



**Elbit Imaging Group- 2011 Strategy Presentation for the coming years**

# About Elbit Imaging

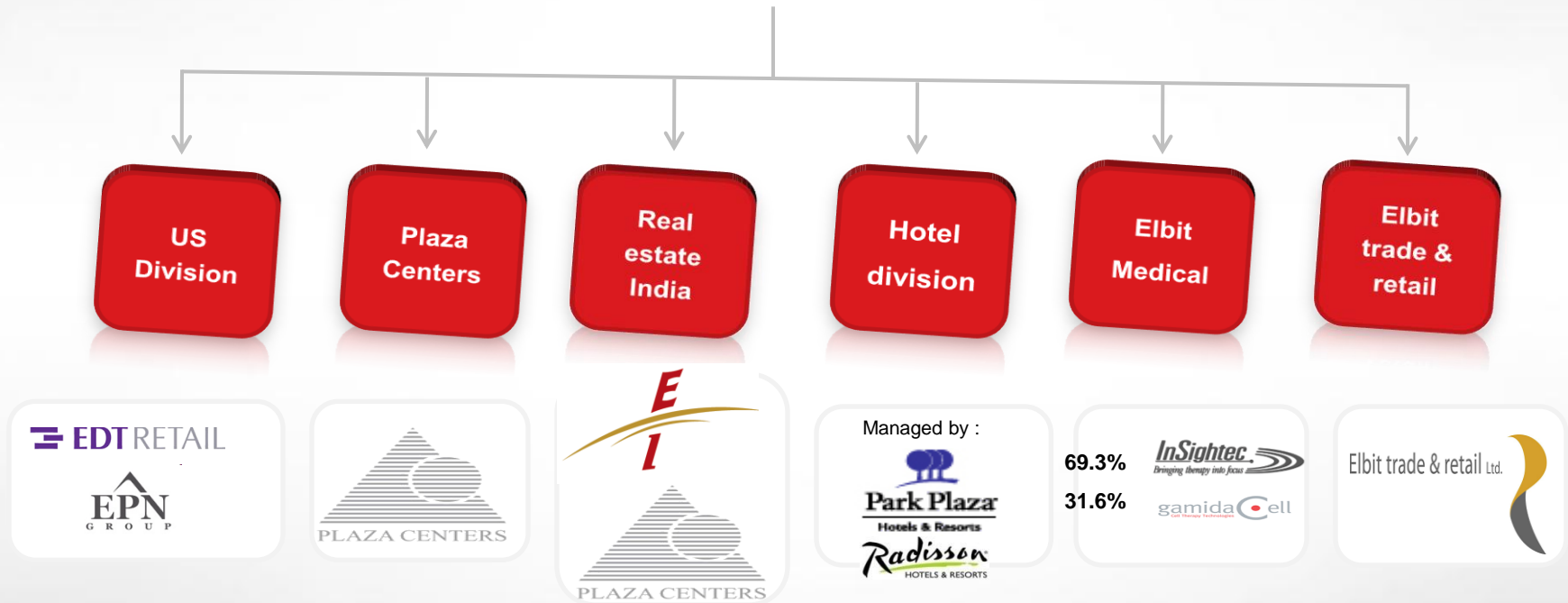


- ✓ Elbit Imaging is an entrepreneurial company which over the years is engaged in the real estate sector, initiated and established, among others, shopping and entertainment centers and hotels in Europe of large magnitude.
- ✓ From 2004-2008, the Company realized properties it owns and carried out transactions with parties such as :Klepierre, Dawnay Day, aAim in return for revenues of approximately € 1.2 billion resulting to the Company considerable capital gains.
- ✓ Due to the global crisis the Company resolved to focus on its core business (real estate initiation in central and eastern Europe and India) and in addition established income producing real estate arm in the U.S. in order to generate current cash flows.
- ✓ The Company continues to develop the medical division and at the end of 2010, the Company's medical holdings were injected into a public company under the name ,Elbit Medical Technologies Ltd.

# The holding company structure



## **Elbit Imaging Ltd.**





**Real Estate Division – U.S.**

# Real Estate Division in the U.S. –2010



## Background

- ✓ In 2008, in the midst of the global financial crisis the Company identified the potential embodied in the income producing market in the U.S. where it was feasible to purchase active and income producing centers at appropriate prices without the risks of entrepreneurship and development that are coupled with initiation activities (Central and Eastern Europe and India).
- ✓ In 2009, we outlined the entry to the commercial centers market in the U.S. For this purpose, a local management team was established and the desired transaction outline was formulated while defining the criteria that mainly included an income producing property portfolio with appreciation potential.

## Equity sources 2010



- ✓ Establishment of investment fund in the U.S. in collaboration with Plaza Centers (43.3%) – investment commitment of \$ 100 million
- ✓ Recruiting American managing partner - Eastgate Property LLC (43.3%) – investment commitment of \$ 100 million
- ✓ Recruiting an institutional organization in Israel – Menora Insurance Company (13.4%) – investment commitment of \$ 31 million

**This capital raising of approximately \$ 231 million is a part of the initial plan for raising up to \$ 400 million for real estate investments.**



# Real Estate Division in the U.S. –2010



## Purchase transactions :



- ✓ EDT transaction – in June 2010 a mega transaction was consummated in the U.S. with total properties' value amounting to \$ 1.4 billion.
- ✓ Charter Hall transaction – in December 2010, the second transaction with Charter Hall was signed with total properties' value amounting to \$ 75 million.
- ✓ The Company conducts advanced negotiations to purchase additional properties

## Current management:



- ✓ Recruiting and teaming management into the fund while maintaining limited headquarters in the U.S.
- ✓ Portfolio appreciation in EDT



# EDT Transaction – first transaction in commercial centers

- ✓ In June 2010, EPN completed the transaction to gain control (48%) in the Australian EDT and purchased 50% in the management company partnering with DDR (shopping malls company that manages approximately 570 properties in the U.S., Brazil and Puerto Rico ) for approximately \$ 120 million.
- ✓ EDT holds and manages 48 active commercial centers in 20 states in the U.S. with an aggregate property value of approximately \$ 1.4 billion.
- ✓ The properties generate annual net operating income of over \$ 100 million.
- ✓ These centers are 90% occupied where approximately 80% of annual revenues from rental derive from retail anchors with nationwide locations who are signed on long term leases.
- ✓ The properties have rentable areas spanning over 1.02 million sq.m which are leased to hundreds of diverse tenants.



# What did we do in EDT since the transaction

Since the acquisition of EDT, the Company was appreciated, among others, by additional long term credit, leasing of vacant spaces and reorganizing the management's structure.

## ✓ Financing

- ✓ A debt in the headquarters' level was repaid in the amount of approximately \$ 108 million that was due for immediate repayment and currently the Company is not indebted in the headquarters' level.
- ✓ Refinancing of approximately \$ 380 million was carried out in two different property portfolios in good interest rates for long term and that is based on the Company's estimate that in the coming years interest may increase.

## ✓ Leases

- ✓ The Company increased the occupancy rates by leasing vacant spaces and renewing leases with existing tenants.

## ✓ Changing the management's structure

- ✓ The management's headquarters were relocated to the U.S. from Australia while focusing on proactive management of the properties.



# EDT Transaction



Merriam Town Center , Kansas



Flatacres Marketplace, Parker,  
Colorado



Riverdale Village Inner, Minnesota



Lakepointe Crossing, Lewisville, Texas



Pioneer Hills, Aurora, Colorado

# Transaction 2 – CHARTER HALL



- ✓ In December 2010, the Company entered into an agreement with the Australian company CHARTER HALL to purchase 7 commercial centers of grocery anchored shopping centers type in the U.S at property value of \$ 75 million.
- ✓ The acquired centers are located in 3 states in the U.S where 4 properties are located in Atlanta and its suburbs, 2 centers are located in Portland and 1 in Florida.
- ✓ The properties include rentable area of approximately 650 thousand SQF (approximately 60 thousand sq.m) and currently the occupancy rate is 91%.
- ✓ The commercial centers generated in 2010 net operating income of approximately \$ 7 million representing a return of 9.2% on the purchase price.



# The Company's strategy in the income producing real estate arm in The U.S

## Equity sources



- ✓ Increasing the Group's exposure to activity in the segment of income producing commercial centers in the U.S. and turning it into a substantial part of the balance sheet by increasing the equity in the fund from \$ 400 million to \$ 800 million.
- ✓ The Company is in the stages of advanced negotiations with local and international institutional organizations for joining them as investors in the fund in considerable amounts or as side investors (Co investment)

## New transactions and purchases



- ✓ EDT transaction shall constitute a platform to purchase additional properties of Community Center and Power Center types and the Charter Hall transaction shall constitute a platform to purchase additional properties of Grocery Center type in North America which will be in line with our investment profile.
- ✓ We intend to carry out additional purchases of quality property portfolios and individual properties. Furthermore, purchases of Mall type properties will be considered.
- ✓ As market yields will decline, the Company intends to realize the properties while generating capital gains.



# The Company's strategy in the income producing real estate arm in The U.S

## Current management and appreciation of the transactions

- ✓ Improving the financial structure– Utilizing the current low interest rates in the U.S in order to obtain long term loans with low interest rates for the acquired properties.
- ✓ The Company intends to lease vacant spaces and appreciate the acquired properties.
- ✓ Collaborations with American entities and leading entities for purchasing additional properties





PLAZA CENTERS



# Plaza Centers, General



- ✓ The Company possesses a proven track record of over 15 years in initiation, construction, development, leasing, management and sale of shopping and entertainment centers and activity in 8 countries in central and eastern Europe in addition to activities in India and the U.S
- ✓ Until now, the Company established 30 commercial centers in central and eastern Europe (more than any other company in this region) of which 26 were sold to international real estate funds for approximately € 1.2 billion resulting in a gain of circa € 360 million.
- ✓ The Company enjoys excellent business relations with banks that provide financing for the Company's projects, international chains that lease commercial spaces in the Company's centers and with international real estate funds that purchase the Company's properties.

Today, the Company owns 30 projects that are in various development stages, 4 active centers and 3 office buildings.

- ✓ The aggregate value of the projects in the development stage upon completion may amount to € 3.7\* billion with total built area amounts to 4.2 million sq.m
- ✓ The Company's shares are traded on the Main Board of the London Stock Exchange and Warsaw Stock Exchange. The debentures issued by the Company are listed for trade in Tel Aviv Stock Exchange .

# Proven track record of property realization



**Sale of 26 properties for approximately € 1.2 billion**  
 17.....Hungary  
 7 .....Poland  
 2..... Czech Republic



# The Company's strategy



- ✓ The Company is flexible on decision making regarding the holding and management of centers as opposed to selling them.
  - \* From 1996 – 2004, the Company developed and operated some 20 commercial centers.
  - From 2004 – 2008, upon the decline in returns and increase in prices, the Company realized the entire property portfolio and used its equity for new projects.
  - As market conditions change following the financial crisis, the Company operates today 4 commercial centers the construction of which was completed and the Company enjoys operating cash flows.
  - upon the return to desired price levels and yields, the company will act to realize its commercial centers.
  
- ✓ The bank of plots of land owned by the Company was acquired with equity and no leverage was used.
  
- ✓ Due to the global crisis starting late 2008, the Company adjusted its activity to the markets' condition and limited the commencement of construction for projects meeting the two major criteria as follows:
  1. Projects enjoying intensive demand from tenants.
  2. Projects that are based on external bank accompaniment which require minimal equity investment.
  
- ✓ The Company continues the planning procedures and approvals in addition to improving the engineering plans and increasing the construction rights in the remaining projects.

# The Company's strategy

- A partnership with Elbit Imaging and other entities for investing in commercial income producing properties in the U.S:
- Contribution to the current cash flows and a potential for material capital gains in the future upon the sale of the properties.
- Maintaining high cash balances, conservative leverage levels and well spread debt maturities. Reliance on material non-revalued shareholders' equity of 650 million Euro.

# The Company's strategy (Cont.)



2009 – present

- Today, the Company has 3 centers under construction, one in Serbia (will open at the beginning of 2012), one in Poland (will open at the end of 2011) and one in India which is scheduled to open in the second half of 2011 which will be the Company's first shopping and entertainment center in the sub continent.
- Even during the global economic crises, the Company proved its ability to obtain project financing to develop projects and signed the following financing agreements: Suwalki, Poland ( € 42.2 million), Zgorzelec, Poland (€ 35.1 million) Koregaon Park, India ( \$ 45 million), Kragujevac, Serbia (€ 33 million) and Torun, Poland (€ 52.5 million).

The Future

- ✓ Upon the completion of the projects under construction the Company's NOI from the active 7 malls is estimated to be €30 million (excluding the portfolio in the U.S)
- ✓ The Company anticipates to complete the construction of 12-15 commercial centers in the next 5 years in central and eastern Europe and India.
- ✓ Purchase of additional income producing properties with its partners and establishing quality and diverse portfolio.



# Active commercial centers



## Liberec Plaza, Czech Republic



Completion date: March 2009 ■  
Rentable area: 17,000Sq.m ■

## Riga Plaza, Latvia



■ Completion date: March 2009  
■ Rentable area: 49,000Sq.m

## Zgorzelec Plaza, Poland



Completion date: March 2010 ■  
Rentable area: 13,000Sq.m ■

## Suwalki Plaza, Poland



Completion date: May 2010 ■  
Rentable area: 20,000Sq.m ■

# India Division

# Macro reasons for investing in India-real estate segment

- ✓ Since 1991, the Indian government started to make its regulations on foreign direct investments in the country (FDI) more flexible, in addition, the government began to encourage these investments by flowing funds to develop the infrastructures, streamlining and making more efficient bureaucratic procedures and tax relief.
- ✓ The global crisis that befell at the end of 2008 effected India in a relatively mild manner due to stable and conservative financial system that virtually was not exposed to elements of risks – India recovers rapidly from the crisis and such recovery is reflected in the availability of bank loans, constant increase in capital markets, permanent increase in Gross Domestic Product and increase in housing prices in regions of high demand.
- ✓ Over 1.1 billion inhabitants, of whom 300 million are middle class representing immense purchasing power and growth potential. A comprehensive study of McKenzie that focuses on the Indian consumption market estimates that the middle class will grow to 500 million people until 2025. This class constitutes a significant growth engine by any measure.
- ✓ **The result: significant growth of Gross Domestic Product over the last decade. Estimates on continued growth vary between 7% - 9% in 2011-2015.**

# Macro reason for investing in India – real estate segment (Cont.)

## Young, educated and fluent English speaking manpower:

- ✓ 50% of Indian population ( which amounts to over 1.1 billion inhabitants) is young people up to the age of 25.

**Urbanization process** - :29% of the population resides in cities today.

- ✓ There are 32 cities in India with a population of over 1 million inhabitants (some of which are mega cities like Mumbai with 20 million inhabitants)

**Real estate segment** - Excessive demand of approximately 25 million residential apartments (some claim that the rate is more than double)!

- ✓ Lenient taxation and available mortgages for apartment purchasers.
- ✓ Intensive penetration of international companies to retail sectors stimulating the demand for commercial centers.
- ✓ The group possesses extensive experience of 15 years in dealing with developing markets and opportunity exploitation.

# The Group projects in India – 5 major cities



Koregaon Park Plaza - Pune



Cochin Island



Chennai



Kharadi Plaza (Matrix) - Pune



Bangalore



Koregaon Park Plaza - Pune

# Elbit Group projects in India - background



- ✓ The Group operates in the segment of commercial centers and the segment of residential dwelling units with a full partnership with Plaza.
- ✓ Since 2006 until today, the Group purchased a bank of lands in 5 major cities in the central and the southern regions of the country. These cities are considered as established and prosperous and it is reflected in the large number of international and local corporations that elected to set their establishments in these cities.
- ✓ Until now, the Group invested \$ 400 million in the development of 6 real estate projects which are in various stages of initiation and by that the Company was branded as one of the leading international real estate entrepreneurs in India.
- ✓ The Group located and entered into partnerships with local leading partners in their sectors in each state. The Group's contribution in these partnerships, except for funding is reflected in bringing intensive know how in planning, marketing and project management accumulated over the years from the Group's operations in central and eastern Europe.
- ✓ The Company established itself (like in eastern Europe) as a large entity with local orientation and not foreign.

# Elbit Group in India – 2010, Major projects



**In the city of Bangalore** – the Group establishes large residential project on bulk land of 665,000 Sq.m which will be built in stages. Stage A consists of villas and ground level homes of various types, the marketing of which will begin at the end of 2011, material cash flows from the project are expected to be received in 2012 and onwards. The remaining stages will be built simultaneously and according to sales volume.

**In the city of chennai** – bulk of land in an area of 360,000 Sq.m having construction rights in a scope of 900,000 Sq.m designated to establish large residential neighborhood to be built adjacent to Industrial and Hi tech park (the largest in chennai). The project is expected to take 5 years and generate material cash flows starting 2012.

In the city of Pune

✓–Koregaon Park Plaza

✓ Commercial center – The Group is about to launch the first commercial center with an area of 48,000 Sq.m (excluding underground parking lot of 46,000 Sq.m) that will **open at the end of 2011**.

✓ Offices – In addition, the Group began to market the office tower that will be built above the commercial center in an area of 16,500 Sq.m , the construction of which will be completed in 2013. The project was financed by the largest bank in India.

✓ Kharadi Plaza – The Group develops another project with an area of 110,000 Sq.m (excluding parking lots) .Stage A of the project is office tower for sale with a salable area of 30,000 Sq.m which is in advanced construction and marketing stages and is **scheduled to open until the end of the year**.

# The Company's strategy - real estate division in India

- ✓ The Group 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 Group expects to see the fruits of its investments.
- ✓ The Group finalized the process of setting up a local team, specializing in doing business in this country.
- ✓ The Group is expected to market the residential units already in 2011.
- ✓ The Group views India as long term growth engine which will begin to generate positive cash flows already in 2012 and therefore, the Group 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 group anticipates that in 2011 the first mall of Plaza Centers will open in the Indian sub continent and the first office building will be completed in Pune.

# Hotels Division

# Hotels Division – background, general



- ✓ **The Group's experience**- over 18 years of proven track record in building and operating hotels in western European cities – the Company operates in the region since 1993 and in 2000 expanded its activities also to central and eastern Europe.
- ✓ **Property composition** – The Company has 7 hotels comprising 1,794 rooms (after selling 3 hotels in London recently).
- ✓ **Strong and known brand**- The Company accumulated an excellent reputation and it is well known in western Europe. The brand “Park Plaza” holds an exclusive franchise via a regional license agreement with “Carlson” – a leading travel and tourism company in the U.S. In Romania and Belgium the Company collaborates with the leading brand “Radisson”.
- ✓ **Successful management** – the hotels present higher occupancy rates than average while maintaining competitive room prices
- ✓ **Active management** – the Company holds between 50% - 100% in each of the hotels.
- ✓ **Rating and location** – most of the hotels were accorded 4 stars and are located near mass transportation hubs.

# Hotels Division – portfolio



Hotel	Location	Number of rooms	Percentage of control
<i>Park Plaza, Victoria</i>	<i>Amsterdam, the Netherlands</i>	305	50%
<i>Park Plaza, Utrecht</i>	<i>Utrecht, the Netherlands</i>	120	50%
<i>Park Plaza, Amsterdam Airport</i>	<i>Amsterdam Airport</i>	342	50%
<i>Park Plaza, Astrid</i>	<i>Antwerp, Belgium</i>	252	100%
<i>Park In</i>	<i>Antwerp, Belgium</i>	59	100%
<i>Apartment hotel Center-Ville</i>	<i>Bucharest, Romania</i>	292	77%
<i>Radisson Bucharesti</i>	<i>Bucharest, Romania</i>	424	77%
<b>Total active hotels</b>	<b>7</b>	<b>1,794</b>	

# The Company's strategy- Hotels segment



- ✓ In view of the improvement of the business environment in which we operate it is feasible to realize hotels in low rates of return which reflect the entrepreneurial profitability of the Company.
- ✓ The Company's hotels are presented at historical cost and embody grossed up capital gains.
- ✓ In view of the above, the Company intends to effectuate a strategic move of gradual realization of part of the hotels and better the consideration for the Group's intensive activity in the U.S as the Company began that step with the sale of the hotels in London.
- ✓ Realization of the hotels will result in a triangular step of:
  - \*Generating material surplus cash flows from the realization
  - \*Decreasing the debt considerably
  - \*Increasing the Company's equity which will result in decreasing the leverage rates considerably.
- ✓ The company intends to perform a refinancing in respect of Bucharesti hotel in Romania

# Hotels Division - 2010



## Refinance of GBP 180 million



- ✓ In December 2010, a refinancing was carried out in respect of the three hotels in England in the amount of GBP 180 million

## Sale of the hotels in London to Park Plaza according to a value of GBP 230 million.



- ✓ In December 2010, an agreement was signed for the sale of the Company's holdings in three hotels (Riverbank, Victoria, Sherlock Holmes) in London to Park Plaza
- ✓ The purchase was carried out according to an asset value (100%) for the three hotels in the amount of GBP 230 million.
- ✓ The Company expects to recognize capital gain from this sale of NIS 185 million in the fourth quarter of 2010.
- ✓ Net consideration from the sale amounts to GBP 21 million.

## Improving the business activity



- ✓ In 2010, the improvement tendency in the hotels continued that was reflected in the increase in occupancy rate to 78% and the increase in the average room rate to € 112.



# Medical Division

# Elbit Medical – general background



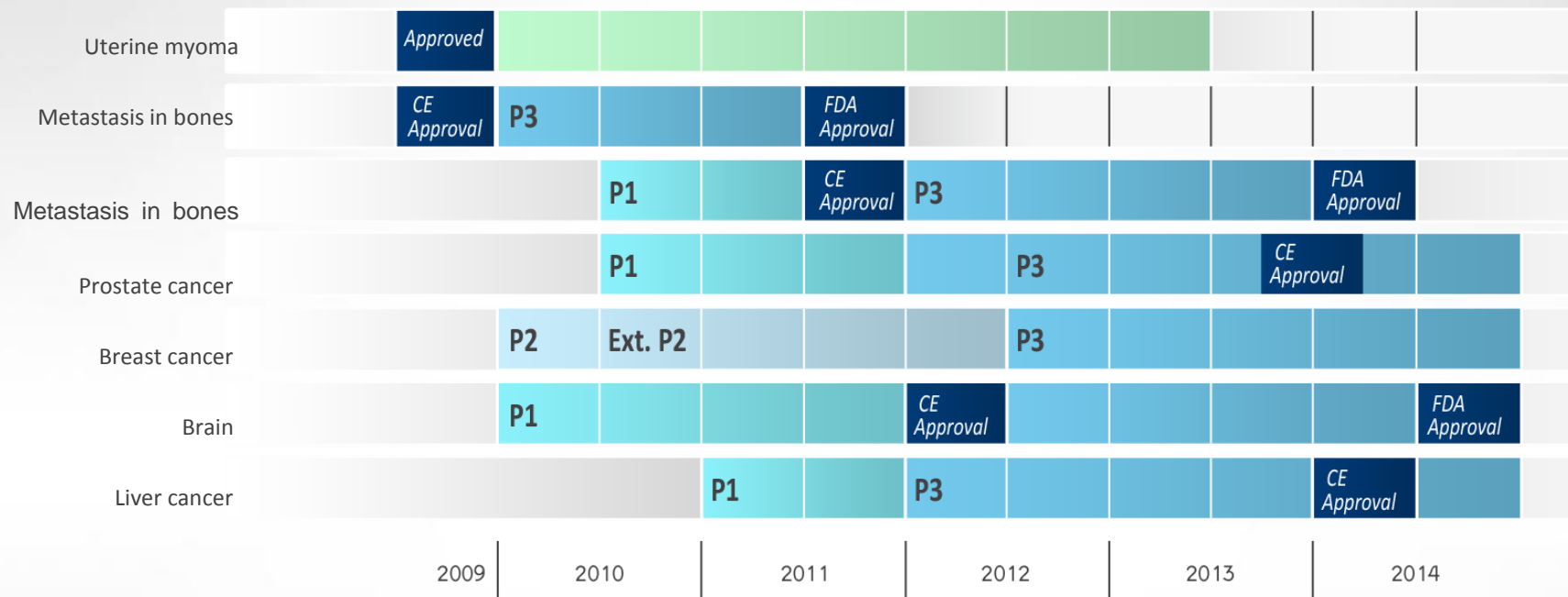
- ✓ Elbit Medical is a holding company, which holds 69.3% of InSightec and 31.6% of Gamida Cell and is the biggest shareholder in both companies.

## InSighec



- ✓ InSightec operates in the areas of oncology, gynecology and neurology and develops image-guided non invasive analysis system called ExAblate
- ✓ The ExAblate system enables the care in benign and cancerous tumors that are treated today by invasive treatments.
- ✓ The global GE Healthcare is a strategic partner with InSightec
- ✓ The first product approved by the FDA was in the area of treating uterine myoma. 6000 patients were successfully treated around the world since 2002.
- ✓ Until today over 80 ExAblate systems were sold and are installed in leading medical institutions around the world.
- ✓ Until December 31, 2010, approximately \$ 264 million were invested in InSightec of which approximately \$ 147 million come from equity and shareholders' loans, approximately \$ 93 million from customers and approximately \$ 24 million from research and development grants.

# Insightec – road map for development of treatments



- ✓ The 2000 Model is approved to treat uterine myomas in the U.S, Europe, Israel, Taiwan, Korea, Australia, New Zealand, Brazil, Mexico, Russia, Japan and Singapore. An approval for palliative care of the bones was granted in Israel, Europe, Korea, Brazil, Australia and New Zealand. Breast cancer treatments are approved in Korea, Australia and new Zealand.
- ✓ 2100 model is approved in the U.S, Europe, and Israel according to the above indications
- ✓ Future approval dates are based on the best estimate and accumulated experience.



## Gamida Cell



- ✓ The Company developed innovative technologies and is one of the leading companies in the world in technologies and products that are based on cells.
- ✓ The company develops treatments for serious and incurable diseases such as: cancer, various blood diseases and autoimmune diseases .
- ✓ First product - StemEx® is a substitute implant for blood cancer patients who need bone marrow transplant and no suitable donor was found in the family. StemEx® is under advanced trial phase III. The product is scheduled to reach the markets in the U.S and Europe in 2013.
- ✓ Gamida cell owns 50% in the joint venture. In addition, there is a strategic partnership with Amgen.
- ✓ Second product – NiCord™ for treating patients with serious autoimmune illnesses. Recently, the first clinical trial was performed on patients.
- ✓ Gamida Cell has a line of additional products that are in various development stages for treating cancer, autoimmune illnesses, metabolic diseases and other diseases with the potential of tissue regeneration.
- ✓ The company is considered one of the leading companies around the world in the area of stem cells.

# Elbit Medical - 2010



- ✓ Turning the medical companies into a public company, Elbit Medical technologies Ltd., by a transaction reflecting a value of NIS 800 million.
- ✓ Elbit Imaging transferred the medical activity including its holdings in InSightec, 69.3% and Gamida Cell, 31.6% into Elbit Medical Technologies Ltd. and in return received 98% of the Company.
- ✓ In November of this year, the Company raised by private issuance from private and institutional investors NIS 19 million at a company value of 800 million NIS
- ✓ InSightec launched two new systems in Europe in 2010 ExAblate One for gynecology and ExAblate OR constituting a platform for the operating room by focused ultrasound.
- ✓ 10 patients were treated very successfully in the prostate system around the world under stage A trial
- ✓ The results of stage A trial during 2010 in the bone metastasis will be submitted to the FDA in the second half of 2011.
- ✓ A significant progress in the clinical trial phase III in the product StemEx<sup>®</sup>. The Company recruited until now 70 patients out of 100 patients required to obtain the FDA approval.
- ✓ Commencement of Pilot clinical trial in the product NiCordTM

# Elbit Medical - The Company's strategy



- ✓ In 2010, the Company resolved to turn the medical arm into a public company intending to raise capital in a stock exchange during 2011 and onwards.
- ✓ InSightec intends to expand its distribution system and review various options to market its products in the U.S, including by a partnership with a strategic partner
- ✓ Continued acceleration of the R&D of the applications pursuant to the road map (prostate, liver).
- ✓ The Company anticipates that Gamida Cell will finalize the recruiting of patients and filing the application for FDA approval in 2011.
- ✓ Additional development of the upcoming products especially the product NiCord™

# Elbit Imaging – The principles of the strategic plan for the coming years.

**U.S. Division**– increasing the Group’s exposure to an activity in the segment of income producing commercial centers in the U.S and turning it into a substantial part of the balance sheet, by increasing the equity in the fund from \$ 400 million to \$ 800 million (equity).

Realization of pipeline transactions and effectuating additional transactions and expanding the property portfolio from its current scope of \$ 1.5 billion whether by the Grocery Center platform and the Power Center platform in a significant manner.

## Plaza Centers

Completion of the construction of the malls that are in the establishment stages, and meeting the target of income producing properties with annual NOI of over € 30 million.

upon the return to desired price levels and yields, the company will act to realize its commercial centers.

Implementation of strategic resolution for accelerating the establishment of the Company’s planned malls in the next five years (between 12-15 malls).

# Elbit Imaging – The principles of the strategic plan for the coming years.

## Real estate - India

-Finalizing the stage of obtaining permits and commencing construction of the projects.

Commencing the sales of residential projects (pre sale) in Vartur and Chennai in a scope of 1,200,000 Sq.m.

-Opening the first mall in Pune with a scope of 48,000 Sq.m for lease as a completion of a strategic part in the Group's malls deployment plan

## Hotels division

-utilizing the attractive market conditions and continuing the realizations of hotels to generate considerable capital gains and cash flows that will be designated for real estate investments in the U.S and India.

- Arrangement of the refinancing in respect of Bucharesti hotel in Romania.

## Elbit Medical

– InSightec intends to expand its distribution system and review various options to market its products in the U.S, including by a partnership with a strategic partner

-Gamida- finalizing the clinical trial phase 3 of StemEx awaiting an FDA approval

-Using a public platform for capital raising and unlock value for the medical division.



Thank you for your attention