19 November 2008

PLAZA CENTERS N.V.

THIRD QUARTER INTERIM MANAGEMENT STATEMENT

Plaza Centers N.V. (“Plaza” / “Company” / “Group”), a leading emerging markets property developer, today announces its interim management statement for the three months ended 30 September 2008.

Highlights

- Joint venture signed with Elbit Imaging Ltd. to develop three major mixed use projects in India located in the cities of Bangalore, Chennai and Kochi.

- Plzen Plaza in the Czech Republic was successfully handed over to Klépierre. The total consideration received was €61.4 million, 43% higher than anticipated at IPO.

- Strong progress maintained across six active construction locations with the opening of two shopping centres in Latvia and the Czech Republic expected in the first quarter of 2009.

- Good momentum with leasing activity continues.

- Strong cash position maintained, providing ongoing support for current development activity and enabling the Company to take advantage of opportunities arising in the current market to acquire new projects at favourable prices.

- Specific focus placed on projects in areas of highest market demand that are less affected by the financial downturn and where external financing is available. This will result in a reduced number of development starts and new acquisitions.

Events since the period end:

- Plaza has signed and secured bank loan agreements for the construction of the projects in Suwalki, Poland (€42.2 million), Zgorzelec, Poland (€35.1 million) and Miercurea Ciuc, Romania (€18.1 million).

- Initiation of share buyback programme, with 6.05 million shares acquired by Plaza to date at an average price of 46.6 pence. The 6.05 million shares acquired are held in treasury and, as a consequence, the current shareholding of Elbit imaging Ltd. is 69.9%.

Ran Shtarkman, President and Chief Executive Officer of Plaza Centers N.V., said:

“Despite the testing conditions in real estate markets worldwide, we are continuing to deliver high class western style developments in the current market and we remain on track with our projects that are currently under construction. Our ambition is to continue to expand our operations beyond our established markets and sectors, particularly in areas such as India and The Ukraine, where we have identified huge demand for all types of real estate product underpinned by strong socio-economic fundamentals.

“We are, however, mindful of the impact of these extraordinary markets on investor demand in the regions in which we operate. We are therefore taking a cautious view on the projects on which we have not yet started construction and will keep the timing of the commencement of these under regular scrutiny in order to identify the optimal time to deliver these projects into a recovering market. We are also fortunate in being well positioned to prosper thanks to our conservative gearing levels, significant cash resources and very good relationships with our financing banks, who appreciate Plaza’s strong track record. We believe the current situation in the real estate market will enable Plaza to improve its portfolio at favourable terms.

“In line with our strategy, we will deliver three completed projects in 2009, namely Riga (Latvia), Liberec (Czech Republic) and Ciuc (Romania). The rest of our projects will be completed in 2010 and onward. This fact, combined with the ability of the Group to adapt to market conditions, puts Plaza in a position where it does not have to execute forced sales of projects. If yields continue to be high on completion of the projects, we will take advantage of our experience gained over eight years in managing and running shopping malls effectively and efficiently, and hold the investment in our portfolio.”

“With the backing of a strong cash position, (with minor debt comprising approximately 40% of equity) we can continue to develop our existing schemes and also acquire new projects at even more compelling prices given the current global economic slowdown. We are therefore confident that the Company remains well placed to continue to deliver strong income and capital growth for its shareholders and we look forward to the future with confidence.”

Market and strategic update

Plaza continues to make good progress on its strategic plans as set out at the time of its IPO. We have a strong track of record of developing ‘destination’ shopping and entertainment centres specifically in markets and locations where we have identified strong population and economic growth. As a result, whilst our existing and potential tenant base cannot be expected to be entirely immune from current pressures on retailers, the nature of our assets continue to attract strong letting and customer interest.

The last few months have seen extraordinary turbulence in economic and financial markets worldwide. This has impacted considerably on activity in real estate markets worldwide, with the lack of availability of financing being a key factor behind the dramatic slowdown in investment transactions.

Plaza will continue with the development of the six projects that are in construction stage (Casa Radio, Ciuc in Romania, Liberec in Czech Republic, Koregaon Park in India, Riga in Latvia, and Kragujevac in Serbia). The other projects are either in design phase, or waiting permitting. For all these schemes, once full permits are obtained, start of the construction will depend on availability of external financing.

In light of this, we have taken the strategic decision to scale back on project starts and acquisitions. This fact, combined with the ability of the Group to adapt to the market conditions, puts Plaza in a position where it does not have to execute forced sales of projects. If yields continue to be high on completion of the projects, we will take advantage of our experience gained over eight years in managing and running shopping malls effectively and efficiently, and hold the investment in our portfolio.

Acquisitions and project updates

Plaza is involved in the development of 32 schemes, of which seven are located in Romania, six in Poland, six in India, four in the Czech Republic, three in Hungary, three in Serbia, one in Bulgaria, one in Latvia and one in Greece. These 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.

Although no land acquisitions were made in the third quarter of 2008, the Company has invested a total of approximately €190 million so far this year in the acquisition of four new projects, the ongoing development of existing assets, the purchase of an additional 50% stake in Koregaon Park and, as announced to shareholders on 26 August, the formation of a joint venture with Elbit Imaging to develop three mega mixed use projects in India. The projects, with a total budget of circa $3.4 billion, are located in the cities of Bangalore, Chennai and Kochi. Plaza paid an initial amount of circa $126 million (€85 million), reflecting the share of the land purchase and related expenses already paid. The acquisition of the locations is done in phases, with an approximate end cost of US$410 million for the three locations (the JV's share).

As mentioned above, in September, Plaza bought the 50% interest of its joint venture partner, the Avinash Bhosale Group ("ABIL"), in its Koregaon Park development for a total consideration of approximately USD 20 million. This includes all of the cost invested in the development by ABIL to date.

Construction of the Liberec Plaza shopping and entertainment centre (approximately 17,000 sqm GLA) commenced in 2007 and currently is in advanced stage, with the opening scheduled for March 2009. As shown in the table below, the scheme is already 50% let.

The Group's biggest project currently under development (Casa Radio) has obtained the approval of the urban technical commission (PUZ) of Bucharest, Romania.

Disposals

Effective 30 June 2008, Plaza completed the successful handover of its shopping and entertainment centre in Plzen (approximately 20,000 sqm GLA) to Klépierre. It was sold for a total consideration of €61.4 million, compared to a value of €42.8 million at IPO in November 2006, representing a 43% rise. It was 100% let on opening.

Letting progress

The table below provides a summary of the letting status for all projects currently under construction. The leased percentage is calculated as the proportion of the development that has been let compared to the total lettable area.

	Leasing status	Expected opening
Romania		
Ciuc (Miercurea Ciuc)	35% let	Q3/2009
Casa Radio	Marketing starts in January 2009	Q4/2011
Czech Republic		
Liberec	50% let	Q1/2009
Latvia		
Riga	92% let	Q1/2009
Serbia		
Kragujevac	40% let	Q2/2010
India		
Koregaon Park	Marketing starts in January 2009	H1/2010

Projects not listed above are in the stage of concept design, or in the phase of obtaining necessary permits to commence construction.

Financing

Since the period end, new loan agreements were concluded in spite of the financial crisis, securing the financing of the following projects:

- Suwalki and Zgorzelec located in Poland. The loan facility is 80% of the project budget (and can be increased to 100% based on the progress in the leases) for each project at €42,2 million and €35.1 million respectively. It is pleasing to report that the projects are already 51% and 63% let, respectively, in spite of being in only in the planning phase.
- Miercurea Ciuc in Romania for 75% of the project budget, a loan of €18.1 million.
- As at 30 September, the Group's cash position was €222 million (30 September 2007: €187 million)
- The Group continues to pursue a conservative financing policy to decrease its exposure to the liquidity crisis, with the level of gearing being 40% (debt to equity).

Outlook

Plaza has a strong long-term development pipeline to help it retain its rate of growth even in the difficult economic conditions currently prevailing across Europe and America. Good examples of this are our new joint venture in India with Elbit, the build-out of our existing three mega mixed use projects in India, the search for further opportunities in India and other new territories such as Ukraine as well as the development of its existing pipeline across the CEE region.

We are, however, mindful of the impact of the extraordinary market conditions on investor demand in the regions in which we operate. We are therefore taking a cautious view on the projects on which we have not yet started construction which are expected to be delivered from 2010 and will keep the timing of the commencement of these under regular scrutiny in order to identify the optimal time to deliver these projects into a recovering market. We are also fortunate in being well positioned to prosper thanks to our conservative gearing levels, significant cash resources and very good relationships with our financing banks, who appreciate Plaza's strong track record.

With the backing of a strong cash position, (with minor debt comprising approximately 40% of equity) we can continue to develop our existing schemes and also acquire new projects at even more compelling prices given the current global economic slowdown. We are therefore confident that the Company remains well placed to continue to deliver strong income and capital growth for its shareholders and we look forward to the future with confidence.

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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 Imaging Ltd. ("EI"), an Israeli public company whose shares are traded on both the Tel Aviv Stock Exchange in Israel and the NASDAQ Global Market in the United States.

Plaza Centers 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 12 years.