13 March 2014

PLAZA CENTERS N.V.

Full Year results for the year ended 31 December 2013

CONTINUED IMPROVEMENT OF OPERATIONS, DISPOSAL OF NON CORE ASSETS AND GOOD PROGRESS WITH THE RESTRUCTURING PROCESS

Plaza Centers N.V. ("Plaza" / "Company" / "Group"), a leading property developer and investor with operations in Central and Eastern Europe ("CEE") and India, today announces its full year results for the year ended 31 December 2013.

Financial highlights:

- Reduction in total assets to €586 million (31 December 2012: €886 million restated – as a result of changes in the accounting presentation of joint venture Special Purpose Vehicles ('SPVs') (due to changes in IFRS)), and primarily due to impairment of trading properties and equity accounted investees as well as debt repayments.
    - Book value of the Company's trading properties reduced by 19% over the year, or by €117 million, primarily due to impairments recorded.
- Rental income slightly increased to €23.7 million (31 December 2012: €23.1 million), due to the improvement in the performance of the CEE shopping centres. The rental income performance would have been even stronger, had there not been a loss of income caused by a fire incident in India.
- Net Asset Value decreased by 40% to €274 million (31 December 2012: €459 million) primarily as a result of impairment of assets, mainly in Serbia, Romania and India.
    - Net Asset Value per share of £0.79 (31 December 2012: £1.26), a decline of 37%, attributable mainly to the abovementioned impairments.
- Loss for the year of €218 million (31 December 2012: Loss of €86 million), stemming from a non-cash €186 million impairment of trading properties, equity accounted investees, investment property and pre-payments (31 December 2012: €83.7 million of impairments), and an overall net finance cost of €39 million compared to a net finance cost of €17 million in 2012. Impairment of real estate assets in the fourth quarter of 2013 totalled circa €43 million.
    - Basic and diluted loss per share of €0.73 (31 December 2012: loss per share of €0.29).
- Consolidated cash position at year end (including restricted bank deposits, short term deposits and held for trading financial assets) of €33.7 million (31 December 2012: €65.8 million) and current cash position of circa €35.2 million (€7 million restricted).
- Gearing increased to 64% (31 December 2012: 50%) as a result of impairment losses and finance costs incurred during the year.

Asset and operational highlights:

- On 31 October 2013, a consortium of shareholders of Dream Island, in which Plaza holds a 43.5% stake, completed the sale of its Dream Island project land holding to the Hungarian State for circa €16.5 million (HUF 5 billion). The proceeds of the transaction were used by the Consortium to repay a proportion of the securitised related bank debt held against the asset. As a result of a previous non-cash, market driven write-down, no accounting loss was incurred.
- On 8 November 2013, the Company's Latvian 50% subsidiary signed a new €59.3 million investment loan with a consortium comprising two banks for its shopping and entertainment centre in Riga, Latvia. The new facility has duration of four years and therefore substantially lengthens the duration of the debt compared to the previous loan facility, which was due for repayment on 30 June 2014.
- On 14 November 2013, Plaza announced that it had reached an agreement to sell Koregaon Park Plaza, a retail, entertainment and office scheme located in Pune, India, subject to the satisfaction of certain closing conditions. The transaction valued the asset at circa €40 million, the asset's current book value. Following the repayment of the outstanding related bank loan, Plaza expects to generate aggregate cash proceeds from the purchaser totalling circa €18 million, before taxes and transaction costs, which should be paid in instalments over the coming two years.
- Plaza's 70% subsidiary reached an agreement in December 2013 to sell its 50% equity stake (together with the other 50% Joint Venture partner) in the Uj Udvar shopping mall in Budapest, Hungary. As a result of the transaction, proceeds of €2.35 million in cash were received by Plaza for its share in the asset.
- Improved occupancy levels achieved across the Company's existing shopping and entertainment centres in the CEE, with the overall portfolio occupancy rate increasing from 89% in 2012 to 93% as at the reporting date, with the following notable successes:
    - At Torun Plaza, Poland, occupancy increased to 89% (2012: 84%). A contract with TK Maxx, the multinational fashion retailer, was signed at Torun Plaza (Poland) for 2,700 sqm, creating a new two level store which was opened on 5 March 2014. The letting represents circa 7% of the total lettable area of the mall
    - At Riga Plaza, Latvia, occupancy increased to 97% (2012: 94%). H&M, a multinational fashion retailer, signed a contract for 2,700 sqm in Riga Plaza (Latvia). The store is scheduled to open in April 2014 and it is expected that the mall will be nearly fully let by mid-2014
    - At Suwalki Plaza, Poland, occupancy increased to 91% (2012: 90%)
    - At Zgorzelec Plaza, Poland, occupancy increased to 91% (2012: 89%), and the centre achieved a 58% growth in turnover on year to year basis
    - At Liberec Plaza, Czech Republic, occupancy increased to 86% (2012: 80%).

Key highlights since the period end:

Following the announcement of the Company's restructuring programme made on 18 November 2013, Plaza has made good progress towards resolving its liquidity situation. The market prices of the Company's traded debt have reacted positively to the restructuring plan and negotiations with the Company's creditors are moving forward.

The original date of the creditors' voting, scheduled for 17 April 2014, has been postponed to 26 June 2014 due to technicalities involved in formally completing the arrangement. For more details on the court decision, please refer to the Company's website under Investor relations/ Debt restructuring. Despite this, Plaza remains confident that it should be able to conclude its restructuring process successfully in Q3.

Commenting on the results, Ran Shtarkman, the President and CEO of Plaza Centers, said:

"Whilst we have witnessed some confidence returning for prospects in Europe's central and eastern regions, conditions in many of our markets remained challenging in 2013 as the persistent uncertainty created by the crisis continued to be felt. As such, and as announced, despite our efforts to progress asset disposals and complete some alternative financing transactions, we took the decision in November to withhold payment on the upcoming short term maturities of our corporate bonds and approach creditors with a restructuring plan. This was undertaken in order to resolve our liquidity situation, safeguard the continuity of the business and thereby protect the long term interest of our investors, creditors and shareholders.

"Against this backdrop, we are particularly pleased to report that, throughout 2013, we made considerable operational improvements across our portfolio. These are clearly reflected in the increase in occupancy levels from 89% at the end of 2012 to 93% as at the reporting date. At the same time, we continued to make good progress in the ongoing process of re-positioning our business model, ensuring its continued focus on deleveraging the balance sheet and reallocating capital, primarily through the disposal of completed or non-core assets and reinvestment into our core yielding assets. This is best illustrated by the €61 million raised during the year through the sale of five assets, the remaining proceeds from the dissolution of the US holding entity and successful asset management initiatives at Torun Plaza, Suwalki Plaza, Kragujevac Plaza and Riga Plaza.

"Our clear priority is to conclude our restructuring process successfully whilst continuing to leverage the ability and expertise of our management team and the quality of our income generating assets to achieve success in our day-to-day operations. It is this combination of factors that underpins the Board's continued confidence that the Company retains significant value for its stakeholders and will be able to repay its creditors."

For further details please contact:

Plaza

Ran Shtarkman, President and CEO	+36 1 462 7221
Roy Linden, CFO	+36 1 462 7222

FTI Consulting

Stephanie Highett/Nina Legge	+44 20 7831 3113

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.

PRESIDENT AND CHIEF EXECUTIVE OFFICER'S STATEMENT

I am pleased to report that we are making good progress with the restructuring process whilst continuing to leverage the ability and expertise of our management team to enhance the quality of our income generating assets across all key parameters such as occupancy levels, footfall and turnover.

Central and Eastern Europe economies are experiencing signs of a change in sentiment, with Poland and the Czech Republic both reporting increased investment activity in 2013. However, we have seen marked differences between the countries north of the region, which have proved more resilient, and the struggling southern economies, including Romania and Bulgaria. It was as a result of the sustained challenging market conditions, combined with the lack of transactional liquidity in a number of the countries in which we operate, that we took the decision in November to withhold payments on the upcoming maturities of our outstanding corporate bonds and suggest a restructuring plan to creditors.

Against these specific and very real challenges, I am pleased to report that Plaza has, once again, been successful in delivering considerable progress at the operational level of the business through intensive asset management initiatives such as attracting significant anchor tenants to our assets. We have also continued to reallocate capital to pay our debts following the sale of a number of our completed and non-core assets.

Key Events

In line with its stated strategy, Plaza made a number of significant disposals of its non-core assets during the year, including:

- In May, Plaza sold its 50% stake in a vehicle which primarily holds interest in an office complex located in Pune, Maharashtra. The successful transaction valued assets owned by the vehicle collectively at €33.4 million and, as a result, Plaza received gross proceeds of circa €16.7 million.
- In July, Plaza successfully completed the sale of 100% of its stake in a vehicle which owns the interest in the Prague 3 project ("Prague 3"), a logistics and commercial centre in the third district of Prague. The transaction valued the asset at circa €11.1 million and, as a result, further to related bank financing and other balance sheet adjustments, Plaza received net proceeds of circa €7.6 million in cash.
- In October, a consortium of shareholders of Dream Island, in which Plaza holds a 43.5% stake, completed the sale of its Dream Island project land holding to the Hungarian State for circa €16.5 million (HUF 5 billion). The proceeds of the transaction were used by the Consortium to repay a proportion of the securitised related bank debt held against the asset. As a result of a previous non-cash, market driven writedown, the asset was held on Plaza's balance sheet at the value of the loan, which was non-recourse so no accounting loss was incurred in the 2013 financial statements.
- On 14 November 2013, Plaza announced that it had reached an agreement to sell Koregaon Park Plaza, a retail, entertainment and office scheme located in Pune, India, subject to the satisfaction of certain closing conditions. The transaction valued the asset at circa €40 million, the asset's current book value. Following

the repayment of the outstanding related bank loan, Plaza expects to generate aggregate cash proceeds from the purchaser totalling circa €18 million, before taxes and transaction costs, which should be paid in instalments over the coming two years. The transaction is subject to fulfilment of certain conditions, including consent from the financing banks.

- As announced in January 2014, in December, Plaza's 70% subsidiary reached an agreement to sell its 50% equity stake (together with the other 50% Joint Venture partner) in the Uj Udvar shopping mall in Budapest, Hungary. As a result of the transaction, proceeds of €2.35 million in cash were received by Plaza for its share in the asset.
- Finally, Plaza has also sold its interest in a SPV which owns a site in Roztoky, Czech Republic which was being held for a potential residential development. The site was sold for circa €2 million, resulting in net cash proceeds of €1.3 million after debt-related deductions.

These transactions are demonstrative of the Company's ability to continue to deliver on its strategy to reduce debt levels and reassign capital realised from the sale of completed and non-core assets to pay down debt and invest in the core yielding assets in its portfolio, thereby creating capital value and driving income growth.

In addition, the Company continues to make strong progress with its asset management initiatives. Occupancy levels across the Company's existing shopping and entertainment centres continued to increase, reaching an overall occupancy of 93%, footfall increased by 4% and the average monthly turnover increased by 24.5%. In addition an important refinancing agreement was signed during the year, with the Company's Latvian 50% subsidiary signing a new €59.3 million investment loan with a consortium comprising two banks for its shopping and entertainment centre in Riga, Latvia. The new facility has duration of four years and therefore substantially lengthens the duration of the debt compared to the previous loan facility, which was due for repayment on 30 June 2014.

Results

Due to a circa €186 million non-cash impairment charged against the Company's trading properties, equity accounted investees, investment property and prepayments, Plaza ended the year with a loss attributable to the owners of the Company of €218 million. A €186 million impairment charge related to the reduction in the value of our assets across the portfolio with the following geographic breakdown: Serbia (€37 million), Romania (€27 million), India (€76 million), Czech Republic (€20 million), Greece (€12 million), Poland (€11 million), Bulgaria and Hungary (€4.5 million) and Latvia (€1.5 million uplift). The writedowns are a reflection of the ongoing economic uncertainty in many of the countries in which we operate.

As part of the Company's commitment to repositioning the business, Plaza raised €61 million through the successful disposal of five assets, which included receiving the remaining funds from the €1.428 billon US transaction the Company completed in 2012. The 2013 NOI including equity accounted from Riga Plaza totalled €17 million (31 December 2012:€16.2 million).

As at 31 December 2013, Plaza had a consolidated cash position (including restricted bank deposits, short term deposits and available for sale financial assets) of approximately €33.7 million, of which circa €7 million of cash was held as restricted cash on a consolidated basis. Working capital stood at negative €291 million as all the liabilities are shown as current due to the implementation of the restructuring programme, the subsequent suspension of payments and the classification of trading properties as non-current due to the uncertainties surrounding the timing of the restructuring's completion and the future disposal of a number of assets. As at the date of this report, the Company has a current cash position of circa €35.2 million (inclusive of the €7 million of restricted cash).

NAV

The Company's property portfolio (CEE and India) was valued by Cushman and Wakefield as at 31 December 2013 and their summary valuation is shown below.

Net Asset Value per share decreased by 40%, attributable primarily to non-cash impairments amounting to €186 million. The writedown in value reflects uncertainties in respect of the development of projects, depressed rental levels in the above mentioned countries and low transaction volumes resulting from a constrained supply of debt. The majority of written down assets comprise land with associated planning consent, which management continues to value at the lower of cost or net realisable value. Management will continue to evaluate the local economic context before any development programme is commenced as well as looking at other alternatives to monetise the land bank if development is not economically viable.

The Company's NAV was calculated as follows:

Use	**EUR (Thousand)**
Market value of land and projects by Cushman Wakefield[(1)]	**545,142**
Assets minus liabilities as at 31 December 2013[(2)]	(271,370)
Total	**273,772**

(1) Except for Targu Mures (Romania) project, where the company has applied a more conservative value
(2) excluding book value of assets which were valued by Cushman and Wakefield

Portfolio progress

Currently the Company is engaged in 20 development projects and owns seven operational shopping and entertainment centre assets and two office schemes, located across the Central and Eastern European region and in India. The location of the projects, as at 13 March 2014, is summarised as follows:

	Number of assets (CEE and India)		
Location	**Active**	**Under development/ planning**	**Offices**
Romania	-	9	1
India	1	2	-
Poland	3	4	-
Hungary	-	1	1
Serbia	1	2	-
Czech Republic	1	-	-
Bulgaria	-	1	-
Greece	-	1	-
Latvia	1	-	-
Total	**7**	**20**	**2**

Liquidity & Financing

Plaza ended the year with a consolidated cash position (including restricted bank deposits, short term deposits and available for sale financial assets) of approximately €33.7 million, of which circa €7 million of cash is held as restricted cash on a consolidated basis. Working capital as at 31 December 2013 totalled negative €291 million, and, as mentioned above, the Company's current cash position is circa €35.2 million (out of which €7 million is restricted).

Plaza continued to focus on deleveraging its balance sheet during the period but, as a result of impairment losses recorded in the period and finance costs incurred, the gearing level increased to 64% in 2013.

On 14 November 2013, Plaza announced that it had made the decision to withhold material payments to bondholders, specifically a circa €15 million payment due to Polish bondholders on 18 November 2013 and a circa €17 million payment due to Israeli bondholders on 31 December 2013. Despite ongoing efforts to complete a number of asset sales and secure some alternative financing transactions, Plaza had been unable to conclude these deals within a timeframe that would have enabled it to meet those payment obligations.

Therefore, to ensure the long-term viability of the business, the Board agreed to approach the creditors of the Company with a restructuring plan so that a formalized restructuring process could be implemented. Subsequently, on 18 November, Plaza filed for reorganization proceedings (*surseance van betaling*) with the

District Court of Amsterdam in the Netherlands and submitted a restructuring plan to enable it to restructure its debt and resolve its immediate liquidity situation. This will be achieved primarily through:

- a deferral of principal payment obligations to creditors of the Company for a period of three to four years, or shorter if cash flow permits
- interest payments made as due, with an additional 1.5% interest to be paid in addition to regular interest
- early repayment of the Company's debt balance upon the realization or refinancing of assets with 75% of the net cash flows
- allocation to the representatives of the non-collateral backed debt options of 9.99% of the Company's shares
- as long as the deferred debt balance is not paid in full, no dividend will be distributed without the majority bondholders' consent
- A potential rights issue of €20 million to shareholders
- a negative pledge on Company's assets
- a deferral of banks' recourse rights to the Company for a further four years.

Aside from the proposed payment deferral, the terms of the proposed restructuring plan do not require bondholders to take a loss on the value of their outstanding exposures. The original date of the creditors voting, scheduled for 17 April 2014, was postponed to 26 June 2014 due to the technicalities involved in formally completing the arrangement. Please refer to the debt restructuring page under investor relations section on the Company's website for further details.

Strategy and Outlook

During the year, Plaza continued to be impacted by the lasting economic uncertainty across CEE. Whilst financial institutions in the region remain well financed, they continue to take a cautious approach to lending and investors continue to be wary of moving up the risk curve, both factors which are illustrated by the lack of transactional activity in 2013.

In the shopping mall space, the core economies are well serviced with retail and entertainment centres, so we continue to see value in the region's secondary cities. For this reason, as signs of an improvement in business and investor sentiment across CEE become even more apparent, our portfolio should be particularly well positioned to benefit from wider recovery in Eurozone growth.

Notwithstanding the challenges that remain and the Company's current liquidity position, Plaza's efforts to reposition the business resulted in five significant sales of non-core assets and securing increased occupancy levels, footfall and turnover across its portfolio of operating assets. The success of the Company's intensive asset management initiatives, which have driven these operational achievements, are extremely important in maximising the income and value of our shopping centres, particularly in the context of the future implementation of the restructuring plan.

Alongside the management of the restructuring process, which continues to make good progress, it is vital that Plaza continues to look to the long term objectives of the business. The deferral of the repayment of our debt maturities enables us to progress with the initiation of projects and investment as appropriate, including actively managing our income generating assets to prepare for their ultimate sale, whilst continuing to identify exit opportunities from our remaining non-core assets.

Despite our challenged liquidity position and restructuring process, our belief in the strength of the underlying fundamentals of our assets and land reserves remains intact. By utilising the extensive skills of our experienced management team, the deep relationships we have with our tenants and finance providers and maintaining our cautious but opportunistic approach, the Company is positioning itself, on completion of the restructuring, to be able to return the rewards of capital appreciation and income growth to its shareholders.

Ran Shtarkman
President and Chief Executive Officer
13 March 2014

OPERATIONAL REVIEW

During the reporting period, Plaza made significant progress against its operational and strategic objectives, by delivering improved fundamentals at the portfolio level and realising value through the sale of a number of its non-core assets.

Highlights for the financial year included:

- **Operations:** Improving performance of its operating shopping and entertainment centres located in four countries in the CEE.
- **Disposals:** In 2013, the Company received net cash of circa €61 million through the disposal of five assets (€29 million) and the collection of the remaining proceeds from the transaction in the US (€32 million).
- **Financial position**: Plaza's current consolidated cash position stands at circa €35.2 million (out of which €7 million is restricted).

As of the reporting date, Plaza has 29 assets in nine countries, of which 20 are under various stages of development across the CEE region and India. Of these, nine are located in Romania, two in India, four in Poland, two in Serbia, and single assets in Bulgaria, Greece and Hungary. In addition to these developments, Plaza retains the ownership of and operates seven shopping and entertainment centres in Poland, Czech Republic, Serbia, India and Latvia and two office buildings in Budapest and Bucharest.

The development projects are at various stages of the development cycle, from the landholdings through to the planning and permits.

The Company's current assets and pipeline projects are summarised in the table below:

Asset/Project	Location	Nature of asset	Size sqm (GLA)	Plaza's effective ownership %	Status (*)
Operating Shopping and Entertainment Centres					
Suwalki Plaza	Suwalki, Poland	Retail & entertainment scheme	20,000	100	Operating, opened in May 2010
Zgorzelec Plaza	Zgorzelec, Poland	Retail & entertainment scheme	13,000	100	Operating, opened in March 2010
Torun Plaza	Torun, Poland	Retail & entertainment scheme	40,000	100	Operating, opened in November 2011
Liberec Plaza	Liberec, Czech Rep.	Retail & entertainment scheme	17,000	100	Operating, opened in March 2009
Kragujevac Plaza	Kragujevac, Serbia	Retail & entertainment scheme	22,000	100	Operating, opened in March 2012
Riga Plaza	Riga, Latvia	Retail & entertainment scheme	49,000	50	Operating; opened in March, 2009
Koregaon Park Plaza	Pune, India	Retail, entertainment and office scheme	41,000	100	Operating; opened in March, 2012. In November 2013 the Company reached an agreement to sell the centre, subject to certain conditions
Development Assets					
Casa Radio	Bucharest, Romania	Mixed-use retail and leisure plus office scheme	555,000 (GBA including parking spaces)	75	Under planning; completion of the first phase is scheduled for 2017
Timisoara Plaza	Timisoara, Romania	Retail & entertainment scheme	38,000	100	Construction scheduled to commence in 2014/5; completion scheduled for 2016
Lodz Plaza	Lodz, Poland	Retail & entertainment scheme	35,000	100	Construction scheduled to commence in 2015/6; completion scheduled for 2017
Belgrade Plaza	Belgrade, Serbia	Apartment-hotel and business centre with a shopping gallery	63,000 (GBA)	100	Construction scheduled to commence in 2015/6; completion scheduled for 2017
Belgrade Plaza (Visnjicka)	Belgrade, Serbia	Retail & entertainment scheme	32,000	100	Construction scheduled to commence in 2014/5; completion scheduled for 2015/6
Cina Plaza	Bucharest, Romania	Retail and Office scheme (Existing building for development)	4,786	Lease rights for 43 years (starting 12/2007)	Construction scheduled to commence in 2014; completion scheduled for 2015/6
Chennai	Chennai, India	Residential Scheme	230,000 (for sale)	40	Construction scheduled to

					commence in late 2014/5; phased completion scheduled over 2014/5-2018/9
Operational Office Buildings					
David House	Budapest, Hungary	Office	2,000	100	Operational office
Palazzo Ducale	Bucharest, Romania	Office	700	100	Operational office
Pipeline Projects					
			Plot Size (sqm)		
Kielce Plaza	Kielce, Poland	Retail & entertainment scheme	30,000	100	Under planning and feasibility examination
Leszno Plaza	Leszno, Poland	Retail & entertainment scheme	17,000	100	Under planning and feasibility examination
Lodz (Residential)	Lodz, Poland	Residential scheme	33,000	100	Under planning and feasibility examination
Arena Plaza Extension	Budapest, Hungary	Office scheme	22,000 (land use right)	100	Under planning and feasibility examination
Csiki Plaza	Miercurea Ciuc, Romania	Retail & entertainment scheme	36,500	100	Under planning and feasibility examination
Iasi Plaza	Iasi, Romania	Retail, entertainment and office scheme	46,500	100	Under planning and feasibility examination
Slatina Plaza	Slatina, Romania	Retail & entertainment scheme	24,000	100	Under planning and feasibility examination
Hunedoara Plaza	Hunedoara, Romania	Retail & entertainment scheme	41,000	100	Under planning and feasibility examination
Targu Mures Plaza	Targu Mures, Romania	Retail & entertainment scheme (Power Centre)	31,500	100	Under planning and feasibility examination
Constanta Plaza	Constanta, Romania	Retail & entertainment scheme	26,500	100	Under planning and feasibility examination
Shumen Plaza	Shumen, Bulgaria	Retail & entertainment scheme	26,000	100	Under planning and feasibility examination
Pireas Plaza	Athens, Greece	Retail & entertainment scheme	15,000	100	Under planning and feasibility examination
Bangalore	Bangalore, India	Residential Scheme	218,500	25	Under planning and feasibility examination

(*) all completion dates of the projects are subject to securing external financing and securing sufficient tenant's demand.

Details of these activities by country are as follows:

Poland

Plaza owns and operates three completed shopping and entertainment centres across Poland. During the year, each of the centres have delivered notable asset management successes, including new signed leases totalling over 6,800 sqm, improving the overall occupancy of the Polish portfolio to 90%.

Torun Plaza, which was completed and opened in late 2011, comprises approximately 40,000 sqm of GLA and represents Plaza's tenth completed centre in Poland. Occupancy has risen to approximately 89% (including signed lease agreements) compared to 84% in 2012. Following the year end, TK Maxx opened as an anchor retailer on 5 March 2014 occupying 2,700 sqm. The centre is currently let to premium international and local brands such as Cinema City, H&M, C&A, KappAhl, Zara, Bershka, Stradivarius, Pull & Bear and Massimo Dutti.

The mall demonstrated a strong operational performance over 2013, and Plaza's focus on asset management and marketing activities since the mall opened led to a footfall improvement of 5% in 2013. As a result, average monthly turnover at the mall over the 2013 Christmas period improved by 24% compared to the same period last year.

Suwalki Plaza, comprising approximately 20,000 sqm of GLA and including tenants such as H&M, Rossmann, New Yorker, KappAhl and Cinema Lumiere, continues to perform well. Plaza has been successful at driving the turnover at the centre, with an average increase of 10% compared to 2012. Successful asset management initiatives undertaken by Plaza saw occupancy improve from 90% to 91% during the year.

Significant operational improvement was also achieved at Zgorzelec Plaza. The 13,000 sqm shopping and entertainment centre saw occupancy levels rise from 89% in 2012 to 91% as at the reporting date. In addition, footfall in the centre increased by 29% compared to 2012 and the centre achieved a 58% growth in turnover on year to year basis.

Plaza also continued the feasibility and planning studies at Lodz Plaza (comprising approximately 35,000 sqm of GLA). As a result, construction is scheduled to begin in late 2015 with completion expected in 2017.

Hungary

Plaza has a transferable land use right to plot of land on which it plans to develop an office extension onto the Arena Plaza shopping centre built by the Company. The extension will comprise an office complex with approximately 40,000 sqm of GLA. In line with Plaza's cautious approach to development, it is waiting for the recovery of the Budapest office market and a general rise in both occupancy rates and rental fee levels before beginning construction of the project.

The Group continues to own its office building, David House on Andrassy Boulevard, in Budapest.

Czech Republic

Plaza continues to own and manage Liberec Plaza shopping and entertainment centre (approximately 17,000 sqm GLA), which opened in March 2009. During the period, the turnover of the mall improved by 10%, whilst occupancy increased from 80% to 86%.

Romania

Plaza holds a 75% interest in a company in partnership with the Government of Romania to develop Casa Radio project (Dambovita), the largest development plot in central Bucharest. It will comprise approximately 555,000 sqm of GBA, including a 76,000 sqm GLA shopping mall and leisure centre (one of the largest in CEE), offices, hotel, an apartment hotel and a convention and conference hall. The Company has obtained the PUD (Detailed Urban Permit) and the Zonal Urban Plan ("PUZ") to the Dambovita Center Multifunctional Complex and completion of the first phase is scheduled for 2016/2017.

In light of the financial crisis, and in order to insure a construction process that is aligned to current market conditions, the Company started preliminary discussions with the Authorities (which are both shareholders of the SPV and a party to the Public Private Partnership ('PPP') regarding the future development of the project. The Company has also officially notified the Authorities that it will be seeking to redefine some of the terms of the existing PPP contract, such as timetable, structure and project milestones.

In addition, Plaza continued the feasibility and planning studies and permitting of Timisoara Plaza (comprising approximately 38,000 sqm of GLA) and Cina in Bucharest Romania. At Timisoara Plaza, construction is scheduled to begin in late 2014 with completion expected in 2016. The Cina retail and office scheme will comprise app. 4,800 sqm GLA with an expected completion date in 2015/2016.

Latvia

In March 2009, Plaza completed and opened Riga Plaza, the 49,000 sqm shopping and entertainment centre in which Plaza owns a 50% stake.

Riga Plaza is located on the western bank of the River Daugava by the Sala Bridge. The centre continues to deliver significant operational improvements, seeing occupancy levels increase to 97% following the lease agreement signed with H&M which is due to open in April 2014. There are ongoing discussions with a number of potential occupiers for the remaining space from which Plaza hopes to conclude further lettings shortly. Also footfall and turnover improved throughout the year by 7% and 14% respectively.

Latvia was the fastest growing economy in the EU in 2012. Following the successful introduction of the Euro in 2013 and strengthening household consumption, the country is well positioned for further growth, which we expect to underpin the further improvements in the performance of Riga Plaza going forward.

Serbia

On 20 March 2012, Plaza opened its first Serbian shopping and entertainment centre in Kragujevac, a city of 180,000 inhabitants. Kragujevac Plaza comprises 22,000 sqm of GLA and was over 90% let on opening to tenants including Nike, Adidas, Aldo, New Yorker, Deichmann, TerraNova, Fashion and Friends, H&O, Oviesse, Fox, Chicco and Home Center. As at the reporting date, the centre is fully let with significant improvements both in terms of footfall (+15%) and turnover (+17%), demonstrating Plaza's ability to capitalise on opportunities in new markets.

Kragujevac Plaza is the first western style shopping centre to be completed outside of Belgrade, and enjoys a catchment area of approximately 590,000 inhabitants within a 30 minute car journey of the centre. The centre has a six screen Cineplex cinema facility which is the only cinema and bowling facility in the region.

Plaza's other investment in Serbia is a state-owned plot and building in Belgrade, which Plaza secured in a competitive tender. The building was formerly occupied by the federal ministry of internal affairs of the former Yugoslavia and is located in the centre of Belgrade in a neighbourhood of government offices and foreign embassies. On completion, the scheme, Belgrade (MUP) Plaza, will comprise a shopping gallery, an apartment-hotel and business centre totalling circa 63,000 sqm of GBA. Construction is planned to commence in 2015/2016 and scheduled for completion in 2017. The project is currently in the process of securing the relevant local planning and permitting approvals.

The Company also owns a plot of land in Belgrade which will be developed into a shopping and entertainment centre. Concept designs have been submitted and approved (location permit granted) for Belgrade Plaza (Visnjicka) (previously known under the project name Sport Star Plaza), Plaza's proposed scheme comprising a total GLA of approximately 32,000 sqm. Construction is planned to commence during 2014/2015 with anticipated completion scheduled for 2015/2016.

On 1 March 2013, Serbia was granted candidate status to the European Union. Plaza believes this will significantly increase the flow of international capital into the country, enabling its carefully selected Serbian development pipeline, and completed and operational asset to benefit from an anticipated growth in investor interest.

Greece

Plaza owns a land plot which received the relevant planning permission for a 26,000 sqm GLA shopping and entertainment centre. Although the land plot is in an excellent location, in line with the Company's prudent approach to development, Plaza will continue to monitor the macroeconomic situation in Greece before committing additional capital to the project.

India

On 14 November 2013, Plaza announced that it had reached an agreement to sell Koregaon Park Plaza, a retail, entertainment and office scheme located in Pune, India, subject to the satisfaction of certain closing conditions. The transaction valued the asset at €40 million, the asset's current book value. Following the repayment of the outstanding related bank loan, Plaza will receive aggregate net cash proceeds from the purchaser totalling circa €16 million (after tax and transaction costs). Subject to fulfilment of certain conditions, including a consent from the financing bank, the Company expects to collect the first part of this, totalling circa €10m, in the coming six months and the remaining consideration will then follow in several instalments until 2016.

In 2008, Plaza formed a joint venture with Elbit Imaging ("JV") to develop three mega mixed-use projects in Bangalore, Chennai and Kochi in India. Under the terms of the agreement Plaza acquired a 47.5% stake in Elbit India Real Estate Holding Limited, which already owned stakes of between 50% and 80% in three mixed-use projects in India, in conjunction with local Indian partners. This joint venture's voting rights are split 50:50 between Elbit and Plaza.

These three projects are as follows:

Bangalore - This residential project, owned in an equal share between the JV and a prominent local developer, is located on the eastern side of Bangalore, India's fifth largest city with a population of more than eight million inhabitants. With a total built area of over 310,000 sqm, it will comprise over 1,100 luxury residential units when completed. In 2010, the JV signed a new framework agreement which, inter alia, entitles the JV to receive 70% of the net proceeds from the project until a target 20% IRR is received. Once the JV has received the 20% IRR on its investment, the JV will exit the project. Currently the project is in planning phase. As at 31 December 2013, due to uncertainty about the Group's ability to develop the project in the foreseeable future, the Group recorded €31 million of writedown expenses in the Company's profit or loss for the year.

Chennai - A residential development, which is 80% owned by the JV and 20% by a prominent local developer. The scheme will be developed into a residential project consisting of approximately 160,000 sqm of plotted area for development and approximately 70,000 sqm for high quality villas. Chennai is India's fourth largest city with a population of more than eight million inhabitants. The JV is currently in advanced negotiations to sign a joint development agreement with a reputable local developer to complete the project.

As at 31 December, due to uncertainty about the Group's ability to develop the project in the foreseeable future, the Group estimated the net realizable value of the project according to a comparable model. This resulted in the Group recording €20.7 million of writedown expenses in the Company's profit or loss.

Kochi Island - A 50:50 partnership with a local developer, this mixed-use project will comprise more than 575,000 sqm of high-end residential apartment buildings, office complexes, a hotel and serviced apartments complex, retail area and a marina. It is located on a backwater island adjacent to the administrative, commercial and retail hub of the city of Kochi, in the state of Kerala. Kochi has a local population of more than two million inhabitants.

Plaza's investment in Kochi project (€4.3 million) was done through a pre-payment advance guaranteed by Elbit, its parent company.

On 11 November 2013, the Company demanded and exercised a corporate guarantee in the amount of €4.3 million including the interest thereon up until such date (the "Reimbursement Payment") which has been provided by Elbit within the terms of the original Indian JV Agreement, on the grounds of Elbit defaulting on the finalisation and conclusion of the transfer of the Kochi Project Rights to the Indian JV Vehicle.

In its reply letter, Elbit has refused to repay the Reimbursement Payment. The Company is of the view that based on the abovementioned JV Agreement and its ancillary documents (including the corporate guarantee issued by Elbit in the Company's favour as mentioned above), it has a valid claim to recover the €4.3 million.

Despite the above view, and in view of uncertainties, the Company has made the decision to impair the pre-payment in its financials.

FINANCIAL REVIEW

Results

During 2013, Plaza remained focused on the execution of its strategy to dispose of non-core assets in its portfolio, to enable it to reallocate capital to its core yielding assets and to reduce debt levels.

The Company has designated its properties into three types:

- Completed trading properties projects
- Projects scheduled for construction
- Plots in the planning phase.

In respect of its completed trading properties projects, the Company still faces material uncertainties in respect of the time needed to sell the properties. However the Company has not changed its business model and is actively seeking buyers. Therefore it is clear from the Company's perspective that these completed properties are trading properties, rather than investment properties.
In respect of plots held, which are not intended to be constructed in the near future, the Company is actively looking for buyers and does not hold the plots passively with the intention to gain from a potential value increase. Plots scheduled for construction are intended to be developed and sold in the normal course of business once circumstances allow. For this reason we also believe that these are appropriately classified as trading properties. As at 31 December 2013, the trading properties were classified as non-current assets in the Statement of Financial Position, except for Koregaon Park, India, for which a sale purchase agreement was signed during the reporting period.

As a result of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Group has classified its interests in joint arrangements as Equity accounted investees. The balances of 2012 have been restated in the financial statements. The main change was the reclassification of the Indian residential JV projects and Riga Plaza (Latvia) to equity accounted investees.

Income comprised rental income from operating shopping centres: In 2013, Plaza generated €23.7 million of income compared to €23.1 million in 2012. The rental income performance would have been even stronger, had there not been a loss of income caused by a fire incident in India. However, income from the Group's Fantasy Park operation which provides gaming and entertainment services in Plaza's active shopping centres decreased to €3.3 million from €6.9 million in 2012 following the closure of a number of underperforming units.

The cost of operation of active malls remained at the same level despite increasing rental income (€9.4 million in both 2012 and 2013). The cost of marketing expenses were classified as part of operating cost rather than administrative expenses, and comparative figures for 2012 were also restated. The cost of the Fantasy Park operations (operation of entertainment centres) also decreased from €8.3 million in 2012 to €4 million in 2013 after the closures mentioned above.

Writedown of trading properties amounted to €118 million in 2013 (€60 million in 2012). This amount is attributable mainly to projects in Serbia (€37 million), Romania (€24.6 million), India (€15.6 million), Czech Republic (€15 million), Greece (€12 million), Poland (€11 million) and Bulgaria (€2.4 million).

As mentioned above, in accordance with IFRS 11, the Group has changed its accounting policy regarding joint arrangement. Joint ventures are classified as equity accounted investments. The writedown in connection to those assets amounted to €56 million in 2013 and €23 million in 2012. More than 90% of the writedown relates to Plaza's Indian projects (Bangalore, Chennai and Kharadi). This was slightly offset by the €1.5 million increase in the value of Riga Plaza (Latvia).

Administrative expenses amounted to €9.4 million (2012: €11.4 million after restatement) an 18% decrease as a result of a decrease in payroll and employee related expenses as part of the Company's efforts to reduce costs during the year.

Other expense increased from €1 million in 2012 to €11.5 million in 2013, due to the impairment of certain prepayments and fair value adjustment of investment property.

Restructuring costs were incurred in connection with the Company's debt restructuring process.

A net finance loss of €39.3 million was recorded in 2013 compared to a net finance cost of €17.2 million in 2012.

Finance income decreased to €1.3 million from €20.4 million in 2012 mainly due to no income being recorded in connection to its buyback programme (2012: €4.3 million income) as the Company ceased this activity in order to preserve short term liquidity. In addition, no income resulted from hedging activity through selling currency options (2012: €11.7 million) as hedging activity was reduced also in order to preserve short term liquidity.

Finance expenses increased from €37.5 million to €40.6 million (after capitalization of borrowing costs of €6.5 million in 2013 and €19.1 million in 2012). The main reasons for this increase were:

- discontinuing of capitalization of interest on debentures in H2 2013, resulting in an additional €3 million of expenses being reflected in the profit or loss
- loss on the reissuance of bonds previously bought back (2013 - €5.7 million, 2012 - nil)
- increase in foreign exchange loss on bonds (2013 - €5.4 million, 2012 - €2.0 million).

This was partly offset by the decrease in the expense recorded due to the increase in the fair value of bonds (2013 - €13.2 million, 2012 - €19.0 million)

A tax benefit of €6.3 million recorded in the consolidated income statement mainly represents the decrease in the deferred tax liability, primarily in connection with the fair value changes of the debentures measured through the profit or loss.

As a result of the above, the loss for the year amounted to circa €218 million in 2013, compared to €86.1 million in 2012. Basic and diluted loss per share for 2013 was €0.73 (2012: €0.29).

Balance sheet and cash flow

The balance sheet as at 31 December 2013 showed total assets of €586 million compared to total assets of €886 million at the end of 2012. The decrease was mainly driven by the writedown of trading properties and equity accounted investees, as well as the disposal of assets and cash used for repayment of debt.

The Company's consolidated cash position (including restricted bank deposits, short term deposits and held for trading financial assets) decreased to €33.7 million (31 December 2012: €65.8 million). Gearing increased to 64% (31 December 2012: 50%) as a result of impairment losses and finance costs incurred during the year.

The value of investment property decreased from €14.5 million in 2012 to nil in 2013, due to the sale of the Prague 3 project in the Czech Republic, the sole investment property at the end of the 2012.

Trading properties decreased from €612 million in 2012 to €495 million in 2013 mainly as result of writedowns booked in the period. At the end of the year, excluding Koregaon Park for which a sale and purchase agreement was signed before year end, trading properties were classified as non-current assets due to uncertainties about the development and realization dates.

Plaza has on its balance sheet a €40 million investment in equity accounted investees which includes a joint venture project reclassified in accordance with IFRS 11. The only operating asset currently classified under this heading is Riga Plaza. The value has decreased from the 2012 figure of €161.7 mainly as result of the dissolution of the US holding entity (totalling €32 million), disposals (totalling €21 million), writedowns (totalling €56 million) and the effect of the changes in exchange rates (totalling €15 million).

Total bank borrowings (long and short term) amounted to €175.5 million (31 December 2012: €206 million). This decrease is primarily the result of loans disposed of and repaid during the year. All loans were accounted for as current liabilities following the suspension of payments by Plaza and the uncertainty surrounding the restructuring plan.

Apart from bank financing, Plaza has a balance sheet liability of €168.6 million (with an adjusted par value of circa €201.5 million, including unpaid interest) from issuing debentures on the Tel Aviv Stock Exchange and to Polish institutional investors. These debentures are presented at their fair value with the exception of the debentures issued from August 2009 onward, which are presented at amortised cost.

Provisions are booked in connection with the Company's Casa Radio project in Bucharest Romania.

As at 31 December 2013, the net balance of the Company, with its controlling shareholders, is a liability of approximately €0.9 million.

Other current liabilities have increased in 2013 from €7.6 million to €11.2 million. The increase is attributable to unpaid debenture and bank loan interest and the advance payment received in respect of the sale of Koregaon Park.

The total equity decreased from the figure of €443 million in 2012 to €210 million in 2013 as a result of a €14 million increase in the translation reserve connected to the Indian operations of the Company stemming from the weakening of the Indian Rupee against the EUR during the year (app 17% devaluation), and the €218 million loss suffered mainly due to the writedowns, turning the retained earnings of €189 million into retained losses of €29 million.

Roy Linden
Chief Financial Officer
13 March 2014

Valuation Summary by Cushman and Wakefield as at 31 December 2013 (in EUR) – 2012 comparatives are based on a Jones Lang LaSalle report

Country	Project name	Market Value of the land and project 31 December 2012	Market Value of the land and project 31 December 2013	Market Value upon completion 31 December 2012	Market Value upon completion 31 December 2013
Hungary	Arena Plaza Extension	8,500,000	7,800,000	67,842,000	88,941,176
	Dream Island	20,900,000	SOLD	223,905,387	SOLD
	David House	4,000,000	3,950,000	4,000,000	3,950,000
	Új Udvar Shopping Center	2,940,000	SOLD	2,940,000	SOLD
Poland	Torun Plaza	109,600,000	97,580,000	109,600,000	97,580,000
	Zgorzelec Plaza	18,900,000	17,125,000	18,900,000	17,125,000
	Suwalki Plaza	46,800,000	43,525,000	46,800,000	43,525,000
	Lodz (Resi) (*)	8,400,000	6,500,000	compar. method	89,330,500
	Lodz Plaza	8,600,000	7,925,000	82,971,824	74,214,046
	Leszno Plaza(*)	1,900,000	1,719,000	26,000,000	compar. method
	Kielce Plaza (1) (*)	4,800,000	5,350,000	compar. method	75,501,915
Czech Republic	3Prague	14,460,000	SOLD	157,905,362	SOLD
	Liberec Plaza	29,400,000	17,675,000	29,400,000	17,675,000
	Roztoky	2,800,000	SOLD	18,189,572	SOLD
Romania	Palazzo Ducale	1,950,000	1,800,000	1,950,000	1,800,000
	Casa Radio Plaza	168,150,000	130,612,500	331,700,544	622,880,453
	Timisoara Plaza	11,000,000	10,825,000	68,189,086	76,965,120
	Miercurea Ciuc Plaza	7,100,000	5,620,000	19,321,566	14,867,763
	Targu Mures(*)	6,100,000	6,175,000	compar. method	72,344,400
	Hunedoara Plaza(*)	2,900,000	2,375,000	compar. method	9,958,550
	Slatina Plaza(*)	1,800,000	1,650,000	compar. method	40,919,502
	Iasi Plaza	13,100,000	11,550,000	93,549,771	94,945,925
	Constanta Plaza(*)	10,000,000	6,300,000	13,872,500	compar. method
Latvia	Riga Plaza	42,350,000	43,862,500	42,350,000	43,862,500
Greece	Helios Plaza	21,000,000	15,300,000	98,500,000	94,555,391
India	Koregaon Park	55,866,000	SOLD	67,778,935	SOLD
	Kharadi Plaza	15,393,000	SOLD	67,296,740	SOLD
	Trivandrum Plaza	7,329,500	SOLD	46,779,015	SOLD
	Varthur Park Bangalore	14,486,000	12,251,211	119,722,267	90,664,857
	Joe's Island Kochi(*)	5,149,000	N/A	compar. method	N/A
	SIPCOT Park Chennai	10,731,000	11,271,562	42,701,465	39,899,418
Bulgaria	Shumen Plaza(*)	4,600,000	2,125,000	compar. method	31,259,520
Serbia	Belgrade Plaza	19,700,000	16,150,000	138,600,000	145,729,412
	Sport Star Plaza	20,000,000	19,025,000	107,158,578	108,308,571
	Kragujevac Plaza	42,100,000	41,775,000	42,100,000	41,775,000
	TOTAL (**)	762,805,000	547,817,000	2,090,025,000	2,038,579,000

(1) In 2013 the Company applied a more conservative approach, and lower value was used in the financial statements than in the valuation report
(*) Assets were valued with the comparative sales price method; no value at completion was estimated
(**) Rounded to nearest thousand

Notes

- All values of land and project assume full planning consent for the proposed use.
- Plaza Centers had a 50% interest in the Riga Plaza shopping centre development.
- Plaza Centers had a 35% interest in the Uj Udvar Shopping Centre development.
- Plaza Centers had a 50% interest in Kharadi Plaza and Trivandrum Plaza.
- Plaza Centers had a 43.5% interest in Dream Island.
- Plaza Centers has a 75% share of Casa Radio Plaza.
- Plaza Centers has a 25% share of Bangalore.
- Plaza Centers has a 40% share of Chennai.
- All the figures reflect Plaza's share.

PLAZA CENTERS N.V.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN '000 EUR

	Note	December 31, 2013	December 31, 2012 Restated (*)	January 1, 2012 Restated (*)
ASSETS				
Cash and cash equivalents	3	26,157	35,374	51,438
Restricted bank deposits	4	6,319	18,759	17,440
Short term deposits		-	-	3,102
Available for sale financial assets	5	-	11,714	25,568
Held for trading financial assets		1,246	-	-
Trade receivables	6	3,372	3,399	2,792
Other receivables	7a	4,871	11,492	8,721
Prepayments and advances	7b	1,393	7,821	8,043
Trading properties	8	40,333	612,475	648,674
Total current assets		83,691	701,034	765,778
Trading properties	8	454,841	-	-
Equity accounted investee - discontinued operations	31	-	-	95,475
Equity accounted investees	11	33,102	154,830	141,174
Loan to equity accounted investees	11	7,039	6,949	15,160
Long term deposits and other investments		-	-	50,577
Property and equipment	9	6,520	7,381	8,230
Investment property	10	-	14,489	13,652
Other non-current assets		573	1,135	5,221
Total non-current assets		502,075	184,784	329,489
Total assets		585,766	885,818	1,095,267
LIABILITIES AND SHAREHOLDERS' EQUITY				
Interest bearing loans from banks	13	175,338	205,977	208,858
Debentures at fair value through profit or loss	17	97,983	34,966	32,930
Debentures at amortized cost	18	70,636	34,184	22,831
Trade payables	14	2,432	7,569	25,712
Related parties liabilities	15	944	546	2,228
Derivatives	12	910	3,320	-
Provisions		15,597	15,597	15,597
Other liabilities	16	11,219	7,648	15,261
Total current liabilities		375,059	309,807	323,417
Interest bearing loans from banks	13	-	5,773	15,696
Debentures at fair value through profit or loss	17	-	81,181	110,320
Debentures at amortized cost	18	-	39,010	86,052
Derivatives	12	-	-	3,561
Other liabilities		-	185	159
Deferred tax liabilities	19	379	6,930	13,189
Total non-current liabilities		379	133,079	228,977
Share capital	20	2,972	2,972	2,972
Translation reserve	20	(40,651)	(26,359)	(10,672)
Capital reserve due to transaction with Non-controlling interests		(20,706)	(20,706)	(19,342)
Other reserves	20	35,133	35,262	31,954
Share premium		261,773	261,773	261,773
Retained earnings (losses)		(28,799)	189,274	275,437
Total equity attributable to equity holders of the Company		209,722	442,216	542,122
Non-controlling interests		606	716	751
Total equity		210,328	442,932	542,873
Total equity and liabilities		585,766	885,818	1,095,267

(*)Restated due to Retrospective application

March __, 2014		
	Ran Shtarkman	**Shimon Yitzchaki**
Date of approval of the financial statements	**Director, President and Chief Executive Officer**	**Director and Chairman of the Audit Committee**

PLAZA CENTERS N.V.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS IN '000 EUR

	Note	For the year ended December 31, 2013	2012 Restated(*)
<u>Continuing operations</u>			
Rental income	22(a)	23,678	23,112
Revenues from entertainment centers	22(b)	3,345	6,911
		27,023	30,023
Cost of operations	23(a)	(9,408)	(9,384)
Cost of operations – entertainment centers	23(b)	(4,025)	(8,267)
Gross profit		13,590	12,372
Loss from disposal of undeveloped Trading Property	28(b)	(346)	(65)
Write-down of Trading Properties	8	(117,913)	(60,293)
Write-down of equity-accounted investees	11	(56,417)	(23,443)
Loss from disposal of equity accounted investees (holding undeveloped Trading Properties)	28(a),(c)	(3,724)	-
Share in results of equity-accounted investees	11	952	1,475
Administrative expenses, excluding restructuring costs	24a	(9,435)	(11,432)
Restructuring costs		(702)	-
Other income	25	413	8,970
Other expenses	25	(11,468)	(1,122)
Results from operating activities		(185,050)	(73,538)
Finance income	26	1,288	20,358
Finance costs	26	(40,632)	(37,531)
Net finance costs		(39,344)	(17,173)
Loss before income tax		(224,394)	(90,711)
Tax benefit	27	6,256	6,592
Loss from continuing operations		(218,138)	(84,119)
<u>Discontinued operation</u>			
Profit (loss) from discontinued operation, net of tax	27	65	(2,044)
Loss for the year		(218,073)	(86,163)
Loss attributable to:			
Owners of the Company		(218,073)	(86,163)
Earnings per share			
Basic and diluted loss per share (in EURO)	21	(0.73)	(0.29)
Earnings per share – continuing operations			
Basic and diluted loss per share (in EURO)	21	(0.73)	(0.28)

(*) Restated due to Retrospective application.

PLAZA CENTERS N.V.

CONSOLIDATED STATEMENT OF CASH FLOWS IN '000 EUR

	Note	For the year ended December 31, 2013	2012 Restated (*)
Cash flows from operating activities			
Loss for the year		(218,073)	(86,163)
Adjustments necessary to reflect cash flows used in operating activities:			
Depreciation and impairment of property and equipment	9	423	1,065
Change in fair value of investment property	10	4,267	(837)
Net finance costs	26	39,344	17,173
Equity-settled share-based payment transaction		424	197
Discontinued operations		(65)	2,044
Gain on sale of property and equipment		(23)	(13)
Share of loss of equity-accounted investees, net of tax	11	78,617	19,854
Tax benefit	27	(6,256)	(6,592)
		(101,342)	(53,272)
Changes in:			
Trade receivables		(122)	(581)
Other accounts receivable		10,126	5,821
Trading properties	8	108,831	27,632
Trade payables		(4,028)	(18,122)
Other liabilities, related parties liabilities and provisions		3,498	(8,577)
		118,305	6,173
Interest received		353	3,822
Interest paid		(10,926)	(24,214)
Taxes paid		(295)	(297)
Net cash from (used in) operating activities		6,095	(67,788)
Cash from investing activities			
Purchase of property and equipment	9	(75)	(462)
Proceeds from sale of property and equipment		169	250
Discontinued operations		-	63,885
Proceeds from sale of investment property	28(b)	7,649	-
Proceeds from liquidation of equity accounted investee EPUS	28(e)	32,410	-
Long term deposits redemption		-	50,643
Purchase of marketable debt securities financial assets	5	(1,424)	(16,089)
Proceeds from sale of available for sale financial assets	5	12,012	31,294
Short term deposits, net		-	3,102
Net cash from investing activities		50,741	132,623

CONSOLIDATED STATEMENT OF CASH FLOWS IN '000 EUR (cont.)

	Note	For the year ended December 31, 2013	2012 Restated (*)
Cash from financing activities			
Proceeds from bank loans and financial institutions		659	46,720
Proceeds from utilization and settlement of derivatives		-	238
Proceeds (payments) from hedging activities through sell of options	12	(2,364)	11,683
Repurchase of debentures		-	(18,814)
Changes in restricted cash		9,316	(1,796)
Proceeds from re-issuance of long term debentures	17,18	13,772	-
Repayment of debentures	17,18	(60,319)	(65,320)
Repayment of interest bearing loans from banks	13	(27,490)	(53,554)
Net cash used in financing activities		(66,426)	(80,843)
Effect of movement in exchange rate fluctuations on cash held		373	(56)
Decrease in cash and cash equivalents during the year		(9,217)	(16,064)
Cash and cash equivalents at 1 of January		35,374	51,438
Cash and cash equivalents at 31 of December		**26,157**	**35,374**

(*) Restated due to Retrospective application

NOTE 1 PRINCIPAL ACTIVITIES AND OWNERSHIP

Plaza Centers N.V. ("the Group" or "the Company") was incorporated and is registered in the Netherlands. The Company's registered office is at Keizersgracht 241, 1016 EA, Amsterdam, the Netherlands. The Company conducts 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), India (from 2006), and, between 2010 and 2012, also in the USA. The 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 associates and jointly controlled entities.

The Company is dual listed on the Main Board of the London Stock Exchange ("LSE") and, starting October 2007, 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 62.5% of the Company's shares, as at the end of the reporting period (December 31, 2012 – 62.5%). The ultimate parent company is Elbit Imaging Limited ("EI").

NOTE 2 BASIS OF PREPARATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU").

These consolidated financial statements are not intended for statutory filing purposes. The Company is required to file consolidated financial statements prepared in accordance with The Netherlands Civil Code. At the date of approving these financial statements the Company had not yet prepared consolidated financial statements for the year ended December 31, 2013 in accordance with the Netherlands Civil Code.

The consolidated financial statements were authorized for issue by the Board of Directors on March 12, 2014.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of the financial position:

- Investment properties were measured at fair value
- Liabilities for cash-settled share-based payment arrangements are measured at fair value
- Available for sale financial assets are measured at fair value
- Derivative financial instruments are measured at fair value
- Non-Derivative financial instruments at fair value through profit or loss are measured at fair value.

c. Functional and presentation currency

These consolidated financial statements are presented in EURO ("EUR"), which is the Company's functional currency. All financial information presented in EUR has been rounded to the nearest thousand, unless otherwise indicated.

NOTE 2 BASIS OF PREPARATION (Cont.)

d. Going concern

On November 14, 2013 the Company announced that it would be freezing payments to all its lenders and would be entering into negotiations with these creditors to arrive at an agreed debt arrangement (restructuring plan). The Company's proposed debt arrangement includes a potential equity injection from the owners in the amount of circa 20 million EUR via a right issuance, a delay of all the bond series' principal payment by three years, a realization plan under which 19 of the 29 assets are estimated to be realized by 2018 for circa 490 million EUR (net proceeds), a transfer of 75% of the net proceeds of realizations to the bondholders as early repayment, compensate the bondholders with an additional 1.5% annual interest, and additional compensation to the bondholders with equity instruments (share issuance without additional proceeds), being options to issue up to 9.99% of the Company's outstanding shares.

Management believes that the implementation of the restructuring plan will provide the Company with the ability to resolve its immediate liquidity situation in order to continue operating as going concern and preserve value for its shareholders and creditors.

Management acknowledges that significant uncertainty remains over the Group's ability to meet its funding requirements and to refinance or repay its debts as they fall due. If for any reason the Group is unable to reach an approved restructuring plan, then this would have an 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. The consolidated 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.

e. Investment property vs. trading property classification

The Company has designated its properties into three types (Completed trading property projects, plots scheduled for construction and plots under planning stage).

In respect of its completed trading property projects, and as written above, the Company still faces material uncertainties in respect of the time needed to sell the properties. However the Group has not changed its business model and is actively seeking buyers. Therefore it is clear from the Company's perspective that these completed properties are trading properties, rather than investment properties.

In respect of plots held, which are not intended to be constructed in the near future, the Company is actively looking for buyers and does not hold the plots passively with the intention to gain from a potential value increase. Plots scheduled for construction are intended to be developed and sold in the normal course of business once circumstances allow. Therefore we also believe that these are appropriately classified as trading properties.

f. Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

f. Use of estimates and judgments (cont.)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about other critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following note:

- Note 8 - Suspension of borrowing costs capitalization
- Note 8 – Classification of trading properties as current vs. non-current
- Note 8 – Trading property vs. Investment property

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 8 – key assumptions used in determining the net realisable value of trading properties

<u>Functional currency</u>

The EUR is the functional currency for Group companies (with the exception of Indian companies – in which the functional currency is the Indian Rupee – INR, and the investment in the USA held until June 30, 2012 - in which the functional currency was the USD) since it is the currency of the economic environment in which the Group operates. This is because the EUR (and in India and the USA – the INR and USD, respectively) is the main currency in which management, determines its pricing with tenants, potential buyers and suppliers, determine its financing activities and budgets and assesses its currency exposures.

<u>Operating cycle determination</u>

The Normal Operating Cycle ("NOC") of the Group is driven by its business model to buy, develop and sell, primarily shopping centres, and comprises the estimated amount of time required to complete the process from the acquisition of undeveloped land through its development, preparation for sale and ultimate disposal. Based on the Group's experience, mainly from the period from 1996-2008, this period of time was three to five years (and in respect of large scale, multi-phase/mixed-use projects, up to eight years). For example for completed shopping centres these steps include achieving a stabilized tenants list, improving the tenant mix, increasing occupancy rates, completion of certain tenant improvements and finding the qualified buyers. For plots this includes obtaining permits, finance and construction.

The Company maintains its existing business model; however with the financial crisis as background the level of uncertainty of the actual amount of time needed to complete all steps in the process has become much higher than what the Company believes is a normal level.

Over the period 2009 – 2012, the Company has had difficulty selling completed properties at prices reflecting management's view of reasonable estimated values, as well as experienced a lack of available finance for development of plots.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 2 BASIS OF PREPARATION (Cont.)

The return to what management considers more normal conditions, primarily in the CEE markets where it has properties, has been longer than expected.

In view of these uncertainties and abnormalities, the Company has taken a position of reclassifying its entire trading properties asset to long term, until the abnormal level of uncertainty is reduced.

NOTE 3 CASH AND CASH EQUIVALENTS

Bank deposits and cash denominated in	Interest rate as of December 31, 2013	December 31, 2013	December 31, 2012 Restated (*)
EUR	See (1) below	13,894	20,982
United States Dollar (USD)	See (1) below	3,250	5,967
Polish Zlotys (PLN)	Overnight Wibor*0.7	3,393	3,469
Indian Rupee (INR)	Mainly 0%	1,541	1,704
New Israeli Shekel (NIS)		3,375	2,272
Other currencies		704	980
Cash and cash equivalents in the statement of financial position		26,157	35,374

(*) Restated due to Retrospective application

(1) Main EUR and USD deposits as of December 31, 2013 are held on corporate level and bear money market interest rates which are mainly between 0% and 0.5%.

NOTE 4 RESTRICTED BANK DEPOSITS

	Interest rate as of December 31, 2013	December 31, 2013	December 31, 2012 Restated (*)
Short term restricted bank deposits			
In EUR	See (1) below	5,579	8,337
In USD	See (2) below	-	6,946
In NIS	See (2) below	-	2,426
In other currencies		740	1,050
Total short term		6,319	18,759

(*) Restated due to Retrospective application.

(1) As of December 31, 2013, EUR 5.6 million is restricted mainly in respect of bank facilities agreements signed to finance Projects in Poland, Serbia, and the Czech Republic. These amounts carry an annual interest rate of mainly Overnight rates.
(2) Restriction over 2012 USD balance was removed following the insurance refund in June 2013 (refer also to note 28(d)). Restriction over 2012 NIS balance was removed following the repayment of NIS denominated loan

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 5 AVAILABLE FOR SALE FINANCIAL ASSETS

Available-for-sale financial assets ("AFS") portfolio consisted of mainly traded debt securities issued by banks and corporates.

	For the year ended	
	December 31, 2013	December 31, 2012
Interest income from AFS	233	712
Gain (loss) from selling AFS	723	(1,222)
Total for the year	956	(510)
Balance as at January 1	11,714	25,568
Purchase of AFS (*)	155	16,089
Sale/redemption of AFS	(12,012)	(31,294)
Discount amortization	157	54
Changes in market value of AFS	(14)	1,297
Balance as at December 31	-	11,714

The fair value of available-for-sale financial assets was determined by reference to their quoted closing bid price at the reporting date.

(*) An additional EUR 1.27 million of debt securities bonds were purchased as held for trading financial assets.

NOTE 6 TRADE RECEIVABLES

	December 31, 2013	December 31, 2012 Restated(*)
Trade receivables	4,887	4,727
Less - Allowance for doubtful debts	(1,515)	(1,328)
	3,372	3,399

(*) Restated due to Retrospective application.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 7 OTHER RECEIVABLES, PREPAYMENTS AND ADVANCES

a. Other receivables

	December 31, 2013	December 31, 2012 Restated(*)
Insurance company receivable (refer to note 28(G))	-	7,611
Receivable in respect of disposal of equity-accounted investee Uj Udvar (refer to notes 11,28(C))	2,350	-
VAT and tax receivables	1,877	2,218
Related parties	-	936
Others	644	727
	4,871	11,492

(*) Restated due to Retrospective application

b. Prepayments and advances

	December 31, 2013	December 31, 2012 Restated(*)
Prepayment in respect of plot purchase (1)	-	5,157
Prepaid expenses	617	1,294
Advances to suppliers	776	1,370
	1,393	7,821

(*) Restated due to Retrospective application.

(1) The 2012 amount represents two components, with both amounts impaired in the course of 2013:

A) Prepayment in respect of the Kochi project in India in the amount of EUR 4.3 million.

On 11 November, 2013 the Company has demanded and exercised the corporate guarantee in the amount of EUR 4.3 million including the interest thereon up till such date (the "Reimbursement Payment") provided by EI in the frame of the Indian JV Agreement on the ground of EI's default to finalize and conclude the transfer of the Kochi Project Rights to the Indian JV Vehicle.

EI in its reply letter has refused to repay the Reimbursement Payment. The Company is in the view that, based on the mentioned JV Agreement and its ancillary documents (including the mentioned corporate guarantee issued by EI in favour of the Company), it has valid claim to get back the mentioned amount of EUR 4.3 million.

Despite the above, and in view of uncertainties regarding amounts and/or time, the Company decided to record the prepayment.

B) Prepayment in respect of the Targu Mures project in the amount of circa EUR 1 million. The Company decided to record this prepayment in view of uncertainty associated with the development of the project.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 8 TRADING PROPERTIES

	December 31, 2013 (**)	December 31, 2012 Restated(*)
Balance as at 1 January	612,475	648,674
Acquisition and construction costs	3,728	21,254
Capitalized borrowing costs (1)	6,530	19,091
Write-down of trading properties (2)	(117,913)	(60,293)
Effect of movements in exchange rates	(7,831)	(2,800)
Trading properties disposed (refer to note 28(B))	(1,815)	(13,451)
Balance as at 31 December (3)	495,174	612,475
Operating trading properties (shopping centers)	222,976	252,178
Project schedule for construction (3),(4)	206,236	254,110
Plots under planning stage	65,962	106,187
Total	495,174	612,475

(*) Restated due to Retrospective application.
(**) As of December 31, 2013, the Koregaon park trading property is the only trading property presented as short term, owing to the existence of a sale and purchase agreement on the trading property. All other trading properties are classified as long term.

(1) The Company temporarily suspended capitalization of borrowing costs starting July 1, 2013, following temporary suspension of active development of the majority of its trading properties due to the Group's liquidity crisis.
(2) Breakdown of write -down of trading properties:

Project name (location)	The year ended December 31, 2013	2012
Iasi (Iasi, Romania)	1,582	19,881
Koregaon Park (Pune, India)	15,564	14,523
Belgrade Plaza (Belgrade, Serbia)	29,347	5,014
Helios Plaza (Athens, Greece)	12,267	-
Liberec (Liberec, Czech Republic)	11,578	3,141
Belgrade Plaza Visnjicka (Belgrade, Serbia)	6,825	-
Lodz Plaza (Lodz, Poland)	6,400	-
Casaradio - Turbines (Bucharest, Romania)	6,305	1,912
Zgorzelec (Zgorzelec, Poland)	2,013	4,136
Constanta (Constanta, Romania)	4,972	-
Ciuc (Ciuc, Romania)	4,414	-
Kragujevac (Kragujevac, Serbia)	751	4,125
Timisoara (Timisoara, Romania)	3,968	-
Roztoky (Prague, Czech Republic)	3,500	-
Kielce (Kielce, Poland)	828	2,698
Sofia (Sofia, Bulgaria)	-	1,685
Other, aggregated	7,599	3,178
	117,913	60,293

NOTE 8 TRADING PROPERTIES (Cont.)

(3) Breakdown of write -down of trading properties (cont.):

The write downs were caused mainly by the following factors:

- There were significant decreases in Net Realizable Values of certain projects below the carrying amount due to worsening market condition in the certain countries in which the Group operates including mainly Romania and Serbia.
- In accordance with the Group's accounting policy plots of lands held for development are not written down below costs if the completed projects are expected to be sold at or above cost.
- Following management reassessment of the business plans of certain undeveloped plots of lands, and the difficulty to assess whether they will be developed or not, and to recover their costs, the carrying amount of the lands were written down to their Net Realizable Values.
- The disposal of certain properties subsequent to the reporting period at a selling price below their carrying amount triggered write down of these properties to their contractual selling price (refer to note 28(B))

(4) Including cost of Casa Radio project in Romania in a total amount of EUR 153 million (2012 – EUR 158 million).

The value of the Casa Radio project in Romania includes two non-operative gas turbines with a total carrying amount of EUR 3 million (following write down). These turbines were purchased in the past with the purpose of supplying energy to the completed project due to lack of sufficient energy infrastructure capabilities in Bucharest at the time. Following an improvement in the energy infrastructure in recent years the turbines became redundant and efforts were made to dispose of them. In the course of 2013 the turbines were written down (EUR 6.3 million) to their Net Realizable Values based on most recent offering prices received from potential buyers. Refer to note 32 (B) for the selling of the turbines.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 9 PROPERTY AND EQUIPMENT

	Land and buildings	Equipment	Fixtures and fittings	Airplane (1)	Total
Cost					
Balance at January 1, 2012 (*)	**7,181**	**4,529**	**1,397**	**4,737**	**17,844**
Additions	-	462	-	-	462
Disposals	-	(592)	-	-	(592)
Exchange rate effect	-	(42)	-	-	(42)
Balance at December 31, 2012 (*)	**7,181**	**4,357**	**1,397**	**4,737**	**17,672**
Additions	-	75	-	-	75
Disposals	-	(749)	-	-	(749)
Exchange rate effect	-	(141)	-	-	(141)
Balance at December 31, 2013	**7,181**	**3,542**	**1,397**	**4,737**	**16,857**
Accumulated depreciation and impairment					
Balance at January 1, 2012 (*)	**2,606**	**3,421**	**1,020**	**2,567**	**9,614**
Depreciation	85	370	34	127	616
Impairment expenses (2)	-	-	-	449	449
Disposals	-	(355)	-	-	(355)
Exchange rate effect	-	(33)	-	-	(33)
Balance at December 31, 2012 (*)	**2,691**	**3,403**	**1,054**	**3,143**	**10,291**
Depreciation	85	194	17	127	423
Disposals	-	(333)	-	-	(333)
Exchange rate effect	-	(44)	-	-	(44)
Balance at December 31, 2013	**2,776**	**3,220**	**1,071**	**3,270**	**10,337**
Net carrying amounts					
At December 31, 2013	4,405	322	326	1,467	6,520
At December 31, 2012	4,490	954	343	1,594	7,381
At January 1, 2012	4,575	1,108	377	2,170	8,230

(*) Restated due to Retrospective application.

Major additions/ disposals/ impairments during the period

(1) The airplane of the Company is pledged as a security for a bank facility utilized for the purchase of the airplane. For the selling of the airplane refer to note 32(A).

(2) In 2012, the Company recorded a loss due to impairment of its airplane of EUR 0.4 million, based on external valuation.

NOTE 10 INVESTMENT PROPERTY

	2013	2012
Balance at 1 January	14,489	13,652
Disposal of Investment property (refer to notes 28(B),(I))	(10,222)	-
Fair value revaluation (refer to notes 25,31)	(4,267)	837
Balance at 31 December	-	14,489

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 11 EQUITY ACCOUNTED INVESTEES

The Group has the following interest (directly and indirectly) in the below joint ventures (the Group has no investment in associates), as at December 31, 2013 and 2012:

Company name	Country	Activity	Interest of holding (percentage) as at December 31,	
			2013	2012
Elbit Plaza USA LP ("EPUS")(1)	USA	Inactive	N/A	50%
Elbit Plaza USA II LP	USA	Inactive	50%	50%
P-One Infrastructure Pvt. Ltd. (2)	India	Residential	N/A	50%
Elbit Plaza India Real Estate Holdings Ltd. ("EPI")	Cyprus	Mixed-use large scale projects	47.5%	47.5%
Bas - Adams Invest S.R.L	Romania	Residential	25%	25%
Bas - Colorado Invest S.R.L	Romania	Residential	25%	25%
Bas - Malibu Invest S.R.L	Romania	Residential	12.5%	12.5%
Bas - Spring Invest S.R.L	Romania	Residential	25%	25%
Bas - Sunny Invest S.R.L	Romania	Residential	25%	25%
Bas - Primavera Invest S.R.L	Romania	Residential	25%	25%
Bas development S.R.L	Romania	Residential	25%	25%
SIA Diksna ("Diksna")	Latvia	Operating shopping center	50%	50%
Erocorner Gazdasagi Szolgaltato Kft.(3)	Hungary	Mixed-use project	N/A	50%
SBI Hungary Ingatlanforgalmazo es Epito Kft. ("Uj Udvar") (3)	Hungary	Mixed-use project	N/A	35%

(1) Refer also to note 28(E) for the dissolving of investee.
(2) Refer also to note 34(A) for the selling of the investee.
(3) Refer also to note 34(C) for the selling of the investees.

None of the joint ventures are publicly listed.
The movement in equity accounted investees (in aggregation) was as follows:

	2013	2012
Balance as at 1 January	161,779	156,334
Investments in equity-accounted investees	1,849	2,113
Share in results of equity-accounted investees, net of tax	952	1,475
Reclassification of EPUS (1)	-	32,364
Write-down of Equity-accounted investees (2)	(56,417)	(23,443)
Effect of movements in exchange rates	(15,036)	(7,064)
EPUS dissolved (1)	(32,410)	-
Equity-accounted investees disposed (3)	(20,576)	-
Balance as at 31 December (4)	40,141	161,779

(1) EPUS was the top holding company of the US operations, holding all the discontinued operations in the US. Upon the disposal of all US assets, EPUS remained with undistributed cash amounts, and had no activity, therefore the EPUS remaining asset was deemed not to be part of the discontinued operations, and therefore reclassified to equity accounted investees. EPUS was dissolved in March 2013, and all of the remaining cash in it was distributed as liquidation dividend to the owners. Refer also to note 28(E).

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 11 EQUITY ACCOUNTED INVESTEES (cont.)

(2) Breakdown of the Group's share of write downs (reversals of write downs) of trading properties projects held by equity accounted investees is as follows:

	The year ended December 31,	
Project name (holding company name)	2013	2012
Bangalore (held by equity accounted investee EPI)	31,017	-
Chennai (held by equity accounted investee EPI)	20,745	-
Kharadi (held by equity accounted investee P-One)	4,311	1,157
Dream Island (held by equity accounted investee Ercorner)	-	12,183
BAS projects (Grouped – held by 7 different entities)	-	10,055
Riga Plaza (held by equity accounted investee Diksna)	(1,513)	(139)
Uj Udvar (held by equity accounted investee SBI Hungary)	1,857	187
	56,417	23,443

(3) Refer also to note 28(A) and 28(C) for the selling of Ercorner, Uj Udvar and P-One.

(4) As of December 31, 2013, the loan to equity accounted investee Diksna totalled EUR 7 million (December 31, 2012 – EUR 6.9 million). Other investment in equity accounted investees is either through various equity instruments, or by loans to cover negative equity position considered part of the Group's net investment in the investee.

Material joint ventures

Within the joint ventures, two joint ventures were deemed as material, and these are EPI (due to holding of major schemes in Bangalore and Chennai) and Diksna (being the only active shopping center held through a joint venture). The summarized financial information of the material joint ventures is as follows:

	December 31,			
	2013		2012	
	EPI	Diksna	EPI	Diksna
Current assets (*)	1,274	2,776	952	3,100
Trading properties	46,752	87,725	142,711	84,700
Interest bearing loans from banks – current liability	-	(59,046)	-	(63,850)
Other current liabilities	(674)	(1,275)	(1,279)	(1,616)
Group loan to Diksna	-	(14,078)	-	(13,898)
Net assets (100%)	47,352	16,102	142,384	8,436
Group share of net asset (50%) (**)	23,676	8,051	71,192	4,218
Purchase price allocated to trading property	-	-	18,750	-
Carrying amount of interest in joint venture	23,676	8,051	89,942	4,218

(*) Including cash and cash equivalents in the amount of EUR 1.1 million (2012 - EUR 1.1 million).
(**) Though EPI is 47.5% held by the Company, the Company is accounted for 50% of the results, as the third party holding 5% in EPI is deemed not to participate in accumulated losses, hence EI and the Company, the holders of the remaining 95%, each account for 50% of the results of EPI each.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 11 EQUITY ACCOUNTED INVESTEES (cont.)

Material joint ventures (cont.)

	The year ended December 31,			
	2013		2012	
	EPI	Diksna	EPI	Diksna
Revenue	-	10,122	-	8,678
Cost of operations	-	(4,304)	-	(3,892)
Interest expenses	-	(2,016)		(2,186)
Gain from refinance of loan	-	1,800	-	-
Write downs (uplift)	(66,024)	3,026	-	278
Total net profit (loss) and comprehensive income (100%)	(67,446)	7,666	(1,594)	2,606
Group share of Profit (loss) and comprehensive income (50%)	(33,723)	3,833	(797)	1,303
Interest income on Diksna loan		90		133
Impairment of purchase price allocated to trading property	(18,750)	-	-	-
Total results from investee	(52,473)	3,923	(797)	1,436

Immaterial joint ventures information

With the exception of EPI and Diksna, all other joint ventures are considered immaterial. Three of these joint ventures were sold in the course of 2013, one was dissolved and the Company is currently negotiating for concluding a transaction in respect of the BAS projects as well. The aggregation of the information in respect of these immaterial joint ventures was as follows (the Group's part):

	December 31,	
	2013	2012
Current assets	61	34,011
Trading properties	7,152	55,554
Interest bearing loans from banks (*)	(5,727)	(26,529)
Current liabilities	(70)	(2,366)
Carrying amount of interest in joint venture	1,416	60,670

(*) As of December 31, 2013, the Company has recourse on interest payments of these interest bearing loans from banks. The loans bear interest of three months Euribor + margin of 6%.

	December 31,	
	2013	2012
Revenues	801	7,171
Cost of operations	(674)	(4,799)
Write downs (refer to impairment table above)	(6,168)	(23,582)
Loss and comprehensive income	(6,915)	(22,607)

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 12 DERIVATIVES

The table below summarizes the results of the 2013 and 2012 derivatives activity, as well as the outstanding derivatives as of December 31, 2013 and 2012:

Derivative type	Nominal amount as of December 31, 2013	Fair value of derivatives at December 31, 2013	Gain (loss)in 2013	Fair value of derivatives at December 31, 2012	Gain (loss)in 2012	Maturity date of derivative
Currency options (1)	N/A	N/A	(2,364)	N/A	11,683	N/A
Cross currency Interest Rate SWAP (2)	N/A	N/A	(251)	(817)	966	November 2013
Cross currency Interest Rate SWAP	N/A	N/A	N/A	N/A	419	Settled in January 2012
Interest Rate Swap ("IRS") 1 (3)	EUR 25 million	(222)	188	(706)	(62)	June 2014
IRS 2 (4)	EUR 30 million	(475)	(31)	(1,136)	(462)	December 2014
IRS 3 (5)	EUR 35.5 million	(213)	187	(661)	(661)	December 2017
Total		(910)	(2,271)	(3,320)	11,883	

(1) Selling options strategy (by writing call and put options through major Israeli and foreign banks) in order to manage its foreign currency risk (EUR-NIS) inherent in its long term debentures series A and series B issued in NIS. The Company suspended its selling option strategy effective from July 1, 2013.

(2) The Company was paying a fixed interest of 6.98% based on a nominal EUR amount of EUR 15.1 million and receiving an interest of six months WIBOR + 4.5% with the same amortization schedule as the Polish bonds (refer to note 18). The swap was settled in March 2013 for a cash payment of EUR 0.8 million, in order to release EUR 2.7 million restricted cash served as guarantee in respect of the SWAP.

(3) In respect of Suwalki project loan. The project company pays EUR fixed interest rate of 2.13% and receives three months Euribor on a quarterly basis, until June 30, 2014.

(4) In respect of Kragujevac project loan. The project company pays EUR fixed interest rate of 1.85% and receives three months EURIBOR on a quarterly basis, until December 31, 2014.

(5) In respect of Torun project loan. The project company pays fixed interest rate of 1% and receives three months Euribor on a quarterly basis, until December 31, 2017.

None of the abovementioned activities (including 2013 transactions) qualified for hedge accounting.

Fair value measurement

Fair values of the SWAP may be determined in whole or in part using valuation techniques based on assumptions that are not supported by prices from current market transactions or observable market data, where current prices or observable market data are not available.

Factors such as bid-offer spread, credit profile, collateral requirements and model uncertainty are taken into account, as appropriate, when fair values are calculated using valuation techniques. Valuation techniques incorporate assumptions that other market participants would use in their valuations, including assumptions about interest rate yield curves, and middle exchange rates, as determined by relevant central banks at each cut dates.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 13 INTEREST BEARING LOANS FROM BANKS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. All interest bearing loans from banks are secured. Terms and conditions of outstanding loans were as follows:

	December 31, 2013	December 31, 2012 Restated (*)
Non-current loans		
Investment property secured bank loan	-	3,175
Other secured bank loans	-	2,598
	-	5,773
Current loans (including current maturities of long term loans)		
Trading properties secured bank loans	172,810	188,058
Investment property secured bank loans	-	469
Other secured bank loans	2,528	17,450
	175,338	205,977

(*) Restated due to Retrospective application.

Below is the breakdown of all outstanding bank loans:

				December 31,	
				2013	2012 Restated(*)
	Nominal interest rate	Currency	Year of maturity	Carrying amount	
Torun project secured bank loan (1)	3M Euribor+3%	EUR	2017	47,905	49,028
Liberec project secured bank loan (2)	3M Euribor+2.7%	EUR	2014	20,498	21,066
Suwalki project secured bank loan (1)	3M Euribor+1.65%	EUR	2020	31,595	32,303
Zgorzelec project secured bank loan (1),(3)	3M Euribor+2.75%	EUR	2016	21,993	21,608
Kragujevac project secured bank loan (1),(4)	3M Euribor+5%	EUR	2027	29,108	30,123
Koregaon Park project secured bank loan (5)	13.25%	INR	2021	21,710	26,943
Koregaon Park project secured bank loan	11.5%	INR	2013	-	6,987
				172,810	**188,058**
Other secured bank loans	6M Telbor+6%	NIS	2013	-	17,268
Other secured bank loans (6)	3M USD Libor+4%	USD	2014	2,528	2,780
				2,528	**20,048**
Investment property secured bank loan	3M Euribor+1.75%	EUR	2016	-	**3,644**
Total interest bearing liabilities				**175,338**	**211,750**

(1) IRS on bank loans – refer to note 12.

(2) Liberec loan – recourse loan. Default in payment has occurred, and certain loan covenants are breached - the Company is on continuous negotiations with financing banks for obtaining a waiver.

(3) Zgorzelec loan – mostly non-recourse loan (except a component of a EUR 2.25 million which is recourse) -Certain loan covenants are breached – the Company has obtained a waiver for all covenants till maturity of the loan. The Company has also pledged its plot in Leszno, Poland (refer also to note 8) in favour of the financing bank.

(4) Kragujevac loan – non-recourse loan- Certain loan covenants are breached – the Company is in continuous negotiations with financing banks for obtaining a waiver.

(5) Koregaon Park loan – out of 2013 balance, an amount of EUR 14 million is recourse loan. Refer to note 28 (D) in respect of the selling of the Koregaon park project.

(6) In respect of the airplane held by the Company. Refer also to note 32(A).

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 13 INTEREST BEARING LOANS FROM BANKS (cont.)

Covenants

Since the Company has defaulted in its payments to bondholders, a cross-default clause covenant in most bank facilities might cause certain bank facilities to be considered as breached, and therefore banks may demand immediate repayment of such facilities. The Company has therefore reclassified all bank facilities to short term.

In certain cases, where a recourse loan is outstanding, the financing bank can become a creditor of the Company itself, in case the proceeds from selling the pledged asset do not cover the debt.

However, up to the date of approval of these financial statements, there has been no such demand from any of the financing banks for such immediate repayment of any of the bank facilities, and the Company's management estimates that no such demand will take place before the finalization of the restructuring process.

NOTE 14 TRADE PAYABLES

	Currency	December 31, 2013	December 31, 2012 Restated(*)
Construction related payables	Mainly in INR	1,115	3,549
Other trade payables		1,317	4,020
		2,432	7,569

(*) Restated due to Retrospective application.

Main decrease in 2013 is attributable to payment to construction suppliers in respect of the projects in India, Poland and Serbia.

NOTE 15 RELATED PARTIES PAYABLES

	Currency	December 31, 2013	December 31, 2012 Restated (*)
EI Group- ultimate parent company – expenses recharged	EUR, USD	672	144
Other related parties	EUR	272	15
EUL (parent company)	EUR, USD	-	387
		944	546

(*) Restated due to Retrospective application.

For payments (including share based payments) to related parties refer to note 29. Transactions with related parties are priced at an arm's length basis.

NOTE 16 OTHER LIABILITIES

Short term	Currency	December 31, 2013	December 31, 2012 Restated (*)
Obligations to tenants	EUR	2,613	2,645
Advance payment in respect of selling of shopping center (refer to note 28 (D)	INR	2,343	-
Loan from non-controlling interest	EUR	1,455	1,454
Obligation in respect of plot purchase	Mainly EUR	1,380	1,380
Accrued bond and bank interest	Mainly NIS	2,377	803
Accrued expenses and commissions		305	505
Government institutions and fees		416	361
Salaries and related expenses		174	275
Other		156	225
Total		11,219	7,648

(*) Restated due to Retrospective application.

NOTE 17 DEBENTURES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company is measuring part of its debentures Series A (raised in July 2007) and debentures Series B (raised in February and May 2008 and listed in the Tel Aviv Stock Exchange ("TASE") at fair value through profit or loss. Both debentures principal are updated based on the change in the Israeli Consumer Price Index ("CPI"), meaning that every 1 percent change in Israeli CPI is causing a one (1) percent change in the principal value of the bond, and also on the interest paid. Indexation is made on a monthly basis.

Accrued interest on both debentures is paid every six months. Debentures Series A and Series B raised from 2009 onwards are presented at amortized cost (refer to note 18). Below is a summary of information on the debentures presented at fair value through profit or loss:

	Series A debentures			Series B debentures			
	Fair value	CPI adjusted	Par value	Fair value	CPI adjusted	Par value	Total Par value
January 1, 2013 (TNIS)	138,366	203,150	171,652	433,147	549,490	478,774	650,426
Reissuance (repayment) 2013 (TNIS) (*)			18,941			(159,591)	(140,650)
December 31, 2013 (TNIS)	173,554	229,868	190,593	294,989	373,313	319,183	509,776
January 1, 2013 (TEUR)	28,120	41,286	34,884	88,027	111,671	97,300	
December 31, 2013 (TEUR)	36,294	48,071	42,525	61,689	78,068	66,748	

(*) One fifth of outstanding Series A bond was scheduled to be repaid on December 31, 2013. However, all payments on both Series A and B were withheld effective November 2013). One third of outstanding debentures Series B (with par value of NIS 159,591 thousands) was repaid on July 1, 2013 in a total amount of EUR 39.1 million (2012 – repayment of NIS 193,922 thousands par value in a total amount of EUR 44.6 million).

Both debentures series are rated (effective as of the reporting date and of signing these financial statements) D by S&P Maalot Ltd. on a local scale (down from ilB in November 2013). The update followed the Company's announcement that it would withhold payment on the upcoming debentures maturities.

NOTE 17 DEBENTURES AT FAIR VALUE THROUGH PROFIT OR LOSS (cont.)

Prior to the Group's default and the potential impact of the restructuring plan) Debentures Series A bear an annual interest rate of 4.5% (to be paid semi-annually) with 8 annual equal par value principal instalments between December 2010 and 2017; and Debentures Series B bear an annual interest rate of 5.4% (paid semi-annually) with 5 annual equal par value principal instalments between July 2011 and 2015.

All debentures were reclassified to current liabilities, in view of the decision to withhold all payments to creditors, which was an event of default.

Fair value

The fair value of debentures is determined by an active market price quotation, as the debentures are traded in the TASE.

NOTE 18 DEBENTURES AT AMORTISED COST

Bonds issued in Israel

	Series A debentures	Series B debentures			
	Par value	Par value	Total	CPI adjusted	CPI adjusted
	TNIS	**TNIS**	**TNIS**	**TNIS**	**TEUR**
January 1, 2013 (NIS)	-	251,251	251,251	288,362	58,603
Re-issuance	54,577	8,800	63,377		
Repayment 2013(*)	-	(86,684)	(86,684)		
December 31, 2013	54,577	173,367	227,944	268,592	56,168

(*) One fifth of the outstanding Series A bond was scheduled to be repaid on December 31, 2013. However, all payments on both Series A and B debentures were withheld effective November 2013.

One third of outstanding debentures Series B (with par value of NIS 86,684 thousands) was repaid on July 1, 2013 in a total amount of EUR 21.2 million (2012 – repayment of NIS 86,074 thousands par value in a total amount of EUR 20.7 million)

Bonds issued in Poland

On November 16, 2010, the Company completed the first tranche of a bond offering to Polish institutional investors. The Company raised a total of PLN 60 million (approximately EUR 15.2 million).

Prior to the Group's default and the potential impact of the restructuring, the unsecured bearer bonds governed by Polish law (the "Bonds") had a three year maturity at an interest rate of six months Wibor plus 4.5%. Interest was to be paid every six months and the principal due in November 2013. However, this payment, as well as all other payments on debentures were withheld effective November 2013.

As at December 31, 2013, the amortized cost is EUR 14,468 thousand (December 31, 2012- EUR 14,678 thousand).

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 19 DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes recognized are attributable to the following items:

Assets/(liabilities) 2013	December 31, 2012 Restated (1)	Recognized in Profit or loss 2013	December 31, 2013
Investment property	(1,003)	1,003	-
Property, equipment and other assets	(293)	(86)	(379)
Debentures and structures at fair value through profit or loss	(9,588)	9,588	-
Derivatives	(1,569)	1,569	-
Available for sale financial assets (*)	(184)	184	-
Tax value of loss carry-forwards recognized (**)	5,707	(5,707)	-
Deferred tax liability, net	(6,930)	(6,551)	(379)

(1) Restated due to Retrospective application

(*) Transferred to profit or loss, following the disposal of all available for sale financial assets.

(**) Due to tax losses created on the Company.

Assets/(liabilities) 2012	December 31, 2011 restated (1)	Recognized in Profit or loss	Recognized in comprehensive income	December 31, 2012 Restated (1)
Investment property	(804)	(199)	-	(1,003)
Property, equipment and other assets	(292)	(1)	-	(293)
Debentures and structures at fair value through profit or loss	(14,496)	4,908	-	(9,588)
Derivatives	(1,391)	(178)	-	(1,569)
Available for sale financial assets (*)	446	-	(630)	(184)
Tax value of loss carry-forwards recognized	3,348	2,359	-	5,707
Deferred tax liability, net	(13,189)	6,889	(630)	(6,930)

(1) Restated due to Retrospective application.
(*) Change included in comprehensive income

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 19 DEFERRED TAX ASSETS AND LIABILITIES (cont.)

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of tax losses in a total amount of EUR 90,043 thousands (2012: EUR 91,574 thousand).

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from. As of December 31, 2013 the expiry date status of tax losses to be carried forward is as follows:

Total tax losses carried forward	2014	2015	2016	2017	2018	After 2018
130,459	10,991	21,113	8,249	12,061	16,605	61,440

Tax losses are mainly generated from operations in Czech Republic, Romania, Serbia, Latvia and the Netherlands. Tax settlements may be subjected to inspections by tax authorities. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

NOTE 20 EQUITY

	Remarks	December 31, 2013	12
		Number of shares	
Authorized ordinary shares of par value EUR 0.01 each		1,000,000,000	1,000,000,000
Issued and fully paid:			
At the beginning of the year		297,186,138	297,174,515
Exercise of share options	See (a) below	-	11,623
At the end of the year		297,186,138	297,186,138

a. In the course of 2012, 108,335 vested options were exercised into 11,623 shares of EUR 0.01. In the course of 2013 there was no exercise of options.

Share based payment reserve

Other capital reserve is in respect of Employee Share Option Plans ("ESOP") in the total amount of EUR 35,313 as of December 31, 2013 (2012 – EUR 34,889).

Translation reserve

The translation reserve comprises, as of December 31, 2013, all foreign exchange differences arising from the translation of the financial statements of foreign operations in India.

Dividend policy

Following the withholding of payments of all corporate level debt and in line with the restructuring plan, the Company's Board of Directors and management will commit to certain restrictions on dividends.

NOTE 21 EARNINGS PER SHARE

The calculation of basic earnings per share ("EPS") at December 31, 2013 was based on the loss attributable to ordinary shareholders of EUR 218,073 thousand (2012: loss of EUR 86,163 thousand) and a weighted average number of ordinary shares outstanding of 297,181 thousand (2012: 297,181 thousand).

The calculation of basic EPS at December 31, 2013 from continuing operations was based on the loss attributable to ordinary shareholders of EUR 218,138 thousand (2012 – EUR 84,119 thousand).

Weighted average number of ordinary shares (for both EPS and EPS from continuing operations)

In thousands of shares with a EUR 0.01 par value	**December 31,**	
	2013	**2012**
Issued ordinary shares at 1 January	297,181	297,175
Share based payment - exercise of options	-	6
Weighted average number of ordinary shares at 31 December	297,181	297,181

The calculation of diluted earnings per share from continuing operations for comparative figures is calculated as follows:

Weighted average number of ordinary shares (diluted)

In thousands of shares with a EUR 0.01 par value	**December 31,**	
	2013	**2012**
Weighted average number of ordinary shares (basic)	297,181	297,181
Effect of share options on issue	-	792
Weighted average number of ordinary shares (diluted) at 31 December	297,181	297,973

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

Refer to note 31 for calculations of earnings per share from discontinued operation.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 22 RENTAL INCOME

a. Continuing operations (rental)

	For the year ended December 31, 2013	2012 Restated (*)
Rental income from operating shopping centers presented as Trading properties (1)	22,480	21,742
Other rental income (2)	1,198	1,370
Total	**23,678**	**23,112**

(*) Restated due to Retrospective application.

(1) As of the end of 2013 and 2012, there are six operating shopping centers presented as part of trading properties.

(2) Composed mainly from rental income generated by the Investment property Prague 3 (disposed in July 2013, refer to note 28(B)) in the amount of EUR 0.7 million (2012 – EUR 1.3 million). The rest of the rental income is attributed to small scale rental fees charged on plots held by the Group.

b. Continuing operations (entertainment centres)

Revenue from operation of entertainment centres is attributed to a subsidiary of the Company trading as "Fantasy Park" which provides gaming and entertainment services in operating shopping centres. As of December 31, 2013, these subsidiaries operate in four shopping centres (December 31, 2012 – in 13 shopping centres). Regarding the settlement reached in respect of legal claims against Fantasy Park refer to note 28(J). Following the settlement reached, seven of Fantasy Park operation centres were closed.

Discontinued operation- For comparative revenues generated from discontinued operation, refer to note 31.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 23 COST OF OPERATIONS

a. Continuing operations (rental)

	For the year ended December 31, 2013	2012 Restated (*)
Active shopping centers presented as Trading properties (1)	8,187	7,994
Other cost of operations (2)	1,221	1,390
Total	**9,408**	**9,384**

(*) Restated mainly due to Retrospective application. Additional reclassification of EUR 3.5 million of mainly marketing costs into cost of operations from administrative expenses was performed in order to better reflect the Net Operating Income (NOI) of the operating shopping centres and entertainment activities in the gross profit line item.

(1) Refer to note 22 (1) above.

(2) Composed mainly from costs generated by the Investment property Prague 3 (disposed in July 2013, refer to note 28(B)) in the amount of EUR 0.3 million (2012 – EUR 0.5 million). The rest of the cost is attributed to small scale costs on plots held by the Group.

b. Continuing operations (entertainment centres)

Refer also to note 22 (b) above. The costs are inclusive of management of the operation of the entertainment centres, as well as utility, rent and spent material associated with the operation of the entertainment centres.

Discontinued operation – For comparative costs relating to discontinued operations, refer to note 31.

NOTE 24 ADMINISTRATIVE EXPENSES AND RESTRUCTURING COSTS

	For the year ended December 31, 2013	2012 Restated (*)
Salaries and related expenses	4,522	5,242
Professional services	3,743	3,734
Offices and office rent	445	707
Travelling and accommodation	180	702
Depreciation and amortization	382	610
Others	163	437
Total	**9,435**	**11,432**

(*) Restated mainly due to Retrospective application. Additional reclassification of EUR 3.5 million of administrative expenses (of mainly marketing costs) into cost of operations was performed in order to better reflect the operation performance of active shopping centres and entertainment activities.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 25 OTHER INCOME AND OTHER EXPENSES

	For the year ended December 31, 2013	For the year ended December 31, 2012 Restated (*)
Gain from selling property and equipment	23	19
Income from insurance company (refer to note 7)	-	7,611
Change in fair value of investment property (1)	-	837
Other income	390	503
Total other income	413	8,970
Impairment of property and equipment (2)	-	(450)
Impairment of Kochi advance (refer to note 7)	(4,321)	-
Impairments of other assets (3)	(2,548)	-
Change in fair value of investment property (1)	(4,267)	-
Other expenses	(332)	(672)
Total other expenses	11,468	(1,122)
Other income (expense), net	(11,055)	7,848

(*) Restated due to Retrospective application.

(1) Refer to note 10.
(2) Refer to note 9.
(3) Mainly due to assets associated with trading property assets in Romania (Targu Mures and BAS).

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN ‘000 EUR

NOTE 26 NET FINANCE INCOME (COSTS)

	For the year ended December 31,	
Recognized in profit or loss	2013	2012 Restated (*)
Foreign exchange losses on bank deposits, bank loans	17	-
Gain from bonds buyback programme	-	4,333
Interest income on bank deposits	119	1,025
Finance income from available for sale financial assets	956	712
Interest income on structured deposits	-	2,085
Finance income from hedging activities through writing options	-	11,683
Changes in fair value of derivatives	93	199
Interest from loans to related parties	103	321
Finance income	**1,288**	**20,358**
Interest expense on debentures (including CPI)	(9,580)	(19,135)
Interest expense on bank loans	(10,732)	(12,452)
Changes of fair value in debentures measured at fair value through profit or loss (1)	(13,185)	(19,032)
Loss from reissuance of bonds	(5,707)	-
Interest expenses on loans on structures	-	(497)
Finance costs from hedging activities through sale of options	(2,364)	-
Foreign exchange losses on debentures	(5,352)	(2,033)
Loss from available for sale financial assets sold	-	(1,222)
Changes in fair value of structured deposit	-	(45)
Foreign exchange losses on bank deposits, bank loans	-	(1,091)
Cost of raising loans amortized to profit or loss	-	(676)
Other finance expenses	(242)	(439)
	(47,162)	(56,622)
Less- borrowing costs capitalized to trading properties under development	6,530	19,091
Finance costs	**(40,632)**	**(37,531)**
Net finance costs	**(39,344)**	**(17,173)**

(*) Restated due to Retrospective application.

(1) The change in fair value includes a total of EUR 4 million (2012 – EUR 2.8 million) attributable to the credit risk of the Company.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 27 TAXES

Tax recognized in profit or loss

	For the year ended December 31, 2013	2012 Restated (*)
Current year	295	297
Deferred tax benefit (refer to note 19)	(6,551)	(6,889)
Total	**(6,256)**	**(6,592)**

(*) Restated due to Retrospective application.

Deferred tax expense (tax benefit)

	For the year ended December 31, 2013	2012 Restated (*)
Origination and reversal of temporary differences	(6,551)	(4,368)
Recognition of previously unrecognized tax losses	-	(2,521)
	(6,551)	(6,889)

Reconciliation of effective tax rate:

	%	**For the year ended December 31, 2013**	**2012 Restated (*)**
Dutch statutory income tax rate		25%	25%
Loss from continuing operations before income taxes		(224,394)	(90,711)
Tax at the Dutch statutory income tax rate	25%	(56,098)	(22,678)
Recognition of previously unrecognized tax losses		-	(2,521)
Effect of tax rates in foreign jurisdictions		19,607	5,169
Current year tax loss for which no deferred tax asset is provided (1)		26,854	13,395
Non-deductible expenses		3,381	43
Tax Expense (Tax benefit)		**(6,256)**	**(6,592)**

(*) Restated due to Retrospective application.

(1) 2012 – Mainly due to impairments not recognized for tax purposes.

NOTE 27 TAXES (Cont.)

The main tax laws imposed on the Group companies in their countries of residence:

The Netherlands

a. Companies resident in the Netherlands are subject to corporate income tax at the general rate of 25%. The first EUR 200,000 of profits is taxed at a rate of 20%. Tax losses may be carried back for one year and carried forward for nine years. As part of the measures to combat the consequences of the economic crisis, taxpayers can elect for an extension of the loss carry back period to three years (instead of one year). The election is only available for losses suffered in the taxable years 2009, 2010 and 2011. If a taxpayer makes use of the election, two additional limitations apply: (i) the loss carry forward period for the taxable years 2009, 2010 and/or 2011 will be limited to a maximum of six years (instead of nine years); and (ii) the maximum amount of loss that can be carried back to the second and third year preceding the taxable year will be limited to EUR 10 million per year. The amount of loss that can be carried back to the year directly preceding the taxable year for which the election is made will remain unrestricted. As of the taxable year 2012, the election for extended loss carry back is not available anymore and the regular loss carry back and carry forward limitations apply.

b. Under the participation exemption rules, income (including dividends and capital gains) derived by Netherlands companies in respect of qualifying investments in the nominal paid up share capital of resident or non-resident investee companies, is exempt from Netherlands corporate income tax provided the conditions as set under these rules have been satisfied. Such conditions require, among others, a minimum percentage ownership interest in the investee company and require the investee company to satisfy at least one of the following tests:

-Motive Test, the investee company is not held as passive investment;
-Tax Test, the investee company is taxed locally at an effective rate of at least 10% (calculated based on Dutch tax accounting standards);
-Asset Test, the investee company owns (directly and indirectly) less than 50% low taxed passive assets.

India

The corporate income tax rate applicable to the taxable income of an Indian Company is 32.445% (including surcharge of 5% and cess of 3%) or 33.99% (including surcharge of 10% and rate of 3%. Surcharge of 5% is applicable if the total income exceeds INR 10 million (EUR 0.12 million) but is less than INR 100 million (EUR 1.2 million) and 10% if the total income exceeds INR 100 million). Minimum alternate tax (MAT) of 20.01% (including surcharge of 5% and cess of 3%) or 20.96% (including surcharge of 10% and cess of 3%) would apply on the taxable book profits of a company. Taxable book profits are computed in accordance with relevant provisions of the Indian Income Tax Act. The final tax payable is the higher of the MAT liability or corporate income tax payable. If taxes are paid under MAT, then credit to the extent of MAT paid over corporate income tax is available (MAT credit). MAT Credit can be availed, if the company has future taxable profits in the following ten years and credit to the extent of difference of the MAT payable and corporate income tax payable of the Company is allowed.

NOTE 27 TAXES (Cont.)

India (cont.)

Capital gains on transfer of capital assets (on which tax depreciation has not been claimed) are taxed at the rate of 21.63% (Including surcharge of 5% and rate of 3%) or 22.66% (including surcharge of 10% and cess of 3%), provided that the capital assets were held for more than 36 months immediately preceding the date of the transfer or 32.445% (including surcharge of 5% and cess of 3%) or 33.99% (including surcharge of 10% and of 3 if they were held for less than 36 months (in case of capital asset being shares held in a company or any security listed on a stock exchange in India or unit of the Unit Trust of India or a Unit of Mutual fund or Zero Coupon Bonds, a period of 12 months is considered). Dividends paid out of the profits are subject to Dividend Distribution Tax at the rate of 16.995% (including surcharge of 10% and rate of 3%) There is no withholding tax on dividends distributed by an Indian company and no additional taxes need to be paid by the Shareholder. Business losses can be offset against profits and gains on any business or profession for a period of eight years from the incurrence year's end. There is no limit for carry forward of unabsorbed depreciation

India-Cyprus treaty issue

India has a Tax Treaty with Cyprus and under the Indian domestic tax laws, a resident of Cyprus would be eligible to claim recourse to the provisions of the India-Cyprus Tax Treaty to the extent the provisions of the Tax Treaty are more beneficial than those of the Indian domestic tax laws. The India-Cyprus Tax Treaty contains more beneficial provisions in respect of taxation of interest, capital gains etc. However, with effect from 1 November 2013, Cyprus has been notified as a Notified Jurisdictional Area ("NJA") under the Indian domestic tax laws due to lack of effective exchange of information with Cyprus. The notification of Cyprus as an NJA is an anti tax-avoidance measure and provides for onerous tax consequences in respect of transactions with Cypriot entities. The consequences of entering into transactions with Cypriot entities in light of the NJA provisions are:

- If a taxpayer enters into a transaction with a person in Cyprus, then all the parties to the transaction shall be treated as Associated Enterprises ['AE'] and the transaction shall be treated as an international transaction resulting in application of transfer-pricing provisions contained in the Indian domestic tax law including maintenance of prescribed documentation;
- No deduction in respect of any payment made to any financial institution in Cyprus shall be allowed unless the taxpayer furnishes an authorization allowing for seeking relevant information from the said financial institution;
- No deduction in respect of any other expenditure or allowance arising from the transaction with a person located in Cyprus shall be allowed unless the taxpayer maintains and furnishes the prescribed information;
- If any sum is received from a person located in Cyprus, then the onus is on the taxpayer to satisfactorily explain the source of such money in the hands of such person or in the hands of the beneficial owner, and in case of his failure to do so, the amount shall be deemed to be the income of the taxpayer;

Any payment made to a person located in Cyprus shall be liable for withholding tax at the highest of the following rates - (a) rates prescribed in the domestic tax laws (b) rates prescribed in the Tax Treaty (c) 30 per cent

Despite the above, the Company does not expect the above to have a material effect on its business in India, as no additional material equity injections in India is expected, and that disposal of assets is expected (if any) on an Indian level rather than on a Cypriot level.

NOTE 28 SIGNIFICANT EVENTS

A. Selling of joint venture in India

On May 29, 2013 the Company completed the sale of its 50% interests in an Investee which mainly held interests in an office complex project located in Pune, Maharashtra. The transaction valued the Investee collectively at EUR 33.4 million and, as a result, the Company has received gross cash proceeds of circa EUR 16.7 million in line with its holding. The Company recorded a loss of EUR 5.1 million from the disposal, mainly due to reclassification of foreign currency translation reserve associated with the investment to the statement of profit or loss in the amount of EUR 4.3 million.

B. Disposal of assets in the Czech Republic

On July 18th 2013 the Company completed the sale of 100% of its interest in a vehicle which holds the interest in the Prague 3 project ("Prague 3"), a logistics and commercial centre in the third district of Prague. Earlier this year, the Company completed its successful application to change the zoning use of Prague 3 to a residential scheme. The transaction values the asset at circa EUR 11 million and, as a result, further to related bank financing and other adjustments to the statement of financial position, the Company has received cash proceeds of net EUR 7.6 million. The Company has disposed the Prague 3 investment property asset, and has recorded a loss from fair value adjustment of EUR 4.2 million, included in other expenses in the statement of profit or loss.

In addition, in July 2013 the Company completed the sale of 100% of its interest in a vehicle which held the interest in another plot of land in Prague. The transaction values the asset at circa EUR 1.9 million and, as a result, further to liability to third parties, the Company has received cash proceeds of EUR 1.3 million. The Company has accounted for a EUR 3.5 million write down of this trading property in the second quarter of 2013 presented within write down of trading properties in the statement of profit or loss. The Company recorded a loss of EUR 0.3 million as a result of this disposal.

C. Disposal of equity accounted investees Ercorner and Uj Udvar in Hungary

On October 31, 2013 the Consortium of shareholders of Dream Island, in which the Company indirectly holds a 43.5% stake, has completed the sale of its Dream Island project land holding to the Hungarian State for circa EUR 17 million. The Consortium comprises an 87% holding interest of Ercorner, the 50:50 joint venture between the Company and a Hungarian commercial bank, as well as other small holders.

The proceeds of the transaction were used by the Consortium to repay a proportion of the securitized related bank debt held against the asset.

In addition to the above, in December 2013 the consortium of shareholders of Uj Udvar, in which the Company indirectly holds a 35% stake, has completed the sale of its Uj Udvar project holding to a private investor for a consideration of EUR 2.4 million. The Company has accounted for a EUR 1.9 million write down of this investee in the fourth quarter of 2013 presented within write down of equity accounted investees in the statement of profit or loss. The Company recorded as a result of this transaction a loss of EUR 0.1 million.

NOTE 28 SIGNIFICANT EVENTS (cont.)

D. Agreement to sell Indian shopping mall

On November 14, 2013 the Company, announced that it has reached an agreement to sell Koregaon Park Plaza, a retail and entertainment located in Pune, India, subject to the satisfaction of certain closing conditions. The transaction values the asset at EUR 40.3 million, the asset's current carrying amount. Therefore no significant gain or loss is expected on the transaction besides the Foreign Currency Translation Reserve to be transferred to the profit or loss from Other Comprehensive Income.

Following the repayment of the outstanding related bank loan, the Company will receive aggregate gross cash proceeds from the purchaser totalling circa EUR 18.5 million.

Subject to fulfilment of certain conditions, including consent from the financing bank, the Company expects to collect circa EUR 12 million until the end of 2014 (EUR 2.3 million were already collected as of the day of statement of financial position) and the remaining EUR 6 million consideration is expected to be collected in 2015 and 2016.

In respect of the fire which occurred in this shopping centre refer to note 28 (G) below.

E. Dissolving of an equity accounting investee

In March 2013, the Company's 50% joint arrangement investee Elbit Plaza USA ("EPUS") was liquidated. As part of the liquidation procedure, the Company received an amount of USD 42 million (EUR 32 million), being its part in the remaining cash in EPUS. The dissolving did not result in any material effect on the statement of profit or loss of the Company.

F. Treasury bond held

As of December 31, 2013, the Company hold through its wholly owned subsidiary 15.9 million NIS par value bonds in series B debentures (adjusted par value of NIS 18.6 million (EUR 3.9 million).

G. Fire in the Company's shopping centre in India

In June 2012 a fire event occurred at the Company's shopping centre in Pune, India. The fire required a temporary close-down of the shopping centre, but did not consume the entire shopping centre. In respect of impairments performed refer to note 8. The Company was refunded in July 2013 in the amount of a EUR 7 million damage insurance claim relating to the fire. In respect of covering the loss of income insurance claim, the Company is expected to collect circa EUR 2.5 million from this claim which has not been accrued, and is treated as a contingent asset.

H. Transaction during 2012 in the United States

On January 10, 2012 EDT, a wholly owned subsidiary of EPN Group, the Company's joint US subsidiary (held indirectly 22.69% by the Company through EPUS), reached an agreement to sell 47 of its 49 US based shopping centres in a transaction totalling USD 1.43 billion (EUR 1.13 billion). The closing of this transaction occurred on June 20, 2012.

NOTE 28 SIGNIFICANT EVENTS (cont.)

H. Transaction during 2012 in the United States (cont.)

The centres were acquired by BRE DDR Retail Holdings LLC, a joint venture between Blackstone Real Estate Advisors VII L.P. ("Blackstone Real Estate") and DDR. Of the transaction value of USD 1.43 billion, a total of USD 934 million (EUR 736 million) was paid by way of assumption of the property level debt or repaid by EPN Group. In addition, all excess cash within EDT, which was circa USD 30 million (EUR 24 million), was retained by the vendor.

Following the sale of the 47 properties, EPN Group held two properties located in the United States that were valued at approximately USD 42 million (EUR 33 million) with total non-recourse secured debt of approximately USD 13 million (EUR 11 million). In July 2012, EPN Group sold its two remaining assets in the US for a total aggregate asset value of USD 42 million (EUR 33 million).

Non-recourse secured debt of approximately USD 13 million (EUR 11 million) was also assumed in the abovementioned transactions. As the Company indirectly held 22.69% of these US assets, the Company share in the net proceeds totalled EUR 5 million, with no realized gain or loss resulting. The table below is a summary of the 2012 transaction results of selling the 47 properties:

	€ 000'
Company's part in transaction costs	(9,339)
Foreign currency translation reserve reclassified to consolidate statement of profit or loss	9,730
Realized gain on sale of investment properties	391

I. 2012 Disposals of trading property plots in Bulgaria and Hungary

In July 2012 the Company sold its stake (51%) in a plot of land located in Sofia, Bulgaria for a total net consideration of EUR 0.1 million. In addition, certain bank loans and other liabilities in a total amount of EUR 13 million were assumed by the buyer and are not included in the Company's consolidated financial statements starting the third quarter of 2012. No material gain or loss was recorded as a result of this transaction.

In October 2012 the Company, through its jointly held investee in Hungary, disposed of a plot of land adjacent to its Dream Island property plot in Budapest Hungary. As part of the transaction, a loan in the amount of EUR 5.9 (Company's share) was assigned to the buyer, and the plot with a total book value of EUR 4.5 million was disposed of. The Investee recorded as a result of this transaction a gain of EUR 1.4 million in 2012, included as part of share in results of equity accounted investees.

J. Fantasy Park settlement

The Company's subsidiary, Fantasy Park So. Zo.o. ("Fantasy Park") was involved in several legal proceedings with Klepierre S.A subsidiaries ("Klepierre") in Poland in connection with certain terms of the lease agreements signed between the parties, including certain amendments thereto which were agreed at a later stage ("Lease").

In March 2013 Fantasy Park reached a settlement , according to which Fantasy Park paid Klepierre EUR 0.5 million and vacated the premises, and by that Fantasy Park settled all the pending disputes, as well as any other disputes that may arise in the future in connection with the Lease. The Fantasy Park settlement generated a gain of EUR 0.2 million, included as other income in profit or loss.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 29 RELATED PARTY TRANSACTIONS

Related party transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The Company has six directors. The annual remuneration of the directors in 2013 amounted to EUR 0.9 million (2012 – EUR 0.9 million) and the annual share based payments expenses amounted to EUR 0.1 million (2012- EUR 0.5 million). There was no change in the number of Company options granted to key personnel in 2013. There are no other benefits granted to directors. Information about related party balances as of December 31, 2013 and 2012 refer to note 15.

Trading transactions

During the year, Group entities had the following trading transactions with related parties that are not members of the Group:

	For the year ended December 31,	
	2013	**2012**
Income		
Interest on balances with EI	139	213
Costs and expenses		
Recharges - EI and EUL	233	548
Executive director (1)	222	240
Aviation services - Jet Link (2)	-	61
Project management provision and charges - Control Centers group (2)	327	1,381

(1) The Executive director, who is also the former controlling shareholder of the ultimate parent company, is receiving an annual salary of USD 300 thousand.

(2) Jet Link Ltd. and Control Centers are companies owned by the former ultimate shareholder of the Company. Control Centers group costs were capitalized to the relevant trading property.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 30 OPERATING SEGMENTS

The Group comprises the following main reportable geographical segments: CEE, India and the US (starting June 30, 2010). The US segment was discontinued with effect from December 31, 2012. In presenting information on the basis of geographical segments, segment revenue is based on the revenue resulted from either the selling or operating of assets geographically located in the relevant segment.

Year ended December 31, 2013:

	Central & Eastern Europe	India	Total
Total revenues	26,340	683	27,023
Operating loss by segment	(92,684)	(20,756)	(113,440)
Net finance costs	(5,858)	(4,054)	(9,912)
Other expenses, net	(6,402)	(4,653)	(11,055)
Share in results of equity-accounted investees	1,348	(56,813)	(55,465)
Reportable segment loss before tax (1)	(103,596)	(86,276)	(189,872)
Less - unallocated general and administrative expenses (Dutch corporate level costs).			(5,090)
Discontinued operations US (refer to note 31)			65
Unallocated other expenses (Dutch corporate level)			-
Unallocated finance costs (Dutch corporate level- mainly debentures finance cost)			(29,432)
Loss before income taxes			(224,329)
Tax benefit			6,256
Loss for the period			(218,073)
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 of Dutch 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) Central Eastern Europe – including EUR 109 million of impairments. India – including EUR 76 million of impairments.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 30 OPERATING SEGMENT (cont.)

Year ended December 31, 2012 (Restated):

	Central & Eastern Europe	India	Total
Total revenues	28,373	1,650	30,023
Operating loss by segment (1)	(60,732)	(16,622)	(77,354)
Net finance costs	(10,345)	(3,039)	(13,384)
Other expenses, net kpp income	1,346	7,611	8,957
Share in profit of equity-accounted investees (2)	1,348	127	1,475
Reportable segment loss before tax	(68,383)	(11,923)	(80,306)
Less - unallocated general and administrative expenses (Dutch corporate level).			(5,438)
Discontinued operations US (refer to note 31)			(2,044)
Unallocated other expenses (Dutch corporate level)			(1,109)
Unallocated finance costs (Dutch corporate level)			(3,857)
Loss before income taxes			(92,755)
Tax benefit			6,592
Loss for the period			(86,163)
Assets and liabilities as at December 31, 2012			
Total segment assets	630,851	152,943	783,794
Unallocated assets (Mainly Dutch level financial instruments)			102,024
Total assets			885,818
Segment liabilities	205,530	37,765	243,295
Unallocated liabilities (Mainly debentures)			199,591
Total liabilities			442,886

(1) Central Eastern Europe – including EUR 68.1 million of impairments. India – including EUR 15.6 million of impairments.

(2) Refer to note 11.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 31 DISCONTINUED OPERATION

Following the disposal of US assets (refer to note 28(H)) the Company discontinued its US activity. The results are the results of the equity accounted investee EPUS.

	2013	2012 Revised
Results for discontinued operation		
Revenues	-	13,907
Expenses (1)		(16,942)
Results from operating activity	-	(3,035)
Tax benefit	-	600
Results from operating activities, net of tax	-	(2,435)
Gain on sale of discontinued operation	65	391
Profit (loss) for the year from discontinued operation	65	(2,044)
Earnings per share		
Basic and diluted loss per share (in EURO)	(0.00)	(0.01)

(1) 2012 - Including reduction in value of investment property in the amount of EUR 2,254 thousand.

Below is the information on allocation of profit between the owners of the Company and non-controlling interests:

	2013	2012 Revised
Loss for the year from continuing operations	-	(84,119)
Attributable to owners of the Company	-	(84,119)
Attributable to non-controlling interests	-	-

	2013	2012 Revised
Profit (loss) for the year from discontinued operations	65	(2,044)
Attributable to owners of the Company	65	(2,044)
Attributable to non-controlling interests	-	-

Cash flow from (used in) discontinued operation

	2013	2012
Net cash from (used in) operating activities	(65)	2,044
Net cash from investing activities	-	63,885
Net cash flow for the year	(65)	65,929

Effect of disposal on the 2012 financial position of the investee EPUS

	2012
Investment property	(263,047)
Interest bearing loan from banks	161,560
Trade and other payables	14,064
	(87,423)

Reclassification in statement of comprehensive income due to discontinued operation.

In 2012 the movement is attributable to creation of translation reserve (EUR 2.8 million), as well as reclassification of amounts from the translation reserve to profit or loss (EUR 9.7 million).

NOTE 32 EVENTS AFTER THE REPORTING PERIOD

A. **Selling of airplane**

On February 25, 2014 the Company disposed the airplane for a total consideration of USD 1.9 million (EUR 1.4 million). The proceeds from the disposal were used to 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 (circa EUR 1 million).

B. Sale of turbines

In March 2014 the Casa Radio project company disposed the turbines held in respect of the Casa Radio project (refer also to note 7) for a total net consideration of EUR 2.6 million.

C. Postponement of creditors meeting to vote on the restructuring plan

On 11 March 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 26 June 2014 as the date for voting on the proposed restructuring plan, as to be amended. The Company does not expect this postponement to have any effect on its ability to conclude the restructuring plan to the satisfaction of both its creditors or shareholders