SPAZIO INVESTMENT N.V.

INTERIM ACCOUNTS JUNE 30, 2009

spazioinvestment

CONTENTS

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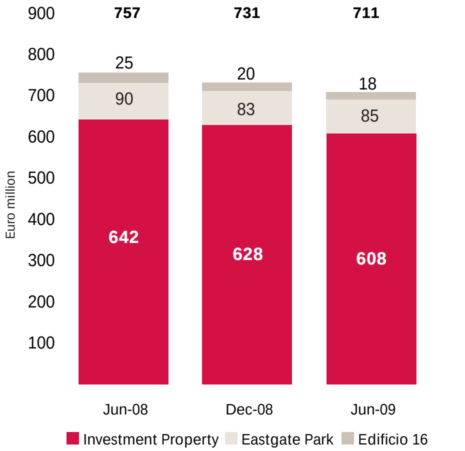
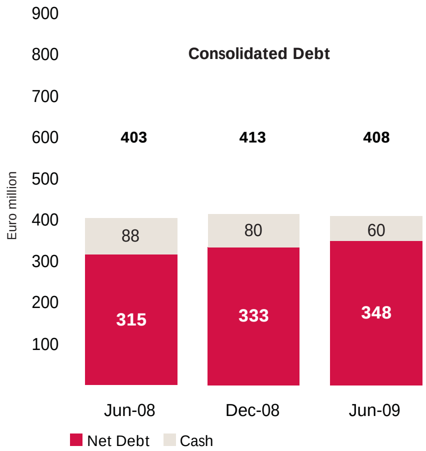
FINANCIAL SNAPSHOT

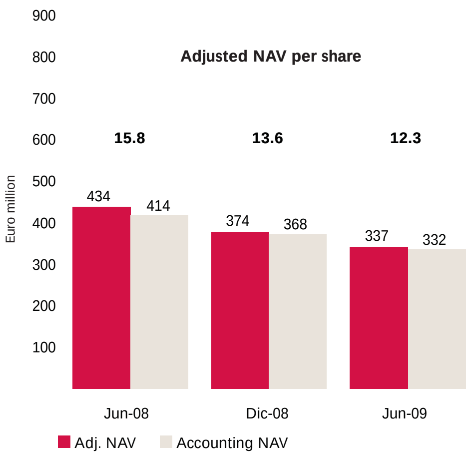
PORTFOLIO OMV



FINANCIAL POSITION (Consolidated Debt, Cash and Net Debt)



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



Notes PORTFOLIO OMV:
The decrease in asset values is mainly attributable to H1 2009 sales (€13.1 million release of OMV as at 31 December, 2008) and a €9.3 million fall in asset values (equivalent to a 1.6% decline vs. 31 December 2008 OMV, net of capex completed in the period). The €711 million total Portfolio OMV (as appraised by CBRE) as at 30 June 2009 has also been adjusted downwards by €1.4 million in order to reflect the accrued capital losses on assets for which a binding offer has been accepted by the Fund at a price lower than the book value of the assets at 30 June 2009.

Notes NAV:
Adjusted NAV: Investment Property and Development Projects at OMV Development Projects are classified as Inventory on the Balance Sheet and stated at cost
Accounting NAV: Investment Property at OMV, Development Projects at cost
Adjusted NAV per share is based on outstanding shares as at 30 June 2009: 27,491,295

Notes FINANCIAL POSITION:
In June 2009 the Fund and the Financing Banks concluded their negotiations in order to re-finance the €35.2 million Revolving Facility into a €33.5 medium term Rollover Loan (expiry on September 2013).

CHAIRMAN’S STATEMENT

Dear Shareholders,

I am pleased to present Spazio’s results for the six months ended 30 June 2009. Since its IPO in October 2006, Spazio has delivered €110 million of cash to Shareholders, comprising approximately €49 million in dividends and €61 million via share buy back programmes, of which €25 million in the form of a public tender offer in January 2009.

FINANCIAL HIGHLIGHTS

- Total portfolio OMV as at 30 June 2009 of €711.0 million (€730.6 million as at 31 December 2008) with an annualised passing rent of 42.3 million;
- Adjusted[1] NAV (Adjusted Net Asset Value) per share fell 9.7% to €12.3 compared to Adjusted NAV of €13.6 as at 31 December 2008;
- Net Loss for H1 2009 of €11.2 million (H1 2008: Net Profit of €21.4 million);
- Solid financial position, with a cash balance in excess of 60.4 million and full compliance with all Banking Covenants;
- Completed asset sales in H1 2009 of €13.3 million:
    - €10.0 million of Investment Property at an average discount to OMV of 1.6% and at an average gross exit yield of 6.4%;
    - €3.3 million of Development Projects at an average premium to book value of 26.8%;
- In accordance with Spazio’s revised strategy, there were no acquisitions in H1 2009;
- Completed a €25 million tender offer in January which resulted in the purchase by Spazio of 4,545,448 of its Depository Interests;
- No interim dividend for H1 2009 (H1 2008: Interim dividend of €0.59 per share).

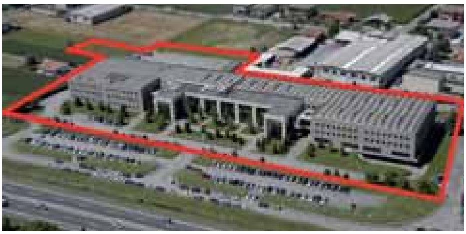
1. Adjusted NAV: Investment Properties and Development Projects at OMV

RESULTS FOR THE PERIOD ENDED 30 JUNE 2009 AND INTERIM DIVIDEND

Net loss for the period was €11.2 million (H1 2008: Net Profit of €21.4 million) with no income available for distribution.

The decline in H1 2009 Net Results, compared with H1 2008, reflects the impact of asset devaluation, lower financial income and lower gains on sales. Rental income in H1 2009 of €21.4 million remained constant with €21.4 million of rental income in H1 2008.

Spazio's Adjusted NAV per share of €12.3 fell 9.7% compared to Adjusted NAV of €13.6 as at 31 December 2008. This was primarily driven by the €25 million of capital returned to Shareholders during the January 2009 Tender Offer and by a further decline in asset values of approximately 1.6%.



Turate Asset | Prima Comunicazione

ACQUISITIONS AND DISPOSALS IN THE FIRST HALF OF 2009

Spazio has completed €13.3 million of disposals in the period:

- disposal of 14 Telecom Italia assets located throughout Italy, with a total GLA of 14,051 sq m for a total cash consideration of approximately €10.0 million, at an average exit yield of 6.4%, representing a 1.6% discount to OMV as at 31 December 2008;
- disposal of 4 units of Edificio 16, with a GLA of 1,225 sq m, for a total cash consideration of approximately €2.9 million, representing a premium to book value of 28.9%;
- disposal of a unit of the Artisan Building of Eastgate Park for a total cash consideration of approximately €0.4 million, representing a premium to book value of 13.3%.

In line with Spazio's revised strategy, no acquisitions were made in H1 2009.

Enel Genoa Asset

Prada Asset

POST PERIOD-END EVENTS

a. Laxey Partners Tender Offer

On 8 June 2009, the Board of Spazio announced that it had received a firm intention from an entity controlled by Laxey Partners Limited ("Laxey Partners") to make an all cash offer at €4.50 for the ordinary shares in the Company not already owned or controlled by Laxey Partners.

On 19 June 2009, Terra European Investments B.V. ("TEI"), an entity established by Laxey Partners specifically for the purpose of making an offer for Spazio, posted its Offer Document.
Also on 19 June 2009, a Committee of the Independent Directors (the "Committee"), comprising John Duggan, Roy Dantzic and Richard Mully, formed to review the offer, announced that it considered that the offer materially undervalued Spazio and advised Shareholders to take no action in respect of the offer.

On 3 July 2009, the Committee posted a document to Shareholders containing its formal response to the offer recommending Shareholders to reject the offer.

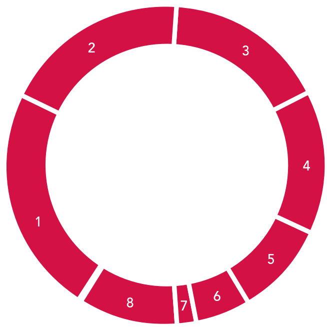
On 6 July 2009, TEI announced that it had increased the offer price from €4.50 per Spazio Ordinary Share to €5.125.
This revised offer was also rejected by the Committee.

On 13 July 2009, TEI announced that it had received acceptances for its revised offer in respect of 8,596,732 Spazio Ordinary Shares and that in aggregate Laxey Partners owned or controlled 15,219,972 Spazio Ordinary Shares representing 66.3% of the total issued share capital of Spazio.

At the same time, TEI declared its offer unconditional in all respects and announced that, with the support of other Shareholders able to control more than 75% of Spazio's shares, it may seek to cancel the admission of Spazio Ordinary Shares to trading on AIM.

On 14 July 2009, the Committee announced that it continued to believe that the revised offer of €5.125 significantly undervalued the Company but advised Shareholders to take into consideration the information regarding a possible cancellation of the admission of Spazio Ordinary Shares on AIM.

MAJOR SHAREHOLDERS AS AT 30 JUNE 2009



1 LAXEY PARTNERS 23.33%
2 PIRELLI RE NETHERLANDS B.V. 18.62%
3 SPAZIO INVESTMENT N.V.* 16.53%
4 WEISS ASSET MANAGEMENT 14.40%
5 LEHMAN BROTHERS INC 9.62%
6 GLG PARTNERS LP 5.54%
7 WELLINGTON MANAGEMENT 1.76%
8 REMAINDER OF FREE FLOAT 10.20%

Notes:
(*) Shares bought back by the Company during the Tender Offer in January 2009, cancelled after 30 June 2009.

On 27 July 2009, TEI announced that it received acceptances from a total of 9,749,986 Spazio Ordinary Shares and that Laxey Partners owned or controlled 16,373,226 Spazio Ordinary Shares representing 71.4% of the issued share capital of Spazio and that the offer was closed.

In September 2009 Laxey requested:

- to seek changes to the members of the Board of Directors;
- to potentially de-list the Company;
- to enter into negotiation with Pirelli RE in order to amend the management contracts.

Further information will be provided on these requests as appropriate.

b. Other Events

On 9 July 2009, Spazio announced that the 4,535,448 Spazio Ordinary Shares held in treasury following the share buy back completed by the Company in January 2009 (in the form of a public tender offer) had been cancelled.


Edificio 16 | Milano


Eastgate Park | Portogruaro e Fossalta di Portogruaro (Ve)

UPDATE ON DEVELOPMENT PROJECTS

Spazio has 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.

EDIFICIO SEDICI

As at 30 June 2009, total investment in this project was €35.9 million, 36 units had been sold, with a further 1 unit contracted to be sold. We remain confident that we will sell the remaining units by December 2010.

EASTGATE PARK

As at 30 June 2009 total investment in the Eastgate Project was €89.4 million, with three buildings (industrial, logistic and artisan) with a total GLA of 53,500 sq m completed and infrastructure work approximately 71% complete.

First phase of development is expected to be completed by the end of 2009, with anticipated costs to completion of €6.2 million, at which point remaining infrastructure work and land movement for the preparation of the urbanised plot will be completed. Following completion of this first phase of development, the Board will then consider options for the remaining land at the Eastgate site. Spazio sold its first unit at Eastgate Park in H1 2009 and we expect to execute further sales in H2 2009 and 2010.

DIVIDENDS AND RETURN OF CAPITAL

Since its IPO in October 2006, Spazio has delivered €110 million of cash to Shareholders, comprising approximately €49 million in dividends and €61 million via share buy back programmes, of which €25 million in the form of a public tender offer in January 2009.

The Board expects the acceleration of the business plan to generate significant distributable cash to Shareholders over the medium term.

The plan remains to dispose of up to €450 million of assets in the three year period ending 31 December 2010, althought the Company now anticipates that the disposal process will be extended by up to 12 months.

Further significant disposals of assets will be targeted in the financial year ending December 2011.

OUTLOOK

The outlook for the real estate sector in general remains challenging. Italy was less impacted by global financial turmoil than other European countries due to comparatively low levels of indebtedness and consumer credit, and high saving ratios.

Occupier demand during last 12 months was relatively stable and rents have fallen slightly: prime yields have moved out by 50-75 bps over the last 12 months with a widening spread between prime and secondary yields.

The market balance in the second half of 2009 is expected to shift in favour of occupiers.

A very cautious approach is expected by investors over the remainder of 2009, with a focus on quality. International capital flows into Italian Real Estate are decreasing as the focus is on more liquid real estate markets as these are seen as lower risk.

The main sources of investment in the Italian real estate market in 2009 are expected to be private property vehicles and conservative institutions with pension funds expected to play a more important role. Interest from local investors remains firm, adopting a 'back to basics' approach to property investment: less debt, more focus on fundamentals, including stock selection, property, asset and tenant management.

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

JOHN DUGGAN
CHAIRMAN
24 SEPTEMBER 2009

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2009 (in Euro)

	Note	30.06.2009	31.12.2008
		€	€
ASSETS			
Non-current assets			
Investment property	1	**606,620,000**	**626,390,000**
Current assets			
Inventories	2	97,127,422	97,010,496
Trade receivables		2,650,539	2,007,725
Other receivables		416,865	466,428
Cash and cash equivalents	3	60,442,191	79,766,399
Total current assets		**160,637,017**	**179,251,048**
Total assets		**767,257,017**	**805,641,048**
EQUITY			
Share capital	4	5,498,279	5,498,279
Share premium		274,486,750	274,486,750
Retained earnings		51,586,160	87,778,559
Total equity		**331,571,189**	**367,763,588**
LIABILITIES			
Non-current liabilities			
Bank borrowings and payables to other financial institutions	5	**408,261,161**	**412,887,003**
Current liabilities			
Bank borrowings and payables to other financial institutions	5	220,245	115,060
Trade payables		9,420,416	11,691,007
Other payables		6,281,298	5,364,109
Tax payables		385,244	670,488
Derivative financial instruments	6	11,117,464	7,149,793
Total current liabilities		**27,424,667**	**24,990,457**
Total liabilities and equity		**767,257,017**	**805,641,048**

The notes on page 12 to 27 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE PERIOD FROM 01 JANUARY 2009 TO 30 JUNE 2009 (in Euro)

	Note	01.01.2009 /30.06.2009 €	01.01.2008 /30.06.2008 €
Rental income	7	21,369,196	21,367,038
Net gain/(loss) from fair value adjustment on investment property	8	(9,988,239)	6,103,670
Net gain on disposal properties		55,000	2,674,838
Net gain on disposal inventories		693,045	1,826,530
Other operating income		736,147	174,084
Realised and unrealised gain/(loss) from fair value adjustment on financial assets		(3,967,671)	6,090,614
Management fees		(2,613,576)	(2,597,319)
Other costs		(5,208,862)	(5,500,541)
Operating result before financing costs		**1,075,040**	**30,138,914**
Financial income		319,184	2,645,543
Financial expenses		(12,586,659)	(11,336,760)
Result before tax		**(11,192,435)**	**21,447,697**
Tax expense	9	-	-
Result for the period		**(11,192,435)**	**21,447,697**
Basic and diluted earnings per share (Euro)	10	**(0.41)**	**0.78**

The result of the period is attributable to the Shareholders of the Company.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 01 JANUARY 2009 TO 30 JUNE 2009 (in Euro)

	01.01.2009 /30.06.2009 €	01.01.2008 /30.06.2008 €
Net income (loss) for the period recognized in the income statement	(11,192,435)	21,447,697
Total comprehensive income (loss) for the period	**(11,192,435)**	**21,447,697**

The notes on page 12 to 27 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE PERIOD FROM 01 JANUARY 2009 TO 30 JUNE 2009 (in Euro)

	Note	01.01.2009 /30.06.2009 €	01.01.2008 /30.06.2008 €
Result for the period		**(11,192,435)**	**21,447,697**
Adjustments for non-cash items:			
- Financial expenses		12,586,659	11,336,760
- Financial income		(319,184)	(2,645,543)
- Change in fair value of investment property	8	9,988,239	(6,103,670)
- Unrealised gain on assets held for trading / derivatives		3,967,671	(6,090,614)
Changes in working capital:			
- Change in trade receivables/payables		(2,913,405)	(1,415,415)
- Change in other and tax receivables/payables		977,936	3,670,947
- Change in other and tax receivables/payables (VAT)		(296,428)	473,654
Investment in inventories	2	(2,702,381)	(11,962,578)
Disposal in inventories	2	2,585,455	6,198,470
Net cash flow generated/(absorbed) from operating activities (A)		**12,682,127**	**14,909,708**
Acquisition and capital expenditure of investment property	1	(138,239)	(62,356,330)
Acquisition cost plus additions to properties disposed	1	9,920,000	46,190,000
Interest received		514,724	2,077,135
Net cash flow generated/(absorbed) from investing activities (B)		**10,296,485**	**(14,089,195)**
Interest paid		(6,619,825)	(11,729,264)
Dividend distribution of the profit		-	(22,224,452)
Proceeds of borrowings and payables to banks and other financial institutions		(10,683,031)	18,407,653
Purchase of shares		(24,999,964)	(668,609)
Net cash flow generated/(absorbed) from financing activities (C)		**(42,302,820)**	**(16,214,672)**
Total net cash flow generated/(absorbed) in the period (D=A+B+C)		**(19,324,208)**	**(15,394,159)**
Cash and cash equivalents at the beginning of the period (E)		**79,766,399**	**103,332,229**
Cash and cash equivalents at the end of the period (D+E)		**60,442,191**	**87,938,070**

The notes on page 12 to 27 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 01 JANUARY 2009 TO 30 JUNE 2009 (in Euro)

	Note	Share Capital €	Share Premium €	Retained Earnings €	**Equity** €
Equity at 31 December 2008		**5,498,279**	**274,486,750**	**87,778,559**	**367,763,588**
Purchase of share capital	4	-	-	(24,999,964)	(24,999,964)
Result of the period		-	-	(11,192,435)	(11,192,435)
Equity at 30 June 2009		**5,498,279**	**274,486,750**	**51,586,160**	**331,571,189**

	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	-	-	(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	-
Result 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 €76,544,314 relating to the revaluation of investment properties and derivatives.

The notes on page 12 to 27 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE ACCOUNTS

Introduction

Spazio Investment N.V. (the “Company”, formerly Spazio Industriale Investments I B.V.), incorporated on 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. The Company totally owns the units of the close-end real estate investment fund “Spazio Industriale – Fondo Comune di Investimento Immobiliare di Tipo Chiuso” (the “Fund”). The Fund invests in real estate and operates in the development of land and buildings under renovation.

The reporting on operations of the Company during the first half year 2009 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 2009 up to 30 June 2009 refer to the first half year 2008.

Significant accounting policies

Except as described below, the accounting policies applied are consistent with those of the financial statements for the year ended 31 December 2008, as described in those financial statements. The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- IAS 1 (revised) “Presentation of financial statement”. The revised standard prohibits the presentation of items of income and expenses (that is “non-owner changes in equity”) in the statement of changes in equity, requiring “non-owner changes in equity” to be presented separately from owner changes in equity. All “non-owner changes in equity” are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

NOTES TO THE ACCOUNTS CONTINUED

- IFRS 8 “Operating segments”. IFRS 8 replaces IAS 14 “Segment reporting”. It requires a “management approach” under which segment information is presented on the same basis as that used for internal reporting purposes. IFRS 8 has no impact on the Company.

The following new standards amendments to standards and interpretation are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Company.

- IAS 23 (amendment) “Borrowing costs”.
- IFRS 2 (amendment) “Share-based payment”.
- IAS 32 (amendment) “Financial instruments: Presentation”.
- IFRIC 13 “ Customer loyalty programs”.
- IFRIC 15 “ Agreement for the construction of real estate”.
- IFRIC 16 “Hedges of a net investment in a foreign operation”.
- IAS 39 (amendment) “Financial instruments: Recognition and measurement”.
- IAS 40 “Investment Property Revised”.

Basis of preparation

The condensed consolidated interim financial statements for the half year ended 30 June 2009 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 2008.

The IFRS in force at 31 December 2009 could be different from those used in the preparation of these Half-yearly financial statements by reason of the future endorsement by the European Union of new standards, new interpretations and guidelines issued by IFRIC. The financial statements as at 31 December 2008 could be affected by such changes. The functional currency is the Euro. All values indicated in the Notes to these consolidated financial statements are expressed in Euro unless specified otherwise. All transactions and balance sheet positions are in Euro.

NOTES TO THE ACCOUNTS CONTINUED

New standards or interpretations

The following new standards, amendments standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- IFRIC 12 ‘Service concession arrangements’.
- IFRIC 17 ‘Distribution of Non-cash Assets to Owners’.
- IFRIC 18 ‘Transfers of Assets from Customers.
- 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.
- Amendments to IAS 39 ‘Financial Instruments: Recognition and Measurement - eligible hedged items‘.
- Amendments to IFRS 7 ‘Financial Instruments: disclosures - improving disclosures about financial instruments‘.
- Amendments to IFRIC 9 and IAS 39 - Embedded Derivatives.
- Amendments to IFRS 2 ‘Share-based payment’ that clarify the accounting for group cash-settled share-based payment transactions.

Segment reporting

The Group has only one line of business (“investments in light industrial properties”) and operates through the Fund exclusively in Italy. Segment reporting is therefore not required.

NOTES TO THE ACCOUNTS CONTINUED

Note 1 Investment property

This item totals €606,620,000 (€626,390,000 at 31 December 2008) and is comprised of:

	01.01.2009 /30.06.2009 €	**01.01.2008 /31.12.2008 €**
Balance as at the beginning of the year	**626,390,000**	**619,780,000**
Additions:		
- Acquisitions	-	63,920,000
- Capital expenditure	138,239	3,438,988
Net gain from fair value adjustments on investment property	(9,988,239)	(11,698,988)
- Acquisition cost plus additions to properties disposed	(9,920,000)	(49,050,000)
Balance as at the end of the period	**606,620,000**	**626,390,000**

The net gain on disposed property of €55,000, as listed in the income statement, refers to the properties sold during the first half of 2009. The balance is the difference between the sales proceeds (€9,975,000) and the carrying amount (€9,920,000).

Please note that in the event the sales prices of the properties included in irrevocable offers accepted by the Fund are below the market value of same at 30 June 2009, the lesser amount has been recorded in these Interim Financial Statements.

Note 2 Inventories

At 30 June 2009 all properties are valued at the lower of cost, including incremental expenses and capitalisable financial charges, and net realisable value.

NOTES TO THE ACCOUNTS CONTINUED

The movement in inventories over the period is shown in the table below:

	01.01.2009 /30.06.2009 €	01.01.2008 /31.12.2008 €
Balance as at the beginning of the year	**97,010,496**	**89,904,481**
Capitalized costs:		
- Acquisition	-	33,000
- Capital expenditures	1,677,426	13,866,545
- Financial expenses	1,024,955	2,711,280
Total incremental costs in the period	2,702,381	16,610,825
- Costs of inventory sold	(2,585,455)	(9,504,810)
Balance as at the end of the period	**97,127,422**	**97,010,496**

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 Fund's investment property portfolio.

During the first half of 2009 a total of 4 sale agreements were made, totalling €3,278,500, for the disposal of 4 units in the renovated "Edificio 16" building along with 6 parking spaces (€2,888,500) and for the disposal of a unit in the Artisan Building in the Portogruaro Area (€390,000).

The net gain on disposal of inventories of €693,045, as listed in the income statement, refers to the properties sold during the first half of 2009. The balance is the difference between the sale proceeds (€3,278,500) and the carrying amount (€2,585,455).

Note 3 Cash and cash equivalents

At 30 June 2009 this item totals €60,442,191 (with respect to €79,766,399 as at 31 December 2008) of which €38,652,760 in restricted accounts (€39,221,324 as at 31 December 2008), subject to the repayment of borrowings and interest due.

NOTES TO THE ACCOUNTS CONTINUED

Note 4 Share Capital

Share capital is related to the Spazio Investment N.V. shares and amounts to €5,498,279.

	Ordinary shares	Preferred shares	Total
Balance as at 31 December 2008	27,491,295	100	27,491,395
Balance as at 30 June 2009	**27,491,295**	**100**	**27,491,395**

In pursuit of its strategy of returning cash to shareholders, on 15 January 2009 Spazio completed a tender offer for its depository interests. This resulted in the purchase by the Company of 4,545,448 of its Depository Interests from tendering shareholders at a price of €5.50 per Depository Interest at a total cost of approximately €25 m.

The AGM of Shareholders on 28 April 2009 resolved to cancel the 4,545,448 shares tendered on 15 January 2009. Following the required legal procedures, the cancellation became effective on the 9 July 2009.

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

This item refers to bank borrowings. The main loan terms, summarised in the following table, are explained in detail below:

	30.06.2009		31.12.2008	
	Non-Current	Current	Non-Current	Current
Jumbo loan	352,333,026	21,113	358,923,905	38,505
Portogruaro loan	50,543,215	3,220	47,887,958	5,876
Edificio 16 loan	5,384,920	288	6,075,140	641
Bank overdraft	-	195,624	-	70,038
Total	**408,261,161**	**220,245**	**412,887,003**	**115,060**

NOTES TO THE ACCOUNTS CONTINUED

The loan movements are presented in this table:

	31.12.2008	Increases	Decreases	Loan arrangement costs	Interest due	Interest paid	30.06.2009
Jumbo loan	358,962,410	-	(7,810,251)	1,219,372	5,636,379	(5,653,771)	352,354,139
Portogruaro loan	47,893,834	-	(188,889)	2,844,147	873,901	(876,558)	50,546,435
Edificio 16 loan	6,075,781	-	(710,720)	20,499	89,144	(89,496)	5,385,208
Total	**412,932,025**	**-**	**(8,709,860)**	**4,084,018**	**6,599,424**	**(6,619,825)**	**408,285,782**

At 30 June 2009, bank borrowings (current and non-current) total €408,285,782 and are broken down as follows:

- €352,354,139 for the property loan (“Jumbo Loan”) granted on 18 October 2006 by a syndicate of banks comprising Natixis – Milan branch, Intesa Sanpaolo S.p.A., Banco di Sicilia S.p.A., MCC S.p.A. and Banca di Roma S.p.A. for €357,956,747 (€322,956,747 of credit facility, €33,500,000 of rollover credit and €1,500,000 of cash collateral line), stated net of €5,623,721 in loan arrangement costs and €21,113 in accrued interest at 30 June 2009;
- €50,546,435 for the Portogruaro Site (“Portogruaro Loan”) granted on 18 October 2006 by a syndicate of banks comprising Natixis – Milan branch, Intesa Sanpaolo S.p.A., Banco di Sicilia S.p.A., MCC S.p.A. and Banca di Roma S.p.A. for €14,904,110 (tranche 1), €5,700,417 (tranche 2), €15,433,988 (tranche 3) and €15,134,189 (tranche 5 – cash collateral), stated net of €629,489 in loan arrangement costs and €3,220 in accrued interest at 30 June 2009;
- €5,385,208 for the property under renovation (“Edificio 16 Loan”) granted on 18 October 2006 by a syndicate of banks comprising Natixis – Milan branch, Intesa Sanpaolo S.p.A., Banco di Sicilia S.p.A., MCC S.p.A. and Banca di Roma S.p.A. for €5,402,537, stated net of €17,617 in loan arrangement costs and €288 in accrued interest at 30 June 2009.

Concerning the “Jumbo Loan”, during the first half of 2009 €6,150,251 has been reimbursed as a result of sales and €1,660,000 was used to reimburse part of the revolving credit.

Concerning the “Portogruaro Loan”, during the first half of 2009 €188,889 has been reimbursed as a result of sales.

Concerning the “Edificio 16 Loan”, during the first half of 2009 €710,720 was reimbursed as a result of sales.

NOTES TO THE ACCOUNTS CONTINUED

The Jumbo Loan taken out on 26 September 2006, with a duration of seven years extendable through ten years, is intended to finance all the Fund's properties and future acquisitions. It can be drawn down for a maximum total of €530,967,703 (€402,033,831 by way of a credit facility, €118,500,000 by way of revolving credit for future acquisitions and €10,433,872 to finance VAT). The interest rate is equal to the three-month Euribor plus a spread that varies according to the type of credit line used (80 bps for the Facility and VAT lines, 100 bps for the Revolving line). The effective interest rate, determined in accordance with the amortised cost method, is 3.280%. This loan is secured by a mortgage and assignments of receivables relating to insurance policies, lease agreements and any hedging agreements.

The Portogruaro Loan taken out on 26 September 2006, with a duration of seven years extendable through ten years, is intended to finance the development of the Portogruaro Site. It can be drawn down for a maximum total of €226,000,000 (€201,000,000 by way of a credit facility and €25,000,000 to finance VAT). The interest rate is equal to the three-month Euribor plus a spread that varies according to the type of credit line used (150 bps for the Facility line – tranche1, 2 and 3, 80 bps for the Facility line – tranche 4 and the VAT line, 30 bps for the Facility line – tranche 5 drawn down for cash as a counterguarantee of a line granted for the issue of sureties to the municipalities of Portogruaro and Fossalta di Portogruaro for urban development costs). The effective interest rate, determined in accordance with the amortised cost method, is 3.202% for tranche 1, 2 and 3, 3.395% for tranche 4 and the VAT line and 2.433% for tranche 5. This loan is secured by a mortgage and assignments of receivables relating to insurance policies, lease agreements and any hedging agreements.

The Edificio 16 Loan taken out on 26 September 2006, with a duration of seven years extendable through ten years, is intended to finance the purchase of the property and its subsequent renovation. It can be drawn down for a maximum total of €27,200,000 (€26,000,000 by way of a credit facility and €1,200,000 to finance VAT). The interest rate is equal to the three-month Euribor plus 80 bps. The effective interest rate, determined in accordance with the amortised cost method, is 3.370%. This loan is secured by a mortgage, an assignment of receivables arising from the sale of the land and a pledge on current accounts.

During the period under examination the Fund and the Financing Banks concluded their negotiations regarding several amendments to the original Jumbo Loan agreement (the "Amendments"). In order to allow for the implementation of said Amendments, the expiration of the Revolving Facility of €35,160,000 was extended through 15 June 2009.

NOTES TO THE ACCOUNTS CONTINUED

The Amendments, put in place after 10 June 2009, are summarized below:

- a roll-over mechanism was introduced that allows the Fund to roll over up to a maximum of €33,500,000 (the "Roll-Over Amount") in amounts drawn against this line without having to repay the Financing Banks beforehand and to subsequently reutilise such amounts;
- a rate of Euribor plus 300 bps will be applied to the amounts drawn down as per the above mentioned "roll-over" mechanism;
- a commitment fee on the unutilised portions of the "Revolving Facility" equal to the amount currently provided for in the Jumbo Loan for unutilised amounts below €30,000,000 and of approximately 250 bps for larger amounts will be applied.

Following the execution of the above mentioned "Amendments" to the "Jumbo Loan" an up-front fee was paid to the Financing Banks equal to 75 bps of the "Roll-Over Amount". While finalising the "Amendments", the Fund also cancelled unutilised facilities, on which a quarterly commitment fee was paid, as follows:

- a total of €55,000,000 of the "Revolving Facility";
- the total amount of the "VAT Facility Tranche 1" and the "VAT Facility Tranche 2", equal to €931,004 and €24,068,996 respectively, which were part of the €226,000,000 "Portogruaro Loan";
- a part of Tranche 4 of "Portogruaro Loan" for a total of €147,500,000.

It should also be noted that the Management Company, in the name of and on behalf of the Fund, has signed an "Inter-creditor Agreement" on 10 June 2009 along with other financing banks. This is designed to: (i) clarify the relationships between the Fund, and its various classes of financial institution, and (ii) regulate the Fund's payment priorities with the different classes of creditors. The fair value of the above borrowings approximated their carrying values at the balance sheet date, since the impact of discounting is not significant. The fair values are based on cash flows discounted at a rate based on the latest applicable floating rates at the end of the period. The Fund confirms that all the financial covenants are in compliance with the financing contracts as at 30 June 2009.

	Bank Borrowings a)	**Loan arrangement costs b)**		**Accrued Interests c)**	**Outstanding Loan a+b-c**	**Cash Collaterals**	**Outstanding Loan net of Cash Coll.**
Jumbo Loan (incl. Rollover Loan)	352,354,139	5,623,721	*	21,113	357,956,747	(1,500,000)	356,456,747
Area of Portogruaro loan	50,546,435	629,489		3,220	51,172,704	(15,134,189)	36,038,515
Edificio 16 loan	5,385,208	17,617		288	5,402,537	-	5,402,537
Total	**408,285,782**	**6,270,827**		**24,621**	**414,531,988**	**(16,634,189)**	**397,897,799**

* All "Loan arrangement costs" are included in Jumbo Loan

NOTES TO THE ACCOUNTS CONTINUED

The covenants of the Fund at 30 June 2009 are in the tables here below:

- LTV covenant: Loan to Value of Jumbo Properties, Area of Portogruaro and Edificio 16 loans should not exceed 65%

	OMV	Outstanding Loan net of Cash Coll.	LTV	LTV Covenant
Jumbo Loan (incl. Rollover Loan)	600,950,000	356,456,747	59.3%	65.0%
Portogruaro Loan	85,300,000	36,038,515	42.2%	65.0%
Edificio 16 Loan	17,720,000	5,402,537	30.5%	65.0%

- Global LTV covenant: the aggregate amount of financial indebtedness incurred by the Fund should not exceed 60% of the OMV of the real estate assets and 20% of the value of the other assets

	OMV		Outstanding Loan	Global LTV	Global LTV Covenant
Jumbo Loan (incl. Rollover Loan)	600,950,000		357,956,747		
Unlevered Assets	7,070,000	(1)	-		
Portogruaro Loan	85,300,000		51,172,704		
Edificio 16 Loan	17,720,000		5,402,537		
Total Real Estate Assets	**711,040,000**	(2)	**414,531,988**	**58.3%**	**60.0%**
Cash & Other Assets	**66,110,320**	(3)	**-**	**0.0%**	**20.0%**
Fund total assets	**777,150,320**	(4)	**414,531,988**		
Global LTV Covenant figures	**733,076,773**	(5)	**414,531,988**	**56.5%**	**60.0%**

(1) The unlevered assets are the Agrileasing portfolio and the investment property in Genova, Via Dino Col.
(2) “Total Real Estate Assets” of €711,040,000 is the total portfolio open market value as at 30 June 2009.
(3) “Cash & Other Assets” includes €57,859,172 of cash and cash equivalents.
(4) “Fund total assets” of €777,150,320 is the amount of the total assets as per Bank of Italy financial statements.
(5) The OMV of “Global LTV Covenant” is calculated as the sum of the OMV of the total Real Estate Assets (€711,040,000) plus one third of the “Cash & Other Assets” (€66,110,320).

NOTES TO THE ACCOUNTS CONTINUED

- Perspective LTV covenant: in acquiring new assets, the aggregate amount of the Jumbo Properties loan (Facility line and Revolving line) should not exceed 80% of the OMV of the properties purchased and owned by the Fund

	OMV	Outstanding Loan net of Cash Coll.	Perspective LTV	Perspective LTV Covenant
Jumbo Loan	543,540,000	322,956,747		
Jumbo Rollover Loan	57,410,000	33,500,000		
Total	**600,950,000**	**356,456,747**	**59.3%**	**80.0%**

- ISCR covenant: the Interest Service Cover Ratio (calculated as the Projected NOI divided by interest expense and fees) for the entire duration of the Facilities should not fall below 1.25x

	01.04.2009 /30.06.2009	Projected over 12 months	ISCR of the Period a/(b+c)	min ISCR
a) Projected NOI	8.1	32.4		
b) Interests	3.7	14.6		
c) Financing fees	0.1	0.4		
ISCR Covenant			**2,15x**	**1,25x**

Note 6 Tax payables

The balance of €385,244 refers to:

- VAT payable in the amount of €373,699;
- withholding taxes due to the authorities on services rendered by the Fund's consultants, in the amount of €11,545.

NOTES TO THE ACCOUNTS CONTINUED

Note 7 Rental Income

Rental income amounts to €21,369,196, including €10,428,898 from Telecom Italia S.p.A..

Note 8 Net gain/(loss) from fair value adjustment on investment property

The balance of Euro (9,988,239) is the difference between the fair value of investment property at 30 June 2009 and 31 December 2008, and between the fair value of investment property at 30 June 2009 and the related acquisition costs for investment property acquired during the year.

The fair values are based on open market values, i.e. the estimated amount for 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 losses arise from the determination of market value on 30 June 2009 by an independent, professionally qualified appraiser.

Fair values have been appraised by an external, independent expert (CB Richard Ellis Professional Services S.p.A.) with appropriate recognised professional qualifications. The fair value valuations are prepared by considering the aggregate of the net annual rents received from the properties and where relevant, associated costs.

A yield which reflects the specific risks inherent to the net cash flows is then applied to the net annual rents to arrive at the property valuation.

Valuations reflect, where applicable, the type of tenants currently occupying the property or responsible for meeting lease commitments, the allocation of maintenance and insurance responsibilities between lessor and lessee, and the remaining economic life of the property.

Note 9 Tax expense

Due to the tax–exempt no tax has been calculated for the period.

NOTES TO THE ACCOUNTS CONTINUED

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 in issue during the first half of 2009.

	6 months ended 30 June 09
Profit/(Loss) attributable to the Company's shareholders (thousands of Euro)	(11,192)
Weighted average number of ordinary shares in issue (thousands)	27,491
Basic and diluted EPS (Euro per share)	(0.41)

Note 11 Events after the condensed consolidated interim financial statements date

On 3 July 2009 a sales agreement was signed with Cozzali Luciano & C. S.n.c. for a property in Perugia comprised in Telecom portfolio. The property with a gross floor area of 875 sq m was sold for €800,000, and generated a 12,7% capital gain on its market value at 30 June 2009.

On 6 July 2009 the Fund accepted a binding offer from Advice Real Estate S.r.l. for a property in Foligno (Pg) comprised in Telecom portfolio. The property with a gross floor area of 1,897 sq m will be sold for €2,130,000, and generated a 8.2% capital loss on its market value at 30 June 2009.

On 7 July 2009 the Fund accepted a binding offer from Pisco S.p.A. for two properties in Lazio comprised in Telecom portfolio. The properties with a gross floor area of 2,660 sq m will be sold for €1,720,000, and generated a 10.4% capital loss on its market value at 30 June 2009.

On 9 July 2009 Spazio announced that the 4,535,448 Spazio Ordinary Shares held in treasury following the Tender Offer announced by Spazio in January 2009 had been cancelled.

On 9 July 2009 the Fund accepted a binding offer from MA.TU.RE. S.r.l. for four properties in Lombardia and a property in Liguria, comprised in Telecom portfolio. The properties with a gross floor area of 4,540 sq m will be sold for €2,400,000, and generated a 3.6% capital loss on its market value at 30 June 2009.

NOTES TO THE ACCOUNTS CONTINUED

On 15 July 2009 a sales agreement was signed with Comune di Villongo for a property in Villongo (Bg) comprised in Telecom portfolio. The property with a gross floor area of 933 sq m was sold for €300,000, and generated a 15.4% capital gain on its market value at 30 June 2009.

On 20 July 2009 the Fund accepted a binding offer from Florens S.r.l. for a property in Florence comprised in Enel portfolio. The property with a gross floor area of 2,281 sq m will be sold for €1,370,000, and generated a 5.5% capital loss on its market value at 30 June 2009.

On 20 July 2009 the Fund accepted a binding offer from Mr. Pietro Gallo for a property in Grottaglie (Ta) comprised in Telecom portfolio. The property with a gross floor area of 1,048 sq m will be sold for €340,000, and generated a 9.7% capital loss on its market value at 30 June 2009.

On 28 July 2009 the Fund accepted a binding offer from Dafra di Duc Roger & C. S.n.c. for a property in Donnas (Ao) comprised in Agrileasing portfolio. The property with a gross floor area of 953 sq m will be sold for €350,000, and generated a 7.9% capital loss on its market value at 30 June 2009.

On 29 July 2009 Lot 178, which is part of the real estate complex in Montevarchi (Ar) – Prada portfolio, will be transferred to the Municipality of Montevarchi without consideration as it was part of an agreement stipulated prior to Fund's purchase of the property. The bank's release from any mortgages or guarantees resulted in the payment of a release amount equal to €100 (€95.24 related to ALA) which will be used to decrease the debt owed on the property.

On 31 July 2009 a sales agreement was signed with Bianchi Antonio S.p.A. for a property in Pieve Ligure (Ge) comprised in Telecom portfolio. The property with a gross floor area of 1,198 sq m was sold for €830,000, and generated a 1.2% capital gain on its market value at 30 June 2009.

The total portfolio OMV as per CBRE appraisal has been adjusted downwards for €1.4 millions in order to reflect the accrued results on assets for which a binding offer has been accepted by the Fund as described above in this note at the price lower than the book value of the assets at 30 June 2009.

NOTES TO THE ACCOUNTS CONTINUED

Note 12 Related party transactions

Balances between the Companies of Pirelli & C. Group and Pirelli & C. Real Estate Group and the Management Company and companies in the latter's Group at 30 June 2009 and transactions between the same are listed below:

	30.06.2009	**31.12.2008**
Trade payables to Pirelli & C. Group	35,530	8,296
Trade payables to Pirelli & C. RE Group	332,232	574,721
Trade payables to Management Company	1,464,249	1,466,519
Other payables to Pirelli & C. RE Group	1,198,553	2,000,000

	01.01.2009 /30.06.2009	**01.01.2008 /30.06.2008**
Management fees	2,613,576	2,597,319
Other costs	788,276	2,192,512

Trade payables to Pirelli & C. Group are due to Pirelli & C. Ambiente Site Remediation S.p.A..

Trade payables to Pirelli & C. RE Group mainly relate to property and agency management services provided to Pirelli & C. RE Property Management S.p.A. and Pirelli & C. RE Agency S.p.A..

Trade payables to Management Company are due to Pirelli RE Netherlands B.V. and Pirelli & C. RE SGR S.p.A. mainly relate to Company's management fees and Fund's management fees earned at the reporting date but not yet paid.

Other payables to Pirelli & C. RE Group mainly relate to the payable for the payment by Progetto Magnolia S.r.l. (formerly Spazio Industriale 2 S.r.l.) into one of Fund's restricted bank accounts to guarantee this company's environmental commitments regarding the properties in Portoferraio, Varese and Novara; the Fund will release the guaranteed amount according to a deal.

NOTES TO THE ACCOUNTS CONTINUED

Note 13 Dividend 2008

According to Spazio Investment N.V. Articles of Association, the Annual General Meeting on 28 April 2009 resolved not to pay a final dividend for the financial year ended 31 December 2008 in addition to €0.59 of interim dividend already distributed on 6 October 2008 for the previous year.

Note 14 Proposed interim distribution

According to Spazio Investment N.V. Articles of Association, the Management Board resolves to make no interim distributions.

Note 15 Approval of Interim Accounts

The Interim Accounts were approved by the Board of Directors on 24 September 2009.

AMSTERDAM, 24 SEPTEMBER 2009
BOARD OF DIRECTORS

JOHN DUGGAN
ROY DANTZIC
GUALTIERO TAMBURINI
RICHARD MULLY
NICHOLAS JAMES
FABRIZIO LAURO

FINANCIAL CALENDAR AND ADVISORS

FINANCIAL CALENDAR

Announcement of first half 2009 results	24 September 2009

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