

Sparkassen Immobilien AG

More property for your Money



Report on the first half of 2007

Key indicators, Group

Key indicators, Group

(EUR m)	01.01.-30.06.2007	01.01.-30.06.2006	Change
Revenues	45.1	33.2	+35.8%
whereof rental income	35.9	27.0	+33.0%
EBITDA	42.3	32.4	+30.6%
Operating profit (EBIT)	40.8	31.5	+29.5%
Consolidated net profit before tax (EBT)	2.7	20.3	-86.7%
Profit after tax	1.5	15.0	-90.0%
	30.6.2007	30.6.2006	Change
Cash flow from operations	25.4	24.5	+3.7%
Shareholders' equity	621.8	536.7	+15.9%
Equity ratio	40.0%	49.0%	-18.6%
Market capitalisation	1,112.0	954.1	+16.6%
s IMMO Aktie	718.7	585.2	+23.0%
s IMMO Invest	393.5	368.9	+6.7%
	30.06.2007	30.06.2006	Change
Number of properties	117	64	+82.8%
Property portfolio (fair value)	1,321	907	+46.0%
Total lettable space in m ²	1,083,400	710,000	+54.0%
Gross rental yield	6.4%	7.0%	-8.6%
Occupancy rate	94%	91.9%	+2.3%
	30.06.2007	30.06.2006	Change
Earnings per share (EPS)* in EUR	0.01	0.28	-96.4%
Net asset value (NAV) in EUR	9.4	8.3	+13.3%
Price / NAV ratio	112.2%	103.6%	
Price at end of quarter in EUR	10.55	8.60	+22.7%

*Incl. one-time participation certificate expense.

Financial calendar

Results – first half 2007	8 August 2007
Results – third quarter 2007	7 November 2007
Results – financial year 2007	April 2008

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Letter to the shareholders

Dear shareholders and investors,

We had a dynamic start to the first quarter, and also increased revenues and EBIT in the second: revenues were up by one third, and EBIT grew by nearly 30%. Consolidated earnings dipped in the second quarter due to extraordinary one-time effects of restructuring the participation certificates and due to the participation certificate repurchase scheme. The restructuring has however given us a corporate structure that is more transparent and easier to understand, and both shareholders and holders of participation certificates profit from the consolidation of the property portfolio. The participation certificates will continue to pay an annual dividend, while the shares remain an accumulating security.

Shareholders and holders of participation certificates alike will also benefit from the company's increased acceptance with international investors and the broader spread of the property portfolio. And not least, for Sparkassen Immobilien AG it means a more transparent capital structure, and has simplified accounting and reporting, while at the same time preserving the tax advantages of the s IMMO INVEST distribution.

We continued to invest actively in Germany: in the second quarter we made further acquisitions in Berlin and Bremen and were preparing to complete the purchase of an extensive portfolio of 88 properties for the price of EUR 188m. We still consider the residential property market in Berlin very attractive, due to the very affordable prices and intrinsic values per square metre. We invest in properties which we think have definite potential for appreciation. Construction work on our development projects in Prague, Bucharest and Sofia is proceeding according to plan, and we are close to closing agreements for similar development projects in Ukraine, where we formed a subsidiary at the start of the second quarter.

Property companies are currently experiencing a thoroughly bumpy ride on the capital markets; Austrian property stocks have also been affected by the US real estate crisis, which to our mind is totally unreasonable. The American real estate markets have features not found in Austria, Germany and CEE

markets, the markets we are active in. On the contrary: CEE markets in particular are still enjoying massive growth, as a result of the ground they have to make up. Rising interest rates are not a problem for our existing positions, since we hedged them on a long-term perspective with standard instruments. Current developments are however sorting the wheat from the chaff; sound financing, low management fees, diversification and not least a long-term strategy focusing on intrinsic values and cash flows underwrite Sparkassen Immobilien AG's long-run success. The value of the s IMMO share has risen by 22.7% on a 1-year basis (year to 30 June 2007), and at balance sheet date it had appreciated by 7.54% since the beginning of the year.

We shall be sticking to our tried and tested financial principles in the coming months and continuing to apply our successful portfolio strategy – acquiring completed properties, primarily in Germany, selling various properties in more expensive markets such as Austria and Czech Republic, and focusing on development projects in CEE and SEE. This entails prudent valuation policies, conservative financing and a solid proportion of equity.

Our outlook for the third quarter is positive: thanks to our acquisitions and the absence of restructuring expenses for the participation certificates and expenses for a participation certificate repurchase scheme we are expecting a marked increase in revenues, EBIT and especially in consolidated net profit after tax in the third quarter.

Your Management Board team



Holger Schmidtmayr



Ernst Vejdovszky



Holger Schmidmayr and Ernst Vejdovsky

Business developments

Satisfactory increases in revenues and EBIT, profit after tax affected by one-time charges

Following a successful first quarter, Sparkassen Immobilien AG further boosted revenues, rental income and EBIT in the second quarter. Compared to the same period last year revenues in the first six months climbed almost 36%, from EUR 33.2m to EUR 45.1m, while rental income rose 33%, from EUR 27m to EUR 35.9m as a result of new acquisitions. Some 30% of revenues came from CEE countries, and 25% from Germany. Portfolio appreciation, especially of CEE properties (revalued in first quarter 2007), caused a substantial rise in operating income, which increased by 43.8% from EUR 44.3m in the same period last year to EUR 63.7m. EBITDA climbed 30.6% to EUR 42.3m in the first six months. Operating profit (EBIT) improved similarly, up 29.5% from EUR 31.5m in the first half of 2006 to EUR 40.8m. One-time expenses in connection with restructuring the participation certificates and the participation certificates repurchase scheme of 583,509 certificates meant that consolidated pre-tax earnings (EBT) came out at EUR 2.7m after EUR 20.3m in the same period last year, and consolidated net profit went from EUR 15m to EUR 1.5m.

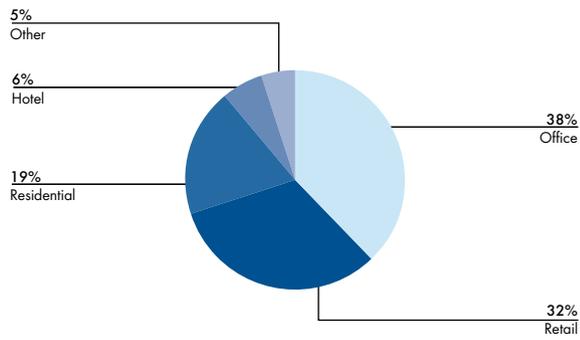
Major property portfolio growth

As a result of its ambitious growth, Sparkassen Immobilien AG's property portfolio in Austria, Germany and Central and Eastern Europe at 30 June 2007 comprised 117 properties, eight of which were development projects, with total lettable space of over one million square metres (1.08m m²). Compared to a year ago, this represents a 54% increase in lettable space and means a property portfolio worth EUR 1.32 bn, an increase of 46% year on year. This increase is primarily due to the acquisition of properties in Germany and the growth in value of properties in the Czech Republic, Hungary, Romania and Germany based on revaluations by international property experts during the last three quarters. In the first six months 17 properties and 2 plots of land with a total of 117,223 m² of lettable space were acquired. This included a package of nine apartment buildings in central Berlin with lettable space of 11,000 m² and a mixed use property in Bremen of 18,500 m², where the City of Bremen is main tenant. A package of 4 apartment buildings in Hamburg with lettable space of 8,400 m² was also added to the German portfolio. A 100,000 m²

plot in metropolitan Bucharest was acquired, and the development process was set in motion.

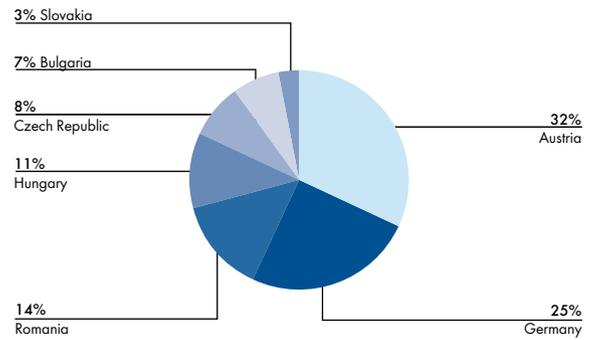
The occupancy rate for all properties was 94%, a further improvement on the 91.9% achieved as at 30 June 2007. The Austrian and CEE properties in particular were the principal contributors to this excellent outcome. Efficient portfolio management should also significantly improve the occupancy rate in Germany. The overall gross rental yield for all countries is 6.4% as at 30 June 2007.

Total lettable space by property type *



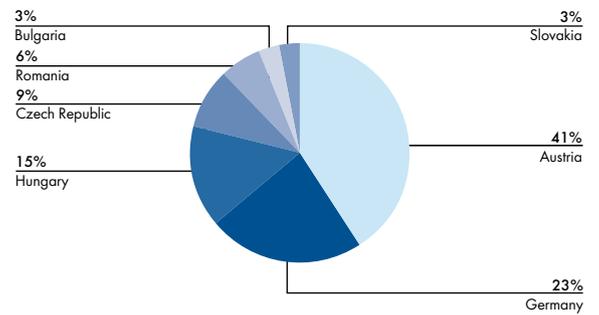
*including properties under development.

Total lettable space by region *



*including properties under development.

Property portfolio by estimated values *



* Estimates for existing properties, book values for projects under development.

s IMMO-Aktie (the share)

Excellent performance of s IMMO share

The s IMMO share gained 22.7% over the last year (balance sheet date, 30 June), which makes it one of the best-performing real estate shares listed on the Vienna stock exchange. The stock's market capitalisation as at 30 June 2007 was EUR 718.7m.

Net asset value (NAV) per share rose from EUR 8.3 to EUR 9.4 at balance sheet date, 30 June, mainly due to the higher valuation of CEE properties in the Czech Republic, Slovakia, Hungary and Romania. Due to the one-time participation certificate expenses Earnings per share (EPS) were down by EUR 0.01 after EUR 0.28 in the first six months of 2006.

Stock exchange and performance data

ISIN code	AT000 065225 0
Bloomberg	SPI AV
Reuters	SIAG.VI
Income	Accumulating
Initial listing	28 June 2002

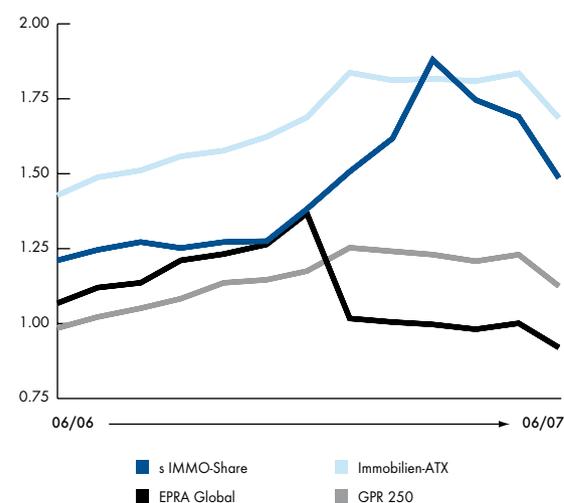
Key indicators, share

Earnings per share (EPS) in EUR*	0.01
Net asset value (NAV) in EUR	9.4
Price/NAV ratio in %	112.2
Number of shares	68,118,718
Price at end of quarter in EUR	10.55

*incl. one time participation certificate expenses

Share price

Performance s IMMO share June 06 – June 07



Share price as at 30 June 2007	EUR 10.55
Performance 1 year	+22.70%
Three years, p.a.	+10.50%
Since initial listing	+8.37%

	30.06.2007	30.06.2006	Change
Earnings per share (EPS) in EUR*	0.01	0.28	-96.4%
Net asset value (NAV) in EUR	9.4	8.3	+13.3%
Price/NAV ratio in %	112.2	103.6	
Number of shares	68,118,718	68,118,718	
Price at end of quarter in EUR	10.55	8.60	+22.7%

s IMMO INVEST

Stock exchange and performance data

ISIN	AT000 0795737/AT000 0630690 (2nd tranche)
Bloomberg	SPiG AV
Reuters	SIMlg VI
Income	Annual distribution
Initial listing	29 December 1996/10 November 2004
Market price as at 30 June 2007	EUR 99.75/EUR 103.10
Performance 1 year	9.2%/11.2%
Three years, p.a.	10.3%
Since initial listing	8.7%/12.3%

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

Consolidated balance sheet as at 30 June 2007

EUR '000	Note	30.06.2007	31.12.2006
ASSETS			
A. Non-current assets			
I. Intangible assets			
1. Other		48	36
II. Tangible assets			
1. Property, plant and equipment	15,16		
a) Rental properties		941,128	844,641
b) Rental properties held for disposal		151,680	151,680
c) Hotels under own management		72,095	73,273
d) Properties under construction		135,316	102,121
		1,300,219	1,171,715
2. Other plant and equipment			
a) Other		1,584	1,771
III. Financial assets	17		
1. Investments in affiliates		159	141
2. Other investments		7,354	7,312
IV. Non-current receivables			
1. Deferred tax assets		6,139	3,145
		1,315,503	1,184,120
B. Current assets			
I. Receivables and other assets			
1. Trade receivables		5,841	3,676
2. Financial receivables		37,896	22,909
3. Other receivables and assets		22,717	20,177
		66,454	46,761
II. Marketable securities and investments		201	5,201
III. Cash and cash equivalents	17	181,961	75,387
		248,616	127,349
C. Accruals and prepayments			
		1,557	3,709
		1,565,677	1,315,178

EUR '000	Note	30.06.2007	31.12.2006
EQUITY AND LIABILITIES			
A. Shareholders' equity			
I. Share capital		247,509	247,509
II. Reserves		332,966	293,759
III. Consolidated net profit		988	36,820
IV. Minority interests		40,354	34,553
		621,817	612,641
B. Non-current liabilities			
1. Participating certificates	18	335,212	314,062
2. Long-term liabilities to banks	19	448,665	260,975
3. Provisions			
a) Deferred tax liabilities		31,228	25,767
b) Other		6,902	6,158
		38,130	31,925
4. Other liabilities			
a) Long-term liabilities to banks		60,699	0
b) Construction costs and tenants' financing		11,713	11,665
c) Housing construction subsidies		5,869	6,113
d) Other		6,379	4,943
		84,660	22,721
		906,667	629,683
C. Current liabilities			
1. Financial liabilities		5,250	30,224
2. Trade payables		4,929	6,799
3. Other liabilities		22,512	31,311
		32,691	68,334
D. Deferred income			
		4,501	4,520
		1,565,677	1,315,178

Consolidated income statement for the half year ended 30 June 2007

	Note	01.01.-30.06. 2007	01.04.-30.06. 2007	01.01.-30.06. 2006	01.04.-30.06. 2006
EUR '000					
1. Revenues	8	45,138	23,037	33,218	17,102
whereof: rental income		35,946	18,506	27,020	14,178
2. Revaluation of properties	15	16,767	1,171	7,737	3,868
3. Other operating income	9	1,777	1,558	3,248	2,179
4. Gains on property disposals	10	0	0	137	104
5. Operating revenue		63,682	25,766	44,340	23,253
6. Depreciation and amortisation		-1,528	-707	-929	-533
7. Other operating expenses	11	-21,385	-10,523	-11,903	-6,905
8. Operating profit (EBIT)		40,769	14,536	31,508	15,815
9. Financial profit/loss	12	-17,085	-4,082	-11,257	-5,271
10. One time participation certificate expenses	13	-20,982	-20,982	0	0
11. Profit before tax (EBT)		2,702	-10,528	20,251	10,544
12. Taxes on income	14	-1,175	1,463	-5,254	-2,726
13. Net profit before minority interests		1,527	-9,065	14,998	7,819
Where of interests of shareholders in parent company		988	-9,165	14,233	7,268
Minority interests		539	100	765	552

Earnings per share

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

	1-6/2007	1-6/2006
Interests of shareholders in parent company EUR '000	988	14,233
Average number of shares in circulation	68,118,718	50,317,613
Earnings per share EUR	0.01	0.28

Consolidated cash flow statement for the half year ended 30 June 2007

EUR '000	1-6/2007	1-6/2006
Profit before tax (EBT)	2,702	20,251
Revaluation of properties	-16,767	-7,737
Depreciation and amortisation	1,528	929
Gains on property disposals	0	-137
Taxes on income paid	-96	-87
Net financing cost	17,085	11,257
One time participation certificate expense	20,982	0
Cash flow from operations	25,434	24,476

Changes in consolidated equity

EUR '000	share capital	Capital reserves	Revenue reserves	Minority interests	Total
1 January 2007 (At cost)	247,509	241,301	35,863	33,430	558,103
Changes in accounting and valuation policies	0	0	53,415	1,123	54,538
Fair value – 1 January 2007	247,509	241,301	89,278	34,553	612,641
Capital increase	0	0	0	0	0
Acquisitions	0	0	0	5,343	5,343
Disposals	0	0	0	0	0
Consolidated profit after tax	0	0	988	539	1,527
Other changes	0	0	2,387	-81	2,306
whereof: available-for-sale securities	0	0	3,531	0	3,531
whereof: exchange differences	0	0	-1,144	-81	-1,225
30 June 2007	247,509	241,301	92,653	40,354	621,817

Details of share capital

in TEUR	30.06.2007	01.01.2007	Change
Total share capital	247,509	247,509	0
Treasury shares (nominal)	0	0	0
	247,509	247,509	0

Changes in units of shares

Units	30.06.2007
Issued share capital – 1 January 2007	68,118,718
Capital increase	0
Treasury shares sold	0
Issued share capital – 30 June 2007	68,118,718
Treasury shares	0
Total shares in issue	68,118,718

The shares are listed on the Vienna Stock Exchange.

Notes to the consolidated financial statements

Sparkassen Immobilien Aktiengesellschaft

1. REPORTING UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The interim financial statements of Sparkassen Immobilien Aktiengesellschaft (s Immobilien AG), Vienna, Austria, for the half year ended 30 June 2007 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

2. GENERAL INFORMATION

2.1. Business

s Immobilien AG Group is a real estate group (acquisition, development and renting of property) with activities in Austria and elsewhere in Central Europe. The parent company, s Immobilien AG, is headquartered in Windmühlgasse 22-24, A-1060 Vienna, Austria. It has subsidiaries in Austria, Bulgaria, Cyprus, the Czech Republic, Denmark, Germany, Hungary, Romania, Slovakia and Ukraine. The parent company is a public limited liability company (Aktiengesellschaft). It is registered in the commercial register of the Commercial Court of Vienna under reference 58358x.

2.2. Accounting policies

The consolidated financial statements comply with all International Financial Reporting Standards, including the interpretations of the International Financial Reporting Interpretations Committee“ (“IFRIC”, formerly “SIC”), the application of which was mandatory as of 30 June 2007, and in particular with IAS 34 Interim Financial Reporting.

The accounting policies of the companies included in consolidation are based on the uniform accounting regulations of s Immobilien AG Group. The consolidated financial statements are presented rounded to the nearest 1,000 euro. The totals of rounded amounts and the percentages may be affected by rounding differences caused by software.

The accounting and valuation policies used in the consolidated financial statements for the year ended 31 December 2006 were retained with one exception: as of 1 January 2007 the fair value model is used for rented properties instead of the cost model (IAS 40).

3. SCOPE OF CONSOLIDATION

In addition to the accounts of s Immobilien AG, the consolidated financial statements include the accounts of 57 companies (property holding or intermediary holding companies) which are directly or indirectly owned by s Immobilien AG. The following companies were first included in consolidation in the first half of 2007:

Company	Location	Country	Nominal capital	%	Currency	Valuation at initial consolidation
API Holding AG	Salzburg	AT	98,000,00	98.00	EUR	30.04.2007
E.V.I. Immobilienbeteiligungs GmbH	Vienna	AT	35,000,00	100.00	EUR	01.01.2007
GERMAN PROPERTY INVESTMENT I APS (GPI I APS)	Aarhus C	DK	118,000.00	94.40	DKK	31.03.2007
GERMAN PROPERTY INVESTMENT II APS (GPI II APS)	Aarhus C	DK	118,000.00	94.40	DKK	31.03.2007
CEE Property-Invest Hungary 2003 Ingatlan Kft	Budapest	HU	3,000,000.00	100.00	HUF	01.01.2007
ROTER INVESTITII IMOBILIARE S.R.L.	Bucharest Sec.	RO	4,472,020.00	100.00	RON	01.01.2007
Austria Real Invest Ukraine LCC	Kyiv	UA	66,382.25	100.00	UAH	21.02.2007
CEE Property Bulgaria EOOD	Sofia	BG	20,000.00	100.00	BGL	01.01.2007

In addition to the formation and first-time consolidation of various ready-made and holding companies, a project development company outside Austria was acquired.

The two Danish companies GPI I APS and GPI II APS were acquired as ready-made companies by s Immo AG in March, and they in their turn acquired four residential properties in Northern Germany with a total value of EUR 8.7m. E.V.I. Immobilienbeteiligungs GmbH, an s IMMO AG subsidiary so far not included in consolidation, acquired the Lloydhof property in Bremen in the second quarter for EUR 21.8m.

API Holding AG, Vienna, and Austria Real Invest Ukraine LCC, Kiev, were formed in first half 2007 and will be operating in Ukraine.

An agreement to purchase all the shares in ROTER INVESTITII IMOBILIARE S.R.L., in Bucharest, was signed in mid-January 2007. The company is the sole proprietor of a 97,000 m² plot of land in Jilava, Romania. The purchase price was EUR 7.4m, and no liabilities were assumed.

CEE Property Bulgaria EOOD, a ready-made company already owned by the Group, was consolidated for the time with effect from 1 January 2007, since it took over project assets during the first quarter.

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

4. BASIS OF CONSOLIDATION

Capital consolidation means offsetting the acquisition cost of the investment (book value) against the value under IFRS of the proportionate share of the equity of the relevant subsidiary at the time of initial consolidation. The amount of any difference arising at this time is capitalised as goodwill. In calculating goodwill, foreign currencies are translated at the exchange rate ruling on the date of initial consolidation. There is currently no goodwill on consolidation being carried as an asset.

Transactions within the consolidated Group together with the related income and expenses and receivables and payables are eliminated. Intra-group profits are also eliminated.

5. FOREIGN CURRENCY TRANSLATION

Translation of financial statements in foreign currencies

The Group reporting currency is the euro. Financial statements prepared in foreign currencies (Czech crowns, Danish crowns, Slovak crowns, Hungarian forints, Romanian leus, and Bulgarian levs) are translated using the modified closing rate method. Investment property is translated at historical rates. As a general rule, income statement items are translated using average exchange rates for the period; revaluation and depreciation and amortisation of property are an exception – historical rates are used. Gains and losses on currency translation are not treated as income or expense but are included under revenue reserves.

6. ACCOUNTING AND VALUATION POLICIES

Intangible assets

Intangible assets acquired for consideration are recognised at acquisition cost less scheduled straight-line amortisation and provision for any impairment losses. Amortisation rates are based on assumed useful lives of between three and six years.

Property, plant and equipment

Rental properties

With effect from 1 January 2007, the fair value method (in accordance with IAS 40) is used in the valuation of rental properties, replacing the cost model. The effects of the change in valuation policies are set out in note 7 “Changes in accounting and valuation policies”.

The properties, the majority of which are rented, are generally valued every year on the basis of current market conditions, largely by independent, professional, authorized experts. The valuations were based on earnings, calculated on the basis of expected sustainable future rental yields and market interest rates (Austria: 3.5%–8%; elsewhere: 6.75%–9%). Properties purchased close to balance sheet date are valued on the basis of acquisition costs.

Hotels under own management, other plant and equipment

Properties operated by the company, in particular hotel properties, are valued using the cost model (original acquisition or construction cost). This valuation method is also applied to other plant and equipment.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, as follows:

	Expected useful lives (years)	
	from	to
Hotels own under management	25	33
Other plant and equipment	3	10

Where there are reductions in value that are expected to be permanent, impairment losses are recognised. The carrying values of the properties are subjected to impairment tests, in which the carrying values of the properties are compared with the fair values. Where the carrying values are higher, impairment losses are generally recognised.

Properties under construction are recognised at construction cost. These do not contain any material financing costs.

Investments and securities

Shares in associated companies and investments for which fair values can not be established – due to the lack of a stock exchange listing – are recognised at acquisition cost, reduced by impairment losses where the loss in value is expected not to be merely temporary.

Shares and securities held as current assets are carried at market values in accordance with IAS 39, and are generally intended for sale (available-for-sale).

Receivables and other assets

Trade receivables and other receivables are disclosed at their nominal value, less any provisions necessary. Other current assets are measured at cost of acquisition.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and of bank deposits with a remaining term of less than three months.

Taxes

The tax expense disclosed for the half year comprises income tax on the taxable income of the individual companies at the rate applicable in the relevant country (expected effective tax rate for the full year) together with changes in tax provisions affecting income or expense.

No provisions for deferred tax liabilities have been made with respect to temporary differences in connection with undisclosed reserves arising on initial consolidation on properties owned by foreign subsidiaries, since such properties can as a rule be disposed of without liability to tax by the tax-free sale of property ownership companies and intermediary holding companies in Austria under section 10 Austrian Corporate Income Tax Act (KStG). Provision has been made for deferred tax liabilities on differences arising on initial consolidation of Austrian subsidiaries on the basis of applicable tax rates and values for tax purposes in respect of any expected partial realisations.

Deferred taxes assets are recognised in connection with tax loss carryforwards to the extent that it is probable that the losses will be able to be offset against future taxable profits.

Financial liabilities

Financial liabilities are recognised at the amount repayable.

Provisions

The provision for deferred taxation is calculated using the liability method, using the tax rates which at balance sheet date are expected to be in force when the temporary differences reverse. Other provisions are for liabilities of uncertain amount, where the amount provided is the amount considered most likely to become payable.

Trade payables and other liabilities

Trade payables and other liabilities are recognised at the amount payable.

Derivatives

s Immobilien AG Group uses derivative financial instruments – interest rate caps, collars and swaps – to reduce the risks attendant on interest rate increases. They are generally measured at their positive market value at balance sheet date. At 30 June 2007 the market value was EUR 6,918m, which was disclosed as part of the available-for-sale portfolio.

Income recognition

Rental income is recognised evenly over the term of the rental agreement. Income from services is recognised in proportion to the services rendered at balance sheet date. Interest income is calculated on the basis of the applicable interest rate and the amount of the loan.

7. CHANGES IN ACCOUNTING AND VALUATION POLICIES

As of 1 January 2007, s IMMO AG has adopted the fair value model (IAS 40) for the measurement of investment properties.

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

The comparative figures for last year have been restated.

EUR '000	At Cost	Adjustments	Fair value
ASSETS as at 1 January 2007			
A. Non-current assets			
I. Intangible assets			
1. Other	36	0	36
II. Tangible assets			
1. Property, plant and equipment	732,889	111,752	844,641
2. Rental properties held for disposal	147,640	4,040	151,680
3. Hotels under management	73,273	0	73,273
4. Properties under construction	102,121	0	102,121
5. Other plant and equipment	1,771	0	1,771
III. Financial assets	7,027	426	7,453
IV. Non-current receivables	3,145	0	3,145
	1,067,902	116,218	1,184,120
B. Current assets	127,349	0	127,349
C. Accruals and prepayments	3,709	0	3,709
	1,198,960	116,218	1,315,178
EQUITY AND LIABILITIES as at 1 January 2007			
A. Shareholders' equity			
I. Share capital	247,509	0	247,509
II. Reserves	277,164	53,415	330,579
III. Consolidated after tax profit	0	0	0
IV. Minority interests	33,430	1,123	34,553
	558,103	54,538	612,641
B. Non-current liabilities			
1. Participating certificates	269,058	45,004	314,062
2. Long-term liabilities to banks	260,975	0	260,975
3. Provisions	12,434	19,491	31,925
4. Other liabilities	22,721	0	22,721
	565,188	64,495	629,683
C. Current liabilities	71,149	-2,815	68,334
D. Deferred income	4,520	0	4,520
	1,198,960	116,218	1,315,178

INCOME STATEMENT

Six months ended 30 June 2006
EUR '000

	At Cost	Adjustments	Fair value
1. Revenues	33,218	0	33,218
2. Revaluation of properties	0	7,737	7,737
3. Other operating income	3,248	0	3,248
4. Gains on property disposals	1,236	-1,099	137
5. Operating revenue	37,702	6,638	44,340
6. Depreciation and amortisation	-10,359	9,430	- 929
7. Other operating expenses	-11,903	0	-11,903
8. Operating profit (EBIT)	15,440	16,068	31,508
9. Financial profit/loss	-6,600	-4,657	-11,257
10. Profit before tax (EBT)	8,840	11,411	20,251
11. Taxes on income	-1,717	-3,537	-5,254
12. Profit after tax where of:	7,123	7,874	14,997
Interests of shareholders in parent company	6,657	7,576	14,233
Minority interests	467	298	765

**NOTES ON THE INCOME STATEMENT
AND BALANCE SHEET**

INCOME STATEMENT

8. REVENUES AND SEGMENT REPORTING

Segment reporting is by region, based on where the property is situated (primary segmentation), and by type of use (secondary segmentation).

The primary segmentation is as follows (EUR '000):

	Austria		Germany	
	30.06. 2007	30.06. 2006	30.06. 2007	30.06. 2006
Revenues	20,341	18,740	11,253	4,176
Revaluation of properties	-376	8,245	803	-617
Other operating income	1,444	547	231	1
Gains on property disposals	0	136	0	0
Operating revenue	21,409	27,668	12,287	3,560
Depreciation and amortisation	-56	-36	-25	-11
Other operating expenses	-11,934	-7,332	-4,546	-1,110
Operating profit	9,419	20,300	7,716	2,439
Financial profit/loss	-353	-6,607	-8,978	-215
One time participation certificate expense	-20,982	0	0	0
Profit before tax	-11,916	13,693	-1,262	2,224
Non-current assets 30 June 2007	549,331	539,791	307,712	240,021
Non-current liabilities (including participating certificates in Austria) 30 June 2007	476,836	427,687	189,455	64,244

Slovakia		Czech Republic		Hungary		Bulgaria		Romania		Ukraine		Total	
30.06. 2007	30.06. 2006												
2,083	1,716	3,880	3,391	6,161	5,195	0	0	1,420	0	0	0	45,138	33,218
0	0	-194	0	16,534	109	0	0	0	0	0	0	16,767	7,737
4	1	33	447	65	2,254	0	0	0	0	0	0	1,777	3,248
0	1	0	0	0	0	0	0	0	0	0	0	0	137
2,087	1,718	3,719	3,838	22,760	7,558	0	0	1,420	0	0	0	63,682	44,340
-27	0	-74	-91	-910	-786	0	0	-436	-3	0	0	-1,528	-929
-675	-649	-1,150	-977	-1,882	-1,728	-149	0	-1,022	-107	-27	0	-21,385	-11,903
1,385	1,069	2,495	2,770	19,968	5,044	-149	0	-38	-110	-27	0	40,769	31,508
-1,073	-228	-1,369	-1,387	-4,301	-2,867	38	0	-1,049	48	0	0	-17,085	-11,257
0	20,982	0											
312	841	1,126	1,383	15,667	2,177	-111	0	-1,087	-62	-27	0	2,702	20,251
39,147	39,160	113,429	107,569	193,698	165,262	43,173	40,430	69,013	51,463	0	0	1,315,503	1,183,694
18,675	6,374	83,295	49,053	129,656	79,030	0	0	8,750	55	0	0	906,667	626,443

Segmentation by property type of use:

	Revenues 1-6/2007 EUR '000	%	Revenues 1-6/2006 EUR '000	%
Offices	24,592	54.48	19,491	58.68
Residential	5,982	13.25	2,738	8.24
Commercial	11,088	24.57	8,923	26.86
Hotel	3,476	7.70	2,066	6.22
	45,138	100.00	33,218	100.00

Revenues were made up as follows:

EUR '000	1-6/2007	1-6/2006
Rental income	35,946	27,020
Charged service costs	9,192	6,198
	45,138	33,218

9. OTHER OPERATING INCOME

EUR '000	1-6/2007	1-6/2006
Gross operating profit		
(hotel operations)	57	2,254
Release of housing construction		
subsidies	244	244
Other	1,476	750
	1,777	3,248

10. GAINS ON PROPERTY DISPOSALS

EUR '000	1-6/2007	1-6/2006
Disposal proceeds	145	10,209
Carrying value of disposals	-145	-10,072
	0	137

11. OTHER OPERATING EXPENSES

EUR '000	1-6/2007	1-6/2006
Expenses directly attributable		
to properties	12,965	7,896
General management expenses	8,420	4,007
	21,385	11,903

12. FINANCIAL PROFIT/LOSS

EUR '000	1-6/2007	1-6/2006
Income entitlements of		
participation certificates	11,750	9,557
Financial expense	8,588	4,943
Financial income	-3,253	-3,243
	17,085	11,257

13. ONE-TIME PARTICIPATION CERTIFICATE EXPENSE

The one-time participation certificate expenses of EUR 10,174m are a result of the change in the terms of the Participation Certificates Agreement as at 1 January 07 and a nominal writedown of EUR 10,808m in connection with the repurchase of 582,509 certificates on 2 July where the actual obligation arose in the first half.

14. TAXES ON INCOME

EUR '000	1-6/2007	1-6/2006
Current tax expense	460	464
Deferred tax expense	3,115	4,790
One time deferred tax credit	-2,400	0
	1,175	5,254

BALANCE SHEET

15. RENTAL PROPERTIES

Changes in rental properties were as follows:

EUR '000	1-6/2007	1-6/2006
Carrying values as at 1 January - _ at cost	732,889	642,146
Change in accounting and _ valuation policies	111,752	75,343
Carrying values as at 1 January - _ fair value	844,641	717,489
Additions	79,865	132,900
Disposals	-145	-10,072
Revaluation surpluses	27,706	7,737
Writedowns	-10,939	0
Carrying values as at 30 June	941,128	848,054

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

EUR '000	1-6/2007	1-6/2006
Austria	12,521	95
Germany	66,870	109,867
Czech Republic	194	143
Hungary	274	7,146
Slovakia	0	15,649
	79,859	132,900

Detail:

EUR '000	30.06.2007	31.12.2006
Rental properties		
Austria	407,467	395,461
Germany	306,296	238,623
Czech Republic	57,310	57,310
Hungary	131,155	114,347
Slovakia	38,900	38,900
	941,128	844,641

Rental properties held for disposal:

Austria	125,400	125,400
Czech Republic	26,280	26,280
	151.680	151.680

Properties held for disposal consist of two Austrian commercial properties and a Czech office property, all of which are currently let.

16. HOTELS UNDER MANAGEMENT, OTHER PLANT AND EQUIPMENT

EUR '000	30.06.2007	31.12.2006
Hotels under own management		
Hungary	46,060	46,806
Romania	26,035	26,467
	72,095	73,273
Rental properties under development		
Austria	2,412	8,423
Germany	1,257	1,159
Romania	42,934	24,979
Bulgaria	43,173	40,430
Czech Republic	29,461	23,582
Hungary	16,079	3,548
	135,316	102,121

Fair values of hotels under own management amount to EUR 54,500,000 (Hungary) and EUR 39,124,000 (Romania).

17. FINANCIAL ASSETS

Investments in affiliates disclosed under financial assets comprise 12 companies not included in consolidation because they are not of material importance.

Other Investments

	Interest %	30.06.2007 EUR '000
BGM-IMMORENT Aktiengesellschaft & Co KG	22,1	2.117
PCC- Hotelerrichtungs- und Betriebs- gesellschaft m.b.H. & Co. KG		
Participating loan		4.148
„Hermes“ Bau Planungs- und Errichtungsgesellschaft m.b.H.	50,0	1.080
Other		9
		7.354

18. PARTICIPATING CERTIFICATES

The terms of the agreement for s IMMO INVEST participating certificates were changed retroactively with effect from 1 January 2007 and the s IMMO INVEST Participating Certificates Fund was dissolved (resolution of the meeting of the holders of the participation certificates of 11 June 2007 and resolution of the Annual General Meeting of 12 June 2007).

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

$$\text{(Participation certificate capital + profit brought forward)} \times \frac{\text{Consolidated EBIT}}{\text{Average of property, plant and equipment portfolio}}$$

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

For the first half of 2007 the income entitlement amounted to EUR 11,750,000.

As at 30 June 2007 there were 3,833,398 participation certificates in issue. The total entitlements of participation certificate holders (principal and interest) as of this date were as follows:

	Total EUR '000	Per unit EUR '000
Participation certificate capital	278,573	72,67
Profit brought forward 1 January 2007	44,889	11,71
Income entitlements - 1 January 2007	323,462	84,38
Income entitlements of participation certificates	11,750	3,07
Participation certificate capital	335,212	87,45

In the beginning of July 2007 additional 582,509 participation certificates were repurchased. In the event of repayment of the participation certificates, the holders are also entitled to a proportionate share of the undisclosed reserves on the property portfolio.

The participation certificates mature on 31 December 2029.

As of 31 December 2017, both the holders and the Company may annually give notice of redemption of the participation certificates in whole or in part.

19. LONG-TERM LIABILITIES TO BANKS

The long-term liabilities to banks are predominantly mortgage loans. The liabilities are to the following banks:

EUR '000	30.6.2007	30.06.2006
Lending institution		
Erste Bank der oesterreichischen Sparkassen AG	146,376	67,162
BA-CA, HVB Czech Republic	109,308	64,509
Other Austrian banks	156,374	92,514
German banks	36,607	36,790
	448,665	260,975

20. EVENTS AFTER BALANCE SHEET DATE

After balance sheet date three important deals or preliminary agreements were concluded.

At the beginning of July Sparkassen Immobilien AG acquired from Citec Immobilien Group its entire residential rental property portfolio in Germany. The portfolio consists of over 88 rental properties comprising some 2,200 apartments, mostly in prime locations in Berlin and Leipzig.

Towards the end of July, s IMMO AG's 75% interest in the Vienna Steffl department store was sold to the other existing shareholder, the Hans Schmid Private Foundation. Steffl is situated in Vienna's Kärntner Strasse, has a total of 12,500 m² of retail space, and roughly 1,400 m² of catering and office space combined.

At the same time a preliminary agreement was concluded for the sale of Herzmansky, the department store in Vienna's Mariahilfer Strasse, to a project development company of the Peek & Cloppenburg Group. The sale is scheduled for completion by the end of 2007. The total lettable space amounts to 18,200 m², of which 16,300 m² is retail space, with the remaining 1,900 m² consisting of office and other space.

Vienna, 8 August 2007
Management Board

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