TRANSLATION FOR CONVENIENCE PURPOSES ONLY OF STANDARD & POOR'S Maalot RATING REPORT (FROM HEBREW)

Plaza Centers N.V.

September 21, 2010

Ratification of 'ilA' rating and changing the rating outlook to negative from stable.

Chief Credit Analyst: Elad Regev elad_regev@standardandpoors.com
Secondary Credit Analyst: Omri Stern omri_stern@standardandpoors.com

Summary:

- The severe crisis that befell the Company's activity markets materially impacted the Company's profitability and the capability to generate cash. Nevertheless, an improvement is apparent in certain activity countries in central and Eastern Europe as well as revival of investors and an increase in the number of transactions for selling shopping malls.

- The Company's rating is limited to the rating of the parent company, Elbit Imaging. Nevertheless, in our opinion, the independent credit profile of the Company is not higher than its overall rating.

- We ratify the 'ilA' rating of Plaza Centers N.V which mainly operates in the segment of initiating commercial centers and simultaneously updated the outlook to negative from stable.

- The negative rating outlook reflects our forecast that the continued operations, as were in the last two and half years, without realizations and generating significant cash flows, will not be able to support the current rating level.

The Rating Activity

On September 21, 2010, Standard & Poor's Maalot ratified the ilA' rating of Plaza Centers N.V (PC), which mainly operates in the segment of initiating commercial centers. Furthermore, it updated the rating outlook to negative from stable.

Major Considerations for the Rating

In the last two and half years, PC did not sell shopping centres, activity which accounts for a substantial portion of the Company's revenues and its cash flows. In view of the above, we notice a downside in the financial and business profile, since the activity turnover becomes much longer.

The initiation and the sale of the shopping centres is a volatile business, which is coupled with a substantial financial investment. Cash flows are received at the end of the establishment process through a sale or refinancing and receiving current cash flows from rental fees. Nevertheless, over the years, PC operates with large cash amounts and a relatively low financial leverage, which moderate the risk in the activity's volatility. As part of the operating strategy, PC maintains capabilities of managing the shopping malls to a point where no purchaser is found and the Company is forced to manage them until a purchaser is found. This capability, in our opinion, adds to the operating flexibility of PC and positively affects its ability to cope with certain situations in various periods.

The Company does not intend to initiate the construction of new projects without bank financing and it is not committed to schedules of projects that are not under construction. However, construction of new projects and maintaining them without selling raises its financial leverage and produces small property portfolio without having the advantages of stability and diversification, as opposed to large income producing companies.

The financing for construction may be converted to long term loans upon completion of the construction. This option increases the operating and financial flexibility of the Company and reduces the need for loan recycling. We see this option as a positive point in the rating.

As we previously wrote, in our opinion, the Company's entry into activity in India increases the risk since it does not enjoy the advantage of being familiar with the markets and the contacts with banks and clients as it does in eastern and central Europe. However, the initiation in this stage is performed by advances from residential projects and will not include other capital investments. The initiation of the commercial center in Puna is performed by bank financing and rental ratios are approximately at 50%, the Company estimates that occupancy will reach the rate in excess of 90% when opened (second quarter of 2011).

PC's entry as a partner into the activity of real estate initiation in India and the Group's investment in the U.S., enforces, in our opinion, the linkage between PC and the parent company, Elbit Imaging (ilA/Negative), a strong linkage, as we viewed previously. Hence, we stress that the Company's rating is limited to Elbit's rating. Nonetheless, we believe that the Company's independent credit profile is not higher than its overall rating.

In the last two years, the coverage ratios are volatile and are not favourable. We review the Company also according to economic fluctuations turnover in the industry, however, we presume that if the business cycle will continue to be long, namely, no realizations will take place, we estimate that the Company's rating will be adversely affected.

We expect a major change in the coverage ratios during 2011 (and not only at the end of the year).

Liquidity

We estimate that the Company's liquidity is adequate and relies on cash file, held by the Company for several years, which is large relative to its needs.

The Company maintains cash amounting to € 200 million. The maturities are well spread where such maturities (excluding consulting for projects) amount to € 60 million per year for the coming years.

We expect that the cash balances will not significantly change in the coming years. This assumption underlies the rating and is based on the Company's type of activity (construction with financial consulting) and the Company's willingness to manage its business with a large cash file in order to moderate the risks embodied in the business model.

The Rating Outlook

The negative rating outlook reflects our forecast that the activity turnover becomes longer than expected by the Company and adversely affects its cash generating capability. In our opinion, if no change will take place in the Company's activity, which will be translated into positive results in its financial statements for 2011, as well, we expect that the activity will no longer support the current rating and we will consider lowering the rating.

In the event that the Company will act to implement the business model and will generate cash flows and significant revenues, we will reconsider the rating outlook.

List of debentures

	Current rating	**From previous rating**
Plaza Centers N.V	**ilA/ Negative**	**ilA/Stable**
Series A	**ilA**	**ilA**
Series B	**ilA**	**ilA**
