PLAZA CENTERS N.V.

Task Force on Climate-related Financial Disclosures (TCFD)

(updated as of September 6, 2022)

Table of content

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 (page 9 below). 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 users 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. 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.

- 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 Taskforce on Climate-related Financial Disclosures (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 Taskforce on Climate- Related Financial Disclosures (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.

TCFD Recommendations

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.

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.

CORPORATE INFORMATION OF THE COMPANY

Information follows below is after updating as of September 6, 2022:

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 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) in published semi-annual FS 2022 regarding the sale of app. 24.35% 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 with due date that was postponed to January 1, 2023 (the "Current Due date") (please refer to note 7(e) in published semi-annual FS 2022).

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 in published semi-annual FS 2022) there can be no certainty that the agreement will be completed.

GOVERNANCE

In relation to the above trend and legislation, PCNV 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.”

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

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

Just like the rest of the western world, PCNV 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, Plaza Centers NV, 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 H2 of 2022. That policy creates a commitment of the company to global climate change and will influence the company's operations in favor of minimalizing carbon footprint.

STRATEGY

As the board of PCNV is made aware of the climate change issues and the TCFD 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.

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 two 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.

RISK MANAGEMENT

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

In PCNV 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.

Physical risks

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 two plots. Any new risk identified locally, will be imbedded to the financial planning ahead.

Transition risks

Just like Physical risks, transitional risks are minimized when dealing with an office based on five 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 PCNV 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.

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, analyze and counter measures. PCNV is by far not having significant operations in order to demonstrate the study and the cure. PCNV's impact on climate change is negligible.