PLAZA CENTERS

Results for the three months ended 31 March 2015

21 May 2015

Agenda

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Financial Highlights

- Increase in total assets to €474 million (31 December 2014: €466 million) primarily due to movements in currency exchange rate of EUR vs. INR.
- Book value of the Company's trading property increased by a slight 1% (€4 million) over the period, primarily due to the abovementioned reason.
- Net Operating Income ("NOI") (*) in the first three months of 2015, despite an increase of circa 17% in the NOI performance of operational shopping centres (excluding Riga shopping centre) compared to first three months of 2014, slightly decreased to €3.4 million (first three months of 2014: €3.8 million), mainly due to Kragujevac disposal (effective end August 2014) with 2014 comparatives including NOI due to March 2014 of circa EUR 0.9 million.

(*) In respect of NOI performance of shopping centres, refer to slide 9 of this presentation.

Financial Highlights cont.

- Loss for the first quarter of 2015 of €17.7 million (first quarter of 2014: loss of €12.2 million), stemming vastly from a non-cash €16 million of finance costs(Forex and Bonds discount amortization) in 2015 compared to a net (non-cash) finance costs of €9 million in the first quarter of 2014. Basic and diluted loss per share of €0.03 (March 31, 2014: loss per share of €0.04).

- Consolidated cash position as at March 31, 2015 (including restricted bank deposits, short term deposits and held for trading financial assets) of €41.6 million (31 December 2014: €41.7 million) and current cash position of circa €48 million (€11 million restricted). Headquarters level cash totalled €26.2 million as of March 31, 2015, with remaining cash mainly kept in Poland (€10.4 million).

- Gearing increased to 77% (31 December 2014: 74%) as a result of finance costs incurred during the first three months period.

Financial Overview
Results (€ 000)

	Three months ended March 31	
	2015	**2014**
Continuing operations		
Rental income	5,291	5,879
Revenues from entertainment centres	219	514
	5,510	6,393
Cost of operations	(1,907)	(2,035)
Cost of operations – entertainment centers	(315)	(540)
Gross profit (*)	**3,288**	**3,818**

(*) Refer also to slides 3 and 9 for more information

Financial Overview
Results (€ 000) cont.

	Three months ended March 31	
	2015	2014
Write-down of Trading Property	(212)	-
Share in loss of equity-accounted investees (“EAI”), net of tax	(176)	(107)
Administrative expenses, excluding restructuring costs(1)	(1,810)	(2,148)
Restructuring costs	-	(378)
Other income(2)	1,960	-
Other expenses	(583)	(619)
Results from operating activities	**2,467**	**566**

(1) Administrative expenses decreased sharply as a result of a decrease in payrolls and related expenses as part of the Company’s efforts to reduce costs during the year.
(2) 2015 other income – mainly due to settlement reached with Indian partner (€0.7 million), as well as gain recognized from elimination of debt with the Elbit Group (€1.1 million).

Financial Overview
Results (€ 000) cont

	Three months ended March 31	
	2015	**2014**
Finance income(1)	1,417	6
Finance costs(2)	(21,338)	(12,793)
Net finance costs	(19,921)	(12,787)
Loss before income tax	(17,454)	(12,221)
Income tax	224	3
Loss from continuing operations	(17,678)	(12,224)
<u>Discontinued operation</u>		
Profit from discontinued operation, net of tax	-	66
Loss for the period	**(17,678)**	**(12,158)**

Financial Overview *(Cont.)*

NOTES TO THE RESULTS

(1) Finance income increased to €1.4 million from nil in 2014 mainly due to selling of currency call options, as well as forex gains from foreign currency denominated deposits.

(2) Finance costs increased from €12.8 million to €21.3 million. The main components of costs were:

- Increase in value of debentures at Fair Value Through Profit or Loss (“FVTPL”) on borrowings in 2014, resulting in €10.7 million of expense (2015 – nil, as there are no debentures at FVTPL).
- NIS strengthening vs. EUR in 2015 effect on debentures totaled €13 million of expense (2014 - €1.4 million income).
- Interest expense booked on debentures totaled €3.4 million of (2014- €1.0 million expense recorded, as most debentures were presented at FVTPL in 2014).
- In 2015 an additional €2.8 million recorded as an expense, associated with amortization of discount on bonds (2014- nil, as there was no amortization).
- Interest expenses on borrowings totaled €2.0 million in 2015 (2014 - €2.4 million of expenses).

Company Net Operating Income ("NOI")

The following table presents the NOI performance of shopping centres for Q1 2015:

Shopping centre name	NOI 3M 2015 (€M)	NOI 3M 2014 (€M)	Remarks
Torun	2.0	1.6	TK Maxx major tenant opening in late March 2014.
Kragujevac	-	0.9	The asset was sold effective 31.08.14.
Suwalki	0.9	0.9	
Zgorzelec	0.3	0.3	
Liberec	0.3	0.3	
Koregaon Park	(0.1)	(0.2)	
Subtotal	3.4	3.8	
Riga	0.9	0.8	Not included as part of gross profit due to IFRS requirements, but rather as part of Equity Accounted Investees.
Total	4.3	4.6	

Company Trading property breakdown

Asset name	Value March 31, 2015 (€M)	Remarks
Casa Radio (Romania)	116.1	
Torun (Poland)	68.3	
Suwalki (Poland)	39.4	
Koregaon Park (India)	38.6	
Viznjicka (Serbia)	18.9	
Liberec (Czech Republic)	15.7	
Zgorzelec (Poland)	13.5	
Belgrade MUP (Serbia)	13.3	
Subtotal	323.8	
Other plots, aggregated	51.4	
Total recorded in financial statements	375.2	
Riga (Latvia)	45	Included in EAI
EPI (Bangalore+Chennai)	27.6	Included in EAI
Total trading property	447.8	

Debt structure of the Group

Debt Structure – March 31, 2015			€ million
Debt	Debentures[1]		208
	Bank Loans	CEE - operating malls[3]	146
		CEE - projects under development and others[4]	10
		India[5]	25
	Total Debt		**389**
Resources	Liquid balances - Consolidated		31
	Financial Instruments and restricted bank deposits		7
	Total sources		**38**
	Net Financial Debt		**351**
	Shareholders' equity (Non-revalued)		107
	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	28
Liberec	201
Suwalki	29
Zgorzelec	22
Torun	46
IRS SWAP	1
	146

(4) CEE - Projects under development

	€ million
Bas (Romania)	10
Other	-
	10

(5) Koregaon Park Plaza loan

Operational Highlights

- Further to the announcement of 13 May, the Company has now completed the sale of Koregaon Park Plaza, the retail, entertainment and office scheme located in Pune, India for c. €35 million (2,500 million INR), as part of its ongoing strategy to refocus on the core geographies of Central and Eastern Europe ("CEE"). The price is consistent with the asset's last reported book value and the net cash proceeds (after the repayment of the related bank loan, other liabilities and transaction costs) from the sale will be c. €7.2 million (516.5 million INR).
- Significant growth in turnover across the portfolio in the first quarter, which resulted in an average 9.8% increase compared to the same period of 2014.
  - There was strong progress at Riga Plaza (Latvia), which delivered a 15.8% turnover increase, and at Liberec Plaza (Czech Republic), which had a 15.4% increase in turnover in the first three months of the year, compared to the first quarter of 2014.
  - Improvements were also seen at Torun Plaza (Poland) and in Suwalki Plaza (Poland), which reported 10.2% and 5.5% sales increases respectively, compared to the corresponding period of 2014.
- Average footfall increased by 4.0% across all the centres during the first quarter, compared to the first quarter of 2014. Continued growth in footfall was most significant at Riga Plaza (Latvia) at 6.4%.

Operational Highlights (cont.)

- Following a year of operational improvement in 2014, occupancy across the Company's existing shopping and entertainment centres in the core Central and Eastern European ("CEE") markets was stable, with overall portfolio occupancy remaining unchanged since the year end, at 94% as at 31 March 2015.
  - At Torun Plaza, Poland, occupancy increased marginally to 92.81% (Q4 2014: 92.5%). The Company is currently in final negotiations with potential new tenants on an additional 1,100 sqm of GLA.
  - In Latvia, Riga Plaza's occupancy level fell to 96.1% (Q4 2014: 99.5%), following the decision taken by some retail brands to exit the Latvian market during the first quarter of 2015, however we expect this to be temporary as there has been strong interest from other potential tenants for the vacant units.
  - Suwalki Plaza, Poland, is now almost fully let. Occupancy increased to 99.26% (Q4 2014: 97.7%) as an additional 754 sqm of GLA was leased during the first quarter to tenants including KiK, Altero and Monari.
  - Occupancy at Zgorzelec Plaza, Poland, reduced to 88.6% (Q4 2014: 95.2%), following the closure of a 790 sqm supermarket unit.
  - Liberec Plaza, Czech Republic, reported a small drop in occupancy to 81% (Q4 2014: 84%) due to lease agreement expiries. We have received interest in the vacant units and negotiations are underway with potential new tenants.