



**Interim Report**  
as at 30 June 2016



# Key figures

		01.01.–30.06.2016	01.01.–30.06.2015
Revenues	EUR m	95.3	92.2
whereof rental income and revenues from hotel operations	EUR m	76.8	75.5
EBITDA	EUR m	43.0	43.1
EBIT	EUR m	145.9	48.9
EBT	EUR m	107.3	26.9
Net income for the period	EUR m	85.5	20.9
Total assets	EUR m	2,228.3	1,905.0
Equity	EUR m	710.4	589.5
Liabilities	EUR m	1,517.9	1,315.5
Equity ratio	in %	32	31
Operating cash flow	EUR m	42.2	39.5
Cash flow from investing activities	EUR m	-27.4	-45.6
Cash flow from financing activities	EUR m	15.2	-25.0
Cash and cash equivalents as at 30 June	EUR m	80.1	47.7
NOI margin	in %	51.6	53.5
FFO I	EUR m	19.0	17.9
FFO II	EUR m	19.6	20.1
Earnings per share	EUR	1.27	0.30
Book value per share	EUR	10.30	8.44
Share price discount to book value per share	in %	18	12
Operating cash flow per share	EUR	0.63	0.59
Property portfolio	EUR m	2,091.1	1,793.1
whereof properties under construction	EUR m	12.4	14.8

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## Dear shareholders,

"Berlin is more a part of the world than a city," said the German writer Jean Paul way back in the early 19<sup>th</sup> century. More than 200 years later, this statement is truer than ever. Berlin's importance as a major European city is constantly growing – and its property market is among the beneficiaries. This development is a key factor in our net income for the first half of this year. Valuation gains, which mainly stem from our Germany portfolio, have already exceeded the level of the previous year after the first six months. We now have realised some of these valuation gains: Around 20% of our space in Germany was sold. At the same time, we have carried out further investments in Germany.

In the entire portfolio, valuation gains amounted to EUR 106.9m as at 30 June 2016. As a result, we increased EBIT to EUR 145.9m and net income for the period to EUR 85.5m.

### Capital market

The S IMMO share remained in a range between EUR 8.20 and EUR 9.00 in the first half-year. In a challenging environment – mainly dominated by Brexit – our share closed at EUR 8.40 on 30 June 2016, thus having gained 2.44% since the beginning of this year (excluding dividend). It therefore significantly outperformed the ATX and IATX once again.

Based on the highly successful results for 2015, we increased the dividend for the fourth time in a row to EUR 0.30 per share, enabling our investors to participate in our company's success once more.

### Outlook for the second half of the year

We are also extremely optimistic for the second half of the year and are working intensively on development projects and value-enhancement measures right across our portfolio. In Bucharest, the scheduled refurbishment of our shopping centre Sun Plaza is under way and the start of construction of the office property The Mark is imminent.



Ernst Vejdovszky (left), Friedrich Wachernig (right)

In Vienna, we recently completed the first part of an extensive renovation of the Vienna Marriott Hotel and laid the cornerstone for one site at Quartier Belvedere Central at the new Vienna Central Station in conjunction with our partners. Our project pipeline is supplemented by further projects in Berlin, Bratislava and Vienna.

Several hugely busy quarters lie ahead in which we aim to extend, develop and optimise our portfolio. This is in keeping with our underlying strategy and our overriding goal of creating value for you, our shareholders.

The Management Board team



Ernst Vejdovszky

Friedrich Wachernig

# S IMMO on the capital market

The Brexit vote by the UK on 23 June was the defining event on the financial markets in the first half of 2016. On the day after the referendum, European stock markets recorded their biggest losses since the start of the financial crisis. For instance, the German DAX index was down around 5.4% by the close of trading. Losses on the stock market peaked at around 8% in London and Paris, and just under 10% in Vienna. Only Wall Street posted a contained loss at 3.4%.

At the end of the quarter on 30 June, the DAX closed well below the highs of the previous year at 9,680.09 points – a drop of 9.89%. The Austrian ATX index lost 12.55%, ending the half-year at 2,095.96 points. By contrast, the IATX, which tracks all Austrian property shares, posted a lower decline of 3.04%, closing at 228.62 points.

## Share price development

indexed (01 January 2016 to 30 June 2016)



### The S IMMO share

S IMMO continues to benefit from the current low interest rates. Capital is available cheaply, making property projects easier to finance. At the end of May, the share price briefly reached EUR 9.00 for the first time since 2007. Despite the turbulent environment on the stock markets, the S IMMO share stood at EUR 8.40 at the end of the quarter, having gained 2.44% (ex dividend).

S IMMO increased the dividend for its shareholders for the fourth time in a row. The payout for 2015 was 30 cents per share. This equates to a dividend yield of over 3.6% in relation to the closing price on 31 December 2015. The payment was made on 10 June 2016.

At the end of June, S IMMO enjoyed double success at the Vienna Stock Exchange awards ceremony. The company came in second in the small and mid cap as well as corporate bond categories. S IMMO regards this as clear affirmation of its activities on the capital market.

### Share indicators

		30 June 2016	30 June 2015
Closing price	EUR	8.400	7.450
Average daily turnover for the first half-year	shares	104,000	67,000
Earnings per share (EPS) for the first half-year	EUR	1.27	0.30
Book value per share	EUR	10.30	8.44
Share price discount to book value per share	in %	18	12
EPRA NAV per share	EUR	12.99	10.26
Share price discount to EPRA NAV per share	in %	35	27
EPRA NNNAV per share	EUR	10.48	8.74
FFO I per share for the first half-year	EUR	0.29	0.27
FFO II per share for the first half-year	EUR	0.29	0.30
Dividend per share*	EUR	0.30	0.24

\* The dividend that was distributed in 2016 and 2015 relates to the preceding financial year.

### S IMMO share performance

ISIN	AT0000652250
One year	12.75%
Three years, p.a.	21.11%

### S IMMO share information

ISIN	AT0000652250/SPI
Ticker symbols	Reuters: SIAG.VI Bloomberg: SPI:AV
Market	Vienna Stock Exchange
Market segment	Prime Market
Index	GPR General/IATX
Market capitalisation (30 June 2016)	EUR 562.10m
Number of shares (30 June 2016)	66,917,179
Market maker	Erste Group/Hauck&Aufhäuser/ Baader Bank
Initial listing	28 June 2002

### S IMMO INVEST participating certificate performance

ISIN	AT0000795737	AT0000630694
One year	10.66%	10.61%
Three years, p.a.	11.30%	11.26%

### Participating certificate information

ISIN	AT0000795737 (initial listing 1996) AT0000630694 (initial listing 2004)
Ticker symbols	Reuters: SIMIg.VI Bloomberg: SIIG:AV
Market	Vienna Stock Exchange
Market segment	other securities.at
Market capitalisation (30 June 2016)	EUR 54.03m
Number of participating certificates (30 June 2016)	588,985 (tranche I) 118,205 (tranche II)

in EUR	S IMMO share price AT0000652250	S IMMO INVEST price AT0000795737	S IMMO INVEST price AT0000630694	ATX	IATX
30 June 2015	7.450	84.000	84.000	2,411.77	214.49
31 December 2015	8.200	85.000	85.000	2,396.94	235.81
30 June 2016	8.400	89.000	89.000	2,095.96	228.62

### Investor relations activities

S IMMO AG's 27<sup>th</sup> Annual General Meeting was held on 03 June 2016 at the Vienna Marriott Hotel. The actions of the Management Board and the resolution on the appropriation of retained earnings for 2015 were unanimously approved.

The Management Board and the IR team attended investor conferences and roadshows in Zürs, Hamburg, London and Zurich over the course of the reporting period. In addition, S IMMO held a property tour in Berlin to give existing and potential investors an impression of S IMMO properties.

### 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
AT0000A1DWK5	20 April 2027	3.25%	65,000.00

# Interim Management Report

## Economic overview

The eurozone economy continues to grow moderately. According to the statistics agency Eurostat, the gross domestic product expanded by 0.3% in the second quarter of 2016. Although this is lower than the 0.6% posted in the first quarter, the first half of the year was one of the stronger first halves since the financial crisis.

The Institute for Advanced Studies (IHS) believes that the consequences of Great Britain's exit from the EU pose the biggest risk for the European economy. A long and pronounced recession in the United Kingdom could have a significant negative impact on the country's main trading partners. The EU's political and eco-

nomie problems – including the debt crisis, the completion of the banking union and the refugee policy – may also create further uncertainty among economic players.

In Austria, Oesterreichische Nationalbank (OeNB) projects a moderate economic upswing in its current forecast. Economic growth has come in below 1% in each of the past four years, but is expected to accelerate to 1.6% this year. The Austrian Institute of Economic Research (WIFO) even projects an economic expansion of 1.7%. For 2017 and 2018, OeNB expects economic growth of 1.5%.

## Real estate market overview

### Austria

In the second quarter of 2016, total leasing activity on the Viennese office market amounted to 61,000 m<sup>2</sup> – a plus of 36% year-on-year. At roughly 6,000 m<sup>2</sup>, the completion of new space remained at a very low level. This as well as the stable leasing activity caused the vacancy rate to decline to 6.0%. More completions are expected for the second half of 2016. All of them are, however, either owner-occupied or already pre-let.

### Germany

Berlin's office market has higher demand than ever before. In terms of take-up, the German capital currently lies ahead of Munich and Hamburg. In the first half of 2016, total leasing activity amounted to 407,500 m<sup>2</sup>, of which 180,100 m<sup>2</sup> occurred in the second quarter. This is the highest half-year take-up since records have started and a gain of 17% compared with the corresponding period last year. Almost one third of the office space take-up was attributable to the technology, media and

telecommunications sector (TMT). Berlin's typical loft-type space was especially sought after. The high take-up and the low completion level led to a 1.5 percentage point drop in the vacancy rate to the current 6.0%. In the second half of 2016, 240,000 m<sup>2</sup> of new space is expected to be completed, but only one fifth is still available on the market. The outlook is still very positive: Another record year is realistic and the scarcity of space is expected to cause vacancy rates to fall and rents to rise.

The prices on Berlin's residential market rose again in the second quarter of 2016. Prices for existing freehold flats recorded a substantial plus year-on-year while newly built freehold flats saw a less significant increase. Starting from a rather low level, the rents in Berlin are still on the upswing. Nevertheless, experts forecast only moderate increases for the coming years, especially in the coveted city locations.

	Prime rents (EUR/m <sup>2</sup> /month)				Prime gross yields (%)				Total leasing activity (m <sup>2</sup> )		Vacancy rate (%)	
	HY 2016 Office	HY 2015 Office	HY 2016 Retail	HY 2015 Retail	HY 2016 Office	HY 2015 Office	HY 2016 Retail	HY 2015 Retail	HY 2016 Office	HY 2015 Office	HY 2016 Office	HY 2015 Office
Berlin	26.00 <sup>1</sup>	23.00 <sup>1</sup>	335.00 <sup>1</sup>	330.00 <sup>1</sup>	3.75 <sup>1</sup>	4.40 <sup>1</sup>	3.75 <sup>1</sup>	3.90 <sup>1</sup>	407,500 <sup>5</sup>	336,800 <sup>5</sup>	6.0 <sup>5</sup>	7.5 <sup>5</sup>
Bratislava	16.00 <sup>1</sup>	16.00 <sup>1</sup>	55.00 <sup>1*</sup>	55.00 <sup>1*</sup>	6.90 <sup>1</sup>	7.00 <sup>1</sup>	6.00 <sup>1*</sup>	6.90 <sup>1*</sup>	117,946 <sup>7</sup>	77,005 <sup>7</sup>	7.4 <sup>7</sup>	11.8 <sup>7</sup>
Bucharest	18.50 <sup>1</sup>	18.50 <sup>1</sup>	60.00 <sup>1*</sup>	60.00 <sup>1*</sup>	7.50 <sup>1</sup>	7.50 <sup>1</sup>	7.25 <sup>1*</sup>	7.75 <sup>1*</sup>	205,700 <sup>6</sup>	131,000 <sup>6</sup>	11.9 <sup>6</sup>	12.9 <sup>6</sup>
Budapest	22.00 <sup>1</sup>	20.00 <sup>1</sup>	100.00 <sup>1*</sup>	90.00 <sup>1*</sup>	6.75 <sup>1</sup>	7.25 <sup>1</sup>	6.75 <sup>1*</sup>	7.00 <sup>1*</sup>	213,582 <sup>4</sup>	277,500 <sup>4</sup>	10.3 <sup>4</sup>	14.2 <sup>4</sup>
Sofia	13.00 <sup>2</sup>	12.50 <sup>2</sup>	28.00 <sup>3*</sup>	20.00 <sup>3*</sup>	8.50 <sup>2</sup>	8.75 <sup>2</sup>	8.75 <sup>3*</sup>	9.25 <sup>3*</sup>	56,255 <sup>2</sup>	54,409 <sup>2</sup>	23.7 <sup>2</sup>	24.8 <sup>2</sup>
Vienna	26.00 <sup>1</sup>	25.75 <sup>1</sup>	310.00 <sup>1</sup>	310.00 <sup>1</sup>	4.10 <sup>1</sup>	4.55 <sup>1</sup>	3.60 <sup>1</sup>	3.90 <sup>1</sup>	124,000 <sup>8</sup>	106,000 <sup>8</sup>	6.0 <sup>8</sup>	6.5 <sup>8</sup>
Zagreb	14.00 <sup>1</sup>	14.00 <sup>1</sup>	22.00 <sup>1*</sup>	22.00 <sup>1*</sup>	8.05 <sup>1</sup>	8.05 <sup>1</sup>	8.00 <sup>1*</sup>	8.00 <sup>1*</sup>	15,000 <sup>9</sup>	28,334 <sup>9</sup>	15.9 <sup>9</sup>	16.4 <sup>9</sup>

\* Data for shopping centres; data for remainder of the locations is for high street retail.

<sup>1</sup> CBRE, Market View, EMEA Rents and Yields, Q2 2015/Q2 2016

<sup>2</sup> Cushman & Wakefield / Forton, Bulgarian office market, Q2 2015/Q2 2016

<sup>3</sup> Cushman & Wakefield / Forton, Bulgarian retail market, Q2 2015/Q2 2016

<sup>4</sup> Budapest Research Forum, press release, Q2 2015/Q2 2016

<sup>5</sup> CBRE, Market View, Berlin office market, Q2 2015/Q2 2016

<sup>6</sup> CBRE, Market View, Bucharest office market, Q2 2015/Q2 2016

<sup>7</sup> CBRE, Market View, Bratislava office market, Q2 2015/Q2 2016

<sup>8</sup> CBRE, Market View, Vienna office market, Q2 2015/Q2 2016

<sup>9</sup> CBRE, Market View, Zagreb office market, Q2 2015/Q2 2016

## Central Europe (CEE)

In the second quarter, 202 lease agreements with an average deal size of 639 m<sup>2</sup> were signed on the Budapest office market. While only one office building was delivered to the market, the vacancy rate further declined to 10.3%, which is the lowest level since the financial crisis. Demand was 53% higher than in the previous quarter, amounting to 129,172 m<sup>2</sup>. With a 51% share, renewals were the major driver of demand followed by new deals at 37%, expansions at 8% and pre-leases at 4%.

On the Bratislava office market, the vacancy rate decreased from 7.9% to 7.4% in the second quarter of 2016. This development was mainly caused by the persistent leasing activity and limited completions during the past quarters. At 66,519 m<sup>2</sup>, leasing activity in the second quarter of 2016 surpassed the first

quarter by almost 30%. Total leased space in the first half of 2016 amounted to 117,946 m<sup>2</sup>, which is a plus of 34% year-on-year. Within the next three years, up to 249,000 m<sup>2</sup> will be at tenants' disposal, with almost half of it being already pre-leased.

## Southeastern Europe (SEE)

With leasing activity of 100,700 m<sup>2</sup>, the Bucharest office market recorded a stable second quarter 2016. Total take-up for the first half of 2016 amounted to 205,700 m<sup>2</sup> – a plus of 40% year-on-year. The vacancy rate decreased again from 12.3% to 11.9%. After the 75,000 m<sup>2</sup> delivered in the first quarter, another 80,600 m<sup>2</sup> of new office space came onto the market in the second quarter of 2016. A further 234,000 m<sup>2</sup> is expected to be delivered by the end of the year, 25% of which is already pre-let.

Sources: Austrian Institute of Economic Research (WIFO), Bank Austria, Budapest Research Forum, CBRE, Cushman & Wakefield, Deutsche Bundesbank, Der Standard, Die Presse, Frankfurter Allgemeine Zeitung, Forton, Handelsblatt, IMX June 2016 – The real estate index by ImmobilienScout24, Institute for Advanced Studies (IHS), International Monetary Fund (IMF), JLL, Kreditanstalt für Wiederaufbau (KfW), Oesterreichische Nationalbank (OeNB), Vienna Institute for International Economic Studies (WIIW)

The Bucharest retail market recorded sales growth of 16.8% in the first five months of 2016. Retailers remain highly selective, focusing mainly on the best-performing shopping centres.

In the second quarter of 2016, Sofia's office market recorded a 6% increase in take-up to 34,067 m<sup>2</sup>. The main drivers of this development were several large renegotiations. With less than 7,000 m<sup>2</sup> of new space in the second quarter, the market con-

tinued to grow slowly. The vacancy rate once again decreased and stood at 23.7% at the end of the quarter.

There were no shopping centre openings in Sofia in the second quarter of 2016. The retail market therefore remained driven by tenant mix improvements in the existing schemes. The Polish shoe brand CCC continued its expansion with a new store in S IMMO's Serdika Center.

## Business development and performance

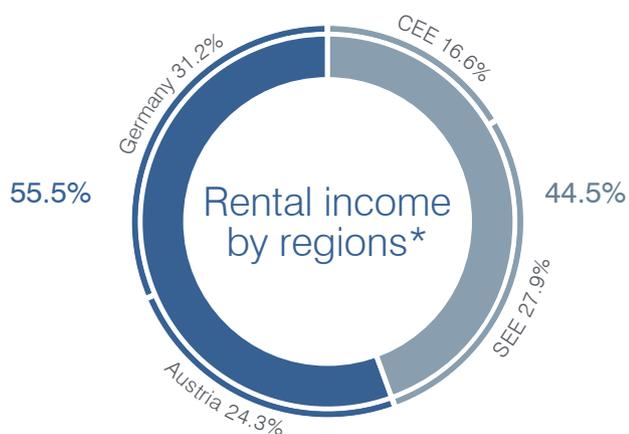
### Property portfolio

As at 30 June 2016, S IMMO's property portfolio consisted of 228 (31 December 2015: 222) properties with a book value (including properties held for sale) of EUR 2,091.1m (31 December 2015: EUR 1,960.6m) and total usable space of around 1.3 million m<sup>2</sup> (31 December 2015: 1.2 million m<sup>2</sup>). In the reporting period, the occupancy rate was 93.3% (31 December 2015: 92.7%). The overall rent yield amounted to 6.2% (31 December 2015: 6.7%).

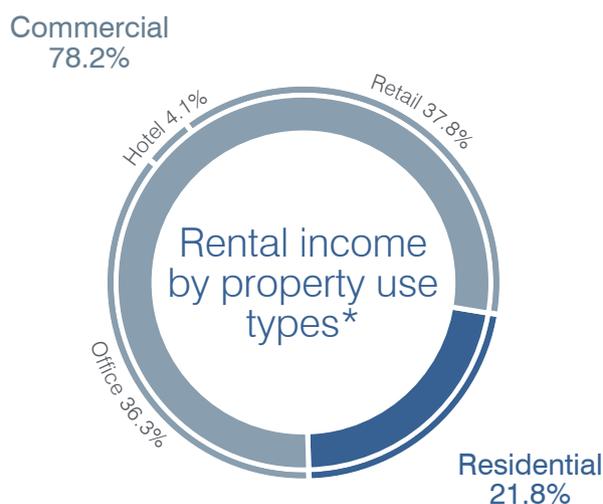
The properties are situated in the developed markets of Austria and Germany as well as in the growth markets of Central Europe

(the Czech Republic, Slovakia and Hungary) and Southeastern Europe (Romania, Bulgaria and Croatia). In terms of book value, 64.7% (31 December 2015: 62.7%) of the properties were in Austria and Germany and 35.3% (31 December 2015: 37.3%) in CEE and SEE as at 30 June 2016.

In terms of use type, 72.4% (31 December 2015: 75.8%) of the portfolio by book value consisted of commercial properties (office, retail and hotel) and a further 27.6% (31 December 2015: 24.2%) was attributable to residential properties.



\* Not including Vienna Marriott Hotel and Budapest Marriott Hotel



\* Not including Vienna Marriott Hotel and Budapest Marriott Hotel

## Performance – summary

The first six months of 2016 were extremely successful for S IMMO. The performance achieved was due in particular to revaluation gains, which increased to EUR 106.9m in the first half of 2016 (HY 2015: EUR 9.7m). This was largely attributable to the dynamic development of the German property market. Key indicators such as EBIT, EBT and net income for the period increased significantly compared with the same period of the previous year. EBIT climbed to EUR 145.9m (HY 2015: EUR 48.9m), EBT totalled EUR 107.3m (HY 2015: EUR 26.9m) and net income for the period amounted to EUR 85.5m (HY 2015: EUR 20.9m). Earnings per share also developed positively, amounting to EUR 1.27 (HY 2015: EUR 0.30).

## Gross profit

S IMMO's total income for the first half of 2016 amounted to EUR 95.3m, thereby increasing compared with the same period of the previous year (HY 2015: EUR 92.2m). The rental income contained therein reflected the property purchases made since the beginning of 2015 and amounted to EUR 58.5m (HY 2015: EUR 54.6m).

Broken down by region, rental income for the first six months of 2016 was as follows: Austria and Germany 55.5% (HY 2015: 52.5%), CEE and SEE 44.5% (HY 2015: 47.5%). Broken down by use type, commercial properties (office, retail and hotel) contributed 78.2% (HY 2015: 81.3%), while residential properties accounted for 21.8% (HY 2015: 18.7%).

Revenues from hotel operations (revenues from the Vienna and Budapest Marriott Hotels, both operated under management agreements) declined to EUR 18.3m (HY 2015: EUR 20.9m). This was due to the overhaul of the Vienna Marriott Hotel, which resulted in a temporary reduction in room occupancy in the first half of the year. Gross profit from hotel operations consequently decreased to EUR 3.5m (HY 2015: EUR 5.0m) and is expected to return to a significantly higher level in the second half of the year, when no significant renovation work is planned. The hotel industry is also subject to seasonal fluctuations, which is why profit from hotel operations varies as the year progresses.

Property management expenses amounted to EUR 31.2m in the first half of the year (HY 2015: EUR 27.0m). Gross profit amounted to EUR 50.5m (HY 2015: EUR 50.7m).

## Successful property transactions

Between 30 June and the time of going to press, S IMMO concluded contracts for the sale of part of its German property portfolio encompassing around 1,500 residential units in Berlin and Hamburg. The buyers of these properties, which are concentrated in Berlin, are Deutsche Investment and EB Gruppe. In terms of space, the transaction volume accounts for around one third of S IMMO's German residential portfolio. In the interim financial statements as at 30 June, this transaction was reflected primarily in revaluation gains. The cash inflow from the transaction and a positive non-cash effect from the reversal of deferred tax liabilities are expected to be recognised in the second half of the year. The effects of the deferred tax reversal is anticipated to impact the book value per share in the amount of approximately EUR 0.35. The sale of a single property in Berlin was also closed in July. The properties involved in the above transactions are reported as "held for sale" in these financial statements for the first half of the year.

At the same time, S IMMO was also active in terms of acquisitions in the first half-year 2016: In Germany, six properties were purchased for a total price of EUR 9.2m. In addition, by the time of going to press, purchases with a total property price of EUR 54.1m were contractually agreed. The S IMMO Group will not obtain ownership of the purchased properties until after 30 June 2016.

Disposal gains of kEUR 786 (HY 2015: kEUR 5) resulted from the sale of an apartment in Vienna and shares in a Slovakian project company.

## EBITDA and EBIT

EBITDA amounted to EUR 43.0m in the first half of 2016 (HY 2015: EUR 43.1m). Due to the temporarily lower level of profit from hotel operations (overhaul of the Vienna Marriott Hotel), there was no increase compared with the first half of 2015.

Revaluation gains enjoyed extremely strong growth, amounting to EUR 106.9m as at 30 June 2016 (HY 2015: EUR 9.7m). In addition to the dynamic development in Germany, both Austria and CEE (Hungarian office properties) made a contribution to this positive result. As at 30 June 2016, the EPRA net initial yield amounted to 5.0% (31 December 2015: 5.5%).

Overall, EBIT increased significantly year-on-year to EUR 145.9m (HY 2015: EUR 48.9m).

**Financial result**

The financial result including the participating certificates amounted to EUR -38.6m as at 30 June 2016 (HY 2015: EUR -22.0m). Although cash-effective interest payments fell as a result of the previous year's restructuring of interest rate hedges, non-cash derivative valuation effects deteriorated. The financial result was additionally influenced by interest on the bonds issued in the second quarter of 2015.

**Development of EBT, net income for the period and earnings per share**

EBT amounted to EUR 107.3m, up significantly from the same period of the previous year (HY 2015: EUR 26.9m). As a result of the effects described above, net profit for the period increased to EUR 85.5m (HY 2015: EUR 20.9m). Earnings per share again improved to EUR 1.27 (HY 2015: EUR 0.30).

**Funds from operations (FFO)**

FFO I, which is a key indicator for the operating performance of a property company and does not include the sale of standing properties, rose by 6.5% to EUR 19.0m as at 30 June 2016 (HY 2015: EUR 17.9m). FFO I is calculated on the basis of net income for the period, adjusted for non-cash tax expenses of EUR 21.1m (HY 2015: EUR 2.4m), depreciation and amortisation of EUR 4.0m (HY 2015: EUR 3.8m), income from property valuation of EUR 106.9m (HY 2016: EUR 9.7m) and other effects on income, including from interest rate hedges and exchange rate differences, of EUR 15.3m (HY 2015: EUR 0.3m). The participating certificates are reflected by including the share of profits accruing over the year, rather than the annual distribution.

FFO II, which includes gains on property sales and valuation gains on properties sold in the current year, amounted to EUR 19.6m in the first six months of 2016 (HY 2015: EUR 20.1m).

**Consolidated statement of financial position**

S IMMO Group's total assets increased from EUR 2,067.4m as at 31 December 2015 to EUR 2,228.3m as at 30 June 2016. Cash and cash equivalents amounted to EUR 80.1m as at 30 June 2016 (31 December 2015: EUR 50.7m).

In the first half of 2016, equity excluding minorities rose to EUR 687.1m (31 December 2015: EUR 623.3m). As a result, the equity ratio improved to 31.9% (31 December 2015: 31.3%) and the book value per share increased to EUR 10.30 as at 30 June 2016 (31 December 2015: EUR 9.34).

**Financing**

One key indicator for assessing the financing structure is the loan-to-value ratio (LTV ratio). S IMMO differentiates between two types of this key indicator: the LTV ratio for financing secured by properties (mortgages) and the LTV ratio for unsecured financing. The latter relates primarily to the bonds issued by S IMMO AG.

S IMMO's reported property assets (including properties held for sale) amounted to EUR 2,091.1m as at 30 June 2016 (31 December 2015: EUR 1,960.6m). The LTV ratio for financing secured by properties came to 44.1% in the reporting period (31 December 2015: 43.7%).

The LTV ratio for unsecured financing less cash and cash equivalents amounted to 14.6% in the reporting period (31 December 2015: 16.9%). The overall LTV ratio of the company improved to 58.7% (31 December 2015: 60.6%). The calculation method for these two key indicators is described in detail in the 2015 annual report (starting on page 44).

**Related party disclosures**

More information on related parties can be found in the notes to the consolidated interim financial statements on page 26.

## Risk management report

The complete risk management report of S IMMO AG and the assessment of potential risks for the current financial year are set out in detail in the 2015 annual report (starting on page 44). This section deals mainly with potential risks in the coming months.

On 23 June 2016, the United Kingdom voted to leave the European Union. Brexit, as the UK's withdrawal from the EU is known, is expected to lead to a slowdown in economic growth both within and outside Europe – at least in the coming year. The capital markets have already been showing signs of uncertainty ever since the announcement of the referendum.

Alongside the current geopolitical developments around the world, Brexit is one of the biggest sources of uncertainty at

present. The wide-ranging impact of the referendum is still difficult to estimate. The next few months will start to reveal the consequences of these events for both the European Union and the United Kingdom.

However, the potential risks are offset by positive developments: We are continuing to see very strong performance on the Berlin property market thanks to the strong influx and the growing number of new companies, particularly in the technology and creative sectors.

S IMMO counters the risks with careful risk monitoring and a responsible risk policy. In addition, sufficient accounting provisions are made for potential risks.

## Outlook

Building on an extremely successful first quarter, we enjoyed positive development in the first half of 2016, benefiting in particular from the dynamic growth on the German property market. As we cannot judge whether and for how long this growth trend will continue, we have decided to sell some of our residential properties in Germany in line with our cycle-oriented strategy. However, Germany will remain an important market for S IMMO, and we believe that office property in particular offers considerable potential at present.

We also have a number of development projects on our agenda. In Bucharest, we are starting the development of a promising office property called The Mark. The refurbishment of our shopping centre Sun Plaza is proceeding according to plan. In our home market Vienna, S IMMO is involved in development

work at Quartier Belvedere Central, where the cornerstone for the QBC 3 project (a seven-storey office property) was laid on 24 June 2016.

The extension of Friedrich Wachernig's Management Board contract to 2019 by the Supervisory Board of S IMMO AG is another encouraging development. In addition to continuity in the management team, a further systematic reduction in financing costs is one of the reasons for S IMMO's current success. The market positioning of the S IMMO share as a sustainable dividend-paying stock corresponds to the long-term strategy of the company. Securing low interest rates for the next ten years by concluding derivatives was another important move in terms of taking advantage of positive effects.

# Consolidated statement of financial position

as at 30 June 2016

Assets EUR '000	NOTES	30 June 2016	31 December 2015
<b>Non-current assets</b>			
Investment properties			
Rental properties	3.1.1.	1,730,717	1,826,403
Properties under development and undeveloped land	3.1.1.	12,362	16,201
		<b>1,743,079</b>	<b>1,842,604</b>
Owner-operated properties	3.1.2.	126,437	118,044
Other plant and equipment		5,658	5,165
Intangible assets		195	210
Interests in companies measured at equity		7,518	5,112
Group interests	3.1.3.	777	777
Loans to companies measured at equity	3.1.3.	7,287	6,230
Other financial assets	3.1.3.	2,308	4,533
Deferred tax assets		7,364	7,521
		<b>1,900,623</b>	<b>1,990,196</b>
<b>Current assets</b>			
Inventories	3.1.4.	581	1,444
Trade receivables		9,300	10,984
Other financial assets	3.1.3.	5,248	5,205
Other assets		10,133	8,843
Cash and cash equivalents	3.1.5.	80,056	50,684
		<b>105,318</b>	<b>77,160</b>
Assets held for sale	3.1.6.	222,384	0
		<b>327,702</b>	<b>77,160</b>
		<b>2,228,325</b>	<b>2,067,356</b>

## Equity and liabilities EUR '000

NOTES

30 June 2016

31 December 2015

		30 June 2016	31 December 2015
<b>Shareholders' equity</b>			
Share capital		242,453	242,453
Capital reserves		72,030	72,030
Other reserves		372,592	308,781
		<b>687,075</b>	<b>623,264</b>
Non-controlling interests	3.1.7.	23,341	23,331
		<b>710,416</b>	<b>646,595</b>
<b>Non-current liabilities</b>			
Subordinated participating certificate capital	3.1.8.	54,710	55,959
Issued bonds	3.1.9.	287,075	286,935
Other financial liabilities	3.1.10.	804,662	792,062
Provisions		2,056	3,648
Other liabilities		31	28
Deferred tax liabilities		95,406	109,639
		<b>1,243,940</b>	<b>1,248,271</b>
<b>Current liabilities</b>			
Financial liabilities	3.1.10.	142,442	132,482
Income tax liabilities		1,618	1,277
Provisions		495	395
Trade payables		5,775	6,502
Other liabilities		35,607	31,834
		<b>185,937</b>	<b>172,490</b>
Liabilities relating to assets held for sale	3.1.6.	88,032	0
		<b>273,969</b>	<b>172,490</b>
		<b>2,228,325</b>	<b>2,067,356</b>

# Consolidated income statement

for the six months ended 30 June 2016

EUR '000	NOTES	01 – 06 / 2016	01 – 06 / 2015
<b>Revenues</b>			
Rental income	3.2.1.	58,497	54,632
Revenues from operating costs		18,430	16,703
Revenues from hotel operations	3.1.2.	18,331	20,864
		<b>95,258</b>	<b>92,199</b>
<b>Other operating income</b>			
		<b>1,338</b>	<b>1,382</b>
Expenses directly attributable to properties	3.2.2.	-31,217	-27,003
Hotel operating expenses	3.2.2.	-14,855	-15,854
<b>Gross profit</b>		<b>50,524</b>	<b>50,724</b>
Income from property disposals		3,932	15,943
Book value of property disposals		-3,146	-15,938
<b>Gains on property disposals</b>	3.2.3.	<b>786</b>	<b>5</b>
Management expenses		-8,341	-7,659
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>42,969</b>	<b>43,070</b>
Depreciation and amortisation		-4,042	-3,834
Results from property valuation	3.2.4.	106,928	9,675
<b>Operating result (EBIT)</b>		<b>145,855</b>	<b>48,911</b>
Financing cost	3.2.5.	-36,376	-22,319
Financing income	3.2.5.	1,070	739
Results from companies measured at equity	3.2.5.	-10	1,021
Participating certificates result	3.1.8.	-3,272	-1,434
<b>Net income before tax (EBT)</b>		<b>107,267</b>	<b>26,918</b>
Taxes on income	3.2.6.	-21,740	-5,994
<b>Consolidated net income for the period</b>		<b>85,527</b>	<b>20,924</b>
of which attributable to shareholders in parent company		84,611	19,917
of which attributable to non-controlling interests		916	1,007
<b>Earnings per share</b>			
undiluted = diluted		<b>1.27</b>	<b>0.30</b>

# Consolidated statement of comprehensive income

for the six months ended 30 June 2016

EUR '000	01 – 06 / 2016	01 – 06 / 2015
<b>Consolidated net income for the period</b>	<b>85,527</b>	20,924
Change in value of cash flow hedges	-6,700	2,562
Income tax on cash flow hedges	1,591	-303
Reclassification of derivative valuation effects	3,014	2,718
Foreign exchange rate differences	153	-239
<b>Other comprehensive income for the period (realised through profit or loss)</b>	<b>-1,942</b>	4,738
<b>Total comprehensive income for the period</b>	<b>83,585</b>	25,662
of which attributable to shareholders in parent company	82,787	24,264
of which attributable to non-controlling interests	798	1,398

# Consolidated income statement

for the three months ended 30 June 2016

EUR '000	NOTES	04-06/2016	04-06/2015
<b>Revenues</b>			
Rental income	3.2.1.	29,264	27,448
Revenues from operating costs		8,530	8,236
Revenues from hotel operations	3.1.2.	11,156	12,200
		<b>48,950</b>	<b>47,884</b>
<b>Other operating income</b>		<b>795</b>	<b>847</b>
Expenses directly attributable to properties	3.2.2.	-15,140	-12,920
Hotel operating expenses	3.2.2.	-8,031	-8,414
<b>Gross profit</b>		<b>26,574</b>	<b>27,397</b>
Income from property disposals		2,564	9,200
Book value of property disposals		-2,314	-9,200
<b>Gains on property disposals</b>	3.2.3.	<b>250</b>	<b>0</b>
Management expenses		-4,110	-3,983
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>22,714</b>	<b>23,414</b>
Depreciation and amortisation		-2,171	-1,946
Results from property valuation	3.2.4.	69,984	8,889
<b>Operating result (EBIT)</b>		<b>90,527</b>	<b>30,357</b>
Financing cost	3.2.5.	-16,283	-9,270
Financing income	3.2.5.	313	-3,509
Results from companies measured at equity	3.2.5.	-74	189
Participating certificates result	3.1.8.	-1,885	-443
<b>Net income before tax (EBT)</b>		<b>72,598</b>	<b>17,324</b>
Taxes on income	3.2.6.	-14,661	-4,475
<b>Consolidated net income for the period</b>		<b>57,937</b>	<b>12,849</b>
of which attributable to shareholders in parent company		57,609	12,442
of which attributable to non-controlling interests		328	407
<b>Earnings per share</b>			
undiluted = diluted		<b>0.87</b>	<b>0.19</b>

# Consolidated statement of comprehensive income

for the three months ended 30 June 2016

EUR '000	04-06/2016	04-06/2015
<b>Consolidated net income for the period</b>	<b>57,937</b>	12,849
Change in value of cash flow hedges	-1,663	2,488
Income tax on cash flow hedges	392	-339
Reclassification of derivative valuation effects	1,453	1,291
Foreign exchange rate differences	414	2,172
<b>Other comprehensive income for the period (realised through profit or loss)</b>	<b>596</b>	5,612
<b>Total comprehensive income for the period</b>	<b>58,533</b>	18,461
of which attributable to shareholders in parent company	58,156	17,639
of which attributable to non-controlling interests	377	822

# Consolidated cash flow statement

for the six months ended 30 June 2016

EUR '000	01 – 06 / 2016	01 – 06 / 2015
Operating cash flow	42,174	39,504
Changes in net current assets	-119	4,120
Cash flow from operating activities	42,055	43,624
Cash flow from investing activities	-27,411	-45,619
Cash flow from financing activities	15,195	-24,997
<b>Total</b>	<b>29,839</b>	<b>-26,992</b>
Cash and cash equivalents as at 01 January	50,684	74,697
Reclassification of cash and cash equivalents to "assets held for sale"	-467	0
Cash and cash equivalents as at 30 June	80,056	47,705
<b>Net change in cash and cash equivalents</b>	<b>29,839</b>	<b>-26,992</b>

# Changes in consolidated equity

EUR '000	Share capital	Capital reserves	Foreign currency translation reserve	Hedge accounting reserve	Other reserves	Sub-total S IMMO share-holders	Non-controlling interests	Total
<b>As at 01 January 2016</b>	242,453	72,030	-16,536	-20,356	345,673	623,264	23,331	646,595
Consolidated net income for the period	0	0	0	0	84,611	84,611	916	85,527
Other comprehensive income	0	0	153	-1,977	0	-1,824	-118	-1,942
Repurchase of own shares	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	1,042	1,042	-788	254
Distribution <sup>1</sup>	0	0	0	0	-20,018	-20,018	0	-20,018
<b>As at 30 June 2016</b>	242,453	72,030	-16,383	-22,333	411,308	687,075	23,341	710,416
<b>As at 01 January 2015</b>	242,775	72,350	-16,473	-26,835	283,580	555,397	25,855	581,252
Consolidated net income for the period	0	0	0	0	19,917	19,917	1,007	20,924
Other comprehensive income	0	0	-239	4,586	0	4,347	391	4,738
Repurchase of own shares	-114	-101	0	0	0	-215	0	-215
Disposals	0	0	0	0	0	0	-1,184	-1,184
Distribution	0	0	0	0	-16,030	-16,030	0	-16,030
<b>As at 30 June 2015</b>	242,661	72,249	-16,712	-22,249	287,467	563,416	26,069	589,485

<sup>1</sup> The dividend disbursement of kEUR 20,018 in 2016 corresponds to a dividend of EUR 0.30 per share (2015: EUR 0.24 per share), and was effected on 10 June 2016.

# 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 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 the Prime Segment beginning in 2007. It has subsidiaries in Austria, Germany, the Czech Republic, Slovakia, Hungary, Croatia, Romania, Bulgaria and Denmark. As at 30 June 2016, S IMMO Group owned properties in all of the aforementioned countries except Denmark. The company focuses on profitable, long-term property investments through the development, purchase,

rental, operation, renovation and sale of buildings and apartments in Austria, Germany and six countries in Central and Southeastern Europe.

Its activities include:

- real estate project development,
- the operation of hotels and shopping centres,
- the refurbishment of existing properties,
- active asset and portfolio management and
- services such as facility management.

## 2. Accounting and valuation policies

### 2.1. Accounting policies

The consolidated interim financial statements for the six months ended 30 June 2016 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 31 December 2015.

In preparing the consolidated interim financial statements for the six months ended 30 June 2016, the accounting and valuation policies applied in the consolidated financial statements for the year ended 31 December 2015 have been applied substantially unchanged.

The financial statements for the six months ended 30 June 2016 were neither reviewed nor audited by a financial auditor.

The accounting policies of all companies included in consolidation are based on the uniform accounting regulations of S IMMO Group. The financial year for all companies is the year ending on 31 December. In the second quarter of 2016, the company Washington Proekt EOOD, Bulgaria, which was previously measured at equity, was fully consolidated. A business combination as per IFRS 3 did not occur, as the definition of a business according to IFRS 3 was not met. Some of the shares in IPD International Property Development, s.r.o., Slovakia, were also sold in the second quarter of 2016. The remaining shares in this company are reported under joint ventures in these consolidated interim financial statements.

The consolidated interim financial statements are presented rounded to the nearest 1,000 euro (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 financial years starting on 01 January 2016, the amendment to IFRS 11 "Joint Arrangements" deals with the recognition of the acquisition of shares in a joint operation that constitutes a business as defined in IFRS 3 "Business Combinations". The amendments to IAS 16 "Property, Plant and Equipment", IAS 38 "Intangible Assets" and IAS 41 "Agriculture: Bearer Plants" also pertain to financial years starting on 01 January 2016. The amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception" come into force on 01 January 2016. IFRS 14 "Regulatory Deferral Accounts" must be applied starting on 01 January 2016. The disclosure initiative brings amendments to IAS 1 "Presentation of Financial Statements" with effect from 01 January 2016. The annual improvements from the 2012–2014 cycle apply to financial years

beginning on or after 01 January 2016. They pertain to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", IFRS 7 "Financial Instruments: Disclosures", IAS 19 "Employee Benefits" and IAS 34 "Interim Financial Reporting".

The indicated new standards had no material effects on the recognition and measurement methods or on the presentation of the interim report.

## 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 Group's companies.

# 3. Selected notes to the consolidated interim financial statements

## 3.1. Statement of financial position

### 3.1.1. Investment properties

EUR '000	Rental properties	Properties under development and undeveloped land
As at 01 January 2015	1,587,063	14,452
Additions	159,189	1,323
Disposals	0	0
Other changes	-969	0
Changes in fair value (realised through profit or loss)	84,420	426
Reclassifications as properties held for sale	-3,300	0
<b>As at 31 December 2015</b>	<b>1,826,403</b>	<b>16,201</b>
whereof pledged as security	1,651,819	0
Additions	<b>18,341</b>	<b>1,468</b>
Disposals	0	-5,305
Other changes	<b>619</b>	<b>0</b>
Changes in fair value (realised through profit or loss)	<b>106,930</b>	<b>-2</b>
Reclassifications as properties held for sale	<b>-221,576</b>	<b>0</b>
<b>As at 30 June 2016</b>	<b>1,730,717</b>	<b>12,362</b>
whereof pledged as security	<b>1,651,963</b>	<b>800</b>

Consisting of:

#### Rental properties

EUR '000	30.06.2016	31.12.2015
Austria	537,607	533,339
Germany	536,717	648,290
Central Europe	296,787	289,378
Southeastern Europe	359,606	355,396
	<b>1,730,717</b>	<b>1,826,403</b>

#### Properties under development and undeveloped land

EUR '000	30.06.2016	31.12.2015
Austria	0	0
Germany	0	0
Central Europe	0	5,200
Southeastern Europe	12,362	11,001
	<b>12,362</b>	<b>16,201</b>

Valuation appraisals are generally obtained from independent experts once per year to measure the fair value of all investment properties. The measurement methods are basically the same as those used for the 2015 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 half of 2016 is based on internal calculation models with input parameters that have changed since the preparation of the 2015 annual financial statements, but with the same valuation methods as applied for the 2015 annual financial statements.

#### 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. There was a temporary downturn in revenues at the Vienna Marriott Hotel due to conversion work in the first half of 2016.

#### 3.1.3. Financial assets

The carrying amounts of the current and non-current financial assets correspond largely to their present values.

#### 3.1.4. Inventories

Inventories essentially are measured at cost of acquisition and construction. The sale and disposal of one freehold apartment in Austria hitherto disclosed in inventories took place in the first quarter. The book value in the consolidated financial statements as at 30 June 2016 amounted to kEUR 581 (31 December 2015: kEUR 1,444).

#### 3.1.5. Cash and cash equivalents

EUR '000	30.06.2016	31.12.2015
Bank balances	79,834	50,437
Cash in hand	222	247
	<b>80,056</b>	<b>50,684</b>

#### 3.1.6. Assets held for sale and liabilities relating to assets 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 (e.g., if sales activities are already well advanced). This is currently the case for an office building in Berlin and a portfolio of properties in Berlin and Hamburg. The latter accounts for the vast majority of the properties held for sale and relates to the transaction described under "Significant events after the reporting date".

#### Assets held for sale

EUR '000	30.06.2016	31.12.2015
Rental properties	221,576	0
Trade receivables	52	0
Other financial assets	125	0
Other assets	164	0
Cash and cash equivalents	467	0
	<b>222,384</b>	<b>0</b>

## Liabilities relating to assets held for sale

EUR '000	30.06.2016	31.12.2015
Deferred taxes	33,866	0
Financial liabilities	53,228	0
Other financial liabilities	38	0
Trade payables	276	0
Other liabilities	624	0
	<b>88,032</b>	<b>0</b>

**3.1.7. Non-controlling interests**

The non-controlling interests of kEUR 23,341 (31 December 2015: kEUR 23,331) consisted principally of Einkaufszentrum Sofia G.m.b.H. & Co KG (35% minority interest). The disposals in the amount of kEUR 788 (30 June 2015: kEUR 1,184) shown in the statement of changes in consolidated equity are due primarily to distributions.

**3.1.8. Subordinated participating certificate capital**

The terms of the agreement for S IMMO INVEST participating certificates were changed retroactively with effect from 01 January 2007 (resolution of the meeting of the holders of the partici-

pating certificates of 11 June 2007 and resolution of the Annual General Meeting of 12 June 2007).

Under the amended agreement, the holders of the participating certificates receive an annual income entitlement (interest) calculated as follows:

$$\text{(Participating certificate capital + profit brought forward)} \times \frac{\text{Consolidated EBIT}}{\text{Average property portfolio (not including development projects)}}$$

To the extent that the income entitlement under the terms of the Participating Certificates Agreement is not paid out, it is added to the profit carried forward into the next year.

For the six months ended 30 June 2016, the total share of income entitlements was kEUR 3,536 (31 December 2015: kEUR 4,452).

As at 30 June 2016, there were 607,190 participating certificates in issue. The total entitlements of participating certificate holders as of that date were EUR 90.10 (31 December 2015: EUR 88.72) per certificate and were made up as follows:

EUR '000	Participating certificate capital	Profit brought forward	Profit for the period	Share of undisclosed reserves on property portfolio	Total
<b>Participating certificates capital 01 January 2016</b>	45,839			998	<b>46,837</b>
Profit brought forward 01 January 2016		4,671			<b>4,671</b>
Income entitlements of participating certificate holders from 2015			4,452		<b>4,452</b>
Distribution 25 May 2016			-2,429		<b>-2,429</b>
Change in profit brought forward pursuant to Clause 5 (6), Participating Certificates Agreement		2,023	-2,023		<b>0</b>
Repurchase and retirement of 23,589 participating certificates	-1,714	-341		-37	<b>-2,093</b>
Income entitlements of participating certificate holders			3,536		<b>3,536</b>
Allocation of undisclosed reserves on property portfolio				-264	<b>-264</b>
<b>Participating certificates capital as at 30 June 2016</b>	<b>44,124</b>	<b>6,354</b>	<b>3,536</b>	<b>697</b>	<b>54,710</b>
<b>Per participating certificate (EUR)</b>	<b>72.67</b>	<b>10.46</b>	<b>5.82</b>	<b>1.15</b>	<b>90.10</b>

EUR '000	Participating certificate capital	Profit brought forward	Profit for the period	Share of undisclosed reserves on property portfolio	Total
Participating certificates capital 01 January 2015	82,166			1,608	83,774
Profit brought forward 01 January 2015		4,860			4,860
Income entitlements of participating certificate holders from 2014			6,905		6,905
Distribution 22 May 2015			-1,960		-1,960
Change in profit brought forward pursuant to Clause 5 (6), Participating Certificates Agreement		4,945	-4,945		0
Repurchase and retirement of 499,902 participating certificates	-36,328	-5,134		-711	-42,173
Income entitlements of participating certificate holders			4,452		4,452
Allocation of undisclosed reserves on property portfolio				101	101
Participating certificates capital as at 31 December 2015	45,839	4,671	4,452	998	55,959
Per participating certificate (EUR)	72.67	7.41	7.06	1.58	88.72

The participating certificates mature on 31 December 2029. With effect from 31 December 2017, both the holders and the company may annually give notice of redemption of the participating certificates in whole or in part.

On 30 June 2016, the participating certificate tranche with the ISIN AT0000795737 was listed at a price of EUR 89.00 per certificate and the tranche with the ISIN AT0000630694 was listed at a price of EUR 89.00 per certificate, which translates to a fair value of kEUR 54,040.

### 3.1.9. Issued bonds

In June 2014, S IMMO AG issued a bond (ISIN AT0000A177D2) with a total nominal value of kEUR 89,739.5. The bond is divided into 179,479 units with a nominal value of EUR 500 each, and was issued in exchange for participating certificates. At the beginning of October 2014, S IMMO AG issued a bond (ISIN AT0000A19SB5) with a total nominal value of kEUR 100,000 divided into 200,000 shares with a nominal value of EUR 500 each.

In April 2015, S IMMO AG issued two more bonds. The bond with the ISIN AT0000A1DBM5 followed a voluntary public offer pursuant to sections 4 ff. of the Austrian Takeover Act (ÜbG) issued in March 2015 to the holders of the S IMMO INVEST participating certificates with the ISIN AT0000795737 and the ISIN AT0000630694 for the purchase of these participating certificates by way of an alternative exchange and cash offer. The bond with the ISIN AT0000A1DBM5 was issued with a total nominal value of kEUR 33,993.5, broken down into 67,987 shares with a nominal value of EUR 500 each. Also in April 2015, S IMMO AG issued a further bond (ISIN AT0000A1DVK5) with a total nominal value of kEUR 65,000 divided into 130,000 shares with a nominal value of EUR 500 each.

The following table shows the key data for the issued corporate bonds:

ISIN	Total nominal value in kEUR	Coupon	Effective interest rate	Maturity
AT0000A177D2	89,739.5	4.50%	4.66%	16 June 2021
AT0000A19SB5	100,000	3.00%	3.13%	02 October 2019
AT0000A1DBM5	33,993.5	3.25%	3.36%	08 April 2025
AT0000A1DWK5	65,000	3.25%	3.31%	20 April 2027

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

### 3.1.10. Other financial liabilities

Other short-term and long-term financial liabilities, including the financial liabilities reported in liabilities relating to assets held for sale, amounted to kEUR 1,000,332 (31 December 2015: kEUR 924,544). The book values indicated for the other financial liabilities largely correspond to the fair values. The maturities of the undiscounted payment flows for future periods are as follows:

EUR '000	30.06.2016	31.12.2015
Remaining maturity less than 1 year	221,176	155,783
Remaining maturity between 1 and 5 years	566,699	598,087
Remaining maturity over 5 years	305,364	280,412

### 3.1.11. Derivatives

The S IMMO Group generally uses swaps, caps and collars to manage the interest rate risk in connection with variable-rate property financing. In some cases, interest rate derivatives are concluded for individual projects, and in other cases large volume derivatives are used for financing agreements for a number of individual projects. These derivatives were disclosed under other current and non-current financial assets (30 June 2016: kEUR 1,704; 31 December 2015: kEUR 3,937) and under non-current and current financial liabilities (30 June 2016: kEUR 33,802; 31 December 2015: kEUR 28,316). The fair value measurement of derivatives is based on estimates made by external experts. There were no changes to the applied measure-

ment methods or key input parameters compared with the 2015 annual financial statements. The measurement falls under level 2 of the IFRS 13 fair value hierarchy. CVAs/DVAs were applied for the measurement of derivatives in analogy to the methods as at 31 December 2015 and resulted in minor adjustments of the liabilities from derivatives.

In the first six months of 2016, this resulted in an expense of kEUR 6,700 recognised under equity in other comprehensive income. In the first six months of 2016, one swap was settled and new derivatives were concluded. Overall, valuation effects including newly concluded instruments and settlement had a negative effect in the consolidated income statement in the amount of kEUR 13,956 (HY 2015: positive effect of kEUR 448).

#### 30 June 2016

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	456,200	697	-33,350
Caps	233,600	1,007	-452
<b>Total</b>	<b>689,800</b>	<b>1,704</b>	<b>-33,802</b>

#### 31 December 2015

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	480,820	359	-27,745
Caps	214,740	3,578	-571
<b>Total</b>	<b>695,560</b>	<b>3,937</b>	<b>-28,316</b>

### 3.2. Consolidated income statement

#### 3.2.1. Rental income

Rental income by property use type was as follows:

EUR '000	01-06/2016	01-06/2015
Office	21,239	19,597
Residential	12,760	10,212
Retail	22,116	21,969
Hotels	2,382	2,854
	<b>58,497</b>	<b>54,632</b>

#### 3.2.2. Operating costs and expenses from properties and hotel operations

These expenses arise in connection with non-current property assets, consisting mainly of operating costs, provisions for doubtful debts, 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 number of employees in the group was 577 (HY 2015: 541), including hotel staff. Personnel expenses for the hotels are disclosed under hotel operations.

#### 3.2.3. Gains on property disposals

In the first half of 2016, one apartment was sold in Vienna, Austria. Shares in a Slovakian project company were sold in the same period.

EUR '000	01-06/2016	01-06/2015
<b>Disposal proceeds</b>		
Properties held as financial investments	2,564	0
Properties held for sale	0	15,943
Inventories	1,368	0
	<b>3,932</b>	<b>15,943</b>

#### Book value of property disposals

EUR '000	01-06/2016	01-06/2015
Properties held as financial investments	-2,314	0
Properties held for sale	0	-15,938
Inventories	-832	0
	<b>-3,146</b>	<b>-15,938</b>

#### Gains on property disposals

EUR '000	01-06/2016	01-06/2015
Properties held as financial investments	250	0
Properties held for sale	0	5
Inventories	536	0
	<b>786</b>	<b>5</b>

#### 3.2.4. Results from property valuation

The results from property valuation in the Germany segment in the amount of kEUR 98,310 (30 June 2015: kEUR 8,560) are attributable to sales-related valuations in connection with the disposal of a portfolio and an individual property, as well as valuations for the remaining portfolio performed on the basis of internal calculation models. The property valuations in Germany relate primarily to residential properties. In addition, income from property valuation was generated in the amount of kEUR 3,331 in the Austria segment (30 June 2015: kEUR 449) and kEUR 5,289 in the CEE segment (30 June 2015: kEUR 329).

### 3.2.5. Financing result

Net financing costs consisted of the following:

EUR '000	01-06/2016	01-06/2015
Financing expense	-36,386	-22,319
Financing income	1,070	1,760
	<b>-35,316</b>	<b>-20,559</b>

In the first half of 2016, financing costs included a non-cash foreign exchange loss of kEUR 1,378 (HY 2015: foreign exchange gain kEUR 74).

### 3.2.6. Taxes on income

EUR '000	01-06/2016	01-06/2015
Current tax expense	-796	-1,679
Deferred tax income/expense	-20,944	-4,315
	<b>-21,740</b>	<b>-5,994</b>

## 4. Operating segments

Segment reporting for S IMMO Group is based on geographical regions. The four regions are as follows:

**Austria:** This operating segment includes all of the group's Austrian subsidiaries.

**Germany:** This operating segment includes the German subsidiaries as well as the subsidiaries in Denmark and Austria which are holding properties in Germany.

EUR '000	Austria	
	2016	2015
Rental income	14,207	14,304
Revenues from operating costs	3,331	3,492
Revenues from hotel operations	8,436	11,272
<b>Total revenues</b>	<b>25,974</b>	<b>29,068</b>
Other operating income	330	239
Property operating expenses	-5,085	-5,739
Hotel operating expenses	-8,149	-9,297
<b>Gross profit</b>	<b>13,071</b>	<b>14,271</b>
Gains on property disposals	536	1
Management expenses	-4,618	-4,602
<b>EBITDA</b>	<b>8,988</b>	<b>9,670</b>
Depreciation and amortisation	-2,069	-1,614
Results from property valuation	3,331	449
<b>EBIT</b>	<b>10,250</b>	<b>8,505</b>
	<b>30.06.2016</b>	<b>31.12.2015</b>
Non-current assets	612,467	599,308
Non-current liabilities (incl. participating certificates in Austria)	623,287	611,177

**Central Europe:** This operating segment comprises the subsidiaries in Slovakia, the Czech Republic and Hungary.

**Southeastern Europe:** This operating segment includes the subsidiaries in Bulgaria, Croatia and Romania.

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

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

## 5. Other obligations and contingent liabilities

In S IMMO Group there were a number of open legal disputes as at 30 June 2016, however, in management's opinion, neither the individual amounts involved nor the total were material.

Germany		Central Europe		Southeastern Europe		Total	
2016	2015	2016	2015	2016	2015	2016	2015
18,277	14,354	9,705	9,413	16,308	16,561	58,497	54,632
5,364	4,073	3,078	3,118	6,657	6,020	18,430	16,703
0	0	9,895	9,592	0	0	18,331	20,864
23,641	18,427	22,678	22,123	22,965	22,581	95,258	92,199
471	617	236	309	301	217	1,338	1,382
-13,546	-9,488	-4,341	-4,089	-8,246	-7,687	-31,217	-27,003
0	0	-6,706	-6,557	0	0	-14,855	-15,854
10,566	9,556	11,867	11,786	15,020	15,111	50,524	50,724
0	4	250	0	0	0	786	5
-2,756	-1,964	-636	-711	-331	-382	-8,341	-7,659
7,810	7,596	11,481	11,075	14,689	14,729	42,969	43,070
-48	-42	-1,570	-1,831	-354	-347	-4,042	-3,834
98,310	8,560	5,289	329	-2	337	106,928	9,675
106,072	16,114	15,199	9,573	14,333	14,719	145,855	48,911
30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
538,283	649,842	357,709	354,269	392,164	386,777	1,900,623	1,990,196
232,968	230,496	188,958	204,709	198,727	201,889	1,243,940	1,248,271

## 6. Related party disclosures

For S IMMO Group related parties are as follows:

- S IMMO Group's managing bodies
- Erste Group
- Vienna Insurance Group
- Arealis Liegenschaftsmanagement GmbH
- Associated companies and joint venture companies of the group

S IMMO Group's managing bodies are as follows:

### S IMMO AG Management Board

- Ernst Vejdovsky, 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
- Erwin Hammerbacher, Vienna
- Michael Matlin, MBA, New York
- Wilhelm Rasinger, Vienna

There were the following receivables and payables with Erste Group and Vienna Insurance Group at the reporting date:

EUR '000	30.06.2016	31.12.2015
Other receivables	2,861	2,038
Bank balances	65,712	25,678
<b>Receivables</b>	<b>68,573</b>	<b>27,716</b>

EUR '000	30.06.2016	31.12.2015
Non-current bank and financial liabilities	404,967	424,715
Current bank and financial liabilities	71,670	63,585
Trade payables	178	185
Other liabilities	645	469
Liabilities relating to assets held for sale	53,228	0
<b>Liabilities</b>	<b>530,688</b>	<b>488,954</b>

There were the following material expenses and income in connection with Erste Group and Vienna Insurance Group in the first six months of the year and, respectively, in the comparative period of the previous year:

EUR '000	01-06/2016	01-06/2015
Management fees – Erste Group Immorent AG	-486	-644
Bank loan interest, other financing expenses and charges	-18,273	-43,574
Other expenses	-1,039	-1,412
<b>Expenses</b>	<b>-19,798</b>	<b>-45,630</b>

EUR '000	01-06/2016	01-06/2015
Rent and revenues from operating costs	222	341
Bank interest	0	2
Other interest income	36	123
<b>Income</b>	<b>258</b>	<b>466</b>

## 7. Significant events after the balance sheet date

On 12 August 2016, S IMMO contractually agreed to sell part of its German residential portfolio to Deutsche Investment. The transaction involves around 1,500 residential units in Berlin and Hamburg. In addition, the risks and rewards of ownership were transferred in connection with the sale of an individual property in Berlin. In terms of acquisitions, purchases with a total property price of around EUR 54.1m for which the S IMMO Group will not obtain ownership until after 30 June 2016 were contractually agreed by the time of going to press. There were no further significant events after the reporting date.

Vienna, 25 August 2016

Management Board

Ernst Vejdovszky m.p.

Friedrich Wachernig, MBA m.p.

# Declaration pursuant to section 87 (1) (3) Austrian Stock Exchange Act (Börsegesetz)

## “Statement of all legal representatives

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial

statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.”

Vienna, 25 August 2016

The Management Board



Ernst Vejdovszky  
(CEO)



Friedrich Wachernig  
(Member of the Management Board)

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 gender-neutral inasmuch as possible. Therefore, the terms used always 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 and participating certificates 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.

# Financial calendar 2016

25 August 2016	Results for the first half year 2016
29 November 2016	Results for the first three quarters 2016



For personal insights into S IMMO, the real estate market and the world of the S IMMO share please see [blog.simmoag.at](http://blog.simmoag.at)



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