

# Sparkassen Immobilien AG

More property for your Money



Report on the first half of 2007

# Key indicators, Group

## Key indicators, Group

| (EUR m)                                  | 01.01.-30.06.2007 | 01.01.-30.06.2006 | Change        |
|------------------------------------------|-------------------|-------------------|---------------|
| Revenues                                 | 45.1              | 33.2              | +35.8%        |
| ...whereof rental income                 | 35.9              | 27.0              | +33.0%        |
| EBITDA                                   | 42.3              | 32.4              | +30.6%        |
| Operating profit (EBIT)                  | 40.8              | 31.5              | +29.5%        |
| Consolidated net profit before tax (EBT) | 2.7               | 20.3              | -86.7%        |
| Profit after tax                         | 1.5               | 15.0              | -90.0%        |
|                                          | <b>30.6.2007</b>  | <b>30.6.2006</b>  | <b>Change</b> |
| Cash flow from operations                | 25.4              | 24.5              | +3.7%         |
| Shareholders' equity                     | 621.8             | 536.7             | +15.9%        |
| Equity ratio                             | 40.0%             | 49.0%             | -18.6%        |
| Market capitalisation                    | 1,112.0           | 954.1             | +16.6%        |
| ...s IMMO Aktie                          | 718.7             | 585.2             | +23.0%        |
| ...s IMMO Invest                         | 393.5             | 368.9             | +6.7%         |
|                                          | <b>30.06.2007</b> | <b>30.06.2006</b> | <b>Change</b> |
| Number of properties                     | 117               | 64                | +82.8%        |
| Property portfolio (fair value)          | 1,321             | 907               | +46.0%        |
| Total lettable space in m <sup>2</sup>   | 1,083,400         | 710,000           | +54.0%        |
| Gross rental yield                       | 6.4%              | 7.0%              | -8.6%         |
| Occupancy rate                           | 94%               | 91.9%             | +2.3%         |
|                                          | <b>30.06.2007</b> | <b>30.06.2006</b> | <b>Change</b> |
| Earnings per share (EPS)* in EUR         | 0.01              | 0.28              | -96.4%        |
| Net asset value (NAV) in EUR             | 9.4               | 8.3               | +13.3%        |
| Price / NAV ratio                        | 112.2%            | 103.6%            |               |
| Price at end of quarter in EUR           | 10.55             | 8.60              | +22.7%        |

\*Incl. one-time participation certificate expense.

## Financial calendar

|                               |                 |
|-------------------------------|-----------------|
| Results – first half 2007     | 8 August 2007   |
| Results – third quarter 2007  | 7 November 2007 |
| Results – financial year 2007 | April 2008      |

# Contents

- 4 Letter to the shareholders**
- 6 Business developments**
- 9 Notes to the  
consolidated financial statements**

# Letter to the shareholders

## Dear shareholders and investors,

We had a dynamic start to the first quarter, and also increased revenues and EBIT in the second: revenues were up by one third, and EBIT grew by nearly 30%. Consolidated earnings dipped in the second quarter due to extraordinary one-time effects of restructuring the participation certificates and due to the participation certificate repurchase scheme. The restructuring has however given us a corporate structure that is more transparent and easier to understand, and both shareholders and holders of participation certificates profit from the consolidation of the property portfolio. The participation certificates will continue to pay an annual dividend, while the shares remain an accumulating security.

Shareholders and holders of participation certificates alike will also benefit from the company's increased acceptance with international investors and the broader spread of the property portfolio. And not least, for Sparkassen Immobilien AG it means a more transparent capital structure, and has simplified accounting and reporting, while at the same time preserving the tax advantages of the s IMMO INVEST distribution.

We continued to invest actively in Germany: in the second quarter we made further acquisitions in Berlin and Bremen and were preparing to complete the purchase of an extensive portfolio of 88 properties for the price of EUR 188m. We still consider the residential property market in Berlin very attractive, due to the very affordable prices and intrinsic values per square metre. We invest in properties which we think have definite potential for appreciation. Construction work on our development projects in Prague, Bucharest and Sofia is proceeding according to plan, and we are close to closing agreements for similar development projects in Ukraine, where we formed a subsidiary at the start of the second quarter.

Property companies are currently experiencing a thoroughly bumpy ride on the capital markets; Austrian property stocks have also been affected by the US real estate crisis, which to our mind is totally unreasonable. The American real estate markets have features not found in Austria, Germany and CEE

markets, the markets we are active in. On the contrary: CEE markets in particular are still enjoying massive growth, as a result of the ground they have to make up. Rising interest rates are not a problem for our existing positions, since we hedged them on a long-term perspective with standard instruments. Current developments are however sorting the wheat from the chaff; sound financing, low management fees, diversification and not least a long-term strategy focusing on intrinsic values and cash flows underwrite Sparkassen Immobilien AG's long-run success. The value of the s IMMO share has risen by 22.7% on a 1-year basis (year to 30 June 2007), and at balance sheet date it had appreciated by 7.54% since the beginning of the year.

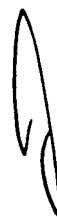
We shall be sticking to our tried and tested financial principles in the coming months and continuing to apply our successful portfolio strategy – acquiring completed properties, primarily in Germany, selling various properties in more expensive markets such as Austria and Czech Republic, and focusing on development projects in CEE and SEE. This entails prudent valuation policies, conservative financing and a solid proportion of equity.

Our outlook for the third quarter is positive: thanks to our acquisitions and the absence of restructuring expenses for the participation certificates and expenses for a participation certificate repurchase scheme we are expecting a marked increase in revenues, EBIT and especially in consolidated net profit after tax in the third quarter.

Your Management Board team



Holger Schmidtmayr



Ernst Vejdovsky



Holger Schmidmayr and Ernst Vejnovsky

# Business developments

## **Satisfactory increases in revenues and EBIT, profit after tax affected by one-time charges**

Following a successful first quarter, Sparkassen Immobilien AG further boosted revenues, rental income and EBIT in the second quarter. Compared to the same period last year revenues in the first six months climbed almost 36%, from EUR 33.2m to EUR 45.1m, while rental income rose 33%, from EUR 27m to EUR 35.9m as a result of new acquisitions. Some 30% of revenues came from CEE countries, and 25% from Germany. Portfolio appreciation, especially of CEE properties (revalued in first quarter 2007), caused a substantial rise in operating income, which increased by 43.8% from EUR 44.3m in the same period last year to EUR 63.7m. EBITDA climbed 30.6% to EUR 42.3m in the first six months. Operating profit (EBIT) improved similarly, up 29.5% from EUR 31.5m in the first half of 2006 to EUR 40.8m. One-time expenses in connection with restructuring the participation certificates and the participation certificates repurchase scheme of 583,509 certificates meant that consolidated pre-tax earnings (EBT) came out at EUR 2.7m after EUR 20.3m in the same period last year, and consolidated net profit went from EUR 15m to EUR 1.5m.

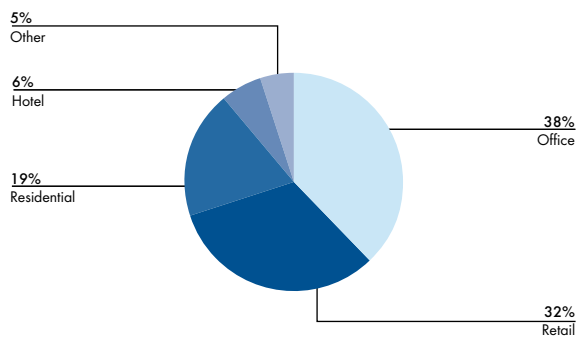
## **Major property portfolio growth**

As a result of its ambitious growth, Sparkassen Immobilien AG's property portfolio in Austria, Germany and Central and Eastern Europe at 30 June 2007 comprised 117 properties, eight of which were development projects, with total lettable space of over one million square metres (1.08m m<sup>2</sup>). Compared to a year ago, this represents a 54% increase in lettable space and means a property portfolio worth EUR 1.32 bn, an increase of 46% year on year. This increase is primarily due to the acquisition of properties in Germany and the growth in value of properties in the Czech Republic, Hungary, Romania and Germany based on revaluations by international property experts during the last three quarters. In the first six months 17 properties and 2 plots of land with a total of 117,223 m<sup>2</sup> of lettable space were acquired. This included a package of nine apartment buildings in central Berlin with lettable space of 11,000 m<sup>2</sup> and a mixed use property in Bremen of 18,500 m<sup>2</sup>, where the City of Bremen is main tenant. A package of 4 apartment buildings in Hamburg with lettable space of 8,400 m<sup>2</sup> was also added to the German portfolio. A 100,000 m<sup>2</sup>

plot in metropolitan Bucharest was acquired, and the development process was set in motion.

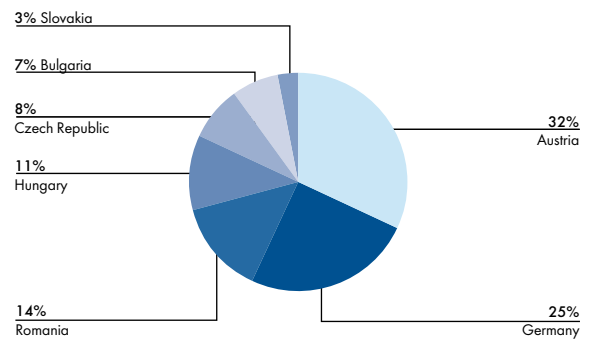
The occupancy rate for all properties was 94%, a further improvement on the 91.9% achieved as at 30 June 2007. The Austrian and CEE properties in particular were the principal contributors to this excellent outcome. Efficient portfolio management should also significantly improve the occupancy rate in Germany. The overall gross rental yield for all countries is 6.4% as at 30 June 2007.

### Total lettable space by property type\*



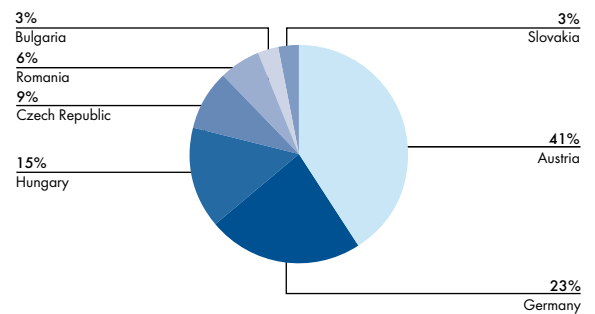
\*including properties under development.

### Total lettable space by region\*



\*including properties under development.

### Property portfolio by estimated values\*



\*Estimates for existing properties,  
book values for projects under development.

# s IMMO-Aktie (the share)

## Excellent performance of s IMMO share

The s IMMO share gained 22.7% over the last year (balance sheet date, 30 June), which makes it one of the best-performing real estate shares listed on the Vienna stock exchange. The stock's market capitalisation as at 30 June 2007 was EUR 718.7m.

Net asset value (NAV) per share rose from EUR 8.3 to EUR 9.4 at balance sheet date, 30 June, mainly due to the higher valuation of CEE properties in the Czech Republic, Slovakia, Hungary and Romania. Due to the one-time participation certificate expenses Earnings per share (EPS) were down by EUR 0.01 after EUR 0.28 in the first six months of 2006.

## Stock exchange and performance data

|                 |                |
|-----------------|----------------|
| ISIN code       | AT000 065225 0 |
| Bloomberg       | SPI AV         |
| Reuters         | SIAG.VI        |
| Income          | Accumulating   |
| Initial listing | 28 June 2002   |

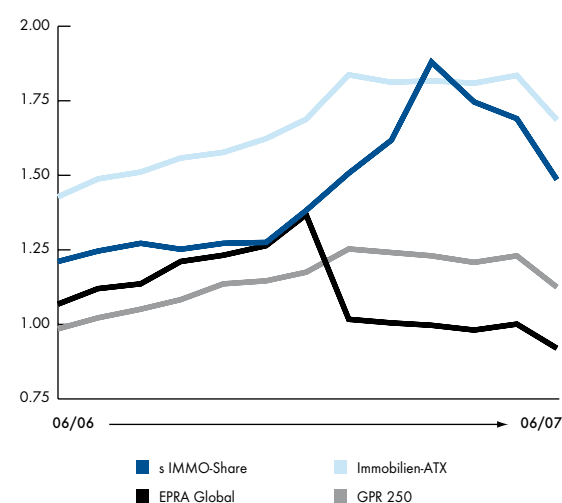
## Key indicators, share

|                                  |
|----------------------------------|
| Earnings per share (EPS) in EUR* |
| Net asset value (NAV) in EUR     |
| Price/NAV ratio in %             |
| Number of shares                 |
| Price at end of quarter in EUR   |

\*incl. one time participation certificate expenses

## Share price

### Performance s IMMO share June 06 – June 07



|                                |           |
|--------------------------------|-----------|
| Share price as at 30 June 2007 | EUR 10.55 |
| Performance 1 year             | +22.70%   |
| Three years, p.a.              | +10.50%   |
| Since initial listing          | +8.37%    |

| 30.06.2007 | 30.06.2006 | Change |
|------------|------------|--------|
| 0.01       | 0.28       | -96.4% |
| 9.4        | 8.3        | +13.3% |
| 112.2      | 103.6      |        |
| 68,118,718 | 68,118,718 |        |
| 10.55      | 8.60       | +22.7% |

## s IMMO INVEST

## Stock exchange and performance data

|                                 |                                           |
|---------------------------------|-------------------------------------------|
| ISIN                            | AT000 0795737/AT000 0630690 (2nd tranche) |
| Bloomberg                       | SPiG AV                                   |
| Reuters                         | SIMlg VI                                  |
| Income                          | Annual distribution                       |
| Initial listing                 | 29 December 1996/10 November 2004         |
| Market price as at 30 June 2007 | EUR 99.75/EUR 103.10                      |
| Performance 1 year              | 9.2%/11.2%                                |
| Three years, p.a.               | 10.3%                                     |
| Since initial listing           | 8.7%/12.3%                                |



# Notes

- 10 Consolidated balance sheet
- 12 Consolidated income statement
- 13 Consolidated cash flow statement
- 14 Changes in consolidated equity
- 15 Notes to the  
consolidated financial statement

# Consolidated balance sheet as at 30 June 2007

| EUR '000                                  | Note  | 30.06.2007       | 31.12.2006       |
|-------------------------------------------|-------|------------------|------------------|
| <b>ASSETS</b>                             |       |                  |                  |
| <b>A. Non-current assets</b>              |       |                  |                  |
| I. Intangible assets                      |       |                  |                  |
| 1. Other                                  |       | 48               | 36               |
| II. Tangible assets                       |       |                  |                  |
| 1. Property, plant and equipment          | 15,16 |                  |                  |
| a) Rental properties                      |       | 941,128          | 844,641          |
| b) Rental properties held for disposal    |       | 151,680          | 151,680          |
| c) Hotels under own management            |       | 72,095           | 73,273           |
| d) Properties under construction          |       | 135,316          | 102,121          |
|                                           |       | <b>1,300,219</b> | <b>1,171,715</b> |
| 2. Other plant and equipment              |       |                  |                  |
| a) Other                                  |       | 1,584            | 1,771            |
| III. Financial assets                     | 17    |                  |                  |
| 1. Investments in affiliates              |       | 159              | 141              |
| 2. Other investments                      |       | 7,354            | 7,312            |
| IV. Non-current receivables               |       |                  |                  |
| 1. Deferred tax assets                    |       | 6,139            | 3,145            |
|                                           |       | <b>1,315,503</b> | <b>1,184,120</b> |
| <b>B. Current assets</b>                  |       |                  |                  |
| I. Receivables and other assets           |       |                  |                  |
| 1. Trade receivables                      |       | 5,841            | 3,676            |
| 2. Financial receivables                  |       | 37,896           | 22,909           |
| 3. Other receivables and assets           |       | 22,717           | 20,177           |
|                                           |       | <b>66,454</b>    | <b>46,761</b>    |
| II. Marketable securities and investments |       | 201              | 5,201            |
| III. Cash and cash equivalents            | 17    | 181,961          | 75,387           |
|                                           |       | <b>248,616</b>   | <b>127,349</b>   |
| <b>C. Accruals and prepayments</b>        |       |                  |                  |
|                                           |       | <b>1,557</b>     | <b>3,709</b>     |
|                                           |       | <b>1,565,677</b> | <b>1,315,178</b> |

| EUR '000                                     | Note | 30.06.2007       | 31.12.2006       |
|----------------------------------------------|------|------------------|------------------|
| <b>EQUITY AND LIABILITIES</b>                |      |                  |                  |
| <b>A. Shareholders' equity</b>               |      |                  |                  |
| I. Share capital                             |      | 247,509          | 247,509          |
| II. Reserves                                 |      | 332,966          | 293,759          |
| III. Consolidated net profit                 |      | 988              | 36,820           |
| IV. Minority interests                       |      | 40,354           | 34,553           |
|                                              |      | <b>621,817</b>   | <b>612,641</b>   |
| <b>B. Non-current liabilities</b>            |      |                  |                  |
|                                              | 18   |                  |                  |
| 1. Participating certificates                |      | 335,212          | 314,062          |
| 2. Long-term liabilities to banks            | 19   | 448,665          | 260,975          |
| 3. Provisions                                |      |                  |                  |
| a) Deferred tax liabilities                  |      | 31,228           | 25,767           |
| b) Other                                     |      | 6,902            | 6,158            |
|                                              |      | <b>38,130</b>    | <b>31,925</b>    |
| 4. Other liabilities                         |      |                  |                  |
| a) Long-term liabilities to banks            |      | 60,699           | 0                |
| b) Construction costs and tenants' financing |      | 11,713           | 11,665           |
| c) Housing construction subsidies            |      | 5,869            | 6,113            |
| d) Other                                     |      | 6,379            | 4,943            |
|                                              |      | <b>84,660</b>    | <b>22,721</b>    |
|                                              |      | <b>906,667</b>   | <b>629,683</b>   |
| <b>C. Current liabilities</b>                |      |                  |                  |
| 1. Financial liabilities                     |      | 5,250            | 30,224           |
| 2. Trade payables                            |      | 4,929            | 6,799            |
| 3. Other liabilities                         |      | 22,512           | 31,311           |
|                                              |      | <b>32,691</b>    | <b>68,334</b>    |
| <b>D. Deferred income</b>                    |      |                  |                  |
|                                              |      | <b>4,501</b>     | <b>4,520</b>     |
|                                              |      | <b>1,565,677</b> | <b>1,315,178</b> |

## Consolidated income statement for the half year ended 30 June 2007

|                                                      | Note | 01.01.-30.06.<br>2007 | 01.04.-30.06.<br>2007 | 01.01.-30.06.<br>2006 | 01.04.-30.06.<br>2006 |
|------------------------------------------------------|------|-----------------------|-----------------------|-----------------------|-----------------------|
| EUR '000                                             |      |                       |                       |                       |                       |
| 1. Revenues                                          | 8    | 45,138                | 23,037                | 33,218                | 17,102                |
| whereof: rental income                               |      | 35,946                | 18,506                | 27,020                | 14,178                |
| 2. Revaluation of properties                         | 15   | 16,767                | 1,171                 | 7,737                 | 3,868                 |
| 3. Other operating income                            | 9    | 1,777                 | 1,558                 | 3,248                 | 2,179                 |
| 4. Gains on property disposals                       | 10   | 0                     | 0                     | 137                   | 104                   |
| <b>5. Operating revenue</b>                          |      | <b>63,682</b>         | <b>25,766</b>         | <b>44,340</b>         | <b>23,253</b>         |
| 6. Depreciation and amortisation                     |      | -1,528                | -707                  | -929                  | -533                  |
| 7. Other operating expenses                          | 11   | -21,385               | -10,523               | -11,903               | -6,905                |
| <b>8. Operating profit (EBIT)</b>                    |      | <b>40,769</b>         | <b>14,536</b>         | <b>31,508</b>         | <b>15,815</b>         |
| 9. Financial profit/loss                             | 12   | -17,085               | -4,082                | -11,257               | -5,271                |
| 10. One time participation certificate expenses      | 13   | -20,982               | -20,982               | 0                     | 0                     |
| <b>11. Profit before tax (EBT)</b>                   |      | <b>2,702</b>          | <b>-10,528</b>        | <b>20,251</b>         | <b>10,544</b>         |
| 12. Taxes on income                                  | 14   | -1,175                | 1,463                 | -5,254                | -2,726                |
| <b>13. Net profit before minority interests</b>      |      | <b>1,527</b>          | <b>-9,065</b>         | <b>14,998</b>         | <b>7,819</b>          |
| Where of interests of shareholders in parent company |      | 988                   | -9,165                | 14,233                | 7,268                 |
| Minority interests                                   |      | 539                   | 100                   | 765                   | 552                   |

### Earnings per share

Earnings per share compares the consolidated net profit with the average number of shares in circulation.

|                                                      | 1-6/2007    | 1-6/2006    |
|------------------------------------------------------|-------------|-------------|
| Interests of shareholders in parent company EUR '000 | 988         | 14,233      |
| Average number of shares in circulation              | 68,118,718  | 50,317,613  |
| <b>Earnings per share EUR</b>                        | <b>0.01</b> | <b>0.28</b> |

## Consolidated cash flow statement for the half year ended 30 June 2007

| EUR '000                                   | 1-6/2007      | 1-6/2006      |
|--------------------------------------------|---------------|---------------|
| <b>Profit before tax (EBT)</b>             | <b>2,702</b>  | <b>20,251</b> |
| Revaluation of properties                  | -16,767       | -7,737        |
| Depreciation and amortisation              | 1,528         | 929           |
| Gains on property disposals                | 0             | -137          |
| Taxes on income paid                       | -96           | -87           |
| Net financing cost                         | 17,085        | 11,257        |
| One time participation certificate expense | 20,982        | 0             |
| <b>Cash flow from operations</b>           | <b>25,434</b> | <b>24,476</b> |

## Changes in consolidated equity

|                                              | share<br>capital | Capital<br>reserves | Revenue<br>reserves | Minority<br>interests | Total          |
|----------------------------------------------|------------------|---------------------|---------------------|-----------------------|----------------|
| EUR '000                                     |                  |                     |                     |                       |                |
| <b>1 January 2007 (At cost)</b>              | <b>247,509</b>   | <b>241,301</b>      | <b>35,863</b>       | <b>33,430</b>         | <b>558,103</b> |
| Changes in accounting and valuation policies | 0                | 0                   | 53,415              | 1,123                 | 54,538         |
| <b>Fair value – 1 January 2007</b>           | <b>247,509</b>   | <b>241,301</b>      | <b>89,278</b>       | <b>34,553</b>         | <b>612,641</b> |
| Capital increase                             | 0                | 0                   | 0                   | 0                     | 0              |
| Acquisitions                                 | 0                | 0                   | 0                   | 5,343                 | 5,343          |
| Disposals                                    | 0                | 0                   | 0                   | 0                     | 0              |
| Consolidated profit after tax                | 0                | 0                   | 988                 | 539                   | 1,527          |
| Other changes                                | 0                | 0                   | 2,387               | -81                   | 2,306          |
| whereof: available-for-sale securities       | 0                | 0                   | 3,531               | 0                     | 3,531          |
| whereof: exchange differences                | 0                | 0                   | -1,144              | -81                   | -1,225         |
| <b>30 June 2007</b>                          | <b>247,509</b>   | <b>241,301</b>      | <b>92,653</b>       | <b>40,354</b>         | <b>621,817</b> |

### Details of share capital

|                           | 30.06.2007     | 01.01.2007     | Change   |
|---------------------------|----------------|----------------|----------|
| in TEUR                   |                |                |          |
| Total share capital       | 247,509        | 247,509        | 0        |
| Treasury shares (nominal) | 0              | 0              | 0        |
|                           | <b>247,509</b> | <b>247,509</b> | <b>0</b> |

### Changes in units of shares

|                                       | 30.06.2007 |
|---------------------------------------|------------|
| Units                                 |            |
| Issued share capital – 1 January 2007 | 68,118,718 |
| Capital increase                      | 0          |
| Treasury shares sold                  | 0          |
| Issued share capital – 30 June 2007   | 68,118,718 |
| Treasury shares                       | 0          |
| Total shares in issue                 | 68,118,718 |

The shares are listed on the Vienna Stock Exchange.

# Notes to the consolidated financial statements

## Sparkassen Immobilien Aktiengesellschaft

### 1. REPORTING UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The interim financial statements of Sparkassen Immobilien Aktiengesellschaft (s Immobilien AG), Vienna, Austria, for the half year ended 30 June 2007 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

### 2. GENERAL INFORMATION

#### 2.1. Business

s Immobilien AG Group is a real estate group (acquisition, development and renting of property) with activities in Austria and elsewhere in Central Europe. The parent company, s Immobilien AG, is headquartered in Windmühlgasse 22-24, A-1060 Vienna, Austria. It has subsidiaries in Austria, Bulgaria, Cyprus, the Czech Republic, Denmark, Germany, Hungary, Romania, Slovakia and Ukraine. The parent company is a public limited liability company (Aktiengesellschaft). It is registered in the commercial register of the Commercial Court of Vienna under reference 58358x.

#### 2.2. Accounting policies

The consolidated financial statements comply with all International Financial Reporting Standards, including the interpretations of the International Financial Reporting Interpretations Committee“ (“IFRIC”, formerly “SIC”), the application of which was mandatory as of 30 June 2007, and in particular with IAS 34 Interim Financial Reporting.

The accounting policies of the companies included in consolidation are based on the uniform accounting regulations of s Immobilien AG Group. The consolidated financial statements are presented rounded to the nearest 1,000 euro. The totals of rounded amounts and the percentages may be affected by rounding differences caused by software.

The accounting and valuation policies used in the consolidated financial statements for the year ended 31 December 2006 were retained with one exception: as of 1 January 2007 the fair value model is used for rented properties instead of the cost model (IAS 40).

### 3. SCOPE OF CONSOLIDATION

In addition to the accounts of s Immobilien AG, the consolidated financial statements include the accounts of 57 companies (property holding or intermediary holding companies) which are directly or indirectly owned by s Immobilien AG. The following companies were first included in consolidation in the first half of 2007:

| Company                                           | Location       | Country | Nominal capital | %      | Currency | Valuation at initial consolidation |
|---------------------------------------------------|----------------|---------|-----------------|--------|----------|------------------------------------|
| API Holding AG                                    | Salzburg       | AT      | 98,000,00       | 98.00  | EUR      | 30.04.2007                         |
| E.V.I. Immobilienbeteiligungs GmbH                | Vienna         | AT      | 35.000,00       | 100.00 | EUR      | 01.01.2007                         |
| GERMAN PROPERTY INVESTMENT I APS<br>(GPI I APS)   | Aarhus C       | DK      | 118,000.00      | 94.40  | DKK      | 31.03.2007                         |
| GERMAN PROPERTY INVESTMENT II APS<br>(GPI II APS) | Aarhus C       | DK      | 118,000.00      | 94.40  | DKK      | 31.03.2007                         |
| CEE Property-Invest Hungary 2003<br>Ingatlan Kft  | Budapest       | HU      | 3,000,000.00    | 100.00 | HUF      | 01.01.2007                         |
| ROTER INVESTITII IMOBILIARE S.R.L.                | Bucharest Sec. | RO      | 4,472,020.00    | 100.00 | RON      | 01.01.2007                         |
| Austria Real Invest Ukraine LCC                   | Kyiv           | UA      | 66,382.25       | 100.00 | UAH      | 21.02.2007                         |
| CEE Property Bulgaria EOOD                        | Sofia          | BG      | 20,000.00       | 100.00 | BGL      | 01.01.2007                         |

In addition to the formation and first-time consolidation of various ready-made and holding companies, a project development company outside Austria was acquired.

The two Danish companies GPI I APS and GPI II APS were acquired as ready-made companies by s Immo AG in March, and they in their turn acquired four residential properties in Northern Germany with a total value of EUR 8.7m. E.V.I. Immobilienbeteiligungs GmbH, an s IMMO AG subsidiary so far not included in consolidation, acquired the Lloydhof property in Bremen in the second quarter for EUR 21.8m.

API Holding AG, Vienna, and Austria Real Invest Ukraine LCC, Kiev, were formed in first half 2007 and will be operating in Ukraine.

An agreement to purchase all the shares in ROTER INVESTITII IMOBILIARE S.R.L., in Bucharest, was signed in mid-January 2007. The company is the sole proprietor of a 97,000 m<sup>2</sup> plot of land in Jilava, Romania. The purchase price was EUR 7.4m, and no liabilities were assumed.

CEE Property Bulgaria EOOD, a ready-made company already owned by the Group, was consolidated for the time with effect from 1 January 2007, since it took over project assets during the first quarter.

The initial consolidation of these transactions applied the purchase method, in accordance with IFRS 3.



#### 4. BASIS OF CONSOLIDATION

Capital consolidation means offsetting the acquisition cost of the investment (book value) against the value under IFRS of the proportionate share of the equity of the relevant subsidiary at the time of initial consolidation. The amount of any difference arising at this time is capitalised as goodwill. In calculating goodwill, foreign currencies are translated at the exchange rate ruling on the date of initial consolidation. There is currently no goodwill on consolidation being carried as an asset.

Transactions within the consolidated Group together with the related income and expenses and receivables and payables are eliminated. Intra-group profits are also eliminated.

#### 5. FOREIGN CURRENCY TRANSLATION

##### **Translation of financial statements in foreign currencies**

The Group reporting currency is the euro. Financial statements prepared in foreign currencies (Czech crowns, Danish crowns, Slovak crowns, Hungarian forints, Romanian leu, and Bulgarian lev) are translated using the modified closing rate method. Investment property is translated at historical rates. As a general rule, income statement items are translated using average exchange rates for the period; revaluation and depreciation and amortisation of property are an exception – historical rates are used. Gains and losses on currency translation are not treated as income or expense but are included under revenue reserves.

#### 6. ACCOUNTING AND VALUATION POLICIES

##### **Intangible assets**

Intangible assets acquired for consideration are recognised at acquisition cost less scheduled straight-line amortisation and provision for any impairment losses. Amortisation rates are based on assumed useful lives of between three and six years.

##### **Property, plant and equipment**

###### **Rental properties**

With effect from 1 January 2007, the fair value method (in accordance with IAS 40) is used in the valuation of rental properties, replacing the cost model. The effects of the change in valuation policies are set out in note 7 “Changes in accounting and valuation policies”.

The properties, the majority of which are rented, are generally valued every year on the basis of current market conditions, largely by independent, professional, authorized experts. The valuations were based on earnings, calculated on the basis of expected sustainable future rental yields and market interest rates (Austria: 3.5%–8%; elsewhere: 6.75%–9%). Properties purchased close to balance sheet date are valued on the basis of acquisition costs.

###### **Hotels under own management, other plant and equipment**

Properties operated by the company, in particular hotel properties, are valued using the cost model (original acquisition or construction cost). This valuation method is also applied to other plant and equipment.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, as follows:

|                             | Expected useful lives<br>(years) |    |
|-----------------------------|----------------------------------|----|
|                             | from                             | to |
| Hotels own under management | 25                               | 33 |
| Other plant and equipment   | 3                                | 10 |

Where there are reductions in value that are expected to be permanent, impairment losses are recognised. The carrying values of the properties are subjected to impairment tests, in which the carrying values of the properties are compared with the fair values. Where the carrying values are higher, impairment losses are generally recognised.

Properties under construction are recognised at construction cost. These do not contain any material financing costs.

#### **Investments and securities**

Shares in associated companies and investments for which fair values can not be established – due to the lack of a stock exchange listing – are recognised at acquisition cost, reduced by impairment losses where the loss in value is expected not to be merely temporary.

Shares and securities held as current assets are carried at market values in accordance with IAS 39, and are generally intended for sale (available-for-sale).

#### **Receivables and other assets**

Trade receivables and other receivables are disclosed at their nominal value, less any provisions necessary. Other current assets are measured at cost of acquisition.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and of bank deposits with a remaining term of less than three months.

#### **Taxes**

The tax expense disclosed for the half year comprises income tax on the taxable income of the individual companies at the rate applicable in the relevant country (expected effective tax rate for the full year) together with changes in tax provisions affecting income or expense.

No provisions for deferred tax liabilities have been made with respect to temporary differences in connection with undisclosed reserves arising on initial consolidation on properties owned by foreign subsidiaries, since such properties can as a rule be disposed of without liability to tax by the tax-free sale of property ownership companies and intermediary holding companies in Austria under section 10 Austrian Corporate Income Tax Act (KStG). Provision has been made for deferred tax liabilities on differences arising on initial consolidation of Austrian subsidiaries on the basis of applicable tax rates and values for tax purposes in respect of any expected partial realisations.

Deferred taxes assets are recognised in connection with tax loss carryforwards to the extent that it is probable that the losses will be able to be offset against future taxable profits.

#### **Financial liabilities**

Financial liabilities are recognised at the amount repayable.

#### **Provisions**

The provision for deferred taxation is calculated using the liability method, using the tax rates which at balance sheet date are expected to be in force when the temporary differences reverse. Other provisions are for liabilities of uncertain amount, where the amount provided is the amount considered most likely to become payable.

**Trade payables and other liabilities**

Trade payables and other liabilities are recognised at the amount payable.

**Derivatives**

s Immobilien AG Group uses derivative financial instruments – interest rate caps, collars and swaps – to reduce the risks attendant on interest rate increases. They are generally measured at their positive market value at balance sheet date. At 30 June 2007 the market value was EUR 6,918m, which was disclosed as part of the available-for-sale portfolio.

**Income recognition**

Rental income is recognised evenly over the term of the rental agreement. Income from services is recognised in proportion to the services rendered at balance sheet date. Interest income is calculated on the basis of the applicable interest rate and the amount of the loan.

## 7. CHANGES IN ACCOUNTING AND VALUATION POLICIES

As of 1 January 2007, s IMMO AG has adopted the fair value model (IAS 40) for the measurement of investment properties.

The change in accounting policy resulted in the following changes in the balance sheet and income statement:

The comparative figures for last year have been restated.

EUR '000

### ASSETS as at 1 January 2007

#### A. Non-current assets

|                                        |  |
|----------------------------------------|--|
| I. Intangible assets                   |  |
| 1. Other                               |  |
| II. Tangible assets                    |  |
| 1. Property, plant and equipment       |  |
| 2. Rental properties held for disposal |  |
| 3. Hotels under management             |  |
| 4. Properties under construction       |  |
| 5. Other plant and equipment           |  |
| III. Financial assets                  |  |
| IV. Non-current receivables            |  |

#### B. Current assets

#### C. Accruals and prepayments

### EQUITY AND LIABILITIES as at 1 January 2007

#### A. Shareholders' equity

|                                    |  |
|------------------------------------|--|
| I. Share capital                   |  |
| II. Reserves                       |  |
| III. Consolidated after tax profit |  |
| IV. Minority interests             |  |

#### B. Non-current liabilities

|                                   |  |
|-----------------------------------|--|
| 1. Participating certificates     |  |
| 2. Long-term liabilities to banks |  |
| 3. Provisions                     |  |
| 4. Other liabilities              |  |

#### C. Current liabilities

#### D. Deferred income

| At Cost          | Adjustments    | Fair value       |
|------------------|----------------|------------------|
|                  |                |                  |
| 36               | 0              | 36               |
| 732,889          | 111,752        | 844,641          |
| 147,640          | 4,040          | 151,680          |
| 73,273           | 0              | 73,273           |
| 102,121          | 0              | 102,121          |
| 1,771            | 0              | 1,771            |
| 7,027            | 426            | 7,453            |
| 3,145            | 0              | 3,145            |
| <b>1,067,902</b> | <b>116,218</b> | <b>1,184,120</b> |
| <b>127,349</b>   | <b>0</b>       | <b>127,349</b>   |
| <b>3,709</b>     | <b>0</b>       | <b>3,709</b>     |
| <b>1,198,960</b> | <b>116,218</b> | <b>1,315,178</b> |
|                  |                |                  |
|                  |                |                  |
| 247,509          | 0              | 247,509          |
| 277,164          | 53,415         | 330,579          |
| 0                | 0              | 0                |
| 33,430           | 1,123          | 34,553           |
| <b>558,103</b>   | <b>54,538</b>  | <b>612,641</b>   |
|                  |                |                  |
| 269,058          | 45,004         | 314,062          |
| 260,975          | 0              | 260,975          |
| 12,434           | 19,491         | 31,925           |
| 22,721           | 0              | 22,721           |
| <b>565,188</b>   | <b>64,495</b>  | <b>629,683</b>   |
|                  |                |                  |
| <b>71,149</b>    | <b>-2,815</b>  | <b>68,334</b>    |
|                  |                |                  |
| <b>4,520</b>     | <b>0</b>       | <b>4,520</b>     |
| <b>1,198,960</b> | <b>116,218</b> | <b>1,315,178</b> |

## INCOME STATEMENT

Six months ended 30 June 2006  
EUR '000

|                                             | At Cost       | Adjustments   | Fair value    |
|---------------------------------------------|---------------|---------------|---------------|
| 1. Revenues                                 | 33,218        | 0             | 33,218        |
| 2. Revaluation of properties                | 0             | 7,737         | 7,737         |
| 3. Other operating income                   | 3,248         | 0             | 3,248         |
| 4. Gains on property disposals              | 1,236         | -1,099        | 137           |
| <b>5. Operating revenue</b>                 | <b>37,702</b> | <b>6,638</b>  | <b>44,340</b> |
| 6. Depreciation and amortisation            | -10,359       | 9,430         | - 929         |
| 7. Other operating expenses                 | -11,903       | 0             | -11,903       |
| <b>8. Operating profit (EBIT)</b>           | <b>15,440</b> | <b>16,068</b> | <b>31,508</b> |
| 9. Financial profit/loss                    | -6,600        | -4,657        | -11,257       |
| <b>10. Profit before tax (EBT)</b>          | <b>8,840</b>  | <b>11,411</b> | <b>20,251</b> |
| 11. Taxes on income                         | -1,717        | -3,537        | -5,254        |
| <b>12. Profit after tax where of:</b>       | <b>7,123</b>  | <b>7,874</b>  | <b>14,997</b> |
| Interests of shareholders in parent company | 6,657         | 7,576         | 14,233        |
| Minority interests                          | 467           | 298           | 765           |

## NOTES ON THE INCOME STATEMENT AND BALANCE SHEET

### INCOME STATEMENT

#### 8. REVENUES AND SEGMENT REPORTING

Segment reporting is by region, based on where the property is situated (primary segmentation), and by type of use (secondary segmentation).

The primary segmentation is as follows (EUR '000):

|                                                                                              | Austria        |                | Germany        |                |
|----------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                                              | 30.06.<br>2007 | 30.06.<br>2006 | 30.06.<br>2007 | 30.06.<br>2006 |
| Revenues                                                                                     | 20,341         | 18,740         | 11,253         | 4,176          |
| Revaluation of properties                                                                    | -376           | 8,245          | 803            | -617           |
| Other operating income                                                                       | 1,444          | 547            | 231            | 1              |
| Gains on property disposals                                                                  | 0              | 136            | 0              | 0              |
| <b>Operating revenue</b>                                                                     | <b>21,409</b>  | <b>27,668</b>  | <b>12,287</b>  | <b>3,560</b>   |
| Depreciation and amortisation                                                                | -56            | -36            | -25            | -11            |
| Other operating expenses                                                                     | -11,934        | -7,332         | -4,546         | -1,110         |
| <b>Operating profit</b>                                                                      | <b>9,419</b>   | <b>20,300</b>  | <b>7,716</b>   | <b>2,439</b>   |
| <b>Financial profit/loss</b>                                                                 | <b>-353</b>    | <b>-6,607</b>  | <b>-8,978</b>  | <b>-215</b>    |
| <b>One time participation certificate expense</b>                                            | <b>-20,982</b> | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Profit before tax</b>                                                                     | <b>-11,916</b> | <b>13,693</b>  | <b>-1,262</b>  | <b>2,224</b>   |
| Non-current assets<br>30 June 2007                                                           | 549,331        | 539,791        | 307,712        | 240,021        |
| Non-current liabilities<br>(including participating certificates in Austria)<br>30 June 2007 | 476,836        | 427,687        | 189,455        | 64,244         |

| Slovakia       |                | Czech Republic |                | Hungary        |                | Bulgaria       |                | Romania        |                | Ukraine        |                | Total          |                |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 30.06.<br>2007 | 30.06.<br>2006 | 30.06.<br>2007 | 30.06.<br>2006 | 30.06.<br>2007 | 30.06.<br>2006 | 30.06.<br>2007 | 30.06.<br>2006 | 30.06.<br>2007 | 30.06.<br>2006 | 30.06.<br>2007 | 30.06.<br>2006 | 30.06.<br>2007 | 30.06.<br>2006 |
| 2,083          | 1,716          | 3,880          | 3,391          | 6,161          | 5,195          | 0              | 0              | 1,420          | 0              | 0              | 0              | 45,138         | 33,218         |
| 0              | 0              | -194           | 0              | 16,534         | 109            | 0              | 0              | 0              | 0              | 0              | 0              | 16,767         | 7,737          |
| 4              | 1              | 33             | 447            | 65             | 2,254          | 0              | 0              | 0              | 0              | 0              | 0              | 1,777          | 3,248          |
| 0              | 1              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 137            |
| <b>2,087</b>   | <b>1,718</b>   | <b>3,719</b>   | <b>3,838</b>   | <b>22,760</b>  | <b>7,558</b>   | <b>0</b>       | <b>0</b>       | <b>1,420</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>63,682</b>  | <b>44,340</b>  |
| -27            | 0              | -74            | -91            | -910           | -786           | 0              | 0              | -436           | -3             | 0              | 0              | -1,528         | -929           |
| -675           | -649           | -1,150         | -977           | -1,882         | -1,728         | -149           | 0              | -1,022         | -107           | -27            | 0              | -21,385        | -11,903        |
| <b>1,385</b>   | <b>1,069</b>   | <b>2,495</b>   | <b>2,770</b>   | <b>19,968</b>  | <b>5,044</b>   | <b>-149</b>    | <b>0</b>       | <b>-38</b>     | <b>-110</b>    | <b>-27</b>     | <b>0</b>       | <b>40,769</b>  | <b>31,508</b>  |
| <b>-1,073</b>  | <b>-228</b>    | <b>-1,369</b>  | <b>-1,387</b>  | <b>-4,301</b>  | <b>-2,867</b>  | <b>38</b>      | <b>0</b>       | <b>-1,049</b>  | <b>48</b>      | <b>0</b>       | <b>0</b>       | <b>-17,085</b> | <b>-11,257</b> |
| <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>20,982</b>  | <b>0</b>       |
| <b>312</b>     | <b>841</b>     | <b>1,126</b>   | <b>1,383</b>   | <b>15,667</b>  | <b>2,177</b>   | <b>-111</b>    | <b>0</b>       | <b>-1,087</b>  | <b>-62</b>     | <b>-27</b>     | <b>0</b>       | <b>2,702</b>   | <b>20,251</b>  |
| 39,147         | 39,160         | 113,429        | 107,569        | 193,698        | 165,262        | 43,173         | 40,430         | 69,013         | 51,463         | 0              | 0              | 1,315,503      | 1,183,694      |
| 18,675         | 6,374          | 83,295         | 49,053         | 129,656        | 79,030         | 0              | 0              | 8,750          | 55             | 0              | 0              | 906,667        | 626,443        |

Segmentation by property type of use:

|             | Revenues<br>1-6/2007<br>EUR '000 | %             | Revenues<br>1-6/2006<br>EUR '000 | %             |
|-------------|----------------------------------|---------------|----------------------------------|---------------|
| Offices     | 24,592                           | 54.48         | 19,491                           | 58.68         |
| Residential | 5,982                            | 13.25         | 2,738                            | 8.24          |
| Commercial  | 11,088                           | 24.57         | 8,923                            | 26.86         |
| Hotel       | 3,476                            | 7.70          | 2,066                            | 6.22          |
|             | <b>45,138</b>                    | <b>100.00</b> | <b>33,218</b>                    | <b>100.00</b> |

Revenues were made up as follows:

| EUR '000              | 1-6/2007      | 1-6/2006      |
|-----------------------|---------------|---------------|
| Rental income         | 35,946        | 27,020        |
| Charged service costs | 9,192         | 6,198         |
|                       | <b>45,138</b> | <b>33,218</b> |

## 9. OTHER OPERATING INCOME

| EUR '000                        | 1-6/2007     | 1-6/2006     |
|---------------------------------|--------------|--------------|
| Gross operating profit          |              |              |
| (hotel operations)              | 57           | 2,254        |
| Release of housing construction |              |              |
| subsidies                       | 244          | 244          |
| Other                           | 1,476        | 750          |
|                                 | <b>1,777</b> | <b>3,248</b> |

## 10. GAINS ON PROPERTY DISPOSALS

| EUR '000                    | 1-6/2007 | 1-6/2006   |
|-----------------------------|----------|------------|
| Disposal proceeds           | 145      | 10,209     |
| Carrying value of disposals | -145     | -10,072    |
|                             | <b>0</b> | <b>137</b> |

## 11. OTHER OPERATING EXPENSES

| EUR '000                       | 1-6/2007      | 1-6/2006      |
|--------------------------------|---------------|---------------|
| Expenses directly attributable |               |               |
| to properties                  | 12,965        | 7,896         |
| General management expenses    | 8,420         | 4,007         |
|                                | <b>21,385</b> | <b>11,903</b> |

## 12. FINANCIAL PROFIT/LOSS

| EUR '000                   | 1-6/2007      | 1-6/2006      |
|----------------------------|---------------|---------------|
| Income entitlements of     |               |               |
| participation certificates | 11,750        | 9,557         |
| Financial expense          | 8,588         | 4,943         |
| Financial income           | -3,253        | -3,243        |
|                            | <b>17,085</b> | <b>11,257</b> |

## 13. ONE-TIME PARTICIPATION CERTIFICATE EXPENSE

The one-time participation certificate expenses of EUR 10,174m are a result of the change in the terms of the Participation Certificates Agreement as at 1 January 07 and a nominal writedown of EUR 10,808m in connection with the repurchase of 582,509 certificates on 2 July where the actual obligation arose in the first half.

## 14. TAXES ON INCOME

| EUR '000                     | 1-6/2007     | 1-6/2006     |
|------------------------------|--------------|--------------|
| Current tax expense          | 460          | 464          |
| Deferred tax expense         | 3,115        | 4,790        |
| One time deferred tax credit | -2,400       | 0            |
|                              | <b>1,175</b> | <b>5,254</b> |



## BALANCE SHEET

### 15. RENTAL PROPERTIES

Changes in rental properties were as follows:

| EUR '000                                        | 1-6/2007       | 1-6/2006       |
|-------------------------------------------------|----------------|----------------|
| Carrying values as at 1 January -<br>at cost    | 732,889        | 642,146        |
| Change in accounting and<br>valuation policies  | 111,752        | 75,343         |
| Carrying values as at 1 January -<br>fair value | 844,641        | 717,489        |
| Additions                                       | 79,865         | 132,900        |
| Disposals                                       | -145           | -10,072        |
| Revaluation surpluses                           | 27,706         | 7,737          |
| Writedowns                                      | -10,939        | 0              |
| <b>Carrying values as at 30 June</b>            | <b>941,128</b> | <b>848,054</b> |

Additions to rental properties broken down by country were as follows:

| EUR '000       | 1-6/2007      | 1-6/2006       |
|----------------|---------------|----------------|
| Austria        | 12,521        | 95             |
| Germany        | 66,870        | 109,867        |
| Czech Republic | 194           | 143            |
| Hungary        | 274           | 7,146          |
| Slovakia       | 0             | 15,649         |
|                | <b>79,859</b> | <b>132,900</b> |

Detail:

| EUR '000                 | 30.06.2007     | 31.12.2006     |
|--------------------------|----------------|----------------|
| <b>Rental properties</b> |                |                |
| Austria                  | 407,467        | 395,461        |
| Germany                  | 306,296        | 238,623        |
| Czech Republic           | 57,310         | 57,310         |
| Hungary                  | 131,155        | 114,347        |
| Slovakia                 | 38,900         | 38,900         |
|                          | <b>941,128</b> | <b>844,641</b> |

Rental properties held for disposal:

|                |                |                |
|----------------|----------------|----------------|
| Austria        | 125,400        | 125,400        |
| Czech Republic | 26,280         | 26,280         |
|                | <b>151,680</b> | <b>151,680</b> |

Properties held for disposal consist of two Austrian commercial properties and a Czech office property, all of which are currently let.

### 16. HOTELS UNDER MANAGEMENT, OTHER PLANT AND EQUIPMENT

| EUR '000                                   | 30.06.2007     | 31.12.2006     |
|--------------------------------------------|----------------|----------------|
| <b>Hotels under own management</b>         |                |                |
| Hungary                                    | 46,060         | 46,806         |
| Romania                                    | 26,035         | 26,467         |
|                                            | <b>72,095</b>  | <b>73,273</b>  |
| <b>Rental properties under development</b> |                |                |
| Austria                                    | 2,412          | 8,423          |
| Germany                                    | 1,257          | 1,159          |
| Romania                                    | 42,934         | 24,979         |
| Bulgaria                                   | 43,173         | 40,430         |
| Czech Republic                             | 29,461         | 23,582         |
| Hungary                                    | 16,079         | 3,548          |
|                                            | <b>135,316</b> | <b>102,121</b> |

Fair values of hotels under own management amount to EUR 54,500,000 (Hungary) and EUR 39,124,000 (Romania).

## 17. FINANCIAL ASSETS

Investments in affiliates disclosed under financial assets comprise 12 companies not included in consolidation because they are not of material importance.

### Other Investments

|                                                                      | Interest % | 30.06.2007<br>EUR '000 |
|----------------------------------------------------------------------|------------|------------------------|
| BGM-IMMORENT Aktiengesellschaft & Co KG                              | 22,1       | 2.117                  |
| PCC- Hotelerrichtungs- und Betriebs-<br>gesellschaft m.b.H. & Co. KG |            |                        |
| Participating loan                                                   |            | 4.148                  |
| „Hermes“ Bau Planungs- und<br>Errichtungsgesellschaft m.b.H.         | 50,0       | 1.080                  |
| Other                                                                |            | 9                      |
|                                                                      |            | <b>7.354</b>           |

## 18. PARTICIPATING CERTIFICATES

The terms of the agreement for s IMMO INVEST participating certificates were changed retroactively with effect from 1 January 2007 and the s IMMO INVEST Participating Certificates Fund was dissolved (resolution of the meeting of the holders of the participation certificates of 11 June 2007 and resolution of the Annual General Meeting of 12 June 2007).

Under the amended agreement, the holders of the participation certificates receive an annual income entitlement (interest) calculated as follows:

$$\text{(Participation certificate capital + profit brought forward)} \times \frac{\text{Consolidated EBIT}}{\text{Average of property, plant and equipment portfolio}}$$

To the extent that the interest under the terms of the Participation Certificates Agreement is not paid out, it is added to the profit carried forward into the next year.

For the first half of 2007 the income entitlement amounted to EUR 11,750,000.

As at 30 June 2007 there were 3,833,398 participation certificates in issue. The total entitlements of participation certificate holders (principal and interest) as of this date were as follows:

|                                                      | Total<br>EUR '000 | Per unit<br>EUR '000 |
|------------------------------------------------------|-------------------|----------------------|
| Participation certificate capital                    | 278,573           | 72,67                |
| Profit brought forward 1 January 2007                | 44,889            | 11,71                |
| Income entitlements - 1 January 2007                 | 323,462           | 84,38                |
| Income entitlements of<br>participation certificates | 11,750            | 3,07                 |
| Participation certificate capital                    | <b>335,212</b>    | <b>87,45</b>         |

In the beginning of July 2007 additional 582,509 participation certificates were repurchased. In the event of repayment of the participation certificates, the holders are also entitled to a proportionate share of the undisclosed reserves on the property portfolio.

The participation certificates mature on 31 December 2029.

As of 31 December 2017, both the holders and the Company may annually give notice of redemption of the participation certificates in whole or in part.

## 19. LONG-TERM LIABILITIES TO BANKS

The long-term liabilities to banks are predominantly mortgage loans. The liabilities are to the following banks:

| EUR '000                                          | 30.6.2007      | 30.06.2006     |
|---------------------------------------------------|----------------|----------------|
| <b>Lending institution</b>                        |                |                |
| Erste Bank der oesterreichischen<br>Sparkassen AG | 146,376        | 67,162         |
| BA-CA, HVB Czech Republic                         | 109,308        | 64,509         |
| Other Austrian banks                              | 156,374        | 92,514         |
| German banks                                      | 36,607         | 36,790         |
|                                                   | <b>448,665</b> | <b>260,975</b> |

## 20. EVENTS AFTER BALANCE SHEET DATE

After balance sheet date three important deals or preliminary agreements were concluded.

At the beginning of July Sparkassen Immobilien AG acquired from Citec Immobilien Group its entire residential rental property portfolio in Germany. The portfolio consists of over 88 rental properties comprising some 2,200 apartments, mostly in prime locations in Berlin and Leipzig.

Towards the end of July, s IMMO AG's 75% interest in the Vienna Steffl department store was sold to the other existing shareholder, the Hans Schmid Private Foundation. Steffl is situated in Vienna's Kärntner Strasse, has a total of 12,500 m<sup>2</sup> of retail space, and roughly 1,400 m<sup>2</sup> of catering and office space combined.

At the same time a preliminary agreement was concluded for the sale of Herzmansky, the department store in Vienna's Mariahilfer Strasse, to a project development company of the Peek & Cloppenburg Group. The sale is scheduled for completion by the end of 2007. The total lettable space amounts to 18,200 m<sup>2</sup>, of which 16,300 m<sup>2</sup> is retail space, with the remaining 1,900 m<sup>2</sup> consisting of office and other space.

Vienna, 8 August 2007  
Management Board

Holger Schmidtmayr m.p.

Ernst Vejdovszky m.p.

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