

Plaza Centers N.V.

Unaudited Condensed Consolidated Interim Financial Statements

June 30, 2008

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Independent Auditors' Report on Review of 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, 2008 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, 2008, is not prepared, in all material respects, in accordance with IAS 34, "*Interim Financial Reporting*", as adopted by the EU.

Budapest, August 25, 2008

KPMG Hungária Kft.

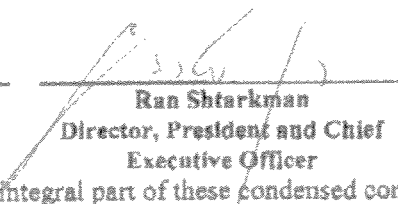


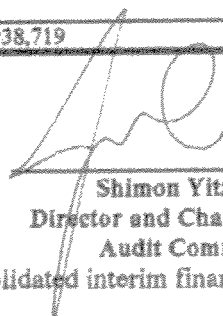
Plaza Centers N.V.
Condensed consolidated interim balance sheet

ASSETS	June 30, 2008	December 31, 2007
	Unaudited	Audited
	€ '000	€ '000
Current assets		
Cash and cash equivalents	194,435	66,381
Restricted bank deposits	13,413	25,155
Short-term deposits	101,261	1,033
Trade accounts receivables, net	63,337	262,595
Other accounts receivable and prepayments	23,701	48,102
Related parties	20,116	19,525
Trading properties	400,827	298,339
	817,090	721,130
Non current assets		
Long term financial instruments investments	50,155	-
Investment in associate	897	1,129
Derivative	23,012	2,228
Long-term balances and deposits	2,899	1,987
Property, plant and equipment	13,379	16,465
Investment property	12,970	12,970
Restricted bank deposits	18,162	5,302
Other non-current assets	165	-
	121,629	40,081
Total assets	938,719	761,211
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Interest bearing loans from banks	8,668	409
Trade payables	17,171	19,432
Amounts due to related parties	21,529	23,103
Creditor due to selling of trading and investment property	8,825	786
Other liabilities	37,507	51,950
	93,700	95,680
Non-current liabilities		
Interest bearing loans from banks	42,247	5,461
Long term debentures at fair value through profit or loss	210,492	53,821
Amounts due to related parties	1,916	1,871
Other long term liabilities	310	355
Deferred tax liabilities	597	552
	255,562	62,060
Share capital	2,924	2,924
Translation reserve	(7,079)	(1,727)
Other reserves	17,299	13,498
Share premium	248,860	248,860
Retained earnings	327,453	339,916
Total equity	589,457	603,471
Total shareholders' equity and liabilities	938,719	761,211

25 August 2008

**Date of approval of the
financial statements**


Ran Shtarkman
Director, President and Chief
Executive Officer


Shimon Yitzchaki
Director and Chairman of the
Audit Committee

The notes on pages 9 - 21 form an integral part of these condensed consolidated interim financial statements.

Plaza Centers N.V.
Condensed consolidated interim income statement

	For the six months ended June 30,	
	2008	2007
	Unaudited € '000	Unaudited € '000
Revenues	79,886	94,571
Gain from sale of Investment property, net	-	2,471
	79,886	97,042
Cost of operations	48,441	69,131
Gross profit	31,445	27,911
Administrative expenses (*)	10,146	8,191
Operating profit	21,299	19,720
Finance income	32,276	3,858
Finance expenses	(8,282)	(586)
Finance income, net	23,994	3,272
Other income	198	126
Other expenses	(664)	(441)
Share in loss of associate	(285)	(33)
Profit before tax	44,542	22,644
Income tax expense	10	93
Profit for the period	44,532	22,551
Attributable to:		
Equity holders of the Company:	44,532	22,546
Minority interest	-	5
	44,532	22,551
Basic and diluted earnings per share attributable to the equity holders of the Company (in EURO)	0.15	0.08

(*) Including non-cash share based payments of EUR 2.8 million for the six months period ended June 30, 2008 (for the six months period ended June 30, 2007 – EUR 3.6 million)

The notes on pages 9 - 21 form an integral part of these condensed consolidated interim financial statements.

Plaza Centers N.V.
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
€ '000					
2,924	248,860	13,498	(1,727)	339,916	603,471
-	-	-	(5,352)	-	(5,352)
-	-	3,801	-	-	3,801
-	-	-	-	(56,995)	(56,995)
-	-	-	-	44,532	44,532
2,924	248,860	17,299	(7,079)	327,453	589,457

Balance at December 31, 2007 (Audited)

Foreign currency translation adjustment
Share based payments
Dividends to equity holders
Profit for the period

Balance at June 30, 2008 (Unaudited)

Attributable to equity holders of the Company							
Share capital	Share premium	Capital reserve	Translation reserve	Retained earnings	Total	Minority interest	Total equity
€ '000							
2,923	248,860	1,840	(1,895)	112,949	364,677	-	364,677
-	-	-	1,544	-	1,544	-	1,544
-	-	5,591	-	-	5,591	-	5,591
-	-	-	-	-	-	745	745
-	-	-	-	22,546	22,546	5	22,551
2,923	248,860	7,431	(351)	135,495	394,358	750	395,108

Balance at December 31, 2006 (Audited)

Foreign currency translation adjustment
Share based payments
First time consolidated minority interest
Profit for the period

Balance at June 30, 2007 (Unaudited)

The notes on pages 9 - 21 form an integral part of these condensed consolidated interim financial statements.

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

	For the six months ended June 30,	
	2008	2007
	Unaudited	Unaudited
	€ 000'	€ 000'
Cash flows from operating activities		
Profit for the period	44,532	22,546
<u>Adjustments necessary to reflect cash flows used in operating activities:</u>		
Depreciation	466	229
Advance payment on accounts of trading properties	(3,058)	-
Minority interest	-	5
Finance income, net	(23,994)	(3,272)
Interest received in cash	7,857	2,989
Interest paid in cash	(172)	(553)
Loss from sale of property, plant and equipment	664	-
Company's share in loss of associate	285	33
Gain on sale of trading property	(27,365)	(23,062)
Income tax expenses	10	93
Decrease (increase) in trade accounts receivable	270,849	(788)
Increase in other accounts receivable	(4,434)	(6,639)
Change in restricted cash for projects to be acquired	(2,270)	(9,099)
Increase in trading properties	(74,848)	(127,265)
Increase in trading properties companies (see appendix A)	-	(14,657)
Increase (decrease) in trade accounts payable	(11,125)	15,941
Increase (decrease) in other liabilities	(20,426)	8,825
Net proceeds from selling of trading property (see appendix B)	(1,388)	31,119
Share based payments	2,777	3,570
Net cash provided by (used in) operating activities	158,360	(102,456)
Cash flows from investing activities		
Purchase and development of property, plant and equipment	(832)	(908)
Proceeds from sale of property, plant and equipment	2,514	-
Short term deposits, net	(100,230)	7,066
Decrease in long term deposits	23	185
Increase in long term deposits	-	(527)
Long term investments	(64,832)	-
Net proceeds from disposal of other subsidiaries (see appendix B)	-	11,526
Long term loans granted to partners in jointly controlled company	-	(7,934)
Net cash provided by (used in) investing activities	(163,357)	9,408
Cash flows from financing activities		
Short term loans from banks, net	8,259	70,576
Dividend payment	(56,995)	-
Proceeds from issuance of long term debentures, net	150,212	-
Long term loans from (repaid to) banks, net	36,786	(6,908)
Loans repaid to related parties, net	(5,006)	(7,483)
Net cash provided by financing activities	133,256	56,230
Foreign currency translation adjustment	(205)	192
Increase (decrease) in cash and cash equivalents during the period	128,054	(36,626)
Cash and cash equivalents at the beginning of the period	66,381	212,683
Cash and cash equivalents at the end of the period	194,435	176,057

The notes on pages 9 - 21 form an integral part of these condensed consolidated interim financial statements.

Plaza Centers N.V.
Condensed consolidated interim statement of cash flow (cont.)

	For the six months ended June 30,	
	2008	2007
	€ 000'	€ 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	-	(38,098)
Minority interest	-	746
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	1,388	3,064
Working capital (excluding cash and cash equivalents)	35,349	52,446
Long-term deposits	-	547
Investment property and other assets	-	13,800
Long-term loans and liabilities	-	(49,681)
Net identifiable assets and liabilities disposed	36,737	20,176
Cash from sale of subsidiaries	-	45,709
Less- Cash and cash equivalents of subsidiaries disposed	(1,388)	(3,064)
	(1,388)	42,645
Non cash movements		
Share based payment capitalized	797	2,626
Suppliers and creditors for trading properties	20,790	-

The notes on pages 9 - 21 form an integral part of these condensed consolidated interim financial statements.

Plaza Centers N.V.
Notes to the condensed consolidated interim financial statements

1. Reporting entity

Plaza Centers N.V. ("the Company") is an 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 present in CEE since 1996. The Company has extended its area of operations beyond CEE into India and may consider other development opportunities in Asia.

In line with the Group's commercial decision to focus its business more on 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, 2008 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 2007 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 and, starting from October 2007, the Company is also listed in the Warsaw Stock Exchange.

During the six month period ended June 30, 2008 the following changes and additions occurred in the Company's holdings:

a. Additional Companies acquired and activated in Romania:

The Company entered, through the selling of 49% of a newly established wholly owned subsidiary, a joint venture partnership with BAS Development ("BAS"), to develop and sell residential and office projects in Romania, through seven Romanian project companies (see also note 11c).

The Company also activated two shelf companies, North west plaza s.r.l and Mountain gate s.r.l wholly owned by the Company with the intention to purchase two plots of land in the Cities of Hunedoara and Trgu Mures respectively.

b. Activation of a Project Company in Poland:

The Company activated two shelf companies, Plaza Centers Poland (south) Sp.z.o.o, and Leszno Plaza Sp.z.o.o for the newly acquired plots in Kielce and Leszno in Poland (see also note 11a).

Plaza Centers N.V.
Notes to the condensed consolidated interim financial statements

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 2007.

The condensed consolidated interim financial statements were approved for issue by the board of directors on 25 August 2008.

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 2007.

Financial instruments

Designation at fair value through profit or loss

The Group has designated financial assets and liabilities at fair value through profit or loss when either:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

The fair value of cross currency and interest rate swap is based on external valuation. Those valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

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 2007 financials statements.

Plaza Centers N.V.
Notes to the condensed consolidated interim financial 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 2007.

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, 2008 was 0.02%.

7. Interest-bearing loans from banks

The following interest-bearing loans from banks relating either to trading properties or to structures transactions were received during the six months ended June 30, 2008:

	Currency	Interest rate	Face value	Carrying amount	Year of maturity
Thousands Euro					
Balance at 1 January 2008				5,870	
Received loans					
Secured bank loan	Euro	3m Euribor+2.85%	5,083	5,083	2008
Secured bank loan	Euro	3m Euribor+1.8%	3,177	3,177	2014
Secured bank loan- structure	Euro	3m Euribor+0.40%	10,000	10,000	2018
Secured bank loan- structure	Euro	3m Euribor+0.40%	26,993	26,993	2023
				45,253	
Repayments					
Secured bank loan	Euro	3m Euribor+1,85%	208	208	2015
Balance at June 30, 2008				50,915	

Plaza Centers N.V.
Notes to the condensed consolidated interim financial statements

8. Related parties

The Control Centers Group of companies, held by Mr. Mordechay Zisser, the main shareholder of Elbit Imaging Ltd. ("EI") 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 3.4 million for services provided in the six months period ended June 30, 2008.

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 six months period ended June 30, 2008.

The Company estimates the liability arising from an agreement signed with the Executive Vice Chairman of EI, in an amount of EUR 442 thousands. This provision is in connection with the Vice Chairman of EI in India. A provision has been record in other liabilities – related parties and was included as administrative expenses in the consolidated income statement.

EI has charged EUR 200 thousands for accounting and legal services provided to the Company in the first six months of 2008.

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, 2008
Earnings per share for profit from continuing operations attributable to the equity holders of the Company (expressed in EUR per share)	
Basic:	0.15
Diluted:	0.15

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

A number of new standards, amendments to standards and interpretations are not yet effective for the six months period ended 30 June 2008, and have not been applied in preparing these consolidated financial statements:

- Revised IFRS 2 Share-based Payment (effective from 1 January 2009)

The revised Standard will clarifies the definition of vesting conditions and non-vesting conditions. Based on the revised Standards failure to meet non-vesting conditions will generally result in treatment as a cancellation.

The Group has not yet completed its analysis of the impact of the revised Standard.

Plaza Centers N.V.
Notes to the condensed consolidated interim financial statements

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

- Revised IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 July 2009)

The scope of the revised Standard has been amended and the definition of a business has been expanded. The revised Standard also includes a number of other potentially significant changes including:

- All items of consideration transferred by the acquirer are recognized and measured at fair value as of the acquisition date, including contingent consideration.
- Transaction costs are not included in the acquisition accounting.
- The acquirer can elect to measure any non-controlling interest at fair value at the acquisition date (full goodwill), or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree.
- Acquisitions of additional non-controlling equity interests after the business combination must be accounted for as equity transactions.

As the revised Standard should not be applied to business combinations prior to the date of adoption, the revised Standard is expected to have not impact on the financial statements with respect to business combinations that occur before the date of adoption of the revised Standard.

The Group has not yet completed its analysis of the expected impact of the revised Standard on its method of accounting for business combinations following adoption of the revised Standard.

- IFRS 8 Operating Segments introduces the “management approach” to segment reporting. IFRS 8, which becomes mandatory for the Group’s 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group’s Chief Operating Decision Maker in order to assess each segment’s performance and to allocate resources to them. Currently the Group doesn’t presents segment information in respect of its business and geographical segments. Early adoption is permitted and comparative figures are required to be restated.
- Revised IAS 1 Presentation of Financial Statements (effective from 1 January 2009)
The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Group is currently evaluating whether to present a single statement of comprehensive income, or two separate statements.
- Revised IAS 23 requires the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The revised IAS 23 will become mandatory for the Group’s 2009 financial statements. In accordance with the transitional provisions the Group will apply the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date.

Plaza Centers N.V.

Notes to the condensed consolidated interim financial statements

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

- Amendments to IAS 27, Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 January 2009).

The amendments remove the definition of “cost method” currently set out in IAS 27, and instead require all dividends from a subsidiary, jointly controlled entity or associate to be recognised as income in the separate financial statements of the investor when the right to receive the dividend is established. In addition, the amendments provide guidance when the receipt of dividend income is deemed to be an indicator of impairment.

Amendments to IAS 27 are not expected to have any impact on the consolidated financial statements, as these are the consolidated financial statements.

- Revised IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009).

In the revised Standard the term minority interest has been replaced by non-controlling interest, and is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest.

The Group has not yet completed its analysis of the impact of the revised Standard.

- IFRIC 13 Customer Loyalty Programmes addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group's 2009 financial statements, is not expected to have any impact on the consolidated financial statements.
- IFRIC 15– clarifies that revenue arising from agreements for the construction of real estate is recognised by reference to the stage of completion of the contract activity in the following cases:
 1. The agreement meets the definition of a construction contract in accordance with IAS 11.3;
 2. The agreement is only for the rendering of services in accordance with IAS 18 (e.g., the entity is not required to supply construction materials); and
 3. The agreement is for the sale of goods but the revenue recognition criteria of IAS 18.14 are met continuously as construction progresses.

In all other cases, revenue is recognized when all of the revenue recognition criteria of IAS 18.14 are satisfied (e.g., upon completion of construction or upon delivery).

The Group has not yet completed its analysis of the impact of the new Interpretation.

Plaza Centers N.V.
Notes to the condensed consolidated interim financial statements

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

- IFRIC 16 - Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008), explains the type of exposure that may be hedged, where in the group the hedged item may be held, whether the method of consolidation affects hedge effectiveness, the form the hedged instrument may take and which amounts are reclassified from equity to profit or loss on disposal of the foreign operation.

IFRIC 16 is not expected to have any impact on the consolidated financial statements as the Group has not designated any hedges of a net investment in a foreign operation.

- IAS 40, Investment Property (effective for annual periods beginning on or after 1 January 2009).

IAS 40 is amended to include property under construction or development for future use as investment property in its definition of “investment property”. This results in such property being within the scope of IAS 40; previously it was within the scope of IAS 16.

The Group has not yet completed its analysis of the impact of the new Interpretation.

Plaza Centers N.V.
Notes to the condensed consolidated interim financial statements

11. Significant acquisitions and transactions

A. *Kielce Plaza, Kielce, Poland*

In January 2008 the Company has acquired a competitive tender and acquired a 30,000 sqm site for the development of a shopping and entertainment centre in Kielce, Poland.

B. *Results of a public offering of notes in Israel*

On February 13, 2008 the Company announced that it has completed an offering to the public in Israel of unsecured non-convertible Series B Notes ("Series B Notes") in the aggregate principal amount of NIS 713.5 million (EUR 137 million) and their listing in the Tel-Aviv Stock Exchange ("TASE"). The Series B Notes carry a coupon of 5.4% and they are linked (principal and interest) to increases in the Israeli consumer Price Index. The offering and listing followed the publication by Plaza of a prospectus dated February 3, 2008 and a complementary notice dated February 11, 2008 (collectively, the "Prospectus").

At the same time, the Company has listed for trade on the TASE approximately NIS 305 million (Euro 53 million) unsecured non-convertible Series A Notes issued by the Company to investors in Israel in a private placement in July 2007 ("Series A Notes"). The Series A Notes carried a coupon of 5%, which was reduced to 4.5% from February 4, 2008 (the day following the publication of the aforementioned Prospectus).

The Series A Notes and the Series B Notes were rated Aa3 by Midroog Ltd. (a subsidiary of Moody's), on a local scale, and the Series A Notes were rated A+/Positive by Maalot Ltd. (a subsidiary of Standard & Poor's), on a local scale.

C. *Plaza Bas, Romania*

On January 31, 2008 the Company has entered into a shareholder agreement with a group of investors ("BAS"), to develop and sell residential and office projects in Romania. BAS was conducting its activity through a private company which is active in the Romanian property market, and which operates primarily in partnership with Aura Investments Limited, an Israeli investment and management company listed on the TASE. A new company, Plaza-Bas B.V ("the holding company") was established and is 50.1 per cent owned by the Company. The remaining 49.9 per cent owned by BAS.

The seven projects are located in Bucharest, Brasov and Ploiesti.

Plaza Centers N.V.
Notes to the condensed consolidated interim financial statements

11. Significant acquisitions and transactions (cont.)

D. Hunedoara Plaza, Romania

In February 2008 the Company acquired a site in Hunedoara, Romania. The 41,000 sqm site will be developed into a shopping and entertainment centre.

E. Targu Mures, Romania

In March 2008 the Company acquired a 31,500 sqm site in Targu Mures, Romania, to develop a shopping and entertainment centre.

F. Financial Structure A

On February 28, 2008 the Group entered into a financial transaction with an issuing bank, according to which the Group invested an amount of EUR 37.96 million for a period of 15 years in a note which bears interest of 11.5% per annum, payable to the extent that the margin between the 30 years Euro CMS (Constant Maturity Swap) and the 10 years Euro CMS (measured on a daily basis) is higher than the accrual barrier which was set at 0.05%. In the period in which the margin is lower than the barrier no interest is paid. The principal amount is EUR 38 million and the interest is payable quarterly commencing May 28, 2008. The financing bank has a call option to redeem the note at par value in whole on February 28, 2009 and on each quarter thereafter by giving a prior notice of at least 5 business days prior notice. The Principal is 100% protected at Maturity.

The Group has entered into Euro 26.96 million credit facility agreement with the same issuing bank for the purpose of investing in the aforementioned note. The credit facility bears an interest rate of 3 month Euribor + 0.4% per annum and the principal is payable at maturity of the note, while the interest is paid on the same days as the Note's interest dates. The security for the loan is the note issued to the Group, and the Company also has to comply with certain covenants. Failing to comply with the covenants shall oblige the Company to provide additional cash collateral.

G. Financial Structure B

On February 26, 2008 the Group entered into a financial transaction with an issuing bank, according to which the Group invested an amount of EUR 13 million in a Note which pays a variable interest linked to the 10 year EUR CMS rate subject to a minimum interest of 6.25% p.a and a maximum interest of 12.50% p.a. The Principal is 100% protected at Maturity. The interest is payable annually, commencing at February 19, 2009 and up to and including February 19, 2018 (maturity date).

The Group has entered into Euro 10 million credit facility agreement with the same issuing bank for the purpose of investing in the aforementioned note. The credit facility bears an annual interest 12 month Euribor + 0.4% per annum and the principal is payable at maturity of the note, while the interest is paid on the same days as the Note's interest dates. The security for the loan is the note issued to the Group, and the Company also has to comply with certain covenants. Failing to comply with the covenants shall oblige the Company to provide additional cash collateral.

Plaza Centers N.V.
Notes to the condensed consolidated interim financial statements

11. Significant acquisitions and transactions (cont.)

H. Cross currency transaction on series B notes – part 1

On 31 March 2008, subsequent to the issuance of Series B Notes for proceeds of NIS 713.5 million (approximately EUR 137 million), the Group entered, consistent with its risk management policies, into cross currency interest rate swap with par value of NIS 100 million with an Israeli financial institutions. The Company will pay six month Euribor + 3.62 % and receive 5.4% interest linked to the Israeli CPI with the same amortization schedule as the Series B Notes. At each payment date of the annual instalments of the notes the Company will receive principal amount in NIS and will pay the principal amount in EUR (subject to the amortization schedule).

As at the date of these Financial Statements, the Company has pledged a security deposit in the amount of EUR 1.8 million.

In addition and on the same date, the Group entered, consistent with its risk management policies, into cross currency interest rate swap with par value of NIS 200 million with another Israeli financial institution. The Company will pay six month Euribor + 3.52 % and receive 5.4% interest linked to the Israeli CPI with the same amortization schedule as the Series B Notes. At each payment date of the annual instalments of the notes the Company will receive principal amount in NIS and will pay the principal amount in EUR (subject to the amortization schedule).

As at the date of these Financial Statements, the Company has pledged a security deposit in the amount of EUR 3.6 million.

The derivatives are measured at fair value at each balance sheet date with changes in the fair value are charged to the profit and loss.

I. Additional bond issuance

In April 2008 the Company agreed with Israeli Investors to issue an additional approximately NIS 85 million (approximately EUR 16 million) in principal amount of Series B Notes (the "Additional Notes") for an aggregate consideration of approximately NIS 85 million (approximately EUR 16 million). The terms of the Additional Notes are identical to the terms of the Series B Notes issued to the public under Plaza's prospectus dated February 2008 (see 11B above).

J. Cross currency transaction on series B notes – part 2

On 2 April 2008, the Group entered, consistent with its risk management policies, into two cross currency interest rate swaps with par value of NIS 278.8 million and NIS 134.7 million, with another Israeli financial institution. The Company will pay between six month Euribor + 3.59 % and 3.66%, respectively and will receive 5.4% interest linked to the Israeli CPI with the same amortization schedule as the Series B Notes. At each payment date of the annual instalments of the notes the Company will receive principal amount in NIS and will pay the principal amount in EUR (subject to the amortization schedule).

As at the date of these Financial Statements, the Company has pledged a security deposit in the amount of EUR 7.4 million.

Plaza Centers N.V.
Notes to the condensed consolidated interim financial statements

11. Significant acquisitions and transactions (cont.)

K. Sale of Plzen Plaza Project – Czech Republic

Effective June 30, 2008, the Company sold Plzen Plaza s.r.o (the owner of the Plzen Plaza commercial center) to Klepierre in accordance with the terms of the stage B agreement (see note 37 to 2007 annual Report). Accordingly, the Company recognized revenue in the amount of EUR 61.4 million in these financial statements and recorded a gain of EUR 18.6 million.

In addition, EUR 2 million was provided due to uncertain amounts Plzen plaza may incur in respect of the development of the shopping centre. Accordingly, the purchaser withholds these amounts until the uncertainty will be removed.

12. Events occurring after the balance sheet date.

A. Cross currency transaction on Additional series B notes

On July 21, 2008, the Company entered, consistent with its risk management policies, into a cross currency interest rate swap transaction with par value of NIS 85 million with an Israeli financial institution. The Company will pay six month Euribor + 3.52 % and will receive 5.4% interest linked to the Israeli CPI with the same amortization schedule as the additional Series B Notes. At each payment date of the annual instalments of the notes the Company will receive principal amount in NIS and will pay the principal amount in EUR (subject to the amortization schedule). As at the date of these Financial Statements, the Company has pledged a security deposit in the amount of EUR 1.56 million in regard of the abovementioned cross currency transaction.

B. Winning of Tender – Dream Island project in Budapest

On July 23, 2008, a related entity to Alom Sziget Kft., where the said related entity was formed under consortium agreement amongst the shareholders of Alom Sziget Kft. (in which the Company holds a 30% stake) signed a concession agreement with the ministry of finance in Hungary for a casino licence for its planned entertainment and mixed use Dream Island development in Budapest.

According to concession agreement, the casino licence, which will be formally issued towards the opening of the casino, will be granted to the related entity for a period of twenty years from the date of opening of the casino, with a ten year extension option (subjected to the fulfilment of certain conditions).

Plaza Centers N.V.
Notes to the condensed consolidated interim financial statements

12. Events occurring after the balance sheet date (cont.)

C. Leszno project – Poland

In June 2008 the Company acquired a 17,000 sqm site in Leszno, Poland for the development of a shopping and entertainment centre. The site is located in the centre of Leszno, a city with 64,000 inhabitants, situated in western Poland.

D. Joint venture with Elbit Imaging Ltd.

On August 25, 2008 the Company signed a joint venture agreement with Elbit Imaging Ltd. (“Elbit”), of which the Company is an indirect subsidiary, for the development of major mixed use projects in India. Under this agreement the Company will acquired a 47.5% stake in Elbit India Real Estate Holding Limited (the “JV”), which already owns stakes of between 50% and 80% in three mixed use projects in India, in conjunction with local Indian partners. The JV’s voting rights will be split 50:50 between Elbit and the Company.

The Company paid a nominal amount to the JV for a 47.5% shareholding, plus approximately USD 123 million (EUR 83 million) to Elbit reflecting 50% of all loans granted to date to the JV by Elbit. These loans were used to purchase the share of the lands and associated costs for the three seed JV projects. The Company will not pay any premium for its holdings in any of the three projects. The acquisition of the locations is done in several stages over the coming years.

Details of the current JV projects:

- Varthur, Bangalore: This mixed-use project, 50% owned by the JV and 50% owned by a third party developer, is located on the eastern side of Bangalore, India’s fifth largest city with a population of 7 million people. With a total built area of over 2.2 million sqm, it is planned to comprise residential properties, office complexes, a retail facility, hotel complex, hospital and other facilities.
- Chennai: A mixed-use development, 80% owned by the JV and 20% owned by a third party developer, is planned to be developed into an integrated multi-use project consisting residential units, office complex and other facilities, with a total built area of 1.1 million sqm. Chennai is India’s fourth largest city with a population of over seven million people.
- Kochi Island: A 50:50 partnership with a third party developer, this mixed-use project is planned to comprise residential apartment buildings, office complexes, a hotel and other facilities.

Plaza Centers N.V.
Notes to the condensed consolidated interim financial statements

12. Events occurring after the balance sheet date (cont.)

D. Joint venture with Elbit Imaging Ltd.(cont.)

All three projects are in advanced stage of design and construction is expected to start in 2009. The commercial elements are expected to be completed within 3-5 years while the residential elements will be completed in phases in an average term of 5 years.

Under the terms of an agreement with Elbit, Mr. Abraham Goren, Elbit Imaging's Vice Chairman ("Goren"), has an existing option to receive from Elbit a shareholding of up to 5% in the JV ("Goren's Option"). Following the exercise of Goren's Option, the shareholdings in the JV company will be as follows: 47.5% the Company, 47.5% Elbit and 5% Goren, while voting rights are set at 50%-50% between Elbit and the Company.