

Sparkassen Immobilien AG

More property for your money



Interim report for the three months
ended 31 March 2007

Letter from the Management Board



Holger Schmidmayr and Ernst Vejdovszky

Dear investors,

After our best year ever in 2006, the new year continues to bring excellent results. Thanks to our ambitious growth strategy, we have further increased our revenues and earnings in the first quarter of 2007. With effect from 1 January 2007, we have switched to fair value accounting in accordance with IAS 40 Fair-Value to make ourselves more readily comparable with our peers. The comparative figures for 2006 have been adjusted to the same basis.

Growth in CEE unchecked – demand in Germany on the rise

The boom in CEE property markets continues unabated, albeit in a variety of forms. Established markets such as Prague and Budapest have nearly reached Viennese levels of prices and yields, while markets such as Bucharest, Sofia or Kiev have a huge backlog demand for modern office and retail space. There are few completed investment properties on the market, which explains the large number of development projects in these cities. The keen demand means that completed space is absorbed immediately. Yields are still about 2% above the level in established CEE countries. In Germany, the demand from local as well as international investors has increased noticeably. Prices are still however attractive, and Sparkassen Immobilien AG will continue to invest in completed properties in Germany, concentrating on the residential sector.

Property portfolio up by 66% – revaluation of remaining CEE portfolio completed

In the first quarter of 2007 the property portfolio grew by EUR 784m to EUR 1.3bn, an increase of 66% compared to a year ago. This reflects the increased number of new acquisitions such as the purchase of a plot of land in metropolitan Bucharest for EUR 7.4m. Development of the site for retail purposes has already begun. Completed properties acquired included a package of 11 apartment buildings in Berlin with total space of 17,600 m² purchased for EUR 12.4m. We have also acquired a large multi-purpose property with 15,500 m² in Bremen for EUR 21.7m. In Hamburg we added 4 residential blocks with 8,500 m² for EUR 9.3m to our portfolio. During the same period we also completed the revaluation of the remainder of our CEE portfolio. On the basis of the valuation by international appraisers, Sparkassen Immobilien AG's properties in Hungary and Romania have risen in value by 17% since the last valuation, to a total of EUR 23m. The properties in Budapest and Bucharest now make up 12% of Sparkassen Immobilien AG's real estate portfolio. At 31 March 2007 the total lettable space for all properties was 1.052.300 m², and the overall average occupancy rate was an excellent 94%. The rental yield for all countries was some 6.4%.

Revenue and earnings indicators reach new highs

The continuing expansion of our property portfolio has had a permanent impact on our revenues and rental income. In the first quarter of 2007 revenues were up 37% to EUR 22.1m as compared to EUR 16.1m in the same period last year, and rental income was up by 36% to EUR 17.4m. Operating revenue, including the effects of the portfolio revaluation, was up by 80% to EUR 37.9m, and EBITDA was up 68% to EUR 27.1m. Operating profit (EBIT) for the quarter amounted to EUR 26.2m, an increase of 67% compared to EUR 15.7m last year. Profit before taxes (EBT) was also on target, up 36% to EUR 13.2m. The consolidated profit after taxes was EUR 10.6m, an increase of 48% on the EUR 7.2m achieved in the same period last year, and a new record.

Increase in earnings per share to EUR 0.15, share value up by 44%

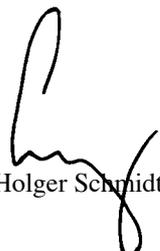
Due to the new acquisitions and the revaluation of the properties in Romania and Hungary, the net asset value (NAV) rose to EUR 9.1 in first quarter 2007, an increase of 11% compared to EUR 8.2 at the end of the same period last year. Earnings per share (EPS) for the first quarter grew by 7% to EUR 0.15. The market value of the s IMMO share climbed by a record 43.9% in the three months to 31 March 2007, and over the preceding year by as much as 59%; this made it the best performing property share on the Vienna Stock Exchange over this period. At the same time s IMMO share's market capitalisation at 31 March 2007 doubled to EUR 961.8m compared to EUR 445m a year earlier.

Overall outlook for 2007

We have adapted our corporate strategy to a policy of more aggressive growth: the proportion of development projects in the portfolio is being raised in order to achieve higher yields, and increased use will be made of debt financing in order to leverage returns. The new strategy also entails more active portfolio management. With completed properties and development projects worth EUR 2.2bn in the pipeline we are ideally positioned for further growth – we are planning to invest no less than EUR 500–800m by the end of the year. The main focuses will on German residential property and on retail and office property in Romania, Bulgaria and the Ukraine. Our target for financial 2007 is once again to achieve significant increases in all revenue and earnings indicators.

Your Management Board team


Ernst Vejdovszky

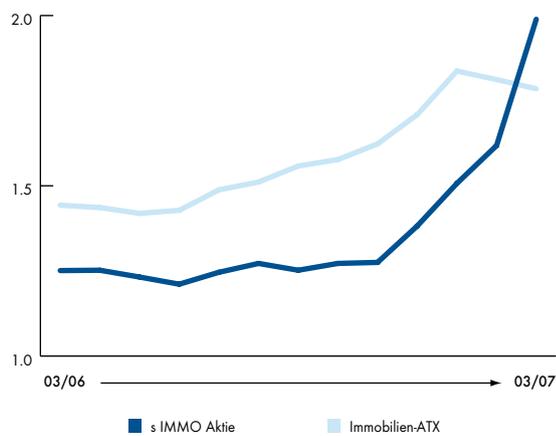

Holger Schmidtmayr

Bucharest – Novotel



s IMMO Aktie

Performance March 06–March 07
in EUR



Stock exchange information

ISIN code	AT000 065225 0
Income	accumulation
Bloomberg	SPI.AV
Reuters	SIAG.VI

Performancedaten data as at 31 March 2007

Initial listing	28 June 2002
Market price as at 31 March 2007 in EUR	14.12
One-year performance	39.0%
Three-year performance (p. a.)	22.6%
Sinde initial listing (p. a.)	15.55%

s IMMOAktie – key figures

	31.03.2007	31.03.2006
Number of shares in issue	68,118,718	50,118,718
Market capitalisation (EUR m)	961,8	445,0
Earnings per share (EPS) (in EUR)	0.15	0.14
Net asset value per share (NAV)	9.1	8.2

s IMMO INVEST

Stock exchange information

ISIN code	AT000 079573 7/AT000 063069 0
Income	Jährliche Ausschüttung
Legal form	Participation certificates (section 174 AktG)
Bloomberg	SPiG.AV
Reuters	SIMIg.VI

Performance data*

Initial listing	29 December 1996/10 November 2004
Market price as at 31 March 2007 in EUR	113.90/113.99
One-year performance	22.9%/11.5%
Three-year performance (p. a.)	13.8%
Sinde initial listing (p. a.)	10.0%/16.9%

*incl. annual distributions.

	31.03.2007	31.03.2006
Number of properties (1. Tranche/2. Tranche)	2,040,000/1,843,398	2,040,000/1,843,398
Market capitalisation (EUR m)	442.5	374.3

Consolidated balance sheet as at 31 March 2007

EUR '000	31.03.2007	31.03.2006*	Change
ASSETS			
A. Non-current assets			
I. Intangible assets	50	49	
II. Property, plant and equipment	1,245,736	831,615	+ 50 %
III. Financials assets	7,008	6,084	
IV. Non-current receivables	2,958	1,972	
B. Current assets			
I. Receivables and other assets	58,242	41,030	
II. Securities and investments	201	28,466	
III. Cash and cash equivalents	89,046	134,331	
C. Accrued and deferred assets			
	3,762	378	
	1,407,001	1,043,925	
EQUITY AND LIABILITIES			
A. Equity			
	592,887	401,905	+ 48 %
B. Minority interests			
	33,327	24,624	
C. Non-current liabilities			
1. Participation certificates	317,076	305,657	
2. Non-current liabilities to banks	343,451	209,084	+ 64 %
3. Provisions	35,692	27,841	
4. Other liabilities	22,724	22,850	
D. Current liabilities			
	57,501	47,143	
E. Accrued and deferred liabilities			
	4,343	4,821	
	1,407,001	1,043,925	

Consolidated income statement for the nine months ended 31 March 2007

EUR '000	01.01.-31.03.2007	01.01.-31.03.2006*	Veränderung
Revenues	22,101	16,116	+ 37 %
thereof rental income	17,440	12,842	
Revaluation of properties	15,596	3,869	
Other operating income	219	1,069	
Income from the sale of property	0	33	
Total operating income	37,916	21,087	+ 80 %
Depreciation and amortisation	-821	-396	
Other operating expenses	-10,862	-4,998	
Operating profit / EBIT	26,233	15,694	+ 67 %
Financial expenses	-13,003	-5,986	
Profit for the period before taxes (EBT)	13,230	9,707	+ 36 %
Taxes on income	-2,638	-2,528	
Net profit for the period before minorities	10,592	7,178	+ 48 %
Minority interests	439	213	
Consolidated net profit	10,153	6,965	+ 46 %

*The comparative figures for 2006 have been adjusted to the same basis.

Consolidated segment reporting as at 31 March 2007

EUR '000	Austria	%	Hungary	%	Czech Republic	%	Germany	%
Revenues	10,207	46	3,021	14	1,938	9	5,375	24
Operating profit (EBIT)	4,359	17	16,384	62	1,184	4	3,886	15
EUR '000	Slovakia	%	Romania	%	Bulgaria	%	Total	
Revenues	1,033	5	527	2	0	-	22,101	
Operating profit (EBIT)	680	2	-180	-	-80	-	26,233	

Summarised consolidated cash flow statement for the nine months ended 31 March 2007

EUR '000	01.01.-31.03.2007	01.01.-31.03.2006*
Profit before taxes	13,230	9,707
Revaluation of properties	-15,596	-3,869
Depreciation and amortisation	821	396
Income from the sale of property	0	-33
Taxes paid	-171	-88
Net interest payable	13,003	5,986
Consolidated cash flow	11,286	12,098

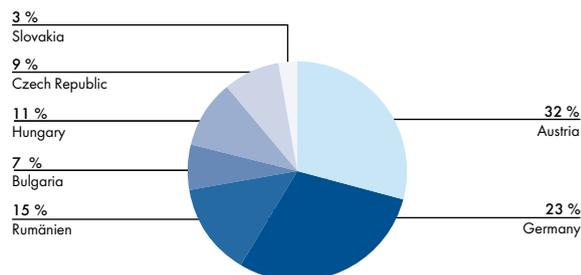
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Property Information

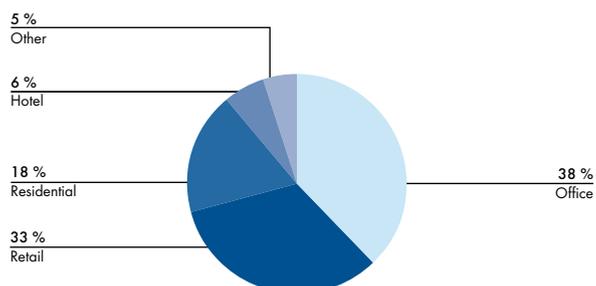
	31.03.2007	31.03.2006
Number of properties*	107	69
Total lettable space in m ² *	1,052,300	578,000
Property portfolio (NAV) in EUR m*	1,270	784

*incl. development projects.

Total lettable space by region*



Total lettable space by sector*



*incl. development projects.

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