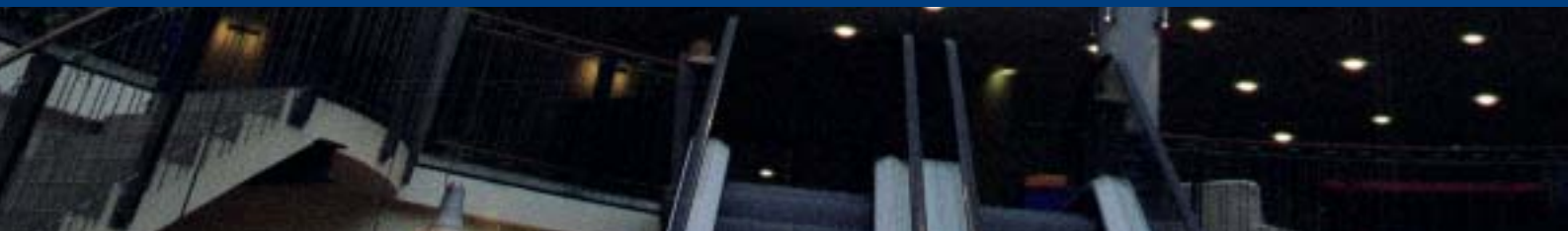




Interim Report  
30 September 2007

**Meinl**   
European Land



## Key Indicators

	2005	9M 2006	2006	9M 2007
<b>Income statement</b> in TEUR				
Rental income	60,199	70,236	96,451	89,833
Net revenues	63,510	78,615	104,446	101,795
Net operating profit (EBIT)	114,326	88,248	251,562	143,879
Profit before taxation	112,029	94,682	269,108	194,802
Profit after taxation	113,975	92,977	267,445	182,719
	31/12/2005	30/9/2006	31/12/2006	30/9/2007
<b>Balance sheet</b> in TEUR				
Investment properties	1,067,671	1,233,174	1,688,863	1,817,937
Investment properties under development	37,434	201,482	105,232	614,595
Net cash	965,833	1,906,068	2,544,287	1,542,346
Non-current liabilities	541,839	865,280	1,017,218	1,068,242
Equity	1,620,675	2,569,150	3,454,355	3,141,308
	31/12/2005	30/9/2006	31/12/2006	30/9/2007
<b>Certificates</b>				
Certificates outstanding	120,000,001	180,000,001	225,000,001	211,185,001
Certificate price in EUR	14.91	17.18	19.43	10.00
Earnings per share/certificate in EUR	1.29	0.50	1.31	0.67

### Notes:

Net cash defined as net financial assets minus short-term borrowings

Certificates outstanding are net of acquired certificates

**Dear investors,**

The purpose of this investors' letter is to provide you with information about Meinl European Land's operations and performance in the first nine months of 2007.

From an operational point of view the Company continues to deliver a good performance. In the third quarter of 2007 all the earnings measures are once again up on the preceding quarter. This is in contrast to the recent performance of certificates representing shares of Meinl European Land on the Vienna Stock Exchange. Following years of good performance, the quoted price has come under heavy pressure since this summer.

The negative and often times extremely prejudicial media coverage of the Company's purchase of 88.8 million certificates in the first half year which the Company still believes to have been in its best interest made us recognise that major initiatives to restore the confidence of Meinl European Land's investors are now essential. As of the end of September, we have engaged Merrill Lynch as advisers to the board. Their mandate is to work with us to review the corporate structure, the contractual relation of the Company with its investments manager and to consider strategic alternatives in management, their alignment with the Company and its stakeholders.

As this letter is published, the assessment of the situation and the analysis of the necessary improvements has almost been completed. Together with our advisers, we plan to finalize a package of structural changes. We are working on the assumption that the changes we are intending to make will all have been publicly announced by the end of the year.

After the end of the reporting period, the members of the Board of Directors of Meinl European Land received an administrative ruling by the Austrian Federal Market Authority (FMA). In it, the FMA asserted that an announcement in connection with the calling of a certificate-holders' meeting on 23 August 2007 could have given misleading signals. The ruling is not final and the Board of Directors is appealing against it. The Board (having taken legal advice) considers the FMA's ruling to be untenable, particularly because serious procedural mistakes have been made, insufficient evidence has been collected, and the ruling is internally inconsistent and based on inconclusive arguments. The ruling also ignores the fact that the FMA was involved in the process at every stage, and in particular that it regularly



approved the Company's prospectuses and was informed on a daily basis about the volumes of certificates purchased. It also ignores the fact that the disclosure requirements in connection with the certificate-holders' meeting were coordinated in detail with the FMA.

From an operational point of view, in the first nine months of 2007 Meinl European Land has continued its expansion of recent years and has further secured its position as one of the leading investors and developers of retail sites in Central and Eastern Europe. During the period, the Company signed agreements for a number of new and attractive investment projects and significantly expanded its portfolio. And at the same time it once again increased all its earnings figures.

As of 30 September 2007 Meinl European Land owned a total of 160 investment properties with a market value of approx. EUR 1.8bn. Its property portfolio compared to the previous year had grown by EUR 585m, or 47%.

In addition to investment properties, the Company had a significant portfolio of contractually agreed development projects with a total investment volume of some EUR 3.4bn, of which EUR 0.6bn has already been spent until 30 September 2007. In addition, the Company secured a strategic landbank of over 1.5m sqm.

As of 30 September 2007, the net asset value based on the Company's on-balance sheet property assets amounted to EUR 3.2bn or EUR 15.15 per share/certificate. For the first time, the Company made an estimation of the value of its development pipeline and landbank based on initial valuations provided by external real estate appraisers. Thereby, the expected surplus in value of this development pipeline and landbank amounts to EUR 1.3bn or EUR 5.95 per share/certificate. Hence, taking into account this locked-in potential capital appreciation of its development projects and landbank, the Company's total net asset value amounts to EUR 4.5bn or EUR 21.10 per share/certificate.

Rental income for the first nine months of 2007 amounted to EUR 90m, compared with EUR 70m in the same period last year. This represents an increase of 28%. In the same period operating profit grew by 63%, from EUR 88m to EUR 144m. The improvement in post-tax profit was equally satisfactory, from EUR 93m to EUR 183m, an increase of 97%.

## Letter to Investors

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The capital structure of the Group as of 30 September 2007 can be referred to as conservative and prudent. Consolidated equity reached EUR 3.1bn, with only EUR 1bn in interest bearing debt, leaving much potential for additional leverage. On top, the Group had a cash balance of over EUR 1.5bn at the end of the third quarter to finance its investment programme.

These results and figures, we are confident, will serve to give you an accurate insight into the strengths of Meinl European Land's operations and performance. We will do everything in our power to ensure that Meinl European Land will continue its enduring success as one of the leading real estate companies in Central and Eastern Europe.

The Board of Directors  
November 2007

## Report on Property Portfolio

In the first nine months of 2007, Meinl European Land acquired one investment property in Poland, with the market value of EUR 20m, and one investment property in Slovakia with a market value of EUR 10m. In the Czech Republic, the Company sold one property with market value EUR 1.5m.

The focus of the Company during the reporting period was on development of properties. Apart from securing development projects

in markets in which the Company is already active, the first project in Bulgaria was secured, and now the Group is active in 12 countries in Central and Eastern Europe.

As of 30 September 2007, Meinl European Land owned 160 investment properties with a total floor space of 877,207 sqm in 8 countries in CEE. The estimated value of these properties is EUR 1.8bn.

Country	Number of investment properties	Rental area in sqm	Market value in TEUR	Average yield in %
Russia	9	156,201	545,298	11.16
Poland	16	185,442	597,159	6.70
Czech Republic	101	343,920	315,790	8.23
Hungary	28	110,374	123,255	8.08
Slovakia	3	50,054	108,825	7.19
Latvia	1	20,420	61,330	6.50
Romania	1	10,796	43,280	8.00
Turkey	1	n/a	23,000	n/a
<b>Total</b>	<b>160</b>	<b>877,207</b>	<b>1,817,937</b>	

The Group has also secured various development projects with an expected investment volume of EUR 3.4bn, of which EUR 0.6bn has been spent by the end of September 2007. In addition to these specific development projects the Group has also acquired various

land plots amounting in size to over 1.5m sqm in Turkey, Russia, Poland and Georgia. The Group aims to develop such sights in the future. As at 30 September 2007 the Group has spent EUR 0.2bn for these land plots.

## Overview of regional portfolio

The principal investment markets of Meinl European Land during the reporting period were Russia, Poland and Turkey. In the future, investment activity will be increased in countries like Romania and Ukraine, while there are considerations of reducing the exposure in established markets such as the Czech Republic and Hungary.

### Russia

In Russia the Group owns investment properties with an estimated market value of approximately EUR 545m or circa 30% of total investment properties. The portfolio consists of 6 shopping centres, with the regional focus being less on agglomerations such as Moscow, but rather on regional cities where demand is higher and the degree of market saturation is lower.

#### Shopping centre in Togliatti



Meinl European Land acquired an existing shopping centre in Togliatti at the end of 2006. The shopping centre has a rental space of approximately 26,368 sqm and is almost 100% let. The tenants include the Metro group with a hypermarket and a consumer electronic store. Currently, the shopping centre is being enlarged by a DIY store.

Russia will continue to be a principal investment market of Meinl European Land. Currently, the project pipeline includes 8 new development projects and 5 extensions of existing shopping centres.

Furthermore, the Company was able to acquire land plots in 3 cities with an area of 1,118,000 sqm and is aiming at developing these sights in the foreseeable future.

The project pipeline of Meinl European Land includes, among others, the following projects and land plots:

#### Shopping centre in Yekaterinburg



In Yekaterinburg, Meinl European Land is developing a second shopping centre in order to secure its market position over long term. The projected rental space is approximately 50,000 sqm, and the opening is scheduled for 2Q 2009. The investment costs are currently projected at ca. EUR 121m.

#### Shopping centre Pushkino near Moscow



In the first quarter 2007, Meinl European Land acquired a land plot of 587,000 sqm in the Moscow suburb of Pushkino. In several construction phases, a shopping centre and neighbourhood centre with a total area of up to 253,700 sqm is planned. Currently, detailed plans are being prepared.

## Poland

The portfolio in Poland currently accounts for approximately 33% of the total portfolio, making it the largest market of Meinl European Land. Meinl European Land owns in Poland 16 investment properties with a gross lettable area of approximately 185,442 sqm and an estimated market value of approximately EUR 597m. The portfolio includes sub regional shopping centres, neighbourhood centres, convenience centres and stand alone retail warehouses.

### Shopping centre in Torun



In Poland, Meinl European Land concentrates its business on regional cities such as Torun, a city with 200,000 inhabitants. Here Meinl European Land owns a shopping centre with 30,000 sqm rented to well-known tenants such

as Real, Mediamarkt and Promod. The market value of the shopping centre is approximately EUR 75m.

A number of further projects are being planned or are under development in Poland, with some of the most recent acquisitions being listed below:

### Shopping centre in Bialystok



Still this year, Meinl European Land plans to open a shopping centre with a lettable area of ca. 37,000 sqm in Bialystok in eastern Poland. The EUR 73m project is already completely pre-leased. The anchor tenant is the

Metro group with a Real hypermarket and Mediamarkt, a consumer electronic store.

## Turkey

In Turkey, the project pipeline of Meinl European Land comprises 4 development projects at present with a total investment volume of over EUR 615m. Upon completion, Turkey will become one of the largest markets for Meinl European Land.

### Shopping centre in Trabzon



Meinl European Land is developing a shopping centre in Trabzon on the Black Sea coast with floor space of ca. 82,000 sqm. The project is designed as a forward purchase deal with Multi Development as development partner.

The investment volume is close to EUR 135m. The opening is scheduled for 4Q 2008.

### Shopping centre in Kahramanmaras



In July 2007, Meinl European Land acquired a property in the southern Turkish city Kahramanmaras. The Company plans to build a shopping centre with a lettable area of 58,000 sqm scheduled to be completed by

the end of 2010. The planned investment volume is estimated at EUR 100m. The project is to be realized within the Acteeum partnership.

## Romania

In Romania, Meinl European Land currently has a stand alone retail warehouse "Militari" in Bucharest, and 3 contractually fixed development projects.

### Shopping centre in Constanta



Meinl European Land will develop this shopping centre in the fifth largest city of Romania together with the real estate developer Krammer & Wagner. The planned rental space of the shopping centre is 52,000 sqm and will open by

the end of 2009.

Furthermore, the Company has access to properties in several cities in Romania. The details for the development of shopping centres and stand alone retail warehouses are still being analysed.

Generally, Meinl European Land believes that there is an enormous potential in the Romanian market and plans to increase activities there. It may be expected that the share of Romania in the total portfolio of the Group will increase in the coming years.

## Other growth markets

Other growth markets of Meinl European Land include Bulgaria and Ukraine. The Company is currently developing one project in each country. The scheduled completion is by the end of 2009 and 2010.

### Shopping centre in Odessa, Ukraine



Meinl European Land secured access to properties in Odessa at the beginning of 2007. The rental area of the planned shopping centre that should be completed in Q1 2010 is 62,500 sqm. The projected investment volume is ca.

EUR 123m and will be carried out within the Acteeum partnership.

### Shopping centre in Sofia, Bulgaria



Meinl European Land will develop this shopping centre project in the capital of Bulgaria together with the real estate developer Multi Development. The planned rental space of the shopping centre is 103,500 sqm and will open

by the end of 2009. The project that has been designed as a forward purchase deal will be carried out with Multi Development as development partner.

## Established markets

The Czech Republic and Hungary were the first markets in which Meinl European Land started its activities in 1997 when it was founded. In 2004 it expanded to Slovakia and Latvia which have also become established markets in Central and Eastern Europe. The conditions in these markets have adjusted largely to western European level. Yields on investment properties in these markets dropped sharply in recent years. Thus, this has resulted in an appreciation of the underlying investment properties of Meinl European Land.

The market value of the investment properties in these established markets is EUR 609m as of 30 September 2007. Due to prevailing market conditions there are only few new and attractive investment opportunities in these markets.

Meinl European Land is considering a reduction of its exposure in some of these countries in the near future and re-deploying the proceeds from any disposal of this portfolio to development projects in markets in which there is more potential for appreciation.

## Overview of Investment Properties

The portfolio of investment properties of Meinl European Land is analysed and appraised once a year by the real estate appraiser Cushman & Wakefield. In addition, every quarter an update is provided by Cushman & Wakefield based on any changes in market yield or rental income of the properties.

The following market values indicated below are based on the update provided by Cushman & Wakefield as of 30 September 2007.

Property	City, address	Gross lettable area in sqm	Annualised rental income in TEUR	Market value in TEUR	Equivalent yield
<b>Czech Republic</b>					
As, Kamenna	Aš, Kamenná 2764	927	111	1,224	7.77%
Benátky nad Jizerou, Platanova	Benátky nad Jizerou, Platanová 596	1,040	84	1,108	7.75%
Bílina, Litomerická	Bílina, Litoměřická 868	1,531	0	462	9.75%
Brno, Boby	Brno, Športovní 2a	5,080	289	3,410	7.70%
Brno, Cerneho	Brno, Černého 2/832	3,161	11	397	13.00%
Brno, Cornovova	Brno, Cornovova 2	1,087	53	704	7.85%
Brno, Futurum	Brno, Vídeňská 100	16,691	2,619	44,822	6.76%
Brno, Javor	Brno, nám. 28. dubna 2	4,453	225	2,816	8.02%
Brno, Karoliny Svetle	Brno, Karolíny Světlé 2410/83	460	15	296	7.25%
Brno, Kolarikova	Brno, Kolaříkova 1/1497	3,238	169	2,485	7.50%
Brno, Kulkova	Brno, Kulkova 8	4,006	104	1,272	9.85%
Brno, Libusina trida	Brno, Libušina tr. 17a	1,473	61	860	8.10%
Brno, U posty	Brno, U pošty 2	1,194	68	948	7.50%
Brno, Veveri Retail	Brno, Veverí 40	3,022	109	1,404	7.44%
Bystrice nad Pernštejnem, nam. TGM	Bystrice nad Pernštejnem, nam. TGM 8	1,448	53	693	8.04%
Ceske Budejovice, Frantiska Ondricka	České Budějovice, Františka Ondříčka 1162	2,517	99	1,578	8.19%
DomaZlice, U Nemocnice	Domažlice, U Nemocnice 269	1,352	61	938	8.00%
Duchcov, Osecka	Duchcov, Osecká 1483	889	81	946	7.80%
Frydek Mistek, Interspar	Frýdek Místek, Hlavní třída 3274	11,390	1,083	11,474	7.48%
Frydek Mistek, Ostravska	Frýdek Místek, Ostravská 152	2,733	61	1,381	9.22%
Havirov, Moravska	Havířov, Moravská 544	2,512	35	747	9.01%
Hodonin, R Filipa	Hodonín, R. Filipa 3410	1,011	23	373	9.15%
Hradec Kralove, Dukla	Hradec Králové, M. Horákové 327	1,464	52	923	7.60%
Hradec Kralove, Horicka	Hradec Králové, Hořícká 1/1640	3,617	177	2,250	8.65%
Hradec Kralove, Labe	Hradec Králové, Labská kotlina 1206/1	528	5	472	8.30%
Hradec nad Nisou, Liberecka	Hrádek nad Nisou, Liberecká 629	1,202	65	851	7.75%
Jihlava, Brezinova	Jihlava, Brezínova 62	4,732	169	2,127	7.95%
Jihlava, Kollarova	Jihlava, Kollárova 17	1,484	77	1,069	7.75%
Karlovy Vary, Horova	Karlovy Vary, Horova 1223	3,225	363	3,955	7.66%
Klasterec nad Ohri, Petverska	Klášterec nad Ohří, Petverská 799	1,295	32	546	9.00%
Liberec, Dobiasova	Liberec, Dobíášova 1008	2,194	199	2,415	7.79%
Liberec, Hlavkova	Liberec, Hlávkova 17	2,317	44	589	9.00%
Lovosice, Lovosice	Lovosice, Lovosice 276/8	1,002	135	1,291	8.15%
Mlada Boleslav, Electrocity	Mladá Boleslav, Jičínská 1359	1,090	83	1,041	8.00%
Mlada Boleslav, Interspar	Mladá Boleslav, Jičínská	9,104	1,192	14,952	7.01%
Nachod, Ruzova	Náchod, Ružová 264	1,913	25	573	9.25%
Nejdek, namesti Karla IV	Nejdek, nám. Karla IV 1245	1,335	124	1,405	8.02%
Neratovice, Kojeticka	Neratovice, Kojetická 1370	1,119	112	1,170	7.77%
Nove Mesto na Morave, Komenskeho	Nové Město na Moravě, Komenského 999	1,744	63	818	8.26%
Novy Jicin, Generala Hlado	Nový Jičín, Generála Hlady 1849/25	7,177	267	4,258	7.91%
Nymburk, Prazska	Nymburk, Pražská 2261	1,981	45	1,269	8.50%
Okrisky, B Nemcove	Okříšky, B. Němcové 438	394	13	138	9.00%
Ostrava, Belsky les	Ostrava, B. Četeny 3025/15	7,002	219	3,966	7.99%
Ostrava, Interspar	Ostrava, Horní 283/87	14,436	1,379	22,231	6.75%
Pacov, Zizkova	Pacov, Žižkova	863	92	1,156	8.00%
Pardubice, Family Centrum	Pardubice, Poděbradská 296	13,332	1,540	21,195	6.83%
Pardubice, Lonkova	Pardubice, Lonkova 510	3,595	77	990	9.56%
Pelhrimov, Vysocina	Pelhřimov, Solní 530/1	3,742	181	2,696	6.67%
Plzen, Gera	Plzeň, Lidická 732/35	1,785	68	1,090	7.78%
Plzen, Gerska	Plzeň, Gerská 2030	6,315	461	6,522	7.03%
Podbrady, Na Valech	Poděbrady, Na Valech 53	2,643	255	2,836	7.79%

# Management Report

Property	City, address	Gross lettable area in sqm	Annualised rental income in TEUR	Market value in TEUR	Equivalent yield
Praha, Balabenka	Praha, Českomoravská 2258/8	2,842	160	2,575	7.50%
Praha, Bily Beranek	Praha, Nevanova 1050	2,895	67	1,226	9.50%
Praha, Cil	Praha, Topolová 1/2915	6,591	572	7,555	7.57%
Praha, Fiserka	Praha, Matějská 2352/76	1,926	84	1,367	7.91%
Praha, Klas	Praha, V Předpolí 21	1,209	45	928	7.80%
Praha, Kutnohorska	Praha, Kutnohorská 371	3,534	160	1,738	8.61%
Praha, Liben	Praha, U Libeňského pivovaru 63	6,651	221	5,666	8.05%
Praha, Luka	Praha, Mukařovského 1985	7,704	508	5,959	8.01%
Praha, Nisa	Praha, Mazurská 448	1,845	87	1,499	7.75%
Praha, Novodvorska	Praha, Novodvorská 434	4,572	483	6,212	8.05%
Praha, Paprsek	Praha, Hábova 1517	3,547	116	2,251	8.59%
Praha, Podhajska pole	Praha, Podhajska pole 771	1,015	60	640	8.54%
Praha, Rohoznik	Praha, Malešovská 1652	2,250	100	1,462	8.19%
Praha, Setelka-Residential	Praha, U Libeňského pivovaru 2A/2229	629	15	581	7.00%
Praha, Signal	Praha, Brandlova 1599	3,392	209	3,018	7.73%
Praha, Slunecnice	Praha, Vojtěškova 1783	4,454	119	2,381	8.75%
Praha, Sokolniky	Praha, Trousilova 1064	3,455	195	2,947	8.34%
Praha, Sturova	Praha, Štúrova 1284	3,472	164	2,633	7.94%
Praha, Trio	Praha, Chodovická 2311	2,809	152	2,223	7.78%
Praha, Velka Ohrada	Praha, Prusíkova 2577	9,595	297	4,263	8.21%
Praha, Vesna	Praha, U Šalamounky 2/2664	762	32	569	8.00%
Praha, Vinohradska	Praha, Vinohradská 90	1,898	95	1,783	7.50%
Praha, Vltava	Praha, Obchodní náměstí 1590	3,598	189	2,403	8.09%
Praha, Vysluni	Praha, Makovského 1179	2,508	144	1,481	8.63%
Praha, Zdar	Praha, Donovalská 1725	2,960	60	1,560	8.52%
Rakovnik, Dukelskych hrdinu	Rakovník, Dukelských hrdinu 2546	1,498	115	1,247	8.68%
Rokycany, Bozeny Nemcove	Rokycany, Boženy Němcové 960	2,731	111	1,646	8.12%
Stare Mesto, Galeria Shopping	Staré Město, Východní	3,005	281	3,950	7.30%
Stare Mesto, Spar	Staré Město, Staré Město 1352	9,383	961	12,308	7.22%
Strakonice, Lidicka	Strakonice, Lidická 565	816	35	352	10.00%
Strancice, Vsechromy	Stránčice, Všechnomy 47	9,656	481	7,327	7.25%
Tabor, Luznice	Tábor, Světlogorská 2767	6,624	209	2,310	8.25%
Tabor, Zlata svicka	Tábor, kpt. Jaroše 2392	3,681	156	1,911	8.02%
Trebic, Generala Fanty	Třebíč, Gen. Fanty 704	481	11	108	10.25%
Trebic, Hrotovicka	Třebíč, Hrotovická 160	7,023	147	1,829	9.00%
Trebic, Karlovo namesti	Třebíč, Karlovo nám. 134	2,245	37	785	9.50%
Trebon, U Francouzu	Třeboň, U Francouzu 1180	1,347	116	1,387	7.91%
Uhersky Brod, Slovacke namesti	Uherský Brod, Slováké nám. 2066	1,470	47	516	8.50%
Usti nad Labem, Bukov	Ústí nad Labem, Masarykova 1020/234	1,486	4	415	11.93%
Usti nad Labem, Horizont	Ústí nad Labem, Mírová 2861/6	2,968	48	1,182	9.21%
Vestec u Prahy, Videnska	Vestec u Prahy, Vídeňská 178	5,080	349	4,650	7.51%
Vyskov, Hranicky	Vyškov, Hraničky 34	933	48	540	8.50%
Zdar nad Sazavou, Nadrazni	Žďár nad Sázavou, Nádražní 1142/46	1,526	73	929	8.10%
Zdar nad Sazavou, namesti Republiky	Žďár nad Sázavou, nam. Republiky 149	1,833	4	1,290	8.80%
Zdar nad Sazavou, Studentska	Žďár nad Sázavou, Studentská 2/4766	1,442	89	1,180	7.75%
Zlin, Interspar	Zlín, Třída Tomáše Bati 671	11,484	1,189	16,882	7.00%
Zlin, Prerovanka	Zlín, Křiby 4718	2,783	51	977	9.74%
Znojmo, Prazska	Znojmo, Pražská 11/2430	696	0	293	9.00%
Znojmo, Videnska	Znojmo, Vídeňská 131	1,196	36	516	8.00%
Znojmo, Videnska	Znojmo, Vídeňská 131	2,575	95	1,208	7.75%
<b>Hungary</b>					
Budapest, Euro Centre Obuda	Budapest, Bécsi út. 154	21,305	3,489	45,925	6.94%
Budapest, Kesmark 12	Budapest, Késmárk u.	1,635	143	1,860	8.50%
Budapest, Kesmark 16+18	Budapest, Késmárk 16 and 18	31,418	401	7,300	11.00%
Budapest, Kobanya	Budapest, Sibirik Miklós u. 30	9,464	1,200	16,975	7.02%
Budapest, Tancsics 43-47	Budapest, Táncsics M. u. 43-47	2,242	55	620	8.50%
Debrecen, Penny	Debrecen, 4. sz. főút - István u.	880	97	1,310	7.15%
Dunafoldvar, Penny	Dunaföldvár, Dunaföldvár, 6-os főút	867	80	1,010	7.62%
Gardony, Penny	Gárdony, Szabadság u.	880	93	1,060	7.51%
Godollo	Gödöllő, Koztársaság str. 85	4,228	388	6,170	7.33%
Gyongyos, Kenyergyár u. 9	Gyöngyös, Kenyérgyár u. 9	1,801	40	610	9.50%
Gyongyos, Penny	Gyöngyös, Kassai út	880	88	1,090	7.63%
Hajduboszormeny, Penny	Hajdúböszörmény, Baltázár u.	980	85	1,130	7.58%
Jaszbereny, Penny	Jászberény, Nagykátaí út	1,063	103	1,230	7.69%
Kalocsa, Penny	Kalocsa, Széchenyi u. 10	970	92	1,210	7.67%
Kaposvar, 48-as Ifjusag u.	Kaposvár, 48-as Ifjúság u.	626	0	165	9.50%
Kaposvar, Honved u. 3	Kaposvár, Honvéd u. 3	998	48	465	9.50%
Keszthely, Penny	Keszthely, Csapás út	1,058	89	1,220	7.65%



Property	City, address	Gross lettable area in sqm	Annualised rental income in TEUR	Market value in TEUR	Equivalent yield
Koszeg, Penny	Koszeg, Rákóczi Ferenc út	880	87	1,090	7.63%
Nagykanizsa, Eotvos ter	Nagykanizsa, Eötvös tér	1,725	61	625	9.50%
Nagykanizsa, Plus	Nagykanizsa, Hevesi Sándor u.	1,000	88	1,160	7.64%
Nyergesújfalú, Plus	Nyergesújfalú, Kossuth Lajos u.	893	77	1,020	7.56%
Nyíregyháza, Tunde u.	Nyíregyháza, Tünde u.	3,000	73	1,050	8.98%
Paks, Penny	Paks, Táncsics Mihály út	900	96	1,230	7.69%
Szombathely, Family Centre	Szombathely, Varasd u. 1	10,852	540	n/a	n/a
Szombathely, Praktiker	Szombathely, Rozsnyó u. 1	7,039	1,233	24,400	7.14%
Tamasi, Penny	Tamási, Szabadság u.	1,030	84	1,170	7.59%
Tolna, Penny	Tolna, Bajcsy Zsilinszky u-Arany J. u.	880	79	1,000	7.75%
Zalaegerszeg, Penny	Zalaegerszeg, Gasparich u.	880	91	1,160	7.54%
<b>Latvia</b>					
Riga, Galeria Azur	Riga, Rencenu str. 1	20,420	4,091	61,330	6.50%
<b>Poland</b>					
Bialystok, Galeria Biala	Bialystok, ul. Augustowska	n/a	n/a	75,630	6.27%
Bytom, CH Plejada Bytom	Bytom, ul. Dolnoślaska 25	14,803	3,313	45,970	6.61%
Lublin, FeliCity	Lublin, ul. Grygowej	n/a	n/a	91,960	n/a
Olkusz, Echo	Olkusz, ul. Rabsztyńska 2	7,393	972	13,130	6.50%
Piła, Echo	Piła, ul. Oginskiego 33	6,460	699	9,923	6.76%
Płock, Echo	Płock, ul. Przemysłowa 1	11,601	1,577	21,770	6.52%
Płock, Kaufland	Płock, ul. Lukaszewicza 17	6,261	655	7,365	7.00%
Radom, City Centre	Radom, ul. Mireckiego 14	23,348	1,023	20,038	7.36%
Siemianowice Slaskie, Echo	Siemianowice Slaskie, ul. Jagielly 4	6,411	769	9,562	6.76%
Srem, Minimal	Srem, ul. Kolejowa 1A	2,542	245	3,339	7.00%
Swietochlowice, Echo	Swietochlowice, ul. Chorzowska 19	7,902	907	11,780	6.77%
Tczew, Echo	Tczew, ul. Kwiatowa 4	4,594	407	7,522	6.71%
Toruń, Galeria Copernicus	Toruń, ul. Zolkiewskiego 15	30,202	5,293	74,660	6.50%
Warszawa, CH Reduta	Warszawa, Al. Jerozolimskie 148	26,878	5,303	83,700	6.46%
Warszawa, Targowek	Warszawa, ul. Głębocka 15	30,080	8,019	109,140	6.56%
Zamosc, Echo	Zamosc, ul. Wyszynskiego 13	6,967	832	11,670	6.75%
<b>Romania</b>					
Bucharest, Militari SC	Bucharest, Iuliu Maniu boulevard 536-560	10,796	1,293	43,280	8.00%
<b>Russia</b>					
Kazan, Park House	Kazan, Prospekt Kh. Jamasheva 46/33	48,480	6,075	116,763	9.69%
Moscow, Brateevo	Moscow, Proektiruemyi proezd vl.15 5396	11,298	5,980	51,637	9.96%
Moscow, Signalnyi	Moscow, Signalnyi proezd 17	5,725	2,817	31,955	10.50%
Omsk	Omsk, 10 let Oktyabrya 209 building 1	n/a	n/a	27,952	n/a
Ryazan, Park House	Ryazan, Moskovskoye Shosse	n/a	n/a	10,321	n/a
St. Petersburg, Severniy Mall	St. Petersburg, Engel's Avenue 33	n/a	n/a	99,000	n/a
Togliatti, Park House	Togliatti, Avtozavodskoje shosse 6	26,368	10,173	71,817	12.25%
Volgograd, Park House	Volgograd, Bulvar 30 pobedy 21	31,449	8,725	51,567	11.75%
Yekaterinburg 1	Yekaterinburg, Sulimova street 50	32,881	12,841	84,286	12.83%
<b>Slovakia</b>					
Bratislava, Saratov I	Bratislava, Saratovska 28	7,260	828	10,232	7.41%
Kosice, Optima	Košice, Moldavska cesta 32	32,387	4,543	69,067	6.92%
Zilina, Duben	Žilina, Vysokoškólákov 52	10,407	2,184	29,526	7.23%
<b>Turkey</b>					
Trabzon, Forum	Trabzon	n/a	n/a	23,000	n/a
<b>TOTAL</b>		<b>877,207</b>	<b>120,519</b>	<b>1,817,937</b>	

Note:

Investment properties with GLA and rental income marked as "n/a" are land plots.

## Revenues

Meinl European Land generates most of its revenues from rental income (and service charges) of its properties. Rental income in the first nine months 2007 amounted to ca. EUR 90m and thus increased on a year-to-year comparison by approximately 28% (9M 2006: EUR 70m). This increase is based mainly on the purchase of new investment properties and completion of development projects.

The rental income of comparable investment properties has developed very successfully. This increase is mainly due to active management of the Group's property assets and likewise to sales-linked and/or index-linked rental growth. The below table analyses commercial properties that were rented for the entire nine months period in both 2006 and 2007.

### Rental income by country

Country	9M 2006 in TEUR	9M 2007 in TEUR	Change in TEUR
Czech Republic	16,214	16,752	538
Slovakia	4,708	5,114	406
Hungary	6,982	6,460	(522)
Poland	20,348	22,510	2,162
Russia	20,686	34,959	14,273
Latvia	398	3,068	2,670
Romania	900	970	70
<b>Total</b>	<b>70,236</b>	<b>89,833</b>	<b>19,597</b>

### Like-for-like rental income

Country	9M 2006 in TEUR	9M 2007 in TEUR	Change in %
Czech Republic	15,543	15,796	1.6
Slovakia	4,708	5,045	7.2
Hungary	6,230	6,460	3.7
Poland	20,348	21,743	6.9
Russia	15,882	16,175	1.8
Romania	900	970	7.8
<b>Like for like Total</b>	<b>63,611</b>	<b>66,189</b>	<b>4.1</b>
Remaining rental income	6,625	23,644	
<b>Total rental income</b>	<b>70,236</b>	<b>89,833</b>	<b>27.9</b>

## Development projects

In addition to investment properties, Meinl European Land initiated and acquired numerous development projects. The following tables give an overview of the Group's development activities.

Country	City	Project	Gross lettable area in sqm	Total development costs in TEUR	Investment as per 30 Sept. 2007 in TEUR	Expected completion	Expected yield of cost	Comment
<b>New sites</b>								
Bulgaria	Sofia	Forum	103,526	230,862	46,311	2009 Q4	8.25%	Forward purchase
Poland	Bialystok	Galeria Bialystok	36,680	73,233	54,425	2007 Q4	8.00%	
Poland	Gdansk	Young City	63,117	171,975	36,379	2010 Q4	8.20%	Forward purchase
Poland	Gdynia	Media Markt	5,000	6,549	19	2008 Q3	9.90%	Forward purchase
Poland	Jastrebie Zdroj	City Park	43,358	97,406	15,089	2010 Q2	7.00%	
Poland	Kalisz	Kaliszanka	28,210	45,589	5,208	2009 Q4	8.10%	
Poland	Koszalin	Forum	53,978	98,455	16,452	2008 Q4	7.60%	
Poland	Lublin	FeliCity	97,293	240,013	46,463	2009 Q2	8.60%	
Poland	Pila	Galeria Pila	12,149	22,946	2,932	2008 Q4	9.50%	Forward purchase
Poland	Plock	Galeria Mosty	18,710	44,378	8,576	2008 Q4	9.70%	Forward purchase
Romania	Arad		73,990	147,741	18,528	2009 Q4	9.10%	
Romania	Constanta		51,680	124,709	14,667	2009 Q4	8.00%	
Romania	Focsani		23,072	61,084	7,960	2009 Q4	7.90%	
Turkey	Trabzon	Forum	81,582	134,516	50,675	2008 Q4	10.75%	Forward purchase
Turkey	Istanbul	Forum TEM	89,279	267,368	56,596	2009 Q1	8.65%	Forward purchase
Turkey	Kahramanmaras		58,340	99,022	31,076	2010 Q1	11.40%	
Turkey	Samsun		53,799	113,860	12,268	2010 Q2	10.60%	
Ukraine	Odessa	Hippodrome	62,503	122,686	936	2010 Q1	14.90%	
Russia	St. Petersburg	Severniy Mall	57,753	114,688	56,797	2008 Q4	9.20%	
Russia	Moscow	Mitino	36,380	89,446	0	2010 Q4	9.85%	Forward purchase
Russia	Omsk	Shopping Centre	92,754	163,320	17,219	2009 Q2	13.60%	
Russia	Yekaterinburg	Park House	50,259	121,032	12,830	2009 Q2	14.30%	
Russia	Ryazan	Park House	41,164	79,118	1,658	2009 Q4	14.90%	
Russia	Ufa	Park House	81,613	155,381	25,895	2009 Q4	14.70%	
Russia	Astrachan		39,308	69,538	8,295	2009 Q4	14.805%	
Russia	Rostov	Park House	60,836	154,929	23,704	2009 Q2	12.80%	
<b>Extension of existing sites</b>								
Romania	Bucharest	Militaria	40,173	66,882	611	2009 Q1	10.60%	
Slovakia	Kosice	Optima	15,802	28,819	4,684	2008 Q2	8.60%	
Slovakia	Bratislava	Saratov	2,240	2,904	0	2008 Q4	7.70%	Forward purchase
Russia	Kazan	Park House	18,425	30,116	821	2008 Q3	13.30%	
Russia	Togliatti	Park House	35,240	35,318	3,028	2009 Q3	13.10%	
Russia	Moscow	Brateevo	21,586	97,927	0	2009 Q3	9.85%	Forward purchase
Russia	Moscow	Signalny	20,420	66,406	0	2009 Q3	9.85%	Forward purchase
Russia	Volgograd	Park House	11,695	13,920	1,029	2008 Q2	13.10%	
<b>Total development projects</b>			<b>1,581,914</b>	<b>3,392,136</b>	<b>581,131</b>			

## Major land plots secured

Country	City	Size of land plot in sqm	Investment as per 30 Sept. 2007 in TEUR
Turkey	Istanbul	107,862	108,777
Turkey	Balcova	169,824	12,797
Turkey	Tokat	21,838	7,637
Russia	Essentuki	228,920	10,851
Russia	Pushkino	586,974	63,293
Russia	Volzskij	302,310	2,577
Georgia	Tbilisi	70,000	10,645
Poland	Walbrzych	19,937	2,218
Poland	Lublin	30,452	10,274
Poland	Lublin	16,120	2,448
<b>Total land plots</b>		<b>1,554,237</b>	<b>231,517</b>

Note:

List also includes land plots acquired (directly or indirectly) after 30 Sept. 2007

## Management Report

### Net asset value pursuant to EPRA (NAV)

The concept of net asset value is used to describe the value of assets of a company less the value of the liabilities. The calculations given below are based on the recommendations of EPRA, with the objective of making the reports of real estate companies in Europe clearer, more transparent and comparable.

	30 September 2006		30 September 2007	
	TEUR	EUR per share/ certificate	TEUR	EUR per share/ certificate
Equity	2,569,150		3,141,308	
Deferred tax credit	(4,200)		(7,953)	
Deferred tax liabilities	51,653		71,575	
<b>Net asset value (1)</b>	<b>2,616,603</b>	<b>14.51</b>	<b>3,204,930</b>	<b>15.15</b>
Expected surplus on developments	n/a		1,257,552	
<b>Net asset value (2)</b>	<b>n/a</b>	<b>n/a</b>	<b>4,462,482</b>	<b>21.10</b>
Number of outstanding certificates	180,300,001		211,485,001	

(for calculation purposes including partly paid shares on a proportional base)

Net asset value (1) is based on the market value of the Group's investment properties only, which has been appraised by Cushman & Wakefield. The surplus on the Company's development projects is not included in NAV (1). Under IAS 40 companies are required to hold developments at cost. The IAS Board is now considering a revision of IAS 40 which would enable developments to be revalued accordingly in the future.

Net asset value (2) includes the impact of Meinl European Land's significant development pipeline and landbank which has previously not been considered in the calculation of the Company's NAV. In October/November 2007 the Company made an estimation of the value of its development pipeline and landbank based on initial valuations of its development projects (and major land plots) provided by the real estate appraisers Cushman & Wakefield, Jones Lang Lasalle and Colliers. The expected surplus in value from development projects results from the difference of the expected value upon completion (based on projected rental income, prevailing market yields, etc.) and the planned/contracted investment costs including costs already accounted for (based on the current status of permitting, design, etc. and including finance cost). Such expected surplus in the value of the Company's current development pipeline and landbank amounts to approx. EUR 1.3bn excluding minority shares and potential performance related contributions payable to co-development partners.

## Outlook

Meinl European Land aims to continue its dynamic expansion course in the CEE region and grow its investment property portfolio in the future.

As regards development projects, there are two major projects scheduled for completion in this year: In Russia, Meinl European Land plans to complete the first construction phase of a shopping centre in St. Petersburg. The lettable area for the first phase is 27,000 sqm and includes a hypermarket run by Metro. The extension of the commercial area will take place in the coming months. The investment costs for the project will be approximately EUR 115 m.

The opening of the shopping centre in Bialystok in eastern Poland is planned for the 4th quarter 2007. Again, Metro will be the main tenant. The shopping centre with an area of 37,000 sqm is 100% pre-let.

The investment programme for the coming years includes new sites as well as extensions of existing shopping centres. The investment volume for all such concrete projects amounts to EUR 3.4bn of which EUR 0.6bn has already been invested by 30 Sept. 2007.

The financing of this investment program shall come from (i) existing cash funds, (ii) new debt and (iii) the sale of properties.

As of 30 September 2007 the Group had cash funds of over EUR 1.5bn available. These cash funds are expected to cover the financing needs of the Company until the beginning of 2009.



Furthermore, there are plans to gradually increase the current low level of indebtedness. Based on equity at 30 Sept. 2007 in the amount of EUR 3.1bn and an assumed maximum indebtedness of 60%, additional liabilities of up to EUR 4bn could potentially be raised. Up to now, most debt was raised at the parent company level. In the future, project financing will also be considered.

Furthermore, Meinl European Land is investigating the possibility of divesting part of its portfolio in some established markets in which

the Company has already achieved a substantial appreciation in value. The proceeds from such disposals may also be used to finance further development projects. The current market value of the Group's portfolio in the Czech Republic, Hungary, Slovakia and Latvia is EUR 609m.

Meinl European Land has mandated Merrill Lynch to act as investment bank and advisor to the Company. The Company plans to implement far-reaching changes to the existing corporate structure and strategic orientation,

and also to improve capital market standards. The examination of all measures and their implementation will be completed in the very near future. The key principle is the sustainable, successful further development of Meinl European Land as a leading real estate company in Central and Eastern Europe.

# Consolidated Balance Sheet

## Consolidated balance sheet at 30 September 2007

	31/12/2006 TEUR	30/9/2007 TEUR
<b>Assets</b>		
<b>Non-current assets</b>		
Investment properties	1,688,863	1,817,937
Investment properties under development	105,232	614,595
Furniture, equipment and motor vehicles	2,379	3,534
	<b>1,796,474</b>	<b>2,436,066</b>
Goodwill	42,240	39,810
Deferred tax assets	8,515	7,953
Other assets	2,798	2,787
	<b>1,850,027</b>	<b>2,486,616</b>
<b>Current assets</b>		
Trade receivables	12,281	20,202
Other receivables	116,573	226,357
Prepayments	19,754	32,216
Financial instruments	30,063	29,949
Cash and cash equivalents	4,867,800	1,555,824
	<b>5,046,471</b>	<b>1,864,548</b>
<b>Total assets</b>	<b>6,896,498</b>	<b>4,351,164</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	1,126,500	1,057,425
Share premium	1,906,213	1,535,279
Income account	395,813	572,363
Minority interest	41,256	23,977
Currency translation	(15,427)	(47,736)
	<b>3,454,355</b>	<b>3,141,308</b>
<b>Non-current liabilities</b>		
Long term borrowings	958,468	994,602
Long term liabilities from leasing	2,837	2,065
Deferred tax liabilities	55,913	71,575
	<b>1,017,218</b>	<b>1,068,242</b>
<b>Current liabilities</b>		
Trade payables	15,777	30,095
Payables related to acquisitions	11,056	1,714
Accrued expenditure	28,540	13,006
Other payables	15,604	53,277
Provisions	372	95
Short-term borrowings	2,353,576	43,427
	<b>2,424,925</b>	<b>141,614</b>
<b>Total equity and liabilities</b>	<b>6,896,498</b>	<b>4,351,164</b>

## Consolidated Income Statement

### Consolidated income statement for the period ended 30 September 2007

	1/7/2006 – 30/9/2006	1/1/2006 – 30/9/2006	1/7/2007 – 30/9/2007	1/1/2007 – 30/9/2007
	TEUR	TEUR	TEUR	TEUR
Rental income	26,675	70,236	27,579	89,833
Profit on sale of property, plant and equipment	14	36	(181)	(111)
Reinvoiceable service charge income	6,225	17,373	5,674	22,583
Reinvoiceable service charge expenses	(5,487)	(15,575)	(4,312)	(20,499)
Other operating income	2,770	6,545	8,324	9,989
<b>Net revenues</b>	<b>30,197</b>	<b>78,615</b>	<b>37,084</b>	<b>101,795</b>
Employment costs	(2,555)	(7,225)	(4,172)	(8,046)
Other operating expenses	(18,224)	(45,880)	(27,758)	(73,807)
<b>Operating expenses</b>	<b>(20,779)</b>	<b>(53,105)</b>	<b>(31,930)</b>	<b>(81,853)</b>
Valuation gains on investment properties	21,819	63,524	47,272	124,484
Other depreciation and amortisation	(276)	(786)	(178)	(547)
<b>Net operating profit (EBIT)</b>	<b>30,961</b>	<b>88,248</b>	<b>52,248</b>	<b>143,879</b>
Interest income	17,931	42,534	47,639	120,914
Interest expense	(15,071)	(37,452)	(20,343)	(57,624)
Other financial income and expenses	142	1,352	(3,829)	(12,367)
<b>Profit before taxation</b>	<b>33,963</b>	<b>94,682</b>	<b>75,715</b>	<b>194,802</b>
Taxation (charge)/credit	166	(1,705)	(7,409)	(12,083)
<b>Profit after taxation</b>	<b>34,129</b>	<b>92,977</b>	<b>68,306</b>	<b>182,719</b>
Attributable to: Equity holders of the parent	32,494	82,431	60,437	173,441
Minority interest	1,635	10,546	7,869	9,278
Basic and diluted earnings per share/certificate in EUR	0.18	0.50	0.29	0.67

## Consolidated Cash Flow Statement

### Consolidated Statement of Changes in Equity

#### Consolidated cash flow statement for the period ended 30 September 2007

	1/1/2006 – 30/9/2006	1/1/2007 – 30/9/2007
	TEUR	TEUR
Cash flows from operating activities	31,570	60,296
Cash flows from investing activities	(226,856)	(646,714)
Cash flows from financing activities	1,655,736	(2,725,558)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,460,450</b>	<b>(3,311,976)</b>
Cash and cash equivalents at beginning of reporting period	2,092,182	4,867,800
<b>Cash and cash equivalents at end of reporting period</b>	<b>3,552,632</b>	<b>1,555,824</b>

#### Consolidated statement of changes in equity for the period ended 30 September 2007

	Share capital	Share premium	Income account	Currency translation	Minority interest	Total equity
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
<b>Balance at 1 January 2006</b>	<b>600,000</b>	<b>852,666</b>	<b>165,373</b>	<b>(1,707)</b>	<b>4,343</b>	<b>1,620,675</b>
Exchange differences	–	–	–	(3,893)	–	(3,893)
Net profit for the period	–	–	82,431	–	10,546	92,977
Total recognised income/(expense)	–	–	82,431	(3,893)	10,546	89,084
Issue of share capital	301,500	621,000	–	–	–	922,500
Cost of issuing share capital	–	(63,109)	–	–	–	(63,109)
<b>Balance at 30 September 2006</b>	<b>901,500</b>	<b>1,410,557</b>	<b>247,804</b>	<b>(5,600)</b>	<b>14,889</b>	<b>2,569,150</b>
<b>Balance at 1 January 2007</b>	<b>1,126,500</b>	<b>1,906,213</b>	<b>395,813</b>	<b>(15,427)</b>	<b>41,256</b>	<b>3,454,355</b>
Exchange differences	–	–	–	(29,200)	–	(29,200)
Reclassification	–	–	3,109	(3,109)	–	–
Net profit for the period	–	–	173,441	–	9,278	182,719
Total recognised income/(expense)	–	–	176,550	(32,309)	9,278	153,519
Issue of share capital	375,000	1,102,500	–	–	–	1,477,500
Cost of issuing share capital	–	(102,002)	–	–	–	(102,002)
Minority interest	–	–	–	–	(26,557)	(26,557)
Own certificates	(444,075)	(1,371,432)	–	–	–	(1,815,507)
<b>Balance at 30 September 2007</b>	<b>1,057,425</b>	<b>1,535,279</b>	<b>572,363</b>	<b>(47,736)</b>	<b>23,977</b>	<b>3,141,308</b>



## Segments by Business Sectors

### Notes to the Consolidated Financial Statements

#### Segments by business sectors

	Rental income		Operating result*	
	9M 2006 TEUR	9M 2007 TEUR	9M 2006 TEUR	9M 2007 TEUR
Sub Regional Shopping Centre	40,207	52,633	28,980	42,959
Neighbourhood Centre	19,365	26,727	12,954	21,604
Convenience Centre	1,946	2,083	1,601	1,753
Stand Alone Retail Warehouse/Food Store	5,998	5,844	4,904	4,775
Retail Warehouse Park/Power Centre	1,116	1,155	910	937
Warehouse/Logistics Park	1,291	936	740	608
Other types of properties	313	455	572	664
<b>Total</b>	<b>70,236</b>	<b>89,833</b>	<b>50,661</b>	<b>73,300</b>

\* excl. revaluation result

#### Notes to the consolidated financial statements

The interim consolidated financial statements as of 30 September 2007 prepared in compliance with IAS 34 are based on unaudited figures and have been prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB), as adopted by the EU. For information on the IFRS applied by Meini European Land Limited (the "Company") at the time the interim financial statements were prepared, except for the information on foreign currency translations, see the notes to the consolidated financial statements as of 31 December 2006.

#### Accounting policy on foreign currency translations

The Euro has been chosen as the reporting currency of the Group due to the fact that the majority of the transactions of the Group are denominated in this currency. The individual financial statements of each of the Group's entities use the currency of the primary economic environment in which the entity operates as their functional currency.

As from 1 January 2007 the functional currencies of Group entities were reassessed due to the changes in the prevailing business environment. The functional currency for Bulgaria, Czech entities except for MANHATTAN Development a.s., Cyprus, Denmark, Estonia, Hungary, Italy, Latvia, Poland, Romania, Slovakia, Turkey, Ukraine and parent company Meini European Land was determined to be Euro. The local currency was determined to remain the functional currency for Russian entities and MANHATTAN Development a.s.

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate prevailing at that date. Non-monetary assets

and liabilities denominated in foreign currencies that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the functional currency at the foreign exchange rates prevailing at the dates the values were determined.

On consolidation, the assets and liabilities of the Group's foreign entities with a functional currency other than Euro are translated into Euro at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on items, which in substance form part of the net investment in a foreign entity, are classified within equity until the disposal of the net investment.

#### Property assets

Investment properties are stated at fair value. The fair value of investment properties at 30 September 2007 was determined by Cushman & Wakefield. Investment properties under development are stated at cost. All costs directly associated with the purchase and development of a property, and all subsequent capital expenditures in this respect that qualify as acquisition costs are capitalized. A final adjustment of acquisition costs of existing investment property led to a gain on revaluation of TEUR 43,647 in Q3 2007. Land is treated as "Investment property under development" unless a building permit has been granted. In such case, land is stated under "Investment property" and revalued to its fair value. The fair value of such land was determined based on the value for which such land could be sold in the market, which was determined by Cushman & Wakefield to be the fair value of the completed project less cost to complete and an appropriate developer's profit.

## Notes to the Consolidated Financial Statements

### Investments in Group undertakings

During the first nine months of 2007, the Company established the Russian company OOO Manhattan Real Estate Management as a management company for Russian activities. Furthermore, the Company established or acquired 23 new property companies in connection with planned developments (5 in Russia, 8 in Poland, 7 in Turkey, 1 in Bulgaria, 1 in the Czech Republic, 1 in Slovakia) and 4 new service or holding companies (1 in the Czech Republic, 2 in Russia and 1 in Cyprus).

In the first nine months of the year 2007 the Group acquired shares in the following companies:

Company name	Country	Ownership	Assets acquired TEUR	Liabilities acquired TEUR	Purchase price TEUR	Net profit contributed TEUR
Forum Sofia AD.	Bulgaria	80%	30,264	26	24,000	–
Nokiton Investments Limited	Cyprus	51%	673	420	4,882	(157)
MFM Services, s.r.o.	Czech Republic	100%	7	–	7	8
Veveří Centre s.r.o.	Czech Republic	100%	7	–	7	–
Galeria na Wyspie Sp. Z o.o.	Poland	65%	3,123	3,022	9	(2)
L.P.H. Sp. Z o.o.	Poland	65%	3,109	3,022	9	(19)
OOO Delta	Russia	45%	–	–	1	(3)
OOO Nautilus	Russia	45%	49	49	1	(4)
OOO Stroyremontaz	Russia	100%	82	83	11,149	(25)
OOO Engineerix	Russia	63%	1,931	1,102	15	4
ZAO Patera	Russia	100%	2,009	1,969	59,155	(32)
Slovak Investment Group a.s.	Slovakia	100%	8,706	3,753	5,797	122
Multi Turkmall Altı Emlak, A.S.	Turkey	100%	36,768	28,951	23	704

For the purpose of investing in short-term Euro denominated debt securities the Company made an investment in an own fund (Euro Prime Liquidity Fund B.V.) for the duration from February until September 2007. The net profit which the Company generated from this fund for the investment period was TEUR 38,717. In September 2007 the Company ceased making investments through this fund.

### Cash and cash equivalents

As of 30 September 2007 the Group held cash in the total amount of TEUR 1,555,824 of which TEUR 1,439,121 was directly held by the Company. In September 2007, the Company transferred the amount of TEUR 650,000 to Credit Suisse where such cash is held on fiduciary deposits available at short term. The remainder of the cash held by the Company at 30 September 2007 is deposited on accounts at Meinel Bank, mainly in connection with a Mandate and Trust Agreement agreed upon between the Company and Meinel Bank. The Mandate and Trust Agreement provides that such cash is held for and on behalf of Meinel European Land.

### Share capital

In February 2007, the Company increased its share capital by 75 million new shares/certificates at an issue price of EUR 19.70 per certificate. Following the increase, 300 million certificates of the Company were listed on the Vienna Stock Exchange.

As at 30 September 2007 a third party held 88,815,000 certificates representing shares in the Company. These certificates were purchased under the terms of the prevailing Market Making Agreement, as disclosed in the capital market prospectuses. In accordance to IAS 32, a respective reduction of the underlying consolidated equity has been included in the Group's consolidated accounts. Currently, a total of 211,185,000 certificates listed on the Vienna Stock Exchange are outstanding (excluding certificates referred to above). The calculation for NAV per share/certificate as of 30 September 2007 has been made based on the outstanding certificates and including the partly paid shares on a proportionate base. The earnings per share/certificate computation was adjusted accordingly.

### **Borrowings**

In January 2007, the Company repaid commercial papers issued in December 2006 with a total amount of TEUR 2,300,000. As of 30 September 2007 no commercial papers were outstanding.

### **Related party transactions**

During the reporting period, the Company did not enter into any transactions with its directors. After the resignation of Dominion Fund Administrators Limited as Secretary, Administrator and Registrar of the Company on 31 January 2007, the Company appointed Bedell Secretaries Limited as its new Secretary, Administrator and Registrar. The Company did not conclude any agreement with Bedell Secretaries Limited except for the agreements in connection with the above mentioned services.



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