

# Sparkassen Immobilien AG

An Investment for Life



Report on the first half of 2006

# Interim report for the six months ended 30 June 2006

## Dear shareholders and investors,

An eventful first half year lies behind us – exciting developments in the property markets and turbulent days on the exchanges. There are very promising projects ahead of us, as the Group continues on its path of steady growth. That is our summary in brief, and we invite you to see for yourselves in the following pages how successful our policy of expansion has been.

### Attractive but challenging market environment

The demand for quality properties in all categories continues as strong as ever, particularly in Eastern Europe. This means that, as investors, we are unfortunately faced with an increasingly restricted selection of attractive, available properties to choose from, at continually rising prices. At the same time, of course, the properties we already own are becoming more valuable. Our response to this sellers' market is to scrutinise potential investments even more carefully: in future, we intend to develop more of our own properties ourselves, in order to lock in the highest possible yields.

### Value of portfolio up by 59%

Since the beginning of the year we have been vigorously pursuing our acquisitions strategy: during the period under review we have purchased nine properties in Germany with a total of more than 125,000 m<sup>2</sup> of lettable space, one property in Hungary and two plots of development land in Bucharest. The plans for these sites call for the construction of two outstanding buildings with projected lettable office and retail space amounting to 106,000 m<sup>2</sup>. The market value of our property portfolio at 30 June 2006 came to EUR 907m, which is 59% higher than a year ago. The aggregate lettable space is some 710,000 m<sup>2</sup>. Our average occupancy rate of 91.9% continues to be above the industry average.

### Sustainable growth in earnings:

#### Revenues up 62%, EBIT up 47%

Thanks to our policy of expansion, we have increased revenues in the first six months by 62%, to EUR 33m. Rental income rose by 64%, to EUR 27m, as a result of rising rent levels in Austria, Germany, and Central and Eastern Europe. The operating profit (EBIT) for the first half year was EUR 15.4m, 47% more than the comparable amount last year, while the net profit for the period before tax (EBT) even climbed by 55% to EUR 9m.

### Positive performance of s IMMO Aktie and s IMMO INVEST

The market price of s IMMO Aktie rose by 5.13% over the last year (June 2005 to June 2006), while the average annu-

al increase since first listing was 7.04%. The closing price on 30 June 2006 was EUR 8.60. The s IMMO INVEST participation certificate gained 8.9% over the year, and has risen an average of 8.7% p.a. since initial listing. Its market price at 30 June was EUR 95 and EUR 93 (second tranche). Reflecting the favourable price movement and the recent increase in capital, market capitalisation rose to just under a billion euro (EUR 951m), an increase of 123% compared with 30 June 2005.

### Largest capital increase in the history of the Group

In June 2006, in a difficult stock market climate, Sparkassen Immobilien AG issued new shares in its largest capital issue to date. A total of 18,000,000 new shares were placed, predominantly with Austrian private and institutional investors, realising gross issue proceeds of EUR 154m to finance further growth.

### Outlook for second half 2006

Our intention is to continue systematically to expand our investment portfolio and to pursue our strategy of growth. In the second half of 2006 we shall use the funds provided by the issue to quickly complete current acquisitions in Germany, Central and Eastern Europe and Austria and to start the two project developments in Bucharest.

As part of the annual management cycle, CB Richard Ellis have been commissioned to prepare a new valuation of our Austrian and CEE portfolio, which will be available by the end of the year. This much is clear already: parts of the portfolio are undervalued. This means that there will be a certain scope for revaluations. The principal beneficiaries will be the shareholders: they receive the benefit of the increase in our net asset value.

For information on the most recent developments in the Group visit our website, [www.sparkassenimmobilienag.at](http://www.sparkassenimmobilienag.at) and use the online ordering service under / Service & Press to subscribe to our publications. We are happy to respond to any queries and requests you may have – either on the telephone or via e-mail.

Your Management Board team



Holger Schmidtmayr



Ernst Vejdovsky

## Consolidated balance sheet as at 30 June 2006

EUR '000	30.06.2006	30.06.2005	Change
<b>ASSETS</b>			
<b>A. Non-current assets</b>			
I. Intangible assets	49	34	
II. Property, plant and equipment	850,633	520,209	+63%
III. Financials assets	6,049	6,006	
IV. Non-current receivables	4,502	1,111	
	<b>861,233</b>	<b>527,360</b>	<b>+63%</b>
<b>B. Current assets</b>			
I. Receivables and other assets	35,549	25,293	
II. Securities and investments	18,725	75,917	
III. Cash and cash equivalents	183,737	8,820	
	<b>238,011</b>	<b>110,030</b>	
<b>C. Accrued and deferred assets</b>	<b>356</b>	<b>408</b>	
	<b>1,099,600</b>	<b>637,798</b>	<b>+72%</b>
<b>EQUITY AND LIABILITIES</b>			
<b>A. Equity</b>	<b>514,851</b>	<b>228,444</b>	<b>+125%</b>
<b>B. Minority interests</b>	<b>21,861</b>	<b>1,196</b>	
<b>C. Non-current liabilities</b>			
1. Participation certificates	273,229	282,822	
2. Non-current liabilities to banks	219,414	68,620	+220%
3. Provisions	11,546	9,627	
4. Other liabilities	22,979	21,094	
	<b>527,168</b>	<b>382,163</b>	
<b>D. Current liabilities</b>	<b>31,234</b>	<b>23,735</b>	
<b>E. Accrued and deferred liabilities</b>	<b>4,486</b>	<b>2,259</b>	
	<b>1,099,600</b>	<b>637,798</b>	<b>+72%</b>

## Consolidated income statement for the six months ended 30 June 2006

EUR '000	01.01.-30.06.2006	01.01.-30.06.2005	Change
Revenues	33,218	20,507	+62%
thereof rental income	27,020	16,451	+64%
Other operating income	3,249	2,134	
Income from the sale of property	1,236	2,108	
<b>Total operating income</b>	<b>37,703</b>	<b>24,749</b>	<b>+52%</b>
Depreciation and amortisation	-10,359	-6,306	
Other operating expenses	-11,903	-7,957	
<b>Operating profit / EBIT</b>	<b>15,441</b>	<b>10,486</b>	<b>+47%</b>
Financial expenses	-6,600	-4,777	
<b>Profit for the period before taxes (EBT)</b>	<b>8,841</b>	<b>5,709</b>	<b>+55%</b>
Taxes on income	-1,717	-1,556	
<b>Net profit for the period before minorities</b>	<b>7,124</b>	<b>4,153</b>	<b>+72%</b>
Minority interests	467	135	
<b>Consolidated net profit</b>	<b>6,657</b>	<b>4,018</b>	<b>+66%</b>

## Consolidated segment reporting as at 30 June 2006

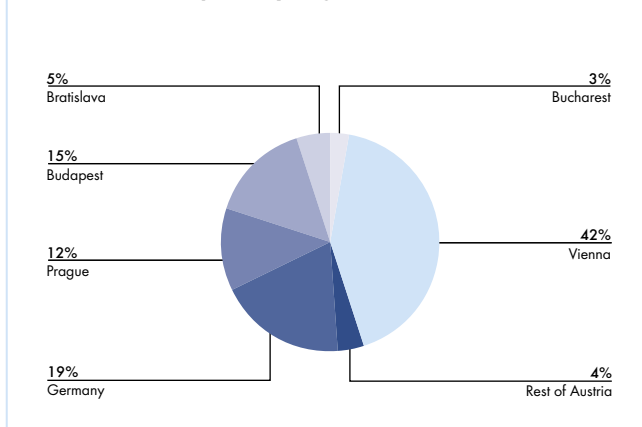
EUR '000	Austria %	Hungary %	Czech Republic %
<b>Revenues</b>	<b>18,740 +58</b>	<b>5,195 +5</b>	<b>3,391 +16</b>
<b>Operating profit (EBIT)</b>	<b>7,615 +128</b>	<b>3,503 +31</b>	<b>1,745 -57 *</b>
EUR '000	Germany %	Slovakia %	Romania %
<b>Revenues</b>	<b>4,176</b>	<b>1,716 +121</b>	<b>0</b>
<b>Operating profit (EBIT)</b>	<b>1,933</b>	<b>756 +91</b>	<b>-110</b>

\*2005 including gains on the sale of properties

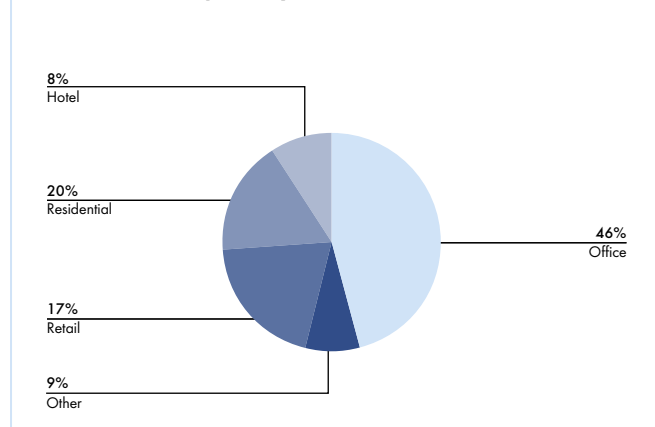
## Summarised consolidated cash flow statement for the three months ended 30 June 2006

EUR '000	01.01.-30.06.2006	01.01.-30.06.2005	Change
Profit before taxes	8,841	5,709	
Depreciation and amortisation	10,359	6,306	
Income from the sale of property	-1,236	-2,108	
Taxes paid	-87	-63	
Net interest payable	6,600	4,777	
<b>Consolidated cash flow</b>	<b>24,477</b>	<b>19,621</b>	<b>+25%</b>

### Total lettable space by region\*



### Total lettable space by sector\*



\*As at 30 June 2006

### Financial calendar:

Report for third quarter 2006: November, 6th 2006  
Annual report for financial 2006: April, 3<sup>rd</sup> 2006

### Sparkassen Immobilien AG products

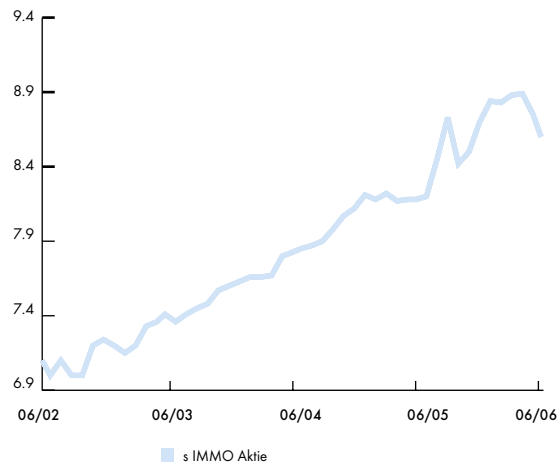
Sparkassen Immobilien AG has two attractive property investments to offer:

- s IMMO Aktie – the accumulating share
- s IMMO INVEST – the distributing participation certificate

Sparkassen Immobilien AG keeps the two products legally distinct: the assets and associated income of the two groups of investors are accounted for separately.

# s IMMO Aktie

s IMMO Aktie: market price since initial listing  
EUR '000



## Stock exchange information

ISIN code	AT000 065225 0
Income	accumulation
Reuters	SIAG.VI

## Performance data as at 31 March 2006

Initial listing	28 June 2002
Market price as at 30 June 2006	8.6
One-year performance	5.1%
Three-year performance (p.a.)	5.1%
Since initial listing (p.a.)	4.9%

## s IMMO Aktie – key figures

Market price 30 June 2006	8.60
Number of shares in issue	68,118,718
Market capitalisation (EUR m)	585.82
Cash flow per share (EUR)	0.23
Price/cashflow ratio	19

## s IMMO Aktie – Property key figures

Number of properties	50
Total lettable space in m <sup>2</sup>	433,000
Property portfolio (NAV) in EUR m	530

## s IMMO Aktie – assets, liabilities and equity

EUR '000

Properties/non-current assets	506,380
Receivables	111,002
Securities	12,465
Cash and cash equivalents	154,496
Accrued and deferred assets	208
<b>Total assets</b>	<b>784,551</b>
Liabilities to banks	134,556
Provisions	5,956
Grants/tenants' financing	20,615
Current liabilities	94,483
<b>Total liabilities</b>	<b>255,610</b>
<b>Equity</b>	<b>528,941</b>

	30.06.2006	30.06.2005	
	8.60	8.18	
	68,118,718	33,412,279	
	585.82	273.3	
	0.23	0.21	
	19	19	
	50	39	
	433,000	286,000	
	530	351	
	30.06.2006	30.06.2005	Change
	506,380	318,297	+59%
	111,002	31,967	
	12,465	7,148	
	154,496	4,980	
	208	296	
	<b>784,551</b>	<b>362,688</b>	<b>+116%</b>
	134,556	39,576	+240%
	5,956	4,930	
	20,615	19,942	
	94,483	69,079	
	<b>255,610</b>	<b>133,527</b>	<b>+91%</b>
	<b>528,941</b>	<b>229,161</b>	<b>+131%</b>

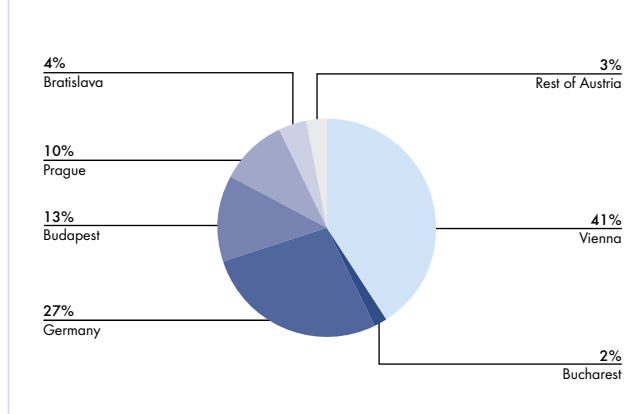
## s IMMO Aktie - earnings

EUR '000

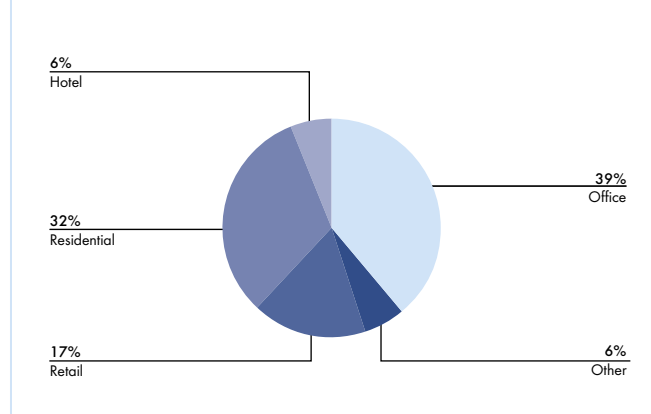
Revenues
thereof rental income
Operating profit (EBIT)
Profit before taxes (EBT)
Profit after taxes (EAT)
Consolidated net profit

30.06.2006	30.06.2005	Change
17,912	12,020	+49%
14,370	9,605	+50%
8,402	6,047	+39%
8,007	5,206	+54%
6,890	4,099	+68%
6,657	4,018	+66%

### Total lettable space by region\*



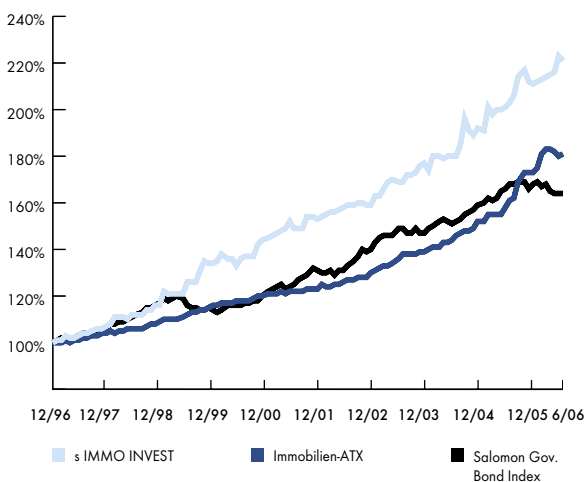
### Total lettable space by sector\*



\*As at 30 June 2006

## s IMMO INVEST

### s IMMO INVEST: performance compared to IATX and Sal. Austrian Gov. Bond Index EUR'000



Performance incl. annual distributions

In recent years the s IMMO INVEST participation certificate has significantly outperformed the benchmark index, the IATX.

### Stock exchange information

ISIN code	AT000 079573 7/AT000 063069 0
Income	Annual distribution
Legal form	Participation certificates) (section 174 AktG)
Reuters	SIMlg.VI

### Performance data

Initial listing 29 December 1996

Market price 30 June 2006	95.0	93.0
One-year performance	8.9%	7.3%
Three-year performance (p.a.)	9.2%	
Since initial listing (p.a.)	8.7%	8.7%

## s IMMO INVEST – key figures

Market price 30 June 2006	
Number of certificates in issue	
Market capitalisation (EUR m)	
Cash flow per certificate (weighted)	
Price/cash flow ratio	

## s IMMO INVEST – property key figures

Number of properties	
Total lettable space in m <sup>2</sup>	
Property portfolio (NAV) in EUR m	

## s IMMO INVEST (participating capital) – assets

### Book value (EUR '000)

Properties/non-current assets	
Group interests	
Receivables	
Securities	
Cash and cash equivalents	
Accrued and deferred assets	

### Total assets

### Minority interests

Liabilities to banks	
Provisions	
Other liabilities	
Current liabilities	

### Total liabilities

### Participating capital

## s IMMO INVEST (participating capital) – earnings

### EUR '000

Revenues	
thereof rental income	
Operating profit (EBIT)	
Profit before taxes (EBT)	
Profit after taxes (EAT)	

30.06.2006

95
3,883,398
368.9
2.6
19

30.06.2005

91.20
3,883,398
354.2
2.2
21

30.06.2006

39
278,000
378

30.06.2005

32
180,000
219

30.06.2006

358,011
95,114
6,260
29,241
47,041
149
<b>488,775</b>
<b>10,931</b>
84,859
5,591
2,363
111,802
<b>204,615</b>

30.06.2005

209,062
71,774
68,769
3,841
2,249
112
<b>353,558</b>
<b>478</b>
29,044
4,697
1,153
35,365
<b>70,259</b>

Change

+71 %
<b>+38 %</b>
<b>+83 %</b>

273,229

282,821

30.06.2006

15,306
12,650
7,037
5,732
5,133

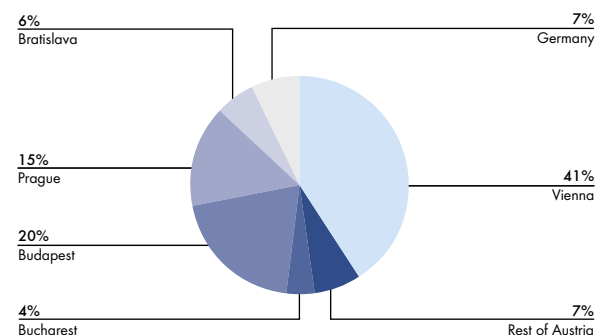
30.06.2005

8,487
6,845
4,439
4,053
3,604

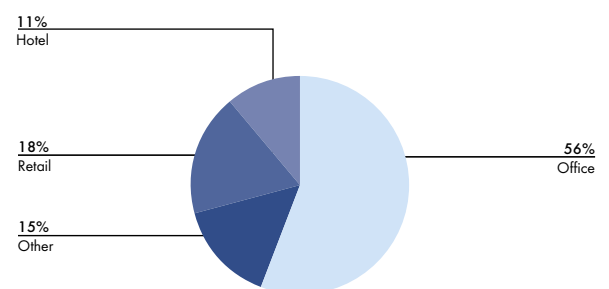
Change

+80 %
+85 %
+59 %
+41 %
+42 %

## Total lettable space by region \*



## Total lettable space by sector \*



\*As at 30 June 2006

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