



Presentation for Bondholders' Meeting
October 19, 2020

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Company's Activities in 2020

Sale of assets in 2020

- 1. 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 in 2019).
- 2. Update on the sale of the shopping center in Belgrade, Serbia:** On June 15, 2020, the Company received EUR 0.83 million, which is the final amount that should be paid to the Company under the sale of Belgrade Plaza (refer to Note 7(f) in the interim Consolidated Financial Statements as of June 30, 2020).
- 3. Update on the sale of Casa Radio:** Despite of the mutual attempts of the Company and AFI Europe N.V. to receive the authority's approval in order to be able to execute the SPA there has been no progress since the pre-sale agreement has been signed. The Company is exploring all its options in order to obtain progress, including among others its legal option (refer to note A below). Due to the above, there can be no certainty that the SPA will eventually be executed and/or that the transaction will be completed .
- 4. Update on the sale of the plot in Bangalore, India:** On January 10, 2020, the Company announced that 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 regards the criminal cases filed for dishonor of the cheques which were given as security for payment of certain installments, the court has issued arrest warrants and the local police is on the lookout for the accused persons. As of today, the Partner filed its response asking for the insolvency proceedings to be dismissed. The case is to come up for arguments before the National Company Law Tribunal, Bangalore, India (the delay in the hearings were a result of the COVID 19). As of date hereof, the Partner paid to EPI approximately EUR 10.3 million (INR 87 crores) (Plaza part approximately EUR 5.1 million (INR 43.5 crores)) out of a total consideration of approximately EUR 42 million (INR 356 crores).
- 5. Update on the sale of the plot in Chennai, India:** On August 31, 2020, the Company announced that, due to the COVID 19 negative impact on the economic situation in India, the Purchaser has sought additional time for closing of the transaction (currently set for September 2, 2020), and the parties have reached a revised understanding that the Purchaser will deposit approximately EUR 0.115 million (INR 1 crores) and agrees to deposit additional approximately EUR 0.057 million (INR 0.50 crores) by December 1, 2020. The Purchaser got additional seven months to complete the closing (up to April 1, 2021), which may be extended by another three months (up to June 30, 2021) upon payment by the Purchaser of an additional deposit of INR 7.5 crores. As of this date, the Purchaser has deposited a total of approximately EUR 3.2 million (INR 26 crores).



Company's Activities in 2020

Material events during 2020

1. Deferral of payment of Bonds (Series A and Series B) and partial Interests' payment

On May 4, 2020 the bondholders approved: (i) to postpone the final redemption date to January 1, 2021; (ii) that on July 1, 2020 the Company will pay to its bondholders a partial interest payment in the total amount of EUR 250,000.

Following receiving the Settlement Amount (see Note 7(f) in the interim Consolidated Financial Statements as of June 30, 2020), and in light of the potential negative impact of the Covid-19 on the possibility to receive future proceeds from the Company's plots in India, the Company decided to increase the amount to be paid to the bondholders on July 1, 2020, from EUR 250,000 to EUR 500,000.

2. Dutch statutory auditor

Following Note 19(d) to the annual consolidated financial statements as of December 31, 2019, which discloses statutory filing requirements, the Company submitted the annual consolidated financial statements as of December 31, 2019 which were filed to the London Stock Exchange, the Warsaw Stock Exchange and the Tel Aviv Stock Exchange to the Authority for the Financial Markets.

3. Impact of the Covid-19

During the first half of 2020, the Covid-19 global health and economic crisis was severely affecting business, leading to supply chain disruptions, cash flow problems and, more generally, a sharp drop in activity. 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 (refer to Note 7(i) in the interim condensed consolidated financial statements as of June 30, 2020).

4. Annual General Meeting and the Meeting of Independent Shareholders

Annual general meeting of the Shareholders and meeting of Independent Shareholders of the Company were held on July 29, 2020. All the proposed resolutions were passed, including appointment of Mr. David Dekel as the non-executive chairman of the Board of Directors.

5. Update regarding a lawsuit against entities involved in the sale of U.S. shopping centers in 2011:

Further to the disclosure in note 7(e) in the interim Consolidated Financial Statements as of June 30, 2020, an agreement was signed between shareholders of the company, the Company, Elbit Imaging Ltd (hereinafter together: "the Plaintiff") and First Libra Israel Ltd. (hereinafter: "Libra") according to which Libra will finance all the expenses of filing and managing of a new lawsuit by the respondents against certain parties (hereinafter: "Financing agreement" and "new lawsuit", respectively).

The parties to the financing agreement have agreed inter alia, that out of, any value received as a result of the new lawsuit (if it is received) each of the company and Elbit will be entitled to about 20.75% of the balance of the lawsuit funds (after reimburse Libra's expenses).

On October 18, 2020 the parties has filed a new lawsuit in the amount of app. NIS 60 million.



Financial Highlights

Consolidated Statement of Financial Position and Statement of Profit or Loss (EUR 000)

Consolidated Statements of Financial Position (EUR 000)	June 30, 2020	December 31, 2019
	Not audited, not reviewed	Audited
ASSETS		
Cash and cash equivalents	2,612	1,126
Prepayments and other receivables	128	181
Total current assets	2,740	1,307
Trading properties	37,425	40,375
Equity - accounted investees	12,636	14,419
Total non-current assets	50,061	54,794
Total assets	52,801	56,101
LIABILITIES AND SHAREHOLDERS' EQUITY		
Bonds at amortized cost	88,438	86,506
Accrued interests on bonds	6,945	3,846
Trade payables	164	94
Other liabilities	224	477
Total current liabilities	95,771	90,923
Provisions	15,825	15,825
Total non-current liabilities	15,825	15,825
Share capital	6,856	6,856
Translation reserve	-30,476	-29,677
Other reserves	-19,983	-19,983
Share based payment reserve	35,376	35,376
Share premium	282,596	282,596
Retained losses	-333,164	-325,815
Total equity	-58,795	-50,647
Total equity and liabilities	52,101	56,101

Consolidated Statement of Profit or Loss (EUR 000)	June 30, 2020	June 30, 2019
	Not audited, not reviewed	Not audited, not reviewed
Revenues and gains		
Revenue from disposal of trading properties	1,452	930
Total Revenues	1,452	930
Gains and other		
Other income	20	48
Total Gains	20	48
Total Revenues and gains	1,472	978
Expenses and Losses		
Cost of trading properties disposed	-580	-955
Cost of operations	-44	-160
Write-down of Trading Properties	-2,400	500
Share in results of equity accounted investees, net of tax	161	-107
Administrative expenses	-437	-669
Other expenses	-17	-23
Finance income	612	-
Finance costs	-6,13	-10,348
Total Expenses and Losses	-8,821	-11,762
Loss before income tax	-7,349	-10,784
Tax benefit (Income tax expense)	-	-113
Loss for the year	-7,349	-10,897



Financial Highlights

Assets Book Value 30.06.2020

Project	Country	Type	Book Value
			June 30, 2020 (EUR M)
Casa Radio *	Romania	Plot	37.4
Bangalore **	India	Plot	13.0
Chennai ***	India	Plot	5.8
			56.2

* Due to the material changes in the Real Estate markets the Company decided to perform through the external appraiser an updated valuation as of June 30, 2020 using the Residual value approach which set (after a deduction of 35%) to a value of app. EUR 32.6 million (2019 - EUR 41 million). In light of the increase in the uncertainty that the SPA will eventually be executed and/or that the transaction will be completed as well as the increase uncertainty in the real estate due to the expected impact of COVID 19 and the decrease in the value of the asset based on the valuation prepared by an external appraiser using the Residual value approach (as detailed above), the management assumed a 10% write off in the value of the property compared to the value as of December 31, 2019, resulted in value of the proposed deal of EUR 21.6 million (2019 - EUR 24 million).

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

As for June 30, 2020 the Group measured the net realizable value of the project. The net realizable value of the project based on the comparable Method is EUR 25.9 million (INR 219 crores) and 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 app. EUR 11.7 million (INR 98.8 crores) which is lower than the consideration based on the SPA signed on June 2019 between EPI and a local developer (refer to Note 6(2) in the interim Consolidated Financial Statements as of June 30, 2020). Accordingly, the Company recorded the value of the plot as of June 30, 2020, based on the valuation in the value of app. EUR 11.7 million (INR 98.8 crores) out of which the Company's part recorded in consolidated financial reports as of June 30, 2020 was EUR 5.8 million.



Financial Highlights

Debt Structure of the Group (€ Millions)

Debt	Debentures (Adjusted Par Value)	88.43
	Accrued interests	6.95
	Total Debt including accrued interests	95.38
Resources	Trading property (including India)*	34.24
	Current assets and liabilities, net	2.35
	Total sources	36.59
Net Financial Debt		(-58.79)
*Based on book value after deduction of the PAB provision (for Casa Radio project)		

Bonds as at June 30, 2020			
	Original currency (M ILS)	fx rate	liability (M EUR)
Bond A	141.73	3.88	36.50
Bond B	201.65	3.88	51.93
Accrued interest (Bond A + Bond B)	26.97	3.88	6.95
Total			95.38



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 30/06/2020)	(317,372,825)	(1,324,539,618)
Interest payments (until 30/06/2020) ⁽¹⁾	<u>(167,973,073)</u>	<u>(480,511,106)</u>
Total payments	(485,345,898)	(1,805,050,724)
Total payments over the years as percentage of total raising, net (%)	121.26%	129.84%

(1) During 2020 the Company intends to repay EUR 700,000 interests to the bondholders (series A+ series B) compared to EUR 500,000 the Company presented in presentation published on April 3, 2020 (out of which app. EUR 500K were paid until June 30, 2020 and EUR 200K will be repaid by January 1, 2021 subject to the bondholders approval).



Projected Cash Flows

Projected Cash Flows (€ Millions)

In € millions	Q4 2020- End of -2021
Cash - Opening Balance	2.26 ⁽²⁾
Proceeds from sales transactions, price adjustments	-
Cashflow from equity companies in India ⁽³⁾	0.70
Total Sources	2.96
Debentures - principal	-
Debentures - interest ⁽⁴⁾	0.40
Other operational costs ⁽⁵⁾	0.24
Operating costs ⁽⁶⁾	0.22
G&A expenses ⁽⁷⁾	1.6
Total Uses	2.46
Cash - Closing Balance	0.5

- (1) The above cash flow is subject to the approval of the bondholders of both series to postponement of the repayment of the remaining balance of the bonds which are due on January 1, 2021.
- (2) Total cash as of 30.9.2020 on standalone basis as well as fully owned subsidiaries.
- (3) The Company's part (50%) in the expected proceeds from future payments on account of the sale of plot in Chennai, India (which is held by indirect subsidiary owned 50% by the Company's) based on sale agreement signed on June 4, 2019 and the revised understanding the company announced it signed on August 31, 2020.
At this stage, due to among others the influence of the Coronavirus pandemic on the real estate market in India, the company assumed it will receive during Q3 2021 it's part in the cash balances held by the Indian project company as well as the additional instalment the buyer is expected to deposit until the end of Q2 2021.
There is uncertainty if the buyer will deposit the additional instalment and / or if the SPA closing will occur (refer to the company's announcement on August 31, 2020).
- (4) The payments are subject to recipient of all the proceeds the Company included in the cash flow. The actual amount which will be paid to the bondholders will be adjusted based on the actual proceeds the company will receive.
- (5) Includes provision for legal costs /Arbitrations.
- (6) Includes property maintenance (taxes, security, energy and other).
- (7) Total general and administrative includes both cost of the Company and of all the subsidiaries.
- (8) The Company didn't include any proceeds from pre-sale agreement signed with AFI, due to the uncertainty as to the fulfilment 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.
- (9) 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(1) of these interim Consolidated Financial Statements as of June 30, 2020) as there can be no certainty that the agreement will be completed, hence no resources are expected to be available in forceable future at this time.



THE END



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CASA RADIO: POTENTIAL ARBITRATION AGAINST ROMANIA

Presentation to the Bondholders
of Plaza Centers N.V.

19 October 2020

Introduction

- ▶ We were instructed to consider potential claims and counterclaims with respect to the Casa Radio Project in Romania.
- ▶ We analysed the Casa Radio Project in cooperation with a Romanian law firm.
- ▶ We are presenting to you generally our recommendations to Plaza. The board of directors of Plaza has benefit of our full advice.

**Nothing in this presentation should be taken as a waiver of privilege or any other relevant legal rights with respect to our advice, or as an admission on the part of Plaza with respect to their rights and obligations under the PPP Agreement.*

Our Recommendations

- ▶ Plaza should pursue claims against Romania with respect to the Casa Radio Project, while at the same time continuing discussions with respect to the AFI option.
 - Assuming the dispute isn't settled first, we estimate that the arbitration process would cost Plaza approximately USD 3.5 to 4 million to pursue its claims against Romania (though repayment of these costs may be awarded if Plaza wins the case).
 - Subject to a quantum analysis, we anticipate Plaza's claims to be above EUR 150 million (c. EUR 150 million in contributions made thus far by the Plaza group plus its loss of profit from the Project).
 - Please note that there is a risk of Romania taking out counterclaims for damages and for termination of the PPP Agreement.
- ▶ Plaza should pursue litigation funding which, subject to the terms of the funding, would cover all costs with respect to the dispute.
 - Pursuing litigation funding should take around 4 months.
- ▶ Plaza should continue as a going concern until the dispute is resolved.
 - We anticipate that the dispute would be resolved within 2-3 years of its formal initiation.

Note A