Interim Report 30 June 2006

Meinl European Land

Key Figures

Income statement (EUR '000)	2003	2004 restated*	QII/2005 restated*	2005	QII/2006	Difference**
Revenues	11,941	32,362	26,641	81,532	58,506	+ 120 %
Rental income	8,950	25,456	22,563	60,199	43,561	+ 93 %
EBIT	5,157	42,789	34,787	114,326	57,287	+ 65 %
Profit before tax	–312	31,177	33,204	112,029	60,719	+ 83 %
Profit after tax	713	30,545	32,707	113,975	58,848	+ 80 %

Balance sheet (EUR '000)	YE 2003	YE 2004 restated*	30.6.2005 restated*	YE 2005	30.6.2006	Difference**
Total assets	309,351	910,544	2,097,270	3,420,789	5,341,489	+ 155 %
Property, plant and equipment	193,557	561,053	828,956	1,159,060	1,392,375	+ 68 %
Cash and cash equivalents	58,131	311,676	925,252	2,092,182	3,382,472	+ 266 %
Non-current liabilities	179,358	292,362	248,101	536,942	533,361	+ 115 %
Equity	103,472	421,807	1,224,863	1,620,675	2,535,717	+ 107 %

Stock market information	YE 2003	YE 2004	30.6.2005	YE 2005	30.6.2006	Difference**
Market capitalisation (EUR '000)	157,170	469,360	1,374,720	1,789,200	2,867,000	+ 109 %
Shares in issue	13,000,001	36,000001	96,000,001	120,000,001	180,000,001	+ 87 %
Closing price (EUR)	12.09	13.01	14.32	14.91	15.93	+ 11 %
Net asset value NAV at market value (EUR)	10.35	11.72	13.08	13.51	14.36***	–
Earnings per share (EUR)	0.10	1.40	0.60	1.28	0.42	–

* Restated in accordance with IFRS 40 (fair value method)

** Year-on-year change (30 June 2005 – 30 June 2006)

*** without hidden reserves on development projects

Key Figures Portfolio

Summary	YE 2003	YE 2004	30.6.2005	YE 2005*	30.6.2006
Number of properties	132	159	165	177	181
Lettable space (sqm)	337,497	598,400	612,710	856,770	884,297
Value of portfolio (EUR '000)	223,503	457,555	593,430	1,121,616	1,341,525
Occupancy rate	95 %	97 %	97 %	94 %	95 %

* Including development projects in Kazan (Russia) and Riga (Latvia) based on percentage completion, together with 28 properties in Hungary in process of disposal.
All other development projects are included at cost of investment to date, but not reflected in lettable space or number of properties.

Regional overview as at 30 June 2006

Completed, lettable properties and properties under construction*

	Czech Republic	Hungary	Poland	Slovakia	Russia	Romania	Latvia
Number of properties	103	56	13	2	5	1	1
Lettable space (sqm)	358,279	146,716	159,415	42,799	147,332	8,756	21,000
Market value (EUR '000)	316,049	119,970	409,315	88,835	327,451	29,523	50,381
Share of portfolio (market value)	24 %	9 %	30 %	7 %	24 %	2 %	4 %

* Including development projects in Kazan (Russia) and Riga (Latvia) based on percentage completion, together with 28 properties in Hungary in process of disposal.
All other development projects are included at cost of investment to date, but not reflected in lettable space or number of properties.

Meinl European Land Limited

First half year 2006

Revenues and rental income doubled in a year

Post-tax earnings of EUR 59m up almost 80 %
on same period in 2005

Property portfolio expanded to EUR 1.2 bn – and more than
another EUR 1.6 bn in contracted development projects

Share price up 11.6 % in one year

Dear shareholders,

In the first six months of 2006 Meinl European Land once again posted impressive growth and further increases in all earnings measures.

Revenues of EUR 58.5m for the first half year were more than the double the amount for the same period last year. Rental income came to EUR 43.6m, a jump of nearly 100 % in comparison with the first six months of 2005, even though the majority of properties acquired in 2006 only began to make a contribution in the third quarter. Other earnings measures also continued to be satisfactory: post-tax earnings on a fair value basis improved by EUR 26m, to a total of EUR 59m for the half year.

There was also significant growth in the balance sheet: equity of EUR 2.5bn at 30 June 2006 was more than twice as high as EUR 1.2bn a year earlier. Most of the increase came from additional capital issued in order to finance new projects, the most recent issue being in February 2006.

The issue placed 60 million new shares in the hands of private and institutional investors and brought in proceeds of some EUR 860m.

Increases in property valuations since the change in accounting policy to meet the requirements of IFRS 40 (fair value method) have also had a favourable effect on equity.

The property portfolio has also grown in the last year, from roughly EUR 600m to more than EUR 1.3bn. Of this, nearly EUR 1.2bn is made up of 179 completed properties which are almost all fully let, and the rest consists of projects under construction, such as the shopping centres in Kazan and Riga, both of which are scheduled to open before the end of the year.

The massive increase since June 2005 is largely attributable to properties acquired in the second half of 2005, although some attractive projects were also acquired in the first six months of 2006.

Management Report

Key investments in the first half of 2006 included a portfolio of two shopping centres and two development projects in Moscow acquired for a total of around EUR 400m, and a development project for a major shopping centre in Balcova in Turkey.

Meinl European Land has also continued its expansion in the Czech Republic and Poland during the first six months of 2006. In the Czech Republic it has acquired a hypermarket with additional space available for the construction of a specialist retail park. In Poland one of the successes was to sign the agreements for a second shopping centre in Lublin, so as to be able to benefit from the synergy effects.

As part of its strategy of regional expansion, Meinl European Land has concluded a cooperation agreement with a developer for the development of the shopping centres in Turkey and Ukraine. This brings to nine the countries in Central and Eastern Europe and the adjoining regions to which the Company has extended its activities.

In addition to the lettable properties, the Company had at 30 June 2006 contracted development agreements with a total value of over EUR 1.6bn. These projects, which are chiefly in Poland, Russia and Turkey, should largely be completed by 2008.

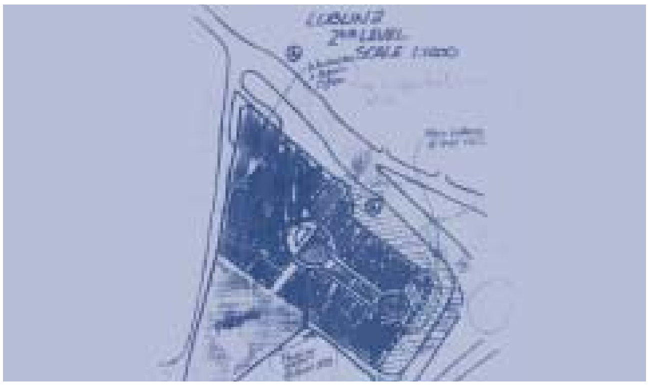
Not only are earnings measures and portfolio valuations continuing to grow very satisfactorily – Meinl European Land's share price has once again performed positively, and this despite the generally turbulent conditions in Vienna's stock market. In the first six months of 2006 the stock climbed by over 7 %, and, as this report goes to press, the gain had reached more than 13 %. Trading in the Company's shares has kept pace with their increase in value. With average trading volumes in excess of 400,000 shares a day, and daily turnover of more than EUR 6.2m, Meinl European Land's shares are among the most actively traded on the Vienna Stock Exchange.

It is also worthy of note that Meinl European Land is the first listed property company in Austria to achieve an investment grade rating by two rating agencies, both of which have rated the Company BBB– and described the prospects for the future as stable, an excellent rating for a company in this category.

The Board of Directors
September 2006

Management Report

Shopping centre development project
Lublin
Poland



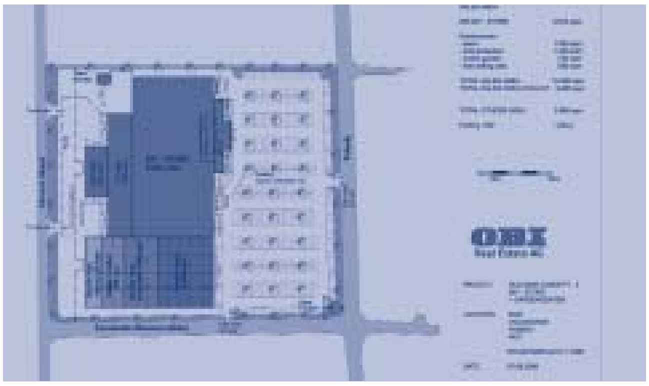
Total investment:
EUR 53 million

Yield: 10 %

Anchor tenant: Agreements in process of finalisation

Description
Development project for a shopping centre in the middle of Lublin, and at the same time the Company's second development project in this city of 350,000 inhabitants in southeastern Poland. With this second project in a single city, Meinl European Land's aim is both to achieve market leadership in the region and thus to avoid competition from other developers, and at the same time, of course, to reap the benefit of synergy effects.

OBI DIY centre development project
Volgograd
Russia



Total investment:
EUR 11 million

Yield: 12.5 %

Anchor tenant: OBI

Description
Meinl European Land signed the contract for this OBI DIY centre in Volgograd in March 2006. When completed, the DIY centre will complement the existing shopping centre next door. Opening is planned for second quarter 2007. Similar projects with OBI are planned for other Meinl European Land sites in future.

Case Studies

Consolidated balance sheet

as of June 30, 2006

	1.1. – 30.6.2005 restated		31.12.2005		1.1.2006 – 30.6.2006	
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Assets						
Non-current assets						
Investment properties	558,670		990,900		1,158,280	
Investment properties under development	34,760		114,205		166,734	
Financial investments	185,815		6,521		7,277	
Goodwill	25,979		39,644		46,081	
Other assets	23,732		7,790		14,003	
		828,956		1,159,060		1,392,375
Current assets						
Properties for sale	–		16,511		16,511	
Trade receivables	2,511		7,366		5,336	
Other receivables	334,736		65,766		72,408	
Securities	611		77,879		459,818	
Prepayments	5,204		2,025		12,569	
Cash and cash equivalents	925,252		2,092,182		3,382,472	
		1,268,314		2,261,729		3,949,114
Total assets		**2,097,270**		**3,420,789**		**5,341,489**
Shareholders' equity and liabilities						
Shareholders' equity						
Issued share capital	480,000		600,000		901,500	
Share premium	645,054		852,666		1,410,601	
Income account	83,774		165,373		224,221	
Minority shares	990		4,343		4,343	
Currency translation	15,045		(1,707)		(4,948)	
		1,224,863		1,620,675		2,535,717
Non-current liabilities						
Long term borrowings	216,662		490,487		484,950	
Deferred tax liabilities	31,439		46,455		48,411	
		248,101		536,942		533,361
Current liabilities						
Trade payables	4,794		9,785		5,697	
Payables related to acquisitions	293		16,290		4,673	
Accrued expenditure	1,345		4,536		5,507	
Other payables	33,806		22,380		51,899	
Provisions	468		395		1,634	
Short-term borrowings	583,600		1,209,786		2,203,001	
		624,306		1,263,172		2,272,411
Total shareholders' equity and liabilities		**2,097,270**		**3,420,789**		**5,341,489**

Consolidated income statement
for the period from January 1, 2006 until June 30, 2006

	1.1. – 30.6.2005 restated *		1.1.2006 – 30.6.2006	
	EUR '000	EUR '000	EUR '000	EUR '000
Revenue				
Rental income	22,563		43,561	
Profit on sale of property, plant and equipment	397		22	
Reinvoiceable utilities	3,406		11,148	
Consultancy and other operating income	275		3,775	
		26,641		58,506
Expenses				
Staff costs	(527)		(4,670)	
Reinvoiceable utilities	(4,473)		(10,088)	
Other operating expenses	(7,762)		(27,656)	
		(12,762)		(42,414)
Valuation gains on investment property	20,985		41,705	
Other depreciation and amortisation	(77)		(510)	
		20,908		41,195
Profit before interest and taxation (EBIT)		**34,787**		**57,287**
Interest income	8,944		24,603	
Interest expense	(9,569)		(22,381)	
Other financial income and expenses	(958)		1,210	
		(1,583)		3,432
Profit before taxation (EBT)		**33,204**		**60,719**
Taxation charge/(credit) for the period	(497)		(1,871)	
Profit after taxation		**32,707**		**58,848**
Basic earning per share in EUR		0.60		0.42

* Figures restated according to IFRS 40 (fair value method)

Consolidated statement of changes in equity as of June 30, 2006

	Issued share capital EUR '000	Share premium EUR '000	Income account EUR '000	Currency translation EUR '000	Minority shareholders EUR '000	Total equity EUR '000
Balance at 1 January 2005	**180,000**	**193,535**	**51,067**	**(3,786)**	**990**	**421,806**
Issue of share capital	300,000	507,300	–	–	–	807,300
Cost of issuing shares	–	(55,781)	–	–	–	(55,781)
Exchange differences arising on translation of overseas operations	–	–	–	18,831	–	18,831
Net profit for the period	–	–	32,707	–	–	32,707
Balance at 30 June 2005	**480,000**	**645,054**	**83,774**	**15,045**	**990**	**1,224,863**
Balance at 1 January 2006	**600,000**	**852,666**	**165,373**	**(1,707)**	**4,343**	**1,620,675**
Issue of share capital	301,500	621,000	–	–	–	922,500
Cost of issuing shares	–	(63,065)	–	–	–	(63,065)
Exchange differences arising on translation of overseas operations	–	–	–	(3,241)	–	(3,241)
Net profit for the period	–	–	60,454	–	–	60,454
Balance at 30 June 2006	**901,500**	**1,410,601**	**225,827**	**(4,948)**	**4,343**	**2,537,323**

Segmental analysis

1.1. – 30.6.2006	Czech Republic EUR '000	Hungary EUR '000	Poland * EUR '000	Slovakia EUR '000	Romania EUR '000	Russia EUR '000	Latvia EUR '000	Other ** EUR '000	Total EUR '000
Rental income	10,683	4,799	13,580	3,197	610	10,692	–	–	43,561
Profit on sale of property, plant and equipment	1	3	18	–	–	–	–	–	22
Reinvoiceable utilities	2,022	1,456	5,969	1,205	97	399	–	–	11,148
Other operating income	693	95	704	120	2	2,165	–	(4)	3,775
Total revenue	**13,399**	**6,353**	**20,271**	**4,522**	**709**	**13,256**	**–**	**(4)**	**58,506**
Profit before interest and taxation (EBIT)	7,555	9,052	16,017	13,440	5,426	10,045	13,326	(17,574)	57,287

1.1. – 30.6.2005	Czech Republic EUR '000	Hungary EUR '000	Poland * EUR '000	Slovakia EUR '000	Romania EUR '000	Russia EUR '000	Latvia EUR '000	Other ** EUR '000	Total EUR '000
Rental income	10,750	3,651	1,780	2,249	548	3,585	–	–	22,563
Profit on sale of property, plant and equipment	229	168	–	–	–	–	–	–	397
Reinvoiceable utilities	1,499	439	560	813	95	–	–	–	3,406
Other operating income	245	7	6	12	1	4	–	–	275
Total revenue	**12,723**	**4,265**	**2,346**	**3,074**	**644**	**3,589**	**–**	**–**	**26,641**
Profit before interest and taxation (EBIT)	16,551	1,190	6,016	11,136	1,734	2,148	–	(3,988)	34,787

* including Danish holding companies

** Parent company in Jersey, Cyprus holding companies and consolidation entries

Significant accounting policies

The interim financial statements as of 30.6.2006 were prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB). For information on the IFRS applied by Meinl European Land Limited (the “Company”) at the time the interim financial statements were prepared, see the notes to the consolidated financial statements as of 31.12.2005.

The fair value model based on IAS 40 “Investment Property” was applied for the first time to the 2005 annual financial statements. The cost model based on IAS 40 “Investment property” was originally used for the June 2005 Interim Financial Statements. Major changes in balance sheet caused by the restatement of June 2005 relate to: investment property (increase approx. TEUR 90,755), assets under construction (increase approx. TEUR 3,030) and deferred tax (increase approx. TEUR 512). Restatements in income statement have mainly influenced valuation gains on investment property (increase approx. TEUR 26,634), depreciation of property plant and equipment (decrease approx. TEUR 5,684) and taxation charge (increase approx. TEUR 512).

Investment property

Investment properties are stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the respective location and category of property being valued, valued the portfolio at 30 June 2006.

In previous years, the valuation of the Company’s portfolio was done only once in a year. To determine the fair value of the portfolio as of 30 June 2005, the proportional part of the valuation difference of relevant properties between valuations as of 31 December 2004 and 31 December 2005 was recorded as valuation gain on the investment properties.

Investments in Group undertakings

During the first quarter of 2006, the Company established Manhattan Real Estate Management, s.r.o. as a management company for the Czech property holding companies. Furthermore, Manhattan Facility Management GmbH was established in Austria.

During the second quarter of 2006, two Russian companies were established. Subsequently, OOO Signalny and OOO Brateevo each purchased one property in Moscow. The total transaction value of these two properties was TEUR 112,546.

In the first 6 months of the year 2006 the Group acquired shares in the following companies:

Company name	Country	Ownership	Assets acquired EUR ‘000	Liabilities acquired EUR ‘000	Purchase price EUR ‘000	Net profit contributed QII/2006 EUR ‘000
Magnum CZ Bytový Park, s.r.o.	Czech Republic	100%	994	908	191	1
Magnum CZ Bytový Park, s.r.o.	Czech Republic	100%	9,836	6,808	199	417
Magnum CZ Bytový Park, s.r.o.	Czech Republic	100%	3,877	2,620	6,637	65
Mall Gallery 1 Ltd.	Cyprus	100%	46,608	0	46,608	0
Mall Gallery 2 Ltd.	Cyprus	100%	30,136	0	30,136	0

Three CZ companies were acquired in connection with the acquisition of two properties in Mladá Boleslav, Czech Republic which consist of a hypermarket and area for further expansion.

Two Cyprus companies were acquired at the end of second quarter 2006 in connection with the acquisition of two shopping centres in Moscow, Russia.

Share capital

In February 2006, Meinl European Land Limited increased its share capital with 60 million new shares. Following the increase, 180 million shares are listed on the Vienna Stock Exchange.

In March 2006, the Company issued 150,000,000 partly paid shares of EUR 0.01 each which are not listed on any Stock Exchange.

Borrowings

In January 2006, the Company repaid Commercial Papers issued in December 2005 with a total amount of EUR 1,200,000,000. In March 2006, the Company issued Commercial Papers with a total amount of EUR 2,200,000,000. These Commercial Papers were repaid at the end of April 2006. In June 2006, the Company issued Commercial Papers with a total amount of EUR 2,200,000,000. These Commercial Papers will be repayable at the end of July 2006.

During the first six months of 2006, additional secured bonds with principal amount of EUR 6,250,000 and CZK 120,000,000 (TEUR 4,254) were placed. These bonds were issued under the Medium Term Note Program of July 2005.

Related party transactions

During the year, the Company did not enter into any transactions with its directors.

The Company did not conclude any contract with Dominion Corporate Services Limited except for the contract for services connected with serving as the company secretary.

Outlook

The growth markets in Eastern Europe and the adjoining regions, particularly in relatively undeveloped countries such as Russia and Turkey, will continue to offer considerable opportunities for expansion in the future. Meinl European Land intends to put this potential to good use in continuing its dynamic growth.

One of the most important investments, which took place after 30 June 2006, is a combined shopping centre and a specialist retail centre with a total investment value of EUR 120m. The project is currently under development, and the first phase of construction is scheduled to be completed by the end of 2006.

Shopping Centre Riga, opening on Aug. 23, 2006

Ignoring the potential capital appreciation of projects under development, where the agreements were entered into on the basis of yields that are far higher than current market yields, and also leaving out of account further increases in value of the properties already completed and let, this will raise the value of Meinl European Land's property portfolio to approximately EUR 2.7bn.

In addition to these firm commitments, the project pipeline contains further projects to a total value of some EUR 2bn which are currently under review. Naturally, not all of these will in the end meet Meinl European Land's rigorous criteria, but on the other hand new potential investment opportunities are constantly being brought to the Company's attention.

For new investments, our attention will principally be focused on Russia and Turkey, and since shortly, on Ukraine. These regions offer Meinl European Land the best opportunities for growth, since there are still few retail properties, and many investors and developers – if they are interested at all – concentrate on capital cities alone.

This gives the Company the chance to benefit from its first mover advantage, as it did in the Czech Republic and Hungary before those markets were as well established as they are now.

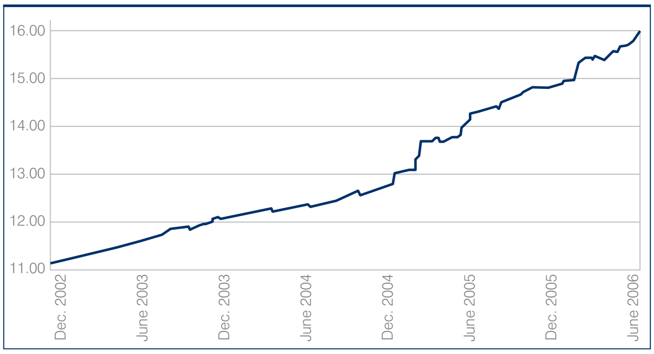
On the basis of this strategy, Meinl European Land's ambitious goal, to build up the property portfolio to approximately EUR 7bn in the medium term, seems eminently reasonable and achievable.

As in the past, new projects will be financed both out of own resources and using external financing. After the end of the period under review, the Company took a major step in this direction by arranging an international loan facility for up to EUR 2bn.
A first tranche of over EUR 400bn has already been placed with institutional investors.

Outlook

Share price

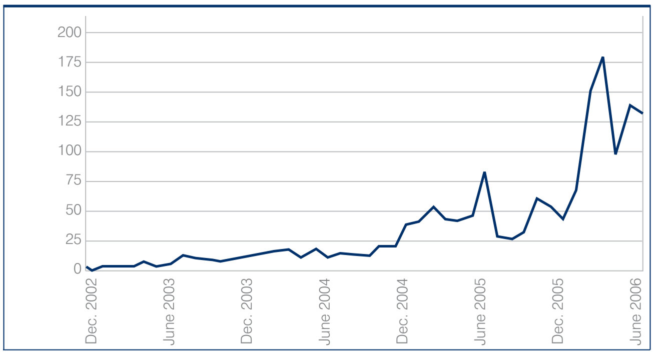
EUR



Price as at 30 June 2006:	EUR 15.93
Performance since IPO (November 2002):	47.7 %
Performance in last 12 months:	11.6 %

Share turnover

EUR million / month (Orderbook statistics)



Total volume traded since January 2006:	49.03 million shares
Average trading volume per day since Jan. 2006:	400,345 shares
Average daily turnover since January 2006:	EUR 6.2 million

Meinl European Land's stock continued to perform very satisfactorily. At 30 June 2006 it stood at EUR 15.93, a gain of EUR 1.02 for first half 2006. As this report goes to press, the price has risen again, to EUR 17.01. The increase in value over the period of a year, after adjusting for the rights granted in connection with the capital issue in February, is 11.6 %. As a result of the 100 % increase in earnings in first half 2006, the price/earnings ratio at 30 June 2006 was 18.9.

At the same time, the volume of trading in Meinl European Land's stock on the Vienna Stock Exchange has become considerable. With an average daily volume of more than 400,000 shares in the first half of 2006, the stock's liquidity has more than doubled in comparison with the same period last year. Over the same period, the value of the daily turnover has actually trebled, making Meinl European Land's shares one of the most liquid securities on the Vienna Stock Exchange.

Stock Performance

Contact

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