

# Plaza Centers NV

23-25 May 2007

Investor Presentation  
UBS CEE Seminar

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# Section 1

## Introduction to Plaza Centers

# Introduction

- Plaza Centers is a leading emerging markets developer of shopping and entertainment centres
- The Group has been present in the Central and Eastern Europe region since 1996 and was the first to develop western-style shopping and entertainment centres in Hungary
- Plaza has pioneered this concept throughout the CEE whilst building a strong track record of successfully developing, letting and selling shopping and entertainment centres. The Group has recently extended its area of operations beyond the CEE into India
- On 1st November 2006, the Company raised c. £166 million from the IPO and began trading on the Mainboard of the London Stock Exchange
- Acquired 6 development sites and opened 3 shopping and entertainment centres since the IPO
- A total of €120 million, representing 48% of the gross IPO proceeds, has already been utilised; the Company expects to be fully invested within the next 12 months

# Investment highlights

*Leading emerging markets developer of shopping and entertainment centres ...*

- Leading emerging markets developer with a strong track record of developing, letting and selling shopping and entertainment centres in the CEE region
- Clearly identified pipeline
- Proven ability to anticipate and adapt to market trends
- Internally managed company with highly skilled and experienced management team
- Strong relationships with leading international retailers and premier property investors
- Strong brand name in the CEE region
- Structured and proven property evaluation process
- Highly efficient construction process

# The IPO

*c. 48% of the  
IPO proceeds  
have already  
been utilised*

- On October 27, 2006 the Company announced the pricing of its initial public offering of Ordinary Shares on the Official List of the London Stock Exchange ("LSE").
- Total proceeds from the IPO were £166.2 million (approximately €247.2 million) from issuing 92.3 million ordinary shares.
- A total of €120 million, representing c. 48% of the gross IPO proceeds has already been utilized; the Company expects to be fully invested within the next 12 months

# Pre-IPO History

*Has developed, let and sold 21 shopping centres in the CEE region with an aggregate gross value of €581m*

- |           |  |
|-----------|--|
| 1996      | First investment in Hungary  |
| 1996–2004 | Developed and managed a portfolio of 20 shopping and entertainment centres                                 |
| 2004      | Sold 12 shopping and entertainment centres to Klépierre at an average net yield of 9.3%                    |
| 2005      | Sold 4 shopping and entertainment centres to Dawnay Day at an average net yield of 9.2%                    |
| 2005      | Sold 4 shopping and entertainment centres to Klépierre at an average net yield of 8.4%                     |
| 2006      | Sold 1 shopping and entertainment centre (and 4 forward sold) to Klépierre at an average net yield of 7.9% |
- Market value on completion of the owned projects/development rights was €1,981.5 million at IPO
  - Healthy pipeline in Romania, Poland, Czech Republic, Slovakia and India
  - Expanding into Indian market where expertise gained in CEE can be applied
  - Parent company Elbit Medical Imaging is currently active in India and will offer Plaza right of first refusal of sites suitable for the development of shopping and entertainment centres

# Strategy and Objectives

*A clear and focussed strategy*

- Develop modern western-style shopping and entertainment centres in capital and regional cities primarily in CEE and more recently in India
- Acquire operating shopping centres that show significant redevelopment potential
- Pre-sell centres, where market conditions are favourable, prior to or shortly after commencement of construction
- Where the opportunity exists in CEE, draw upon skills of the Europe Israel Group to participate in residential, hotel, offices and other development schemes

*Objectives*

- Target 4–5 new development projects per year
- Target returns of at least 40%–60% on equity invested
- Dividend policy—Fixed 25% of realised development profits up to €30 million, and 20–25% of the excess thereafter, as decided by the Directors. Payable annually following Financial year 2007



# Section 2

## Highlights

# Financial Highlights 2006

- Gross revenues and net gains from sale and operating of real estate of €74 million (2005: €55.7 million)
- Profit before tax of €16.3 million (2005: €35.2 million) owing to acquisitions of projects and funding of the Company's construction programme during the year
- Cash position of €219 million (2005: €50 million) and working capital of €324 million (2005: €84 million)
- Increase in value to €160 million of real estate trading properties developed for future sale
- Total assets of €475 million (2005: €211 million)
- Basic and diluted EPS of €0.27

# Operational Highlights 2006

- Opening of the Novo Plaza in Prague in March 2006 & sale in June 2006 at an asset value of €50M
- Receipt of an additional price adjustment payment of €13.7M, mainly for the four Polish shopping centres previously sold in 2005
- Securing the landmark Casa Radio project in Bucharest in November 2006, with an estimated post development value of c. €1 billion
- Purchase of two additional land plots for the development of shopping centres in the Czech Republic:
  - ❖ Liberec - app. 21,000m<sup>2</sup> GLA
  - ❖ Opava - app. 14,200m<sup>2</sup> GLA
- Purchase of two additional land plots for the development of shopping centres in Poland:
  - ❖ Suwalki - app. 16,000 - 18,000m<sup>2</sup> GLA
  - ❖ Zgorzelec - app. 16,000m<sup>2</sup> GLA
- First transaction in India via a Joint Venture ("JV") for development of a mixed use project (shopping centre, offices) in Koregaon Park, Pune - app. 107,500m<sup>2</sup> GBA.

# Key Highlights since the year end

- Acquisition of an additional land plot for the development of a shopping centre project in the city of Torun, Poland (app. 30,000m<sup>2</sup> GLA)
- Acquisition of an additional land plot for the development of a shopping centre project in Timisoara, Romania (app. 30,000m<sup>2</sup> GLA)
- A second JV deal in India was agreed for the development of a mixed use project (shopping centre, offices and serviced apartments) in the Kharadi district of Pune, totalling app. 225,000m<sup>2</sup> GBA
- Successful openings of the Rybnik Plaza in Rybnik, Poland on March 15 2007, Sosnowiec Plaza in Sosnowiec, Poland on 29 March 2007 and Lublin Plaza in Lublin, Poland on May 24, 2007. All centres have been pre-sold to Klépierre and were 100% leased on the opening date
- Successful handover of Rybnik and Sosnowiec shopping centres to Klépierre in May 2007 for an asset value of c. €90.1m (increase of €18.6m compared with expectation at IPO)
- Sale of Duna Plaza Offices to Klépierre for €14.2m
- Successful ongoing deployment of the IPO proceeds, including €48 million spent on acquisition of pipeline projects in Central and Eastern Europe ("CEE") and €23 million committed to expanding the Company's presence in India
- Increasing liquidity—Average daily volume of shares traded over the last 30 days is c. 42% higher compared to the first 30 days trading following the IPO with the average monthly volume for March and April 2007 exceeding 16 million shares

**The Group is examining entering additional emerging markets such as Bulgaria, Ukraine , Russia, Georgia and Slovakia**

# Main use of IPO proceeds to date

To date, we have utilised approximately 48% of the gross IPO proceeds as follows:

<b>Use</b>	<b>EUR (m)</b>
Finance of current developments (1)	30
Acquisition of pipeline projects in the CEE (2)	48
Refinancing (3)	19
Expand operations in India (4)	23
<b>Total</b>	<b>120</b>

(1) Mainly Arena, Riga, Liberec, Sosnowiec & Lublin

(2) Casa Radio, Timisoara, Torun, Zgorzelec

(3) Duna Offices, Greece, Airplane

(4) Koregaon Park & Kharadi

**Plaza expect the IPO proceeds to be fully invested within one year**



# Section 3

## 2006 Financial Results

# Results Overview (I)

	2006	2005
	€ '000	€ '000
Revenues (1)	60,219	14,955
Gain from the sale of investment property, net (2)	13,715	1,089
Changes in fair value of investment property	257	39,726
Cost of operations (3)	50,034	6,613
Gross profit	24,157	49,157

(1) Including sale of Novo Plaza - €50m; Rent - 4M; Fantasy Park - €4m

(2) Including sale of Poznan PA - €9m; Electricity Licenses - €4.4m

(3) Including sale of Novo Plaza - €44m; Property operations - €3m

## Results Overview (II)

	2006	2005
	€ '000	€ '000
Administrative expenses (1)	8,173	6,572
Operating profit (2)	15,984	42,585
Finance income (expenses), net (3)	664	(7,585)
Other Income (expenses), net	(170)	161
Share in profit (loss) of associate	(150)	40
Income tax expenses (4)	1,608	5,859
<b>Profit for the year</b>	<b>14,720</b>	<b>29,342</b>

# Results Overview (III)

## *Notes*


- (1) Administrative expenses increased mainly due to non-cash share based payments (€1.2 million) and increase in volume of activities.
- (2) Well ahead of expectations, although a decline compared with the €42.6 million of 2005. The decline reflects the exceptional level of gains in 2005 from the revaluation of investment properties and sale of four of Plaza's shopping centres in Poland and other price adjustment payments for previously sold centres, amounting to €40.8 million. Plaza expects to sell three to four shopping centres in 2007.
- (3) Increase due to higher cash balances and more favourable lending terms achieved.
- (4) Taxation remains low due to favourable tax structure (Dutch Holding company).

# Balance sheet and cash flow

- The balance sheet as at 31 December 2006 showed net assets of €364.7 million compared to net assets of €96 million at the end of 2005. This rise is primarily due to Plaza's net proceeds of €234.5 million from its share offering and listing on the London Stock Exchange in October 2006.
- Cash and short term deposits increased to €219 million (2005: €50 million) due to the share issuance, the sale of Novo Plaza, price adjustments (proceeds of €17.3 million), and investments (€92 million).
- Other accounts receivables and prepayments - €29.2 million (2005: €4.8 million), mainly as a result of prepayment on account of the Casa Radio project acquired in Bucharest (€19.4 million).
- Total bank borrowings (long and short term) decreased to €57.1 million (2005: €70.6 million), reflecting the repayment of the loan used to construct the Novo Plaza and its subsequent sale.
- Related Party balances are presented gross as the balances are with different Plaza group subsidiaries and therefore netting was not possible under IFRS. However, the net balance of the Plaza Group with its controlling shareholders is approximately €6.8 million (liability), the majority of which was settled at the beginning of 2007.

# Dividend Policy

- *As explained in the Company's Admission Document, the Directors intend to adopt a dividend policy under which:*
  - ❖ Dividends are expected to be paid at the rate of 25% on the first €30 million of annual net profits, and thereafter at the rate of between 20% and 25%, as determined by the Directors, on any additional annual net profits which exceed €30 million.
  - ❖ The dividends will be paid on or about 31 March following the publication of the financial results on the basis of the aggregate of the annual net profits accumulated during the preceding financial year.
  - ❖ The first dividend will be paid in 2008 following the 2007 results.

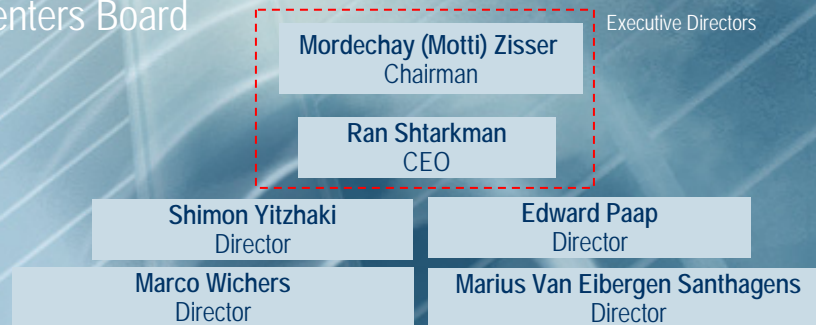


# Section 4

## Company Structure

# A lean management structure

## Plaza Centers Board



- Oversight of company strategy and all project development decisions
- Wide-ranging property development expertise
- Review and approve business plan and budgets
- Actively manage and monitor development risks

## Senior Management



- Experienced property development professionals with global property development expertise
- Responsible for sourcing development projects
- Develop business plans
- Overseeing the management of development projects

## Local Country Management




- Extensive local experience
- Cultivate connections within market to source opportunities
- Day-to-day management of local operations and developments

# Ownership structure



- Plaza Centers is an indirect subsidiary of Elbit Medical Imaging Ltd., an Israeli public company whose shares are traded on both the Tel Aviv Stock Exchange (TASE) in Israel and the NASDAQ Stock Exchange in the United States
- The Company is a member of the Europe Israel Group of companies which is controlled by its founder, Mr Mordechay Zisser. The Europe Israel Group holds interests in a chain of 6 operational hotels in Western Europe together with 1 apartment hotel in Bucharest, which have been acquired and developed by the Europe Israel Group. Additionally, the Europe Israel Group has two hotel projects currently under development in Hungary and Romania
- The relationships between Plaza Centers and controlling shareholders will be governed by a relationship agreement which ensures transactions between the parties are carried out on an arms length basis
- Control Centers, a company owned by Mordechay Zisser, will receive a payment of 5% of project execution costs (excluding cost of land and financing costs) for providing coordination, planning, execution and supervision of each project

The background features a dark blue gradient at the top, transitioning into a lighter blue area with a grid of thin white lines. A circular lens-like effect is centered over the grid, creating a sense of depth and focus.

# Section 5

## Project Overview

# Project Summary

## *Assets by location*

Location	Number of assets	
	Under development	Offices <sup>(1)</sup>
Hungary	4	1
Poland	4	-
Czech Republic	4	1
Romania	2	-
Latvia	1	-
Greece	1	-
India	2	-
<b>Total</b>	<b>18</b>	<b>2</b>

(1) Company head office and Prague 3 Office

# Project Overview to date

## *Hungary—Projects under development*

No,	Asset/Project	Location	Nature of asset	Size Sqm (GLA)	Plaza %	Status
1	Arena Plaza	Budapest, Hungary	Retail & entertainment Scheme	66,000	100	Construction commenced in 2006; completion scheduled for Q4 2007. Currently engaged in sale process
2	Arena Plaza Extension	Budapest, Hungary	Mixed use of Retail, residential & other	19,500 (for rent & sale)	100	Planning under application
3	Duna Plaza extension	Budapest, Hungary	Retail & entertainment scheme	15,000	Develop. rights	Planning under application
4	Dream Island (Obuda)	Budapest, Hungary	Major business & leisure resort	350,000 (GBA) (for rent & sale)	30	Planning under application. Construction to commence in 2007; completion scheduled for 2012

# Project Overview to date

## *Poland—Projects under development*

No,	Asset/Project	Location	Nature of asset	Size Sqm (GLA)	Plaza %	Status
5	Suwalki Plaza	Suwalki, Poland	Retail & entertainment scheme	16,000 - 18,000	100	Construction will Commence in 2007; Completion scheduled for 2009
6	Lodz	Lodz, Poland	Retail & entertainment or office/resi. scheme	29,000	100	Planning under application

# Project Overview to date

## *Czech Rep—Projects under development*

No,	Asset/Project	Location	Nature of asset	Size Sqm (GLA)	Plaza %	Status
7	Pizen Plaza	Pilsen, Czech Rep.	Retail & entertainment scheme	20,000	100	Construction started in 2006; completion scheduled for late 2007
8	Prague 3	Prague, Czech Rep.	Office, for future use as residential	61,600 (for sale)	100	Currently operational as an office building, re-zoning for future use for residential is in progress
9	Opava Plaza	Opava, Czech Rep.	Retail & entertainment scheme	14,200	100	Construction will start in 2007; completion scheduled for 2009
10	Liberec Plaza	Liberec, Czech Rep.	Retail & entertainment scheme	21,000	100	Construction will start in 2007; completion scheduled for 2008

# Project Overview to date

## *Latvia & Greece—Projects under development*

<b>No,</b>	<b>Asset/Project</b>	<b>Location</b>	<b>Nature of asset</b>	<b>Size Sqm (GLA)</b>	<b>Plaza %</b>	<b>Status</b>
11	Riga Plaza	Riga, Latvia	Retail & entertainment scheme	47,000	50	Construction started in 2007; completion scheduled for 2009
12	Helios Plaza	Athens, Greece	Retail & entertainment or office scheme	35,000	100	Planning under application

# Acquisitions post IPO (I)

No,	Asset/Project	Location	Nature of asset	Size Sqm (GLA)	Plaza %	Status
13	Casa Radio	Bucharest, Romania	Mixed-use retail & leisure plus residential/ office scheme	360,000 (GBA)	75	Construction will commence in 2007; completion scheduled between 2010-2012
14	Timisoara	Timisoara, Romania	Retail & entertainment scheme	30,000	100	Planning under application
15	Zgorzelec Plaza	Zgorzelec, Poland	Retail & entertainment scheme	16,000	100	Construction will start in 2007; completion scheduled for 2009
16	Torun	Torun, Poland	Retail & entertainment scheme	30,000	100	Construction will start in 2009; completion scheduled for 2010-2011

# Acquisitions post IPO (II)

No,	Asset/Project	Location	Nature of asset	Size Sqm (GLA)	Plaza %	Status
17	Koregaon Park	Pune, India	Retail, entertainment & office scheme	107,500 (GBA)	50	Construction started in 2007, expected completion in 2009-2010
18	Kharadi	Pune, India	Retail, entertainment & Service Apartments	225,000 (GBA)	50	Construction will commence in 2007, expected completion in 2010-2011



# Appendix A

## Further Project Information

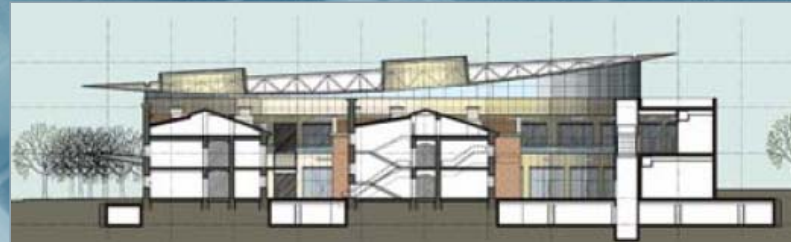
# Overview of existing projects

Arena Plaza (Hungary)



- **Pre-sold:** Under negotiation
- **Number of units:** 220
- **Parking spaces:** 2,600
- **Opening:** Q4 2007
- **Project status:** Significant tenant interest with over 55% pre-let; under construction

Suwalki Plaza (Poland)



- **Number of units:** 70
- **Parking spaces:** 460
- **Size:** 16,000-18,000m<sup>2</sup>
- **Opening:** 2009
- **Project status:** Permits under application

Lublin Plaza (Poland)



- **Pre-sold:** Klépierre
- **Number of units:** 125
- **Parking spaces:** 690
- **Opening:** Q2 2007
- **Project status:** Completed; 100% pre-let; handover expected by the end of June 2007

Plzeň Plaza (Czech Republic)



- **Pre-sold:** Klépierre
- **Number of units:** 110
- **Parking spaces:** 600
- **Opening:** Q4 2007
- **Project status:** under-construction; zoning and building permits received; pre-letting-40%

# Overview of existing projects

## Lódz Plaza (Poland)



- The Group is currently exploring the possibility of developing this site as a shopping and entertainment centre, integrated with a public market or alternatively as a residential/office project
- The site is located in the central university district of Lódz and is within 500m of Piotrkowska, an arterial pedestrianised street in the city centre

## Riga Plaza (Latvia)



- **Pre-sold:** Under negotiation
- **Number of units:** 169
- **Parking spaces:** 1,500
- **Size:** 47,000m<sup>2</sup>
- **Opening:** 2009
- **Project status:** Construction commenced Q2 2007. Letting commenced

## Zgorzelec Plaza (Poland)

- ┌ **City:** Zgorzelec
- ┌ **Project type:** Retail and entertainment scheme
- ┌ **Size:** 16,000m<sup>2</sup>
- ┌ **Opening:** 2009
- ┌ **Plaza share:** 100%
- ┌ **Project status:** Planning stage

## Torun Plaza (Poland)

- ┌ **City:** Torun
- ┌ **Project type:** Retail and entertainment scheme
- ┌ **Size:** 30,000m<sup>2</sup>
- ┌ **Opening:** 2009-2010
- ┌ **Plaza share:** 100%
- ┌ **Project status:** Planning stage

# Overview of existing projects

## Librec Plaza (Czech Republic)



- **Number of units:** 100
- **Parking spaces:** 600
- **Size:** 21,000m<sup>2</sup>
- **Opening:** 2008
- **Project status:** Permits under application, initial construction started

## Opava Plaza Czech Republic)



- **Number of units:** 75
- **Parking spaces:** 350
- **Size:** 14,200m<sup>2</sup>
- **Opening:** 2009
- **Project status:** Permits under application

## Timisoara (Romania)

- ┌ **City:** Timisoara
- ┌ **Project type:** Retail and entertainment scheme
- ┌ **Size:** 30,000m<sup>2</sup>, with option for additional 50,000m<sup>2</sup> of residential
- ┌ **Plaza share:** 100%
- ┌ **Project status:** Planning stage

## Helios Plaza (Greece)



- ┌ Comprises an undeveloped building plot of 14,892m<sup>2</sup> situated in a highly visible and commercial position at the junction of two major avenues in the heart of southern Athens
- ┌ The Company, together with its legal counsel, is examining alternative development opportunities of the site, including offices

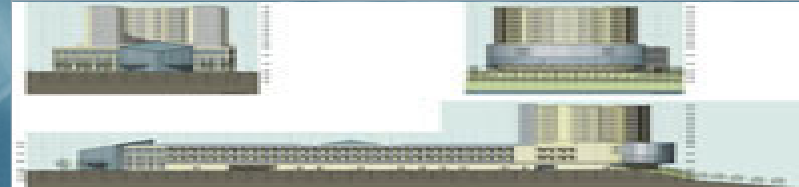
# Overview of existing projects

## Kharadi (India)



- **City:** Pune
- **Project type:** Retail, entertainment and services apartments
- **Size:** 225,000m<sup>2</sup>
- **Opening:** 2010-2011
- **Plaza share:** 50%
- **Project status:** Planning stage

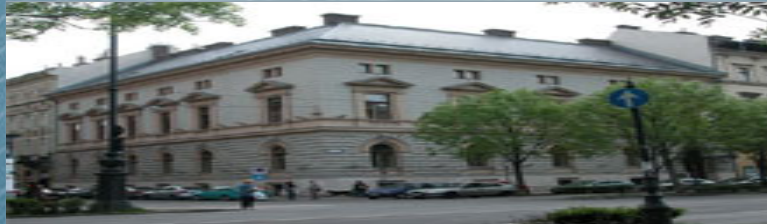
## Koregaon Park (India)



- **City:** Pune
- **Project type:** Retail, entertainment and office scheme
- **Size:** 107,500m<sup>2</sup>
- **Opening:** 2009-2010
- **Plaza share:** 50%
- **Project status:** Initial construction

# Overview of existing projects

David House (Hungary)



- The Company owns an office building located on Andrássy Boulevard, a prestigious location and one of the most prominent streets in the centre of Budapest
- The building was reconstructed/refurbished by the Group during 2000–2001 in co-operation with the local monument preservation authority

Prague III (Czech Republic)



- ┌ The Company owns a commercial complex comprising of a number of buildings located in the Third District of Prague, which currently operates as a logistics and commercial centre
- ┌ The Group is currently examining the possibilities of developing this site as a residential complex

Arena Art Gallery (Hungary)



- The Arena Plaza extension is a retail and residential addition to the Arena Plaza shopping and entertainment centre comprising a gross area of approximately 53,000m<sup>2</sup>
- ┌ The rentable retail area is approximately 19,500 m<sup>2</sup> and is arranged over 3 floors
- In addition, there will be approximately 84 residential units extending to 5,948m<sup>2</sup>. Mall areas and common areas will extend to approximately 11,700m<sup>2</sup>

Duna Plaza Extension (Hungary)



- ┌ The Group has an agreement in principle to construct an extension to the Duna Plaza shopping and entertainment centre owned by Klépierre
- ┌ This property is located on the Pest side of the Danube River in Budapest XIIIth District 'Angyalföld' fronting Váci ut, a main arterial traffic corridor leading north out of the city. The area has developed rapidly over the past 5–7 years with many major corporates now located nearby
- Expected completion by 2010

# Overview of existing projects

## Dream Island (Hungary)



- The Group holds an indirect 30% interest in the "Dream Island" Consortium, which owns an area of land measuring approximately 347,000m<sup>2</sup> located on the southern end of Obuda Island in the Danube River
- The site will be developed as a fully integrated leisure entertainment and business complex with a Las Vegas style leisure offering
- Includes eight to ten four and five-star hotels (approximately 3,083 rooms), four apartment hotels (approximately 3,000 rooms), a convention centre accommodating 3,500 delegates, a casino (with approximately 150 tables), a 3,500 seat opera house, a 1,500 seat dinner theatre, a marina with an anchorage for 300 vessels, a shopping and entertainment centre, a roman cultural museum, and parking facilities for approximately 5,500 vehicles
- The Dream Island consortium intends to commence the construction on the southern side of Dream Island in early 2007 and to complete the project in 5-6 years, with an estimated total investment of approximately €1.1 billion
- The other members of the consortium are CP Holdings Ltd., a member of the group of companies controlled by Sir Bernard Schrier (30% direct interest), MKB Bank Nyrt (formerly Magyar Külkereskedelmi Bank Rt.) of Budapest, a leading Hungarian commercial bank (30% indirect interest), and a company controlled by the managing director of the consortium (10% direct interest)
- **Project status:** Modified Town Planning Scheme (KSZT) received following a referendum amongst the residents of the local district. Initial excavation works commenced, approaching permit for execution of the slurry walls.

# Overview of existing projects

## Casa Radio (Romania)



- Plaza holds a 75% stake in a company which has entered into a public-private partnership agreement with the Government of Romania to develop the c. €1 billion Casa Radio (Dambovica) scheme in Bucharest, the largest development plot available in the city centre. The Romanian Government will remain a 15% partner in the scheme as well as additional third party (10%).
- The acquisition is a further demonstration of Plaza's leading position in the CEE region.
- The Casa Radio development sits on a 9.195ha (22.7 acre) site located in central Bucharest, incorporating a large area of the Bucharest city centre. Gara de Nord, the city's main railway station is nearby as well as the adjacent Eroilor Metro Station and a number of trolley bus services which serve the site.
- The development of Casa Radio comprises approximately 360,000m<sup>2</sup>, including:
  - A 132,000m<sup>2</sup> shopping mall and leisure centre (one of the largest in Europe)
  - residential area
  - hotel, casino
  - hypermarket
  - convention and conference hall.
  - Furthermore, two 135m tall towers of 53,000m<sup>2</sup> each, which once completed, will be among the tallest buildings in Bucharest.
- **Project status-** Demolition works and initial construction commenced, approaching final concept design.