INTERIM REPORT

Q2

AS AT 30 JUNE 2010

Sparkassen Immobilien AG's head office

IMMOBILIEN AG

KEY FIGURES

		01.01.–30.06. 2010	01.01.–30.06. 2009[1]
Revenues	EUR m	79.4	73.5
whereof rental income and revenue from hotel operations	EUR m	65.3	60.9
EBITDA	EUR m	36.8	33.5
EBIT	EUR m	30.1	23.8
EBT	EUR m	6.6	3.8
Net income for the period	EUR m	5.0	3.2
Total assets	EUR m	2,128.4	2,172.0
Shareholders' equity	EUR m	518.1	606.3
Liabilities	EUR m	1,610.4	1,565.7
Equity ratio (incl. participation certificate capital)	in %	36	41
Investments	EUR m	82.4	84.3
Operating cash flow	EUR m	33.2	33.0
Cash flow from investing activities	EUR m	-35.0	-56.1
Cash flow from financing activities	EUR m	-61.3	72.6
Cash and cash equivalents at 30 June	EUR m	142.7	202.0
NOI margin	in %	49	45
Loan to value ratio	in %	57	50
FFO	EUR m	11.4	11.3
Earnings per share	EUR	0.09	0.05
NAV per share	EUR	8.23	9.43
NAV discount to share price	in %	41	54
Cash flow from operations per share	EUR	0.49	0.48
Property portfolio (market value)	EUR m	1,853.7	1,852.4
whereof properties under construction	EUR m	103.3	354.6

[1] adjusted

LETTER FROM THE MANAGEMENT 2

INVESTOR RELATIONS 4

MANAGEMENT REPORT 6

- Market Overview 6
- Business Performance and Results 9
- Opportunities and Risks 14
- Outlook 14

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2010 15

- Consolidated Statement of Financial Position 16
- Consolidated Income Statement 1–6/2010 18
- Consolidated Statement of Total Comprehensive Income 1–6/2010 19
- Consolidated Income Statement 4–6/2010 20
- Consolidated Statement of Total Comprehensive Income 4–6/2010 21
- Consolidated Cash Flow Statement 22
- Changes in Consolidated Equity 22
- Details of share capital 23
- Changes in number of shares 23
- Notes to the Consolidated Interim Financial Statements 24

DECLARATION PURSUANT TO SECTION 87 (1) (3) AUSTRIAN STOCK EXCHANGE ACT (BÖRSEGESETZ) 34

CONTACT / PUBLICATION DETAILS 36

FINANCIAL CALENDAR

LETTER FROM THE MANAGEMENT

DEAR SHAREHOLDERS,

We are happy to be able to report that – following a profitable first quarter – our performance in the second quarter of 2010 continued to be prosperous, with highly satisfactory year-on-year improvements in key indicators. The economic environment in most of our markets is in the process of slowly stabilising. As the Group's positive figures confirm, the nascent business recovery combined with our successfully completed projects has had a positive effect on our performance. We view 2010 as the year in which we will bring all current development projects to a successful close and complete around 97% of our planned investment budget. Now that half the year is behind us, we are once again pleased to be able to announce that we will reach our investment goals.

We are seeing further gradual improvements in the economic climate, although the tempo of recovery varies from market to market. Macroeconomic stabilisation is well on its way in Germany, Austria, the Czech Republic and Slovakia, and the performance of these economies on a year-on-year basis is excellent. Hungary, Romania and Bulgaria have not yet returned to growth. Their governments are trying to kick-start recovery that has already begun in neighbouring countries to the west with comprehensive packages of economic and structural reforms.

The earnings figures clearly reflect the satisfactory operating results. For instance, total revenues climbed by 8% to EUR 79.4m compared with the first half of 2009. Operating profit (EBIT) for the first half of 2010 was also highly satisfactory, coming in at EUR 30.1m, an impressive 26.4% improvement compared with the first six months of 2009. The net writedown amounted to EUR 1.7m, equivalent to less than 1‰ of the carrying value of the property portfolio. Profit before tax (EBT) rose by 73.2% compared with the same period last year to EUR 6.6m. As a result, net profit for the period improved significantly by 57.5% compared to the first half year 2009, reaching EUR 5.0m.

The key figures used to monitor the Group's progress also confirm our favourable performance: Funds From Operations (FFO) amounted to EUR 11.4m in the reporting period. Net Operating Income (NOI) amounted to EUR 38.7m, and was therefore 17% higher than in the same period last year. EPRA NAV (net asset value measured by EPRA standards) rose from EUR 8.13 at 31 December 2009 to EUR 8.23 per share at 30 June 2010.

Our shopping centres in Bucharest and Sofia were completed on schedule and opened successfully in February and March. With occupancy rates of 97% and 99%, respectively, both sites are almost fully let and are now generating regular income streams for the Group. Given the unfavourable macroeconomic climate of the past two years and the present competitive environment, this was by no means a foregone conclusion. That we were successful in spite of all the obstacles proves that our quality strategy is a recipe for success even in difficult times.

Of course, we shall not rest on our laurels. After completion, properties continue to require attentive management. For example, purchasing power in Bulgaria is lower than previously projected. This is why we are selectively using additional marketing activities for the newly opened Serdika Center in order to spur on purchasing incentive. This should also help to enhance the consumer appeal of the location.

Members of the Board Holger Schmidtmayr, Ernst Vejdovszky and Friedrich Wachernig (from left)

Our Annual General Meeting 2010 successfully took place in May. Eight of the ten agenda items were adopted by a large majority. Only the motion for the conversion of participating certificates into ordinary shares and another motion in connection with the scheme were not passed. We are still convinced that it makes sense to simplify the capital structure, and continue to work towards a resolution of the issue which will be in the best interest of all our investors.

What can we expect in the second half of 2010? We are working on the assumption that as the business climate becomes more favourable, the situation in the capital markets will also improve. This should increase investor confidence in the inner value of our stock. In operational terms, we are concentrating on completing and opening our two remaining development projects, Neutorgasse in Vienna and Galvaniho 4 in Bratislava. Both properties are in prime locations so we are optimistic that we shall be successful in letting or selling the premises not yet spoken for.

A cornerstone of our investing activities has always been a healthy balance sheet and therefore ample liquidity, which gives us the necessary freedom of action for business activity. There have been no changes in this respect and both of these key factors continue to be guaranteed. We are still committed to our original target. We will more than double the operating cash flow we achieved in 2009 to over EUR 100m over the next two years.

The Management Board

Holger Schmidtmayr　　Ernst Vejdovszky　　Friedrich Wachernig

European uncertainties depress stock exchanges

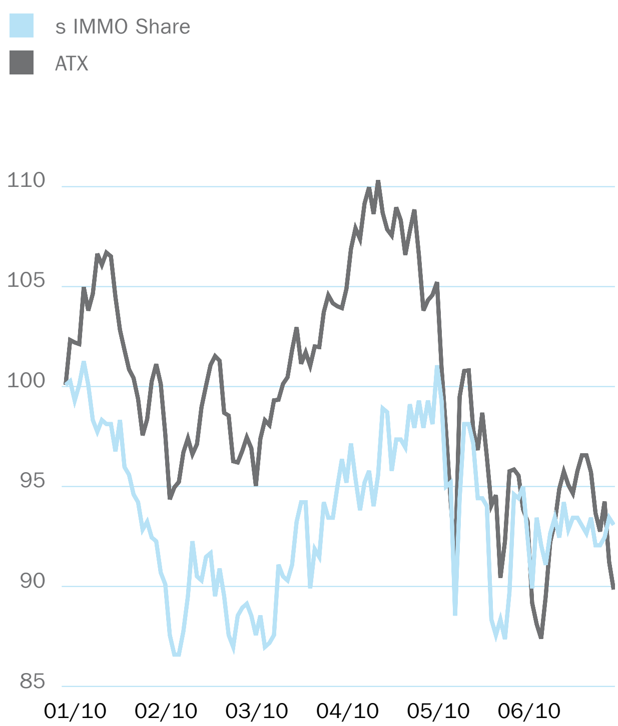
In the second quarter of 2010, Europe's stock exchanges were severely affected by the performance of the EURO and the debt crises of several EU economies. Share prices sank in response so that stock market gains registered at the beginning of 2010 had disappeared again by the end of the half year, whilst the performance of most securities was negative.

Austrian property stocks were no exception. The s IMMO Share fell back slightly, and its market price at 30 June 2010 was EUR 4.78, just under the EUR 4.95 quoted at 31 March 2010. Compared with the price a year earlier, however, its performance was a more satisfactory gain of 11.5%. In the same period, the ATX, which reflects the performance of the Austrian stock market as a whole, increased by only 8.5%.

Several mergers in the industry brought the amalgamation of a number of Austrian property stocks and resulted in a narrowing of the base of the IATX, the index of Austria's major property companies. This was much to the benefit of the s IMMO Share, as its weighting in the index doubled to 18.2%.

SHARE PRICE DEVELOPMENT

indexed (01.01.2010 to 30.06.2010)



s IMMO Share performance

ISIN	AT0000652250
One year	11.5%
Three years, p.a.	-23.18%

s IMMO INVEST participating certificate performance

ISIN	AT0000795737	AT0000630694
One year	30.1%	44.2%
Three years, p.a.	-4.6%	-6.3%

in EUR	s IMMO Share price (AT0000652250)	s IMMO INVEST price (AT0000795737)	s IMMO INVEST price (AT0000630694)	ATX	IATX
31.12.2009	5.00	71.60	71.01	2,495.56	137.53
31.03.2010	4.95	72.00	72.00	2,634.00	148.40
30.06.2010	4.78	71.99	70.72	2,278.80	147.29

International presence at investor conferences

In the first two quarters of 2010, Sparkassen Immobilien AG once more increased its presence at investor conferences with Austrian and international fund managers. Management took part in investor conferences and roadshows in Bahrain, Dubai, Canada, the USA, Germany, Switzerland and the Netherlands and presented the company to existing and potential new investors. In Austria, Sparkassen Immobilien AG participated in a Raiffeisen Centrobank investor conference for the first time and addressed new investors. The Group's strategy and its excellent business prospects were the subject of numerous one-on-one meetings.

Sparkassen Immobilien AG's Management also invited selected Austrian journalists to two informative days in Bucharest and Sofia. They were taken to see the two shopping centres completed in the spring of 2010, Sun Plaza and Serdika Center, and were also briefed by Sparkassen Immobilien AG's business partners such as Colliers International, BCR and ECE on expected developments in the Romanian and Bulgarian economies.

Annual General Meeting and main agenda items

Sparkassen Immobilien AG's Annual General Meeting was held on 21 May 2010 in the Vienna Marriott Hotel on Vienna's Ringstrasse – a hotel property belonging to the Group. The Meeting was attended by some 150 shareholders who participated in a discussion of the standard agenda items and voted on

- the election of three new members of the Supervisory Board,
- changes in the Articles of Incorporation,
- giving s IMMO Invest participating certificates (ISIN AT0000795737 and ISIN AT0000630694) conversion rights – the right to convert participating certificates into ordinary shares, to the exclusion of existing shareholders' subscription rights as well as
- changes in the Articles of Incorporation to reflect amended statutory provisions, in particular the Shareholders' Rights (Amendment) Act (AktRÄG 2009).

Most of the resolutions on the agenda were adopted with the necessary majority. Regarding the motion to give the holders of the participating certificates the right to convert their participating certificates into ordinary shares, however, the required 75% majority was not attained; the motion was approved by only 56% of the votes. Sparkassen Immobilien AG continues to work on a modified scheme of conversion for the participating certificates since conversion would increase the Company's market capitalisation and liquidity, and would simplify the Company's capital structure.

Stock indicators		Q2 2010	Q2 2009
Closing price as at 30 June	EUR	4.78	4.29
Average daily turnover	shares	44,000	225,400
Earnings per share (EPS)	EUR	0.09	0.05
NAV per share	EUR	8.23	9.43
Operating cash flow per share	EUR	0.49	0.48
Price/operating cash flow	EUR	5.00	4.43
Share price discount to NAV as at 30 June	%	41	54

MARKET OVERVIEW*

The European economy continued its recovery in the second quarter of the year with a total of EUR 23.5 billion being transacted across the European investment market during this period. This is a 15% increase on Q1 figures despite the sovereign debt crisis and the introduction of austerity measures by many European governments.

Eurozone data offers further evidence that the region's recovery remains on track. The preliminary Markit Eurozone composite purchasing managers' index (PMI) – an indicator for economic activity – rose to a three-month high of 56.7 in July, despite the fact that economists had forecasted a decline to 55.2. This indicates a better-than-expected start to the second half of the year with output growing in July at a rate similar to the average seen in the second quarter and consistent with GDP growth of 0.6% to 0.7%.

At the same time, the traditional East/West distinction has become less relevant as top-performing economies are starting to emerge from different regions of Europe. Whilst short-term Germany stands out for offering potential out-performance at below average levels of risk, over a longer two to three year period, the Czech Republic and Slovakia should also be noted for their growth potential.

In contrast, Romania and Bulgaria are still highly affected by the economic crisis. The worst is over but the recession is not showing signs of stopping. The situation in Romania has been additionally exacerbated by a 5% VAT increase and massive salary reductions in the public sector.

Some of the top performing city regions for the next one to two years are expected to be in Central Europe, notably Prague, but also Budapest and Bratislava. Property investment turnover across the CEE region is already nearly 200% higher in H1 2010 than in the same period last year. However, investor interest continues to focus on the core end of the market with the trend towards a 'flight to quality' having intensified further during the second quarter of the year.

Austria

Vienna's office market has been surprisingly stable despite the financial crisis, appealing not only to national but also international investors. Prime office rents have remained unchanged over the last three consecutive quarters, holding firm at EUR 22.25/m²/month. This is a drop of just 1.11% compared to the same period last year. Yields have also remained strong, falling by just 5 bps, reaching 5.55% by the end of the second quarter.

Meanwhile the retail markets in Vienna have exhibited a slight upward trend with prime rents up 0.91% on the last quarter to EUR 222.00/m²/month. Yields for prime retail space stand at 4.60%, a drop of 5 bps compared to Q1 and falling just 10 bps year-on- year.

The residential markets are also showing signs of recovery. In Vienna, where almost 70% of residential real estate is owned by institutional investors, banks and companies, the residential property price index surged by 8.7% year-on-year and by 2.8% from Q1.

Germany

Despite the fact that Germany's economic recovery is solidifying, there has been little change in the office markets from Q1, with prime rental values across the five core markets of Berlin, Dusseldorf, Frankfurt, Hamburg and Munich continuing to range from EUR 20.00/m²/month in Berlin to EUR 38.00/m²/month in Frankfurt. Prime yields have also stayed reasonably constant, ranging from 4.90% in Munich to 5.40% in Berlin, with only the latter recording any change from Q1 with a fall of just 10 bps.

*Sources: CB Richard Ellis, Cushman & Wakefield, Jones Lang LaSalle, Wall Street Journal Europe, The Wall Street Journal Market Watch, Global Property Guide, TRI Hospitality Consulting, Vienna Tourist Board

The retail markets, likewise, maintained their Q1 values with prime rents holding steady between EUR 220.00/m²/month in Dusseldorf and Hamburg, to EUR 300.00/m²/month in Munich. Yields have stayed competitive with the rest of Europe ranging from 4.50% in Hamburg and Munich to 4.60% in Frankfurt and Dusseldorf and 4.90% in Berlin.

There has, however, been a notable increase in large-deal liquidity across Europe, especially in Germany where thirteen EUR 100 million-plus deals were reported in H1 2010. These included the EUR 564 million sale of the Sony Center at Berlin's Potsdamer Platz to South Korea's National Pension Service.

There has also been a welcome increase in pre-lettings with companies starting to take a more strategic and long-term approach to office space. Total new-build volumes are expected to reach approximately 1.1 million m² in 2010 and more than half of this is already pre-let or being built by owner-occupiers. Vacancy rates have increased by only 2% quarter-on-quarter, averaging just 10.1%.

From a residential perspective, Germany's housing market has continued to show positive signs of growth during the first half of 2010. In April, the average price of an apartment was EUR 134,000; 2.7% higher than in the same month of 2009.

Central and Eastern Europe (CEE)

During the second quarter of 2010, the CEE property investment market registered 28 transactions with a total volume of EUR 969 million. This corresponds to growth of 34% in volume compared to Q1, up by a considerable 190% compared to the same period in 2009. Property investment turnover for the half year totalled EUR 1.7 billion.

The majority of CEE markets are seeing a compression in prime yields with downward pressure on office yields in Q2 following an earlier compression on prime shopping centre yields over the first quarter. Transactions are reflecting the gradual shift in sentiment, particularly in the Czech Republic where prime office yields have fallen by a fairly considerable 15 bps from Q1 to 6.85%. Similary, in Budapest yields have fallen by 25 bps to 7.75%. In comparison, prime office yields in Bratislava have stayed at their Q1 levels of 7.50%.

In terms of the rental market, prime office rents have remained steady at EUR 21.00/m²/month in Prague, EUR 20.00/m²/month in Budapest, and EUR 17.00/m²/month in Bratislava.

The housing slump in Slovakia is not over, as residential house prices plunged 8.3% over the course of Q1 2010. Slovakia's average house prices are now at EUR 1,300/m², 16.3% below their 2008 peak. According to Wienerberger, Hungary is the worst affected country within the CEE region, as permits to construct new homes fell by 11% in Budapest and 10% throughout the rest of Hungary.

South Eastern Europe (SEE)

In comparison to CEE, some selected SEE markets have seen a decrease in prime rents which, combined with consistent yields, is causing a decline in prime capital values compared with the previous quarter. Prime office rents in Sofia, for example, have fallen by 1.7% to EUR 14.50/m²/month from Q1, leaving prime yields at 10.00%. In comparison prime office yields in Bucharest and Zagreb remain constant at 9.50% and 8.30%, respectively.

Last year, Romania registered the biggest contraction in property investment volume since 2005, but the first half of 2010 appears to have brought revival to the sector. Investment volume in the first six months of 2010 came to EUR 226.2million, more than the entire volume for 2009, although it should still be remembered that this comes from an extremely low starting point. However, only 11% of turnover came from Bucharest in comparison with 14% in 2009 and 87% at the height of the market in 2005.

Retail has remained the most significant segment and unlike the CEE region where offices dominated investment turnover in H1 2010, only one transaction was completed in Romania in H1 2010, a partial stake acquisition for the City Gate project in Bucharest. Prime shopping center yields in Bucharest have fallen by 25 bps to 9.25%. In comparison, in Sofia prime shopping center yields stood at 9.00% at the end of Q2, and in Zagreb prime retail yields were at 7.50%.

In Bulgaria's capital Sofia, the average residential house price was EUR 797/m² in Q1 2010 which was down by 21.3% year-on-year and 1.7% quarter-on-quarter. The Croatian national property price index for advertised houses in April 2010 fell by 4.4% in annual terms and 0.35% in monthly terms. Romania also suffered a decrease during the first half of 2010, most notably a 17.3% drop in construction retail sales in June after a fall of 12.3% in May.

Hotel markets

The strengthening of demand in the European hotel markets which began in the first quarter of 2010 continued in the second quarter. Vienna, Prague and Budapest experienced a noticeable increase in overnight stays and occupancy rates. In the first five months of the year, overnight stays in Vienna climbed by 13% compared with last year and occupancy rates increased by around 4%. In Budapest, occupancy rates have improved by more than 5% since the beginning of the year. This positive trend has been encouraged by the current decline in new hotel projects in the majority of the European markets which will help to keep room rates up.

At present, though, average room rates in Prague and Budapest are still under pressure. The RevPAR – the average revenue per available room – has fallen by around 8% in Prague compared with last year and by about 3% in Budapest. In Vienna, however, last year's average room rates have proved to be sustainable, and in the period from January to May 2010 even an increase in average room revenue of around 7% was achieved. In recent months, some markets have already been showing upward tendencies in room rates, although no consistent trend is yet observable.

BUSINESS PERFORMANCE AND RESULTS

Property portfolio

Sparkassen Immobilien AG's portfolio at 30 June 2010 consisted of 251 residential, office and commercial properties and hotels with a total value of EUR 1,853.7m located in Austria, Germany, the Czech Republic, Slovakia, Hungary, Croatia, Bulgaria and Romania. The largest share of the property portfolio by market value is contributed by Germany at 29.8%, followed by Austria at 24.9%. The properties in SEE (Bulgaria, Romania and Croatia) made up 24.2%, while CEE (the Czech Republic, Slovakia and Hungary) constituted 21.1% of the portfolio.

According to property use type, office properties and commercial properties are the two largest segments at 30% each. Roughly 25% consist of residential properties and 14% of hotels.

Sparkassen Immobilien AG's properties in Germany are mainly in Berlin and Hamburg, while in Austria, CEE and SEE the Company is largely concentrated in top locations in Vienna, Prague, Bratislava, Budapest, Zagreb, Bucharest and Sofia. The occupancy rate is stable at 90%. In the first half of 2010, a total of five residential properties in Austria and Germany were sold – all of them above their previously estimated values. This meant that with disposal proceeds of EUR 57.7m, there were gains on disposals amounting to around EUR 2.6m.

Rental yields

%	30.06.2010
Germany	6.6
Austria	6.1
SEE	7.9
CEE	7.0
Total	**6.8**

The overall rental yield for the half-year ended 30 June 2010 was 6.8%.

Gross profit performance

Rental income for the first half of 2010 amounted to EUR 48.2m which was EUR 3.5m higher than the EUR 44.7m reported for the same period last year. The increase is attributable to the rental income from the Group's new shopping centres, Sun Plaza in Bucharest and Serdika Center in Sofia. The centres were opened in the spring of 2010, and currently boast occupancy rates of 99% (Serdika Center) and 97% (Sun Plaza).

The general increase in hotel occupancy rates in the first half-year had a positive effect on income from hotel operations which rose to EUR 17.0m. This was an increase of 5.2%, while expenses from hotel operations only increased by 3.4% to EUR 13.7m.

Regionally, rental income breaks down as follows: more than a half of rental income came from Germany and Austria with 36.2% and 21.5%, respectively. Following the opening of the two shopping centres, SEE made up 21.6% and 20.7% came from CEE.

By property use type, commercial properties contributed the largest share of rental income at 35.5%, followed by offices at 31.1% and residential properties at 28.4%. In the period under review, hotels contributed 5%. The hotels Vienna Marriott and Budapest Marriott are operated under management agreements and the income is disclosed as income from hotel operations.

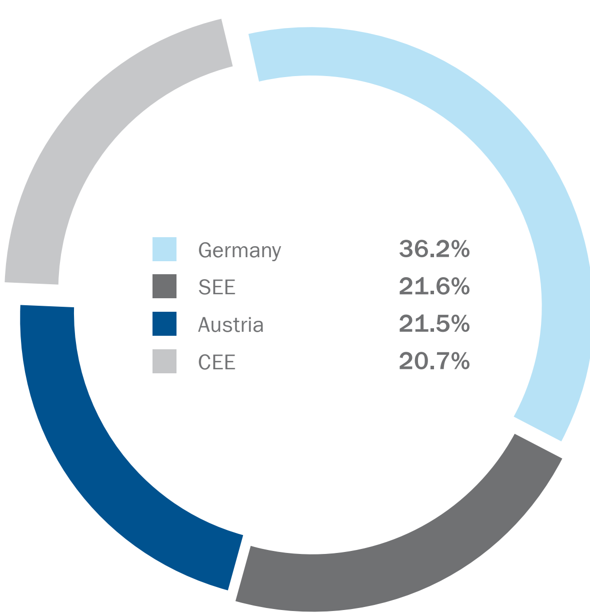
Sparkassen Immobilien AG increased its gross profit in the first half of 2010 by 4.3% to EUR 41.8m, after achieving EUR 40.1m in the same period last year.

Earnings performance

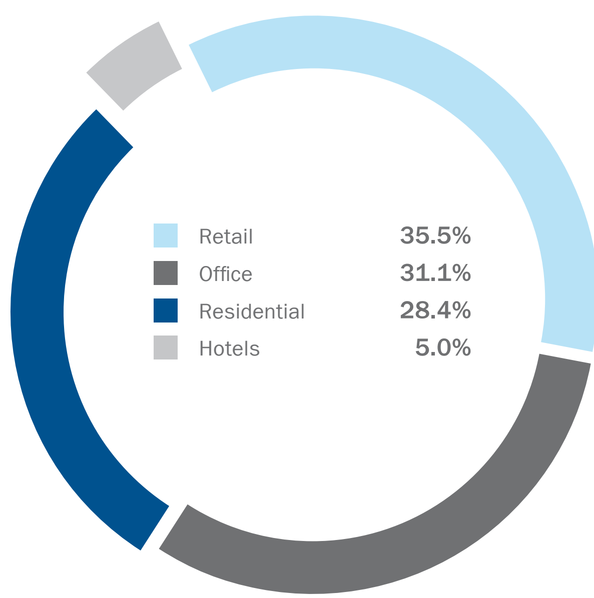
Sparkassen Immobilien AG sold a total of five residential properties in the first half of 2010, three in Vienna and two in Berlin. All the properties were sold above their estimated value. The proceeds from the disposal of properties came to EUR 2.6m compared with EUR 0.3m in the same period last year. EBITDA came in at EUR 36.8m, a 10% improvement over the comparable period last year.

Depreciation and amortisation for the half year were slightly higher than in 2009 and accounted for EUR 5.0m. There were modest revaluations in Austria and Germany while minor writedowns were necessary in SEE. The net writedown amounted to EUR 1.7m, equivalent to less than 1‰ of the carrying value of the property portfolio. Operating profit (EBIT) rose significantly from EUR 23.8m to EUR 30.1m in the period under review.

RENTAL INCOME BY REGION*



RENTAL INCOME BY PROPERTY USE TYPE*



* not including Vienna Marriott Hotel and Budapest Marriott Hotel

Higher borrowings meant that net financial expense in the first half of 2010 changed from EUR 15.0m to EUR 18.5m. Profit before tax (EBT) compared with the same period last year climbed 73.2% to EUR 6.6m.

The net profit of EUR 5.0m for the period was a significant improvement of 57.5% in comparison with the first half of 2009. The net profit for the period including the proportion attributable to minority interests is even higher at EUR 6.2m.

Funds From Operations (FFO) rose slightly from EUR 11.3m to EUR 11.4m. In calculating FFO, the net profit component was adjusted for non-cash items arising from the valuation of derivatives and from exchange differences.

Net Operating Income (NOI) improved by 17% compared with the first half of 2009 as a result of higher rental income and came to EUR 38.7m.

NOI for the half year ended 30 June 2010

		1–6/ 2010	1–6/ 2009	Change
NOI	in EUR m	38.7	33.1	17.0%
NOI margin	in %	49.0	45.0	4.0 pp

Cash flow

Operating cash flow improved slightly from EUR 33.0m to EUR 33.2m. The net cash outflow from investing activities was EUR 35.0m (H1 2009: net outflow of EUR 56.1m), and the net outflow from financing activities was EUR 61.3m (H1 2009: net inflow of EUR 72.6m).

Liquid assets

As at 30 June 2010, Sparkassen Immobilien AG's cash and cash equivalents totalled EUR 142.7m (31.12.2009: EUR 210.2m).

Consolidated balance sheet

Sparkassen Immobilien AG's total assets at 30 June 2010 amounted to EUR 2,128.4m and consisted mainly of non-current property assets at a value of EUR 1,842.0m (31.12.2009: EUR 1,846.5m), with current property assets totalling EUR 11.7m (31.12.2009: EUR 54.3m).

The net profit for the period after taxes came to EUR 5.0m. Equity fell slightly as a result of decreases in the value of interest derivatives. The further decline of interest rate hedge values was attributable to the continued fall in medium-term interest rates.

The participating capital as at 30 June 2010 was EUR 252.6m, a minor decrease of 3.5% in comparison with the end of 2009. The dividend distribution of EUR 14.1m took place on 21 May 2010.

Net asset value (NAV)

EPRA NAV increased from EUR 8.13 at 31 December 2009 to EUR 8.23 per share, reflecting the net profit achieved during the period.


Sun Plaza, Bucharest, Romania

Serdika Center, Sofia, Bulgaria


Neutorgasse, Vienna, Austria

Galvaniho 4, Bratislava, Slovakia

Update on development projects

By the end of 2010, Sparkassen Immobilien AG will have completed its existing development projects under construction, and will have invested around 97% of its planned investment capital. The remaining outstanding work will be completed in 2011.

Sun Plaza, Bucharest, Romania

With a total of 80,000 m² of available space, Sun Plaza is Romania's biggest shopping centre. It was completed by Sparkassen Immobilien AG in February 2010 and was already 97% let by the time it opened.

Its all-in-one shopping concept at an outstanding location in the south of Bucharest makes it particularly attractive to visitors. On weekdays the shopping centre is visited by up to 25,000 visitors, and on the weekends there may be more than 35,000 visitors a day. With attractions such as Cinema City (the largest cinema centre), its food court and its direct access to the underground system, which opened in June this year, Sun Plaza has proved a real crowd puller.

By the end of 2010, the gross office floor space of approximately 10,000 m² will be completed and available. Negotiations with potential tenants are under-way and it is expected that the first tenancy agreements will be signed by the end of the summer 2010.

Serdika Center, Sofia, Bulgaria

In March 2010, Sparkassen Immobilien AG opened Serdika Center, Bulgaria's largest shopping centre. Its 80,000 m² of available space combines stylish modern offices with premium shopping space. Its strong tenant mix, headed by top international names and brands such as Peek & Cloppenburg, Zara, Esprit, New Yorker and Reserved, and a spacious food court offer its visitors an outstanding shopping experience. Serdika Center is positioned at the high end of the local market and is primarily specialised in fashion. Serdika Center is managed by the German shopping centre specialist ECE, which operates and manages 130 shopping malls worldwide.

The 99% occupancy rate is highly satisfactory, especially given the current market environment – Bulgaria is one of the countries in the EU with the greatest amount of ground to make up.

Roughly 30,000 m² of Serdika Center's total available space will be top quality offices conforming to the most modern building standards. The building is in the process of acquiring its Sustainable Building Certificate from the German Sustainable Building Council (Deutsche Gesellschaft für nachhaltiges Bauen).

Neutorgasse, Vienna, Austria

The "jewel in the city", an office and residential property at a prime inner city location, is now in the final stages of completion. With its 11,000 m² of usable space, the building benefits from an excellent infrastructure. It is divided into two parts: the lower floors with total space of 5,000 m² contain modern, functional business and office premises that are already three-quarters let. The anchor tenant is the renowned Austrian office furniture manufacturer Bene, which is opening its prestigious new flagship store here.

The upper floors consist of luxury apartments with roof terraces and a fabulous view over Vienna. Of the 34 apartments, 27 have already been sold before final completion. There are 130 underground parking spaces. The building will be opened in the autumn of 2010.

Galvaniho 4, Bratislava, Slovakia

The Slovakian development project Galvaniho 4 is also in the final stages of completion. The building is located in a well established office and commercial district in Bratislava, and is connected to Galvaniho 1 and 2, two fully let properties also belonging to Sparkassen Immobilien AG. Construction of the six-floor building, which is distinguished by its impressive architectural design, is largely complete and the process of final inspection and acceptance is underway. A number of top tenants such as Oracle, Samsung and Bosch-Siemens are already moving in.

The business centre has 700 outside and inside parking spaces, is exceptionally well located in terms of transport infrastructure and has space for offices, shops and restaurants. The building, with its total of 23,700 m² of space, is already three-quarters let. It will be opened in the autumn of 2010.

Development land bank

Commitment to the CEE and SEE markets will continue to be a key element in Sparkassen Immobilien AG's long-term strategy.

Its roughly 12-hectare land bank includes six plots of land in the capital cities of Central and South Eastern Europe. In Bratislava there is a property project for which planning permits for offices have already been granted. In the centre of Prague, there is a site available for the development of a 150-room hotel. The Group also owns sites in Bulgaria and Romania with high development potential. An office project is planned in the centre of Sofia in conjunction with Immorent AG, Erste Group's property specialists. A 40,000 m² specialist retail park is planned in the south of Bucharest, and an office and hotel complex will be developed in the Grivitei district – a prime inner city location. As soon as the market and other conditions permit, construction on individual projects will begin.

OPPORTUNITIES AND RISKS

The overall opportunity and risk assessment for Sparkassen Immobilien AG is set out in detail in the Annual Report 2009 (pp 52 and 90 et seqq). As mentioned in the Section Market Overview, the German economy is recovering well. Sparkassen Immobilien AG's German residential property portfolio is benefiting from this recovery: vacancy rates are falling and rental income has improved. In comparison, the economic situation in SEE is more difficult. Purchasing power in Bulgaria and Romania is lagging behind the expectations and is influencing domestic demand negatively. This may well also affect the shopping centres Sun Plaza and Serdika Center.

OUTLOOK

During 2010, Sparkassen Immobilien AG will complete all existing development projects and will have successfully invested 97% of its planned investment capital.

In the spring of 2010, the largest shopping centres in Bulgaria and Romania opened to the public – Serdika Center in Sofia and Sun Plaza in Bucharest. These two developments are milestones in the history of Sparkassen Immobilien AG.

In the second half of 2010, the projects Neutorgasse in Vienna and Galvaniho 4 in Bratislava will be completed and opened. Sparkassen Immobilien AG's financial strength and expertise ensure that projects are completed successfully as planned – even in economically challenging times.

Sparkassen Immobilien AG aims to more than double its operating cashflow from EUR 49.0m in 2009 to over EUR 100m over the next two years. Its strategic focus will continue to be on sustainable yields and long-term growth with insistence on quality at every level being the key to enduring corporate success.

The Group will continue to analyse its markets in the greatest detail in order to take advantage of profitable opportunities for acquiring and disposing of properties. The roughly 12-hectare land bank comprises several sites in EU capitals in Central and Southern Europe, and provides an excellent basis for Sparkassen Immobilien AG's future development potential.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	16
CONSOLIDATED INCOME STATEMENT From 01.01.2010 to 30.06.2010	18
CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME From 01.01.2010 to 30.06.2010	19
CONSOLIDATED INCOME STATEMENT From 01.04.2010 to 30.06.2010	20
CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME From 01.04.2010 to 30.06.2010	21
CONSOLIDATED CASH FLOW STATEMENT	22
CHANGES IN CONSOLIDATED EQUITY	22
DETAILS OF SHARE CAPITAL	23
CHANGES IN NUMBER OF SHARES	23
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS	24

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30.06.2010

ASSETS in EUR '000	Note	30.06.2010	31.12.2009
Non-current assets			
Properties held as financial investments			
Investment properties	3.1.1.	1,592,618	1,253,432
Investment properties under development and land	3.1.1.	103,302	445,784
		1,695,920	1,699,216
Properties used by owner		146,089	147,296
Other plant and equipment		13,167	13,074
Intangible assets		219	223
Interests in associated companies		5	5
Group interests	3.1.4.	3,110	3,101
Deferred taxes		30,479	25,531
		1,888,989	1,888,446
Current assets			
Properties held for disposal	3.1.3.	11,720	54,300
Inventories	3.1.5.	26,114	20,476
Trade receivables		8,268	9,185
Other accounts receivable		41,102	49,672
Other assets		9,525	2,963
Cash and cash equivalents	3.1.6.	142,727	210,151
		239,456	346,747
		2,128,445	**2,235,193**

EQUITY AND LIABILITIES in EUR '000	Note	30.06.2010	31.12.2009
Shareholders' equity			
Share capital		247,509	247,509
Capital reserves		147,110	147,110
Other reserves		74,563	84,384
		469,182	479,003
Minority interests	3.1.7.	48,906	44,832
		518,088	523,835
Non-current liabilities			
Subordinated participating certificate capital	3.1.8.	252,599	261,658
Financial liabilities		978,836	978,860
Provisions		18,286	16,020
Other liabilities		11,443	10,839
Deferred taxes		48,935	47,588
		1,310,099	1,314,965
Current liabilities			
Financial liabilities		221,183	303,390
Trade payables		18,465	28,954
Construction costs, tenants' financing and housing construction subsidies on properties held for sale		0	9,835
Other liabilities		60,611	54,214
		300,258	396,393
		2,128,445	**2,235,193**

CONSOLIDATED INCOME STATEMENT

FROM 01.01.2010 TO 30.06.2010

EUR '000	Notes	1 – 6/2010	1 – 6/2009[1)]
Revenues	3.2.1.		
Rental income		48,228	44,681
Revenues from service charges		14,082	12,590
Revenues from hotel operations		17,046	16,210
		79,356	73,481
Other operating income		3,056	7,056
Expenses directly attributable to properties	3.2.2.	-26,906	-27,205
Hotel operating expenses	3.2.2.	-13,707	-13,260
Revenues less directly attributable expenses		**41,798**	**40,072**
Income from property disposals		57,670	24,060
Carrying values of property disposals		-55,060	-23,770
Gains on property disposals	3.2.3.	2,610	290
Management expenses		-7,623	-6,912
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**36,785**	**33,450**
Depreciation and amortisation		-4,970	-4,728
Gains/losses on property valuation		-1,730	-4,900
Operating result (EBIT)		**30,084**	**23,822**
Finance costs	3.2.4.	-18,526	-14,976
Participating certificates result		-5,001	-5,059
Net income before tax (EBT)		**6,558**	**3,787**
Taxes on income	3.2.5.	-1,542	-603
Net income/loss for the period		**5,016**	**3,184**
of which attributable to shareholders of parent company		6,215	3,216
of which attributable to minority interests		-1,199	-32
Earnings per share			
diluted = undiluted		0.09	0.05

[1] adjusted

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
FROM 01.01.2010 TO 30.06.2010

EUR '000	1 – 6/2010	1 – 6/2009[1)]
Net income/loss for the period	5,016	3,184
Changes in fair value of derivatives	-18,258	-8,648
Income tax related to other comprehensive income	4,432	2,339
Exchange differences	-2,210	0
Total comprehensive income for the period	**-11,020**	**-3,125**
of which attributable to shareholders of parent company	-9,821	-3,093
of which attributable to minority interests	-1,199	-32

[1] adjusted

CONSOLIDATED INCOME STATEMENT
FROM 01.04.2010 TO 30.06.2010

EUR '000	Notes	4 – 6/2010	4 – 6/2009[1]
Revenues	3.2.1.		
Rental income		26,347	22,421
Revenues from service charges		7,507	6,303
Revenues from hotel operations		9,926	9,138
		43,781	37,862
Other operating income		1,934	6,274
Expenses directly attributable to properties	3.2.2.	-16,281	-15,794
Hotel operating expenses	3.2.2.	-7,326	-6,791
Revenues less directly attributable expenses		**22,108**	**21,551**
Income from property disposals		1,006	24,060
Carrying values of property disposals		-760	-23,770
Gains on property disposals	3.2.3.	246	290
Management expenses		-3,698	-4,268
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**18,655**	**17,573**
Depreciation and amortisation		-2,612	-2,329
Gains/losses on property valuation		-1,730	-4,900
Operating result (EBIT)		**14,313**	**10,344**
Finance costs	3.2.4.	-9,604	-4,744
Participating certificates result		-2,251	-2,244
Net income before tax (EBT)		**2,459**	**3,356**
Taxes on income	3.2.5.	-3,461	-639
Net income/loss for the period		**-1,002**	**2,717**
of which attributable to shareholders of parent company		233	2,734
of which attributable to minority interests		-1,235	-17
Earnings per share			
diluted = undiluted		0.00	0.04

[1] adjusted

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
FROM 01.04.2010 TO 30.06.2010

EUR '000	4 – 6/2010	4 – 6/2009[1)]
Net income/loss for the period	-1,002	2,717
Changes in fair value of derivatives	-10,758	7,597
Income tax related to other comprehensive income	2,628	-1,646
Exchange differences	-418	0
Total comprehensive income for the period	**-9,550**	**8,668**
of which attributable to shareholders of parent company	-8,315	8,685
of which attributable to minority interests	-1,235	-17

[1] adjusted

CONSOLIDATED CASH FLOW STATEMENT

EUR '000	30.06.2010	30.06.2009[1)]
Operating cash flow	33,199	32,994
Changes in net current assets	-4,338	-90,962
Cash flow from operating activities	28,861	-57,968
Cash flow from investing activities	-35,006	-56,143
Cash flow from financing activities	-61,279	72,603
Total	**-67,424**	**-41,508**
Cash and cash equivalents at 01 January 2010	210,151	243,541
Cash and cash equivalents at 30 June 2010	142,727	202,033
Total net cash flow	**-67,424**	**-41,508**

[1] adjusted

CHANGES IN CONSOLIDATED EQUITY

EUR '000	Share capital	Capital reserves	Foreign currency translation reserve	Hedge accounting	Revenue reserves	Subtotal	Minority interests	Total
At 01 January 2010	**247,509**	**147,110**	**-13,491**	**-38,668**	**136,543**	**479,003**	**44,832**	**523,835**
Net income/loss for the period	0	0	0	0	6,215	6,215	-1,199	5,016
Other comprehensive income	0	0	-2,210	-13,826	0	-16,036	0	-16,036
Acquisitions	0	0	0	0	0	0	5,273	5,273
Disposals	0	0	0	0	0	0	0	0
At 30 June 2010	**247,509**	**147,110**	**-15,701**	**-52,494**	**142,758**	**469,182**	**48,906**	**518,088**
At 01 January 2009	**247,509**	**241,301**	**-6,252**	**-26,364**	**120,804**	**576,998**	**26,088**	**603,086**
Net income/loss for the period	0	0	0	0	3,216	3,216	-32	3,184
Other comprehensive income	0	0	0	-6,309	0	-6,309	0	-6,309
Acquisitions	0	0	0	0	0	0	6,315	6,315
Disposals	0	-94,191	0	0	94,191	0	0	0
At 30 June 2009	**247,509**	**147,110**	**-6,252**	**-32,673**	**218,211**	**573,905**	**32,371**	**606,276**

DETAILS OF SHARE CAPITAL

EUR '000	30.06.2010	31.12.2009
Total share capital	247,509	247,509
Treasury shares (nominal)	0	0
	247,509	**247,509**

CHANGES IN NUMBER OF SHARES

Number of shares	30.06.2010	31.12.2009
Issued share capital – 01 January 2010	68,118,718	68,118,718
Issue of new shares from capital increase	0	0
Treasury shares sold	0	0
Issued share capital – 30 June 2010	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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BUSINESS

Sparkassen Immobilien AG Group (Sparkassen Immobilien AG and its subsidiaries) is an international real estate group. The ultimate parent company of the Group is Sparkassen Immobilien AG. It has its registered head office at Friedrichstrasse 10, 1010 Vienna, Austria, and has been listed on the Vienna Stock Exchange since 1992 – in the Prime Segment since 2007. It has subsidiaries in Austria, Germany, the Czech Republic, Slovakia, Hungary, Croatia, Romania, Bulgaria, Denmark, Cyprus and Ukraine. At 30 June 2010, Sparkassen Immobilien AG owned properties in all the countries mentioned above except Denmark, Cyprus and Ukraine (in liquidation). The Company's principal business is the acquisition, letting and sale of properties in different regions and market segments in order to achieve a balanced investment portfolio. Another business activity is the development and construction of properties in cooperation with project development partners.

2. ACCOUNTING AND VALUATION POLICIES

2.1. Accounting policies

The consolidated interim financial statements as at 30 June 2010 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 in the EU at the balance sheet date.

In preparing the consolidated interim financial statements for the first six months ended 30 June 2010, the accounting and valuation policies applied in the consolidated financial statements for the year ended 31 December 2009 have been applied essentially unchanged.

There are changes in the presentation of the consolidated interim financial statements for the six months ended 30 June 2010 as compared with the consolidated interim financial statements for the same period last year.

The main purpose of the changes was to bring the Group's financial statements and accounting policies as closely as possible into line with the Best Practice Policy Recommendations of the European Public Real Estate Association (EPRA). The EPRA (www.epra.com) is the association of European stock exchange listed real estate investment companies. It was founded in 1999 and has around 200 members.

The changes, which in all cases take circumstances particular to the Group into account, affect the following areas:

- Presentation of the statement of financial position and income statement in accordance with EPRA recommendations
- Presentation of information in the Notes in accordance with EPRA recommendations

The comparative figures have been correspondingly adjusted.

The financial statements for the six months ended 30 June 2010 have neither been audited nor reviewed by independent auditors.

The accounting policies of the companies included in consolidation are based on the uniform accounting regulations of Sparkassen Immobilien AG Group. The financial year for all companies ended at 31 December 2009. There has been no change in the companies included in consolidation as compared with the consolidated financial statements for the year ended 31 December 2009.

The consolidated interim financial statements are presented rounded to the nearest EUR 1,000. The totals of rounded amounts and the percentages may be affected by rounding differences caused by software.

2.2. Reporting currency and currency translation

The Group's reporting currency is the EURO. The functional currencies of Group companies are determined by the business environment in which they operate. Functional currencies are translated into the reporting currency in accordance with IAS 21 as follows:

(a) Assets and liabilities at closing rates
(b) Income and expenses at the average rate for the period
(c) All resulting exchange differences are recognised in the foreign currency translation reserve under equity

3. NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3.1. Statement of financial position

3.1.1. Properties held as financial investments

Changes in properties held as financial investments as at 30 June were as follows:

Rental properties

	EUR '000
As at 01 January 2009	**1,377,997**
Additions	9,085
Disposals	-150,273
Changes in fair value	-41,626
Reclassification	58,249
As at 31 December 2009	**1,253,432**
whereof pledged as security	1,204,280
Additions	8,205
Disposals	-760
Changes in fair value	-1,730
Reclassification	333,471
As at 30 June 2010	**1,592,618**
whereof pledged as security	1,151,365

Development projects and undeveloped land

The market value of development projects and undeveloped land by region was as follows:

EUR '000	30.06.2010	31.12.2009
Austria	40,453	35,446
Germany	0	2,317
Central Europe	6,261	6,075
South Eastern Europe	56,588	401,946
	103,302	**445,784**

Where construction finance can be directly associated with these properties, the borrowing costs of qualifying properties during the period of construction are capitalised as part of acquisition and construction cost.

3.1.2. Owner-occupied hotels

The owner-occupied properties within the Sparkassen Immobilien AG Group are generally hotels operated by internationally known hotel chains for the Group under corresponding management agreements. Both income and expenses of hotel operations are subject to seasonal fluctuations.

3.1.3. Properties held for disposal

Properties are treated as held for disposal if it is the intention of the Group's Management to dispose of them in the near future (e.g., if negotiations for sale are already well advanced). It is currently intended to dispose of two properties in Austria and one located in Germany.

EUR '000	30.06.2010	31.12.2009
Germany	890	0
Austria	10,830	54,300
	11,720	**54,300**

3.1.4. Investments

EUR '000	Interest %	30.06.2010	31.12.2009
BGM-IMMORENT Aktiengesellschaft & Co KG	22.8	2,286	2,286
ERSTE Immobilien Kapitalanlagegesellschaft mbH	11.5	621	621
Other		203	194
		3,110	**3,101**

3.1.5. Inventories

Inventories consist mainly of freehold apartments under construction in Austria and are measured at cost of acquisition and construction. The consolidated carrying values as at 30 June 2010 amounted to EUR 26,114,000 (2009: EUR 20,476,000). External construction finance directly attributable to such inventories is capitalised as acquisition and construction cost.

3.1.6. Cash and cash equivalents

EUR '000	30.06.2010	31.12.2009
Bank balances	82,495	149,918
Short-term deposits with banks	60,000	60,000
Cash in hand	232	233
	142,727	**210,151**

3.1.7. Minority interests

The minority interests of EUR 48,906,000 (2009: EUR 44,832,000) consisted principally of Hansa Immobilien EOOD/Einkaufscenter Sofia G.m.b.H. & Co KG (35% interest).

3.1.8. Participating certificates (subordinated)

The terms of the agreement for s IMMO INVEST participating certificates were changed retroactively with effect from 01 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:

$$\left(\begin{array}{c}\text{Participating} \\ \text{certificate capital} \\ \text{+ profit brought} \\ \text{forward}\end{array}\right) * \frac{\text{Consolidated EBIT}}{\begin{array}{c}\text{Average property portfolio} \\ \text{(not including} \\ \text{development projects)}\end{array}}$$

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

For the six months ended 30 June 2010, the total share of earnings was EUR 4,938,000 (2009: EUR -9,966,000).

As at 30 June 2010, there were 3,224,884 participating certificates in issue. The total entitlements of participating certificate holders (principal and interest) as of that date were EUR 78.33 (2009: EUR 81.14) per certificate, break down as follows:

EUR '000	Participating certificate capital	Attributable profit brought forward	Attributable profit for the period	Share in undisclosed reserves in property portfolio	Total
Participating certificate capital – 01 January 2010	**234,352**			**484**	**234,836**
Profit brought forward – 01 January 2010		36,788			36,788
Income entitlements of participating certificate holders from 2009			-9,966		-9,966
Distribution – 21 May 2010		-14,060			-14,060
Increase in profit brought forward pursuant to Clause 5 (6), Participating Certificates Agreement		-9,966	9,966		0
Income entitlements of participating certificate holders			4,938		4,938
Allocation of undisclosed reserves in property portfolio				63	63
Participating certificate capital as at 30 June 2010	**234,352**	**12,762**	**4,938**	**547**	**252,599**
Per participating certificate (in EUR)	**72.67**	**3.96**	**1.53**	**0.17**	**78.33**

As in 2009, the annual distribution per certificate was EUR 4.36.

EUR '000	Participating certificate capital	Attributable profit brought forward	Attributable profit for the period	Share in undisclosed reserves in property portfolio	Total
Participating certificate capital – 01 January 2009	**234,352**			**1,679**	**236,031**
Profit brought forward – 01 January 2009		46,305			46,305
Income entitlements of participating certificate holders from 2008			4,543		4,543
Distribution – 22 May 2009			-14,060		-14,060
Increase of profit brought forward pursuant to Clause 5 (6), Participating Certificates Agreement		-9,517	9,517		0
Income entitlements of participating certificate holders			-9,966		-9,966
Allocation of undisclosed reserves in property portfolio				-1,195	-1,195
Participating certificate capital as at 31 December 2009	**234,352**	**36,788**	**-9,966**	**484**	**261,658**
Per participating certificate (in EUR)	**72.67**	**11.41**	**-3.09**	**0.15**	**81.14**

The participating certificates mature on 31 December 2029. Effective 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.

3.1.9. Financial liabilities

Current and non-current financial liabilities amounted to EUR 1,200,019,000. As at 30 June 2010, the maturities of financial liabilities to banks were as follows:

EUR '000	30.06.2010
Up to 1 year	221,183
Between 1 and 5 years	284,899
More than 5 years	693,937
	1,200,019

3.1.10. Derivative financial instruments

Sparkassen Immobilien AG uses caps, collars and swaps to hedge interest rate risks.

These are disclosed under other financial assets – EUR 1,000,000 as at 30 June 2010 (31.12.2009: EUR 1,402,000) – and non-current financial liabilities – EUR 70,479,000 as at 30 June 2010 (31.12.2009: EUR 52,281,000). The fair value measurement of derivatives is based on estimates made by banks. In the first six months of 2010, there was resulting expense of EUR 18,258,000 recognised in equity with no effect on income, and expense of EUR 341,000 that was recognised in the consolidated income statement as part of the financial results.

As at 30 June 2010

EUR '000	Nominal	Fair value	Negative fair value
Swaps	415,087		51,664
Caps	296,890	1,000	
Collars	200,000		18,815
Total	**911,977**	**1,000**	**70,479**

As at 31 December 2009

EUR '000	Nominal	Fair value	Negative fair value
Swaps	415,087		38,456
Caps	245,000	1,402	
Collars	200,000		13,825
Total	**860,087**	**1,402**	**52,281**

3.2. Consolidated income statement

3.2.1. Revenues

Revenues were as follows:

EUR '000	1-6/2010	1-6/2009
Rental income	48,228	44,681
Revenues from service charges	14,082	12,590
Revenues from hotel operations	17,046	16,210
	79,356	**73,481**

Rental income by property use type was as follows:

EUR '000	1-6/2010	1-6/2009
Office	15,014	18,837
Residential	13,707	14,603
Commercial	17,109	9,587
Hotels	2,398	1,654
	48,228	**44,681**

3.2.2. Operating costs and expenses from properties and hotel operations

These are expenses in connection with non-current property assets and consist in the main of operating costs, provisions for bad and doubtful debts, maintenance expenses and commissions.

The expenses of hotel operations mainly consist of expenses for food, beverages, catering supplies, hotel rooms, licenses and management fees, maintenance, operating costs, commissions, personnel expenses and advertising. Both income and expenses of hotel operations are subject to seasonal fluctuations.

Including staff in hotel operations, the Group employed an average of 445 people (2009: 440 people) during the period. Personnel expenses for hotel staff are shown under expenses of hotel operations.

3.2.3. Gains on property disposals

In the first half of 2010, a total of five residential properties were sold, three in Vienna and two in Berlin, at a price above the estimated value at the time.

EUR '000	1-6/2010	1-6/2009
Disposal proceeds		
Properties held as financial investments	920	0
Properties held for disposal	56,750	24,060
	57,670	**24,060**
Carrying value of property disposals		
Properties held as financial investments	-760	0
Properties held for disposal	-54,300	-23,770
	-55,060	**-23,770**
Gains on property disposals		
Properties held as financial investments	160	0
Properties held for disposal	2,450	290
	2,610	**290**

3.2.4. Finance costs

Net finance costs were made up as follows:

EUR '000	1-6/2010	1-6/2009
Finance expense	-20,103	-19,059
Finance income	1,577	4,083
	-18,526	**-14,976**

3.2.5. Taxes on income

EUR '000	1-6/2010	1-6/2009
Current tax expenses	-976	-166
Deferred tax expenses	-566	-437
	-1,542	**-603**

4. OPERATING SEGMENTS

Segment reporting for Sparkassen Immobilien AG Group is based on geographical regions. The four regions are as follows:

Austria: This operating segment includes all the Group's Austrian subsidiaries.

Germany: This operating segment includes the German subsidiaries and also the subsidiaries in Denmark, which are property ownership companies holding properties in Germany.

EUR '000
Rental income
Revenues from service charges
Revenues from hotel operations
Total revenues
Other operating income
Property management expenses
Hotel operating expenses
Net revenues
Gains on property disposals
Management expenses
EBITDA
Depreciation and amortisation
Gains/losses on property valuations
EBIT
Non-current assets
Non-current liabilities (including participating certificates in Austria)

Central Europe: This operating segment comprises the subsidiaries in Slovakia, the Czech Republic and Hungary.

South Eastern Europe: This operating segment includes the subsidiaries in Bulgaria, Croatia and Romania. The subsidiary in Ukraine is also treated as part of this latter segment, as are the subsidiaries in Cyprus which are related to the Group companies in Romania and Ukraine.

In preparing and presenting the segment information, the same accounting and valuation policies are applied as for the consolidated annual financial statements.

5. OTHER OBLIGATIONS AND CONTINGENT LIABILITIES

At the balance sheet date the Group was involved in a number of open legal disputes. However, the amounts involved were not significant and even in total the amount was not material in comparison with the Group's total assets.

Austria		Germany		Central Europe		South Eastern Europe		Total	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
10,361	12,865	17,449	17,359	9,980	12,108	10,438	2,349	48,228	44,681
2,486	2,783	5,654	6,185	3,405	3,315	2,537	307	14,082	12,590
10,263	9,993	0	0	6,783	6,217	0	0	17,046	16,210
23,110	**25,641**	**23,103**	**23,544**	**20,168**	**21,640**	**12,975**	**2,656**	**79,356**	**73,481**
1,682	5,749	1,008	1,099	217	85	149	123	3,056	7,056
-5,297	-8,769	-12,390	-13,434	-4,183	-4,296	-5,036	-707	-26,906	-27,205
-8,429	-8,474	0	0	-5,278	-4,786	0	0	-13,707	-13,260
11,066	**14,147**	**11,721**	**11,209**	**10,924**	**12,643**	**8,088**	**2,072**	**41,798**	**40,072**
2,450	290	160	0	0	0	0	0	2,610	290
-3,863	-3,310	-2,527	-2,654	-568	-66	-665	-881	-7,623	-6,912
9,653	**11,127**	**9,354**	**8,555**	**10,356**	**12,577**	**7,423**	**1,191**	**36,785**	**33,450**
-1,600	-1,739	-99	-72	-2,728	-2,384	-544	-533	-4,970	-4,728
2,300	-1,958	970	0	0	-2,942	-5,000	0	-1,730	-4,900
10,353	**7,430**	**10,225**	**8,483**	**7,628**	**7,251**	**1,879**	**658**	**30,084**	**23,822**
30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**	**30.06.2010**	**31.12.2009**	**30.06.2010**	**31.12.2009**	**30.06.2010**	**31.12.2009**
486,424	486,055	552,864	550,060	396,919	398,273	452,782	454,058	1,888,989	1,888,446
666,506	679,269	333,079	348,719	263,159	241,987	47,355	44,990	1,310,099	1,314,965

6. SIGNIFICANT RELATED PARTY DISCLOSURES

For Sparkassen Immobilien AG Group, related parties are as follows:

- Sparkassen Immobilien AG Group's managing bodies
- Erste Group
- Vienna Insurance Group

Sparkassen Immobilien AG Group's managing bodies are as follows:

Management Board of Sparkassen Immobilien AG
Holger Schmidtmayr, Vienna
Ernst Vejdovszky, Vienna
Friedrich Wachernig, Vienna

Supervisory Board of Sparkassen Immobilien AG
Martin Simhandl, Vienna (Chairman)
Gerald Antonitsch, Vienna (first deputy chairman)
Franz Kerber, Graz (second deputy chairman)
Christian Hager, Krems
Erwin Hammerbacher, Vienna
Ralf Zeitlberger, Vienna
Wilhelm Rasinger, Vienna
Michael Matlin, New York

There were the following receivables and payables with Erste Group and Vienna Insurance Group at the balance sheet date:

EUR '000	30.06.2010	31.12.2009
Other receivables	555	432
Bank balances	87,298	166,458
Receivables	**87,853**	**166,890**

EUR '000	30.06.2010	31.12.2009
Non-current liabilities to banks	369,769	404,700
Other non-current financial liabilities	65,858	71,169
Current bank and financial liabilities	71,615	76,000
Trade payables	1,224	1,687
Other liabilities	67	592
Payables	**508,533**	**544,148**

For the six months ended 30 June 2010, there were the following material income and expenses in connection with Erste Group and Vienna Insurance Group:

EUR '000	1–6/2010
Management fees IMMORENT AG	1,228
Bank loan interest, other interest and bank charges	7,325
Other expenses	718
Expenses	**9,271**

EUR '000	1–6/2010
Rent and service charges	159
Bank interest	50
Other interest income	68
Income	**277**

7. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In the third quarter 2010, an office building in Vienna was sold for a price above its most recent estimated value.

Vienna, 31 August 2010

The Management Board

Holger Schmidtmayr m.p.
Ernst Vejdovszky m.p.
Friedrich Wachernig m.p.

DECLARATION PURSUANT TO SECTION 87 (1) (3) AUSTRIAN STOCK EXCHANGE ACT (BÖRSEGESETZ)

“STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.”

Vienna, 31 August 2010

The Management Board

Holger Schmidtmayr | Ernst Vejdovszky | Friedrich Wachernig

This Interim Report has been prepared and proofread with the greatest possible care, and the information in it has been checked. Nevertheless, the possibility of rounding errors, errors in transmission and typesetting or printing errors cannot be excluded. Apparent arithmetical errors may be the result of rounding errors caused by software. In the interests of simplicity and readability, the language of this Interim Report is as far as possible gender neutral. Therefore, the terms used 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 time the Interim Report was prepared. 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 a recommendation either to buy or to sell shares in Sparkassen Immobilien AG. Past events are not a reliable indicator of future developments. This Interim Report has been prepared in the German language, and only the German language version is authentic. The Interim Report in other languages is a translation of the German Report.

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FINANCIAL CALENDAR

31 August 2010	Results first half 2010
25 November 2010	Results first three quarters 2010

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