



# Presentation for Bondholders' Meeting

April 6, 2020

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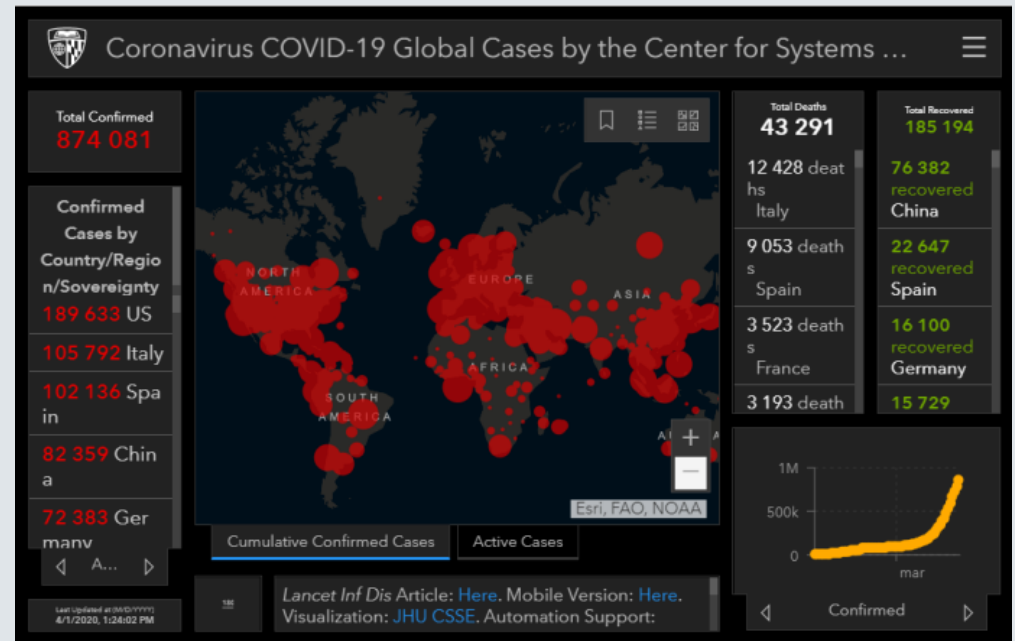
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# Material event of 2020

## Coronavirus COVID-19

### Coronavirus COVID-19 :

During the first quarter of 2020 the Coronavirus pandemic that first surfaced in China is spreading all around the world. Many countries are taking significant steps in trying to prevent the spread of the virus, such as restrictions on civilian movements, gatherings, border closures and the like. The Company monitors the consequences of the event and the actions taken on countries in which it operates and assesses the risks and exposures arising from these consequences. At this stage, the Company is unable to estimate full impact of the effect of the Coronavirus on our business. Still this can have a negative potential impact on the values of the net realizable value of our assets compare to the values in the consolidated financial statements as of December 31, 2019. In addition, this crisis can have a material impact on the ability of the Company to complete the sale of the plots it owns.



# Company's Activities in 2019

## Sale of assets in 2019 and as of today

1. **Sale of the land plots in Lodz, Poland.** Two agreements were concluded and signed with local developers: the first for a total gross consideration of EUR 0.96 million and the second agreement for a total gross consideration of EUR 1.1 million.
2. **Sale of the land plot in Miercurea Ciuc, Romania** for a total gross consideration of EUR 1.58 million following which the Company received the last installment of EUR 1.22 million (an advance of EUR 0.36 million was already received in 2018 and 2019).
3. **Sale of the land plot in Brasov, Romania** for a total gross consideration of circa EUR 0.62 million following which the Company received the last installment of EUR 0.57 million (an advance of EUR 0.05 million was already received).
4. **Update on the sale of the shopping center in Belgrade Plaza:** During November 2019, the Company received technical review report prepared by a Consultancy firm which detailed the proposed investments to be performed by BIG. The Company believes that it has a good counter claims against BIG's claims and is currently evaluating its options regarding BIG's intention to hold EUR 1 million.

During 2020 the Company expects to receive the last instalment for the rent proceeds from stands and signage.

5. **Casa Radio:** (For further details refer to Note 5(3) of consolidated financial statements as of December 31 for 2019)

On July 3, 2019 the wholly owned subsidiary Dambovita NL. as seller, the Company as guarantor and AFI Europe as buyer entered into a pre-sale agreement for the sale of the shareholding in Dambovita Center S.R.L ("Dambovita RO") (the "Pre-Sale Agreement").

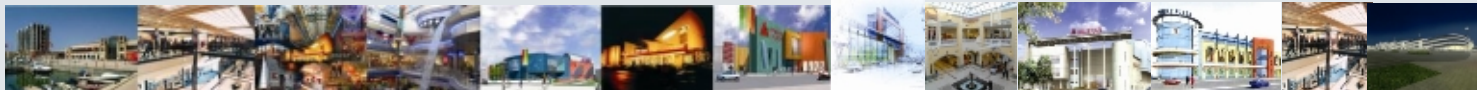
On September 5, 2019 in accordance with the pre-sale agreement, AFI Europe has paid the down payment of EUR 200,000.

Upon execution of the SPA, AFI Europe is bound to make a payment of EUR 20 million. A further EUR 22 million is to be paid later upon the issuance by the competent authorities of a building permit for the first stage of the Dambovita Project (the development of the shopping mall or the office building, excluding the public authority building as referred to above). The balance between the Purchase Price and the payments already made, will be paid out to Dambovita NL upon all permits (including a fire permit and the operation permit having been obtained) required for the operation of any of the components (office building or shopping mall) of the first stage of the Dambovita Project.

As detailed in the Pre-Sale Agreement, the Parties have 15 months from September 5, 2019 to execute the SPA, subject to the satisfaction of certain conditions precedent.

Since September 2019 the parties are trying to cooperate with the relevant authorities in Romania in order to amend the PPP agreement as agreed in the pre-sale agreement and to the satisfaction of all parties.

As of the date hereof, there can be no certainty that either the conditions precedent in the Pre-Sale Agreement will be met and/or that the Sale Agreement will be executed and/or that the Transaction will be consummated as presented above or at all.



# Company's Activities in 2019

## Sale of assets in 2019 and as of today (Cont.)

### 6. Bangalore, India: (For further details refer to Note 6(b)(1) of the consolidated financial statements as of December 31, 2019)

On April 2019, new understandings were formulated between Elbit Plaza India Real Estate Holdings Limited (a subsidiary held by the Company (50%) and Elbit Imaging Ltd.(50%)) ("EPI") and a third-party local developer (the "Partner") concluded that: (i) the closing date for the transaction will be extended to November 2019, and may be further extended to August 2020 (the "Closing Date"); (ii) the consideration was increased to INR 356 crores (app. EUR 44.6 million) (Plaza part app. EUR 22.3 million) (the "Consideration").

On January 10, 2020, a notice has been issued to the Partner to file its response in the insolvency proceedings initiated for the recovery of the amounts due.

As of date hereof, the Partner paid to EPI approximately EUR 11.2 million (INR 87 crores) (Plaza part INR 43.5 crores (approximately EUR 5.6 million) out of a total Consideration.

Further, the Partner has mortgaged approximately 8.7 acres of plots as security for completion of the transaction.

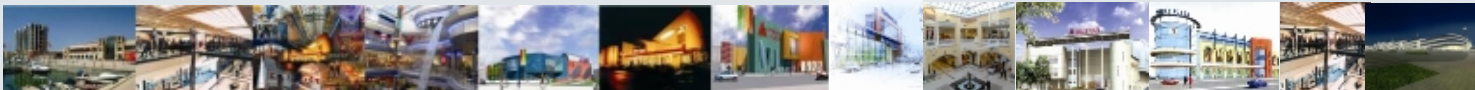
### 7. Chennai, India: (For further details refer to Note 6(b)(2) of the consolidated financial statements as of December 31, 2019)

In June 2019, EPI and a third-party local developer (the "Developer") have signed a share purchase agreement ("SPA").

- As of today, the Developer has paid the SPV a total of INR 25 crores (app. EUR 3.1 million) (Plaza part app. EUR 1.55 million) out of the consideration INR 17 crores (appr. EUR 2.1 million (Plaza part EUR 1.05 million) from the Chennai Project SPV.

- a) The Developer can complete the closing until June 3, 2020, which may be extended by another three months upon payment of INR 7.5 crores (approximately EUR 0.92 million).
- b) If the closing will not occur, then the parties will mutually appoint an international real estate consulting firm for the purpose of identifying a third-party buyer within a period of six months.

**At this stage, there is no certainty that the SPA closing will occur.**



# Company's Activities in 2019

## Other material events during 2019 and as of today

### 1. Bonds (Series A and Series B ) Interest and principal payments :

On February 2019 the Company paid principal of EUR 250,000 and Penalty interest on arrears of EUR 150,000. The payments were executed following the bondholders' approval to deferral part of the principal repayment due on December 31, 2018 to July 1, 2019.

During June 2019 the bondholders approved the deferral of the full payment of principal due on July 1, 2019 and of 58% of the accrued interest. The Company paid on the said date a total amount of circa EUR 1.17 million, which represent circa 42% of the full amount of interest.

On August 14, 2019 the Company paid EUR 0.75 million which represent 30% of accrued interest. The payment required changes in the repayment schedule and amendments of the trust deeds which was approved by the bondholders.

On November 17, 2019, the bondholders of Series A and Series B approved a deferral of all the scheduled Principal payments and circa 87% of deferral of the scheduled Interest payment, both, as of December 31, 2019 to July 1, 2020. Accordingly, in December 2019, The Company made a partial interest payments in amount of circa EUR 0.6 million which represent circa 13% of the accrued interest.

### 2. On December 19, 2019 Mr. Ron Hadassi was appointed as executive director and Ms. Maria Andrei was appointed as non-executive - director and Mr. Avi Hakhamov as former executive director was dismissed on his own request.

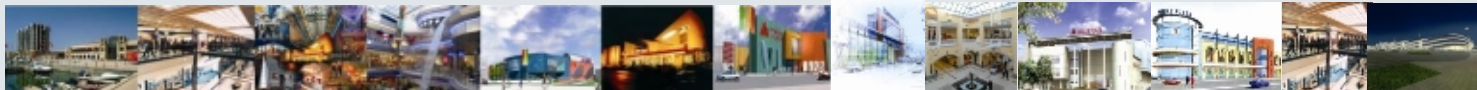
### 3. On March 23, 2020 Mr. David Dekel was appointed as the non-executive chairman of the Board of Directors.

### 4. 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.

On February 16, 2020, a Court verdict was received according to which the motion was erased without any order for the payment of expenses. The Judge stated that the Motion had resulted in the plaintiff had received certain of the documents requested by him and that he would not be receiving any more documents as part of the present proceedings, and therefore there is no longer a dispute between the parties in connection with the Motion. The Judge further noted that the plaintiff and the Company are free to act as they deem fit with respect to the possibility of filing a future lawsuit based on the grounds of some or all of the grounds specified in the Motion.

As of today, the parties are considering to file a lawsuit against certain agents in certain grounds to be agreed upon between the parties.



# Company's Activities in 2019

## Other material events during 2019 and as of today (Cont.)

### 5. Request to reveal documents – Romania:

In November 2019, the court denied the National Agency for Fiscal Administration complaint as unfounded. The court's decision is final.

### 6. Request to reveal documents – Romania (CASA RADIO):

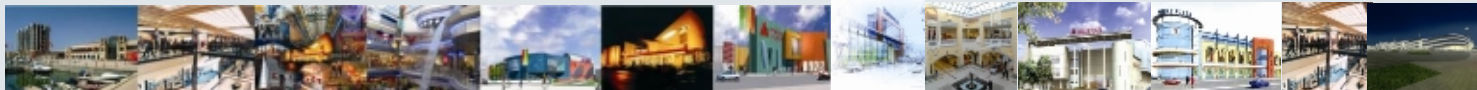
The Prosecutor decided that no money laundry exists and that the evidence regarding a potential traffic of influence leads to the conclusion that this may be considered a matter for civil litigation and not a criminal offense.

### 7. Dutch statutory auditor:

As described in Note 2(a) of the consolidated financial statements as of December 31, 2019 the Company is required to file annual statutory financial statements prepared in accordance with The Netherlands Civil Code. During 2019 the Company has been informed by the audit firm, Baker Tilly (Netherlands) N.V., that they would cancel their license to audit public interest entities and as a consequence, they are not in the position to provide the Company with their audit services for the 2019 statutory annual accounts. As a listed company, the Company needs to engage a Dutch audit firm that is licensed to perform audits for public interest entities. The choice for such firms in the Netherlands is very limited as only six firms have the appropriate license.

Despite extensive effort of the Company to find a new Dutch auditor, none of those six firms has been found prepared to accept the Company as their client. Due to the above and in order to avoid an outright violation of applicable stock exchange regulations, the Company decided to engage EY Israel to audit its IFRS consolidated annual accounts and to issue an auditor statement on that. The IFRS report and the auditor statement will be submitted to the London Stock Exchange, the Warsaw Stock Exchange and the Tel Aviv Stock Exchange. In addition, the board of directors intends to submit the consolidated financial statements as of December 31, 2019 (as audited by EY Israel) to the AFM and to approach after all the Dutch authorities once again in order to explore a solution.

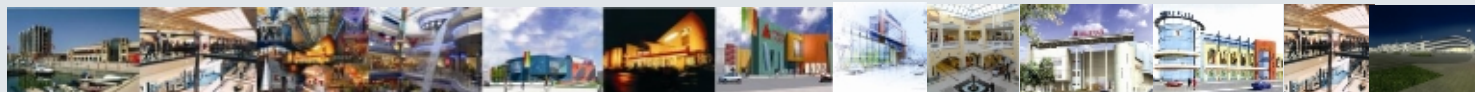
The company does not expect any material effect on the financial statement due to the above.



# Financial Highlights

## Consolidated Statement of Financial Position (*EUR 000*)

	Year ended December 31	
	2019	2018
<b>ASSETS</b>		
<b>Cash and cash equivalents</b>	1,126	1,405
Prepayments and other receivables	181	240
<b>Total current assets</b>	<b>1,307</b>	<b>1,645</b>
Trading properties	40,375	42,600
Equity - accounted investees	14,419	17,676
Property and equipment	-	19
<b>Total non-current assets</b>	<b>54,794</b>	<b>60,295</b>
<b>Total assets</b>	<b>56,101</b>	<b>61,940</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Bonds at amortized cost</b>	86,506	76,698
Accrued interests on bonds	3,846	-
Trade payables	94	56
Other liabilities	477	500
<b>Total current liabilities</b>	<b>90,923</b>	<b>77,254</b>
Provisions	15,825	14,087
<b>Total non-current liabilities</b>	<b>15,825</b>	<b>14,087</b>
Share capital	6,856	6,856
Translation reserve	(29,677)	(29,598)
Other reserves	(19,983)	(19,983)
Share based payment reserve	35,376	35,376
Share premium	282,596	282,596
Retained losses	(325,815)	(304,648)
<b>Total equity</b>	<b>(50,647)</b>	<b>(29,401)</b>
<b>Total equity and liabilities</b>	<b>56,101</b>	<b>61,940</b>





# Financial Highlights

## Consolidated Statement of Profit or Loss (EUR 000)

	Year ended December 31	
	2019	2018
<b>Revenues and gains</b>		
Revenue from disposal of trading properties	3,684	2,333
<b>Total Revenues</b>	<b>3,684</b>	<b>2,333</b>
<b>Gains and other</b>		
Other income	78	254
<b>Total Gains</b>	<b>78</b>	<b>254</b>
<b>Total Revenues and gains</b>	<b>3,762</b>	<b>2,587</b>
<b>Expenses and Losses</b>		
Cost of trading properties disposed	(3,463)	(2,891)
Cost of operations	(207)	(357)
Share in results of equity accounted investees, net of tax	(2,396)	1,443
Write-down of Trading Properties	(500)	(29,450)
Administrative expenses	(1,577)	(2,722)
Other expenses	(67)	(329)
Finance income	-	3,647
Finance costs	(16,648)	(11,306)
<b>Total Expenses and Losses</b>	<b>(24,858)</b>	<b>(41,965)</b>
<b>Loss before income tax</b>	<b>(21,096)</b>	<b>(39,378)</b>
<b>Tax benefit (Income tax expense)</b>	<b>(71)</b>	<b>1,013</b>
<b>Loss for the year</b>	<b>(21,167)</b>	<b>(38,365)</b>



# Financial Highlights

## Assets Book Value 31.12.2019

Project	Country	Type	Book Value December 31, 2019 (EUR M)
Casa Radio *	Romania	Plot	39.83
Brasov **	Romania	Plot	0.55
<b>Total Trading Property</b>			<b>40.38</b>
Bangalore ***	India	Plot	12.9
Chennai ****	India	Plot	6.8
			<b>60.08</b>

- The Company, with the assistance of an independent appraisal, carried out a valuation using the Residual value approach which set a value of EUR 47.3 million (2018 - EUR 43 million). Accordingly, since the value based on the Residual value approach is higher than estimated present value of the proposed deal as been appraised by external valuator, as of December 31, 2019, the Company recorded Casa Radio project at its net realizable value in the amount of EUR 24 million (2018 - EUR 25 million) (refer to slide 4 above for further details).

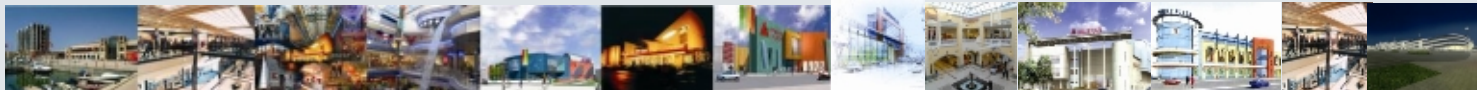
\*\* Definitive sale agreement signed in February 2020 (refer to slide 4 above for further details).

\*\*\* 50% (included in equity accounted investee).

As for December 31, 2019 the Group measured the net realizable value of the project. The net realizable value of the project based on the comparable Method INR 206 crores (EUR 25.8 million) was derived by external valuator.

\*\*\*\* 50% (included in equity accounted investee).

The external appraiser valued the property based on the comparable method in the value of INR 1,245 million (app. EUR 15.6 million) which is higher than the consideration based on the SPA signed on June 2019 between EPI and a local developer (refer to slide 5 above for more details). Accordingly, the Company recorded the value of the plot as of December 31, 2019, based on the signed SPA in the value of INR 1,082 million (app. EUR 13.5 million) out of which the company part recorded in consolidated financial reports as of December 31, 2019 were EUR 6.77 million.

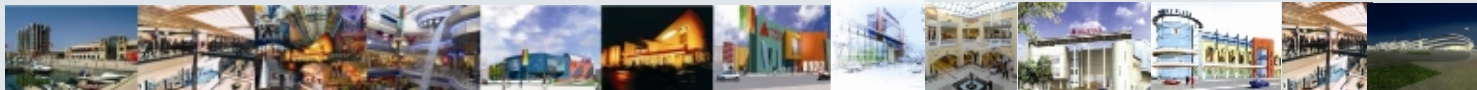


# Financial Highlights

## Debt Structure of the Group (€ Millions)

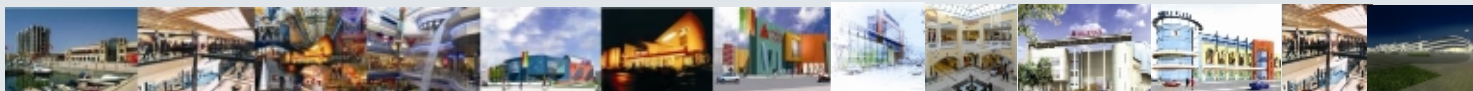
<b>Debt</b>	Debentures (Adjusted Par Value)	89
	Accrued interests	3.9
	<b>Total Debt including accrued interests</b>	<b>92.9</b>
<b>Resources</b>	Trading property (including India)*	39
	Current assets and liabilities, net	0.7
	<b>Total sources</b>	<b>39.7</b>
<b>Net Financial Debt</b>		<b>(-53.2)</b>
*Based on book value after deduction of the PAB provision (for Casa Radio project)		

Bonds as at December 31, 2019			
	Original currency		
	(M ILS)	fx rate	liability (M EUR)
Bond A	142.7	3.88	36.74
Bond B	203.1	3.88	52.28
Accrued interest (Bond A + Bond B)	14.9	3.88	3.85
<b>Total</b>			<b>92.87</b>



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

	Series A	Series B
	Israeli Bonds	Israeli Bonds
	NIS	
Bond raising (2007-2011)	401,850,451	1,483,126,346
Interest accrued and capitalized 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 31/12/2019)	(317,372,825)	(1,324,539,618)
Interest payments (until 31/12/2019)	<u>(167,231,631)</u>	<u>(479,302,552)</u>
Total payments	(484,604,456)	(1,803,842,170)
<b>Total payments over the years as percentage of total raising, net (%)</b>	<b>121.08%</b>	<b>129.76%</b>

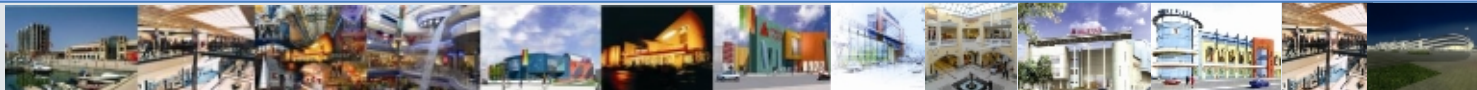


# Projected Cash Flows

## Projected Cash Flows (€ Millions)

		2020	2021
Source	Cash - Opening Balance – HQ <sup>(3)</sup>	1.13	0.56
	Proceeds from sales transactions, price adjustments <sup>(4)</sup>	0.80	-
	Cashflow from equity companies in India <sup>(5)</sup>	1.18	5.29
	<b>Total Sources</b>	<b>3.11</b>	<b>5.85</b>
Use	Debentures – principal	-	-
	Debentures – interest <sup>(6)</sup>	0.50	3.45
	Other potential operational costs <sup>(7)</sup>	0.50	0.50
	Operating costs <sup>(8)</sup>	0.15	0.15
	G&A expenses <sup>(9)</sup>	1.40	1.25
	<b>Total Uses</b>	<b>2.55</b>	<b>5.35</b>
	<b>Cash - Closing Balance <sup>(3)</sup></b>	<b>0.56</b>	<b>0.50</b>

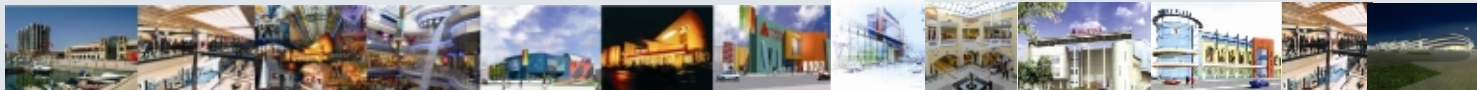
- 1) The above cash flow is subject to the approval of the bondholders of both series to postpone the repayment of the remaining balance of the bonds which are due on July 1, 2020.
- 2) The above cash flow does not include the influence of the CORVID -19 pandemic. For more details please refer to the page 3 above.
- 3) Total cash on standalone basis as well as fully owned subsidiaries.
- 4) Proceeds in the amount of EUR 0.55 million (last instalment) from disposal of land plot of an indirect subsidiary in Brasov, Romania which the Company received during February 2020 and an amount of app. EUR 0.25 million is expected from BIG Shopping Centers Ltd as the last instalment for the stands and signage based on the agreement signed between the parties on January 26, 2017.
- 5) The Company's part (50%) in the expected proceeds from future payments on account of the sale of plot in Chennai, India (held by indirect subsidiary owned 50% by the Company's) based on sale agreement signed on June 13, 2019 for a total consideration of approximately EUR 13 million (the company part EUR 6.5 million out of which EUR 1.18 million the Company received on February 18, 2020 and the rest which sum up to EUR 5.29 million is expected to be received during 2021); At this stage, due to among others, the influence of the Coronavirus pandemic on the real estate market in India, there is uncertainty if the buyer will exercise the sale agreement and pay the additional instalment.



# Projected Cash Flows

## Projected Cash Flows (€ Millions) (Cont.)

- 6) The expected payments are subject to recipient of all the proceeds the Company included in the cash flows, actual amount which will be paid to the bondholders will be adjusted based on the actual proceeds the company will receive. As of today, the company intends to pay Euro 250K at the end of June 2020 and the same amount during December 2020.
- 7) Includes provision for potential legal costs /Arbitrations.
- 8) Includes property maintenance (taxes, security, energy).
- 9) Total general and administrative costs include both cost of the Company and its subsidiaries.
- 10) BIG Shopping Centers Ltd informed the Company that they intend to hold an additional €1 million they owe, until an orderly engineering examination of the malls technical conditions is completed as part of the final Price adjustment to be performed in May 2020. The Company didn't include this amount in the cash flows. The Company is currently evaluating its options regarding BIG's intention to hold the €1 million (see also Note 17(10) of the consolidated financial statements as of 31.12.2019).
- 11) In addition, the Company didn't include any proceeds from pre-sale agreement signed with AFI, due to the uncertainty as to the fulfillment of the conditions set out in the preliminary agreement as mentioned in Note 5(3)(f) of the consolidated financial statements as of 31.12.2019, thus there can be no certainty an SPA will eventually be executed and/or that the Transaction will be completed.
- 12) The company didn't include any proceeds from its holding in an indirect subsidiary (50%) which holds a property in Bangalore, India due to the recent default of purchaser of Bangalore project to meet payments schedule according to the signed amendment agreement (as detailed in Note 6(b)(1) of the consolidated financial statements as of 31.12.2019). There can be no certainty that the agreement will be completed and therefore, no resources are expected to be available in forceable future at this time.



# THE END

