



Presentation for Bondholders' Meeting

28 August 2018



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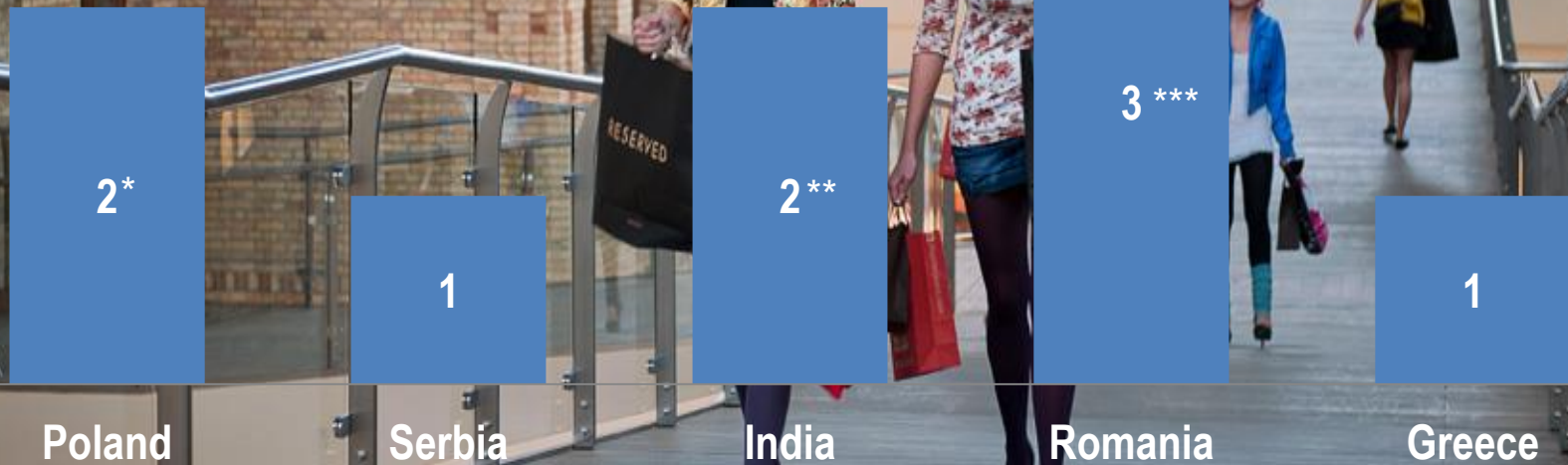
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Company Overview

Portfolio Summary by Country as of June 30, 2018

Total of nine assets in five countries



* Lodz Residential – Expected to sign final agreement in September 2018.

** Chennai – Term sheet signed in July 2018 for the sale of the SPV;

Bangalore – Amended revised agreement signed in March 2018 for the sale of the SPV.

*** Miercurea Ciuc – Preliminary Sale agreement signed.

Material events during the reporting period

Settlement agreement with the Bondholders of ILS Bonds:

In January 2018, a settlement agreement has been reached and approved (and all the conditions precedent in the agreement fulfilled) between the holders of two Series of Israeli Bonds and the Company regarding the allocation of funds, to be repaid by the Company, across the Israeli Bonds Series. As a result, the Series A Bondholders withdrew their request for immediate repayment.

Retirement of Chief Executive Officer:

On 11 January, 2018 the Company announced that the CEO, Dori Keren will retire from his position at the end of March 2018. The Board of Directors appointed Avi Hakhamov, who has been with the Company for more than 11 years, as Acting CEO commencing 1 April 2018.

Ceasing of rating by S&P:

On 18 January, 2018 S&P Maalot announced that it ceases updating the rating of the Company's bonds following the Company's request.

Motion to reveal and review internal documents:

In March 2018, a Shareholder of the Company has filed a motion with the Financial Department of the District Court in Tel-Aviv to reveal and review internal documents of the Company and of Elbit Imaging Ltd., with respect to the events surrounding that certain agreements that were signed in connection with the Casa Radio Project in Romania and the sale of the US portfolio. Such events were previously announced by the Company and are detailed in notes 8(6) and 27(d) in the annual financial statement as of December 31, 2017. In July 2018, the Company has filed a response to the relevant court.

Redemption of the Polish Bonds:

In May 2018, further to the decision of the Israeli Series A and Series B Bondholders, the Company has redeemed in full the series of bonds issued in Poland at their principal amount together with interest accrued to the maturity date in total amount of EUR 2.66 million. Upon completion of the redemption, the Company has no outstanding bonds issued in Poland.

Earn-out payment for the sale of Torun:

In June 2018 the Company received the earn-out payment for the sale of Torun Plaza in amount of EUR 0.35 million, reduced by NAV adjustment of EUR 0.14 million.



Material events during the reporting period (Cont.)

Sale agreement of a Plot in India:

In January 2018, the Purchaser of the 100% interest in an SPV (in which Plaza holds a 50% stake with its joint venture partner, Elbit Imaging Ltd.), that holds property in Bangalore, India, (the "Agreement" and the "Purchaser" respectively), has given notice that all remaining payments under the Agreement will be stopped until a mutually acceptable solution is reached due to a proposed change (initiated by the Indian authorities) which could potentially impact the development of the land. In February, despite the notice above, the Purchaser has paid the January instalment in the amount of INR 5 Crores (circa EUR 0.65 million).

In March 2018, the Company and the Purchaser signed an amended revised agreement as follows: the Purchaser and EPI have agreed that the total purchase price shall be increased to INR 350 Crores (approximately EUR 43.8 million, the Company's share approximately EUR 21.9 million). Following the signing of the revised agreement the Purchaser paid EPI additional INR 22.5 Crores (approximately EUR 2.8 million, the Company's share approximately EUR 1.4 million) further to the INR 45 Crores (approximately EUR 5.6 million, the Company's share approximately EUR 2.8 million) that were already paid during the recent year.

Additional INR 70.5 Crores (approximately EUR 8.8 million, the Company's share approximately EUR 4.4 million) will be paid by the Purchaser in unequal monthly instalments until the Final Closing. The Final Closing will take place on 31 August 2019 when the final instalment of INR 212 Crores (approximately EUR 26.5 million, the Company's share approximately EUR 13.25 million) will be paid to EPI against the transfer of the outstanding share capital of the SPV.

If the Purchaser defaults before the Final Closing, EPI is entitled to forfeit certain amounts paid by the Purchaser as stipulated in the revised agreement. All other existing Securities granted to EPI under the previous agreements will remain in place until the Final Closing.

Claim in Greece:

In May 2018, a third party has filed a legal claim in the court of Greece against Helios Plaza AE ("HP"), a fully owned subsidiary of Plaza which holds land property in Athens ("Land Property"). The claimant is claiming from HP an amount of EUR 2.96 million based on a certain allegedly agreement that was claimed to be agreed in 2010, and has also filed a request for an injunction with respect to the Land Property in order to secure its claim. In June 2018, the injunction was granted until final decision regarding the main dispute. At this preliminary stage, the Company and its legal advisors are unable to estimate the probability of the claim and its possible implication if any.

Due to these new circumstances the sale of the Land Property was put on hold, and the Company is discussing with the existing potential buyer the options forward.

The Company recorded a write-down of EUR 1.15 million which reflect expected transaction costs.



Material events following the reporting period

Chennai, India:

In July 2018, Elbit Plaza India Real Estate Holdings Limited ("EPI"), has signed a term sheet with its local partner ("Buyer"), relating to the sale of EPI's Indian subsidiary ("SPV") that holds 74.7 acre plot in Chennai, India ("Term Sheet"). Under the terms of the Term sheet, the Buyer shall have 60 (sixty) days to conduct due diligence only with respect to the SPV, following which definitive agreements, for the sale of the SPV in consideration for INR 110 Crores (approximately EUR 13.75 million, the Company's share approximately EUR 6.8 million), (subject to adjustment with respect to the previous deposit that was placed and the existing cash in the SPV level), shall be signed and closing shall take place on the same day.

As a result, the Company recorded as share in losses of equity – accounted investees total amount of EUR 312 thousand to reflect the purchase price based on term sheet.

Lodz Centrum Plaza:

In July 2018, a subsidiary of the Company has signed a preliminary agreement with respect to the sale of the land plot known as "Lodz Centrum Plaza", in consideration for PLN 1.3 million. The agreement is conditional upon the pre-emptive right of the municipality of Lodz.



Outstanding balance as of August 27, 2018 (adjusted par value including accrued interest)

Series A Bonds: € 34.0 million (NIS 143.8 million)

Series B Bonds: € 48.4 million (NIS 204.9 million)

**Total outstanding debt to Bondholders: circa € 82.4 million
(NIS 348.7 million)**

(*) EUR-ILS: 4.2272



History of corporate debt raisings and bond repayments by the Company

	Series A	Series B
	Israeli Bonds	Israeli Bonds
	NIS	
Bond raising	401,850,451	1,483,126,346
Interest accrued and capitalised 31/12/2013	6,652,927	16,055,759
Directly purchased by Plaza - Removed from the cycle	<u>(8,253,378)</u>	<u>(108,993,111)</u>
Bond raising, net	400,249,999	1,390,188,994
Principal payments over the years (until 30/06/2018)	(316,964,524)	(1,323,901,013)
Interest payments (until 30/06/2018)	<u>(163,198,836)</u>	<u>(472,710,728)</u>
Total payments	(480,163,360)	(1,796,611,742)
Total payments over the years as percentage of total raising, net (%)	119.97%	129.24%



Projected Cash Flows

Projected Cash Flows (€ Millions)

	Q3/2018	Q4/2018	Q1/2019	Q2/2019	H2/2019	H1/2020	
Source	Cash - Opening Balance - HQ	1.2	2.8	-5.4	-6.2	-39.6	-39.1
	Proceeds from selling trading properties**	2.4	8.0	1.8	3.8	9.7	28.0
	Total Sources	3.5	10.9	-3.5	-2.4	-29.8	-11.1
Use	Debentures - principal	0.0	12.9 (2)	1.0	35.6	7.2	24.6
	Debentures - interest	0.0	2.7 (2)	1.1	1.1	1.0	0.3
	Compensation to Bondholders	-	-	-	-	-	1.5
	Operational expenses	0.7	0.6	0.6	0.6	1.0	0.6
	Total Uses	0.7	16.2	2.6	37.2	9.2	27.0
Cash - Closing Balance		2.8	-5.4	-6.2	-39.6	-39.1	-38.1

Last expected principal repayment

- (1) The Company is unable to serve its entire debt according to the current repayment schedule.
- (2) Based on the expected cash flow and cash needs, the Company estimates to pay in December 2018 only 78% of its proceeds (circa EUR 5.8 million) and the accrued interest (EUR 2.7 million).
- (3) Casa Radio – please refer to Note 8(6) in the Company's 2017 consolidated financial statements regarding certain issues in respect of the project.
- (4) In case of debt restructuring the company estimated an additional cost of circa EUR 1.5 million in 2018.

* Based on exchange rates: EUR-NIS:4.2;

** Net amounts received by the company;



Projected Cash Flows

Projected Cash Flows (€ Millions) – cont.

Proceeds from selling trading properties						
	Q3/2018	Q4/2018	Q1/2019	Q2/2019	H2/2019	H1/2020
Final signed agreement	2.1	1.5	0.9	2.1	-	1.3
Preliminary agreement	0.3	6.5	0.9	1.4	9.2	-
Not signed yet	-	-	-	0.3	0.5	26.7
Total	2.4	8.0	1.8	3.8	9.7	28.0

Project	Q3 2018	Q4 2018	Q1 2019	Q2 2019	H2 2019	H1 2020	Sum (*)
Riga	0.1						0.1
Bangalore	0.5	0.5	0.9	1.6	9.2		12.7
Chennai		6.5					6.5
Cochin (advance)	1.5						1.5
Lodz Residential	0.3						0.3
Lodz Mall			0.9			1.7	2.6
Belgrade		1.0		0.5		1.3	2.8
Miercurea Ciuc				1.4			1.4
Brasov					0.5		0.5
Krusevac				0.3			0.3
Casa Radio						25	25.0
Total	2.4	8.0	1.8	3.8	9.7	28.0	53.7

(*) All numbers rounded to the nearest million

Final signed agreement	Riga Plaza, Belgrade Plaza*, Bangalore (Partly) **, Kochi
Preliminary agreement	Chennai, Lodz Residential, Ciuc, Bangalore (Partly)
Not signed yet	Casa Radio ***, Brasov, Lodz Plaza, Krusevac



Projected Cash Flows

Projected Cash Flows (€ Millions) – cont.

- * Price adjustment in Belgrade Plaza (EUR 1M) are expected in 2018; additional EUR 1.8M are estimated for Belgrade Plaza till H1-2020, and are depending on the operational results of the mall.
- ** Bangalore project
 - Restated amended agreement signed for increased purchase price of 350 crore (EUR 43.5 Million). Plaza Part 50% - 21.9 Million
 - The Cash flows presents only EUR 12.6 million as derived from the asset valuation as recorded in the books Vs. EUR 17.5 million total expected by the signed agreement
- *** Casa Radio – EUR 25 million assumed in H1/2020. Additional EUR 25M proceed expected in a later stage (not included).
- **** Excluding proceeds from sale of Helios plot (Greece) – due to legal claim the sale of the land property was put on hold.



Financial Highlights

Summary

- Reduction in total asset value to €89.7 million (31 December 2017: €141 million) mainly due to the decrease in cash (following payments to the Bondholders) and a write-down of Trading Properties (€3.4M).
- Book value of the Company's trading properties decreased to €70.2 million (31 December 2017: €73.6 million) over the period, due to write-downs of €0.1 million of Lodz Residential plot, €1.3 million of Lodz Mall plot in Poland, €1.15 million of Helios Plaza in Greece, €0.3 million of Krusevac plot in Serbia and €0.55 million of Brasov plot in Romania.
- Loss in the first half of 2018 totaled €9.8 million (H1/2017: loss of €6.8 million), mainly due to interest expense on bonds and foreign exchange rate losses on bonds and write-down of Trading Properties. Basic and diluted loss per share decreased to €1.43 (H1/2017: loss per share of €0.99).
- Consolidated cash position as at June 30, 2018 of €1.2 million (31 December 2016: €44.8 million) and cash position as of August 27, 2018 of circa €1.1 million.
- Gearing increased to 101% (31 December 2017: 94%) mainly due to finance costs and write-downs.



Financial Highlights

Results (€ 000)

	Six months ended June 30	
	2018	2017
Revenues and gains		
Revenue from disposal of trading properties	210	67,159
Total Revenues	210	67,159
Gains and other		
Rental income	-	4,554
Other income	237	611
Total Gains	237	5,165
Total Revenues and Gains	447	72,324



Financial Highlights

Results (€ 000)- cont.

Expenses and Losses	Six months ended June 30	
	2018	2017
Cost of trading properties disposed	-	(62,733)
Cost of operations	(128)	(1,759)
Share in results of equity accounted investees	(397)	(170)
Write-down of Trading Properties	(3,401)	(464)
Administrative expenses	(1,485)	(3,612)
Other expenses	(520)	(34)
Finance income ⁽¹⁾	144	428
Finance costs ⁽²⁾	(4,430)	(11,072)
Total Expenses and Losses	(10,217)	(79,416)
Loss before income tax	(9,770)	(7,092)
Tax benefit (Income tax expense)	(1)	314
Loss for the period	(9,771)	(6,778)



Financial Highlights

Notes to the results

- (1) Finance income decreased to €0.1 million from €0.4 in H1/2017 representing foreign exchange gains.
- (2) Finance costs decreased from €11 million in H1/2017 to €4.4 million in H1/2018. The main components of the costs were:
 - FOREX (NIS-EUR) – the effect on the debentures totaled €2.7 million of expense (H1/2017 – €4.3 million).
 - Interest expenses booked on debentures totaled €3 million (H1/2017 - €6.2 million expenses recorded).
 - €1.3 million recorded as an income (non-cash), associated with amortization of discount on debentures (H1/2017 - €0.5 million expense) as a result of implementing IFRS 9.



Financial Highlights

Assets Book Value 30.06.2018

Project	Country	Type	Book Value June 30, 2018 (EUR M)
Casa Radio*	Romania	Plot	63.3
Ciuc	Romania	Plot	1.0
Brasov	Romania	Plot	0.5
Lodz	Poland	Plot	2.5
Lodz Residential	Poland	Plot	0.3
Helios	Greece	Plot	2.2
Krusevac	Serbia	Plot	0.3
Total Trading Property			70.1
Bangalore**	India	Plot	13.0
Chennai**	India	Plot	6.8
			89.9

* 100% (due to material shareholder loans), net of PAB liability of EUR 12.8 million.
Company's share disregarding shareholder loan – 75% (value: EUR 47.5 million).

** 50% (included in equity accounted investees).



Financial Highlights

Debt Structure of the Group

Debt Structure – June 30, 2018		€ million
Debt	Debentures (Adjusted Par Value)	81
	Total Debt	81
Resources	Liquid balances - Consolidated	1.2
	Total sources	1.2
Net Financial Debt		79.8
Shareholders' equity (Non-revalued)		(0.8)
Net Debt / Net CAP ⁽¹⁾		101%
Total Net Debt to Balance Sheet		88.9%

(1) Net CAP= Net Debt + Equity

Bonds as at June 30, 2018			
	Original currency (M ILS)	fx rate	liability (M EUR)
Bond A	142.2	4.26	33.4
Bond B	202.7	4.26	47.6
Total			81



THE END

