18 November 2015

PLAZA CENTERS N.V.

THIRD QUARTER INTERIM MANAGEMENT STATEMENT AND INTERIM FINANCIAL STATEMENTS

STABLE PERFORMANCE RECORDED IN CORE PORTFOLIO AND FURTHER STRATEGY PROGRESS

Plaza Centers N.V. (LSE:PLAZ) ("Plaza" / the "Company" / the "Group"), a leading emerging markets property developer, today announces its interim management statement relating to the period from 1 July 2015 to 30 September 2015 (the "Period") and unaudited interim financial information for the nine month period ended 30 September, 2015, together with an update on transactional activity to the date of this announcement.

Stable performance at core CEE shopping centres during the Period:

- Portfolio occupancy remained stable at 93.25% as of 30 September 2015, compared to 92% in Q3 2014.
    - Over 3,000 sqm of GLA is currently under final negotiations which, when completed, is expected to bring total portfolio occupancy to 95.5%.
    - At Torun Plaza, Poland, occupancy increased to 94% (2014: 92.5%), contributing to a slight turnover increase of 2.0% at the shopping centre compared to the same period last year.
    - In Riga Plaza Latvia, despite a decrease in occupancy to 96.5% (2014: 99.5%) as a result of a number of small retailers exiting the Latvian market, Riga Plaza recorded an 8.9% increase in turnover and a 3.7% increase in footfall, compared to the same period in 2014.
    - Occupancy at Suwalki Plaza, Poland, increased to 95.4% (2014: 92%) following lettings to eight new tenants, including KIK and Altero. With negotiations currently underway on the remaining five units, we expect to reach close to 100% occupancy at the centre in the near future. Suwalki Plaza continues to perform well with turnover up and a 4.5% increase in footfall, versus the third quarter in 2014.
    - Turnover and footfall at Zgorzelec Plaza, Poland, remained stable compared to the same period in 2014 despite the closure of a supermarket in April 2015, which led to a decrease in occupancy to 89% (2014: 95.2%). Following the closure, proactive negotiations were held with the remaining tenants, as a result of which the majority elected to continue trading in the centre.

- Turnover at Liberec Plaza, Czech Republic, increased by a significant 10.5%, despite occupancy decreasing slightly to 82.8% (2014: 84%), owing to lease expiries, and footfall being down by 3.73% against the third quarter in 2014.

Portfolio activity during the Period:

As announced on 29 September 2015, a wholly owned subsidiary of the Company was successful in a tender to buy the loan to the wholly owned holding and operating company for Liberec Plaza shopping and entertainment centre in the Czech Republic and the relevant agreement was signed on that date. The subsidiary acquired the €20.4 million bank loan, which was provided by two commercial banks, for €8.5 million, reflecting a 58% discount. The Company recorded a profit on the discount (circa €12 million) in its financial statements for the third quarter of 2015 and anticipates that the mall will deliver a net operating income of circa €850,000 in 2015, which would reflect a yield of approximately 10% on the loan purchase price.

On 10 September 2015, the Company announced the sale of Palazzo Ducale, an 823 sqm office building in Bucharest, Romania, for circa €1.1 million, consistent with the asset's last reported book value. In line with the Company's stated restructuring plan, 75% of the net cash proceeds from the sale were distributed to the Company's bondholders as an early repayment in late September 2015.

Supported by very strong tenant demand, construction of Belgrade Plaza (Visnjicka) also commenced during the Period, with demolition works on the existing site now complete and excavation and pile works now underway.

The current consolidated cash balance of the Company is circa €21 million, including approximately €5.9 million of restricted cash mainly held in the operating shopping centres, following interest and principal prepayment on 30 September 2015 of circa €10.4 million.

Further information can be found about the results for the nine months period ending on 30 September 2015 on the Company's website:
http://www.plazacenters.com/index.php?p=company_presentation

Appointment of a CEO:

On 22 September 2015, Plaza announced the resignation of the CEO, Mr. Akiva Azulay. The appointment of an experienced and able CEO is actively underway and the Company hopes to be able to make an announcement on this in the near future.

Roy Linden, Chief Financial Officer of Plaza Centers N.V., said:

"The third quarter has seen us produce another stable performance across our portfolio with some encouraging figures being recorded in our core shopping centres. Further progress has also been achieved on our strategy of focusing on the core Central and Eastern European markets, to drive value and growth for investors, following the disposal of Koregaon Park and a number of other non-core assets earlier in the year.

“As the result of the Liberec loan purchase and the €1.4 million bank loan forgiveness connected to a plot sold in Ploiest, Romania, a total financial gain of €13.3 million was recorded which has helped us to further deleverage the Company. The planned developments of Timisoara Plaza and Belgrade Plaza (Visnjicka) are advancing and, as we move towards the end of this financial year, we are confident that the Company is in a yet stronger position to deliver on our objectives.”

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Plaza Centers N.V. (www.plazacenters.com) is a leading emerging markets developer of shopping and entertainment centres with operations in Central and Eastern Europe and India. It focuses on constructing new centres and, where there is significant redevelopment potential, redeveloping existing centres in both capital cities and important regional centres. The Company is 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. (“EI”), an Israeli public company whose shares are traded on both the Tel Aviv Stock Exchange in Israel and the NASDAQ Global Market in the United States. It has been active in real estate development in emerging markets for over 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.

Plaza Centers N.V.

Condensed Consolidated Interim Financial Information

September 30, 2015

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

Scope of Review

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

Conclusion

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

Budapest, November 17, 2015

KPMG Hungária Kft.

Plaza Centers N.V.

Condensed consolidated interim statement of financial position

	Note	September 30, 2015 € '000 Unaudited	December 31, 2014 € '000 Audited
ASSETS			
Cash and cash equivalents		15,835	33,363
Restricted bank deposits		5,853	6,886
Held for trading financial assets		-	1,434
Trade receivables		1,809	2,719
Other receivables		1,688	2,963
Prepayments and advances		608	767
Total current assets		25,793	48,132
Trading property	10(a,b,c,k,n)	328,158	370,761
Equity accounted investees	10(o)	38,895	36,108
Loan to equity accounted investees		4,693	6,121
Property and equipment	10(f)	2,499	4,029
Related parties receivables	10(e)	2,737	-
Deferred taxes		651	921
Other non-current assets		-	25
Total non-current assets		377,633	417,965
Total assets		403,426	466,097
LIABILITIES AND SHAREHOLDERS' EQUITY			
Interest bearing loans from banks		32,365	37,885
Trade payables		961	1,893
Related parties liabilities		81	1,161
Derivatives		567	430
Other liabilities		5,811	13,175
Total current liabilities		39,785	54,544
Non-current liabilities			
Interest bearing loans from banks	10(a), 10(c)	71,167	112,962
Debentures at amortized cost	7(a), 10(i), 10(j)	174,607	162,862
Provisions		15,597	15,597
Derivatives		425	559
Total non-current liabilities		261,796	291,980
Equity			
Share capital		6,856	6,856
Translation reserve		(27,942)	(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		(175,065)	(148,486)
Equity attributable to owners of the Company		101,079	118,901
Non-controlling interests		766	672
Total equity		101,845	119,573
Total equity and liabilities		403,426	466,097

November 17, 2015		
Date of approval of the financial statements	**Roy Linden** **Chief Financial officer**	**David Dekel** **Director and Chairman of the Audit Committee**

The notes 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 September 30, 2015	For the three months ended September 30, 2014	For the nine months ended September 30, 2015	For the nine months ended September 30, 2014
		€ '000	€ '000	€ '000	€ '000
		Unaudited	Unaudited	Unaudited	Unaudited
Continuing operations					
Revenue from disposal of Trading Property	10(a)	-	38,600	34,684	38,600
Rental income		4,417	5,577	14,202	17,270
Revenues from entertainment centers		136	425	504	1,295
		4,553	44,602	49,390	57,165
Cost of Trading Property disposed	10(a)	-	(38,600)	(34,684)	(38,600)
Cost of operations		(1,511)	(2,219)	(5,056)	(6,252)
Cost of operations – entertainment centers		(145)	(383)	(631)	(1,581)
Loss from disposal of Trading property SPV	10(a)	-	-	(8,802)	-
Gross profit		2,897	3,400	217	10,732
Write-down of Trading Property	10(k)	(1,734)	-	(8,495)	(69,716)
Loss from disposal of trading property		-	(621)	-	(621)
Loss from disposal of equity accounted investees (holding undeveloped Trading Property)		-	-	-	(4,048)
Share in results of equity-accounted investees, net of tax		498	429	669	843
Administrative expenses, excluding restructuring costs	10(m)	(1,328)	(1,428)	(5,271)	(5,590)
Restructuring costs		-	99	-	(2,420)
Other income	10(e), 10(g)	331	-	6,898	2,336
Other expenses		-	(488)	(748)	(1,523)
Results from operating activities		664	1,391	(6,730)	(70,007)
Finance income	10(b),10(c)	16,629	163	20,423	374
Finance costs	10(i)	(7,780)	(3,093)	(39,920)	(30,579)
Net finance income (costs)		8,849	(2,930)	(19,497)	(30,205)
Profit (loss) before income tax		9,513	(1,539)	(26,227)	(100,212)
Tax benefit (income tax expense)		(99)	255	(352)	368
Profit (loss) from continuing operations		9,414	(1,284)	(26,579)	(99,844)
Discontinued operation					
Profit from discontinued operation, net of tax		-	19	-	78
Profit (loss) for the period		9,414	(1,265)	(26,579)	(99,766)
Profit (loss) attributable to:					
Owners of the Company		9,414	(1,265)	(26,579)	(99,766)
Earnings per share					
Basic and diluted profit (loss) per share (in EURO)		0.01	(0.00)	(0.04)	(0.34)
Earnings per share – continuing operations					
Basic and diluted profit (loss) per share (in EURO)		0.01	(0.00)	(0.04)	(0.34)

The notes 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 September 30,		For the nine months ended September 30,	
	2015	2014	2015	2014
	€ '000	€ '000	€ '000	€ '000
	Unaudited	Unaudited	Unaudited	Unaudited
Profit (loss) for the period	9,414	(1,265)	(26,579)	(99,766)
Other comprehensive income				
<u>Items that are or may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation differences - foreign operations (trading property) – reclassified to profit or loss (refer to note 10(a)).	-	-	6,516	-
Foreign currency translation differences - foreign operations (Equity accounted investees)	(1,023)	2,093	1,258	3,563
Foreign currency translation differences - foreign operations (trading property)	-	474	1,077	1,078
Other comprehensive income (loss) for the period, net of income tax	(1,023)	2,567	8,851	4,641
Total comprehensive income (loss) for the period, net of tax	8,391	1,302	(17,728)	(95,125)
Total comprehensive income (loss) attributable to:				
Owners of the Company	8,391	1,271	(17,822)	(95,181)
Non-controlling interests	-	31	94	56

The notes 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 income (loss)	-	-	-	8,757	-	(26,579)	(17,822)	94	(17,728)
Balance at September 30, 2015 (unaudited)	**6,856**	**282,596**	**35,340**	**(27,942)**	**(20,706)**	**(175,065)**	**101,079**	**766**	**101,845**
Balance at December 31, 2013 (audited)	2,972	261,773	35,133	(40,651)	(20,706)	(28,799)	209,722	606	210,328
Share based payment	-	-	175	-	-	-	175	-	175
Total comprehensive income (loss)	-	-	-	4,585	-	(99,766)	(95,181)	56	(95,125)
Balance at September 30, 2014 (unaudited)	**2,972**	**261,773**	**35,308**	**(36,066)**	**(20,706)**	**(128,565)**	**114,716**	**662**	**115,378**

The notes are an integral part of this condensed consolidated interim financial information.

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

	For the nine months ended September 30,	
	2015	**2014**
	€ '000	**€ '000**
	Unaudited	**Unaudited**
Cash flows from operating activities		
Loss for the period	(26,579)	(99,766)
Adjustments necessary to reflect cash flows used in operating activities:		
Depreciation and impairment of property and equipment	177	437
Net finance costs	19,497	30,205
Loss on sale of property and equipment	-	109
Equity-settled share-based payment transaction	-	175
Share of profit of equity-accounted investees, net of tax	(669)	(843)
Income tax expense	352	(368)
	(7,222)	(70,051)
Trade receivables	381	502
Other accounts receivable	(3,715)	1,924
Trading property	26,239	74,516
Equity accounted investees – net investments	526	5,146
Trade payables	(528)	(383)
Other liabilities and related parties liabilities	(4,219)	1,681
	18,684	83,386
Interest received	68	331
Interest paid	(13,883)	(6,528)
Taxes paid	(82)	(11)
Net cash from (used in) operating activities	(2,435)	7,127
Cash flows from investing activities		
Purchase of property and equipment	(3)	(76)
Proceeds from sale of property and equipment	1,198	1,375
Investment in short term deposits	-	(11,696)
Sale of held for trading marketable debt securities	2,227	-
Purchase of held for trading marketable debt securities	(825)	-
Net cash from (used in) investing activities	2,597	(10,397)
Cash flows from financing activities		
Cash outflow from hedging activities through sell of currency options (refer to note 10(h))	(342)	-
Rights issuance prepayments	-	(473)
Changes in restricted cash	866	(1,196)
Repayment of debentures at amortized cost	(6,585)	-
Repayment of interest bearing loans from banks	(11,901)	(4,909)
Net cash used in financing activities	(17,962)	(6,578)
Decrease in cash and cash equivalents	(17,800)	(9,848)
Cash and cash equivalents at 1 of January	33,363	26,157
Effect of exchange rate fluctuations on cash held	272	434
Cash and cash equivalents at 30 of September	**15,835**	**16,743**

The notes are an integral part of this 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 September 30, 2015 and for the nine 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 nine months period ended September 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 November 17, 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

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. Operating segments

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

	Central & Eastern Europe	India (1)	Total
	€ 000'	**€ 000'**	**€ 000'**
	Nine months period ended September 30, 2015		
Total revenues (2)	14,330	376	14,706
Operating profit (loss) by segment (3)	133	(10,669)	(10,536)
Net finance costs	(2,109)	(611)	(2,720)
Other income, net	4,250	1,900	6,150
Share in profit (loss) of equity-accounted investees	2,059	(1,390)	669
Reportable segment profit (loss) before tax	4,334	(10,771)	(6,437)
Less - unallocated general and administrative expenses			(3,013)
Less - unallocated finance costs			(16,777)
Loss before income taxes			(26,227)
Tax expense			(352)
Loss for the period			(26,579)
Assets and liabilities as at September 30, 2015			
Total segment assets	350,269	26,175	376,444
Unallocated assets (Mainly Cash and other financial instruments held mainly on Dutch level)			26,982
Total assets			403,426
Segment liabilities	126,268	64	126,332
Unallocated liabilities (Mainly debentures)			175,249
Total liabilities			301,581

(1) Including Koregaon Park (refer to note 10(a)).
(2) CEE- Out of which Poland – EUR 11.8 million.
(3) CEE- including write-down of EUR 7.0 million. India – loss of EUR 8.8 million from selling the shopping Center in Pune (refer to note 10(a)) and write-down of EUR 1.5 million (refer to note 10(k).

5. Segment reporting (cont.)

	Central & Eastern Europe **€ 000'**	India **€ 000'**	Total **€ 000'**
	Nine months ended September 30, 2014		
Total revenues (1)	17,829	736	18,565
Operating loss by segment (2)	(55,650)	(11,313)	(66,963)
Net finance costs	(4,039)	(2,389)	(6,428)
Other income (expenses), net	(1,523)	2,336	813
Share in results of equity-accounted investees	1,702	(859)	843
Reportable segment loss before tax (3)	(59,510)	(12,225)	(71,735)
Less - unallocated general and administrative expenses			(2,280)
Restructuring cost			(2,420)
Discontinued operations			78
Less - unallocated finance costs			(23,777)
Loss before income taxes			(100,134)
Tax benefit			368
Loss for the period			(99,766)
Assets and liabilities as at September 30, 2014			
Total segment assets	390,796	63,889	454,685
Unallocated assets (Mainly Cash and other financial instruments held mainly on Dutch corporate level)			39,250
Total assets			493,935
Segment liabilities	152,156	29,416	181,572
Unallocated liabilities (Mainly debentures)			196,985
Total liabilities			378,557

(1) Including Koregaon Park (refer to note 10(a))
(2) CEE- Out of which Poland – EUR 11.8 million.
(3) CEE- including impairment of EUR 59.6 million. India – includes impairment of EUR 10.1 million.

6. Financial risk management

During the nine months period ended September 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

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 its 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	
	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
	€ 000'			
Statement of financial position				
Debentures at amortized cost – Polish bonds	13,096	13,227	11,119	12,699
Debentures A at amortized cost – Israeli bonds	57,828	53,257	46,926	47,148
Debentures B at amortized cost – Israeli bonds	103,683	96,378	83,162	92,666

The total contractual liability of the Debentures was EUR 198 million as at September 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'			
Assets				
Derivative	-	-	337	337
Liabilities				
Derivative	-	-	992	992

8. Income tax

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

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

9. Related parties

	September 30, 2015	December 31, 2014
	€ 000'	
Statement of financial position		
Long term receivables (refer to note 11(e))	2,737	-
Trade and other payables	81	1,161

	For the nine months period ended September 30,	
	2015	2014
	€ 000'	€ 000'
Statement of profit or loss		
Related parties – interest income on balance with Elbit	35	-
Related parties – recharges from Elbit	(155)	-
Related parties – rental fees charged by Elbit subsidiary in Romania	(68)	(68)

10. Significant events during the period

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

On May 13, 2015, the Company signed an agreement to sell the SPV holding 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 which was 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 realization of foreign currency translation reserve accumulated relating to the SPV. An 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 neither bank debt secured against the property, nor profit or loss was recorded as a result of the transaction.

In May 2015, the Company concluded (through its 50.1% held subsidiary ("Plaza Bas")) 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.

In June 2015 the Company concluded an additional sale (by Plaza Bas) 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 (where applicable) was distributed to the Company's bondholders as an early repayment in late September 2015.

c. Liberec Plaza – settlement with financing bank

On September 29, 2015 one of the Company's wholly owned subsidiaries won a tender to buy the bank loan to the wholly owned SPV of Liberec Plaza shopping and entertainment centre in the Czech Republic.

The EUR 20.4 million bank facility was provided by two commercial banks to which the Company agreed to pay and paid an amount of EUR 8.5 million, reflecting a discount of 58%. The Company recorded an EUR 11.9 million profit on the discount in these financial statements, included as finance income in these reports.

d. 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 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 fulfilment of certain conditions precedent and approval by the relevant organs of the Company.

The anticipated gross cash inflow amount for the Company from this transaction is EUR 2.7 million.

10. Significant events during the period (cont.)

e. Kochi project advanced payment settlement

In November 2013 the Company exercised the corporate guarantee in the amount of EUR 4.3 million including 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 uncertainty concerning 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 which EI was obliged to repay the Reimbursement amount in 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. Group liabilities towards EI in the amount of EUR 0.8 million) were offset from this balance, with partial repayment of EUR 1 million performed in late September 2015, thus balance as of September 30, 2015 is EUR 2.7 million.

f. Selling of an office building in Romania

In September 2015 the Company sold Palazzo Ducale, its wholly owned office building of 823 sqm GLA in Bucharest, Romania, for circa EUR 1.1 million, consistent with the asset's last reported carrying amount.

In line with the Company stated restructuring plan, 75% of the net cash proceeds from the abovementioned transaction was distributed to the Company's bondholders as an early repayment in late September 2015.

g. 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 the statement of profit or loss.

h. Call option activity and forward activity in 2015

The group has foreign currency exposure risk mainly due to its NIS denominated debentures. Through September 2015, the company sold EUR-NIS call options to hedge its exposure to NIS debentures. As of balance sheet date the group has no outstanding call options. The Company paid during the nine months period a total amount of EUR 0.1 million due to this activity.

10. Significant events during the period (cont.)

i. Movements in NIS rate versus the EUR

In the course of the first nine months of 2015 NIS appraised against the EUR by circa 6.5%, resulting in recording of non-cash finance costs in the amount of circa EUR 10.6 million by the Group, due to its outstanding NIS denominated debentures.

j. Bonds held in treasury

As of September 30, 2015, the Company holds through its wholly owned subsidiary NIS 14.7 million par value of series B debentures (adjusted par value of NIS 17.1 million (EUR 3.9 million)).

k. Write-down in the period.

During the Course of the first nine months of 2015 the Company recorded the main write-downs (as Write-down of Trading Property in the statement of profit or loss):

1) EUR 6.2 million of write-down to its Liberec asset - out of which on the first six months of 2015, EUR 4.9 is supported by an external valuation, and in the third quarter of 2015 an additional EUR 1.3 million were written down based on management estimation.

2) EUR 1.5 million of write-down to its Koregaon Park asset – due to the expected SPV selling during the period (as detailed in note 10(a)).

l. Update on covenants

In respect of the Coverage Ratio Covenant ("CRC"), as defined in the restructuring plan, as at September 30, 2015 the CRC was 131%, 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 two bank facilities totalling EUR 30 million, in which the Company negotiates with financial institutions for obtaining of waivers, on all outstanding breaches.

m. 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 nine months ended September 30, 2015 (nine months ended September 30, 2014: nil).

10. Significant events during the period (cont.)

n. 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.

o. Third party commitment to purchase the scheme in Chennai, India

In September 2015 the Company announced that its joint venture, Elbit Plaza India Real Estate Holdings Limited (in which the Company holds a 50% stake with its joint venture partner, Elbit) (“EPI”), which has been in discussions regarding the sale of EPI’s 80% stake in Kadavanthara Builders Private Limited (the “Sale Transaction”), an Indian company(“SPV”) which owns a 75 acre plot in Chennai, India, has obtained a commitment that, subject to the fulfilment of certain conditions precedent, the Sale Transaction will be completed by January 15, 2016 (the “Long Stop Date”).

The expected aggregate net disposal price to EPI is circa EUR 21.6 million (INR 162 Crores), net of all transaction related costs. If completion does not take place by the Long Stop Date, then EPI’s stake in the SPV will be increased to 100%.