



Key figures

		01.01. – 31.03.2018	01.01. – 31.03.2017
Revenues	EUR m	43.5	46.5
whereof rental income and revenues from hotel operations	EUR m	34.6	36.4
EBITDA	EUR m	17.3	19.5
EBIT	EUR m	24.9	27.2
EBT	EUR m	18.1	17.9
Net income for the period	EUR m	14.7	16.2
Total assets	EUR m	2,504.2	2,335.6
Equity	EUR m	954.9	847.6
Liabilities	EUR m	1,549.3	1,488.0
Equity ratio	in %	38	36
Operating cash flow	EUR m	16.8	19.0
Cash flow from investing activities	EUR m	-220.8	-62.9
Cash flow from financing activities	EUR m	203.2	20.8
Cash and cash equivalents as of 31 March	EUR m	75.1	43.8
NOI ratio	in %	48	49
FFO I	EUR m	9.8	9.9
FFO II	EUR m	9.8	10.1
Earnings per share	EUR	0.22	0.21
Book value per share	EUR	14.37	12.33
Difference between share price and book value per share (2018: premium, 2017: discount)	in %	12	-9
Operating cash flow per share	EUR	0.25	0.29
Property assets	EUR m	1,887.9	2,096.3
whereof properties under construction	EUR m	42.3	23.6

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Dear Shareholders,

Hermann Hesse once said, "In all beginnings dwells a magic force". In our case, the start of a new year is always a good time to hone our strategy, get our projects on track and firm up our plans.

Our cycle-oriented strategy remains the base of our business activities. In 2016 and 2017, we took highly lucrative opportunities to sell properties worth over EUR 700m in total. Again and again we are finding attractive investment opportunities in German cities that have particularly strong growth potential, for example Leipzig. At the same time, we are working hard on various project developments in all our markets. These investments ensure future income.

The strongest evidence for our value-enhancing strategy is the repeated increase of EPRA NAV, which we were able to raise from EUR 17.63 as of 31 December 2017 to EUR 17.79 per share as of 31 March 2018. Of course, the sales in recent years are also reflected by the commensurate decrease in rental income in our results and 2018 must be seen as a year of transition. Nevertheless, numerous positive effects were realised in the first quarter. Among these are the significant improvement of the results from hotel operations, positive derivatives valuation effects, the elimination of participating certificates and an improvement in the cost of funding.

Capital market

Following a strong annual performance of more than 60% in 2017, the S IMMO share tended to move sideways in the first quarter, closing at EUR 16.10 as of 31 March. Our dividend proposal of EUR 0.40 per share was accepted at this year's Annual General Meeting, confirming our sustainable distribution policy. Since the beginning of the year, there have again been some changes in our shareholder structure. We see this as a confirmation of the attractiveness of an investment in S IMMO and will keep on working for the good of the company and our shareholders in the future.

Outlook

Currently, we are observing highly favourable conditions in our markets. In Budapest, we have reached the highest occupancy rate since market entry. In Germany, we are benefiting from properties we bought years ago on the one hand, while on the other we are steadily finding attractive properties with upside potential. When making these investment decisions, we are always mindful of positive demographic and economic trends.



Ernst Vejdovsky, Friedrich Wachernig

At the same time, we are also continuing with our project developments. Renovation of the Sun Plaza in Bucharest was successfully completed in the first quarter, the first tenants are currently moving into the Einsteinova Business Center in Bratislava and we are still on target with the office building The Mark in Bucharest, which should be completed this year. We have already started construction work on Siebenbrunnengasse, Vienna, and other exciting projects are on our agenda in Berlin.

We are looking forward to the year ahead, to our projects and plans, and to creating sustainable value for you, our esteemed shareholders. In both the short and the long run. This is our prime goal in everything we do.

The Management Board

Ernst Vejdovsky

Friedrich Wachernig

S IMMO in the capital market

Capital market environment

The US economy began 2018 on solid footing, but this did not impact positively on the performance of the American stock market. The Dow Jones Industrial Average (DJIA) reached 24,103.11 points as of the end of the quarter, which corresponds to a decrease of 7.8% since the beginning of the year. The S&P 500 also failed to maintain its level at the end of the quarter, recording a decrease of 6.5% to close at 2,640.87 points.

The eurozone continued to benefit from strong foreign trade, but was not able to maintain the growth of the previous quarters. Most of the European benchmark indices moved sideways. For example, the German benchmark index DAX fell below the relevant threshold of 12,000 points on two different occasions. At the end of the first quarter, the DAX stood at 12,096.73 points, which represents a loss of 8.3% compared with the end of 2017. The Austrian benchmark index ATX ended the first quarter with a decline of 4.6% at 3,428.53 points.

Austrian property shares remained on a successful path. The IATX index for Austrian property shares ended the first quarter at 334.33 points, up by 1.4% since the beginning of the year.

In 2018, the major uncertainties on the global stock markets remain the consequences of Brexit in March 2019, the announcement of punitive tariffs by the United States and fears that the US Fed will increase prime rates too quickly. The situation between the United Kingdom and Russia also intensified due to the accusation regarding the nerve gas attack in London.

Share price development

indexed 01 January 2018 to 31 March 2018

■ S IMMO share ■ ATX ■ IATX



Price performance of the S IMMO share

On 05 April 2018, S IMMO published the second best result in its history. This highly successful operational performance was also reflected in the price performance of the S IMMO share in 2017. In the first quarter, the S IMMO share moved sideways and was listed at EUR 16.10 as of 31 March 2018.

The share's liquidity increased in the first quarter. Average daily turnover was 158,386 shares (double counting) in the first three months, representing a year-on-year increase of 21.6%.

Performance

as of 31 March 2018

ISIN	S IMMO share	S IMMO INVEST participating certificates	
		AT0000652250/SPI	AT0000795737 (initial listing 1996)
One year	43.24%	11.52%	12.13%
Three years, p.a.	23.97%	9.27%	10.53%
Ticker symbols	Reuters: SIAG.VI, Bloomberg: SPI:AV		Reuters: SIMIg.VI, Bloomberg: SIIG:AV
Market	Vienna Stock Exchange		Vienna Stock Exchange
Market segment	Prime Market		other securities.at
Index	ATX/IATX/GPR General		–
Market capitalisation (31 March 2018)	EUR 1,077.37m		EUR 54.86m
Number of securities (31 March 2018)	66,917,179	434,478	116,303
Market makers	Erste Group/Hauck & Aufhäuser/ Baader Bank/Raiffeisen Centrobank		

in EUR	S IMMO share price AT0000652250	S IMMO INVEST price AT0000795737	S IMMO INVEST price AT0000630694	ATX	IATX
31 March 2017	11.240	93.010	93.000	2,828.79	263.08
31 December 2017	16.150	98.000	99.010	3,420.14	330.24
31 March 2018	16.100	99.500	100.000	3,428.53	334.33

S IMMO bonds

ISIN	Maturity	Coupon	Total nominal value in kEUR
AT0000A19SB5	02 October 2019	3.00%	100,000.00
AT0000A177D2	16 June 2021	4.50%	89,739.50
AT0000A1DBM5	08 April 2025	3.25%	33,993.50
AT0000A1DVK5	20 April 2027	3.25%	65,000.00
AT0000A1Z9D9	06 February 2024	1.75%	100,000.00
AT0000A1Z9C1	06 February 2030	2.875%	50,000.00

S IMMO INVEST participating certificates and corporate bonds

In the first quarter of 2018, S IMMO AG issued two corporate bonds. The six-year tranche was issued with a volume of EUR 100m and a fixed-rated coupon of 1.75% p.a. The twelve-year tranche was issued with a volume of EUR 50m and a fixed-rated coupon of 2.875% p.a.

With effect as of the end of 2017, S IMMO AG terminated all S IMMO INVEST participating certificates it had issued. Participating certificate liability as of 31 December 2017 was determined at EUR 102.98 per certificate. Out of this amount, EUR 3.00 per participating certificate was paid as a dividend distribution for the fiscal year 2017 and the remaining amount of EUR 99.98 per participating certificate was paid as a repayment on 04 May 2018.

Share data

		31 March 2018	31 March 2017
Closing price	EUR	16.100	11.240
Average daily turnover for the last 100 days	shares ¹	158,386	130,256
Earnings per share (EPS) for the first quarter	EUR	0.22	0.21
Book value per share	EUR	14.37	12.33
Difference between share price and book value per share (2018: premium, 2017: discount)	in %	12	-9
EPRA NAV per share	EUR	17.79	14.95
Share price discount to EPRA NAV per share	in %	-9	-25
EPRA NNNAV per share	EUR	15.27	12.82
FFO I per share for the first quarter	EUR	0.15	0.15
FFO II per share for the first quarter	EUR	0.15	0.15
Dividend per share	EUR	0.40 ²	0.40 ³

¹ Double counting

² The dividend for the financial year 2017 was distributed on 16 May 2018.

³ The dividend that was distributed in 2017 relates to the financial year 2016.

Investor relations activities

S IMMO AG's Management and Investor Relations team took part in numerous investor conferences and roadshows in the first quarter of 2018. In addition to the standard destinations Paris, London (Berenberg Bank) and Zürich (RCB), S IMMO was present at the Oddo Sydler investor conference in Lyon. The Baader Bank roadshow in Warsaw and the Concorde Conference in Budapest were also on the agenda.

Regular contact with Austrian private investors is also an important part of the company's IR activities. S IMMO AG's diversified portfolio in terms of use type and region, sustainable dividend policy and positive share price growth in recent months make the S IMMO share attractive to private shareholders as well. For instance, S IMMO AG was introduced to investment advisers at the stock market information days of the Vienna Stock Exchange in Dornbirn and Innsbruck.

Shareholder structure

At the beginning of the second quarter, further changes in the shareholder structure of S IMMO AG occurred. On 09 April 2018, the company was informed that Sparkassen Versicherung AG Vienna Insurance Group had disposed of its stake in S IMMO AG. Furthermore, the company was informed that Familie Benko Privatstiftung had acquired around 4.9 million shares in S IMMO AG through SIGNA 2018 Eins GmbH from Sparkassen Versicherung AG Vienna Insurance Group. On 18 April 2018, Immofinanz AG announced that it had acquired a stake of 29.14% in S IMMO due to share purchase agreements from member companies of RPR Group (approximately 14.6 million shares) and SIGNA Group (approximately 4.9 million shares). The transaction is subject to various conditions precedent, in particular to the approval of the anti-trust authorities in Austria, Germany and other jurisdictions.

Interim Management Report

Economic overview

Gross domestic product (GDP) rose by 0.4% quarter-on-quarter in both the eurozone and the European Union (EU) during the first quarter of 2018. This figure is based on a preliminary flash estimate that was published by Eurostat, the statistical office of the European Union, at the beginning of May. In the fourth quarter of 2017, GDP expanded by 0.7% in the eurozone and 0.6% in the EU.

Compared with the first quarter of 2017, seasonally adjusted GDP increased by 2.5% in the eurozone and 2.4% in the EU during the first quarter of 2018.

CEE

The available economic indicators for the first quarter of 2018 suggest that the economies of the CEE region continue to enjoy robust growth. Strong private household consumption is likely being driven by rising income and low unemployment. Revised monetary policy and a positive business climate should support investment activity. Healthy but slower regional GDP growth of 4.4% is projected for the first quarter of 2018.

Austria

The broad global economic upswing will continue to bolster the Austrian economy. Growth is expected to come in at 2.9% in 2018 and 2.3% in 2019. The upswing is being supported primarily by exports and private consumption.

Real estate market overview

Austria

In the first quarter, the take-up on the Viennese office market amounted to 41,800 m², which was approximately 60% above the prior-year figure. The vacancy rate decreased to 5.2%. Overall, 280,000 m² of new space is expected to be delivered in 2018, with the majority coming from the completion of large-volume projects.

The Viennese hotel industry continued its positive development and reached another record in overnight stays. During the first quarter, overnight stays increased to EUR 2.9m, which corresponds to a plus of 7.5% compared with the prior year. Net room revenues for January and February registered growth of 19.9%.

Germany

Purchase prices and rents for apartments continue to rise in major German cities. The main drivers are the positive population development, the high employment rate and the supply shortage. Accordingly, vacancy rates are low. The average increase in prices in major German cities was between 15% and 20% in year-on-year comparison. It is unlikely that this upward price pressure will end in the near future.

Berlin's office market had a strong start in 2018 and is on pace to set new records. Take-up amounted to 210,400 m² and the vacancy rate decreased to 2.9%. Prime rents continued climbing during the first quarter. An area of 69,800 m² was made available for the market. The refurbishment of existing outdated office buildings is a major part of the project pipeline and thus will not contribute to the expansion of office space.

CEE

During the first quarter of 2018, the total demand on the Budapest office market advanced by 36% compared with the prior year, amounting to an area of 91,100 m². The majority of the total leasing activity was related to new leases, which accounted for 54,150 m² of space and thus represented a percentage of 59.5%. Overall, 139 new lease agreements with an average size of 655 m² were concluded. Furthermore, 18,280 m² of new office space were delivered to the market. The vacancy rate of 7.3% was the lowest rate ever recorded on the Budapest office market.

The hotel industry in the CEE region continues to enjoy positive development. The Budapest hotel market was among the top performers in terms of revenue per available room, which is expected to advance by 9.9% in 2018. At the same time, the positive trend is continuing for the hotel market in Prague. Revenue per available room is projected to grow by 6% and an occupancy rate of 81% is expected.

Transactions for a total of 27,000 m² were concluded on the office market in Bratislava, with the biggest leasing transaction representing 6,638 m². The vacancy rate decreased to 6.0%. No office buildings have been delivered to the market since the beginning of the year. The completion of 64,000 m² of new office space is planned for the second quarter.

On the Bucharest office market, the total leasing activity amounted to 70,000 m² in the first quarter of 2018. New leases accounted for 60% of the total activity and 30% of the demand came from companies that moved to modern office buildings. Only one building with a total area of 28,000 m² was delivered to the market in the first quarter. A total of 230,000 m² of new office space is currently scheduled to be completed in 2018 – including the office building The Mark.

The outlook for the Romanian retail market remains very promising, as GDP growth is expected to total 4.8%. In February 2018, retail trade increased by 6.6% compared with the prior year. Current plans call for 175,000 m² of new retail space to be completed over the course of 2018.

Business and earnings development

Property portfolio

As of 31 March 2018, S IMMO's property portfolio consisted of 259 (31 December 2017: 241) properties with a book value of EUR 1,887.9m (31 December 2017: EUR 1,839.7m) and a total area of around 1.2m m² (31 December 2017: 1.2m m²). The occupancy rate of the portfolio in the reporting period was 94.8% (31 December 2017: 94.8%). The overall rental yield was 6.1% (31 December 2017: 6.1%).

The properties are located in Austria and Germany as well as in CEE. Based on book value, properties in Austria made up 23.4% (31 December 2017: 23.9%) of the portfolio, while properties in Germany comprised 42.7% (31 December 2017: 42.0%). The properties in CEE accounted for 33.9% (31 December 2017: 34.1%).

Based on the main use type, the portfolio broke down into 35.9% office buildings (31 December 2017: 39.3%), 20.9% retail properties (31 December 2017: 21.4%), 27.6% residential properties (31 December 2017: 27.0%) and 15.6% hotels (31 December 2017: 12.3%).

Earnings performance – increase of earnings per share

The very successful financial year 2017, in which the second best result in the company's history was generated, was characterised among other things by the profit-generating, cycle-oriented disposals of the Viertel Zwei and Serdika Shopping Center properties with the accompanying office property, which generated positive final revaluation results.

Despite the associated decrease in rental income to EUR 24.6m in the first quarter (Q1 2017: EUR 28.9m), the earnings per share rose from EUR 0.21 in the first quarter 2017 to EUR 0.22 in the first quarter 2018. The factors for this development included the elimination of participating certificate expenses due to the cancellation of the participation certificates in the financial year 2017, significant positive earnings from hotel operations of EUR 1.9m (Q1 2017: EUR 0.3m) and positive effects in the financial result from derivatives valuations and an improved cost of funding.

Results from property valuation amounted to EUR 9.4m in the first quarter and were approximately on the level of the prior year (Q1 2017: EUR 9.8m), which meant net profit for the period amounted to EUR 14.7m (Q1 2017: EUR 16.2m). The results attributable to shareholders in the parent company increased to EUR 14.7m (Q1 2017: EUR 13.7m).

Development of gross profits

In the first three months of 2018, total revenues amounted to EUR 43.5m (Q1 2017: EUR 46.5m), down slightly from the prior-year level due to the disposals that were completed in 2017. The decrease in rental income due to disposals was countered by property purchases in Germany and a positive like-for-like performance of the portfolio properties. After the first half of the year was characterised by the renovation of the Vienna Marriott Hotel in both 2016 and 2017, there was also a significant increase in revenues from hotel operations to EUR 10.0m in the first quarter of 2018 (Q1 2017: EUR 7.4m). A positive effect from disposals was also observed in property operating expenses, which were reduced from EUR 16.5m in the first quarter of 2017 to EUR 14.4m as of 31 March 2018.

Broken down by region, rental income in the first quarter of 2018 was as follows: Austria and Germany contributed 58.3% (Q1 2017: 53.6%) and CEE 41.7% (Q1 2017: 46.4%). In terms of main use type, commercial properties contributed 75.4% (Q1 2017: 82.8%) and residential properties 24.6% (Q1 2017: 17.2%) of the rental income.

Property investments

In the first three months of 2018, S IMMO was selectively active in terms of acquisitions with a focus on properties in medium-sized German cities. Deals were closed for the acquisition of 18 properties with a total purchase price of EUR 26.3m in the first quarter. In

addition, contracts for the purchase of another 13 properties with a total transaction volume of EUR 43.6m were signed as of the publication date of this report.

In addition, the interest in Immofinanz AG was increased to approximately 12% and the position in CA Immobilien Anlagen AG was expanded to a much lesser extent in the first quarter. As a result, other financial assets increased to EUR 453.1m in total as of 31 March 2018 (31 December 2017: EUR 300.2m). All shares acquired in the first quarter of 2018 are entitled to dividends in relation to the distributions expected in the financial year 2018.

Development of EBITDA and EBIT

EBITDA fell from EUR 19.5m in the first quarter of 2017 to EUR 17.3m in the first quarter of 2018. Due to the effects described above, EBIT declined from EUR 27.2m in the first quarter of 2017 to EUR 24.9m in the first quarter of 2018.

Financial result

The financial result including participating certificates improved considerably year-on-year. It was improved from EUR -9.3m to EUR -6.7m thanks to positive derivatives valuations and the elimination of the participating certificate results.

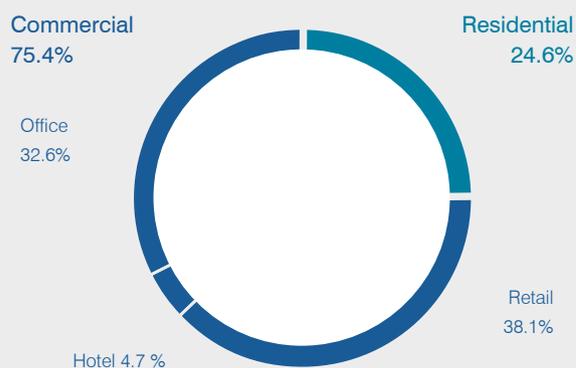
Moreover, cost of funding (financing costs excluding bonds and participating certificate costs), which was reduced from 2.94% as of 31 March 2017 to 2.30% as of 31 March 2018, contributed significantly.

Rental income by region¹



¹ Not including Vienna Marriott Hotel and Budapest Marriott Hotel

Rental income by property use type¹



¹ Not including Vienna Marriott Hotel and Budapest Marriott Hotel

Increase of EBT and earnings per share

EBIT rose to EUR 18.1 m (Q1 2017: EUR 17.9m). Due to higher tax expenses net profit for the period came to EUR 14.7m (Q1 2017: EUR 16.2m). Net income for the period attributable to shareholders in the parent company increased to EUR 14.7m (Q1 2017: EUR 13.7m). As a consequence, earnings per share rose to EUR 0.22 (Q1 2017: EUR 0.21).

Consolidated statement of financial position

S IMMO Group's total assets increased from EUR 2,272.3m as of 31 December 2017 to EUR 2,504.2m as of 31 March 2018. Cash and cash equivalents as of 31 March 2018 were EUR 75.1m (31 December 2017: EUR 73.4m). In the first quarter of 2018, two additional corporate bonds were issued with a volume of EUR 100m for the six-year bond and a volume of EUR 50m for the twelve-year bond. Both bonds have coupons with a fixed interest rate: 1.75% p.a. for the six-year bond and 2.875% p.a. for the twelve-year bond. In terms of real estate, properties were acquired in Germany and progress was made on the development of the office building The Mark.

Equity not including minority shares increased to EUR 951.3m in the first quarter of 2018 (31 December 2017: EUR 940.8m). The book value per share improved slightly to EUR 14.37 (31 December 2017: EUR 14.21). The equity ratio fell from 41.6% as of 31 December 2017 to 38.1% as of 31 March 2018, mainly due to the described balance-sheet extensions.

Financing

A key figure for the assessment of the financing structure is the loan-to-value ratio (LTV ratio). S IMMO distinguishes between two types of this key figure: the LTV ratio for financing secured with properties (mortgages) and the LTV ratio for unsecured financing. The latter mainly consists of bonds issued by S IMMO AG.

S IMMO's reported property investments amounted to EUR 2,339.2m as of 31 March 2018 (31 December 2017: EUR 2,138.2m). The LTV ratio for financing secured with properties came to 36.5% (31 December 2017: 36.6%), the same amount as posted at the end of 2017 and well below the level reported as of 31 March 2017 of 40.8%.

S IMMO has unsecured financing as well. The LTV ratio for unsecured financing minus cash and cash equivalents rose to 17.9% (31 December 2017: 12.7%) in the reporting period, mainly due to the bond issues in the first quarter. In total, the company's LTV ratio was 54.4% (31 December 2017: 49.3%). The calculation of both key figures is described in detail in the 2017 Annual Report.

Risk management report

S IMMO AG is exposed to all risks typical for the industry in connection with its business activities (purchase, letting, development and sale of properties in various regions and use types). These include strategic, property-specific, financial and other risks. By identifying, analysing, managing and monitoring risks and opportunities, the company strives to detect negative developments and potential success factors in good time and take them into account in its decision making processes.

Potential risks for the current financial year and the risk management of S IMMO AG are set out in detail in the 2017 Annual Report (starting on page 67).

The probability of occurrence of the stated risks depends on a large number of factors such as economic development in the markets in which the company operates or the cyclical fluctuations to which the property industry is exposed. S IMMO invests in properties and property companies within the European Union, and its property portfolio is diversified by region and use type.

According to the forecasts of the European Commission, the robust economic growth within the EU is set to continue. In Austria, the European Commission expects GDP growth of 2.9% for 2018 and 2.3% for 2019. For the EU and the eurozone, GDP is predicted to rise by 2.3% in 2018 and 2.0% in 2019. The reasons for the ongoing positive trend include an improved situation on the employment market and generally positive economic sentiment.

Despite these sound prospects, there are uncertain factors such as the outcome of Brexit negotiations, geopolitical tensions and the protectionist trends in some countries that could negatively affect S IMMO's business operations.

As far as the property markets are concerned, the company expects that the properties completed in 2018 will attract high demand and that sale and rental prices will remain stable. If the economic situation in the markets were to deteriorate unexpectedly, the Group would have to expect an increase in industry, property portfolio, property valuation, letting and rental default risk.

In addition to the risks associated with its operating activities, S IMMO is exposed to the market risk on the capital markets as a listed company. Alongside the S IMMO share, the securities of companies (Immofinanz AG and CA Immobilien Anlagen AG) in which the company has a stake are exposed to the risk of volatility. A fall in the share price would have a negative impact on S IMMO's equity.

Moreover Immofinanz and CA Immo are exposed to similar risks to those of S IMMO, particularly all risks associated with the purchase, development, operation and sale of properties.

In addition to internal regulations and guidelines, risk management at S IMMO comprises ongoing reports to the Management Board in the context of regular meetings. Furthermore, there are control measures for the purpose of early detection, management and monitoring of risks. The Management Board takes the key decisions relating to risks. An Internal Control System is in place for all key business processes. In addition, accounting provisions are made for potential risks.

Potential risks are also countered by opportunities: S IMMO is currently benefiting from the dynamic growth on the German property market and the strong economic development in CEE. Against this background, the company is realising development projects and making opportunistic purchases and sales when appropriate.

Outlook

Taking advantage of property cycles is a key part of the company's strategy. Currently S IMMO AG continues to benefit from the positive economic development in its markets as well as the low-interest environment and the high price levels in many property markets.

The company currently sees an attractive price level for purchases primarily in up-and-coming major German cities such as Leipzig, Kiel and Rostock. These cities have a good demographic profile and growth potential as a result of the population influx. The purchase of properties with stable yields and low rents ensures a sustainable cash flow while also creating upside potential.

Renovation of the Sun Plaza shopping centre in Bucharest was successfully completed in the first quarter. In addition, first tenants are currently moving into the Einsteinova Business Center and the office building The Mark in Bucharest is expected to be completed this year. Renovation work on the residential and office building Siebenbrunnengasse in Vienna will also commence this year.

Consolidated interim financial statements

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Consolidated statement of financial position

as of 31 March 2018

Assets EUR '000	Notes	31 March 2018	31 December 2017
Non-current assets			
Investment properties			
Rented properties	3.1.1.	1,710,982	1,668,405
Properties under development and undeveloped land	3.1.1.	42,326	37,100
		1,753,308	1,705,505
Owner-operated properties	3.1.2.	128,265	127,875
Other plant and equipment		4,601	4,655
Intangible assets		223	230
Interests in companies measured at equity		11,177	12,237
Group interests		2,812	842
Loans to companies measured at equity		11,192	10,946
Other financial assets	3.1.3.	453,070	300,175
Deferred tax assets		2,347	2,277
		2,366,995	2,164,742
Current assets			
Inventories	3.1.4.	507	530
Trade receivables		7,347	8,447
Other financial assets		35,729	6,607
Other assets		12,220	12,239
Cash and cash equivalents	3.1.5.	75,083	73,390
		130,886	101,213
Assets held for sale	3.1.6.	6,300	6,300
		137,186	107,513
		2,504,181	2,272,255

Equity and liabilities EUR '000

	Notes	31 March 2018	31 December 2017
Shareholders' equity			
Share capital		240,544	240,544
Capital reserves		68,832	68,832
Other reserves		641,890	631,439
		951,266	940,815
Non-controlling interests			
		3,633	3,611
		954,899	944,426
Non-current liabilities			
Issued bonds	3.1.8.	436,459	287,518
Other financial liabilities	3.1.9.	743,025	686,589
Provisions		2,385	2,334
Other liabilities		8	7
Deferred tax liabilities		136,101	135,128
		1,317,978	1,111,576
Current liabilities			
Subordinated participating certificate capital	3.1.7.	56,717	56,717
Financial liabilities	3.1.9.	125,538	113,398
Income tax liabilities		4,626	4,666
Trade payables		8,739	7,363
Other liabilities		35,684	34,109
		231,304	216,253
		2,504,181	2,272,255

Consolidated income statement

for the three months ended on 31 March 2018

EUR '000	Notes	01-03/2018	01-03/2017
Revenues			
Rental income	3.2.1.	24,591	28,929
Revenues from operating costs		8,937	10,133
Revenues from hotel operations	3.1.2.	10,014	7,447
		43,542	46,509
Other operating income		553	483
Property operating expenses	3.2.2.	-14,438	-16,488
Hotel operating expenses	3.2.2.	-8,069	-7,150
Gross profit		21,588	23,354
Income from property disposals		0	1,741
Book value of disposals		0	-1,741
Gains on property disposals	3.2.3.	0	0
Management expenses		-4,320	-3,825
Earnings before interest, tax, depreciation and amortisation (EBITDA)		17,268	19,529
Depreciation and amortisation		-1,774	-2,081
Results from property valuation		9,356	9,752
Operating result (EBIT)		24,850	27,200
Financing costs	3.2.4.	-6,965	-9,290
Financing income	3.2.4.	954	851
Results from companies measured at equity	3.2.4.	-710	-93
Participating certificates result	3.1.7.	0	-719
Net income before tax (EBT)		18,129	17,949
Income tax	3.2.5.	-3,429	-1,789
Consolidated net income for the period		14,700	16,160
of which attributable to shareholders in parent company		14,678	13,728
of which attributable to non-controlling interests		22	2,432
Earnings per share			
undiluted = diluted		0.22	0.21

Consolidated statement of comprehensive income

for the three months ended on 31 March 2018

EUR '000	01–03/2018	01–03/2017
Consolidated net income for the period	14,700	16,160
Change in value of cash flow hedges	441	2,547
Income tax on cash flow hedges	-100	-488
Reclassification of derivatives valuation effects	312	1,062
Reserve for foreign exchange rate differences	226	-295
Valuation of financial instruments available for sale	-8,778	6,183
Income taxes from measurement of financial instruments available for sale	2,195	-1,546
Other comprehensive income for the period (realised through profit or loss)	-5,704	7,463
Total comprehensive income for the period	8,996	23,623
of which attributable to shareholders in parent company	8,974	20,976
of which attributable to non-controlling interests	22	2,647

Consolidated cash flow statement

for the three months ended on 31 March 2018

EUR '000	01-03/2018	01-03/2017
Operating cash flow	16,849	19,019
Changes in net current assets	2,483	837
Cash flow from operating activities	19,332	19,856
Cash flow from investing activities	-220,843	-62,938
Cash flow from financing activities	203,204	20,822
Total	1,693	-22,260
Cash and cash equivalents as of 01 January	73,390	66,029
Cash and cash equivalents as of 31 March	75,083	43,769
Net change in cash and cash equivalents	1,693	-22,260

Changes in consolidated equity

EUR '000	Share capital	Capital reserves	Foreign currency translation reserve	Hedge accounting reserve	AFS-reserve	Other reserves	Sub-total S IMMO share-holders	Non-controlling interests	Total
As of 01 January 2018	240,544	68,832	-17,200	-6,022	25,053	629,608	940,815	3,611	944,426
Changeover effects of first-time application of IFRS 9	0	0	0	0	0	1,478	1,478	0	1,478
Total after adjustment due to first-time application of IFRS 9	240,544	68,832	-17,200	-6,022	25,053	631,086	942,293	3,611	945,904
Consolidated net income for the period	0	0	0	0	0	14,678	14,678	22	14,700
Other comprehensive income	0	0	225	653	-6,583	0	-5,705	0	-5,705
Repurchase of treasury shares	0	0	0	0	0	0	0	0	0
Change in non-controlling interests	0	0	0	0	0	0	0	0	0
As of 31 March 2018	240,544	68,832	-16,975	-5,369	18,470	645,764	951,266	3,633	954,899
As of 01 January 2017	240,544	68,832	-17,365	-17,585	-3,858	525,037	795,605	28,737	824,342
Consolidated net income for the period	0	0	0	0	0	13,728	13,728	2,432	16,160
Other comprehensive income	0	0	-295	2,906	4,637	0	7,248	215	7,463
Repurchase of treasury shares	0	0	0	0	0	0	0	0	0
Change in non-controlling interests	0	0	0	0	0	0	0	-350	-350
As of 31 March 2017	240,544	68,832	-17,660	-14,679	779	538,765	816,581	31,034	847,615

Notes to the consolidated interim financial statements

(condensed)

1. The Group

S IMMO Group (S IMMO AG and its subsidiaries) is an international real estate group. The ultimate parent company of the Group, S IMMO AG, has its registered office and headquarters at Friedrichstrasse 10, 1010 Vienna, Austria. The company has been listed on the Vienna Stock Exchange since 1987 and since 2007 in the Prime Market segment. S IMMO was included in the Austrian ATX benchmark index for the first time on 18 September 2017. It has subsidiaries in Austria, Germany, the Czech Republic, Slovakia, Hungary, Croatia, Romania, Bulgaria and Denmark. As of 31 March 2018, S IMMO Group owned properties in all the above countries except Denmark. S IMMO Group is an international real estate group that engages in buying, selling, real estate project development, letting, asset management, and operating hotels and shopping centres as well as in revitalising and renovating properties in Austria, Germany and CEE (Slovakia, Czech Republic, Hungary, Romania and Croatia).

2. Accounting and valuation policies

2.1. Accounting policies

The consolidated interim financial statements for the three months ended on 31 March 2018 have been prepared in accordance with IAS 34 and do not contain all the information required to be disclosed in a full set of IFRS consolidated financial statements. The interim financial statements should therefore be read in conjunction with the IFRS consolidated financial statements for the year ended on 31 December 2017.

In preparing the consolidated interim financial statements for the three months ended on 31 March 2018, the accounting and valua-

tion policies applied in the consolidated financial statements for the year ended on 31 December 2017 have been applied substantially unchanged.

The financial statements for the three months ended on 31 March 2018 have neither been audited nor reviewed by independent auditors.

The accounting policies of all companies included in the consolidation are based on the uniform accounting regulations of S IMMO Group. The financial year for all companies included in the consolidation is the year ending on 31 December.

The consolidated interim financial statements are presented rounded to the nearest 1,000 euros (EUR '000 or kEUR). The totals of rounded amounts and the percentages may be affected by rounding differences caused by the use of computer software.

2.2. New mandatory accounting regulations

For the preparation of these consolidated interim financial statements, IFRS 9 – Financial Instruments, IFRS 15 – Revenue from Contracts with Customers, a clarification to IFRS 15 and amendments to IFRS 1 and IAS 28 (AIP 2014–2016) were applicable from 01 January 2018 onwards. For a more detailed description of these and future changes and their impact on the consolidated financial statements, please refer to the 2017 consolidated financial statements. None of the new standards to be applied had any significant impact on these interim financial statements. For one equity investment previously measured at amortised cost less impairment, the book value was adjusted by kEUR 1,970 on the basis of IFRS 9. The change was recognised with an adjustment to the opening balance of retained earnings.

Type of financial asset	Original valuation category under IAS 39	New valuation category under IFRS 9	Original book value under IAS 39	New book value under IFRS 9
Group interests	Financial assets available for sale	Financial assets measured at fair value not recognised in profit or loss (OCI option)	kEUR 535	kEUR 2,505

New standards and interpretations which have been approved for application in the EU, but are not yet required to be applied for the financial year 2018 were not applied (further information can be

found in the consolidated financial statements for the financial year 2017).

2.3. Reporting currency and currency translation

The Group's reporting currency is the euro. The functional currency is determined as per the criteria of IAS 21 and has been identified as being the euro for the majority of S IMMO's Group companies.

3. Notes to the consolidated interim financial statements

3.1. Statement of financial position

3.1.1. Investment properties

EUR '000	Rented properties	Properties under development and undeveloped land
As of 01 January 2017	1,917,303	20,801
Additions	90,941	17,168
Disposals	-1,741	0
Other changes	-2,148	0
Changes in fair value (realised through profit or loss)	128,316	-869
Reclassifications as properties held for sale	-464,266	0
As of 31 December 2017	1,668,405	37,100
whereof pledged as security	1,606,715	31,670
Additions	33,221	5,226
Disposals	0	0
Other changes	0	0
Changes in fair value (realised through profit or loss)	9,356	0
Reclassifications as properties held for sale	0	0
As of 31 March 2018	1,710,982	42,326
whereof pledged as security	1,620,372	36,896

Consisting of:

Rented properties

EUR '000	31.03.2018	31.12.2017
Austria	381,488	379,470
Germany	799,713	765,855
CEE	529,781	523,080
	1,710,982	1,668,405

Properties under development and undeveloped land

EUR '000	31.03.2018	31.12.2017
Austria	0	0
Germany	0	0
CEE	42,326	37,100
	42,326	37,100

Appraisals are generally obtained from independent experts once per year to measure the fair value of all investment properties. The measurement methods are the same as those used for the 2017 annual financial statements and correspond to level 3 of the IFRS 13.86 fair value hierarchy. The valuation result for the investment properties in the first quarter of 2018 is based on internal calculation models with input parameters that have changed since the preparation of the 2017 annual financial statements but with the same valuation methods as applied for the 2017 annual financial statements. The valuations of the first quarter apply to all segments.

3.1.2. Owner-operated properties

Owner-operated properties are hotels operated for the S IMMO Group by international hotel chains under management agreements. Both income and expenses of hotel operations are subject to seasonal fluctuations.

3.1.3. Other financial assets

Other financial assets mainly include shares in the companies Immofinanz AG and CA Immobilien Anlagen AG that are accounted for as available-for-sale securities. Accounting is carried out using FVOCI, whereby recycling via the income statement is no longer permissible due to the entry into force of IFRS 9. In the first quarter, S IMMO acquired a package of 60,000,000 shares in Immofinanz AG over the counter. In addition, much smaller quantities of shares in Immofinanz AG and CA Immobilien Anlagen AG were purchased on the stock exchange.

3.1.4. Inventories

Inventories exist to a minor extent and are measured at cost. The net realisable value of inventories does not exceed their book values.

3.1.5. Cash and cash equivalents

EUR '000	31.03.2018	31.12.2017
Bank balances	74,803	73,114
Cash in hand	280	276
	75,083	73,390

3.1.6. Properties held for sale

Properties are treated as "held for sale" if it is the intention of the Group's Management to dispose of them in the near future. This is currently intended for one property in Germany.

EUR '000	31.03.2018	31.12.2017
Germany	6,300	6,300
	6,300	6,300

3.1.7. Participating certificates (subordinated)

In the second quarter of 2017, S IMMO exercised the cancellation right and cancelled all participating certificates it had issued effective from 31 December 2017. As a result, income entitlements and

hidden reserves were allocated for the financial year 2017 for the last time.

The participation certificate liability determined in this way as of 31 December 2017 was approved by the Supervisory Board at the meeting on 04 April 2018. All payments have been made in accordance with the contract within one month from this date. On 31 March 2018, the participating certificate tranche with the ISIN AT0000795737 was listed at a price of EUR 99.50 per certificate; the tranche with the ISIN AT0000630694 was listed at a price of EUR 100.00 per certificate.

3.1.8. Issued bonds

In February 2018, S IMMO AG issued two bonds. A bond (ISIN AT0000A1Z9D9) with a total nominal value of kEUR 100,000 divided into 200,000 shares with a nominal value of EUR 500 each and a second bond (ISIN AT0000A1Z9C1) with a total nominal value of kEUR 50,000 divided into 100,000 shares with a nominal value of EUR 500 each. Taking into account the issuing costs to be offset, this resulted in an addition of bond liabilities of kEUR 99,134 or kEUR 49,708 in the reporting period.

The following table shows key data of all issued corporate bonds:

ISIN	Total nominal value in EUR '000	Coupon	Effective interest rate	Maturity
AT0000A177D2	89,739.5	4.500%	4.66%	16 June 2021
AT0000A19SB5	100,000	3.000%	3.13%	02 October 2019
AT0000A1DBM5	33,993.5	3.250%	3.36%	08 April 2025
AT0000A1DWK5	65,000	3.250%	3.31%	20 April 2027
AT0000A1Z9D9	100,000	1.750%	1.90%	06 February 2024
AT0000A1Z9C1	50,000	2.875%	2.93%	06 February 2030

All of the bonds are listed in the Corporates Prime segment of the Vienna Stock Exchange.

3.1.9. Other financial liabilities

The other current and non-current financial liabilities (excluding participating certificates liabilities) amounted to kEUR 868,563 (31 December 2017: kEUR 799,987) in total.

3.1.10. Derivatives

The S IMMO Group currently uses swaps and caps to manage the interest rate risk in connection with variable-rated property financing. These derivatives were disclosed under other financial assets (31 March 2018: kEUR 1,338; 31 December 2017: kEUR 1,170) and under other financial liabilities (31 March 2018: kEUR 14,745; 31 December 2017: kEUR 17,130). The fair value measurement of

derivatives is based on estimates made by external experts. There were no changes to the applied measurement methods or key input parameters compared with the 2017 annual financial statements. The measurement falls under level 2 of the IFRS 13 fair value hierarchy. Following the methods used as of 31 December 2017, CVAs/DVAs were used for the measurement of derivatives and resulted in minor adjustments of the liabilities from derivatives.

In the first three months of 2018, expenses of kEUR 441 (Q1 2017: kEUR 2,547) were recognised under equity without affecting the income statement. Overall, valuation- and OCI recycling effects had a positive contribution to earnings in the consolidated income statement in the amount of kEUR 1,710 (Q1 2017: kEUR 364).

31 March 2018

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	483,289	486	-14,745
Caps	195,000	852	0
Total	678,289	1,338	-14,745

31 December 2017

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	414,035	322	-17,130
Caps	195,000	848	0
Total	609,035	1,170	-17,130

3.2. Consolidated income statement

3.2.1. Rental income

Rental income by property use type was as follows:

EUR '000	01–03/2018	01–03/2017
Office	8,030	11,249
Residential	6,043	4,981
Retail	9,370	11,505
Hotels	1,148	1,194
	24,591	28,929

The decrease in rental income is due to disposals of the properties Viertel 2 and Serdika in the third quarter of 2017.

3.2.2. Operating costs and expenses from properties and hotel operations

These expenses are almost exclusively expenses related to investment properties. They consist mainly of operating costs, valuation allowances for rents receivable, maintenance expenses and commissions.

The expenses of hotel operations are largely made up of expenses for food, beverages, catering supplies, hotel rooms, licences and management fees, maintenance, operating costs, commissions, personnel expenses and advertising. Both, income and expenses of hotel operations, are subject to seasonal fluctuations.

The average number of employees in the first three months of 2018 was 592 (Q1 2017: 556), including hotel staff. Personnel expenses for the hotels are disclosed under hotel operations.

3.2.3. Gains on property disposals

In the first quarter of 2018, no property was sold.

3.2.4. Financing result

The net financing result was made up as follows:

EUR '000	01–03/2018	01–03/2017
Financing expense	-7,675	-9,383
Financing income	954	851
	-6,721	-8,532

3.2.5. Taxes on income

EUR '000	01–03/2018	01–03/2017
Current tax expense	-1,007	-389
Deferred tax expense	-2,422	-1,400
	-3,429	-1,789

4. Operating segments

Segment reporting for S IMMO Group is based on geographical regions. The assessment and analysis of the regional structure follows the strategic direction, which differentiates between Austria, Germany and CEE. The regions are as follows:

Austria: This operating segment includes all the Group's Austrian subsidiaries, apart from those with property in Germany.

Germany: This operating segment includes the German subsidiaries and also subsidiaries in Denmark and Austria holding properties in Germany.

CEE: This operating segment comprises the subsidiaries in Slovakia, the Czech Republic, Hungary, Bulgaria, Croatia and Romania.

Each division is operated independently of every other division. The chief operating decision maker for the divisions is the CEO.

In preparing and presenting the segment information, the same accounting and valuation policies are applied as for the consolidated financial statements.

EUR '000	Austria		Germany		CEE		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Rental income	4,666	6,848	9,677	8,655	10,248	13,426	24,591	28,929
Revenues from operating costs	1,225	1,793	2,828	2,624	4,884	5,716	8,937	10,133
Revenues from hotel operations	5,353	3,058	0	0	4,661	4,389	10,014	7,447
Total revenues	11,244	11,699	12,505	11,279	19,793	23,531	43,542	46,509
Other operating income	313	286	200	134	40	63	553	483
Property operating expenses	-2,256	-2,970	-6,408	-6,218	-5,774	-7,300	-14,438	-16,488
Hotel operating expenses	-4,673	-3,785	0	0	-3,396	-3,365	-8,069	-7,150
Gross profit	4,628	5,230	6,297	5,195	10,663	12,929	21,588	23,354
Gains on property disposals	0	0	0	0	0	0	0	0
Management expenses	-2,574	-2,150	-1,228	-1,086	-518	-589	-4,320	-3,825
EBITDA	2,054	3,080	5,069	4,109	10,145	12,340	17,268	19,529
Depreciation and amortisation	-1,093	-1,105	-42	-19	-639	-957	-1,774	-2,081
Results from property valuation	1,400	143	3,657	1,907	4,299	7,702	9,356	9,752
EBIT	2,361	2,118	8,684	5,997	13,805	19,085	24,850	27,200
	31.03.2018	31.12.2017	31.03.2018	31.12.2017	31.03.2018	31.12.2017	31.03.2018	31.12.2017
Non-current assets	916,031	759,947	801,046	766,720	649,918	638,075	2,366,995	2,164,742
Non-current liabilities	672,403	512,973	320,349	275,996	325,226	322,607	1,317,978	1,111,576

5. Other obligations and contingent liabilities

In the S IMMO Group, there were a number of open legal disputes as of 31 March 2018. However, in Management's opinion, neither the individual amounts involved nor the total were material.

6. Related party disclosures

For the S IMMO Group, related parties as of 31 March 2018 are as follows:

- S IMMO Group's managing bodies
- Vienna Insurance Group
- RPR Privatstiftung
- Familie Benko Privatstiftung
- Arealis Liegenschaftsmanagement GmbH
- Associated companies and joint venture companies

S IMMO Group's managing bodies are as follows:

S IMMO AG Management Board

- Ernst Vejdovszky, Vienna (CEO)
- Friedrich Wachernig, MBA, Vienna

S IMMO AG Supervisory Board

- Martin Simhandl, Vienna (Chairman)
- Ralf Zeitlberger, Vienna (first deputy chairman)
- Franz Kerber, Graz (second deputy chairman)
- Andrea Besenhofer, Vienna
- Christian Hager, Krems
- Manfred Rapf, Wien
- Wilhelm Rasinger, Vienna

There were the following receivables and payables due to Vienna Insurance Group (2018) and accordingly Vienna Insurance Group and Erste Group (2017) as of 31 March 2018 and as of 31 December 2017:

EUR '000	31.03.2018	31.12.2017
Other receivables	80	3,830
Bank balances	0	60,405
Receivables	80	64,235

EUR '000	31.03.2018	31.12.2017
Non-current bank and financial liabilities	142,406	346,095
Current bank and financial liabilities	9,709	49,368
Trade payables	0	61
Other liabilities	0	1,224
Liabilities	152,115	396,748

There were the following expenses and income in connection with Vienna Insurance Group (2018) and accordingly Vienna Insurance Group and Erste Group (2017) in the first three months of the year and the same period last year:

EUR '000	01-03/2018	01-03/2017
Management fees	0	-73
Bank loan interest, other financing expenses and service charges	-1,004	-4,266
Other expenses	-225	-304
Expenses	-1,229	-4,643

EUR '000	01-03/2018	01-03/2017
Rent and operating costs	0	65
Bank interest	0	50
Other interest income	9	0
Income	9	115

7. Significant events after the balance sheet date

On 09 April 2018, S IMMO was informed that Sparkassen Versicherung AG Vienna Insurance Group had sold its shares in S IMMO AG. According to the shareholding notification dated 18 April 2018, Immofinanz AG has acquired shares in S IMMO AG in the amount of 29.14%. The acquisition is subject to the condition precedent of permissibility/non-prohibition under antitrust and competition law.

Vienna, 29 May 2018

Management Board

Ernst Vejdovszky m. p.

Friedrich Wachernig, MBA m. p.

This Interim Report has been prepared and proofread with the greatest possible care, and the information in it has been checked. Nevertheless, the possibility of rounding errors, errors in transmission, typesetting or printing errors cannot be excluded. Apparent arithmetical errors may be the result of rounding errors caused by software. In the interests of simplicity and readability, the language of this Interim Report is as far as possible gender neutral. Therefore, the terms used refer to people of both genders. This Interim Report contains information and forecasts relating to the future development of S IMMO AG and its subsidiaries. These forecasts are estimates, based on the information available to us at the time the Interim Report was prepared.

Should the assumptions on which the forecasts are based prove to be unfounded, or should events of the kind described in the risk report occur, then the actual outcomes may differ from those currently expected. This Interim Report neither contains nor implies a recommendation either to buy or to sell shares or other financial instruments of S IMMO AG. Past events are not a reliable indicator of future developments. This Interim Report has been prepared in the German language, and only the German language version is authentic. The Interim Report in other languages is a translation of the German Report.

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