



# Company Presentation

31 August 2016



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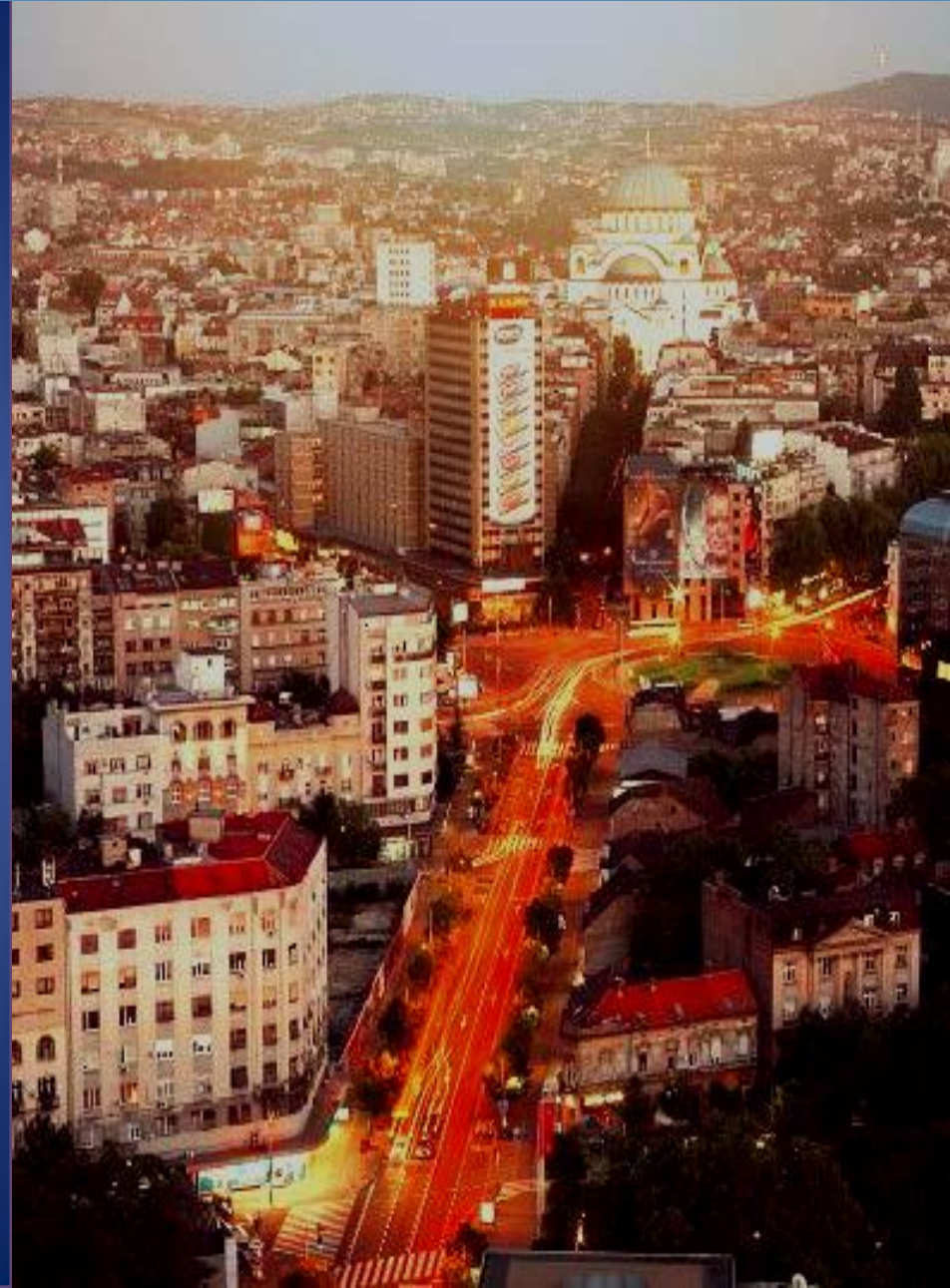
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# AGENDA

- Company Overview
- Capital Markets & Debt Restructuring
- Financial Highlights
- Operational Highlights



# Company Overview

Plaza Centers is a leading emerging markets property developer, focused on western-style shopping and entertainment centres

## Business Description

- 20-year track record of developing shopping & entertainment centres in CEE - Plaza Centers has been active in the region since 1996 and was the first to develop western-style shopping and entertainment centres in Hungary
- Plaza has pioneered this concept throughout the CEE whilst building a strong track record of successfully developing, constructing, operating, managing, letting and selling shopping and entertainment centres. In 2006 the Group extended its area of operations beyond the CEE into India
- To date, the Company has developed 33 shopping and entertainment centres in the CEE (more than any other company in the region) and India, of which 29\* have been sold with an aggregate gross value of circa €1.25 billion. Plaza owns 14\*\* assets under development and pipeline projects, four active shopping and entertainment centres and one office building
- Currently Plaza is focusing on the development of two new shopping centres- one in Belgrade, Serbia and one in Timisoara, Romania

## Real Estate Portfolio

Plaza Centers  
N.V.

### Europe (CEE)

- 32 Shopping centres developed and managed in Central & Eastern Europe, of which 28\* were sold
- Four active shopping centres currently owned and managed\*
- Three projects for development
- 9 pipeline projects\*\*
- One office building

### India

- Koregaon Park Plaza Mall was sold in 2015
- In May 2013 Plaza completed the sale of its 50% interest in a JV which mainly held interest in an office complex in Pune.
- Two plots in the cities of Bangalore and Chennai\*\*\* held by a joint venture with Elbit Imaging

\* In May 2016, the Company has entered into a business sale agreement with respect to the sale of Riga Plaza (see slide 17)

\*\* In March 2016, the Company has signed a binding pre-agreement for the sale of the plot in Piraeus, Greece (see slide 17)

\*\*\* In August 2016 a JDA was signed for Chennai (see slide 20)



# Company Overview

## Competitive Advantage

- **Proven track record and Geographical reach** – Plaza has been active in the CEE for 20 years and together with its regional teams has developed projects in eight countries. In addition, Plaza has managed to utilize its experience and “know-how” in the shopping centres field to enter the US commercial real estate market in 2010, resulting in the acquisition of 49 US-based shopping centres, which were later sold in a transaction valued at USD 1.47M, representing a 50% return on equity for Plaza in a period of 18 months.
- **Highly skilled management team** — The Company has a professional and established management team in each operational country, with proven experience in developing shopping centres on schedule and within budget, obtaining bank finance, letting to tenants and selling to international funds.
- **Extensive network** — The Company has strong relationships with the banks accompanying the projects in the operational regions, as well as with international and local retail brands, which rent space in the shopping centres, and also with international real estate funds, which invest in assets in different countries. Plaza is also able to benefit from Elbit's knowledge and experience in the hotel field for future development opportunities.
- **Strong brand name** — Plaza Centers has become a widely recognised brand name for successful property development in CEE, which is beneficial at all stages of project execution (e.g. following portfolio sales to Klépierre, Dawnay Day and aAIM, the purchasers continue to use the “Plaza Centers” brand name under license).
- **Thorough project evaluation** — Prior to each project, Plaza goes through a carefully developed, structured evaluation process involving each of the relevant disciplines (economics, engineering, marketing, etc).
- **Successful project management** — Almost all projects to date completed on time and within budget.
- **Flexibility and ability to anticipate and adapt to market trends** — Plaza is well positioned to satisfy the significant retail demand resulting from rapidly growing household incomes, as well as the increasingly westernised tastes and habits of emerging market populations. Decisions to dispose mature or non-core portfolio properties are based on an in-depth analysis of market conditions.
- **Capital Markets** – Plaza's shares are traded in the London Stock Exchange (“LSE”), the Warsaw Stock Exchange (“WSE”) and in the Tel-Aviv Stock Exchange (“TASE”), providing platform needed for raising funds for new projects and operations.



# Company Overview

**20 year track record of developing shopping & entertainment centres in CEE — Plaza Centers has been active in the region since 1996 and was the first to develop western-style shopping and entertainment centres in Hungary**

1996	First investment in Hungary
1996–2004	Developed and managed a portfolio of 20 shopping and entertainment centres
2004	Sold 12 shopping and entertainment centres to Klépierre at a gross asset value of €278m (c. 9.3% net yield)
2005	Sold four shopping and entertainment centres to Dawnay Day at a gross asset value of €54m (c. 9.2% net yield)
2006	Sold four shopping and entertainment centres to Klépierre at a gross asset value of €204m (c. 8.4% gross yield)
2007	Forward sold five shopping and entertainment centres to Klépierre
2006	Raised £166.2m from issuing 92.3m ordinary shares listed on the Main Board of the LSE
2006	Sold one shopping and entertainment centre to Klépierre at a gross asset value of €50m (c. 7.9% gross yield)
2006	First acquisition in India
2007	Sold three shopping and entertainment centres to Klépierre at a gross asset value of €129m (c. 7.3% gross yield)
2007	Sold one shopping and entertainment centre to aAIM for approx. €387m (c. 5.9% gross yield)
2007	Introduction to Exchange trading shares of Plaza Centers on the main market on WSE
2007–2011	Gross proceeds raised of approximately €370m from bond issuance on the Tel Aviv stock exchange
2008	Sold one shopping and entertainment centre to Klépierre at a gross asset value of €61.4m (c. 7.3% gross yield)
2009	Opening of two new shopping and entertainment centres in Riga, Latvia and in Liberec, Czech Republic
2010	Opening of two new shopping and entertainment centres in Zgorzelec and Suwalki, Poland
2010	Raised a total of PLN 60m (€15.2m) from issuing bonds to Polish Institutional investors
2010	First transaction in the US retail market
2011	Opening of a shopping and entertainment centre in Torun, Poland
2012	Opening of two shopping and entertainment centres in Kragujevac, Serbia and in Pune, India
2012	Sold 49 US based shopping and entertainment centres to BRE DDR Retail Holdings LLC (a joint venture between Blackstone Real Estate and DDR Corp.) at a gross asset value of US\$1.47 billion
2013	Completed the sale of its 50% interest in a vehicle which mainly holds interests in an office complex project located in Pune, India, generating gross cash proceeds of circa €16.7 million
2013	Completed the sale of 100% of its interest in a vehicle which holds the interest in the Prague 3 project located in Prague, Czech Republic, generating net cash proceeds of circa €7.5 million. Also completed the sale of a 39,000 sqm plot in Roztoky, Czech Republic, generating cash proceeds of circa €1.3 million

# Company Overview

**20 year track record of developing shopping & entertainment centers in CEE — Plaza Centers has been active in the region since 1996 and was the first to develop western-style shopping and entertainment centres in Hungary**

2013	Completed the sale of its share (43.5%) in the Dream Island project in Budapest, Hungary. The deal represented a gross asset value of circa €16.5 million (100%)
2014	Sold its 35% stake in Uj Udvar project in Budapest, Hungary for cash proceeds of €2.35 million
2014	Completed the sale of a plot in Targu Mures, Romania, generating cash proceeds of €3.5 million
2014	Completed the sale of a plot in Hunedoara, Romania, generating cash proceeds of €1.2 million
2014	Completed the sale of Kragujevac Plaza shopping and entertainment centre for a total consideration of €38.6 million. The Net Cash Proceeds from the sale were €12.2 million
2015	Sold Koregaon Park Plaza Shopping and Entertainment Centre located in Pune, India for circa €35 million. The Net Cash Proceeds from the sale were circa €7.4 million
2015	Completed the sale of a 17,000 sqm plot in Brasov, Romania generating cash proceeds of €0.33 million
2015	Completed the sale of a 46,500 sqm plot in Iasi, Romania generating cash proceeds of €7.3 million
2015	Completed the sale of an office building in Bucharest, Romania (823 sqm GLA) for €1.1 million
2015	Completed the sale of part of a residential plot in Lodz, Poland for €0.5 million
2015	Completed the transaction to waive its leasing rights of the Cina property in Bucharest, Romania, which has been sold by its owner. The gross proceeds from the transaction were circa €2.7 million
2016	Signed an agreement for the sale of Liberec Plaza, Czech Republic for €9.5 million (upon completion of the disposal the Company received €8.5 million)
2016	Completed the sale of a 23,880 sqm plot in Slatina, Romania generating cash proceeds of €0.66 million
2016	Signed a binding pre-agreement to sell the plot in Piraeus, near Athens, Greece, for €4.7 million. The sale agreement with a third party developer is subject to certain conditions being met, including due diligence which has up to six months to complete
2016	Entered into a business sale agreement with respect to the sale of Riga Plaza shopping and entertainment centre in Riga, Latvia to a global investment fund. The agreement reflects a value for the business of circa €93.4 million
2016	Completed the sale of the wholly owned subsidiary, which holds the “MUP” plot and related real estate in Belgrade, Serbia, for €15.9 million
2016	Signed an agreement for the sale of a 20,700 sqm residential plot in Lodz, Poland for €2.4 million
2016	Completed the sale of an 18,400 sqm plot in a suburb of Ploiesti, Romania to a local investor for €280,000
2016	Signed LOI with a global investment fund for the sale of Torun Plaza and Suwalki Plaza shopping and entertainment centres in Poland
2016	The SPV in which Plaza holds a 50% stake has signed a Joint Development Agreement (“JDA”) relating to its plot in Chennai, India
2016	Signed a Debt Repayment Agreement (“DRA”) with the financing bank of Zgorzelec Plaza shopping centre in Poland



# Company Overview

## Portfolio Summary by Country

Total portfolio of 19 assets in eight countries





# Company Overview

## Operating Shopping and Entertainment Centers

### Torun Plaza



<b>Location</b>	Torun, Poland
<b>Concept</b>	Shopping and entertainment center
<b>GLA (sqm)</b>	40,000
<b>Occupancy (06/2016)</b>	96.7%

- Operating shopping and entertainment center
- Located in Central Poland
- Opened to the public in November 2011
- External Valuation 12/2015: €97.7M

### Suwalki Plaza



<b>Location</b>	Suwalki, Poland
<b>Concept</b>	Shopping and entertainment center
<b>GLA (sqm)</b>	20,000
<b>Occupancy (06/2016)</b>	95.4%

- Operating shopping and entertainment center
- Located in North East Poland
- Opened to the public in May 2010
- External Valuation 12/2015: €43.3M

# Company Overview

## Operating Shopping and Entertainment Centers

### Zgorzelec Plaza



<b>Location</b>	Zgorzelec, Poland
<b>Concept</b>	Shopping and entertainment center
<b>GLA (sqm)</b>	13,000
<b>Occupancy (06/2016)</b>	89%

- Operating shopping and entertainment center
- Located in South West Poland
- Opened to the public in March 2010
- External Valuation 12/2015: €12M

### Riga Plaza\*



<b>Location</b>	Riga, Latvia
<b>Concept</b>	Shopping and entertainment center
<b>GLA (sqm)</b>	49,000
<b>Occupancy (06/2016)</b>	98%

- Operating shopping and entertainment center
- Located in the capital of Latvia
- Opened to the public in March 2009
- Plaza Centers' share: 50%
- External Valuation 12/2015: €93.4M (100%)

\* See slide 17 regarding the sale of Riga Plaza



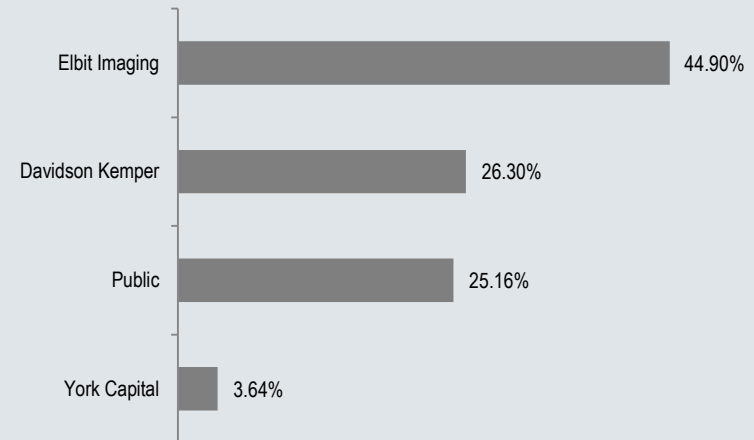
# Capital Markets & Debt Restructuring

Plaza's shares are traded on the Main Board of the London Stock Exchange (LSE), listed on the Warsaw Stock Exchange (WSE) and on Tel-Aviv Stock Exchange (TASE)

## Capital Markets

- On 1 November 2006, Plaza raised £166m (€247m) from its IPO and began trading on the Main Board of the London Stock Exchange (LSE)
- Plaza Centers' shares have been traded ON the Warsaw Stock Exchange since 19 October 2007 – the first property company to achieve a London-Warsaw dual listing
- Between July 2007 – January 2011, Plaza issued €370m of bonds on the Tel Aviv Stock Exchange
- In November 2010 the Company raised a total of PLN 60m (€15.2m) from issuing bonds to Polish Institutional investors
- As of 27 November 2014, following the completion of the debt restructuring and rights issuance, Plaza Centers N.V.'s shares are also traded on the Tel-Aviv Stock Exchange under the ticker "PLAZ".

## Shareholding Structure



\* Davidson Kemper and York Capital hold 14.3% and 19.76% in Elbit Imaging, respectively.

## Key Financials as of June 30, 2016 (€m)

Market Capitalization	22.8
Total Equity (Book Value)	75.9
Market Cap./BV	0.30x
Total Revenues (6 months)	18.0
Total Liabilities (Book Value)*	312.4
Total Assets (Consolidated)	388.4

\* For additional information see slide 30



# Capital Markets & Debt Restructuring

## History of corporate debt raisings and bond repayments by the Company

The Company raised debt in Israel by issuing marketable bonds and in Poland by private issuance

	Series A Israeli Bonds	Series B Israeli Bonds	Polish Bonds
	NIS		EURO
Bond raising	401,850,451	1,483,126,346	15,085,058*
Interest accrued and capitalised 31/12/2013	6,652,927	16,055,759	665,575
Directly purchased by Plaza - Removed from the cycle	<u>(8,253,378)</u>	<u>(96,443,579)</u>	<u>0</u>
Bond raising, net	400,249,999	1,402,738,526	15,750,633
Principal payments over the years (until 31/12/2015)	(188,965,441)	(1,105,489,463)	(1,895,703)
Interest payments over the years (until 31/12/2015)	<u>(136,846,712)</u>	<u>(424,259,582)</u>	<u>(5,550,295)</u>
Total payments	(325,812,153)	(1,529,749,046)	(7,445,998)
Total payments over the years as percentage of total raising, net (%)	81.4%	Above 109%	47.3%

\* 60,000,000 PLN





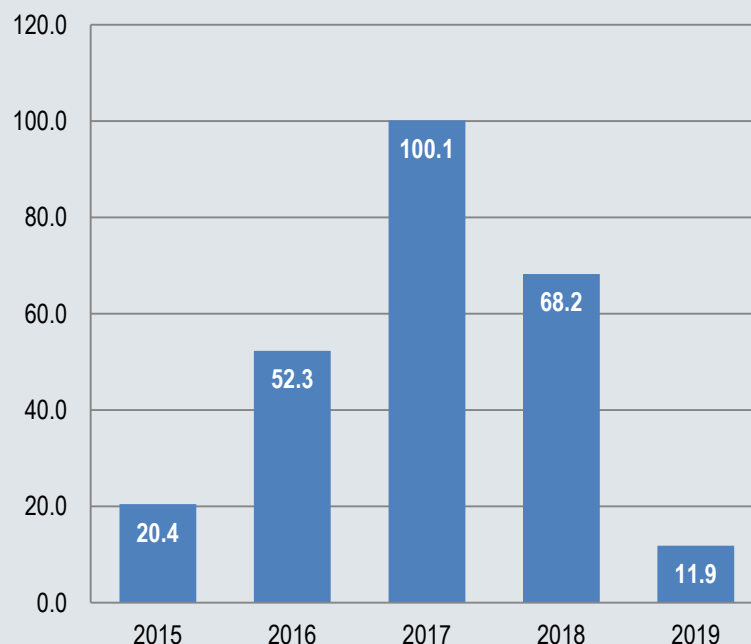
# Capital Markets & Debt Restructuring

## Bonds Repayments Schedule

### Bonds Series

Plaza currently has two series of NIS Bonds traded on the Tel-Aviv Stock Exchange ("TASE") and one series of PLN bonds (circa €12 Million) held by Polish institutional investors.

### Debentures Repayment Schedule post restructuring\* (for the three series) – Principal & Interest (€ M)



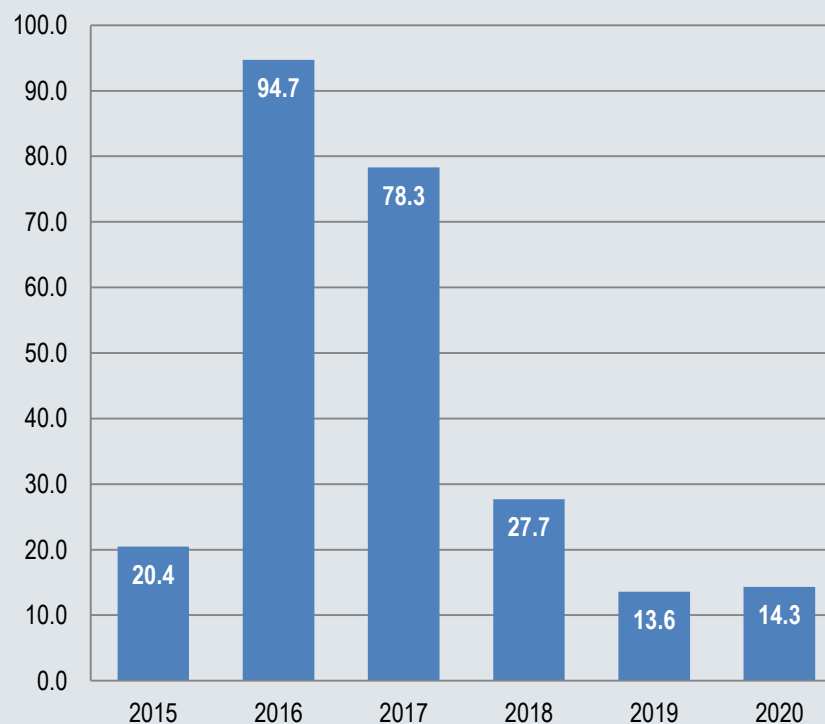
\* the above schedule considers the mandatory repayments, and **does not** take into consideration early principal repayments (except the ones made or will be made on account of asset sales that were already concluded as of today) and **excluding** additional one year of principal repayments deferral -according to the agreement with the bondholders.



# Capital Markets & Debt Restructuring

## Bonds Repayments Schedule- cont.

Debentures Repayment Schedule post restructuring\* (for the three series) – Principal & Interest (€ M)  
Based on the Company's forecast of asset sales resulting early principal repayments \*



\* the above schedule considers early repayments (based on the Company's asset sales latest assumptions) and **including** the additional one year of principal repayments deferral – according to the agreement with the bond holders.





# Capital Markets & Debt Restructuring

Plaza's debt restructuring plan was approved by the Dutch court in July 2014 and became final in November 2014 with the Rights Issuance approval. Since then (until July 1<sup>st</sup>, 2016), Plaza has paid circa NIS 259 Million (€56.4 Million) and allocated 13.21% of its shares to its bondholders

## Upside:

The bondholders (excluding the subsidiary holding bonds) were allocated circa 13.21% of the Company's shares following the EUR 20 million shareholders' injection and allocation. This allocation of shares was performed according to each series' share in the Deferred Debt as of December 31, 2013.

## Interest payments:

Interest payments accrued and not paid until the end of 2013 were added to the principal and are paid together with it. Following the restructuring plan's closing, interest payments are paid on their due dates.

## Interest rate:

Starting on January 1, 2014, an addition of 1.5% to the original annual interest rate is paid.

## Payment upon restructuring's closing:

The Company paid the Israeli and Polish bondholders, following the arrangement's closing date at end 2014, an amount of **€14.3 million (NIS 67.2 million) on account of the 2014 accrued interest** according to the determined mechanism (pari passu to the accumulated interest).

## Interest payments:

***The Company paid circa NIS 88 million (€20.5 million) for all series of bonds (excluding January 7, 2015 payment).***

## Principal Prepayments:

The Company is obliged to execute a 75% prepayment upon asset disposals, raising new financial debt or refinancing of assets (except of certain cases). ***Accordingly, as of today the Company has paid circa NIS 103.8 million (€21.6 million).***

## Deferral of payments:

In the case that in two years from the effective date of the trust deeds (until December 1<sup>st</sup>, 2016), the Company repays the principal of the bonds (of the three series) in prepayments of at least NIS 434 million, then all remaining principal payments will be deferred by an additional year (on that day and month of each series). ***As of today the Company has paid circa 23.9% of the abovementioned amount.***

Shares	<b>13.21% of Plaza's shares allocated</b> to bondholders
Interest	<b>NIS 88 million (€20.5 million) paid</b> (1.5% addition to annual interest rate; interest payments accrued and not paid till 12/2013 were added to principal)
Interest upon restructuring closing (2014)	<b>NIS 67.2 million (€14.3 million) paid</b> on account of interest
Principal	<b>NIS 103.8 million (€21.6 million) paid</b> upon disposal of assets



## Activities Following Approval of Restructuring Plan

## Sales of assets since approval of the Restructuring Plan

In line with the Company's stated restructuring plan, 75% of the net cash proceeds from Plaza's asset sales are distributed to the Company's bondholders as an early principal repayment.

**Improving Performance:** Continuing improvement of the occupancy levels and NOI of the malls, extending leases and stabilising performance.

September 2014: Completed the sale of a 31,500 sqm plot in Targu Mures, **Romania**, generating cash proceeds of €3.5 million.

Completed the sale of Kragujevac Plaza Shopping and Entertainment centre in Kragujevac, **Serbia** for a total consideration of €38.6 million. The net cash proceeds from the sale were €12.2 million.

**December 2014:** Completed the sale of a 41,000 sqm plot in Hunedoara, **Romania** generating cash proceeds of €1.2 million.

**February 2015:** Completed the sale of part of a residential plot in Lodz, **Poland** for €0.5 million.

May 2015: Completed the sale of Koregaon Park Plaza Shopping and Entertainment Centre located in Pune, **India** for circa €35 million. The net cash proceeds from the sale, circa €7.4 million, were put towards Plaza's future investments and used for general corporate purposes. The mall was underperforming and created negative NOI, and circa €14 million of its bank loan was with recourse to the parent company.

Completed the sale of a 17,000 sqm plot in Brasov, **Romania** generating cash proceeds of €0.33 million.

**June 2015:** Completed the sale of a 46,500 sqm plot in Iasi, **Romania** generating cash proceeds of €7.3 million.

**September 2015:** Completed the sale of an office building in Bucharest, **Romania** (823 sqm GLA) for €1.1 million.

December 2015: Completed the transaction to waive the Company's leasing rights to the Cina property in Bucharest, **Romania**, which has been sold by its owner. The gross proceeds from the transaction were circa €2.7 million.



# Activities Following Approval of Restructuring Plan

## Sales of assets since approval of the Restructuring Plan – Cont.

- March 2016: Completed the sale of **Liberec Plaza** Shopping and Entertainment Centre in Liberec, Czech Republic for €9.5 million. Following net asset value adjustments the company received net €9.37 million. €8.5 million of the proceeds from the sale was paid to a wholly owned subsidiary of Plaza on account of the bank loan of Liberec Plaza it managed to buy in September 2015 for €8.5 million.
- March 2016: Completed the sale of a 23,880 sqm plot in **Slatina, Romania** generating cash proceeds of €0.66 million.
- March 2016: Signed a binding pre-agreement to sell the plot in **Piraeus, near Athens, Greece** , for €4.7 million. The sale agreement with a third party developer is subject to certain conditions being met, including due diligence which has up to six months to complete.
- May 2016: Entered into a business sale agreement with respect to the sale of **Riga Plaza** shopping and entertainment centre in Riga, Latvia to a global investment fund. The agreement reflects a value for the business of circa €93.4 million. The closing of the transaction is subject to several conditions precedent.
- June 2016: Completed the sale of the wholly owned subsidiary, which holds the “**MUP**” plot and related real estate in Belgrade, Serbia, for €15.9 million, which is paid in a few instalments.
- June 2016: Completed the sale of additional 20,700 sqm of a residential plot in **Lodz, Poland** for €2.4 million. The conditional agreement will be followed by a transfer agreement which is expected to be signed by the end of August 2016.
- July 2016: Completed the sale of an 18,400 sqm plot in a suburb of **Ploiesti, Romania** for €280,000.
- July 2016: Signed a non-binding Letter of Intent (“LOI”) for the sale of **Torun Plaza and Suwalki Plaza** shopping and entertainment centers in Poland for a total value of €121 million, subject to adjustments on the basis of the in-place and future net operating income (“NOI”).





# Activities Following Approval of Restructuring Plan

## Bank Loans- Refinancing and Discounts

**As part of the Company's plan to reduce its leverage, the following actions were taken:**

- February 2014: Following the sale of its **airplane** for US\$1.9 million, the Company reached a settlement with the airplane financing bank for a reduced repayment of US\$1.1 million (out of the outstanding balance of US\$1.9 million). The settlement generated a gain of US\$0.81 million (€0.6 million) in the Company's books.
- May 2015: The Company concluded the sale of **Koregaon Park Plaza** in Pune, India, which eliminated a recourse component of the loan of circa €14 million (the recourse would have matured 4 years from the restructuring approval - July 2018).
- June 2015: The Company concluded the sale of an SPV holding a plot comprising a c. 1,200 sqm plot in **Ploiesti, Romania** for a total consideration of €240,000. The proceeds were used to repay an outstanding bank loan and no proceeds were obtained by the Group. A waiver was obtained for the remainder of the unpaid bank loan facility, totaling €1.4 million, and the Company therefore recorded a gain, included as finance income in its consolidated financial statements.
- September 2015: A subsidiary of the Company has won a tender to buy the loan of the wholly owned holding and operating company for **Liberec Plaza** shopping and entertainment centre in the Czech Republic. Plaza has agreed to buy the €20.4 million bank loan (which was provided by two commercial banks) for €8.5 million, reflecting a discount of 58%. The Company recorded a profit on the discount (circa €12 million) in its consolidated financial statements for the second half of 2015. The Liberec loan was a full recourse loan (the recourse would have matured 4 years from the restructuring approval - July 2018).



# Activities Following Approval of Restructuring Plan

## Bank Loans- Refinancing and Discounts

**As part of the Company's plan to reduce its leverage, the following action was taken:**

June 2016: Plaza has signed a Debt Repayment Agreement ("DRA") with the financing bank (the "Bank") of **Zgorzelec Plaza** Shopping Center in Poland. As part of the DRA, Plaza will make a payment of €1.1 million (in escrow) to the financing bank of the Shopping Center and the financing bank will deposit (in escrow) Release Letters for:

- (i) releasing a mortgage in favour of the Bank from a plot of land of Plaza in the city of Leszno, Poland;
- (ii) releasing of a recourse right obligation (of €1.1 million) under the corporate guarantee of Plaza and an additional subsidiary of Plaza;
- (iii) subordination agreement; and
- (iv) submission for enforcement on the loan. The DRA also states that Plaza is obliged to make its best effort and cooperate with the Bank in trying to sell Zgorzelec Plaza Shopping Center. Simultaneous with this, the financing bank will seek a third party to be an Appointed Shareholder to purchase the shares of Zgorzelec Plaza Shopping Center for €1.

If a buyer or Appointed Shareholder is not found by 15 September 2016 the following steps will take place:

- (i) the management of Zgorzelec Plaza Shopping Center will be transferred to an Appointed Manager elected by the Bank;
- (ii) the €1.1 million payment held in escrow will be transferred to the Bank; and
- (iii) the Release Letters will be given to Plaza and Plaza will stay as a silent shareholder in Zgorzelec Plaza Shopping Center until the end of 2016.

On conclusion of the transaction, Plaza expects to record an accounting profit of circa €10 million, to be included as finance income.



# Activities Following Approval of Restructuring Plan

## New Developments

### Belgrade Plaza:

In June 2016, Plaza has signed a €42.5 million loan agreement to support the development of Belgrade Plaza (Visnjicka) in the Serbian capital, Belgrade, from a consortium of banks led by the Hungarian bank OTP Bank Plc.

Belgrade Plaza is being developed on a 31,000 sqm plot of land owned by Plaza in Belgrade, a city with strong market demand and further future potential, given its large catchment area of approximately 1.7 million people.

Construction is already in advanced stages and the centre is scheduled to open in the first half of 2017. Belgrade Plaza, which is currently over 50% pre-let, will comprise circa 32,000 sqm of GLA and will be anchored by a supermarket, a multi-screen cinema complex and major international brands.

### Timisoara Plaza:

In July 2015, the Company received the building permit to develop Timisoara Plaza, a circa 38,000 sqm GLA shopping and entertainment centre in Timisoara, western Romania.

A binding financing offer has also been agreed with a commercial bank for circa 65% of the project cost. The Company also signed a lease agreement with Auchan as an anchor supermarket (10,426 sqm).

The construction is expected to commence in 2016, and completion is expected in 2018.

### Joint Development Agreement for a plot in Chennai, India

An Indian subsidiary ("SPV") of Elbit Plaza India Real Estate Holdings Limited (in which Plaza holds a 50% stake with its joint venture partner, Elbit Imaging Ltd.) signed a Joint Development Agreement relating to its 74.7 acre plot in Chennai, India, to confer the property development rights to a reputable local developer. The SPV will receive 73% of the total revenues from the plotted development and 40% of the total revenues from the eventual sale of the fully constructed residential units.





# Activities Following Approval of Restructuring Plan

## Plaza's Main Focus in 2016

- Developments:**
1. Continuing construction of **Belgrade Plaza** ("Visnjicka") in Belgrade, Serbia and Commencing construction of **Timisoara Plaza** in Timisoara, Romania
  2. Advancing related permits and approvals for the **Casa Radio** project in Bucharest, Romania and exploring opportunities for financing and/or partnerships for the development; and
  3. Continuing processes to secure relevant local planning and permitting approvals for the **Lodz Plaza** project in Poland.

- Asset sales:**
1. Sale of the yielding assets where value potential is or is close to being established and where sale prices are appealing;
  2. Sale of plots which are not part of the Company's core business or not suitable for development in the short/medium term.

**Debt:** Continuing to reduce corporate debt by early repayments following sale of assets according to the Company's debt restructuring agreement, and achieving a one year deferral period on bond principal repayments (NIS 434 Million) per the restructuring plan.

**General Expenses:** Continue with efficiency measures and cost reduction where possible. At the end of 2015, G&A expenses phase was reduced to below €6 million per annum following stringent cost control initiatives, e.g. the Board was reduced from 7 to 4 members.



# Financial Highlights

## Summary

- Reduction in total asset value to €388 million (31 December 2015: €392 million) mainly due to repayment of interest and principal of bonds according to restructuring plan.
- Book value of the Company's trading properties decreased by 4.5% (€14 million) over the period, primarily due to the sale of Liberec Plaza shopping center and MUP plot in Belgrade.
- The Net Operating Income ("NOI")\* performance of current operational shopping centres (excluding Riga shopping centre) slightly decreased in H1/2016 to €6.2 million (H1/2015: €6.5 million), mainly due to disposal of the Liberec Plaza shopping center effective 31.03.16, as well as discounts granted to new and renewed tenants in several shopping centers across the portfolio of assets held. The total NOI of Plaza's five malls was circa €8.0 million.

(\*) In respect of NOI performance of shopping centres, refer to slide 29 of this presentation.



# Financial Highlights

## Summary- cont.

- Loss in H1/2016 totaled €6.1 million (H1/2015: loss of €36.0 million), the 2016 loss stemming mainly from a €7 million non-cash finance costs (as a result of bonds discount amortisation). Basic and diluted loss per share reduced to €0.89 (June 30, 2015: loss per share of €5.25) following the conclusion of a Reverse Share Split in 1:100 ratio.
- Consolidated cash position as at June 30, 2016 (including restricted bank deposits, short term deposits) of €25 million (31 December 2015: €20.4 million) and current cash position of **circa €19.2 million (of which €6.8 million is restricted)**.
- Gearing slightly increased to 80% (31 December 2015: 79%), due to non-cash finance costs.





# Financial Highlights

## Results (€ 000)

	Six months ended June 30	
	2016	2015
Revenue from disposal of Shopping Centres	9,632	34,684
Rental income	8,409	9,785
Revenues from entertainment centres	-	368
	<b>18,041</b>	<b>44,837</b>
Cost of Shopping Centres disposed	(9,632)	(34,684)
Cost of operations	(2,522)	(3,545)
Cost of operations – entertainment centres	-	(486)
Loss from disposal of Trading property SPV	(355) <sup>(1)</sup>	(8,802)
<b>Gross profit (loss) <sup>(2)</sup></b>	<b>5,532</b>	<b>(2,680)</b>

(1) Due to the Liberec Plaza SPV sale – attributed to price adjustments of receivables in the SPV and cost of transaction

(2) Refer also to slides 22 and 29 for more information regarding NOI from operating shopping centres



# Financial Highlights

## Results (€ 000)- cont.

Six months ended June 30		
	2016	2015
Write-down of Trading Property	-	(6,761)
Share in results of equity-accounted investees ("EAI"), net of tax	1,144	171
Administrative expenses <sup>(1)</sup>	(3,056)	(3,943)
Other income <sup>(2)</sup>	2,856	6,567
Other expenses <sup>(3)</sup>	(2,345)	(748)
<b>Results from operating activities</b>	<b>4,131</b>	<b>(7,394)</b>

(1) Sharp decrease in line with Group policy of cost cutting.

(2) Main 2016 income – due to sale of MUP Belgrade– €2.4 million

(3) Main 2016 expenses – provision in respect of arbitration results of €2.1 million– mostly deferred debt expected to be settled in 2018



# Financial Highlights

## Results (€ 000)- cont.

	Six months ended June 30	
	2016	2015
Finance income <sup>(1)</sup>	3,369	3,794
Finance costs <sup>(2)</sup>	(13,297)	(32,140)
Net finance costs	(9,928)	(28,346)
Loss before income tax	(5,797)	(35,740)
Income tax expense	(266)	(253)
<b>Loss for the period</b>	<b>(6,063)</b>	<b>(35,993)</b>





# Financial Highlights

## Notes to the results

- (1) Finance income slightly decreased to €3.4 million from €3.7 in H1/2015 mainly due to €2.7 million income as a result of Forex and Israeli CPI decline incurred in 2016 (H1/2015 - €1.6 million income), and a one-time settlement with a bank, which resulted a discount in a bank loan of €1.6 million (income) in H1/2015.
- (2) Finance costs decreased from €32.1 million in H1/2015 to €13.3 million in H1/2016. The main components of the costs were:
- NIS strengthening vs. EUR during 2015 – the effect on the debentures totaled €17.0 million of expense (2016 – income, see above).
  - Interest expenses booked on debentures totaled €6.6 million (H1/2015- €7.0 million expenses recorded).
  - In H1/2016 an additional €7 million recorded as an expense (non-cash), associated with amortization of discount on debentures (H1/2015- €4.9 million).
  - In H1/2016 Interest expenses on borrowings totaled €2 million (H1/2015 - €3.1 million of expenses).
  - In H1/2016 €2.5 million of debentures finance costs were capitalized due to resume of construction in Belgrade (H1/2015 - nil).



# Liquidity Position

## Expected Cash Flows

	<u>Expected cash flow (in MEUR)</u>	
	<u>In the six months ending December</u>	<u>In the year ending December</u>
	<u>31, 2016</u>	<u>31, 2017</u>
<b><u>Opening balance of consolidated cash (1)</u></b>	25	7
<b><u>Sources of cash during the period</u></b>		
Net proceeds from disposal of operating shopping centers (2)	63	47
Proceeds from disposal of plots held (3)	9	47
Net operating income from shopping centers (4)	6	6
Total sources expected	103	107
<b><u>Uses of cash during the period</u></b>		
Principal repayment of debentures, net (5)	(75)	(70)
Interest repayment of debentures, net	(7)	(7)
Investment in projects under construction (6)	(8)	(4)
Repayment of bank facilities in subsidiaries (principal +interest)	(3)	(2)
General and administrative expenses	(3)	(5)
Total uses expected	(96)	(88)
<b><u>Closing balance of consolidated cash (7)</u></b>	<b>7</b>	<b>19</b>

- (1) Opening balance – as appeared in this condensed consolidated interim statement of financial position, including restricted cash (which will be released upon the disposal of the operating shopping centers).
- (2) 2016 – Expected net payment from the selling of three shopping centers (Riga, Suwalki and Torun - refer to notes 12(b) and 13(a)). 2017 - expected mainly from the sale of Belgrade Plaza (Visnjicka project)
- (3) 2016 - The Company expects extensive disposal of its plots held in CEE and in India. Main 2016 disposal are expected in India and Greece. 2017 – Main plots disposal is due to India and Poland.
- (4) As the operating shopping centers are to be disposed of in 2016, in 2017 Net Operating Income is generated from the Belgrade Plaza (Visnjicka) shopping center to be opened in the first half of 2017.
- (5) 2016 - This reflects the gross amount of EUR 77 million to be paid based on forecast disposal proceeds, net of the expected repayment of debentures series B bonds held in treasury in the amount of EUR 2 million.
- (6) 2016 – Main investment in Belgrade Plaza and in Timisoara project (Romania). 2017 - investment in Timisoara.
- (7) 2016 – Immaterial restricted cash amounts. 2017 – Including restricted cash in Visnjicka of EUR 3 million.

# Financial Highlights

## Company's Shopping Centres' Net Operating Income ("NOI")

The following table presents the NOI performance of shopping centres for the year ended 30 June 2016:

Shopping Centre	NOI 6 months 2016 (€M)	NOI 6 months 2015 (€M)	Remarks
Torun	3.7	3.8	
Suwalki	1.7	1.7	
Zgorzelec	0.55	0.5	
Liberec	0.25	0.5	The SPV was sold in March 2016
<b>Subtotal</b>	<b>6.2</b>	<b>6.5</b>	
Riga	1.8	1.8	Not included as part of gross profit due to IFRS requirements, but rather as part of Equity Accounted Investees.
<b>Total</b>	<b>8.0</b>	<b>8.3</b>	





# Financial Highlights

## Debt Structure of the Group

Debt Structure – June 30, 2016			€ million
Debt	Debentures <sup>(1)</sup>		197
	Bank Loans	CEE - operating malls <sup>(3)</sup>	121
		CEE - others <sup>(4)</sup>	8
	Total Debt		326
Resources	Liquid balances - Consolidated		20
	Restricted bank deposits		5
	Total sources		25
Net Financial Debt			301
Shareholders' equity (Non-revalued)		76	
Net Debt / Net CAP <sup>(2)</sup>		80%	
Total Net Debt to Balance Sheet		78%	

(1) Adjusted Par Value

(2) Net CAP= Net Debt + Equity

(3) CEE - Operating malls		€ million
Riga	27	
Suwalki	27	
Zgorzelec	21	
Torun	45	
IRS SWAP	1	
	<b>121</b>	
(4) CEE - Projects under development		€ million
Bas (Romania)	8.2	
	<b>8.2</b>	

Bonds as at June 30, 2016			
	Original currency (ILS/PLN)	fx rate	liability (M EUR)
Bond A	276,322,717	4.28	65
Bond B (net of treasury bonds)	513,269,645	4.28	120
Polish bond	54,632,019	4.42	12
Total			<b>197</b>



# Operational Highlights

## Operating Shopping and Entertainment Centres

### ■ Stable performance at core CEE shopping centres during the Period:

A stable occupancy level was recorded across the Company's existing shopping and entertainment centres in the CEE, with an overall portfolio occupancy level of 94.75% as of 30 June 2016 compared to 94.6% at 31 December 2015:

- At **Torun Plaza, Poland**, occupancy remained stable at 96.7% (2015: 96.1%). While footfall decreased by 4.4%, turnover was relatively stable with a slight reduction of 0.5% on the same period in 2015. Considerable letting success was recorded, with several new tenants being signed to the scheme, including Sizeer, Pharmaland, Swiat Ksiazki, Concept Store, Resto Design (home interiors) and Rainbow Tours, while a number of existing tenants, such as Deichmann, Mohito and Reserved, took on additional space. In addition, a significant number of existing tenants including, Lee Wrangler, Bytom and Swiss have extended their leases.
- In **Latvia, Riga Plaza's** occupancy level increased slightly to 98% (2015: 97%). Vacancies arising from the exit of certain retail brands from the Latvian market have been filled. A 5.3% increase in turnover was recorded, along with a 1.5% increase in footfall, compared to the same period in 2015. Five new tenants have opened shops in first half of 2016, while a further two lease agreements were signed in the period.
- **Suwalki Plaza, Poland** continues to deliver a strong performance. While occupancy decreased slightly to 95.4% (2015: 96.5%), turnover was up 21.8% in the first six month of 2016, while footfall increased by 10.5%, compared to the same period in 2015.
- **Zgorzelec Plaza, Poland** recorded an 8.6% increase in turnover compared to the same period in 2015, while footfall has increased by 8.5%. Occupancy remained unchanged at 88.9%.



# Operational Highlights

## Developments, Finance and Asset sales

**In the first six months of 2016 and to the date of this announcement, Plaza has received net proceeds of €21.5 million from sales transactions. The disposals form part of the Company's ongoing strategy to dispose of non-core and mature assets, to refocus on development projects, as well as to reduce the Company's debt.**

- Disposal of a 23,880 sqm site in Slatina, Romania in March for €0.66 million, consistent with the asset's last reported book value. In line with the Company's stated restructuring plan, 75% of the cash proceeds were distributed to the Company's bondholders as an early repayment.
- Sale of a subsidiary holding Liberec Plaza, in the Czech Republic, on 31 March 2016 for €9.5 million. Following net asset value adjustments related to the subsidiary's balance sheet, the Company received a net amount of €9.37 million. The majority of the proceeds from the sale (€8.5 million, reflecting 100% of the outstanding loan) were repaid to Plaza Centers Enterprises B.V. ("PCE"), a wholly owned subsidiary of Plaza, on account of the bank loan PCE acquired in September 2015 (the bank loan was provided to the SPV, the holding and operating company of Liberec Plaza). Almost €1 million of surplus cash flow was delivered by the disposal, after the settlement of the loan and at least 75% of the net proceeds were distributed to the Company's bondholders in line with the Company's stated restructuring plan.
- A binding pre-agreement to sell a 15,000 sqm development plot in Piraeus, near Athens, Greece, for €4.7 million was signed in April 2016. The sale agreement with a third party developer is subject to certain conditions being met, including due diligence which has up to six months to complete. The purchaser has provided a corporate guarantee to secure the transaction for 10% of the consideration. Upon completion of the disposal, 75% of the net cash proceeds will be distributed to Plaza's bondholders.
- A subsidiary of Plaza, in which the Company has a 50% stake, entered into a business sale agreement in May for the disposal of Riga Plaza to a global investment fund. The agreement reflects a value for the business of circa €93.4 million (reflecting 100% of the asset value), which is in line with the last reported book value. 75% of the net cash proceeds from Plaza's share of the sale (expected to be circa €19 million, following the repayment of the bank loan associated with the business of circa €55 million (reflecting 100%)), will be distributed to bondholders within the quarter following the closing. The closing of the transaction is subject to several conditions precedent, all of which are expected to be fulfilled by the end of September 2016.





# Operational Highlights

## Developments, Finance and Asset sales

- Disposal of the Company's wholly owned subsidiary which held the "MUP" plot and related real estate in Belgrade, Serbia, for €15.9 million (to be received in several tranches), well above the book value of circa €13.5 million. The sale was completed on 29 June 2016. In addition to the €15.9 million transaction consideration, Plaza will also be entitled to an additional pending payment of €600,000 once the purchaser successfully develops at least 69,000 sqm above ground. Upon the receipt of each stage payment, 75% of the net cash proceeds will be distributed to Plaza's bondholders in the following quarter.
- On 26 June 2016 Plaza signed a €42.5 million loan agreement with a consortium of banks led by the Hungarian bank OTP Bank Plc to support the development of Belgrade Plaza (Visnjicka) shopping centre, which is on schedule to open in the first half of 2017. The 32,000 sqm GLA development is currently over 55% pre-let and heads of terms have been agreed on a further 15% of space. The centre will be anchored by a supermarket, a multi-screen cinema complex and major international brands.
- On 28 June 2016 the Company signed an agreement for the sale of a 20,700 sqm plot of land in Lodz, Poland, to a residential developer, for €2.4 million. The conditional agreement will be followed by a transfer agreement which is expected to be signed by the end of August 2016. 26% of the site was previously sold in two separate transactions completed in 2015 and 2016 for a total value of €1.2 million. Following these transactions Plaza still owns 4,000 sqm of land for future value realisation. In line with the Company's stated restructuring plan, 75% of the net cash proceeds from the sale will be distributed to Plaza's bondholders within the quarter following the receipt of each cash installment.
- On 30 June 2016 Plaza signed a Debt Repayment Agreement ("DRA") with the financing bank (the "Bank") of Zgorzelec Plaza in Poland. As part of the DRA, Plaza will make a payment of €1.1 million (in escrow) to the Bank and the Bank will deposit (in escrow) Release Letters for:
  - releasing a mortgage in favour of the Bank from a plot of land of Plaza in the city of Leszno, Poland;
  - releasing of a recourse right obligation (of €1.1 million) under the corporate guarantee of Plaza and an additional subsidiary of Plaza;
  - subordination agreement; and
  - submission for enforcement on the loan.

On conclusion of the transaction, which is on schedule for 15 September 2016, Plaza expects to recognise an accounting profit of circa €10 million.



# Operational Highlights

## Developments, Finance and Asset sales

### Key highlights since the period end:

- The Company announced that it has signed a non-binding Letter of Intent (“LOI”) with a global investment fund (the “Purchaser”) regarding the sale of the Torun Plaza and Suwałki Plaza shopping and entertainment centres in Poland (together the “Portfolio”) for a total agreed value of €121 million. The agreed value is subject to price adjustments based on the performance of the malls (Net Operating Income) and the upside amount is capped at €7.3 million. As of the reporting date the aggregate bank loan balance of the two shopping centres is circa €72 million. While there is no certainty that the transaction will go ahead, the disposal is currently expected to complete by the end of October 2016.
- Disposal of an 18,400 sqm plot in a suburb of Ploiesti, Romania to a local investor for €280,000. Upon completion of the disposal 75% of the net cash proceeds will be distributed to Plaza’s bondholders.
- An Indian subsidiary ("SPV") of Elbit Plaza India Real Estate Holdings Limited (in which Plaza holds a 50% stake with its joint venture partner, Elbit Imaging Ltd.) signed a Joint Development Agreement relating to its 74.7 acre plot in Chennai, India, to confer the property development rights to a reputable local developer. The SPV will receive 73% of the total revenues from the plotted development and 40% of the total revenues from the eventual sale of the fully constructed residential units in instalments subject to development milestones.



# SUMMARY

- ❑ Total repayments (principal and interest) - **81% to bond A series holders and over 109% to bond B series holders** of the total raising of these bonds over the years;
- ❑ Since the approval of its Debt Restructuring plan, Plaza has paid to its bondholders an amount of **NIS 259 Million (€56.4 Million)** and allocated 13.21% of its shares;
- ❑ The estimated NAV of Plaza is €104 Million, with trading property book value of circa **€304 Million**;
- ❑ Shopping Centers' **NOI** for the first six months of 2016 is **€8 Million**;
- ❑ Plaza has focused on **improving** its shopping centers' performance and took actions to reduce its leverage; Current leverage is **80%**;
- ❑ Main Focus in 2016 - Development of **Timisoara Plaza** and **Belgrade Plaza**, exploring partnership and financing opportunities for the **Casa Radio** project and advancing permits for **Lodz** project;
- ❑ Continue the **sale** of the yielding assets and plots which are not intended for development to **reduce leverage**.







THE END

