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2 October 2006

### **Plaza announces IPO**

(LONDON, 2 October 2006) – Plaza Centers B.V. (the "Company" or "Plaza"), today announces its intention to proceed with an institutional placing of ordinary shares in its share capital ("Ordinary Shares") and to seek admission of its Ordinary Shares on the Official List of LSE ("Admission").

UBS Investment Bank has been appointed as sole bookrunner to the offer of Ordinary Shares (the "Offer") and sponsor in connection with Admission.

The Company 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 has been active in emerging markets in Central and Eastern Europe ("CEE") since 1996, when it opened the first western-style shopping and entertainment centre in Hungary and began to implement its vision of offering western-style retail and entertainment facilities to a growing middle class and an increasingly affluent consumer base. Over the past 10 years, the Company has expanded its operations in central Europe and eastwards into Poland, the Czech Republic and Latvia and more recently India and has proven its ability to anticipate market trends and deliver innovative large scale projects.

To date, the Company has developed, let and sold 21 shopping and entertainment centres. Seventeen of these centres were acquired by Klépierre,

the second largest shopping centre owner/operator in Europe, which owns more than 230 shopping centres in ten countries. The remaining four shopping and entertainment centres were sold to the Dawnay Day Group, one of the leading UK institutional property investors.

Due to the Company's reputation for successful property development, "Plaza Centers" has become a widely recognised brand name. Following the acquisition of the shopping and entertainment centres by Klépierre and the Dawnay Day Group, the purchasers continue to use, under licence granted to them by the Company, the "Plaza Centers" Community and Hungarian trade marks.

The Company's strategy is to:

- develop four to five modern western-style shopping and entertainment centres in the capital and regional cities of selected countries, primarily in CEE (focusing on the medium term in Poland, the Czech Republic, Slovakia and Romania) and India (focusing on large cities within Southern India) per year;
- 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 prior to, or shortly after, commencement of construction or redevelopment; and
- where the opportunity exists in CEE, 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, such as Dream Island, an area of land measuring approximately 320,000m<sup>2</sup> located on the southern end of Obuda Island in the Danube River in central Budapest.

### **The Group's Developments**

The Company is currently in the process of developing ten shopping and entertainment centre projects across the target region which are at various stages:

**Hungary:** Arena Plaza - a centre with a planned gross lettable area of approximately 66,000m<sup>2</sup> in Budapest, Hungary, which is scheduled to open in the fourth quarter of 2007;

**Poland:** Lublin Plaza - a centre with a planned gross lettable area of approximately 26,000m<sup>2</sup> in Lublin, Poland, which is scheduled to open in the second quarter of 2007 in which the Group holds a 50% interest<sup>1</sup>;

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1. Subject to an option to sell
  2. Subject to a contract to sell
  3. Subject to a contract to sell
  4. Subject to a contract to sell

Rybnik Plaza - a centre with a planned gross lettable area of approximately 18,000m<sup>2</sup> in Rybnik, Poland, which is scheduled to open in the second quarter of 2007<sup>2</sup>;

Sosnowiec Plaza - a centre with a planned gross lettable area of approximately 13,000m<sup>2</sup> in Sosnowiec, Poland, which is scheduled to open in the first quarter of 2007<sup>3</sup>;

Lodz Plaza - a project at the preliminary planning and development stage, to be constructed on an area of land in a prime location in Łódź, Poland with a planned gross lettable area of approximately 29,000m<sup>2</sup>. The Group is currently determining the nature and extent of the proposed project;

Suwałki Plaza - a project in the preliminary planning and development stage, to be constructed on an area of a land in a prime location in Suwałki, Poland, with a planned gross lettable area of approximately 14,000m<sup>2</sup>. Construction is due to commence in the second quarter of 2007 and the centre is scheduled to open in the third quarter of 2008;

**Czech Republic:** Plzeň Plaza - a centre with a planned gross lettable area of approximately 20,000m<sup>2</sup> in Plzeň, Czech Republic. Construction of which is anticipated to commence in the last quarter of 2006 and which is scheduled to open in the fourth quarter of 2007<sup>4</sup>;

Liberec Plaza - a project in the preliminary planning and development stage, to be constructed on an area of land in a prime location in Liberec, Czech Republic, with a planned gross lettable area of approximately 21,000m<sup>2</sup>. Construction is due to commence in the second quarter of 2007 and the centre is scheduled to open in the third quarter 2008;

Opava Plaza - a project in the preliminary planning and development stage, to be constructed on an area of land in a prime location in Opava, Czech Republic, with a planned gross lettable area of approximately 14,000m<sup>2</sup>. Construction is due to commence in the first quarter 2008 and the centre is scheduled to open in the second quarter of 2009; and

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**Latvia:** Riga Plaza - a centre with a planned gross lettable area of approximately 45,000m<sup>2</sup> in Riga, Latvia, in which the Group holds a 50% interest. Construction is due to commence in the third quarter 2006 and the centre is scheduled to open in the first quarter of 2008;

Klépierre and the Company have entered into an agreement under which Klépierre will acquire three of the shopping and entertainment centre projects described above once they have been completed (namely Rybnik Plaza, Sosnowiec Plaza and Plzeň Plaza), subject to the fulfilment of certain conditions.

In addition, Klépierre has an option to acquire the Lublin Plaza shopping and entertainment centre, subject to certain conditions, on the same terms and conditions as provided for the aforementioned preliminary agreement. A fifth centre (the Novo Plaza in Prague) was completed in March 2006 and sold and delivered on 30 June 2006 under the preliminary agreement with Klépierre.

The Company is negotiating to acquire a pipeline of additional sites for shopping and entertainment development projects in Poland and Romania and is also actively assessing other cities within those countries where there is a realistic prospect of developing shopping and entertainment centres. The Group is actively looking to acquire sites for the purpose of developing shopping and entertainment centres with leading Indian developers as the Group's local joint venture partners.

Whilst the Company's current strategy is to dispose of shopping and entertainment centres upon completion, if economic conditions, including property yields, change such that retaining and operating a shopping and entertainment centre on completion is likely to be more profitable to the Company than disposing of it, the Company will consider retaining and operating the completed shopping and entertainment centre until economic conditions warrant a profitable sale.

The Company, with its strong track record, as a leading developer of shopping and entertainment centres in the fast growing CEE market, is well positioned to leverage the significant retail demand resulting from the rapidly growing incomes and increasingly westernised tastes and habits of emerging markets. The Company has a clear and focused pipeline across CEE and India. The Company is currently negotiating terms on eight projects and analysing ten additional towns and cities suitable for potential development projects. The Company aims to commence the development of four to five shopping and entertainment centres each year.

The Company intends to use the net proceeds of the Offer to:

- finance the construction of the currently owned shopping and entertainment centre projects;
- acquire some or all of the pipeline projects, to acquire additional sites and to accelerate the start-up of its operations in new countries within CEE and Asia;
- purchase interests in new or existing development opportunities that meet the Company's development and investment criteria, either by way of asset transactions or by way of acquisition of the relevant holding companies;
- replace existing loan financing facilities which are not compatible with prevailing market conditions and thus considered uneconomical;
- potentially acquire the interests or rights of partners or other third parties in the projects that such partners or third parties co-own with the Company;
- finance the equity investment of the Company in the Dream Island development on Obuda Island; and
- expand its operations in India, and to finance its equity participations in new projects in that country.

### **Summary of the Offer**

The Company is offering ordinary shares to certain institutional investors in the United Kingdom and the rest of the world (excluding Australia, The Republic of Ireland, Japan and the Republic of South Africa and their respective territories and possessions).

### **Mordechay Zisser, President/ Chairman of the Board, Europe Israel Group of Companies said:**

"This Offer will realise our long standing intention to list Plaza Centers on the main market of the London Stock Exchange. This is a truly significant strategic step for the Group and represents an opportunity for investors to gain access to a real estate developer with a successful track record of developing high quality assets across several countries in emerging markets which, in the majority of cases, have been sold to blue-chip investors such as Klépierre and the Dawnay Day Group."

"The management team has a proven track record of generating returns from real estate investments across multiple geographic regions and the Directors consider such broad real estate experience to be highly beneficial as the Company seeks to execute its investment strategy of delivering future growth."

### **Ran Shtarkman, CEO and acting CFO, Plaza Centers B.V said:**

"We will be primarily focusing on assets in key growth markets which we believe currently offer some of the most attractive prospects internationally. With the benefit of our experience and track record of investing, in several countries, in emerging market real estate assets, and a well-established presence and network

of contacts, we believe that the increased critical mass of the portfolio will allow more opportunities for off-market deals and increased efficiencies and synergies, thereby offering a genuine ability to create and enhance value.”

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The contents of this announcement, which have been prepared by and are the sole responsibility of Plaza, and have been approved by UBS Limited solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000 of the United Kingdom.

### **Forward Looking Statements**

This announcement contains "forward-looking statements", including statements about current beliefs and expectations of the Directors. In particular the words "expect", "anticipate", "estimate", "may", "should", "plans", "intends", "will", "believe", and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward-looking statements. These statements are based on the Directors' expectations of external conditions and events, current business strategy, plans and other objectives of management for future operations, and estimates and projections of the Company's financial performance. Though the Directors believe these expectations to be reasonable at the date of this announcement they may prove to be erroneous. Forward-looking statements involve known and unknown risks and uncertainties and speak only as of the date they are made. Investors are hereby cautioned that certain important factors could cause actual results, outcomes, performance or achievements of the Company or industry results to differ materially from those expressed or implied in forward-looking statements.

This announcement does not constitute a recommendation concerning the Offer. The value of shares can go down as well as up. Past performance is not a guide to future performance. Potential investors should consult a professional advisor as to the suitability of the Offer for the individual concerned.

### **Stabilization/FSA**

#### **Background Information**

Plaza Centers 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. Plaza has been present in Central and Eastern Europe ("CEE") since 1996 and was the first company to develop western-style shopping and entertainment centres in Hungary. The company has pioneered this concept throughout CEE whilst building a strong track record of successfully developing, letting and selling shopping and entertainment centres. Plaza has recently extended its area of operations beyond CEE into India and will consider other development opportunities in Asia.

The Company is an indirect subsidiary of Elbit Medical Imaging Ltd. ("EMIL"), an Israeli public company whose shares are traded on both the Tel Aviv Stock Exchange in Israel and the NASDAQ National Market in the United States. Elbit Medical Imaging Ltd., acting through its subsidiary company Elscint Ltd., has acquired and developed six hotels and an apartment hotel in five countries over the last 12 years. These countries include The Netherlands (2), Belgium (1), the United Kingdom (3) and Romania (1 apartment hotel). Additionally, Elscint Ltd. is currently developing two hotels in Budapest, Hungary and in Bucharest, Romania. Typically each hotel or apartment hotel comprises hotel rooms and/or

apartments, business suites, a health and fitness centre, a business centre, conference rooms and a conference hall. Each hotel is usually managed and operated by the Park Plaza Group (other than the apartment hotel in Romania, which is self-operated and the two current developments in Hungary and Romania which will be operated by Radisson).

Plaza Centers 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 10 years, initially pursuing shopping and entertainment centre development projects in Hungary and subsequently expanding into Poland, the Czech Republic, Latvia and, more recently, India. To date, Plaza has developed, let and sold 21 shopping and entertainment centres. Seventeen of these centres were acquired by Klépierre, the second largest shopping centre owner/operator in Europe, which owns more than 230 shopping centres in ten countries. The remaining four shopping and entertainment centres were sold to the Dawnay Day Group, one of the leading UK institutional property investors which, as at 1 September 2006, had combined gross assets in excess of US\$3 billion.

## **The Board**

### Executive Directors

#### *Chairman*

**Mr Mordechay Zisser** (50), Mr Zisser is the founder of the Europe Israel group of companies and Chairman of its Board of Directors. Since the outset of his career in 1982, Mr Zisser has developed some of the most ambitious and prestigious real estate development projects in Israel (including the city of Emmanuel, the Herzlia Marina, the Ashkelon Marina, and the Sea and Sun luxury residential project in north Tel Aviv), as well as large scale residential and hotel projects in South Africa, and shopping and entertainment centre developments in CEE. The Europe Israel Group currently has interests in seven operational hotels/apartment hotels (over 1,300 rooms and 300 apartments), located in Western Europe, which have either been acquired or developed jointly with its strategic partner, the Red Sea Group of Israel. These include the Victoria Park Plaza and Riverbank Park Plaza hotels in London, the Victoria Hotel in Amsterdam, the Astrid Park Plaza hotel in Antwerp and the Centre Ville Apartment Hotel in Bucharest, Romania. The Europe Israel Group also has interests in two additional hotel projects which are currently under development in CEE, namely the Bucuresti Hotel in Bucharest, Romania and the "Ballet Institute Building" in Budapest, Hungary. Once completed, these hotels will be managed and operated by the Radisson Group.

#### *Chief Executive Officer and acting Chief Financial Officer*

**Mr Ran Shtarkman** (38) CPA, MBA. Mr Shtarkman joined the Company in 2002, and was appointed Chief Financial Officer of Plaza Centers in 2004. Prior to his joining the Company, Mr Shtarkman acted as CFO of SPL Software Ltd., the Finance and Administration Manager of the Israeli representative office of Continental Airlines (a publicly traded company - NYSE), and the controller of Natour Ltd. (a publicly traded company - TASE). Mr Shtarkman was appointed Chief Executive Officer of Plaza in September 2006.

### Non-executive Directors



**Mr Abraham Goren (46).** Mr Goren is the Vice Chairman of EMIL and is responsible for its activities in India. Mr Goren also acts as the Executive Chairman of the Board of Elscint Ltd. (a subsidiary of EMIL). He has also acted as the Executive Chairman of Nassua Zannex, an Israeli investment house (1999 to 2003). A lawyer by profession, Mr Goren is admitted to the Israel and New York Bars. He was a senior partner in the leading Tel Aviv law office of Prof. Joseph Gross, Hodak & Co. (1993 to 1999), and practised in New York with Weil Gotshal & Manges (1989 to 1992).

**Mr Shimon Yitzhaki (51), CPA,** President of EMIL since 1999. An accountant by profession, Mr Yitzhaki has been with the Europe Israel group since 1985 and has held several positions within the group.

**Mr David Machluf (34), CPA.** Mr Machluf is the Chief Financial Officer of EMIL, appointed in April 2006. Previously Mr Machluf acted as controller of EMIL, joining the company in 2003. Mr Machluf is a qualified accountant, and was employed by the Israeli office of Deloitte & Touche (1998-2003).

#### Independent Non-executive Directors

**Mr Emmanuel Davidson (75).** Mr Davidson acts as the Chairman and Chief Executive Officer of Asda Property Holdings Ltd., and has been active in the field of property development and investment for the past 55 years.

**Mr Richard Kaufman (49).** Mr Kaufman is a qualified solicitor, and a partner at the London law firm of Fladgate Fielder since 1998, and is head of the firm's real estate department. Prior thereto, Mr Kaufman was a partner at Kaufman Kramer Shebson, Solicitors (1983-1998), until that firm merged with Fladgate Fielder.

**Mr Gerald Jospe (68).** A Fellow Chartered Certified Accountant and a former associate of the Society of Investment Analysis, Mr Jospe joined the National Insurance and Guarantee Corporation in 1962, where he acted as Investment Manager and Company Secretary, and acted as director from 1978 to 1989. Mr Jospe has acted as director of several quoted companies from 1971 to 1975.

#### **Senior Management**

##### Regional Marketing Managers

**Mr Ze'ev Ben Zvi (Klein) (58) B.A.** Mr Ben Zvi joined the company in 1996 as Chief Operation Officer (COO). In 1999, Mr Ben Zvi established and was appointed as managing director of "Plaza Centers Management BV", a subsidiary of the Company, which has responsibility for the marketing of the Company's developments, and until 2005 for the management of its operational shopping and entertainment centres. Prior to his joining the company, Mr Ben Zvi was active in the shopping centres industry in the capacity of manager of several different shopping centres in Europe and Israel.

**Mr Eli Mazor (51) (Undergraduate degree in business administration).** Mr Eli Mazor, who acts as a Regional Marketing Manager in Poland, joined the Group in 2005. Prior thereto, Mr Mazor acted as CEO of a shopping centre in Israel.

##### Chief Engineer

**Mr Avihu Shur, (68), BSc, MSc Technion (Israel Institute of Technology – Haifa)** Mr Shur joined the company in 2004 and was appointed as Chief Engineer and Head of Construction, with responsibility for the construction of all the

Company's developments in CEE. Prior to his joining the company, Mr Shur acted as Chief Engineer of the Herzlia Marina project in Israel which was developed by an affiliate of the Company (1997-2004). Mr Shur has held a series of senior engineering positions, including: Chief Engineer of Ofer Brothers Properties Ltd (1992-1997); Head of Building Department, Solel Boneh International (1988-1992); Chief Engineer of Reynolds Construction Company, New York, USA (1986-1988); and Regional Manager for Solel Boneh International in West Africa (Ivory Coast, Togo, Cameroun, Nigeria) (1978-1986).

#### Czech Republic and Slovakia Country Manager

#### **Mr Tal Ben Yehuda (37) (MSc in Business Management and Accounting).**

Mr Ben Yehuda acts as Country Manager for the Czech Republic and Slovakia, joining the Group in 2002. Prior thereto, Mr Ben Yehuda held a series of managerial positions with companies active in Europe and Israel.

#### Romania and Greece Country Manager

**Mr Luc Ronsman (56), MBA.** Mr Ronsman joined the Europe Israel group in 1999. Located in Amsterdam, Mr Ronsman acts as Manager for European operations for both the Company and its group affiliates (principally its Elscint subsidiaries). Prior to joining the Parent Group, Mr Ronsman was active in the banking sector, holding managerial positions with Manufacturers Hanover Bank, Continental Bank (Chicago), AnHyp Bank and Bank Naggelmachers in Belgium.

#### Baltic States Country Manager

**Mr Alexander Lumelsky** Civil engineer MA, Construction Manager (management and economy) PhD. Mr Lumelsky joined the Europe-Israel Group in 2004 and acts as Country Manager in the Baltic States (Latvia, Lithuania and Estonia) and is project manager for the Riga Plaza development. Prior to joining the Europe Israel Group, Mr Lumelsky managed several large scale projects, including Israel's new International Airport "Ben Gurion 2000" (Chief Project Engineer), the Jerusalem Hilton Hotel (Chief Project Manager), the "Savionei Gan" Project (Chief Project Manager of a development comprising four 15-floor buildings, 220 apartments and a pool and sports complex), the new Radiological Center in Ihilov Hospital and the new cancer centre in Beilinson Hospital, Tel Aviv (both as Executive Manager).