20 November 2014

PLAZA CENTERS N.V.

THIRD QUARTER INTERIM MANAGEMENT STATEMENT AND QUARTERLY FINANCIAL STATEMENTS

- ONGOING OPERATIONAL PROGRESS AND CONCLUSION OF DEBT RESTRUCTURING -

Plaza Centers N.V. ("Plaza" / "Company" / "Group"), a leading emerging markets property developer, today announces its interim management statement relating to the period from 1 July 2014 to 30 September 2014 and unaudited financial statements for the nine months ended September 30, 2014, and includes an update to the date of the publication of this report ("the Period").

Positive performance by the operating shopping centres in the CEE region

The third quarter of 2014 saw very positive growth in terms of turnover, occupancy and footfall across the portfolio.

Turnover

Turnover results were positive with solid increases in revenues across all centres compared to the corresponding quarter last year: The biggest increase in turnover was achieved in Torun which recorded a 24.7% rise for the quarter, including record growth in turnover in August of 42% compared to last year. Torun is benefitting enormously from the recent openings of TK Maxx, Sports Direct, Carry and other fashion stores. Very strong results were also shown by Riga Plaza, with turnover increasing by an impressive 15.2% compared to the corresponding quarter last year, including a rise of 26.8% in August. Liberec Plaza also recorded a double digit turnover growth rate, with an increase of 11.1% during the quarter.

Occupancy Level

The average occupancy level across the portfolio exceeded 92% in Q3 2014 (including 97% in Riga Plaza, 95% in Zgorzelec, 92.5% in Suwalki, 92% in Torun and 84% in Liberec). Ongoing negotiations in Riga and Suwalki (expected to be concluded in Q1 2015) will bring these centres to nearly 100% occupancy by year end.

Footfall growth

Footfall growth was very positive in August although this was offset somewhat by the impact of unseasonally warmer weather in September, which led to fewer visitors to all our centres during that month. The net effect for the entire quarter, therefore, was a positive trend in three of our operating centres. The highest result in terms of footfall was again achieved in Torun for the reasons outlined above, with footfall increasing 9.3% over the quarter, compared to Q3 2013. This was followed by Riga, with a 5.3% rise in footfall, and Zgorzelec, with an increase of 4.5%. Footfall results in Liberec (-5.7%) continued to be affected by the new system of parking that reduced the number of non-shoppers using the parking facilities, while a 3.5% decline at Suwalki resulted from planned, short term infrastructure works to the main access roads which will soon be completed and will be favourable for the centre in the longer term.

Disposal of assets and current cash position

The Company undertook two disposals during the period, in both cases securing sale prices in line with each asset's last reported book value.

On 4 September 2014, Plaza reached an agreement to sell its 31,500 sqm site in Targu Mures, Romania to a third party developer for €3.5 million. The disposal was in line with the Group's ongoing strategy to both deleverage and dispose of non-core assets and to focus on the core yielding assets across the portfolio. The proceeds secured from the sale were consistent with the presented cash flow forecasts.

On 2 October 2014, Plaza successfully completed the disposal of its shopping and entertainment centre, Kragujevac Plaza in Serbia for €38.6 million. Following the repayment of related bank debt of c.€28.2 million, the Company received net cash from the disposal of c.€10.4 million. 75% of the net cash proceeds will be distributed to the Company's bondholders during the current quarter as an early repayment of the bonds, in line with the Company's stated restructuring plan. Restricted cash linked to the bank debt and other working capital balances of c. €2 million were also released following the transaction.

The current consolidated cash balance of the Company is circa €45 million including approximately €4.5 million of restricted cash in the operating shopping centres.

Conclusion of Dutch restructuring plan and Rights Offering

On 9 July 2014, the Company received approval from the Dutch Court for its Dutch restructuring plan (the "Plan"). This followed approval from 92% of Plaza's creditors who voted in favour of the Plan, which clearly demonstrated their resounding endorsement. On 18 July 2014, the restructuring process was formally concluded and the Plan became binding and effective.

As previously announced, approval of the Plan defers the principal maturities of the Company's Series A and Series B bonds as well as the Polish bonds for at least 3.5 years and provides bondholders with significantly improved terms, including: additional interest of 1.5% p.a; 13.21% of the shares in the Company post its proposed EUR 20 million rights issuance; certain covenants on operations; and an option for early repayments when any assets are sold or refinanced.

The approval of the Plan, which took less than eight months to conclude successfully, has allowed the Company to undertake a rights offering to existing shareholders (the "Rights Offering") to raise an aggregate amount of €20 million. The Rights Offering, which has been priced at EUR 0.0675 per share and will be fully underwritten by Elbit Ultrasound (Luxembourg) BV/ S. a' r. l ("EUL"), a wholly owned subsidiary of Plaza's parent company, Elbit Imaging Ltd. EUL has also undertaken, among other matters, to ensure that it will exercise EUL's rights to take up EUL's full pro-rata portion under the Rights Offering and that it will subscribe or procure that other persons subscribe for such number of additional ordinary shares to ensure that the aggregate consideration received by the Company pursuant to the Rights Offering and the consideration received for the issue of shares to the Company's bondholders and the issue of other shares would not be less than EUR 20 million. EUL will also subscribe for any unexercised portion of the Rights Offering (the "Additional Placing"), at a price per share of EUR 0.0675, all subject to the provisions of the Back Stop Agreement (as defined in the announcement published on 23 June 2014).

The Rights Offering remains subject to the approval of the Company's board of directors and of its shareholders, who will be presented with a number of resolutions at a forthcoming Extraordinary General Meeting on Friday, 28 November 2014. If the Restructuring Resolutions and the Related Party Resolutions are approved, the Company will be able to raise EUR 20 million by way of the Rights Offering and the Placing, which the Company believes will satisfy the requirement for the Company to raise at least EUR 20 million under the Restructuring Plan.

The Prospectus in respect of the proposed Rights Offering, Placing and Additional Placing has been approved by the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten), being the Dutch competent supervisory authority, and is available for viewing, including all documents incorporated by reference, on the Company's website. The Prospectus was passported into the United Kingdom and Poland.

Listing of Company's shares on the Tel Aviv Stock Exchange

On 20 November 2014, the Company published a Listing Document in Israel announcing its intention to list all of its ordinary shares on the Tel Aviv Stock Exchange ("TASE"). Plaza's ordinary shares will be traded on the TASE with effect from 27 November 2014 under the ticker "Plaz".

The trading of Plaza's ordinary shares will take place in addition to the trading on TASE of Plaza's Series A Bonds and Series B Bonds, the tickers of which will be changed to "Plaz.B1" and "Plaz.B2" respectively as at the same date.

Strengthening of Plaza's board

Five new board appointments were announced in July, bringing the board membership to seven. The newly configured Board, with its collective experience and expertise, is well placed to enhance and develop Plaza's strategy now that the Company's liquidity situation has been fully and satisfactorily resolved.

Ran Shtarkman, President and Chief Executive Officer of Plaza Centers, commented:
"The successful and timely conclusion of the debt restructuring was a significant milestone for Plaza during the period and, with the fully underwritten Rights Offering on track for completion, we are now firmly focused on the future growth of the business. With this in mind, it is encouraging to note the ongoing strong operational progress across our portfolio of fully operational and income-producing assets as a result of our programme of active asset management and our continuing drive to dispose of non-core assets and recycle capital into our core income producing assets. A clear example of this during the period was our sale of Kragujevac Plaza in Serbia significantly ahead of our expected disposals schedule and in line with our last reported book value.

"The discernible improvement in consumer and investor sentiment across our key markets continues to be balanced by a measure of ongoing economic uncertainty. With the benefit of the insight of our new board members, we are currently carefully evaluating our strategy – and our development pipeline in particular – in order to identify the optimal avenues to secure the best possible future returns for our growing investor base."

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Notes to Editors

Plaza Centers N.V. (www.plazacenters.com) is a leading emerging markets developer of shopping and entertainment centres with operations in Central and Eastern Europe and India. It focuses on constructing new centres and, where there is significant redevelopment potential, redeveloping existing centres in both capital cities and important regional centres. The Company is dual listed on the Main Board of the London Stock Exchange and, as of 19 October 2007, the Warsaw Stock Exchange (LSE:"PLAZ", WSE: "PLZ/PLAZACNTR"). Plaza Centers N.V. is an indirect subsidiary of Elbit Imaging Ltd. ("EI"), an Israeli public company whose shares are traded on both the Tel Aviv Stock Exchange in Israel and the NASDAQ Global Market in the United States. It has been active in real estate development in emerging markets for over 18 years.

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. Plaza Centers N.V. has no obligation to update the statements contained in this press release, unless required by law.

Plaza Centers N.V.

Condensed Consolidated Interim Financial statements

September 30, 2014

Plaza Centers N.V.
Condensed Consolidated Interim Financial Information
September 30, 2014

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Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Plaza Centers N.V. ("the Company") as at September 30, 2014, the condensed consolidated statements of profit or loss and comprehensive income for the nine and three month period then ended, and the statement of changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the EU. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at September 30, 2014 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the EU.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Notes 1, 3 and 6 in the condensed consolidated interim financial information which disclose important information regarding the Company's required steps to finalize its restructuring procedure.

Budapest, November 19, 2014

KPMG Hungária Kft.

Michael Carlson

Partner

Plaza Centers N.V.
Condensed consolidated interim statement of financial position

	Note	September 30, 2014 € '000 Unaudited	December 31, 2013 € '000 Audited
ASSETS			
Cash and cash equivalents		16,743	26,157
Short term deposits		11,696	-
Restricted bank deposits		6,064	6,319
Held for trading financial assets		1,417	1,246
Trade receivables	10(a)	14,649	3,372
Other receivables		4,161	4,871
Prepayments and advances		1,387	1,393
Trading property	10(b)	-	40,333
Total current assets		56,117	83,691
Trading property	10(b)	389,822	454,841
Equity accounted investees		36,408	33,102
Loan to equity accounted investees		6,602	7,039
Property and equipment	10 (d)	4,793	6,520
Other non-current assets		193	573
Total non-current assets		437,818	502,075
Total assets		493,935	585,766
LIABILITIES AND SHAREHOLDERS' EQUITY			
Interest bearing loans from banks	10(a)	154,540	175,338
Debentures at fair value through profit or loss	7	116,998	97,983
Debentures at amortized cost	7	72,253	70,636
Trade payables		1,930	2,432
Related parties liabilities		1,180	944
Provisions		15,597	15,597
Derivatives		915	910
Other liabilities		15,144	11,219
Total current liabilities		378,557	375,059
Non-current liabilities			
Deferred tax liabilities		-	379
Total non-current liabilities		-	379
Equity			
Share capital		2,972	2,972
Translation reserve		(36,066)	(40,651)
Capital reserve due to transaction with Non-controlling interests		(20,706)	(20,706)
Other reserves		35,308	35,133
Share premium		261,773	261,773
Retained losses		(128,565)	(28,799)
Total equity attributable to owners of the Company		114,716	209,722
Non-controlling interests		662	606
Total equity		115,378	210,328
Total equity and liabilities		493,935	585,766

November 19, 2014		
Date of approval of the financial statements	**Ran Shtarkman** **President and Chief Executive Officer**	**David Dekel** **Director and Chairman of the Audit Committee**

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

Plaza Centers N.V.
Condensed consolidated interim statement of profit or loss

	Note	For the three months ended September 30, 2014	For the three months ended September 30, 2013	For the nine months ended September 30, 2014	For the nine months ended September 30, 2013
		€ '000	€ '000	€ '000	€ '000
		Unaudited	Unaudited	Unaudited	Unaudited
Continuing operations					
Rental income		5,577	5,540	17,270	17,545
Revenues from entertainment centers		425	472	1,295	2,765
		6,002	6,012	18,565	20,310
Cost of operations		(2,219)	(2,121)	(6,252)	(6,489)
Cost of operations – entertainment centers		(383)	(680)	(1,581)	(2,977)
Gross profit		3,400	3,211	10,732	10,844
Write-down of Trading Property	10(b)	-	(19,005)	(69,716)	(79,911)
Loss from disposal of trading property	10(a)	(621)	(346)	(621)	(346)
Write-down of equity-accounted investees		-	(51,704)	-	(55,981)
Loss from disposal of equity accounted investees (holding undeveloped Trading Property)	10(i)	-	-	(4,048)	(5,143)
Share in results of equity-accounted investees, net of tax		429	389	843	194
Administrative expenses, excluding restructuring costs (*)		(1,428)	(3,074)	(5,590)	(8,111)
Restructuring costs		99	-	(2,420)	-
Other income	10(h)	-	(14)	2,336	304
Other expenses		(488)	(2,374)	(1,523)	(7,145)
Results from operating activities		1,391	(72,917)	(70,007)	(145,295)
Finance income		163	(4,445)	374	2,226
Finance costs		(3,093)	(18,463)	(30,579)	(34,099)
Net finance costs		(2,930)	(22,908)	(30,205)	(31,873)
Loss before income tax		(1,539)	(95,825)	(100,212)	(177,168)
Tax benefit		255	5,585	368	6,339
Loss from continuing operations		(1,284)	(90,240)	(99,844)	(170,829)
Discontinued operation					
Profit from discontinued operation, net of tax		19	479	78	25
Loss for the period		(1,265)	(89,761)	(99,766)	(170,804)
Loss attributable to:					
Owners of the Company		(1,265)	(89,761)	(99,766)	(170,804)
Earnings per share					
Basic and diluted loss per share (in EURO)		(0.004)	(0.30)	(0.34)	(0.57)
Earnings per share – continuing operations					
Basic and diluted loss per share (in EURO)		(0.004)	(0.30)	(0.34)	(0.57)

(*) Including share based payment expenses of EUR 0.2 million in the nine months (2013 – EUR 0.3 million).

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

Plaza Centers N.V.
Condensed consolidated interim statement of comprehensive income

	For the three months ended September 30,		For the nine months ended September 30,	
	2014	**2013**	**2014**	**2013**
	€ '000	**€ '000**	**€ '000**	**€ '000**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
Loss for the period	(1,265)	(89,761)	(99,766)	(170,804)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Net changes in fair value on Available for sale financial assets transferred to the statement of profit or loss	-	-	-	(723)
Net change in fair value of available for sale financial assets	-	-	-	(14)
Foreign currency translation differences - foreign operations (Equity accounted investees) – reclassified to profit or loss	-	-	-	4,360
Foreign currency translation differences - foreign operations (Equity accounted investees)	2,093	(8,358)	3,563	(16,368)
Foreign currency translation differences - foreign operations (trading properties)	474	329	1,078	(1,677)
Income tax effect on other comprehensive income due to change in fair value of Available for sale financial assets	-	-	-	184
Other comprehensive income (loss) for the period, net of income tax	2,567	(8,029)	4,641	(14,238)
Total comprehensive income (loss) for the period, net of tax	1,302	(97,790)	(95,125)	(185,042)
Total comprehensive income (loss) attributable to:				
Owners of the Company	1,271	(97,737)	(95,181)	(184,937)
Non-controlling interests	31	(53)	56	(105)

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

Plaza Centers N.V.
Condensed consolidated interim statement of changes in equity

	Attributable to owners of the Company									
	Share capital	Share Premium	Other reserves	Translation Reserve	Capital reserve from acquisition of non-controlling interests without a change in control	Available for sale reserve	Retained earnings (losses)	Total	Non-controlling interests – restated	Total equity
	€ '000									
Balance at December 31, 2013 (audited)	2,972	261,773	35,133	(40,651)	(20,706)	-	(28,799)	209,722	606	210,328
Share based payment	-	-	175	-	-	-	-	175	-	175
Total comprehensive income (loss)	-	-	-	4,585	-	-	(99,766)	(95,181)	56	(95,125)
Balance at September 30, 2014 (unaudited)	**2,972**	**261,773**	**35,308**	**(36,066)**	**(20,706)**	**-**	**(128,565)**	**114,716**	**662**	**115,378**
Balance at December 31, 2012 (audited)	2,972	261,773	34,709	(26,359)	(20,706)	553	189,274	442,216	716	442,932
Share based payment	-	-	326	-	-	-	-	326	-	326
Total comprehensive loss	-	-	-	(13,580)	-	(553)	(170,804)	(184,937)	(105)	(185,042)
Balance at September 30, 2013 (unaudited)	**2,972**	**261,773**	**35,035**	**(39,939)**	**(20,706)**	**-**	**18,470**	**257,605**	**611**	**258,216**

The notes are an integral part of these condensed consolidated interim financial statements**.**

Plaza Centers N.V.
Condensed consolidated interim statement of cash flows

	For the nine months ended September 30,	
	2014	2013
	€ '000	€ '000
	Unaudited	Unaudited
Cash flows from operating activities		
Loss for the period	(99,766)	(170,804)
Adjustments necessary to reflect cash flows used in operating activities:		
Depreciation and impairment of property and equipment	437	1,193
Net finance costs	30,205	31,873
Write-down of investment property	-	3,489
Equity-settled share-based payment transaction	175	413
Loss (gain) on sale of property and equipment	109	(22)
Share of loss (profit) of equity-accounted investees, net of tax	(843)	(194)
Tax benefit	(368)	(6,339)
	(70,051)	(140,391)
Changes in:		
Trade receivables	502	(152)
Other receivables	1,924	6,429
Trading property	74,516	73,291
Equity accounted investees	5,146	77,638
Trade payables	(383)	(2,899)
Other liabilities, related parties liabilities	1,681	(1,005)
	83,386	153,302
Interest received	331	348
Interest paid	(6,528)	(9,244)
Taxes paid	(11)	(391)
Net cash from operating activities	7,127	3,624
Cash from investing activities		
Purchase of property and equipment	(76)	(4)
Proceeds from sale of property and equipment	1,375	60
Proceeds from disposal of investment property	-	7,649
Investment in short term deposits	(11,696)	-
Proceeds from liquidation of equity accounted investee EPUS	-	31,942
Purchase of marketable debt securities financial assets	-	(1,440)
Proceeds from sale of available for sale financial assets	-	11,014
Net cash from (used in) investing activities	(10,397)	49,221
Cash from financing activities		
Proceeds from bank loans and financial institutions	-	434
Payments due to hedging activities through sell of options	-	(1,950)
Right issuance prepayments	(473)	-
Changes in restricted cash	(1,196)	9,762
Proceeds from re-issuance of long term debentures	-	13,772
Repayment of debentures	-	(60,319)
Repayment of interest bearing loans from banks	(4,909)	(25,303)
Net cash used in financing activities	(6,578)	(63,604)
Effect of exchange rate fluctuations on cash held	434	(382)
Decrease in cash and cash equivalents during the period	(9,414)	(11,141)
Cash and cash equivalents at 1 of January	26,157	35,374
Cash and cash equivalents at 30 of September	**16,743**	**24,233**

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

1. Reporting entity

Plaza Centers N.V. ("the Company") was incorporated and is registered in the Netherlands. The Company's registered office is at Prins Hendrikkade 48-S, 1012 AC, Amsterdam, the Netherlands. The Company conducts its activities in the field of establishing, operating and selling of shopping and entertainment centers, as well as other mixed-use projects (retail, office, residential) in Central and Eastern Europe (starting 1996), India (from 2006), and, between 2010 and 2012, also in the USA.

The Company is dually listed on the Main Board of the London Stock Exchange ("LSE") and on the Warsaw Stock Exchange ("WSE").

The Company's immediate parent company is Elbit Ultrasound (Luxembourg) B.V. / S.à r.l. ("EUL"), which holds 62.25% of the Company's shares, as at the end of the reporting period (December 31, 2013 – 62.5%). The ultimate parent company is Elbit Imaging Limited ("EI").

As previously announced the Company has filed for reorganization proceedings (surseance van betaling) with the District Court of Amsterdam in the Netherlands (the Court") and submitted a restructuring plan to the Court in November 2013. The restructuring plan was approved on June 26, 2014 by the vast majority of the creditors, and subsequently approved by the Court on July 9, 2014, becoming an irrevocable decision on July 21, 2014. The Company has submitted a right issuance prospectus on October 16, 2014. For more information on the restructuring plan, refer to note 6.

The condensed consolidated interim financial statements of the Company as at September 30, 2014 and for the nine months then ended comprise the Company, its subsidiaries (together referred to as the "Group") and the Group's interests in joint ventures.

The consolidated financial statements of the Group as at and for the year ended December 31, 2013 are available on the Company's website (www.plazacenters.com) and also upon request from the Company's registered office.

During the nine months period ended September 30, 2014, no changes occurred in the Company's holdings, except as described in note 10(a) and note 10(i).

2. Basis of accounting

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU. It does not include all of the information required for a complete set of IFRS financial statements; and should be read in conjunction with the annual Consolidated Financial Statements of the Group as at and for the year ended December 31, 2013.

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2013.

These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on November 19, 2014.

3. Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, 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 these condensed consolidated interim financial statements, 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, 2013, with the exception of valuations performed in July 2014 (refer to note 10(b)).

Going concern

As part of the reorganization proceedings filing, as mentioned in note 1 above, the Company withheld payment on its bonds and any material payment to its creditors.

For a detailed discussion about the group's liquidity position and the approved restructuring plan refer to note 6.

The condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Group will be able to successfully complete its proposed debt arrangement plan, following court approval. It is noted that, though the restructuring plan was approved by both the creditors and the Court, if the Group will not be able to raise EUR 20 million equity from shareholders which is a pre-condition to the debt restructuring plan completion (refer to Note 6) then this would likely have an adverse impact on the Group's ability to realise assets at their recognised values, and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements and ultimately result in the Group being unable to continue as a going concern.

However, the Company's management and Board of Directors estimate the chances of raising the EUR 20 million as highly probable, based on the information it has, as described also in note 6.

4. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2013.

5. Segment reporting

The Group comprises the following main geographical segments: CEE and India. The Group does not have reportable operating segments. In presenting information on the basis of geographical segments, segment revenue is based on the revenue resulting from either selling or operating of Trading Property and Investment Property geographically located in the relevant segment. None of the Group's tenants is accounting for more than 10% of the total revenue. Also, no revenue is derived in the Netherlands, where the Company is domiciled.

Data regarding the geographical analysis in the nine months ended September 30, 2014 and 2013 is as follows:

	Central & Eastern Europe	India	Total
	€ 000'	**€ 000'**	**€ 000'**
	Nine months ended September 30, 2014		
Total revenues (1)	17,829	736	18,565
Operating loss by segment (2)	(55,650)	(11,313)	(66,963)
Net finance costs	(4,039)	(2,389)	(6,428)
Other income (expenses), net	(1,523)	2,336	813
Share in results of equity-accounted investees	1,702	(859)	843
Reportable segment loss before tax	(59,510)	(12,225)	(71,735)
Less - unallocated general and administrative expenses			(2,280)
Restructuring cost			(2,420)
Discontinued operations			78
Less - unallocated finance costs			(23,777)
Loss before income taxes			(100,134)
Tax benefit			368
Loss for the period			(99,766)
Assets and liabilities as at September 30, 2014			
Total segment assets	390,796	63,889	454,685
Unallocated assets (Mainly Cash and other financial instruments held mainly on Dutch corporate level)			39,250
Total assets			493,935
Segment liabilities	152,156	29,416	181,572
Unallocated liabilities (Mainly debentures)			196,985
Total liabilities			378,557

(1) CEE- Out of which Poland – EUR 11.8 million.
(2) CEE – including impairment losses of EUR 59.6 million (refer to note 10(b)) and loss from the Bas transaction (refer to note 10(i)) of EUR 4.0 million. India – includes impairment of EUR 10.1 million (refer to note 10(b)).

5. Segment reporting (cont.)

	Central & Eastern Europe	India	Total
	€ 000'	**€ 000'**	**€ 000'**
	Nine months ended September 30, 2013		
Total revenues (1)	19,769	541	20,310
Operating loss by segment (2)	(61,685)	(17,372)	(79,057)
Net finance costs	(4,243)	(3,031)	(7,274)
Other expenses, net (3)	(6,509)	(332)	(6,841)
Share in results of equity-accounted investees (4)	770	(56,557)	(55,787)
Reportable segment profit (loss) before tax	(71,667)	(77,292)	(148,959)
Less - unallocated general and administrative expenses			(3,610)
Discontinued operations			25
Unallocated finance costs			(24,599)
Loss before income taxes			(177,143)
Tax benefit			6,339
Loss for the period			(170,804)
Assets and liabilities as at December 31, 2013			
Total segment assets	480,196	68,829	549,025
Unallocated assets (Mainly Cash and other financial instruments held mainly on Dutch corporate level)			36,741
Total assets			585,766
Segment liabilities	175,302	26,715	202,017
Unallocated liabilities (Mainly debentures)			173,421
Total liabilities			375,438

(1) CEE- Out of which Poland – EUR 12.3 million.
(2) CEE – including impairment of EUR 64.3 million. India - including impairment of EUR 15.6 million.
(3) CEE- including fair value negative adjustment of Investment property of EUR 3.4 million.
(4) India – including equity accounted investees loss mainly due to impairment of EUR 56 million

6. Restructuring plan update

As mentioned in notes 1 and 3, the Court has approved the restructuring plan after the Company experienced a significant liquidity crisis.
Since December 31, 2013, the following main changes occurred in the restructuring plan, as approved by the Company's creditors on June 26, 2014:

1. **Equity upside** - The Company will allocate, post the completion of the right issuance, to the Deferred Debt holders shares representing 13.21% of the Company's shares (2.86% to series A holders, 9.22% to series B holders and 1.13% to the Polish holders), instead of options to purchase shares in the Company representing an aggregate maximum of 9.99% of the outstanding share capital of the Company.

6. Restructuring plan update (cont.)

2. **Payment to the holders of the Unsecured Debt -** following the removal of the suspension of payments order, the Company shall pay to the holders of the Deferred Debt an amount of EUR 11.6 million, on account of 2014 interest payments.
3. **Postponement of creditors meeting to vote on the restructuring plan -** On March 11, 2014, the Company obtained from the Dutch court a postponement of the dates for the voting on the proposed plan, due to technicalities involved with the completion of the arrangement. The Dutch court set June 26, 2014 as the date for voting on the proposed restructuring plan, and the restructuring plan was approved on that date and became an irrevocable decision on July 21, 2014.

In addition the bondholders demanded that shareholders provide capital/monetary inflow to the Company of at least EUR 20 million as a pre-condition to the approval of the debt restructuring plan.

The Company confirmed on June 23, 2014 that EI announced that, as part of the Company's debt restructuring process which incorporates a rights offering of shares to its existing shareholders to raise an aggregate amount of at least EUR 20 million (the "Rights Offering"), its wholly owned subsidiary EUL intends to enter into a Deed of Undertaking (the "Undertaking") with the Company. The Undertaking was signed and became binding and formal on July 7, 2014.

As part of this, EUL has undertaken, among other things, to ensure that it will exercise EUL's rights to take up EUL's full pro-rata portion under the Rights Offering and to procure that it will subscribe for any unexercised portion of the Rights Offering (the "Additional Shares"), at a price per share of EUR 0.105 (changed later to EUR 0.0675, refer to note 11(a)) , all subject to the provisions of the Back Stop Agreement (as defined below).

EI will guarantee the performance of EUL's obligations as detailed in the Undertaking. EI has further announced that, concurrently with the Undertaking, EUL entered into a legally binding Back Stop Agreement (the "Back Stop Agreement") with various affiliates of Davidson Kempner Capital Management LP ("DK"), pursuant to which DK will undertake to purchase, in lieu of EUL, such proportion of shares in the Company to be determined by EUL, provided that the monies payable in respect of such shares to be acquired by DK shall not be less than the higher of EUR 3 million or the amount required to acquire the Additional Shares (the "Back Stop Undertaking"), and has further provided that such Back Stop Undertaking does not result in DK being liable to acquire more than EUR 10 million of the Company shares or result in DK and its affiliates, directly or indirectly crossing the threshold of 30 per cent of the total voting rights in the Company.

Consequently, in the event the total price of the Additional Shares falls below EUR 3 million, the Company will be obligated to increase the number of shares offered pursuant to the Rights Offering such that the total price of the shares acquired by DK shall not be less than EUR 3 million.

EI also voted in favour of all resolutions relating to the Rights Offering, including resolutions to designate the Company's board of directors, generally and unconditionally, as the competent body to issue ordinary shares (including rights to acquire ordinary shares) and to restrict or exclude pre-emptive rights upon issuing ordinary shares of the Company. The rights offering was also approved by Authority of Financial Markets in the Netherlands (refer to note 11(b)).

The Company's website (www.plazacenters.com) includes non-audited information related to the debt restructuring.

7. Financial instruments

a. Carrying amounts and fair values

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

For the Israeli debentures presented at amortized cost, a good approximation of the fair value would be the market quote from the Tel Aviv Stock Exchange of the relevant debenture, had they been measured at fair value.

	Carrying amount		**Fair value**	
	September 30, 2014	**Decembe r 31, 2013**	**Septembe r 30, 2014**	**December 31, 2013**
	€ 000'			
Statement of financial position				
Debentures A at amortized cost – Israeli bonds	14,174	13,765	11,761	10,393
Debentures B at amortized cost – Israeli bonds (*)	43,711	42,403	37,512	33,507
Debentures at amortized cost – polish bonds	14,368	14,468	14,368	14,468
Total	72.253	70,636	63,641	58,368

(*) Refer also to note 10(f)

In respect of most of other non-listed borrowings, the Group was not asked to raise interest rates or to bring forward maturities as a result of the restructuring procedure, as most financing banks do not expect the restructuring plan to have a material effect on the security the banks hold under non-recourse loans, and therefore the Company has a basis to believe that the fair value of non-listed borrowings approximates the carrying amount.

The Company presents and measures part of its debentures according to its fair value. The Carrying amount as at September 30, 2014 of the debentures presented at fair value (including accrued interest) was as follows:

	Fair value	**Adjusted par value (*)**
	€ 000'	
Statement of financial position		
Debentures A at fair value – Israeli bonds	43,378	52,281
Debentures B at fair value – Israeli bonds	73,620	85,810
Total	116,998	138,091

(*) Adjusted par value is the principal amount, as adjusted (or indexed) due to changes in Israeli Consumer price index, and in addition the accrued interest.

7. Financial instruments (cont.)

b. Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
	€ 000'			
Assets				
Held for trading financial assets	1,417	-	-	1,417
Liabilities				
Derivatives	-	915	-	915
Debentures at fair value through profit or loss	116,998	-	-	116,998
Total financial liabilities carried at fair value	116,998	915	-	117,913

8. Income tax

The group calculates the period income tax using the tax rate that would be applicable to the expected total annual earnings.
The Group's consolidated effective tax rate in respect of continuing operations for the nine months ended September 30, 2014 was 0% (nine months ended September 30, 2013: 4%).The change in effective tax rate was caused mainly by the following factors:

- Change in fair value of Debentures at fair value through profit or loss.
- Impairment of trading property and Equity accounted investees.

9. Related parties

	September 30, 2014	December 31, 2013
	€ 000'	
Statement of financial position		
Trade payables and other liabilities	1,180	944

	For the nine months ended September 30,	
	2014	2013
	€ 000'	€ 000'
Income statement		
Related parties - interest income	-	102
Related parties – recharges from EI	(148)	(67)

10. Significant events during the period

a. Disposal of shopping centre in Kragujevac, Serbia

Effective beginning September 2014 the Company disposed of its shopping and entertainment centre, Kragujevac Plaza in Serbia according to an asset value for EUR 38.6 million, in line with the asset's June 2014 reports book value. Following the repayment of related bank debt of circa EUR 28.2 million, the Company received (post balance sheet date) net cash from the disposal of circa EUR 10.4 million (recorded as part of the trade receivables).
75% of the net cash proceeds will be distributed to the Company's bondholders in the fourth quarter of this year as an early repayment of the bonds, in line with the Company's stated restructuring plan, once all condition precedent are met.
Restricted cash linked to the bank debt and other working capital balances of circa EUR 2 million were also released following the transaction. The Company recorded a loss of EUR 0.6 million from the transaction, relating mainly to write down of receivables and bank loan break fess.

b. Trading property write-down 2014

Following the appointment of the new Board in July 2014, the Company's external independent valuator was assigned to perform a desk-top valuation and re-appraised the properties which the Company does not intend to develop in the next 24 months, and also to value the Casa Radio project as it is the most single valuable asset in the company's assets portfolio and the permitting process for this asset had suffered significant delays in the time table. Altogether 13 assets were re-appraised as detailed in the below list.

Assets appraised in July 2014:Country	Project Name	Value 2013 year end (MEUR)	Value 2014 June 30 (MEUR)
Hungary	Arena Plaza Extension	7.8	6.6
Poland	Lodz (Resi)	6.5	5.4
	Leszno Plaza	1.7	1.5
	Kielce Plaza	5.4	4.0
Romania	Casa Radio Plaza (*)	130.6	89.25
	Csiki Plaza	5.6	3.4
	Targu Mures	6.2	3.8
	Hunedoara Plaza	2.4	1.6
	Slatina Plaza	1.7	1.1
	Iasi Plaza	11.6	7.8
	Constanta Plaza	6.3	5.0
Greece	Helios Plaza	15.3	4.4
Bulgaria	Shumen Plaza	2.1	1.6

(*)Represent the Company's share in the Project (75%). The Company fully consolidate this project, hence the carrying amount of the project is EUR 119 million.

10. Significant events during the period (cont.)

b. Write-down 2014 (cont.)

The valuations were conducted taking into account updated market conditions, the current permit status and development time frame. More specifically, the Board requested the valuator to consider more conservative assumptions, but still in the acceptable range, than those used in the previous year valuation in respect to exit yields, rent price levels and commencement date of the project.

In respect of two main impairments performed in the first half of 2014 (Casa Radio and Helios), the main changes in the assumptions included in the updated valuations comparing the December 31, 2013 were as follows:

Casa Radio:

1) Exit yield for the shopping center changed from 7% to 7.5%.
2) Average assumed rent for the shopping center scheme dropped to 27.5 EUR/sqm from 29 EUR/sqm.
3) Average assumed rent for the office scheme reduced from 17 EUR/sqm to 16 EUR/sqm.
4) Construction cost of the shopping center dropped to 1,300 EUR/sqm from 1,400 EUR/sqm.

Helios:

1) The project scheme will have to be redesigned as the building permit will expire at the end of 2014. According to the current zoning the land cannot be used for the construction of a shopping center. The new valued project was determined based on an office scheme.
2) Expected rent for the offices is 13.00 EUR/sqm and the expected exit yield is – 8%.
3) Total size of the offices: 38,661 sqm with 700 car parking.

The following four properties, which the Company intends to accelerate the selling process to a considerably shorter period, were valued internally based on management estimation of their expected net realizable values:

1. Csiki Plaza (Romania) – the net realizable value of the project was determined with reference to prevailing asking prices in the market. Valuation was discounted by 41 % to a net realizable value of EUR 2 million
2. Hunedoara Plaza Romania- the net realizable value of the project was determined with reference to asking prices in the market. Valuation was discounted by 25 % to a net realizable value of EUR 1.2 million
3. Constanta Romania- the net realizable value of the project was determined with reference to asking prices in the market. Valuation was discounted by 50 % to a net realizable value of EUR 2.5 million
4. Shumen Plaza Bulgaria - the net realizable value of the project was determined with reference to asking prices in the market. Valuation was discounted by 31 % to a net realizable value of EUR 1.1 million

10. Significant events during the period (cont.)

b. Write-down 2014 (cont.)

Following the above mentioned valuations, in the course of the first nine months of 2014, the following write downs were recognized in respect of trading properties held by the Group (in MEUR). No further write down or reversal of write done was recognized in Q3 2014:

	The nine months ended September 30,	
Project name (location)	2014	2013
Casa Radio (Bucharest, Romania)	31.0	-
Koregaon Park (Pune, India) (*)	10.1	15.6
Belgrade Plaza (MUP) (Belgrade, Serbia)	-	25.7
Belgrade Plaza (Visnjicka)	-	5.8
Helios Plaza (Athens, Greece)	10.9	6.4
Liberec Plaza(Liberec, Czech Republic)	-	9.0
Timisoara (Timisoara, Romania)	-	3.8
Constanta (Constanta, Romania)	3.8	1.3
Csiki Plaza (Ciuc, Romania)	3.7	2.9
Iasi (Iasi, Romania)	3.7	-
Lodz Plaza (Lodz, Poland)	-	5.7
Roztoky (Czech Republic)	-	3.5
Kragujevac Plaza (Serbia) (**)	3.4	-
Hunedoara Plaza (Hunedoara, Romania)	1.2	-
Shumen Plaza (Shumen, Bulgaria)	1.0	-
Other, aggregated	0.9	0.2
Total	69.7	79.9

(*) In respect of the Koregaon park impairment: this impairment was done in light of ongoing delay in the closing process of the transaction that was announced on November 2013. Also, in light of the ongoing delay, the Company reclassified the Koregaon Park trading property to long term.

(**) In respect of Kragujevac, the Company impaired the asset based on its internal estimates, relying on its acquaintance with the investment market in Serbia. Refer also to note 10(a).

c. Disposal of a plot in Targu Mures, Romania

On September 4, 2014 the Company completed the selling of its 31,500 sqm site in Targu Mures, Romania to a third party developer for a consideration of EUR 3.5 million. No profit or loss was recorded as a result of this transaction.

d. Sale of airplane

On February 25, 2014 the Company disposed of its corporate jet for a total consideration of USD 1.9 million (EUR 1.4 million). The proceeds from the disposal were used to partially repay the bank facility taken for the purchase of the airplane, and the Company currently negotiates with the financing bank the conditions to be set for the repayment of the remaining outstanding bank loan (EUR 1.2 million).

e. Sale of turbines

In March 2014 the Casa Radio's project company disposed of the turbines held in respect of the Casa Radio project (and included as part of the trading property) for a total net consideration of EUR 2.6 million.

10. Significant events during the period (cont.)

f. <u>Bonds Series B held in treasury</u>

As at the date of approval of these condensed consolidated interim financial statements the Company, through its wholly owned subsidiary holds in treasury NIS 15.9 million (EUR 3.4 million) par value of series B bonds.

g. <u>Update on covenants</u>

As at the end of the reporting period, all of the group's companies are in compliance with the entire loan covenants, with the exception of three bank facilities, for one of which (Liberec), outstanding balance of EUR 21 million, the Company has received waiver valid for the remaining term of the loan (i.e June 2018) , and in respect of the two other facilities (Suwalki and Zgorzelec), totalling EUR 53 million, the Company negotiates with financial institutions for obtaining of waivers, on all outstanding breaches. In addition, and in respects of two bank facilities assumed under the termination agreement in Romania (refer to 10(i) below), both bank facilities have expired and the Company is in negotiations on new terms of the facilities.

Furthermore, cross-default clauses in credit facilities may be triggered due to the fact that the Company has been granted a provisional suspension of payments. The Company has therefore reclassified all bank debt as current.

h. <u>Receiving of insurance claim India</u>

In June 2014 the Company reclaimed INR 190 million (EUR 2.3 million) of cash due to insurance claim in respect of loss of profit in its Koregaon Park shopping Center in Pune India, following the fire event there in June 2012. The refund was recorded as part of other income in the income statement.

i. <u>Termination of Joint venture agreement in Romania</u>

In June 2014, the Company terminated, following a mutual agreement, its joint venture agreement with an Israeli based Company ("Aura"). The seven assets companies held by the joint venture were splitted between the Company's 50.1% subsidiary ("Plaza Bas") and Aura, where Aura received full control (100%) over three of the asset companies, Plaza Bas received full control over the remaining four asset companies (including principally four trading property assets valued at EUR 5 million and two bank facilities with principal of EUR 9.7 million).

In addition, Aura paid in July 2014 an amount of EUR 0.6 million to the Company as part of the joint venture termination. The joint venture has performed internal valuation of the assets and liabilities it obtained in full following the termination, and as a result recorded a loss of EUR 4.1 million from this transaction, included as part of the Loss from disposal of equity accounted investees in these condensed consolidated interim statement of profit or loss.

11. Post balance sheet events

a. Reduction in Rights Offering Price

As mentioned in note 6 above, On June 23 2014, the Company announced that EUL, a wholly owned subsidiary of EI which holds a 62.25% shareholding in the Company, intended to enter into a Deed of Undertaking (the "Undertaking") with the Company. As part of this agreement, EUL undertook, amongst other terms, that, in the event that any rights to subscribe for new ordinary shares in the Rights Offering are not taken up, it would subscribe or procure that other persons subscribe for such number of additional ordinary shares to ensure that the aggregate consideration received by the Company pursuant to the Rights Offering and the consideration received for the issue of shares to the Company's bondholders and the issue of other shares would not be less than EUR 20 million. As at that date, EUL agreed to subscribe for such shares at a price of EUR 0.105 per share. The Company has been actively reviewing the arrangements for the proposed Rights Offering and has noted the movement in the Company's share price since 23 June 2014. As a result, the Company has taken the decision to reduce the Rights Offering price to EUR 0.0675 per share to ensure optimal conditions for a broad participation in the Rights Offering by shareholders.

The Company has proposed to EI that the Undertaking be amended to reflect this change. The Rights Offering remains subject to the approval of the Company's board of directors and of its shareholders, who will be presented with a number of resolutions at a forthcoming general meeting to be held on November 28, 2014.

b. Approval of competent authority of Rights Offering

On October 16, 2014, the Prospectus in respect of the proposed Rights Offering has been approved by the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten).