

ELBIT IMAGING LTD. Financial Results Year 2010

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March 29, 2011

Operational highlights

- The completion of the first investment of our US Fund in the USA with approx. 48% ownership interest in EDT retail Trust ("EDT"). EDT currently holds 48 retail properties (10.9 million sqf) in its core shopping centers portfolio, with an assets value of USD \$1.4 billion, NOI of \$99.2 million (December 31, 2010), and with occupancy rate of 88.8%.
- During the period April through June, we raised \$231 million for our US fund, comprised of co-investment funds in the amount of \$100 million from Elbit Plaza USA, L.P. ("EPUS") (50:50 Elbit and PC), a co-investment of \$100 million from Eastgate Property ("Eastgate") and an investment of \$31 million from Menora Mivtachim Insurance Ltd. and certain of Menora's affiliates ("Menora").
- In December 2010 our US fund , trough EPN Real Estate Fund, LP ("EPN"), signed a Real Estate Purchase and Sale Agreement, to acquire seven retail shopping centers located in the U.S. for a total purchase price of \$75 million, from certain affiliates of Charter Hall Retail REIT. The closing of transaction is subject to the fulfillment of certain condition.
- In April, 2010, Elbit and Park Plaza hotels (50:50) acquired one of the largest conference hotels in the Netherlands, located near Amsterdam Schiphol Airport for a total consideration of €30 million. The acquisition was financed by bank loan of €28 million over a five-year term.
- In December 2010, we sold to Park Plaza all of our holdings in three companies that own three hotels in London, England, for a total consideration of £21 million (approximately \$34 million), representing a total estimated asset value for the hotels of £230 million (approximately \$370 million). The consideration is being paid in a combination of loans, an issuance of shares of Park Plaza and a possible additional payment that is subject to adjustments. Prior to this transaction, these hotels were jointly owned by us and Park Plaza and were managed by Park Plaza.
- In November, 2010, we successfully closed the transaction with Elbit Medical Technologies Ltd. (formerly: Enter Holdings 1 Ltd. (TASE: EMTC) ("Elbit Medical") and its controlling shareholders. Following the transaction we raised funds from institutional and private investors in the amount of NIS 19 million (including two year options to invest an additional aggregate amount of NIS 19 million) all at a pre-money valuation of Elbit Medical at NIS 800 million (on a fully diluted basis, without taking into account the value of the aforementioned options).

- Our subsidiary, Plaza Centers N.V ("Plaza" or "PC") (LSE: PLAZ) (WSE: PLAZ/PLAZACNTR) has signed a facility agreement for financing 70% (approx. €33 million) of the development costs of a new shopping center in Kragujevac, Serbia. Pre-let levels of the commercial center are currently 70% of the 22,000 sqm GLA. Completion is scheduled for first half of 2012.
- Plaza has secured 70% bank financing (approx. €52.5 million) for the construction of Plaza's tenth retail scheme in Poland. The construction of the 40,000 sqm GLA Torun Plaza, commenced in Q3 2010 and is expected to be completed in Q4 2011.
- Plaza has opened two new commercial centers. The Zgorzelec Plaza in Poland (13,000 sqm of GLA) which was opened on March 2010 and Suwalki Plaza, Poland, (20,000 sqm of GLA) which was opened on May 2010.
- In June, 2010 Gamida Cell announced that the Gamida Cell-Teva Joint Venture received an FDA Fast Track Designation for StemEx to develop an alternative to bone marrow transplants for patients with blood cancers such as leukemia and lymphoma.
- During the year we opened four new GAP stores by Elbit Trade and Retail in Azrieli Center, Tel Aviv, Arena Herzliya, Renanim, Ra'anana and in Eilat.

Financial highlights

- In March through August 2010 we raised an amount of NIS 300 million through Series G Debentures.
- In January and February 2010 PC raised an amount of NIS 330 million through Series B Debentures.
- In August 2010, Elbit sold 15 million of PC's ordinary shares to Polish institutional investors. The gross proceeds from such sale were approximately NIS 98 million. Following the transaction, we currently own approximately 62.4% of PC's share capital.
- In September 2010, EDT has closed a US\$ 174 million nonrecourse financing with maturity date of September 2017. The financing is secured by a pool of seven assets of EDT's portfolio. This new loan replaced a debt matured on October 2010.
- In November 2010, we raised a total amount of NIS 197.4 million through Series G and D Debentures.
- In November, 2010, PC announced the completion of the first tranche of a bond offering to Polish institutional investors. PC raised an amount of PLN 60 million (approx. €15.2 million) from the bond offering with a three year maturity bearing an interest rate of six month Polish Wibor plus a margin of 4.5% .
- In January 2011 PC raised an additional sums Series A and B Notes for an aggregate consideration of approximately NIS 300 million.
- In March 2011, we raised a total amount of NIS 108.3 million of Series G.
- In March 2011, EDT announces that it has closed a US\$ 115 million nonrecourse refinancing with a maturity date of April 2016. The financing is secured by a portfolio of twelve assets of EDT's Portfolio. This new loan replaces the existing debt with a maturity of June 2011.

Analyses of the Year results **By the Company's CFO**

Consolidated revenues in Year 2010 were NIS 1,474 million (US\$ 415 million) compared to NIS 698 million reported last year.

The increase is mainly attributable to: (i) gain from a bargain purchase of EDT in the amount of NIS 397 million (US\$ 112 million), executed by EPN, which is 43% held by the Company (a bargain purchase represent the difference between the fair value of the net identifiable assets and the aggregate value of consideration). The gain was recorded as a result of the acquisition of a 48% stake in EDT, an Australian investment trust which manages two US REIT portfolios located in 20 states in the United States, executed in June 2010; (ii) gain from sale of our UK hotels in the amount of NIS 199 million (US\$ 56 million), executed in December 2010; (iii) and gain from investment property attributable to EDT.

Revenues from commercial centers increased in 2010 to NIS 103 million (US\$ 29 million) from NIS 85 million last year. This increase is mainly attributable to the operation of four completed commercial and entertainment centers in 2010 compared to two in the 2009..

Cost of commercial centers decreased to NIS 157 million (US\$ 44 million) compared to NIS 169 million reported last year. This decrease is mainly attributable to: (i) devaluation of the EURO against the NIS; offset by (ii) an increase in direct cost of operations of commercial centers.

Gain from fair value adjustment investment property amounted to NIS 40 million (US\$ 11 million) in 2010 compared to NIS 3 million reported last year. The gain in 2010 represent the revaluation of EDT assets since its acquisition in June 2010.

Revenues from Investment property rental income was in 2010 NIS 122 million (US\$ 24 million). The gain attributable to the operation of EDT in the second half of 2010.

Cost of Investment property expenses was in 2010 NIS 51 million (US\$ 14 million).

Revenues from hotels operations and management increased to NIS 404 million (US\$ 114 million) as compared to NIS 397 million reported last year. This increase is mainly attributable to the improvement in revenues from our hotels in the United Kingdom, Belgium, Romania and our new hotel in Schiphol, Holland, and is offset by the devaluation of the EURO and the British Pound (the functional currencies in which our hotels operate) against the NIS.

Costs and expenses from hotels operations and management decreased to NIS 341 million (US\$ 96 million) compared to NIS 353 million reported last year. This decrease is mainly attributable to the devaluation of the EURO and the British Pound against the NIS.

Revenues from sale of medical systems decreased to NIS 34 million (US\$ 10 million) compared to NIS 62 million reported last year. The decrease is attributable to the number of the systems sold in 2010 compared to 2009.

Costs and expenses of medical systems operations decreased in 2010 to NIS 64 million (US\$ 18 million) compared to NIS 67 million reported last year.

Research and development expenses decreased in 2010 to NIS 58 million (US\$ 16 million) compared to NIS 74 million reported last year. These costs are attributable to the operations of InSightec.

Revenues from sale of fashion merchandise increased to NIS 175 million in 2010 (US\$ 49 million) compared to NIS 118 million reported last year. This increase is attributed mainly to the operating of four new GAP stores during 2010.

Cost and expenses of fashion merchandise increased in 2010 to NIS 198 million (US\$ 56 million) compared to NIS 134 million reported last year. This increase was attributable mainly to increase in retail operation as mentioned above.

General and administrative expenses decreased in 2010 to NIS 65 million (US\$18 million) in 2010 as compared to NIS 66 million in 2009.

Financial expenses, net resulted in expenses of NIS 373 (US\$ 105 million) in 2010 compared to NIS 262 million reported last year. Such increase is comprised of:

(I) A decrease in the amount of NIS 20 million (US\$ 6 million), attributable mainly to non-cash expenses derived from changes in fair value of financial instruments (mainly Plaza Centers notes, currency and interest hedge transactions, derivatives and marketable securities) all measured at fair value through profit and loss.

(II) An increase in the amount of NIS 78 million (US\$ 22 million), in non-cash expenses related to exchange rate differences. The increase is mainly attributable to exchange rate losses of Plaza Center's notes as a result of the devaluation of 13% in the EURO against the NIS during 2010.

(III) An increase in interest expenses, net in the amount of NIS 53 million (net of: (i) interest income, (ii) capitalization of financial expenses to qualified assets and (iii) CPI linkage on borrowing). Such increase is mainly attributable to interest expenses attributable to EDT operational and to decrease in interest receive from deposits in 2010.

Impairment charges and other expenses, net decrease to NIS 85 million (US\$ 24 million), compared to NIS 260 million reported last year. The Company impaired Plaza Center's real estate assets in the amount of NIS 43 million in 2010 as compared to NIS 217 million in 2009.

Income before taxes in 2010 was NIS 74 million (US\$ 21 million) as compared to Loss before taxes in the amount of NIS 703 million in 2009.

Income Tax in 2010 was NIS 5 million (US\$ 1.5 million) as compared to tax benefits in the amount of NIS 36 million last year.

Income from continuing operations in 2010, was NIS 69 million (US\$ 19 million) compared to loss of NIS 668 million reported last year.

Profit from discontinuing operation, net in 2010 was NIS 4 million (US\$ 1 million) compared to NIS 17 million reported last year.

Income in 2010 was NIS 74 million (US \$21 million) of which NIS 62 million (US\$ 17 million) is attributable to the equity holders of the Company and amount of NIS 12 million (US\$ 3 million) is attributable to the minority interest.

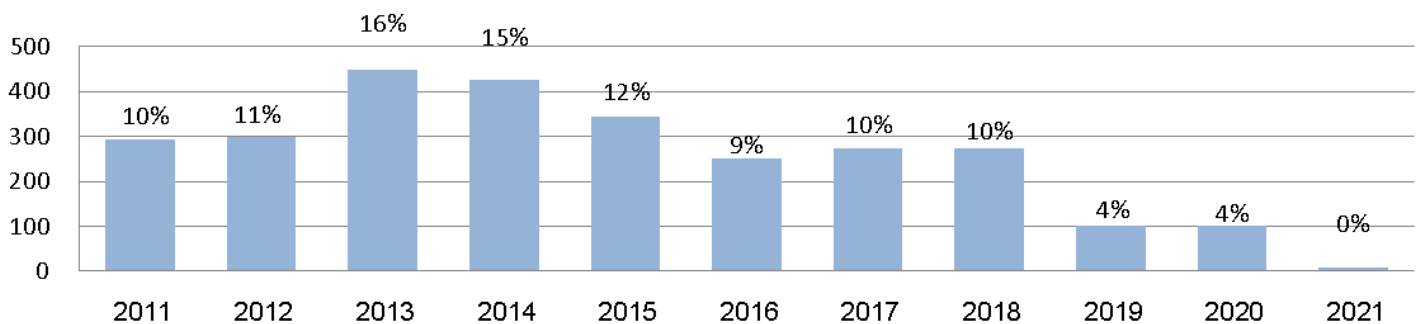
Loss in 2009 was NIS 651 million of which NIS 531 million is attributable to the equity holders of the Company and income of NIS 120 million is attributable to minority interest.

Mr. Doron Moshe - CFO

FINANCIAL STRENGTH & LIQUIDITY

- Consolidated cash balances of NIS 2.1 billion.
- Shareholders' equity of NIS 2.2 billion.
- Consolidated debt of NIS 8 billion.
- Cash at Company's head office of NIS 0.8 billion.
- Net debt at Company's head office of NIS 2.3 billion.
- Gross debt at Company's head office of NIS 3.1 billion.

Head-Office Principal long-term Debentures maturities



PLAZA CENTERS

Overview

- Strong cash position maintained, providing ongoing support for current development activity and enabling Plaza to take advantage of opportunities arising in the current market to acquire high yielding mature assets or invest in new markets.
- Development activities limited to projects located in areas with the highest market demand and with favorable financing opportunities. The remainders of Plaza's development pipeline projects are either in the design phase or awaiting authorizations. Commencement of these projects will depend, amongst other matters, on the availability of external financing.
- Although Plaza's strategy in the last years is to sell its projects, Plaza is in a position where it does not have to execute forced sales of projects. If yields continue to be high on completion of the projects, it will take advantage of its extensive experience gained during 15 years of operations in managing and running shopping malls effectively and hold the investment in its portfolio until sufficient sale yields are achieved.

Operational and Financial Highlights

- Plaza has signed on a borrowing facility agreement for financing 70% (approx. €33 million) of the development costs of a new shopping center in Kragujevac, Serbia. Current pre-let levels are approximately 75% of the 22,000 sqm GLA. Completion is scheduled for H1 2012.
- Plaza has agreed to 70% bank financing (approx. €52.5 million) for the construction of Plaza's ninth retail scheme in Poland - the 40,000 sqm GLA Torun Plaza - commenced in Q3 2010 with anticipated completion in Q4 2011.
- Zgorzelec Plaza, Poland totaling 13,000 sqm GLA was opened in March 2010 and was approximately 75% let on opening with tenants including H&M, KappAhl and Douglas.
- Suwalki Plaza, Poland a 20,000 sqm GLA shopping center was opened in May 2010. The center, being Plaza's 30th Mall completed, was approximately 80% let on opening to major international and local brands such as H&M, New Yorker, Douglas, and Deichman.

- Positive progress continues with construction and lettings at Koregaon Park shopping and entertainment centre, India. Approximately 50% of the 48,000 sqm GBA mall is pre-let with memoranda of understandings signed for a further 10% of the space. Completion is scheduled for second half of 2011.
- In November, 2010, PC raised an amount of PLN 60 million (approx. €15.2 million) from a bond offering to Polish institutional investors.

Plaza Portfolio

As at the year end, PC was engaged in 30 development projects and owned four operational assets, located across the Central and Eastern European region and in India. The location of the projects and assets under development, as at 23 March 2011, is summarized as follows:

Location	Number of assets (CEE and India)		
	Active	Under development	Offices
Romania	-	8	1
India	-	6	-
Poland	2	5	-
Hungary	-	3	1
Serbia	-	3	-
Czech Republic	1	2	1
Bulgaria	-	2	-
Greece	-	1	-
Latvia	1	-	-
Total	4	30	3

During the year, Plaza invested a total of €20 million in cash to acquire the EDT portfolio in US (as part of a J.V with the Company), and an additional €66.5 million into the projects under development. Out of the total investment €53 million was financed by bank loans.

Plaza financial strengths and liquidity

- Cash position of € 194 million (€ 220 million - including short term and long term balances).
- Currently cash position increased to approximately €254 million following bond issuance after period ends.
- Net Asset Value per share of £1.96
- Total equity of € 624 million.
- Net asset Value for December 31, 2010 of € 675 million. Market value of land and projects according to external evaluator.

HOTELS DIVISION

Overview

- Over 17-year track record of successfully developing and managing hotels in Western & Eastern Europe including The Netherlands, United Kingdom, Belgium, and Romania. The Company's portfolio comprises 7 hotels with 1,794 rooms. Elbit holds between 50%-100% of each hotel via controlling stakes and plays an active role in the management of the portfolio.
- Our brands include the widely recognized Park Plaza brand which holds exclusive franchise rights with Carlson, (a leading US travel & hospitality company), as well as Radisson, Park Inn and Centre Ville.
- Rating and location - Most hotels have been awarded 4 star rating and are located adjacent to major transportation facilities;

Operational Date and Highlights

- In December , 2010, we sold to Park Plaza all of our holdings in three companies that own three hotels in London, England, for a total consideration of £21 million (approximately \$34 million), representing a total estimated asset value for the hotels of £230 million (approximately \$370 million). The consideration is being paid in a combination of loans, an issuance of shares of Park Plaza and a possible additional payment that is subject to adjustments. Prior to this transaction, these hotels were jointly owned by us and Park Plaza and were managed by Park Plaza.

- In April 2010 Elbit and Park Plaza hotels (50:50) has acquired one of the largest conference hotels in the Netherlands, located near the Amsterdam Schiphol Airport. The property was acquired for €30 million out of which €28 million has been financed via an increase to an existing credit facility. The property offers 342 Guestrooms.
- Our hotels in **Belgium** had an approx. 23% increase in the REVPAR as compared to last year.
- The REVPAR of our hotels in **Holland** has increased by approx. 5% as compared to Last year (not including the Park Plaza Amsterdam Airport).
- The REVPAR of our hotels in **Romania** has increased by approx. 6% as compared to Last year.

Following is our hotels portfolio:

Operating Hotel	Rank	Location	No of rooms	Controlling Stake
<i>Park Plaza Victoria, Amsterdam</i>	<i>4 stars Deluxe</i>	<i>Amsterdam, The Netherlands</i>	305	50%
<i>Park Plaza Utrecht, Utrecht</i>	<i>4 stars</i>	<i>Utrecht , The Netherlands</i>	120	50%
<i>Park Plaza Airport Amsterdam</i>	<i>4 stars</i>	<i>Lijnden, The Netherlands</i>	342	50%
<i>Park Plaza Astrid, Antwerp</i>	<i>4 stars</i>	<i>Antwerp, Belgium</i>	252	100%
<i>Park Inn</i>	<i>3 stars</i>	<i>Antwerp, Belgium</i>	59	100%
<i>Centerville Hotel Apartments*</i>	<i>4-5 stars</i>	<i>Bucharest, Romania</i>	292*	77%
<i>Radisson SAS Bucharest</i>	<i>5 stars</i>	<i>Bucharest, Romania</i>	424	77%
Total operating hotels			1,794	

(*) Including: (i) 230 guest apartments at four star rank with various sizes of rooms (1 to 5 rooms);
(ii) 62 guest Elite apartments at 5 star rank with two or three rooms, various layouts and sizes.

- For estimated value per room in the European region please refer to the following HVS International (Global Hospitality Services) link:
<http://www.hvs.com/Library/Articles/>
- Total book value of our hotels in our financial statements, as of December 31, 2010, is NIS 968 million.

- Net debt of our hotels in our financial statements, as of December 31, 2010 is NIS 477.6 million.

US YIELDING ASSETS DIVISION

Strategy

- Focus on acquisition of high quality (primarily A,A-) U.S retail properties with yields ranging between 7%-9% and selling in the future at yields ranging between 5%-7%.
- Stable and dominant assets to be acquired from crisis stricken owners and lenders (search for quality assets from distressed owners rather than distressed assets).
- Willingness to hold the assets for a period of three to five years until realization
- Engage in active asset management, during the holding period, so as to preserve the properties' cash flow, enhance tenant mix and position the asset to outperform its competitors.

Establishment of the US Fund

- During the period April through June, 2010, we have raised \$231 million for our US fund comprised of co-investment funds in the amount of \$100 million from EPUS (50:50 Elbit and PC), co-investment funds in the amount of \$100 million from Eastgate, and \$31 million from investment by Menora and its affiliates.
- Our intention is to raise financing in the amount of \$400 million for the US Fund.

Completion of first investment in the USA

During the reported period, the US Fund completed the acquisition of EDT Retail Trust, whereby currently the US Fund holds an approx. 48% ownership interest in EDT.

EDT Core Shopping Centers Portfolio, consisting of:

- 48 operating retail properties of approx. 10.9 million sqf.
- Total value of this portfolio is approximately US\$1.4 billion as at December 31, 2010.
- Occupancy rate of approximately 88.8%.

- Secured non-recourse debt related to this portfolio amounted to approx. US\$921 million as at December 31, 2010.
- In September 2010, EDT has closed a US\$ 174 million nonrecourse financing with maturity date of September 2017. The financing is secured by a pool of seven assets of EDT's portfolio. This new loan replaced a debt matured on October 2010.
- In December 2010 our US fund , trough EPN Real Estate Fund, LP ("EPN"), signed a Real Estate Purchase and Sale Agreement, to acquire seven retail shopping centers located in the U.S. for a total purchase price of \$75 million, from certain affiliates of Charter Hall Retail REIT. The closing of transaction is subject to the fulfillment of certain condition.
- In March 2011, EDT announces that it has closed a US\$ 115 million nonrecourse refinancing with a maturity date of April 2016. The financing is secured by a portfolio of twelve assets of EDT's Portfolio. This new loan replaces the existing debt with a maturity of June 2011.
- In March 2011 EPN made an off-market takeover bid to acquire all of the outstanding units of EDT on March 10, 2011. EPN's unconditional offer is to buy all outstanding units of EDT that EPN's affiliate does not already own (approximately 52%), for AUS\$ 0.078 cash per EDT unit. The total consideration, which will be paid by EPN, assuming full take up of EDT units, is approximately US\$ 190 million.

Medical division

Strategy

To establish an independent division with its own equity resources which enable Elbit's Medical Companies - Insightec Ltd. ("Insightec") and Gamida Cell Ltd ("Gamida") to achieve their business goals and to provide investors the opportunity to invest in our flagship medical companies

Insightec Ltd

Insightec is engaged in the development, production and marketing of magnetic resonance imaging guided focused ultrasound treatment equipment. We hold a stake of 69.3% in Insightec

Gamida Cell

Gamida is engaged in the development of stem cell therapeutics based on its proprietary technologies for stem cells expansion, currently in clinical development for hematological malignancies, as well as future regenerative cell-based medicines, including heart tissue repair. We hold a stake of 31.6% in Gamida

Elbit Medical Transaction Overview

- At the beginning of the year, we resolved to turn our Medical Division, which includes our holdings in InSightec and Gamida, into a public company (through a shell company).
- In November, 2010, we successfully closed the transaction with Elbit Medical. Following the transaction, we have raised funds from institutional and private investors in the amount of NIS 19 million (including two year options to invest an additional aggregate amounts of NIS 19 million) all at a pre-money valuation of Elbit Medical at NIS 800 million (on a fully diluted basis, without taking into account the value of the aforementioned options) following the completion of the transaction and the private placement our shareholdings in Elbit Medical has been diluted to 93.47% (on a fully diluted basis).

Key Highlights

- On March 22, 2011 Elbit Medical filed a first draft prospectus to the Israeli Securities Authority in order to raise new equity from the public in Israel. Our goal is that the Medical division will have independent equity sources to support its operation.
- On June 22, 2010 Gamida Cell announced that the Gamida Cell-Teva Joint Venture received an FDA Fast Track Designation for StemEx, in development as an alternative to a bone marrow transplants for patients with blood cancers such as leukemia and lymphoma. The fast track programs of the Food and Drug Administration (FDA) are designed to facilitate the development and expedite the review of new drugs that are intended to treat serious or life threatening conditions and that demonstrate the potential to address unmet medical needs (fast track products).
- On August 31, 2010 InSightec announced that its ExAblate® system was used for the first time for the treatment of prostate cancer patients. Seven patients with localized low-risk prostate cancer were treated worldwide. The patients were treated at two leading medical centers: the N.N. Petrov Research Institute of Oncology in Saint Petersburg, Russia, and at the National Cancer Centre at the Singapore General Hospital, Singapore.

INDIA DIVISION - Real Estate

Strategy

- The Company finalized the material stage of purchasing lands where it was required to make significant equity investments without revenues in the short term and now the Company expects to see fruits of its investments.
- We expect to market the residential units already in 2011
- The Company views India as long-term growth engine which will begin to generate positive cash flows already in 2012 and therefore, the Company is expected to locate and invest in other lands in India in projects designated as commercial centers, offices, and residential units with high profitability in major cities in India.
- The real estate projects are related to the joint venture agreement signed between PC and Elbit, to develop three major mixed use projects in India,

predominantly in the residential sector, located in the cities of Bangalore, Chennai and Kochi.

- As of December 31, 2010 we invested a total of NIS 917 million in real estate projects in India which are presented in the balance sheet of the Company in the following items:

Items in the Balance Sheet	
	December 31,2010
	NIS MILLIONS
Trading property (**)	658
Prepayment and other assets (**)	228
Investment property	31
Balance 31.12.2010 (Including Plaza Centers share) (*)	917

(*) Not including three other projects in India for the construction of commercial centers. These fall within the Commercial Centers Division acting through Plaza Centers and are part of the Trading Property Item. Plaza's first shopping and entertainment scheme in India, Koregaon Park in Pune, is in advanced construction and is planned for opening mid 2011.

(**) 50 % of the amount derives from Plaza centers FS.

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