

Annual Financial Report **2018**



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# Declaration of the Management Board

pursuant to section 124 (1) (3) Austrian Stock Exchange Act (BörseG)

## “Statement of all legal representatives

We confirm to the best of our knowledge that the consolidated 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 the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.”

Vienna, 20 March 2019

The Management Board



Ernst Vejdovszky



Friedrich Wachernig, MBA

# Management report

## Group fundamentals

### Business activities and corporate structure

S IMMO Group is an international real estate group that engages in buying, selling, real estate project development, letting, asset management and operating hotels and shopping centres as well as in revitalising and renovating properties in Austria, Germany and CEE (Slovakia, Czech Republic, Hungary, Romania, Bulgaria and Croatia). The property portfolio consists of office buildings, retail properties, hotels and residential properties. S IMMO AG does not conduct research and development.

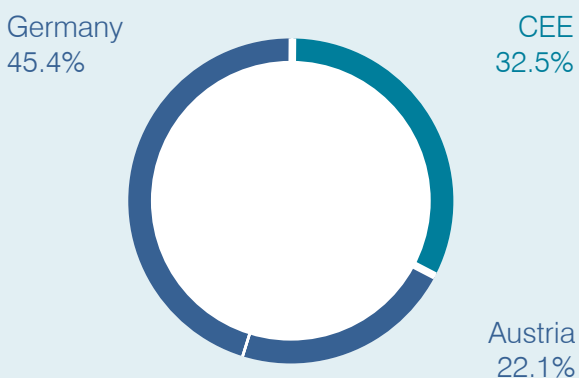
In addition to its registered office in Vienna, S IMMO Group has its own employees in Germany, Hungary and Romania. The German-based property management company Maior Domus is part of the Group. The subsidiaries have their own staff and are responsible for local asset management and letting activities, among other things.

In addition, the Group holds numerous project, property and holding companies (please refer to section 2.2.4. of the notes). S IMMO AG has been listed on the Vienna Stock Exchange since 1987 and was included in the ATX, the Austrian benchmark index, in September 2017. S IMMO had an annual average number of employees of 107.5 (annual average in 2017: 102), as calculated on the basis of full-time equivalents. Including hotel staff, the Group employed 595.5 (annual average in 2017: 577) people.

### Property portfolio

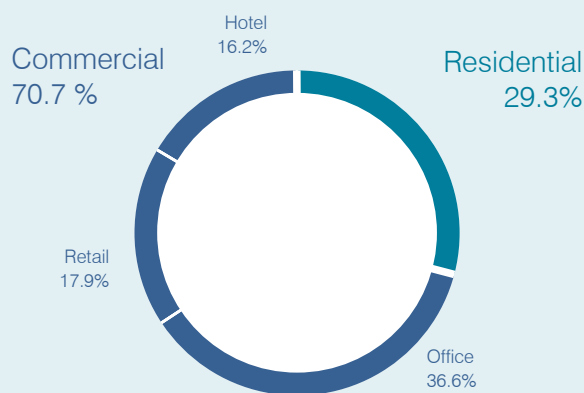
As of 31 December 2018, S IMMO Group's property portfolio consisted of 284 (31 December 2017: 241) properties with a book value of EUR 2,121.4m (31 December 2017: EUR 1,839.7m) and a total area of around 1.2 million m<sup>2</sup> (31 December 2017: 1.2 million m<sup>2</sup>). Most of the properties are located in capital cities within the European Union.

#### Book value by region <sup>1</sup>



<sup>1</sup> Including book value of land bank

#### Book value by type of use <sup>1</sup>



<sup>1</sup> Including book value of land bank

Based on book value, properties in Austria made up 22.1% (31 December 2017: 23.9%) of the portfolio, while properties in Germany comprised 45.4% (31 December 2017: 42.0%). The properties in CEE accounted for 32.5% (31 December 2017: 34.1%).

Based on the main type of use, the portfolio broke down into 36.6% (31 December 2017: 39.3%) offices, 17.9% (31 December 2017: 21.4%) retail properties, 29.3% (31 December 2017: 27.0%) residential properties and 16.2% (31 December 2017: 12.3%) hotels as of 31 December 2018. The occupancy rate of the entire portfolio was 95.8% (31 December 2017: 94.8%). The calculation of the occupancy rate includes all investment properties for which no development potential has currently been identified. The overall rental yield was 5.7% (31 December 2017: 6.1%).

## Strategy and objectives

S IMMO AG has been pursuing a sustainable and prudent business policy for more than three decades with the aim of constantly improving its results and creating value for its shareholders. The company applies a robust business model and makes use of property cycles. S IMMO acquires buildings with potential and is currently focusing on residential properties in economically up-and-coming German cities such as Leipzig, Erfurt or Kiel. In-depth knowledge of the local markets is a key factor here. In addition, S IMMO AG acquires large plots of land in the Berlin area. In total, around 850,000 m<sup>2</sup> of space were purchased in recent months. Further investments are planned.

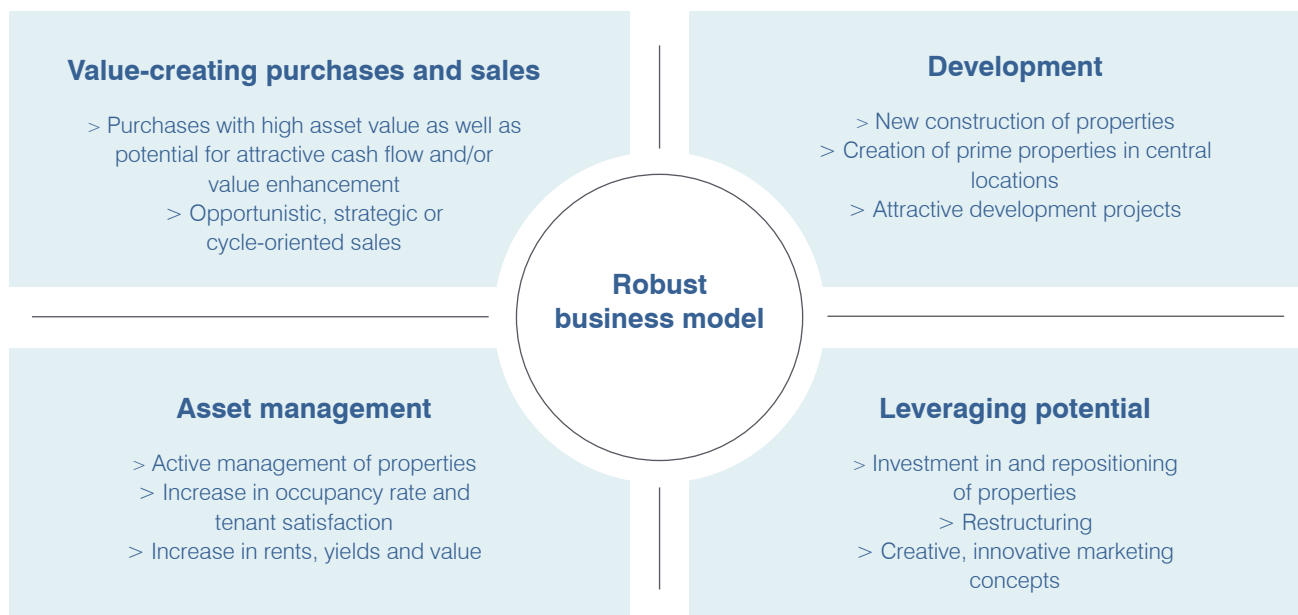
## Overview of the rental yields <sup>1</sup>

in %	31 December 2018	31 December 2017
Germany	4.6	4.9
Austria	5.2	5.1
CEE	7.4	8.2
<b>Total</b>	<b>5.7</b>	<b>6.1</b>

<sup>1</sup> The rental yields show the ratio between the generated annual rent and the property value. The calculation includes all investment properties for which no development potential has currently been identified. With regard to additions in the course of the year, the rent is annualised.

Great emphasis is placed on the latest technologies and high property standards in project developments and renovations. All development projects will be certified according to internationally recognised standards such as BREEAM.

The sale of properties is part of our cyclically oriented strategy. In the 2018 financial year, properties totalling more than EUR 50m were sold primarily in Germany and Austria. In addition, the company holds shares of listed Austrian real estate companies (CA Immobilien Anlagen AG and IMMOFINANZ AG).



## Management and control

In the last financial year, the Management Board consisted of two members. In its meeting on 07 June 2018, the S IMMO AG Supervisory Board extended the appointments of CEO Ernst Vejdovszky and Friedrich Wachernig until 30 June 2021. The Management

Board pursues a responsible and stable management approach aimed at enhancing earnings and increasing the Group's value on a long-term basis. In addition, the Management Board works closely with the Supervisory Board, which consisted of eight members at the end of the year (for further details, please refer to section 5.6. of the notes).

# Economic report

## Economic overview

Global economic growth is being dampened by the trend towards protectionist policies in some countries and geopolitical tensions. However, the European Union (EU) is also increasingly facing risks that are difficult to assess. Brexit (the outcome of which was still open as this report went to press) and the European Parliament elections are the primary uncertainties in this context. In addition, Italy is the first euro area country to find itself in a recession. As a result, economic development is gradually waning in the EU as well.

Following global economic growth of 3.7% in 2018, the European Commission projects a decline to 3.5% in 2019 and 2020. According to the European Commission's estimates for 2018, GDP increased by 1.8% in the euro area and 1.9% in the EU-28. The European economy is expected to expand for the seventh year in a row in 2019, although the pace of growth will be more moderate than in recent years. Growth is projected to come in at 2.0% this year and 1.9% in 2020.

Based on the currently available indicators, FocusEconomics estimates that economic growth totalled 4.3% in the CEE region in 2018. On one hand, a slowdown in the euro area dragged on exports and thus on industrial production. On the other, tight labour markets hindered economic activity.

Following robust economic growth in Austria in 2017, the economy expanded by 2.7% in 2018 according to the Institute of Economic Research (WIFO), although momentum continuously slowed over the course of the year. Conditions weakened in the industrial sector in particular starting in mid-2018, while domestic demand and foreign trade contributed to GDP growth. The European Commission projects growth of 2.0% for 2019 and 1.8% for 2020. WIFO also expects a further deceleration of economic growth in 2019.

## Real estate market overview

### Austria

Numerous projects with a total area of 266,000 m<sup>2</sup> were completed on the Viennese office market in 2018. In the fourth quarter of 2018, a total take-up of 80,800 m<sup>2</sup> was recorded. This corresponds to an increase of 38% in comparison to the prior-year period. The vacancy rate increased slightly to 5.7%. Currently, an area of 38,000 m<sup>2</sup> is expected to be delivered in 2019. Consequently, the vacancy rate could decline. Prime rents amounted to EUR 25.50/m<sup>2</sup>/month.

Vienna's hotel industry surpassed its previous successes by the end of the year. In 2018, overnight stays exceeded the 16 million mark for the first time, achieving a plus of 6.3%. Room revenues delivered an impressive gain as well and advanced by 11.8% between January and November 2018.

### Germany

In major German cities, rents grew by 4.2% in comparison to the previous year, which represents a deceleration compared to recent years. However, purchase prices for owner-occupied flats continued to climb steadily and recorded an increase of 11.4% by the end of the year.

The sustained demand for space and the growing economy are keeping conditions tight on the office market in Berlin. Last year, an office take-up of 840,400 m<sup>2</sup> was recorded. Prime rents saw a significant increase of 11.7% and amounted to EUR 33.50/m<sup>2</sup>/month. The vacancy rate declined to 2.2%. In 2019, 446,400 m<sup>2</sup> of space is expected to be completed, 81% of which is already pre-let. Moreover, refurbishments account for 31% of the planned space. This will not expand the supply on a long-term basis, but only provide a temporary reprieve.

## Overview of real estate market<sup>1</sup>

	Prime rents (EUR/m <sup>2</sup> /month)				Prime gross yield (%)				Total leasing activity (m <sup>2</sup> )		Vacancy rate (%)	
	H2 2018	H2 2017	H2 2018	H2 2017	H2 2018	H2 2017	H2 2018	H2 2017	H2 2018	H2 2017	H2 2018	H2 2017
	Office	Office	Retail	Retail	Office	Office	Retail	Retail	Office	Office	Office	Office
Berlin	33.50	30.00	320.00	320.00	3.10	3.10	3.10	3.25	471,000	521,100	2.29	3.17
Bratislava	17.00	16.50	67.00 <sup>2</sup>	65.00 <sup>2</sup>	6.00	6.25	5.50 <sup>2</sup>	5.752	55,054	58,965	5.99	6.18
Bucharest	18.50	18.50	55.00	50.00	7.00	7.50	7.50	7.75	120,469	142,681	7.40	9.00
Budapest	25.00	22.00	140.00	135.00	5.75	6.00	5.50	6.00	217,251	222,056	7.29	7.51
Vienna	25.50	26.00	310.00	310.00	3.75	3.90	3.20	3.30	131,602	102,299	5.16	4.87
Zagreb	15.00	15.00	60.00	60.00	8.00	8.00	6.75	6.75	n/a	12,137	5.00	5.26

<sup>1</sup> Local CBRE MarketViews H2 2018

<sup>2</sup> Data for shopping centres. Data for remainder of the locations is for high street retail.

## CEE

The total demand on the Budapest office market increased by 19% compared with the prior year, amounting to an area of 171,490 m<sup>2</sup>. Four new office buildings with a total area of 44,265 m<sup>2</sup> came onto the market in the fourth quarter. Overall, 202 lease agreements with an average size of 849 m<sup>2</sup> were concluded. New leases accounted for 36% of the total leasing activity. The vacancy rate reached 7.3% at the end of the quarter. A total of 112,700 m<sup>2</sup> of new office space is currently scheduled to be completed in 2019, 47% of which is currently pre-let.

The strong pre-let rate of office space in Bratislava led to a stable vacancy rate of around 6%. Four new office buildings encompassing an area of 66,000 m<sup>2</sup> were completed in the second half of 2018. Total leasing activity came to 71,100 m<sup>2</sup>.

The CEE hotel industry remains on a successful path. At the end of the year, the investment volume nearly exceeded EUR 800m. The occupancy rate remained at a high level in both Prague and Budapest. The revenue per available room in Prague is projected to advance by 3.4%.

The office market in Bucharest continues to develop well. Demand increased to 112,000 m<sup>2</sup>, which corresponds to an increase of 21% compared with the prior year. Two office buildings with a total area of 34,000 m<sup>2</sup> were delivered to the market in the fourth quarter of 2018, and both are already fully let. Overall, 300,000 m<sup>2</sup> of new space is expected to be delivered in 2019. The vacancy rate amounted to 4.6%.

Romanian retail sales saw a 5.4% year-on-year increase, which is the slowest pace recorded since 2003, whereas e-commerce continued to boom, registering growth of 30% compared to the previous year. Owing to the increased purchasing power in recent years, the market is still attracting new global retail players.

Sources: CBRE, Colliers, Cushman and Wakefield, the real estate index by ImmobilienScout24, Vienna Research Forum, <http://business-review.eu>, [www.b2b.wien.info](http://www.b2b.wien.info), [www.ec.europa.eu](http://www.ec.europa.eu), [www.focus-economics.com](http://www.focus-economics.com), [konjunktur.wifo.ac.at](http://konjunktur.wifo.ac.at), [www.property-forum.eu](http://www.property-forum.eu), [www.pwc.com/hospitality](http://www.pwc.com/hospitality)

## Business development and performance

Although 2016 and 2017 were characterised by large-volume disposals, the company again achieved a record result in the financial year 2018. Despite the disposals, total revenues rose year-on-year to EUR 192.4m (2017: EUR 191.4m). A positive like-for-like performance, acquisitions and a very strong profit from hotel operations were responsible for this. Consequently, gross profit also increased significantly.

The result from property valuation also improved substantially, amounting to EUR 167.8m (2017: EUR 127.6m).

The financial result increased significantly as a result of reduced financing costs, high dividend income from the shareholdings in CA Immobilien Anlagen AG and IMMOFINANZ AG and the elimination of participation certificates.

These effects led to a sharp rise in the Group result. Net income for the period attributable to the shareholders of the parent company reached a record level of EUR 203.7m (2017: EUR 130.1m). Accordingly, earnings per share improved to EUR 3.08 (2017: EUR 1.97), also the highest figure in the company's history.

### Increase in gross profit

Total revenues for the 2018 financial year came to EUR 192.4m, up on the prior-year figure of EUR 191.4m, despite the disposals in the third quarter of 2017. This improvement was driven by a considerable increase in revenues from hotel operations, property purchases in Germany and a positive like-for-like performance of the portfolio properties. At the same time, disposals in the previous year resulted in a decline in property management expenses to EUR 53.4m (2017: EUR 59.9m)

Broken down by region, rental income for the reporting period was as follows: Austria and Germany contributed 17.6% and 40.1%, respectively (2017: 22.1% and 32.7%) – in total 57.7% (2017: 54.8%) – and CEE 42.3% (2017: 45.2%). In terms of main type of use, commercial properties (office, retail and hotel) contributed 76.0% (2017: 80.2%) and residential properties 24.0% (2017: 19.8%) of the rental income.

Revenues from hotel operations (revenues from the Vienna Marriott and Budapest Marriott hotels, both operated under management agreements) rose to EUR 54.7m (2017: EUR 46.0m). Gross profit from hotel operations increased by more than 70% to EUR 16.7m (2017: EUR 9.7m). This excellent development was the result of the renovation and remodelling work done in the Vienna Marriott Hotel as well as several large congresses which were hosted there. The Budapest Marriott Hotel also increased revenues while maintaining its cost base.

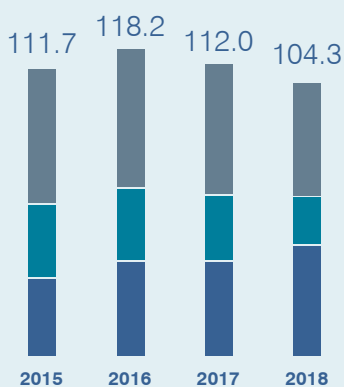
The excellent operating property business is reflected in the gross profit, which rose to EUR 103.0m (2017: EUR 98.2m). The net operating income (NOI), which is the gross profit excluding other operating income, increased by roughly 6% from EUR 95.3m to EUR 101.0m.

### Property investments

In contrast to the previous year, more acquisitions than disposals were executed in the financial year 2018. The focus here was on properties in medium-sized German cities. Purchases totalling approximately EUR 123m were completed. Income from property disposals came to EUR 52.4m (2017: EUR 470.3m), approximately two thirds of which were generated in Germany and one third in Austria.

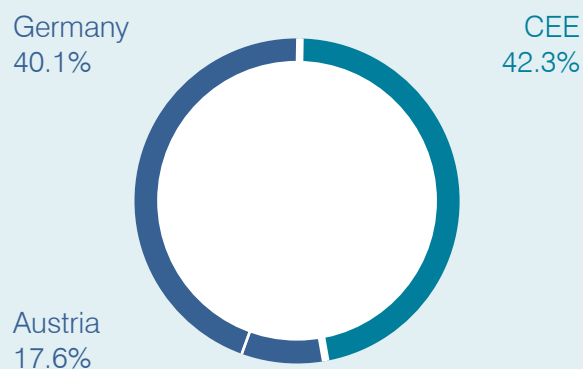
### Total rental income<sup>1</sup>

in EUR m ■ CEE ■ Austria ■ Germany



<sup>1</sup> Not including Vienna Marriott Hotel and Budapest Marriott Hotel

### Rental income by region<sup>1</sup>



<sup>1</sup> Not including Vienna Marriott Hotel and Budapest Marriott Hotel

## EBITDA down slightly, EBIT up significantly

Management expenses increased slightly to EUR 19.9m (2017: EUR 19.0m). As income from disposals was EUR 0m (2017: EUR 10.3m), the EBITDA of EUR 83.1m was lower than the figure of EUR 89.6m generated in 2017.

The result from property valuation improved considerably to EUR 167.8m (2017: EUR 127.6m), increasing not only overall, but also in every segment in year-on-year comparison. EUR 86.0m (2017: EUR 70.0m) of the result from property valuation relate to the German segment, EUR 45.4m (2017: 37.1m) to Austria and EUR 36.4m (2017: EUR 20.5m) to CEE. This meant that EBIT reached the second-highest level in the company's history, at EUR 243.2m (2017: EUR 208.1m).

## Highest EBT in the company's history

The financial result improved considerably to EUR -7.3m (2017: EUR -47.4m). This positive development was driven by a range of individual effects, including lower ongoing financing costs for loans and derivatives, considerably higher dividend income from the shareholdings in IMMOFINANZ AG and CA Immobilien Anlagen AG, a better result from derivatives valuations as well as an improved result from companies measured at equity.

These developments positively impacted the cost of funding (based on variable- and fixed-rate financial liabilities including bonds and derivatives), which amounted to 2.53% as of 31 December 2018 (2017: 2.67%). The cost of funding excluding bonds came to 2.28% (31.12.2017: 2.34%).

## Considerable upturn in net income with record earnings per share

Operating successes, the excellent results from property valuation and improvements in the financial results contributed to a considerable upturn in net income to EUR 204.2m (2017: EUR 133.5m). Net income for the period attributable to the shareholders of the parent company was the highest the company has ever recorded, at EUR 203.7m (2017: EUR 130.1m). With an increase of roughly 56% to EUR 3.08 (2017: EUR 1.97), earnings per share also posted a new high.

## Earnings and financial position

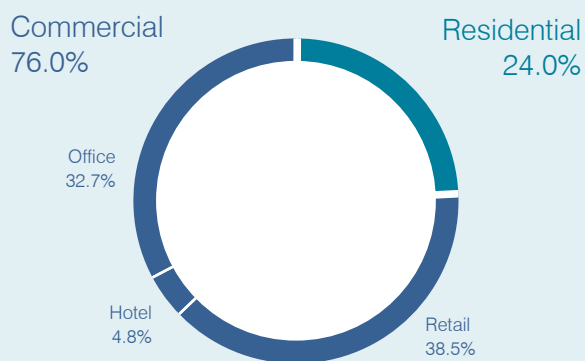
### Cash flow

Cash flow from operating activities for financial year 2018 was EUR 75.4m (2017: EUR 72.7m). Cash flow from investing activities totalled EUR -261.3m (2017: EUR 85.1m), while cash flow from financing activities amounted to EUR 185.8m (2017: EUR -150.4m).

### Consolidated statement of financial position

S IMMO Group's total assets increased from EUR 2,272.3m as of 31 December 2017 to EUR 2,720.1m as of 31 December 2018. The stake in IMMOFINANZ AG was increased to just below 12%, while the holdings in CA Immobilien Anlagen AG were expanded to a much lesser extent in the reporting period. This means "other financial assets" increased overall to EUR 453.0m as of 31 December 2018 (31 December 2017: EUR 300.2m). The dividend income in connection with these acquisitions was also a significant driver for the considerable improvement in the financial results.

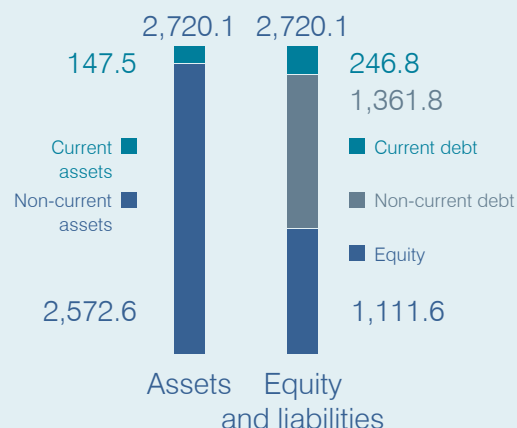
### Rental income by property type of use <sup>1</sup>



<sup>1</sup> Not including Vienna Marriott Hotel and Budapest Marriott Hotel

### Balance sheet structure

in EUR m



Cash and cash equivalents as of 31 December 2018 totalled EUR 73.3m (31 December 2017: EUR 73.4m), which more or less corresponds to the prior-year level. Properties with a fair value of EUR 40.4m (31 December 2017: EUR 6.3m) were classified as held for sale. In the first quarter of 2018, two additional bonds were issued with a volume of EUR 100m for the six-year bond and a volume of EUR 50m for the twelve-year bond. Both bonds have coupons with a fixed interest rate: 1.75% p.a. for the six-year bond and 2.875% p.a. for the twelve-year bond. In terms of real estate, properties were acquired in Germany and progress was made on the development of the office building The Mark in Bucharest.

As of 31 December 2018, equity not including minority shares increased to EUR 1,108.9m (31 December 2017: EUR 940.8m). Despite the dividend distribution in the second quarter of 2018, the book value per share improved to EUR 16.75 (31 December 2017: EUR 14.21). The equity ratio decreased slightly from 41.6% as of 31 December 2017 to 40.9% as of 31 December 2018.

## Financial management

All of S IMMO's loan liabilities are denominated in euro. As of 31 December 2018, 16% (31 December 2017: 20%) of loans were fixed-rate and 84% (31 December 2017: 80%) were variable-rate loans. S IMMO reduces the risk of rising interest rates on variable-rate financing with interest rate hedges.

## Breakdown of financial liabilities

EUR m	2018	2017
Participating certificates (subordinated)	0	56.7
Issued bonds (non-current)	336.9	287.5
Other financial liabilities (non-current)	861.3	686.6
Issued bonds (current)	99.9	0
Other financial liabilities (current)	93.2	113.4
<b>Total</b>	<b>1,391.4</b>	<b>1,144.2</b>

S IMMO's reported property investments amounted to EUR 2,573.4m as of 31 December 2018 (31.12.2017: EUR 2,138.2m). The loan-to-value ratio (LTV ratio) for financing secured with properties was slightly lower than last year and came to 36.3% (31 December 2017: 36.6%).

S IMMO has unsecured financing as well. The LTV ratio for unsecured financing less cash and cash equivalents increased in the reporting period mainly due to the bonds issued in the first quarter of 2018 and amounted to 14.1% (31 December 2017: 12.7%). In total, the company's LTV ratio was 50.4% (31 December 2017: 49.3%).

The following table shows the calculation method:

EUR m	2018		2017	
	unsecured	secured	unsecured	secured
Secured financial liabilities without derivatives	0	932.9		782.9
Issued bonds and other unsecured financing	436.8	0	287.5	0
Participating certificate	0		56.7	
Cash and cash equivalents	-73.3	0	-73.4	0
<b>Total</b>	<b>363.5</b>	<b>932.9</b>	<b>270.8</b>	<b>782.9</b>
Property investments	2,573.4	2,573.4	2,138.2	2,138.2
LTV ratio in %	14.1	36.3	12.7	36.6
<b>Total in %</b>	<b>50.4</b>		<b>49.3</b>	

Total bond liabilities of EUR 436.8m are divided across six bonds. This division is based on the company's risk-optimising efforts to keep maturities from unsecured financing within a manageable range at all times.

## S IMMO bonds

ISIN	Maturity	Coupon	Total nominal value EUR '000
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
AT0000A1Z9D9	06 February 2024	1.75%	100,000.00
AT0000A1Z9C1	06 February 2030	2.875%	50,000.00

As of 31 December 2018, S IMMO's liabilities to banks were spread among 22 (2017: 23) individual banks. The average maturity of long-term liabilities to banks was 6.3 years (2017: 6.4 years).

### Related party disclosures

More information on related parties can be found in the notes to the consolidated annual financial statements in section 5.6.

# Non-financial performance indicators and corporate responsibility

Details on the non-financial performance indicators and on corporate responsibility can be found in the non-financial report starting on page 89.

## Information in accordance with section 243a (1) Austrian Commercial Code (UGB)

The following information must be disclosed pursuant to section 243a (1) Austrian Commercial Code (UGB):

1. As of 31 December 2018, the issued share capital of S IMMO AG was EUR 243,143,569.90, divided into 66,917,179 no-par-value bearer shares. All shares have the same rights.

2. S IMMO AG's articles of incorporation restrict the voting rights of each shareholder at the Annual General Meeting to a maximum of 15% of the issued share capital. For this purpose, shares held by companies that together constitute a group for the purposes of section 15 Austrian Stock Corporation Act (AktG) are to be aggregated, as are shares held by third parties for the account of the relevant shareholder or the account of a company forming part of a group with that shareholder. Holdings of shares by shareholders

exercising their voting rights in concert in virtue of an agreement or as part of coordinated behaviour are also to be aggregated. The Management Board of S IMMO AG is not aware of any agreements applying to limitations of voting rights or the transfer of shares (with the exception of the joint voting policy between Erste Asset Management GmbH and ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.; see item 3).

3. The company has been notified of the following holdings in excess of 10% under section 130 et seq. Austrian Stock Exchange Act (BörseG) and the corresponding previously applicable provisions:

On 18 April 2018, IMMOFINANZ AG (FN 114425y) issued notification that it had concluded share purchase agreements for 19,499,437 shares or 29.14% of the share capital of S IMMO AG, with these agreements being particularly subject to the condition precedent of permissibility/non-prohibition of the responsible antitrust authorities under antitrust and competition law.

On 21 September 2018, a further notification was issued by IMMOFINANZ AG, according to which, following approval from the relevant antitrust authorities, the transaction was closed and the acquired S IMMO shares were transferred to IMMOFINANZ AG on 21 September 2018.

Notification was received from Erste Asset Management GmbH on 30 November 2011 that it and its (then) subsidiaries RINGTURM Kapitalanlagegesellschaft m.b.H. and ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H. pursue a joint voting policy, and that the voting decisions of the managed funds are therefore submitted in aggregate.

The three companies therefore reported that as of 29 November 2011, they held 8,130,557 shares in aggregate, which was about 11.94% of the issued share capital at the time, and following the cancellation of treasury shares on 19 December 2013 constituted about 12.15% of the reduced share capital. Both RINGTURM Kapitalanlagegesellschaft m.b.H. and ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H. have since been merged with Erste Asset Management GmbH.

For clarification purposes, S IMMO AG states that it has learned of the existence of the above-mentioned equity interests greater than 10% based on notifications under section 130 et seq. of the BörseG and the respective previously applicable provisions, and that it therefore cannot guarantee the completeness or correctness of the above information. Moreover, notifications in accordance with the BörseG are only required upon reaching, exceeding or falling below the relevant thresholds, so that the actual current extent of the interests may differ from those listed in the notifications.

4. There are no shares with special control rights.

5. Employees who are shareholders exercise their voting rights at the Annual General Meeting directly, if appropriate.

6. The Management Board consists of two, three or four members. The members of the Management Board are appointed by the Supervisory Board by a three-quarters majority of the votes cast. The Supervisory Board may at the same time appoint a member of the Management Board as Chairman and another member as Deputy Chairman. This resolution also requires a three-quarters majority of the votes cast. Appointment to the Management Board is open only to those under the age of 65 at the time of appointment. The Supervisory Board consists of a maximum of ten members elected by the Annual General Meeting. Resolutions proposing increases in share capital are passed by a simple majority of the votes cast at the Annual General Meeting and by a simple majority of the shareholders voting on a resolution.

7. a) By resolution of the 29<sup>th</sup> Annual General Meeting on 03 May 2018, the Management Board is authorised under section 169 AktG, with the approval of the Supervisory Board, for a period of five years, i.e. until 25 July 2023, after entry of this amendment to the articles of incorporation in the company register, to increase the share capital by up to EUR 48,628,711.07 by issuing up to 13,383,435 new ordinary bearer shares in the company against contributions in cash or in kind in one or more tranches and to determine the issue amount, which may not be below the pro rata amount of the share capital, as well as the other issue conditions in consultation with the Supervisory Board. With the approval of the Supervisory Board, the Management Board is authorised to fully or partially exclude the subscription right of shareholders (i) if the capital increase is carried out against cash contributions and the proportion of the company's share capital arithmetically apportioned to the shares issued against cash contributions with exclusion of the subscription right does not total more than the threshold of 10% (ten percent) of the company's share capital at the time of exercising of the authorisation, (ii) if the capital increase is carried out against contributions in kind, (iii) in order to use a greenshoe option or (iv) to compensate for fractional amounts. A proportion of the share capital totalling no more than 20% (twenty percent) of the company's share capital at the time of granting of the authorisation may be arithmetically apportioned to the total of the shares issued against cash contributions and contributions in kind under this authorisation with exclusion of the subscription right of shareholders. All subscription or conversion rights to new shares that have been granted for a convertible, exchangeable or warrant bond issued during the term of this authorisation with exclusion of the subscription right count towards this threshold. The Supervisory Board is authorised to pass changes to the articles of incorporation that arise from the issue of shares from authorised capital.

b) At the 29<sup>th</sup> Annual General Meeting on 03 May 2018, the Management Board was authorised under the provisions of section 65 (1) item 8 and (1a) and (1b) AktG for a period of 30 months from the date of the passing of the resolution, that is, until 03 November 2021, with the approval of the Supervisory Board, to acquire treasury shares up to the statutory maximum of 10% of the company's share capital on one or more occasions, and if appropriate to cancel them. The company currently holds 715,424 treasury shares, which corresponds to 1.07% of the current share capital. The Management Board was also authorised for a period of five years from the date of the passing of the resolution, that is, until 03 May 2023, with the approval of the Supervisory Board, to dispose of treasury shares in a manner other than through the stock exchange or through a public offer and under exclusion of shareholders' subscription rights.

c) By resolution of the 29<sup>th</sup> Annual General Meeting on 03 May 2018 under section 174 (2) AktG, the Management Board was authorised, within five years from the date of the resolution, i.e. until 03 May 2023, with the approval of the Supervisory Board, to issue convertible bonds associated with a conversion and/or subscription right to up to 13,383,435 no-par-value bearer shares in the company with a pro rata amount of the share capital of up to EUR 48,628,711.07, with or without exclusion of the subscription right, in one or more tranches at present value and to determine all further conditions of the convertible bonds.

This authorisation can also be used repeatedly. The total of (i) the shares already transferred to holders of convertible bonds under this authorisation and (ii) the shares for which conversion and/or subscription rights from convertible bonds already issued and to be issued in the context of reuse can be exercised may not exceed the maximum figure determined in this resolution, which equates to 20% of the share capital. New shares issued from authorised capital during the term of this authorisation with exclusion of the subscription right of shareholders count towards this threshold. The conversion and/or subscription rights can be used through shares from contingent capital, authorised capital, from treasury shares or by way of transfer by third parties, or a combination thereof.

The share capital will be contingently increased under section 159 (2) item 1 AktG by up to EUR 48,628,711.07 through the issue of up to 13,383,435 new no-par-value bearer shares. The contingent capital increase will only be carried out insofar as holders of convertible bonds issued on the basis of the Annual General Meeting resolution of 03 May 2018 make use of the conversion and/or subscription right granted to them. The issue amount and the conversion and/or subscription ratio must be determined with due consideration of common calculation methods as well as the price of the company's shares (bases for calculation of the issue amount); the issue amount may not be below the pro rata amount of the share capital. The Management Board is authorised, with the approval of the Supervisory Board, to determine the further

details of carrying out the contingent capital increase (in particular the issue amount, the content of the share rights and the time of the dividend entitlement). The Supervisory Board is authorised to pass changes to the articles of incorporation that arise from the issue of shares from contingent capital or as a result of expiry of the deadline for use of the contingent capital.

8. The 4.5% S IMMO bond 2014–2021 issued in June 2014 (volume of around EUR 90m), the 3% S IMMO bond 2014–2019 issued in October 2014 (volume of EUR 100m), the 3.25% S IMMO bond 2015–2025 issued in April 2015 (volume of around EUR 34m), the 3.25% S IMMO bond 2015–2027 issued in April 2015 (volume of EUR 65m) as well as the 1.75% S IMMO bond 2018–2024 (volume of EUR 100m) and the 2.875% S IMMO bond 2018–2030 (volume of EUR 50m), which were both issued in February 2018, contain change-of-control clauses. Under the terms and conditions of the bonds issued in 2014 and 2015, in the event of a change of control, the bond creditors are entitled to cancel the partial debenture and can demand immediate repayment. Under the terms and conditions of the bonds issued in February 2018, in the event of a change of control, the bond creditors are entitled to cancel the partial debenture provided this change of control leads to a significant limitation on the ability of the issuer to fulfil the obligations under the partial debentures. Under the terms and conditions of the bonds, a change of control occurs if, at any time, one person or several persons acting jointly or a third party or third parties acting for said person or persons directly or indirectly acquire (i) more than 50% of the voting rights associated with the shares of the issuer (irrespective of the maximum voting right) or (ii) the right to designate the majority of members of the Management Board of the issuer and/or the shareholder representatives on the Supervisory Board of the issuer.

In addition, the Management Board contracts also contain a change-of-control clause, which grants the right to terminate the employment relationship and to resign from the Management Board mandate upon the occurrence of a change-of-control event within a period of three months after the occurrence of this event, subject to a notice period of four months. In the event of such a termination, the remuneration claims pursuant to the employment and pension fund contracts will remain effective until 30 June 2021. However, the continued payment of remuneration is limited to two gross annual salaries. A change-of-control event occurs only if a change takes place at the shareholder level that also results in a new election of at least one third of the company's Supervisory Board members.

9. There are no special compensation agreements between the company and members of the Management and Supervisory Boards or the company's employees that would take effect in the event of a public takeover offer.

# Risk management report

As an international real estate group, S IMMO Group faces a host of risks and opportunities that impact operating activities, the decision-making process and strategic management. By identifying, analysing, managing and monitoring risks and opportunities, the Group strives to detect negative developments and potential risk factors in good time and minimise them as far as possible. Nevertheless, the occurrence of risks cannot be completely ruled out. S IMMO engages in long-term property investments by developing, buying, letting, operating, renovating and selling properties in Austria, Germany and CEE. The portfolio contains commercially used properties (office, retail and hotel) and a complementary set of residential properties. Other activities of the Group therefore include:

- real estate project development
- the operation of hotels and shopping centres
- the refurbishment of portfolio properties
- asset management

In addition, S IMMO AG holds shares in listed Austrian real estate companies (CA Immobilien Anlagen AG and IMMOFINANZ AG).

In addition to internal regulations and guidelines, risk management at S IMMO comprises ongoing reports in the context of regular meetings with the Management Board. Furthermore, there are control measures in place in the Group for the purpose of the early detection, management and monitoring of risks. Key decisions relevant to risk are made by the Management Board. Investment projects above a specific volume also require approval from the Supervisory Board. Both management bodies are regularly informed with regard to risks and the Internal Control System. The risk groups set out in this section have been analysed and assessed retrospectively for the financial year 2018 and also with regard to business activities in 2019.

## Internal Control System

An Internal Control System (ICS) is in place for all key business processes. Aspects such as the reliability of financial reporting are monitored and controlled by this system. In conjunction with the Internal Audit department and compliance with (stock exchange) regulations, the ICS constitutes S IMMO Group's internal monitoring system. Core processes – in particular those relating to the Group's financial reporting – are set out in the internal processes database. This includes a risk management matrix in which the processes, potential individual risks and the assigned control steps are defined.

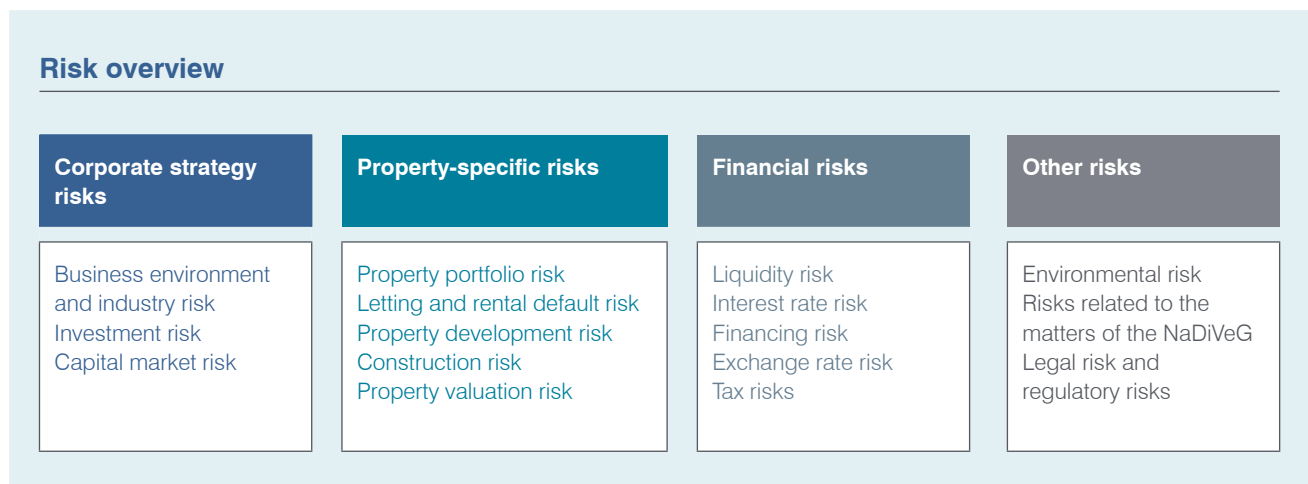
Key features of the accounting-specific ICS are:

- Clear division of tasks between finance and accounting as well as other areas of responsibility (e.g. treasury)
- Guidelines on the application of uniform accounting and valuation methods in the consolidated financial statements
- Assessment of risks that could lead to a material misstatement of transactions (e.g. incorrect allocation to balance sheet or profit and loss items)
- Appropriate control mechanisms in the automated preparation of the consolidated financial statements
- Reports to internal recipients (Management Board and Supervisory Board) include quarterly, segment and liquidity reports as well as additional individual analyses as required.
- Within the preparation process for the consolidated financial statements, the respective Accounting departments of the individual companies are required to prepare reporting packages by each reporting date on the basis of the Group-wide accounting manual and to send these to headquarters for further processing. The various subsidiaries use external service providers to prepare the reporting packages on behalf and under the responsibility of the respective management. In the context of the process-specific control activities, Group Accounting performs regular reviews of the completeness and accuracy of the reported data. Various deviation analyses are also performed in ongoing coordination with the Management Board. These include a review of the data of all Group companies at headquarters together with the specialist departments (e.g. Asset Management and Tax), with the involvement of the Accounting departments of the individual companies. When preparing the consolidated financial statements, Group Accounting uses a validated consolidation software package. The effectiveness of risk management is assessed each

year on the basis of the critical self-assessment of the Group and on a voluntary basis by the Group's auditor in line with the requirements of C Rule no. 83 of the Austrian Code of Corporate Governance (ÖCGK). The Management Board, Supervisory Board and Audit Committee are made aware of the results of this audit.

## Internal Audit

S IMMO's Internal Audit department coordinates audits of significant business processes of the Group parent company and its Austrian and foreign subsidiaries with regard to their effectiveness, existing risks and control weaknesses as well as potential improvements in efficiency. The audits take place in cycles of several years and are based on the annual audit plan approved by the Management Board. In addition, special audits are commissioned as required. Only external experts are commissioned to perform the audits. The results of the audits are reported to the Management Board. The Audit Committee of the Supervisory Board is regularly informed regarding the audit plan and the results of the audits.



## Explanations on individual risks

### Corporate strategy risks

Strategic risks are closely related to S IMMO's business strategy and could strongly influence it.

### Business environment and industry risk

The development of an industry is heavily dependent on external factors such as the economy or the prevailing technological, political and legal situation. As the economic environment is constantly changing, the resulting risks are hard to forecast. A deterioration of the economic situation in a market can affect purchase and sale prices as well as the value of and return on a property. In addition, rent reductions, rental defaults or a termination of rental agreements by tenants may occur. S IMMO counters these risks

by owning properties in different regions with various types of use. Careful asset management and constant monitoring also contribute to reducing the described risks. At present, the situation on the markets where S IMMO operates is as follows: Lower production of new space is planned for the Vienna office market and could result in demand strengthening for modern and centrally located office space. It can thus be expected that prime rents will increase. Unabated demand and shortage of space on the Berlin office market are fuelling an ongoing price rise. In Berlin, residential rents did not rise as quickly as in the previous year. In up-and-coming German cities, the company is anticipating a successive, but moderate upturn in rents. The positive economic development in several CEE markets is increasing demand for office properties and leading to low vacancy rates.

### **Investment risk**

S IMMO faces risks in investments in property development projects as well as property purchases. These are often caused by factors beyond S IMMO Group's control, for example delays in the completion of property projects or the subsequent deterioration of the local economic situation. Therefore, the Group's strategy is oriented towards reducing potential investment risks through careful selection, planning and execution of property projects and purchases. There are set investment volume limits above which the approval of the Supervisory Board is required. Nevertheless, a residual amount of investment risk always remains with any investment, particularly in properties, and it can negatively influence cash flows and valuations.

S IMMO holds a significant amount of shares in IMMOFINANZ AG and CA Immobilien Anlagen AG. As property investment companies and property developers, both of these companies are exposed to similar risks to those of S IMMO, particularly all risks associated with the purchase, development, operation and sale of properties as well as general business risk. For information on the particular risks of these companies, please refer to the corresponding financial reports of the two companies. The shares of IMMOFINANZ AG and CA Immobilien Anlagen AG are listed in the Austrian ATX benchmark index and are subject to market price risks that could have a negative impact on S IMMO's equity.

### **Capital market risk**

The capital market is very important to S IMMO in terms of raising equity and debt. Unstable capital markets can impair the Group's financing options. Transparent and reliable information gives shareholders a well-founded decision-making basis and strengthens the capital market's trust in the securities issued by S IMMO AG.

### **Property-specific risks**

S IMMO is exposed to all risks associated with the purchase, development, operation and sale of properties.

### **Property portfolio risk**

S IMMO counters property portfolio risk with a balanced portfolio mix. The portfolio contains offices, retail and residential properties as well as hotels. In geographical terms, the properties are divided between Austria, Germany and CEE. The Group focuses on capital cities and metropolises within the European Union. The value of a property depends largely on its location and intended use. Therefore, the attractiveness of the location or the potential use can significantly affect S IMMO's financial situation. The property portfolio risk was not identical in all regions and across all types of use in the financial year 2018: Through diversification within the portfolio, the risks of one market can often be cushioned by positive developments in another market.

### **Letting and rental default risk**

Letting risk is closely linked to the general economic situation in the individual markets, and therefore involves associated uncertainty in terms of forecasting. In general, there is always a certain letting risk – also regarding contract extensions – due to the various political and economic developments in the individual markets. However, the very positive economic trend is currently mitigating this risk. The competitive situation can also have an impact on the letting rate and contract extensions. There is ongoing competition between owners for prestigious, attractive tenants. Depending on the economic development in the various markets in which S IMMO operates, pressure can be exerted on the rents. This might imply accepting rents that are lower than originally forecast. In addition, S IMMO is exposed to rental default risk. If the Group is unable to extend expiring rental agreements on favourable terms or find suitable creditworthy tenants who are willing to enter into a long-term lease, this impairs the market value of the properties concerned. There may also be long-term vacancies. Particularly in times of economic and political uncertainty, S IMMO may be forced to accept rent reductions in order to maintain its letting rate. The credit rating of a tenant can decrease in the short or medium term, particularly during an economic downturn. In addition, there is the potential risk of a tenant becoming insolvent or otherwise being unable to fulfil its payment obligations under the rental agreement. However, positive economic trends reduce these risks, as is currently the case in almost all of S IMMO's markets.

### **Property development risk**

In the area of property development, risks may arise in connection with construction cost overruns, construction delays, (construction) quality defects, letting or delays in receiving official approvals. S IMMO counters these risks with regular cost, quality and deadline checks as well as deviation analyses.

### **Construction risk**

On the one hand, construction risk is the risk of damage to newly constructed properties and portfolio properties, which S IMMO reduces through industry-standard construction contracts with experienced construction firms, warranty periods and guarantees. To limit risks in this area as much as possible, detailed inspections are arranged before the end of the warranty periods so that any damage can still be rectified at the construction firm's expense. To safeguard against conventional damage to portfolio buildings, such as fire or water, S IMMO takes out insurance policies at usual market conditions. On the other hand, repair costs rise with the age of portfolio buildings, as key systems need to be replaced after their useful life. With active asset management and ongoing repairs as well as sensible maintenance measures, S IMMO endeavours to avoid major negative effects.

### Property valuation risk

Property valuation depends on various macroeconomic conditions – which are beyond the Group's control – and on property-specific factors. In this respect, property valuation risk describes the risk of negative fluctuations in the value of the property portfolio. In addition to the expected rental income, the condition of the property and the historical letting level, property experts can also take into account other factors such as taxes on land and property, operating costs, third-party claims on the basis of environmental risks or risks associated with specific construction materials. Any change in the value of a property can have a negative impact on the Group's net profit or loss and, as a further consequence, its equity and therefore also its share price and creditworthiness. The Group recognises investment properties at fair values, and generally has them valued once a year by external experts.

### Financial risks

For S IMMO Group, the management of financial risks mainly involves the consideration of liquidity, interest rate, financing and exchange rate risks.

### Liquidity risk

On the basis of continuous liquidity planning, the Finance department coordinates the Group's cash flows in cooperation with the Project Development, Asset Management and Acquisition departments, checks them for plausibility and constantly adjusts them in order to ensure liquidity. The Group has fluctuating holdings of cash and cash equivalents that are invested in accordance with the respective operational and strategic requirements and objectives. Furthermore, it conducts hedging transactions, especially to hedge against changes in interest rates and the associated fluctuations in its financing costs. These hedging transactions could prove to be inefficient or unsuitable for meeting the set targets, and could lead to losses that impact income. In addition, the Group is exposed to the risk of its contracting partners failing to fulfil their contractual obligations under the hedging or investment transactions (counterparty risk). S IMMO Group counters this risk by concluding investment and hedging transactions only with respectable banks with a sound credit rating. Stricter equity and liquidity regulations for banks and resultant increased lending restrictions and reduced lending levels may lead to problems with refinancing. Despite its mainly long-term loan agreements, S IMMO may be affected primarily in the event of loan extensions and refinancing (see also financing risk). This risk may arise primarily when loan extensions or refinancing are delayed or are granted at a lower level than expected. If S IMMO were to be unable to utilise suitable and appropriate external borrowings for project developments and acquisitions or refinancing of expiring external borrowings on time or at all, this could signifi-

cantly impair its ability to fulfil its obligations under project development contracts or in acquisition projects. There is also the risk of being unable to repay bonds at the end of the term. All these consequences or an inability to fulfil the obligations under existing financing agreements and partial debentures due to lack of availability of free liquidity may lead to a significantly adverse impact on the Group's net assets, financial position and earnings situation and impair the Group's credit rating.

### Interest rate risk

The vast majority of S IMMO Group's financing agreements provide for a variable interest rate, resulting in the risk of a changing interest rate level. The costs of interest payments increase if the respective reference interest rate rises. However, the European Central Bank is currently not expected to increase the base rate until around the end of 2019. S IMMO Group reduces interest rate risk on a long-term basis by hedging the interest rates of its variable-rate loans.

As of 31 December 2018, 16% (31 December 2017: 20%) of loans were fixed-rate and 84% (31 December 2017: 80%) were variable-rate loans – mostly pegged to the three-month Euribor. S IMMO generally hedges its variable-rate loans with the following derivative financial instruments: swaps and caps. At the end of the year, most of the variable-rate financing portfolio was hedged. The extent to which the Group uses instruments of this kind depends on the assumptions and market expectations of the management and the responsible employees at S IMMO with regard to the future interest rate level as well as the development of borrowing levels. If these assumptions prove to be incorrect, this may lead to a significant rise in interest expenses. The stress tests, which include the existing bonds (please refer to section 5.2.1. of the notes for details), show that S IMMO Group is exposed to interest rate changes to a limited extent. A Euribor of 1.0% p.a. increases the cost of funding by 13 basis points. This means that despite hedging with derivative financial instruments, the Group would be exposed to higher financing costs if interest rates were to rise.

### Financing risk

Market conditions for property financing are constantly changing. After the financial and economic crisis, a steady and significant improvement in the refinancing situation has been observed for some years now. Due to investment pressure at many banks, particularly in Germany and Austria, but also in CEE, refinancing expired loans and taking up new loans for portfolio properties was possible at considerably lower margins than was possible a few years ago. The attractiveness of various types of financing depends on several factors, some of which are beyond the Group's control. These factors include in particular market interest rates, tax-related aspects and the assessment of the value

and realisation potential of properties that serve as collateral, as well as the assessment of the general economic situation by the financing partners. In times of highly volatile property markets, lenders may sometimes be unwilling to extend maturing loans under terms that are acceptable to S IMMO Group. This can lead in particular to higher margins, lower lending levels and the need to provide further collateral, it might also generally lead to a lack of refinancing options. If the Group is unable to generate liquidity or external funds to the required extent at the required time or to borrow under acceptable terms, its ability to fulfil its obligations under financing agreements could be impaired. S IMMO Group strives to reduce this risk by spreading its borrowing among different lenders (22 individual banks as of the reporting date of 31 December 2018). Borrowing is monitored on the basis of approvals on a staggered basis by the Management Board and Supervisory Board. As of 31 December 2018, non-current liabilities to banks had an average weighted residual term of 6.3 years. This long-term financing is standard industry practice. In addition, there is the risk that it may not be possible to comply with financial covenants (clauses in loan agreements regarding the permitted indebtedness and the debt service cover ratio) or other contractual terms, guarantees or conditions in financing agreements. This may limit flexibility in financing future business activities. Compliance with financial covenants is constantly monitored by S IMMO Group in close contact with lending financial institutions. Covenant infringements may constitute a default incident. The Group is committed to a balanced ratio between financing and the book value of the property portfolio (loan-to-value ratio). As of 31 December 2018, the Group-wide loan-to-value ratio for secured financing stood at 36.3% (31 December 2017: 36.6%). In addition, the Group has unsecured financing (utilised credit lines and loans) equivalent to 14.1% (31 December 2017: 12.7%) of property assets. Despite close monitoring of financing instruments and the relevant parameters, S IMMO could be confronted with risks in the area of refinancing if the economy and the financing environment deteriorate sufficiently.

#### **Exchange rate risk**

S IMMO Group's borrowings are entirely denominated in euro and rental agreements are linked mainly to the euro. Therefore, the direct cash-effective exchange rate risk is regarded as low. A changed situation for another currency could indirectly have an impact on the purchasing power of customers locally, which would have a medium-term effect on property valuations. In accounting terms, short-term, non-cash exchange rate effects could have an impact on the profit and loss account. This may be the case in particular with the Budapest Marriott Hotel depending on how the Hungarian forint develops against the euro.

#### **Tax risks**

As an international property group that currently has companies in eight European countries, S IMMO Group is exposed to a large number of different, constantly changing national tax systems. Changes in local taxation conditions (e.g. property-related taxes, sales taxes or income taxes) and uncertainty or different interpretations of the often complex tax regulations may lead to unplanned tax charges and therefore always constitute a risk to earnings. By working with local experts at all times, S IMMO attempts to identify possible consequences early on so that they can be reflected in decision-making, and in order to ensure that adequate accounting provisions are made for all known risks (in connection with Group audits and other fiscal procedures).

#### **Other risks**

##### **Environmental risk**

S IMMO is potentially affected by various environmental risks such as natural or man-made disasters. Environmental risks may arise in connection with portfolio properties as well as development projects. For example, amended laws or renovation obligations as a result of environmental or safety regulations may require the removal or replacement of materials. Environmentally harmful substances at a development site may also have to be disposed of. New or stricter environmental, health and safety legislation may also give rise to additional costs. Natural disasters or extreme weather conditions such as floods, storms and hail may cause significant damage to properties under construction or portfolio properties. Man-made disasters such as nuclear incidents or accidents may also cause damage. Serious material damage to buildings is covered by appropriate building insurance policies, supplemented by special insurance policies such as against earthquake damage in Romania. S IMMO strives to reduce environmental risks by performing thorough location analyses and obtaining written guarantees when making acquisitions and investments.

### Risks related to matters of NaDiVeG

The Austrian Sustainability and Diversity Act (NaDiVeG) requires a discussion on the key risks, which could have negative effects on the following considerations: environment, employees, social issues, combating corruption and bribery, and observing human rights. Significant risks in conjunction with the issues mentioned in the non-financial report and measures for identifying, evaluating, avoiding and limiting the risks are described in the following section of the risk report. S IMMO is aware of its responsibility towards the environment. The construction of new buildings results in an increase in CO<sub>2</sub> emissions and the greenhouse effect is accelerated by the additional energy consumption. Furthermore, hazardous waste could be released into the environment during new construction projects or renovation work by using harmful construction materials that contain pollutants. To counter these risks, S IMMO handles portfolio properties and development projects responsibly. The company tries to monitor CO<sub>2</sub> emissions on the basis of real consumption and to pay attention to energy-efficient construction methods and the use of high-quality and ecological materials – taking account of an acceptable cost/benefit rate for tenants. If possible, it is ensured that renewable energies are used in the countries' electricity mix. In new construction projects, efforts are made to obtain green building certificates. In this respect, several S IMMO buildings have already received sustainability certificates.

In addition to environmental management, S IMMO is also responsible for safety on construction sites when commissioning new buildings and conversion work. A lack of quality and breaching safety regulations could jeopardise the safety and health of workers. A lack of care on construction sites can also lead to complaints from residents regarding noise and dust pollution. S IMMO therefore chooses its partners carefully and works exclusively with reputable general contractors with high quality standards.

There is always the risk of corruption incidents in day-to-day business. Some of the countries in which S IMMO operates have a poor ranking according to the Corruption Perceptions Index, which can lead to the violation of the law and subsequently to penalties. For this purpose, S IMMO has prepared compliance guidelines which are mandatory for the whole team. A breach can lead to disciplinary action.

Furthermore, S IMMO has a high level of social responsibility along the supplier chain and therefore ensures compliance with all statutory provisions when choosing its partners. Core values such as transparency and fair and sustainable corporate management are deeply enshrined in S IMMO's corporate culture. This is also evidenced by S IMMO's commitment to the Austrian Code of Corporate Governance (please refer to the corporate governance report from page 83 for details).

S IMMO also deals with challenges and potential risks which may arise in connection with its employees. For S IMMO, it is therefore a matter of course to reduce possible negative effects on the health of its team to a minimum. Adequate work-life balance and the balance between supporting and challenging employees are also taken into account.

Only through specialist qualifications and training are our employees in the position to independently carry out the tasks they have been assigned. In addition, an extensive health programme is offered to employees at S IMMO.

In May 2018, the EU General Data Protection Regulation came into force. S IMMO examined existing policies and adjusted them in order to take due account of all legal obligations, in particular relating to data storage and data processing. At the time the regulation went into force, there were in part quite different interpretations about the correct implementation of the General Data Protection Regulation, also among legal experts. Despite all due caution, the risk remains that measures S IMMO AG has taken are not sufficient and that claims will be lodged by third parties. The company counters this risk by monitoring the legal situation on an ongoing basis and appropriately adapting its processes if necessary.

S IMMO has dedicated itself to respecting all human rights to the highest possible extent. However, it is always possible that violations of human rights (collective agreement, working hours, etc.) may occur. The company counteracts these risks with various control measures such as careful time recording.

### Legal risk and regulatory risks

S IMMO is exposed to a large number of legal risks as a result of its business activities. These stem mainly from legal disputes in connection with S IMMO's business operations (for example disputes arising from property transactions or with construction firms) and regulatory risks. If applicable, provisions in accordance with IFRS requirements are formed for ongoing legal disputes. As the outcomes of arbitration or legal proceedings are generally hard to predict, expenses may exceed the allocated provisions. Significant risks may also arise from changes in the law, particularly as S IMMO operates in a highly regulated environment and in different jurisdictions.

The Group operates in a regulatory environment in which the regulations – in particular market abuse, data protection and antitrust legislation – are and will be enforceable with severe penalties. The measures taken by the company may prove insufficient to prevent breaches of legislation and may therefore entail the imposition of substantial fines.

### Overall statement on risks and opportunities

S IMMO AG's business activities are subject to a large number of risks and are heavily dependent on the economic situation in the markets in which the Group operates. For the European Union, in comparison to previous quarters the EU Commission is forecasting more muted economic growth at the level of 2.0% for 2019 and 1.9% for 2020. For the markets in which S IMMO operates in the CEE region, FocusEconomics estimates that economic growth will come to 3.2% in 2019. Key factors driving uncertainty are Brexit and the election of the EU Parliament.

For the property markets in which S IMMO operates, the company is anticipating a positive trend – particularly on the Berlin office market, in up-and-coming German cities and in the CEE region.

On the basis of these trends, the company is anticipating low industry, property portfolio, property valuation, letting and rental default risk in the current year. If the economic situation on the markets deteriorates, this would also have a negative impact on the above risks.

Another risk area relates to the liquidity and financing situation in the company. Currently, it is anticipated that the European Central Bank will not increase its base rate until the end of 2019. The company hedges against increasing interest rates using swaps and caps. At the current moment in time, refinancing expiring loans and taking up new ones is possible at considerably lower margins than was the case a few years ago.

The company counters all risks with careful risk monitoring and a responsible risk policy. Nevertheless, the occurrence of risks cannot be completely ruled out. Provisions are made for potential risks.

In addition to the risks mentioned above, there are also opportunities. Currently, the company is benefiting from persistently rising price levels in some markets. In other markets, the price level on the property market is already quite high. Even so, S IMMO anticipates that even in this environment, it can leverage its knowledge and relevant market expertise to buy property and land with upside potential.

## Outlook

### Significant events after the balance sheet date

There were no significant events after the balance sheet date.

### Expected economic development

Economic growth – both at the global level and in the European Union (EU) – has declined somewhat compared with the previous quarters. The European Commission expects the global economy to expand by 3.5% in both 2019 and 2020. In the euro area, economic growth is projected to come to 2.0% in 2019 and 1.9%

in 2020. FocusEconomics forecasts economic growth of 3.2% for S IMMO's markets in the CEE region this year. According to the estimates of the Austrian Institute of Economic Research (WIFO), economic growth will also weaken slightly in Austria. For Austria, the European Commission expects economic growth of 2.0% in 2019 and 1.8% in 2020.

## Expected developments on the real estate markets

During the reporting period, numerous projects were completed on the Viennese office market and handed over to tenants. The newly developed space met with high demand and therefore it did not lead to an appreciable increase in vacancy. The volume of completions expected this year is substantially lower and demand will remain constant, so it can be assumed that the vacancy rate will decline.

Demand remains high on Berlin's office market. The low completion rate is further supporting this trend, and the vacancy rate is expected to continue falling while rents continue to rise.

Residential rents in major German cities did not increase as quickly as in the previous year, as the growth rate decelerated to 4.2%. The rising rents and the lack of flats in Berlin in particular have increasingly triggered a political debate in the past, which also ended up having an effect on the legal framework. The company expects a gradual, moderate increase in rents in emerging German cities.

The real estate markets in CEE are seeing robust demand and low vacancy rates. Attractive development properties are rare and office properties that are already under development generally have high pre-letting levels.

## Expected business development

S IMMO expects conditions to remain positive in the real estate markets in which it is active. The focus will once again be on Germany in 2019, with activities primarily concentrating on emerging German cities such as Leipzig, Erfurt, and Kiel. These cities are enjoying positive demographic and economic growth and offer attractive purchase opportunities with upside potential.

In addition, S IMMO AG has acquired large-scale properties in the area surrounding Berlin. In recent months, the company has purchased approximately 850,000 m<sup>2</sup> of space, and additional investments are planned. At the same time, we are also considering exciting investment opportunities in our other markets, particularly in the CEE region.

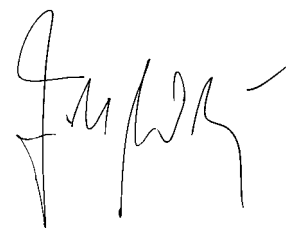
In Vienna, S IMMO owns a 35% stake in the buildings 1 and 2 of Quartier Belvedere Central (QBC). The office property has a gross floor space of roughly 42,000 m<sup>2</sup> and is scheduled to be completed at the end of 2020.

The company's most recently completed office projects are located in CEE. The joint venture Einsteinova Business Center in Bratislava was handed over to well-known tenants such as IBM and UNIQA. The office property The Mark in Bucharest also has solid occupancy. Both office buildings boast outstanding environmental data, and S IMMO strives to obtain a BREEAM sustainability certificate at the "excellent" level for each property.

Vienna, 20 March 2019



Ernst Vejdovszky



Friedrich Wachernig

# Consolidated financial statements

## Consolidated statement of financial position

as of 31 December 2018

Assets EUR '000	Notes	31 December 2018	31 December 2017
<b>Non-current assets</b>			
Investment properties			
Rental properties	3.1.1.	1,880,507	1,668,405
Properties under development and undeveloped land	3.1.1.	73,750	37,100
		<b>1,954,257</b>	1,705,505
Owner-operated properties	3.1.2.	126,789	127,875
Other plant and equipment	3.1.2.	4,469	4,655
Intangible assets	3.1.2.	208	230
Interests in companies measured at equity	3.1.3.	25,704	12,237
Group interests	3.1.4.	2,448	842
Loans to companies measured at equity	3.1.3.	4,214	10,946
Other financial assets	3.1.4.	452,981	300,175
Deferred tax assets	3.1.16.	1,534	2,277
		<b>2,572,604</b>	2,164,742
<b>Current assets</b>			
Inventories	3.1.5.	531	530
Trade receivables	3.1.6.	10,641	8,447
Other financial assets	3.1.6.	10,440	6,607
Other assets	3.1.7.	12,256	12,239
Cash and cash equivalents	3.1.8.	73,281	73,390
		<b>107,149</b>	101,213
Assets held for sale	3.1.9.	40,381	6,300
		<b>147,530</b>	107,513
		<b>2,720,134</b>	<b>2,272,255</b>

## Equity and liabilities EUR '000

	Notes	31 December 2018	31 December 2017
Shareholders' equity			
Share capital	3.1.10.	240,544	240,544
Capital reserves	3.1.10.	68,832	68,832
Other reserves	3.1.10.	799,478	631,439
		<b>1,108,854</b>	940,815
Non-controlling interests			
	3.1.11.	2,720	3,611
		<b>1,111,574</b>	944,426
Non-current liabilities			
Issued bonds	3.1.14.	336,910	287,518
Other financial liabilities	5.1.1.	861,335	686,589
Provisions for employee benefits	3.1.15.	1,368	2,334
Other liabilities		6	7
Deferred tax liabilities	3.1.16.	162,173	135,128
		<b>1,361,792</b>	1,111,576
Current liabilities			
Subordinated participating certificate capital	3.1.13.	0	56,717
Issued bonds	3.1.14.	99,902	0
Financial liabilities	5.1.1.	93,239	113,398
Income tax liabilities		1,791	4,666
Trade payables	5.1.1.	8,884	7,363
Other liabilities		42,952	34,109
		<b>246,768</b>	216,253
		<b>2,720,134</b>	<b>2,272,255</b>

# Consolidated income statement

for the financial year 2018

EUR '000	Notes	2018	2017
<b>Revenues</b>			
Rental income	3.2.1.	104,313	112,020
Revenues from operating costs	3.2.1.	33,379	33,435
Revenues from hotel operations	3.2.1.	54,749	45,966
		<b>192,441</b>	191,421
Other operating income		<b>1,948</b>	2,866
Property operating expenses	3.2.2.	-53,410	-59,877
Hotel operating expenses	3.2.2.	-38,023	-36,232
Gross profit		<b>102,956</b>	98,178
Income from property disposals	3.2.3.	52,416	470,251
Book value of property disposals	3.2.3.	-52,416	-459,910
Gains on property disposals	3.2.3.	<b>0</b>	10,341
Management expenses	3.2.4.	-19,863	-18,963
Earnings before interest, tax, depreciation and amortisation (EBITDA)		<b>83,093</b>	89,556
Depreciation and amortisation	3.2.5.	-7,672	-8,999
Results from property valuation	3.2.6.	167,814	127,592
Operating result (EBIT)		<b>243,235</b>	208,149
Financing cost	3.2.7.	-37,506	-51,055
Financing income	3.2.7.	15,550	6,021
Results from companies measured at equity	3.2.7.	14,693	3,597
Participating certificates result	3.1.13.	0	-5,964
Financial result		<b>-7,263</b>	-47,401
Net income before tax (EBT)		<b>235,972</b>	160,748
Taxes on income	3.1.16.	-31,822	-27,278
<b>Consolidated net income</b>		<b>204,150</b>	<b>133,470</b>
of which attributable to shareholders in parent company		203,690	130,091
of which attributable to non-controlling interests		460	3,379
<b>Earnings per share</b>			
undiluted = diluted	3.2.8.	3.08	1.97

# Consolidated statement of comprehensive income

for the financial year 2018

EUR '000	Notes	2018	2017
Consolidated net income		204,150	133,470
Change in value of cash flow hedges	5.1.2.	-4,697	-197
Income taxes on cash flow hedges	5.1.2.	837	20
Reclassification of derivative valuation effects	5.1.2.	1,246	13,991
Reserve for foreign exchange rate differences	3.1.10.	1,328	165
Valuation of financial instruments available for sale	3.1.10.	0	39,738
Income taxes from measurement of financial instruments available for sale	3.1.10.	0	-10,893
Recycling for financial instruments available for sale (including income taxes)	3.1.10.	0	66
Other comprehensive income (realised through profit or loss)		-1,286	42,890
Valuation of financial assets FVOCI		-9,363	0
Income taxes from measurement of financial assets FVOCI		-3	0
Remeasurement of post-employment benefit obligations		-9	-220
Income taxes on remeasurement of post-employment benefit obligations		2	54
Other comprehensive income (not realised through profit or loss)		-9,373	-166
Other comprehensive income		-10,658	42,724
of which attributable to shareholders in the parent company		-10,658	40,473
of which attributable to non-controlling interests		0	2,251
<b>Total comprehensive income</b>		<b>193,491</b>	<b>176,194</b>
of which attributable to shareholders in parent company		193,031	170,564
of which attributable to non-controlling interests		460	5,630

# Consolidated cash flow statement

for the financial year 2018

EUR '000	Notes	2018	2017
Net income before tax (EBT)		235,972	160,748
Results from property valuation	3.2.6.	-167,814	-127,592
Depreciation and amortisation on intangible assets and equipment	3.2.5.	7,672	8,999
Gains/losses on property sales	3.2.3.	0	-10,341
Taxes on income paid	3.1.16.	-5,600	-1,920
Participating certificates result	3.1.13.	0	5,964
Financing result	3.2.7.	7,263	41,437
Operating cash flow		<b>77,493</b>	77,295
Changes in net current assets			
Receivables and other assets		-3,573	-2,561
Provisions, other financial and non-financial liabilities		-967	184
Current liabilities		2,453	-2,250
Cash flow from operating activities		<b>75,406</b>	72,668
Cash flow from investing activities			
Investments in property portfolio (rented properties, developing projects, undeveloped land, owner-operated properties)		-168,197	-116,435
Investments in intangible assets		-88	-142
Investments in other fixed assets		-1,088	-653
Disposal of equity instruments of other companies	3.1.4.	239	1,527
Acquisition of equity instruments of other companies	3.1.4.	-162,661	-172,913
Investments in financial assets		-3,863	-319
Disposals of financial assets		0	405
Investments in companies measured at equity		-1,631	-3,761
Divestments in companies measured at equity		9,762	4,078
Net cash flow from deconsolidation of subsidiaries and other business units less cash and cash equivalents	2.2.4.	22,126	336,036
Net cash flow from initial consolidations	2.2.4.	33	264
Net cash flow from changes in companies measured at equity		1,261	1,847
Disposals of properties		29,075	31,000
Dividends from companies measured at equity		551	50
Dividends received	3.1.4.   3.2.7.	12,968	3,961
Income from equity investments	3.1.4.	153	144
Interest received	3.2.7.	66	43
Cash flow from investing activities		<b>-261,294</b>	85,132

EUR '000	Notes	2018	2017
Consolidated cash flow statement continued			
Cash flow from financing activities			
Purchase of own participating certificates	3.1.12.   3.1.13.	-550	-5,180
Bond issues	3.1.14.	148,862	0
Distribution minority shares		-1,351	-29,623
Increases in financing	3.1.12.	198,143	159,073
Decreases in financing	3.1.12.	-46,052	-209,877
Dividend payment	3.1.10.	-26,481	-26,481
Repayment of participating certificates	3.1.12.   3.1.13.	-54,331	0
Distribution to participating certificates	3.1.12.   3.1.13.	-1,630	-2,400
Interest paid		-30,831	-35,951
Cash flow from financing activities		185,779	-150,439
Cash and cash equivalents 01 January		73,390	66,029
Net change in cash and cash equivalents		-109	7,361
<b>Cash and cash equivalents 31 December<sup>1</sup></b>		<b>73,281</b>	<b>73,390</b>

<sup>1</sup> The effects of currency translation differences on the cash and cash equivalents were immaterial and are therefore not shown separately.

# Changes in consolidated equity

EUR '000	Share capital	Capital reserves	Foreign currency translation reserve	Hedge accounting reserve	Equity instruments reserve <sup>2</sup>	Other reserves	Subtotal S IMMO shareholders	Non-controlling interests	Total
As of 01 January 2018	240,544	68,832	-17,200	-6,022	25,053	629,608	940,815	3,611	944,426
Changeover effects of first-time application of IFRS 9 (after tax)	0	0	0	0	1,478	0	1,478	0	1,478
Total after adjustment due to first-time application of IFRS 9	240,544	68,832	-17,200	-6,022	26,531	629,608	942,293	3,611	945,904
Consolidated net income	0	0	0	0	0	203,690	203,690	460	204,150
Other comprehensive income	0	0	1,328	-2,614	-9,365	-7	-10,658	0	-10,658
Change in non-controlling interests	0	0	0	0	0	0	0	-1,351	-1,351
Other changes					-53	63	10	0	10
Distribution for 2017 to shareholders <sup>1</sup>	0	0	0	0	0	-26,481	-26,481	0	-26,481
<b>As of 31 December 2018</b>	<b>240,544</b>	<b>68,832</b>	<b>-15,872</b>	<b>-8,636</b>	<b>17,113</b>	<b>806,873</b>	<b>1,108,854</b>	<b>2,720</b>	<b>1,111,574</b>
As of 01 January 2017	240,544	68,832	-17,365	-17,585	-3,858	525,037	795,605	28,737	824,342
Consolidated net income	0	0	0	0	0	130,091	130,091	3,379	133,470
Other comprehensive income	0	0	165	11,563	28,911	-166	40,473	2,251	42,724
Change in non-controlling interests	0	0	0	0	0	1,127	1,127	-30,756	-29,629
Distribution for 2016 to shareholders	0	0	0	0	0	-26,481	-26,481	0	-26,481
<b>As of 31 December 2017</b>	<b>240,544</b>	<b>68,832</b>	<b>-17,200</b>	<b>-6,022</b>	<b>25,053</b>	<b>629,608</b>	<b>940,815</b>	<b>3,611</b>	<b>944,426</b>

<sup>1</sup> The dividend distribution of kEUR 26,481 in 2018 corresponds to a dividend of EUR 0.40 (2017: EUR 0.40) per share, and was effected on 16 May 2018.

<sup>2</sup> See notes 3.1.4., formerly AFS reserve

# Notes to the consolidated financial statements

as of 31 December 2018

## 1. The Group

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

## 2. Accounting and valuation policies

### 2.1. Accounting policies

The consolidated financial statements comply with the International Financial Reporting Standards (IFRS), including the interpretations of the IFRS Interpretations Committee, the application of which is mandatory in the European Union at the balance sheet date, as well as supplementary provisions according to section 245a (1) Austrian Commercial Code (UGB).

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 included in consolidation ends on 31 December.

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

All receivables and liabilities and all income and expenses between companies in the scope of consolidation are eliminated as part of debt consolidation and the consolidation of income and expenses. Interim results from intercompany transfers of properties are likewise eliminated.

### 2.2. Consolidation group and basis of consolidation

#### 2.2.1. Subsidiaries

The consolidated financial statements include all the companies (subsidiaries) over which the parent company has a controlling influence through full consolidation. A controlling interest exists where the parent company is directly or indirectly in a position to have the power of disposition over the associated subsidiary and determine the financial and business policies of the subsidiary in such a way that the yield level can be influenced (risk exposure by or claims related to fluctuating yields). A subsidiary is consolidated from the time when the controlling influence is acquired, and deconsolidated when that influence ceases to exist.

The acquisition date is the date on which control of the new acquisition is acquired. Costs incurred by S IMMO Group in the course of acquisition, such as fees for due diligence reviews, measurements and other consulting services, are recognised as expenses in the period in which they have incurred.

If acquisitions result in business combinations as defined by IFRS 3, they are recognised according to the acquisition method. Assessing whether a transaction includes the acquisition of a business requires a detailed analysis of the relevant structures and processes.

If the company obtains control of a business through an acquisition, the acquisition costs are offset against the attributable fair value of the identifiable net assets acquired to determine any difference. A positive difference is recognised as goodwill. If the amount is negative, it is recognised by the S IMMO Group in profit or loss after a further critical review of the recognition and measurement of the assets and liabilities acquired.

If there are no business combinations as defined by IFRS 3, the assets and liabilities acquired are recognised at the proportionately attributable acquisition costs. Typically, hidden reserves recognised as part of share deals are mostly or exclusively attributable to properties.

Changes to interests in subsidiaries that do not lead to the establishment or loss of control are classified as equity transactions. The book values of the interests held by the Group and accord-

ingly those held by the controlling shareholders are adjusted in such a way that they reflect the changes to the ownership interests appropriately. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received is recognised under equity and allocated to the shareholders of S IMMO AG.

In the event of loss of control over a subsidiary, the attributable assets and liabilities and the related non-controlling interests are derecognised on the basis of the fictitious stand-alone disposal. The remeasurement of any retained interests at fair value as of the date of the loss of control is performed via the income statement and represents the starting point for the future measurement as an associate, joint venture, or equity investment. When obtaining control over an existing joint venture or associate, the equity interest previously held in the acquired enterprise should be remeasured at fair value at the acquisition date. Any resulting gain or loss is recognised in profit or loss or in other comprehensive income.

### 2.2.2. Non-controlling interests

S IMMO Group recognises non-controlling interests as the proportionate share of identifiable net assets of the subsidiary.

Transactions with non-controlling interests not resulting in loss of control are treated in the same way as transactions with the Group's shareholders. Any difference between the consideration given and the relevant share of the book value of the net assets of the subsidiary arising from the acquisition of a non-controlling interest is recognised in equity. Gains and losses on the disposal of non-controlling interests are also recognised in equity.

Changes to the shareholdings of the non-controlling interests that do not lead to a loss of control of the S IMMO Group are recognised as set out in 2.2.1.

### 2.2.3. Associates and joint ventures

Companies over whose business and financial policies the parent company can directly or indirectly exercise a significant influence (as a rule, through a direct or indirect interest ranging from 20% to 50% of the share capital) and joint companies are included in the consolidated financial statements at equity.

Interests in companies included at equity are initially recognised at cost of acquisition. For associated companies and jointly controlled companies included at equity, differences resulting from consolidation are calculated in the same way as for fully consolidated companies. The goodwill resulting from the acquisition of a company included at equity is part of the book value and is not subject to depreciation and amortisation. As part of the investment in the company included at equity, the goodwill is reviewed for impairment. S IMMO AG's interest in the profit or loss of an at equity consolidated company after the date of acquisition is included in the consolidated income statement. The share of other comprehensive income is recognised directly in the item other comprehensive income in the consolidated statement of comprehensive income. The cumulative share of such changes increases or reduces the book value of the interest. If S IMMO AG's attributable share of the accumulated losses of a company consolidated at equity exceeds the book value of the interest, excess shares of losses are not recognised, except to the extent that they give rise to obligations. In the event of distributions, the book value of the interest is reduced by the proportionate amount. Intercompany profits and losses between S IMMO AG and at equity consolidated companies are eliminated on consolidation.

If the ownership interest in companies recognised at equity changes and the equity method continues to be applied, the proportion of the gain or loss previously recognised in other comprehensive income attributed to the reduction in ownership interest is to be reclassified to profit or loss if this gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

### 2.2.4. Consolidation scope

Apart from S IMMO AG, the consolidated financial statements include 75 (2017: 76) companies (property holding and intermediary holding companies) that are fully consolidated and directly or indirectly owned by S IMMO AG, and 12 (2017: 12) companies included at equity.

#### Changes in the consolidation group in the financial year 2018

In the third quarter of 2018, H.W.I. I ApS, Denmark, H.W.I. IV ApS, Denmark, GPI I ApS, Denmark, GPI II ApS, Denmark, and GPI III ApS, Denmark, were dissolved.

The previously consolidated Austrian company S IMMO Property Zwei GmbH was sold in the fourth quarter of 2018.

The payment received consisted entirely of cash in the amount of kEUR 22,202. The companies sold or business units had the following book values at the time of the disposal:

EUR '000	Book value
<b>Current assets</b>	
Investment property	27,700
Other current assets	33
Cash and cash equivalents	76
<b>Total assets</b>	<b>27,809</b>
Non-current liabilities	5,342
Current liabilities	311
<b>Total book value of disposals</b>	<b>5,653</b>

In the second quarter of 2018, S IMMO Property Neun GmbH (Austria) and S IMMO Property Zehn GmbH (Austria) were fully consolidated in the consolidated financial statements of S IMMO AG for the first time. In the fourth quarter of 2018, S IMMO Property Elf GmbH (Austria), Váci 113 Offices A Kft., (Hungary) and Váci 113 Offices B Hungary Kft. (Hungary) followed. A business combination as per IFRS 3 did not occur for any of the newly consolidated companies, as the definition of a business according to IFRS 3 was not met.

#### Overview of the consolidation group 2018 on a company basis

Company	Location	Nominal capital 2018	Nominal capital 2017	Group share % 2018	Group share % 2017	Local currency 2018	Local currency 2017	Consolidation type 2018	Consolidation type 2017
CEE Immobilien GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
CEE PROPERTY-INVEST Immobilien GmbH	A, Vienna	48,000,000	48,000,000	100	100	EUR	EUR	FC	FC
CEE CZ Immobilien GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
German Property Invest Immobilien GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
Hotel DUNA Beteiligungs Gesellschaft m.b.H.	A, Vienna	145,346	145,346	100	100	EUR	EUR	FC	FC
AKIM Beteiligungen GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
SO Immobilienbeteiligungs GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
CEE Beteiligungen GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
E.V.I. Immobilienbeteiligungs GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
SIAG Berlin Wohnimmobilien GmbH	A, Vienna	3,982,500	3,982,500	99.74	99.74	EUR	EUR	FC	FC
E.I.A. eins Immobilieninvestitionsgesellschaft m.b.H.	A, Vienna	36,336	36,336	100	100	EUR	EUR	FC	FC
PCC-Hotelerrichtungs- und Betriebsgesellschaft m.b.H. & Co KG	A, Vienna	8,299,238	8,299,238	88.13	74.69	EUR	EUR	FC	FC
PCC-Hotelerrichtungs- und Betriebsgesellschaft m.b.H.	A, Vienna	36,336	36,336	100	100	EUR	EUR	FC	FC
Neutorgasse 2-8 Projektverwertungs GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
H.S.E. Immobilienbeteiligungs GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
A.D.I. Immobilien Beteiligungs GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
QBC Management und Beteiligungen GmbH & Co KG	A, Vienna	35,000	35,000	35	35	EUR	EUR	E	E
QBC Immobilien GmbH	A, Vienna	60,000	60,000	21.02	21.02	EUR	EUR	E	E
QBC Management und Beteiligungen GmbH	A, Vienna	35,000	35,000	35	35	EUR	EUR	E	E
QBC Alpha SP Immomanagement GmbH	A, Vienna	35,000	35,000	35	35	EUR	EUR	E	E

Company	Location	Nominal capital 2018	Nominal capital 2017	Group share % 2018	Group share % 2017	Local currency 2018	Local currency 2017	Consolidation type 2018	Consolidation type 2017
QBC Gamma SP Immomanagement GmbH	A, Vienna	35,000	35,000	35	35	EUR	EUR	E	E
QBC Omega SP Immomanagement GmbH	A, Vienna	35,000	35,000	35	35	EUR	EUR	E	E
QBC Immobilien GmbH & Co Alpha KG	A, Vienna	10,000	10,000	35	35	EUR	EUR	E	E
QBC Immobilien GmbH & Co Zeta KG	A, Vienna	10,000	10,000	21.02	21.02	EUR	EUR	E	E
QBC Immobilien GmbH & Co Omega KG	A, Vienna	10,000	10,000	35	35	EUR	EUR	E	E
BGM-Erste Group Immorent GmbH & Co KG	A, Vienna	4,342,202	4,360,370	22.93	22.83	EUR	EUR	E	E
S IMMO Property Invest GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S Immo Immobilien Investitions GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Beteiligungen GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
Siebenbrunnengasse 21 GmbH & Co KG	A, Vienna	300	300	100	100	EUR	EUR	FC	FC
S IMMO Property Eins GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Property Vier GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Property Fünf GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Property Sechs GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Property Sieben GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Property Acht GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Property Neun GmbH	A, Vienna	35,000	n/a	100	n/a	EUR	n/a	FC	n/a
S IMMO Property Zehn GmbH	A, Vienna	35,000	n/a	100	n/a	EUR	n/a	FC	n/a
S IMMO Property Elf GmbH	A, Vienna	35,000	n/a	100	n/a	EUR	n/a	FC	n/a
Viertel Zwei Hoch GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
Viertel Zwei Plus GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Group Finance GmbH	A, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
WASHINGTON PROEKT EOOD	BG, Sofia	4,054,450	45,000	100	100	BGN	BGN	FC	FC
ELTIMA PROPERTY COMPANY s. r. o.	CZ, Prague	100,000	100,000	100	100	CZK	CZK	FC	FC
REGA Property Invest s. r. o.	CZ, Prague	200,000	200,000	100	100	CZK	CZK	FC	FC
Lützwow-Center GmbH	D, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
Ikaruspark GmbH	D, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
S IMMO Germany GmbH	D, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
S Immo Geschäftsimmobilien GmbH	D, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
Markt Carree Halle Immobilien GmbH	D, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
Tözl Immobilien GmbH	D, Berlin	25,000	25,000	99.74	99.74	EUR	EUR	FC	FC
Einkaufs-Center Sofia G.m.b.H. & Co KG	D, Hamburg	87,000,000	87,000,000	65	65	EUR	EUR	FC	FC
SIAG Deutschland Beteiligungs-Verwaltungs GmbH	D, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
SIAG Deutschland Beteiligungs GmbH & Co. KG	D, Berlin	100,000	100,000	94.90	94.90	EUR	EUR	FC	FC
SIAG Leipzig Wohnimmobilien GmbH	D, Berlin	750,000	750,000	99.74	99.74	EUR	EUR	FC	FC
Maior Domus Hausverwaltungs GmbH	D, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
SIAG Property I GmbH	D, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
SIAG Property II GmbH	D, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
S IMMO Berlin I GmbH	D, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC

Company	Location	Nominal capital 2018	Nominal capital 2017	Group share % 2018	Group share % 2017	Local currency 2018	Local currency 2017	Consolidation type 2018	Consolidation type 2017
S IMMO Berlin II GmbH	D, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
S IMMO Berlin III GmbH	D, Berlin	25,000	25,000	93	93	EUR	EUR	FC	FC
S IMMO Berlin IV GmbH	D, Berlin	25,000	25,000	93	93	EUR	EUR	FC	FC
S IMMO Berlin V GmbH	D, Berlin	25,000	25,000	100	93	EUR	EUR	FC	FC
Bank-garázs Kft.	H, Budapest	3,000,000	3,000,000	100	100	HUF	HUF	FC	FC
CEE Property-Invest Kft.	H, Budapest	110,000,000	110,000,000	100	100	HUF	HUF	FC	FC
Maros utca Kft.	H, Budapest	3,000,000	3,000,000	100	100	HUF	HUF	FC	FC
BUDA Kft.	H, Budapest	3,000,000	3,000,000	100	100	HUF	HUF	FC	FC
Duna Szálloda Zrt.	H, Budapest	5,000,000	5,000,000	100	100	HUF	HUF	FC	FC
City Center Irodaház Kft.	H, Budapest	44,370,000	44,370,000	100	100	HUF	HUF	FC	FC
Szegedi út Kft.	H, Budapest	3,000,000	3,000,000	100	100	HUF	HUF	FC	FC
Nagymező Kft.	H, Budapest	462,590,000	462,590,000	100	100	HUF	HUF	FC	FC
CEE Property-Invest Hungary 2003 Kft.	H, Budapest	3,000,000	3,000,000	100	100	HUF	HUF	FC	FC
S IMMO APM Hungary Kft.	H, Budapest	20,000,000	20,000,000	100	100	HUF	HUF	FC	FC
Váci 113 Offices A Kft.	H, Budapest	3,000,000	n/a	100	n/a	HUF	n/a	FC	n/a
Váci 113 Offices B Hungary Kft.	H, Budapest	3,000,000	n/a	100	n/a	HUF	n/a	FC	n/a
SOCIETATE DEZVOLTARE COMERCIAL SUDULUI (SDCS) SRL	RO, Bucharest	157,642,390	157,642,390	100	100	RON	RON	FC	FC
VICTORIEI BUSINESS PLAZZA SRL	RO, Bucharest	18,852,144	18,852,144	100	100	RON	RON	FC	FC
DUAL CONSTRUCT INVEST SRL	RO, Bucharest	80,732,000	80,732,000	100	100	RON	RON	FC	FC
ROTER INVESTITII IMOBILIARE SRL	RO, Bucharest	10,289,770	4,472,020	100	100	RON	RON	FC	FC
CII CENTRAL INVESTMENTS IMMOBILIARE SRL	RO, Bucharest	3,873,010	1,816,000	47	47	RON	RON	E	E
Galvániho Business Centrum, s. r. o.	SK, Bratislava	6,639	6,639	100	100	EUR	EUR	FC	FC
GALVÁNIHO 2, s. r. o.	SK, Bratislava	6,639	6,639	100	100	EUR	EUR	FC	FC
IPD – International Property Development, s. r. o.	SK, Bratislava	33,194	33,194	51	51	EUR	EUR	E	E
SIAG Fachmarktzentren, s. r. o.	SK, Bratislava	6,639	6,639	100	100	EUR	EUR	FC	FC
SIAG Hotel Bratislava, s. r. o.	SK, Bratislava	6,639	6,639	100	100	EUR	EUR	FC	FC
GALVÁNIHO 4, s. r. o.	SK, Bratislava	33,195	33,195	100	100	EUR	EUR	FC	FC
EUROCENTER d. o. o.	HR, Zagreb	20,000	20,000	100	100	HRK	HRK	FC	FC

The following subsidiaries were not included in the consolidation group due to their immateriality for the consolidated financial statements as of 31 December 2018. They had a book value in the amount of kEUR 327 as of 31 December 2018 (31 December 2017: kEUR 307). The non-consolidated subsidiaries include Einkaufs-Center Sofia Verwaltungs G.m.b.H., Germany, Hamburg (nominal capital kEUR 25, Group share 65%), SIAG Multipurpose Center, s.r.o., Slovakia, Bratislava (nominal capital kEUR 7, Group share 100%), the S IMMO Property Zwölf GmbH, Austria, Vienna (nominal capital kEUR 35, Group share 100%) and the SMART OFFICE DOROBANTI S.R.L., Romania, Bucharest (nominal capital kRON 93, Group share 100%). Due to company law-related rules, IPD – International Property Development, s. r. o. is valued at equity.

### 2.3. Reporting currency and currency translation

The Group's reporting currency is the euro. For subsidiaries that prepare their accounts in foreign currencies and investments accounted for using the equity method, the functional currency of individual Group companies is determined by the respective economic environment in which they mainly operate. A key determining factor here is the currency in which the majority of cash flows, goods and services are settled in the relevant country. When the functional currency is not obvious, in accordance with IAS 21 management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions and events:

For the subsidiaries in Romania, Croatia, the Czech Republic and the majority of the subsidiaries in Hungary, management has defined the euro as the functional currency. The decision took account of the fact that the macroeconomic development of these economies is also influenced by the euro area. In addition,

S IMMO concludes lease agreements in these countries in euro. Property financing is also in euro.

For the one subsidiary operating in Bulgaria and the two subsidiaries in Hungary, the functional currency is still the local currency. For those Group companies for which the local currency is equivalent to the functional currency, functional currencies are translated into the reporting currency in accordance with IAS 21 as follows:

- (a) assets and liabilities at the closing rate,
- (b) income and expenses at the average rate for the period,
- (c) equity at historical rates,
- (d) all resulting exchange differences are recognised in the foreign currency translation reserve under equity.

Foreign currencies have been translated using the following exchange rates:

	<b>Czech Republic CZK</b>	<b>Hungary HUF</b>	<b>Bulgaria BGN</b>	<b>Romania RON</b>	<b>Croatia HRK</b>
Closing rate 31 December 2018	25.724	320.980	1.956	4.664	7.413
Average rate in 2018	25.678	319.973	1.956	4.656	7.419
Closing rate 31 December 2017	25.535	310.330	1.956	4.659	7.440
Average rate in 2017	26.289	309.310	1.956	4.574	7.457

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date or, in the case of revaluations, on the valuation date. Gains and losses resulting from the settlement of such transactions or from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate prevailing on the balance sheet date are recognised in the income statement.

## 2.4. New mandatory accounting regulations

### 2.4.1. New standards and interpretations

In the preparation of the consolidated financial statements, the following amendments to the existing IAS, IFRS and interpretations, and the newly issued standards and interpretations were taken into consideration.

Standard	Title of the standard	Initial application
IFRS 9	Financial instruments	01 January 2018
IFRS 15	Revenue from Contracts with Customers	01 January 2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	01 January 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01 January 2018
Amendments to IFRS 15	Clarifications to IFRS 15	01 January 2018
Amendments to IAS 40	Transfers of property to or from investment property	01 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01 January 2018
Annual Improvements to IFRSs 2014–2016	Amendments to IFRS 1 and IAS 28	01 January 2018

None of the new effective standards had a material impact on these consolidated financial statements.

#### IFRS 9 Classification and measurement of financial assets and financial liabilities

IFRS 9 'Financial Instruments' deals with the classification, recognition and measurement of financial assets and financial liabilities. The complete version of IFRS 9 was published in July 2014. This standard replaces IAS 39, 'Financial Instruments: Recognition and Measurement', with the exception of the option to retain hedge accounting under IAS 39 (provisionally). In addition, the requirements of IFRIC 9 'Reassessment of Embedded Derivatives' were integrated in IFRS 9.

#### Classification and assessment

IFRS 9 retains the mixed measurement model with simplifications and creates three valuation categories for financial assets:

- amortised cost,
- fair value through other comprehensive income (FVOCI),
- fair value through profit or loss (FVTPL).

The classification is based on the business model of the reporting entity and the characteristics of the contractual cash flows of the financial asset. Investments in equity instruments are generally measured at fair value through profit or loss. Initial recognition is the only time that there is an irrevocable option to report changes in their fair value in other comprehensive income. Financial liabilities are measured at cost if the SPPI criterion is fulfilled.

IFRS 9 largely retains the existing requirements of IAS 39 for the classification of financial liabilities.

The first-time adoption of IFRS 9 has not had a material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments.

The following table and accompanying declarations explain the original valuation categories under IAS 39 and the new valuation

categories under IFRS 9 for every class of the Group's financial assets and financial liabilities as of 01 January 2018.

<b>ASSETS</b> EUR '000	<b>Initial valuation method according to IAS 39</b>	<b>New valuation method according to IFRS 9</b>	<b>Initial book value according to IAS 39</b> EUR '000	<b>New book value according to IFRS 9</b> EUR '000	<b>Difference</b> EUR '000
<b>Non-current assets</b>					
Group interests	Equity instrument at amortised cost	Financial assets FVOCI	535	2,505	1,970
Group interests	Available for sale	Financial assets FVTPL	307	307	0
Loans to companies valued using the equity method	Loans and receivables	Financial assets at acquisition cost	10,946	10,946	0
Other financial assets	Derivatives	Derivatives	1,170	1,170	0
Other financial assets	Available for sale	Financial assets FVOCI	298,560	298,560	0
Other financial assets	Held to maturity	Financial assets FVTPL	445	445	0
<b>Current assets</b>					
Trade receivables	Loans and receivables	Financial assets at acquisition costs	8,447	8,447	0
Other financial assets	Loans and receivables	Financial assets at acquisition costs	6,607	6,607	0
Cash and cash equivalents	Loans and receivables	Financial assets at acquisition costs	73,390	73,390	0
<b>Total</b>			<b>400,407</b>	<b>402,377</b>	<b>1,970</b>
<b>EQUITY &amp; LIABILITIES</b> EUR '000					
	<b>Initial valuation method according to IAS 39</b>	<b>New valuation method according to IFRS 9</b>	<b>Initial book value according to IAS 39</b> EUR '000	<b>New book value according to IFRS 9</b> EUR '000	<b>Difference</b> EUR '000
<b>Non-current liabilities</b>					
Issued bonds	Financial liabilities at amortised cost	Financial liabilities at acquisition cost	287,518	287,518	0
Other financial liabilities	Derivatives	Derivatives	17,130	17,130	0
Other financial liabilities	Financial liabilities at amortised cost	Financial liabilities at acquisition cost	669,459	669,459	0
<b>Current liabilities</b>					
Subordinated participating certificate capital	Financial liabilities at amortised cost	Financial liabilities at acquisition cost	56,717	56,717	0
Financial liabilities <sup>1</sup>	Financial liabilities at amortised cost	Financial liabilities at acquisition cost	113,398	113,398	0
Trade payables	Financial liabilities at amortised cost	Financial liabilities at acquisition cost	7,363	7,363	0
<b>Total</b>			<b>1,151,585</b>	<b>1,151,585</b>	<b>0</b>

<sup>1</sup> Including bond interest accrued

For one Group interest in ERSTE Immobilien Kapitalanlagegesellschaft m.b.H previously measured at amortised cost less impairment, the book value was adjusted by kEUR 1,970 on the basis of IFRS 9. The change was recognised via an adjustment to the opening balance of the reserves in shareholders' equity. When IFRS 9 went into effect, this Group interest was designated as a financial asset measured at FVOCI.

With regard to equity investments, a distinction is made between shelf companies for operational purposes, which will be recog-

nised at FVTPL, and a financial equity investment (ERSTE Immobilien Kapitalanlagegesellschaft m.b.H.) at FVOCI.

Other financial assets include mainly shares in the companies IMMOFINANZ AG and CA Immobilien Anlagen AG that were accounted for as available-for-sale securities according to IAS 39 until the initial application of IFRS 9. At the time of the initial application of IFRS 9, the Management Board took the decision to recognise these equity instruments at fair value through other comprehensive income (FVOCI). As a result, the cumulative historical gains and losses from the previous measurement at fair

value were reclassified from other comprehensive income (realised through profit or loss) to other comprehensive income (not realised through profit or loss) as of 01 January 2018. In contrast to IAS 39, IFRS 9 no longer permits recycling from other comprehensive income to the income statement.

### Hedge Accounting

IFRS 9 facilitates hedge accounting. An economic relationship between the hedged item and the hedging instrument is required. In addition, the hedging relationship must correspond to what the management actually uses for risk management purposes. Simultaneous documentation is still required. In addition, potential sources of ineffectiveness must now be disclosed in hedge documentation. It should be noted that reporting entities may elect to apply IFRS 9 or IAS 39 for their hedge accounting. The decision must be consistent. At the start of each financial year after initial application, it is possible to change the exercise of the option and to apply IFRS 9 to all hedging relationships. However, if hedge accounting treatment of IAS 39 is to be maintained, the other regulations of IFRS 9 must be applied or disclosures required by IFRS 7 must be made.

The new hedge accounting rules align the accounting treatment for hedges more closely with the Group's risk management activities. More hedges may be eligible for hedge accounting, as IFRS 9 introduces a principle-based approach.

The Group intends to make use of the option of continuing to apply the rules of IAS 39 for the purposes of hedge accounting.

### Impairment losses (expected credit losses)

IFRS also introduces a new 'expected losses' impairment model that replaces the IAS 39 model based on the 'incurred losses' principle. The categorisation and measurement of financial liabilities generally have not changed. The new impairment model requires impairment to be recognised on the basis of expected credit losses (expected credit loss model) instead of using the incurred loss model in accordance with IAS 39. This rule applies to financial assets measured at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15, lease receivables, loan commitments and certain financial guarantees.

For its *trade receivables*, the Group uses the simplified model for trade receivables without significant financing components and calculates the loss allowance accordingly at an amount equal to lifetime expected losses. The expected credit loss is therefore determined based on a provision matrix in which the financial assets are reorganised according to maturity structure and the respective default rates are determined for different maturity bands. To prepare a provision matrix, historical information about actually incurred defaults are first taken into account. However, in addition

to the historical perspective, the Group considers a range of forward-looking information and expectations as well.

Overall, the transition to IFRS 9 had no material impact on the provision for trade receivables.

*Bank balances* will from now on be analysed based on the default probabilities observed in the market. There were no significant impacts.

S IMMO holds equity in several special-purpose entities that are accounted for using the equity method. These entities build properties. As of 31 December 2018, there are three loans in the amount of EUR 4.2m (2017: EUR 10.9m) to exclusively Austrian companies accounted for using the equity method. The Group monitors changes in credit risk by tracking published regulatory risk weightings. There were no significant impacts.

The Group exercised the option not to restate prior period information to reflect changes in classification and measurement (including impairment). Therefore, the information presented for 2017 generally conforms to the requirements of IAS 39, not IFRS 9.

### IFRS 15 'Revenues from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' governs revenue recognition and thus supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue', SIC 31 'Revenue – Barter Transactions Involving Advertising Services', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for the Construction of Real Estate' and IFRIC 18 'Transfers of Assets from Customers'. The objective of IFRS 15 is to create principles that an entity must apply in reporting information that is useful for decision-making purposes to users of the financial statements with regard to the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. In accordance with IFRS 15, revenue must be recognised when the customer obtains control over the agreed goods and services and can derive benefits from them. The new standard provides a five-step model framework for determining the revenue to be recognised. IFRS 15 also includes several disclosure requirements regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group adopted IFRS 15 for the first time as of 01 January 2018.

In the property sector, the impact of IFRS 15 is mainly felt in the development of property for disposal (properties held for sale). In contrast to the previous revenue recognition principles, for property development projects of this kind, revenue from the sale will be recognised in future at the time of signing (time period-related revenue recognition) and no longer on the date the benefits/encumbrances are transferred (date-related revenue recognition). The S IMMO Group has no such property development projects.

The first-time adoption of the standard did not create a need to adjust the opening balances.

The distinction between revenue recognition over a period in time and a point in time has no impact on the income streams of S IMMO (rental income, revenues from operating costs, revenues from hotel operations).

IFRS 15 has no material impact, and therefore no contract assets/liabilities need to be recognised.

#### **Amendments to IFRS 4**

The amendments to IFRS 4 affect the first-time adoption of IFRS 9 by insurance companies. Since the Group does not fall under the scope of IFRS 4, the amendments have no impact on the consolidated financial statements.

#### **Amendments to IAS 40 – Transfers of property to or from investment property**

The amendments to IAS 40 clarify when a property's classification as an investment property begins or ends if the property is still under construction or development. The previous exhaustive list in IAS 40.57 did not clearly specify how to classify property that has not yet been completed. The list has been explicitly changed to a non-exclusive list to expand the scope of the rule to include property that has not yet been completed. The amendments have no material impact on the consolidated financial statements of S IMMO AG.

#### **IFRIC 22 – Foreign Currency Transactions and Advance Consideration**

IFRIC 22 addresses an application issue in IAS 21, The Effects of Changes in Foreign Exchange Rates. It clarifies the date of the transaction for the purpose of determining the exchange rate for foreign currency transactions that include the receipt or payment of advance consideration. For the purpose of determining the foreign exchange rate for the underlying asset, income or expense, the date of the transaction is the date of initial recognition of the asset or liability resulting from the advance consideration.

This did not result in any material impact on the consolidated financial statements of S IMMO AG.

#### **Annual Improvements to IFRSs 2014–2016**

The Annual Improvements to IFRSs (2014–2016) amended three IFRSs, including amendments to IFRS 1 and IAS 28 that became effective in 2018:

IAS 28 clarifies that the option to measure an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, can be exercised differently for each investment on an investment-by-investment basis.

The amendment also deleted the short-term exemptions in Appendix E of IFRS 1 (IFRS 1 paragraphs E3–E7) for first-time adopters of IFRSs.

The amendments have no impact on the consolidated financial statements of S IMMO AG.

## 2.4.2. New standards not yet required to be applied at the balance sheet date

Standard	Title of standard	Mandatory first-time adoption
IFRS 16	Leases	01 January 2019
Amendments to IFRS 9	Prepayment Features with Negative Compensation	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

Application takes place for financial years that begin on or after the 'first-time adoption' date.

### IFRS 16

IFRS 16 'Leases' replaces IAS 17, IFRIC 4, SIC-15 and SIC-27. The standard governs the recognition, measurement, presentation and disclosure requirements for leases in financial statements.

The standard stipulates a single accounting model for lessees. Under this model, lessees must recognise all assets and liabilities from leases in the statement of financial position, unless the term is twelve months or less or the asset in question is a low-value asset. The simplifications represent options. Lessors continue to distinguish between finance and operating leases for accounting purposes.

In relation to multi-component agreements, a separation and separate accounting of individual leasing and non-leasing components is to be taken into account in accordance with IFRS 16. The expense of recognised leasing components and unrecognised service components (for S IMMO mainly regarding car leasing and is of minor importance as a whole) is therefore of additional significance for the Group within the scope of IFRS 16. If several components meet the definition of leasing, the accounting policies of IFRS 16 are to be applied to each separately identifiable component and represented separately from non-leasing components.

However, the lessee has the option to waive the separation of leasing and non-leasing components and account for the entire contract according to IFRS 16. This option can be exercised consistently at the level of asset classes of underlying leased items.

However, the separation of individual components of the agreement is mandatory for lessors, i.e. unlike lessees, they do not have the option to waive the allocation as lessors are expected to have detailed knowledge of the individual components in order to perform a fair (individual) pricing.

IFRS 16 is effective for annual reporting periods beginning on or after 01 January 2019. The Group is not applying the standard early.

### Transition to IFRS 16

The Group will apply the modified retrospective transition approach and measure the right-of-use asset at the value of the leasing liability. Prior-year figures are not being adjusted. In addition, the Group applies IFRS 16 to all the leases already identified as such under IAS 17.

Pursuant to IFRS 16.5, the S IMMO Group elects not to recognise an asset and a corresponding liability for short-term leases and leases where the underlying asset has a low value.

The IFRS 16 implementation project is at an advanced stage. In addition to inventorying the contracts, calculations have been made to determine the quantitative impact of the first-time adoption of IFRS 16. The expected transition effects as of 01 January 2019 have been internally communicated to the chief operating decision maker. The transition effects shown below are based on the findings of the transition project and merely provide an indication of the actual impacts of first-time adoption. While the Group expects there to be no material differences between the estimated and actual transition effects, changes may nonetheless occur as the transition project is finally implemented. The calculations of the leasing liabilities and right-of-use assets already took account of the provisions of IFRS 16 regarding terms and variable lease payments.

### Expected impacts of IFRS 16

IFRS 16 will primarily affect the accounting treatment of contracts classified as operating leases under IAS 17. The S IMMO Group is a lessee, as this term is defined in IFRS 16, primarily in connection with real estate. Under IAS 17, buildings were classified as finance leases while land parcels that the Group has a right to erect a building on were classified as operating leases.

As of the reporting date, the Group has non-cancellable operating lease obligations of roughly EUR 11.3m. Under IAS 17, these leases were carried as liabilities off the statement of financial position. The lease payments were expensed on a periodic basis.

Approximately kEUR 22 of all the liabilities cited above relate to leases with terms of 12 months or less as of the balance sheet date. The accounting treatment of leases with short terms and leases for assets of low value does not change since the compa-

ny has elected to apply the exemptions for these classes of leases. The Group recognises expenses from these contracts in profit and loss as soon as they are incurred under IFRS 16 as well.

With regard to the other lease obligations, the Group assumes it will recognise rights of use of approximately EUR 4.7m as assets and leasing liabilities of approximately EUR 4.7m as liabilities as of 01 January 2019. There are no impacts on net assets as of the first-time adoption date.

Most of the right-of-use assets come from land on which the Group has a right to erect a building (approximately EUR 4.6m as of 01 January 2019). These are classified under IFRS 16.34 as investment property and thus measured at fair value.

The inventorying of contracts identified contracts where the Group is a lessee and the contract contains a lease component and a service component. The Group plans to exercise the option granted in IFRS 16.15 and account for the entire contract (lease and service components) according to IFRS 16. The leasing liability and right-of-use asset must be measured on the basis of the payments underlying the entire contract. The associated transition effects have already been accounted for in the adjustments described in the previous paragraph.

Due to preliminary calculations the Group assumes that the first-time adoption of IFRS 16 will increase EBITDA as well as EBIT by less than kEUR 500. The increase of EBITDA is because EBITDA included the expenses from operating leases under IAS 17 whereas under IFRS 16 it no longer includes the depreciation of the right-of-use asset or the interest expenses from the leasing obligation. Due to the depreciation and the negative interest effect, only minor changes are assumed for EBT and the annual result so that according to the preliminary estimations an overall effect on earnings of less than kEUR 100 is expected.

Under IAS 17, operating lease payments were classified as operating cash flow. Under IFRS 16, ongoing principal payments for the leasing liability have to be classified as cash flow from financing activities. This increases operating cash flow by less than kEUR 500 and reduces cash flow from financing activities by a corresponding amount.

At the time of the transition to IFRS 16, leases classified as finance leases under IAS 17 have to be recognised in the same way as before. However, IFRS 16 imposes certain changes to the recognition of right-of-use assets, particularly with respect to the

initial direct costs and residual value guarantees. That said, these changes are not transition effects resulting from the first-time adoption of IFRS 16, but are effects that arise after the transition to IFRS 16.

The adoption of IFRS 16 has no material impact on the S IMMO Group's accounting as a lessor (letting of properties). However, several additional disclosures will be required starting next year.

#### **Amendments to IFRS 9 – Prepayment Features with Negative Compensation**

The amendments relate to a limited adjustment of the assessment criteria used to classify financial assets. Prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income instead of at fair value through profit or loss if certain conditions are met.

The amendments are effective as of 01 January 2019.

The Group is not expecting this to have a material impact on the consolidated financial statements.

#### **IFRIC 23 Uncertainty over Income Tax Treatments**

The tax treatment of certain situations and transactions may depend on future recognition by the tax administration or tax courts. IAS 12 Income Taxes describes how to account for actual and deferred taxes. IFRIC 23 supplements the rules in IAS 12 to address uncertainty regarding the income tax treatment of situations and transactions.

The interpretation is effective for the first reporting period of a financial year beginning on or after 01 January 2019. Earlier application is permitted.

The Group is not expecting this to have a material impact on the consolidated financial statements.

The following standards and interpretations are not applied and have yet not been adopted by the EU:

Standard	Title of standard	First-time adoption
IFRS 14	Regulatory Deferral Accounts	1
IFRS 17	Insurance Contracts	01 January 2022
Amendments to IFRS 3	Definition of a Business	01 January 2020
Amendments to IAS 1 and 8	Definition of material	01 January 2020
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	2
Amendments to IAS 28	Long-term Investments in Associates and Joint Ventures	01 January 2019
Amendments to IAS 19	Plan Amendment, Curtailment and Settlement	01 January 2019
Conceptual framework	Amendments to References to the Conceptual Framework	01 January 2020
Annual Improvements to IFRS 2015–2017	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	01 January 2019

1 IASB effective on 01 January 2016. EU-Endorsement is not intended.

2 On 17.12.2015 IASB concluded to postpone the first-time adoption of these amendment standards for an indefinite period.

Since IFRS 17 applies to the insurance industry, the Group does not expect the timing of the mandatory first-time adoption to have any effect on its financial statements.

#### Amendments to IFRS 3 – Definition of a Business

With this amendment, the IASB clarifies that to be considered a business, a set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. In addition, the IASB has narrowed the definition of output to goods and services provided to customers and by removing the reference to cost reductions. The amendments also add an optional concentration test that makes it easier to identify a business. The amendments, if adopted by the EU, are effective for business combinations for which the acquisition date is on or after 01 January 2020. Earlier application is permitted.

The Group is not expecting this to have a material impact on the consolidated financial statements and will not apply the standard early.

#### Amendments to IFRS 1 and IAS 8 – Definition of Material

The amendments create a consistent, more precise definition of 'material' with regard to financial statement information and supplement this definition with illustrative examples. The amendments also harmonise the definitions from the conceptual framework, IAS 1, IAS 8 and IFRS Practice Statement 2 Making Materiality Judgements. The amendments, if adopted by the EU, are effective as of 01 January 2020. Earlier application is permitted.

The Group is not expecting this to have a material impact on the consolidated financial statements.

#### Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a known conflict between the requirements of IFRS 10 and IAS 28 (2011) in the event of the sale or contribution of assets to an associate or joint venture.

IFRS 10 requires a parent entity to recognise in profit or loss the full amount of the gain or loss resulting from the sale of a subsidiary on the loss of control. In contrast, IAS 28.28, which is currently effective, requires that gains and losses resulting from disposal transactions between an investor and an investee accounted for using the equity method – whether an associate or a joint venture – be recognised only to the extent of the unrelated investors' interests in the associate or joint venture.

In the future, the overall gain or loss from a transaction will be recognised only if the assets contributed or sold constitute a business for the purposes of IFRS 3, regardless of whether the transaction is designed as a share deal or asset deal. If the assets do not constitute a business, the gain or loss should be recognised in profit or loss solely on a pro rata basis.

The IASB has postponed the first-time adoption date for the amendments until further notice.

#### Amendments to IAS 28 – Long-term Investments in Associates and Joint Ventures

The amendments clarify that IFRS 9 applies to long-term interests in an associate or joint venture to which the equity method is not applied.

The amendments, if adopted by the EU, are effective as of 01 January 2019.

The Group is not expecting this to have a material impact on the consolidated financial statements.

#### **Amendments to IAS 19 – Plan Amendment, Curtailment and Settlement**

Under IAS 19, pension obligations have to be remeasured on a plan amendment, curtailment or settlement based on updated assumptions.

The amendment clarifies that if such an event occurs, the service cost and the net interest for the rest of the period have to be determined using updated assumptions.

The amendments, if adopted by the EU, are effective for the first reporting period of a financial year beginning on or after 01 January 2019. Earlier application is permitted.

The Group is not expecting this to have a material impact on the consolidated financial statements.

#### **Amendments to References to the Conceptual Framework**

The revised conceptual framework now consists of an introductory section, *Status and purpose of the conceptual framework*, and eight complete sections.

It now contains the sections *The reporting entity* and *Presentation and disclosure*; the section *Recognition* now also contains *Derecognition*.

The content was also changed. For example, *income* is no longer divided into *revenues* and *gains*.

As a result of the amendments to the conceptual framework, references to the framework in various standards were amended as well.

The Group is not expecting this to have a material impact on the consolidated financial statements.

#### **Annual Improvements to IFRSs 2015–2017**

The Annual Improvements to IFRSs (2015–2017) amended four IFRSs.

The amendments to IFRS 3 clarify that when an entity obtains control of a business in which it previously held equity (joint operation), it must apply the principles for successive business combinations. It must remeasure the interests that it previously held in that business.

The amendments to IFRS 11 clarify that when an entity obtains joint control of a business in which it previously held equity (joint operation), it does not remeasure previously held interests in that business.

IAS 12 is amended so that all the income tax consequences of dividend payments receive the same accounting treatment as the income on which the dividends are based.

Finally, the amendments to IAS 23 clarify that the costs of borrowing funds specifically for the procurement of qualifying assets must not be used to determine the capitalisation rate on general borrowings taken out for the procurement of qualifying assets until these assets are completed.

The amendments, if adopted by the EU, are effective for the first reporting period of a financial year beginning on or after 01 January 2019. Earlier application is permitted.

The Group is not expecting this to have a material impact on the consolidated financial statements.

## 2.5. Changes in accounting and valuation policies

Apart from the new standards described under 2.4.1., there were no changes in accounting and valuation policies or in the presentation of the financial statements in the financial year 2018.

## 2.6. Accounting and valuation policies

### 2.6.1. Properties held as financial investments

It is industry practice to measure investment properties using the fair value model, under the option available in IAS 40. The Group classifies properties leased or rented out for the purpose of generating income or held for capital appreciation, together with undeveloped land as investment properties. Properties acquired for disposal, used by the Group or sold after development are not supposed to fall under the scope of IAS 40 and fall under the scope of IAS 2.

The application of the fair value model means that rental properties and undeveloped land are measured at fair value at the balance sheet date. The resulting changes in book values before revaluation are recognised as a profit or loss under the result from property valuation.

The diversity of the properties to which the fair value model is applied necessitates a careful choice of appropriate valuation models and different parameters for each individual property, so that factors such as type of use, market environment and building quality are taken into account.

Costs of regular maintenance are recognised in profit or loss immediately. Costs are capitalised when the expenditure results in increased future benefits and the costs can be reliably measured. The capitalised costs are not subject to depreciation and amortisation because no depreciation and amortisation is applied in general pursuant to the fair value model selected according to IAS 40.

Where construction finance can be directly associated with these properties, borrowing costs of qualifying properties during the period of construction are capitalised as part of acquisition and construction cost.

### 2.6.2. Inventories

Properties held for sale in the ordinary course of business are not subject to IAS 40, but are to be treated as inventories under IAS 2. Properties held for sale are recognised at cost of acquisition or construction and subsequently measured at the lower of cost or net realisable value. The net realisable value is the estimated proceeds of sale less the estimated costs of completion and the estimated selling costs. The net realisable value is recalculated in every subsequent period. The costs of acquisition or construction include not only the direct costs of acquisition but also incidental and other costs.

### 2.6.3. Owner-operated properties, other plant and equipment

Owner-operated properties consist of hotels operated by S IMMO Group. The business of these hotels includes the rental of rooms and catering activities. These hotels are operated under management agreements for the most part, and consequently the risks associated with occupancy rates are borne by S IMMO Group. Hotels of this kind are outside the scope of IAS 40 (investment properties) and are therefore to be treated as tangible non-current assets under IAS 16.

Under IAS 16, owner-operated properties (including owner-managed hotels) and other non-current tangible assets are valued using the cost model. The properties are recognised on initial capitalisation at costs of acquisition or construction and written down in subsequent years to reflect depreciation and amortisation and any impairment losses (please refer to section 2.6.6.1. of the notes).

Retroactive acquisition or construction costs are only recognised as part of the acquisition or construction costs of an asset or, if applicable, as a separate asset when it is probable that the Group will receive an economic benefit from the asset in the future and the costs can be reliably measured. The book value of the parts that were replaced is derecognised. Repair and maintenance expenses that do not represent a material replacement investment (day-to-day servicing) are recognised as expenses in the income statement in the financial year in which they are incurred.

Gains and losses on disposals of tangible non-current assets are measured as the difference between the disposal proceeds and the book values and in the case of properties are reported under gains on property disposals.

Where construction finance can be directly associated with these properties, the borrowing costs of qualifying properties during the period of construction are capitalised as part of acquisition and construction cost.

Depreciation and amortisation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

	Useful life in years	
	from	to
Owner-operated hotels/buildings	7	30
Other property, plant and equipment/ machinery and equipment	3	10

#### 2.6.4. Intangible assets

Intangible assets for the purpose of IAS 38 are identifiable non-monetary assets without physical substance. To qualify for recognition, an intangible asset must be identifiable and be under the control of the entity. It must be probable that the entity will receive future economic benefits from the asset and its cost must be capable of being measured reliably.

Intangible assets with a limited useful life are subject to depreciation and amortisation. This primarily deals with software, calculated on the basis of the following useful lives:

	Useful life in years	
	from	to
Software	3	6

As required under IAS 36, the assets are also reviewed for impairment.

Intangible assets acquired for consideration are recognised at acquisition cost less straight-line depreciation and amortisation and provision for any impairment losses.

S IMMO Group has not capitalised any internally generated intangible assets.

#### 2.6.5. Financial instruments

##### 2.6.5.1. Primary financial instruments

In accordance with IFRS 9, S IMMO Group classifies its financial instruments as follows:

##### Financial assets at fair value through other comprehensive income (FVOCI)

This category consists of equity instruments that are not held for trading and which S IMMO has elected to recognise in other comprehensive income. The accounting treatment can be elected on initial recognition only and is irrevocable, but applies to each asset separately. When it changed over to IFRS 9 on 01 January

2018, S IMMO assigned this category to a Group interest and the shares in listed companies CA Immo AG and Immofinanz AG. Under IAS 39, the shares in CA Immo AG and Immofinanz AG were classified in the category 'available for sale' and measured at fair value with fair value changes in other comprehensive income until 31 December 2017. The Group interest affected by the transition was measured at amortised cost until 31 December 2017 and changed over to FVOCI as of 01 January 2018 as described in section 2.4.

##### Financial assets at fair value through profit and loss (FVTPL)

This category includes equity instruments that are not held for trading and not designated at FVOCI.

However, it also includes assets that are not equity instruments and whose contractual cash flows are not solely payments of principal and interest (SPPI criterion).

If an asset that is not an equity instrument meets the SPPI criterion, other distinctions must be made. First, it must be determined whether the objective of the business model is to collect contractual cash flows. If this is not the case and the objective of the business model is not achieved by collecting contractually fixed cash flows and selling the asset, the asset is also classified in the category FVTPL.

##### Financial assets at amortised cost

Assets that are not equity instruments and that meet the SPPI criterion are measured at amortised cost if the objective of the business model consists of holding the financial asset and collecting the contractual cash flows. Interest income, impairments and foreign currency effects and gains or losses on disposal must be recognised in profit and loss in this category.

##### Financial liabilities

Financial liabilities are generally measured at amortised cost. There are certain exceptions: financial liabilities designated at FVTPL, financial liabilities arising when the transfer of a financial asset does not meet the criteria for derecognition or is recognised based on a continuing involvement, financial guarantees, commitments to provide a loan at a below-market interest rate and conditional consideration recognised by the acquiring entity in a business combination according to IFRS 3.

The option to designate financial liabilities exists to eliminate mismatching or when financial liabilities are managed and monitored using a documented risk or investment strategy based on fair values.

Most of S IMMO's financial liabilities are measured at amortised cost. Even after the adoption of IFRS 9, derivatives are still measured at fair value, adjusted for CVAs/DVAs, as they were in previous years. The option to designate financial liabilities as at fair value through profit or loss was not exercised.

S IMMO Group classifies financial instruments into the following categories:

- Group interests
- Trade receivables
- Loans to companies measured at equity
- Other financial assets
- Cash and cash equivalents
- Subordinated participating certificate capital
- Issued bonds
- Other financial liabilities (non-current)
- Current financial liabilities
- Trade payables

The fair value of stock market listed financial instruments is their market price at the balance sheet date. For financial assets for which there is no active market, the fair value is calculated with the aid of valuation models. This can involve the derivation of fair value from current transactions in similar financial instruments or from present values of future payment streams (discounted cash flow models), or the use of mathematical models.

#### 2.6.5.2. Derivatives

S IMMO Group currently uses derivative financial instruments – interest rate caps and swaps – to reduce the risks attendant on interest rate increases. The derivative financial instruments are measured at fair value. To a limited extent, corresponding adjustments on CVAs (credit value adjustment) and DVAs (debit value adjustment) have been taken into account in the valuation of derivatives. The fair value measurement of derivatives is based on estimates made by external experts.

S IMMO Group's business purpose includes the acquisition and development of properties for rental or subsequent sale with the aim of generating positive net cash flows. Business activities are financed through equity, and also through long-term borrowings in the form of mortgage loans and other financial liabilities. The bulk of the external financing consists of variable-rate borrowings, with interest rates linked to the 3-month or 6-month Euribor as the base rate.

S IMMO Group's risk management strategy is to hedge the interest rate risk (i.e., the variability of the base rate) using offsetting hedges, in order to ensure fixed payment streams and to make property project forecasts more reliable. The purpose of cash flow hedging at S IMMO Group is to reduce the risk on existing variable-rate loans, future reinvested funds and transactions expected to be very probable in the future (forecast transactions) by using offsetting derivatives. Cash flow hedging arrangements are used for this purpose.

#### Hedged risk

The hedged interest rate risk is a market interest rate, the Euribor, which is an identifiable component of the interest rate risk on interest-bearing financial liabilities that can be separately assessed.

#### Hedging instruments

S IMMO Group uses as hedging instruments only those derivatives that, because they move in the opposite direction of the underlying transactions, convert the potential changes in cash flows, in particular from increases in interest rates, into fixed payment streams. The hedging instruments used at the moment are interest rate swaps. The effective portion of the change in fair value of these derivatives is recognised not through profit or loss but under other comprehensive income, the ineffective portion is recognised through profit or loss as part of the financing results.

The changes in the valuation of cash flow hedges recognised under equity are transferred to the income statement in the period in which the hedged underlying transaction affects profit or loss or when the requirements for recognition as a cash flow hedge are no longer met. In the financial year 2018, derivative valuation effects of kEUR 1,246 (2017: kEUR 13,991) were reclassified from equity to the income statement according to the provisions of IAS 39.

In order to meet the requirements for hedge accounting, at the time of the derivative transaction S IMMO Group documents the hedging relationship between the hedging instrument and the underlying transaction, the goals of its risk management and the underlying hedging strategy. The effectiveness of the hedge is regularly assessed using both a priori and a posteriori tests.

## 2.6.6. Impairment of assets

### 2.6.6.1. Non-financial assets

For properties used by the owner (at present these are hotels) and for other tangible assets and intangible assets where there is evidence of impairment, the recoverable amount is ascertained in accordance with IAS 36. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

The fair value is the amount that would be obtained by the sale of the asset in an arm's-length transaction between knowledgeable, willing and independent parties.

The value in use is the present value of the estimated future payment flows that can be expected from the continued use of an asset and its disposal at the end of its useful life.

If the recoverable amount is less than the book value of the asset, an impairment write-down is applied to the recoverable amount through profit or loss.

The impairment test for hotels is a two-stage process and is in accordance with the provisions of IAS 36, in which the book value of the hotel is compared with the recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. The book value is first compared with the independent assessment of the hotel's fair value. If the book value exceeds the fair value, the question is then whether the value in use differs substantially from the fair value. If this is not the case, then the book value is written down to correspond to the fair value.

If the impairment subsequently disappears, the impairment loss is reversed through profit or loss, up to the lower of the new recoverable amount or the depreciated original cost of acquisition or construction. The Group had no impairment losses and no reversals of impairment losses in 2018 or the previous year.

### 2.6.6.2. Financial instruments

S IMMO Group reviews all its financial assets, with the exception of those measured at fair value through profit or loss, at every balance sheet date for any objective indications that any asset or group of assets may have suffered impairment.

Fluctuations in value of equity instruments included in the category FVOCI (currently, mainly the shares held in listed property holding companies), are recognised in other comprehensive income with no impact on profit or loss.

As a result of the disposal of shares in CA Immobilien Anlagen AG, a portion of the equity instruments reserve was reclassified to other reserves in 2018. This reclassification has been advisable since IFRS 9 came into effect on 01 January 2018; reserves cannot be recycled to the income statement in this context. In total, kEUR 53 was reclassified as described for the sale of 7,843 CA IMMO shares.

The new impairment model of IFRS 9 requires impairment to be recognised on the basis of expected credit losses (expected credit loss model) instead of using the incurred loss model in accordance with IAS 39. This rule applies to financial assets measured at amortised cost, debt instruments measured at FVOCI, contract assets within the scope of IFRS 15, lease receivables, loan commitments and certain financial guarantees.

The risk of default is the risk of financial loss from a customer or a party to a financial instrument failing to fulfil its contractual obligations.

The book values of the financial assets and contract assets are equal to the maximum risk of default.

### Trade receivables and contract assets

The Group uses the simplified model for trade receivables without significant financing components and calculates the loss allowance accordingly at an amount equal to lifetime expected losses. The expected credit loss is determined based on past experience and the maturity structure of the receivables.

However, in addition to the historical perspective, the Group considers forward-looking information and expectations as well, particularly with respect to individual tenants. Outstanding balances are constantly monitored by the responsible asset managers in order to take appropriate measures in good time and estimate concrete probabilities of default.

### 2.6.7. Other assets

For other assets no impairments were recognised. This consisted mainly of prepaid expenses, tax receivables and prepayments.

### 2.6.8. Cash and cash equivalents

Cash and cash equivalents comprise cash and sight deposits together with bank deposits with a maturity of up to three months at the time of the original deposit. A provision of kEUR 1 (2017: kEUR 0) for bank balances was recognised in profit or loss based on the default probabilities observed in the market.

### 2.6.9. Properties held for sale

Property held for sale is not considered to be investment property within the scope of IAS 40 but is treated as held for sale if the corresponding book value will be realised by sale and not by continuing use. This means that the corresponding long-term assets and disposal groups in their present condition are available for immediate sale and that a sale is very likely. For property to be considered as held for sale, the sale must be concluded within a year of the property being classified as such.

In accordance with IFRS 5, property held for sale is as a general rule measured at the lower of book value and fair value less costs to sell. IFRS 5 provides for an exception with respect to the measurement of properties held as financial investments: They are measured at market value. However, the special disclosure requirements under IFRS 5 are applicable, so that properties held for sale must be shown under current assets.

The Group intended to dispose a total of three properties in Germany and Austria at the end of the reporting period 31 December 2018.

### 2.6.10. Other provisions

Other provisions are made where S IMMO Group has legal or constructive obligations to other parties arising from past events, where it is probable that the obligation will lead to an outflow of resources and where the amount of the obligation can be estimated reliably.

Provisions are made in the amounts representing the best possible estimates of the expense of meeting the obligations. Where the present value of the provision calculated using a market rate of interest differs materially from the nominal value, the present value is recognised.

Appropriate provisions have been made for unresolved legal disputes and other legal proceedings.

A provision is made for onerous contracts (provision for project and transaction risks) when the expected revenues from a contract are exceeded by the unavoidable costs of meeting the obligations under the contract. The amount of the provision is the lower of the cost of withdrawing from the contract and the net cost of completing it. Before a separate provision is made for an onerous contract, impairments on assets connected with the contract are recognised.

As in the previous year, no related provisions had to be established in the financial year.

Obligations arising from sureties, guarantees and other liabilities not included in the consolidated statement of financial position are regularly reviewed to ensure that they are not required to be recognised and included.

### 2.6.11. Taxes

The individual companies in the Group raise liabilities for current tax liabilities.

In accordance with IAS 12, deferred taxes are recognised on the temporary differences between the book value of an asset or liability in the consolidated financial statements and the book value for tax purposes of the Group's subsidiaries. Deferred tax liabilities on the property portfolio have been provided for in full, and even if under appropriate conditions – for example, in the case of a share deal – it would be possible that disposals would be treated as not being subject to taxes on income. Countervailing deferred tax assets on loss carryforwards are recognised to the extent that the management believes they will be realisable. Deferred tax assets on loss carryforwards are as a general rule recognised up to the amounts of deferred tax liabilities. Beyond that limit, active deferred taxes are recognised on the basis of tax planning with a planning horizon of five years. Deferred taxes are calculated using the applicable tax rates at the balance sheet date, or where changes in tax law have already been adopted, at the rates applicable in future.

Deferred tax assets and deferred tax liabilities within a taxable entity are only netted off where this entity has a legally enforceable right to set tax assets and liabilities against each other, and where the deferred taxes relate to taxes on income assessable by the same tax authority on the same tax entity or where there is a right of set-off within a tax group, as in Austria.

## 2.6.12. Leasing

The determination as to whether an agreement constitutes or contains a lease is based on the economic substance of the agreement at the inception – whether fulfilment of the agreement depends on the use of a given asset and whether the agreement confers a right of use for the asset. Under IAS 17, allocation of the lease to the lessor or lessee depends on where the risks and rewards of ownership lie.

Under IAS 17, allocation of the lease to the lessor or lessee depends on where the material risks and rewards of ownership lie. The property of S IMMO as a landlord of investment properties corresponds to an operating lease as economic ownership of the property remains with S IMMO and thus the material risks and rewards are not transferred.

A lease is classified as a finance lease if it substantially transfers all the risks and rewards incident to the ownership of an asset. For finance leases, assets and liabilities are initially recognised at the lower of fair value and the present value of the minimum lease payments. The asset is depreciated on a straight-line basis over the expected useful life or the term of the agreement, if shorter. The minimum lease payments are divided between financing costs and capital repayments. Financing costs must be spread over the lifetime of the lease so as to achieve a constant rate of interest on the outstanding capital balances. Properties from finance leasing are recognised at fair value pursuant to IAS 40.

With operating leases, economic ownership remains with the lessor, and the lease payments are as a general rule divided proportionately over the term of the lease and recognised as expense.

The impacts of IFRS 16 classified as operating leases are described in section 2.4.1.

## 2.6.13. Revenues

### 2.6.13.1. Rental income

Rental income is recognised in a straight line over the term of the rental agreement. One-time payments and waivers of rent as well as any other kind of rental incentive are spread over the minimum rental.

### 2.6.13.2. Revenues from operating costs

Revenues from operating costs accrue from invoicing operating costs to tenants of portfolio properties and comprise revenues for the invoicing of electricity, the cleaning of buildings and the like. Typically, the composition of operating costs incurred and that can be invoiced varies depending on the type of use and jurisdiction.

### 2.6.13.3. Revenues from hotel operations

Revenues from hotel operations consist largely of room rental income and catering income. Income is recognised in proportion to the services rendered until the balance sheet date.

### 2.6.13.4. Income and costs from financial instruments

Income from financial instruments includes interest, dividends and capital gains from the investment of funds and from investments in financial assets, together with reversals of impairment losses. Dividends are recognised at the time the resolution authorising the dividend distribution is passed.

Financial expenses include interest and similar expenses on external borrowings, incidental costs, losses on the disposal of financial assets, impairment losses, current hedging results and exchange rate gains and losses on the valuation of monetary assets and liabilities at the individual company level.

Interest is accrued using the effective interest rate method.

The valuation of derivatives reflects among others gains and losses on the disposal or revaluation of interest caps and swaps, which have not been recognised in equity and are shown in the income statement as part of the financial results.

Where applicable, short-term exchange gains or losses on the valuation of financial instruments are disclosed here.

## 2.7. Hierarchy of fair value measurement

The following analysis classifies financial instruments measured at fair value on the basis of the method of valuation. A hierarchy consisting of three levels has been defined for this purpose:

Level 1:	Quoted prices for identical assets or liabilities listed on an active market (without adjustment)
Level 2:	Inputs for assets or liabilities that are observable either directly (e.g. prices) or indirectly (e.g. derived from prices) other than Level 1 inputs
Level 3:	Inputs for assets or liabilities not based on observable market data

<b>31 December 2018</b> EUR '000	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Properties held as financial investments</b>				
Rental properties	0	0	1,880,507	1,880,507
Properties under development and undeveloped land	0	0	73,750	73,750
<b>Group interests</b>	<b>0</b>	<b>0</b>	<b>2,448</b>	<b>2,448</b>
<b>Other financial assets</b>				
Listed equity instruments	452,004	0	0	452,004
Derivatives	0	509	0	509
Shares in investment funds	443	0	0	443
<b>Financial liabilities</b>				
Derivatives	0	-21,697	0	-21,697
<b>31 December 2017</b> EUR '000				
<b>Properties held as financial investments</b>				
Rental properties	0	0	1,668,405	1,668,405
Properties under development and undeveloped land	0	0	37,100	37,100
<b>Group interests</b>			<b>842</b>	<b>842</b>
<b>Other financial assets</b>				
Listed equity instruments	298,560	0	0	298,560
Derivatives	0	1,170	0	1,170
Shares in investment funds	445	0	0	445
<b>Financial liabilities</b>				
Derivatives	0	-17,130	0	-17,130

## 2.8. Estimation and assumption uncertainties

The preparation of consolidated financial statements in accordance with IFRS requires estimates and assumptions by the management about future developments. These can have a material influence on the recognition and measurement of assets and liabilities, on information about other obligations at the balance sheet date and on disclosure of income and expenses during the financial year.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Estimates and underlying assumptions are subject to ongoing review. Actual outcomes may differ from the assumptions and estimates made if developments in the business environment turn out differently than expected. Changes are reflected in profit or loss as soon as the altered circumstances become known, and the assumptions are adjusted accordingly.

The following assumptions entail a not insignificant risk that they may result in a material adjustment of assets and liabilities in the next financial year:

### 2.8.1. Properties held as financial investments

The calculation of the fair value of properties held as financial investments was mainly based on expert valuations by internationally recognised valuers such as CBRE, Colliers International, EHL and Dr Heinz Muhr. The valuations were prepared in compliance with International Valuation Standards and the rules of IFRS 13. The values of these properties depend to a significant extent on present estimates of future rental trends and vacancy levels, and on the interest rates used for discounting purposes. Fair values for accounting obtained from external experts were examined separately by KPMG in context of a fairness opinion.

Properties held as financial investments had a book value of kEUR 1,954,257 (31 December 2017: kEUR 1,705,505). Three properties held as investment properties with a book value of kEUR 40,381 (31 December 2017: kEUR 6,300) are shown under the assets held for sale because the company plans to sell them in 2019.

### 2.8.1.1. Valuation methods in connection with properties held as financial investments

The following measurement methods were used in calculating hierarchy level 3 fair values: capitalised earnings method, discounted cash flow method (DCF method), residual value method and sales comparison approach.

The capitalised earnings method uses the following input factors for the measurement: adjusted sustainable rent, total operating costs, remaining useful life, capitalisation rate and land value.

The discounted cash flow method works among others with the following input factors: net rental income, discount rate and capitalisation rate.

The residual value method is based on investment considerations and calculates the residual value based on an earnings value or net capital value derived from discounted cash flow analysis on the assumption that the property is already completed, which remains when the property is sold at the current measurement date, taking account of any outstanding construction, development costs, market financing costs for completion and marketing costs, allowing for an appropriate profit for the developer. Future rental income and capitalisation rates are input parameters here.

In the sales comparison approach, purchase prices that are actually achieved or achievable for comparable properties are included as comparative values. Differing characteristics of the properties to be compared are taken into account in the form of premiums or discounts on the value.

### Measurement of fair value on the basis of unobservable inputs (hierarchy level 3)

Different valuation methods were used in the various assets classes. In Austria, the fair value of kEUR 380,080 was calculated using the capitalised earnings method, while in Germany, the fair value of kEUR 940,197 was calculated mainly using the DCF method. In the CEE segment, the DCF method, the capitalised earnings method, the sales comparison approach and the residual value method were used to calculate the fair value of kEUR 619,580.

The significant parameters per segment and valuation method applied are as follows. The table below contains all properties not measured at fair value, not including those classified as held-for-

sale in accordance with IFRS 5 and a German property with a book value of kEUR 14,000, which was measured on the basis of an existing purchase agreement.

	<b>Book value as of 31 December 2018 EUR '000</b>	<b>Valuation method</b>	<b>Input factors</b>	<b>Range/mean value<sup>1</sup></b>
Austria	380,080	Capitalised earnings method	Capitalisation rate	2.95% to 5.50%
			Remaining useful life	39 years (weighted average)
			Market rent (EUR/m <sup>2</sup> /month)	1.13 to 23.89
Germany	940,197	Discounted cash flow	Capitalisation rate	1.95% to 6.75%
			Discount rate	3.95% to 8.10%
			Market rent (EUR/m <sup>2</sup> /month)	10.25 to 17.71
		Residual value method	Construction costs	EUR 1,000 m <sup>2</sup> /month to EUR 1,200 m <sup>2</sup> /month
			Market rent (EUR/m <sup>2</sup> /month)	17.02 to 17.21
CEE	619,580	Discounted cash flow	Capitalisation rate	5.25% to 8.75%
			Discount rate	7.25% to 8.75%
			Market rent (EUR/m <sup>2</sup> /month)	6.49 to 20.7
		Capitalised earnings method	Capitalisation rate	4.05% to 7.80%
			Remaining useful life	34 years (weighted average)
			Market rent (EUR/m <sup>2</sup> /month)	7.20 to 14.6
		Residual value method	Capitalisation rate	6.5%
			Market rent (EUR/m <sup>2</sup> /month)	13.50
		Sales comparison approach	Mean value, comparative value	EUR 24.95/m <sup>2</sup>
<b>Total</b>	<b>1,939,857</b>			

<sup>1</sup> Across all types of use

A reduction in the expected annual rentals leads to a reduction in the fair value, as does an increase in discount and capitalisation rates. There are interdependencies between the rates, because these are partly based on market values.

The expert valuations are carried out once a year by independent, professional experts for the purpose of preparing the annual financial statements as of 31 December. The professional experts are provided with the necessary information, such as current rentals, by the company's Asset Management department. The market assumptions and valuation methods used in preparing the expert valuations are agreed with the appointed professional experts.

### 2.8.1.2. Information on non-observable input factors underlying valuation (Level 3)

The following tables show the sensitivity of the fair value of rented properties held as financial investments to changes in sustaina-

ble rental yields and interest rates. The table does not include land or a German property measured on the basis of a purchase agreement as well as properties held for sale.

#### Change in sustainable rent

EUR '000	2018			2017		
	-10%	Output value	+10%	-10%	Output value	+10%
Austria	340,181	380,080	419,980	341,530	379,470	415,710
Germany	844,528	920,039	989,449	679,490	765,855	842,520
CEE	545,959	617,180	690,784	491,311	557,480	624,940
	<b>1,730,668</b>	<b>1,917,299</b>	<b>2,100,213</b>	<b>1,512,331</b>	<b>1,702,805</b>	<b>1,883,170</b>

#### Change in interest rate

EUR '000	2018			2017		
	-10%	Output value	+10%	-10%	Output value	+10%
Austria	407,649	380,080	355,202	405,120	379,470	354,780
Germany	1,038,749	920,039	823,820	837,510	765,855	664,050
CEE	680,712	617,180	563,898	619,036	557,480	506,677
	<b>2,127,110</b>	<b>1,917,299</b>	<b>1,742,920</b>	<b>1,861,666</b>	<b>1,702,805</b>	<b>1,525,507</b>

### 2.8.2. Intangible assets and property, plant and equipment

Estimates of the long-term value of tangible and intangible assets are based on assumptions about the future. The calculation of recoverable amounts for the purpose of impairment tests is based on several assumptions, for example, about future net cash flows and discount rates. The book value of intangible assets amounted to kEUR 208 (31 December 2017: kEUR 230), that of other non-current assets to kEUR 4,469 (31 December 2017: kEUR 4,655). Owner-operated properties had a book value of kEUR 126,789 (31 December 2017: kEUR 127,875).

### 2.8.3. Financial instruments

In estimating the value of financial instruments (in particular, derivatives) for which no active market exists, alternative valuation methods based on investment mathematics are employed. The parameters on which estimates of fair value are based depend in part on assumptions about the future. The book values of financial instruments are detailed in note 5.1.

The estimates will be made by external experts.

### 2.8.3.1. Valuation of derivatives

S IMMO Group's derivative financial instruments are measured at fair value. The fair values of the swaps or caps are determined using a discounted cash flow method according to IFRS 13. The future payment flows are determined by means of interest modelling using the Hull White one-factor model, specifically using a Monte Carlo simulation. The material input parameters are determined for the reporting date. They mainly consist of the euro interest yield curve and historical Euribor fixings. Market data are obtained from Thomson Reuters and Bloomberg.

For the determination of credit value adjustments/debit value adjustments (CVA/DVA) credit spreads were first defined to estimate the probability of default. Then, the share of the default risk was estimated on the basis of theoretical considerations and extrapolated for multiple maturities using an approximate formula to generate a CDS spread curve.

### 2.8.3.2. Derivatives – sensitivity analysis

The fair values of the derivatives change as follows when the interest rates shift by +100 BPS or -50 BPS:

	31 December 2018			
	Nominal	Fair value before interest rates shift	Change EUR '000	Change in %
<b>+100 BP</b> EUR '000				
Swaps	589,479	-21,600	36,058	166.9
Caps	190,000	411	620	150.5
<b>Total</b>	<b>779,479</b>	<b>-21,189</b>	<b>36,678</b>	

	31 December 2018			
	Nominal	Fair value before interest rates shift	Change EUR '000	Change in %
<b>-50 BP</b> EUR '000				
Swaps	589,479	-21,600	-17,383	-80.5
Caps	190,000	411	-202	-49.2
<b>Total</b>	<b>779,479</b>	<b>-21,189</b>	<b>-17,585</b>	

	31 December 2017			
	Nominal	Fair value before interest rates shift	Change EUR '000	Change in %
<b>+100 BP</b> EUR '000				
Swaps	414,035	-16,809	29,382	174.80
Caps	195,000	849	1,297	152.80
<b>Total</b>	<b>609,035</b>	<b>-15,960</b>	<b>30,679</b>	

	31 December 2017			
	Nominal	Fair value before interest rates shift	Change EUR '000	Change in %
<b>-50 BP</b> EUR '000				
Swaps	414,035	-16,809	-14,096	83.86
Caps	195,000	849	-347	-40.85
<b>Total</b>	<b>609,035</b>	<b>-15,960</b>	<b>-14,443</b>	

### 2.8.4. Deferred taxes

The recognition of deferred tax assets for tax loss carryforwards is based on the assumption that sufficient taxable income will be available in the future to enable existing loss carryforwards to be utilised. Deferred tax assets for tax loss carryforwards of kEUR 12,682 (31 December 2017: kEUR 10,989) have been recognised. Further information on deferred taxes can be found in note 3.1.16.

Assuming that the fair values of the properties were to change uniformly by +/-10% across the portfolio, the deferred property taxes would change as follows given identical book values for tax purposes:

EUR '000	Output value for deferred tax 2018 (offset)			Output value for deferred tax 2017 (offset)		
	+10%		-10%	+10%		-10%
Deferred taxes on properties	201,623	167,256	136,009	168,970	137,469	108,333

### 2.8.5. Post-employment benefit obligations

The actuarial computation of entitlements to pension and severance benefits and long-service bonuses requires assumptions about various parameters. The following tables show the sensitivity of the significant assumptions:

#### Change in interest rate

EUR '000	2018			2017		
	-0.30%	Output value	+0.30%	-0.30%	Output value	+0.30%
Pensions	0	0	0	1,784	1,708	1,636
Severance payments	968	954	941	962	948	934
Long-service bonuses	424	414	406	385	376	368

#### Change in valorisation

EUR '000	2018			2017		
	-0.20%	Output value	+0.20%	-0.20%	Output value	+0.20%
Pensions	0	0	0	1,706	1,708	1,710
Severance payments	946	954	962	940	948	956
Long-service bonuses	409	414	420	372	376	381

### 3. Notes on the consolidated statement of financial position and consolidated income statement

#### 3.1. Statement of financial position

##### 3.1.1. Properties held as financial investments

EUR '000	Rental properties	Properties under development and undeveloped land
As of 01 January 2017	1,917,303	20,801
Additions	90,941	17,168
Disposals	-1,741	0
Other changes	-2,148	0
Changes in fair value (realised through profit or loss)	128,316	-869
Reclassifications as properties held for sale	-464,266	0
<b>As of 31 December 2017</b>	<b>1,668,405</b>	<b>37,100</b>
whereof pledged as security	1,606,715	31,670
Additions	140,439	26,420
Disposals	-281	-383
Other changes	0	0
Changes in fair value (realised through profit or loss)	154,335	10,613
Reclassifications as properties held for sale	-82,391	0
<b>As of 31 December 2018</b>	<b>1,880,507</b>	<b>73,750</b>
whereof pledged as security	1,794,157	63,600

In addition, a change in fair value in the amount of kEUR 2,866 (2017: kEUR 145) was realised through profit or loss for the properties held for sale.

Additions by operating segments were as follows:

##### Rental properties

EUR '000	31 December 2018	31 December 2017
Austria	3,903	3,812
Germany	128,139	73,051
CEE	8,397	14,078
	<b>140,439</b>	<b>90,941</b>

##### Properties under development and undeveloped land

EUR '000	31 December 2018	31 December 2017
Austria	0	0
Germany	10,781	0
CEE	15,639	17,168
	<b>26,420</b>	<b>17,168</b>

Consisting of:

##### Rental properties

EUR '000	31 December 2018	31 December 2017
Austria	380,080	379,470
Germany	946,847	765,855
CEE	553,580	523,080
	<b>1,880,507</b>	<b>1,668,405</b>

The measurement of the fair value of rental properties totalling kEUR 1,880,507 (2017: kEUR 1,668,405) in the financial year 2018 was based on hierarchy level 3.

##### Properties under development and undeveloped land

EUR '000	31 December 2018	31 December 2017
Austria	0	0
Germany	7,350	0
CEE	66,400	37,100
	<b>73,750</b>	<b>37,100</b>

The measurement of the fair value of development projects and undeveloped land totalling kEUR 73,750 (2017: kEUR 37,100) in the financial year 2018 was based on hierarchy level 3. This relates to land reserves and projects for which significant construction or project development measures are already in progress as of the reporting date and for which generating rental income is already of only minor significance.

Purchasing obligations for properties in the amount of kEUR 9,254 result from the purchasing contracts concluded in the financial year 2018.

S IMMO capitalises borrowing costs that serve the purpose of acquiring, purchasing or manufacturing a qualifying asset also if the qualifying asset is measured at fair value. Capitalising borrowing costs in accordance with IAS 23 was immaterial in the 2018 financial year, as in the 2017 financial year.

### 3.1.2. Owner-operated properties, other plant and equipment and intangible assets

Changes in the acquisition costs of owner-operated properties, other plant and equipment and intangible assets were as follows:

EUR '000	Owner-operated properties	Other plant and equipment	Intangible assets	Total
Costs of acquisition as of 01 January 2017	197,531	16,320	867	214,718
Currency translation	0	-17	-3	-20
Additions	9,794	653	142	10,589
Disposals	0	-3,493	-43	-3,536
<b>As of 31 December 2017</b>	<b>207,325</b>	<b>13,463</b>	<b>963</b>	<b>221,751</b>
Currency translation	0	-359	-60	-419
Additions	5,410	934	87	6,431
Disposals	0	-4,823	-179	-5,002
<b>As of 31 December 2018</b>	<b>212,735</b>	<b>9,215</b>	<b>811</b>	<b>222,761</b>

The development in the accumulated depreciation and amortisation of owner-operated properties, other plant and equipment and intangible assets was as follows:

EUR '000	Owner-operated properties	Other plant and equipment	Intangible assets	Total
Accumulated depreciation and amortisation as of 01 January 2017	71,763	9,980	674	82,417
Currency translation	0	-16	-3	-19
Depreciation and amortisation	7,687	1,209	103	8,999
Disposals	0	-2,365	-41	-2,406
<b>As of 31 December 2017</b>	<b>79,450</b>	<b>8,808</b>	<b>733</b>	<b>88,991</b>
Currency translation	0	-336	-60	-396
Depreciation and amortisation	6,496	1,067	109	7,672
Disposals	0	-4,793	-179	-4,972
<b>As of 31 December 2018</b>	<b>85,946</b>	<b>4,746</b>	<b>603</b>	<b>91,295</b>
<b>Book value as of 01 January 2017</b>	<b>125,768</b>	<b>6,340</b>	<b>193</b>	<b>132,301</b>
<b>Book value as of 31 December 2017</b>	<b>127,875</b>	<b>4,655</b>	<b>230</b>	<b>132,760</b>
<b>Book value as of 31 December 2018</b>	<b>126,789</b>	<b>4,469</b>	<b>208</b>	<b>131,466</b>

### 3.1.3. Interests in companies measured at equity

The book value of the companies measured at equity came to kEUR 25,704 as of 31 December 2018 (31 December 2017: kEUR 12,237). The companies recognised according to the equity method are shown in the table depicting the scope of consolidation in section 2.2. These are mostly companies that develop

properties. One company (IPD – International Property Development, s. r. o.) is a joint venture.

The companies recognised according to the equity method were valued as follows on the reporting date:

#### Associated companies

EUR '000	31 December 2018	of which AT	of which CEE	31 December 2017	of which AT	of which CEE
Non-current assets	118,600	118,600	0	83,578	49,823	33,755
Current assets	5,450	5,116	334	11,205	9,886	1,319
Non-current liabilities	65,575	65,575	0	71,700	41,631	30,069
Current liabilities	3,547	3,547	0	1,566	1,253	313
Net assets	54,928	54,594	334	21,517	16,825	4,692
Group interest in net assets	15,892	15,736	156	6,865	4,660	2,205

EUR '000	2018	of which AT	of which CEE	2017	of which AT	of which CEE
Revenues	2,904	2,429	475	5,252	2,429	2,823
Net income for the period	35,779	37,954	-2,175	11,274	10,693	581
Group share of the profit for the period	10,082	11,104	-1,022	3,815	3,542	273

#### Joint ventures

EUR '000	31 December 2018	of which CEE	31 December 2017	of which CEE
Non-current assets	53,851	53,851	29,411	29,411
Current assets	2,233	2,233	1,086	1,086
Non-current liabilities	32,155	32,155	14,405	14,405
Current liabilities	4,690	4,690	5,894	5,894
Net assets	19,239	19,239	10,198	10,198
Group interest in net assets	9,812	9,812	5,201	5,201

EUR '000	2018	of which CEE	2017	of which CEE
Revenues	0	0	0	0
Net income for the period	9,041	9,041	574	574
Group share of the profit for the period	4,611	4,611	293	293

## Companies measured at equity

EUR '000	2018	2017
As of 01 January	12,237	10,241
Current profits	15,725	3,295
Current losses	-1,032	-6
Capital decrease	-525	0
Additions	10	16
Disposals	0	-1,259
Withdrawals/dividends	-551	-50
Other	-160	0
<b>As of 31 December</b>	<b>25,704</b>	<b>12,237</b>

In the financial year 2018, there were no proportional losses (2017: kEUR 169) from companies included at equity that were not recognised. A cumulative total of kEUR 1 (2017: kEUR 171) was not realised as losses for companies measured at equity.

There are no effects in the OCI for companies measured at equity.

As of 31 December 2018, there are three loans in the amount of kEUR 4,214 (2017: kEUR 10,946) to exclusively Austrian companies accounted for using the equity method. The Group monitors changes in credit risk by tracking published regulatory risk weightings. The probability of default for a matching maturity period is 0.4%.

### 3.1.4. Group interests and other financial assets

The equity investments predominantly comprise an equity investment that has been switched from being measured at amortised cost to being measured at FVOCI as part of the transition to IFRS 9. For this equity investment, income of kEUR 153 was recognised in profit or loss as a result of a distribution.

Other financial assets include mainly shares in the companies IMMOFINANZ AG and CA Immobilien Anlagen AG that were accounted for as available-for-sale securities according to IAS 39 until the initial application of IFRS 9. At the time of the initial application of IFRS 9 (01 January 2018), the Group took the decision to recognise these equity instruments at fair value through other comprehensive income. As a result, the cumulative historical gains and losses from the previous measurement at fair value were reclassified from other comprehensive income (realised through profit or loss) to other comprehensive income (not realised through profit or loss). In contrast to IAS 39, IFRS 9 no longer permits recycling from other comprehensive income to the income statement. In 2018, S IMMO acquired a package of 60,000,000 shares in IMMOFINANZ AG over the counter. In addition, much smaller quantities of shares were purchased in IMMOFINANZ AG and shares in CA Immobilien Anlagen AG were purchased and sold on the stock exchange. Dividend income totalling kEUR 14,332 was realised through profit or loss in the

reporting period (2017: kEUR 4,302). As a result of deduction of withholding tax, only kEUR 12,968 was cash-effective here. S IMMO Group holds shares of IMMOFINANZ Group and vice versa.

### 3.1.5. Inventories

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

### 3.1.6. Trade receivables and other accounts receivable

Trade receivables include rents receivable from tenants less any provisions required. These consist mainly of provisions against receivables in Germany and CEE. As in 2017, there were no other impairments that had to be recognised. There is not a concentration of credit risk because the Group generally has a large number of customers (particularly tenants) in the countries in which it operates.

The book value of current accounts receivable corresponds to the fair value in essence.

#### 3.1.6.1. Changes in provisions

Provisions for trade receivables developed as follows:

EUR '000	2018	2017
As of 01 January	7,191	13,597
Utilisation	-108	-46
Reversal	-6,092	-7,088
Increase	691	728
<b>As of 31 December</b>	<b>1,682</b>	<b>7,191</b>

Potential tenants are generally subject to a credit check. Tenants in the shopping centres and in the properties let as hotels include internationally active chains.

### 3.1.6.2. Receivables – maturities

The non-adjusted but due claims have the following maturities:

EUR '000	Not due/up to 90 days past due	90–365 days	>365 days	Total
<b>Trade receivables</b>				
Austria	2,709	190	131	3,030
Germany	1,040	571	486	2,098
Central Eastern Europe	3,024	280	631	3,936
	6,773	1,042	1,248	9,063
<b>Valuation allowances for trade receivables</b>				
Austria	19	45	131	195
Germany	2	274	429	705
Central Eastern Europe	156	17	609	782
	177	337	1,169	1,682
<b>Total</b>	<b>6,596</b>	<b>705</b>	<b>80</b>	<b>7,381</b>
Other				3,260
<b>Total</b>				<b>10,641</b>

### 3.1.6.3. Other current financial assets

EUR '000	31 December 2018	31 December 2017
Property management agent clearing accounts	1,367	1,677
Receivables from disposals of properties and property holding companies	120	1,244
Deposits	2,725	738
Finance receivables	116	116
Deposit for properties	5,025	1,800
Other assets	1,087	1,032
	<b>10,440</b>	<b>6,607</b>

### 3.1.7. Other assets

The other assets of kEUR 12,256 (31 December 2017: kEUR 12,239) consisted mainly of prepaid expenses, tax receivables and prepayments.

### 3.1.8. Cash and cash equivalents

EUR '000	31 December 2018	31 December 2017
Bank balances	72,931	73,114
Cash in hand	350	276
	<b>73,281</b>	<b>73,390</b>

### 3.1.9. Properties held for sale

Properties are held for sale if the Management intends to dispose of them in the near future. A total of three properties in Germany and Austria are currently intended for disposal.

EUR '000	Austria	Germany	CEE	Total
As of 01 January 2017	0	0	0	0
Reclassification	234,322	37,244	192,700	464,266
Disposals	-234,322	-30,944	-192,700	-457,966
<b>As of 31 December 2017</b>	<b>0</b>	<b>6,300</b>	<b>0</b>	<b>6,300</b>
Reclassification	45,725	36,666	0	82,391
Additions/property valuations	3,000	765	0	3,765
Disposals	-17,725	-34,350	0	-52,075
<b>As of 31 December 2018</b>	<b>31,000</b>	<b>9,381</b>	<b>0</b>	<b>40,381</b>

### 3.1.10. Equity

The nominal capital of the Group's parent company amounted to kEUR 243,144 (2017: kEUR 243,144) and is fully paid up.

As of 31 December 2018, S IMMO held 715,424 treasury shares (2017: 715,424 shares).

#### Details of share capital

EUR '000	2018	2017
Total share capital	243,144	243,144
Treasury shares (nominal)	-2,600	-2,600
	<b>240,544</b>	<b>240,544</b>

As in the previous year, no shares were cancelled in the financial year 2018.

The shares are listed in the Prime Market segment of the Vienna Stock Exchange. S IMMO was included in the Austrian ATX benchmark index for the first time on 18 September 2017.

The nominal share capital is divided into 66,917,179 ordinary bearer shares that are fully paid up and have no par value.

The bearer shares confer on the shareholders the usual rights provided for under the Austrian Stock Corporation Act (AktG). These include the right of a dividend payment approved by the Annual General Meeting and the right to vote at the Annual General Meeting.

The capital reserves of kEUR 68,832 (31 December 2017: kEUR 68,832) are restricted reserves in the meaning of section 229 (5) Austrian Commercial Code (UGB).

The other reserves of kEUR 806,873 (31 December 2017: kEUR 629,608) shown in the statement of changes in consolidated equity consist mainly of reversed capital reserves together with accumulated retained earnings. The foreign currency reserve of kEUR -15,872 (31 December 2017: kEUR -17,200) is made up of the currency translation differences in accordance with IAS 21. The hedge accounting reserve of kEUR -8,636 (31 December 2017: kEUR -6,022) comprises the measurement differences on cash flow hedges recognised under equity. The equity instruments reserve (FVOCI) of kEUR 17,113 (31 December 2017: kEUR 25,053) comprises the share in IMMOFINANZ and CA Immobilien Anlagen AG described in 3.1.4. as well as a Group interest that has been switched from being measured at amortised cost to being measured at FVOCI as part of the transition to IFRS 9. The shares in IMMOFINANZ AG and CA Immobilien Anlagen AG are measured at their market price; the measurement of the Group interest is based on a Level 3 fair value calculation.

For the financial year 2018, the Management Board intends to propose a distribution of a dividend of EUR 0.70 per share entitled to dividends.

#### Additional information on capital management

S IMMO Group manages its capital with the aim of maximising its returns by optimising the relationship between equity and debt. At the same time, care is taken to ensure that all Group companies can operate on a going concern basis.

The Group's capital consists of bank and financial liabilities including bonds, equity provided by the shareholders of the parent company. There are no provisions in the articles of incorporation concerning the capital structure.

The equity attributable to the shareholders of the parent company consists of the shares in circulation, capital and other reserves and the consolidated net profit, as shown in the statement of changes in consolidated equity.

The capital structure is constantly monitored, and the costs of capital and the risks associated with each type of capital are taken into account. The Group will continue to optimise the capital structure by issuing and repaying debt and issuing and repurchasing shares as appropriate.

The Group is not managed according to individual parameters. However, the equity ratio is not allowed to fall significantly below 30% over the long term.

### 3.1.11. Non-controlling interests

The minority interests amount to kEUR 2,720 (31 December 2017: kEUR 3,611). The change in the amount of kEUR -1,351 (2017: kEUR -30,756) shown in the statement of changes in consolidated equity is primarily due to distributions.

### 3.1.12. Financial liabilities

Financial liabilities are as follows:

31 December 2018

EUR '000	Changes in cash and cash equivalents			Non-cash changes		31 December 2018
	01 January 2018	New loans/ repayments	Change in the scope of consolidation	Changes in fair value	Other non-cash changes	
Other non-current financial liabilities	669,459	176,110	-5,342	0	-590	839,637
Other current financial liabilities	113,398	-28,737	-232	0	8,810	93,239
Subtotal other non-current and current financial liabilities	782,857	147,373	-5,574	0	8,220	932,876
of which recognised as increases and decreases in cash flow from financing activities		152,091				
of which paid interest recognised in cash flow from financing activities		-4,718				
Derivatives held for hedging purposes	17,130	0	0	4,567	0	21,697
of which recognised in cash flow from financing activities						
Bonds	287,518	148,862	0	0	432	436,812
of which recognised in cash flow from financing activities		148,862				
Subordinated participating certificate capital	56,717	-56,511	0	0	-206	0
of which recognised in cash flow from financing activities		-56,511				
<b>Total</b>	<b>1,144,222</b>	<b>239,724</b>	<b>-5,574</b>	<b>4,567</b>	<b>8,446</b>	<b>1,391,385</b>

31 December 2017

EUR '000	Changes in cash and cash equivalents			Non-cash changes		31 December 2017
	01 January 2017	New loans/ repayments	Change in the scope of consolidation	Changes in fair value	Other non-cash changes	
Other non-current financial liabilities	770,602	15,749	-96,127	-4,366	731	686,589
Other current financial liabilities	184,096	-71,718	-4,725	0	5,745	113,398
Subtotal other non-current and current financial liabilities	954,698	-55,969	-100,852	-4,366	6,476	799,987
of which recognised in cash flow from financing activities		-50,804	0	0	0	
Bonds	287,221	0	0	0	297	287,518
of which recognised in cash flow from financing activities		0	0	0	0	
Subordinated participating certificate capital	58,131	-7,378	0	0	5,964	56,717
of which recognised in cash flow from financing activities		-7,580 <sup>1</sup>	0	0	0	
<b>Total</b>	<b>1,300,050</b>	<b>-63,347</b>	<b>-100,852</b>	<b>-4,366</b>	<b>12,737</b>	<b>1,144,222</b>

<sup>1</sup> Repurchase price differs from participating certificate liability.

### 3.1.13. Subordinated participating certificate capital

Because of the timely cancellation of the participating certificates in the financial year 2017, the participating certificate liability was repaid in 2018.

### 3.1.14. Issued bonds

In February 2018, S IMMO AG issued two bonds. A bond (ISIN AT0000A1Z9D9) with a total nominal value of kEUR 100,000 divided into 200,000 shares with a nominal value of EUR 500 each and

a second bond (ISIN AT0000A1Z9C1) with a total nominal value of kEUR 50,000 divided into 100,000 shares with a nominal value of EUR 500 each. Taking into account the issuing costs to be offset, this resulted in an addition of bond liabilities of kEUR 99,134 or kEUR 49,708 in the reporting period.

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

ISIN	Total nominal value EUR '000	Coupon	Effective interest rate	Maturity	Market values <sup>1</sup>
AT0000A177D2	89,739.5	4.50%	4.66%	16 June 2021	108.50
AT0000A19SB5	100,000	3.00%	3.13%	02 October 2019	101.90
AT0000A1DBM5	33,993.5	3.25%	3.36%	08 April 2025	107.70
AT0000A1DWK5	65,000	3.25%	3.31%	20 April 2027	107.00
AT0000A1Z9D9	100,000	1.75%	1.90%	06 February 2024	101.20
AT0000A1Z9C1	50,000	2.875%	2.93%	06 February 2030	102.85

<sup>1</sup> The market values are based on the most recent transactions before 31 December 2018.

All of the bonds are listed in the Corporates Prime segment of the Vienna Stock Exchange. The market value of the bond liabilities as of 31 December 2018 is kEUR 458,053 (31 December 2017: kEUR 312,804).

### 3.1.15. Provisions for employee benefits

The employee provisions as of 31 December 2018 include provisions for pension entitlements (kEUR 0; 31 December 2017: kEUR 1,010), provisions for severance benefits (kEUR 954; 31 December 2017: kEUR 948) and provisions for long-service entitlements (kEUR 414; 31 December 2017: kEUR 376). The following parameters were taken as a basis for the actuarial calculation:

	31 December 2018	31 December 2017
Actuarial interest rate	0.60% to 1.00%	0.30% to 1.50%
Expected raise in salaries	1.50% to 2.58%	1.00% to 2.58%
Blanket fluctuation allowance	0.00% to 26.10%	0.00% to 26.10%

Please refer to section 2.8.5. of the notes for information about the sensitivity of assumptions for the calculation of termination and anniversary benefits.

The present values of pension, severance and long-service entitlements developed as follows:

EUR '000	Pension	Severance payment	Anniversary
Present value of obligation at 01 January 2017	1,533	915	335
Current service costs	68	20	32
Interest expense	25	11	5
Payments	0	-163	-29
Remeasurement of benefit obligations – experience adjustments	82	165	10
Remeasurement of benefit obligations – financial assumptions			23
Present value of obligation on 31 December 2017	1,708	948	376
Plan assets on 31 December 2017	698	0	0
<b>Provisions on 31 December 2017</b>	<b>1,010</b>	<b>948</b>	<b>376</b>
Present value of obligation at 01 January 2018	1,708	948	376
Current service costs	0	20	35
Interest expense	0	4	3
Payments	-961	-29	-29
Plan assets on 31 December 2017	698	0	0
Change in plan assets	49	0	0
Plan assets at the time of disposal	747	0	0
Disposal of plan assets	-747	0	0
Remeasurement of benefit obligations – experience adjustments	0	58	5
Remeasurement of benefit obligations – financial assumptions	0	-11	-9
Remeasurement of benefit obligations – demographic assumptions	0	-36	33
Present value of obligation on 31 December 2018	0	954	414
Plan assets on 31 December 2018	0	0	0
<b>Provisions on 31 December 2018</b>	<b>0</b>	<b>954</b>	<b>414</b>
<b>Total provisions for employee benefits</b>			<b>1,368</b>

The obligation to form a provision for severance benefits is based on labour law. For persons whose employment started before 01 January 2003 in Austria, S IMMO Group is required under the statutory provisions to make a one-time severance payment to any employee whose employment is terminated by the employer or who reaches the age of retirement while employed. The benefit entitlements are dependent on the number of years of service and the level of remuneration at the time the entitlement arises, and amount to between two and 12 months' salary. Payments for Group employees are made to an external pension fund.

### 3.1.16. Taxes on income

#### 3.1.16.1. Current and deferred taxes on income

Tax expense was made up as follows:

EUR '000	2018	2017
Current taxes	-4,031	-8,495
Deferred taxes	-27,791	-18,783
	<b>-31,822</b>	<b>-27,278</b>

Taxes on income comprise income tax on the taxable income of the individual companies included in consolidation for the financial year, adjustments to prior years' tax and changes in deferred taxes.

The reconciliation of income tax at the standard rate to the income tax disclosed in the financial statements is as follows:

EUR '000	01-12/2018	01-12/2017
Net income before tax	235,973	160,748
Income tax expense at the standard Austrian income tax rate of 25%	-58,993	-40,187
Effects of differing foreign tax rates	16,020	11,380
One-off effects of sales	2,230	-953
Taxes from previous years	0	-1,657
Decreases relating to non-taxable income	9,048	6,358
Increases relating to non-deductible expenses	-127	-2,219
Tax expense as disclosed	-31,822	-27,278
<b>Effective tax rate</b>	<b>13.48%</b>	<b>16.97%</b>

The reconciliation item "One-off effects of sales" in the previous year relates to the use of loss carryforwards from the sale of a German property.

The Group parent is the parent of a tax group in accordance with section 9 (1) Austrian Corporate Tax Act (KStG).

There is an agreement governing tax equalisation between the parent and the group members, which stipulates that tax equalisation is determined according to the stand-alone method: If a domestic group member has a positive tax result, a positive tax allocation of 25% is paid to the parent. In the case of a negative tax result, the domestic group member does not receive an immediate payment; instead, the negative results are recognised as an internal loss carryforward of the respective group member, which can be offset against future positive results.

### 3.1.16.2. Deferred tax liabilities

In accordance with IAS 12, the provision for deferred taxation is calculated using the balance sheet liability method: Deferred tax must be provided for all temporary differences between the values for balance sheet purposes in the IFRS consolidated statement of financial position and the current values for tax purposes for the individual companies. Temporary differences can be either:

- taxable temporary differences, which will result in taxable amounts in the calculation of taxable income or tax loss in future periods when the book value of the asset is realised or the liability is settled, or
- deductible temporary differences, which will result in tax deductible amounts in the calculation of taxable income or tax loss in future periods when the book value of the asset is realised or the liability is settled.

As a general principle, a deferred tax asset or liability must be recognised for all taxable temporary differences. There are exceptions for the recognition of goodwill in an initial consolidation or the initial recognition of an asset or liability in a business transaction which is not a business combination and which at the time of the transaction does not affect the profit or loss either under IFRS or for tax purposes.

Temporary differences between values in the IFRS consolidated statement of financial position and the corresponding values for tax purposes had the following effects on deferred taxes as shown in the consolidated statement of financial position:

EUR '000	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Properties	872	-168,127	2,106	-139,575
Financial instruments	4,838	-10,107	3,977	-9,607
Other items	353	-1,150	1,193	-1,934
Tax loss carryforwards	12,682		10,989	
<b>Subtotal</b>	<b>18,745</b>	<b>-179,384</b>	<b>18,266</b>	<b>-151,116</b>
Netting	-17,210	17,210	-15,989	15,989
<b>Deferred tax assets (+)/liabilities (-)</b>	<b>1,534</b>	<b>-162,173</b>	<b>2,277</b>	<b>-135,128</b>

Of these totals, deferred tax assets of kEUR 2,141 (2017: kEUR 1,663) from derivatives valuation were recognised under other comprehensive income. No deferred tax assets have been recognised for tax loss carryforwards totalling kEUR 62,885 (31 December 2017: kEUR 62,389).

In accordance with IAS 12.39, no deferred taxes were recognised for temporary differences relating to interests in affiliated companies, joint ventures and associated companies, as the profits accrued at subsidiaries remain invested indefinitely or are not subject to taxation on disposal.

In accordance with IAS 12.39 "Income Taxes", no deferred tax liability was recognised for temporary differences relating to interests in subsidiaries. The tax on the difference between the book value for tax purposes and the IFRS equity amounts to kEUR 175,165 (previous year: kEUR 210,768).

As of the reporting date, there are outstanding fractional write-downs from historical tax write-downs on equity investments of around kEUR 1,404.

### 3.1.16.3. Measurement

Deferred taxes are calculated on the basis of the tax rates in force or expected to apply in the relevant countries at the time of realisation. Changes in the tax legislation in force or approved at the balance sheet date are taken into account. The tax rates used in calculating deferred taxes were as follows:

	Applicable tax rate in 2019	Applicable tax rate in 2018
Austria	25.00%	25.00%
Germany	15.83%	15.83%
Czech Republic	19.00%	19.00%
Slovakia	21.00%	21.00%
Hungary	9.00%	9.00%
Croatia	18.00%	18.00%
Romania	16.00%	16.00%
Bulgaria	10.00%	10.00%

## 3.2. Income statement

### 3.2.1. Rental income and revenues from operating costs and revenues from hotel operations

Rental income EUR '000	2018	2017
Office	34,057	41,205
Residential property	25,057	22,181
Retail	40,159	43,535
Hotel	5,040	5,099
	<b>104,313</b>	<b>112,020</b>

The rental income and revenues from operating costs result almost entirely from investment properties.

The revenues from hotel operations amount to kEUR 54,749 (2017: kEUR 45,966).

### 3.2.2. Expenses from property and hotel operations

The expenses from property operations presented in the following table are almost exclusively expenses related to investment properties.

EUR '000	2018	2017
Operating costs	-36,854	-40,584
Maintenance expenses	-12,103	-13,781
Depreciation and amortisation and loss allowance	637	1,099
Commissions	-1,383	-1,519
Other	-3,707	-5,092
	<b>-53,410</b>	<b>-59,877</b>

Expenses of kEUR 408 were attributable to properties not yet generating income (2017: kEUR 165).

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.

### 3.2.3. Gains on property disposals

EUR '000	2018	2017
Income from property disposals		
Properties held as financial investments	341	1,741
Properties held for sale	52,075	468,510
	<b>52,416</b>	<b>470,251</b>
Book value of property disposals		
Properties held as financial investments	-341	-1,741
Properties held for sale	-52,075	-458,169
	<b>-52,416</b>	<b>-459,910</b>
Gains on property disposals		
Properties held as financial investments	0	0
Properties held for sale	0	10,341
	<b>0</b>	<b>10,341</b>

The properties held for sale include properties that were recognised as held for sale in the interim financial reports.

### 3.2.4. Management expenses

Management expenses are expenses not directly attributable to properties; they were made up as follows:

EUR '000	2018	2017
Staff costs	-10,601	-8,796
Legal, audit, consulting and estimated costs	-3,839	-4,310
Servicing fees and administration costs	-328	-355
Corporate communications and investor relations	-1,354	-1,298
Other taxes and duties	-659	-640
Other	-3,082	-3,564
	<b>-19,863</b>	<b>-18,963</b>

Fees for the Group's auditor for 2018 totalled kEUR 308 (2017: kEUR 237). This amount is divided into the following fields of activity:

EUR '000	2018	2017
Audit of the consolidated financial statements	64	63
Other audit-related services	221	174
Tax consultation services	0	0
Other consultation services	23	0
	<b>308</b>	<b>237</b>

In the financial year, the audit firm was changed from PwC Wirtschaftsprüfung GmbH to KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

The average number of employees in 2018 was 596 (2017: 577), including hotel staff.

The personnel expenses disclosed here are salaries of the Group's employees other than the hotel staff. The amount also includes performance-related bonuses paid to certain employees under individual agreements. Personnel expenses for the hotels are disclosed under hotel operations.

#### Defined contribution plans

As required by law, S IMMO Group pays 1.53% of the relevant monthly salaries into an employees' severance pay and pension fund for all employees who joined the Group after 31 December 2002. Personnel expenses included contributions of kEUR 86 (2017: kEUR 58) paid into the fund. For other defined contribution plans, kEUR 165 (2017: kEUR 125) were recognised in profit or loss.

### 3.2.5. Depreciation and amortisation

This item comprises scheduled depreciation and amortisation and impairments on owner-operated properties, other plant and equipment, and intangible assets. Depreciation and amortisation were made up as follows:

EUR '000	2018	2017
Owner-operated properties	-6,496	-7,687
Other plant and equipment	-1,067	-1,209
Intangible assets	-109	-103
	<b>-7,672</b>	<b>-8,999</b>

### 3.2.6. Results from property valuation

Gains and losses on valuation include all increases and decreases in value on properties held as financial investments, and were made up as follows:

EUR '000	2018	2017
Changes in fair value		
Increases	180,383	141,309
Reductions	-12,569	-13,848
Others	0	131
	<b>167,814</b>	<b>127,592</b>

The split between valuations attributable to properties sold in the financial year and valuations for properties still held in the portfolio as of the reporting date is as follows:

EUR '000	2018	2017
Properties held in the portfolio	141,294	81,001
Properties held for sale	12,696	2,610
Properties sold	13,824	43,981
	<b>167,814</b>	<b>127,592</b>

Gains and losses on valuation break down by region as follows:

EUR '000	2018	2017
Austria	45,432	37,101
Germany	85,956	70,005
CEE	36,426	20,486
	<b>167,814</b>	<b>127,592</b>

### 3.2.7. Financing result

EUR '000	2018	2017
Bank interest expense (incl. derivatives accounted for)	-18,585	-24,029
Effects arising from hedge accounting and the measurement of derivatives through profit or loss	-2,137	-14,234
Result from foreign exchange differences	-1,748	-584
Bond interest	-13,579	-10,553
Other financing and interest expenses	-1,456	-1,453
Bank interest revenue	13	3
Income from financial investments	14,485	4,763
Results from companies measured at equity	14,693	3,597
Other financing and interest income	1,051	1,053
	<b>-7,263</b>	<b>-41,437</b>

### 3.2.8. Earnings per share

The earnings per share ratio compares the consolidated net profit to the average number of shares in circulation during the year.

		2018	2017
Own share in consolidated net profit	EUR '000	203,690	130,091
Average number of shares in issue	Number	66,201,755	66,201,755
Basic earnings	EUR	3.08	1.97
Diluted earnings	EUR	3.08	1.97

Diluted and basic earnings per share are the same, since there are no potentially dilutive financial instruments in issue.

## 4. Operating segments

An operating segment is defined as having the following characteristics:

- It engages in business activities in which it may earn revenue and incur expenses.
- Its operating results are reported regularly to the enterprise's chief operating decision maker, who uses the information to allocate resources to it and to review its performance.
- Separate financial information is available for the segment.

Based on these characteristics, segment reporting occurs by region at S IMMO Group. Since 01 January 2017, the assessment and analysis of the regional structure has followed the new strategic direction, which differentiates between Austria, Germany and CEE. The new approach manifested itself in the disposal of a key portion of the properties in Bulgaria among other things.

The regions are as follows:

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

**Germany:** The Germany operating segment includes the German subsidiaries, the Danish subsidiaries (deconsolidated as of 30 September 2018), and the Austrian subsidiaries, which hold properties in Germany.

**CEE:** The CEE segment includes the subsidiaries in Slovakia, the Czech Republic, Hungary, Bulgaria, Croatia and Romania.

The segment reporting is based on the internal reporting system for management purposes.

Each segment is operationally independent of the others, since each must take the local market and business environment into account. The Group's CEO has been nominated as the chief operating decision maker with responsibility for segment operations. He is responsible for the allocation of resources to the individual segments and for reviewing their performance. Quarterly management reports are prepared for each operating segment and submitted to the CEO.

In preparing and presenting the segment information, the same accounting and valuation policies are applied as for the consolidated financial statements. The book value of the interests in companies that are recognised according to the equity method

breaks down to kEUR 15,736 for the segment of Austria (31 December 2017: kEUR 4,832), and kEUR 9,968 (31 December 2017: kEUR 7,405) for the segment of CEE.

EUR '000	Austria		Germany		CEE		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Rental income	18,369	24,745	41,824	36,684	44,121	50,591	104,313	112,020
Revenues from operating costs	4,481	6,236	12,725	11,776	16,173	15,423	33,379	33,435
Revenues from hotel operations	28,601	22,095	0	0	26,148	23,871	54,749	45,966
<b>Total revenues</b>	<b>51,451</b>	<b>53,076</b>	<b>54,549</b>	<b>48,460</b>	<b>86,441</b>	<b>89,885</b>	<b>192,441</b>	<b>191,421</b>
Other operating income	703	1,597	851	759	394	510	1,948	2,866
Property operating expenses	-7,950	-11,195	-25,701	-23,238	-19,759	-25,444	-53,410	-59,877
Hotel operating expenses	-21,074	-19,604	0	0	-16,948	-16,628	-38,023	-36,232
<b>Gross profit</b>	<b>23,130</b>	<b>23,874</b>	<b>29,699</b>	<b>25,981</b>	<b>50,128</b>	<b>48,323</b>	<b>102,956</b>	<b>98,178</b>
Gains on property disposals	0	3,587	0	0	0	6,754	0	10,341
Management expenses	-11,678	-10,088	-5,989	-5,531	-2,196	-3,344	-19,863	-18,963
<b>EBITDA</b>	<b>11,451</b>	<b>17,373</b>	<b>23,710</b>	<b>20,450</b>	<b>47,931</b>	<b>51,733</b>	<b>83,093</b>	<b>89,556</b>
Depreciation and amortisation	-4,371	-4,963	-172	-97	-3,130	-3,939	-7,672	-8,999
Results from property valuation	45,432	37,101	85,956	70,005	36,426	20,486	167,814	127,592
<b>EBIT</b>	<b>52,513</b>	<b>49,511</b>	<b>109,494</b>	<b>90,358</b>	<b>81,227</b>	<b>68,280</b>	<b>243,235</b>	<b>208,149</b>
Non-current assets as of 31 December	915,053	759,947	955,457	766,720	702,095	638,075	2,572,604	2,164,742
Non-current liabilities as of 31 December	612,470	512,973	411,983	275,996	337,339	322,607	1,361,792	1,111,576

#### Major customers

Because of the large number of customers, no single customer is responsible for more than 10% of S IMMO Group's total revenues.

## 5. Other information

### 5.1. Financial instruments

#### 5.1.1. Categories

S IMMO Group classifies its financial instruments as follows:

31 December 2018

Book values EUR '000	Derivates	Financial assets FVOCI	Financial assets FVTPL	Financial assets at acquisition cost	Financial liabilities at acquisition cost	Financial assets FVTPL	Total
<b>Assets</b>							
Non-current assets							
Group interests		2,119	329				2,448
Loans to companies measured at equity				4,214			4,214
Other financial assets	509	452,004	443	25			452,981
Current assets							
Trade receivables				10,641			10,641
Other financial assets				10,440			10,440
Cash and cash equivalents				73,281			73,281
<b>Total assets</b>	<b>509</b>	<b>454,123</b>	<b>772</b>	<b>98,601</b>	<b>0</b>	<b>0</b>	<b>554,005</b>
<b>Equity and liabilities</b>							
Non-current liabilities							
Issued bonds					336,910		336,910
Other financial liabilities	21,697				839,638		861,335
thereof finance leases					4,899		
Current liabilities							
Issued bonds					99,902		99,902
Financial liabilities <sup>1</sup>					93,239		93,239
thereof finance leases					2,142		
Trade payables					8,884		8,884
<b>Total equity and liabilities</b>	<b>21,697</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,378,573</b>	<b>0</b>	<b>1,400,270</b>

<sup>1</sup> Including bond interest accrued

Book values EUR '000	Derivatives	Available for sale	Held to maturity	Loans and receivables	Financial liabilities at amortised cost	Total
<b>Assets</b>						
Non-current assets						
Group interests		842				842
Loans to companies measured at equity				10,946		10,946
Other financial assets	1,170	298,560	445			300,175
Current assets						
Trade receivables				8,447		8,447
Other financial assets				6,607		6,607
Cash and cash equivalents				73,390		73,390
<b>Total assets</b>	<b>1,170</b>	<b>299,402</b>	<b>445</b>	<b>99,390</b>	<b>0</b>	<b>400,407</b>
<b>Equity and liabilities</b>						
Non-current liabilities						
Issued bonds					287,518	287,518
Other financial liabilities	17,130				669,459	686,589
thereof finance leases					7,040	
Current liabilities						
Subordinated participating certificate capital					56,717	56,717
Financial liabilities <sup>1</sup>					113,398	113,398
thereof finance leases					2,120	
Trade payables					7,363	7,363
<b>Total equity and liabilities</b>	<b>17,130</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,134,455</b>	<b>1,151,585</b>

<sup>1</sup> Including bond interest accrued

In the case of financial assets not measured at fair value, the book values largely correspond to the fair values. The bond liabilities had a fair value of kEUR 458,053 as of 31 December 2018 (31 December 2017: kEUR 312,804). The book values indicated for the other financial liabilities largely correspond to the fair values.

The individual categories of financial instruments recognised in the income statement can be assigned as follows:

EUR '000	2018		2017	
	Current financial result	Valuation effects	Current financial result	Valuation effects
Derivatives	-5,322	-2,137	-8,199	-14,234
FVOCI (2018)/Available for sale (2017)	14,485		4,763	
Financial assets at acquisition price (2018)/Loans and receivables (2017)		637		1,099
Financial liabilities at acquisition cost	-26,342		-32,018	

## 5.1.2. Derivatives

The company currently uses swaps and caps to manage the interest rate risk in connection with variable-rate property financing.

Derivatives disclosed under other non-current financial assets (31 December 2018: kEUR 509; 31 December 2017: kEUR 1,170) and under non-current financial liabilities (31 December 2018: kEUR 21,697; 31 December 2017: kEUR 17,130).

EUR '000	31 December 2018				31 December 2017			
	Nominal	Positive fair value	Negative fair value	Maturity	Nominal	Positive fair value	Negative fair value	Maturity
Swaps	0	0	0	< 1 year	0	0	0	< 1 year
	92,821	0	-2,556	1–5 years	3,000	0	-98	1–5 years
	496,658	97	-19,141	> 5 years	411,035	322	-17,032	> 5 years
Caps	0	0	0	< 1 year	5,000	0	0	< 1 year
	100,000	67	0	1–5 years	50,000	65	0	1–5 years
	90,000	344	0	> 5 years	140,000	783	0	> 5 years
<b>Total</b>	<b>779,479</b>	<b>508</b>	<b>-21,697</b>		<b>609,035</b>	<b>1,170</b>	<b>-17,130</b>	

In the financial year, measurement changes of kEUR -3,091 not including deferred taxes and deferred taxes for derivatives of kEUR 478 are recognised in other comprehensive income. In total, kEUR -2,614 was therefore recognised in other comprehensive income.

## 5.2. Risk management

### 5.2.1. Exchange and interest rate risk

Since S IMMO Group's rental contracts are mostly linked to the euro and almost all of its loans are denominated in euro, the exchange rate risk is considered to be low.

As of 31 December 2018, around 84% (31 December 2017: 80%) of other financial liabilities consisted of variable-rate loans and roughly 16% (31 December 2017: 20%) were fixed-rate loans. The current and non-current financial liabilities include fixed-rate loans in the amount of kEUR 148,599 (31 December 2017: kEUR 155,767). Of the variable-rate loans, roughly 98% are based on the three-month Euribor with quarterly adjustment (31 December

2017: approximately 97%), roughly 2% on the six-month Euribor with bi-annual adjustment (31 December 2017: approximately 3%). In the 2014, 2015 and 2018 financial years, the company issued fixed-rate bonds. More details can be found in section 3.1.14.

The variable-rate loans are protected with hedging instruments such as caps and swaps.

The cost of funding (based on variable and fixed interest financial liabilities as of 31 December 2018) is 2.53% (31 December 2017: 2.67%).

The stress test (based on the variable- and fixed-rate financial liabilities as of 31 December 2018) shows that increases in the base rate (Euribor) have only a small effect on the Group's financing costs. For example, a 100 bp increase in the three-month Euribor compared with the three-month Euribor as of 31 December 2018 would increase financing costs by 13 bp.

### Stress test as of 31 December 2018

Interest rate (3M Euribor)	Cost of funding	Difference cost of funding	Interest sensitivity
Interest rate 4%	2.94%	41 BP	10%
Interest rate 3%	2.91%	38 BP	13%
Interest rate 2%	2.82%	29 BP	15%
Interest rate 1%	2.66%	13 BP	13%
Interest rate 0.5%	2.58%	5 BP	10%
Interest rate -0.5%	2.55%	2 BP	-3%

## Stress test as of 31 December 2017

Interest rate (3M Euribor)	Cost of funding	Difference cost of funding	Interest sensitivity
Interest rate 4%	3.25%	58 BP	15%
Interest rate 3%	3.19%	52 BP	17%
Interest rate 2%	3.05%	38 BP	19%
Interest rate 1%	2.82%	15 BP	15%
Interest rate 0.5%	2.70%	4 BP	7%
Interest rate -0.5%	2.68%	1 BP	-3%

### 5.2.2. Liquidity and financing risks

S IMMO Group manages liquidity and financing risks actively. In order to mitigate the corresponding risks, adjustments are made as part of the rolling budget process if necessary. In order to minimise the financing risk, the Group ensures that a balanced relationship is maintained between the amounts of loans and the market values of the individual properties.

As in the previous year there were no covenant breaches in the reporting period.

In 2018, the loan to value ratio for secured financing amounted to 36.3% (2017: 36.6%) and for unsecured financing to 14.1% (2017: 12.7%). To keep lender risks to a minimum, S IMMO Group works with a total of 22 different, well-known financial institutions in Austria and Germany.

	Share in liabilities to banks
Erste Group	15%
Savings banks	7%
Other Austrian banks	30%
Insurance	16%
German Banks	32%

### Maturity analysis of financial liabilities

The maturities of the undiscounted payment flows for future periods are as follows:

## 31 December 2018

EUR '000	Subordinated participating certificate capital	Issued bonds	Other financial liabilities <sup>1</sup>	Trade payables
Remaining maturity less than 1 year	0	113,443	105,970	8,884
Remaining maturity between 1 and 5 years	0	123,435	446,620	0
Remaining maturity over 5 years	0	271,466	488,825	0

<sup>1</sup> Thereof finance leases less than 1 year: kEUR 2,199; between 1 and 5 years: kEUR 4,949; over 5 years: kEUR 0  
Thereof derivatives up to 1 year: kEUR 6,991, between 1 and 5 years: kEUR 28,423, more than 5 years: kEUR 17,229

## 31 December 2017

EUR '000	Subordinated participating certificate capital	Issued bonds	Other financial liabilities <sup>1</sup>	Trade payables
Remaining maturity less than 1 year	56,717	10,256	126,600	7,363
Remaining maturity between 1 and 5 years	0	217,724	359,521	0
Remaining maturity over 5 years	0	112,871	394,542	0

<sup>1</sup> Thereof finance leases less than 1 year: kEUR 2,199; between 1 and 5 years: kEUR 7,148; over 5 years: kEUR 0  
Thereof derivatives up to 1 year: kEUR 5,692, between 1 and 5 years: kEUR 23,298, more than 5 years: kEUR 16,885

### 5.2.3. Borrower risks

The amounts disclosed as assets represent the maximum default risk since there are no significant netting agreements.

Provisions are formed for default risks on receivables from tenants and purchasers of properties to the extent that such risks are recognised. The criteria for the formation of these provisions are explained in note 2.4.

### 5.3. Rental agreements

The tenancy agreements concluded by S IMMO Group are classified as operating leasing under IFRS. These tenancy agreements are as a rule protected by linking the rents to the euro and to international indices.

Total future minimum leasing payments (nominal value) from operating leasing agreements are as follows:

EUR '000	2018	2017
In the following year	71,600	75,539
For the next 4 years	161,356	165,917
Over 5 years	89,954	105,655
	<b>322,910</b>	<b>347,111</b>

### 5.4. Leasing – Group as lessee

Total future minimum lease payments from operating leases are as follows:

EUR '000	2018	2017
In the following year	409	332
For the next 4 years	1,391	1,293
Over 5 years	9,533	9,797
	<b>11,333</b>	<b>11,422</b>

The investment property assets include properties from finance leases in the amount of kEUR 50,050 (2017: kEUR 44,740).

Finance leases are concluded for a term of 15 years. The interest rates upon which the contracts are based are variable and linked to the three-month Euribor.

The obligations from finance leases are shown in the following tables:

EUR '000	In the following year	For the next 4 years	Over 5 years	31 December 2018
Amount of future minimum lease payments	2,199	4,949	0	7,148
Interest amount	58	50	0	108
Present value of minimum lease payments	2,141	4,899	0	7,040

EUR '000	In the following year	For the next 4 years	Over 5 years	31 December 2017
Amount of future minimum lease payments	2,199	7,148	0	9,347
Interest amount	79	108	0	187
Present value of minimum lease payments	2,120	7,040	0	9,160

## 5.5. Pending litigation

S IMMO Group was involved in a number of open legal disputes at the balance sheet date. However, the amounts involved were not significant and even in total the amount was not material in the management's estimation.

## 5.6. Related party disclosures

For S IMMO Group related parties are as follows:

- S IMMO Group's managing bodies,
- Vienna Insurance Group (until 09 April 2018)
- RPR Privatstiftung (until 21 September 2018)
- Familie Benko Privatstiftung (until 21 September 2018)
- IMMOFINANZ AG (since 21 September 2018)
- Associated companies and joint venture companies of the Group.

In the financial year 2018, there were no related-party transactions with the new shareholders.

As of the reporting date, Erste Group is still represented on the S IMMO AG Supervisory Board.

S IMMO Group's managing bodies are as follows:

### S IMMO AG Management Board

Ernst Vejdovszky, Vienna  
Friedrich Wachernig, MBA, Vienna

### S IMMO AG Supervisory Board

- Martin Simhandl, Vienna (Chairman)
- Franz Kerber, Graz (first deputy chairman since 03 May 2018)
- Wilhelm Rasinger, Vienna (second deputy chairman since 03 May 2018)
- Andrea Besenhofer, Vienna
- Hanna Bomba, Vienna (since 03 May 2018)
- Christian Hager, Krems
- Manfred Rapf, Vienna
- Karin Rest, MBA, Vienna (since 03 May 2018)
- Ralf Zeitlberger, Vienna (until 03 May 2018)  
(first deputy chairman until 03 May 2018)

The remuneration of the Management Board breaks down as follows:

EUR '000	2018	2017
Fixed	825	559
Variable	551	430
	<b>1,376</b>	<b>989</b>

The company pension plan for Ernst Vejdovszky was changed from a defined benefit plan to a defined contribution plan. The present value of obligation as of 31 December 2017 less plan assets as of 31 December 2017 was paid out as a non-recurring amount of kEUR 961. The company pension plan for Friedrich Wachernig is and was, respectively, a defined contribution plan. In addition to the amounts specified above, other benefits consisted primarily of contributions to pension funds in the amount of kEUR 85 (2017: kEUR 57) and contributions to the staff benefit fund in the amount of kEUR 36 (2017: kEUR 15).

In 2018, members of the Supervisory Board received remuneration amounting to kEUR 243 (2017: kEUR 172). Members of subsidiaries' supervisory boards received no remuneration. Neither members of the Management Board nor Supervisory Board members received either loans or advances, and no guarantees have been provided on their behalf.

As of 31 December 2018, there were no receivables or payables due to related parties of the S IMMO Group.

The following receivables and payables were due to Vienna Insurance Group and Erste Group as of 31 December 2017:

EUR '000	31 December 2018	31 December 2017
Other receivables	0	3,830
Bank balances	0	60,405
<b>Receivables</b>	<b>0</b>	<b>64,235</b>

EUR '000	31 December 2018	31 December 2017
Non-current bank and financial liabilities	0	346,095
Current bank and financial liabilities	0	49,368
Trade payables	0	61
Other liabilities	0	1,224
<b>Liabilities</b>	<b>0</b>	<b>396,748</b>

The following expenses and incomes arose in connection with Vienna Insurance Group (until 09 April 2018) and with Vienna Insurance Group and Erste Group (2017) in the period from 01 January 2018 to 31 December 2018 and the same period last year:

EUR '000	2018	2017
Commissions	0	-49
Management fees	0	-287
Bank loan interest, other financing expenses and charges	-1,004	-16,592
Other expenses	-244	-1,436
<b>Expenses</b>	<b>-1,248</b>	<b>-18,364</b>

EUR '000	2018	2017
Rent and revenues from operating costs	0	576
Bank interest	0	0
Other interest income	9	178
<b>Income</b>	<b>9</b>	<b>754</b>

The S IMMO Group awards loans to associated companies recognised according to the equity method. As of 31 December 2018, there were receivables of kEUR 4,214 (31 December 2017: kEUR 10,946) resulting from these loans. Other than this, no transactions were conducted with associated companies or joint ventures that are recognised according to the equity method.

There were no related-party transactions according to IAS 24 with subsidiaries not consolidated.

### 5.7. Significant events after the balance sheet date

No significant events occurred after the balance sheet date.

Vienna, 20 March 2019

The Management Board

Ernst Vejdovszky m.p.

Friedrich Wachernig, MBA m.p.

# Auditor's report

## Report on the Consolidated Financial Statements

### Audit Opinion

We have audited the consolidated financial statements of S IMMO AG, Vienna, Austria, and its subsidiaries ("the Group"), which comprise the Consolidated Statement of Financial Position as at 31 December 2018, the Consolidated Income statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2018, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

### Basis for our Opinion

We conducted our audit in accordance with the EU Regulation 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter

The audit of the financial statements of S IMMO AG as of 31 December 2017 was performed by another auditor, who expressed an unqualified audit opinion on the financial statements dated March 20, 2018.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

### Measurement of investment properties

Refer to notes sections 2.6.1., 2.8.1., 3.1.1. and 3.2.6.

### Risk for the Consolidated Financial Statements

Investment property with more than 70 percent of the total assets is the most significant item in the consolidated financial statements of the company. Investment properties are stated at fair value in accordance with IAS 40 in conjunction with IFRS 13. For the measurement of investment property S IMMO AG engages external assessors on an annual basis.

The measurement strongly depends on estimates with regard to input parameters that are both observable and not observable in the market and is therefore materially based on judgment. As a result, the measurement of investment properties is significant for our audit.

### Our Response

In the course of our audit, we gained an understanding of the valuation process and its internal controls.

We evaluated the objectivity, independence and expertise of the external assessors and by involving our internal valuation specialists for real estate we critically assessed the changes in fair values and significant estimates as yields, future market rents, vacancy rates and times and rent-free periods. In addition, we evaluated the internal controls of the company connected to the data used for the measurement of the real estate portfolio.

In cooperation with our internal valuation specialists for real estate we assessed for valuation reports in samples the basis data – applicable as of the reporting date and relating to specific objects – on which measurement is based (i.e. floor area and usable space, current rent and most recent number of vacancies). We assessed the valuation models used by the external assessors in respect of compliance with IAS 40 and IFRS 13 and critically dealt with the significant measurement assumptions and parameters, such as sustainable rents, the discounting and capitalization rates applied, and reconciled this information with external market data.

Further, we assessed whether the disclosures in the notes with respect to the measurement assumptions and insecurity of estimates are appropriate.

### **Use of derivative financial instruments**

Refer to notes sections 2.6.5.2., 2.8.3.1., 2.8.3.2. and 5.1.2.

### **Risk for the Consolidated Financial Statements**

S IMMO AG uses various derivative financial instruments, such as interest swaps and caps, to hedge future interest payments due from the funding of property. The valuation of derivative financial instruments is based on fair value. In cases the Group designates the individual derivatives for cash flow hedge accounting the changes in value for the effective parts of the hedging relationships are stated in the other comprehensive income. If, however, no documented hedge accounting is available for individual derivatives, the respective derivative financial instruments are accounted for on a stand-alone basis. To evaluate the derivatives S IMMO AG uses the services of an acknowledged audit firm, which determines effectiveness and sensitivity evaluations as well as market values in consideration of credit value and debit value adjustments in accordance with IFRS 13.

As the valuation of derivatives at fair value as well as the documentation of effectiveness of the hedging relationships is considered to be a complex process, we classified the use of derivative financial instruments as key audit matter.

### **Our response**

In the course of our audit, we gained an understanding of the valuation process and the process of evaluation and documentation of the hedge effectiveness and the implemented internal controls.

We evaluated the objectivity, independence and expertise of the external expert. On a sample basis, we have examined the appropriateness of the determination of the fair values and their key input parameters with the support of our internal valuation specialists.

We examined the existence of hedging relationships on a sample basis by inspecting the documentation of the hedging relationship and, in particular, checked whether this complies with the strict formal documentation requirements in accordance to IAS 39. In addition, we have agreed the key data recorded in the documentation with the contractual agreements.

Further, we assessed whether the disclosures in the notes with respect to the measurement assumptions and insecurity of estimates are appropriate.

### **Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) as well as other legal or regulatory requirements and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.

- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

## Report on Other Legal Requirements

### Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law and other legal or regulatory requirements.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

### Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

### Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

### Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

## Additional Information in accordance with Article 10 AP Regulation

At the Annual General Meeting dated May 3, 2018, we were elected as group auditors for the first time. We were appointed by the Supervisory Board on October 24, 2018.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

## Engagement Partner

The engagement partner is Mr. Thomas Smrekar.

Vienna, 20 March, 2019

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Thomas Smrekar

Wirtschaftsprüfer  
(Austrian Chartered Accountant)

# Dear Shareholders,

After high-volume disposals in 2016 and 2017, 2018 represented a year of transition for S IMMO AG. Regardless of this, the company managed to significantly increase its Group result to EUR 204.2m and the FFO I to a record level. This was possible thanks to a very good valuation result from strong operating activities, positive sentiment on the real estate markets and the successful cycle-oriented strategy of the company. S IMMO was also very successful in project development: Both of its office properties Einsteinova Business Center in Bratislava and The Mark in Bucharest were completed on schedule and successfully let in 2018 and in the beginning of 2019, respectively.

In the 2019 financial year, S IMMO AG will continue working to create value for its shareholders. As in the previous financial years, the Supervisory Board will advise and assist the Management Board in its undertakings.

In its meetings and the meetings of its committees, the Supervisory Board discharged its duties under the law, the company's articles of incorporation and the Group's internal rules and procedures, advised the Management Board on strategic issues in particular and monitored its activities in the reporting period.

The 29<sup>th</sup> Annual General Meeting of S IMMO AG was held at the Vienna Marriott Hotel on 03 May 2018. The agenda items and voting results have been published on the company's website [www.simmoag.at](http://www.simmoag.at).

Beginning in financial year 2018, Supervisory Board remuneration for the Supervisory Board members elected by the Annual General Meeting is as follows until further notice: Annual remuneration is EUR 40,000 for the Chairman of the Supervisory Board, EUR 30,000 for the Deputy Chairmen of the Supervisory Board and EUR 20,000 for every other member of the Supervisory Board. Every member of the Supervisory Board also receives a meeting fee of EUR 1,000 for each Supervisory Board meeting or Supervisory Board committee meeting attended.

In addition to the Annual General Meeting, six Supervisory Board meetings were held in the reporting period, where the average attendance of Supervisory Board members was 89%. No members were absent at more than half of the meetings.

During the six Supervisory Board meetings, the Supervisory and Management Boards of S IMMO AG discussed the Group's economic situation, its risk and opportunity management, its strategic direction and its business development. At the meetings, the Management Board reported to the Supervisory Board on the



Martin Simhandl

Group's business affairs and finances as well as on strategic issues. In 2018, no agenda items were discussed at any Supervisory Board meeting without the attendance of any Management Board members.

S IMMO AG has subscribed to the Austrian Code of Corporate Governance since 2007. The voluntary obligations contained therein go beyond the statutory requirements applicable to public limited companies and are designed to ensure even greater transparency in reporting.

The Supervisory Board has formed three committees: the Management Board Committee (Remuneration Committee), the Audit Committee and the Working Committee. The duties, the number of meetings and the composition of the committees are detailed in the corporate governance report on page 86. The Audit Committee exercised the duties and authority assigned to it by law, and met twice in the reporting year. Its agenda particularly covered the accounting process, the auditing of the consolidated financial statements, the Internal Control System, risk management, the audit system and compliance and anti-corruption issues.

In preparation for the Supervisory Board's nomination of auditors for the company's individual and consolidated annual financial statements, the Audit Committee reviewed the documentation submitted by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft evidencing their authorisation to practise as auditors. A written report confirmed that there were neither grounds for exclusion nor any circumstances that could give rise to concerns about conflicts of interest of the auditors. In addition, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuer-

beratungsgesellschaft reported on its involvement in the external quality assurance system set up by the Austrian Auditor Supervision Act and proper registration as well as presented a list of the remuneration received from the company for the preceding financial year broken down by category of services. When selecting the auditors of the individual and consolidated financial statements, the Audit Committee also took into account the appropriateness of the auditor's fee. The Audit Committee reported to the Supervisory Board on the outcomes of its reviews and its findings in these matters. On this basis, the Supervisory Board proposed to the Annual General Meeting the appointment of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as auditors of the company's individual and consolidated annual financial statements for the financial year 2018.

The Audit Committee of the Supervisory Board also accepted the submission of the annual financial statements as of 31 December 2018 by the Management Board, together with the management report and the corporate governance report. In the course of this review, the Management Board's proposal for the distribution of profits was also discussed. The Audit Committee also reviewed the consolidated annual financial statements as of 31 December 2018 prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union together with the Group management report. On the basis of its review and discussions, the Audit Committee recommended to the Supervisory Board the acceptance of the company's individual annual financial statements and their adoption in accordance with section 96 (4) Austrian Stock Corporation Act (AktG) and the acceptance of the Group's consolidated financial statements. The Supervisory Board discussed in detail and reviewed the individual annual financial statements as of 31 December 2018, including the management and corporate governance reports, the consolidated financial statements as of 31 December 2018 prepared in accordance with the International Financial Reporting Standards including the Group management report and the distribution of profits proposed by the Management Board.

The Audit Committee and the Supervisory Board also reviewed and discussed in detail with KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft the audit reports submitted by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft on the individual annual financial statements as of 31 December 2018, including the management report, and the consolidated annual financial statements as of 31 December 2018, including the Group management report. No objections were raised by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in the course of their audit of the annual financial statements and the management reports of the company and the Group for the year ended 31 December 2018. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft confirmed that the individual annual financial statements as of 31 December 2018 comply with the statutory requirements and give a true and fair view of the assets

and finances of S IMMO AG as of 31 December 2018 and of its earnings for the year ended on that date, and are in accordance with generally accepted Austrian accounting principles. The management report is consistent with the individual annual financial statements as of 31 December 2018. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft further confirmed that the consolidated annual financial statements as of 31 December 2018 comply with the statutory requirements and give a true and fair view of the assets and finances of the Group as of 31 December 2018 and of its earnings for the year ended on that date, and are in accordance with the IFRS as adopted by the European Union as well as the additional requirements of section 245a Austrian Commercial Code (UGB). The Group management report is consistent with the consolidated financial statements as of 31 December 2018. The disclosures pursuant to section 243a Austrian Commercial Code (UGB) are appropriate.

The final results of the review by the Audit Committee and Supervisory Board gave no reasons for objection. The Supervisory Board declared that it had nothing to add to the audit reports by the auditors. The Supervisory Board therefore resolved to accept without objection the individual annual financial statements and management report for the year ended on 31 December 2018 prepared by the Management Board, and the consolidated annual financial statements (prepared in accordance with the IFRS as adopted by the European Union) and Group management report for the year ended on 31 December 2018. The Supervisory Board also resolved to accept the Management Board's proposal for the distribution of profits. In accordance with section 96 (4) Austrian Stock Corporation Act (AktG), the individual annual financial statements as of 31 December 2018 were therefore adopted.

The Supervisory Board will propose to the Annual General Meeting that the Management Board's proposal for the distribution of profits be adopted, and that the Management and Supervisory Boards be discharged from liability.

The Supervisory Board has also accepted the submission of the non-financial report from the Management Board, and reviewed and discussed it. As a result of this discussion and review, the non-financial report was accepted by the Supervisory Board.

And finally on behalf of the Supervisory Board, I would like to thank the Management Board and staff of S IMMO AG for their hard work and dedication each and every day during the past year and wish them a successful financial year 2019.

Vienna, April 2019  
The Supervisory Board



Martin Simhandl, Chairman

# Corporate governance report

## 1. Clear commitment to the Austrian Code of Corporate Governance

The Austrian Code of Corporate Governance (ÖCGK) contains rules and principles relating to transparency and sound corporate management. S IMMO AG has subscribed to the Austrian Code of Corporate Governance since 2007. This code is available on the website of the Austrian Working Group for Corporate Governance. Notwithstanding the exceptions set out and explained below, the Management Board and Supervisory Board of S IMMO AG declare full observance of and compliance with the C Rules of the ÖCGK.

**Information on  
Corporate Governance:**  
[www.simmoag.at/en/cg](http://www.simmoag.at/en/cg)  
[www.corporate-governance.at](http://www.corporate-governance.at)

### Exceptions to the C Rules:

The C Rules of the ÖCGK below are not fully complied with by S IMMO AG:

**C Rule 2:** 'Shares are to be construed in accordance with the principle of one share – one vote.'

The 66,917,179 shares in S IMMO AG are construed in accordance with the principle 'one share – one vote'. All shares carry the same rights. In particular, there are no registered shares with special rights such as nomination of Supervisory Board members or preference shares. The only restriction regarding the voting right associated with all shares exists in the context of the maximum voting right provided for in section 13 (3) of the articles of incorporation. At the Annual General Meeting, the voting rights of each shareholder are accordingly limited to 15% of the issued share capital. For this purpose, shares held by companies that together constitute a group for the purposes of section 15 Austrian Stock Corporation Act (AktG) are to be aggregated, as are shares held by third parties for the account of the relevant shareholder or the account of a company forming part of a group with that shareholder. Holdings of shares by shareholders exercising their voting rights in concert in virtue of an agreement or as part of coordinated behaviour are also to be aggregated. The maximum voting right was adopted at the 17<sup>th</sup> Annual General Meeting of S IMMO AG on 03 May 2006.

**C Rule 41:** 'The Supervisory Board shall set up a nomination committee.'

The Supervisory Board has the authority to appoint, dismiss and extend the term of office of members of the Management Board. This is one of its core tasks. The associated duties apply equally to all Supervisory Board members. For this reason, all members should also have an equal involvement in decision making.

**C Rule 49:** 'The company shall disclose in its annual report the object and remuneration of contracts subject to approval pursuant to L Rule 48. A summary of contracts of the same kind shall be permitted.'

According to section 95 (5) line 12 of the Austrian Stock Corporation Act (AktG), contracts with members of the Supervisory Board that commit said members to perform a service outside their work on the Supervisory Board for the company or a subsidiary in return for a material consideration require the consent of the Supervisory Board. This also applies to contracts with enterprises in which a member of the Supervisory Board has a material interest. The company has concluded loan and insurance agreements at normal market conditions with enterprises at which Supervisory Board members perform executive functions in the reporting year. The details and considerations in these agreements are not published for reasons of business policy and competition.

**C Rule 62:** 'The company shall have compliance with the C Rules of the Code evaluated periodically, but at least every three years, by an external institution and a report on the findings of the evaluation is to be published in the corporate governance report.'

The company does not have compliance with the C Rules evaluated by an external institution. Based on the company's circumstances, the Management Board and Supervisory Board do not consider it to be necessary to commission a company to perform such an evaluation.

## 2. Composition of managing bodies and remuneration

### Management Board

In the last financial year, the Management Board consisted of two members. More detailed information about the individual members of the Management Board and their responsibilities is shown in the overview of management bodies on page 87 of this report. The members of the Management Board keep each other informed of all important business events and developments at all times and discuss the progress of business. There is an ongoing exchange of information with the managers responsible for the various departments.

### Remuneration of the Management Board

Remuneration of the Management Board consists of a fixed component and a variable component. The fixed basic salary is based on the scope of tasks and responsibilities of each Management Board member as well as their years of service. The basic salary is paid out 14 times per year. The criteria for variable profit-sharing are the attainment of quantitative and qualitative targets, such as FFO I, vacancy rate, progress in key projects, value-creating purchases and sales, leveraging of potential. If the target attainment rate is 100%, the variable remuneration amounts to 100% of the fixed annual remuneration. The fulfilment of the performance criteria is determined on the basis of the audited and adopted annual financial statements and other documented target attainment records.

### Total Management Board remuneration

2018 in EUR	Vejdovszky	Wachernig
Fixed remuneration	475,000	350,000
Variable remuneration	310,329	240,276
Other remuneration	75,584	45,086
<b>Total</b>	<b>860,913</b>	<b>635,362</b>

2017 in EUR	Vejdovszky	Wachernig
Fixed remuneration	335,410	223,884
Variable remuneration	251,440	178,101
Other remuneration	39,680	33,021
<b>Total</b>	<b>626,530</b>	<b>435,006</b>

The Management Board remuneration includes contributions to pension funds of EUR 84,563 (2017: EUR 57,206) and contributions to the employees' severance pay and pension fund of EUR 36,107 (2017: EUR 15,494). Until 30 June 2018, the company pension plan for Ernst Vejdovszky was a defined benefit plan in the amount of 40% of the fixed basic salary. In the interest of switching to an arrangement that is line with the current standard regulations, Ernst Vejdovszky's pension plan was changed to a

purely defined contribution plan. The present value of obligation as of 31 December 2017 less plan assets as of 31 December 2017 was paid out as a non-recurring amount of EUR 960,916. The company pension plan for Friedrich Wachernig is and was, respectively, a defined contribution plan.

The Management Board contracts are temporary. If the Management Board mandate is terminated early without fault in the meaning of section 27 of the Austrian Employee Act (Angestelltengesetz – AngG), the remuneration claims for the period of the original appointment to the Management Board are payable despite the termination of this agreement, but for a maximum of two years.

The Management Board contracts also include a change-of-control clause. The members of the Management Board have the right to terminate the employment relationship and to resign from the Management Board mandate upon the occurrence of a change-of-control event within a period of three months after the occurrence of this event, subject to a notice period of four months. In the event of such a termination, the remuneration claims pursuant to the employment and pension fund contracts will remain effective until 30 June 2021. However, the continued payment of remuneration is limited to two gross annual salaries. A change-of-control event occurs only if a change takes place at the shareholder level that also results in a new election of at least one third of the company's Supervisory Board members.

S IMMO AG currently has no stock option plan and no individual severance entitlements for Management Board members.

### D&O insurance

In line with the resolution of the Annual General Meeting in 2009, a directors and officers insurance has been in place since 01 September 2009. This insurance covers claims for damages by the company, shareholders or third parties against the governing bodies or executives of the company that may be enforced as a result of breaches of duty of care. The costs are borne by the company.

### Supervisory Board

As of 31 December 2018, the Supervisory Board consisted of eight members. Information on the Supervisory Board members, their positions, their principal occupations and other supervisory board appointments can be found in the overview of management bodies on page 88.

## Criteria for independence

S IMMO AG's Supervisory Board has established the following criteria for the independence of its members as required under C Rule 53 of the Austrian Code of Corporate Governance:

- A Supervisory Board member should not have been a member of the Management Board or an executive officer of S IMMO AG or one of its subsidiaries in the preceding five years.
- A Supervisory Board member should not maintain, or in the preceding year have maintained, a business relationship of material importance to that Supervisory Board member with S IMMO AG or one of its subsidiaries. This also applies to business relationships with enterprises in which the Supervisory Board member has a material interest. The approval of individual transactions by the Supervisory Board in accordance with L Rule 48 does not automatically mean that a person is not independent.
- A Supervisory Board member should not have served as statutory auditor of S IMMO AG, or have had an interest in, or been an employee of the auditing firm in the preceding three years.
- A Supervisory Board member should not be a member of the management board of another company if a member of the Management Board of S IMMO AG is a member of that company's supervisory board.
- A Supervisory Board member should not be a member of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with an entrepreneurial investment or who represent the interests of such a shareholder.
- A Supervisory Board member should not be a close family member (direct descendant, spouse, life partner, parent, uncle, aunt, sibling, nephew, niece) of a member of the Management Board or of persons in any of the positions described above.

Of the current members of the Supervisory Board, only Mr. Rapf has not declared himself to be independent in the meaning of C Rule 53. All other members of the Supervisory Board have declared themselves to be independent in the meaning of C Rule 53 and C Rule 54.

## Remuneration of the Supervisory Board

Remuneration including meeting fees paid to members of the Supervisory Board totalled EUR 243,203 (2017: EUR 171,625).

### Total Supervisory Board remuneration

EUR	2018	2017
Simhandl	48,000	30,000
Kerber	36,000	27,500
Rasinger	34,602	19,000
Besenhofer	25,000	18,000
Bomba	17,204	-
Hager	25,000	15,000
Rapf	27,000	10,000
Rest	17,204	-
Zeitlberger	13,193	29,000
<b>Total</b>	<b>243,203</b>	<b>171,625</b>

The members of the Supervisory Board did not receive any loans or advances, and no guarantees were entered into on behalf of these persons.

### 3. Details of the activities and procedures of the Management Board and Supervisory Board

The activities of the Management Board and Supervisory Board and the collaboration between the two bodies are based on the applicable laws, the articles of incorporation and the rules and procedures.

The Management Board runs the company – its allocation of tasks is set out in the overview of management bodies on page 87. The Management Board also provides the Supervisory Board with information about all material aspects of the progress of business and all strategic considerations. They jointly pursue the aim of managing the company responsibly with a long-term approach oriented towards sustainable value creation and lasting corporate success. The Management Board and Supervisory Board work closely together in the interest of the company. The intensive, ongoing dialogue between the two bodies forms the basis for this.

In its meetings, the Supervisory Board monitors the management of the business as well as the finances, strategy, performance and risk management of the company. Investment projects above a specific volume require approval by the Supervisory Board. The Supervisory Board has formed three committees, which are listed below. During the 2018 reporting year, there were six Supervisory Board meetings. No Supervisory Board member was absent at more than half of the Supervisory Board meetings. A circular resolution was also passed in writing by the Supervisory Board.

## Supervisory Board committees

### Audit Committee

The functions of the Audit Committee include monitoring the accounting and reporting process and the work of the auditors, monitoring the effectiveness of the Internal Control System and the risk management system, and monitoring the process of auditing the Group's financial statements. The Audit Committee consists of the following members: Martin Simhandl (Chairman), Franz Kerber, Manfred Rapf and Wilhelm Rasinger. In virtue of his experience and specialist knowledge of finance and accounting, Martin Simhandl is the committee's financial expert. The Audit Committee met twice during the reporting year.

### Management Board Committee (Remuneration Committee)

The Management Board Committee is responsible for negotiating, concluding and amending the contracts of Management Board members. The committee consists of the following members: Martin Simhandl (Chairman), Franz Kerber and Wilhelm

Rasinger (since 03 May 2018). The Management Board Committee met once in 2018.

### Working Committee

The Working Committee has been given authority by the Supervisory Board to approve certain transactions up to a specified maximum amount, where due to lack of time or other organisational constraints seeking the approval of the full Supervisory Board would be impractical. This applies in the case of the purchase or sale of properties up to a certain amount as defined in the Supervisory Board's rules and procedures. The committee consists of the following members: Martin Simhandl (member of the Working Committee since 03 May 2018 and Chairman since 17 December 2018), Andrea Besenhofer, Franz Kerber and Manfred Rapf. The Working Committee met once in the reporting year.

The table below shows the individual attendance of the members of the Supervisory Board at Supervisory Board and committee meetings.

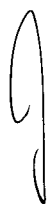
## Attendance in 2018

	Supervisory Board	Audit Committee	Working Committee	Management Board Committee
Martin Simhandl	100%	100%	100%	100%
Franz Kerber	66.7%	100%	100%	100%
Wilhelm Rasinger	100%	100%		100%
Andrea Besenhofer	83.3%		100%	
Hanna Bomba	100%			
Christian Hager	83.3%			
Manfred Rapf	83.3%	100%	100%	
Karin Rest, MBA	100%			

## 4. Diversity concept and measures for the advancement of women

Diversity and equal opportunities are key aspects of S IMMO's corporate philosophy. S IMMO AG has set itself the aim of continuously increasing the proportion of women in management positions and is expressly committed to the advancement of women. The company places great emphasis on the advancement of women when filling senior managerial positions. As of 31 December 2018, 54.4% of the workforce and 46.2% of managers (excluding the Management Board) were female. Moreover, the company offers flexible working time solutions tailored to the needs of its employees. As of 31 December 2018, 28% of all employees worked part-time at the company's location in Vienna. Specific measures to appoint women to the Management Board will be considered when a change to the composition of the Board is due. The same applies for future nominations to the Supervisory Board. With the company's best interest in mind, the

emphasis when making appointments to the Management Board and the Supervisory Board has been on the maximum degree of professional skill and international experience possible. In addition, the company makes a conscious effort to ensure a diverse composition with regard to professional qualifications and educational background, regardless of gender. There were no women on the Management Board of S IMMO AG in the reporting year. As of 31 December 2018, the proportion of women on the Supervisory Board was 37.5%.



Ernst Vejdovszky



Friedrich Wachernig

# Management Board

## **Ernst Vejdovsky**

CEO

Born: 30 October 1953  
Appointed until: 30 June 2021  
First appointed: 01 January 2001

Responsible for finance, corporate communications, investor relations, acquisitions, sales, risk management, audit, asset management in Germany

After studying business IT at the Vienna University of Technology, he started his career in 1982 at Girozentrale in Vienna. He became a founding Management Board Member of Sparkassen Immobilien Anlagen AG, Vienna (later Sparkassen Immobilien AG) in 1986, and has been a member of the Management Board at S IMMO AG, Vienna, since 2001.

Other appointments:  
Member of the Supervisory Board, Erste Immobilien Kapitalanlage-gesellschaft m.b.H.

## **Friedrich Wachernig, MBA**

Member of the Management Board

Born: 28 June 1966  
Appointed until: 30 June 2021  
First appointed: 15 November 2007

Responsible for project development, asset management in CEE and Austria, legal, compliance, organisation, IT, HR

After studying business administration at the Vienna University of Economics and Business, he joined Eraproject GmbH, Vienna, in 1993. He held various development and management roles at Strabag AG, Raiffeisen Evolution GmbH and Porr Solutions GmbH in several Eastern European countries, and has been a member of the Management Board at S IMMO AG, Vienna, since 2007.

# Supervisory Board

## **Martin Simhandl**

### **Chairman of the Supervisory Board**

Born: 05 November 1961  
Appointed until: AGM in the year 2020  
First appointed: 24 June 2004

Chairman of the Audit Committee  
Chairman of the Management Board Committee  
Chairman of the Working Committee (since 17 December 2018)

Other Supervisory Board appointments:  
InterRisk Versicherungs-AG; Ray Sigorta et al.

## **Franz Kerber**

### **First Deputy Chairman of the Supervisory Board (since 03 May 2018)**

Born: 20 June 1953  
Appointed until: AGM in the year 2020  
First appointed: 24 June 2004

Member of the Management Board Committee  
Member of the Working Committee  
Member of the Audit Committee

Deputy Chairman at Steiermärkische Bank und Sparkassen AG

Other Supervisory Board appointments:  
Bankhaus Krentschker & Co AG; Erste & Steiermärkische Bank d.d., Rijeka; MCG Graz e.gen.

Other appointments:  
Member of the Board at Höller-Privatstiftung, Graz

## **Wilhelm Rasinger**

### **Second Deputy Chairman of the Supervisory Board (since 03 May 2018)**

Born: 04 March 1948  
Appointed until: AGM in the year 2020  
First appointed: 21 May 2010

Member of the Audit Committee  
Member of the Management Board Committee

Chairman of the Austrian Shareholder Association (IVA); Chairman of the Supervisory Board at Friedrichshof Wohnungsgenossenschaft; Chairman of the Supervisory Board at Haberkorn Holding AG (until 29 June 2018)

Other Supervisory Board appointments:  
Erste Group Bank AG; Wienerberger AG; Gebrüder Ullmer Holding GmbH

## **Andrea Besenhofer**

### **Member of the Supervisory Board**

Born: 02 July 1970  
Appointed until: AGM in the year 2020  
First appointed: 12 June 2013

Member of the Working Committee

Division Manager of Group Services at Erste Group Bank AG; Managing Director of OM Objektmanagement Ges.m.b.H. (until 31 January 2018)

Other functions:  
Member of the Board of Besenhofer Privatstiftung (without ongoing operational activity)

## **Hanna Bomba**

### **Member of the Supervisory Board (since 03 May 2018)**

Born: 29 May 1978  
Appointed until: AGM in the year 2023  
First appointed: 03 May 2018

Managing partner of Be Retail GmbH – Consulting

## **Christian Hager**

### **Member of the Supervisory Board**

Born: 06 December 1967  
Appointed until: AGM in the year 2019  
First appointed: 23 June 2009

Member of the Board at KREMSER BANK und Sparkassen AG

## **Manfred Rapf**

### **Member of the Supervisory Board**

Born: 29 August 1960  
Appointed until: AGM in the year 2022  
First appointed: 08 June 2017

Member of the Audit Committee  
Member of the Working Committee

General Director at WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group

Other Supervisory Board appointments:  
Chairman of the Supervisory Board at Österreichische Förderungsgesellschaft der Versicherungsmathematik GmbH

## **Karin Rest, MBA**

### **Member of the Supervisory Board (since 03 May 2018)**

Born: 21 June 1972  
Appointed until: AGM in the year 2023  
First appointed: 03 May 2018

Self-employed lawyer (Rest law firm)

Other Supervisory Board appointments:  
Flughafen Wien AG;  
Chairman of the Supervisory Board at Wien Holding GmbH; Wiener Stadtwerke GmbH

## **Ralf Zeitberger**

### **(until 03 May 2018)**

### **First Deputy Chairman of the Supervisory Board (until 03 May 2018)**

Born: 07 April 1959  
Appointed until: AGM in the year 2020  
First appointed: 21 May 2010

Chairman of the Working Committee (until 03 May 2018)  
Member of the Audit Committee (until 03 May 2018)  
Member of the Management Board Committee (until 03 May 2018)

Head of Holding/EGI Corporate & RE Workout at Erste Group Bank AG

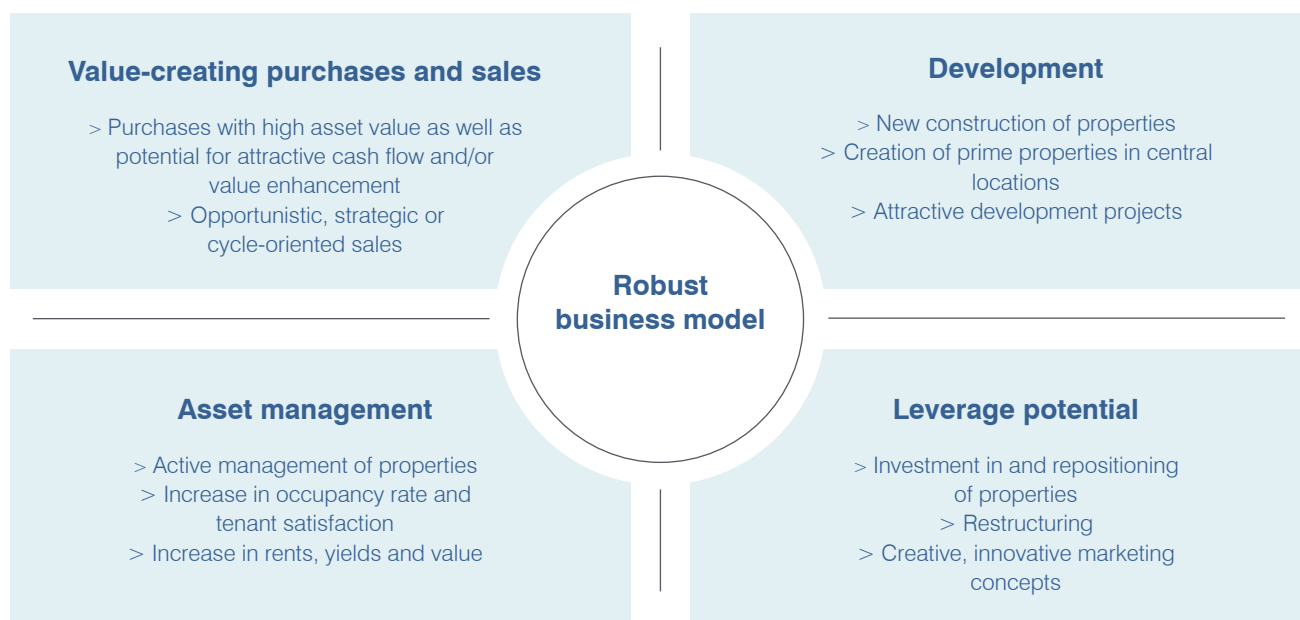
# Non-financial report

Sustainability has been part of S IMMO's operating activities for many years. The topic has grown massively in significance, both in the capital market and in the rental and property business, which is why it was a logical step for S IMMO to anchor it even more strongly in its corporate strategy. Since the financial year 2017, S IMMO has published a non-financial report each year. It contains information about environmental, employee and social issues (including a diversity concept) in connection with the key issues defined by S IMMO as well as about observing human rights and combating corruption and bribery. This report is based on the legal requirements of section 267a of the Austria Commer-

cial Code (UGB). A national, EU-based or international framework was not used in the preparation of the report.

## Business model

S IMMO AG has been pursuing a sustainable and prudent business policy for almost three decades with the aim of constantly improving its results and creating value for its shareholders. The company applies a robust business model and endeavours to make use of property cycles to generate profit.



In this context, S IMMO's strategic direction is strongly guided by the interests of its stakeholders. The impact of the company's business activities on environmental, employee and social considerations, the observance of human rights and the efforts to combat corruption and bribery have been and will continue to be taken into account on a consistent basis.

Without people, even the best property is just lifeless bricks or concrete. That is why people are at the core of S IMMO's activities. With its properties, S IMMO satisfies people's basic need for living and working space. In this way, the company plays a very important role in the lives of many people and thus actively fulfils its economic, environmental and social responsibility. The satisfaction of tenants and employees, not forgetting respectful interaction with one another, are particularly important to the company.

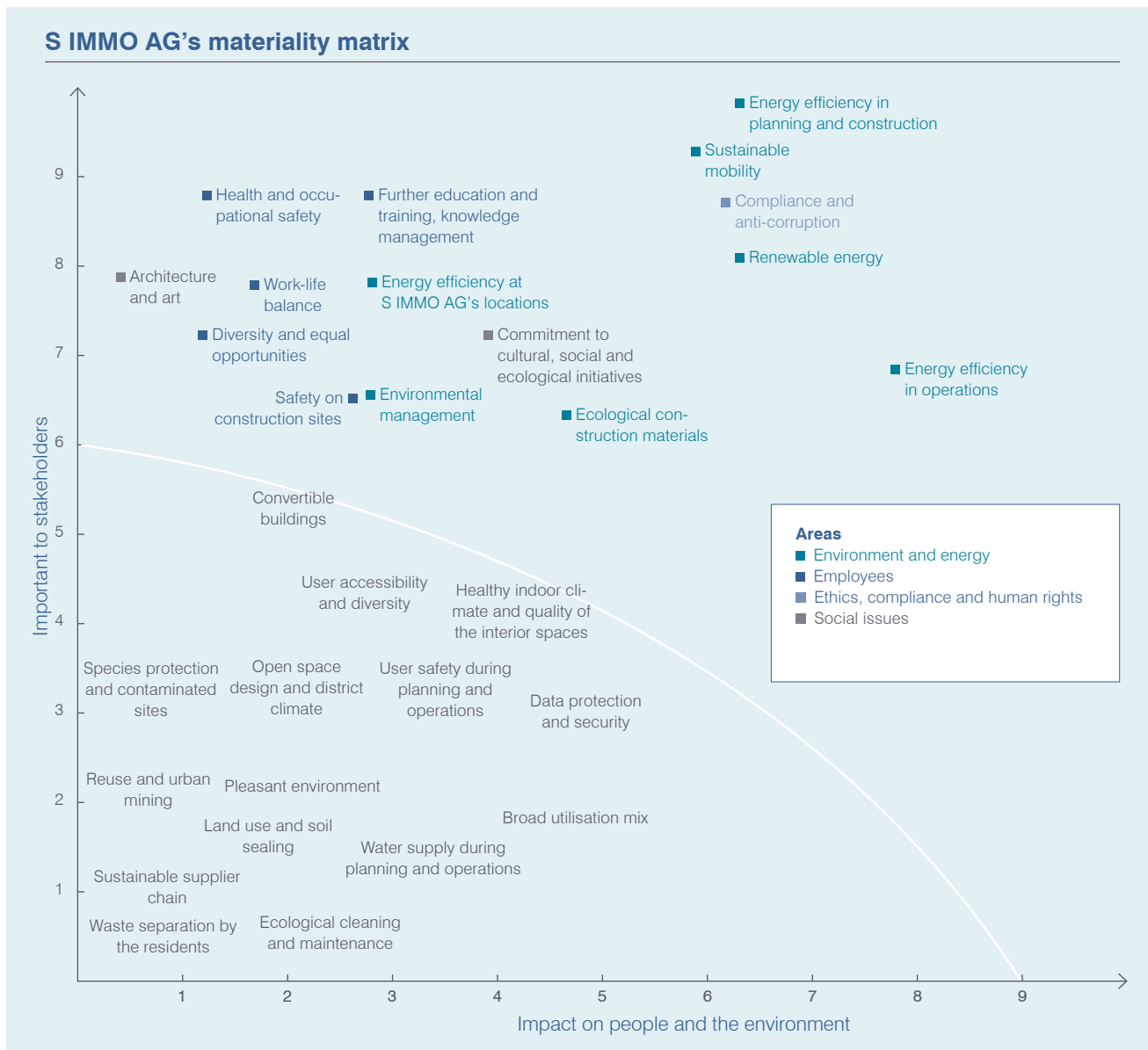
## Materiality analysis

The non-financial report is based on a materiality analysis, which analyses potential areas of sustainable management in connection with the Austrian Sustainability and Diversity Act (NaDiVeG). Next, the possible impacts of the topics selected were examined in the course of a recorded workshop involving in-house and external experts. The effects on people and on the environment (x-axis) were analysed as well as their significance for key stakeholders (y-axis). In 2017, the materiality analysis was carried out as part of a recorded workshop in which employees of S IMMO AG held comprehensive discussions with an external team of consultants and made estimates. The assumptions and estimates made were re-evaluated and it was determined that there

were no material changes in comparison to 2017. Thus, the materiality matrix is also valid for the financial year 2018. The topics relevant for S IMMO can be assigned to the following four areas:

- Environment and energy
- Employees
- Ethics, compliance and human rights
- Social issues

The main topics for S IMMO AG are thus those 15 aspects that have the greatest impact and/or are the most important to stakeholders and are of the most significance for S IMMO's business activities. Those topics are presented in the following matrix:



In this non-financial report, S IMMO AG details its activities and the measures adopted in relation to the topics defined as key issues:

<b>Issue</b>	<b>Topic</b>	<b>Description</b>	<b>Considerations under the NaDiVeG</b>
<b>Environment and energy</b>	Energy efficiency in planning and construction	Energy efficiency of buildings (heating, cooling and electricity consumption), for example, through the thermal quality of the building envelopes, energy-efficient building services, energy-efficient devices, etc.	Environmental considerations
	Energy efficiency in operations	Energy-efficient operation of buildings and energy-efficient conduct of users	Environmental considerations
	Renewable energy	Consideration in connection with energy concepts and the purchase of land, retrofitting capacity to accommodate renewable energy sources	Environmental considerations
	Ecological construction materials	For example, those made of renewable materials, manufactured in an environmentally friendly manner, regionally sourced, free from pollutants, having a multifunctional purpose and recyclable	Environmental considerations
	Sustainable mobility	Connection to public transport networks, footpath and cycle path networks, provision of infrastructure for bicycles, e-mobility, car and bike sharing options, incentive to use environmentally friendly means of transport	Environmental considerations
	Environmental management	Noise and dust prevention, exclusion of contaminated sites, effective waste management, safe handling of chemicals, short transportation distances	Environmental considerations
	Energy efficiency at S IMMO AG's locations	Conservation of resources within the company's facilities (heating, electricity, water, waste avoidance), sustainable mobility during the employees' commute	Environmental considerations
<b>Employees</b>	Health and occupational safety	Health and motivation of the team are strengthened	Employee considerations
	Safety in construction	Protection from accidents for all persons involved in the construction	Employee considerations
	Diversity and equal opportunities	Heterogeneous team structure in relation to employment, age, gender, background, etc.	Employee considerations
	Work-life balance	Different working patterns, flexible time management	Employee considerations
	Further education and training, knowledge management	Sharing information within the company, promoting further education, professional execution of training measures	Employee considerations
<b>Ethics, compliance and human rights</b>	Combating corruption, capital market compliance and corporate governance, human rights, data protection and security	Properly managed contract award processes, sound working relationships with contractors, observance of legal requirements (employment law, competition law, data protection, etc.), observance of human rights	Combating corruption and bribery, observing human rights
<b>Social issues</b>	Architecture and art	Attractive design, incorporation into the cityscape	Social issues
	Commitment to cultural, social and ecological initiatives	Long-standing cooperation with a variety of institutions, associations and organisations	Social issues, environmental considerations

Potential risks which could have a negative impact on the aforementioned interests as a result of S IMMO's business activities are incorporated into the Group's risk management processes, which are the responsibility of the Management Board.

Accordingly, in the run-up to producing this non-financial report, risks arising from social and ecological aspects were also systematically identified and assessed. The identified risks are described in the separate risk report within the management report on page 19.

## 1. Environment and energy

As a property developer and portfolio manager, S IMMO is constantly faced with environmental and energy considerations and, at the same time, strives to act with the greatest possible care and sustainability in all areas. As of 31 December 2018, S IMMO Group had 284 (31 December 2017: 241) properties with a total area of approximately 1.2 million m<sup>2</sup> (31 December 2017: 1.2 million m<sup>2</sup>). Based on main types of use, 70.7% (31 December 2017: 73.0%) of the portfolio consisted of commercial properties (office, retail and hotel) and an additional 29.3% (31 December 2017: 27.0%) of residential properties. Two hotels – the Vienna Marriott and Budapest Marriott hotels – are operated under management agreements.

### Energy efficiency in planning, construction and operations

Energy consumption (heating demand and electricity consumption) and water usage in the buildings managed by S IMMO is highly dependent on tenant conduct and is therefore largely outside the company's control. However, S IMMO can influence the energy consumption of its buildings to a certain degree by means of construction measures. Accordingly, as a matter of principle, S IMMO applies the highest standards in development projects, when renovating portfolio properties in terms of their energy consumption and construction, and when managing its portfolio. In this way, the company takes due account of the energy efficiency

of the buildings, including during their operation, and endeavours to use resources in an environmentally friendly manner. As a result, operating costs and emissions are reduced and a significant contribution is made to protecting the environment.

To get a better overview of the consumption at S IMMO's properties, the company collects and analyses data on heating demand, electricity consumption and water usage for the entire portfolio, broken down by region and main types of use.

The consumption and usage data of buildings which have been owned by S IMMO for at least one full calendar year form the basis of the portfolio monitoring. Properties purchased intra-year, properties sold in the reporting year and properties under construction therefore do not appear in the following statements on key indicators. If the complete accounting for the calendar year 2018 for selected properties was not yet available, partial data were used to project full-year figures.

It was a challenge to collect qualitatively uniform data both for the first-time preparation of the non-financial report 2017 and again in 2018, as the data is collected in different countries from different service providers. In 2018, S IMMO worked intensively to further increase the quality of data and to create a valid assessment basis. Nevertheless, the company sees potential for optimisation in this area in the coming years.

## Overview of energy and water consumption for the entire portfolio by types of use in 2018

	Portfolio by main types of use			
	Office	Retail	Hotel	Residential
Heating demand in MWh <sup>1</sup>	18,190 (89.7% gas, 1.8% oil, 8.5% district heating)	12,601 (70.9% gas, 0.3% oil, 28.7% district heating)	15,421 (81.2% gas, 0.1% oil, 18.7% district heating)	29,751 (61.4% gas, 3.0% oil, 35.6% district heating)
Electricity in MWh	8,425 <sup>2</sup>	11,762 <sup>2</sup>	11,746 <sup>3</sup>	691 <sup>2</sup>
Water in m <sup>3</sup>	182,863	155,518	184,616	247,793

<sup>1</sup> The conversion of oil and natural gas into MWh is based on the amended Fuel Ordinance (Kraftstoffverordnung neu) that went into force in 2013.

<sup>2</sup> Electricity consumption, excluding electricity consumed by tenants

<sup>3</sup> The hotels' own energy consumption is only included for the Vienna Marriott and Budapest Marriott hotels. For all other hotels, energy consumption falls under the definition of "electricity consumed by tenants" and the associated data are not collected by S IMMO AG.

## Overview of energy and water consumption for the entire portfolio by types of use in 2017

	Portfolio by main types of use			
	Office	Retail	Hotel	Residential
Heating demand in MWh <sup>1</sup>	21,073 (67.6% gas, 0.6% oil, 31.8% district heating)	17,066 (85.6% gas, 14.4% district heating)	12,493 (82.3% gas, 17.7% district heating)	63,117 (88.6% gas, 0.8% oil, 10.6% district heating)
Electricity in MWh	9,965 <sup>2</sup>	13,859 <sup>2</sup>	14,661 <sup>3</sup>	1,410 <sup>2</sup>
Water in m <sup>3</sup>	145,131	148,396	173,126	568,541

<sup>1</sup> The conversion of oil and natural gas into MWh is based on the amended Fuel Ordinance (Kraftstoffverordnung neu) that went into force in 2013.

<sup>2</sup> Electricity consumption, excluding electricity consumed by tenants

<sup>3</sup> The hotels' own energy consumption is only included for the Vienna Marriott and Budapest Marriott hotels. For all other hotels, energy consumption falls under the definition of "electricity consumed by tenants" and the associated data are not collected by S IMMO AG.

## Overview of energy and water consumption for the entire portfolio by region in 2018<sup>1, 2, 3</sup>

	Region		
	Austria	Germany	CEE
Heating demand in MWh	12,226 (10.0% gas, 90.0% district heating)	46,498 (52.0% gas, 2.7% oil, 45.3% district heating)	31,138 (98.5% gas, 1.5% district heating)
Electricity in MWh	10,013	1,919	20,692
Water in m <sup>3</sup>	111,470	349,722	309,599

<sup>1</sup> The conversion of oil and natural gas into MWh is based on the amended Fuel Ordinance (Kraftstoffverordnung neu) that went into force in 2013.

<sup>2</sup> Electricity consumption, excluding electricity consumed by tenants

<sup>3</sup> The hotels' own energy consumption is only included for the Vienna Marriott and Budapest Marriott hotels. For all other hotels, energy consumption falls under the definition of "electricity consumed by tenants" and the associated data are not collected by S IMMO AG.

## Overview of energy and water consumption for the entire portfolio by region in 2017<sup>1, 2, 3</sup>

	Region		
	Austria	Germany	CEE
Heating demand in MWh	12,862 (11.6% gas, 1.0% oil, 87.4% district heating)	71,883 (91.3% gas, 0.7% oil, 8.0% district heating)	29,005 (96.3% gas, 3.7% district heating)
Electricity in MWh	9,508	2,471	27,915
Water in m <sup>3</sup>	111,212	608,106	315,877

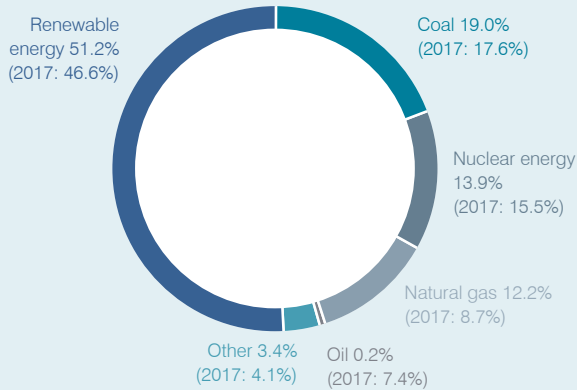
<sup>1</sup> The conversion of oil and natural gas into MWh is based on the amended Fuel Ordinance (Kraftstoffverordnung neu) that went into force in 2013.

<sup>2</sup> Electricity consumption, excluding electricity consumed by tenants

<sup>3</sup> The hotels' own energy consumption is only included for the Vienna Marriott and Budapest Marriott hotels. For all other hotels, energy consumption falls under the definition of "electricity consumed by tenants" and the associated data are not collected by S IMMO AG.

In order to establish a transparent energy footprint for its portfolio properties, S IMMO records the energy sources used for its entire portfolio. In the tenants' interest, S IMMO selects energy suppliers for communal areas in accordance with the cost/benefit principle.

## Overview of the energy sources used by S IMMO AG in 2018



In 2018, the energy sources in S IMMO's portfolio comprised among others 51.2% (2017: 46.6%) of renewable forms of energy, followed by 19.0% (2017: 17.6%) of coal and 13.9% (2017: 15.5%) of nuclear energy.

## The top three energy sources per region in 2018

	Region		
	Austria	Germany	CEE
1	Renewable energy (76.8%)	Renewable energy (93.0%)	Renewable energy (34.9%)
2	Natural gas (17.2%)	Coal (4.0%)	Coal (26.7%)
3	Coal (6.0%)	Natural gas (1.5%)	Nuclear energy (21.9%)

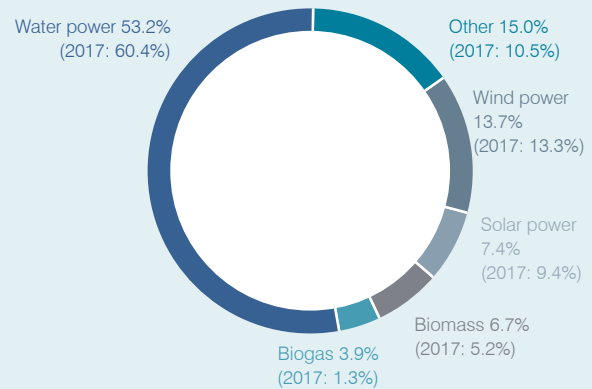
## The top three energy sources per region in 2017

	Region		
	Austria	Germany	CEE
1	Renewable energy (77.3%)	Renewable energy (73.8%)	Renewable energy (33.8%)
2	Natural gas (22.7%)	Coal (15.0%)	Coal (23.9%)
3	–	Natural gas (5.6%)	Nuclear energy (21.7%)

## Renewable energy

Based on S IMMO's entire portfolio, hydroelectric power accounted for the largest proportion of renewable forms of energy at 53.2% (2017: 60.4%) in 2018, followed by wind power at 13.7% (2017: 13.3%) and other renewable energy sources at 15.0% (2017: 10.5%). Since energy suppliers in Germany are not required to indicate the composition of renewable energy, it has been assigned to the category 'Other'.

## Composition of renewable energy sources in 2018



It is S IMMO AG's medium-term aim to improve its energy footprint over the next years by increasing the share of renewable forms of energy and reducing CO<sub>2</sub> emissions. However, since the expenses for the energy consumption in communal areas is allocated to all tenants (as part of operating costs), cost and competitive factors must also be taken into account.

## CO<sub>2</sub> emissions in S IMMO's entire portfolio in 2018 (in tonnes)<sup>1</sup>

	Region		
	Austria	Germany	CEE
Heating demand	2,346	9,199	6,223
Electricity	1,436	207	8,840

<sup>1</sup> The conversion of energy sources into CO<sub>2</sub> emissions is based on the conversion factors provided by the Environment Agency Austria (<http://www5.umweltbundesamt.at/emas/co2mon/co2mon.html> dated October 2017) and country-specific data from ecoinvent version 3.4. dated February 2018, scope 2 & 3.

## CO<sub>2</sub> emissions in S IMMO's entire portfolio in 2017 (in tonnes)<sup>1</sup>

	Region		
	Austria	Germany	CEE
Heating demand	2,480	14,361	7,364
Electricity	1,628	640	13,456

<sup>1</sup> The conversion of energy sources into CO<sub>2</sub> emissions is based on the conversion factors provided by the Environment Agency Austria (<http://www5.umweltbundesamt.at/emas/co2mon/co2mon.html> dated October 2017) and country-specific data from ecoinvent version 3.4, dated February 2018, scope 2 & 3.

S IMMO has made a clear commitment to climate protection and, as part of its sustainability commitment, is focused on energy efficiency and the use of state-of-the-art technologies. Both in terms of its existing properties and for new project developments, the company always strives to find the best solution to keeping energy consumption, and thus also the operating costs for its tenants, as low as possible. For example, in the case of new projects, efforts are made to obtain green building certificates attesting to sustainability, and thermal optimisations are both considered and, depending on the prevailing market situation, implemented as far as possible (see section 'Ecological construction materials').

The data collected, which form the basis of this report, are intended to serve as the basis for monitoring the success of S IMMO's efforts in the future.

### Ecological construction materials

Portfolio properties make up the majority of S IMMO's real estate holdings. In order to meet the growing demand for sustainable construction, the Group launched the gradual certification of its existing properties in 2014. As of 31 December 2018, the total area certified under BREEAM stood at 171,134 m<sup>2</sup> (2017: 171,134 m<sup>2</sup>) or 9.0% (2017: 14.5%) of the total area in the portfolio.

The recently completed offices – the Einsteinova Business Center in Bratislava and The Mark in Bucharest – have excellent ecological data. S IMMO is aiming for a BREEAM sustainability certificate with an 'excellent' rating for both office buildings. After obtaining the certificates, the share of certified buildings will increase.

BREEAM stands for Building Research Establishment Environmental Assessment Method and has been the leading worldwide certification system for sustainable construction since 1990. BREEAM building assessments exist for numerous types of buildings. BREEAM International is an assessment method which is used globally and, as a result, makes a key contribution to the international coverage of the assessment method. So far more than 110,000 buildings worldwide have already been certified by BREEAM.

Sustainability has always been a priority at every stage of development for The Mark in Bucharest. This is shown by the efficient, flexible interior design offering a range of different workspaces as well as by numerous highly efficient low-energy installations which, in conjunction with a climate-sensitive façade and an innovative shading system, contribute to reducing the building's energy consumption significantly.

The Einsteinova Business Center in Bratislava has an automatic external shading system, a smart lighting system and an open green space on the third floor. In addition, during the planning for the building, provision was made for charging stations for electric cars, bicycle stands and showers to allow employees to travel to the offices in an environmentally friendly manner. Geothermal energy is used in the building: A ventilation system with humidity control and windows that can be opened contribute to ensuring a particularly pleasant indoor climate.

There is also a clear commitment on S IMMO's part regarding ecological construction materials: The company strives for the highest standards in all new development projects and thus to obtain the accompanying certification; it also examines the need for optimisations in the case of ongoing renovations.

### Sustainable mobility

S IMMO AG's properties are located in Austria, Germany and the CEE region and, for the most part, are in the capital cities of the European Union. The vast majority of the buildings are therefore easily accessible on account of the well-developed local public transport networks, cycle paths and footpaths. In addition, car-sharing schemes are in operation in an increasing number of cities. Location and the ease of accessibility by public transport are key factors when making decisions in connection with development projects and the purchase of properties.

For example, the office project The Mark is located in Bucharest's central business district and can be easily accessed by public transport. An underground station and several tram stops are just a few minutes away. The Sun Plaza shopping centre is located in the south of Bucharest. In addition to direct access to an underground train, a unique feature that is not offered anywhere else in Romania, the shopping centre has excellent connections to numerous forms of other public transport. The completed Einsteinova Business Center in Bratislava is connected to the old

town by a bridge carrying pedestrians and trams. Bus stops located five minutes away by foot and a tram connection offer good accessibility by public transport.

S IMMO is also working on a project in Vienna that is conveniently located: The Quartier Belvedere Central development, in which S IMMO holds a 35% stake, is located directly next to the new Vienna Central Station. Tram, rapid transit and underground stations are in close proximity.

In the interests of sustainable performance and the satisfaction of its tenants, S IMMO will also attach great importance to location, favourable infrastructure and convenient transport connections when selecting properties and land in future. In this way, the company is demonstrating its readiness to respond to the ever-growing demands of its tenants for sustainable mobility options (such as public transport, bicycle parking, e-charging stations, etc.).

## Environmental management

When renovating and developing buildings, S IMMO makes sure to keep noise and dust pollution to a minimum. In addition, effective waste management, the secure handling of chemicals and short transportation distances are key priorities. Efforts are made to exclude contaminated sites by performing thorough location analyses. Where necessary, professional disposal of waste or treatment of contaminated sites is agreed by means of framework construction contracts. Strict compliance with official regulations is guaranteed in all cases.

## Energy efficiency at S IMMO AG's locations

In addition to its registered office in Vienna, S IMMO Group has its own employees in Germany, Hungary and Romania. The German-based property management company Maior Domus is also part of the Group. Employees at all of S IMMO Group's locations are encouraged to incorporate energy efficiency into their day-to-day work. Given the small number of employees, the branches in Hungary and Romania do not have a significant impact on the Group's overall consumption. Thus, data in this category is only collected for the locations in Austria and Germany.

## Energy and water consumption at S IMMO's locations in 2018<sup>1</sup>

	S IMMO AG (Vienna)	S IMMO Germany (Berlin)	Maior Domus (Berlin)
Heating demand	34,800 kWh	44,478 kWh	71,688 kWh
Electricity	39,209 kWh	18,669 kWh	35,151 kWh
Water	258.7 m <sup>3</sup>	129.50 m <sup>3</sup>	212.13 m <sup>3</sup>

<sup>1</sup> Where information is specific to a location, branches with a team of less than 15 employees are not taken into account.

## Energy and water consumption at S IMMO's locations in 2017<sup>1</sup>

	S IMMO AG (Vienna)	S IMMO Germany (Berlin)	Maior Domus (Berlin)
Heating demand	35,200 kWh	n/a	77,187 kWh
Electricity	40,417 kWh	20,295 kWh	26,692 kWh
Water	319.0 m <sup>3</sup>	120.0 m <sup>3</sup>	167.25 m <sup>3</sup>

<sup>1</sup> Where information is specific to a location, branches with a team of less than 15 employees are not taken into account.

## CO<sub>2</sub> emissions at S IMMO's locations in 2018

CO <sub>2</sub> emissions in tonnes	S IMMO AG (Vienna)	S IMMO Germany (Berlin)	Maior Domus (Berlin)
Heating demand	6.6	8.5	13.7
Electricity	0.8	2.0	3.8

## CO<sub>2</sub> emissions at S IMMO's locations in 2017

CO <sub>2</sub> emissions in tonnes	S IMMO AG (Vienna)	S IMMO Germany (Berlin)	Maior Domus (Berlin)
Heating demand	6.7	n/a	14.7
Electricity	0.8	5.3	6.9

## Other measures to reduce environmental pollution

### Headquarters in Vienna

The responsible use of resources has always been given high priority in S IMMO's business operations. In the past few years, numerous measures have been adopted to minimise environmental impact. One particular concern was to reduce the company's use of paper. To that end, the company has decided, amongst other things, to cease printing all four reports that are published each year and, from now on, to print just the annual and half-year reports using a carbon-neutral process starting in the financial year 2018 and FSC mix paper for printing. The FSC system guarantees that forests are used in line with the social, economic and ecological requirements of current and future generations.

Furthermore, the S IMMO team is instructed to keep the printing of documents to a minimum – 'think before you print'. Last year, around 233,016 (2017: 256,077) pages were printed. This equates to a yearly paper consumption per person of 5,470 (2017: 5,820) pages. Documents are generally printed on environmentally friendly FSC recycled paper entirely manufactured from waste

paper. In addition, employees are asked to avoid printing documents in colour. Old toner cartridges are collected and returned for charitable purposes. This is part of a recycling project for the benefit of the children's cancer charity 'Kinder-Krebs-Hilfe'.

Rubbish has been separated at S IMMO AG's headquarters for years. When supplying mineral water in office spaces, the company also ensures that recyclable glass bottles (return and refill system) are used. Furthermore, plastic caps from bottles and tetra packs are collected for the association SPD-EDINOST Bleiburg ([www.stoepsel-sammeln.at](http://www.stoepsel-sammeln.at)). These caps are sold to a recycling company in Slovenia, which uses them to make granulate for the production of plastic parts. The proceeds are donated to families with children who need surgeries and therapies.

In the past year, the S IMMO team travelled some 882,890 km (2017: 634,894) by train, plane and car in Austria and Germany. In the coming years, S IMMO will continue to endeavour – depending on current projects – to increase the usage of sustainable transport means and to keep travel activity to a minimum by using new forms of communication technology.

### Kilometres travelled in 2018 (Austria)

Location/figure in km	Pool of company vehicles/ rental vehicles <sup>1</sup>	Train	Plane	Private cars <sup>1</sup>	Total
S IMMO AG in Vienna	5,909	42,115	501,337	13,469	<b>562,830</b>

<sup>1</sup> Based on travel expense settlements

### Kilometres travelled in 2017 (Austria)

Location/figure in km	Pool of company vehicles/ rental vehicles <sup>1</sup>	Train	Plane	Private cars <sup>1</sup>	Total
S IMMO AG in Vienna	13,164	11,507	399,055 <sup>2</sup>	9,268	<b>432,994<sup>2</sup></b>

<sup>1</sup> Based on travel expense settlements

<sup>2</sup> Figure adjusted (in comparison to the non-financial report 2017)

## Locations in Germany

Employees at the locations in Germany are also instructed to save paper and to reduce the number of documents printed to the absolute minimum. In the past year, 5,253 (2017: 4,474) pages were printed in Germany per S IMMO Germany employee and 7,545 (2017: 13,000) pages per Major Domus employee.

The composition of the kilometres travelled differs significantly in Germany from the data in Austria. This is due to the fact that portfolio and development properties in the CEE region are managed from the Vienna location, making the plane the primary means of

transport. In Germany, most of the portfolio is located in the immediate vicinity of Berlin and can therefore be reached by the local team by public transport or car. Car pools were set up and rail cards for the German rail networks were purchased in order to reduce the number of kilometres travelled by car. In addition, a number of office bicycles have been purchased to be used to travel short distances for work and showers were provided on site, making it easier for bicycles to be used in daily working life. The pool of company vehicles largely comprises fuel-efficient Smart cars. These measures are appreciated and very positively received by the team.

## Kilometres travelled in 2018 (Germany)

Location/figure in km	Pool of company vehicles/ rental vehicles	Train	Plane	Private cars	Total
Major Domus	89,370	13,860	123,830	n/a	227,060
S IMMO Germany	59,500	20,500	12,500	500	93,000
<b>Total</b>					<b>320,060</b>

## Kilometres travelled in 2017 (Germany)

Location/figure in km	Pool of company vehicles/ rental vehicles	Train	Plane	Private cars	Total
Major Domus	77,000	6,500	3,500	n/a	87,000
S IMMO Germany	73,000	21,000	18,500	2,400	114,900
<b>Total</b>					<b>201,900</b>

As in Vienna, mineral water bottles that are part of return and refill systems are also used in Germany.

The data collected for this report are used to take stock of the current situation. All measures adopted to date will also be continued in the future and additional environmentally friendly measures are constantly being examined. In this regard, it is S IMMO's clear objective to increase employee awareness – at all Group locations – of the issues identified above and, in doing so, to improve the related key indicators.

## 2. Employees and diversity

Qualified employees are S IMMO's most important asset. The company attaches particular importance to providing them with a motivating working environment as well as the personal scope for development and the ability to strike a healthy balance between work and family life. S IMMO therefore supports an open corporate culture in which cooperation as well as the satisfaction and health of all employees are promoted at all levels.

S IMMO aspires to attract the best people for the company and, working together with them, to give its best each and every day. This only works if an environment is created in which employees do not have to decide between their career and their family but can instead combine both aspects. This provides motivation, promotes team spirit and fosters a feeling of solidarity.

### Employee structure

S IMMO's employees are the manifestation of the company's comprehensive expertise and make a significant contribution to the company's success. S IMMO Group had an annual average of 107.5 employees (2017 annual average: 102) in Austria, Germany, Hungary and Romania (calculated on the basis of full-time equivalents, not including employees on leave). Including hotel staff, the Group employed 595.5 (annual average in 2017: 577) people. The two hotels – Vienna Marriott and Budapest Marriott – are operated under management agreements. Management of the hotel staff is therefore a matter for the two hotels and is not within S IMMO's control. The two Marriott hotels ensure that the guidelines relating to employee matters are observed.

Where reference is made in the following to S IMMO Group, this should be understood to include all employees from Germany, Hungary and Romania as well as employees based in Austria. Compared to the previous year, where, given the small size of the teams, certain data was only provided for Austria or Austria and Germany, S IMMO has adapted its method of collecting data. Subsequently, the key figures are given for all employees of S IMMO Group (except the employees of the Marriott hotels). Due to the changed method of collecting data, there are no comparative values from the previous year for this data. From 2019, all key figures can be shown with comparative values. If a key indicator does not refer to all locations, this is explicitly stated.

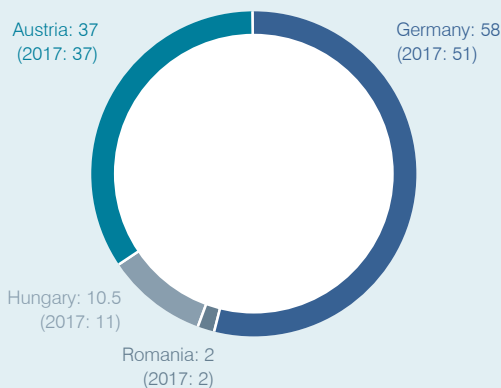
### Health and occupational safety

Promoting the health of its employees and reducing the corresponding risk factors for damage to health in the workplace are particularly important to S IMMO. For this reason, a medical check-up, a melanoma screening programme, seasonal vaccination programmes and various specialist tests are organised each year at the company's headquarters in Vienna. In addition, medical advice concerning the ergonomic design of the workplace is provided on a regular basis. The offers provided are very well received by S IMMO's employees. In order to secure occupational safety, there are four first-aiders and one safety officer based in Vienna and two employees are also being trained to be first-aiders in Germany.

In the reporting year, S IMMO also collected accumulated sick leave data relating to its employees for all locations for the first time. On average, employees at all locations took eight sick days. In 2017, nine days were taken (this figure only applies to the locations in Austria and Germany).

### Team structure by country<sup>1</sup>

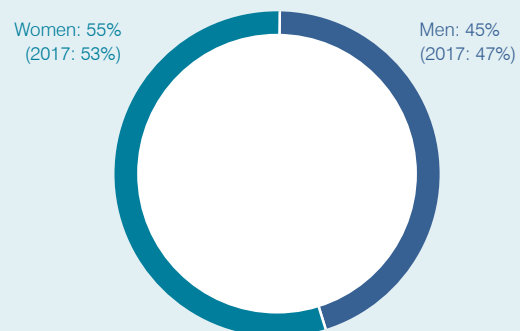
(annual average)



<sup>1</sup> Full-time equivalents not including Vienna Marriott and Budapest Marriott hotels

### Gender distribution<sup>1</sup>

(as of 31 December 2018)



<sup>1</sup> Calculated on the basis of headcounts, excluding the Vienna Marriott and Budapest Marriott hotels

Both management and the S IMMO team are very happy with the measures adopted in relation to occupational health and safety. The company will also continue all measures adopted in the years to come.

### Safety in construction

S IMMO's building contractors ensure that everyone involved in construction is protected against accidents, taking into account local statutory provisions. S IMMO therefore abides by high quality standards when selecting partner companies and opts for companies which attach great importance to the environment, safety in the workplace and employee protection. For example, in Germany S IMMO works in conjunction with partners who are ISO-certified in the area of energy, environmental and quality management.

In the case of project developments, S IMMO works with general contractors and is therefore able to manage concerns relating to environmental protection and safety in construction when selecting partners. When making such selections, S IMMO will also exercise the utmost care and focus on the highest standards in future.

In 2018, there were no occupational accidents or fatalities at the locations of S IMMO AG.

### Diversity and equal opportunities

Diversity and equal opportunities are key aspects of S IMMO's corporate philosophy. As an internationally operating group, S IMMO employs people from many different countries. The Group considers this wealth of languages and cultures to be an extremely valuable resource.

The average age of employees was 42 in the reporting year. As of 31 December 2018, there were 15 employees in the <30 age group, 73 in the 30–50 age group and 38 in the 50+ age group.

Employees in Austria are covered by a collective agreement. In all other countries in which S IMMO Group has employees, all legal provisions and requirements have high priority and are conscientiously observed.

All locations used by S IMMO Group itself are barrier-free, and ease of access is taken into account for all new buildings. In total, four people (2017: four) were employed with long-term physical, mental or psychological impairments or impairment of their sensory functions.

S IMMO operates a company-wide 'open door policy' and constantly strives to bring all kinds of conflicts to a quick and non-bureaucratic conclusion that is satisfactory to all sides. The satisfaction and well-being of the team is one of S IMMO's key assets, and the greatest care will also be taken to maintain them in future. Making the best possible use of the personal strengths and po-

tential of each individual is not only in the company's own interest, but also increases the motivation and identification of all employees on a sustainable basis. At the same time, the company aims to create a working environment that is free from discrimination and harassment. The work of every team member is appreciated, regardless of gender, age, disability, marital status, sexual orientation, skin colour, religious or political beliefs, ethnic background or nationality. There were no cases of discrimination at S IMMO in the reporting year.

S IMMO AG has set itself the goal of continuously increasing the proportion of women in management positions and is expressly committed to the advancement of women. S IMMO places great emphasis on the advancement of women when filling senior managerial positions. As of 31 December 2018, 54.4% (2017: 53.2%) of the S IMMO Group workforce and 46.2% (2017: 44.0%) of managers (not including the Management Board) were female. There were no women on the Management Board of S IMMO AG in the reporting year. Specific measures to appoint women to the Management Board will be considered when a change to the composition of the Board is due. With the company's best interest in mind, the emphasis when making appointments to the Management Board and the Supervisory Board has been on the maximum degree of professional skill and international experience possible. In addition, the company makes a conscious effort to ensure a diverse composition with regard to professional qualifications and educational background, regardless of gender. As of 31 December 2018, the proportion of women on the Supervisory Board was 37.5% (2017: 14.3%).

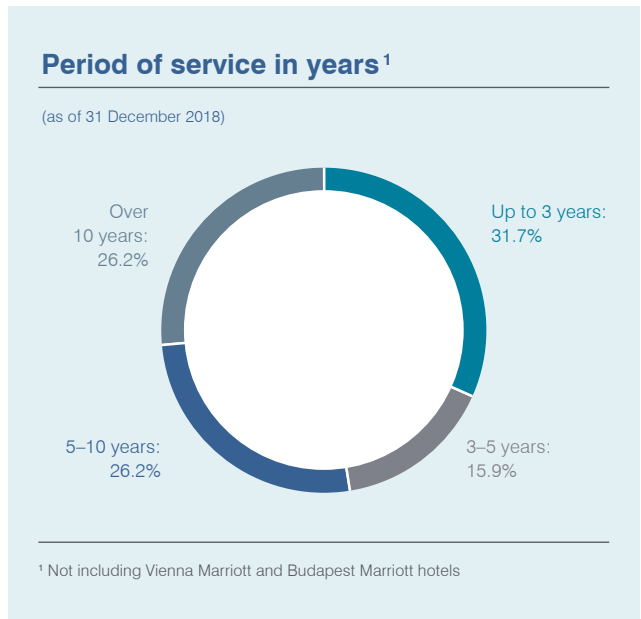
### Work-life balance

S IMMO attaches the greatest importance to a healthy work-life balance. The company regards this as key to the increased motivation, stronger commitment and improved performance of its employees; in addition, this makes a major contribution to equal opportunities within the company. S IMMO offers, among other things, flexible working hours and the option of personalised working and part-time work patterns, including in conjunction with study or training. Parental leave and sabbaticals are also supported, as are various schemes to simplify re-entry into the workplace after parental leave. Such opportunities are positively viewed and very well received by S IMMO employees.

As of 31 December 2018, 29 staff members were employed on a part-time basis at S IMMO, 20 of whom were women. As of 31 December 2018, four employees were on parental leave or in maternity protection.

It is particularly important for S IMMO that employees' families are also involved in various events. Children are happy when they get to know their parents' workplace, spouses and family members gain an understanding for the business model and contact between families strengthens team spirit and promotes identification with the company. In order to promote a feeling of togeth-

ness and team spirit, a variety of events are organised such as an annual summer festival, a Christmas party, team excursions and joint participation in events such as the Business Run in Vienna.



Employee satisfaction with the measures adopted and their effectiveness in various areas are also shown by the years of service of employees, which averages 5.9 years across all locations.

The turnover rate across all locations is 18.2% for the reporting year. In particular, the German labour market is highly competitive in the real estate sector at the moment, which is reflected in the turnover rate (employees are often poached). For the more stable Austrian market, the turnover rate is 9.4% (2017: 9.3%) for the same period.

## Further education and training, knowledge management

S IMMO provides targeted support to its staff in relation to professional and personal further education and training. Along with individual coaching sessions, language courses and part-time study courses, the primary focus in this area is on expanding employees' industry-specific knowledge, for example through the completion of postgraduate programmes in the field of real estate.

Since 2016, trainees have also received training at Maior Domus in Berlin. There are currently five trainees at the company. They spend time in all departments of the property management company as part of their three-year training programme and take on sole responsibility of properties from their second year, where they are supported by so-called mentors. The first trainee who started the training programme in 2016 has already been taken on by the Maior Domus team on a permanent basis. The current trainees also show great potential and actively support the work of their colleagues. Trainee programmes are an integral part of the company's human resources policy and a valuable investment in the future.

S IMMO regards the annual performance review between employees and their line manager as a key human resources management tool. The aims of the review are, amongst others, to provide the opportunity for reciprocal feedback, to improve the quality of cooperation between employees and their managers, to promote employees in an efficient and targeted manner for their current and future roles, and to improve the corporate culture and climate of communication.

All the aforementioned measures relating to knowledge management are to be continued in the future. Safeguarding in-house expertise and ensuring the continuous training of its team is a declared aim of S IMMO and a key component of human resources management.

## Internal communications

S IMMO Group's corporate culture is characterised by lean, efficient structures and interdepartmental collaboration. The close ties fostered with management allow for quick and open communications and are standard practice at S IMMO. The intranet is an important internal communication channel and is used to share both internal and industry-related news. At the beginning of 2019, this channel was adapted to be even more closely in line with the needs of employees as part of a relaunch. One of the main goals was to increase the efficiency of internal communication and make relevant information easily accessible to all employees centrally in one place. To this end, the homepage of the intranet acts as a news hub on which the latest articles from the industry press

review, the latest articles from the S IMMO blog, the latest tweets and the current share price can be found. In addition, an intragroup chat service was launched that provides opportunities for communication across departments and is expected to promote it.

### 3. Ethics, compliance and human rights

#### Combating corruption

The observance of internationally applicable rules, the fair treatment of stakeholders and transparent communications with all target groups are basic cornerstones of S IMMO's corporate culture. As a company listed on the stock exchange, S IMMO AG is subject to the Austrian and European provisions of capital market legislation. Building upon that legislation, the company feels not only bound by the laws but, in addition, has established a policy which lays down codes of conduct for business activity on a company-wide basis, particularly with regard to the acceptance of gifts.

Official contact persons are available to all employees at their request and when a breach is suspected. Local management can also be used as the point of contact when reporting compliance infringements.

No cases of compliance violations were reported in 2018 and there were no instances of corruption or cases leading to disciplinary measures, legal proceedings or the termination of an employment relationship. In addition, no supplier contracts had to be terminated on account of breaches of the compliance guidelines. S IMMO was not required to make any penalty payments in connection with cases of corruption or breaches of competition law in the reporting year.

#### Capital market compliance and corporate governance

For the purpose of preventing market abuse and the misuse of insider information, a guideline governing issuer compliance was established and is valid company-wide. It is binding for all employees, regulates the handling of insider information and the management of capital market compliance, and clarifies the legal regulations governing insider information.

Since 2007, S IMMO AG has been committed to observing the Austrian Code of Corporate Governance (for more information, see the corporate governance report, from page 83), which contains principles on transparency and good corporate governance. The Management Board has brought corporate governance into line with the principles of the Austrian Code of Corporate Governance and, in conjunction with the Supervisory Board, declares that the company observes and complies with the C Rules (devi-

ations from the C Rules are also set out in the corporate governance report).

All compliance measures will also be continued in the future. Training courses are again planned for the current year and ensuring that all employees are aware of key principles is a declared aim of the company.

#### Observance of human rights

S IMMO is committed to consistently respecting human rights as recognized and set out in the international conventions of the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. S IMMO AG does business exclusively in the European Union. Art 2 of the EU Treaty (TEU) establishes human rights as part of binding European Law. Freedom of expression is an integral part of the corporate culture and prevents any restriction of communication. The observance of human rights is also of great importance in day-to-day dealings within the company, for example through the strict rejection of discrimination and the development of a respectful corporate culture which creates a working environment free of prejudice and accepts people regardless of gender, religion, beliefs, sexuality, etc. This is also expected from our business partners. In the case of a violation, this will be sanctioned and could lead to the termination of the business relationship. In 2018, there were not any violations of human rights at any of the S IMMO branches.

#### Data protection and security

S IMMO took the entry into force of the EU General Data Protection Regulation (GDPR) as an opportunity to adjust the data security within in the company. For this purpose, an internal working group was formed within the company, which consists of employees from different departments. In addition, external legal experts were also consulted.

A key step was the preparation of a comprehensive processing register, in which data processing operations are documented. This document includes information on which data is stored for what purpose and for how long. As part of this process, corresponding processor agreements were concluded.

Furthermore, the company's website has been closely examined and improved regarding data protection. The main focus was on the principle of data minimisation. The company reviewed the cookies used as well as the application and order forms used, and revised them to include only the data that is actually required.

An important step was to revise the company's customer relationship management (CRM). All stored contact details are now pro-

vided with the required information such as the reason for storing the data, the retention duration and any other recipient of the data. Thus, the company can meet requests for access and deletion immediately. Contact details are checked at least once a year, and data records that are no longer needed are deleted accordingly.

To fulfil the obligations associated with the GDPR, the active involvement of employees is of great importance. The employees were informed about the legal situation and the change in processes during a training session. The company has created its own IT and data protection regulations for the parent company to grant data security and privacy. Among other things, the regulations refer to how data should be protected at the workplace and what secure options are specified for sharing data digitally.

## 4. Social responsibility

### Architecture and art

#### Art Supermarket (Kunstsupermarkt)

In 2018, S IMMO made its facilities at 103 Mariahilfer Strasse available to the Vienna Art Supermarket for the 12<sup>th</sup> time. Over a three-month period, art enthusiasts could purchase over 6,000 original works by 95 artists from 19 countries at affordable fixed prices. The Art Supermarket is one of the largest contemporary art events in Austria and makes art readily accessible. Alongside disciplines such as drawing, painting and photography, performance art was also on display. Furthermore, S IMMO also provides active support by purchasing works – numerous paintings are hanging in the company's offices.

#### Artistic design at Sun Plaza, Bucharest

The renovation and expansion of the Sun Plaza shopping centre in Bucharest was completed in the first quarter of 2018. More than 40 new shops were integrated on an area of approximately 20,000 m<sup>2</sup> of space, existing shops were adapted and the shopping centre was brought up to the latest standards. The artistic highlight of the renovation is a 700 m<sup>2</sup> glass installation in the entrance of the shopping centre to the underground station and a light installation with a height of about 18 m inside the shopping centre designed by the renowned and internationally successful Austria artist Peter Kogler. For the refurbishment of the shopping centre, S IMMO won the gold award "Extension/Refurbishment of the Year" at the SEE Real Estate Awards 2018.

### Commitment to cultural, social and ecological initiatives

To support sustainable development and change, S IMMO is keen to pursue long-term partnerships in those countries in which it operates.

In addition, it is most important to S IMMO that its employees are actively involved in social projects. As part of corporate volunteering projects, over the past few years several teams from S IMMO took over the cooking at the Caritas day centre at Vienna Central Station, providing hot meals for people in need.

S IMMO has supported various charitable Caritas projects in Austria, Hungary, Romania and Bulgaria which provide people in need with a home under the motto 'Giving shelter' since 2008. The aim of these projects is to provide people in need with a home. In addition, the company is committed to further projects that help young people.

#### Hoffnungshaus (hope house) and counselling in Romania

Since 2000, Caritas has operated four hope houses for children and adolescents without parents in Alba Iulia. The aim of the project is to offer young people a safe place to live and positive prospects for the future as well as to support them in their integration into society. Thanks to financial assistance from S IMMO, urgently needed repairs and renovation work were carried out at the hope house.

#### Day centre, soup kitchen and mobile care in Bulgaria

In the Bulgarian village of Pokrovan, 90% of the residents are over the age of 70. The village is heavily affected by migration – there is neither a school nor a community centre. Many elderly people live in poverty and isolation. Caritas cares for around 40 old and needy people, providing them with hot meals and medical aid. Those unable to visit the day centre receive home visits.

#### Future for children in Hungary

Members of the Roma minority in Hungary are often affected by poverty and unemployment. At the 'Unser Haus' (Our House) community centre, care is provided to some 90 socially disadvantaged children and adolescents. The aim of the project is to help these people pull themselves out of poverty. S IMMO supports the 'external class' project, which helps pupils to finish school and to start a vocational training programme.

### Christmas campaign

The Christmas campaign on S IMMO's website is a now well-established tradition. In 2018, website users were again invited to take part in an online game to raise money for a charitable cause. In the reporting year, the association "Austrian Autonomous Women's Shelters" was supported in its work. The association comprises a network of 15 autonomous women's shelters in Austria and provides women who have been abused and threatened and their children protection and help when they need it the most.

### Promoting young talent

S IMMO adopts targeted measures to promote young talent in the industry via the academic sector. As part of the existing collaboration with Danube University Krems, the company allowed students of the postgraduate real estate programme to undertake a foreign studies module at S IMMO Germany in Berlin. In addition, a scholarship for the short-term master's level course Green Building. Solutions was also awarded in 2018. This annual summer programme provides 30 students from the fields of architecture and civil engineering with extensive insight into the topic of sustainable construction.

### Financial literacy

Proper money management and basic knowledge about finances and economy are skills which have a great impact on people's lives. Through its financial literacy initiative, S IMMO contributes to making it easier for young people to learn about this issue. To that end, the popular online stock market game from previous years, Aktien Trophy, was repeated in 2018. An ongoing stream of interesting information and articles concerning money are published on the Apropos Geld financial blog and on the social media channel Facebook. In the autumn of 2018, S IMMO again took part in a podium discussion on the issue of financial education.

### Memberships

For S IMMO, sustainability means taking responsibility for society and the environment. A further expression of the company's well-established CSR concept are its memberships in the corporate platform respACT (Austrian Council for Sustainable Development) and the Austrian Sustainable Building Council (ÖGNI). ÖGNI is committed to creating sustainable living spaces.


### Donations for baby unit

At the end of 2018, S IMMO donated a mobile marketing office, which was no longer needed due to the completion of the office building The Mark, to the Marie Skłodowska Curie "Emergency Clinical Hospital for Children" in Bucharest. The clinical hospital has been operating since 1984 and is not only the largest pediatric hospital in Romania, but also one of the most prestigious hospitals in the country. The high-quality mobile marketing office will be used as a meeting room for the medical team, which allows discussions to be held outside the normal hospital premises.

S IMMO is convinced that long-term forms of cooperation are the best way of fulfilling its social responsibility on a sustainable basis. For this reason, cooperation with the aforementioned institutions will also be continued in 2019.



Ernst Vejdovsky



Friedrich Wachernig

# Einzelabschluss

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## Lagebericht für das Geschäftsjahr 2018

### Geschäftstätigkeit der S IMMO AG

Die S IMMO AG ist eine international tätige Immobilieninvestment- und entwicklungsgesellschaft mit Sitz in Wien und Notiz an der Wiener Börse. Sie ist als Konzernleitgesellschaft der S IMMO Gruppe direkt bzw. über Tochterunternehmen indirekt in den Segmenten Österreich, Deutschland sowie Zentraleuropa tätig. In ihrem Portfolio hält die Gesellschaft unmittelbar bzw. mittelbar über Tochterunternehmen Büro-, Geschäfts- und Wohnflächen sowie Hotels. Das Unternehmen verfolgt das Ziel, den Unternehmenswert im Sinne seiner Aktionäre durch langfristige, ertragreiche Immobilieninvestments bzw. Immobilienprojektentwicklungen nachhaltig zu steigern. Unter dieser Prämisse entwickelt es das Portfolio beständig weiter und optimiert es durch aktives Asset Management.

### Zweigniederlassungen

Der Firmensitz der S IMMO AG ist in Wien. Es bestehen keine Zweigniederlassungen.

### Forschung und Entwicklung

Die S IMMO AG betreibt keine Forschung und Entwicklung.

### Geschäftsverlauf

Die Umsatzerlöse sind im Geschäftsjahr mit TEUR 21.014 gegenüber dem Vorjahr (2017: TEUR 21.108) nahezu unverändert geblieben. Der geringfügige Rückgang ist auf die Verkäufe zweier Objekte in Wien (Scheringgasse 2) und Salzburg (Sterneckstraße 50-52) im 4. Quartal des Berichtsjahres zurückzuführen. Die sonstigen betrieblichen Erträge betragen TEUR 10.226 (2017: TEUR 476) und beinhalten im Wesentlichen die Veräußerungsgewinne aus dem Verkauf der o.a. Immobilien.

Die sonstigen betrieblichen Aufwendungen sind von TEUR 4.324 auf TEUR 5.707 gestiegen. Grund dafür sind vor allem höhere Rechts- und Beratungsaufwendungen.

Das Finanzergebnis beträgt TEUR 47.010 (2017: TEUR 69.665). Der Rückgang resultiert vor allem aus geringeren Beteiligungserträgen (TEUR 65.346; 2017: TEUR 80.499), sowie gestiegenen Zinsaufwendungen (TEUR -26.066; 2017: TEUR -15.764).

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Die Bilanzsumme hat sich von TEUR 1.260.403 auf TEUR 1.258.836 zum Bilanzstichtag 31.12.2018 verringert. Das Grundkapital beträgt zum Stichtag 31.12.2018 unverändert TEUR 243.144. Das Eigenkapital hat sich zum Bilanzstichtag von TEUR 458.625 auf TEUR 489.516 erhöht. Die Eigenkapitalquote betrug zum 31.12.2018 39% (31.12.2017: 36%).

Die S IMMO AG hat im Jahr 2017 sämtliche von ihr ausgegebenen Genussscheine mit Wirkung zum 31.12.2017 gekündigt. Im Berichtszeitraum wurde das Genussscheinkapital demgemäß zur Gänze zurückgezahlt (31.12.2018: TEUR 0; 31.12.2017: TEUR 56.717).

Im Geschäftsjahr 2018 wurden keine Aktien rückgekauft.

Die Verbindlichkeiten gegenüber Kreditinstituten haben sich im laufenden Geschäftsjahr von TEUR 113.227 zum Stichtag 31.12.2017 auf TEUR 115.966 per 31.12.2018 leicht erhöht.

## **Immobilienportfolio in Österreich – wesentliche Ereignisse 2018**

In der S IMMO AG wurden im Geschäftsjahr zwei Liegenschaften gewinnbringend verkauft – die Scheringgasse 2 in Wien und die Sterneckstraße 50-52 in Salzburg. Innerhalb der Unternehmensgruppe wurden außerdem Liegenschaften in Deutschland an- und vereinzelt auch verkauft.

## **Voraussichtliche Entwicklung**

Die S IMMO AG profitiert vom derzeit niedrigen Zinsumfeld und erwartet für das Geschäftsjahr 2019 in diesem Zusammenhang keine bedeutsamen Änderungen.

## **Risikomanagement**

Als Konzernmuttergesellschaft eines international tätigen Immobilienkonzerns ist die S IMMO AG Gruppe mit einer Vielzahl von Risiken und Chancen konfrontiert, die sowohl auf die operative Geschäftstätigkeit, die Entscheidungsprozesse und auf die strategische Unternehmensführung Einfluss haben. Durch die Identifizierung, Analyse, Steuerung und Überwachung der Risiken und Chancen versucht die Gesellschaft, negative Entwicklungen und potenzielle Risikofaktoren rechtzeitig zu erkennen und diese soweit als möglich zu minimieren. Dennoch kann das Eintreten von Risiken nicht vollständig ausgeschlossen werden. Die S IMMO AG beschäftigt sich als Konzernmutter mit langfristigen Immobilien-Investitionen mittels Entwicklung, Ankauf, Vermietung, Betrieb, Sanierung und Verkauf von Immobilien in Österreich, Deutschland und CEE. Im Portfolio befinden sich gewerblich genutzte Immobilien (Büro,

## S IMMO AG, Wien

Geschäft, Hotel) und ein ergänzender Teil an Wohnimmobilien. Zu den Tätigkeiten der S IMMO Gruppe gehören somit auch:

- die Immobilien-Projektentwicklung
- der Betrieb von Hotels und Einkaufszentren
- die Revitalisierung und Sanierung von Bestandsimmobilien
- das Asset Management

Darüber hinaus hält die S IMMO AG Aktien von österreichischen börsennotierten Immobilienunternehmen (CA Immobilien Anlagen AG und IMMOFINANZ AG).

Das Risikomanagement umfasst neben internen Regelungen und Richtlinien auch laufende Berichte im Rahmen von regelmäßigen Jours fixes an den Vorstand. Weiters existieren Kontrollmaßnahmen, die im Konzern implementiert sind und der Früherkennung, Steuerung sowie Überwachung von Risiken dienen. Der Vorstand trifft die wesentlichen risikorelevanten Entscheidungen. Investitionsvorhaben unterliegen ab einer bestimmten Wertgrenze zusätzlich der Genehmigung durch den Aufsichtsrat. Beide Organe werden über Risiken sowie über das Interne Kontrollsystem regelmäßig informiert.

Die in diesem Abschnitt dargestellten Risikogruppen wurden und werden sowohl rückblickend für das Geschäftsjahr 2018 als auch im Hinblick auf die Geschäftstätigkeit 2019 laufend analysiert und bewertet.

### Internes Kontrollsystem

Für alle wesentlichen Geschäftsprozesse besteht ein Internes Kontrollsystem (IKS). Dabei wird unter anderem die Zuverlässigkeit der Finanzberichterstattung überwacht und kontrolliert.

Das IKS bildet gemeinsam mit der Internen Revision und der (börsenrechtlichen) Compliance das interne Überwachungssystem der Gruppe. Wesentliche Kernprozesse sind in der internen Prozessdatenbank erfasst. Diese beinhaltet eine Risiko-Kontroll-Matrix, in der die Abläufe, potenzielle Einzelrisiken und die zugeordneten Kontrollschritte definiert sind.

Wesentliche Merkmale des rechnungslegungsbezogenen IKS sind:

- Klare Funktionstrennung zwischen den Bereichen Finanz- und Rechnungswesen sowie anderen Verantwortungsbereichen (z. B. Treasury)

- Richtlinien zur Anwendung einheitlicher Bilanzierungs- und Bewertungsmethoden im Konzernabschluss
- Beurteilung jener Risiken, die zu einer wesentlichen Fehldarstellung von Transaktionen führen können (z. B. inkorrekte Zuordnung zu Bilanz- und G&V-Positionen)
- Entsprechende Kontrollroutinen bei der automationsgestützten Aufstellung des Einzel- als auch des Konzernabschlusses
- Berichte an interne Adressaten (Vorstand und Aufsichtsrat) umfassen unter anderem Quartals-, Segment- und Liquiditätsberichte sowie im Bedarfsfall einzelne anlassbezogene Analysen.

### Interne Revision

Die Interne Revision der S IMMO AG koordiniert Prüfungen wesentlicher Geschäftsprozesse der Konzern-Muttergesellschaft bzw. ihrer in- und ausländischen Tochtergesellschaften hinsichtlich ihrer Funktionsfähigkeit, bestehender Risiken und Kontrollschwächen sowie möglicher Effizienzverbesserungspotenziale. Die Grundlage für die in mehrjährigen Zyklen stattfindenden Revisionsprüfungen bildet der vom Vorstand genehmigte Jahresrevisionsplan. Zusätzlich werden Sonderprüfungen im Bedarfsfall beauftragt. Mit der Durchführung der Revisionsprüfungen werden ausschließlich externe Expertinnen und Experten beauftragt. Die Ergebnisse der Prüfungen werden an den Vorstand berichtet. Der Prüfungsausschuss des Aufsichtsrats wird regelmäßig über den Revisionsplan sowie die Ergebnisse der durchgeführten Revisionen informiert.

### Risikoübersicht

Unternehmensstrategische Risiken	Immobilienpezifische Risiken	Finanzielle Risiken	Sonstige Risiken
Umfeld- und Branchenrisiko Investitionsrisiko Kapitalmarktrisiko	Immobilienportfoliorisiko Vermietungs- und Mietausfallrisiko Immobilienentwicklungsrisiko Bautechnisches Risiko Immobilienbewertungsrisiko	Liquiditätsrisiko Zinsänderungsrisiko Finanzierungsrisiko Fremdwährungsrisiko Steuerliche Risiken	Umweltrisiko Risiken auf die Belange des NaDiVeG Rechtsrisiko und regulatorische Risiken

## Erläuterung der Einzelrisiken

### Unternehmensstrategische Risiken

Strategische Risiken sind eng mit der Geschäftsstrategie der S IMMO AG verbunden und können diese gegebenenfalls stark beeinflussen.

### Umfeld- und Branchenrisiko

Die Entwicklung einer Branche ist stark von äußeren Faktoren wie Konjunktur, technologischen oder politisch-rechtlichen Rahmenbedingungen abhängig. Da sich das wirtschaftliche Umfeld laufend ändert, sind die sich daraus ergebenden Risiken nur schwer prognostizierbar. Eine Verschlechterung der wirtschaftlichen Situation in einem Markt kann die Kauf- und Verkaufspreise, den Wert einer Immobilie und deren Rendite beeinflussen. Darüber hinaus kann es zu Mietreduktionen, Mietausfällen oder zu Kündigung von Mietverträgen durch Mieterinnen und Mieter kommen. Diesen Risiken begegnet die S IMMO mit Immobilien in unterschiedlichen Regionen und mit verschiedenen Nutzungsarten. Sorgfältiges Asset Management und ständiges Monitoring tragen zur Reduktion der beschriebenen Risiken bei. Aktuell zeigt sich folgende Situation auf den von der S IMMO bearbeiteten Märkten: Eine geringere Neufächenproduktion ist für den Wiener Büromarkt vorgesehen und könnte die Nachfrage nach modernen und zentral gelegenen Büroflächen verstärken. Demnach ist zu erwarten, dass sich die Spitzenmieten erhöhen. Die ungebrochene Nachfrage und Flächenknappheit auf dem Berliner Büromarkt heben die Mietpreise kontinuierlich an. Der Anstieg der Wohnungsmieten in Berlin ist nicht mehr so stark wie im Vorjahr. In aufstrebenden deutschen Städten geht das Unternehmen von einer schrittweisen, moderaten Erhöhung der Mieten aus. Die positive wirtschaftliche Entwicklung in einigen CEE-Märkten steigert die Nachfrage für Büroimmobilien und sorgt für niedrige Leerstandsdaten.

### Investitionsrisiko

Die S IMMO AG ist sowohl bei Investitionen in Immobilienentwicklungsprojekte als auch bei Immobilienzukäufen Risiken ausgesetzt. Diese werden oft durch Faktoren verursacht, die außerhalb des Wirkungsbereichs des Unternehmens liegen, wie beispielsweise Verzögerungen bei der Fertigstellung von Immobilienprojekten. Daher zielt die Unternehmensstrategie darauf ab, durch sorgsame Auswahl, Planung und Ausführung der Immobilienprojekte bzw. der Immobilienzukäufe potenzielle Investitionsrisiken zu reduzieren. Es sind Limits festgelegt, ab welchem Investitionsvolumen eine Genehmigung des Aufsichtsrats erforderlich ist. Dennoch

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verbleibt bei jeglicher Investition, so auch bei Immobilien, immer ein Restinvestitionsrisiko, das sich beispielsweise auf Cashflows, Bewertungen, etc. negativ auswirken kann.

Die S IMMO AG hält mittelbar Aktien der IMMOFINANZ AG und CA Immobilien Anlagen AG. Beide Gesellschaften unterliegen als Immobilien-Investmentgesellschaften und Immobilienentwickler ähnlichen Risiken wie die S IMMO AG, insbesondere sämtlichen Risiken, die mit dem Kauf, der Entwicklung, der Bewirtschaftung und dem Verkauf von Immobilien zusammenhängen, und dem allgemeinen Unternehmensrisiko. Für einen Überblick über die besonderen Risiken der Gesellschaften wird auf die entsprechenden Finanzberichte der beiden Gesellschaften verwiesen. Die Aktien der IMMOFINANZ AG und der CA Immobilien Anlagen AG notieren im österreichischen Leitindex ATX und unterliegen Marktpreisrisiken, welche sich negativ auf das Eigenkapital der S IMMO AG auswirken können.

### **Kapitalmarktrisiko**

Der Kapitalmarkt ist für die S IMMO AG bezüglich der Aufnahme von Eigen- bzw. Fremdkapital von großer Wichtigkeit. Instabile Kapitalmärkte können die Finanzierungsmöglichkeiten des Unternehmens beeinträchtigen. Das Management arbeitet daran, das Vertrauen der Anleger in die von der S IMMO AG emittierten Wertpapiere durch transparente und verlässliche Information und zeitnahe Kommunikation zu stärken.

### **Immobilienpezifische Risiken**

Die S IMMO AG unterliegt allen Risiken, die mit dem Kauf, der Entwicklung, der Bewirtschaftung und dem Verkauf von Immobilien zusammenhängen.

### **Immobilienportfoliorisiko**

Mit einem ausgewogenen Portfoliomix begegnet die S IMMO Gruppe dem Immobilienportfoliorisiko. Im Portfolio befinden sich Büros, Geschäfte, Hotels und Wohnimmobilien. Geografisch verteilen sich die Objekte auf die Regionen Österreich, Deutschland und CEE. Dabei konzentriert sich die Gruppe auf Haupt- und Großstädte innerhalb der Europäischen Union. Der Wert einer Immobilie hängt zu einem beträchtlichen Teil von ihrem Standort und der beabsichtigten Nutzung ab. Die Attraktivität des Standorts oder die mögliche Nutzung der Objekte können daher die finanzielle Lage der S IMMO Gruppe erheblich beeinflussen. Das Immobilienportfoliorisiko war im Geschäftsjahr 2018 nicht in allen Regionen und Nutzungsarten gleichermaßen ausgeprägt: Durch die Streuung innerhalb des Portfolios

können oft die Risiken eines Markts durch positive Entwicklungen in einem anderen Markt abgedeckt werden.

#### Vermietungsrisiko und Mietausfallsrisiko

Das Vermietungsrisiko ist stark mit der allgemeinen wirtschaftlichen Lage in den einzelnen Märkten verknüpft und damit auch mit entsprechenden Planungsunsicherheiten behaftet. Grundsätzlich besteht immer ein gewisses Vermietungsrisiko auf Grund der unterschiedlichen politischen und wirtschaftlichen Entwicklung der einzelnen Märkte – auch bei Vertragsverlängerungen. Allerdings hat die sehr positive wirtschaftliche Entwicklung dieses Risiko aktuell reduziert. Die Konkurrenzsituation kann sich ebenfalls auf den Vermietungsgrad beziehungsweise auf Vertragsverlängerungen auswirken. Der Wettbewerb zwischen den Eigentümern um namhafte, attraktive Mieterinnen und Mieter besteht immer. Je nach wirtschaftlicher Entwicklung in den unterschiedlichen Märkten, in denen die S IMMO Gruppe tätig ist, können die Mieten unter Druck kommen. Dies kann dazu führen, dass Mietpreise akzeptiert werden müssen, die niedriger sind als ursprünglich prognostiziert. Außerdem unterliegt die S IMMO Gruppe dem Mietausfallsrisiko. Ist die Gruppe nicht in der Lage, auslaufende Mietverträge zu vorteilhaften Konditionen zu verlängern oder geeignete kreditwürdige Mieter zu finden, die bereit sind, langfristige Mietverhältnisse einzugehen, beeinträchtigt dies den Marktwert der betreffenden Immobilien. Darüber hinaus kann es zu langfristigen Leerständen kommen. Besonders in Zeiten wirtschaftlicher und politischer Unsicherheiten kann die S IMMO Gruppe dazu gezwungen sein, Mietsenkungen zu akzeptieren, um den Vermietungsgrad aufrechtzuerhalten. Die Bonität eines Mieters, insbesondere während eines wirtschaftlichen Abschwungs, kann kurz- oder mittelfristig sinken. Darüber hinaus kann das Risiko entstehen, dass ein Mieter insolvent wird oder sonst außerstande ist, seinen Zahlungspflichten aus dem Mietvertrag nachzukommen. Positive wirtschaftliche Entwicklungen reduzieren diese Risiken allerdings – so auch aktuell in fast allen Märkten der S IMMO Gruppe.

#### Immobilienentwicklungsrisiko

Im Bereich von Immobilienentwicklungen können Risiken im Zusammenhang mit Baukostenüberschreitungen, Errichtungsdauer, (Bau-)Qualitätsmängeln, der Vermietung oder Verzögerungen bei der Erlangung von behördlichen Genehmigungen entstehen. Diesen Risiken begegnet die S IMMO AG mit regelmäßigen Kosten-, Qualitäts- und Terminkontrollen, Abweichungsanalysen.

### **Bautechnisches Risiko**

Unter dem bautechnischen Risiko versteht man das Risiko auftretender Schäden an neu errichteten Objekten und Bestandsobjekten, welche die S IMMO AG durch branchenübliche Bauverträge mit erfahrenen Baufirmen, Gewährleistungsfristen und -garantien reduziert. Um Risiken in diesem Bereich in Grenzen zu halten, werden eingehende Prüfungen vor Ablauf der Gewährleistungsfristen veranlasst, um mögliche Schäden noch auf Kosten der Bauunternehmen zu sanieren. Zur Absicherung gegen klassische Schäden bei Bestandsgebäuden wie Feuer oder Wasser schließt die S IMMO AG marktübliche Versicherungen ab. Andererseits steigen Reparaturaufwendungen mit dem Lebensalter der Bestandsgebäude, wesentliche Anlagen müssen nach Ablauf der Nutzungsdauer getauscht werden. Durch aktives Asset Management und laufende Wartungen sowie sinnvolle Instandhaltungs- und Instandsetzungsmaßnahmen versucht die S IMMO AG größere, negative Auswirkungen zu vermeiden.

### **Immobilienbewertungsrisiko**

Die Immobilienbewertung hängt von verschiedenen makroökonomischen Gegebenheiten – außerhalb des Einflussbereichs der S IMMO AG – und immobilienpezifischen Faktoren ab. Das Immobilienbewertungsrisiko beschreibt in diesem Zusammenhang das Risiko von negativen Wertschwankungen des Immobilienportfolios. Neben den erwarteten Mieteinnahmen, dem Zustand des Objekts und dem historischen Vermietungsgrad können Immobiliensachverständige auch andere Faktoren wie beispielsweise Steuern auf Grund und Boden, Betriebskosten, Ansprüche Dritter auf Basis von Umweltrisiken oder mit bestimmten Baumaterialien verbundene Risiken berücksichtigen. Jede Wertänderung einer Immobilie kann den Bilanzgewinn oder -verlust der S IMMO AG und in weiterer Folge das Eigenkapital und somit auch den Börsenkurs und die Kreditwürdigkeit der S IMMO AG negativ beeinflussen.

### **Finanzielle Risiken**

Die Steuerung von finanziellen Risiken beinhaltet für die S IMMO AG vor allem die Berücksichtigung von Liquiditäts-, Zinsänderungs-, Finanzierungs- und Währungsrisiken.

### **Liquiditätsrisiko**

Zur Sicherstellung der Liquidität werden die Zahlungsströme des Unternehmens von der Finanzierungsabteilung auf Basis einer kontinuierlichen Liquiditätsplanung in Zusammenarbeit mit den Bereichen Projektentwicklung, Asset Management und Akquisition koordiniert, auf Plausibilität geprüft und laufend angepasst.

Die Gruppe verfügt über fluktuierende Bestände liquider Mittel, die sie nach den jeweiligen operativen und strategischen Erfordernissen und Zielen veranlagt. Weiters tätigt sie Absicherungsgeschäfte, insbesondere, um sich gegen Zinsänderungen und die damit verbundenen Schwankungen ihrer Finanzierungskosten abzusichern. Solche Absicherungsgeschäfte könnten sich als ineffizient oder ungeeignet herausstellen, um die angestrebten Ziele zu erreichen, sowie zu ergebniswirksamen Verlusten führen. Darüber hinaus ist die Gruppe dem Risiko ausgesetzt, dass ihre Vertragspartner die Verpflichtungen aus den Absicherungs- oder Veranlagungsgeschäften nicht vereinbarungsgemäß erfüllen (Kontrahentenrisiko). Diesem Risiko begegnet die S IMMO Gruppe, indem sie Veranlagungs- und Absicherungsgeschäfte nur bei namhaften Banken mit guter Bonität abschließt. Auf Grund verschärfter Eigenkapital- und Liquiditätsvorschriften für Banken und daraus resultierender restriktiverer Kreditvergabe sowie reduzierter Beleihungshöhen kann es zu Schwierigkeiten bei Refinanzierungen kommen. Die S IMMO kann davon trotz überwiegend langfristig abgeschlossener Kreditverträge hauptsächlich bei Kreditverlängerungen und Refinanzierungen betroffen sein (siehe auch Finanzierungsrisiko). Das Risiko kann primär auftreten, wenn es bei Kreditverlängerungen oder Refinanzierungen zu Verzögerungen kommt oder diese in einer geringeren Höhe als erwartet erfolgen. Würde es der S IMMO nicht oder nicht zeitgerecht gelingen, geeignete und angemessene Fremdkapitalfinanzierungen für Projektentwicklungen und Akquisitionen oder die Refinanzierung auslaufender Fremdkapitalfinanzierungen in Anspruch zu nehmen, könnte dies die Fähigkeit erheblich beeinträchtigen, ihren Verpflichtungen aus Projektentwicklungsverträgen oder Akquisitionsprojekten nachzukommen. Weiters besteht das Risiko, Anleihen bei Laufzeitende nicht zurückzahlen zu können. All diese Folgen oder eine aus mangelnder Verfügbarkeit freier Liquidität resultierende Unfähigkeit, den Verpflichtungen aus bereits bestehenden Finanzierungsverträgen und Teilschuldverschreibungen nachzukommen, können einen wesentlich nachteiligen Einfluss auf die Vermögens-, Finanz- und Ertragslage des Unternehmens haben und seine Bonität beeinträchtigen.

### Zinsänderungsrisiko

Der weitaus überwiegende Teil der Finanzierungsverträge der S IMMO Gruppe sieht einen variablen Zinssatz vor, wodurch das Risiko eines sich ändernden Zinsniveaus besteht. Die Kosten des Zinsendienstes erhöhen sich bei Anstieg des jeweiligen Referenz-Zinssatzes. Derzeit wird allerdings erwartet, dass die Europäische Zentralbank den Leitzins erst gegen Ende des Jahres 2019 anheben wird. Das Zinsänderungsrisiko reduziert die S IMMO Gruppe langfristig

durch Zinsabsicherungen ihrer variabel verzinsten Kredite.. Zur Absicherung variabel verzinsten Kredite verwendet die S IMMO prinzipiell folgende derivative Finanzinstrumente: Swaps und Caps. Per Jahresende war ein Großteil des variabel verzinsten Finanzierungsportfolios abgesichert. Das Ausmaß, in dem sich die Gruppe derartiger Instrumente bedient, hängt von den Annahmen und Markterwartungen des Managements und der zuständigen Mitarbeiterinnen und Mitarbeiter der S IMMO in Bezug auf das zukünftige Zinsniveau sowie von der Entwicklung der Höhe der Kreditverbindlichkeiten ab. Erweisen sich diese Annahmen als unrichtig, kann dies zu einem beträchtlichen Anstieg des Zinsaufwands führen.

### Finanzierungsrisiko

Die Marktbedingungen für Liegenschaftsfinanzierungen ändern sich immer wieder. Nach der Finanz- und Wirtschaftskrise wird seit einigen Jahren wieder eine stetige und deutliche Verbesserung der Refinanzierungssituation beobachtet. Refinanzierungen von auslaufenden Krediten als auch Kreditneuaufnahmen für Bestandsimmobilien und Immobilienprojekte konnten auf Grund des Veranlagungsdrucks vieler Banken, insbesondere in Deutschland und Österreich aber auch in CEE, zu deutlich niedrigeren Margen abgeschlossen werden als noch vor einigen Jahren. Die Attraktivität verschiedener Finanzierungsvarianten hängt von einer Reihe von Faktoren ab, von denen einige nicht von der Gruppe beeinflusst werden können. Diese Faktoren umfassen insbesondere Marktzinsen, steuerliche Aspekte und die Beurteilung des Werts und der Verwertbarkeit von Immobilien, die als Sicherheiten dienen, sowie die Einschätzung der allgemeinen wirtschaftlichen Lage durch die Finanzierungspartner. In Zeiten stark volatiler Immobilienmärkte sind Fremdkapitalgläubiger unter Umständen nicht bereit, abreifende Kredite zu für die S IMMO Gruppe akzeptablen Konditionen zu prolongieren. Dies kann insbesondere zu höheren Margen, geringeren Beleihungshöhen und der Notwendigkeit zur Bestellung weiterer Sicherheiten sowie generell zu einem Mangel an Refinanzierungsmöglichkeiten führen. Sollte die Gruppe außerstande sein, Liquidität oder Fremdmittel im benötigten Ausmaß zur benötigten Zeit zu generieren beziehungsweise zu akzeptablen Konditionen aufzunehmen, könnte ihre Fähigkeit beeinträchtigt sein, ihren Verpflichtungen aus Finanzierungsverträgen nachzukommen. Dieses Finanzierungsrisiko versucht die S IMMO Gruppe durch Streuung ihrer Kreditgeber (zum Bilanzstichtag per 31.12.2018 waren es 22 Einzelbanken) zu reduzieren. Eine Kontrolle der Kreditaufnahmen erfolgt durch Genehmigungen nach gestaffelten Beträgen durch den Vorstand und den Aufsichtsrat. Per 31.12.2018 hatten die langfristigen Bankverbindlichkeiten eine durchschnittlich gewichtete Restlaufzeit von 6,3 Jahren. Die Langfristigkeit der Finanzierung entspricht der branchenüblichen Praxis. Darüber hinaus besteht

das Risiko, dass Financial Covenants (Klauseln in Kreditverträgen hinsichtlich des zulässigen Verschuldungsgrads und des Schuldendienstdeckungsgrads) oder andere Vertragsbedingungen, Gewährleistungen oder Auflagen in Finanzierungsverträgen nicht eingehalten werden können. Dies kann die Flexibilität bei der Finanzierung zukünftiger Geschäftstätigkeit einschränken. Die Einhaltung von Financial Covenants wird von der S IMMO Gruppe – in engem Kontakt mit kreditvergebenden Finanzinstituten – laufend überwacht. Covenant-Verletzungen können einen Verzugsfall darstellen. Die Gruppe legt großen Wert auf ein ausgewogenes Verhältnis zwischen Finanzierungen und Buchwerten der Immobilien (Loan-to-Value-Ratio). Zum Stichtag 31.12.2018 lag die gruppenweite Loan-to-Value-Ratio für besicherte Finanzierungen bei 36,3 % (31.12.2017: 36,6 %). Darüber hinaus verfügt die Gruppe über unbesicherte Finanzierungen (ausgenutzte Kreditlinien und Anleiheverbindlichkeiten), welche 14,1 % (31.12.2017: 12,7 %) des Immobilienvermögens ausmachten. Trotz genauen Monitorings der Finanzierungsinstrumente und der relevanten Parameter kann bei entsprechend negativer Entwicklung der Konjunktur und des Finanzierungsumfelds nicht ausgeschlossen werden, dass die S IMMO mit Risiken im Bereich der Refinanzierung konfrontiert wird.

#### Fremdwährungsrisiko

Kreditfinanzierungen der S IMMO AG sind ausschließlich in Euro denominiert und die Mietverträge sind ausschließlich an den Euro gebunden. Daher besteht kein unmittelbares Fremdwährungsrisiko.

#### Sonstige Risiken

##### Steuerliche Risiken

Als international tätiger Immobilienkonzern mit Gesellschaften in derzeit acht europäischen Ländern ist die S IMMO Gruppe mit einer Vielzahl von unterschiedlichen - laufenden Änderungen unterworfenen - nationalen Steuersystemen konfrontiert. Änderungen der lokalen steuerlichen Rahmenbedingungen (zum Beispiel bei den immobilienbezogenen Steuern, Umsatz- bzw. Ertragssteuern) sowie Unsicherheiten bzw. unterschiedliche Auffassungen in Bezug auf die Auslegung der vielfach komplexen steuerlichen Vorschriften können zu nicht geplanten Steuerbelastungen führen und stellen damit stets ein Ertragsrisiko dar. Die S IMMO Gruppe versucht, allfällige Konsequenzen durch die kontinuierliche Zusammenarbeit mit lokalen Steuerexpertinnen und -experten frühzeitig zu erkennen, bei der Entscheidungsfindung zu berücksichtigen sowie für (aus Betriebsprüfungen bzw. steuerlichen Verfahren) bekannte Risiken ausreichende bilanzielle Vorsorgen zu treffen.

## Umweltrisiko

Die S IMMO Gruppe ist diversen Umweltrisiken wie Naturkatastrophen oder menschlich verursachten Katastrophen ausgesetzt. Umweltrisiken können sowohl im Zusammenhang mit Bestandsimmobilien als auch mit Entwicklungsprojekten auftreten. Beispielsweise können geänderte Gesetze oder Sanierungsverpflichtungen auf Grund umwelt- oder sicherheitsrechtlicher Vorschriften das Entfernen oder den Austausch von Materialien notwendig machen. Ebenso kann die Entsorgung umweltschädlicher Substanzen auf einem Entwicklungsgrundstück erforderlich sein. Neue oder strengere Umwelt-, Gesundheits- und Sicherheitsgesetze können ebenfalls zusätzliche Kosten verursachen.

Naturkatastrophen oder extreme Wettereinwirkungen wie beispielsweise Überflutungen, Sturm und Hagel können erhebliche Schäden an im Bau befindlichen Objekten oder Bestandsimmobilien verursachen. Ebenso können auch von Menschen verursachte Katastrophen wie zum Beispiel nukleare Zwischen- und Störfälle zu Schäden führen. Durch entsprechende Gebäudeversicherungen sind wesentliche Schäden an Gebäuden abgedeckt.

Die S IMMO Gruppe versucht, Umweltrisiken dadurch zu senken, dass bei Akquisitionen und Investitionen genaue Standortanalysen durchgeführt und gegebenenfalls Garantieerklärungen eingeholt werden.

## Risiken auf die Belange des NaDiVeG

Das Nachhaltigkeits- und Diversitätsverbesserungsgesetz (NaDiVeG) fordert eine Auseinandersetzung mit den wesentlichen Risiken, die negative Auswirkungen auf die Belange Umwelt, Arbeiternehmerinnen und Arbeitnehmer, Gesellschaft, Bekämpfung von Korruption und Bestechung sowie Achtung der Menschenrechte haben könnten. Im folgenden Teil des Risikoberichts werden wesentliche Risiken im Zusammenhang mit den im nichtfinanziellen Bericht genannten Themen sowie Maßnahmen zur Identifikation, Bewertung, Vermeidung und Begrenzung der Risiken beschrieben. Die S IMMO AG ist sich ihrer Verantwortung gegenüber der Umwelt bewusst. Die Errichtung neuer Gebäude hat einen Anstieg der CO<sub>2</sub>-Emissionen zur Folge und durch den zusätzlichen Energieverbrauch wird der Treibhauseffekt vorangetrieben. Darüber hinaus könnten bei Neubauprojekten oder Sanierungsarbeiten durch den Einsatz schadstoffhaltiger Baustoffe gefährliche Abfälle in die Umwelt gelangen. Um diesen Risiken entgegenzuwirken, agiert die S IMMO AG verantwortungsvoll sowohl bei Bestandsimmobilien als auch bei Entwicklungsprojekten, indem die CO<sub>2</sub>-Emissionen anhand der Echtverbräuche überwacht werden und auf energieeffiziente Bauweisen sowie auf den Einsatz qualitativ hochwertiger und ökologischer Materialien – unter Berücksichtigung eines für die Mieterinnen

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und Mieter vertretbaren Kosten-Nutzen-Verhältnisses – geachtet wird. Sofern möglich, wird auf den Einsatz von erneuerbarer Energie im Strommix der Länder geachtet. Bei Neubauprojekten werden stets Green-Building-Zertifikate angestrebt, in diesem Zusammenhang erhielten bereits mehrere Gebäude der S IMMO AG Nachhaltigkeitszertifikate.

Die S IMMO AG trägt durch die Beauftragung von Neu- und Umbauten neben dem Umweltmanagement auch Verantwortung für die Sicherheit auf Baustellen. Mangelnde Qualität und Nichteinhaltung der Sicherheitsvorschriften könnten die Sicherheit und Gesundheit der Arbeiterinnen und Arbeiter gefährden. Außerdem kann mangelnde Sorgfalt auf der Baustelle zu Anrainerbeschwerden betreffend Lärm und Staub führen. Daher wählt die S IMMO AG ihre Partnerinnen und Partner sorgfältig aus und beauftragt ausschließlich seriöse Generalunternehmer mit einem hohen Qualitätsanspruch.

Im täglichen Wirtschaften ist das Risiko von Korruptionsfällen stets gegeben. Die S IMMO ist unter anderem in Ländern mit einem schlechten Ranking nach dem Corruption Perceptions Index tätig, wodurch es im Ernstfall bei Nichteinhaltung der Compliance-Richtlinien zu Strafzahlungen oder disziplinären Folgen kommen kann.

Darüber hinaus hat die S IMMO AG eine große soziale Verantwortung entlang der Lieferkette und achtet daher auch bei der Wahl ihrer Geschäftspartnerinnen und -partner auf die Einhaltung aller gesetzlichen Bestimmungen. Grundwerte wie Transparenz sowie faire und nachhaltige Unternehmensführung sind tief in der Unternehmensstruktur der S IMMO AG verankert. Dies wird auch durch das Bekenntnis der S IMMO AG zum Österreichischen Corporate Governance Kodex deutlich.

Die S IMMO AG beschäftigt sich ebenfalls mit Herausforderungen und möglichen Risiken, die sich im Zusammenhang mit ihren Mitarbeiterinnen und Mitarbeitern ergeben können. So ist es für die S IMMO AG selbstverständlich, negative Auswirkungen auf die Gesundheit des Teams auf ein Mindestmaß zu reduzieren. Auf eine ausgeglichene Work-Life-Balance wird ebenso geachtet, wie auf den Ausgleich zwischen dem Fördern und Fordern der Mitarbeiterinnen und Mitarbeiter.

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Nur durch fachgerechte Qualifikation und Ausbildung ist die Belegschaft in der Lage, die ihr übertragenen Aufgaben eigenverantwortlich auszuführen. Darüber hinaus wird dem Team der S IMMO AG ein umfassendes Gesundheitsprogramm angeboten.

Im Mai 2019 ist die EU-Datenschutz-Grundverordnung (DSGVO) in Kraft getreten. Die S IMMO AG hat bereits vorhandene Richtlinien überprüft und angepasst, um allen rechtlichen Verpflichtungen, insbesondere in Bezug auf die Datenspeicherung und Datenverarbeitung, gerecht zu werden. Zum Zeitpunkt des Inkrafttretens der Verordnung gab es – auch unter Rechtsexpertinnen und -experten – zum Teil unterschiedliche Auffassungen über die korrekte Umsetzung der DSGVO. Trotz aller Sorgfalt bleibt das Risiko, dass die Maßnahmen der S IMMO AG nicht ausreichend sind und es zu Forderungen von Dritten kommt. Diesem Risiko begegnet das Unternehmen mit laufendem Monitoring der Judikatur und gegebenenfalls mit Anpassungen ihrer Prozesse.

Durch die Tätigkeit der S IMMO AG ergeben sich keine Risiken, die negative Auswirkungen auf Menschenrechte haben können.

### Rechtsrisiko

Die S IMMO AG ist auf Grund ihrer Geschäftstätigkeit einer Vielzahl rechtlicher Risiken ausgesetzt. Diese resultieren unter anderem aus Rechtsstreitigkeiten im Zusammenhang mit der operativen Geschäftstätigkeit der S IMMO AG (zum Beispiel Streitigkeiten aus Immobilientransaktionen oder mit Baufirmen) und regulatorischen Risiken. Für laufende Rechtsstreitigkeiten werden gegebenenfalls im erforderlichen Ausmaß Rückstellungen gebildet. Da der Ausgang (schieds-)gerichtlicher Verfahren in der Regel schwer vorhersehbar ist, können über die dotierten Rückstellungen hinausgehende Aufwendungen entstehen. Signifikante Risiken können sich auch aus Veränderungen der Rechtslage ergeben, zumal die S IMMO AG in einem stark regulierten Umfeld tätig ist.

Die S IMMO AG operiert in einem regulatorischen Umfeld, dessen Vorschriften – insbesondere des Marktmissbrauchs-, Datenschutz- und Kartellrechts – mit sehr hohen Strafdrohungen anwendbar sind und sein werden. Die von der Gesellschaft ergriffenen Maßnahmen können sich als unzureichend herausstellen, Verstöße gegen Rechtsvorschriften hintanzuhalten, und damit die Verhängung von hohen Geldstrafen nach sich ziehen.

## Gesamtaussage zu Risiken und Chancen

Die Geschäftstätigkeit der S IMMO AG unterliegt einer Vielzahl von Risiken und ist stark von der Konjunktur in den bearbeiteten Märkten abhängig. Für die Europäische Union erwartet die EU-Kommission ein im Vergleich zu den Vorquartalen gedämpfteres Wirtschaftswachstum von 2,0% und für 2020 von 1,9%. Unsicherheitsfaktoren stellen vor allem der Brexit und die Wahl des EU-Parlaments dar.

Für die von der S IMMO Gruppe bearbeiteten Immobilienmärkte erwartet das Unternehmen eine positive Entwicklung – vor allem auf dem Berliner Büromarkt und in aufstrebenden deutschen Städten sowie in der CEE-Region.

Ausgehend von diesen Entwicklungen geht das Unternehmen für das laufende Jahr von einem geringen Branchen-, Bewertungs-, Immobilienportfolio-, Vermietungs- und Mietausfallsrisiko. Sollte es zu einer Verschlechterung der wirtschaftlichen Situation in den Märkten kommen, hätte dies ebenfalls einen negativen Einfluss auf die oben genannten Risiken.

Eine weitere Risikogruppe betrifft die Liquidität und die Finanzierungssituation im Unternehmen. Derzeit wird angenommen, dass die Europäische Zentralbank den Leitzins erst Ende des Jahres 2019 anheben wird. Gegen steigende Zinsen sichert sich das Unternehmen mit Swaps und Caps ab. Refinanzierungen von auslaufenden Krediten als auch Kreditneuaufnahmen sind aktuell zu wesentlich niedrigeren Margen als noch vor einigen Jahren möglich.

Das Unternehmen begegnet allen Risiken mit sorgfältigem Risikomonitoring und verantwortungsvoller Risikopolitik. Dennoch kann das Eintreten von Risiken nicht vollständig ausgeschlossen werden. Für potenzielle Risiken wird bilanzielle Vorsorge getroffen.

Neben den genannten Risiken gibt es auch Chancen. Aktuell profitiert das Unternehmen von dem teilweise noch immer ansteigenden Preisniveau in einigen Märkten. In anderen Märkten ist das Preisniveau bereits recht hoch. Nichtsdestotrotz geht die S IMMO davon aus, auch in diesem Umfeld mit Know-how und entsprechender Marktexpertise Immobilien und Grundstücke mit Wertsteigerungspotenzial ankaufen zu können.

## Finanzielle und nichtfinanzielle Leistungsindikatoren

Strategisches Ziel ist die nachhaltige Steigerung des Unternehmenswertes. Zentrale finanzielle Leistungsindikatoren (Kennzahlen) sind dabei für den Gesamtkonzern u.a. der NAV pro Aktie, die Loan to Value (LTV) Ratio sowie Kennzahlen wie der FFO (Funds from Operations) und die Eigenkapitalquote.

Für die S IMMO AG wurden folgende finanzielle Leistungsindikatoren identifiziert:

		2018	2017
Eigenkapitalquote	%	39%	36
Betriebsergebnis	TEUR	7.932	715

Diese Finanzkennzahlen werden zur Steuerung des operativen Geschäfts durch mehrere nichtfinanzielle Leistungsindikatoren (Leerstandsquote, Portfoliostreuung, Standortqualität) ergänzt.

Der Netto-Geldfluss aus laufender Geschäftstätigkeit beträgt für 2018 TEUR 77.940. Der Cashflow aus der Investitionstätigkeit beträgt TEUR -19.379, der Cashflow aus der Finanzierungstätigkeit beträgt TEUR -60.167. Der Cashflow aus der Investitionstätigkeit ist im Wesentlichen von an Tochterunternehmen gegebenen Zuschüssen und Ausleihungen geprägt. Der Cashflow aus der Finanzierungstätigkeit ist maßgeblich von der Vergabe von Konzerndarlehen sowie von der Begebung und Tilgung von Anleihen beeinflusst. Gesamt kommt es in der zahlungswirksamen Veränderung des Finanzmittelbestandes 018 zu einer Verringerung um TEUR 1.606, womit der Finanzmittelbestand am Ende der Periode TEUR 42.131 (2017 TEUR 43.737) beträgt.

Die Geldflussrechnung wurde auf Basis des Fachgutachtens KFS/BW 2 des Fachsenates für Betriebswirtschaft und Organisation der Kammer der Wirtschaftstreuhänder erstellt.

## Informationen gemäß § 243a Abs. 1 Unternehmensgesetzbuch (UGB)

Gemäß § 243a Abs. 1 Unternehmensgesetzbuch (UGB) sind die folgenden Informationen anzugeben:

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1. Das Grundkapital der S IMMO AG beträgt zum Bilanzstichtag 31.12.2018 EUR 243.143.569,90 und ist in 66.917.179 auf Inhaber lautende Stückaktien zerlegt. Es bestehen keine unterschiedlichen Aktiengattungen.
2. Die Satzung der S IMMO AG beschränkt das Stimmrecht jedes Aktionärs in der Hauptversammlung mit 15 % der ausgegebenen Aktien (Höchststimmrecht). Hierbei sind die Aktien von Unternehmen, die miteinander einen Konzern im Sinne des § 15 Aktiengesetz (AktG) bilden, zusammenzurechnen, ebenso die Aktien, die von Dritten für Rechnung des betreffenden Aktionärs oder eines mit ihm konzernmäßig verbundenen Unternehmens gehalten werden. Zusammenzurechnen sind weiters Aktienbestände von Aktionären, die bei der Ausübung der Stimmrechte auf Grund eines Vertrags oder auf Grund abgestimmten Verhaltens gemeinsam vorgehen. Dem Vorstand der S IMMO AG sind (abgesehen von der gemeinsamen Stimmrechtspolitik zwischen der Erste Asset Management GmbH und der ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.; siehe dazu Punkt 3) keine Vereinbarungen über Beschränkungen, die Stimmrechte oder die Übertragung von Aktien betreffen, bekannt.
3. Der Gesellschaft wurden folgende Beteiligungen über 10 % an ihr gemäß §§ 130 ff. Börsegesetz (BörseG) bzw. den entsprechenden Vorgängerbestimmungen gemeldet:

Am 18.04.2018 meldete die IMMOFINANZ AG (FN 114425y), dass sie Aktienkaufverträge über 19.499.437 Stückaktien bzw. 29,14 % des Grundkapitals der S IMMO AG abgeschlossen hat, wobei diese insbesondere unter der aufschiebenden Bedingung der kartell- bzw. wettbewerbsrechtlichen Zulässigkeit/Nichtuntersagung der zuständigen Kartellbehörden stünden.

Am 21.09.2018 erfolgte eine weitere Meldung der IMMOFINANZ AG, wonach nunmehr nach Erteilung der relevanten kartellrechtlichen Freigaben das Closing der Transaktion und die Übertragung der erworbenen S IMMO Aktien an IMMOFINANZ AG am 21.09.2018 erfolgte.

Die Erste Asset Management GmbH meldete am 30.11.2011, dass sie gemeinsam mit ihren (damaligen) Tochtergesellschaften RINGTURM Kapitalanlagegesellschaft m.b.H. und ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H. eine gemeinsame Stimmrechtspolitik verfolge und daher Stimmrechtsmitteilungen der verwalteten Fondsbestände kumuliert erfolgen.

Dementsprechend meldeten die drei genannten Gesellschaften, dass sie per 29.11.2011 insgesamt 8.130.557 Stimmrechte an der S IMMO AG hielten, was circa 11,94 % des damaligen Grundkapitals und circa 12,15 % des derzeitigen, im Zuge der Einziehung eigener Aktien zum 19.12.2013 herabgesetzten Grundkapitals entspricht. Sowohl die RINGTURM Kapitalanlagegesellschaft m.b.H. als auch die ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H. wurden mittlerweile mit der Erste Asset Management GmbH verschmolzen.

Die S IMMO AG weist klarstellend darauf hin, dass sie auf Grund von Meldungen gemäß §§ 130 ff BörseG bzw. den jeweiligen Vorgängerbestimmungen vom Entstehen der genannten Beteiligungen über 10 % erfahren hat und daher unter anderem die Vollständigkeit und Richtigkeit obiger Aufzählung nicht garantieren kann. Darüber hinaus haben Meldungen gemäß BörseG nur beim Erreichen, Über- oder Unterschreiten der darin festgesetzten Schwellenwerte zu erfolgen, weshalb das tatsächliche (aktuelle) Beteiligungsausmaß von den gemeldeten Zahlen abweichen kann.

4. Es bestehen keine Aktien mit besonderen Kontrollrechten.
5. Arbeitnehmer, die im Besitz von Aktien sind, üben bei der Hauptversammlung ihr Stimmrecht gegebenenfalls unmittelbar aus.
6. Der Vorstand besteht aus zwei, drei oder vier Mitgliedern. Die Mitglieder des Vorstands werden vom Aufsichtsrat mit Dreiviertelmehrheit der abgegebenen Stimmen bestellt. Der Aufsichtsrat kann dabei auch ein Mitglied des Vorstands zum Vorsitzenden und eines zum Stellvertreter des Vorsitzenden bestimmen. Auch dieser Beschluss bedarf einer Dreiviertelmehrheit der abgegebenen Stimmen. Eine Bestellung zum Vorstand ist letztmalig vor Erreichen des 65. Lebensjahres möglich. Der Aufsichtsrat besteht aus höchstens zehn von der Hauptversammlung gewählten Mitgliedern. Beschlüsse über ordentliche Kapitalerhöhungen beschließt die Hauptversammlung mit einfacher Mehrheit der abgegebenen Stimmen und mit einfacher Mehrheit des bei der Beschlussfassung vertretenen Grundkapitals.
7. a) Der Vorstand ist mit Beschluss der 29. ordentlichen Hauptversammlung vom 03.05.2018 für die Dauer von fünf Jahren nach Eintragung dieser Satzungsänderung im Firmenbuch, somit bis 25.07.2023, gemäß § 169 AktG ermächtigt, mit Zustimmung des Aufsichtsrats, das Grundkapital um bis zu EUR 48.628.711,07 durch Ausgabe von bis zu 13.383.435 Stück neuen auf Inhaber lautende Stammaktien der Gesellschaft gegen Bar- oder Sacheinlagen auch in mehreren Tranchen zu erhöhen und den Ausgabebetrag, der nicht unter dem anteiligen Betrag des Grundkapitals liegen darf, sowie die sonstigen Ausgabebedingungen im Einvernehmen mit dem Aufsichtsrat festzusetzen. Der Vorstand ist ermächtigt, mit Zustimmung des Aufsichtsrats das Bezugsrecht der Aktionäre ganz oder teilweise auszuschließen, (i) wenn die Kapitalerhöhung gegen Bareinlage erfolgt und in Summe der rechnerisch auf die gegen Bareinlage unter Ausschluss des Bezugsrechts ausgegebenen Aktien entfallende Anteil am Grundkapital der Gesellschaft die Grenze von 10 % (zehn Prozent) des Grundkapitals der Gesellschaft zum Zeitpunkt der Ausübung der Ermächtigung nicht übersteigt, (ii) wenn die Kapitalerhöhung gegen Sacheinlage erfolgt, (iii) zur Bedienung einer Mehrzuteilungsoption (Greenshoe) oder (iv) für den Ausgleich von Spitzenbeträgen. Auf die Summe der nach dieser Ermächtigung unter Ausschluss des Bezugsrechts der Aktionäre gegen Bar- und Sacheinlagen ausgegebenen Aktien darf rechnerisch ein Anteil am Grundkapital von insgesamt nicht mehr als 20 % (zwanzig Prozent) des Grundkapitals der Gesellschaft zum Zeitpunkt der Einräumung der Ermächtigung entfallen. Auf diese Grenze sind sämtliche Bezugs- und

Umtauschrechte auf neue Aktien anzurechnen, die auf eine während der Laufzeit dieser Ermächtigung unter Ausschluss des Bezugsrechts begebenen Wandel-, Umtausch- oder Optionsanleihe eingeräumt worden sind. Der Aufsichtsrat ist ermächtigt, Änderungen der Satzung, die sich durch die Ausgabe von Aktien aus dem genehmigten Kapital ergeben, zu beschließen.

b) In der 29. ordentlichen Hauptversammlung vom 03.05.2018 wurde dem Vorstand die Ermächtigung erteilt, nach den Bestimmungen des § 65 Abs. 1 Z 8 sowie Abs 1a und Abs 1b AktG für die Dauer von 30 Monaten ab dem Datum der Beschlussfassung, somit bis 03.11.2021, mit Zustimmung des Aufsichtsrats eigene Aktien im gesetzlich zulässigen Höchstausmaß von bis zu 10 % des Grundkapitals der Gesellschaft, auch wiederholt, zu erwerben und gegebenenfalls einzuziehen. Derzeit hält die Gesellschaft 715.424 eigene Aktien was 1,07 % des derzeitigen Grundkapitals entspricht. Der Vorstand wurde auch ermächtigt, für die Dauer von fünf Jahren ab Beschlussfassung, somit bis 03.05.2023, mit Zustimmung des Aufsichtsrats für die Veräußerung der eigenen Aktien auch eine andere Art als über die Börse oder durch ein öffentliches Angebot unter Ausschluss des Bezugsrechts der Aktionäre zu beschließen.

c) Der Vorstand wurde mit Beschluss der 29. ordentlichen Hauptversammlung vom 03.05.2018 gemäß § 174 Abs 2 AktG ermächtigt, innerhalb von 5 Jahren ab dem Datum der Beschlussfassung, somit bis zum 03.05.2023, mit Zustimmung des Aufsichtsrates Wandelschuldverschreibungen, mit denen ein Umtausch- und/oder Bezugsrecht auf bis zu 13.383.435 Stück auf Inhaber lautende Stückaktien der Gesellschaft mit einem anteiligen Betrag am Grundkapital von bis zu EUR 48.628.711,07 verbunden ist, mit oder ohne Bezugsrechtsausschluss, jeweils auch in mehreren Tranchen gegen Barwerte auszugeben und alle weiteren Bedingungen der Wandelschuldverschreibungen festzusetzen.

Diese Ermächtigung kann auch wiederholt ausgenutzt werden. Dabei darf die Summe aus (i) den an Inhaber von Wandelschuldverschreibungen gemäß dieser Ermächtigung bereits gelieferten Aktien und (ii) den Aktien, für die Umtausch- und/oder Bezugsrechte aus bereits emittierten und im Rahmen der Wiederausnutzung zu emittierenden Wandelschuldverschreibungen ausgeübt werden können, die in diesem Beschluss festgesetzte Höchstzahl, welche 20 % des Grundkapitals entspricht, nicht übersteigen. Auf diese Grenze sind auch neue Aktien anzurechnen, die während der Laufzeit dieser Ermächtigung unter Ausschluss des Bezugsrechts der Aktionäre aus genehmigtem Kapital ausgegeben werden. Die Umtausch- und/oder Bezugsrechte können durch Aktien aus bedingtem Kapital, genehmigtem Kapital, aus eigenen Aktien oder im Wege einer Lieferung durch Dritte, oder einer Kombination daraus, bedient werden.

Das Grundkapital wird gemäß § 159 Abs 2 Z 1 AktG um bis zu EUR 48.628.711,07 durch Ausgabe von bis zu 13.383.435 Stück neuen auf Inhaber lautende Stückaktien bedingt erhöht. Die bedingte Kapitalerhöhung wird nur insoweit durchgeführt, als Inhaber von auf der Grundlage des Hauptversammlungsbeschlusses vom 03.05.2018 ausgegebenen

Wandelschuldverschreibungen von dem ihnen eingeräumten Umtausch- und/oder Bezugsrecht Gebrauch machen. Der Ausgabebetrag und das Umtausch- und/oder Bezugsverhältnis sind unter Berücksichtigung marktüblicher Berechnungsmethoden sowie des Kurses der Aktien der Gesellschaft zu ermitteln (Grundlagen der Berechnung des Ausgabebetrags); der Ausgabebetrag darf nicht unter dem anteiligen Betrag des Grundkapitals liegen. Der Vorstand ist ermächtigt, mit Zustimmung des Aufsichtsrates die weiteren Einzelheiten der Durchführung der bedingten Kapitalerhöhung (insbesondere Ausgabebetrag, Inhalt der Aktienrechte, Zeitpunkt der Dividendenberechtigung) festzulegen. Der Aufsichtsrat wird ermächtigt, Änderungen der Satzung, die sich durch die Ausgabe von Aktien aus dem bedingten Kapital oder aufgrund des Ablaufs der Frist zur Ausnutzung des bedingten Kapitals ergeben, zu beschließen.

8. Die im Juni 2014 begebene 4,5 % S IMMO Anleihe 2014 – 2021 (Volumen rund EUR 90 Mio.), die im Oktober 2014 begebene 3 % S IMMO Anleihe 2014 – 2019 (Volumen EUR 100 Mio.), die im April 2015 begebene 3,25 % S IMMO Anleihe 2015 – 2025 (Volumen rund EUR 34 Mio.), die im April 2015 begebene 3,25 % S IMMO Anleihe 2015 – 2027 (Volumen EUR 65 Mio.) sowie die im Februar 2018 begebenen 1,75 % S IMMO Anleihe 2018 – 2024 (Volumen EUR 100 Mio.) bzw. die 2,875 % S IMMO Anleihe 2018 – 2030 (Volumen EUR 50 Mio.) enthalten sogenannte Change-of-Control- Klauseln. Gemäß den Bedingungen der 2014 und 2015 begebenen Anleihen sind die Anleihegläubiger im Falle eines Kontrollwechsels zur Kündigung der Teilschuldverschreibung berechtigt und können die sofortige Rückzahlung verlangen. Gemäß den Bedingungen der im Februar 2018 begebenen Anleihen sind die Anleihegläubiger im Falle eines Kontrollwechsels zur Kündigung der Teilschuldverschreibung berechtigt, sofern dieser Kontrollwechsel zu einer wesentlichen Beeinträchtigung der Fähigkeit der Emittentin führt, ihre Verpflichtungen aus den Teilschuldverschreibungen zu erfüllen. Ein Kontrollwechsel findet gemäß den Bedingungen der Anleihen dann statt, wenn eine oder mehrere gemeinsam vorgehende Personen oder eine Drittperson oder -personen, die für eine solche Person oder Personen handeln, zu irgendeiner Zeit direkt oder indirekt (i) mehr als 50 % der mit den Aktien der Emittentin verbundenen Stimmrechte (ohne Berücksichtigung des Höchststimmrechts) oder (ii) das Recht, die Mehrzahl der Mitglieder des Vorstands der Emittentin und/oder der Kapitalvertreter im Aufsichtsrat der Emittentin zu bestimmen, erworben haben.

Darüber hinaus beinhalten auch die Vorstandsverträge eine Change-of-Control-Klausel. Dabei wird das Recht eingeräumt, bei Eintritt eines Change-of-Control-Ereignisses innerhalb eines Zeitraumes von 3 Monaten nach Eintritt dieses Ereignisses unter Einhaltung einer Kündigungsfrist von 4 Monaten das Anstellungsverhältnis zu kündigen und das Vorstandsmandat zurückzulegen. Im Falle einer solchen Beendigung bleiben die Entgeltansprüche gemäß Anstellungs- sowie Pensionskassenvertrag bis 30.06.2021 aufrecht. Die Fortzahlung der Bezüge ist jedoch mit 2 Bruttojahresentgelten beschränkt. Ein Change-of-Control-Ereignis liegt ausschließlich dann vor, wenn auf Aktionärsbene ein Wechsel stattfindet, der auch zu einer Neuwahl von mindestens einem Drittel der Aufsichtsratsmitglieder der Gesellschaft geführt hat.

**S IMMO AG, Wien**

9. Es bestehen keine Entschädigungsvereinbarungen zwischen der Gesellschaft und ihren Vorstands- und Aufsichtsratsmitgliedern oder Arbeitnehmerinnen und Arbeitnehmern für den Fall eines öffentlichen Übernahmeangebots.

Wien, am 20. März 2019

Der Vorstand:

Mag. Ernst Vejdovszky

Mag. Friedrich Wachernig, MBA

## Bilanz zum 31. Dezember 2018

## Aktiva

	31.12.2018		31.12.2017	
	EUR	EUR	TEUR	TEUR
<b>A. Anlagevermögen</b>				
I. Immaterielle Vermögensgegenstände ähnliche Rechte		40.153,99		58
II. Sachanlagen				
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund <i>davon Verschmelzungsmehrwert</i>	7.215.786,44	139.362.267,70	7.432	153.095
2. andere Anlagen, Betriebs- und Geschäfts- ausstattung		241.541,96		220
3. geleistete Anzahlungen		0,00		7
		139.603.809,66		153.322
III. Finanzanlagen				
1. Anteile an verbundenen Unternehmen <i>davon Verschmelzungsmehrwert</i>	369.528,03	650.313.174,92	370	625.313
2. Ausleihungen an verbundene Unternehmen <i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	48.880.160,98	56.659.026,98	74.851	87.028
3. Beteiligungen		2.820.017,60		1.892
4. Ausleihungen an Unternehmen, mit denen ein Beteiligungsverhältnis besteht <i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	4.230.815,02	4.230.815,02	10.946	10.946
5. Wertpapiere (Wertrechte) des Anlagevermögens		443.049,70		1.143
		714.466.084,22		726.322
		854.110.047,87		879.702
<b>B. Umlaufvermögen</b>				
I. Forderungen und sonstige Vermögensgegenstände				
1. Forderungen aus Lieferungen und Leistungen <i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	0,00	844.267,64	0	797
2. Forderungen gegenüber verbundenen Unternehmen <i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	152.980.771,99	355.836.032,65	1.218	331.159
3. Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht <i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	0,00	1.439.148,04	0	1.171
4. sonstige Forderungen und Vermögensgegenstände <i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	420.752,00	1.945.341,98	983	2.383
		360.064.790,31		335.510
II. Kassenbestand, Guthaben bei Kreditinstituten		42.131.410,83		43.737
		402.196.201,14		379.247
<b>C. Rechnungsabgrenzungsposten</b>		519.737,58		80
<b>D. Aktive latente Steuern</b>		2.009.975,00		1.374
		1.258.835.961,59		1.260.403

## Bilanz zum 31. Dezember 2018

## Passiva

	31.12.2018		31.12.2017	
	EUR	EUR	TEUR	TEUR
<b>A. Eigenkapital</b>				
I. Grundkapital		243.143.569,90		243.144
Nennbetrag eigener Anteile		-2.599.493,10		-2.599
ausgegebenes Kapital		240.544.076,80		240.545
II. Kapitalrücklagen				
gebundene		77.943.846,02		77.944
III. Gewinnrücklagen				
1. Rücklage für eigene Anteile (gebunden)		2.599.493,10		2.599
2. andere Rücklagen (freie Rücklagen)		108.384.951,97		108.537
davon ausschüttungsgesperrt	2.009.975,00		1.374	
		110.984.445,07		111.136
IV. Bilanzgewinn		60.043.470,96		29.000
davon Gewinnvortrag	2.519.298,00		1.519	
		489.515.838,85		458.625
<b>B. Rückstellungen</b>				
1. Rückstellungen für Abfertigungen		199.692,09		190
2. Rückstellungen für Pensionen		0,00		1.708
3. Steuerrückstellungen		13.917,00		14
4. sonstige Rückstellungen		18.051.009,09		14.687
		18.264.618,18		16.599
<b>C. Verbindlichkeiten</b>				
davon mit einer Restlaufzeit von bis zu einem Jahr	216.187.211,35		316.960	
davon mit einer Restlaufzeit von mehr als einem Jahr	534.558.525,03		467.575	
1. Anleihen		438.664.000,00		288.664
davon konvertibel	0,00		0	
davon mit einer Restlaufzeit von bis zu einem Jahr	99.931.000,00		0	
davon mit einer Restlaufzeit von mehr als einem Jahr	338.733.000,00		288.664	
2. Genussscheinkapital		0,00		56.717
davon mit einer Restlaufzeit von bis zu einem Jahr	0,00		56.717	
davon mit einer Restlaufzeit von mehr als einem Jahr	0,00		0	
3. Verbindlichkeiten gegenüber Kreditinstituten		115.965.913,00		113.227
davon mit einer Restlaufzeit von bis zu einem Jahr	7.295.108,00		8.164	
davon mit einer Restlaufzeit von mehr als einem Jahr	108.670.805,00		105.064	
4. Verbindlichkeiten aus Lieferungen und Leistungen		259.046,86		365
davon mit einer Restlaufzeit von bis zu einem Jahr	259.046,86		365	
davon mit einer Restlaufzeit von mehr als einem Jahr	0,00		0	
5. Verbindlichkeiten gegenüber verbundenen Unternehmen		184.714.585,30		317.298
davon mit einer Restlaufzeit von bis zu einem Jahr	99.127.045,35		244.676	
davon mit einer Restlaufzeit von mehr als einem Jahr	85.587.539,95		72.622	
6. sonstige Verbindlichkeiten		11.142.191,22		8.263
davon aus Steuern	384.419,93		632	
davon im Rahmen der sozialen Sicherheit	84.412,08		83	
davon mit einer Restlaufzeit von bis zu einem Jahr	9.575.011,14		7.038	
davon mit einer Restlaufzeit von mehr als einem Jahr	1.567.180,08		1.225	
		750.745.736,38		784.534
<b>D. Rechnungsabgrenzungsposten</b>		309.768,18		645
		1.258.835.961,59		1.260.403

## Gewinn- und Verlustrechnung für das Geschäftsjahr 2018

	2018		2017	
	EUR	EUR	TEUR	TEUR
1. Umsatzerlöse		21.014.484,16		21.108
2. sonstige betriebliche Erträge				
a) Erträge aus dem Abgang vom und der Zuschreibung zum Anlagevermögen mit Ausnahme der Finanzanlagen		9.106.025,59		0
b) Erträge aus der Auflösung von Rückstellungen		14.155,00		91
c) übrige		1.105.846,24		385
		10.226.026,83		476
3. Aufwendungen für bezogene Leistungen		-5.800.575,32		-6.215
4. Personalaufwand				
a) Gehälter		-5.368.102,94		-3.788
b) soziale Aufwendungen		-1.207.872,40		-1.166
<i>davon Aufwendungen für Altersversorgung</i>	-164.947,26		-242	
<i>davon Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeiterversorgungskassen</i>	-94.585,44		-82	
<i>davon Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge</i>	-888.512,74		-790	
		-6.575.975,34		-4.954
5. Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen		-5.225.286,67		-5.375
6. sonstige betriebliche Aufwendungen		-5.707.067,13		-4.325
<i>davon Steuern, soweit sie nicht unter Z 18 fallen</i>	-28.555,74		-45	
<b>7. Zwischensumme aus Z 1 bis 6</b>		7.931.606,53		715
8. Erträge aus Beteiligungen		65.346.060,96		80.499
<i>davon aus verbundenen Unternehmen</i>	64.874.534,96		80.000	
9. Erträge aus anderen Wertpapieren und Ausleihungen des Finanzanlagevermögens		5.344.901,39		6.183
<i>davon aus verbundenen Unternehmen</i>	4.454.134,32		5.293	
10. sonstige Zinsen und ähnliche Erträge		670.550,91		2.011
<i>davon aus verbundenen Unternehmen</i>	602.570,98		650	
11. Erträge aus dem Abgang von und der Zuschreibung zu Finanzanlagen		1.716.180,28		2.704
12. Aufwendungen aus Finanzanlagen		-1.886,77		-3
<i>davon Abschreibungen</i>	-1.886,77		-3	
<i>davon Aufwendungen aus verbundenen Unternehmen</i>	0,00		0	
13. Zinsen und ähnliche Aufwendungen		-26.065.670,96		-15.764
<i>davon betreffend verbundene Unternehmen</i>	-2.688.336,20		-2.077	
14. Ergebniszuweisung Genussscheine		0,00		-4.858
15. Zuweisung anteilige stille Reserven Immobilienvermögen für die Genussscheine		0,00		-1.106
<b>16. Zwischensumme aus Z 8 bis 15</b>		47.010.135,81		69.666
<b>17. Ergebnis vor Steuern (Zwischensumme aus Z 7 und Z 16)</b>		54.941.742,34		70.381
18. Steuern vom Einkommen und vom Ertrag		2.430.122,00		26.219
<i>davon latente Steuern</i>	636.107,00		-1.467	
<i>davon aus Steuerumlagen</i>	1.794.015,00		27.716	
<b>19. Ergebnis nach Steuern</b>		57.371.864,34		96.600
<b>20. Jahresüberschuss</b>		57.371.864,34		96.600
21. Auflösung von Gewinnrücklagen		152.308,62		153
22. Zuweisung zu Gewinnrücklagen		0,00		-69.272
23. Gewinnvortrag aus dem Vorjahr		2.519.298,00		1.519
<b>24. Bilanzgewinn</b>		60.043.470,96		29.000

## Anhang zum Jahresabschluss 31.12.2018

### I. Bilanzierungs- und Bewertungsmethoden

Der Jahresabschluss zum 31. Dezember 2018 wurde unter Beachtung der allgemein anerkannten Grundsätze erstellt. Dabei wurden die in § 201 Abs. 2 UGB kodifizierten Grundsätze ordnungsmäßiger Buchführung und Bilanzierung beachtet, um ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln. Die Bilanzierung, die Bewertung und der Ausweis der einzelnen Posten des Jahresabschlusses wurden nach den Bestimmungen der §§ 195 bis 211 und 222 bis 235 UGB vorgenommen. Der Jahresabschluss der S IMMO AG wurde nach den Vorschriften des Unternehmensgesetzbuches in der geltenden Fassung erstellt.

Bei der Aufstellung des Jahresabschlusses wurde der Grundsatz der Vollständigkeit eingehalten. Bei der Bewertung wurde von der Fortführung des Unternehmens ausgegangen.

Bei Vermögensgegenständen und Schulden wurde der Grundsatz der Einzelbewertung angewendet. Dem Vorsichtsprinzip wurde Rechnung getragen, indem insbesondere nur die am Abschlussstichtag verwirklichten Gewinne ausgewiesen wurden. Alle erkennbaren Risiken und drohenden Verluste, die im Geschäftsjahr oder in einem der früheren Geschäftsjahre entstanden sind, wurden berücksichtigt.

Bei der Gesellschaft handelt es sich um ein Unternehmen von öffentlichem Interesse gemäß § 189a UGB und gilt daher als große Kapitalgesellschaft im Sinne des § 221 UGB.

Schätzungen beruhen auf einer umsichtigen Beurteilung. Soweit statistisch ermittelbare Erfahrungen aus gleich gelagerten Sachverhalten vorhanden sind, hat das Unternehmen diese bei den Schätzungen berücksichtigt.

#### 1. Anlagevermögen

##### 1.1 Immaterielles Anlagevermögen

Erworbene immaterielle Vermögensgegenstände werden zu Anschaffungskosten bewertet, vermindert um planmäßige Abschreibungen entsprechend der Nutzungsdauer. Die planmäßigen Abschreibungen werden linear angenommen. Als Nutzungsdauer wird ein Zeitraum von 4 Jahren zugrunde gelegt.

##### 1.2 Sachanlagevermögen

Das Sachanlagevermögen wurde zu Anschaffungs- oder Herstellungskosten abzüglich Investitionszuschüssen und bisher aufgelaufenen und im Berichtsjahr planmäßig fortgeführten Abschreibungen bewertet. Zur Ermittlung der Abschreibungssätze wird generell die lineare Abschreibungsmethode gewählt. Der Rahmen der Nutzungsdauer beträgt für die einzelnen Anlagengruppen:

Gebäude:	40 bis 67 Jahre
Hardware:	4 Jahre
Betriebs- und Geschäftsausstattung:	5 bis 10 Jahre

Geringwertige Vermögensgegenstände (Wirtschaftsgüter gemäß § 13 EStG 1988) werden im Jahr der Anschaffung aktiviert und sofort voll abgeschrieben.

### **1.3 Finanzanlagevermögen**

Die Finanzanlagen sind zu Anschaffungskosten abzüglich außerplanmäßiger Abschreibungen unter Beachtung des gemilderten Niederstwertprinzips bewertet. Außerplanmäßige Abschreibungen werden nur im Fall einer voraussichtlich dauernden Wertminderung vorgenommen.

Ausleihungen werden zu Anschaffungskosten bilanziert. Bei nachhaltigen und wesentlichen Wertminderungen werden niedrigere Werte angesetzt.

### **1.3 Zuschreibungen zum Anlagevermögen**

Zuschreibungen zu Vermögensgegenständen des Anlagevermögens werden vorgenommen, wenn die Gründe für die außerplanmäßige Abschreibung weggefallen sind. Die Zuschreibung erfolgt auf maximal den Nettobuchwert, der sich unter Berücksichtigung der Normalabschreibungen, die inzwischen vorzunehmen gewesen wären, ergibt.

## **2. Umlaufvermögen**

### **2.1 Forderungen und sonstige Vermögensgegenstände**

Die Forderungen wurden zum Nennwert bewertet. Soweit erforderlich, wird die späte Fälligkeit durch Abzinsung berücksichtigt. Bei der Bewertung von Forderungen wurden erkennbare Risiken durch individuelle Abwertungen berücksichtigt.

## **3. Rechnungsabgrenzungsposten**

Die aktiven und passiven Rechnungsabgrenzungsposten wurden mit dem Nennwert bewertet.

Die aktive Rechnungsabgrenzung beinhaltet Disagios im Zusammenhang mit der Begebung eigener Anleihen. Die Disagios werden über die Laufzeit der Anleihe linear aufgelöst. Vor dem 1.1.2016 entstandene Disagios wurden sofort aufwandswirksam erfasst.

## **4. Latente Steuern**

Aktive latente Steuern werden auf Differenzen, die zwischen den unternehmensrechtlichen und steuerrechtlichen Wertansätzen von Vermögensgegenständen, Rückstellungen, Verbindlichkeiten und Rechnungsabgrenzungsposten bestehen, die sich in späteren Geschäftsjahren voraussichtlich abbauen, angesetzt. Vom Wahlrecht des § 198 Abs. 9 UGB, latente Steuern auf steuerliche Verlustvorträge zu bilanzieren, wurde kein Gebrauch gemacht.

Der bilanzierte Betrag an aktiven latenten Steuern stellt einen Überhang aktiver über passive latente Steuern dar. Eine Saldierung der aktiven mit den passiven latenten Steuern wird vorgenommen, weil eine Aufrechnung der tatsächlichen Steuererstattungsansprüche mit den tatsächlichen Steuerschulden rechtlich möglich ist.

## **5. Rückstellungen**

## 5.1. Personalrückstellungen

Der Ansatz und die Bewertung von Personalrückstellungen (Abfertigungs-, Pensions-, Jubiläumsgeldrückstellungen) folgt den Ausführungen der AFRAC-Stellungnahme 27 „Rückstellungen für Pensions-, Abfertigungs-, Jubiläumsgeld- und vergleichbare langfristig fällige Verpflichtungen nach den Vorschriften des Unternehmensgesetzbuches“ (März 2018).

Die Ermittlung erfolgt nach versicherungsmathematischen Grundsätzen nach der „Projected Unit Credit Method“ unter Verwendung der biometrischen Richttafeln AVÖ 2018 P Pagler & Pagler (Vorjahr AVÖ 2008 P Pagler & Pagler). Der Effekt aus der Umstellung der Sterbetafeln war unwesentlich und wurde zur Gänze erfolgswirksam erfasst.

Beim verwendeten Rechnungszinssatz handelt es sich um einen Stichtagszinssatz. Der Stichtagszinssatz ist jener Zinssatz, zu dem sich ein Unternehmen mit hochklassiger Bonitätseinstufung am Abschlussstichtag der durchschnittlichen Restlaufzeit der Verpflichtungen im Wesentlichen entsprechendes Fremdkapital beschaffen kann.

Die Bewertungsmethode für die Berechnung der Rückstellungen für Abfertigungen wurde gegenüber dem Vorjahr nicht geändert. Eine Pensionsrückstellung (Vorjahr: TEUR 1.708) war infolge vollständiger Auszahlung im Geschäftsjahr nicht mehr erforderlich.

Die Zinsaufwendungen betreffend Abfertigungsrückstellungen sowie die Auswirkungen aus einer Änderung des Zinssatzes werden im Personalaufwand erfasst.

### 5.1.1. Abfertigungsrückstellungen

	2018	2017
Zinssatz	1,0%	0,9%
Gehalts-/Lohnsteigerung	1,5%	1,5%
Fluktuationsabschlag	0% - 7%	0% - 7%
Pensionsalter	62-65 Jahre	62-65 Jahre

## 5.2. Sonstige Rückstellungen

Die Steuer- und sonstigen Rückstellungen berücksichtigen unter Beachtung des Imparitäts- und Höchstwertprinzips alle erkennbaren Risiken und ungewissen Verbindlichkeiten in Höhe jenes Betrages, der nach vernünftiger unternehmerischer Beurteilung hierfür notwendig ist. Die sonstigen Rückstellungen wurden in Höhe des Erfüllungsbetrages gebildet.

## 6. Verbindlichkeiten

Die Verbindlichkeiten sind mit dem Erfüllungsbetrag unter Bedachtnahme auf den Grundsatz der Vorsicht bewertet.

## II. Allgemeine Erläuterungen zur Bilanz und Gewinn- und Verlustrechnung

Die Erstellung der Bilanz sowie der Gewinn- und Verlustrechnung wurde den gesetzlichen Vorschriften entsprechend vorgenommen. Die Gewinn- und Verlustrechnung wurde nach dem Gesamtkostenverfahren erstellt.

### **III. Erläuterungen der Konzernverhältnisse**

Die S IMMO AG, Wien, stellt einen Konzernabschluss gemäß § 245a UGB in Übereinstimmung mit den vom International Accounting Standards Board (IASB) formulierten Standards (IFRS und IAS) und Interpretationen (IFRIC und SIC), wie sie in der Europäischen Union (EU) anzuwenden sind, auf. Der Konzernabschluss ist beim Handelsgericht Wien hinterlegt. Ein gesonderter konsolidierter nicht finanzieller Bericht wird erstellt und im Rahmen des Geschäftsberichtes veröffentlicht.

Die S IMMO AG, Wien, stellt den Konzernabschluss für den größten und kleinsten Kreis von Unternehmen auf.

### **IV. Erläuterungen zur Gruppenbesteuerung**

Die Gesellschaft ist Gruppenträger einer steuerlichen Unternehmensgruppe gemäß § 9 Abs. 1 KStG.

Zwischen Gruppenträger und Gruppenmitgliedern besteht ein Vertrag zur Regelung des Steuerausgleichs. Die Ermittlung des Steuerausgleichs erfolgt demnach nach der Belastungsmethode: weist ein inländisches Gruppenmitglied ein positives steuerliches Ergebnis aus, dann ist eine positive Steuerumlage in Höhe von 25% an den Gruppenträger zu entrichten. Im Falle eines negativen steuerlichen Ergebnisses erhält das inländische Gruppenmitglied keine sofortige Zahlung, vielmehr werden die negativen Ergebnisse als interner Verlustvortrag des jeweiligen Gruppenmitgliedes in Evidenz gehalten, welcher mit zukünftigen positiven Ergebnissen verrechnet werden kann.

## V. Erläuterungen zur Bilanz

### AKTIVA

#### 1. Anlagevermögen

Die Entwicklung der einzelnen Posten des Anlagevermögens und die Aufgliederung der Jahresabschreibung nach einzelnen Posten sind aus dem nachstehenden Anlagenspiegel ersichtlich.

Entwicklung des Anlagevermögens:

	Anschaffungs-/Herstellungskosten				kumulierte Abschreibungen				Restbuchwerte		
	Stand 1.1.2018	Zugänge	Abgänge	Stand 31.12.2018	Stand 1.1.2018	Zugänge	Abgänge	Zuschreibun- gen	Stand 31.12.2018	Stand 31.12.2017	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
<b>I. Immaterielle Vermögensgegenstände</b>											
ähnliche Rechte	256.210,51	12.100,00	20.817,07	247.493,44	198.529,57	29.626,95	20.817,07	0,00	207.339,45	40.153,99	57.680,94
<b>II. Sachanlagen</b>											
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund											
Grundwert (unbebaut)	1.007.000,00	0,00	0,00	1.007.000,00	0,00	0,00	0,00	0,00	0,00	1.007.000,00	1.007.000,00
Grundwert (bebaut)	50.523.503,19	0,00	6.003.154,42	44.520.348,77	0,00	0,00	0,00	0,00	0,00	44.520.348,77	50.523.503,19
Gebäudewert	185.270.297,24	9.921,83	13.243.810,04	172.036.409,03	80.445.310,22	5.264.892,44	10.580.094,33	0,00	75.130.108,33	96.906.300,70	104.824.987,02
Investitionszuschuss aus öffentlichen Mitteln	-4.853.808,43	0,00	-167.635,00	-4.686.173,43	-1.593.392,95	-141.137,99	-119.739,28	0,00	-1.614.791,66	-3.071.381,77	-3.260.415,48
	231.946.992,00	9.921,83	19.079.329,46	212.877.584,37	78.851.917,27	5.123.754,45	10.460.355,05	0,00	73.515.316,67	139.362.267,70	153.095.074,73
2. andere Anlagen, Betriebs- und Geschäftsausstattung *)											
eigene	435.684,18	87.654,72	14.690,64	508.648,26	264.913,44	60.890,44	14.141,40	0,00	311.662,48	196.985,78	170.770,74
vermietete Mobilien	178.619,82	5.914,00	0,00	184.533,82	128.962,81	11.014,83	0,00	0,00	139.977,64	44.556,18	49.657,01
	614.304,00	93.568,72	14.690,64	693.182,08	393.876,25	71.905,27	14.141,40	0,00	451.640,12	241.541,96	220.427,75
3. geleistete Anzahlungen	6.700,00	0,00	6.700,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6.700,00
	232.567.996,00	103.490,55	19.100.720,10	213.570.766,45	79.245.793,52	5.195.659,72	10.474.496,45	0,00	73.966.956,79	139.603.809,66	153.322.202,48
<b>III. Finanzanlagen</b>											
1. Anteile an verbundenen Unternehmen	625.313.174,92	25.000.000,00	0,00	650.313.174,92	0,00	0,00	0,00	0,00	0,00	650.313.174,92	625.313.174,92
2. Ausleihungen an verbundene Unternehmen	93.475.635,81	2.990.066,05	34.147.674,88	62.318.026,98	6.447.000,00	0,00	0,00	788.000,00	5.659.000,00	56.659.026,98	87.028.635,81
3. Beteiligungen	2.820.017,60	0,00	0,00	2.820.017,60	928.180,28	0,00	0,00	928.180,28	0,00	2.820.017,60	1.891.837,32
4. Ausleihungen an Unternehmen, mit denen ein Beteiligungsverhältnis besteht	10.945.708,93	107.658,04	6.822.551,95	4.230.815,02	0,00	0,00	0,00	0,00	0,00	4.230.815,02	10.945.708,93
5. Wertpapiere (Wertrechte) des Anlagevermögens	1.149.822,78	0,00	697.891,74	451.931,04	6.994,57	1.886,77	0,00	0,00	8.881,34	443.049,70	1.142.828,21
	733.704.360,04	28.097.724,09	41.668.118,57	720.133.965,56	7.382.174,85	1.886,77	0,00	1.716.180,28	5.667.881,34	714.466.084,22	726.322.185,19
	966.528.566,55	28.213.314,64	60.789.655,74	933.952.225,45	86.826.497,94	5.227.173,44	10.495.313,52	1.716.180,28	79.842.177,58	854.110.047,87	879.702.068,61

\*) davon geringwertige Vermögensgegenstände gemäß § 204 (1a) UGB

2.793,10 2.793,10

2.793,10 2.793,10

Im Geschäftsjahr 2018 wurde keine außerplanmäßige Abschreibung vorgenommen (Vorjahr TEUR 0).

## 1.1 Finanzanlagen

Angabe gem. § 238 Z 2 UGB für Beteiligungen ab 20%

	Anteil in %	Stichtag	Währung	Eigenkapital per 31.12.	Ergebnis des Geschäftsjahres
CEE PROPERTY-INVEST Immobilien GmbH, Wien	100	31.12.2018	TEUR	305.714	20.746
German Property Invest Immobilien GmbH, Wien	100	31.12.2018	TEUR	223.819	16.780
A.D.I. Immobilien Beteiligungs GmbH, Wien	100	31.12.2018	TEUR	112.917	52.950
S IMMO Group Finance GmbH, Wien	100	31.12.2018	TEUR	126.471	2.478

Typisch stille Beteiligung an der PCC - Hotelerrichtungs- und Betriebsgesellschaft m.b.H. & Co. KG:

Einlage TEUR 3.634 zuzüglich Verschmelzungsmehrwert TEUR 370.

### Anteile an verbundenen Unternehmen

Im Geschäftsjahr erfolgten keine Zuschreibungen an Anteilen an verbundenen Unternehmen (Vorjahr TEUR 0).

### Ausleihungen an verbundene Unternehmen

Ausleihungen an verbundene Unternehmen mit einer Restlaufzeit von unter 1 Jahr betragen TEUR 7.779 (Vorjahr TEUR 12.177).

Im Geschäftsjahr wurden Ausleihungen an verbundene Unternehmen in Höhe von TEUR 788 (Vorjahr TEUR 2.385) zugeschrieben und wie im Vorjahr keine Ausleihungen an verbundene Unternehmen abgeschrieben.

### Beteiligungen

Hierunter werden die Kommanditbeteiligung an der BGM – Erste Group Immorent GmbH & Co KG und die Beteiligung an der ERSTE Immobilien Kapitalanlagegesellschaft m.b.H. ausgewiesen.

Im Geschäftsjahr 2018 wurde die Beteiligung BGM - Erste Group Immorent GmbH & Co KG in Höhe von TEUR 928 zugeschrieben (Vorjahr TEUR 0).

### Ausleihungen an Unternehmen mit denen ein Beteiligungsverhältnis besteht

Die Ausleihungen an Unternehmen mit denen ein Beteiligungsverhältnis besteht betreffen Ausleihungen an österreichische Projektgesellschaften und betragen TEUR 4.230 (Vorjahr TEUR 10.946).

## 2. Umlaufvermögen

### 2.1 Forderungen und sonstige Vermögensgegenstände

Die Fälligkeiten der Forderungen stellen sich folgendermaßen dar:

		Restlaufzeit		
		Summe	bis 1 Jahr	über 1 Jahr
		TEUR	TEUR	TEUR
Forderungen aus Lieferungen und Leistungen	2018	844	844	0
	VJ	797	797	0
Forderungen gegenüber verbundenen Unternehmen	2018	355.836	202.855	152.981
	VJ	331.159	329.941	1.218
Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	2018	1.439	1.439	0
	VJ	1.171	1.171	0
sonstige Forderungen und Vermögensgegenstände	2018	1.945	1.524	421
	VJ	2.383	1.400	983

#### 2.1.1 Forderungen aus Lieferungen und Leistungen

Die Forderungen aus Lieferungen und Leistungen beinhalten offene Mietzinsforderungen und Betriebskostenforderungen. Einzelwertberichtigungen in Höhe von TEUR 140 (Vorjahr TEUR 599) sind bereits abgezogen.

#### 2.1.2 Forderungen gegenüber verbundenen Unternehmen

Die Forderungen gegenüber verbundenen Unternehmen betreffen Zinsen für eine stille Beteiligung in Höhe von TEUR 436 (Vorjahr: TEUR 218), Forderungen gegenüber Konzerngesellschaften aus Steuerumlagen in Höhe von TEUR 1.826 (Vorjahr: TEUR 27.716), kurzfristigen Gesellschafterdarlehen in Höhe von TEUR 351.892 (Vorjahr: TEUR 1.217), Cash-Pool-Forderungen in Höhe von TEUR 1.366 (Vorjahr: TEUR 251.833) und der Weiterverrechnung von Haftungsprovisionen TEUR 316 (Vorjahr: TEUR 175) sowie im Vorjahr eine Forderung aus einer phasenkongruenten Dividendenaktivierung gegenüber der A.D.I. Immobilien Beteiligungs GmbH in Höhe von TEUR 50.000.

#### 2.1.3 Sonstige Forderungen und Vermögensgegenstände

Die sonstigen Forderungen und Vermögensgegenstände beinhalten mit TEUR 421 (Vorjahr TEUR 983) Up-Front-Prämien für Zinscaps, die gem. AFRAC-Stellungnahme Nr. 15 „Die unternehmensrechtliche Bilanzierung von Derivaten und Sicherungsinstrumenten“ vom September 2017 bilanziert und über die Laufzeit abgeschrieben werden. Weiters umfasst die Position mit TEUR 1.138 (Vorjahr TEUR 1.335) offene Betriebskostenverrechnungen und mit TEUR 386 (Vorjahr TEUR 65) sonstige Forderungen.

### 3. Aktive latente Steuern

Der bilanzierte Betrag an aktiven latenten Steuern stellt einen Überhang aktiver über passive latente Steuern dar. Eine Saldierung der aktiven mit den passiven latenten Steuern wird vorgenommen, weil eine Aufrechnung der tatsächlichen Steuererstattungsansprüche mit den tatsächlichen Steuerschulden rechtlich möglich ist.

Die Entwicklung der aktiven und passiven latenten Steuern (vor Aufrechnung der Salden innerhalb der gleichen Steuerjurisdikatur) stellt sich wie folgt dar:

Posten	Unternehmensrecht	Steuerrecht	Temporäre Differenzen	Latente Steuer (Steuersatz 25%)
<b>Aktive latente Steuern</b>				
Kosten der Geldbeschaffung	0,00	1.601.708	1.601.708	400.427
Abfertigungsrückstellung	199.692	99.643	100.049	25.012
Drohverlustrückstellung für negative Marktwerte von Derivaten	15.679.000	0,00	15.679.000	3.919.750
<b>Summe Stand 31.12.2018</b>				<b>4.345.189</b>
	Unternehmensrecht	Steuerrecht	Temporäre Differenzen	
<b>Passive latente Steuern</b>				
Verschmelzungsmehrwert	7.215.786	0,00	-7.215.786	-1.803.947
Temporäre Differenzen Buchwerte des Immobilienvermögens	21.456.511	19.331.441	-2.125.070	-531.267
<b>Summe Stand 31.12.2018</b>				<b>-2.335.214</b>

Per 31.12.2018 ergibt sich auf saldierter Basis eine aktive Latenz in Höhe von TEUR 2.010 (Vorjahr TEUR 1.374). Die Veränderung zum Vorjahr in Höhe von TEUR 636 stellt einen latenten Steuerertrag dar und ist zur Gänze ergebniswirksam.

Latente Steuern auf temporäre Differenzen, die sich zwischen dem steuerrechtlichen Wertansatz von Anteilen an verbundenen Unternehmen und Beteiligungen und dem unternehmensrechtlichen Wertansatz ergeben, werden nur insofern gebildet, als dass die Gesellschaft nicht in der Lage ist, den zeitlichen Verlauf der Auflösung der temporären Differenzen zu steuern, und es nicht wahrscheinlich ist, dass sich die temporären Differenzen in absehbarer Zeit auflösen werden.

Posten	Unternehmensrecht	Steuerrecht	Temporäre Differenzen	Latente Steuer (Steuersatz 25%)
<b>Aktive latente Steuern</b>				
Kosten der Geldbeschaffung	0	1.129.585	1.129.585	282.396
Pensionsrückstellung	1.707.667	920.994	786.673	196.668
Abfertigungsrückstellung	190.552	86.219	104.332	26.083
Drohverlustrückstellung für negative Marktwerte von Derivaten	13.357.000	0	13.357.000	3.339.250
<b>Summe Stand 31.12.2017</b>				<b>3.844.398</b>
	<b>Unternehmensrecht</b>	<b>Steuerrecht</b>	<b>Temporäre Differenzen</b>	
<b>Passive latente Steuern</b>				
Verschmelzungsmehrwert	7.432.338	0	-7.432.338	-1.858.084
Temporäre Differenzen Buchwerte Immobilienvermögen	22.508.088	20.058.3080	-2.449.781	-612.446
<b>Summe Stand 31.12.2017</b>				<b>-2.470.530</b>

#### 4. Derivative Finanzinstrumente

Derivate werden grundsätzlich zur Reduzierung des Zinsänderungsrisikos eingesetzt. Zinsänderungsrisiken ergeben sich aufgrund bestehender variabel verzinslicher Finanzierungsverbindlichkeiten. Sicherungsinstrumente werden in der Regel auf die Laufzeit der abzusichernden Zahlungsströme aus den Finanzierungsverbindlichkeiten abgeschlossen, für den Fall, dass Sicherungsinstrumente beispielsweise nicht für die gesamte Laufzeit der Finanzierungsverbindlichkeiten verfügbar sind, kommen auch rollierende Sicherungsstrategien zum Einsatz.

Die Gesellschaft hatte zum Bilanzstichtag Zinsswap- und Zinscap-Verträge abgeschlossen:

	Volumen in TEUR	Marktwert in TEUR
Zinsswaps	305.370	-15.679
Zinscaps	190.000	421
Summe	495.370	-15.258

Für Swaps mit zum Bilanzstichtag negativen Marktwerten wurde (im Hinblick auf die AFRAC-Stellungnahme zu Nr. 15 „Die unternehmensrechtliche Bilanzierung von Derivaten und Sicherungsinstrumenten“ vom September 2017) eine Rückstellung für drohende Verluste in Höhe von TEUR 15.679 (Vorjahr TEUR 13.357) gebildet.

## PASSIVA

### 5. Eigenkapital

Das Grundkapital wird mit TEUR 243.144 (abzüglich Nominale eigene Anteile in Höhe von TEUR 2.600 (Vorjahr TEUR 2.600) ausgewiesen und zerfällt in 66.917.179 Stück auf Inhaber lautende Stückaktien. Die Aktien notieren an der Wiener Börse. Im Berichtsraum 2018 wurden keine Aktien eingezogen.

Im Geschäftsjahr 2018 wurden Gewinnrücklagen in Höhe von TEUR 152 (Vorjahr TEUR 152) aufgelöst. Im Vorjahr wurde vom Jahresüberschuss unter anderem ein Betrag in Höhe von TEUR 69.272 den freien Gewinnrücklagen zugewiesen.

Insgesamt unterliegt ein Betrag von TEUR 2.010 (Vorjahr TEUR 1.374) einer Ausschüttungssperre gem. § 235 Abs. 2 UGB.

Die Gesellschaft hält zum Bilanzstichtag 715.424 Stück eigene Aktien, die in Übereinstimmung mit den Regelungen des RÄG 2014 vom Nominalkapital und den Gewinnrücklagen abgesetzt wurden.

Im Geschäftsjahr 2018 wurden keine Aktien aus einem genehmigten Kapital gezeichnet.

In der am 03.05.2018 abgehaltenen 29. ordentlichen Hauptversammlung der S IMMO AG wurde für das Geschäftsjahr 2017 die Ausschüttung einer Dividende von EUR 0,40 je dividendenberechtigter Aktie beschlossen. Der gesamte Ausschüttungsbetrag belief sich auf TEUR 26.481.

Für das Geschäftsjahr 2018 wird der Vorstand die Ausschüttung einer Dividende von EUR 0,70 je dividendenberechtigter Aktie vorschlagen.

#### 5.1 Kapitalrücklagen

Die Kapitalrücklage setzt sich zur Gänze aus gebundenen Kapitalrücklage zusammen.

## 6. Rückstellungen

### 6.1 Rückstellung für Abfertigungen

	31.12.2018 TEUR	31.12.2017 TEUR
Rückstellung für Abfertigungen	200	191

### 6.2 Steuerrückstellungen

	31.12.2018 TEUR	31.12.2017 TEUR
Eintragungsgebühren	14	14

### 6.3 Sonstige Rückstellungen

	31.12.2018 TEUR	31.12.2017 TEUR
Rechts-, Prüfungs-, Beratungs-, Schätz-, Veröffentlichungskosten	723	463
Instandhaltung	261	120
Personal	1.388	747
Drohverluste aus Derivaten	15.679	13.357
<b>Gesamt</b>	<b>18.051</b>	<b>14.687</b>

## 7. Verbindlichkeiten

### 7.1 Anleihen

Die Anleiheverbindlichkeiten zum 31.12.2018 setzen sich folgendermaßen zusammen:

ISIN	Buchwert TEUR	Kupon	Begeben in	Laufzeit bis
AT0000A177D2	89.739,50	4,50%	2014	16.06.2021
AT0000A19SB5	99.931,00	3,00%	2014	02.10.2019
AT0000A1DBM5	33.993,50	3,25%	2015	08.04.2025
AT0000A1DWK5	65.000,00	3,25%	2015	20.04.2027
AT0000A1Z9D9	100.000,00	1,75%	2018	05.02.2024
AT0000A1Z9C1	50.000,00	2,875%	2018	05.02.2030
<b>Gesamt</b>	<b>438.664,00</b>			

Sämtliche Anleiheverbindlichkeiten sind endfällig.

## 7.2. Genussscheinkapital

Die obligationenähnlichen Genussscheine wurden durch die Gesellschaft zur Gänze mit Wirkung 31.12.2017 gekündigt.

Für den Zeitraum Jänner bis Dezember 2018 ergibt sich daher kein Ergebnisanspruch (Vorjahr TEUR 4.858).

Die Genussscheinverbindlichkeit betrug zum 31.12.2017 TEUR 56.717 und wurde im Geschäftsjahr 2018 zur Gänze getilgt.

## 7.3. Verbindlichkeiten

Die Aufgliederung der Verbindlichkeiten gemäß § 225 Abs 6 und § 237 Abs 1 Z 5 UGB stellt sich folgendermaßen dar:

		Restlaufzeit			
		Summe	bis 1 Jahr	über 1 Jahr	über 5 Jahre
		TEUR	TEUR	TEUR	TEUR
Verbindlichkeiten gegenüber Kreditinstituten	2018	115.966	7.295	50.863	57.808
	VJ	113.227	8.164	79.722	25.341
Verbindlichkeiten aus Lieferungen und Leistungen	2018	259	259	0	0
	VJ	365	365	0	0
Verbindlichkeiten gegenüber verbundenen Unternehmen	2018	184.715	99.127	46.696	38.892
	VJ	317.298	244.676	38.729	33.893
Sonstige Verbindlichkeiten	2018	11.142	9.575	0	1.567
	VJ	8.264	7.039	0	1.224

### 7.3.1. Verbindlichkeiten gegenüber Kreditinstituten

Vom Gesamtbetrag der Verbindlichkeiten gegenüber Kreditinstituten sind TEUR 108.926 (Vorjahr TEUR 104.067) dinglich besichert (Grundpfandrecht).

Die Verbindlichkeiten gegenüber Kreditinstituten enthalten mit TEUR 7.040 (Vorjahr TEUR 9.160) Verbindlichkeiten aus Sale-und-Lease-Back-Verträgen, die zum Barwert der zukünftigen Leasingraten bewertet sind.

### 7.3.2 Verbindlichkeiten gegenüber verbundenen Unternehmen

Die Verbindlichkeiten gegenüber verbundenen Unternehmen betreffen Verbindlichkeiten aus Cash Pooling in Höhe von TEUR 79.021 (Vorjahr: TEUR 216.450), aus erhaltenen Darlehen in Höhe von TEUR 105.351 (Vorjahr: TEUR 100.848) sowie einer Steuerverbindlichkeit gegenüber der CEE Immobilien GmbH in Höhe von TEUR 342 (Vorjahr: TEUR 0).

## 7.4 Sonstige Verbindlichkeiten

Die sonstigen Verbindlichkeiten enthalten mit TEUR 1.567 (Vorjahr TEUR 1.224) Kautionen, mit TEUR 384 (Vorjahr TEUR 632) Verbindlichkeiten aus Steuern, mit TEUR 84 (Vorjahr TEUR 83) Verbindlichkeiten aus sozialer Sicherheit, mit TEUR 8.186 (Vorjahr TEUR 5.258) Verbindlichkeiten aus Anleihezinsen und mit TEUR 921 (Vorjahr TEUR 1.067) sonstige Verbindlichkeiten.

In den sonstigen Verbindlichkeiten sind Aufwendungen in Höhe von TEUR 8.459 (Vorjahr TEUR 5.498) enthalten, die erst nach dem Stichtag zahlungswirksam werden.

## 8. Rechnungsabgrenzungsposten

Unter dieser Position werden im Wesentlichen die Erlöse aus dem Verkauf eines Mietrechtes ausgewiesen und ein.

## 9. Haftungsverhältnisse und sonstige finanzielle Verpflichtungen

Zum 31.12.2018 bestehen diverse Haftungsverhältnisse. Diese gliedern sich auf in: abgegebenen Bürgschaften und Garantien TEUR 329.591 (Vorjahr TEUR 366.960) sowie Patronatserklärungen TEUR 137.069 (Vorjahr TEUR 105.286) für Konzerngesellschaften.

Die Gesellschaft hat zu Gunsten einzelner Konzerngesellschaften Patronatserklärungen abgegeben, mit denen sie sich verpflichtet hat, diese Gesellschaften ab dem jeweiligen Erklärungsdatum zumeist über mindestens 12 Monate so mit finanziellen Mitteln auszustatten, dass diese jederzeit in der Lage sind, alle Zahlungsverpflichtungen zeitgerecht erfüllen zu können.

Die Gesellschaft ist Leasingnehmer für diverses IT-Equipment. Die daraus resultierenden Zahlungsverpflichtungen sind von untergeordneter Bedeutung.

## VI. Erläuterungen zur Gewinn- und Verlustrechnung

### 1. Umsatzerlöse

Die Umsatzerlöse setzen sich wie folgt zusammen:

	2018 TEUR	2017 TEUR
Erlöse aus Vermietung	15.627	15.873
Betriebskostenweiterverrechnung	3.931	3.927
Diverse	1.456	1.308
Gesamt	21.014	21.108

**2. Sonstige betriebliche Erträge**

	<b>2018 TEUR</b>	<b>2017 TEUR</b>
Erträge aus dem Abgang vom Anlagevermögen	9.106	0
Erträge aus der Auflösung von Rückstellungen	14	91
Diverse	1.106	385
<b>Gesamt</b>	<b>10.226</b>	<b>476</b>

**3. Aufwendungen für sonstige bezogene Herstellungsleistungen**

	<b>2018 TEUR</b>	<b>2017 TEUR</b>
Betriebskosten und laufende öffentliche Abgaben gemäß § 21 Abs 1 und 2 MRG	4.238	4.349
Instandhaltungsaufwendungen	1.563	1.866
<b>Gesamt</b>	<b>5.801</b>	<b>6.215</b>

**4. Personalaufwand**

Die Gesellschaft beschäftigte im Jahresdurchschnitt 2 Vorstandsmitglieder, 37 Angestellte und keine Arbeiter. (Im Vorjahr 2 Vorstandsmitglieder, 38 Angestellte und keine Arbeiter.) Die Bezüge der Mitglieder des Vorstands lassen sich wie folgt aufgliedern:

	<b>2018 TEUR</b>	<b>2017 TEUR</b>
Fix	825	559
Variabel	551	430
<b>Gesamt</b>	<b>1.376</b>	<b>989</b>

Neben den oben genannten Beträgen bestanden noch sonstige Bezüge, die im Wesentlichen die Beiträge an Pensionskassen in Höhe von TEUR 85 (Vorjahr TEUR 57) und die Beiträge an die Mitarbeitervorsorgekasse in Höhe von TEUR 36 (Vorjahr TEUR 15) enthalten.

**5. Abschreibungen**

Hierunter werden planmäßige Abschreibungen auf immaterielle Vermögensgegenstände und Sachanlagen (abzüglich der aliquoten Auflösung des Investitionszuschusses) von TEUR 5.225 (Vorjahr TEUR 5.375) ausgewiesen.

**6. Sonstige betriebliche Aufwendungen****a) Steuern, soweit sie nicht unter Z 18 fallen**

Die Steuern betreffen im Wesentlichen nicht abzugsfähige Vorsteuern.

**b) Übrige**

	<b>2018 TEUR</b>	<b>2017 TEUR</b>
Rechts- und Beratungsaufwand	2.063	1.272
Investor Relations und Unternehmenskommunikationskosten	1.630	1.239
Verwaltungskosten	1.347	1.350
Aufwendungen für Forderungsausfälle und Dotierung von Wertberichtigungen zu Forderungen	379	172
Vergütungen an Aufsichtsratsmitglieder	243	172
Diverse	17	75
<b>Gesamt</b>	<b>5.679</b>	<b>4.280</b>

**7. Erträge aus Beteiligungen**

Hierunter werden erhaltene Dividenden aus Anteilen an verbundenen Unternehmen TEUR 64.875 (Vorjahr TEUR 80.000) und aus Beteiligungen TEUR 471 (Vorjahr TEUR 499) ausgewiesen.

**8. Erträge aus Ausleihungen des Finanzanlagevermögens**

Hierunter werden die Zinserträge von Ausleihungen an verbundene Unternehmen ausgewiesen.

**9. Sonstige Zinsen und ähnliche Erträge**

Die sonstigen Zinsen und ähnlichen Erträge resultieren im Wesentlichen mit TEUR 603 (Vorjahr TEUR 649) aus weiterverrechneten Finanzierungskosten an diverse Konzerngesellschaften und mit TEUR 1 (Vorjahr TEUR 2) aus Bankzinsen.

**10. Erträge aus der Zuschreibung zu Finanzanlagen**

Hierunter wird die Auflösung von Wertberichtigungen auf eine Ausleihungen an verbundene Unternehmen in Höhe von TEUR 788 (Vorjahr TEUR 2.385) und die Zuschreibung an der Beteiligung BGM – Erste Group Immorent GmbH & Co KG in Höhe von TEUR 928 (Vorjahr TEUR 0) ausgewiesen.

**11. Aufwendungen aus Finanzanlagen**

Hierunter wird die Abschreibung von Wertpapieren des Anlagevermögens in Höhe von TEUR 2 (Vorjahr TEUR 3) ausgewiesen.

**12. Zinsen und ähnliche Aufwendungen**

Der Zinsaufwand resultiert mit TEUR 2.468 (Vorjahr TEUR 2.464) aus Bankzinsen, mit 2.688 TEUR (Vorjahr TEUR 2.076) aus Darlehen von verbundenen Unternehmen, mit TEUR 13.224 (Vorjahr TEUR 10.269) aus eigenen Anleihen, mit TEUR 6.388 aus der Bewertung und den Zinsen von Derivaten (Vorjahr TEUR -1.361) und mit TEUR 1.298 (Vorjahr TEUR 647) aus sonstigen Zinsen.

### **13. Steuern vom Einkommen und vom Ertrag**

Dieser Posten beinhaltet mit TEUR 32 (Vorjahr TEUR 30) den Körperschaftsteueraufwand (Mindest-KöSt für Gruppenträger und Gruppenmitglieder der Unternehmensgruppe nach § 9 KStG für das Jahr 2018). Weiters gelangen Erträge aus Steuerumlagen von zur Unternehmensgruppe gehörenden Gruppenmitgliedern in Höhe von TEUR 1.826 (Vorjahr TEUR 27.716) zum Ausweis.

Vom Wahlrecht gem. § 198 Abs. 9 UGB wurde kein Gebrauch gemacht. Für die Erläuterung des Ansatzes latenter Steuern wird auf die Abschnitte I.4. und IV. verwiesen.

Die Bilanzierung latenter Steuern erfolgte unter Beachtung der Ausführungen in AFRAC-Stellungnahme 30 („Latente Steuern im Jahresabschluss nach UGB“).

### **14. Aufwendungen für den Abschlussprüfer**

Bezüglich der Angabe gemäß § 238 Abs. 1 Z 18 UGB (Aufwendungen für die Abschlussprüfung) wird auf die entsprechende Angabe im Anhang des Konzernabschlusses zum 31.12.2018 verwiesen, der beim Firmenbuch des Handelsgerichts Wien hinterlegt ist.

## **VII. Sonstige Angaben**

### **Nahestehende Unternehmen und Personen**

Es bestehen weder heuer noch im Vorjahr Beziehungen mit nahestehenden Personen, welche nicht fremdüblich sind.

Die **Organe** der Gesellschaft setzten sich wie folgt zusammen:

Aufsichtsrat :

Dr. Martin SIMHANDL, Wien (Vorsitzender)

Mag. Franz KERBER, Graz

(1. stellvertretender Vorsitzender seit 03.05.2018)

Mag. Dr. Wilhelm RASINGER, Wien

(2. stellvertretender Vorsitzender seit 03.05.2018)

Mag. Andrea BESENHOFER, Wien

Mag. Hanna BOMBA, Wien (seit 03.05.2018)

Christian HAGER, Krems

DI Manfred RAPF, Wien

Dr. Karin REST, MBA, Wien (seit 03.05.2018)

Dr. Ralf ZEITLBERGER, Wien (bis 03.05.2018)

(1. stellvertretender Vorsitzender bis 03.05.2018)

Vorstand:

Mag. Ernst VEJDOVSZKY  
Mag. Friedrich WACHERNIG, MBA

Die Aufsichtsratsmitglieder erhielten für das Geschäftsjahr 2018 folgende Vergütungen (inkl. Sitzungsgelder):

Dr. Martin SIMHANDL	EUR 48.000
Mag. Franz KERBER	EUR 36.000
Christian HAGER	EUR 25.000
Mag. Dr. Wilhelm RASINGER	EUR 34.602
DI Manfred RAPF	EUR 27.000
Dr. Ralf ZEITLBERGER	EUR 13.193
Mag. Andrea BESENHOFER	EUR 25.000
Mag. Hanna BOMBA	EUR 17.204
Dr. Karin REST, MBA	EUR 17.204

Die Mitglieder des Vorstandes und des Aufsichtsrates erhielten weder Kredite noch Vorschüsse, es bestehen auch keine zugunsten dieser Personen eingegangenen Haftungsverhältnisse.

### **Ereignisse nach dem Bilanzstichtag**

Nach dem Bilanzstichtag sind keine wesentlichen Ereignisse eingetreten

Wien, am 20. März 2019

Der Vorstand:

Mag. Ernst VEJDOVSZKY.

Mag. Friedrich WACHERNIG, MBA.

# Bestätigungsvermerk

## Bericht zum Jahresabschluss

### Prüfungsurteil

Wir haben den Jahresabschluss der

**S IMMO AG,  
Wien,**

bestehend aus der Bilanz zum 31. Dezember 2018, der Gewinn- und Verlustrechnung für das an diesem Stichtag endende Geschäftsjahr und dem Anhang, geprüft.

Nach unserer Beurteilung entspricht der Jahresabschluss den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage zum 31. Dezember 2018 sowie der Ertragslage der Gesellschaft für das an diesem Stichtag endende Geschäftsjahr in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

### Grundlage für das Prüfungsurteil

Wir haben unsere Abschlussprüfung in Übereinstimmung mit der EU-Verordnung Nr 537/2014 (im Folgenden AP-VO) und mit den österreichischen Grundsätzen ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern die Anwendung der International Standards on Auditing (ISA). Unsere Verantwortlichkeiten nach diesen Vorschriften und Standards sind im Abschnitt "Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses" unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von der Gesellschaft unabhängig in Übereinstimmung mit den österreichischen unternehmensrechtlichen und berufsrechtlichen Vorschriften und wir haben unsere sonstigen beruflichen Pflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen.

### Hervorhebung eines Sachverhaltes

Der Jahresabschluss der S IMMO AG für das am 31. Dezember 2017 endende Geschäftsjahr wurde von einem anderen Abschlussprüfer geprüft, der am 20. März 2018 ein uneingeschränktes Prüfungsurteil zu diesem Abschluss abgegeben hat.

### Besonders wichtige Prüfungssachverhalte

Besonders wichtige Prüfungssachverhalte sind solche Sachverhalte, die nach unserem pflichtgemäßen Ermessen am bedeutsamsten für unsere Prüfung des Jahresabschlusses des Geschäftsjahres waren. Diese Sachverhalte wurden im Zusammenhang mit unserer Prüfung des Jahresabschlusses als Ganzem und bei der Bildung unseres Prüfungsurteils hierzu berücksichtigt und wir geben kein gesondertes Prüfungsurteil zu diesen Sachverhalten ab.

## **Bewertung der Anteile an verbundenen Unternehmen**

Siehe Anhang Punkt V. Erläuterungen zur Bilanz, Unterpunkt 1.1. Finanzanlagen

### **Das Risiko für den Abschluss**

Die S IMMO AG, Wien, weist zum 31. Dezember 2018 Anteile an verbundenen Unternehmen mit einem Buchwert in Höhe von TEUR 650.313 (Vorjahr: TEUR 625.313) im Jahresabschluss aus. Für sämtliche Anteile an verbundenen Unternehmen wird ein Werthaltigkeitstest durchgeführt.

Da es sich bei den verbundenen Unternehmen vor allem um Immobiliengesellschaften handelt, basiert der Werthaltigkeitstest auf einer vereinfachten Unternehmensbewertung, deren Basis insbesondere die von externen, unabhängigen Sachverständigen erstellten Immobiliengutachten sind. Das wesentliche Risiko besteht bei den Immobiliengutachten in der Festlegung von Annahmen und Schätzungen wie Diskontierungszinssatz und zukünftige Mieteinnahmen. Eine geringfügige Änderung dieser Annahmen und Schätzungen kann einen wesentlichen Einfluss auf die Bewertung der Anteile an verbundene Unternehmen haben. Aus diesem Grund ist die Bewertung der Anteile an verbundenen Unternehmen wesentlich für unsere Prüfung.

### **Unsere Vorgehensweise in der Prüfung**

Wir haben ein Verständnis über den Bewertungsprozess und die diesbezüglich unternehmensintern eingerichteten Kontrollen erlangt. Weiters haben wir die angewandte Bewertungsmethodik auf ihre Angemessenheit kritisch hinterfragt und die uns vorgelegten Unterlagen und Berechnungen zur Bewertung der Anteile an verbundenen Unternehmen rechnerisch nachvollzogen; dabei haben wir beurteilt, inwiefern der jeweilige Beteiligungsansatz im Unternehmenswert der Tochtergesellschaften Deckung findet.

Die Objektivität, Unabhängigkeit und Expertise der externen Sachverständigen haben wir gewürdigt und unter Einbeziehung unserer internen Immobilienbewertungsspezialisten die Veränderungen der Verkehrswerte und wesentlichen Schätzungen, wie Renditen, zukünftige Marktmieten, Leerstandsdaten und -zeiten sowie mietfreie Zeiten kritisch hinterfragt. Zusätzlich evaluierten wir die internen Kontrollen der Gesellschaft im Zusammenhang mit den für die Bewertung des Immobilienportfolios verwendeten Daten.

Auf Basis von stichprobenartigen Überprüfungen der Immobiliengutachten haben wir mit Unterstützung unserer internen Immobilienbewertungsspezialisten die im Bewertungsmodell verwendeten stichtagsbezogenen objektspezifischen Basisdaten, wie Grund- und Nutzungsfläche, laufende Miete und aktueller Leerstand, mit den zugrunde liegenden Daten der Gesellschaft abgeglichen. Die von den Gutachtern verwendeten Bewertungsmodelle haben wir dabei auf ihre Konformität mit allgemein anerkannten Bewertungsgrundsätzen hin beurteilt sowie die wesentlichen Bewertungsannahmen und -parameter, wie etwa die nachhaltigen Mieten sowie die Diskontierungszinssätze, kritisch gewürdigt und mit externen Marktdaten abgestimmt.

### **Verantwortlichkeiten der gesetzlichen Vertreter und des Prüfungsausschusses für den Jahresabschluss**

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses und dafür, dass dieser in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie als notwendig erachten, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen, Sachverhalte im Zusammenhang mit der Fortführung der Unternehmenstätigkeit – sofern einschlägig – anzugeben, sowie dafür, den Rechnungslegungsgrundsatz der Fortführung der Unternehmenstätigkeit

anzuwenden, es sei denn, die gesetzlichen Vertreter beabsichtigen, entweder die Gesellschaft zu liquidieren oder die Unternehmenstätigkeit einzustellen oder haben keine realistische Alternative dazu.

Der Prüfungsausschuss ist verantwortlich für die Überwachung des Rechnungslegungsprozesses der Gesellschaft.

## Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses

Unsere Ziele sind hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist und einen Bestätigungsvermerk zu erteilen, der unser Prüfungsurteil beinhaltet. Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit der AP-VO und mit den österreichischen Grundsätzen ordnungsgemäßer Abschlussprüfung, die die Anwendung der ISA erfordern, durchgeführte Abschlussprüfung eine wesentliche falsche Darstellung, falls eine solche vorliegt, stets aufdeckt. Falsche Darstellungen können aus dolosen Handlungen oder Irrtümern resultieren und werden als wesentlich angesehen, wenn von ihnen einzeln oder insgesamt vernünftigerweise erwartet werden könnte, dass sie die auf der Grundlage dieses Jahresabschlusses getroffenen wirtschaftlichen Entscheidungen von Nutzern beeinflussen.

Als Teil einer Abschlussprüfung in Übereinstimmung mit der AP-VO und mit den österreichischen Grundsätzen ordnungsgemäßer Abschlussprüfung, die die Anwendung der ISA erfordern, üben wir während der gesamten Abschlussprüfung pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung.

Darüber hinaus gilt:

- Wir identifizieren und beurteilen die Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Darstellungen im Abschluss, planen Prüfungshandlungen als Reaktion auf diese Risiken, führen sie durch und erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass aus dolosen Handlungen resultierende wesentliche falsche Darstellungen nicht aufgedeckt werden, ist höher als ein aus Irrtümern resultierendes, da dolose Handlungen betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen oder das Außerkraftsetzen interner Kontrollen beinhalten können.
- Wir gewinnen ein Verständnis von dem für die Abschlussprüfung relevanten internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit des internen Kontrollsystems der Gesellschaft abzugeben.
- Wir beurteilen die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte in der Rechnungslegung und damit zusammenhängende Angaben.
- Wir ziehen Schlussfolgerungen über die Angemessenheit der Anwendung des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit durch die gesetzlichen Vertreter sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die erhebliche Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit aufwerfen kann. Falls wir die Schlussfolgerung ziehen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, in unserem Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch die Abkehr der Gesellschaft von der Fortführung der Unternehmenstätigkeit zur Folge haben.
- Wir beurteilen die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse in einer Weise wiedergibt, dass ein möglichst getreues Bild erreicht wird.

- Wir tauschen uns mit dem Prüfungsausschuss unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Abschlussprüfung sowie über bedeutsame Prüfungsfeststellungen, einschließlich etwaiger bedeutsamer Mängel im internen Kontrollsystem, die wir während unserer Abschlussprüfung erkennen, aus.
- Wir geben dem Prüfungsausschuss auch eine Erklärung ab, dass wir die relevanten beruflichen Verhaltensanforderungen zur Unabhängigkeit eingehalten haben und uns mit ihm über alle Beziehungen und sonstigen Sachverhalte austauschen, von denen vernünftigerweise angenommen werden kann, dass sie sich auf unsere Unabhängigkeit und – sofern einschlägig – damit zusammenhängende Schutzmaßnahmen auswirken.
- Wir bestimmen von den Sachverhalten, über die wir uns mit dem Prüfungsausschuss ausgetauscht haben, diejenigen Sachverhalte, die am bedeutsamsten für die Prüfung des Jahresabschlusses des Geschäftsjahres waren und daher die besonders wichtigen Prüfungssachverhalte sind. Wir beschreiben diese Sachverhalte in unserem Bestätigungsvermerk, es sei denn, Gesetze oder andere Rechtsvorschriften schließen die öffentliche Angabe des Sachverhalts aus oder wir bestimmen in äußerst seltenen Fällen, dass ein Sachverhalt nicht in unserem Bestätigungsvermerk mitgeteilt werden sollte, weil vernünftigerweise erwartet wird, dass die negativen Folgen einer solchen Mitteilung deren Vorteile für das öffentliche Interesse übersteigen würden.

## Sonstige gesetzliche und andere rechtliche Anforderungen

### Bericht zum Lagebericht

Der Lagebericht ist auf Grund der österreichischen unternehmensrechtlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob er nach den geltenden rechtlichen Anforderungen aufgestellt wurde.

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Lageberichts in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

Wir haben unsere Prüfung in Übereinstimmung mit den Berufsgrundsätzen zur Prüfung des Lageberichts durchgeführt.

### Urteil

Nach unserer Beurteilung ist der Lagebericht nach den geltenden rechtlichen Anforderungen aufgestellt worden, enthält die nach § 243a UGB zutreffenden Angaben, und steht in Einklang mit dem Jahresabschluss.

### Erklärung

Angesichts der bei der Prüfung des Jahresabschlusses gewonnenen Erkenntnisse und des gewonnenen Verständnisses über die Gesellschaft und ihr Umfeld haben wir keine wesentlichen fehlerhaften Angaben im Lagebericht festgestellt.

### Zusätzliche Angaben nach Artikel 10 AP-VO

Wir wurden von der Hauptversammlung am 3. Mai 2018 erstmalig als Abschlussprüfer gewählt und am 24. Oktober 2018 vom Aufsichtsrat mit der Abschlussprüfung der S IMMO AG beauftragt.

Wir erklären, dass das Prüfungsurteil im Abschnitt "Bericht zum Jahresabschluss" mit dem zusätzlichen Bericht an den Prüfungsausschuss nach Artikel 11 der AP-VO in Einklang steht.

Wir erklären, dass wir keine verbotenen Nichtprüfungsleistungen (Artikel 5 Abs 1 der AP-VO) erbracht haben und dass wir bei der Durchführung der Abschlussprüfung unsere Unabhängigkeit von der geprüften Gesellschaft gewahrt haben.

## Auftragsverantwortlicher Wirtschaftsprüfer

Der für die Abschlussprüfung auftragsverantwortliche Wirtschaftsprüfer ist Herr Thomas Smrekar.

Wien, am 20. März 2019

KPMG Austria GmbH

Steuerberatungsgesellschaft

Wirtschaftsprüfungs- und

Thomas Smrekar  
Wirtschaftsprüfer