

November 28, 2010

ELBIT IMAGING LTD. Financial Results for 3rd Quarter 2010

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Arena Plaza - Budapest, Hungary

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 \$1.35 billion, NOI of \$99.8 million (September 30, 2010), and with occupancy of 88.1%.
- 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 November, 2010, we successfully closed the transaction with Enter Holdings 1 Ltd. (TASE: ENHD) ("Enter") and Enter's 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 Enter 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 Q1 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 39,000 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) Plaza's 30th completed shopping and entertainment center which was opened on May 2010.
- 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 EUR 30 million. The acquisition was financed by EURO 28 million over a five-year.
- In June 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.
- The opening of 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 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% .

Analyses of the Third Quarter results

By the Company's CFO

Consolidated revenues for three months period ended September 30, 2010 were NIS 238 million compared to NIS 155 million reported in the corresponded period of 2009. This increase is mainly attributable to income from Investment property rental attributable to our operations in the USA which started to generate operational revenues at the end of June 2010.

- **Revenues from commercial centers** in Q3 2010 were NIS 25 million as compared to NIS 18 million in the corresponded period of 2009. This increase is mainly attributable to the operation of four completed commercial and entertainment centers in Q3 2010 compared to two in the corresponding period last year. We did not executed any sale of commercial center in 2010 and 2009 in line with our strategy to hold and operate our commercial centers until they meet our expected yield or market conditions improve.
- **Cost of commercial centers** in Q3 2010 amounted to NIS 35 million compared to NIS 43 million in Q3 2009. This decrease is mainly attributable to decrease in Plaza Centers' general and administration expenses offset by increase in direct cost attributable to the operations of new commercial centers.
- **Revenues from investment property rental amounted** to NIS 63 million in Q3 2010. On last June the Company announced the completion of the EDT transaction which was the first transaction in USA in the investment property segment through a mutual fund established with partners. Those revenues represent the Company share (44%) in the fund which controlled EDT (48%). EDT holds 48 investment properties around the USA, in total area of approximately 1.1 million square meters, with an average occupancy level of 90% which represent \$ 100 million NOI per year.
- **Cost from investment property amounted** to NIS 25 million in Q3 2010 which comprised of operational and other expenses attributable to the revenue from investment property.
- **Revenues from hotels operations and management** amount to approximately NIS 99 million in Q3 2010 compared to NIS 96 million in Q3 2009. The increase was mainly attributable to the improvement in revenues measured in functional currency from our hotels in the UK and Belgium, and our new hotel in the Netherlands offset by the devaluation of the EURO, LEI and the Pound against the NIS which caused to decrease in our revenues measured in NIS.
- **Costs and expenses from hotels operations and management** in Q3 2010 increased to NIS 86 million compared to NIS 83 in Q3 2009. The increase was mainly attributable to the improvement in revenues from our hotels in the UK and Belgium, and our new hotel in Netherland offset by the devaluation of the EURO, LEI and the Pound against the NIS.
- **Revenues from sale of medical systems** in Q3 2010 amounted to NIS 7 million compared to NIS 10 million reported in the corresponded period in 2009.

- **Costs and expenses of medical systems operations** in Q3 2010 amounted to NIS 14 million compared to NIS 15 million reported in the corresponded period in 2009.
- **Research and development expenses** in Q3 2010 amounted to NIS 14 million compared to NIS 18 million reported in the corresponded period last year.
- **Revenues from retail activities** increased to NIS 44 million in Q3 2010 compared to NIS 31 million in the corresponded period in 2009. This increase is attributed mainly to the operations of GAP stores which started at mid 2009 and to the improvement in revenues of existing Mango stores.
- **Cost and expenses from retail activities** increased to NIS 52 million in Q3 2010 compared to NIS 36 million reported in the corresponded period. This increase is mainly attributable to the increase in retail operations as mentioned above and to the pre opening expenses attributed to GAP operation.
- **General and administrative expenses** in Q3 2010 and Q3 2009 amounted to NIS 14 million.
- **Financial expenses, net in Q3 2010** increased to NIS 76 million compared to NIS 52 million reported in the corresponded quarter last year. The increase of NIS 24 million relates mainly to the following:
 - (i) Increase in the amount of NIS 38 million is attributable mainly to non cash expenses derived from change 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) which generated loss of NIS 21 million in Q3 2010 as compared to income of NIS 17 million in Q3 2009;
 - (ii) Increase in the amount of NIS 23 million in interest expenses, net (net of: (I) interest income, (II) capitalization of financial expenses to qualified assets) which amounted to NIS 61 million in Q3 2010 as compared to NIS 38 million in the corresponding period of 2009. Such increase is mainly attributable to the increase in loans which are attributable to our investment property in the USA which was acquired at the end of June 2010; Offset by:
 - (iii) Increase in the amount of NIS 20 million in non cash income Related to exchange rate differences in the amount of NIS 27 in Q3 2010 million as compared to NIS 7 million in the corresponded quarter of 2009. The exchange rate is mainly attributable to devaluation of the Euro against the NIS
 - (iv) Decrease in amount of 17 million NIS is attributable to the Israeli Consumer Price Index ("CPI") linkage on notes in the amount of 21 million in Q3 2010, as compared to NIS 38 million in Q3 2009. The increase in the Israeli CPI on in Q3 2010 was 1.23% comparing to 2.43% in Q3 2009.
- **Impairment, charges and other expenses, net** decreased to NIS 6 million compared to NIS 35 million reported in the corresponded quarter last year. The decrease of NIS 29 million relates mainly to impairment loss in commercial centers of Plaza Center in the corresponded quarter of last year.

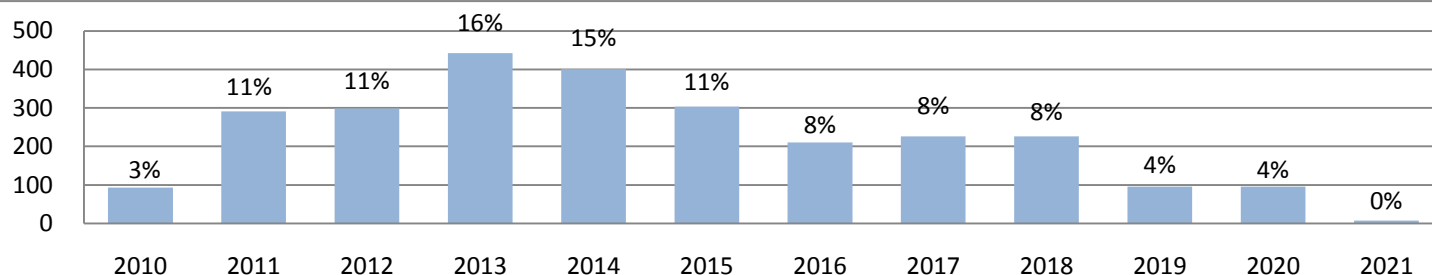
- **Loss** attributable to the equity holders of the Company in Q3 2010 was NIS 85 million (the total loss including minority interest totaled to NIS 84.5 million) as compared to loss attributable to the equity holders of the Company in the amount of NIS 144 million in the corresponded quarter of 2009 (total loss including the minority interest totaled to NIS 155 million).
- **Income** attributable to the equity holders for the period ended September 30, 2010 were NIS 5 million compared to a loss of NIS 330 million reported in the corresponding period of 2009.
- **Our shareholders' equity** as of September 30, 2010 amounted to NIS 2.2 billion compared to NIS 2.1 billion in December 31, 2009.
- **Our Cash and cash equivalents, Short term deposits and Long term deposits** of the Company amounted to NIS 2.0 billion compared to NIS 2.3 billion in December 31, 2009.

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 8.5 billion.
- Cash at Company's head office of NIS 0.8 billion.
- Net debt at Company's head office of NIS 2.2 billion.
- Gross debt at Company's head office of NIS 3 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 14 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 70% of the 22,000 sqm GLA. Completion is scheduled for Q1 2012.
- Plaza has agreed to 70% bank financing (approx. €52.5 million) for the construction of Plaza's tenth retail scheme in Poland -the 39,000 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 46,000 GBA mall is pre-let with memoranda of understandings signed for a further 10% of the space. Completion is scheduled for mid 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

Plaza currently has 37 assets and projects under development, located across the Central and Eastern European region and in India. The location of the assets under development, operating assets, as well as office buildings, is summarized as follows:

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

Plaza financial strengths and liquidity

- Cash and cash equivalents balances of € 0.2 billion (€ 0.22 billion - including short term and long term balances)
- Shareholders' equity of € 0.63 billion.
- Net asset Value for December 31, 2009 of € 0.66 billion. Market value of land and projects according to external evaluator.



Riga Plaza - Riga, Latvia

HOTELS DIVISION

Overview

- Over 16-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 10 hotels with 2,670 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 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 EUR 30 million out of which EUR 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. 24%-36% increase in the REVPAR as compared to the corresponding period last year.
- The REVPAR of our hotels in **Holland** has increased by approx. 3% as compared to the corresponding period (not including the Park Plaza Amsterdam Airport).
- The increase in the REVPAR in **UK** Hotels was 5%-7% in the Riverbank Hotel and Victoria Hotel; and 12% in the Sherlock Holmes Hotel as compared to the corresponding period last year.
- In **Romania**, our Radisson Hotel was fully operational; therefore, the REVPAR increase in 29% as compared to the corresponding period 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>	<i>306</i>	<i>50%</i>
<i>Park Plaza Utrecht, Utrecht</i>	<i>4 stars</i>	<i>Utrecht, The Netherlands</i>	<i>120</i>	<i>50%</i>
<i>Park Plaza Airport Amsterdam</i>	<i>4 stars</i>	<i>Lijnden, The Netherlands</i>	<i>342</i>	<i>50%</i>
<i>Park Plaza Astrid, Antwerp</i>	<i>4 stars</i>	<i>Antwerp, Belgium</i>	<i>247</i>	<i>100%</i>
<i>Park Inn</i>	<i>3 stars</i>	<i>Antwerp, Belgium</i>	<i>59</i>	<i>100%</i>
<i>Park Plaza Sherlock Holmes, London</i>	<i>4 stars Deluxe</i>	<i>London, UK</i>	<i>119</i>	<i>50%</i>
<i>Park Plaza Victoria, London</i>	<i>4 stars Deluxe</i>	<i>London, UK</i>	<i>299</i>	<i>50%</i>
<i>Park Plaza Riverbank, London</i>	<i>4 stars Deluxe</i>	<i>London, UK</i>	<i>460</i>	<i>50%</i>
<i>Centerville Hotel Apartments*</i>	<i>4-5 stars</i>	<i>Bucharest, Romania</i>	<i>294*</i>	<i>77%</i>
<i>Radisson SAS Bucharest</i>	<i>5 stars</i>	<i>Bucharest, Romania</i>	<i>424</i>	<i>77%</i>
Total operating hotels			2,670	

(*) Including: (i) 232 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: www.hvs.com/article/4444/european-hotel-valuation-index-2010/.
- Total book value of our hotels in our financial statements, as of September 30, 2010, is NIS 1.5 billion.
- Net debt of our hotels in our financial statements, as of September 30, 2010 is NIS 1.05 billion.

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\$1.35 billion as at September 30, 2010.
- Occupancy rate of approximately 88.1%.
- Secured non-recourse debt related to this portfolio amounted to approx. US\$917 million as at September 30, 2010.

Single Box Portfolio of 27 stand-alone retail properties

In August, 2010, a third party receiver was appointed over the remaining Single Box portfolio of 27 stand-alone retail properties. As a result, the Trust no longer has joint control over the portfolio and in accordance with its accounting policies, accounted for its interest in the portfolio at 30 September 2010 as an investment held at the lower of cost and net realizable value which was nil at such date.

EDTs' Significant activities in the third quarter

- Net operating income (NOI) of US\$24.8 million.
- Same store NOI growth of 2.0% compared with the quarter ended June 2010.
- Completed refinancing agreement of US\$174 million with a fixed interest rate of 5.9% for seven years
- Increased weighted average debt maturity to 3.6 years compared to 2.7 years at June 2010
- Leased rate of 88.1% compared to 88.5% at 30 June 2010
- Executed 40 new leases and renewals covering 321,786 sqft, or 2.9%, of the core shopping centre portfolio
- Progressing on approximately 240,000 sqft of new lease letters of intent

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

Enters Holdings 1 Ltd 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 Enter Holdings 1 Ltd. 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 Enter 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 Enter will be diluted to 93.47% (on a fully diluted basis).

Key Highlights

- 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

- 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 September 30, 2010 we invested a total of NIS 944 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
September 30,2010	
NIS MILLIONS	
661	Trading property (**)
252	Prepayment and other assets (**)
31	Investment property
944	Balance 30.9.2010 (Including Plaza Centers share) (*)

(*) 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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