

# Sparkassen Immobilien AG

More property for your Money



Interim report for the nine months  
ended 30 September 2007

# Key indicators, Group

## Key indicators, Group

| (EUR m)                                  | 01.01.-30.09.2007 | 01.01.-30.09.2006 | Change        |
|--|-------------------|-------------------|---------------|
| Revenues                                 | 68.4              | 50.7              | +35%          |
| whereof rental income                    | 54.9              | 41.6              | +32%          |
| EBITDA                                   | 88.4              | 47.1              | +88%          |
| Operating profit (EBIT)                  | 86.0              | 45.7              | +88%          |
| Consolidated net profit before tax (EBT) | 32.3              | 30.1              | +7%           |
| Profit after tax                         | 24.1              | 22.1              | +9%           |
| Cash flow from operating activities      | 35.5              | 35.2              | +1%           |
|  | <b>30.09.2007</b> | <b>30.09.2006</b> | <b>Change</b> |
| Shareholders' equity                     | 613.6             | 549.9*            | +12%          |
| Equity ratio                             | 36%               | 49%*              |               |
| Market capitalisation                    | 940.9             | 988               |               |
| s IMMO-Aktie                             | 558.6             | 605.6             |               |
| s IMMO Invest                            | 382.3             | 382.4             |               |

\* cost method

## Key indicators, property portfolio

|  | 30.09.2007 | 30.09.2006 | Change |
|--|------------|------------|--------|
| Number of properties                   | 202        | 84         | +140%  |
| Property portfolio (fair value)        | 1,493      | 960        | +56%   |
| Total lettable space in m <sup>2</sup> | 1,247,000  | 803,000    | +55%   |
| Gross rental yield                     | 5.9%       | 7.1%       |        |
| Occupancy rate                         | 93%        | 93%        |        |

## Key indicators, share

|                                 | 30.09.2007 | 30.09.2006 | Change |
|---------------------------------|------------|------------|--------|
| Earnings per share (EPS) in EUR | 0.31*      | 0.37       | -16%   |
| Cash flow/share in EUR          | 0.17       | 0.35       | -51%   |
| Net asset value (NAV) in EUR    | 9.7        | 8.4        | +15%   |
| Price/cash flow ratio           | 36         | 19         |        |
| Price/NAV ratio                 | 85%        | 106%       |        |
| Number of shares                | 68,118,718 | 68,118,718 |        |
| Price at end of quarter (EUR)   | 8.20       | 8.89       |        |

\*incl. one time participation certificate expenses

## Financial calendar

|                               |                  |
|-------------------------------|------------------|
| Results – third quarter 2007  | 7 November 2007  |
| Results – financial year 2007 | 17 April 2008    |
| Results – first quarter 2008  | 20 May 2008      |
| Results – first half 2008     | 20 August 2008   |
| Results – third quarter 2008  | 18 November 2008 |

# Contents

- 2 Letter to the shareholders**
- 4 Business development**
- 11 Notes to the  
consolidated financial statements**

# Letter to the shareholders

## Dear shareholders and investors,

As the Management Board of Sparkassen Immobilien AG, we are proud of the Group's highly successful performance over the last three quarters. Unfortunately, however, our ability to influence the current volatile behaviour of real estate stocks and the s IMMO share is limited. Growth for us is a long-term factor, though, especially in the capital markets. This is why we are redoubling our efforts to reassure our existing investors of the long-term benefits of their investment in s IMMO shares, as well as trying to convince new investors of our excellent growth prospects. We hold shares in the Company ourselves, and we can see no fundamental reason for the noticeable drop in s IMMO's share price – the intrinsic value of the s IMMO share is about 15% higher than its current market price. We are confident that a recovery will not be far away, and we believe that our "solid value plus dynamic growth" is the best possible watchword for the future.

The figures for the first three quarters of 2007 show a clear trend: rental income is up by 32% to EUR 54.9m, EBIT of EUR 86m has increased 88% compared with the same period last year, and profit is up 9% to EUR 24.1m. This is thanks to the proceeds from the sale of properties in Vienna and Prague and revaluation of the property portfolio, and despite the one-time participation certificates expense. Over the same period the net asset value climbed from EUR 8.4 to EUR 9.7, and – unlike other real estate shares – this NAV does not include valuations for development projects. At s IMMO AG, development projects are valued on completion, and only then are they included in the NAV calculation!

In Germany, our core market for the acquisition of completed properties, we have stepped up our purchases and will continue to invest selectively. To best exploit the market opportunities while at the same time maintaining the overall stability of the portfolio, we intend to further increase the CEE content of our portfolio in relation of the Austria-Germany share and to concentrate our growth in development projects in Eastern Europe. We have made clear the importance of these market segments to our continued growth by adding to the strengths of the Management Board: starting on 15 November 2007, Friedrich Wachernig will be joining us as third Board member.

He has had many years of experience in development projects in various CEE countries.

In markets such as Bulgaria, Romania and Ukraine our local subsidiaries ensure we have the necessary skills and expertise, and we also make use of the Erste Bank network. We are also going to manage the portfolio more actively, so that we shall be selling properties in markets such as Vienna, Prague and Budapest in order to invest the proceeds in higher yielding development projects in cities like Sofia, Bucharest or Kiev. As our most recent deals have shown, we have the ability to create value and realise substantial gains, with sales proceeds that were well above the last valuations.

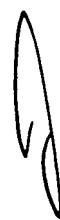
The property markets in CEE countries such as Romania, Bulgaria or the Ukraine are displaying uninterrupted, dynamic growth and – like the Austrian and German markets – are not affected by the real estate crisis in the USA. In the coming months and years, we shall exploit these huge opportunities in the CEE countries to the full, in pursuit of our growth strategy: our target remains unchanged – a property portfolio of EUR 4 bn by the year 2010.

At present, all the indications are that for financial 2007 we shall be reporting on another outstanding year – for more details, see under Outlook. Our solid foundations, the durable value of our investments, our tried and tested business and financial strategies, all combined with our growth prospects ensure sustainable returns in future too.

Your Management Board team



Holger Schmidmayr



Ernst Vejdovsky



Holger Schmidmayr and Ernst Vejdovsky

# Business development

## **Ideal property market environment in CEE, steady growth in Austria and Germany**

Unaffected by developments in the real estate market in the USA, the climate in property markets in the countries we are targeting for investment – Austria, Germany, and especially CEE countries – continues to be excellent.

With top yields on office property in Prague and Budapest already running at Viennese levels (just under 5%), in these markets the convergence process is more or less completed. In Bucharest and Sofia, on the other hand, one can still achieve returns of between 6.5% and 7%. In Kiev the yields for retail properties in prime locations and equipped to highest standards are significantly higher, ranging between 7% and 9.5%. Rents in both office and retail segments are still at very high levels. In the retail segment in particular the demand continues to be very high, and there is an increasing tendency to invest in so called secondary cities, wherever the number of inhabitants indicates sufficient potential.

After years of stable prices, rents for Viennese office property are currently on the rise. Top yields are now barely 5%. In the residential segment prices for properties in prime positions are also still rising, pushing down the yields to well below 4.5%.

Riding on the back of the significant and noticeable economic upswing (further drop in unemployment, stronger economic growth) and growing investment activity by German open-end funds, the prices for residential property in prime locations in Germany – and especially in Berlin – have increased markedly. Yields here average about 5–6%. In office property there is still a wide spread: for prime locations, yields range between 4% (Munich) and as much as 5.5% (Hamburg).

## **Average growth rates in CEE economies uninterrupted high**

In third quarter 2007 general economic conditions in the markets Sparkassen Immobilien AG in which invests remained very favourable, and growth continued unchecked. Despite the upheavals in the capital markets, economic growth in Austria and the other EU countries will be in the region of a relatively robust 2.4% annually. CEE markets were also hardly affected by the U.S. subprime crisis: the region is still experiencing strong growth, with an average economic growth rate of about 6.5%.

The reduction in interest rates by the Federal Reserve in mid-September in response to the US real estate crisis calmed and stabilised the situation. The ECB also refrained from raising interest rates. The danger of further interest rate increases, given the ECB's concerns about a possible revival of inflation, is nonetheless not yet completely averted.

## **s IMMO AG: highly satisfactory performance for first three quarters of 2007**

### **Significant improvement in revenue and earnings indicators**

For the first nine months of 2007 revenues and rental income continued to grow steadily: compared with the same period last year, revenues were up 35% to EUR 68.4m, and rental income rose by 32% to EUR 54.9m, mainly as a result of the acquisitions in Germany. Austrian and German properties still accounted for 71% of the revenues; a major increase in the proportion of revenues contributed by CEE countries is only expected when the development projects are completed, starting in 2009.

Property disposals in Austria and Prague, with sales proceeds 10% to 20% above the most recent valuations, boosted gains on disposals to EUR 11.1bn. EBITDA rose by 88% to EUR 88.4m, compared with EUR 47.1m for the same period last year, while EBIT for the first nine months was also up by 88% to EUR 86m. This increase in earnings is chiefly attributable to gains on property disposals, together with the increase in value of existing properties in Austria, Germany and the CEE. The total growth as a result of revaluation of properties since the beginning of the year was EUR 41.5m, or approximately 3% of the property portfolio.

Other operating expenses increased by 81%: in the main, these are expenses directly attributable to properties, such as expenses that are passed on to tenants in the form of service charges, as well as maintenance costs and other property-related costs. They also include management and administrative fees totalling EUR 4.4m, the lowest fees charged compared to our Austrian peers. Other financial expense also increased substantially, from EUR 7.5m to EUR 17.5m, as a result of higher leverage – at 30 September 2007 the loan-to-value ratio was 56% including participating certificates, and the net financing cost rose to EUR 32.7m. There was no addition to one-time participation certificates expense in the third quarter: the one-time costs of the restructuring were all recognised in the first half year.

The profit before tax (EBT) was EUR 32.3m, compared to EUR 30.1m in the same period last year. Taxes on income resulted in minimal cash outflows of EUR 0.7m, and consoli-

dated post-tax profit rose by 9% to EUR 24.1m. After deducting minority interests, the balance remaining for shareholders amounted to EUR 21.4m. Cash flow from operating activities came to EUR 35.5m, compared to EUR 35.2m in the same period last year, and funds from operations (FFO) was EUR 11.8m, as compared with EUR 19.9m.

### **Consolidated balance sheet**

Sparkassen Immobilien AG's total assets as at 30 September 2007 rose to EUR 1.7 bn (30.09.2006: EUR 1.3 bn), of which EUR 1.487m were non-current assets. Rental properties were up by 37%. Equity increased to EUR 613.6m (30.09.2006: EUR 612.6m). Long-term liabilities to banks grew by 79% to EUR 467.1m, so that gearing stayed at 137% including the participation certificates and was at solid 89% without the participation certificates. Around 84% of the interest on long-term bank borrowing is at fixed rates for 9 years and protected with interest rate hedges such as caps, swaps and collars.

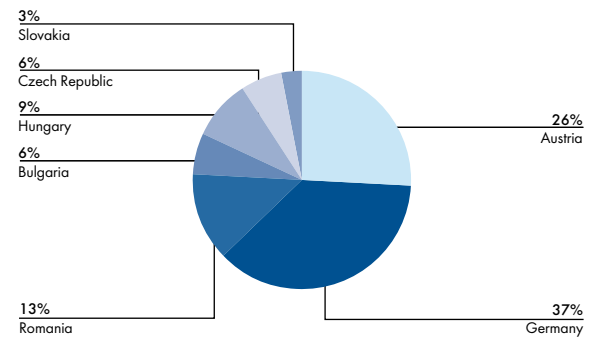
### **Very positive outlook**

Sparkassen Immobilien AG's Management is expecting another positive performance by the Group in financial 2007, with significantly higher figures year on year for all major revenue and earnings indicators. For the first time, Management is issuing guidance: it expects revenues to be of the order of EUR 90m, about EUR 72m of which will be rental income. EBIT will be around EUR 100m, and earnings per share roughly EUR 0.36.

### Property portfolio development during first three quarters of 2007

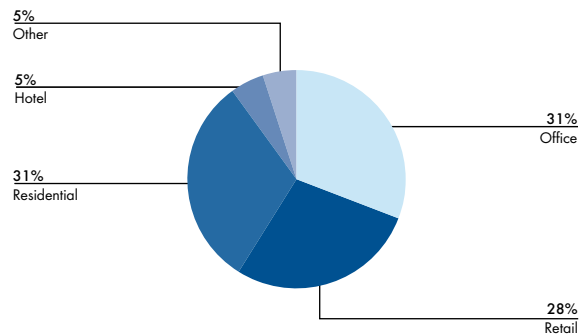
In the first three quarters of the year Sparkassen Immobilien AG has expanded its portfolio through numerous acquisitions, with the emphasis on properties in Germany. The property value was up to EUR 1.5 bn, an increase of 56% compared with the same period last year. The portfolio as at 30 September 2007 was made up of 202 properties with total lettable space of 1,247,000 m<sup>2</sup>, of which 291,500 m<sup>2</sup> (23%) consisted of development projects. Total lettable space rose by 55% compared with the position a year earlier. By region, 63% of the lettable space was in Austria and Germany, and 37% in CEE countries. The average gross rental yield for the whole portfolio was 5.9% as at 30 September 2007. In Austria it was 5.9%, and in Germany it was 5.9% due to lower occupancy rates, and for the CEE countries it was 5.9% due to the extensive refurbishment of Hotel Marriott in Budapest. At balance sheet date the overall occupancy rate was 93%: in Austria the rate was 95%, in the CEE 99%, while in Germany it was only 90%. More active tenant management and development measures already under way are expected to raise the occupancy rate in Germany significantly by the end of 2008.

### Total lettable space by region \*



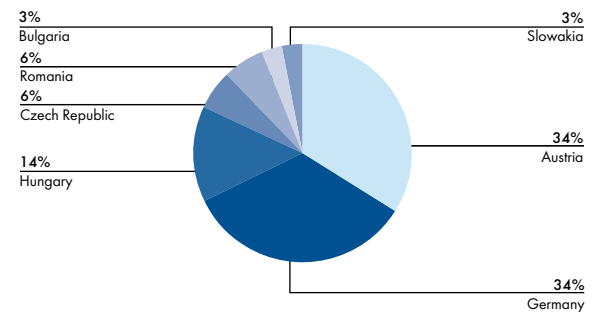
\*including properties under development.

### Total lettable space by property type \*



\*including properties under development.

### Property portfolio by region \*



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



**Changes in portfolio: real estate acquisition with emphasis on Germany, development projects on track**

In the first three quarters of 2007 a total of 106 properties and several plots of land with total lettable space of 312,200 m<sup>2</sup> were acquired, of which 88 properties with total lettable space of 193,800 m<sup>2</sup> were acquired in the third quarter. This included a portfolio made up of residential and commercial space in Hamburg comprising three properties and 6,500 m<sup>2</sup> of lettable space, and a portfolio of 11 residential and commercial properties with 17,600 m<sup>2</sup> of lettable space in prime locations in Berlin Mitte. At the beginning of the third quarter Sparkassen Immobilien AG took over an entire portfolio of residential blocks with 2,200 apartments and 170,000 m<sup>2</sup> of lettable space, mainly in prime locations in Berlin and Leipzig. Construction work on our development projects in Prague, Bucharest and Sofia is proceeding according to plan.

In the first three quarters of 2007 about EUR 85m was invested in development projects.

Events after balance sheet date:

With effect from 1 October and 1 November, a transfer of 23 properties was completed. The relevant agreement – for the acquisition of a package of residential properties in Berlin – was concluded towards the end of 2006.

This package is made up of a total of 53 classic, turn of century apartment blocks located in good and prime locations in Berlin with a total lettable space of 176,000 m<sup>2</sup>.

On 1 October 5 properties with a purchase price of EUR 10m were added to the portfolio, and on 1 November a further 18 properties costing EUR 33.7m followed. The remaining properties will be taken over in stages over the next few months.

Herzmansky, a department store located on Vienna's Mari-ahilferstrasse with Peek & Cloppenburg as the main tenant, was sold as of 25 October 2007 following the purchase of the remaining 25% of shares to a project development company belonging to the Peek & Cloppenburg group. The property has a total lettable space of 18,200 m<sup>2</sup>, of which 16,300 m<sup>2</sup> are retail space and 1,900 m<sup>2</sup> are office and other space. The purchase price was not disclosed.

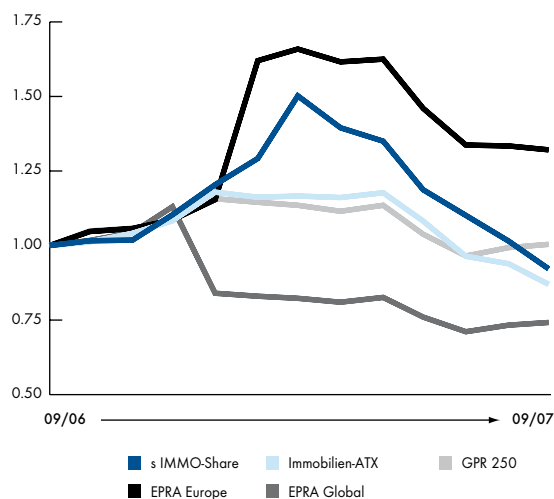
# s IMMO share

s IMMO share's stock market price was unable to escape being affected by general trends in capital markets, and in particular by the performance of real estate stocks. The decline precipitated by the US subprime crisis in May and June of this year and the resulting interest rate concerns and liquidity problems of international investors has continued throughout the third quarter, though at varying rates. The performance of s IMMO share followed the downwards trend with a slight time lag, and lost 16.4% between 1 January 2007 and the balance sheet date at 30 September 2007. This made s IMMO share the stock that suffered the smallest loss in comparison both with its Austrian peers and with the Real Estate ATX. On a one-year basis, as of 30 September 2007 s IMMO share was down 7.8%, while since initial listing it has gained 15.49%.

While the relevant international real estate indexes, GPR 250 and EPRA, have shown slight signs of recovery, Austrian property stocks – shaken by a crisis of confidence in the sector – continued to lose ground. At the time of this report no uniform trend was discernible and the market for property shares continues to be somewhat volatile, although analysts are beginning to predict that the market is bottoming out. With a 15% discount to its NAV as at 30 September 2007, s IMMO share represents an excellent opportunity to invest, since general economic conditions – stable interest rates and attractive and by no means overheated property markets in Austria, Germany and the CEE – do not justify any such price corrections. In recent weeks Sparkassen Immobilien AG has held a series of briefing meetings, one-on-ones and has been engaged in intensified discussions with private and institutional investors alike, as part of the process of increasing confidence and transparency. Management will be using the results for the first three quarters of 2007 in roadshows – both in individual discussions and in group presentations – to forge stronger links with international institutional investors again.

Net asset value (NAV) per share at 30 September 2007 rose after EUR 8.4 at 30 September 2006 to EUR 9.7 – a gain of 15%. Earnings per share increased to EUR 0.31, excluding the one-time effects on participation certificates earnings per share would be up to EUR 0.62.

Share price  
Performance s IMMO share Sept. 06 – Sept. 07



## Stock exchange and performance data

|                        |              |  |        |
|------------------------|--------------|--|--------|
| ISIN code              | AT0000652250 | Market price as at 30 September 2007 (EUR) | 8.20   |
| Bloomberg              | SPI AV       | Performance 1 year                         | -7.8%  |
| Reuters                | SIAG.VI      | Year to date                               | -16.4% |
| Application of profits | Accumulating | 3 years                                    | 3.8%   |
| Initial listing        | 28 June 2002 | Since initial listing                      | 15.49% |

## Key indicators, share

|                                       | 30.09.2007 | 30.09.2006 | Change |
|---------------------------------------|------------|------------|--------|
| Earnings per share (EPS) in EUR       | 0.31*      | 0.37       | -16%   |
| Cash flow per share (EUR)             | 0.17       | 0.35       | -51%   |
| Net asset value (NAV) per share (EUR) | 9.7        | 8.4        | +15%   |
| Price/cash flow ratio                 | 36         | 19         |        |
| Price/NAV ratio in %                  | 85         | 106        |        |
| Number of shares                      | 68,118,718 | 68,118,718 |        |
| Price at end of quarter (EUR)         | 8.20       | 8.89       | -7.8%  |

\*incl. one time participation certificate expenses.

## Financial calendar 2007/2008

|                                     |                  |
|-------------------------------------|------------------|
| Results – third quarter 2007        | 7 November 2007  |
| Results – financial year 2007       | 17 April 2008    |
| Results – first quarter 2008        | 20 May 2008      |
| Results – first half 2008           | 20 August 2008   |
| Results – first three quarters 2008 | 18 November 2008 |

## s IMMO INVEST

### Stock exchange and performance data

|                        |   |  |             |
|------------------------|---|--|-------------|
| ISIN code              | AT0000795737 / AT0000630690 (2nd tranche) | Market price as at 30 September 2007 (EUR) | 98.00/98.95 |
| Bloomberg              | SPiG AV                                   | Performance 1 year                         | 0.3%/8.9%   |
| Reuters                | SIMiG.VI                                  | Three years (p.a.)                         | 8%          |
| Application of profits | Annual distribution                       | Since initial listing (p.a.)               | 8.4%/9.5%   |
| Initial listing        | 29 December 1996/10 November 2004         |  |             |



**Development project "Serdika Center", Sofia/Bulgaria**

Lettable space: 50.000 m<sup>2</sup> shopping mall, 35.000 m<sup>2</sup> office

Expected investment volume: EUR 210m

Expected year of completion: 2009

# Notes to the consolidated financial statements

- 12 Consolidated balance sheet
- 14 Consolidated income statement
- 15 Consolidated cashflow statement
- 16 Changes in consolidated equity
- 17 Notes

This interim report for the nine months ended 30 September 2007 has neither been audited nor subjected to review.

# Consolidated balance sheet as at 30 September 2007

| EUR '000                                  | Notes  | 30.09.2007       | 31.12.2006       |
|---|--------|------------------|------------------|
| <b>ASSETS</b>                             |        |                  |                  |
| <b>A. Non-current assets</b>              |        |                  |                  |
| I. Intangible assets                      |        |                  |                  |
| 1. Other                                  |        | 59               | 36               |
| II. Property, plant and equipment         |        |                  |                  |
| 1. Properties                             | 15, 16 |                  |                  |
| a) Rental properties                      |        | 1,158,860        | 844,641          |
| b) Rental properties held for disposal    |        | 77,000           | 151,680          |
| c) Hotels under management                |        | 93,176           | 73,273           |
| d) Properties under construction          |        | 145,446          | 102,121          |
|   |        | <b>1,474,482</b> | <b>1,171,715</b> |
| 2. Other plant and equipment              |        |                  |                  |
| a) Other                                  |        | 1,338            | 1,771            |
| III. Financial assets                     | 17     |                  |                  |
| 1. Investments in affiliates              |        | 256              | 141              |
| 2. Other investments                      |        | 7,024            | 7,312            |
| IV. Non-current receivables               |        |                  |                  |
| 1. Deferred tax assets                    |        | 4,020            | 3,145            |
|   |        | <b>1,487,179</b> | <b>1,184,120</b> |
| <b>B. Current assets</b>                  |        |                  |                  |
| I. Receivables and other assets           |        |                  |                  |
| 1. Trade receivables                      |        | 7,148            | 3,676            |
| 2. Financial receivables                  |        | 32,744           | 22,909           |
| 3. Other receivables and assets           |        | 20,298           | 20,177           |
|   |        | <b>60,190</b>    | <b>46,761</b>    |
| II. Marketable securities and investments |        | 0                | 5,201            |
| III. Cash and cash equivalents            |        | 146,462          | 75,387           |
|   |        | <b>206,652</b>   | <b>127,349</b>   |
| <b>C. Accruals and prepayments</b>        |        |                  |                  |
|   |        | <b>1,474</b>     | <b>3,709</b>     |
|   |        | <b>1,695,305</b> | <b>1,315,178</b> |

| EUR '000                                     | Notes | 30.09.2007       | 31.12.2006       |
|--|-------|------------------|------------------|
| <b>LIABILITIES</b>                           |       |                  |                  |
| <b>A. Shareholders' equity</b>               |       |                  |                  |
| I. Share capital                             |       | 247,509          | 247,509          |
| II. Reserves                                 |       | 328,015          | 293,759          |
| III. Consolidated net profit                 |       | 21,377           | 36,820           |
| IV. Minority interests                       |       | 16,716           | 34,553           |
|  |       | <b>613,617</b>   | <b>612,641</b>   |
| <b>B. Non-current liabilities</b>            |       |                  |                  |
| 1. Participating certificates                | 18    | 294,410          | 314,062          |
| 2. Long-term liabilities to banks            | 19    | 467,103          | 260,975          |
| 3. Provisions                                |       |                  |                  |
| a) Deferred tax liabilities                  |       | 37,841           | 25,767           |
| b) Other                                     |       | 5,599            | 6,158            |
|  |       | <b>43,440</b>    | <b>31,925</b>    |
| 4. Other liabilities                         |       |                  |                  |
| a) Long-term liabilities to banks            |       | 59,975           | 0                |
| b) Construction costs and tenants' financing |       | 11,528           | 11,665           |
| c) Housing construction subsidies            |       | 5,747            | 6,113            |
| d) Other                                     |       | 6,985            | 4,943            |
|  |       | <b>84,235</b>    | <b>22,721</b>    |
|  |       | <b>889,188</b>   | <b>629,683</b>   |
| <b>C. Current liabilities</b>                |       |                  |                  |
| 1. Financial liabilities                     |       | 164,110          | 30,224           |
| 2. Trade payables                            |       | 7,213            | 6,799            |
| 3. Other liabilities                         |       | 17,094           | 31,311           |
|  |       | <b>188,417</b>   | <b>68,334</b>    |
| <b>D. Deferred income</b>                    |       |                  |                  |
|  |       | <b>4,082</b>     | <b>4,520</b>     |
|  |       | <b>1,695,305</b> | <b>1,315,178</b> |

## Consolidated income statement for the nine months ended 30 September 2007

|   | Notes | 1.1.-30.9.<br>2007 | 1.7.-30.9.<br>2007 | 1.1.-30.9.<br>2006 | 1.7.-30.9.<br>2006 |
|---|-------|--------------------|--------------------|--------------------|--------------------|
| in TEUR   |       |                    |                    |                    |                    |
| 1. Revenues                                     | 8     | 68,418             | 23,280             | 50,746             | 17,528             |
| whereof: rental income                          |       | 54,894             | 18,948             | 41,586             | 14,566             |
| 2. Revaluation of properties                    | 15    | 41,479             | 24,712             | 11,605             | 3,868              |
| 3. Other operating income                       | 9     | 2,758              | 981                | 4,195              | 947                |
| 4. Gains on property disposals                  | 10    | 11,073             | 11,073             | 123                | -14                |
| <b>5. Operating revenue</b>                     |       | <b>123,728</b>     | <b>60,046</b>      | <b>66,669</b>      | <b>22,329</b>      |
| 6. Depreciation and amortisation                |       | -2,341             | -813               | -1,391             | -462               |
| 7. Other operating expenses                     | 11    | -35,363            | -13,978            | -19,588            | -7,685             |
| <b>8. Operating profit (EBIT)</b>               |       | <b>86,024</b>      | <b>45,255</b>      | <b>45,690</b>      | <b>14,182</b>      |
| 9. Net financing cost                           | 12    | -32,741            | -15,656            | -15,592            | -4,336             |
| 10. One-time participation certificates expense | 13    | -20,982            | 0                  | 0                  | 0                  |
| <b>11. Profit before tax (EBT)</b>              |       | <b>32,301</b>      | <b>29,599</b>      | <b>30,098</b>      | <b>9,847</b>       |
| 12. Taxes on income                             | 14    | -8,242             | -7,067             | -7,952             | -2,698             |
| <b>13. Profit after tax</b>                     |       | <b>24,059</b>      | <b>22,532</b>      | <b>22,146</b>      | <b>7,148</b>       |
| whereof: interests of shareholders              |       |                    |                    |                    |                    |
| in parent company                               |       | 21,377             | 20,389             | 21,080             | 6,847              |
| whereof: minority interests                     |       | 2,682              | 2,143              | 1,066              | 301                |

### Earnings per share

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

|  | 1-9/2007    | 1-9/2006    |
|--|-------------|-------------|
| Equity share of consolidated net profit EUR '000 | 21,377      | 21,080      |
| Average number of shares in circulation          | 68,118,718  | 56,316,520  |
| <b>Consolidated earnings per share EUR</b>       | <b>0.31</b> | <b>0.37</b> |



## Consolidated cash flow statement for the nine months ended 30 September 2007

| EUR '000                                    | 01.01.-30.09.2007 | 01.01.-30.09.2006 |
|---|-------------------|-------------------|
| <b>Profit before tax (EBT)</b>              | <b>32,301</b>     | <b>30,098</b>     |
| Revaluation of properties                   | -41,479           | -11,605           |
| Depreciation and amortisation               | 2,341             | 1,391             |
| Gains on property disposals                 | -11,073           | -123              |
| Taxes on income paid                        | -299              | -186              |
| Net financing cost                          | 32,741            | 15,592            |
| One-time participation certificates expense | 20,982            | 0                 |
| <b>Cash flow from operations</b>            | <b>35,514</b>     | <b>35,167</b>     |

## Changes in consolidated equity

| EUR '000                               | Share capital  | Capital reserves | Revenue reserves | Minority interests | Total          |
|--|----------------|------------------|------------------|--------------------|----------------|
| <b>Cost – 1 January 2007</b>           | <b>247,509</b> | <b>241,301</b>   | <b>35,863</b>    | <b>33,430</b>      | <b>558,103</b> |
| Change in accounting policy            | 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                | 5,529              | 5,529          |
| Disposals                              | 0              | 0                | 0                | -26,053            | -26,053        |
| Consolidated net profit                | 0              | 0                | 21,377           | 2,682              | 24,059         |
| Other changes                          | 0              | 0                | -2,564           | 5                  | -2,559         |
| whereof: available-for-sale securities | 0              | 0                | 757              | 0                  | 757            |
| whereof: exchange differences          | 0              | 0                | -3,321           | 5                  | -3,316         |
| <b>30 September 2007</b>               | <b>247,509</b> | <b>241,301</b>   | <b>108,091</b>   | <b>16,716</b>      | <b>613,617</b> |

### Details of share capital

| EUR '000                  | 30.09.2007     | 01.01.2007     | Change   |
|---------------------------|----------------|----------------|----------|
| 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 number of shares

| Units  | 30.09.2007        |
|--|-------------------|
| Issued share capital – 1 January 2007            | 68,118,718        |
| Capital increase                                 | 0                 |
| Treasury shares sold                             | 0                 |
| <b>Issued share capital at 30 September 2007</b> | <b>68,118,718</b> |
| Treasury shares                                  | 0                 |
| <b>Total shares in issue</b>                     | <b>68,118,718</b> |

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 nine months ended 30 September 2007 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

### 2. GENERAL

#### 2.1. Business

s Immobilien AG Group is a real estate group (acquisition, development and letting 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 September 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 have been 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. CONSOLIDATED GROUP

In addition to the accounts of s Immobilien AG, the consolidated financial statements include the accounts of 60 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 2007:

| Company   | Location  | Country | Nominal capital | %      | Currency | Initial consolidation as of |
|---|-----------|---------|-----------------|--------|----------|-----------------------------|
| API Holding AG  | Salzburg  | A       | 100,000.00      | 98.00  | EUR      | 30.4.2007                   |
| E.V.I. Immobilienbeteiligungs GmbH                        | Vienna    | A       | 35,000.00       | 100.00 | EUR      | 1.1.2007                    |
| „Hermes“ Bau Planungs- und Errichtungsgesellschaft m.b.H. | Vienna    | A       | 36,336.42       | 100.00 | EUR      | 30.9.2007                   |
| GERMAN PROPERTY INVESTMENT I APS (GPI I APS)              | Aarhus    | DK      | 118,000.00      | 94.40  | DKK      | 31.3.2007                   |
| GERMAN PROPERTY INVESTMENT II APS (GPI II APS)            | Aarhus    | DK      | 118,000.00      | 94.40  | DKK      | 31.3.2007                   |
| GERMAN PROPERTY INVESTMENT III APS (GPI III APS)          | Aarhus    | DK      | 125,000.00      | 94.40  | DKK      | 1.7.2007                    |
| SIAG Deutschland Beteiligungs-Verwaltungs GmbH            | Berlin    | D       | 25,000.00       | 100.00 | EUR      | 2.7.2007                    |
| SIAG Deutschland Beteiligungs GmbH & Co. KG               | Berlin    | D       | 100,100.00      | 94.90  | EUR      | 2.7.2007                    |
| SIAG Berlin Wohnimmobilien GmbH                           | Vienna    | A       | 3,982,500.00    | 99.74  | EUR      | 2.7.2007                    |
| SIAG Leipzig Wohnimmobilien GmbH                          | Berlin    | D       | 750,000.00      | 99.74  | EUR      | 2.7.2007                    |
| Maior Domus Hausverwaltung GmbH                           | Berlin    | D       | 25,000.00       | 75.00  | EUR      | 2.7.2007                    |
| CEE Property-Invest Hungary 2003 Ingatlan Kft             | Budapest  | H       | 3,000,000.00    | 100.00 | HUF      | 1.1.2007                    |
| ROTER INVESTITIII IMOBILIARE S.R.L.                       | Bucharest | RO      | 4,472,020.00    | 100.00 | RON      | 1.1.2007                    |
| Austria Real Invest Ukraine LCC                           | Kiev      | UA      | 66,382.25       | 100.00 | UAH      | 21.2.2007                   |
| CEE PROPERTY BULGARIA EOOD                                | Sofia     | BG      | 20,000.00       | 100.00 | BGL      | 1.1.2007                    |

The three Danish companies (GPI APSs) were acquired by s Immobilien AG, and they in their turn acquired seven residential properties in Northern Germany with a total value of EUR 16.5m. E.V.I. Immobilienbeteiligungs GmbH, an s Immobilien AG subsidiary not previously included in consolidation, acquired the Lloydhof property in Bremen in the second quarter for EUR 21.8m.

At the beginning of the third quarter the entire residential rental property portfolio of Citec Immobilien-Gruppe in Germany with a value of EUR 185m was acquired, together with debts of EUR 119.8m. Sparkassen Immobilien AG is taking over 88 properties with about 2,200 apartments, most of them in prime positions in Berlin and Leipzig. In addition to the two property ownership companies, two holding companies and

one property management company acquired at the same time were also included in consolidation for the first time

API Holding AG, Salzburg, and Austria Real Invest Ukraine LCC, Kiev, were formed in first half of 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 roughly 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 of the year.

The shares of „Hermes“ Bau Planungs- und Errichtungsgesellschaft m.b.H. were acquired at the end of the third quarter. Its assets consist of one office property worth EUR 1.9m. No material debts were assumed.

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

In the third quarter of 2007 the Czech intermediary holding company Palac Karlin s.r.o. and its subsidiary, the property ownership company Palác Karlin Property a.s., were sold. In Austria the 75% interest in Kaufhaus Steffl Betriebs AG was sold. The details of these transactions are shown in note 10. Also in the third quarter the company acquired the remaining 25% stake of Herzmansky Kaufhaus AG at a purchase price of EUR 6.4m.

#### 4. BASIS OF CONSOLIDATION

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. Annual financial statements prepared in foreign currencies 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 annually on the basis of current market conditions, and largely by independent, professional, court-recognised experts. The valuations are based on earnings, calculated on the basis of expected sustainable future rental yields and market interest rates (Austria: 3.5%–7%; elsewhere: 4.5%–8%). Properties purchased close to balance sheet date are valued on the basis of acquisition costs.

### Hotels under 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 (years) |    |
|---------------------------|-------------------------------|----|
|                           | from                          | to |
| Hotels 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 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 nine months 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 sale of property ownership companies and intermediary holding companies, e.g., 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 carry forwards 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 cost of acquisition: at 30 September 2007 their positive market value was EUR 3,956,000, 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 comparative figures for last year have been restated.

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

| EUR '000   | At Cost          | Adjustments    | Fair value       |
|--|------------------|----------------|------------------|
| <b>ASSETS as at 1 January 2007</b>                 |                  |                |                  |
| <b>A. Non-current assets</b>                       |                  |                |                  |
| I. Intangible assets                               |                  |                |                  |
| 1. Other   | 36               | 0              | 36               |
| II. Property, plant and equipment                  |                  |                |                  |
| 1. Rental properties                               | 732,889          | 111,752        | 844,641          |
| 2. Rental properties held for disposal             | 147,640          | 4,040          | 151,680          |
| 3. Hotels under management                         | 73,273           | 0              | 73,273           |
| 4. Properties under development                    | 102,121          | 0              | 102,121          |
| 5. Other plant and equipment                       | 1,771            | 0              | 1,771            |
| III. Financial assets                              | 7,027            | 426            | 7,453            |
| IV. Non-current receivables                        | 3,145            | 0              | 3,145            |
|  | <b>1,067,902</b> | <b>116,218</b> | <b>1,184,120</b> |
| <b>B. Current assets</b>                           | <b>127,349</b>   | <b>0</b>       | <b>127,349</b>   |
| <b>C. Accruals and prepayments</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> |
| <b>EQUITY AND LIABILITIES as at 1 January 2007</b> |                  |                |                  |
| <b>A. Shareholders' equity</b>                     |                  |                |                  |
| I. Share capital                                   | 247,509          | 0              | 247,509          |
| II. Reserves                                       | 277,164          | 53,415         | 330,579          |
| III. Consolidated net profit                       | 0                | 0              | 0                |
| IV. Minority interests                             | 33,430           | 1,123          | 34,553           |
|  | <b>558,103</b>   | <b>54,538</b>  | <b>612,641</b>   |
| <b>B. Non-current liabilities</b>                  |                  |                |                  |
| 1. Participating certificates                      | 269,058          | 45,004         | 314,062          |
| 2. Long-term liabilities to banks                  | 260,975          | 0              | 260,975          |
| 3. Provisions                                      | 12,434           | 19,491         | 31,925           |
| 4. Other liabilities                               | 22,721           | 0              | 22,721           |
|  | <b>565,188</b>   | <b>64,495</b>  | <b>629,683</b>   |
| <b>C. Current liabilities</b>                      | <b>71,149</b>    | <b>-2,815</b>  | <b>68,334</b>    |
| <b>D. Deferred income</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

Nine months ended 30 September 2006  
EUR '000

|  | At cost       | Adjustments   | Fair value    |
|--|---------------|---------------|---------------|
| 1. Revenues  | 50,746        | 0             | 50,746        |
| 2. Revaluation of properties                         | 0             | 11,605        | 11,605        |
| 3. Other operating income                            | 4,195         | 0             | 4,195         |
| 4. Gains on property disposals                       | 1,222         | -1,099        | 123           |
| <b>5. Operating revenue</b>                          | <b>56,163</b> | <b>10,506</b> | <b>66,669</b> |
| 6. Depreciation and amortisation                     | -15,971       | 14,580        | -1,391        |
| 7. Other operating expenses                          | -19,588       | 0             | -19,588       |
| <b>8. Operating profit (EBIT)</b>                    | <b>20,604</b> | <b>25,086</b> | <b>45,690</b> |
| 9. Financial profit/loss                             | -8,605        | -6,987        | -15,592       |
| <b>10. Profit before tax (EBT)</b>                   | <b>11,999</b> | <b>18,099</b> | <b>30,098</b> |
| 11. Taxes on income                                  | -2,455        | -5,497        | -7,952        |
| <b>12. Profit after tax</b>                          | <b>9,544</b>  | <b>12,602</b> | <b>22,146</b> |
| whereof: interests of shareholders in parent company | 8,925         | 12,155        | 21,080        |
| whereof: minority interests                          | 619           | 447           | 1,066         |

**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        |                |
|---|----------------|----------------|----------------|----------------|
|   | 30.09.<br>2007 | 30.09.<br>2006 | 30.09.<br>2007 | 30.09.<br>2006 |
| Revenues  | 28,297         | 28,153         | 20,613         | 6,901          |
| Other operating<br>income   | 30,515         | 13,324         | -6,622         | -869           |
| <b>Operating revenue</b>  | <b>58,812</b>  | <b>41,477</b>  | <b>13,991</b>  | <b>6,032</b>   |
| Depreciation<br>and amortization  | -67            | -81            | -31            | -19            |
| Other operating<br>expenses   | -17,574        | -12,604        | -8,842         | -1,876         |
| <b>Operating profit</b>   | <b>41,171</b>  | <b>28,792</b>  | <b>5,118</b>   | <b>4,137</b>   |
| Non-current assets<br>as at 30 Sept. 07   | 511,622        | 539,791        | 518,522        | 240,021        |
| Non-current liabilities<br>(including partici-<br>pating certificates in<br>Austria) as at<br>30 Sept. 07 | 338,964        | 427,687        | 331,142        | 64,244         |

| Slovakia       |                | Czech Republic |                | Hungary        |                | Bulgaria       |                | Romania        |                | Ukraine        |                | Total          |                |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 30.09.<br>2007 | 30.09.<br>2006 | 30.09.<br>2007 | 30.09.<br>2006 | 30.09.<br>2007 | 30.09.<br>2006 | 30.09.<br>2007 | 30.09.<br>2006 | 30.09.<br>2007 | 30.09.<br>2006 | 30.09.<br>2007 | 30.09.<br>2006 | 30.09.<br>2007 | 30.09.<br>2006 |
| 3,119          | 2,650          | 5,096          | 5,143          | 9,187          | 7,899          | 0              | 0              | 2,106          | 0              | 0              | 0              | 68,418         | 50,746         |
| 1,766          | -1             | 12,680         | 8              | 16,955         | 3,460          | 16             | 0              | 0              | 0              | 0              | 0              | 55,310         | 15,923         |
| <b>4,885</b>   | <b>2,649</b>   | <b>17,776</b>  | <b>5,151</b>   | <b>26,142</b>  | <b>11,359</b>  | <b>16</b>      | <b>0</b>       | <b>2,106</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>123,728</b> | <b>66,669</b>  |
| -41            | -41            | -98            | -118           | -1,488         | -1,127         | 0              | 0              | -616           | -4             | 0              | 0              | -2,341         | -1,391         |
| -1,027         | -958           | 3,339          | -1,478         | -2,925         | -2,572         | -209           | -2             | -1,403         | -98            | -44            | 0              | 35,363         | -19,588        |
| <b>3,817</b>   | <b>1,650</b>   | <b>14,339</b>  | <b>3,555</b>   | <b>21,729</b>  | <b>7,660</b>   | <b>-193</b>    | <b>-2</b>      | <b>87</b>      | <b>-102</b>    | <b>-44</b>     | <b>0</b>       | <b>86,024</b>  | <b>45,690</b>  |
| 40,890         | 39,160         | 94,794         | 107,569        | 200,281        | 165,262        | 45,300         | 40,430         | 75,726         | 51,463         | 44             | 0              | 1,487,179      | 1,183,694      |
| 16,705         | 6,374          | 73,216         | 49,053         | 122,274        | 79,030         | 0              | 0              | 6,887          | 55             | 0              | 0              | 889,188        | 626,443        |

Segmentation by property type:

| Segmentation by property type | Revenues<br>1-9/2007 | %             | Revenues<br>1-9/2006 | %             |
|-------------------------------|----------------------|---------------|----------------------|---------------|
|                               | EUR '000             |               | EUR '000             |               |
| Office                        | 36,494               | 53.34         | 29,504               | 58.14         |
| Residential                   | 12,152               | 17.76         | 4,522                | 8.91          |
| Commercial                    | 14,590               | 21.32         | 13,655               | 26.91         |
| Hotel                         | 5,182                | 7.58          | 3,065                | 6.04          |
|                               | <b>68,418</b>        | <b>100.00</b> | <b>50,746</b>        | <b>100.00</b> |

Revenues were made up as follows:

| EUR '000        | 1-9/2007      | 1-9/2006      |
|-----------------|---------------|---------------|
| Rental income   | 54,894        | 41,586        |
| Service charges | 13,524        | 9,160         |
|                 | <b>68,418</b> | <b>50,746</b> |

## 9. OTHER OPERATING INCOME

| EUR '000                                  | 1-9/2007     | 1-9/2006     |
|---|--------------|--------------|
| Gross operating profit (hotel operations) | 658          | 3,294        |
| Release of                                |              |              |
| housing construction subsidies            | 367          | 367          |
| Other                                     | 1,733        | 534          |
|   | <b>2,758</b> | <b>4,195</b> |

## 10. GAINS ON PROPERTY DISPOSALS

| EUR '000                     |         | 1-9/2007      | 1-9/2006   |
|------------------------------|---------|---------------|------------|
| Disposal proceeds            |         | 103,688       | 10,195     |
| Carrying value of disposals: |         |               |            |
| Rental properties            | -1,835  |               |            |
| Property held for disposal   | -90,780 | -92,615       | -10,072    |
|                              |         | <b>11,073</b> | <b>123</b> |

The disposal proceeds are from the sale of two property ownership companies and two properties in Austria and the Czech Republic.

## 11. OTHER OPERATING EXPENSES

| EUR '000                       | 1-9/2007      | 1-9/2006      |
|--------------------------------|---------------|---------------|
| Expenses directly attributable |               |               |
| to property                    | 22,535        | 12,228        |
| General management expenses    | 12,828        | 7,360         |
|                                | <b>35,363</b> | <b>19,588</b> |

## 12. FINANCIAL PROFIT/LOSS

| EUR '000                   | 1-9/2007       | 1-9/2006       |
|----------------------------|----------------|----------------|
| Income entitlements of     |                |                |
| participation certificates | -20,100        | -13,633        |
| Financial expense          | -17,502        | -7,451         |
| Financial income           | 4,861          | 5,492          |
|                            | <b>-32,741</b> | <b>-15,592</b> |

## 13. ONE-TIME PARTICIPATION CERTIFICATES EXPENSE

The one-time participation certificates expense is made up of EUR 10,174,000 resulting from a change in the terms of the Participation Certificates Agreement as of 1 January 2007 and of EUR 10,808,000 from a book loss in connection with the repurchase of 582,509 participation certificates on 2 July 2007. These certificates were withdrawn by end of September 2007.

## 14. TAXES ON INCOME

| EUR '000                       | 1-9/2007     | 1-9/2006     |
|--------------------------------|--------------|--------------|
| Current tax expense            | 749          | 747          |
| Deferred tax expense           | 9,893        | 7,205        |
| One-time deferred taxes credit | -2,400       | 0            |
|                                | <b>8,242</b> | <b>7,952</b> |

## BALANCE SHEET

### 15. RENTAL PROPERTIES

Changes in rental properties were as follows:

| EUR '000                                  | 1-9/2007         | 1-9/2006       |
|---|------------------|----------------|
| Carrying values as at 1 January -         |                  |                |
| at cost                                   | 732,889          | 642,146        |
| Change in accounting policy               | 111,752          | 75,343         |
| Carrying values as at 1 January -         |                  |                |
| fair value                                | 844,641          | 717,489        |
| Additions                                 | 290,675          | 162,128        |
| Disposals                                 | -1,835           | -10,072        |
| Revaluation surpluses                     | 48,289           | 11,605         |
| Writedowns                                | -22,910          | 0              |
| <b>Carrying values as at 30 September</b> | <b>1,158,860</b> | <b>881,150</b> |

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

| EUR '000       | 1-9/2007       | 1-9/2006       |
|----------------|----------------|----------------|
| Austria        | 14,471         | 95             |
| Germany        | 275,464        | 136,406        |
| Czech Republic | 194            | 152            |
| Hungary        | 547            | 7,146          |
| Slovakia       | 0              | 18,329         |
|                | <b>290,676</b> | <b>162,128</b> |

All properties

| EUR '000                                   | 30.09.2007       | 31.12.2006     |
|--|------------------|----------------|
| <b>Rental properties</b>                   |                  |                |
| Austria                                    | 420,665          | 395,461        |
| Germany                                    | 507,100          | 238,623        |
| Czech Republic                             | 59,280           | 57,310         |
| Hungary                                    | 131,155          | 114,347        |
| Slovakia                                   | 40,660           | 38,900         |
|  | <b>1,158,860</b> | <b>844,641</b> |
| <b>Rental properties held for disposal</b> |                  |                |
| Austria                                    | 77,000           | 125,400        |
| Czech Republic                             | 0                | 26,280         |
|  | <b>77,000</b>    | <b>151,680</b> |

The properties held for disposal at balance sheet date consist of one Austrian commercial property, which is currently let. The revaluation of this property resulted in a gain of EUR 16,100,000.

In the third quarter one Austrian and one Czech property were sold.

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

| EUR '000                                   | 30.09.2007     | 31.12.2006     |
|--|----------------|----------------|
| <b>Hotels under management</b>             |                |                |
| Hungary                                    | 67,317         | 46,806         |
| Romania                                    | 25,859         | 26,467         |
|  | <b>93,176</b>  | <b>73,273</b>  |
| <b>Rental properties under development</b> |                |                |
| Austria                                    | 2,498          | 8,423          |
| Germany                                    | 11,128         | 1,159          |
| Romania                                    | 49,843         | 24,979         |
| Bulgaria                                   | 45,300         | 40,430         |
| Czech Republic                             | 35,247         | 23,582         |
| Hungary                                    | 1,430          | 3,548          |
|  | <b>145,446</b> | <b>102,121</b> |

Fair values of hotels under management amounted to EUR 78,090,000 (Hungary) and EUR 44,670,000 (Romania).

## 17. FINANCIAL ASSETS

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

### Investments

|  | Interest<br>in % | 30.09.2007<br>EUR '000 |
|--|------------------|------------------------|
| BGM-IMMORENT   |                  |                        |
| — Aktiengesellschaft & Co KG   | 22.1             | 2,117                  |
| PCC- Hotelerrichtungs- und<br>— Betriebsgesellschaft m.b.H. & Co. KG |                  |                        |
| — Participating loan   |                  | 4,148                  |
| ERSTE Immobilien   |                  |                        |
| — Kapitalanlagegesellschaft mbH                                      | 15.0             | 750                    |
| Other  |                  | 9                      |
|  |                  | <b>7,024</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:

|   |                            |
|---|----------------------------|
| (Participation certificate capital<br>+ profit brought forward) * | Consolidated EBIT          |
|   | —————                      |
|   | Average property 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 nine months of 2007 the total income entitlement is EUR 20,100.

As at 30 September 2007 there were 3,250,889 participation certificates were in issue. The total entitlements of participation certificate holders (principal and interest) as of that date were as follows:

|  | Total<br>EUR '000 | Per unit<br>EUR |
|--|-------------------|-----------------|
| Participation certificate capital  | 278,573           | 72.67           |
| Profit brought forward 1 January 2007  | 44,889            | 11.71           |
| Participation certificate capital as at<br>1 January 2007  | 323,462           | 84.38           |
| Repurchase and withdrawal of 582,509<br>participation certificates in July and<br>September 2007 | -49,152           | -               |
| Income entitlements of the participation<br>certificate holders                                  | 20,100            | 6.18            |
| <b>Participation certificate capital as<br/>per 30 September 2007</b>                            | <b>294,410</b>    | <b>90.56</b>    |

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 as follows:

| EUR '000  | 30.9.2007      | 31.12.2006     |
|---|----------------|----------------|
| <b>Lending institutions</b>                         |                |                |
| Erste Bank der oesterreichischen<br>— Sparkassen AG | 146,823        | 67,162         |
| Other Austrian banks                                | 208,102        | 157,023        |
| German banks  | 112,178        | 36,790         |
|   | <b>467,103</b> | <b>260,975</b> |

## 20. EVENTS AFTER BALANCE SHEET DATE

After the balance sheet date, four important transactions were completed.

With effect from 1 October and 1 November, the transfer of 23 properties was completed. The relevant agreement – for the acquisition of a package of residential properties in Berlin – was concluded towards the end of 2006.

The package consisted of 53 classic apartment blocks located in good and prime locations in Berlin with total lettable space of 176,000 m<sup>2</sup>. Because of the mortgages on the properties, Sparkassen Immobilien AG can only assume ownership as and when negotiations with the various banks are concluded.

On 1 October five properties with a purchase price of EUR 10m were taken over, and on 1 November a further 18 properties with a purchase price of EUR 33.7m were added. Further properties will be added to Sparkassen Immobilien's portfolio in the next few months.

Herzmansky, a department store located on the well-known Viennese shopping street Mariahilfer Straße with Peek & Cloppenburg as the main tenant, was sold as of 25 October 2007 following the purchase of the remaining 25% of shares to a project development company belonging to the Peek & Cloppenburg group. The property has total lettable space of 18,200 m<sup>2</sup>, of which 16,300 m<sup>2</sup> are retail space and 1,900 m<sup>2</sup> are office and other space.

Vienna, 6 November 2007

Management Board

Holger Schmidtmayr m.p.

Ernst Vejdovsky m.p.

## **Sparkassen Immobilien Aktiengesellschaft**

A-1060 Vienna, Austria

Windmühlgasse 22-24

Tel.: +43 (0) 5 0100-27550

Fax: +43 (0) 5 0100-27559

### **Investor Relations:**

Institutional investors: Elke Koch, [elkepetra.koch@s-immoag.at](mailto:elkepetra.koch@s-immoag.at)

Private investors: Andreas Feuerstein  
[andreas.feuerstein@s-immoag.at](mailto:andreas.feuerstein@s-immoag.at)

**[www.sparkassenimmobilienag.at](http://www.sparkassenimmobilienag.at)**

### **Publication details:**

Publisher and  
copyright owner: Sparkassen Immobilien AG, Windmühlgasse 22-24,  
A-1060 Vienna, Austria

Concept, design  
and production: schoeller corporate communications, Hamburg/Vienna

Translation: Fox Coffey KEG

Photography: Marco Moog, Sparkassen Immobilien AG

In the interests of simplicity and readability the language of this quarterly report is as far as possible gender neutral. The terms used, therefore, refer to people of both genders.