

## **Report on the Application of WSE Corporate Governance Principles by Plaza Centers N.V. („Company”) in the Financial Year Ended on 31 December 2011**

The Company is incorporated and organized under Dutch law. Therefore, not all the rules set forth in the “Code of Best Practice for WSE Listed Companies” apply directly to the Company. In particular, the rules concerning the management and supervisory boards do not apply directly due to the fact that the Company does not have a supervisory board. The Company has only one governing body comprising of executive directors or non-executive directors. It is the Board of Directors (“**Board**”). The Board fulfils the role of both a management and a supervisory board in Polish companies. Therefore, the Company will comply with the rules set forth in parts of the “Code of Best Practice for WSE Listed Companies”, relating to the management and supervisory boards, as if the rules contained therein referred to the Board of Directors only.

It should be noted further that the Company shares are also admitted to trading on the regulated market in the United Kingdom (Official List of the London Stock Exchange). Consequently the relevant regulations of the UK *Combined Code of Corporate Governance* („**Combined Code**”) apply to the Company. Regardless of the above, the Company is subject to the Dutch Code of Corporate Governance („**Dutch Code of Corporate Governance**”).

In 2011 the Company had not complied with the following of rules contained in the “Code of Best Practice for WSE Listed Companies”:

### **Rule I.5**

**A company should have a remuneration policy and rules of defining the policy. The remuneration policy should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies. Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC) should apply in defining the remuneration policy for members of supervisory and management bodies of the company.**

The current remuneration policy of the Company has remained unchanged since 2006 when the Company's shares were admitted to trading; currently, there are no plans regarding the introduction of any modifications to this policy. Furthermore, pursuant to the Articles of Association, the General Meeting of Shareholders determines remuneration policy, and in case changes to the remuneration policy are required, this would be addressed by a General Meeting of Shareholders.

### **Rule II.4.**

**A member of the Management Board should provide notification of any conflicts of interest which have arisen or may arise, to the Management Board and should refrain from taking part in the discussion and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest.**

The Articles of Association stipulate that a member of the board may take part in any discussion or decision-making that involves a subject or transaction in relation to which he has a conflict of

interest with the Company, provided that any resolution in such respect shall be adopted unanimously in a meeting in which all members of the board are present or represented. Since Mr. Ran Shtarkman is, as of 1 January 2010, both executive director of the Company and Co-Chief Executive Officer with Elbit Imaging, the Company's parent company, there may be conflicts of interest in respect of Mr. Shtarkman representing the Company. In order to enable Mr. Shtarkman to, in his capacity of CEO represent the Company in all matters, the articles of association include this possibility, provided, as stated above, that in such matter the underlying Board resolution has been adopted anonymously.

#### **Rule III.1.**

**In addition to its responsibilities laid down in legal provisions the Supervisory Board should:**

- **once a year prepare and present to the Ordinary General Meeting a brief assessment of the company's standing including an evaluation of the internal control system and the significant risk management system;**
- **once a year prepare and present to the Ordinary General Meeting an evaluation of its work;**
- **review and present opinions on issues subject to resolutions of the General Meeting.**

Pursuant to Best Practice Provision III.1.2. of the Dutch Corporate Governance Code, the non-executive directors shall include in the annual financial report a report of their activities, including specific statements and information required by the provisions of the Dutch Corporate Governance Code. Furthermore, pursuant to the provisions of the Regulations of the Board, the General Meeting of Shareholders is the forum at which the Board reports, in the manner specified in the Dutch Civil Code.

#### **Rule III.4.**

**A member of the Supervisory Board should notify any conflicts of interest which have arisen or may arise to the Supervisory Board and should refrain from taking part in the discussion and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest.**

Please see the comment to Rule II.4.

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As required by the Resolution No. 1013/2007 of the WSE dated 11 December 2007, a description of other relevant information may be found on the following pages of this Annual Report:

- Operations and main powers of the General Meeting, shareholders' rights and the exercise thereof are described in 'Directors' Report' section on pages 49 to 50 and 55.
- Composition and operations of the managing and supervising bodies of the Company and their committees are described in 'Board of Directors and Senior Management' section on pages 54 to 55 and 'Corporate Governance' section on pages 51 to 54.
- Detailed description of the internal control and risk management may be found in 'Risk Management' section on pages 57 to 63.