

Plaza Centers N.V.
Condensed Consolidated Interim Financial Information
June 30, 2015

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Independent Auditors' Report on Review of Interim Financial Information

Board of Directors
Plaza Centers N.V.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Plaza Centers N.V. ("the Company") as at June 30, 2015, the condensed consolidated statements of profit or loss and comprehensive income and the statement of changes in equity and cash flows for the six and three month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the EU. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2015 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the EU.

Budapest, August 18, 2015

KPMG Hungária Kft.





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

	Note	June 30,	December 31,
		2015	2014
		€ '000	€ '000
		Unaudited	Audited
ASSETS			
Cash and cash equivalents		33,025	33,363
Restricted bank deposits		11,130	6,886
Held for trading financial assets		2,359	1,434
Trade receivables		2,038	2,719
Other receivables	10(d)	2,610	2,963
Prepayments and advances		328	767
Total current assets		51,490	48,132
Trading property		324,811	370,761
Equity accounted investees		38,814	36,108
Loan to equity accounted investees		5,570	6,121
Property and equipment		3,604	4,029
Related parties receivables	10(d)	2,770	-
Deferred taxes		696	921
Other non-current assets		29	25
Total non-current assets		376,294	417,965
Total assets		427,784	466,097
LIABILITIES AND SHAREHOLDERS' EQUITY			
Interest bearing loans from banks		33,040	37,885
Debentures at amortized cost	10(g)	6,999	-
Trade payables		875	1,893
Related parties liabilities		71	1,161
Derivatives		918	430
Other liabilities		6,788	13,175
Total current liabilities		48,691	54,544
Non-current liabilities			
Interest bearing loans from banks	10(a)	91,916	112,962
Debentures at amortized cost	10(g)	177,701	162,862
Provisions		15,597	15,597
Derivatives		425	559
Total non-current liabilities		285,639	291,980
Equity			
Share capital		6,856	6,856
Translation reserve		(26,919)	(36,699)
Capital reserve due to transaction with Non-controlling interests		(20,706)	(20,706)
Other reserves		35,340	35,340
Share premium		282,596	282,596
Retained losses		(184,479)	(148,486)
Equity attributable to owners of the Company		92,688	118,901
Non-controlling interests		766	672
Total equity		93,454	119,573
Total equity and liabilities		427,784	466,097

August 18, 2015

**Date of approval of the
financial statements**


Roy Linden
Chief Financial Officer


David Dekel
Director and Chairman of the
Audit Committee

The notes on pages 9 - 15 are an integral part of this condensed consolidated interim financial information.

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

	Note	For the three months ended June 30,		For the six months ended June 30,	
		2015	2014	2015	2014
		€'000	€'000	€'000	€'000
		Unaudited	Unaudited	Unaudited	Unaudited
<u>Continuing operations</u>					
Revenue from disposal of Trading Property	10(a)	34,684	-	34,684	-
Rental income		4,494	5,814	9,785	11,693
Revenues from entertainment centers		149	356	368	870
		<u>39,327</u>	<u>6,170</u>	<u>44,837</u>	<u>12,563</u>
Cost of Trading Property disposed	10(a)	(34,684)	-	(34,684)	-
Cost of operations		(1,638)	(1,998)	(3,545)	(4,033)
Cost of operations – entertainment centers		(171)	(658)	(486)	(1,198)
Loss from disposal of Trading property holding company	10(a)	(8,802)	-	(8,802)	-
Gross profit (loss)		<u>(5,968)</u>	<u>3,514</u>	<u>(2,680)</u>	<u>7,332</u>
Write-down of Trading Property	10(i)	(6,549)	(69,716)	(6,761)	(69,716)
Loss from disposal of equity accounted investees (holding undeveloped Trading Property)		-	(4,048)	-	(4,048)
Share in results of equity-accounted investees, net of tax		347	521	171	414
Administrative expenses, excluding restructuring costs	10(k)	(2,133)	(2,014)	(3,943)	(4,162)
Restructuring costs		-	(2,141)	-	(2,519)
Other income	10(d), 10(e)	4,607	2,336	6,567	2,336
Other expenses		(165)	(416)	(748)	(1,035)
Results from operating activities		<u>(9,861)</u>	<u>(71,964)</u>	<u>(7,394)</u>	<u>(71,398)</u>
Finance income	10(b),10(f)	2,377	205	3,794	211
Finance costs	10(g)	(10,802)	(14,693)	(32,140)	(27,486)
Net finance costs		<u>(8,425)</u>	<u>(14,488)</u>	<u>(28,346)</u>	<u>(27,275)</u>
Loss before income tax		<u>(18,286)</u>	<u>(86,452)</u>	<u>(35,740)</u>	<u>(98,673)</u>
Tax benefit (income tax expense)		(29)	116	(253)	113
Loss from continuing operations		<u>(18,315)</u>	<u>(86,336)</u>	<u>(35,993)</u>	<u>(98,560)</u>
<u>Discontinued operation</u>					
Profit (loss) from discontinued operation, net of tax		-	(7)	-	59
Loss for the period		<u>(18,315)</u>	<u>(86,343)</u>	<u>(35,993)</u>	<u>(98,501)</u>
Loss attributable to:					
Owners of the Company		(18,315)	(86,343)	(35,993)	(98,501)
Earnings per share					
Basic and diluted loss per share (in EURO)		(0.03)	(0.29)	(0.05)	(0.33)
Earnings per share – continuing operations					
Basic and diluted loss per share (in EURO)		(0.03)	(0.29)	(0.05)	(0.33)

The notes on pages 9 - 15 are an integral part of this condensed consolidated interim financial information.

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

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
	Unaudited	Unaudited	Unaudited	Unaudited
Loss for the period	(18,315)	(86,343)	(35,993)	(98,501)
Other comprehensive income				
<u>Items that are or may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation differences - foreign operations (trading properties) – reclassified to profit or loss (refer to note 10(a)).	6,516	-	6,516	-
Foreign currency translation differences - foreign operations (Equity accounted investees)	(1,654)	255	2,281	1,470
Foreign currency translation differences - foreign operations (trading properties)	-	207	1,077	604
Other comprehensive income (loss) for the period, net of income tax	4,862	462	9,874	2,074
Total comprehensive loss for the period, net of tax	(13,453)	(85,881)	(26,119)	(96,427)
Total comprehensive income (loss) attributable to:				
Owners of the Company	(13,453)	(85,885)	(26,213)	(96,452)
Non-controlling interests	-	4	94	25

The notes on pages 9 - 15 are an integral part of this condensed consolidated interim financial information.

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

	Attributable to owners of the Company								
	Share capital	Share Premium	Other capital reserves	Translation Reserve	Capital reserve from acquisition of non-controlling interests without a change in control	Retained losses	Total	Non- controlling interests – restated	Total equity
	€'000								
Balance at December 31, 2014 (audited)	6,856	282,596	35,340	(36,699)	(20,706)	(148,486)	118,901	672	119,573
Total comprehensive loss	-	-	-	9,780	-	(35,993)	(26,213)	94	(26,119)
Balance at June 30, 2015 (unaudited)	6,856	282,596	35,340	(26,919)	(20,706)	(184,479)	92,688	766	93,454
Balance at December 31, 2013 (audited)	2,972	261,773	35,133	(40,651)	(20,706)	(28,799)	209,722	606	210,328
Share based payment	-	-	124	-	-	-	124	-	124
Total comprehensive income (loss)	-	-	-	2,049	-	(98,501)	(96,452)	25	(96,427)
Balance at June 30, 2014 (unaudited)	2,972	261,773	35,257	(38,602)	(20,706)	(127,300)	113,394	631	114,025

The notes on pages 9 - 15 are an integral part of this condensed consolidated interim financial information.

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

	For the six months ended June 30,	
	2015	2014
	€'000	€'000
	Unaudited	Unaudited
Cash flows from operating activities		
Loss for the period	(35,993)	(98,501)
<u>Adjustments necessary to reflect cash flows used in operating activities:</u>		
Depreciation and impairment of property and equipment	267	153
Net finance costs	28,346	27,275
Loss on sale of property and equipment	-	109
Equity-settled share-based payment transaction	-	124
Share of profit of equity-accounted investees, net of tax	(171)	(414)
Income tax expense	253	(113)
	(7,298)	(71,367)
<u>Changes in:</u>		
Trade receivables	356	544
Other accounts receivable	(4,444)	1,684
Trading properties	29,587	71,922
Equity accounted investees – net investments	298	3,846
Trade payables	(614)	(618)
Other liabilities and related parties liabilities	(3,525)	2,843
	21,658	80,221
Interest received	49	293
Interest paid	(9,594)	(4,930)
Taxes paid	(28)	(111)
Net cash from operating activities	4,787	4,106
Cash flows from investing activities		
Purchase of property and equipment	(3)	(6)
Proceeds from sale of property and equipment	-	1,375
Purchase of held for trading marketable debt securities	(825)	-
Net cash from (used in) investing activities	(828)	1,369
Cash flows from financing activities		
Proceeds from hedging activities through sell of currency options (refer to note 10(f))	2,247	-
Right issuance prepayments	-	(202)
Changes in restricted cash	(4,440)	(364)
Repayment of interest bearing loans from banks	(2,333)	(4,169)
Net cash used in financing activities	(4,526)	(4,735)
Increase (decrease) in cash and cash equivalents	(567)	740
Cash and cash equivalents at 1 of January	33,363	26,157
Effect of exchange rate fluctuations on cash held	229	20
Cash and cash equivalents at 30 of June	33,025	26,917

The notes on pages 9 - 15 are an integral part of this condensed consolidated interim financial information.

Plaza Centers N.V.

Notes to the condensed consolidated interim financial information

1. Reporting entity

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

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. The Company regards Elbit Imaging Limited ("EI") as the ultimate parent company.

The condensed consolidated interim financial information of the Company as at June 30, 2015 and for the six months then ended comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in joint ventures.

The consolidated financial statements of the Group as at and for the year ended December 31, 2014 are available on the Company's website (www.plazacenters.com) and also upon request from the Company's registered office.

During the six months period ended June 30, 2015, no changes occurred in the Company's holdings, with the exceptions, as described in notes 10(a) and 10(b) of this report.

2. Basis of accounting

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU. It does not include all of the information required for a complete set of IFRS financial statements; and should be read in conjunction with the annual Consolidated Financial Statements of the Group as at and for the year ended December 31, 2014.

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2014.

This condensed consolidated interim financial information was authorized for issue by the Company's Board of Directors on August 18, 2015.

3. Use of judgements and estimates

In preparing this condensed consolidated interim financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were principally the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2014.

4. Significant accounting policies

Plaza Centers N.V.
Notes to the condensed consolidated interim financial information

The accounting policies applied by the Group in this condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2014.

5. Segment reporting

The Group comprises the following main geographical segments: CEE and India. The Group does not have reportable operating segments. In presenting information on the basis of geographical segments, segment revenue is based on the revenue resulting from either selling or operating of Trading Properties geographically located in the relevant segment. None of the Group's tenants is accounting for more than 10% of the total revenue. Also, no revenue is derived in the Netherlands, where the Company is domiciled. Data regarding the geographical analysis in the six months period ended June 30, 2015 and 2014 is as follows:

	Central & Eastern Europe €000'	India (1) €000'	Total €000'
	<u>Six months period ended June 30,</u>		
	<u>2015</u>		
Total revenues (2)	9,777	376	10,153
Operating profit (loss) by segment (3)	(601)	(10,657)	(11,258)
Net finance costs	(1,077)	(650)	(1,727)
Other income, net	3,919	1,900	5,819
Share in profit (loss) of equity-accounted investees	1,406	(1,235)	171
Reportable segment profit (loss) before tax	3,647	(10,642)	(6,995)
Less - unallocated general and administrative expenses			(2,126)
Less - unallocated finance costs			(26,619)
Loss before income taxes			(35,740)
Tax expense			(253)
Loss for the period			(35,993)

Assets and liabilities as at June 30, 2015

Total segment assets	349,960	26,993	376,953
Unallocated assets (Mainly Cash and other financial instruments held mainly on Dutch level)			50,831
Total assets			427,784
Segment liabilities	148,066	71	148,137
Unallocated liabilities (Mainly debentures)			186,193
Total liabilities			334,330

- (1) Including Koregaon Park (refer to note 10(a)).
(2) CEE- Out of which Poland – EUR 8.0 million.
(3) CEE- including impairment of EUR 5.2 million.

5. Segment reporting (cont.)

Plaza Centers N.V.
Notes to the condensed consolidated interim financial information

	Central & Eastern Europe €000'	India (1) €000'	Total €000'
	<u>Six months ended June 30, 2014</u>		
Total revenues (2)	11,988	575	12,563
Operating loss by segment (3)	(57,799)	(10,830)	(68,629)
Net finance costs	(2,983)	(1,668)	(4,651)
Other income (expenses), net	(1,035)	2,336	1,301
Share in results of equity-accounted investees	1,087	(673)	414
Reportable segment loss before tax	(60,730)	(10,835)	(71,565)
Less - unallocated general and administrative expenses			(1,965)
Restructuring cost			(2,519)
Discontinued operations			59
Less - unallocated finance costs			(22,624)
Loss before income taxes			(98,614)
Tax benefit			113
Loss for the period			(98,501)

Assets and liabilities as at June 30, 2014

Total segment assets	421,569	60,395	481,964
Unallocated assets (Mainly Cash and other financial instruments held mainly on Dutch corporate level)			37,535
Total assets			519,499
Segment liabilities	181,839	26,837	208,676
Unallocated liabilities (Mainly debentures)			196,798
Total liabilities			405,474

- (1) Including Koregaon Park (refer to note 10(a))
(2) CEE- Out of which Poland – EUR 7.7 million.
(3) CEE- including impairment of EUR 59.6 million.

6. Financial risk management

During the six months period ended June 30, 2015 there were no changes in the Group's financial risk management. Objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2014.

7. Financial instruments

Plaza Centers N.V.

Notes to the condensed consolidated interim financial information

a. carrying amounts and fair values

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

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

	Carrying amount		Fair value	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
	€000'			
<u>Statement of financial position</u>				
Debentures at amortized cost – Polish bonds	13,781	13,227	12,389	12,699
Debentures A at amortized cost – Israeli bonds	60,724	53,257	51,854	47,148
Debentures B at amortized cost – Israeli bonds	110,195	96,378	97,314	92,666

The total contractual liability of the Debentures was EUR 212 million as at June 30, 2015. In respect of most of other non-listed borrowings, as most financing facilities are backed by real estate assets, and they bear floating interest rate, the Company has a basis to believe that the fair value of non-listed borrowings approximates the carrying amount.

b. Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
	€000'			
<u>Assets</u>				
Held for trading financial assets	2,359	-	-	2,359
<u>Liabilities</u>				
IRS derivative	-	-	755	755
Currency option derivative	-	-	588	588

8. Income tax

The group calculates the period income tax using the tax rate that would be applicable to the expected total annual earnings.

The Group's consolidated effective tax rate in respect of continuing operations for the six months period ended June 30, 2015 was -1% (six months period ended June 30, 2014: 0%) .

Plaza Centers N.V.

Notes to the condensed consolidated interim financial information

9. Related parties

	June 30, 2015	December 31, 2014
	€000'	
<u>Statement of financial position</u>		
Trade and other payables	71	1,161
	For the three months period ended March 31,	
	2015	2014
	€000'	€000'
<u>Statement of profit or loss</u>		
Related parties – recharges from Elbit	(103)	-

10. Significant events during the period

a. Selling of the holding company of Koregaon park shopping center in Pune, India

On May 13, 2015, the Company signed an agreement to sell the holding company of Koregaon Park Plaza, the retail, entertainment and office scheme located in Pune, India for circa EUR 35 million (2,500 million INR). The net cash proceeds received (after repayment of the related bank loan (reclassified to short term), other liabilities and transaction costs) from the sale totalled EUR 7.4 million (525 million INR). In line with the Company stated restructuring plan, all the net cash proceeds from the transaction was retained within the Company.

The Company recorded a loss of EUR 6.5 million from this transaction due to exercise of foreign currency translation reserve accumulated relating to the subsidiary. Additional loss of EUR 2.3 million was recorded mainly due to impairment of related various receivables.

b. Selling of undeveloped plots in Romania

On June 24, 2015, the Company reached an agreement to sell its 46,500 sqm development site in Iasi, Romania in two separate transactions (one for the sale of 37,334 sqm and the other for the sale of 9,166 sqm), for a gross consideration of EUR 7.3 million. There was no bank debt secured against the property. No profit or loss was recorded as a result of the transaction, because of previous write-downs.

In May 2015, the Company concluded (through its 50.1% held Plaza Bas subsidiary) the sale of a circa 17,000 sqm plot in Brasov, Romania for a total consideration of EUR 330 thousands. No profit or loss resulted from this transaction, because of previous write-downs.

In June 2015 the Company concluded an additional sale (also through its 50.1% held Bas subsidiary) of an SPV holding circa 1,200 sqm plot in Ploiesti, Romania for a total consideration of EUR 240 thousands. The proceeds were used to repay a bank loan outstanding and no proceeds were obtained by the Group. A waiver was obtained for the remaining of the unpaid bank loan facility in a total amount of EUR 1.4 million and the Company recorded accordingly a gain, included as finance income in these reports.

In line with the Company stated restructuring plan, 75% of the net cash proceeds from the abovementioned transactions will be distributed to the Company's bondholders this year as an early repayment of the bonds.

10. Significant events during the period (cont.)

Plaza Centers N.V.

Notes to the condensed consolidated interim financial information

c. Selling of leasehold rights in Romania (Cina Plaza)

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 an amount of EUR 2.7 million consideration to be paid by the owner of the Property (a subsidiary of EI) subject to approval 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 fulfilment of certain conditions precedent and approval by the relevant organs of the Company.

d. Kochi project advance payment settlement

In November 2013 the Company exercised the corporate guarantee in the amount of EUR 4.3 million including the interest thereon up till such date (the "Reimbursement Payment") provided by EI to the Company in the frame of the Indian JV Agreement on the ground of EI's default to finalize and conclude the transfer of the Kochi Project Rights to the Indian JV Vehicle. Due to doubt about the recovery of the receivable, the Company has impaired the Reimbursement payment in its 2013 financial statements.

In June 2015 the Company reached an agreement with EI, based on the mentioned JV Agreement and its ancillary documents (including corporate guarantee issued by EI in favour of the Company), following of which EI was obliged to repay the Reimbursement amount in a few instalments until mid-2018. As a result of the agreement reached, the Company recorded a EUR 4.5 million gain, included as other income in the statement of profit and loss.

e. Advance settlement in Koregaon park shopping center in Pune, India

In respect of one of the advances provided in 2013 and 2014 to the sold SPV in Pune (refer to note 10(a)) 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 recorded a gain of INR 50 million (EUR 0.7 million) as a result of this settlement, included as part of other income in 2015 condensed interim statement of profit or loss.

f. Call option activity in 2015

The group has foreign currency exposure risk due to its NIS denominated debentures. The company sells call options to hedge its exposure to NIS debentures. As of balance sheet date the group sold EUR 55 million currency options with strike range of 4.22 to NIS 4.31. The expiry date July through August 2015 and the Company collected during the six months period premiums in the amount of EUR 2.2 million. Refer to note 7 for the fair value of the currency options as of June 30, 2015.

g. Movements in NIS rate versus the EUR

In the course of the first half of 2015 NIS strengthened against the EUR by circa 11%, resulting in recording of non-cash finance costs in the amount of circa EUR 17 million by the Group, which has NIS denominated debentures outstanding.

h. Bonds held in treasury

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Notes to the condensed consolidated interim financial information

As of June 30, 2015, the Company holds through its wholly owned subsidiary NIS 15.2 million par value of series B debentures (adjusted par value of NIS 17.7 million (EUR 4.2 million)).

i. Impairments in the period.

During the Course of the first six months of 2015 the Company recorded the following material impairments:

- 1) EUR 4.9 million impairment to its Liberec shopping center – following continued deterioration in the shopping centre’s performance and increased competition the company ordered a mid-year valuation update from its external valuator which triggered an impairment of EUR 4.9 million.
- 2) EUR 1.5 million impairment to its Koregaon Park asset – following SPV selling during the period (Refer to note 10(a)).

j. Update on covenants

In respect of the Coverage Ratio Covenant (“CRC”), as defined in the restructuring plan, as at June 30, 2015 the CRC was 123%, in comparison with 118% minimum ratio required.

As at the end of the reporting period, all of the group’s companies are in compliance with the entire loan covenants, with the exception of three bank facilities, for one of which, outstanding balance of EUR 20 million, the Company has a waiver valid until the expiry of the loan, and in respect of the other two facilities, totalling EUR 30 million, the Company negotiates with financial institutions for obtaining of waivers, on all outstanding breaches.

k. Key management personnel compensation

As a result of the termination of the services of the Group’s CEO, the CEO received his retirement entitlement. Accordingly, the Group has recognised an expense of EUR 400 thousand for the six months ended June 30, 2015 (six months ended June 30, 2014: nil).

11. Post balance sheet events

a. Call option strategy activity

After balance sheet date the group wrote additional EUR 75 million currency call options with strike of NIS 4.14 and NIS 4.21. The expiry dates is September through November 2015.

The Company collected premiums in the amount of EUR 1 million. Due to call options which expired in July and August (refer to note 10(f)) no cash outflow was required as a result of the expiry of the option.

b. Building permits obtained

In July 2015 the Company received the building permit to develop Timisoara Plaza, a circa 37,000 sqm GLA shopping and entertainment centre in Timisoara, western Romania. A binding financing offer has also been agreed with a commercial bank for circa 65% of the project cost.

Also in July 2015, the Company received the building permit to develop Belgrade Plaza (Visnjicka), a circa 32,000 sqm GLA shopping and entertainment centre in Belgrade, Serbia.