23 August 2013

PLAZA CENTERS N.V.

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

PLAZA REPORTS OPERATIONAL PROGRESS AT ITS ACTIVELY MANAGED ASSETS AND ONGOING SUCCESS IN REALISING NON CORE ASSETS TO REDUCE LEVERAGE

Plaza Centers N.V. ("Plaza" / "Company" / "Group"), a leading property developer and investor with operations in Central and Eastern Europe ("CEE") and India, today announces its results for the six months ended 30 June 2013.

Financial highlights:

- Reduction in total assets to €793 million (31 December 2012: €886 million), mainly as a result of non-cash, predominantly market-related impairment adjustments of €61 million booked in the period (decrease in the value of trading properties to €561 million (31 December 2012: €612 million))
- Total revenues more than doubled following the €16.7 million disposal of an Indian investment, and an increase in revenue from operating shopping centres, to €14.3 million (H1 2012: €14.1 million), despite a decrease in revenue at Fantasy Park (decrease of €1 million due to the closure of some gaming and entertainment units) and Koregaon Park, which was partly closed for the majority of the period
- Loss for the six months of €81 million (30 June 2012: €10 million loss), stemming mainly from the non-cash €61 million impairment of trading properties (of which 42% relates to assets in Serbia, 21% to Czech Republic, 26% to India and 11% to Greece), fair value adjustments and the share in loss of associated companies
- Basic and diluted loss per share of €0.27 (30 June 2012: €0.03 loss per share)
- Cash position at the period end (including restricted bank deposits and available for sale financial assets) of €100 million (31 December 2012: €66 million) with working capital of €390 million (31 December 2012: €391 million); current cash position of circa €32 million following a €67 million bond principal and interest repayment on 1 July 2013

Operational highlights:

- Plaza successfully completed its first exit in India following the sale of its 50% stake in a vehicle which primarily owns interests in an office complex project located in Pune, Maharashtra. The transaction valued the assets collectively at €33.4 million and, as a result, Plaza has received gross cash proceeds of circa €16.7 million in line with its holding
- Improved occupancy levels achieved across the Company's existing shopping and entertainment centres, with the overall portfolio occupancy rate increasing to 89% (31 December 2012: 88%) as at the reporting date, with the following notable successes:

- At Zgorzelec Plaza, Poland, three contracted anchor tenants opened their stores in the second quarter, increasing the turnover by 65% and footfall by 42% compared to June last year
- At Kragujevac Plaza, occupancy reached 100% a year since opening and turnover increased by 23% compared to June 2012
- At Riga Plaza, H&M was signed as a new anchor tenant, bringing the mall to almost full occupancy. Turnover and footfall at the centre has increased by 14% compared to June 2012
- At Torun Plaza, Poland, turnover increased by 24% and footfall rose by 20% compared to the corresponding period last year

Key highlights since the period end:

- Plaza has successfully completed the sale of 100% of its stake in a vehicle which owns the interest in the Prague 3 project ("Prague 3"), a logistics and commercial centre in the third district of Prague. Earlier this year, Plaza completed a successful application to change the zoning use of Prague 3 to a residential scheme. The transaction valued the asset at circa €11 million and, as a result, further to related bank financing and other balance sheet adjustments, Plaza received net proceeds of circa €7.5 million in cash
- Plaza has also sold its interest in a SPV which owns a site in Roztoky, Czech Republic being held for a potential residential development. The site was sold for circa €2 million, resulting in net cash proceeds of €1.3 million after debt-related deductions

Commenting on the results, Ran Shtarkman, the President and CEO of Plaza Centers, said:
"We have seen sustained progress towards our key strategic and operational objectives in the year to date, driven by our continued commitment to the realisation of completed and non-core assets and the management of both the level of our debt and active assets in our portfolio.

"Across our portfolio of operating shopping centres, we have seen increases against all of our three key performance metrics of occupancy, footfall and turnover during the first half of the year, with the most notable improvements shown at our assets in the more resilient economies in Central and Eastern Europe. Of these, the most outstanding performance has been at Zgorzelec Plaza in Poland which, further to recent asset management initiatives, significantly increased turnover and footfall in June by 65% and 42% respectively, compared to June 2012. The continued increase in overall occupancy rates throughout our portfolio is indicative of our ability to leverage our long-term, strong relationships with leading international retailers.

"By contrast, the persistent uncertainty in the economic and consumer environment across Europe leads us to maintain our cautious approach to development, with the result that we will only press forward with our pipeline of projects when external funding becomes available. In addition, we will continue our track record of successful asset disposals in order to deleverage the Company and reallocate realised capital from stabilised completed projects and non-core assets to the core yielding assets in the portfolio, thereby creating additional capital value and driving income growth."

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Notes to Editors

Plaza Centers N.V. (www.plazacenters.com) is a leading property developer and investor with operations in Central and Eastern Europe and India. It focuses on constructing new centres and, where there is significant redevelopment potential, redeveloping existing centres in both capital cities and important regional centres. The Company is dual listed on the Main Board of the London Stock Exchange and, as of 19 October 2007, the Warsaw Stock Exchange (LSE:"PLAZ", WSE: "PLZ/PLAZACNTR"). Plaza Centers N.V. is an indirect subsidiary of Elbit Imaging Ltd. ("EI"), an Israeli public company whose shares are traded on both the Tel Aviv Stock Exchange in Israel and the NASDAQ Global Market in the United States. Plaza Centers is a member of the Europe Israel Group of companies which is controlled by its founder, Mr Mordechay Zisser. It has been active in real estate development in emerging markets for over 17 years.

Forward-looking statements

This press release may contain forward-looking statements with respect to Plaza Centers N.V. future (financial) performance and position. Such statements are based on current expectations, estimates and projections of Plaza Centers N.V. and information currently available to the company. Plaza Centers N.V. cautions readers that such statements involve certain risks and uncertainties that are difficult to predict and therefore it should be understood that many factors can cause actual performance and position to differ materially from these statements. Plaza Centers N.V. has no obligation to update the statements contained in this press release, unless required by law.

PRESIDENT AND CHIEF EXECUTIVE OFFICER'S STATEMENT

I am pleased to report that, during the first six months, Plaza has again delivered improvements at the operational level of our business, highlighted by the increases in occupancy, footfall and turnover at our active assets. In addition, the realisations made during and after the period have enabled the Group to recycle and reallocate capital from completed and non-core assets to core assets.

The economies in Central Europe are beginning to present signs of a rebound in growth, with preliminary second-quarter GDP figures showing that the Eurozone's economy expanded 0.3% compared with the first quarter of 2013. We expect full recovery to be slow, however, with the more resilient countries such as Poland and Latvia making the most progress. The ongoing challenges resulted in a non-cash, market driven writedown of €61 million in the first half and the decision to maintain our prudent approach towards development, whilst continuing to dispose of non-core and completed assets to de-risk the Group by further deleveraging and strengthening our balance sheet.

Key Events

During the year to date, Plaza has successfully disposed of three non-core projects through the following transactions:

- Plaza sold 100% of its stake in a vehicle which owns the interest in the Prague 3 project ("Prague 3"), a logistics and commercial centre in the third district of Prague, in a transaction that was concluded in July 2013. Earlier in the year, Plaza had completed a successful application to change the zoning use of Prague 3 to a residential scheme. The disposal valued the asset at circa €11 million and, as a result, further to related bank financing and other balance sheet adjustments, Plaza received net proceeds of circa €7.5 million in cash.
- Plaza has also sold its interest in the SPV which owns a site in Roztoky being held for a potential residential development. The site was sold for circa €2 million, resulting in net cash proceeds of €1.3 million after debt-related deductions.
- Plaza also sold its 50% stake in a vehicle which primarily holds interests in an office complex project located in Pune, Maharashtra. The transaction valued the assets owned by the vehicle collectively at €33.4 million and, as a result, Plaza received gross cash proceeds of circa €16.7 million.

These sales were conducted in line with the Company's strategy to deleverage and reallocate capital realised from the disposal of stabilised completed projects and non-core assets to the core yielding assets across our portfolio.

We have also made progress during the year through the active management of our income-generating assets. In particular, we have improved a number of key metrics at our operating shopping and leisure centres, increasing occupancy, footfall and rental income.

As reported in 2012, Koregaon Park Plaza was substantially damaged by a fire caused by a tenant's faulty electrical equipment. Although roughly two-thirds of the mall's rentable area was reopened in August 2012, the remainder of the centre required extensive renovation and these works were finally completed in the second quarter of 2013. Plaza is pleased to report that, during this reporting period, the project received approximately €6.9 million from the insurance policy which has covered all the renovation costs.

Results

As a result of a €61 million non-cash impairment, predominantly charged against the Company's trading assets in Serbia, India, the Czech Republic and Greece, fair value adjustments of bonds and the share in loss of associated companies, Plaza ended the first half of the year with a loss attributable to the owners of the Company of €81 million. In addition, the Company recorded a loss of €5.1 million following the disposal of an Indian investment largely as a result of foreign currency losses. The revenue from operating shopping centres increased to €14.3 million (H1 2012: €14.1 million) despite the decreasing revenue from Fantasy Park gaming and entertainment centres (€1 million decrease as a result of some gaming and entertainment units closing down) and Koregaon Park Plaza, which was partially closed for most of the period.

Of the €61 million impairment charge, 53% related to the writedown of assets in Serbia and Greece which, in turn, reflected the well publicised worsening market and macroeconomic conditions in those countries.

As at 30 June 2013, the Company had a cash position (including restricted bank deposits and available for sale financial assets) of approximately €100 million. As at the date of this announcement, the Company has a current cash position of circa €32 million following an €67 million bond principal and interest repayment in July.

NAV

In line with previous half yearly results, Plaza's property portfolio is revalued at the end of every financial year and therefore no update on NAV is provided at the half year.

Portfolio progress

Currently the Company is engaged in 22 development projects and owns seven operational shopping and entertainment centre assets, and two office schemes, located across the Central and Eastern European region and in India. The location of the projects, as at 23 August 2013, is summarised as follows:

	Number of assets (CEE and India)		
Location	**Active**	**Under development/ planning**	**Offices**
Romania	-	8	1
India	1	3	-
Poland	3	4	-
Hungary	-	3	1

Serbia	1	2	-
Czech Republic	1	-	-
Bulgaria	-	1	-
Greece	-	1	-
Latvia	1	-	-
Total	**7**	**22**	**2**

Liquidity & Financing

Plaza ended the period with a cash position (including restricted bank deposits and available for sale financial assets) of €100 million, compared to €66 million at the end of 2012. Working capital at 30 June 2013 totalled €390 million (31 December 2012: €391 million). As mentioned above, the Company's current consolidated cash position is circa €32 million following an €67 million bond principal and interest repayment in July.

The Group continues to pursue a conservative financing policy and has made progress, mindful of the wider macroeconomic climate, in deleveraging its balance sheet. Whilst €18 million of debt was repaid during the period, the level of debt increased to 50% of the balance sheet (31 December 2012: 45%) primarily as a result of the impairment losses booked in the period. The Company continues to prioritise the deleveraging of its balance sheet, seeking a variety of financing options alongside traditional bank debt and additionally pursuing avenues to lengthen the date of its debt facilities.

On 22 July 2013 Standard & Poor's Maalot, the Israeli credit rating agency which is a division of International Standard & Poor's Rating Services, updated the credit rating of Plaza's two series of Notes from "ilBB+" on a local Israeli scale to "ilB", with a negative outlook. The re-rating reflects the persistent challenging economic environments in which Plaza operates.

Strategy and Outlook

In response to ongoing global economic uncertainty, Plaza adjusted its activity in line with market conditions and limited the commencement of new construction projects, instead choosing to focus on the intensive management of its core active assets and the paying down of debt to ensure the Group remains conservatively geared and strongly positioned to resist any further macroeconomic shocks.

Despite the current challenges which continue to impact the core markets in which Plaza operates, the Group has successfully met a number of its key strategic objectives over the last six months. Notable improvements at the operational level of the portfolio include improving overall occupancy, footfall and turnover and we remain successful in ensuring that our centres continue to meet the demands of our customers by delivering the dominant retail offering in our regions.

Real estate finance from banks in the region remains scarce, which is emphasised by the continued lack of transactional activity in CEE during the period. Whilst we are seeking alternative financing options to push out the maturity of our debt, we will continue to focus on active asset management initiatives to maximise the income and value of our shopping centres and are confident that our strategy of enjoying the rental income our completed assets provide, until sales prices that appropriately reflect their current and existing potential are achieved, remains the correct course for the Group.

Continuing the success of our realisations during the period, which all delivered a satisfactory return on the equity invested, the Company will seek to optimise opportunities to further reduce its levels of gearing whilst advancing our limited development programme into the strongest economies of the CEE. We therefore hope to see a reduction in our gearing level during the second half of the year.

Improving business activity and sentiment has provided evidence that the Eurozone's tentative recovery will continue into the second half of 2013 and into 2014. We are convinced of the underlying fundamentals of the regions in which we operate but feel a pragmatic yet opportunistic approach is still the right approach. We will remain committed to our strategic objectives of improving our active operational assets, while selling non-core and completed assets to enable us to continue to deleverage. We will also continue to seek alternative financing options to extend and diversify our funding sources, which we believe will better position the Company for further growth. It is through this combination of factors, underpinned by our expert management skills, which will ensure that we will remain well positioned to create significant future value for our shareholders.

Ran Shtarkman
President and Chief Executive Officer

23 August 2013

OPERATIONAL REVIEW

Over the course of the year to date, Plaza has continued to make good progress against its operational and strategic objectives, delivering improved occupancy at the portfolio level and disposing of non-core assets.

Highlights for the period included:

- **Operation:** An improved performance of the Company's seven operating shopping and entertainment centres located in five countries over two continents, through the application of intensive asset management skills
- **Disposals:**
    - Sale of Plaza's 50% interests in a vehicle which mainly holds interests in an office complex project located in Pune, Maharashtra, India
    - Sale of the Prague 3 project following the successful change of its zoning permit
    - Sale of the Roztoky Project (Prague, Czech Republic)
    - Dissolving the US holding entity and receiving a €32 million residual payment from the subsidiary

As at the reporting date, Plaza has 31 assets in nine countries across the CEE region and India, of which 22 are at various phases of development. Of these, eight are located in Romania, five in India, four in Poland, three in Hungary, two in Serbia, one in Bulgaria and one in Greece. In addition to these developments, Plaza retains the ownership of and operates seven shopping and entertainment centres in Poland, Czech Republic, Serbia, India and Latvia and two office buildings in Budapest and Bucharest.

Footfall

During the second quarter of 2013, the centres continued the positive growth trend in terms of footfall shown in the first quarter. A significant increase of 35% was achieved at Zgorzelec Plaza in second quarter of 2013 compared to the same quarter last year, with a particularly strong increase of 42% in June 2013 compared to June 2012.

The very pleasing growth trend also continues at Torun Plaza, where the number of visitors in second quarter of 2013 rose by 20% compared to the same quarter last year.

Riga Plaza also demonstrated strong growth in the second quarter, with visitor growth up 12% compared to the corresponding quarter in 2012.

Satisfactory increases in visitor numbers were also achieved in the second quarter at Liberec Plaza, with 10% growth on last year, and at Kragujevac Plaza with 6% growth compared to the same period in 2012.

Turnover

All of the Company’s operating shopping and leisure centres saw strong performance during the second quarter of 2013, with May and June recording particularly strong turnover figures.

Again, the greatest success was shown in Zgorzelec Plaza, where the second quarter turnover was 53% higher than the corresponding quarter last year. This was the result of the opening of three new anchor tenants in May and June 2013, which led to the 66% growth in turnover, compared to June last year.

A very high increase in turnover was also enjoyed at Torun Plaza which recorded a rise of 24% in the second quarter compared to the same period last year.

Riga Plaza also experienced buoyant growth with a total increase of 20.5% in turnover during the second quarter of 2013, including a 25.6% increase in May 2013 (both compared to the same period last year).

After one full year of operation, Kragujevac Plaza saw a 14% increase in turnover over the quarter, with the best performance month in June, when turnover rose 23% compared to June 2012.

Positive increases during the second quarter were also shown at Liberec Plaza (up 11%) while Suwalki Plaza saw a 5% turnover increase in June 2013.

Occupancy

The most notable proportional occupancy increase was achieved in Zgorzelec Plaza where three new anchor stores (an electronic store, Media Expert, a furniture store, Zarycki Furniture, and sports store, Martes Sport) were opened during the second quarter of 2013. In addition, leases were agreed for two smaller units. It is also pleasing to report that at Riga Plaza contract terms were agreed with H&M (including “H&M Home”) during the second quarter to take 2,900 sq m of space.

The Company’s other development projects are at various stages of the development cycle, with Plaza’s skilled management teams continuing actively to make progress with planning and design.

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

Asset/Project	Location	Nature of asset	Size sqm (GLA)	Plaza's effective ownership %	Status (*)
Suwalki Plaza	Suwalki, Poland	Retail and entertainment scheme	20,000	100	Operating, opened in May 2010
Lodz (Residential)	Lodz, Poland	Residential scheme	80,000 (GBA)	100	Under planning
Lodz Plaza	Lodz, Poland	Retail and entertainment scheme	35,000	100	Construction scheduled to commence in 2014; completion scheduled for 2015
Zgorzelec Plaza	Zgorzelec, Poland	Retail and entertainment scheme	13,000	100	Operating, opened in March 2010
Torun Plaza	Torun, Poland	Retail and entertainment scheme	40,000	100	Operating, opened in November 2011
Kielce Plaza	Kielce, Poland	Retail and entertainment scheme	33,000	100	Construction scheduled to commence in 2014-2015; completion scheduled for 2015-2016
Leszno Plaza	Leszno, Poland	Retail and entertainment scheme	16,000	100	Construction scheduled to commence in 2015; completion scheduled for 2016
Arena Plaza Extension	Budapest, Hungary	Office scheme	40,000	100	Under planning. Construction scheduled to commence in 2014; completion scheduled for 2015
Dream Island (Obuda)	Budapest, Hungary	Major business and leisure resort	350,000 (GBA) (for rent and sale)	43.5	Initial excavation and archaeological works commenced; Staged completion scheduled for 2015-2017
Uj Udvar	Budapest, Hungary	Retail and entertainment scheme	16,000	35	Operating. Currently working on refurbishment plans, with the building permit expected to be granted in 2014
David House	Budapest, Hungary	Office	2,000	100	Operational
Liberec Plaza	Liberec, Czech Rep.	Retail and entertainment scheme	17,000	100	Operating, opened in March 2009
Casa Radio	Bucharest, Romania	Mixed-use retail and leisure plus office scheme	600,000 (GBA including parking)	75	Under planning, with completion scheduled for 2015-2018; approval from the

					Urban Technical Commission has been obtained
Timisoara Plaza	Timisoara, Romania	Retail and entertainment scheme	36,000	100	Construction scheduled to commence in 2014; completion scheduled for 2015
Csiki Plaza	Miercurea Ciuc, Romania	Retail and entertainment scheme	14,000	100	Construction commenced in late 2008; awaiting external financing for completion
Iasi Plaza	Iasi, Romania	Retail, entertainment and office scheme	58,000	100	Construction scheduled to commence in 2014-2015; completion scheduled for 2016
Slatina Plaza	Slatina, Romania	Retail and entertainment scheme	17,000	100	Construction scheduled to commence in 2015; completion scheduled for 2016
Hunedoara Plaza	Hunedoara, Romania	Retail and entertainment scheme	13,000	100	Construction scheduled to commence in 2015; completion scheduled for 2016
Targu Mures Plaza	Targu Mures, Romania	Retail and entertainment scheme	30,000	100	Construction scheduled to commence in 2015; completion scheduled for 2016
Constanta Plaza	Constanta, Romania	Retail and entertainment scheme	18,000	100	Construction scheduled to commence in 2014; completion scheduled for 2015-2016
Palazzo Ducale	Bucharest, Romania	Office	700	100	Operational
Belgrade Plaza (MUP)	Belgrade, Serbia	Apart-hotel and business centre with a shopping gallery	70,000 (GBA)	100	Construction scheduled to commence in 2014; completion scheduled for 2015-2016
Belgrade Plaza (Visnjicka)	Belgrade, Serbia	Retail and entertainment scheme	32,000	100	Construction scheduled to commence at the beginning of 2014; completion scheduled for 2015
Kragujevac Plaza	Kragujevac, Serbia	Retail and entertainment scheme	22,000	100	Operating, opened in March 2012
Shumen Plaza	Shumen, Bulgaria	Retail and entertainment scheme	20,000	100	Construction scheduled to commence in 2015; completion scheduled

					for 2016
Riga Plaza	Riga, Latvia	Retail and entertainment scheme	49,000	50	Operating; opened in March 2009
Pireas Plaza	Athens, Greece	Retail and entertainment scheme	26,000	100	Construction scheduled to commence in 2014; completion scheduled for 2015-2016
Koregaon Park Plaza	Pune, India	Retail, entertainment and office scheme	110,000 (GBA)	100	Operating; opened in March 2012
Bangalore	Bangalore, India	Residential Scheme	310,000 (GBA)	23.75	Construction scheduled to commence at the beginning of 2014; phased completion scheduled over 2014-2020
Chennai	Chennai, India	Residential Scheme	230,000 (for sale)	38	Construction scheduled to commence in 2014; phased completion scheduled over 2014-2018
Kochi Island	Kochi, India	High-end residential apartment buildings, office complexes, a hotel and serviced apartments complex, retail area and a marina	575,000 (GBA)	23.75	Under planning

(*) all completion dates of the projects are subject to securing external financing.

FINANCIAL REVIEW

Results

During the reporting period of the first six months of 2013 and the months to date, Plaza has continued to execute its core operations and implement its strategy.

Because Plaza focuses its business on the development and sale of shopping and entertainment centres, the Group classifies its current projects under development or self-developed projects as trading properties (or equity accounted investees, where appropriate), rather than investment properties. Accordingly, revenues from the sale of trading properties are presented as gross amounts. The Group does not revalue its trading properties, and profits from these assets therefore represent actual cash-based profits due to realisations. On the other hand, an impairment of value is booked in the consolidated income statement where applicable.

Following the adoption of IFRS 11 Joint Arrangements, the comparative figures for the year end of 2012 were restated. The effect of this restatement is detailed in the Company's condensed consolidated financial information for the six-month period ended on 30 June 2013 in note 6 to the Accounts. The adoption of IFRS 11 affected the accounting treatment of the following projects: Kharadi, Trivandrum, Chennai, Bangalore, Dream Island, Uj Udvar and our US operations.

Revenue for the period largely comprised rental income in Europe (€8.3 million in H1 2013 compared to €8 million in H1 2012), but rental income improvement in our operating centres in CEE was offset by a reduction in rental income collected from Koregaon Park which was partially closed for most of the period. Management fees from operating malls increased by 30% (€3 million in H1 2013 compared to €2.3 million in H1 2012), but income derived from the Group's subsidiary, Fantasy Park, which provides gaming and entertainment services in active shopping centres decreased to €2.3 million (H1 2012: €3.3 million) during the period as a result of closing down some of these centres. Aside from income from operating assets, €16.7 million of income was also generated from the sale of a stake in an Indian JV company.

The total cost of operation amounted to €88 million (H1 2012: €8 million). The increase, and majority of the cost of operations, is largely attributable to the €61 million impairment charge recorded in connection with the value of trading properties, as compared to a charge of €1.7 million in the period H1 2012. 42% related to impairments of assets in Serbia, 21% to Czech Republic, 26% to India and the remaining to Greece. The €21.8 million cost of the Indian vehicle which was sold was booked in the total cost of operations and included approximately €4.5 million of foreign currency exchange differences. The cost of property operation and maintenance has decreased during the period when compared to the reclassified H1 2012 period amount, from €4 million to €2.9 million in H1 2013, as a result of ongoing operational efficiencies and successful asset management initiatives at the Company's operating shopping centres.

Administrative expenses amounted to €6.2 million (H1 2012: €7.5 million after restatement). Of these, general and administrative expenses decreased from €5.8 million in H1 2012 to €5.1 million in H1 2013 as a result of further optimization of the Company’s operations. Sales and marketing expenses decreased from €1.7 million in H1 2012 to €1.1 million for the six month period ended 30 June 2013 as no promotion of newly opened shopping centres occurred in the period.

A net finance cost of €9 million was recorded in H1 2013 (H1 2012: net finance loss of €9.1 million). The main components of the loss comprised:

- Interest expense on bank loans and debentures (€7.4 million), an increase compared to the H1 2012 expense of €7.1 million where the interest on bank loans was increasing in line with the higher volume of investment financing loans, while on the other hand the interest expense on bonds was decreasing as a result of principal repayments
- Net cost related to the companies debentures (revaluation, hedge and loss on reissuance) of €3.9 million
- Net income from interest on deposits, foreign exchange differences and interest rate swap hedging related to bank loan interest €2.3 million.

As a result of the above, the loss for the period amounted to circa €81 million in H1 2013, compared to a €10 million loss in H1 2012.

Basic and diluted loss per share for the period were €0.27 (H1 2012: €0.03 loss).

Balance sheet and cash flow

The balance sheet as at 30 June 2013 showed total assets of €793 million compared to total assets of €886 million at the end of 2012, largely as a result of the decrease in the value of trading properties due to impairment adjustments.

The Company’s cash position deriving from cash, restricted cash and available for sale financial assets increased to €100 million (31 December 2012: €66 million), as a result of proceeds from the sale of an Indian investment and the dissolution of our US venture. The gearing position stood at 50% of the balance sheet (31 December 2012: 45%) as a result of losses realised from the impairment of trading properties. After the end of the period Plaza collected the proceeds from the sale of Prague 3 and the Roztoky projects (in Prague, Czech Republic) and paid a €67 million bond principal and interest repayment, leaving the Company with a cash position of circa €32 million.

The value of trading properties has decreased from €612 million as at 31 December 2012 to €561 million at the end of the period after the impairment losses relating to projects in Serbia, Czech Republic, India and Greece were recorded.

Investments in investee companies decreased by 41% (30 June 2013: €92 million; 31 December 2012: €155 million) after the above-mentioned dissolution of the US holding entity and the sale of Plaza's share in the project company holding which primarily owns interests in an office complex project located in Pune, India.

Total bank borrowings (long and short term) amounted to €186 million (30 June 2012: €212 million). This decrease is primarily as a result of loans repaid in relation to the bond buyback and the change in the value of foreign exchange denominated loans.

Aside from bank financing, Plaza has a balance sheet liability of €206 million (with an adjusted par value of circa €257 million including a €5.8 million bond B held in treasury) from issuing debentures on the Tel Aviv Stock Exchange and to Polish institutional investors. These debentures are presented at their fair value, with the exception of the debentures issued from August 2009 onward, which are presented at amortised cost.

Trade payables decreased to €3.5 million (2012: €7.6 million), due to the completion of reconstruction works in India.

Derivatives liabilities recorded at the period end were €1.2 million comprising interest rate swaps relating to project financing loans, compared to €3.3 million as at 31 December 2012, which had also included cross currency swap transactions to hedge interest rates and foreign exchange risks associated with the Group's NIS and PLN denominated bonds.

Other current liabilities have increased mainly due to accrued interest on the issued bonds of the Company.

Roy Linden
Chief Financial Officer
23 August 2013

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

	For the six months period ended June 30,	
	2013	**2012 restated(*)**
	€ '000	**€ '000**
	Unaudited	**Unaudited**
Continuing operations		
Revenue	14,298	14,148
Proceeds from disposal of equity accounted investee	16,699	-
Total revenue	30,997	14,148
Write-down of Trading properties	(60,906)	(1,688)
Cost of equity accounted investee disposed	(21,842)	-
Cost of operations	(5,490)	(6,551)
Gross profit (loss)	(57,241)	5,909
Administrative expenses	(6,212)	(7,538)
Other income	318	363
Other expenses	(4,771)	(672)
Results from operating activities	(67,906)	(1,938)
Finance income	6,671	12,836
Finance costs	(15,636)	(21,927)
Net finance costs	(8,965)	(9,091)
Share in results of equity-accounted investees, net of tax	(4,472)	(935)
Loss before income tax	(81,343)	(11,964)
Tax benefit	754	4,048
Loss from continuing operations	(80,589)	(7,916)
Discontinued operation		
Loss from discontinued operation, net of tax	(454)	(1,892)
Loss for the period	(81,043)	(9,808)
Loss attributable to:		
Owners of the Company	(81,043)	(9,808)
Earnings per share		
Basic and diluted loss per share (in EURO)	(0.27)	(0.03)
Earnings per share – continuing operations		
Basic and diluted loss per share (in EURO)	(0.27)	(0.03)

(*) Restated due to Retrospective application – refer to Note 4 and 6 regarding initial application of the new suite of standards

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

	For the six months period ended June 30,	
	2013	2012 restated(*)
	€ '000	€ '000
	Unaudited	Unaudited
Loss for the period	(81,043)	(9,808)
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods:		
Net changes in fair value on Available for sale financial assets transferred to income statement	(723)	1,942
Change in fair value of available for sale financial assets	(14)	(161)
Foreign currency translation differences - foreign operations (Discontinued operation)	-	(6,912)
Foreign currency translation differences - foreign operations (Equity accounted investees)	(3,650)	(4,107)
Foreign currency translation differences - foreign operations (Other)	(2,006)	(932)
Income tax effect on other comprehensive income due to change in fair value of Available for sale financial assets	184	(445)
Other comprehensive loss for the period, net of income tax	(6,209)	(10,615)
Total comprehensive loss for the period, net of tax	(87,252)	(20,423)
Total comprehensive loss attributable to:		
Owners of the Company:	(87,200)	(20,402)
Non-controlling interests	(52)	(21)

(*) Restated due to Retrospective application – refer to Note 4 and 6 regarding initial application of the new suite of standards

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

	June 30, 2013	December 31, 2012 Restated (*)
	€ '000	€ '000
	Unaudited	Audited
ASSETS		
Cash and cash equivalents	86,934	35,374
Restricted bank deposits	12,128	18,759
Available for sale financial assets	883	11,714
Trade receivables	3,551	3,399
Other receivables and prepayments	9,103	19,313
Trading properties	560,831	612,475
Assets held for sale	12,865	-
Total current assets	686,295	701,034
Equity accounted investees	91,549	154,830
Loan to equity accounted investees	6,994	6,949
Property and equipment	6,838	7,381
Investment property	-	14,489
Restricted bank deposits	495	779
Other non-current assets	393	356
Total non-current assets	106,269	184,784
Total assets	792,564	885,818
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Interest bearing loans from banks	186,452	205,977
Liabilities held for sale	3,997	-
Debentures at fair value through profit or loss	33,929	34,966
Debentures at amortized cost	37,899	34,184
Trade payables	3,504	7,569
Related parties	698	546
Provisions	15,597	15,597
Derivatives	1,170	3,320
Other liabilities	13,159	7,648
Total current liabilities	296,405	309,807
Non-current liabilities		
Interest bearing loans from banks	-	5,773
Debentures at fair value through profit or loss	80,618	81,181
Debentures at amortized cost	53,483	39,010
Other liabilities	147	185
Deferred tax liabilities	6,016	6,930
Total non-current liabilities	140,264	133,079
Equity		
Share capital	2,972	2,972
Translation reserve	(31,963)	(26,359)
Other reserves	14,218	14,556
Share premium	261,773	261,773
Retained earnings	108,231	189,274
Total equity attributable to equity holders of the Company	355,231	442,216
Non-controlling interests	664	716
Total equity	355,895	442,932
Total equity and liabilities	792,564	885,818

(*) Restated due to Retrospective application – refer to Note 4 and 6 regarding initial application of the new suite of standards

22 August 2013		
Date of approval of the financial statements	**Ran Shtarkman** **Director, President and Chief Executive Officer**	**Shimon Yitzchaki** **Director and Chairman of the Audit Committee**

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

	For the six month period ended June 30,	
	2013	2012 restated (*)
	€ 000'	€ 000'
	Unaudited	Unaudited
Cash flows from operating activities		
Loss for the period	(81,043)	(9,808)
Adjustments for:		
Depreciation and write-down	60,962	2,035
Change in fair value of Investment property	3,439	-
Loss from disposal of equity accounted investee	5,143	-
Net finance costs	8,965	9,091
Interest received in cash	385	2,901
Interest paid	(6,558)	(5,745)
Share of loss of equity accounted investee, net of tax	4,472	935
Gain on sale of property and equipment	(19)	(30)
Tax benefit	(754)	(4,048)
Share based payments	262	3,206
	(4,746)	(1,463)
Changes in:		
Trade receivables	(223)	652
Other accounts receivable	7,083	2,959
Trading properties	(3,232)	(27,640)
Trade payables	(2,443)	(146)
Other liabilities, related parties and provisions	(146)	806
	1,039	(23,369)
Income tax paid	(344)	(144)
Net cash used in operating activities	(4,051)	(24,976)
Cash flows from investing activities		
Purchase of property, equipment and other non-current assets	(4)	(107)
Proceeds from disposal of fixed assets	44	56
Proceeds from dissolving of equity accounted investee	32,438	-
Investment in short term deposits	-	3,102
Investment in equity accounted investees	(1,684)	(1,711)
Proceeds from selling equity accounted investee	16,699	-
Purchase of available for sale financial assets	(155)	(2,187)
Proceeds from sale of available for sale financial assets	11,014	26,496
Changes in long term deposits	-	50,663
Net cash from investing activities	58,352	76,312

(*) Restated due to Retrospective application – refer to Note 4 and 6 regarding initial application of the new suite of standards

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

	For the six month period ended June 30, 2013	2012 restated (*)
	€ 000'	€ 000'
	Unaudited	Unaudited
Cash flows from financing activities		
Proceeds from bank loans and financial institutions	509	25,222
Changes in restricted cash	3,193	8,381
Net cash resulting from currency options	(1,950)	5,320
Reselling (repurchase) of own debentures	13,772	(9,836)
Proceeds from settlement of SWAP	-	238
Repayment of loans to banks and financial institutions	(17,833)	(46,711)
Net cash used in financing activities	(2,309)	(17,386)
Effect of exchange rate fluctuation on cash held	(432)	(36)
Net increase in cash and cash equivalents	51,560	33,914
Cash and cash equivalents at the beginning of the period	35,374	51,433
Cash and cash equivalents at the end of the period	86,934	85,347

(*) Restated due to Retrospective application – refer to Note 4 and 6 regarding initial application of the new suite of standards

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 Keizersgracht 241, Amsterdam, the Netherlands. The Company conducts its activities in the field of establishing, operating and selling of shopping and entertainment centres, as well as other mixed-use projects (retail, office, residential) in Central and Eastern Europe (starting 1996), India (from 2006), and, between 2010 and 2012, also in the USA.

The Company is dual listed on the Main Board of the London Stock Exchange ("LSE") and, starting October 2007, on the Warsaw Stock Exchange ("WSE").

The Company's immediate parent company is Elbit Ultrasound (Luxembourg) B.V. / S.à r.l. ("EUL"), which holds 62.5% of the Company's shares, as of the end of the reporting period. The ultimate parent company is Elbit Imaging Limited ("EI"), which is indirectly controlled by Mr. Mordechay Zisser.

The condensed consolidated interim financial information of the Company as at June 30, 2013 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, 2012 are available on the Company's website (www.plazacenters.com) and also upon request from the Company's registered office at Keizersgracht 241, 1016EA Amsterdam, The Netherlands.

During the six months period ended June 30, 2013, two significant changes occurred in the Company's holdings, being the dissolving of EPUS, the Company's 50% equity accounted investee in the USA (refer to note 12(e)), and the selling of the Company subsidiary in India ("P-One")(refer to note 12b).

2. Basis of presentation

a. Statement of compliance

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 full annual financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2012.

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, 2012.

The condensed consolidated interim financial information was authorized for issue by the Company's Board of Directors on August 22, 2013.

b. Judgments and estimates

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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, 2012. However, management reassessment of the business plans of certain properties is done on an ongoing basis, and resulted in impairments in 2013, as described in note 12a below.

2. Basis of presentation (cont.)

c. Going concern

The condensed consolidated interim financial information have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future, for at least but not limited to twelve months from the end of the reporting period.

As forecast relates to future events, inherently it is subject to uncertainties and therefore, the Management cannot guarantee that all assumptions relating to cash flows will materialize, however it believes that as of the date of the financial statements these assumptions are reasonably achievable.

For a detailed discussion about the group's liquidity position refer to note 8.

3. Significant accounting policies

Except as described in Note 4, the accounting policies applied by the Group in this condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2012. The following change in accounting policies will also be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2013 (For the effect of the changes on the Company statement of financial position for December 31, 2012, the statement of profit or loss and the statement of other comprehensive income and statement of cash flows for the six months period ended June 30, 2012 and the equity as of January 1, 2012, refer to Note 6).

4. Initial application of new standards

The Group has early adopted IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, as well as the consequential amendments to IAS 28 Investments in Associates and Joint Ventures (2011) and IFRS 13 Fair value measurement, with a date of initial application of January 1, 2013. The adoption of these standards has the following effect on the interim condensed consolidated financial statements.

- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities

As a result of the adoption of IFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements.

Under IFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group evaluated its involvement in the joint arrangements it holds and classified them as joint ventures. Following the application of IFRS 11 joint ventures will henceforward be accounted for using the equity method, whereas until application of the standard the Company's accounting policy was the proportionate consolidation method.

Since the Company did not provide guarantees to the joint ventures, losses from the joint ventures will be accounted for until the investment is reduced to zero. If the joint venture subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of the losses not recognized. Any unrecorded losses at the date of transition are

4. Initial application of new standards (cont.)

recorded at the retained earnings. The Group disclosed the interests at the joint ventures as required under IFRS 12 (refer to Note 5).Note 6 includes a summary of the adjustments made to the Group's statements of financial position at December 31, 2012, and its statements of profit or loss and the statement of other comprehensive income and cash flows for the six months period ended at June 30, 2012 as a result of the implementation of the equity method instead of proportionate consolidation.

IFRS 10 Consolidated Financial Statements and the consequential amendments to IAS 28 Investments in Associates and Joint Ventures (2011) did not have any material effect on the Company condensed consolidated interim financial report.

IFRS 13, fair value measurement, provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - as a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its condensed consolidated statement of profit or loss and other comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly. The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group

Apart from the above, the Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. Interests at the joint ventures

The Company has the following interest (directly and indirectly) in the below joint ventures, as of June 30, 2013 and December 31, 2012:

Company name	**Country**	**Interest of holding (percentage)**	
		June 30, 2013	**December 31, 2012**
Elbit Plaza USA LP (1)	USA	N/A	50%
Elbit Plaza USA II LP	USA	50%	50%
P-One Infrastructure Pvt. Ltd. (2)	India	N/A	50%
Elbit Plaza India Real Estate Holdings Ltd.	Cyprus	47.5%	47.5%
Adams Invest S.R.L	Romania	25%	25%
Colorado Invest S.R.L	Romania	25%	25%
Spring Invest S.R.L	Romania	25%	25%
Sunny Invest S.R.L	Romania	25%	25%
Primavera Invest S.R.L	Romania	25%	25%
Bas development S.R.L	Romania	25%	25%
SIA Diksna	Latvia	50%	50%
Erocorner Gazdasagi Szolgaltato Kft.	Hungary	50%	50%
SBI Hungary Ingatlanforgalmazo es Epito Kft.	Hungary	35%	35%

(1) Refer also to note 12 (e) for the dissolving of investee.
(2) Refer also to note 13 (c) for the selling of the investee.

6. Effect of initial application of new standards

(1) Effect on the statement of financial position

	December 31, 2012		
	As presented in the past	Effect of retrospective application of IFRS 11	As presented in these financial statements
	€ 000'	€ 000'	€ 000'
Assets			
Cash and cash equivalents	64,440	(29,066)	35,374
Restricted bank deposits	25,518	(6,759)	18,759
Available for sale financial assets	11,714	-	11,714
Trade receivables	4,687	(1,288)	3,399
Other receivables and prepayments	46,749	(27,436)	19,313
Trading properties	780,963	(168,488)	612,475
Total current assets	934,071	(233,037)	701,034
Equity accounted investees	-	154,830	154,830
Loans to equity accounted investee	-	6,949	6,949
Property and equipment	8,109	(728)	7,381
Investment property	14,489	-	14,489
Restricted bank deposits	978	(199)	779
Other non-current assets	358	(2)	356
Total non-current assets	23,934	160,850	184,784
Total assets	958,005	(72,187)	885,818
Liabilities			
Interest bearing loans from banks	264,296	(58,319)	205,977
Debentures at fair value through profit or loss	34,966	-	34,966
Debentures at amortized cost	34,184	-	34,184
Trade payables	8,748	(1,179)	7,569
Related parties	511	35	546
Provisions	15,597	-	15,597
Derivatives	3,320	-	3,320
Other liabilities	14,094	(6,446)	7,648
Total current liabilities	375,716	(65,909)	309,807
Interest bearing loans from banks	5,773	-	5,773
Debentures at fair value through profit or loss	81,181	-	81,181
Debentures at amortized cost	39,010	-	39,010
Other liabilities	232	(47)	185
Deferred tax liabilities	6,947	(17)	6,930
Total non-current liabilities	133,143	(64)	133,079
Total liabilities	508,859	(65,973)	442,886
Non-controlling interests	6,930	(6,214)	716
Equity attributable to owners of the Company	442,216	-	442,216
Total equity	449,146	(6,214)	442,932
Total liabilities and equity	958,005	(72,187)	885,818

6. Effect of initial application of new standards (cont.)

(2) Effect on equity

	January 1, 2012		
	As presented in the past	Effect of retrospective application of IFRS 11	As presented in these financial statements
	€ 000'	€ 000'	€ 000'
Non-controlling interests	8,040	(7,289)	751
Equity attributable to owners of the Company	542,122	-	542,122
Total equity	550,162	(7,289)	542,873

	June 30, 2012		
	As presented in the past	Effect of retrospective application of IFRS 11	As presented in these financial statements
	€ 000'	€ 000'	€ 000'
Non-controlling interests	10,322	(9,592)	730
Equity attributable to owners of the Company (1)	524,052	(2,590)	521,462
Total equity	534,374	(12,182)	522,192

(1) The change in equity attributable to owners of the Company is stemming entirely from decrease in the retained earnings, due to non-specific finance expenses which were de-capitalized as equity accounted investees assets are not qualified assets as defined IAS 23.

6. Effect of initial application of new standards (cont.)

(3) Effect on the statement of profit or loss and statement of comprehensive income

	For the six months ended June 30, 2012		
	As presented in the past	Effect of retrospective application of IFRS 11	As presented in these financial statements
	€ 000'	€ 000'	€ 000'
Continuing operations			
Revenue	33,650	(19,502)	14,148
Change in fair value of Investment properties	(2,314)	2,314	-
	31,336	(17,188)	14,148
Write-down of Trading properties	(2,799)	1,111	(1,688)
Cost of operations	(15,505)	8,954	(6,551)
Gross profit	13,032	(7,123)	5,909
Administrative expenses	(11,457)	3,919	(7,538)
Gain from sale of Investment property, net	390	(390)	-
Other income	363	-	363
Other expenses	(672)	-	(672)
Results from operating activities	1,656	(3,594)	(1,938)
Finance income	12,941	(105)	12,836
Finance costs	(25,809)	3,882	(21,927)
Net finance costs	(12,868)	3,777	(9,091)
Share in loss of equity-accounted investees	(14)	(921)	(935)
Loss before income tax	(11,226)	(738)	(11,964)
Tax benefit	4,076	(28)	4,048
Loss from continuing operations	(7,150)	(766)	(7,916)
Discontinued operation			
Loss from discontinued operation, net of tax	-	(1,892)	(1,892)
Loss for the period	(7,150)	(2,658)	(9,808)
Loss attributable to:			
Owners of the Company	(7,218)	(2,590)	(9,808)
Non-controlling interests	68	(68)	-
Earnings per share			
Basic and diluted loss per share (in EURO)	(0.02)	-	(0.03)
Earnings per share – continuing operations			
Basic and diluted loss per share (in EURO)	(0.02)	-	(0.03)

6. Effect of initial application of new standards (cont.)

(3) Effect on the statement of profit or loss and statement of comprehensive income (cont.)

	For the six months ended June 30, 2012 (unaudited)		
	As presented in the past	Effect of retrospective application of IFRS 11	As presented in these financial statements
	€ 000'	€ 000'	€ 000'
Loss for the period	(7,150)	(2,658)	(9,808)
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Net changes in fair value on Available for sale financial assets transferred to income statement	1,942	-	1,942
Change in fair value of available for sale financial assets	(161)	-	(161)
Foreign currency translation differences - foreign operations (Discontinued operation)	-	(6,912)	(6,912)
Foreign currency translation differences - foreign operations (other)	(12,440)	7,401	(5,039)
Income tax effect on other comprehensive income due to change in fair value of Available for sale financial assets	(445)	-	(445)
Other comprehensive loss for the period, net of income tax	(11,104)	489	(10,615)
Total comprehensive loss for the period, net of tax	(18,254)	(2,169)	(20,423)
Total comprehensive loss attributable to:			
Owners of the Company	(17,812)	(2,590)	(20,402)
Non-controlling interests	(442)	421	(21)

(4) Effect on the statement of cash flows

	For the six months ended June 30, 2012 (unaudited)		
	As presented in the past	Effect of retrospective application of IFRS 11	As presented in these financial statements
	€ 000'	€ 000'	€ 000'
Net cash used in operating activities	(29,097)	4,121	(24,976)
Net cash from investing activities	209,771	(133,459)	76,312
Net cash used in financing activities	(62,996)	45,610	(17,386)
Effect of exchange rate fluctuations on cash and cash equivalents	(421)	385	(36)
Net increase in cash and cash equivalents	117,257	(83,343)	33,914
Cash and cash equivalents as at the beginning of the period	58,261	(6,828)	51,433
Cash and cash equivalents at the end of the period	175,518	(90,171)	85,347

7. Segment reporting

The Group comprises the following main geographical segments: CEE and India. 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 and Investment property geographically located in the relevant segment.

Data regarding the geographical analysis in the six months period ended June 30, 2013 and 2012 is as follows:

	Central & Eastern Europe	India	Total
	€ 000'	**€ 000'**	**€ 000'**
Six months period ended June 30, 2013:			
Revenue	13,915	383	14,298
Proceeds from disposal of equity accounted investee	-	16,699	16,699
Cost of equity accounted investee disposed	-	(21,842)	(21,842)
Operating loss by segment (1)	(44,709)	(16,726)	(61,435)
Net finance costs	(2,555)	(1,899)	(4,454)
Other expenses, net (2)	(4,121)	(332)	(4,453)
Share in profit (loss) of equity-accounted investees (3)	537	(5,009)	(4,472)
Reportable segment loss before tax	(51,582)	(23,297)	(74,814)
Less - unallocated general and administrative expenses			(2,018)
Discontinued operations			(454)
Less - unallocated finance costs			(4,511)
Loss before income taxes			(81,797)
Tax benefit			754
Loss for the period			(81,043)
Assets and liabilities as of June 30, 2013			
Total segment assets	555,026	131,756	686,782
Unallocated assets			105,782
Total assets			792,564
Segment liabilities	182,585	33,934	216,519
Unallocated liabilities			220,150
Total liabilities			436,669

(1) CEE – including impairment of EUR 45.3 million. India - including impairment of EUR 15.6 million.
(2) CEE- including fair value negative adjustment of Investment property of EUR 3.4 million.
(3) India – including equity accounted investees loss mainly due to impairment of EUR 4.3 million

7. Segment reporting (cont.)

	Central & Eastern Europe	India	Total
	€ 000'	**€ 000'**	**€ 000'**
Six months period ended June 30, 2012:			
Revenue	13,116	1,032	14,148
Operating profit (loss) by segment	1,546	(503)	1,043
Net finance costs	(4,939)	(802)	(5,741)
Other expenses, net	(309)	-	(309)
Share in loss of equity-accounted investees (1)	(23)	(912)	(935)
Reportable segment loss before tax	(3,725)	(2,217)	(5,942)
Less - unallocated general and administrative expenses			(2,672)
Discontinued operations			(1,892)
Unallocated finance costs			(3,350)
Loss before income taxes			(13,856)
Tax benefit			4,048
Loss for the period			(9,808)
Assets and liabilities as of December 31, 2012			
Total segment assets	603,071	180,723	783,794
Unallocated assets			102,024
Total assets			885,818
Segment liabilities	205,530	37,765	243,295
Unallocated liabilities			199,591
Total liabilities			442,886

(1) – India – including equity accounted investees loss mainly due to impairment of EUR 1.2 million.

8. Financial risk management

As a result of the ongoing euro area crisis and in particular the prolonged credit conditions tightening and reduced investment market activity which continue to impact the core markets in which the Group operates, management decided to continue with the deleveraging process (described in detail below) of its financial position commenced in the previous year. Mindful of the approaching maturities dates of the Group's financial liabilities the Group has taken the following steps in order to increase its liquidity position:

- Increased the efforts of realization of operating commercial centres as well as certain land banks where development is not economically viable. In addition, management continue to take a cautious approach and evaluate the local economic environment before any development program is commenced.
- Disposed of the majority of its available for sale financial assets
- Sell non-core real estate assets or assets that are close to fulfilling their valuation potential

As of June 30, 2013 the Group has a cash balance of EUR 87 million and total commitments of principal and interest to bondholders until the end of the current year of EUR 98 million, of which EUR 67 million were paid (principal and interest) to holders of the Israeli Series bonds on July 1, 2013. The cash needed by the end of the year 2013 is planned to be raised by realization of certain properties, some of which already consummated as disclosed in note 13c, or by ways of achieving alternative financing or capital increase.

Management believes the Group has sufficient Trading Properties that can be realized in a value that will produce sufficient cash flows to service its debt over the coming 24 months. The Group is in the process of such realization program.

Furthermore, management believes that the Company's statement of financial position reflects sufficient value to enable the achievement of alternative financing or increase in capital.

Management believes that similarly to prior years all expiring asset loan contracts will be renewed and covenants technically in breach will not be called by the lender because historic evidence shows that loans expiring in the previous years were prolonged or waived by the same lender and also some covenants technically in breach were in the same status in recent periods.

In addition, the Company suspended its currency options activity, and is currently seeking other possibilities of mitigating the currency risks resulting from having bonds denominated in NIS.

Other aspects of 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, 2012.

9. Financial instruments

Carrying amounts versus fair values

The fair values of financial assets and financial liabilities as of June 30, 2013 approximates the carrying amounts in the condensed consolidated statement of financial position, with the exception of Debentures at amortized cost which is as follows:

	Carrying amount	Fair value
	€ 000'	
Statement of financial position		
Debentures at amortized cost – short term	37,899	30,704
Debentures at amortized cost – long term	53,483	37,234

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				
Available for sale financial assets	883	-	-	883
Liabilities				
Derivatives	-	1,170	-	1,170
Cash settled share based payment transaction with the former Vice Chairman of EI	-	-	431	431
Debentures at fair value through profit or loss	114,547	-	-	114,547
Total financial liabilities carried at fair value	114,547	1,170	431	116,148

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 six months period ended June 30, 2013 was 1% (six month period ended June 30, 2012: 18.2%) .The change in effective tax rate was caused mainly by the following factors:

- Change in fair value of Debentures at fair value through profit or loss.
- Impairment of trading properties.

11. Related parties

	June 30, 2013	December 31, 2012
	€ 000'	
Statement of financial position		
Trade and other receivables	163	936
Trade and other payables	698	546

	For the six months period ended June 30,	
	2013	2012
	€ 000'	
Income statements		
Related parties - interest income	68	112
Related parties – charges to Indian subsidiaries	-	63
Related parties – charges by Indian subsidiaries	-	(427)
Related parties – recharges from Elbit	(67)	(179)

The Control Centers Group of companies, controlled by Mr. Mordechay Zisser, the main shareholder of Elbit, is providing project management services to various projects developed by the Company. During the six months period ended June 30, 2013 the Group paid EUR 0.3 million (June 30, 2012 – EUR 0.4 million) for such services. The agreement with Control Centers expired on May 31, 2011, but it continues to apply in regards to projects that their initiation commenced prior to such date.

12. Significant events during the period

a. Write-downs of Trading properties during the six month period ended June 30, 2013

During the six months ended June 30, 2013, the Company wrote down its Trading properties in Greece, Czech Republic, Serbia and India by EUR 60.9 million (six months ended June 30, 2012: EUR 1.7 million). The write down caused mainly by the following factors:

- Management reassessment of the business plans of certain properties, and;
- Disposal certain properties subsequent to the reporting period at a selling price below their carrying amount (refer to note 13(c) for more details)

The write down is included in a separate line item in the condensed consolidated interim statement of profit or loss.

b. Selling of joint venture in India

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

12. Significant events during the period (cont.)

c. Net capitalization ratio

Under the terms of the bonds issued in Poland in November 2010 (Totalling PLN 60 million (EUR 14 million), the Company is required to maintain a Net Capitalization Ratio (the "Ratio") which should not exceed 70%. As at statement of financial position date the Ratio was 46%.

d. Credit rating update

As of the authorization date of these condensed consolidated interim financial information , both debentures series are rated ilB/Negative by S&P Maalot Ltd. on a local scale (down from ilBB+/Negative in May 2013).

e. Dissolving of an equity accounting investee

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

f. Bonds held in treasury

The Company's subsidiary had a loan from a commercial bank, secured by the Company's bonds repurchased, with a scheduled loan repayment in the third quarter of 2013. Due to a rating event, the Company negotiated with the bank and finally concluded an early repayment of the loan during the reported period.

The loan balance, including accrued interest, was circa ILS 77.5 millions (Circa Euro 16.3 millions). The early repayment is expected to reduce the Company's interest expenses for 2013 with circa EUR 0.2 million. For the financing of the early repayment, the Company initiated the selling of some of the loan's collateral (a re-sell of the repurchased bonds).

In addition to the above, NIS 75 million par value of series B notes were bought in June 2013 by the Company itself from its wholly owned subsidiary, hence delisted from further trading in the market.

Following the above, and as of the date of approval of this condensed consolidated interim financial information the Company, through its wholly owned subsidiary holds in treasury NIS 15.9 million par value of series B bonds.

g. Receiving of insurance claim in India

In June 2013 the Company collected INR 529 million (EUR 6.9 million) refund from the Insurance Company in connection with the damage occurred in the fire in its shopping centre in Pune, India.

13. Post balance sheet events

a. Payment of bonds

On July 1, 2013, the Company paid principal and interest of series A and B bonds in a total amount of EUR 67 million. Following this payment, the total liquid balances on consolidation level were reduced to circa EUR 33 million (restricted cash included).

13. Post balance sheet events (cont.)

b. Update on financial covenants

All of the group's companies are in compliance with the entire loan covenants, with the exception of four bank facilities, for two of which the Company has received waiver, and in respect of the other two facilities the Company negotiates with financial institutions for obtaining of waivers, on all outstanding breaches.

c. Disposal of assets held for sale

On July 18th 2013 the Company completed the sale of 100% of its interest in a vehicle which holds the interest in the Prague 3 project ("Prague 3"), a logistics and commercial centre in the third district of Prague. Earlier this year, Plaza completed its successful application to change the zoning use of Prague 3 to a residential scheme. The transaction values the asset at circa EUR 11 million and, as a result, further to related bank financing and other adjustments to the statement of financial position, the Company has received cash proceeds of net circa EUR 7.5 million. The Company has reclassified the Prague 3 investment property asset to short term, and has recorded a loss from fair value adjustment of EUR 3.4 million, included in other expenses in the income statement.

In Addition, in July 2013 the Company completed the sale of 100% of its interest in a vehicle which holds the interest in another plot of land in Prague. The transaction values the asset at circa EUR 1.9 million and, as a result, further to liability to third parties, the Company has received cash proceeds of EUR 1.3 million. The Company has reclassified the trading property asset as held for sale, and the third party liability as held for sale liability, and has performed an impairment of EUR 3.5 million.