31 August 2022

PLAZA CENTERS N.V.

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Plaza Centers N.V. (“Plaza” / “Company” / “Group”) today announces its results for the six months ended 30 June 2022. The financial information for the half year ended 30 June 2022 and 30 June 2021 has neither been audited nor reviewed by the auditors.

Financial highlights:

- Reduction in total assets by €1.2 million to €8.6 million mainly as a result of the decrease in equity accounted investees as detailed below, administrative expenses and costs of operations.
- Consolidated cash position as of June 30, 2022 decreased by circa €1.5 million to app. €3.2 million (December 31, 2021: €4.7 million) as a result of administrative expenses and arbitration costs.
- €1.3 million loss recorded at an operating level (June 30, 2021: €1.5 million loss) mainly due to share in results of equity accounted investees and administrative expenses.
- Recorded loss of €6.3 million (June 30, 2021: €9 million), mainly due to finance expenses on bonds.
- Basic and diluted loss per share of €0.92 (30 June 2021: loss per share of €1.31).

Impact of the Covid-19:

The risks associated with the Covid-19 global health and economic crisis may affect the Company indirectly, through possible regulatory changes and the impact on the macroeconomic environment, which may affect the conducted activities which are concentrated at selling of the assets. The Company monitors the consequences of the event and the actions taken in countries in which it operates and assesses the risks and exposures arising from these consequences.

Material events during the period:

Sale agreement of plot in Bangalore, India:

As of this date, the Partner paid to EPI approximately INR 87.00 crores (approximately EUR 11.2 million) (Company’s part INR 43.5 crores (approximately EUR 5.6 million)) and has to pay to EPI the remaining amount out of the consideration of approximately INR 269 crores (approximately EUR 32.6 million) (Plaza part INR 134.5 crores (approximately EUR 16.3 million)) as per the Agreement.

On April 13, 2022 the Company announced that the Partner submitted to EPI an unformal non-binding proposal to purchase 100% of EPI’s interest in the Project and the completion of the transaction in exchange for a payment of INR 112-117 crores (approximately EUR 13.6-14.2 million) in lieu of the remain amount of consideration according to the Agreement (INR 269 crores (approximately EUR 32.6 million)). The negotiation between the Parties have not yet matured into a binding agreement. In order to preserve EPI’s rights, EPI has initiated arbitration proceeding in Singapore versus the Partner in accordance with the provisions of the Agreement between the Partner and EPI.

In the period since May 19, 2022 till August 24, 2022 the Partner deposited in the SPV INR 22.5 crores (approximately EUR 2.77 million). There is no certainty that it will lead to closing, however the negotiation between the Parties is in advanced stage and the Parties continue to act to complete the transaction on the terms as set forth in non-binding proposal. Accordingly, the Company is taking necessary steps to protect its interest, including submitting an appeal before the National Company Law Appellate Tribunal, Chennai, India against the decision of the National Company Law Tribunal, Bengaluru, India, which dismissed the insolvency proceedings initiated against the Purchaser for the recovery of the amounts due, and filing a motion with court in order to collect checks given by the Partner to secure payments under the transaction, but were dishonoured.

Update regarding a change in Elbit Imaging Ltd holdings:

Since August 5, 2020 and up to last announcement Elbit Imaging sold about 1,670 thousand shares of the Company for a total consideration of approximately NIS 1,683, thus, Elbit Imaging holdings in the Company have diminished from 44.9% to 20.55% of the Company's issued and paid-up capital. During the reporting date, out of the above, Elbit Imaging sold about 77 thousand shares of the Company for a total consideration of approximately NIS 150 thousand, thus, Elbit Imaging holdings in the Company have diminished by 2.67%.

Deferral of payment of Debentures and partial interests' payment:

Refer to the below in Liquidity & Financing.

Dutch statutory auditor:

Refer to Note 7(d) in the interim condensed consolidated financial statements as of June 30, 2022.

Update regarding proposal the Company received:

As previously disclosed by the Company in Note 18(d) to its annual consolidated financial statements as of December 31, 2021, the Company received proposals from G.C. Hevron Capital Ltd ("Hevron Capital").

On March 30, 2022 the Company announced that Hevron Capital submitted to the Company a request to extend the No-Shop period, due to the complexity and the vast amount of data that needs to be procced in order to evaluate the proposed settlement ("Hevron Capital' Request"). Following the above, the Company's Board of Directors approved Hevron Capital's Request to extend the "No-Shop" which expired as of May 20, 2022.

Update regarding an Engagement letter with a law firm in London in connection with the legal proceedings in the "Casa Radio" project:

On January 14, 2022 the Company announced, that further to the Company's bondholders meeting dated November 25, 2021 and the Company's bondholders' approval to initiate legal procedures in connection with the "Casa Radio" project (the "Project"); that on January 13, 2022, the Company signed an engagement letter with a law firm in London in order to take any relevant actions in connection with the Project. For details in connection with the legal proceedings in the “Casa Radio” project please refer to Note 5 in the interim condensed consolidated financial statements as of June 30, 2022.

Update 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:

On February 15, 2022 the Company announced, further to the Company's bondholders meeting dated November 25, 2021 and the Company's bondholders' approval to initiate legal procedures in connection with the "Casa Radio" project (the "Project"); that on January 13, 2022, the Company signed an engagement letter with a law firm in London in order to take any relevant actions in connection with the Project.

For details in connection with the legal proceedings in the “Casa Radio” project please refer to Note 5 in the interim condensed consolidated financial statements as of June 30, 2022.

Key highlights since the period end:

Annual General Meeting:

Annual General Meeting of the Shareholders of the Company was held on July 20, 2022, all the proposed resolutions were passed.

Environmental Sustainability Policy:

On August 30, 2022 the Company adopted Environmental Sustainability Policy.

Commenting on the results, executive director Ron Hadassi said:
“Our active focus has continued to centre on asset disposals. Regarding our Plot in Bangalore, India, as stated above, the Company is continuing to take all necessary steps to protect its interest in its plot while continuing its efforts to materialize the deal; in connection with Casa Radio Project, the Company issued a Notice of Dispute and Acceptance of Offer and Consent to Arbitrate to Romania with respect to the Project and we hope this will help us to unblock the current status of the Project.”

For further details, please contact:

Plaza
Ron Hadassi, Executive Director 972-526-076-236

Notes to Editors
Plaza Centers N.V. (www.plazacenters.com) is listed on the Main Board of the London Stock Exchange, as of 19 October 2007, on the Warsaw Stock Exchange (LSE: “PLAZ”, WSE: “PLZ/PLAZACNTR”) and, on the Tel Aviv Stock Exchange.

Forward-looking statements

This press release may contain forward-looking statements with respect to Plaza Centers N.V. future (financial) performance and position. Such statements are based on current expectations, estimates and projections of Plaza Centers N.V. and information currently available to the company. Plaza Centers N.V. cautions readers that such statements involve certain risks and uncertainties that are difficult to predict and therefore it should be understood that many factors can cause actual performance and position to differ materially from these statements.

MANAGEMENT STATEMENT

During first half of 2022 the Company together with Elbit continued efforts to sell plot in Bangalore, India. Accordingly, the Company is taking all necessary steps to protect its interest in the Bangalore project, including by filling an appeal before the National Company Law Appellate Tribunal, Chennai, India against the decision of the National Company Law Tribunal, Bengaluru, India, which dismissed the insolvency proceedings initiated against the Purchaser for the recovery of the amounts due (refer also to Note 6). The Company also continued cost reductions.

In connection with Casa Radio Project, as stated above, the Company issued a Notice of Dispute and Acceptance of Offer and Consent to Arbitrate to Romania with respect to the Project and we hope this will help us to unblock the current status of the Project. In addition, on December 20, 2021 the Company and AFI Europe N.V. ("AFI Europe") 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, 2022. The addendum was approved by the bondholders meeting held on November 25, 2021.

Due to the board and management estimation that the Company is unable to serve its entire debt according to the current redemption date (January 1, 2023) in its current liquidity position, the Company intends to request from the bondholders of both series (Series A and Series B) postponement of the repayment of the remaining balance of the bonds.

Results

During the first half of the year, Plaza recorded a €6.3 million loss attributable to the shareholders of the Company (30 June 2021: €9 million). The losses were mainly from the Net Finance Costs which were decreased to €4.9 million in 2022, from €7.5 million in 2021 mainly due to foreign currency gain on bonds (including inflation) and interests' expenses accrued on the debentures (partly due to penalty interest calculated on the deferred principal); and from administrative expenses and share in results of equity-accounted investees.

Total result of operations excluding finance income and finance cost was a loss of €1.3 million in 2022 compared to reported loss of €1.5 million in the first half of 2021, mainly due to share in result of equity accounted investees and administrative expenses.

The consolidated cash position (cash on standalone basis as well as fully owned subsidiaries) as of 30 June 2022 was €3.2 million (31 December 2021: €4.7 million).

Liquidity & Financing

Plaza ended the period with a consolidated cash position of circa €3.2 million, compared to €4.7 million at the end of 2021.
As of June 30, 2022, the Group's outstanding obligation to bondholders (including accrued interests) are app. €126.6 million.

As disclosed in Note 7(e) below the Company was not able to meet its final redemption obligation to its (Series A and Series B) bondholders, due on July 1, 2022, and on June 16, 2022, the bondholders approved to postpone the final redemption date to January 1, 2023.

Due to the board and management estimation that the Company is unable to serve its entire debt according to the current bond's repayment schedule in its current liquidity position, the Company intends to request the bondholders of both series to postpone 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 into an additional debt restructuring or might cease to be a going concern.

Strategy and Outlook

The Company's priorities are focused on efforts to sign definitive sale agreement of Casa Radio project, getting further proceeds for Bangalore. The Company also intends to seek for bondholders' approval for postponement of the repayment of the bonds. In addition, the Company intends to continue the cost-cutting of its operational cost.

OPERATIONAL REVIEW

Over the course of the year to date, Plaza has continued to make progress against its operational and strategic objectives. The Company's current assets are summarised in the table below (as of balance sheet date):

Asset/ Project	Location	Nature of asset	Size sqm (GLA)	Plaza's effective ownership %	Status
Casa Radio	Bucharest, Romania	Mixed-use retail, hotel and leisure plus office scheme	467,000 (GBA including parking spaces)	75	Pre-sale agreement signed
Bangalore	Bangalore, India	Residential Scheme	218,500	47.5	Amended revised agreement in place

FINANCIAL REVIEW

Results

In 2022, the administrative expenses amounted to €0.6 million, an increase comparing to €0.4 million in the first half of 2021. The increase was a result of additional expenses for legal services in respect to initiated by the Company of an arbitration process in Romania as states above in connection with Casa Radio Project.

Net Finance Costs decreased from €7.5 million in the first 6 months of 2021 to €4.9 million in the first 6 months of 2022. The main components of Net Finance Costs were foreign currency gain on bonds (including inflation) and interests' expenses accrued on the debentures which includes also penalty interest calculated on the deferred principal.

As a result, the loss for the period amounted to circa €6.3 million in the first 6 months of 2022, representing a basic and diluted loss per share for the period of €0.92 (H1 2021: €1.31 loss).

Balance sheet and cash flow

The balance sheet as of 30 June 2022 showed total assets of €8.6 million compared to total assets of €9.8 million at the end of 2021, mainly as a result of administrative expenses and costs of operations and decrease in Equity accounted investees.

The consolidated cash position (cash on standalone basis as well as fully owned subsidiaries) as of 30 June 2022 decreased to €3.2 million (31 December 2021: €4.7 million).

Investments in equity accounted investee companies has decreased by €0.6 million to circa €4.5 million (31 December 2021: €5.1 million) mainly as a result of write down in trading properties.

As of 30 June 2022, the Company has a balance sheet liability of €99.8 million from issuing bonds on the Tel Aviv Stock Exchange. Additionally, the Company recorded provision for interests on bonds as of June 30, 2022, in an amount of €26.8 million (31 December 2021: €21.7 million).

Disclosure in accordance with Regulation 10(B)14 of the Israeli Securities Regulations (periodic and immediate reports), 5730-1970

1. **General Background**

According to the abovementioned regulation, upon existence of warning signs as defined in the regulation, the Company is obliged to attach its report's projected cash flow for a period of two years, commencing with the date of approval of the reports ("Projected Cash Flow").

The material uncertainty related to going concern was included in Note 1(b). In light of the material uncertainty that the SPA between the Company and AFI Europe N.V. will eventually be executed and/or that the transaction will be consummated as presented above or at all, (refer to Note 5) as well as the default of purchaser of Bangalore project to meet payments schedule according to the signed amendment agreement (refer to Note 6), the board and management estimates that the Company is unable to serve its entire debt according to the due date the bondholders approved to postpone the final redemption date. Accordingly, it is expected that the Company will not be able to meet its entire contractual obligations in the following 12 months.

With such warning signs, the Company is providing projected cash flow for the period of 24 months following for the coming two years.

2. <u>Projected cash flow</u>

The Company has implemented the restructuring plan that was approved by the Dutch court on July 9, 2014 (the "Restructuring Plan"). Under the Restructuring Plan, principal payments under the bonds issued by the Company and originally due in the years 2013 to 2015 were deferred for a period of four and a half years, and principal payments originally due in 2016 and 2017 were deferred for a period of one year. During first three months of 2017, the Company paid to its bondholders a total amount of NIS 191.7 million (EUR 49.2 million) as an early redemption. Upon such payments, the Company complied with the Early Prepayment Term (early redemption at the total sum of at least NIS 382 million) and thus obtained a deferral of one year for the remaining contractual obligations of the bonds.

In January 2018, a settlement agreement was signed by and among the Company and the two Israeli Series of Bonds.

On November 22, 2018 the Company announced based on its current forecasts, that the Company expected to pay the accrued interest on Series A and Series B Bonds on December 31, 2018, in accordance with the repayment schedule determined in the Company's Restructuring Plan and Settlement Agreement with Series A and Series B Bondholders from 11 January 2018 (the "Settlement Agreement"). The Company noted that it will not meet its principal repayment due on December 31, 2018 as provided for in the Settlement Agreement. On February 18, 2019 the Company paid principal of circa EUR 250,000 and Penalty interest on arrears of EUR 150,000 following the bondholder's approval to defer principal repayment to July 1, 2019.

In addition, during June 2019 the bondholders approved the deferral of the full payment of principal due on July 1, 2019 and of 58% ("deferred interest amount") of the sum of interest (consisting of the total interest accrued for the outstanding balance of the principal, including interest for part of the principal payment which was deferred as of February 18, 2019, plus interest arrears for part of the principal which was fixed on February 18, 2019 and was not paid by the Company and all in accordance with the provisions of the trust deed; "the full amount of interest"), the effective date of which is June 19, 2019, and the payment date was fixed as of July 1, 2019. The company paid on the said date a total amount of circa EUR 1.17 million, which is only 42% of the full amount of interest.

On July 11, 2019, the Company announced that its Romanian subsidiary had signed a binding agreement to sell land in Romania (refer to Note 5(3)(f) of the consolidated financial statements as of December 31, 2020), and that the Company would use part of the proceeds now received by it EUR 0.75 million (hereinafter: "the amount payable"), in order to make a partial interest payment to the bondholders (Series A) and (Series B) issued by the Company. The payment required changes in the repayment schedule and amendments of the trust deeds which was approved unanimously by the Bondholders. The amount payable was paid on August 14, 2019 and reflects 30% of accrued interest as of that date.

On November 17, 2019, the bondholders of Series A and Series B approved a deferral of all the scheduled Principal payment and app. 87% of deferral of the scheduled Interest payment, both, as of December 31, 2019 to July 1, 2020.

On May 4, 2020, the bondholders of Series A and Series B approved: (i) to postpone the final redemption date to January 1, 2021 of all the scheduled Principal; (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 and to deferral all other unpaid scheduled Interest payment.

Following receiving the Settlement Amount related to the final price adjustment of the sale of Belgrade Plaza 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. The amount reflected 6.74% of accrued interest as of that date.

On November 12, 2020, the bondholders of Series A and Series B approved: (i) to postpone the final redemption date to July 1, 2021 of all the scheduled Principal; that on January 1, 2021 the Company will pay to its bondholders a partial interest payment in the total amount of EUR 200,000 and to deferral all other unpaid interest. The amount reflected 1.84% of accrued interest as of that date.

On April 12, 2021, the bondholders of Series A and Series B approved: (i) to postpone the final redemption date to January 1, 2022; (ii) that on July 1, 2021 the Company will pay to its bondholders a partial interest payment in the total amount of EUR 125,000 and to deferral all other unpaid interest. The amount reflected 0.84% of accrued interest as of that date.

On November 25, 2021, the bondholders of Series A and Series B approved: (i) to postpone the final redemption date to July 1, 2022; (ii) that on January 1, 2022 the Company will pay to its bondholders a partial interest payment in the total amount of EUR 125,000 and to deferral all other unpaid interest. The amount reflected 0.92% of accrued interest as of that date.

On June 16, 2022, the bondholders of Series A and Series B approved to postpone the final redemption date to January 1, 2023.

The materialisation, occurrence consummation and execution of the events and transactions and of the assumptions on which the projected cash flow is based, including with respect to the proceeds and timing thereof, although probable, are not certain and are subject to factors beyond the Company's control as well as to the consents and approvals of third parties and certain risks factors. Therefore, delays in the realisation of the Company's assets and investments or realisation at a lower price than expected by the Company, as well as any other deviation from the Company's assumptions (such as additional expenses due to suspension of trading, delay in submitting the statutory reports etc.), could have an adverse effect on the Company's cash flow and the Company's ability to service its indebtedness in a timely manner.

In € millions	7-12/2022	2023
Cash - Opening Balance [(2)]	**3.19**	**8.19**
Proceeds from sales transactions, price adjustments [(3)]	-	-
Cashflow from equity companies in India [(4)]	7.0	-
Total Sources	**10.19**	**8.19**
Debentures - principal	-	-
Debentures - interest [(5)]	1.5	-
Other operational costs [(6)]	-	2.0
G&A expenses (including property maintenance) [(7)]	0.5	1.1
Total Uses	**2.0**	**3.1**
Cash - Closing Balance [(2)]	**8.19**	**5.09**

1. The above cash flow is subject to the approval of the bondholders of both series to postpone the repayment of the remaining balance of the bonds which is due on January 1, 2023.
2. Total cash on standalone basis as well as fully owned subsidiaries.
3. The Company did not 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 of the interim condensed consolidated financial statements as of June 30, 2022, thus there can be no certainty an the SPA will eventually be executed and/or that the Transaction will be completed.
4. The Company included proceeds from its holdings in an indirect subsidiary (50%) which holds a property in Bangalore, India in line with advanced negotiations between the Parties and the fact, that the Parties continue to act to complete the transaction on the terms as set forth in non-binding proposal (as detailed in Note 6 of the interim condensed consolidated financial statements as of June 30, 2022). However, there can be no certainty that the deal will be completed.
5. Payments of interests is only estimation, subject to receive proceeds from the disposal of Company's holding in an indirect subsidiary (50%) which holds in Bangalore, India (as detailed in Note 6 of the interim condensed consolidated financial statements as of June 30, 2022).
6. The cost includes a provision for arbitrations / legal costs based on projection of arbitration process.
7. Total general and administrative expenses includes both costs of the Company and of all the subsidiaries.

Ron Hadassi

Executive Director

31 August 2022

PLAZA CENTERS N.V.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2022

NOT AUDITED AND NOT REVIEWED

IN '000 EUR

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2022 EUR '000 Not audited Not reviewed	December 31, 2021 EUR '000 Audited
ASSETS		
Cash and cash equivalents	3,190	4,688
Restricted bank deposits	347	-
Prepayments and other receivables	104	39
Total current assets	3,641	4,727
Equity accounted investees	4,469	5,113
Restricted bank deposits	487	-
Total non-current assets	4,956	5,113
Total assets	**8,597**	**9,840**

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2022	December 31, 2021
	EUR '000	**EUR '000**
	Not audited	**Audited**
	Not reviewed	
LIABILITIES AND EQUITY		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Bonds	99,823	99,999
Accrued interests on bonds	26,795	21,693
Trade payables	217	110
Other liabilities	334	425
Total current liabilities	127,169	122,227
Share capital	6,856	6,856
Translation reserve	(30,747)	(30,838)
Other reserves	(19,983)	(19,983)
Share based payment reserve	35,376	35,376
Share premium	282,596	282,596
Retained losses	(392,670)	(386,394)
Total equity	(118,572)	(112,387)
Total equity and liabilities	**8,597**	**9,840**

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

August 30, 2022		
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, 2022	Six months ended June 30, 2021
	EUR '000 *(except per share data)* Not audited Not reviewed	EUR '000 *(except per share data)* Not audited Not reviewed
Gains and other		
Other income	146	125
Total gains	146	125
Total revenues and gains	146	125
Expenses and losses		
Cost of operations	(47)	(37)
Share in results of equity-accounted investees	(823)	(1,142)
Administrative expenses	(623)	(403)
Other expenses	-	(10)
Finance income	884	-
Finance costs	(5,813)	(7,484)
Total expenses and losses	(6,422)	(9,076)
Loss before income tax	(6,276)	(8,951)
Income tax expense	-	-
Loss for the period	(6,276)	(8,951)
Earnings per share		
Basic and diluted loss per share (in EURO)	(0.92)	(1.31)

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,	
	2022	2021
	EUR '000	EUR '000
	(except per share data)	*(except per share data)*
	Not audited	Not audited
	Not reviewed	Not reviewed
Loss for the period	(6,276)	(8,951)
Other comprehensive income		
Items that are or may be reclassified to profit or loss:		
Foreign currency translation differences - foreign operations (Equity accounted investees)	91	224
Other comprehensive gain (loss) for the period	91	244
Total comprehensive loss for the period	(6,185)	(8,727)

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, 2022	6,856	282,596	35,376	(30,838)	(19,983)	(386,394)	(112,387)
Comprehensive loss for the period							
Net loss for the period	-	-	-	-	-	(6,276)	(6,276)
Foreign currency translation differences	-	-	-	91	-		91
Total comprehensive loss for the period	-	-	-	91	-	(6,276)	(6,185)
Balance on June 30, 2022 (Not audited, not reviewed)	6,856	282,596	35,376	(30,747)	(19,983)	(392,670)	(118,572)

	Share capital	Share Premium	Share based payment reserves	Translation Reserve	Other reserves	Retained losses	Total
Balance on January 1, 2021	6,856	282,596	35,376	(31,292)	(19,983)	(359,305)	(85,752)
Comprehensive loss for the period							
Net loss for the period	-	-	-	-	-	(8,951)	(8,951)
Foreign currency translation differences	-	-	-	224	-		224
Total comprehensive loss for the period	-	-	-	224	-	(8,951)	(8,727)
Balance on June 30, 2021 (Not audited, not reviewed)	6,856	282,596	35,376	(31,068)	(19,983)	(368,256)	(94,479)

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, 2022 EUR '000 Not audited Not reviewed	Six months ended June 30, 2021 EUR '000 Not audited Not reviewed
Cash flows from operating activities:		
Loss for the period	(6,276)	(8,951)
Adjustments necessary to reflect cash flows used in operating activities		
Net finance costs	4,929	7,484
Share of loss of equity-accounted investees	823	1,142
	(524)	(325)
Changes in:		
Trade receivables	(19)	(14)
Other receivables	(46)	(196)
Change in restricted cash	(834)	-
Trade payables	107	(14)
Other liabilities, related parties' liabilities and provisions	(91)	(62)
	(883)	(286)
Interest paid	-	(125)
Net cash used in operating activities	(1,407)	(736)
Cash from investing activities		
Distribution received from equity accounted investees	(88)	34
Net cash provided by investing activities	(88)	34

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, 2022 EUR '000 Not audited Not reviewed	Six months ended June 30, 2021 EUR '000 Not audited Not reviewed
Cash from financing activities		
Repayment of debentures	-	-
Net cash used in financing activities	-	-
Effect of exchange fluctuations on cash held	(3)	(55)
Decrease in cash and cash equivalents during the period	(1,498)	(757)
Cash and cash equivalents as of January 1st	4,688	1,709
Cash and cash equivalents as of June 30	3,190	952

The accompanying notes are an integral part of the 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 Pietersbergweg 283, 1105 BM, 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").

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, till December 19, 2018 when EUL informed that it has signed a trust agreement according to which EUL will deposit its shares of the Company with a trustee and no longer considers itself to be the controlling shareholder of the Company. At the date of approval of these financial statements EUL held 20.55% of the Company's shares (please refer to note 7(a) regarding the sale of app. 2.67% of the Company's shares held by EUL).

b. Going concern and liquidity position of the Company:

As of June 30, 2022, the Company's outstanding obligations to bondholders (including accrued interests) are app. EUR 126.6 million due date of which was postponed to January 1, 2023 (the "**Current Due date**") (please refer to Note 7(e)).

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 3.2 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, 2022. The addendum was approved by the bondholders meeting held on November 25, 2021. 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. Following the default of purchaser of Bangalore project to meet payments schedule according to the signed amendment agreement (refer to Note 6) there can be no certainty that the agreement will be completed, hence at this time no resources are expected to be available in forceable future.

NOTE 1: - CORPORATE INFORMATION (Cont.)

As of June 30, 2021, 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, 2020), 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.

c. Impact of the Covid-19

The risks associated with the Covid-19 global health and economic crisis may affect the Company indirectly, through possible regulatory changes and the impact on the macroeconomic environment, which may affect the conducted activities which are concentrated at selling of the assets. The Company monitors the consequences of the event and the actions taken in countries in which it operates and assesses the risks and exposures arising from these consequences.

d. The effects of the Russia-Ukraine war:

In February 2022, a war broke out between Russia and Ukraine which is ongoing and continues to cause numerous casualties, damages to infrastructure and disruption of the Ukraine economy. In response, several countries (including the U.S., the UK and the EU) imposed economic sanctions against certain Russian and Russian related entities and individuals around the world and various sanctions have also been imposed on Belarus. These sanctions are likely to directly impact those entities and individuals and indirectly affect third parties which have business affiliations with those entities and individuals as well as certain industries in Russia and Belarus.

Potential fluctuations in commodity prices and foreign exchange rates, import and export restrictions, availability of local materials and services and access to local resources are all liable to affect entities that have significant operations or exposures in or with Russia, Belarus or Ukraine.

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, 2022 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 2021. These interim condensed consolidated financial statements as of June 30, 2022 have been neither audited nor reviewed by the Company's auditors.
The financial information for the half year ended 30 June 2021 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, 2021.

The interim condensed consolidated financial statements as of June 30, 2021 were authorized by the Board of Directors on 30 August 2022.

b. New standards, interpretations and amendments adopted by the Group:

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendment to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets":

In May 2020, the IASB issued an amendment to IAS 37, regarding which costs a company should include when assessing whether a contract is onerous ("the Amendment").

According to the Amendment, costs of fulfilling a contract include both the incremental costs (for example, raw materials and direct labour) and an allocation of other costs that relate directly to fulfilling a contract (for example, depreciation of an item of property, plant and equipment used in fulfilling the contract).

The Amendment is effective for annual periods beginning on or after January 1, 2022 and applies to contracts for which all obligations in respect thereof have not yet been fulfilled as of January 1, 2022. The application of the Amendment does not require the restatement of comparative data. Instead the opening balance of retained earnings on the date of initial application date is adjusted for the cumulative effect of the Amendment.

The application of the Amendment did not have a material impact on the Company's interim financial statements.

NOTE 2: - BASIS OF PREPARATION (Cont.)

Annual improvements to IFRSs 2018-2020:

In May 2020, the IASB issued certain amendments in the context of the Annual Improvements to IFRSs 2018-2020 Cycle. The main amendment is to IFRS 9, "Financial Instruments" ("the Amendment"). The Amendment clarifies which fees a company should include in the "10% test" described in paragraph B3.3.6 of IFRS 9 when assessing whether the terms of a debt instrument that has been modified or exchanged are substantially different from the terms of the original debt instrument.

According to the Amendment, fees paid net of any fees received that are included in the cash flows are only those fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The Amendment is effective for annual periods beginning on or after January 1, 2022. The Amendment is applied to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the Amendment that is from January 1, 2022.

c. Disclosure of new standards in the period prior to their adoption:

There are currently no amendments to existing standards and/or newly issued standards other than those disclosed in the annual 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, 2021, 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 and is classified as Level 1 in the fair value hierarchy.

NOTE 4: - FINANCIAL INSTRUMENTS (Cont.)

	Carrying amount		Fair value	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31 2021
	Not audited Not reviewed	Audited	Not audited Not reviewed	Audited
	EUR '000	EUR '000	EUR '000	EUR '000
Statement of financial position				
Debentures A – Israeli NIS bonds	41,203	41,275	4,576	6,025
Debentures B – Israeli NIS bonds	58,620	58,724	8,190	8,849

The total contractual liability of the Debentures was EUR 126.6 million as of June 30, 2022.

NOTE 5: - CASA RADIO

a. Following Note 5(2)(c) to the annual financial statements relating the discussions with the Romanian authorities, there have been no significant events since the publication of the annual financial statements as of December 31, 2021.

b. Following Note 5(2)(e) to the annual consolidated financial statements as of December 31, 2021 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, 2022. The addendum was approved by the bondholders meeting held on November 25, 2021.

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 an Engagement letter with a law firm in London in connection with the legal proceedings in the "Casa Radio" project refer to Note 18(b) to the annual consolidated financial statements as of December 31, 2021. 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 7(c). Accordingly, as of May 16, 2022 the Company has submitted with International Centre for Settlement of Investment Disputes (the "Centre") a Request for Arbitration (the "Request") against Romania. The Request was registered by the Centre on June 3, 2022. Further to the Centre's registration of the Request and pursuant to Rule 2(1)(a) of the Rules of Procedure for Arbitration Proceedings (the "Arbitration Rules"), the Company set out Romania proposal with respect to the number of arbitrators and the method for their appointment in these proceedings. At the current stage, the Company and Romania are in the process of agreeing above mentioned proposal.

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

NOTE 5: - CASA RADIO (Cont.)

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(3) to the annual consolidated financial statements as of December 31, 2021).

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.

On the other hand, if the Company comes to an understanding with the Romanian authorities, it will measure the Casa Radio NRV to reflect its updated financial projections.

NOTE 6:- EQUITY ACCOUNTED INVESTEES

Material events and updates during the reporting period:

Bangalore:

Following Note 6(b)(1) to the annual consolidated financial statements regarding the agreement (the "Sale Agreement") between Elbit Plaza India Real Estate Holdings Limited (a subsidiary held by the Company (50%) and Elbit Imaging ltd.(50%)) ("EPI") and a third-party local developer (the "Partner") to sell 100% of EPI's interest in the SPV (subsidiary of EPI, which owns 54 acres plot in Bangalore, India) to the Partner, on April 13, 2022 the Company announced that the Partner submitted to EPI an unformal non-binding proposal to purchase 100% of EPI's interest in the Project and the completion of the transaction in exchange for a payment of INR 112-117 crores (approximately EUR 13.6-14.2 million) in lieu of the remain amount of consideration according to the Sale Agreement (INR 269 crores (approximately EUR 32.6 million)).

On June 28, 2022 the Company announced that the founder and CEO of the Partner has been arrested by Indian law enforcement authorities on suspicion of money laundering and on August 2, 2022 the Company updated that the founder and CEO of Partner has been released from custody of the certain government agency which had arrested him.

The negotiation between the Parties have not yet matured into a binding agreement. In order to preserve EPI's rights, EPI has initiated arbitration proceeding in Singapore versus the Partner in accordance with the provisions of the Agreement between the Partner and EPI.

In the period since May 19, 2022 till August 24, 2022 the Partner deposited in the SPV INR 22.5 crores (approximately EUR 2.77 million). There is no certainty that it will lead to closing, however the negotiation between the Parties is in advanced stage and the Parties continue to act to complete the transaction on the terms as set forth in non-binding proposal.

As of this date, the Partner paid to EPI approximately INR 87.00 crores (approximately EUR 11.2 million) (Company part INR 43.5 crores (approximately EUR 5.6 million)) and has to pay to EPI the remaining amount out of the consideration of approximately INR 269 crores (approximately EUR 32.6 million) (Plaza part INR 134.5 crores (approximately EUR 16.3 million)) as per the Sale Agreement.

NOTE 6:- EQUITY ACCOUNTED INVESTEES (Cont.)

Net realizable value measurement of Bangalore project

As for June 30, 2022 and December 31, 2021, the Group measured the net realizable value of the project. The net realizable value of the project based on the comparable method is INR 159 crores (App. EUR 19.3 million); 2021 - INR 172 crores (App. EUR 20.4 million). Due to decrease in value of the plot EPI recognized a write off in the amount of app. EUR 1.53 million (the Company's part (50%) app. EUR 0.76 million).

The evaluation method	Value in INR million	Value in EUR million
Comparable Method	1,592	19.3
DCF Method	1,461	17.7

In light of the Company's intention to sell the Plot to the Partner or to any other third party (see above), and in light of the uncertainty as to the completion of the transaction with the Partner, the Company believes that the comparable method reliably reflects the net realizable value of the Plot and therefore the Company recorded the value of the plot as of June, 2022 at the value of INR 159.2 crores (EUR 19.3 million) (the Company's part (50%) app. EUR 9.6 million).

The plot in Bangalore is still in land stage and therefore the value of the plot has been derived using land comparable method. The valuation of the property reflects the interest that the Partner still holds in the plot (10% as described above), the size of the plot, the non-contiguous land parcel, the petition/application filed with NCLAT against the partner and the money laundering by Enforcement Directorate against the Mantri Promoters.

The following main parameters have been considered to arrive at the land value of the subject property by land sale comparison method:

Parameter	Premium (Discount)
Applicable land value (INR Mn/acre)	99
Total land value (INR Mn)	5,361
Discount on account of Revised Master Plan 2015 Buffer zone norms (%)	-25%
Land Value after discount for RMP 2015 Buffer zone Norms (INR Mn /acre)	74
Presence of minority shareholder (partner)	-20%
Applicable Land Value after discount (INR Mn /acre)	59
Total land value (INR Mn)	3,217
Discount on account of the insolvency petition/appeal filed with NCLAT	-45%
Total land value (INR Mn)	1,769
Discount on account of money laundering by Enforcement Directorate against the Mantri Promoters	-10%
Total land value (INR Mn)	1,592

NOTE 7:- MATERIAL EVENTS DURING THE REPORTING PERIOD

a. Update regarding a change in Elbit Imaging Ltd holdings

Since August 5, 2020 and up to last announcement, Elbit Imaging sold about 1,670 thousand shares of the Company for a total consideration of approximately NIS 1,683, thus, Elbit Imaging holdings in the Company have diminished from 44.9% to 20.55% of the Company's issued and paid-up capital. During the reporting date, out of the above, Elbit Imaging sold about 77 thousand shares of the Company for a total consideration of approximately NIS 150 thousand, thus, Elbit Imaging holdings in the Company have diminished by 2.67%.

b. Update regarding the sale agreement of the plot in Bangalore, India.

For the details regarding sale agreement of the plot in Bangalore, India please refer to the Note 6.

c. Update 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.

Following Note 18(c) to the annual consolidated financial statements as of December 31, 2021, as of May 16, 2022 the Company has submitted with International Centre for Settlement of Investment Disputes (the "Centre") a Request for Arbitration (the "Request") against Romania. The Request was registered by the Centre on June 3, 2022. Further to the Centre's registration of the Request and pursuant to Rule 2(1)(a) of the Rules of Procedure for Arbitration Proceedings (the "Arbitration Rules"), the Company set out Romania proposal with respect to the number of arbitrators and the method for their appointment in these proceedings. At the current stage, the Company and Romania are in the process of agreeing above mentioned proposal.

d. Dutch statutory auditor

Following Note 16(b)(7) to the annual consolidated financial statements as of December 31, 2021, which discloses statutory filing requirements, the Company submitted the annual consolidated financial statements as of December 31, 2021 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.

e. 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, 2021, the Company was not able to meet its final redemption obligation to its (Series A and Series B) bondholders, due on July 1, 2022. In light of the above on June 16, 2022 the bondholders approved to postpone the final redemption date to January 1, 2023.

f. Update regarding proposal from G.C. Hevron Capital Ltd

As previously disclosed by the Company in Note 18(d) to its annual consolidated financial statements as of December 31, 2021, the Company received proposals from G.C. Hevron Capital Ltd ("Hevron Capital").

On March 30, 2022 the Company announced that Hevron Capital submitted to the Company a request to extend the No-Shop period, due to the complexity and the vast amount of data that needs to be proceed in order to evaluate the proposed settlement

NOTE 7:- MATERIAL EVENTS DURING THE REPORTING PERIOD (Cont.)

("Hevron Capital' Request"). Following the above, the Company's Board of Directors approved Hevron Capital's Request to extend the "No-Shop" which expired as of May 20, 2022.

NOTE 8: - SUBSEQUENT EVENTS

a. Annual General Meeting

Annual General Meeting of the Shareholders of the Company was held on July 20, 2022, all the proposed resolutions were passed.

b. Update regarding the sale agreement of plot in Bangalore, India

For the details regarding sale agreement of plot in Bangalore, India please refer to the Note 6.

c. Environmental Sustainability Policy

On August 30, 2022 the Company adopted Environmental Sustainability Policy.

d. Taskforce on Climate-related Financial Disclosures ("TCFD")

The Company notes the TCFD recommendations on climate-related financial disclosures.

(1) BACKGROUND

Released in 2017, the TCFD recommendations set out eleven recommended disclosures around four core areas for companies to report material climate-related information to the market via the mainstream financial report, as shown in Figure 1, below.4 In focusing on these four core areas of business practice and disclosure, the TCFD sought to ensure that consideration for climate-related matters were adequately embedded throughout the organization's governance, strategy, and risk management processes and transparently reflected for both preparers and users alike. In doing so, this addresses the demand for information that is consistent, comparable, reliable and clear. The TCFD recommendations also promoted the use of climate scenario analysis for the assessment of corporate strategic resilience. Climate scenario analysis is offered as a means to inform users5 about a company's strategic resilience, and enable companies to prepare and respond to the uncertainties of climate change and decarbonization efforts over different time horizons, both in terms of the timings of potential impacts as well as their magnitudes.6 By exploring a range of plausible and coherent climate futures and assessing the potential corporate risks and opportunities of each, companies can test their thinking and strategies, better understand the key drivers that will likely affect their business going forward, and adapt their strategies and ambitions accordingly. Whilst potentially challenging, scenario analysis is an essential component to TCFD reporting. It brings considerations of the short-, medium-, and long-term impacts of climate change into the present day, enabling companies and investors can act in a more informed and effective manner

The UK took the pioneer status and local firms will be required to disclose climate-related financial information, ensuring they consider the risks and opportunities they face as a result of climate change.

NOTE 8: - SUBSEQUENT EVENTS (Cont.)

- The UK is the first G20 country to make it mandatory for Britain's largest businesses to disclose their climate-related risks and opportunities, in line with TCFD recommendations

- new legislation will require firms to disclose climate-related financial information, with rules set to come into force from April 2022

- follows publication of UK's landmark Net Zero Strategy and forms part of the government's commitment to making the UK financial system the greenest in the world

The UK is becoming the first G20 country to enshrine in law mandatory TCFD-aligned requirements for Britain's largest companies and financial institutions to report on climate-related risks and opportunities.

From 6 April 2022, over 1,300 of the largest UK-registered companies and financial institutions will have to disclose climate-related financial information on a mandatory basis – in line with recommendations from the Task Force on Climate-Related Financial Disclosures. This will include many of the UK's largest traded companies, banks and insurers, as well as private companies with over 500 employees and £500 million in turnover.

The TCFD is an industry-led group which helps investors understand their financial exposure to climate risk and works with companies to disclose this information in a clear and consistent way. It was launched at the Paris COP21 in 2015 by the Financial Stability Board (FSB) and Mark Carney, the UN Special Envoy on Climate Action and Finance and UK Finance Adviser for COP26, and has since published a clear and achievable set of recommendations on climate-related financial disclosures.

<u>TCFD Recommendations</u>

The TCFD Recommendations, first launched in 2017, are designed to encourage consistent and comparable reporting on climate-related risks and opportunities by companies to their stakeholders. The TCFD Recommendations are structured around four content pillars: (i) Governance; (ii) Strategy; (iii) Risk Management; and (iv) Metrics & Targets; and eleven recommendations to support effective disclosure under each pillar.

NOTE 8: - SUBSEQUENT EVENTS (Cont.)

Why it is important to respond to the TCFD recommendations now?

The UK's Green Finance Strategy sets out the Government's expectations for all listed companies to disclose in line with the TCFD recommendations by 2022.

CDP has already amended its disclosures to include a section related to the risks and opportunities arising from climate change, which is based on the TCFD recommendations.

According to a 2019 TCFD status report, 340 investors with nearly $34 trillion in assets under management are asking companies to report under the recommendations.

(2) CORPORATE INFORMATION

For the details please refer to the Note 1.

(3) GOVERNANCE

In relation to the above trend and legislation, the Company finds itself, as a premium traded firm, in the reporting category. However, the intention was to regulate the way the largest firms in the UK are reporting in relation to the climate change. The legislation clearly specifies "companies with over 500 employees and £500 million in turnover."

The Company with its five employees, directors and the four lands it holds, clearly falls far behind the regulator's criteria for reporting firms. The Company does not have its own offices, but sharing two offices in business hubs.

The Company is a very small company and cannot be compared with the above-mentioned giant scales. In fact, we are under the impression, the Company has by far an insignificant impact over the climate change, compared even with a micro company.

Just like the rest of the western world, the Company takes climate changes very seriously and is taking measures in order to increase its climate change orientation and to decrees negative effect on it in areas that are in the company's control.

Previously, the Company, was not very active on the topic of global warming, mainly due to is type and limited operations. In 2022, due to new reporting requirements and world trends, the company is much more aware of the topic and is taking a proactive approach.

Since this year, the company is carefully looking into its own operation and constantly strives to reduce carbon footprint and improve the impact of its operations have on the environment, even though, that impact is negligible.

The Company has written an environmental sustainability policy that is being reviewed and adopted in Q4 of 2022. That policy creates a commitment of the company to global climate change and will influence the company's operations in favour of minimalizing carbon footprint.

(4) STRATEGY

As the board of the Company is made aware of the climate change issues and the TFCD reporting, it starts to embed climate changing considerations into board daily decisions.

The first challenge was to study the issue and the board empowered the Chairman to study the issue and educate the Board.

NOTE 8: - SUBSEQUENT EVENTS (Cont.)

The second challenge, was to create an environmental sustainability policy that will set the company in the right direction in terms of climate change countering.

Despite of the very limited current level of operations the company experiences, a provisional environmental policy was drafted and will be adopted by the Board on next Board meeting.

This policy will add the environmental consideration to every business decision the company takes in the future.

As the Company is in a runoff mode, climate related risks are potentially relevant in the short and maybe medium time frame.

In both terms, the company sees a small risk of higher level of maintenance attributed to the four plots it has, due to extreme weather events. These are included but not limited to: cleaning, evacuating and maintaining the plots.

The first impact of environmental study and climate change, was on the company's Board. After the adoption of the environmental policy by the Board, the Company will observe the management taking actions accordingly and having the environment in mind in daily operations, according to the new policy.

In light if the above mentioned, resilience, is very limited to absence, when taking into account the current operations of the Company.

(5) RISK MANAGEMENT

Risks analysis requires a sufficient amount of data in order to produce an accurate analysis.

In the Company case, there is only so much data that can be used for such a study. While the company does not build, develop or produce anything, the risks study is very limited.

<u>Physical risks</u>

As long as the Company is not developing its lands, there is no value chain that might be affected by storms, extreme weather or weather changes. Not even whether related disasters.

The Company does not see how changes such as floods, extreme waves or droughts can have a major impact on its office related work.

The consequences of the above phenomena are limited to an increase in either cooling or warming expenses.

One low factor risk is identified in an extreme weather condition, when any of a company's plot is damaged due to such weather. That will lead to some expenses of cleaning, evacuating and restoring expenses.

A further related risk study is advised to the BOD to be performed in the current lands where the company have the four plots. Any new risk identified locally, will be imbedded to the financial planning ahead.

NOTE 8: - SUBSEQUENT EVENTS (Cont.)

Transition risks

Just like Physical risks, transitional risks are minimized when dealing with a five office n]based people, rather than a productive firm with mage processes and output.

Figure 1 – non-exhaustive list of climate-related risks and opportunities:

Risk type	**Risk example**	**Opportunity example**
Technology	Technology related risks are considered very limited in affecting the Company operations at the moment	The Company does not see any opportunity in technology in relations to current operations
Policy	Regulatory changes can only have an impact of the way the Company reports at the moment. Local regulatory changes may affect to some effect, some of the plots the Company holds.	Currently, the Company does not identify any opportunity in weather related policy change.
Market	In current situation, where the Company operates as B to B, rather than B to C, it does not recognize a market relevant risk.	The Company is not operating in B to C markets and therefore the market opportunity is irrelevant.
Legal and reputational	A climate-related incident affecting an industry can and might affect a more comprehensive look into the plots the Company has.	The Company does not recognize an opportunity in this section.

(6) METRIC AND TARGETS

Taking into account the limited scope of company's operations, it is clear that the metrics and targets are somewhat irrelevant for these operations. So is the disclosing of scopes 1-3 and the GHG emission. One needs sufficient operations in order to be able to produce, analyse and counter measures. The Company is by far not having significant operations in order to demonstrate the study and the cure. The Company's impact on climate change is negligible.

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