



ELBIT IMAGING LTD. | Financial Results for 4th Quarter 2009



March 28, 2010

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KEY FINANCIAL DATA
AND PRESENTATION BY CFO
OF SIGNIFICANT FINANCIAL RESULTS
FOR Q4 2009

Three months ended December 31, 2009 compared to corresponding period in 2008

Consolidated revenues for three months period ended December 31, 2009 were NIS 155 million (US\$ 41 million) compared to NIS 268 million reported in the corresponded period of 2008.

Revenues from commercial centers in Q4 2009 decreased to NIS 25 million (US\$ 7 million) from NIS 82 million in the corresponded period of 2008. In the current quarter and in the corresponded quarter of 2008 the Company didn't sale any commercial center accordingly with the company's strategy to hold and operate commercial centers till the market conditions will improve. In Q4 2008 the company recorded revenues of NIS 63 million from price adjustments in connection with the sale of the Arena Plaza in Hungary in the end of 2007. In Q4 2009 the revenues from operation of commercial centers were NIS 25 million (US\$ 7 million) as compared to NIS 19 million in the corresponded quarter in 2008.

Cost of commercial centers in Q4 2009 decreased to NIS 38 million (US\$ 10 million) compared to NIS 72 million in Q4 2008. Revenues from hotels operations and management in Q4 2009 increased to NIS 112 million (US\$ 30 million) as compared to NIS 100 million reported in Q4 2008 . This increase is attributable to: (i) an increase in revenues of the Radisson SAS Bucharesti hotel in Romania which was opened in mid of 2008; (ii) the revaluation of the Pound and the Euro against the NIS. Costs and expenses from hotels operations and management in Q4 2009 increased to NIS 94 million (US\$ 25 million) compared to NIS 90 in Q4 2008.

Revenues from sale of medical systems in Q4 2009 increased to NIS 28 million (US\$ 7 million) compared to NIS 5 million reported in the corresponded period in 2008. The increase is attributable to the number of systems sold in Q4 2009 as compared to Q4 2008.

Costs and expenses of medical systems operations in Q4 2009 increased to NIS 19 million (US\$ 5 million) compared to NIS 13 million reported in the corresponded period in 2008. The increase is attributable to the increase in number of systems sold as mentioned above.

Revenues from sale of fashion merchandise increased to NIS 38 million (US 10 million) in Q4 2009 compared to NIS 32 million in the corresponded period in 2008. This increase is attributed mainly to the successful opening of our first GAP store in Jerusalem at the end of the August 2009 offset by a decrease in sales of existing stores as result of the global economic slow down.

FINANCIAL RESULTS (CONT.)

Cost and expenses of fashion merchandise increased to NIS 41 million (US\$ 11 million) in Q4 2009 compared to NIS 33 million reported in the corresponded period last year.

Research and development expenses in Q4 2009 increased to NIS 22 million (US\$ 6 million) compared to NIS 17 million reported in the corresponded period last year.

General and administrative expenses in Q4 2009 increased to NIS 18 million (US\$ 5 million) compared to NIS 14 million in Q4 2008.

Financial expenses net in Q4 2009 increased to NIS 42 million (US\$ 11 million) compared to financial income, net of NIS 62 million reported in the corresponded period last year. The increase in the expenses of NIS 104 million composed mainly from income in change in fair value of financial instruments (mainly Plaza Centers Debentures, currency and interest hedge transactions, derivatives, marketable securities all measured at fair value through profit) totaled to NIS 1 million as compared to NIS 67 million in 2008 (mainly change in fair value of Plaza centers debentures) and expenses from change in exchange rate in the amount of NIS 2 million as compared to income of NIS 23 million in the corresponded quarter in 2008.

Impairments, charges and other expenses, net increased to NIS 159 million (US\$ 42 million), compared to NIS 66 million reported in corresponded period last year. The impairments in the current quarter are mainly attributable to real estate assets in the amount of NIS 150 as compared to NIS 51 million in the corresponded period. Plaza centers have impaired its real estate assets following the market conditions in Eastern Europe and following the increase in the sales yields and the decrease in the expectations for rental income.

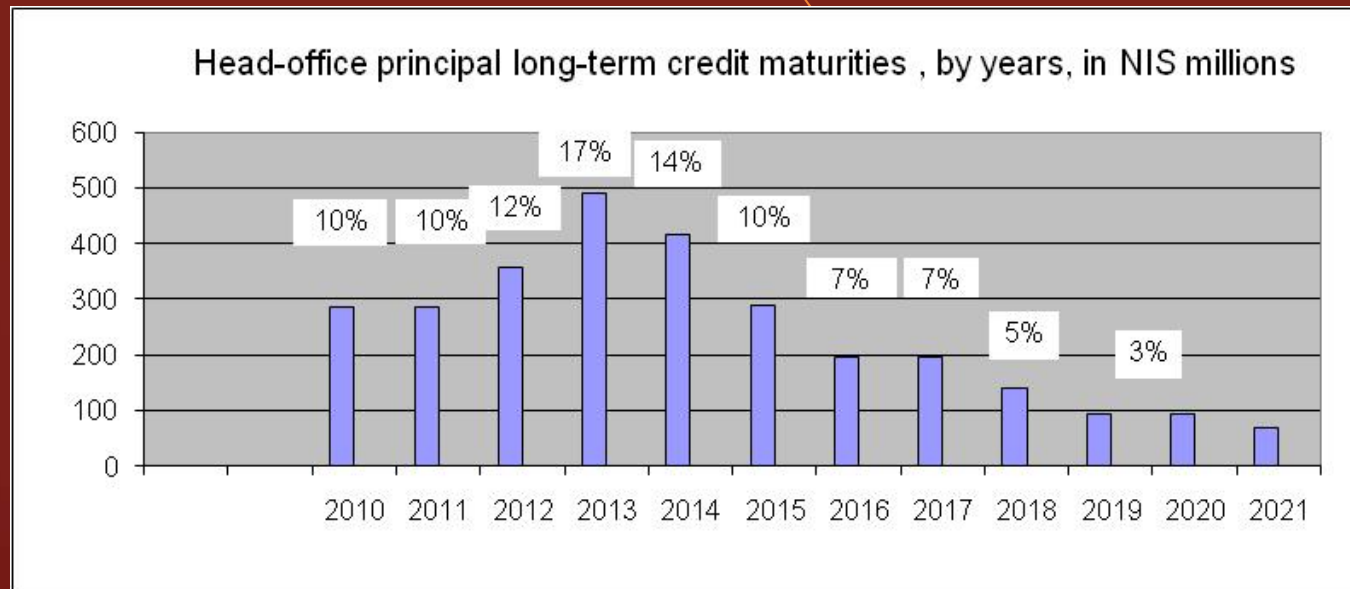
Loss attributable to the equity holders of the company in Q4 2009 was NIS 203 million (US \$35 million) (the loss including the minority interest totaled to NIS 256 million) as compared to a loss of NIS 7 million (the loss including the minority interest totaled to NIS 4 million) in the corresponded period in 2008 .

Mr. Dudi Machluf the Company's CFO



FINANCIAL STRENGTH & LIQUIDITY

- Positive working capital of NIS 4,021.
- Cash balances of NIS 2,291.
- Owners' equity of NIS 2,135m (The Company does not revalue it's assets).
- Consolidated debt of NIS 6,538m.
- Cash at Company's head office of NIS 1,072m.
- Gross debt at Company's head office of NIS 2,917m.
- Net debt at Company's head office of NIS 1,845m.



FINANCIAL STRENGTH (CONT.)

Composition of Cash and Debt

As of DEC 31 2009

Nis Millions	Cash and cash equivalents	Short-term deposits and long term financial items	Total
	Head office	744	328
Plaza centers	667	436	1,104
Hotels	65	18	84
InSightec	29	0	29
Mango	3	0	3
Sub Total	1,508	783	2,291
Financial Instruments+Derivatives		313	313
Total	1,508	1,096	2,604

	Short-term credit (*)	Long-term credit	Total
Head office	378	2,539	2,917
Plaza centers	1,002	1,345	2,347
Hotels	738	434	1,172
InSightec	0	0	0
Mango	39	1	40
Sub Total	2,157	4,319	6,476
Financial Instruments+Derivatives	62	0	62
Total	2,219	4,319	6,538

	Net debt
Head office	(1,845)
Plaza centers	(1,243)
Hotels	(1,088)
InSightec	29
Mango	(37)
Financial Instruments+Derivatives	252
Total	(3,933)

(*) Major part of the short term credit is classified as such, for accounting and other reasons, and the Company's management is of the opinion that repayment of same will not be due within the next 12 months.

PLAZA CENTERS

- ❑ Strong cash position maintained, providing ongoing support for current development activity and enabling the Company 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 favourable financing opportunities. The remainder of Plaza's development pipeline projects are either in the design phase or waiting permitting. commencement of these projects will depend, amongst other things, on the availability of external financing.
- ❑ Although Plaza's strategy in the last years is to sale 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 experience gained over eight years in managing and running shopping malls effectively and hold the investment in its portfolio.
- ❑ During the first quarter Plaza opened two shopping and entertainment centres namely :Riga plaza in Latvia and Liberec Plaza in the Czech Republic.
- ❑ Construction of two shopping centre developments in Poland. The 13,000 sqm GLA Zgorzelec Plaza was subsequently completed and opened on 18 March 2010 following the period end and was circa 75% let on opening. Suwalki Plaza, a 20,000 sqm GLA shopping centre is expected to be completed and opened in June 2010.
- ❑ Construction expected to commence later this year on two major new projects at Torun, Poland and Kragujevac, Serbia with significant pre-lets in place and development finance set to be finalised shortly.
- ❑ Completion of Plaza's first Indian development expected in H1 2011 (mall) - 2012 (offices) at Koregaon Park in Pune, India.

PLAZA CENTERS (CONT.)

Asset realization throughout the period

	1-12 2008	1-12 2009	Q4 2009
	NIS Millions	NIS Millions	NIS Millions
Sale of trading property	439	0	0
Cost of trading property sold	(233)	0	0
Gain from sale of centers	206	0	0

The gain in 1-12 2008 stems from price adjustments on the Hippodrome and from the sale of Plzen Plaza in Q2 2008. During 1-12 2009 there were no Centres Sold.

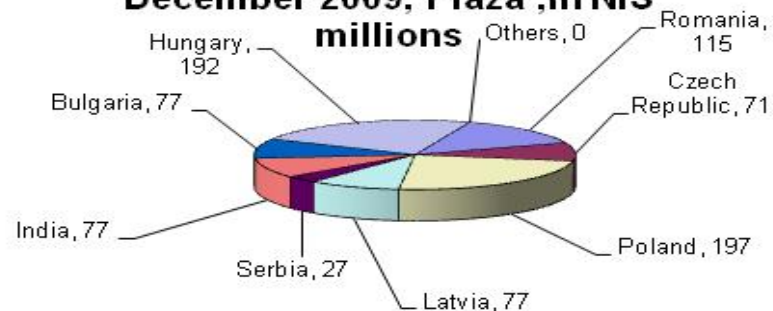
	1-12 2008	1-12 2009	Q4 2009
	NIS Millions	NIS Millions	NIS Millions
Plaza :opening balance of trading property	1,738	3,047	3,861
Investment for the period in Commercial centers Projects	1,391	617	116
Investment for the period in Real Estate projects in India	313	24	14
Firstly consolidation of the Obuda Island project	0	192	2
Disposals	(233)	0	0
impairment	0	(185)	(185)
Capital reserves + capitalizations ,net	(162)	153	40
Total trading property in Plaza Centers books	3,047	3,848	3,848

In Elbit's financial statements

Elbit's share in Real Estate projects in India including

	2008	2009	Q4 2009
Capital reserves and capitalization	232	310	310
Total trading property in Elbit's books	3,279	4,158	4,158

Investments in projects Jan-December 2009, Plaza ,in NIS millions



PLAZA CENTERS (CONT.)

Consolidation of the Company's financial strengths and liquidity

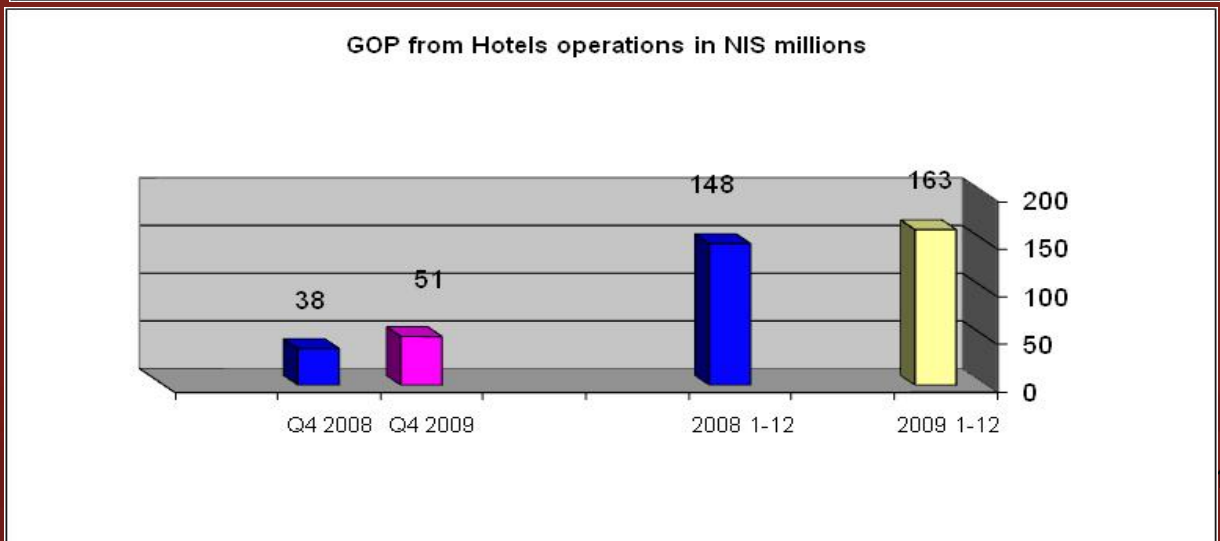
- Positive working capital of €710 million.
- Cash and cash equivalents balances of €179 million (€202 million - including short term and long term balances)
- Shareholders' equity of €574 million.
- Consolidated borrowings of €431 million.
- The Company's shareholder's equity of €574 million represents €1.95 per share. The Company does not revalue its assets.
- Net asset Value for December 31 ,2009 of €2.25 per share according to external evaluator.

HOTEL DIVISION

The increase in revenues in 2009 compared to 2008 is attributable to: (i) an increase in revenues of the Radisson SAS Bucharesti hotel in Romania which was opened at the end of Q2 2008; offset by (ii) a decrease in revenues from our existing hotels mainly due to the global economic slow down; and (iii) the devaluation of the Pound (the functional currencies in which our hotels in the UK operates) against the NIS.

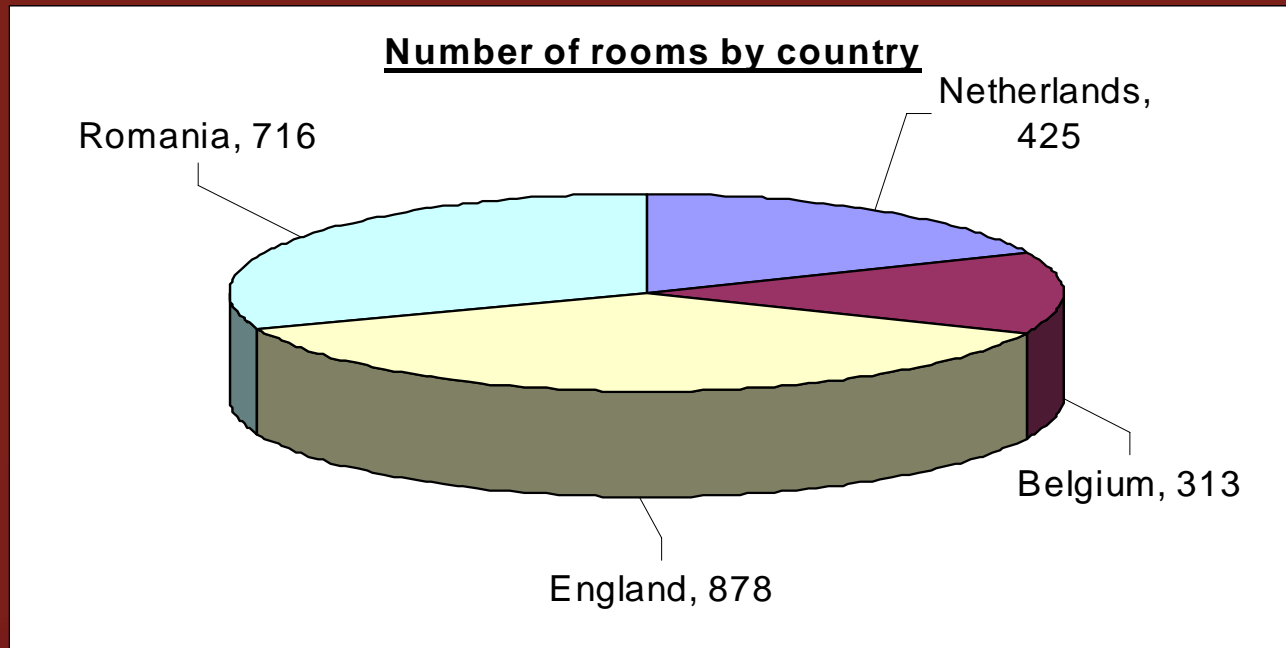
Currency	Average 2008	Average 2009	Change
NIS/EURO	5.28	5.48	4%
NIS/GBP	6.63	6.13	-8%
NIS/LEI	1.42	1.30	-8%

Currency	Average rate Q4 2008	Average rate Q4 2009	Change
NIS/EURO	5.04	5.54	10%
NIS/GBP	6.02	6.16	2%
NIS/LEI	1.28	1.31	2%



HOTEL DIVISION (CONT.)

- Together with its partners, the Company has 2,332 rooms in operating hotels including 424 rooms in the new Radisson SAS Bucharest Hotel which was opened in June 2008.
- The cost of the hotels in our financial statements, as of 31.12.2009 is NIS 1,462 million.



INDIA DIVISION- Real Estate

- As of December 31 ,2009 the Company invested a total of NIS 818 million in It's real estate projects in India.
- The real estate projects are related to the Joint venture signed between Plaza Centers and Elbit, to develop three major mixed use projects in India located in the cities of Bangalore, Chennai and Kochi. The following table refers to these three projects.

	1-12 2009
	NIS Millions
India: Investment opening balance , at 31.12.2008	679
Investments for Q1 2009	15
Investments for Q2 2009	1
Investments for Q3 2009	4
Investments for Q4 2009	28
Capital Reserves/Others	91
Balance at 31.12.2009 (Including Plaza centers share) (*)	<u>818</u>
Item in the FS:	
Amount - part of the "Trading property" Item (**)	568
Amount - part of the "Prepayments and other assets" Item (**)	223
Amount - part of the "Investment property" Item	27
	<u>818</u>

(*) Not including three other projects in India for the construction of comercial centers. These fall within the commercial Centers Division acting through Plaza centers and are part of the trading property Item.

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



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