24 August 2010

PLAZA CENTERS N.V.

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

Plaza reports strong progress across the business

Plaza Centers N.V. ("Plaza" / "Company" / "Group"), a leading emerging markets property developer, today announces its results for the six months ended 30 June 2010.

Financial highlights:

- Total assets of €1.45 billion (31 December 2009: €1.06 billion)
- Gross revenues from operation of real estate assets of €9.5 million (30 June 2009: €7.7 million). No material disposals were made during the reporting period
- Net profit of €25.8 million (30 June 2009: loss of €28.4 million) owing mainly to the recognition of an accounting gain from the acquisition of EDT Retail Trust totalling €38 million
- Basic and diluted earnings of €0.09 and €0.08 per share, respectively (30 June 2009: Basic and diluted loss per share of €0.10)
- Short term cash position (including restricted deposits and marketable securities) of €204 million (31 December 2009: €179 million) and working capital of €736 million (31 December 2009: €710 million); current cash position of circa €200 million
- Issuance of highly rated Series B bonds in January and February 2010 in the principal amount of NIS 308 million for cash consideration of NIS 330 million (circa €62.8 million)
- Gearing position remains stable with debt comprising 55% of total assets (31 Dec 2009: 46%), with most debt maturing between 2011 and 2017.

Operational highlights:

- Zgorzelec Plaza in Poland completed and opened on 18 March 2010. The 13,000 sqm GLA shopping centre was circa 75% let on opening, with tenants including H&M, KappAhl and Douglas
- Completion of Plaza's 30th shopping centre in CEE, with the opening of Suwalki Plaza, Poland, which comprises 20,000 sqm of GLA and 450 parking spaces. The centre was circa 80% let on opening to major international and local brands such as H&M, New Yorker, Douglas, and Deichman
- Launch of Elbit Plaza USA, L.P. ("Elbit Plaza USA"), a real estate investment venture jointly formed by Plaza and its parent Elbit Imaging Ltd. ("Elbit"). Co-investment agreement signed with Eastgate Property ("Eastgate") to form EPN Real Estate Fund, LP (the "US Fund"). According to the aforementioned Co-

investment agreement, Elbit Plaza USA and Eastgate have agreed to invest an aggregate amount of $200 million (to be split 50:50), to take advantage of opportunities in the U.S. retail and commercial real estate sectors

- In June 2010 the US Fund successfully raised from Menora Mivtachim Insurance Ltd. and certain of Menora's affiliates ("Menora"), one of Israel's leading insurance companies, $31 million of capital commitments
- Completion of the US Fund's first investment in the USA, with a circa US$114 million investment in Macquarie DDR Trust ("Trust"), an Australian publicly traded trust (ASX:EDT), which as at 30 June, 2010 held and managed two US REIT portfolios totalling 75 retail properties located across 23 states of the USA. EPN holds an approximate 48% ownership interest in the Trust, which was subsequently renamed EDT Retail Trust.

Key highlights since the period end:

- In August 2010, the Company signed a loan agreement for financing 70% (circa €33 million) of the development costs for a new shopping centre at Kragujevac, Serbia. The scheme has seen high demand from retailers and is already circa 60% pre-let. Construction on the 22,000 sqm GLA retail development is expected to commence in Q4 this year
- Construction of Plaza's ninth retail scheme in Poland, the 39,000 sqm GLA Torun Plaza, commenced recently and is expected to complete in Q4 2011
- On 28 July 2010 the Board of the Company approved a bond issuance programme for the issuance of up to 3,000 unsecured bearer bonds, governed by Polish law, to the maximum amount of PLN 300 million (approximately €75 million), in several tranches. The tranches have been approved for issuance between July 2010 and the end of 2016 (the "Bonds Issuance Programme") as part of a long term strategic financing plan.

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

"Since the start of this year, we have made good progress across all areas of the business, achieving two important milestones along the way. We are proud to have opened two new schemes this year, the latest being Suwalki Plaza in Poland, our 30th shopping and entertainment centre in the CEE region. We are proud of the fact that we have developed more shopping centres in CEE than all other major competitors combined, a true reflection of our dominance in this region. We were also pleased to have completed our acquisition of a strategic stake in EDT Retail Trust, our first investment in the US, a market which we have been monitoring for some time. The transaction offers us an exposure to a high quality portfolio of retail assets, predominantly US community shopping centres, with significant value enhancing opportunities.

“We are taking a targeted approach to our development pipeline, concentrating on projects where we see the strongest retail demand and in countries which have shown relative resilience during the economic crisis. In addition we are continuing our strategy of managing our existing operational assets, which will deliver strong income streams over the coming period, with a potential for value creation over the long term through improving the rental profiles of the assets as well as the potential to benefit from an overall market recovery.

“Most importantly, we will continue to manage our financial position to ensure it reflects the risks associated with the markets in which we operate. This policy has already seen us emerge from the economic downturn as a business which has the flexibility to take advantage of acquisition opportunities, a strong balance sheet which enables us to attract financing for our projects on the most competitive terms, and a management team that has a proven track record of driving growth. We therefore remain confident in our ability to deliver long-term value to our shareholders.”

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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 with a significant presence across Central and Eastern Europe as well as operations in India and the USA. It focuses 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 dual listed on the Main Board of the London Stock Exchange and, as of 19 October 2007, the Warsaw Stock Exchange (LSE:”PLAZ”, WSE: “PLZ/PLAZACNTR”). Plaza Centers N.V. is an indirect subsidiary of Elbit Imaging Ltd. (“EIL”), 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 is a member of the Europe Israel Group of companies which is controlled by its founder, Mr Mordechay Zisser. It has been active in real estate development in emerging markets for over 14 years.

CHIEF EXECUTIVE'S STATEMENT

We are pleased to report good progress across all areas of the business, as well as the achievement of some important milestones since the start of 2010.

Key Events

The Company has invested a total of €47 million in the development of its portfolio during the period to date, as well as approximately $25 million in the acquisition of a stake in EDT Retail Trust, which has been the Company's most significant transaction so far in 2010.

The strategic stake in EDT Retail Trust represented our first investment in the US, a market which we have been monitoring for some time now. The transaction offers us exposure to a high quality portfolio of retail assets, predominantly US community shopping centres. As at 30 June, 2010, it held interests in 75 retail assets covering approximately 13.0 million square feet (circa 1.2 million sqm). We will work closely with our joint venture partners, utilising our own, Elbit's and Eastgate Property's retail asset management experience, together with the local expertise of Developers Diversified Realty Corporation ("DDR"), an Ohio corporation specializing in real estate investments and assets management.

We also completed and opened to the public Zgorzelec Plaza shopping centre in Poland in March 2010 and Suwalki Plaza (Poland), Plaza's 30th shopping and entertainment centre in the CEE region, in May 2010. Both assets were completed within their construction budget and are currently 75% and 80% let, respectively.

We continued to make good progress in the construction of our six active development projects at Casa Radio in Romania, Dream Island in Hungary, Kragujevac in Serbia, Torun and Lodz in Poland and Koregaon Park in India. All projects benefit from being located in areas with high market demand and/or with favourable financing opportunities.

Since the period end, Plaza has agreed financing for 70% of its Kragujevac development project in Serbia (total financing of €33 million). Construction is expected to commence in Q4 this year and completion is expected in H1 2012.

Results

We ended the first six months of 2010 with gross revenues of €9.5 million with four completed shopping and entertainment developments, located in Czech Republic, Latvia and two in Poland.

Net profit was €25.8 million, resulting mainly from a non-cash accounting gain as a result of recognising the purchase of EDT in the amount of €38m, offset by net unrealised losses from finance activities (mainly from revaluation of our issued debentures, net of hedging derivatives, totalling circa a €8 million loss) as well as operational costs.

Our focus for investment remains on our existing assets under construction as well as acquiring selected opportunities for future development. Our total investment in real estate inventories under construction ("trading properties") has increased to €791 million and we expect to generate significant revenues from these inventories from 2011 onwards.

With cash (including short term restricted deposits and marketable securities) of approximately €204 million at the period end (and circa €200 million as at today's date), Plaza has significant equity to invest in opportunistic acquisitions both in its traditional CEE market and beyond, as well as the ability to make targeted investments to progress the development pipeline in order to create value for its shareholders.

In addition, the strength of the Company's balance sheet means that it continues to be able to successfully negotiate debt facilities for its existing development programme, as evidenced by the recent securing of a €33 million financing agreement for a new development at Kragujevac in Serbia, as well as for the acquisition of new projects. It has also enabled the Company to issue bonds on the public markets, with investor appetite continuing for Plaza's bond issuance programme, based on the financial strength and security of the underlying business.

NAV

In line with previous half yearly results, Plaza's property portfolio is revalued at the end of every financial year and therefore no update on NAV is provided at the half year.

Strategy

The Company has an unrivalled level of experience across Central and Eastern Europe ("CEE"), having been active in the region since 1996. Having pioneered and opened the first western-style shopping and entertainment centre in Hungary, it began to implement its vision of offering high quality shopping and entertainment facilities to a growing middle class and an increasingly affluent consumer base.

Earlier this year, Plaza reached a major milestone and completed its 30th CEE shopping centre since inception. Plaza has sold 26 of these shopping centre developments to date with an aggregate gross value of circa €1.16 billion. These comprise 17 shopping centres in Hungary, seven in Poland and two in the Czech Republic, with the remaining four shopping centres currently being held as operational assets, of which two are located in Poland, one in the Czech Republic and one in Latvia.

Given prevailing market conditions, Plaza took the strategic decision at the end of 2008 to scale back on project starts and focus its resources on the development of selective projects that were already in the construction stage. Since then, Liberec, Riga, Zgorzelec and Suwalki have been completed and opened to the public and good progress has been made at the remaining six sites at Casa Radio in Romania, Dream Island in Hungary, Torun and Lodz in Poland, Kragujevac in Serbia and Koregaon Park in India. Most of Plaza's other development projects are either in the design phase or awaiting permitting and the commencement of these projects will depend on the availability of external financing.

On completion of developments, given that values in the CEE market remain relatively static and that transactional activity is still significantly below historical averages, Plaza will use its extensive experience of managing shopping centres (as was done between 1996 and 2004) to retain assets until there is considerable improvement in the investment market. Plaza is able to hold completed assets on its balance sheet due to the financial strength of the business and will benefit from strong income streams from these assets.

In 2008, Plaza took the strategic decision to leverage its emerging markets expertise and expand beyond CEE and is involved in several projects in India, a market which it believes has a number of attractive characteristics which are appealing to Plaza. The significant economic growth the country has experienced since 2000, combined with its relative resilience over the last three years and a retail industry that remains underdeveloped, offers significant opportunity for the Company. Plaza feels that it is especially well placed to capitalize on this given the Group's experience in emerging markets with similar complex legal and regulatory environments to India.

In addition, the Group has continued to examine other regions outside the CEE region, in areas where it sees significant market dislocation in the retail sector. Having monitored the US real estate market, and in conjunction with its joint venture partners, Plaza has, and continues, to see significant opportunities in this market. Given the acute dislocation in the US financing and real estate markets, Plaza has identified a unique opportunity to acquire high quality operating properties at attractive valuations not seen in the recent past. Potential for significant value accretion will be based on a recovery in the global and US markets and the application of the asset management experience of Plaza and Elbit in the retail sector.

Having identified the US as an important market for growth for Plaza, its first acquisition in the region earlier this year, a strategic stake in EDT Retail Trust which owns (at 30 June, 2010) 75 retail assets across the US, was an important step forward in fulfilling its strategy of becoming a major retail investor in the region. With significant equity available still to invest through its co-investment fund in the region, it will continue to look for other acquisition opportunities to deliver value for our shareholders.

Portfolio progress

The Company currently has 37 assets and projects under development, located across the Central and Eastern European region and in India. The location of the assets under development, operating assets, as well as office buildings, is summarised as follows:

	Number of assets		
Location	**Operating shopping centres**	**Under development**	**Offices**
Romania	-	8	1
India	-	6	-
Poland	2	5	
Czech Republic	1	2	1
Hungary	-	3	1
Serbia	-	3	-
Bulgaria	-	2	-
Greece	-	1	-
Latvia	1	-	-
Total	4	**30**	**3**

The Company has invested a total of €47 million in acquisitions and investments during the year to date. In addition, Plaza has undertaken a number of transactions including agreeing financing for 70% of the total project costs of Kragujevac Plaza in Serbia.

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

Asset/Project	Location	Nature of asset	Size sqm (GLA)	Plaza's effective ownership %	Status
Arena Plaza Extension	Budapest, Hungary	Office scheme	40,000	100	Under planning. Construction scheduled to commence in 2012; completion scheduled for 2013
Dream Island (Obuda)	Budapest, Hungary	Major business and leisure resort	350,000 (GBA) (for rent and sale)	43.5	Initial excavation works commenced, completion scheduled for 2013-2015. Exclusive casino licence obtained
Uj Udvar	Budapest, Hungary	Retail and entertainment scheme	16,000	35	Operating, currently working up refurbishment plans

David House	Budapest, Hungary	Headquarters/Office	2,000	100	Operational office
Suwalki Plaza	Suwalki, Poland	Retail and entertainment scheme	20,000	100	Operating, opened in May, 2010
Lodz	Lodz, Poland	Residential scheme	80,000 (GBA)	100	Under planning
Lodz Plaza	Lodz, Poland	Retail and entertainment scheme	45,000	100	Construction scheduled to commence in 2011; completion scheduled for 2013
Zgorzelec Plaza	Zgorzelec, Poland	Retail and entertainment scheme	13,000	100	Operating, opened in March, 2010
Torun Plaza	Torun, Poland	Retail and entertainment scheme	39,000	100	Construction commenced recently, with completion scheduled for Q4 2011
Kielce Plaza	Kielce, Poland	Retail and entertainment scheme	34,000	100	Construction scheduled to commence in 2012; completion scheduled for 2014
Leszno Plaza	Leszno, Poland	Retail and entertainment scheme	16,000	100	Construction scheduled to commence in 2012; completion scheduled for 2014
Prague 3	Prague, Czech Rep.	Office, for future residential use	61,600 (residential for sale)	100	Currently operational as an office building, re-zoning for future residential use is in progress
Liberec Plaza	Liberec, Czech Rep.	Retail and entertainment scheme	17,000	100	Operating; opened on 26 March 2009
Roztoky	Prague, Czech Rep.	Residential units	14,000	100	Construction scheduled to commence in 2012; completion scheduled for 2013-2014
Casa Radio	Bucharest, Romania	Mixed-use retail and leisure plus office scheme	600,000 (GBA) (including parking)	75	Initial construction commenced in 2007, completion scheduled for 2013-2015; approval of the Urban technical commission has been obtained
Timisoara Plaza	Timisoara, Romania	Retail and entertainment scheme	43,000	100	Construction scheduled to commence in

					2012; completion scheduled for 2013
Csiki Plaza	Miercurea Ciuc, Romania	Retail and entertainment scheme	14,000	100	Construction commenced in late 2008; awaiting external financing for completion
Iasi Plaza	Iasi, Romania	Retail, entertainment and office scheme	62,000	100	Construction schedule to commence in 2012; completion scheduled for 2014
Slatina Plaza	Slatina, Romania	Retail, entertainment and residential	17,000	100	Construction schedule to commence in 2011-2012; completion scheduled for 2013
Hunedoara Plaza	Hunedoara, Romania	Retail and entertainment scheme	13,000	100	Construction schedule to commence in 2011-2012; completion scheduled for 2012-2013
Targu Mures Plaza	Targu Mures, Romania	Retail and entertainment scheme	30,000	100	Construction scheduled to commence in 2012; completion scheduled for 2013
Constanta Plaza	Constanta, Romania	Retail and entertainment scheme	18,000	100	Construction scheduled to commence in 2012; completion scheduled for 2013
Palazzo Ducale	Bucharest, Romania	Office	700	100	Operational
Belgrade Plaza	Belgrade, Serbia	Hotel and business center with a shopping gallery	70,000 (GBA)	100	Construction scheduled to commence in 2012; completion scheduled for 2014
Sport Star Plaza	Belgrade, Serbia	Retail and entertainment scheme	45,000	100	Construction scheduled to commence in 2011-2012; completion scheduled for 2013-2014
Kragujevac Plaza	Kragujevac, Serbia	Retail and entertainment scheme	22,000	100	Construction will commence in Q4 2010; completion

					scheduled for H1 2012
Shumen Plaza	Shumen, Bulgaria	Retail and entertainment scheme	20,000	100	Construction scheduled to commence in 2011-2012; completion scheduled for 2013-2014
Sofia Plaza Business Centre	Sofia, Bulgaria	Retail, entertainment and office scheme	44,000	51	Under planning; currently let to hyper-market operator
Riga Plaza	Riga, Latvia	Retail and entertainment scheme	49,000	50	Operating; opened in March 2009
Piraeus Plaza	Athens, Greece	Retail and entertainment scheme	26,000	100	Construction scheduled to commence in 2011; completion scheduled for 2013
Koregaon Park	Pune, India	Retail, entertainment and office scheme	111,000 (GBA)	100	Construction commenced in late 2007; expected completion in Q2 2011 (mall) – 2012 (offices)
Kharadi	Pune, India	Retail, entertainment, and office scheme	205,000 (GBA)	50	Construction schedule to commence in 2011-2012; expected completion in 2014
Trivandrum	Trivandrum, India	Retail, entertainment, office and apart-hotel scheme	195,000 (GBA)	50	Under planning
Bangalore	Bangalore, India	Mixed-use multi-level residential units and villas	450,000 (GBA)	23.75	Under planning; Construction schedule to commence in late 2011; completion scheduled for 2012-2017
Chennai	Chennai, India	Mixed-use of high quality villas and high rise residential buildings with local retail facility	860,000 (GBA)	38	Under planning, Construction schedule to commence in late 2011; completion scheduled for 2012-2015
Kochi Island	Kochi, India	High-end residential apartment buildings, office complex, a hotel and serviced apartment complex, retail area and a marina	575,000 (GBA)	23.75	Under planning

Details of these activities by country are as follows:

Hungary

Plaza continues to work on the extension to Arena Plaza, where construction is planned to commence in 2012. The extension will comprise an office complex with approximately 40,000 sqm of GLA. Arena Plaza, which the Company developed and sold in 2007, remains the most high profile and successful shopping centre in Budapest.

Plaza currently holds a stake of 43.5% in the Dream Island mega scheme in Budapest. The consortium now comprises an 87% holding interest of the 50:50 joint venture partnership between Plaza and MKB Bank (a leading Hungarian commercial bank which is a subsidiary of the German Bayerische Landesbank), a company controlled by the managing director of the consortium (10% interest) and a further 3% owned by small minorities.

The Dream Island project is a prestigious development on the Obuda Island in central Budapest, with a land area of 320,000 sqm. It will be developed into a major resort including hotels, recreation facilities, a casino and a business and leisure complex with a development budget of circa €1.5 billion and 350,000 sqm of GBA. Preliminary design, excavation and archaeological works are continuing at the site. In addition, a concession licence was obtained in 2008 for the 20-year operation of a large-scale casino (the first in Budapest) with an option to extend for an additional 10 years. The project is intended to be completed in phases between 2013-2015.

In accordance with its strategy to acquire operating shopping centres that show significant redevelopment potential for refurbishment and subsequent sale, in September 2007 the Company bought a 35% stake in the Uj Udvar shopping centre in Budapest, Hungary. The shopping centre is currently operational and the shareholders are working on a new design to be implemented and thereby enhance value. The new zoning permit was awarded to the project during the period and obtaining the building permit is in advanced stage.

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

Poland

During the reporting period, Plaza completed and opened to the public two shopping and entertainment centres in Suwalki (comprising approximately 20,000 sqm of GLA and forms the 30th completed centre constructed by Plaza in the CEE region) and in Zgorzelec (comprising approximately 13,000 sqm of GLA). Both of the centres were approximately 80% and 75% let on opening, respectively.

Construction of Torun Plaza (comprising approximately 39,000 sqm of GLA) commenced recently. Finance is currently being finalised for the development and completion is expected for Q4 2011. The development is already circa 40% pre-let, and among major tenants are Cinema City, H&M, KappAhl, Camaieu, Orsay, Rossmann and Douglas.

In addition, Plaza continued the feasibility and planning studies of four development schemes; in Kielce (comprising approximately 34,000 sqm of GLA) in Leszno (comprising approximately 16,000 sqm of GLA) and two schemes in Lodz, Lodz Residential (designated for residential use) and Lodz Plaza (comprising approximately 45,000 sqm of GLA).

Czech Republic

Plaza continues to hold Liberec Plaza shopping and entertainment centre (approximately 17,000 sqm GLA) which was opened on 26 March 2009. Plaza has agreed lettings totalling 70% of the centre's GLA to tenants including Billa, Gate, Dracik, Schleker, Triumph, Sephora and Fantasy Park.

During the reported period, Plaza continued the feasibility and planning of its residential developments at Roztoky (14,000 sqm) and Prague 3 (61,600 sqm).

The Company continues to own an income generating office and warehouse building in Prague which is designated to be re-zoned for a scheme of 61,600 sqm of residential units. Re-zoning is expected to be received in 2011.

Plaza's development in Opava was sold at the beginning of 2010 for an immaterial amount (circa €0.8 million, a price close to book value), as the scheme did not fit within Plaza's stringent development criteria.

Romania

Plaza holds a 75% interest in a company in partnership with the Government of Romania to develop Casa Radio (Dambovita), the largest development plot in central Bucharest. It will comprise approximately 600,000 sqm of GBA, including a 170,000 sqm GBA shopping mall and leisure centre (one of the largest in Europe), offices, hotel, apartment hotel, ferris wheel, casino, hypermarket and a convention and conference hall. The Company has obtained the approval of the urban technical commission of Bucharest and completion of the first phase is scheduled for 2013.

In the second half of 2008, the Group commenced the construction of its development in Miercurea Ciuc (14,000 sqm GLA). However, as external finance is not currently available on this project, the Group will only resume development once such financing has been secured.

The Company continues the feasibility and planning phases of its development schemes in Timisoara, Iasi, Slatina, Hunedoara and Targu Mures. Timisoara and Iasi are in preliminary stages of design and planning and construction schedule to commence on both projects in 2012, subject to finance. In Slatina, the detailed design has been agreed, the majority of permits secured and construction is due to commence in 2011-2012 subject to finance. Iasi, Timisoara and Slatina are expected to be completed in 2013-2014. Hunedoara and Targu Mures are in the preliminary design phase and scheduled for completion in 2012-2013.

During 2009, the Group completed the acquisition of a plot in Constanta, Romania. Constanta Plaza will comprise a GLA of 18,000 sqm and completion expected in 2013.

In addition, Plaza has a 50.1% stake in the Plaza-BAS joint venture. Currently the joint venture holds seven projects in Bucharest, Brasov and Ploiesti:

	Fountain Park	**Acacia Park**	**Primavera Tower**	**Green Land**	**Poiana Brasov**	**Primavera Tower**	**Pinetree Glade**	**Total**
Location	Bucharest	Ploiesti	Ploiesti	Ploiesti	Brasov	Brasov	Brasov	-
Plaza-Bas Share	25%	50%	50%	50%	50%	50%	50%	-
Nature	Residential	Residential	Offices	Residential	Residential	Offices	Residential	-
Size (sqm)	18,000	32,000	10,000	37,000	140,000	12,000	50,000	299,000

Latvia

On 31 March 2009, Plaza completed and opened its Riga Plaza project, which comprises approximately 49,000 sqm of GLA, of which Plaza owns a 50% stake. The scheme is located on the western bank of the River Daugava by the Sala Bridge. In July 2010, an eight screen cinema multiplex was opened, bringing occupancy at the centre to 82%. Discussions are ongoing with potential occupiers for the remaining space at the centre and Plaza hopes to conclude further lettings shortly.

Serbia

Plaza successfully established its presence in Serbia in 2007 with the acquisition of three plots. The first of these was a state-owned plot and building in Belgrade, which Plaza secured in a competitive tender. The building was formerly occupied by the federal ministry of internal affairs of the former Yugoslavia and is located in the centre of Belgrade in a neighbourhood of government offices and foreign embassies. On completion, the scheme, Belgrade Plaza, will comprise a hotel, business centre and shopping gallery totalling circa 70,000 sqm of GBA. Construction is planned to commence in 2012 and completion is scheduled for 2014. The project is now in the local planning and permitting process.

In December 2007, the Company won a second competitive public auction announced by the Government of Serbia for the development of a new shopping and entertainment centre called Sport Star Plaza with a total GLA of approximately 45,000 sqm in Belgrade. Concept design has been submitted.

Following the period end, Plaza signed a loan agreement for development financing of 70% of its project in Kragujevac, a city of 180,000 inhabitants. The planned shopping and entertainment centre will comprise approximately 22,000 sqm of GLA. Construction will commence in Q4 2010 and the opening is planned for H1 2012. The centre has already seen good interest from retailers and is already 60% pre-let.

Greece

Plaza owns a 15,000 sqm plot of land centrally located in Piraeus Avenue, Athens. Plaza is currently working on securing updated building permits for the construction of a shopping centre, totalling approximately 26,000 sqm of GLA. Construction is planned to start in 2011 and completion is scheduled for 2013.

Bulgaria

The Group owns a 25,000 sqm plot of land in Shumen, the largest city in Shumen County, which it intends to develop into a new shopping and entertainment centre with a total GLA of 20,000 sqm. The Company is currently finalising the design, and construction is expected to commence in 2011-2012, subject to agreeing financing.

In 2009, Plaza acquired an additional plot in Sofia by purchasing a 51% stake (with an option to increase to up to 75%) in a development project from a local developer for a total consideration of €7.14 million. The consideration consists of a cash payment of €2.78 million and the assumption of €4.36 million of debt financed by a foreign bank, representing 51% of the project's debt liability. The planned scheme will comprise 44,000 sqm GLA of retail, entertainment and offices. The project has a valid planning permit and is currently leased to a hypermarket operator.

India

Plaza has identified strong long-term potential in India and in 2006 acquired its first development project, Koregaon Park Plaza in the city of Pune in a 50:50 joint venture with a local partner. In November 2008, the Group bought the remaining 50% stake held by its JV partner, enabling the Company to have full control over the development. The mixed-use scheme has a total built up area of 111,000 sqm which will comprise a shopping centre and office building. Construction is already underway, with development finance secured totalling USD 45 million, to fund 50% of the total project costs. Completion of the shopping and entertainment centre is expected in Q2 2011 and the office scheme in 2012.

During 2007, Plaza acquired two additional development projects in a 50:50 joint venture. The first is located in the Kharadi district of Pune and totals approximately 205,000 sqm of GBA. The second is in Trivandrum, the capital city of the State of Kerala, and totals approximately 195,000 sqm GBA. Both projects are for mixed-use developments.

In 2008, Plaza formed a joint venture with Elbit Imaging to develop three mega mixed-use projects in India located in the cities of Bangalore, Chennai and Kochi. Under this agreement Plaza acquired a 47.5% stake in Elbit India Real Estate Holding Limited, which already owned stakes of between 50% and 80% in three mixed-use projects in India, in conjunction with local Indian partners. This joint venture’s voting rights are split 50:50 between Elbit imaging and Plaza.

These three projects are as follows:

Bangalore - This mixed-use project, 50% owned by the JV and 50% owned by a prominent local developer, is located on the eastern side of Bangalore, India's fifth largest city with a population of more than seven million people. With a total built up area of over 450,000 sqm excluding parking, it will comprise luxury residential units, villas and high and medium-rise apartment buildings. As agreed with the local developer, the internal rate of return to which the joint venture is entitled is capped at 20% per annum.

Chennai - A mixed-use development, 80% owned by the JV and 20% owned by a prominent local developer, will be developed into an integrated mixed-use project consisting of high rise residential units and high quality villas and a local retail facility, with a total built up area of 860,000 sqm excluding parking. Chennai is India's fourth largest city with a population of more than 10 million people. The project is currently under planning.

Kochi Island - A 50:50 partnership with a prominent local developer, this mixed-use project will comprise more than 575,000 sqm of high-end residential apartment buildings, office complexes, a hotel and serviced apartments complex, retail area and a marina. It is located on a backwater island adjacent to the administrative, commercial and retail hub of the city of Kochi, in the state of Kerala, with a local population of more than three million people. The project is currently under planning.

Construction at Bangalore and Chennai is expected to start in late 2011.

USA

As previously reported, as well as the acquisition of development projects, Plaza is also seeking to acquire high yielding mature assets in other territories, such as the United States, where clear and sometimes exceptional opportunities may arise to enhance capital and income.

Plaza believes that there is a rare window of opportunity in the United States, given the dislocation in the market, especially in the retail sector, created by recent economic conditions. With its 14 years of experience in developing and managing shopping and entertainment centres in the CEE, Plaza is well placed to take full advantage of this.

The rationale for investing in operational assets in territories such as the USA is based on the fact that:

- Historically, the Group has developed shopping and entertainment centres in the CEE yielding 12%-15% on investment, but this takes into account the development risk and having to acquire the land, as well as undertaking the design, planning, permitting, construction, marketing and leasing.
- The re-pricing in the U.S. real estate market means that it is possible to acquire shopping centres already yielding 8%-10%. This avoids any development or planning risk and offers the benefit of instant cash flows from the rents.

The aim for such acquisitions will be to benefit from future uplifts in values as yields are expected to improve. The Group is targeting net IRR returns of 20% and above, and will focus on dominant malls displaying commercial stability in their area, located in large metropolitan cities, superior tenant mix and composition and limited competition.

As announced on 22 April 2010, EPN (a real estate investment venture jointly formed by Elbit Plaza USA, L.P. (a subsidiary of Elbit Imaging Ltd. (NASDAQ: EMITF) ("Elbit") and Plaza) and Eastgate Property LLC ("Eastgate")), entered into a series of agreements for the investment in EDT, an Australian investment trust which manages two US REIT portfolios located in 23 states of the USA.

EPN holds an approximate 48% ownership interest in the Trust following completion of the transaction, which included:

- EPN acquiring a unitholding representing 15% of the Trust's units through a A$9.5 million private placement. EDT undertook a recapitalization by way of a pro rata entitlement offer, raising approximately A$200 million.
- EPN acquiring from Macquarie Group Limited its 2.6% principal unitholding in the trust.
- EPN acquiring from Macquarie Group, effective 18 June 2010, its 50% interest in the entity which is the owner of the responsible entity of the trust, with the other 50% owned by Developers Diversified Realty Corporation ("DDR"), for an approximate consideration of US$3 million.

As a result of this, EPN has become its largest unitholder, and has appointed its representatives to be the majority members of board of the responsible entity of the Trust. Plaza's effective holding in EPN is 21.65%, bringing its effective share in EDT to 10.35%.

The net proceeds of the private placement and recapitalization by EDT were used to repay all unsecured debt facilities and unsecured derivative obligations (totalling approximately US$108 million), reduce the secured debt facilities and extend the secured debt. Such debt reduction will provide enhanced balance sheet stability to EDT by significantly reducing gearing.

EDT holds and manages two US REIT portfolios located in 23 states of the USA, which generate a net operating income of circa US$99 million per annum. The portfolio comprises:

- Core Shopping Centres Portfolio, consisting of 48 operating retail properties with an occupancy rate of approximately 88.5%. The value of this portfolio is approximately US$1.34 billion as at 30 June 2010 and comprises 10.9 million square feet of leasable area with approximately 460 tenants. Secured non-recourse debt related to this portfolio amounted to circa US$934 million as at 30 June 2010. The weighted average lease term is 5.1 years.

- Single Box Portfolio of 27 stand-alone retail properties, of which MDT owns a circa 50% share, valued at approximately US$140 million as at 30 June 2010. The portfolio has approximately 2.1 million square feet of leasable area, most of which is vacant due to the major tenant going into administration. Secured non-recourse debt relating to this portfolio amounted to circa US$158 million as at 30 June 2010.

Due to the uncertainty of being able to retrieve any equity value from the Single Box Portfolio and significant additional capital being required, EDT, DDR and the loan receiver are now progressing to jointly request that a court appoint a third party receiver to manage and liquidate the remaining assets within the Single Box Portfolio. As at June 30, 2010, the Single Box Portfolio provided no contribution to the Trust's NAV.

The average lease length for the portfolios is in excess of five years, and the assets benefit from a diversified tenant base with the largest occupier representing just 5.9% of the portfolios' annual base rent, with no single lease representing more than 1.9% of annual base rent. The occupancy rate on the portfolios offers significant value enhancing potential from new leases, especially in the Shopping Centres Portfolio which currently has approximately 1.3 million square feet (approximately 120,000 square meters) of vacant space.

External valuations, as at 30 June 2010 were undertaken on 21 of the properties in the Trust's portfolio, representing approximately 24% of the portfolio by value. Additional asset values outlined below were published by EDT on July 30, 2010:

30 June 2010 Revaluation Summary	Shopping Centres	Ex-Mervyns	Total
Independent valuations			
Number of properties valued	15	6	21
% of total assets by book value	21.5%	2.2%	23.8%
Director valuations[2]			
Number of properties valued	33	21	54
% of total assets by book value	69.1%	7.1%	76.2%
EDT Share			
Trust ownership interest	99.4%	50.0%	
% of total assets by value[1]	95.1%	4.9%	100.0%
December 09 book value (US$ million)	1,338.8	71.4	1,410.1
Movement in valuations (US$ millions)	10.1	(1.4)	8.7
June 10 book value (US$ millions)	1,348.9	70.0	1,418.8
Variance over June 09 book value (%)	0.8%	(2.0%)	0.6%
Weighted average cap rates – December 09	8.54%	12.8%	8.76%
Weighted average cap rates – June 10	8.58%	12.6%	8.78%
Movement	+ 4bps	(2bps)	+ 2bps

[1] Total assets based on EDT's share
[2] Includes assets held for sale

Dividend Policy

The basis of the Company's stated dividend policy at the time of its IPO was to reflect the long-term earnings and cash flow potential of the Group, taking into account its capital requirements, while at the same time maintaining an appropriate level of dividend cover.

Given ongoing market conditions, the Board will continue to monitor overall market conditions, ongoing committed capital requirements of the Company, as well as expected future cash flow, before considering any future dividend payments.

Prospects

Despite the stabilisation seen in many of the markets in which we operate, we continue to manage the business prudently, with an awareness of the potential further downside risks particularly to consumer spending and its impact on retailers across our target markets.

With this in mind, we will continue to take a targeted approach to our development pipeline, concentrating on projects where we see the strongest retail demand and in countries which have shown relative resilience during the economic crisis. Our two projects which we will start construction on in the second half of this year, at Torun in Poland and Kragujevac in Serbia, reflect this strategy as demonstrated by the level of pre-lets we have achieved ahead of construction and our ability to secure development finance on these sites.

Beyond this, we will continue our strategy of managing our existing four operational assets, which will deliver strong income streams over the coming period, with a potential for value creation over the long term through improving the rental profiles of the assets as well as the potential to benefit from an overall market recovery.

Our expansion plans outside of the CEE region will continue, with a strong focus on our US operations, following our first acquisition there earlier this year. Whilst we will be using our retail expertise to maximise the value and income from these properties in conjunction with our local partners and Elbit, we will continue to look for further opportunities in the region, with equity to deploy through our co-investment in the US Fund.

Most importantly, we will continue to manage our financial position to ensure it reflects the risks associated with the markets in which we operate. This policy has already seen us emerge from the economic downturn as a business which has the flexibility to take advantage of acquisition opportunities, a strong balance sheet which enables us to attract financing for our projects on the most competitive terms and a management team that has a proven ability to drive growth.

We therefore remain confident in our ability to deliver long-term value to our shareholders.

Ran Shtarkman
President and CEO
24 August 2010

FINANCIAL REVIEW

Results

As Plaza focuses its business on the development and sale of shopping and entertainment centres, the Group classifies its current projects under development as trading properties rather than investment properties. Accordingly, revenues from the sale of trading properties are presented at gross amounts.

Revenues for the six months period ending 30 June 2010 were €9.5 million (H1 2009: €7.7 million), as no major asset disposals were realised in the period. The revenues are derived mainly from the two operating shopping malls in Liberec and Riga, and €3.3 million from Fantasy Park, our entertainment subsidiary. For this period, there were limited revenues derived from the additional two centres opened in Poland, as they were not in operation for the full period.

The cost of operations is attributable mainly to the operating expenses of Liberec and Riga shopping centres, and Fantasy Park.

Administrative expenses totalled €8.6 million (30 June 2009: €10.8 million), reflecting cost cutting measures implemented last year, offset by the general costs (as well as opening costs) of our two shopping malls opened in March and May 2010 in Poland. The administrative expenses for the period included non-cash share based payments totalling €0.7 million, compared to €2.3 million in H1 2009.

Other income increased significantly to €39 million, mainly from an accounting gain resulting from the EDT transaction, as mentioned in the Chief Executive's statement.

As a result of EPN acquiring approximately 48% of EDT as well as 50% of the responsible entity for the Trust, EPN is required by IFRS to consolidate 100% of the financial statements of EDT, while allocating approximately 52% to non-controlling interest.

As Plaza's effective interest in EPN is 21.65% (reflecting Plaza's commitments of US$50 million out of US$231 million of total investment commitments) and it has joint control (together with its partners), it has proportionally consolidated 21.65% of the financial statements of EPN, and as a result reflects 21.65% of the assets and liabilities of EDT in its financial statements. It should be noted that the acquisition was finalised in late June 2010, and so the results of EDT for the six months ended 30 June, 2010 were not included in the consolidated income statement of Plaza. EDT's results are expected to be included in Plaza's financial statements from 1 July, 2010 onwards.

As the net value of EDT's equity was substantially higher than the purchase price paid by EPN, combined with the value of the non-controlling interest per market quoted price of EDT's units, the difference, under IFRS, is assumed as "gain from a bargain purchase" and as such should be attributed upon acquisition to the income statement. As described, Plaza's share in this recognised gain amounted to €38 million.

Net finance was negative in the first half of 2010 at €5 million (30 June 2009: €16.9 million net expenses), mainly due to net unrealised losses from finance activities (mainly from revaluation of our issued debentures, net of hedging derivatives, totalling a circa €8 million loss), offset by cash interest income from deposits and other financial instruments.

As at 30 June 2010 the Company has a total tax expense of €0.9 million (30 June 2009: tax benefit of €4 million), resulting almost entirely from deferred tax expenses.

Net profit for the period amounted to €25.8 million, compared to a loss of €28.4 million in the comparative period of 2009, principally resulting from the recognition of the gain from a bargain purchase described above, offset by the unrealised loss due to revaluation of issued debentures, net of hedging derivatives and operational expenses.

Basic and diluted earnings per share for the first half 2010 were €0.09 and €0.08 per share, respectively (30 June 2009: Basic and diluted losses per share of €0.10).

Balance sheet and cash flow

The balance sheet as at 30 June 2010 showed current assets of €1.06 billion compared to current assets of €945 million at the end of 2009, resulting primarily from investments in current developments, including the completion of the two centres in Poland.

The cash position increased to €204 million including short term restricted deposits and marketable securities (December 2009: €179 million), and is currently circa €200 million, mainly due to the bond raising at the beginning of 2010, net of investment in existing projects and the acquisition of EDT.

Investment properties increased significantly due to the EDT transaction, as its assets are classified as investment properties and the Trust is proportionally consolidated by Plaza at the rate of 21.65% as mentioned above. Investment properties at 30 June 2010 amounted to €263 million, compared to €13 million as at 30 June 2009 which at that time only reflected the Prague 3 logistics building.

Total bank borrowings (long and short term) increased to €386 million (30 June 2009: €184 million), mainly due to Plaza's proportion of total bank borrowings of EDT (€180 million).

Apart from bank financing, Plaza has on its balance sheet a liability of €355 million (with a face value of circa €356 million) from issuing debentures on the Tel Aviv Stock Exchange. These debentures are presented at their fair value with the exception of the debentures issued from August 2009 onward, which are presented at amortised cost. Plaza has substantially hedged the future expected payments in New Israeli Shekels (principal and interest linked to the Israeli CPI index) to correlate with the Euro and the Euribor interest rate, using a cross currency interest rate swap, and in certain cases a forward transaction to correlate with changes in the EUR/NIS rate. At June 30, 2010 the related hedge is presented as an asset on the Company's balance sheet and is valued at €52 million.

At 30 June 2010, the net balance of the Plaza Group with its controlling shareholders reflects a liability of approximately €1.4 million of which €0.6 million is due to a provision in respect of liability to Elbit Imaging's Vice Chairman through an option granted in connection with the Company's Indian operations. The remaining net balance of €0.8 million includes a net liability regarding cost-sharing charges from Elbit Imaging group companies to the Company.

Non-controlling interest increased to €27 million at 30 June 2010, mainly due to Plaza's proportion of the non-controlling interest recorded in EPN as a result of the purchase of EDT.

Plaza's balance sheet therefore reflects a high level of liquid balances and conservative gearing, with the majority of the Group's debt maturing only between 2011 and 2017. High cash balances and substantial (non re-valued) total equity of approximately €652 million, a total balance sheet of over €1.4 billion and a debt to balance sheet ratio of circa 55%, will enable the Company to strengthen its market position, develop its current portfolio and make opportunistic purchases of new projects in the best performing markets under current economic conditions. The acquisition of EDT has created a stable yielding arm that will enforce Plaza's ability to present recurring income and deliver future value enhancement.

Roy Linden
Chief Financial Officer
24 August 2010

Condensed consolidated interim income statement

	For the six months period ended 30 June, 2010	2009
	€ '000	€ '000
Revenues	9,547	7,734
Cost of operations	7,543	11,848
Gross profit (loss)	2,004	(4,114)
Administrative expenses	8,608	10,861
Other income (*)	(39,042)	(203)
Other expenses	500	31
Results from operating activities	31,938	(14,803)
Finance income	(43,303)	(14,560)
Finance expenses	48,298	31,451
Finance expenses, net	4,995	16,891
Share in loss of associates	253	729
Profit (loss) before income tax	26,690	(32,423)
Income tax expense (Tax benefit)	907	(4,069)
Profit (loss) for the period	25,783	(28,354)
Attributable to:		
Equity holders of the Company:	25,854	(28,421)
Non-controlling interest	(71)	67
	25,783	(28,354)
Basic earnings (loss) per share (in EURO)	0.09	(0.10)
Diluted earnings (loss) per share (in EURO)	0.08	(0.10)

(*) 2010- Including gain from a bargain purchase incurred in respect of the US transaction (refer to note 10(3)) in the amount of EUR 38 million.

Condensed consolidated interim statement of financial position

	30 June, 2010	31 December, 2009
ASSETS	**€ '000**	**€ '000**
Cash and cash equivalents	151,526	122,596
Restricted bank deposits	16,937	39,202
Short term deposits	9,165	2,589
Available for sale financial assets	26,056	15,040
Trade receivables	6,375	1,920
Other receivables and prepayments	57,383	53,605
Derivatives	-	1,810
Related parties	599	513
Trading properties	790,677	707,287
Total current assets	1,058,718	944,562
Long term deposits and other investments	52,156	51,447
Deferred tax assets	1,081	-
Derivatives	52,490	20,151
Property and equipment	11,070	14,990
Investment property	263,046	13,399
Restricted bank deposits	14,674	14,737
Other non-current assets	783	335
Total non-current assets	395,300	115,059
Total assets	1,454,018	1,059,621
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Interest bearing loans from banks	256,974	176,637
Debentures at fair value through profit or loss	8,776	7,423
Trade payables	12,718	19,953
Amounts due to related parties	2,045	3,234
Provisions	15,597	16,305
Other short term liabilities	26,905	11,465
Total current liabilities	323,015	235,017
Non-current liabilities		
Interest bearing loans from banks	129,028	7,435
Debentures at fair value through profit or loss	245,095	211,940
Debentures at amortized cost	101,162	27,792
Other liabilities	227	291
Deferred tax liabilities	3,334	2,437
Total non-current liabilities	478,846	249,895
Equity		
Share capital	2,965	2,942
Translation reserve	19,017	(9,640)
Other reserves	29,538	28,888
Share premium	261,773	261,773
Retained earnings	311,690	285,836
Total equity attributable to equity holders of the Company	624,983	569,799
Non-controlling interest	27,174	4,910
Total equity	652,157	574,709
Total equity and liabilities	1,454,018	1,059,621

Condensed consolidated interim statement of comprehensive income

	For the six months period ended 30 June,	
	2010	2009
	€ '000	€ '000
Profit (loss) for the period	25,783	(28,354)
Other comprehensive income		
Net change in fair value of available for sale financial assets, net of tax	(400)	105
Foreign currency translation differences of foreign operations	29,304	1,161
Total other comprehensive income for the period, net of income tax	28,904	1,266
Total comprehensive income (loss) for the period	54,687	(27,088)
Total comprehensive income (loss) attributable to:		
Equity holders of the Company:	54,111	(27,179)
Non-controlling interest	576	91
Total comprehensive income (loss) for the period	54,687	(27,088)

Condensed consolidated interim statement of changes in equity

	Attributable to equity holders of the Company								
	Share capital	Share premium	Capital reserve	Translation reserve	Reserves from available for sale financial assets	Retained earnings	Total	Non-Controlling interest	Total equity
	€ '000								
Balance at December 31, 2009	2,942	261,773	28,286	(9,640)	602	285,836	569,799	4,910	574,709
Share based payment	-	-	1,073	-	-	-	1,073	-	1,073
Share options exercised	23	-	(23)	-	-	-	-	-	-
Effect of acquisition of subsidiaries	-	-	-	-	-	-	-	20,984	20,984
non-cash capital contribution of non-controlling interest	-	-	-	-	-	-	-	704	704
Comprehensive income (loss) for the period	-	-	-	28,657	(400)	25,854	54,111	576	54,687
Balance at June 30, 2010	**2,965**	**261,773**	**29,336**	**19,017**	**202**	**311,690**	**624,983**	**27,174**	**652,157**

	Share capital	Share premium	Capital reserve	Translation reserve	Reserves from available for sale financial assets	Reserve for own shares	Retained earnings	Total	Non-Controlling interest	Total equity
	€ '000									
Balance at December 31, 2008	2,924	248,860	22,898	(12,175)	(1,120)	(5,469)	350,605	606,523	3,008	609,531
Share based payment	-	-	3,248	-	-	-	-	3,248	-	3,248
Own shares acquired	-	-	-	-	-	(3,523)	-	(3,523)	-	(3,523)
Effect of acquisition of subsidiaries	-	-	-	-	-	-	-	-	1,147	1,147
Comprehensive income (loss) for the period	-	-	-	1,137	105	-	(28,421)	(27,179)	91	(27,088)
Balance at June 30, 2009	**2,924**	**248,860**	**26,146**	**(11,038)**	**(1,015)**	**(8,992)**	**322,184**	**579,069**	**4,246**	**583,315**

Condensed consolidated interim statement of cash flows

	For the six months period ended 30 June, 2010	2009
	€ 000'	€ 000'
Cash flows from operating activities		
Profit (loss) for the period	25,783	(28,354)
Adjustments necessary to reflect cash flows used in operating activities:		
Depreciation and impairment	807	6,567
Non-controlling interest	71	(67)
Finance expenses, net	4,995	16,891
Interest received in cash	4,341	3,616
Interest paid	(2,187)	(725)
Loss (gain) on sale of property and equipment	240	(148)
Share in loss of associate	253	729
Loss on sale of trading property	160	-
Gain from a bargain purchase	(37,947)	-
Income tax expenses (tax benefit)	907	(4,069)
Share based payments	681	2,294
	(1,896)	(3,266)
Increase in trade receivables	(1,789)	(1,052)
Decrease in other receivables	7,305	2,243
Change in restricted cash	6,923	6,385
Advance payment on accounts of trading properties	(1,382)	(1,120)
Increase in trading properties	(46,604)	(61,059)
Purchase of trading property subsidiaries (see appendix A)	-	(1,202)
Decrease in trade accounts payable	(6,553)	(10,340)
Increase in other liabilities and provisions	1,923	223
Net proceeds from selling of trading property subsidiaries (see appendix B)	538	-
	(39,639)	(65,922)
Income tax paid	-	(12)
Net cash used in operating activities	(41,535)	(69,200)
Cash flows from investing activities		
Purchase of property, equipment and other non-current assets	(419)	(966)
Proceeds from sale of property and equipment	-	164
Acquisition of subsidiaries, net of cash acquired (see note 10(3))	(16,099)	-
Purchase of available for sale financial assets	(16,009)	-
Proceeds from sale of available-for-sale financial assets	4,655	1,139
Short term deposits, net	-	(1,246)
Long term deposits, net	(4)	(14)
Net cash used in investing activities	(27,876)	(923)
Cash flows from financing activities		
Proceeds from bank loans and financial institutions	36,591	18,335
Proceeds from selling derivative	-	13,114
Treasury shares purchased	-	(3,523)
Proceeds from issuance of long term debentures	63,024	-
Long term loans repaid to banks	(2,020)	-
Loans granted by related parties	-	108
Net cash provided by financing activities	97,595	28,034
Effect of exchange rate fluctuation on cash held	746	(35)
Increase (decrease) in cash and cash equivalents during the period	28,930	(42,124)
Cash and cash equivalents at the beginning of the period	122,596	146,026
Cash and cash equivalents at the end of the period	151,526	103,902

Condensed consolidated interim statement of cash flow (cont.)

	For the six months period ended 30 June,	
	2010	2009
	€ 000'	€ 000'
Appendix A - Acquisition of subsidiaries (*)		
Cash and cash equivalents of subsidiaries acquired	-	1,729
Trade receivables and other receivables	-	4,673
Long term deposit	-	(1,536)
Trading property	-	41,556
Fixed and other assets	-	24
Trade payables	-	(6,083)
Interest bearing loans from banks	-	(32,477)
Non-controlling interest	-	(1,147)
Other accounts payable	-	(3,669)
Deferred taxes	-	(139)
Less - Cash and cash equivalents of subsidiaries acquired	-	(1,729)
Acquisitions of subsidiaries, net of cash held	-	1,202
Appendix B - Disposal of Subsidiary		
Cash and cash equivalents of subsidiaries disposed	-	-
Working capital (excluding cash and cash equivalents)	(698)	-
Capital loss	160	-
Cash from sale of subsidiary	(538)	-
Non cash transactions		
Share based payment capitalized to trading properties	392	1,399
Suppliers and creditors for trading properties	(2,987)	1,738

(*) - For the 2010 business combination purchase refer to note 10(3).

Selective Notes to the condensed consolidated interim financial information

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 in 2006 and also into the US in 2010.

The Company has its primary listing on the Main Market of the London Stock Exchange and, starting from October 2007, the Company is also listed in the Warsaw Stock Exchange.

The Company's immediate parent company is Elbit Ultrasound B.V. ("EUL"), which holds 62.39% of the Company's shares as of the date of approval of the financial statements. The ultimate parent company is Elbit Imaging Limited ("Elbit"), which is indirectly controlled by Mr. Mordechay Zisser.

The condensed consolidated interim financial information of the Company as at 30 June, 2010 and for the six months 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, 2009 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.

During the six months period ended 30 June, 2010, the following change occurred in the Company's holdings:

a) Selling of B1 Plaza S.R.O in the Czech Republic, a Company which holds a plot of land.
b) Investment in the US Real Estate Market (refer to note 10(3)).

2. Statement of compliance

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 Interim Financial Reporting. 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, 2009. The condensed consolidated interim financial information was approved for issue by the board of directors on 23 August, 2010.

3. Significant accounting policies

The accounting policies applied by the Group in these condensed interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009 with the exception of accounting for business combination as set forth below:

From 1 January, 2010 the Company has applied IFRS 3 Business Combination (2008) in accounting for business combinations. The change in accounting policy has not being applied prospectively, and therefore there is no impact on earnings per share.

For acquisition on or after 1 January 2010 the Company measures goodwill as the fair value of the consideration transferred (including the fair value of any previously-held equity interest in the acquiree) and the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The Company elects on a transaction-by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognized amount of the identifiable net assets of the acquiree, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

When share based payments awards (replacements awards) are required to be exchanged for awards held by the acquiree’s employees (acquiree’s awards) and relate to past services, then all or a portion of the amount of the acquiree’s replacement awards is including in measuring the consideration transferred in the business combination. This determination is based on the ,arket based value of the replacement awards compared with the market based value of the acquiree’s awards and the extent to which the replacement awards relates to past and/or future services.

Refer to note 10 for the application of the new policy to the business combination that occurred during the period.

4. Estimates

The preparation of interim financial information 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. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2009.

5. Segment reporting

The Group comprises the following main geographical segments: CEE, India and the US (Starting 30 June, 2010). In presenting information on the basis of geographical segments, segment revenue is based on the revenue resulted from either the selling or operating of assets geographically located in the relevant segment.

Data regarding the geographical analysis in the six months period ended 30 June 2010 and 2009 is as follows:

	Central & Eastern Europe	USA	India	Total
	€ 000'	**€ 000'**	**€ 000'**	**€ 000'**
Six months period ended 30 June 2010:				
Revenues	9,547	-	-	9,547
Operating loss by segment	(2,295)	-	(1,510)	(3,805)
Share in losses of associates, net	(253)	-	-	(253)
Less - unallocated general and administrative expenses		-		(2,798)
Financial expenses, net				(4,996)
Other income, net				38,542
Profit before income taxes				26,690
Income tax expenses				(907)
Profit for the period				25,783
Purchase cost of segment assets (tangible and intangible)	33,946	-	8,983	42,929
Depreciation of segment assets	441	-	366	807
June 30, 2010				
Total segment assets	662,382	268,474(*)	197,654	1,128,510
Unallocated assets				325,508
				1,454,018
Segment liabilities	53,158	184,671(*)	2,289	240,118
Unallocated liabilities				561,743
				801,861

(*) Investment in the US Real Estate market – see note 10(3).

	Central & Eastern Europe	India	Total
	€ 000'	**€ 000'**	**€ 000'**
Six months period ended 30 June 2009:			
Revenues	7,734	-	7,734
Operating loss by segment	(9,310)	(1,447)	(10,757)
Share in losses of associates, net	(729)	-	(729)
Less - unallocated general and administrative expenses			(4,218)
Financial expenses, net			(16,891)
Other income, net			172
Loss before income taxes			(32,423)
Tax benefit			4,069
Loss for the period			(28,354)
Purchase cost of segment (tangible and intangible) assets	57,052	5,040	62,092
Depreciation and impairment of segment assets	6,473	94	6,567
30 June 2009			
Total segment assets	623,845	135,299	759,144
Unallocated assets			248,879
			1,008,023
Segment liabilities	50,287	1,816	52,103
Unallocated liabilities			372,605
			424,708

6. Financial risk management

During the six months period ended 30 June, 2010 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 December 31, 2009.

7. 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 effective tax rate used for the six months period ended 30 June, 2010 was 3%, mostly due to deferred tax liability created as a result of net changes in fair value of financial instruments, offset by non-recognition of deferred taxes in respect of gain from a bargain purchase associated with business combination.

8. Interest-bearing loans from banks

The following interest-bearing loans from banks relate to trading properties were received during the six months period ended 30 June, 2010, and loans related to investment properties in the US market:

	Currency	Interest rate	Face value	Carrying amount	Year of maturity
			€ 000'		
Balance at January 1, 2010				**184,072**	
Received loans					
Secured bank loan	EUR	3m Euribor+3%	654	654	2010
Secured bank loan	EUR	3m Euribor+1.5%	18,944	18,944	2020
Secured bank loan	EUR	3m Euribor+2.75%	8,719	8,719	2016
Secured bank loan	INR	12.25% p.a	6,102	6,102	2010
Foreign exchange gain	USD	3m Libor+4%		500	2014
Secured bank loans(*)	USD	6% fixed	13,624	13,880	2013
Secured bank loans(*)	USD	6.4% fixed	47,172	47,940	2015
Secured bank loans(*)	USD	4.18% fixed	18,923	19,089	2011
Secured bank loans(*)	USD	3M Libor+3.25%	36,594	36,914	2013
Secured bank loans(*)	USD	4.91% fixed	14,961	15,092	2012
Secured bank loans(*)	USD	4.82% fixed	25,547	25,579	2010
Secured bank loans(*)	USD	5.1% fixed	5,967	6,019	2012
Secured bank loans(*)	USD	6.25% fixed	272	274	2013
Secured bank loans(*)	USD	5.5% fixed	1,280	1,291	2013
Secured bank loans(*)	USD	5.21% fixed	13,974	13,974	2010
Secured bank loan	Euro	3m Euribor+5%	467	467	2011
Secured bank loan	Euro	3m Euribor+0.5%	873	873	2010
				216,311	
Repayments					
Secured bank loan	USD	3m Libor+4%		72	2014
Secured bank loan	EUR	3m Euribor+2.5%		762	2014
Secured bank loan	EUR	3m Euribor+2.5%		234	2016
Secured bank loan	EUR	3m Euribor+2.7%		(**)13,313	2014
Balance at June 30, 2010				**386,002**	

(*) Non-recourse loans related to investment in US market (refer to note 10 (3).

(**) Out of which EUR 12.4 million were repaid by offsetting the restricted deposit related to this loan

9. Related parties

	30 June 2010	31 December 2009
	€ 000'	
Balance sheet		
Trade and other receivables	599	513
Trade and other payables	2,045	3,234

	For the six months period ended 30 June,	
	2010	2009
	€ 000'	
Income statements		
Related parties - interest income	89	401
Related parties - interest expenses	-	(118)

The Control Centers Group of companies, held by Mr. Mordechay Zisser, the main shareholder of Elbit, is providing project management services to various projects developed by the Company and has charged EUR 3.9 million for services provided during the six months period ended 30 June, 2010.

Jet Link, a Company held by Mr. Mordechay Zisser, which provides aviation services for the Company has charged a total of EUR 0.4 million for services provided in the six months period ended 30 June, 2010.

The Company estimates the liability arising from an agreement signed with the Executive Vice Chairman of Elbit regarding investments in India, in an amount of EUR 0.7 million. A liability is included in other liabilities – related parties and updates to the provision are included as administrative expenses in the condensed consolidated interim income statement.

10. Significant events during the period

1. Additional issuance of series B debentures

On 26 January 2010 the Company announces that, following the public offering in Israel of unsecured nonconvertible Series B debentures of the Company (the "Series B debentures"), pursuant to the Company's prospectus dated 3 February 2008 ("prospectus"), it has agreed with Israeli Investors to issue an additional principal amount of NIS 35 million (approximately EUR 6.8 million) of Series B debentures (the "Additional Debentures") for an aggregate consideration of approximately NIS 38 million (approximately EUR 7.4 million).

On 11 February 2010 the Company announced that, following the public offering in Israel of unsecured nonconvertible Series B debentures, pursuant to The Company's prospectus, it has agreed with Israeli Investors to issue an additional principal amount of approximately NIS 273 million (approximately EUR 51.8 million) of Series B debentures (the "Additional Debentures") for an aggregate consideration of approximately NIS 292 million (approximately EUR 55.4 million). The terms of the Additional debentures are identical to the terms of the Series B debentures issued to the public under The Company's prospectus.

Rating update
On 14 January 2010 the Company announced that S&P Maalot, the Israeli credit rating agency which is an integral part of International Standard & Poor's has approved a rating of "ilA/Stable" on S&P's local scale for the raising of new debt by The Company to a value of up to NIS 330 million (circa EUR 60 million) by a way of an increase of series B debentures or an issuance of a new series of debentures. The Maalot's rating is the same as the rating it has granted to the current two series of debentures (A and B) previously issued by The Company during 2007 and 2008/2009, respectively.

On 18 February 2010 the Company announced that MIDROOG Ltd., the Israeli Credit Rating Agency and an affiliate of Moody's Investors Service has retained its rating of "A2/Stable" on Moody's scale following the recent raising of NIS 330 million (circa EUR 60 million) of new debt instruments by The Company in January and February 2010. The Midroog rating applies to the two series of debentures (A and B) previously issued by The Company from 2007 to 2010.

2. Framework agreement for a Joint Venture in the United States

On 9 February the Company entered through Elbit Plaza USA, L.P. ("Elbit Plaza USA"), a new Real Estate Investment Partnership with Elbit into a framework and co-investment agreement with Eastgate Property LLC ("Eastgate") to take advantage of real estate opportunities in the United States, primarily in the retail sector. Under the terms of the new strategic joint venture, Elbit Plaza USA and Eastgate have jointly committed to invest a total of USD 200 million in equal shares in one or more dedicated US real estate investment platforms, which will focus on investments in the US commercial real estate sector (collectively, the "Fund"). The Fund will seek to identify potential investments and make both direct purchases and enter into joint ventures with local business partners over a two year acquisition period. Once assets have been acquired, Elbit and The Company will undertake asset management initiatives to maximise income and capital value growth from the properties.

Pursuant to the framework and co-investment agreement with Eastgate, EPN GP LLC ("EPN") was jointly established as a Real Estate Investment Venture for the purpose of investing in the US real estate market, primarily in the retail sector. For the transaction in the USA refer to Note 10(3).

In June 2010 Elbit Plaza USA and Eastgate have raised from Menora Mivtachim Insurance Ltd. ("Menora"), a leading pension insurance entity in Israel, and certain of Menora's affiliates, USD 31 million (EUR 25 million) of capital commitments to be invested in EPN. Following this commitment the Company indirect interests in EPN was reduced from 25% to 21.65%.

3. Investment in US Real Estate market

During the period April through June 2010 the Company entered, through its jointly controlled entity, EPN into a series of agreements (which are described below) for the purpose of acquiring the controlling interests in Macquarie DDR Trust ("EDT" or the "Trust"). EDT is an Australian publicly traded trust (ASX:EDT.AX), which holds and manages as of June 30, 2010 two US REIT portfolios of 75 retail properties. The properties have approximately 13.0 million sq ft of lettable area of mainly community shopping centres across 23 states in the United States. Pursuant to these agreements, on 18 June 2010 EPN obtained control over EDT by acquiring 47.8% of the unitholding in the trust. In addition, EPN acquired 50% interest in the entity which is the owner of the Responsible Entity of the Trust ("US Manager") for USD 3 million (EUR 2.4 million). Developers, Diversified Realty Corporation, an Ohio corporation specializing in real estate investments and assets management ("DDR"), will remain as a 50% co-owner of the US Manager and continue to act as property manager for the Trust's assets. The Responsible Entity looks after the day-to-day management of EDT, including its investments, strategy management and financing. Pursuant to this agreement EPN appointed five board members out of nine and consequently has the power to govern the financial and operating policies of EDT.

Pursuant to framework and co-investment agreement with Eastgate:

(i) EPN acquired a unitholding representing 15% of the Trust's units, pre-placement, through a 9.5 million Australian Dollar (“AUD”) (EUR 6.6 million) private placement ("Placement"); Under the Placement, EDT has issued to EPN 141.48 million new units at a price of AUD 0.067 per unit, totalling AUD 9.5 million (EUR 6.6 million), reflecting a premium of 4.7% to the last closing price of AUD 0.064 on 25 March 2010. The units issued in the Placement rank equally with existing EDT units. Half of the Placement purchase price was financed by Eastgate and half by Elbit and the Company in equal proportions

(ii) EPN acquired from Macquarie Group Limited ("Macquarie") its 2.6% principal unitholding in the Trust for 1.7 million AUD (EUR 1.2 million);

(iii) Subsequently, EPN participated in and sub-underwrite a proposed recapitalisation of EDT to raise approximately AUD 200 million (EUR 139 million) ("Proposed Recapitalisation"). This was undertaken by way of a pro rata entitlement offer ("Entitlement Offer") and was conditional on EDT entering into definitive underwriting agreements with professional underwriters and receiving acceptable standstill agreements from the Trust's lenders and derivative counterparties. Following this proposed recapitalization EPN became a 47.8% holder of the trust’s units, and by that becoming the largest unitholder in the trust;

The net proceeds of the Placement and Proposed Recapitalisation were used for the repayment of the amounts outstanding under EDT's unsecured debt and derivative liabilities and provide enhanced balance sheet stability to EDT. The Company incurred acquisition-related costs of EUR 0.3 million. These costs have been included in administrative expenses in the Company condensed consolidate interim income statement.

Following the completion of the above transactions, EPN is fully consolidating the financial statements of the trust with non-controlling interest of 52.2%, effective 30 June 2010.

The Company is performing a proportional consolidation of 21.65% of EPN condensed consolidated interim financial statements.

The details on fair value and carrying amount of asset and liabilities acquired, as well as non-controlling interest is as follows (all items are thousands of EUR, and reflects 100% of the acquired assets and liabilities):

Item	Carrying amount	Fair value
Cash and cash equivalents	25,224	25,224
Restricted cash	4,065	4,065
Trade and other receivables	30,588	30,588
Investment properties	1,153,104	1,153,104
Deferred tax assets	-	4,993
Other assets	1,473	1,473
Trade payables	(3,169)	(3,169)
Interest bearing loans	(817,572)	(831,649)
Other accounts payable	(18,349)	(18,349)
Total net asset	375,364	(*)366,280

(*)As of the date of approval of these financial statements, and due to the complexity of the transaction, the accounting for this business combination in respect to the examination of fair value of certain interest bearing loan liabilities in the acquired business combination is incomplete, and therefore the related amounts recognized are provisional and subjected to changes. The Company expect to complete its examination in the second half of 2010. The total purchase price, in thousands of EUR, as well as fair value of the non-controlling interest was as follows:

Total amount paid by EPN(*):	95,608
Fair value of non-controlling interest (**):	95,396
Total	191,004

(*) The total part of the amount paid by the Company was EUR 21.5 million, and after deduction of cash acquired of EUR 5.4 million the net cash consideration totalled EUR 16.1 million.

(**)The Company chose to measure Non-controlling interests at fair value. The non-controlling interest was evaluated at AUD 0.055 per unit, totalling USD 117 million (circa EUR 95 million).

As a result of the above, EPN recorded a gain from a bargain purchase of USD 215 million (EUR 175 million), and the Company recorded 21.65% out of this amount, totalling EUR 38 million as other income in the Company condensed consolidate interim income statement.

4. Status of EDT borrowing facilities expiring within the next 12 months

As of the date of statement of financial position, EDT has a number of assets which are collateralized against the following facilities which mature within 12 months:

I. A USD 143.3 million commercial Mortgage Backed Securities which currently matures on October 5, 2010. This non-recourse loan in separately secured on six properties which have a book value of USD 183 million. EDT remains in active discussions with the loan special servicer and other third party financiers seeking a longer term funding arrangement for the properties securing this loan.

II. A USD 107.5 million facility which matures in June 2011. This non-recourse facility is separately secured on thirteen properties which have a book value of USD 181 million as at 30 June 2010. EDT intends to explore the potential refinancing of this facility with another lender prior to its maturity date

11. Post balance sheet events

1. Restructuring of partnership agreement in India.

On 13 March 2008 Elbit Plaza India Real Estate Holdings Ltd ("EPI"), A 50%/50% Joint Venture company of the Company and Elbit entered into an amended and reinstated share subscription and framework agreement ("Framework Agreement"), with a third party (the "Seller"), and a wholly owned Indian subsidiary of EPI ("SPV"), to acquire, through the SPV, up to 440 acres of land in Bangalore, India. As of 30 June 2010, the SPV has secured rights over approximately 54 acres and the total aggregate consideration paid was approximately INR 2,840 million (EUR 45 million) , presented in the statement of financial position as of 30 June 2010 as trading properties.

In addition the SPV has paid to the Seller advances of approximately INR 2,536 (EUR 40 million) on account of the future acquisitions by the SPV of a further 51.6 acres ("Refundable Advance"), presented in the statement of financial position as of 30 June 2010 as other receivables.

On 22 July 2010, due to changes in the market conditions and due to new arrangements between the parties, EPI, the SPV and the Seller entered into new framework agreement which established the new commercial understandings pertaining, inter alia, to the joint development of the Project and its magnitude and financing, the commercial relationship and working methods between the parties and the distribution mechanism of the revenues from the Project. In accordance with the new framework agreement, the following commercial terms have been agreed between the parties:

- EPI will remain the holder of 100% of the shareholdings and the voting rights in the SPV.
- The scope of the new project will be decreased to approximately 165 acre instead of 440 acre.
- The Seller undertaken to complete the acquisitions of the additional land in order to achieve rights over the said 165 acres.
- The SPV will not be required to pay any additional amounts in respect of such acquisitions or with respect to the Project.

The Project will be executed jointly by the Seller and the SPV. The Seller (or any of its affiliates) will also serve as general contractor of the Project, as well as the marketing manager of the Project. Under the new framework agreement the Seller is committed to a minimum construction costs, maximum sale prices and a detailed timeline with respect to the development of the Project.

The profits from the Project (including the sale by the Seller or any transaction with respect to the original lands which do not form part of the said 165 acres) will be distributed in accordance with the agreed upon percentage agreed upon in the agreement until such time that EPI agreed upon investment in the amount of INR 5,780 million (approximately EUR 93 million) is refunded plus an Internal Return Rate ("IRR") of 20% per annum as of 30 September, 2009 (the "Refunded amount").

Following the date upon which EPI receives the Refunded amount in full,, EPI will not be entitled to receive any additional profits from the Project and it will transfer to the Seller the entire shareholdings in the SPV for no consideration. In addition, the Seller has a call option, subject to applicable law and regulations, to acquire the entire shareholdings of the SPV, at any time, in consideration for EPI unpaid investment plus an IRR of 20% per annum on the relevant date.

2. Planned liquidation of certain assets in EDT

Due to uncertainties of being able to retrieve any equity value from the Single Box portfolio (comprising 30 assets in 3 states in the US) and significant additional capital being required, EDT, DDR and the loan servicer are now progressing to jointly request that a court appoint a third party receiver to manage and liquidate the remaining assets within the portfolio. There is no obligation for the group to provide further equity to the lender or the joint venture.

3. Bonds issuance program in Poland

On 28 July 2010 the Board of the Company approved a bond issuance programme for the issuance of up to 3,000 unsecured bearer bonds, governed by Polish law, to the maximum amount of PLN 300 million (approximately EUR 75 million) (the "Bonds"), in several tranches. The tranches have been approved for issuance between July 2010 and the end of 2016 (the "Bonds Issuance Programme") as part of a long term strategic financing plan. The detailed terms and conditions of the issuance of each tranche of the Bonds will be specified by the Board of the Company, depending on the Company's needs with regard to funding, market conditions and investor demand for the Bonds. The Company views the developing Polish corporate bond market as a potentially significant long-term source of debt financing, which also complements its expanding shareholder base of Polish institutional investors. The Company will enter this market in a prudent manner over time, in line with its conservative financing policy.

4. New borrowing facility for a Serbian project

In August 2010 the Group signed a loan agreement in an amount of circa EUR 33 million for a new shopping centre in Kragujevac, Serbia.

The Executive Board of Plaza Centers N.V. declares that to the best of their knowledge:

(i) *The half-year report gives a fair presentation of the situation on the balance sheet date, the course of affairs during the first six months of the financial year of Plaza Centers N.V. and its affiliates whose information is included in its half-year financial statement and the expected course of events, whereby, insofar as serious interests do not prevent this, attention is particularly devoted to the investments and the circumstances on which the development in revenue profitability is contingent; and*

(ii) *The half-year financial statement gives a fair presentation of the assets, liabilities, financial position and profit or loss of Plaza Centers N.V. and the companies included in the consolidation.*