



SPAZIO INVESTMENT N.V.
INTERIM ACCOUNTS JUNE 30, 2008

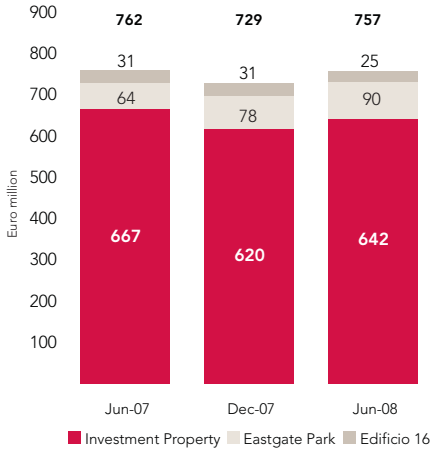
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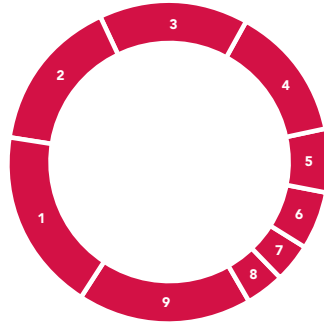
SPAZIO INVESTMENT N.V.
INTERIM ACCOUNTS JUNE 30, 2008

FINANCIAL SNAPSHOT

PORTFOLIO OMV

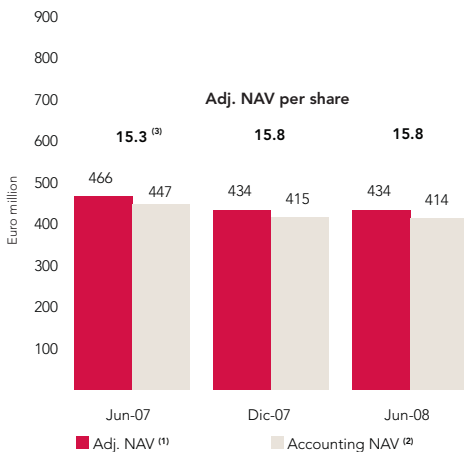


MAJOR SHAREHOLDERS AT 30 JUNE 2008

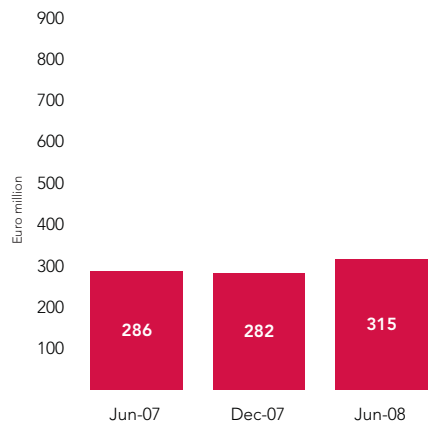


- | | |
|--------------------------------------|---|
| 1 PIRELLI RE NETHERLANDS B.V. 18.42% | 7 CARMIGNAC GESTION 3.95% |
| 2 LAXEY PARTNERS 15.66% | 8 FIDELITY INVESTMENT SERVICES LTD (EUROPE) 3.77% |
| 3 GLG PARTNERS LP 15.08% | 9 REMAINDER OF FREE FLOAT 17.41% |
| 4 KDA CAPITAL LLP 13.48% | |
| 5 ARTISAN PARTNERS 6.49% | |
| 6 WELLINGTON MANAGEMENT 5.74% | |

NAV (Adjusted NAV, Accounting NAV and Adjusted NAV per share)



NET DEBT



Notes:

⁽¹⁾Adj. NAV: Investment Property and Development Projects at OMV

⁽²⁾Accounting NAV: Investment Property at OMV, Development Projects at cost (IAS)

⁽³⁾Based on outstanding shares at IPO: 30,480,000

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present Spazio's results for the six months ended 30 June 2008 and also to announce an acceleration of the Company's business plan and plans to return capital to shareholders.

Since its IPO, Spazio has delivered good cash returns to shareholders, returning cash in the form of approx. €49 m in dividends as well as returning €35 m of capital to shareholders via a share buy back programme. In response to an uncertain economic outlook and a volatile real estate market, the Board plans to implement an acceleration of its business plan to maximize shareholder value and cash returns within a defined time frame. Further information on the accelerated business plan is set out after the financial results below.



FINANCIAL HIGHLIGHTS

- ▶ Total portfolio OMV as at 30 June 2008 of €757.5m (€728.6 m as at 31 December 2007) with an annualised passing rent of €42.6 m
- ▶ Adjusted NAV per share of €15.8 remained unchanged compared to Adjusted Net Asset Value at 31 December 2007
- ▶ Profit after tax for H1 2008 of €21.4 m (H1 2007 €34.4 m)
- ▶ Proposed dividend per share of €0.59 (H1 2007 €0.22)
- ▶ Strong financial position
- ▶ Completed asset sales of €56.9 m at an average premium to OMV of 6.7% and at an average gross exit yield of 6.2% for investment properties
- ▶ Acquired €59.9 m of assets at an average gross entry yield of 8.2%
- ▶ Shareholder approval obtained for a new share buyback programme of up to 10% of issued share capital, which can be implemented subject to Board approval.

RESULTS FOR THE PERIOD ENDED 30 JUNE 2008 AND INTERIM DIVIDEND

Profit after tax for the period was €21.4 m compared with €34.4 m in H1 2007 with income available for distribution of €16.4 m compared with €6.8 m in H1 2007. Against the comparatives for H1 2007, the decline in profit after tax reflects the impact of asset revaluations in H1 2007 and the increase in income available for distribution reflects increased gains realised on disposals in H1 2008. Rental income in H1 2008 remained broadly constant compared to H1 2007 at €21.4 m.

Spazio's Adjusted Net Asset Value per share of €15.8 remained unchanged compared to Adjusted Net Asset Value at 31 December 2007. This primarily reflected strong gains realised on sales of assets, acquisitions completed in H1 2008 at a discount to open market value and the defensive nature of our assets.

The Board has resolved to pay an interim dividend of €0.59 per share for the period from 1 January 2008 to 30 June 2008 compared with €0.22 over the same period last year, representing a pay-out ratio of 100% of distributable income.



Enel Genoa Asset

The interim dividend will be paid on 6 October 2008 to shareholders on the register at the close of business on 19 September 2008.

ACQUISITIONS AND DISPOSALS IN THE FIRST HALF OF 2008

Spazio has completed €59.9 m of acquisitions in the period:

- ▶ acquisition from SMA S.p.A. (part of the Auchan Group) of a distribution centre of 32,000 sq m and additional 14,500 sq m of land with development potential at Segrate, 15 km east of Milan. Purchased for consideration of €20 m with a gross entry yield of 8.4% (sale and leaseback transaction);
- ▶ acquisition from Immobiliare Capra S.r.l., a private Italian real estate developer, of



Prada Assets

a broadcasting centre in Milan for €12.4 m. Centre is fully let to RAI (Italian State owned broadcasting company), with a gross entry yield of 7.7%; and

- ▶ acquisition from Pasini Group of an office building located in Sesto San Giovanni (Milan) for €27.5 m with a gross entry yield of 8.3%. The building has a GLA of 13,100 sq m and was developed by the Pasini Group over a period of 18 months. The asset is let to Alstom Power Italia which uses the building to host its Southern European Headquarters.

Spazio has completed €56.9 m of disposals in the period:

- ▶ disposal of 28 Telecom Italia assets located throughout Italy for a total cash consideration of €26.3 m, at an average exit yield of 5.8%, representing a 4.8% premium to OMV as at 31 December 2007;
- ▶ disposal of 1 Prada asset located near Arezzo for a total cash consideration of €12.2 m, at an exit yield of 6.9%, representing a 7.9% premium to OMV as at 31 December 2007;
- ▶ disposal of 1 Enel asset located in Milan for a total cash consideration of €10 m, at an exit yield of 6.8%, representing a 7.2% premium to OMV as at 31 December 2007;
- ▶ disposal of 1 vacant asset located in Pianezza (part of the Agrileasing portfolio) for a total cash consideration of €0.32 m representing a 9.6% gross margin over historical purchase price; and
- ▶ disposal of 13 units of Edificio 16, with a GLA of 3,356 sq m, for a total

cash consideration of approx. €8 m, representing a premium to book value of 29.5%.

DIVIDENDS

Out of the €16.4 m of the income available for distribution in H1 2008, €6.1 m is mainly attributable to recurring rental income. The remaining €10.3 m results from trading activity, primarily realised gains from the disposals of assets. There is a 142% increase in distributable income in H1 2008 compared to the same period last year, due mainly to gains from increased sales of assets.

POST PERIOD-END EVENTS

On 4 July 2008 an amendment was approved to a facility contract originally executed on 26 September 2006 which restructures the credit facilities used for the purchase of an office building from the Pasini Group by the Fund on 23 April 2008.

Based on the amendment, while the overall commitment of the lending banks remains the same, the two credit facilities were reduced and disbursement methodology changed. On 14 July 2008 the lending banks made a total disbursement of €19.1 m against the above mentioned credit facilities.

UPDATE ON DEVELOPMENT PROJECTS

We have two existing developments, Edificio 16 and Eastgate Park. Following the announcement of the acceleration of our business plan Spazio does not intend to acquire any new development projects beyond the completion of the projects as described below with the exception of those

contractual obligations taken prior to the time of this statement.

EDIFICIO SEDICI

As at 30 June 2008, total investment in this project was €34.1 m, 26 units had been sold, with a further 4 units contracted to be sold. We remain confident that we will achieve our target of completing up to 75% of cumulative sales in 2008 and to sell the remaining units by the end of the first half of 2009.

EASTGATE PARK

As at 30 June 2008 total investment in the Eastgate Project was €74.9 m, with three buildings (industrial, logistic and artisan) with a total GLA of 53,500 sq m completed and infrastructure work approx. 60% complete. First phase of development is expected to be completed by the end of 2009, with anticipated costs to completion of €25 m, at which point remaining infrastructure work and land movement for preparation of urbanised plot will be completed.

We have started marketing the first three units and we expect to execute our first sales in the last quarter of 2008. Following completion of this first phase of development, the Board will then consider options for the remaining land at the Eastgate site.

REAL ESTATE MARKET

The outlook for the real estate sector in general remains challenging. The Italian market is fairing relatively well compared with other European markets. Demand from occupiers is still holding up for industrial units and modern logistics space. The lack of availability of new space has helped to protect the sector in Italy. There is a smaller number of completed investment sales, due mainly to the limited availability of product. Interest from local investors remains firm. Prime rents and yields remained stable in H1 2008, the expectation is that yields will soften in the future.



ACCELERATION OF BUSINESS PLAN

In light of the current market conditions, the Board and the Fund Manager are completing a review of the Group's portfolio, to identify those assets with limited opportunity to create value in the short to medium term.

The Board plans to undertake an orderly disposal of such assets at prices that will realise value for shareholders while preserving the overall value of the Group's portfolio. The plan remains to dispose of up to €140 m of assets in this financial year ending December 2008, with €56.9 m of disposals already achieved, albeit that worsening real estate market conditions have made this target more challenging. Further significant disposals of

assets will be targeted in the financial years ending December 2009 and December 2010.

Spazio plans to return the net proceeds from these disposals to shareholders, whilst maintaining a strong balance sheet. Other than where exceptional opportunities present themselves, the Group will not acquire assets whilst returning capital is expected to create more value for shareholders.

RETURN OF CAPITAL

The Board expects the acceleration of the business plan to generate significant distributable cash. It is anticipated that the €140 m disposals targeted for 2008 will release capital for distribution of approx. €45 m. This €45 m is in excess of any profit on sale of these assets resulting above book value, or any rental income, both of which the Board will continue to distribute as dividends.

The excess capital generated from disposals will be returned to shareholders in a tax-efficient and transparent manner, which may include the use of further on-market share buybacks and/or tender offers.

REVISED INCENTIVE ARRANGEMENTS

In order to align the interests of our external manager more closely with the interests of the Company's shareholders, we are negotiating revised terms with the external manager. These revised terms will incentivise the external manager to deliver the accelerated business plan and will be linked to delivering specific targets for cash returns to shareholders and enhancing net asset value. A further announcement on the detail of these revised terms will be made later.

FURTHER UPDATE AND APPROVALS

The Board expects to update investors with the detail of the accelerated business plan and revised incentive arrangements by 19 September in a separate announcement.

In addition, the Board will seek shareholder approval to implement the revised incentive arrangements described above and to grant the Board authority to implement any return of capital as required. A circular setting out the details of these proposals, which will incorporate a notice of an Extraordinary General Meeting of the Company, will be sent to shareholders in due course.

OUTLOOK

The outlook for the real estate sector in general remains challenging. The Italian market is fairing relatively well compared with other European markets. Demand from occupiers is still holding up for industrial units and modern logistics space. The lack of availability of new space has helped to protect the sector in Italy. There is a smaller number of completed investment sales, due mainly to the limited availability of product. Interest from local investors remains firm. Prime rents and yields remained stable in H1 2008, the expectation is that yields will soften in the future.

Nevertheless, the Board is confident that Pirelli RE, its external manager, will be able to deliver an accelerated business plan and realise value for its shareholders.



JOHN DUGGAN
CHAIRMAN
8 SEPTEMBER 2008

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2008 (in Euro)

	Note	30.06.2008 €	31.12.2007 €
ASSETS			
Non-current assets			
Investment property	1	642,050,000	619,780,000
Current assets			
Inventories	2	95,668,589	89,904,481
Trade receivables		2,902,920	5,094,683
Other receivables		2,392,830	1,977,195
Derivative financial instruments		11,126,126	5,035,512
Cash and cash equivalents	3	87,938,070	103,332,229
Total current assets		200,028,535	205,344,100
Total assets		842,078,535	825,124,100
EQUITY			
Share capital	4	5,498,279	6,096,020
Share premium		274,486,750	308,956,491
Retained earnings		133,983,152	100,361,034
Total equity		413,968,181	415,413,545
LIABILITIES			
Non-current liabilities			
Bank borrowings and payables to other financial institutions	5	402,969,332	385,527,853
Current liabilities			
Bank borrowings and payables to other financial institutions	5	66,738	61,476
Trade payables		16,956,863	20,564,041
Other payables		6,976,449	2,937,456
Tax payables	6	1,140,972	619,729
Total current liabilities		25,141,022	24,182,702
Total liabilities and equity		842,078,535	825,124,100

The notes on page 12 to 20 form an integral part of this condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE PERIOD FROM 01 JANUARY 2008 TO 30 JUNE 2008 (in Euro)

	Note	01.01.2008 /30.06.2008 €	01.01.2007 /30.06.2007 €
Rental income	7	21,367,038	21,438,979
Net gain from fair value adjustment on investment property	8	6,103,670	21,247,936
Net gain on disposal properties	1	2,674,838	130,000
Net gain on disposal inventories	2	1,826,530	-
Other operating income		174,084	324,031
Realised and unrealised gain on financial assets at fair value through profit and loss		6,090,614	6,603,215
Management fees		(2,597,319)	(2,566,948)
Other costs		(5,500,541)	(3,980,875)
Operating profit before financing costs		30,138,914	43,196,338
Financial income		2,645,543	1,103,482
Financial expenses		(11,336,760)	(9,891,991)
Profit before tax		21,447,697	34,407,829
Tax expense	9	-	-
Profit for the period		21,447,697	34,407,829
Basic and diluted earnings per share (Euro)	10	0.78	1.13

The notes on page 12 to 20 form an integral part of this condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE PERIOD FROM 01 JANUARY 2008 TO 30 JUNE 2008 (in Euro)

	01.01.2008 /30.06.2008	01.01.2007 /30.06.2007
	€	€
Profit for the period	21,447,697	34,407,829
Adjustments for non-cash items:		
- Financial expenses	11,336,760	9,891,991
- Financial income	(2,645,543)	(1,103,482)
- Change in fair value of investment property	8 (6,103,670)	(21,247,936)
- Unrealised gain on assets held for trading / derivatives	(6,090,614)	(6,603,215)
- Adjustment IPO costs	-	41,514
Changes in working capital:		
- Change in trade receivables/payables	(1,415,415)	(2,432,441)
- Change in other and tax receivables/payables	3,670,947	7,203,485
- Change in other and tax receivables/payables (VAT)	473,654	48,244,436
Investment in inventories	2 (11,962,578)	(21,295,462)
Disposal in inventories	2 6,198,470	-
Net cash flow generated/(absorbed) from operating activities (A)	14,909,708	47,106,719
Acquisition of investment property	1 (62,356,330)	(25,412,064)
Acquisition cost plus additions to properties disposed	1 46,190,000	1,070,000
Interest received	2,077,135	725,431
Disposal / (investment) in financial assets at fair value through profit and loss	-	(11,300,190)
Net cash flow generated/(absorbed) from investing activities (B)	(14,089,195)	(34,916,823)
Interest paid	(11,729,264)	(8,846,678)
Dividend distribution of the profit	(22,224,452)	(3,962,400)
Proceeds of borrowings and payables to banks and other financial institutions	18,407,653	8,529,981
Purchase of shares	(668,609)	-
Net cash flow generated/(absorbed) from financing activities (C)	(16,214,672)	(4,279,097)
Total net cash flow generated/(absorbed) in the period (D=A+B+C)	(15,394,159)	7,910,799
Cash and cash equivalents at the beginning of the period (E)	103,332,229	85,901,954
Cash and cash equivalents at the end of the period (D+E)	87,938,070	93,812,753

The notes on page 12 to 20 form an integral part of this condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 01 JANUARY 2008 TO 30 JUNE 2008 (in Euro)

	Note	Share Capital €	Share Premium €	Retained Earnings €	Equity €
Equity at 31 December 2006		6,096,020	308,904,842	101,110,871	416,111,733
Cost of IPO		-	41,514	-	41,514
Dividend 2006		-	-	(3,962,400)	(3,962,400)
Profit of the period		-	-	34,407,829	34,407,829
Equity at 30 June 2007		6,096,020	308,946,356	131,556,300	446,598,676

	Note	Share Capital €	Share Premium €	Retained Earnings €	Equity €
Equity at 31 December 2007		6,096,020	308,956,491	100,361,034	415,413,545
Dividend 2007	13	-	-	(22,224,452)	(22,224,452)
Purchase of share capital		-	-	(668,609)	(668,609)
Cancelled acquired shares		(597,741)	(34,469,741)	35,067,482	-
Profit of the period		-	-	21,447,697	21,447,697
Equity at 30 June 2008		5,498,279	274,486,750	133,983,152	413,968,181

The retained earnings not distributable amount to € 117,984,489 relating to the revaluation of investment properties and derivatives.

The notes on page 12 to 20 form an integral part of this condensed consolidated interim financial statements.

NOTES TO THE ACCOUNTS

Introduction

Spazio Investment N.V. (the "Company"), incorporated at 22 November 2005 is a public company (listed at Alternative Investment Market - London) with limited liability (naamloze vennootschap) domiciled in Amsterdam, The Netherlands. The address of the registered office is Royal Damcenter Dam 7f 1012 JS Amsterdam The Netherlands.

The principal activity of the Company is holding of investments in subsidiaries and associates.

Spazio Investment N.V. is the total owner of the fund Spazio Industriale Fondo Comune di investimento Immobiliare di tipo chiuso. The Company is owned for 18.42%, at the end of June, by Pirelli RE Netherland B.V. which is totally owned by Pirelli & C. Real Estate S.p.A..

The reporting on operations of the Company during the 1st half year 2008 have been disclosed in the section "Chairman's Statement".

The comparative data in the Condensed consolidated income statement and the cash flow statements for the period from 1 January 2007 up to 30 June 2007 refer to the 1st half year 2007.

Significant accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in the annual financial statements for the year ended 31 December 2007.

Basis of preparation

The condensed consolidated interim financial statements for the half year ended 30 June 2008 have been prepared in accordance with IAS 34, "Interim financial reporting". This report has not been audited. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2007.

NOTES TO THE ACCOUNTS CONTINUED

New standards or interpretations

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for Spazio Investment N.V..

- ▶ IFRIC 11, 'IFRS 2 – Group and treasury share transactions'.
- ▶ IFRIC 12, 'Service concession arrangements'.
- ▶ IFRIC 14, 'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'.

The following new standards, amendments standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- ▶ IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. IFRS 8 replace IAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail, but it appears likely that the number of reported segments may increase.
- ▶ IAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. This amendment is not relevant to Spazio Investment N.V., as it currently applies a policy of capitalizing borrowing costs.
- ▶ IFRS 2 (amendment) 'Share-based payment', effective for annual periods beginning on or after 1 January 2009.
- ▶ IFRS 3 (amendment), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separated financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on Spazio Investment N.V.. Spazio Investment N.V. does not have any joint ventures.

NOTES TO THE ACCOUNTS CONTINUED

- ▶ IAS 1 (amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. Management is in the process of developing proforma accounts under the revised disclosures requirements of this standards.
- ▶ IAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to IAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. This is not relevant to Spazio Investment N.V., as it does not have any puttable instruments.
- ▶ IFRIC 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008. Management is evaluating the effect of this interpretations on its revenue recognition.

Segment reporting

The Group has only one line of business and operates through the Fund exclusively in Italy; accordingly it is not required to prepare segment reports.

Note 1 Investment property

	01.01.2008 /30.06.2008	01.01.2007 /31.12.2007
	€	€
Balance as at the beginning of the year	619,780,000	621,120,000
Additions:		
- Acquisitions	59,920,000	28,907,500
- Capital expenditure	2,436,330	769,550
Net gain from fair value adjustments on investment property	6,103,670	22,983,450
- Acquisition cost plus additions to properties disposed	(46,190,000)	(54,000,500)
Balance as at the end of the period	642,050,000	619,780,000

The net gain on disposed property of €2,674,838, as included in the Income Statement, refers to the properties sold during the first half of 2008. The item is equal to the difference between the amount of sales proceeds (€48,864,838) and the carrying amount (€46,190,000).

NOTES TO THE ACCOUNTS CONTINUED

Note 2 Inventories

	01.01.2008 /30.06.2008	01.01.2007 /31.12.2007
	€	€
Balance as at the beginning of the year	89,904,481	53,488,342
Capitalized costs:		
- Acquisition	-	8,695,000
- Capital expenditures	10,667,666	32,394,029
- Financial expenses	1,294,912	2,479,085
Total incremental costs in the period	11,962,578	43,568,114
- Costs of inventory sold	(6,198,470)	(7,151,975)
Balance as at the end of the period	95,668,589	89,904,481

Inventories consist of land for development and buildings under renovation in the normal course of the Fund's activities or during the construction process or development related to said activities. These buildings and land are not intended for the investment property portfolio of the Fund.

During the first half of 2008 a total of 11 sale agreements were made, totalling €8,025,000, relating to the disposal of 13 units in the renovated building known as "Edificio 16" as well as 18 garages.

The net gain on disposal of inventories, as included in the Income Statement, amounts to €1,826,530 and it is equal to the difference between the sale proceeds (€8,025,000) and the carrying amount (€6,198,470).

Note 3 Cash and cash equivalents

As at 30 June 2008 this item totals €87,938,070 (with respect to €103,332,229 as at 31 December 2007) of which €70,717,969 restricted accounts (with respect to €64,331,074 as at 31 December 2007), subject to repayment of borrowings and interest due.

NOTES TO THE ACCOUNTS CONTINUED

Note 4 Share Capital

	Ordinary shares	Preferred shares	Total
Balance as at 31 December 2007	30,480,000	100	30,480,100
Shared cancelled on 25 March 2008	(2,988,705)	-	(2,988,705)
Balance as at 30 June 2008	27,491,295	100	27,491,395

Following the share buyback programme the number of shares acquired in the period between September 2007 to January 2008 amount to 3,042,405.

On 25 March 2008 the Company cancelled n. 2,988,705 of its own shares. A number of 53,700 of own shares remain in the equity of the Company.

Note 5 Bank borrowings and payables to other financial institutions

	30.06.2008		31.12.2007	
	Non-Current	Current	Non-Current	Current
Jumbo Properties loan	348,807,241	57,066	339,410,018	53,568
Area of Portogruaro loan	46,399,609	8,425	34,125,868	6,036
Edificio 16 loan	7,762,482	1,247	11,991,967	1,872
Total	402,969,332	66,738	385,527,853	61,476

Concerning the "Jumbo Loan" borrowing, during the period has been used €35,160,000 of the remaining part of the Facility Agreement to invest in the acquisition. Due to the sales €25,945,928 has been reimbursed. As at 30 June 2008 the unutilized part of the Facility Agreements (Revolving Facility) amounts up to €82,570,296.

Concerning the "Portogruaro Loan" borrowing, during the period has been used €12,213,725 of the remaining part of the Facility Agreement to invest in the development assets and in the urbanization expenses of Portogruaro area. As at 30 June 2008 the unutilized part of the Facility Agreements amounts up to €173,998,770.

NOTES TO THE ACCOUNTS CONTINUED

Concerning the "Edificio 16 Loan" borrowing, during the period has been reimbursed €4,304,653 due to the sales. As at 30 June 2008 the unutilized part of the Facility Agreements amounts up to €10,653,248.

The Jumbo Loan entered into on 26 September 2006, with a duration of seven years extendible through ten years is intended to finance all the Fund's properties and future acquisitions; the effective interest rate, determined in accordance with the amortized cost method, is equal to 6.341%.

The Portogruaro Loan entered into on 26 September 2006, with a duration of seven years extendible through ten years is intended to finance the development of the Portogruaro Site; the effective interest rate, determined in accordance with the amortized cost method, is equal to 6.751% for tranche 1, 2 and 3, to 11.439% for tranche 4 and the VAT line and to 5.817% for tranche 5.

The Edificio 16 Loan entered into on 26 September 2006, with a duration of seven years extendible through ten years is intended to finance the purchase of the property for renovation and its subsequent renovation; the effective interest rate, determined in accordance with the amortized cost method, is equal to 6.799%.

The fair value of the above described borrowings approximated their carrying values at the balance sheet date, as the impact of discounting is not significant. The fair values are based on cash flow discounted using a rate based on the latest applicable floating rates at the end of the period.

Note 6 Tax payables

The amount of €1,140,972 refers to:

- ▶ payable regarding VAT, equal to €1,094,262;
- ▶ withholding taxes payable to tax authorities on services rendered by Fund's consultants, of €46,710.

Note 7 Rental Income

The item amounts to €21,367,038 and it refers principally for €11,100,891 to Telecom Italia rents, for €3,350,786 to rental incomes from Prada, for €1,304,247 to ENEL rents, for €950,532 to rental incomes from ACC Group and for € 906,029 to rental incomes from BSL Bertola Servizi Logistici.

NOTES TO THE ACCOUNTS CONTINUED

Note 8 Net gain from fair value adjustment on investment property

The item, amounting €6,103,670, consists of the difference between the fair value at 30 June 2008 and 31 December 2007 (or acquisition date if later) of investment property and their related acquisition costs.

The fair values are based on open market values, being the estimated amount of which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties have acted knowledgeably, prudently and without compulsion.

The fair value gains arise from the valuation on 30 June 2008 at fair value, comprising market value by an independent, professionally, qualified appraiser.

Note 9 Tax expense

In the Netherlands, Dutch corporate tax is based on the fiscal results, taking into account the fact that certain income and expense items as reported in the profit and loss account are tax-exempt.

Income and capital gains arising from immovable property situated in Italy is effectively exempt from corporate taxation both in Italy and in the Netherlands. Accordingly no deferred tax is calculated as the Company is legally tax exempt, due to the Dutch tax rules and the bilateral Italy-Netherlands fiscal Agreement.

Note 10 Earnings per share (EPS)

Basic and diluted EPS is calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of ordinary shares during the first half of 2008.

6 months ended 30 June 08

Profit attributable to the Company's shareholders (thousands of Euro)	21,448
Weighted average number of ordinary shares in issue (thousands)	27,491
Basic and diluted EPS (Euro per share)	0.78

NOTES TO THE ACCOUNTS CONTINUED

Note 11 Events after the condensed consolidated interim financial statements date

On 4 July 2008 an amendment to the "Jumbo Loan" contract, originally executed on 26 September 2006 and subsequently amended, was signed resulting in the redefinition of the credit facilities referred to as "Pasini Tranche B1" and "Pasini Tranche B2" to be used for the purchase of an office building of approx. 13,100 sq m of GLA purchased by the Fund.

Based on the amendment, while the overall commitment of the lending banks remains the same, the two credit facilities were reduced and the disbursement methods changed.

On 14 July 2008 the lending banks made a total disbursement of €19,080,000 against the above mentioned "Pasini Tranche B1" and "Pasini Tranche B2".

Note 12 Related party transactions

Balances between the Group and the Management Company and companies in the latter's Group at 30 June 2008 and transactions between the same during the period then ended are listed below:

	30.06.2008	31.12.2007
Trade payables to Pirelli & C. Group	84,184	176,630
Trade payables to Pirelli & C. RE Group	3,566,028	4,321,034
Trade payables to Management Company	1,155,698	1,085,554
Other payables to Pirelli & C. RE Group	2,000,000	2,000,237
	01.01.2008	01.01.2007
	/30.06.2008	/30.06.2007
Management fees	2,753,246	2,678,857
Other costs	2,614,711	1,321,272

NOTES TO THE ACCOUNTS CONTINUED

Note 13 Dividend 2007

According to Spazio Investment N.V. Articles of Association, the Annual General Meeting on 29 April 2008 resolved to pay a dividend of €0.81 per share in addition to €0.22 of interim dividend already distributed on 15 October 2007 for the previous year. This payment was made in April 2008.

Note 14 Proposed interim distribution

According to Spazio Investment N.V. Articles of Association, the Management Board resolves to make an interim distributions.

It is proposed that the Management Board approves the payment of an interim dividend of €0.59 per share for the period from 1 January 2008 up to 30 June 2008 payable on 6 October 2008 to shareholders on the register at the close of business on 19 September 2008.

Note 15 Approval of Interim Accounts

The Interim Accounts were approved by the Board of Directors on 8 September 2008.

FINANCIAL CALENDAR AND ADVISORS

FINANCIAL CALENDAR

Announcement of first half 2008 results	10 Sept. 2008
Record Date	19 Sept. 2008
Payment of Interim Dividend	6 Oct. 2008

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Deutsche Bank AG (UK)

JOINT BROKER

Oriel Securities Limited

COMMUNICATION ADVISOR

Brunswick Group LLP

