



Preliminary Results for the year ended 31 December 2011

15 March 2012



# Agenda



- SECTION 1** Financial Highlights
- SECTION 2** Operational Highlights
- SECTION 3** Summary and Outlook
- APPENDIX A** Projects overview



# Financial Highlights



- Total assets of €1.3 billion (31 December 2010: €1.4 billion)
- Revenues increased 52% to €57 million (31 December 2010: €38 million) as a result of an increased number of active shopping centres operational for a full year in CEE, increased income derived from the US portfolio and improved occupancy rates across the portfolio
- Net Asset Value decreased by 11% to €601 million (31 December 2010: €675 million) primarily through the impairment of assets in Romania and Latvia
- Net Asset Value per share of £1.69 (31 December 2010: £1.96), a decline of 14%, attributable to the above mentioned impairment
- Plaza has consolidated upon its return to profitability by delivering a profit before income tax of €29 million (31 December 2010: €13 million profit) arising from the increased income derived from operating shopping centres and an increase in net finance income



# Financial Highlights (cont.)



- Basic and diluted EPS of €0.03 (31 December 2010: €0.03)
- Cash position at year end (including restricted bank deposits, short term deposits and available for sale financial assets) of €108 million (31 December 2010: €195 million) with working capital of €585 million (31 December 2010: €713 million); Current cash position of circa €100 million
- Conservative gearing position maintained, with debt comprising 59% of balance sheet (31 December 2010: 56%)
- Over the year, the Board of Plaza approved two buyback programmes of a total of up to NIS 300 million (approximately €60 million) of its Series A and Series B Notes, which are traded on the Tel Aviv Stock exchange
- On 14 September 2011, the Board of Directors approved the payment to shareholders of an interim cash dividend of €0.1010 per share amounting to a total distribution of €30 million



# Financial Overview

## Results



	<b><u>2011</u></b>	<b><u>2010</u></b>
	<b>€ '000</b>	<b>€ '000</b>
<b>Revenues <sup>(1)</sup></b>	<b>57,074</b>	<b>37,641</b>
<b>Impairment loss of trading properties<sup>(2)</sup></b>	<b>47,987</b>	<b>6,710</b>
<b>Cost of operations <sup>(3)</sup></b>	<b>25,798</b>	<b>20,853</b>
<b>Gross profit (loss)</b>	<b>(16,711)</b>	<b>10,078</b>

- (1) 2011: Fantasy Park - €7.1m, CEE rent and management fee - €16.4m, US rent - €25.5m, fair value adjustment of Investment property – €8.1m; 2010: Fantasy Park - €7.4m, CEE rent and management fee - €12m, US rent - €12.5m , fair value adjustment of Investment property – €4.5m; revenue from selling trading property - €1m
- (2) 2011 – impairment arising from assets in Latvia (€8.5m), Czech Republic (€2.5m), Romania (€26.5m), Poland (€7m) , Bulgaria( €3m) and Greece (€0.5m). 2010: – impairment arising from assets in Latvia (€1m), Czech Republic (€4m), Romania (€1.3m), Poland (€0.3m uplift) and Hungary (€0.7m)
- (3) 2011 – US property operations- €10.6m, property operations in Europe – €7.6m, initiation cost – €0.7m, Fantasy Park operation – €6.3m, value of trading property sold - €0.6m. 2010 – US property operations - €5.4m, property operations in Europe – €7.5m, initiation cost – €0.9m, Fantasy Park operation – €6m, value of trading property sold - €1.1m.



# Financial Overview *(Cont.)*



	<u>2011</u>	<u>2010</u>
	€ '000	€ '000
Administrative expenses <sup>(1)</sup>	19,536	17,923
Other income, net <sup>(2)</sup>	104	42,343
Results from operating activities	(36,143)	34,498
Net finance income (cost) <sup>(3)</sup>	65,346	(21,177)
Share in loss of equity accounted investees	(153)	(381)
Tax benefit (Tax expense) <sup>(4)</sup>	(15,186)	1,308
<b>Profit for the year</b>	<b>13,864</b>	<b>14,248</b>
Non controlling interests	(4,518)	(3,975)
<b>Profit attributable to owners of the company</b>	<b>9,346</b>	<b>10,273</b>



# Financial Overview *(Cont.)*



## NOTES TO THE RESULTS

- (1) Administrative expenses remains stable overall, with slight increase in 2011 due to the rise in cost of non cash share-based payments to €3.7 million (2010: €2.5 million)
- (2) 2010 – Included accounting gain in respect of the purchase of US assets – €42 million
- (3) 2011 – Net finance income mainly attributed to income from the fair value decrease of debentures and related foreign exchange gains (€79 million together), partially offset by loss recognized on fair value changes of derivatives (€17 million loss);  
2010 – Loss attributed to fair value increase of debentures and associated foreign exchange loss (€60 million together), offset mainly by income recognized on fair value change of derivatives (€37 million gain);
- (4) 2011 – Increase in current income tax expenses due to deferred tax liabilities in connection with fair value changes of the debentures in note (3) above, as well as deferred taxes from anticipated completion of the sale of US assets



# Financial Overview (Cont.)

## Balance sheet and cash flow



- Net assets of €550.2 million (31 December 2010: €624.4 million), with decrease primarily due to 2011 impairments amounting to €48 million, primarily to Romanian and Latvian assets
- Cash and short term deposits (including restricted cash and available for sale of financial assets) decreased to €108 million (31 December 2010: €195 million) mainly due to:
  - Repayment and buyback of debentures principal amounting to approximately €106 million, investment in ongoing development of existing schemes in CEE and India (€71 million) and further investment in the US portfolio (€44 million)
  - Offset primarily by receipts of approximately €143 million from issuing of bonds in Israel and drawing down of bank loans facilities

**Current cash balances - €100 million**



# Company NAV



- Net Asset Value per share has decreased by 14%
- The main factors behind the change in the company's NAV were:
  - Completion of Torun Plaza In Poland
  - Impairment of trading properties amounting to €48 million primarily relating to assets in Romania and Latvia

<b>USE</b>	<b>€ ('000)</b>
<b>Market value of land and projects as valued by Jones Lang LaSalle</b>	<b>864,080</b>
<b>Assets minus liabilities as at December 31, 2011 <sup>(1)</sup></b>	<b>(263,127)</b>
<b>Total</b>	<b>600,953</b>

(1) Excluding book value of assets which were valued by Jones Lang LaSalle, but including Plaza's proportionate share of the US portfolio at market value which was based upon a purchase price offer presented to and accepted by EPN Group from a third-party except for two properties which were valued by the management of EDT.



# Key Highlights 2011 - Grand opening of Torun Plaza



# Key Highlights 2011 – Operational



- Torun Plaza, Plaza's tenth retail scheme in Poland and its 31<sup>st</sup> shopping centre in the CEE, was completed and opened in November 2011. The 40,000 sqm GLA centre includes an eight screen cinema complex, a Fantasy Park entertainment centre and over 120 shops comprising international and local brands such as H&M, Zara, Bershka and Massimo Dutti. Torun Plaza is currently approximately 80% let with ongoing interest from potential tenants
- The construction of Plaza's first retail scheme in Serbia, Kragujevac Plaza was completed, with the centre due to open to the public on 20 March 2012. The 22,000 sqm GLA centre is currently 90% pre-let, with a further 6% of space in advanced negotiations and strong interest in the remaining units. Kragujevac Plaza is the first shopping centre to be completed outside the capital Belgrade, and will therefore enjoy a catchment area of approximately 590,000 inhabitants



# Key Highlights 2011 – Completion of US Takeover



- Plaza delivered on its strategy to take advantage of weak market conditions and depressed values in the United States, with the completion of the acquisition by the Company's joint US subsidiary of all of the outstanding units of EDT Retail Trust and thereby a US\$1.4 billion portfolio of retail assets
- The total cost to Plaza of the acquisition was US\$82 million for a 22.7% stake
- Since acquisition, Plaza and its joint venture partners repositioned the portfolio, reduced the level of debt, improved portfolio occupancy and relocated management from Australia to the US
- During the year, Plaza also received its US\$5.9 million share of a dividend payment from EDT. Subsequent to the year end the vast majority of the assets were sold to a joint venture between Blackstone Real Estate and DDR Corp (detailed in slide 16)



# Active shopping and entertainment centres



## Liberec Plaza, Czech Republic



- GLA – 17,000 sqm
- Occupancy – 78%

## Riga Plaza, Latvia



- GLA - 49,000 sqm
- Occupancy – 90%

## Zgorzelec Plaza, Poland



- GLA – 13,000 sqm
- Occupancy – 79%

## Suwalki Plaza, Poland



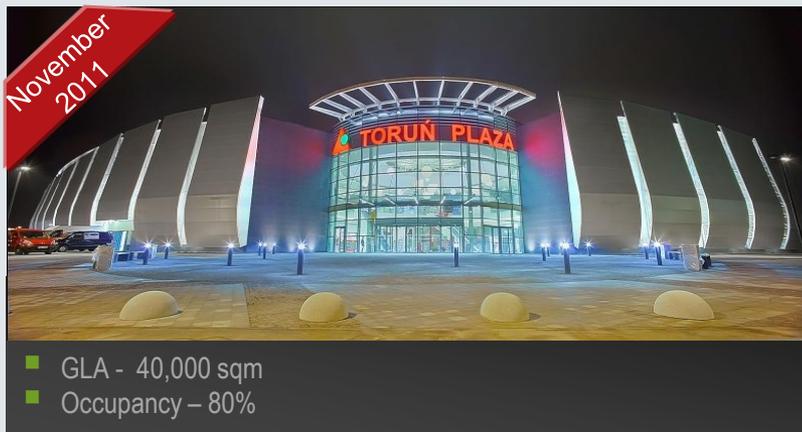
- GLA - 20,000 sqm
- Occupancy – 89%



# Active shopping and entertainment centres

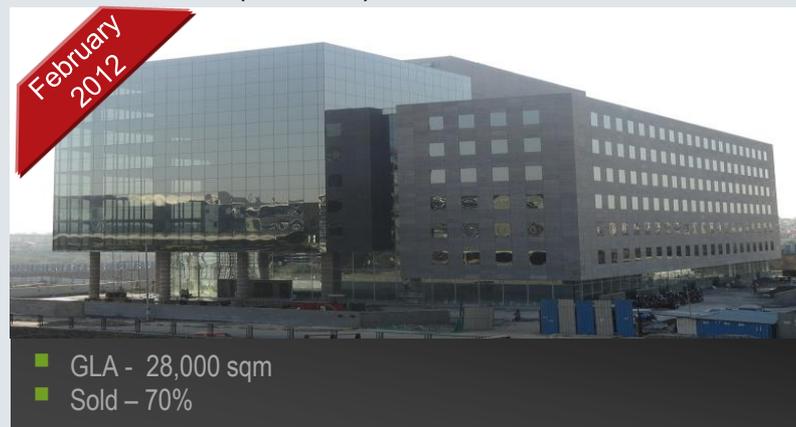


Torun Plaza, Poland



- GLA - 40,000 sqm
- Occupancy – 80%

Kharadi Plaza (Matrix 1), India



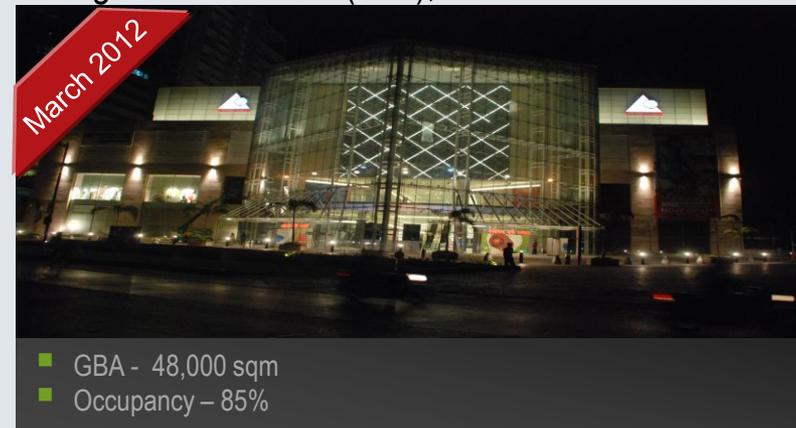
- GLA - 28,000 sqm
- Sold – 70%

Kragujevac Plaza, Serbia



- GLA - 22,000 sqm
  - Occupancy – 90%
- Grand opening scheduled to 20 March, 2012

Koregaon Park Plaza (Mall), India



- GBA - 48,000 sqm
- Occupancy – 85%



# Key Highlights 2012



- Plaza's US based joint venture, EPN Group, entered into an agreement to sell 47 of its 49 US based assets to BRE DDR Retail Holdings LLC, a joint venture between Blackstone Real Estate and DDR Corp. in a transaction valued at US\$1.428 billion. Once completed in June 2012, the transaction is likely to generate a cash inflow of US\$120 million (€93 million) to the company before taxes and transaction costs as well as a pre-tax Return on Equity of nearly 50% over a period of little over 18 months
- Phase one of the Kharadi project known as "Matrix One", a 50:50 joint venture with a local partner, was completed in February 2012. Located in Pune, India, 'Matrix One', a 28,000 sqm GLA office, was 70% pre sold upon opening. The construction of the second office building, out of a total of four offices planned for the development, is expected to start in Q2 2012
- Koregaon Park Plaza mall, also located in Pune, India, was completed and a successful soft public opening was held on 2 March 2012 with the grand opening scheduled for H2 2012. The 48,000 sqm total built area (excluding parking) shopping centre was circa 85% let on opening, with a further 5% committed under memoranda of understanding



# U.S Operation – EDT Portfolio: Exit transaction



- In January 2012, EPN reached an agreement to sell 47 of its 49 US based shopping centres in a deal totaling US\$1.428 billion
- The centres are to be acquired by BRE DDR Retail Holdings LLC, a joint venture between Blackstone and DDR
- Transaction details:
  - Plaza Centers' share – 22.7%
  - Plaza Centers' expected proceeds - US\$120 million
  - Plaza Centers' Profit - US\$38 million
  - Return on Equity (ROE) – nearly 50% (pre tax)
- Following the sale of the 47 properties, EPN Group will continue to hold two properties located in the United States valued at approximately US\$43 million, with total non-recourse secured debt of approximately US\$14 million
- The transaction is expected to close in June 2012 and is subject to satisfaction of certain closing conditions. Due diligence process has been completed



# Building upon our successful business model



- Continue to build on successful track record of developing, letting and selling shopping & entertainment centres in CEE over the last 16 years
- Geographic expansion beyond CEE is now well advanced through Indian projects and retained US assets
- Strong ability to identify new growth opportunities in existing as well as new countries
- Flexibility and ability to anticipate and adapt to market trends
- Highly skilled management team with extensive local property expertise, knowledge and a proven ability to source strategic development sites and design projects
- Extensive network and strong relationships with leading international retailers
- Strong and evolving brand name supports lettings and pre-sales
- Thorough project and risk evaluation prior to sourcing and commencing each development opportunity
- Successful project management - almost all projects to date finished on time and within budget



# Operational Outlook



- Continuing focus on three key strategic aims - progress on targeted development programme, the active management of the investment portfolio and ongoing search for opportunities in the US market to acquire high-yielding properties which can be repositioned to enhance value
- Utilise proceeds of US portfolio sale to pay down debt and drive our development programme
- Two new developments already completed in the last four months, with a third expected on 20 March, 2012
  - By Q2 2012, Plaza will have seven active shopping and entertainment centres in the CEE and India, in addition to our stake in two US shopping centres
- Ongoing evaluation of the scope and timing of our extensive development pipeline, which Plaza believes will offer considerable opportunities in the future
- Continue to actively manage the investment property portfolio, comprising three shopping centres in Poland, one in India, one in the Czech Republic and one in Latvia. Attracting new tenants to these shopping centres remains the key priority



# Market Outlook



- Ongoing improvements in some of Plaza's key operational territories
- Encouraged by resilience and strength of occupier demand in our major markets
- Sentiment towards Indian real estate remains extremely positive. With five developments in India due to be delivered in the next five years, Plaza is strategically placed to create shareholder value from this growth market
- Improving long-term consumer sentiment is supporting many retailers' expansion into existing and new territories. Despite suppressed transactional activity, due to the retreat of Banks from real estate finance, occupancy levels have increased across the portfolio
- Recent market uncertainty, driven by mixed macro economic data, means Plaza continues to take a prudent approach to managing its business and will hold completed developments until sales prices reflect their current and existing potential
- Strong financial management ensures Plaza is positioned to weather any further market turmoil



**“Whilst we remain mindful of the challenging economic conditions in Europe, our cautious yet opportunistic approach will provide us with solid prospects to deliver value for our shareholders”**





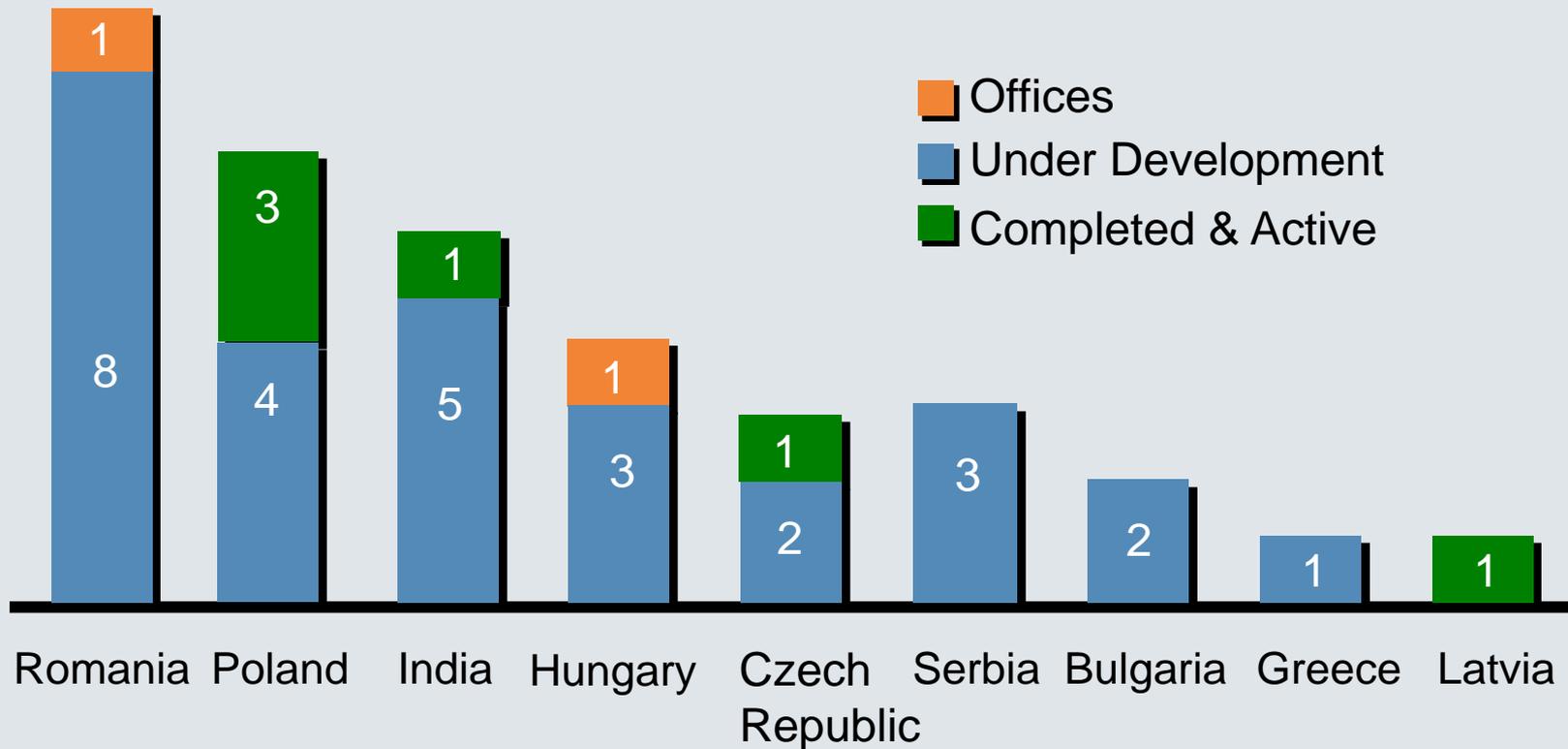
# Appendix A: Current Projects



# Portfolio Summary – by Country (excluding U.S)



## Total portfolio of 36 assets in 9 countries



# Projects overview – Completed Projects



## Torun Plaza (Poland)



- City: Torun, Poland
- Type: Shopping & entertainment centre
- Size: 40,000 (GLA)
- Plaza Share: 100%
- Status: Operating

## Kragujevac Plaza (Serbia)



- City: Kragujevac (Serbia)
- Type: Shopping & entertainment centre
- Size: 22,000 (GLA)
- Plaza Share: 100%
- Status: Completed, will be opened on 20 March, 2012

## Zgorzelec Plaza (Poland)



- City: Zgorzelec, Poland
- Type: Shopping & entertainment centre
- Size: 13,000 (GLA)
- Plaza Share: 100%
- Status: Operating

## Suwalki Plaza (Poland)



- City: Suwalki, Poland
- Type: Shopping & entertainment centre
- Size: 20,000 (GLA)
- Plaza Share: 100%
- Status: Operating



# Projects overview – Completed Projects



## Liberec Plaza (Czech Republic)



- City: Liberec, Czech Republic
- Type: Shopping & entertainment centre
- Size: 17,000 (GLA)
- Plaza Share: 100%
- Status: Operating

## Riga Plaza (Latvia)



- City: Riga, Latvia
- Type: Shopping & entertainment centre
- Size: 49,000 (GLA)
- Plaza Share: 50%
- Status: Operating

## Koregaon Park Plaza mall (Pune, India)



- City: Pune
- Type: Shopping & entertainment centre
- Size: 48,000 (GBA)
- Plaza Share: 100%
- Status: Operating

## Kharadi Matrix one (Pune, India)



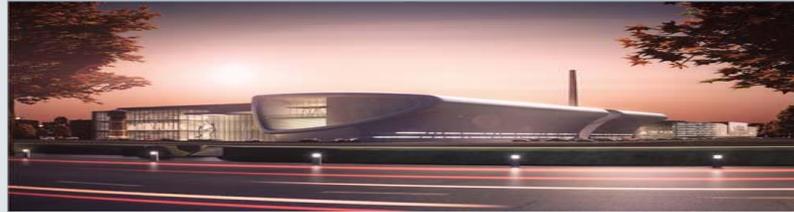
- City: Pune
- Type: Office
- Size: 28,000 (GLA)
- Plaza Share: 50%
- Status: Operating (70% sold)



# Projects overview - Poland



## Lodz Plaza



- City: Lodz
- Type: Shopping & entertainment centre
- Size: 45,000 (GLA)
- Plaza Share: 100%
- Completion Date: 2014
- Status: Planning and permits stage

## Leszno Plaza



- City: Leszno
- Type: Shopping & entertainment centre
- Size: 16,000 (GLA)
- Plaza Share: 100%
- Completion Date: 2015 - 2016
- Status: Planning and permits stage

## Kielce Plaza



- City: Kielce
- Type: Shopping & entertainment centre
- Size: 33,000 (GLA)
- Plaza Share: 100%
- Completion Date: 2014 - 2015
- Status: Planning and permits stage



# Projects overview – Serbia



## Belgrade Plaza



- City: Belgrade
- Type: Mixed use (offices, Hotel & retail)
- Size: 70,000 (GBA)
- Plaza Share: 100%
- Completion Date: 2015
- Status: Planning and permits stage

## Sport Star Plaza



- City: Belgrade
- Type: Shopping & entertainment centre
- Size: 40,000 (GLA)
- Plaza Share: 100%
- Completion Date: 2014 - 2015
- Status: Planning and permits stage



# Projects overview – India



## Koregaon Park Plaza



- City: Pune
- Type: Mixed use (Shopping, entertainment & office)
- Size: 110,000 (GBA)
- Plaza Share: 100%
- Completion Date: Q4 2011 (Mall)
- Status: Under construction

## Kharadi Plaza



- City: Pune
- Type: Office
- Size: 250,000 (GBA)
- Plaza Share: 50%
- Completion Date: 2012 - 2015
- Status: Under Construction

## Trivandrum Plaza



- City: Trivandrum
- Type: Residential
- Size: 120,000 (GBA)
- Plaza Share: 50%
- Status: Planning and permits stage



# Projects overview – India



## Bangalore



- City: Bangalore
- Type: Residential
- Size: 320,000 (GBA)
- Plaza Share: 23.75%
- Completion Date: 2013-2018
- Status: Planning and permits stage

## Chennai



- City: Chennai
- Type: Mixed use (residential & retail)
- Size: 1,060,000 (GBA)
- Plaza Share: 38%
- Completion Date: 2014-2018
- Status: Planning and permits stage

## Kochi Island



- City: Kochi
- Type: Mixed use (residential, science park, retail, hospitality, infrastructure and marina)
- Size: 575,000 (GBA)
- Plaza Share: 23.75%
- Status: Planning and permits stage



# Projects overview - Romania



## Casa Radio



- City: Bucharest
- Type: Mixed use
- Size: 600,000 (GBA)
- Plaza Share: 75%
- Completion Date: 2014-2016
- Status: Under Planning

## Timisoara Plaza



- City: Timisoara
- Type: Shopping & entertainment centre
- Size: 38,000 (GLA)
- Plaza Share: 100%
- Completion Date: 2014
- Status: Planning and permits stage

## Iasi Plaza



- City: Iasi
- Type: Mixed Use
- Size: 62,000 (GLA)
- Plaza Share: 100%
- Completion Date: 2014-2015
- Status: Planning and permits stage

## Slatina Plaza



- City: Slatina
- Type: Shopping & entertainment centre
- Size: 17,000 (GLA)
- Plaza Share: 100%
- Completion Date: 2015
- Status: Planning and permits stage



# Projects overview - Romania



## Csiki Plaza



- City: Miercurea Ciuc
- Type: Shopping & entertainment centre
- Size: 14,000 (GLA)
- Plaza Share: 100%
- Status: Awaiting external finance

## Targu Mures Plaza



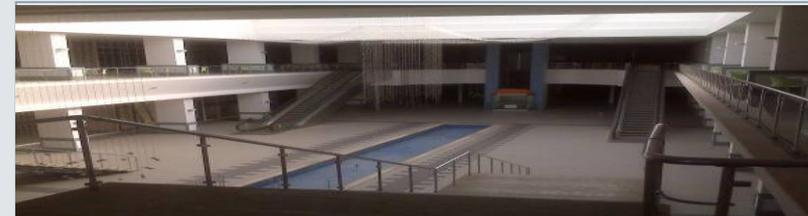
- City: Targu Mures
- Type: Shopping & entertainment centre
- Size: 30,000 (GLA)
- Plaza Share: 100%
- Completion Date: 2015
- Status: Planning and permits stage

## Hunedoara Plaza



- City: Hunedoara
- Type: Shopping & entertainment centre
- Size: 13,000 (GLA)
- Plaza Share: 100%
- Completion Date: 2015
- Status: Planning and permits stage

## Constanta Plaza



- City: Constanta
- Type: Shopping & entertainment centre
- Size: 18,000 (GLA)
- Plaza Share: 100%
- Completion Date: 2014
- Status: Planning and permits stage



# Projects overview - Hungary



## Dream Island



- City: Budapest
- Type: Business and leisure resort
- Size: 350,000 (GBA)
- Plaza Share: 43.5%
- Completion Date: 2014-2016
- Status: Initial excavation and archeological works, casino license obtained

## Arena Extension



- City: Budapest
- Type: Office
- Size: 40,000 (GLA)
- Plaza Share: 100%
- Completion Date: 2015
- Status: Planning stage

## Uj Udvar



- City: Budapest
- Type: Shopping & entertainment centre
- Size: 16,000 (GLA)
- Plaza Share: 35%
- Status: Existing shopping centre for refurbishment



# Projects overview – Bulgaria



## Shumen Plaza



- City: Shumen
- Type: Shopping & entertainment centre
- Size: 20,000 (GLA)
- Plaza Share: 100%
- Completion Date: 2014-2015
- Status: Planning and permits stage

## Sofia Plaza Business center



- City: Sofia
- Type: Mixed use (Retail & offices)
- Size: 44,000 (GLA)
- Plaza Share: 51%
- Status: Under Planning, currently let to hyper market operator



# Projects overview – Greece



## Pireas Plaza



- City: Athens (Greece)
- Type: Shopping & entertainment centre
- Size: 26,000 (GLA)
- Plaza Share: 100%
- Completion Date: 2014-2015 (subject to availability of external financing)
- Status: Planning stage



# Projects overview – Residential Projects

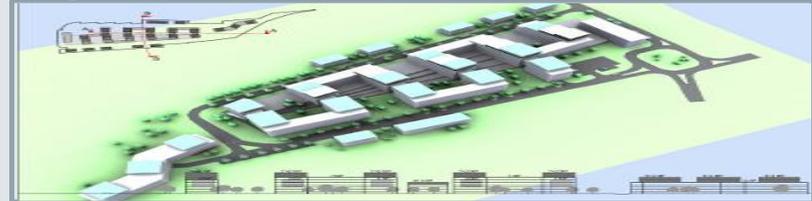


## Roztoky (Czech Republic)



- City: Prague, Czech Republic
- Type: Residential
- Size: 14,000 (GBA)
- Plaza Share: 100%
- Completion Date: 2014-2015
- Status: Planning stage

## Prague 3 (Czech Republic)



- City: Prague, Czech Republic
- Type: Residential
- Size: 61,600 (GBA)
- Plaza Share: 100%
- Status: Re zoning for residential use expected in 2012, currently yielding rent

## Lodz Residential (Poland)



# Plaza Centers

- City: Lodz, Poland
- Type: Residential
- Size: 80,000 (GBA)
- Plaza Share: 100%
- Status: Planning stage



# Projects overview – Office buildings



## David House (Hungary)



- City: Budapest, Hungary
- Type: Office
- Size: 2,000 (GLA)
- Plaza Share: 100%
- Status: Operating

## Palazzo Ducale (Romania)



- City: Bucharest, Romania
- Type: Office
- Size: 700 (GLA)
- Plaza Share: 100%
- Status: Operating

## Prague 3 (Czech Republic)



- City: Prague, Czech Republic
- Type: Office / warehouse
- Size: 44,300 (GLA)
- Plaza Share: 100%
- Status: Operating

