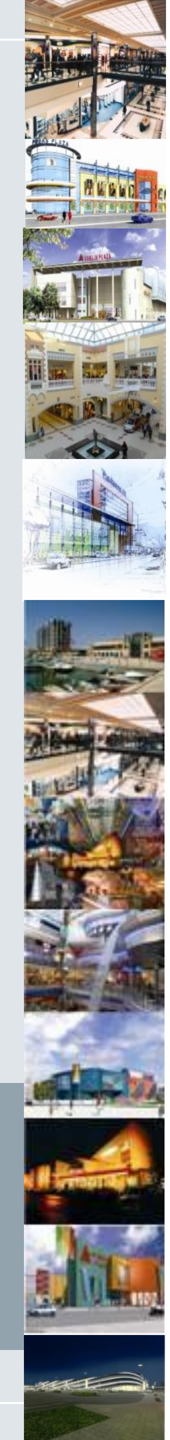
PLAZA CENTERS

Half Year Results for the six months ended 30 June 2014

28 August 2014



Agenda

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Financial Highlights

- Reduction in total assets to €519 million (31 December 2013: €586 million) primarily due to impairments of trading property.

- Book value of the Company's trading property reduced by 13% (€65 million) over the period, primarily due to impairments recorded. For breakdown of impairments in 2014 refer to slide 7 of this presentation.

- Net Operating Income ("NOI") (*) in the first six months of 2014, despite an increase of circa 8% in the NOI performance of operational shopping centres (excluding Riga shopping centre) compared to H1 2013, slightly decreased to €7.3 million (first six months of 2013: €7.6 million), mainly due to:
  - (1) Prague 3 asset which generated € 0.4 million of NOI in the first six months of 2013 but was sold in July 2013
  - (2) Losses from Fantasy Park in 2014 (€0.3 loss in 2014, compared to nil in 2013, due to one-off non-recurring income).

(*) In respect of NOI performance of shopping centres, refer to slide 10 of this presentation.

Financial Highlights cont.

- Loss for the first six months of 2014 of €98.5 million (first six months of 2013: loss of €81 million), stemming from a non-cash €70 million impairment of trading property and equity accounted investees (first six months of 2013: €65 million of impairments(*)), and an overall (mostly non-cash) net finance cost of €27 million compared to a net finance cost of €9 million in 2013. Basic and diluted loss per share of €0.33 (June 30, 2013: loss per share of €0.27).

- Consolidated cash position as at June 30, 2014 (including restricted bank deposits, short term deposits and held for trading financial assets) of €35.0 million (31 December 2013: €33.7 million) and current cash position of circa €35 million (€7 million restricted). Headquarters level cash totalled €23.2 million as of June 30, 2014, with remaining cash mainly kept in Poland (€7.5 million) and Serbia (€2.5 million).

- Gearing increased to 78% (31 December 2013: 64%) as a result of impairment losses and finance costs incurred during the first six months period.

(*) For the breakdown of impairments refer to slide 7.

Financial Overview
Results (€ 000)

	Six months ended June 30	
	2014	2013
Continuing operations		
Rental income	11,693	12,005
Revenues from entertainment centres(1)	870	2,293
	12,563	14,298
Cost of operations	-4,033	-4,368
Cost of operations – entertainment centers	-1,198	-2,297
Gross profit (2)	**7,332**	**7,633**

(1) Income from the Group's Fantasy Park operation decreased to €0.9 million from €2.3 million in 2013 after the closure of Fantasy park entertainment centres in malls owned by third parties.
(2) Refer also to slides 4 and 10 for more information

Financial Overview

Results (€ 000) cont.

	Six months ended June 30	
	2014	**2013**
Write-down of Trading Properties(1)	-69,716	-60,906
Write-down of equity-accounted investees	-	-4,277
Loss from disposal of equity accounted investees (holding undeveloped Trading Property)(2)	-4,048	-5,143
Share in results of equity-accounted investees (“EAI”), net of tax	414	-195
Administrative expenses, excluding restructuring costs(3)	-4,162	-5,037
Restructuring costs	-2,519	-
Other income(4)	2,336	318
Other expenses(4)	-1,035	-4,771
Results from operating activities	**-71,398**	**-72,378**

(1) 2014 - For a full breakdown of impairments refer to slide 7.
(2) Loss due to termination of the joint venture agreement in respect of the BAS projects in Romania.
(3) Administrative expenses decreased as a result of a decrease in payrolls and related expenses as part of the Company’s efforts to reduce costs during the year. Share based payment expenses in 2014 - €0.1 million (2013 - €0.2 million).
(4) 2014 other income – due to reimbursement of insurance claim (loss of profit) in respect of the fire event in the Koregaon Park shopping centre in India. 2014 other expenses includes mainly losses from selling the corporate jet and the gas turbines in Bucharest.

Financial Overview
Results (€ 000) cont.

Breakdown of impairments (€M)

	Six months ended June 30	
	2014	**2013**
Casa Radio Plaza (Romania)	31.0	-
Koregaon Park (India)	10.1	15.6
Helios Plaza (Greece)	10.9	6.4
Belgrade Plaza MUP (Serbia)	-	25.7
Liberec Plaza (Czech Republic)	-	9.0
Constanta (Romania)	3.8	-
Csiki Plaza (Romania)	3.7	-
Iasi Plaza (Romania)	3.7	-
Roztoky (Czech Republic)	-	3.5
Kragujevac Plaza (Serbia)	3.4	-
Hunedoara Plaza (Romania)	1.2	-
Shumen Plaza (Bulgaria)	1.0	-
Other, aggregated	0.9	0.7
Total	69.7	60.9

Financial Overview

Results (€ 000) cont

	Six months ended June 30	
	2014	**2013**
Finance income(1)	211	6,671
Finance costs(2)	-27,486	-15,636
Net finance costs	-27,275	-8,965
Loss before income tax	-98,673	-81,343
Tax benefit	113	754
Loss from continuing operations	-98,560	-80,589
Discontinued operation		
Profit (loss) from discontinued operation, net of tax	59	-454
Loss for the period	**-98,501**	**-81,043**

Financial Overview *(Cont.)*

NOTES TO THE RESULTS

(1) Finance income decreased to €0.2 million from €6.7 million in 2013 mainly as no income was recorded in connection to value of issued bonds, measured at Fair Value Through Profit or Loss (“FVTPL”) (2013: €4.3 million income), as well as no significant income from financial instruments held, as the Company decreased this activity in order to preserve short term liquidity.

(2) Finance expenses increased from €15.6 million to €27.8 million. The main reasons for this increase were:

- discontinuing of capitalization of interest on debentures in H2 2013 (2014 – additional €2.2 million).
- Effect of increase in fair value of bonds at FVTPL (2014 -€20.3 million, 2013 – nil). Heavy loss of €20.3 million in 2014 is attributed both to the increase in market value of bonds from 92 to 108 per bond (€17.6 million), as well as to the strengthening of the Israeli Shekel (ILS) against the EUR from 4.78 to 4.69 (€2.7 million).
- Total interest expenses due to bonds and bank loans totalled €7 million in H1 2014.

Company Net Operating Income ("NOI")

The following table presents the first six months NOI performance of shopping centres:

Shopping centre name	NOI H1 2014 (€M)	NOI H1 2013 (€M)	Remarks
Torun	3.2	3.0	TK Maxx major tenant opening in late March 2014.
Kragujevac	2.0	2.2	Both 2014 and 2013 includes a one-off income. Basic half year NOI of the shopping centre is circa €1.8 million.
Suwalki	1.7	1.5	
Zgorzelec	0.6	0.4	
Liberec	0.6	0.5	Both 2014 and 2013 includes a one-off income. Basic half year NOI of the shopping centre is circa €0.3 million.
Koregaon Park	(0.3)	(0.4)	Both 2014 and 2013 includes one-off income. The shopping centre generates a loss of circa €120 '000 every month.
Subtotal	7.8	7.2	
Riga	1.6	1.5	Not included as part of gross profit due to IFRS requirements, but rather as part of Equity Accounted Investees.
Total	9.4	8.7	

Company Trading property breakdown

Asset name	Value June 30, 2014 (€M)	Remarks
Casa Radio (Romania)	119.0	
Torun (Poland)	67.1	
Kragujevac (Serbia)	38.5	
Suwalki (Poland)	39.0	
Koregaon Park (India)	31.7	
Viznjicka (Serbia)	19.1	
Liberec (Czech Republic)	17.8	
Zgorzelec (Poland)	17.3	
Belgrade MUP (Serbia)	16.0	
Subtotal	365.5	
Other plots, aggregated	64.3	
Total recorded in financial statements	429.8	
Riga (Latvia)	44.5	Included in EAI
EPI (Bangalore+Chennai)	24.4	Included in EAI
Total trading property	498.7	

Debt structure of the Group

Debt Structure – June 30, 2014			€ million
Debt	Debentures[1]		211
	Bank Loans	CEE - operating malls[3]	179
		CEE - projects under development and others[4]	10
		India[5]	22
	Total Debt		**422**
Resources	Liquid balances - Consolidated		27
	Financial Instruments and restricted bank deposits		8
	Total sources		**35**
	Net Financial Debt		**387**
	Shareholders' equity (Non-revalued)		114
	Net Debt / Net CAP[2]		77%
	Total Net Debt to Balance Sheet (LTV)		74%

(1) Adjusted Par Value + accrued interest (before amendment of trust deeds)

(2) Net CAP= Net Debt + Equity

(3) CEE - Operating malls

	€ million
Riga	29
Liberec	21
Kragujevac	28
Suwalki	31
Zgorzelec	22
Torun	47
IRS SWAP	1
	179

(4) CEE - Projects under development

	€ million
Bas (Romania)	9
Other	1
	10

(5) Koregaon Park Plaza loan

Operational Highlights

- As previously announced the Company filed for reorganisation proceedings (surseance van betaling) with the District Court of Amsterdam in the Netherlands (the “Court”) and submitted a restructuring plan to the Court in November 2013. The restructuring plan was approved on June 26, 2014 by the vast majority of the creditors, was subsequently approved by the Court on July 9, 2014, and became effective July 21, 2014.
- The Company confirmed on June 23, 2014 that Elbit Imaging announced that, as part of the Company’s debt restructuring process which incorporates a rights offering of shares to its existing shareholders (the “Rights Offering”) to raise an aggregate amount of at least €20 million, EUL (EI wholly owned subsidiary, holding 62.5% of the Company) intends to enter into a Deed of Undertaking (the “Undertaking”) with the Company. The Undertaking was signed and became binding on July 7, 2014.
- EI has further announced that, concurrently with the Undertaking, EUL intends to enter into a Back Stop Agreement (the “Back Stop Agreement”) with various affiliates of Davidson Kempner Capital Management LP (“DK”), pursuant to which DK will undertake to purchase, in lieu of EUL, such proportion of shares in the Company to be determined by EUL, provided that the monies payable in respect of such shares to be acquired by DK shall not be less than the higher of €3 million or the amount required to acquire the Additional Shares (the “Back Stop Undertaking”), and has further provided that such Back Stop Undertaking does not result in DK being liable to acquire more than €10 million of the Company shares or result in DK and its affiliates, directly or indirectly crossing the threshold of 30 per cent of the total voting rights in the Company. Consequently, in the event the total price of the Additional Shares falls below €3 million, the Company will be obligated to increase the number of shares offered pursuant to the Rights Offering such that the total price of the shares acquired by DK shall not be less than €3 million.
- During 2014, the Company disposed of its corporate aeroplane and sold two gas turbines held in the Casa Radio plot in Bucharest, in order to improve its cash position.
- During 2014, the Company also received €2.4 million of insurance reimbursement, due to loss of profit in respect of the fire in the Koregaon Park shopping centre in 2012.

Operational Highlights (cont.)

- Significant improvements in turnover and occupancy levels across Plaza’s existing shopping and entertainment centres, with increases in turnover reaching a peak of 20%, compared to the second quarter of 2013, and overall average occupancy now reaching circa 94%. This is the result of a number of new anchor tenants opening stores and a general strengthening of the tenant mix across the portfolio. Notable achievements include:
  - At Torun Plaza, Poland turnover rose by 19.8%_compared to the same quarter of last year, the largest increase across the portfolio, supported by the opening of over 4,000 sqm of new retail space since March 2014 and an additional 1,400 sqm being taken by Sports Direct in July.
  - At Zgorzelec Plaza, Poland sales remained strong, resulting in a 19.7% increase in turnover compared to same period quarter last year.
  - At Riga Plaza, Latvia, Plaza’s largest shopping and entertainment centre and one of the fastest growing and most popular centres in the country, turnover increased by 17.8% in the second quarter compared to the corresponding period in 2013. Occupancy levels reached 97%.
  - At Suwalki Plaza, Poland turnover grew by 10.7% in Q2 compared to Q2 2013 and occupancy increased to 93%. Suwalki Plaza has developed a strong market position due to its location and tenant mix. It is expected that the arrival of the Euro in Lithuania in January 2015 will boost Suwalki’s appeal to customers in neighbouring geographies, providing an opportunity to further build market share.
  - At Liberec Plaza, Czech Republic turnover increased by 9.3% compared to Q2 of 2013, buoyed by Sports Direct opening a new 1,600 sqm store.
  - At Kragujevac Plaza, Serbia turnover continued to increase at a steady level, rising by 5.7% quarter to quarter.

Operational Highlights (cont.)

- Footfall increased in the majority of centres during the period. Significant improvements include: an 8.2% increase in footfall at Kragujevac Plaza; a 7.8% increase at Zgorzelec Plaza; a 6.9% increase at Riga Plaza; and a 6.4% increase at Torun Plaza.
- Across the portfolio, Plaza successfully secured a number of significant tenants, including: H&M, which opened a 2,835 sqm shop in Riga Plaza in April; Sports Direct, which opened a 1,600 store in Liberec and a 1,400 sqm store in Torun; Carry, which opened a 1,275 sqm store in Torun Plaza, an 888 sqm store in Suwalki Plaza and a 547 sqm store in Zgorzelec Plaza between April and May; and Sin-say, which opened a 340 sqm shop in Torun Plaza.

Summary

- Swift and successful conclusion of restructuring process, securing strong majority support from creditors.
- Upcoming rights issuance will provide improved liquidity, broadening of investor base and more diversified sources of financing.
- Solid platform for future growth underpinned by positive operational performance including improvements in turnover, occupancy levels and footfall, together with growing economic confidence.
- Business now well placed to return to the delivery of value and growth to investors.
- Company working with newly configured board to deliver a new strategy by year end.