Plaza Centers N.V.

Condensed Consolidated Interim Financial Information

March 31, 2016

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Contents

KPMG Hungária Kft.
Váci út 31.
H-1134 Budapest
Hungary

Tel.: +36 (1) 887 71 00
Fax: +36 (1) 887 71 01
E-mail: info@kpmg.hu
Internet: kpmg.hu

Independent Auditors' Report on Review of Interim Financial Information

Board of Directors
Plaza Centers N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Plaza Centers N.V. ("the Company") as at March 31, 2016, which comprises the condensed consolidated interim statement of financial position as at March 31, 2016, the condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period ended March 31, 2016, and notes to 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 March 31, 2016 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the EU.

KPMG

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 4 in the condensed consolidated interim financial information which discloses, among other matters, important information regarding the Company's cash flow projections for 15 months from the end of the reporting period.

Without qualifying our conclusion, we draw attention to Note 5(d) and Note 5(f) which disclose potential irregularities concerning the Casaradio Project in Romania and the possible outcomes of such irregularities.

Budapest, May 17, 2016

KPMG Hungária Kft.

KPMG Hungária Kft.

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

	Note	March 31, 2016 € '000 Unaudited	December 31, 2015 € '000 Audited
ASSETS			
Cash and cash equivalents		8,427	15,659
Restricted bank deposits		5,267	4,774
Trade receivables	12(a)	10,777	1,654
Other receivables		1,382	1,350
Prepayments and advances		186	196
Total current assets		26,039	23,633
Trading property	6,12(a,b)	309,912	317,758
Equity accounted investees		40,232	40,608
Loan to equity accounted investees		3,938	4,298
Property and equipment		2,447	2,480
Related parties receivables	11	2,848	2,828
Deferred taxes		167	406
Total non-current assets		359,544	368,378
Total assets		385,583	392,011
LIABILITIES AND SHAREHOLDERS' EQUITY			
Interest bearing loans from banks		31,717	31,891
Debentures at amortized cost	4,9	76,653	79,564
Trade payables		1,785	2,223
Related parties liabilities		174	109
Derivatives		396	436
Other liabilities		7,314	7,045
Total current liabilities		118,039	121,268
Non-current liabilities			
Interest bearing loans from banks		69,924	70,621
Debentures at amortized cost	4,9	107,992	102,025
Provisions		14,911	14,911
Derivatives		364	318
Total non-current liabilities		193,191	187,875
Equity			
Share capital		6,856	6,856
Translation reserve		(28,296)	(27,418)
Capital reserve due to transaction with Non-controlling interests		(20,706)	(20,706)
Other reserves		35,376	35,376
Share premium		282,596	282,596
Retained losses		(202,239)	(194,602)
Equity attributable to owners of the Company		73,587	82,102
Non-controlling interests		766	766
Total equity		74,353	82,868
Total equity and liabilities		385,583	392,011

May 17, 2016		
Date of approval of the financial statements	**Dori Keren** **Acting Chief Executive officer**	**David Dekel** **Director and Chairman of the Audit Committee**

The notes on pages 9 - 16 are an integral part of this condensed consolidated interim financial information.

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

		For the three months ended March 31,	
		2016	**2015**
		€ '000	**€ '000**
	Note	**Unaudited**	**Unaudited**
Revenue from disposal of Trading Property	12(a)	9,632	-
Rental income		4,524	5,291
Revenues from entertainment centers		-	219
		14,156	5,510
Cost of Trading Property disposed	12(a)	(9,632)	-
Cost of operations		(1,424)	(1,907)
Cost of operations – entertainment centers		-	(315)
Loss from disposal of Trading property SPV	12(a)	(355)	-
Gross profit		2,745	3,288
Write-down of Trading Property		(23)	(212)
Share in results of equity-accounted investees, net of tax		569	(176)
Administrative expenses		(1,542)	(1,810)
Other income		362	1,960
Other expenses		(182)	(583)
Results from operating activities		1,929	2,467
Finance income		3,592	1,417
Finance costs		(12,900)	(21,338)
Net finance costs		(9,308)	(19,921)
Loss before income tax		(7,379)	(17,454)
Income tax expense		(258)	(224)
Loss for the period		(7,637)	(17,678)
Loss attributable to:			
Owners of the Company		(7,637)	(17,678)
Earnings per share			
Basic and diluted loss per share (in EURO)		(0.01)	(0.03)

The notes on pages 9 - 16 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 March 31,	
	2016	**2015**
	€ '000	**€ '000**
	Unaudited	**Unaudited**
Loss for the period	(7,637)	(17,678)
Other comprehensive income		
<u>Items that are or may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation differences - foreign operation (Equity accounted investees)	(878)	3,935
Foreign currency translation differences - foreign operation (trading property)	-	1,077
Other comprehensive income (loss) for the period, net of income tax	(878)	5,012
Total comprehensive loss for the period, net of tax	(8,515)	(12,666)
Total comprehensive income (loss) attributable to:		
Owners of the Company	(8,515)	(12,760)
Non-controlling interests	-	94

The notes on pages 9 - 16 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	Total equity
	€ '000								
Balance at December 31, 2015 (audited)	6,856	282,596	35,376	(27,418)	(20,706)	(194,602)	82,102	766	82,868
Total comprehensive loss	-	-	-	(878)	-	(7,637)	(8,515)	-	(8,515)
Balance at March 31, 2016 (unaudited)	**6,856**	**282,596**	**35,376**	**(28,296)**	**(20,706)**	**(202,239)**	**73,587**	**766**	**74,353**
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	-	-	-	4,918	-	(17,678)	(12,760)	94	(12,666)
Balance at March 31, 2015 (unaudited)	**6,856**	**282,596**	**35,340**	**(31,781)**	**(20,706)**	**(166,164)**	**106,141**	**766**	**106,907**

The notes on pages 9 - 16 are an integral part of this condensed consolidated interim financial information**.**

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

	For the three months ended March 31,	
	2016	**2015**
	€ '000	**€ '000**
	Unaudited	**Unaudited**
Cash flows from operating activities		
Loss for the period	(7,637)	(17,678)
Adjustments necessary to reflect cash flows used in operating activities:		
Depreciation and impairment of property and equipment	22	68
Net finance costs	9,308	19,921
Share of profit of equity-accounted investees, net of tax	(569)	176
Income tax expense	258	224
	1,382	2,711
Changes in:		
Trade receivables	(4)	(197)
Other accounts receivable	(42)	220
Trading property	(685)	340
Equity accounted investees – net investments	427	431
Trade payables	(438)	(335)
Other liabilities and related parties liabilities	(524)	(1,689)
	(1,266)	(1,230)
Interest received	5	151
Interest paid	(4,018)	(1,931)
Taxes paid	(19)	(3)
Net cash used in operating activities	(3,916)	(302)
Cash flows from investing activities		
Purchase of property and equipment	-	(17)
Proceeds from selling fixed assets	12	-
Purchase of held for trading marketable debt securities	-	(674)
Net cash from (used in) investing activities	12	(691)
Cash flows from financing activities		
Cash inflow from foreign exchange derivatives	257	1,350
Changes in restricted cash	(493)	(2,505)
Repayment of debentures at amortized cost	(2,221)	-
Repayment of interest bearing loans from banks	(871)	(1,633)
Net cash used in financing activities	(3,328)	(2,788)
Decrease in cash and cash equivalents	(7,232)	(3,781)
Cash and cash equivalents at 1 of January	15,659	33,363
Effect of exchange rate fluctuations on cash held	-	231
Cash and cash equivalents at 31 of March	**8,427**	**29,813**

The notes on pages 9 - 16 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 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 March 31, 2016 and for the three 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, 2015 are available on the Company's website (www.plazacenters.com) and also upon request from the Company's registered office.

During the three months period ended March 31, 2016, no changes occurred in the Company's holdings, with the exceptions, as described in notes 12(a) 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, 2015.

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, 2015.

This condensed consolidated interim financial information was authorized for issue by the Company's Board of Directors on May 17, 2016.

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, 2015. Refer also to note 4 below for significant estimations performed.

4. Financial position of the Company

The condensed consolidated interim financial information have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of banking facilities and it's debentures. Following the closing of the Company's restructuring plan ("the Plan" in this note), the Company's condensed consolidated interim financial information included liabilities to bondholder's in the aggregate principal amount of EUR 197 million. The following table sets forth the cash flows forecast of the Company until mid-2017 in order to achieve the abovementioned repayments, as they fall due.

According to the Plan, if until December 1, 2016 the Company manages to repay its principal of debentures in the amount of NIS 434 million (EUR 99 million), then the remaining principal payments shall be deferred for an additional year ("the Deferral"). Since the Plan entered into effect, until March 31, 2016, the Company has repaid circa NIS 98 million (EUR 21 million) out of the debentures. The remaining NIS 336 million (EUR 78 million) of the bonds principal (through selling of its assets), together with the interest of approximately EUR 10 million are still to be paid up to December 1, 2016, if the Company is to achieve the abovementioned condition in the Plan.

Since part of the series B debentures are held in treasury (refer to note 12(c)), the total required net principal repayment in 2016 in order to achieve the Deferral is NIS 329 million (EUR 76.7 million). As the Company's primary objective is to obtain the Deferral, it has therefore reclassified this minimum net amount to current liabilities. The scenario below reflects the Company's approved business plan until June 30, 2017:

	Expected cash flow (in MEUR)	
	In the nine months ending December 31, 2016	In the six months ending June 30, 2017
Opening balance of consolidated cash (1)	23	37
Sources of cash during the period		
Net proceeds from disposal of operating shopping centers (2)	89	-
Proceeds from disposal of plots held (3)	53	15
Net operating income from shopping centers (4)	10	1
Total sources expected	175	53
Uses of cash during the period		
Principal repayment of debentures, net (5)	(106)	(11)
Interest repayment of debentures, net	(10)	(3)
Investment in projects under construction (6)	(12)	(1)
Repayment of bank facilities in subsidiaries (principal +interest)	(6)	(1)
General and administrative expenses	(4)	(3)
Total uses expected	(138)	(19)
Closing balance of consolidated cash (7)	37	34

(1) Opening balance – as appeared in this condensed interim consolidated statement of financial position, including restricted cash (which will be released upon the disposal of the operating shopping centers) as well as EUR 9.4 million of receivables obtained in respect of the Liberec project (refer to note 12(a)).
(2) 2016 – Expected net payment from the selling of three shopping centers (Riga, Suwalki and Torun).
(3) 2016 - The Company expects extensive disposal of it plots held in CEE and in India. Main 2016 disposal are expected in India and Serbia. 2017 – Main disposal is due to India.
(4) As the operating shopping centers are to be disposed of in 2016, in 2017 Net Operating Income is generated from the Belgrade Plaza (Visnijcka) shopping center to be opened in the first half of 2017.
(5) 2016 - This reflects the gross amount of EUR 108 million to be paid based on forecast disposal proceeds, net of the expected repayment on treasury bonds held in the amount of EUR 2 million.
(6) 2016 – Main investment in Belgrade Plaza (Visnijcka project) and in Timisoara project (Romania).
(7) 2016 – Immaterial restricted cash amounts. 2017 – Including restricted cash in Visnjicka of EUR 3 million.

4. Financial position of the Company (cont.)

It should be noted, that the projected cash flow is based on the Company's forward-looking plans, assumptions, estimations, predictions and evaluations which rely on the information known to the Company at the time of the approval of this condensed consolidated interim financial information (collectively, the "Assumptions").

The materialization, occurrence, consummation and execution of the events and transactions and of the assumptions on which the projected cash flow is based, including with respect to the proceeds and timing thereof, although probable, are not certain and are subject to factors beyond the Company's control as well as to the consents and approvals of third parties and certain risks factors. Therefore, delays in the realization of the Company's assets and investments or realization at lower price than expected by the Company's, as well as any other deviation from the Company's Assumptions, could have an adverse effect on the Company's cash flows and the Company's ability to service its indebtedness in a timely manner. If the Company is unable to repay cumulative NIS 434 million (EUR 99 million) by December 1, 2016, then the minimum required principal repayment due December 31, 2016 will be NIS 57 million (EUR 13.3 million), plus 75% of the net proceeds from sales of trading properties, which will be paid through the net cash generated out of the disposal program summarized above

5. Casa radio note

a. General

In 2006 the Company entered into an agreement according to which it acquired 75% interest in a company ("Project SPV") which under a Public-Private Partnership agreement (“PPP”) with the Government of Romania is to develop the Casa radio site in central Bucharest (“Project”). After signing the PPP agreement, the Company holds indirectly 75% of the shares in the Project SPV, the remaining 25% are held by the Romanian authorities (15%) and another third party (10%).

As part of the PPP, the Project SPV was granted with development and exploitation rights in relation to the site for a period of 49 years, starting December 2006. As part of its obligations under the PPP, the Project SPV has committed to construct a Public Authority Building (“PAB”) measuring approximately 11.000 square meters for the Romanian Government at its own cost.

Large scale demolition, design and foundation works were performed on the construction site which amounted to circa EUR 85 million until 2010, when current construction and development were put on hold due to lack of progress in the renegotiation of the PPP Contract with the Authorities (refer to point c below) and the Global financial crisis. These circumstances (and mainly the avoidance of the Romanian Authorities to deal with the issues specified below) caused the Project SPV to not meet the development timeline of the Project, as specified in the PPP. However, the Company is in the opinion that it has sufficient justifications for the delays in this timeline, as generally described below.

b. Obtaining of the Detailed Urban Plan (“PUD“) permit

The Project SPV obtained the PUD related to this project in September 2012. Furthermore, on 13 December 2012, the Court took note of the waiver of the claim submitted by certain plaintiffs and rejected the litigation aiming to cancel the approval of the Zonal Urban Plan (“PUZ”) related to the Project. The court decision is irrevocable.

As the PUD is based on the PUZ, the risk that the PUD would be cancelled as a result of the cancellation of the PUZ was removed following the date when the PUZ was cleared in court on December 13, 2012.

5. Casa radio note (cont.)

c. Discussions with Authorities on construction time table deferral

As a result of point b above, following the Court decision, the Project SPV was required to submit a request for building permits within 60 days from the approval date of the PUZ/PUD and commence development of its project within 60 days after obtaining the building permit.

However, due to substantial differences between the approved PUD and stipulations in the PPP Contract as well as changes in the EU directives concerning buildings used by Public Authorities, and in order to ensure a construction process that will be adjusted to current market conditions, the Project SPV started preliminary discussions with the Romanian Authorities (which are both shareholders of the Project SPV and a party to the PPP) regarding the future development of the project.

The Project SPV also officially notified the Romanian Authorities its wish to renegotiate the existing PPP contract on items such as time table, structure and milestones (e.g., the construction of the Public Authority Building ("PAB"), whose' estimated costs are provisioned for in this interim financial information- refer to paragraph e below). The Company estimates that although there is no formal obligation from the Romanian Authorities to renegotiate the PPP agreement, such obligation is expressly provided for the situation when extraordinary economic circumstances arise.

d. Co-operation with the Romanian Authorities re potential irregularities

The Board and Management have become aware of certain issues with respect to certain agreements that were executed in the past in connection with the Project. In order to address this matter, the Board has appointed the chairman of the Audit Committee to investigate the matters internally and have also appointed independent law firms to perform an independent review of the matters raised.

The Company has approached and is co-operating fully with the relevant Romanian Authorities regarding the matters that have come to its attention and it has submitted its findings to the Romanian Authorities. As this process is still on-going, the Company in unable to comment on any details related to this matter. Management is currently unable to estimate (based on legal advice received) any impact on the carrying value of the Project potentially resulting from this matter.

e. Provision in respect of PAB

As mentioned in point a above, when the Company entered into an agreement to acquire 75% interest in the Project SPV it assumed a commitment to construct the PAB at its own costs for the benefit of the Romanian Government. Consequently, the Company had recorded a provision in the amount of EUR 17.1 million in respect of the construction of the PAB.

The Company utilized the amount of EUR 1.5 million out of this provision, and in 2015 a reduction in the provision in the amount of EUR 0.6 million was performed in order to reflect updated budget changes in respect of the PAB.

Management believes that the current level of provision is an appropriate estimation in the current circumstances. Upon reaching concrete agreements with Authorities, the Company will be able to further update the provision.

f. Summary

The circumstances described in subsection a through e above might lead to future claims, penalties, sanctions and/or, in extreme circumstances, termination of the PPP and annulment of the Company's rights in the Project by the Authorities.

6. 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, 2015.

7. Operating segments

The Group comprises one main geographical segment: CEE. India ceased to be a geographical segment, following the sale of Koregaon park shopping center in 2015. 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 three months period ended March 31, 2016 and 2015 is as follows:

	March 31	
	2016	2015
NOI in CEE (1)	4,188	4,535
Sale of properties (Liberec – refer to note 12(a))	(355)	-
Income from operation/selling	3,833	4,535
Net finance costs	(1,223)	(1,379)
Net expenses from operation of other CEE assets (plots)	(187)	(292)
Other income (expense), net	180	(523)
Write-downs	(23)	(212)
Reportable CEE segment profit before tax	2,580	2,129
Less - general and administrative	(1,542)	(1,810)
Results India	(128)	135
Unallocated finance costs (Dutch corporate level- mainly debentures finance cost)	(8,289)	(17,908)
Loss before income taxes	(7,379)	(17,454)
Income tax expense	(258)	(224)
Loss for the year	(7,637)	(17,678)
Assets and liabilities as at March 31, 2016		
Total CEE segment assets	335,380	
Assets India	24,746	
Unallocated assets (Mainly Cash and other financial instruments held on Dutch level)	25,457	
Total assets	385,583	
Segment liabilities	125,709	
Unallocated liabilities (Mainly debentures)	185,521	
Total liabilities	311,230	

(1) Out of which Poland – EUR 3.0 million (2015 -EUR 3.2 million).

8. Financial risk management

During the three months period ended March 31, 2016 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, 2015.

9. 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	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
	€ 000'			
Statement of financial position				
Debentures at amortized cost – Polish bonds	12,730	12,957	9,556	11,569
Debentures A at amortized cost – Israeli bonds	59,168	59,072	41,238	50,172
Debentures B at amortized cost – Israeli bonds	112,752	109,560	75,679	91,614
Total	184,645	181,589	126,473	153,355

The total contractual liability of the Debentures was EUR 197 million as at March 31, 2016. 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 fair value measurements as at March 31, 2016 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'			
Short term liabilities				
Derivative	-	-	396	396
Long term liabilities				
Derivative	-	-	364	364

10. 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 three months period ended March 31, 2016 was -3% (three months period ended March 31, 2015: -1%) .

11. Related parties

	March 31, 2016	December 31, 2015
	€ 000'	
Statement of financial position		
Long term receivables - Kochin	2,848	2,828
Trade and other payables	174	109

	For the three months period ended March 31,	
	2016	2015
	€ 000'	€ 000'
Statement of profit or loss		
Related parties – interest income on balance with EI	20	-
Related parties – recharges from EI	(136)	(51)
Related parties – rental fees charged by EI subsidiary in Romania	(8)	(22)

12. Significant events during the period

a. Disposal of a shopping center in the Czech Republic

On March 4, 2016 the Company agreed to sell its subsidiary holding Liberec Plaza, a shopping and entertainment centre in the Czech Republic, for EUR 9.5 million. In line with the terms of the agreement, the buyer has deposited 15% of the consideration in escrow.

The due diligence process, final closing and settlement was conclude by the end of March and the total proceeds (net of transaction costs and following adjustments related to the subsidiary’s balance sheet) of EUR 9.4 was received in the beginning of April. As of March 31, 2016, this amount is presented as part of the trade receivables. The Company recorded a loss of EUR 350 thousands due to this transaction.

The disposal was following an agreement announced by the Company in September 2015 whereby a wholly owned subsidiary of the Company (”PCE”) won a tender to buy the loan given to the holding and operating company for Liberec Plaza for EUR 8.5 million.

PCE received EUR 8.5 million on account of the bank loan it previously purchased. Out of the remaining proceeds, at least 75% will be distributed to the Company’s bondholders by the end of June this year, in line with the Company’s stated restructuring plan.

b. Disposal of a plot in Romania

On March 24, 2016 the Company sold its 23,880 sqm site in Slatina, Romania, to a third party developer for EUR 0.66 million, consistent with the asset’s last reported book value. No gain or loss was recorded from this transaction.

In line with the Company’s stated restructuring plan, 75% of the cash proceeds will be distributed to the Company’s bondholders by the end of June 2016 as an early repayment.

12. Significant events during the period (cont.)

c. <u>Debentures held in treasury</u>

As of March 31, 2016, the Company holds through its wholly owned subsidiary NIS 14.5 million par value of series B debentures (adjusted par value of NIS 16.6 million (EUR 3.9 million)).

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

In respect of the Coverage Ratio Covenant ("CRC"), as defined in the restructuring plan, as at March 31, 2016 the CRC was 130%, 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 29 million, in which the Company negotiates with financial institutions for obtaining of waivers, on all outstanding breaches.

13. Events after the reporting period

a. <u>Pre-agreement to sell a plot in Greece</u>

On April 7, 2016 the Company signed a binding pre-agreement to sell its development land in Piraeus, near Athens, Greece, for EUR 4.7 million. The sale agreement with a third party developer is subject to certain conditions being met, including due diligence which has up to six months to complete. The purchaser has placed a corporate guarantee to secure the transaction for 10% of the consideration.

Upon completion of the disposal, in line with the Company's stated restructuring plan, 75% of the net cash proceeds will be distributed to the Plaza's bondholders.

b. <u>Sale of Riga Plaza</u>

On May 16, 2016 the company announced that one of its subsidiaries, in which it has a 50% stake, has entered into a business sale agreement with respect to the sale of Riga Plaza shopping and entertainment centre in Riga, Latvia, to a global investment fund. The agreement reflects a value for the business of circa €93.4 million, which is in line with the last reported book value.

The sale of Riga Plaza is consistent with the Company's stated strategy to oversee an orderly disposal of its non-core or mature assets in order to reduce Company debt levels and to bring its development projects to fruition.
In line with the Company's stated restructuring plan, 75% of the net cash proceeds from Plaza's share of the sale of the business, after the repayment of the bank loan (circa €55 million, reflecting 100%), will be distributed to Plaza's bondholders within the quarter following the closing. The closing of the transaction is subject to several conditions precedent, all of which are expected to be fulfilled in the coming months.

c. <u>Sale of Mup Plot in Belgrade</u>

On May 17, 2016 the company announces the sale of its wholly owned subsidiary, which holds the "MUP" plot and related real estate in Belgrade, Serbia, for €15.9 million, above the last reported book value of circa €13.5 million. Following the fulfilment of certain technical conditions that are expected to be met in the coming weeks, the purchaser will pay €11 million in cash to the Company. An additional €300,000 will be due before 30 November 2016 and the remaining €4.6 million will be due within 15 months from the transaction closing date. Furthermore, Plaza will also be entitled to an additional pending payment of €600,000, on top of the €15.9 million transaction consideration, once the purchaser successfully develops at least 69,000 sqm above ground.Upon the receipt of each stage payment, in line with the Company's stated restructuring plan, 75% of the net cash proceeds will be distributed to Plaza's bondholders in the following quarter.