

**Q1**

**INTERIM REPORT  
AS AT 31 MARCH 2011**

OMV Head Office (Hoch Zwei) - Vienna, Austria



Closeness is our strength.



## KEY FIGURES

		01.01.–31.03. 2011	01.01.–31.03. 2010
Revenues	EUR m	48.3	35.6
whereof rental income and revenue from hotel operations	EUR m	38.7	29.0
EBITDA	EUR m	24.1	18.1
EBIT	EUR m	26.6	15.8
EBT	EUR m	5.5	4.1
Net income for the period	EUR m	5.4	6.0
Total assets	EUR m	2,175.4	2,169.6
Shareholders' equity	EUR m	531.7	527.2
Liabilities	EUR m	1,643.6	1,642.4
Equity ratio (incl. participation certificate capital)	in %	36	36
Investments	EUR m	6.0	42.4
Operating cash flow	EUR m	27.5	15.3
Cash flow from investing activities	EUR m	-5.6	-14.1
Cash flow from financing activities	EUR m	-91.8	-35.2
Cash and cash equivalents at 31 March	EUR m	58.4	173.4
NOI margin	in %	50	52
Loan to value ratio	in %	60	57
FFO	EUR m	10.0	9.1
Earnings per share	EUR	0.04	0.09
NAV per share	EUR	8.45	8.15
Share price discount from NAV	in %	40	39
Cash flow from operations per share	EUR	0.40	0.23
Property portfolio (fair value)	EUR m	2,012.5	1,847.1
whereof properties under construction	EUR m	56.2	99.5



Office Building Galvaniho 4, Bratislava, Slovakia

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# Dear Shareholders,

Sparkassen Immobilien AG got off to a successful start in 2011: in the first quarter, our key indicators were considerably improved compared with the same period last year, we have paved the way for important new projects, and six research houses already have us on their radar. Even though the national economies in our various EU markets are recovering at different speeds, we are generally convinced that things are improving.

At the end of the first quarter, we opened the office building Galvaniho 4, our third property at the successful Galvaniho site located between Bratislava's city centre and the airport. The building premises, which are fully let, were officially handed over to the new tenants, including renowned companies such as Samsung, Oracle and Bosch-Siemens. We have now successfully completed and opened our development projects, representing a total investment volume of over EUR 500m.

As announced in our most recent Annual Report, we have intensified letting activities for our existing portfolio by internalising major parts of our asset management. Our efforts have shown first signs of success: in Budapest, we were able to let 3,800 m<sup>2</sup> in our Maros utca Business Center to the counselling institution Educatio, and we signed up a foundation for a long-term lease of over 5,000 m<sup>2</sup> in our Berlin Lützow Center. We have also worked actively on our shopping centres Sun Plaza and Serdika Center, where we were able to add renowned brands such as Calvin Klein and Pepe Jeans as well as the Adidas Performance Store – a particularly interesting marketing concept – to our list of tenants. In Sofia and Bucharest, we will continue to concentrate on marketing activities in the coming months. Talks with international brands as potential tenants are very promising.

We are working on obtaining zoning permits and permissions for our building plots earmarked for development in our chosen investment markets – all located in European Union capitals. Planning permission for our office project Grivitei in Bucharest has been obtained, and we are now focusing on the concept, design and preparing the application for the construction permit. As soon as the relevant permissions are received and local market conditions permit, construction on the various projects will begin.



The Members of Sparkassen Immobilien AG's Management Board:  
Friedrich Wachernig, Ernst Vejdovszky and Holger Schmidtmayr (f.l.t.r.)

### Operating success in the first quarter

We are very pleased with Sparkassen Immobilien AG's operating performance in the first quarter of 2011: both the rental income of EUR 30.3m and the income from hotel operations of EUR 8.4m were significantly higher than in the same period last year. The excellent performance of the hotel sector, which is generally seen as a lead indicator of future economic development, encourages us to take an optimistic view of the future. Gross profit improved by more than 40% to EUR 27.7m, and EBIT climbed 68.7% to EUR 26.6m. We ended the first quarter of 2011 with a highly satisfactory consolidated net income of EUR 5.4m for the period.

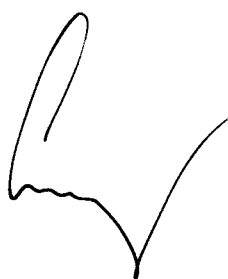
The additional rental income from the newly opened development projects and the acquisitions in Vienna's Viertel Zwei led to an increase in operating cash flow. The rise from EUR 15.3m in the first quarter of 2010 to EUR 27.5m for the same period this year reflects the predicted increase in the Group's profitability. The net asset value, the inner value of the share, also improved – from EUR 8.34 at the end of 2010 to EUR 8.45 at 31 March 2011.

### CA Cheuvreux and Edge Capital initiate coverage reports of S IMMO

In the capital markets, we are continuing to work intensively on highlighting the existing potential of the S IMMO Share and on closing the gap between share price and net asset value. In the first quarter of 2011, the share moved sideways at around the EUR 5.00 level. The new coverage by CA Cheuvreux and Edge Capital means that two more renowned research houses are now following our share. All the analyses agree that the discrepancy between share price and NAV represents a large potential for appreciation.

On our agenda for the coming quarters are inclusion in the industry-relevant indices and simplification of our capital structure. With these goals in mind, we have stepped up our IR activities and are working towards more transparent and dialogue-oriented communication. We invite you to visit our new website, [www.simmoag.at/en](http://www.simmoag.at/en), and make use of our new services, including a variety of social media channels and our e-mail or SMS ordering service. We look forward to receiving your feedback.

The Management Board



Holger Schmidtmayr



Ernst Vejdovsky



Friedrich Wachernig



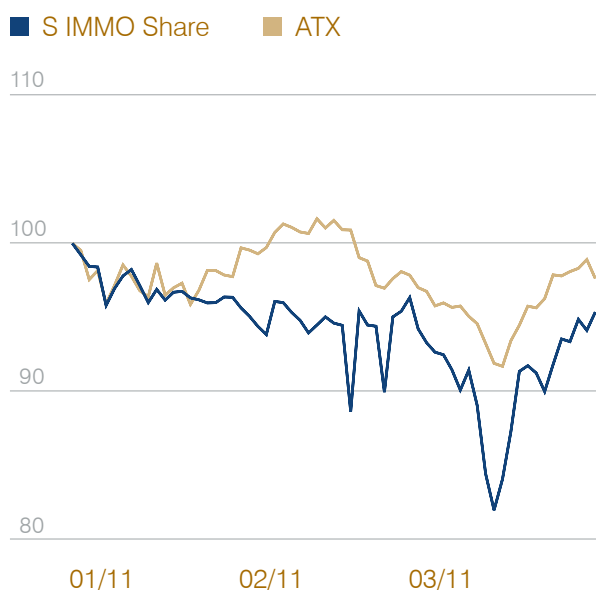
# Our Share

For a variety of reasons, markets were very volatile in the first quarter of 2011. Investors' confidence was shaken by the natural disasters in Australia and Japan as well as the Japanese nuclear power plant incident. The growing unrest in Egypt, Tunisia, Libya, Syria and Yemen is fuelling fears of shortages of crude oil supplies and unsteady global capital

markets. In Europe, the high level of national debts in Portugal and Greece is adding to investors' concerns. As a result of these events, the gradual recovery of the world economy suffered a setback, with share prices coming under heavy pressure.

## Share price development

indexed (01.01.2011 to 31.03.2011)



Against this background, the S IMMO Share has moved sideways at around the EUR 5.00 level. In the first three months of 2011, the ATX, Austria's leading index, lost nearly 0.7% and closed on 31 March 2011 at 2,904.47 points. Towards the end of the first quarter, three additional Austrian property shares were included in the ATX.

### S IMMO Share performance

(ISIN AT0000652250)

One year	1.94%
Three years, p.a.	-9.86%

### S IMMO INVEST participating certificate performance

ISIN	AT0000795737	AT0000630694
One year	5.40%	5.20%
Three years, p.a.	-3.50%	-1.80%

in EUR	S IMMO Share price AT0000652250	S IMMO INVEST price AT0000795737	S IMMO INVEST price AT0000630694	ATX	IATX
31.03.2010	4.950	72.000	72.000	2,634.00	148.40
31.12.2010	5.280	70.310	72.000	2,904.47	188.26
31.03.2011	5.046	72.670	72.680	2,882.18	196.18



Both tranches of the S IMMO INVEST participating certificate showed gains in the first quarter of 2011: tranche I (ISIN AT0000795737) put on 3.4%, and tranche II (ISIN AT0000630694) was up by 1%.

With the Supervisory Board's approval, the Management Board of Sparkassen Immobilien AG launched a repurchase programme for S IMMO INVEST participating certificates running from 19 January until 08 April 2011. In total, 51,399 certificates were repurchased for a sum of around EUR 3.7m. This was a first step towards simplifying the Group's capital structure.

Sparkassen Immobilien AG's Supervisory Board also authorised the distribution of EUR 4.36 per participating certificate for the financial year 2010; the payments were made at the end of April 2011.

#### IR activities – closeness to our investors

In 2011, Sparkassen Immobilien AG continued to maintain intensive contacts with investors at numerous events in Austria and internationally. This

closeness is enhanced by the new logo, the more memorable brand name and the Group's new appearance – in particular its new online presence.

On the international front, talks were held with investors at the HSBC Real Estate Conference in Frankfurt in the first quarter of 2011. Together with Erste Group, meetings were arranged with existing and potential investors in London. As of May 2011, six research houses are covering Sparkassen Immobilien AG.

In Austria, the Management participated for the second time in the investment conference organised by Raiffeisen Centro Bank in Zürs, where a presentation of the Group's activities was made to interested investors. The opportunity was also taken to strengthen existing Austrian relationships and establish new contacts – especially to Swiss investors. S IMMO Group was present as an exhibitor at MIPIM, the world's premier real estate event for professionals, in Cannes as well as on the podium at many other real estate events.

CA Cheuvreux and Edge Capital publish initial coverage reports of S IMMO:  
[www.simmoag.at/en/investor-relations](http://www.simmoag.at/en/investor-relations)

Stock indicators		01 -03/2011	01-03/2010
Closing price as at 31 March	EUR	5.046	4.95
Average daily turnover	shares	77,800	75,000
Earnings per share (EPS)	EUR	0.04	0.09
NAV per share	EUR	8.45	8.15
Operating cash flow per share	EUR	0.40	0.23
Price/operating cash flow	EUR	3.12	5.50
Share price discount to NAV as at 31 March	in %	40	39

# Interim Management Report

## Market Overview

The broad economic picture across Europe is mixed, with certain countries such as Germany showing signs of sustained economic recovery while others struggle mainly with high levels of sovereign debt.

Fiscal austerity programmes and increasing unemployment in some countries continue to cause instability. However, in the longer term it is hoped that efforts to reduce sovereign debts and restructuring programmes will do much to create sustainable growth.

It can be expected that the ECB will push up interest rates faster and higher than in some other major economies.

Germany is driving European optimism: with 3.6% GDP growth in 2010, the country's economy is growing at its fastest rate since 1991. In Central and Eastern Europe (CEE), growth is forecasted to be 4.0% for 2011, which would be a slight increase on the 3.9% growth in 2010.

In terms of the property market, the economic backdrop will shape investor demand for income and low-risk products, with further pressure being exerted on prime yields. Although the market will continue to be predominantly supply-led, the restructuring of banks and their loan books could well be the catalyst for a greater upswing in investment supply and activity over the coming year.

### AUSTRIA

Vienna's office market has been improving in recent months. Prime office rents showed a slight rise of 2.7% on the previous quarter to EUR 23.50/m<sup>2</sup>/month. This is an increase of 5.6% year-on-year. Prime office yields in Vienna stand at 5.25% and remain unchanged compared with the previous quarter.

The retail market in Vienna has also grown slightly. Prime rents rose steadily to EUR 225.00/m<sup>2</sup>/month, a change of 0.5% on the previous quarter. However, despite this slight increase, prime yields actually fell to 5.03%, a drop of 5 bps on the previous quarter and a 15 bps decline year-on-year.

### GERMANY

Germany is strengthening its status as one of the most important investment markets worldwide, with a transaction volume for commercial properties of approximately EUR 5.5bn in Q1 2011, an overall increase of 18% year-on-year.

The five main investment centres Berlin, Frankfurt, Munich, Hamburg and Düsseldorf were responsible for 27% of Germany's overall investment turnover, although in past years they had been responsible for as much as half. In Q1 2011 the stand-out

performer was Düsseldorf, which had a turnover of EUR 301m. This increase of 208% was helped largely by the sale to Union Investment of the Rheinpark-Center in Neuss, which has 37,300 m<sup>2</sup> of retail space. The reason for the decline in the rest of the big five (Berlin's turnover fell by 45%, and Munich's decreased by more than half, with a drop of 55%) was a lack of major individual transactions.

The office market in Germany displayed signs of real progress and recovery, mirroring the industrial growth seen. In terms of rents, Berlin was by far the stellar performer within this market, with rents growing by 4.8% on the previous quarter to EUR 22.00/m<sup>2</sup>/month. This represents a year-on-year rise of 10%. Prime yields fell slightly by 10 bps on the previous quarter to 5.20%, representing a 30 bps drop year-on-year. Other parts of the market remained somewhat stagnant, with rents in Düsseldorf, Frankfurt and Hamburg showing no change compared with the previous quarter. Year-on-year, rents actually fell by 2.2% in Hamburg and stayed stable in Frankfurt. In Munich and Düsseldorf, rents increased by 1.7% and 2.2%, respectively.

All five cities showed resilience to falling yields, with only Berlin seeing a minimal decrease of 10 bps on the previous quarter and 30 bps year-on-year. Düsseldorf, Hamburg and Munich remained stable in comparison with the previous quarter, falling by just 10 bps year-on-year. Frankfurt posted a 20 bps decline. Investment activity is expected to remain fairly strong, with a commercial transaction volume of at least EUR 20bn throughout 2011.

Retail rents within Germany remained stable across the board in Berlin, Düsseldorf, Frankfurt, Hamburg and Munich. Berlin was the only city that did not post a fall in prime yields, whereas Düsseldorf, Frankfurt, Hamburg and Munich all saw their yields decrease by 10 bps on the previous quarter.

Demand for housing in Germany has increased, following a similar trend to Austria and in particular Vienna. As a result, prices for new family homes (including semi-detached homes and terraced properties) in Germany increased by an average of 4.9% since February 2010.

Existing residential properties showed a price rise of 1.9% year-on-year. Prices increased by 5.8% for new-build apartments and 2.7% for existing apartments. The cities that showed the greatest year-on-year increase were Munich and Berlin, with prices rising by a hefty 12.2% and 10.5%, respectively, for new-build apartments.

## CENTRAL AND EASTERN EUROPE (CEE)

Prime rents for office space in Budapest remained unchanged both on the last quarter and year-on-year, at EUR 20.00/m<sup>2</sup>/month. Prime yields stood at 7.50% for a successive quarter and fell by 50 bps year-on-year.

Prime rents for retail property echoed those of office space, remaining unchanged on the last quarter and year-on-year, at EUR 90.00/m<sup>2</sup>/month. Prime yields stood at stable 7.00% compared to the last quarter, but fell 75 bps year-on-year.

As in Budapest, prime office rents in Bratislava remained unchanged compared to the last quarter and year-on-year, at EUR 17.00/m<sup>2</sup>/month. Prime yields also remained the same compared with last quarter, at 7.25%, but were down by 25 bps year-on-year.

The retail market in Bratislava remained static in terms of prime rents and prime yields when compared to the previous quarter and year-on-year. Prime rents stayed at EUR 54.00/m<sup>2</sup>/month and prime yields remained at 8.50%.

Prime rents for office space in Prague also showed no drop compared to last quarter and year-on-year, remaining at EUR 21.00/m<sup>2</sup>/month. Prime yields for offices fell by 25 bps on the last quarter to 6.50% and dropped by 50 bps year-on-year.

Prime retail rents remained stable both on the last quarter and year-on-year, staying at EUR 170.00/m<sup>2</sup>/month. In terms of prime yields, Prague fell by 25 bps on the last quarter and year-on-year.

## **SOUTH EASTERN EUROPE (SEE)**

In Sofia, new office deliveries amounted to 265,000 m<sup>2</sup> in 2010, a record high. This resulted in nearly a quarter of the total office stock being vacant, driving competition and lowering rents. As a result, prime rents for offices in Sofia fell by 5.1% year-on-year but remained stable on the last quarter at EUR 14.00/m<sup>2</sup>/month. Prime yields for office space in Sofia stood at 9.50%, a 50 bps drop both on last quarter and year-on-year.

Prime rents for retail space in Sofia dropped by almost 12% year-on-year, but held at EUR 40.00/m<sup>2</sup>/month without dropping on the previous quarter. Prime yields stood at 8.00%, staying steady both on the last quarter and year-on-year.

Prime office rents in Bucharest remained steady at EUR 19.50/m<sup>2</sup>/month. Prime yields fell slightly by 25 bps on the last quarter, or by 75 bps year-on-year to 8.75%. However, most of the growth seen in modern office stock in Bucharest in 2010 and Q1 2011 is a result of postponed projects finally being completed. For example, Petrom City, the largest owner occupied office building in Romania, with 70,000 m<sup>2</sup> of space.

In terms of retail, prime rents in Bucharest remained at EUR 70.00/m<sup>2</sup>/month but fell by 3.5% year-on-year. Prime yields were strong at 10.25% despite a small drop of 25 bps on the last quarter.

In Zagreb, prime office rents remained stable compared to the last quarter, at EUR 16.00/m<sup>2</sup>/month, but showed a drop of 4.2% year-on-year. As in Bucharest and Sofia, yields were impressive at 8.30%, recording no change both on the last quarter and year-on-year. However, towards the end of 2010 and into Q1 2011, vacancy started to increase.

Transaction activity has started to pick up in the SEE regions of Croatia, Bulgaria and Romania, where a number of institutional purchases have been completed. The majority of activity is still retail-led; however, the economies of Bulgaria and Romania are recovering slowly after being hit hard by the financial crisis.

## **HOTELS**

The positive trend from the second half of 2010 clearly persisted on the hotel markets in Vienna and Budapest. March was a particularly good month, with overnight stays in Vienna increasing by 3.3% compared to the previous year – the city's strongest March ever in terms of overnight stays. Even more encouraging than that, was the increase in the hotel industry's turnover, which came in at over 5% in the first two months.

While gains were mainly limited to occupancy rates in 2010, Vienna posted a substantial increase in room rates in the first quarter of 2011. Thanks in part to the EU presidency, Budapest finally saw increases in occupancy and room rates following a long phase of stagnation.

Prague, Bratislava and Bucharest, which were hit hardest by the economic crisis, were not able to follow this positive trend, although the situation in these cities has stabilised. This is due mainly to the numerous new hotels opened in recent years and the associated increase in the number of rooms, which have still not been fully absorbed despite rising demand.

## Business performance and results

### Property portfolio

S IMMO Group's portfolio as at 31 March 2011 comprised 248 properties with a market value of EUR 2,012.5m and total lettable space of around 1,500,000 m<sup>2</sup>. The properties are mainly located in Vienna, Berlin, Hamburg, Prague, Bratislava, Budapest, Sofia, Bucharest and Zagreb.

In terms of market value, the largest parts of the portfolio consisted of properties in Austria (31.5%) and Germany (28.4%), followed by SEE (21.1%) and CEE (19.0%). The portfolio is diversified and well balanced by use type and region.

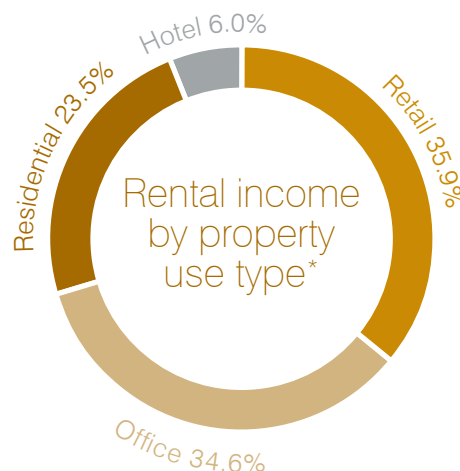
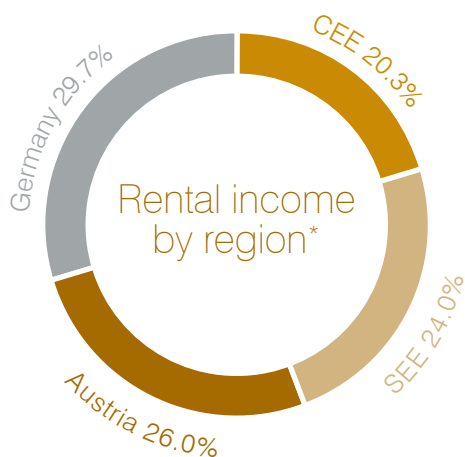
By use type, the portfolio was made up of office properties (32.8%), retail properties (27.0%), residential properties (24.3%) and hotels (15.9%). The occupancy rate was a highly satisfactory 91.6%.

### Overview of rental yields

in %	31 March 2011
Germany	6.3
Austria	5.8
SEE	7.8
CEE	7.4
<b>Total</b>	<b>6.6</b>

### Gross earnings

Rental income for the first quarter of 2011 was more than satisfactory, at EUR 30.3m (Q1 2010: EUR 21.9m). This increase was the result of the opening of the Group's development projects (the Sun Plaza and Serdika Center shopping centres, the office building Galvaniho 4 and the mixed office and residential property Neutor 1010) and the acquisition of three buildings located in Vienna's Viertel Zwei development during the last financial year.



\* not including Vienna Marriott Hotel and Budapest Marriott Hotel

The excellent performance of the Vienna and Budapest hotel markets had a positive effect on S IMMO Group's income from hotel operations, which was up from EUR 7.1m for the first quarter of last year to EUR 8.4m. Despite a slight increase in hotel operating expenses, as of 31 March 2011 profits were up by around 50% to EUR 1.2m.

Rental income for the first quarter by region was as follows: 29.7% came from Germany, 26.0% from Austria, 24.0% from SEE and 20.3% from CEE.

By use type, 35.9% of the rental income came from retail properties, 34.6% from office properties and 23.5% from residential properties. Hotels contributed 6.0% of the rental income. The results of the Vienna and Budapest Marriott Hotels, both operated under management agreements, are shown under revenues from hotel operations.

These developments meant that gross profit for the first quarter of 2011 improved by 40.8% to EUR 27.7m (Q1 2010: EUR 19.7m).

### Earnings performance

The successful sale of four apartments in the mixed residential and office building Neutor 1010 in Vienna brought gains on property disposals amounting to EUR 0.6m. For the period under review, EBITDA climbed from EUR 18.1m to EUR 24.1m, an impressive 32.7% increase.

Gains from property valuations amounted to EUR 5.0m. As a result, EBIT was up 68.7% compared with the first quarter of 2010, to EUR 26.6m.

As at 31 March 2011, financing costs amounted to EUR 17.6m, including a non-cash foreign exchange loss of EUR 4.1m. For the first quarter of 2011, the Group's consolidated net income came to EUR 5.4m (Q1 2010: EUR 6.0m).

### Funds from operations (FFO)

Despite an increase in financing costs, funds from operations were 9.8% higher than in the same period last year, at EUR 10.0m. In calculating FFO, the results for the first quarter were adjusted for non-cash items such as depreciation and amortisation, gains and losses on interest rate derivatives and exchange rate differences, and all effects of servicing the participating certificates.

### Net operating income (NOI)

Following the completion of development projects and the acquisitions in Viertel Zwei, net operating income increased from EUR 18.6m to EUR 24.1m.

### Net operating income as at 31 March

	01 - 03/ 2011	01 - 03/ 2010	Change
NOI (EUR m)	24.1	18.6	29.9%
NOI margin (%)	50.0	52.2	-2.2 pp

**Cash flow**

The increase in operating cash flow to EUR 27.5m in the first quarter of 2011 (Q1 2010: EUR 15.3m) was mainly attributable to the additional rental income from the newly opened properties and the new acquisitions in Viertel Zwei.

**Consolidated balance sheet**

As at 31 March 2011, S IMMO Group's total assets amounted to EUR 2,175.4m (31 December 2010: EUR 2,256.2m). Cash and cash equivalents stood at EUR 58.4m.

In the first quarter of 2011, a repurchase programme for the S IMMO INVEST participating certificates was launched. 51,399 participating certificates worth a total of roughly EUR 3.7m were repurchased, during

the repurchasing period, which ended on 08 April 2011. During the first quarter, 44,024 participating certificates were repurchased and retired. As a result, the participating capital as at 31 March 2011 was reduced to EUR 243.9m. This amount included a distribution of EUR 4.36 per participating certificate, which was decided by the Supervisory Board on 28 March 2011. The payment was made on 28 April 2011.

**Net asset value (NAV)**

The EPRA NAV, the net asset value of the share calculated in accordance with the guidelines of the European Public Real Estate Association, was up again in the first quarter of 2011, to EUR 8.45 per share (31 December 2010: EUR 8.34 per share).

## Opportunities and risks

The opportunities and risks of S IMMO Group's various business divisions and the Group's overall risk assessment are described in detail in the Annual Report 2010 (on page 68 et seqq.).

S IMMO Group reduces real estate risks particularly in relation to current market developments through the balanced diversification of its portfolio by region and property use type. As described in the section Market Overview (on page 8 et seqq.), the German economy, for example, has seen very positive development. S IMMO Group's German residential property portfolio is benefiting from this trend: The occupancy rate and rental income for properties in the country are improving consistently. The Austrian

real estate market has also posted solid growth, which S IMMO Group is observing carefully in order to be able to take advantage of any opportunities for property disposals, especially in the residential sector. The trend on the real estate market in Central Europe has been stable in comparison to previous quarters. In contrast, the current market trends in Southeastern Europe are still lagging behind expectations. As a result, lower purchasing power continues to take its toll on sales in shopping centres in Bucharest and Sofia.

With regard to financial risks, the Group sees a higher likelihood of rising interest rates in the coming months. Due to contractual agreements, for the



most part the key interest rate hike by the ECB in April 2011 and the key rate increases expected in the second quarter will not start to impact the Group until the third quarter at the earliest. By taking appropriate measures, S IMMO Group has been able to secure low interest rates for financing that it

may procure. As a result of the Group's targeted interest rate hedging strategy, future interest rate hikes will have a limited impact – just slightly over one third of the rise in interest rates will be reflected in S IMMO Group's financing costs.

## Outlook for 2011

The first quarter of 2011 went well for S IMMO Group. Additional gains are expected in the coming quarters, and boosting the Group's profitability is the main priority in the coming years.

Three factors will provide the foundation for this development: In 2010, nearly all of S IMMO Group's development projects were completed in full. Rental income was increased through successful asset management. Despite the persistently challenging conditions in some countries – particularly in South-eastern Europe – new tenants were acquired and the letting situation improved further.

For example, Adidas opened a Performance Store – the company's most effective sales concept – in Bucharest's Sun Plaza shopping centre at the beginning of April. In Budapest, 3,800 m<sup>2</sup> of the Maros utca Business Center were let out to Educatio, a counselling institution for students.

Another rental agreement with a 15-year lease term was concluded in Berlin with a foundation for a space encompassing roughly 5,000 m<sup>2</sup> in Lützow

Center that will be used as student housing in the future. The acquisition of three buildings in Vienna's Viertel Zwei concluded at the end of 2010 expanded the portfolio by more than 80,000 m<sup>2</sup>. These spaces will also contribute to the steady increase in turnover.

The success of our Group depends not only on our strategic approach, but also on the development of the markets in which we operate. We will take advantage of the profitable sales opportunities offered by the favourable market conditions in Austria and Germany, and will continue the refurbishment programme in Berlin. These efforts will focus on the ongoing improvement of the portfolio.

In contrast, the situation in Southeastern Europe is proving to be more challenging, and a considerable delay of recovery is expected in Sofia in particular. However, economic experts believe that this region has the highest growth potential on a medium- to long-term basis. This reversal will have a significantly positive influence on the development of the operating cash flow and thus on the profitability of the Group.

With regard to development projects, the focus in the coming quarters will be on preparing undeveloped properties for construction. S IMMO Group owns roughly 12 hectares of development land in EU capitals of Central and Southeastern Europe. These properties are located in Bratislava, Bucharest, Prague and Sofia, and are intended for different uses within our property segments. We are currently in the process of obtaining building permits. The preparations for later construction work are at different stages for each property.

In Bucharest, an office building offering up to 28,000 m<sup>2</sup> of space will be built in the business district of Grivitei located in the city centre. The zoning for this project has already been completed, and we are currently working on designing the concept and making the necessary preparations to obtain the building permit. In Bratislava, the Company was granted a building permit for the construction of an office building with 27,000 m<sup>2</sup> of gross floor space. The site for this project is located conveniently right along a main traffic way. We are currently working on a concept and a marketing strategy together with an experienced Slovakian development partner. Construction can begin on the individual projects as soon as the preparations have been completed and local market conditions are right.

With regard to the capital markets, Sparkassen Immobilien AG will work intensively in the coming quarters to close the gap between NAV and the current share price. We intend to accomplish this by continuing our strong focus on IR activities in roadshows and conferences both in Austria and abroad. We are highlighting the share's existing potential for appreciation through transparent, intense communication with our shareholders. In addition, we aim to bring the share price closer to NAV by continuing to simplify the capital structure and by getting our share added to relevant industry indices.



Office and residential building Neutor 1010, Vienna, Austria

# Consolidated interim financial statements

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# Consolidated statement of financial position

as at 31 March 2011

<b>ASSETS</b>	NOTES	31.03.2011	31.12.2010
EUR '000			
<b>NON-CURRENT ASSETS</b>			
Properties held as financial investments			
Investment properties	3.1.1.	1,805,747	1,810,322
Development projects and undeveloped land	3.1.1.	56,174	55,989
		<b>1,861,921</b>	<b>1,866,311</b>
Owner-operated properties	3.1.2.	138,807	140,755
Other plant and equipment		8,765	9,069
Intangible assets		207	179
Goodwill		100	100
Interests in associated companies		5	5
Group interests	3.1.3.	3,169	3,117
Deferred tax assets		26,164	28,455
		<b>2,039,138</b>	<b>2,047,991</b>
<b>CURRENT ASSETS</b>			
Properties held for sale	3.1.4.	11,740	6,000
Inventories	3.1.5.	8,063	12,029
Trade receivables		11,497	10,324
Other accounts receivable		37,159	42,287
Other assets		9,322	7,811
Cash and cash equivalents	3.1.6.	58,439	129,721
		<b>136,220</b>	<b>208,172</b>
		<b>2,175,358</b>	<b>2,256,163</b>

## EQUITY AND LIABILITIES

EUR '000

	NOTES	31.03.2011	31.12.2010
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		247,509	247,509
Capital reserves		73,578	73,578
Other reserves		177,435	160,185
		498,522	481,272
Non-controlling interests	3.1.7.	33,209	31,426
		531,731	512,698
<b>NON-CURRENT LIABILITIES</b>			
Subordinated participating certificate capital	3.1.8.	243,881	257,820
Financial liabilities	3.1.9.	1,200,489	1,228,786
Provisions		8,456	8,770
Other liabilities		11,698	10,955
Deferred tax liabilities		57,261	55,981
		1,521,785	1,562,312
<b>CURRENT LIABILITIES</b>			
Financial liabilities	3.1.9.	65,327	124,123
Trade payables		10,990	16,479
Other liabilities		45,525	40,551
		121,842	181,153
		2,175,358	2,256,163

# Consolidated income statement

from 01.01.2011 to 31.03.2011

EUR '000	NOTES	01-03/2011	01-03/2010
Revenues			
Rental income	3.2.1.	30,291	21,880
Revenues from service charges		9,539	6,575
Revenues from hotel operations		8,421	7,120
		48,251	35,575
<b>Other operating income</b>		3,614	1,122
Expenses directly attributable to properties	3.2.2.	-16,939	-10,625
Hotel operating expenses	3.2.2.	-7,194	-6,381
<b>Revenues less direct expenses</b>		27,732	19,691
Income from property disposals		4,296	56,664
Carrying values of property disposals		-3,719	-54,300
<b>Gains on property disposals</b>	3.2.3.	577	2,364
Management expenses		-4,256	-3,925
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		24,053	18,130
Depreciation and amortisation		-2,441	-2,359
Gain on property valuation		5,000	0
<b>Operating result (EBIT)</b>		26,612	15,771
Financing costs	3.2.4.	-17,634	-8,922
Participating certificates result	3.1.8.	-3,450	-2,750
<b>Net income before tax (EBT)</b>		5,528	4,099
Taxes on income	3.2.5.	-112	1,919
<b>Net income for the period</b>		5,416	6,018
of which attributable to shareholders in parent company		2,760	5,982
of which attributable to non-controlling interests		2,656	36
Earnings per share			
Undiluted = diluted		0.04	0.09

# Consolidated statement of total comprehensive income

from 01.01.2011 to 31.03.2011

EUR '000	01 - 03 / 2011	01 - 03 / 2010
<b>Net income for the period</b>	5,416	6,018
Change in value of cash flow hedges	14,521	-7,500
Income tax related to other comprehensive income	-3,455	1,804
Foreign exchange rate differences	3,616	-1,792
<b>Total income for the period</b>	20,098	-1,470
of which attributable to shareholders in parent company	17,250	-1,506
of which attributable to non-controlling interests	2,848	36

# Consolidated cash flow statement

from 01.01.2011 to 31.03.2011

EUR '000	01-03/2011	01-03/2010
Operating cash flow	27,537	15,331
Changes in net current assets	-1,463	-2,721
Cash flow from operating activities	26,074	12,610
Cash flow from investing activities	-5,589	-14,144
Cash flow from financing activities	-91,767	-35,191
<b>Total</b>	<b>-71,282</b>	<b>-36,725</b>
Cash and cash equivalents at 01 January	129,721	210,151
Cash and cash equivalents at 31 March	58,439	173,426
<b>Net change in cash and cash equivalents</b>	<b>-71,282</b>	<b>-36,725</b>



# Changes in consolidated equity

EUR '000	Share capital	Capital reserves	Foreign currency translation reserve	Hedge accounting reserve	Other reserves	Sub-total S IMMO shareholders	Non-controlling interests	Total
<b>At 01 January 2011</b>	247,509	73,578	-13,398	-38,335	211,918	481,272	31,426	512,698
Net income/loss for the period	0	0	0	0	2,760	2,760	2,656	5,416
Other comprehensive income	0	0	3,616	10,874	0	14,490	192	14,682
Decrease	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	-1,065	-1,065
<b>At 31 March 2011</b>	247,509	73,578	-9,782	-27,461	214,678	498,522	33,209	531,731
<b>At 01 January 2010</b>	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	5,982	5,982	36	6,018
Other comprehensive income	0	0	-1,792	-5,696	0	-7,488	0	-7,488
Acquisitions	0	0	0	0	0	0	4,834	4,834
Reclassifications	0	0	0	0	0	0	0	0
<b>At 31 March 2010</b>	247,509	147,110	-15,283	-44,364	142,525	477,497	49,702	527,199

# Notes to the consolidated interim financial statements

## 1. THE GROUP

S IMMO Group (Sparkassen Immobilien AG and its subsidiaries) is an international real estate group. The ultimate parent company of the Group, Sparkassen Immobilien AG, has its registered office and headquarters at Friedrichstrasse 10, 1010 Vienna, Austria. The Company has been listed on the Vienna Stock Exchange since 1992, since 2007 in the Prime Segment. It has subsidiaries in Austria, Germany, the Czech Republic, Slovakia, Hungary, Croatia, Romania, Bulgaria, Denmark, Cyprus and Ukraine (in liquidation). At 31 March 2011 S IMMO Group owned properties in all the above countries except Denmark, Cyprus and Ukraine. 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 for the three months ended 31 March 2011 have been prepared in accordance with IAS 34 and do not contain all the information required to be disclosed in a full set of IFRS consolidated financial statements. The interim financial statements should therefore be read in conjunction with the last IFRS consolidated financial statements – those for the year ended 31 December 2010.

The cash flow calculation methods have been adapted in comparison with the consolidated financial statements as at 31 December 2010. In the consolidated financial statements as at 31 March 2011, the cash flow from the sale of inventories is included in the operating cash flow. However, when compared with the values from 31 March 2010, this change has had no impact.

In preparing the consolidated interim financial statements for the three months ended 31 March 2011, the other accounting and valuation policies applied in the consolidated financial statements for the year ended 31 December 2010 have been applied substantially unchanged.

The financial statements for the three months ended 31 March 2011 have neither been audited nor reviewed by independent auditors.

The accounting policies of all consolidated companies are based on the uniform accounting regulations of S IMMO Group. The financial year for all companies is the year ending on 31 December. There has been no change in the companies included in consolidation as compared with the consolidated financial statements for the year ended 31 December 2010.

The consolidated financial statements are presented rounded to the nearest 1,000 euro (EUR '000). The totals of rounded amounts and the percentages may be affected by rounding differences caused by the usage of computer 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. In the case of S IMMO Group companies, the functional currencies are the respective national currencies. 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

EUR '000	Investment properties	Development projects and undeveloped land
<b>At 01 January 2010</b>	<b>1,253,432</b>	<b>445,784</b>
Additions (incl. initial consolidations)	200,167	9,007
Disposals	-21,733	-191
Changes in fair value	-7,153	-7,000
Reclassifications	385,610	-391,610
<b>At 31 December 2010</b>	<b>1,810,322</b>	<b>55,989</b>
whereof pledged as security	1,767,758	0
Additions	1,165	185
Disposals	0	0
Changes in fair value	0	0
Reclassifications	-5,740	0
<b>At 31 March 2011</b>	<b>1,805,747</b>	<b>56,174</b>
whereof pledged as security	1,769,493	0

Made up of:

### Investment properties

EUR '000	31.03.2011	31.12.2010
Austria	579,918	579,914
Germany	560,577	565,857
Central Europe	309,341	308,640
Southeastern Europe	355,911	355,911
	<b>1,805,747</b>	<b>1,810,322</b>

### Development projects and undeveloped land

EUR '000	31.03.2011	31.12.2010
Austria	0	0
Germany	0	0
Central Europe	6,189	6,175
Southeastern Europe	49,985	49,814
	<b>56,174</b>	<b>55,989</b>

### 3.1.2. Owner-operated properties

For S IMMO Group, owner-occupied properties are made up of hotels operated for the Group by international hotel chains under management agreements. Both income and expenses of hotel operations are subject to seasonal fluctuations.

### 3.1.3. Group interests

EUR '000	Interest in %	31.03.2011	31.12.2010
BGM-IMMORENT Aktiengesellschaft & Co KG	22.8	2,286	2,286
ERSTE Immobilien Kapitalanlagegesellschaft m.b.H.	11.5	621	621
Other		262	210
		<b>3,169</b>	<b>3,117</b>

### 3.1.4. Properties held for sale

Properties are treated as held for sales 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 five properties in Germany.

EUR '000	31.03.2011	31.12.2010
Germany	11,740	6,000

### 3.1.5. Inventories

Inventories consist in the main of freehold apartments under construction in Austria and are measured at costs of acquisition and construction. The carrying values at 31 March 2011 amounted to EUR 8,063,000 (2010: EUR 12,029,000). External construction finance directly attributable to such inventories is capitalised as acquisition and construction costs.

### 3.1.6. Cash and cash equivalents

EUR '000	31.03.2011	31.12.2010
Bank balances	58,235	129,464
Short-term deposits with banks	0	0
Cash in hand	204	257
	58,439	129,721

### 3.1.7. Non-controlling interests

The minority interests of EUR 33,209,000 (2010: EUR 31,426,000) consisted principally of Hansa Immobilien EOOD/Einkaufszentrum 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 are attributed an annual result allocation (interest) calculated as follows:

$$\text{(Participating certificate capital + profit brought forward)} * \frac{\text{Consolidated EBIT}}{\text{Average property portfolio (not including investment properties under development)}}$$

To the extent that a possible share earning 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 three months ended 31 March 2011, the total share of earnings was EUR 3,315,000 (2010: EUR 9,452,000).

In the first quarter of 2011, a repurchase programme for S IMMO INVEST participating certificate was started. 51,399 certificates were repurchased by the end of the repurchase period on 08 April 2011. Within the first quarter of 2011, the company acquired and cancelled 44,024 participating certificates. On 28 March 2011, the Supervisory Board of

Sparkassen Immobilien AG decided to pay out a distribution of EUR 4.36 per participating certificate. The payment was made on 28 April 2011. Therefore, as at 31 March 2011 there were 3,180,860 participating certificates in issue. The total entitlements of participating certificate holders as of that date were EUR 76.67 per certificate (2010: EUR 79.95), made up as follows:

EUR '000	Participating certificates capital	Profit brought forward	Profit for the period	Share in undisclosed reserves on property portfolio	Total
<b>Participating certificates capital – 01 January 2011</b>	234,352			1,254	235,606
Profit brought forward 01 January 2011		12,762			12,762
Income entitlements of participating certificate holders from 2010			9,452		9,452
Distribution (decision from 28 March 2011)			-13,869		-13,869
Change in profit brought forward pursuant to Clause 5(6), Participating Certificates Agreement		-4,417	4,417		0
Repurchase and cancellation of 44,024 units	-3,199	-303		-17	-3,520
Income entitlements of participating certificate holders			3,315		3,315
Allocation of undisclosed reserves on property portfolio				134	135
<b>Participating certificates capital as at 31 March 2011</b>	231,153	8,042	3,315	1,371	243,881
<b>Per participating certificate (EUR)</b>	72.67	2.53	1.04	0.43	76.67

EUR '000	Participating certificates capital	Profit brought forward	Profit for the period	Share in undisclosed reserves on property portfolio	Total
<b>Participating certificates capital – 01 January 2010</b>	<b>234,352</b>			<b>484</b>	<b>234,836</b>
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
Change in profit brought forward pursuant to Clause 5(6), Participating Certificates Agreement		-9,966	9,966		0
Income entitlements of participating certificate holders			9,452		9,452
Allocation of undisclosed reserves on property portfolio				770	770
<b>Participating certificates capital as at 31 December 2010</b>	<b>234,352</b>	<b>12,762</b>	<b>9,452</b>	<b>1,254</b>	<b>257,820</b>
<b>Per participating certificate (EUR)</b>	<b>72.67</b>	<b>3.96</b>	<b>2.93</b>	<b>0.39</b>	<b>79.95</b>

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.

### 3.1.9. Financial liabilities

The short-term and long-term financial liabilities as at 31 March 2011 amounted to EUR 1,265,815,000 in total (2010: EUR 1,352,909,000), made up as follows:

EUR '000	31.03.2011	31.12.2010
Remaining term less than 1 year	65,327	124,123
Remaining term between 1 and 5 years	404,096	409,438
Remaining term over 5 years	796,392	819,348
	<b>1,265,815</b>	<b>1,352,909</b>

### 3.1.10. Derivatives

S IMMO Group uses caps, collars and swaps to hedge interest rate risks.

EUR 6,280,000 (31.12.2010: EUR 5,204,000) of these derivatives is disclosed under other financial assets, and EUR 40,479,000 (31.12.2010: EUR 54,212,000) under non-current financial liabilities. The fair value measurement of derivatives is based on estimates made by banks. In the first quarter of 2011, income of EUR 14,521,000 was recognised under equity without affecting profit or loss, and EUR 289,000 was recognised as financial income in the consolidated income statement.

#### As at 31 March 2011

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	482,417	3,948	-28,246
Caps	365,746	2,332	0
Collars	200,000	0	-12,233
<b>Total</b>	<b>1,048,163</b>	<b>6,280</b>	<b>-40,479</b>

#### As at 31 December 2010

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	482,417	3,338	-39,782
Caps	365,746	1,866	0
Collars	200,000	0	-14,430
<b>Total</b>	<b>1,048,163</b>	<b>5,204</b>	<b>-54,212</b>

### 3.2. Consolidated income statement

#### 3.2.1. Rental income

Rental income by property use type was as follows:

EUR '000	01-03/2011	01-03/2010
Office	10,471	7,376
Residential	7,130	6,876
Commercial	10,881	6,560
Hotels	1,809	1,069
	<b>30,291</b>	<b>21,880</b>

#### 3.2.2. Operating costs and expenses from properties and hotel operations

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

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

Including staff in hotel operations, the Group had an average of 527 employees (2010: 513) during the period. Personnel expenses in the hotels are disclosed under hotel operations.



### 3.2.3. Gains on property disposals

The sale of four apartments in Neutorgasse, Vienna is included in the gains from property disposal in the first quarter of 2011.

EUR '000	01 - 03 / 2011	01 - 03 / 2010
<b>Disposal proceeds</b>		
Properties held as financial investments	0	0
Properties held for sale	0	56,664
Inventories	4,296	0
	<b>4,296</b>	<b>56,664</b>
<b>Carrying value of property disposals</b>		
Properties held as financial investments	0	0
Properties held for sale	0	-54,300
Inventories	-3,719	0
	<b>-3,719</b>	<b>-54,300</b>
<b>Gains on property disposals</b>		
Properties held as financial investments	0	0
Properties held for sale	0	2,364
Inventories	577	0
	<b>577</b>	<b>2,364</b>

### 3.2.4. Financing costs

Net financing costs were made up as follows:

EUR '000	01 - 03 / 2011	01 - 03 / 2010
Financing expense	-18,370	-9,273
Financing income	736	351
	<b>-17,634</b>	<b>-8,922</b>

In the first quarter of 2011, financing expenses include a non-cash foreign exchange loss of EUR 4,123,000.

### 3.2.5. Taxes on income

Taxes on income for the three months ended 31 March 2010 include a substantial credit from deferred taxes, resulting from the reversal of provisions for deferred tax liabilities made necessary by the disposal of properties.

#### 4. OPERATING SEGMENTS

Segment reporting for S IMMO Group is based on geographical regions. The four regions selected are as follows.

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

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

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

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

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

#### 5. OTHER OBLIGATIONS AND CONTINGENT LIABILITIES

In S IMMO Group there were a number of open legal disputes as at 31 March 2011, however the amounts involved were not significant and even in total the amount was not material according to the Management's estimation.

EUR '000	Austria	
	2011	2010
Rental income	7,872	5,148
Revenues from service charges	2,193	1,298
Revenues from hotel operations	5,204	4,414
<b>Total revenues</b>	<b>15,269</b>	<b>10,860</b>
Other operating income	3,207	713
Property operating expenses	-3,077	-2,220
Hotel operating expenses	-4,452	-4,024
<b>Gross profit/loss</b>	<b>10,947</b>	<b>5,329</b>
Gains/losses on property disposals	577	2,364
Management expenses	-2,503	-2,009
<b>EBITDA</b>	<b>9,022</b>	<b>5,684</b>
Depreciation and amortisation	-905	-853
Gains/losses on property valuation	0	0
<b>EBIT</b>	<b>8,117</b>	<b>4,832</b>
	<b>31.03.2011</b>	<b>31.12.2010</b>
Non-current assets	660,460	661,387
Non-current liabilities (incl. participating certificates in Austria)	745,425	776,680

## 6. RELATED PARTY DISCLOSURES

S IMMO Group's managing bodies are as follows:

For S IMMO Group related parties are as follows:

- S IMMO Group's managing bodies
- Erste Group
- Vienna Insurance Group

### Management Board of Sparkassen Immobilien AG

Holger Schmidtmayr, MRICS, Vienna

Ernst Vejdovszky, Vienna

Friedrich Wachernig, MBA, Vienna

Germany		Central Europe		Southeastern Europe		Total	
2011	2010	2011	2010	2011	2010	2011	2010
8,992	8,764	6,153	4,788	7,273	3,180	30,291	21,880
3,214	3,194	1,798	1,729	2,334	355	9,539	6,575
0	0	3,217	2,706	0	0	8,421	7,120
12,206	11,958	11,168	9,222	9,607	3,535	48,251	35,575
315	142	75	36	17	231	3,614	1,122
-6,969	-5,217	-2,293	-2,106	-4,601	-1,082	-16,939	-10,625
0	0	-2,742	-2,357	0	0	-7,194	-6,381
5,552	6,883	6,209	4,795	5,024	2,684	27,732	19,691
0	0	0	0	0	0	577	2,364
-1,176	-1,118	-290	-367	-288	-431	-4,256	-3,925
4,376	5,765	5,919	4,428	4,735	2,253	24,053	18,130
-35	-30	-1,241	-991	-261	-486	-2,441	-2,359
0	0	0	0	5,000	0	5,000	0
4,341	5,735	4,679	3,437	9,475	1,767	26,612	15,771
<b>31.03.2011</b>	<b>31.12.2010</b>	<b>31.03.2011</b>	<b>31.12.2010</b>	<b>31.03.2011</b>	<b>31.12.2010</b>	<b>31.03.2011</b>	<b>31.12.2010</b>
562,746	566,341	387,434	388,564	428,498	431,699	2,039,138	2,047,991
328,408	334,867	245,744	246,459	202,208	204,306	1,521,785	1,562,312

**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

Michael Matlin, MBA, New York

Wilhelm Rasinger, Vienna

Ralf Zeitlberger, Vienna

There were the following receivables and payables with Erste Group and Vienna Insurance Group as at 31 March 2011 and 31 December 2010:

EUR '000	31.03.2011	31.12.2010
Other receivables	815	1,903
Bank balances	18,557	40,479
<b>Receivables</b>	<b>19,372</b>	<b>42,382</b>

EUR '000	31.03.2011	31.12.2010
Non-current liabilities to banks	521,260	416,314
Non-current financial liabilities	33,041	83,607
Current bank and financial liabilities	25,867	86,901
Trade payables	1,143	1,103
Other liabilities	353	623
<b>Payables</b>	<b>581,664</b>	<b>588,548</b>

There were the following material expenses and income in connection with Erste Group and Vienna Insurance Group in the three months ended 31 March 2011:

EUR '000	01-03/2011
Management fees – Erste Group Immorent AG	386
Bank loan interest, other interest, and charges	8,832
Other expenses	682
<b>Expenses</b>	<b>9,901</b>

EUR '000	01-03/2011
Rent and service charges	272
Bank interest	40
Other interest income	61
<b>Income</b>	<b>373</b>

## **7. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE**

As this report went to press four residential properties and one retail building in Berlin were sold over the last estimated market value in the second quarter of 2011.

The repurchase programme for S IMMO INVEST participating certificate, which began in the first quarter of 2011, ended 08 April 2011. During the repurchase period a total of 51,399 participating certificates were repurchased.

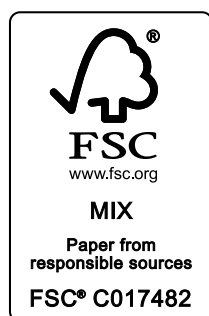
Vienna, 18 May 2011

The Management Board:

Holger Schmidtmayr, MRICS m.p.  
Ernst Vejdovszky m.p.  
Friedrich Wachernig, MBA m.p.

# Financial calendar 2011

19 May 2011	Results first quarter 2011
31 May 2011	Annual General Meeting
30 August 2011	Results first half 2011
24 November 2011	Results first three quarters 2011



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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