29 August, 2007

PLAZA CENTERS N.V.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

Plaza reports strong growth, realization of investments and excellent progress with its portfolio of 24 current development schemes

Plaza Centers N.V. ("Plaza" / "Company" / "Group"), a leading emerging markets property developer, today announces interim results for the six months ended 30 June 2007.

In the period since the Admission of its shares to trading on the Official List of the London Stock Exchange in November 2006, Plaza has utilised circa 60% of the IPO proceeds, mainly by acquiring 12 new development projects. The Company also continues to make excellent progress in its acquisitions programme and the delivery of its existing schemes.

Financial highlights:

- The Company's NAV was €1.02 billion at June 30, 2007 (At IPO: €809 million)
- NAV per share of £2.37 per share (At IPO: £1.90)
- Estimated value of portfolio at completion of €2.8 billion
- Increase to €264 million in balance sheet of real estate trading properties being developed for future sale (31 December 2006: €160 million)
- Total assets of €540 million (31 December 2006: €475 million)
- Gross revenues and net gains from sale and operating of real estates of €97 million (30 June 2006: €58 million)
- Profit before tax of €22.6 million (30 June 2006: €6.5 million) owing to the disposal of two shopping and entertainment centres in Poland and an office building in Budapest
- Basic and diluted EPS of €0.08 (30 June 2006: €3.12, due to much fewer shares pre-IPO in 2006)
- Cash position of €186 million (31 December 2006: €219 million) and working capital of €372 million (31 December 2006: €324 million)

Operational highlights in the reporting period:

- Successful opening and handover of Sosnowiec Plaza and Rybnik Plaza in Poland. Both shopping malls were 100% let on opening, resulting in a higher closing consideration paid to the Company than disclosed in the Company's Prospectus and a combined total market value for the two properties of €90.1 million, an increase of €18.6 million
- Purchase of two additional developments in Timisoara and Miercurea Ciuc, Romania with an anticipated gross lettable area ("GLA") of 39,500 sqm and 12,000 sqm, respectively
- Purchase of land for an additional housing development in the Roztoky suburb of Prague in the Czech Republic
- Second and third mixed-use Joint Venture development projects acquired in India in the Kharadi district of Pune and in Trivandrum, the capital city of the State of Kerala. The combined Gross Built Area ("GBA") of the scheme in Pune is approximately 225,000 sqm, while the scheme in Trivandrum has a GBA of approximately 195,000 sqm
- Additional development project acquired in Poland in the city of Torun for shopping and entertainment centre development with GLA of circa 33,000 sqm.

Key highlights since the period end:

- Forward-sale of Arena Plaza in Budapest, which will be the largest shopping centre in Hungary and one of the biggest in Central and Eastern Europe ("CEE"), to Active Asset Investment Management Plc (aAIM). The estimated transaction price will not be less than €380 million and capped at €400 million. The estimated value of the asset upon completion in the Company's Prospectus was €333 million
- The disposal of Plaza's 50% stake in Lublin Plaza Poland to Klépierre SA. The shopping centre was 100% let on opening. The market value of the total project was €78 million compared to the estimated value of approximately €62 million at the time of the Company's IPO
- Acquisition of sites in Romania for a retail-led mixed use development in Iasi (GLA 52,000 sqm) and a mixed use retail and residential scheme in Slatina (GBA 25,000 sqm)
- Debut in Serbia, winning a tender process run by the Government of Serbia for the development of a new shopping, entertainment and business centre in Belgrade with a GBA of 100,000 sqm
- Examining the possibility of dual listing in the Warsaw Stock Exchange (WSE), to allow higher liquidity and fulfil local investors' demand
- Gross proceeds raised of New Israeli Shekels ("NIS") 305 million (approximately €53.3 million) from a bond issue to Israeli institutional investors in July 2007.

Commenting on the results, Mordechay Zisser, Chairman and Ran Shtarkman, President and Chief Executive Officer, of Plaza Centers N.V., said:

"Tenant and investor demand for our high quality retail and entertainment centres in the CEE region continues to be strong. We also continue to leverage our track record and experience built up over eleven years into new countries such as Serbia, Bulgaria, Slovakia, Ukraine and Russia as well as continuing our expansion into India. We have made good progress in driving our acquisitions programme in 2007 and have built an exciting pipeline of assets, which we expect to bring to fruition during the rest of 2007 and in the following years.

"In line with our strategy for the year, we have already opened three shopping and entertainment centres in Poland and are on track to open one in Hungary and one in the Czech Republic by the end of the year. We have also successfully disposed of our landmark Arena Plaza scheme in Budapest for circa €400 million, some €67 million more than the project's value at our Admission.

"We are confident that the Company will achieve its goal to complete at least four to five developments each year and, thereby, deliver strong income and capital growth for our shareholders. We therefore look forward to the future with considerable confidence."

For further details please contact:

Plaza

Mordechay Zisser, Chairman	+972 3 6086000
Ran Shtarkman, President and CEO	+36 1 462 7221
Roy Linden, CFO	+36 1 462 7105

Financial Dynamics

Stephanie Highett/Lauren Mills	+44 20 7831 3113

Notes to Editors

Plaza Centers N.V. (www.plazacenters.com) is a leading emerging markets developer of shopping and entertainment centres, focusing 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 an indirect subsidiary of Elbit Medical Imaging Ltd. ("EMI"), 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 N.V. is a member of the Europe Israel Group of companies which is controlled by its founder, Mr. Mordechay Zisser. It has been present in real estate development in emerging markets for over 11 years.

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

We are delighted to report excellent progress and high levels of activity across all Plaza's operations in the six months ended 30 June 2007 and in the second half of the year to date.

The gross proceeds of the Company's IPO were approximately £166 million (including the exercise of an over-allotment option). Since Admission in November 2006, we have invested approximately 60% of these proceeds through the acquisition of 12 projects and through capital expenditure on the construction and delivery of our existing schemes.

Results

We ended H1 2007 with gross revenues of €97 million and a net profit of €22.6 million, resulting mainly from the sale of our shopping and entertainment centres in Rybnik and Sosnowiec, Poland and the sale of the Duna Plaza offices in Budapest, Hungary.

Following our strategic decision to focus more on assets to be built for sale, in 2006 and 2007 we invested heavily in existing assets under construction as well as acquiring a substantial future pipeline. Our total investment in real estate inventories under construction ("trading properties") increased to €264 million and we expect to present significant revenues out of these inventories from H2 2007 onwards.

With our cash position of approximately €186 million at the period end (and €162 million as at today's date) and with the benefit of the gross proceeds of approximately €53.3 million from the bond issue in July 2007 to Israeli institutional investors, Plaza is strongly positioned to fulfil its potential, secure additional investment pipeline projects and thereby create substantial value for our shareholders.

NAV

The Company's portfolio as at June 30, 2006 was valued by King Sturge LLP and their summary valuation is shown below.

The Company has seen a significant increase in the value of some of its assets, especially in regard to the Arena Plaza in Budapest which was valued at €333 million at IPO and was recently forward sold to aAIM for circa €400 million. The three shopping and entertainment centres sold in Poland were also handed over at a price higher than their value estimated at IPO. In addition, seven new assets were acquired and valued post IPO by June 30, 2007, which resulted in a substantial increase in the Company's Net Asset Value.

The Company's NAV was calculated as follows:

Use	**EUR (Thousand)**
Market value of land and projects by King Sturge LLP (1)	906,585
Assets minus liabilities as at June 30, 2007 (2)	113,889
Total	**1,020,474**

(1) per valuation attached
(2) excluding book value of assets which were valued by King Sturge LLP

The resulting NAV per share is £2.37 as at June 30, 2007.

Strategy

Plaza is a leading emerging markets developer of shopping and entertainment centres, focusing on constructing new centres and, where there is significant redevelopment potential, redeveloping existing centres, in both capital cities and important regional cities.

The Company's reputation for successful property development in Central and Eastern Europe is well-established, with a total of 24 centres now built and sold or forward sold to leading investors such as Klépierre, the Dawnay Day Group and, most recently, Active Asset Investment Management (aAIM). As a result, "Plaza Centers" has become a widely recognised brand name for western-style, institutional quality shopping and entertainment centres.

Over the past 11 years, the Company has expanded its operations in central Europe and eastwards into Poland, the Czech Republic, Romania, Latvia and Greece and, more recently, India and – as announced to shareholders yesterday - Serbia. During this time, it has clearly demonstrated its ability to anticipate market trends and deliver innovative large scale projects. The Company is now actively seeking to leverage its successful expertise and track record to new countries located adjacent to its existing areas of operation, such as Croatia, Bulgaria, Slovakia, Ukraine and Russia.

The strength of our reputation in Central and Eastern Europe has led the Board to decide to explore the possibility of a dual listing of the Company's shares on the thriving Warsaw Stock Exchange ("WSE"). The WSE has been extremely active over the past few years, with fast-increasing levels of investment activity from both institutional (particularly pension and mutual funds) and retail investors. On the basis that we have received numerous enquiries from investors in Poland and Central and Eastern Europe wishing to invest in our company and the likely benefits it will bring to all our shareholders in terms of increased liquidity in the shares, we believe this dual listing could be an attractive strategic option for the Company. It is anticipated that, should market conditions stabilize, this will be achieved within the current financial year.

The Company continues to make strong progress on its ongoing operational strategy, as detailed in its Prospectus, namely to:

- develop four to five modern western-style shopping and entertainment centres per year in the capital and regional cities of selected countries, primarily in CEE (focusing on the medium term in Poland, Czech Republic, Romania, Slovakia, Ukraine, Russia, Serbia and Greece) and mixed use developments in India for the medium and long term;

- acquire operating shopping centres that show significant redevelopment potential (either as individual assets or as portfolios) for refurbishment and subsequent re-sale;

- pre-sell, where prevailing market and economic conditions are favourable, the centres during construction, or prior to commencement of construction or redevelopment; and where the opportunity exists in CEE and India, extend its developments beyond shopping and entertainment centres by leveraging its strengths and drawing upon the experience and skills of the Company's executive management team and the Europe Israel Group to participate in residential, hotel, offices and other development schemes where such developments form part of integrated large scale business and leisure developments.

Portfolio progress

The Company is currently engaged in 24 assets and projects under development located across the Central and Eastern European region and in India. The location of the assets under development, as well as office buildings, is summarised as follows:

	Number of assets	
Location	**Under development**	**Offices**
Romania	5	-
Czech Republic	5	1
Hungary	4	1
Poland	4	-
Latvia	1	-
Greece	1	-
Serbia	1	-
India	3	-
Total	**24**	**2**

The Company invested a total of €42 million in six acquisitions and joint ventures during the six months, namely a retail development scheme in Torun, Poland, two joint venture projects in India, a residential project in Roztoky in the Czech Republic and the acquisition of two sites in Romania at Timisoara and Miercurea Ciuc.

In addition, in a busy period following the period end, Plaza has undertaken a number of significant transactions. The most important of these was the forward-sale of Arena Plaza in Budapest, the future largest shopping centre in Hungary and amongst the largest in Central and Eastern Europe, to Active Asset Investment Management Plc ("aAIM"). The estimated transaction price is based on the current rent levels and is not less than €380 million and capped at €400 million. The estimated value at Admission was €333 million.

In addition, during the weeks since 30 June 2007, we have sold our 50% stake in Lublin Plaza, Poland to Klépierre SA. The shopping centre was 100% let on opening in June 2007 and had a market value of €78 million (the whole project value) compared to the estimated value of approximately €62 million at the time of the Company's IPO. We have also announced the acquisitions of a 20,000 sqm site at Slatina in southern Romania for the development of a shopping and entertainment centre and a 46,500 sqm site in Iasi, Romania for a retail-led mixed use development.

Additionally, as announced yesterday, Plaza has won a tender process run by the Government of Serbia for the development of a new circa 100,000 sqm GBA shopping, entertainment and business centre in Belgrade, as a brownfield development on the prominent site of the former federal Ministry of Internal Affairs of Yugoslavia.

To date, we have utilized approximately 60% of the gross IPO proceeds as follows:

Use	**EUR (m)**
Finance of current developments	22
Acquisition of pipeline projects in the CEE	87
Replacement of existing loan facilities that are incompatible	19
Expansion of operations in India	23
Total	**151**

Dividend Policy

As explained in the Company's Prospectus, the Directors intend to adopt a dividend policy which will reflect the long-term earnings and cash flow potential of the Group, taking into account the Group's capital requirements, while at the same time maintaining an appropriate level of dividend cover.

Subject to all of these factors, and where it is otherwise appropriate to do so, the Directors intend to make distributions out of the annual net profits of the Group starting with the 2007 financial year. Dividends are expected to be paid at the rate of 25% on the first €30 million of such annual net profits, and thereafter at the rate of between 20% and 25%, as determined by the Directors, on any additional annual net profits which exceed €30 million. The dividends will be paid on or about 31 March following the publication of the Company's financial results on the basis of the aggregate of the annual net profits accumulated during the preceding financial year. The first dividend is therefore expected to be paid in 2008 following the 2007 results.

Outlook

Tenant and investor demand for our high quality retail and entertainment centres in the CEE region continues to be strong. We also continue to leverage our track record and experience built up over eleven years into new countries such as Serbia, Bulgaria, Slovakia, Ukraine and Russia as well as continuing our expansion into India. We have made good progress in driving our acquisitions programme in 2007 and have built an exciting pipeline of assets, which we expect to bring to fruition during the rest of 2007 and in the following years.

In line with our strategy for the year, we have already opened three shopping and entertainment centres in Poland and are on track to open one in Hungary and one in the Czech Republic by the end of the year. We have also successfully disposed of our landmark Arena Plaza scheme in Budapest for €400 million, some €67 million more than the project's value at our Admission.

We are confident that the Company will achieve its goal to complete at least four to five developments each year and, thereby, deliver strong income and capital growth for our shareholders. We therefore look forward to the future with considerable confidence.

Mordechay Zisser
Chairman
29 August 2007

Ran Shtarkman
President and CEO
29 August, 2007

BUSINESS OVERVIEW

H1 2007 and the following weeks have been a highly active period for Plaza across all areas of its business. Particular highlights included:

- Completion of developments: successful openings of Rybnik, Sosnowiec and Lublin shopping and entertainment centres in Poland, all 100% let upon opening; Arena Plaza and Plzen Plaza will be opened on schedule in Q4 this year;
- Exits: Handover of the interests in the above mentioned centres to Klépierre and the forward sale of Arena Plaza at terms more favourable than those reflected in our Prospectus;
- Acquisition of pipeline: nine new developments acquired (12 since IPO);
- Financial strength and flexibility: High cash balances and an A+/positive rating granted by the Israeli affiliate of Standard & Poor's for the raising of up to $400 million at favourable interest rates, of which approximately $72 million has already been raised through a bond issue in July.

Plaza is involved in the development of 24 schemes, of which five are located in Romania, five in the Czech Republic, four in Hungary, four in Poland, one in Latvia, one in Greece, one in Serbia and three in India.

The projects are at varied stages of the development cycle, from the purchase of land through to the planning and completion of construction. In addition, Plaza is negotiating to purchase sites for the development of several additional schemes throughout the CEE region and India

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

Asset/Project	**Location**	**Nature of asset**	**Size sqm (GLA)**	**Plaza ownership %**	**Status**
Arena Plaza	Budapest, Hungary	Retail and entertainment scheme	66,000	100	Construction commenced in 2006; completion scheduled for Q4 2007. Pre-sold to aAIM
Arena Plaza extension	Budapest, Hungary	Mixed use of retail, residential and other	19,500 (for rent and sale)	100	Under planning
Dream Island (Obuda)	Budapest, Hungary	Major business and leisure resort	350,000 (GBA) (for rent and sale)	30	Under planning. Construction will commence in Q4 2007; completion scheduled for 2012
David House	Budapest, Hungary	Headquarters/Office	2,000	100	Operational
Duna Plaza extension	Budapest, Hungary	Retail and entertainment scheme	15,000	Development rights	Under planning
Suwalki Plaza	Suwalki,	Retail and	21,000	100	Construction will

	Poland	entertainment scheme			commence in Q1 2008; completion scheduled for 2009
Lodz	Lodz, Poland	Residential/Office scheme	68,000	100	Under planning
Zgorzelec Plaza	Zgorzelec, Poland	Retail and entertainment scheme	16,000	100	Construction will start in Q1 2008; completion scheduled for 2009
Torun Plaza	Torun, Poland	Retail and entertainment scheme	33,000	100	Planning and permits phase
Plzen Plaza	Plzen, Czech Rep.	Retail and entertainment scheme	20,000	100	Construction started in 2006; completion scheduled for Q4 2007, pre-sold to Klepierre
Prague 3	Prague, Czech Rep.	Office, for future use for residential	61,600 (residential for sale)	100	Currently operational as an office building, re-zoning for future use for residential is in progress
Opava Plaza	Opava, Czech Rep.	Retail and entertainment scheme	14,000	100	Construction will start in late 2008; completion scheduled for 2010
Liberec Plaza	Liberec, Czech Rep.	Retail and entertainment scheme	17,000	100	Construction started in 2007; completion scheduled for 2008
Roztoky	Prague, Czech Rep.	Residential units	14,000	100	Under planning
Casa Radio	Bucharest, Romania	Mixed-use retail and leisure plus residential/office scheme	360,000 (GBA)	75	Construction commenced in 2007; completion scheduled during 2010-2012
Timisoara Plaza	Timisoara	Retail entertainment and residential scheme	59,500 (including 20,000 of residential)	100	Under planning

Miercurea Ciuc Plaza	Miercurea Ciuc	Retail and entertainment scheme	12,000	100	Under planning
Iasi Plaza	Iasi	Retail, entertainment and office scheme	52,000	100	Under planning
Slatina	Slatina	Retail, entertainment and residential	25,000 (GBA)	100	Under planning
Belgrade	Serbia	Retail, entertainment and business centre	100,000 (GBA)	85	Under palnning
Riga Plaza	Riga, Latvia	Retail and entertainment scheme	49,000	50	Construction started in 2007; completion scheduled for 2009
Helios Plaza	Athens, Greece	Retail and entertainment or office scheme	35,000	100	Under planning and permits stage
Koregaon Park	Pune, India	Retail, entertainment and office scheme	107,500 (GBA)	50	Construction started in 2007, expected completion in 2009
Kharadi	Pune, India	Retail, entertainment, office and apart-hotel scheme	225,000 (GBA)	50	Under planning
Trivandrum,	Kerala, India	Retail, entertainment, office and apart-hotel scheme	195,000 (GBA)	50	Under planning

Details of these activities by country are as follows:

Hungary

During 1996-2004, Plaza built, managed and eventually sold 16 shopping centres throughout Hungary. During 2007, Plaza continued to develop the Arena Plaza, its landmark shopping centre scheme in central Budapest, comprising approximately 66,000 sqm GLA which will make it one of the biggest in CEE. The mall was pre-sold to aAIM in August 2007.

In addition, Plaza holds a 30% stake in Dream Island, a prestigious development on the Obuda Island in central Budapest, with a land area of 320,000 sqm, which is intended to be developed as a major resort area including hotels, recreation facilities, a casino and a business and leisure complex with a development budget of over €1 billion and 350,000 sqm of GBA. Preliminary design and excavation works are already underway.

Two further projects are in feasibility and planning stages, namely the extension of the Duna Plaza and the Arena Plaza, both of which are located in central Budapest.

The Group continues to own its office building in Budapest, David House on Andrassy Boulevard.

Poland
Between 2001 and 2005, Plaza built, managed and, in 2005, sold four shopping centres located across Poland. In 2007, the Company completed the construction of three shopping centres in Rybnik (approximately 18,000 sqm GLA), Sosnowiec (approximately 13,000 sqm GLA) and Lublin (50% held, approximately 26,000 sqm GLA). All three were 100% let upon opening and have all been handed over to Klépierre successfully and on better terms than those mentioned in our Prospectus.

In addition, Plaza continued the feasibility and planning of its development scheme in Lodz (designated for shopping centre or alternatively residential/office use), as well as an acquisition of an additional plot of land for a planned shopping centre in Torun (comprising approximately 33,000 sqm of GLA).

Czech Republic
Construction of the Plzen Plaza (approximately 20,000 sqm GLA) commenced in 2006 and is currently expected to be completed in Q4 2007.

Plaza has purchased 39,000 sqm of private land in Roztoky, a town close to Prague, which includes a valid planning permit for 81 family homes. It is intended to commence construction in 2008.

The Company continued to own an income-yielding office building in Prague which is designated to be re-zoned for a scheme of 61,600 sqm of residential units.

Romania
In November 2006, Plaza acquired a 75% interest in a company which has entered into a public-private partnership agreement with the Government of Romania to develop the approximately US$1 billion budget Casa Radio (Dambovica) scheme in Bucharest, the largest development plot available in the city centre. The Romanian Government will remain a 15% partner in the scheme. The development of Casa Radio comprises approximately 360,000 sqm of GBA, including a 110,000 sqm GLA shopping mall and leisure centre (one of the largest in Europe), residential units, offices, hotel, casino, hypermarket and convention and conference hall.

The Group has continued its rapid expansion in Romania, with the purchase of four exciting sites. It has acquired a plot in Timisoara for the development of a shopping centre comprising approximately 39,500 sqm GLA and residential units of approximately 20,000 sqm; a plot in Iasi for the development of a shopping centre providing approximately 37,000 sqm GLA and 15,000 sqm of office space; a site in Miercurea Ciuc which will be developed into a shopping centre with approximately 12,000 sqm of GLA and another site of 20,000 sqm at Slatina for the development of a shopping and entertainment centre of GBA 25,000 sqm. In addition the site at Slatina comes with an option to develop approximately 10,000 sqm of residential accommodation.

Latvia
Construction works started in March 2007 on the Riga Plaza project comprising approximately 49,000 sqm of GLA in Riga, Latvia (a 50% holding). The scheme is located on the western bank of the river Daugava by the Sala Bridge and Plaza expects this project to be completed during 2009.

Serbia
Plaza has successfully tendered for a state-owned plot and building in Belgrade, Serbia. The building was formerly occupied by the federal ministry of internal affairs in the former Yugoslavia, and is located in the centre of Belgrade in a neighbourhood of government offices and foreign embassies.

Serbia is one of the Eastern European nations where Plaza sees strong potential for future investment opportunities. Plaza also believes that the Belgrade market offers particular potential, with its large populated catchment area of approximately 2.5 million people. Additionally, as Belgrade has not to date benefited from ‘institutional grade’ investment in retail or commercial real estate, this development will have particular significance in terms of providing a new commercial and cultural destination for both domestic and international visitors.

Plaza will partner a local Serbian developer for the project, which is expected to have a gross development budget of circa €150 million. The local partner will be entitled to participate in up to 15% of the project, subject to certain conditions, while project management will be handled solely by Plaza.

The development will comprise a shopping, entertainment and business centre totalling circa 100,000 sqm of GBA.

Greece
Plaza owns a 15,000 sqm plot of land centrally located in Piraeus Avenue, Athens. Plaza is currently working on securing building permits for the construction of a shopping centre, or alternatively an office complex, totalling approximately 35,000 sqm of GLA.

Russia and Ukraine
New country directors have been appointed to these countries to focus on possible investments and to gain deeper understanding of the local market. Negotiations are currently underway to purchase plots in the major cities of these countries.

India
As outlined in its Prospectus, Plaza has identified strong potential in emerging India and, during the reporting period, acquired two additional development projects in 50-50 Joint Venture in the Kharadi district of Pune, totalling approximately 225,000 sqm of GBA and in Trivandrum, the capital city of the State of Kerala, of approximately 195,000 sqm GBA. Both projects are for mixed use development (shopping centre, offices, hotel and serviced apartments), with Kharadi featuring a shopping area of 120,000 sqm, office space of approximately 81,000 sqm and 24,000 sqm of serviced apartments. The project in Trivandrum will provide retail space of some 67,000 sqm, an office complex of 90,500 sqm and 37,500 sqm of serviced apartments.

Prospects

The Group continues to examine additional developments to acquire across its target region as well as examining other future emerging market opportunities, which we consider to offer strong potential consumer demand for Plaza’s development projects.

FINANCIAL REVIEW

Results

In line with the Group's commercial decision to focus its business more on the development and sale of shopping and entertainment centres, the Group is classifying its current projects under development as trading properties rather than investment properties. Accordingly, revenues from the sale of trading properties are presented at gross amounts.

Revenues for the period ended at June 30, 2007 increased to €95 million (H1 2006: €52 million), mainly due to the sale of Rybnik Plaza and Sosnowiec Plaza in Poland.

Gains from the sale of investment property decreased to €2.4 million (H1 2006: €6.5 million), mainly due to the policy of the Group to classify properties as trading properties. The gain in H1 2007 represents the net result from the sale of the Duna Plaza Offices in Budapest, while the H1 2006 gain was mainly from the Poznan Plaza price adjustment.

The cost of operations is attributable to the cost of projects sold mentioned above (Rybnik and Sosnowiec) which were classified as trading properties (inventories).

Administrative expenses increased to €8.2 million (H1 2006: €4.3 million), mainly due to non-cash share-based payments (€3.6 million) which were not in place in H1 2006 and to the increase in the Company's volume of activities.

Net finance was positive in H1 2007 at €3.3 million (H1 2006: expenses of €0.6 million) due to higher cash balances and more favourable lending terms achieved.

Tax expenses continue to remain very low at €93,000 (H1 2006: €834,000), reflecting less than 1% (H1 2006: 13%) of profits before tax and resulting from the Group's favourable tax structure.

Profit for the period amounted to €22.6 million in H1 2007, above market expectations, compared to €5.7 million in H1 2006 and again reflects the sale of three assets as mentioned above in comparison with the one asset sold in H1 2006 (Novo Plaza in Prague).

Basic earnings per share for H1 2007 were €0.08 per share (H1 2006: €3.12). The decrease is due to the public share offering that took place subsequent to June 30, 2006 when the number of outstanding shares was increased significantly.

Balance sheet and cash flow

The balance sheet as at 30 June 2007 showed current assets of €496 million compared to current assets of €414 million at the end of 2006. This rise primarily results from Plaza's realization of three assets and investment in our substantial pipeline of development projects.

The cash position of cash and short term deposits decreased to €186 million (2006: €219 million), mainly due to acquiring six pipeline projects during the period net of receipts from the three assets sold.

Investment properties decreased to €13 million (2006: €26.6 million), due to the sale of Duna Plaza Offices. Currently only the Prague 3 logistic building is classified as an investment property.

Total bank borrowings (long and short term) increased to €80 million (2006: €57 million) reflecting the increase of construction activities net of repayment of the loans used to construct the Rybnik Plaza and Sosnowiec Plaza and their subsequent sale.

Trade payables and other liabilities increased to €26 million and €14 million, respectively (2006: €16 million and €3 million, respectively), due to the increase in the volume of construction activities.

Related Party balances are presented gross (both in the assets and in the liabilities sections of the balance sheet) as the balances are with different Plaza group subsidiaries and therefore netting was not possible under IFRS. However, the net balance of the Plaza Group with its controlling shareholders is approximately €2.5 million (liability). The majority of this (€1.9 million) is due to a provision in respect of project management fees charged by the Control Centers group, relating to project supervision services granted in respect of the extensive development of projects within the Group.

Valuation Summary by King Sturge LLP as at June 30, 2007

Country	Project Name	Market Value on completion 30 June, 2007 €	Market Value on completion 31 May, 2006 €	Market Value of the land and project 30 June, 2007 €	Market Value of the land and project 31 May, 2006 €
Hungary	Arena Plaza	382,000,000	333,388,000	300,000,000	172,424,000
	Arena Plaza extension	71,300,000	76,163,000	27,000,000	38,722,000
	Dream Island	462,100,000	454,820,000	81,160,000	76,163,000
	David House, Budapest	5,275,000	5,512,000	5,275,000	5,512,000
	Duna Plaza extension	47,100,000	46,870,000	25,000,000	25,203,000
Poland	Torun Plaza	89,150,000	-	18,000,000	-
	Suwalki Plaza	60,900,000	40,600,000	11,300,000	9,410,000
	Lodz Plaza	128,105,000	70,800,000	16,500,000	11,663,000
	Zgorelec Plaza	41,800,000	-	6,500,000	-
	Lublin Plaza	39,000,000	30,988,000	39,000,000	15,011,000
Czech Republic	Plzen Plaza	61,800,000	42,814,000	29,010,000	3,056,000
	Prague 3	116,575,000	98,023,000	24,600,000	22,449,000
	Opava Plaza	41,600,000	42,300,000	11,900,000	10,868,000
	Liberec Plaza	63,500,000	60,045,000	25,330,000	21,770,000
Romania	Miercurea Ciuc Plaza	19,200,000	-	4,400,000	-
	Timisoara Plaza	104,600,000	-	24,000,000	-
	Casa Radio Plaza	646,900,000	460,875,000	164,000,000	87,380,000
Latvia	Riga Plaza	75,000,000	51,681,000	23,000,000	23,020,000
Greece	Helios Plaza	95,625,000	89,600,000	30,210,000	29,459,000
India	Koregaon Park	51,650,000	-	12,750,000	-
	Kharadi Plaza	76,600,000	-	17,000,000	-
	Trivandrum Plaza	78,900,000	-	10,650,000	-
Value of sold projects		-	85,343,000	-	28,959,000
	Total	**€2,757,380,000**	**€1,989,822,000**	**€906,585,000**	**€581,069,000**

Notes

- **Please note both Toruń and Zgorzelec are owned by third party, non Plaza Centers related companies, albeit with preliminary purchase or pre-agreements in place. Our valuations reflect the potential value of the projects if available for development today.**
- **Plaza Centers has a 50% interest in the Riga Plaza development.**
- **Plaza Centers has a 50% interest in the Lublin Plaza development.**
- **All land and project values assume full planning consent for the proposed use.**
- **Plaza has a 50% interest in Koregaon Park, Kharadi Plaza and Trivandrum Plaza.**
- **Plaza has a 30% share in Dream Island.**
- **Plaza has a 75% share of Casa Radio.**
- **All the figures reflect Plaza's share.**

Independent report on review of condensed consolidated interim financial information

To the directors of Plaza Centers N.V.

We have reviewed the accompanying consolidated condensed balance sheet of Plaza Centers N.V. ("the Company") as at June 30, 2007 and the related consolidated condensed statements of income, changes in equity and cash flows for the six-month period then ended ("the interim financial information"). Management is responsible for the preparation and presentation of the 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 the interim financial information based on our 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at June 30, 2007, is not prepared, in all material respects, in accordance with IAS 34, "*Interim Financial Reporting*", as adopted by the EU.

Budapest, August 28, 2007

KPMG Hungária Kft.

Condensed consolidated interim income statement

	For the six months ended June 30,	
	2007	2006
	Unaudited	Audited
	€ '000	
Revenues	94,571	51,653
Gain from the sale of investment property, net	2,471	6,539
Changes in fair value of investment property	-	293
	97,042	58,485
Cost of operations	69,131	46,993
Gross profit	27,911	11,492
Administrative expenses (*)	8,191	4,315
Operating profit	19,720	7,177
Finance income	3,858	1,527
Finance expenses	(586)	(2,108)
Finance income, net	3,272	(581)
Other income	126	26
Other expenses	(441)	(169)
Share in gain (loss) of associate	(33)	40
Profit before tax	22,644	6,493
Income tax expense	93	834
Profit for the period	22,551	5,659
Attributable to:		
Equity holders of the Company:	22,546	5,659
Minority interest	5	-
	22,551	**5,659**
Basic and diluted earnings per share attributable to the equity holders of the Company (in EUR)	0.08	3.12

(*) Including non-cash share based payments of EUR 3,570 thousands for the six month period ended June 30, 2007 (2006: Nil).

Condensed consolidated interim balance sheet

	June 30, 2007 Unaudited	December 31 2006 Audited
	€ '000	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	176,057	212,683
Restricted bank deposits	9,715	616
Short-term deposits	-	6,154
Trade accounts receivables, net	21,551	1,059
Other accounts receivable and prepayments	12,777	29,222
Other debtors and related parties	11,917	4,283
Trading properties	263,594	159,961
	495,611	413,978
NON CURRENT ASSETS		
Investment in associate	1,115	1,148
Long-term balances and deposits	2,237	2,257
Other debtors and related parties	18,734	22,027
Property, plant and equipment	8,444	7,550
Investment property	12,970	26,654
Restricted bank deposits	350	350
Other non-current assets	664	933
	44,514	60,919
Total assets	**540,125**	**474,897**
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Interest bearing loans from banks	74,068	51,201
Trade payables	26,300	15,703
Other liabilities	13,955	3,088
Amounts due to related parties	9,729	17,771
Creditor due to selling of investment property	-	2,418
	124,052	90,181
NON-CURRENT LIABILITIES		
Interest bearing loans from banks	5,668	5,875
Amounts due to related parties	12,967	8,474
Other long term liabilities	927	1,551
Deferred tax liabilities	1,403	4,139
	20,965	20,039
EQUITY		
Share capital	2,923	2,923
Translation reserve	(351)	(1,895)
Other reserves	7,431	1,840
Share premium	248,860	248,860
Retained earnings	135,495	112,949
Shareholders' equity attributable to equity holders of the Company	394,358	364,677
Minority interest	750	-
Total equity	395,108	364,677
Total shareholders' equity and liabilities	**540,125**	**474,897**

Condensed consolidated interim statement of changes in shareholders' equity

	Attributable to equity holders of the Company							
	Share capital	**Share premium**	**Capital reserve**	**Translation reserve**	**Retained earnings**	**Total**	**Minority interest**	**Total equity**
				€ '000				
Balance at December 31, 2006 (Audited)	2,923	248,860	1,840	(1,895)	112,949	364,677	-	364,677
Foreign currency translation adjustment	-	-	-	1,544	-	1,544	-	1,544
Share based payments	-	-	5,591	-	-	5,591	-	5,591
First time consolidated minority interest	-	-	-	-	-	-	745	745
Profit for the period	-	-	-	-	22,546	22,546	5	22,551
Balance at June 30, 2007 (Unaudited)	**2,923**	**248,860**	**7,431**	**(351)**	**135,495**	**394,358**	**750**	**395,108**
Balance at December 31, 2005 (Audited)	18	-	(181)	(2,059)	98,229	96,007	-	96,007
Transfer to income statement due to selling of trading property	-	-	-	(33)	-	(33)	-	(33)
Net profit for the period	-	-	-	-	5,659	5,659	-	5,659
Balance at June 30, 2006 (Audited)	18	-	(181)	(2,092)	103,888	101,633	**-**	101,633

Condensed consolidated interim statement of cash flow

	For the six months ended June 30,	
	2007	**2006**
	Unaudited	**Audited**
	€ 000'	
Cash flows from operating activities		
Profit for the period	22,546	5,659
Adjustments necessary to reflect cash flows used in operating activities:		
Depreciation	229	439
Change in fair value of investment property	-	(293)
Minority interest	5	-
Finance income, net	(836)	(488)
Company's share in loss (profit) of associate	33	(40)
Gain on sale of investment property subsidiaries	(2,471)	(6,539)
Gain on sale of trading property subsidiaries	(23,062)	(2,134)
Income tax expenses	93	555
Increase in trade accounts receivable	(788)	(1,602)
Increase in other accounts receivable	(6,639)	(1,218)
Payments on account for projects to be acquired	(9,099)	-
Increase in trading properties	(127,265)	(35,953)
Purchase of trading property companies (see appendix A)	(14,657)	-
Increase in trade accounts payable	15,941	6,043
Increase in other liabilities	8,825	3,891
Net proceeds from sale of trading property subsidiaries (see appendix B)	31,119	4,525
Share based payments	3,570	-
Net cash used in operating activities	(102,456)	(27,155)
Cash from investing activities		
Purchase and development of property, plant and equipment	(908)	(934)
Proceeds from sale of property, plant and equipment	-	54
Investment in associate	-	(50)
Short term deposits, net	7,066	(8,575)
Decrease in long term deposits	185	1,047
Increase in long term deposits	(527)	(2,344)
Net proceeds from disposal of other subsidiaries (see appendix B)	11,526	-
Long term loans granted to partners in jointly controlled company	(7,934)	(2,116)
Net cash provided by (used for) investing activities	9,408	(12,918)
Cash from financing activities		
Short term loans from banks, net	70,576	21,675
Long term loans repaid to banks	(6,908)	(2,427)
Loans repaid to related parties	(7,438)	(6,766)
Net cash provided by financing activities	56,230	12,482
Foreign currency translation adjustment	192	-
Decrease in cash and cash equivalents during the period	(36,626)	(27,591)
Cash and cash equivalents at the beginning of the period	212,683	46,699
Cash and cash equivalents at the end of the period	**176,057**	**19,108**

Condensed consolidated interim statement of cash flow

	For the six months ended June 30,	
	2007	2006
	€' 000	
Appendix A - Acquisition of subsidiaries		
Cash and cash equivalents of subsidiaries acquired	(14)	-
Working capital (excluding cash and cash equivalents)	22,695	-
Trading property	(38,097)	-
Minority interest	745	-
Less- Cash and cash equivalents of subsidiaries acquired	14	-
Acquisitions of subsidiaries, net of cash held	(14,657)	-
Appendix B - Disposal of Subsidiaries		
Cash and cash equivalents of subsidiaries disposed	3,064	463
Working capital (excluding cash and cash equivalents)	52,446	43,404
Long-term deposits	547	1,047
Investment property and other assets	13,800	-
Long-term loans and liabilities	(49,681)	(42,026)
Net identifiable assets and liabilities disposed	(20,176)	(2,888)
Cash from sale of subsidiaries	45,709	4,988
Less- Cash and cash equivalents of subsidiaries disposed	(3,064)	(463)
	42,645	4,525
Non cash movements		
Share based payment capitalized	2,626	-
Interest paid	1,366	1,663
Interest received	2,989	285

NOTES TO THE ACCOUNTS

1. Reporting entity

Plaza Centers N.V. ("the Company") conducts its activities in the field of establishing, operating and selling of commercial and entertainment centres in Central and Eastern Europe, and, from 2006, in India.

In line with the Group's commercial decision to focus its business more on the development and sale of shopping and entertainment centres, the Group has classified its current projects under development as trading properties rather than investment properties.

. The condensed consolidated interim financial statements of the Company as at June 30, 2007 and for the six month period then ended comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

The consolidated financial statements of the Group as at and for the year ended 31 December 2006 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.

The Company has its primary listing on the London Stock Exchange.

During the six month period ended June 30, 2007 the following changes and additions occurred in the Company's holdings:

a. The Company acquired interests in an additional two joint venture projects in India through its wholly owned subsidiary, Spiralco Ltd, which acquired a 50% stake in P-one infoport private Ltd. ("P-One"), an Indian Limited liability company. P-One owns two projects: Kharadi (in Pune) and Trivandrum (in Kerala state)

b. Additional companies acquired and activated in Romania:

The Company completed the purchase of 75% of the Casa Radio project in Bucharest through acquiring 75% of the shares of Dombovita S.R.L. Dombovita S.R.L has a plot and building leased for 49 years.

The Company also activated two shell companies, Elite residence Esplanada s.r.l and North Gate Plaza s.r.l, wholly owned by the company, to purchase two plots of land in the Cities of Timisoara and Miercurea Ciuc, respectively.

c. Sale of Rybnik and Sosnowiec shopping centres:

The Company sold to Klépierre SA, a leading French property group, effective March 31, 2007, Rybnik Plaza Sp. z.o.o and Sosnowiec Plaza Sp.z.o.o, which own shopping centres in Rybnik and Sosnowiec, Poland, respectively.

d. Sale of Duna Plaza Offices:

The Company sold to Klépierre, effective May 14, 2007, the Duna Plaza Offices in Budapest. The sale took place by selling Duna Plaza Irodaház Kft., a wholly owned subsidiary of the Company, which owns the office compound.

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 *Interim Financial Reporting,* as adopted by the EU. They do 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 31 December 2006.

The condensed consolidated interim financial statements were approved for issue by the board of directors on 28 August 2007.

3. Significant accounting policies

The accounting policies adopted by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2006.

4. Estimates

The preparation of interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates have been made in a basis consistent with the basis used in 31 December 2006 financials statements.

5. Financial risk management

There have been no significant 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 31 December 2006.

6. Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual effective income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended June 30, 2007 was 0.3% (for the six months ended June 30, 2006: 12.8%). This change in effective tax rate was caused mainly by a one-time tax expense in the Czech Republic, as well as the release of deferred tax liabilities in respect of the revaluation of an investment property item in 2006. Since the Company meets the participation exemption rules in the Netherlands, its effective tax rate in 2007 is almost nil.

7. Interest-bearing loans from banks

The following interest-bearing loans from banks relating to trading properties were received and repaid during the six months ended June 30, 2007:

	Currency	Interest rate	Face value	Carrying amount	Year of maturity
		Thousands Euro			
Balance at 1 January 2007				**51,201**	
Received loans					
Secured bank loan	Euro	3m Euribor+1.95%	9,769	9,769	2007
Secured bank loan	Euro	3m Euribor+1.65%	11,438	11,438	2007
Secured bank loan	Euro	3m Euribor+1.95%	5,041	5,041	2007
Secured bank loan	PLN	1Y Wibor+1.4%	4,071	4,071	2007
Secured bank loan	Euro	3m Euribor+2%	9,022	9,022	2007
Secured bank loan	Euro	3m Euribor+1.65%	31,299	31,299	2022
Repayments					
Secured bank loan	Euro	3m Euribor+1.95%	24,039	24,039	2007
Secured bank loan	Euro	3m Euribor+1.95%	11,438	11,438	2007
Secured bank loan	Euro	3m Euribor+1.85%	1,540	1,540	2007
Secured bank loan	Euro	3m Euribor+2%	5,570	5,570	2007
Secured bank loan	PLN	1Y Wibor+1.4%	5,162	5,162	2007
Balance at June 30, 2007				**74,092**	

8. Related parties

The Control Centers Group of companies, held by Mr. Mordechay Zisser, the main shareholder of Elbit Medical Imaging ("EMI") who is the indirect controlling shareholder of the Company, is providing project management services to various projects developed by the Company and has charged EUR 7.0 million for services provided in the first half of 2007.

Jet Link, a Company held by Mr. Mordechay Zisser, which provides aviation services for the Company has charged a total of EUR 0.5 million for services provided in the first half of 2007.

The Company estimates the liability arising from an agreement signed with the Executive Vice Chairman of EMI, as described in the annual report 2006, in an amount of EUR 674,000. A provision has been recorded in other liabilities – related parties and was included as administrative expenses in the consolidated income statement.

EMI has charged EUR 300,000 for accounting and legal services provided to the Company in the first half of 2007.

9. Earnings per share

Earnings per share attributable to equity holders of the Company arise from continuing operations as follows:

	For the six month period ended June 30, 2007
Earnings per share for profit from continuing operations Attributable to the equity holders of the Company (expressed in EUR cents per share)	
Basic:	7.7
Diluted:	7.7

10. Standards, interpretations and amendments to published standards not yet effective

Since the publication of the 2006 financial statements, the following statements have been issued:

Revised IAS 23 Borrowing Costs (effective from 1 January 2009)

The revised Standard will require the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

The Group does not expect the revised Standard to have any impact on the consolidated financial statements, since it already capitalizes such borrowing costs.

11 Significant acquisitions and transactions

A. Sale of Rybnik and Sosnowiec shopping centres

The Company sold, effective at March 31, 2007 Rybnik Plaza and Sosnowiec Plaza Shopping and Entertainment centres in Poland to Klépierre SA, a leading French property group. Both shopping malls which were 100% let to international and local tenants on their opening to the public in March 2007 were pre-sold to Klépierre in July 2005.

An aggregate fair value of EUR 90.1 million was agreed between the Company and Klépierre. The Company has recorded a gain from this transaction in the amount of approximately EUR 22.9 million.

B. Kharadi project – Pune, India

In February 2007, the Company indirectly entered into an agreement to acquire through a 100% subsidiary a 50% stake in P-one infoport private Ltd. ("JV1") an Indian limited liability company, which owns the freehold of approximately fourteen acres of land situated in the Kharadi district of Pune, Maharashtra State, India. The remaining 50% stake in JV1 is held by a property developer in Pune. The consideration paid totalled

EUR 17 million, invested in the form of equity. The actual transfer of ownership occurred in April 2007.

JV1 intends to develop its plot of land through the construction of a project totalling approximately 2.4 million sq ft (225,000 sqm) of Gross Built Area which will include:

- a shopping centre with a total area of approximately 1.3 million sq ft (approximately 120,000 sqm);
- an office complex measuring approximately 870,000 sq ft (approximately 81,000 sqm) and;
- a serviced apartment facility of approximately 260,000 sq ft (approximately 24,000 sqm).

The total investment in the project (100%) is anticipated to be approximately USD 175 million (approximately EUR 133 million).

C. Timisoara project – Romania

In March 2007, the Company acquired a site in Timisoara, West Romania, for a total consideration of EUR 12.5 million. The site totals 31,800 sqm. The Company plans to build a multi-storey shopping centre of approximately 39,500 sqm Gross Lettable Area, exclusive of parking area.

The Company has also secured an option to develop on the site approximately 20,000 sqm of new mixed retail, office and residential space adjacent to the shopping centre.

The total estimated development cost of the project is EUR 92.5 million.

D. Casaradio Project – Bucharest, Romania

On October 11, 2006, the Company entered into an agreement, according to which it acquired a 75% interest in a company ("Project SPV") which under a public-private partnership agreement with the Government of Romania was to develop the Casa Radio site in central Bucharest. The consummation of the transaction is subject to the fulfilment of certain conditions, including obtaining the approval of the Government of Romania to an amendment to the public-private partnership agreement. The cost of the acquisition of the interest in Project SPV amounts to approximately USD 40 million (EUR 30 million).

The other investors include the Government of Romania, which will assure that the development company is granted the necessary development and exploitation rights in relation to the site for a 49-year period in consideration for a 15% interest in Project SPV, and the seller which will retain a 10% interest in the Project SPV.

In November 2006 the public -private partnership agreement was approved by the Government of Romania subject to ratification by the Romanian Parliament which, as of the date of the approval of these financial statements, has been obtained. The transaction approval and the nomination of directors in Project SPV by the Company were adopted by the general shareholders meeting of Project SPV in February 2007.

The Project, which will have an estimated built area of approximately 360,000 square meters, will include a shopping and entertainment centre, a five star hotel, residential units and offices. The owners (including the Company) have undertaken to cause Project SPV to construct an office building measuring approximately 13,000 sqm for the Government of Romania at its own cost.

E. Torun Project - Poland

In February 2007, the Group won a tender and signed a preliminary purchasing agreement with the Municipality of Torun, Poland for a project to be constructed on a site in Torun. The initial consideration was EUR 1.7 million and the total plot price will be EUR 12.6 million, to be paid in the course of the following two years. The plot size is 62,800 sqm. The planned Gross Lettable Area is approximately 33,000 sqm. Construction is due to commence in 2009 and the centre is scheduled to open in 2010.

F. Selling of Duna Plaza Offices - Hungary

The Company sold in May 2007 the Duna Plaza offices in Budapest, Hungary, to Klépierre for a consideration of EUR 14.2 million, an increase in the value disclosed in the Company's Admission Document at the time of its IPO, which was EUR 13.8 million.

G. Trivandrum project purchase - India

On June 19, 2007 the Company (through P-One, its 50% indirectly held subsidiary) entered into a joint venture with a leading Indian property developer, to acquire a plot of land with an area of approximately 10.78 acres (approximately 43,600 sqm), situated in Trivandrum, the capital city of the State of Kerala, India. The total cost of the land amounted to 1,060 million Rupees (approximately EUR 20 million). The Company and its partner intend to use the plot to develop a project totalling approximately 2.1 million sq ft (195,000 sqm), which is currently intended to comprise:

- A shopping and entertainment centre with a total area of approximately 720,000 sqft (approximately 67,000 sqm);
- An office complex with a total area approximately 970,000 sqft (approximately 90,500 sqm);
- A hotel and apartment hotel with a total area of approximately 400,000 sqft (approximately 37,500 sqm).

H. The company purchased a plot of land in a Prague suburb

In May 2007 the Company purchased 39,000 sqm of private land in Roztoky, a town next to Prague. The company intends to develop there a residential compound. The plot includes a valid planning permit for 81 units of family houses. Construction is intended to begin in 2008 and is anticipated to be completed in 2009-2010.

12 Events occurring after the balance sheet date

A. Agreement for the sale of Arena Plaza – Budapest, Hungary

On August 7, 2007 the Company executed a binding agreement for the sale of its Arena Plaza shopping and entertainment centre in Budapest to UK based Active Asset Investment Management ('aAIM').

The selling price will be finally determined on the completion of the transaction, which is expected to take place within a month of Arena Plaza's opening date, on the basis of the actual rent levels achieved capitalized at an agreed yield. The Company will remain responsible for the letting of the centre's remaining units for a period of up to one year following the closing, and is anticipated to benefit from further price adjustments reflecting the signing of any additional leases during the two consecutive earn-out periods, which end three months and twelve months respectively following the completion.

The Company's management estimates the final transaction price based on actual rent levels will be no less than approximately EUR 380 million, with an overall transaction price cap of EUR 400 million, as agreed with aAIM. The final expected transaction price represents a significant upside comparing to the project's estimated value upon completion at the time of the Company's Admission to trading in November 2006, which was approximately EUR 333 million.

B. Miercurea Ciuc project, Romania

On July 4, 2007 the Company acquired a 33,000 sqm retail development site in the city of Miercurea Ciuc, in Central Romania. Total expected investment in the project is EUR 16 million. The Company intends to build a retail mall totalling some 12,000 sqm, together with provision for car parking over an area of approximately 13,000 sq m.

C. Issuance of debt securities

On July 5, 2007 the Company agreed with Israeli institutional investors to issue an aggregate principal amount of New Israeli Shekels ("NIS") 305 million (approximately EUR 53.3 million) Par Value of series one of unsecured non-convertible debentures to institutional investors in Israel. The debentures are rated by an Israeli affiliate ("Maalot") of Standard & Poor's at a local rating of A+/Positive.

The debentures are repayable in eight equal annual instalments, on December 31 of each of the years 2010 to 2017, inclusive. The debentures bear an annual interest rate of 4.5%. Interest is payable semi-annually in arrears on December 31 and July 1 of each of the years 2007 to 2017 (the first instalment to be effected on December 31, 2007 and the last instalment to be effected on December 31, 2017). Both the principal and interest of the debentures are linked to changes in the Israeli Consumer Price Index.

As the Company's functional currency is the Euro, the Company is hedging the future expected payments in NIS (principal and interest) to correlate with the Euro.

The debentures also provide that the debentures will be prepaid by the Company, inter alia, at the option of the trustee or the holders of the debentures if the Company delays the publication of its financial reports for more than 60 days from the dates provided by applicable law or if the debentures cease to be rated for a period of more than 60 days.

The debentures will be listed for trade on the Institutional Retzef System, which is a trading system for institutional investors in Israel. The Company may also, in its sole discretion, register the debentures for trade on the Tel Aviv Stock Exchange (the "TASE"). So long as the Debentures are not registered for trade on the TASE, the Company has undertaken (i) to pay an additional interest at an annual rate of 0.5% (namely 5%) until a prospectus is published for the registration of the debentures for trade on the TASE; (ii) to pay an additional interest rate at an annual rate of 0.25% in the event the rating of the debentures decreases to (BBB+) rating on a local scale by

Maalot – The Israel Securities rating Company Ltd. or an equivalent rating by another Rating Company and (iii) to prepay the debentures at the option of the trustee or the holders of the debentures if made a special resolution on their general meeting upon the occurrence of each of the following events: (A) Should the rating of the debentures in Israel decrease below the BBB+ investment level rating of Maalot –or other equivalent rating by another rating company; (B) if the Company is required to prepay another series of debentures issued by the Company; or (C) if the holdings of Elbit Medical Imaging Ltd., the indirect parent of the Company, fall below 25% of the Company's issued and outstanding share capital. Such undertakings would be terminated upon the registration for trade of the debentures on the TASE.

D. Iasi project, Romania

On July 25, 2007 the Company acquired a retail development project in Iasi, Romania. The estimated development budget for the project is EUR 115 million. The project will see a new retail-led mixed use development built in Iasi County.

The development, which occupies a plot of 46,500 sqm, will include 37,000 sqm of retail space, 15,000 sqm of office space and 46,200 sqm of parking, providing 1,400 spaces. Additionally, the terms of the acquisition provide the option to develop 70,000 sqm of residential accommodation on the site. Completion of the project is expected in 2010.

E. Handing over of 50% stake in Lublin Plaza project – Poland

On July 30, 2007 the Company completed the sale of its 50% stake in the Lublin Plaza Shopping and Entertainment centre in Poland to Klépierre. The Company developed the Lublin Plaza project together with a 50% joint venture party. Both joint venture parties agreed to sell their holdings to Klépierre.

The agreed selling value of the shopping centre, which was 100% let to international and local tenants on its opening to the public in June 2007, totals approximately EUR 78 million (on a 100% basis), compared to the estimated value of approximately EUR 62 million at the time of the Company's Admission to trading.

F. Slatina project - Romania

On August 17, 2007 the Company acquired a site in Slatina, in southern Romania.

The Slatina site totals approximately 20,000 sqm and is located in the north-western part of Slatina. The Company plans to build a shopping and entertainment centre with approximately 25,000 sqm of built area, plus 450 parking places. In addition the site comes with an option to develop approximately 10,000 sqm of residential accommodation, which the Company may consider selling to a third party.

The Company's total investment in the Slatina scheme is expected to be approximately EUR 24.5 million.

G. Belgrade project - Serbia

In August 2007 the Company won a competitive tender from the Government of Serbia for the development of a new shopping, entertainment and business centre on a total built up area of approximately 100,000 sqm (with over 2000 parking spaces) in the Centre of Belgrade, Serbia.

The Company will partner a local Serbian developer for the project, which is expected to have a gross development budget of EUR 150 million. The local partner will be entitled to participate in up to 15% of the project, subject to certain conditions, while the project management will be rendered solely by the Company.

END