Plaza Centers N.V.

Unaudited Condensed Consolidated Interim Financial Statements

June 30, 2007

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Contents

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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, 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.

KPMG Hungária Kft.

Plaza Centers N.V.
Condensed consolidated interim balance sheet

	June 30, 2007	December 31 2006
	Unaudited	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	1,348
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

28 August 2007	Ran Shtarkman	Shimon Yitzchaki
Date of approval of the financial statements	**Director, President and Chief Executive Officer**	**Director and Chairman of the Audit Committee**

The notes on pages 9 - 17 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, 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 EURO)	0.08	3.12

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

The notes on pages 9 - 17 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**	**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

The notes on pages 9 - 17 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,	
	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

The notes on pages 9 - 17 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,	
	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

The notes on pages 9 - 17 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") 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 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 The 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 shelf 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 centers:

The Company sold to Klepierre 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 centers in Rybnik and Sosnowiec, Poland, respectively.

d. Sale of Duna Plaza Offices:

The Company sold to Klepierre, 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 offices 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 one-time tax expense in the Czech Republic, as well as the release of deferred tax liabilities in respect of revaluation of 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 record in other liabilities – related parties and was included as administrative expenses in the consolidated income statement.

EMI has charged EUR 300 thousands 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 centers

The Company sold, effective at March 31, 2007 Rybnik Plaza and Sosnowiec Plaza Shopping and Entertainment centres in Poland to Klepierre 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 Klepierre in July 2005.

An aggregate fair value of EUR 90.1 million was agreed between the Company and Klepierre. 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) 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-story 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.

11 Significant acquisitions and transactions (cont.)

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 shopping and entertainment center, 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 square meters 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 2 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.

11. Significant acquisitions and transactions (cont.)

F. Selling of Duna Plaza Offices - Hungary

The Company sold on May 2007 the Duna Plaza offices in Budapest, Hungary, to Klepierre 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 sq ft (approximately 67,000 sq m);
- An office complex with a total area approximately 970,000 sq ft (approximately 90,500 sq m);
- A hotel and apartment hotel with a total area of approximately 400,000 sq ft (approximately 37,500 sq m).

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.

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

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 installments, 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 installment to be effected on December 31, 2007 and the last installment 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.

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

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

On 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 100,000sqm (with over 2000 parking spaces) in the Centre of Belgrade, Serbia.

The Company will partner 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.