

PLAZA CENTERS N.V.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2024

NOT AUDITED AND NOT REVIEWED

IN '000 EUR

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2024	December 31, 2023
	EUR '000	EUR '000
	Not audited	Audited
	Not reviewed	
ASSETS		
Cash and cash equivalents	4,619	5,705
Restricted bank deposits	5	24
Prepayments and other receivables	123	93
Total current assets	4,747	5,822
Total assets	4,747	5,822

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2024	December 31, 2023
	EUR '000 Not audited Not reviewed	EUR '000 Audited
LIABILITIES AND EQUITY		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Bonds	97,161	95,462
Accrued interests on bonds	45,152	38,842
Trade payables	70	41
Other liabilities	245	472
Total current liabilities	142,628	134,817
Share capital	6,856	6,856
Other reserves	(19,983)	(19,983)
Share based payment reserve	35,376	35,376
Share premium	282,596	282,596
Retained losses	(442,726)	(433,840)
Total equity	(137,881)	(128,995)
Total equity and liabilities	4,747	5,822

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

August 21, 2024

Date of approval of the
financial statements

Ron Hadassi
Executive Director

David Dekel
Chairman of the Board of
Directors

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Six months ended June 30,	
	2024	2023
	EUR '000	EUR '000
	(except per share data)	(except per share data)
	Not audited	Not audited
	Not reviewed	Not reviewed
Gains and other		
Other income	29	180
Total gains	29	180
Total revenues and gains	29	180
Expenses and losses		
Cost of operations	(48)	(62)
Share in results of equity-accounted investees	-	(39)
Administrative expenses	(869)	(959)
Other expenses	-	-
Expenses and losses	917	1,060
Finance income	75	6,259
Finance costs	(8,073)	(5,980)
Finance income (costs), expenses and losses	(8,915)	(781)
Loss before income tax	(8,886)	(601)
Income tax expense	-	-
Loss for the period	(8,886)	(601)
Earnings per share		
Basic and diluted loss per share (in EURO)	(1.30)	(0.09)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended June 30,	
	2024	2023
	EUR '000	EUR '000
	(except per share data)	(except per share data)
	Not audited	Not audited
	Not reviewed	Not reviewed
Loss for the period	(8,886)	(601)
Other comprehensive income (loss)		
<u>Items that are or may be reclassified to profit or loss:</u>		
Foreign currency translation differences - foreign operations (Equity accounted investees)	-	(24)
Other comprehensive gain (loss) for the period	-	(24)
Total comprehensive loss for the period	(8,886)	(625)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share Premium	Share based payment reserves	Translation Reserve	Other reserves	Retained losses	Total
Balance on January 1, 2024	6,856	282,596	35,376	-	(19,983)	(433,840)	(128,995)
Comprehensive loss for the period							
Net loss for the period	-	-	-	-	-	(8,886)	(8,886)
Foreign currency translation differences	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(8,886)	(8,886)
Balance on June 30, 2024 (Not audited, not reviewed)	6,856	282,596	35,376	-	(19,983)	(442,726)	(137,881)

	Share capital	Share Premium	Share based payment reserves	Translation Reserve	Other reserves	Retained losses	Total
Balance on January 1, 2023	6,856	282,596	35,376	(30,742)	(19,983)	(394,891)	(120,788)
Comprehensive loss for the period							
Net loss for the period	-	-	-	-	-	(601)	(601)
Foreign currency translation differences	-	-	-	(24)	-	-	(24)
Total comprehensive loss for the period	-	-	-	(24)	-	(601)	(625)
Balance on June 30, 2023 (Not audited, not reviewed)	6,856	282,596	35,376	(30,766)	(19,983)	(395,492)	(121,413)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,	
	2024	2023
	EUR '000	EUR '000
	Not audited	Not audited
	Not reviewed	Not reviewed
<u>Cash flows from operating activities:</u>		
Loss for the period	(8,886)	(601)
<u>Adjustments necessary to reflect cash flows used in operating activities</u>		
Net finance costs (incomes)	7,998	(279)
Share of loss of equity-accounted investees	-	39
	(888)	(841)
<u>Changes in:</u>		
Trade receivables	(26)	6
Other receivables	(4)	(193)
Change in restricted cash	-	-
Trade payables	29	35
Other liabilities, related parties' liabilities and provisions	(227)	(104)
	(228)	(256)
Interest paid	-	(750)
Interest received	75	-
Net cash used in operating activities	(1,041)	(1,847)
Cash from investing activities		
Investment in restricted deposit	19	422
Net cash provided by investing activities	19	422
Cash from financing activities		
Net cash used in financing activities	-	-
Effect of exchange fluctuations on cash held	(64)	29
Decrease in cash and cash equivalents during the period	(1,022)	(1,425)
Cash and cash equivalents as of January 1st	5,705	7,769
Cash and cash equivalents as of June 30	4,619	6,373

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: - CORPORATE INFORMATION

- a. Plaza Centers N.V. ("the Company" and together with its subsidiaries, "the Group") was incorporated and is registered in the Netherlands. The Company's registered office is at Tolstraat 112, 1074 VK, Amsterdam, the Netherlands. In the past the Company conducted its activities in the field of establishing, operating and selling of shopping and entertainment centres, as well as other mixed-use projects (retail, office, residential) in Central and Eastern Europe (starting 1996) and India (from 2006). Following debt restructuring plan approved in 2014 the Group's main focus is to reduce corporate debt by early repayments following sale of assets and to continue with efficiency measures and cost reduction where possible.

The condensed interim consolidated financial statements for each of the periods presented comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in jointly controlled entities.

The Company is listed on the premium segment of the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange ("LSE"), the Warsaw Stock Exchange ("WSE") and on the Tel Aviv Stock Exchange ("TASE").

Until December 19, 2018 the Company's immediate parent company was Elbit Ultrasound (Luxemburg) B.V./ s.a.r.l ("EUL"), which held 44.9% of the Company's shares. At that date EUL informed the Company that it had signed a trust agreement according to which EUL will deposit all of its outstanding investment with a trustee and no longer consider itself to be the controlling shareholder of the Company. As of December 31, 2023 EUL had sold all of the Company's shares and therefore ceased to be a related party.

- b. Going concern and liquidity position of the Company:

As of June 30, 2024, the Company's outstanding obligations to bondholders (including accrued interests) are app. EUR 142.3 million due date of which was postponed to January 1, 2025 (the "**Current Due date**") (please refer to Note 6(d)).

Due to the above the Company's primary need is for liquidity. The Company's current and future resources include the following:

1. Cash and cash equivalents (including the cash of fully owned subsidiaries) of approximately EUR 4.6 million.
2. The Company and AFI Europe N.V. ("AFI Europe") entered into an addendum to the pre-sale agreement entered into between the Parties in connection with the sale of its subsidiary (the "SPV") which holds 75% in the Casa Radio Project (the "Project") (the "Addendum" and the "Agreement", respectively) pursuant to which the Parties agreed to extend the Long Stop Date, which is the date on which the parties will execute a share purchase agreement, subject to the satisfaction of conditions precedent (the "SPA"), until December 31, 2024. There can be no certainty that the SPA will eventually be executed and/or that the transaction will be consummated as presented above or at all.
3. In addition, as detailed in note 5(2) of the annual financial statements as of December 31, 2023, the Company has submitted with the International Centre for Settlement of Investment Disputes ("ICSID") a Request for Arbitration (the "Request") against Romania for compensation of losses incurred due to failure of the Romanian authorities to cooperate, negotiate and adjust the PPP agreement as described in the note 5(1)(c) of the annual financial statements as of December 31, 2023 which

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: - CORPORATE INFORMATION (Cont.)

include the Company's investment in the Project SPV, loss of potential profit, and costs and expenses of the arbitration.

At this stage there is no certainty about the result of the dispute, hence no resources are expected to be available in the foreseeable future.

As of June 30, 2024, the Company is not in compliance with the main Covenants as defined in the restructuring plan (for more details refer also to Note 8 of the annual financial statements as of December 31, 2023), hence under defaulted which could also trigger early repayment clause by the bondholders.

Due to the abovementioned and due to the board and management estimation that the Company is unable to serve its entire debt on the Current Due Date, the Company intends to request the bondholders of both series an additional postponement of the repayment of the remaining balance of the bonds. However, there is an uncertainty if the bondholders will approve the request. In the case that the bondholders would declare their remaining claims to become immediately due and payable, the Company would not be in a position to settle those claims and would need to enter to an additional debt restructuring or might cease to be a going concern basis.

Due to the abovementioned conditions a material uncertainty exists that casts significant doubt about the Company's ability to continue as a going concern.

The interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment obligations of its bonds and other working capital requirements.

NOTE 2: - BASIS OF PREPARATION

- a. Basis of preparation of the interim condensed consolidated financial data:

The interim condensed consolidated financial data for the six months period ended June 30, 2024 have been prepared in accordance with the International Financial Reporting Standard IAS 34 ("Interim Financial Reporting") as adopted by the European Union.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of 31 December 2023. These interim condensed consolidated financial statements as of June 30, 2024 have been neither audited nor reviewed by the Company's auditors.

The financial information for the half year ended 30 June 2023 has neither been audited nor reviewed by the auditors.

Selected explanatory notes are, however, included to explain events and transactions that are significant to understanding the changes in the Group's financial position and performance since the last annual consolidated financial statements as of and for the year ended December 31, 2023.

The interim condensed consolidated financial statements as of June 30, 2024 were authorized by the Board of Directors on 21 August 2024.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: - USE OF JUDGEMENT AND ESTIMATES

In preparing this interim condensed consolidated financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were principally the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2023, save for the changes highlighted above. Refer also to Note 1(b) above for significant estimations performed.

NOTE 4: - FINANCIAL INSTRUMENTS

Carrying amounts and fair values

In respect to the Company's financial instruments assets not presented at fair value, being mostly short-term market interest bearing liquid balances, the Company believes that the carrying amount approximates its fair value. In respect of the Company's financial instruments liabilities:

Fair value of the quoted debentures is based on price quotations at the reporting date.

	Carrying amount		Fair value	
	June 30,	December 31,	June 30,	December 31
	2024	2023	2024	2023
	Not audited	Audited	Not audited	Audited
	Not reviewed	Audited	Not reviewed	Audited
	EUR '000	EUR '000	EUR '000	EUR '000
Statement of financial position				
Debentures A – Israeli NIS bonds	40,104	39,403	3,676	2,991
Debentures B – Israeli NIS bonds	57,057	56,059	5,539	5,176
Total	97,161	95,462	9,215	8,167

The total contractual liability of the Debentures was EUR 142.3 million as of June 30, 2024.

NOTE 5: - CASA RADIO

- Following Note 5(1)(c) to the annual financial statements relating the discussions with the Romanian authorities, on July 15, 2024 the Company received a notice, on behalf of the Ministry of Finance of Romania (for more details refer to Note 7(a)).
- Following Note 5(1)(e) to the annual consolidated financial statements as of December 31, 2023 which discloses that the The Company and AFI Europe N.V. ("AFI Europe") entered into an addendum to the pre-sale agreement entered into between the Parties in connection with the sale of its subsidiary (the "SPV") which holds 75% in the Casa Radio Project (the "Project") (the "Addendum" and the "Agreement", respectively) pursuant to which the Parties agreed to extend the Long Stop Date, which is the date on which the parties will execute a share purchase agreement, subject to the satisfaction of conditions precedent (the "SPA"), until December 31, 2024.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: - CASA RADIO (Cont.)

Following the above, the Parties continue their attempts to receive the authority's approval in order to be able to execute the SPA, still there has been no progress since the pre-sale has been signed. In light of the above the Company is exploring all its options in order to obtain progress, including among others its legal options. For details regarding the issuance of a notice of dispute and acceptance of offer and consent to arbitrate to Romania with respect to the "Casa Radio" project refer to Note 5(2). Accordingly, the hearing is due to commence in 4q 2024.

Due to the above, there can be no certainty that the SPA will eventually be executed and/or that the transaction will be completed.

c. Write-down of trading properties:

As detailed in the annual consolidated financial statements, the value of the trading property of the Project was fully reduced (for more details refer to Note 5(2) to the annual consolidated financial statements as of December 31, 2023).

Still, the Company believes that despite this reduction there is no change in the value of the Company's rights under the PPP Agreement. In addition, management, believes that in case they will decide to pursue it material economic damage, the Company has a good case to claim compensation for such damages.

NOTE 6:- MATERIAL EVENTS DURING THE REPORTING PERIOD

a. Update regarding a change in Ragnar Trade holdings:

On January 31, 2024 the Company announced that, Ragnar Trade spółka z ograniczoną odpowiedzialnością ("Ragnar Trade") acquired about 343.9 thousand shares of the Company, which amounted to 5.02% of the Company's issued and paid capital. On February 5, 2024 the Company announced that Ragnar Trade acquired share of the Company up to level of 11.70% of the Company's issued and paid capital and on February 19, 2024 it was announced that Ragnar Trade holdings in the Company is decreased to 4.81% of the Company's issued and paid capital, thus Ragnar Trade ceased to be related party of the Company.

b. Tax authority investigation:

On March 25, 2024 the Company announced that further to its announcement dated March 27, 2023 with regards to the search and seizure operations carried by the Indian tax authorities at the offices of Elbit Plaza India Management Services Private Limited (hereinafter: "EPIM") (which is a private company wholly owned by Elbit Plaza India Real Estate Holdings Limited), EPIM has received a favorable order under which investigation for one of the three years under investigation is completed without imposing any liability on EPIM. Inquiry into the remaining periods of the investigation is continuing and the Company will update on any development.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6:- MATERIAL EVENTS DURING THE REPORTING PERIOD (cont.)

- c. Dutch statutory auditor:

Following Note 16(b)(6) to the annual consolidated financial statements as of December 31, 2023, which discloses statutory filing requirements, the Company submitted the annual consolidated financial statements as of December 31, 2023 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 and to other relevant Dutch authorities.

- d. Deferral of payment of Debentures and partial interests' payment:

As previously disclosed by the Company in Note 8(c) to its annual consolidated financial statements as of December 31, 2024, the Company was not able to meet its final redemption obligation to its (Series A and Series B) bondholders, due on July 1, 2024. In light of the above the bondholders approved to postpone the final redemption date to January 1, 2025.

- e. Update regarding Arbitration against Romania with respect to the "Casa Radio" project:

On March 29, 2024 the Company announced that, it has received a further engagement letter ("Further Engagement Letter"), from the Company's primary legal advisers in connection with the arbitration for the "Casa Radio" project (the "Project"). The Further Engagement Letter is in line with Company's projected cash flow that was approved at Bondholders' Meeting from October 11, 2023.

On April 2, 2024 the Company filed its Reply on the merits and counter memorial on jurisdiction at the International Centre for the Settlement of Investment Disputes. The Company's updated full compensation for its losses with respect to the Project is currently estimated to be up to EUR 425,500,000 as at 31 March, 2024.

NOTE 7: - SUBSEQUENT EVENTS

- a. Update regarding Arbitration against Romania with respect to the "Casa Radio" project:

On July 15, 2024 Plaza received a notice, on behalf of the Ministry of Finance of Romania, to start an arbitration procedure under the rules of the London Court of International Arbitration (hereafter: "Request") against the Company, Elbit Imaging Ltd and a third-party private investor (the Company, Elbit Imaging Ltd and the third-party private investor will be collectively referred to below as: "the Respondents"). As part of the request, the Ministry of Finance of Romania demands compensation from the Respondents amounting to approximately EUR 96 million (before VAT and interest).

RESPONSIBILITY STATEMENT

Pursuant to section 5:25d, paragraph 2c, of the Dutch Financial Supervision Act (Wet op het financieel toezicht), the members of the Board of Directors (bestuur) of Plaza Centers N.V. state that to the best of their knowledge:

- I. The Interim Condensed Consolidated Financial Statements as of June 30, 2024, give a true and fair view of the assets, liabilities, financial position and profit or loss of Plaza Centers N.V. and the companies included in the consolidation;
- II. The Interim Condensed Consolidated Financial Statements for the six months period ending on 30 June 2024, gives a true and fair view of the information required pursuant to section 5:25d, paragraphs 8 and 9, of the Dutch Financial Supervision Act of Plaza Centers N.V. and the companies included in the consolidation.

03 September 2024

The Board of Directors

Ron Hadassi, Executive Director

David Dekel, Non-Executive Director and Chairman

Maria Radu, Non-Executive Director