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PRESS RELEASE

22 November 2010

AFI EUROPE N.V. PUBLISHES PROSPECTUS

AFI Europe N.V. (the "Company" or the "Issuer") has published its prospectus. AFI Europe is a real estate developer operating in Central Eastern Europe and South Eastern Europe, with a focus on the development of large-scale commercial and residential real estate projects.

The Company intends to raise gross proceeds of approximately EUR 100 million in the public offering, and the total value of the offering will be up to approximately EUR 130 million (pre-greenshoe).

AFI Europe plans to conduct its public offering in late November/early December this year and debut on the Warsaw Stock Exchange in the first half of December.

KEY INFORMATION ABOUT THE OFFERING

- The public offering (the "Offering") includes **up to 35,535,000 Offer Shares**, including:
  - up to 23,800,000 New Shares,
  - up to 7,100,000 existing ordinary shares offered by the Selling Shareholder, Africa Israel International Properties (2002) Ltd.,
  - up to 4,635,000 existing ordinary shares pursuant to the over-allotment option.
- **The public offering in Poland is made to retail investors and institutional investors.** In addition, shares will be offered in a private placement to institutional investors outside the United States (excluding Poland) in reliance on Regulation S under the U.S. Securities Act.
- Subscriptions by retail investors will be accepted at customer service points of ING Securities S.A., DB Securities S.A., Dom Inwestycyjny BRE Banku S.A., Dom Maklerski

PKO BP S.A., Dom Maklerski AmerBrokers S.A., Dom Maklerski Banku Ochrony Środowiska S.A., Dom Maklerski IDM SA, Biuro Maklerskie Banku BPH S.A., Millennium Dom Maklerski and Alior Bank.

- The Company will use the **issue proceeds** primarily to **finance its own construction projects**.
- The Company anticipates that the proportion of **new shareholders** in the Company's overall shares after the Offering will be about **25–30%**.
- AFI Europe's advisors in the public offering process are Deutsche Bank A.G., London Branch, and ING Bank N.V., London Branch (Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners and, together with ING Securities S.A., Offering Managers), The Hillview Group (corporate advisor to the Issuer), and the law firms Boekel De Nerée, Weil, Gotshal & Manges and White & Case, acting as a legal counsel to the Joint Lead Managers. AFI Europe's auditor is KPMG.

OFFERING SCHEDULE

22–29 November 2010	Offering and subscriptions for retail investors
22–30 November 2010	Bookbuilding and offer period for institutional investors (until 6 p.m. Warsaw time on 30 November 2010)
On or before 1 December 2010	Determination and publication of the Offer Price and final number of shares offered, Allotment of shares
3 December 2010	Payment by institutional investors
On or about 8 December 2010	Delivery of the Offer Shares to investors and closing of the Offering
On or about 9 December 2010	Listing on WSE

INFORMATION ABOUT AFI EUROPE

AFI Europe is a real estate developer in Central Eastern Europe and South Eastern Europe, with a focus on the development of large-scale commercial and residential real estate projects.

Since commencing operations in 1997 as a division of Africa Israel Investments Ltd., the Company has established a track record of developing and managing real estate projects and properties in the CEE and SEE regions. The Company's activities include identification and evaluation of opportunities, preparation of designs, securing permits, purchase of land, and construction management, followed by the operation of commercial properties, or sale of apartments in the residential projects.

As of 30 September 2010, the Company had developed 293,106 sqm (GLA) of commercial properties, and since 2007 it has delivered 1,300 apartments.

The total aggregate value of all of the projects and properties in which the Company holds any economic interest in their existing state of developments was EUR 1 404 mln (as of September 2010).

The Company's portfolio consists of 32 projects in 7 countries throughout CEE and SEE:

- **10 commercial projects** which are yielding and under management. These projects include shopping malls and commercial centres, office complexes, business parks and a logistics facility, totalling 293,106 sqm of GLA;
- **7 developed residential projects** with apartments for sale targeting potential purchasers from the middle and upper-middle class, totalling 127,863 sqm of GSA (with 52,081 sqm GSA or 578 apartments available for sale as of 30 September 2010) and 1,822 sqm of adjacent commercial space (for the purpose of this classification, project Osiedle Europejskie in Kraków is counted both as a commercial project and as a residential project, because it includes a commercial centre alongside a large-scale residential development);
- **15 land bank properties**, as well as additional land plots adjacent to some of the commercial and residential projects mentioned above. These properties are earmarked for future development and are currently expected to include commercial projects with 902,252 sqm of GLA and residential projects with 1,414,411 sqm of GSA.

In addition, the Company manages and holds a minority interest in a portfolio of 34 residential and commercial properties located in various cities in Germany. The German portfolio comprises 579 apartments for rent with 46,440 sqm of GLA, as well as 488 units of commercial property for rent with 108,560 sqm of GLA, and it also includes 2 undeveloped land plots.

AFI Europe is a subsidiary of Africa Israel Investments Ltd.

AFI EUROPE

AFI EUROPE'S COMPETITIVE STRENGTHS

The Company believes that it benefits from the following competitive strengths:

- Track record and high quality property development
- A portfolio which combines income-generating and development projects
- Presence in higher growth markets
- Highly skilled management team
- On-the-ground presence
- Ability to attract and retain high calibre tenants
- Good relationships with banks and ability to raise financing
- Support, know-how and experience of the parent group

STRATEGY

The Company aims to maximise shareholder value by both growing its business and also increasing its profitability. The Company intends to achieve this by pursuing the following elements of its business strategy:

- Strengthen the Company's position as a real estate developer in CEE and SEE
- Focus on large-scale commercial projects balanced with residential projects in the medium- to long-term
- Adopt a flexible approach to project development
- Increase performance and profitability through active portfolio management of the company's income-generating projects
- Create value through effective utilisation of the Company's land bank
- Focus on the successful execution of current projects while pursuing attractive new developments

FINANCIAL RESULTS

	Nine months ended 30 September		Year ended 31 December		
	2010	**2009**	**2009**	**2008**	**2007**
	(unaudited)		*(audited)*		
			(in EUR '000)		
Gross rental income	40,250	21,931	33,384	25,442	18,504
Net rental and related income	37,971	20,099	30,836	21,705	16,669
Profit (loss) from sale of properties	5,544	1,786	2,581	3,802	202
Write-down of inventory to net realizable value	(5,410)	(8,521)	(18,786)	(56,753)	-
Net valuation gains (loss) on investment property	4,121	(3,626)	(22,564)	28,756	35,240
Net valuation gains (loss) on investment properties under development	(3,476)	51,472	36,690	—	—
Impairment of investment property under development	—	—	—	(10,432)	—
Net operating profit (loss) before net financing costs	28,616	54,908	15,214	(34,186)	46,395
Financial income	1,376	2,540	3,270	3,594	184
Interest expenses to AFI Properties[1]	(5,222)	(6,815)	(8,854)	(18,265)	(4,784)
Other financial expenses	(25,844)	(14,522)	(24,785)	(14,243)	(10,825)
Profit before tax	**(1,074)**	**36,111**	**(15,155)**	**(63,100)**	**30,970**
Profit before tax excluding interest expenses to AFI Properties[1])	**4,148**	**42,926**	**(6,301)**	**(44,835)**	**35,754**
Profit (loss) for the period	(3,413)	16,074	(31,248)	(67,517)	28,750

1. Conversion of the shareholder's loan is an unconditional part of the Offering and will become effective upon the closing of the Offering

USE OF PROCEEDS

The Company will use the net proceeds from the issue of the New Shares in the first instance to fund the equity portion of the development of its real estate projects, including in particular:

- AFI Business Park Cotroceni (office building A) in Bucharest, Romania (approximately EUR 5.5 million, construction is expected to commence in January 2011)
- Phase 2 of Classic 7 Business Park in Prague, Czech Republic (approximately EUR 5.5 million, construction is expected to commence in March 2011)
- Phase 1 of AFI Golden City (shopping mall) in Bucharest, Romania (approximately EUR 22.5 million including outstanding payment in relation to the acquisition of land, construction is expected to commence in March 2011)

- Phase 8B of the residential project Osiedle Europejskie in Kraków, Poland (approximately EUR 2.1 million, construction is expected to commence in March 2011)
- Phase B1.1 of the residential project Wilanów One in Warsaw, Poland (approximately EUR 3 million, construction is expected to commence in June 2011)
- Phase 1 of AFI Palace Ploiesti (shopping mall) in Ploiesti, Romania (approximately EUR 3.5 million, construction is expected to commence in June 2011)
- Phase 4 (building 1000N) of Airport City Belgrade business park in Belgrade, Serbia (approximately EUR 9 million, construction is expected to commence in July 2011)
- AFI Business Park Cotroceni (office building B) in Bucharest, Romania (approximately EUR 6 million, construction is expected to commence in September 2011)
- Phase 1 of AFI Palace Arad (commercial centre) in Arad, Romania (approximately EUR 5 million, construction is expected to commence in January 2012)
- Phase 3 of Classic 7 Business Park in Prague, Czech Republic (approximately EUR 4.5 million, construction is expected to commence in January 2012)
- Phase 1 of AFI Karlin (offices) in Prague, Czech Republic (approximately EUR 12 million, construction is expected to commence in January 2012)

All of the above projects will be developed on land plots which are currently owned by the company. The relevant zoning in relation to these projects enables the issuance of building permits for their construction according to the company's plans.

The projects identified above are expected to use up to 84% of the net proceeds from the issuance of the New Shares, and construction works are expected to commence within the next 18 months from the completion of the Offering. The commencement of construction of each project and pace of development will be determined by the Company's assessment of market conditions at that time and the expected profitability of the projects.

Excess funds from the issuance of the New Shares are expected to be deployed in the medium term for the development of other land bank projects, subject to market conditions, and will be used for general corporate purposes, including optimisation of the funding structure at AFIE or the project level in terms of costs, loan tenors and covenants, as well as taking advantage of acquisition opportunities that may present themselves in the future.

"AFI Europe is a company with a well-established position in Central Eastern Europe and South Eastern Europe and has a track record of developing high-quality projects," **said AFI Europe CEO Avi Barzilay**. "*We focus on Europe's emerging economies, and our portfolio includes both revenue-generating properties and projects under development, which are the key for continuous growth. Our goal is to further strengthen our position in the markets where we are present through the development of additional landmark projects, and by steadily increasing the profitability of our operations. I am confident that the proceeds from the offering will enable us to accelerate our project development activity, adding value to the firm for the benefit of all its shareholders."*

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