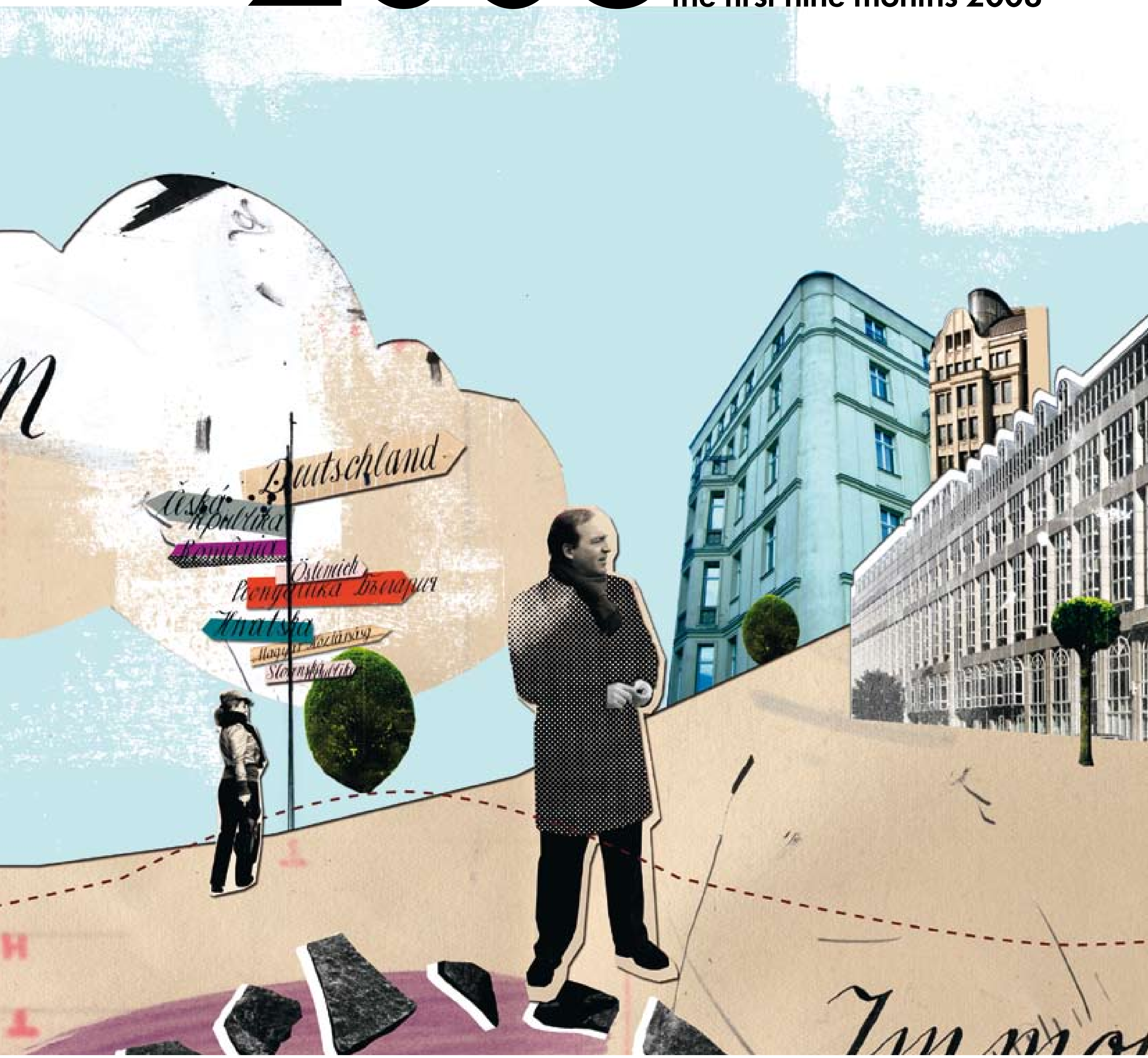
S IMMOBILIEN AG

2008 Interim Report for the first nine months 2008



Key Financial Data

Key indicators, Group

EUR m	1–9/2008	1–9/2007	Change
Revenues	81.5	68.4	+19%
whereof rental income	63.9	54.9	+16%
EBITDA	49.6	46.9	+6%
Operating profit (EBIT)	45.4	86.0	-47%
Consolidated net profit before tax (EBT)	14.2	32.3	-56%
Consolidated net profit	11.7	21.4	-45%
Cash flow from operating activities	41.3	35.5	+16%
Shareholder's equity	633.9	613.6	+ 3%
Loan to value ratio	43%	36%	
Market capitalisation as of 30 September	543.5	940.9	
whereof s IMMO share	327.7	558.6	
whereof s IMMO INVEST	215.8	382.3	

Key indicators, property portfolio

	30.9.2008	30.9.2007	Change
Number of properties	261	202	+29%
Property portfolio (market value) EUR m	1,705	1,493	+14%
Total lettable space in m²	1,448,400	1,247,000	+16%
Gross rental yield	6.4%	5.9%	
Occupancy rate	91%	93%	

Key indicators, share

	30.9.2008	30.9.2007	Change
Earnings per share (EPS)	0.17	0.31	-45%
Cash flow per share	0.24	0.34	-30%
NAV per share	9.7	9.7	0%
Price/cash flow ratio (P/CE)	15	18	
Price/NAV ratio	49%	85%	
Number of shares	68,118,718	68,118,718	
Closing price as of 30 September	4.81	8.20	-41%

Financial calendar 2009

Results of the year 2008	29 April 2009
Results – first quarter 2009	25 May 2009
Annual General Meeting	23 June 2009
Results – first half 2009	26 August 2009
Results – first three quarters 2009	25 November 2009

Contents

Letter to the shareholders

Dear shareholders,

for all participants in the property industry, the third quarter of 2008 was by far the most challenging since the turbulences in the world's financial and capital markets began, roughly one and a half years ago. It was marked by liquidity problems of institutional investors and by government bailouts of banks and insurance companies. Europe has also not been spared: all its stock exchanges have suffered from falling share prices for several months. Shares listed on the Vienna Stock Exchange have posted massive losses over the past few weeks. These developments are the consequence of the globalisation of the financial world. Towards the end of September it became known that European banks as well were faced with distress sales, and that emergency nationalisation measures were being prepared.

The continuing unfavourable climate for stocks, and for property shares in particular, meant that at 30 September 2008 the market price of s IMMO Aktie was EUR 4.81 per share, a discount of nearly 51% to its inherent worth (NAV EUR 9.7), and a fall of 37.8% since the beginning of the year. The share is in a much better state than its Austrian competitors, however: year-to-date losses in market value for Austrian property stocks range between 45% and 85%.

The turmoil in the financial markets has also affected Sparkassen Immobilien AG's results. Revenues and rental income for the first three quarters of 2008 were up by 19% and 16% respectively compared with the same period last year. But because of the economic climate, property revaluation results were lower in comparison, and for the first nine months of 2008 showed a slight net decrease of EUR 1.0m. Consolidated earnings of EUR 11.7m were down by 45% compared with the same period last year, as a result of absence of revaluation gains.

Our revenue forecasts for financial 2008 as a whole remains unchanged – target revenues EUR 99m, rental income EUR 78m. But given the continuing disruption of the markets, the EBIT target for the year will not be attainable. EBIT will be continue to substantially positive – in the range between EUR 36m and EUR 48m instead of the original target of EUR 72m.

Property markets however are generally in far better shape than the capital markets. The majority of experts are convinced that in the longer term the CEE region will continue to be the driving force behind real estate investment growth and earnings, although in the medium term growth rates will be more modest than originally anticipated. There will continue to be a backlog of demand in almost all segments.

The value of our property portfolio at 30 September 2008 was EUR 1.7bn, and the gross rental yield was a highly satisfactory 6.4%. The occupancy rate is still very good, at 91%, and progress on development projects continues to be on schedule. In the first nine months six properties were sold, with profits on sales totalling EUR 7.7m. On average, the prices realised were 17% above fair value, confirming that the Group's valuation policies are indeed conservative.

During the third quarter there were changes in Sparkassen Immobilien AG's shareholder structure. Wiener Städtische Versicherung AG (Vienna Insurance Group) now holds around 9% of Sparkassen Immobilien AG's stock. The Group acquired its stake as a result of the purchase of s Versicherung from Erste Group Bank AG. Erste Group continues to hold a roughly 9% interest in Sparkassen Immobilien AG. The two Groups' combined network, their size and their experience in our core markets are a source of enduring, long-term strength to Sparkassen Immobilien AG in its future development. With a core of retail shareholders amounting to roughly 54% as well, we have a solid investor basis.

Sparkassen Immobilien AG's strategy continues to be supported by two core elements: optimising the earnings from the existing property portfolio and concentrating on completing our development projects. With the completion of properties in 2009 and 2010, we are expecting an especially marked increase in rental income. Pre-rentals are going extremely well, proving that the few who finance development are being rewarded with success.

Our policies to date – reliable financing, prudent valuations, and a generally conservative approach – have turned out to be exactly right for present-day turmoil conditions.

The Management Board team

Holger Schmidtmayr Ernst Vejdovszky Friedrich Wachernig

The Management Board Ernst Vejdovszky, Friedrich Wachernig and Holger Schmidtmayr (f. l. t. r.)

Business development

Real estate market environment

The current crisis in financial markets is causing great uncertainty for investors in real estate. The volume of transactions has fallen dramatically, and in some areas has dropped to virtually nothing, making it difficult to predict market prices with any certainty. A survey by CB Richard Ellis reports that transaction volumes in Europe in third quarter 2008 amounted to appr. EUR 26.4bn, down by around 60% compared with the same period last year. During the first nine months of 2008 property deals in Europe totalled appr. EUR 92.9bn. Large transactions (over EUR 100m) are currently rare, in the European market.

In general, top quality properties are holding their value. Tensions in financial and real estate markets have resulted in fewer new properties coming onto the market, and many new project developments have been halted. Due to diminishing competition, demand for existing rental properties is still high. Long-term and indexed contracts with international tenants of impeccable financial standing are particularly attractive in these troubled times.

Vienna: price spread widening
Yields are becoming highly dependent on locations: the value of prime locations is barely affected, while losses in value for less favoured locations are already noticeable. Experts see price spreads between prime and lesser locations as likely to widen increasingly. In general, there is no significant decrease in occupancy or rental levels to be reported so far. A change in who is buying can be observed, however: more properties are being acquired by businesses with high levels of capital and reserves.

Berlin: growing in importance as a business centre
Germany's capital is a Central European business centre, and a centre of the country's pharmaceuticals industry. In recent months, the trend towards investment in small-scale units near the centre of Berlin has reasserted itself. Schönefeld airport is currently being redeveloped into Berlin Brandenburg International BBI. Contracts worth some EUR 750m have already been awarded, and by 2011 approximately 30,000 new jobs will be created here.

Secondary cities such as Leipzig, Dresden and Rostock remain attractive: prime locations attract high occupancy rates. Just like Berlin, Potsdam, Jena, Weimar and Erfurt, these cities will be among those with the highest economic and population growth rates.

CEE: growth and profit drivers
Transaction volumes have also fallen – by a dramatic 40% – in CEE countries: in third quarter 2008 only EUR 2.7bn was invested. Market participants and property experts are nonetheless agreed: long term, the CEE region will continue to be the principle engine of growth and the profit driver for real estate investment companies, since market shortages and the continuing economic growth of the region will ensure an ongoing and lasting demand for high-grade properties.

Performance for first nine months of 2008

Revenues and rental income growth

Revenues for the first three quarters of 2008 were EUR 81.5m, 19% up on the same period in the previous year, and rental income grew by 16% to EUR 63.9m. These positive developments are attributable to additions during last year and to Sparkassen Immobilien AG's active property portfolio management. The distribution of rental income between countries already shows the substantial contribution being made by CEE countries – 29%. The largest proportion, 41%, still comes from Germany, and in particular from German residential properties. The share made up by Austrian property remains unchanged, at 30%.

Property revaluations and sales

The outcome of the revaluation of Sparkassen Immobilien AG's properties as at 30 September 2008 was slightly negative, with a reduction in overall value of EUR 1.0m.

In the first nine months of 2008 the realised gain on property disposals was EUR 7.7m (EUR 11.1m in the same period last year), a clear demonstration of the conservatism of Sparkassen Immobilien AG's valuation policies. The profit came from the sale of six properties with total space amounting to 26,800 m² for prices that were 17% higher than the most recent valuations.

Given the exceptional overall economic situation, future changes in property prices can hardly be realistically estimated at present. On the one hand, the continuing crisis and the faltering economy could have a negative effect on property values. On the other, falling interest rates and rising inflations tend to push real estate prices up.

Earnings performance

EBITDA for the first nine months of 2008 was EUR 49.6m, an increase of 6% compared with the EUR 46.9m achieved in the same period last year. EBIT was EUR 45.4m, a reduction of 47% in comparison with the first three quarters of 2007 (EUR 86.0m) as a consequence of the slightly negative revaluation results and higher operating expenses, which were 24% up on the same period last year. Higher running costs (up 38%) reflect the rise in central income and increased maintenance costs (up 115%) were largely caused by the acquisition of residential properties in Germany meant that total operating expenses came out at EUR 43.9m. Net financing costs improved slightly, from EUR 32.7m to EUR 31.2m.

EBT fell from EUR 32.3m in the first nine months of last year to EUR 14.2m. As in the preceding periods, taxes on income were low, with tax payments of only EUR 0.6m. The resulting consolidated net profit for the first three quarters was EUR 11.7m, compared with EUR 21.4m in the same period last year. Earnings per share came out at EUR 0.17, as against EUR 0.31 in the comparable period in 2007. The reductions in earnings are the result of the absence of revaluation gains.

Net operating income (NOI) grew from EUR 48.4m to EUR 52.2m, and the NOI margin (NOI/revenues) was some 62%.

Cash flows from operating activities rose to EUR 41.3m in the first nine months of 2008, after EUR 35.5m in the same period last year. Funds from operations (FFO) were EUR 16.1m, as compared with EUR 22.9m in the comparable period last year.

Consolidated balance sheet

At 30 September 2008, Sparkassen Immobilien AG's total assets were approximately EUR 1.9bn (31 December 2007: EUR 1.7bn). Non-current assets increased to EUR 1.7bn. Current assets increased by 5% to EUR 189.1m. Cash and cash equivalents including short-term deposits amounted to EUR 113.8m in total. Equity at the end of 2007 stood at EUR 619.6m, and had improved to EUR 633.9m at 30 September 2008. Over the same period long-term liabilities to banks grew from EUR 468.5m to EUR 609.9m, and carried an average interest rate of 5.5%. Of these liabilities, 12% were at fixed interest rates and 88% at variable rates, and all variable liabilities were fully hedged with appropriate interest rate derivatives. At 30 September 2008 the loan to value ratio (net bank liabilities to property assets) stood at 43%.

Net asset value (NAV)

Sparkassen Immobilien AG's net asset value at 30 September 2008 stood at EUR 9.7 per share; same as in the period in the previous year. The NAV includes only completed properties and undisclosed reserves on hotels under management. Development projects are carried at cost of aquisition and construction, and only included in valuation after completion. The repayment entitlements of participating certificate holders recognised in the balance sheet totalled EUR 89.76 per participating certificate.

Outlook and developments after balance sheet date

Despite the rescue packages put together by governments in America and Europe, the situation in capital and financial markets continues to be extremly tense, and the potential effects on real economies can not be predicted. At the same time, property markets have developed more slowly than expected. In the light of the financial markets crisis and the currently very wide swings in property valuations, from today's perspective Sparkassen Immobilien AG expects the significantly positive EBIT for 2008 to be in the range between EUR 36m and EUR 48m. Revenue and rental income targets of EUR 99m and EUR 78m, however, remain unchanged.

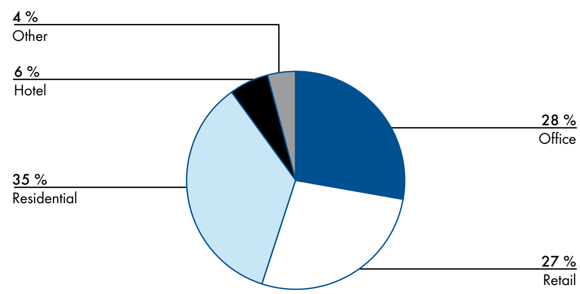
As announced in April 2008, Sparkassen Immobilien AG has taken over a significant share of the responsibility for its own management, so that at the end of third quarter 2008 there were 63 employees in Austria, Germany and Hungary working directly for the Group. There were no severance payments to the former management company for the transfer of employees.

Property portfolio

In the first nine months of 2008 the real estate portfolio grew from EUR 1.6bn to EUR 1.7bn, largely as a result of the new acquisitions that took place in the first half of the year. In the third quarter there were no additional investments in completed properties, but around EUR 54.1m was invested in assets under construction. At 30 September 2008 the portfolio comprised 261 properties with total usable space of 1,448,400 m² – an increase of 16% compared with a year earlier. Of the total lettable space, 22% was in Austria, 41% in Germany, and 37% in CEE countries (including development projects). The gross rental yield as at 30 September 2008 was 6.4%, with the highest yield of 7.1% in CEE countries, followed by Austria and Germany, both with 6.1%. The portfolio's average occupancy rate at 30 September 2008 was some 91%, with 96% in Austria, 88% in Germany and 95% in Central and Eastern Europe.

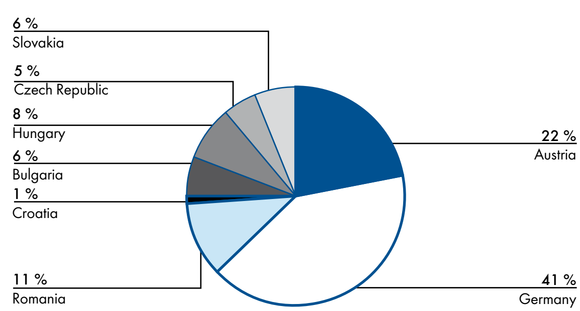
Total lettable space by property type*

*including properties under development



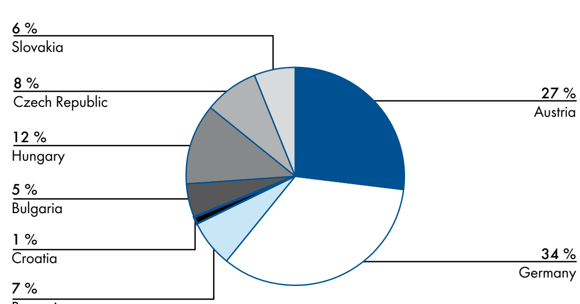
Total lettable space by region*

*including properties under development



Property portfolio by region *

*Valuations for existing properties, carrying values for projects under development



Rental yield

Austria	6.1%
Germany	6.1%
Czech Republic	7.0%
Slovakia	7.1%
Hungary	7.2%
Romania	5.2%
Croatia	9.4%

Changes in property portfolio

In the first nine months of 2008 a total of EUR 98.3m was invested in completed properties and a total of EUR 108.5m in development projects. EUR 54.1m of the investment in development projects took place in the third quarter.

Investments in the first nine months of this year were predominantly in Germany. There were 33 completed properties purchased in Berlin, Leipzig and Rostock, with total usable space of 59,100 m². Sparkassen Immobilien AG has also acquired two commercial properties in Slovakia, an office building in Croatia and a residential property in Austria.

Based on forward purchase agreements concluded in past years, Sparkassen Immobilien AG will in the next two years add properties to a total value of EUR 290m to its portfolio. More than two thirds of the acquisitions are already financed.

Concentration on development properties

The total invested in assets under construction as at 30 September 2008 amounted to EUR 249.3m, or 13% of total assets.

Two of the six projects, with a total investment volume of about EUR 70m, are in Austria, one project, with an investment volume of EUR 40m, is in Slovakia (completion scheduled for the end of 2009), and one, where the investment volume totals EUR 68m, is in the Czech Republic and will be finished by the end of this year.

There is one project in Romania, and one in Bulgaria. The major development project in Romania, the Sun Plaza site, will contain 85,800 m² of retail and office space and involves investment of roughly EUR 200m. Completion is currently planned for the end of 2009.

The Serdika Center development in Sofia, with 75,500 m² of retail and office space and an investment volume of EUR 210m, is proceeding according to plan, and is expected to open in 2010.

Pre-letting of all the properties is at very satisfactory levels, and rental income per m² will be higher than originally budgeted.

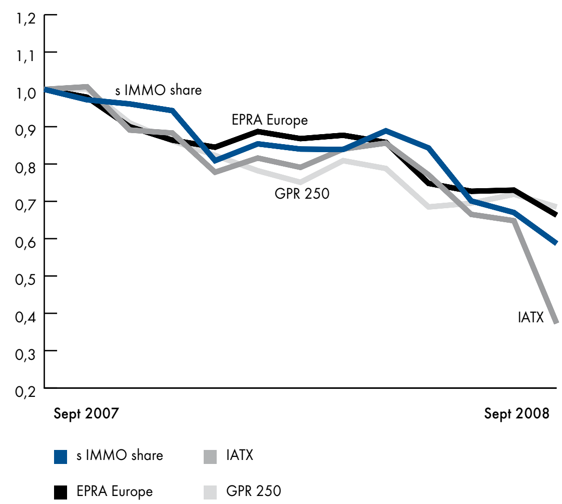
Sparkassen Immobilien AG also owns a total of 79,000 m² of development land. There are clearly defined proposed uses for these land banks, but in the light of the current market environment, development will not at present proceed beyond the development permission stage. Construction will not begin until there is a permanent improvement in the situation.

s IMMO share

The third quarter of 2008 was characterised by exceptional stock market turbulence, both nationally and internationally. The convulsions in the global financial marketplace were on a hitherto unprecedented scale. Major American financial institutions teetered on the brink of bankruptcy, and were only rescued at the last moment. This resulted in further stock exchange uncertainties at the end of September. Not only American but also European banks were affected by international developments, and were rescued barely in time by the relevant national governments. Both American and European stock exchanges hit record lows. On 29 September 2008 the Vienna Stock Exchange's ATX index lost more than 8% in a single day's trading, and on 30 September it was down 39% compared with the start of the year. The Austrian Real Estate Securities Index (IATX) fared even worse, losing 58% over the first nine months of 2008. The GPR 250 and EPRA indexes were off 23% and 22% respectively at the end of the third quarter. Prices on the world's stock exchanges continue to be very volatile.

Following the sale of s Versicherung by Erste Group Bank AG to Vienna Insurance Group and the approval by the responsible competition authorities and the Austrian insurance regulatory authority, in September 2008 there was a change in the shareholder structure of Sparkassen Immobilien AG. Vienna Insurance Group now holds a roughly 9% interest in Sparkassen Immobilien AG, and Erste Group continues to hold a 9% interest. The two Groups are the two largest individual shareholders, and together hold a total of around 18% of s IMMO stock. Their network, their size and their knowledge and experience of Sparkassen Immobilien AG's core markets make them a source of enduring, long-term strength for the Group's future development. Sparkassen Immobilien AG's shareholder structure also benefits from a solid basis of retail investors, who hold about 54% of the stock.

Performance September 2007–September 2008



REPURCHASE PROGRAM

s IMMO share

In the Annual General Meeting of Sparkassen Immobilien AG held on 28 May 2008, the Management Board was authorised by a resolution of that date and subject to the applicable statutory provisions to acquire shares in the Company up to a maximum of 5% of the Company's share capital. The Management Board has to date made no use of this power.

s IMMO INVEST

In its meeting of 25 June 2008, Sparkassen Immobilien AG's Supervisory Board authorised in addition the repurchase of 8% of s IMMO INVEST participating certificates, up to a maximum of 265,000 certificates. Up to 30 September 2008, 26,005 certificates had been repurchased for EUR 2,039,141 for an average price of EUR 78.41. The repurchase program comes to an end on 15 December 2008.

Investor relations

In the third quarter of 2008 Sparkassen Immobilien AG took part in three road shows – two in London and one in Austria – organised by Lehman, Kempen and Erste Group. Institutional investors and analysts were also provided with detailed information in one-on-one meetings and conference calls.

In addition, Sparkassen Immobilien AG's Management Board made presentations at two private investor events in Austria, "Fest der österreichischen Aktie" and "1. Immobilien-Aktienforum". Sparkassen Immobilien AG also organises frequent briefings for private investors on its ongoing activities, mainly in the Austrian Bundesländer.

Facts about Sparkassen Immobilien AG and the s IMMO share

- The market price of the share at 30 September 2008 embodies a discount of some 51% to its inherent worth of EUR 9.7, and in no way does justice to the value or the stability of the Group. This discount prices in the general insecurity of the capital markets, and is not particular to Sparkassen Immobilien AG, which is a thoroughly healthy business underpinned by substantial property values, high occupancy rates (91%) and a very attractive yield of 6.4% from real estate earnings. In addition to the network of its core shareholders, Erste Group and Vienna Insurance Group, one of Sparkassen Immobilien AG's major strengths is the effectiveness of its management.

- The Group's strategy is supported by two core elements: the optimisation of earnings from the existing real estate portfolio and the focus on completing ongoing development projects, which will generate significant growth in cash inflows starting 2009/10. These projects will be of even greater importance in the future.

- The ideally diversified property portfolio is spread across eight European countries, is prudently selected and receives excellent evaluations from international experts. This year's property sales at prices substantially in excess of valuation provides convincing evidence of this.

- Sparkassen Immobilien AG disposes of the necessary liquidity to fund its future growth and drive its current development projects forward. The ratio of borrowings to property assets is currently 43%, and can be raised to a total of 60% up until 2010. All existing debt instruments are 100% protected against rises in interest rates with interest rate hedges.

- Sparkassen Immobilien AG's focus in financial 2008 is on driving the development projects forward, and on deriving additional added value from existing properties (asset management and selective sales).

Stock exchange and performance data

ISIN code	AT0000652250
Bloomberg	SPI.AV
Reuters	SIAG.VI
Application of profits	accumulation
Initial listing	28 June 2002

Market price (30 September 2008)	EUR 4.81
Performance	
1 year	-41.3%
Year to date	-37.8%
Three years (p.a.)	-15.0%
Since initial listing (p.a.)	-6.0%

Key indicators – share

	30.9.2008	30.9.2007	Change
Earnings per share (EPS) in EUR	0.17	0.31	-45%
Cash flow per share (EUR)	0.24	0.34	-30%
Net asset value (NAV) per share (EUR)	9.7	9.7	0%
Price/cash flow ratio	15	18	
Price/NAV ratio	49%	85%	
Number of shares	68,118,718	68,118,718	
Price at 30 September 2008 (EUR)	4.81	8.20	-41%

Financial calendar 2009

Results 2008	29 April 2009
Results – first quarter 2009	25 May 2009
Annual General Meeting	23 June 2009
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s IMMO INVEST

Stock exchange and performance data

ISIN Code	AT0000795737/AT0000630694 (2nd tranche)
Bloomberg	SPIG.AV
Reuters	SIIG.VI
Application of profits	annual distribution
Initial listing	29 December 1996/10 November 2004

Market price (30 September 2008)	EUR 62.50/EUR 70.00
Performance	
1 year	-33.1% / -20%
Three years, p.a.	-10.0% / -6.4%
Since initial listing (p.a.) .	4.0% / -1.3%

Consolidated Financial Statements

Consolidated balance sheet
as at 30 September 2008

EUR '000	Notes	30.9.2008	31.12.2007
ASSETS			
A. Total non-current assets			
I. Intangible assets			
1. Other		227	285
II. Property, plant and equipment			
1. Properties	12,13		
a) Rental properties		1,349,310	1,209,788
b) Rental properties held for disposal		0	31,600
c) Hotels under management		87,998	90,390
d) Properties under construction and development land		249,299	196,674
		1,686,607	1,528,451
2. Other plant and equipment			
a) Other		4,611	5,032
III. Financial investments	14		
1. Associates		209	227
2. Group interests		6,418	6,597
IV. Non-current receivables			
1. Deferred tax assets		1,220	1,577
		1,699,291	**1,542,168**
B. Current assets			
I. Receivables and other assets			
1. Trade receivables		5,454	8,994
2. Financial receivables and advances		16,757	22,921
3. Other receivables and assets		53,178	29,431
		75,389	61,346
II. Marketable securities, loans and investments		30,014	87,144
III. Cash and cash equivalents		83,743	31,010
		189,146	**179,500**
C. Accruals and prepayments		**2,411**	**1,080**
		1,890,847	**1,722,748**

EUR '000	Notes	30.9.2008	31.12.2007
A. Shareholders' equity			
I. Share capital		247,509	247,509
II. Reserves		350,295	329,489
III. Consolidated net profit		11,653	25,910
IV. Minority interests		24,434	16,694
		633,891	**619,602**
B. Participating certificates (subordinated)	15	**289,475**	**297,094**
C. Total non-current liabilities			
1. Long-term liabilities to banks	16	609,903	468,475
2. Provisions			
a) Deferred tax liabilities		37,125	34,406
b) Other		6,323	8,613
		43,448	43,019
3. Other liabilities			
a) Other long-term financial liabilities		82,382	76,014
b) Construction costs and tenants' financing		11,826	11,699
c) Housing construction subsidies		5,258	5,624
d) Other		6,756	5,489
		106,222	98,826
		759,573	**610,320**
D. Current liabilities			
1. Financial liabilities		148,530	148,983
2. Trade payables		11,404	12,563
3. Other liabilities		42,376	29,770
		202,310	**191,316**
E. Deferred income		**5,598**	**4,416**
		1,890,847	**1,722,748**

Consolidated income statement
for the nine months ended 30 September 2008

EUR '000	Notes	1–9/2008	7–9/2008	1–9/2007	7–9/2007
1. Revenues	7	81,528	27,437	68,418	23,280
whereof rental income		63,943	21,088	54,894	18,948
2. Revaluation of properties	12	-1,043	-1,161	41,479	24,712
3. Other operating income		4,304	2,077	2,758	981
4. Gains on property disposals	8	7,710	2,285	11,073	11,073
5. Operating revenue		**92,498**	**30,638**	**123,728**	**60,046**
6. Depreciation and amortisation		-3,202	-998	-2,341	-813
7. Other operating expenses	9	-43,934	-16,506	-35,363	-13,978
8. Operating profit (EBIT)		**45,362**	**13,134**	**86,024**	**45,255**
9. Finance costs	10	-31,201	-9,955	-32,741	-15,656
10. One-time participating certificates expense		0	0	-20,982	0
11. Profit before tax (EBT)		**14,161**	**3,179**	**32,301**	**29,599**
12. Taxes on income	11	-2,615	-583	-8,242	-7,067
13. Consolidated net profit		**11,546**	**2,596**	**24,059**	**22,532**
14. Minority interests		107	26	-2,682	-2,143
15. Interests of shareholders in parent company		**11,653**	**2,622**	**21,377**	**20,389**

Earnings per share

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

	1–9/2008	7–9/2008	1–9/2007	7–9/2007
Equity share of consolidated net profit (EUR '000)	11,653	2,622	21,377	20,389
Average number of shares in circulation	68,118,718	68,118,718	68,118,718	68,118,718
Consolidated earnings per share (EUR)	**0.17**	**0.04**	**0.31**	**0.30**

Consolidated cash flow statement

EUR '000	1–9/2008	1–9/2007
Profit before tax (EBT)	**14,161**	**32,301**
Revaluation of properties	1,043	-41,479
Depreciation and amortisation	3,202	2,341
Gains on property disposals	-7,710	-11,073
Taxes on income paid	-612	-299
Net interest	31,201	32,741
One-time participating certificates expense	0	20,982
Cash flow from operations	**41,285**	**35,514**

Changes in consolidated equity

EUR '000	Share capital	Capital reserves	Revenue reserves	Minority interests	Total
1 January 2008	**247,509**	**241,301**	**114,098**	**16,694**	**619,602**
Capital increase	0	0	0	0	0
Acquisitions	0	0	0	7,770	7,770
Disposals	0	0	0	-30	-30
Consolidated net profit	0	0	11,653	-107	11,546
Other changes	0	0	-5,104	107	-4,997
whereof cash flow hedges and available-for-sale securities	0	0	-2,232	0	-2,232
whereof deferred taxes	0	0	539	0	539
whereof exchange differences	0	0	-3,411	107	-3,304
30 September 2008	**247,509**	**241,301**	**120,647**	**24,434**	**633,891**

Details of share capital

EUR '000	30.9.2008	1.1.2008	Change
Total share capital	247,509	247,509	0
Treasury shares (nominal)	0	0	0
	247,509	**247,509**	**0**

Changes in the number of shares

	30.9.2008	1.1.2008
Issued share capital – 1 January 2008	68,118,718	68,118,718
Capital increase	0	0
Treasury shares sold	0	0
Issued share capital — 30 September 2008	**68,118,718**	**68,118,718**
Treasury shares	0	0
Total shares in issue	**68,118,718**	**68,118,718**

The shares are listed on the Vienna Stock Exchange.

Capital reserves

The capital reserves of EUR 192,020,000 (31.12.2007: EUR 192,020,000) are restricted reserves in the meaning of section 130(1) AktG.

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 2008 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 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 Friedrichstrasse 10, A–1010 Vienna, Austria (formerly Windmühlgasse 22–24, A–1060 Vienna) with subsidiaries in Austria, Germany, the Czech Republic, Hungary, Slovakia, Croatia, Romania, Bulgaria, Ukraine, Denmark and Cyprus. The parent company is a public limited liability company (Aktiengesellschaft). The Company 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 2008, 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 applied in the consolidated financial statements for the year ended 31 December 2007 have been retained.

3. CONSOLIDATED GROUP

In addition to the accounts of s Immobilien AG, the consolidated financial statements include the accounts of 66 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 three quarters of 2008:

Company	Location	Country	Nominal capital	%	Currency	Initial consolidation
Neutorgasse 2-8 Projektverwertungs GmbH	Vienna	A	35,000.00	100.00	EUR	1.1.2008
EUROCENTER drustvo s ogranicenom odgovornoscu	Zagreb	HR	20,000.00	100.00	HRK	1.1.2008
SIAG Property I GmbH	Berlin	D	25,000.00	100.00	EUR	1.1.2008
SIAG Hotel Bratislava, s.r.o.	Bratislava	SK	200,000.00	100.00	SKK	1.7.2008

As of 1 January 2008 all the shares of Neutorgasse 2–8 Projektverwertungs GmbH, the sole proprietor of EUROCENTER drustvo s ogranicenom odgovornoscu, were acquired. The purchase price was around EUR 0.1m, and the liabilities taken over amounted to EUR 54.5m.

In second quarter 2008 the purchase price of E.I.A. eins Immobilieninvestitionsgesellschaft m.b.H., acquired and first consolidated as of 31 December 2007, was reduced from the original EUR 3.7m by EUR 0.5m.

SIAG Property I GmbH, a subsidiary of s Immobilien AG so far not included in consolidation, acquired fifteen German properties in the first half of 2008.

SIAG Hotel Bratislava, s.r.o., a newly formed subsidiary of CEE CZ Immobilien GmbH, was included in consolidation for the first time in the third quarter of 2008.

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 (EUR). Annual financial statements prepared in foreign currencies are translated using the modified closing rate method. As a general rule, assets are translated at historical rates. Revaluations of rented properties are always in euro. Income statement items are translated using average exchange rates for the period; revaluation and depreciation and amortisation of property used by the Group for its own purposes are an exception – euro or historical rates are used. As a rule, 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

Rented properties are valued using the fair value method (in accordance with IAS 40).

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: 2.5%–5.5%; elsewhere: 4.25%–7.75%). Properties purchased close to balance sheet date are valued on the basis of acquisition costs.

Rental properties held for disposal

This item consists of the carrying values of the properties the Group's Management is planning to sell in the near future.

Hotels under management, other plant and equipment

Properties operated by the company, in particular hotel properties, are valued on a cost basis (original acquisition or construction cost), in accordance with IAS 16. This valuation basis 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 and development land
These are undeveloped plots and projects being developed by s Immobilien AG. They are recognised at cost of acquisition or construction including financing costs, which at 30 September 2008 amounted to EUR 5,190,000.

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 any loss in value is expected to be other than 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 remaining terms of less than three months.

Taxes
The tax expense for the period 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 of 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 or intermediary holding companies, e.g., in Austria under section 10(2) Austrian Corporate Income Tax Act (KStG). Provision has been made for deferred tax liabilities in respect of any expected partial realisations on differences arising on initial consolidation of Austrian subsidiaries, using the applicable tax rates and the values for tax purposes.

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. Derivatives are initially measured at cost of acquisition, and at balance sheet date they are measured at market value. As at 30 September 2008, EUR 10,037,000 was disclosed under other receivables (31.12.2007: EUR 6,769,000) and EUR 5,500,000 under other liabilities (31.12.2007: EUR nil).

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.

NOTES ON THE INCOME STATEMENT AND BALANCE SHEET

INCOME STATEMENT

7. 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	
EUR ’000	1–9 2008	1–9 2007	1–9 2008	1–9 2007
Revenues	23,590	28,297	34,919	20,613
Revaluation of properties	277	28,670	-12,435	-6,984
Other operating income	3,268	1,845	5,447	362
Operating revenue	**27,135**	**58,812**	**27,931**	**13,991**
Depreciation and amortisation	-38	-67	-66	-31
Other operating expenses	-13,100	-17,574	-22,044	-8,842
Operating profit (EBIT)	**13,997**	**41,171**	**5,821**	**5,118**
EUR ’000	30.9. 2008	31.12. 2007	30.9. 2008	31.12. 2007
Total non-current assets 30 September 2008	471,933	451,730	576,099	571,225
Total non-current liabilities (incl. participating certificates in Austria) 30 September 2008	610,089	541,585	273,170	210,269

Slovakia		Czech Republic		Hungary		Bulgaria		Romania		Ukraine		Croatia		Total	
1–9 2008	1–9 2007	1–9 2008	1–9 2007	1–9 2008	1–9 2007	1–9 2008	1–9 2007	1–9 2008	1–9 2007	1–9 2008	1–9 2007	1–9 2008	1–9 2007	1–9 2008	1–9 2007
4,629	3,119	5,080	5,096	9,747	9,187	0	0	1,665	2,106	0	0	1,898	0	81,528	68,418
-7,024	1,756	18,498	1,776	-359	16,261	0	0	0	0	0	0	0	0	-1,043	41,479
14	10	762	10,904	2,556	694	-158	16	0	0	103	0	22	0	12,014	13,831
-2,381	**4,885**	**24,340**	**17,776**	**11,944**	**26,142**	**-158**	**16**	**1,665**	**2,106**	**103**	**0**	**1,920**	**0**	**92,498**	**123,728**
-47	-41	-59	-98	-2,179	-1,488	0	0	-872	-616	0	0	59	0	-3,202	-2,341
-1,465	-1,027	-1,700	-3,339	-3,448	-2,925	-86	-209	-1,302	-1,403	-153	-44	-636	0	-43,934	-35,363
-3,893	**3,817**	**22,581**	**14,339**	**6,317**	**21,729**	**-244**	**-193**	**-509**	**87**	**-50**	**-44**	**1,343**	**0**	**45,362**	**86,024**
30.9. 2008	31.12. 2007	30.9. 2008	31.12. 2007	30.9. 2008	31.12. 2007	30.9. 2008	31.12. 2007	30.9. 2008	31.12. 2007	30.9. 2008	31.12. 2007	30.9. 2008	31.12. 2007	30.9. 2008	31.12. 2007
95,222	65,053	141,649	105,646	210,381	205,121	81,998	59,389	100,299	83,960	40	44	21,670	0	1,699,291	1,542,168
3,376	7,858	39,745	71,095	108,472	76,607	28	0	419	0	3	0	13,746	0	1,049,048	907,414

Segmentation by property type:

Property type	Rental income by category 1-9/2008 EUR '000	%	Rental income by category 1-9/2007 EUR '000	%
Office	26,853	42.0	29,897	54.5
Residential	21,393	33.4	9,088	16.6
Commercial	12,770	20.0	12,907	23.5
Hotel	2,927	4.6	3,002	5.4
	63,943	**100.0**	**54,894**	**100.0**

Revenues were made up as follows:

EUR '000	1-9/2008	1-9/2007
Rental income	63,943	54,894
Operating costs	17,585	13,524
	81,528	**68,418**

8. GAINS ON PROPERTY DISPOSALS

EUR '000		1-9/2008	1-9/2007
Disposal proceeds		52,887	103,688
Carrying value of disposals			
Rental properties	-13,577		
Properties held for disposal	-31,600	-45,177	-92,615
		7,710	**11,073**

The gains on disposals are mainly made up of the proceeds from the sale of one German property in first quarter 2008 and five Austrian properties in third quarter 2008.

9. OTHER OPERATING EXPENSES

EUR '000	1-9/2008	1-9/2007
Expenses directly attributable to property	31,896	22,535
General management expenses	12,038	12,828
	43,934	**35,363**

At balance sheet date, the Group employed 63 staff (31.12.2007: 38) in addition to the employees in hotel operations.

10. FINANCE COSTS

EUR '000	1-9/2008	1-9/2007
Income entitlements of participating certificates	8,818	20,100
Finance expense	29,247	17,502
Finance income	-6,864	-4,861
	31,201	**32,741**

11. TAXES ON INCOME

EUR '000	1-9/2008	1-9/2007
Current tax expense	612	749
Deferred tax expense	2,003	9,893
Deferred tax credit of prior periods	0	-2,400
	2,615	**8,242**

BALANCE SHEET

12. RENTAL PROPERTIES

Changes in rental properties were as follows:

EUR '000	1-9/2008	1-12/2007
Carrying values as at 1 January – fair value	1,209,788	844,641
Additions	154,149	373,141
Disposals	-13,577	-1,835
Reclassification	0	-31,600
Revaluation increases	18,767	52,190
Impairment writedowns	-19,817	-26,749
Carrying values as at 30 September	**1,349,310**	**1,209,788**

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

EUR '000	1-9/2008	1-12/2007
Austria	6,556	34,118
Germany	49,141	338,225
Czech Republic	34,503	194
Hungary	558	604
Slovakia	41,822	0
Croatia	21,569	0
	154,149	**373,141**

All properties:

Rental properties

EUR '000	30.9.2008	31.12.2007
Austria	434,508	440,963
Germany	574,357	537,650
Czech Republic	112,281	59,280
Hungary	131,355	131,155
Slovakia	75,240	40,740
Croatia	21,569	0
	1,349,310	**1,209,788**

Rental properties held for disposal

EUR '000	30.9.2008	31.12.2007
Germany	0	31,600

As at 30 September 2008 no properties were earmarked for sale.

13. HOTELS UNDER MANAGEMENT, OTHER PLANT AND EQUIPMENT

Hotels under management

EUR '000	30.9.2008	31.12.2007
Hungary	61,562	63,093
Romania	26,436	27,297
	87,998	**90,390**

Properties under construction and development land

Austria	29,685	2,452
Germany	1,332	1,486
Romania	73,712	56,514
Bulgaria	81,991	59,382
Czech Republic	29,155	46,096
Slovakia	19,706	24,023
Hungary	13,718	6,721
	249,299	**196,674**

The fair value of hotels under management amounted to EUR 78,090,000 (Hungary) and EUR 44,670,000 (Romania).

14. FINANCIAL INVESTMENTS

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

Group interests

	Interest in %	30.9.2008 EUR '000
BGM-IMMORENT Aktiengesellschaft & Co KG	22.2	2,117
PCC- Hotelerrichtungs- und Betriebsgesellschaft m.b.H. & Co. KG Participating loan		3,722
ERSTE Immobilien Kapitalanlagegesellschaft mbH	11.5	575
Other		4
		6,418

15. 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 participating certificates of 11 June 2007 and resolution of the Annual General Meeting of 12 June 2007).

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

$$\left(\textbf{Participating certificate capital + profit brought forward}\right) * \frac{\textbf{Consolidated EBIT}}{\textbf{Average property portfolio (excl. properties under construction)}}$$

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

For the first nine months of 2008 the total income entitlement was EUR 8,818,000.

As at 30 September 2008 there were 3,224,884 participating certificates in issue. The total entitlements of participating certificate holders (principal and interest) as of that date were as follows:

EUR '000	Participating certificates capital	Profit brought forward	Profit for period	Total
Participating certificates capital – 31 December 2007	236,242			236,242
Profit brought forward 31 December 2007		38,068		38,068
Income entitlements of participating certificate holders from 2007			22,784	22,784
Distribution 28 April 2008			-14,174	-14,174
Increase of profit brought forward pursuant to Clause 5(6), Participating Certificates Agreement		8,610	-8,610	0
Repurchase of 26,005 participating certificates	-1,890	-373		-2,263
Income entitlements of participating certificate holders for first nine months of 2008			8,818	8,818
Participating certificate capital – 30 September 2008	234,352	46,305	8,818	289,475
Per unit (EUR)	72.67	14.36	2.73	89.76

It is intended to retire the 26,005 repurchased participating certificates.

In the event of retirement of the participating certificates, the holders are also entitled to a proportionate share of the undisclosed reserves on the property portfolio.

As at 30 September 2008 the repayment entitlements of participating certificate holders recognised in the balance sheet and the proportionate share of the undisclosed reserves on the property portfolio amounted to EUR 90.81 per participating certificate (Clause 6(4), Participation Certificates Agreement mutatis mutandis).

The participating certificates mature on 31 December 2029. With effect from 31 December 2017, both the holders and the Company may annually give notice of redemption of the participating certificates in whole or in part.

16. LONG-TERM LIABILITIES TO BANKS

The long-term liabilities to banks are predominantly mortgage loans, as follows:

Lender

EUR '000	30.9.2008	31.12.2007
Erste Bank der oesterreichischen Sparkassen AG	188,958	142,500
Austrian banks	328,375	263,000
German banks	92,570	62,975
	609,903	**468,475**

17. EVENTS AFTER BALANCE SHEET DATE

After 30 September 2008 a small property in Vienna was sold at a profit.

Vienna, 18 November 2008

Management Board

Holger Schmidtmayr e.h.
Ernst Vejdovszky e.h.
Friedrich Wachernig e.h.

Sparkassen Immobilien AG´s Markets

Contact

Sparkassen Immobilien Aktiengesellschaft
Friedrichstrasse 10
A-1010 Vienna, Austria
Phone: +43 (0) 50100-27867
E-mail: investor@s-immoag.at

Institutional investors: Holger Schmidtmayr
E-mail: investor@s-immoag.at
Phone: +43 (0) 50100-27550

Private investors: Andreas Feuerstein
E-mail: andreas.feuerstein@s-immoag.at
Phone: +43 (0) 50100-27556

www.sparkassenimmobilienag.at

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Publisher and copyright owner
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Fax: +43 (0)50100-27559
E-mail: office@s-immoag.at

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

This Interim Report contains information and forecasts relating to the future development of Sparkassen Immobilien AG and its subsidiaries. These forecasts are estimates, based on the information available to us at the moment. Should the assumptions on which the forecasts are based prove to be unfounded, or should events of the kind described in the risk report occur, then the actual outcomes may differ from those currently expected. This Interim Report neither contains nor implies either a recommendation to buy or a recommendation to sell shares in Sparkassen Immobilien AG. Past events are not a reliable guide to the future.

www.sparkassenimmobilienag.at