdaq rules, a majority of our directors are required to be "independent directors" as defined in Nasdaq's rules. Under the Companies Law and regulations thereunder, a director in a company such as Elbit Imaging, who qualifies as an independent director under the relevant non-Israeli rules relating to independence standards, such as the Nasdaq director independence criteria, may be considered an independent director pursuant to the Companies Law if such director meets certain conditions (as described below), and provided such director has been designated as such by the audit committee. The current composition of our board of directors consists of a majority of independent directors, who have been designated as such by the audit committee. Two of our independent directors also qualify as external directors as defined by the Companies Law.

Board Committees

Our board of directors has established an audit committee and a compensation committee, as described below:

Audit committee

The Companies Law requires public companies to appoint an audit committee. An audit committee must consist of at least three members, and include all of the company's external directors. The members of the audit committee must be "independent" (as such term is defined below), and the chairman of the audit committee is required to be an external director.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 98
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

The responsibilities of the audit committee include identifying and examining flaws in the business management of the company and suggesting appropriate course of actions, recommending approval of interested party transactions, assessing the company's internal audit system and the performance of its internal auditor.

Our audit committee is comprised of four members, all of whom meet all requisite independence and other professional requirements. Our audit committee operates in accordance with a charter and written procedures governing approval of any proposed transactions with our external auditors. Within the framework of such governing documents, the audit committee oversees the appointment, compensation, and oversight of the public accounting firm engaged to prepare or issue an audit report on our financial statements. The audit committee's specific responsibilities in carrying out its oversight role include the approval of all audits and permitted non-audit services to be provided by the external auditor.

Our audit committee is also authorized to act as our "qualified legal compliance committee". As such, our audit committee will be responsible for investigating reports, made by attorneys appearing and practicing before the SEC in representing us, of perceived material violations of U.S. federal or state securities laws, breaches of fiduciary duty or similar material violations of U.S. law by us or any of our agents. Under Nasdaq rules, the approval of the audit committee is also required to effect related-party transactions that would be required to be disclosed in our annual report.

Nasdaq rules require that director nominees be selected or recommended for the board's selection either by a committee comprised solely of independent directors or by a majority of independent directors. For a foreign private issuer, such as our company, Nasdaq rules allow foreign private issuers to follow "home country practice". On September 3, 2015 the board approved the exemption from the requirement to select board nominees by the nomination committee. The compensation of a company's chief executive officer and other executive officers is required to be approved either by a majority of the independent directors on the board or a committee comprised solely of independent directors.

An "independent director" is defined as an external director or a director who meets the following conditions: (i) satisfies certain conditions for appointment as an external director (as described above) and the audit committee has determined that such conditions have been met and (ii) has not served as a director of the company for more than nine consecutive years, with any interruption of up to two years in service not being deemed a disruption in the continuity of such service.

Our audit committee has the authority to retain independent legal, accounting or other consultants as advisors, for which we will provide funding, and handle complaints relating to accounting, internal accounting controls or auditing matters.

The members of our audit committee are Zvi Tropp, Elina Frenkel Ronen, Nadav Livni and Alon Bachar.

Compensation Committee

Under the Companies Law, the board of directors of a public company must establish a compensation committee. The compensation committee must consist of at least three directors who satisfy certain independence qualifications, include all of the external directors who must maintain a majority of the committee members, and the chairman of which is required to be an external director. Under the Companies Law, the role of the compensation committee is to recommend to the board of directors, for ultimate shareholder approval by a special majority, a policy governing the compensation of office holders based on specified criteria, to review modifications to the compensation policy from time to time, to review its implementation and to approve the actual compensation terms of office holders prior to approval by the board of directors, and to resolve whether to exempt the compensation terms of a candidate for chief executive officer from shareholder approval. The members of our compensation committee are Zvi Tropp, Boaz Lifschitz and Elina Frenkel Ronen.

Financial Statements Review Committee

Pursuant to the Israeli Companies Regulations the financial reports of a public company such as our company may be brought for discussion and approval of the board only after such committee has discussed and formulated recommendations to the board in connection with: (1) the valuations and estimates used in connection with the financial statements; (2) the internal controls related to financial reporting; (3) the completeness and appropriateness of disclosure in the financial statements; (4) the accounting policy adopted and accounting treatment applied in the material matters of the company; and (5) valuations, including the assumptions and estimates underlying them, on which data in the financial statements is provided. The Financial Statements Review Committee must consist of at least three members, the chairperson of the committee must be an External Director, and the majority of its members must be directors who meet certain independence requirements of the Companies Law, and, among other criteria, all of its members must be able to read and understand financial statements, with at least one of the members having "financial and accounting expertise" (as defined above).

Pursuant to the Companies Regulations, the audit committee may serve as the Financial Statements Review Committee subject to fulfillment of the aforementioned conditions.

Internal Auditor

Under the Companies Law, our board of directors is required to appoint an internal auditor proposed by the audit committee. The role of the internal auditor is to examine, among other things, whether our actions comply with the law and proper business procedure. The internal auditor may not be an interested party, an office holder, or a relative of any of the foregoing, nor may the internal auditor be our independent accountant or its representative. The Companies Law defines the term "interested party" to include a person who holds 5% or more of our outstanding share capital or voting rights, has the right to appoint one or more directors or the general manager or who serves as a director or as the general manager. Our internal auditor is Mr. Daniel Spira, a Certified Public Accountant in Israel.

For information on the duties of directors, officers and shareholders and requirements for the approval of related-party transactions, please see Item 10.B - "Memorandum and Articles of Association and General Provisions of Israeli Law."

D. EMPLOYEES

As of March 31, 2016, we employed or contracted 9 persons as employees or consultants in investment, administration and managerial services, all of whom work out of our headquarters in Israel. As of March 31, 2016, PC had 83 employees, consultants and part time employees in the Netherlands, CEE, Greece and India. As of March 31, 2016, our Hotel division had 420 employees.

As of March 31, 2015, we employed or contracted 26 persons as employees or consultants in investment, administration and managerial services, all of whom work out of our headquarters in Israel. As of March 31, 2015, PC had 120 employees, consultants and part time employees in the Netherlands, CEE, Greece and India. As of March 31, 2015, our Hotel division had 509 employees.

As of March 31, 2014, we employed or contracted 41 persons as employees or consultants in investment, administration and managerial services, all of whom work out of our headquarters in Israel. As of March 31, 2014, PC had 116 employees, consultants and part time employees in the Netherlands, CEE, Greece and India. As of March 31, 2014, our Hotel division had 509 employees. As of March 31, 2014, Elbit Fashion employed 548 employees.

We are not party to any collective bargaining agreement with our employees or with any labor organization.

E. SHARE OWNERSHIP

Incentive Plan for the Chairman of our Board, Mr. Ron Hadassi

As part of the compensation plan for the Chairman of our Board, Mr. Ron Hadassi, approved at our General Meeting held on August 14, 2014 (the "Chairman's Incentive Plan"), Mr. Hadassi was granted options exercisable in to 285,190 ordinary shares, no par value, of the Company, constituting approximately 1.0% of our issued and outstanding share capital on a fully diluted basis.

On January 31, 2016, in accordance with the compensation committee's recommendation, the Board approved Mr. Hadassi offer to reduce his compensation. Among other reductions, Mr. Hadassi waived his rights to the aforementioned granted options on a unilateral basis.

2010 Incentive Plan for InSightec Shares

Our 2010 Incentive Plan (the "2010 Incentive Plan for InSightec Shares") provides for the grant of options exercisable into up to 500,000 shares of InSightec to employees, directors and officers of us and of affiliate companies, at an exercise price per option to be determined by our board of directors.

Under the 2010 Incentive Plan for InSightec Shares, options vest gradually over a period of three years. The options expire seven years from the date of grant. Options are exercisable by payment of the exercise price in cash.

Prior to an IPO, the underlying shares are subject to certain "drag along" rights.

Prior to or after the consummation of a listing of securities of any parent company of InSightec, our board of directors may approve an exchange of options or underlying shares under the 2010 Incentive Plan for InSightec Shares with options or shares of such parent company, according to a formula set forth in the 2010 Incentive Plan for InSightec Shares.

As of March 31, 2016, options to purchase 430,000 shares were outstanding under the 2010 Incentive Plan for InSightec Shares all of which are fully vested.

2011 Employees and Officers Incentive Plan for Elbit Medical Technologies Ltd.'s Shares

In April 2011, our board of directors adopted the Elbit Employees and Officers Incentive Plan for Elbit Medical Technologies Ltd.'s shares (the "2011 Plan") for the grant of up to 158,637,000 options exercisable into 79,443,500 ordinary shares of Elbit Medical for an exercise price of NIS 0.40. The exercise price of each option will be reduced upon distribution of dividends, stock dividends etc. The exercise mechanism of the options into Elbit Medical's shares will be as follows: at the exercise date the Company shall transfer to each exercising option holder shares of Elbit Medical (owned by the Company) equal to the difference between (A) the price of Elbit Medical's shares on the TASE on the exercise date, provided that if such price exceeds 100% of the exercise price, the opening price shall be set as 100% of the exercise price (the "Capped Exercise Price"); less (B) the exercise price of the options; and the result (A minus B) will be divided by the Capped Exercise Price. In November 2012, our board of directors adopted an amendment to the 2011 Plan increasing the number of options issuable from 158,637,000 to 187,708,000 and resolved to amend the exercise price per share to NIS 0.133 and extend the expiration date of such options to November 29, 2017 in respect of employees and officers who served at Elbit Group at that time.

In addition, in September 2014, we granted an additional 14,400,000 options to past and present officers of Elbit Medical with an exercise price of NIS 0.115 per share to the 2011.

In addition, in March 2016, we granted an additional 10,000,000 options to the new appointed chief financial officer of Elbit Medical at a price of NIS 0.10 per share.

As of March 31, 2016, 184,704,500 options were granted to our employees and officers. As of March 31, 2016, 150,035,500 options were outstanding under the 2011 Plan of which 138,702,602 were vested.

PC Share Option Scheme, as amended

PC's Option Plan, as amended in August 2007, November 2008 and November 2011 ("PC's First Option Plan") provides for the grant of up to 33,834,586 options to employees, directors, officers and other persons who provide services to PC, including our employees for no consideration. In November 2012 the number of options to be granted was increased by 14,000,000 additional options ("PC's Second Option Plan"). The exercise price per option is the average closing price of PC's shares traded on the London Stock Exchange ("LSE") during the fifteen-day period prior to the date of grant.

Under the terms of both of PC's Option Plans, options vest over a period of three years, such that 33.33% of the options granted become exercisable on each of the first, second and third anniversaries of the date of grant.

Upon the occurrence of an event of change of control in PC (as defined in PC's Option Plan), the vesting of all the outstanding options granted by PC that were not exercised or did not expire by such date, shall be fully accelerated.

As of March 31, 2016, 23,797,373 options to purchase ordinary shares were outstanding under PC's Option Plan of which 23,469,040,706 options were vested.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

We had 27,572,426 ordinary shares outstanding as of April 1, 2016. The voting rights of all shareholders are the same. The following table sets forth certain information as of April 1, 2016, unless stated otherwise, concerning (i) persons or entities who, to our knowledge, beneficially own more than 5% of our outstanding ordinary shares and (ii) the number of our ordinary shares beneficially owned by all of our directors and officers as a group:

Name and Address	Number of Shares Beneficially Owned	Approximate Percentage of Shares
York Capital Management Global Advisers LLC and/or certain funds and/or accounts managed by it or its affiliates ⁽¹⁾	5,447,850	19.7%
Davidson Kempner Capital Management LP and/or certain funds and/or accounts managed by it or its affiliates ⁽²⁾	3,943,584	14.3%

⁽¹⁾ Based on information received from the shareholders on January 19, 2016.

⁽²⁾ Based on information received from the shareholders on February 18, 2016.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 101
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

York Capital Management Global Advisers LLC and Davidson Kempner Capital Management LLC, together with their respective affiliates, are holders of our and PC's notes. For further detail, see note 18D to our annual consolidated financial statements incorporated herein by reference.

B. RELATED PARTY TRANSACTIONS

InSightec Amendment to Series D Investment Agreement

In June 2014, InSightec has entered into a Series D Preferred Share Purchase agreement with York Global Finance II S.à r.l. (an affiliate of York Capital Management which is a related party of the Company) ("York") and other investors for an investment of up to USD 62.5 M in series D preferred shares of InSightec which constitutes approx. 25% of InSightec's issued and outstanding share capital on a fully diluted basis. By the end of May 2015 the entire amount was invested. ("Series D Preferred Share Purchase Agreement"). On December 31, 2015, InSightec and some of its existing and new shareholders signed and executed an amendment to the Series D Preferred Share Purchase Agreement, as amended from time to time (the "Amendment to the Share Purchase Agreement"), under which InSightec completed an investment of \$22 million in consideration for approximately 7.3% of InSightec's outstanding share capital, on a fully diluted basis. The terms and conditions of the investment are the same as in the original Series D Preferred Share Purchase Agreement, based on the same pre-money valuation and subject to certain adjustments. For more information See "Item 4A – History and Development of the Company – Recent Events – InSightec Series D Share Purchase Agreement".

PC Debt Restructuring

As detailed in Item 5 "Operating and Financial Review and Prospects", on June 23, 2014, subject to the application of certain conditions precedent, we undertook to exercise (or procure that other persons will exercise) all of our rights in PC's offering of shares and to procure subscriptions for any unexercised portion of such offering. In relation to the above, we entered into a back-stop agreement with BLML (an affiliate of our shareholder Davidson Kempner Capital Management LP), pursuant to which BLML agreed to purchase under the offering up to €10 million of shares of PC, subject to similar conditions precedent. On December 19, 2014, PC announced that it had successfully completed the Rights Offering, and we announced that our wholly owned subsidiary had purchased 122,847,376 new ordinary shares of PC under the Rights Offering for an aggregate amount of approximately €8.3 million and procured that BLML will purchase 163,803,197 new ordinary shares of PC for an additional amount of €11.05 million.

Joint venture agreement with PC

As detailed in Item 4B. "Business Overview", in August 2008 we entered into the EPI Agreement with PC, under which, amongst other things, PC was allotted 47.5% of the EPI. EPI is holding two plots in India (in Bangalore and Chennai) in conjunction with local Indian partners and has engaged with certain third parties with respect of the Kochi Island project. As of the date of the execution of the EPI Agreement through the date of this annual report, the Kochi Island project was held through a special purchase vehicle other than EPI. We agreed that 50% of our rights in the Kochi Island project will be held in favor of PC, and we undertook and guaranteed to transfer the holdings in the Kochi project to EPI or 50% to PC within 12 months following the execution of the EPI Agreement, or alternatively to repay the consideration paid by PC for the rights in the project. This undertaking and guarantee have since been extended until August 25, 2013. On November 11, 2013, PC notified us of its demand that we repay the amount paid by PC for the Kochi Island project together with the interest accumulated thereupon, amounting to approximately €4.3 million (US\$ 5.2 million) due to alleged failure to timely meet certain conditions set forth in the EPI Agreement. Following the approval of the Audit committee of PC and us we agreed that we will have the full rights in the Kochi Project and the amount outstanding from the Company to PC will be repaid in installments as scheduled in the agreement. As of the filing of this annual report the total amount outstanding under this loan is approximately €2.7million.

Relationship Agreement with PC

On October 27, 2006, we entered into an agreement with PC pursuant to which we undertook, as long as we hold at least 30% of the issued share capital of PC, that neither we nor any person connected with us will compete with the business of PC related to the development of commercial and entertainment centers in Central and Eastern Europe or India or the development of the Dream Island or Casa Radio projects. The Relationship Agreement terminates in the event that PC's issued share capital ceases to be admitted to the main market of the London Stock Exchange. In the framework of the Amended PC Plan we were required by the UK Listing Authority to enter into an amended and restated relationship agreement on basically the same terms, with minor adjustments due to regulatory changes not affecting the essence of the agreement.

Guarantee Agreement with PC

On October 27, 2006, PC agreed, with effect from January 1, 2006, to pay a commission to us in respect of any and all outstanding corporate and first demand guarantees which have been issued by us in favor of PC and which remain valid and outstanding ("EI Guarantees"). The amount of the commissions to be paid will be agreed upon between us and PC at the beginning of each fiscal year, and will apply to all EI Guarantees which remain outstanding during the course of that relevant fiscal year, subject to a cap of 0.5% of the amount or value of the relevant EI Guarantee, per annum. During 2013 no guarantees were provided by us to PC.

Indemnification, Insurance and Exemption

For information regarding the grant of insurance, exemption and indemnification to our directors and officers, by us or our subsidiaries, see "Item 10.B. Memorandum and Articles of Association and General Provisions of Israeli Law - Insurance, Indemnification and Exemption" below.

Inter-company Loans and Guarantees

From time to time we invest in our subsidiaries and jointly controlled companies, by way of equity or capital investments, or otherwise provide loans or guarantees to such companies, in order to finance their operations and businesses. All such investments are eliminated in our consolidated financial statements. Details as to material guarantees are provided in "Item 5.B. Liquidity and Capital Resources - Loans" above.

For amounts paid under our related party transactions, see note 27C to our annual consolidated financial statements incorporated herein by reference.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

See our annual consolidated financial statements on our current report on Form 6-K filed with the SEC on March 31, 2016, which is incorporated by reference herein.

Legal Proceedings

For information regarding the legal proceeding we are involved in, see "Item 4.A History and Development of the Company – Recent Events" and note 18B to our annual consolidated financial statements.

Since the date of filing of our annual consolidated financial statements the Company and some other defendants (i.e, the Company's and Elscint's former directors and officers) entered into a settlement agreement with the plaintiffs in class action #1318/99 (Gadish v. Elscint et. al.) (the "Settlement"). The Settlement generally provides that in consideration of a total payment of NIS 46 million (approximately \$11.9 million) (a) the Hotels & Marina Transactions cause of action (as well as any other cause of action that is – or may be – directed against us and our former directors and officers and to Elscint and its former directors and officers) shall be exhausted with respect to all of the defendants; and (b) all other causes of action shall be exhausted with respect to us and our former directors and officers as well as with respect to Elscint and its former directors and officers.

Our share in the aforementioned compensation is NIS 4 million (approximately \$1 million) and the rest will be financed by the our D&O Insurance. The Settlement is subject to the court's approval and additional preconditions fulfillment as determined in the agreement, including, but not limited to the right of the insurer to terminate the Settlement under certain circumstances.

Dividend Distribution Policy

To date, we do not have a dividend distribution policy. Consequentially, our Board may issue dividends at its sole discretion.

It should be noted that under Bank Hapoalim refinancing agreement and the terms of the Series H and Series I notes certain limitations were imposed on the distribution of dividends prior to the redemption of such debt.

B. SIGNIFICANT CHANGES

There are no significant changes that have occurred since December 31, 2015, except as otherwise disclosed in this annual report and in our annual consolidated financial statements.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

Our ordinary shares are listed on the NASDAQ Global Select Market under the symbol "EMITF" and on the TASE under the symbol "EMIT." As stated in the Special Explanatory Note to this Annual Report, share and share price information have been adjusted to reflect the 1-for-20 reverse share split effected by us on August 21, 2014.

Information regarding the price history of the stock listed

The annual high and low sale prices for our ordinary shares for the five most recent full financial years are:

Year Ended December 31,	NASDAQ		TASE	
	High (\$)	Low (\$)	High (\$)	Low (\$)
2015	2.14	0.65	2.09	0.64
2014	26.4	1.25	26.48	1.21
2013	70	13.8	68.2	14.6
2012	66.4	36	64.6	34.8
2011	279.4	39.6	254.8	38.6

The quarterly high and low sale prices for our ordinary shares for the two most recent full financial years and any subsequent period are:

Financial Quarter	NASDAQ		TASE	
	High (\$)	Low (\$)	High (\$)	Low (\$)
2016				
Q1	1.00	0.67	0.92	0.62
Q2 (through April 19, 2016)	0.88	0.85	0.86	0.84
2015				
Q1	2.14	1.29	2.09	1.30
Q2	1.90	1.24	1.86	1.21
Q3	1.40	1.18	1.36	1.15
Q4	1.36	0.65	1.31	0.64
2014				
Q1	26.40	3.20	26.48	3.42
Q2	4.69	3.40	4.68	3.38
Q3	4.40	2.97	4.38	2.94
Q4	3.00	1.25	2.93	1.21

The monthly high and low sale prices for our ordinary shares during the past six months were:

Month	NASDAQ		TASE	
	High (\$)	Low (\$)	High (\$)	Low (\$)
April 2016 (through April 19)	0.88	0.85	0.86	0.84
March 2016	1.00	0.70	0.92	0.67
February 2016	0.73	0.67	0.70	0.66
January 2016	0.74	0.67	0.71	0.62
December 2015	1.00	0.65	1.02	0.64
November 2015	1.16	1.06	1.14	1.04
October 2015	1.36	1.11	1.31	1.09

The closing prices of our ordinary shares listed on the TASE for each of the periods referred to in the tables above were originally denominated in NIS and were converted to U.S. dollars using the representative exchange rate between the U.S. dollar and the NIS published by the Bank of Israel for each applicable day in the presented period.

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

Since our initial public offering in November 1996, our ordinary shares have been listed on the NASDAQ Global Select Market (then known as the NASDAQ National Market) under the symbol "EMITF" and on the TASE under the symbol "EMIT."

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

Purposes and Objects of the Company

We are a public company registered under the Companies Law as Elbit Imaging Ltd., registration number 52-004303-5.

Pursuant to Section 2 of our Amended and Restated Memorandum of Association, we are authorized to operate in any business or matter for profit purposes as shall be determined or defined by our board of directors from time to time. In addition, our Amended and Restated Articles of Association authorize us to donate reasonable amounts to any cause we deem worthy.

Approval of Certain Transactions

A recent amendment to the Companies Law imposes new approval requirements for the compensation of office holders. Every Israeli public company was required to adopt a compensation policy, recommended by the compensation committee, and approved by the board of directors and the shareholders, in that order, no later than January 12, 2014. The shareholder approval requires a majority of the votes cast by shareholders, excluding any controlling shareholder and those who have a personal interest in the matter (similar to the threshold described in the following paragraph regarding transactions with a controlling shareholder). In general, all office holders' terms of compensation – including fixed remuneration, bonuses, equity compensation, retirement or termination payments, indemnification, liability insurance and the grant of an exemption from liability – must comply with the company's compensation policy. In addition, the compensation terms of directors, the chief executive officer, and any employee or service provider who is considered a controlling shareholder must be approved separately by the compensation committee, the board of directors and the shareholders of the company (by the same majority noted above), in that order. The compensation terms of other officers require the approval of the compensation committee and the board of directors. In addition, under the Companies Law and our Amended and Restated Articles of Association, transactions with our officers or directors or a transaction with another person in which such officer or director has a personal interest must be approved by our audit committee, board of directors or authorized non-interested signatories, and if such transaction is considered an extraordinary transaction (as defined below) or involves the engagement terms of officers, the transaction must be approved by the audit committee and board of directors. Our Compensation Committee and Board adopted a compensation policy, which our shareholders subsequently approved at the annual general meeting of our shareholders held on August 14, 2014, and amended compensation policy at the extraordinary general meeting of our shareholders held on March 31, 2016.

The compensation policy must serve as the basis for decisions concerning the financial terms of employment or engagement of office holders, including compensation, benefits, exculpation, insurance and indemnification. The compensation policy must take into account certain factors, including advancement of the company's objectives, the company's business plan and its long-term strategy, and creation of appropriate incentives. It must also consider, among other things, the company's risk management, size and the nature of its operations. The compensation policy must include certain principles, such as: a link between variable compensation and long-term performance and measurable criteria; the relationship between variable and fixed compensation; and the minimum holding or vesting period for variable, equity-based compensation. We believe that our Amended Compensation Policy satisfies these requirements.

The Companies Law also requires that any extraordinary transaction with a controlling shareholder or an extraordinary transaction with another person in which a controlling shareholder has a personal interest must be approved by the audit committee, the board of directors and the shareholders of the company, in that order. The shareholder approval must be by a simple majority, provided that (i) such majority vote includes at least a simple majority of the total votes of shareholders having no personal interest in the transaction or (ii) the total number of votes of shareholders mentioned in clause (i) above who voted against such transaction does not exceed 2% of the total voting rights in the company. In addition, any such extraordinary transaction whose term is longer than three years requires further shareholder approval every three years, unless (with respect to transactions not involving management fees or employment terms) the audit committee approves that a longer term is reasonable under the circumstances.

The Companies Law prohibits any person who has a personal interest in a matter from participating in the discussion (and voting pertaining to such matter in the company's board of directors or audit committee except for in circumstances where the majority of the board of directors has a personal interest in the matter, in which case such matter must be approved by the company's shareholders.

An "extraordinary transaction" is defined in the Companies Law as any of the following: (i) a transaction not in the ordinary course of business; (ii) a transaction that is not on market terms; or (iii) a transaction that is likely to have a material impact on the company's profitability, assets or liability.

Under the Companies Law, a private placement of securities requires approval by the board of directors and the shareholders of the company if it will cause a person to become a controlling shareholder or if:

- the securities issued amount to 20% or more of the company's outstanding voting rights before the issuance;
- some or all of the consideration is other than cash or listed securities or the transaction is not on market terms; and
- the transaction will increase the relative holdings of a shareholder that holds 5% or more of the company's outstanding share capital or voting rights or that will cause any person to become, as a result of the issuance, a holder of more than 5% of the company's outstanding share capital or voting rights.

Fiduciary Duties of Directors and Officers

The Companies Law imposes a duty of care and a duty of loyalty on the directors and officers of a company. The duty of care requires a director or office holder to act with the level of care with which a reasonable director or officer in the same position would have acted under the same circumstances. It includes a duty to use reasonable means to obtain information on the advisability of a given action brought for his approval or performed by him by virtue of his position and all other important information pertaining to these actions.

The duty of loyalty of a director or officer includes a general duty to act in good faith for the benefit of the company, and particularly to:

- refrain from any conflict of interest between the performance of his duties for the company and the performance of his other duties or his personal affairs
- refrain from any activity that is competitive with the company;
- refrain from exploiting any business opportunity of the company to receive a personal gain for himself or others; and
- disclose to the company any information or documents relating to a company's affairs which the director or officer has received due to his position as such.

The Companies Law requires that directors, officers or a controlling shareholder of a public company disclose to the company any personal interest that he or she may have, including all related material facts or documents in connection with any existing or proposed transaction by the company. The disclosure must be made without delay and no later than the first board of directors meeting at which the transaction is first discussed.

Duties of a Shareholder

Under the Companies Law, a shareholder, in exercising his rights and fulfilling his obligations to the company and the other shareholders, must act in good faith and in a customary manner and refrain from improperly exploiting his power in the company, including when voting at general or class meetings of shareholders on: (a) any amendment to the articles of association; (b) an increase of the company's authorized share capital; (c) a merger; or (d) the approval of related party transactions. In addition, a shareholder must refrain from prejudicing the rights of other shareholders. Furthermore, any controlling shareholder, any shareholder who knows that he possesses power to determine the outcome of the shareholders' vote at a general or a class meeting, and any shareholder that, pursuant to the provisions of the articles of association, has the power to appoint or prevent the appointment of an officer in the company or possesses any other power towards the company, is subject to a duty to act in fairness towards the company. The Companies Law does not detail the substance of this duty.

Board of Directors

In accordance with our Amended and Restated Articles of Association, the board of directors may, from time to time, in its discretion, cause us to borrow or secure the payment of any sum or sums of money for the purposes of the Company and may cause us to secure or provide for the repayment of such sum or sums in such manner, at such times and upon such terms and conditions in all respects as it deems fit, and in particular by the issuance of notes, perpetual or redeemable notes, debenture stock, or any mortgages, charges, or other securities on the undertaking or the whole or any part of our property (both present and future), including its uncalled or called but unpaid share capital for the time being.

Neither our Amended and Restated Memorandum of Association nor our Amended and Restated Articles of Association, nor the laws of the State of Israel require retirement of directors at a certain age or share ownership for director qualification, nor do any of them contain any restriction on the board of directors' borrowing powers.

Insurance, Indemnification and Exemption

General - our Amended and Restated Articles of Association set forth the following provisions regarding the grant of exemption, insurance and indemnification to any of our directors or officers, all subject to the provisions of the Companies Law. In accordance with such provisions and pursuant to the requisite approvals of our audit committee, board of directors and shareholders, we have obtained liability insurance covering our directors and officers, have granted indemnification undertakings to our directors and officers and have agreed to exempt our directors and officers (other than our Executive Chairman) from liability for breach of the duty of care. PC, InSightec and Gamida have also granted indemnification undertakings to their respective directors and officers.

Insurance - we may insure the liability of any director or officer to the fullest extent permitted by law. Without derogating from the aforesaid, we may enter into a contract to insure the liability of a director or officer for an obligation imposed on him in consequence of an act done in his capacity as such, in any of the following cases:

- (i) A breach of the duty of care *vis-a-vis* us or *vis-a-vis* another person;
- (ii) A breach of the duty of loyalty *vis-a-vis* us, provided that the director or officer acted in good faith and had reasonable basis to believe that the act would not harm us;
- (iii) A monetary obligation imposed on him in favor of another person;
- (iv) Reasonable litigation expenses, including attorney fees, incurred by the director or officer as a result of an administrative enforcement proceeding instituted against him. Without derogating from the generality of the foregoing, such expenses will include a payment imposed on the director or officer in favor of an injured party as set forth in Section 52(54)(a)(1)(a) of the Israeli Securities Law, 1968, as amended (the "Securities Law") and expenses that the director or officer incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses, which term includes attorney fees; or
- (v) Any other matter in respect of which it is permitted or will be permitted under applicable law to insure the liability of our directors or officers.

Indemnification

We may indemnify a director or officer to the fullest extent permitted by law, either retroactively or pursuant to an undertaking given in advance. Without derogating from the aforesaid, we may indemnify our directors or officers for liability or expense imposed on him in consequence of an action taken by him in his capacity as such, as follows:

- (i) Any financial liability he incurs or imposed on him in favor of another person in accordance with a judgment, including a judgment given in a settlement or a judgment of an arbitrator, approved by a court, provided that any undertaking to indemnify be restricted to events that, in the opinion of the board of directors, are anticipated in light of our actual activity at the time of granting the undertaking to indemnify and be limited to a sum or measurement determined by the board of directors to be reasonable under the circumstances;
- (ii) Reasonable litigation expenses, including legal fees, incurred by the director or officer or which he was ordered to pay by a court, within the framework of proceedings filed against him by or on behalf of us, or by a third party, or in a criminal proceeding in which he was acquitted, or in a criminal proceeding in which he was convicted of a felony which does not require a criminal intent; and
- (iii) Reasonable litigation expenses, including legal fees he incurs due to an investigation or proceeding conducted against him by an authority authorized to conduct such an investigation or proceeding, and which was ended without filing an indictment against him and without being subject to a financial obligation as a substitute for a criminal proceeding, or that was ended without filing an indictment against him, but with the imposition of a financial obligation, as a substitute for a criminal proceeding relating to an offense which does not require criminal intent, within the meaning of the relevant terms in the Companies Law or in connection with an administrative enforcement proceeding or a financial sanction. Without derogating from the generality of the foregoing, such expenses will include a payment imposed on the director or officer in favor of an injured party as set forth in Section 52(54)(a)(1)(a) of the Securities Law, and expenses that the director or officer incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses, which term includes attorney fees.

The aggregate indemnification amount payable by us pursuant to indemnification undertakings may not exceed the lower of (i) 25% of our shareholders' equity as of the date of actual payment by us of the indemnification amount (as set forth in our most recent consolidated financial statements prior to such payment) and (ii) \$40 million, in excess of any amounts paid (if paid) by insurance companies pursuant to insurance policies maintained by us, with respect to matters covered by such indemnification.

Exemption - we may exempt a director or officer in advance or retroactively for all or any of his liability for damage in consequence of a breach of the duty of care *vis-a-vis* us, to the fullest extent permitted by law.

Prohibition on the grant of exemption, insurance and indemnification - The Companies Law provides that a company may not give insurance, indemnification nor exempt its directors or officers from liability in the following events:

- (i) a breach of the duty of loyalty to the company, unless, with respect to insurance coverage or indemnification, the director or officer acted in good faith and had a reasonable basis to believe that the act would not harm us;
- (ii) an intentional or reckless breach of the duty of care;
- (iii) an act done with the intention of unduly deriving a personal profit; or
- (iv) a fine imposed on the officer or director.

Rights Attached to Shares

Our registered share capital consists of a single class of 35,000,000 ordinary shares, of no par value, of which 27,572,426 ordinary shares were issued and outstanding as of April 1, 2016.

Dividend and Liquidation Rights

Our board of directors may declare a dividend to be paid to the holders of ordinary shares on a pro rata basis. Dividends may only be paid out of our profits and other surplus funds, as defined in the Companies Law, as of our most recent financial statement or as accrued over the past two years, whichever is higher, or, in the absence of such profits or surplus, with court approval. In any event, a dividend is permitted only if there is no reasonable concern that the payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due. In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of ordinary shares on a pro rata basis. This right may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future, subject to applicable law. For information on our dividend policy, see "Item 8.A. Financial Information – Consolidated Statements and Other Financial Information - Dividend Distribution Policy."

Voting Rights

Holders of ordinary shares have one vote for each ordinary share held by them on all matters submitted to a vote of the shareholders. Such voting rights may be affected by the creation of any special rights to the holders of a class of shares with preferential rights that may be authorized in the future in the manner provided for under the Companies Law and our Amended and Restated Articles of Association. The quorum required for an ordinary meeting of shareholders consists of at least two shareholders present in person or by proxy who hold or represent, in the aggregate, at least 33-1/3% of the issued voting share capital. In the event that a quorum is not present within half an hour of the scheduled time, the meeting shall be adjourned to the same day of the following week, at the same time and place, or to such other day, time and place as the board of directors shall determine by notice to the shareholders. If at such adjourned meeting a quorum is not present within half an hour of the scheduled time, the two members present in person or by proxy will constitute a quorum.

Modification of Class Rights Attached to Shares

The rights attached to any class, such as voting, liquidation and dividend rights, may be amended by written consent of holders of a majority of the issued shares of that class, or by adoption of a resolution by a simple majority of the shares of that class represented at a separate class meeting.

Annual and Special Meetings

In accordance with the Companies Law, the board of directors must convene an annual meeting of shareholders at least once every calendar year and no later than within 15 months from the last annual meeting. Notice of at least 14 days prior to the date of the meeting is required, subject to applicable law, which often requires notice of at least 21 or 35 days. An extraordinary meeting may be convened by the board of directors, either at its discretion or upon a demand of (i) any two directors or 25% of the serving directors; or (ii) one shareholder or more holding in the aggregate at least 5% of our issued capital and at least 1% of the voting rights in the Company or one shareholder or more holding at least 5% of the voting rights in the Company.

Limitations on the Rights to own Securities

Our Amended and Restated Memorandum of Association and Amended and Restated Articles of Association do not restrict in any way the ownership of our shares by non-residents of Israel and neither the Amended and Restated Memorandum of Association, the Amended and Restated Articles of Association or Israeli law restricts the voting rights of non-residents of Israel except that under Israeli law any transfer or issue of our shares to a resident of an enemy state of Israel is prohibited and shall have no effect.

Changes to our Capital

Changes to our capital are subject to the approval of our shareholders by a simple majority.

Anti-Takeover Provisions

The Companies Law prohibits the purchase of our shares if the purchaser's holding following such purchase increases above certain percentages without conducting a tender offer or obtaining shareholder approval. Our Amended and Restated Articles of Association increased the required amount of such tender offer to at least 10% of our outstanding ordinary shares See "Item 3.D. Risk Factors - Risks Relating to Israel - Provisions of Israeli law may delay, prevent or make more difficult a merger or other business combination, which may depress our share price." above.

Amendment of Articles of Association

Any amendment to our articles of association requires the approval of our shareholders by a simple majority.

Transfer Agent

Our transfer agent in the United States is American Stock Transfer and Trust Company whose address is 6201 15th Avenue, Brooklyn, New York 11219.

C. MATERIAL CONTRACTS

The following is a list of material contracts entered into by us or any of our subsidiaries during the two years prior to the filing of this annual report.

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Sale of Belgian Hotels

On June 11, 2015 we completed the transaction contemplated in the Share Purchase Agreement with Astrid JV S.à.r.l., an affiliate of Kohlberg Kravis Roberts & Co. L.P., with regard to the sale of its entire (100%) holdings in its wholly owned subsidiary which owns and operates the Radisson Blu Hotel and the Park Inn Hotel in Antwerp, Belgium. The asset value reflected in the transaction was approximately € 48 million (approximately \$52 million) for both Hotels subject to working capital and other adjustments as specified in the agreement. The total net consideration paid to our wholly owned subsidiary, was approximately € 27 million (approximately \$30 million).

Refinance of Bucharesti Tourism

On March 10, 2016 we announced that our subsidiary Bucuresti Turism S.A. ("BUTU"), as borrower, Raiffeisen Bank International A.G and Raiffeisen Bank S.A., leading international European banks, as lenders (the "Lenders") and us as guarantor have amended and restated the existing facility agreement for a total aggregate amount of €97 million (approximately \$106 million) which will be draw down in two tranches. For more information see the Forms 6-K we filed on October 28, 2015, March 10, 2016 and March 24, 2016. On March 24, 2016 we announced the closing of the first tranche of the facility agreement in the total amount of €85 million (approximately \$93 million).

Acquisition of Liberec Plaza

For a discussion regarding our acquisition of Liberec Plaza, see "Item 4A – History and Development of the Company – Recent Events – Acquisition of Loan to Control Liberec Plaza in the Czech Republic and Sale of the Commercial Center".

Sale of plot in Bangalore, India

For a discussion regarding our transaction in Bangalore, Indai, see "Item 4A – History and Development of the Company – Recent Events – Agreement to Sell a plot in Bangalore, India".

The Debt Restructuring

For a discussion of the Debt Restructuring, see above Item 4A, under "Our Debt Restructuring".

The Refinancing Agreement

For a discussion of the Refinancing Agreement entered with Bank Hapoalim see "Item 5. Operating and Financial Review and Prospects – Overview - 2014".

The PC Debt Restructuring

For a discussion of the Amended PC Plan, see above Item 4A, under "PC Debt Restructuring".

Medical

For information regarding the investment in InSightec by York Global Finance II S.à r.l., see "Item 5. Operating and Financial Review and Prospects – Overview - 2015)

For information regarding investment in InSightec by some of its existing shareholders, see "Item 4A – History and Development of the Company – Recent Events – InSightec Series D Share Purchase Agreement".

D. EXCHANGE CONTROLS

In 1998, the government of Israel promulgated a general permit under the Israeli Currency Control Law, 5738 - 1978. Pursuant to such permit, substantially all transactions in foreign currency are permitted.

Our Amended and Restated Memorandum of Association and Articles of Association do not restrict in any way the ownership of our shares by non-residents, and neither our Amended and Restated Memorandum of Association nor Israeli law restricts the voting rights of non-residents.

E. TAXATION

The following is a discussion of certain tax laws that may be material to our shareholders, all as in effect as of the date of this report and all of which are subject to changes, possibly on a retroactive basis, to the extent that such laws are still subject to judicial or administrative interpretation in the future. This discussion is not intended, and should not be construed, as legal or professional tax advice and does not cover all possible tax considerations. For further information as to taxes that apply to us and our subsidiaries, see note 22 to our annual consolidated financial statements.

WE ENCOURAGE EACH INVESTOR TO CONSULT WITH HIS OR HER OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH INVESTOR OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES, INCLUDING THE EFFECTS OF APPLICABLE ISRAELI, U.S. FEDERAL, STATE, AND LOCAL TAXES.

Taxation in Israel

The following is a summary of the material Israeli tax consequences to purchasers of our ordinary shares. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. To the extent that the discussion is based on new tax legislation which has not been subject to judicial or administrative interpretation, we cannot assure you that the views expressed in the discussion will be accepted by the appropriate tax authorities or the courts. The discussion is not intended, and should not be construed, as legal or professional tax advice and is not exhaustive of all possible tax considerations.

Capital Gains Tax on Sales of Our Ordinary Shares

Israeli law generally imposes a capital gains tax on the sale of capital assets by residents of Israel, and by non-residents of Israel if those assets either (i) are located in Israel; (ii) are shares or a right to a share in an Israeli resident company; or (iii) represent, directly or indirectly, rights to assets located in Israel, unless a specific exemption is available or unless a double tax convention concluded between Israel and the shareholder's country of residence provides otherwise. The law distinguishes between real gain and inflationary surplus. The inflationary surplus is equal to the increase in the purchase price of the relevant asset attributable solely to the increase in the Israeli CPI, or a foreign currency exchange rate, between the date of purchase and the date of sale. The real gain is the excess of the total capital gain over the inflationary surplus.

As of January 1, 2012, capital gains derived by Israeli individuals from the sale of shares purchased on or after January 1, 2003, will be taxed at the rate of 25%. However, if the individual shareholder is a "Significant Shareholder" (i.e., a person who holds, directly or indirectly, alone or jointly with others, 10% or more of one of the Israeli resident company's means of control) at the time of sale or at any time during the preceding 12 month period, such gains will be taxed at the rate of 30%. In addition, capital gains derived by an individual claiming a deduction of financing expenses in respect of such gains will be taxed at the rate of 30%. However, different tax rates may apply to dealers in securities and shareholders who acquired their shares prior to an initial public offering. Israeli companies are subject to the corporate tax rate (26.5% for the 2015 tax year and 25% for the 2016 tax year and thereafter) on capital gains derived from the sale of shares.

The tax basis of our shares acquired prior to January 1, 2003, will generally be determined in accordance with the average closing share price in the three trading days preceding January 1, 2003. However, a request may be made to the Israeli tax authorities to consider the actual adjusted cost of the shares as the tax basis if it is higher than such average price.

Capital gains derived from the sale of our shares by a non-Israeli shareholder may be exempt under the Israeli Income Tax Ordinance from Israeli taxation provided the following cumulative conditions are met: (i) the shares were purchased upon or after the registration of our shares on the stock exchange, (ii) the seller doesn't have a permanent establishment in Israel to which the derived capital gains are attributed, and (iii) if the seller is a corporation, (a) 25% or less of its means of control or (b) less than 25% of the beneficial rights to the revenues or profits of such corporation, whether directly or indirectly, are held by Israeli resident shareholders. In addition, the sale of our shares by a non-Israeli shareholder may be exempt from Israeli capital gain tax under an applicable tax treaty.

Pursuant to the Convention between the Government of the United States of America and the Government of Israel with Respect to Taxes on Income, as amended, or the U.S.- Israel Tax Treaty, the sale, exchange or disposition of ordinary shares by a person who (i) holds the ordinary shares as a capital asset, (ii) qualifies as a resident of the United States within the meaning of the U.S.-Israel Tax Treaty and (iii) is entitled to claim the benefits afforded to such resident by the U.S.-Israel Tax Treaty generally will not be subject to Israeli capital gains tax unless (i) either such resident holds, directly or indirectly, shares representing 10% or more of the voting power in the company during any part of the 12-month period preceding such sale, exchange or disposition, subject to certain conditions, or (ii) the capital gains from such sale, exchange or disposition can be allocated to a permanent establishment of the shareholder in Israel. If the above conditions are not met, the sale, exchange or disposition of ordinary shares would be subject to such Israeli capital gains tax to the extent applicable; however, under the U.S.-Israel Tax Treaty, such residents should be permitted to claim a credit for such taxes against U.S. federal income tax imposed with respect to such sale, exchange or disposition, subject to the limitations in U.S. laws applicable to foreign tax credits. The U.S.-Israel Tax Treaty does not relate to state or local taxes.

In some instances where our shareholders may be liable to Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at the source.

At the sale of securities traded on a stock exchange a detailed return, including a computation of the tax due, must be filed and an advanced payment must be paid on January 31 and June 30 of every tax year in respect of sales of securities made within the previous six months. However, if all tax due was withheld at source according to applicable provisions of the Ordinance and regulations promulgated thereunder the aforementioned return need not be filed and no advance payment must be paid. Capital gain is also reportable on the annual income tax return.

Taxation of Dividends Distribution

A distribution of dividends to an Israeli resident individual will generally be subject to income tax at a rate of 25%. However, a 30% tax rate will apply if the dividend recipient is a Significant Shareholder at the time of distribution or at any time during the preceding 12 month period. If the recipient of the dividend is an Israeli resident company, such dividend will be exempt from income tax provided that the income from which such dividend is distributed was derived or accrued within Israel. As of January 1, 2014, any distribution of dividends from income attributed to a Preferred Enterprise under the Law for the Encouragement of Capital Investments, 1959 ("Investment Law") is generally subject to a tax at a rate of 20%. However, if such dividends are distributed to an Israeli company, no tax is imposed. As of January 1, 2014, dividends distributed from income attributed to an Approved Enterprise and/or a Benefited Enterprise under the Investment Law, are subject to a tax rate of 20%. Notwithstanding the above, a reduced 15% tax rate will be applicable if the dividend was distributed out of income of: (i) Approved Enterprise activated prior to 2014; or (ii) Benefited Enterprise with a "Year of Election" prior to 2014.

Under the Israeli Income Tax Ordinance, a non-Israeli resident (either individual or company) is generally subject to Israeli income tax on the receipt of dividends at the rate of 25% (30% if the dividends recipient is a Significant Shareholder), unless a different rate is provided in a treaty between Israel and the shareholder's country of residence. Under the U.S.- Israel Tax Treaty, the following rates will apply in respect of dividends distributed by an Israeli resident company to a U.S. resident: (i) if the U.S. resident is a corporation which holds during that portion of the tax year which precedes the date of payment of the dividend and during the whole of its prior tax year (if any), at least 10% of the outstanding shares of the voting stock of the Israeli resident paying company, and not more than 25% of the gross income of the Israeli resident paying company for such prior taxable year (if any) consists of certain type of interest or dividends - the tax rate is 12.5%, (ii) if both the conditions mentioned in section (i) above are met and the dividend is paid from an Israeli resident company's income generated by an "Approved Enterprise", which was entitled to a reduced tax rate under the Israeli Law for the Encouragement of Capital Investments, 5719-1959 - the tax rate is 15%, and (iii) in all other cases, the tax rate is 25%. The aforementioned rates under the U.S. - Israel Tax Treaty will not apply if the dividend income was derived through a permanent establishment of the U.S. resident in Israel.

We are generally obligated to withhold Israeli tax at the source upon the distribution of a dividend, at the aforementioned rates.

A non-resident of Israel who has dividend income derived from or accrued in Israel, from which tax was withheld at source, is generally exempt from the duty to file tax returns in Israel in respect of such income, provided such income was not derived from a business conducted in Israel by the shareholder.

Excess Tax

Individuals who are subject to tax in Israel are also subject to an additional tax at a rate of 2% on annual income exceeding a certain threshold (approximately NIS 811,000 for 2016, which amount is linked to the annual change in the Israeli consumer price index), including, but not limited to income derived from , dividends, interest and capital gains.

U.S. Federal Income Tax Considerations

Subject to the limitations described herein, this discussion summarizes certain U.S. federal income tax consequences of the purchase, ownership and disposition of our ordinary shares to a U.S. holder. A U.S. holder is a holder of our ordinary shares who is:

- an individual citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation (or another entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any political subdivision thereof or the District of Columbia;
- an estate, the income of which may be included in the gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if, in general, (i) a U.S. court is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (ii) that has in effect a valid election under applicable U.S. Treasury Regulations to be treated as a U.S. person.

Unless otherwise specifically indicated, this discussion does not consider the U.S. tax consequences to a person that is not a U.S. holder (a “non-U.S. holder”) and considers only U.S. holders that will own the ordinary shares as capital assets (generally, for investment).

This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), current and proposed Treasury Regulations promulgated under the Code and administrative and judicial interpretations of the Code, all as currently in effect and all of which are subject to change, possibly with retroactive effect. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular U.S. holder based on the U.S. holder’s particular circumstances. In particular, this discussion does not address the U.S. federal income tax consequences to U.S. holders who are broker-dealers; who have elected mark-to-market accounting; who own, directly, indirectly or constructively, 10% or more of our outstanding voting shares; U.S. holders that received ordinary shares as a result of exercising employee stock options or otherwise as compensation; U.S. holders holding our ordinary shares as part of a hedging, straddle or conversion transaction; U.S. holders whose functional currency is not the U.S. dollar, real estate investments trusts, regulated investment companies, insurance companies, tax-exempt organizations, qualified retirement plan or individual retirement account; financial institutions, grantor trusts, S corporations; certain former citizens or long term residents of the United States; and persons subject to the alternative minimum tax, who may be subject to special rules not discussed below. Additionally, the possible application of U.S. federal estate, or gift taxes or any aspect of state, local or non-U.S. tax laws is not discussed.

If an entity treated as a partnership for U.S. Federal income tax purposes holds our ordinary shares, the tax treatment of the entity and an equity owner in such entity will generally depend on the status of the equity owner and the activities of the entity. Such an equity owner or entity should consult its tax advisor as to its consequences.

Each holder of our ordinary shares is advised to consult his or her tax advisor with respect to the specific U.S. federal, state, local and foreign tax consequences to him or her of purchasing, holding or disposing of our ordinary shares.

Distributions

Subject to the discussion below under “Tax Consequences if We are a Passive Foreign Investment Company,” a distribution paid by us with respect to our ordinary shares to a U.S. holder will be treated as dividend income to the extent that the distribution does not exceed our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. The amount of a distribution with respect to our ordinary shares will equal the amount of cash and the fair market value of any property distributed and will also include the amount of any non-U.S. taxes withheld from such distribution. Dividends that are received by U.S. holders that are individuals, estates or trusts will be taxed at the rate applicable to long-term capital gains (current maximum rate of 20%), provided that such dividends meet the requirements of “qualified dividend income.” For this purpose, qualified dividend income generally includes dividends paid by a non-U.S. corporation if certain holding period and other requirements are met and either (a) the stock of the non-U.S. corporation with respect to which the dividends are paid is “readily tradable” on an established securities market in the U.S. (e.g., the NASDAQ Global Select Market) or (b) the non-U.S. corporation is eligible for benefits of a comprehensive income tax treaty with the U.S. which includes an information exchange program and is determined to be satisfactory by the U.S. Secretary of the Treasury. The United States Internal Revenue Service (“IRS”) has determined that the U.S.-Israel income tax treaty is satisfactory for this purpose. Dividends that fail to meet such requirements, and dividends received by corporate U.S. holders are taxed at ordinary income rates. No dividend received by a U.S. holder will be a qualified dividend (1) if the U.S. holder held the ordinary share with respect to which the dividend was paid for less than 61 days during the 121-day period beginning on the date that is 60 days before the ex-dividend date with respect to such dividend, excluding for this purpose, under the rules of Code Section 246(c), any period during which the U.S. holder has an option to sell, is under a contractual obligation to sell, has made and not closed a short sale of, is the grantor of a deep-in-the-money or otherwise nonqualified option to buy, or has otherwise diminished its risk of loss by holding other positions with respect to, such ordinary share (or substantially identical securities); or (2) to the extent that the U.S. holder is under an obligation (pursuant to a short sale or otherwise) to make related payments with respect to positions in property substantially similar or related to the ordinary share with respect to which the dividend is paid. If we were to be a “passive foreign investment company” (as such term is defined in the Code) for any taxable year, dividends paid on our ordinary shares in such year and in the following taxable year would not be qualified dividends. See discussion below regarding our PFIC status at “Tax Consequences If We Are a Passive Foreign Income Company.” In addition, a non-corporate U.S. holder will be able to take a qualified dividend into account in determining its deductible investment interest (which is generally limited to its net investment income) only if it elects to do so; in such case, the dividend will be taxed at ordinary income rates.

The amount of any distribution which exceeds the amount treated as a dividend will be treated first as a non-taxable return of capital, reducing the U.S. holder’s tax basis in its ordinary shares to the extent thereof, and then as capital gain from the deemed disposition of the ordinary shares. Corporate holders will not be allowed a deduction for dividends received in respect of the ordinary shares.

Dividends paid by us in NIS will be generally included in the income of U.S. holders at the dollar amount of the dividend (including any non-U.S. taxes withheld therefrom), based upon the exchange rate in effect on the date the distribution. U.S. holders will have a tax basis in the NIS for U.S. federal income tax purposes equal to that dollar value. Any subsequent gain or loss in respect of the NIS arising from exchange rate fluctuations will generally be taxable as U.S. source ordinary income or loss.

Subject to certain conditions and limitations set forth in the Code and the Treasury Regulations thereunder, including certain holding period requirements, U.S. holders may elect to claim as a foreign tax credit against their U.S. federal income tax liability the non-U.S. income taxes withheld from dividends received in respect of our ordinary shares. The limitations on claiming a foreign tax credit include, among others, computation rules under which foreign tax credits allowable with respect to specific classes of income cannot exceed the U.S. federal income taxes otherwise payable with respect to each such class of income. In this regard, dividends paid by us generally will be foreign source “passive income” for U.S. foreign tax credit purposes. U.S. holders that do not elect to claim a foreign tax credit may instead claim a deduction for the non-U.S. income taxes withheld if they itemize deductions for U.S. federal income tax purposes. The rules relating to foreign tax credits are complex, and U.S. holders should consult their tax advisors to determine whether and to what extent they would be entitled to this credit.

Disposition of Ordinary Shares

Subject to the discussion below under “Tax Consequences If We Are a Passive Foreign Investment Company,” upon the sale, exchange or other disposition of our ordinary shares (other than in certain nonrecognition transactions), a U.S. holder will recognize capital gain or loss in an amount equal to the difference between the amount realized on the disposition and the U.S. holder’s tax basis in our ordinary shares. The gain or loss recognized on the disposition of the ordinary shares will be long-term capital gain or loss if the U.S. holder held our ordinary shares for more than one year at the time of the disposition. Under current law, long-term capital gains are subject to a maximum rate of 20%. Capital gain from the sale, exchange or other disposition of our ordinary shares held for one year or less is short-term capital gain and taxed at ordinary income tax rates. Gain or loss recognized by a U.S. holder on a sale, exchange or other disposition of our ordinary shares generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. A U.S. holder that receives foreign currency upon the disposition of our ordinary shares and converts the foreign currency into dollars after the settlement date (in the case of a cash method taxpayer or an accrual method taxpayer that elects to use the settlement date) or trade date (in the case of an accrual method taxpayer) may have foreign exchange gain or loss based on any appreciation or depreciation in the value of the foreign currency against the dollar, which will generally be U.S. source ordinary income or loss.

Net Investment Income

Subject to certain limitations and exceptions, certain non-corporate U.S. holders may be subject to an additional 3.8% surtax on all or a portion of their “net investment income,” which may include dividends on, or capital gains recognized from the disposition of, our ordinary shares. U.S. holders are urged to consult their own tax advisors regarding the implications of the additional net investment income tax on their investment in our ordinary shares.

Tax Consequences if we are a Passive Foreign Investment Company

We will be a passive foreign investment company, or PFIC, if either (1) 75% or more of our gross income in a taxable year is passive income or (2) 50% or more of the value, determined on the basis of a quarterly average, of our assets in a taxable year produce or are held for the production of passive income. If we own (directly or indirectly) at least 25% by value of the stock of another corporation, we will be treated for purposes of the foregoing tests as owning our proportionate share of that other corporation’s assets and as directly earning our proportionate share of that other corporation’s income. If we are a PFIC, a U.S. holder must determine under which of three alternative taxing regimes it wishes to be taxed.

The “QEF” regime applies if the U.S. holder elects to treat us as a “qualified electing fund” (“QEF”) for the first taxable year in which the U.S. holder owns our ordinary shares or in which we are a PFIC, whichever is later, and if we comply with certain reporting requirements. If a QEF election is made after the first taxable year in which a U.S. holder holds our ordinary shares and we are a PFIC, then special rules would apply. If the QEF regime applies, then for each taxable year that we are a PFIC, such U.S. holder will include in its gross income a proportionate share of our ordinary earnings (which is taxed as ordinary income) and net capital gain (which is taxed as long-term capital gain), subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. These amounts would be included in income by an electing U.S. holder for its taxable year in which our taxable year ends, whether or not such amounts are actually distributed to the U.S. holder. A U.S. holder’s basis in our ordinary shares for which a QEF election has been made would be increased to reflect the amount of any taxed but undistributed income. Generally, a QEF election allows an electing U.S. holder to treat any gain realized on the disposition of its ordinary shares as capital gain. Once made, the QEF election applies to all subsequent taxable years of the U.S. holder in which it holds our ordinary shares and for which we are a PFIC, and the QEF election can be revoked only with the consent of the IRS.

A second regime, the “mark-to-market” regime, may be elected so long as our ordinary shares are “marketable stock” (e.g., “regularly traded” on the NASDAQ Global Select Market). If the mark-to-market election is made after the first taxable year in which a U.S. holder holds our ordinary shares and we are a PFIC, then special rules would apply. Pursuant to this regime, an electing U.S. holder’s ordinary shares are marked-to-market each taxable year that we are a PFIC, and the U.S. holder recognizes as ordinary income or loss the amount equal to the difference as of the close of the taxable year between the fair market value of our ordinary shares and the U.S. holder’s adjusted tax basis in our ordinary shares. Losses are allowed only to the extent of net mark-to-market gain previously included by the U.S. holder under the election for prior taxable years. An electing U.S. holder’s adjusted basis in our ordinary shares is increased by income recognized under the mark-to-market election and decreased by the deductions allowed under the election. Under the mark-to-market election, in a taxable year that we are a PFIC, gain on the sale of our ordinary shares is treated as ordinary income, and loss on the sale of our ordinary shares, to the extent the amount of loss does not exceed the net mark-to-market gain previously included, is treated as ordinary loss. Any loss on the sale of our ordinary shares in excess of net mark-to-market gain previously included is generally treated as a capital loss. The mark-to-market election applies to the taxable year for which the election is made and all later taxable years, unless the ordinary shares cease to be marketable stock or the IRS consents to the revocation of the election.

A U.S. holder making neither the QEF election nor the mark-to-market election is subject to the “excess distribution” regime. Under this regime, “excess distributions” are subject to special tax rules. An excess distribution is either (1) a distribution with respect to our ordinary shares that is greater than 125% of the average distributions received by the U.S. holder from us over the shorter of either the preceding three taxable years or such U.S. holder’s holding period for our ordinary shares prior to the distribution year, or (2) gain from the disposition of our ordinary shares (including gain deemed recognized if the ordinary shares are used as security for a loan).

Excess distributions must be allocated ratably to each day that a U.S. holder has held our ordinary shares. A U.S. holder must include amounts allocated to the current taxable year, as well as amounts allocated to taxable years prior to the first taxable year in which we were a PFIC, in its gross income as ordinary income for that year. All amounts allocated to other taxable years would be taxed at the highest tax rate for each such prior taxable year applicable to ordinary income and the U.S. holder also would be liable for interest on the deferred tax liability for each such taxable year calculated as if such liability had been due with respect to each such taxable year. A U.S. holder who inherits shares in a non-U.S. corporation that was a PFIC in the hands of the decedent generally is denied the otherwise available step-up in the tax basis of such shares to fair market value at the date of death. Instead, such U.S. holder would generally have a tax basis equal to the lesser of the decedent’s basis or the fair market value of the ordinary shares on the date of the decedent’s death.

We believe that we were not a PFIC in 2015. However, since the determination of whether we are a PFIC is based upon such factual matters as our market capitalization, the valuation of our assets, the assets of companies held by us in certain cases and certain assumptions and methodologies in which we have based our analysis, there can be no assurance that the IRS will agree with our position. In addition, there can be no assurance that we will not become a PFIC for the current taxable year ending December 31, 2016 or in any future taxable year. We will notify U.S. holders in the event we conclude that we will be treated as a PFIC for any taxable year to enable U.S. holders to consider whether or not to elect to treat us as a QEF for U.S. federal income tax purposes, or to “mark-to-market” the ordinary shares or to become subject to the “excess distribution” regime. If we are a PFIC, U.S. holders will generally be required to file an annual report with the IRS.

U.S. holders are urged to consult their tax advisors regarding the application of the PFIC rules, including eligibility for and the manner and advisability of making, the QEF election or the mark-to-market election.

Non-U.S. Holders

Subject to the discussion below under “Information Reporting and Back-up Withholding,” a non-U.S. holder of our ordinary shares generally will not be subject to U.S. federal income or withholding tax on the receipt of dividends on, and the proceeds from the disposition of, our ordinary shares, unless, in the case of U.S. federal income taxes (i) the item is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States and in the case of a resident of a country which has a treaty with the United States, the item is attributable to a permanent establishment, or in the case of an individual, the item is attributable to a fixed place of business in the United States, or (ii) the non-U.S. holder is an individual who holds the ordinary shares as a capital asset, is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

Information Reporting and Backup Withholding

U.S. holders (other than certain exempt recipients such as corporations) generally are subject to information reporting requirements with respect to dividends paid on our ordinary shares in the United States or by a U.S. payor or U.S. middleman or the gross proceeds from disposing of our ordinary shares. U.S. holders generally are also subject to backup withholding (currently 28%) on dividends paid in the United States or by a U.S. payor or U.S. middleman on our ordinary shares and on the gross proceeds from disposing of our ordinary shares, unless the U.S. holder provides an IRS Form W-9 or is otherwise exempt from backup withholding.

Certain U.S. holders (and to the extent provided in IRS guidance, certain non-U.S. holders) who hold interests in “specified foreign financial assets” (as defined in Section 6038D of the Code) are generally required to file an IRS Form 8938 as part of their U.S. federal income tax returns to report their ownership of such specified foreign financial assets, which may include our ordinary shares, if the total value of those assets exceed certain thresholds. Substantial penalties may apply to any failure to timely file IRS Form 8938. In addition, in the event a holder that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. Holders should consult their own tax advisors regarding their tax reporting obligations.

f20f2015_elbitimaginc.htm	Form Type: 20-F	Page 115
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

Non-U.S. holders generally are not subject to information reporting or backup withholding with respect to dividends paid on our ordinary shares in the United States or by a U.S. payor or U.S. middleman or the gross proceeds from the disposition of our ordinary shares, provided that such non-U.S. holder certifies to its foreign status, or is otherwise exempt from backup withholding or information reporting.

The amount of any backup withholding may be allowed as a credit against a holder's U.S. federal income tax liability and may entitle such holder to a refund provided that certain required information is timely furnished to the IRS.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

We are subject to the informational requirements of the Exchange Act that are applicable to a foreign private issuer. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act.

However, we file annual reports with, and furnish other information to, the SEC. These materials, including this annual report and the exhibits hereto, may be inspected and copied at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington D.C. 20549. Copies of the materials may be obtained from the Public Reference Room of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The public may obtain information on the operation of the SEC's Public Reference Room by calling the SEC in the United States at 1-800-SEC-0330. Additionally, copies of the materials may be obtained from the SEC's website at <http://www.sec.gov>.

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Management of financial risks

Our operations expose us to risks that relate to various financial instruments, such as market risks (including currency risk, cash flow risk with respect to interest rates and other price risk), credit risk and liquidity risk.

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate because of changes in market prices.

Credit risk is the risk of financial loss to us if counterparty to a financial instrument fails to meet its contractual obligations.

Liquidity risk is the risk that we will not be able to meet our financial obligations as they become due.

Our comprehensive risk management program focuses on actions to minimize the possible negative effects on our financial performance. In certain cases we use derivatives financial instruments in order to mitigate certain risk exposures.

Our board of directors has overall responsibility for the establishment and oversight of our risk management framework. Our board of directors is managing the risks faced by us, and confirms that all appropriate actions have been or are being taken to address any weaknesses.

As of December 31, 2015, we had exposure to the following risks that are related to financial instruments:

Foreign currency risk

We have international activities in many countries and, therefore, we are exposed to foreign currency risks as a result of fluctuations in the different exchange rates. Foreign currency risks are derived from transactions executed and/or financial assets and liabilities held in a currency which is different than the functional currency of our entity which executed the transaction or holds these financial assets and liabilities. In order to minimize such exposure, our policy is to hold financial assets and liabilities in a currency which is the functional currency of that entity.

In addition a significant part of our business/investments are denominated in foreign currencies (Euro for the hotel and the commercial center business , US dollar for the Medical business and INR for the plots in India) while the corporate obligations of us and PC (mainly notes) are linked to the Israeli NIS. Our main source to serve these corporate debts will arrive mainly from the sale of these assets/investments. Therefore a devaluation of each of these currencies against the NIS until the date of the execution of the relevant sale transaction may significantly affect us and PC cash flow and our ability to repay our debts in a timely manner. As of the filling of this annual report we do not actively hedge this risk.

The following table details sensitivity analysis to a change of 10% in our main foreign currencies, as of December 31, 2015, against the relevant functional currency and their effect on the statements of income and the shareholder's equity (before tax and before capitalizing any exchange results to qualified assets):

	Functional currency	Linkage currency	Change in the exchange rate (%)	Profit (loss)
			(in NIS thousands)	
Financial assets				
Cash and deposits	NIS	Euro	+10%	1,637
Cash and deposits	Euro	NIS	+10%	857
Cash and deposits	Euro	PLN	+10%	883
Cash and deposits	Euro	RON	+10%	1,163
Cash and deposits	Euro	U.S. dollar	+10%	1,005
Total				5,545
Financial Liabilities				
Loans at amortized cost	NIS	Euro	+10%	(15,746)
Loans at amortized cost	Euro	PLN	+10%	(5,503)
Notes at amortized cost	Euro	NIS	+10%	(71,615)
Loans at amortized cost	RON	Euro	+10%	(25,344)
Total				(118,208)

Credit risk

We hold cash and cash equivalents, short-term investments and other long-term investments in financial instruments in various reputable banks and financial institutions. These banks and financial institutions are located in different geographical regions, and it is our policy to disperse our investments among different banks and financial institutions. Our maximum credit risk exposure is approximately the financial assets presented in the balance sheet in our annual consolidated financial statements.

Due to the nature of its activity, our Radisson Blu hotels and our commercial centers business do not materially exposed to credit risks stemming from dependence on a given customer. Our company examined on an ongoing basis the credit amounts extended to its customers and, accordingly, records a provision for doubtful debts based on those factors it considers having an effect on specific customers.

Interest rate risk

Fair value risk

A significant portion of our long-term loans and notes bear a fixed interest rate and are therefore, exposed to change in their fair value as a result of changes in the market interest rate. The vast majority of these loans and notes are measured at amortized cost and therefore changes in the fair value will not have any effect on the statement of income.

Cash flow risk

Part of our long-term borrowings are bearing variable interest rates. Cash and cash equivalents, short-term deposits and short-term bank credits are mainly deposited in or obtained at variable interest rates. Changes in the market interest rate will affect our finance income and expenses and our cash flow.

In certain cases we use interest rate swap transaction in order to swap loans with a variable interest rate to fixed interest rate or alternatively entering into loans with a fixed interest rate.

The following table presents the effect of an increase of 2% in the LIBOR rate with respect to financial assets and liabilities as of December 31, 2015, which are exposed to cash flow risk (before tax and before capitalization to qualifying assets):

	Profit (loss) NIS thousands
Loans linked to the Euro	(5,928)
Notes linked to the PLN	(550)
	(6,478)

The following table presents our long-term financial liabilities classified according to their interest rate and their contractual maturity date: (*)

Functional Currency	Linkage Currency	Interest Rate %	Average Interest Rate %	Repayment Years					Total
				1	2	3	4	5	
€	PLN	8.48	7.8	28.8	-	27.1	-	-	55.9
€	€	Euribor + 1.65-5.5	3	142.3	197	4.3	4.7	87	435.3
€	NIS (linked to CPI)	6-6.9	6-6.9	309	41.5	227.9	186.4	41.5	806.3
NIS	€	Libor+4.5	4.5	-	157.5	-	-	-	157.5
NIS	NIS (linked to CPI)	6	6	-	-	390.5	245.3	-	635.8
RON	€	Euribor + 4.6	4.6	254	-	-	-	-	254
				734.1	396	741.5	431.7	41.5	2,344.8

* As PC's primary objective is to obtain the Deferral (refer to note 8 B (1) to our financial reporting), this liquidity risk note is taking into account PC repayment in 2016 of the minimum net amount, as mentioned in note 12 E to our financial reporting

Israeli consumer price index risk

A significant part of our borrowings consists of notes raised by us on the TASE and which are linked to the increase in the Israeli consumer price index above the base index at the date of the notes issuance. An increase of 2% in the Israeli consumer price index will cause an increase in our finance expenses for the year ended December 31, 2015 (before tax) in the amount of NIS 25 million (approximately \$6.5 million).

Fair value of financial instruments

Our financial instruments primarily include cash and cash equivalents, short and long-term deposits, marketable securities, trade receivables, short and long-term other receivables, short-term banks credit, other current liabilities and long-term monetary liabilities.

The fair value of traded financial instruments (such as marketable securities and notes) is generally calculated according to quoted closing prices as of the balance sheet date, multiplied by the issued quantity of the traded financial instrument as of that date. The fair value of financial instruments that are not traded is estimated by means of accepted pricing models, such as present value of future cash flows discounted at a rate that, in our assessment, reflects the level of risk that is incorporated in the financial instrument. We rely, in part, on market interest which is quoted in an active market, as well as on various techniques of approximation. Therefore, for most of the financial instruments, the estimation of fair value presented below is not necessarily an indication of the realization value of the financial instrument as of December 31, 2015. The estimation of fair value is carried out, as mentioned above, according to the discount rates in proximity to such date and does not take into account the variability of the interest rates from the date of the computation through the date of issuance of the financial statements. Under an assumption of other discount rates, different fair value assessments would be received which could be materially different from those estimated by us, mainly with respect to financial instruments at a fixed interest rate. Moreover, in determining the assessments of fair value, the commissions that could be payable at the time of repayment of the instrument have not been taken into account and they also do not include any tax effect. The difference between the balances of the financial instruments as of the balance sheet date and their fair value as estimated by us may not necessarily be realizable, in particular in respect of a financial instrument which will be held until redemption date.

Following are the principal methods and assumptions which served to compute the estimated fair value of the financial instruments:

- a) **Financial instruments included in current and non-current assets and current liabilities** - (cash and cash equivalents, deposits and marketable securities, trade receivables, other current assets and assets related to discontinued operations,.

loans and deposits which bear variable interest rate,

short-term credit, suppliers, other current liabilities and liabilities related to discontinued operations due to their nature, their fair values approximate to those presented in the balance sheet.

- b) **Financial instruments included in long-term liabilities** - the fair value of the traded liabilities (notes) is determined according to closing prices as of December 31, 2015 quoted on the Tel Aviv and Warsaw Stock Exchanges, multiplied by the quantity of the marketable financial instrument issued as of that date. The fair value of non-traded liabilities at a fixed interest rate is determined according to the present value of future cash flows, discounted at a rate which reflects, in our estimation, the level of risk embedded in the financial instrument. The fair value of liabilities which carried variable interest rate is approximate to those amounts presented in the balance sheet.

The following table presents the book value and fair value of our financial assets (liabilities), which are presented in the financial statements at other than their fair value:

	As of December 31, 2015	
	Book Value	Fair Value
Long- term loans at fixed interest rate	(254,010)	(254,010)
Notes	(1,324,437)	(1,120,926)
	(1,578,447)	(1,374,936)

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

PC Debt Restructuring

On November 18, 2013 our subsidiary PC announced that it had filed for reorganization proceedings and submitted a restructuring plan to the Dutch Court proposed to its creditors, which was further amended. For more information, see "Item 4A – History and Development of the Company – Recent Events – PC Debt Restructuring".

Our Debt Restructuring

During 2013, our Board resolved to suspend all payments to its unsecured creditors and to negotiate with its unsecured creditors on a restructuring plan for the unsecured financial debts. On October 17, 2013 our unsecured financial creditors approved a Plan of Arrangement and on January 1, 2014, the Israeli District Court approved the Arrangement. For more information, see "Item 4A – History and Development of the Company – Recent Events – Our Debt Restructuring".

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures.

Our management, with the participation of our principal executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of December 31, 2015.

There can be no assurance that our disclosure controls and procedures will detect or uncover all failures of persons within our company to disclose information otherwise required to be set forth in our reports. Nevertheless, our disclosure controls and procedures are designed to provide reasonable assurance of achieving the desired control objectives. Based on this evaluation, our principal executive officer and chief financial officer concluded that, as of December 31, 2015, our disclosure controls and procedures were effective, in that they provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as such term is defined in Rule 13a-15 (f) under the Exchange Act. Internal control over financial reporting is designed to provide reasonable assurance to our management and the board of directors regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurances with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may decline.

Our management evaluated the effectiveness of our internal control over financial reporting established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)(2013). Based on the above, our management has assessed and concluded that, as of December 31, 2015, our internal control over financial reporting is effective.

Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding effectiveness of our internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report as we are a non-accelerated filer.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the year ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Our subsidiary, Plaza Centers N.V., or PC, and we have become aware of certain issues with respect to certain agreements that were executed in the past by PC in connection with the Casa Radio Project in Romania that may contain violations of the requirements of the U.S. Foreign Corrupt Practices Act (FCPA), including the books and records provisions of the FCPA. As a result of the aforementioned, our audit committee decided to appoint a special committee to examine these matters, including any internal control and reporting issues. The Company intends to fully cooperate with the relevant governmental agencies in this matter.

PC's board of directors appointed the chairman of its audit committee to investigate the matters internally and appointed independent law firms to perform an independent review of the issues raised. PC has approached and is co-operating fully with the relevant Romanian authorities regarding the matters that have come to its attention and it has submitted its findings to the Romanian authorities.

Any adjustments to our internal controls that may be adopted as a result of recommendations by our special committee may be implemented by our management accordingly. None of the future adjustments are expected to have a materially affect our [internal control over financial reporting or] financial statements.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

In accordance with Nasdaq Corporate Governance Rules, our board of directors has determined that both Mr. Zvi Tropp and Ms. Elina Frenkel Ronen are "audit committee financial experts" as defined in the instructions to Item 16A. of Form 20-F and are independent in accordance with the Nasdaq listing standards for audit committees applicable to us.

ITEM 16B. CODE OF ETHICS

Our principal executive officer, principal financial officer as well as all other directors, officers and employees are bound by a Code of Ethics and Business Conduct. Our Code of Ethics and Business Conduct is posted on and can be accessed via our web-site at www.elbitimaging.com. We will provide any person, without charge, upon request, a copy of our Code of Ethics. Such request should be submitted to our Corporate Secretary at 5 Kinneret St., Bnei-Brak 5126237, Israel and should include a return mailing address.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees billed by Brightman Almagor Zohar & Co., a firm of certified public accountants in Israel and a member firm of Deloitte Touche Tohmatsu, and other Deloitte member firms ("Deloitte") for professional services for each of the last two fiscal years were as follows:

Services Rendered	2014 Fees	2015 Fees
Audit (a)	\$ 547,088	\$ 382,484
Audit-related (b)	-	\$ 2,574
Tax (c)	\$ 79,571	\$ 14,804
All other fees (d)	-	-
Total	<u>\$ 626,659</u>	<u>\$ 399,862</u>

(a) Audit Fees

"Audit Fees" are the aggregate fees billed for the audit of our annual financial statements; audit in accordance with section 404 of the Sarbanes-Oxley Act of 2002, statutory audits and services that are normally provided in connection with statutory and regulatory filings or engagements.

(b) Audit-Related Fees

"Audit-Related Fees" are the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under Audit Fees.

In 2015, Audit-Related Fees included mainly work related to conversion of our Registration Statement on Form F-1 to a Registration Statement on Form F-3. There were no such fees in 2014.

(c) Tax Fees

"Tax Fees" are the aggregate fees billed for professional services rendered for tax compliance, tax advice on actual or contemplated transactions and tax consultations regarding tax audits, tax opinions and tax pre-rulings.

(d) All Other Fees

“All Other Fees” are the aggregate fees billed for products and services provided by Deloitte other than as described above. There were no such fees in 2015 and 2014.

(e) Pre-Approval Policies and Procedures

Our audit committee oversees the appointment, compensation, and oversight of the registered public accounting firm engaged to prepare and issue an audit report on our financial statements. The audit committee's specific responsibilities in carrying out its oversight role include the approval of all audit and non-audit services to be provided by our registered public accounting firm and quarterly review of its non-audit services and related fees. These services may include audit services, audit-related services, permitted tax services and other services, as described above. The audit committee approves in advance the particular services or categories of services to be provided to us during the following yearly period and also sets forth a specific budget for such audit and non-audit services. Additional services may be pre-approved by the audit committee on an individual basis throughout the year.

None of the Audit-Related Fees, Tax Fees or Other Fees paid by us for services provided by Deloitte were approved by the audit committee pursuant to the *de minimis* exception to the pre-approval requirement provided by Section 10A of the Exchange Act.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE COMPANY AND AFFILIATED PURCHASERS

Purchases of equity securities by the Company

No purchases of any of our equity securities (either pursuant to or not pursuant to any publicly announced plans or programs) were made by or on behalf of us during 2015.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

We follow the Companies Law, the relevant provisions of which are summarized in this annual report, rather than comply with the NASDAQ requirements relating to: (i) the quorum for adjourned shareholder meetings, as described in “Item 10.B. Memorandum and Articles of Association - Voting Rights”; (ii) executive sessions of independent directors, which are not required under the Companies Law; (iii) that director nominees either be selected, or recommended for the board's selection, either by independent directors constituting a majority of the board's independent directors or by a nominations committee comprised solely of independent directors, and (iv) shareholder approval with respect to issuance of securities under equity based compensation plans. NASDAQ rules generally require shareholder approval when an equity based compensation plan is established or materially amended, but we follow the Companies Law, which requires approval of the board of directors or a duly authorized committee thereof, unless such arrangements are for the compensation of directors, in which case they also require compensation committee and shareholder approval.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 17. FINANCIAL STATEMENTS

In lieu of responding to this item, we have responded to Item 18 of this annual report.

ITEM 18. FINANCIAL STATEMENTS

Our consolidated financial statements for the period ending December 31, 2015 are set forth in our current report on Form 6-K filed with the SEC on March 31, 2016, and are incorporated by reference herein.

The following financial statements and related auditors' report are filed as Exhibit 15.2 to this annual report:

	<u>Page</u>
Report of independent registered public accounting firm	2
Condensed Financial Statements:	
Balance sheets	3-4
Statements of income	5
Statements of cash flows	6-7
Notes to the condensed financial statements	8-11

PART III

ITEM 19. EXHIBITS

1.1	Amended and Restated Memorandum of Association (incorporated by reference to Exhibit 3.1 of our Registration Statement on Form F-1 filed on March 13, 2014).
1.2	Amended and Restated Articles of Association (incorporated by reference to Exhibit 3.2 of our Registration Statement on Form F-1 filed on March 13, 2014).
2.1	Form of ordinary share certificate (incorporated by reference to Exhibit 3.3 of our Registration Statement on Form F-1 filed on March 13, 2014).
4.1	English translation of the Plan of Arrangement as approved by the Tel-Aviv Jaffa District Court on January 1, 2014 (incorporated by reference to Exhibit 4.10 of our Annual Report on Form 20-F filed on April 30, 2014).
4.2	English translation of the Company's compensation policy for officers and directors, adopted on August 14, 2014, as amended on March 31, 2016 (incorporated by reference to our Report on Form 6-K filed on February 24, 2015).
4.3	Restructuring Plan of Plaza Centers N.V as approved by the District Court of Amsterdam in the Netherlands on July 10, 2014 (incorporated by reference to Exhibit 4.12 to our annual report on Form 20-F filed on April 30, 2015).
4.4	Terms of Consultancy Agreement with our director Boaz Lifschitz (incorporated by reference to Exhibit 99.2 of our Report on Form 6-K filed on July 11, 2014).
4.5	Series D Preferred Share Purchase Agreement, dated as of June 26, 2014, among certain purchasers and InSightec, as amended on September 7, 2014, December 15, 2014, June 10, 2015 and on December 30, 2015 (incorporated by reference to Exhibit 4.13 of our Annual Report on Form 20-F dated April 30, 2015).
4.6	Fourth Supplement and Amendment dated June 10, 2015 to the Series D Preferred Share Purchase Agreement among certain purchasers and InSightec dated June 26, 2014.
4.7	Fifth Supplement and Amendment dated December 30, 2015 to the Series D Preferred Share Purchase Agreement among certain purchasers and InSightec dated June 26, 2014.
4.8	Share Purchase Agreement, dated May 7, 2015, Astrid Hotel Holdings B.V and Astrid JV S.A.R.L.
4.9	Fifth Amendment Agreement to Facilities Agreement, dated March 10, 2016, between Raiffeisen Bank International Ag, Raiffeisen Bank S.A., and Bucuresti Turism S.A, and the Company and Term Facility Agreement, dated March 10, 2016 between Raiffeisen Bank International Ag, Raiffeisen Bank S.A., and Bucuresti Turism S.A, and the Company.
4.10	Securities Purchase Agreement and Supplemental Agreement, dated December 2, 2015 between AAYAS Trade Services Private Limited, Elbit Plaza India Real Estate Holdings Limited, Koyenco Limited, Minerva Infratech Private Limited, and Mantri Developers Private Limited.
4.11	Consensual Terms of Loan Transfer, dated September 29, 2015 between MKB Bank Zrt. and Plaza Centers Enterprises B.V.
8.1	List of subsidiaries (incorporated by reference to Exhibit 8.1 of our Annual Report on Form 20-F filed on April 30, 2014).
12.1	Certification of the principal executive officer and principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification of the principal executive officer and principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1	Annual Consolidated Financial Statements as of December 31, 2015 for the years ended December 31, 2015, 2014 and 2013 (incorporated by reference to Exhibit 99.1 of our Report on Form 8-K filed on March 30, 2016).
15.2	Annual Condensed Financial Statements as of December 31, 2015 for the years ended December 31, 2015, 2014 and 2013.

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SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to hereby sign this annual report on its behalf.

Elbit Imaging Ltd.

By: /s/ Doron Moshe

Name: Doron Moshe

Title: Chief Executive Officer

Date: April 21, 2016

Exhibit 4.6

FOURTH SUPPLEMENT AND AMENDMENT TO THE SERIES D PREFERRED SHARE PURCHASE AGREEMENT DATED JUNE 26, 2014

THIS FOURTH SUPPLEMENT AND AMENDMENT (the “**Supplement**”) is made as of June 10, 2015, by and between InSightec Ltd., a private limited company organized and existing under the laws of Israel (the “**Company**”), York Global Finance II S.à r.l., a limited liability company organized under the laws of Luxemburg (“**York**”), Shanghai GEOC Hengtong Investment Limited Partnership, a limited liability partnership organized under the laws of the People’s Republic of China (“**GEOC**”), Fortune China Limited, a company incorporated under the laws of the British Virgin Islands (“**Fortune China**”), Meditech Advisors LLC, a limited liability company organized under the laws of Delaware (“**MTA**”), Mr. Maurice R. Ferré (“**Ferré**”), Mr. Lawrence Platt (“**Platt**”), Mr. Kenneth G. Langone (“**Langone**”), Mr. Michael P. Stansky (“**Stansky**”), CIH- InSightec Ltd. series, a series of Cranley Investment Holdings, LLC a limited liability company organized under the laws of Delaware (“**CIH**”), Primatec Holdings S.A. a company organized under the laws of Panama (“**Primatec**”) and Exigent Alternative Capital or any of its affiliates (“**Exigent**”), (each of York, GEOC, Fortune China, MTA, Ferré, Platt, Langone, Stansky, CIH, Primatec and Exigent shall be referred to as a “**Purchaser**” and together the “**Purchasers**”). The Company and the Purchasers collectively referred to hereinafter as the “**Parties**”, and each, a “**Party**”.

WHEREAS the Company, York, GEOC, Fortune China, MTA, Ferré and Platt are parties to certain Series D Preferred Share Purchase Agreement, dated June 26, 2014, as amended on September 7, 2014, on December 15, 2014 and on February 10, 2015 (the “**Agreement**”);

WHEREAS under the Agreement, Elbit Medical Technologies Ltd. (“**Elbit**”) had the option to purchase up to an additional 1,804,433 Series D Preferred Shares, at the Series D Purchase Price, exercisable until May 31, 2015, for an aggregate consideration of \$3,500,000 (“**Option**”);

WHEREAS on May 21, 2015, Elbit notified the Company that it has elected not to exercise its Option and to waive such right;

WHEREAS pursuant to the Agreement, in the event that Elbit elects to purchase the Subsequent Purchased Shares for an aggregate consideration of less than \$3,500,000, York will have the right to purchase any shortfall pursuant to the terms of the Agreement (the “**Shortfall Right**”);

WHEREAS York wishes to assign its Shortfall Right to Langone, Stansky, CIH, Primatec and Exigent, as described below; and

WHEREAS each of Langone, Stansky, CIH, Primatec and Exigent wishes to invest in the Company in exchange for Series D Preferred Shares to be issued by the Company, subject to the terms and conditions set forth below;

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NOW IT IS HEREBY AGREED as follows:

1. Interpretation and Preamble

- 1.1. The preamble of this Supplement shall be an integral part thereof.
- 1.2. In this Supplement, unless specified otherwise, all terms shall have the meaning ascribed to them in the Agreement.

2. Amendments to the Agreement

- 2.1. York hereby assigns its Shortfall Right to Langone, Stansky, CIH, Primatex and Exigent in accordance with the investment amounts of each investor specified in Schedule 1 attached to this Supplement. It is hereby clarified that Schedule 1 attached to this Supplement replaces and supersedes Schedule 1 of the Agreement. York shall have no further rights or obligations of any kind with respect to exercise (or non-exercise) of the Shortfall Right, provided however, that should any of the assignees not exercise his Shortfall Right, such unexercised right shall revert to York and York shall be entitled to exercise the Shortfall Right in no event later than June 15, 2015.
- 2.2. The definition of "Subsequent Investor" in Section 2.1 of the Agreement shall be revised such that Langone, Stansky, CIH, Primatex and Exigent shall be also considered as "Subsequent Investors" under the Agreement. The purchase and sale of the Subsequent Purchased Shares pursuant to this Supplement shall take place remotely via the exchange of documents and signatures, at such time and place as the Company and the applicable Subsequent Investors mutually agree upon orally or in writing and in no event later than June 15, 2015.
- 2.3. It is agreed by the Parties that, by executing this Supplement, each of the Purchasers shall be considered a Purchaser under the Agreement and a Party to the Agreement, as if it were an original signatory thereto subject to the amendments and modifications to the Agreement contained herein.

3. Miscellaneous

- 3.1. All notices and communications to be given or made under this Agreement shall be in writing and delivered by hand-delivery, registered first class mail (return receipt requested), facsimile, air courier guaranteeing overnight delivery or shall be by e- mail, addressed as set forth on the signature pages hereof, or to such other Person or address as a Party may designate by notice. All notices and other communications delivered in person or by courier service shall be deemed to have been delivered as of three (3) Business Days after sending thereof, those delivered by email shall be deemed delivered on the following business day in the jurisdiction of the relevant recipient, and all notices and other communications sent by registered mail (or air mail if the posting is international) shall be deemed given seven (7) days after posting. Each such notice or other communication shall be deemed to have been duly given or served on the date on which personally delivered, with receipt acknowledged, telecopied and confirmed by telecopy answer back or receipt confirmed by return e mail from the recipient. Such notices and communications shall be sent to the Company and the Purchaser at the following addresses:

if to the **Company**:

Nahum Het 5
Tirat Carmel Israel
Attention: Kobi Vortman
Email: kobiv@insightec.com
Facsimile: 04-8131322
if to **GEOC**:

Suite 3601B-03, The Center, No.989 Changle Road,
Xuhui District, Shanghai, 200031, China
Attention: Perry Xu
Email: xuhj@gocapital.com.cn
Facsimile: +86 21 54070220

If to **Fortune China**:

2101, 21/F
Wanchai Commercial Center
194-204 Johnston Road, Wanchai, Hong Kong
Attention: Howard Chu
Email: zhuhh@gocapital.com.cn
Facsimile: 852 26870103

If to **York**:

York Capital Management
767 Fifth Avenue
New York, NY 10153, U.S.A
Attention: General Counsel
Email: RSwanson@yorkcapital.com
Facsimile: +1 (212) 300-1301

If to **MTA**:

Meditech Advisors LLC
11 Kiryat Hamada St.
Jerusalem, Israel 91450

If to **Mr. Maurice R. Ferré**:

521 S Mashta Dr
Key Biscayne, FL 33149, U.S.A

If to **Mr. Lawrence Platt**:

1505 S.Glenville
Los Angeles, CA 90035, U.S.A

If to **Mr. Michael P. Stansky**:

36 Skyview Lane
Sudbury, MA 01776
Email: mpstansky@gmail.com

If to **Mr. Kenneth G. Langone:**

375 Park Avenue
Suite 2205
New York, NY 10152
Tel: (212) 421-2500
Email: ken@invemed.com

If to **CIH :**

701 Brickell Avenue, Suite 2100
Miami, FL 33131, U.S.A
Email: AlbertoBeeck@gmail.com

If to **Primatec:**

Edificio Centro Magna Corp
Piso 5to. # 502-A,
Avenida Ricardo Arango y Calle manuel Icaza
Panamá, República de Panamá
Email: ramc@ayucus.com

If to **Focused Holdings LP:**

250 Park Ave, 7th floor
New York, NY 10177, U.S.A
Email: smann@exigentcap.com

- 3.2. This Supplement may be executed by one or more of the parties to this Supplement on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Supplement by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart of this Supplement.
- 3.3. Except as provided herein, all terms and conditions of the Agreement shall remain unchanged. In the event of any contradiction between the provisions of this Supplement and the Agreement, the provisions of this Supplement shall prevail.

[Signature page to follow]

IN WITNESS WHEREOF, the Parties hereto have caused this Supplement to the Agreement to be duly executed and delivered as of the date first written above.

On behalf of Company:

/s/ Kobi Vortman and Roni Karie
Insightec Ltd.

Name: Kobi Vortman and Roni Karie

Title: CEO and CFO

On behalf of GEOC:

/s/
Shanghai GEOC Hengtong Investment Limited Partnership

Name: _____

Title: Director

On behalf of Fortune China:

/s/ Zhu Hepeng
Fortune China Limited

Name: Zhu Hepeng

Title: Director

On behalf of York:

/s/ John J. Fosina

York Global Finance II S.à r.l.

Name: John J. Fosina

Title: Manager

On behalf of MTA:

/s/ Samuel Cubal

Meditech Advisors LLC

Name: Samuel Cubal

Title: MD

On behalf of Mr. Maurice R. Ferré:

/s/ Maurice R. Ferre

Maurice R. Ferré

On behalf of Mr. Lawrence Platt:

/s/ Lawrence Platt

Lawrence Platt

On behalf of Mr. Kenneth G. Langone:

/s/ Kenneth G. Langone

Kenneth G. Langone

On behalf of Mr. Michael P. Stansky:

/s/ Micheal P Stansky

Michael P. Stansky

On behalf of CIH :

/s/ Alberto Beck

CIH- InSightec Ltd. series, a series of Cranley Investment Holdings, LLC

Name: Mr. Alberto Beck

Title: Manager

On behalf of Primatec:

/s/ Rene A. Morales

Primatec Holdings S.A.

Name: Rene A. Morales

Title: President

On behalf of Exigent Alternative Capital or any of its affiliates:

/s/ Eliezer Brender

Name: Eliezer Brender

Title: Member

Schedule 1

INVESTORS & CLOSING PURCHASE PRICE

Name	Purchase Price (US\$)	No. of Purchased Preferred D Shares
York Global Finance II S.À R.L	\$ 43,875,851	\$ 22,620,297
Shanghai GEOC Hengtong Investment Limited Partnership	\$ 12,150,000	6,263,961
Fortune China Limited	\$ 350,000	180,443
Meditech Advisors LLC	\$ 1,584,149	816,712
Maurice R. Ferré	\$ 1,000,000	515,552
Lawrence Platt	\$ 40,000	20,622
Kenneth G. Langone	\$ 500,000	257,776
Michael P. Stansky	\$ 500,000	257,776
CIH- InSightec Ltd. series, a series of Cranley Investment Holdings, LLC	\$ 1,000,000	515,552
Primatec Holdings S.A.	\$ 1,000,000	515,552
Focused Holdings LP	\$ 500,000	257,776
TOTAL	\$ 62,500,000	32,222,019

**FIFTH SUPPLEMENT AND AMENDMENT
TO THE SERIES D PREFERRED SHARE PURCHASE AGREEMENT
DATED JUNE 26, 2014**

THIS FIFTH SUPPLEMENT AND AMENDMENT (the “**Supplement**”) is made as of December 30, 2015, by and between InSightec Ltd., a private limited company organized and existing under the laws of Israel (the “**Company**”), York Global Finance II S.à r.l., a limited liability company organized under the laws of Luxembourg (“**York**”), Shanghai GEOC Hengtong Investment Limited Partnership, a limited liability partnership organized under the laws of the People’s Republic of China (“**GEOC**”), Fortune China Limited, a company incorporated under the laws of the British Virgin Islands (“**Fortune China**”), Meditech Advisors LLC, a limited liability company organized under the laws of Delaware (“**MTA**”), MRF Family Holdings, LLLP, a limited liability limited partnership organized and existing under the laws of Florida (“**MRF**”), Dr. Lawrence Platt (“**Platt**”), Mr. Michael P. Stansky (“**Stansky**”), Mr. Kenneth G. Langone (“**Langone**”), CIH-InSightec Ltd. series, a series of Cranley Investment Holdings, LLC a limited liability company organized under the laws of Delaware (“**CIH**”), Primatec Holdings S.A., a company organized under the laws of Panama (“**Primatec**”), Focused Holdings LP, a limited liability partnership organized and existing under the laws of Delaware or any of its affiliates (“**Focused**”), Woodburn Holdings II S.A. (“**Woodburn**”), Mr. Christopher C. Dewey (“**Dewey**”), Ms. Kattia Raskosky Chamorro (“**Chamorro**”), Mr. Sergio Raskosky (“**Raskosky**”), Skyview Investments LLC, a limited liability company organized under the laws of Delaware (“**Skyview**”) and Focused Holding Canada Ltd., a limited liability company organized under the laws of Canada (“**Focused Canada**”) (each of York, GEOC, Fortune China, MTA, MRF, Platt, Langone, CIH, Primatec, Focused, Woodburn, Dewey, Chamorro, Raskosky, Skyview and Focused Canada shall be referred to as a “**Purchaser**” or “**Party**”, and together the “**Purchasers**” or the “**Parties**”).

WHEREAS the Company and certain Purchasers are parties to that certain Series D Preferred Share Purchase Agreement, dated June 26, 2014, as previously amended on September 7, 2014, December 15, 2014, February 10, 2015, and June 10, 2015 (the “**Agreement**”);

WHEREAS the Company wishes to raise equity financing from certain Purchasers and additional investors, in an aggregate amount of US\$22,000,000 by way of issuance of additional Series D Preferred Shares on substantially the same terms as those in the Agreement; and

WHEREAS each of York, MTA, MRF, Platt, Langone, CIH, Primatec, Focused, Woodburn, Dewey, Chamorro, Raskosky, Skyview and Focused Canada (the “**Additional Purchasers**”) wish to invest in the Company in consideration for Series D Preferred Shares to be issued by the Company, subject to the terms and conditions set forth below.

NOW IT IS HEREBY AGREED as follows:

1. Interpretation and Preamble

- 1.1. The preamble of this Supplement shall be an integral part thereof.
- 1.2. In this Supplement, unless specified otherwise, all terms shall have the meaning ascribed to them in the Agreement.

2. Amendments to the Agreement

- 2.1. The Company and the Additional Purchasers agree that the Additional Purchasers shall invest an aggregate amount of \$22,000,000 in the Company (the “**Additional Investment**”), in consideration for the issuance by the Company of 11,342,261 Series D Preferred Shares (the “**Additional Purchased Shares**”), at the Series D Purchase Price. Schedule 1 to this Supplement sets forth the Additional Investment of each Additional Purchaser.
- 2.2. The Additional Investment is made under the terms, covenants and provisions of the Agreement and the Additional Purchasers hereby agree to such terms, covenants and provisions. All of the Additional Purchased Shares shall be subject to all of the rights, obligations, and restrictions of the Shares described in the Agreement and the Company's Articles, including, without limitation, the provisions of Section 2.4 of the Agreement related to the Issuance of Additional Shares in the Event of Valuation Adjustment. The Additional Purchasers acknowledge and agree that upon execution and delivery of this Supplement, each Additional Purchaser shall be deemed a “Purchaser” and the Additional Purchased Shares shall be deemed “Shares”, for all purposes of the Agreement.
- 2.3. Additional Investment Closing.
- Subject to the satisfaction or waiver of the conditions set forth in the Agreement and in this Supplement, the purchase and sale of the Additional Purchased Shares shall take place remotely via the exchange of documents and signatures, at such time and place as the Company and the Additional Purchaser mutually agree upon orally or in writing and in no event later than December 31, 2015 (“**Additional Investment Closing**”).
- 2.4. The Additional Investment Closing shall be subject to the condition to Closing set forth in the Agreement, subject to the following amendments:
- (a) Representations, Warranties and Covenants. The representations and warranties contained in Section 5 of the Agreement shall be true and correct at and as of the Closing as though then made.
- (b) Amendment of the Articles of Association and Memorandum of Association. The Company shall have made all corporate proceedings required in connection with the adoptions of amendments to the Articles and to the Memorandum of Association substantially in the form set forth in Exhibit 2.5(b) attached hereto (“**New Articles**”).
- (c) Amendment of the Securityholders Agreement. The Company and the Securityholders shall have duly amended the Eighth Amended and Restated Securityholders Agreement, dated September 12, 2014, substantially in the form set forth in Exhibit 2.5(c) attached hereto.
- (d) Board of Directors. On or before the Additional Investment Closing, a person designated by Focused (“**Focused Designated Director**”) shall have been duly appointed to serve on the Board of Directors pursuant to Article 23.4(d) of the new Articles.
- (e) Insurance and Indemnification Letter for Focused Designated Director. The Company shall execute and deliver an indemnification letter (in the same form executed and delivered to all of the Company's existing directors) to the Focused Designated Director and the Company shall include such new director within the coverage of its directors' and officers' insurance policy.

3. Miscellaneous

- 3.1. All notices and communications to be given or made under the Agreement shall be in writing and in accordance with the terms of the Agreement. Notices to Woodburn, Dewey, Chamorro and Raskosky shall be sent at the following addresses:

If to Woodburn Holdings II S.A.:

Woodburn Holdings II S.A.
Edificio Centro Magna Corp
Piso 5to. # 502-A
Avenida Ricardo Arango, Calle manuel M. Icaza
Panamá, República de Panamá
Email: efh@ayucus.com; woodfunds@ayucus.com

If to Mr. Christopher C. Dewey:

11 South Marina Drive
Key Largo, FL 33037
Tel: +1-908-500-4459
Email: ccdevey@gmail.com
With a copy to: cdeweyoffice@embarqmail.com

If to Ms. Kattia Raskosky Chamorro:

El Mango #4
Comarca Santo Domingo
Managua Nicaragua
Telephone: +505 89278777
Email: kattiaraskosky@gmail.com

If to Mr. Sergio Raskosky:

Sergio Raskosky
Avenida Reforma 9-55, Zona 10
Edificio Reforma 10, oficina 1202
Guatemala, Guatemala
Telephone: + 502 23661572
Email: srh@raskosky.com

If to Skyview Investments LLC:

Skyview Investments LLC
36 Skyview Lane
Sudbury, MA 01776
Email: mpstansky@gmail.com

If to Focused Holding Canada Ltd.:

Focused Holdings Canada Limited
181 Bay St. Suite 250
Toronto, Ontario M5J 2T3
Canada
Email: dscheiner@friedberg.ca

- 3.2. This Supplement may be executed by one or more of the parties to this Supplement on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Supplement by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart of this Supplement.
- 3.3. Except as provided herein, all terms and conditions of the Agreement shall remain unchanged. In the event of any contradiction between the provisions of this Supplement and the Agreement, the provisions of this Supplement shall prevail.

[Signature page to follow]

IN WITNESS WHEREOF, the Parties hereto have caused this Supplement to the Agreement to be duly executed and delivered as of the date first written above.

On behalf of Company:

/s/ Kobi Vortman and Roni Karie
Insightec Ltd.

Name: Kobi Vortman and Roni Karie

Title: CEO and CFO

On behalf of GEOC:

/s/ Weiling Gin
Shanghai GEOC Hengtong Investment Limited Partnership

Name: Weiling Gin

Title: Legal Representative

On behalf of Fortune China:

/s/ Zhu Hepeng
Fortune China Limited

Name: Zhu Hepeng

Title: Director

On behalf of York:

/s/ John J. Fosina
York Global Finance II S.à r.l.

Name: John J. Fosina

Title: Manager

On behalf of MTA:

/s/ Samuel Cubal
Meditech Advisors LLC

Name: Samuel Cubal

Title: MNC Director

On behalf of MRF:

/s/ Maurice R. Ferre
MRF Family Holdings, LLLP

Name: Maurice R. Ferre

Title: President

On behalf of Platt:

/s/ Lawrence Platt
Dr. Lawrence Platt

On behalf of Langone:

/s/ Kenneth G. Langone
Kenneth G. Langone

On behalf of Stansky:

/s/ Micheal P Stansky
Michael P. Stansky

On behalf of CIH :

/s/ Alberto Beck
CIH- InSightec Ltd. series, a series of Cranley Investment Holdings, LLC

Name: Mr. Alberto Beck

Title: Manager

On behalf of Primatec:

/s/ Rene A. Morales
Primatec Holdings S.A.

Name: Rene A. Morales

Title: President

On behalf of Focused:

/s/ _____
Focused Holding LP
Name: _____
Title: Member, GP

On behalf of Woodburn :

/s/ _____
Woodburn Holdings II S.A.
Name: Fernandez Lang
Title: Director

On behalf of Dewey:

/s/ Christopher C. Dewey
Christopher C. Dewey

On behalf of Chamorro:

/s/ Kattia R. Chamorro
Kattia Raskosky Chamorro

On behalf of Raskosky:

/s/ Sergio Raskosky
Sergio Raskosky

On behalf of Skyview:

/s/ Micheal Stansky
Skyview Investments LLC
Name: Micheal Stansky
Title: Managing Member

On behalf of Focused Canada:

/s/ Dan Scheier
Focused Holding Canada Ltd.
Name: Dan Scheier
Title: V.P

Schedule 1

ADDITIONAL PURCHASERS & ADDITIONAL INVESTMENT

Purchasers	Additional Investment (US\$)	No. of Purchased Preferred D Shares
York Global Finance II S.à R.L.	\$ 2,750,000	1,417,783
MRF Family Holdings, LLLP	\$ 114,584	59,075
Meditech Advisors LLC	\$ 266,951	137,629
Kenneth G. Langone	\$ 859,375	443,057
DR. Lawrence Platt	\$ 6,875	3,544
Focused Holdings LP	\$ 6,364,262	3,281,142
Woodburn Holdings II S.A	\$ 687,500	354,446
Primatec Holdings S.A.	\$ 343,750	177,223
CIH - InSightec Ltd. Series, a Series of Cranley Investment Holdings LLC	\$ 343,750	177,223
Christopher C. Dewey	\$ 1,375,000	708,891
Kattia Raskosky Chamorro	\$ 68,750	35,445
Sergio Raskosky	\$ 687,500	354,446
Skyview Investments LLC	\$ 859,375	443,057
Focused Holding Canada Ltd.	\$ 7,272,328	3,749,302
Total	\$ 22,000,000	11,342,261

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Exhibit 4.8

SHARE PURCHASE AGREEMENT

ASTRID HOTEL HOLDINGS BV

as Seller

ASTRID JV S.À.R.L.

as Purchaser

CONTENTS**CLAUSES**

1.	DEFINITIONS	4
2.	PURCHASE AND SALE OF THE SHARES AND LOANS' REIMBURSEMENT	4
3.	PURCHASE PRICE OF THE SHARES	5
4.	GUARANTEE DEPOSIT	7
5.	CONDITIONS PRECEDENT	8
6.	PRE-CLOSING COVENANTS	10
7.	CLOSING	11
8.	CONDUCT OF BUSINESS	13
9.	POST CLOSING COVENANTS	14
10.	REPRESENTATIONS AND WARRANTIES BY THE PURCHASER	14
11.	REPRESENTATIONS AND WARRANTIES BY THE SELLER	14
12.	INDEMNIFICATION	15
13.	ESCROW AMOUNT RELATED TO THE WARRANTIES	22
14.	RELEASE OF DIRECTOR'S LIABILITY	22
15.	CONFIDENTIALITY	22
16.	TERMINATION PRIOR TO CLOSING	23
17.	GENERAL PROVISIONS	24
18.	LIST OF SCHEDULES	28
19.	SIGNATURE PAGE	29

THIS AGREEMENT is made on 7 May 2015 (the **Agreement**).

BETWEEN

1. **Astrid Hotel Holdings B.V.**, a company incorporated and existing under the laws of the Netherlands, having its registered office at Rietlandpark 125, 1019DT Amsterdam, the Netherlands, and registered with the Dutch Chamber of Commerce under number 33296092 (**Astrid Holdings** or the **Seller**);
2. **Astrid JV S.à.r.l.**, a company incorporated and existing under the laws of Luxembourg, having its registered office at Luxembourg (L-2440), 61, rue de Rollingergrund, and registered with the Registrar of Companies of Luxembourg under number B196266 (**Astrid JV** or the **Purchaser**).

The parties mentioned under sub 1. to 2. are hereinafter referred to as the **Parties** and **Party** shall be construed accordingly.

WHEREAS

- A. Astridplaza NV is a company incorporated and existing under the laws of Belgium, having its registered office at Koningin Astridplein 7, 2018 Antwerp, Belgium and registered with the Crossroad Bank of Enterprises under number 0446.394.988 (RLP Antwerp) (**Astridplaza** or **Target**).
- B. The Seller, which is the sole shareholder of the Target, holds 2,062,687 registered shares of Astridplaza, representing the entire share capital of the Target (the **Shares**).
- C. Pursuant to a deed dated 24 October 1991, Astridplaza is owner of a plot of land and all its buildings (erected by Astridplaza) and attachments, located at the corner of the Van Schoonhovenstraat, Astridplein and Van Wesenbkestraat, registered in the Antwerp land register under Department 8, Section H, Number 961Z17 with a ground surface of approximately 3,581m².

A hotel building was built on the land lot, for a total surface of approximately 33,003m², consisting of 228 hotel rooms, a restaurant, a bar, a terrace, 19 apartments, 18 hotel M&E rooms, a spa with pool, a fitness, 120 parking spaces (on floors -2, -3 and -4) (**Radisson**), encompassing as well an aquarium, known as "Aquatopia" (**Aquatopia**).

- D. Pursuant to a notarial deed dated 4 January 2008, Astridplaza is owner of a hotel building, as well as of the ground and all other attachments, located on Koningin Astridplein 14, 2018 Antwerp, built on two plots of land, registered under Section H, number 1010/G/8, and under Section H, number 1010/F/8, together for a total ground surface of approximately 370m² and consisting of one underground floor, a ground floor and 8 levels (**Park Inn**).
- E. Between 24 February 2015 and the date of this Agreement, the Purchaser, who is professional investor, together with a team of professional advisors, has carried out a due diligence review (including legal, tax, financial, technical, environmental and commercial matters) of the Target and the Real Estate Properties through the Data Room Documents made available to it by the Seller. The Purchaser and its professional advisors have been in a position to visit the Real Estate Properties prior to entering into this Agreement. The Purchaser has had the opportunity to ask further questions to the Seller and/or the management of the Target and has received satisfactory replies in the form of the Q&A documents which are included in the Data Room Documents.

- F. The Seller wishes to sell to the Purchaser and the Purchaser wishes to purchase from the Seller the Shares on the terms and subject to the conditions set out in this Agreement, subject to and simultaneously with the reimbursement of the Intragroup Loans and the Bank Loans by the Purchaser (together the "**Operation**"). As a result of this transaction, the Purchaser will own directly and indirectly 100% of the outstanding share capital of Astridplaza.

THE PARTIES HAVE AGREED AS FOLLOWS

1. DEFINITIONS

- 1.1 Unless the context otherwise requires, capitalized terms used in this Agreement (including the preamble) shall have the meaning set forth in Schedule 1, and this Agreement shall further be interpreted in accordance with the conventions set forth in said Schedule.

2. PURCHASE AND SALE OF THE SHARES AND LOANS' REIMBURSEMENT

- 2.1 In accordance with the terms and subject to the conditions set out in this Agreement, at the Closing Date, (i) the Seller shall sell the Shares to the Purchaser and the Purchaser shall purchase the Shares from the Seller and (ii) simultaneously with the transfer of the Shares, the Purchaser shall make available to the Target enough money to reimburse and pay, and ensure that the Target reimburses or pays the remaining outstanding amount and the interest accrued on Closing Date, as well as the Loans' Expenses, of both the Intragroup Loans (the "**Intragroup Loans' Reimbursement**") and the Bank Loans (the "**Bank Loans' Reimbursement**") (together the "**Loans' Reimbursement**").

2.2 Purchase and sale of the Shares

- 2.2.1 The Shares shall be transferred free from any Encumbrances together with all accrued benefits and rights attached to them at the Closing Date or subsequently becoming attached to them (including the right to receive dividends declared, made or paid in respect of the financial year started 1 January 2015, or any future financial year).
- 2.2.2 The Seller hereby waives any transfer restrictions which may exist in relation to the Shares, whether pursuant to the articles of association of the Target or otherwise.

2.3 Loans' Reimbursement

- 2.3.1 No later than 10 Business Days before Closing Date, the Seller shall notify to the Purchaser, together with all supporting documents, the Banks' estimate of the amount of the Loans' Reimbursement.

No later than 5 Business Days before Closing Date, the Seller shall notify to the Purchaser, together with all supporting documents, the final amount of the Loans' Reimbursement, subject only to forex variation of the Intragroup Loans between the said notification and the Closing Date, calculation of which will be provided by Seller with the Closing Accounts (***Intragroup Loans' Reimbursement Estimated Amount***). The said forex variation (***Intragroup Loans' Forex Variation***) will be included in the Intra Group final balance as set out in the Closing Accounts.

- 2.3.2 At Closing Date, to repay the Intragroup Loans' Reimbursement Estimated Amount:

- (a) an amount equal to the Intragroup Loans' Reimbursement Estimated Amount less an amount equal to the sum of (i) the Warranty Escrow Amount plus (ii) the Guarantee Deposit, shall be wired to the Seller's Bank Account on behalf of the Target,

(b) in accordance with Clause 0, an amount equal to the Warranty Escrow Amount shall be deposited by the Purchaser on behalf of the Seller in the Warranty Escrow Account, and

(c) in accordance with Clause 4.1, the Guarantee Deposit shall be wired by the Escrow Agent to the Seller's Bank Account.

2.3.3 At Closing Date, to repay the Bank Loans an amount equal to the Bank Loans' Reimbursement shall be wired to the bank accounts of the Banks on behalf of the Target.

2.4 Indivisibility of the Operation

The sale of the Shares contemplated hereunder is indivisible of the Loans' Reimbursement and no partial enforcement of this Agreement shall be allowed.

3. PURCHASE PRICE OF THE SHARES

The Purchaser shall pay to the Seller the Purchase Price for the Shares in accordance with this Article 3.

3.1 Calculation of the Provisional Value of the Target

On Closing Date, the provisional value of the Target shall be based on the Intermediary Accounts and shall be calculated in accordance with the formula set out in Schedule 2A (the "**Provisional Value**").

For illustrative purposes only, an example of calculation of the Provisional Value based on the Intermediary Accounts have been attached in Schedule 2B.

3.2 Determination and Payment of the Provisional Purchase Price and Provisional Value

3.2.1 If the Provisional Value is positive

If the calculation of the Provisional Value results in a positive amount, the Provisional Purchase Price of the Shares shall be equal to the Provisional Value and the Purchaser shall pay such amount, on Closing Date, to the Seller by wire transfer to the Seller's Bank Accounts.

3.2.2 If the Provisional Value is negative

If the calculation of the Provisional Value results in a negative amount (the "**Provisional Discount**"), (i) the Provisional Purchase Price of the Shares will be equal to one euro (EUR 1) which will be paid by the Purchaser on Closing Date for the Shares and (ii) the Intragroup Loans Reimbursement will be reduced by an amount equal to the Provisional Discount and the Seller will cause its Affiliate being the owner of the balance of the Intragroup Loans to transfer such balance for one euro (EUR 1) to the Purchaser.

3.3 Calculation of the Final Value of the Target

3.3.1 The final value of the Target shall be based on the Closing Accounts and shall be calculated in accordance with the formula set out in Schedule 2A (the "**Final Value**"). The Seller shall provide to the Purchaser the Closing Accounts of the Target together with the calculation of the Final Value within 30 (thirty) days after the Closing Date. The Purchaser shall have 30 (thirty) days to provide its comments, if any, to the Seller on the Closing Accounts and/or the calculation of the Final Value. Should the Purchaser not make any reservations within the above time period, the Closing Accounts and the Final Value shall be deemed accepted by the Purchaser.

3.3.2 If the Seller and the Purchaser are unable to agree upon the Closing Accounts and/or the Final Value within 15 (fifteen) days as from receipt by the Seller of the Purchaser's reservations on the Closing Accounts and/or the Final Value, or within an extended timeframe mutually agreed upon by the Seller and the Purchaser, the dispute shall be referred for final determination to an expert (the "**Expert**") mutually chosen by the Parties among the experts listed in Schedule 5. If none of the experts listed in Schedule 5 is available, the Expert shall be mutually agreed upon by the Seller and Purchaser or, in case the Seller and Purchaser cannot agree on the identity of the Expert, appointed by the President of the Belgian Royal Institute of Company Auditors (*Institut des Réviseurs d'Entreprises / Instituut van de Bedrijfsrevisoren*), at the request of either Party. The Expert's assignment shall be to review and resolve the points of disagreement existing between the Seller and Purchaser on the Closing Accounts and/or the calculation of the Final Value. The Expert shall act as an expert and not as an arbitrator. The Seller and Purchaser shall instruct the Expert to remit its decision to both the Seller and Purchaser within 20 (twenty) Business Days as from his appointment and receipt of all necessary information from the Parties; the Expert shall give the Parties a reasonable opportunity to submit written and oral comments, require that the Parties simultaneously supply one another with a copy of any written comments made, and allow each Party to be present during oral submissions by the other Party. Such decision shall finally determine the Final Value, such that no recourse, appeal or action may be instituted against such decision and, consequently, against the Closing Accounts, except in case of gross fault from the Expert. The Expert's fees and expenses shall be borne equally between the Seller and Purchaser.

3.4 Determination of the Purchase Price and Payment of the Value Adjustment

Once the Parties have agreed on the Final Value, the difference (positive or negative) between the Provisional Value and the Final Value (the "**Value Adjustment**") shall be paid according to this Clause 3.4 by the Seller to the Purchaser (or vice versa, as the case may be).

3.4.1 If the Final Value is positive

If the calculation of the Final Value results in a positive amount, the Value Adjustment will be paid as follow:

(a) If the calculation of the Provisional Value resulted in a positive amount

the Purchaser will pay to the Seller (or, if applicable, vice versa), in consideration for the Shares, the difference between (i) the Final Value and (ii) the Provisional Value, and

the final Purchase Price for the Shares shall be equal to the Final Value.

(b) If the calculation of the Provisional Value resulted in a negative amount

the Purchaser will (i) reimburse to the Seller any Provisional Discount that has been paid on Closing Date and, (ii) the Final Value will be immediately due and payable in accordance with Clause 3.4.3 by the Purchaser to the Seller, and

the final Purchase Price for the Shares shall be equal to the Final Value.

3.4.2 If the Final Value is negative

If the calculation of the Final Value results in a negative amount (the “**Final Discount**”), (i) the final Purchase Price of the Shares will be equal to one euro (EUR 1) and (ii) the Final Discount will be due by the Seller as a reduction of the sums received from the Purchaser in consideration of the Intragroup Loans, accordingly:

(a) If the calculation of the Provisional Value resulted in a positive amount

the Seller will (i) reimburse to the Purchaser any Provisional Value that has been paid on Closing Date and, (ii) the Final Discount will be immediately due and payable in accordance with Clause 3.4.3 by the Seller to the Purchaser.

(b) If the calculation of the Provisional Value resulted in a negative amount

the Seller will pay to the Purchaser (or, if applicable, vice versa) the difference between (i) the Final Discount and (ii) the Provisional Discount.

3.4.3 Payment terms of the Value Adjustment

3.4.3.1 The Value Adjustment shall be paid by the Purchaser to the Seller (or if applicable vice versa) within ten (10) Business Days following the final determination of the Final Value as agreed by the Parties or in the event of dispute as determined by the Expert in accordance with Clause 3.3.2.

3.4.3.2 In case of disagreement between the Seller and the Purchaser, in relation to any of the above payments, such payments shall be payable to the extent of the undisputed amount thereof and the balance will be retained solely to cover the items in dispute until resolution of the dispute.

3.4.3.3 All payments to the Seller pursuant to this Agreement shall be made by wire transfer to the Seller’s Bank Account.

3.4.3.4 All payments to the Purchaser pursuant to this Agreement shall be made by wire transfer to the bank account of the Purchaser to be notified by the Purchaser to the Seller.

3.4.3.5 All payments to the Seller or to the Purchaser shall occur in Euro and be credited to the above-mentioned bank accounts on the same day the payment is made, net of any costs and fees, particularly without limitation, banking fees.

3.4.3.6 If any payment is not made by the due date mentioned in Clause 3.4.3.1 above, the sum due will immediately and without prior notice bear interest, at an annual rate equal to seven percent (7%). This provision shall not be construed as entitling the Seller to make late payment.

4. GUARANTEE DEPOSIT

4.1 Payment of the Guarantee Deposit

The Parties irrevocably commit each other to enter into an escrow agreement pertaining to the Guarantee Deposit (as defined below) substantially in the form of the model provided in Schedule 18 (the “**Escrow Agreement**”) as soon as the Escrow Agent has approved such model or any other escrow agreement substantially in the form of the model provided in Schedule 18.

Within one (1) Business Day following the duly execution of the Escrow Agreement by the Parties and the Escrow Agent, the Purchaser shall transfer an amount of EUR 2,500,000 by a bank wire transfer on the Escrow Account (the “**Guarantee Deposit**”).

4.2 Release of the Guarantee Deposit

- (a) In the event that any of the conditions precedent set forth in Clause 5 has not been satisfied or waived by the Purchaser, within the time period and in accordance with the provisions provided in Clause 5.2, the Escrow Agent shall pay the Guarantee Deposit to the Purchaser.
- (b) In the event that the conditions precedent set forth in Clause 5 have been all satisfied or waived by the Purchaser within the time period and in accordance with the provisions provided in Clause 5.2 and the Closing does not occur on the Closing Date, the Escrow Agent shall pay the Guarantee Deposit on the Closing Date:
 - (i) to the Seller, if the Closing does not occur because the Purchaser has not delivered the documents or taken the actions provided for in Clause 7.2.1;
 - (ii) to the Purchaser, if the Operation does not occur (a) because the Seller has not delivered the documents or taken the actions provided for in Clause 7.2.2, or (b) because the Seller has failed to comply with the covenants set forth in Clauses 6 and 8 or (c) any of the Essential Warranties made as of the date hereof ceases to be accurate or cannot be repeated as at Closing Date as if made on Closing Date.
- (c) In the event that the conditions precedent set forth in Clause 5 have been all satisfied or waived by the Purchaser and the Closing is completed, the Guarantee Deposit shall be paid to the Seller as part of the Intragroup Loans' Reimbursement and wired on Closing Date to the Seller's Bank Account.

4.3 Disagreement related to the transfer or release of the Guarantee Deposit

In the event of a disagreement regarding the transfer or the release of the Guarantee Deposit, the Escrow Agent shall only be entitled to pay or transfer the Guarantee Deposit to any of the Parties further to a written agreement by both Parties or the notification of a decision on the transfer or the release of the Guarantee Deposit taken in accordance with Clause 17.14.

5. CONDITIONS PRECEDENT

5.1 Conditions precedent to the Purchaser's obligations

The obligation of the Purchaser to proceed with the Closing shall be subject to satisfaction of the following cumulative conditions, any of which may be waived by the Purchaser:

- (i) The Seller obtained from each of Bank Hapoalim B.M and BNP Paribas Fortis NV/SA (each a **Bank**, and collectively, the **Banks**) a written confirmation, in a form to be agreed in good faith with each Bank to each of the Parties satisfaction that (i) following receipt of the Bank Loans' Reimbursement on Closing Date, the Target shall have reimbursed and shall have no other outstanding financial liabilities whatsoever towards that Bank, and (ii) the Bank grants release on Closing Date, after repayment of the aforementioned amount, of any and all Bank Security Interests and other Encumbrances vested by the Target, Seller and Seller's Affiliates (each a "**Released Party**") in favor of Bank to secure the Target's liabilities towards the Bank, and shall, on the date of such release, execute and deliver all further agreements, documents or notifications and make any filings or deletions required to be made in order to give effect to such release, and has irrevocably instructed notary public Pablo De Doncker, with offices at Rue du Vieux Marché aux Grains 51, B-1000 Brussels to be appointed, to the extent his intervention is required, to release mortgages and other Encumbrances, and provided an irrevocable power-of-attorney to the Purchaser and the Seller (or directly to any notary public as appointed by the Parties) to give notice on behalf of the relevant Bank of the releases, retransfers, reassignments or cancellations (as the case may be) to any person to whom a notice of any security in respect of the Bank Security Interests or other Encumbrances were served and to register in the shareholders' register of the Target the release of the pledge on the Shares;

- (ii) The required information procedures regarding the Operation, involving the Target's work council have been observed in a correct and timely matter by the Target/Seller, in accordance with article 11 of CBA No. 9 of 9 March 1972 regarding the works council, as evidenced by minutes of (a) meeting(s) of the Target's work council, provided to the Purchaser prior to Closing. In this respect, the Purchaser confirms that at short term, it does not foresee consequences for the Target's employment forecasts and employment policy, with the exception of the dismissal of the two employees which are both directors, as listed in Schedule 6, who shall be dismissed by the Target at the latest at the Closing Date.
- (iii) The Operator has provided a non-objection certificate substantially in the form attached herewith as 0, acknowledging the Target's change of control.
- (iv) The Seller shall obtain as soon as possible the approval by the Escrow Agent of the Warranty Escrow Agreement in a form (i) substantially similar to the model provided for in Schedule 4 and (ii) compliant with Clause 0 being specified that all commercial points have been agreed and only minor modifications can be made to the model provided in Schedule 4.
- (v) The Seller shall obtain as soon as possible the approval by the board of directors of Elbit Imaging Ltd of the corporate guarantee in a form (i) substantially similar to the model provided in Schedule 13 (ii) compliant with Clause 0, being specified that all commercial points have been agreed and only minor modifications can be made to the model provided in Schedule 13.
- (vi) None of the Real Estate Property has been totally destroyed or suffered damages preventing the Target to operate any Real Estate Property for at least 30 consecutive days.

5.2 Fulfilment or waiver of conditions precedent

- 5.2.1 The Parties shall each, use their best efforts to cause (x) the conditions precedent referred to in Clause 5.1 (i) (ii), (iii), (iv) and (v) to be satisfied as soon as possible and in any event no later than 30 September 2015 (the "**Long Stop Date**") and (y) the condition precedent referred to in Clause 5.1 (vi) to be satisfied on Closing Date.
- 5.2.2 As soon as the conditions precedent set forth in Clause 5.1 (i) (ii), (iii), (iv) and (v) which have not been waived in writing by the Purchaser are satisfied, the Seller shall notify the Purchaser of this fact and provide the Purchaser with a written proof thereof. The condition precedent set forth in Clause 5.1 (vi) shall be notified in writing to the Purchaser on Closing Date as stated in Clause 7.2.2 (b).
- 5.2.3 In the event the conditions precedent referred to in Clause 5.1 (i), (ii), (iii), (vi) and (v) have not been satisfied or waived by the Long Stop Date, or if the condition precedent under Clause 5.1 (vi) is not satisfied on Closing, each party may terminate this Agreement without any recourse, except for the return of the Guarantee Deposit in accordance with Clause 4.

6. PRE-CLOSING COVENANTS

6.1 Contractors prior approval – change of control

According to the change of control provisions included in each agreement entered into by and between the Target and respectively Prottime NV, Six Payment Services (Europe) S.A., JOC Group Inc./Breakbulk Events Media and Travel Planners Inc, De Lage Landen NV and Gas Natural Europe SAS, the Seller shall do its best efforts to make the Target obtain a non-objection certificate pertaining to the change in control in the Target under this Agreement from each of them. For avoidance of doubt it is hereby clarified that aforementioned shall not be deemed as a condition precedent to this Agreement nor shall Seller's failure to obtain one or more non-objection certificates constitute a breach or default under this Agreement. On Closing Date, it shall provide the Purchaser with such non-objection certificate(s), or if it did not succeed to obtain them, with a copy of the written notification sent to each of them to inform them of the Operation.

6.2 Access and information

Together with signing this Agreement, both Parties will enter into a non-disclosure agreement substantially in the form attached herewith as Schedule 12 (the **Non-Disclosure Agreement**). As from the signing of the Non-Disclosure Agreement until Closing, the Seller shall reasonably allow the Purchaser and any Person authorised by the Purchaser in accordance with the Non-Disclosure Agreement to access, during regular business hours and with reasonable advance notice, all premises owned by or occupied by, as well as the books and records of the Target and shall furnish the Purchaser or those Persons (whether or not at their request) with any information regarding the Target that the Purchaser or those Persons may need in order to be adequately informed prior to the Closing. The Purchaser or these Persons shall have the right to copy the documents reviewed. The Seller shall cause the Target to cooperate in connection with the foregoing.

6.3 No shareholder resolutions

Until Closing, the Seller warrants that no shareholder resolutions relating to the Target will be passed, whether at or outside of any general meeting of shareholders, without the prior written consent of the Purchaser, except for those required to prepare for and/or complete the Transaction as provided for herein.

6.4 Notice of developments

Until Closing, each Party shall promptly notify the other Party in writing of any fact, change, condition, circumstance, occurrence or non-occurrence of any event that will or is reasonably likely to (i) cause any representation or warranty of any Party contained in this Agreement to become untrue, inaccurate, incomplete or misleading in any material respect at or prior to the Closing Date, (ii) result in any material failure of a Party to comply with or satisfy any of its covenants or undertakings under this Agreement or (iii) result in any of the conditions set forth in Clause 5 becoming incapable of being satisfied, or (iv) render it likely that this Agreement will be terminated pursuant to Clause 16.

6.5 Binding Agreement

The Seller and Purchaser are bound by this Sale and Purchase Agreement and accordingly the Seller shall not, and shall cause the Target not to, between the date of this Agreement and either the Closing Date or the termination of this Agreement, in accordance with its terms and conditions and the applicable Law, directly or indirectly (a) discuss or pursue any possible transfer of the Shares or any material assets of the Target with any other Person or (b) disclose to any other Person the terms of this Agreement or the Operation. The Seller shall immediately notify the Purchaser if any proposal, offer or expression of interest with respect to the Target is made, specifying the material terms and conditions thereof and the identity of the Person making the proposal, offer or expression of interest.

6.6 Assistance in the financing of the Operation

The Closing is not subject to financing conditions. Without derogating from the aforementioned, the refinancing of the Operation by third party debt will be initiated by the Purchaser, provided however that in no event such refinancing will delay the Closing Date and Seller will provide reasonable assistance in such process, at the Purchaser's sole expense.

7. CLOSING

7.1 Date and place

Closing shall only take place if all conditions precedents set forth in Clause 5.1 have been satisfied or waived by the Purchaser in accordance with the provisions of Clause 5.2.

Closing shall take place at the offices of Lydian, Tour & Taxis, Avenue du Port 86c box 113, 1000 Brussels, at a date mutually agreed by the Parties which shall fall within a five (5) Business Days period following the later of (i) the date on which the last condition precedent set forth in Clause 5.1 has been satisfied or waived by the Purchaser in accordance with the provisions of Clause 5.2 (the **Closing Date**) or (ii) the date which falls four (4) weeks after the date of this Agreement.

Notwithstanding the above, the Parties agree that once the Closing Date has been agreed upon between the Parties, any Party shall be entitled to postpone unilaterally, but only a single time such Closing Date provided it send an email notice to that effect to the other Party at the latest 24 hours before the Closing Date. The postponed Closing Date shall be mutually agreed by the Parties and set at a date that shall not exceed five (5) Business Days after Closing Date.

7.2 Closing Obligations

On the Closing Date, the Parties shall take or cause to be taken, (or if any of them has been taken before the Closing Date, shall deem to have taken) the actions set forth below (the **Closing Obligations**):

7.2.1 Closing Obligations of the Purchaser

- (a) the Purchaser shall deliver to the Seller evidence that the Provisional Purchase Price has been fully paid in accordance with Clause 3.2;
- (b) the Purchaser shall deliver to the Seller evidence that an amount equal to Intragroup Loans' Reimbursement less an amount equal to the Warranty Escrow Amount and the Guarantee Deposit, has been fully paid in accordance with Clause 2.3.2;
- (c) the Purchaser shall deposit on behalf of the Seller the Warranty Escrow Amount in the Warranty Escrow Account in accordance with the Warranty Escrow Agreement and Clause 2.3.2 and 0 and shall deliver to the Seller, the Seller Escrow Agent's written confirmation that the Warranty Escrow Amount was so deposited;

- (d) the Purchaser shall deliver to the Seller the proof of the transfer of the Guarantee Deposit by the Escrow Agent to the Seller in accordance with Clause 2.3.2 and 0;
- (e) the Purchaser or its duly authorized representative shall register the release of the pledge on the Shares, shall duly sign the registration of the transfer of the Shares in the respective shareholders' registers of the Target and shall deliver to the Seller a receipt for the shareholders' registers of the Target;
- (f) the Purchaser shall deliver to the Seller any power of attorney under which any document relating to this Agreement and the transactions contemplated therein is executed on behalf of the Purchaser;
- (g) the Purchaser shall deliver to the Seller evidence of the Bank Loans' Reimbursement in accordance with Clause 2.3;
- (h) the Purchaser shall adopt written resolutions in lieu of the special shareholders' meeting of the Target, in which (i) the revocation of the persons identified in Schedule 6 is acknowledged and such persons are released from liability in accordance with Clause 14 and (ii) new directors shall be appointed, and provide evidence thereof to the Seller;
- (i) the Purchaser shall cause the Target's board of directors to hold a board meeting on which (i) the revocation of the persons identified in Schedule 6 is acknowledged and such persons are released from liability in accordance with Clause 14, and (ii) all bank powers and other proxies are revoked with effect as of Closing Date, , and provide evidence thereof to the Seller.

7.2.2 Closing Obligations of the Seller

- (a) as soon as it has received all deliverables listed in Clause 7.2.1 above, the Seller or its duly authorized representatives shall record the transfer of the Shares in the shareholders' register of the Target and shall duly sign the register to that effect;
- (b) the Seller shall provide the Purchaser with evidence of satisfaction or waiver by the Purchaser of the conditions precedent referred to in Clause 5.1 (vii); the Seller shall provide the Purchaser with a receipt for payment of the Provisional Purchaser Price in accordance with Clause 3.2 and of the Intragroup Loans Reimbursement in accordance with Clause 2.3.2;
- (c) the Seller shall provide the Purchaser with a written confirmation that following receipt of the Intragroup Loans' Reimbursement on Closing Date, the Target shall not have any outstanding liabilities and/or receivables towards any of the Seller or its Affiliates;
- (d) the Seller shall deliver to the Purchaser any power of attorney under which any document relating to this Agreement and the transactions contemplated therein is executed on behalf of the Seller;
- (e) the Seller shall deliver to the Purchaser an executed settlement agreement pertaining to the dismissal as employee by the Company of the persons listed in Schedule 6, in a form previously validated by the Purchaser. The Seller guarantees that all severance payments, and more generally all amounts due to these persons is fully included by the necessary provisions as mentioned in the Closing Accounts;
- (f) the Seller shall provide the Purchaser with the Target's shareholders' register;
- (g) *the Seller shall ensure that the board of directors of the Target complies with all formalities provided in Article 27 of the articles of association of the Target in order to have the shareholders take the written resolutions defined in Article 7.2.1(h) on Closing.*

7.2.3 Closing Obligations of the Seller and the Purchaser

- (a) the Purchaser, the Seller and the Warranty Escrow Agent shall enter into the Warranty Escrow Agreement, as attached in Schedule 4.

7.3 Effects

The effectiveness of each Closing Obligation to be taken by the Seller is conditional upon the occurrence (or waiver by the Seller, as set out below) of all actions to be taken by the Purchaser and the effectiveness of each Closing Obligation to be taken by the Purchaser is conditional upon the occurrence (or waiver by the Purchaser, as set out below) of all actions to be taken by the Seller. If any of the above Closing Obligations does not take place on the Closing Date (and such Closing Obligation is not waived in writing by the other Party), then all other actions that have effectively been taken shall be deemed cancelled, without prejudice to the non-defaulting Party's right to take any legal action.

8. CONDUCT OF BUSINESS

- 8.1** Until Closing, the Seller shall cause the Target to continue to operate its business in the Ordinary Course of Business and to preserve good customer and supplier relationships and good relationships with the Employees and the trade unions and to furthermore continue to maintain the Moveable Property in good working order and in a good state of maintenance and repair.

- 8.2** Until Closing, the Seller shall cause the Target to refrain from any of the following without the Purchaser's prior written consent:

- (i) the creation, incurrence or assumption of any financial debt, liability or obligation other than in the Ordinary Course of Business;
- (ii) the making of any capital expenditures other than (i) in the Ordinary Course of Business, and/or (ii) the capital expenditures validated in the FF&E;
- (iii) the assumption, provision of a guarantee or other incurrence of liability for the obligations of any other Person;
- (iv) the granting of any loans or advances to any other Person;
- (v) the waiver, cancellation, set-off, assignment or any other manner of release of any of its right or claims;
- (vi) the disposal of any of its assets other than in the Ordinary Course of Business;
- (vii) the granting of any Encumbrance on any of its assets other than in the Ordinary Course of Business;
- (viii) the entering into, amendment or termination of any contract with its self-employed consultants or Employees other than in the Ordinary Course of Business or to the extent required by Law;
- (ix) the entering into, amendment or termination of any contract with its executives, directors and/or managers;
- (x) the hiring of any new Person other than in the Ordinary Course of Business;

- (xi) the entering into, amendment or termination of any lease agreement;
- (xii) the entering into, amendment or termination of any other contract other than in the Ordinary Course of Business;
- (xiii) the making of any change to its accounting policies or practices, including its valuation rules, except to the extent required by Law and/or Belgian GAAP or IFRS as the case may be;
- (xiv) the amending of its articles of association;
- (xv) the issuance of any shares representing its share capital or any securities giving the right to acquire or subscribe to, or which can be converted into, any share in its share capital or the issuance of any other type of securities;
- (xvi) the declaration or payment of any dividend or other distribution with respect to the Shares or any other securities; or
- (xvii) the assuming of any undertaking obliging it to do any of the foregoing.

9. POST CLOSING COVENANTS

9.1 Preparation and filing of Tax formalities

The Seller shall duly and timely prepare all Tax related formalities (fee forms, withholding tax formalities, corporate income tax return, VAT returns, client listing, EC Sales listing, professional withholding tax formalities, Dimona and any communal/local and regional tax reporting formalities to be complied with) to be accomplished by the Target with respect to calendar and/or financial year 2014 in accordance with applicable Law and send them to the Purchaser in order to enable him to duly and timely file them with the relevant Governmental Authority.

10. REPRESENTATIONS AND WARRANTIES BY THE PURCHASER

10.1 The Purchaser represents and warrants to the Seller that each of the representations and warranties set out in Schedule 8 is true, accurate and complete in all material respects as of the date of this Agreement and will be true, accurate and complete in all material respects on the Closing Date.

10.2 The Purchaser agrees and undertakes to fully indemnify and hold the Seller harmless (*vrijwaren*):

- (a) if it is established that one or more factual statements in the representations and warranties set out in Schedule 8 were not true, accurate and complete in all material respects for any Loss incurred, in each case directly, by the Seller which would not have been incurred in the absence of such breach; and
- (b) with respect to Loss incurred directly by the Seller resulting or arising from any breach by the Purchaser of any obligation or undertaking under this Agreement.

11. REPRESENTATIONS AND WARRANTIES BY THE SELLER

11.1 The Seller represents and warrants to the Purchaser that except as otherwise qualified under Clause 12.3.1 below -(i) it has disclosed in good faith all material relevant information relating to the Target, its assets (including the Real Estate Assets) and its liabilities in the virtual Data Room and (ii) each of the representations and warranties set out in Schedule 9.A and .B (the **Warranties**) is true, accurate, and complete in all material respects on the date of this Agreement and will be true, accurate and complete in all material respects on the Closing Date, as if they were made on such Closing Date (save those Warranties which address matters only as of a particular date, which shall be true, accurate and complete in all material respects as of that date).

- 11.2** Each of the Warranties of the Seller shall be construed as a separate representation and/or warranty and shall not be limited by the terms of any other Warranties of the Seller. Qualifications given in the Schedules to any of the Warranties of the Seller shall not be deemed to qualify any other warranties unless explicitly repeated with respect to such other warranty, either expressly or by reference.

For the avoidance of doubt, the Warranties are made only in respect of facts, matters or circumstances which occurred or arose on or before the Closing Date.

- 11.3** The Purchaser acknowledges and agrees that:

- (a) the Warranties are the only representations, warranties or other assurances of any kind given by the Seller and it has not entered into this Agreement in reliance on any representations or warranties, whether express or implied, other than the Warranties; and
- (b) the Seller does not make any representation as to the accuracy of the forecasts, estimates, projections, statements of intent or statements of opinion provided to the Purchaser or any of its Affiliates, directors, officers, operators, employees, agents or professional advisors (be it in the Data Room Documents or otherwise).

12. INDEMNIFICATION

12.1 Indemnification principles

- 12.1.1** *General principle.* Subject to the limitations set out in this Agreement, and in particular in Clause 12.2.8(b) below, the Seller agrees and undertakes to indemnify and hold the Purchaser (or, if the Purchaser so prefers, the Target) harmless (*vrijwaren*):

- (a) if one or more Warranties were untrue, inaccurate, or incomplete in all material respects, for any Loss incurred by the Purchaser and/or the Target which would not have been incurred in the absence of such breach of the Warranties; and/or
- (b) with respect to Loss incurred by the Purchaser and/or the Target resulting or arising from a breach of any representation obligation or undertaking of the Seller under this Agreement.

Items (a) and (b) above are referred to as a **Breach of the Warranties** in this Agreement.

- 12.1.2** In calculating the liability of the Seller in respect of any Claim in respect of a Breach of the Warranties relating to a Warranty provided in relation to the Target, the Loss incurred by the Target shall be deemed to be incurred by the Purchaser in the same amount.

- 12.1.3** *Exclusive remedy and exception thereto.* To the extent the Closing has occurred and except as regards Breaches of the Warranties set out in Schedule 9A. (the **Essential Warranties**), as detailed below, the remedy as set out under this Clause 12.1 is the sole remedy of the Purchaser with respect to any Loss. In the event of breach of an Essential Warranty the Purchaser may however at its exclusive choice rescind this Agreement and the Purchase Price (actually paid by Purchaser) together with an amount equal to the Loans' Reimbursement (actually reimbursed by Purchaser), as well as all costs incurred in relation thereto, shall be reimbursed to the Purchaser (such amount shall hereinafter be referred to as the **Max Essential Warranties Amount**), irrespective of its right to seek damages for the Loss incurred; provide however that the maximum sum of the cost incurred in relation thereto plus the maximum amount of damages shall not exceed 5% of the sum of the Max Essential Warranties Amount. The Purchaser expressly and irrevocably waives to the fullest extent permitted by Law, and procures that its Affiliates, (managing) directors, manager, service providers, advisers and agents shall do the same, all other rights and remedies it might have against the Seller, in whatever capacity (be it as director, managing director, shareholder, service provider or otherwise), under any Law or other contract, in respect of any Loss, including the right to seek the cancellation or termination of this Agreement in court pursuant to article 1184 of the Civil Code.

- 12.1.4** *Nature of any payment to the Purchaser.* Except as required by the applicable law any indemnification payment made pursuant to this Agreement (**Indemnification Payment**) shall be treated as an adjustment to the Purchase Price, provided however that if the total amount of all Indemnification Payments in aggregate is higher than the Purchase Price the difference between such total amount of Indemnification Payments and Purchase price shall be treated as an adjustment to the Intragroup Loans' Reimbursement.

12.2 Claims

- 12.2.1** *Notification of the Claim.* If there is any fact, matter or circumstance which can lead to indemnification of the Purchaser pursuant to Clause 12 (a **Claim**), the Purchaser shall give notice in writing (the **Claim Notice**) to the Seller within a period of forty-five (45) Business Days (or any shorter period of time if requested by applicable Law, action or claim) following the moment as from which the Purchaser, obtained knowledge of such fact, matter or circumstance for which the Seller may be liable under Clause 12. The Claim Notice must contain sufficient information (but only to the extent of the information available to the Purchaser and Target at that time) in relation to the fact, matter or circumstance which gives rise to the Claim, together with a first estimate of the amount claimed in respect thereof if such amount is known and, when available, copies of the documents establishing the basis of the Claim. If the Claim Notice does not contain the estimate of the amount of Loss for which the Purchaser requests payment by the Seller, the Purchaser shall be entitled to deliver additional claim notices (each an **Additional Claim Notice**) requesting payment by the Seller once any amount of Loss suffered by the Purchaser or the Target is known (whether in whole or in part). Such Additional Claim Notice is subject to the same time limitations as set out in the beginning of this Clause 12.2.1.

Any failure of the Purchaser (i) to notify the Seller within the time-limit stipulated in Clause 12.2.1 or (ii) to comply in all material respects with the provisions of Clause 12.2.1, shall not deprive the Purchaser of its right to claim the corresponding Losses under Clause 12 but in such case, the Purchaser right to indemnification may be reduced up to the amount of the Losses suffered by the Seller directly as a result of the failure of the Purchaser either (i) to notify the Seller within the time-limit stipulated in Clause 12.2.1 or (ii) to comply in all material respects with the provisions of Clause 12.2.1. However, for Third Party Claims any failure of the Purchaser (i) to notify the Seller within the time-limit stipulated in Clause 12.2.1 or (ii) to comply in all material respects with the provisions of Clause 12.2.1 shall deprive the Purchaser of its right to claim the corresponding Losses under Clause 12.

- 12.2.2** Once the Claim Notice has been notified to the Seller, the obligations of the Seller under this Agreement with respect to such Claim shall be maintained until final resolution of the corresponding Claim notwithstanding the end of the time limitations provided in Clause 12.3.5.
- 12.2.3** *Notification of objections by the Seller.* If the Seller objects to the Claim notified by the Purchaser pursuant to Clause 12.2.1, the Seller shall give notice objecting to the Claim within forty-five (45) Business Days (or any shorter period of time if requested by applicable Law, action or claim) following notification of such a Claim. Such notice shall contain sufficient information (but only to the extent of the information available to the Seller at that time) in relation to the fact, matter or circumstance which gives rise to the Seller's objections, and copies of the documents establishing the basis of its objections (if and to the extent exist and in possession of Seller).

12.2.4 If the Seller does not notify an objection to the Purchaser in accordance with the present Clause, the Claim shall be deemed accepted by the Seller.

12.2.5 *Disagreement on the Claim.* If the Seller and the Purchaser are unable to reach an agreement on the amount to be indemnified by the Seller in accordance with this Clause 12 within 20 (twenty) Business Days following notification of the Seller's objections, the matter shall be decided in accordance with Clause 17.14 (*Dispute resolution*).

12.2.6 *Payment.* (i) If the Seller has accepted the amount claimed by the Purchaser or (ii) if the Seller and the Purchaser have agreed on another amount, or (iii) subject to any right of appeal, if an order from a Governmental Authority or a judgment, award, order or other ruling (which is enforceable as a matter of law such as a "decision de première instance exécutoire par provision") is issued by a court or arbitral tribunal having jurisdiction over the Parties, the Seller shall pay such amount (subject to the limitations set out in this Clause) within 10 (ten) Business Days of such acceptance, agreement or enforceable judgment award or ruling.

If any payment is not made by the due date mentioned above (namely the date of agreement between the Parties or an order from a Governmental Authority or a judgment, award, order or other ruling which is not subject to any appeal), the sum due will immediately and without prior notice bear interest, at an annual rate equal to seven percent (7%). This provision shall not be construed as entitling the Seller to make late payment.

12.2.7 *Third Party Claim.* If the facts, matters or circumstances that may give rise to a Claim occur or arise as a result of or in connection with a claim by or a liability to a Third Party (a **Third Party Claim**), the Purchaser shall (or, as appropriate, shall procure that the Target shall):

- (a) inform the Seller within forty-five (45) days (or any shorter period of time if requested by applicable Law, action or claim) after it has obtained knowledge of such Third Party Claim, being specified that the Seller shall do its best efforts to inform the Seller within fifteen (15) days after it has obtained knowledge of such Third Party Claim;
- (b) not make any admissions of liability in respect of or compromise or settle the Third Party Claim without the prior written consent of the Seller, save as otherwise agreed in this Clause 12.2.7;
- (c) if the Seller agrees to indemnify and that the Third Party Claim remains potentially covered by the Available Indemnification Amount at that date, the Purchaser within forty-five (45) days (or any shorter period of time if requested by applicable Law, action or claim) of the notice from the Purchaser, at the written request of Seller, the Purchaser shall cause the Target to give the required powers of attorney to the Seller to enable it to control the defence of the Third Party Claim, at its own cost, and the Purchaser shall cooperate and act, and shall cause the Target to cooperate and act, in compliance with the Seller's instructions in connection with the defence of the Third Party Claim; in such case, the Seller will, at the request of the Purchaser, provide the Purchaser with an update of the relevant Third Party Claim;

- (d) if the Seller does not agree to indemnify the Purchaser within forty-five (45) days (or any shorter period of time if requested by applicable Law, action or claim) of the notice from the Purchaser, or if the Third Party Claim exceeds by more than 20% the Available Indemnification Amount at that date the Purchaser shall have control of the defence of the Third Party Claim provided that it will allow the Seller and its advisers to have reasonable access to relevant documents and information in connection with the relevant Claim and will at the request of the Seller provide the Seller with an update of the relevant Third Party Claim; being specified that the control of the defense by the Purchaser shall not prevent the Purchaser from pursuing a Third Party Claim for indemnification against the Seller in accordance with the terms of this Agreement.
- (e) During the abovementioned applicable period between the Purchaser notification of the Third Party Claim and the Seller's answer, the Purchaser may take any action with respect to such claim which is necessary to protect against further damage or default.
- (f) In any case whatsoever the (i) Parties agree to cooperate with each other and act reasonably in the interest of the Target in the defense of Third Party Claims, (ii) the Party who controls the defense of the Third Party Claim agrees to reasonably consider the advice of the other Party as to the defense and settlement of such claim, and (iii) the Party who do not control the defense shall have the right to participate, at its own expense, in such defense subject to local law governing such dispute.
- (g) In the event that an offer of settlement of a Third Party Claim is made by or to any Party (a "**Settlement Offer**"), the Party that receives or proposes such Settlement Offer shall notify the other Party promptly and reasonably in advance of responding thereto, or reasonably in advance of making such Settlement Offer, and shall provide with such notice all related supporting documentation reasonably required to enable the other Party to assess the relative merits of the Settlement Offer.
- (h) At the reasonable request of either the Seller or the Purchaser the Parties will consult in good faith with respect to any such Settlement Offer. Each party shall then determine in its own business judgment whether or not to consent to the Settlement Offer.
- (i) In the event that a Settlement Offer is received which the Purchaser, but not the Seller, is willing to accept, and if the Settlement amount remains potentially covered by the Available Indemnification Amount at that date the Seller may elect to continue the defence of such Third Party Claim at its own expense, in which case the settlement will not be agreed upon and any sums which are to be eventually supported by the Target or the Purchaser under such Third Party Claim shall be the lesser of: (i) the Loss determined as if the Third Party Claim had been settled in accordance with the proposed Settlement Offer that the Purchaser was willing to accept; and (ii) the Loss actually suffered by the Purchaser or the Target, taking into account the final determination of the Third Party Claim.
- (j) In the event that a Settlement Offer is received which the Seller, but not the Purchaser, is willing to accept, and subsequently the Purchaser or Target elects to continue the defense of such Third Party Claim, the Seller shall not be liable for any Loss in excess of the proposed Settlement Offer.

12.2.8 *Information and assistance to the Seller.* In connection with any Claim or Third Party Claim, the Purchaser shall (or, as appropriate, shall procure that the Target shall):

- (a) allow the Seller and its advisors to reasonably investigate the facts, matters, or circumstances alleged to give rise to such Claim or Third Party Claim and whether and to what extent any amount is payable in respect of such Claim or Third Party Claim; and
- (b) give all such reasonable information and assistance in connection with the relevant Claim to the Seller and its advisers, including (a) reasonable access to its premises, (b) meetings with relevant personnel, and (c) the right to examine and copy the necessary contracts, books, records and other documents and data (including legal documents, litigation documents, financial accounts and commercial data) related to the relevant Claim as the Seller and its advisers may reasonably request.

12.3 Limitations on the Seller's liability

12.3.1 *Disclosures.* All Warranties, except Essential Warranties and Tax Warranties, are made subject only to the matters, statements of facts or factual information provided in the Data Room Documents, and in this Agreement and/or the Schedules which are deemed Fairly Disclosed to the Purchaser, which shall qualify the Warranties and can therefore not give rise to any liability on behalf of the Seller.

Essential Warranties and Tax Warranties are not qualified in any manner whatsoever by any information whether disclosed in the Data Room or elsewhere except for the Essential Warranty stated in article 2.1.4 and article 5.5 of Schedule 9A.

12.3.2 *De Minimis – individually.* The Seller shall not be liable in respect of any individual Claim where the Loss incurred by the Purchaser agreed by the Parties or determined in accordance with Clause 17.14 in respect of any such Claim does not exceed EUR 10,000 (ten thousand euro). A series of breaches with the same cause shall be considered a single breach for the purpose of this Clause. For the avoidance of doubt, the before mentioned *de minimis* amount shall not apply to Losses resulting from the breach of an Essential Warranty.

12.3.3 *De Minimis – aggregate.* The Seller shall not be liable in respect of any Claim unless the aggregate amounts of the Loss incurred by the Purchaser agreed by the Parties or determined in accordance with Clause 17.14 in respect of all Claims for which the Seller would otherwise be liable under this Clause 12.3.2, but excluding, for the avoidance of doubt, these Claims in respect to which the amount of Loss is below the amount referred to in Clause 12.3.2, exceeds EUR 100,000 (one hundred thousand euro), whereupon the Seller shall pay in full such Loss. For the avoidance of doubt, the before mentioned *de minimis* aggregate amount shall not apply to Losses resulting from the breach of an Essential Warranty.

12.3.4 *Maximum liability.* The aggregate liability of the Seller in respect of all Claims under Clause 12 shall not exceed EUR 1,000,000 (one million euro), provided whoever that the maximum liability amount applying to any and all Losses that would result from a breach of an Essential Warranty shall equal 105% of the Max Essential Warranty Amount.

12.3.5 Time limitations.

The right of the Purchaser to issue a Claim with respect all Warranties and all other matters (except for any Claim based on a breach of any Essential Warranty, Social Warranty or Tax Warranty) shall expire 18 months after the Closing Date. The right of the Purchaser to issue a Claim based on a breach of any Essential Warranty, Tax Warranty or Social Warranty shall expire upon the elapse of the relevant applicable limitation period.

12.3.6 Other limitations

- (a) *Single Recovery.* The Purchaser shall not be entitled to indemnification more than once in respect of any one fact, matter or circumstance giving rise to a Claim.
- (b) *Contingent liabilities.* Except for the purpose of interrupting the time limitation provided under Clause 12.3.5 above, the Purchaser shall not be entitled to make a Claim based on any liability which is contingent (*eventuele schuld*) unless and until such liability becomes an actual liability and is due and payable (*vaststaande en opeisbare schuld*).
- (c) *Provisions.* The Seller shall not be liable under this Clause 12 in respect of any Claim if and to the extent that provisions, reserves or allowances for the fact, matter or circumstance or liability which would give rise to such Claim have been made in the Closing Accounts, insofar considered when determining the Final Value, provided that the amount of said provisions, reserves or allowances shall be taken into consideration net of any Tax (for the avoidance of doubt it is hereby clarified that reference to Tax hereunder shall mean any actual Tax payment as opposed to any reduction by way of set-off of any available Tax losses, etc.) resulting from the write-down of such provision, reserve or allowance and only to the extent such specific reserve, allowance and provision has been booked to specifically cover the risk in relation to which a Loss has been suffered.
- (d) *Regulatory changes.* The Seller shall not be liable in respect of any Claim to the extent that the fact, matter or circumstance giving rise to the relevant Claim would not have arisen but for the passing of, or a change in, a Law or interpretation or application of such Law that took place after the Closing Date or the withdrawal of any extra-statutory concessions previously made by any (Tax or other) Governmental Authority, whether or not the change or withdrawal purports to be effective retrospectively in whole or in part.
- (e) *Accounting changes.* The Seller shall not be liable in respect of any Claim to the extent that the fact, matter or circumstance giving rise to the relevant Claim would not have arisen but for the change made after the Closing Date to the valuation rules or policies or practices in respect of accounting matters.
- (f) *GAAR.* The Seller shall not be liable in respect of any Claim in relation to the present Agreement lodged against the Target and/or the Purchaser and based on Article 18, § 2 of the Registration Duties Code and/or Article 344, § 1 of the Income Tax Code
- (g) *Matters arising after the Closing Date.* The Seller shall not be liable in respect of any Loss if and to the extent the fact, matter or circumstance giving rise to the Loss arises directly from anything done or omitted to be done by a Target or the Purchaser or any of its Affiliates, directors, officers, employees, agents or advisers after the Closing Date, including any change made in the valuation principles, policies or practices in respect of accounting or Tax matters applied by any of them, unless such change was required to comply with applicable Laws.
- (h) *Reduction in Losses.* In calculating the liability of the Seller under this Clause 12 in respect of any Claim hereunder, credit shall be given to the Seller to the extent that:
 - (i) the amount of any provision made in the Closing Accounts, insofar considered when determining the Final Value, is found to be in excess of, or unnecessary in respect of, the matter for which such provision was made;
 - (ii) any sum which is actually received from a third party (such as insurance reimbursement, tax refunds, etc.) in respect of the relevant Claim, insofar **not** considered when determining the Final Value.

(i) *Subsequent recovery.* If:

(i) the Seller makes a payment in respect of a Claim (the **Claim Payment**);

(ii) at any time before the end of the period mentioned in Clause 12.3.5 and after the making of such payment the Target or the Purchaser actually receives any sum other than from the Seller which would not have been received but for the matter or circumstance giving rise to that Claim (the **Third Party Sum**);

(iii) the receipt of the Third Party Sum was not taken into account in calculating the Claim Payment; and

(iv) the aggregate of the Third Party Sum, and the Claim Payment exceeds the amount required to compensate the Purchaser for the Loss in relation to which the Claim was made (such excess being the **Excess Recovery**),

the Purchaser shall, promptly following receipt of the Third Party Sum by it or the Target, repay to the Seller an amount equal to the lower of (i) the Excess Recovery and (ii) the Claim Payment.

(j) *Purchaser's consent.* If a matter giving rise to the Claim has arisen wholly from an action which was taken or not taken at the request or direction of, or with the consent of, the Purchaser or any of its Affiliates, directors, officers, employees, agents or advisers provided however that Purchaser's direction must be in writing, the Seller shall not be liable in respect of the corresponding Loss.

(k) *Subsequent sale.* In case of transfer of the Target, the Seller shall only be liable to the Purchaser in respect of any Claim. This paragraph (*Subsequent Sale*) is not applicable in case of transfer according to Clause 17.2(c), in such case, the Seller will be liable towards the new owner of the Target.

(l) *Right to remedy.* If the fact, matter or circumstance giving rise to a Claim is capable of remedy, the Purchaser shall and procures that the Target shall, give the Seller a period of 30 (thirty) Business Days to remedy the relevant fact, matter or circumstance and shall, without prejudice to the Purchaser's duty to mitigate its loss, provide all reasonable assistance to the Seller to remedy the relevant fact, matter or circumstance.

(m) *Mitigation.* Without prejudice to article 1134, 3rd paragraph of the Civil Code, the Purchaser shall, and shall procure that the Target shall, take all reasonable steps to reduce, or avoid any increase of, any sum that the Seller might be liable to pay under this Agreement.

12.3.7 *No limitations in the event of fraud.* None of the limitations set out in this article 12.3 shall apply if and to the extent any Claim arises as a result of any fraud or wilful misrepresentation or misconduct (*dol / bedrog*) by the Seller at any time.

12.3.8 *No limitations in the event of a breach of article 6.3 of Schedule 9B-Warranties.* None of the limitations set out in this article 12.3 shall apply if and to the extent any Claim arises as a result of a breach of article 6.3 of Schedule 9B-Warranties.

13. ESCROW AMOUNT RELATED TO THE WARRANTIES

To guarantee the indemnification of the Purchaser in case of breach of the Warranties, the Seller shall secure an amount of EUR 1,000,000 (one million euro) (the “**Warranty Escrow Amount**”) on the Warranty Escrow Account, in accordance with the Warranty Escrow Agreement to be executed on Closing Date.

The Purchaser shall pay, as part of the Intragroup Loans Reimbursement, the Warranty Escrow Amount for and on behalf of the Seller on the Warranty Escrow Account.

It is hereby specified that, after a 18-month period following Closing Date, the Available Indemnification Amount shall be released in the event a corporate guarantee strictly in compliance with the draft of letter provided in Schedule 13 (i) is executed by a duly authorized legal representative of Elbit Imaging Ltd for an additional 18-month period and (ii) the original copy is provided to the Purchaser at least 5 Business Day before the requested release date, provided however that the release date will not occur prior to the elapse of 18 months following the Closing Date.

14. RELEASE OF DIRECTOR’S LIABILITY

14.1 The Purchaser agrees and irrevocably undertakes to attend and to vote, and procures that its Affiliated persons (to the extent they are entitled to vote) shall attend and vote, at the special general meeting of the Target to be held on the Closing Date in accordance with Clause 7.2.1 (g) further to which the directors, as referred to in Schedule 6, are released from any liability arising from the performance of their duties, until the Closing Date.

14.2 The Purchaser agrees and procures that the board of directors of the Target to be held on the Closing Date in accordance with Clause 7.2.1 (h) shall with a unanimous resolution release the directors and managing directors, referred to in Schedule 6, from any liability arising from the performance of their duties, until the Closing Date.

14.3 On Closing Date, the Purchaser will provide the Seller with a copy of the relevant minutes evidencing such release granted as stated in Clause 7.2.1.

14.4 The Purchaser shall not and shall procure that none of the Purchaser’s Affiliates or Target shall initiate legal proceedings against any director, managing director or daily manager of a Target, identified in Schedule 6. The Purchaser procures that in the event of any subsequent transfer of shares in any of the Target, the transferee will comply with these obligations.

15. CONFIDENTIALITY

15.1 This Agreement, its contents and the transaction referred to herein are confidential, and cannot be disclosed to any Third Party, except:

- (a) to the extent that disclosure by each of the Parties and/or their respective Affiliates is required by any applicable law, or any competent securities exchange or other Governmental Authority;
- (b) to the Parties’ Affiliates, auditors, lawyers and other professional advisers of the Parties, subject to a duty of confidentiality, notwithstanding the fact that these Affiliates, auditors, lawyers and other professional advisers will also have a duty of confidentiality under the Non-Disclosure Agreement;
- (c) for the press release attached as Schedule 14 and to be released on or shortly after the date hereto;

- (d) for communication to the Purchaser's Affiliates' investors (and potential investors) and partners as well as to money-lenders and their auditors, lawyers and other professional advisers;
- (e) as necessary to support a claim or defence in litigation between the Parties hereto; or
- (f) as otherwise agreed in writing between the Parties.

16. TERMINATION PRIOR TO CLOSING

16.1 Termination

16.1.1 Prior to Closing, this Agreement may be terminated by the Purchaser and the Operation may be abandoned :

- (i) in the event of Breach of an Essential Warranty;
- (ii) if it becomes certain that any of the conditions precedent set out in Clause 5.1 (i), (ii), (iii) or (vi) of this Agreement will not be satisfied or waived on the Long Stop Date, or the condition precedent set out in Clause 5.1 (vi) will not be satisfied or waived on the Closing Date, except where such non-satisfaction is the result of an act or omission by the terminating Party.
- (iii) if the Seller or the Target applies for an order, or an order is issued, declaring it bankrupt (*failliet/ faillite*) or granting it access to the judicial reorganisation procedure (*gerechtelijke reorganisatie/réorganisation judiciaire*) or any equivalent or similar measure under the laws of any applicable jurisdiction; if the Seller or the Target is dissolved (*ontbinding/dissolution*); if the court has appointed an administrator (*voorlopig bewindvoerder/administrateur provisoire*) or other similar official for the Seller or the Target or for a substantial part of its assets.
- (iv) if the Target becomes undeniably insolvent or involved in negotiations with one or more of its creditors or takes any other step with a view to readjusting or rescheduling all or part of its debts;
- (v) if a creditor of the Target levies execution against, forecloses on, or takes possession of, all or a substantial part of the Target's assets.

16.1.2 Prior to Closing, this Agreement may be terminated by the Seller and the Operation may be abandoned :

- (vi) in the event of Breach of a Purchaser a representation or warranty of Purchaser set out in Schedule 8;
- (vii) if the Purchaser applies for an order, or an order is issued, declaring it bankrupt (*failliet/ faillite*) or granting it access to the judicial reorganisation procedure (*gerechtelijke reorganisatie/réorganisation judiciaire*) or any equivalent or similar measure under the laws of any applicable jurisdiction; if the Purchaser is dissolved (*ontbinding/dissolution*); if the court has appointed an administrator (*voorlopig bewindvoerder/administrateur provisoire*) or other similar official for the Purchaser or for a substantial part of its assets.
- (viii) if the Purchaser becomes undeniably insolvent or involved in negotiations with one or more of its creditors or takes any other step with a view to readjusting or rescheduling all or part of its debts;
- (ix) if a creditor of the Purchaser levies execution against, forecloses on, or takes possession of, all or a substantial part of the Target's assets.

16.2 Effect of termination

In the event this Agreement is terminated pursuant to this Clause, it shall have no further effect (with the exception of Clause 15 (*Confidentiality – Announcements*), this Clause, Clauses 17.13 (*Governing Law*), 17.14 (*Disputes*) which shall survive termination). Termination of this Agreement shall not prejudice the right of the terminating Party to claim damages for any Loss suffered or incurred in connection with the other Party's failure to fulfil any of its obligations under this Agreement which resulted in the termination, except for a termination in accordance with Clause 5.2, 16.1.1(ii) in which event the sole remedy of Purchaser shall be return of Guarantee Deposit.

17. GENERAL PROVISIONS

17.1 Communication – notices

17.1.1 Any communication to be made under or in connection with this Agreement, notably as regards a Claim, shall be made in writing, in English (unless the document is a constitutional, statutory or other official document) and by fax, electronic mail or registered letter. Any communication or document made or delivered by one Party to another under or in connection with this Agreement will only be effective:

- (a) if by way of fax or electronic mail, and only when received in legible form, the first Business Day after the date of receipt of the fax or the electronic mail;
- (b) if by way of registered letter and both the sender and the recipient reside in Belgium, the first Business Day following the mailing date;
- (c) if by way of registered letter and either the sender or the addressee does not reside in Belgium, three (3) Business Days following the mailing date.

17.1.2 The addresses, fax numbers, electronic mail address (and the departments or officers, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Agreement is:

- (a) In respect of Astrid Hotel Holdings BV:

Rietlandpark 125
1016 DT Amsterdam
The Netherlands

Fax No.: +31 (0)20 670 62 11

E-mail : doron@amsterdam-office.nl; alon@amsterdam-office.nl

Attention : Euryton Trust Management B.V., for the attention of Doron Shamir and Alon Elmaliyah

with copies (which shall not constitute notice) to

Elbit Imaging Ltd., for the attention of:
Chairman of the Board
Address: Mota Gur 7 Petah Tikva , Israel
telefax:+972-3-6086051,
email: ronh@elbitimaging.com
and the Chief Executive Officer
address:, Mota Gur 7 Petah Tikva , Israel
telefax +972-3-6086051 ,
email: doron@elbitimaging.com

(b) In respect of Astrid JV S.à.r.l.:

Address: 61, rue de Rollingergrund L-2440 Luxembourg

Attention: Ms Mélanie Leist

Fax No.: +352 246 943 70

E-mails: guillaume.cassou@kkrr.com; fdebrem@algonquin-hotels.com and melanie.leist@avega.lu

or any substitute address, fax number, electronic mail address or department or officer as the relevant Party may notify to the other Party.

17.2 Assignment – Substitution

Without the prior written consent of the other Parties, no Party may assign or transfer any of its rights or obligations under this Agreement, nor any benefit arising under or out of this Agreement, provided however that :

- (a) prior to Closing Date, the Purchaser may transfer or assign in any manner whatsoever the benefit of this Agreement and of the obligations of the Seller (and in particular the benefit of the Warranties), to a member of its Group or any entity controlled by fund managed by one of its Purchaser's Affiliate, to acquire the Target and become the Purchaser to perform all of the obligations of the Purchaser pursuant to this Agreement, in which case such person shall benefit from the rights, and be bound by the obligations, of the Purchaser pursuant to this Agreement, and the entity identified on the face of this Agreement as the Purchaser shall immediately cease to benefit from its rights and to be bound by its obligations pursuant to this Agreement as of the notification by writing of such transfer or assignment to the Seller and signing of such assignee on a joinder agreement, and
- (b) Purchaser may transfer or assign in any manner whatsoever the benefit of this Agreement and of the obligations of the Seller (and in particular the benefit of the Warranties as a security interest), to any third party providing financing to the Purchaser or to the Purchaser's Group or to the Target in connection with the Operation, the Park Inn or the Radisson. Any assignment as described under this Clause 17.2 (b), shall however not impact in any way the right of the Seller to claim indemnification under this Agreement directly from the Purchaser. Purchaser explicitly warrants and guarantees that any assignment under this Clause 17.2 (b) shall by no means delay the Closing, as set out under Clause 7.1 of this Agreement.
- (c) the rights benefiting to the Purchaser in accordance with this Agreement shall not be affected by the merger, spin-off, or other corporate reorganization concerning itself or any companies of its Group (including in case of dissolution of such member entailing an universal asset transfer) after the Closing Date.
- (d) the obligations of the Seller under this Agreement shall not be affected by the merger, spin-off, or other corporate reorganization concerning itself or any companies of its Group (including in case of dissolution of such member entailing an universal asset transfer) after the Closing Date.

17.3 Waiver

Unless specifically stated otherwise, no failure or delay by any Party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise by such Party of any right, power or remedy preclude any further or other exercise of such right, power or remedy or the exercise of any other right, power or remedy. The remedies provided in this Agreement are cumulative and are not exclusive of any remedies provided by law.

17.4 Amendment

Except as otherwise provided herein, no amendment to this Agreement shall be effective unless it is in writing and signed by the Parties.

17.5 Severability

17.5.1 Each of the provisions of this Agreement is severable and distinct from the other and if at any time one or more of such provisions is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

17.5.2 In case of any such illegality, invalidity or unenforceability, the Parties shall negotiate in good faith with a view to agreeing on the replacement of such provision by a provision which is legal, valid and enforceable and which is to the extent practicable in accordance with the intents and purposes of this Agreement and which in its economic effect comes as close as practicable to the provision being replaced.

17.6 Further assurances

Each of the Parties shall from time to time execute such documents and perform such acts and things as any other Party may reasonably require in order to give a Party the full benefit of this Agreement.

17.7 Access to information

The Purchaser shall:

- (a) preserve, and procure that the Target shall preserve, all documents, records, correspondence, accounts and other information related to the Target dating from the period before the Closing Date (the **Preserved Information**) for a period of 7 (seven) years from the Closing Date or such longer period as prescribed by applicable Laws;
- (b) allow, and procure that the Target shall allow, any Seller (or any Affiliate thereof), and its financial, accounting, legal and other advisors access to the Preserved Information, including the right to make copies, for the purposes of the filing, reporting, audit and compliance requirements of (any of) the Seller or its respective Affiliates. In addition, the Purchaser procures that the Target will prepare all filings and accounting input required under applicable Law for the relevant time periods up until the last day of the month in which Closing takes place and allow any applicable audit of such information by any Seller (or Affiliate thereof) to the extent required to comply with its filing, reporting, audit and compliance requirements; and
- (c) disclose to the Seller all materials of which the Purchaser is aware which may relate to the filing, reporting, audit and compliance requirements of (any of) the Seller or its respective Affiliates or to any Claim and shall, and procure that the Target shall, give all such information and assistance, including access to premises and personnel, and the right to examine and copy or photograph any assets, documents and records, as (any of) the Seller, any of its respective Affiliates or its financial, accounting, legal or other advisors may reasonably request to comply with its legal obligations subject to the Seller agreeing in such form as the Purchaser may reasonably require to keep all such information confidential.

17.8 Payment

Wherever in this Agreement provision is made for the payment by one Party to another Party, such payment shall be effected by crediting for same day value the account specified by the payee to the payer reasonably in advance and in sufficient detail to enable payment by telegraphic transfer or other electronic means to be effected on or before the due date for payment.

17.9 Schedules

The Schedules to this Agreement form an integral part hereof and any reference to this Agreement shall include its Schedules. In the event of any inconsistency or contradiction between the body of this Agreement and any of its Schedules; the provisions of this Agreement shall prevail.

17.10 Entire Agreement

This Agreement, together with the other transaction documents listed or referred to herein constitute the entire agreement between the Parties with respect to the subject matter hereof and supersedes and annuls all prior agreements, understandings and negotiations, both written and oral, between the Parties with respect to the subject matter hereof.

17.11 Fees and expenses

Except as otherwise expressly provided, each Party to this Agreement will bear its respective expenses incurred in connection with the preparation, execution and performance of this Agreement, including all fees and expenses of its representatives, agents or advisors.

17.12 Counterparts

This Agreement may be executed in any number of counterparts and by the different Parties on separate counterparts, each of which when signed shall be an original but all counterparts shall together constitute one and the same instrument.

17.13 Governing Law

This Agreement and any non-contractual obligations arising out of or in connection herewith, are governed by and interpreted in accordance with Belgian law.

17.14 Dispute Resolution

Any dispute arising out of in connection with this Agreement shall be exclusively submitted for final and binding arbitration to an arbitral tribunal composed of 3 (three) arbitrators appointed and deciding in accordance with the CEPANI Rules of Arbitration. The arbitration procedure shall take place in Brussels, Belgium, and shall be conducted in the English language.

For the avoidance of doubt, the Arbitral tribunal shall resolve the dispute in accordance with the laws of Belgium and not *ex aequo et bono*.

This Clause does not exclude the right of the Parties to ask for interim relief before the President of the Commercial Court of Brussels or any other court having jurisdiction.

17.15 No set off

The Parties hereby relinquish and waives any right of set-off, deduction or retention which they might otherwise have in relation to any payments which the Purchaser or the Seller may be obliged to make (or procure to be made) to the other Party pursuant to this Agreement or otherwise.

18. LIST OF SCHEDULES

Schedule 1: Definitions and Interpretation

Schedule 2A: Provisional Value Calculation and Final Value Calculation

Schedule 2B: Example of Provisional Value Calculation

Schedule 3: Intragroup Loans

Schedule 4: Warranty Escrow Agreement

Schedule 5: List of Experts

Schedule 6: Revocation of (Managing) Directors and Daily Managers of the Target

Schedule 7: Minutes of the Special General Meeting of Shareholders of the Target and of the Board of Directors of the Target

Schedule 8: Representations and Warranties by the Purchaser

Schedule 9A: Essential Warranties

Schedule 9B: Warranties

Schedule 10: Data Room Documents

Schedule 11[RESERVED]

Schedule 12: Non-Disclosure Agreement

Schedule 13: Form of Corporate Guarantee

Schedule 14: Press release

Schedule 15: Non-Objection Certificate of the Operator

Schedule 16: List of Employees, salaries and benefits

Schedule 17: Occupational accidents

Schedule 18: Escrow Agreement

[Signature page follows]

19. SIGNATURE PAGE

This Agreement has been executed in two original copies, each Party acknowledging receipt of one signed copy.

Astrid Hotel Holdings BV

/s/ Doron Moshe

Name: Doron Moshe

Title: Proxyholder

/s/ Zvi Maayan

Name: Zvi Maayan

Title: Proxyholder

Astrid JV s. à r. l

/s/ Mélanie Leist

Name: Mélanie Leist

Title: Class B Manager

Schedule 1.
DEFINITIONS AND INTERPRETATION

A. DEFINITIONS

The following capitalized terms used in this Agreement shall, unless the context otherwise requires, have the following meaning:

Accounts Date	: means 31 March 2015;
Affiliate or Affiliated	: has the meaning as defined in article 11 of the Belgium Company Code;
Agreement	: means this share purchase agreement;
Annual Accounts	: means, for the financial years since 1/01/2011 the of the Target, the audited accounts of the Target prepared in accordance with IFRS;
Anti-Corruption Laws	: means the anti-bribery legislation of the European Union, as adopted and made applicable by its individual member States; the UK Bribery Act 2010; the Foreign Corrupt Practices Act of 1977, as amended; and any applicable legislation enacted by member states and signatories implementing the OECD Convention Combating Bribery of Foreign Officials;
Aquatopia	: has the meaning set forth in the preamble;
Astrid Holdings	: has the meaning set forth in the preamble;
Astridplaza	: has the meaning set forth in the preamble;
Available Indemnification Amount	means at any date, the amount left on the Escrow Account less the sum of all the outstanding Claims under Clause 12 at such date;
Bank(s)	: has the meaning set forth in Clause 5.1(i);
Bank Loans	: means the loans provided by the Banks to the Target;
Bank Loans' Reimbursement	: has the meaning set forth in Clause 2.1;
Bank Security Interests	means in relation to Bank Hapoalim B.M.: 1. a first ranking share pledge by the Seller and C.C.B. NV over the Shares in the Target; 2. a first ranking mortgage over the Target's real estate at Koningin Astridplein 7 in Antwerp for a principal amount of EUR 6,250,000; 3. a second ranking mortgage over the Target's real estate at Koningin Astridplein 7 in Antwerp for a principal amount of EUR 11,302,000; 4. a mortgage mandate over the Target's real estate at Koningin Astridplein 7 in Antwerp, initially for a principal amount of EUR 18,750,000;

5. a first ranking receivables pledge over all claims and receivables of the Target under the Hotel Management Agreements;
6. a first demand guarantee provided by Elbit I Imaging Ltd. And Elscint Ltd;
7. a pledge in respect of Target's account number 427813 at Bank Hapoalim B.M., Tel Aviv branch;
8. and other mortgage, charge, pledge, lien, security interest, or similar restriction of any kind or other security interest securing any obligation of any person or any other agreement, undertaking or arrangement having a similar effect which Bank Hapoalim B.M. may have in relation to the Target, the Seller and the Seller's Affiliates to secure the Target's liabilities towards it.

And in relation to BNP Paribas Fortis NV/SA:

1. the first ranking mortgage over the real estate at Koningin Astridplein 14 in Antwerp for a principal amount of EUR 1,540,000;
2. a second ranking mortgage over the real estate at Koningin Astridplein 14 in Antwerp for a principal amount of EUR 6,160,000;
3. a first ranking pledge on the business (floating charge) of the Target located at Koningin Astridplein 14 Antwerp or any or at any other additional business location of the Target for an amount of EUR 110,000;
4. a second ranking pledge on the business (floating charge) of the Target located at Koningin Astridplein 14 Antwerp and Koningin Astridplein 7 Antwerp or any or at any other additional business location of the Target for an amount of EUR 660,000;
5. subordination of the loan granted by the Seller and maintaining this loan at a level of at least EUR 18,000,000;
6. a guarantee issued by Elbit Imaging Ltd for an amount of EUR 1,370,000;
7. a pledge on receivables in relation to the fire insurance policy of the Target in relation to the property at Koningin Astridplein 14 in Antwerp; and
8. any other mortgage, charge, pledge, lien, security interest, or similar restriction of any kind or other security interest securing any obligation of any person or any other agreement, undertaking or arrangement having a similar effect which BNP Paribas Fortis NV/SA may have in relation to the Target, the Seller and the Seller's Affiliates to secure the Target's liabilities towards it.

Belgian GAAP	: means the accounting Laws, rules and principles generally accepted in Belgium with respect to annual accounts.
Breach of the Warranties	: has the meaning set forth in Clause 12.1.1;
Business Day	: means a day (other than a Friday, Saturday or Sunday) on which banks are open for general business in Belgium, in the Netherlands, in the United Kingdom, in Paris and in Israel;
Cash	: means any cash, cash equivalents and deposits, as recorded in the Intermediary Accounts or Closing Accounts, as the case may be. In the Belgian Standard Chart of Accounts this typically consists of code 5;
Civil Code	: means the Belgian “Code civil / Burgerlijk Wetboek”;
Claim	: has the meaning set forth in Clause 12.1.4;
Claim Notice	: has the meaning set forth in Clause 12.1.4;
Claim Payment	: has the meaning set forth in Clause 0 (i);
Closing	: means the transfer of ownership of the Shares from the Seller to the Purchaser and the Loans’ Reimbursement from the Purchaser, on behalf of the Target, to the Seller and/or the Banks under this Agreement against (i) payment of the Purchase Price and (ii) completion of the Loans’ Reimbursement, as well as completion of the Closing Obligations, in accordance with the terms and conditions of this Agreement;
Closing Accounts	: means the audited accounts of the Target as at Closing Date prepared in accordance with IFRS;
Closing Date	: has the meaning set forth in Clause 7.1;
Closing Obligations	: has the meaning set forth in Clause 7.2;
Company Code	: means the Belgian “Code des sociétés / Wetboek van Vennootschappen”;
Cost of Works	: means the fixed amount of EUR 800,000 (nine hundred thousand euro) agreed between Seller and Purchaser, as the full and final amount of any and all costs and expenses associated with works required in order to (i) cure any and all defects, damages, etc. in each of Real Estate Properties which will unless cured affect the value of Real Estate Properties, (ii) comply with administrative or regulatory requirements applicable to the Real Estate Properties, (iii) complete all outstanding works pointed out in the reports drawn up by administrative authorities and pertaining to the Real Estate Properties, (iv) without derogating from the aforementioned repair the roof of the Radisson which has been damaged on or about 31 st March 2015, and (v) carry out any and all forecasted capital expenditure and FF&E that have not been invested in the Real Estate Properties as of the Closing Date.

Data Room	: means the virtual data room organized by the Seller, to which the Purchaser and its professional advisors had access from 24 February 2015 until 5 May 2015;
Data Room Documents	: means (i) the documents and information made available in the virtual Data Room as well as (ii) the Q&A documents. A non-writable CD-ROM with a copy of the Data Room Documents is included as Schedule 10;
Employees	: All the employees of the Target;
Employee Benefit Plan	: means all material pension, retirement, life and disability benefits, bonus, profit sharing, stock purchase, stock option or free share plan, company savings plan or employee funds or other employee benefit plan or scheme provided by the Target to its Employees including those required by Laws or any collective bargaining agreement;
Employment Laws	: has the meaning set forth in Clause 6.8 of Schedule 9.B
Encumbrance	: means any option, right to acquire, mortgage, charge, pledge, lien, right of usufruct (usufruit / vruchtgebruik) or other form of security or encumbrance of any kind;
Environmental Law	: means any and all Laws relating to the protection of the environment;
Escrow Account	: has the meaning set forth in the Escrow Agreement
Escrow Agent	: means KBC Bank or any other first rank bank operating in the Netherlands selected by the Seller
Escrow Agreement	: has the meaning set forth in Clause 4
Essential Warranty or Essential Warranties	: means all the warranties listed in Schedule 9.A "Essential Warranties";
Excess Recovery	: has the meaning set forth in Clause 0 (i);
Expert	: has the meaning set forth in Clause 3.3.2;
Fairly Disclosed	: means, with respect to any matter, fully and accurately disclosed in all material respects (but only to the extent of the information available to the Seller at that time), through the Data Room Documents;
Final Discount	: has the meaning set forth in Clause 3.4.2

Final Value	: has the meaning set forth in Clause 3.3
Governmental Authority	: means any governmental authority (including but not limited to social security, privacy and tax authorities), quasi-governmental authority, multinational organization or body, court, government or self-regulatory organization, commission, tribunal or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing including the Financial Conduct Authority in the United Kingdom which regulates and authorises Kohlberg Kravis Roberts & Co. Partners LLP, an Affiliate of the Purchaser;
Group	: means, in relation to either Party, such Party together with all its Affiliates;
Guarantee Deposit	: has the meaning set forth in Clause 4
Hotel Management Agreements	: means both agreements entered into by and between Astridplaza NV and Rezidor Hotels ApS Danmark on 23 October 2008 pertaining to the management of the Radisson Blu and the Park Inn;
Indemnification Payment	has the meaning set forth in Clause 12.1.4;
IFRS	: International Financial Reporting Standards;
Intellectual Property	: means all intellectual property rights protected by Laws (in Belgium or any other country), including all rights pertaining to trademarks, logos, company names, domain names or any other intellectual property rights, relating to the activity of the Target and/or to the operation of the Real Estate Property.
Intermediary Accounts	: means the pro forma financial statements of the Target as at 31 March 2015, prepared in accordance with IFRS;
Insurance Policies	: has the meaning set forth in article 7 of Schedule 9B;
Intragroup Loans'	: means the payables and receivables of the Target towards the Seller and its Affiliates, as further described in Schedule 3;
Intragroup Loans' Reimbursement Estimated Amount	: has the meaning set forth in Clause 2.3.1;
Intragroup Loans' Forex Variation	: has the meaning set forth in Clause 2.3.1;
Inventory	: means any food, beverage, supplies, trade goods as recorded in the Intermediary Accounts or the Closing Accounts as the case may be. In the Belgian Standard Chart of Accounts this typically consists of code 3;

Law	: means any statute, treaty, law, ordinance, rule, regulation, order, writ, injunction, judicial decision, decree, code or other legally binding requirement of any Governmental Authority that may be in effect in Belgium, from time to time;
Loans' Expenses	: all expenses, termination fees, penalties and costs resulting from the reimbursement of the Intragroup Loans and of the Bank Loans, including the costs to be incurred for releasing all mortgages and other Encumbrances vested by the Target, the Seller and Seller's Affiliates in favour of the Banks or other third parties to secure the Target's liabilities towards the Banks and the owners of the Intragroup Loans;
Loans' Reimbursement	: has the meaning set forth in Clause 2.1
Loss	: mean actual losses, damages, expenses, fees, debts, liabilities, claims, expenses, including reasonable legal fees and expenses (both those legal costs incurred in connection with the defense or prosecution of the indemnifiable Claim and those incurred in connection with the enforcement of this provision), Taxes (including Tax that might be due as a result of the indemnification) but excluding losses of business or profit (<i>perte d'opportunité</i>) or any indirect, consequential or incidental losses damages, expenses, fees, debts, liabilities, claims, expenses;
Long Stop Date	: has the meaning set forth in Clause 5.2.3;
Material Contract	: means any agreement entered by the Target (i) implying an annual turnover higher than EUR 50,000 or an annual cost higher than EUR 50,000 and (ii) that is not terminable on an annually basis;
Moveable Property	: All moveable property (roerende goederen/biens meubles), including but not limited to machinery, equipment, motor vehicles and inventory owned by the Target.
Non-Disclosure Agreement	: has the meaning set forth in Clause 6.2;
Operation	: has the meaning set forth in the preamble;
Operator	: means Rezidor Hotels ApS Danmark, a company incorporated in Denmark with registered number CVR 73337712 and whose registered office is located at Amager Boulevard 70, DK-2300 Copenhagen S, Denmark
Ordinary Course of Business	: The usual, regular and ordinary course of the business conducted by the Target, consistent with past practices and custom;
Park Inn	: has the meaning set forth in the preamble;

Party and Parties	: have the meaning set forth in the preamble;
Person	: means any natural person or legal entity that can sue and be sued.
Preserved Information	: has the meaning set forth in Clause 17.7;
Provisional Discount	: has the meaning set forth in Clause 3.2.2;
Provisional Purchase Price	: means the price to be paid by the Purchaser on Closing Date for the acquisition of the Shares; the Provisional Purchase Price shall be determined as set forth in Clause 3.2;
Provisional Value	: has the meaning set forth in Clause 3.1;
Provisions	: means provisions for charges and deferred taxes, as recorded in the Intermediary Accounts or Closing Accounts, as the case may be. In the Belgian Standard Chart of Accounts this typically consists of code 16;
Purchase Price	: means the total consideration for the Shares determined according to Clause 3.4;
Purchaser	: has the meaning set forth in the preamble;
Radisson	: has the meaning set forth in the preamble;
Real Estate Property	: means the Radisson and/or the Park Inn and/or Aquatopia;
Restricted Party	: means any person (i) designated on any list of targeted persons issued under the Sanctions; (ii) located or resident within, organized under the laws of, or operating from a country the subject of Sanctions; or (iii) owned or controlled by, or acting on behalf of, any of the foregoing.
Sanctions	: means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (i) the European Union and its member states, (ii) the United Nations Security Council, (iii) Her Majesty's Treasury of the United Kingdom; and (iv) the United States government, including without limitations those administered by the Office of Foreign Assets Control.
Schedules	: means the schedules to this Agreement;
Seller	: has the meaning set forth in the preamble;
Seller's Bank Account	: means the bank account of the Seller indicated in writing by Seller to Purchaser at least five (5) Business Day prior to Closing Date; being specified that such bank account shall be open in a bank branch located in Netherland, Belgium or Israel or any other countries agreed by the Parties;

Shares	:	has the meaning set forth in the preamble;
Social Warranty	:	has the meaning set forth in Clause 6 of Schedule 9B <i>Warranties</i>
Subsidiary	:	means, with respect to any person, any person which, directly or indirectly, is under the control of the former person;
Target	:	has the meaning set forth in the preamble;
Tax	:	means any taxes, levies, fees, fines, duties, contributions or other charges, including direct and indirect taxes, corporate income tax, withholding tax, local taxes, value added tax, sales tax, insurance premium tax, registration and stamp duties, customs duties, capital tax, transfer tax, payroll, employment, social security contributions and withholding tax in respect of employees, fees, levies or similar charges of any kind payable under the Tax Law applicable on the date hereof, including but not limited to, all income, profit, sales, use, value added, intangibles, transfer, withholding, excise, severance, stamp, occupation or property taxes, customs duties or other taxes of any nature, including all interest, fines, surcharges and penalties, additions to taxes or additional amounts imposed by any domestic or foreign taxing authority;
Tax Law		means all applicable domestic or foreign tax regulations governing the Target, including any Tax treaties, EU directives (to the extent implemented in the relevant national jurisdiction as of the Closing Date),, in each case in force as of the Closing Date;
Tax Warranty	:	has the meaning set forth in Clause 7 of Schedule 9B - <i>Warranties</i>
Third Party	:	means any person who is not a Party to this Agreement or their respective Affiliates nor the Target;
Third Party Claim	:	has the meaning set forth in Clause 12.2.7;
Third Party Sum	:	has the meaning set forth in Clause 0 (i);
Value Adjustment	:	has the meaning set forth in Clause 3.3;
Warranty Escrow Account	:	has the meaning set forth in the Warranty Escrow Agreement
Warranty Escrow Agent	:	means KBC Bank
Warranty Escrow Agreement	:	means the agreement to be entered into on Closing Date between the Seller, the Purchaser and the Warranty Escrow Agent substantially in the form attached in Schedule 4;
Warranty Escrow Amount	:	has the meaning set forth in Clause 0;

Warranties	: has the meaning set forth in Clause 11 and include Essential Warranties;
Working Capital	: means at the relevant time the working capital of the Target, i.e. the aggregate of Inventory, Working Capital Receivables, plus Cash, less Working Capital Payables and Provisions, as derived from the Intermediary Accounts or the Closing Accounts as the case may be;
Working Capital Payables	: means, as recorded in the Intermediary Accounts and the Closing Accounts (in euro without double counting), the aggregate of all debts, charges and more generally of all amounts owed by the Target, (i) to the exclusion of the Intragroup Loans and of the Bank Loans (including without limitation all accrued interest and Loan's Expenses) and (ii) plus any deferred income recognized in the relevant accounts. It is specified that if amounts of any nature whatsoever are due to the individuals listed in Schedule 6, such amounts shall be borne by the Seller and shall therefore increase the Working Capital Payables. For information purpose, this typically consists of the following codes of the Belgian Standard Chart of Accounts: 44 (Trade liabilities), 45 (Taxes, payroll and social security liabilities), 46 (Advances received), 492 (Accrued charges) and 493 (Deferred income)
Working Capital Receivables	: means, as recorded in the Intermediary Accounts and the Closing Accounts, the aggregate for the Target (in euro and without double counting) of: i. any amounts owed by customers or other third parties, for services provided by the Target; and ii. any amounts of prepaid expenses deferred charges and accrued income, excluding prepaid loan expenses (account 490180). For information purpose, this typically consists of the following codes of the Belgian Standard Chart of Accounts: 3 (Inventories), 40 (Trade receivables), 41 (Other receivables), 490 (Deferred charges) and 491 (Accrued income).

B. INTERPRETATION

- 1.1 In this Agreement, unless provided otherwise and unless the context otherwise requires,
 - 1.1.1 the titles and headings included in this Agreement are for convenience only and do not express in any way the intended understanding of the Parties. They shall not be taken into account in the interpretation of the provisions of this Agreement;
 - 1.1.2 no provision of this Agreement will be construed adversely to a party solely on the ground that the party was responsible for the preparation of this agreement or that provision;
 - 1.1.3 any reference to the masculine, feminine or neuter gender shall include all genders and the plural shall include the singular, and singular shall include the plural, unless the context requires otherwise;
 - 1.1.4 references to Clauses and Schedules shall be deemed references to Clauses of, and Schedules to, this Agreement;
 - 1.1.5 the Schedules to this Agreement form an integral part hereof and any reference to this Agreement includes the Schedules and vice versa;
 - 1.1.6 the words “hereof”, “hereby” and “herein” and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Clause, Schedule or provision of this Agreement;
 - 1.1.7 the words “include”, “includes” and “including” when used in this Agreement shall be deemed to be followed by the phrase “without limitation” unless such phrase otherwise appears;
 - 1.1.8 references to a Party or other person include its respective successors and permitted assigns;
 - 1.1.9 references to accounts, balance sheet or profit and loss accounts shall include a reference to any note or report forming part of it;
 - 1.1.10 when using the expressions “shall use its best efforts” or “shall use its best endeavours” (or any similar expression or any derivation thereof) in this Agreement, the Parties intend to refer to the Belgian legal concept of “*obligation de moyen / middelenverbintenis*”;
 - 1.1.11 when using the words “shall cause” or “shall procure that” (or any similar expression or any derivation thereof), the Parties intend to refer to the Belgian legal concept of “*porte-fort / sterkmaking*”;
 - 1.1.12 article 1602, par. 2 of the Belgian Civil Code shall not apply in case of any dispute between the Parties;
 - 1.1.13 all periods of time set out in this Agreement shall be calculated from midnight to midnight. They shall start on the day following the day on which the event triggering the relevant period of time has occurred. The expiration date shall be included in the period of time. If the expiration date is not a Business Day, the expiration date shall be postponed until the next Business Day. Unless otherwise provided herein, all periods of time shall be calculated in calendar days; and
 - 1.1.14 unless otherwise provided herein, all references to a fixed time of a day shall mean Brussels time.
- 1.2 In this Agreement, the following terms shall be interpreted as follows:
 - 1.2.1 **control**, and any derivative expressions, has the meaning set forth in article 5 of the Company Code; and
 - 1.2.2 **person** means an individual, corporation, partnership, trust, legal entity or Governmental Authority.

Schedule 2. A
VALUE CALCULATION

Provisional Value

Provisional Value shall equal an amount of:

- EUR 48,000,000 (forty eight million euro)
- less an amount which equals to the Loans' Reimbursement,
- plus an amount which equals the positive or negative (as the case may be) amount of the Working Capital as set out in the Intermediary Accounts,
- less the Cost of Works,
- less an amount of EUR 21,000 which equals to the penalty due in case of return of the two cars rent each according to a leasing agreement entered into by the Purchaser,
- less an amount of EUR 380,000 which equals to a provisional amount of the severance payments that will be due to the two employees listed in Schedule 6 after Closing Date.

Final Value

Final Value shall equal an amount of:

- EUR 48,000,000 (forty eight million euro),
- less an amount which equals to the Loans' Reimbursement as set out in the Closing Accounts
- plus an amount which equals the positive or negative (as the case may be) amount of the Working Capital as set out in the Closing Accounts,
- less the Cost of Works,
- less an amount to be determined on Closing Date which shall equal to the penalty due in case of return of the two cars rent each according to a leasing agreement entered into by the Purchaser.

Schedule 2B
PROVISIONAL VALUE CALCULATION

€000	Code	31 Mar15A	Comments
FMV		48.000	
LOANS REIMBURSEMENT		(48.288)	
Hapoalim Loan LT	172007	(12.662)	
Fortis loan (4m) LT	173000	(2.472)	
Fortis straight loan (3.5m)	173001	(2.221)	
BEA Loan LT (USD loan)	174000	(18.000)	
Hapoalim Loan ST	420000	(1.250)	
Fortis Loan (4m) ST	420100	(276)	
Fortis straight loan (3.5m) ST	420200	(224)	
Astrid Hotel Holdings (USD loan)	480300	(7.416)	
Astrid Hotel Holdings	480301	(3.513)	
Early reimbursement penalty Intragroup and Bank Loans			
- Fortis IK 245-5223432-75		(191)	Estimate, to be determined in Closing Accounts
- Fortis IK 245-5494332-54		(63)	Estimate, to be determined in Closing Accounts
- Hapoalim		pm	To be determined, if any
- BEA/Astrid Hotel Holdings		pm	To be determined, if any
Cost for releasing securities		pm	To be determined
Accrued interest		-	Included in Working capital (Deferrals and accruals)
WORKING CAPITAL		(378)	
Inventory:			
Inventory	3	134	
Working Capital Receivables:			
Trade receivables	40	578	
Other receivables	41	6	
Cash			
Cash and banks	5	1.642	
Working Capital Payables:			
Trade payables	44	(842)	
Taxes, payroll and social security	45	(728)	
Advances received	46	(453)	
Deferrals and accruals	49	(496)	
Deferrals and accruals - Prepaid loan expenses adjustment	490180	(218)	
Provisions	16	-	
OTHER ITEMS		(1.201)	
Break-up fee company car Mr Cops		(11)	Estimate, to be determined in Closing Accounts
Break-up fee company car Mr Ronsmans		(10)	Estimate, to be determined in Closing Accounts
Cost of Works		(800)	
Severance payments due to the two employees listed in Schedule 6 after Closing		(380)	Final amount to be determined on closing
PROVISIONAL PURCHASE PRICE		(1.867)	

**Schedule 3.
INTRAGROUP LOANS**

Lender	account	Balance (thousand Euro)(*)
Astrid Hotel Holding BV(USD loan)	174000	18,000
Astrid Hotel Holding BV(USD loan)	480300	7,416
Astrid Hotel Holding BV(Euro loan)	480301	3,513
Total		28,929

(*) The Balances of the Intra Group Loans of Target to the Seller are as of March 31, 2015. These amounts will be update up to Closing to reflect additional accrued interest and foreign exchange income (expenses)

Schedule 4.
WARRANTY ESCROW AGREEMENT

Schedule 5.
LIST OF EXPERTS

- Price WaterhouseCoopers
- Grant Thornton
- BDO

Schedule 6.
REVOCATION OF (MANAGING) DIRECTORS AND DAILY MANAGERS OF THE TARGET

List of (managing) directors to revoked

- (Managing) directors
- Astridplaza NV**
 - Frank Cops – (managing) director
 - Luc Ronsmans - director

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Schedule 7.
MINUTES OF THE SPECIAL GENERAL MEETING OF SHAREHOLDERS OF THE TARGET AND
OF THE BOARD OF DIRECTORS OF THE TARGET

f20f2015ex4viii_elbit.htm	Form Type: EX-4.8	Page 47
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

Schedule 8.
REPRESENTATIONS AND WARRANTIES BY THE PURCHASER

- 1.1 The Purchaser is a corporation validly existing under the laws of Luxembourg, has the full power and authority, and has obtained all applicable governmental, statutory, regulatory or other consents, licenses, waivers or exemptions and taken all action required, to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby.
- 1.2 The Purchaser's obligations set forth in the Agreement and any Schedule thereto constitute valid and binding legal obligations of the Purchaser enforceable against the Purchaser in accordance with its terms.
- 1.3 The execution of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the competent corporate bodies of the Purchaser and no other corporate action on the part of the Purchaser is necessary to authorize the execution of this Agreement or the consummation of the transactions provided for hereby.
- 1.4 The execution of this Agreement and the consummation of the transactions contemplated hereby do not and the performance of the obligations of the Purchaser shall not conflict with or constitute a default under any provisions of:
 - 1.4.1 any agreement or instrument to which the Purchaser is a party;
 - 1.4.2 the constitutional documents of the Purchaser; or
 - 1.4.3 any Law or any other restriction of any kind or character by which the Purchaser is bound.
- 1.5 The Purchaser is acting for its own account and on its own behalf and not as a representative, nominee or agent of any Third Party.
- 1.6 The Purchaser will have on the Closing Date, immediately available on an unconditional basis the necessary cash resources to meet in full its obligations under this Agreement and each of the transactions contemplated thereby.
- 1.7 The Purchaser (including its Affiliates, directors, officers, employees, agents and advisers) is not aware of any fact, matter, circumstance or issue which is inconsistent with the Warranties or constitutes, or may constitute, a Breach of the Warranties or of any other ground which might give rise to a Claim or would result in any liability of the Seller pursuant to this Agreement.

Schedule 9. A
ESSENTIAL WARRANTIES

1. POWER AND AUTHORITY

- 1.1** The Seller is a corporation validly existing under the laws of The Netherlands, has the full power and authority, and has obtained all applicable governmental, statutory, regulatory or other consents, licenses, waivers or exemptions and taken all action required, to enter into this Agreement, to perform its respective obligations hereunder and to consummate the transactions contemplated hereby.
- 1.2** The Seller's obligations set forth in the Agreement constitute valid and binding legal obligations of such Seller, enforceable against such Seller in accordance with its terms.
- 1.3** The execution of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the competent corporate bodies of the Seller, and no other corporate action on the part of such Seller is necessary to authorize the execution of this Agreement or the consummation of the transactions provided for hereby.
- 1.4** The execution of this Agreement and the consummation of the transactions contemplated hereby do not and the performance of the obligations of the Seller shall not conflict with or constitute a default under any provisions of:
- 1.4.1** the articles of association of the Target and the articles of association or other organizational documents of the Seller; or
- 1.4.2** any Law or any other restriction of any kind or character by which such Seller is bound.

2. TARGET SHARE CAPITAL

- 2.1.1** The entirety of the share capital of Astridplaza amounts to EUR 10,000,000, represented by 2,062,687 Shares without nominal value, which are all owned by the Seller. The Seller is the full, sole, unconditional and lawful owner of all such Shares.
- 2.1.2** All of the issued and outstanding Shares of the Target are validly issued and fully paid up in accordance with the applicable Law. They are in registered form.
- 2.1.3** The Target has not issued or committed to issue any shares other than the Shares nor any warrants, options, (reverse) convertible bonds or other securities (*titres / effecten*), that give any person the right to purchase or otherwise receive or be issued any shares in any of the Target.
- 2.1.4** Save for the existing Bank Security Interests which are to be released pursuant to a full reimbursement of the Bank Loans (including Loans' Expenses and accrued interest) as set out in Clause 5.1(i) of this Agreement, there is no Encumbrance on, over or affecting any of the Shares of the Target, nor is there any commitment to give or create any of the foregoing, and no person has claimed to be entitled to any of the foregoing.
- 2.1.5** The Shares and its transfer are not subject to any pre-emption right, call option, reservation of title or any other third party rights of any kind, or condition of consent by the Target or any third party, except for the consent of Banks under the Bank Loans.
- 2.1.6** No securities issued by the Target are listed on any regulated market, and the Target can be qualified as a public company (*une société qui a fait appel public à l'épargne / een vennootschap die een openbaar beroep heeft gedaan op het spaarwezen*).

3. NO DISSOLUTION OR LIQUIDATION

No proposal has been made or resolution adopted for the dissolution or liquidation of the Target and no proposal has been made or resolution adopted for a merger (*fusion / fusie*) or division (*scission / splitsing*), transfer or contribution of a universality or a branch of activities (*transfert ou apport d'universalité ou de branche d'activité / overdracht of inbreng van een algemeenheid of bedrijfstak*) involving the Target.

4. NO INSOLVENCY

4.1 The Target has not been annulled or dissolved by any judicial decision or is the subject of any judicial reorganization (*réorganisation judiciaire / gerechtelijke reorganisatie*) proceeding or bankruptcy proceeding. There is no request pending or threatened for any such decision and there are no legal grounds that could justify any such decision.

4.2 The Target is not insolvent or unable to pay its debts within the meaning of the insolvency Laws nor has it stopped paying debts as they fall due.

5. ASSETS - REAL ESTATE PROPERTY

5.1 The Target owns the Real Estate Property further to a valid property right, such property right being duly published at the mortgage office.

5.2 The Real Estate Property is free of any (published or not published) real securities (including but not limited to mortgages and authorisations to mortgage) except from the real securities from the Bank Loans.

5.3 There is no right, whether direct or indirect, benefiting to a third party on the Real Estate Property such as an undertaking to sell, a preference right, preemption right, or non-transferability provisions. Except for those provided in the Data Room Documents, there is also no commercial lease or restoration lease or right *in rem* on the Real Estate Property.

5.4 The Target has not received or is not a party to any action, notification or proceedings issued or performed by any company, person or Governmental Authority that may challenge or limit the rights of the Target on the Real Estate Property. The Seller is not aware of any contemplated expropriation or protection measure regarding the Real Estate Property.

5.5 Radisson, Aquatopia and Park Inn are not encumbered by legal and/or private easements other than those described or referred to in the Data Room Documents, and the Target and the Sellers have not granted such easements in favour of anyone.

SCHEDULE 9B WARRANTIES

1. CONSTITUTION

- 1.1.1 Astridplaza is a public limited liability company (*société anonyme / naamloze vennootschap*) incorporated and existing for an unlimited duration under the laws of Belgium. Astridplaza is registered with the Crossroad Bank of Enterprises (*Banque Carrefour des Entreprises / Kruispuntbank van Ondernemingen*) under the enterprise number 0446.394.988.
- 1.1.2 To the Best Knowledge of Seller, all legal requirements have been complied with and all required authorizations from all Governmental Authorities have been obtained in connection with the incorporation of the Target.
- 1.1.3 All registers and other books required by Law to be kept by the Target have been properly kept.
- 1.1.4 As regards the Target, the copies of the articles of association in force, the register of the minutes of the board of directors meetings, the register of the shareholder's decisions, as well as, in respect of the last three financial years, (i) the profit and loss statement, (i) the balance sheet and (iii) the Tax declaration, which have been given to the Purchaser or its advisors are true and accurate in all respects.

2. ACCOUNTS

2.1 General

- 2.1.1 The Annual Accounts, the Intermediary Accounts and the Closing Accounts have been prepared in accordance with IFRS, on a basis that is materially consistent with the past practice.
- 2.1.2 The Annual Accounts, the Intermediary Accounts and the Closing Accounts give a true and fair view of the assets and liabilities and the financial position of the Target as at the Accounts Date and the Closing Date respectively.
- 2.1.3 The Target has duly filed its statutory accounts with the National Bank of Belgium.

2.2 Position since Accounts Date

Since the Accounts Date and until the Closing:

- 2.2.1 the business of the Target has been carried on and shall be carried on in the Ordinary Course of Business so as to maintain it as a going concern and the Target has no incurred and will not incur any liability other than in the Ordinary Course of Business consistent with past custom and practice.
- 2.2.2 the Target has not and shall not declare, set aside or paid any dividend or made or agreed to make any other distribution or payment in respect of its shares or redeemed, purchased or otherwise acquired or agreed to redeem, purchase or acquire any of its own shares, except as provided in the Intermediary Accounts.

2.3 Indebtedness

Save for the Bank Loans and the Intragroup Loans, no loan agreement is in place as of Closing Date.

2.4 Undisclosed liabilities

Save as disclosed and booked in the Annual Accounts and/or the Intermediary Accounts and/or the Closing Accounts, the Target has no material obligation, undertaking, debt or actual liability (including any off balance sheet liabilities).

2.5 Specific liabilities

On the Closing Date, the Target has no liability or debt to the Seller or any of its Affiliates except for the Intragroup Loans.

3. ENVIRONMENTAL MATTERS

- 3.1 To the Best knowledge of Seller, the Target conducts and has conducted its business in all material respects in compliance with all applicable Environmental Laws.
- 3.2 The Seller has not carried out any activity potentially contaminating the soil (groundwater included) nor any storage or treatment of polluting, radioactive or poisonous substances or wastes, in one of the Real Estate Properties.
- 3.3 To the Best knowledge of Seller, there are no current events, conditions, circumstances, activities, practices, incidents or actions at the Real Estate Property which may give rise to a liability of the Target under any applicable Environmental Laws.
- 3.4 Except from the information provided in the Data Room Documents, at the date hereof, the Target does not operate in the Real Estate Property any classified installation for environmental care (*Installation Classée pour la Protection de l'Environnement - ICPE*) requiring a declaration, an authorization or a registration.

4. REAL ESTATE PROPERTY

- 4.1 The Target does not hold any fixed asset (*actif immobilisé / vaste activa*) other than (i) the Real Estate Property described above and (ii) the fixed assets booked in the Intermediary Accounts and/or the Closing Accounts and is not obliged to acquire any other assets except for the two financial leasing agreements. The Target has not entered into any agreement (lease agreement or other) regarding any real property, other than the Real Estate Property.
- 4.2 The Target owns, or has a valid right to use, all assets (movable or immovable, tangible or not) necessary for the effective operation of its business as currently conducted.
- 4.3 Save as disclosed in Data Room Documents, to the Best Knowledge of Seller, neither any zoning plan or urbanistic requirement imposed by any Authority, howsoever named, in respect of the area where the Real Estate Property is located, nor any permit or license other than the Permits nor any other regulation limits the Target in the use of in the ordinary course of its current business or adversely affects the ability of the Target to sell any property to any third party.
- 4.4 **Public authorizations**

All buildings have been erected in accordance with the building plans attached to the building permits for the construction thereof.

The Seller and the Target have not received from the relevant Governmental Authority any recourse or formal notice pertaining to the compliance of the building works over the Real Estate Property.

4.5 Permits

Save as disclosed In Data Room Documents, the Target has all permits that are required from Governmental Authorities to conduct its business as presently conducted and own its assets as they are presently owned. The operations and the business of the Target are carried on in a manner which is consistent with, and within the limits prescribed by the Permits.

The Target has not received any document that indicates that a permit obtained by the Target will be withdrawn or suspended.

To the Best knowledge of Seller, (i) no event has occurred as a result of which any permit may be withdrawn or suspended and/or (ii) no withdrawal or suspension in respect of any permit is expected to occur.

5. INSURANCE MATTERS

5.1 The Target has (directly or via Rezidor) concluded and maintained in full force and effect the insurance policies covering the Target and the Real Estate Property (the **Insurance Policies**). All payable premiums of the Insurance Policies have been paid and the Target has complied in all material respects with all terms and requirements of such Insurance Policies, including the requirements related to prevention and mitigation measures. The Target has not entered into any Insurance Policies other than those set out in the Data Room.

5.2 No claims are currently pending under any Insurance Policies.

5.3 All losses having given rise to a claim within the last three years have been Fairly Disclosed in the Data Room.

5.4 No notifications have been received with regard to (i) the non-renewal of any Insurance Policy or renewal on less favourable terms and conditions than those which are currently in place; or (ii) any refusal to indemnify the Target in relation to a particular event.

6. LABOUR LAW ("SOCIAL WARRANTY")

6.1 The Target has no employees other than the Employees mentioned in Schedule 16. This annex is a complete list of all Employees, including their first and last name, date of birth, date on which each Employee started working for the Target, possible transferred seniority, type of employment contract, current position, applicable employment conditions including salary and all fringe benefits and entitlements under Employee Benefit Plans, a mention of any Employees currently on sick leave or who have been on sick leave for more than six (6) weeks during the past twelve (12) months, Employees who are protected against dismissal, specifying the nature and type of protection. Except as set forth in Schedule 16, no other salary or fringe benefits are due and there are no Employee Benefit Plans, other than those set forth in Schedule 16 in existence for the Target or for the benefit of its Employees or former employees. To the extent there are any other such arrangements or schemes, the signing of this Agreement shall not affect any rights thereunder.

To the Best Knowledge of Seller, all Employees are authorized to enter and remain in Belgium and are entitled to work in Belgium in accordance with the applicable statutory and regulatory provisions.

There are no former employees that benefit or will benefit from agreed early retirement.

- 6.2** There is no agreement with any Employee which, if terminated, would entitle him or her to more than the normal notice period or compensation in lieu of notice stipulated by law or by case law. The Target has no unsatisfied obligations, whether in the form of a requirement to give notice or pay compensation in lieu thereof, to any persons with regard to the termination of their employment with the Target prior to the date of this Agreement, or in relation to holiday, a thirteenth month pay, non-compete compensation, salary, entitlements under Employee Benefits Plans or similar items.
- 6.3** The Target has included sufficient provisions in the Closing Accounts to cover for the dismissal costs of the two employees mentioned in Schedule 6 namely Frank Cops and Luc Ronsmans) as well as all costs that remain due to them by the Target on Closing Date. The Seller is fully liable and responsible for all costs related to these dismissals and all costs further to any claims that may arise exclusively from or further to the termination of the employment contracts and/or any other employment relationship with the Target (including, but not limited to any compensation in lieu of notice, social security contributions and withholding taxes, departure holiday pay, (pro rata) end of year premium, (pro rata) bonuses, payment for bank holidays, payments to (occupational) pension schemes, early retirement benefits, protection compensation, compensation for home work, damages, interest, stock options and shares, expenses, damages for abusive dismissal/obviously unreasonable dismissal or further to the justification of the dismissal, outplacement, court costs, etc.). This clause is without prejudice to any other clauses in this Schedule.
- 6.4** The Target has, in relation to each of its Employees and to each of its former employees or former independent contractors, discharged fully and timely its obligations being due, including but not limited to the obligation to pay all salaries, wages, commissions, bonuses or other amounts due under any Employee Benefit Plans, overtime pay, holiday pay, sick pay, accrued entitlements under incentive schemes and national insurance contributions, social security contributions and other benefits of or connected with employment. All remuneration and sums, fees and benefits to be paid to the Employees or former employees or former independent contractors of the Target have been calculated and paid in accordance with the applicable Employment Laws. The Target has correctly calculated social security contributions and taxes and paid timely all amounts due to the Governmental Authorities, and the Seller is not aware of any facts or claims that could give rise to additional social security contributions or taxes or liability for which no provisions are made in the Intermediary Accounts.
- 6.5** The Target is not involved in any dispute regarding a claim with any Employee or former employee, former independent contractor, Governmental Authority, trade union, association of trade unions, works council, health and safety committee or other body representing employees. During the past twenty-four (24) months, there have been no strikes or other labour disputes between the Target and its Employees and/or any employee representative body and no circumstances exist that could lead to a collective labour dispute.
- 6.6** The Target has maintained current, adequate and suitable records relating to each of its Employees and former employees in accordance with applicable Employment Laws.
- 6.7** No investigation of the Target by any Governmental Authority is pending, or, to the Best Knowledge of Seller, threatened, in respect of any employment, social security, taxes, pensions, discrimination, well-being at work and privacy matters, and the Target is not aware of any facts that could give rise to the same. The Target has not been informed in writing by any Governmental Authority that it intends to conduct such investigation, e.g., without being limited hereto, as regards the declaration or payment of social security contributions and/or any other penalties for failure to comply with applicable Employment Laws. No regularization had to be done at any Governmental Authority's request and there are no outstanding issues or liabilities in this respect;

6.8 The Target is in compliance in all material respects with all employment, social security, pension, privacy and other Laws applicable to the Target and to its Employees, employee representatives and trade union representatives (the "**Employment Laws**"), (including but not limited to the rules on temporary workers, lending of personnel and subcontracting, working time, discrimination and pensions legislation, ethics and privacy rules and implementing regulations applicable to it from time to time), the collective status (including the applicable national collective bargaining agreements, the collective bargaining agreements entered into at industry sector level as well as all company collective agreements entered into with staff representatives and the Employees, unilateral employer commitments, in-house practices (*usages*) and individual employment contracts applicable to the employees. The Target is not bound by any collective labour agreement (including social plans negotiated within the framework of a restructuring) entered into at company or group level. The Target is affiliated to the applicable joint committees.

Except as set forth in Schedule 17 (i) no other occupational accidents occurred within the Target during the last two (2) years and (ii) no fatal occupational accidents occurred within the Target during the last five (5) years.

6.9 The Target has not undertaken to grant or pay any benefits or severance indemnity or rights or payments of any nature whatsoever to any Employee as a result of the completion of the Operation.

6.10 Employee Benefit Plans

- (a) Each Employee Benefit Plan has been administered in all material aspects in accordance with its terms and complies with the applicable Employment Laws and its potential costs for the Target have been adequately book-reserved.
- (b) All contributions payable and due by the Target under the Employee Benefit Plans have been duly and timely paid and all future obligations of the Target under any of such Employee Benefit Plans have been fully reflected in the Intermediary Accounts and will be fully reflected in the Closing Accounts, and have been fully provided for in accordance with the applicable accounting principles. The Target has no obligations with respect to the Employee Benefit Plans, be they conditional or hidden, including, without limitation, back-service obligations and any underfunding which are not fully funded or adequately provided for in the Intermediary Accounts.
- (c) All required filings for all Employee Benefit Plans have been timely made with the appropriate Governmental Authority in accordance with the applicable Employment Laws. No dispute has arisen, or is threatening in connection with any of the Employee Benefit Plans.
- (d) All Employees and former employees have been affiliated timely and correctly to the Employee Benefit Plans applicable to them.
- (e) To the best of Seller's knowledge, (i) any other employment benefit plan as may be provided by the Operator or a company of the Rezidor group to the Target's Employees, is in all material aspects compliant with applicable Employment Laws (ii) any Employees and former employees have been affiliated timely and correctly to such other employment benefit plan, if applicable to them, and (iii) any contributions payable and due under such other employment benefit plan have been duly and timely paid..

7. LITIGATION AND COMPLIANCE

7.1 The Target is not engaged in any litigation, arbitration, prosecution or other legal proceedings other than the litigation against (i) Oxygene & Design, Daeninck & Deweer and (iii) Superchrôme. No event has occurred or circumstances exists that may give rise to or serve as a basis for the commencement of such proceedings.

- 7.2 The Target is not subject to any final and non-appealable judgment, arbitral award or order or decree of any Governmental Authority, which has not been fully satisfied and complied with by it.
- 7.3 In respect of the Target, neither the Seller, nor to the Best Knowledge of Seller, the Target:
- (a) has directly or indirectly promised, offered, made, or authorized the provision of anything of value to any government official or employee of a state-owned or state-sponsored entity, candidate for political office, or to any private individual or entity, (i) for the purpose of obtaining or retaining an improper business advantage, (ii) which would cause the recipient to violate the policies of his or her employer or to breach an obligation of good faith or loyalty, or (iii) which would otherwise violate any of the Anti-Corruption Laws, including the prohibitions on so-called 'facilitating' payments;
 - (b) has violated, or is subject to any notice, inquiry or investigation with respect to, or has engaged in any conduct that may reasonably give rise to an inquiry, investigation, or violation of, any of the Anti-Corruption Laws;
 - (c) is a Restricted Party or is aware of the Target having engaged in business with or for the benefit of a Restricted Party or that would otherwise violate Sanctions.
- 7.4 To the Best Knowledge of Seller no director and/or managing director of Target is currently an employee of a Governmental Authority, and no employee of a Governmental Authority presently owns an interest, whether direct or indirect, in the Target or has any legal or beneficial interest in the consideration to be paid by the Buyers according to the provisions of this Agreement;
- 7.5 To the Best Knowledge of Seller:
- (a) The operations of the Target have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Anti-Corruption Laws and applicable money laundering-related laws;
 - (b) the monies used to fund Seller's investment in the Target have not been derived from or related to any illegal activities, including but not limited to, money laundering activities; and
 - (c) any compensation or proceeds provided to the Seller under this Agreement is for the Seller's sole benefit and will not be used in violation of the Anti-Corruption Laws, applicable money laundering-related laws, transferred or assigned to or used for the benefit of any Restricted Party or in violation of Sanctions, or otherwise used for any other illegal purpose.
- 8. TAX ("TAX WARRANTY")**
- 8.1 Tax returns are in all material aspects true, complete, accurate and prepared in accordance with applicable Law, and none of such returns is the subject of a dispute with any Governmental Authority.
- 8.2 The Target has duly paid any amount in respect of any Tax, except in each case in relation to a bona fide Tax dispute for which a specific provision has been made in the Intermediary and/or the Closing Accounts.
- 8.3 No audit or claims are being conducted or made against the Target with respect to Taxes, and the Target has not been informed in writing by any Governmental Authority that it intends to conduct such audit or make such a claim.

- 8.4** The Target has complied with all applicable Laws concerning VAT, including the making on time of returns and payments and the maintenance of records.
- 8.5** To the Best knowledge of Seller all inter-company transaction have been carried-out under at arm's length conditions.
- 8.6** All fees, commissions, etc. paid and benefits in kind granted to employees have been duly and timely reported on the applicable forms.
- 8.7** Any obligation to withhold professional withholding tax under the so-called "catch all" provision has been duly and timely complied with or adequately provisioned in the Intermediary Accounts and the Closing Accounts of the Target.
- 8.8** None of the transactions carried out by Target are considered by the Tax Authorities as artificial, simulated and/or possibly subject to a general anti-abuse provision. To the Best Knowledge of Seller, none of the transactions carried out by Target could be considered by the Tax Authorities as artificial, simulated and/or possibly subject to a general anti-abuse provision.
- 8.9** Since Financial Year 2010, the Target has not been audited by the Tax authorities.
- 9. INTELLECTUAL PROPERTY**
- 9.1** The Intellectual Property that is material to the carrying on of the business of the Target as currently carried on is either owned by the Target (the "Owned Intellectual Property") or used by the Target pursuant to valid and enforceable license agreements (the "Licensed Intellectual Property").
- 9.2** Save as disclosed in Data Room, the Owned Intellectual Property is free and clear of Encumbrances
- 9.3** To the Best Knowledge of Seller, the operation of the business of the Target as currently conducted does not infringe the Intellectual Property of any third party and no claim has been made in writing by any third party against the Target which remains outstanding and alleges such infringement.
- 9.4** There is no infringement by any third party of nor any claims or actions in relation to any Owned Intellectual Property or Licensed Intellectual Property.
- 10. MATERIAL CONTRACTS**
- 10.1** All Material Contracts to which the Target is a party or by which the Target may be bound are in full force and effect, valid and enforceable against the Target and in the Data Room.
- 10.2** The Target is not, and has not received any written notice that it is in material breach of any Material Contract or has received a termination notice under any Material Contract.
- 10.3** To the Best Knowledge of Seller there is no party to any Material Contract that is in default thereunder in such a manner that the financial or commercial position of the Target may be materially adversely affected thereby and no circumstances exist that could lead to such result.

- 10.4** Except for the Intragroup Loans, the Bank Loans and the Hotel Management Agreements, the Target is not a party to or bound by any Material Contract:
- (i) relating to a guarantee, letter of comfort or support, indemnification, assumption or endorsement of, or any other similar type of agreement with respect to the obligations, liabilities or indebtedness of any person;
 - (ii) with any of its direct or indirect shareholder, director, or officer, or member of the immediate family or affiliate of any such person;
 - (iii) in respect of a joint venture agreement or similar partnership agreement;
 - (iv) which contains a change of control, acceleration or similar clause that may be triggered by the Operation or under which the rights and/or obligations of the Target may be adversely affected by the Operation;
 - (v) relating to the purchase or disposal of equity interests, and/or assets with respect to which there are outstanding warranties, indemnities, and/or obligations granted or undertaken by the Target.

- 10.5** Except for the Bank Loans,, the execution of this Agreement and the consummation of the transactions contemplated hereby do not and the performance of the obligations of the Seller shall not conflict with or constitute a default under any provisions of any Material Contract or instrument to which the Seller or the Target is a party, or by which the Target or any of its assets may be bound, or entitle any person to accelerate the maturity of any indebtedness or other obligation of the Target under such commitments or agreements.

11. RELATIONSHIPS WITH THE SELLERS

Immediately following the Closing, the Seller, nor any other Affiliate of the Seller (other than Target and directors or other officers of Target), will:

- (i) hold any claim or right, as a creditor or otherwise, against the Target;
- (ii) have any obligation, as a debtor or otherwise, with respect to the Target; or
- (iii) benefit from any guarantee or surety granted by the Target securing the performance of any of its own obligations.

Schedule 10.
DATA ROOM DOCUMENTS

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Schedule 11.
[RESERVED]

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Schedule 12.

NON-DISCLOSURE AGREEMENT

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f20f2015ex4viii_elbit.htm	Form Type: EX-4.8	Page 61
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

Schedule 13.
FORM OF CORPORATE GUARANTEE

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**Schedule 14.
PRESS RELEASE**



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ELBIT IMAGING LTD. ANNOUNCES THE SIGNING OF AN AGREEMENT TO SELL ITS INTEREST IN TWO HOTELS IN BELGIUM AT A CONSIDERATION REFLECTING AN ASSET VALUE OF EURO 48 MILLION

Tel Aviv, Israel, May [REDACTED], 2015, Elbit Imaging Ltd. (TASE, NASDAQ: EMITF) ("Elbit" or the "Company") announced today that its wholly owned indirect subsidiary entered into a Share Purchase Agreement with Astrid JV Sarl, an affiliate of Kohlberg Kravis Roberts & Co. L.P. (the "**Purchaser**"), with regard to the sale of its entire (100%) holdings in its wholly owned subsidiary (the "**Target**") which owns and operates the Radisson Blu Hotel and the Park Inn Hotel, in Antwerp, Belgium (collectively: the "**Hotels**"). The closing of the transaction is scheduled to occur following the satisfaction of certain conditions, which are expected to be fulfilled by June [REDACTED], 2015.

The transaction reflects an asset value of Euro 48 million for both Hotels subject to working capital and other adjustments as specified in the agreement. The total net consideration payable to the Company's wholly owned subsidiary (the "**Seller**"), following the repayments of the Target's banks loan, and the aforementioned adjustments, is approximately Euro [] million out of which Euro 1 million will be deposited in escrow to secure the seller's indemnification obligations under the Share Purchase Agreement.

In accordance with the loan agreement between Bank Hapoalim B.M and the Company, upon closing of the abovementioned transaction, the Company will prepay an amount of [US\$5] million on account of the loan.

JLL advised Seller in the transaction.

About Elbit Imaging Ltd.

Elbit Imaging Ltd. operates in the following principal fields of business: (i) Commercial and Entertainment Centers - Initiation, construction and sale of shopping 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 its subsidiary Plaza Centers N.V. In certain circumstances and depending on market conditions, we operate and manage commercial and entertainment centers prior to their sale; (ii) Hotels - Hotel operation and management; (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; and (iv) Residential Projects - Initiation, construction and sale of residential projects and other mixed-use real property projects, predominately residential, located primarily in India.

f20f2015ex4viii_elbit.htm	Form Type: EX-4.8	Page 63
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

Any forward-looking statements in our releases include statements regarding the intent, belief or current expectations of Elbit Imaging Ltd. and our management about our business, financial condition, results of operations, and its relationship with its employees and the condition of our properties. Words such as "believe," "would," "expect," "intend," "estimate" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Actual results may differ materially from those projected, expressed or implied in the forward-looking statements as a result of various factors including, without limitation, failure to consummate the sale of the Target and the factors set forth in our filings with the Securities and Exchange Commission including, without limitation, Item 3.D of our annual report on Form 20-F for the fiscal year ended December 31, 2013, under the caption "Risk Factors." Any forward-looking statements contained in our releases speak only as of the date of such release, and we caution existing and prospective investors not to place undue reliance on such statements. Such forward-looking statements do not purport to be predictions of future events or circumstances, and therefore, there can be no assurance that any forward-looking statement contained our releases will prove to be accurate. We undertake no obligation to update or revise any forward-looking statements.

For Further Information:

Company Contact:

Ron Hadassi

Chairman of the Board of Directors

Tel: +972-3-608-6048

Fax: +972-3-608-6050

ron@elbitimaging.com

Schedule 15.
Non-Objection Certificate of the Operator
[REZIDOR LETTERHEAD]

To:

ASTRIDPLAZA N.V.

ASTRID JV S.À.R.L.

Re: Certificate of No Objection

Reference is hereby made to (i) the International Management Agreement for the Radisson Astrid Hotel, Antwerpen, Belgium signed by and between Astridplaza N.V. ("Astridplaza") and the undersigned, Rezidor Hotels ApS Danmark ("**Rezidor**"), as of October 23, 2008, as amended by an amendment dated 14 December 2009 (the "**Radisson IMA**") (i) the International Management Agreement for the Park Inn Hotel, Antwerpen, Belgium signed by and between Astridplaza and Rezidor, as of October 23, 2008, as amended by an amendment dated 14 December 2009 (the "**Park Inn IMA**" and collectively with the Radisson IMA the "**Management Agreements**").

You have informed us that Astrid Hotel Holdings BV, having its registered office at Rietlandpark 125, 1019DT, Amsterdam, The Netherlands, wishes, in its capacity as sole shareholder of Astridplaza, to sell the entire (100%) outstanding share capital of Astridplaza (the "**Operation**") to Astrid JV S. A` R. L ("**Purchaser**"), a joint venture between an affiliate of Kohlberg Kravis Roberts & Co. L.P., Algonquin Gestion and Algonquin SA, having its registered office at Luxembourg (L-2440), 61, rue de Rollingergrund;

As a consequence and in consideration of article 20 of the Radisson IMA and article 21 of the Park Inn IMA, we, the undersigned, Rezidor Hotels ApS Danmark, a company incorporated in Denmark with registered number CVR 73337712 and whose registered office is located at Amager Boulevard 70, DK-2300 Copenhagen S, Denmark hereby confirms, represents and warrants that Rezidor does not object to the Operation and shall have no claim or demand in this respect.

For the avoidance of doubt, it is hereby clarified that nothing contained herein shall be construed or interpreted as granting us any right and/or remedy that is not granted to us by the Management Agreements and/or by any applicable law.

Sincerely,

REZIDOR HOTELS ApS DANMARK

By: _____
Title: _____

Schedule 16.
List of Employees, salaries and benefits

Schedule 17.
Occupational accidents

2014

- Anass El Osri 22/03/2014 - 12/04/2014 : table fell on his toe
- Marie Cole 21/05/2014-22/02/2014: fainted
- Kallouch Elbekay 17/6/2014-30/06/2014: hurt his knee
- Mohammed Abassi: 19/06/2014-21/06/2014: inhaled a toxic product
- Hua Dan 3/9/2014-9/9/2014: hurt his foot/toes when moving a pallet
- Serghei Masenka 14/09/2014- 25/09/2014: he was on call, and when he was riding his bike to work he fell on the street. Internal bruising
- Ursula Ryl: fell on the street, during an external training, she still attended the training, but we had to inform the insurance because the were costs (ambulance, hospital, etc.)
- Marie Cole: 23/10/2014-26/10/2014 stumbled near the staff entrance
- Marie Cole: 3/11/2014-9/11/2014 : hit her hand while dusting the table, swollen thumb
- Laila Bensalah: 7/11/2014-16/11/2014: hurt her hand and elbow when she wanted to enter the elevator
- Serghei Masenka 1/12/2014: pain chest, ambulance called
- Thomas Van Puymbroeck 24/12/2014 – 12/1/2015 : stumbled when he was taking something out of a truck and hurt his ankle

2015

- An Saerens; 8/01/2015 until 14/01/2015, she was crossing the street to take the bus, and got hit by a tram
- Jashari Mevlyde; 28/01/2015 until 3/02/2015 ; she was cut by glass while cleaning the room
- Sladjana Dronjic; 23/03/2015 until 25/03/2015 while re-arranging the stock, she made a wrong move and hurt her wrist
- Analyn Van Tricht; 9/04/2015 until 17/04/2015 she was walking to the Central Station and she twisted her ankle.

f20f2015ex4viii_elbit.htm	Form Type: EX-4.8	Page 67
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

Schedule 18.
Escrow Agreement



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DEPOSIT ESCROW AGREEMENT**[X]** May 2015**ASTRID HOTEL HOLDINGS B.V.**

as Seller

ASTRID JV S.à.r.l

as Purchaser

[X]

as Escrow Agent

THIS AGREEMENT is made on [X] 2015 (the ***Deposit Escrow Agreement***).

BETWEEN

1. **ASTRID HOTEL HOLDINGS B.V.**, a company incorporated and existing under the laws of the Netherlands, having its registered office at Rietlandpark 125, 1019DT Amsterdam, the Netherlands, and registered with the Dutch Chamber of Commerce under number 33296092, duly represented by [name], [title] (the ***Seller***);
2. **ASTRID JV S.à.r.l.**, a company incorporated and existing under the laws of Luxembourg, having its registered office at Luxembourg (L-2440), 61, rue de Rollingergrund, and registered with the Register of Companies of Luxembourg under number [X], [duly represented by [Name]] (the ***Purchaser***);
3. [X], a company incorporated and existing under the laws of [X], having its registered office at [X], and registered with the [X] under number [X], duly represented by [name], [title] (the ***Escrow Agent***).

The parties mentioned under sub 1. to 3. are hereinafter referred to as the ***Parties*** and ***Party*** shall be construed accordingly.

WHEREAS

- A. Pursuant to an agreement dated [X] 2015 entered into between the Seller and the Purchaser (the ***Share Purchase Agreement***), the Seller has committed to selling to the Purchaser all the shares in Astridplaza NV, a company incorporated and existing under the laws of Belgium, having its registered office at Koningin Astridplein 7, 2018 Antwerp, Belgium and registered with the Crossroad Bank of Enterprises under number 0446.394.988.
- B. This escrow agreement is signed in the context of the transaction that is the subject matter of the Share Purchase Agreement.
- C. Pursuant to Clause 4 of the Share Purchase Agreement, the Purchaser must deposit in escrow a guarantee deposit of an amount of EUR 2,500,000 (the ***Deposit Escrow Amount***).
- D. As a consequence, the Parties have agreed on the following.

THE PARTIES HAVE AGREED AS FOLLOWS

1. DEFINITIONS

- 1.1. Unless the context otherwise requires or unless otherwise defined in this Deposit Escrow Agreement, words and expressions defined in the Share Purchase Agreement shall have the same meaning when used in this Deposit Escrow Agreement.
- 1.2. In addition, unless the context otherwise requires, in this Deposit Escrow Agreement:

Business Day means a day (other than a Friday, Saturday or Sunday) on which banks are open for general business in Belgium, in the Netherlands, in the United Kingdom, in Paris and in Israel.

2. APPOINTMENT OF ESCROW AGENT; ESCROW AGENT'S RIGHTS, DUTIES AND OBLIGATIONS

- 2.1. The Seller and the Purchaser hereby irrevocably appoint the Escrow Agent to hold the Deposit Escrow Fund (see definition hereunder) in escrow upon the terms set forth herein.
- 2.2. The Escrow Agent hereby agrees to act as escrow agent in accordance with the terms set forth herein.
- 2.3. The Escrow Agent will comply with its obligations under this Deposit Escrow Agreement subject to any legal or judicial constraints that prevent it from so doing. The Escrow Agent shall promptly inform the Seller and the Purchaser of the occurrence of any such legal or judicial constraints.
- 2.4. In the event the Escrow Agent is uncertain as to its rights or duties hereunder or receives instructions with respect to the Deposit Escrow Fund which, in its opinion, are in conflict with any provision of this Deposit Escrow Agreement or applicable law, the Escrow Agent shall be entitled to refrain from taking any action other than keeping safely the Deposit Escrow Fund until it shall be otherwise directed by the Purchaser and the Seller acting jointly or by a final court order.

3. ESCROW ACCOUNT

- 3.1. The bank account of the Escrow Agent to be used for the purposes of this Deposit Escrow Agreement is the following account with number IBAN: [X] (the **Deposit Escrow Account**).

- 3.2. In accordance with clause 4.1 of the Share Purchase Agreement, the Purchaser shall deposit the Deposit Escrow Amount at the latest one (1) Business Day following the execution of this Deposit Escrow Agreement by means of a bank transfer to the Deposit Escrow Account.
- 3.3. The Escrow Agent hereby accepts the Deposit Escrow Amount for deposit in escrow under the provisions of this Deposit Escrow Agreement and shall establish a segregated account at its office located at its address set forth in Section [X] in which to hold the Deposit Escrow Fund.
- 3.4. The Escrow Agent will notify the Seller and the Purchaser immediately upon receipt of the Deposit Escrow Amount in the Deposit Escrow Account.
- 4. INTEREST**
- 4.1. Purchaser and Seller irrevocably instruct the Escrow Agent, and the Escrow Agent accepts such irrevocable instruction, to pay interest on the Deposit Escrow Amount at the applicable [daily/weekly] rate of the bank that manages the deposit (the **Interest**), and to capitalise the Interest on a [daily] basis.
- 4.2. Any interest or profit generated on the Deposit Escrow Account (subject to any deduction of tax at source or any bank or other charges properly charged to the Deposit Escrow Account) (the **Deposit Account Income**) shall accrue to and form part of the Deposit Escrow Account. Each time part of the funds in the Deposit Escrow Account is paid out it shall have added to it the corresponding proportion of the Deposit Account Income.
- 4.3. The Deposit Escrow Amount and the Deposit Account Income are collectively referred to as the **Deposit Escrow Fund**. The available Deposit Escrow Fund will be deposited on a [daily/weekly] cash deposit only.
- 4.4. The Escrow Agent is in any case and at any time prohibited to invest the Deposit Escrow Fund in any marketable securities or other financial instruments other than the [daily/weekly] cash deposit.
- 5. RELEASE OF DEPOSIT ESCROW FUND**
- 5.1. The Escrow Agent shall only release, transfer and distribute the Deposit Escrow Fund (or any portion thereof) or otherwise effect any transaction on the Deposit Escrow Account in accordance with the terms and conditions of this Deposit Escrow Agreement.

f20f2015ex4viii_elbit.htm	Form Type: EX-4.8	Page 72
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

- 5.2. In the following cases, the Seller and the Purchaser agree and undertake to give to the Escrow Agent the joint and irrevocable instruction (according to the draft letter in appendix 1) to release and transfer the Deposit Escrow Fund as follows:
- (a) In the event that any of the conditions precedent set forth in Clause 5 of the Share Purchase Agreement has not been satisfied or waived by the Purchaser, within the time period and in accordance with the provisions provided in Clause 5.2 of the Share Purchase Agreement, the Escrow Agent shall pay the Deposit Escrow Fund to the Purchaser.
 - (b) In the event that the conditions precedent set forth in Clause 5 of the Share Purchase Agreement have been all satisfied or waived by the Purchaser within the time period and in accordance with the provisions provided in Clause 5.2 of the Share Purchase Agreement and the Closing does not occur on the Closing Date, the Escrow Agent shall pay the Deposit Escrow Fund on the Closing Date:
 - (i) to the Seller, if the Closing does not occur because the Purchaser has not delivered the documents or taken the actions provided for in Clause 7.2.1 of the Share Purchase Agreement;
 - (ii) to the Purchaser, if the Operation does not occur (a) because the Seller has not delivered the documents or taken the actions provided for in Clause 7.2.2 of the Share Purchase Agreement, or (b) because the Seller has failed to comply with the covenants set forth in Clauses 6 and 8 of the Share Purchase Agreement or (c) any of the Essential Warranties made as of the date hereof ceases to be accurate or cannot be repeated as at Closing Date as if made on Closing Date.
 - (c) In the event that the conditions precedent set forth in Clause 5 of the Share Purchase Agreement have been all satisfied or waived by the Purchaser and the Closing is completed, the Deposit Escrow Fund shall be paid to the Seller as part of the Intragroup Loans' Reimbursement and wired on Closing Date to the Seller's Bank Account.
- 5.3. Release of the Deposit Escrow Fund according to Article 5.2 will be made by wire transfer on the bank account indicated by the relevant Party in the instruction letter (whose draft is in appendix 1) and on the date of release indicated in the said instruction letter.

- 5.4. In the event of a disagreement regarding the transfer or the release of the Deposit Escrow Fund, the Escrow Agent shall only be entitled to pay or transfer the Deposit Escrow Fund to the Purchaser or the Seller further to a written agreement by both Purchaser and Seller or the notification of a decision on the transfer or the release of the Deposit Escrow Fund by a judgment, award, order or other ruling (which is enforceable as a matter of law) issued by a court or arbitral tribunal having jurisdiction over the Parties.

6. DURATION

- 6.1. This Deposit Escrow Agreement enters into effect on the date first mentioned above and terminates when the Deposit Escrow Fund has been released in full from the Deposit Escrow Account in accordance with Article 5. The provisions in Articles 2 and 7 shall, however, survive any termination of the Deposit Escrow Agreement or of the Escrow Agent's duties thereunder.

7. GENERAL PROVISIONS

- 7.1. Any communication to be made under or in connection with this Deposit Escrow Agreement shall be made in writing, in English (unless the document is a constitutional, statutory or other official document) and by fax, electronic mail or letter. Any communication or document made or delivered by one Party to another under or in connection with this Deposit Escrow Agreement will only be effective:

- (a) if by way of fax or electronic mail, and only when received in legible form, the first Business Day after the date of receipt of the fax or the electronic mail;
- (b) if by way of letter, three (3) Business Days after being duly prepaid and stamped by the postal services.
- (c) if sent by messenger, upon delivery.

- 7.2. The addresses, fax numbers, electronic mail address (and the departments or officers, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Escrow Agreement is:

- (a) In respect of ASTRID HOTEL HOLDINGS B.V.:

Rietlandpark 125
1019DT Amsterdam
the Netherlands
Fax No.: +
E-mail: xxx@xxx.xx
Attention:

with copies (which shall not constitute notice) to:

- Elbit Imaging Ltd., for the attention of Mr. Doron Moshe, Acting CEO & CFO, B.S.R.3 Tower, 32nd floor, 5 Kinneret (corner of 9 Massada) Street, Bnei-Brak 5126237, Israel, Fax No.: +972-3-6086051, Email: doronm@elbitimaging.com

(b) In respect of Astrid JV S.à.r.l.:

Address: 61, rue de Rollingergrund L-2440 Luxembourg
 Attention: Ms Mélanie Leist
 Fax No.: +352 246 943 70
 E-mails: guillaume.cassou@kkcr.com; fdebrem@algonquin-hotels.com and melanie.leist@avega.lu

(c) In respect of [X]:

[Address]
 Fax No.: +
 E-mail: xxx@xxx.xx
 Attention:

or any substitute address, fax number, electronic mail address or department or officer as the relevant Party may notify to the other Parties by not less than five (5) Business Days' prior notice.

- 7.3. No failure or delay by any Party in exercising any right, power or remedy under this Deposit Escrow Agreement shall operate as a waiver thereof nor shall any single or partial exercise by such Party of any right, power or remedy preclude any further or other exercise of such right, power or remedy or the exercise of any other right, power or remedy. The remedies provided in this Deposit Escrow Agreement are cumulative and are not exclusive of any remedies provided by law.
- 7.4. The provisions of this Deposit Escrow Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns; provided that neither party may assign, delegate or otherwise transfer any of its rights or obligations under this Deposit Escrow Agreement without the consent of the other party hereto, unless such assignment, delegation or otherwise transfer is authorised in the Share Purchase Agreement.

f20f2015ex4viii_elbit.htm	Form Type: EX-4.8	Page 75
Edgar Agents LLC	ELBIT IMAGING LTD.	04/21/2016 01:37 PM

- 7.5. Each of the provisions of this Deposit Escrow Agreement is severable and distinct from the other and if at any time one or more of such provisions is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.
- In case of any such illegality, invalidity or unenforceability, the Parties shall negotiate in good faith with a view to agreeing on the replacement of such provision by a provision which is legal, valid and enforceable and which is to the extent practicable in accordance with the intents and purposes of this Deposit Escrow Agreement and which in its economic effect comes as close as practicable to the provision being replaced.
- 7.6. This Deposit Escrow Agreement may be executed in any number of counterparts and by the different Parties on separate counterparts, each of which when signed shall be an original but all counterparts shall together constitute one and the same instrument.
- 7.7. This Deposit Escrow Agreement and any non-contractual obligations arising out of or in connection herewith, are governed by and interpreted in accordance with Belgian law.
- 7.8. All disputes arising out of or in connection with this Deposit Escrow Agreement shall be settled exclusively by the courts of Brussels.

[Signature page follows]

Signature Page

This Deposit Escrow Agreement has been executed in 3 original copies, each Party acknowledging receipt of one signed and initialled copy.

ASTRID HOTEL HOLDINGS B.V.

/s/ _____
Name:
Title:

/s/ _____
Name:
Title:

ASTRID JV S.à.r.l

/s/ _____
Name:
Title:

[X]

/s/ _____
Name:
Title:

/s/ _____
Name:
Title:

ANNEXE 1
INSTRUCTION TO RELEASE THE DEPOSIT ESCROW FUND

[Place], on [Date]

To the attention of [●], Escrow Agent, [Address]

By Email

Reference: Escrow agreement between ASTRID JV S.à.r.l, ASTRID HOTEL HOLDINGS B.V. and [●] dated [●] May 2015

Dear [●],

According to the escrow agreement entered into between ASTRID JV S.à.r.l, ASTRID HOTEL HOLDINGS B.V. and your company on [●] May 2015.

We, undersigned, ASTRID JV S.à.r.l and ASTRID HOTEL HOLDINGS B.V. give you hereby jointly, according to such Escrow Agreement, instruction to transfer on [●] 2015, the entirety of the Deposit Escrow Fund, to [the Purchaser/the Seller] on the bank account, whose references are the following: [●].

This instruction letter may be executed in any number of counterparts and by the different parties on separate counterparts, each of which when signed shall be an original but all counterparts shall together constitute one and the same instrument

Kind Regards,

ASTRID HOTEL HOLDINGS B.V.

/s/

Name:
Title:

/s/

Name:
Title:

ASTRID JV S.à.r.l

/s/

Name:
Title:

/s/

Name:
Title:



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ESCROW AGREEMENT**[●]** 2015**ASTRID HOTEL HOLDINGS B.V.**

as Seller

ASTRID JV S.à.r.l

as Purchaser

[X]

as Escrow Agent

THIS AGREEMENT is made on [X] 2015 (the **Escrow Agreement**).

BETWEEN

1. **ASTRID HOTEL HOLDINGS B.V.**, a company incorporated and existing under the laws of the Netherlands, having its registered office at Rietlandpark 125, 1019DT Amsterdam, the Netherlands, and registered with the Dutch Chamber of Commerce under number 33296092, duly represented by [name], [title] (the **Seller**);
2. **ASTRID JV S.à.r.l.**, a company incorporated and existing under the laws of Luxembourg, having its registered office at Luxembourg (L-2440), 61, rue de Rollingergrund, and registered with the Register of Companies of Luxembourg under number [X], [duly represented by [Name]] (the **Purchaser**);
3. [X], a company incorporated and existing under the laws of [X], having its registered office at [X], and registered with the [X] under number [X], duly represented by [name], [title] (the **Escrow Agent**).

The parties mentioned under sub 1. to 3. are hereinafter referred to as the **Parties** and **Party** shall be construed accordingly.

WHEREAS

- A. Pursuant to an agreement dated [X] 2015 entered into between the Seller and the Purchaser (the **Share Purchase Agreement**), the Seller has committed to sell to the Purchaser all the shares in Astridplaza NV, a company incorporated and existing under the laws of Belgium, having its registered office at Koningin Astridplein 7, 2018 Antwerp, Belgium and registered with the Crossroad Bank of Enterprises under number 0446.394.988.
- B. This Escrow Agreement is signed in the context of the transaction that is the subject matter of the Share Purchase Agreement to guarantee the indemnification of the Purchaser in case of a Claim as a consequence of a Breach of the Warranties by the Seller during a period of 36 months from the Closing Date (the Escrow Period).
- C. Pursuant to Clause 13 of the Share Purchase Agreement, the Purchaser must deposit in escrow for and on behalf of the Seller, an amount of EUR 1,000,000 (the **Escrow Amount**).
- D. The Escrow Agent has accepted to assist the Seller and the Purchaser in the setting up and the organization of the Escrow Agreement hereof.

THE PARTIES HAVE AGREED AS FOLLOWS

1. DEFINITIONS

Unless the context otherwise requires or unless otherwise defined in this Escrow Agreement, words and expressions defined in the Share Purchase Agreement shall have the same meaning when used in this Escrow Agreement.

The term "**Business Day**" shall mean a day (other than a Friday, Saturday or Sunday) on which banks are open for general business in Belgium, in the Netherlands, in the United Kingdom, in Paris and in Israel.

2. APPOINTMENT OF ESCROW AGENT; ESCROW AGENT'S RIGHTS, DUTIES AND OBLIGATIONS

2.1 THE SELLER AND THE PURCHASER HEREBY IRREVOCABLY APPOINT THE ESCROW AGENT TO HOLD THE *ESCROW FUND* (AS DEFINED IN CLAUSE 4.3 BELOW) IN ESCROW UPON THE TERMS SET FORTH HEREIN.

2.2 The Escrow Agent hereby agrees to act as escrow agent in accordance with the terms set forth herein.

2.3 The Escrow Agent does not guarantee and accepts no liability whatsoever for the legal validity and enforceability of this Escrow Agreement. The Escrow Agent will comply with its obligations under this Escrow Agreement subject to any legal or judicial constraints that prevent it from so doing. The Escrow Agent shall promptly inform the Seller and the Purchaser of the occurrence of any such legal or judicial constraints.

2.4 In the event the Escrow Agent is uncertain as to its rights or duties hereunder or receives instructions with respect to the Escrow Fund which, in its opinion, are in conflict with any provision of this Escrow Agreement or applicable law, the Escrow Agent shall be entitled to refrain from taking any action other than keeping safely the Escrow Fund until it shall be otherwise directed, to its satisfaction, by the Purchaser and the Seller acting jointly or by a final court order.

3. ESCROW ACCOUNT

3.1 The bank account of the Escrow Agent to be used for the purposes of this Escrow Agreement is the following account with number IBAN: [X] (the **Escrow Account**).

3.2 In accordance with clause 13 of the Share Purchase Agreement, the Purchaser shall deposit the Escrow Amount, as part of the Intragroup Loans Reimbursement, for and on behalf of the Seller on Closing Date by means of a bank transfer to the Escrow Account.

3.3 The Escrow Agent hereby accepts the Escrow Amount for deposit in escrow under the provisions of this Escrow Agreement and shall establish a segregated account at its office located at its address set forth in Section [X] in which to hold the Escrow Fund.

3.4 The Escrow Agent will notify the Seller and the Purchaser immediately upon receipt of the Escrow Amount in the Escrow Account.

4. INTEREST

4.1 Purchaser and Seller irrevocably instruct the Escrow Agent, and the Escrow Agent accepts such irrevocable instruction, to pay interest on the Escrow Amount at the applicable [daily/weekly] rate of the bank that manages the deposit (the **Interest**), and to capitalize the Interest on a [daily] basis.

4.2 Any interest or profit generated on the Escrow Account (subject to any deduction of tax at source or any bank or other charges properly charged to the Escrow Account) (the **Account Income**) shall accrue to and form part of the Escrow Account. Each time part of the funds in the Escrow Account is paid out it shall have added to it the corresponding proportion of the Account Income.

4.3 The Escrow Amount and the Account Income are collectively referred to as the **Escrow Fund**. The available Escrow Fund will be deposited on a [daily/weekly] cash deposit only.

4.4 The Escrow Agent is in any case and at any time prohibited to invest the Escrow Fund in any marketable securities or other financial instruments other than the [daily/weekly] cash deposit.

5. RELEASE OF ESCROW FUND

The Escrow Agent shall only release, transfer and distribute the Escrow Fund (or any portion thereof) or otherwise effect any transaction on the Escrow Account strictly in accordance with the following terms and conditions.

5.1 Provision of the Guarantee on the Early Release Date

According to Article 13 of the Share Purchase Agreement, all or part of the Escrow Fund may be released after a 18-month period starting at the Closing Date in the event that (i) the Guarantee strictly in form attached herewith as Schedule [1] (**Guarantee**) is executed by a duly authorized legal representative of Elbit Imaging Ltd. and (ii) the original copy is provided to the Purchaser at least 5 Business Days before the Escrow Period (the "**Early Release Date**"). It is hereby agreed that Elbit Imaging Ltd shall be at such Early Release Date in good standing i.e. a company (aa) whose shares are traded both on NASDAQ Global Market (NASDAQ:EMITF) and on the Tel Aviv Stock Exchange (bb) not in receivership or under a court supervised arrangement with its creditors or in any other similar procedure or arrangement in any jurisdiction where it operates, and (cc) not considered in default under any of its obligation under any applicable debt restructuring plan or reorganization plan.

In such case, on the Early Release Date, the Escrow Agent shall release all or part of the Escrow Fund to the Seller or the Purchaser according to the conditions provided under Article 5.3.

For the avoidance of doubt, if at the Early Release Date (i) the Seller has not provided to the Purchaser (copy to the Escrow Agent) the Guarantee mentioned above or (ii) Elbit Imaging Ltd is not in good standing, the Escrow Funds shall remain on the Escrow Account and be released only in accordance with Clause 5.2 or 5.4 below..

5.2 Release of all or part of the Escrow Fund to the Purchaser

To the extent that, prior to the end of the Escrow Period, the Purchaser shall have notified the Seller of any Claim with respect to a Breach of Warranties and the amount of any such Claim shall have been:

- (i) agreed by the Seller and the Purchaser (the "**Instruction**"); or
- (ii) determined by a Governmental Authority or a judgment, award, order or other ruling (which is enforceable as a matter of law such as a "*decision de première instance exécutoire par provision*") issued by a court or arbitral tribunal having jurisdiction over the Parties (the "**Decision**"),

the Seller and the Purchaser shall immediately send a joint written instruction or a certified copy of the enforceable court decision to the Escrow Agent and the Escrow Agent shall pay the amount corresponding to the resolved Claims from the Escrow Account to the Purchaser, at the latest on the 3rd Business Days following receipt of the instruction or court decision.

5.3 Release of the Available Indemnification Amount on the Early Release Date upon provision of the Parent Guarantee

In case of provision of a certified copy of the Guarantee satisfying the conditions mentioned in Clause 5.1 above covering an amount equal to the **Available Indemnification Amount** (as defined in the SPA) the Escrow Agent shall release to the Seller an amount equal to such Available Indemnification Amount on the Early Release Date and keep the balance of the Escrow Fund on the Escrow Account to secure payment of the outstanding Claims under the SPA, which balance shall be released in accordance with Clause 5.4 below.

The release of the Available Indemnification Amount shall occur by means of wire transfer to a bank account designated by Seller in the notice (the "**Seller's Account**") and at the latest on the 3rd Business Days following receipt of such notice.

5.4 Release of the balance of the Escrow Fund (if any) after the Early Release Date until the end of the Escrow Period

The Escrow Fund held in the Escrow Account after the Early Release Date and until the end of the Escrow Period shall be kept on the Escrow Account and released progressively to the Purchaser only, in accordance with the provisions of clause 5.2 above, upon receipt by the Escrow Agent of the relevant Instruction or Decision.

5.5 Release of the balance of the Escrow Fund (if any) at end of the Escrow Period

At the end of the Escrow Period, the Escrow Fund will be allocated between (i) the amounts securing any remaining outstanding Claim at such date and (ii) the Available Indemnification Amount as at such date. The Available Indemnification Amount shall be released to the Seller while the balance shall be kept on the Escrow Account pending resolution of the outstanding Claims.

Thereafter, upon resolution of each outstanding Claim after the end of the Escrow Period, the amount securing such Claim shall be released to the Purchaser or to the Seller in accordance with the terms of the relevant Instruction or Decision.

6. DURATION

This Escrow Agreement enters into effect on the date of this Escrow Agreement and terminates when the Escrow Fund has been released in full from the Escrow Account in accordance with Article 5. The provisions in Articles 2 and 7 shall, however, survive any termination of the Escrow Agreement or of the Escrow Agent's duties thereunder.

7. COSTS AND EXPENSES

Each Party shall bear the costs and expenses incurred by it for the purposes of this agreement. The fees to be paid to Escrow Agent shall be borne equally by the Parties.

8. GENERAL PROVISIONS [TO BE CONFIRMED BY THE ESCROW AGENT]

8.1 Any communication to be made under or in connection with this Escrow Agreement shall be made in writing, in English (unless the document is a constitutional, statutory or other official document) and by had delivery, fax, electronic mail or letter. Any communication or document made or delivered by one Party to another under or in connection with this Escrow Agreement will only be effective:

- (a) if by way of fax or electronic mail, and only when received in legible form, the first Business Day after the date of receipt of the fax or the electronic mail;
- (b) if by way of letter, three (3) Business Days after being duly prepaid and stamped by the postal services;
- (c) if by messenger, upon delivery.

8.2 The addresses, fax numbers, electronic mail address (and the departments or officers, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Escrow Agreement is:

- (d) In respect of ASTRID HOTEL HOLDINGS B.V.:

Rietlandpark 125
1019DT Amsterdam
the Netherlands

Fax No.: +31 (0)20 670 62 11
E-mail : doron@amsterdam-office.nl; alon@amsterdam-office.nl
Attention : Euryton Trust Management B.V., for the attention of Doron
Shamir and Alon Elmaliyah

with copies (which shall not constitute notice) to :

Elbit Imaging Ltd., for the attention of:
Chairman of the Board
Address: Mota Gur 7 Petah Tikva, Israel
telefax: +972-3-6086051,
email: ronh@elbitimaging.com
and the Chief Executive Officer
address: Mota Gur 7 Petah Tikva, Israel
telefax +972-3-6086051,
email: doron@elbitimaging.com

(e) In respect of ASTRID JV S.à.r.l.

[Address]
Fax No.: +
E-mail: xxx@xxx.xx
Attention:

(f) In respect of [X]:

[Address]
Fax No.: +
E-mail: xxx@xxx.xx
Attention:

or any substitute address, fax number, electronic mail address or department or officer as the relevant Party may notify to the other Parties by not less than five (5) Business Days' prior written notice.

- 8.3 No failure or delay by any Party in exercising any right, power or remedy under this Escrow Agreement shall operate as a waiver thereof nor shall any single or partial exercise by such Party of any right, power or remedy preclude any further or other exercise of such right, power or remedy or the exercise of any other right, power or remedy. The remedies provided in this Escrow Agreement are cumulative and are not exclusive of any remedies provided by law.
- 8.4 The provisions of this Escrow Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns; provided that neither party may assign, delegate or otherwise transfer any of its rights or obligations under this Escrow Agreement without the consent of the other party hereto.
- 8.5 Each of the provisions of this Escrow Agreement is severable and distinct from the other and if at any time one or more of such provisions is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.
- In case of any such illegality, invalidity or unenforceability, the Parties shall negotiate in good faith with a view to agreeing on the replacement of such provision by a provision which is legal, valid and enforceable and which is to the extent practicable in accordance with the intents and purposes of this Escrow Agreement and which in its economic effect comes as close as practicable to the provision being replaced.
- 8.6 This Escrow Agreement may be executed in any number of counterparts and by the different Parties on separate counterparts, each of which when signed shall be an original but all counterparts shall together constitute one and the same instrument.
- 8.7 This Escrow Agreement and any non-contractual obligations arising out of or in connection herewith are governed by and interpreted in accordance with Belgian law.
- 8.8 All disputes arising out of or in connection with this Escrow Agreement shall be settled exclusively by the courts of Brussels.

[Signature page follows]

SIGNATURE PAGE

This Escrow Agreement has been executed in 3 original copies, each Party acknowledging receipt of one signed and initialed copy.

ASTRID HOTEL HOLDINGS B.V.

/s/ _____
Name:
Title:

/s/ _____
Name:
Title:

ASTRID JV S.à.r.l

/s/ _____
Name:
Title:

/s/ _____
Name:
Title:

[X]

/s/ _____
Name:
Title:

/s/ _____
Name:
Title:



THE SYMBOL "[****]" DENOTES PLACES WHERE PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT. SUCH MATERIAL HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

DATE: 10 MARCH 2016

FIFTH AMENDMENT AGREEMENT

FACILITIES AGREEMENT

dated 16 September 2011
(as amended on 27 September 2011, 26 March 2012, 18 September 2014 and on 5 May 2015)

between

RAIFFEISEN BANK INTERNATIONAL AG
(as Agent, Security Agent, Original Lender and Account Bank)

RAIFFEISEN BANK S.A.
(as Original Lender, Hedge Counterparty and Account Bank)

and
BUCURESTI TURISM S.A.
(as Borrower)

ELBIT IMAGING LTD
(as Guarantor)

CMS Cameron McKenna SCA
4th Floor
S-PARK
11-15 Tipografilor Str.
013714 Bucharest
T +40 21 407 3800
F +40 21 407 3900

TABLE OF CONTENTS

INTRODUCTION	1
1. Definitions and Interpretation	1
2. Effective date	4
3. Amendment and restatement of the original facilities agreement	4
4. Conditions subsequent	5
5. Reaffirmations	5
6. Representations and warranties	5
7. No waiver of existing defaults	6
8. Amendment fee and costs	6
9. Miscellaneous	7
10. Governing law	7
11. Confirmations	7
Schedule 1 Amended and Restated Facility Agreement	9
Schedule 2 Conditions Precedent	152
Schedule 3 Conditions Subsequent	159
SIGNATURES	161

THIS FIFTH AMENDMENT AGREEMENT is made as a deed on 10 March 2016

BETWEEN

- (1) **BUCURESTI TURISM S.A.**, a joint stock company incorporated in Romania, whose address is at 63-81 Calea Victoriei Street, Sector 1, Bucharest, Romania and registered in the company register under registration number J/40/167/1991, sole registration code 1567802 (the **"Borrower"**);
- (2) **ELBIT IMAGING LTD**, a limited liability company incorporated in Israel, whose address is at 7 Mota Gur, Petah Tikva, Israel, registered with Registrar of Companies of Israel, under registration number 550241996 (the **"Guarantor"**);
- (3) **BEA HOTELS EASTERN EUROPE B.V.**, a private company with limited liability incorporated under the laws of the Netherlands, having its corporate seat in Amsterdam, the Netherlands and its registered office at Rietlandpark 125, 1019 DT Amsterdam, the Netherlands, registered with the Netherlands Chamber of Commerce under registration number 34149675 (**"BEAH"**);
- (4) **ROMEXTUR S.A.**, a joint stock company incorporated in Romania whose address is at 4 Luterana Street, Sector 1, Bucharest, Romania and registered under registration number J40/204/1991 (**"Romextur"**);
- (5) **RAIFFEISEN BANK INTERNATIONAL AG** as Original Lender and Account Bank;
- (6) **RAIFFEISEN BANK S.A.** as Original Lender, Hedge Counterparty and Account Bank;
- (7) **RAIFFEISEN BANK INTERNATIONAL AG** as agent of the Finance Parties (the **"Agent"**); and
- (8) **RAIFFEISEN BANK INTERNATIONAL AG** as security agent for the Secured Parties (the **"Security Agent"**),

together referred to in this Agreement as the **"Parties"** and each individually as a **"Party"**.

INTRODUCTION

- (A) By a EUR 71,500,000 facilities agreement dated 16 September 2011, as amended on 27 September 2011, on 26 March 2012, on 18 September 2014 and on 5 May 2015 (the initial facilities agreement as amended shall be referred to hereinafter as the **"Original Facilities Agreement"**), the Lender (as defined therein) has agreed to make available to the Borrower certain term loan facilities.
- (B) The parties to this Fifth Amendment Agreement have agreed to amend and restate the Original Facilities Agreement, as set out in Schedule 1 (*Amended and Restated Facility Agreement*) of this Fifth Amendment Agreement; the Original Facilities Agreement as amended pursuant to this Fifth Amendment Agreement being hereinafter referred to as the **"Amended and Restated Facility Agreement"**.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Fifth Amendment Agreement and unless otherwise defined herein, terms defined in the Original Facilities Agreement have the same meanings and where specifically indicated or if the context so requires terms defined in Clause 1.1 (*Definitions*) of Schedule 1 (*Amended and Restated Facility Agreement*) have the meaning given to them therein and:

"Additional Finance Documents" means:

- (a) this Fifth Amendment Agreement (including the Amended and Restated Facility Agreement);
- (b) the Subordination Agreement;
- (c) the Guarantee Release Letter;

- (d) each notice given jointly by the Borrower and Security Agent to each Account Bank under each Control over Bank Accounts, to inform each Account Bank of the amendments to the Original Facility Agreement and, respectively, to the Mortgage over Bank Accounts;
- (e) the Addendum to the Mortgage over Bank Accounts;
- (f) each Addendum to a Security Agreement over Accounts;
- (g) each Addendum to a Security Agreement over Receivables and Insurance Policies;
- (h) each Addendum to a Security Agreement over Movables;
- (i) each Addendum to a Mortgage Agreement;
- (j) the Addendum to the Shares Security Agreement (Borrower);
- (k) the Addendum to the Shares Security Agreement (Romextur);
- (l) each Hedging Real Estate Mortgage;
- (m) each Hedging Shares Mortgage;
- (n) the Austrian Account Pledge; and
- (o) each Hedging Agreement.

“Addendum to a Mortgage Agreement” means each of:

- (a) the addendum entered into or to be entered into between the Borrower and the Finance Parties on or about the date of this Fifth Amendment Agreement for the purpose of extending the real estate mortgage created by the Borrower under the Mortgage Agreement to which it is a party; and
- (b) the addendum entered into or to be entered into between Romextur and the Finance Parties on or about the date of this Fifth Amendment Agreement for the purpose of extending the real estate mortgage created by Romextur under the Mortgage Agreement to which it is a party,

in each case, for the purpose of reflecting, among others, the increase of the Secured Liabilities under the Amended and Restated Facility Agreement.

“Addendum to the Mortgage over Bank Accounts” means the addendum entered into or to be entered into between the Borrower and the Finance Parties on or about the date of this Fifth Amendment Agreement for the purpose of extending the movable mortgage created under the Mortgage over Bank Accounts, for the purpose of reflecting, among others, the increase of the Secured Liabilities under the Amended and Restated Facility Agreement.

“Addendum to a Security Agreement over Accounts” means each of:

- (a) the addendum entered into or to be entered into between the Borrower and the Finance Parties on or about the date of this Fifth Amendment Agreement for the purpose of extending the security interest created by the Borrower under the Agreement creating a Security Interest over Accounts to which it is a party; and
- (b) the addendum entered into or to be entered into between Romextur and the Finance Parties on or about the date of this Fifth Amendment Agreement for the purpose of extending the security interest created by Romextur under the Agreement creating a Security Interest over Accounts to which it is a party,

in each case, for the purpose of reflecting, among others, the increase of the Secured Liabilities under the Amended and Restated Facility Agreement.

“Addendum to a Security Agreement over Movables” means each of:

- (a) the addendum entered into or to be entered into between the Borrower and the Finance Parties on or about the date of this Fifth Amendment Agreement for the purpose of extending the security interest created by the Borrower under the Agreement creating a Security Interest over Movables to which it is a party; and
- (b) the addendum entered into or to be entered into between Romextur and the Finance Parties on or about the date of this Fifth Amendment Agreement for the purpose of extending the security interest created by Romextur under the Agreement creating a Security Interest over Movables to which it is a party

in each case, for the purpose of reflecting, among others, the increase of the Secured Liabilities under the Amended and Restated Facility Agreement.

“Addendum to a Security Agreement over Receivables and Insurance Policies” means each of:

- (a) the addendum entered into or to be entered into between the Borrower and the Finance Parties on or about the date of this Fifth Amendment Agreement for the purpose of extending the security interest created by the Borrower under the Agreement creating a Security Interest over Receivables and Insurance Policies to which it is a party; and
- (b) the addendum entered into or to be entered into between Romextur and the Finance Parties on or about the date of this Fifth Amendment Agreement for the purpose of extending the security interest created by Romextur under the Agreement creating a Security Interest over Receivables and Insurance Policies to which it is a party.

in each case, for the purpose of reflecting, among others, the increase of the Secured Liabilities under the Amended and Restated Facility Agreement.

“Addendum to the Shares Security Agreement (Borrower)” means the addendum entered into or to be entered into between BEAH, the Borrower and the Finance Parties on or about the date of this Fifth Amendment Agreement for the purpose of extending the security interest created by BEAH under the Shares Security Agreement (Borrower), for the purpose of reflecting, among others, the increase of the Secured Liabilities under the Amended and Restated Facility Agreement.

“Addendum to the Shares Security Agreement (Romextur)” means the addendum entered into or to be entered into between the Borrower, Romextur and the Finance Parties on or about the date of this Fifth Amendment Agreement for the purpose of extending the security interest created by the Borrower under the Shares Security Agreement (Romextur), for the purpose of reflecting, among others, the increase of the Secured Liabilities under the Amended and Restated Facility Agreement.

“Guarantee Release Letter” means the letter issued by Raiffeisen Bank International A.G. in favour of the Guarantor releasing the Guarantor from its obligations under the Guarantee.

“Hedging Real Estate Mortgage” means each of:

- (a) the agreement creating a real estate mortgage relating to the Project Facilities and future property to be made between the Borrower and the Hedge Counterparties for the purpose of securing the liabilities of the Obligors arising under the Hedging Agreements, ranking behind the real estate mortgage created pursuant to the Borrower Mortgage Agreement; and
- (b) the agreement creating a real estate mortgage relating to the Project Facilities and future property to be made between Romextur and the Hedge Counterparties for the purpose of securing the liabilities of the Obligors arising under the Hedging Agreements, ranking behind the real estate mortgage created pursuant to the Romextur Mortgage Agreement.

“**Hedging Shares Mortgage**” means each of:

- (a) the agreement creating a movable mortgage over the shares held by BEAH in the Borrower, to be made between BEAH, the Borrower and the Hedge Counterparties for the purpose of securing the liabilities of the Borrower arising under the Hedging Agreements, ranking behind the moveable mortgage created pursuant to the Shares Security Agreement (Borrower); and
- (b) the agreement creating a movable mortgage over the shares held by the Borrower in Romextur, to be made between the Borrower, Romextur and the Hedge Counterparties for the purpose of securing the liabilities of the Borrower arising under the Hedging Agreements, ranking behind the moveable mortgage created pursuant to the Shares Security Agreement (Borrower).

“**Subordination Agreement**” means the subordination agreement entered or to be entered into between, among others, the Agent, the Security Agent, the Obligors and BEAHF.

1.2 Construction

- 1.2.1 The rules of interpretation included in Clause 1.2 (*Construction*) of the Original Facilities Agreement shall also apply to this Fifth Amendment Agreement.
- 1.2.2 This Fifth Amendment Agreement is a Finance Document.

2. EFFECTIVE DATE

Clause 3 (*Amendment and Restatement of the Original Facilities Agreement*) of this Fifth Amendment Agreement shall come into full force and effect on the date (the “**Effective Date**”) on which the Agent has confirmed to the Borrower and the Lenders that it has received, or has waived receipt of, all of the documents and other evidence listed in Part I (*Conditions Precedent to the Effective Date*) of Schedule 2 (*Conditions Precedent*) of this Fifth Amendment Agreement in form and substance satisfactory to it. All other provisions of this Fifth Amendment Agreement shall come into full force and effect on the date of this Fifth Amendment Agreement.

3. AMENDMENT AND RESTATEMENT OF THE ORIGINAL FACILITIES AGREEMENT

- 3.1 With effect from the Effective Date, the Original Facilities Agreement shall be amended and restated, and shall read as the document set out in Schedule 1 (*Amended and Restated Facilities Agreement*) of this Fifth Amendment Agreement.
- 3.2 The Borrower shall (and shall procure that the other Obligors will) use all their reasonable endeavours to ensure that documents and evidence listed in Part I (*Conditions Precedent to the Effective Date*) of Schedule 2 (*Conditions Precedent*) to this Fifth Amendment Agreement are duly delivered to the Agent as soon as possible.
- 3.3 No novation of the Facilities, the Original Facilities Agreement or any sums owing thereunder shall take place on the date of this Fifth Amendment Agreement or on the Effective Date.
- 3.4 With effect from the Effective Date:
 - 3.4.1 any reference in the Original Facilities Agreement or any other Finance Documents to "the Facilities Agreement" (however described) shall be construed as a reference to the Original Facilities Agreement as amended and supplemented by this Fifth Amendment Agreement; and
 - 3.4.2 any reference in the Original Facilities Agreement to "the Transaction Security Documents" shall include a reference to each Additional Finance Document which constitutes an addendum, amendment and/or reaffirmation of a Transaction Security Document; and
 - 3.4.3 any reference in the Original Facilities Agreement to "the Finance Documents" shall include a reference to the Additional Finance Documents.

4. CONDITIONS SUBSEQUENT

The Borrower shall provide each of the documents and ensure the fulfillment of each of the conditions listed in Schedule 3 (*Conditions Subsequent*) within the timeline set out therein, and the failure of the Borrower to provide such documents or fulfill any of the conditions within this timeframe shall constitute an Event of Default.

5. REAFFIRMATIONS

5.1 Notwithstanding the amendments to the Original Facilities Agreement implemented by this Fifth Amendment Agreement, each Obligor hereby agrees and acknowledges to the Finance Parties as at the Effective Date that:

- 5.1.1 the rights and obligations created by the Finance Documents; and
- 5.1.2 the Transaction Security created by the Transaction Security Documents,

shall remain in full force and effect and shall continue to apply to the relevant Finance Documents (except as modified by the Additional Finance Documents).

5.2 Reaffirmations of Guarantees

5.2.1 The Guarantor hereby confirms to the Finance Parties that, subject to the Legal Reservations:

- (a) the guarantees, undertakings and indemnities set out in Clause 17 (*Guarantee and Indemnity*) of the Original Facilities Agreement extend to the obligations of the Borrower as set out in the Original Facilities Agreement as amended by this Fifth Amendment Agreement; and
- (b) the terms and provisions of Clause 17 (*Guarantee and Indemnity*) of the Original Facilities Agreement as reaffirmed and supplemented by this Fifth Amendment Agreement remain in full force and effect.

5.2.2 If any Guaranteed Obligation set out in Clause 17 (*Guarantee and Indemnity*) of the Original Facilities Agreement, as amended pursuant to this Fifth Amendment Agreement is or becomes unenforceable, invalid or illegal, the Guarantor will, as an independent and primary obligation, indemnify the Finance Parties immediately on demand against any cost, loss or liability it incurs as a result of the Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it in respect of that Guaranteed Obligation on the date when it would have been due. The amount payable by the Guarantor under this indemnity will not exceed the amount it would have had to pay under Clause 17 (*Guarantee and indemnity*) of the Original Facilities Agreement, as amended pursuant to this Fifth Amendment Agreement, if the amount claimed had been recoverable on the basis of a guarantee.

6. REPRESENTATIONS AND WARRANTIES

6.1 Each of the Borrower, BEAH and Romextur makes the Repeating Representations (as defined in the Original Facilities Agreement) on the Effective Date, and the Guarantor, for itself only, makes the representations referred to in Clause 19 (*Representations*), save for those set out in Clause 19.13 (*Transaction Documents*), Clause 19.19 (*Security and Financial Indebtedness*) to Clause 19.24 (*Title to Property*), Clause 19.26 (*Shares*), Clause 19.27 (*Intellectual Property*), Clause 19.29 (*No Adverse Consequences*) and Clause 19.30 (*No Other Business*) and Clause 19.33 (*Works Council*) of the Original Facility Agreement on the Effective Date, in each case by reference to the facts and circumstances then existing.

- 6.2 Each Obligor represents and warrants to the Finance Parties on the date of this Fifth Amendment Agreement and on the Effective Date that:
- 6.2.1 it has the power to enter into and perform, and has taken all necessary action to authorise its entry into and performance of this Fifth Amendment Agreement and the other Additional Finance Documents;
 - 6.2.2 subject to the Legal Reservations, the obligations expressed to be assumed by it in this Fifth Amendment Agreement and the other Additional Finance Documents are legal, valid, binding and enforceable obligations;
 - 6.2.3 the entry into and performance by it of this Fifth Amendment Agreement do not and will not conflict with:
 - (a) any law or regulation applicable to it;
 - (b) its constitutional documents; or
 - (c) any material agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument which conflict, default or termination event, in respect of the Guarantor only, has or is reasonably likely to have a Material Adverse Effect; and
 - 6.2.4 no Default is continuing or would reasonably be expected to result from the entry into or performance by it of this Fifth Amendment Agreement and the other Additional Finance Documents.

7. NO WAIVER OF EXISTING DEFAULTS

This Fifth Amendment Agreement is entered into without prejudice to any and all of the rights and remedies of the Finance Parties under the Original Facilities Agreement and the other Finance Documents and accordingly nothing in this Fifth Amendment Agreement shall be deemed to have waived, prejudiced or otherwise adversely affected any of those rights and remedies.

8. AMENDMENT FEE AND COSTS

- 8.1 Amendment fee
- 8.1.1 The Borrower shall pay to the Agent (for the account of the Lenders) an upfront fee of EUR [****], to be divided between the Lenders pro rata with their Commitments (defined in Schedule 1 (*Amended and Restated Facility Agreement*)).
 - 8.1.2 Such upfront fee shall be payable on the earlier to occur of:
 - (a) the first Utilisation Date following the Effective Date; and
 - (b) 31 March 2016.
- 8.2 Amendment Costs

The Borrower shall pay to the Agent within three Business Days of demand, (i) all legal fees reasonably incurred by the Agent in assessing, evaluating, negotiating or complying with this Fifth Amendment Agreement, any other Additional Finance Document and any legal opinion issued in connection with any Additional Finance Document, subject to prior agreement by the Borrower (acting reasonably) of fee estimates and limitations or caps (if any) and (ii) all notarial and registration costs and expenses incurred by the Agent in connection with this Fifth Amendment Agreement and any other Additional Finance Document.

9. MISCELLANEOUS

- 9.1 The provisions of Clause 29 (*Notices*), Clause 31 (*Partial Invalidity*), Clause 32 (*Remedies and Waivers*), Clause 33 (*Amendments and Waivers*), Clause 35 (*Counterparts*), and Clause 37 (*Enforcement*) of the Original Facilities Agreement shall be repeated in this Fifth Amendment Agreement and apply to this Fifth Amendment Agreement as if set out in full herein, except that references therein to “this Agreement” shall be construed as references to this Fifth Amendment Agreement and references to “both the Obligor”, “each Obligor”, “the relevant Obligor” or “each of the Obligor” shall be construed as references to each Obligor.
- 9.2 Unless expressly provided to the contrary in a Finance Document, a person who is not a party to this Fifth Amendment Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”) to enforce or to enjoy the benefit of any term of this Fifth Amendment Agreement.
- 9.3 Any Delegate and any Receiver may enforce any provision of this Fifth Amendment Agreement which is expressed to be for its benefit, subject to Clause 9.4 below and the provisions of the Third Parties Act.
- 9.4 Notwithstanding any term of any Finance Document the Parties may rescind, vary, waive, release, assign, novate or otherwise dispose of all or any of their respective rights or obligations under this Fifth Amendment Agreement at any time without the consent of any person who is not a Party.

10. GOVERNING LAW

This Fifth Amendment Agreement and any non-contractual obligations arising out of, or in connection with this Fifth Amendment Agreement are governed by English law.

11. CONFIRMATIONS

- 11.1 Each of the Borrower and Romextur confirms to the Finance Parties that:
- 11.1.1 it has entered into this Fifth Amendment Agreement in its own name and not as an agent, representative or trustee of another person;
 - 11.1.2 it has made its own independent investigation and assessment of this Fifth Amendment Agreement, the other Additional Finance Documents and the transactions contemplated by such Additional Finance Documents (including, without limitation, by having recourse to independent, external legal, financial or technical advisers, selected at its own discretion);
 - 11.1.3 its decision to enter into this Fifth Amendment Agreement, the other Additional Finance Documents and the transactions contemplated by such Additional Finance Documents, was not determined, or influenced by any communication, representation or statement (written or oral) made by the Finance Parties (or an Affiliate of the Finance Parties, or any of its representatives);
 - 11.1.4 it is capable of understanding (either by itself or with the assistance of its advisers) and hereby acknowledges the terms and provisions (either internal or external) of this Fifth Amendment Agreement, the other Additional Finance Documents and the transactions contemplated by such Additional Finance Documents, together with its obligations, liabilities, rights and remedies, arising thereunder, to which it hereby agrees; and
 - 11.1.5 it has negotiated with the Finance Parties each term and condition of this Fifth Amendment Agreement and the other Additional Finance Documents.
- 11.2 For purposes of this Clause 11 (*Confirmations*), negotiation of terms and conditions means both:
- 11.2.1 the exchange of proposals and suggestions between the Parties and reaching an agreed form of such terms and conditions; and
 - 11.2.2 the unconditional acceptance by one Party of the terms proposed by the other Party.
- 11.3 This Fifth Amendment Agreement is entered into pursuant to the Parties’ negotiation, and represents the agreement of the Parties regarding all essential and ancillary terms and conditions of this Fifth Amendment Agreement.

IN WITNESS of which this Fifth Amendment Agreement has been signed and entered into as a deed and is intended to be and is delivered on the date stated at the beginning of this Fifth Amendment Agreement.

SCHEDULE 1**Amended and Restated Facilities Agreement**

THE SYMBOL "[*****]" DENOTES PLACES WHERE PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT. SUCH MATERIAL HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

DATE: 2016

EUR 97,000,000

TERM FACILITY AGREEMENT

between

RAIFFEISEN BANK INTERNATIONAL AG
(as Agent, Security Agent, Original Lender and Account Bank)

RAIFFEISEN BANK S.A.
(as Original Lender, Hedge Counterparty and Account Bank)

and

BUCURESTI TURISM S.A.
(as Borrower)

ELBIT IMAGING LTD
(as Guarantor)

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TABLE OF CONTENTS

1. Definitions and Interpretation	10
2. The Facilities	34
3. Purpose	36
4. Conditions of Utilisation	37
5. Utilisation	37
6. Repayment	38
7. Prepayment and Cancellation	39
8. Interest	42
9. Interest Periods	43
10. Changes to the Calculation of Interest	43
11. Fees	44
12. Payment Increases and Indemnities	45
13. Increased Costs	48
14. Other Indemnities	50
15. Mitigation by the Lenders	52
16. Costs and Expenses	53
17. Guarantee and Indemnity	54
18. Bank Accounts	57
19. Representations	62
20. Information Undertakings	70
21. Financial Covenants	75
22. General Undertakings	77
23. Events of Default	88
24. Changes to the Lenders and Hedge Counterparties	94
25. Restriction on Debt Purchase Transactions	98
26. Changes to the Obligors	99
27. Role of the Agent, the Security Agent, the Account Banks and the Hedge Counterparties	99
28. Conduct of Business by the Finance Parties	114
29. Application of Proceeds	114
30. Sharing among the Finance Parties	116
31. Payment Mechanics	117
32. Set-off	120
33. Notices	120
34. Calculations and Certificates	124
35. Partial Invalidity	124
36. Remedies and Waivers	124
37. Amendments and Waivers	125
38. Confidential Information	126
39. Confidentiality of Reference Bank Rates	129
40. Confirmations	130
41. Counterparts	131
42. Governing law	131
43. Enforcement	131
Schedule 1 The Original Parties	132
Part I The Original Obligors	132
Part II The Original Lenders	132
Schedule 2 Material Authorisations	133
Schedule 3 Utilisation Request	134
Schedule 4 Form of Transfer Certificate	135
THE SCHEDULE Commitment/Rights and Obligations to be Transferred	135
Schedule 5 Form of Assignment Agreement	136
THE SCHEDULE Rights to be Assigned and Obligations to be Released and Undertaken	137
Schedule 6 Form of Compliance Certificate	138
Schedule 7 Repayment Schedule	140
Schedule 8 Insurance	141
Schedule 9 Timetables	145
Schedule 10 Form of Forecast	146

THIS AMENDED AND RESTATED FACILITY AGREEMENT (hereinafter referred to as the “**Agreement**”) is dated 10 March 2016 and made

BETWEEN:

- (1) **BUCURESTI TURISM S.A.**, a joint stock company incorporated in Romania, whose address is at 63-81 Calea Victoriei Street, Sector 1, Bucharest, Romania and registered in the company register under registration number J/40/167/1991, sole registration code 1567802 (the “**Borrower**”);
- (2) **ELBIT IMAGING LTD**, a limited liability company incorporated in Israel, whose address is at 7 Mota Gur, Petah Tikva, Israel, registered with the Registrar of Companies of Israel under registration number 550241996 (the “**Guarantor**”);
- (3) **THE COMPANIES** listed in Part I of Schedule 1 (*The Parties*) as obligors (together the “**Obligors**”);
- (4) **THE FINANCIAL INSTITUTIONS** listed in Part II of Schedule 1 (*The Parties*) as original lenders (the “**Original Lenders**”);
- (5) **RAIFFEISEN BANK S.A.** as hedge provider (the “**Hedge Counterparty**”);
- (6) **RAIFFEISEN BANK INTERNATIONAL AG** as agent of the Finance Parties (the “**Agent**”);
- (7) **RAIFFEISEN BANK INTERNATIONAL AG** as security agent for the Secured Parties (the “**Security Agent**”); and
- (8) **RAIFFEISEN BANK INTERNATIONAL AG** and **RAIFFEISEN BANK SA** as account banks (the “**Account Banks**”).

together referred to in this Agreement as the “**Parties**” and each individually as a “**Party**”.

RECITALS – whereas:

- (A) The Parties have agreed to amend and restate the Original Facilities Agreement (as defined below) on the terms set out in this Agreement with effect from the Effective Date.
- (B) The Original Lenders have agreed to:
 - (i) extend the Final Maturity Date for the repayment of Loans; and
 - (ii) increase the amounts of the existing facilities and make available to the Borrower a new term loan facility, up to maximum principal amounts equal to the Total Commitments,

subject to the terms and conditions set out in this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

“**Accounts**” means the Amex Accounts, the Collection Accounts, the Construction Accounts, the Current Account, the Debt Service Reserve Account, the FF&E Reserve Accounts, the Treasury Account, (in each case, to the extent applicable under the terms of this Agreement) and the UniCredit Accounts, and any other account of the Borrower or Romextur held with an Account Bank or, in the case of the Amex Accounts, the applicable account bank.

“**Actual Debt Service Cover Ratio**” means the ratio of EBITDA to Debt Service.

“**Actual Yield on Debt**” means the ratio of EBITDA to Debt.

“Affiliate” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“Amex Accounts” means the account numbers 6104386-01 and 6104386-02 denominated in Romanian Lei and held with Bancpost SA in the name of the Borrower.

“Amex Accounts Proceeds” means any payments or receipts into the Amex Accounts received by the Borrower in connection with the operation of the Project Facilities.

“Applicable Accounting Principles” means:

- (a) in respect of Romextur, GAAP; and
- (b) in respect of any other Obligor, IFRS.

“Assignment Agreement” means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

“Auditors” means Deloitte or any other firm approved in advance by the Agent (such approval not to be unreasonably withheld or delayed).

“Austrian Account Pledge Agreement” means the security agreement governed by Austrian law and dated on or about the date of this Agreement, pursuant to which the Borrower grants (or is to grant) in favour of the Security Agent and the Finance Parties a first ranking pledge over the Debt Service Reserve Account.

“Authorisation” means an authorisation, permission, consent, approval, resolution, licence, exemption, filing, notarisation or registration required by any person in connection with the Transaction Documents and the Project.

“Availability Period” means:

- (a) in relation to Facility A, the period from and including the date of the Fifth Amendment Agreement up to and including the earlier to occur of:
 - (i) 31 March 2016; and
 - (ii) the date on which the Available Facility A is reduced to zero; and
- (b) in relation to Facility C, the period from and including 30 September 2016 up to and including the earlier to occur of:
 - (i) 30 June 2017; and
 - (ii) the date on which the Available Facility C is reduced to zero.

“Available Facility” means, in relation to a Facility, a Lender’s Commitment under that Facility minus:

- (a) the amount of its participation in any outstanding Loans under that Facility; and
- (b) in relation to any proposed Utilisation, the amount of its participation in any Loans that are due to be made under that Facility on or before the proposed Utilisation Date.

“BEAH” means BEA Hotels Eastern Europe B.V., a private company with limited liability incorporated in the Netherlands, whose address is at Rietlandpark 125, 1019 DT Amsterdam, Netherlands and registered in the Dutch Trade register under registration number 34149675.

“BEAHF” means BEA Hotels Finance B.V., a private company with limited liability incorporated in the Netherlands, whose address is at Rietlandpark 125, 1019 DT Amsterdam, the Netherlands and registered in the Dutch Trade register under registration number 34357583.

“BEAHF Loan Agreement” means the loan agreement dated 20 May 2015 between BEAHF and the Borrower, whereby BEAHF made available to the Borrower amounts not exceeding €14,969,709 for the purpose of the Borrower buying back shares in its share capital, during the delisting of the Borrower.

“Break Costs” means the amount (if any) by which:

- (a) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

“Budget” means the one-year budget for the Project prepared by the Manager and delivered to the Agent, as amended from time to time in accordance with Clause 20.9 (*Budget updates and Forecast*).

“Business Day” means a day (other than a Saturday or Sunday) on which banks are open for general business in Vienna and Bucharest and which is a TARGET Day.

“BUTU Framework Loan Agreement” means the framework loan agreement to be entered into between the Borrower (as lender) and BEAHF (as borrower), pursuant to which the Borrower shall make available to BEAHF loans in aggregate principal amount not exceeding EUR 35,000,000, for corporate purposes.

“Calculation Date” means:

- (a) in respect of the Loan to Value Ratio:
 - (i) no later than 5 Business Days prior to the Utilisation Date of the Facility C Loan; and
 - (ii) 31 March in each Financial Year;
- (b) in respect of the Actual Yield on Debt and the Projected Yield on Debt, 31 December in each Financial Year;
- (c) in respect of the Actual Debt Service Cover Ratio and the Projected Debt Service Cover Ratio, each of 31 March, 30 June, 30 September and 31 December in each Financial Year; and
- (d) at any other date specified by the Agent:
 - (i) at any time when a Default is continuing; and
 - (ii) at any other time when a Lender notifies the Agent (and the Agent notifies the Borrower) that such calculation is required by applicable law in the jurisdiction of the Facility Office of that Lender.

“Calculation Period” means, in respect of any Calculation Date, the 12 Month period ending on that Calculation Date.

“Capital Expenditure” means expenditure or commitment for expenditure for the improvement of the Project Facilities and which is not included in the FF&E.

“Certified Copy” means a copy of an original document which is certified by a director or an authorised signatory of the relevant Obligor as being a copy of that document.

“**Code**” means the US Internal Revenue Code of 1986.

“**Collection Accounts**” means the accounts held and maintained by the Borrower and Romextur pursuant to Clause 18.1.1 and any other account opened by the Borrower or Romextur with an Account Bank and which is designated by the Agent and the Borrower (acting together) as a Collection Account.

“**Commitment**” means a Facility A Commitment, a Facility B Commitment or a Facility C Commitment.

“**Compensation**” means any compensation (other than Insurance Proceeds) payable to and received by an Obligor in respect of:

- (a) any seizure, compulsory acquisition, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other person in relation to it or any of its assets, save for the Guarantor only, to the extent of the Project Facilities and the assets subject to the Transaction Security;
- (b) any sum paid to or for the account of the Borrower in respect of the release, inhibition, modification, suspension or extinguishment of any rights benefiting the Project Facilities, or the imposition of any restrictions affecting the Project Facilities, or the grant of any easement or rights over or affecting the Project Facilities or any part of them; and
- (c) any sum paid to or for the account of the Borrower in respect of the refusal, revocation, suspension, modification or imposition of conditions in respect of any Authorisation, or any other official order or notice restricting the construction or operation of the Project Facilities.

“**Compliance Certificate**” means a certificate substantially in the form set out in Schedule 6 (*Compliance Certificate*).

“**Confidential Information**” means all information relating to the Obligors, the Project, the Project Facilities, the Transaction Documents or a Facility in respect of which a Lender becomes aware in its capacity as Lender or which is received by a Lender in relation to the Finance Documents or a Facility from any Obligor, any Affiliate of an Obligor or any of their advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (a) is or becomes public information other than as a direct or indirect result of any breach by a Lender of Clause 38 (*Confidentiality*); or
- (b) is identified in writing at the time of delivery as non-confidential by any Obligor, any Affiliate of an Obligor or any of their advisers; or
- (c) is known by a Lender before the date the information is disclosed to it in accordance with this definition above or is lawfully obtained by that Lender after that date, from a source which is, as far as it is aware, unconnected with the Obligors or any of their Affiliates and which, in either case, as far as it is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

“**Confidentiality Undertaking**” means a confidentiality undertaking substantially in a form recommended by the LMA or in any other form agreed between the Borrower and the Agent.

“**Construction Account**” means each account opened and maintained by the Borrower pursuant to Clause 18.1.1(c).

“**Consultancy Agreement**” means the agreement entered into prior to the Effective Date, between the Borrower (as beneficiary) and the Guarantor (as consultant) pursuant to which the Guarantor agrees to provide to the Borrower consultancy services for the management and operation of the Borrower and the Project Facilities, subject to the terms and conditions set out therein.

“Control over Bank Accounts Agreement (Bancpost)” means the agreement regarding control over bank accounts dated 27 April 2012 entered into between the Borrower, Raiffeisen Bank International AG and Bancpost.

“Control over Bank Accounts Agreement (UniCredit)” means the agreement regarding control over bank accounts dated 27 April 2012 entered into between the Borrower, Raiffeisen Bank International AG and UniCredit.

“Current Account” means the account held and maintained by the Borrower pursuant to Clause 18.1.1(b).

“Dangerous Materials” means any element or substance (in any form) which is subject to regulatory control as being hazardous or dangerous or which is capable of causing harm or damage to the Environment.

“Debt” means, as at any date, the aggregate principal amount of all Loans outstanding on that date.

“Debt Purchase Transaction” means, in relation to a person, a transaction where such person:

- (a) purchases by way of assignment or transfer;
 - (b) enters into any sub-participation in respect of; or
 - (c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of,
- any Commitment or amount outstanding under this Agreement

“Debt Service” means, in respect of any period:

- (a) the aggregate of:
 - (i) the amount of Financing Costs payable (whether or not paid) during that period; and
 - (ii) the Financing Principal payable (whether or not paid) during that period;

minus,

- (b) net payments (other than any termination amounts) payable (whether or not paid) to the Borrower under any Hedging Agreement during that period.

“Debt Service Reserve Account” means the account opened and maintained by the Borrower pursuant to Clause 18.4.

“Default” means an Event of Default or any event or circumstance specified as such in Clause 22.27 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination or the satisfaction of (or failure to satisfy) any condition under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

“Delegate” has the meaning given in the Subordination Agreement.

“Disposal Proceeds” means the consideration receivable by the Borrower or any Affiliate of the Borrower (including any amount receivable in repayment of intercompany debt) for any disposal permitted to be made by the Borrower or BEAH under Clause 22.10 (*Disposals*) after deducting any reasonable expenses incurred by the Borrower with respect to that disposal to persons who are not Affiliates and any Taxes payable directly upon that disposal (and including VAT, property tax required to be paid in accordance with the applicable law in advance for the purpose of the disposal and civil transaction tax but, for the avoidance of doubt, excluding any profit, gains or other annual or periodic tax).

“Disruption Event” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with a Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
 - (i) from performing its payment obligations under the Finance Documents; or
 - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“Distribution” means any payment by the Borrower to any other Obligor or any Affiliate of an Obligor.

“EBITDA” means, in respect of any period, the operating profit of the Borrower for that period calculated in accordance with IFRS by reference on the most recent audited financial statements of the Borrower delivered in accordance with Clause 20.1:

- (a) calculated before:
 - (i) Tax;
 - (ii) any finance payments, including without limitation, interest, commission, discounts, prepayment fees, premiums or charges and any fees (including fees payable to the Guarantor under the Guarantor Fee Agreement, but not exceeding an amount equal 1.5% per annum of the aggregate amount of the obligations guaranteed by the Guarantor under Clause 17 (*Guarantee and indemnity*) and fees payable to the Guarantor under the Consultancy Agreement not exceeding an annual aggregate amount as set out in the PricewaterhouseCoopers analysis referred to in Clause 1 of Schedule 3 (*Conditions Subsequent*) of the Fifth Amendment Agreement); and
 - (iii) any financial income,
 in each case whether paid, payable or capitalised; and
- (b) adding back amounts attributable to depreciation or amortisation of tangible and intangible fixed assets.

“Effective Date” means the date determined in accordance with Clause 2 (*Effective Date*) of the Fifth Amendment Agreement.

“Electronic Archive for Real Movable Security” means the Electronic Archive for Real Movable Security (*Arhiva Electronica de Garantii Reale Mobiliare*), as such is reflected/provided under Art. 2413 of the Romanian Civil Code.

“Elscent Guarantee Fee Agreement” means the agreement dated 13 June 2012 and entered into between the Borrower and the Guarantor, pursuant to which the Borrower has agreed to pay the Guarantor a fee of EUR 1,344,457.89.

“Environment” means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including, without limitation, land under water).

“Environmental Authorisation” means all consents, licences and authorisations necessary or, as determined by the Agent (acting reasonably) in accordance with prudent commercial practice, advisable under Environmental Law for the operation of the Project.

“Environmental Claim” means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

“Environmental Law” means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or
- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

“EURIBOR” means, in relation to any Loan or Unpaid Sum, the applicable Screen Rate;

- (a) as of the Specified Time for euro and for a period equal in length to the Interest Period of that Loan; or
- (b) as otherwise determined pursuant to Clause 10.1 (*Unavailability of Screen Rate*)

and if, in either case, that rate is less than zero, EURIBOR shall be deemed to be zero

“Euros” or **€** means the lawful currency of the time being of the European Community.

“Event of Default” means any event or circumstance specified as such in Clause 23(*Events of Default*).

“Excess Cash” means for each Financial Year for which it is being calculated:

- (a) the aggregate of:
 - (i) EBITDA of the Borrower for that Financial Year (determined by reference to most recent audited financial statements delivered pursuant to Clause 20.1.1(a) (*Financial statements*));
 - (ii) subject to the prior consent to the Agent and to the extent not included in paragraph (a) above, the amount of any other income paid to the Borrower during that Financial Year; and
 - (iii) the amount of any Disposal Proceeds paid to the Borrower during that Financial Year;

minus,

- (b) the aggregate of the following, as incurred and payable by the Borrower during that Financial Year (whether paid or not):
- (i) actual FF&E costs (in an amount not exceeding the FF&E Reserve and excluding any amounts standing to the credit of the FF&E Reserve Account);
 - (ii) income Taxes;
 - (iii) Debt Service;
 - (iv) any actual Capital Expenditure;
 - (v) the amount of any loan or credit made available to Romextur in accordance with Clause 22.14.2; and
 - (vi) any amount prepaid in accordance with Clause 7 (*Prepayment and Cancellation*).

“Facility” means Facility A, Facility B or Facility C.

“Facility A” means the term loan facility made available under this Agreement as described in Clause 2.1.3.

“Facility A Commitment” means in relation to a Lender, the amount set opposite its name under the heading **“Facility A Commitment”** in Part II of Schedule 1 (*Lenders*) and the amount of any other Commitment transferred to it under this Agreement, to the extent not cancelled, increased, reduced or transferred by it as permitted under this Agreement.

“Facility A Loan” means a loan made or to be made under Facility A or the principal amount outstanding for the time being of that loan.

“Facility B” means the term loan facility made available under the Original Facilities Agreement as Facility B.

“Facility B Commitment” means in relation to a Lender, the amount set opposite its name under the heading **“Facility B Commitment”** in Part II of Schedule 1 (*Lenders*) and the amount of any other Commitment transferred to it under this Agreement, to the extent not cancelled, increased, reduced or transferred by it as permitted under this Agreement.

“Facility B Loan” means the loan made under Facility B or the principal amount outstanding for the time being of that loan.

“Facility C” means the term loan facility made available under this Agreement as described in Clause 2.1.3(c).

“Facility C Commitment” means in relation to a Lender, the amount set opposite its name under the heading **“Facility C Commitment”** in Part II of Schedule 1 (*Original Lenders*) and the amount of any other Commitment transferred to it under this Agreement, to the extent not cancelled, increased, reduced or transferred by it as permitted under this Agreement.

“Facility C Loan” means a loan made or to be made under Facility C or the principal amount outstanding for the time being of that loan.

“Facility Office” means the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement.

“FATCA” means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;

- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“FATCA Application Date” means:

- (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014;
- (b) in relation to a “withholdable payment” described in section 1473(1)(A)(ii) of the Code (which relates to “gross proceeds” from the disposition of property of a type that can produce interest from sources within the US), 1 January 2019; or
- (c) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraphs (a) or (b) above, 1 January 2019,

or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the date of this Agreement.

“FATCA Deduction” means a deduction or withholding from a payment under a Finance Document required by FATCA.

“FATCA Exempt Party” means a Party that is entitled to receive payments free from any FATCA Deduction.

“FATCA FFI” means a foreign financial institution as defined in section 1471(d)(4) of the Code which, if any Finance Party is not a FATCA Exempt Party, could be required to make a FATCA Deduction.

“FF&E” means all furniture, furnishings, wall coverings, fixtures, equipment, and systems located at, or used in connection with the Project Facilities and owned by the Borrower, together with all replacements and additions, including: all guestrooms and public area furniture and equipment; all equipment and systems required for the operation of kitchens, bars, laundry and dry cleaning facilities; office equipment, dining room wagons, material handling equipment, cleaning and engineering equipment, telephone systems, computer hardware and vehicles.

“FF&E Reserve” means five per cent. of the Total Revenues of the Hotel (each such term as defined in the Management Agreement) reserved towards FF&E costs pursuant to the Management Agreement.

“FF&E Reserve Accounts” means the account (and any renewal or redesignation thereof) of the Borrower, with account number RO28RZBR0000060013815405 denominated in Romanian Lei, RO25 RZBR0000060018235361 and any such other accounts, into which the FF&E Reserve shall be deposited, as required under the Management Agreement.

“Fifth Amendment Agreement” means the fifth amendment agreement to the Original Facilities Agreement entered into between the parties to the Original Facilities Agreement, on 9 March 2016, and pursuant to which the Parties agreed to amend, supplement and restate the Original Facilities Agreement on the terms and conditions set out in this Agreement.

“Final Maturity Date” means 31 December 2020.

“Finance Documents” means:

- (a) this Agreement;

- (b) the Subordination Agreement;
- (c) subject to Clause 31.11 (*Application of certain provisions to Hedging Agreements*), the Hedging Agreements;
- (d) the Transaction Security Documents;
- (e) each Utilisation Request; and
- (f) any other document designated as such by the Agent and the Borrower (acting together).

“Finance Party” means the Agent, the Security Agent, a Hedge Counterparty or a Lender.

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with Applicable Accounting Principles, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

“Financial Year” means the annual accounting period for each Obligor ending on 31 December each year.

“Financing Costs” means, in respect of a period, the aggregate of:

- (a) amounts in the nature of interest paid or payable in that period under this Agreement in respect of the Loans (including default interest and any sums payable under Clauses 10.3 (*Market disruption*), 12.2 (*Payment increases*) and 13 (*Increased costs*));
- (b) all fees, commissions and charges paid or payable in that period by the Borrower under this Agreement in respect of the Loans; and
- (c) amounts paid or payable by the Borrower under any Hedging Agreement in that period other than any termination payments.

“Financing Principal” means, in respect of any period, scheduled payments of principal paid or payable under this Agreement in respect of the Loans, but excluding the balance of the principal amount due and payable on the Final Maturity Date and any amounts prepaid (or required to be prepaid) in accordance with Clause 7 (*Prepayment and cancellation*).

“**Force Majeure Event**” means an event of force majeure (however described) as defined in or contemplated by any Project Document.

“**Forecast**” means the five-year forecast prepared (and amended from time to time) by the Borrower and delivered to the Agent as required by Clause 20.9.2 and otherwise in form and substance as set out in Schedule 10 (*Form of Forecast*).

“**GAAP**” means generally accepted accounting principles in Romania.

“**Good Industry Practice**” means the exercise of that degree of skill, diligence, prudence, foresight and operating practice which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking as the relevant Obligor under the same or similar circumstances.

“**Gross Revenues**” means, in relation to a period, without double counting, all moneys received (or, as applicable, projected to be received) by or on behalf of the Borrower or Romextur in that period including of a revenue or income nature:

- (a) under a Project Document;
- (b) under the Insurances, in respect of delay in start-up or loss of revenue;
- (c) as a refund of Tax (including VAT receipts); and
- (d) as interest and income earned on the Accounts.

which shall include the Total Revenue of the Hotel (as defined in the Management Agreement), but excluding Compensation and amounts received or receivable (as applicable) under any Hedging Agreement.

“**Guarantee Fee Agreement**” means the agreement entered into prior to the Effective Date, between the Borrower (as payor) and the Guarantor (as payee) pursuant to which the Borrower agrees to pay to the Guarantor a fee for the guarantee provided by the Guarantor in favour of the Finance Parties under, and in connection with, this Agreement.

“**Guaranteed Obligations**” has the meaning given to it in Clause 17 (*Guarantee and indemnity*).

“**Hedging Agreement**” means each interest rate hedging agreement between the Borrower and the Hedge Counterparty constituted by a framework agreement, the schedule thereto (or any similar agreement), any transaction entered into and the related confirmation thereunder, each entered into in accordance with Clause 22.25 (*Hedging*).

“**Hedging Real Estate Mortgage**” means each of:

- (a) the agreement creating a real estate mortgage relating to the Project Facilities and future property to be made between the Borrower and the Hedge Counterparties for the purpose of securing the liabilities of the Obligors arising under the Hedging Agreements, ranking behind the real estate mortgage created pursuant to the Borrower Mortgage Agreement; and
- (b) the agreement creating a real estate mortgage relating to the Project Facilities and future property to be made between Romextur and the Hedge Counterparties for the purpose of securing the liabilities of the Obligors arising under the Hedging Agreements, ranking behind the real estate mortgage created pursuant to the Romextur Mortgage Agreement.

“Hedging Shares Mortgage” means each of:

- (a) the agreement creating a movable mortgage over the shares held by BEAH in the Borrower, to be made between BEAH, the Borrower and the Hedge Counterparties for the purpose of securing the liabilities of the Borrower arising under the Hedging Agreements, ranking behind the moveable mortgage created pursuant to the Shares Security Agreement (Borrower); and
- (b) the agreement creating a movable mortgage over the shares held by the Borrower in Romextur, to be made between the Borrower, Romextur and the Hedge Counterparties for the purpose of securing the liabilities of the Borrower arising under the Hedging Agreements, ranking behind the moveable mortgage created pursuant to the Shares Security Agreement (Borrower).

“Holding Company” means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

“IFRS” means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

“Initial Valuation” means the Valuation prepared as at a date no earlier than 31 October 2015 and provided to the Agent pursuant to Part I (*Conditions Precedent to Effective Date*) of Schedule 2 (*Conditions Precedent*) to Fifth Amendment Agreement.

“Insurance” means the contracts and policies of insurance taken out on behalf of the Borrower and/or Romextur in accordance with Clause 22.19 (*Insurance*) and Schedule 8 (*Insurance*) and or (to the extent of its interest) in which the Borrower or Romextur has an interest.

“Insurance Proceeds” means all proceeds of Insurance payable to and received by the Borrower or Romextur.

“Intellectual Property” means:

- (a) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each Obligor (which may now or in the future subsist).

“Interest Payment Date” means:

- (c) 31 March, 30 June, 30 September and 31 December in each year; and
- (d) the Final Maturity Date

provided that if any Interest Payment Date is not a Business Day, the Interest Payment Date will be the next Business Day in that month (if there is one), or if there is no such Business Day in that month, the immediately preceding Business Day.

“Interest Period” means, in relation to a Loan, each three-Month period as specified in Clause 9.1 (*Length of Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.3 (*Default interest*).

“Interpolated Screen Rate” means, in relation to any Loan or Unpaid Sum, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

- (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Loan or Unpaid Sum; and

- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Loan or Unpaid Sum,

each as of the Specified Time for the currency of that Loan or Unpaid Sum.

“Land Book” means the real estate registry and immovable property publicity office organised and operating in accordance with Law No. 7/1996 of Romania on the real estate registry and the immovable property publicity, as further amended and supplemented.

“Lease Agreements” means each lease agreement entered into between the Borrower or Romextur and a tenant of the prime commercial area in the Hospitality Complex.

“Legal Opinion” means any legal opinion delivered to the Agent under Clause 4.1 (*Initial conditions precedent*).

“Legal Reservations” means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors (or as the case may be) secured creditors;
- (b) the time barring of claims under the Limitation Acts and any other analogous legislation in a Relevant Jurisdiction, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of stamp duty under applicable law may be void and defences of set-off or counterclaim;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

Lender” means:

- (a) any Original Lender; and
- (b) any other person which has become a Lender in accordance with Clause 24 (*Changes to the Lenders and Hedge Counterparties*),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

“Limitation Acts” means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984.

“Loan” means the Facility A Loan, the Facility B Loan or the Facility C Loan, together, the **Loans**.

“Loan to Value Ratio” means, on any relevant date, the Loans outstanding on that date as a percentage of the aggregate market value of the Project Facilities on that date (determined in accordance with the most recent Valuation of the Project Facilities at that time).

“LMA” means the Loan Market Association.

“Major Project Parties” means:

- (a) each Obligor;
- (b) the Manager; and
- (c) each tenant under a Material Lease Agreement.

“Majority Lenders” means a Lender or Lenders whose Commitments aggregate more than $66\frac{2}{3}$ per cent. of the Total Commitments or, if the Total Commitments have been reduced to zero, aggregated more than $66\frac{2}{3}$ per cent. of the Total Commitments immediately prior to the reduction.

“**Management Agreement**” means each of:

- (a) the agreement dated 26 November 2010, as amended on 1 January 2011, and further amended on 22 December 2014, between the Manager and the Borrower; and
- (b) the New Park Inn Management Agreement.

“**Manager**” means Rezidor Hotels ApS Danmark, a company incorporated in Denmark whose registered office is located at Rezidor Corporate Accounting, Amager Strandvej 60-64, 3rd Floor, DK-2300, Copenhagen 5, Denmark and which is registered under registration number CVR 73337712.

“**Manager’s Side Letter**” means the letter dated 22 December 2014 from the Manager to the Borrower relating to, *inter alia*, the Manager’s implementation of operational synergies.

“**Margin**” means 3.75 per cent per annum.

“**Material Adverse Effect**” means a material adverse effect on:

- (a) the Project, the business, operations, assets or condition (financial or otherwise) of any of the Obligor (other than the Guarantor);
- (b) the ability of any Obligor (other than the Guarantor) to perform its obligations under any Finance Document;
- (c) the ability of the Guarantor to perform its obligations under Clause 17 (*Guarantee and indemnity*);
- (d) the ability of the Manager to perform its obligations under the Management Agreement where the consequence of that effect is material to the interests of the Finance Parties; or
- (e) the validity or enforceability of any Finance Document or the Management Agreement.

“**Material Authorisation**” means the Authorisations set out in Schedule 2 (*Material Authorisations*) and any other Authorisations required by the Agent (acting reasonably) in accordance with prudent commercial practice at the time as notified to the Borrower from time to time.

“**Material Lease Agreement**” means:

- (a) each of the following (as amended from time to time):
 - (i) the Lease Agreement dated 2 April 2004 entered into between the Borrower and World Class Romania S.A.;
 - (ii) the Lease Agreement dated 19 October 2006 entered into between the Borrower and General Real Estate S.R.L. with respect to the Platinum Casino facility;
 - (iii) the Lease Agreement dated 5 July 2011 entered into between the Borrower and The Luxury Division S.R.L. (previously Dream Homes Residence S.R.L.), as further amended in December 2011 and on 1 March 2012;; and
 - (iv) the Lease Agreement dated 14 June 2011 and entered into between the Borrower and Romextur, pursuant to which the Borrower leases from Romextur, the Romextur Building; and
- (b) any other Lease Agreement entered into following the Effective Date, with an annual aggregate rental income of EUR 150,000 (or its equivalent in any other currency) or more.

“**Member State**” means a member state of the European Community.

“Month” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules (a) to (c) will only apply to the last Month of any period.

“Mortgage Agreements” means:

- (a) the mortgage relating to the Project Facilities and future property dated 21 September 2011 between the Borrower and Raiffeisen Bank International AG; and
- (b) the mortgage relating to the Project Facilities and future property dated 21 September 2011 between Romextur and Raiffeisen Bank International AG.

“Mortgage over Bank Accounts” means the mortgage over bank accounts agreement dated 27 April 2012 between the Borrower and Raiffeisen Bank International AG.

“Net Operational Profit” means, for any period for which it is being calculated, the net operating profit of the Borrower for that period calculated in accordance with the Uniform System of Accounts for the Lodging Industry.

“New Park Inn Management Agreement” means the international management agreement dated 22 December 2014 between the Manager and the Borrower.

“Obligor” means the Borrower, the Guarantor, BEAH and Romextur.

“Obligors’ Agent” means the Borrower, appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to Clause 2.2 (*Obligors’ Agent*).

“Original Facilities Agreement” means the EUR 71,500,000 facilities agreement entered between the Obligors and Raiffeisen Bank International AG dated 16 September 2011, amended on 27 September 2011, on 26 March 2012, on 18 September 2014 and on 5 May 2015.

“Original Financial Statements” means:

- (a) in relation to the Borrower:
 - (i) its audited financial statements (including all additional information and notes to the accounts) together with the relevant directors’ report and auditors’ report for the Financial Year ended 2015;
 - (ii) its financial statements for the six Month period ending 30 June 2015;
- (b) in relation to the Guarantor, its audited financial statements (including all additional information and notes to the accounts) together with the relevant directors’ report and auditors’ report for its Financial Year ended 2015;
- (c) in relation to BEAH, its financial statements (including all additional information and notes to the accounts) for its Financial Year ended 2015; and
- (d) in relation to Romextur, its audited financial statements (including all additional information and notes to the accounts) together with the relevant documents prepared in accordance with applicable legislation for its Financial Year ended 2015.

“Overseas Obligor” means any Obligor to the extent that it is an overseas company within the meaning of section 1044 of the Companies Act 2006.

“Participating Member State” means any Member State that adopts or has adopted the Euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

“Perfection Requirements” means:

- (a) authentication by a public notary (*autenticarea de catre notarul public*) of a Mortgage Agreement;
- (b) registration of the particulars of:
 - (i) each Romanian Security Document in the Electronic Archive for Real Movable Security;
 - (ii) the Mortgage Agreement provided by the Borrower in the Land Book;
 - (iii) the Mortgage Agreement provided by Romextur in the Land Book;
 - (iv) the Shares Security Agreement (Borrower) in the Borrower’s shareholders’ register; and
 - (v) the Shares Security Agreement (Romextur) in the shareholders’ register of Romextur; and
- (c) the creation of control over bank accounts as contemplated under the Mortgage over Bank Accounts.

“Permitted Security” means:

- (a) the Transaction Security;
- (b) any netting agreement or arrangement arising under any Hedging Agreement;
- (c) any lien arising by operation of law and in the ordinary course of day-to-day trading and not arising as a result of a default or omission on the part of the Borrower or Romextur;
- (d) any Security arising of title retention provisions in a supplier’s standard conditions for supply of goods acquired by the Borrower or Romextur in ordinary course of day-to-day trading, where the aggregate value of good subject to such Security does not exceed EUR 200,000 at any time; and
- (e) any other Security to which the Agent (acting on the instructions of the Lenders) has given its prior written consent.

“Project” means the operation, maintenance, repair and refurbishment of the Project Facilities.

“Project Documents” means:

- (a) each Management Agreement;
- (b) the BEAHF Loan Agreement;
- (c) the Manager’s Side Letter;
- (d) the Material Lease Agreements;
- (e) the BUTU Framework Loan Agreement;
- (f) the Consultancy Agreement;

- (g) the Guarantee Fee Agreement;
- (h) the services agreement dated 15 October 2007 (as amended on 1 May 2008) between B.E.A. Hotels Eastern Europe (Romania) S.R.L. and the Borrower; and
- (i) any other document designated as such by the Agent and the Borrower.

“Project Facilities” means all the land, property, fixtures and assets owned by the Borrower and Romextur, as applicable comprising:

- (a) the Radisson Blu Hotel, Bucharest with 424 rooms and approximately 48,000 square metres total floor area (with a five-star accreditation as at the date of this Agreement), together with the Elite Apartments with 62 rooms;;
- (b) the Apart Hotel (formerly known as the Centreville Apart Hotel), with 68 rooms:
- (c) the Park Inn Hotel & Residence with 210 rooms; and
- (d) prime commercial areas within the “Hospitality Complex” of approximately 7,256 square metres total floor area including the Romextur Building,

with a total floor area of approximately 84,500 square metres and located on a land plot comprising 15,778.02 square metres, and in each case, as more particularly described in schedule 2 to each Mortgage Agreement, the entire project facilities being known as the “Hospitality Complex” in District 1, Bucharest, Romania, currently managed by the Manager under the Management Agreements.

“Projected Calculation Period” means in respect of any Calculation Date, the period of 12 Months starting on that Calculation Date.

“Projected Debt Service” means, in respect of any Projected Calculation Period, the amount of Debt Service scheduled to be paid during that period, and where EURIBOR is to be determined for these purposes:

- (a) in relation to any hedged amount, the hedged rate applicable to such amount shall be taken into account; and
- (b) in relation to any unhedged amount, three month EURIBOR shall be taken into account.

“Projected Debt Service Cover Ratio” means, as at any date, the ratio of Projected EBITDA to Projected Debt Service at that date.

“Projected EBITDA” means, in respect of any Projected Calculation Period, the expected EBITDA of the Borrower during that period, calculated using the then most recently approved Forecast.

“Projected Yield on Debt” means, at as at any date, the ratio of Projected EBITDA to Debt at that date.

“Qualifying Lender” means a Lender which is treated as a resident of a jurisdiction having a double taxation agreement with Romania which makes provision for full exemption from tax imposed by Romania on interest.

“Quarter Period” means each three-Month period ending on 31 March, 30 June, 30 September and 31 December in each year.

“Quotation Day” means, in relation to any period for which an interest rate is to be determined, two TARGET Days before the first day of that period unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

“Receiver” means a receiver or receiver and manager or administrative receiver (or equivalent officer in the Relevant Jurisdiction) of the whole or any part of the Secured Property.

“Reference Bank Rate” means the arithmetic mean of the rates (rounded up to the next 1/16) as supplied to the Agent at its request by three leading banks in the European interbank market as the rate at which the relevant leading bank could borrow euro in the European interbank market for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in euro and for that period.

“Related Fund” in relation to a fund (the **“first fund”**), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or adviser is an Affiliate of the investment manager or investment adviser of the first fund.

“Relevant Interbank Market” means the European interbank market.

“Relevant Jurisdiction” means, in relation to an Obligor:

- (a) its jurisdiction of incorporation;
- (b) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated;
- (c) any jurisdiction where it conducts its business; and
- (d) the jurisdiction whose laws govern the perfection of any Security created under or pursuant to any of the Transaction Security Documents entered into by it.

“Repeating Representations” means, save as provided in Clause 19.35 (*Repetition*), each of the representations set out in Clause 19.1 (*Status*) to Clause 19.33 (*Registration of UK establishment by Overseas Obligor*).

“Replaceable Document” means any agreement to which a Replaceable Party is a party, as approved by the Agent (provided that each Replaceable Document as at the date of this Agreement shall be deemed as approved by the Agent).

“Replaceable Party” means any Major Project Party which is not an Obligor.

“Report on Title” means the due diligence report on property rights referred to in the Original Facilities Agreement.

“Representative” means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

“Romanian Civil Code” means the Civil Code of Romania, being Law no. 287/2009 regarding the Civil Code, republished, together with Law no. 71/2011.

“Romanian Lei” means the lawful currency for the time being of Romania.

“Romanian Security Documents” means each Mortgage Agreement, each Security Agreement over Receivables and Insurance Policies, the Shares Security Agreement (Borrower), the Shares Security Agreement (Romextur), each Security Agreement over Accounts, the Mortgage over Bank Accounts, together with the Control over Bank Accounts Agreement (UniCredit), the Control over Bank Accounts Agreement (BancPost) and each Security Agreement over Movables.

“Romextur Building” means the building located in Bucharest, 4 Luterana str., 1st District, having a total surface of 679.93 square metres, registered with land book no. 49670 kept by the Bucharest Cadastre and Real Estate Publicity Office (*Oficiul de Cadastru si Publicitate Imobiliara Bucuresti*) and consisting of mezzanine of 311.73 square metres (cadastral number 9291 M;1), ground-floor of 329.10 square metres (cadastral no. 9291/0;1) and basement of 39.10 square metres (cadastral no. 9291/-1;1).

“Romextur UniCredit Accounts” means the following accounts in the name of Romextur held with UniCredit and numbered: RO 82 BACX 0000000 48091 0000 denominated in Romanian Lei; and RO 55 BACX 0000000 48091 0001 denominated in Euros.

“Screen Rate” means the percentage rate (rounded up to the next 1/16) per annum for euro administered by the Banking Federation of the European Union (or another person which takes over the administration of that rate for the relevant period, displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Borrower and the Lenders.

“Secured Liabilities” means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Secured Party under any Finance Document.

“Secured Party” means a Finance Party, a Receiver or a Delegate.

“Secured Property” means all assets of the Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

“Security” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“Security Agreements over Accounts” means:

- (a) the security agreement over each Account (excluding the Current Account, Amex Accounts, the Treasury Account and the UniCredit Accounts) opened in the name of Borrower, dated 16 September 2011 and made between the Borrower and Raiffeisen Bank International AG; and
- (b) the security agreement over each Account opened in the name of Romextur, dated 16 September 2011 and made between Romextur and Raiffeisen Bank International AG.

“Security Agreements over Movables” means:

- (a) the security agreement over certain movable assets of the Borrower, dated 16 September 2011 and made between the Borrower and Raiffeisen Bank International AG; and
- (b) the security agreement over certain movable assets of Romextur, dated 16 September 2011 and made between Romextur and Raiffeisen Bank International AG.

“Security Agreements over Receivables and Insurance Policies” means:

- (a) the security agreement over the Borrower’s receivables (rent, payments under the Management Agreement and other contracts, among others) and Insurance policies, dated 16 September 2011 and made between the Borrower and Raiffeisen Bank International AG; and
- (b) the security agreement over Romextur’s receivables (rent and other contracts, among others) and Insurance policies, dated 16 September 2011 and made between Romextur and Raiffeisen Bank International AG.

“Security Period” means the period starting on the date of this Agreement and ending on the date on which the Agent (acting reasonably) is satisfied that all of the liabilities of the Obligors under each Finance Document are irrevocably discharged in full (provided that the Agent shall in making such determination take into account: (i) whether insolvency proceedings have been commenced and are continuing, or are threatened; and (ii) the applicable periods during which any payments made by the Obligors in respect of such liabilities can be clawed back under applicable insolvency law) and the Lenders have no commitment or liability, whether present or future, actual or contingent, in relation to the Facilities.

“**Shares Security Agreement (Borrower)**” means the security agreement over the shares in the Borrower owned by BEAH, dated 16 September 2011 and made between BEAH and Raiffeisen Bank International AG.

“**Shares Security Agreement (Romextur)**” means the security agreement over the shares in Romextur owned by the Borrower, dated 16 September 2011 and made between the Borrower and Raiffeisen Bank International AG.

“**Specified Time**” means a time determined in accordance with Schedule 9 (*Timetables*).

“**Sponsor Affiliate**” means each of the Guarantor’s Affiliates, any trust of which it or any of its Affiliates is a trustee, any partnership of which it or any of its Affiliates is a partner and any trust, fund or other entity which it (or any Affiliate) manages, or is under its (or any of its Affiliate’s) control.

“**Subordination Agreement**” means the subordination agreement entered or to be entered into between, among others, the Agent, the Security Agent, the Obligors and BEAHF.

“**Subsidiary**” means, in relation to a person, any other person:

- (a) which is controlled, directly or indirectly, by the first named person;
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first named person; or
- (c) which is a Subsidiary of another Subsidiary of the first named person.

“**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

“**TARGET Day**” means any day on which TARGET2 is open for the settlement of payments in Euro.

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Title Insurance Policy**” means the single risk indemnity policy number RLIP/7200/117961 issued on 21 September 2011 by Stewart Title Ltd.

“**Total Commitments**” means the aggregate of the Commitments being €97,000,000 at the date of this Agreement.

“**Total Facility A Commitments**” means the aggregate of the Facility A Commitments being €76,000,000.

“**Total Facility B Commitments**” means the aggregate of the Facility B Commitments being €9,000,000.

“**Total Facility C Commitments**” means the aggregate of the Facility C Commitments being €12,000,000.

“**Transaction Documents**” means the Finance Documents and the Project Documents.

“**Transaction Security**” means the Security created or expressed to be created in favour of the Finance Parties pursuant to the Transaction Security Documents.

“**Transaction Security Documents**” means:

- (a) the Austrian Account Pledge Agreement;
- (b) each Mortgage Agreement;

- (c) the Mortgage over Bank Accounts;
- (d) each Security Agreement over Accounts;
- (e) each Security Agreement over Receivables and Insurance Policies;
- (f) each Security Agreement over Movables;
- (g) the Shares Security Agreement (Borrower);
- (h) the Shares Security Agreement (Romextur);
- (i) each Hedging Real Estate Mortgage;
- (j) each Hedging Share Mortgage;
- (k) any other document creating, evidencing or granting Security in favour of the Finance Parties in respect of the liabilities of the Obligor to the Finance Parties under or pursuant to the Finance Documents, each in form and substance satisfactory to the Agent (acting reasonably);
- (l) all documents executed pursuant to any of the foregoing including notices and acknowledgements in respect of the Security created by each Mortgage Agreement, each Security Agreement over Receivables and Insurance Policies, the Shares Security Agreement (Borrower), each Security Agreement over Accounts, the Shares Security Agreement (Romextur) or each Security Agreement over Movables; and
- (m) any other document designated as such by the Agent and the Borrower (acting together).

“Transfer Certificate” means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Borrower.

“Transfer Date” means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate.

“Treasury Account” means the account in the name of the Borrower referred to at Clause 18.1.2(c) held with the Treasury of the Government of Romania with account number 5069XXX000470 and denominated in Romanian Lei.

“Treasury Account Proceeds” means any payments or receipts into the Treasury Account received by the Borrower in connection with the Project Facilities.

“Treasury Transaction” means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

“UniCredit Accounts” means the following accounts in the name of the Borrower held with UniCredit Bank SA and numbered: 3001545000, 0030 0154 5010 and RO55 BACX 0000 0030 0154 5017 denominated in US Dollars; 3001545001, 0030 0154 5005 and RO12 BACX 0000 0030 0154 5015 denominated in Romanian Lei; and 3001545002, 0030 0154 5009 and RO82 BACX 0000 0030 0154 5016 denominated in Euros.

“Uniform System” has the meaning given in Clause 20.8.1.

“Unpaid Sum” means any sum due and payable but unpaid by an Obligor under the Finance Documents (other than any Hedging Agreement).

“US” means the United States of America.

“**US Dollars**” means the lawful currency of the time being of the US.

“**US Tax Obligor**” means any Obligor:

- (a) which is or becomes resident for tax purposes in the US; or
- (b) some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

“**Utilisation**” means a utilisation of a Loan.

“**Utilisation Date**” means the date of a Utilisation, being the date on which the relevant Loan is to be made.

“**Utilisation Request**” means a notice substantially in the form set out in Schedule 3 (*Utilisation Requests*).

“**Valuation**” means a valuation of the Project Facilities performed by the Valuer, addressed to the Agent (on behalf of the Lenders) for purposes of this Agreement, confirming the market value of the Project Facilities on a market value basis using the DCF method as defined in the Royal Institute of Chartered Surveyors Appraisal and the Valuation Standards, or any other valuation method proposed by the Borrower and acceptable to the Lenders.

“**Valuer**” means Colliers International or any other internationally recognised valuer appointed by the Agent from time to time.

“**VAT**” means value added tax as provided for by applicable law and any other tax of a similar nature.

1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in this Agreement to:

- (a) the **Agent**, any **Finance Party**, any **Lender**, an **Account Bank**, a **Hedge Counterparty** any **Secured Party**, any **Obligor** or any **Party** or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents and, in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Finance Documents;
- (b) **assets** includes present and future properties, revenues and rights of every description;
- (c) **disposal** includes a sale, transfer, assignment, grant, lease, licence, declaration of trust or other disposal, whether voluntary or involuntary, and **dispose** will be construed accordingly;
- (d) a **Finance Document** or a **Transaction Document** or any other agreement or instrument is a reference to that Finance Document or Transaction Document or other agreement or instrument as amended, novated, supplemented, extended or restated or replaced from time to time;
- (e) the **European interbank market** is to the interbank market for the Euro operating in Participating Member States;
- (f) **guarantee** means (other than in Clause 17 (*Guarantee and indemnity*)) any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;

- (g) **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- (h) **liabilities** includes any obligation whether incurred as principal or as surety, whether or not in respect of indebtedness, whether present or future, actual or contingent and whether owed jointly or severally or in any other capacity;
- (i) a **person** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);
- (j) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
- (k) a time of day is a reference to Vienna time; and
- (l) a **Clause** or **Schedule** is to be construed as a reference to the relevant clause of, or schedule to, this Agreement;

1.2.2 Clause and Schedule headings are for ease of reference only.

1.2.3 Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

1.2.4 A Default (other than an Event of Default) is **continuing** if it has not been remedied or waived and an Event of Default is **continuing** if it has not been waived.

1.3 Third party rights

1.3.1 Unless expressly provided to the contrary in this Agreement a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the **Third Parties Act**) to enforce or to enjoy the benefit of any term of this Agreement.

1.3.2 Notwithstanding any term of any Finance Document the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

1.3.3 Any Receiver, Delegate or any person described in paragraph 27.10.2 of Clause 27.10 (*Exclusion of liability*) may, subject to this clause 1.3.3 and the Third Parties Act, rely on any clause of this Agreement which expressly confers rights on it.

1.4 Dutch terms

In this Agreement, where relevant to BEAH or BEAHF, a reference to:

1.4.1 **conclusive evidence** includes *dwingend bewijs*;

1.4.2 a **necessary action to authorise** where applicable, includes without limitation:

- (a) any action required to comply with the Works Councils Act of The Netherlands (*Wet op de ondernemingsraden*); and

(b) obtaining an unconditional positive advice (*advies*) from the competent works council(s) if a positive advice is required pursuant to the Works Councils Act of The Netherlands (*Wet op de ondernemingsraden*);

1.4.3 **private and commercial acts** means private *rechtshandelingen*;

1.4.4 **Dutch Civil Code** means the *Burgerlijk Wetboek*;

1.4.5 **surrender** includes *afstand*;

1.4.6 a **winding-up, administration** or **dissolution** includes a Dutch entity being declared bankrupt (*failliet verklaard*) or dissolved (*ontbonden*);

1.4.7 a **moratorium** includes *surseance van betaling* and a **moratorium is declared or occurs** includes *surseance verleend*;

1.4.8 any **step** or **procedure** taken in connection with insolvency proceedings includes a Dutch entity having filed a notice under article 36(2) of the Tax Collection Act of The Netherlands (*Invorderingswet 1990*) or article 60 of the Social Insurance Financing Act of The Netherlands (*Wet Financiering Sociale Verzekeringen*) in conjunction with article 36 of the Tax Collection Act of The Netherlands;

1.4.9 a **trustee in bankruptcy** includes a *curator*;

1.4.10 an **administrator** includes a *bewindvoerder*;

1.4.11 an **attachment** includes a *beslag*; and

1.4.12 a **merger** includes a *juridische fusie*.

1.5 Romanian terms

In this Agreement where it relates to a Romanian entity, a reference to:

1.5.1 a Security and a security interest, includes *ipoteca, gaj, alta garantie reala, garantie reala mobiliara, garantie personala (inclusiv in forma de cautiune reala), cesiune in scop de garantie, servitute, sarcina, uz, uzufruct, privilegiu, drept de preferinta, drept de retentie, drept de prim refuz, pact de optiune, clauza de inalienabilitate*;

1.5.2 a winding up, dissolution, administration, reorganisation, insolvency includes *insolventa, reorganizare judiciara, faliment* (as regulated by, inter alia, the Romanian Law 85/2014 regarding procedures to prevent insolvency and insolvency procedures), *lichidare* and *dizolvare* and a moratorium includes a *concordat preventiv*;

1.5.3 unable or admits inability to pay its debts includes being in a state of *insolventa* within the meaning of the Romanian Law 85/2014 regarding procedures to prevent insolvency and insolvency procedures;

1.5.4 a receiver, administrator or similar officer includes *judecator sindic, administrator, administrator judiciar, administrator special* or *lichidator*;

1.5.5 constitutional documents includes *contract de societate, statut*, and *act constitutiv*;

1.5.1 financial assistance includes any act contemplated by, or falling under, article 106 of the Romanian Company Law No. 31/1990, as republished and further amended; and

1.5.2 compulsory acquisition includes *expropriere, naționalizare, confiscare, rechiziție* or any similar proceeding.

1.6 Israeli terms

In this Agreement where it relates to an Israeli entity, a reference to:

- 1.6.1 a winding up, dissolution, administration, reorganisation, insolvency includes the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, freeze order (*hakpa'at halichim*), as such term is understood under the Israeli Companies Law, 1999, rehabilitation proceedings (*halichei havra'ah*), as such term is understood under the Israeli Companies Law, 1999, debt arrangement (*hesder hov*), as such term is understood under the Israeli Companies Law, 1999 and the appointment of on an authorized functionary (*baal tafkid*), as such term is understood under the Israeli Companies Law, 1999;
- 1.6.2 insolvency includes being insolvent for the purposes of either Section 257(4) or Section 258 of the Israeli Companies Ordinance (New Version) 1983;
- 1.6.3 a receiver, liquidator, administrator or similar officer includes *kornes nechsim, mefarek, ne'eman, ba'al tafkid, mounhe and menehel meyhud*; and
- 1.6.4 constitutional documents includes memorandum of association and articles of association.

1.7 Any obligation by an Obligor to do any act or thing includes an obligation to ensure or procure that the act or thing is done. Any obligation by an Obligor not to do any act or thing includes an obligation not to allow the act or thing to be done.

1.8 Currency Symbols and Definitions

“EUR” and “Euro” means the single currency unit of the Participating Member States. “RON” means Romanian New Leu, the lawful currency of Romania.

2. THE FACILITIES

2.1 The Facilities

- 2.1.1 Subject to the terms of the Original Facilities Agreement, Raiffeisen Bank International AG (in its capacity as Lender) has made available to the Borrower:
 - (a) a Euro non-revolving amortising loan facility, in a maximum principal amount of EUR 62,500,000, referred to in the Original Facilities Agreement as Facility A; and
 - (b) a Euro non-revolving amortising loan facility, in a maximum principal amount of EUR 9,000,000, referred to in the Original Facilities Agreement as Facility B.
- 2.1.2 As at the Effective Date:
 - (a) the aggregate amounts outstanding under the Facility A made available under the Original Facilities Agreement is equal to EUR 50,812,500 (the “**Facility A Outstanding Amount**”); and
 - (b) the aggregate amounts outstanding under the Facility B made available under the Original Facilities Agreement is equal to EUR 9,000,000 (the “**Facility B Outstanding Amount**”).
- 2.1.3 Subject to the terms of this Agreement:
 - (a) the Facility A Outstanding Amount continues to be outstanding under the terms of this Agreement, and, for the avoidance of doubt, cannot be re-borrowed;
 - (b) the Facility B Outstanding Amount continues to be outstanding under the terms of this Agreement, and, for the avoidance of doubt, cannot be re-borrowed;

- (c) the Lenders agree to increase the amounts made available under Facility A by an amount not exceeding EUR 25,187,500, being the balance between (i) the Total Facility A Commitments and (ii) the aggregate of the Facility A Outstanding Amount and the Facility B Outstanding Amount; and
- (d) the Lenders make available to the Borrower a Euro non-revolving amortising loan facility in an aggregate amount equal to the Total Facility C Commitments.

2.1.4 The Total Commitments shall not exceed at any time an amount equal to the lower of:

- (a) €97,000,000; and
- (b) 60 per cent of the market value of the Project Facilities, as set out in the most recent Valuation.

2.2 Finance Parties' rights and obligations

- 2.2.1 The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- 2.2.2 The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor is a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights in accordance with paragraph 2.2.3 below. The rights of each Finance Party include any debt owing to that Finance Party under the Finance Documents and, for the avoidance of doubt, any part of a Loan or any other amount owed by an Obligor which relates to a Finance Party's participation in a Facility or its role under a Finance Document (including any such amount payable to the Agent on its behalf) is a debt owing to that Finance Party by that Obligor.
- 2.2.3 A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents but none of the Finance Parties shall have any independent right:
 - (a) to enforce its rights under Clause 17 (*Guarantee and Indemnity*) of this Agreement and the Subordination Agreement, and shall only enforce its rights thereunder through the Agent;
 - (b) to enforce any of the Security Documents, to grant any consent or release pursuant to any Security Document, or otherwise to have direct recourse to any Security created by the Security Documents, and shall only grant such consent, release or otherwise have direct recourse to such Security through the Security Agent.
- 2.2.4 Each Finance Party shall enforce the Transaction Security to which it is a party in such manner as the Security Agent (acting on the instructions of the Majority Lenders) shall instruct.

2.3 Obligors' Agent

- 2.3.1 Without prejudice to Clause 43.2 (*Service of process*), each Obligor (other than the Borrower) by its execution of this Agreement appoints the Borrower to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:
 - (a) the Borrower on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give and receive all notices, instructions and other communications (including, in the case of the Borrower, Utilisation Requests), to sign all certificates, to make such agreements and to effect the relevant amendments, supplements, variations and waivers capable of being given, made or effected by any Obligor notwithstanding that they may affect the Obligor, without further reference to or the consent of that Obligor; and

- (b) the Finance Parties to give any notice, demand or other communication to that Obligor pursuant to the Finance Documents to the Borrower,

and in each case the Obligor shall be bound as though the Obligor itself had given the notices and instructions (including any Utilisation Requests) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

2.3.2 Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice, instruction (including any Utilisation Request) or other communication given or made by the Obligors' Agent or given to the Obligors' Agent under any Finance Document on behalf of another Obligor or in connection with any Finance Document (whether or not known to any other Obligor and whether occurring before or after such other Obligor became an Obligor under any Finance Document) shall be binding for all purposes on that Obligor as if that Obligor had expressly agreed, executed, made, given or concurred with it or received the relevant notice, demand or other communication. In the event of any conflict between any notices or other communications of the Obligors' Agent and any other Obligor, those of the Obligors' Agent shall prevail.

2.3.3 The respective liabilities of each of the Obligors under the Finance Documents shall not in any way be affected by:

- (a) any irregularity in any act done by the Borrower as agent for any Obligor, or by any failure of the Borrower to act;
- (b) the Borrower acting or purporting to act in any respect outside any authority conferred upon it by any Obligor; or
- the failure by or inability of the Borrower to inform any Obligor of receipt by it of any notification under the Finance Documents.

3. PURPOSE

3.1 Purpose

The Borrower shall apply all amounts available to be borrowed by it under Facility A and all amounts made available to it under Facility C, in the following order in or towards:

- 3.1.1 first, unless paid from proceeds standing to the credit of the Collection Account, in payment of costs incurred in connection with the negotiation, preparation, execution and perfection of the Finance Documents (including, without limitation, fees to the Finance Parties and fees to the legal, financial and technical advisers of the Agent and of the Borrower;

- 3.1.2 second, in an amount not exceeding EUR 8,000,000 in full repayment of all amounts outstanding under the BEAHF Loan Agreement, and the Borrower may procure or direct that such amounts are paid directly to the Guarantor (as lender under the BEAHF Loan Agreement);
- 3.1.3 third, in an amount not exceeding EUR 1,344,457 in full repayment of amounts owing by the Borrower to the Guarantor under, or pursuant to the Elscint Guarantee Fee Agreement; and
- 3.1.4 the balance, in making loans to BEAHF pursuant to the terms of the BUTU Framework Loan Agreement.

3.2 **Monitoring**

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. **CONDITIONS OF UTILISATION**

4.1 **Initial conditions precedent**

The Borrower may not deliver:

- 4.1.1 any Utilisation Request unless the Effective Date has occurred in accordance with the Fifth Amendment Agreement; and
- 4.1.2 a Utilisation Request for a Facility C Loan, unless the Agent has received all of the documents and other evidence listed Part II of Schedule 2 (*Conditions precedent*) to the Fifth Amendment Agreement, in form and substance reasonably satisfactory to it (acting on the instructions of the Lenders). The Agent shall notify the Borrower and the Lenders promptly upon being so satisfied.

4.2 **Further conditions precedent**

The Lenders will only be obliged to comply with Clause 5.4 (*Availability of Loans*) if on the date of the Utilisation Request and on the proposed Utilisation Date:

- 4.2.1 no Default is continuing or would result from the proposed Loan; and
- 4.2.2 the Repeating Representations to be made by each Obligor are true in all material respects.

4.3 **Maximum number of Loans**

A Borrower may not deliver a Utilisation Request if as a result of the proposed Utilisation more than one Loan would be outstanding under Facility A and more than one Loan would be outstanding under Facility C.

5. **UTILISATION**

5.1 **Delivery of a Utilisation Request**

- 5.1.1 The Borrower may utilise a Facility by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time.
- 5.1.2 The Borrower may not deliver more than one Utilisation Request in respect of each Facility.

5.2 **Completion of a Utilisation Request**

- 5.2.1 Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:
 - (a) it specifies the purpose of the Loan;
 - (b) the proposed Utilisation Date is a Business Day within the Availability Period for the relevant Facility; and

(c) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*).

5.2.2 Only one Loan may be requested in each Utilisation Request.

5.3 **Currency and amount**

5.3.1 The currency specified in a Utilisation Request must be Euros.

5.3.2 The amount of the proposed Loan must be an amount equal to the relevant Available Facility on that Utilisation Date. For the avoidance of doubt, on the Effective Date the Available Facility in respect of Facility A is EUR 25,187,500.

5.4 **Availability of Loans**

5.4.1 If the conditions set out in this Agreement have been met, each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office.

5.4.2 The amount of each Lender's participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.

5.4.3 The Agent shall notify each Lender of the amount of each Loan and the amount of its participation in that Loan by the Specified Time.

5.5 **Cancellation of Commitment**

5.5.1 The Facility A Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period for Facility A.

5.5.2 The Facility C Commitments which, at that time, are unutilised shall be immediately cancelled at the end of Availability Period for Facility C, and Schedule 7 (*Repayment Schedule*) shall be revised accordingly, so that the amount of each repayment instalment falling due after the last day of the Availability Period for Facility C shall be reduced pro rata with the amount cancelled.

6. **REPAYMENT**

6.1 **Repayment of Loans**

The Borrower shall repay the Loans:

6.1.1 on each Interest Payment Date beginning on 30 June 2016 in quarterly instalments, by paying on each date set out in Schedule 7 (*Repayment Schedule*) the amount which is set out opposite that date; and

6.1.2 the balance of the principal amount outstanding in full, on the Final Maturity Date.

6.2 **Reborrowing**

The Borrower may not reborrow any part of a Facility which is repaid.

6.3 **Final Maturity Date**

On the Final Maturity Date the Borrower shall also pay:

6.3.1 all interest, fees, commissions, costs and expenses and any other amounts outstanding under the Finance Documents;

6.3.2 any amounts due and incurred by the Borrower to the Hedge Counterparty under or in connection with any Hedging Agreement.

7. PREPAYMENT AND CANCELLATION

7.1 Illegality

If, in any applicable jurisdiction, it becomes unlawful for any Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Loan:

7.1.1 that Lender shall promptly notify the Agent upon becoming aware of that event;

7.1.2 upon the Agent notifying the Borrower, the Available Commitment of that Lender will be immediately cancelled; and

the Borrower shall repay that Lender's participation in the Loans made to it on the last day of the Interest Period for each Loan occurring after the Agent has notified the Borrower or, if earlier, the last day of any applicable grace period permitted by law and that Lender's corresponding Commitment shall be cancelled in the amount of the participation repaid. No prepayment fee shall be paid in respect of a prepayment under this Clause 7.1.

7.2 Voluntary cancellation

Subject to Clause 7.9 (*Restrictions*), the Borrower may, if it gives the Agent not less than 30 Business Days' prior notice, cancel the whole or any part (being a minimum amount of €500,000) of the Available Facility. Any cancellation under this Clause 7.2 shall reduce the Commitments rateably. No prepayment fee shall be paid in respect of a voluntary cancellation pursuant to this Clause 7.2.

7.3 Voluntary prepayment of Loans

7.3.1 Subject to Clause 7.9 (*Restrictions*), the Borrower may, if it gives the Agent not less than 10 Business Days prior notice, prepay the whole or any part (being a minimum of €500,000) of the Loans on the last day of an Interest Period.

7.3.2 A Loan may only be prepaid after the last day of its Availability Period.

7.3.3 Any prepayment under this Clause 7.3 shall satisfy the obligations under Clause 6.1 (*Repayment of Loans*) in inverse order of maturity, starting with the last instalment referred to in Clause 6.1.2.

7.4 Change of control

7.4.1 If a Change of Control occurs, then:

- (a) the Borrower shall promptly notify the Agent upon becoming aware of that event;
- (b) no Lender shall be obliged to fund a Utilisation; and
- (c) if a Lender so requires and notifies the Agent, the Agent shall cancel the Commitment of that Lender and declare the participation of that Lender in all outstanding Loans, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Commitment of that Lender will be cancelled and all such outstanding amounts will become immediately due and payable.

7.4.2 For the purpose of paragraph 7.4.1 above:

“Change of Control” means:

- (a) the Guarantor ceases to control the Borrower or Romextur (directly or indirectly through wholly-owned Subsidiaries);

- (b) the Guarantor ceases to own (indirectly, through wholly owned subsidiaries):
 - (i) 100% of the issued, voting shares of BEAH, unless:
 - (aa) the Guarantor continues to own (indirectly, through wholly owned subsidiaries) 76% or more of the issued, voting shares of BEAH; and
 - (bb) each Lender has carried out, and is satisfied that each new shareholder of the BEAH complies with, that Lender's "know your customer" or similar identification procedures or checks; or
 - (ii) 76% of the issued, voting shares of BEAH;
 - (c) BEAH ceases to own 97.85% of the shares in the Borrower; or
 - (d) the Borrower ceases to own 95.30% of the shares in Romextur.
- "control"** of a person by another person means:
- (e) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (i) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of that person;
 - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of that person; or
 - (iii) give directions with respect to the operating and financial policies of that person with which the directors or other equivalent officers of that person are obliged to comply; or
 - (f) the holding of the majority economic interest in that person.

7.5 **Mandatory prepayment – disposals**

Each of the Borrower and BEAH shall apply all Disposal Proceeds of any disposal (other than a disposal permitted under paragraphs (a), (b), (c) or (d) of Clause 22.10 (*Disposals*)) of:

- 7.5.1 all or part of the Project Facilities or, any other assets of the Borrower;
- 7.5.2 all or part of the shares in the Borrower; and
- 7.5.3 all or part of the assets of, or all or part of the shares in, Romextur,

received by it or payable to its order, in prepayment of the Loans, as contemplated by Clause 7.9 (*Restrictions*).

7.6 **Mandatory Prepayment – breach of financial covenants**

On each Interest Payment Date falling immediately after the Calculation Date on which a breach is determined to have occurred under Clauses 21.1 (*Yield on Debt*), 21.2 (*Debt Service Cover Ratio*) or 21.3 (*Loan to Value*), the Borrower shall prepay the Loans in such amounts as required under Clause 21.5 (*Cure Rights*).

7.7 **Other mandatory prepayment**

7.7.1 **Insurance Proceeds**

The Borrower shall prepay the Loans in the amount of all Insurance Proceeds promptly following a determination under to Clause 22.20.3 (*Insurance Proceeds*).

7.7.2 Excess Cash

Beginning on 30 June 2016 and thereafter on 30 June of each year, the Borrower shall prepay the Loans in an amount equal to 25% of the Excess Cash attributable to the previous Financial Year.

7.8 Right of repayment and cancellation in relation to a single Lender

7.8.1 If:

- (a) any sum payable to any Lender by an Obligor is required to be increased under Clause 12.2.3 (*Payment Increases and Indemnities*);
- (b) any Lender claims indemnification from the Borrower under Clause 12.3 (*Tax indemnity*) or Clause 13.1 (*Increased costs*); or
- (c) interest on any Loan is payable in accordance with Clause 10.3 (*Market disruption*),

the Borrower may, whilst the circumstance giving rise to the requirement for that increase indemnification, or interest payment continues, give the Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Loans.

7.8.2 On receipt of a notice referred to in Clause 7.8.1 above, the Commitment of that Lender shall immediately be reduced to zero.

7.8.3 On the last day of each Interest Period which ends after the Borrower has given notice under Clause 7.8.1 above (or, if earlier, the date specified by the Borrower in that notice), it shall repay that Lender's participation in that Loan.

7.9 Restrictions

7.9.1 Any notice of cancellation or prepayment given by any Party under this Clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

7.9.2 Any prepayment under this Agreement shall be made together with:

- (a) accrued interest on the amount prepaid;
- (b) any Break Costs;
- (c) amounts (if any) payable under the Hedging Agreements in connection with that prepayment; and
- (d) any prepayment fee specified in Clause 11.2 (*Prepayment fee*).

7.9.3 Any prepayment under this Clause 7 (other than a prepayment to a single Lender made under Clause 7.1 (*Illegality*), Clause 7.4 (*Change of control*) or Clause 7.8 (*Right of repayment and cancellation in relation to a single Lender*)) shall be applied in or towards prepayment of the Loans in inverse order of maturity, starting with the last instalment referred to in Clause 6.1.2.

7.9.4 The Borrower may not reborrow any part of a Facility which is prepaid.

7.9.5 The Borrower shall not repay or prepay all or any part of the Loans or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

- 7.9.6 No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.
- 7.9.7 If the Agent receives a notice under this Clause 7 it shall promptly forward a copy of that notice to any affected Lender.
- 7.9.8 If all or part of any Lender's participation in a Loan is repaid or prepaid, an amount of that Lender's Commitment (equal to the amount of the participation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.
- 7.9.9 Any prepayment of a Loan (other than a prepayment to a single Lender pursuant to Clause 7.1 (*Illegality*), Clause 7.2 (*Change of control*) or clause 7.8 (*Right of repayment and cancellation in relation to a single Lender*)) shall be applied *pro rata* to each Lender's participation in that Loan.

8. INTEREST

8.1 Calculation of interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

- 8.1.1 Margin; and
- 8.1.2 EURIBOR.

8.2 Payment of interest

The Borrower shall pay accrued interest on each Loan on each Interest Payment Date.

8.3 Default interest

- 8.3.1 If an Obligor fails to pay any amount payable by it under a Finance Document (other than any Hedging Agreement) on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to Clause 8.3.2 below, is three per cent higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent(acting reasonably). Any interest accruing under this Clause 8.3 shall be immediately payable by the Obligor on demand by the Agent.
- 8.3.2 If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
 - (a) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
 - (b) the rate of interest applying to the overdue amount during that first Interest Period shall be three per cent higher than the rate which would have applied if the overdue amount had not become due.
- 8.3.3 Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

8.4 Notification of rates of interest

The Agent shall promptly notify each relevant Lender and each relevant Obligor of the determination of a rate of interest under this Agreement.

9. INTEREST PERIODS

9.1 Length of Interest Periods

9.1.1 Each Loan shall have successive Interest Periods and no Interest Period shall extend beyond the Final Maturity Date.

9.1.2 Each Interest Period for a Loan shall start on its Utilisation Date (or if already made) on the last day of its preceding Interest Period and end on the next Interest Payment Date.

9.2 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

9.3 Consolidation of Loans

If two or more Interest Periods end on the same date, those Loans will be consolidated into and treated as a single Loan on the last day of the Interest Period.

10. CHANGES TO THE CALCULATION OF INTEREST

10.1 Unavailability of Screen Rate

10.1.1 *Interpolated Screen Rate*: If no Screen Rate is available for EURIBOR for the Interest Period of a Loan or Unpaid Sum, the applicable EURIBOR shall be the Interpolated Screen Rate for a period equal in length to the Interest Period of that Loan or Unpaid Sum.

10.1.2 *Reference Bank Rate*: If no Screen Rate is available for EURIBOR for the Interest Period of a Loan or Unpaid Sum and it is not possible to calculate the Interpolated Screen Rate, the applicable EURIBOR shall (subject to Clause 10.2 below) be the Reference Bank Rate as of the Specified Time for a period equal in length to the Interest Period of that Loan or Unpaid Sum.

10.1.3 *Cost of funds*: If no Reference Bank Rate is available for the relevant Interest Period there shall be no EURIBOR for that Loan or Unpaid Sum and Clause 10.3 (*Market Disruption*) shall apply to that Loan or Unpaid Sum for that Interest Period.

10.2 Reference Bank Rate

10.2.1 Subject to Clause 10.2.2, if EURIBOR is to be determined on the basis of a Reference Bank Rate but a reference bank does not supply a quotation by the Specified Time, the Reference Bank Rate shall be calculated on the basis of the quotations of the remaining reference banks.

10.2.2 If at or about noon on the Quotation Day none or only one of the reference banks supplies a quotation, there shall be no Reference Bank Rate for the relevant Interest Period and Clause 10.3 (*Market Disruption*) shall apply.

10.3 Market disruption

10.3.1 If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:

- (a) the Margin; and

- (b) the rate notified to the Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select.

10.3.2 In this Agreement **Market Disruption Event** means:

- (a) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available, it is not possible to calculate the Interpolated Screen Rate and there is no Reference Bank Rate; or
- (b) before close of business in Vienna on the Quotation Day for the relevant Interest Period, the Agent receives notifications from one or more Lenders that the cost to it or them of funding that Loan from whatever source it or they may reasonably select would be in excess of EURIBOR.

10.4 Break Costs

- 10.4.1 The Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by that Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum
- 10.4.2 Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

11. FEES

11.1 Commitment fee

- 11.1.1 The Borrower shall pay to the Agent (for the account of each Lender) a fee computed at the rate of 1.50 per cent per annum on that Lender's Available Facility for Facility A for the Availability Period applicable to Facility A. The accrued commitment fee is payable quarterly in arrear on:

- (a) the Utilisation Date of the Facility A Loan;
- (b) thereafter on each Interest Payment Date during the Facility A Availability Period; and
- (c) on the last day of the Facility A Availability Period,

and, if cancelled in full, on the cancelled amount of the Facility A Commitments at the time the cancellation is effective.

- 11.1.2 The Borrower shall pay to the Agent (for the account of each Lender) a fee computed at the rate of 1.50 per cent per annum on that Lender's Available Facility for Facility C for the Availability Period applicable to Facility C. The accrued commitment fee is payable quarterly in arrear on:

- (a) the Utilisation Date of the Facility C Loan;
- (b) thereafter on each Interest Payment Date during the Facility C Availability Period; and
- (c) on the last day of the Facility C Availability Period,

and, if cancelled in full, on the cancelled amount of the Facility C Commitments at the time the cancellation is effective.

11.2 Prepayment fee

11.2.1 The Borrower shall pay to the Agent for each Lender a prepayment fee on the date of prepayment of all or any part of a Loan.

11.2.2 The amount of the prepayment fee is:

- (a) if the prepayment on or before 30 September 2017, [****] per cent. of the amount prepaid;
- (b) if the prepayment on or after 1 October 2017, but on or before 31 December 2018, [****] per cent. of the amount prepaid;
- (c) if the prepayment on or after 1 January 2019, but on or before 30 June 2020, [****] per cent. of the amount prepaid; and
- (d) thereafter, [****].

11.2.3 No prepayment fee shall be payable under this Clause 11.2 if the prepayment is made:

- (a) under Clause 7.6 (*Mandatory Prepayment – breach of financial covenants*);
- (b) under Clause 7.7.2 (*Excess Cash*);
- (c) under Clause 7.5 (*Mandatory prepayment - disposals*) if, and only if, the Lenders (in their discretion), elect to finance the buyer under, and in connection with the relevant Disposal; and
- (d) under Clause 7.1 (*Illegality*), or Clause 7.8 (*Right of repayment and cancellation in relation to a single Lender*).

11.3 Amendment and waiver fee

The Borrower shall pay to the Agent for the account of the Lenders an aggregate fee of EUR 5,000 for any amendment (other than a minor or technical amendment) to, or written waiver of provisions of, a Finance Document requested by it and, to the extent required by the Agent, for any consent requested by it from the Agent under or otherwise in connection with a Finance Document. Such fee shall be payable within ten Business Days as of issuance of any waiver or consent. The imposition of such a fee shall not preclude any of the Finance Parties from conditioning any amendment, waiver or consent on the payment of any additional fees.

12. PAYMENT INCREASES AND INDEMNITIES

12.1 Tax Definitions

12.1.1 In this Agreement:

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

“**Tax Payment**” means either the increase in a payment made by an Obligor to a Finance Party under Clause 12.2 (*Payment Increases*) or a payment under Clause 12.3 (*Tax indemnity*).

12.1.2 Unless a contrary indication appears, in this clause 12 (*Tax Gross-up and Indemnities*) a reference to “determines” or “determined” means a determination made in the absolute discretion of the person making the determination.

12.1.3 This Clause 12 shall not apply to any Hedging Agreement.

12.2 Payment Increases

12.2.1 Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

12.2.2 Each Obligor shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Borrower and that Obligor.

12.2.3 If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

12.2.4 If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction, following any increase required under Clause 12.2.3 within the time allowed and in the minimum amount required by law.

12.2.5 As soon as reasonably practicable, but no later than sixty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor, to the extent required to make any payments under the Finance Documents, who made that Tax Deduction or payment shall deliver to the Agent, with the support of the relevant Lender if required by applicable law, a valid original certificate of deduction of tax or other evidence reasonably satisfactory to the Lender that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

12.2.6 If required for an Obligor to validly claim the benefits of the applicable tax legislation and double taxation treaties (including, without limitation, the Austria-Romania double taxation treaty), upon request by the Borrower, on no more than one occasion each Financial Year and before the first date in the relevant Financial Year that a payment is to be made under the Finance Documents (or on any other occasion, if required under applicable law which may be on the first Interest Payment Date or before the first date in each year that a payment is to be made), each Lender shall provide the Borrower with a certificate of fiscal residency for the purpose of the Austria-Romania double taxation treaty then in force. Notwithstanding the failure by a Lender to deliver such a certificate, each Obligor shall remain obliged to comply with its obligations relating to payment increases under Clauses 12.2.1 to Clause 12.2.5.

12.3 Tax indemnity

12.3.1 Each Obligor shall (within three Business Days of demand by the Agent) pay to a Finance Party an amount equal to the loss, liability or cost which that Finance Party (in its absolute discretion) determines shall be or has been (directly or indirectly) suffered for or on account of Tax by that Finance Party in respect of a Finance Document.

12.3.2 Clause 12.3.1 shall not apply:

- (a) with respect to any Tax assessed on a Finance Party:
 - (i) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
 - (ii) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or
- (b) to the extent a loss, liability or cost:
 - (i) is compensated for by an increased payment under Clause 12.2 (*Payment Increases*);
 - (ii) would have been compensated for an increased payment under Clause 12.2 (*Payment Increases*) but was not so compensated solely because it was not a Qualifying Lender; or
 - (iii) relates to a FATCA Deduction required to be made by a Party.

12.3.3 A Finance Party making, or intending to make a claim under Clause 12.3.1 shall promptly notify the Agent of the event which shall give, or has given, rise to the claim, following which the Agent shall notify the Obligor.

12.3.4 A Finance Party shall, on receiving a payment from an Obligor under this Clause 12.3 (*Tax indemnity*), notify the Agent.

12.4 Stamp taxes

The Borrower shall pay and, within five Business Days of demand, indemnify each Secured Party and their respective officers and employees incur in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.5 VAT

- 12.5.1 All amounts which are or expressed to be payable under a Finance Document by any Party to a Finance Party which (in whole or in part) constitute the consideration for VAT purposes for any supply of goods or services shall be deemed to be exclusive of any VAT which is chargeable on that supply. Subject to Clause 12.5.2, if VAT is chargeable on any supply made by a Finance Party to any Party under any of the Finance Documents, that Party shall pay (in addition to and at the same time as paying the consideration for the supply) an amount equal to the amount of the VAT (and the Finance Party shall promptly provide an appropriate VAT invoice to that Party).
- 12.5.2 Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify that Finance Party against all VAT incurred by it in respect of the costs or expenses to the extent that the Finance Party reasonably determines that neither it nor any other member of the group of which it is a member for VAT purposes is entitled to credit or repayment from the relevant tax authority in respect of the VAT.

12.6 **FATCA Information**

- 12.6.1 Subject to paragraph 12.6.3 below, each Party shall, within 10 Business Days of a reasonable request by another Party:
- (a) confirm to that other Party whether it is:
 - (i) a FATCA Exempt Party; or
 - (ii) not a FATCA Exempt Party;
 - (b) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and
 - (c) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.
- 12.6.2 If a Party confirms to another Party pursuant to paragraph 12.6.1(a) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.
- 12.6.3 Paragraph 12.6.1 above shall not oblige any Finance Party to do anything, and paragraph 12.6.1(c) above shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:
- (a) any law or regulation;
 - (b) any fiduciary duty; or
 - (c) any duty of confidentiality.
- 12.6.4 If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph 12.6.1(a) or (b) above (including, for the avoidance of doubt, where paragraph 12.6.3 above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

12.7 **FATCA Deduction**

- 12.7.1 Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- 12.7.2 Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify the Company and the Agent and the Agent shall notify the other Finance Parties.

13. **INCREASED COSTS**

13.1 **Increased costs**

- 13.1.1 Subject to Clause 13.3 (*Exceptions*) the Borrower shall, within five Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:
- (a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation (including, without limitation, the implementation or application of, or compliance with, Basel III or any law or regulation that implements or applies Basel III (including, without limitation, CRD IV), and Basel IV (whether or not having the force of law));

- (b) compliance with any law or regulation made after the date of this Agreement; or
- (c) compliance with any law or regulation relating to capital adequacy, made after the date of this Agreement.

13.1.2 In this Agreement:

“**Basel III**” means:

- (a) agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision on 16 December 2010, each as amended, supplemented or restated; and
- (b) the rules for global systemically important banks contained in “Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text” published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
- (c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”.

“**Basel IV**” means any guidelines and standards published by the Basel Committee on Banking Supervision regarding capital requirements, leverage ratio and liquidity standards applicable to banks, following Basel III.

“**Increased Costs**” means:

- (d) a reduction in the rate of return from a Facility or on a Finance Party (or its Affiliate’s) overall capital;
- (e) an additional or increased cost; or
- (f) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

13.2 **Increased cost claims**

- 13.2.1 A Finance Party intending to make a claim pursuant to Clause 13.1 (*Increased costs*) shall promptly notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Borrower.
- 13.2.2 Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

13.3 Exceptions

13.3.1 Clause 13.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

- (a) attributable to a Tax Deduction required by law to be made by an Obligor;
- (b) attributable to a FATCA Deduction required to be made by a Party;
- (c) compensated for by Clause 12.3 (*Tax indemnity*) (or would have been compensated for under Clause 12.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in Clause 12.3.2 (*Tax indemnity*) applied); or
- (d) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

13.3.2 Clause 13.1 (*Increased costs*) does not apply to the extent the Increased Cost is incurred by a Hedge Counterparty in its capacity as such.

13.3.3 In this Clause 13.3, a reference to a "Tax Deduction" has the same meaning given to the term in Clause 12.1 (*Tax Definitions*).

14. OTHER INDEMNITIES

14.1 Currency indemnity

14.1.1 If any sum due from an Obligor under the Finance Documents (a **Sum**), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the **First Currency**) in which that Sum is payable into another currency (the **Second Currency**) for the purpose of:

- (a) making or filing a claim or proof against that Obligor;
- (b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within three Business Days of demand, indemnify each Secured Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

14.1.2 Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

14.1.3 This Clause 14.1 does not apply to any sum due under a Hedging Agreement.

14.2 Project indemnities

Each of the Borrower, BEAH or Romextur shall indemnify each Secured Party on demand against any loss or expense sustained or incurred by it as a result of:

- 14.2.1 it incurring any liability under or pursuant to any Environmental Law or Environmental Authorisation which would not have been incurred by it if it was not party to the arrangements established under or pursuant to the Transaction Documents; or
- 14.2.2 any failure on the part of the Borrower, BEAH or Romextur to comply with any Environmental Authorisation or Environmental Law; or

14.2.3 any acts or omissions of any Obligor or the Manager arising out of or in connection with the obligations to be performed by or on behalf of that Obligor or the Manager pursuant to the Project Documents.

14.3 Other indemnities

14.3.1 Each Obligor shall, within five Business Days of demand, indemnify each Secured Party against any cost, loss or liability incurred by that Secured Party as a result of:

- (a) the occurrence of any Event of Default;
- (b) a failure by an Obligor to pay any amount due under a Finance Document on its due date (without double-counting);
- (c) funding, or making arrangements to fund, its participation in a Loan requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Secured Party alone);
- (d) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower;
- (e) the taking, holding, protection or enforcement of the Transaction Security, the exercise of any of the rights, powers, discretions and remedies vested in the Secured Parties by the Finance Documents or by law;
- (f) the exercise of any of the rights, powers, discretions and remedies vested in any Secured Party by the Finance Documents or by law; and
- (g) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents,

and in respect to the Guarantor only, is a cost, loss or liability which relates to or arises in respect of the guarantee and indemnity under Clause 17 (*Guarantee and indemnity*) or has or would be reasonably likely to have a Material Adverse Effect.

14.4 Indemnity to the Agent

The Borrower shall promptly indemnify the Agent against:

any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

investigating any event which it reasonably believes is a Default; or

entering into or performing any foreign exchange contract for the purposes of Clause 31.9 (*Change of currency*); or

acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or

instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted, and subject to any caps on fees required to be obtained, under this Agreement; and

any reasonable cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct) in acting as Agent under the Finance Documents.

14.5 Indemnity to the Security Agent

14.5.1 The Borrower shall promptly indemnify the Security Agent and every Receiver and Delegate against:

- (a) any cost, loss or liability incurred by any of them as a result of:
 - (i) any failure by the Borrower to comply with its obligations under Clause 16 (Costs and expenses);
 - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
 - (iii) the taking, holding, protection or enforcement of the Transaction Security;
 - (iv) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Security Agent and each Receiver and Delegate by the Finance Documents or by law;
 - (v) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents;
 - (vi) acting as Security Agent, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Project Facilities (otherwise, in each case, than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct); and
- (b) any reasonable cost, loss or liability incurred by any of them as a result of instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted, and subject to any caps on fees required to be obtained, under this Agreement.

14.5.2 The Security Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Secured Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this clause 14.5 and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all moneys payable to it.

15. MITIGATION BY THE LENDERS

15.1 Mitigation

15.1.1 Each Finance Party shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (*Illegality*), Clause 12 (*Payment Increases and Indemnities*) and Clause 13 (*Increased costs*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

15.1.2 Clause 15.1.1 does not in any way limit the obligations of any Obligor under the Finance Documents.

15.2 Limitation of liability

15.2.1 The Borrower shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 15.1 (*Mitigation*).

15.2.2 A Finance Party is not obliged to take any steps under Clause 15.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

16. COSTS AND EXPENSES

16.1 Transaction expenses

16.1.1 The Borrower shall, within five days of demand, pay each of the Agent and the Security Agent the amount of all costs and expenses (including legal fees) reasonably incurred by any of them (and, in the case of the Security Agent, by any Receiver or Delegate) in connection with the negotiation, preparation, printing, execution, and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement and the Transaction Security; and
- (b) any other Finance Documents executed after the date of this Agreement,

provided however, that where no Default has occurred the Agent and the Security Agent shall obtain the approval of the Borrower in respect of any proposed material costs and expenses payable under this Clause 16.1 in excess of €5,000, such approval not to be unreasonably withheld or delayed.

16.1.2 The Borrower shall, within five days of demand, pay to each Finance Party the amount of costs and expenses reasonably incurred and agreed in advance with the Borrower (such agreement not to be unreasonably withheld) by that Finance Party in connection with one visit to the Project Facilities prior to the Effective Date, and thereafter, one visit per year during the Security Period.

16.2 Amendment costs

If:

16.2.1 an Obligor requests an amendment, waiver or consent in relation to any Transaction Documents; or

16.2.2 an amendment is required pursuant to Clause 31.9 (*Change of currency*),

the Borrower shall, within three Business Days of demand, reimburse each of the Agent and the Security Agent for the amount of all costs and expenses (including legal fees) reasonably and agreed in advance with the Borrower (such agreement not to be unreasonably withheld) incurred by any of them (and, in the case of the Security Agent, by any Receiver or Delegate) in responding to, evaluating, negotiating or complying with that request or requirement. For the avoidance of doubt, this is in addition to the fee payable under Clause 11.3 (*Amendment and waiver fee*).

16.3 Enforcement and preservation costs

The Borrower shall, within three Business Days of demand, pay to each Secured Party the amount of all costs and expenses (including legal fees) incurred by it in connection with the enforcement of, or the preservation of any rights under, any Finance Document or the Transaction Security and any proceedings instituted by or against that Secured Party as a consequence of it, taking or holding the Transaction Security or preserving or enforcing its rights under the Finance Documents or the Transaction Security.

16.4 Valuations

- 16.4.1 The Agent may (acting reasonably) request a Valuation at any time.
- 16.4.2 The Borrower shall procure the delivery to the Agent of a Valuation:
- (a) on an annual basis, not later than 15 Business Days prior to each Calculation Date of the Loan to Value Ratio;
 - (b) prior to Utilisation of Facility C;
 - (c) at any time when the Agent reasonably believes that the market value of the Project Facilities has materially decreased;
 - (d) at any time when the Agent (acting reasonably) believes that a Default is continuing or is likely to occur; and
 - (e) at the request of any Lender, when such Lender notifies the Agent that a Valuation is required under applicable law.
- 16.4.3 The Borrower shall on demand pay to the Agent the costs of any Valuation provided pursuant to Clause 16.4.2.
- 16.4.4 The costs of any Valuation not referred to in Clause 16.4.2 shall be agreed in good faith by the Agent and the Borrower.
- 16.4.5 The Borrower shall promptly supply to the Agent a copy of any valuation of the Project Facilities which it obtains.

17. GUARANTEE AND INDEMNITY

17.1 Guarantee and indemnity

The Guarantor irrevocably and unconditionally:

- 17.1.1 guarantees to each Finance Party punctual performance by the Borrower of all the Borrower's payment obligations under the Finance Documents, other than its obligation to pay the amount of the final instalment of principal due and payable on the Final Maturity Date in accordance with Clause 6.1.2, whether such amount becomes due and payable pursuant to Clause 6.1.2, Clause 7 (*Prepayment and Cancellation*), Clause 23.19 (*Acceleration*) or otherwise) (the "**Guaranteed Obligations**");
- 17.1.2 undertakes with each Finance Party that whenever the Borrower does not pay any amount when expressed to be due under or in connection with the Guaranteed Obligations, the Guarantor shall immediately on demand pay that amount as if it were the principal obligor; and
- 17.1.3 agrees with each Finance Party that if any Guaranteed Obligation is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of the Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it in respect of the Guaranteed Obligations on the date when it would have been due. The amount payable by the Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 17 if the amount claimed had been recoverable on the basis of a guarantee.

17.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by the Borrower in respect of or in connection with the Guaranteed Obligations, regardless of any intermediate payment or discharge in whole or in part.

17.3 Reinstatement

If any discharge, release, accounting or arrangement (whether in respect of the obligations of the Borrower or any Security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security, recovery or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of the Guarantor under this Clause 17 will continue or be reinstated as if the discharge, release, accounting or arrangement had not occurred.

17.4 Waiver of defences

17.4.1 The obligations of the Guarantor under this Clause 17 will not be affected by an act, omission, matter or thing which, but for this Clause 17, would reduce, release or prejudice any of its obligations under this Clause 17 (whether or not known to it or the Lender) including:

- (a) any time, waiver or consent granted to, or composition with, the Borrower or other person;
- (b) the release of the Borrower or any other person under the terms of any composition or arrangement with any creditor of any person;
- (c) the taking, variation, compromise, exchange, renewal, enforcement or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, the Borrower or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Borrower or any other person;
- (e) any amendment, novation, supplement, extension (however fundamental and whether or not more onerous), or replacement, assignment, avoidance or termination of any Finance Document or any other document or Security including any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or Security;
- (f) any unenforceability, illegality or invalidity of any obligation of, or any Security created by, any person under any Finance Document or any other document; or
- (g) any insolvency, liquidation, administration or similar procedure.

17.4.2 Without derogating from the provisions of this Clause 17 or from Clause 42 (*Governing law*) below, the Guarantor hereby agrees and confirms, for the avoidance of doubt, that the Israeli Guarantees Law, 1967 (**Guarantee Law**) shall not apply to this Agreement and that should the Guarantee Law for any reason be deemed to be applicable to this Agreement, the Guarantor hereby waives all rights and defences that may have been available to the Guarantor under the Guarantee Law.

17.5 Guarantor intent

Without prejudice to the generality of Clause 17.4 (*Waiver of defences*), the Guarantor expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following:

- 17.5.1 business acquisitions of any nature;

- 17.5.2 increasing working capital;
- 17.5.3 enabling investor distributions to be made;
- 17.5.4 carrying out restructurings;
- 17.5.5 refinancing existing facilities;
- 17.5.6 refinancing any other indebtedness;
- 17.5.7 making facilities available to new borrowers;
- 17.5.8 any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and
- 17.5.9 any fees, costs and/or expenses associated with any of the foregoing.

17.6 Immediate recourse

The Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or Security or claim payment from any person before claiming from that Guarantor under this Clause 17. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

17.7 Appropriations

During the Security Period, any Finance Party may:

- 17.7.1 refrain from applying or enforcing any other moneys, Security or rights held or received by it (or any trustee or agent on its behalf) in respect of amounts which may be or become payable by the Borrower under or in connection with the Guaranteed Obligations, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Guarantor shall not be entitled to the benefit of the same; and
- 17.7.2 hold in an interest-bearing suspense account any moneys received from the Guarantor or on account of the Guarantor's liability under this Clause 17.

17.8 Deferral of Guarantor's rights

- 17.8.1 During the Security Period, and unless the Agent otherwise directs, the Guarantor will not exercise or benefit from any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or its liability, under this Clause 17:
 - (a) to receive or claim payment from or be indemnified by the Borrower;
 - (b) to claim any contribution from any other provider of Security in respect of, the Guaranteed Obligations;
 - (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties in respect of the Guaranteed Obligations or of any guarantee or Security taken pursuant to, or in connection with, the Guaranteed Obligations by any Finance Party;
 - (d) to take, or retain, any Security from the Borrower or, in respect of the Guaranteed Obligations, any other person;
 - (e) to bring legal or other proceedings for an order requiring the Borrower to make any payment, or perform any obligation, in respect of which the Guarantor has given a guarantee, undertaking or indemnity under Clause 17.1 (*Guarantee and indemnity*) of this Agreement;

- (f) to exercise any right of set-off against the Borrower or to invoke or benefit from the rule in *Cherry v Boulton* (as developed from time to time) or any similar or analogous rule or principle; and/or
- (g) to claim or prove as a creditor of the Borrower in competition with any Finance Party.

17.8.2 If the Guarantor receives any benefit, payment or distribution in relation to any rights referred to in Clause 17.8.1 it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to any Finance Party by the Obligors in respect of or in connection with the Guaranteed Obligations to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with Clause 29 (*Payment mechanics*) of this Agreement.

17.9 **Additional Security**

This guarantee is in addition to, is not in any way prejudiced by, and shall not merge with, any other guarantee or Security now or in the future held by any Finance Party.

18. **BANK ACCOUNTS**

18.1 **Designation of Accounts**

18.1.1 Each of the Borrower and Romextur shall maintain the following bank accounts in its own name:

- (a) current accounts with the Account Bank, with the following account numbers designated the **Collection Accounts** and held in Bucharest at its branch at Victoria;
 - (i) in the name of the Borrower:
 - (aa) RO27RZBR0000060013814841 denominated in Romanian Lei;
 - (bb) RO24RZBR0000060013814895 denominated in Euros;
 - (cc) RO07RZBR0000060013814910 denominated in US Dollars;
 - (dd) RO26RZBR0000060014157560 denominated in GBP.
 - (ii) in the name of the Borrower and the Manager:
 - (aa) RO82RZBR0000060013814198 denominated in Romanian Lei;
 - (bb) RO27RZBR0000060013814938 denominated in Euros;
 - (cc) RO52RZBR0000060013814973 denominated in US Dollars;
 - (dd) RO54RZBR0000060017579701 denominated in Romanian Lei;
 - (ee) RO59RZBR0000060017579708 denominated in Euros; and
 - (ff) RO91RZBR0000060017579714 denominated in US Dollars;
 - (gg) RO03RZBR0000060014038955 denominated in GBP; and

- (iii) in the name of Romextur:
 - (aa) RO39RZBR0000060013892322 denominated in Romanian Lei;
 - (bb) RO98RZBR0000060013892327 denominated in Euros.
 - (b) in respect of the Borrower only, a current account with account number 1-54.051.172 (IBAN AT703100000154051172) denominated in Euros, designated the **Current Account** and held in Vienna;
 - (c) in respect of the Borrower only, current accounts with the following account numbers designated the **Construction Accounts**:
 - (i) RO67 RZBR 0000 0600 1759 3532 denominated in Romanian Lei;
 - (ii) RO48 RZBR 0000 0600 1381 5336 denominated in Euros.
 - (d) in respect of the Borrower only, a deposit account with the following account numbers designated the **Debt Service Reserve Account**:
2-54.051.172 (IBAN AT173100000254051172) denominated in Euros.
- 18.1.2 The Borrower shall procure that:
- (a) neither it, Romextur nor the Manager shall open, hold, or maintain any bank account other than any relevant Collection Accounts, the Construction Accounts, the Debt Service Reserve Account, the Amex Accounts, the Treasury Account, the FF&E Reserve Accounts and, subject to the terms of this Agreement, the UniCredit Accounts and the Romextur UniCredit Accounts;
 - (b) save as otherwise specified in this Clause 18, all Gross Revenues and any other receivables received by the Borrower and Romextur shall be paid into the applicable Collection Accounts;
 - (c) no payments to, or withdrawals from, the Amex Accounts shall be made (save for any lawfully made refund(s) to the customers, applicable occupants or recipients of hotel services of the Radisson Blu Hotel or the Park Inn Hotel & Residence who made such payments using the American Express payment cards) and that all Amex Accounts Proceeds are transferred by the Borrower into the applicable Collection Accounts on the last Business Day of each week in Bucharest;
 - (d) no payments to, or withdrawals from, the Treasury Account shall be made (save for payments made into such account in respect of the relevant occupants of the Project Facilities whose payments to the Borrower are to be made by the Treasury of the Government of Romania) and that all Treasury Account Proceeds are transferred by the Borrower into the applicable Collection Accounts, on the earlier of:
 - (i) any time the amount standing to the credit of the Treasury Account exceeds €50,000; and
 - (ii) the last Business Day of each Month in Bucharest;
 - (e) no payments to, or withdrawals from, any FF&E Reserve Account shall be made save towards payment of amounts required for the maintenance of the FF&E Reserve, provided that any such payments are made in accordance with the Forecast which is prepared annually in accordance with Clause 20.9.2; and

- (f) all payments or receipts into:
- (i) the UniCredit Accounts; and
 - (ii) the Romextur UniCredit Accounts,
- are transferred by the Borrower into the applicable Collection Account on the last Business Day of each week.

18.2 Collection Accounts

- 18.2.1 The Borrower shall not and shall procure that neither it, Romextur nor the Manager, shall make any payments to, or withdrawals from, any Collection Account except at the following times and for the following purposes:
- (a) payment of amounts incurred in the ordinary course of trading in connection with the Project Facilities, provided that any such payments are made in accordance with the Budget (as amended from time to time);
 - (b) at any time, in or towards payment of any fees, costs and expenses of the Agent due and unpaid under the Finance Documents;
 - (c) at any time, in or towards payment of Financing Costs, Financing Principal, due and payable;
 - (d) at any time, in or towards payment of any other sum due and payable but unpaid under the Finance Documents (including, without limitation the balance of the principal amount due and payable on the Final Maturity Date and any amounts required to be prepaid in accordance with Clause 7 (*Prepayment and cancellation*));
 - (e) in respect of the Borrower only, towards any payments (other than operating expenses) where the amount of such payments does not in aggregate exceed €175,000 (or its equivalent in other currencies) in any Financial Year, provided that:
 - (i) the prior written consent of the Agent is required for any payments in excess of €175,000 (or its equivalent in other currencies); and
 - (ii) no Default has occurred and is continuing or would result from such a withdrawal; and
 - (f) in respect of the Borrower and Romextur towards administrative fees and costs which are necessary to maintain their corporate existence;
 - (g) as expressly permitted by the Finance Documents; and
 - (h) at any time, to the extent that the Agent agrees, any payment into any Collection Account.
- 18.2.2 If any amount referred to in Clause 18.2.1 is paid into an account other than the Collection Accounts, the Borrower and Romextur shall ensure that it is paid immediately into the Collection Accounts.
- 18.2.3 If any payment is paid into the Collection Accounts which should have been paid into another account, the Borrower or Romextur, as applicable, shall pay that amount to that other account if:
- (a) the Agent requests it to do so;

- (b) the Agent notifies the Borrower that it is satisfied with the evidence that the payment should have been made to that other account; and
- (c) no Default is continuing.

18.2.4 The Collection Accounts shall be subject to and operated with regard to the provisions of each Security Agreement over Accounts and other applicable Transaction Security Documents.

18.3 **Current Account**

18.3.1 The Agent shall have sole signing rights to the Current Account.

18.3.2 The Current Account shall be used for payment of Financing Costs, Financing Principal and other amounts due to the Finance Parties under the Finance Documents (including, without limitation the balance of the principal amount due and payable on the Final Maturity Date and any amounts required to be prepaid in accordance with Clause 7 (*Prepayment and cancellation*)).

18.3.3 The Current Account shall not be subject to the Security constituted under the Transaction Security Documents.

18.4 **Debt Service Reserve Account**

18.4.1 The Debt Service Reserve Account shall be blocked to the order of the Agent and the Borrower may not make any withdrawals from the Debt Service Account otherwise than with the prior written consent of the Agent.

18.4.2 The Borrower shall:

- (a) deposit in the Debt Service Reserve Account, from its own sources an amount equal to EUR 2,250,000, prior to the first Utilisation Date; and
- (b) procure that:
 - (i) the balance standing to the credit of the Debt Service Reserve Account at any time, is not less than EUR 2,250,000; and
 - (ii) whenever the balance of the Debt Service Reserve Account drops below the threshold referred to in paragraph (i) above, it shall top-up such amount from Excess Cash available to it for Distributions or otherwise from equity or intra-group loans (subordinated to repayment of full of amounts owing to the Finance Parties under the Finance Documents), promptly and in any case no later than 10 Business Days following receipt of a request from the Agent.

18.4.3 The Agent shall be entitled, without further notice or consent, to appropriate and apply amounts standing to the credit of the Debt Service Reserve Account, in or towards payment of amounts due and payable under the Finance Documents, but unpaid.

18.5 Agent's Rights on Default

- 18.5.1 Following the occurrence of a Default which is continuing and which has been notified in writing to the Borrower and to the relevant Account Bank and/or any other applicable account bank:
- (a) the Borrower may not withdraw any money from any of its Accounts without the prior written consent of the Agent; and
 - (b) the Agent shall be entitled, without any prior notice or consent, to suspend the authority of the Borrower to give instructions in connection with any Account.
- 18.5.2 If the Agent exercises its rights under Clause 18.5.1 above, the Agent shall be entitled without any further direction, authority or consent from the Borrower to make any payment (or to instruct the Account Bank to make any payment) from any Account which the Borrower is entitled to make pursuant to this Agreement, when such payment becomes due.
- 18.5.3 On or at any time after all or any part of the Loans are or become immediately due and payable (whether pursuant to Clause 7 (*Prepayment and Cancellation*) and Clause 23.19 (*Acceleration*) or otherwise in accordance with this Agreement), the Agent shall be entitled to appropriate:
- (a) all balances then standing to the credit of the Accounts; and
 - (b) any amounts thereafter standing to the credit of any or all of the Accounts,
- for application in accordance with this Agreement.
- 18.5.4 On the Final Maturity Date, all money standing to the credit of the Accounts may be appropriated by the Agent for application in or towards discharge of amounts outstanding under the Finance Documents.

18.6 Miscellaneous Accounts provisions

- 18.6.1 The Borrower shall ensure that no Account becomes overdrawn.
- 18.6.2 No Finance Party shall be liable to the Borrower for:
- (a) any non-payment of any liability of the Borrower which could be paid out of moneys standing to the credit of an Account; or
 - (b) any withdrawal wrongly made, if made in good faith.
- 18.6.3 The Borrower shall, within five Business Days of the Agent's request (such requests not to be made more than once a Month, unless a Default has occurred and is continuing), supply the Agent with the following information regarding any payment received in an Account opened in its name:
- (a) the date of payment or receipt;
 - (b) the payer; and
 - (c) the purpose of the payment or receipt.
- 18.6.4 The Borrower shall, within two Business Days of the end of each Month during the Security Period, provide the Agent with a statement evidencing the transfer to the Collection Accounts of the applicable amounts from the Amex Accounts, the Treasury Account, the UniCredit Accounts and the Romextur UniCredit Accounts in accordance with Clauses 18.1.2(c), 18.1.2(d) and 18.1.2(f) respectively.

18.7 Transfer of Accounts

- 18.7.1 The Borrower shall transfer an Account to another bank if the Agent (acting reasonably) so requests, provided that such transfer of Account has no adverse effect on the commercial interests of the Borrower or the Project Facilities and the Borrower shall not incur substantial additional costs as a result of such transfer.

18.7.2 A transfer of an Account to another bank shall only become effective when the proposed new bank agrees with the Agent and the Borrower to fulfil the role of the bank holding that Account on terms satisfactory to the Agent (acting on the instruction of the Lenders).

19. REPRESENTATIONS

Each of the Borrower, BEAH and Romextur makes the representations and warranties set out in this Clause 19 to the Finance Parties on the date of this Agreement. The Guarantor, for itself only, makes the representations and warranties set out in this Clause 19, save for the representations and warranties set out in Clause 19.10 (VAT), Clause 19.14 (*Transaction Documents*), 19.20 (*Security and Financial Indebtedness*), 19.21 (*Ranking*), 19.22 (*Assets*) to 19.25 (*Title to property*), 19.27 (*Shares*), 19.28 (*Intellectual Property*), 19.30 (*No adverse consequences*), 19.31 (*No other business*) and 19.34 (*Works council*), to the Finance Parties on the date of this Agreement.

19.1 Status

- 19.1.1 It is a corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation.
- 19.1.2 It has the power to own its assets and to carry out the Project.
- 19.1.3 No Obligor (nor any Affiliate of an Obligor (other than the Guarantor)) is a FATCA FFI or a US Tax Obligor.

19.2 Binding obligations; Transaction Security

Subject to the Legal Reservations and, in the case of (b) below, subject to the Perfection Requirements and payment of associated fees:

- 19.2.1 the obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations; and
- 19.2.2 (without limiting the generality of paragraph (a) above), each Security Document to which it is a party creates the Security which that Security Document purports to create over the assets in respect of which it is expressed to be created and those assets are not subject to any *pari passu* Security.

19.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Transaction Documents to which it is a party and the granting of the Transaction Security do not and will not conflict with:

- 19.3.1 any law or regulation applicable to it;
- 19.3.2 its constitutional documents; or
- 19.3.3 any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument if such conflict, default or termination event:
 - (a) in respect of the Guarantor only, has or is reasonably likely to have a Material Adverse Effect; and
 - (b) in respect of the entry into and performance by any other Obligor of, and the transactions contemplated by, any Project Document only, has or is reasonably likely to have a Material Adverse Effect.

19.4 **Power and authority**

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents.

19.5 **Authorisations**

19.5.1 All Authorisations required by law and all Material Authorisations:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and
- (b) to make the Finance Documents to which it is a party admissible in evidence in each Relevant Jurisdiction, save for translations of the Finance Documents into Romanian language,

have been obtained or effected and are in full force and effect.

19.5.2 All Authorisations required by law and all Material Authorisations:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Project Documents to which it is a party; and
- (b) to make the Project Documents to which it is a party admissible in evidence in each Relevant Jurisdiction, save for translations of the Project Documents into Romanian language,

have been obtained or effected and are in full force and effect, if failure to obtain such Authorisations has or would be reasonably likely to have a Material Adverse Effect.

19.6 **Governing law and enforcement**

19.6.1 Subject to the Legal Reservations, the choice of the governing law of the Transaction Documents, its submission to the jurisdiction of the Courts of England and Wales or Romania and its agreement not to claim any immunity to which it or its assets may be entitled will be recognised and enforced in each Relevant Jurisdiction.

19.6.2 Subject to the Legal Reservations, any judgment obtained in relation to a Transaction Document in the jurisdiction of the governing law of that Transaction Document will be recognised and enforced in each Relevant Jurisdiction.

19.7 **Deduction of Tax**

Save for the Guarantor, it is not required to make any deduction or withholding for or on account of Tax:

19.7.1 from any payment it may make under any Finance Document; or

19.7.2 which is attributable to a FATCA Deduction required to be made by a Party.

19.8 **Insolvency**

No:

19.8.1 corporate action, legal proceeding or other procedure or step described in paragraph (a) of Clause 23.7 (*Insolvency proceedings*); or

19.8.2 creditors' process described in Clause 23.8 (*Creditors' process*),

has been taken or (to the best of its knowledge and belief), threatened in relation to it or, as far as it is aware, any Major Project Party; and none of the circumstances described in Clause 23.6 (*Insolvency*) applies to it, or, as far as it is aware, any Major Project Party.

19.9 **No filing or stamp taxes**

- 19.9.1 Under the laws of each Relevant Jurisdiction, it is not necessary that the Finance Documents be registered, filed, recorded, notarised or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents, except for (i) compliance by the relevant Obligor with the Perfection Requirements and payment of associated fees, which notarisation, registrations, filings, taxes and fees will be made and paid promptly after the date of the relevant Finance Document; (ii) any filing, recording or enrolling or any tax or fee payable in relation to the Romanian Security Documents which is referred to in any Legal Opinion and which will be made or paid promptly after the date of the relevant Finance Document; and (iii) the notification of this Agreement to the National Bank of Romania for statistical purposes.
- 19.9.2 Under the laws of each Relevant Jurisdiction, any filing which affects the validity or enforceability of any Project Document has been filed, recorded or enrolled with any court or other authority in that Relevant Jurisdiction.

19.10 **VAT**

It is not a member of a value added tax group.

19.11 **No default**

- 19.11.1 No Default is continuing or would reasonably be expected to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.
- 19.11.2 No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or to which its assets are subject, where such event or circumstance which has or, save in respect of the Guarantor only, is reasonably likely to have a Material Adverse Effect.

19.12 **No misleading information**

- 19.12.1 To the best of its knowledge (having made due and careful enquiry), any factual information provided by or on behalf of any Obligor to any Finance Party in relation to the Project was true and accurate in all material respects as at the date it was given or as at the date (if any) at which it is stated.
- 19.12.2 To the best of its knowledge (having made due and careful enquiry), any financial or cashflow projection or forecast provided by or on behalf of any Obligor to any Finance Party in relation to the Project has been prepared on the basis of complete and accurate in all material respects historical information which was recent at the date the relevant forecast or projection was given or as at the date (if any) at which it is stated, was made on the basis of reasonable assumptions, and was arrived at after careful consideration and using an appropriate methodology.

19.12.3 Any other expression of opinion provided by or on behalf of any Obligor to any Finance Party in relation to the Project was made after careful consideration and (as at the date it was given or as at the date (if any) at which it is stated) and was based on reasonable grounds.

19.12.4 At the date on which the relevant information, forecast, projection or other expression of opinion is given or (as applicable) expressed to be stated, to the best of its knowledge and belief (having made due and careful enquiry), no event or circumstance has occurred or arisen, and no information has been given or withheld that results in any information, forecast, projection or other expression of opinion referred to in Clause 19.12.1, 19.12.2 or 19.12.3 above being untrue or misleading in any material respect.

19.13 Original Financial Statements

19.13.1 Its Original Financial Statements were prepared, as the case, in accordance with Applicable Accounting Principles or other applicable legislation and/or standards consistently applied.

19.13.2 Its Original Financial Statements fairly and in all material respects represent its financial condition and results of operations (and its consolidated financial condition and results of operations in the case of the Borrower) during the relevant Financial Year.

19.13.3 There has been no material adverse change in its assets, business or financial condition since the date of the Original Financial Statements which is reasonably likely to have a Material Adverse Effect.

19.14 Transaction Documents

19.14.1 The copies of the Project Documents it has supplied to any Finance Party are true and complete copies of those documents at the date of this Agreement.

19.14.2 No Obligor is a party to any material agreement with a material impact on the Project other than the Transaction Documents.

19.14.3 No Obligor has incurred any material liabilities under or in connection with the Project or any Project Facility other than pursuant to the Transaction Documents to which it is a party.

19.14.4 No Obligor is a party to, and is not aware of, any agreement between any of the parties to any Transaction Document which amends, supplements or affects any Transaction Document (other than the other Transaction Documents).

19.14.5 There is no material dispute in connection with any Project Document.

19.15 Pari passu ranking

Its payment obligations under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

19.16 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings or investigations of or before any court, arbitral body or agency have been started or, to the best of its knowledge and belief (having made due and careful enquiry) threatened against it, which are reasonably likely to be adversely determined and, if adversely determined, are reasonably likely to have a Material Adverse Effect.

19.17 **No breach of laws**

To the best of its knowledge and belief (having made due and careful enquiry), it has not committed any breach of any law or regulation, which, in respect of the Guarantor only, has or is reasonably likely to have a Material Adverse Effect.

19.18 **Environmental laws**

19.18.1 The Borrower is in compliance with Clause 22.2 (*Environmental compliance*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in the future in any material respect.

19.18.2 No Environmental Claim has been commenced or, to the best of its knowledge and belief (having made due and careful enquiry) is threatened against the Borrower or Romextur, which has or is reasonably likely to have a Material Adverse Effect.

19.19 **Taxation**

19.19.1 It is not overdue in the filing of any Tax returns and it is not overdue in the payment of any amount in respect of Tax where, in respect of the Guarantor only, such event has or is reasonably likely to have a Material Adverse Effect, save where payment of such Tax is contested in good faith by the relevant Obligor.

19.19.2 It is resident for Tax purposes only in the jurisdiction of its incorporation.

19.20 **Security and Financial Indebtedness**

19.20.1 No Security exists over all or any of the present or future assets of the Borrower, BEAH or Romextur other than as permitted by this Agreement.

19.20.2 None of the Borrower, BEAH or Romextur has any Financial Indebtedness outstanding other than as permitted by this Agreement.

19.21 **Ranking**

19.21.1 The Transaction Security has or will have (subject to Perfection Requirements being satisfied) the ranking in priority which it is expressed to have in the Transaction Security Documents and it is not subject to any prior ranking or *pari passu* ranking Security.

19.21.2 Upon completion of the Perfection Requirements, the Transaction Security has or will have the ranking in priority which it is expressed to have in the Transaction Security Documents, subject to no prior ranking or *pari passu* ranking Security.

19.22 **Assets**

It has, subject to Permitted Security and any reservations or qualifications set out in the Report on Title, good, valid and marketable title to, or freedom to use (by way of it having valid leases or licences of, and all appropriate Authorisations to use, or otherwise) under all applicable laws, all the assets necessary to carry out the Project, free from Security, restrictions and onerous covenants.

19.23 **Legal and beneficial ownership**

19.23.1 Subject to Permitted Security, it is the sole legal owner of the assets over which it purports to grant Security.

19.23.2 All of the share capital in the Borrower is legally owned by the shareholders in the Borrower in the following proportions:

- (a) 97.85 per cent of the shares in the Borrower are held by BEAH; and
- (b) 2.15 per cent of the shares in the Borrower are held by other shareholders.

- 19.23.3 99 per cent of the share capital in BEAH is legally and beneficially owned by BEA Hotels N.V. The remaining 1 per cent of the share capital in BEAH is legally and beneficially owned by BEA Hotels Management B.V., a wholly owned Subsidiary of BEA Hotels N.V.
- 19.23.4 95.3 per cent of the shares in Romextur are held by the Borrower.
- 19.23.5 The Guarantor indirectly and beneficially (as applicable in the Relevant Jurisdiction) owns 97.85 per cent of the share capital in the Borrower and 93.25 per cent of the share capital in Romextur.

19.24 Valuation

- 19.24.1 All written information supplied by it or on its behalf to the Valuer for the purposes of each Valuation was, to the best of its knowledge and belief (having made due and careful enquiry), true and accurate in all material respects as at the date it was provided or (if appropriate) as at the date (if any) at which it is stated to be given.
- 19.24.2 Any financial projections contained in the information referred to in Clauses 20.9 (*Budget updates and Forecasts*) were prepared on the bases of recent historical information and reasonable assumptions.
- 19.24.3 To the best of its knowledge and belief (having made due and careful enquiry), nothing has occurred, nor has it omitted to supply any information which, if disclosed, would adversely affect any Valuation.

19.25 Title to property

- 19.25.1 The Borrower and Romextur are, as applicable, the legal owners of the Project Facilities and each have good and marketable title to their respective Project Facilities free from:
- (a) Security (other than any Permitted Security); and
 - (b) restrictions and onerous covenants other than those set out in the Report on Title.
- 19.25.2 Except as disclosed for the purpose of the Report on Title, from the first Utilisation Date:
- (a) no breach of any law or regulation is continuing which might adversely affect the value of the Project Facilities;
 - (b) there is no covenant, agreement, stipulation, reservation, condition, interest, right or other matter adversely affecting the Project Facilities;
 - (c) nothing has arisen or been created and nothing is outstanding which would be an overriding interest under applicable law, or an unregistered interest which overrides first registration or registered dispositions, over the Project Facilities;
 - (d) no facility necessary for the enjoyment and use of the Project Facilities is enjoyed by any person on terms entitling that person to terminate or curtail its use;
 - (e) it has not received notice of any adverse claim regarding the ownership of the Project Facilities or any interest in it, nor has any acknowledgement been given to any person in respect of the Project Facilities; and
 - (f) to the best of its knowledge and belief (having made due and careful enquiry), it holds the Project Facilities free from any lease or licence other than those entered into after the date of and in accordance, or without conflict, with this Agreement.

19.26 **Information for Report on Title**

To the best of its knowledge and belief (having made due and careful enquiry):

- 19.26.1 all information supplied by it or on its behalf to the lawyers who prepared the Report on Title for the purpose of the Report on Title was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated to be given.
- 19.26.2 nothing has occurred or been omitted or withheld from the information provided by it or on its behalf for the purpose of the Report on Title which results in such information being untrue or misleading in any material respect.

19.27 **Shares**

- 19.27.1 The shares which are subject to the Transaction Security are fully paid and, save as otherwise provided by law, not subject to any option to purchase or similar rights.
- 19.27.2 The constitutional documents of the Obligors do not restrict or inhibit any transfer of those shares on creation or enforcement of the Transaction Security.
- 19.27.3 In relation to the shares which are subject to the Transaction Security, there are no agreements in force which provide for the issue or allotment of, or grant any person the right to call for the issue or allotment of, any share or loan capital of any Obligor (including any option or right of pre-emption or conversion).

19.28 **Intellectual Property**

It:

- 19.28.1 is the sole legal and beneficial owner of or has licensed to it on normal commercial terms all the Intellectual Property which is material in the context of its business and which is required by it in order to carry on its business as it is being conducted to implement the Project.
- 19.28.2 does not in carrying on its business, and implementing the Project, infringe any Intellectual Property of any third party in any respect; and
- 19.28.3 has taken all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property owned by it.

19.29 **Centre of main interests and establishments**

For the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the **Regulation**), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in its jurisdiction of incorporation and it has no „establishment” (as that term is used in Article 2(h) of the Regulations) in any other jurisdiction.

19.30 **No adverse consequences**

- 19.30.1 It is not necessary under the laws of any Relevant Jurisdiction:
 - (a) in order to enable a Finance Party to enforce its rights under any Finance Document; or
 - (b) by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document,
 that a Finance Party should be licensed, qualified or otherwise entitled to carry on business in any of its Relevant Jurisdictions.

19.30.2 A Finance Party is not or will not be deemed to be resident, domiciled or carrying on business in any Relevant Jurisdiction by reason only of the execution, performance and/or enforcement of any Finance Document.

19.31 No other business

19.31.1 Except as set out in its constitutional documents and expressly contemplated by the Transaction Documents or otherwise relating to the Project, neither the Borrower, BEAH nor Romextur have traded, carried on business or incurred any liabilities or commitments (actual or contingent, present or future).

19.31.2 BEAH has no Subsidiaries, other than the Borrower, BEAHF and BEA Hotels Eastern Europe (Romania) S.R.L.

19.31.3 The Borrower has no Subsidiaries, other than Romextur.

19.32 No immunity

19.32.1 The execution by it of each Finance Document constitutes, and the exercise by it of its rights and performance of its obligations under each Finance Document will constitute, private and commercial acts performed for private and commercial purposes.

19.32.2 It will not be entitled to claim immunity for itself or any of its assets from suit, set-off, execution, attachment or other legal process in any proceedings taken in any Relevant Jurisdiction in relation to any Finance Document.

19.33 Registration of UK establishment by Overseas Obligor

Each Overseas Obligor (if any):

19.33.1 is not an „overseas company that is registered” within the meaning of Part 3 of The Overseas Companies (Execution of Documents and Registration of Charges) Regulations 2009; or

19.33.2 has provided to the Agent copies of all documents it has delivered to the Registrar of Companies under:

- (a) Part 2 (Initial registration of particulars) or Part 3 (Alteration in registered particulars) of the Overseas Companies Regulations 2009; or
- (b) section 1048 of the Companies Act 2006.

19.34 Works council

Neither BEAH nor BEAHF has a works council (*ondernemingsraad*).

19.35 Repetition

19.35.1 The representations set out in Clauses 19.1 (*Status*) to 19.33 (*Registration of UK establishment by Overseas Obligor*) shall be deemed to be repeated by the Obligors (save, subject to the relevant provisions in this Clause 19, for the Guarantor, as applicable) on each day until the Final Maturity Date, except for:

- (a) Clause 19.5 (*Authorisations*);
- (b) Clause 19.7 (*Deduction of Tax*);
- (c) Clause 19.8 (*Insolvency*);
- (d) Clause 19.9 (*No filing or stamp taxes*);
- (e) Clause 19.11 (*No Default*);

- (f) Clause 19.13 (*Original Financial Statements*);
- (g) Clause 19.14 (*Transaction Documents*);
- (h) Clause 19.16 (*No proceedings pending or threatened*);
- (i) Clause 19.17 (*No breach of laws*);
- (j) Clause 19.19.1 (*Taxation*);
- (k) Clause 19.20 (*Security and Financial Indebtedness*); and
- (l) Clause 19.31.1 (*No other business*).

19.35.2 The representations in the other Clauses listed in Clause 19.35.1 above are deemed to be repeated on the first Utilisation Date.

19.35.3 Each representation or warranty deemed to be made after the date of this Agreement shall, except where expressed to be made at a specific date, be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

20. INFORMATION UNDERTAKINGS

The undertakings in this Clause 20 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

20.1 Financial statements

The Borrower shall supply to the Agent in sufficient copies for all the Lenders, as soon as they are available, but in any event:

20.1.1 within 120 days after the end of each Financial Year:

- (a) its audited financial statements for that Financial Year;
- (b) the audited financial statements of Romextur for that Financial Year; and
- (c) the audited financial statements of the Guarantor for that Financial Year;

20.1.2 within 45 days after each Quarter Period, its quarterly unaudited management accounts including a profit and loss account and a balance sheet.

20.2 Compliance Certificate

20.2.1 The Borrower shall supply to the Agent:

- (a) on each Calculation Date specified in paragraph (a) of the definition of 'Calculation Date', its computations of, and compliance with the ratios referred to in Clause 21.3 (*Loan to Value*);
- (b) on or by 30 April 2016, and thereafter on each 30 April a Compliance Certificate setting out (in reasonable detail):
 - (i) its computation of, and compliance with the ratios referred to in Clause 21.1 (*Yield on Debt*) for the previous Financial Year and the current Financial Year, calculated as at the Calculation Date specified in paragraph (b) of the definition of 'Calculation Date'; and
 - (ii) its computation of the Excess Cash for the previous Financial Year;

- (c) on or by 15 May 2016 and thereafter, no later than 45 days after each Calculation Date specified in paragraphs (c) of the definition of 'Calculation Date', a Compliance Certificate setting out (in reasonable detail) computations of, and compliance with Clause 21.2 (*Debt Service Cover Ratio*) calculated as at the relevant Calculation Date; and
- (d) within 45 days of each Calculation Date specified in paragraph (d) of the definition of 'Calculation Date' a Compliance Certificate setting out (in reasonable detail its computations of, and compliance with the ratios referred to in 21.1 (*Yield on Debt*), Clause 21.2 (*Debt Service Cover Ratio*) and Clause 21.3 (*Loan to Value*).

20.2.2 Each Compliance Certificate shall be signed by two directors of the Borrower.

20.3 Requirements as to financial statements

- 20.3.1 Each set of financial statements delivered by the Borrower pursuant to Clause 20.1 (*Financial statements*) shall be certified by a director of the relevant company as fairly representing its financial condition and operations as at the end of and for the period in relation to which those financial statements were drawn up and, in the case of audited financial statements, shall be accompanied by a letter addressed to the management of the relevant Obligor by its auditors and accompanying those financial statements;
- 20.3.2 The Borrower shall procure that each set of financial statements delivered pursuant to Clause 20.1 (*Financial statements*) shall be audited by the Auditors and is prepared using Applicable Accounting Principles or other standards and legislative provisions applicable thereto.
- 20.3.3 The Borrower shall procure that each set of financial statements of an Obligor delivered pursuant to Clause 20.1 (*Financial statements*) is prepared using accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements for that Obligor unless, in relation to any set of financial statements, it notifies the Agent that there has been a change in Applicable Accounting Principles, the accounting practices or reference periods and its auditors (or, if appropriate, the auditors of the Obligor) deliver to the Agent:
 - (a) a description of any change necessary for those financial statements to reflect the Applicable Accounting Principles, accounting practices and reference periods upon which that Obligor's Original Financial Statements were prepared; and
 - (b) sufficient information, in form and substance as may be reasonably required by the Agent, to enable it to make an accurate comparison between the financial position indicated in those financial statements and that Obligor's Original Financial Statements.

Any reference in this Agreement to any financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

20.4 Year-end

No Obligor may change its Financial Year end unless required by applicable law in the Relevant Jurisdiction or otherwise with the prior consent of the Agent (such consent not to be unreasonably withheld or delayed).

20.5 **Information: miscellaneous**

The Borrower shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

- 20.5.1 at the same time as they are dispatched, copies of all documents dispatched by any of the Borrower, BEAH or Romextur to its shareholders generally (or any class of them) or its creditors generally (or any class of them);
- 20.5.2 promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against:
 - (a) any Major Project Party (other than the Guarantor), and which might, if adversely determined, have a Material Adverse Effect or which would involve a liability, or a potential or alleged liability, exceeding €200,000 (or its equivalent in other currencies); and
 - (b) the Guarantor, and which might, if adversely determined, have a Material Adverse Effect or which would involve a liability, or a potential or alleged liability, exceeding €500,000 (or its equivalent in other currencies);
- 20.5.3 promptly upon becoming aware of them, details of any Force Majeure Event;
- 20.5.4 promptly upon becoming aware of them, details of any interruption of the operation of the Project Facilities for a duration exceeding three days;
- 20.5.5 promptly upon becoming aware of them, details of any damage or destruction of any assets comprised in the Project Facilities where the cost of repair or reinstatement is likely to exceed €200,000 or could have a Material Adverse Effect;
- 20.5.6 promptly upon becoming aware of them, details of any Insurance Proceeds or Compensation received in excess of €200,000 or where the amount received when aggregated with all other Insurance Proceeds and Compensation received during the immediately preceding six month period exceeds €200,000;
- 20.5.7 promptly upon becoming aware of them, details of any defects in the Project Facilities which have a Material Adverse Effect or where the costs for rectifying such defect exceeds €200,000;
- 20.5.8 promptly upon becoming aware of them, details of any dispute under or in connection with any Project Document where, an adverse determination would be reasonably likely to have a Material Adverse Effect or where the subject matter of such dispute exceeds €200,000;
- 20.5.9 promptly upon becoming aware of them, details of any event or circumstance other than those referred to above which could reasonably be expected to materially affect the implementation of the Project in accordance with the Transaction Documents;
- 20.5.10 a copy of any notice of termination or default, demand or other material notice served under any Project Document;
- 20.5.11 a copy of any document relating to any material amendment or proposed material amendment to any Project Document;
- 20.5.12 on each anniversary of the date of this Agreement, original Land Book excerpts with respect to each Project Facility evidencing the Borrower and/or Romextur as the sole owners of the relevant Project Facility, free from all Security, other than Permitted Security; and
- 20.5.13 promptly on request, such further information regarding the financial condition, business, operations and assets of any Obligor as the Agent may reasonably request.

20.6 **Notification of default**

- 20.6.1 Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- 20.6.2 Promptly upon a request by the Agent, the Borrower shall supply to the Agent a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

20.7 **Environmental Claims**

Each Obligor shall, promptly upon becoming aware of the same, inform the Agent in writing of:

- 20.7.1 any Environmental Claim against any Obligor which is current, pending or threatened; and
- 20.7.2 any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any Obligor, where the claim, if determined against the Obligor, has or is reasonably likely to have a Material Adverse Effect.

20.8 **Reports**

- 20.8.1 The Borrower shall provide to the Agent in sufficient copies for all the Lenders, a report (the “**Report**”) in the form prescribed by the Uniform System of Accounts for the Lodging Industry, in the then latest edition (the **Uniform System**) (or in such other form as the Agent may reasonably request) with respect to each Quarter Period ending after the date of this Agreement within 20 Business Days of the end of the relevant Quarter Period, containing the information on hotel performance relating to total average room rate, occupancy, total operating revenues, Gross Revenues, Net Operational Profit and EBITDA (each term as defined by the Uniform System).
- 20.8.2 The Borrower shall provide the Agent with Valuations in accordance with Clause 16.4 (*Valuations*).

20.9 **Budget updates and Forecast**

- 20.9.1 Subject to the provisions of the Management Agreement, the Borrower shall provide to the Agent in sufficient copies for all the Lenders, on or before 31 January following the end of each Financial Year, with an updated Budget.
- 20.9.2 The Borrower shall:
- (a) provide to the Agent in sufficient copies for all the Lenders, on or before 31 January of each calendar year, a Forecast relating to the Project Facilities for the five year period starting on the 1 January of that calendar year; and
 - (b) ensure that each such Forecast is in a form set out in Schedule 10 (*Form of Forecast*) or such other form reasonably acceptable to the Agent and in particular:
 - (i) is itemised monthly for the ongoing Financial Year;
 - (ii) contains forecasts of turnover, cost of sales, trading profit and loss, working capital requirements, repair and maintenance costs, anticipated Capital Expenditure and FF&E, for the operation of the Project Facilities;

- (iii) contains Projected Debt Service Cover Ratio and Projected Yield on Debt calculations for the Projected Calculation Period beginning on 31 December of the previous calendar year;
- (iv) is prepared substantially in accordance with the Applicable Accounting Principles; and
- (v) has been approved by the board of directors of the Guarantor or other senior officer of the Borrower or the Guarantor.

20.10 FF&E Investments and Capital Expenditure

20.10.1 The aggregate amount of the FF&E costs and expenses projected to be incurred or paid during any Financial Year, and included in the Budget delivered in accordance with Clause 20.9.1 above shall not at any time exceed 5% of the Total Revenues of the Hotel (as defined in the Management Agreement) forecasted for that Financial Year, unless otherwise approved by the Agent in writing.

20.10.2 The Borrower shall not at any time incur or pay:

- (a) any FF&E cost and expense; or
- (b) any Capital Expenditure,

unless:

- (i) such cost or expenditure is either:
 - (aa) included in the most recent Budget delivered in accordance with Clause 20.9.1 above; or
 - (bb) if not included in that most recent Budget, such cost or expenditure does not cause the aggregate amount of Capital Expenditure or, as the case may be, FF&E included in such Budget to be exceeded by more than 10%; or
- (ii) the Agent has given its prior written consent to such cost or expenditure.

20.10.3 Any amount of Capital Expenditure, or FF&E cost or expense which:

- (a) is included in a Budget delivered in accordance with Clause 20.9.1 above; and
- (b) has not been incurred and paid at the end of the Financial Year to which such Budget applies,

shall:

- (i) be deducted from the 75% of the Excess Cash (if any) attributable to that Financial Year, prior to any Distribution being made in accordance with Clause 22.17 (*Distributions*); and
- (ii) remain on reserve in the Borrower's Accounts, unless and until the Agent confirms in writing that such amounts may be released to the Borrower.

20.10.4 If the balance standing to the credit of the FF&E Reserve Account on the last day of any Financial Year is less than the amount of FF&E costs and expense projected to be incurred during the next Financial Year, as set out in the Budget for that next Financial Year delivered in accordance with Clause 20.9.1 above, the positive difference between:

- (a) the amount of FF&E costs and expense included in that Budget; and

(b) the balance standing to the credit of the FF& Reserve Account,

shall be:

- (i) deducted from the 75% of the Excess Cash (if any) attributable to that Financial year, prior to any Distribution being made in accordance with Clause 22.17 (*Distributions*); and
- (ii) shall remain on reserve in the Borrower's Accounts, unless and until the Agent confirms in writing that such amounts may be released to the Borrower.

20.11 "Know your customer" checks

20.11.1 If:

- (a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
- (b) any change in the status of an Obligor or the composition of the shareholders of a Obligor after the date of this Agreement; or
- (c) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (c) above, any prospective new Lender) to comply with „know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (c) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in paragraph (c) above, any prospective new Lender to carry out and be satisfied with the results of all necessary "know your customer" or other checks in relation to any relevant person pursuant to the transactions contemplated in the Finance Documents.

20.11.2 Each Lender and each prospective New Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

21. FINANCIAL COVENANTS

The undertakings in this Clause 21 remain in force from the date of this Agreement until the expiry of the Security Period.

21.1 Yield on Debt

The Borrower shall ensure that the Actual Yield on Debt and the Projected Yield on Debt at any time, is no less than:

- 21.1.1 during the Financial Year ending on 31 December 2016, 10% per annum;
- 21.1.2 during the Financial Year ending on 31 December 2017, 11.5% per annum;

- 21.1.3 during the Financial Year ending 31 December 2018, 13% per annum;
- 21.1.4 during the Financial Year ending 31 December 2019, 14% per annum; and
- 21.1.5 thereafter, 15% per annum.

21.2 Debt Service Cover Ratio

The Borrower shall ensure that the Actual Debt Service Cover Ratio and the Projected Debt Service Coverage ratio at any time, is no less than:

- 21.2.1 during the Financial Year ending 31 December 2016, 120%; and
- 21.2.2 thereafter, 125%.

21.3 Loan to Value

The Borrower shall ensure that Loan to Value Ratio does not exceed, at any time, 65 per cent.

21.4 Testing the Ratios

- 21.4.1 The Actual Yield on Debt ratio shall be tested as at each relevant Calculation Date for the Calculation Period, by reference to the:
 - (a) the Compliance Certificate delivered by the Borrower in accordance with paragraph (b) of Clause 20.2.1;
 - (b) the most recent Report delivered in accordance with Clause 20.8 (*Reports*); and
 - (c) its most recent yearly audited financial statements delivered by the Borrower in accordance with Clause 20.1.1(a).
- 21.4.2 The Projected Yield on Debt ratio shall be tested as at each relevant Calculation Date for the Projected Calculation Period:
 - (a) by reference to the Compliance Certificate delivered by the Borrower in accordance with paragraph (b) of Clause 20.2.1;
 - (b) on the basis of the most recent Forecast delivered under Clause 20.9.2; and
 - (c) any other information reasonably required by the Agent for purposes of completing the calculation of the Projected Yield on Debt ratio.
- 21.4.3 The Actual Debt Service Cover Ratio shall be tested as at each relevant Calculation Date for the Calculation Period by reference to:
 - (a) the Compliance Certificate delivered by the Borrower in accordance with paragraph (c) of Clause 20.2.1;
 - (b) the most recent Report delivered in accordance with Clause 20.8 (*Reports*); and
 - (c) its most recent financial information delivered by the Borrower in accordance with Clause 20.1 (*Financial Statements*).
- 21.4.4 The Projected Debt Service Cover Ratio shall be tested as at each relevant Calculation Date for the Projected Calculation Period:
 - (a) by reference to the Compliance Certificate delivered by the Borrower in accordance with paragraph (c) of Clause 20.2.1;
 - (b) on the basis of the most recent Forecast delivered under Clause 20.9.2; and
 - (c) any other information reasonably required by the Agent for purposes of completing the calculation of the Projected Debt Service Cover Ratio.

21.4.5 The Loan to Value Ratio shall be tested as at each relevant Calculation Date for the Calculation Period by reference to the most recent Valuation obtained under Clause 16.4 (*Valuations*)

21.4.6 If:

- (a) the Borrower does not provide a Compliance Certificate; or
- (b) the Agent disagrees with the calculation provided,

then the Agent may calculate each of the referred to in this Clause 21 (*Financial covenants*) and (in the absence of manifest error, gross negligence or wilful misconduct of the Agent) that calculation shall prevail over any calculation by the Borrower.

21.5 Cure Rights

21.5.1 Subject to Clause 21.5.3 below, if the Agent notifies the Borrower, or an Obligor becomes aware, that there is a breach of any of Clause 21.1 (*Yield on Debt*), Clause 21.2 (*Debt Service Cover Ratio*) or Clause 21.3 (*Loan to Value*), the Borrower shall, on the next Interest Payment Date immediately following the date on which it is notified or otherwise becomes aware of the breach, prepay the Loans in accordance with Clause 7.6 (*Mandatory Prepayment – breach of financial covenants*) in an amount calculated by the Agent to ensure compliance with Clause 21.1 (*Yield on Debt*), Clause 21.2 (*Debt Service Cover Ratio*) or Clause 21.3 (*Loan to Value*) (as applicable) as from the start of the relevant calculation period.

21.5.2 Each of the BEAH and the Guarantor undertakes with each Finance Party that whenever the Borrower is required to make a prepayment under Clause 21.5.1 above and Clause 7.6 (*Mandatory Prepayment – breach of financial covenants*) it will make available to the Borrower sufficient funds (by way of equity contribution or intra-group loans subordinated to the discharge of all amounts owing to the Finance Parties under the Finance Documents, on the terms of the Subordination Agreement) to ensure that the Borrower makes such prepayment.

21.5.3 If the Borrower is permitted to make and makes a prepayment in accordance with Clause 21.5.1 above, it will not be regarded as being in breach of Clause 21.1 (*Yield on Debt*), Clause 21.2 (*Debt Service Cover Ratio*) or Clause 21.3 (*Loan to Value*) (as applicable), without prejudice to any subsequent breach of any of those Clauses.

22. GENERAL UNDERTAKINGS

The undertakings in this Clause 22 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

22.1 Compliance with laws

Each Obligor shall comply in all respects with all laws to which it is subject and regulations applicable to it, where, in respect of the Guarantor only, failure to comply with such laws or regulations has or is reasonably likely to have a Material Adverse Effect.

22.2 Environmental matters

Each Obligor shall:

- 22.2.1 only to the extent required by applicable law, implement procedures to monitor compliance with and to prevent liability under any Environmental Law;

22.2.2 if required by applicable law, ensure that all Dangerous Materials treated, kept and stored, produced, manufactured, generated, refined or used from, in, upon or under any of the property owned or occupied by it are held and kept in the manner and to the standards of a prudent company carrying on the same business as it,

where, in respect of the Guarantor only, its failure to do so has or is reasonably likely to have a Material Adverse Effect.

22.3 **Taxation**

22.3.1 Each Obligor shall file its Tax returns within the period required by law and shall pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

- (a) such payment is being contested in good faith;
- (b) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Agent under Clause 20.1 (*Financial statements*); and
- (c) such payment can be lawfully withheld.

22.3.2 No Obligor may change its residence for Tax purposes without the prior written consent of Lender.

22.3.3 No Obligor (other than the Guarantor) shall, without the prior written consent of the Agent (acting reasonably), exercise any option, election or transfer the right to recover any VAT nor exercise any option or right to elect or discretion which may now or at any time be available to them to levy VAT on any supplies made by it.

22.4 **Merger**

No Obligor shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction, save for the Guarantor which shall not do so if such amalgamation, demerger, merger, consolidation or corporate reconstruction has or would be reasonably likely to have a Material Adverse Effect.

22.5 **No other business**

22.5.1 Save for the Guarantor and BEAH, no Obligor shall carry on, or have any interest in, any business or activity other than the implementation of the Project.

22.5.2 BEAH shall not carry on, or have any interest in, any business or activity other than in connection with the holding of shares in the Borrower or the provision of services for the Project through BEA Hotels Eastern Europe (Romania) S.R.L.

22.6 **Acquisitions**

Except as expressly permitted by the Finance Documents, no Obligor shall acquire any shares or securities, save for:

- 22.6.1 the acquisition by BEAH of additional shares in the Borrower, provided that promptly upon such acquisition BEAH shall grant first ranking Security over such new shares in favour of the Security Agent and the other Finance Parties on the terms of the Shares Security Agreement (Borrower); and
- 22.6.2 the acquisition of shares and security by the Guarantor, unless such acquisition has or would be reasonably likely to have a Material Adverse Effect.

22.7 No Partnership

No Obligor shall enter into any joint venture, partnership or other business association (in Romanian „*asociere in participatiune*”), save for the Guarantor which may not do so if such action has or would be reasonably likely to have a Material Adverse Effect.

22.8 Negative pledge

Except as permitted below or as expressly approved by the Agent in writing:

22.8.1 neither the Borrower nor Romextur shall create or permit to subsist any Security over any of its assets other than Permitted Security; and

22.8.2 other than pursuant to or as contemplated by the Finance Documents, the Borrower may not:

- (a) sell, transfer or otherwise dispose of any of its assets on terms where it is or may be leased to or re-acquired or acquired by it or any of its Affiliates;
- (b) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
- (c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- (d) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

22.9 Change of Control

22.9.1 Neither BEAH nor the Guarantor (as sponsor) shall transfer or dispose of any of the shares they directly or indirectly own in the Borrower other than as permitted under Clause 7.4 (*Change of control*).

22.9.2 Neither the Borrower, BEAH nor the Guarantor (as sponsor) shall transfer any of the shares they directly or indirectly own in Romextur other than as permitted under Clause 7.4 (*Change of control*).

22.10 Disposals

22.10.1 Neither the Borrower, BEAH nor Romextur shall enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.

22.10.2 Clause 22.10.1 above does not apply to any sale, lease, transfer or other disposal:

- (a) under or pursuant to a Lease Agreement entered into in accordance with the terms of this Agreement;
- (b) of obsolete or surplus assets no longer required for the purpose of the Project;
- (c) on arm's length terms of assets in exchange for replacement assets of similar or improved quality, suitable for the Project;
- (d) in the ordinary course of day-to-day trading, which does not exceed in the aggregate €250,000 in any Financial Year; or
- (e) made with the prior written consent of the Agent, not to be unreasonably withheld or delayed if the Disposal Proceeds are applied (or are to be applied) in prepayment of the Loans in accordance with Clause 7.5 (*Mandatory prepayment – disposals*).

22.11 **Project Implementation**

Each of the Borrower, BEAH and Romextur shall ensure that the Project is implemented in accordance with:

- 22.11.1 the Transaction Documents;
- 22.11.2 Good Industry Practice;
- 22.11.3 applicable laws; and
- 22.11.4 the specifications, warranty conditions, maintenance schedules and guidelines relating to any equipment forming part of the Project Facilities.

22.12 **Project Documents**

22.12.1 The Borrower shall:

- (a) take all appropriate action to protect and maintain its rights under the Project Documents;
- (b) exercise and enforce its rights against the other parties to the Project Documents so as to procure the due performance of their obligations under the Project Documents;

22.12.2 The Borrower shall not:

- (a) amend or waive all or any part of a Project Document except:
 - (i) where the amendment is not in any respect material;
 - (ii) for correction of manifest errors;
 - (iii) to the extent necessary to comply with applicable law; or
 - (iv) with the prior written consent of the Agent (not to be unreasonably withheld or delayed);
- (b) assign, transfer, novate, dispose of or sub-contract all or any part of a Project Document or Authorisation;
- (c) terminate or replace any Project Document (except as contemplated by Clause 23.18 (*Cure Rights*));
- (d) settle any claim with respect to any Project Document if the value of the claim exceeds in the aggregate €100,000.

22.12.3 If the Borrower's consent is required to any transfer by any person of that person's obligations under a Project Document, it shall promptly notify the Agent of any request for such consent and give or withhold such consent in accordance with the directions of the Agent.

22.13 **Contracts**

- 22.13.1 Neither the Borrower, BEAH nor Romextur shall enter into any transaction with any person except on arm's length terms and for full market value.
- 22.13.2 The Borrower shall not enter into any transaction with any Affiliate of an Obligor except on arm's length terms and for market value, and with the prior written consent of the Agent (such consent not to be unreasonably withheld so long as no Default has occurred and is continuing).
- 22.13.3 No Obligor shall enter into any transaction with another Obligor except on arm's length terms and for market value, save for where the prior written consent of the Agent is obtained (such consent not to be unreasonably withheld or delayed).

22.14 **Loans or credit**

The Borrower shall not be a creditor in respect of any Financial Indebtedness, other than Financial Indebtedness arising under:

22.14.1 the BUTU Framework Loan Agreement; and

22.14.2 any loan or credit made to Romextur, which does not exceed an annual aggregate amount of EUR 50,000.

22.15 **No Guarantees or indemnities**

22.15.1 No Obligor (other than the Guarantor) shall incur or allow to remain outstanding any guarantee by it in respect of any obligation of any person, other than under the Transaction Documents.

22.15.2 The Guarantor shall not incur or allow to remain outstanding any guarantee by it in respect of the obligations of any other person, other than under the Transaction Documents, or otherwise only if incurring or allowing such guarantee to remain outstanding has no Material Adverse Effect.

22.16 **Financial Indebtedness**

22.16.1 Except as permitted under Clause 22.16.2 below or with the prior written consent of the Agent, neither the Borrower nor Romextur shall incur or allow to remain outstanding any Financial Indebtedness.

22.16.2 Clause 22.16.1 above does not apply to Financial Indebtedness which arises under:

(a) the Finance Documents; or

(b) the Management Agreement or the Manager's Side Letter; or

(c) any other Transaction Document (other than a Finance Document) and which:

(i) does not exceed in the aggregate an amount of EUR 2,000,000 (or its equivalent in any other currencies); and

(ii) is subordinated to amounts owing to the Finance Parties on the terms of the Subordination Agreement.

22.17 **Distributions**

22.17.1 Except as permitted under Clauses 22.17.2 below, or otherwise with the prior written consent of the Agent, the Borrower and Romextur shall make no Distribution.

22.17.2 Beginning on 30 June 2016, and thereafter during each Financial Year, the Borrower may employ 75% of the Excess Cash (if any) attributable to the preceding Financial Year (less any amount required to be kept on reserve in accordance with Clause 20.10.2 and Clause 20.10.3) to make a Distribution (including, for the avoidance of doubt a payment under the Guarantee Fee Agreement, the Consultancy Agreement or the BUTU Framework Loan Agreement), provided that it gives the Agent written notice, no less than 10 Business Days prior to such Distribution including the most recent relevant Compliance Certificate and evidence satisfactory to the Agent that each of the following conditions has been met:

(a) such Distribution is made from 75% of the Excess Cash attributable to the Financial Year preceding the date of such Distribution;

(b) the Borrower has already applied 25% of such Excess Cash in prepayment of the Loans in accordance with Clause 7.7.2 (*Excess Cash*);

- (c) the Loan to Value Ratio calculated by reference to the most recent Valuation is equal to, or lower than 60%;
- (d) the Actual Debt Service Cover Ratio and Projected Debt Service Cover Ratio (calculated as if such Distribution had been made) is equal to, or above 130%;
- (e) the Borrower is otherwise in compliance with the covenants set out in Clause 21 (*Financial covenants*) and is expected to comply at all times during the Projected Calculation Period following the date of the proposed Distribution;
- (f) making such payment does not, and is not reasonably likely to, adversely affect the ability of the Borrower to comply with its payment obligations under the Finance Documents during the 12 month period following the date of payment of such Distribution;
- (g) in the case of any payment under the Consultancy Agreement, the Agent has received the PricewaterhouseCoopers transfer pricing analysis (as required under Clause 1 of Schedule 3 (*Conditions Subsequent*) of the Fifth Amendment Agreement reflecting that the amount of the annual fee payable to the Guarantor under the Consultancy Agreement complies with the arms' length principles; and
- (h) no other Default has occurred and is continuing.

22.17.3 Romextur may make Distributions to the Borrower if it gives the Agent prior written notice, no less than 10 Business Days prior to such Distribution.

22.18 **Share capital**

Save for the Guarantor, no Obligor shall issue any shares.

22.19 **Insurance**

22.19.1 The Borrower shall procure and maintain the Title Insurance Policy and all the other Insurances described in Schedule 8 (*Insurance*) subject to the provisions of this Clause 22.19.

22.19.2 The Borrower shall effect or procure to be effected at its own expense, and for amounts, in a form and with an insurance company or underwriters acceptable to the Agent at all times:

- (a) insurance of the Project Facilities and the plant and machinery on it (including fixtures and improvements) on a full reinstatement basis (subject to any usual excess for the Project Facilities), including cover for:
 - (i) loss or damage by fire, storm, tempest, flood, earthquake, lightning, explosion, impact, aircraft and other aerial devices and articles dropped from them, riot, civil commotion and malicious damage, bursting or overflowing of water tanks, apparatus or pipes and all other normally insurable risks of loss or damage for a property of the type of the Project Facilities;
 - (ii) subsidence;
 - (iii) costs of demolition and site clearance;
 - (iv) professional fees;
 - (v) VAT, where applicable; and
 - (vi) not less than three years' loss of rent on all occupational tenancies of the Project Facilities;

- (b) third party and public liability insurances;
 - (c) terrorism insurance; and
 - (d) all insurances that a prudent company in the same business as the Borrower would effect in the form and to the extent specified in Schedule 8 (*Insurance*).
- 22.19.3 The Borrower shall ensure that the Security Agent is named as first loss payee on all Insurance policies (other than public liability and third party liability insurances) but that it is not liable to pay any premium.
- 22.19.4 The Borrower shall ensure that the Insurances comply with the following requirements:
- (a) each Insurance policy contains:
 - (i) a standard mortgagee clause under which the insurance will not be vitiated or avoided as against the Secured Parties as a result of any misrepresentation, any insured party's act, omission or failure to disclose or any circumstance beyond an insured party's control; and
 - (ii) a waiver of all rights of subrogation against the Borrower, the Secured Parties and the tenants of the Project Facilities.
 - (b) the insurers must give at least 30 days' notice to the Security Agent if any insurer proposes to repudiate, rescind or cancel any Insurance, to treat it as avoided in whole or in part, to treat it as expired due to non-payment of premium or otherwise decline any valid claim under it by or on behalf of any insured party and must give the opportunity to rectify any such non-payment of premium within the notice period; and
 - (c) the Borrower is able to assign all amounts payable to it under each of its Insurances and all its rights in connection with those amounts in favour of the Security Agent.
- 22.19.5 The Borrower shall:
- (a) confirm to the Agent once in every period of one year on or by 30 April of each calendar year compliance with each of the requirements set out in this Clause 22.19 (*Insurance*); and
 - (b) use its best endeavours to ensure that the Agent receives all copies of Insurance policies and information in connection with the insurances that it reasonably requires.
- 22.19.6 The Borrower shall promptly notify the Agent of any:
- (a) renewal, variation or cancellation of any Insurance policy made or, to the knowledge of the Borrower, threatened or pending; and
 - (b) circumstance which would give rise to a claim under any Insurance policy.
- 22.19.7 The Borrower shall not do or permit anything to be done which may make any Insurance policy void or voidable.
- 22.19.8 The Borrower shall ensure that;
- (a) all premiums for all Insurance policies are paid promptly and in any event before the start of the respective insurance periods for which they are payable or, provided that the relevant Insurance policies remain in force at all times as confirmed in writing to the Agent by the Borrower's insurance broker, such premiums may be paid in accordance with the terms of the relevant Insurance Policies; and

(b) everything else necessary is done to keep all Insurance Policies in force.

22.19.9 If the Borrower fails to comply with any of its obligations under this Clause, the Agent may, at the Borrower's expense, effect any insurance and do anything else which the Agent reasonably considers necessary or desirable to prevent or remedy any breach of this Clause.

22.20 Insurance Proceeds and Compensation

Each of the Borrower and Romextur shall ensure that:

22.20.1 the Insurance Proceeds of any third party liability insurance are paid to the relevant third party in relation to whom the relevant liability arose;

22.20.2 the Insurance Proceeds of any loss of rent insurance will be treated as Gross Revenues and applied in such manner as the Agent reasonably requires to have effect as if it were Gross Revenues received over the period of the loss of rent; and

22.20.3 the aggregate Insurance Proceeds or Compensation paid or payable to the Borrower for any damage or destruction of any Project Facility :

(a) to the extent such Insurance Proceeds or Compensation do not exceed €500,000, the Borrower or Romextur shall use such Insurance Proceeds or Compensation for reinstatement of the Project Facilities, but if not so used, it shall apply all such Insurance Proceeds or Compensation in prepayment of the Loans; and

(b) if such Insurance Proceeds or Compensation exceed €500,000 and unless otherwise agreed by Lenders (acting reasonably), the Borrower shall, and Romextur shall make all such amounts available, with a view for the Borrower to, apply all such Insurance Proceeds or Compensation in prepayment of the Loans,

and until so used or applied, all Insurance Proceeds or Compensation shall be paid , and held into, the relevant Collection Account.

22.21 Access, inspection and co-operation

22.21.1 Each of the Borrower, Romextur and BEAH shall permit the Agent and its professional advisers and nominees access:

(a) if a Default has occurred and is continuing, at all reasonable times during normal business hours; and

(b) in all other instances, at least once in each Financial Year and each Party acting reasonably, at other pre-agreed times,

in each case, on reasonable notice, at the risk and cost of the Borrower, Romextur or BEAH, as applicable, to (i) the premises from which its business is conducted (including the Project Facilities), (ii) its other assets, books, accounts and records (iii) take copies of its books, accounts and records (at the cost of the Borrower, Romextur or BEAH, as applicable) and (iv) meet and discuss matters with senior management.

22.21.2 The Borrower shall allow the Agent and its professional advisers and nominees to attend, observe and participate in all material meetings concerning the Project Facilities. The Borrower shall ensure that the Agent is given:

(a) reasonable prior notice of each meeting (and its agenda);

(b) promptly, the minutes of each such meeting.

22.21.3 The Obligors shall ensure that all reasonable co-operation is given by it and the Manager to the Agent and its professional advisers and nominees in the performance of their duties in relation to the Project.

22.21.4 The rights granted by this Clause 22.21 shall be exercised so as to minimise, so far as is reasonably practicable, any disruption to the Project and in compliance with any applicable safety and security procedures.

22.22 **Property rights**

22.22.1 The Borrower shall ensure that it has available, at all times, all assets and rights necessary from time to time for the Project including:

(a) access to the Project Facilities and all relevant rights of possession and occupation, wayleaves and other related rights;

(b) all rights with respect to Intellectual Property necessary for the Project.

22.22.2 The Borrower shall ensure that the assets and rights referred to in Clause 22.22.1 above are not subject to any leases, restrictions, wayleaves or other rights which may prevent, hinder or delay the implementation of the Project in accordance with the Transaction Documents.

22.22.3 The Borrower shall do all that is required to safeguard and maintain the assets and rights referred to in Clause 22.22.1 above, including complying with all relevant contractual provisions and making all registrations which are necessary for that purpose.

22.22.4 The Borrower shall ensure that the implementation of the Project will not result in the infringement of the rights of any person with regard to the Project Facilities, Intellectual Property or any other asset being used for the Project.

22.23 **Group bank accounts**

22.23.1 Subject to Clause 18 (*Bank accounts*), the Borrower shall ensure all bank accounts of the Borrower and Romextur, other than the Accounts opened with third party banks as at the date of this Agreement, are at all times opened and maintained with an Account Bank and are subject to valid Security under the Transaction Security Documents.

22.23.2 The Borrower shall within 10 days of the date of this Agreement close all bank accounts not necessary for the purposes of the Project.

22.24 **Transmission banking business**

The Borrower shall ensure that all transmission banking business of the Borrower shall be transferred to an Account Bank within 10 days of the date of this Agreement and be maintained with an Account Bank throughout the duration of this Agreement.

22.25 **Hedging**

22.25.1 Neither the Borrower nor Romextur shall enter into any Treasury Transaction, other than a Hedging Agreement made pursuant to this Clause or pursuant to the Original Facilities Agreement.

22.25.2 Within two months of the signing date of the Fifth Amendment Agreement, and in any event not later than 30 June 2016, the Borrower shall enter into and shall thereafter maintain Hedging Agreements in accordance with this Clause 22.25.

- 22.25.3 The aggregate notional amount of the transactions in respect of the Hedging Agreements at any time shall be no less than 75 per cent. of the aggregate amount of the Loans outstanding at that time.
- 22.25.4 Each Hedging Agreement must:
- (a) be with the Hedge Counterparty;
 - (b) be on terms and in a form and substance satisfactory to the Agent (acting reasonably);
 - (c) be concluded within two months of the signing date of the Fifth Amendment Agreement, with a forward start of no later than 30 June 2017;
 - (d) be in the form of an interest rate swap; and
 - (e) have a term expiring on the Final Maturity Date and settlement dates that coincide with the Interest Payment Dates.
- 22.25.5 The rights of the Borrower under the Hedging Agreements shall be assigned to the Finance Parties or otherwise secured in favour of the Finance Parties, in a manner acceptable to the Finance Parties.
- 22.25.6 The parties to each Hedging Agreement must comply with the terms of the Hedging Agreements and, for so long as one or more of the Original Lenders (as at the date of this Agreement) constitute the Majority Lenders, the parties must not, without the consent of the Agent (other than as contemplated by this Clause 22.25) amend or waive the terms or agree to any assignment or transfer of all or any part of any Hedging Agreement.
- 22.25.7 Paragraph 22.25.6 above shall not apply to an amendment, supplement, extension or waiver that is administrative and mechanical in nature and does not give rise to a conflict with any provision of this Agreement.
- 22.25.8 If, at any time, the notional amount of a Hedging Agreement exceeds 75 per cent. of the aggregate amount outstanding of the Loans at the time, the Borrower may reduce the notional amount of that Hedging Agreement so that it no longer exceeds 75 per cent. of the aggregate amount of the Loans then outstanding.
- 22.25.9 Neither the Hedge Counterparty, nor the Borrower may terminate or close-out all or any transactions in respect of any Hedging Agreement except:
- (a) if all the Loans and other amounts outstanding under the Finance Documents (other than under the relevant Hedging Agreement) have been irrevocably discharged in full or any prepayment, termination or cancellation of the Facilities in full occurs;
 - (b) to reduce the notional amount of that Hedging Agreement in accordance with Clause 22.25.8, but only to the extent of that reduction;
 - (c) if an Illegality (as that term is defined in the applicable Hedging Agreement) has occurred; or
 - (d) otherwise with the prior written consent of the Agent, but only for so long as one or more of the Original Lenders (as at the date of this Agreement) constitute the Majority Lenders, and if one or more of the Original Lenders no longer constitute the Majority Lender, then with prior written notice to the Agent, given no later than 5 Business Days prior to such termination.

- 22.25.10 If the Hedge Counterparty is entitled to terminate or close out any transaction in respect of any Hedging Agreement, the Hedge Counterparty shall terminate or close out such transaction following consultation with the Security Agent.
- 22.25.11 The Hedge Counterparty may suspend making payments under a transaction in respect of a Hedging Agreement if the Borrower is in breach of its payment obligations under any transaction in respect of that Hedging Agreement.
- 22.25.12 The Hedge Counterparty consents to, and acknowledges notices of, the charging or assigning by way of security by the Borrower pursuant to the relevant Security Documents of its rights under the Hedging Agreements to which it is party in favour of the Security Agent.
- 22.25.13 Any such charging or assigning by way of security is without prejudice to, and after giving effect to, the operation of any payment, netting or close-out netting in respect of any amounts owing under any Hedging Agreement.
- 22.25.14 No Finance Party shall be liable for the performance of any of the Borrower's obligations under a Hedging Agreement.
- 22.25.15 The obligations owed by the Borrower to the Hedge Counterparty under any Hedge Document may only be secured pursuant to the Transaction Security set out in Schedule 3 (*Conditions Subsequent*) to the Fifth Amendment Agreement, in each case ranking behind any Transaction Security granted in favour of the Security Agent and the Lenders pursuant to the relevant Transaction Security Documents.
- 22.25.16 The Transaction Security granted by the Borrower in favour of the Hedge Counterparty may not at any time benefit from a higher registered rank than the registered rank of the Transaction Security granted by the Borrower in favour of the other Finance Parties to secure the obligations arising under the Finance Documents (other than the Hedge Documents).
- 22.25.17 The Hedge Counterparty hereby agrees with the other Finance Parties to comply with the terms of this Agreement.

22.26 Application of FATCA

No Obligor shall (and the Borrower shall procure that no Obligor shall) become a FATCA FFI or a US Tax Obligor.

22.27 Further assurance and Security interests

- 22.27.1 Subject to applicable law in the Relevant Jurisdiction, each Obligor shall promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Agent or Security Agent may reasonably specify (and in such form as the Agent or Security Agent may reasonably require) in favour of the Agent or Security Agent (or its nominees):
- (a) to register and/or perfect the Security created or intended to be created under or evidenced by the Transaction Security Documents;
 - (b) for the exercise of any rights, powers and remedies of the Security Agent or the Finance Parties provided by or pursuant to the Finance Documents or by law; and/or
 - (c) to facilitate following an enforcement the realisation of the assets which are, or are intended to be, the subject of the Transaction Security.

22.27.2 The Borrower shall (at its own cost, unless otherwise specifically provided in this Agreement) take all such action as is available to it (including making all filings, registrations, re-registrations and updates of registrations) as may be necessary or advisable in accordance with the then applicable market practice for the purpose of the creation, perfection, protection, maintenance or ranking of any Security conferred or intended to be conferred on the Security Agent or the Finance Parties by or pursuant to the Finance Documents.

22.27.3 The Borrower shall (at its own cost) update and reaffirm the Security granted pursuant to the Finance Documents (i) whenever necessary to maintain the Security in the Relevant Jurisdiction and (ii) within fifteen (15) Business Days of the Security Agent's request.

22.28 Maintenance

The Borrower shall ensure that:

22.28.1 the Project Facilities, other than prime commercial areas, are, and continue to be managed by the Manager, in accordance with the Management Agreements, until no earlier than 31 December 2036;

22.28.2 the Project is all times carried out and maintained in accordance with the Project Documents, the Material Authorisations and Good Industry Practice; and

22.28.3 that each Project Facility and any and all buildings, plant, machinery, fixtures and fittings on the Project Facilities are in, and maintained in:

- (a) good and substantial repair and condition and, as appropriate, in good working order; and
- (b) such repair, condition and order as to enable them to be used or let in accordance with all applicable laws and regulations; for this purpose, a law or regulation will be regarded as applicable if it is either:
 - (i) in force; or
 - (ii) it is expected to come into force and a prudent property owner in the same business as the Borrower would ensure that its buildings, plant, machinery, fixtures and fittings were in such condition, repair and order in anticipation of that law or regulation coming into force.

23. EVENTS OF DEFAULT

Subject to Clause 23.18 (*Cure rights*), each of the events or circumstances set out in this Clause 22.27 is an Event of Default (save for Clause 23.19 (*Acceleration*)).

23.1 Non-payment

23.1.1 Any Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place and in the currency in which it is expressed to be payable unless:

- (a) its failure to pay is caused solely by:
 - (i) administrative or technical error which is not its fault; or
 - (ii) a Disruption Event; and
- (b) payment is made within:
 - (i) in respect of an obligation of BEAH or the Guarantor (as sponsor) under the Subordination Agreement or Clause 21.5.2, five Business Days of its due date; and
 - (ii) in any other case, three Business Days of its due date.

23.2 **Major covenants**

- 23.2.1 Any requirement of Clause 21 (*Financial covenants*), Clause 22.8 (*Negative pledge*), Clause 4 (*Conditions Subsequent*) of the Fifth Amendment Agreement or Clause 22.10 (*Disposals*) is not satisfied.
- 23.2.2 No Event of Default under Clause 23.2.1 above in respect of a failure to comply with Clause 21 (*Financial covenants*), if the failure to comply is remedied in accordance with Clause 21.5 (*Cure Rights*).

23.3 **Other obligations**

- 23.3.1 An Obligor does not perform or breaches any obligation under the Finance Documents (other than those referred to in Clause 23.1 (*Non-payment*) and Clause 23.2 (*Major covenants*) above).
- 23.3.2 No Event of Default under Clause 23.3.1 will occur if the failure to perform or breach is, in the opinion of the Agent, capable of remedy and is remedied to the satisfaction of the Agent within 10 Business Days, of the earlier of (a) the Agent giving notice to the relevant Obligor and (b) the relevant Obligor becoming aware of the failure to comply.
- 23.3.3 Any Major Project Party fails to perform or breaches any obligation under the Transaction Documents (other than those referred to in Clause 23.1 (*Non-payment*), Clause 23.2 (*Major covenants*) or Clause 23.3.1 and, in the reasonable opinion of the Agent, such failure to comply or breach it has a Material Adverse Effect.

23.4 **Misrepresentation**

- 23.4.1 Any representation, warranty or statement made or given or deemed to be made or given by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made, unless the event or circumstances giving rise to such representation, warranty or statement being incorrect in any material respect when made or deemed to be made or repeated are:
- (a) in the opinion of the Agent (acting reasonably) capable of remedy so as to render such representation, warranty or statement correct in that respect; and
 - (b) remedied to the satisfaction of the Agent (acting reasonably) within 10 Business Days of the Agent giving notice to the relevant Obligor or, if earlier, the Obligor becoming aware of the relevant representation, warranty or statement being incorrect.
- 23.4.2 Any representation, warranty or statement made or given or deemed to be made or given by a Major Project Party in the Transaction Documents (other than as referred to in Clause 23.4.1 above) and, in the opinion of the Agent, the facts giving rise to the misrepresentation have a Material Adverse Effect.

23.5 **Cross default**

- 23.5.1 Any Financial Indebtedness of any Obligor is not paid when due nor within any originally applicable grace period.
- 23.5.2 Any Financial Indebtedness of any Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

- 23.5.3 Any commitment for any Financial Indebtedness of any Obligor is cancelled or suspended as a result of an event of default (however described).
- 23.5.4 Any creditor of any Obligor becomes entitled to declare any Financial Indebtedness of any Obligor due and payable prior to its specified maturity as a result of an event of default (however described).
- 23.5.5 No Event of Default will occur under this Clause 23.5:
- (a) with respect to an Obligor other than the Guarantor, if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within Clause 23.5.1 to 23.5.4 above is less than €1,000,000 (or its equivalent in any other currency or currencies); and
 - (b) with respect the Guarantor, if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within Clause 23.5.1 to 23.5.4 above is less than EUR 7,000,000 (or its equivalent in any other currency or currencies).

23.6 **Insolvency**

- 23.6.1 An Obligor or the Manager is unable or admits inability to pay its debts as they fall due, or is deemed to or declared to be unable to pay its debts under applicable law, suspends or threatens to suspend making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- 23.6.2 The value of the assets of the Guarantor or BEAH is less than its liabilities (taking into account contingent and prospective liabilities) or the Guarantor is, for the purposes of either Section 257(4) or Section 258 of the Israeli Companies Ordinance (New Version) 1983, insolvent.
- 23.6.3 The value of the current assets of either the Borrower or Romextur is less than its liabilities that are due, certain and liquid (as determined under applicable law) and as a consequence of such shortfall in the value of its current assets, the Borrower or Romextur become obliged to make an application for insolvency proceedings under applicable law.
- 23.6.4 A moratorium or other protection from its creditors is declared or imposed in respect of any indebtedness of any Obligor. For the avoidance of doubt, the ending of a moratorium (or other protection from creditors) will not remedy any Event of Default caused by that moratorium (or other protection from creditors).

23.7 **Insolvency proceedings**

- 23.7.1 Any corporate action, legal proceedings or other procedure or step is taken or, with respect to paragraph (d), becomes capable of being taken, in relation to:
- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor or the Manager, other than a solvent liquidation or reorganisation.
 - (b) a composition, compromise, assignment or arrangement with any creditor of any Obligor;

(c) the appointment of a liquidator (other than, except with respect to an Obligor, in respect of a solvent liquidation or reorganisation), supervisor, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of any Obligor, the Manager or any of the assets; or

(d) enforcement of any Security over any assets of any Obligor,

or any analogous procedure or step is taken in any jurisdiction.

23.7.2 No Event of Default will occur:

(a) under Clause 23.7.1 above, if in the reasonable opinion of the Agent the action, legal step or proceeding, is frivolous or vexatious; or

(b) under paragraph (b) above in respect of the Guarantor, if the aggregate amount subject to composition, compromise, assignment or arrangement is less than EUR 1,000,000 (or its equivalent in any other currency).

23.8 Creditors' process

Any expropriation, attachment, sequestration, distress or execution (including by way of executory attachment or interlocutory attachment) or any analogous process in any jurisdiction affects any asset or assets of the Borrower or Romextur having an aggregate value of €200,000.

23.9 Unlawfulness, invalidity and termination

23.9.1 It is or becomes unlawful for any person to perform any of its obligations under the Finance Documents or any Transaction Security created or expressed to be created or evidenced by the Transaction Security Documents, or any subordination created under the Subordination Agreement is or becomes unlawful.

23.9.2 It is or becomes unlawful for any person to perform any of its material obligations under the Project Documents.

23.9.3 Any obligation or obligations of any party under any Transaction Document are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable.

23.9.4 Any Finance Document ceases to be in full force and effect or any Transaction Security or any subordination created under the Subordination Agreement ceases to be legal, valid, binding, enforceable or effective in accordance with its written terms or is alleged by a party to it (other than a Finance Party) not be effective in accordance with its written terms.

23.9.5 Any Project Document is terminated or becomes capable of being terminated (other than on a consensual basis) and a notice of termination is issued, where such termination has or would be reasonably expected to have a Material Adverse Effect.

23.10 Authorisations

Any Authorisation required under any law or regulation to:

23.10.1 enable it to perform its obligations under the Transaction Documents to which it is a party; and

23.10.2 ensure the legality, validity, enforceability or admissibility in evidence in each Relevant Jurisdiction of any Transaction Document to which it is a party:

(a) is not obtained by the time it is required and a Certified Copy of it not supplied to the Agent; or

(b) is not complied with, is revoked or otherwise ceases to be in full force and effect; or

(c) is not renewed in terms that are at least as favourable as those applying prior to the renewal; or

(d) is varied (other than on a consensual basis).

23.11 Suspension

The operation of the Project is suspended for a continuous period of 10 days except where the suspension does not have, and would not reasonably be expected to have, a Material Adverse Effect.

23.12 Expropriation

The authority or ability of any Obligor to conduct its business is substantially limited or wholly or substantially curtailed by any seizure, compulsory acquisition, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to it or any of its assets, which, in respect of the Guarantor only, would be expected to have a Material Adverse Effect.

23.13 Litigation

Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or, (to the best of the knowledge and belief, having made due and careful enquiry, of the relevant Major Project Party) threatened, in relation to the Major Project Parties, the Transaction Documents or the Project which has or is reasonably likely to have a Material Adverse Effect.

23.14 Repudiation

23.14.1 An Obligor repudiates a Finance Document or evidences an intention to repudiate a Finance Document.

23.14.2 A Major Project Party repudiates a Project Document or evidences an intention to repudiate a Project Document, where such repudiation or intention to repudiate has or would be reasonably expected to have a Material Adverse Effect.

23.15 Material adverse change

Any event or circumstance occurs which the Majority Lenders reasonably believe has or is reasonably likely to have a Material Adverse Effect.

23.16 Change of Business

Either the Borrower or Romextur changes its existing business as at the date of this Agreement.

23.17 Dividends and share redemption

Other than as permitted under any Transaction Document, the Borrower:

23.17.1 declares, makes or pays any Distribution;

23.17.2 repays or distributes any dividend or share premium reserve;

23.17.3 redeems, repurchases, defeases, retires or repays any of its share capital or resolves to do so.

23.18 Cure rights

Any event in respect of a Replaceable Party or a Replaceable Document which would otherwise constitute an Event of Default will not constitute an Event of Default if the Majority Lenders are satisfied that:

23.18.1 the replacement of a Replaceable Party or a Replaceable Document in accordance with this Clause does not have, and is not reasonably likely to have, a Material Adverse Effect;

23.18.2 the Borrower is either:

- (a) using best endeavours to replace the relevant Replaceable Party or Replaceable Document; or
- (b) if the Replaceable Party is the Manager, and the Event of Default would occur under Clause 23.6 (*Insolvency*) or Clause 23.7 (*Insolvency proceedings*):
 - (i) the Manager continues to meet its obligations under each Management Agreement; and
 - (ii) replacement of the Manager is unlawful under insolvency laws applicable in the jurisdiction of incorporation of the Manager; and

23.18.3 in the case of:

- (a) a Replaceable Party other than the Manager, or a Replaceable Document other than a Management Agreement, the Borrower replaces the relevant Replaceable Party or Replaceable Document within 90 days of the occurrence of the relevant event and:
 - (i) on substantially the same terms as the relevant Replaceable Document; and
 - (ii) with a person having legal capacity and technical and financial resources satisfactory to the Majority Lenders (acting reasonably) who has either become a party to each relevant Project Document in place of the relevant Replaceable Party or has entered into a replacement Project Document on substantially the same terms; or
- (b) a Replaceable Party who is the Manager, either paragraph (b) of Clause 23.18.2 applies, or the Borrower demonstrates to the satisfaction of the Majority Lenders that:
 - (i) within 90 days of the occurrence of the relevant event it has agreed material terms (either in the form of memorandum of understanding, head of terms, or other substantially similar agreement) with a manager of hotel facilities of the same type as the Project Facilities, of international recognition and repute and with legal, technical and financial resources satisfactory to the Majority Lenders; and
 - (ii) within 180 days from the occurrence of the relevant event it has entered into a replacement management agreement on substantially the same terms or improved terms as the relevant Management Agreement.

23.19 Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower:

- 23.19.1 cancel the Total Commitments at which time they shall immediately be cancelled;
- 23.19.2 declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents (other than any Hedging Agreement) be immediately due and payable, at which time they shall become immediately due and payable;
- 23.19.3 declare that all or part of the Loans be payable on demand, at which time they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders; and/or
- 23.19.4 exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

24. CHANGES TO THE LENDERS AND HEDGE COUNTERPARTIES

24.1 Assignments and transfers by the Lenders

24.1.1 Subject to this Clause 24, a Lender (the “**Existing Lender**”) may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the **New Lender**), provided that:

- (i) during the Availability Period for Facility C and so long as no Event of Default has occurred and is continuing, the consent of the Borrower (not to be unreasonably withheld) shall be needed for such an assignment or transfer, unless it is an assignment or transfer to an Affiliate of the Existing Lender, or to another bank or financial institution with the same or better credit rating than the credit rating of Raiffeisen Bank International AG as at the date of such transfer or assignment; and
- (ii) following the last of day of the Availability Period for Facility C or the occurrence of an Event of Default which is continuing, the consent of the Borrower shall not be needed for such an assignment or transfer.

24.1.2 Prior to the occurrence of an Event of Default which is continuing, if:

- (a) a Lender assigns or transfers any of its rights or obligations under the Finance Documents; and
- (b) as a result of circumstances existing at the date the assignment or the transfer occurs, an Obligor would be obliged to make a payment to the New Lender under Clause 12 (*Payment Increases and indemnities*),

then the New Lender is only entitled to receive payment under Clause 12 (*Payment Increases and indemnities*) to the same extent as the Existing Lender would have been entitled to such payment if the assignment, transfer or change had not occurred.

24.2 Conditions of assignment or transfer

An assignment will only be effective on:

- () receipt by the Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties and the other Secured Parties as it would have been under if it was an Original Lender; and
- (a) performance by the Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.

A transfer will only be effective if the procedure set out in Clause 24.5 (*Procedure for transfer*) is complied with.

24.2.3 Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

24.3 **Assignment or transfer fee**

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of EUR 5,000.

24.4 **Limitation of responsibility of Existing Lenders**

24.4.1 Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

- (a) the legality, validity, effectiveness, adequacy or enforceability of the Transaction Documents, the Transaction Security or any other documents;
- (b) the financial condition of any Obligor;
- (c) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or
- (d) the accuracy of any statements (whether written or oral) made in or in connection with any Transaction Document or any other document,

and any representations or warranties implied by law are excluded.

24.4.2 Each New Lender confirms to the Existing Lender and the other Finance Parties and the Secured Parties that it:

- (a) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Transaction Document or the Transaction Security; and
- (b) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

24.4.3 Nothing in any Finance Document obliges an Existing Lender to:

- (a) accept a re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 24 or
- (b) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Transaction Documents or otherwise.

24.5 **Procedure for transfer**

24.5.1 Subject to compliance with the provisions of Clause 24.1 (*Assignments and transfers by the Lenders*) and compliance with the conditions set out in Clause 24.2 (*Conditions of assignment or transfer*) a transfer is effected in accordance with Clause 24.5.3 when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

24.5.2 The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “**know your customer**” or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.

24.5.3 On the Transfer Date:

- (a) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another shall be cancelled (being the “**Discharged Rights and Obligations**”);
- (b) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
- (c) the Agent, the Security Agent, the New Lender and the other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and
- (d) the New Lender shall become a Party as a Lender.

24.5.4 To the extent that in such Transfer Certificate the Existing Lender seeks to transfer by novation all or any its rights, benefits and obligations under the Finance Documents, the Parties hereby agree in relation to any Security Documents expressed to be governed by the Romanian law and any Security created under the Finance Documents and securing the rights assigned, transferred, assigned or novated, that the relevant Security under such Security Documents or Finance Document will be preserved and transferred accordingly, without any additional cost for the Obligors, to the New Lender by maintaining the same rights and priority ranking as originally created for the transferring Lender, in accordance with and as allowed by article 1611 of the Romanian Civil Code.

24.6 Procedure for assignment

24.6.1 Subject to compliance with the provisions of Clause 24.1 (*Assignments and transfers by the Lenders*) and compliance with the conditions set out in Clause 24.2 (*Conditions of assignment or transfer*), an assignment may be effected in accordance with clause 24.6.3 below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to 24.6.2 below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.

24.6.2 The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.

24.6.3 On the Transfer Date:

- (a) the Existing Lender will assign absolutely to the New Lender the rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;
- (b) the Existing Lender will be released by each Obligor and the other Finance Parties from the obligations owed by it (the “**Relevant Obligations**”) and expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and
- (c) the New Lender shall become a Party as a “Lender” and will be bound by obligations equivalent to the Relevant Obligations.

24.6.4 Lenders may utilise procedures other than those set out in this clause 24.6 to assign their rights under the Finance Documents, to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders, or the assumption of equivalent obligations by a New Lender **provided that** they comply with the conditions set out in Clause 24.2 (*Conditions of assignment or transfer*) and the provisions of Clause 24.1 (*Assignments and transfers by the Lenders*).

24.7 Establishing Security in favour of New Lender

Upon the assignment or transfer to a New Lender:

24.7.1 each Obligor shall (and each other Finance Party shall), on demand of the Agent and/or Security Agent:

- (a) execute such addenda or equivalent documents relating to the Security Documents as reasonably requested by the Agent and/or Security Agent and take all actions and effect such registrations as may be required in order to complete the valid transfer to the New Lender of any Transaction Security (or the relevant part of any Transaction Security) created by any of the Finance Documents;
- (b) perform all other actions as may be required to establish in favour of the New Lender Transaction Security substantially comparable, and of equal ranking, to that conferred by the Finance Documents; and

24.7.2 if that transfer or assignment is made reasonably following the occurrence of an Event of Default which is continuing, the Borrower shall, on demand of the Agent and/or Security Agent, pay all costs, charges and expenses (including, without limitation, notary, Land Registry fees, Electronic Archive fees and any other registration or filing fees) as may be required in order to give full effect to the transfer or assignment and the provisions of Clause 24.7.1.

24.8 Copy of Transfer Certificate or Assignment Agreement to Obligor

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or Assignment Agreement, send to each Obligor a copy of that Transfer Certificate.

24.9 Security over Lender's rights

In addition to the other rights provided to the Lenders under this Clause 24, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure its obligations including, without limitation:

- 24.9.1 any charge, assignment or other Security to secure obligations to European Investment Bank, Oesterreichische Kontrollbank AG or a federal reserve, or central bank; and
- 24.9.2 if it is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (a) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or
 - (b) require any payments to be made by an Obligor other than or in excess of, or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.
- 24.9.3 The Lenders may include claims arising under or in connection with this Agreement (and the other Finance Documents) as part of a cover pool (*Deckungsstock*) for covered bonds (*fundierte Bankschuldverschreibungen*).
- (a) Once the Lenders act upon this authorisation, the Lenders' claims against the Borrower serve as collateral for the claims of the covered bond investors. In that case all set off rights against the Lenders' claims (including any otherwise applicable set-off rights under section 60 of the general terms and conditions of Raiffeisen Bank International AG) are subject to statutory prohibition in accordance with Section 2 sub-section 2 Austrian Covered Bonds Act (*Gesetz betreffend fundierte Bankschuldverschreibungen* (RGI Nr. 213/1905) as amended).
 - (b) The Borrower and each Obligor hereby waive any right to receive further notification on this matter.

25. RESTRICTION ON DEBT PURCHASE TRANSACTIONS

25.1 Prohibition on Debt Purchase Transactions by the Group

The Guarantor shall not, and shall procure that no Obligor or Affiliate of an Obligor shall, enter into any Debt Purchase Transaction or beneficially own all or any part of the share capital of a company that is a Lender or a party to a Debt Purchase Transaction of the type referred to in paragraphs (b) or (c) of the definition of Debt Purchase Transaction.

25.2 Disenfranchisement on Debt Purchase Transactions entered into by Relevant Affiliates

- 25.2.1 For so long as an Sponsor Affiliate (i) beneficially owns a Commitment or (ii) has entered into a sub participation agreement relating to a Commitment or other agreement or arrangement having a substantially similar economic effect and such agreement or arrangement has not been terminated:
- (a) in ascertaining the Majority Lenders or whether any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents, such Commitment shall be deemed to be zero; and
 - (b) for the purposes of Clause (*Exceptions*), such Sponsor Affiliate or the person with whom it has entered into such sub participation, other agreement or arrangement shall be deemed not to be a Lender (unless in the case of a person not being a Sponsor Affiliate it is a Lender by virtue otherwise than by beneficially owning the relevant Commitment).
- 25.2.2 Each Lender shall, unless such Debt Purchase Transaction is an assignment or transfer, promptly notify the Agent in writing if:
- (a) it knowingly enters into a Debt Purchase Transaction with a Sponsor Affiliate (a “**Notifiable Debt Purchase Transaction**”), specifying the amount of its Commitment which is subject to that Debt Purchase Transaction; and
 - (b) a Notifiable Debt Purchase Transaction to which it is a party is terminated.
- 25.2.3 Each Sponsor Affiliate that is a Lender agrees that:
- (a) in relation to any meeting or conference call to which all the Lenders are invited to attend or participate, it shall not attend or participate in the same if so requested by the Agent or, unless the Agent otherwise agrees, be entitled to receive the agenda or any minutes of the same; and
 - (b) in its capacity as Lender, unless the Agent otherwise agrees, it shall not be entitled to receive any report or other document prepared at the behest of, or on the instructions of, the Agent or one or more of the other Lenders.

26. CHANGES TO THE OBLIGORS

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

27. ROLE OF THE AGENT, THE SECURITY AGENT, THE ACCOUNT BANKS AND THE HEDGE COUNTERPARTIES

27.1 The Agent and the Security Agent

- 27.1.1 Each Lender and Hedge Counterparty:
- (a) appoints the Agent to act as its agent under and in connection with the Finance Documents; and
 - (b) authorises the Agent to perform the duties, obligations and responsibilities and exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.
- 27.1.2 The Security Agent declares that it holds the Secured Property on trust for the Secured Parties on the terms contained in this Agreement.
- 27.1.3 Each of the Finance Parties authorises the Agent and the Security Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Agent and the Security Agent (as applicable) under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

27.2 Enforcement Through Security Agent Only

- 27.2.1 The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the Security Documents except through the Security Agent.
- 27.2.2 For the purposes of taking, maintaining, protecting and/or enforcing the Transaction Security, the Security Agent shall be joint creditor (in Romanian: "*creditor solidar*") in accordance with, inter alia, Article 1.434 (and the following articles) of the Romanian Civil Code, with each other Secured Party in relation to any and all liabilities of the Obligor towards such other Secured Party under the Finance Documents.
- 27.2.3 Without prejudice to the foregoing, no Finance Party shall be joint creditor with any other Finance Party (other than the Security Agent).
- 27.2.4 The Security Agent shall have the power to execute and enforce the Security Documents to which it is a party on behalf of each Finance Party and to execute any other agreement or instrument, give or receive any notice and take any other action in relation to the creation, perfection, maintenance, amendment, supplementation, enforcement and release of the Transaction Security in the name and on behalf of each Finance Party in accordance with Article 1.436 of the Romanian Civil Code.
- 27.2.5 The Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise by the Majority Lenders.

27.3 Instructions

- 27.3.1 Each of the Agent and the Security Agent shall:
- (a) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Agent or Security Agent (as applicable) in accordance with any instructions given to it by:
 - (i) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and
 - (ii) in all other cases, the Majority Lenders; and
 - (b) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph 27.3.1(a) above (or, if this Agreement stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties).
- 27.3.2 Each of the Agent and the Security Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Agent or Security Agent (as applicable) may refrain from acting unless and until it receives any such instructions or clarification that it has requested.
- 27.3.3 Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Agent or Security Agent (as applicable) by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.

27.3.4 Paragraph 27.3.1 above shall not apply:

- (a) where a contrary indication appears in a Finance Document;
- (b) where a Finance Document requires the Agent or the Security Agent to act in a specified manner or to take a specified action;
- (c) in respect of any provision which protects the Agent's or Security Agent's own position in its personal capacity as opposed to its role of Agent or Security Agent for the relevant Finance Parties or Secured Parties (as applicable) including, without limitation, Clauses 27.5 (*No fiduciary duties*) to Clause 27.10 (*Exclusion of liability*), Clauses 27.13 (*Confidentiality*) to Clause 27.21 (*Custodians and nominees*) and Clause 27.24 (*Acceptance of title*) to Clause 27.27 (*Disapplication of Trustee Acts*);
- (d) in respect of the exercise of the Security Agent's discretion to exercise a right, power or authority under any of:
 - (i) Clause 29.1 (*Order of application*);
 - (ii) Clause 29.2 (*Prospective liabilities*); and
 - (iii) Clause 29.5 (*Permitted Deductions*).

27.3.5 If giving effect to instructions given by the Majority Lenders would (in the Agent's or (as applicable) the Security Agent's opinion) have an effect equivalent to an amendment or waiver referred to in Clause 37(*Amendments and waivers*), the Agent or (as applicable) Security Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Agent or Security Agent) whose consent would have been required in respect of that amendment or waiver.

27.3.6 In exercising any discretion to exercise a right, power or authority under the Finance Documents where either:

- (a) it has not received any instructions as to the exercise of that discretion; or
- (b) the exercise of that discretion is subject to Clause 27.3.4(d) above,

the Agent or Security Agent shall do so having regard to the interests of (in the case of the Agent) all the Finance Parties and (in the case of the Security Agent) all the Secured Parties.

27.3.7 The Agent or the Security Agent (as applicable) may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability (together with any applicable VAT) which it may incur in complying with those instructions.

27.3.8 Without prejudice to Clause 27.3.9, in the absence of instructions, each of the Agent and the Security Agent may act (or refrain from acting) as it considers to be in the best interest of (in the case of the Agent) the Finance Parties and (in the case of the Security Agent) the Secured Parties.

27.3.9 Neither the Agent nor the Security Agent is authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph 27.3.9 shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Transaction Security Documents or enforcement of the Transaction Security or Transaction Security Documents.

27.4 Duties of the Agent and Security Agent

- 27.4.1 The duties of the Agent and the Security Agent under the Finance Documents are solely mechanical and administrative in nature.
- 27.4.2 Subject to paragraph 27.4.3 below, each of the Agent and the Security Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent or Security Agent (as applicable) for that Party by any other Party.
- 27.4.3 Without prejudice to Clause 24.8 (*Copy of Transfer Certificate or Assignment Agreement to Obligors*), paragraph 27.4.2 above shall not apply to any Transfer Certificate or any Assignment Agreement.
- 27.4.4 Except where a Finance Document specifically provides otherwise, neither the Agent nor the Security Agent is obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- 27.4.5 If the Agent or the Security Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- 27.4.6 If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent or the Security Agent) under this Agreement, it shall promptly notify the other Finance Parties.
- 27.4.7 The Agent shall provide to the Borrower within ten Business Days of a request by the Borrower (but no more frequently than once during each quarter, a list (which may be in electronic form) setting out the names of the Lenders as at that Business Day, their respective Commitments, the address and fax number (and the department or officer, if any, for whose attention any communication is to be made) of each Lender for any communication to be made or document to be delivered under or in connection with the Finance Documents, the electronic mail address and/or any other information required to enable the sending and receipt of information by electronic mail or other electronic means to and by each Lender to whom any communication under or in connection with the Finance Documents may be made by that means and the account details of each Lender for any payment to be distributed by the Agent to that Lender under the Finance Documents.
- 27.4.8 Each of the Agent and the Security Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

27.5 No Fiduciary Duties

- 27.5.1 Nothing in any Finance Document constitutes:
 - (a) the Agent or the Arranger as a trustee or fiduciary of any other person; or
 - (b) the Security Agent as an agent, trustee or fiduciary of any Obligor.

27.5.2 None of the Agent, the Security Agent or the Arranger shall be bound to account to any other Finance Party or (in the case of the Security Agent) any Secured Party for any sum or the profit element of any sum received by it for its own account.

27.6 **Business with the Group**

The Agent, the Security Agent and the Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any Obligor or Affiliate of an Obligor.

27.7 **Rights and discretions**

27.7.1 Each of the Agent and the Security Agent may:

- (a) rely on any representation, warranty, notice or document believed by it to be genuine, correct and appropriately authorised; and
- (b) assume that:
 - (i) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents; and
 - (ii) unless it has received notice of revocation, that those instructions have not been revoked; and
- (c) rely on a certificate from any person:
 - (i) as to any matter of fact or circumstance which would reasonably be expected to be within the knowledge of that person; or
 - (ii) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph 27.7.1(c)(i) above, may assume the truth and accuracy of that certificate.

27.7.2 Each of the Agent and the Security Agent may assume (unless it has received notice to the contrary in its capacity as agent or security trustee for the Finance Parties or Secured Parties) that:

- (a) no Default has occurred (unless, in the case of the Agent, it has actual knowledge of a Default arising under Clause 23.1 (*Non-payment*));
- (b) no Finance Document has been changed or amended;
- (c) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and
- (d) no Transaction Security has become enforceable; and
- (e) any notice or request made by the Borrower is made on behalf of and with the consent and knowledge of each other Obligor.

27.7.3 Each of the Agent and the Security Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

27.7.4 Without prejudice to the generality of paragraph 27.7.3 above or paragraph 27.7.5 below, each of the Agent and the Security Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Agent or Security Agent (as applicable), (and so separate from any lawyers instructed by the other Finance Parties) if the Agent or Security Agent (as applicable), in its reasonable opinion deems this to be desirable.

- 27.7.5 Each of the Agent and the Security Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent or by the Security Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- 27.7.6 Each of the Agent and the Security Agent, any Receiver and any Delegate may act in relation to the Finance Documents through its through its officers, employees and agents and shall not:
- (a) be liable for any error of judgment made by any such person; or
 - (b) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part, of any such person,
- unless such error or such loss was directly caused by the Agent's or the Security Agent's, Receiver's or Delegate's, as applicable gross negligence or wilful misconduct.
- 27.7.7 Unless a Finance Document expressly provides otherwise each of the Agent and the Security Agent may disclose to any other Party and to any person engaged by it or through whom it acts in accordance with this Clause 27 any information it reasonably believes it has received as agent or security trustee under this Agreement.
- 27.7.8 Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent or the Security Agent is obliged to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- 27.7.9 Notwithstanding any provision of any Finance Document to the contrary, neither the Agent nor the Security Agent is obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

27.8 **Responsibility for documentation**

None of the Agent, the Security Agent, any Receiver nor any Delegate is responsible or liable for:

- 27.8.1 the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Agent, the Security Agent, an Obligor or any other person in or in connection with any Finance Document or Reports or the transactions contemplated in the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- 27.8.2 the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security; or
- 27.8.3 any determination as to whether any information provided or to be provided to any Finance Party or Secured Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

27.9 No duty to monitor

Neither the Agent nor the Security Agent shall be bound to enquire:

- 27.9.1 whether or not any Default has occurred;
- 27.9.2 as to the performance, default or any breach by any Party of its obligations under any Finance Document; or
- 27.9.3 whether any other event specified in any Finance Document has occurred.

27.10 Exclusion of liability

27.10.1 Without limiting Clause 27.10.2 below and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Agent, the Security Agent or any Receiver or Delegate), none of the Agent, the Security Agent nor any Receiver or Delegate will be liable (including, without limitation, for negligence or any other category of liability whatsoever) for:

- (a) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document or the Transaction Security, unless directly caused by its gross negligence, fraud or wilful misconduct;
- (b) exercising or not exercising any right, power, authority or discretion given to it by, or in connection with, any Finance Document, the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document or the Transaction Security;
- (c) any shortfall which arises on the enforcement or realisation of the Transaction Security; or
- (d) without prejudice to the generality of paragraphs (a) to (c) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:
 - (i) any act, event or circumstance not reasonably within its control; or
 - (ii) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

27.10.2 No Party (other than the Agent, the Security Agent, that Receiver or that Delegate (as applicable)) may take any proceedings against any officer, employee or agent of the Agent, the Security Agent, a Receiver or a Delegate, in respect of any claim it might have against the Agent, the Security Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Transaction Document and any officer, employee or agent of the Agent, the Security Agent, that Receiver or that Delegate may rely on this Clause subject to Clause 1.3 (*Third party rights*) and the provisions of the Third Parties Act.

27.10.3 Neither the Agent nor the Security Agent will be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent or the Security Agent (as applicable) if the Agent or Security Agent (as applicable) has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent or the Security Agent (as applicable) for that purpose.

27.10.4 Notwithstanding the provisions of Clause 29 (*Payment Mechanics*), the Agent shall not be liable to any Obligor for the failure, or the consequences of any failure, of any cross-border payment system to effect same-day settlement to an account of any Obligor.

27.10.5 Nothing in this Agreement shall oblige the Agent, the Security Agent to carry out:

- (a) any “know your customer” or other checks in relation to any person; or
- (b) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,

on behalf of any Finance Party and each Finance Party confirms to the Agent and the Security Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Security Agent.

27.10.6 Without prejudice to any provision of any Finance Document excluding or limiting the liability of the Agent, the Security Agent, any Receiver or Delegate, any liability of the Agent, the Security Agent, any Receiver or Delegate arising under or in connection with any Finance Document or the Transaction Security shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Agent, the Security Agent, any Receiver or Delegate or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Agent, the Security Agent, any Receiver or Delegate at any time which increase the amount of that loss. In no event shall the Agent, the Security Agent, any Receiver or Delegate be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Agent, the Security Agent, the Receiver or Delegate has been advised of the possibility of such loss or damages.

27.11 **Lenders’ Indemnity to the Agent and Security Agent**

27.11.1 Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent, the Security Agent and every Receiver and every Delegate, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the Agent’s, Security Agent’s Receiver’s or Delegate’s gross negligence or wilful misconduct) in acting as Agent, Security Agent, Receiver or Delegate under the Finance Documents (unless the relevant Agent, Security Agent, Receiver or Delegate has been reimbursed by an Obligor pursuant to a Finance Document).

27.11.2 Subject to Clause 27.11.3 below, the Borrower shall immediately on demand reimburse any Lender for any payment that Lender makes to the Agent or the Security Agent pursuant to Clause 27.11.1 above.

27.11.3 Paragraph 27.11.2 above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Agent or the Security Agent to an Obligor.

27.12 Resignation of the Agent and the Security Agent

27.12.1 The Agent or the Security Agent may resign by giving 30 days' notice to the other Finance Parties and the Borrower, in which case the Majority Lenders (after consultation with the other Finance Parties and the Borrower) may appoint a successor Agent or Security Agent (as applicable).

27.12.2 If the Majority Lenders have not appointed a successor Agent or Security Agent in accordance with paragraph 27.12.1 above within 20 days after notice of resignation was given, the retiring Agent or Security Agent (as applicable) (after consultation with the other Finance Parties and Borrower) may appoint a successor Agent or Security Agent (as applicable).

27.12.3 If the Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Agent is entitled to appoint a successor Agent under paragraph 27.12.2 above, the Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Agent to become a party to this Agreement as Agent) agree with the proposed successor Agent amendments to this Clause 27 consistent with then current market practice for the appointment and protection of corporate trustees together with any reasonable amendments to the agency fee payable under this Agreement which are consistent with the successor Agent's normal fee rates and those amendments will bind the Parties.

27.12.4 The retiring Agent or Security Agent (as applicable) shall, at the costs of the Borrower make available to the successor Agent or Security Agent (as applicable) such documents and records and provide such assistance as the successor Agent or Security Agent may reasonably request for the purposes of performing its functions as Agent or Security Agent (as applicable) under the Finance Documents. The Borrower shall, within three Business Days of demand, reimburse the retiring Agent or Security Agent (as applicable) for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.

27.12.5 The resignation notice of the Agent or Security Agent (as applicable) shall only take effect upon:

- (a) the appointment of a successor; and
- (b) (in the case of the Security Agent) the transfer of all the Transaction Security to that successor.

27.12.6 Upon the appointment of a successor, the retiring Agent or Security Agent (as applicable) shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under Clause 27.25 (*Winding Up of Trust*) and 27.12.4 above) but shall remain entitled to the benefit of Clause 14.4 (*Indemnity to the Agent*), Clause 14.5 (*Indemnity to the Security Agent*) and this Clause 27 (and any fees for the account of the retiring Agent or Security Agent (as applicable) shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

27.12.7 After consultation with the Borrower, the Majority Lenders may, by giving 30 days' notice to the Agent or Security Agent (as applicable), require it to resign in accordance with paragraph 27.12.1 above. In this event, the Agent or Security Agent (as applicable) shall resign in accordance with paragraph 27.12.1 above but the cost referred to in paragraph 27.12.4 above shall be for the account of the Borrower.

27.12.8 The Agent shall resign in accordance with paragraph 27.12.1 above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph 27.12.2 above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents, either:

- (a) the Agent fails to respond to a request under Clause 12.5.1 (*FATCA Information*) and a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
- (b) the information supplied by the Agent pursuant to Clause 12.5.1 (*FATCA Information*) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
- (c) the Agent notifies the Borrower and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

and (in each case) a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and that Lender, by notice to the Agent, requires it to resign.

27.13 Confidentiality

27.13.1 In acting as agent or trustee for the Finance Parties, the Agent or Security Agent (as applicable) shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

27.13.2 If information is received by another division or department of the Agent or Security Agent, it may be treated as confidential to that division or department and the Agent or Security Agent (as applicable) shall not be deemed to have notice of it.

27.14 Relationship With the Other Finance Parties

27.14.1 The Agent may treat the person shown in its records as Lender or Hedge Counterparty at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office or, as the case may be, Hedge Counterparty:

- (a) entitled to or liable for any payment due under any Finance Document on that day; and
- (b) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,

unless it has received not less than five Business Days' prior notice from that Lender or Hedge Counterparty to the contrary in accordance with the terms of this Agreement.

27.14.2 Any Lender or Hedge Counterparty may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender or Hedge Counterparty under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 33.5 (*Electronic communication*)) electronic mail address and/or any other information required to enable the transmission of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address (or such other information), department and officer by that Lender for the purposes of Clause 33.2 (*Addresses*) and Clause 33.5 (*Electronic communication*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender or Hedge Counterparty.

27.14.3 Each Finance Party shall supply the Security Agent with any information that the Security Agent may reasonably specify as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent.

27.15 **Credit Appraisal by the Lenders and Hedge Counterparties**

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender and Hedge Counterparty confirms to the Agent, the Security Agent and the Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

27.15.1 the financial condition, status and nature of each Obligor;

27.15.2 the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Secured Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Secured Property;

27.15.3 whether that Finance Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Secured Property, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Secured Property;

27.15.4 the adequacy, accuracy or completeness of any due diligence report and any other information provided by the Agent, the Security Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

27.15.5 the right or title of any person in or to, or the value or sufficiency of any part of, the Secured Property, the priority of any of the Transaction Security or the existence of any Security affecting the Secured Property.

27.16 Agents' Management Time

27.16.1 Any amount payable to the Agent or Security Agent under Clause 14.4 (*Indemnity to the Agent*), Clause 14.5 (*Indemnity to the Security Agent*), Clause 16 (*Costs and expenses*) and Clause 27.11 (*Lenders' indemnity to the Agent and Security Agent*) shall include the cost of utilising the management time or other resources of the Agent or Security Agent (as applicable) and will be calculated on the basis of such reasonable daily or hourly rates as the Agent or Security Agent may notify to, and agree in advance with, the Borrower, and is in addition to any fee paid or payable to the Agent or Security Agent under Clause 11 (*Fees*).

27.16.2 Without prejudice to paragraph 27.16.1 above, in the event of:

- (a) a Default;
- (b) the Security Agent being requested by an Obligor or the Majority Lenders to undertake duties which the Security Agent and the Borrower agree to be of an exceptional nature or outside the scope of the normal duties of the Security Agent under the Finance Documents; or
- (c) the Security Agent and the Borrower agreeing that it is otherwise appropriate in the circumstances,

the Borrower shall pay to the Security Agent any additional remuneration that may be agreed between them in advance and in writing or determined pursuant to paragraph 27.16.3 below.

27.16.3 If the Security Agent and the Borrower fail to agree upon the nature of the duties, or upon the additional remuneration referred to in paragraph 27.16.2 above or whether additional remuneration is appropriate in the circumstances, any dispute shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Security Agent and approved by the Company or, failing approval, nominated (on the application of the Security Agent) by the President for the time being of the Law Society of England and Wales (the costs of the nomination and of the investment bank being payable by the Company) and the determination of any investment bank shall be final and binding upon the Parties.

27.17 Deduction from Amounts Payable by the Agent

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

27.18 Reliance and Engagement Letters

Each Finance Party and Secured Party confirms that each of the Agent and the Security Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Agent or the Security Agent) the terms of any reliance letter or engagement letters relating to any reports or letters provided by any Lenders' Advisor, any accountants, auditors or providers of due diligence reports in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

27.19 No Responsibility to Perfect Transaction Security

The Security Agent shall not be liable for any failure to:

- 27.19.1 require the deposit with it of any deed or document certifying, representing or constituting the title of any Obligor to any of the Secured Property;

- 27.19.2 obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Finance Document or the Transaction Security;
- 27.19.3 register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any law or regulation or to give notice to any person of the execution of any Finance Document or of the Transaction Security;
- 27.19.4 take, or to require any Obligor to take, any step to perfect its title to any of the Secured Property or to render the Transaction Security effective or to secure the creation of any ancillary Security under any law or regulation; or
- 27.19.5 require any further assurance in relation to any Security Document.

27.20 Insurance by Security Agent

- 27.20.1 The Security Agent shall not be obliged:
 - (a) to insure any of the Secured Property;
 - (b) to require any other person to maintain any insurance; or
 - (c) to verify any obligation to arrange or maintain insurance contained in any Finance Document,
 and the Security Agent shall not be liable for any damages, costs or losses to any person as a result of the lack of, or inadequacy of, any such insurance.
- 27.20.2 Where the Security Agent is named on any insurance policy as an insured party, it shall not be liable for any damages, costs or losses to any person as a result of its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Majority Lenders request it to do so in writing and the Security Agent fails to do so within fourteen days after receipt of that request.

27.21 Custodians and Nominees

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any asset of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

27.22 Delegation by the Security Agent

- 27.22.1 Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such.
- 27.22.2 That delegation may be made upon any terms and conditions (including the power to sub-delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.
- 27.22.3 No Security Agent, Receiver or Delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of, any such delegate or sub-delegate.

27.23 Additional Security Agents

- 27.23.1 The Security Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it:
- (a) if it considers that appointment to be in the interests of the Secured Parties;
 - (b) for the purposes of conforming to any legal requirement, restriction or condition which the Security Agent deems to be relevant; or
 - (c) for obtaining or enforcing any judgment in any jurisdiction,
- and the Security Agent shall give prior notice to the Borrower and the Finance Parties of that appointment.
- 27.23.2 Any person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the Security Agent under or in connection with the Finance Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.
- 27.23.3 The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

27.24 Acceptance of Title

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any Obligor may have to any of the Secured Property and shall not be liable for, or bound to require any Obligor to remedy, any defect in its right or title.

27.25 Winding up of Trust

If the Security Agent, with the approval of the Agent, determines that:

- 27.25.1 all of the Secured Liabilities and all other obligations secured by the Security Documents have been fully and finally discharged; and
- 27.25.2 no Secured Party is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Obligor pursuant to the Finance Documents,

then:

- (a) the trusts set out in this Agreement shall be wound up and the Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Agent under each of the Security Documents; and
- (b) any Security Agent which has resigned pursuant to Clauses 27.12.1 to 27.12.8 (*Resignation of the Agent and the Security Agent*) above shall release, without recourse or warranty, all of its rights under each Security Document.

27.26 Powers Supplemental to Trustee Acts

The rights, powers, authorities and discretions given to the Security Agent under or in connection with the Finance Documents shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by law or regulation or otherwise.

27.27 **Disapplication of Trustee Acts**

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent permitted by law and regulation, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

27.28 **Role of the Account Banks**

27.28.1 The Account Bank shall not be responsible to the Borrower for the non-payment of any sums owing under the Finance Documents which could be paid out of money standing to the credit of the Accounts, nor shall any of the Agent, the Account Bank, or any other Finance Party be liable for any withdrawal from an Account wrongly made (except for wilful misconduct or gross negligence by the Agent or the Account Bank).

27.28.2 The Account Bank (in its capacity as account bank) is not responsible:

- (a) for the adequacy, the accuracy and/or completeness of any information supplied to it by the Agent or the Borrower given to it in connection with this Agreement, or the transactions contemplated herein;
- (b) for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any instruction received by it from the Agent; and
- (c) for verifying:
 - (i) compliance by the Borrower with this Agreement or the other Finance Documents; or
 - (ii) whether a Default has occurred or is continuing.

27.29 **Undertakings of Hedge Counterparties**

27.29.1 Each Hedge Counterparty undertakes to the other Finance Parties that it will not, other than in accordance with Clause 22.25 (*Hedging*):

- (a) terminate or close out any hedging transaction; or
- (b) assign or transfer any of its rights, obligations or benefits under any Hedging Agreement.

27.29.2 The Hedge Counterparties shall not be entitled to enforce, or take any step towards enforcing any of the Hedging Liabilities, any of the hedging transactions, unless the written instruction of the Security Agent (acting on the instructions of the Majority Lenders) has first been obtained.

27.30 **Rights of Hedge Counterparties**

Upon:

- 27.30.1 any corporate action, legal proceeding or other procedure or step described in paragraph (a) of Clause 23.7 (*Insolvency proceedings*) being initiated; or
- 27.30.2 any of the circumstances described in Clause 23.6 (*Insolvency*) applying,

in relation to the Borrower, the Hedge Counterparty shall be entitled to exercise any right it may otherwise have in respect of the Borrower to:

27.30.3 receive or recover (whether by set-off or otherwise) any payment in respect of any liabilities of the Borrower under any Hedging Agreement, provided that it shall apply such payment in accordance with the provisions of Clause 30 (*Sharing among the Finance Parties*); or

27.30.4 claim and prove in the liquidation of the Borrower for liabilities under any Hedging Agreement owing to it.

27.31 No voting rights

The Hedge Counterparties shall not be entitled to vote on any matter where a decision of the Lenders (or any of them) alone is required, whether before or after the termination or close out of any Hedging Agreement, provided that each Hedge Counterparty shall be entitled to vote on any matter where a decision of all the Finance Parties is expressly required, and that such Hedge Counterparty which is also a Lender will be entitled to vote in a decision of the Lenders, in its capacity as Lender.

27.32 Exercise of powers and discretions by Finance Parties

Where a Finance Party is required, under the terms of this Agreement or any Finance Document, to act reasonably in the exercise of any right, power or discretion (however described), such requirement shall not apply at any time during which an Event of Default has occurred and is continuing.

28. CONDUCT OF BUSINESS BY THE FINANCE PARTIES

No provision of this Agreement will:

28.1.1 interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

28.1.2 oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

28.1.3 oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

29. APPLICATION OF PROCEEDS

29.1 Order of application

Subject to Clause 29.2 (*Prospective liabilities*), all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Finance Document or in connection with the realisation or enforcement of all or any part of the Transaction Security (for the purposes of this Clause 29.1, the "**Recoveries**") shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this Clause 29.1, in the following order:

29.1.1 in discharging any sums owing to the Security Agent, any Receiver or any Delegate;

29.1.2 in payment of all costs and expenses incurred by the Agent or any Secured Party in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of this Agreement; and

29.1.3 in payment to the Agent for application in accordance with Clause 31.5 (*Partial payments*).

29.2 Prospective liabilities

Following acceleration the Security Agent may, in its discretion, hold any amount of the Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) for later application under Clause 29.1 (*Order of application*) in respect of:

29.2.1 any sum to the Security Agent, any Receiver or any Delegate; and

29.2.2 any part of the Secured Liabilities,

that the Security Agent reasonably considers, in each case, might become due or owing at any time in the future.

29.3 Investment of proceeds

Prior to the application of the proceeds of the Recoveries in accordance with Clause 29.1 (*Order of application*) the Security Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the application from time to time of those moneys in the Security Agent's discretion in accordance with the provisions of this Clause 29.3.

29.4 Currency Conversion

29.4.1 For the purpose of, or pending the discharge of, any of the Secured Liabilities the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at a market rate of exchange.

29.4.2 The obligations of any Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

29.5 Permitted Deductions

The Security Agent shall be entitled, in its discretion:

29.5.1 to set aside by way of reserve amounts required to meet, and to make and pay, any deductions and withholdings (on account of taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement; and

29.5.2 to pay all Taxes which may be assessed against it in respect of any of the Secured Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).

29.6 Good Discharge

29.6.1 Any payment to be made in respect of the Secured Liabilities by the Security Agent may be made to the Agent on behalf of the Finance Parties and any payment made in that way shall be a good discharge, to the extent of that payment, by the Security Agent.

29.6.2 The Security Agent is under no obligation to make the payments to the Agent under paragraph 29.6.1 above in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

30. SHARING AMONG THE FINANCE PARTIES

30.1 Payments to Finance Parties

If a Finance Party (a “**Recovering Finance Party**”) receives or recovers any amount from an Obligor other than in accordance with Clause 31 (*Payment mechanics*) (a “**Recovered Amount**”) and applies that amount to a payment due under the Finance Documents then:

- 30.1.1 the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery to the Agent;
- 30.1.2 the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 31 (*Payment mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and
- 30.1.3 the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the “**Sharing Payment**”) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 31.5 (*Partial payments*).

30.2 Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) (the “**Sharing Finance Parties**”) in accordance with Clause 31.5 (*Partial payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

30.3 Recovering Finance Party’s rights

On a distribution by the Agent under Clause 31.2 (*Distributions by Agent*) of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

30.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- 30.4.1 each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the “**Redistributed Amount**”); and
- 30.4.2 as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

30.5 Exceptions

- 30.5.1 This Clause 30 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.
- 30.5.2 A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
 - (a) it notified that other Finance Party of the legal or arbitration proceedings; and
 - (b) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

31. PAYMENT MECHANICS

31.1 Payments to the Agent

- 31.1.1 On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- 31.1.2 Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to Euro, in a principal financial centre in a Participating Member State or Vienna, as specified by the Agent) and with such bank as the Agent, in each case, specifies.

31.2 Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 31.3 (*Distributions to an Obligor*) and Clauses 31.4 (*Clawback and pre-funding*) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London, as specified by that Party).

31.3 Distributions to an Obligor

The Agent may (with the consent of the Obligor or in accordance with Clause 32 (*Set-off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

31.4 Clawback and pre-funding

- 31.4.1 Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- 31.4.2 Unless paragraph 31.4.3 below applies, if the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.
- 31.4.3 If the Agent has notified the Lenders that it is willing to make available amounts for the account of the Borrower before receiving funds from the Lenders then if and to the extent that the Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to the Borrower:
- (a) the Agent shall notify the Borrower of that Lender's identity and the Borrower shall on demand refund it to the Agent; and
 - (b) the Lender by whom those funds should have been made available or, if that Lender fails to do so, the Borrower, shall on demand pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

31.5 Partial payments

- 31.5.1 If the Agent receives or recovers a payment for application against amounts due in respect of any Finance Document that is insufficient to discharge all the amounts then due and payable by the Obligor under the Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:
- (a) **first**, in or towards payment pro rata of any unpaid amount owing to the Agent, the Security Agent, any Receiver or any Delegate under the Finance Documents;
 - (b) **second**, in or towards payment of any accrued interest, fee or commission due but unpaid under the Finance Documents (other than under the Hedging Agreements);
 - (c) **third**, in or towards payment of any principal due but unpaid under this Agreement;
 - (d) **fourth**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents (other than any Hedge Document);
 - (e) **fifth**, in or towards payment of any periodical amounts, or payments representing interest, due to the Hedge Counterparty under any Hedge Document; and
 - (f) **sixth**, in or towards payment of any hedging termination amount due under any Hedging Agreement.
- 31.5.2 The Agent shall, if so directed by all the Lenders, vary the order set out in paragraphs 31.5.1(b) to 31.5.1(f) above. Any such variation may include the re-ordering of obligations set out in any such paragraph.
- 31.5.3 Clauses 31.5.1 and 31.5.1(b) will override any appropriation made by an Obligor.

31.6 No set-off by Obligor

- 31.6.1 All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.
- 31.6.2 Paragraph 31.6.1 above shall not affect the operation of any payment or close-out netting in respect of any amounts owing under any Hedging Agreement.

31.7 Business Days

- 31.7.1 Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same Month (if there is one) or the preceding Business Day (if there is not).
- 31.7.2 During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

31.8 Currency of account

- 31.8.1 Subject to Clauses 31.8.2 to 31.8.5 below, Euro is the currency of account and payment for any sum due from an Obligor under any Finance Document.
- 31.8.2 A repayment of a Loan or Unpaid Sum or part of a Loan or Unpaid Sum shall be made in the currency in which that Loan or Unpaid Sum is denominated on its due date.

- 31.8.3 Each payment of interest shall be made in the currency in which the sum in respect of which that interest was payable was denominated when that interest accrued.
- 31.8.4 Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- 31.8.5 Any amount expressed to be payable in a currency other than Euro shall be paid in that other currency.

31.9 **Change of currency**

- 31.9.1 Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (a) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Borrower); and
 - (b) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).
- 31.9.2 If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

31.10 **Disruption to payment systems etc.**

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Borrower that a Disruption Event has occurred:

- 31.10.1 the Agent may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of a Facility as the Agent may deem necessary in the circumstances;
- 31.10.2 the Agent shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- 31.10.3 the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph 31.10.1 above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- 31.10.4 any such changes agreed upon by the Agent and the Borrower shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 37 (*Amendments and waivers*); and
- 31.10.5 the Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 31.10.
- 31.10.6 the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph 31.10.4 above.

31.11 Application of certain provisions to Hedging Agreements

31.11.1 References in the following Clauses to Finance Documents shall not include any Hedging Agreement, respectively: Clause 12.3 (*Tax indemnity*), Clause 13 (*Increased Costs*), Clause 14 (*Other indemnities*), Clause 15 (*Mitigation by the Lender*), Clause 16 (*Costs and expenses*), Clause 29 (*Payment mechanics*), Clause 34 (*Calculations and certificates*), Clause 35 (*Partial invalidity*), Clause 36 (*Remedies and waivers*), Clause 37 (*Amendments and waivers*) and Clause 38.6.2 (*Counterparts*).

31.11.2 References in Clause 33 (*Notices*) to Finance Documents shall not include Hedging Agreements.

31.11.3 References in Clause 38 (*Confidentiality*) to Finance Parties shall not apply in respect of the Hedging Agreements.

32. SET-OFF

A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

33. NOTICES

33.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

33.2 Addresses

33.2.1 The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (a) in the case of the Obligors, that identified with its name below;
- (b) in the case of each Lender and each Hedge Counterparty, that that identified with its name below or notified in writing to the Agent on or prior to the date on which it becomes a Party; and
- (c) in the case of the Agent and the Security Agent, that identified with its name below,

or any substitute address or fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

33.2.2 The addresses referred to in Clause 33.2.1(a) and 33.2.1(c) are as follows:

(a) **The Borrower:**

Bucuresti Turism S.A.
63-81 Calea Victoriei Street
Sector 1
Bucharest

Attention: Mr Maimon Moshe Cohen

Fax: +40 21 315 46 43

(b) **The Guarantor:**

Elbit Imaging Ltd.

7 Motah-Gur Street

Petah Tikva

Israel

Attention: Mr Doron Moshe, Chief Executive Officer

Fax: +972 36086050

(c) **BEAH:**

BEA Hotels Eastern Europe B.V.

Rietlandpark 125
1019 DT Amsterdam
The Netherlands

Attention: Mr Alon Elmalich

Fax: +31 203449561

(d) **Romextur:**

Romextur S.A.

4 Luterana str.
District 1, Bucharest
Romania

Attention: Mr Maimon Moshe Cohen

Fax: +40 21 315 46 43]

(e) **The Lenders:**

Raiffeisen Bank International AG

Am Stadtpark 9
1030 Vienna
Austria

Attention: Mrs Daniela Oberti-Willeit/Mr Michael Weitersberger

Fax: +43 1 71707 1827

Raiffeisen Bank SA

Sky Tower Building, 246C Calea Floreasca,
Sector 1, Bucharest,
Romania

Attention: Luminita Gheorghe/Simona Panaitescu

E-Mail: luminita-iuliana.gheorghe@raiffeisen.ro

simona.panaitescu@raiffeisen.ro

Fax: +40 21 230 07 00

(f) **The Hedge Counterparty:**

Raiffeisen Bank SA

Sky Tower Building, 246C Calea Floreasca,
Sector 1, Bucharest,
Romania

Attention: Luminita Gheorghe/Simona Panaitescu

E-Mail: luminita-iuliana.gheorghe@raiffeisen.ro

simona.panaitescu@raiffeisen.ro

Fax: +40 21 230 07 00

(g) **The Agent:**

Raiffeisen Bank International AG

Am Stadtpark 9
1030 Vienna
Austria

Attention: Mrs. Daniela Oberti-Willeit/Mr Michael Weitersberger

Fax: +43 1 71707 1827

E-Mail: daniela.oberti-willeit@rbinternational.com

michael.weitersberger@rbinternational.com

repfmo@rbinternational.com

(h) **The Security Agent:**

Raiffeisen Bank International AG

Am Stadtpark 9
1030 Vienna
Austria

Attention: Mrs. Daniela Oberti-Willeit/Mr Michael Weitersberger

Fax: +43 1 71707 1827

E-Mail: daniela.oberti-willeit@rbinternational.com

michael.weitersberger@rbinternational.com

repfmo@rbinternational.com

33.3 **Delivery**

33.3.1 Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(a) if by way of fax, when received in legible form; or

- (b) if by way of letter, when it has been left at the relevant address or, if posted, two Business Days (or, in the case of airmail, five Business Days) after being deposited in the post postage prepaid (or, as the case may be, airmail postage prepaid) in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under Clause 33.2 (*Addresses*), if addressed to that department or officer.

33.3.2 Any communication or document to be made or delivered to the Agent or the Security Agent will be effective only when actually received by the Agent or the Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's or the Security Agent's signature below (or any substitute department or officer as the Agent or Security Agent shall specify for this purpose).

33.3.3 All notices from or to an Obligor shall be sent through the Agent.

33.3.4 Any communication or document made or delivered to the Borrower in accordance with this Clause will be deemed to have been made or delivered to each of the Obligors.

33.3.5 Any communication or document which becomes effective, in accordance with paragraphs 33.3.1 to 33.3.4 above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

33.4 **Notification of address and fax number**

Promptly upon changing its own address or fax number, the Agent shall notify the other Parties.

33.5 **Electronic communication**

33.5.1 Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if those two Parties:

- (a) notify each other in writing of their electronic mail address and/or any other information required to enable the transmission of information by that means; and
- (b) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.

33.5.2 Any such electronic communication as specified in paragraph 33.5.1 above to be made between an Obligor and a Finance Party may only be made in that way to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication. By signing this Agreement each Party agrees that electronic communication is an accepted form of communication.

33.5.3 Any such electronic communication as specified in paragraph 33.5.1 above made between any two Parties will be effective only when actually received (or made available) in readable form and in the case of any electronic communication made by a Party to the Agent or the Security Agent only if it is addressed in such a manner as the Agent or the Security Agent shall specify for this purpose.

33.5.4 Any electronic communication which becomes effective, in accordance with paragraph 33.5.3 above, after 5:00 p.m. in the place in which the Party to whom the relevant communication is sent or made available has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.

33.5.5 Any reference in a Finance Document to a communication being sent or received shall be construed to include that communication being made available in accordance with this clause 33.5.

33.6 English language

33.6.1 Any notice given under or in connection with any Finance Document must be in English.

33.6.2 All other documents provided under or in connection with any Finance Document must be:

- (a) save for Transaction Security Documents as applicable, in English; or
- (b) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

34. CALCULATIONS AND CERTIFICATES

34.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

34.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

34.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days.

35. PARTIAL INVALIDITY

If, at any time, any provision of a Finance Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

36. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Finance Party or Secured Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. No election to affirm any Finance Document on the part of any Finance Party or Secured Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in the Finance Documents are cumulative and not exclusive of any rights or remedies provided by law.

37. AMENDMENTS AND WAIVERS

37.1 Required consents

- 37.1.1 Subject to Clause 37.2 (*All Lender matters*) and Clause 37.3 (*Other exceptions*), any term of the Finance Documents may be amended or waived only with the written consent of the Majority Lenders and the Obligors and any such amendment or waiver will be binding on all Parties.
- 37.1.2 The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 37.
- 37.1.3 Without prejudice to the generality of paragraphs 27.7.3, 27.7.4 and 27.7.5 of clause 27.7 (*Rights and discretions*), the Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.
- 37.1.4 The Guarantor, BEAH and Romextur agree to any amendment or waiver permitted by this Clause 37.1 which is agreed to by the Borrower. This includes any amendment or waiver which would, but for this paragraph 37.1.4 require the consent of all of the Obligors.

37.2 All Lender matters

An amendment, waiver or (in the case of a Transaction Security Document) a consent of, or in relation to, any term of a Finance Document that has the effect of changing or which relates to:

- 37.2.1 the definition of "Majority Lenders" in Clause 1.1(*Definitions*);
- 37.2.2 an extension to the date of payment of any amount under the Finance Documents;
- 37.2.3 a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;
- 37.2.4 a change in currency of payment of any amount under the Finance Documents;
- 37.2.5 an increase in any Commitment or the Total Commitments, an extension of any Availability Period or any requirement that a cancellation of Commitments reduces the Commitments rateably under the Facility;
- 37.2.6 a change to the Borrower, BEAH or the Guarantor;
- 37.2.7 any provision which expressly requires the consent of all the Lenders;
- 37.2.8 Clause 2.2 (*Finance Parties' rights and obligations*), Clause 7.5 (*Mandatory prepayment – disposals*), 7.6 (*Mandatory prepayment – breach of financial covenants*), 7.7 (*Other mandatory prepayment*), Clause 24 (*Changes to the Lenders and Hedge Counterparties*), Clause 30 (*Sharing among the Finance Parties*), this Clause 37.2, Clause 42 (*Governing law*) or Clause 43.1 (*Jurisdiction*);
- 37.2.9 (other than as expressly permitted by the provisions of any Finance Document) the nature or scope of:
 - (a) the guarantee and indemnity set out in Clause 17 (*Guarantee and Indemnity*);
 - (b) the Secured Property; or
 - (c) the manner in which the proceeds of enforcement of the Transaction Security are distributed,

(except in the case of paragraphs (c) and (d) above, insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document);

37.2.10 the release of any guarantee and indemnity granted under Clause 17 (*Guarantee and Indemnity*) or of any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document; or

37.2.11 if the Screen Rate is not available for euro, any amendment or waiver which relates to providing for another benchmark rate to apply in relation to euro in place of that Screen Rate (or which relates to aligning any provision of a Finance Document to the use of that benchmark rate),

shall not be made, or given, without the prior consent of all the Lenders.

37.3 Other exceptions

37.3.1 An amendment or waiver which relates to the rights or obligations of the Agent, the Security Agent, an Account Bank or a relevant bank (each in their capacity as such) may not be effected without the consent of the Agent, the Security Agent, that Account Bank, or that relevant bank, as the case may be.

37.3.2 An amendment or waiver which relates to the rights or obligations of a Hedge Counterparty (in its capacity as such) may not be effected without the consent of that Hedge Counterparty.

38. CONFIDENTIAL INFORMATION

38.1 Confidentiality

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 38.2 (*Disclosure of information*), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

38.2 Disclosure of information

Any Finance Party may disclose any Confidential Information about the Borrower, the Obligors and the Finance Documents which that Finance Party considers appropriate to any:

38.2.1 of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as any Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this Clause 38.2.1 is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

38.2.2 other person:

(a) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents or which succeeds (or which may potentially succeed) it as Agent or Security Agent and, in each case, and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;

(b) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;

- (c) appointed by any Finance Party or by a person to whom paragraph (a) or (b) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under Clause 27.14.1 (*Relationship with the other Finance Parties*));
- (d) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (a) or (b) above;
- (e) to whom, and to the extent that, information is required to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
- (f) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
- (g) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 24.9 (*Security over Lenders' rights*);
- (h) who is a Party, an Affiliate or any related entity of an Obligor; or
- (i) with the consent of the Borrower,

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (i) in relation to paragraphs (a), (b) or (c) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
- (ii) in relation to paragraph (d) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information; and
- (iii) in relation to paragraphs (b)(e) to (b)(g) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;

38.2.3 provider of administration/settlement services in respect of the Finance Documents, rating agency, insurer or insurance broker, or direct or indirect provider of credit protection if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Borrower and the relevant Finance Party, in the case of a rating agency, the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information; and

38.2.4 professional advisers and service providers of it, of its Affiliates or of the persons described under Clause 38.2.2 above who are under a duty of confidentiality to that Finance Party or its Affiliates or the persons described under Clause 38.2.2 above.

38.2.5 The Borrower explicitly:

(a) agrees and accepts that each Finance Party incorporated in Austria electronically processes all data obtained in connection with this Agreement and the other Finance Documents and passes on secrets within the meaning of § 38 para.1 of the Austrian Banking Act (“Bankwesengesetz”) and personal data within the meaning of § 4 no. 1 of the Austrian Data Protection Act of 2000 (“Datenschutzgesetz 2000”); and

(b) releases each Finance Party incorporated in Austria from banking secrecy pursuant to § 38 para. 2 no. 5 of the Austrian Banking Act.

38.2.6 The Guarantor may disclose the Finance Documents to any person to whom, and to the extent that, such information is required to be disclosed by any regulatory authority or by the rules of any stock exchange on which the Guarantor is listed, provided that any pricing information set out in Clause 11 (*Fees*) of this Agreement, or Clause 8 (*Amendment Fees and Costs*) of the Fifth Amendment Agreement shall not be disclosed without the prior written consent of the Agent (acting on the instructions of the Lenders). The Guarantor shall notify the Agent prior to any disclosure and shall provide to the Agent any disclosing report prepared by the Guarantor if requested by the Agent.

38.3 Entire agreement

This Clause 38 constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

38.4 Inside information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

38.5 Notification of disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrower:

38.5.1 of the circumstances of any disclosure of Confidential Information made pursuant to Clause 38.2.2(f) (*Disclosure of information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

38.5.2 upon becoming aware that Confidential Information has been disclosed in breach of this Clause 38 (*Confidentiality*).

38.6 Continuing obligations

The obligations in this Clause 38 are continuing and, in particular, shall survive and remain binding on each of the Finance Parties for a period of 12 months from the earlier of:

- 38.6.1 the date on which all amounts payable by the Obligors under or in connection with the Finance Documents have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and
- 38.6.2 the date on which such Finance Party otherwise ceases to be a Finance Party.

39. CONFIDENTIALITY OF REFERENCE BANK RATES

39.1 Confidentiality and disclosure

- 39.1.1 The Agent undertakes to keep each Reference Bank Rate confidential and not to disclose it to anyone, save to the extent permitted by paragraphs 39.1.2, 39.1.3 and 39.1.4 below.
- 39.1.2 The Agent may disclose any Reference Bank Rate to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Agent and the relevant Lender or reference bank, as the case may be.
- 39.1.3 The Agent may disclose any Reference Bank Rate to:
 - (a) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives if any person to whom that Reference Bank Rate is to be given pursuant to this paragraph 39.1.3(a) is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Reference Bank Rate or is otherwise bound by requirements of confidentiality in relation to it;
 - (b) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Reference Bank Rate is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent, as the case may be, it is not practicable to do so in the circumstances;
 - (c) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom that Reference Bank Rate is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent, as the case may be, it is not practicable to do so in the circumstances; and
 - (d) any person with the consent of the relevant reference bank, as the case may be.

39.1.4 The Agent's obligations in this Clause 39 relating to Reference Bank Rates are without prejudice to its obligations to make notifications under Clause 8.4 (*Notification of rates of interest*) provided that the Agent shall not include the details of any individual Reference Bank Rate as part of any such notification.

39.2 Related obligations

39.2.1 The Agent acknowledges that each Reference Bank Rate is or may be price sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Agent undertakes not to use any Reference Bank Rate for any unlawful purpose.

39.2.2 The Agent agrees (to the extent permitted by law and regulation) to inform the relevant reference bank:

- (a) of the circumstances of any disclosure made pursuant to paragraph 39.1.3(b) of Clause 39.1.1 (*Confidentiality and disclosure*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- (b) upon becoming aware that any information has been disclosed in breach of this Clause 39.

40. CONFIRMATIONS

40.1.1 Each Obligor party to this Agreement confirms to the Agent and the other Finance Parties that:

- (a) it has entered into this Agreement in its own name and not as an agent, representative or trustee of another person;
- (b) it has made its own independent investigation and assessment of this Agreement, the other Finance Documents and the transactions contemplated by such Finance Documents (including, without limitation, by having recourse to independent, external legal, financial or technical advisers, selected at its own discretion);
- (c) its decision to enter into this Agreement, the other Finance Documents and the transactions contemplated by such Finance Documents, was not determined, or influenced by any communication, representation or statement (written or oral) made by a Finance Party (or an Affiliate of such Finance Party, or any of its representatives);
- (d) it is capable of understanding (either by itself or with the assistance of its advisers) and hereby acknowledges the terms and provisions (either internal or external) of this Agreement, the other Finance Documents and the transactions contemplated by such Finance Documents, together with its obligations, liabilities, rights and remedies, arising thereunder, to which it hereby agrees; and
- (e) it has negotiated with the Agent and the other Finance Parties each term and condition of this Agreement and the other Finance Documents.

40.1.2 For purposes of this Clause 40 (*Confirmations*), negotiation of terms and conditions means both:

- (a) the exchange of proposals and suggestions between the Parties and reaching an agreed form of such terms and conditions; and
- (b) the unconditional acceptance by one Party of the terms proposed by the other Party.

40.1.3 This Agreement is entered into pursuant to the Parties' negotiation, and represents the agreement of the Parties regarding all essential and ancillary terms and conditions of this Agreement.

41. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

42. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

43. ENFORCEMENT

43.1 Jurisdiction

43.1.1 The courts of England have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a **Dispute**).

43.1.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

43.1.3 This Clause 43.1 is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions.

43.2 Service of process

43.2.1 Without prejudice to any other mode of service allowed under any relevant law, each Obligor:

- (a) irrevocably appoints TMF Corporate Services Limited of Pellipar House, 1st Floor, 9 Cloak Lane, London EC4R 2RU, United Kingdom as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
- (b) agrees that failure by an agent for service of process to notify the relevant Obligor of the process will not invalidate the proceedings concerned.

43.2.2 If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrower (on behalf of both the Obligors) must immediately (and in any event within five days of such event taking place) to appoint another agent on terms acceptable to the Agent. Failing this, the Agent may appoint another agent for this purpose.

43.2.3 Each Obligor expressly agrees and consents to the provisions of this Clause 43 and of Clause 42 (*Governing Law*).

43.3 Waiver of immunity

Each Obligor irrevocably and unconditionally:

- 43.3.1 agrees not to claim any immunity from proceedings brought by a Secured Party against it in relation to a Finance Document and to ensure that no such claim is made on its behalf;
- 43.3.2 consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and
- 43.3.3 waives all rights of immunity in respect of it or its assets.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

**SCHEDULE 1
THE ORIGINAL PARTIES**

**Part I
The Original Obligor**

Name of Borrower BUCURESTI TURISM S.A.	Registration number and sole registration code J/40/167/1991, 1567802
Name of Guarantor Elbit Imaging Ltd	Registration number (or equivalent, if any) 550241996
Name of Obligor BEA Hotels Eastern Europe B.V. Romextur S.A.	Registration number (or equivalent, if any) 34149675 J40/204/1991 and sole registration code: 1572655

**Part II
The Original Lenders**

Name of Original Lender	Facility A Commitment	Facility B Commitment	Facility C Commitment
RAIFFEISEN BANK INTERNATIONAL AG	€ 47,010,309	€ 5,567,011	€ 7,422,680
RAIFFEISEN BANK S.A.	€ 28,989,691	€ 3,432,989	€ 4,577,320
Total	€ 76,000,000	€ 9,000,000	€ 12,000,000

SCHEDULE 2 MATERIAL AUTHORISATIONS

- 1.1 Certificate of Classification („Certificat de Clasificare”) no. 262/713 dated 21 May 2010 issued by the Ministry of Regional Development and Tourism for Radisson Blu Hotel.
- 1.2 Certificate of Classification (“Certificat de Clasificare”) no. 2143/714 dated 27 January 2016 issued by Ministry of Regional Development and Tourism for Park Inn Hotel.
- 1.3 Certificate of Classification („Certificat de Clasificare”) no. 10284/2279 dated 27 January 2016 issued by the Ministry of Regional Development and Tourism for the Bistro Sharkia, 2-4 Luterana street.
- 1.4 Certificate of Classification („Certificat de Clasificare”) no. 10285/2280 dated 27 January 2016 issued by the Ministry of Regional Development and Tourism for the Sharkia Bar, 2-4 Luterana street.
- 1.5 Authorisation for fire safety (in Romanian „Autorizatie de Securitate de Incendiu”) no. 236708 issued by I.S.U. Bucharest on 30 December 2008 for Radisson Blu, authorisation for fire safety (in Romanian „Autorizatie de Securitate de Incendiu”) no. 321357. issued by I.S.U. Bucharest on 29 February 2012 for Complex Hotelier Bucureşti (D, E, F1, F2, G1, G2, I1, I2 and H1 blocks)- Apart Hotel and parking (basement 1) and authorisation for fire safety (in Romanian „Autorizatie de Securitate de Incendiu”) no. 650/15/SU-B-IF-A. issued by I.S.U. Bucharest on 6 August 2015 for Apart Hotel (Park Inn) (E, F1, F2, G1, G2 blocks).
- 1.6 Environment Authorisation (in Romanian „Autorizatie de Mediu”) no. 96 issued by the Regional Environment Agency Bucharest on 24 February 2014 and revised on 15 January 2016.
- 1.7 Sanitary Veterinary Registration Document (in Romanian „Document de inregistrare sanitara veterinara si pentru siguranta alimentelor pentru unitatile cu vanzare cu amanuntul”) no. 4372 issued by the D.S.V. Bucharest („Directia Sanitara Veterinara si pentru Siguranta Alimentelor Bucuresti”) on 21 August 2008 for 63-81 Calea Victoriei (Radisson Blu).
- 1.8 Sanitary Veterinary Registration Document (in Romanian „Document de inregistrare sanitara veterinara si pentru siguranta alimentelor pentru unitatile cu vanzare cu amanuntul”) no. 2937 issued by the D.S.V. Bucharest („Directia Sanitara Veterinara si pentru Siguranta Alimentelor Bucuresti”) on 11 September 2007 for 2-4 Luterana str. (Bistro).
- 1.9 Authorisation no. D3111 dated 13 January 2015 issued by the Municipality of District 1 for the public food services - N.A.C.E. 5610, 5630 (in Romanian „Autorizatie pentru desfasurarea activitatii de alimentatie publica”) for the Bistro (2-4 Luterana str.), valid until 31 December 2015, as updated in accordance with the requirements of Schedule 3 (*Conditions Subsequent*) of the Fifth Amendment Agreement.
- 1.10 Authorisation no. D3113 dated 13 January 2015 issued by the Municipality of District 1 for the public food services - N.A.C.E. 5610, 5630 (in Romanian „Autorizatie pentru desfasurarea activitatii de alimentatie publica”) for the Radisson Blu, 63-81 Calea Victoriei, valid until 31 December 2015, as updated in accordance with the requirements of Schedule 3 (*Conditions Subsequent*) of the Fifth Amendment Agreement.
- 1.11 The licence for public performance with background use (in Romanian „Autorizatie neexclusiva pentru utilizarea muzicii in scop ambiental si lucrativ”) no. 7159 – Annex 17 dated 8 June 2015 issued by The Union of Phonograms Producers in Romania for Centre Ville ApartHotel and Bistro, valid until 30 June 2016.
- 1.12 The licence for public performance with background use (in Romanian „Autorizatie neexclusiva pentru utilizarea muzicii in scop ambiental si lucrativ”) no. 7159 – Annex 19 dated 8 June 2015 issued by The Union of Phonograms Producers in Romania for Radisson Blu, valid until 30 June 2016.

**SCHEDULE 3
UTILISATION REQUEST**

From: Bucuresti Turism S.A.

To: [Agent]

Dated:

Dear Sirs,

**Bucuresti Turism S.A. – €97,000,000 Facilities Agreement dated [] 2016
(the Facilities Agreement)**

- 1 We refer to the Facilities Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
- 2 We wish to borrow a Loan on the following terms:

Proposed Utilisation Date:	[**]	(or, if that is not a Business Day, the next Business Day)
Amount:	[**]	or, if less, the Available Facility
Interest Period:	[**]	
- 3 We confirm that each condition specified in Clause 4.2 (*Further conditions precedent*) is satisfied on the date of this Utilisation Request.
- 4 The proceeds of this Loan should be credited to [account].
- 5 For Facility A, any amounts to be utilised under this Utilisation Request shall be immediately applied for the purpose specified in Clause 3.1(*Purpose*) to the following bank accounts¹:
 - (a) the account of the Guarantor (as sponsor) at:

Bank:	[**]
Account Number:	[**]
SWIFT:	[**]
Amount:	[**]
 - (b) the account of the Borrower at:

Bank:	[**]
Account Number:	[**]
SWIFT:	[**]
Amount:	[**]
- 6 We certify that, after taking into account all other amounts which are available for application towards the same costs and expenses, the amount set out in this Utilisation Request is required to meet [to complete];
- 7 This Utilisation Request is irrevocable.

Yours faithfully,

authorised signatory for
Bucuresti Turism S.A.

¹ Order of utilisations as per Clause 3 to be observed

**SCHEDULE 4
FORM OF TRANSFER CERTIFICATE**

To: [●] as Agent

From: [The Existing Lender] (the “Existing Lender”) and [The New Lender] (the “New Lender”)

Dated:

**Bucuresti Turism S.A. – €97,000,000 Facilities Agreement dated [] 2016
(the Facilities Agreement)**

1. We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.
2. We refer to Clause 24.5 (*Procedure for transfer*):
 - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation and in accordance with Clauses 24.5 (*Procedure for transfer*) all of the Existing Lender’s rights and obligations under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender’s Commitment and participation in Loans under the Agreement as specified in the Schedule.
 - (b) The proposed Transfer Date is [●].
 - (c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 33.2 (*Addresses*) are set out in the Schedule.
3. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in Clause 24.4 (*Limitation of responsibility of Existing Lenders*).
4. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.
5. This Transfer Certificate [and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

Note: The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender’s interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender’s Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Commitment/Rights and Obligations to be Transferred

[insert relevant details]

[Facility Office address, fax number and attention details for notices and account details for payments,]

[Existing Lender]

[New Lender]

By:

By:

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed as [●]

[Agent]

By:

**SCHEDULE 5
FORM OF ASSIGNMENT AGREEMENT**

To: [●] as Agent and [●] as Borrower, for and on behalf of each Obligor

From: [the *Existing Lender*] (the “**Existing Lender**”) and [the *New Lender*] (the “**New Lender**”)

Dated:

**Bucuresti Turism S.A. – €97,000,000 Facilities Agreement dated [] 2016
(the Facilities Agreement)**

1. We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.
2. We refer to Clauses 24.6 (*Procedure for assignment*):
 - (a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender’s Commitment and participations in Loans under the Agreement as specified in the Schedule.
 - (b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender’s Commitment and participations in Loans under the Agreement specified in the Schedule.
 - (c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.²
3. The proposed Transfer Date is [●].
4. On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender.
5. The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 33.2 (*Addresses*) are set out in the Schedule.
6. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in Clause 24.4 (*Limitation of responsibility of Existing Lenders*).
7. This Assignment Agreement acts as notice to the Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 24.8 (*Copy of Transfer Certificate or Assignment Agreement to Obligors*), to the Borrower (on behalf of each Obligor) of the assignment referred to in this Assignment Agreement.
8. This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.
9. This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
10. This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

² If the Assignment Agreement is used in place of a Transfer Certificate in order to avoid a novation of rights/obligations for reasons relevant to a civil jurisdiction, local law advice should be sought to check the suitability of the Assignment Agreement due to the assumption of obligations contained in paragraph 2(c). This issue should be addressed at primary documentation stage.

THE SCHEDULE

Rights to be Assigned and Obligations to be Released and Undertaken

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Existing Lender]

[New Lender]

By:

By:

This Assignment Agreement is accepted by the Agent and the Transfer Date is confirmed as [●].

Signature of this Assignment Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to herein, which notice the Agent receives on behalf of each Finance Party.

[Agent]

By:

Note: The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in the Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

**SCHEDULE 6
FORM OF COMPLIANCE CERTIFICATE**

To: [●] as Agent

From: [Borrower]

Dated:

Dear Sirs

**Bucuresti Turism S.A. – €97,000,000 Facilities Agreement dated [] 2016
(the Facilities Agreement)**

1. We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We set out below the calculation of the relevant financial covenants and we confirm that as at [set out Calculation Date]:
 - (a) Loan to Value Ratio is [●] per cent., and:
 - (i) the aggregate market value of Project Facilities (determined in accordance with the most recent Valuation of the Property at that time delivered to the Agent pursuant to Clause 16.4 (Valuations)) is EUR [●]; and
 - (ii) the aggregate principal amount of all Loans outstanding on the Calculation Date is EUR [●].
 - (b) Debt Service Cover Ratio
 - (i) Actual Debt Service Cover Ratio for the Calculation Period ending on the Calculation Date is [●] per cent.;
 - (ii) EBITDA for the Calculation Period ending on the Calculation Date is EUR [●];
 - (iii) Debt Service for the Calculation Period ending on the Calculation Dates is EUR [●].
 - (iv) Projected Debt Service Cover Ratio for the Projected Calculation Period starting on the Calculation Date is [●] per cent.;
 - (v) Projected EBITDA for the Projected Calculation Period starting on the Calculation Date is EUR[●]; and
 - (vi) Projected Debt Service for the Projected Calculation Period starting on the Calculation Date is EUR[●].
 - (c) Yield on Debt Ratio
 - (i) Actual Yield on Debt Ratio for the Calculation Period ending on the Calculation Date is [●] per cent.,
 - (ii) Projected Yield on Debt Ratio for the Calculation Period starting on the Projected Calculation Date is [●] per cent., and:
 - (iii) EBITDA is [●];
 - (iv) Debt on the Calculation Date is [●]; and

- (v) Projected EBITDA for the Projected Calculation Period starting on the Calculation Date is EUR[●].
- (d) Excess Cash for the Financial Year ending 31 December [●] is EUR [●], calculated as follows:
 - (i) the aggregate of, in each case for the Financial Year ending 31 December [●]:
 - (aa) EBITDA, being EUR [●];
 - (bb) any other income paid to the Borrower and to which the Agent has previously consented to, being EUR [●]; and
 - (cc) EUR [●], being Disposal Proceeds;
 - minus,
 - (ii) the aggregate of, in each case for the Financial Year ending 31 December [●]:
 - (aa) EUR [●], being actual FF&E costs (in an amount not exceeding the FF&E Reserve, unless otherwise approved by the Agent in writing, and excluding any amounts standing to the credit of the FF&E Reserve Account);
 - (bb) EUR [●], being income Taxes;
 - (cc) EUR [●], being Debt Service;
 - (dd) EUR [●], being actual Capital Expenditure;
 - (ee) EUR [●], being the amount of any loan or credit made available to Romextur in accordance with Clause 22.14.2; and
 - (ff) EUR [●], being amounts prepaid in accordance with Clause 7 (*Prepayment and Cancellation*).

3. [We confirm that no Default is continuing.] *

Signed:

 Director
 of
 [Borrower]

 Director
 of
 [Borrower]

* If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.

**SCHEDULE 7
REPAYMENT SCHEDULE**

Interest Payment Date	Repayment Instalment (€)
30 June 2016	1,293,333.33
30 September 2016	1,293,333.33
31 December 2016	1,293,333.33
31 March 2017	970,000
30 June 2017	970,000
30 September 2017	970,000
31 December 2017	970,000
31 March 2018	1,091,250
30 June 2018	1,091,250
30 September 2018	1,091,250
31 December 2018	1,091,250
31 March 2019	1,151,875
30 June 2019	1,151,875
30 September 2019	1,151,875
31 December 2019	1,151,875
31 March 2020	1,151,875
30 June 2020	1,151,875
30 September 2020	1,151,875
31 December 2020	1,151,875
31 December 2020	Final balloon payment in an amount equal to the balance of the principal of the Loans outstanding on the Final Maturity Date.

SCHEDULE 8 INSURANCE

Appendix 1

Section 1: All risks property damage insurance

Cover:	Group Insurance Programme – All Risks Property Damage and Business Interruption including Machinery Breakdown
Insured:	The Rezidor Hotel Group AB (publ)
Property Insured:	Radisson Blu Hotel Bucharest / ParkInn by Radisson Bucharest Hotel & Residence Bucuresti Turism S.A. Romextur S.A.
Sum Insured:	Building: €100,000,000 Movables: €22,000,000
Commencement Date:	Policy period: 1 October 2015 to 30 October 2016
Geographical Limits:	World-wide: Premises as reported per Insured.
Period:	Policy period: 1 October 2015 to 30 October 2016
Maximum Deductibles:	EUR 11,000 each and every loss, property damage and business interruption combined.
Principal Extensions:	Terrorism cover (limit €50,000,000 per loss, €100,000,000 in the annual aggregate for all Rezidor hotels) Subsidence, landslip, heave (limit €6,000,000) Strike and riot (limit €3,000,000)
Principal Exclusions:	Construction / renovation works, wear, tear, gradual deterioration. Gradual pollution. Radioactivity. War, civil war, revolution, confiscation.

This is a summary, the relevant terms of the insurance policy shall prevail. For further information refer to the evidence of the insurances provided to the Lender.

Appendix 1

Section 2: All risks business interruption insurance

Indemnity:	Business Interruption as a consequence of a Property Damage as insured under Section 1. Same policy as Section 1 above: Group Insurance Programme – All Risks Property Damage and Business Interruption including Machinery Breakdown
Insured:	The Rezidor Hotel Group AB (publ) Property Insured: Radisson Blu Hotel Bucharest / ParkInn by Radisson Bucharest Hotel & Residence / Bucuresti Turism S.A. Romextur S.A.
Period of Insurance:	Policy period: 1 October 2015 to 30 October 2016
Sum Insured:	Business Interruption: €45,000,000 (36 months)
Commencement Date:	Policy period: 1 October 2015 to 30 September 2016
Indemnity Period:	36 months
Maximum Deductible:	€11,000 each and every loss, property damage and business interruption combined.
Principal Extensions:	Utility Extension (limit €5,000,000) Infectious disease, murder and closure (limit €2,000,000, special conditions apply)
Principal Exclusions:	See Section 1

This is a summary, the relevant terms of the insurance policy shall prevail. For further information refer to the evidence of the insurances provided to the Lender.

Appendix 1

Section 3: Third party/public liability insurance

Cover: General (public) and Products Liability

Insured: Group Insurance Programme for The Rezidor Hotel Group AB (publ)

Insured companies: Bucuresti Turism S.A., Romextur S.A., BEA Hotels Eastern Europe (Romania) SRL, BEA Hotels Eastern Europe BV

Commencement Date: Policy period: 1 October 2015 to 1 October 2016

Limit of Indemnity: €35,000,000 any one occurrence for General Liability, and for Products Liability only, in the annual aggregate.

Period of Insurance: Policy period: 1 October 2015 to 1 October 2016

Maximum Deductibles: €5,000 each occurrence

Geographical Limits: Worldwide excluding operations in USA and Canada.

Principal Extensions: Pure Financial Loss ; Property in the insured's care, custody and control

Principal Exclusions: Motor Vehicles, Aircrafts, Watercrafts, Injury to employees, Radioactivity, War, civil war, revolution, riot.

This is a summary, the relevant terms of the insurance policy shall prevail. For further information refer to the evidence of the insurances provided to the Lender.

Appendix 1

Section 4: Other insurances

- 1 Motor vehicle insurance effected or to be effected in the name of the Borrower in accordance with statutory requirements.
- 2 Employer's liability insurance effected or to be effected in the name of the Borrower in accordance with statutory requirements.
- 3 Directors' and officers' liability insurance provided by Allianz Tiriatic Asigurari S.A .in the form disclosed to the Lender, effected or to be effected in the name of the Borrower in accordance with statutory requirements.
- 4 Fidelity and cash theft or loss insurance effected or to be effected in the name of the Borrower in accordance with statutory requirements.

**SCHEDULE 9
TIMETABLES**

Delivery of a duly completed Utilisation
Request (Clause 5.1 (*Delivery of a Utilisation
Request*))

U – 3
9.30 a.m. (Vienna time)

EURIBOR is fixed

Quotation Day as of 11.00 a.m.
Brussels time

“U” = date of utilisation or, if applicable, in the case of a Loan that has already been borrowed, the first day of the relevant Interest Period for that Loan.

“U-X” = X Business Days prior to date of utilisation.

**SCHEDULE 10
FORM OF FORECAST**

01/03/2016

TOTAL BUCURESTI TURISM FORECAST SUMMARY

	[YEAR]*	[YEAR]	[YEAR]	[YEAR]	[YEAR]
Revenue					
Hotel Activities					
Rental Activities					
Total					
Gross Operational Profit					
Hotel Activities					
Rental Activities					
Total					
In %					
Net Operational Profit					
Hotel Activities					
Rental Activities					
Total					
In %					
Over Head Expenses					
EBITDA					
DEBT SERVICE					
DSCR					
YoD In %					
FF&E					
CAPEX- Estimation					
Consultancy fee					
Guarantee fee					

*itemised monthly for the ongoing year

Hotel Performance

PROJECT OPERATION REPORT	[YEAR]*	[YEAR]	[YEAR]	[YEAR]	[YEAR]
EUR	TOTAL EURO	TOTAL EURO	TOTAL EURO	TOTAL EURO	TOTAL EURO
Amount of Rooms					
Available Rooms					
Occupied Rooms					
Occupancy %					
AHR					
REVPAR					
ROOMS REVENUE					
F&D REVENUE					
C&B REVENUE					
OTHER HOTEL REVENUE					
ROOMS					
F & D					
OTHER					
TOTAL DEPT. COSTS					
A & G					
A & S					
H.L.P.					
R & M					
RMA fund					
Management fee					
Cutis C FEE					
TOTAL DEDUCTIONS					
TOTAL OPERATING EXPENSES					
GROSS OPERATING PROFIT					
INCENTIVE FEE					
PROPERTY & MISCELLANEOUS TAXES					
INSURANCE					
CAPEX & FF&E					
FINANCIAL ITEMS NET					

*itemised monthly for the ongoing year

Rental Income/Expenses

Tenants Name	[YEAR]* TOTAL in EUR	[YEAR] TOTAL in EUR	[YEAR] TOTAL in EUR	[YEAR] TOTAL in EUR	[YEAR] TOTAL in EUR
Total Rent	-	-	-	-	-
Utilities income from tenants					
Parking from tenants					
Other Income(outdoor pool etc.)					
Total Rentals Incomes	-	-	-	-	-
Fitness club (Owner share)					
maintenance					
utility expenses					
Romextur Rent and Others					
Other tenant expenses					
Total Rentals Expenses	-	-	-	-	-
Rental Operational Profit	-	-	-	-	-

*Itemised monthly for the ongoing year

Overhead Expenses

	[YEAR]*	[YEAR]	[YEAR]	[YEAR]	[YEAR]
	TOTAL IN EUR	TOTAL IN EUR	TOTAL IN EUR	TOTAL IN EUR	TOTAL IN EUR
Operating Expenses					
Professional Services					
Payroll					
Bank Commisions					
Owner maintenance					
World Class Usage					
TOTAL EXPENSES	-	-	-	-	-
Net Overhead expenses	-	-	-	-	-

*itemised monthly for the ongoing year

Loan Structure

Repayment Date	Principal Repayment	Interest Repayment	Loan	Total Debt Service	Yearly Debt Service
		0.0%	-		
31/03/2016		-	-	-	
30/06/2016		-	-	-	
30/09/2016		-	-	-	
31/12/2016		-	-	-	-
31/03/2017		-	-	-	
30/06/2017		-	-	-	
30/09/2017		-	-	-	
31/12/2017		-	-	-	-
31/03/2018		-	-	-	
30/06/2018		-	-	-	
30/09/2018		-	-	-	
31/12/2018		-	-	-	-
31/03/2019		-	-	-	
30/06/2019		-	-	-	
30/09/2019		-	-	-	
31/12/2019		-	-	-	-
31/03/2020		-	-	-	
30/06/2020		-	-	-	
30/09/2020		-	-	-	
31/12/2020		-	-	-	-

Tranche A

Tranche B

Interest



including hedging (estimation)

	[YEAR]	[YEAR]	[YEAR]	[YEAR]	[YEAR]
EBITDA	-	-	-	-	-
Financial expenses	-	-	-	-	-
Financial income					
management fee					
guarantee fee	-	-	-	-	-
depreciation and amortization					
Total	-	-	-	-	-
tax losses carried forward					
taxable income					
16% income tax					

**SCHEDULE 2
CONDITIONS PRECEDENT**

Part I – Conditions Precedent to the Effective Date

1. OBLIGORS

1.1 A Certified Copy of the up-to-date constitutional documents of:

1.1.1 the Borrower and Romextur, consisting of:

- (a) an original excerpt issued no earlier than 5 days prior to the Effective Date, from the Bucharest Trade Registry, setting out its corporate status and showing its direct shareholding structure; and
- (b) the articles of association (*act constitutiv*);

1.1.2 the Guarantor, consisting of:

- (a) the certificate of incorporation; and
- (b) memorandum (if applicable) and articles of association; and

1.1.3 BEAH and BEA Hotels Finance B.V., consisting of:

- (a) the deed of incorporation, containing the continuous text of the articles of association (*statuten*);
- (b) an extract (*uittreksel*) from the Dutch Commercial Register (*Handelsregister*);
- (c) to the extent required by law, any board regulations (*bestuursreglementen*); and
- (d) to the extent required by law, any assignment of duties (*taakverdeling*),

or, if the Agent has previously received a Certified Copy, a certificate of an authorised signatory of the relevant Obligor or BEA Hotels Finance B.V. confirming that the Certified Copy in the Agent's possession is correct, complete, up-to-date and in full force and effect as at the date of this Fifth Amendment Agreement.

1.2 With respect to the Borrower:

1.2.1 A Certified Copy of a resolution of the board of directors of the Borrower:

- (a) approving the terms of, and the transactions contemplated by, the Additional Finance Documents to which it is a party and resolving that it execute, deliver and perform the Additional Finance Documents to which it is a party;
- (b) authorising a specified person or persons to execute the Additional Finance Documents to which it is a party on its behalf; and
- (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Additional Finance Documents to which it is a party; and

1.2.2 a Certified Copy of the resolutions of the extraordinary shareholder meeting dated 07 January 2016.

- 1.3 With respect to each other Obligor and BEA Hotels Finance B.V., a Certified Copy of a resolution of the appropriate decision making body of each Obligor or of BEA Hotels Finance B.V., party to an Additional Finance Document:
- (a) approving the terms of, and the transactions contemplated by, the Additional Finance Documents to which it is a party and resolving that it execute, deliver and perform the Additional Finance Documents to which it is a party;
 - (b) authorising a specified person or persons to execute the Additional Finance Documents to which it is a party on its behalf;
 - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Additional Finance Documents to which it is a party; and
 - (d) in the case of BEA Hotels Europe B.V. and BEA Hotels Finance B.V., authorising the Borrower to act as its agent in connection with the Finance Documents.
- 1.4 A specimen of the signature of each person authorised by the resolutions referred to in paragraphs 1.2.1 and 1.3 above unless the Agent has already received a specimen of the signature of the relevant person.
- 1.5 A certificate of the Borrower (signed by a director) and the Guarantor (signed by a director and any two of the authorized signatories mentioned in the resolution of the appropriate decision making body of the Guarantor referred in Clause 1.3 above) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments would not cause any borrowing, guarantee, security or similar limit binding on the Borrower or the Guarantor, as applicable, to be exceeded.
- 1.6 A certificate of an authorised signatory of each Obligor certifying that each copy document relating to it specified in this Part 1 of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of this Agreement.
- 1.7 An original certificate issued no earlier than 5 days prior to the Effective Date, from the relevant bulletin for insolvency proceedings (in Romanian: *buletinul procedurilor de insolventa*), confirming that no insolvency proceeding act has been published therein in respect of the Borrower.
- 1.8 An original certificate issued no earlier than 5 days prior to the Effective Date, from the relevant bulletin for insolvency proceedings (in Romanian: *buletinul procedurilor de insolventa*), confirming that no insolvency proceeding act has been published therein in respect of Romextur.

2. FINANCE DOCUMENTS

A copy of each of the following, duly signed and in full force and effect:

- 2.1.1 the Fifth Amendment Agreement;
- 2.1.2 the Subordination Agreement;
- 2.1.3 the Addendum to the Mortgage over Bank Accounts, together with evidence that the Addendum to the Mortgage over Bank Accounts has been duly registered, in a form agreed by the Agent, with the Electronic Archive (such evidence to include, without limitation, a certificate bearing the stamp of an authorized operator of the Electronic Archive attesting registration);
- 2.1.4 each Addendum to a Security Agreement over Accounts, together with evidence that each Addendum to a Security Agreement over Accounts has been duly registered, in a form agreed by the Agent, with the Electronic Archive (such evidence to include, without limitation, a certificate bearing the stamp of an authorized operator of the Electronic Archive attesting registration);
- 2.1.5 each Addendum to a Security Agreement over Receivables and Insurance Policies, together with evidence that each Addendum to a Security Agreement over Receivables and Insurance Policies has been duly registered, in a form agreed by the Agent, with the Electronic Archive (such evidence to include, without limitation, a certificate bearing the stamp of an authorized operator of the Electronic Archive attesting registration);

- 2.1.6 each Addendum to a Security Agreement over Movables, together with evidence that each Addendum to a Security Agreement over Movables has been duly registered, in a form agreed by the Agent, with the Electronic Archive (such evidence to include, without limitation, a certificate bearing the stamp of an authorized operator of the Electronic Archive attesting registration);
- 2.1.7 a notarial duplicate of each original, duly notarised Addendum to a Mortgage Agreement, together with evidence that:
- (i) such Addendum to a Mortgage Agreement has been duly registered with the Land Registry (in the form of decisions of the Land Registry officers attesting the registration of such Addendum to a Mortgage Agreement, in a form acceptable by Agent, and issued excerpts for information purposes); and
 - (ii) all notary and Land Registry fees required for purposes of such registration have been discharged; and
 - (iii) such Addendum to a Mortgage Agreement has been duly registered, in a form agreed by the Security Agent, with the Electronic Archive (in the form of a certificate bearing the stamp of an authorized operator of the Electronic Archive attesting registration).
- 2.1.8 the Addendum to the Shares Security Agreement (Borrower), together with evidence that the Addendum to the Shares Security Agreement (Borrower) has been duly registered, in a form agreed by the Agent, with:
- (a) the Electronic Archive (such evidence to include, without limitation, a certificate bearing the stamp of an authorized operator of the Electronic Archive attesting registration); and
 - (b) the shareholders registry of the Borrower;
- 2.1.9 the Addendum to the Shares Security Agreement (Romextur) , together with evidence that the Addendum to the Shares Security Agreement (Romextur) has been duly registered, in a form agreed by the Agent, with:
- (a) the Electronic Archive (such evidence to include, without limitation, a certificate bearing the stamp of an authorized operator of the Electronic Archive attesting registration); and
 - (b) the shareholders registry of Romextur;
- 2.1.10 the Austrian Account Pledge Agreement, together with evidence of performance of any perfection requirements specified therein; and
- 2.1.11 each notice given jointly by the Borrower and Security Agent to each Account Bank under each Control over Bank Accounts, to inform each Account Bank of the amendments to the Original Facility Agreement and, respectively, to the Mortgage over Bank Accounts.

3. **REPORTS**

- 3.1 The Initial Valuation (as defined in Schedule 1 (*Amended and Restated Facility Agreement*)).

- 3.2 The Original Financial Statements (as defined in Schedule 1 (*Amended and Restated Facility Agreement*)).
- 3.3 An updated Budget, updated in accordance with the provisions of the Original Facilities Agreement to include changes to the Project Facilities.
- 3.4 The first Forecast prepared by the Borrower as required under Clause 20.9.2 of Schedule 1 (*Amended and Restated Facility Agreement*), for the period beginning on 1 January 2016 and ending on 31 December 2021.
- 3.5 A written commitment (together with an agreed form endorsement) issued by Stewart Title addressed to the Security Agent, confirming that the Single Risk Indemnity Policy number RLIP/7200/117961 dated September 21 2011 shall be amended (as agreed in the endorsement) promptly upon receipt by Stewart Title of the restitution claims certificates referred to in Clause 2.1 of Part II (*Conditions Subsequent*) of this Schedule and reflect :
- 3.5.1 the increase in the amount of the insurance to EUR 116,400,000;
- 3.5.2 the insured as the Security Agent (for and on behalf of the Lenders);
- 3.5.3 the insured mortgage to include the Addendum to the Mortgage Agreement entered into with the Borrower; and
- 3.5.4 the clarification of the Defect description set out in the schedule to the Single Risk Indemnity Policy number RLIP/7200/117961 as agreed in the endorsement,
- 3.6 in each case with effect from the date of Addendum to the Mortgage Agreement.
- 3.7 A report by an external advisor acceptable to the Finance Parties analysing the assets and the liabilities of the Borrower, and confirming that following utilisation in full of the Total Commitments (as defined in Schedule 1 (*Amended and Restated Facility Agreement*)) by the Borrower:
- (i) the value of its net assets will not be less than half of the value of its share capital (no negative equity); and
- (ii) the value of the assets of the Borrower will not be less than the value of its due and payable liabilities (as determined under applicable law) (no over-indebtedness)
- 3.8 A confirmation from CMS Cameron McKenna SCA, legal adviser to the Agent that the original Land Book excerpts provided by the Borrower pursuant to Clause 4.5 below evidence that the Borrower, or (as the case may be) Romextur is the sole owner of its Project Facility (and each part of it) free from all Security and other encumbrance, other than:
- 3.8.1 Permitted Security (as defined in the Amendments Schedule); and
- 3.8.2 the registration of any Lease Agreement in force (or expected to be in force) at the Effective Date.
4. **PROJECT DOCUMENTS**
- 4.1 A Compliance Certificate (as defined in the Schedule 1 (*Amended and Restated Facility Agreement*)) setting out the calculation of each covenant set out in Clause 21 (*Financial Covenants*) of the Schedule 1 (*Amended and Restated Facility Agreement*), and showing:
- 4.1.1 the Actual Debt Service Cover Ratio for the Calculation Period ending on the Facility A Utilisation Date is not less than 130%;
- 4.1.2 the Actual Yield on Debt for the Financial Year ending on 31 December 2015 is not less than 11%; and

- 4.1.3 taking into account the Total Facility A Commitments (as defined in the Amended and Restated Facility Agreement) as if drawn in full:
- (a) the Loan to Value Ratio does not exceed 60%;
 - (b) the Projected Debt Service Cover Ratio for the Projected Calculation Period starting on the Facility A Utilisation Date is not less than 130%;
 - (c) the Projected Yield on Debt for the Financial Year ending on 31 December 2016 is not less than 11%.
- 4.2 Evidence that the Construction Completion (as defined in the Original Facilities Agreement) has been achieved, confirming (*inter alia*) that:
- 4.2.1 the Manager has taken over the Park Inn Hotel and Residence; and
 - 4.2.2 the Park Inn Hotel and Residence is opened and fully operational.
- 4.3 A certificate listing the Material Authorisations (and copies of such Material Authorisations) which are required (in accordance with applicable law) to have been obtained as at the date the Effective Date and confirming that they are (or they will be when required in accordance with applicable law) in full force and effect, with the exception of the following:
- 4.3.1 authorisation no. D3111 dated 13 January 2015 issued by the Municipality of District 1 for the public food services - N.A.C.E. 5610, 5630 (in Romanian „Autorizatie pentru desfasurarea activitatii de alimentatie publica”) for the Bistro (2-4 Luterana str.), valid until 31 December 2015; and
 - 4.3.2 authorisation no. D3113 dated 13 January 2015 issued by the Municipality of District 1 for the public food services - N.A.C.E. 5610, 5630 (in Romanian „Autorizatie pentru desfasurarea activitatii de alimentatie publica”) for the Radisson Blu, 63-81 Calea Victoriei, valid until 31 December 2015.
- 4.4 Original Land Book excerpts for each Project Facility, evidencing the Borrower and respectively Romextur as sole owner of each Project Facility (and each part of it) free from all Security and other encumbrance, other than:
- 4.4.1 Permitted Security (as defined in the Amendments Schedule); and
 - 4.4.2 the registration of any Lease Agreement in force (or expected to be in force) at the Effective Date.
- 4.5 Copies of all Lease Agreements in force (or expected to be in force) at the Effective Date, including any addenda thereto, entered into between the Borrower or Romextur with respect to the commercial areas of each Project Facility.
- 4.6 A certified copy of each of the following (in each case as defined in the Amendments Schedule):
- 4.6.1 Elscint Guarantee Fee Agreement, together with a written confirmation from the Guarantor addressed to the Agent, confirming that following payment in full of the guarantee fee required to be paid by the Borrower under Elscint Guarantee Fee Agreement, the Borrower shall have no further obligations or liabilities (whether actual or contingent and whether owed jointly and severally) to the Guarantor arising under the Elscint Guarantee Fee Agreement;
 - 4.6.2 the BUTU Framework Loan Agreement;
 - 4.6.3 the Consultancy Agreement; and
 - 4.6.4 the Guarantee Fee Agreement.

5. **ACCOUNTS**

- 5.1 Confirmation from the Account Bank that the Debt Service Reserve Account has been opened.
- 5.2 A certificate signed by two directors (or, if the Borrower has only one director, then that director):
- 5.2.1 certifying that the Debt Service Reserve Account has been opened and including evidence that an amount of EUR 2,250,000 has been deposited to its credit from the Borrower's own sources; and
- 5.2.2 confirming that there are no other Accounts opened by it or in its name, other than the Accounts, each of which is subject to a first ranking security interest in favour of the Lender, on the terms of the Mortgage over Accounts or the Agreement creating a Security Interest over Accounts.

6. **LEGAL OPINIONS**

- 6.1 A legal opinion in respect of Israeli law issued by Gross, Kleinhendler, Hodak, Halevy, Greenberg & Co. the legal adviser of the Obligor as to Israeli law matters, satisfactory to, addressed to, and capable of being relied upon by, the Lenders having taken advice from S.Horowitz & Co., legal advisers to the Agent as to Israeli law.
- 6.2 A legal opinion in respect of Romanian law of CMS Cameron McKenna S.C.A, legal advisers to the Agent as to Romanian law, satisfactory to the Lenders, and addressed to the Agent.
- 6.3 A legal opinion in respect of English law of CMS Cameron McKenna LLP, legal advisers to the Agent as to English law, satisfactory to the Lenders, and addressed to the Agent.
- 6.4 A legal opinion in respect of Dutch law of CMS Derks Star Busmann, legal advisers to the Agent as to Dutch law, satisfactory to the Lenders, and addressed to the Agent.

7. **OTHER DOCUMENTS AND EVIDENCE**

- 7.1 Evidence satisfactory to the Finance Parties of the ultimate beneficial owner of the Borrower and each other Obligor (tracking back either to individual shareholders controlling the ultimate Holding Company of the relevant Obligor or a stock exchange listing), and all other matters sufficient to discharge the Finance Parties' 'Know Your Customer' requirements, any applicable money laundering regulations or similar identification procedures.
- 7.2 A certificate from the appropriate taxation authority, valid on the Effective Date, confirming that neither the Borrower nor Romextur has any outstanding Taxes due but unpaid.
- 7.3 Evidence satisfactory to the Agent that each Insurance required to be taken out and maintained by the Borrower and Romextur in accordance with Clause 22.20 (*Insurance*) of Schedule 1 (*Amended and Restated Facility Agreement*) has been obtained, is in full force and effect, on risk and all premiums required to paid in respect of such Insurance have been paid.
- 7.4 Evidence of the appointment of TMF Corporate Services Limited of 6 St Andrew Street, 5th floor, London EC4A 3AE as each Obligor's agent for service of process in relation to any proceedings before the English courts in connection with this Fifth Amendment Agreement and each other Additional Finance Document governed by English law.
- 7.5 Evidence that Centre Ville Management & Services S.R.L. has been wound up and de-registered from the Bucharest Trade Registry.

Part II – Conditions Precedent to Utilisation of Facility C

- 1.1 Evidence that the Park Inn Hotel and Residence has been open to the public and operational for not less than 12 months.
- 1.2 The most recent Valuation (as defined in the Amended and Restated Facility Agreement).
- 1.3 A Compliance Certificate (as defined in Amended and Restated Facility Agreement) setting out the calculation of each covenant set out in Clause 21 (*Financial Covenants*) of Amended and Restated Facility Agreement, and showing:
 - 1.3.1 the Actual Debt Service Cover Ratio for the Calculation Period ending on the Facility C Utilisation Date is not less than 135%;
 - 1.3.2 the Actual Yield on Debt as at 30 September 2016, by reference to EBITDA, as determined in the report referred to in paragraph 1.4 below, is not less than 11%; and
 - 1.3.3 taking into account the Total Commitments (as defined in the Amended and Restated Facility Agreement) as if drawn in full:
 - (a) the Loan to Value Ratio does not exceed 60%;
 - (b) the Projected Debt Service Cover Ratio for the Projected Calculation Period starting on the Facility C Utilisation Date is not less than 135%;
 - (c) the Projected Yield on Debt for the Financial Year ending on 31 December 2017 is not less than 11.5%.
- 1.4 A report of the Auditors dated on or about 30 September 2016 and stating that the Borrower's actual EBITDA as at 30 September 2016 is not less than 90% of the Projected EBITDA as set out in the first Forecast delivered to the Agent under Clause 20.9.2 of the Amended and Restated Facility Agreement.
- 1.5 Original Land Book for each Project Facility, evidencing the Borrower and respectively Romextur as sole owner of each Project Facility (and each part of it) free from all Security and other encumbrance, other than:
 - 1.5.1 Permitted Security (as defined in the Amended and Restated Facility Agreement); and
 - 1.5.2 the registration of any Lease Agreement in force (or expected to be in force) at the Effective Date.

**SCHEDULE 3
CONDITIONS SUBSEQUENT**

1. No later than 30 days following the date of this Fifth Amendment Agreement, and in any case prior to any payment by the Borrower under the Consultancy Agreement, the PricewaterhouseCoopers transfer pricing analysis, reflecting that the amount of the annual fee payable to the Guarantor under the Consultancy Agreement complies with the arms' length principles and capable of being relied upon by the Agent.
2. No later than 60 days following the date of this Fifth Amendment Agreement:
- 2.1 each of the following documents, duly signed and in full force and effect:
 - 2.1.1 the Hedging Agreements made with the Hedging Counterparty in accordance with Clause 22.25 (*Hedging*) of the Amended and Restated Facility Agreement;
 - 2.1.2 a confirmation of the Hedge Counterparty to the Agent that it has received each of the following documents and evidence in form and substance satisfactory to it:
 - (a) a notarial duplicate of each original, duly notarised Hedging Real Estate Mortgage bearing an appropriate stamp by a notary, together with evidence that each such Hedging Real Estate Mortgage has been duly registered:
 - (i) with the Land Registry as a real estate mortgage against the Borrower or, as applicable, Romextur, on the Property and assets subject to such Hedging Real Estate Mortgage, ranking behind the real estate mortgage created pursuant to the relevant Mortgage Agreement; and
 - (ii) as a second ranking real estate mortgage with the Electronic Archive; and
 - (b) each Hedging Shares Mortgage, together with evidence that each such Hedging Shares Mortgage has been duly registered with:
 - (i) the Electronic Archive (such evidence to include, without limitation, a certificate bearing the stamp of an authorized operator of the Electronic Archive attesting registration); and
 - (ii) the shareholders registry of the Borrower or Romextur, as applicable; and
 - (c) a legal opinion from CMS Cameron McKenna S.C.A, legal advisers to the Hedge Counterparty as to Romanian law, with respect to the capacity and authority of the Borrower to enter into such Hedging Agreement, addressed to the Hedge Counterparty;
- 2.2 evidence that each of the following Material Authorisations has been renewed:
 - 2.2.1 authorisation no. D3111 dated 13 January 2015 issued by the Municipality of District 1 for the public food services - N.A.C.E. 5610, 5630 (in Romanian „Autorizatie pentru desfasurarea activitatii de alimentatie publica”) for the Bistro (2-4 Luterana str.), valid until 31 December 2015; and
 - 2.2.2 authorisation no. D3113 dated 13 January 2015 issued by the Municipality of District 1 for the public food services - N.A.C.E. 5610, 5630 (in Romanian „Autorizatie pentru desfasurarea activitatii de alimentatie publica”) for the Radisson Blu, 63-81 Calea Victoriei, valid until 31 December 2015; and
- 2.3 evidence that the amendment fees, costs and expenses referred to in Clause 8 (*Amendment Costs*) of this Fifth Amendment Agreement have been paid.

3. No later than 90 days following the Effective Date, each of the following:

3.1 a copy of up-to-date restitution claims certificates for each Project Facility issued by each of the following authorities:

3.1.1 Bucharest Municipality;

3.1.2 Municipality Sector 1;

3.1.3 Bucharest Prefect Office; and

3.1.4 the National Authority for Property Restitution,

together with a report prepared by the Agent's legal advisor under Romanian law identifying any red-flag concerns with respect to the Borrower's ownership title to the Project Facilities, and including any proposed remedies or mitigating factors; and

3.2 to the extent requested by the Agent (acting on the instructions of the Lenders) an amendment to the Single Risk Indemnity Policy number RLIP/7200/117961, to address any red-flag concerns and proposed remedies identified in the report referred to in Clause 3.1.

SIGNATURES

**THE BORROWER
BUCURESTI TURISM S.A.**

Signed as a deed by: /s/
Name:
Capacity: President

Signed as a deed by: _____
Name:
Capacity:

**THE GUARANTOR
ELBIT IMAGING LTD**

Signed as a deed by: /s/ Doron Moshe
Name: Doron Moshe
Capacity: Acting CEO and CFO

Signed as a deed by: /s/ Ron Hadassi
Name: Ron Hadassi
Capacity: Chairman

**BEAH
BEA HOTELS EASTERN EUROPE B.V.**

Signed as a deed by: /s/
Name:
Capacity: Attorney-in-Fact

Signed as a deed by: _____
Name:
Capacity: Attorney-in-Fact

**ROMEXTUR
ROMEXTUR S.A.**

Signed as a deed by: /s/ Moshe Maimon Cohen
Name: Moshe Maimon Cohen
Capacity: Attorney-in-Fact

Signed as a deed by: _____
Name:
Capacity:

THE AGENT
RAIFFEISEN BANK INTERNATIONAL AG

/s/ Maria Tomescu

Name: Maria Tomescu
Capacity: Attorney-in-Fact

/s/ Andrea Alina Turcu

Name: Andrea Alina Turcu
Capacity: Attorney-in-Fact

THE SECURITY AGENT
RAIFFEISEN BANK INTERNATIONAL AG

/s/ Maria Tomescu

Name: Maria Tomescu
Capacity: Attorney-in-Fact

/s/ Andrea Alina Turcu

Name: Andrea Alina Turcu
Capacity: Attorney-in-Fact

THE ORIGINAL LENDERS
RAIFFEISEN BANK INTERNATIONAL AG

/s/ Maria Tomescu

Name: Maria Tomescu
Capacity: Attorney-in-Fact

/s/ Andrea Alina Turcu

Name: Andrea Alina Turcu
Capacity: Attorney-in-Fact

RAIFFEISEN BANK SA

/s/ Cristian Bragos Badea

Name: Cristian Bragos Badea

Capacity: Coordinator

Name:

Capacity:

THE HEDGE COUNTERPARTY

RAIFFEISEN BANK SA

/s/ Cristian Bragos Badea

Name: Cristian Bragos Badea

Capacity: Coordinator

Name:

Capacity:

THE ACCOUNT BANKS

RAIFFEISEN BANK INTERNATIONAL AG

/s/ Maria Tomescu

Name: Maria Tomescu

Capacity: Attorney-in-Fact

/s/ Andrea Alina Turcu

Name: Andrea Alina Turcu

Capacity: Attorney-in-Fact

RAIFFEISEN BANK SA

/s/ Cristian Bragos Badea

Name: Cristian Bragos Badea

Capacity: Coordinator

Name:

Capacity:

INDIA NON JUDICIAL
Government of Karnataka
e-Stamp


सत्यमेव जयते

Certificate No. : IN-KA59887526869615N
Certificate Issued Date : 24-Nov-2015 01:21 PM
Account Reference : SHCIL (FI)/ ka-shcil/ JC ROAD/ KA-BA
Unique Doc. Reference : SUBIN-KAKA-SHCIL68417131710887N
Purchased by : AAYAS TRADE SERVICES PVT LTD
Description of Document : Article 5 Agreement relating to Sale of Immoveable property
Description : SHARE PURCHASE AGREEMENT
Consideration Price (Rs.) : 321,00,00,000
(Three Hundred Twenty One Crore only)
First Party : AAYAS TRADE SERVICES PVT LTD
Second Party : MANTRI DEVELOPERS PVT LTD
Stamp Duty Paid By : AAYAS TRADE SERVICES PVT LTD
Stamp Duty Amount(Rs.) : 300
(Three Hundred only)

Authorized Signatory
for Stock Holding Corporation of India Ltd.

.....Please write or type below this line.....




For Royenco Limited

Statutory Alert:
1. The authenticity of this Stamp Certificate should be verified at www.shcilstamp.com. Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the client of the certificate.
3. In case of any discrepancy please inform the Competent Authority.

SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT ("Agreement")** is entered into on this 2nd day of December, 2015 at Bangalore by and amongst:

AAYAS TRADE SERVICES PRIVATE LIMITED, a company incorporated under the Companies Act, 1956 and having its registered office at New No. 45 (Old No. 76), 2nd Floor, 2nd Main Road, 41st Cross, Jayanagar 8th Block, Bangalore — 560 070 (hereinafter referred to as the "**Company**" which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) of the **FIRST PART**;

AND

ELBIT PLAZA INDIA REAL ESTATE HOLDINGS LIMITED, a company incorporated under the laws of Cyprus and having its registered office at 7 Florinis Street, Greg Tower, PC 1065 Nicosia — Cyprus (hereinafter referred to as the "**Promoter**" which expression shall unless repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) of the **SECOND PART**;

AND

KOYENCO LIMITED, a company incorporated under the laws of Cyprus and having its registered office at 7 Florinis Street, Greg Tower, PC 1065 Nicosia — Cyprus (hereinafter referred to as the "**Other Shareholder**" which expression shall unless repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) of the **THIRD PART**;

AND

MINERVA INFRATECH PRIVATE LIMITED, a company incorporated under the Companies Act, 1956 and having its registered office at 41, Vittal Mallya Road, Bangalore 560 011 (hereinafter referred to as the "**Purchaser**", which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) of the **FOURTH PART**

AND

MANTRI DEVELOPERS PRIVATE LIMITED, a company incorporated under the Companies Act, 1956 and having its registered office at 41, Vittal Mallya Road, Bangalore 560 011 (hereinafter referred to as "**MDPL**", which expression shall, unless repugnant to the context or meaning thereof, be deemed mean and include its successors and permitted assigns) of the **FIFTH PART**.

Each of the above mentioned Persons shall be individually referred to as a "**Party**" and collectively as "**Parties**".

The image shows four circular corporate seals and two handwritten signatures. The seals are for Mantri Developers Private Limited, Minerva Infratech Private Limited, Elbit Plaza India Real Estate Holdings Limited, and Aayas Trade Services Private Limited. The signatures are for Koyenco Limited and an Authorized Signatory.

WHEREAS:

- A. The Company engaged in the business of developing the Property.
- B. The Purchaser is engaged in the business of construction and development of real estate.
- C. As at the date of this Agreement, the issued, subscribed and paid-up equity share capital of the Company is Rs. 1,01,00,000 (Rupees One Crore One Lakh) divided into 10,10,000 (Ten Lakhs Ten Thousand) Equity Shares of Rs. 10 (Rupees Ten each).
- D. The Promoter and the Other Shareholder are the legal and beneficial owners of 10,10,000 (Ten Lakhs Ten Thousand) Equity Shares representing 100% per cent of the issued, subscribed and paid-up equity share capital of the Company. The Promoter holds 54,17,68,780 (Fifty Four Crores Seventeen Lakhs Sixty Eight Thousand Seven Hundred Eighty) CCDs of Rs. 10 (Rupees Ten) each in the Company. The aforesaid Equity Shares, CCDs and any Securities issued to the Promoter prior to the Closing Date are hereinafter collectively referred to as "**Sale Securities**". MDPL holds 10,10,000 (Ten Lakhs Ten Thousand) optionally convertible debentures of Rs. 10 (Rupees Ten) each in the Company.
- E. The Promoter and the Other Shareholder desire to sell the Sale Securities, and the Purchaser has agreed to purchase the Sale Securities. The Parties wish to record in this Agreement the terms and conditions of the sale and purchase of the Sale Securities.

NOW THEREFORE, IN CONSIDERATION OF THE PREMISES, REPRESENTATIONS AND WARRANTIES AND COVENANTS HEREIN SET FORTH, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

- 1.1. "**Act**" shall mean the Companies Act, 1956 (as amended and superseded by the Companies Act, 2013), as notified, amended or re-enacted from time to time;
- 1.2. "**Additional Documents**" shall mean title documents relating to a parcel of land admeasuring approximately 17 acres, which title documents are more particularly described in **Schedule 7**;
- 1.3. "**Additional Mortgage Deed**" shall mean a deed of mortgage to be executed by B. N. Adarsh and MDPL in favour of the Company, in respect of the Additional Mortgaged Property;
- 1.4. "**Additional Mortgaged Property**" shall mean a parcel of non-agricultural land admeasuring approximately 4 acres 10.5 guntas, situated at Ramagondanahalli and Ammani Bellandur Kane Villages, Varthur Hobli, Bangalore, set out in more detail in **Part B to Schedule 6**;
- 1.5. "**Additional Mortgaged Property Documents**" shall mean the title documents relating to the Additional Mortgaged Property, which title documents are more particularly described in **Schedule 8**;

- 1.6. **"Affiliate"** of a Party means a Person which directly or indirectly Controls or, is controlled by, or is under common Control with such Party. In the case of an individual, Affiliate shall include a Relative of such individual;
- 1.7. **"Articles"** shall mean the Articles of Association of the Company;
- 1.8. **"Board"** shall mean the Board of Directors of the Company;
- 1.9. **"CCDs"** shall mean compulsorily convertible debentures of the Company of face value of Rs. 10 (Rupees Ten) each;
- 1.10. **"Control"** or **"Controlled"** with respect to any Person shall mean the beneficial ownership directly or indirectly of more than fifty (50%) per cent of the voting securities of such Person or control over the majority of the composition of the board of directors or the power to direct the management or policies of such Person by contract or otherwise;
- 1.11. **"Closing"** shall mean the transfer of the Sale Securities by the Promoter and the Other Shareholder in favour of the Purchaser and its nominee and the payment of the Purchase Price to the Promoter, all in accordance with Clause 4;
- 1.12. **"Closing Date"** shall mean the date upon which the Closing take place;
- 1.13. **"Encumbrance"** shall mean any mortgage, pledge, equitable interest, prior assignment, hypothecation, right of other Persons, claim, security interest, beneficial interest, title retention agreement, voting trust agreement, interest, option, lien, charge, commitment, restriction or limitation of any nature whatsoever, including restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership;
- 1.14. **"Equity Shares"** shall mean equity shares of Rs. 10 (Rupees Ten) each in the Company;
- 1.15. **"Escrow Agent"** shall mean Dua Associates, Bangalore;
- 1.16. **"Escrow Agreement"** shall mean the escrow agreement of even date, executed by and between the Parties and the Escrow Agent;
- 1.17. **"Existing Agreements"** shall mean: (a) Amended and Restated Share Holders Agreement dated March 13, 2008 amongst the Company, Mantri Developers Private Limited and the Promoter and any other agreement executed thereunder; (b) Amended and Restated Share Subscription and Framework Agreement dated March 13, 2008 amongst the Company, Mantri Developers Private Limited and the Promoter and any other agreement executed thereunder; (c) the Framework Agreement dated July 22, 2010 amongst the Mantri Developers Private Limited, Minerva Infra Tech Private Limited, the Promoter and the Company and any other agreement executed thereunder; and (d) all other agreements and contracts executed amongst the Promoter, the Company and Mantri Developers Private Limited in relation to the Promoter's investment into the Company;

Four circular corporate seals are displayed, each with a signature across it. The seals are for Mantri Developers Private Limited, Minerva Infra Tech Private Limited, Koyenco Limited, and Advia Trade Services Private Limited. Below the seals is a signature block with the text "For Koyenco Limited" and "Authorised Signatory".

- 1.18. "JDA" shall mean the joint development agreement dated March 26, 2008 executed amongst the Company, MDPL and Walden Properties Private Limited, in respect of the Property, and shall include the accompanying power of attorney;
- 1.19. "Long Stop Date" shall mean (a) September 30, 2016, where the Title Perfection Event has occurred on or before January 31, 2016, or (b) January 31, 2016, where the Title Perfection Event has not occurred on or before January 31, 2016;
- 1.20. "Losses" shall mean any and all losses, liabilities, obligations, claims, demands, actions, suits, judgments, awards, fines, penalties, taxes, fees, settlements and proceedings, costs, expenses, royalties, deficiencies, damages (whether or not resulting from third party claims), charges, costs (including costs of investigation, remediation or other response actions), interests, out-of-pocket expenses, reasonable attorneys' and accountants' fees and disbursements;
- 1.21. "Mortgaged Property" shall mean Mortgaged Property 1 and Mortgaged Property 2, collectively;
- 1.22. "Mortgage Deed 1" shall mean the registered deed of mortgage of even date executed, *inter alia*, by B. N. Adarsh and MDPL in favour of the Company, in respect of the Mortgaged Property 1;
- 1.23. "Mortgaged Property 1" shall mean a parcel of non-agricultural land admeasuring approximately 3 acres 39.5 guntas, situated at Ramagondanahalli and Ammani Bellandur Kane Villages, Varthur Hobli, Bangalore, set out in more detail in **Part A to Schedule 6**;
- 1.24. "Mortgage Deed 2" shall mean the registered deed of mortgage of even date executed, *inter alia*, by Kirthana Developers LLP and MDPL in favour of the Company, in respect of the Mortgaged Property 2;
- 1.25. "Mortgaged Property 2" shall mean a parcel of non-agricultural land admeasuring approximately 31 guntas, situated at Varthur Village, Varthur Hobli, Bangalore, set out in more detail in **Part C to Schedule 6**;
- 1.26. "PDC" shall mean a post-dated cheque bearing number 854522 dated January 31, 2016, drawn on Punjab National Bank, Commercial Street Branch, for an amount of Rs. 25,00,00,000 (Rupees Twenty-Five Crores) issued by MDPL in favour of the Company, towards part refund of the refundable deposit paid by the Company to MDPL, to be placed in escrow and to be released in accordance with the terms of the Escrow Agreement;;
- 1.27. "Person" shall mean an individual or a partnership, company, trust., association or other entity;
- 1.28. "Property" shall mean the total area of land admeasuring approximately 54 (fifty four) acres, set out in more detail in **Schedule 1**;
- 1.29. "Purchaser Directors" shall have the meaning given to it in Clause 4.3.8(c);

- 1.30. **"Purchase Price"** shall mean the purchase price payable by the Purchaser to the Promoter and the Other Shareholder for purchase of Sale Securities as set forth in Clause 3.1;
- 1.31. **"RoC"** shall mean Registrar of Companies;
- 1.32. **"Relative"** shall have the meaning given to it in the Act;
- 1.33. **"Representations and Warranties"** shall mean the representation and warranties contained in Clause 7.1, Clause 7.2, Clause 7.4 and **Schedule 2**;
- 1.34. **"Sale Securities"** shall have the meaning given to it in Recital D;
- 1.35. **"Title Perfection Event"** shall mean either of (a) perfection of the Company's title to the Additional Mortgaged Property on or before January 31, 2016 by registration of the duly stamped and executed Additional Mortgage Deed and deposit of the Additional Mortgaged Property Documents with the Escrow Agent, or (b) an unconditional bank guarantee from a nationalised or a private bank for an amount of Rs. 25,00,00,000 (Rupees Twenty Five Crores) (issued by MDPL and or its Affiliates in favour of the Company and valid till October 05, 2016) being deposited with the Escrow Agent on or before January 31, 2016; and
- 1.36. **"Valuer"** shall mean an independent chartered accountant appointed by the Purchaser or the Promoter; and
- 1.37. **"Varthur Property"** shall mean a parcel of non-agricultural land admeasuring approximately 4 acres 4.5 guntas, situated at Varthur Village, Varthur Hobli, Bangalore, set out in more detail in **Schedule 9**.

2. SALE AND PURCHASE OF SALE SECURITIES

- 2.1. Subject to the terms and conditions contained herein, the Promoter and the Other Shareholder shall (as legal and beneficial owner of the Sale Securities) on the Closing Date, sell, transfer and convey to the Purchaser and its nominee all of their rights, title and interests in and to the Sale Securities, free from all Encumbrances. The Purchaser and its nominee shall, relying on the Representations and Warranties provided by the Promoter in this Agreement, purchase the Sale Securities at the Purchase Price, on the Closing Date.
- 2.2. As on the date of this Agreement, the Parties have obtained a certificate from the Valuer, stating that the fair market value of the Sale Securities is higher than the Purchase Price.

3. PURCHASE PRICE

- 3.1. The Purchaser shall, and MDPL shall cause the Purchaser and its nominee to, pay to the Promoter and the Other Shareholder, for the sale and purchase of the Sale Securities, an aggregate purchase price of Rs. 321,00,00,000 (Rupees Three Hundred and Twenty-One Crores only), subject to any reduction to be strictly made to the extent of any amounts paid by the Company to the Promoter under Clause 4.3.3 (**"Purchase Price"**). The Purchaser acknowledges that the Sale Securities are being offered at the Purchase Price on the understanding that the Purchaser will complete the purchase of the Sale Securities on or before the Long Stop Date, irrespective of whether the adjustments contemplated under Clause 4.3.3 are made. Where any approvals are required for the Purchaser to achieve Closing, the same will be obtained on or before the Long Stop Date at the cost of the Purchaser or MDPL.



3.2. The amount and description of the Sale Securities to be transferred by the Promoter and the Other Shareholder to the Purchaser and its nominee on the Closing Date is set out in **Schedule 3**.

4. CLOSING

4.1. Closing shall occur within 7 (seven) days of receipt by the Promoter of a written notification from the Purchaser regarding the proposed date of remittance of Purchase Price, and in any event on or before the Long Stop Date. The Purchaser shall obtain an in-principle confirmation from its designated authorised dealer prior to Closing, acknowledging that Closing can be achieved in the manner set out in Clause 4.3, prior to the issue of the notice mentioned in this Clause 4.1.

4.2. The Closing shall take place at Bangalore.

4.3. On the Closing Date, the Parties shall complete the below mentioned activities. The actions to take place under this Clause 4.3 are interdependent and must take place, as nearly as possible, simultaneously.

4.3.1. Deposit and Trade Payables

The Purchaser shall at its option make a deposit of Rs. 6,49,18,033 (Six Crores Forty-Nine Lakhs Eighteen Thousand Thirty Three) and such other amounts existing as trade payables in the books of the Company as on the Closing Date in to the designated bank account of the Company towards payment of outstanding interest on CCDs and trade payables in accordance with Clause 4.3.3.

4.3.2. Payment of Purchase Price

The Purchaser shall pay the Purchase Price, through its authorized dealer to the designated bank accounts of the Promoter and the Other Shareholder. The bank accounts details of the Promoter are set forth in **Schedule 4** to this Agreement. The Promoter shall provide the bank account details of the Other Shareholder prior to the issue of the notice contemplated in Clause 4.1. A copy of the SWIFT instructions issued by the Purchaser's authorized dealer shall be provided to the Promoter.

4.3.3. Payment of Outstanding Interest on CCDs and Trade Payables

In the event the Purchaser makes a deposit as outlined in Clause 4.3.1 above, the Company shall pay **(i)** outstanding interest of an amount equal to Rs. 6,49,18,033 (Six Crores Forty-Nine Lakhs Eighteen Thousand Thirty-Three) to the designated bank account of the Promoter, and **(ii)** the trade payables outstanding on the Closing Date to the respective creditors of the Company. The Company acknowledges that it has already withheld and deposited the appropriate taxes in relation to the payment of the outstanding interest, and the Company undertakes that it will transfer the entire amount of interest set out above to the Promoter's bank account without withholding any further amounts. If the Purchaser or its Affiliates pay the Purchase Price in full to the Promoter and the Other Shareholder directly, the Promoter, the Other Shareholders and their Affiliates will be deemed to have released the Purchaser, MDPI, and their Affiliates from all claims, actions and liabilities relating to payment of the amounts referred to in this Clause 4.3.3 (outstanding interest on CCDs and trade payables).

4.3.4. Delivery of documents including resolutions of the Board and shareholders

The Promoter, the Other Shareholder and/or the Company, as applicable, shall deliver the following documents to the Purchaser at Closing:

- A fresh certificate from the Valuer, dated not more than 7 (seven) days prior to the Closing Date, valuing the Sale Securities of the Company as per any internationally accepted pricing methodology for valuation of shares on an arm's length basis, and stating that the value of the Sale Securities is higher than the Purchase Price, in accordance with applicable foreign exchange rules;
- Certified true copies of the resolutions passed by the Boards of the Promoter, the Other Shareholder and the Company approving the execution of this Agreement and the other transaction documents and the transfer of the Sale Securities to the Purchaser, and;
- Letters of resignation from Oren Kolton, Roy Linden, Yitshak Elias, Sharath Gowda and Sathish Kumar or such other individuals who are directors of the Company on the Closing Date, each resigning from the directorship of the Company effective from the Closing Date.

The Purchaser and MDPL shall deliver certified true copies of the resolutions passed by their respective board of directors approving the execution of this Agreement and the other transaction documents and the transfer of the Sale Securities to the Purchaser.

4.3.5. Release of title deeds to the Property

- If Closing occurs prior to December 31, 2015, the Promoter shall provide a letter addressed to Cyril Amarchand Mangaldas to immediately release all documents, including original title documents, relating to the Property to MDPL, irrespective of whether the same is required pursuant to the custody agreement dated September 12, 2008 executed by the Company, MDPL and Amarchand & Mangaldas & Suresh A. Shroff & Co (whose successor firm is Cyril Amarchand Mangaldas).
- If Closing occurs on or after December 31, 2015, but in any event before the Long Stop Date, the Promoter shall cause the Company to hand over the original title documents received from Cyril Amarchand Mangaldas to MDPL.



4.3.6 Original share certificate representing Sale Securities and transfer forms

The Promoter and the Other Shareholder shall cause the delivery of the original certificates representing the Sale Securities to the Purchaser and the nominee of the Purchaser in the manner contemplated in the Escrow Agreement.

The Purchaser shall cause the delivery of the duly stamped original share transfer forms in the manner contemplated in the Escrow Agreement, and the Promoter and the Other Shareholder shall execute such share transfer forms in favour of the Purchaser and its nominee.

4.3.7 Form FC-TRS

- a) The Promoter shall provide the Purchaser with Form FC-TRS duly signed by the Promoter and Other Shareholder along with all relevant annexure and documents to be attached thereto, in the manner contemplated in the Escrow Agreement, including but not limited to the following:
 - i) Consent letters duly signed by the Promoter and Other Shareholder;
 - ii) Certificate from the Valuer indicating fair value of the Sale Securities of the Company;
 - iii) Certificate from the Valuer stating the computation of capital loss in relation to the Purchase Price; and
 - iv) Any other document that the authorised dealer may request.
- b) The Purchaser and its nominee shall provide to the Promoter, in the manner contemplated in the Escrow Agreement, the following documents required in relation to the form FC-TRS: (i) an undertaking regarding their eligibility to purchase the Sale Securities; (ii) consent letters duly signed by the Purchaser and its nominee, and (iii) Form 15CA and Form 15CB.
- c) Following the receipt of the documents set forth above and the payment of the Purchase Price, on the Closing Date, the Purchaser shall submit the duly filled Form FC-TRS along with all relevant documents and annexure to be attached thereto to the authorised dealer category-I bank remitting the Purchase Price, on behalf of the Purchaser and its nominee, and obtain an endorsement from the authorised dealer category-I bank stating that the payment of the Purchase Price, has been made in accordance with the applicable laws. A copy of the endorsed Form FC-TRS bearing the acknowledgement of the authorised dealer Category-I bank will be provided to the Promoter,

4.3.8 Upon the earlier of:

- (i) receipt of a confirmation from the Promoter that the Purchase Price has been received by the Promoter in its bank account, or



- (ii) the expiry of a period of 48 (forty-eight) hours after the Purchase Price is remitted by the Purchaser, and receipt (by the Company from the Purchaser) of a copy of the Form MT-103, a copy of the Form MT-999 and a confirmation from the Purchaser's Bank that the Purchase Price has been debited from the Purchaser's account, the Promoter shall cause a meeting of the Board of the Company to be called (provided that the endorsed Form FC-TRS has been received from the Purchaser's authorized dealer) at which the following business will be conducted and necessary actions will be taken:
 - a) Approve the registration of transfer of Sale Securities to the Purchaser;
 - b) Resolve to make the necessary entries in the Register of Members and Register of Debentures to enter the names of the Purchaser and/or their nominees as the registered owners of the Sale Securities;
 - c) two (2) nominees of the Purchaser ("**Purchaser Directors**") shall be appointed on the Board in accordance with this Ageement and the Definitive Documents. The name of the Purchaser Directors will be entered in the Register of Directors.
 - d) Accept the resignation of Oren Kolton, Roy Linden, Yitshak Elias, Sharath Gowda and Satish Kumar or such other individuals who are directors of the Company on the Closing Date, from the Board.
 - e) Approve shifting of the registered office of the Company to 41, Vittal Mallya Road, Bangalore.

4.3.9. The Purchaser Directors shall cause the Board to pass necessary resolutions authorizing any Purchaser Director(s) or the company secretary to make all necessary filings, including but not limited to filings with the RoC, as may be required to give effect to the transactions contemplated herein. The Purchaser will provide the Promoter with copies of the signed forms filed with the RoC along with payment challans in relation to such filings

4.3.10. The Company shall and the Promoter shall procure that the Company or the Escrow Agent, as the case may be, delivers to the Purchaser the original statutory registers and certified true copies of the following documents:

- a) e-Form D1R-11 of the Companies (Appointment & Qualification) Rules, 2014 along with copy of Challan in respect of resignation of Oren Kolton, Roy Linden, Yitshak Elias, Sharath Gowda and Satish Kumar or such other individuals who are directors of the Company on the Closing Date from the Board; and
- c) Adequately signed, stamped original certificates representing the Sale Securities with the name of the Purchaser endorsed therein.

4.4 The Parties agree that all the actions detailed in Clauses 4.3.1 to 4.3.10 will have to be completed to achieve Closing.

5. ADDITIONAL UNDERSTANDING

5.1. The Parties agree that if the Closing has not been achieved on or before December 31, 2015, all documents, including the title deeds, in relation to the Property will be released to the Company on January 01, 2016 by Cyril Amarchand Mangaldas, pursuant to the custody agreement dated September 12, 2008 executed by the Company, MDPL and Amarchand & Mangaldas & Suresh A. Shroff & Co. The Purchaser and MDPL agree and undertake that they will not obstruct the release of such documents by Cyril Amarchand Mangaldas to the Company, including by seeking any injunction against such release.

- 5.2. MDPL agrees and acknowledges that the PDC have been provided by MDPL to the Company towards part refund of the refundable deposit paid by the Company to MDPL.
- 5.3. The Parties agree that if the Title Perfection Event has not occurred on or before January 31, 2016, the Company shall be entitled to deposit the PDC in its bank account, towards refund of a part of the refundable deposit paid by the Company to MDPL. The Escrow Agent will release the Title Deeds to the Varthur Property to MDPL, upon the earlier of (a) a confirmation being received from the Company that the PDC has been deposited by the Company and the monies have been received in the Company's bank account, and (b) the lapse of a period of 72 (seventy two) hours from the release of the PDC, provided that at the end of such 72 (seventy two) hours, MDPL has provided a copy of its bank statement, certified by its director and the bank, to the Escrow Agent, showing that an amount of Rs. 25,00,00,000 (Rupees Twenty Five Crores) has been debited from its bank account in favour of the Company.
- 5.4. The Promoter and the Company agree and undertake that they will not create any third party rights, including by way of sale or mortgage, in relation to the Property till the Long Stop Date.
- 5.5. The Parties further agree that if the Closing has not been achieved on or before the Long Stop Date:
- the Company shall enforce its rights under the Mortgage Deed 1, the Mortgage Deed 2 and the Additional Mortgage Deed (if applicable) and no Party will have any claim against any other Party with respect to such enforcement,
 - MDPL shall do all such acts as may be necessary to ensure that the Company enjoys its right, title and interest in the Property, the Mortgaged Property and the Additional Mortgaged Property (if applicable), free from all Encumbrances, by executing requisite documents, and stamping and registering the same, at no additional cost or liability to Aayas other than the cost of stamp duty and registration fees;
 - the Company shall redeem the 10,10,000 (Ten Lakh Ten Thousand) optionally convertible debentures issued by the Company to MDPL;
 - the Company shall be deemed to have refunded the debenture application monies of Rs. 1,50,00,000 (Rupees One Crores Fifty Lakhs) paid to the Company by MDPL (along with any statutory interest payable thereon pursuant to the Act); and
 - the Company shall enforce the unconditional bank guarantee provided by MDPL and/or its Affiliates pursuant to the Title Perfection Event, if applicable.

The obligation of the Company to pay the amounts pursuant to Sub-Clause 5.5(c) and Sub-Clause 5.5(d), and the amounts received by the Company pursuant to Sub-Clause 5.5(e), shall be set off against the refundable deposit received by MDPL from the Company.

The image shows four circular corporate seals and two handwritten signatures. The seals are for Mantri Development Ltd., Mineria Infra Tech Pvt Ltd., and Poyas Trade Services Pvt Ltd. The signatures are for Koyenco Limited and an Authorized Signatory.

The actions set out in Sub-Clause 5.5(a), Sub-Clause 5.5(b), Sub-Clause 5.5(c), Sub-Clause 5.5(d) and Sub Clause 5.5(e) are collectively referred to as **"Separation"**. The Parties agree that the requisite documents for Separation shall include specifically a sale deed for the sale of MDPL's 10% (ten percent) undivided interest in the Property (including the MDPL's rights to receive the built up area in accordance with the JDA) in favour of the Company, to be stamped and registered at the cost of the Company. Where MDPL's 10% (ten percent) undivided interest in the Property (including MDPL's rights to receive the built up area in accordance with the JDA) is not conveyed in the manner contemplated above, time being of the essence, MDPL will be in default of this Agreement and the Company and the Promoter shall be entitled to enforce their rights against MDPL in the manner contemplated under this Agreement.

- 5.6. MDPL hereby waives any and all claims, right, title or interest that it (or its Affiliates, including the Purchaser) may have in relation to the Property, the Mortgaged Property and/or the Additional Mortgaged Property (if applicable), upon the completion of the Separation and shall ensure that the Promoter and the Company can develop and sell the Property, the Mortgaged Property and the Additional Mortgaged Property without any interference by MDPL or anyone claiming under MDPL or without being required to provide any share in the development to MDPL. Upon the completion of Separation in the manner contemplated above, none of the Parties shall have any claims against any of the other Parties in respect of any rights or obligations arising under the Existing Agreements. Further, MDPL hereby waives any and all claims it may have against the Company and the Promoter in relation to the amounts referred to in Sub-Clause 5.5(c) and Sub-Clause 5.5(d) above.
- 5.7. The Parties agree that where the Separation does not take place in full within 30 (thirty) days from the Long Stop Date, the Parties shall be entitled to exercise any remedy available to them under applicable law and/or contract, including enforcement of their rights under the Existing Agreements. The Company and the Promoter will also have the option to seek Separation in the manner set out in Clause 5.5 above, by obtaining a sale deed for the sale of MDPL's 10% (ten percent) undivided interest in the Property (along with MDPL's rights to receive the built up area in accordance with the JDA) in favour of the Company. The Company and the Promoter agree that where they seek an enforcement of their rights against MDPL and/or the Purchaser, under this Agreement, their claims against MDPL and/or the Purchaser shall be either (a) an amount equal the Purchase Price, along with interest thereon at the rate of 11% (eleven percent) per annum compounded annually calculated from the Long Stop Date till the date of actual and full payment of all amounts under this Agreement including any attorney's cost incurred by the Company and the Promoter in enforcing their rights under this Agreement, or (b) the Company enjoying all rights, title and peaceful possession of (i) the Property (along with MDPL's 10% (ten percent) undivided interest in the Property (including MDPL's rights to receive the built up area in accordance with the JDA) being transferred in favour of the Company), (ii) the Mortgaged Property and (iii) the Additional Mortgaged Property, or an amount equal to PDC, as applicable.
- 5.8. Upon the earlier of (a) the Closing Date, (b) the completion of Separation in the manner contemplated in Clause 5.5 above, or (c) the enforcement of the Promoter's rights in the manner contemplated in Clause 5.7 above, the Promoter shall:
 - (1) issue a letter addressed to Tatva Legal directing the immediate release of the Additional Documents, held by Tatva Legal pursuant to the letter dated January 12, 2010 issued jointly by Elbit India Real Estate Private Limited and MDPL, and the letter dated January 7, 2011 issued by Tatva Legal, to MDPL; and
 - (2) hand over or cause the handover of the Title Deeds to the Varthur Property to MDPL, if not released pursuant to Clause 5.3.

6. PURCHASER'S CONSENT RIGHTS

The Parties agree that, from the date of execution of this Agreement until the earlier of the Closing Date and the Long Stop Date, the Company shall not, and the Promoter shall ensure that the Company does not, take any of the following actions without the prior written consent of the Purchaser:

- a) any act of commission or omission which would have a material adverse effect on the Company or its business;
- b) issue, acquisition, conveyance, redemption, split, reclassification, combining or conversion of any Securities or raising or lowering of the share capital of the Company to any party other than the Promoter;
- c) Dispose or agree to dispose of (whether by way of sale, lease, license, transfer or otherwise) or create or extend or agree to create or extend any Encumbrance on any of its assets;
- d) distribution of any profits (including but not limited to dividends) or other assets;
- e) lending of money, to or investing or making capital contributions in any third party;
- f) incur and pay any operating expenses in cumulative excess of Rs. 5,00,000 (Rupees Five Lakhs) in any month;
- g) incur any capital expenditure;
- h) waiving, discharging, settling or transferring of any claim or right of a material value, or initiating any litigation or other proceeding;
- i) amendment of the memorandum of association or the Articles of the Company;
- j) change in the accounting principles;
- k) change in the business of the Company;
- l) authorization for the voluntary or involuntary liquidation, dissolution or winding up of the Company;
- m) modification or termination of any material contract to which the Company is a Party;
- n) entering into any new borrowing arrangements;

Four circular blue ink stamps are visible, each containing a signature. The stamps are for MANTRI DEVELOPERS LTD., MINERVA INFRA TECH PVT. LTD., and two others. Below the stamps is a signature for Koyenco Limited, with the text "For Koyenco Limited" and "Authorised Signatory" below it.

- o) initiate, enter into, or terminate or making changes in any contracts or transactions or incur any material liabilities, without the prior written approval of the Purchaser or altering any contracts entered into with clients or third parties;
- p) Any transfer (including creating any Encumbrance) of the Promoter's or Other Shareholders shareholding in the Company;
- q) Enter into any arrangements, contracts or agreements with Related Parties;
- r) Give or enter into any guarantee or security unless the same is required to be given to a statutory authority under applicable law;
- s) to delegate any authority or powers of the Board to any individual or committee;
- t) create or repay any liabilities; and
- u) any commitment or agreement to do any of the foregoing.

7. REPRESENTATIONS AND WARRANTIES OF THE COMPANY, THE PROMOTER, THE PURCHASER AND MDPL

7.1. The Company and the Promoter, jointly and severally, represent and warrant to MDPL and the Purchaser that:

- a) Since the date of incorporation of the Company, the Company:
 - i) except for development activity under the JDA, has not engaged in any business activity;
 - ii) has not incurred any secured debt;
 - iii) has duly filed with all appropriate governmental entities, all returns, information required to be filed by the Company;
- b) There are no security interests, charges, liens or other Encumbrance (excluding litigation) created on the Company's rights in the JDA or the Property. The JDA is valid and subsisting and MDPL has absolute rights to 10% undivided interest under the JDA;
- c) As of the date of this Agreement, the Company has not engaged any person as an employee or independent contractor, except Minerva Infratech Private Limited;
- d) The audited accounts of the Company for the period ending March 31, 2015 annexed to this Agreement as **Schedule 2** are true and correct, and present fairly the financial condition and results of operations of the Company as of the dates and for the periods indicated therein.
- e) The Company has no liabilities, except for those reflected in or shown in the audited accounts for the period ending March 31, 2015

- f) As on the date of this Agreement, the outstanding interest accrued but not due on the CCDs is Rs. 6,49,18,033 (Six Crores Forty-Nine Lakhs Eighteen Thousand Thirty Three).
- g) The execution, delivery and performance of this Agreement does not and will not conflict with, or result in a breach of, or constitute a default under any instrument to which the Company is a party or to which it is bound.
- h) Each of the Representations and Warranties contained in this Clause 6.1 are true, correct and complete, on and as of the date of this Agreement and the Closing Date, other than the representations contained in Clause 7.1(d), which by its very nature may not be true at Closing. The Company and the Promoter confirm that there will be no additional liabilities at Closing which are in excess of those set out in the audited accounts for the period ending March 31, 2015.

7.2. Representations and Warranties relating to the Promoter:

- a) The Promoter has the legal right and full power to enter into and perform this Agreement and any other documents to be executed by it pursuant to or in connection with this Agreement.
- b) There is no action, suit, proceeding, claim, arbitration or investigation pending against the Promoter, or there is no action, suit, proceeding, claim, arbitration or investigation which the Promoter intends to initiate in connection with its involvement with the Company, subject to the transaction contemplated in this Agreement being completed in the manner contemplated herein.
- c) The execution, delivery and performance of this Agreement does not and will not conflict with, or result in a breach of, or constitute a default under any instrument to which the Promoter is a party or by which it is bound.
- d) Each of the Representations and Warranties contained in **Schedule 2** (regarding ownership to Sale Securities) are true, correct and complete, on and as of the date of this Agreement and the Closing Date.
- e) The Promoter represents that the Parties have obtained a valuation certificate from the Valuer stating that the fair market value of the Sale Securities is more than the Purchase Price of the Sale Securities.

7.3. The Purchaser and MDPL acknowledge that except for the Representations and Warranties of the Promoter and the Company as set out in Clause 7.1, Clause 7.2 and Schedule 2, the Promoter has not made any other representation or warranty in relation to the Property or the Company. The Purchaser and MDPL acknowledge and agree that, except as may be expressly set forth in this Agreement, the Purchaser will acquire the Company and the Property "as is" and "where is" on the Closing Date.



7.4. Representations, Warranties and Covenants provided by MDPL and the Purchaser:

- a) MDPL, and the Purchaser represent that the Parties have obtained a valuation certificate from the Valuer stating that the fair market value of the Sale Securities is more than the Purchase Price of the Sale Securities.
- b) MDPL represents that the JDA is valid and subsisting, and the Company has absolute rights to develop the Property and enjoy a 90% (ninety percent) undivided interest therein. MDPL shall cause the execution a sale deed in relation to the 10% (ten percent) undivided interest in the Property (including MDPL's rights to receive the built up area in accordance with the JDA) in the circumstances detailed in this Agreement, and MDPL has the valid right to do so.
- c) MDPL and the Purchaser represent that they have the legal right and full power to enter into and perform this Agreement and any other documents to be executed by them pursuant to or in connection with this Agreement, including the PDC.
- d) There is no action, suit, proceeding, claim, arbitration or investigation pending against MDPL and/or the Purchaser, or there is no action, suit, proceeding, claim, arbitration or investigation which MDPL and/or the Purchaser intend to initiate in connection with MDPL's involvement with the Company.
- e) The execution, delivery and performance of this Agreement does not and will not conflict with, or result in a breach of, or constitute a default under any instrument to which MDPL and/or the Purchaser is a party or by which it is bound.
- f) The Mortgaged Property and the Additional Mortgaged Property are free from any Encumbrances.
- g) Notwithstanding anything set out in this Agreement, pursuant to the custody agreement dated September 12, 2008 executed by the Company, MDPL and Amarchand & Mangaldas & Suresh A. Shroff & Co., the Company is entitled to the custody of the documents in relation to the Property in accordance with the terms of this Agreement and the Escrow Agreement.
- h) The sketch of the Mortgaged Property together with the Property is attached hereto as **Schedule 10**.
- i) MDPL shall be responsible to ensure that the Purchaser complies with all its obligations under the SPA (except the Purchaser's obligation to purchase the Sale Securities), this being a material understanding for the execution of the SPA and this Agreement.

Four circular corporate seals are displayed horizontally. From left to right, they are: Mantri Development Ltd., Minerva Infra Tech Pvt. Ltd., East India Trading Co. Pvt. Ltd., and Koyenco Trade Services Pvt. Ltd. Below the seals are two handwritten signatures in blue ink. The first signature is for Koyenco Limited, and the second is for an Authorized Signatory.

8. INDEMNITY

- 8.1. Notwithstanding anything to the contrary herein contained, each of the Promoter and the Purchaser and MDPL (each an **"Indemnifying Party"**) hereby agrees to defend, indemnify and hold.
- (i) the Company, Purchaser and MDPL (where the Indemnifying Party is the Promoter) and
 - (ii) the Promoter (where the Indemnifying Party is the Purchaser or MDPL), harmless from and against any and all direct Losses that are finally ruled by a competent court of law to have been sustained or suffered by the indemnified party and arising directly out of, or by reason of:
 - a) any breach of this Agreement; or
 - b) actions, claims, suits, demands, litigations and liabilities or Losses suffered by indemnified parties, arising out of, or by reason of: any facts or events occurring or any conditions existing on or before the Closing Date, other than as disclosed in the audited accounts for the financial year ending March 31 2015 or those relating to the title to the Property;
 - c) any material inaccuracy in or breach of any of the Representations and Warranties, covenants, undertakings or agreements contained in, or issued pursuant to, this Agreement.
- 8.2. Notwithstanding anything contained in this Agreement, the Promoter's aggregate liability in relation to any indemnification claim made by the indemnified party will not exceed the Purchase Price, if actually paid by the Purchaser. The Parties agree that if the amount of any indemnification claim made by the Purchaser exceeds an amount of 25% (twenty-five percent) of the Purchase Price, the Promoter may, at its sole discretion, seek a reversal of the transfer of the Sale Securities in accordance with applicable Laws, by repaying the Purchase Price to the Purchaser. Upon the completion of such reversal, the Promoter will hold the Sale Securities and will consequently become the owner of the Property.

9. CONFIDENTIALITY

- 9.1. The Promoter, the Other Shareholder, the Purchaser, MDPL and the Company recognize that each of them may be given and have access to confidential and proprietary information of each other. The Parties undertake not to and shall ensure that their Affiliates do not use any of such confidential information without the prior written consent of the Party owning the confidential information, and shall use their best efforts to keep confidential and not to disclose to any third party any of the other Party's confidential and proprietary information.
- 9.2. It is expressly agreed that any press release by any of the Parties regarding the understanding reached between them shall be coordinated with the other Parties. The disclosures made by any Party to government or any regulatory bodies should be copied to the other Party.

10. NOTICES

- 10.1. All notices, consents or other formal communications required of the Parties hereto by this Agreement shall be in writing. All such communications shall be delivered by hand or registered post or electronic transmission, addressed to the other party at the following address or at such other address as has been notified by a Party. Such communications shall be deemed to have delivered at the time of delivery (if delivered by hand), at the time of transmission (if served by facsimile) or on the seventh business day after the date of posting (if served by prepaid post).



a) In the case of notices to the Company:

Attention: Mr. Yitshak Elias
 Address: New No. 45 (Old No. 76), 2nd Floor, 2nd Main Road, 41st Cross,
 Jayanagar 8th Block, Bangalore — 560 070
 Telephone: +91 80 4041 4400
 Email: izzie@elbitplazaindia.com

b) In the case of notices to MDPL:

Attention: Mr. Baaskaran S.
 Address: 41, Vittal Mallya Road, Bangalore — 560 001
 Telephone: +91 80 4130 0000
 Email: baaskaran.s@mantri.in

c) In the case of notices to the Purchaser:

Attention: Mr. Baaskaran S.
 Address: 41, Vittal Mallya Road, Bangalore — 560 001
 Telephone: +91 80 4130 0000
 Email: baaskaran.s@mantri.in

d) In the case of notices to the Promoter:

Attention: Mr. Oren Kolton
 Address: 7 Mota Gur, Olympia C Tower, Petach Tikva, 4900102 Israel
 Telephone: +972 3 608 6000
 Email: kolton@elbitimaging.com

e) In case of notices to the Other Shareholder:

Attention: Mr. Oren Kolton
 Address: 7 Mota Gur, Olympia C Tower, Petach Tikva, 4900102 Israel
 Telephone: +972 3 608 6000
 Email: kolton@elbitimaging.com

11. GOVERNING LAW AND DISPUTE RESOLUTION

11.1. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of India without reference to its conflict of laws principles.



11.2 Amicable Resolution of Disputes

If any disputes arises between the Parties in respect of the validity, interpretation, implementation or alleged breach of any provision of this Agreement or regarding a question, including the questions as to whether the termination of this Agreement by one party hereto has been legitimate (a "**Dispute**"), the disputing parties shall attempt to first resolve such dispute or claim through discussions between senior executives of MDPI, and the Promoter.

11.3 Arbitration

Any Dispute which is not settled by the disputing parties through negotiations, after the period of thirty (30) days from the service of a notice of dispute, shall be referred to and finally resolved by arbitration in Singapore in accordance with the rules of the London Court of International Arbitration. The Purchaser and MDPL collectively shall appoint one (1) arbitrator, the Promoter shall appoint one (1) arbitrator, and the two (2) arbitrators so appointed shall appoint the third arbitrator. The language of the arbitration shall be English. If any Party does not appoint an arbitrator within a period of 30 (thirty) days from the date on which the arbitration is referred to the London Court of International Arbitration, such arbitrator will be appointed by the London Court of International Arbitration.

If any dispute raises issues which are substantially the same as or connected with issues raised in a dispute which has already been referred to arbitration under this Agreement or the Escrow Agreement or the Existing Agreements (an "**Existing Dispute**"), or arises out of substantially the same facts as are the subject of an Existing Dispute (in either case, a "**Related Dispute**"), the arbitral tribunal appointed or to be appointed in respect of any such Existing Dispute shall also be appointed as the arbitral tribunal in respect of any Related Dispute. Any dispute as to whether or not a dispute is a Related Dispute shall be referred to, and finally resolved by, the arbitral tribunal appointed or to be appointed in respect of an Existing Dispute.

The arbitral tribunal, upon the request of one of the parties to a dispute or a party to this Agreement or the Escrow Agreement which itself wishes to be joined in any reference to arbitration proceedings in relation to a dispute, may join any party to this Agreement or the Escrow Agreement to any reference to arbitration proceedings in relation to that dispute and may make a single, final award determining all disputes between them. Each of the Parties hereby consents to be joined to any reference to arbitration proceedings in relation to any dispute at the request of a party to that dispute.

Where, pursuant to the above provisions, the same arbitral tribunal has been appointed in relation to two or more disputes, the arbitral tribunal may, with the agreement of all the parties concerned or upon the application of one of the parties, being a party to each of the disputes, order that the whole or part of the matters at issue shall be consolidated and/or heard together upon such terms or conditions as the arbitral tribunal thinks fit.

11.4 Enforcement

Judgment upon any arbitral award rendered hereunder may be entered in any court having jurisdiction, or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.



MANTRI DEVELOPERS LTD.

MINERVA INFRA TECH PVT. LTD.

Koyenco Limited

For Koyenco Limited

Authorized Signatory

11.5. **Jurisdiction**

Subject to Clauses 11.2 to 11.4, the courts at Bangalore, India shall have supervisory jurisdiction in respect of this Agreement.

12. **MISCELLANEOUS PROVISIONS**

12.1. Specific Performance

In the event that a Party commits a default of the terms of this Agreement then, the non-defaulting Parties shall be entitled to such remedies, including remedies by way of damages and/or specific performance, as may be permitted under applicable Laws, in addition to their rights and remedies under this Agreement.

12.2. Reservation of Rights

No forbearance, indulgence or relaxation or inaction by any Party at any time to require performance of any of the provisions of this Agreement by the other Parties shall in any way affect, diminish or prejudice the right of such Party to require performance of that provision and any waiver or acquiescence by any Party of any breach of any of the provisions of this Agreement shall not be construed as a waiver or acquiescence of any right under or arising out of this Agreement, or acquiescence to or recognition of rights and/or position other than as expressly stipulated in this Agreement or unless expressly stated so by that Party in writing or in this Agreement.

12.3. Partial Invalidity

If any provision of this Agreement or the application thereof to any person or circumstance is or becomes invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. Any invalid or unenforceable provision of this Agreement shall be replaced with a provision which is valid and enforceable and most nearly gives effect to the original intent of the unenforceable provision.

12.4. Amendment

No modification or amendment to this Agreement and no waiver of any of the terms or conditions hereof shall be valid or binding unless made in writing by all the Parties.

12.5. Entire Agreement

This Agreement constitutes the entire Agreement between the Parties with respect to the subject matter herein and supersedes and cancels any prior oral or written agreement, representation, understanding, arrangement, communication or expression of intent relating to the subject matter of this Agreement.

Four circular corporate seals are displayed horizontally. From left to right: 1. Mantri Development Ltd. (with a signature over it), 2. Minerva Infra Tech Pvt. Ltd. (with a signature over it), 3. East India Infra And Real Estate Holdings Pvt. Ltd. (empty), 4. Koyenco Trade Services Pvt. Ltd. (empty). Below the seals are two handwritten signatures. The first signature is over the text 'For Koyenco Limited' and the second signature is over the text 'Authorized Signatory'.

12.6. Survival

The provisions of Clause 5.1, Clause 5.5, Clause 7, Clause 8, Clause 9, Clause 10, Clause 11 and this Clause 12 will survive termination of this Agreement.

12.7. Costs and Stamp Duty

Each Party shall bear its own expenses incurred in preparing and executing this Agreement. The Purchaser shall bear the stamp duty in relation to the transfer of the Sale Securities.



IN WITNESS WHEREOF, the Parties have executed this Agreement on the date and year first above mentioned.

COMPANY

For **AAVAS TRADE SERVICES PRIVATE LIMITED**

/s/ Yitshak Izzie Elias

Yitshak Izzie Elias

Director



PROMOTER

For **ELBIT PLAZE INDIA REAL ESTATE HOLDINGS LIMITED**

/s/ Yitshak Izzie Elias

Yitshak Izzie Elias

Authorized Signatory



OTHER SHAREHOLDER

For **KOYENCO LIMITED**

/s/ Yitshak Izzie Elias

Yitshak Izzie Elias

Authorized Signatory

PURCHASER

For **MINERVA INFRA TECH PRIVATE LIMITED**

/s/ Baaskaran S.

Baaskaran S.

Authorized Signatory



MDPLFor **MANTRI DEVELOPERS PRIVATE LIMITED**/s/ Baaskaran S.

Baaskaran S.

Authorized Signatory

**WITNESS**/s/ Hemant Kothari

Hemant Kothari

New No. 45 (Old No. 76), 2nd Floor,
2nd Main Road, 41st Cross,
Jayanagar 8th Block,
Bangalore – 560 070/s/ Bhuvanendra K. V.

Bhuvanendra K. V.

No. 41, Vittal Mallaya Road,
Bangalore – 560 001



INDIA NON JUDICIAL
Government of Karnataka
e-Stamp

सत्यमेव जयते

Certificate No.	: IN-KA52140045684881N
Certificate Issued Date	: 06-Nov-2015 04:17 PM
Account Reference	: SHCIL (FI)/ ka-shcil/ JC ROAD/ KA-BA
Unique Doc. Reference	: SUBIN-KAKA-SHCIL52846549189254N
Purchased by	: AAYAS TRADE SERVICES PVT LTD
Description of Document	: Article 5 Agreement relating to Sale of Immoveable property
Description	: SHARE PURCHASE AGREEMENT
Consideration Price (Rs.)	: 321,00,00,000 (Three Hundred Twenty One Crore only)
First Party	: AAYAS TRADE SERVICES PVT LTD
Second Party	: MANTRI DEVELOPERS PVT LTD
Stamp Duty Paid By	: AAYAS TRADE SERVICES PVT LTD
Stamp Duty Amount(Rs.)	: 500 (Five Hundred only)

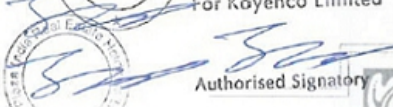

 Authorised Signatory
 for Stock Holding Corporation of India Ltd.



.....Please write or type below this line.....




Mantri Developers Pvt Ltd

Aayas Trade Services Pvt Ltd
For Koyenco Limited

Statutory Alerts

1. The authenticity of this Stamp Certificate should be verified at 'www.shcilstamp.com'. Any discrepancy in the details on this Certificate and as appears on the website renders it invalid.

2. The onus of checking the legitimacy is on the users of the certificate.

3. In case of any discrepancy please inform the Competent Authority.

SUPPLEMENTAL AGREEMENT

This **SUPPLEMENTAL AGREEMENT ("Supplemental Agreement")** is entered into on this 2nd day of December, 2015 at Bangalore by and amongst:

AAYAS TRADE SERVICES PRIVATE LIMITED, a company incorporated under the Companies Act, 1956 and having its registered office at New No. 45 (Old No. 76), 2nd Floor, 2nd Main Road, 41st Cross, Jayanagar 8th Block, Bangalore — 560 070 (hereinafter referred to as the "Company" which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) of the **FIRST PART**;

AND

ELBIT PLAZA INDIA REAL ESTATE HOLDINGS LIMITED, a company incorporated under the laws of Cyprus and having its registered office at 7 Florinis Street, Greg Tower, PC 1065 Nicosia — Cyprus (hereinafter referred to as the "Promoter" which expression shall unless repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) of the **SECOND PART**;

AND

KOYENCO LIMITED, a company incorporated under the laws of Cyprus and having its registered office at 7 Florinis Street, Greg Tower, PC 1065 Nicosia — Cyprus (hereinafter referred to as the "Other Shareholder" which expression shall unless repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) of the **THIRD PART**;

AND

MANTRI DEVELOPERS PRIVATE LIMITED, a company incorporated under the Companies Act, 1956 and having its registered office at 41, Vittal Mallya Road, Bangalore 560 011 (hereinafter referred to as "**MDPL**", which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) of the **FOURTH PART**;

AND

MINERVA INFRATECH PRIVATE LIMITED, a company incorporated under the Companies Act, 1956 and having its registered office at 41, Vittal Mallya Road, Bangalore 560 011 (hereinafter referred to as the "**Purchaser**", which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) of the **FOURTH PART**

Each of the above mentioned Persons shall be individually referred to as a "Party" and collectively as "**Parties**".

The image shows handwritten signatures and circular corporate stamps for the parties involved. On the left, there are stamps for 'MANTRI DEVELOPERS PVT. LTD.' and 'MINERVA INFRATECH PVT. LTD.'. On the right, there are stamps for 'Aayas Trade Services P.Ltd.' and 'Elbit Plaza India Real Estate Holdings Limited'. Below the 'Aayas Trade Services P.Ltd.' stamp, it says 'For Koyenco Limited' and 'Authorised Signatory'.

WHEREAS:

1. Parties are also parties to a certain Securities Purchase Agreement dated December 02, 2015 ("**Securities Purchase Agreement**").
2. Parties are entering into this Supplemental Agreement to record Parties' understanding regarding suspension of Parties' rights and obligations under the Existing Agreements subject to the terms and conditions contained herein.

All capitalized terms used herein and not defined shall have the meaning given to it in the Securities Purchase Agreement.

PARTIES HEREBY AGREE AS FOLLOWS:

1. The Parties agree that all their respective rights, liabilities and obligations under the Existing Agreements shall stand suspended until the Closing Date, or the date of the Separation, whichever is earlier, provided that the suspension of a Party's rights under this Clause will not be binding on such Party, in the event that any other Party to the Securities Purchase Agreement breaches any of its obligations under the Securities Purchase Agreement or any other transaction document executed in connection with the Share Purchase Agreement.
2. Upon the earlier of: (a) the Closing Date, and (b) the completion of Separation, none of the Parties shall have any claims against any of the other Parties in respect of any rights or obligations arising under the Existing Agreements.
3. The Parties agree that where the Separation does not take place in full within 30 (thirty) days from the Long Stop Date, the Parties shall be entitled to exercise any remedy available to them under applicable law and/or contract, including enforcement of their rights under the Existing Agreements. The Company and the Promoter will also have the option to seek Separation, by obtaining a sale deed for the sale of the MDPL's 10% (ten percent) undivided interest in the Property (along with the MDPL's rights to receive the built up area in accordance with the JDA) in favour of the Company. The Company and the Promoter agree that in all circumstances where they seek an enforcement of their rights against the MDPL and/or the Purchaser, under the Securities Purchase Agreement, this Supplemental Agreement or the Existing Agreements, their claims against MDPL and/or the Purchaser shall in the cumulative be limited to either **(a)** an amount of Rs. 321,00,00,000 (Rupees Three Hundred Twenty-One Crores only), along with interest thereon at the rate of 11% (eleven percent) per annum compounded annually calculated from the Long Stop Date till the date of actual and full payment of all amounts by MDPL and any attorney's cost incurred by the Company and the Promoter in enforcing their rights under this Agreement, or **(b)** the Company enjoying all rights, title and peaceful possession of the Property and the Mortgaged Property and the Additional Mortgaged Property (if applicable).

The image shows three circular corporate seals and several handwritten signatures in blue ink. The seals are for Mantri Developers Pvt. Ltd., Minerva Infra Tech Pvt. Ltd., and Koyenco Limited. The signatures are written over the seals and on the surrounding paper.

4. The Parties agree and acknowledge that the amounts paid to the Company by MDPL pursuant to Clause 5.2 of the SPA (by encashment of the PDC) shall be set off against the amounts received by MDPL from the Company pursuant to the Existing Agreements. The Parties agree and acknowledge that the amounts payable by the Company to MDPL pursuant to Clause 5.5(c) and Clause 5.5(d) of the SPA, and the amounts received by the Company pursuant to Clause 5.5 (e) of the SPA, shall be set off against the amounts received by MDPL from the Company pursuant to the Existing Agreements.

5. This Supplemental Agreement shall constitute an integral part of the main agreement.

6. Governing Law and Dispute Resolution

6.1 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of India without reference to its conflict of laws principles.

6.2 Amicable Resolution of Disputes

If any dispute arises between the Parties in respect of the validity, interpretation, implementation or alleged breach of any provision of this Agreement or regarding a question, including the questions as to whether the termination of this Agreement by one party hereto has been legitimate (a "**Dispute**"), the disputing parties shall attempt to first resolve such dispute or claim through discussions between senior executives of MDPL/ Purchaser and the Promoter.

6.3 Arbitration

Any Dispute which is not settled by the disputing parties through negotiations, after the period of thirty (30) days from the service of a notice of dispute, shall be referred to and finally resolved by arbitration in Singapore in accordance with the rules of the London Court of International Arbitration. The Purchaser and MDPL collectively shall appoint one (1) arbitrator, the Promoter shall appoint one (1) arbitrator, and the two (2) arbitrators so appointed shall appoint the third arbitrator. The language of the arbitration shall be English.

If any Party raises issues which are substantially the same as or connected with issues raised in a dispute which has already been referred to arbitration under this Supplemental Agreement, Securities Purchase Agreement or the Escrow Agreement or (an "**Existing Dispute**"), or arises out of substantially the same facts as are the subject of an Existing Dispute (in either case, a "**Related Dispute**"), the arbitral tribunal appointed or to be appointed in respect of any such Existing Dispute shall also be appointed as the arbitral tribunal in respect of any Related Dispute. Any dispute as to whether or not a dispute is a Related Dispute shall be referred to, and finally resolved by, the arbitral tribunal appointed or to be appointed in respect of an Existing Dispute.

The image shows four circular corporate stamps and several handwritten signatures. The stamps are for Mantri Developers Pvt. Ltd., Minerva Infra Tech Pvt. Ltd., Nayas Trade Services Pvt. Ltd., and Koyenco Limited. The signatures are in blue ink and appear to be of the individuals authorized to sign on behalf of these companies.

The arbitral tribunal, upon the request of one of the parties to a dispute or a party to the Securities Purchase Agreement, this Supplemental Agreement or the Escrow Agreement which itself wishes to be joined in any reference to arbitration proceedings in relation to a dispute, may join any party to this Agreement or the Escrow Agreement to any reference to arbitration proceedings in relation to that dispute and may make a single, final award determining all disputes between them. Each of the Parties hereby consents to be joined to any reference to arbitration proceedings in relation to any dispute at the request of a party to that dispute.

Where, pursuant to the above provisions, the same arbitral tribunal has been appointed in relation to two or more disputes, the arbitral tribunal may, with the agreement of all the parties concerned or upon the application of one of the parties, being a party to each of the disputes, order that the whole or part of the matters at issue shall be consolidated and/or heard together upon such terms or conditions as the arbitral tribunal thinks fit.

6.4 Enforcement

Judgement upon any arbitral award rendered hereunder may be entered in any court having jurisdiction, or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

6.5 Jurisdiction

Subject to Clauses 6.2 to 6.4, the courts at Bangalore, India shall have supervisory jurisdiction in respect of this Agreement.

7. Miscellaneous

The following provisions of the Securities Purchase Agreement shall apply mutatis mutandis to this Supplemental Agreement, as if set out specifically herein and incorporated into this Agreement:

- a) Clause 9 (Confidentiality);
- b) Clause 10 (Notices);
- c) Clause 12 (Miscellaneous Provisions).

The image shows three circular corporate stamps and several handwritten signatures in blue ink. The stamps are for Mantri Developers Pvt. Ltd., Minerva Infra Tech Pvt. Ltd., and Koyenco Limited. The signatures are written over the stamps and are likely the authorized signatories for each company.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date and year first above mentioned.

COMPANY

For **AAVAS TRADE SERVICES PRIVATE LIMITED**

/s/ Yitshak Izzie Elias

Yitshak Izzie Elias

Director



For **ELBIT PLAZE INDIA REAL ESTATE HOLDINGS LIMITED**

/s/ Yitshak Izzie Elias

Yitshak Izzie Elias

Authorized Signatory



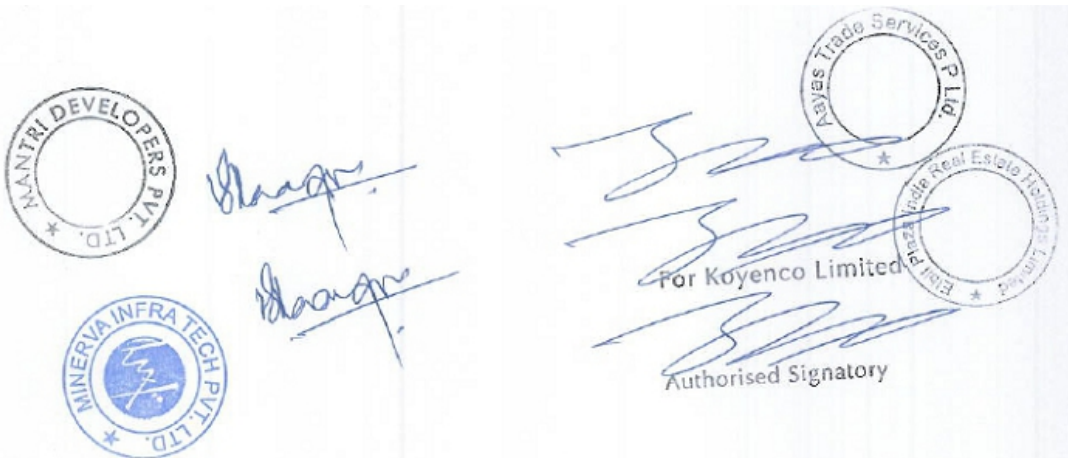
OTHER SHAREHOLDER

For **KOYENCO LIMITED**

/s/ Yitshak Izzie Elias

Yitshak Izzie Elias

Authorized Signatory



MDPLFor **MANTRI DEVELOPERS PRIVATE LIMITED**/s/ Baaskaran S.

Baaskaran S.

Authorized Signatory

**PURCHASER**For **MINERVA INFRA TECH PRIVATE LIMITED**/s/ Baaskaran S.

Baaskaran S.

Authorized Signatory

**WITNESS**/s/ Hemant Kothari

Hemant Kothari

New No. 45 (Old No. 76), 2nd Floor,
2nd Main Road, 41st Cross, Jayanagar 8th Block,
Bangalore – 560 070/s/ Bhuvanendra K. V.

Bhuvanendra K. V.

No. 41, Vittal Mallaya Road,
Bangalore – 560 001

For Koyenco Limited

Authorised Signatory

Exhibit 4.11

Execution Copy
29 September 2015

**CONSENSUAL TERMS OF
LOAN TRANSFER**

between

MKB BANK ZRT.

as the Seller and

PLAZA CENTERS ENTERPRISES B.V.

as the Buyer

**DATED AS OF
29 SEPTEMBER 2015**

SS P

*Execution Copy
29 September 2015*

These **CONSENSUAL TERMS OF LOAN TRANSFER** (the "**Terms**") are to be entered into between

- (i) **MKB BANK Zrt.**, a company limited by shares incorporated under the laws of Hungary, having its registered office at 1056 Budapest, Váci u. 38, Hungary and registered under company registration number Cg. 01-10-040952 (the "**Seller**") and
- (ii) **Plaza Centers Enterprises B.V.**, a limited liability company incorporated under the laws of the Netherlands, having its registered office at Rietlandpark 125, 1019DT Amsterdam, the Netherlands, and registered by the Netherlands Chamber of Commerce under number: 34281588, tax number: 818407955 (the "**Buyer**")

and is entered into and dated as of the Transfer Date defined herein.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Terms

"**Asset**" means the contractual position of the Seller as lender under the Loan Agreement and Security Agreements as well as any rights, claims or receivables arising from or in connection with the Loan Agreement and Security Agreements or the termination of these.

"**Bidding Process**" means the bidding process organized by KPMG for the selection by the Seller of the buyer of the Asset, in the course of which the Buyer has been selected as the winner.

"**Binding Bid**" means the offer dated 31 July 2015 and made by the Buyer in the course of the Bidding Process with respect to the Asset and the ERSTE Asset.

"**Borrower**" means P4 Plaza s.r.o., a limited liability company incorporated under the laws of the Czech Republic, having its registered seat at Praha 3, K Cervenému dvoru 2132/24, Postal Code 130 00, Czech Repblic, with identification number registered in the Commercial Register maintained by the Municipal court in Prague, Section C, Insert 101459.

"**Borrower's Consent**" means the Borrower's irrevocable consent to the signing, execution and completion of these Terms, the Transfer Decree being passed and the signing, execution and completion of the Erste Loan Transfer Agreement.

"**BRRD**" or "**Bank Resolution and Recovery Directive**" means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in Budapest.

"**Civil Code**" means Act V of 2013 on the Civil Code as amended from time to time.

"**Completion Date**" is 9 October 2015 or any subsequent date as defined under Clause 4.2 (c) below.

"**Credit Documentation**" means the Loan Agreement and the Security Agreements relating to the Asset.

"**Credit Institutions Act**" means Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises.

  
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29 September 2015*

"Document Escrow Agent" means the Transaction Agent.

"Document Escrow Agreement" means the escrow agreement entered into between the Seller, the Buyer, ERSTE and the Document Escrow Agent simultaneously with the signing hereof (as of the Signing Date) in respect of the escrow duties relating to the Security Termination and Deletion Documents.

"ERSTE" means ERSTE GROUP BANK AG, a company limited by shares incorporated under the laws of Austria, having its registered office at A-101 Vienna, Graben 21., Austria and registered under company registration number 33209.

"ERSTE Asset" means the contractual position of ERSTE as lender under the Loan Agreement and Security Agreements as well as any rights, claims or receivables arising from or in connection with the Loan Agreements and Security Agreements or the termination of these.

"ERSTE Loan Transfer Agreement" means the agreement signed and entered into between ERSTE GROUP BANK AG as seller and the Buyer for the purchase by the Buyer of the ERSTE Asset, a signed copy of which is attached hereto under Schedule A.

"Escrow Account" means the bank account of the Money Escrow Agent specified in the Money Escrow Agreement.

"KPMG" means KPMG Tanácsadó Kft.

"Loan" means the Loan disbursed by the Seller and ERSTE under the Loan Agreements.

"Loan Agreement" means the facility agreement entered into between the Seller and ERSTE as creditors and the Borrower as borrower dated 28 May 2008, as amended from time to time, the latest on 29 September 2014.

"Loan Files" mean the originals of the Credit Documentation.

"Long Stop Date" means 29 October 2015.

"Money Escrow Agent" means MKB Bank Zrt. acting in its capacity as escrow agent under the Money Escrow Agreement.

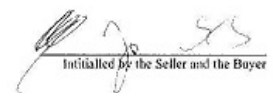
"Money Escrow Agreement" means the escrow agreement entered into between the Seller, the Buyer, ERSTE and the Money Escrow Agent simultaneously with the signing hereof (as of the Signing Date) in respect of the escrow duties relating to the Purchase Price and the Purchase Price for the ERSTE Asset.

"National Bank" means the National Bank of Hungary (in Hungarian "*Magyar Nemzeti Bank*").

"Obligor" means the obligor of a Security Agreement or Loan Agreement other than the Borrower.

"Outstanding Principal Amount" means the Seller's share from principal payment that is outstanding (irrespective whether already due) under the Loan Agreement without any calculated interest, additional payments.

"Owner" means Plaza Centers N.V., a public company with limited liability organised under the laws of the Netherlands, having its corporate seat in Amsterdam, the Netherlands, and with business address: Prins Hendrikkade 48 s, 1012 AC Amsterdam, the Netherlands, registered with the Dutch trade register of the Chamber of Commerce under number: 33248324. The Owner is currently operating under the Restructuring Plan defined below.


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29 September 2015*

"Parties" means the Seller and the Buyer.

"Purchase Price" is the amount to be paid by the Buyer for the Asset, i.e. Euro 4,250,000 (four million two hundred and fifty thousand euro) as per Clause 5.1.

"Purchase Price for the ERSTE Asset" is the amount to be paid by the Buyer for ERSTE Asset under the ERSTE Loan Transfer Agreement, i.e. Euro 4,250,000 (four million two hundred and fifty thousand euro).

"Resolution Act" means the Act XXXVII of 2014 on the further development of the system of institutions strengthening the security of the individual players of the financial intermediary system.

"Resolution Authority" means the National Bank acting in the capacity as the resolution authority under the Resolution Act.

"Restructuring Plan" means the restructuring plan of the Owner as adopted by the creditors of the Owner and confirmed and accepted by the Amsterdam Court by its decision of 9 July 2014.

"Securities" mean any of the following:

- (i) mortgage, pledge, lien, charge, hypothecation, security interest or other encumbrance, security agreement or security arrangement of any kind;
- (ii) purchase or option agreement or arrangement;
- (iii) subordination agreement or arrangement; or
- (iv) agreements to create or effect any of the foregoing

established by the respective Borrower or Obligor as the security provider under the Security Agreements in favour of the Seller as the security beneficiary.

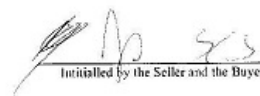
"Security Agreements" mean the security agreements entered into between the Seller and the Borrower or the Obligor with respect to the Securities.

"September 2015 Debt Service" is the debt service payable by the Borrower under the Loan Agreement to the Seller and ERSTE until September 30, 2015, the overall amount of which is Euro 127,439.12 (Euro 50,000 principal and Euro 77,439.12 interest).

"Signing Date" means 29 September 2015 the date when these Terms were executed by the Parties.

"Security Termination and Deletion Documents" are the termination and deletion statements and declarations prepared by the Buyer and signed by the Buyer and the Seller that the Buyer deems necessary and suitable for the termination of the Czech Securities and the deletion of the same from the relevant commercial, trade and real estate registries with effect of Completion Date, that are deposited with the Document Escrow Agent pursuant to the Document Escrow Agreement; samples of the Security Termination and Deletion Documents are attached hereto under Schedule B.

"Total Outstanding Balance" means the Seller's share of the total outstanding amount that is payable under a Loan Agreement, including but not limited to the Outstanding Principal Amount, interest, default payment, fees and costs payable by the Borrower or any of the Obligors.


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29 September 2015*

"Transaction Agent" means Rátky and Partners Attorneys, a Hungarian law firm having its registered office at H-1024 Budapest, Ady Endre u. 19 A and registered at the Budapest Bar Association under registration number 716.

"Transfer Date" means the date when the Transfer Decree issued by the National Bank in respect of the Asset becomes binding and enforceable.

"Transfer Decree" means the unilateral administrative decree passed by the Resolution Authority in respect of the transfer of the legal title of the Asset from the Seller to the Buyer in accordance with these Terms; the Transfer Decree will refer to and will not be in contradiction with these Terms and the purchase price of the Asset defined in the Transfer Decree will be the Purchase Price defined in these Terms.

"Virtual Data Room" means the virtual data room that was set up by KPMG and operated by Merrill Datasite and was made available to the Buyer from 8 July 2015 to 15 September 2015 with respect to certain documentation and information in connection with and relating to the Asset and the Credit Documentation.

2. SUBJECT OF THESE TERMS

2.1 The Transfer Decree and these Terms

- (a) Firstly, these Terms and the signing thereof by the Parties reflect the mutual agreement of the Parties with respect to the commercial and business terms and conditions of the transfer of the Asset from the Seller to the Buyer. Even though these mutually agreed commercial and business terms are expressly defined herein, the Parties clearly understand that in accordance with Section 36 (1) of the Resolution Act, the *legal title* of the Asset may only pass on to the Buyer not by signing these Terms, but by virtue of the Transfer Decree. Only the Resolution Authority may elevate these Terms to a valid, and binding contractual level (in Hungarian: "*kötelemkeletkeztető határozat*") by passing the Transfer Decree.
- (b) Since the Transfer Decree is a first instance decree which may not be appealed against and becomes binding and enforceable on the date of its delivery date (in Hungarian: "*a közlés napja*") the Parties have jointly appointed the Transaction Agent as their delivery agent with respect the official receipt of the Transfer Decree and, therefore, the delivery date of the Transfer Decree and the Transfer Date shall be the date when the Transaction Agent receives the Transfer Decree from the Resolution Authority. The Transaction Agent shall send a master copy of the Transfer Decree to the Parties and ERSTE immediately, but in any case within one (1) Business Day following its receipt thereof, indicating expressly the date which is the Transfer Date.

2.2 Buyer's commitment

- (a) Secondly, and notwithstanding any of the forgoing, by signing these Terms, the Buyer expresses its definite, binding and irrevocable intention and commitment to acquire title to the Asset by virtue of the Transfer Decree and pursuant to the terms described herein. This commitment of the Buyer is valid and effective upon signing hereof and the Buyer shall be bound by its commitment until the Long Stop Date. The Buyer may not revoke, amend or terminate its commitment prior to the Long Stop Date.
- (b) Simultaneously with the signing hereof, the Buyer has entered into the ERSTE Loan Transfer Agreement for the purchase of the ERSTE Asset. A condition precedent for the ERSTE Loan Transfer Agreement to become effective is the Transfer Decree being


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29 September 2015*

passed by the Resolution Authority and becoming binding and enforceable in accordance herewith.

- (c) As a sign of the Buyer's definite, binding and irrevocable commitment to acquire title to the Asset and the ERSTE Asset, the Buyer shall (i) five (5) Business Days from Signing Date or (ii) one (1) Business Day from the receipt of the Document Escrow Agent's notice sent to the Buyer on the Security Termination and Deletion Documents being deposited into escrow, *whichever occurs earlier*, and in accordance with the terms of the Money Escrow Agreement, deposit with the Money Escrow Agent the Purchase Price and the Purchase Price for the ERSTE Asset.
- (D) Further, it is the Parties' common understanding and intention that independently from and in addition to the Purchase Price defined below, the beneficiary of the Borrower's September 2015 Debt Service is the Seller and ERSTE. Taking into account that the Buyer and the Borrower belong to the same group of companies held by the Owner, the Parties agree and the Buyer acknowledges that a condition for (i) the Seller filing these Terms with the Resolution Authority, (ii) the Transfer Decree being passed and (iii) the Buyer acquiring title to the Asset pursuant to these Terms is the payment of the September 2015 Debt Service by the Borrower on its due date in addition to the payment of the Purchase Price and the Purchase Price for the ERSTE Asset by the Buyer to the Escrow Account pursuant to these Terms and the Money Escrow Agreement.
- (E) Should the Purchase Price and the Purchase Price for the ERSTE Asset not be credited on the Escrow Account in accordance with these Terms and the Money Escrow Agreement, it shall be considered as a breach of these Terms by the Buyer and the Seller shall be entitled to rescind these Terms (in Hungarian: "*elállás*") with immediate effect and – for the avoidance of doubts – the Seller shall not be obliged to file the present Terms with the Resolution Authority. In this case, the Buyer shall reimburse and compensate the Seller for any and all damages suffered, costs or fees paid or other payments made as a direct or indirect result of the termination of these Terms and the Buyer not complying with its commitment described above.

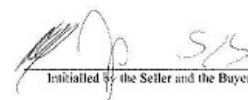
3. THE ASSET

The subject of these Terms and the transaction contemplated herein is the transfer of the Asset from the Seller to the Buyer, the Outstanding Principal Amount of which was, as of May 31, 2015 Euro EUR 10, 227,781.82 (ten million two hundred and twenty-seven thousand seven hundred and eighty one euro eighty two cents).

4. THE TRANSFER

4.1 The legal title of transfer

- (a) By virtue of the Resolution Authority passing the Transfer Decree (in Hungarian: "*kötelemkeletkeztető határozat*") and in line with the detailed terms described herein, the Seller shall sell and the Buyer shall buy the Asset.
- (b) The transaction contemplated herein qualifies as a transfer of contract (in Hungarian: "*szervizálás*") under Section 6:208.§ of the Civil Code. A copy of the duly signed Borrower's Consent to the transfer and the completion of the transaction contemplated herein has been granted and is attached hereto under Schedule C with the provision that the Buyer undertakes to achieve that the Borrower will not revoke the Borrower's Consent. It is common understanding of the Parties that in accordance with the applicable rules of the Civil Code the Buyer shall become the legal successor of the entirety of the


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*Execution Copy
29 September 2015*

contractual position of the Seller and ESRTE as Lenders under the Loan Agreement effective as of the Completion Date, but the Security Agreements and the Securities governed by Hungarian law terminate automatically and therefore the Buyer will not acquire title to and will not become the beneficiary of the Hungarian Securities (Owner's Undertaking and Security Over Bank Account Agreement). For this same effect and in connection with the Czech Securities, the Seller has executed and deposited with the Document Escrow Agent the Securities Termination and Deletion Statements which shall be released to the Buyer within five (5) Business Days from Completion Date and subject to the conditions described in detail under the Document Escrow Agreement.

- (c) For the avoidance of doubts, the Parties hereby mutually agree that the purchase of the Asset and ERSTE's Asset shall qualify as an indivisible service (in Hungarian: "oszthatatlan szolgáltatás"). Accordingly, the Asset and the ERSTE Asset is to be transferred simultaneously with respect to each other and the Buyer acquires both the Asset and the ERSTE Asset at the same time.

4.2 Transfer Date and Completion Date

- (a) The Transfer Date is the date when the Transfer Decree is delivered to and received by the Transaction Agent. The Transaction Agent, a the jointly appointed delivery agent of the Parties, shall send a copy of the Transfer Decree to the Buyer and the Seller immediately, but in any case within one (1) Business Day following its receipt thereof, indicating expressly the date which is the Transfer Date.
- (b) The effective date of the Transfer and the date on which the title of the Asset passes on to the Buyer, is the Completion Date. Under Section 6:209.§ (1) of the Civil Code, the transfer of the ERSTE Asset becomes effective towards the Borrower upon the receipt of the notice to the Borrower by the Buyer in accordance with Clause 7.2 (c).
- (c) Subject to the *Transfer Date* taking place
- (i) between Signing Date and October 9, *Completion Date* is October 16, 2015;
 - (ii) between October 10 and October 16, *Completion Date* is October 22, 2015;
 - (iii) between October 17 and October 22, *Completion Date* is the Long Stop Date;
- (d) The handover of the Loan Files takes place by Completion Date.

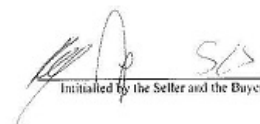
4.3 Facility Agent and Security Agent position of the Seller

Under the Loan Agreements, the Seller is also a Facility and Security Agent, and as such, it has certain rights and obligations toward the other lenders/syndicate members of the Loan Agreements. Since in case of the successful completion hereof and that of the ERSTE Loan Transfer Agreement, the Buyer will become the sole beneficiary of the Loan, the agency position will no longer be reasonably applicable under the Loan Agreement and neither the Seller nor the Buyer wish to maintain this position. Nevertheless, for the sake of formality, with effect of Completion Date, the Seller will resign from its Facility and Security Agent positions in a separate document, which shall be acknowledged by the Buyer.

5. THE PURCHASE PRICE

5.1 The Purchase Price

The Purchase Price of the Asset is Euro 4,250,000 (four million two hundred and fifty thousand euro).


Initialed by the Seller and the Buyer

*Execution Copy
29 September 2015*

5.2 Method of payment

- (a) Within (i) five (5) Business Days from Signing Date or (ii) one (1) Business Day from the receipt by the Buyer of the Document Escrow Agent's notice on the Security Termination and Deletion Documents being deposited into escrow, whichever occurs later, and in accordance with the terms of the Money Escrow Agreement, the Buyer shall deposit with the Money Escrow Agent the Purchase Price and the Purchase Price for the ERSTE Asset.
- (b) Pursuant to the Money Escrow Agreement, within five (5) Business Days from the Transfer Date, the Purchase shall be released by the Money Escrow Agent to the Seller, whereas the Purchase Price for the ERSTE Asset shall be released by the Money Escrow Agent to ERSTE.
- (c) If the Transfer Decree is not passed at least five (5) Business Days before the Long Stop Date for any reason, the Money Escrow Agent shall retransfer the Purchase Price and the Purchase Price for the ERSTE Asset together with the interest accrued thereon (if any) to the Buyer within five (5) Business Days from the Long Stop Date. In this case, the Buyer shall not be entitled to, and hereby waives any and all of its right to, raise, file or enforce any claims against the Seller or the National Bank, on any grounds and under any title including but limited to administrative legal actions and judicial supervision of the actions of the National Bank as resolution authority, in connection with the present Terms or the Transfer Decree not being passed. For the avoidance of doubt, this waiver shall not be applicable if the Money Escrow Agent fails to retransfer the Purchase Price or the Purchase Price for the ERSTE Asset in accordance with this Clause 5.2 (c).

5.3 No VAT

All references to or definitions of Purchase Price are exclusive of VAT and any payable VAT, transfer taxes and duties are payable by the Buyer only.

6. SERVICING OF THE ASSET

- (a) Between Signing Date and Completion Date, the Seller shall service, manage, administer and otherwise fulfil the tasks of the lender under or relating to the Asset in the ordinary course of business, with the provision that following Transfer Date, the following material decisions and actions in connection with the Asset require prior written consent by the Seller: (i) terminating the Loan Agreement; (ii) enforcing or repossessing any of the Securities.
- (b) Notwithstanding any of the foregoing, the Seller shall not be responsible or liable to the Buyer for any actions taken or not taken in connection with the Asset prior to Completion Date.

7. POST TRANSFER DATE AND COMPLETION DATE OBLIGATIONS

7.1 Handover of the Loan Files

- (a) By Completion Date at latest, the Seller shall deliver to the Buyer all of the original copies and any other forms of the Loan Files in order to enable the Buyer to duly maintain, manage and service the Asset after the Completion Date. The Parties jointly execute a handover protocol after the handover of the Loan Files.
- (b) The Loan Files to be handed over to the Buyer shall include, with respect to the Asset, originals of the Credit Documentation.


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*Execution Copy
29 September 2015*

7.2 General obligations

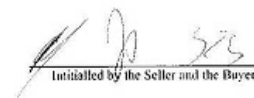
- (a) The Parties expressly agree that any and all administrative, documentary and management tasks and responsibilities relating to the Asset shall be also transferred from the Seller with effect of the Completion Date and, from Completion Date, the Seller shall have no obligation or responsibility of any kind to manage, administer or otherwise fulfil the tasks of the lender under or relating to the Asset.
- (b) All transfer and other costs (including any recordation, processing or transfer fee, stamp duty or other applicable transfer taxes and duties, notarial and registration fees and costs) attributable to or incurring as a result of or in connection with the transfer of the Asset and ERSTE's Asset, will be for the sole account of the Buyer.
- (c) The Parties agree that the Buyer elects that the Seller will not be required to inform the Borrower on the transfer hereunder and undertakes to submit the necessary notices required by applicable law to the Borrower itself.

7.3 Further assurances

- (i) Each and every post transfer and post-Completion step required to duly effect the transfer of the Asset either under these Terms, the Transfer Decree or under the applicable law, including especially the deletion of the Seller and ERSTE as the beneficiaries of the Securities from the various registries, shall be the sole responsibility of and shall be effected by the Buyer at its own costs and expense. The Seller and ERSTE shall, in the ninety (90) days period from Completion Date, provide all reasonable assistance to the Buyer that is legally necessary for this purpose. The Buyer will be responsible for the additional costs and expenses of the Seller incurring in relation to any such assistance.
- (ii) Notwithstanding any of the foregoing, as per the request of the Buyer and simultaneously with the signing of these Terms, the Seller has deposited with the Document Escrow Agent the Securities Termination and Deletion Documents. Pursuant to the Document Escrow Agreement, such deposited Security Termination and Deletion Documents shall and may only be released to the Buyer upon and with simultaneous release of the Purchase Price to the Seller or must be returned to the Seller upon the occurrence of the event described in section 5.2(b) above.

8. DUE DILIGENCE

Parties hereby declare that true and complete copies of the Credit Documentation and relating information have been made generally available to the Buyer in the Virtual Data Room to enable the Buyer to duly review and evaluate the Asset. The Buyer expressly declares – also in consideration of the fact that it is an affiliate of the Borrower – that it has executed a thorough legal and financial due diligence of the Asset, has obtained all relevant and requested information about the Asset to its utmost satisfaction and it has entered into these Terms based on such due diligence and information.


Initialed by the Seller and the Buyer

*Execution Copy
29 September 2015*

9. NON-RELIANCE AND INDEPENDENT INVESTIGATION

9.1 Independent investigation

The Buyer hereby declares that it has made its own independent analysis (including the Owner and the terms of the Restructuring Plan) and decision to enter into these Terms after seeking independent legal and financial advice, based on such legal and financial information as it has deemed necessary, useful and appropriate under the circumstances.

9.2 Exclusion of liability and waiver

- (a) The Seller does not make, and the Buyer does not rely upon, any representation, warranty or condition about, and the Seller shall have no liability or responsibility to the Buyer for:
 - (i) the legality, validity, enforceability of the Credit Documentation, or other documentation delivered by the Seller to the Buyer or any of the terms, covenants or conditions contained in the Credit Documentation; and/or
 - (ii) any performance or non-performance by any party to the Credit Documentation or other documentation; and/or
 - (iii) the financial, legal or corporate condition, status or nature of any Borrower, Obligor, asset, receivable, right or claim under the Credit Documentation; and/or
 - (iv) the effectiveness, validity or enforceability of the Transfer Decree; and/or
 - (v) any decision or action of the Seller made or performed, or not made or not performed, under the Loan Agreement and Security Agreements from the signing thereof until Completion Date, especially relating to or in connection with the management and administration of the Loan and the Securities, or otherwise the fulfilment of the tasks of the lender under the Loan Agreement and the Security Agreements in general.
- (b) To the extent applicable under Hungarian law, the Buyer hereby waives any of its rights it has or may have to enforce its claims on the basis of the legal grounds set out in Clause 9.3 (*Exclusion of liability and waiver*) or on the basis of any other legal grounds available to it under applicable laws.

9.3 No obligation to repurchase

The Seller and the Buyer acknowledge that the Seller shall have no obligation to repurchase or reacquire all or any part of the Asset from the Buyer or to support any losses directly or indirectly sustained or incurred by the Buyer for any reason whatsoever, including especially the non-performance by any Borrower or Obligor of its obligations under the Credit Documentation.

10. CONFIDENTIALITY

10.1 In general

Both Parties shall maintain the confidentiality of these Terms, the Transfer Decree and the Credit Documentation. Each of the Seller and the Buyer shall nonetheless permitted to make any necessary disclosures:

- (a) to its or their professional advisers and auditors regarding the terms and conditions of these Terms; and


Initialed by the Seller and the Buyer

*Execution Copy
29 September 2015*

- (b) in connection with the perfection or enforcement of a Party's rights and obligations under these Terms, the Transfer Decree and the Credit Documentation; and
- (c) as required under applicable law, regulations, court orders and rules of a relevant stock exchange and/or security authority.

10.2 Notices under the Resolution Act

The Parties understand that the National Bank has to inform various governmental agencies, authorities and other parties of the Transfer Decree.

11. TERMINATION

The Buyer may not terminate these Terms by its unilateral declaration.

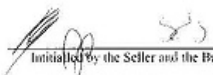
12. REPRESENTATIONS & WARRANTIES

The Buyer represents and warrants for the period between and including the Signing Date and the Completion Date that:

- (a) it is duly incorporated and validly existing under the laws of the Netherlands; it has the corporate power and authority to execute, deliver and perform these Terms, the agreement to be binding on the Seller and the Buyer on the basis of the Transfer Decree, and any other agreement or document executed under or in connection herewith;
- (b) these Terms constitute and any such other agreement or document executed in connection herewith constitutes legal, valid and binding obligations of the Buyer enforceable against the Buyer in accordance with their respective terms;
- (c) neither the execution nor delivery of these Terms, nor the transactions contemplated herein, nor compliance with the terms and conditions of these Terms: (i) contravene any provision of law or any statute, decree, rule or regulation binding upon the Buyer or contravene any judgment, decree, order or permit applicable to the Buyer; (ii) conflict with or result in any breach of any terms covenant to conditions or provisions of, or withholds a default under any agreement or other instrument to which the Buyer is a party or by which it is bound;
- (d) the Buyer is not subject to bankruptcy, winding-up, liquidation or any similar proceedings; and
- (e) the signing, execution and delivery of these Terms, as well as performance thereof in particular but not limited to payment of the Purchase Price, are neither a breach of, nor in contradiction with the Restructuring Plan.

13. INDEMNITY

- (i) The Buyer shall indemnify the Seller and hold harmless against any and all damages suffered, costs, fees, or payments made as a result of any litigation, proceeding or third party claim arising directly from or in connection with the Asset relating to the period following the Completion Date.
- (ii) The Buyer and the Owner shall indemnify the Seller and hold harmless against any and all damages suffered, costs, fees, or payments made as a result of any litigation, proceeding or third party claim arising from or in connection with the these Terms not being in compliance with the Restructuring Plan. The warranty and indemnity undertaking of the Owner is attached hereto under Schedule D.


Initialed by the Seller and the Buyer

*Execution Copy
29 September 2015*

14. VALIDITY AND EFFECTIVENESS

- (a) These Terms become valid (in Hungarian "érvényes") and effective (in Hungarian: "hatályos") and legally binding on the Parties only by force and with effect of the Transfer Decree, save for Clauses 1 (*Definitions*), 2 (*Subject of these Terms*), 10 (*Confidentiality*), 11 (*Termination*), 12 (*Representation and warranties*), 14 (*Validity and effectiveness*), 15 (*Miscellaneous*), 16 (*Governing law and language*), 17 (*Jurisdiction*) and 18 (*Counterparts*).
- (b) By the entry into force and effect of these Terms all prior statements, declarations, offers made by or arrangement and agreements entered into between the Parties (especially the Binding Bid, but excluding the Document and Money Escrow Agreements) shall be considered as superseded by these Terms.

15. MISCELLANEOUS

15.1 Communications in writing and in English

Any communication to be made under or in connection with these Terms or the Transfer Decree shall be made in writing and, unless otherwise stated, may be sent by fax or letter in English language.

15.2 Addresses

The address, fax number (and the department or officer, if any, for whose attention the communication is to be made) and banking details of each Party for any communication or document or transfer to be made or delivered under or in connection with these Terms or the Transfer Decree is:

- (a) in the case of the SELLER:

Address: 23 Dévai str. H-1134 Budapest
 Telephone: +36 1 268 7553
 Fax: +36 1 268 8078
 E-mail: kollega-tarsoly.daniel@mkb.hu
 Attention: Daniel Kollega Tarsoly, Corporate Restructuring & Debt Management Directorate

- (b) in the case of the BUYER:

Address: Rietlandpark 125, 1019DT Amsterdam, the Netherlands
 Telephone: +31 20 3449562
 Fax: +31 20 3449561
 E-mail: roy.linden@plazacenters.com
 Attention: Mr. Roy Linden

or any substitute address, fax number or department or officer as the Party may notify to the other Parties by not less than five (5) Business Days' prior notice.

15.3 Delivery

Any communication or document made or delivered by one person to another under or in connection with these Terms or the Transfer Decree will only be effective:

- (a) if by way of fax, only when a transmission report is received by the person sending the fax; or

*Execution Copy
29 September 2015*

- (b) if by way of letter, only when it has been left at the relevant address or two (2) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under Clause [15.2] (*Addresses*), if addressed to that department or officer.

15.4 No assignment

These Terms may not be assigned or transferred by the Buyer to any third party.

15.5 Amendments

These Terms may not be amended, supplemented or terminated except by an instrument in writing signed by both Parties and in accordance with the prior written approval of the Resolution Authority.

15.6 Partial invalidity

If, at any time, any provision of these Terms or any Transfer Decree is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

15.7 Costs

Each Party shall bear its own costs in connection with the preparation and negotiation of these Terms and in connection with the consummation of the transactions contemplated hereby, including the fees and expenses of its legal counsel, accountants, investment advisors and, in the case of the Buyer, financing or funding partners.

15.8 Applicable laws

In case if, due to different interpretation of the provisions of the Civil Code regarding the transfer of agreement (in Hungarian: *szerződésátvétel*), the provisions of the Civil Code cannot be applied to the transfer of the ERSTE Assets, the transfer of the ERSTE Assets shall be deemed as assignment and assumption of debt (in Hungarian: *engedélyezés és tartozásátvétel*) under Act IV of 1959 on the Civil Code and the respective legal provisions shall apply.

16. GOVERNING LAW AND LANGUAGE

These Terms were entered into between the Parties in the English language. These Terms and all non-contractual obligations arising from or in connection with these Terms, are governed by the laws of Hungary. The Buyer hereby explicitly declares that it deems the Civil Code applicable for the present Terms and the transaction contemplated thereby and it hereby waives any and all possible claims and/or demands which may arise in connection with the applicability or non-applicability of the Civil Code.

17. JURISDICTION

Any and all disputes arising from or in connection with these Terms shall be resolved by the competent Hungarian ordinary court.

*Execution Copy
29 September 2015*

18. COUNTERPARTS

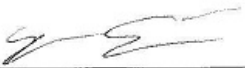
These Terms, together with its Appendices, is executed in six (6) counterparts in the English language.

19. SCHEDULES

Schedule A	ERSTE Loan Transfer Agreement
Schedule B	Security Termination and Deletion Documents samples
Schedule C	Borrower's Consent
Schedule D	Owner's warranty and indemnity undertaking

Place: Budapest

Date: 29 September 2015


PLAZA CENTERS ENTERPRISES B.V.
Represented by: Sándor Bíró
on the basis of a Power of Attorney


MKB BANK ZRT.
Represented by: Dóra Juhász and Zsolt Svajda
having joint signatory right

Schedule A

ERSTE Loan Transfer Agreement

[in the form of a separate document not physically attached hereto]

5/5 / 10

Schedule B

Security Termination and Deletion Documents samples

Handwritten signature, possibly "AP 5/5", in the bottom right corner of the page.

KINSTELLAR

[Click here to enter a date.](#)

TERMINATION AGREEMENT

P4 PLAZA s.r.o.

as Owner

and

MKB BANK Zrt.

as Bank

Kinstellar, s.r.o., advokátní kancelář
Na Příkopě 19
117 19 Prague 1
Czech Republic

Telephone (420) 221 622 111
Facsimile (420) 221 622 199

Ref.

6208914/0.5/29 IX 2014

5/5 / P

KINSTELLAR

THIS TERMINATION AGREEMENT (the "Agreement") is made

BETWEEN:

- (1) **P4 Plaza s.r.o.**, a company incorporated under the laws of the Czech Republic, having its seat at Palachova 1404/2, Liberec I-Staré Město, 460 01 Liberec, identification number 271 67 763, entered in the Commercial Register kept by Regional Court in Ústí nad Labem, file no. C 35011, as owner (the "Owner"); and
 - (2) **MKB BANK Zrt.** (formerly MKB BANK ZÁRTKÖRŰEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG), a Hungarian commercial bank, having its registered seat at H-1056 Budapest, Váci u. 38., 1056 Budapest, Hungary registered under registration No. Cg. 01-10-040952, statistical number: 10011922-6419-114-01, tax No.: 10011922-2-44 by the Metropolitan Court, as bank (the "Bank"),
- (the Owner and the Bank hereinafter collectively referred to as the "Parties" and each individually as a "Party")

WHEREAS:

- (A) On 6 October 2014 the Owner as the owner and the Bank as the bank entered into Agreement on Establishment of Negative Pledge Undertaking (the "Agreement on Establishment of Negative Pledge Undertaking") in relation to the Credit Facility Agreement dated 28 May 2008.
- (B) The Parties are no longer interested in continuation of the Agreement on Establishment of Negative Pledge Undertaking and wish to terminate the Agreement on Establishment of Negative Pledge Undertaking.

THE PARTIES HAVE AGREED AS FOLLOWS:

- (1) The negative pledge under the Agreement on Establishment of Negative Pledge Undertaking was established with respect to the following property (including all of its parts and appurtenances) owned by the Owner, registered with cadastral office Liberecký kraj, for the district Liberec, cadastral area Liberec, on the Ownership Deed No. 11326:

Plots of land				
Plot of land No.	Area (sqm)	Type of the plot of land	Used as	Protection
55/1	41	Buildup area and courtyard		monument preservation area
55/3	24	other area	other area	monument preservation area
74/7	2	other area	green vegetation	monument preservation area

S/S 

KINSTELLAR

Building			
Part of the district	Building number	Used as	Located on plot of land No.
Liberec I-Staré Město	1404	Multi-purpose building	50/1, 50/7, 55/1, 58/1, LV 1599

- (2) The Parties hereby terminate the Agreement on Establishment of Negative Pledge Undertaking and agree that all rights and obligations arising therefrom cease to exist as at the effective date of this Agreement.
- (3) The Bank hereby agrees with the de-registration of the negative pledge created under the Agreement on Establishment of Negative Pledge Undertaking from the cadastral register.
- (4) This Agreement comes into effect on the date of its signing by the last Party.
- (5) This Agreement is governed by Czech law.
- (6) This Agreement has been signed in three (3) originals in Czech and two (2) originals in English. In the case of any discrepancies between the Czech and English versions of the Agreement, the Czech version shall prevail.

S25 / 7p

KINSTELLAR

This Agreement has been entered into on the date stated at the beginning of this Agreement.

Owner

P4 PLAZA s.r.o.

On

By:

Name:

Title:

By:

Name:

Title:

Bank

MKB BANK Zrt.

On 28 September 2015

By:

Name:

Title:

By:

Name:

Title:

S/S  

KINSTELLAR

TERMINATION AGREEMENT

P4 PLAZA s.r.o.

as Client

and

MKB BANK Zrt.

as Facility Agent

and

ČESKÁ SPOŘITELNA, a.s.

as Account Bank

Kinstellar, s.r.o., advokátní kancelář
Na Příkopě 19
117 19 Prague 1
Czech Republic

Telephone (420) 221 622 111
Facsimile (420) 221 622 199

Ref:

6208914/0.5/29 IX 2014

S/S 

KINSTELLAR

THIS TERMINATION AGREEMENT (the "**Agreement**") is made

BETWEEN:

- (1) **P4 Plaza s.r.o.**, a company incorporated under the laws of the Czech Republic, having its seat at Palachova 1404/2, Liberec I-Staré Město, 460 01 Liberec, identification number 271 67 763, entered in the Commercial Register kept by Regional Court in Ústí nad Labem, file no. C 35011, as client (the "**Client**"); and
 - (2) **MKB BANK Zrt.** (formerly MKB BANK ZÁRTKÖRŰEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG), a Hungarian commercial bank, having its registered seat at H-1056 Budapest, Váci u. 38., 1056 Budapest, Hungary registered under registration No. Cg. 01-10-040952, statistical number: 10011922-6419-114-01, tax No.: 10011922-2-44 by the Metropolitan Court, as facility agent (the "**Facility Agent**"),
 - (3) **Česká spořitelna, a.s.**, having its registered seat at Praha 4, Olbrachtova 1929/62, Postal Code 140 00, Identification number 452 44 782, Registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 1171, as account bank (the "**Account Bank**")
- (the Client, the Facility Agent and the Account Bank hereinafter collectively referred to as the "**Parties**" and each individually as a "**Party**")

WHEREAS:

- (A) On 6 October 2014 the Client as the client, the Facility Agent as the facility agent and the Account Bank as the account bank entered into Bank Accounts Disposal Agreement (the "**Bank Accounts Disposal Agreement**") in relation to the Credit Facility Agreement dated 28 May 2008.
- (B) The Parties are no longer interested in continuation of the Bank Accounts Disposal Agreement and wish to terminate the Bank Accounts Disposal Agreement.

THE PARTIES HAVE AGREED AS FOLLOWS:

- (1) The Parties hereby terminate the Bank Accounts Disposal Agreement and agree that all rights and obligations arising therefrom cease to exist as at the effective date of this Agreement.
- (2) This Agreement comes into effect on the date of its signing by the last Party.
- (3) This Agreement is governed by Czech law.
- (4) This Agreement has been signed in three (3) originals in English.

KINSTELLAR

This Agreement has been entered into on the date stated at the beginning of this Agreement.

Client

P4 PLAZA s.r.o.

On

By:

Name:

Title:

By:

Name:

Title:

Facility Agent

MKB BANK Zrt.

On 28 September 2015

By:

Name:

Title:

By:

Name:

Title:

Account Bank

ČESKÁ SPOŘITELNA, a.s.

On 28 September 2015

By:

Name:

Title:

By:

Name:

Title:

3/5 

Schedule C

Borrower's Consent

[in the form of a separate document not physically attached hereto]

S/S / (0)

Schedule D

Owner's warranty and indemnity undertaking

[in the form of a separate document not physically attached hereto]

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EXHIBIT 12.1

I, Doron Moshe, certify that:

1. I have reviewed this annual report on Form 20-F of Elbit Imaging Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a- 15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a- 15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the resistant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 21, 2016

By: /s/ Doron Moshe
 Name: Doron Moshe
 Title: Chief Financial Officer and
 Chief Executive Officer

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EXHIBIT 13.1

Section 906 Certification by Principal Executive Officer and Principal Financial Officer

In connection with the Annual Report of Elbit Imaging Ltd. (the "Company") on Form 20-F for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Doron Moshe, in my capacities as the Company's principal executive officer and principal financial officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 21, 2016

By: /s/ Doron Moshe
Name: Doron Moshe
Title: Chief Executive Officer and
Chief Financial Officer

Exhibit 15.2

ELBIT IMAGING LTD.
CONDENSED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015

Contents

	<u>Page</u>
Report of independent registered public accounting firm	2
Condensed Financial Statements:	
Balance sheets	3-4
Statements of income	5
Statements of cash flows	6-7
Notes to the condensed financial statements	8-11



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors and Shareholders of
Elbit Imaging Ltd.

We have audited the consolidated financial statements of Elbit Imaging Ltd. and subsidiaries (the "Company") as of December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015, and have issued our report thereon dated March 31, 2016; such financial statements and report are included in 8-K dated March 31, 2016 and are incorporated herein by reference. Our audit also included the financial statement schedule No. 15.2 of the company listed in item 18. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

Without qualifying our opinion, we draw attention to:

1. Note 1 C to the consolidated financial statements, which describes the company's financial position. The Company has prepared a projected cash flow based on its plans for the repayment of the liabilities as described in note 1C. Based on the projected cash flow and the related assumptions, the Company's board of directors is of the opinion that the Company can execute its plans and that it would be able to serve its indebtedness in the foreseeable future.
2. Note 5 C Casa radio (5-6) and note 14 C (13) to the consolidated financial statements which disclose, among other things, potential irregularities concerning the Casaradio Project in Romania and their potential consequences, including Foreign Corrupt Practices Act potential implications.
3. Note 14 to the consolidated financial statements, with respect to claims that have been filed against Group companies, one of which was certified as a class action.

Brightman Almagor Zohar & Co.
 Certified Public Accountants
 A Member Firm of Deloitte Touche Tohmatsu

Tel Aviv, Israel
 March 31, 2016

Tel Aviv - Main Office

1 Azrieli Center Tel Aviv, 6701101 P.O.B. 16593
 Tel Aviv, 6116402 | Tel: +972 (3) 608 5555 | Fax: +972 (3) 609 4022 | info@deloitte.co.il

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 Har Hotzvim Tower
 Jerusalem, 9777603
 P.O.B. 45396
 Jerusalem, 9145101

Tel: +972 (2) 501 8888
 Fax: +972 (2) 537 4173
 info-jer@deloitte.co.il

Haifa

5 Ma'aleh Hashichrur
 P.O.B. 5648
 Haifa, 3105502

Tel: +972 (4) 860 7333
 Fax: +972 (4) 867 2528
 info-haifa@deloitte.co.il

Beer Sheva

12 Alumot
 Omer Industrial Park
 P.O.B. 1369
 Omer, 8496500

Tel: +972 (8) 690 9500
 Fax: +972 (8) 690 9600
 info-beersheva@deloitte.co.il

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 Fax: +972 (8) 637 1628
 info-eilat@deloitte.co.il

Deloitte

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 Fax: +972 (3) 607 0501
 info@deloitte.co.il

Deloitte Analytics

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Tel: +972 (77) 8322221
 Fax: +972 (3) 9190372
 info@deloitte.co.il

Seker - Deloitte

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Tel: +972 (9) 892 2444
 Fax: +972 (9) 892 2440
 info@deloitte.co.il

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ELBIT IMAGING LTD.
CONDENSED BALANCE SHEETS

		December 31	
		2 0 1 5	2 0 1 4
			2 0 1 5
			Convenience translation (note 2D)
	Note	(in thousand NIS)	U.S.\$'000
Current Assets			
Cash and cash equivalents		71,286	95,086
Short-term deposits and investments		1,258	777
Other receivables		5,294	1,716
Assets related to discontinued operations		1,747	33,437
		<u>79,585</u>	<u>131,016</u>
			<u>20,396</u>
Non-Current Assets			
Deposits, loans and other long-term balances		19,539	16,355
Loans and investments in subsidiaries, associates and joint venture	3	679,019	894,983
Property, plant and equipment		113	1,962
		<u>698,671</u>	<u>913,300</u>
			<u>179,055</u>
		<u>778,256</u>	<u>1,044,316</u>
			<u>199,451</u>

ELBIT IMAGING LTD.

CONDENSED BALANCE SHEETS

		December 31		
		2 0 1 5	2 0 1 4	2 0 1 5
				Convenience translation (note 2D)
	Note	(in thousand NIS)		U.S.\$'000
Current Liabilities				
Short-term credits		-	-	-
Payables and other credit balances		20,871	29,289	5,349
		20,871	29,289	5,349
Non-Current Liabilities				
Borrowings		710,897	755,538	182,188
Other liabilities		27,201	27,434	6,971
		738,098	782,972	189,159
Commitments, Contingencies, Liens and Collaterals				
Shareholders' Equity				
Share capital and share premium		1,105,973	1,055,056	283,437
Reserves		(862,054)	(755,872)	(220,926)
Retained losses		(224,632)	(67,129)	(57,568)
		19,287	232,055	4,943
		788,256	1,044,316	199,451

Doron Moshe
Chief Financial Officer and Acting Chief
Executive Officer

Zvi Tropp
Chairman of the audit committee

Ron Hadassi
Chairman of the Board of Directors

Approved by the Board of Directors on: March 31, 2016

ELBIT IMAGING LTD.

CONDENSED STATEMENTS OF INCOME

	Year ended December 31			
	2 0 1 5	2 0 1 4	2 0 1 3	2 0 1 5
				Convenience translation (Note 2D) U.S.\$'000
Note	(in thousand NIS)			
Revenues from providing management services	1,472	461	1,965	377
General and administrative expenses	(11,868)	(37,315)	(58,964)	(3,041)
Financial expenses, net	(67,888)	(97,619)	(119,187)	(17,398)
Financial gain from debt restructuring	-	1,791,644	-	-
Initiation expenses	-	(168)	(438)	-
Other income (expense)	(73,741)	(5,020)	2,460	(18,899)
Profit (loss) before income taxes	(152,025)	1,651,983	(174,164)	(38,961)
Income tax expenses	-	-	6,298	-
	(152,025)	1,651,983	(180,462)	(38,961)
Company's share in results of investee companies	(40,755)	(641,801)	(982,900)	(10,507)
Profit (loss) from continuing operations	(192,780)	1,010,182	(1,163,362)	(49,468)
Profit (loss) from discontinued operations, net	6,630	(1,175)	7,717	1,762
Profit (loss) for the year	(186,150)	1,009,007	(1,155,645)	(47,706)

ELBIT IMAGING LTD.

CONDENSED STATEMENTS OF CASHFLOWS

	Year ended December 31			
	2 0 1 5	2 0 1 4	2 0 1 3	2 0 1 5
				Convenience translation (Note 2D) U.S.\$'000
	(in thousand NIS)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) for the year from continued operations	(192,780)	1,010,182	(1,163,362)	(49,405)
Income tax expenses (tax benefit) recognized in profit and loss	-	-	6,298	-
Finance expenses recognized in profit and loss	67,888	97,619	119,187	17,398
Financial gain from debt restructuring	-	(1,791,644)	-	-
Income tax paid in cash	-	-	(8,000)	-
Depreciation and amortization	640	3,636	3,825	164
Share in losses of associates, net	40,755	641,801	982,900	10,444
Stock based compensation expenses	845	3,147	(11,335)	217
Other	(488)	(4,209)	1,286	(125)
Receivables and other debit balances	3,101	8,595	2,580	(795)
Payables and other credit balances	(6,180)	(6,910)	81,511	(1,584)
Net cash provided by (used in) operating activities of continuing operations	(86,219)	(37,783)	14,890	(22,096)
Net cash used in discontinued operating activities	(2,700)	-	-	(692)
Net cash provided by (used in) operating activities	(88,919)	(37,783)	14,890	(22,788)

ELBIT IMAGING LTD.

CONDENSED STATEMENTS OF CASHFLOWS

	Year ended December 31			
	2 0 1 5	2 0 1 4	2 0 1 3	2 0 1 5
				Convenience translation (Note 2D) U.S.\$'000
	(in thousand NIS)			
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property plant and equipment, investment property and other assets	(103)	(22)	(984)	(26)
Proceeds from realization of investments in subsidiaries and associates	1,925	6,954	169,698	493
Investments and loans to subsidiaries and associates	180,330	27,598	(59,242)	46,215
Proceeds from realization of investments in associates and joint venture	76	-	-	20
Proceed from realization of (investment in) long-term deposits and long-term loans	(1,184)	(711)	100	(303)
Short-term deposits and marketable securities, net	(481)	5,678	34,081	(123)
Net cash provided by investing activities	180,563	39,497	143,653	46,276
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid in cash	(37,902)	(33,075)	(20,911)	(9,713)
Interest received in cash	32	3,098	2,697	8
Repayment of long-term borrowings	(75,577)	-	-	(19,369)
Repayment of short-term credit	-	-	(54,840)	-
Net cash used in financing activities	-113,447	-29,977	-73,054	-29,074
Increase (decrease) in cash and cash equivalents	(21,803)	(28,263)	85,489	(5,586)
Cash and cash equivalents at the beginning of the year	95,086	120,483	30,637	24,368
Net effect on cash due to currency exchange rate changes	(1,996)	2,866	4,357	(513)
Cash and cash equivalents at the end of the year	71,287	95,086	120,483	18,269

ELBIT IMAGING LTD.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1 - GENERAL

- A. Elbit Imaging Ltd. ("the Company") was incorporated in Israel. The Company's registered office is at 7 Mota Gur Street Petach-Tikva, Israel. The Company's shares are registered for trade on the Tel Aviv Stock Exchange and in the United States on the NASDAQ Global Select Market.
- B. The Group engages, directly and through its investee companies, in Israel and abroad, mainly in the following areas:
- Commercial centers - initiation, construction, and sale of commercial centers and other mixed-use property projects, predominantly in the retail sector, located in Central and Eastern Europe. In certain circumstances and depending on market conditions, the Group operates and manages commercial centers prior to their sale.
 - Hotels - hotels operation and management of the Radisson hotel Complex in Bucharest Romania. For the selling of the Belgium hotels in June 2015 see note 9 G of the annual consolidated financial statements.
 - Medical industries and devices - (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.
 - Residential projects - initiation, construction and sale of residential units or plots designated for residential located primarily in India.
 - Plots in India - plots designated for sale which were initially designated to residential projects.
 - With regards to the sale of the operation and business of "Mango" retail stores in Israel to Fox-Wisel Ltd. ("Fox") on January, 5 2015, see note 20 of the annual consolidated financial statements. Accordingly, this operation is presented in these financial statements as discontinued operation.

ELBIT IMAGING LTD.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1 - GENERAL (CONT.)

C. Financial position:

With respect to the Company's financial position, including the consummation of the Plan of Arrangement, see note 1C of the annual consolidated financial statements.

D. Definitions:

The Company	-	Elbit Imaging LTD.
Group	-	The Company and its Investees
Investees	-	Subsidiaries, joint ventures and associates
PC	-	Plaza Centers N.V. Group, a subsidiary of the Company, operating mainly in the field of commercial centers and is traded in the Main Board of the London Stock Exchange, the Warsaw stock Exchange ("WSE") and Tel Aviv Stock Exchange. As of December 31, 2015 the Company holds 44.9% in PC.
Elbit Medical	-	Elbit Medical Technologies Ltd., a public Israeli company traded on the Tel Aviv Stock Exchange. As for December 31, 2015, the Company holds 89.9% of Elbit Medical share capital (86.2% on a fully diluted basis).
Related parties	-	As defined in International Accounting Standard ("IAS") no. 24. For details see note 18 of the annual consolidated financial statements

ELBIT IMAGING LTD.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Statement of compliance:

The condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

B. Basis for preparation:

The condensed financial statements have been prepared on the historical cost basis except for (i) financial instruments measured at fair value; (ii) certain trading property measured at net realizable value (see note 2W.(1)a of the annual consolidated financial statements.); and (iii) certain property, plant and equipment (hotels) presented at the revaluation model (based on fair value (see note 2W.(1)e. of the annual consolidated financial statements)). The principal accounting policies are set out below.

C. Presentation of the income statements:

The Groups operations are characterized by diverse activities. Accordingly, management believes that its income statements should be presented in the "Single - step form". According to this form, all costs and expenses (including general and administrative and financial expenses) should be considered as continuously contributing to the generation of the overall revenues and gains. Management also believes that its operating expenses should be classified by function to: (i) those directly related to each revenue (including general and administrative expenses and selling and marketing expenses relating directly to each operation); and (ii) overhead expenses which serve the business as a whole and are to be determined as general and administrative expenses.

D. Convenience translation:

The balance sheet as of December 31, 2015 and statement of income, statement of other comprehensive income and statement of cash flows for the year then ended have been translated into U.S. Dollar using the representative exchange rate as of that date (\$1= NIS 3.902). Such translation was made solely for the convenience of the U.S. readers. The dollar amounts so presented in these financial statements should not be construed as representing amounts receivable or payable in dollars or convertible into dollars but only a convenience translation of reported NIS amounts into U.S. Dollar, unless otherwise indicated. The convenience translation supplementary financial data is unaudited and is not presented in accordance with IFRSs.

ELBIT IMAGING LTD.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 3 - LOANS AND INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

- A. As part of Indian JV Agreement between the Company and PC regarding the Kochi project (as described in note 7B of the annual consolidated financial statements) PC has provided the Company with an advance on account of the Kochi project in the amount of Euro 4.5 million. In order to secure the advance granted by PC the Company provided PC with a guarantee, which shall be exercised in the event the Company fails to transfer all its rights in the Kochi Island to EPI (or alternatively to transfer 50% of the said rights to PC). The guarantee expired in August 2013.

In June 2015 the Company reached an agreement with PC, following the Company was obliged to repay the Reimbursement amount in few instalments until mid-2018. PC liabilities towards the Company in the amount of EUR 0.8 million) were offset from this balance, with partial repayment of EUR 1 million performed in late September 2015, thus balance as of December 31, 2015 is EUR 2.8 million (including accrued interest on remaining balance).

NOTE 4 - COMMITMENTS, CONTINGENCIES, LIENS AND COLLATERALS

- A. With respect to the Company's claims, see note 14 B of the annual consolidated financial statements.
- B. With respect to the Company's other contingent liabilities, see note 14 C of the annual consolidated financial statements.