

18 May 2016

**PLAZA CENTERS N.V.**

**FIRST QUARTER INTERIM MANAGEMENT STATEMENT AND INTERIM FINANCIAL  
INFORMATION**

**STABLE PERFORMANCE RECORDED IN CORE PORTFOLIO AND FURTHER STRATEGY  
PROGRESS**

Plaza Centers N.V. (LSE: PLAZ) (“Plaza” / the “Company” / the “Group”), a leading emerging markets property developer, today announces its interim management statement relating to the period from 1 January 2016 to 31 March 2016 (the “Period”) and unaudited interim financial information for the three month period ended 31 March 2016, together with an update on transactional activity to the date of this announcement.

**Stable performance at core CEE shopping centres during the Period:**

- Like-for-like portfolio occupancy up almost 2% to 95.92%, compared to 94% in Q1 2015.
  - Turnover at Riga Plaza, Latvia, was up by 6.2% compared to the first quarter of 2015, while footfall also increased on a like-for-like basis by 1.3% and occupancy remained stable at 97% (2015: 96.1%). This stabilised positive performance and the prospect of further potential has enabled its sale after the period end, as detailed below.
  - Turnover at Suwalki Plaza, Poland, was significantly up by 11%, while footfall increased by 7%, versus the first quarter of 2015. Occupancy remains high (95.4% compared to 99.2% in Q1 2015) despite a number of lease expiries, and negotiations are currently underway with a number of existing and prospective new tenants, the successful conclusion of which should result in close to 100% occupancy again in the near future.
  - At Torun Plaza, Poland, occupancy increased to 94.08% (2015: 92.81%) due to a number of new leases being signed, including with fashion retailer Sizeer, bookstore Swiat Książki and tour operator Rainbow. Further to this, an additional 600 sqm has been leased by existing tenants, Reserved and CCC, both of which are expanding their stores. Despite this positive letting activity, turnover at the shopping centre decreased by 8% compared to the same period, while like-for-like footfall was down by 7%, as a reduced number of shops were trading due to refurbishment works and the fit-out of units for new tenants. Most of these works were complete by the reporting date and the Company expects footfall and turnover improvement in the next quarter and leading up to the year end.

- Turnover at Zgorzelec Plaza, Poland, was up significantly, increasing by 11% on a like-for-like basis. Footfall at the centre has risen by 6% while occupancy remained stable at 89%.

**Portfolio activity during and after the Period:**

Disposals to the total value of €123.5 million have been undertaken by the Company on or since 31 March 2016.

The Company completed the sale of its subsidiary holding, Liberec Plaza, a shopping and entertainment centre in the Czech Republic, on 31 March 2015 for €9.5 million. Following net asset value adjustments related to the subsidiary's balance sheet, the Company received net €9.37 million.

The majority of the proceeds from the sale (€8.5 million, reflecting 100% of the outstanding loan) was 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). At least 75% of the remaining net proceeds will be distributed to the Company's bondholders by the end of June 2016, in line with the Company's stated restructuring plan.

Plaza acquired the loan to the holding and operating company for Liberec Plaza at a circa 58% discount in October 2015 and, since then, the Company has benefitted from free cash arising from the asset's income, as well as the release of restricted cash of approximately €700,000. Almost €1 million of surplus cash flow was delivered by the disposal, after the settlement of the loan.

As announced on 8 April 2016, Plaza has signed a binding pre-agreement to sell a 15,000 sqm development 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. The purchaser has provided a corporate guarantee to secure the transaction for 10% of the consideration. A building permit for the land was received in 2009 for the construction of a shopping centre but, due to market conditions, the strategic decision was taken by Plaza not to proceed with the project. Upon completion of the disposal, in line with the Company's stated restructuring plan, 75% of the net cash proceeds will be distributed to Plaza's bondholders.

As announced on 16 May 2016, a subsidiary of Plaza, in which the Company has a 50% stake, entered into a business sale agreement with respect to the disposal 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 (reflecting 100% of the asset value), which is in line with the last reported book value. In line with the Company's stated restructuring plan, 75% of the net

cash proceeds from Plaza's share of the sale of the business (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 Plaza's 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 in the coming months.

Finally, since the period end, Plaza has also undertaken the sale of its wholly owned subsidiary which holds the "MUP" plot and related real estate in Belgrade, Serbia, for €15.9 million, well above the last reported book value of circa €13.5 million. 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, in line with the Company's stated restructuring plan, 75% of the net cash proceeds will be distributed to Plaza's bondholders in the following quarter.

In terms of active development projects, construction of Belgrade Plaza (Visnjicka) is progressing well and is on schedule. With more than a year to go until the planned opening of the shopping centre, Plaza is experiencing strong tenant demand. 48% of the shopping centre is now pre-let or heads of terms have been signed, with international retailers like H&M and Inditex.

The current consolidated cash balance of the Company is circa €20 million, including approximately €6.1 million of restricted cash mainly held in the operating shopping centres.

### **Management changes**

Plaza announces today that Yitshak (Izzie) Elias has stepped down as Chief Financial Officer for personal reasons and that, from 1 June 2016, Eitan Farkas, Plaza's Chief Controller for the past 14 years, will take on the responsibilities of the position as Finance Director.

### **Dori Keren, Acting Chief Executive Officer of Plaza Centers N.V., said:**

"The activity we have undertaken in the first quarter emphasises the continued progress being made by Plaza with regard to the Company's restructuring plan. The skilled asset management being carried out by our teams at the sites is paving the way for further improvement and future sales of yielding assets, while the development projects with potential that is most in line with our strategic objectives are also being progressed. Meanwhile, we have focused on repositioning the portfolio through the disposal of certain non-core or mature assets, as evidenced by the agreements since the year end to sell our development plot in Piraeus in Greece, as well as Liberec Plaza in the Czech Republic, Riga Plaza in Latvia and the MUP site in Belgrade.

"Our ongoing strategy has helped to reduce our debt levels, significantly curtail losses and means we can also focus on bringing our development projects on line. As asset sales complete we are continuing to meet our restructuring plan commitments by making payments to bondholders while at the same creating long term value for shareholders."

Further information can be found about the results for the three month period ending on 31 March 2016 on the Company's website:

[http://www.plazacenters.com/index.php?p=company\\_presentation](http://www.plazacenters.com/index.php?p=company_presentation)

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**Plaza Centers N.V.**

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**Plaza Centers N.V.** ([www.plazacenters.com](http://www.plazacenters.com)) is a leading emerging markets developer of shopping and entertainment centres with operations in Central and Eastern Europe and India. It focuses on constructing new centres and, where there is significant redevelopment potential, redeveloping existing centres in both capital cities and important regional centres. The Company is listed on the Main Board of the London Stock Exchange, the Warsaw Stock Exchange and, as of 27 November 2014, the Tel Aviv Stock Exchange (LSE:"PLAZ"; WSE: "PLZ/PLAZACNTR"; TASE: "PLAZ"). Plaza Centers N.V. is an indirect subsidiary of Elbit Imaging Ltd. ("EI"), an Israeli public company whose shares are traded on both the Tel Aviv Stock Exchange in Israel and the NASDAQ Global Market in the United States. It has been active in real estate development in emerging markets for over 20 years.

**Forward-looking statements**

This press release may contain forward-looking statements with respect to Plaza Centers N.V. future (financial) performance and position. Such statements are based on current expectations, estimates and projections of Plaza Centers N.V. and information currently available to the company. Plaza Centers N.V. cautions readers that such statements involve certain risks and uncertainties that are difficult to predict and therefore it should be understood that many factors can cause actual performance and position to differ materially from these statements. Plaza Centers N.V. has no obligation to update the statements contained in this press release, unless required by law.

**Plaza Centers N.V.**

**Condensed Consolidated Interim Financial Information**

**March 31, 2016**

**Plaza Centers N.V.**  
**Condensed Consolidated Interim Financial Information**  
**March 31, 2016**

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## Independent Auditors' Report on Review of Interim Financial Information

Board of Directors  
Plaza Centers N.V.

### *Introduction*

We have reviewed the accompanying condensed consolidated interim financial information of Plaza Centers N.V. ("the Company") as at March 31, 2016, which comprises the condensed consolidated interim statement of financial position as at March 31, 2016, the condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period ended March 31, 2016, and notes to the condensed consolidated interim financial information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the EU. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the 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 condensed consolidated interim financial information as at March 31, 2016 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the EU.

### *Emphasis of matter*

Without qualifying our conclusion, we draw attention to Note 4 in the condensed consolidated interim financial information which discloses, among other matters, important information regarding the Company's cash flow projections for 15 months from the end of the reporting period.

Without qualifying our conclusion, we draw attention to Note 5(d) and Note 5(f) which disclose potential irregularities concerning the Casaradio Project in Romania and the possible outcomes of such irregularities.

Budapest, May 17, 2016

KPMG Hungária Kft.

**Plaza Centers N.V.**  
**Condensed consolidated interim statement of financial position**

	Note	March 31,	December 31,
		2016	2015
		€ '000	€ '000
		Unaudited	Audited
<b>ASSETS</b>			
Cash and cash equivalents		8,427	15,659
Restricted bank deposits		5,267	4,774
Trade receivables	12(a)	10,777	1,654
Other receivables		1,382	1,350
Prepayments and advances		186	196
<b>Total current assets</b>		<b>26,039</b>	<b>23,633</b>
Trading property	6,12(a,b)	309,912	317,758
Equity accounted investees		40,232	40,608
Loan to equity accounted investees		3,938	4,298
Property and equipment		2,447	2,480
Related parties receivables	11	2,848	2,828
Deferred taxes		167	406
<b>Total non-current assets</b>		<b>359,544</b>	<b>368,378</b>
<b>Total assets</b>		<b>385,583</b>	<b>392,011</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Interest bearing loans from banks		31,717	31,891
Debentures at amortized cost	4,9	76,653	79,564
Trade payables		1,785	2,223
Related parties liabilities		174	109
Derivatives		396	436
Other liabilities		7,314	7,045
<b>Total current liabilities</b>		<b>118,039</b>	<b>121,268</b>
<b>Non-current liabilities</b>			
Interest bearing loans from banks		69,924	70,621
Debentures at amortized cost	4,9	107,992	102,025
Provisions		14,911	14,911
Derivatives		364	318
<b>Total non-current liabilities</b>		<b>193,191</b>	<b>187,875</b>
<b>Equity</b>			
Share capital		6,856	6,856
Translation reserve		(28,296)	(27,418)
Capital reserve due to transaction with Non-controlling interests		(20,706)	(20,706)
Other reserves		35,376	35,376
Share premium		282,596	282,596
Retained losses		(202,239)	(194,602)
<b>Equity attributable to owners of the Company</b>		<b>73,587</b>	<b>82,102</b>
Non-controlling interests		766	766
<b>Total equity</b>		<b>74,353</b>	<b>82,868</b>
<b>Total equity and liabilities</b>		<b>385,583</b>	<b>392,011</b>

**May 17, 2016**

**Date of approval of the  
financial statements**

**Dori Keren  
Acting Chief Executive officer**

**David Dekel  
Director and Chairman of the  
Audit Committee**

The notes are an integral part of this condensed consolidated interim financial information.

**Plaza Centers N.V.**  
**Condensed consolidated interim statement of profit or loss**

	Note	For the three months ended March 31,	
		2016	2015
		€ '000	€ '000
		Unaudited	Unaudited
Revenue from disposal of Trading Property	12(a)	9,632	-
Rental income		4,524	5,291
Revenues from entertainment centers		-	219
		<u>14,156</u>	<u>5,510</u>
Cost of Trading Property disposed	12(a)	(9,632)	-
Cost of operations		(1,424)	(1,907)
Cost of operations – entertainment centers		-	(315)
Loss from disposal of Trading property SPV	12(a)	(355)	-
<b>Gross profit</b>		<u>2,745</u>	<u>3,288</u>
Write-down of Trading Property		(23)	(212)
Share in results of equity-accounted investees, net of tax		569	(176)
Administrative expenses		(1,542)	(1,810)
Other income		362	1,960
Other expenses		(182)	(583)
<b>Results from operating activities</b>		<u>1,929</u>	<u>2,467</u>
Finance income		3,592	1,417
Finance costs		(12,900)	(21,338)
Net finance costs		<u>(9,308)</u>	<u>(19,921)</u>
<b>Loss before income tax</b>		<u>(7,379)</u>	<u>(17,454)</u>
Income tax expense		(258)	(224)
<b>Loss for the period</b>		<u>(7,637)</u>	<u>(17,678)</u>
<b>Loss attributable to:</b>			
Owners of the Company		(7,637)	(17,678)
<b>Earnings per share</b>			
Basic and diluted loss per share (in EURO)		(0.01)	(0.03)

The notes are an integral part of this condensed consolidated interim financial information.

**Plaza Centers N.V.**  
**Condensed consolidated interim statement of comprehensive income**

	For the three months ended March 31,	
	2016	2015
	€ '000	€ '000
	Unaudited	Unaudited
<b>Loss for the period</b>	(7,637)	(17,678)
<b>Other comprehensive income</b>		
<b><u>Items that are or may be reclassified subsequently to profit or loss:</u></b>		
Foreign currency translation differences - foreign operation (Equity accounted investees)	(878)	3,935
Foreign currency translation differences - foreign operation (trading property)	-	1,077
Other comprehensive income (loss) for the period, net of income tax	(878)	5,012
<b>Total comprehensive loss for the period, net of tax</b>	(8,515)	(12,666)
Total comprehensive income (loss) attributable to:		
Owners of the Company	(8,515)	(12,760)
Non-controlling interests	-	94

The notes are an integral part of this condensed consolidated interim financial information.

**Plaza Centers N.V.**  
**Condensed consolidated interim statement of changes in equity**

Attributable to 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 equity
	€ '000								
<b>Balance at December 31, 2015 (audited)</b>	6,856	282,596	35,376	(27,418)	(20,706)	(194,602)	82,102	766	82,868
Total comprehensive loss	-	-	-	(878)	-	(7,637)	(8,515)	-	(8,515)
<b>Balance at March 31, 2016 (unaudited)</b>	<b>6,856</b>	<b>282,596</b>	<b>35,376</b>	<b>(28,296)</b>	<b>(20,706)</b>	<b>(202,239)</b>	<b>73,587</b>	<b>766</b>	<b>74,353</b>
<b>Balance at December 31, 2014 (audited)</b>	6,856	282,596	35,340	(36,699)	(20,706)	(148,486)	118,901	672	119,573
Total comprehensive loss	-	-	-	4,918	-	(17,678)	(12,760)	94	(12,666)
<b>Balance at March 31, 2015 (unaudited)</b>	<b>6,856</b>	<b>282,596</b>	<b>35,340</b>	<b>(31,781)</b>	<b>(20,706)</b>	<b>(166,164)</b>	<b>106,141</b>	<b>766</b>	<b>106,907</b>

The notes are an integral part of this condensed consolidated interim financial information.

**Plaza Centers N.V.**  
**Condensed consolidated interim statement of cash flows**

For the three months  
ended March 31,

	2016	2015
	€ '000	€ '000
	Unaudited	Unaudited
<b>Cash flows from operating activities</b>		
Loss for the period	(7,637)	(17,678)
<u>Adjustments necessary to reflect cash flows used in operating activities:</u>		
Depreciation and impairment of property and equipment	22	68
Net finance costs	9,308	19,921
Share of profit of equity-accounted investees, net of tax	(569)	176
Income tax expense	258	224
	1,382	2,711
<u>Changes in:</u>		
Trade receivables	(4)	(197)
Other accounts receivable	(42)	220
Trading property	(685)	340
Equity accounted investees – net investments	427	431
Trade payables	(438)	(335)
Other liabilities and related parties liabilities	(524)	(1,689)
	(1,266)	(1,230)
Interest received	5	151
Interest paid	(4,018)	(1,931)
Taxes paid	(19)	(3)
<b>Net cash used in operating activities</b>	(3,916)	(302)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	-	(17)
Proceeds from selling fixed assets	12	-
Purchase of held for trading marketable debt securities	-	(674)
<b>Net cash from (used in) investing activities</b>	12	(691)
<b>Cash flows from financing activities</b>		
Cash inflow from foreign exchange derivatives	257	1,350
Changes in restricted cash	(493)	(2,505)
Repayment of debentures at amortized cost	(2,221)	-
Repayment of interest bearing loans from banks	(871)	(1,633)
<b>Net cash used in financing activities</b>	(3,328)	(2,788)
<b>Decrease in cash and cash equivalents</b>	(7,232)	(3,781)
<b>Cash and cash equivalents at 1 of January</b>	15,659	33,363
<b>Effect of exchange rate fluctuations on cash held</b>	-	231
<b>Cash and cash equivalents at 31 of March</b>	<b>8,427</b>	<b>29,813</b>

The notes are an integral part of this condensed consolidated interim financial information.

## **Plaza Centers N.V.**

### **Notes to the condensed consolidated interim financial information**

#### **1. Reporting entity**

Plaza Centers N.V. ("the Company") 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).

The Company is listed on the Main Board of the London Stock Exchange ("LSE"), the Warsaw Stock Exchange ("WSE") and 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. The Company regards Elbit Imaging Limited ("EI") as the ultimate parent company.

The condensed consolidated interim financial information of the Company as at March 31, 2016 and for the three months then ended comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in joint ventures.

The consolidated financial statements of the Group as at and for the year ended December 31, 2015 are available on the Company's website ([www.plazacenters.com](http://www.plazacenters.com)) and also upon request from the Company's registered office.

During the three months period ended March 31, 2016, no changes occurred in the Company's holdings, with the exceptions, as described in notes 12(a) of this report.

#### **2. Basis of accounting**

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU. It does not include all of the information required for a complete set of IFRS financial statements, and should be read in conjunction with the annual Consolidated Financial Statements of the Group as at and for the year ended December 31, 2015.

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of 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, 2015.

This condensed consolidated interim financial information was authorized for issue by the Company's Board of Directors on May 17, 2016.

#### **3. Use of judgements 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, 2015. Refer also to note 4 below for significant estimations performed.

## Plaza Centers N.V.

### Notes to the condensed consolidated interim financial information

#### 4. Financial position of the Company

The condensed consolidated interim financial information have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of banking facilities and its debentures. Following the closing of the Company's restructuring plan ("the Plan" in this note), the Company's condensed consolidated interim financial information included liabilities to bondholder's in the aggregate principal amount of EUR 197 million. The following table sets forth the cash flows forecast of the Company until mid-2017 in order to achieve the abovementioned repayments, as they fall due.

According to the Plan, if until December 1, 2016 the Company manages to repay its principal of debentures in the amount of NIS 434 million (EUR 99 million), then the remaining principal payments shall be deferred for an additional year ("the Deferral"). Since the Plan entered into effect, until March 31, 2016, the Company has repaid circa NIS 98 million (EUR 21 million) out of the debentures. The remaining NIS 336 million (EUR 78 million) of the bonds principal (through selling of its assets), together with the interest of approximately EUR 10 million are still to be paid up to December 1, 2016, if the Company is to achieve the abovementioned condition in the Plan.

Since part of the series B debentures are held in treasury (refer to note 12(c)), the total required net principal repayment in 2016 in order to achieve the Deferral is NIS 329 million (EUR 76.7 million). As the Company's primary objective is to obtain the Deferral, it has therefore reclassified this minimum net amount to current liabilities. The scenario below reflects the Company's approved business plan until June 30, 2017:

<b><u>Opening balance of consolidated cash (1)</u></b>	<b><u>Expected cash flow (in MEUR)</u></b>	
	<b><u>In the nine months ending</u></b>	<b><u>In the six months</u></b>
	<b><u>December 31, 2016</u></b>	<b><u>ending June 30, 2017</u></b>
<u>Sources of cash during the period</u>		
Net proceeds from disposal of operating shopping centers (2)	89	-
Proceeds from disposal of plots held (3)	53	15
Net operating income from shopping centers (4)	10	1
Total sources expected	175	53
<b><u>Uses of cash during the period</u></b>		
Principal repayment of debentures, net (5)	(106)	(11)
Interest repayment of debentures, net	(10)	(3)
Investment in projects under construction (6)	(12)	(1)
Repayment of bank facilities in subsidiaries (principal +interest)	(6)	(1)
General and administrative expenses	(4)	(3)
Total uses expected	(138)	(19)
<b><u>Closing balance of consolidated cash (7)</u></b>	37	34

- (1) Opening balance – as appeared in this condensed interim consolidated statement of financial position, including restricted cash (which will be released upon the disposal of the operating shopping centers) as well as EUR 9.4 million of receivables obtained in respect of the Liberec project (refer to note 12(a)).
- (2) 2016 – Expected net payment from the selling of three shopping centers (Riga, Suwalki and Torun).
- (3) 2016 - The Company expects extensive disposal of its plots held in CEE and in India. Main 2016 disposal are expected in India and Serbia. 2017 – Main disposal is due to India.
- (4) As the operating shopping centers are to be disposed of in 2016, in 2017 Net Operating Income is generated from the Belgrade Plaza (Visnjacka) shopping center to be opened in the first half of 2017.
- (5) 2016 - This reflects the gross amount of EUR 108 million to be paid based on forecast disposal proceeds, net of the expected repayment on treasury bonds held in the amount of EUR 2 million.
- (6) 2016 – Main investment in Belgrade Plaza (Visnjacka project) and in Timisoara project (Romania).
- (7) 2016 – Immaterial restricted cash amounts. 2017 – Including restricted cash in Visnjacka of EUR 3 million.

## Plaza Centers N.V.

### Notes to the condensed consolidated interim financial information

#### 4. Financial position of the Company (cont.)

It should be noted, that the projected cash flow is based on the Company's forward-looking plans, assumptions, estimations, predictions and evaluations which rely on the information known to the Company at the time of the approval of this condensed consolidated interim financial information (collectively, the "Assumptions").

The materialization, occurrence, consummation and execution of the events and transactions and of the assumptions on which the projected cash flow is based, including with respect to the proceeds and timing thereof, although probable, are not certain and are subject to factors beyond the Company's control as well as to the consents and approvals of third parties and certain risks factors. Therefore, delays in the realization of the Company's assets and investments or realization at lower price than expected by the Company's, 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 a timely manner. If the Company is unable to repay cumulative NIS 434 million (EUR 99 million) by December 1, 2016, then the minimum required principal repayment due December 31, 2016 will be NIS 57 million (EUR 13.3 million), plus 75% of the net proceeds from sales of trading properties, which will be paid through the net cash generated out of the disposal program summarized above

#### 5. Casa radio note

##### a. General

In 2006 the Company entered into an agreement according to which it acquired 75% interest in a company ("Project SPV") which under a Public-Private Partnership agreement ("PPP") with the Government of Romania is to develop the Casa radio site in central Bucharest ("Project"). After signing the PPP agreement, the Company holds indirectly 75% of the shares in the Project SPV, the remaining 25% are held by the Romanian authorities (15%) and another third party (10%).

As part of the PPP, the Project SPV was granted with development and exploitation rights in relation to the site for a period of 49 years, starting December 2006. As part of its obligations under the PPP, the Project SPV has committed to construct a Public Authority Building ("PAB") measuring approximately 11.000 square meters for the Romanian Government at its own cost.

Large scale demolition, design and foundation works were performed on the construction site which amounted to circa EUR 85 million until 2010, when current construction and development were put on hold due to lack of progress in the renegotiation of the PPP Contract with the Authorities (refer to point c below) and the Global financial crisis. These circumstances (and mainly the avoidance of the Romanian Authorities to deal with the issues specified below) caused the Project SPV to not meet the development timeline of the Project, as specified in the PPP. However, the Company is in the opinion that it has sufficient justifications for the delays in this timeline, as generally described below.

##### b. Obtaining of the Detailed Urban Plan ("PUD") permit

The Project SPV obtained the PUD related to this project in September 2012. Furthermore, on 13 December 2012, the Court took note of the waiver of the claim submitted by certain plaintiffs and rejected the litigation aiming to cancel the approval of the Zonal Urban Plan ("PUZ") related to the Project. The court decision is irrevocable.

As the PUD is based on the PUZ, the risk that the PUD would be cancelled as a result of the cancellation of the PUZ was removed following the date when the PUZ was cleared in court on December 13, 2012.

## Plaza Centers N.V.

### Notes to the condensed consolidated interim financial information

#### 5. Casa radio note (cont.)

##### c. Discussions with Authorities on construction time table deferral

As a result of point b above, following the Court decision, the Project SPV was required to submit a request for building permits within 60 days from the approval date of the PUZ/PUD and commence development of its project within 60 days after obtaining the building permit.

However, due to substantial differences between the approved PUD and stipulations in the PPP Contract as well as changes in the EU directives concerning buildings used by Public Authorities, and in order to ensure a construction process that will be adjusted to current market conditions, the Project SPV started preliminary discussions with the Romanian Authorities (which are both shareholders of the Project SPV and a party to the PPP) regarding the future development of the project.

The Project SPV also officially notified the Romanian Authorities its wish to renegotiate the existing PPP contract on items such as time table, structure and milestones (e.g., the construction of the Public Authority Building (“PAB”), whose’ estimated costs are provisioned for in this interim financial information- refer to paragraph e below). The Company estimates that although there is no formal obligation from the Romanian Authorities to renegotiate the PPP agreement, such obligation is expressly provided for the situation when extraordinary economic circumstances arise.

##### d. Co-operation with the Romanian Authorities re potential irregularities

The Board and Management have become aware of certain issues with respect to certain agreements that were executed in the past in connection with the Project. In order to address this matter, the Board has appointed the chairman of the Audit Committee to investigate the matters internally and have also appointed independent law firms to perform an independent review of the matters raised.

The Company has approached and is co-operating fully with the relevant Romanian Authorities regarding the matters that have come to its attention and it has submitted its findings to the Romanian Authorities. As this process is still on-going, the Company is unable to comment on any details related to this matter. Management is currently unable to estimate (based on legal advice received) any impact on the carrying value of the Project potentially resulting from this matter.

##### e. Provision in respect of PAB

As mentioned in point a above, when the Company entered into an agreement to acquire 75% interest in the Project SPV it assumed a commitment to construct the PAB at its own costs for the benefit of the Romanian Government. Consequently, the Company had recorded a provision in the amount of EUR 17.1 million in respect of the construction of the PAB.

The Company utilized the amount of EUR 1.5 million out of this provision, and in 2015 a reduction in the provision in the amount of EUR 0.6 million was performed in order to reflect updated budget changes in respect of the PAB.

Management believes that the current level of provision is an appropriate estimation in the current circumstances. Upon reaching concrete agreements with Authorities, the Company will be able to further update the provision.

##### f. Summary

The circumstances described in subsection a through e above might lead to future claims, penalties, sanctions and/or, in extreme circumstances, termination of the PPP and annulment of the Company’s rights in the Project by the Authorities.

**Plaza Centers N.V.**

**Notes to the condensed consolidated interim financial information**

**6. Significant accounting policies**

The accounting policies applied by the Group in this condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2015.

**7. Operating segments**

The Group comprises one main geographical segment: CEE. India ceased to be a geographical segment, following the sale of Koregaon park shopping center in 2015. The Group does not have reportable segments by product and services. In presenting information on the basis of geographical segments, segment revenue is based on the revenue resulting from either selling or operating of Trading Property geographically located in the relevant segment. None of the Group's tenants is accounting for more than 10% of the total revenue. Also, no revenue is derived in the Netherlands, where the Company is domiciled. Data regarding the geographical analysis in the three months period ended March 31, 2016 and 2015 is as follows:

	March 31	
	<u>2016</u>	<u>2015</u>
NOI in CEE (1)	4,188	4,535
Sale of properties (Liberec – refer to note 12(a))	(355)	-
Income from operation/selling	<u>3,833</u>	<u>4,535</u>
Net finance costs	(1,223)	(1,379)
Net expenses from operation of other CEE assets (plots)	(187)	(292)
Other income (expense), net	180	(523)
Write-downs	<u>(23)</u>	<u>(212)</u>
Reportable CEE segment profit before tax	<u>2,580</u>	<u>2,129</u>
Less - general and administrative	(1,542)	(1,810)
Results India	(128)	135
Unallocated finance costs (Dutch corporate level- mainly debentures finance cost)	<u>(8,289)</u>	<u>(17,908)</u>
Loss before income taxes	<u>(7,379)</u>	<u>(17,454)</u>
Income tax expense	<u>(258)</u>	<u>(224)</u>
Loss for the year	<u><u>(7,637)</u></u>	<u><u>(17,678)</u></u>
Assets and liabilities as at March 31, 2016		
Total CEE segment assets	335,380	
Assets India	24,746	
Unallocated assets (Mainly Cash and other financial instruments held on Dutch level)	<u>25,457</u>	
Total assets	<u>385,583</u>	
Segment liabilities	125,709	
Unallocated liabilities (Mainly debentures)	<u>185,521</u>	
Total liabilities	<u>311,230</u>	

(1) Out of which Poland – EUR 3.0 million (2015 -EUR 3.2 million).

**Plaza Centers N.V.**

**Notes to the condensed consolidated interim financial information**

**8. Financial risk management**

During the three months period ended March 31, 2016 there were no changes in the Group's financial risk management. Objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2015.

**9. Financial instruments**

**a. 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:

For the Israeli debentures presented at amortized cost, a good approximation of the fair value would be the market quote of the relevant debenture, had they been measured at fair value.

	<b>Carrying amount</b>		<b>Fair value</b>	
	<b>March 31, 2016</b>	<b>December 31, 2015</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>
<b>€ 000'</b>				
<b><u>Statement of financial position</u></b>				
Debentures at amortized cost – Polish bonds	12,730	12,957	9,556	11,569
Debentures A at amortized cost – Israeli bonds	59,168	59,072	41,238	50,172
Debentures B at amortized cost – Israeli bonds	112,752	109,560	75,679	91,614
<b>Total</b>	<b>184,645</b>	<b>181,589</b>	<b>126,473</b>	<b>153,355</b>

The total contractual liability of the Debentures was EUR 197 million as at March 31, 2016. 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.

**b. Fair value hierarchy**

The table below analyses fair value measurements as at March 31, 2016 for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>€ 000'</b>			
<b><u>Short term liabilities</u></b>				
Derivative	-	-	396	396
<b><u>Long term liabilities</u></b>				
Derivative	-	-	364	364

**Plaza Centers N.V.**

**Notes to the condensed consolidated interim financial information**

**10. Income tax**

The group calculates the period income tax using the tax rate that would be applicable to the expected total annual earnings.

The Group's consolidated effective tax rate in respect of continuing operations for the three months period ended March 31, 2016 was -3% (three months period ended March 31, 2015: -1%) .

**11. Related parties**

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
	<b>€ 000'</b>	
<b><u>Statement of financial position</u></b>		
Long term receivables - Kochin	2,848	2,828
Trade and other payables	174	109
	<b>For the three months period ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>€ 000'</b>	<b>€ 000'</b>
<b><u>Statement of profit or loss</u></b>		
Related parties – interest income on balance with EI	20	-
Related parties – recharges from EI	(136)	(51)
Related parties – rental fees charged by EI subsidiary in Romania	(8)	(22)

**12. Significant events during the period**

**a. Disposal of a shopping center in the Czech Republic**

On March 4, 2016 the Company agreed to sell its subsidiary holding Liberec Plaza, a shopping and entertainment centre in the Czech Republic, for EUR 9.5 million. In line with the terms of the agreement, the buyer has deposited 15% of the consideration in escrow.

The due diligence process, final closing and settlement was conclude by the end of March and the total proceeds (net of transaction costs and following adjustments related to the subsidiary's balance sheet) of EUR 9.4 was received in the beginning of April. As of March 31, 2016, this amount is presented as part of the trade receivables. The Company recorded a loss of EUR 350 thousands due to this transaction.

The disposal was following an agreement announced by the Company in September 2015 whereby a wholly owned subsidiary of the Company ("PCE") won a tender to buy the loan given to the holding and operating company for Liberec Plaza for EUR 8.5 million.

PCE received EUR 8.5 million on account of the bank loan it previously purchased. Out of the remaining proceeds, at least 75% will be distributed to the Company's bondholders by the end of June this year, in line with the Company's stated restructuring plan.

**Plaza Centers N.V.**

**Notes to the condensed consolidated interim financial information**

**12. Significant events during the period (cont.)**

**b. Disposal of a plot in Romania**

On March 24, 2016 the Company sold its 23,880 sqm site in Slatina, Romania, to a third party developer for EUR 0.66 million, consistent with the asset's last reported book value. No gain or loss was recorded from this transaction.

In line with the Company's stated restructuring plan, 75% of the cash proceeds will be distributed to the Company's bondholders by the end of June 2016 as an early repayment.

**c. Debentures held in treasury**

As of March 31, 2016, the Company holds through its wholly owned subsidiary NIS 14.5 million par value of series B debentures (adjusted par value of NIS 16.6 million (EUR 3.9 million)).

**d. Update on covenants**

In respect of the Coverage Ratio Covenant ("CRC"), as defined in the restructuring plan, as at March 31, 2016 the CRC was 130%, in comparison with 118% minimum ratio required.

As at the end of the reporting period, all of the group's companies are in compliance with the entire loan covenants, with the exception of two bank facilities totalling EUR 29 million, in which the Company negotiates with financial institutions for obtaining of waivers, on all outstanding breaches.

**13. Events after the reporting period**

**a. Pre-agreement to sell a plot in Greece**

On April 7, 2016 the Company signed a binding pre-agreement to sell its development land in Piraeus, near Athens, Greece, for EUR 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. The purchaser has placed a corporate guarantee to secure the transaction for 10% of the consideration.

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

**b. Sale of Riga Plaza**

On May 16, 2016 the company announced that one of its subsidiaries, in which it has a 50% stake, has 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, which is in line with the last reported book value.

The sale of Riga Plaza is consistent with the Company's stated strategy to oversee an orderly disposal of its non-core or mature assets in order to reduce Company debt levels and to bring its development projects to fruition.

In line with the Company's stated restructuring plan, 75% of the net cash proceeds from Plaza's share of the sale of the business, after the repayment of the bank loan (circa €55 million, reflecting 100%), will be distributed to Plaza's 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 in the coming months.

**Plaza Centers N.V.**

**Notes to the condensed consolidated interim financial information**

**13. Events after the reporting period (cont.)**

**c. Sale of Mup Plot in Belgrade**

On May 17, 2016 the company announces the sale of its wholly owned subsidiary, which holds the “MUP” plot and related real estate in Belgrade, Serbia, for €15.9 million, above the last reported book value of circa €13.5 million. Following the fulfilment of certain technical conditions that are expected to be met in the coming weeks, the purchaser will pay €11 million in cash to the Company. An additional €300,000 will be due before 30 November 2016 and the remaining €4.6 million will be due within 15 months from the transaction closing date. Furthermore, Plaza will also be entitled to an additional pending payment of €600,000, on top of the €15.9 million transaction consideration, once the purchaser successfully develops at least 69,000 sqm above ground. Upon the receipt of each stage payment, in line with the Company’s stated restructuring plan, 75% of the net cash proceeds will be distributed to Plaza’s bondholders in the following quarter.