PLAZA CENTERS N.V.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2017

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Building a better working world

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Auditors' review report to the shareholders of Plaza Centers N.V.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Plaza Centers N.V. (the "Company") and its subsidiaries (together the "Group") as of June 30, 2017 and the related interim condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

Emphasis of Matters

We draw attention to the following matters discussed in:

1. Note 4 in the accompanying interim condensed consolidated financial statements which discloses, amongst others, important information regarding the Company's cash flow projections for a period of eighteen months commencing October 1, 2017.
   There are significant risks and uncertainties pertaining to the achievement of the Company's cash flow forecasts, which include the occurrence of events which are beyond the Company's sole control.
   Therefore, delays in the realization of the Company's assets and investments and collection of proceeds thereof or realization at lower prices than expected by the Company, as well as any other deviation from the Company's assumptions, could have an adverse effect on the Company's cash flows and the Company's ability to service its indebtedness in line with contractual terms. In addition, there is a risk that the bondholders may demand the immediate repayment of the bonds due to the Company's breach of a covenant in the bond agreement.
   The combination of the abovementioned conditions indicates the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

2. Note 6 in the accompanying interim condensed consolidated financial statements, which discloses potential irregularities regarding the Casa Radio project in Romania and their potential implications.

Our conclusion is not qualified in respect of these matters.

Tel-Aviv, Israel
November 17, 2017

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2017	December 31, 2016
	Unaudited	Audited
	Euros in thousands	
ASSETS		
Cash and cash equivalents	8,626	5,646
Restricted bank deposits	2,263	7,174
Trade receivables	14,383	6,645
Other receivables	925	1,614
Prepayments	-	624
Total current assets	26,197	21,703
Trading properties	164,176	263,695
Equity - accounted investees	29,062	30,160
Property and equipment	206	2,400
Related parties' receivables	1,751	1,720
Long term receivables	480	699
Prepayments	-	1,747
Deferred taxes	273	-
Total non-current assets	195,948	300,421
Total assets	222,145	322,124

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	June 30, 2017	December 31, 2016
	Unaudited	Audited
	Euros in thousands	
LIABILITIES AND EQUITY		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Interest bearing loans from banks	43,596	82,275
Debentures at amortized cost	132,450	178,370
Trade payables	677	7,443
Related parties' liabilities	518	206
Derivatives	243	453
Other liabilities	1,960	2,906
Total current liabilities	179,444	271,653
Provisions	13,244	13,244
Deferred taxes	-	116
Long term payables	488	488
Total non-current liabilities	13,732	13,848
Share capital	6,856	6,856
Translation reserve	(27,979)	(27,103)
Other reserves	(19,983)	(19,983)
Share based payment reserve	35,376	35,376
Share premium	282,596	282,596
Retained losses	(247,897)	(241,119)
Equity attributable to owners of the Company	28,969	36,623
Total equity	28,969	36,623
Total equity and liabilities	222,145	322,124

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

17 November, 2017		
Date of approval of the financial statements	Dori Keren Chief Executive Officer	David Dekel Director and Chairman of the Audit Committee

CONDENSED INTERIM CONSOLIDATED STATAEMENTS OF PROFIT OR LOSS

	Six months ended June 30,	
	2017	2016
	Unaudited	
	Euros in thousands (except per share data)	
Revenues and gains		
Revenue from disposal of trading properties	67,159	(*) 26,908
Total revenues	67,159	26,908
Gains and other		
Rental income	4,554	8,409
Share in results of equity-accounted investees, net of tax	-	1,144
Other income	611	(*) 238
Total gains	5,165	9,791
Total revenues and gains	72,324	36,699
Expenses and losses		
Cost of Trading properties disposed	(62,733)	(*) (24,764)
Cost of operations	(1,759)	(2,522)
Write-down of Trading Properties	(464)	-
Share in results of equity-accounted investees, net of tax	(170)	-
Administrative expenses	(3,612)	(3,056)
Other expenses	(34)	(*)(2,226)
Finance income	428	3,369
Finance costs	(11,072)	(13,297)
	(79,416)	(42,496)
Loss before income tax	(7,092)	(5,797)
Tax benefit (Income tax expense)	314	(266)
Loss for the period	(6,778)	(6,063)
Loss attributable to:		
Equity holders of the Company	(6,778)	(6,063)
Earnings per share		
Basic and diluted loss per share (EUR)	(0.99)	(0.89)

*Reclassified. See Note 2c.

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended June 30,	
	2017	2016
	Unaudited	
	Euros in thousands (except per share data)	
Loss for the period	(6,778)	(6,063)
Other comprehensive income		
Items that are or may be reclassified to profit or loss:		
Foreign currency translation differences - foreign operations (Equity accounted investees)	(876)	(849)
Other comprehensive loss for the period, net of income tax	(876)	(849)
Total comprehensive loss for the period	(7,654)	(6,912)

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the equity owners of the Company								
	Share capital	Share Premium	Share based payment reserves	Translation Reserve	Other reserves (*)	Retained losses	Total	Non-controlling interests	Total
	Euros in thousands								
Balance at December 31, 2016 (unaudited)	6,856	282,596	35,376	(27,103)	(19,983)	(241,119)	36,623	-	36,623
Comprehensive income for the year									
Total comprehensive loss	-	-	-	(876)	-	(6,778)	(7,654)	-	(7,654)
Balance at June 30, 2017 (Not reviewed)	6,856	282,596	35,376	(27,979)	(19,983)	(247,897)	28,969	-	28,969

	Attributable to the equity owners of the Company								
	Share capital	Share Premium	Other capital reserves	Translation Reserve	Capital reserve from acquisition of Non-controlling interests without a change in control	Retained losses	Total	Non-controlling interests	Total
	Euros in thousands								
Balance at January 1, 2016 (unaudited)	6,856	282,596	35,376	(27,418)	(20,706)	(194,602)	82,102	766	82,868
Total comprehensive loss	-	-	-	(849)	-	(6,063)	(6,912)	-	(6,912)
Balance at June 30, 2016 (unaudited)	6,856	282,596	35,376	(28,267)	(20,706)	(200,665)	75,190	766	75,956

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30, 2017	Six months ended June 30, 2016
	Unaudited	
	Euros in thousands	
Cash flows from operating activities:		
Loss for the period	(6,778)	(6,063)
Adjustments necessary to reflect cash flows used in operating activities		
Depreciation and impairment of property and equipment	16	34
Net finance costs	10,644	9,928
Share of loss (gain) of equity-accounted investees, net of tax	170	(1,144)
Gain from sale of subsidiaries	(4,779)	(*)(2,144)
Income tax expense (tax benefit)	(314)	266
	(1,041)	877
Changes in:		
Trade receivables	(3,101)	(48)
Other receivables	2,942	(5,812)
Trading properties	2,159	(*)(5,099)
Equity accounted investees – net investments	-	303
Trade payables	(366)	1,946
Other liabilities, related parties' liabilities and provisions	(946)	1,735
	688	(6,975)
Interest received	-	30
Interest paid	(6,238)	(7,902)
Taxes paid	(10)	(29)
Net cash provided by (used in) operating activities	(6,601)	(13,999)
Cash from investing activities		
Proceeds from sale of property and equipment	3,703	28
Proceeds from sale of subsidiaries (Appendix A)	50,218	(*) 23,383
Distribution received from equity accounted investees	221	-
Changes in restricted cash	3,207	(931)
Net cash provided by investing activities	57,349	22,480

*Reclassified. See Note 2c.

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,	
	2017	2016
	Unaudited	
	Euros in thousands	
Cash from financing activities		
Cash inflow from foreign exchange derivatives	-	510
Proceed from bank loans	4,029	-
Repayment of debentures	(51,090)	(3,566)
Repayment of interest bearing loans from banks	(707)	(1,545)
Net cash used in financing activities	(47,768)	(4,601)
Decrease in cash and cash equivalents during the year	2,980	3,880
Effect of movement in exchange rate fluctuations on cash held	-	-
Cash and cash equivalents as at January 1st	5,646	15,659
Cash and cash equivalents as at June 30	8,626	19,539

Appendix A - Proceeds from sale of investments in previously consolidated subsidiaries:

The subsidiaries assets and liabilities at date of sale:		
Working capital (excluding cash and cash equivalents)	(9,359)	(72)
Trading Properties	97,360	23,056
Bank Loans	(42,000)	-
Gain (Loss) from sale of subsidiaries	4,217	399
	50,218	23,383

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: - CORPORATE INFORMATION

Plaza Centers N.V. ("the Company" and together with its subsidiaries, "the Group") was incorporated and is registered in the Netherlands. The Company's registered office is at Prins Hendrikkade 48-S, 1012 AC, Amsterdam, the Netherlands. The Company conducts its activities in the field of establishing, operating and selling of shopping and entertainment centers, as well as other mixed-use projects (retail, office, residential) in Central and Eastern Europe (starting 1996) and India (from 2006). During the six months period ended June 30, 2017, no changes occurred in the Company's holdings, save for the exceptions further described in Notes 9(a) - 9(c) of this report.

The Company is listed on the premium segment of the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange ("LSE"), the Warsaw Stock Exchange ("WSE") and on the Tel Aviv Stock Exchange ("TASE").

The Company's immediate parent company is Elbit Ultrasound (Luxembourg) B.V. / S.à r.l. ("EUL"), which holds 44.9% of the Company's shares, as at the end of the reporting period.

NOTE 2: - BASIS OF PREPARATION

a. Basis of preparation of the interim condensed consolidated financial data:

The interim condensed consolidated financial data for the six months period ended June 30, 2017 have been prepared in accordance with the International Financial Reporting Standard IAS 34 ("Interim Financial Reporting") as adopted by the European Union. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

Selected explanatory notes are, however, included to explain events and transactions that are significant to understanding the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2016.

The interim condensed consolidated financial statements as of June 30, 2017 were authorized by the Board of Directors on 13 November 2017. These consolidated financial statements are reissuance of the consolidated financial statements for the period ended June 30, 2017 and replace those unreviewed financial statements which were approved on September 29, 2017.

b. Reclassification and change in presentation format of statements of profit or loss:

1. The Company has reclassified certain items in the statement of cash flows compared to their presentation in the 2016 semi-annual financial statements which were published on August 15, 2016.

2. During the period, the Company has changed the presentation format of the statements of profit or loss. Under the new format "sale of trading properties (shopping centers and land plots)" is presented on a gross basis due to the Company's business of selling the entirety of its trading properties. Prior to this change, only "sale of shopping centers" was presented on a gross basis. In addition, "rental income from such shopping centers" is presented as part of "other income" line item. The Company believes that the new presentation format better reflects its results of operations and is in line with the presentation format of the Company's parent company.

NOTE 2:- BASIS OF PREPARATION (Cont.)

3. The Company has reclassified prepaid expenses from current assets to non-current assets based on the contractual terms.

Income statement for the six months ended June 30, 2016:

	As previously reported	Amendment	Reclassified
Revenues			
Revenue from disposal of trading properties	9,632	17,276	26,908
Rental income	8,409	(8,409)	-
Gains and other			
Rental income	-	8,409	8,409
Gain from sale of plots	3,989	(3,989)	-
Other income	2,856	(2,618)	238
Loss from disposal of trading property SPV	(355)	355	-
Expenses and losses			
Other expenses	(2,345)	119	(2,226)
Cost of Trading properties disposed	(9,632)	(15,132)	(24,764)
Loss for the year	**(6,063)**	-	**(6,063)**

c. New standards prior to their adoption:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Company is yet to evaluate the effect of IAS 12 on the consolidated financial statements

NOTE 2:- BASIS OF PREPARATION (Cont.)

IFRIC 23, Uncertainty over Income Tax Treatments:

In June 2017, the International Accounting Standards Board issued IFRIC 23, Uncertainty over Income Tax Treatments. IFRIC 23 is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. According to IFRIC 23, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of IFRC 23 is annual periods beginning on or after January 1, 2019, though early adoption is permitted.
The Company is yet to evaluate the effect of IFRIC 23 on the consolidated financial statements.

NOTE 3: - USE OF JUDGEMENT AND ESTIMATES

In preparing this condensed consolidated interim financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were principally the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2016, save for the changes highlighted above. Refer also to note 4 below for significant estimations performed.

NOTE 4: - GOING CONCERN AND LIQUIDITY POSITION OF THE COMPANY

The interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment obligations of its banking facilities and bonds, and other working capital requirements.

The Group's primary need for liquidity is to repay its debt, fund working capital requirements of the operating shopping centers, develop new shopping centers and fund general corporate purposes. The Group has incurred losses and experienced negative operating cash flows for the past several years, and accordingly, it has taken a number of actions to continue to support its operations and meet its obligations.

As at June 30, 2017 the Group's outstanding obligations to bondholders and banks are EUR 140.1 million and circa EUR 44 million, respectively.

NOTE 4: - GOING CONCERN AND LIQUIDITY POSITION OF THE COMPANY (Cont.)

In November 2016, the Group agreed with its bondholders to amend the terms of the early repayment requirement under the original debt restructuring plan (the "Restructuring Plan"). On March 15, 2017, the Group repaid the required minimum early repayment to its bondholders and thus obtained a deferral of one year for the remaining contractual obligations of the bonds.

Information concerning the Group's obligations and commitments to make future payments under contracts such as debt agreements in the 15 months starting October 1, 2017 is aggregated in the following tables.

	Total Payment Due by period (in TEUR)	
Contractual Obligations	**Within 1 year**	**0.25 year**
Bonds including current portion and interest	52,000 (*)	10,700
Secured bank loan (Torun)	43,596	-
Total contractual obligations (excluding working capital)	95,596	26,300
General & administrative	3,400	600

(*) Excluding an amount of circa EUR 7.25 million which was not repaid on October 30, 2017 by the approval date of these interim consolidated financial statements following the balance sheet date as a result of dispute (refer to Note 9(d)).

The Company expects to increase the amount of its liquid balances during the 15 months starting October 1, 2017, by means of the following actions:

- Sale of shopping centers in amount of EUR 38.4 million (net of bank loan)
- Sale of plots of lands in amount of EUR 25.6 million

Management expects that the Group will be able to meet the remaining contractual obligations during the 15 months period starting October 1, 2017 by its assets disposal program. In respect of credit rating downgrade refer to Note 9 (e) to these condensed consolidated financial statements.

Management acknowledges that the above expected cash flows are based on forward-looking plans and estimations which rely on the information known to management at the time of the approval of these financial statements. The materialization of the above forecast is not certain and are subject to factors beyond the Company's control. Therefore, delays in the realization of the Group's assets and investments or realization at lower price than expected by management, could have an adverse effect on the Group's liquidity position and its ability to meet its contractual obligations on a timely manner.

Management further acknowledges that the Company is exposed to foreign currency risk derived from borrowings denominated in currency other than the functional currency of the Group, more specifically, a further devaluation of the EUR against the NIS can significantly increase the remaining contractual obligation to bondholders.

NOTE 4: - GOING CONCERN AND LIQUIDITY POSITION OF THE COMPANY (cont.)

As of June 30, 2017 the Company is not in compliance with Coverage Ratio Covenant ("CRC") as defined in the restructuring plan. This may entitle the bondholders to declare that all or a part of their respective (remaining) claims become immediately due and payable. It is important to mention that taking into account the contingent considerations based on signed SPAs, the CRC might be higher than the minimum ratio required.

In addition, based on trust deeds in case of material deterioration in the Company's business and substantial suspicion exists that the Company will not be able to repay the bonds on time, the bondholders may declare immediate repayment of bonds. In addition, should the bondholders exercise their right to declare immediate repayment, there is a cross default trigger in the Company's bank loan agreements that would allow the banks to demand repayment of the loans made.

The Company's financial statements as of December 31, 2016 include an auditor's opinion with emphasis of matter to going concern uncertainty. As a result, there is a risk that the bondholders could argue that there exists a substantial suspicion with respect to the Company's ability to repay its obligations that entitles them to immediate repayment. Should this occur there is a risk that the bank with whom the Company has loan in place will also demand immediate repayment of the loans made to the Company.

The Company did not publish its financial statements within the deadline set out in the bond trust deeds and has not remedied the situation within the allowed time. In addition, the trading of the Company's ordinary shares, Series A Notes and Series B Notes have been temporarily suspended from trading on the relevant exchanges. This may entitle the bondholders to declare that all or a part of their respective (remaining) claims become immediately due and payable.

In the case that the bondholders would declare their remaining claims to become immediately due and payable, the Company would not be in a position to settle those claims and would need to enter to an additional debt restructuring or might cease to be a going concern. As at the date of these financial statements the bondholders have not taken steps to assert their rights.

A combination of the abovementioned conditions indicates the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

NOTE 5: - FINANCIAL INSTRUMENTS

Carrying amounts and fair values

In respect to the Company's financial instruments assets not presented at fair value, being mostly short-term market interest bearing liquid balances, the Company believes that the carrying amount approximates its fair value. In respect of the Company's financial instruments liabilities:

Fair value of the quoted debentures is based on price quotations at the reporting date and is classified as Level 1 in the fair value hierarchy.

	Carrying amount		Fair value	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
	Euros in thousands			
Statement of financial position				
Debentures at amortized cost – Polish bonds	6,662	10,561	6,001	9,964
Debentures A at amortized cost – Israeli bonds	51,555	61,505	40,291	50,727
Debentures B at amortized cost – Israeli bonds	74,233	106,304	61,546	90,008
Total	132,450	178,370	107,838	150,699

The total contractual liability of the Debentures was EUR 140.2 million as at June 30, 2017. In respect of most of other non-listed borrowings, as most financing facilities are backed by real estate assets, and they bear floating interest rate, the Company has a basis to believe that the fair value of non-listed borrowings approximates the carrying amount.

NOTE 6: - CASA RADIO

Following Note 8(5)(d) to the annual financial statements which disclose potential irregularities regarding to Casa Radio project in Romania and their potential implications, there have been no significant events since the publication of the annual financial statement as of December 31, 2016.

NOTE 7:- MATERIAL EVENTS DURING THE REPORTING PERIOD

a. Sale agreement of Suwalki Plaza :

In January 2017, The Company sold its SPV holding Suwałki Plaza shopping and entertainment center in Poland to an investment fund for EUR 16.7 million and recorded a gain of EUR 0.9 million. The purchaser is an investment fund which is connected to a former employee of the Company.

Out of the net proceeds, at least 75% were distributed to the Company's bondholders in March 2017, in line with the Company's stated amended restructuring Plan.

b. Final agreement for the sale of Belgrade Plaza:

On January 26, 2017, the Company signed a binding share purchase agreement with BIG Shopping Centers Ltd., a publicly traded company listed in the TA 100 Index, for the sale of the SPV holding Belgrade Plaza shopping and entertainment center.

The shopping center, which was over 97% pre-let, opened on 20th of April 2017 and the Company had remained responsible for the development and leasing of the asset until the opening.

Upon completion of the transaction, the Company has received an initial payment of EUR 31.2 million from the purchaser, further EUR 2 million has been received following the opening and further payments are contingent upon certain operational targets and milestones being met. The Purchaser has provided a guarantee to secure these future payments.

The final agreed value of Belgrade Plaza, which comprise circa 32,300 sqm of GLA, will be calculated based on a general cap rate of 8.25% as well as the sustainable NOI after 12 months of operation, which the Company estimates will be approximately EUR 7.2-7.5 million per annum.

Further installments will be due to the Company during the first year of operation based on this 12-month figure. The NOI will be re-examined again after 24 months and 36 months of operation, which may lead to an upward adjustment of the final purchase price.

The Company has received a further payment of EUR 13.35 million during September 2017 based on the SPA on account of the final proceed which will be calculated one year following the opening of the mall, subject to price adjustments in the next two years. As a result, the company recorded a debtor in amount of EUR 13.35 million.

The Company recorded a gain from the sale in amount of circa EUR 3.3 million. Expected future purchase price adjustments are not included.

At least 75% of the net proceeds received from the disposal were distributed to the Company's bondholders in March 2017, and following the receipt of any future additional payments, in line with the Company's stated Amended Plan, 75% will be paid to the bondholders.

c. Sale of office building in Hungary:

On February 16, 2017, the Company signed an agreement for the sale of its SPV holding David House office building in Budapest to private investors for a gross amount of EUR 3.2 million and recorded a gain of circa EUR 0.56 million included in other income.

Out of the net proceeds, at least 75% were distributed to the Company's bondholders in March 2017, in line with the Company's stated Amended Plan.

NOTE 7:- MATERIAL EVENTS DURING THE REPORTING PERIOD (Cont.)

d. Sale of Shumen plaza project, Bulgaria:

On February 23, 2017, the Company announced that it had concluded the sale of a 26,057 sqm plot of land in Shumen, Bulgaria for circa EUR 1 million, which is slightly above book value and recorded a gain of 0.2 EUR million included in other income.

Of the net proceeds, at least 75% were distributed to the Company's bondholders in March 2017, in line with the Company's stated Amended Plan.

e. Preliminary Sale of Plot in Lodz, Poland:

On June 13, 2017, the Company announced that it has signed a preliminary sale agreement for the disposal of a 13,770 sqm plot at its second land holding in Lodz, Poland, (representing 22% of this holding) to a retail developer, for €1.2 million. As part of the agreement, the purchaser will pay advance payments totaling 10% of the sale price, comprising an immediate installment of EUR 0.035 million followed by an installment of EUR 0.085 million when the purchaser obtains zoning. The remaining balance will be paid once a building permit has been obtained for development of the land which is expected to be granted within 12-15 months from the signing of this preliminary sale agreement.

In line with the Company's stated amended restructuring plan, 75% of the net cash proceeds will be distributed to Plaza's bondholders.

f. Final agreement for sale of Kielce Plaza, Poland:

On June 19, 2017, The Company announced that it has signed the final sale agreement for the disposal of its 2.47-hectare plot in the centre of Kielce, Poland, for EUR 2.28 million in line with its book value. The Company received a down payment of EUR 0.465 million when the preliminary sale agreement was signed at 2016 and the remaining EUR 1.815 million has been paid to the Company during June 2017.

In line with the Company's stated amended restructuring plan, 75% of the net cash proceeds was distributed to Plaza's bondholders.

g. Details on disposal of Torun Plaza:

On June 21, 2017, the Company announced that its subsidiary, Plaza Centers Polish Operations B.V., has signed a non-binding Letter of Intent ("LOI") with an investment fund (the "Purchaser") regarding the sale of Torun Plaza shopping and entertainment centre in Poland. On October 25, 2017 the Company has concluded the final terms regarding the sale of shares in the SPV holding of the Torun Plaza shopping centre. The Company has signed a definitive Share Purchase Agreement regarding the sale of shares in the SPV in the beginning of November. The final closing and settlement is expected by the end of November 2017 conditional on the Buyer receiving bank financing, which was already approved and is expected to be concluded during November.

The agreement reflects an estimated value for the asset of €70.6 million including an additional forecasted payment at the end of May 2018 for new leases signed by the end of April 2018 ("earn out period"). The total expected net proceeds to the Company, following the deduction of the related bank loan, earn out period and other working capital adjustments in accordance with the balance sheet of the SPV, are estimated to be circa €29.3 million.

At this point in time, there is no certainty that the transaction will be completed.

NOTE 7:- MATERIAL EVENTS DURING THE REPORTING PERIOD (Cont.)

h. Standard & Poor's credit Rating update:

On February 28, 2017 Standard & Poor's Maalot ("S&P Maalot"), the Israeli credit rating agency which is a division of Standard & Poor's International, updated its credit rating for the Company's series of two debentures traded on the Tel Aviv Stock Exchange and reaffirmed "ilCCC" with negative outlook and removed from the CreditWatch with negative implications due to completion of asset realization on the local Israeli scale. See also Note 8(e) in regards to credit rating downgrade.

NOTE 8: - SUBSEQUENT EVENTS

a. Completed sale of Plot in Poland:

In July 2017, The Company has signed the final sale agreement for the disposal of a 1.8-hectare plot in the city of Leszno for EUR 0.81 million.

In line with the Company's stated amended restructuring plan, 75% of the net cash proceeds from the disposal will be distributed to Plaza's bondholders.

b. Sale of plots in Timisoara and Constanta, Romania:

On 7 August, 2017 the Company has completed the disposal of a plot totaling approximately 32,000 sqm in Timisoara, Romania, for EUR 7.25 million, which is in line with its book value.

The Company also announced that it has completed the sale of a plot totaling approximately 30,000 sqm in Constanta, Romania, for EUR 1.3 million, which is in line with book value.

In line with the Company's stated amended restructuring plan, 75% of the net cash proceeds from both disposals will be distributed to Plaza's bondholders.

c. Update on disposal of land plot in Greece

On 19 September 2017 Plaza announced that regarding the disposal of a plot in Piraeus, Greece, an amendment to the agreement has been signed in which new long stop date of 29 September, 2017 has been agreed for the conclusion of the transaction. A EUR 0.145 million increase in the price of the development plot has also been agreed, bringing the value of the asset to EUR 3.545 million.

In order to secure the prolonged validity of the initial agreement, the purchaser has paid a EUR 0.14 million non-refundable extension fee to Plaza and had an option to extend the long stop date to 20 October 2017 for an additional EUR 0.03 million which were paid.

Following the receipt of an additional EUR 0.08 million extension fee, Plaza has now received a total of EUR 0.25 million from the purchaser in non-refundable advance payments in connection with this transaction.

NOTE 8: - SUBSEQUENT EVENTS (Cont.)

d. Mandatory repayment to the Bondholders

On September 26, 2017 the Company announced that, further to the resolutions of the Israeli series A bondholders and the series B bondholders in connection with future bondholder repayments (i.e., repayments to series A bondholders, to series B bondholders and to the Polish bondholders), the Company intends to repay a total amount of circa €18,800,000, during October 2017, an amount which represents 75% of the funds Plaza has received in the last quarter from sale of real estate assets, as determined in the restructuring plan ("Mandatory Repayment Amount") to be allocated as follows:

- To the Polish bondholders: 8.33% of the Mandatory Repayment Amount – as per the ratio determined in the restructuring plan.
- To the Israeli series A bondholders: 21.23% of the Mandatory Repayment Amount - as per the ratio determined in the restructuring plan.
- To the Israeli series B bondholders: 31.16% of the Mandatory Repayment Amount - the proportional amount that corresponds to the ratio between the outstanding debts of the two Israeli series of bonds.

The Company intends to deposit the reminder of the funds with a third-party trustee for the benefit of both Israeli series of bonds and subsequently approach the competent court in Israel, as soon as possible, for the receipt of instructions with regard to the allocation of such reminder amount. The Company wishes that the Israeli bondholders will find an amicable solution for such payment and future payments as may come.

On October 4, 2016 the Company has received the consent of the trustees of its Israeli series A bonds and series B bonds for the allocation of certain funds received by the Company between the Company's series A bonds and series B bonds due for repayment of such bonds as detailed above. The Company further advises that it has filed an application with the Israeli court to receive instructions as to the allocation of the remainder funds between the Israeli series A and series B bondholders and the Parties are currently waiting to the decision of the Judge.

e. S&P updates credit rating for the Company's Notes

On September 28 Standard & Poor's Maalot ("Maalot"), the Israeli credit rating agency which is a division of International Standard & Poor's, has reduced its credit rating of Plaza's two series of Notes traded on Tel Aviv Stock Exchange from "ilCCC" to "ilCC" with negative outlook on a local Israeli scale.

NOTE 8: - SUBSEQUENT EVENTS (Cont.)

f. Land Plot in Budapest, Hungary:

On October 2, 2017 the Company announces that it has concluded an agreement with an international investor, NEPI Rockcastle, on the termination of land use rights over a circa 21,788 sqm land plot adjoining Arena Plaza in Budapest, Hungary, registered to a subsidiary of the Company, Kerepesi 5 Irodaépület Kft ("K5"). The transaction also includes the termination of the preliminary easement agreement, which provided K5 with certain easement rights over the plot. As a result of the agreement, K5 received a net sum of EUR 2.5 million.

At least 75% of the net proceeds received from the disposal will be distributed to the Company's bondholders in the next quarterly payment.

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