



**MORE
OPTIONS**

Q2 Interim Report
as at 30 June 2015



Key figures

		01.01. – 30.06.2015	01.01. – 30.06.2014
Revenues	EUR m	92.2	93.2
whereof rental income and revenues from hotel operations	EUR m	75.5	76.0
EBITDA	EUR m	43.1	47.0
EBIT	EUR m	48.9	52.2
EBT	EUR m	26.9	20.6
Net income for the period	EUR m	20.9	16.4
Total assets	EUR m	1,905.0	1,841.3
Equity	EUR m	589.5	551.4
Liabilities	EUR m	1,315.5	1,289.9
Equity ratio	in %	31	30
Operating cash flow	EUR m	39.5	45.0
Cash flow from investing activities	EUR m	-45.6	44.5
Cash flow from financing activities	EUR m	-25.0	-79.9
Cash and cash equivalents as at 30 June	EUR m	47.7	55.1
NOI margin	in %	53.5	56.2
FFO I	EUR m	17.9	15.2
FFO II	EUR m	20.1	29.1
Earnings per share	EUR	0.30	0.22
Book value per share	EUR	8.44	7.87
Share price discount to book value per share	in %	12	24
FFO I per share	EUR	0.27	0.23
Property portfolio	EUR m	1,793.1	1,726.7
whereof properties under construction	EUR m	14.8	17.2

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Dear Shareholders,

In the business world, as in a football match, half-time is always a good opportunity to take stock of the situation and assess plans for the second half. For the first half of 2015, S IMMO can firmly state that we are on track with our ambitious plans for the current financial year, and the key figures are fully in line with our targets.

Overall, we increased net profit for the period by over 27% to a satisfactory EUR 20.9m. Earnings per share climbed to EUR 0.30 – a rise of over 36%. The financial results were a key factor in this positive development.

We started realigning our financing structure back in 2014. As part of this, we successfully issued several bonds, retired bought-back participating certificates and bought back interest-rate hedges. At the same time, we contracted new, long-term hedges at the current interest rate level. Therefore, two thirds of our financing with variable interest rates are secured for an average duration of roughly ten years at the currently low interest level.

FFO I, which – put simply – shows what is left in the coffers, improved to EUR 17.9m. This reflects that we are working successfully on the operations side to achieve further profitable growth. Our stated goal is to nearly double our FFO by 2018, raising it from EUR 21.3m for 2014 as a whole to over EUR 40m.

Success on the capital market

The S IMMO share significantly outperformed the ATX and the IATX, gaining over 20%. At the end of the quarter, the share price stood at EUR 7.45. Positioning the S IMMO share as a consistently dividend-paying stock remains our declared aim. The dividend of EUR 0.24 per share for the 2014 financial year was paid out on 10 June 2015.

Outlook confirmed

Our plans for the second half of 2015 remain unchanged: S IMMO confirms its aim of increasing consolidated net income once again in the current financial year. Our property portfolio is set to grow profitably in the medium term. In the context of the



Ernst Vejdovszky (left), Friedrich Wachernig (right)

current investment programme, around two thirds of the planned volume is to be used in Germany. We see considerable potential in commercial properties in Berlin – particularly for those that offer additional development potential as well as constant yields. One third of the planned acquisition volume is earmarked for opportunistic purchases in S IMMO's other markets.

Our investment story:
investmentstory.simmoag.at/en

We believe that we are exceptionally well-positioned for the second half of the current financial year: We are on the ball, fit for forthcoming projects and looking forward to telling you about further successes of S IMMO in the near future.

The Management Board team



Ernst Vejdovszky



Friedrich Wachernig

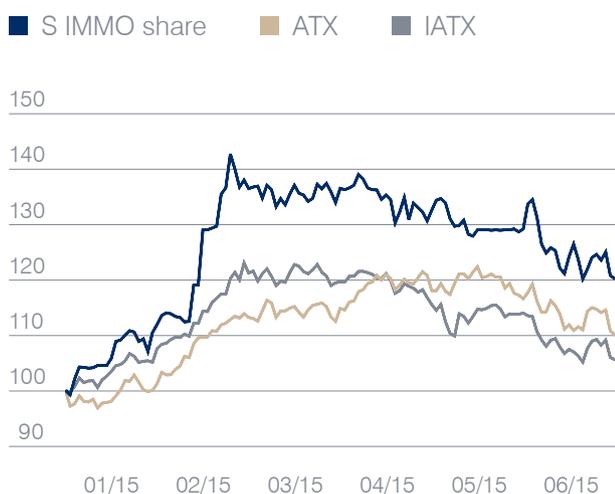
Our share

The crisis in Greece strongly influenced the capital markets in the first half of the year, hence the volatility of the global stock markets in the reporting period.

The German DAX benchmark index started the second quarter at 12,001.38 points and reached an all-time high of 12,390.75 points on 10 April 2015. As the situation in Greece came to a head, the DAX ended the second quarter at 10,944.97 points. Even so, this represents a rise of 11.88% for the first six months.

Share price development

indexed 01 January 2015 to 30 June 2015



The Dow Jones Index experienced similar fluctuations in the second quarter: It reached an all-time high of 18,351.36 points on 19 May 2015, but had fallen to 17,619.51 points by 30 June 2015. This constitutes a decrease of 0.88% for the first half of 2015.

The Austrian ATX benchmark index performed impressively this year, standing at 2,411.77 points on 30 June 2015, having gained 12.17%. The IATX, which tracks all Austrian property shares, reached a high of 250.06 points as early as on 27 February 2015, a rise of 24.70%. The index ended the first half of 2015 at 214.49 points, representing a year-to-date performance of 6.96%.

In the reporting period, the S IMMO share significantly outperformed the IATX, gaining 20.74%. At the end of the quarter, the closing price was EUR 7.45. A dividend of EUR 0.24 per share was paid out on 10 June 2015.

In mid-April, S IMMO issued another fixed-interest bond with a volume of EUR 65m, a maturity of 12 years and a coupon of 3.25% p.a.

Investor relations activities

S IMMO AG's 26th Annual General Meeting was held on 03 June 2015. The actions of the Supervisory Board and Management Board were unanimously approved. In addition, six Supervisory Board members were re-elected for the maximum statutory duration until 2020.

Share indicators

		30 June 2015	30 June 2014
Closing price	EUR	7.450	5.940
Average daily turnover in the first half year	shares	67,000	59,700
Earnings per share (EPS) for the first half year	EUR	0.30	0.22
EPRA NAV per share	EUR	10.26	9.80
Share price discount to EPRA NAV per share	in %	27	39
Book value per share	EUR	8.44	7.87
Share price discount to book value per share	in %	12	24
FFO I per share for the first half year	EUR	0.27	0.23

S IMMO share performance

ISIN	AT0000652250
One year	25.42%
Three years, p.a.	20.30%

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 2015)	EUR 498.50m
Number of shares (30 June 2015)	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	10.60%	10.80%
Three years, p.a.	12.20%	11.10%

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 2015)	EUR 54.89m
Number of participating certificates (30 June 2015)	521,411 (tranche I) 132,046 (tranche II)

in EUR	S IMMO share price AT0000652250	S IMMO INVEST price AT0000795737	S IMMO INVEST price AT0000630694	ATX	IATX
30 June 2014	5.940	78.650	78.530	2,501.21	195.35
31 December 2014	6.170	81.000	81.000	2,160.08	200.52
30 June 2015	7.450	84.000	84.000	2,411.77	214.49

The Management Board and the IR team attended investor conferences and roadshows in Frankfurt, London, Milan, Paris, Vienna and Zürich over the course of the reporting period. International interest in Austrian property shares is on the rise. The outstanding business figures and prospects of S IMMO were therefore a good starting point for interesting discussions.

The S IMMO share is quite popular with Austrian private investors, not least as a result of the company's long-term dividend policy.

S IMMO corporate bonds

ISIN	Maturity	Coupon	Total nominal value in kEUR	Exchange price
AT0000A19SB5	02 October 2019	3.00%	100,000.00	104.45 as at 29 April 2015
AT0000A177D2	16 June 2021	4.50%	89,739.50	111.00 as at 29 June 2015
AT0000A1DBM5	08 April 2025	3.25%	33,993.50	101.50 as at 18 June 2015
AT0000A1DVK5	20 April 2027	3.25%	65,000.00	101.50 as at 30 June 2015

Interim Management Report

Macroeconomic overview

Economic growth for the eurozone totalled 0.4% in the first quarter of 2015. Along with the recent drivers of growth, Spain and Germany, France and Italy also posted significantly positive growth rates at the start of the year. The upswing in Central and Southeastern Europe is only slowly gaining momentum and is being hindered primarily by the deep recession in Russia. Overall, the eurozone is benefiting from the expansive monetary policy, the weak EUR/USD exchange rate and the considerably lower oil prices. Despite the crisis in Greece, international institutes such as Insee in Paris, Istat in Rome and ifo Institute in Munich have predicted a slight upswing for the eurozone in a joint forecast. The economists at these institutes expect private consumption to remain the central pillar of this recovery. The eurozone is expected to deliver growth rates between 1.4% and 1.8% this year.

Austria's economic growth will remain weak for the fourth year in a row in 2015, with an expected expansion of 0.5%. According to the Austrian Institute of Economic Research (WIFO), both domestic and international factors are to blame for the continued economic slump. A relatively high inflation rate, the difficult situation on the labour market and the high tax level compared with other countries are dragging down the income of private households.

The marked depreciation of the euro is having a positive impact on exports and will lend support to this sector. In its forecast from June 2015, Oesterreichische Nationalbank (OeNB) projected that the Austrian economy will grow by 0.7% in 2015. Growth of 1.9% is expected for 2016 and 1.8% for 2017.

Real estate market overview

AUSTRIA

The Vienna office market recorded take-up of around 106,000 m² in the first half of 2015. Due to a traditionally stronger second half of the year, total take-up is expected to increase to 250,000 m² by the end of the year. Prime rents for office properties in Vienna are still stable at about EUR 25.75 per m². At 6.5%, vacancy rates are showing a slightly declining tendency. A number of new projects with large volumes are expected to come onto the market, which should lead to an increase in new space.

The Vienna hotel market achieved a record in overnight stays every month in 2015 to date as against the previous year. The hotel industry in the Austrian capital recorded 6.3 million overnight stays between January and June 2015, which corresponds to an increase of 5.4% compared with the previous year. The Eurovision Song Contest, which took place in Vienna in May, led to a record month, but this does not imply a one-off effect as all other months achieved highs as well. Average occupancy rose despite the increase in the number of total beds by 3,700 since June 2014.

GERMANY

The offer prices for freehold flats and residential buildings are still on the rise throughout Germany. The largest increases can be observed in big cities. Berlin, for example, saw a plus of 2.2 percentage points for freehold flats in June. Offer rents in Berlin developed very differently. Their growth dampened in June, which might be a consequence of the control of rental prices.

In the first half of 2015, the Berlin office market recorded the best rental result since 2000. Total leasing activity amounted to 336,800 m², exceeding the half year average of the last ten years by 47%. Only 7.5% of the 155,000 m² which were completed in the first half year came on the market speculatively. The vacancy rate decreased again to 7.5%, reaching the lowest level since this statistic has been recorded. The outlook for the Berlin office market is very positive. The vivid demand might not only lead to record take-up, but also to a decline in vacancy and to an increase in average rents.

	Prime rents (EUR/m ² /month)				Prime gross yields (%)				Total leasing activity (m ²)		Vacancy rate (%)	
	HY 2015	HY 2014	HY 2015	HY 2014	HY 2015	HY 2014	HY 2015	HY 2014	HY 2015	HY 2014	HY 2015	HY 2014
	Office	Office	Retail	Retail	Office	Office	Retail	Retail	Office	Office	Office	Office
Berlin	23.00 ¹	22.50 ¹	330.00 ¹	330.00 ¹	4.40 ¹	4.65 ¹	3.90 ¹	4.20 ¹	336,800 ⁵	274,400 ⁵	7.5 ⁵	8.4 ⁵
Bratislava	16.00 ¹	16.00 ¹	55.00 ^{*1}	60.00 ^{*1}	7.00 ¹	7.00 ¹	6.90 ^{*1}	7.00 ¹	77,005 ⁷	103,000 ¹⁰	11.8 ⁷	13.6 ¹⁰
Bucharest	18.50 ¹	18.00 ¹	60.00 ^{*1}	60.00 ^{*1}	7.50 ¹	8.00 ¹	7.75 ^{*1}	8.25 ¹	131,000 ⁶	89,500 ¹¹	12.9 ⁶	13.0 ¹¹
Budapest	20.00 ¹	20.00 ¹	90.00 ^{*1}	100.00 ^{*1}	7.25 ¹	7.50 ¹	7.00 ^{*1}	7.00 ¹	277,500 ⁴	248,900 ⁴	14.2 ⁴	17.6 ⁴
Sofia	12.50 ²	12.50 ²	20.00 ^{*3}	21.50 ^{*3}	8.75 ²	9.25 ²	9.25 ^{*3}	9.25 ^{*3}	54,409 ²	57,500 ²	24.8 ²	28.5 ²
Vienna	25.75 ¹	25.50 ¹	310.00 ¹	310.00 ¹	4.55 ¹	4.65 ¹	3.90 ¹	3.95 ¹	106,000 ⁸	100,000 ¹²	6.5 ⁸	6.6 ¹²
Zagreb	14.00 ¹	14.50 ¹	22.00 ^{*1}	22.50 ^{*1}	8.05 ¹	8.30 ¹	8.00 ^{*1}	8.25 ^{*1}	28,334 ⁹	52,400 ⁹	16.4 ⁹	17.0 ⁹

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

¹ CBRE, Market View, EMEA Rents and Yields, Q2 2014/Q2 2015

² Cushman & Wakefield/Forton, Bulgarian Office Market, Q2 2014/Q2 2015

³ Cushman & Wakefield/Forton, Bulgarian Retail Market, Q2 2014/Q2 2015

⁴ Budapest Research Forum, press release, Q2 2014/Q2 2015

⁵ CBRE, Market View, Office Market Berlin, Q2 2014/Q2 2015

⁶ CBRE, Market View, Office Market Bucharest, Q2 2015

⁷ CBRE, Market View, Office Market Bratislava, Q2 2015

⁸ CBRE, Market View, Office Market Vienna, Q2 2015

⁹ CBRE, Research Report, Office Market Zagreb, HY 2015/Q2 2014

¹⁰ Bratislava Research Forum, press release, Q2 2014

¹¹ Cushman & Wakefield, Marketbeat Office Snapshot Romania, Q2 2014

¹² CBRE, press release, July 2014

CENTRAL EUROPE (CEE)

With 213,500 m² of space being let out, the Budapest office market recorded an all-time high in demand in Q2 2015. The major drivers of this development were pre-leases with a share of 37%. Renewals accounted for 29% and new deals made up 26%. Expansions are responsible for only 8%. Only one new office building came on the market in Q2 2015, adding 20,100 m² to the stock. The vacancy rate continued its decline and reached 14.2% – the lowest figure since 2009. Thanks to solid economic growth and favourable business sentiment, office take-up is expected to remain strong in the second half of 2015.

The average room rate in the chain hotel segment in Budapest increased by 8.7%, which led to marginally lower occupancy rates. This resulted in an uplift of the revenues per average room of 8.5% to EUR 96.08. Hotels in Budapest, Prague and Bratislava are currently experiencing an overall upswing, but Bratislava still remains one of the weakest hotel markets in Europe.

In Q2 2015, leasing activity on the Bratislava office market amounted to 43,455 m². This represents an increase of 29.5% compared with the previous quarter, but is 42% lower than in the same period last year. The vacancy rate decreased from 12.6% in Q1 to 11.8% in Q2 2015, mainly because new leases dominated the letting activity and no new developments were added to the market. There are a few office projects under construction, reflecting the positive market sentiment and developers' optimistic outlook.

Sources: Austrian Institute of Economic Research (WIFO), Bank Austria, Budapest Research Forum, CBRE, Cushman & Wakefield, Der Spiegel, Der Standard, Die Presse, Forton, Handelsblatt, Hotel und Tourismus Consulting Hotstats.com by TRI Hospitality Consulting May 2015, IMX – Der Immobilienindex von ImmobilienScout24, Institut national de la statistique et des études économiques (Insee), Istat, Leibniz Institute for Economic Research at the University of Munich (ifo Institute in Munich), Kieler Institute for the World Economy, Oesterreichische Nationalbank (OeNB), Vienna Institute for Advanced Studies (IHS), Vienna Tourist Board (info.wien.at)

SOUTHEASTERN EUROPE (SEE)

The office market in Sofia showed a temporary slowdown in the second quarter of 2015 after having a strong start to the year both in terms of leasing activity and completions.

In the second quarter of 2015, take-up volume dropped by 27% to 31,506 m² as against the previous year. Nevertheless, a number of large leases are expected to close by the end of the year. Vacancy rates continue to decline and support rents at the top end of the market. The IT sector remains the primary market driver. Due to the lack of quality office space, many tenants prefer to pre-lease space in prime buildings which are still under construction.

There were no new openings on the Bulgarian retail market in the first half of 2015. There are modest signs of market recovery and competition is increasing, which is causing a reduction in

the number of development projects. After years of strong development activity, a new wave of redevelopments and repositioning is approaching.

In Q2 2015, total leasing activity reached 75,000 m² on the Bucharest office market. Pre-leases represented 64% of this volume. The overall vacancy rate decreased slightly to 12.9% due to the low level of new deliveries and strong take-up. However, because of the office space under construction, the vacancy rate is likely to increase in the coming years. Some 57,000 m² of new space are expected for delivery this year.

At 28,334 m², the Zagreb office market recorded solid leasing activity in the first half of 2015. Nevertheless, new leases and expansions only accounted for 6%. Many companies are still looking to cut costs, predominantly by relocating to smaller offices. The vacancy rate stood at 16.4%.

Business development and performance**Property portfolio**

As at 30 June 2015, S IMMO AG owned a total of 201 properties (31 December 2014: 203), with a book value of EUR 1,793.1m (31 December 2014: EUR 1,764.4m) and a total usable space of roughly 1.2 million m² (31 December 2014: 1.2 million m²). In the reporting period, the portfolio had an occupancy rate of 91.6% (31 December 2014: 91.1%). The overall rental yield amounted to 7.0% (31 December 2014: 6.9%).

The properties are situated in the developed markets of Austria and Germany as well as the growth markets of Central Europe (Czech Republic, Slovakia and Hungary) and Southeastern Europe (Romania, Bulgaria and Croatia). As at 30 June 2015, properties in Austria and Germany made up 58.7% (31 December 2014: 58.2%) of the portfolio by market value. The properties in CEE and SEE accounted for 41.3% (31 December 2014: 41.8%).

By market value, commercial properties (office, retail and hotel) made up 79.4% of the portfolio (31 December 2014: 79.8%). The portfolio is complemented by residential properties to a smaller extent of 20.6% (31 December 2014: 20.2%).

Performance – summary

S IMMO increased its net profit for the period to EUR 20.9m (HY 2014: EUR 16.4m). Earnings per share climbed to EUR 0.30 (HY 2014: EUR 0.22). The financial result was a key factor in this positive development.

The company started realigning its financing structure back in 2014. As part of this, several bonds were successfully issued, and participating certificates were bought back and retired. Moreover interest-rate hedges that had been concluded when interest rates were higher and that would have expired in the next few years were bought back. At the same time, new, long-term hedges were contracted at the current low interest rate level. As a result, two thirds of our financing with variable interest rates are secured for an average duration of roughly ten years at the current low interest level.

Development of income

S IMMO's total income for the first six months of 2015 amounted to EUR 92.2m (HY 2014: EUR 93.2m). The rental income contained therein reflected the property disposals made since the beginning of 2014 and amounted to EUR 54.6m (HY 2014: EUR 56.8m).

Broken down by region, rental income for the first six months of 2015 was as follows: Austria and Germany 52.5% (HY 2014: 51.6%), and CEE and SEE 47.5% (HY 2014: 48.4%).

As regards rental income by use type, commercial properties contributed 81.3% (HY 2014: 81.4%) and residential properties 18.7% (HY 2014: 18.6%).

Income from hotel operations (income from the Vienna and Budapest Marriott Hotels, both operated under management agreements) increased to EUR 20.9m (HY 2014: EUR 19.1m). Gross profit from hotel operations also improved, amounting to EUR 5.0m (HY 2014: EUR 4.5m). In the first half of 2015, property management expenses totalled EUR 27.0m (HY 2014: EUR 26.2m). Gross profit came to EUR 50.7m (HY 2014: EUR 54.6m).

Successful property sales

In the first half of 2015, six properties were sold with a total book value of EUR 45.9m (HY 2014: EUR 39.6m). Five of these properties sold were already classified as held for sale as at 31 December 2014. The corresponding total revaluation gains of EUR 2.2m (HY 2014: EUR 14.0m) were recognised in the results from property valuation for the 2014 and 2015 financial years.

Development of EBITDA

In the first half of 2015, EBITDA amounted to EUR 43.1m (HY 2014: EUR 47.0m). The decrease was caused by the sales-related reduction in rental income as well as increased costs that were largely attributable to non-recurring and timing-related effects.

Revaluation gains

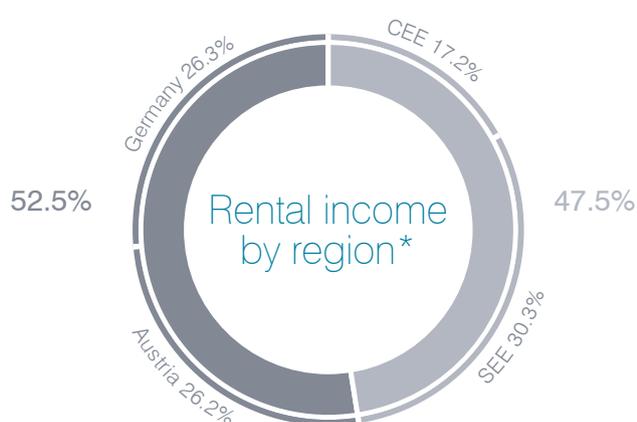
Revaluation gains rose to EUR 9.7m (HY 2014: EUR 8.9m) in the reporting period. The measures aimed at increasing the value of properties in Asset Management and the constantly improving sentiment in S IMMO's markets played a part here.

Development of EBIT

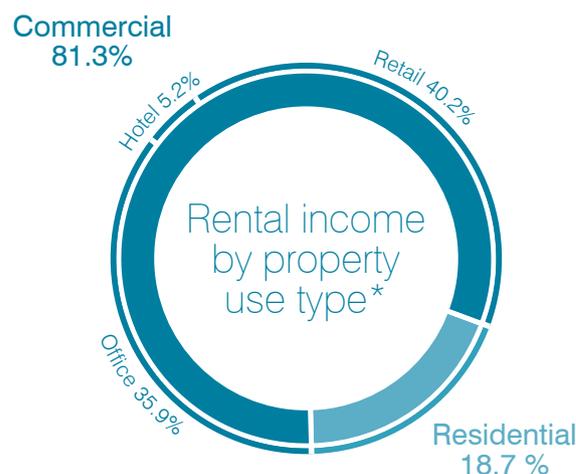
EBIT came to EUR 48.9m (HY 2014: EUR 52.2m).

Financial result

For the first half year 2015, the financial result including the participating certificates result stood at EUR -22.0m (HY 2014: EUR -31.6m). This significant improvement is attributable to lower interest payments and an improvement in currency translation differences compared with the previous year.



* Not including Vienna Marriott Hotel and Budapest Marriott Hotel



* Not including Vienna Marriott Hotel and Budapest Marriott Hotel

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

As a result, EBT amounted to EUR 26.9m (HY 2014: EUR 20.6m), up 30.5% on the same period of the previous year. As a result of the effects described above, net profit for the period increased by 27.3% to EUR 20.9m (HY 2014: EUR 16.4m). Earnings per share improved by 36.4% to EUR 0.30 (HY 2014: EUR 0.22).

Funds from operations (FFO)

FFO I, which contains no sales-related effects and constitutes the key indicator for the operating performance of a property company, rose by 17.8% to EUR 17.9m (HY 2014: EUR 15.2m) in the first half of 2015. This key figure is calculated from net income, adjusted for non-cash tax expenses of EUR 2.4m (HY 2014: EUR 2.1m), depreciation and amortisation of EUR 3.8m (HY 2014: EUR 3.7m), property valuations of EUR -9.7m (HY 2014: EUR -8.9m), exchange-rate differences of EUR -0.1m (HY 2014: EUR 2.0m) and other effects of EUR 0.4m (HY 2014: EUR -0.2m). The participating certificates are reflected by including the share of profits accruing over the year, rather than the annual distribution.

FFO II came to EUR 20.1m (HY 2014: EUR 29.1m). It mainly includes the sales-related revaluation gains of the current year and the previous year at a total of EUR 2.2m (HY 2014: 14.0m).

Consolidated statement of financial position

S IMMO Group's total assets increased from EUR 1,894.7m as at 31 December 2014 to EUR 1,905.0m as at 30 June 2015. Cash and cash equivalents amounted to EUR 47.7m as at 30 June 2015 (31 December 2014: EUR 74.7m). As at 30 June 2015, no properties were held for sale (31 December 2014: EUR 42.8m).

Financing

To give a better picture of the financing structure, S IMMO adapted its calculation of the loan-to-value ratio (LTV ratio) for the 2014 financial year and now posts two key figures, broken down into

property-secured financing and unsecured financing. The calculation is described in detail in the 2014 annual report.

S IMMO's reported property assets stood at EUR 1,793.1m as at 30 June 2015 (31 December 2014: EUR 1,764.4m). The loan-to-value ratio for financing secured by properties improved to 43% in the reporting period (31 December 2014: 48%).

S IMMO also has unsecured financing. The loan-to-value ratio for unsecured financing less cash and cash equivalents amounted to 19% in the reporting period (31 December 2014: 12%). The total LTV of the company amounts to 62% (31 December 2014: 60%).

In the second quarter of 2015, S IMMO closed out existing derivatives that had been concluded when interest rates were much higher, and contracted new, long-term interest-rate hedges commensurate with the current low interest rates. As a result, the company expects improvements in future cash flows and the key indicators FFO I and FFO II (by definition, payments for close-outs and new contracts are not taken into account in FFO).

Overall, derivatives with a nominal value of EUR 364.5m (30 June 2014: EUR 0m) were closed out, with payments of EUR 30.6m (30 June 2014: EUR 0m) being made. Conversely, new derivatives (caps and swaps) amounting to EUR 385m (30 June 2016: 45m) were concluded, ensuring interest-rate hedging in line with current market conditions for the next roughly ten years.

Net asset value (NAV)

In the first half of 2015, the book value and EPRA NAV per share were up on the first half of 2014. As at 30 June 2015, the book value of the equity per share improved to EUR 8.44 (30 June 2014: EUR 7.87), while EPRA NAV stood at EUR 10.26 (30 June 2014: EUR 9.80) per share. EPRA NAV represents the value of equity adjusted for effects which, assuming that the property portfolio is held for the long term, do not have an effect on the business activities of S IMMO Group, such as valuations of interest-rate hedges and deferred taxes.

Risk 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 2014 annual report (starting on page 42). This section deals mainly with potential risks in the coming months.

S IMMO invests in the European Union only. The company regards the crisis in Greece as a potential risk, as it could impact the economy and macroeconomic situation of the countries in which S IMMO operates.

A slight upturn is forecast for the eurozone despite the situation in Greece. Nevertheless, possible changes in factors such as disposable income, interest rates and tax policy in the countries

concerned might have a negative impact on the company's business development. Progress of the recovery in Central and Southeastern Europe is slow. This may potentially give rise to industry, property portfolio, letting and rental default risks.

Worse credit ratings for tenants, rising rental arrears, increased vacancy rates and rental defaults are possible consequences of geopolitical risks. Further potential risks include stricter equity and liquidity regulations for banks, which may lead to more restrictive lending and reduced lending levels, thus making refinancing more difficult.

Corresponding measures and accounting provisions are made for risks.

Outlook

S IMMO confirms its intention to further increase net income once again this year. The positioning of the S IMMO share as a sustainable dividend-paying stock is a stated aim of the company.

In the medium term, the company aims to increase its property portfolio. Two thirds of the current investment programme will be devoted to buying properties and land plots in Germany. The management sees increasingly strong potential in Berlin commercial properties. The focus is on properties that offer development potential as well as constant returns. Factors such as the possibility of re-zoning, reduced vacancy rates and revitalisation measures are taken into account here just as much as the potential to develop additional space on the purchased land. Contracts for 17 properties and land plots in Germany with a total usable area of over 120,000 m² had already been signed by the beginning of August. S IMMO will obtain ownership of these buildings within the coming months as the corresponding requirements are met. One third of the planned volume is earmarked for opportunistic purchases in S IMMO's other markets.

The hedging of interest-rate changes has always been an important part of the company's strategy. In general, the current historically low interest rate level presents a favourable environment for real estate companies. For this reason, the company is working on terminating interest rate hedges which were entered into at a higher interest rate level and that would have expired in the next few years. At the same time, the company is securing the currently low interest rates by entering into new, long-term hedging transactions under current conditions. The highly positive effects of these measures will be reflected in the key figures cash flow, FFO I and FFO II starting in the second half of 2015 and to their full extent in the 2016 financial year.

The management's stated goal is to nearly double FFO, raising it from EUR 21.3m for the 2014 financial year to over EUR 40m by 2018.

Consolidated statement of financial position

as at 30 June 2015

Assets	NOTES	30 June 2015	31 December 2014
EUR '000			
NON-CURRENT ASSETS			
Investment properties			
Rental properties	3.1.1.	1,659,624	1,587,063
Properties under development and undeveloped land	3.1.1.	14,829	14,452
		1,674,453	1,601,515
Owner-operated properties	3.1.2.	118,624	119,999
Other plant and equipment		5,911	6,408
Intangible assets		166	168
Interests in companies measured at equity		8,792	8,021
Group interests	3.1.3.	812	834
Other financial assets	3.1.3.	6,317	600
Deferred tax assets		10,705	10,772
		1,825,780	1,748,317
CURRENT ASSETS			
Inventories	3.1.4.	1,134	1,394
Trade receivables	3.1.3.	11,558	12,078
Other financial assets	3.1.3.	10,309	6,234
Other assets		8,527	9,107
Cash and cash equivalents	3.1.5.	47,705	74,697
		79,233	103,510
Properties held for sale	3.1.6.	0	42,845
		79,233	146,355
		1,905,013	1,894,672

Equity and liabilities

EUR '000

NOTES

30 June 2015 31 December 2014

SHAREHOLDERS' EQUITY

Share capital		242,661	242,775
Capital reserves		72,249	72,350
Other reserves		248,506	240,272
		563,416	555,397
Non-controlling interests	3.1.7.	26,069	25,855
		589,485	581,252

NON-CURRENT LIABILITIES

Subordinated participating certificate capital	3.1.8.	54,688	95,539
Issued bonds	3.1.9.	286,794	188,367
Other financial liabilities	3.1.10.	710,439	782,190
Provisions		3,549	3,453
Other liabilities		12	11
Deferred tax liabilities		80,616	75,156
		1,136,098	1,144,716

CURRENT LIABILITIES

Financial liabilities	3.1.10.	133,370	122,992
Income tax liabilities		4,763	6,433
Provisions		901	754
Trade payables		5,153	6,444
Other liabilities		35,243	32,081
		179,430	168,704

1,905,013

1,894,672

Consolidated income statement

for the six months ended 30 June 2015

EUR '000	NOTES	01 – 06 / 2015	01 – 06 / 2014
Revenues			
Rental income	3.2.1.	54,632	56,843
Revenues from operating costs		16,703	17,271
Revenues from hotel operations		20,864	19,119
		92,199	93,233
Other operating income		1,382	2,274
Expenses directly attributable to properties	3.2.2.	-27,003	-26,232
Hotel operating expenses	3.2.2.	-15,854	-14,645
Gross profit		50,724	54,630
Income from property disposals		15,943	39,550
Book value of property disposals		-15,938	-39,550
Gains on property disposals	3.2.3.	5	0
Management expenses		-7,659	-7,626
Earnings before interest, tax, depreciation and amortisation (EBITDA)		43,070	47,004
Depreciation and amortisation		-3,834	-3,667
Results from property valuation		9,675	8,904
Operating result (EBIT)		48,911	52,241
Financing cost	3.2.4.	-22,319	-29,830
Financing income	3.2.4.	739	760
Results from companies measured at equity	3.2.4.	1,021	328
Participating certificates result	3.1.8.	-1,434	-2,870
Net income before tax (EBT)		26,918	20,629
Taxes on income	3.2.5.	-5,994	-4,191
Consolidated net income for the period		20,924	16,438
of which attributable to shareholders in parent company		19,917	14,820
of which attributable to non-controlling interests		1,007	1,618
Earnings per share			
undiluted = diluted		0.30	0.22

Consolidated statement of comprehensive income

for the six months ended 30 June 2015

EUR '000	01 – 06 / 2015	01 – 06 / 2014
Consolidated net income for the period	20,924	16,438
Change in value of cash flow hedges	2,562	-3,041
Income tax on cash flow hedges	-303	394
Reclassification of derivative valuation effects	2,718	1,333
Foreign exchange rate differences	-239	1,789
Other comprehensive income for the period (realised through profit or loss)	4,738	475
Remeasurement of post-employment benefit obligations	0	0
Income taxes on remeasurement of post-employment benefit obligations	0	0
Other comprehensive income for the period (not realised through profit or loss)	0	0
Total comprehensive income for the period	25,662	16,913
of which attributable to shareholders in parent company	24,264	16,038
of which attributable to non-controlling interests	1,398	875

Consolidated income statement

for the three months ended 30 June 2015

EUR '000	NOTES	04-06/2015	04-06/2014
Revenues			
Rental income	3.2.1.	27,448	28,620
Revenues from operating costs		8,236	8,554
Revenues from hotel operations		12,200	11,257
		47,884	48,431
Other operating income		847	1,854
Expenses directly attributable to properties	3.2.2.	-12,920	-13,336
Hotel operating expenses	3.2.2.	-8,414	-7,944
Gross profit		27,397	29,005
Income from property disposals		9,200	18,000
Book value of property disposals		9,200	-18,000
Gains on property disposals	3.2.3.	0	0
Management expenses		-3,983	-4,434
Earnings before interest, tax, depreciation and amortisation (EBITDA)		23,414	24,571
Depreciation and amortisation		-1,946	-1,804
Results from property valuation		8,889	3,006
Operating result (EBIT)		30,357	25,773
Financing cost	3.2.4.	-9,270	-14,379
Financing income	3.2.4.	-3,509	370
Results from companies measured at equity	3.2.4.	189	299
Participating certificates result	3.1.8.	-443	-135
Net income before tax (EBT)		17,324	11,928
Taxes on income	3.2.5.	-4,475	-2,170
Consolidated net income for the period		12,849	9,758
of which attributable to shareholders in parent company		12,442	9,162
of which attributable to non-controlling interests		407	596
Earnings per share			
undiluted = diluted		0.19	0.14

Consolidated statement of comprehensive income

for the three months ended 30 June 2015

EUR '000	04-06/2015	04-06/2014
Consolidated net income for the period	12,849	9,758
Change in value of cash flow hedges	2,488	-2,937
Income tax on cash flow hedges	-339	520
Reclassification of derivative valuation effects	1,291	666
Foreign exchange rate differences	2,172	312
Other comprehensive income for the period (realised through profit or loss)	5,612	-1,439
Remeasurement of post-employment benefit obligations	0	0
Income taxes on remeasurement of post-employment benefit obligations	0	0
Other comprehensive income for the period (not realised through profit or loss)	0	0
Total comprehensive income for the period	18,461	8,319
of which attributable to shareholders in parent company	17,639	8,153
of which attributable to non-controlling interests	822	166

Consolidated cash flow statement

for the six months ended 30 June 2015

EUR '000	01 – 06 / 2015	01 – 06 / 2014
Operating cash flow	39,504	44,955
Changes in net current assets	4,120	-4,341
Cash flow from operating activities	43,624	40,614
Cash flow from investing activities	-45,619	44,506
Cash flow from financing activities	-24,997	-79,940
Total	-26,992	5,180
Cash and cash equivalents as at 01 January	74,697	49,873
Cash and cash equivalents as at 30 June	47,705	55,053
Net change in cash and cash equivalents	-26,992	5,180

Changes in consolidated equity

EUR '000	Share capital	Capital reserves	Foreign currency translation reserve	Hedge accounting reserve	Other reserves	Sub-total S IMMO shareholders	Non-controlling interests	Total
As at 01 January 2015	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 ¹	0	0	0	0	-16,030	-16,030	0	-16,030
As at 30 June 2015	242,661	72,249	-16,712	-22,249	287,467	563,416	26,069	589,485
As at 01 January 2014	243,126	72,535	-19,193	-39,212	266,837	524,093	25,531	549,624
Consolidated net income for the period	0	0	0	0	14,820	14,820	1,618	16,438
Other comprehensive income	0	0	1,789	-571	0	1,218	-743	475
Repurchase of own shares	-243	-112	0	0	0	-356	0	-356
Disposals	0	0	0	0	0	0	-1,386	-1,386
Purchase of non-controlling interests	0	0	71	0	-685	-614	614	0
Distribution	0	0	0	0	-13,369	-13,369	0	-13,369
As at 30 June 2014	242,883	72,422	-17,333	-39,783	267,603	525,792	25,634	551,426

¹ The dividend disbursement of kEUR 16,030 in 2015 corresponds to a dividend of EUR 0.24 per share (2014: EUR 0.20 per share), and was effected on 10 June 2015.

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, since 2007 in the Prime Segment. It has subsidiaries in Austria, Germany, the Czech Republic, Slovakia, Hungary, Croatia, Romania, Bulgaria and Denmark. As at 30 June 2015, S IMMO Group owned properties in all of the above mentioned 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 2015 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 2014.

In preparing the consolidated interim financial statements for the six months ended 30 June 2015, the accounting and valuation policies applied in the consolidated financial statements for the year ended 31 December 2014 have been applied substantially unchanged.

The financial statements for the six months ended 30 June 2015 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 first quarter of 2015, the previously fully consolidated company Viertel Zwei Hotel GmbH & Co KG was sold. In the same period, four companies were fully consolidated in the interim consolidated financial statements of S IMMO AG for the first time. These companies are S IMMO Berlin II GmbH, Germany; S Immo APM Hungary Kft, Hungary; S IMMO Beteiligungen GmbH, Austria and Siebenbrunnengasse 19–21 GmbH & Co OG, Austria. In the second quarter of 2015, the newly founded company S IMMO Property Eins GmbH, Austria, was fully consolidated in the interim consolidated financial statements. A business combination as per IFRS 3 did not occur for any of the five companies, as the definition of a business according to IFRS 3 was not met.

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

The amendment to IAS 19 "Employee Benefits" entitled "Defined Benefit Plans: Employee Contributions" applies for financial years beginning on 01 July 2014. The annual improvements from the 2010–2012 cycle also apply for financial years beginning on or after 01 July 2014. These amendments pertain to IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations", IFRS 8 "Operating Segments", IFRS 13 "Fair Value Measurement", IAS 7 "Statement of Cash Flows", IAS 16 "Property, Plant and Equipment", IAS 38 "Intangible Assets" and IAS 24 "Related Party Disclosures". The annual improvements from the 2011–2013 cycle apply from 01 July 2014. The amendments pertain to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 3 "Business Combinations", IFRS 13 "Fair Value Measurement" and IAS 40 "Investment Property".

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 2014	1,580,311	16,677
Additions	6,279	928
Disposals	-8,845	-3,010
Other changes	-4,532	0
Changes in fair value (realised through profit or loss)	56,695	-143
Reclassifications as properties held for sale	-42,845	0
As at 31 December 2014	1,587,063	14,452
whereof pledged as security	1,516,780	0
Additions	66,361	377
Disposals	0	0
Other changes	-376	0
Changes in fair value (realised through profit or loss)	9,876	0
Reclassifications as properties held for sale	-3,300	0
As at 30 June 2015	1,659,624	14,829
whereof pledged as security	1,527,365	0

Consisting of:

Rental properties

EUR '000	30.06.2015	31.12.2014
Austria	517,916	491,159
Germany	493,890	451,207
Central Europe	282,891	281,098
Southeastern Europe	364,927	363,599
	1,659,624	1,587,063

Properties under development and undeveloped land

EUR '000	30.06.2015	31.12.2014
Austria	0	0
Germany	0	0
Central Europe	4,169	4,150
Southeastern Europe	10,660	10,302
	14,829	14,452

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 2014 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 2015 is based on internal calculation models with input parameters that have changed since the preparation of the 2014 annual financial statements, but with the same valuation methods as applied for the 2014 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.

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 consist of one freehold apartment (in Austria) and are measured at cost of acquisition and construction. The book value in the consolidated financial statements as at 30 June 2015 amounted to kEUR 1,134 (31 December 2014: kEUR 1,394).

3.1.5. Cash and cash equivalents

EUR '000	30.06.2015	31.12.2014
Bank balances	47,513	74,511
Cash in hand	192	186
	47,705	74,697

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 (if, for example, negotiations for sale are already well advanced). This is currently not intended for any property.

EUR '000	30.06.2015	31.12.2014
Germany	0	7,980
Austria	0	34,865
	0	42,845

3.1.7. Non-controlling interests

The non-controlling interests of kEUR 26,069 (31 December 2014: kEUR 25,855) consisted principally of Einkaufscenter Sofia G.m.b.H. & Co KG (35% minority interest). The disposals in the amount of kEUR 1,184 (30 June 2014: kEUR 1,386) 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 participating 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:

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

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 2015, the total share of income entitlements was kEUR 1,399 (31 December 2014: kEUR 6,905).

As at 30 June 2015, there were 653,457 participating certificates in issue. The total entitlements of participating certificate holders as of that date were EUR 83.69 (31 December 2014: EUR 84.50) 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
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 477,244 participating certificates	-34,680	-4,966		-679	-40,324
Income entitlements of participating certificate holders			1,399		1,399
Allocation of undisclosed reserves on property portfolio				35	35
Participating certificates capital as at 30 June 2015	47,487	4,839	1,399	964	54,689
Per participating certificate (EUR)	72.67	7.41	2.14	1.48	83.69

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 2014	167,704			2,099	169,803
Profit brought forward 01 January 2014		7,632			7,632
Income entitlements of participating certificate holders from 2013			9,211		9,211
Distribution 28 April 2014			-6,842		-6,842
Change in profit brought forward pursuant to Clause 5 (6), Participating Certificates Agreement		2,368	-2,368		0
Repurchase and retirement of 1,177,066 participating certificates	-85,537	-5,141		-1,071	-91,749
Income entitlements of participating certificate holders			6,905		6,905
Allocation of undisclosed reserves on property portfolio				580	580
Participating certificates capital as at 31 December 2014	82,166	4,860	6,905	1,608	95,539
Per participating certificate (EUR)	72.67	4.30	6.11	1.42	84.50

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. Due to the exchange of participat-

ing certificates for a bond or the acceptance of the cash offer as described in section 3.1.9., the liabilities arising from the participating certificates continued to decline substantially in the second quarter of 2015. On 30 June 2015, the participating

certificate tranche with the ISIN AT0000795737 was listed at a price of EUR 84.00 per certificate and the tranche with the ISIN AT0000630694 was listed at a price of EUR 84.00 per certificate, which translates to a fair value of kEUR 54,890.

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, 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 §§ 4 ff 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. A total of 401,312 participating certificates were exchanged for a bond from the company, and 74,457 submitted for the 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. The exchange of the participating certificates for the bond was recognised according to IAS 39.40. Also in April 2015, S IMMO AG issued a further bond (ISIN AT0000A1DWK5) with a total nominal value of kEUR 65,000 divided into 130,000 shares with a nominal value of EUR 500 each. Taking into account the issue costs to be offset, this resulted in an increase in bond liabilities of kEUR 33,666 and kEUR 64,640 during the reporting period.

ISIN	Total nominal value in kEUR	Coupon	Effective interest rate	Maturity	Exchange price
AT0000A177D2	89,739.5	4.50%	4.66%	16 June 2021	111.00
AT0000A19SB5	100,000	3.00%	3.13%	02 October 2019	104.45
AT0000A1DBM5	33,993.5	3.25%	3.36%	08 April 2025	101.50
AT0000A1DWK5	65,000	3.25%	3.31%	20 April 2027	101.50

All of the bonds are listed in the Corporates Prime segment of the Vienna Stock Exchange. The market value of the bond liabilities based on the share prices amounted to kEUR 304,539 as at 30 June 2015.

3.1.10. Other financial liabilities

The short-term and long-term financial liabilities amounted to kEUR 843,809 (31.12.2014: kEUR 905,182) in total. 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	30.06.2015	31.12.2014
Remaining maturity less than 1 year	162,418	161,172
Remaining maturity between 1 and 5 years	499,601	480,684
Remaining maturity over 5 years	294,557	376,093

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 (kEUR 6,317; 31 December 2014: kEUR 8) and under non-current and

current financial liabilities (kEUR 27,259; 31 December 2014: kEUR 61,133). 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 2014 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 2014 and resulted in minor adjustments of the liabilities from derivatives. In the first six months of 2015, kEUR 2,562 was recognised under equity in other comprehensive income. In the second quarter of 2015, a number of swaps and one collar were settled and new derivatives concluded under current, more advantageous terms. Overall, valuation effects including newly concluded instruments and settlement had a positive effect in the consolidated income statement in the amount of kEUR 448 (HY 2014: negative effect of kEUR 493).

30 June 2015

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	462,940	899	-26,580
Caps	215,880	5,418	-679
Collars	0	0	0
Total	678,820	6,317	-27,259

31 December 2014

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	470,060	0	-54,455
Caps	91,520	8	-810
Collars	100,000	0	-5,868
Total	661,580	8	-61,133

3.2. Consolidated income statement

3.2.1. Rental income

Rental income by property use type was as follows:

EUR '000	01 – 06/2015	01 – 06/2014
Office	19,597	19,383
Residential	10,212	10,598
Retail	21,969	22,573
Hotels	2,854	4,289
	54,632	56,843

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 541 (HY 2014: 507), 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 2015, one residential property and one commercial property were sold in Hamburg, Germany, two residential properties in Berlin, Germany, and one office property in Wiener Neustadt, Austria. In addition, one property used as a hotel in Vienna, Austria, was sold as part of a share deal.

EUR '000	01-06/2015	01-06/2014
Disposal proceeds		
Properties held as financial investments	0	0
Properties held for sale	15,943	39,550
Inventories	0	0
	15,943	39,550
Book value of property disposals		
Properties held as financial investments	0	0
Properties held for sale	-15,938	-39,550
Inventories	0	0
	-15,938	-39,550
Gains on property disposals		
Properties held as financial investments	0	0
Properties held for sale	5	0
Inventories	0	0
	5	0

3.2.4. Financing result

Net financing costs were made up as follows:

EUR '000	01-06/2015	01-06/2014
Financing expense	-22,319	-29,830
Financing income	1,760	1,088
	-20,559	-28,742

In the first half of 2015, financing costs included a non-cash foreign exchange gain of kEUR 74 (HY 2014: foreign exchange loss kEUR -2,017).

3.2.5. Taxes on income

EUR '000	01-06/2015	01-06/2014
Current tax expense	-1,679	-4,797
Deferred tax income/expense	-4,315	606
	-5,994	-4,191

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 and also the subsidiaries in Denmark and Austria which are holding properties in Germany.

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

EUR '000	Austria	
	2015	2014
Rental income	14,304	15,203
Revenues from operating costs	3,492	3,723
Revenues from hotel operations	11,272	11,095
Total revenues	29,068	30,021
Other operating income	239	1,129
Property operating expenses	-5,739	-5,338
Hotel operating expenses	-9,297	-9,016
Gross profit	14,271	16,796
Gains on property disposals	1	0
Management expenses	-4,602	-4,569
EBITDA	9,670	12,227
Depreciation and amortisation	-1,614	-1,300
Results from property valuation	449	1,316
EBIT	8,505	12,243

	30.06.2015	31.12.2014
Non-current assets	582,850	549,248
Non-current liabilities (incl. participating certificates in Austria)	577,127	530,028

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 2015, however, in Management's opinion, neither the individual amounts involved nor the total were material.

Germany		Central Europe		Southeastern Europe		Total	
2015	2014	2015	2014	2015	2014	2015	2014
14,354	14,132	9,413	10,543	16,561	16,965	54,632	56,843
4,073	4,317	3,118	3,080	6,020	6,151	16,703	17,271
0	0	9,592	8,024	0	0	20,864	19,119
18,427	18,449	22,123	21,647	22,581	23,116	92,199	93,233
617	1,012	309	16	217	117	1,382	2,274
-9,488	-8,532	-4,089	-3,915	-7,687	-8,447	-27,003	-26,232
0	0	-6,557	-5,629	0	0	-15,854	-14,645
9,556	10,929	11,786	12,119	15,111	14,786	50,724	54,630
4	0	0	0	0	0	5	0
-1,964	-1,528	-711	-635	-382	-894	-7,659	-7,626
7,596	9,401	11,075	11,484	14,729	13,892	43,070	47,004
-42	-77	-1,831	-1,944	-347	-346	-3,834	-3,667
8,560	8,886	329	-2,548	337	1,250	9,675	8,904
16,114	18,210	9,573	6,992	14,719	14,796	48,911	52,241
30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014
494,729	451,951	351,709	351,121	396,492	395,997	1,825,780	1,748,317
148,602	190,826	207,860	218,364	202,509	205,498	1,136,098	1,144,716

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

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 Zeittlberger, 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	30.06.2015	31.12.2014
Other receivables	3,288	3,581
Bank balances	33,078	22,199
Receivables	36,366	25,780

EUR '000	30.06.2015	31.12.2014
Non-current bank and financial liabilities	365,194	376,568
Current bank and financial liabilities	124,809	99,715
Trade payables	44	402
Other liabilities	1,132	906
Liabilities	491,179	477,591

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	01-06/2015	01-06/2014
Management fees – Erste Group Immorent AG	-644	-658
Bank loan interest, other financing expenses and charges	-43,574	-16,145
Other expenses	-1,412	-1,603
Expenses	-45,630	-18,406

EUR '000	01-06/2015	01-06/2014
Rent and revenues from operating costs	341	344
Bank interest	2	38
Other interest income	123	0
Income	466	382

7. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

By the publication date of the interim report on 27 August 2015, a further 40,503 shares were repurchased at a price of kEUR 303 as part of the repurchase programme. Since 30 June 2015, another 2,555 participating certificates at a price of kEUR 216 were repurchased. There were no further significant events after the reporting date.

Vienna, 27 August 2015

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

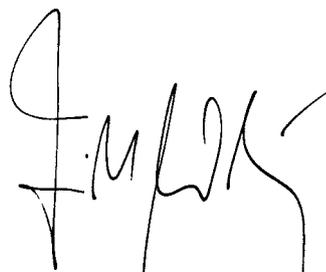
financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.”

Vienna, 27 August 2015

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 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 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 2015

27 August 2015	Results first half year 2015
26 November 2015	Results first three quarters 2015



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Contact

S IMMO AG

Friedrichstrasse 10
 1010 Vienna
 E-mail: office@simmoag.at
 Phone: +43 (0)50 100-27521
 Fax: +43 (0)50 100 9-27521
www.simmoag.at/en

Investor Relations

E-mail: investor@simmoag.at
 Phone: +43 (0)50 100-27556
 Fax: +43 (0)50 100 9-27556
investors.simmoag.at

Corporate Communications

E-mail: media@simmoag.at
 Phone: +43 (0)50 100-27522
 Fax: +43 (0)50 100 9-27522
press.simmoag.at

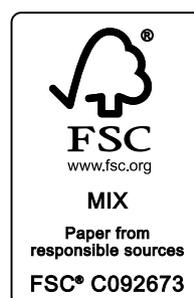
Publication details

Concept and design

Berichtsmanufaktur GmbH, Hamburg
 Art direction: Tanja Pfaff

Photography

Avid Knoll, Hamburg (cover)
 Christina Häusler, Vienna (Management Board)





S IMMO AG, Friedrichstrasse 10, 1010 Vienna
Phone.: +43 (0)50 100-27556, Fax: +43 (0)50 100 9-27556
E-mail: investor@simmoag.at, www.simmoag.at/en