



PLAZA CENTERS N.V.

PLAZA CENTERS N.V. – STATEMENT AS PER SECTION 2:362 PARA 6 OF THE DUTCH CIVIL CODE IN RESPECT OF THE ANNUAL ACCOUNTS 2016

Date: 18 July, 2018

Plaza Centers N.V. (the “**Company**”) wishes to announce as follows.

After completion of the audit of the statutory financial statements for the year ended 31 December 2016, it appeared that certain decisions made when preparing these statutory financial statements were susceptible to discussion.

After the Company had a discussion with its auditors, Ernst & Young Israel, in respect of the 2016 IFRS financial statements (not being the 2016 statutory financial statements) the Company made the decision to reissue and replace the 2016 IFRS financial statements that were originally approved by the board of directors in May 2017. Therewith, the reasons for reissuance and certain adjustments (including error corrections) made in these financial statements were described. The restated 2016 IFRS financial statements were approved by the board of directors in October 2017.

The statutory financial statements for 2016, that were adopted by the Company's general meeting of shareholders on 31 July 2017, have not been amended.

After nominating Baker Tilly Berk Accountants B.V. as statutory auditors, the Company decided to restate and reclassify the comparative figures in the 2017 statutory consolidated financial statements in order to match with the restated 2016 IFRS financial statements.

The Company's 2017 statutory consolidated financial statements are available on the Company's website www.plazacenters.com. For the readers of the 2017 statutory consolidated financial statements, the Company specifically makes reference to notes 2(f) and 2(g) thereof and to note 20 to the company (standalone) financial statements for the year 2017, which are reflected in the Appendix hereto (“Quote from Statutory financial statements for the year ended December 31, 2017). The 2017 statutory financial statements (comprising consolidated financial statements and the standalone financial statements) were adopted by the Company's general meeting of shareholders on 14 June 2018.



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APPENDIX

Quote from Statutory financial statements for the year ended December 31, 2017

Note 2 (f) - Restatement due to an error in 2016 financial statements:

As mentioned in Note 15 to the consolidated financial statements of the Company, the Bonds issued by the Company include several covenants, some of which allow the bondholders to demand immediate repayment in certain circumstances. In particular, the bondholders may ask for immediate repayment where there has been a material deterioration in the Company's business as compared to its situation at the time of the 2014 restructuring plan; and where there is substantial suspicion that the Company will be unable to repay the Bonds on time. In addition, should the bondholders exercise their right to declare immediate repayment, there is a cross default trigger in the Company's bank loan agreements that would allow the banks to demand repayment of the loans made. As of December 31, 2016, there were significant risks and uncertainties pertaining to the achievement of the Company's cash flow forecasts, which include the occurrence of events, which are beyond the Company's sole control. The Company's financial statements as of September 30, 2016 included an auditor's opinion with emphasis of matter to going concern uncertainty. As a result, there is a risk that the bondholders could argue there exists a substantial suspicion with respect to the Company's ability to repay its obligations that entitles them to immediate repayment. Should this occur there is a risk that the banks with whom the Company has loans in place, will also demand immediate repayment of the loans made to the Company. The Company would be unable to meet the demands of its bondholders and its banks. Accordingly, the Company restated its 2016 annual financial statements in order to present the entire Bonds outstanding amounting to EUR 178,370 thousand and interest-bearing loans in amount of EUR 82,275 thousand as current liabilities.



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	As previously reported	Amendment	Restated
Current liabilities			
Bonds at amortized cost	47,168	131,202	178,370
Interest Bearing Loans	48,099	34,176	82,275
Non-current liabilities			
Bonds at amortized cost	131,202	(131,202)	-
Interest Bearing Loans	34,176	(34,176)	-

Note 2 (g) - Reclassification and change in presentation format of statements of profit or loss:

1. The Company has reclassified certain items in the 2016 annual financial statements (prior to reissuance).
2. During the period, the Company has changed the presentation format of the statements of profit or loss. Under the new format – sale of trading properties (shopping centers and land plots) is presented on a gross basis due to the Company's business of selling the entirety of its trading properties. Prior to this change, only "sale of shopping centers" was presented on a net basis. In addition, "rental income from such shopping centers" is presented as part of other income line item. The Company believes that the new presentation format better reflects its results of operations and is in line with the presentation format of the Company's parent company.
3. The Company has reclassified prepaid expenses from current assets to non-current assets based on the contractual terms.



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**Quote from Statutory financial statements for the year ended
December 31, 2017**

Note 2 (g) - Reclassification and change in presentation format of statements of profit or loss:

Balance sheet as of December 31, 2016:

	<u>As previously reported</u>	<u>Amendment</u>	<u>Reclassified</u>
Current assets			
Prepayments	2,371	(1,747)	624
Non-current assets			
Prepaid expenses	-	1,747	1,747

Income statement for the year ended December 31, 2016:

	<u>As previously reported</u>	<u>Amendment</u>	<u>Reclassified</u>
Revenues			
Revenue from disposal of trading properties	9,632	19,763	29,395
Rental income	15,611	(15,611)	-
Gains and other			
Rental income	-	15,611	15,611
Gain from sale of plots	3,989	(3,989)	-
Other income	253	122	375
Expenses and losses			
Cost of Trading properties disposed	(9,987)	(15,896)	(25,883)
Loss for the year	(46,517)	-	(46,517)



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**Quote from Statutory financial statements for the year ended
December 31, 2017**

Company (standalone) financial statements

Note 20 - Restatement of 2016 financial statements

The Company has reclassified certain items in the 2016 annual financial statements.

	As previously reported €'000	Amendment €'000	Reclassified €'000
Non-current assets			
Financial fixed assets	539,927	(328,895)	211,032
Provisions			
Provisions participations	(328,895)	328,895	-
Revenues and gains			
Gains from disposal of assets	32,665	(32,665)	-
Other income	679	(679)	-
Expenses and losses			
Loss from disposal of	(11,598)	11,598	-
Results participations	(32,498)	21,747	(10,751)

Auditors



**BAKER TILLY
BERK**

Plaza Centers N.V.
To: the board of Plaza Centers N.V.

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Date: 18 July, 2018

DECLARATION OF THE INDEPENDENT AUDITOR as per ARTICLE 2: 362 PARAGRAPH 6 of the Dutch Civil Code

We have taken notice of the enclosed statement as per article 2: 362 paragraph 6 of the Dutch Civil Code of December 31, 2017 of the board of Plaza Centers N.V. in Amsterdam. The board of Plaza Centers N.V. is responsible for the content of this communication. We can agree with the content of this communication."

Baker Tilly Berk N.V.

J.H.J. Spiekker RA
Partner