19 March 2015

PLAZA CENTERS N.V.

Full Year results for the year ended 31 December 2014

CONTINUED OPERATIONAL IMPROVEMENT, PROGRESS IN PORTFOLIO REPOSITIONING AND COMPLETION OF THE RESTRUCTURING PROCESS

Plaza Centers N.V. ("Plaza" / the "Company" / the "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 2014.

Financial highlights:

- Reduction in total assets to €466 million (31 December 2013: €586 million), primarily due to the impairment of trading properties and equity accounted investees, and to the strategic disposal of Kragujevac Plaza, Serbia.
  - 25% (€124 million) reduction in the book value of the Company's trading properties, largely due to impairments recorded.
- A 3.5% increase in 2014 in NOI from the operation of shopping centres (from €17 million to €17.6 million, including company share in NOI from commercial centre of Riga, Latvia). Excluding the impact of the commercial centre Kragujevac, which was sold in the summer of 2014, the Group recorded a 13% increase in NOI from the operation of shopping centres (from €13.2 million to €14.9 million).
- Net Asset Value decreased by 44% to €153 million (31 December 2013: €274 million) primarily as a result of the impairment of assets, mainly in Romania, Greece and India.
  - Net Asset Value per share of £0.17 (31 December 2013: £0.79), a decline of 78%, attributable to dilution (increase in the number of shares by 130%) and the abovementioned impairments.
- Losses in the period of €120 million (31 December 2013: Loss of €218 million), stemming from a non-cash €89 million impairment of trading properties and equity accounted investees (31 December 2013: €186 million of impairments), and an overall net finance cost of €36 million (2013: €39 million).
  - Basic and diluted loss per share of €0.39 (31 December 2013: loss per share of €0.73).
- Consolidated cash position at year end (including restricted bank deposits, short term deposits and held for trading financial assets) of €41.7 million (31 December 2012: €33.7 million) and current cash position of circa €39.5 million (€7 million restricted).
- Gearing increased to 74% (31 December 2013: 64%) as a result of impairment losses and finance costs incurred during the year.

Asset and operational highlights:

- During the period, Plaza made significant headway in the repositioning of its portfolio, disposing of a number of non-core assets:
    - In the fourth quarter of 2014, 18 months ahead of schedule, Plaza successfully completed the disposal of Kragujevac Plaza in Serbia for €38.6 million, in line with the asset's last reported book value. Following the repayment of related bank debt of c. €28.2 million, 75% of the net cash proceeds (c. €12.4 million, including the released restricted cash deposit of c. €2 million) were distributed to the Company's bondholders as an early repayment of the bonds, in line with the Company's stated restructuring plan.
    - Successful disposals of non-core sites in Romania, at Targu Mures (September 2014) and Hunedoara (December 2014), for €3.5 million and €1.2 million respectively, consistent with the assets' last reported book values.

- Improved occupancy and turnover were recorded across the Company's existing shopping and entertainment centres in the CEE, with the overall portfolio occupancy level increasing to 94% as of 31 December 2014.
    - At Torun Plaza, Poland, occupancy increased to 92.5% (2013: 89%). An additional 4,100 sqm of GLA was opened during the year, and asset management initiatives contributed to a 21.2% increase in turnover and 6.3% increase in footfall compared to 2013.
    - In Latvia, Riga Plaza's occupancy level increased to 99.5% (2013: 97%) and the shopping centre recorded the second highest increase in turnover in the portfolio (15.6%) along with a 7.2% increase in footfall.
    - Occupancy at Suwalki Plaza, Poland increased to 97.7% (2013: 91%) and it continues to perform well, with a 7% increase in turnover in 2014.
    - Zgorzelec Plaza, Poland also experienced strong occupancy growth, reaching 95.2% (2013: 91%), attributable to the opening of a 547 sqm store for Carry and a number of smaller fashion and service stores. The centre reported a 14.1% increase in turnover and 8.4% in footfall.
    - Liberec Plaza, Czech Republic reported a 7.5% increase in turnover in 2014. Occupancy remains steady at 84% (2013: 86%), the slight decrease due to lease agreement expiries, which were in part offset by the opening of a 1,611 sqm Sports Direct store in April.

- Considerable letting success was achieved and contracts with a number of significant new tenants improved the overall tenant strength and mix in the portfolio, including TK Maxx, Sports Direct and Carry. In April, H&M opened its largest store in Latvia (2,700 sqm) at Riga Plaza, where a further 1,060 sqm was leased to Elkor Kids. At Suwalki Plaza, more than 87% of the existing tenants signed lease options or renewals during the year and leases for new premises were secured with KIK and several fashion stores.

Key highlights since the period end:

- On 24 February 2015, the Israeli credit rating agency which is a division of International Standard & Poor's, updated the credit rating of Plaza's two series of Notes traded on Tel Aviv Stock Exchange from "D" to "BBB-", on a local Israeli scale, with a stable outlook.
- On March 13, 2015, one of the Company's subsidiaries in Romania, which has a 49 year leasehold on a plot in Bucharest, Romania (Cina), signed a pre-agreement to waive its leasehold rights for a certain consideration to be agreed with the owner of the property (a subsidiary of EI) and approved by the relevant stakeholders of these entities. The mentioned pre-agreement is subject to the fulfilment of certain conditions and approval by the relevant stakeholders of the Company.
- After almost 10 years at the helm, Plaza's CEO, Ran Shtarkman has informed the Board of Directors that he intends to leave the Company to pursue other opportunities. The Board of Directors has accepted Mr. Shtarkman's resignation and he has agreed to continue in the role until the end of July, to ensure an orderly succession.

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

"During 2014 we successfully completed the restructuring process midway through the year, with resounding support from our creditors. This was followed by the completion of a successful rights offering in the last quarter, which provided Plaza with a €20 million capital injection and marked an important final step in the restructuring process. A third listing on the Tel Aviv Stock Exchange and the recent upgrade in our credit rating from the Israeli division of Standard & Poor's have further underlined the achievements of the year and put us in a strengthened position going into 2015.

"In terms of the portfolio, we have continued our efforts to dispose of non-core assets and we are pleased to report considerable operational improvements across our CEE shopping centre portfolio. Of particular note was the sale of Kragujevac Plaza in Serbia, which was completed a year and a half ahead of schedule, with 75% of proceeds being returned to our bondholders as per our restructuring agreement, as well as sales of two non-core sites in Romania. These disposals have been in line with our strategy to shed the portfolio of non-core assets in order to deleverage the balance sheet and pay down debt.

"Alongside this activity, operational and asset management initiatives have been continuing with strength. Occupancy has risen to 94% across the portfolio and our centres continued to attract high profile, international brands including TK Maxx, Sports Direct and H&M, contributing to higher footfall and turnover across our core CEE portfolio.

"We have been working closely with our reconfigured Board and its continued confidence in the management's ability to deliver value and repay the Company's creditors is supportive of our strategy going forward. The economic landscape in our core markets is improving slightly and we have entered 2015 with renewed focus.

“In light of this, after 13 years with Plaza and following the recent successful completion of the debt arrangement, I have decided to embark on a new journey, confident in the knowledge that Plaza is now a stronger and more resilient business.

“While Plaza Centers is a real estate company, one of its best assets is its people. I wish to thank all of my colleagues, especially the founder of the company Motti Zisser, who gave me my first major role at Plaza, and the current and former shareholders and Directors. Most importantly I would like to pay tribute to the hard work of the Company's employees across seven countries who are at the heart of the day to day running of this international real estate development company. I hope that in the next chapter of my career I can achieve the same level of satisfaction and fulfilment as I have experienced in the growth and management of Plaza Centers.”

For further details please contact:

Plaza

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

FTI Consulting

Dido Laurimore/Claire Turvey	+44 20 3727 1000

Notes to Editors

Plaza Centers N.V. (www.plazacenters.com) is a leading property developer and investor with a significant presence across Central and Eastern Europe and operations in India. It focuses on constructing new shopping and entertainment centres and, where there is significant potential, redeveloping existing centres in both capital cities and important regional centres. The Company is listed on the Main Board of the London Stock Exchange, the Warsaw Stock Exchange and, as of 27 November 2014, the Tel Aviv Stock Exchange (LSE:"PLAZ", WSE: "PLZ/PLAZACNTR"; TASE: "PLAZ"). Plaza Centers N.V. is an indirect subsidiary of Elbit Imaging Ltd. ("EIL"), 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 19 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.

RESIGNATION OF CEO

After almost 10 years at the helm, Plaza's CEO, Ran Shtarkman has informed the Board of Directors that he intends to leave the Company to pursue other opportunities. The Board of Directors has accepted Mr. Shtarkman's resignation and he has agreed to continue in the role until the end of July, to ensure an orderly succession.

Mr. Shtarkman has served as the CEO of Plaza Centers since 2006 and has been employed by the Company since 2002.

Ron Hadasi, the chairman of Plaza Centers said: "On behalf of the Board of Directors and our shareholders, I would like to thank Ran Shtarkman sincerely for his many years of hard work and dedication to the Company.

"Ran has played a central role in Plaza's growth and its establishment as one of the leading shopping centre owners and developers in Eastern Europe. Furthermore, Ran successfully steered the Company through a complex restructuring process, resulting from the severe economic crisis which hit Eastern Europe, including the conclusion of a debt arrangement which took just eight months to complete and was approved by 92% of the Company's creditors. While we will be sorry to see him go, we wish him the very best of luck in his future endeavours."

The Company will commence the recruitment process for a new CEO soon and an announcement will be made in due course.

PRESIDENT AND CHIEF EXECUTIVE OFFICER'S STATEMENT

2014 has been another significant year for the business as we completed our restructuring process efficiently, within an eight month period and with the resounding support of 92% of our creditors. We finished the year with a successful rights offering, which provided the Company with a €20 million capital injection, and a third listing on the Tel Aviv stock exchange, and we have started 2015 with the news of an upgrade to our credit rating from Standard & Poor's from "D" to "BBB-" on a local Israeli scale with a stable outlook.

We have continued to make strides in restructuring our portfolio by disposing of non-core assets, using the proceeds to repay our debts and allowing us to focus more on operational improvements within the core portfolio. Notably, the sale of Kragujevac Plaza in Serbia was completed 18 months ahead of schedule and 75% of the net cash proceeds from the transaction was returned to bondholders as an early repayment, in line with our restructuring plan.

Alongside this activity, we are seeing signs of economic improvement in our core geographies.

Against this background, I am pleased to report that Plaza has achieved notable progress at asset level, with increases in footfall, occupancy and turnover reported across our core portfolio of CEE shopping centres. During the year we secured a number of significant lettings with high profile anchor tenants including H&M, which opened its largest store in Latvia at Riga Plaza in April, TK Maxx and Sports Direct, and turnover at these core assets is also up considerably thanks to our asset management activity. Torun Plaza alone achieved a 21.2% uplift in turnover, compared to 2013.

After a busy 2014, we are entering 2015 with renewed vigour and we are looking forward to the year ahead.

Key Events

During the first half of 2014, the Company focused its efforts on ensuring a successful and efficient conclusion to the debt restructuring process, which was completed in July. Subsequent to these events, the Company announced a Rights Offering, which formed part of the Restructuring Plan and which provided the Company with a €20 million cash injection.

- On 26 June 2014, Plaza announced that its amended Dutch restructuring plan, filed with the Dutch Court on 27 May 2014, had been approved with 92% of creditors voting in favour.
- On 21 July, following the Plan's approval by the Dutch Court on 9 July 2014, Plaza was in a position to announce the formal completion of the debt restructuring process and that management had resumed control of the full business.
- On 20 November 2014, the Company published a Listing Document in Israel announcing its intention to list all of its ordinary shares on the Tel Aviv Stock Exchange ("TASE"). With effect from 27 November 2014 Plaza's ordinary shares have been traded on the TASE under the ticker "Plaz".
- On 28 November, an EGM was held at which shareholders approved the proposed Rights Offering, which formed part of the Company's Restructuring Plan, enabling the Company to raise €20 million.
- On 19 December 2014, the Company announced the successful completion of the Rights Offering.

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

- On 2 October 2014, Plaza successfully completed the disposal of its shopping and entertainment centre, Kragujevac Plaza in Serbia for €38.6 million, in line with the asset's last reported book value. Following the repayment of related bank debt of c. €28.2 million, the Company received net cash from the disposal of c. €10.4 million. Restricted cash linked to the bank debt and other working capital balances of circa €2 million were also released following the transaction. 75% of the net cash proceeds (including the released restricted cash deposit) was distributed to the Company's bondholders in the fourth quarter of the year as an early repayment of the bonds, in line with the Company's stated restructuring plan.
- On 4 September 2014, Plaza reached an agreement to sell its 31,500 sqm site in Targu Mures, Romania to a third party developer for €3.5 million, consistent with the asset's last reported book value.

- On 2 December 2014, Plaza reached an agreement to sell its 41,000 sqm site in Hunedoara, Romania to a third party developer for €1.2 million, consistent with the asset's last reported book value.

75% of the net cash proceeds of the above two transactions was distributed to the Company's bondholders in the December as an early repayment of the bonds.

Alongside this Substantial activity, Plaza continued to make significant progress in its operational and asset management initiatives, with a focus on delivering positive uplifts in key performance indicators at our income-generating centres.

Results

Due to a circa €89 million non-cash impairment charged against the Company's trading properties and equity accounted investees, Plaza ended the year with a loss attributable to the owners of the Company of €120 million. A €89 million impairment charge related to the reduction in the value of our assets across the portfolio in the following main geographic areas: Romania (€51 million); India (€12 million); Greece (€11 million); Serbia (€6 million); Poland (€6 million); Czech Republic (€2 million); and Bulgaria (€1 million). There was a €0.4 million increase in the value of Riga Plaza Latvia. The write downs are a reflection of the ongoing economic uncertainty in many of the countries in which we operate.

As at 31 December 2014, Plaza had a consolidated cash position (including restricted bank deposits, and held for trading financial assets) of approximately €41.7 million, of which circa €7 million of cash was held as restricted cash on a consolidated basis. Working capital stood at negative €6 million (including €33 million of debt expected to be revolved). Following the successful completion of the debt restructuring, part of the liabilities were reclassified to non-current. As at the date of this report, the Company has a current cash position of circa €39.5 million (inclusive of the €7 million of restricted cash).

Debt restructuring plan

Background

Due to reasons previously reported, by the end of 2013 the Company was faced with significant liquidity challenges.

Notwithstanding the liquidity issues, the Company continued to have a strong balance sheet, with a significant positive net asset value, and it had assets and development opportunities under ownership that offered significant potential to deliver returns over the medium to long term. Accordingly, the Board believed that, on a going concern basis, the Company retained substantial value for its stakeholders and would be able to repay its creditors in full, and that a forced liquidation or a bankruptcy would cause creditors and shareholders to incur significant losses.

Suspension of payment procedure

Therefore, on 18 November 2013, the Company applied for suspension of payment proceedings under Dutch law and simultaneously filed a draft restructuring plan (the "Restructuring Plan") with the district court of Amsterdam, The Netherlands (the "Court"). The Restructuring Plan was adopted by the Plan Creditors on 26 June 2014. On 9 July 2014, the Court approved the Restructuring Plan which became final and definitive on 18 July 2014.

One of the terms of the approved Restructuring Plan was that at least €20 million should be injected into the Company against the issuance of New Ordinary Shares by means of a Rights Offering (the “Rights Offering”). The Rights Offering was concluded on 28 November 2014 and consequently the Restructuring Plan became effective on the same day. In addition to the trading on the Tel Aviv Stock Exchange of Plaza’s Series A and Series B Bonds, the listing of the Company' Shares on the Tel Aviv Stock Exchange also took place.

Summary of the Restructuring Plan

A summary of the main terms of the Restructuring Plan are set out below:

- A deferral of principal payment obligations to Bondholders for a period of between 3.5-4.5 years;
- Deferral of obligations under guarantees issued as security for liabilities of subsidiaries for a period of four years and the claims will only be enforceable after the collateral granted as security for the underlying loan has been realised. The amount of the guarantee claim will be reduced to the extent that the collateral is sold at a price below 90% of the fair market value as determined by a reputable appraiser;
- 1.5% per annum interest to be paid to Bondholders in addition to regular interest;
- Early repayment of the Company's outstanding bonds in certain events upon the realisation or refinancing of certain assets with 75% of the net cash flows (subject to certain adjustments);
- An issue to Bondholders of Ordinary Shares representing 13.21% of the outstanding share capital of the Company following any capital injection;
- Agreement to a "negative pledge", "no new financial indebtedness" and "coverage ratio" covenants (subject to certain exceptions) in favour of all creditors bound by the Restructuring Plan and certain limitations on distributions (including dividends) to Shareholders. In addition, the Restructuring Plan includes certain financial covenants with respect to the realisation of certain real estate assets of the Group and with respect to the purchase and development of real estate assets. The subsidiaries of Plaza Centers have issued an undertaking to be bound by certain of these covenants and restrictions;
- A mutual "waiver from claims" provision, in favour of the Company, the direct and indirect shareholders of the Group, and their respective directors and officers, the Bondholders, the trustees under the Trust Deeds, and other affiliated parties.

NAV

The Company’s property portfolio (CEE and India) was valued by Cushman and Wakefield as at 31 December 2014 and their summary valuation is shown below.

Net Asset Value per share decreased to 0.22 €/share from 0.92 €/share at year end 2013, mainly as a result of further impairments and new shares issued during 2014 (basic NAV/share 0.52 €/share).
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 commences, 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	**448,844**
Assets minus liabilities as at 31 December 2014[(1)]	(295,577)
Total	**153,267**

(1) excluding book value of assets which were valued by Cushman and Wakefield

Portfolio progress

The Company is currently engaged in 18 development projects and owns six operational shopping and entertainment centre assets and two office schemes, located across the CEE and in India. The location of the projects, as at 19 March 2015, is summarised as follows:

	Number of assets (CEE and India)		
Location	**Active**	**Under development/ planning**	**Offices**
Romania	-	7	1
India	1	2	-
Poland	3	4	-
Hungary	-	1	1
Serbia	-	2	-
Czech Republic	1	-	-
Bulgaria	-	1	-
Greece	-	1	-
Latvia	1	-	-
Total	**6**	**18**	**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 €41.7 million, of which circa €7 million of cash is held as restricted cash on a consolidated basis. Working capital as at 31 December 2015 totalled negative €7 million, and, as mentioned above, the Company's current cash position is circa €39.5 million (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 74% in 2014.

Strategy and Outlook

2014 marked a year of progress for Plaza as the Company successfully completed the Dutch restructuring plan, with 92% of creditors approving the plan in June and the Dutch court's formal and irrevocable approval being granted in July, just seven months after the Company made its initial announcement. The successful Rights Offering, which concluded in November, provided the Company with a welcome €20 million cash injection and the completion of this considerable activity provided us with a strengthened platform to start the new year.

Going into 2015, the economic outlook is relatively positive in the Company's core geographies. This trend is expected to continue and the effect of lower oil prices, together with the knock-on impact of Quantitative Easing and the wider Eurozone recovery, should prove beneficial.

Transactional activity has been strong, as evidenced by the sales of Kragujevac in Serbia and non-core land in Romania, reflecting the improvement in investor sentiment. In the year ahead, the Company will continue to drive the reshaping of the portfolio with the disposal of further non-core assets in order to deleverage the balance sheet and advance key development projects in core geographies including Timisoara in Romania, Belgrade in Serbia and Lodz in Poland. In Poland, the Company expects to deliver a master plan for the planned retail and entertainment scheme, Lodz Plaza, by the end of this year and has secured a number of pre-lets for Timisoara Plaza in Romania and Belgrade Plaza (Visnjicka) in Serbia, where construction is planned to commence later this year, subject to securing bank financing and sufficient levels of pre-lets.

Day to day, we will continue to pursue our intensive asset management strategy which has seen clear success at our income-generating centres in the CEE, where our focus remains on initiatives that will drive occupancy levels, footfall and turnover to maximise income and deliver value.

While there remains a lot to do in the short and medium term, we have confidence in the long term future growth of the Company and the management is resolute in its belief that, with the ongoing support of our bondholders and shareholders, the delivery of the strategy, together with the brightening economic outlook, will result in the delivery of value and growth to our investors.

Ran Shtarkman
President and Chief Executive Officer
19 March 2015

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 2014, the Company received net cash of circa €17.1 million (including restricted cash released) through the disposal of three assets out of which 75% was repaid to the bondholders as early repayment.
- **Financial position**: Plaza's current consolidated cash position stands at circa €40 million (out of which €7 million is restricted).

As of the reporting date, Plaza has 26 assets in nine countries, of which 18 are under various stages of development across the CEE region and India. Of these, seven 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 six shopping and entertainment centres in Poland, Czech Republic, 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
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. Under sale
Development Assets					
Casa Radio	Bucharest, Romania	Mixed-use retail and leisure plus office scheme	467,000 (GBA including parking spaces)	75	Under planning; completion of the first phase is scheduled for 2017
Timisoara Plaza	Timisoara, Romania	Retail & entertainment scheme	40,000	100	Construction scheduled to commence in 2015; completion scheduled for 2016
Lodz Plaza	Lodz, Poland	Retail & entertainment scheme	35,000	100	Construction scheduled to commence in 2016; 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 2016; completion scheduled for 2017
Belgrade Plaza (Visnjicka)	Belgrade, Serbia	Retail & entertainment scheme	32,000	100	Construction scheduled to commence in 2015; completion scheduled for 2017
Chennai	Chennai, India	Residential Scheme	172,000 (for sale)	40	Construction scheduled to commence in late 2016; phased completion scheduled over 2016-2020
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	25,000	100	Under planning and feasibility examination
Leszno Plaza	Leszno, Poland	Retail & entertainment scheme	18,000	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
Cina	Bucharest, Romania	Retail	5,000 (49 years leashold)	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	Offices	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.
Project that are classified as "Under planning and feasibility examination " – potential also to be sold as land.

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 has delivered notable asset management successes, improving the overall occupancy of the Polish portfolio to above 95%.

Torun Plaza, which was completed and opened in late 2011, comprises approximately 40,000 sqm of GLA and is Plaza's tenth completed centre in Poland. Occupancy level increased to 92.5% at year end. A total of 4,100 sqm of additional retail space was opened at the centre in 2014, increasing the total lettable area of the shopping centre by more than 10%. Among the most notable openings were of TK Maxx, Sports Direct, Carry (replacing a previously underperforming tenant), Sinsay and various smaller fashion stores. As a result of these asset management initiatives and other marketing activities, the shopping centre reported a significant increase in turnover (+21.2%) compared to 2013 and footfall also increased by 6% during the year.

Suwalki Plaza, comprising approximately 20,000 sqm of GLA with tenants such as H&M, Rossmann, New Yorker, KappAhl and Cinema Lumiere, continues to perform well. Occupancy increased to 97.7% (2013: 91%) and turnover increased by 7% during the year. Contracts with KIK, and several fashion stores were signed for new premises during the year and to date, more than 87% of the existing tenants have signed lease options or renewals, with the fifth anniversary of the opening of the centre approaching in May.

Significant operational improvement was also achieved at Zgorzelec Plaza. The 13,000 sqm shopping and entertainment centre experienced strong occupancy growth in reaching 95.2% (2013: 91%), with the opening of a 547 sqm Carry and a number of small fashion and service stores contributing. The centre had an increase of 14.1% in turnover and 8.4% in footfall.

Feasibility and planning studies were also progressed at Lodz Plaza (comprising approximately 35,000 sqm of GLA) and construction is now scheduled to begin in late 2016, with completion expected in 2017.

Hungary

Plaza has a transferable land use right to a site adjacent to the Arena Plaza, on which it plans to develop a 40,000 sqm office complex extension to the existing shopping centre. In line with Plaza's cautious approach to development, is the Company will hold off on the commencement of any construction on the project until it is satisfied that a recovery in the Budapest office market and a general rise in both occupancy rates and rental levels is underway.

David House, an office building on Andrassy Boulevard, in Budapest, remains under the Company's ownership.

Czech Republic

Turnover at Liberec Plaza shopping and entertainment centre (approximately 17,000 sqm GLA), owned and managed by the Company since it opened in March 2009, improved by 8%, while occupancy remained steady at 85%.

Romania

Plaza holds a 75% interest in a joint venture with the Government of Romania to develop Casa Radio (Dambovita), the largest development plot in central Bucharest. The 467,000 sqm complex, including a 90,000 sqm GLA shopping mall and leisure centre, offices, a hotel and a convention and conference hall is planned for the site. The Company has obtained the PUD (Detailed Urban Permit) and the PUZ (Zonal Urban Plan) for the Dambovita Centre Multifunctional Complex and completion of the first phase is scheduled for 2017.

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

The Company has progressed the feasibility and planning studies and permitting of Timisoara Plaza (comprising approximately 40,000 sqm of GLA) and construction is scheduled to begin in 2015, with completion expected in 2016.

Latvia

At Riga Plaza, which is 50% owned by Plaza, occupancy increased to 99.49% (2013: 97%). H&M opened its largest store in Latvia (2,700 sqm) at Riga Plaza in April 2014, and another 1,060 sqm was leased to Elkor Kids. The shopping centre had the second highest increase in turnover in the portfolio, with 15.6% increase in sales compared to the previous year, and a 7.2% increase in footfall.

The Latvian economy has continued to grow over 2014, despite the geopolitical turbulence in the region between the Ukraine and Russia. Unemployment has decreased and average salaries have increased, having a positive effect on the purchasing power of consumers and on the country's wider retail market.

Serbia

Plaza's most prominent investment in Serbia is a building in the central administrative district of Belgrade, which Plaza secured in a competitive tender and which housed the former Yugoslavian Government's Federal Ministry of Internal Affairs. Development plans for the building comprise a shopping gallery, an apartment-hotel and a business centre, totalling circa 63,000 sqm. Construction is planned to commence in 2016 and scheduled for completion in 2017. Processes to secure the relevant local planning and permitting approvals are underway.

Planning permission has been granted for Belgrade Plaza (Visnjicka) (previously known by the project name Sport Star Plaza), with construction on the 32,000 sqm shopping and entertainment centre set to commence this year and completion anticipated in 2017.

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

Greece

Plaza owns a development site in Athens, with plans intended for a 38,660 sqm mixed-use office and retail development, including 700 car parking spaces. While the project is currently under planning and feasibility examination, Plaza will wait until it is fully satisfied that the recovery in the office market and a general rise in both occupancy rates and rental levels is underway before beginning construction, in line with its cautious approach to development.

India

The Company has signed a preliminary non-binding agreement with an Indian based developer for the sale of Koregaon Park shopping and entertainment centre in Pune, and it collected €2.6 million (INR 200 million) of advances in 2014 and 2015. The agreement is subject to certain conditions and discussions to complete the disposal are currently at advance stage.

In 2008, Plaza formed a 50:50 joint venture with Elbit Imaging (the "JV") to develop mega mixed-use projects in Bangalore, Chennai and Kochi. Under the terms of the agreement Plaza acquired a 47.5% stake in Elbit India Real Estate Holdings Limited, which had existing stakes in mixed-use projects in India, in conjunction with local Indian partners.

The JV projects are as follows:

<u>Bangalore</u> - 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 July 2010, the JV signed a new framework agreement with the local developer which, inter alia, decreased the scope of the project to 165 acres. Currently the project is in a planning and permitting phase. As

at 31 December 2013, due to uncertainty around the Group's ability to progress the project in the foreseeable future, the Group recorded a €31 million writedown in expenses 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 110,000 sqm of plotted area for development and approximately 62,000 sqm for high quality villas. Chennai is India's fourth largest city with a population of more than eight million inhabitants. The JV signed a Memorandum of Understanding (the "MOU") with a reputable local developer for the joint development of the project. On the basis of the MOU, the parties to the transaction have finalised the terms and conditions of the definitive Joint Development Agreement, and they intend to execute the Joint Development Transaction upon fulfilment of a certain conditions.

FINANCIAL REVIEW

Results

During 2014, Plaza remained focused on the execution of its strategy to dispose of the non-core assets in its portfolio in order 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 it is actively seeking buyers at appropriate pricing. Therefore, it is clear from the Company's perspective that these completed properties are trading properties, rather than investment properties.

In respect of the sites held, which are not intended to be developed in the near future, the Company is actively looking for buyers and does not hold the land passively with the intention to gain from a potential value increase. Sites 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 2014, the trading properties were classified as non-current assets in the Statement of Financial Position.

Income comprised rental income from operating shopping centres. In 2014, Plaza generated €22.1 million of income compared to €23.7 million in 2013. This includes rental income and service charges collected from the tenants. The rental income in 2014 was €15.4 million while in 2013 it was €16.6 million. The decrease is a result of the strategic sale of Kragujevac Plaza in mid-2014 (c. €1.1 million of income) and also by the sale of other undeveloped projects. A 3.5% increase in 2014 in NOI from the operation of shopping centers (from €17 million to €17.6 million, including company share in NOI from commercial center of Riga, Latvia). Excluding the impact of the commercial center Kragujevac, which was sold in the summer of 2014, the Group recorded a 13% increase in NOI from the operation of shopping centers (from €13.2 million to €14.9 million). Income from the Group's Fantasy Park operation, which provides gaming and entertainment services in Plaza's active shopping centres, decreased to €1.7 million from €3.3 million in 2013 following the operational closure of some units in the Group's shopping centres.

The disposal of Kragujevac Plaza also led to a decrease in operating costs from €9.4 million 2013 to €8.5 million in 2014. The cost of the Fantasy Park operations also decreased from €4 million in 2013 to €2.2 million in 2014 after the closures.

A writedown of trading properties amounted to €87 million in 2014 (€118 million in 2013), comprising projects in Romania (€51.3 million); India (€10 million); Greece (€11 million); Serbia (€6 million); Poland (€6 million); Czech Republic (€2 million); and Bulgaria (€1 million).

The writedown in relation to joint ventures classified as equity accounted investments amounted to €1.7 million in 2014 and €56 million in 2013. The writedown relates to Plaza's Indian project (Chennai) and was slightly offset by the €0.4 million increase in the value of Riga Plaza (Latvia).

The Company's active efforts to reduce costs bore fruit as administrative costs fell by 20% to €7.4 million (2013: €9.4 million), comprising a decrease in payroll and employee related expenses (€1 million) and a decrease in the expense of professional service providers (€0.8 million).

Other expenses net a reduction from €11 million in 2013 to Nil (where a change in the fair value of the Prague 3 investment property and an impairment of advances received in connection with the Kochi project in India were recorded). The net result in 2014 is attributable to the €2.3 million insurance pay out received in connection with the Koregaon Park fire incident, the expenses resulting from the impairment of other assets (mainly Palazzo Du Calle office in Romania €0.7 million) and a loss on the disposal of other assets (€1.5 million).

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

A net finance loss of €35.6 million was recorded in 2014, compared to a net finance cost of €39.3 million in 2013.

Finance income remained at the same level (€1.3 million) attributable to the settlement of the airplane loan (with a gain recorded of €0.6 million).

Finance expenses decreased from €40.6 million to €36.8 million (in 2013 borrowing costs of €6.5 million were capitalised). The main components of the expenses were:

- Interest expense on debentures (€5.3 million compared to €9.6 million in 2013)
- €9.6 million interest expense on bank borrowings compared to €10.7 million in 2013
- Change in the fair value of debentures measured at fair value due to the successful conclusion of the restructuring process and the changes in the exchange rate of EUR/NIS (€21.3 million in 2014 while €13.2 million in 2013).

A tax benefit of €1.3 million recorded in the consolidated income statement largely represents the creation of deferred tax assets attributed to the Polish operations.

As a result of the above, the loss for the year amounted to c. €120 million in 2014, compared to €218 million in 2013. Basic and diluted loss per share for 2014 was €0.39 (2013: €0.73).

Balance sheet and cash flow

The balance sheet as at 31 December 2014 showed total assets of €466 million, compared to total assets of €586 million at the end of 2013. 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) increased to €41.7 million (31 December 2013: €33.7 million) after the sale of assets and capital raised during the rights issuance. Gearing increased to 74% (31 December 2013: 64%) as a result of impairment losses and finance costs incurred during the year.

Trading property values decreased from €495 million in 2013 to €371 million in 2014 as result of writedowns booked in the period and the selling of assets. At the end of the year, trading properties were classified as non-current assets due to uncertainties around the development and commencement dates.

Plaza has on its balance sheet a €42 million investment in equity accounted investees which includes joint venture projects. The only operating asset currently classified under this heading is Riga Plaza. The remainder are the two development sites in India (Bangalore and Chennai). The value has increased by €2 million since 2013, as a result of various factors. It has increased by €1.6 million by the share in results and by €2.7 million due to exchange rate movements, while it has decreased by €2.7 million due to disposals and impairments.

Total bank borrowings (long and short term) amounted to €150.8 million (31 December 2013: €175.5 million). This decrease is primarily the result of loans repaid during the year, largely through the proceeds of the Kragujevac Plaza disposal.

Apart from bank financing, Plaza has a balance sheet liability of €162.9 million (with an adjusted par value of circa €191.5 million) from issuing debentures on the Tel Aviv Stock Exchange and to Polish institutional investors. These debentures are presented at amortised cost.

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

As at 31 December 2014, the net balance of the Company, with its controlling shareholders, is a liability of approximately €1.2 million, in the main related to projects in India.

Other current liabilities have increased from €11.2 million to €13.2 million in 2014. The increase is attributable to the advance payment received in respect of a potential sale of Koregaon Park in India and the disposal of land in Romania.

The total equity decreased from €210 million in 2013 to €120 million in 2014 due to a €119.6 million loss suffered mainly from writedowns, the result of rights issuances (net of issuance costs) and allocation of shares to bondholders under the debt arrangement (€24.7 million addition) and from a €4 million increase in the translation reserve connected to the Indian operations of the Company, stemming from the strengthening of the Indian Rupee against the Euro.

Roy Linden
Chief Financial Officer
19 March 2015

Valuation Summary by Cushman and Wakefield as at 31 December 2014 (in EUR) – 2013 comparatives are based on a Jones Lang LaSalle report

Country	Project Name	Market Value of Land and Project 31 December 2013	Market Value of Land and Project 31 December 2014	Market Value upon Completion 31 December 2013	Market Value upon Completion 31 December 2014
Hungary	Arena Plaza Extension	7,800,000	6,650,000	88,941,176	87,353,000
	David House	3,950,000	2,625,000	3,950,000	2,625,000
Poland	Torun Plaza	97,580,000	96,300,000	97,580,000	96,300,000
	Zgorzelec Plaza	17,125,000	13,450,000	17,125,000	13,450,000
	Suwalki Plaza	43,525,000	43,075,000	43,525,000	43,075,000
	Lodz (Resi)	6,500,000	4,800,000	89,330,500	86,448,000
	Lodz Plaza	7,925,000	7,400,000	74,214,046	70,911,000
	Leszno Plaza(*)	1,719,000	800,000	compar. method	compar. method
	Kielce Plaza	5,350,000	3,600,000	75,501,915	70,158,000
Czech Republic	Liberec Plaza	17,675,000	15,725,000	17,675,000	15,725,000
Romania	Palazzo Ducale	1,800,000	1,320,000	1,800,000	1,320,000
	Casa Radio Plaza	130,612,500	87,075,000	622,880,453	555,138,000
	Timisoara Plaza	10,825,000	8,940,000	76,965,120	72,283,000
	Miercurea Ciuc Plaza	5,625,000	2,460,000	14,867,763	14,276,000
	Hunedoara Plaza	2,375,000	N/A	9,958,550	N/A
	Slatina Plaza	1,650,000	1,000,000	40,919,502	30,151,000
	Iasi Plaza	11,550,000	7,280,000	94,945,925	82,355,000
	Targu Mures	6,175,000		72,344,400	N/A
	Constanta Plaza(*)	6,300,000	3,300,000	compar. method	3,300,000
	Brasov	N/A	1,990,000	N/A	147,039,000
	Cina	N/A	N/A	N/A	N/A
Latvia	Riga Plaza	43,862,500	45,000,000	43,862,500	45,000,000
Greece	Helios Plaza	15,300,000	4,475,000	94,555,391	73,141,000
India	Koregaon Park Plaza	N/A	33,816,398	N/A	33,816,398
	Bangalore	12,251,211	14,206,095	90,664,857	109,645,531
	Park Chennai	11,271,562	10,031,427	39,899,418	18,709,513
Bulgaria	Shumen Plaza	2,125,000	1,025,000	31,259,520	29,176,000
Serbia	Belgrade Plaza	16,150,000	13,650,000	145,729,412	153,831,000
	Sport Star Plaza	19,025,000	18,850,000	108,308,571	91,299,000
	Kragujevac Plaza	41,775,000	N/A	41,775,000	N/A
	TOTAL (**)	547,822,000	448,844,000	2,038,579,000	1,946,525,000

(*) 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 has a 50% interest in the Riga Plaza shopping centre development.
- 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, 2014	December 31, 2013
ASSETS			
Cash and cash equivalents	3	33,363	26,157
Restricted bank deposits	4	6,886	6,319
Held for trading financial assets		1,434	1,246
Trade receivables	5	2,719	3,372
Other receivables	6a	2,963	4,871
Prepayments and advances	6b	767	1,393
Trading properties	7	-	40,333
Total current assets		48,132	83,691
Trading properties	7	370,761	454,841
Equity accounted investees	9	36,108	33,102
Loan to equity accounted investees	9	6,121	7,039
Property and equipment	8	4,029	6,520
Deferred taxes		921	-
Other non-current assets		25	573
Total non-current assets		417,965	502,075
Total assets		466,097	585,766
LIABILITIES AND SHAREHOLDERS' EQUITY			
Interest bearing loans from banks	11	37,885	175,338
Debentures at fair value through profit or loss	15	-	97,983
Debentures at amortized cost	16	-	70,636
Trade payables	12	1,893	2,432
Related parties liabilities	13	1,161	944
Derivatives	10	430	910
Provisions	7	-	15,597
Other liabilities	14	13,175	11,219
Total current liabilities		54,544	375,059
Interest bearing loans from banks	11	112,962	-
Debentures at amortized cost	16	162,862	-
Provisions	7	15,597	-
Derivatives	10	559	-
Deferred tax liabilities	17	-	379
Total non-current liabilities		291,980	379
Share capital	18	6,856	2,972
Translation reserve	18	(36,699)	(40,651)
Capital reserve due to transaction with Non-controlling interests		(20,706)	(20,706)
Other reserves	18	35,340	35,133
Share premium	18	282,596	261,773
Retained losses		(148,486)	(28,799)
Equity attributable to owners of the Company		118,901	209,722
Non-controlling interests		672	606
Total equity		119,573	210,328
Total equity and liabilities		466,097	585,766

March 19, 2015		
	Ran Shtarkman	**David Dekel**
Date of approval of the financial statements	**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, 2014	2013
Continuing operations			
Revenue from disposal of trading property	26(d)	38,600	-
Rental income	20(a)	22,112	23,678
Revenues from entertainment centers	20(b)	1,713	3,345
		62,425	27,023
Cost of trading property disposed	26(d)	(38,600)	-
Cost of operations	21(a)	(8,491)	(9,408)
Cost of operations – entertainment centers	21(b)	(2,169)	(4,025)
Gross profit		13,165	13,590
Loss from disposal Trading Property	26(d), 26(e)	(573)	(346)
Write-down of Trading Properties	7	(87,489)	(117,913)
Write-down of equity-accounted investees, net	9	(1,687)	(56,417)
Loss from disposal of equity accounted investees (holding undeveloped Trading Properties)	26(j)	(4,048)	(3,724)
Share in results of equity-accounted investees	9	1,641	952
Administrative expenses, excluding restructuring costs	22a	(7,434)	(9,435)
Restructuring costs	22b	(2,388)	(702)
Other income	23	2,484	413
Other expenses	23	(2,507)	(11,468)
Results from operating activities		(88,836)	(185,050)
Gain from restructuring plan	16	3,443	-
Finance income	24	1,263	1,288
Finance costs	24	(36,839)	(40,632)
Net finance costs		(35,576)	(39,344)
Loss before income tax		(120,969)	(224,394)
Tax benefit	25	1,282	6,256
Loss from continuing operations		(119,687)	(218,138)
Discontinued operation			
Profit from discontinued operation, net of tax		-	65
Loss for the year		(119,687)	(218,073)
Loss attributable to:			
Owners of the Company		(119,687)	(218,073)
Earnings per share			
Basic and diluted loss per share (in EURO)	19	(0.39)	(0.73)
Earnings per share – continuing operations			
Basic and diluted loss per share (in EURO)	19	(0.39)	(0.73)

PLAZA CENTERS N.V.

CONSOLIDATED STATEMENT OF CASH FLOWS IN '000 EUR

		For the year ended December 31,	
	Note	**2014**	**2013**
Cash flows from operating activities			
Loss for the year		(119,687)	(218,073)
Adjustments necessary to reflect cash flows used in operating activities:			
Depreciation and impairment of property and equipment	8	982	423
Change in fair value of investment property		-	4,267
Net finance costs	24	35,576	39,344
Equity-settled share-based payment transaction		207	424
Gain from restructuring plan	16	(3,443)	-
Discontinued operations		-	(65)
Loss (gain) on sale of property and equipment	26(f)	232	(23)
Share of loss of equity-accounted investees, net of tax	9	(1,641)	(952)
Tax benefit	25	(1,282)	(6,256)
		(89,056)	(180,911)
Changes in:			
Trade receivables		222	(122)
Other accounts receivable		2,566	10,126
Trading properties	7	106,176	108,831
Equity Accounted Investees		5,122	79,569
Trade payables		(64)	(4,028)
Other liabilities, related parties liabilities and provisions		3,964	3,498
		117,986	197,874
Interest received		93	353
Interest paid		(20,664)	(10,926)
Taxes paid		(18)	(295)
Net cash from operating activities		8,341	6,095
Cash from investing activities			
Purchase of property and equipment	8	(12)	(75)
Proceeds from sale of property and equipment	26(f)	1,375	169
Proceeds from sale of investment property		-	7,649
Proceeds from liquidation of equity accounted investee EPUS		-	32,410
Purchase of marketable debt securities financial assets		-	(1,424)
Proceeds from sale of available for sale financial assets		-	12,012
Net cash from investing activities		1,363	50,741

PLAZA CENTERS N.V.

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

	Note	For the year ended December 31, 2014	2013
Cash from financing activities			
Proceeds from bank loans and financial institutions		-	659
Proceeds (payments) from hedging activities through sell of options	10	313	(2,364)
Changes in restricted cash		(2,019)	9,316
Proceeds from re-issuance of long term debentures		-	13,772
Proceeds from right issuance, net of right issuance costs	18	18,836	-
Repayment of debentures	16	(12,057)	(60,319)
Repayment of interest bearing loans from banks	11	(7,527)	(27,490)
Net cash used in financing activities		(2,454)	(66,426)
Effect of movement in exchange rate fluctuations on cash held		(44)	373
Increase (decrease) in cash and cash equivalents during the year		7,206	(9,217)
Cash and cash equivalents as at January 1st		26,157	35,374
Cash and cash equivalents as at December 31st		**33,363**	**26,157**

PLAZA CENTERS N.V.
SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

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 Prins Hendrikkade 48-S, 1012 AC, Amsterdam, the Netherlands. The Company conducts its activities in the field of establishing, operating and selling of shopping and entertainment centers, as well as other mixed-use projects (retail, office, residential) in Central and Eastern Europe (starting 1996), India (from 2006), and, between 2010 and 2012, also in the USA. The 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 listed on the Main Board of the London Stock Exchange ("LSE"), the Warsaw Stock Exchange ("WSE") and, starting November 2014, on the Tel Aviv Stock Exchange ("TASE").

The Company's immediate parent company is Elbit Ultrasound (Luxembourg) B.V. / S.à r.l. ("EUL"), which holds 44.9% of the Company's shares, as at the end of the reporting period (December 31, 2013 – 62.5%). Refer to note 19 for the issuance of shares in the course of 2014. The Company regards Elbit Imaging Limited ("EI") as the ultimate parent company (refer to note 31 for more details.

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, 2014 in accordance with the Netherlands Civil Code.

The consolidated financial statements were authorized for issue by the Board of Directors on March 19, 2015.

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:

- Liabilities for cash-settled share-based payment arrangements are measured at fair value
- Held for trading 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 were measured in 2013 at fair value. No such assets exist in 2014.

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. 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 under planning stage 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 as a completed project in the normal course of business once circumstances allow. Therefore we also believe that these are appropriately classified as trading properties.

e. 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.

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 notes:

- Note 7 - Suspension of borrowing costs capitalization
- Note 7 – Classification of trading properties as current vs. non-current
- Note 2(e) – Trading property vs. Investment property
- Note 9 – Classification of the joint arrangement
- Note 16 - Measurement of fair value of new debentures series

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:

- Notes 7 – key assumptions used in determining the net realisable value of trading properties
- Note 7 – provisions and contingencies
- Note 25 – recognition of deferred tax assets and availability of future taxable profits against which carry-forward tax loss can be used.

NOTE 2 - BASIS OF PREPARATION (cont.)

e. Use of estimates and judgments (cont.)

Functional currency

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) since it is the currency of the economic environment in which the Group operates. This is because the EUR (and in India the INR) 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.

Operating cycle determination

The Normal Operating Cycle ("NOC") of the Group is driven by its business model to buy, develop and sell, primarily shopping centers, 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 following 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. The return to what management considers more normal conditions, primarily in the CEE markets where it has properties, have been longer than expected.

In view of these uncertainties and abnormalities, the Company has taken in 2013 (and reassured this position in 2014) a position of reclassifying its entire trading properties to long term, with the exception of a property where a sale and purchase agreement exists, until the abnormal level of uncertainty is reduced.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 3 - CASH AND CASH EQUIVALENTS

Bank deposits and cash denominated in	Interest rate as of December 31, 2014	December 31, 2014	December 31, 2013
EUR	See (1) below	26,954	13,894
Polish Zlotys (PLN)	Mainly overnight Wibid*0.7	2,248	3,393
Romanian Lei (RON)	Mostly 2.5%	2,203	192
New Israeli Shekel (NIS)		554	3,375
United States Dollar (USD)		505	3,250
Indian Rupee (INR)		497	1,541
Other currencies		402	512
Cash and cash equivalents in the statement of financial position		33,363	26,157

(1) Main EUR deposits as of December 31, 2014 are held on corporate level and bear money market interest rates which are mainly 0%.

NOTE 4 - RESTRICTED BANK DEPOSITS

	Interest rate as of December 31, 2014	December 31, 2014	December 31, 2013
Short term restricted bank deposits			
In EUR	See (1) below	5,232	5,579
In USD	See (2) below	1,037	-
In other currencies		617	740
Total short term		6,886	6,319

(1) As of December 31, 2014, EUR 3.8 million is restricted mainly in respect of bank facilities agreements signed to finance Projects in Poland and the Czech Republic. These amounts carry an annual interest rate of mainly Overnight rates. Additional EUR 1.3 is a secured deposit due to hedging activities through sell of currency options, and carrying no interest.
(2) As of December 31, 2014, EUR 1.0 million is a secured deposit bearing no interest due to hedging activities through sell of currency options.

NOTE 5 - TRADE RECEIVABLES

	December 31, 2014	December 31, 2013
Trade receivables	4,255	4,887
Less - Allowance for doubtful debts	(1,536)	(1,515)
	2,719	3,372

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 6 - OTHER RECEIVABLES, PREPAYMENTS AND ADVANCES

a. Other receivables

	December 31, 2014	December 31, 2013
Receivable in respect of disposal of equity-accounted investee Uj Udvar	-	2,350
VAT and tax receivables	2,502	1,877
Others	461	644
	2,963	4,871

b. Prepayments and advances

	December 31, 2014	December 31, 2013
Advances to suppliers	275	776
Prepaid expenses	492	617
	767	1,393

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 7 - TRADING PROPERTIES

	December 31, 2014	December 31, 2013 (*)
Balance as at 1 January	495,174	612,475
Acquisition and construction costs (1)	7,520	3,728
Capitalized borrowing costs (2)	-	6,530
Write-down of trading properties (3)	(87,489)	(117,913)
Effect of movements in exchange rates	3,713	(7,831)
Trading properties disposed (refer to note 26 (D), (E) and (F))	(48,157)	(1,815)
Balance as at 31 December (4)	370,761	495,174
Completed trading properties (operating shopping centers)	170,189	222,976
Plots scheduled for construction (4),(5)	164,930	206,236
Plots under planning stage	35,642	65,962
Total	370,761	495,174

(*) As of December 31, 2013, the Koregaon Park trading property was the only trading property presented as short term, owing to the existence of a sale and purchase agreement on the trading property. Following the continuous delay in the selling process it was decided in 2014 to reclassify the abovementioned property to long term. All other trading properties are classified as long term.

(1) Including EUR 5 million acquired following the termination of the BAS joint venture (refer to note 26(J) for more details).
(2) 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.
(3) Breakdown of write -down of trading properties:

Project name (location)	The year ended December 31, 2014	2013
Iasi (Iasi, Romania)	4,280	1,582
Koregaon Park (Pune, India)	10,059	15,564
Belgrade Plaza (Belgrade, Serbia)	2,500	29,347
Helios Plaza (Athens, Greece)	10,901	12,267
Liberec (Liberec, Czech Republic)	2,080	11,578
Belgrade Plaza Visnjicka (Belgrade, Serbia)	175	6,825
Lodz Plaza (Lodz, Poland)	829	6,400
Casaradio (Bucharest, Romania)	33,583	6,305
Zgorzelec (Zgorzelec, Poland)	3,868	2,013
Constanta (Constanta, Romania)	3,813	4,972
Ciuc (Ciuc, Romania)	3,653	4,414
Kragujevac (Kragujevac, Serbia)	3,395	751
Timisoara (Timisoara, Romania)	2,027	3,968
Roztoky (Prague, Czech Republic)	-	3,500
Kielce (Kielce, Poland)	(323)	828
Other, aggregated	6,649	7,599
	87,489	117,913

NOTE 7 - TRADING PROPERTIES (Cont.)

The 2014 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 deteriorating market condition in certain countries in which the Group operates.

  Also affecting the valuations (in respect of plots under development) are delays in the execution and commencement of construction of projects by the Company, increase in the risks inherited with the Company's developments projects which cause an increase in the discounts rate and the exit yields of the undeveloped projects. In certain cases, changes were performed to schemes of projects (e.g Casaradio, please see (4) below) which triggered additional significant impairments.

  In the operational projects (Koregaon Park in India and Zgorzelec in Poland) impairment was performed due to delays in executing a sale transaction for the project and that current transaction is in lower prices (in case of Koregaon Park), and also a decrease in the performance of both commercial centres.

- The disposal, or contracted disposal, of certain properties at a selling price below their carrying amount triggered write down of these properties to their contractual selling price (refer to note 26(E))

(4) Including carrying amount of Casaradio project in Romania in a total amount of EUR 116 million (2013 – EUR 153 million). The 2014 impairment is attributed to the change of scheme of the project, mainly by excluding a residential component.

(5) The 2013 value of the Casaradio 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 26 (F) for the selling of the turbines.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 8 - PROPERTY AND EQUIPMENT

	Land and buildings	Equipment	Fixtures and fittings	Airplane (1)	Total
Cost					
Balance at January 1, 2013 (*)	**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**
Additions	-	12	-	-	12
Disposals	-	(208)	-	(4,737)	(4,945)
Exchange rate effect	-	54	-	-	54
Balance at December 31, 2014	**7,181**	**3,400**	**1,397**	**-**	**11,978**
Accumulated depreciation and impairment					
Balance at January 1, 2013 (*)	**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**
Depreciation	85	197	-	-	282
Impairment (**)	700	-	-	-	700
Disposals	-	(66)	-	(3,270)	(3,336)
Exchange rate effect	-	(34)	-	-	(34)
Balance at December 31, 2014	**3,561**	**3,317**	**1,071**	**-**	**7,949**
Net carrying amounts					
At December 31, 2014	3,620	83	326	-	4,029
At December 31, 2013	4,405	322	326	1,467	6,520
At January 1, 2013	4,490	954	343	1,594	7,381

(*) Restated in 2013 due to Retrospective application. A net amount of EUR 0.7 million was transferred to investment in Equity accounted investee Ercorner, as part of implementation of IFRS 11.
(**)2014 depreciation – including impairment of EUR 0.7 million due to office building in Romania.

(1) For the selling of the airplane refer to note 26(F).

NOTE 9 - 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, 2014 and 2013:

Company name	Country	Activity	Interest of holding (percentage) as at December 31,	
			2014	2013
Elbit Plaza USA II LP	USA	Inactive	50%	50%
Elbit Plaza India Real Estate Holdings Ltd. ("EPI")	Cyprus	Mixed-use large scale projects	47.5%	47.5%
Elbit Kochin Ltd.	Cyprus	Inactive	40%	40%
Bas - Adams Invest S.R.L (1)	Romania	Residential	N/A	25%
Bas - Colorado Invest S.R.L(1)	Romania	Residential	N/A	25%
Bas - Malibu Invest S.R.L(1)	Romania	Residential	N/A	12.5%
Bas - Spring Invest S.R.L(1)	Romania	Residential	N/A	25%
Bas - Sunny Invest S.R.L(1)	Romania	Residential	N/A	25%
Bas - Primavera Invest S.R.L(1)	Romania	Residential	N/A	25%
Bas development S.R.L(1)	Romania	Residential	N/A	25%
SIA Diksna ("Diksna")	Latvia	Operating shopping center	50%	50%

(1) Refer also to note 26(J) for the transaction with joint venture partner.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 9 - EQUITY ACCOUNTED INVESTEES (cont.)

None of the joint ventures are publicly listed.

The movement in equity accounted investees (in aggregation) was as follows:

	2014	2013
Balance as at 1 January	40,141	161,779
Investments in equity-accounted investees	463	1,849
Share in results of equity-accounted investees, net of tax	1,641	952
Write-down of Equity-accounted investees (2)	(1,687)	(56,417)
Effect of movements in exchange rates	2,740	(15,036)
EPUS dissolved (1)	-	(32,410)
Equity-accounted investees disposed (3)	(1,069)	(20,576)
Balance as at 31 December (4)	42,229	40,141

(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.

(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)	2014	2013
Bangalore (held by EPI)	(557)	31,017
Chennai (held by EPI)	2,463	20,745
Kharadi (sold in 2013)	-	4,311
Riga Plaza (held by Diksna)	(420)	(1,513)
Elbit Kochin	201	-
Uj Udvar (sold in 2013)	-	1,857
	1,687	56,417

(3) Refer also to note 26(J) in respect of the termination of the BAS joint venture.

(4) As of December 31, 2014, the loan to equity accounted investee Diksna totalled EUR 6.1 million bearing interest of 3 months EURIBOR +2.5% per annum (December 31, 2013 – EUR 7.04 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:

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 9 - EQUITY ACCOUNTED INVESTEES (cont.)

Material joint ventures (cont.)

	December 31,			
	2014		2013	
	EPI	Diksna	EPI	Diksna
Current assets (*)	3,168	2,696	1,274	2,776
Trading properties-non current	48,475	90,000	46,752	87,725
Other current liabilities	(709)	(2,414)	(674)	(1,275)
Interest bearing loans from banks	-	(56,884)	-	(59,046)
Group loan to Diksna	-	(12,242)	-	(14,078)
Net assets (100%)	50,934	21,156	47,352	16,102
Group share of net asset (50%) (**)	25,467	10,578	23,676	8,051
Purchase price allocated to trading property	-	-	-	-
Carrying amount of interest in joint venture	25,467	10,578	23,676	8,051

(*) Including cash and cash equivalents in the amount of EUR 0.8 million (2013 - 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.

	The year ended December 31,			
	2014		2013	
	EPI	Diksna	EPI	Diksna
Revenue	-	11,244	-	10,122
Cost of operations	-	(4,291)	-	(4,304)
Interest expenses	-	(2,018)	-	(2,016)
Gain from refinance of loan	-	-	-	1,800
Reversal of write-down (Write downs)	(3,812)	840	(66,024)	3,026
Total net profit (loss) and comprehensive income (100%)	(4,730)	5,092	(67,446)	7,666
Group share of Profit (loss) and comprehensive income (50%)	(2,365)	2,546	(33,723)	3,833
Interest income on Diksna loan	-	82	-	90
Impairment of purchase price allocated to trading property	-	-	(18,750)	-
Total results from investee	(2,365)	2,628	(52,473)	3,923

Immaterial joint ventures information

With the exception of EPI and Diksna, all other December 31, 2014 and 2013 outstanding joint ventures were considered immaterial. The aggregation of the information in respect of these immaterial joint ventures was as follows (the Group's part):

	December 31,	
	2014	2013
Current assets	63	61
Trading properties	-	7,152
Interest bearing loans from banks	-	(5,727)
Current liabilities	-	(70)
Carrying amount of interest in joint venture	63	1,416

	The year ended December 31,	
	2014	2013
Revenues	23	801
Cost of operations	-	(674)
Write downs (refer to impairment table above)	(201)	(6,168)
Loss and comprehensive income	(309)	(6,915)

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 10 - DERIVATIVES

The table below summarizes the results of the 2014 and 2013 derivatives activity, as well as the outstanding derivatives as of December 31, 2014 and 2013:

Derivative type	Nominal amount as of December 31, 2014	Fair value of derivatives at December 31, 2014	Gain (loss)in 2014	Fair value of derivatives at December 31, 2013	Gain (loss)in 2013	Maturity date of derivative
Currency options (1)	EUR 25 million	(95)	217	N/A	(2,364)	March 2015
Cross currency Interest Rate SWAP (2)	N/A	N/A	N/A	N/A	(251)	N/A
Interest Rate Swap ("IRS") 1 (3)	N/A	N/A	220	(222)	188	N/A
IRS 2 (4)	N/A	N/A	20	(475)	(31)	N/A
IRS 3 (5)	EUR 35.5 million	(894)	(689)	(213)	187	December 2017
Total		(989)	(232)	(910)	(2,271)	

(1) Selling options strategy (by writing call and put options through Israeli 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 wrote call option on an amount of EUR 25 million with a strike exchange rate of 4.92 NIS per EUR, and collected EUR 0.3 million in cash premium. In respect of collaterals to this transaction refer to note 4 above. In respect of post balance sheet activity refer to note 29(B).

(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 16). 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 paid 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 paid 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 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 10 - 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. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, refer to note 28. All interest bearing loans from banks are secured. Terms and conditions of outstanding loans were as follows:

	December 31, 2014	December 31, 2013
Non-current loans		
Trading properties secured bank loans	112,962	-
Current loans (including current maturities of long term loans)		
Trading properties secured bank loans	37,885	172,810
Other secured bank loans	-	2,528
	37,885	175,338

Below is the breakdown of all outstanding bank loans:

				December 31,	
				2014	2013
	Nominal interest rate	Currency	Year of maturity	Carrying amount	
Torun project secured bank loan (1)	3M Euribor+3%	EUR	2017	46,735	47,906
Liberec project secured bank loan (2)	3M Euribor+2.7%	EUR	2018	20,468	20,498
Suwalki project secured bank loan	3M Euribor+1.65%	EUR	2020	29,886	31,595
Zgorzelec project secured bank loan (3)	3M Euribor+2.75%	EUR	2014	21,993	21,993
Kragujevac project secured bank loan	3M Euribor+5%	EUR		-	29,108
Koregaon Park project secured bank loan (4)	13.25%	INR	2021	22,065	21,710
Bas project secured bank loans (5)	3M EURIBOR+5.5%	INR	2014	9,700	-
				150,847	**172,810**
Other secured bank loans (6)	3M USD Libor+4%	USD		-	2,528
				-	**2,528**
Total interest bearing liabilities				**150,847**	**175,338**

(1) IRS on bank loans – refer to note 10.
(2) Liberec loan – recourse loan. The Company obtained a waiver for the remaining maturity of the loan for all covenants breached.
(3) Zgorzelec loan – mostly non-recourse loan (except a component of a EUR 1.2 million which is recourse) –the loan has expired – the Company is in discussions with the financing bank on signing new facility. The Company has also pledged its plot in Leszno, Poland (refer also to note 10) in favour of the financing bank. Full loan reclassified as short termed. Refer also to note 29(d) for subsequent event on this issue.
(4) Koregaon Park loan – out of 2014 balance, an amount of EUR 14.2 million is recourse loan.
(5) The two loans have expired, and the Company is currently negotiates with the financing banks new terms and conditions for the loans. Loans are with recourse on interest payments (not principal). Both loans were reclassified as short term.
(6) Refer to note 26(F) in respect of selling of the airplane and the repayment of the secured loan.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 11 - INTEREST BEARING LOANS FROM BANKS (cont.)

The below table summarise the main covenants (Loan to Value ("LTV")) and Debt Service Coverage Ratio ("DSCR")) on group loans:

Bank facility	Actual LTV	Contractual LTV	Actual DSCR	Contractual DSCR
Torun project secured bank loan	49%	70%	1.56	1.25
Liberec project secured bank loan	130%	80%	1.07	1.2
Suwalki project secured bank loan	69%	70%	1.68	1.2
Zgorzelec project secured bank loan (1)	N/A	N/A	N/A	N/A

– The Zgorzelec loan has expired, with no new ratios established, therefore no DSCR and LTV comparisons can be made

Long term vs. Short term reclassification

Following the conclusion of the restructuring plan in 2014, all non-current maturities of interest bearing loans (previously short termed due to cross-default clause covenant) were reclassifies to long term, unless covenant breach is still valid, and no waiver obtained.

NOTE 12 - TRADE PAYABLES

	Currency	December 31, 2014	December 31, 2013
Construction related payables		-	1,115
Other trade payables	Mainly in PLN	1,893	1,317
		1,893	2,432

NOTE 13 - RELATED PARTIES PAYABLES

	Currency	December 31, 2014	December 31, 2013
EI Group- ultimate parent company – expenses recharged	EUR, USD	457	672
Other related parties in EI group	EUR	704	272
		1,161	944

For payments (including share based payments) to related parties refer to note 27. Transactions with related parties are priced at an arm's length basis.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 14 - OTHER LIABILITIES

Short term	Currency	December 31, 2014	December 31, 2013
Advance payment in respect of selling of trading property (1)	INR, RON	5,868	2,343
Obligations to tenants	EUR	2,401	2,613
Accrued bank interest	Mainly EUR	2,265	2,377
Obligation in respect of plot purchase	Mainly EUR	1,380	1,380
Loan from non-controlling interest	EUR	215	1,455
Accrued expenses and commissions		50	305
Government institutions and fees		529	416
Salaries and related expenses		180	174
Other		287	156
Total		13,175	11,219

(1) Advances in respect of selling of Koregaon Park shopping center. Refer to note 29(A) for more details. In addition, an amount of EUR 2 million was received as an advance payment for a potential selling of the plot of the Company in Iasi, Romania.

NOTE 15 - DEBENTURES AT FAIR VALUE THROUGH PROFIT OR LOSS

In comparative 2013 figures, and up and until December 9, 2014 (refer to note 26(A) for details) NIS 190.6 million par value of debentures Series A (raised in July 2007) and NIS 319.2 million par value of debentures Series B (raised in February and May 2008), were measured at fair value through profit or loss. For the terms and conditions of both debentures series, prior and post the Restructuring Plan, refer to note 16.

The below table summarize the quotes of the bonds (in NIS cents):

	2014	2013
Series A Debentures		
Market quote at January 1:	91.60	80.62
Market quote at December 31 (*):	110.6	91.60
Series B Debentures		
Market quote at January 1:	92.42	90.47
Market quote at December 31 (*):	112.07	92.42

(*) In 2014: This is the last quote of previous Debentures on December 9, 2014. Following this date a total carrying amount was de-recognized to profit or loss, as part of re-measurement of newly extended debentures. For the calculation of the gain due to new debentures series refer to note 16.

Following the issue of new debentures, the Company decided to present all its bonds at amortized cost (refer to note 16). Therefore, as of December 31, 2014, there are no more debentures measured at fair value through profit or loss.

NOTE 15 - DEBENTURES AT FAIR VALUE THROUGH PROFIT OR LOSS (cont.)

The total net carrying amounts (in EUR thousands) of the Debentures measured at fair value were as follows:

	December 9, 2014	December 31, 2013
Series A Debentures	43,260	36,294
Series B Debentures	73,411	61,689
Total	116,671	97,983

All debentures (including those presented at amortized cost) were reclassified in 2013 to current liabilities, in view of the decision to withhold all payments to creditors, which was an event of default. For more details on the Debt Restructuring Plan, refer to note 26(A). In 2014 the presentation of debentures is in accordance with repayment schedule, as determined under the trust deed of the Debentures.

Fair value

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

NOTE 16 - DEBENTURES AT AMORTISED COST

Old debentures issued in Israel

In comparative 2013 figures, and up and until December 9, 2014 (refer to note 26(A) for details) NIS 54.6 million par value of debentures Series A (raised after July 2007) and NIS 189.3 million net par value of debentures Series B (raised after May 2008, net after deduction of NIS 15.9 million par value which are held by a Company's subsidiary), were measured at amortized cost.

Both debentures principal were adjusted ("adjusted par value") 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. As the Company holds indirectly debentures series B in treasury (refer to note 26(I)), all the information in this note relates to the net debenture debt of the Company, after eliminating debentures held in treasury.

Table 1

The total net adjusted par value, being the carrying amounts of old amortized costs debentures (in EUR thousands) were as follows:

	December 9, 2014	December 31, 2013
Series A Debentures	13,522	13,765
Series B Debentures	41,653	42,403
Total	55,175	56,168

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 16 - DEBENTURES AT AMORTISED COST (cont.)

New debentures following the conclusion of the restructuring plan

In view of the significant change in the terms of the Debentures, the Company de-recognized all of its outstanding debentures, and recognized new debentures at fair value (with subsequent measurement at amortized cost) determined based on the market quote at the end of the trade date of December 10, 2014.

Table 2

Following the above, a value of EUR 170.2 million was deemed to be the fair value of the principal of new debentures.

	Principal fair value determined	Effective interest rate	Quote deemed as fair Value of Debenture (in NIS or PLN cents)
Series A Debentures(*)	54,119	12.6%	112
Series B Debentures(*)	101,476	15.2%	105.34
Polish Debentures (**)	14,562	13.8%	96.5
Total	170,157		

(*) In respect of Israeli bonds, market quote of December 10, 2014 was inclusive of accrued interest due to the year 2014, therefore, and in order to reach a clean quote of the principal, accrued interest in the amount of EUR 3.5 million and EUR 7.9 million had to be deducted from the fair value derived from the quote of debentures A, and B, respectively.

(**) See below in respect of general information on Polish bonds. Fair value of Polish debentures (untraded) was determined using the known effective interest rates determined for Israeli debentures, and the value of the Polish debentures was derived from it.

New debentures following the conclusion of the restructuring plan (cont.)

Gain from de-recognition and re-recognition (restructuring plan gain)

Table 3

As a result of the above, the Company recorded a gain of EUR 3.4 million from eliminating the old debentures and recording of the new debentures. Refer to table 3 below for the calculation. The gain is calculated as follows:

NOTE 16 - DEBENTURES AT AMORTISED COST (cont.)

	Carrying amount recognized (de-recognized)
Items de-recognized	
Total Israeli debentures at fair value through profit or loss (refer to note 15)	(116,671)
Total Israeli debentures at amortized costs (refer to table 1 above)	(55,175)
Total Polish debentures	(14,425)
Old accrued interest due debentures at amortized cost as of December 10, 2014	(6,097)
Total amounts de-recognized	(192,368)
Items added	
Fair value of new bonds (refer to table 2 above)	170,157
New accrued interest due debentures at amortized cost as of December 10, 2014	12,614
Value of new shares issued to bondholders (share premium- refer to note 18)	6,154
Total amounts recognized	188,925
Gain recorded at December 10, 2014	3,443

As part of the restructuring plan (refer to note 26(A)), and as interest due up and until December 31, 2013 was added to the principal of the debentures, an additional NIS 5.5 million par value debentures series A and net NIS 13.3 million par value debentures series B were issued (refer also to note 26(A)). Also additional PLN 2.8 million of par value was issued to Polish investors.

Table 4

Following the additional issuance, the total par value and adjusted par value (in EUR thousands) outstanding were as follows:

	Par Value	Adjusted par value	Fair value determined	Discount Created (*)
Series A Debentures	51,447	62,108	54,119	7,989
Series B Debentures (Net of treasury bonds)	103,813	121,535	101,476	20,059
Polish Bonds	15,090	15,090	14,562	528
Total		198,733	170,157	28,576

(*) The discount created will be recognized as a finance cost across the remaining maturity of the debentures, according to the effective interest rate method.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 16 - DEBENTURES AT AMORTISED COST (cont.)

New debentures following the conclusion of the restructuring plan (cont.)

Following the disposal of several asset by the Company (refer to notes 26(D) and 26(E), the Company has repaid principal to Bondholders a total net amount of EUR 12.1 million, representing 75% of the total proceeds obtained of asset disposal. The Company also repaid all outstanding net interest accrued on the Debentures in the amount of EUR 13.8 million. The payment of Interest was done also on account of the first six days of 2015 and therefore an amount of EUR 0.2 million is presented as part of prepaid expenses.

Following the above, refer to the below table for the movement in the carrying amount of the debentures between December 10, 2014 and December 31, 2014:

	Fair value As at December 10, 2014	Amortization Of discount in 2014	Repayment Of principal	Forex and inflation	Carrying Amount as at December 31, 2014 (*)
Series A Debentures	54,119	216	(2,615)	1,537	53,257
Series B Debentures	101,476	488	(8,406)	2,820	96,378
Polish Debentures	14,562	55	(1,036)	(354)	13,227
Total	170,157	759	(12,057)	4,003	162,862

(*) Carrying amount as at December 31, 2014 is composed of EUR 191,545 thousands net debentures obligation and EUR 28,683 thousands of discount outstanding.

As a result of the restructuring plan, new interest rates and maturities were applied to the debentures as follows:

	Interest rate		Principal final maturity	
	Before	After	Before	After (*)
Series A Debentures	4.5%+ CPI	6%+ CPI	2017	2019
Series B Debentures	5.4%+ CPI	6.9%+ CPI	2015	2018
Polish Debentures	4.5%+ 6M WIBOR	6%+ 6M WIBOR	2013	2017

(*) Principal payment is subjected to the 75% mandatory prepayment (refer to note 30(A). Also, if until December 1, 2016 the Company manages to repay NIS 434 million (EUR 92 million) of the Unsecured Debt, then the remaining principal payments shall be deferred for an additional year.

Both new NIS series of debentures are rated BBB- as of the date of approval of these financial statements.

Bonds issued in Poland

In November 2010, the Company completed a bond offering to Polish institutional investors. The Company raised a total of PLN 60 million (approximately EUR 15.2 million). Following the completion of the restructuring plan (refer also to note 26(A)), the terms and conditions of the bonds were changed, as described above. As also discussed above, additional PLN 2.8 million of par value was issued to Polish investors following the conclusion of the restructuring plan. Refer also to table 4 above for the determination of fair value of the new Polish bonds.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 17- RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes recognized are attributable to the following items:

Assets/(liabilities) 2014	December 31, 2013	Recognized in Profit or loss 2014	December 31, 2014
Property, equipment and other assets	(379)	1,300	921
Debentures and structures at fair value through profit or loss	(9,248)	1,914	(7,334)
Tax value of loss carry-forwards recognized (*)	9,248	(1,914)	7,334
Deferred tax liability, net	(379)	1,300	921

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

Assets/(liabilities) 2013	December 31, 2012 restated (1)	Recognized in Profit or loss	Recognized in comprehensive income	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)	6,367	184	(379)

(1) Restated due to Retrospective application.

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of tax losses in a total amount of EUR 135,580 thousands (2013: EUR 90,043 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, 2014 the expiry date status of tax losses to be carried forward is as follows:

Total tax losses carried forward	**2015**	**2016**	**2017**	**2018**	**2019**	**After 2019**
164,915	23,960	6,797	7,549	14,484	25,800	86,325

Tax losses are mainly generated from operations in 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.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 18 - EQUITY

	Remarks	December 31, 2014	December 31, 2013
		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	297,186,138
Issuance of shares in respect of right issuance	See (1) below	282,326,830	-
Issuance of shares to bondholders	See (2) below	106,047,307	-
At the end of the year		685,560,275	297,186,138

(1) Right issuance - as part of the implementation of the restructuring plan, certain shareholders participated in a right issuance process, following of which EUR 20 million were injected to the Company, and the Company has issued a total of 282,326,830 shares to these shareholders for a share price 0.0675 EUR per share. The premium resulted from the share issuance in a total amount of EUR 16.2 million was attributed to share premium. Legal, prospectus related, and other expenses associated with the issuance of shares in a total amount of EUR 1.6 million was also attributed to share premium. For more details on the right issuance process refer to note 26(A).

(2) Issuance of shares to bondholders - as part of the implementation of the restructuring plan, a total of 106,047,307 shares were issued to the debentures holders, for which the bondholders have paid the par value of the shares. As a result of the above, a total deemed premium of EUR 6.2 million was contributed to the share premium of the entity, based on the market value of the shares granted at the closing of the day of trading December 10, 2014.

As a result of the abovementioned two processes, the holding rate of EI in the Company was reduced from 62.25% to 44.9%.

Share based payment reserve

Other capital reserve is in respect of Employee Share Option Plans ("ESOP") in the total amount of EUR 35,520 thousands as of December 31, 2014 (2013 – EUR 35,313 thousands).

Translation reserve

The translation reserve comprises, as of December 31, 2014, all foreign exchange differences arising from the translation of the financial statements of foreign operations in India.

Dividend policy

The Company shall not make any dividend distributions, unless (i) at least 75% of the Unpaid Principal Balance of the Debentures (EUR 199 million) has been repaid and the Coverage Ratio on the last Examination Date prior to such Distribution is not less than 150% following such Distribution, or (ii) a Majority of the Plan Creditors consents to the proposed Distribution.

Notwithstanding the aforesaid, in the event an additional capital injection of at least EUR 20 million occurs, then after one year following the date of the additional capital injection, no restrictions other than those under the applicable law shall apply to dividend distributions in an aggregate amount up to 50% of such additional capital injection.

NOTE 19 - EARNINGS PER SHARE

The calculation of basic earnings per share ("EPS") at December 31, 2014 was based on the loss attributable to ordinary shareholders of EUR 119,687 thousand (2013: loss of EUR 218,073 thousand) and a weighted average number of ordinary shares outstanding of 309,955 thousand (2013: 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.

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,**	
	2014	**2013**
Issued ordinary shares at 1 January	297,186	297,186
Issuance of shares due to restructuring plan	12,769	-
Weighted average number of ordinary shares at 31 December	309,955	297,186

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,**	
	2014	**2013**
Weighted average number of ordinary shares (basic)	309,955	297,186
Effect of share options on issue	-	-
Weighted average number of ordinary shares (diluted) at 31 December	309,955	297,186

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.

NOTE 20 - RENTAL INCOME

a. Continuing operations (rental)

	For the year ended December 31,	
	2014	2013
Rental income from operating shopping centers (1)	21,343	22,480
Other rental income (2)	769	1,198
Total	**22,112**	**23,678**

(1) As of the end of 2014 there are five operating shopping centers presented as part of trading properties, 2013 – six), following the sale Kragujevac shopping center in September 2014 (refer to note 26(D)).

(2) 2014 – Small scale rental fees charged on plots held by the Group (2013 - Composed mainly from rental income generated by the Investment property Prague 3 (disposed in July 2013) in the amount of EUR 0.7 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 centers)

Revenue from operation of entertainment centers is attributed to a subsidiary of the Company known as as "Fantasy Park" which provided gaming and entertainment services in operating shopping centers. As of December 31, 2014, these subsidiaries operate in one shopping centre held by the group (December 31, 2013 – in four shopping centers).

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 21 - COST OF OPERATIONS

a. Continuing operations (cost of operations)

	For the year ended December 31, 2014	2013
Operating shopping centers (1)	7,669	8,187
Other cost of operations (2)	822	1,221
Total	**8,491**	**9,408**

(1) Refer to note 20 above.
(2) 2014 - Attributed to small scale costs on plots held by the Group (2013- Composed mainly from costs generated by the Investment property Prague 3 (disposed in July 2013) in the amount of EUR 0.3 million). The rest of the cost is attributed to small scale costs on plots held by the Group.

b. Continuing operations (entertainment centers)

Refer also to note 20 (b) above. The costs are inclusive of management of the operation of the entertainment centers, as well as utility, rent and spent material associated with the operation of the entertainment centers.

NOTE 22 - ADMINISTRATIVE EXPENSES AND RESTRUCTURING COSTS

a. Administrative expenses, excluding restructuring costs

	For the year ended December 31, 2014	2013
Salaries and related expenses	3,594	4,522
Professional services	2,961	3,743
Offices and office rent	281	445
Travelling and accommodation	266	180
Depreciation and amortization	133	382
Others	199	163
Total	**7,434**	**9,435**

b. Restructuring costs

The Company incurred restructuring cost as a result of the restructuring process completion during 2013 and 2014 (refer to note 26(A)).

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 23 - OTHER INCOME AND OTHER EXPENSES

	For the year ended December 31,	
	2014	2013
Gain from selling property and equipment	-	23
Income from insurance company (refer to note 26 (G))	2,287	-
Other income	197	390
Total other income	2,484	413
Impairment of Kochi advance	-	(4,321)
Impairments of other assets (1)	(1,014)	(2,548)
Loss from selling turbines, airplane and other	(852)	-
Change in fair value of investment property (2)	-	(4,267)
Other expenses related to plots sold	(641)	(332)
Total other expenses	(2,507)	11,468
Other expense, net	(23)	(11,055)

(1) 2014 – Including impairment of Palazzo Du Calle office building in Romania in the amount of EUR 0.7 million. 2013 - Mainly due to assets associated with trading properties in Romania (Targu Mures and BAS).

(2) 2013 – Due to the impairment of the Prague 3 asset sold in July 2013.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 24 - NET FINANCE INCOME (COSTS)

	For the year ended December 31,	
Recognized in profit or loss	2014	2013
Gain from settlement of bank debt (refer to note 26(F))	622	-
Finance income from hedging activities through sale of options	217	-
Foreign exchange gain on bank deposits, bank loans	202	17
Interest income on bank deposits	69	119
Finance income from held for trading financial assets	80	956
Changes in fair value of derivatives	-	93
Interest from loans to related parties	73	103
Finance income	**1,263**	**1,288**
Interest expense on debentures (including CPI)	(5,325)	(9,580)
Interest expense on bank loans	(9,557)	(10,732)
Changes of fair value in debentures measured at fair value through profit or loss (1)	(21,290)	(13,185)
Loss from reissuance of bonds	-	(5,707)
Finance costs from hedging activities through sale of options	-	(2,364)
Foreign exchange losses on debentures	(469)	(5,352)
Other finance expenses	(199)	(242)
	(36,840)	(47,162)
Less- borrowing costs capitalized to trading properties under development	-	6,530
Finance costs	**(35,577)**	**(40,632)**
Net finance costs	**(35,577)**	**(39,344)**

(1) **Credit risk of the entity couldn't be reliably measure in 2014, as the Company started the year at a state of default in her payments, and no reliable cash flow projection could have been measured. In 2013** The change in fair value includes a total of EUR 4 million attributable to the credit risk of the Company.

NOTE 25 - TAXES

<u>Tax recognized in profit or loss</u>

	For the year ended December 31,	
	2014	2013
Current year	(18)	(295)
Deferred tax benefit (refer to note 17)	1,300	6,551
Total	**1,282**	**6,256**

<u>Deferred tax expense (tax benefit)</u>

	For the year ended December 31,	
	2014	2013
Origination and reversal of temporary differences	1,300	6,551

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 25 - TAXES (Cont.)

Reconciliation of effective tax rate:

	%	For the year ended December 31, 2014	2013
Dutch statutory income tax rate		25%	25%
Loss from continuing operations before income taxes		(120,969)	(224,394)
Tax at the Dutch statutory income tax rate	25%	(30,242)	(56,098)
Recognition of previously unrecognized tax losses		(981)	-
Effect of tax rates in foreign jurisdictions		6,356	19,607
Current year tax loss for which no deferred tax asset is provided (1)		18,695	26,854
Non-deductible expenses		4,890	3,381
Tax Expense (Tax benefit)		**(1,282)**	**(6,256)**

(1) 2013 and 2014 – Mainly due to impairments not recognized for tax purposes.

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.

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:

a. Motive Test, the investee company is not held as passive investment;
b. Tax Test, the investee company is taxed locally at an effective rate of at least 10% (calculated based on Dutch tax accounting standards);
c. 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 cess 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.

NOTE 25 - TAXES (Cont.)

India(cont.)

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.

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 cess of 3% if they were held for less than 36 months (in case of capital asset being shares 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 19.99% (on account of grossing up and including surcharge of 10% and cess 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. (In connection with the taxability of interest income, tax rates in the Indian domestic tax laws are more beneficial than those in the Tax Treaty in certain cases such as interest earned on foreign currency loans given between 1 June 2012 and 1 July 2017).

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.

NOTE 25 - TAXES (Cont.)

India(cont.)

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 , the proposed transaction with potential buyer (refer to note 29(A)) will not give rise to a capital gain on Cypriot level and hence, there would no impact of the above provisions for the Group.

NOTE 26 - SIGNIFICANT EVENTS

A. Restructuring plan

On November 14, 2013, the Company announced that its board of directors has concluded that the Company will withhold payment on the upcoming maturities of its bonds and approach its creditors with a restructuring plan. The restructuring plan was approved on June 26, 2014 by the vast majority of the creditors, and subsequently approved by the Court on July 9, 2014, becoming an irrevocable decision on July 21, 2014. The company announced publication of prospectus in respect of Rights offering on October 16, 2014. The Shareholders approved the rights offering on November 28, 2014 followed by capital injection of EUR 20 million by existing shareholders of the company on that date. All conditions precedent of the restructuring plan were fulfilled till November 30, 2014.

Actual first payment of both principal and interest to Debentures occurred on January 7, 2015, with the Company transferring all funds already effective December 23, 2014 to governing authorities.

The following are material commercial features of the restructuring plan:

- An injection of a EUR 20 million into the Company at a price per-share of EUR 0.0675, ("Equity Contribution", refer also to note 18)
- The Company issued to the holders of unsecured debt (i.e., outstanding debt under the Israeli Series A and B Notes and the Polish Notes) ("Unsecured Debt") 13.21% of the Company's shares (post Equity Contribution) for payment of par value of shares. Such shares issuance was distributed among the holders of Unsecured Debt pro rata to the relative share of each relevant creditor in the Deferred Debt ("Deferred Debt Ratio").

NOTE 26 - SIGNIFICANT EVENTS (cont)

- Each principal payment under the debentures due in the years 2013, 2014 and 2015 pursuant to the original terms of the debentures shall be deferred by exactly four and a half years and each principal payment due pursuant to the original terms of the debentures in subsequent years (i.e., 2016 and 2017) will be deferred by exactly one year.
  In the event that the Company does not succeed in prepaying an aggregate amount of at least NIS 434 million (EUR 92 million) of the principal of the debentures, excluding linkage differentials within a period of two years before 1 December 2016, then all principal payments under the debentures deferred in accordance with above, shall be advanced by one year (i.e., shall become due one year earlier).
- All unpaid interest accrued on the Israeli debentures and polish debentures until and including December 31, 2013 will be added to the principal and paid together with it.
- As of 1 January 2014, the annual interest rate of the Unsecured Debt shall be increased by 1.5%.
- The Company paid to the holders of the Unsecured Debt an amount of EUR 13.8 million of 2014 interest payments.
- The Company, its directors and officers and its controlling shareholder are fully released from claims.
- The net cash flow received by the Company following an exit or raising new FI (except if taken for the purpose of purchase, investment or development of real estate asset) or refinancing of REA's after the full repayment of the asset's related debt that was realized or in respect of a loan paid in case of debt recycling (and in case where the exit occurred in the subsidiary – amounts required to repay liabilities to the creditors of that subsidiary) and direct expenses in respect of the asset (any sale and tax costs, as incurred) , will be used for repayment of the accumulated interest till that date in all of the series (in case of an exit which is not one of the four shopping centers only 50% of the interest) and 75% of the remaining cash (following the interest payment) will be used for an early repayment of the close principal payments for each of the series (A, B, Polish) each in accordance with its relative share in the deferred debt. Such prepayment will be real repayment and not in bond purchase.
- The restructuring plan also includes, inter alia: (i) certain limitations on distribution of dividends, actual investments and incurring of new indebtedness (refer to note 18); (ii) negative pledge on direct and indirect holdings of the Company on real estate assets; (iii) financial covenants and undertakings of the Company with respect to the sale and financing of certain projects and investment in new projects and to note 26(h) below); (iv) compliance with financial covenants CRC and MCRC and (v) commitment to publish quarterly financial statements as long as the Unsecured Debt is outstanding.

NOTE 26 - SIGNIFICANT EVENTS (cont)

B. Update in respect of the Bangalore and Chennai projects

Bangalore

In March, 2008 EPI entered into an amended and reinstated share subscription and framework agreement (the "Amended Framework Agreement"), with a third party (the "Partner"), and a wholly owned Indian subsidiary of EPI which was designated for this purpose ("SPV"), to acquire, through the SPV, up to 440 acres of land in Bangalore, India (the "Project") in certain phases as set forth in the Amended Framework Agreement. As of December 31, 2014, the Partner has surrendered land transfer deeds in favor of the SPV to an escrow agent nominated by the parties for approximately 54 acres for a total aggregate consideration of approximately INR 2,843 million (EUR 40 million), and upon the actual transfer of the title, the Partner will be entitled to receive 50% of the shareholdings in the SPV. The abovementioned amounts are presented in the statement of financial position as of December 31, 2014 and 2013 as equity accounted investees.

In addition, the SPV paid to the Partner advances of approximately INR 2,536 million (EUR 35 million) on account of future acquisitions by the SPV of a further 51.6 acres. Such amount is presented in the statement of financial position as of December 31, 2014 and 2013 as part of the equity accounted investees (refer to note 19).

On July 22, 2010, a new set of arrangements was entered into between, EPI, the SPV and the Partner (the "New Framework Agreement" as defined above), according to which EPI will remain the holder of 100% of the shareholdings and the voting rights in the SPV and the scope of the Project will be decreased to 165 acres. The net proceeds from the Project will be distributed in a manner by which the Group's share will be approximately 70% until such time that EPI's investment in the amount of INR 5,780 million (approximately EUR 75 million) ("EPI's Investment") plus an internal return rate of 20% per annum calculated from September 30, 2009 ("IRR") is paid to the SPV (the "Discharge Date"). Following the Discharge Date, EPI will not be entitled to receive any additional profits from the Project and it will transfer to the Partner the entire shareholdings in the SPV for no consideration. In addition, the Partner has a call option, subject to applicable law and regulations, to acquire the entire shareholdings of the SPV, at any time, in consideration for EPI's Investment plus the IRR calculated on the relevant date of acquisition.

The New Framework Agreement will enter into full force and effect upon execution of certain ancillary agreements as set forth therein. As of December 31, 2014 these ancillary agreements were not yet executed.

On December 31, 2014, a valuation was prepared by an independent appraiser who valued the project in two methods: residual method and comparable method. The valuation according to the residual method was performed in accordance with the New Framework Agreement, for 163 Acres and under the assumptions of developing a residential project. The comparable method was performed in accordance with the current land holdings, held by the SPV (i.e.:54 acres) which were compared to other assets in the close neighbourhood.

As for December 31, 2013 and 2014 due fact that the New Framework Agreement did not enter into effect and due to the uncertainty to develop the project in the foreseeable future with the partner according to the New Framework Agreement, the Group measured the net realizable value of the project according to the comparable method. As a result On December 31, 2013, the SPV has write down trading properties and advances on account of trading properties in the amount of EUR 31 million. Such writes down were included in the Company's profit and loss account for 2013 as share in losses of an associated.

NOTE 26 - SIGNIFICANT EVENTS (cont)

Chennai

In December 2007, EPI executed agreements for the establishment of a special purpose vehicle ("Chennai Project SPV") together with one of the leading real estate developers in Chennai ("Local Partner"). Subject to the fulfillment of certain conditions, the Chennai Project SPV undertook to acquire the ownership and development rights in and up to 135 acres of land situated in the Sipcot Hi-Tech Park in the Siruseri District of Chennai, India. Due to changes in market conditions, EPI and Chennai Project SPV later decided to limit the extent of the project to 83.4 acres.

Under these agreements, EPI holds 80% of the equity and voting rights in the Chennai Project SPV, while the Local Partner will retain the remaining 20%. The project land is to be acquired by the SPV in stages subject to such land complying with certain regulatory requirements and the due diligence requirements of EPI. Through December 31, 2014 the Chennai Project SPV has completed the purchase of approximately 75 acres out of the total 83.4 acres for consideration of a total of INR 2,367 million (EUR 31 million) (EPI share). In addition, as of December 31, 2014, EPI paid advances in the amount of INR 564 million (EUR 7 million) in order to secure acquisition of an additional 8.4 acres.

The parties have entered into a shareholders' agreement in respect of the management of the Chennai Project SPV, which provides, among other matters, for a five member board of directors, with one member appointed by the Seller for so long as it maintains a 10% holding in the Chennai Project SPV and four members appointed by EPI. The shareholders' agreement also includes pre-emptive rights and certain restrictions pertaining to transferring of securities in the Chennai Project SPV. Profit distributions declared by the Chennai Project SPV will be distributed in accordance with the parties' proportionate shareholdings, subject to EPI's entitlement to receive certain preferential payments out of the Chennai Project SPV's cash flow, as determined in the agreements.

EPI intends to make certain changes in the project's implementation plan, and in this respect the Chennai Project SPV signed a memorandum of understanding with a local developer for the joint development of the project ("JD Transaction" and "MOU", respectively). On the basis of the MOU, the parties to the JD Transaction have finalized the terms and conditions of the definitive Joint Development Agreement, and they intend to execute the JD Transaction upon fulfillment of a certain condition precedent.

On 12 December 2014, the Local Partner filed a request with the Chennai court for a stay order against, inter alia, the directors of the Chennai Project SPV, ordering them not to make any disposition with respect to the land property. A temporary stay order was granted by the court, and immediately thereafter, EPI filed a request for a removal of the stay order. The court set a date for a hearing on this case on 16 March 2015.

C. Additional impairments

For additional impairments information refer to note 7.

NOTE 26 - SIGNIFICANT EVENTS (cont)

D. Disposal of shopping centre in Kragujevac, Serbia

Effective beginning September 2014 the Company disposed of its shopping and entertainment centre, Kragujevac Plaza in Serbia according to an asset value for EUR 38.6 million, in line with the asset's book value. Following the repayment of related bank debt of circa EUR 28.2 million, the Company received (post balance sheet date) net cash from the disposal of circa EUR 10.4 million.

Restricted cash linked to the bank debt and other working capital balances of circa EUR 2 million were also released following the transaction. The Company recorded a loss of EUR 0.6 million from the transaction, relating mainly to write down of receivables and bank loan break fees.

75% of the net cash proceeds was distributed to the Company's bondholders in the fourth quarter of this year as an early repayment of the bonds, in line with the Company stated restructuring plan.

E. Disposal of plots in Romania

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

In addition, On December 1, 2014 the Company completed the selling of its 41,000 sqm site in Hunedoara, Romania to a third party developer for a consideration of EUR 1.2 million. No profit or loss was recorded as a result of this transaction.

In line with the Company stated restructuring plan, 75% of the net cash proceeds from both transactions was distributed to the Company's bondholders in the fourth quarter of this year as an early repayment of the bonds.

F. Sale of airplane and turbines

On February 25, 2014 the Company disposed of its corporate jet for a total consideration of USD 1.9 million (EUR 1.4 million) and recorded a loss of EUR 0.1 million. The proceeds from the disposal were used to partially repay the bank facility taken for the purchase of the airplane, and the Company also paid later on (after reaching a settlement with the airplane financing bank) an amount of EUR 0.8 million. This settlement generated a gain of EUR 0.6 million in the Company's books, recorded as part of finance income.

In March 2014 the Casa Radio's project company disposed of the turbines held in respect of the Casa Radio project (and included as part of the trading property) for a total net consideration of EUR 2.6 million. A loss of EUR 0.6 million was recorded from this transaction, recorded as part of other expenses.

G. Receiving of insurance claim India

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

NOTE 26 - SIGNIFICANT EVENTS (cont)

H. Update on covenants

In respect of covenants update on bank facilities, refer to note 11.

In respect of the CRC, as defined in the restructuring plan, as of December 31, 2014 the CRC was 144%, in comparison with 118% minimum ratio required.

I. Treasury bond held

As of December 31, 2014, the Company holds through its wholly owned subsidiary 15.2 million NIS par value bonds in series B debentures (adjusted par value of NIS 17.8 million (EUR 3.8 million).

J. Termination of Joint venture agreement in Romania

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

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

NOTE 27 - 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 seven directors. In July 2014 four directors (including the CEO) were replaced by five new directors. The annual remuneration of the directors and the CEO in 2014 amounted to EUR 1 million (2013 – EUR 0.9 million) and the annual share based payments expenses amounted to EUR 20 thousands (2013- EUR 0.1 million). There was no change in the number of Company options granted to key personnel in 2014. There are no other benefits granted to directors or CEO. Information about related party balances as of December 31, 2014 and 2013 refer to note 13.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 27 - RELATED PARTY TRANSACTIONS (cont.)

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,	
	2014	**2013**
Income		
Interest on balances with EI	-	139
Costs and expenses		
Recharges - EI and EUL	194	233
Executive director (1)	115	222
Project management provision and charges - Control Centers group (2)	-	327
Lease agreement on plot in Bucharest	60	60

(1) The Executive director, who is also the former controlling shareholder of the ultimate parent company, was receiving an annual salary of USD 300 thousand, until July 2014.

(2) Control Centers was a company owned by the former ultimate shareholder of the Company. Control Centers group costs were capitalized to the relevant trading property.

(3) The Company signed in 2007 a 49 years lease agreement with a subsidiary of EI for a monthly fees of EUR 5 thousands on a plot located in Bucharest, Romania. Refer also to note 29(c) regarding the selling of lease rights.

As of December 31, 2014 the Company identified York Capital Management Global Advisors, LLC ("York") and Davidson Kempner Capital Management LLC ("DK") as the Company related parties.

DK holds 26.3% of the Company's outstanding shares of the Company as of the reporting date, following the finalization of the Restructuring plan. DK has no outstanding balance as of the reporting date with any of the Group companies. There were no transactions with DK in the reporting period.

York is the main shareholder in EI, holding 19.8% of the outstanding shares of EI, and also has a direct holding of 3.6% in the Company shares. York is also holding (as of December 31, 2014) 17.0% of debentures series A of the Company and 29.6% of debentures series B of the Company.

In total, York is holding, as of December 31, 2014, 23.4% out of the total debentures debt of the Company. York has no outstanding balance as of the reporting date with any of the Group companies. There were no transactions with York in the reporting period.

NOTE 28 - OPERATING SEGMENTS

The Group comprises the following main reportable geographical segments: CEE and India. None of the Group's tenants is accounting for more than 10% of the total revenue. Also, no revenue is derived in the Netherlands, where the Company is domiciled. The Group's CEO reviews the internal management reports of each segment at least quarterly. 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. Refer to note 7 for further detail by property on carrying amounts of Trading Properties and note 11 for detail on project secured bank loans by property.

Year ended December 31, 2014:

	Central & Eastern Europe	India	Total
Total revenues (1)	61,509	916	23,825
Operating loss by segment (2)	(71,068)	(11,736)	(82,804)
Net finance costs	(5,848)	(3,160)	(9,008)
Other expenses, net	(2,507)	2,484	(23)
Share in results of equity-accounted investees	2,319	(2,365)	(46)
Reportable segment loss before tax (2)	(77,104)	(14,777)	(91,881)
Less - unallocated general and administrative expenses (Dutch corporate level costs)			(5,963)
Gain from restructuring plan			3,443
Unallocated finance costs (Dutch corporate level- mainly debentures finance cost)			(26,568)
Loss before income taxes			(120,969)
Tax benefit			1,282
Loss for the year			(119,687)
Assets and liabilities as at December 31, 2014			
Total segment assets (3)	362,910	62,584	425,494
Unallocated assets (Mainly Cash and other financial instruments held on Dutch level)			40,603
Total assets			466,097
Segment liabilities	153,547	29,523	183,070
Unallocated liabilities (Mainly debentures)			163,454
Total liabilities			346,524

(1) Out of which EUR 38.6 million is due to Kragujevac disposal (refer to note 26(d) and EUR 15.9 million is attributed to Poland.

(2) Central Eastern Europe – including EUR 77.4 million of impairments and EUR 4.1 million of loss from selling of Bas equity accounted investees (refer to note 26 (J)). India – including EUR 12 million of impairments.

(3) Refer to note 7 for the breakdown of Trading properties assets by location.

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION IN '000 EUR

NOTE 28 - OPERATING SEGMENT (cont.)

Year ended December 31, 2013:

	Central & Eastern Europe	India	Total
Total revenues (1)	26,340	683	27,023
Operating loss by segment (2)	(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 (2)	(103,596)	(86,276)	(189,872)
Less - unallocated general and administrative expenses (Dutch corporate level costs).			(5,090)
Unallocated other expenses (Dutch corporate level)			-
Unallocated finance costs (Dutch corporate level- mainly debentures finance cost)			(29,432)
Loss before income taxes			(224,394)
Tax benefit			6,256
Discontinued operations US			65
Loss for the year			(218,073)
Assets and liabilities as at December 31, 2013			
Total segment assets (3)	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) Out of which EUR 16.6 million is attributed to Poland
(2) Central Eastern Europe – including EUR 109 million of impairments. India – including EUR 76 million of impairments.
(3) Refer to note 7 for the breakdown of Trading Property assets by location.

NOTE 29 – EVENTS AFTER THE REPORTING PERIOD

A. **Koregaon park shopping center in Pune, India**

As described in note 14, a total amount of INR 300 million (EUR 3.9 million) were collected in respect of the selling of the shopping centre. Additional INR 100 million (EUR 1.3 million) of advances were collected in the first quarter of 2015.

In respect of one of the advances provided in 2013 and 2014 in the amount of INR 200 million (EUR 2.6 million), the Company has reached a settlement in February 2015 with the potential buyer to settle the liability, in view of the cancellation of the signed pre-agreements, to refund the potential buyer with INR 150 (EUR 1.9 million) of advances received. The Company will record a gain of INR 50 million (EUR 0.6 million) as a result of this settlement.

The Company has also signed preliminary non-binding agreements with another Indian based developer for the selling of the shopping centre, and collected an additional INR 200 million (EUR 2.6 million) of advances in 2014 and 2015. The agreement is still subjected to several conditions to be met, and the Company cannot estimate, as of the date of signing on these reports, when it will be able to conclude the selling transaction.

B. **Call option strategy activity in 2015 and movements in NIS rate with the EUR**

In the course of the first quarter of 2015, The Company wrote EUR/NIS call option on an amount of EUR 15 million and rolled over other call option on an amount of EUR 25 million, with a strike price range between 4.30 and 4.38 NIS, and collected EUR 1.0 million in cash as premium.

In the course of the first quarter of 2015, and up and until the approval date of these financial statements, NIS appraised against the EUR by circa 11%, thus resulting (after taking into account impact of changes in Israeli CPI) in an increase of the NIS denominated debentures liability in an amount of circa EUR 17 million.

C. **Selling of leasehold rights in Romania**

On March 13, 2015, one of the Company's subsidiaries in Romania, having a 49 years leasehold rights over a plot in Bucharest, Romania ("Property" and "Rights", respectively), signed a pre-agreement for waiving its Rights for a certain consideration to be further agreed with the owner of the Property (a subsidiary of EI) and approved by the relevant organs of these entities. The mentioned pre-agreement was signed as part of a sale transaction between the owner of the Property to a certain third party and it is subject to fulfillment of certain conditions precedent and approval by the relevant organs of the Company.

D. **Debt repayment call due to bank finance debt in Poland**

On March 5, 2015, the Company and its subsidiary ("Zgorzelec") received a debt repayment call from the financing bank of the Zgorzelec active shopping centre (refer to note 11), for an immediate repayment of EUR 22.4 million of the mostly non-recourse debt (principal and interest). The Company is in discussions with the financing bank on signing new facility. The Zgorzelec shopping center asset was valuated at EUR 13.5 million, as at December 31, 2014.