

Annual Financial Report **2019**



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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.

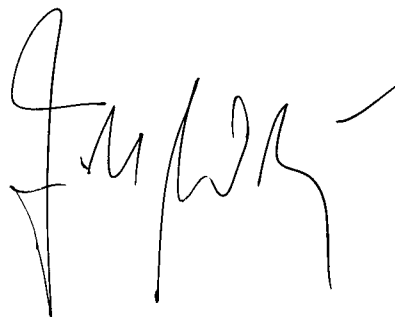
We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view 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, 17 March 2020

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, the Czech Republic, Hungary, Romania 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, Croatia 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.

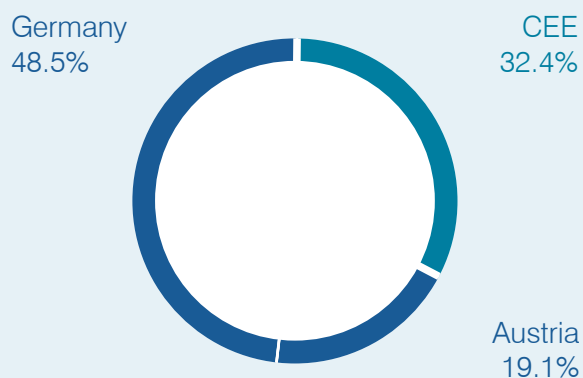
In addition, the Group holds numerous project, property and holding companies (for details, please see section 2.2.4. of the notes). S IMMO AG has been listed on the Vienna Stock Exchange since 1987 and was included in the ATX, the Austrian benchmark index, in September 2017. S IMMO had an annual average number of employees of 113.4 (annual average in 2018: 107.5), as calculated on the basis of full-time equivalents. Including hotel staff, the Group employed 623 people (annual average in 2018: 595.5).

### Property portfolio

As of 31 December 2019, S IMMO Group's property portfolio consisted of 331 properties (31 December 2018: 284) with a book value of EUR 2,371.0m (31 December 2018: EUR 2,121.4m) and a total area (total lettable space including potential projects) of around 1.2 million m<sup>2</sup> (31 December 2018: 1.2 million m<sup>2</sup>). Most of the properties are located in capital cities within the European Union. In addition, as of 31 December



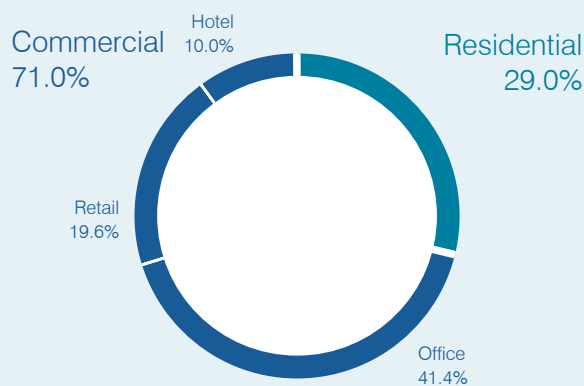
#### Book value by region <sup>1</sup>



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



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



<sup>1</sup> Book value excluding land bank

2019 S IMMO owned undeveloped land with a total area of 1.4 million m<sup>2</sup> and a book value of roughly EUR 21.8m.

Based on book value, properties in Austria made up 19.1% (31 December 2018: 22.1%) of the portfolio, while properties in Germany comprised 48.5% (31 December 2018: 45.4%). The properties in CEE accounted for 32.4% (31 December 2018: 32.5%).

Based on the main type of use excluding the land bank, the portfolio broke down into 41.4% (31 December 2018: 36.6%) offices, 19.6% (31 December 2018: 17.9%) retail properties, 29.0% (31 December 2018: 29.3%) residential properties and 10.0% (31 December 2018: 16.2%) hotels as of 31 December 2019. The high quality of the portfolio and asset management is reflected in the very good occupancy rate and yield. The occupancy rate of the entire portfolio was 95.5% (31 December 2018: 95.8%). The calculation of the occupancy rate includes all investment properties for which no development potential has

currently been identified. The overall rental yield was 5.4% (31 December 2018: 5.7%).

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

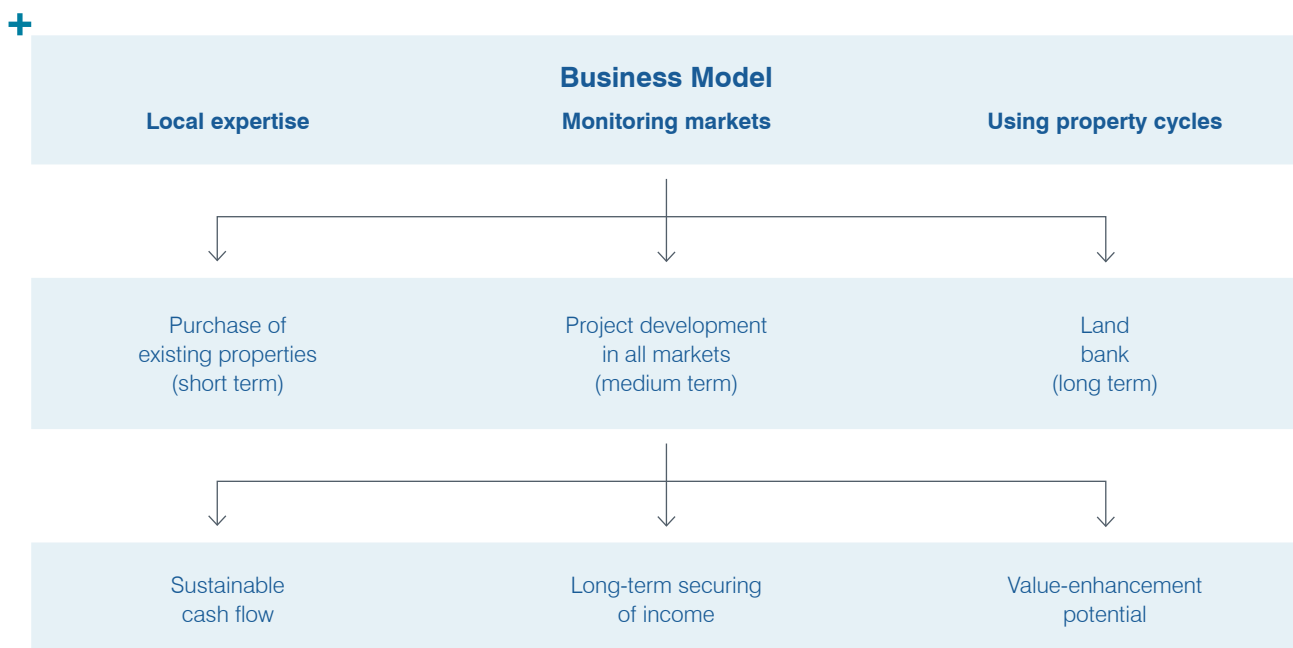
in %	31 December 2019	31 December 2018
Germany	4.4	4.6
Austria	4.8	5.2
CEE	7.1	7.4
<b>Total</b>	<b>5.4</b>	<b>5.7</b>

<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.

## 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 business model that has proven itself over many years, anticipating property cycles and benefiting from them. To this end, the company's local experts continuously monitor the markets in which S IMMO operates and associated trends in the property sector. They evaluate at what time it makes economic sense to buy or sell existing properties and land or project developments.

S IMMO started the current financial year with a highly successful capital increase, thus optimising our balance sheet structure and securing cash reserves and the necessary funds for profitable growth in the medium term. The company is assessing attractive acquisitions and exciting project developments. The company's strategy to invest in residential properties with a low rent level is reasonable in the currently challenging circumstances. One focus of its investment activities remains larger German cities with promising demographic and economic development, such as Leipzig and Erfurt. Purchasing properties with stable returns and low rent levels ensures sustainable cash flows. In 2018, S IMMO also started to buy large plots of land in the commuter belt surrounding Berlin. More than 2 million m<sup>2</sup> of space



has been acquired in total. Most of these plots have good connections to small-town structures while being situated close to the countryside. The company also evaluates acquisition opportunities outside Germany on an ongoing basis.

With its business policy, S IMMO aims to generate added value for its investors at all times and sustainably secure the company's income. To this end, the company invests in portfolio properties that promptly generate rental income. Project developments contribute to cash flow in the medium term, while the acquisition of land in up-and-coming regions with exciting projects is intended to contribute to the company's long-term success. In addition, the company holds shares in listed Austrian real estate companies (CA Immobilien Anlagen AG and IMMO-FINANZ AG), which also have a very positive effect on S IMMO's profits in the form of dividend income.

# Economic report

## Economic overview

At the time this report went to press, forecasts for economic development and the impact of the coronavirus were changing on an almost daily basis. This section summarises the forecasts published as of the beginning of March.

In its economic forecast, the OECD concludes that the coronavirus is the biggest threat to the global economy since the international financial crisis, placing it ahead of the trade conflict between the USA and China, the uncertainties surrounding the United Kingdom's withdrawal from the EU and the problems in the automotive industry in connection with meeting the climate targets and the transition to electromobility. Even in the best-case scenario of only a minor spread of the virus beyond China, the OECD projects that global economic growth will drop from the already weak level of 2.9% in 2019 to 2.4% in 2020 as a result of interruptions in supply chains, a decline in tourism and a deterioration of the business climate. Growth may rebound to 3.3% in 2021.

According to Eurostat's current winter 2020 forecast, GDP growth will remain stable at 1.2% in the eurozone in 2020 and 2021. A slight decline in growth to 1.4% is projected for the EU as a whole in 2020 and 2021. With regard to the coronavirus, Eurostat assumes that the spread of the virus will reach its peak in the first quarter of 2020. According to the International Monetary Fund (IMF), European economic growth will not see a moderate increase to 1.8% as predicted in early November, but rather a much less pronounced recovery due to the coronavirus.

## Management and control

In the last financial year, the Management Board consisted of two members. Both Management Board mandates last 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).

Austria's economic growth had already been losing momentum recently before the outbreak of the coronavirus, and the forecast by Oesterreichische Nationalbank (OeNB) called for a decline to 1.1% in 2020. External economic factors such as the effects of the coronavirus may lead to a renewed economic downturn in Austria. If the epidemic in China does not abate starting in March as assumed in the OeNB-Konjunkturindikator economic report published in February 2020, growth may be lower in Austria in the first half of the year due to interruptions in the global trade and value creation chains. Prior to the outbreak of the coronavirus, OeNB had projected that growth would also pick up in Austria and return to roughly 1.5% in the subsequent years based on the anticipated recovery of the global economy.

In 2020 and 2021, OeNB expects economic growth in the CEE region (Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania) to slow to 3.5% and 3.2%, respectively. Despite the slow GDP growth, private consumption should remain strong in the coming years. The Vienna Institute for International Economic Studies (wiiw) expects domestic demand to remain stable until 2021, with support coming from robust wage growth, solid public investments, loose financial policy and an ample credit supply.

## Overview of the 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 2019	H2 2018	H2 2019	H2 2018	H2 2019	H2 2018	H2 2019	H2 2018	H2 2019	H2 2018	H2 2019	H2 2018
	Office	Office	Retail	Retail	Office	Office	Retail	Retail	Office	Office	Office	Office
Berlin	37.50	33.50	310.00	320.00	2.70	3.10	3.15	3.10	611,300	471,000	1.20	2.29
Bratislava	17.00	17.00	67.00 <sup>2</sup>	67.00 <sup>2</sup>	5.60	6.00	5.75 <sup>2</sup>	5.50 <sup>2</sup>	40,700	55,054	8.70	5.99
Budapest	26.00	25.00	135.00	140.00	5.25	5.75	5.25	5.50	183,000	217,251	5.60	7.29
Bucharest	18.50	18.50	55.00	55.00	7.00	7.00	7.50	7.50	161,200	120,469	9.80	7.40
Vienna	25.00	25.50	350.00	310.00	3.45	3.75	3.10	3.20	110,500	131,602	4.80	5.16
Zagreb	15.50	15.00	70.00	60.00	8.00	8.00	6.75	6.75	25,000 <sup>3</sup>	N/A	5.00	5.00

<sup>1</sup> Source: CBRE MarketViews H2 2019

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

<sup>3</sup> Estimated figure

## Real estate market overview

At the time of the publication of this report, the effects of the coronavirus on the real estate industry can only be predicted to a limited degree. According to an initial assessment published at the beginning of March 2020, CBRE expects the fears related to the increasing spread of the virus to primarily impact the hotel industry and the retail sector. At present, however, the experts believe that property yields will only be affected in the short term. CBRE is leaving its long-term outlook unchanged for the time being.

### Austria

In the fourth quarter of 2019, the Viennese office market recorded a total take-up of around 37,400 m<sup>2</sup>. This corresponds to a decrease of 54% in comparison to the prior-year period. The vacancy rate declined by 0.9% and came to 4.6%. A significantly higher completion of new office space amounting to an area of around 165,000 m<sup>2</sup> is expected in 2020. Prime rents remained stable at a level of EUR 25.50/m<sup>2</sup>/month.

Vienna's hotel industry set a new record. Overnight stays in 2019 passed the 17 million mark, achieving a plus of 6.8%. Room revenues delivered an impressive increase as well and advanced by 14% between January and November 2019.

### Germany

In major German cities, the dynamic price development continues, albeit in a weakened form. Purchase prices for owner-occupied flats rose by 8.2%, while the rents saw only a modest increase of 3.7% on average. Shortly before the rent cap came into force in Berlin, the rents varied widely among the districts. In districts where rents were developing rather slowly, an increase was visible, whereas in districts where the upper rent limit was exceeded, rents decreased. The scarce supply will keep up the tension on Berlin's residential market.

Despite the slowed economic growth, the office market in Berlin continues to enjoy robust demand. Last year, an office take-up of roughly 998,900 m<sup>2</sup> was achieved. The vacancy rate fell by half to reach 1.1%. Prime rents saw an increase of 12% and amounted to EUR 37.50/m<sup>2</sup>/month. In total, 277,500 m<sup>2</sup> of new or refurbished office space was completed, of which only 3% was still available upon completion. An additional 576,000 m<sup>2</sup> of office space are currently expected to be completed over the course of 2020.

### CEE

Total demand on the Budapest office market reached 202,500 m<sup>2</sup> and hence increased by 18% in comparison to the prior-year period. Two new office buildings with a total area of 24,300 m<sup>2</sup> came onto the market in the fourth quarter. In total, 265,600 m<sup>2</sup> of new office space is currently scheduled to be completed in 2020. The vacancy rate reached the lowest level on record at 5.6%. The average rents increased slightly to EUR 13/m<sup>2</sup>/month.

Sources: CBRE, Colliers, the real estate index by ImmobilienScout24, EHL Research, Guthmann Marktreport, Vienna Research Forum, [www.b2b.wien.info](http://www.b2b.wien.info), [www.ec.europa.eu/eurostat](http://www.ec.europa.eu/eurostat), [www.oecd.org](http://www.oecd.org), [www.oenb.at](http://www.oenb.at), [www.property-forum.eu](http://www.property-forum.eu), [www.wiiv.ac.at](http://www.wiiv.ac.at), [www.wifo.ac.at](http://www.wifo.ac.at)

In the fourth quarter of 2019, the demand for office space in Bratislava increased by 2% to 61,994 m<sup>2</sup> compared to the prior-year period. Three new office buildings encompassing an area of 10,700 m<sup>2</sup> were completed. The completion of 16 projects amounting to a total area of 276,200 m<sup>2</sup> is currently scheduled for 2020. The vacancy rate came to 8.73%.

The total office stock in Zagreb reached 1,132,600 m<sup>2</sup> by the end of the quarter. Prime rents ranged from EUR 14–15.50/m<sup>2</sup>/month. The vacancy rate declined to 5%.

The CEE hotel industry continued to develop well. In 2019, the transaction volume in Prague registered a record volume of EUR 500m. The persistently strong demand in the CEE region is reflected in a high occupancy rate. Moreover, the revenue per available room is expected to continue rising.

The encouraging trend on the office market in Bucharest is continuing. Demand rose to 390,000 m<sup>2</sup>, which corresponds to an increase of 16%. In 2019, around 275,000 m<sup>2</sup> of new office space were delivered to the market. The vacancy rate declined slightly and came to 8% at the end of the year.

In 2019, 171,000 m<sup>2</sup> of new retail space was delivered to the Romanian retail market. Overall, 14 new global retail brands entered the Romanian market. Bucharest remains the preferred entry market. Prime rents in shopping centres amounted to EUR 60/m<sup>2</sup>/month. An additional 141,000 m<sup>2</sup> of retail space are currently scheduled to be completed in the first half-year of 2020.

## Business development and performance

In the financial year 2019, important key indicators were once again increased significantly year-on-year. For example, EBT and earnings per share set new records. Net asset value (NAV) and EPRA NAV also rose sharply. One reason for this latest increase is that total revenues increased to EUR 210.4m (2018: EUR 192.4m) as a result of a positive like-for-like performance, acquisitions and yet another very strong profit from hotel operations. The result from property valuation also increased substantially, amounting to EUR 192.7m (2018: EUR 167.8m).

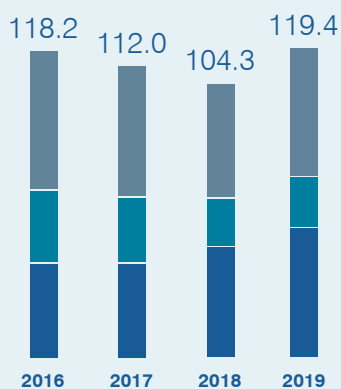
Higher dividend income from the shareholdings in CA Immobilien Anlagen AG and IMMOFINANZ AG and a slightly lower cost of funding had a positive effect on the financial result. In contrast, negative derivative valuations as a result of a further reduction in interest rates had a disadvantageous effect on both the financial result and the statement of comprehensive income. In the financial year 2019, two new corporate bonds were issued, partially in exchange for existing bonds. The maturities of the capital market financing were thus significantly extended again, securing the current favourable interest rate level for a longer period.

In total, net income for the period attributable to the shareholders of the parent company reached a record level of EUR 212.8m (2018: EUR 203.7m). Accordingly, earnings per share improved to EUR 3.21 (2018: EUR 3.08), also the highest figure in the company's history.



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

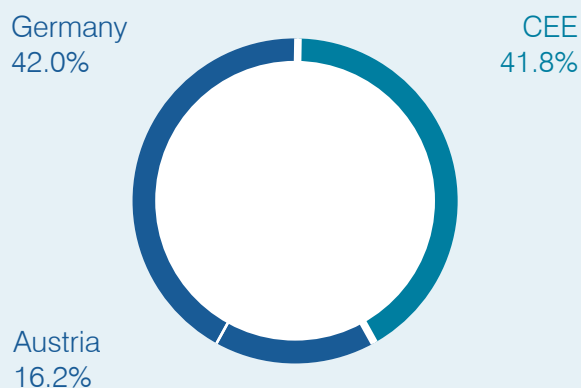
in EUR m ■ CEE ■ Austria ■ Germany



<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 and not including the reclassification of parts of revenues from operating costs

## Increase in gross profit

Revenues for the financial year 2019 came to EUR 210.4m, up by 9.4% on the prior-year figure of EUR 192.4m. This rise was driven by a considerable increase in revenues from hotel operations, property purchases and a positive like-for-like performance of the portfolio properties. However, the aforementioned acquisitions also resulted in an increase in property management expenses to EUR 61.0m (2018: EUR 53.4m).

Rental income improved from EUR 104.3m to EUR 119.4m. On the one hand, the improvement in rental income reflects the acquisitions in the Germany segment and the good like-for-like performance. On the other, the increase in the amount of EUR 5.4m (2018: EUR 0m) is a result of the first-time adoption of accounting regulations that require parts of the revenues from operating costs to be reclassified within revenues and to be recognised as rental income. Excluding the shift between revenues from operating costs and rental income, the increase in rental income amounted to EUR 9.7m, or roughly 9.3%.

Broken down by region, rental income for the reporting period excluding this year's reclassification was as follows: Austria and Germany contributed 16.2% and 42.0%, respectively (2018: 17.6% and 40.1%) – in total 58.2% (2018: 57.7%) – and CEE 41.8% (2018: 42.3%). In terms of main type of use, commercial properties (office, retail and hotel) contributed 75.6% (2018: 76.0%) of the rental income. Residential properties contributed 24.4% (2018: 24.0%).

Revenues from hotel operations (revenues from the Vienna Marriott and Budapest Marriott hotels, both operated under management agreements) rose to EUR 59.1m (2018: EUR 54.7m). Gross profit from hotel operations increased slightly to EUR 16.9m (2018: EUR 16.7m).

The operating success is reflected in the gross profit, which rose to EUR 109.7m (2018: EUR 103.0m). The net operating income (NOI), which is the gross profit excluding other operating income, increased to EUR 107.2m (2018: EUR 101.0m).

## Property investments

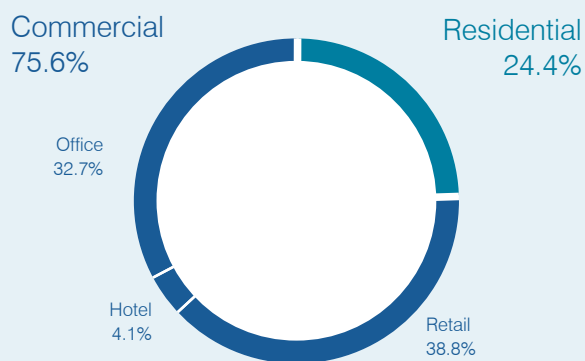
The 2019 financial year was a strong one for acquisitions – there were considerably more acquisitions than disposals. Investment focused on medium-sized German cities and on land plots in the area surrounding Berlin. In addition, there were selective acquisitions of properties in Hungary, Romania and Croatia. The disposals totalled EUR 58.8m (2018: EUR 52.4m), so the amount was below the average of the last five years.

## EBITDA increased, significant rise of EBIT

Management expenses increased to EUR 22.7m (2018: EUR 19.9m). In total, EBITDA was increased to EUR 87.0m (2018: EUR 83.1m). The result from property valuation improved again, reaching EUR 192.7m (2018: EUR 167.8m). It is particularly gratifying that positive valuations were achieved in all regions. Specifically, Germany accounted for EUR 122.1m (2018: EUR 86.0m), Austria for EUR 29.5m (2018: EUR 45.4m) and CEE for EUR 41.1m (2018: EUR 36.4m). This meant that EBIT reached the second-highest level in the company's history, at EUR 271.4m (2018: EUR 243.2m).



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

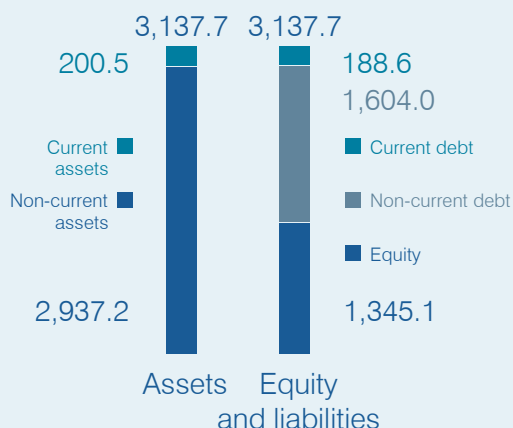


<sup>1</sup> Not including Vienna Marriott Hotel and Budapest Marriott Hotel and not including the reclassification of parts of revenues from operating costs



### Balance sheet structure

in EUR m



## Highest EBT in the company's history

The financial result amounted to EUR -20.0m (2018: EUR -7.3m). The financial result was influenced by higher dividend income from the shareholdings in IMMOFINANZ AG and CA Immobilien Anlagen AG, a worse result from derivatives valuations, a slightly lower result from companies measured according to the equity method, various non-recurring effects and a slightly improved cost of funding. Thus, in total EBT increased to a record level of EUR 251.4m (2018: EUR 236.0m).

The cost of funding (based on variable and fixed interest financial liabilities including bonds and derivatives) was reduced to 2.30% as of 31 December 2019 (31 December 2018: 2.53%). The cost of funding excluding bonds came to 2.26% (31 December 2018: 2.28%).

## Earnings per share at record level

Operating successes and the excellent results from property valuation contributed to the increase in net income to EUR 213.3m (2018: EUR 204.2m). The net income attributable to shareholders was increased to the record level of EUR 212.8m (2018: EUR 203.7m). Consequently, earnings per share also reached a record level of EUR 3.21 (2018: EUR 3.08).

## Earnings and financial position

### Cash flow

Cash flow from operating activities for the financial year 2019 was EUR 78.3m (2018: EUR 75.4m). Cash flow from investing activities totalled EUR -54.7m (2018: EUR -261.3m) reflecting the surplus of property investments versus disposals, while cash flow from financing activities amounted to EUR 14.6m (2018: EUR 185.8m).

### Consolidated statement of financial position

S IMMO Group's total assets increased from EUR 2,720.1m as of 31 December 2018 to EUR 3,137.7m as of 31 December 2019. 'Other financial assets' increased to EUR 554.1m as of 31 December 2019 (31 December 2018: EUR 453.0m). This increase is primarily attributable to the price rises of the shareholdings in IMMOFINANZ AG and CA Immobilien Anlagen AG. The dividend income resulting from these investments amounted to EUR 17.0m (2018: EUR 14.3m).

Cash and cash equivalents as of 31 December 2019 totalled EUR 111.6m (31 December 2018: EUR 73.3m), which is considerably higher than the prior-year level. Properties with a fair value of EUR 36.5m (31 December 2018: EUR 40.4m) were classified as held for sale.

In May 2019, S IMMO AG issued a bond (ISIN AT0000A285H4) with a total nominal value of EUR 150m divided into 300,000 partial bonds with a nominal value of EUR 500 and a coupon of 1.875% p.a. The new bond was issued partly in exchange for another bond (ISIN AT0000A19SB5). The volume of the exchanged bond subsequently decreased from kEUR 100,000 as of 31 December 2018 to kEUR 66,931.5 as of 30 June 2019. It was redeemed on maturity as planned in the fourth quarter of 2019.

Also in the fourth quarter, another bond (ISIN AT0000A2AEA8) was issued with a total volume of EUR 100m, a coupon of 2.00% p.a. and a term of ten years. This bond was likewise issued partly in exchange for the bond with the ISIN AT0000A177D2, which matures in 2021 and has a coupon of 4.5% p.a.

This has again improved the company's financing structure with regard to both maturity dates and interest terms.

As of 31 December 2019, equity not including minority shares increased to EUR 1,342.2m (31 December 2018: EUR 1,108.9m). Despite the dividend distribution in the second quarter of 2019, the book value per share improved to EUR 20.27 (31 December 2018: EUR 16.75). EPRA NAV – equity attributable to shareholders plus hidden reserves for owner-operated properties (31 December 2019: kEUR 150,661, 31 December 2018: kEUR 116,112) and adjusted for derivative valuations (31 December 2019: kEUR 37,817, 31 December 2018: kEUR 21,189) and deferred taxes (31 December 2019: kEUR 220,581, 31 December 2018: kEUR 160,639) – increased from EUR 21.25 per share as of 31 December 2018 to EUR 26.45 as of 31 December 2019. The equity ratio increased from 40.9% as of 31 December 2018 to 42.9% as of 31 December 2019.

### Financial management

All of S IMMO's loan liabilities are denominated in euros. As of 31 December 2019, 15% (31 December 2018: 16%) of loans were fixed-rate and 85% (31 December 2018: 84%) 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	2019	2018
Issued bonds (non-current)	525.4	336.9
Other financial liabilities (non-current)	848.9	861.3
Issued bonds (current)	0	99.9
Other financial liabilities (current)	145.2	93.2
<b>Total</b>	<b>1,519.4</b>	<b>1,391.4</b>

S IMMO's reported property investments amounted to EUR 2,924.2m as of 31 December 2019 (31 December 2018: EUR 2,573.4m). The loan-to-value ratio (LTV ratio) for financing secured with properties was lower than last year and came to 32.7% (31 December 2018: 36.3%). S IMMO has unsecured financing as well. The LTV ratio for unsecured financing less cash and cash equivalents increased to 14.2% in the reporting period (31 December 2018: 14.1%), primarily due to the bond issues. In total, the company's LTV ratio was 46.9% (31 December 2018: 50.4%).

The following table shows the calculation method:

in EUR m	2019		2018	
	unsecured	secured	unsecured	secured
Secured financial liabilities without derivatives	0	956.2		932.9
Issued bonds and other unsecured financing	525.4	0	436.8	0
Cash and cash equivalents	-111.6	0	-73.3	0
<b>Total</b>	<b>413.8</b>	<b>956.2</b>	<b>363.5</b>	<b>932.9</b>
Property investments	2,924.2	2,924.2	2,573.4	2,573.4
LTV ratio in %	14.2	32.7	14.1	36.3
<b>Total in %</b>	<b>46.9</b>		<b>50.4</b>	

Total bond liabilities of EUR 525.4m are divided across seven bonds. This division is based on the company's efforts to keep maturities from unsecured financing within a manageable range at all times.

## S IMMO bonds

ISIN	Maturity	Nominal value	Coupon
AT0000A2AE8	15 October 2029	100,000,000.00	2.000%
AT0000A285H4	22 May 2026	150,000,000.00	1.875%
AT0000A1Z9C1	06 February 2030	50,000,000.00	2.875%
AT0000A1Z9D9	06 February 2024	100,000,000.00	1.750%
AT0000A1DWK5	21 April 2027	65,000,000.00	3.250%
AT0000A1DBM5	09 April 2025	33,993,500.00	3.250%
AT0000A177D2	17 June 2021	28,549,000.00	4.500%

As of 31 December 2019, S IMMO's liabilities to banks were spread among 23 (2018: 22) individual banks. The average maturity of long-term liabilities to banks was 5.6 years (2018: 6.3 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. After the capital increase in January 2020, the issued share capital of S IMMO AG amounts to EUR 267,457,923.62, divided into 73,608,896 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.

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

On 21 September 2018, IMMOFINANZ AG reported that it had acquired 19,499,437 voting rights, which equates to a share of around 26.49% based on the current total number of voting rights.

On 21 January 2020, Ronny Pecik and Norbert Ketterer notified the company that they held 14.24% of the voting rights (indirectly via ETAMIN GmbH & Co KG and HAMAMELIS GmbH & Co KG).

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, meaning 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 the Annual General Meeting by a simple majority of the share capital represented in the vote on the resolution.

7. a) By resolution of the 29th Annual General Meeting on 03 May 2018, the Management Board was 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 was also 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.

The Management Board made use of this authorisation (the authorised capital) and issued 6,691,717 shares against cash contributions in January 2020, with exclusion of subscription rights. The above-mentioned authorisation granted by resolution of the 29th Annual General Meeting on 3 May 2018 remains effective to a reduced extent in line with this utilisation.

b) At the 29th 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 29th 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 defined 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 (as a result of the issue of 6,691,717 shares against cash contributions in January 2020 under the authorised capital, this authorisation is currently reduced accordingly). 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 contin-

gent 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 (outstanding volume of around EUR 28.5m), 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), 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), both issued in February 2018, the 1.875% S IMMO bond 2019–2026 issued in May 2019 (volume of EUR 150m) and the 2% S IMMO bond 2019–2029 issued in October 2019 (volume of EUR 100m) 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 2018 and 2019, 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 on behalf of 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. Under the terms and conditions of the bonds issued in 2019, a change of control also occurs if, in the event of a legally valid revocation of the maximum voting right, one person or several persons acting jointly or a third party or third parties acting on behalf of said person or persons at any time directly or indirectly acquire more than 30% of the voting rights associated with the shares 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
- operation of hotels and shopping centres
- refurbishment of portfolio properties
- asset management

In addition, S IMMO AG holds shares in listed Austrian real estate companies (CA Immobilien Anlagen AG and IMMO-FINANZ 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 2019 and also with regard to business activities in 2020.

## 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 in 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.



## Risk overview

Corporate strategy risks	Property-specific risks	Financial risks	Other risks
<ul style="list-style-type: none"> <li>■ Business environment and industry risk</li> <li>■ Investment risk</li> <li>■ Capital market risk</li> </ul>	<ul style="list-style-type: none"> <li>■ Property portfolio risk</li> <li>■ Letting and rental default risk</li> <li>■ Property development risk</li> <li>■ Construction risk</li> <li>■ Property valuation risk</li> </ul>	<ul style="list-style-type: none"> <li>■ Liquidity risk</li> <li>■ Interest rate risk</li> <li>■ Financing risk</li> <li>■ Exchange rate risk</li> <li>■ Tax risks</li> </ul>	<ul style="list-style-type: none"> <li>■ Environmental risk</li> <li>■ Risks related to matters of NaDiVeG</li> <li>■ Risks in IT security</li> <li>■ Legal risk and regulatory risks</li> </ul>

### 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: Considerably higher production of new space is planned for the Viennese office market and is being met with strong demand for modern and centrally located office space. As a result, prime rates remain at a high level. Ongoing demand is also evident on the Berlin office market. Due to the shortage of space, prime rents are rising while vacancy rates are declining at the same time. As a result of the rent cap that has been passed, rents differ significantly from district to district. In places where the rent level was relatively low, an increase is now being observed. Conversely, rents are being lowered in locations where the rent cap has already been exceeded. The company expects moderate rental growth in emerging German cities. In the CEE markets, the positive economic development is persisting and is reflected in rising demand for office property and a declining vacancy rate.

#### 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 Germany, Austria 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 generally lower than in previous years, but was not identical in all regions and across all types of use in financial year 2019. In general, diversification within the portfolio can cushion the risks of one market through 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. 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 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 negatively impacts 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 was recently the case in all of S IMMO's markets.

## Property development risk

In the area of property development, risks may arise in connection with delays in receiving official approvals, construction delays, construction cost overruns, (construction) quality defects or letting. S IMMO counters these risks with regular cost, quality and deadline checks as well as deviation analyses. The recently flourishing economy and the extremely good utilisation level for construction companies in nearly all of S IMMO's markets are resulting in increasing offer prices. However, S IMMO does not have any projects in the construction stage at the moment.

### 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 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 an 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. Current results from property valuation at S IMMO confirm that the risk of negative fluctuations is considered low at present.

## 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 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. In the case of stricter equity and liquidity regulations for banks and resultant increased lending restrictions and reduced lending levels, there can be 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 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 significantly 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. An inability to fulfil the obligations under existing (financing) agreements and partial debentures due to a 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 negatively affect 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, it is currently expected that the European Central Bank may lower the base rate even further. 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 2019, 15% (31 December 2018: 16%) of loans were fixed-rate and 85% (31 December 2018: 84%) were variable-rate loans – mostly pegged to 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 (for details, please see section 5.2.1. of the notes) 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 6 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, it was possible to refinance expired loans and take up new loans for portfolio properties at considerably lower margins than 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, and 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 (23 individual banks as of the reporting date of 31 December 2019). Borrowing is monitored on the basis of approvals on a staggered basis by the Management Board and Supervisory Board. As of 31 December 2019, non-current liabilities to banks had an average weighted residual term of 5.6 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 2019, the Group-wide loan-to-value ratio for secured financing stood at 32.7% (31 December 2018: 36.3%). In addition, the Group has unsecured financing (utilised credit lines and loans) equivalent to 14.2% (31 December 2018: 14.1%) 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 euros and rental agreements are linked mainly to the euro. Therefore, the direct cash-effective exchange rate risk is regarded as low. A change in conditions 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 particularly 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 risks known from tax audits or tax proceedings.

#### **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. Wherever possible in project developments and renovations, S IMMO uses environmentally compatible materials and energy-saving technologies, and implements such projects with consideration for whether they are eligible for certification. Thus, the strict requirements relating to green building and sustainability are met, leading to a significant reduction in the use of ecologically harmful products.

### **Risks related to matters of NaDiVeG**

The Austrian Sustainability and Diversity Act (NaDiVeG) requires a discussion on the key risks, which can 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 carbon 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 carbon 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 breaches of safety regulations can 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 all employees. A breach can lead to disciplinary action.

Furthermore, S IMMO has a high level of social responsibility along the supply 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.

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 employees' health to a minimum. Emphasis is placed on facilitating an adequate work-life balance, and a health programme is offered. In order to ensure that employees are able to carry out their tasks independently, the company attaches great value to specialist qualifications and offers opportunities for further education and training.

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 time recording, for example.

### **Risks in IT security**

S IMMO defines IT risk as the danger that certain weak points will arise in the systems, components, communication networks or software and subsequently prevent the company or individuals from performing their tasks or processes successfully and on schedule. IT risk is directly related to the security of the IT systems. Sources of risk include viruses, short- or long-term cyberattacks (including the loss of customer data) on individual systems or the entire network, hardware theft, fires in data centres, power outages or server crashes. S IMMO's IT risk management is designed to identify IT risks at an early stage, to take the necessary countermeasures and to minimise possible threats. The measures taken include the installation of security-relevant updates on all servers and clients, regular server vulnerability scans, the use of up-to-date antivirus software, hosting servers at the fail-safe data centre of the IT service provider, the

deployment of BIOS passwords, encryption of employees' hard drives, the use of company-issued iPhones with encryption enabled by default and active web filters, the monitoring of firewalls and other similar measures. Despite great care and the use of state-of-the-art technology in the area of IT security, an IT malfunction or a cyberattack on S IMMO's systems cannot be ruled out.

### **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. At the end of January 2020, for example, the Senate of Berlin passed legal regulations to limit rents, known as the 'rent cap'. The key points state that rents are to be frozen initially and that existing rents can also be reduced from 01 November 2020 if they exceed 20% of the regulated rent index. Rents for new rentals may not exceed the regulated rent index. However, it remains to be seen whether the legislation makes economic sense with regard to reducing housing shortages and whether it will stand up to constitutional scrutiny. From the current perspective, the impact on S IMMO's overall portfolio is assessed as being low. At any rate, the share of rental income from Berlin flats in S IMMO's total revenues is less than 10%. Roughly half of the 1,900 rental units currently have rents that are higher than the regulated rent index. An adjustment of all lease agreements would reduce S IMMO's total rental income by less than 1%. This reduction is expected in 2021 at the earliest. Furthermore, S IMMO's activities in Berlin have been focused on the office segment, which is still growing strongly, for several years now.

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. As recently as January 2020, the economic experts at the International Monetary Fund (IMF) expected stronger growth for the global economy in 2020 than in the previous year, projecting an expansion of 3.3%. However, the novel coronavirus, SARS-CoV-2, is currently dampening international economic growth. As a result of the spreading disease, the IMF lowered its growth forecast by 0.1 percentage point to 3.2%, with the stipulation that this figure only applies if the epidemic is contained and normality prevails again in the second quarter of 2020. East Asia has already sustained considerable economic damage as a result of production downtime at factories, the interruption of supply chains, limited opportunities for consumption and travel interruptions. As the virus has also been spreading in Europe since the end of February, lower economic growth is also to be anticipated here. For Austria alone, the Federation of Austrian Industries is projecting that the anticipated GDP growth will be 12% lower, and this is without factoring in the current situation in Italy. The Austrian economy is particularly impacted in respect of Chinese inputs (estimated at EUR 4.5 billion for 2020), primarily in the areas of pharmaceuticals, electrical engineering/electronics, automotive and aviation. There are also fears of negative repercussions in the tourism industry in the coming months. International stock exchanges are already reacting to the spread of the coronavirus and posting losses, which will mainly affect the valuation of the investments in IMMOFINANZ AG and CA Immobilien Anlagen AG.

Based on these developments, an impact on the operating business of S IMMO cannot be ruled out. The company owns hotel properties operated on the basis of management agreements. If figures for overnight stays and bookings slump, these properties and their revenues would be impacted. If the general economic situation on the markets in which S IMMO operates deteriorates, this could have an impact on the currently low industry, property portfolio, property valuation, letting and rental default risks.

Another risk area relates to the liquidity and financing situation in the company. Currently, the European Central Bank is not expected to deviate from its zero interest policy over the next few months. Nevertheless, S IMMO is hedging 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. However, the occurrence of risks can-

not be completely ruled out. Provisions are made for potential risks.

In addition to the risks mentioned above, there are also opportunities. The company is currently benefiting from the attractive price level in large German cities with promising demographic and economic development. The company also sees tremendous value-enhancement potential for the land purchases in the area around Berlin. In addition, interesting acquisition options are being examined on an ongoing basis in the CEE region.

# Outlook

## Significant events after the balance sheet date

In January 2020, there was a cash capital increase with exclusion of the subscription right in an accelerated book-building (ABB) process, setting the number of new shares to be issued and the subscription price as follows:

- S IMMO AG is increasing its share capital by EUR 24,314,353.72 from EUR 243,143,569.90 to EUR 267,457,923.62 by issuing 6,691,717 bearer shares against cash contributions with exclusion of the subscription right;
- The subscription price per new share was set at EUR 22.25 – and thus without a discount from the closing price on 15 January 2020;
- The gross issue proceeds therefore amount to EUR 148,890,703.25 for the new S IMMO shares.

The new S IMMO shares are listed on the Vienna Stock Exchange under the previous ISIN AT0000652250 with dividend entitlement from the start of the financial year 2019.

After a good start to 2020, the overall economic situation has deteriorated significantly in the first quarter due to the coronavirus outbreak. At the time this report went to press, the impact of the coronavirus on the real estate industry is hard to predict. At least short-time impacts on hotel and retail properties are to be expected as well as on share prices, and thus also on the investments in IMMOFINANZ AG and CA Immobilien Anlagen AG. The final scope and the time horizon of these impacts – also on other asset types and business segments – cannot be estimated reliably at the moment.

## Expected economic development

In its economic forecast published in March, the OECD concludes that the coronavirus is the biggest threat to the global economy since the international financial crisis, placing it ahead of the trade conflict between the USA and China, the uncertainties surrounding the United Kingdom's withdrawal from the EU and the problems in the automotive industry in connection with meeting the climate targets and the transition to electromobility. At the time this report went to press, it was difficult to estimate the impact of the global outbreak of the coronavirus on the economy and capital markets. Economic forecasts are constantly being revised by economic experts. It can be expected that global economic growth will be significantly dampened as a result of interruptions in supply chains, a decline in tourism and a deterioration of the business climate.

## Expected developments on the real estate markets

As of the publication date of this report, it is not possible to fully predict the effects of coronavirus on the property sector. CBRE released an initial estimate in early March 2020, which assumes that fears of the increasing spread of the virus will chiefly affect the hotel industry and the retail sector. However, the experts currently expect the impact on property yields to be short-lived. CBRE is leaving the long-term outlook unchanged for now. Before the outbreak of coronavirus, the forecast was as follows:

After new space on the Viennese office market declined in 2019, it is set to rise to around 165,000 m<sup>2</sup> again in 2020. The vacancy rate fell to 4.6%, 0.9% lower than in the previous year. Thanks to constant demand and positive market sentiment, it is assumed that the new space will meet with corresponding demand.

For years, the Berlin real estate market has been characterised by strong demand. The influx of international corporations is creating a greater need for high-quality real estate. Over 80% of the office space to be built in 2020 is already pre-let. The shortage of space in the office sector and the low vacancy rate of 1.1% are leading to a significant increase in rents. This trend is expected to continue.

In January 2020, the Berlin state government passed a law to cap rents in Berlin's housing sector. Once the law takes effect, rents for flats built before 2014 will be frozen for five years. The company expects a gradual, moderate increase in rents in emerging German cities.

The Eastern European real estate markets are developing positively. The high volume of new space is meeting with high demand. The vacancy rate is expected to continue falling while rents continue to rise.

### **Expected business development**

The year got off to a decidedly positive start in 2020, but there was a sudden dip in the general sentiment in February. The coronavirus outbreak is leading to constant revisions of experts' forecasts. When this report went to press in March 2020, the epidemic's long-term impact on the economy, business and capital markets was hard to gauge. It remains to be seen whether the general conditions in the markets in which S IMMO operates will be negatively affected in the long term. The company is monitoring developments closely and carefully considering any strategic decisions. The company's strategy to invest in residential properties with a low rent level is reasonable in the currently challenging circumstances.

The funds obtained via the capital increase in January 2020 will be used for optimising the balance sheet structure, as a cash reserve and for profitable growth in the medium term.

On the purchasing side, emerging German cities such as Erfurt and Leipzig remain one of the company's areas of investment. Property purchases in these cities provide stable returns at low rent levels, thus ensuring sustainable cash flows.

In addition, extensive reserves of land were purchased in the area around Berlin in the past financial year. The company now owns an area of more than 2 million m<sup>2</sup>. As a result of demographic trends and rising prices in the German capital, S IMMO sees long-term value-enhancement potential in this region. These locations are benefiting from migration to Berlin and the need for places to retreat and to relax. This land bank secures a strong development pipeline for the company for the years to come. At the same time, these investments are very low-risk thanks to the low purchase prices.

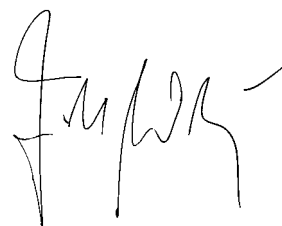
Investment opportunities are also continuously examined in the CEE region, especially in Budapest, Bucharest, Bratislava and Zagreb. To this end, the company's experts constantly monitor the trends and markets and can react quickly if necessary.

Vienna, 17 March 2020

The Management Board



Ernst Vejdovszky



Friedrich Wachernig

# Consolidated financial statements

## Consolidated statement of financial position

as of 31 December 2019

<b>Assets</b> EUR '000	<b>Notes</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Non-current assets</b>			
Investment properties			
Rental properties	3.1.1.	2,188,317	1,880,507
Properties under development and undeveloped land	3.1.1.	21,846	73,750
		<b>2,210,163</b>	1,954,257
Owner-operated properties	3.1.2.	124,377	126,789
Other plant and equipment	3.1.2.	5,123	4,469
Intangible assets	3.1.2.	242	208
Interests in companies measured at equity	3.1.3.	36,284	25,704
Group interests	3.1.4.	3,863	2,448
Loans to companies measured at equity	3.1.3.	2,010	4,214
Other financial assets	3.1.4.	554,090	452,981
Deferred tax assets	3.1.16.	1,077	1,534
		<b>2,937,229</b>	2,572,604
<b>Current assets</b>			
Inventories	3.1.5.	332	531
Trade receivables	3.1.6.	7,437	10,641
Loans to company measured at equity	3.1.3.	6,631	0
Other financial assets	3.1.6.	6,932	10,440
Other assets	3.1.7.	31,063	12,256
Cash and cash equivalents	3.1.8.	111,564	73,281
		<b>163,959</b>	107,149
Assets held for sale	3.1.9.	36,500	40,381
		<b>200,459</b>	147,530
		<b>3,137,688</b>	<b>2,720,134</b>

## Equity and liabilities EUR '000

	Notes	31 December 2019	31 December 2018
<b>Shareholders' equity</b>			
Share capital	3.1.10.	240,544	240,544
Capital reserves	3.1.10.	68,832	68,832
Other reserves	3.1.10.	1,032,799	799,478
		<b>1,342,175</b>	1,108,854
<b>Non-controlling interests</b>			
	3.1.11.	2,910	2,720
		<b>1,345,085</b>	1,111,574
<b>Non-current liabilities</b>			
Issued bonds	3.1.13.	525,352	336,910
Other financial liabilities	3.1.12.	848,862	861,335
Provisions for employee benefits	3.1.14.	1,376	1,368
Other liabilities	3.1.15.	6,723	6
Deferred tax liabilities	3.1.16.	221,658	162,173
		<b>1,603,971</b>	1,361,792
<b>Current liabilities</b>			
Issued bonds	3.1.13.	0	99,902
Financial liabilities	3.1.12.	145,221	93,239
Income tax liabilities		1,649	1,791
Trade payables	5.1.1.	5,510	8,884
Other liabilities	3.1.15.	36,252	42,952
		<b>188,632</b>	246,768
		<b>3,137,688</b>	2,720,134

# Consolidated income statement

for the financial year 2019

EUR '000	Notes	2019	2018
<b>Revenues</b>			
Rental income <sup>1</sup>	3.2.1.	119,373	104,313
Revenues from operating costs <sup>1</sup>	3.2.1.	31,952	33,379
Revenues from hotel operations	3.2.1.	59,102	54,749
		<b>210,427</b>	192,441
Other operating income		<b>2,481</b>	1,948
Property operating expenses	3.2.2.	-60,952	-53,410
Hotel operating expenses	3.2.2.	-42,250	-38,023
Gross profit		<b>109,706</b>	102,956
Income from property disposals	3.2.3.	58,801	52,416
Book value of property disposals	3.2.3.	-58,801	-52,416
Gains on property disposals	3.2.3.	<b>0</b>	0
Management expenses	3.2.4.	-22,669	-19,863
Earnings before interest, tax, property valuation, depreciation and amortisation (EBITDA)		<b>87,037</b>	83,093
Depreciation and amortisation	3.2.5.	-8,264	-7,672
Results from property valuation	3.2.6.	192,671	167,814
Operating result (EBIT)		<b>271,444</b>	243,235
Financing cost	3.2.7.	-50,444	-37,506
Financing income	3.2.7.	19,064	15,550
Results from companies measured at equity	3.2.7.	11,359	14,693
Financial result		<b>-20,021</b>	-7,263
Net income before tax (EBT)		<b>251,423</b>	235,972
Taxes on income	3.1.16.	-38,116	-31,822
<b>Consolidated net income</b>		<b>213,307</b>	<b>204,150</b>
of which attributable to shareholders in parent company		212,774	203,690
of which attributable to non-controlling interests		533	460
<b>Earnings per share</b>			
undiluted = diluted	3.2.8.	3.21	3.08

<sup>1</sup> Since the financial year 2019, revenues (2019: kEUR 5,407) which were classified as operating costs until 2018, are now recognised as rental revenues (see notes 3.2.1.).

# Consolidated statement of comprehensive income

for the financial year 2019

EUR '000	Notes	2019	2018
Consolidated net income		213,307	204,150
Change in value of cash flow hedges	5.1.2.	-11,052	-4,697
Income taxes on cash flow hedges	5.1.2.	1,998	837
Reclassification of derivative valuation effects	5.1.2.	757	1,605
Income taxes on reclassification of derivative valuation effects	5.1.2.	-189	-359
Reserve for foreign exchange rate differences	3.1.10.	1,137	1,328
Other comprehensive income (realised through profit or loss)		-7,350	-1,286
Valuation of financial assets FVOCI		102,883	-9,363
Income taxes from measurement of financial assets FVOCI		-28,577	-3
Remeasurement of post-employment benefit obligations		-90	-9
Income taxes on remeasurement of post-employment benefit obligations		22	2
Other comprehensive income (not realised through profit or loss)		74,238	-9,373
Other comprehensive income		66,888	-10,658
of which attributable to shareholders in the parent company		66,888	-10,658
of which attributable to non-controlling interests		0	0
<b>Total comprehensive income</b>		<b>280,195</b>	<b>193,491</b>
of which attributable to shareholders in parent company		279,662	193,031
of which attributable to non-controlling interests		533	460

# Consolidated cash flow statement

for the financial year 2019

EUR '000	Notes	2019	2018
Net income before tax (EBT)		251,423	235,972
Results from property valuation	3.2.6.	-192,671	-167,814
Depreciation and amortisation on intangible assets and equipment	3.2.5.	8,264	7,672
Gains/losses on property sales	3.2.3.	0	0
Taxes on income paid	3.1.16.	-5,413	-5,600
Financing result	3.2.7.	20,021	7,263
Operating cash flow		<b>81,624</b>	77,493
Changes in net current assets			
Receivables and other assets		-5,123	-3,573
Provisions, other financial and non-financial liabilities		5	-967
Current liabilities		1,840	2,453
Cash flow from operating activities		<b>78,346</b>	75,406
Cash flow from investing activities			
Investments in property portfolio (rented properties, developing projects, undeveloped land, owner-operated properties)		-120,317	-168,197
Investments in intangible assets		-141	-88
Investments in other fixed assets		-2,011	-1,088
Disposal of equity instruments of other companies	3.1.4.	0	239
Acquisition of equity instruments of other companies	3.1.4.	0	-162,661
Investments in financial assets		-120	-3,863
Disposals of financial assets		470	0
Investments in companies measured at equity		-3,953	-1,631
Divestments in companies measured at equity		0	9,762
Net cash flow from deconsolidation of subsidiaries less cash and cash equivalents	2.2.4.	44,779	22,126
Net cash flow from initial consolidations	2.2.4.	-4,550	33
Net cash flow from changes in companies measured at equity		6,908	1,261
Disposals of properties		7,913	29,075
Dividends from companies measured at equity		645	551
Dividends received	3.1.4.   3.2.7.	15,468	12,968
Income from equity investments	3.1.4.	158	153
Interest received	3.2.7.	96	66
Cash flow from investing activities		<b>-54,655</b>	-261,294

EUR '000	Notes	2019	2018
Consolidated cash flow statement continued			
Cash flow from financing activities			
Purchase of own participating certificates		0	-550
Bond issues	3.1.13.	190,134	148,862
Bond redemption	3.1.13.	-66,932	0
Bond repurchase	3.1.13.	-35,858	0
Payout for exchange bonds	3.1.13.	-4,124	0
Distribution minority shares		-343	-1,351
Increases in financing	3.1.12.	56,503	198,143
Decreases in financing	3.1.12.	-42,058	-46,052
Dividend payment	3.1.10.	-46,341	-26,481
Repayment of participating certificates		0	-54,331
Distribution to participating certificates		0	-1,630
Interest paid		-36,389	-30,831
Cash flow from financing activities		14,592	185,779
Cash and cash equivalents 01 January		73,281	73,390
Net change in cash and cash equivalents		38,283	-109
<b>Cash and cash equivalents 31 December <sup>1</sup></b>		<b>111,564</b>	<b>73,281</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 2019	240,544	68,832	-15,872	-8,636	17,113	806,873	1,108,854	2,720	1,111,574
Consolidated net income	0	0	0	0	0	212,774	212,774	533	213,307
Other comprehensive income	0	0	1,137	-8,487	74,306	-68	66,888	0	66,888
Change in non-controlling interests	0	0	0	0	0	0	0	-343 <sup>2</sup>	-343
Distribution for 2018 to shareholders <sup>1</sup>	0	0	0	0	0	-46,341	-46,341	0	-46,341
<b>As of 31 December 2019</b>	<b>240,544</b>	<b>68,832</b>	<b>-14,735</b>	<b>-17,123</b>	<b>91,419</b>	<b>973,238</b>	<b>1,342,175</b>	<b>2,910</b>	<b>1,345,085</b>
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	0	0	0	0	-53	63	10	0	10
Distribution for 2017 to shareholders	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>

<sup>1</sup> The dividend distribution of kEUR 46,341 in 2019 corresponds to a dividend of EUR 0.70 (2018: EUR 0.40) per share, and was effected on 25 June 2019.

<sup>2</sup> Distribution

# Notes to the consolidated financial statements

as of 31 December 2019

## 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 the reporting date. As of 31 December 2019, 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, the underlying calculations and assumptions are reviewed once again and said amount is only recognised in profit or loss if this further critical review of the recognition and measurement of the assets and liabilities acquired results in a negative difference.

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 accordingly 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.

### **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 a company consolidated at equity 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 companies consolidated at equity 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 77 (2018: 75) companies (property holding and intermediary holding companies) that are fully consolidated and directly or indirectly owned by S IMMO AG, and 11 (2018: 12) companies included at equity.

#### Changes in the consolidation group in the financial year 2019

In the third quarter of 2019, the previously consolidated Austrian company Siebenbrunnengasse 21 GmbH & Co OG was sold.

The payment received consisted entirely of cash in the amount of kEUR 45,138. The company sold had the following book values at the time of the disposal:

EUR '000	Book value
<b>Current assets</b>	
Investment property	46,188
Other current assets	72
Cash and cash equivalents	359
<b>Total assets</b>	<b>46,619</b>
<b>Non-current liabilities</b>	
Non-current liabilities	0
<b>Current liabilities</b>	<b>-1,481</b>
<b>Total book value of disposals</b>	<b>45,138</b>

S IMMO Berlin VI GmbH, Germany, was acquired by way of a share deal in the first quarter of 2019. The purchase price (not including ancillary purchase costs) of kEUR 4,639 consisted entirely of cash and cash equivalents. The acquired company had the following book values at the time of the acquisition:

EUR '000	Book value
<b>Non-current assets</b>	
Property assets	7,000
<b>Current assets</b>	
Other current assets	148
Cash and cash equivalents	53
<b>Total assets</b>	<b>7,201</b>
<b>Non-current liabilities</b>	
Non-current liabilities	-2,307
<b>Current liabilities</b>	<b>-264</b>
<b>Total book value of disposals</b>	<b>4,630</b>

In the first quarter of 2019, SMART OFFICE DOROBANTI S.R.L, Romania was also fully consolidated in the consolidated financial statements of S IMMO AG for the first time. This company was founded in 2018. Due to its immateriality in 2018, it was not included in the consolidation group but reported as an investment. Cash at the time of initial consolidation amounted to kEUR 36. In the third quarter of 2019, Savska 32 d.o.o. Croatia 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.

In the third quarter of 2019, the company CII CENTRAL INVESTMENTS IMOBILIARE SRL, Romania valued at equity was dissolved.

## Overview of the consolidation group 2019 on a company basis

Company	Location	Nominal capital 2019	Nominal capital 2018	Group share % 2019	Group share % 2018	Local currency 2019	Local currency 2018	Consolidation type 2019	Consolidation type 2018
CEE Immobilien GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
CEE PROPERTY-INVEST Immobilien GmbH	AT, Vienna	48,000,000	48,000,000	100	100	EUR	EUR	FC	FC
CEE CZ Immobilien GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
German Property Invest Immobilien GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
Hotel DUNA Beteiligungs Gesellschaft m.b.H.	AT, Vienna	145,346	145,346	100	100	EUR	EUR	FC	FC
AKIM Beteiligungen GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
SO Immobilienbeteiligungs GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
CEE Beteiligungen GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
E.VI. Immobilienbeteiligungs GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
SIAG Berlin Wohnimmobilien GmbH	AT, Vienna	3,982,500	3,982,500	99.74	99.74	EUR	EUR	FC	FC
E.I.A. eins Immobilieninvestitions-gesellschaft m.b.H.	AT, Vienna	36,336	36,336	100	100	EUR	EUR	FC	FC
PCC-Hotelerrichtungs- und Betriebs-gesellschaft m.b.H. & Co KG	AT, Vienna	8,299,238	8,299,238	88.49	88.13	EUR	EUR	FC	FC
PCC-Hotelerrichtungs- und Betriebs-gesellschaft m.b.H.	AT, Vienna	36,336	36,336	100	100	EUR	EUR	FC	FC
Neutorgasse 2-8 Projektverwertungs GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
H.S.E. Immobilienbeteiligungs GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
A.D.I. Immobilien Beteiligungs GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
QBC Management und Beteiligungen GmbH & Co KG	AT, Vienna	35,000	35,000	35	35	EUR	EUR	E	E
QBC Immobilien GmbH	AT, Vienna	60,000	60,000	21.02	21.02	EUR	EUR	E	E
QBC Management und Beteiligungen GmbH	AT, Vienna	35,000	35,000	35	35	EUR	EUR	E	E
QBC Alpha SP Immomanagement GmbH	AT, Vienna	35,000	35,000	35	35	EUR	EUR	E	E
QBC Gamma SP Immomanagement GmbH	AT, Vienna	35,000	35,000	35	35	EUR	EUR	E	E
QBC Omega SP Immomanagement GmbH	AT, Vienna	35,000	35,000	35	35	EUR	EUR	E	E
QBC Immobilien GmbH & Co Alpha KG	AT, Vienna	10,000	10,000	35	35	EUR	EUR	E	E
QBC Immobilien GmbH & Co Zeta KG	AT, Vienna	10,000	10,000	21.02	21.02	EUR	EUR	E	E
QBC Immobilien GmbH & Co Omega KG	AT, Vienna	10,000	10,000	35	35	EUR	EUR	E	E
BGM-Erste Group Immorent GmbH & Co KG	AT, Vienna	4,342,202	4,342,202	22.93	22.93	EUR	EUR	E	E
S IMMO Property Invest GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S Immo Immobilien Investitions GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Beteiligungen GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
Siebenbrunnengasse 21 GmbH & Co KG	AT, Vienna	n/a	300	n/a	100	n/a	EUR	n/a	FC
S IMMO Property Eins GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Property Vier GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Property Fünf GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC

Company	Location	Nominal capital 2019	Nominal capital 2018	Group share % 2019	Group share % 2018	Local currency 2019	Local currency 2018	Consolidation type 2019	Consolidation type 2018
S IMMO Property Sechs GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Property Sieben GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Property Acht GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Property Neun GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Property Zehn GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Property Elf GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
Viertel Zwei Hoch GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
Viertel Zwei Plus GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
S IMMO Group Finance GmbH	AT, Vienna	35,000	35,000	100	100	EUR	EUR	FC	FC
WASHINGTON PROJEKT EOOD	BG, Sofia	4,054,450	4,054,450	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
Lützow-Center GmbH	DE, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
Ikaruspark GmbH	DE, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
S IMMO Germany GmbH	DE, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
S Immo Geschäftsimmobilien GmbH	DE, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
Markt Carree Halle Immobilien GmbH	DE, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
Tölz Immobilien GmbH	DE, Berlin	25,000	25,000	99.74	99.74	EUR	EUR	FC	FC
Einkaufs-Center Sofia G.m.b.H. & Co KG	DE, Hamburg	87,000,000	87,000,000	65	65	EUR	EUR	FC	FC
SIAG Deutschland Beteiligungs-Verwaltungs GmbH	DE, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
SIAG Deutschland Beteiligungs GmbH & Co. KG	DE, Berlin	100,000	100,000	94.90	94.90	EUR	EUR	FC	FC
SIAG Leipzig Wohnimmobilien GmbH	DE, Berlin	750,000	750,000	99.74	99.74	EUR	EUR	FC	FC
Major Domus Hausverwaltungs GmbH	DE, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
SIAG Property I GmbH	DE, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
SIAG Property II GmbH	DE, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
S IMMO Berlin I GmbH	DE, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
S IMMO Berlin II GmbH	DE, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
S IMMO Berlin III GmbH	DE, Berlin	25,000	25,000	93	93	EUR	EUR	FC	FC
S IMMO Berlin IV GmbH	DE, Berlin	25,000	25,000	93	93	EUR	EUR	FC	FC
S IMMO Berlin V GmbH	DE, Berlin	25,000	25,000	100	100	EUR	EUR	FC	FC
S IMMO Berlin VI GmbH	DE, Berlin	25,000	n/a	100	n/a	EUR	n/a	FC	n/a
Bank-garázs Kft.	HU, Budapest	3,000,000	3,000,000	100	100	HUF	HUF	FC	FC
CEE Property-Invest Kft.	HU, Budapest	110,000,000	110,000,000	100	100	HUF	HUF	FC	FC
Maros utca Kft.	HU, Budapest	3,000,000	3,000,000	100	100	HUF	HUF	FC	FC
BUDA Kft.	HU, Budapest	3,000,000	3,000,000	100	100	HUF	HUF	FC	FC
Duna Szálloda Zrt.	HU, Budapest	5,000,000	5,000,000	100	100	HUF	HUF	FC	FC
City Center Irodaház Kft.	HU, Budapest	44,370,000	44,370,000	100	100	HUF	HUF	FC	FC
Szegedi út Kft.	HU, Budapest	3,000,000	3,000,000	100	100	HUF	HUF	FC	FC
Nagymező Kft.	HU, Budapest	462,590,000	462,590,000	100	100	HUF	HUF	FC	FC

Company	Location	Nominal capital 2019	Nominal capital 2018	Group share % 2019	Group share % 2018	Local currency 2019	Local currency 2018	Consolidation type 2019	Consolidation type 2018
CEE Property-Invest Hungary 2003 Kft.	HU, Budapest	3,000,000	3,000,000	100	100	HUF	HUF	FC	FC
S IMMO APM Hungary Kft.	HU, Budapest	20,000,000	20,000,000	100	100	HUF	HUF	FC	FC
Váci 113 Offices A Kft.	HU, Budapest	4,000,000	3,000,000	100	100	HUF	HUF	FC	FC
Váci 113 Offices B Hungary Kft.	HU, Budapest	4,000,000	3,000,000	100	100	HUF	HUF	FC	FC
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	10,289,770	100	100	RON	RON	FC	FC
CII CENTRAL INVESTMENTS IMMOBILIARE SRL	RO, Bucharest	n/a	3,873,010	n/a	47	n/a	RON	n/a	E
SMART OFFICE DOROBANTI S.R.L.	RO, Bucharest	11,793,400	n/a	100	n/a	RON	n/a	FC	n/a
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
Savska 32 d.o.o.	HR, Zagreb	20,000	n/a	100	n/a	HRK	n/a	FC	n/a

The following subsidiaries were not included in the consolidation group due to their immateriality for the consolidated financial statements as of 31 December 2019. They had a book value in the amount of kEUR 59 as of 31 December 2019 (31 December 2018: kEUR 327). 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%) and 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 main economic environment in which the respective company operates. 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 significantly influenced by the euro area. In addition, S IMMO concludes lease agreements in these countries predominantly in euros. Property financing is also in euros.

For the one subsidiary operating in Bulgaria and the two subsidiaries in Hungary, the functional currency is 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:

	Czech Republic CZK	Hungary HUF	Bulgaria BGN	Romania RON	Croatia HRK
Closing rate 31 December 2019	25.408	330.530	1.956	4.783	7.440
Average rate in 2019	25.659	325.752	1.956	4.750	7.420
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

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 16	Leases	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019
Amendments to IFRS 9	Prepayment Features with Negative Compensation	01 January 2019
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	01 January 2019
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	01 January 2019
Annual Improvements to IFRS Standards Cycle 2015–2017	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	01 January 2019

Application takes place for financial years that begin on or after the 'first-time adoption' date. None of the new effective standards had a material impact on these consolidated financial statements.

#### IFRS 16 Leases

The Group applied IFRS 16 for the first time as of 01 January 2019. The Group applied IFRS 16 according to the modified retrospective method. Therefore, the comparative information for 2018 has not been restated, i.e. it was presented as before in accordance with IAS 17 and the associated interpretations. The details of the amendments to the accounting policies are specified below. Furthermore, the disclosure requirements of IFRS 16 were generally not applied to the comparative information.

Previously, the Group determined whether an arrangement contained a lease at contract inception in accordance with IFRIC 4. Now, the Group assesses whether a contract is or contains a lease on the basis of the definition of a lease in accordance with IFRS 16. In the transition to IFRS 16, the Group opted to apply the practical expedient to retain the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts not identified as leases in accordance with IAS 17 and IFRIC 4 were not reviewed to determine whether they were leases in accordance with IFRS 16. Therefore, the definition of a lease in accordance with IFRS 16 was applied only to contracts concluded or amended on or after 01 January 2019.

## A. Group as lessee

The Group leases various assets as a lessee. The Group previously classified leases as operating or finance leases based on its assessment as to whether the lease transferred substantially all the risks and rewards incidental to ownership of the underlying asset to the Group. In accordance with IFRS 16, the Group now recognises right-of-use assets and leasing liabilities for most of these leases. This approach resulted in an increase in total assets and liabilities, the amount of which is immaterial overall.

### i. Leases previously classified as operating leases in accordance with IAS 17

Previously, the Group classified real estate leases as operating leases in accordance with IAS 17. On transition, the leasing liabilities for these leases were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 01 January 2019.

Right-of-use assets are measured as follows:

- At the carrying amount as if IFRS 16 had been applied since the commencement date of the lease discounted using the Group's incremental borrowing rate, discounted using the Group's incremental borrowing rate as of the date of first-time application.
- At an amount equal to the leasing liability, adjusted by the amount of any prepaid or accrued lease payments: The Group uses this approach for all other leases.

The Group tested its right-of-use assets for impairment at the transition date and concluded that there were no indications that the right-of-use assets were impaired. The Group used a range of practical expedients when applying IFRS 16 to leases that were classified as operating leases under IAS 17. Specifically, the Group:

- recognised neither right-of-use assets nor leasing liabilities for leases for which the lease term ends within 12 months of the date of first-time application,
- recognised neither right-of-use assets nor leasing liabilities for leases for which the underlying asset is of low value,
- excluded initial direct costs from the measurement of the right-of-use asset at the date of first-time application, and
- determined the lease terms retrospectively.

### ii. Leases previously classified as finance leases in accordance with IAS 17

The Group already classified leases for real estate as finance leases in accordance with IAS 17 before the first-time application of IFRS 16. For these finance leases, the carrying amount of the right-of-use asset and the leasing liability as of 01 January 2019 was recognised at the carrying amount of the leased asset and the leasing liability in accordance with IAS 17 immediately prior to this date.

## B. As lessor

The Group leases out its properties held as financial investments (investment property). The Group has classified these leases as operating leases.

IFRS 16.17, in conjunction with IFRS 15.73-90, requires consideration received to be split into the components of the contract. This means that contract components are reclassified within revenues from operating costs to rental income. Specifically, this does not affect operating cost allocations that are offset by the direct performance of a service to the tenant, but only with the passing on of costs that are associated with the ownership of the property, specifically current building taxes and insurance.

At the date of transition to IFRS 16, the Group is not required to make adjustments for leases in which it acts as lessor, except in the case of subleases.

The Group subleases some of its property, plant and equipment. In accordance with IAS 17, head leases and subleases were classified as operating leases. At the date of transition to IFRS 16, the right-of-use assets from the head leases are recognised in other property, plant and equipment. For the sublease agreements, a corresponding leasing receivable is recognised.

### C. Effect on the financial statements

The effects of the first-time application of IFRS 16 'Leases' are described below. The new accounting policies applied from 01 January 2019 are disclosed in section 2.6.11 Leases.

The first-time application of IFRS 16 took place in accordance with the modified retrospective approach in line with the transitional provisions of IFRS 16. The Group measured the right-of-use asset at the value of the leasing liability. The previous year's figures have not been adjusted.

With the first-time application of IFRS 16, the Group recognised leasing liabilities for leases that were previously classified as operating leases under IAS 17. These liabilities are measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate as of 01 January 2019. The weighted average incremental borrowing rate applied to leasing liabilities as of 01 January 2019 was 5.8%.

The resulting transition effects as of 01 January 2019 are presented in detail in the following table:

	<b>01 January 2019 (in '000)</b>
<b>Effects of first-time application</b>	
Operating lease liabilities reported as of 31 December 2018	11,332
Adjustments in financial year 2019	1,210
Operating lease liabilities as of 01 January 2019	12,542
<b>Discounted using the incremental borrowing rate at the date of first-time application of IFRS 16</b>	<b>5,801</b>
+ (plus) Finance lease liabilities reported as of 31 December 2018	7,040
- (minus) Current leases from hotel operations expensed on a straight-line basis	-22
- (minus) Leases for low-value assets which are recognised as management expenses on a straight-line basis	-1
± (plus/minus) Adjustment due to differing assessments of renewal and termination options	0
± (plus/minus) Adjustments due to changes in indices or interest rates affecting variable payments (based on indices or rates)	0
<b>Leasing liabilities reported on 01 January 2019</b>	<b>12,818</b>
of which current leasing liabilities	2,666
of which non-current leasing liabilities	10,151

There were no onerous leases as of the date of first-time application of IFRS 16, meaning that no corresponding write-downs of right-of-use assets were necessary.

As of 01 January 2019, the first-time application of IFRS 16 had the following effects on balance sheet items:

EUR '000	
Other plant and equipment (right-of-use assets)	4,398
Owner-operated properties (right-of-use assets)	903
Investment property (right-of-use assets)	289
Other financial assets (non-current)	57
Other financial assets (current)	17
Non-current financial liabilities (leasing liabilities)	5,253
Current financial liabilities (leasing liabilities)	525
Other liabilities	-114

The interest and repayment components were shown in the cash flow from financing activities.

The Group applied the following simplifications when applying IFRS 16 for the first time:

- Leases with a remaining term of less than twelve months as of 01 January 2019 are recognised as current leases.
- Initial direct costs are not included in the measurement of right-of-use assets at the date of first-time application.
- The retrospective determination of the term of leases with renewal or termination options (use of hindsight).
- Application of a single discount rate to a portfolio of leases with similar terms.
- As of 01 January 2019, leases classified as finance leases under IAS 17 were measured at the carrying amount resulting from the measurement of the leased asset and the leasing liability in accordance with IAS 17 immediately prior to this date.

#### 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 amendments are of minor importance for the consolidated financial statements of S IMMO AG.

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

The amendments to IFRS 9 relate to a limited adjustment of the assessment criteria used to classify financial assets. Prepayment features with negative compensation may 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 of minor importance for the consolidated financial statements of S IMMO AG.

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

The amendments to IAS 28 primarily address the question of how the requirements of IAS 28 and IFRS 9 Financial Instruments interact. They regulate the extent to which long-term interests that form part of the net investment in the associate or joint venture and to which the equity method is not applied fall under the scope of the two standards. They essentially clarify that IFRS 9 is initially to be applied to such long-term interests.

The amendments are of minor importance for the consolidated financial statements of S IMMO AG.

#### **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. This 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 are of minor importance for the consolidated financial statements of S IMMO AG.

#### **Annual Improvements to IFRS Standards 2015–2017**

##### **Cycle – amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23**

The Annual Improvements to IFRS Standards (2015–2017) amended four IFRS standards.

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 therefore remeasure the stake 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 stake in that business.

IAS 12 was 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. This means they are to be recognised in profit or loss unless the dividend is based on income recognised in other comprehensive income or other equity.

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 are of minor importance for 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
Amendments to IAS 1 and 8	Definition of Material, Classification of Liabilities as Current or Non-Current	01 January 2020
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards	01 January 2020

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

S IMMO Group is not planning early application of the following new or amended standards and interpretations, whose application is not mandatory until later financial years. Unless stated otherwise, the impact on the consolidated financial statements of S IMMO AG is currently being examined.

### Amendments to IAS 1 and 8 – Definition of Material, Classification of Liabilities as Current or Non-Current

The amendments create a more 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 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 References to the Conceptual Framework

The revised conceptual framework now consists of an introductory section called Status and purpose of the conceptual framework as well as eight complete chapters.

It now contains the chapters 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.

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

Standard	Title of standard	First-time adoption <sup>1</sup>
IFRS 14 <sup>2</sup>	Regulatory Deferral Accounts	<sup>3</sup>
IFRS 17	Insurance Contracts	01 January 2022 <sup>4</sup>
Amendments to IFRS 3	Definition of a Business	01 January 2020
Amendments to IFRS 9, IAS 39, IFRS 7	Interest Rate Benchmark Reform	01 January 2020
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	<sup>5</sup>

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

<sup>1</sup> The date can change for the European Union due to EU endorsement.

<sup>2</sup> Due to the extremely limited number of adopters, the European Commission will not propose IFRS 14 for endorsement in the EU.

<sup>3</sup> Adopted by the IASB on 01 January 2016. EU endorsement is not intended.

<sup>4</sup> The Board voted unanimously to propose a postponement of first-time adoption to 01 January 2022.

<sup>5</sup> On 17 December 2015, the IASB resolved 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.

#### **Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform**

The amendments relate in particular to certain reliefs regarding hedge accounting regulations and are mandatory for all hedges affected by the reform of the interest rate benchmark. They also stipulate additional disclosures on the extent to which entities' hedges are affected by the amendments. The amendments are effective for reporting periods beginning on or after 01 January 2020. Earlier application of the amendments 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 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 2019.

## **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 location of the property, 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 of acquisition and construction 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 property, plant and equipment under IAS 16.

Under IAS 16, owner-operated properties (including owner-managed hotels) and other property, plant and equipment are valued using the cost model. The properties are recognised on initial capitalisation at cost 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 property, plant and equipment 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 of acquisition and construction 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 Immobilien Anlagen AG and IMMOFINANZ AG.

#### 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. This involves shares in non-consolidated companies. This category also includes assets that are not equity instruments and which have contractual cash flows that do not exclusively consist of interest and repayments (SPPI criteria).

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. Loans to companies measured at equity are measured at amortised cost due to the expected success of the project. Due to a loan loss provision matrix based on a published regulatory risk weighting, which determined a loan loss provision of 0% for a short remaining term of the loans, no loan loss provision was recognised in the financial year 2019. In the financial year 2018, a loan loss provision of borrowings in the amount of 0.4% was recorded due to other maturities.

#### 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. Derivatives are still measured at fair value, adjusted for CVAs/DVAs. 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
- Issued bonds
- Other financial liabilities (non-current)
- Current financial liabilities
- Trade payables

The fair value of 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 fair values of future payment streams (discounted cash flow models), or the use of mathematical models.

### 2.6.5.2. Derivatives for interest rate hedging

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 adjustments) and DVAs (debit value adjustments) 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. In the financial year 2019, no ineffective portions were realised through profit or loss.

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 2019, derivative

valuation effects of kEUR 568 (2018: kEUR 1,246) 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. These use the dollar-offset method with sensitivity analyses, in which the hedged item is represented by a hypothetical derivative whose volume and variable-rate exposure match those of the hedged item. The relative difference calculation method is also used. From the financial year 2020, the Group will apply the hedge accounting rules of IFRS 9 for the first time. The transition is not expected to have a material impact on S IMMO AG's consolidated financial statements.

### 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 property, plant and equipment 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 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. As of 31 December 2019, the fair value of the hotels were significantly above the book 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 2019 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.

The impairment model of IFRS 9 requires impairment to be recognised on the basis of expected credit losses (expected credit loss model). 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. The expected credit loss is determined based on past experience and the maturity structure of the receivables, in principle with a distinction between receivables that are not due, 1-90 days past due, 90-365 days past due and more than one year past due.

However, in addition to the historical perspective, the Group considers forward-looking information and expectations as well, which differ from type of use and country and reach in a lot of cases the level of single tenants. Operationally all 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. Taking into account the legal situation in question, defaults are recognised no later than at the time of insolvency.

#### **2.6.7. Other assets**

No impairments were recognised for other assets. 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. As of 31 December 2019, a provision of kEUR 1 (31 December 2018: kEUR 1) for bank balances was recorded 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, meaning that properties held for sale must be shown under current assets.

The Group intended to dispose a total of two properties in Germany at the end of the reporting period 31 December 2019.

## 2.6.10. 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 relevant book value for tax purposes. 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. Deferred tax assets on loss carryforwards are recognised when sufficient deferred tax liabilities exist and it can be assumed that both deferred property liabilities and deferred tax assets on loss carryforwards will decrease in the future. 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 a maximum 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.

## 2.6.11. Leasing

The Group primarily leases property for subletting (including land with construction rights). Rental contracts are typically concluded for fixed periods but may include renewal options. As of 31 December 2019, there were no material renewal or termination options in connection with leases in accordance with IFRS 16. The rental conditions are negotiated individually and contain a range of different terms. In the financial year, there were no material modifications to contracts in accordance with IFRS 16.

Up to and including 2018, leases were classified either as finance leases or operating leases. Payments in connection with operating leases were recognised in profit or loss on a straight-line basis over the lease term.

Since 01 January 2019, leases have been recognised as a right-of-use asset and a corresponding leasing liability from the date on which the leased asset is made available to the Group for use. Each lease payment is divided into repayment and financing costs. Financing costs are recognised in income over the term of the lease so as to achieve a periodic rate of interest on the remaining amount of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the useful life of the underlying asset and the term of the lease. If the lease contains a purchase option that is likely to be exercised or is a lease that transfers ownership of the underlying asset at the end of the term, the right-of-use asset is depreciated on a straight-line basis over the useful life of the underlying asset.

Under IAS 17, properties that were leased for subletting were classified as finance leases. The recognised assets are sublet in operating leases and are therefore classified as 'investment property'. Land in which the Group has a construction right was classified as an operating lease under IAS 17. Since 01 January 2019, construction rights are classified as investment property and measured at fair value in accordance with IFRS 16.34 in the same way as for property.

In addition, there are leases for buildings that are owner-operated. The resulting right-of-use assets are recognised in the statement of financial position under 'owner-operated properties' and are depreciated over the term of the lease.

Leasing liabilities are recognised at the present value of the lease payments, which is composed as follows:

- Fixed payments (including de facto fixed payments, less any lease incentives receivable)
- Variable lease payments based on an index or (interest) rate
- Expected residual payments under residual value guarantees of the lessee
- The exercise of a purchase option if exercise by the lessee is reasonably certain

Lease payments are discounted using the Group's incremental borrowing rate, i.e. the interest rate that the Group would be required to pay to raise the funds to acquire an asset with a comparable value and comparable conditions in a comparable economic environment.

Right-of-use assets are carried at cost, which is composed as follows:

- The amount of the leasing liability upon first-time recognition
- All lease payments on or prior to provision, less any lease incentives received
- All initial direct costs incurred by the lessee
- The estimated costs incurred by the lessee for dismantling or removing the underlying asset, restoring the site at which the asset is located or returning the underlying asset to the condition required under the terms of the lease.

Payments for current leases and leases of low-value assets are expensed on a straight-line basis. Current leases are leases with a term of twelve months or less.

For information on the simplifications applied as of 01 January 2019, please refer to section 2.4. New mandatory accounting regulations.

## **2.6.12. Revenues**

### **2.6.12.1. 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 period. With the first-time application of IFRS 16 in financial year 2019, the allocation of operating costs that are associated with the ownership of the property and are not offset by the performance of a service in the narrower sense to the tenant is no longer recognised under revenues from operating costs, but instead under rental income.

### **2.6.12.2. 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.

### **2.6.12.3. 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.

### **2.6.12.4. 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, reversals of impairment losses, and exchange rate gains on the valuation of monetary assets and liabilities at the individual company level. 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 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

31 December 2019 EUR '000	Level 1	Level 2	Level 3	Total
Properties held as financial investments				
Rental properties	0	0	2,188,317	2,188,317
Properties under development and undeveloped land	0	0	21,846	21,846
Group interests	0	0	3,863	3,863
Other financial assets				
Listed equity instruments	553,202	0	0	553,202
Derivatives	0	48	800	848
Financial liabilities				
Derivatives	0	-37,865	0	-37,865

31 December 2018 EUR '000	Level 1	Level 2	Level 3	Total
Properties held as financial investments				
Rental properties	0	0	1,880,507	1,880,507
Properties under development and undeveloped land	0	0	73,750	73,750
Group interests	0	0	2,448	2,448
Other financial assets				
Listed equity instruments	452,004	0	0	452,004
Derivatives	0	509	0	509
Shares in investment funds	443	0	0	443
Financial liabilities				
Derivatives	0	-21,697	0	-21,697

## 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. Investment property

The calculation of the fair value of investment property is mainly based on expert valuations by internationally recognised valuers (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.

Investment property had a book value of kEUR 2,210,163 (31 December 2018: kEUR 1,954,257). Two properties held as investment property with a book value of kEUR 36,500 (31 December 2018: kEUR 40,381) are shown under the assets held for sale because the company plans to sell them in 2020.

### 2.8.1.1. Valuation methods in connection with investment property

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 asset classes. In Austria, the fair value of kEUR 397,830 was calculated using the capitalised earnings method, while in Germany, the fair value of kEUR 1,136,109 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 683,930.

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

agreements exist which were measured on the basis of purchase agreements and properties based on reference value in the amount of kEUR 28,794.

	<b>Book value as of 31 December 2019 EUR '000</b>	<b>Valuation method</b>	<b>Input factors</b>	<b>Range/mean value<sup>1</sup></b>
Austria	397,830	Capitalised earnings method	Capitalisation rate	2.75% to 5.50%
			Remaining useful life	40 years (weighted average)
			Market rent (EUR/m <sup>2</sup> /month)	1.28 to 28.12
Germany	1,136,109	Discounted cash flow	Capitalisation rate	1.70% to 6.85%
			Discount rate	3.70% to 8.35%
			Market rent (EUR/m <sup>2</sup> /month)	4.04 to 14.29
		Residual value method	Construction costs	EUR 1,000 m <sup>2</sup> /month to EUR 2,500 m <sup>2</sup> /month
			Market rent (EUR/m <sup>2</sup> /month)	10.25 to 19.47
		Sales comparison approach	EUR/m <sup>2</sup>	0.5 to 164.4
CEE	683,930	Discounted cash flow	Capitalisation rate	5.15% to 7.50%
			Discount rate	7.15% to 8.50%
			Market rent (EUR/m <sup>2</sup> /month)	7.50 to 20.63
		Capitalised earnings method	Capitalisation rate	4.00% to 8.0%
			Remaining useful life	43 years (weighted average)
			Market rent (EUR/m <sup>2</sup> /month)	7.29 to 16.91
		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 45.45/m <sup>2</sup>
		<b>Total</b>	<b>2,217,869</b>	

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

A reduction in the expected annual rents 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 at least once a year by independent, professional experts for the purpose of preparing the annual financial statement. The professional experts are provided with the necessary information, such as current rents, 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 investment property changes in sustainable rental yields

and interest rates. The table does not include land that was valued based on the reference figure, properties valued at residual value and properties valued on purchase agreements totaling kEUR 86,744.

#### Change in sustainable rent

EUR '000	2019			2018		
	-10%	Output value	+10%	-10%	Output value	+10%
Austria	357,000	397,830	438,360	340,181	380,080	419,980
Germany	986,131	1,081,659	1,195,452	844,528	920,039	989,449
CEE	614,115	680,430	746,850	545,959	617,180	690,784
	<b>1,957,246</b>	<b>2,159,919</b>	<b>2,380,662</b>	<b>1,730,668</b>	<b>1,917,299</b>	<b>2,100,213</b>

#### Change in interest rate

EUR '000	2019			2018		
	-10%	Output value	+10%	-10%	Output value	+10%
Austria	425,470	397,830	372,640	407,649	380,080	355,202
Germany	1,181,700	1,081,659	956,491	1,038,749	920,039	823,820
CEE	753,550	680,430	619,940	680,712	617,180	563,898
	<b>2,360,720</b>	<b>2,159,919</b>	<b>1,949,071</b>	<b>2,127,110</b>	<b>1,917,299</b>	<b>1,742,920</b>

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

Estimates of the long-term value property, plant and equipment 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 242 (31 December 2018: kEUR 208), that of other non-current assets to kEUR 5,123 (31 December 2018: kEUR 4,469). Owner-operated properties had a book value of kEUR 124,377 (31 December 2018: kEUR 126,789).

### 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 interest rate derivatives change as follows when the interest rates shift by +100 BPS or -50 BPS:

	31 December 2019			
	Nominal	Fair value before interest rates shift	Change EUR '000	Change in %
<b>+100 BP</b> EUR '000				
Swaps	618,599	-37,865	34,074	90
Caps	190,000	48	160	356
<b>Total</b>	<b>808,599</b>	<b>-37,817</b>	<b>34,234</b>	

	31 December 2019			
	Nominal	Fair value before interest rates shift	Change EUR '000	Change in %
<b>-50 BP</b> EUR '000				
Swaps	618,599	-37,865	-16,023	-42
Caps	190,000	48	-25	-56
<b>Total</b>	<b>808,599</b>	<b>-37,817</b>	<b>-16,048</b>	

	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>	

In addition to the interest rate derivatives, there is one derivative from a forward deal in the amount of kEUR 800 (2018: kEUR 0) that is not included in the above table. A change of +10% or -10% in the underlying property values would result in a decrease of kEUR 369 or an increase of kEUR 736 in the fair value of the derivative.

### 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 13,451 (31 December 2018: kEUR 12,682) 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 2019 (offset)			Output value for deferred tax 2018 (offset)		
	+10%	-10%	+10%	-10%	+10%	-10%
Deferred taxes on properties	243,288	202,862	163,616	201,623	167,256	136,009

### 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	2019			2018		
	-0.30%	Output value	+0.30%	-0.30%	Output value	+0.30%
Severance payments	973	958	944	968	954	941
Long-service bonuses	428	418	408	424	414	406

#### Change in valorisation

EUR '000	2019			2018		
	-0.20%	Output value	+0.20%	-0.20%	Output value	+0.20%
Severance payments	950	958	967	946	954	962
Long-service bonuses	412	418	424	409	414	420

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

#### 3.1. Statement of financial position

##### 3.1.1. Investment property

EUR '000	Rental properties	Properties under development and undeveloped land
As of 01 January 2018	1,668,405	37,100
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
As of 01 January 2019	1,880,507	73,750
Recording of right-of-use from initial application of IFRS 16	2,973	1,424
Adopted as of 01 January 2019	1,883,480	75,174
Additions	97,743	13,667
Disposals	-615	-1,800
Reclassification	62,819	-62,819
Other changes	0	0
Changes in fair value (realised through profit or loss)	162,722	29,424
Reclassifications as properties held for sale	-17,832	-31,800
<b>As of 31 December 2019</b>	<b>2,188,317</b>	<b>21,846</b>
whereof pledged as security	2,083,607	0

In addition, a change in fair value in the amount of kEUR 525 (2018: kEUR 2,866) was realised through profit or loss for the properties held for sale.

Additions by operating segments were as follows:

##### Rented properties

EUR '000	31 December 2019	31 December 2018
Austria	668	3,903
Germany	56,720	128,139
CEE	40,355	8,397
	<b>97,743</b>	<b>140,439</b>

##### Properties under development and undeveloped land

EUR '000	31 December 2019	31 December 2018
Austria	0	0
Germany	10,912	10,781
CEE	2,755	15,639
	<b>13,667</b>	<b>26,420</b>

Consisting of:

##### Rental properties

EUR '000	31 December 2019	31 December 2018
Austria	397,830	380,080
Germany	1,096,887	946,847
CEE	693,600	553,580
	<b>2,188,317</b>	<b>1,880,507</b>

The measurement of the fair value of rental properties totalling kEUR 2,188,317 (2018: kEUR 1,880,507) in the financial year 2019 was based on hierarchy level 3.

##### Properties under development and undeveloped land

EUR '000	31 December 2019	31 December 2018
Austria	0	0
Germany	15,241	7,350
CEE	6,605	66,400
	<b>21,846</b>	<b>73,750</b>

The measurement of the fair value of development projects and undeveloped land totalling kEUR 21,846 (2018: kEUR 73,750) in the financial year 2019 was based on hierarchy level 3. This relates to land reserves and projects for which significant construction or project development measures are already in pro-

gress as of the reporting date and for which generating rental income is of only minor significance.

Purchasing obligations for properties in the amount of kEUR 48,811 result from the purchasing contracts concluded in the financial year 2019.

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 2019 financial year, as in the 2018 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 2018	207,325	13,463	963	221,751
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>
<b>As of 01 January 2019</b>	212,735	9,215	811	222,761
Recording of right-of-use from initial application of IFRS 16	903	289	0	1,192
<b>Adjusted figure as of 01 January 2019</b>	<b>213,638</b>	<b>9,504</b>	<b>811</b>	<b>223,953</b>
Currency translation	0	-203	-51	-254
Additions	4,120	2,011	141	6,272
Disposals	0	-5,865	-520	-6,385
<b>As of 31 December 2019</b>	<b>217,758</b>	<b>5,447</b>	<b>381</b>	<b>223,586</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 2018	79,450	8,808	733	88,991
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>
Currency translation	0	-180	-51	-231
Depreciation and amortisation	7,435	748	81	8,264
Disposals	0	-4,990	-494	-5,484
<b>As of 31 December 2019</b>	<b>93,381</b>	<b>324</b>	<b>139</b>	<b>93,844</b>
<b>Book value as of 01 January 2018</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>
<b>Book value as of 31 December 2019</b>	<b>124,377</b>	<b>5,123</b>	<b>242</b>	<b>129,742</b>

### 3.1.3. Interests in companies measured at equity

The book value of the companies measured at equity came to kEUR 36,284 as of 31 December 2019 (31 December 2018: kEUR 25,704). 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 2019	of which AT	of which CEE	31 December 2018	of which AT	of which CEE
Non-current assets	192,900	192,900	0	118,600	118,600	0
Current assets	6,151	6,151	0	5,450	5,116	334
Non-current liabilities	110,542	110,542	0	65,575	65,575	0
Current liabilities	6,032	6,032	0	3,547	3,547	0
Net assets	82,477	82,477	0	54,928	54,594	334
Group interest in net assets	24,300	24,300	0	15,892	15,736	156

EUR '000	31 December 2019	of which AT	of which CEE	31 December 2018	of which AT	of which CEE
Revenues	2,358	2,358	0	2,904	2,429	475
Net income for the period	29,757	29,803	-46	35,779	37,954	-2,175
Group share of the profit for the period	9,187	9,209	-22	10,082	11,104	-1,022

#### Joint ventures

EUR '000	31 December 2019	of which CEE	31 December 2018	of which CEE
Non-current assets	59,288	59,288	53,851	53,851
Current assets	3,872	3,872	2,233	2,233
Non-current liabilities	35,634	35,634	32,155	32,155
Current liabilities	4,028	4,028	4,690	4,690
Net assets	23,498	23,498	19,239	19,239
Group interest in net assets	11,984	11,984	9,812	9,812

EUR '000	31 December 2019	of which CEE	31 December 2018	of which CEE
Revenues	4,558	4,558	0	0
Net income for the period	4,259	4,259	9,041	9,041
Group share of the profit for the period	2,172	2,172	4,611	4,611

## Companies measured at equity

EUR '000	2019	2018
As of 01 January	25,704	12,237
Current profits	11,381	15,725
Current losses	-22	-1,032
Result from companies measured at equity	11,359	14,693
Capital decrease	0	-525
Additions	0	10
Disposals	-134	0
Withdrawals/dividends	-645	-551
Other	0	-160
<b>As of 31 December</b>	<b>36,284</b>	<b>25,704</b>

In the financial year 2019, there were like in the previous year no proportional losses from companies included at equity that were not recognised. Cumulatively, there were no losses from companies included at equity as of the reporting date. In the previous year, these amounted to kEUR 1 and were not recognised.

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

As of 31 December 2019, there are three loans in the amount of kEUR 8,641 (2018: kEUR 4,214) to exclusively Austrian companies accounted for using the equity method. The Group monitors changes in credit risk by tracking published regulatory risk weightings. Due to the short remaining term of the loans, no provision was recognised for corresponding default probabilities (2018: 0.4%).

### 3.1.4. Group interests and other financial assets

The equity investments predominantly comprise an equity investment accounted for at FVOCI and whose fair value is calculated using a multiplier model. For this equity investment, income of kEUR 158 (2018: 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. 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. Dividend income totalling kEUR 17,000 was realised through profit or loss in the reporting

period (2018: kEUR 14,332). As a result of deduction of withholding tax, only kEUR 15,468 (2018: 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. As in 2018, 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.

Other financial assets include primarily allocations of property management and deposit.

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	2019	2018
As of 01 January	1,682	7,191
Utilisation	-98	-108
Reversal	-901	-6,092
Increase	1,272	691
<b>As of 31 December</b>	<b>1,955</b>	<b>1,682</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 maturity profile of the gross receivables, the corresponding valuation allowances and the resulting net receivables are shown below:

EUR '000	Up to 90 days past due	90–365 days	>365 days	Total
<b>Gross trade receivables</b>				
Austria	1,731	98	256	2,085
Germany	827	492	579	1,898
CEE	4,536	281	592	5,410
<b>Total</b>	<b>7,094</b>	<b>871</b>	<b>1,427</b>	<b>9,392</b>
<b>Valuation allowances for trade receivables</b>				
Austria	-40	-56	-101	-197
Germany	-1	-255	-530	-786
CEE	-297	-172	-503	-972
<b>Total</b>	<b>-338</b>	<b>-483</b>	<b>-1,134</b>	<b>-1,955</b>
<b>Net trade receivables</b>				
Austria	1,691	42	155	1,888
Germany	826	237	49	1,112
CEE	4,239	109	89	4,437
<b>Total</b>	<b>6,756</b>	<b>388</b>	<b>293</b>	<b>7,437</b>

### 3.1.6.3. Other current financial assets

EUR '000	31 December 2019	31 December 2018
Property management agent clearing accounts	1,412	1,367
Receivables from disposals of properties and property holding companies	409	120
Deposits	3,231	2,725
Finance receivables	65	116
Deposit	0	5,025
Other assets	1,815	1,087
	<b>6,932</b>	<b>10,440</b>

### 3.1.7. Other assets

The other assets of kEUR 31,063 (31 December 2018: kEUR 12,256) consisted mainly of prepaid expenses, tax receivables and prepayments.

### 3.1.8. Cash and cash equivalents

EUR '000	31 December 2019	31 December 2018
Bank balances	111,352	72,931
Cash in hand	212	350
	<b>111,564</b>	<b>73,281</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 two properties in Germany are currently intended for disposal.

EUR '000	Austria	Germany	CEE	Total
As of 01 January 2018	0	6,300	0	6,300
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>
Reclassification	11,812	31,800	6,020	49,632
Additions/pro- perty valuations	3,376	19	93	3,488
Disposals	-46,188	-4,700	-6,113	-57,001
<b>As of 31 December 2019</b>	<b>0</b>	<b>36,500</b>	<b>0</b>	<b>36,500</b>

### 3.1.10. Equity

The nominal capital of the Group's parent company amounted to kEUR 243,144 (2018: kEUR 243,144) and is fully paid up.

As of 31 December 2019, S IMMO held 715,424 treasury shares (2018: 715,424 shares).

#### Details of share capital

EUR '000	2019	2018
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 2018: kEUR 68,832) are restricted reserves in the meaning of section 229 (5) Austrian Commercial Code (UGB).

The other reserves of kEUR 973,238 (31 December 2018: kEUR 806,873) 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 -14,735 (31 December 2018: kEUR -15,872) is made up of the currency translation differences in accordance with IAS 21. The hedge accounting reserve of kEUR -17,123 (31 December 2018: kEUR -8,636) comprises the measurement differences on cash flow hedges recognised under equity. The equity instruments reserve (FVOCI) of kEUR 91,419 (31 December 2018: kEUR 17,113) comprises the share in IMMOFINANZ and CA Immobilien Anlagen AG described in 3.1.4. as well as a Group interest. 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 2019, the Management Board intends to propose the 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 and 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 2,910 (31 December 2018: kEUR 2,720). The change in the amount of kEUR -343 (2018: kEUR -1,351) shown in the statement of changes in consolidated equity is due to distributions.

### 3.1.12. Financial liabilities

Other current and non-current financial liabilities primarily include loan liabilities which are generally secured by mortgages as well as derivative liabilities, leasing liabilities and deposit. As of 31 December 2019, the cost of funding of mortgage-secured bank financing amounted to 0.98% for Germany, 1.5% for Austria and 1.78% for CEE.

Financial liabilities are as follows:

31 December 2019

EUR '000	Changes in cash and cash equivalents			Non-cash changes		31 December 2019
	01 January 2019	New loans/ repayments	Change in the scope of consolidation	Changes in fair value	Other non-cash changes	
Other non-current financial liabilities	839,637	-37,161	2,151	0	6,401	811,028
Other current financial liabilities	93,239	43,281	156	0	8,514	145,190
Subtotal other non-current and current financial liabilities	932,876	6,120	2,307	0	14,915	956,217
of which recognised as increases and decreases in cash flow from financing activities		14,445				
of which paid interest recognised in cash flow from financing activities		-8,325				
Derivatives held for hedging purposes	21,697	0	0	16,168	0	37,865
Bonds	436,812	87,851	0	0	689	525,352
of which recognised in cash flow from financing activities		87,851				
<b>Total</b>	<b>1,391,385</b>	<b>93,971</b>	<b>2,307</b>	<b>16,168</b>	<b>15,604</b>	<b>1,519,435</b>

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
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	0	0	0	
<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>

### 3.1.13. Issued bonds

In May 2019, S IMMO AG issued one bond (ISIN AT0000A285H4) with a total nominal value of kEUR 150,000 divided into 300,000 shares with a nominal value of EUR 500. The new bond was issued partly in exchange for the bond ISIN AT0000A19SB5. The outstanding volume of the bond ISIN AT0000A19SB5 after this exchange was repaid at the end of maturity in October 2019.

In October 2019, S IMMO AG issued one bond (ISIN AT0000A2AE8) with a total nominal value of kEUR 100,000 divided into 200,000 shares with a nominal value of EUR 500 per share. The new bond was issued partly in exchange for the bond AT0000A177D2.

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	28,549	4.50%	4.66%	17 June 2021	105.45
AT0000A1DBM5	33,993.5	3.25%	3.36%	09 April 2025	110.80
AT0000A1DWK5	65,000	3.25%	3.31%	21 April 2027	114.00
AT0000A1Z9D9	100,000	1.75%	1.90%	06 February 2024	104.10
AT0000A1Z9C1	50,000	2.875%	2.93%	06 February 2030	109.50
AT0000A285H4	150,000	1.875%	1.96%	22 May 2026	106.00
AT0000A2AE8	100,000	2.00%	2.01%	15 October 2029	104.50

<sup>1</sup> The market values are based on the most recent transactions before 31 December 2019.

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 2019 is kEUR 564,220 (31 December 2018: kEUR 458,053).

### 3.1.14. Provisions for employee benefits

The employee provisions as of 31 December 2019 include provisions for severance benefits (kEUR 958; 31 December 2018: kEUR 954) and provisions for long-service entitlements (kEUR 418; 31 December 2018: kEUR 414). The following parameters were taken as a basis for the actuarial calculation:

	31 December 2019	31 December 2018
Actuarial interest rate	0.03% to 0.56%	0.60% to 1.00%
Expected raise in salaries	1.50% to 2.40%	1.50% 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 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>
Present value of obligation at 01 January 2019	0	954	414
Current service costs	0	17	36
Interest expense	0	5	4
Payments	0	-117	-78
Remeasurement of benefit obligations – experience adjustments	0	69	22
Remeasurement of benefit obligations – financial assumptions	0	30	20
Present value of obligation on 31 December 2019	0	958	418
<b>Total provisions for employee benefits</b>			<b>1,376</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.

### 3.1.15. Other liabilities

This category primarily covers the prepaid expenses and received payments resulting from property transactions.

### 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	2019	2018
Current taxes	-4,902	-4,031
Deferred taxes	-33,214	-27,791
	<b>-38,116</b>	<b>-31,822</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	01-12/2019	01-12/2018
Net income before tax	251,423	235,973
Income tax expense at the standard Austrian income tax rate of 25%	-62,856	-58,993
Effects of differing foreign tax rates	20,890	16,020
One-off effects of sales	0	2,230
Tax-free dividends from IMMOFINANZ AG and CA Immobilien Anlagen AG	4,250	3,583
Decreases relating to non-taxable income	2,905	5,465
Increases relating to non-deductible expenses	-3,306	-127
Tax expense as disclosed	-38,116	-31,822
<b>Effective tax rate</b>	<b>15.16%</b>	<b>13.48%</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	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Properties	588	-203,450	872	-168,127
Financial instruments	7,939	-37,901	4,838	-10,107
Other items	195	-1,403	353	-1,150
Tax loss carryforwards	13,451	0	12,682	0
<b>Subtotal</b>	<b>22,173</b>	<b>-242,754</b>	<b>18,745</b>	<b>-179,384</b>
Netting	-21,096	21,096	-17,210	17,210
<b>Deferred tax assets (+)/liabilities (-)</b>	<b>1,077</b>	<b>-221,658</b>	<b>1,534</b>	<b>-162,173</b>

Of these totals, deferred tax assets of kEUR 3,949 (2018: kEUR 2,141) from derivatives valuation were recognised under other comprehensive income. No deferred tax assets have been recognised for tax loss carryforwards totalling kEUR 39,911 (31 December 2018: kEUR 62,885). Most of the tax loss carryforwards are available indefinitely. In the CEE segment, there are some time constraints. Where this is the case, the ability to recognise deferred taxes is determined using projections.

In accordance with IAS 12.39, no deferred taxes were recognised for temporary differences relating to interests in affiliated companies and joint ventures, 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 difference between the book value for tax purposes and the IFRS equity amounts to kEUR 960,929 (previous year: kEUR 801,336).

As of the reporting date, there are outstanding fractional write-downs from historical tax write-downs on equity investments of around kEUR 36 (2018: EUR 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 following table shows the applied tax rates as of 31 December 2019:

	Applicable tax rate in 2020	Applicable tax rate in 2019
Austria	25.00%	25.00%
Germany	15.8%–30.2%	15.83%–30.2%
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	2019	2018
Office	37,229	34,057
Residential property	27,869	25,057
Retail	44,176	40,159
Hotel	4,692	5,040
Subtotal 'old'	113,966	104,313
Reclassification of former revenues from operating costs to rental income	5,407	n/a
<b>Rental income according to the consolidated income statement</b>	<b>119,373</b>	<b>104,313</b>

The rental income and revenues from operating costs result almost entirely from investment properties. IFRS 16.17, in conjunction with IFRS 15.73-90, requires consideration received to be split into the components of the contract. This means that contract components are reclassified within revenue from revenues from operating costs to rental income. Specifically, this does not affect operating cost allocations that are offset by the direct performance of a service to the tenant, but only costs that are associated with the ownership of the property, specifically current building taxes and insurance.

The revenues from hotel operations amount to kEUR 59,102 (2018: kEUR 54,749).

### 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	2019	2018
Operating costs	-40,966	-36,854
Maintenance expenses	-14,669	-12,103
Depreciation and amortisation and loss allowance	-498	637
Commissions	-2,106	-1,383
Other	-2,713	-3,707
	<b>-60,952</b>	<b>-53,410</b>

Expenses of kEUR 571 were attributable to properties not yet generating income (2018: kEUR 408).

The expenses of hotel operations in the amount of kEUR 42,250 (2018: kEUR 38,023) 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	2019	2018
<b>Income from property disposals</b>		
Properties held as financial investments	1,800	341
Properties held for sale	57,001	52,075
	<b>58,801</b>	<b>52,416</b>
<b>Book value of property disposals</b>		
Properties held as financial investments	-1,800	-341
Properties held for sale	-57,001	-52,075
	<b>-58,801</b>	<b>-52,416</b>
<b>Gains on property disposals</b>		
Properties held as financial investments	0	0
Properties held for sale	0	0
	<b>0</b>	<b>0</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	2019	2018
Staff costs	-11,513	-10,601
Legal, audit, consulting and estimated costs	-4,267	-3,839
Servicing fees and administration costs	-390	-328
Corporate communications and investor relations	-1,401	-1,354
Other taxes and duties	-725	-659
Other	-4,373	-3,082
	<b>-22,669</b>	<b>-19,863</b>

Fees for the Group's auditor for 2019 totalled kEUR 271 (2018: kEUR 308). This amount is divided into the following fields of activity:

EUR '000	2019	2018
Audit of the consolidated financial statements	64	64
Other audit-related services	190	221
Tax consultation services	0	0
Other consultation services	17	23
	<b>271</b>	<b>308</b>

The average number of employees in 2019 was 623 (2018: 596), 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 82 (2018: kEUR 86) paid into the fund. For other defined contribution plans, kEUR 173 (2018: kEUR 165) were recognised in profit or loss.

### 3.2.5. Depreciation and amortisation

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

EUR '000	2019	2018
Owner-operated properties	-7,435	-6,496
Other plant and equipment	-748	-1,067
Intangible assets	-81	-109
	<b>-8,264</b>	<b>-7,672</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	2019	2018
Changes in fair value		
Increases	203,805	180,383
Reductions	-11,134	-12,569
Others	0	0
	<b>192,671</b>	<b>167,814</b>

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

EUR '000	2019	2018
Austria	29,451	45,432
Germany	122,119	85,956
CEE	41,101	36,426
	<b>192,671</b>	<b>167,814</b>

### 3.2.7. Financing result

EUR '000	2019	2018
Bank interest expense (incl. derivatives accounted for)	-20,968	-18,585
Effects arising from hedge accounting and the measurement of interest derivatives through profit or loss	-6,333	-2,137
Result from foreign exchange differences	-1,814	-1,748
Bond interest	-14,390	-13,579
Other financing and interest expenses	-6,939	-1,456
<b>Financing expenses</b>	<b>-50,444</b>	<b>-37,506</b>
Bank interest revenue	47	13
Income from financial investments	17,158	14,485
Other financing and interest income	1,859	1,051
<b>Financing income</b>	<b>19,064</b>	<b>15,550</b>
Results from companies measured at equity	11,359	14,693
	<b>-20,021</b>	<b>-7,263</b>

The other financial and tax expense increased primarily due to a one-off expenditure in connection with the bond redemptions of the financial year.

### 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.

		2019	2018
Own share in consolidated net profit	kEUR	212,774	203,690
Average number of shares in issue	Number	66,201,755	66,201,755
Basic earnings	EUR	3.21	3.08
Diluted earnings	EUR	3.21	3.08

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. The assessment and analysis of the regional structure follows the strategic direction, which differentiates between Austria, Germany and CEE.

The regions are as follows:

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

**Germany:** The Germany operating segment includes the German subsidiaries and 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 24,300 for the segment of Austria (31 December 2018: kEUR 15,736), and kEUR 11,984 (31 December 2018: kEUR 9,968) for the segment of CEE.

EUR '000	Austria		Germany		CEE		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Rental income	18,910	18,369	50,325	41,824	50,138	44,121	119,373	104,313
Revenues from operating costs	4,059	4,481	11,766	12,725	16,127	16,173	31,952	33,379
Revenues from hotel operations	31,451	28,601	0	0	27,651	26,148	59,102	54,749
<b>Total revenues</b>	<b>54,420</b>	<b>51,451</b>	<b>62,091</b>	<b>54,549</b>	<b>93,916</b>	<b>86,441</b>	<b>210,427</b>	<b>192,441</b>
Other operating income	861	703	680	851	940	394	2,481	1,948
Property operating expenses	-7,555	-7,950	-29,056	-25,701	-24,341	-19,759	-60,952	-53,410
Hotel operating expenses	-23,502	-21,074	0	0	-18,748	-16,948	-42,250	-38,023
<b>Gross profit</b>	<b>24,224</b>	<b>23,130</b>	<b>33,715</b>	<b>29,699</b>	<b>51,767</b>	<b>50,128</b>	<b>109,706</b>	<b>102,956</b>
Gains on property disposals	0	0	0	0	0	0	0	0
Management expenses	-14,112	-11,678	-6,458	-5,989	-2,097	-2,196	-22,669	-19,863
<b>EBITDA</b>	<b>10,112</b>	<b>11,451</b>	<b>27,257</b>	<b>23,710</b>	<b>49,670</b>	<b>47,931</b>	<b>87,037</b>	<b>83,093</b>
Depreciation and amortisation	-4,704	-4,371	-191	-172	-3,369	-3,130	-8,264	-7,672
Results from property valuation	29,451	45,432	122,119	85,956	41,101	36,426	192,671	167,814
<b>EBIT</b>	<b>34,858</b>	<b>52,513</b>	<b>149,185</b>	<b>109,494</b>	<b>87,402</b>	<b>81,227</b>	<b>271,444</b>	<b>243,235</b>
Non-current assets as of 31 December	1,039,618	915,053	1,114,859	955,457	782,753	702,095	2,937,229	2,572,604
Non-current liabilities as of 31 December	776,139	612,470	449,390	411,983	378,442	337,339	1,603,971	1,361,792

### 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 2019

Book values EUR '000	Derivates in hedge accounting	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		3,804	59				3,863
Loans to companies measured at equity				2,010			2,010
Other financial assets		553,202	848	41			554,090
Current assets							
Trade receivables				7,437			7,437
Loans to companies measured at equity				6,631			6,631
Other financial assets				6,932			6,932
Cash and cash equivalents				111,564			111,564
<b>Total assets</b>	<b>0</b>	<b>557,006</b>	<b>907</b>	<b>134,614</b>	<b>0</b>	<b>0</b>	<b>692,527</b>
<b>Equity and liabilities</b>							
Non-current liabilities							
Issued bonds					525,352		525,352
Other financial liabilities	21,007				811,028	16,827	848,862
thereof leasing liabilities					8,524		
Current liabilities							
Financial liabilities <sup>1</sup>	31				145,190		145,221
thereof leasing liabilities					2,622		
Trade payables					5,510		5,510
<b>Total equity and liabilities</b>	<b>21,038</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,487,080</b>	<b>16,827</b>	<b>1,524,945</b>

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

<b>Book values</b> EUR '000	<b>Derivates with hedge relation</b>	<b>Financial assets FVOCI</b>	<b>Financial assets FVTPL</b>	<b>Financial assets at acquisition cost</b>	<b>Financial liabilities at acquisition cost</b>	<b>Financial assets FVTPL</b>	<b>Total</b>
<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	412	452,004	540	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>412</b>	<b>454,123</b>	<b>869</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	10,870				839,638	10,827	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>10,870</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,378,573</b>	<b>10,827</b>	<b>1,400,270</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 564,220 as of 31 December 2019 (31 December 2018: kEUR 458,053). 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	2019		2018	
	Current financial result	Valuation effects	Current financial result	Valuation effects
Interest and other derivatives	-6,904	-5,533	-5,322	-2,137
Dividend income from equity instruments	17,158		14,485	
Financial assets at acquisition cost	1,106	-498 <sup>1</sup>	1,046	637 <sup>1</sup>
Financial liabilities at acquisition cost	-35,382		-26,342	

<sup>1</sup> Recognised within the expense from property management

### 5.1.2. Derivatives

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

Interest derivatives disclosed under other non-current financial assets (31 December 2019: kEUR 48; 31 December 2018:

kEUR 509) and under non-current financial liabilities (31 December 2019: kEUR -37,865; 31 December 2018: kEUR 21,697). The table below shows the maturity structure of all derivatives used by the Group.

EUR '000	31 December 2019				31 December 2018			
	Nominal	Positive fair value	Negative fair value	Maturity	Nominal	Positive fair value	Negative fair value	Maturity
Swaps	16,370	0	-31	< 1 year	0	0	0	< 1 year
	95,310	0	-4,467	1–5 years	92,821	0	-2,556	1–5 years
	506,918	0	-33,367	> 5 years	496,658	97	-19,141	> 5 years
Caps	0	0	0	< 1 year	0	0	0	< 1 year
	100,000	7	0	1–5 years	100,000	67	0	1–5 years
	90,000	41	0	> 5 years	90,000	344	0	> 5 years
<b>Total</b>	<b>808,599</b>	<b>48</b>	<b>-37,865</b>		<b>779,479</b>	<b>508</b>	<b>-21,697</b>	

In the financial year, measurement changes of kEUR -10,295 (2018: kEUR -3,091) not including deferred taxes and deferred taxes for derivatives of kEUR 1,808 (2018: kEUR 478) are recognised in other comprehensive income. In total, kEUR -8,487 (2018: kEUR -2,614) was therefore recognised in other comprehensive income. In addition to the interest rate derivatives, there is one derivative from a forward deal with a maturity of 1-5 years and a fair value of kEUR 800 (2018: kEUR 0).

## 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 euros, the exchange rate risk is considered to be low.

As of 31 December 2019, around 85% (31 December 2018: 84%) of other financial liabilities consisted of variable-rate loans and roughly 15% (31 December 2018: 16%) were fixed-rate loans. The current and non-current financial liabilities include fixed-rate loans in the amount of kEUR 142,807 (31 December 2018: kEUR 148,599). Of the variable-rate loans, roughly 99% are based on the three-month Euribor with quarterly adjustment (31 December 2018: approximately 98%), roughly 1% on the six-month Euribor with bi-annual adjustment (31 December 2018: approximately 2%). In the 2014, 2015, 2018 and 2019

financial years, the company issued fixed-rate bonds. More details can be found in section 3.1.13.

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 incl. derivatives as of 31 December 2019) is 2.30% (31 December 2018: 2.53%).

The stress test (based on the variable- and fixed-rate financial liabilities as of 31 December 2019) 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 2019 would increase financing costs by 6 bp.

#### Stress test as of 31 December 2019

Interest rate (3M Euribor)	Cost of funding	Difference in cost of funding	Interest sensitivity
Interest rate 3%	2.52%	22 BP	7%
Interest rate 2%	2.47%	17 BP	9%
Interest rate 1%	2.36%	6 BP	6%
Interest rate 0.5%	2.31%	1 BP	2%
Interest rate -0.5%	2.30%	0 BP	-1%
Interest rate -1%	2.36%	6 BP	-6%

#### Stress test as of 31 December 2018

Interest rate (3M Euribor)	Cost of funding	Difference in 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%

### 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 2019, the loan to value ratio for secured financing amounted to 32.7% (2018: 36.3%) and for unsecured financing to 14.2% (2018: 14.1%). To keep lender risks to a minimum, S IMMO Group works with a total of 23 different, well-known financial institutions in Austria and Germany.

	<b>Share in credit financing</b>
Erste Group	15%
Savings banks	8%
Other Austrian banks	29%
Insurance	15%
German Banks	33%

### Maturity analysis of financial liabilities

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

#### 31 December 2019

EUR '000	<b>Issued bonds</b>	<b>Other financial liabilities<sup>1</sup></b>	<b>Trade payables</b>
Remaining maturity less than 1 year	12,502	157,607	5,510
Remaining maturity between 1 and 5 years	174,703	467,907	0
Remaining maturity over 5 years	430,686	433,275	0

<sup>1</sup> Thereof leases less than 1 year: kEUR 2,672, between 1 and 5 years: kEUR 4,853, more than 5 years: kEUR 10,230  
Thereof derivatives less than 1 year: kEUR 7,764, between 1 and 5 years: kEUR 29,231, more than 5 years: kEUR 12,567

#### 31 December 2018

EUR '000	<b>Issued bonds</b>	<b>Other financial liabilities<sup>1</sup></b>	<b>Trade payables</b>
Remaining maturity less than 1 year	113,443	105,970	8,884
Remaining maturity between 1 and 5 years	123,435	446,620	0
Remaining maturity over 5 years	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, more than 5 years: kEUR 0  
Thereof derivatives less than 1 year: kEUR 6,991, between 1 and 5 years: kEUR 28,423, more than 5 years: kEUR 17,229

### 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 procedure for the determination of these provisions is explained in note 2.6.

### 5.3. Rental agreements

The tenancy agreements concluded by S IMMO Group are classified under IFRS 16. These tenancy agreements are as a rule protected by linking the rents to the euro and to international indices.

Total future minimum rental revenues from S IMMO as lessor agreements are as follows:

EUR '000	2019	2018
In the following year	87,837	71,600
For the next 4 years	207,249	161,356
Over 5 years	106,759	89,954
	<b>401,845</b>	<b>322,910</b>

### 5.4. Leasing – Group as lessee

The following table shows the separately illustrated right-of-use for financial assets which are recognised in fixed assets within a lease according to IFRS 16.

#### Right-of-use assets

EUR '000	Properties (IAS 16) <sup>1</sup>	Car <sup>2</sup>	Other <sup>2</sup>	Total
Book value as of 31 December 2019	1,637	29	160	1,826
Additions	824	0	0	824
Depreciation and amortisation	89	30	70	189

<sup>1</sup> Recognised in the statement of financial position under 'owner-operated properties'

<sup>2</sup> Recognised in the statement of financial position under 'other plant and equipment and intangible assets'

The following items were recognised in the income statement:

EUR '000	2019
Interest expenses for leasing liabilities	378
Expenses for short-term leases	22
Expenses for short-term leases for an asset of low value	1
Income from subleasing right-of-use assets	17

With regard to the leasing liabilities the Group is not exposed to a relevant liquidity risk. Within the Group leasing liabilities are monitored by the treasury function.

## 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
- IMMOFINANZ AG
- Associated companies and joint venture companies of the Group

In the financial year 2019, there were no related-party transactions with the new shareholders of S IMMO AG.

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)

■ Wilhelm Rasinger, Vienna  
(second deputy chairman)

■ Andrea Besenhofer, Vienna

■ Hanna Bomba, Vienna

■ Christian Hager, Krems

■ Manfred Rapf, Vienna

■ Karin Rest, MBA, Vienna

The remuneration of the Management Board breaks down as follows:

EUR '000	2019	2018
Fixed	825	825
Variable	914	551
	<b>1,739</b>	<b>1,376</b>

In addition to the amounts specified above, other benefits consisted primarily of contributions to pension funds in the amount of kEUR 83 (2018: kEUR 85) and contributions to the staff benefit fund in the amount of kEUR 27 (2018: kEUR 36).

In 2019, members of the Supervisory Board received remuneration amounting to kEUR 239 (2018: kEUR 243). 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 2019, there were no receivables or payables due to related parties of the S IMMO Group except the associated companies.

The S IMMO Group awards loans to associated companies recognised according to the equity method. As of 31 December 2019, there were receivables of kEUR 8,641 (31 December 2018: kEUR 4,214) resulting from these loans. For these loans interest income in the amount of kEUR 457 (2018: kEUR 891) arose. 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

In January 2020, there was a cash capital increase with exclusion of the subscription right in an accelerated book-building (ABB) process, setting the number of new shares to be issued and the subscription price as follows:

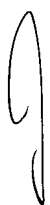
- SIMMOAG is increasing its share capital by EUR 24,314,353.72 from EUR 243,143,569.90 to EUR 267,457,923.62 by issuing 6,691,717 bearer shares against cash contributions with exclusion of the subscription right;
- The subscription price per new share was set at EUR 22.25 – and thus without a discount from the closing price on 15 January 2020;
- The gross issue proceeds therefore amount to EUR 148,890,703.25 for the new S IMMO shares.

The new S IMMO shares are listed on the Vienna Stock Exchange under the previous ISIN AT0000652250 with dividend entitlement from the start of the financial year 2019.

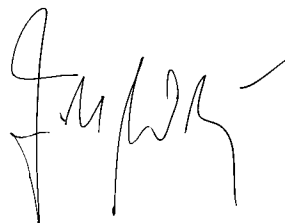
After a good start to 2020, there has been a significant dampener on the overall economic situation in the first quarter due to the coronavirus outbreak. At the time this report went to press, the impact of the coronavirus on the real estate industry was hard to predict. At the least, short-term impacts on hotel and retail properties are to be expected, as well as on share prices and the investments in IMMOFINANZ AG and CA Immobilien Anlagen AG. The final scale and time horizon of these impacts – including on other asset classes and business segments – cannot currently be reliably estimated.

Vienna, 17 March 2020

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 2019, 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 2019, 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.

### 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

We assessed the valuation of the investment property as follows:

- 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.

## 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 June 14, 2019, we were elected as group auditors for the first time. We were appointed by the Supervisory Board on November 12, 2019.

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, 17 March 2020

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:  
Thomas Smrekar  
Wirtschaftsprüfer  
(Austrian Chartered Accountant)

# Dear Shareholders,

It is with great pleasure that I look back at an extremely successful financial year for S IMMO AG. On the operating side, the company improved key financial indicators and generated strong results on an ongoing basis in 2019. The company's success is also reflected in the performance of the S IMMO share. In the 2019 financial year, the share price recorded an increase of 53.37%, generating the best performance of all stocks in the Austrian benchmark index. In the current financial year, the Management Board will continue to work in concert with the employees of the company and create value for S IMMO's shareholders.

The Supervisory Board discharged its duties under the law, the company's articles of incorporation and the Group's internal rules and procedures throughout the reporting period. In doing so, the Management Board was advised in the management of the company, particularly in strategic issues, and its activities were monitored. Within the context of the Supervisory Board and committee meetings, key topics were extensively examined and discussed based on explanations provided by the Management Board and on the basis of detailed presentations and documents.

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 30<sup>th</sup> Annual General Meeting of S IMMO AG was held at the Vienna Marriott Hotel on 14 June 2019. The agenda items and voting results have been published on the company's website [www.simmoag.at](http://www.simmoag.at).

In addition to the Annual General Meeting, four Supervisory Board meetings were held in the reporting period, where the average attendance of Supervisory Board members was 87.5%. Each member was present at more than half of the meetings. Six circular resolutions were also passed in writing by the Supervisory Board.

During the four 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 Group's business affairs and finances as well as on stra-



Martin Simhandl

tegic issues. No agenda items were discussed at any Supervisory Board meeting in 2019 without the attendance of the Management Board members.

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 starting on page 83. The Audit Committee exercised the duties and authority assigned to it by law and met three times 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 Steuerberatungsgesellschaft reported on its involvement in the external quality assurance system set up by the Austrian Auditor Supervision Act and proper registration and also 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 2019.

The Audit Committee of the Supervisory Board also accepted the submission of the annual financial statements as of 31 December 2019 by the Management Board, together with the management report and the corporate governance report. In the course of its review of these documents, the Audit Committee also discussed the Management Board's proposal for the distribution of profits. The Audit Committee also reviewed the consolidated annual financial statements as of 31 December 2019 prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union together with the Group management report. The review took place primarily on the basis of conversations with the Management Board and discussions with the auditor of the individual and consolidated financial statements. 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 2019, including the management and corporate governance reports, the consolidated financial statements as of 31 December 2019 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 2019, including the management report, and the consolidated annual financial statements as of 31 December 2019, 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 2019. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft confirmed that the individual annual financial statements as of 31 December 2019 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 2019 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 2019. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft further confirmed that the consolidated annual financial statements as of 31 December 2019 comply with the statutory requirements and give a true and fair view of the assets and finances of the Group as of 31 December 2019 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 2019. 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 2019 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 2019. 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 2019 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 and found no reasons for objection.

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 2020.

Vienna, April 2020  
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.

### 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 73,608,896 shares (as of 20 January 2020) 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 be equally involved 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 performed 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.

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

## 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.

### Fundamentals of the remuneration of the Management Board (remuneration policy)

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, their qualification and experience 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 and leveraging of potential. 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.

### Management Board remuneration

2019 in EUR	Vejdovszky	Wachernig
Fixed remuneration	475,000	350,000
Variable remuneration	523,373	390,243
<b>Total</b>	<b>998,373</b>	<b>740,243</b>

2018 in EUR	Vejdovszky	Wachernig
Fixed remuneration	475,000	350,000
Variable remuneration	310,329	240,276
<b>Total</b>	<b>785,329</b>	<b>590,276</b>

In addition to the amounts specified above, other benefits consisted primarily of contributions to pension funds in the amount of EUR 82,500 (2018: EUR 84,563) and contributions to the employees' severance pay and pension fund of EUR 26,959 (2018: EUR 36,107). The company pension plan for Ernst Vejdovszky and for Friedrich Wachernig is 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. Moreover, the Management Board members have no other individual severance entitlements towards S IMMO in case of a termination of employment contracts. The individual severance entitlements are subject to the new Austrian entitlement regulation.

S IMMO AG currently has no stock option plan for Management Board members.

### D&O insurance

In line with the resolution of the Annual General Meeting in 2009, a directors and officers (D&O) 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 2019, 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 all Supervisory Board members serving in 2019, only Martin Simhandl and Franz Kerber have declared themselves not to be independent in the meaning of C Rule 53. All Supervisory Board members have declared themselves to be independent in the meaning of C Rule 54.

## Remuneration of the Supervisory Board

Remuneration including meeting fees paid to members of the Supervisory Board totalled EUR 239,000 (2018: EUR 243,203).

### Total Supervisory Board remuneration

in EUR	2019	2018
Simhandl	47,000	48,000
Kerber	36,000	36,000
Rasinger	37,000	34,602
Besenhofer	23,000	25,000
Bomba	24,000	17,204
Hager	24,000	25,000
Rapf	25,000	27,000
Rest	23,000	17,204
Zeitlberger	–	13,193
<b>Total</b>	<b>239,000</b>	<b>243,203</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 2019 reporting year, there were four Supervisory Board meetings. Every Supervisory Board member was present at more than half of the

Supervisory Board meetings. Moreover, six circular resolutions were also passed in writing by the Supervisory Board.

## The Committees of the Supervisory Board

### 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: Wilhelm Rasinger (Chairman since 11 September 2019), Franz Kerber, Manfred Rapf and Martin Simhandl (Chairman until 11 September 2019). The Audit Committee met three times 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. The Management Board Committee met once in 2019.

### 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 (Chairman), 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 2019

	Supervisory Board	Audit Committee	Working Committee
Dr. Martin Simhandl	100%	100%	100%
Mag. Franz Kerber	75%	100%	100%
Mag. Dr. Wilhelm Rasinger	100%	100%	
Mag. Andrea Besenhofer	75%		100%
Mag. Hanna Bomba	100%		
Christian Hager	100%		
DI Manfred Rapf	75%	67%	100%
Dr. Karin Rest, MBA	75%		

## 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 2019, 50.0% of the workforce and 42.9% 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 2019, 29.0% 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 2019, the proportion of women on the Supervisory Board was 37.5%.

Ernst Vejdovsky

Friedrich Wachernig

# Management Board



**Ernst Vejdovszky**  
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 in domestic companies:  
Member of the Supervisory Board, Erste Immobilien Kapitalanlagegesellschaft 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<sup>1</sup>

Name (year of birth)	Function	Main job	First appointed (end of the term of office)	Supervisory Board appoint- ments in domestic com- panies (listed)	Other Supervisory Board appointments in domestic and foreign companies	Other appointments
<b>Martin Simhandl</b> (1961)	Chairman of the Supervisory Board; Chairman of the Management Board Committee; Chairman of the Working Committee; Member of the Audit Committee (Chairman until 11 September 2019)		24 June 2004 (appointed until AGM in 2020)	Ray Sigorta AS	InterRisk Versicherungs-AG; InterRisk Lebens- versicherungs-AG; GPI Holding	
<b>Franz Kerber</b> (1953)	First Deputy Chairman of the Supervisory Board; Member of the Working Committee; Member of the Audit Committee; Member of the Management Board Committee	Deputy Chairman at Steiermärkische Bank und Sparkassen AG (until 31 May 2019)	24 June 2004 (appointed until AGM in 2020)		Bankhaus Krentschker & Co AG; MCG Graz e.gen.	Member of the Management Board at Höller-Privatstiftung; Chairman of the Schell Collection
<b>Wilhelm Rasinger</b> (1948)	Second Deputy Chairman of the Supervisory Board; Chairman of the Audit Committee (since 11 September 2019, before that Member of the Audit Committee); Member of the Management Board Committee	Chairman of the Austrian Shareholder Association (IVA)	21 May 2010 (appointed until AGM in 2020)	Erste Group Bank AG; Wienerberger AG	Chairman of the Supervisory Board at Friedrichshof Wohnungsgenossenschaft; Gebrüder Ulmer Holding GmbH	
<b>Andrea Besenhofer</b> (1970)	Member of the Working Committee	Division Manager of Group Services at Erste Group Bank AG	12 June 2013 (appointed until AGM in 2020)			Member of the Management Board of Besenhofer Privatstiftung
<b>Hanna Bomba</b> (1978)		Managing partner of Be Retail GmbH – Consulting; Owner & Coach at BeMySelf Holistic Coaching	03 May 2018 (appointed until AGM in 2023)		Erste Immobilien Kapitalanlagegesellschaft m. b. H.	
<b>Christian Hager</b> (1967)		Member of the Management Board at KREMSEBANK und Sparkassen AG	23 June 2009 (appointed until AGM in 2024)			
<b>Manfred Rapf</b> (1960)	Member of the Audit Committee; Member of the Working Committee	Self-employed actuary	08 June 2017 (appointed until AGM in 2022)		Chairman of the Supervisory Board at Österreichische Förderungsgesellschaft der Versicherungsmathematik GmbH	
<b>Karin Rest, EMBA</b> (1972)		Self-employed lawyer (Rest law firm)	03 May 2018 (appointed until AGM in 2023)	Flughafen Wien AG	Chairman of the Supervisory Board at Wien Holding GmbH; Chairman of the Supervisory Board of ARWAG Holding AG; Wiener Stadtwerke GmbH	

<sup>1</sup> Information refers to the period 01 January until 31 December 2019.

# Non-financial report

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. When preparing this report, S IMMO implements the legal requirements of section 267a of the Austria Commercial Code (UGB). A national, EU-based or international framework is not used in the preparation of the report.

## Environmental policy

As a property developer and portfolio manager, S IMMO is constantly faced with environmental and energy considerations. Sustainability and responsible interaction with the environment have therefore been part of S IMMO AG's operating and strategic activities for many years. Environmental aspects are taken into account in economic decisions. S IMMO is aware of its responsibility towards the environment. Its primary goal is therefore to use energy and resources in an efficient and environmentally friendly manner.

Portfolio properties make up the majority of S IMMO's real estate holdings. The construction of new buildings results in a reduction in green space and an increase in carbon emissions. Through sustainable construction, the environmental impact and emissions are reduced as far as possible in order to preserve a liveable environment for future generations. This chiefly involves seeking green building certification for new construction projects. In the medium term, the energy footprint is to be improved both at the company's locations and in its properties (to the extent this is independent of the tenants), and the transition to renewable energy is to be stepped up. Renewable energy is already a vital source of electricity in all three of the company's regions.

S IMMO pledges to comply with all laws and official requirements when it comes to environmental considerations. S IMMO employees' awareness of environmental issues and climate change is raised via the ongoing provision of information as well as tangible measures. Tenants and business partners are also included in environmental activities when this is within the company's power.

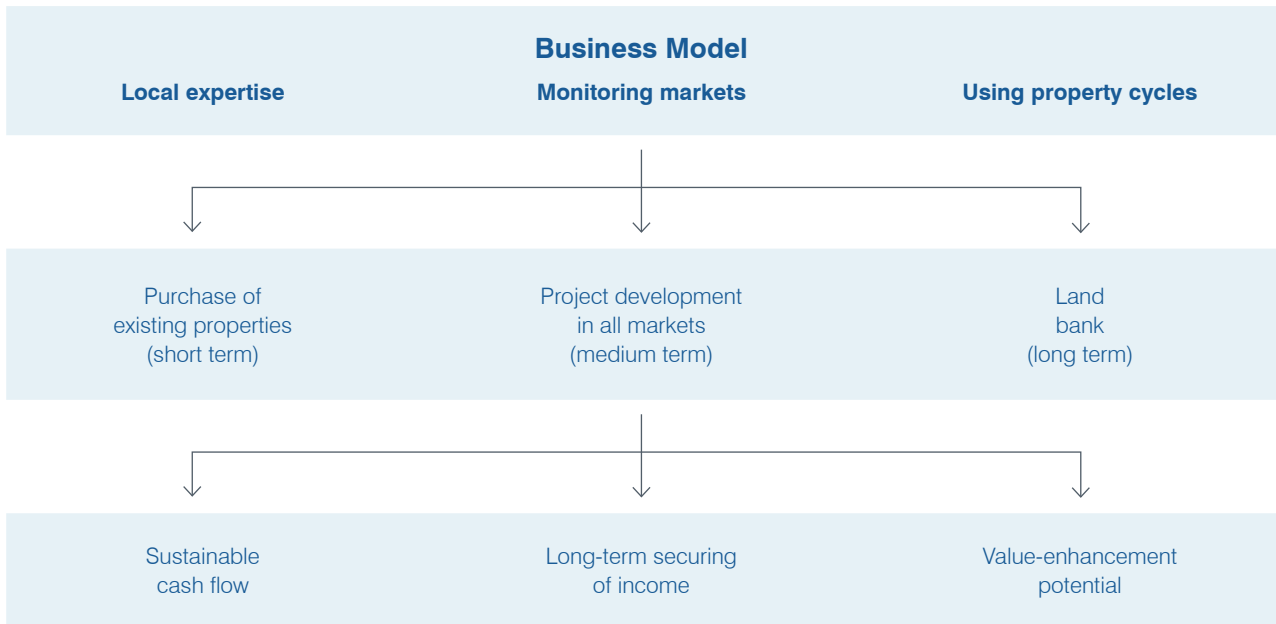
## Business model

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. The company applies a business model that has proven itself over years, anticipating property cycles and benefiting from them. To this end, the company's local experts continuously monitor the markets where S IMMO operates and associated trends in the property sector. Among other things, they evaluate at what time it makes economic sense to buy or sell existing properties and land or project developments.

With its business policy, S IMMO always aims to generate added value for its investors and sustainably secure the company's income. The company invests in existing properties that generate rental income directly. It also develops projects that will contribute to cash flow in the medium term, once they are complete. The acquisition of land in up-and-coming regions with exciting projects is intended to contribute to the company's long-term success.

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 as well as 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 such as shareholders, tenants or employees (y-axis). In 2017, the materiality analysis was carried out for the first time 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 are re-evaluated and validated once a year. For the 2019 reporting year, minor adjustments were made in consultation with in-house experts from the various departments, some of which are briefly described below:

The 'health and occupational safety' and 'work-life balance' aspects were merged into one. A balance between work and free time is a significant factor for the health of all employees and should therefore not be presented separately from other health-care and occupational safety measures.

'Diversity and equal opportunities' have increased in importance, both for S IMMO's stakeholders and with regard to the impact on people and the environment. S IMMO is clearly committed to diversity and equal opportunities regardless of age, gender, skin colour, religion, etc.

The 'energy efficiency in planning and construction' aspect has been augmented to include 'operations' and repositioned. It replaces the previously separate 'energy efficiency in operations' topic. Ensuring sustainable energy efficiency begins in planning and construction and is then inextricably linked with the sale and operation of a property. Both energy efficiency and the aspect of 'sustainable mobility' have clearly gained in significance in recent years and are now hot topics thanks not least to movements such as 'Fridays for Future'. This trend has also been accounted for in the materiality analysis. In connection with this, 'renewable energy' has been moved further to the left with regard to its impact on people and the environment. S IMMO is trying to further reduce its energy consumption through the increasing use of renewable energy sources – especially in Austria and Germany.

The 'data protection and security' factor became even more important when the General Data Protection Regulation (GDPR) came into force in May 2018. S IMMO is clearly committed to the careful and legal use of all data that it obtains during the course of its activities. The GDPR has increasingly raised stakeholders' awareness, and the impact on people and the environment has grown as a result of the enshrinement in law.

Certain aspects such as 'open space design and district climate', 'species protection and contaminated sites', 'ecological cleaning and maintenance', etc., have gained in sociopolitical importance due to increasing environmental and climate awareness in Austria, but are currently less significant for S IMMO. This is due firstly to the fact that most of the S IMMO portfolio comprises existing buildings. Secondly, extensive project developments have been successfully completed in recent months.

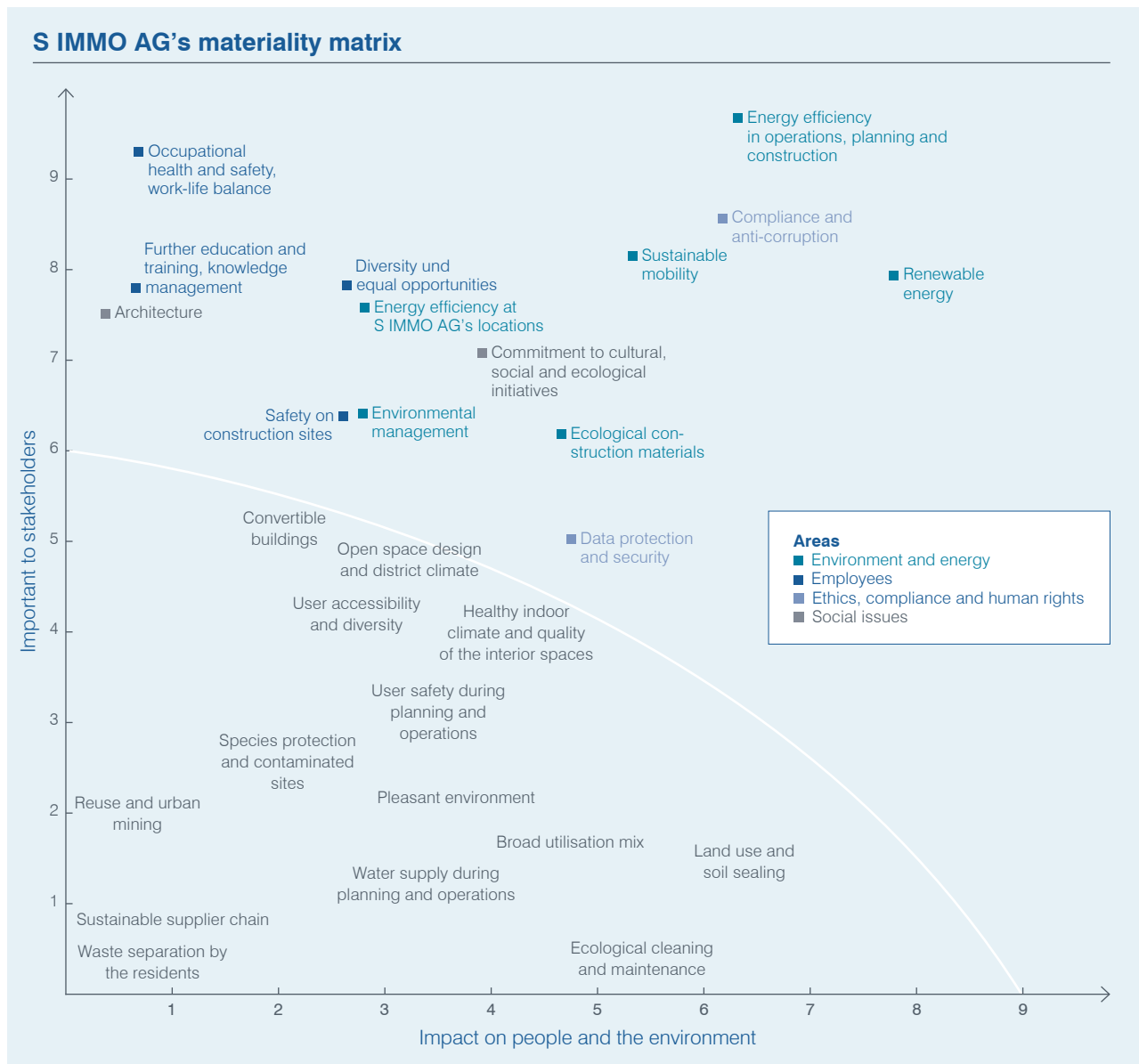
No major construction or development activities are planned for 2020. As soon as S IMMO becomes more involved in project development again, it will of course address all these topics with the utmost care and conscientiousness.

In addition, the discussion resulted in a number of minor shifts within the materiality matrix for certain aspects. For example, 'further education and training, knowledge management' was repositioned, as the impact on people and the environment was seen to be lower. 'Energy efficiency during planning and operations' was renamed 'energy efficiency in operations, planning and construction'.

Even after these minor adjustments, the topics relevant for S IMMO can be assigned to the following four areas:

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

The main topics for S IMMO AG are thus those 14 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:

Issue	Topic	Description	Considerations under the NaDiVeG
<b>Environment and energy</b>	Energy efficiency in planning, construction and operations	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, energy-efficient operation of buildings and energy-efficient conduct of users, etc.	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>	Occupational health and safety, work-life balance	Health and motivation of the team are strengthened, different working patterns and flexible time management are offered	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
	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	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
	Data protection and security	Observance of legal requirements	Social issues
<b>Social issues</b>	Architecture	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 that arise as a result of S IMMO's business activities and could thus have a negative impact on the aforementioned interests 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 20.

## 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 2019, S IMMO Group had 331 (31 December 2018: 284) properties with a total area of approximately 1.2 million m<sup>2</sup> (31 December 2018: 1.2 million m<sup>2</sup>). Based on main types of use, 71.0% (31 December 2018: 70.7%) of the portfolio consisted of commercial properties (office, retail and hotel) and an additional 29.0% (31 December 2018: 29.3%) 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 2019 for selected properties was not yet available, partial data were used to project full-year figures.

It is a challenge to collect qualitatively uniform data, as the data is collected in different countries from different service providers. S IMMO is working to increase the quality of data and to create a valid assessment basis. Nevertheless, the company sees potential for further optimisation in this area in the coming years.

## Overview of energy and water consumption for the entire portfolio by types of use in 2019

	Portfolio by main types of use			
	Office	Retail	Hotel	Residential
Heating demand in MWh <sup>1</sup>	34,553 (49.8% gas, 1.1% oil, 49.1% district heating)	11,047 (63.8% gas, 1.3% oil, 34.8% district heating)	14,757 (81.9% gas, 0.1% oil, 18.0% district heating)	33,955 (65.4% gas, 4.2% oil, 30.4% district heating)
Electricity in MWh	10,108 <sup>2</sup>	12,061 <sup>2</sup>	11,162 <sup>3</sup>	957 <sup>2</sup>
Water in m <sup>3</sup>	204,347	134,511	184,648	265,683

<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 2018

	Portfolio by main types of use			
	Office	Retail	Hotel	Residential
Heating demand in MWh <sup>1</sup>	32,090 (50.9% gas, 1.0% oil, 48.1% 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 region in 2019<sup>1, 2, 3</sup>

	Region		
	Austria	Germany	CEE
Heating demand in MWh	11,601 (10.2% gas, 89.8% district heating)	54,680 (54.6% gas, 3.6% oil, 41.8% district heating)	28,032 (98.1% gas, 1.9% district heating)
Electricity in MWh	9,818	2,717	21,753
Water in m <sup>3</sup>	109,013	380,882	299,294

<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 Germany, energy and water consumption rose in 2019 due to the acquisitions.

## 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

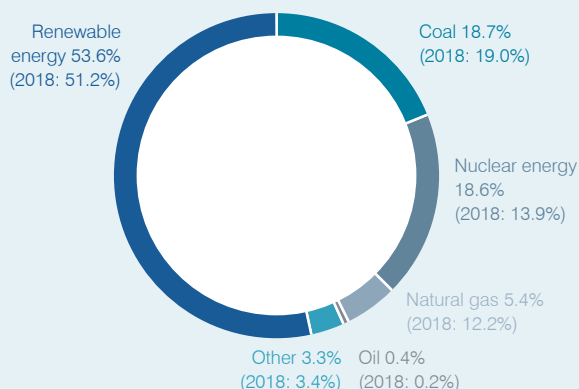
<sup>3</sup> The hotels' own energy consumption is only included for the Vienna Marriott and Budapest Marriott hotels. For all other hotels, energy consumption falls under the definition of 'electricity consumed by tenants' and the associated data are not collected by S IMMO AG.

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 2019



In 2019, the energy sources in S IMMO's portfolio comprised among others 53.6% (2018: 51.2%) of renewable forms of energy, followed by 18.7% (2018: 19.0%) of coal and 18.6% (2018: 13.9%) of nuclear energy. Compared to the previous year, the use of renewable energy increased.

### The top three energy sources per region in 2019

	Region		
	Austria	Germany	CEE
1	Renewable energy (99.9%)	Renewable energy (91.0%)	Nuclear energy (29.1%)
2		Coal (5.1%)	Coal (28.8%)
3		Natural gas (2.1%)	Renewable energy (28.1%)

### The top three energy sources per region in 2018

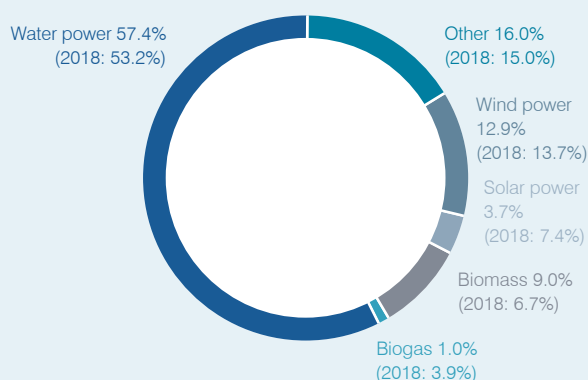
	Region		
	Austria	Germany	CEE
1	Renewable energy (76.8%)	Renewable energy (93.0%)	Renewable energy (34.9%)
2	Natural gas (17.2%)	Coal (4.0%)	Coal (26.7%)
3	Coal (6.0%)	Natural gas (1.5%)	Nuclear energy (21.9%)

## Renewable energy

Based on S IMMO's entire portfolio, hydroelectric power accounted for the largest proportion of renewable forms of energy at 57.4% (2018: 53.2%) in 2019, followed by wind power at 12.9% (2018: 13.7%) and other renewable energy sources at 16.0% (2018: 15.0%). 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 2019



It is S IMMO AG's medium-term aim to improve its energy footprint over the next few years by increasing the share of renewable forms of energy and reducing carbon 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.

## Carbon emissions in S IMMO's entire portfolio in 2019 (in tonnes)<sup>1</sup>

	Region		
	Austria	Germany	CEE
Heating demand	2,226	10,870	5,602
Electricity	209	335	9,392

<sup>1</sup> The conversion of energy sources into carbon 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.

## Carbon 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 carbon 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 2019, the area certified under BREEAM stood at 272,741 m<sup>2</sup> (2018: 201,500 m<sup>2</sup>) or 22.2% (2018: 17.81%) of the total area in the portfolio (not including development projects or potential projects).

The offices completed in 2019 – the Einsteinova Business Center in Bratislava and The Mark in Bucharest – have excellent ecological data. S IMMO received a BREEAM sustainability certificate with an 'excellent' rating for both buildings. BREEAM stands for Building Research Establishment Environmental Assessment Method and has been the leading worldwide certification system for sustainable construction since 1990. So far more than 250,000 buildings worldwide have already been certified by BREEAM and more than one million registered for certification.

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.

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, Croatia and Romania. The German-based property management company Maior Domus is part of the Group. Employees at all of S IMMO Group's locations are encouraged to incorporate energy efficiency (e.g. reduction of water, energy and paper use) into their day-to-day work. Given the small number of employees, the branches in Hungary, Croatia 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 2019<sup>1</sup>

	S IMMO AG (Vienna)	S IMMO Germany (Berlin)	Maior Domus (Berlin)
Heating demand	28,700 kWh	63,101 kWh	99,598 kWh
Electricity	38,582 kWh	19,978 kWh	35,172 kWh
Water	339 m <sup>3</sup>	181 m <sup>3</sup>	287 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 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>	212.1 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.

## Carbon emissions at S IMMO's locations in 2019

carbon emissions in tonnes	S IMMO AG (Vienna)	S IMMO Germany (Berlin)	Maior Domus (Berlin)
Heating demand	5.5	12.1	19.0
Electricity	0.6	2.5	4.3

## Carbon emissions at S IMMO's locations in 2018

carbon 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

## Other measures to reduce environmental pollution

### Headquarters in Vienna

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 or PEFC-certified 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. The PEFC (Programme for the Endorsement of Forest Certification Schemes) label identifies paper from forests that have been managed actively, sustainably and in a climate-friendly manner.

Furthermore, the S IMMO team is instructed to keep the printing of documents to a minimum – 'think before you print'. Last year, around 231,675 (2018: 233,016) pages were printed. This equates to a yearly paper consumption per person of 5,357 (2018: 5,470) 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. In February 2020, S IMMO also replaced its printers with new HP PageWide Technology business printers. The new devices consume up to 84% less energy, because there is no fuser that has to be heated up before print-

ing. Compared with other laser printers of the same class, business printers with HP PageWide Technology have fewer moving parts that will need to be replaced during their lifetime. The XL cartridges allow many more pages to be printed, so the waste generated is lower. This will reduce the waste from consumables and packaging by 94% in total. Old toner cartridges are currently 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 684,000 km (2018: 882,890 km) 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 2019 (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	3,995	40,924	464,000	8,109	<b>517,028</b>

<sup>1</sup> Based on travel expense settlements

## 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

At the Group's headquarters in Vienna, most of the kilometres travelled in 2019 were travelled by plane. This is the result of the company's international business activities. According to atmosfair, a climate protection organisation that focuses on travel, 15.5% of the 464,000 kilometres flown were short-haul flights (less than 500 km), 81.5% were medium-haul flights (between 500 and 1,600 km) and 3% were long-haul flights (more than 1,600 km). In total, the 465 flights caused carbon emissions of 50.9 tonnes (calculated using the VDR method). Because of a local development project, Bucharest was the main destination with 242 flights, emitting 19.8 tonnes of CO<sub>2</sub>. The company's travel policy requires employees to travel economy class, with the exception of transatlantic flights. 92.9% of all S IMMO flights last year were economy flights. According to atmosfair, flights in economy have a better CO<sub>2</sub> footprint than flights in business class.

### 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 necessary minimum. In the past year, 4,321 (2018: 5,253) pages were printed in Germany per S IMMO Germany employee and 6,960 (2018: 7,545) 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. In addition, an electric vehicle was purchased in Germany at the start of the year. Employees are also encouraged to use car-sharing services. Moreover, a large kitchen was renovated and set up for preparing meals and holding team events at S IMMO Germany. The kitchen is connected to an outside terrace where employees can have lunch or take short breaks. All the measures taken and planned are appreciated and very positively received by the team.

As in Vienna, mineral water bottles that are part of return and refill systems are also used in Germany.

## Kilometres travelled in 2019 (Germany)

Location/figure in km	Pool of company vehicles/rental vehicles	Train	Plane	Private cars	Total
Major Domus	47,400	11,000	2,100	N/A	60,500
S IMMO Germany	72,700	23,500	10,000	610	106,810
<b>Total</b>					<b>167,310</b>

## 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>

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 the team 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 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 shape the company's future 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 generates motivation, promotes team spirit and fosters a feeling of solidarity.

### Employee structure

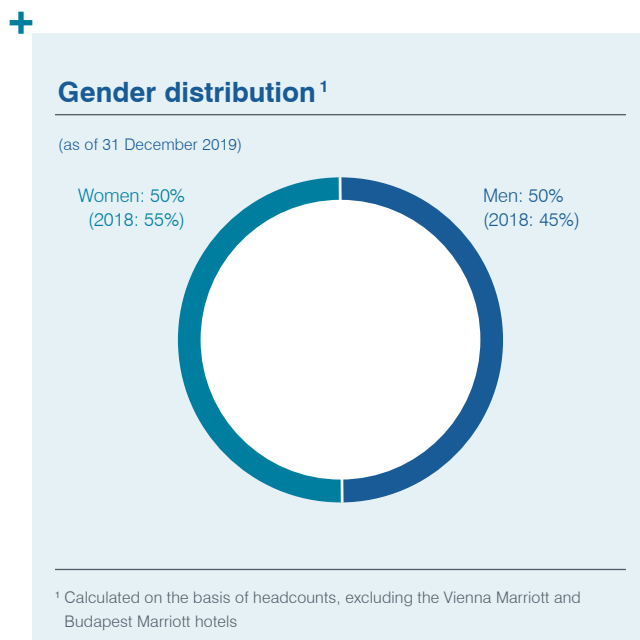
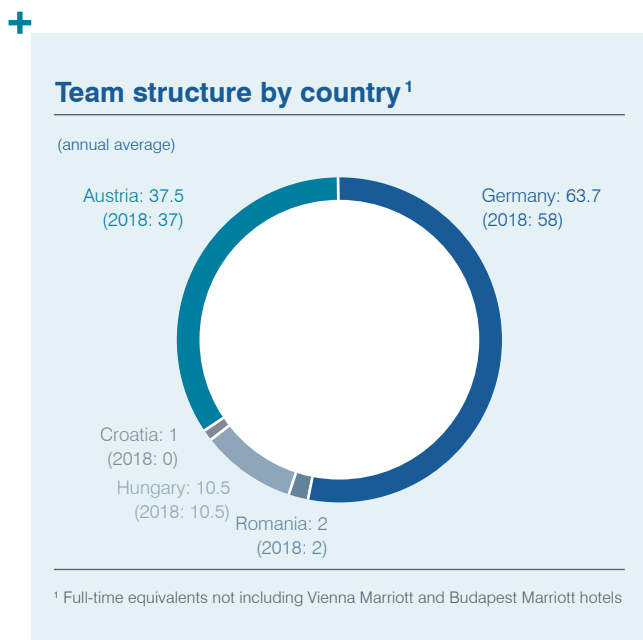
S IMMO's employees are the manifestation of the company's comprehensive expertise and make a significant contribution to the company's success. S IMMO Group had an annual average of 113.4 employees (2018 annual average: 107.5) in Austria, Germany, Hungary, Croatia and Romania (calculated on the basis of full-time equivalents, not including employees on leave).

Including hotel staff, the Group employed 623 (annual average in 2018: 595.5) 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 in Austria, Germany, Hungary, Croatia and Romania, but not employees of the Marriott hotels. 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 is organised at the company's headquarters in Vienna once a year along with various specialised tests at irregular intervals, such as melanoma screening programmes, eye exams or seasonal vaccination programmes. For this purpose, S IMMO is always enquiring about current and new options that can be implemented in the company pension plan. In 2020, all female employees will for the first time be offered the opportunity to attend training on early breast cancer detection provided by the organisation Discovering Hands. Discovering Hands aims to train visually impaired women in 'tactilography' (the early detection of breast cancer through tactile examination). In Austria, this precautionary measure can currently only be undertaken as a part of an official study and together with a mammogram and medical consultation. However, the organisation also offers training on tactile self-examination. In this training course, the



examiners talk about the anatomy of the breast and teach special finger movements for the early detection of atypical developments in the breast tissue.

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 in Germany are also trained first-aiders.

In the reporting year, S IMMO collected accumulated sick leave data relating to its employees for all locations. On average, employees at all locations took seven (counted from the first day) sick days (long-term sick leave is included at a blanket rate of 42 days). In 2018, this figure amounted to eight days (this only applies to the locations in Austria and Germany).

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, 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 2019, 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 a wealth of languages and cultures to be an extremely valuable resource.

The average age of employees was 42.6 in the reporting year (2018: 42.1). As of 31 December 2019, there were 13 employees in the <30 age group (2018: 15), 77 in the 30–50 age group (2018: 72) and 43 in the 50+ age group (2018: 45).

Employees in Austria are covered by a collective agreement. In all other countries in which S IMMO Group has employees, all local legal provisions and requirements 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 (2018: four) were employed with long-term physical, mental or psychological impairments or impairment of their sensory functions.

S IMMO maintains 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 potential 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 2019, 50.0% (2018: 54.4%) of the S IMMO Group workforce and 42.9% (2018: 46.2%) 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 2019, the proportion of women on the Supervisory Board was 37.5% (2018: 37.5%).

### Work-life balance

S IMMO attaches the utmost 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. Paternal 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 2019, 29 staff members were employed on a part-time basis at S IMMO (2018: 29), 22 of whom were women. As of 31 December 2019, two employees were on parental leave or in maternity protection (31 December 2018: four).

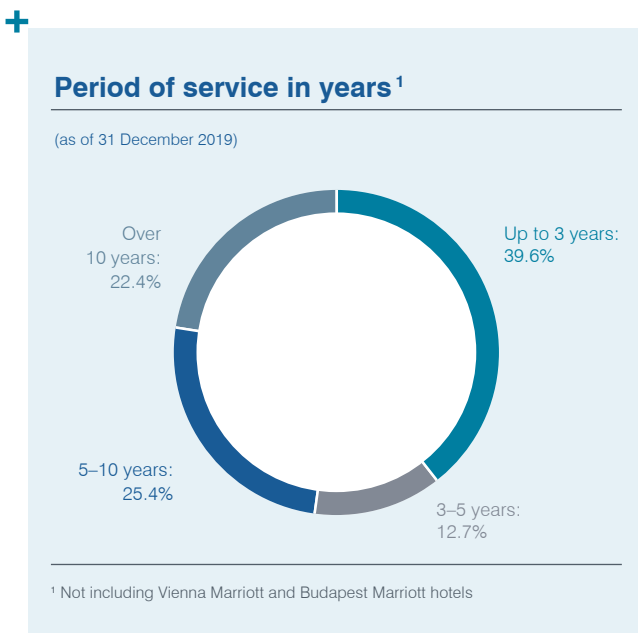
It is particularly important for S IMMO that employees' families are also involved in various events. Children are happy when they get to know their parents' workplace, spouses and family members gain an understanding for the business model and contact between families strengthens team spirit and promotes identification with the company. In order to continuously encourage a feeling of togetherness, a variety of events are organised such as an annual summer festival, to which families are invited, 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 6.3 years (2018: 5.9) across all locations. The turnover rate across all locations is 13.3% (2018: 18.2%) for the reporting year.

### 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. In 2019, EUR 59,874 (EUR 1,384 per employee) was spent on further education and training in Austria. S IMMO Germany invested EUR 4,000 (EUR 217 per employee), Maior Domus EUR 10,000 (EUR 189 per employee) in the training of employees.

Since 2016, trainees have also received training at Maior Domus in Berlin. There are currently three 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 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 groom 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 was relaunched in 2019 and is an important internal communication channel for employees, which is used to share both internal and industry-related news. Highly relevant or topical information may be provided directly by the Management Board either by email or in a meeting. If necessary, topics that need extra explanation or discussion, such as the introduction of a new time attendance recording system, are dealt with at an employee breakfast.

## 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 2019 and there were no indications 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 details, please see the corporate governance report starting on 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 (deviations 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 aware that companies' activities can have an impact on human rights. This topic – especially with regard to the effects of business activities – is ranking ever higher on the global political agenda.

In this (value) context, the company would like to emphasise that it is dedicated to upholding, protecting and promoting human rights and that all the company's activities comply with the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. S IMMO is committed to complying with the UN Convention on the Rights of the Child and is therefore not at all involved in and does not condone the illegal employment or exploitation of children through work.

In addition, S IMMO recognises the right to clean water as a fundamental human right. The company holds the view that sustainable water reserves, safe drinking water and the protection of ecosystems and communities with appropriate sanitation facilities and equipment are basic needs. The company therefore ensures that employees and tenants are supplied with clean water throughout its entire property portfolio, both in property development and in property management.

S IMMO is constantly looking to create an inclusive working environment with no space for harassment or discrimination on the basis of a person's status – their (ethnic) background, religion, nationality, political affiliation, sexual orientation and gender identity, disability, age, sex or other characteristics protected by law. S IMMO has a zero-tolerance policy against sexual harassment.

All employees regardless of gender, age, position, type of contract or status are responsible for contributing to a working environment that is free of sexual harassment, putting a stop to unacceptable behaviour and reporting such incidents. The management is obliged to take action against violations of these standards and to impose disciplinary measures.

S IMMO pledges to provide all its employees a safe and healthy working environment and to practise accident prevention for the protection of employees, tenants and visitors. S IMMO offers fair working conditions and complies with all legal requirements regarding wages and working hours. In addition, the company offers competitive salaries and benefits (part-time work, maternity protection, regular paid holiday, sick leave and paid parental leave) as well as training and other opportunities for development.

S IMMO forbids all forms of corruption, including extortion and bribery.

The company encourages its employees to report suspected violations of S IMMO's human rights policy and ensures confidentiality. The central point of contact in such cases is S IMMO's Compliance Officer, who will contact management and convene a committee to resolve the case if necessary.

In 2019, there were not any violations of human rights at any of the S IMMO branches.

### Data protection and security

It is essential that the company complies with the obligations of the EU General Data Protection Regulation (GDPR). Processes introduced before the Regulation took effect in May 2018 were optimised in 2019. An internal working group comprised of employees from various departments is responsible for creating and implementing internal data protection policies. The working group is an important internal point of contact for employees with regard to data protection law. In addition, the members monitor the decisions of the Austrian Data Protection Authority (DSB) and consult external legal experts as needed.

In order to meet the extensive legal obligations, it is necessary to get the employees involved. In autumn 2019, the employees were again called upon to review their contacts' data. This annual data review is intended firstly to ensure that the available data is correct in order to comply with the right to accuracy, and secondly to guarantee that data is only stored for as long as it is necessary.

In the 2019 financial year, S IMMO received no complaints from third parties or supervisory authorities regarding GDPR infringements.

## 4. Social responsibility

### Architecture and art

#### **Art Supermarket (Kunstsupermarkt)**

In 2019, S IMMO continued its cultural engagement and again made its facilities at Mariahilfer Strasse 103 available to the Vienna Art Supermarket for the 13th time. For four months, approximately 5,000 original works by 95 international artists were exhibited in a space of over 250 m<sup>2</sup> with the aim of making art more accessible and offering it to potential buyers at modest prices. The Art Supermarket is therefore one of the largest contemporary art events in Austria. This year's event focused on the works of female artists.

#### **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. In recent years, the S IMMO team has worked on several corporate volunteering projects in Caritas organisations. Last year, volunteers prepared freshly cooked hot meals for those in need at 'Zweite Gruft' in the 18th district of Vienna.

S IMMO has supported various charitable Caritas projects in Austria, Hungary, Romania and Bulgaria that have been providing 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 family children's home 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. Moreover, the company also supported the family children's home in Stremt. The family home takes in children from low-income families who cannot sufficiently provide for them. In addition to food and accommodation, the children receive social care and education and are prepared for life.

#### **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. At the day centre, Caritas cares for around 40 elderly and needy people, providing them with hot meals, medical aid and company. People with reduced mobility are visited by care workers in their homes and provided with the care they need.

#### **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**

S IMMO's traditional fundraising drive was again hugely popular in 2019. Website users were invited to take part in an online game to raise money for a charitable cause. The money raised went to the charity MOKI Mobile Kinderkrankenpflege, whose professional, qualified care workers provide medical home visits and care, advice and support for premature babies, sick newborns and children, and young people with severe disabilities and chronic and terminal illnesses. MOKI cares for 1,250 children and young people a year in Austria.

#### **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 2019. 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 the 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. Since 2016, the finance blog [apropos-geld.at](http://apropos-geld.at) and the accompanying social media channels have posted regular articles about money and investments. In 2019, the channels were optimised and given a new look for the target group of young people interested in finance.

### 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.

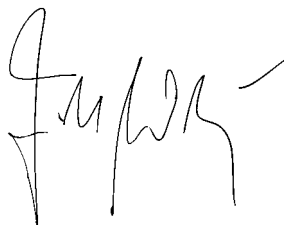
S IMMO is convinced that long-term forms of cooperation are the best way of fulfilling its social responsibility on a sustainable basis. For this reason, cooperation with the aforementioned institutions will also be continued in 2020.

Vienna, 17 March 2020

Management Board



Ernst Vejdovszky



Friedrich Wachernig

# Einzelabschluss

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## Lagebericht für das Geschäftsjahr 2019

### 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 26.486 gegenüber dem Vorjahr (2018: TEUR 21.014) deutlich gestiegen. Dieser Anstieg ist im Ausmaß von TEUR 5.576 auf die Verrechnung von Kosten an verbundene Unternehmen zurückzuführen, wobei TEUR 3.421 Kostenverrechnungen für Vorjahre betreffen. Im Ausmaß von insgesamt TEUR 221 betrifft der Anstieg Vermietungserlöse und Betriebskostenweiterverrechnungen.

Die sonstigen betrieblichen Erträge, welche im Vorjahr durch Veräußerungsgewinne i.Z.m. mit Liegenschaften geprägt waren, sind von TEUR 10.226 auf TEUR 399 gesunken.

Die sonstigen betrieblichen Aufwendungen sind aufgrund eines Vorperioden betreffenden Einmalaufwands von TEUR 5.707 auf TEUR 6.945 angestiegen.

Das Finanzergebnis ist um rund 20% von TEUR 47.010 auf TEUR 56.377 angestiegen. Der Anstieg resultiert vor allem aus höheren Beteiligungserträgen (2019:TEUR 84.030; 2018:

TEUR 65.346). Gegenläufig dazu war auch ein Anstieg der Zinsaufwendungen zu verzeichnen, welcher u.a. auf die Begebung zweier Anleihen im Geschäftsjahr 2019 zurückzuführen ist.

Die Bilanzsumme hat sich von TEUR 1.258.836 auf TEUR 1.314.397 zum Bilanzstichtag 31.12.2019 erhöht. Das übernommene Grundkapital beträgt zum Stichtag 31.12.2019 unverändert TEUR 243.144. Das Eigenkapital hat sich zum Bilanzstichtag trotz einer Dividendenausschüttung von 0,7 Euro je Aktie von TEUR 489.516 auf TEUR 505.617 erhöht. Die Eigenkapitalquote betrug zum 31.12.2019 rund 38% (31.12.2018 39%).

Im Geschäftsjahr 2019 wurden keine Aktien rückgekauft.

Die Verbindlichkeiten gegenüber Kreditinstituten haben sich von TEUR 115.966 zum Stichtag 31.12.2018 auf TEUR 110.919 per 31.12.2019 leicht verringert.

Die Anleiheverbindlichkeiten sind von TEUR 438.664 auf TEUR 527.456 deutlich angestiegen. Zurückzuführen ist dies auf die Begebung zweier Anleihen im Geschäftsjahr 2019.

Im Mai 2019 wurde eine Anleihe (ISIN AT0000A285H4) im Gesamtnennbetrag von TEUR 150.000, aufgeteilt auf 300.000 Teilschuldverschreibungen im Nominale von EUR 500 pro Stück begeben. Die Anleihe wurde teilweise im Tausch gegen die Anleihe mit der ISIN AT0000A19SB5 begeben. Das nach diesem Tausch noch ausstehende Volumen der Anleihe mit der ISIN AT0000A19SB5 wurde mit Ende der Laufzeit im Oktober 2019 zurückgezahlt.

Im Oktober 2019 emittierte die S IMMO AG eine Anleihe (ISIN AT0000A2AEA8) im Gesamtnennbetrag von TEUR 100.000, aufgeteilt auf 200.000 Teilschuldverschreibungen im Nominale von EUR 500 pro Stück. Die Anleihe wurde teilweise im Tausch gegen die Anleihe mit der ISIN AT0000A177D2 begeben.

## Voraussichtliche Entwicklung

Die S IMMO AG profitiert vom derzeit niedrigen Zinsumfeld und erwartet für das Geschäftsjahr 2020 in diesem Zusammenhang keine bedeutsamen Änderungen.

Nach einem guten Start ins Jahr 2020 erfuhr die wirtschaftliche Gesamtlage im ersten Quartal durch den Ausbruch des Coronavirus einen erheblichen Dämpfer. Zum Zeitpunkt der Veröffentlichung dieses Berichts sind die Auswirkungen des Coronavirus auf die

## S IMMO AG, Wien

Immobilienbranche nur bedingt absehbar. Zu erwarten sind zumindest kurzfristige Auswirkungen auf Hotel- und Einzelhandelsflächen sowie generell auf die Kursnotizen von Aktien, so auch auf die mittelbar gehaltenen Investments in IMMOFINANZ AG und CA Immobilien Anlagen AG. Das endgültige Ausmaß der Auswirkungen – auch auf andere Assetklassen und Geschäftsbereiche – und deren Zeithorizont sind derzeit aber nicht seriös abschätzbar.

Im Jänner 2020 wurde eine Barkapitalerhöhung im Wege eines Accelerated Bookbuilding Verfahrens („ABB“) durchgeführt und die Anzahl der neu auszugebenden Aktien und der Bezugspreis wie folgt festgesetzt:

- das Grundkapital wurde von EUR 243.143.569,90 um EUR 24.314.353,72 auf EUR 267.457.923,62 durch Ausgabe von 6.691.717 Inhaberaktien gegen Bareinlage unter Ausschluss des Bezugsrechts erhöht;
- der Bezugspreis je junger Aktie wurde mit EUR 22,25 je Aktie – somit ohne Abschlag zum Schlusskurs vom 15.01.2020 – festgelegt;
- der Bruttoemissionserlös beträgt somit EUR 148.890.703,25 für die jungen S IMMO-Aktien.

Die jungen S IMMO-Aktien notieren unter der bisherigen ISIN AT0000652250 an der Wiener Börse AG und sind für das Geschäftsjahr 2019 voll gewinnberechtigt.

## Risikomanagement

Als Konzernmuttergesellschaft eines international tätigen Immobilienkonzerns ist die S IMMO AG 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, Geschäft, Hotel) und ein ergänzender Teil an Wohnimmobilien. Zu den Tätigkeiten der S IMMO Gruppe gehören somit auch:

- die Immobilien-Projektentwicklung

## S IMMO AG, Wien

- der Betrieb von Hotels und Einkaufszentren
- die Revitalisierung und Sanierung von Bestandsimmobilien
- das Asset Management

Darüber hinaus hält die S IMMO Gruppe 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 Jour-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.

### 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.

### 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 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. 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. 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 2019 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 abgefedert 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. 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 Mietausfallrisiko. 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

### **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 immobilien-spezifischen 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. Wertänderungen von Immobilien können den Bilanzgewinn oder -verlust der S IMMO AG bzw. der S IMMO Gruppe 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 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 und einer Vermeidung hoher Einzelfälligkeiten der begebenen Anleihen bei Kreditverlängerungen und Refinanzierungen sowohl von Anleihen und Krediten 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 Zinsdiensts erhöhen sich bei Anstieg des jeweiligen Referenz-Zinssatzes. 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 Kredit- und Anleihefinanzierungen 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 oder Anleihen in einem für eine Refinanzierung erforderlichen Ausmaß zu zeichnen. 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 31.12.2019 waren es 23 Einzelbanken) zu reduzieren. Eine Kontrolle der Kreditaufnahmen erfolgt durch Genehmigungen nach gestaffelten Beträgen durch den Vorstand und den Aufsichtsrat. Per 31.12.2019 hatten die langfristigen Kredite eine durchschnittlich gewichtete Restlaufzeit von 5,6 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. 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 und gruppeninterne Darlehen der S IMMO AG sind ausschließlich in Euro denominiert und die Mietverträge sind ausschließlich an den Euro gebunden. Daher besteht kein unmittelbares Fremdwährungsrisiko; allerdings kann die Werthaltigkeit von Beteiligungen und Darlehen an verbundene Unternehmen bei signifikanten Verwerfungen im Fremdwährungsbereich negativ beeinflusst werden.

### 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 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.

## **S IMMO AG, Wien**

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.

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.

## **S IMMO AG, Wien**

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. Insbesondere im Hinblick auf die wirtschaftlichen Auswirkungen durch die Verbreitung des Coronavirus im ersten Quartal 2020 bestehen erhebliche Unsicherheiten.

Eine weitere Risikogruppe betrifft die Liquidität und die Finanzierungssituation im Unternehmen. 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.

Insgesamt ist das Kapitalmarktumfeld mit dem Ausbruch der Coronavirus-Krise und dessen Anfang 2020 zu beobachtenden Auswirkungen deutlich unsicherer geworden. Die weitere Entwicklung wird vom Management der S IMMO AG genau beobachtet, sowohl in Hinblick auf eigene Geschäftsabläufe und die Sicherheit von Mitarbeitern und Partnern als auch im Hinblick auf die Märkte, auf denen die S IMMO Gruppe tätig ist. Eine abschließende Beurteilung der Situation ist zu Redaktionsschluss jedoch nicht möglich.

### **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 das Bruttoergebnis und die Eigenkapitalquote.

Für die S IMMO AG wurden folgende finanzielle Leistungsindikatoren identifiziert:

		2019	2018
Eigenkapitalquote	%	38,5%	39,9%
Betriebsergebnis	TEUR	2.639	7.932

Diese Finanzkennzahlen werden zur Steuerung des operativen Geschäfts durch mehrere nichtfinanzielle Leistungsindikatoren (Leerstandsquote, Portfoliostreuung, Standortqualität) ergänzt.

Der Netto-Geldfluss aus laufender Geschäftstätigkeit beträgt für 2019 51.365 TEUR (2018: TEUR 77.940). Der Cashflow aus der Investitionstätigkeit beträgt TEUR 2.521 (2018: TEUR - 19.379), der Cashflow aus der Finanzierungstätigkeit beträgt TEUR -19.993 (2018: 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 zu einer Erhöhung um TEUR 33.894 (2018: Verringerung i.H.v. 1.606), womit der Finanzmittelbestand am Ende der Periode TEUR 76.025 (2018 TEUR 42.131) 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:

1. Das Grundkapital der S IMMO AG beträgt nach der Barkapitalerhöhung vom Jänner 2020 EUR 267.457.923,62 und ist in 73.608.896 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 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 21.09.2018 meldete die IMMOFINANZ AG den Erwerb von 19.499.437 Stimmrechten, was auf Basis der derzeitigen Gesamtzahl von Stimmrechten einer Beteiligung von rund 26,49 % entspricht.

Am 21.01.2020 haben Ronny Pecik und Norbert Ketterer mitgeteilt, dass sie (indirekt über ETAMIN GmbH & Co KG und HAMAMELIS GmbH & Co KG) rund 14,24 % der Stimmrechte halten.

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 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 des bei der Beschlussfassung vertretenen Grundkapitals.

7. a) Der Vorstand wurde 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 lautenden 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 wurde auch 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 begebene 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.

Der Vorstand hat von dieser Ermächtigung (dem genehmigten Kapital) Gebrauch gemacht und, unter Ausschluss des Bezugsrechts, im Jänner 2020 6.691.717 Aktien gegen

Bareinlage ausgegeben. Die oben beschriebene, mit Beschluss der 29. ordentlichen Hauptversammlung vom 03.05.2018 erteilte, Ermächtigung ist in einem entsprechend dieser Ausnutzung reduzierten Ausmaß aufrecht.

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 fünf Jahren ab dem Datum der Beschlussfassung, somit bis zum 03.05.2023, mit Zustimmung des Aufsichtsrats 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 ausgenützt 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 (infolge der Ausgabe von 6.691.717 Aktien gegen Bareinlage im Jänner 2020 im Rahmen des genehmigten Kapitals ist diese Ermächtigung derzeit entsprechend reduziert). 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 lautenden 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 Aufsichtsrats 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 auf Grund 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 (ausstehendes Volumen rund EUR 28,5 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.), 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.), die im Mai 2019 begebene 1,875 % S IMMO Anleihe 2019 – 2026 (Volumen EUR 150 Mio.) sowie die im Oktober 2019 begebene 2 % S IMMO Anleihe 2019 – 2029 (Volumen EUR 100 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 2018 und 2019 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. Gemäß den Bedingungen der 2019 begebenen Anleihen findet ein Kontrollwechsel auch dann statt, wenn im Falle einer rechtskräftigen Aufhebung des Höchststimmrechts 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 mehr als 30 % der mit den Aktien der Emittentin verbundenen Stimmrechte 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 Zeitraums von drei Monaten nach Eintritt dieses Ereignisses unter Einhaltung einer Kündigungsfrist von vier 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 zwei Bruttojahresentgelten beschränkt. Ein Change-of-Control-Ereignis liegt ausschließlich dann vor, wenn auf Aktionärsesebene ein Wechsel stattfindet, der auch zu einer Neuwahl von mindestens einem Drittel der Aufsichtsratsmitglieder der Gesellschaft geführt hat.

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 17. März 2020



Mag. Ernst Vejdovszky

Der Vorstand:



Mag. Friedrich Wachernig, MBA

## I. Bilanz zum 31. Dezember 2019

mit Gegenüberstellung der Vorjahreszahlen in tausend Euro (TEUR)

	31.12.2019 EUR	31.12.2018 TEUR
<b>AKTIVA</b>		
<b>A. Anlagevermögen</b>		
<b>I. Immaterielle Vermögensgegenstände</b>		
1. gewerbliche Schutzrechte und ähnliche Rechte und Vorteile und Software	<b>59.091,89</b>	<b>40</b>
<b>II. Sachanlagen</b>		
1. Grundstücke und Bauten	135.233.944,40	139.362
davon Grundwert	38.528.115,77	38.312
davon Verschmelzungsmehrwert	6.999.233,00	7.216
2. andere Anlagen, Betriebs- und Geschäftsausstattung	254.163,76	242
	<b>135.488.108,16</b>	<b>139.604</b>
<b>III. Finanzanlagen</b>		
1. Anteile an verbundenen Unternehmen	700.313.174,92	650.313
davon Verschmelzungsmehrwert	369.528,03	370
2. Ausleihungen an verbundene Unternehmen	5.478.081,08	56.659
davon mit einer Restlaufzeit von mehr als einem Jahr	3.761.163,21	48.880
3. Beteiligungen	2.820.017,60	2.820
4. Ausleihungen an Unternehmen, mit denen ein Beteiligungsverhältnis besteht	8.641.065,10	4.231
davon mit einer Restlaufzeit von mehr als einem Jahr	2.010.544,36	4.231
5. Wertpapiere (Wertrechte) des Anlagevermögens	0,00	443
	<b>717.252.338,70</b>	<b>714.466</b>
	<b>852.799.538,75</b>	<b>854.110</b>
<b>B. Umlaufvermögen</b>		
<b>I. Forderungen und sonstige Vermögensgegenstände</b>		
1. Forderungen aus Lieferungen und Leistungen	413.653,91	844
2. Forderungen gegenüber verbundenen Unternehmen	372.815.060,45	355.836
davon mit einer Restlaufzeit von mehr als einem Jahr	60.381,90	152.981
3. Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	1.847.769,72	1.439
4. sonstige Forderungen und Vermögensgegenstände	5.719.767,40	1.945
davon mit einer Restlaufzeit von mehr als einem Jahr	53.850,00	421
	<b>380.796.251,48</b>	<b>360.065</b>
<b>II. Kassenbestand, Guthaben bei Kreditinstituten</b>		
	<b>76.025.709,40</b>	<b>42.131</b>
	<b>456.821.960,88</b>	<b>402.196</b>
<b>C. Rechnungsabgrenzungsposten</b>		
	<b>298.306,11</b>	<b>520</b>
<b>D. Aktive latente Steuern</b>		
	<b>4.477.036,00</b>	<b>2.010</b>
<b>Summe Aktiva</b>	<b>1.314.396.841,74</b>	<b>1.258.836</b>

## I. Bilanz zum 31. Dezember 2019

mit Gegenüberstellung der Vorjahreszahlen in tausend Euro (TEUR)

	31.12.2019 EUR	31.12.2018 TEUR
<b>PASSIVA</b>		
<b>A. Eigenkapital</b>		
<b>I. eingefordertes Grundkapital</b>	<b>240.544.076,80</b>	<b>240.544</b>
übernommenes Grundkapital	243.143.569,90	243.144
Nennbetrag eigener Aktien	-2.599.493,10	-2.599
einbezahltes Grundkapital	240.544.076,80	240.544
<b>II. Kapitalrücklagen</b>		
1. gebundene	<b>77.943.846,02</b>	<b>77.944</b>
<b>III. Gewinnrücklagen</b>		
1. Rücklage für eigene Anteile, Anteile an herrschenden oder mit Mehrheit beteiligten Unternehmen	2.599.493,10	2.599
2. andere Rücklagen (freie Rücklagen) davon ausschüttungsgesperrt	108.232.643,35 4.477.036,00	108.385 2.010
	<b>110.832.136,45</b>	<b>110.984</b>
<b>IV. Bilanzgewinn</b>	<b>76.296.664,81</b>	<b>60.043</b>
davon Gewinnvortrag	13.702.242,46	2.519
	<b>505.616.724,08</b>	<b>489.516</b>
<b>B. Rückstellungen</b>		
1. Rückstellungen für Abfertigungen	133.485,62	200
2. Steuerrückstellungen	13.917,00	14
3. sonstige Rückstellungen	26.755.514,55	18.051
	<b>26.902.917,17</b>	<b>18.265</b>
<b>C. Verbindlichkeiten</b>		
1. Anleihen	527.456.344,38	438.664
davon mit einer Restlaufzeit von bis zu einem Jahr	0,00	99.931
davon mit einer Restlaufzeit von mehr als einem Jahr	527.456.344,38	338.733
2. Verbindlichkeiten gegenüber Kreditinstituten	110.919.235,02	115.966
davon mit einer Restlaufzeit von bis zu einem Jahr	29.468.909,76	7.295
davon mit einer Restlaufzeit von mehr als einem Jahr	81.450.325,26	108.671
3. Verbindlichkeiten aus Lieferungen und Leistungen	342.302,51	259
davon mit einer Restlaufzeit von bis zu einem Jahr	342.302,51	259
4. Verbindlichkeiten gegenüber verbundenen Unternehmen	129.751.742,38	184.715
davon mit einer Restlaufzeit von bis zu einem Jahr	68.197.941,86	99.127
davon mit einer Restlaufzeit von mehr als einem Jahr	61.553.800,52	85.588
5. sonstige Verbindlichkeiten	12.755.785,04	11.142
davon aus Steuern	2.105.101,33	384
davon im Rahmen der sozialen Sicherheit	93.976,37	84
davon mit einer Restlaufzeit von bis zu einem Jahr	11.051.750,51	9.575
davon mit einer Restlaufzeit von mehr als einem Jahr	1.704.034,53	1.567
	<b>781.225.409,33</b>	<b>750.746</b>
davon mit einer Restlaufzeit von bis zu einem Jahr	109.060.904,64	216.187
davon mit einer Restlaufzeit von mehr als einem Jahr	672.164.504,69	534.559
<b>D. Rechnungsabgrenzungsposten</b>	<b>651.791,16</b>	<b>310</b>
<b>Summe Passiva</b>	<b>1.314.396.841,74</b>	<b>1.258.836</b>

## I. Gewinn- und Verlustrechnung für das Geschäftsjahr 2019

mit Gegenüberstellung der Vorjahreszahlen in tausend Euro (TEUR)

	2019 EUR	2018 TEUR
1. Umsatzerlöse	26.486.273,02	21.014
2. sonstige betriebliche Erträge		
a. Erträge aus dem Abgang vom Anlagevermögen mit Ausnahme der Finanzanlagen	1.075,61	9.106
b. Erträge aus der Auflösung von Rückstellungen	125.521,14	14
c. übrige	272.310,41	1.106
	<u>398.907,16</u>	<u>10.226</u>
3. Aufwendungen für Material und sonstige bezogene Herstellungsleistungen		
a. Aufwendungen für bezogene Leistungen	-5.657.153,16	-5.801
4. Personalaufwand		
a. Gehälter	-5.893.932,48	-5.368
b. soziale Aufwendungen	-1.163.925,98	-1.208
davon Aufwendungen für Altersversorgung	-172.936,49	-165
aa. Aufwendungen für Abfertigungen und Leistungen an Mitarbeiterversorgungskassen	-103.958,83	-95
bb. Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge	-829.273,51	-889
	<u>-7.057.858,46</u>	<u>-6.576</u>
5. Abschreibungen		
a. auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen	-4.586.515,25	-5.225
6. sonstige betriebliche Aufwendungen		
a. Steuern, soweit sie nicht unter Steuern vom Einkommen fallen	0,00	-29
b. übrige	-6.945.124,67	-5.679
	<u>-6.945.124,67</u>	<u>-5.707</u>
<b>7. Zwischensumme aus Z 1 bis 6 (Betriebsergebnis)</b>	<b><u>2.638.528,64</u></b>	<b><u>7.932</u></b>
8. Erträge aus Beteiligungen	84.029.864,36	65.346
davon aus verbundenen Unternehmen	83.413.062,36	64.875
9. Erträge aus anderen Wertpapieren und Ausleihungen des Finanzanlagevermögens	3.889.246,41	5.345
davon aus verbundenen Unternehmen	3.431.904,89	4.454
10. sonstige Zinsen und ähnliche Erträge	47.509,99	671
davon aus verbundenen Unternehmen	47.360,98	603
11. Erträge aus dem Abgang von und der Zuschreibung zu Finanzanlagen und Wertpapieren des Umlaufvermögens	5.660.060,98	1.716

12. Aufwendungen aus Finanzanlagen	0,00	-2
davon Abschreibungen auf Finanzanlagen	0,00	-2
13. Zinsen und ähnliche Aufwendungen	-37.249.384,91	-26.066
davon betreffend verbundene Unternehmen	-2.670.691,56	-2.688
<b>14. Zwischensumme aus Z 8 bis 13 (Finanzergebnis)</b>	<b>56.377.296,83</b>	<b>47.010</b>
<b>15. Ergebnis vor Steuern (Summe aus Z 7 und Z 14)</b>	<b>59.015.825,47</b>	<b>54.942</b>
16. Steuern vom Einkommen	3.426.288,26	2.430
davon latente Steuern	2.467.061,00	636
davon aus Steuerumlagen	1.196.960,26	1.794
<b>17. Ergebnis nach Steuern</b>	<b>62.442.113,73</b>	<b>57.372</b>
<b>18. Jahresüberschuss</b>	<b>62.442.113,73</b>	<b>57.372</b>
19. Auflösung von Gewinnrücklagen	152.308,62	152
20. Gewinnvortrag aus dem Vorjahr	13.702.242,46	2.519
<b>21. Bilanzgewinn</b>	<b>76.296.664,81</b>	<b>60.043</b>

**Anhang**  
**für das Geschäftsjahr 2019**  
**der**  
**S IMMO AG, Wien**

# 1. Bilanzierungs- und Bewertungsmethoden

## 1.1 Allgemeine Grundsätze

Der Jahresabschluss zum 31. Dezember 2019 ist nach den Rechnungslegungsvorschriften des UGB aufgestellt.

Im Sinne der Größenmerkmale gemäß § 221 UGB handelt es sich bei der Gesellschaft um ein Unternehmen von öffentlichem Interesse gemäß § 189a UGB und somit um eine **große Kapitalgesellschaft**.

Der Jahresabschluss wurde unter Beachtung der **Grundsätze ordnungsmäßiger Buchführung** sowie der **Generalnorm**, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, aufgestellt.

Bei der Erstellung des Jahresabschlusses wurde der Grundsatz der Vollständigkeit eingehalten.

Bei der Bewertung wurde von der Fortführung des Unternehmens ausgegangen.

Bei den Vermögensgegenständen und Schulden wurde der Grundsatz der Einzelbewertung angewandt. Dem Vorsichtsgrundsatz wurde Rechnung getragen, indem insbesondere nur die am Abschlussstichtag verwirklichten Gewinne ausgewiesen werden. Alle erkennbaren Risiken und drohende Verluste, die im Geschäftsjahr 2019 oder in einem früheren Geschäftsjahr entstanden sind, wurden berücksichtigt.

Schätzungen beruhen auf einer umsichtigen Beurteilung. Soweit statistisch ermittelbare Erfahrungen aus gleich gelagerten Sachverhalten vorhanden sind, wurden diese bei den Schätzungen berücksichtigt.

## 1.2 Anlagevermögen

**Immaterielle Vermögensgegenstände** werden, soweit gegen Entgelt erworben, zu Anschaffungskosten aktiviert und über die voraussichtliche wirtschaftliche Nutzungsdauer abgeschrieben. Als Nutzungsdauer wird ein Zeitraum von 4 Jahren zugrunde gelegt.

**Sachanlagen** werden zu Anschaffungs- oder Herstellungskosten abzüglich Investitionszuschüssen und planmäßiger Abschreibungen bewertet. Zur Ermittlung der Abschreibungssätze wird generell die lineare Abschreibungsmethode gewählt. Für die einzelnen Anlagengruppen wurde folgende Nutzungsdauer zugrundegelegt:

	Nutzungsdauer in Jahren
Gebäude	40 - 67
Hardware	4
Betriebs- und Geschäftsausstattung	5 - 10

Bewegliche Gegenstände des Anlagevermögens bis zu einem Wert von EUR 400,00 (geringwertige Wirtschaftsgüter) wurden im Jahr der Anschaffung voll abgeschrieben.

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.

**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 Normalabschreibung, die inzwischen vorzunehmen gewesen wäre, ergibt.

### 1.3 Umlaufvermögen

**Forderungen und sonstige Vermögensgegenstände** werden mit dem Nennbetrag angesetzt. Soweit erforderlich, wird die späte Fälligkeit durch Abzinsung berücksichtigt. Für erkennbare Risiken werden Einzelwertberichtigungen gebildet.

### 1.4 Rechnungsabgrenzungsposten

Die aktiven und passiven Rechnungsabgrenzungsposten werden 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.

### 1.5 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.

### 1.6 Rückstellungen

Der Ansatz und die Bewertung von **Personalarückstellungen** (Abfertigungs-, und Jubiläumsgeldrückstellungen) folgt den Ausführungen der AFRAC-Stellungnahme 27 „Rückstellungen für Pensions-, Abfertigungs-, Jubiläumsgeld- und vergleichbare langfristig fällige Verpflichtungen nach den Vorschriften des Unternehmensgesetzbuches“.

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).

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.

Die Zinsaufwendungen betreffend Abfertigungsrückstellungen sowie die Auswirkungen aus einer Änderung des Zinssatzes werden im Personalaufwand erfasst.

	2019	2018
Zinssatz	0,56%	1,0%
Gehalts-/Lohnsteigerungen	1,5%	1,5%
Fluktuationsabschlag	0% - 7%	0% - 7%
Pensionsalter	62-65 Jahre	62-65 Jahre

Die **sonstigen Rückstellungen** berücksichtigen die zum Bilanzstichtag erkennbaren Risiken und der Höhe nach noch nicht feststehende Verbindlichkeiten. Sie werden in Höhe der voraussichtlichen Inanspruchnahme gebildet.

## 1.7 Verbindlichkeiten

**Verbindlichkeiten** sind mit dem Erfüllungsbetrag unter Bedachtnahme auf den Grundsatz der Vorsicht angesetzt.

## 1.8 Währungsumrechnung

**Fremdwährungsforderungen** sind mit dem Entstehungskurs bzw. dem niedrigeren Devisengeldkurs zum Bilanzstichtag bewertet worden.

**Fremdwährungsverbindlichkeiten** sind mit dem Anschaffungskurs bzw. dem höheren Devisenbriefkurs zum Bilanzstichtag bewertet worden.

## 1.9 Änderung von Bewertungsmethoden

Die bisher angewandten **Bewertungsmethoden** wurden auch bei der Erstellung des vorliegenden Jahresabschlusses beibehalten.

## 2. Erläuterungen zu Bilanz und Gewinn- und Verlustrechnung

### 2.1 Bilanz

#### 2.1.1. Bilanz - Aktivseite

##### Anlagevermögen

Die Aufgliederung des Anlagevermögens und seine Entwicklung im Geschäftsjahr ist im Anlagenspiegel angeführt (Beilage zum Anhang). Im Geschäftsjahr 2019 wurde keine außerplanmäßige Abschreibung vorgenommen (VJ: TEUR 0).

##### Investitionszuschüsse zu Grundstücke und Bauten

Die Aufgliederung der Investitionszuschüsse und ihre Entwicklung im Berichtsjahr wird wie folgt dargestellt:

	Stand am 01.01.2019 TEUR	Verbrauch TEUR	Auflösung TEUR	Zuweisung TEUR	Stand am 31.12.2019 TEUR
Investitionszuschuss Adlerhof	3.071	93	0	0	2.978
	<b>3.071</b>	<b>93</b>	<b>0</b>	<b>0</b>	<b>2.978</b>

##### 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	31.12.2019	TEUR	407.749	109.535
German Property Invest Immobilien GmbH, Wien	100	31.12.2019	TEUR	217.135	18.316
A.D.I. Immobilien Beteiligungs GmbH, Wien	100	31.12.2019	TEUR	63.672	755
S IMMO Group Finance GmbH, Wien	100	31.12.2019	TEUR	178.291	1.820

Typisch stille Beteiligung an der PCC - Hotelerrichtungs- und Betriebsgesellschaft m.b.H. & Co. KG:

Einlage TEUR 3.634 zuzüglich Verschmelzungsmehrwert TEUR 370.

##### Ausleihungen an verbundene Unternehmen

Ausleihungen an verbundene Unternehmen mit einer Restlaufzeit von unter 1 Jahr betragen TEUR 1.717 (Vorjahr: TEUR 7.779).

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.

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 8.641 (Vorjahr: TEUR 4.231).

Wertpapiere des Anlagevermögens

Die Wertpapiere des Anlagevermögens wurden im Geschäftsjahr zur Gänze veräußert.

**Umlaufvermögen**

Nachstehend werden die **Forderungen und sonstigen Vermögensgegenstände** wie folgt gegliedert:

	Gesamtbetrag EUR	davon Restlaufzeit bis 1 Jahr EUR	davon Restlaufzeit über 1 Jahr EUR
Forderungen aus Lieferungen und Leistungen	413.653,91	413.653,91	0,00
Forderungen gegenüber verbundenen Unternehmen	372.815.060,45	372.754.678,55	60.381,90
Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	1.847.769,72	1.847.769,72	0,00
sonstige Forderungen und Vermögensgegenstände	5.719.767,40	5.665.917,40	53.850,00
<b>Summe Forderungen</b>	<b>380.796.251,48</b>	<b>380.682.019,58</b>	<b>114.231,90</b>

**Forderungen aus Lieferungen und Leistungen**

Die Forderungen aus Lieferungen und Leistungen beinhalten offene Mietzinsforderungen und Betriebskostenforderungen. Einzelwertberichtigungen in Höhe von TEUR 173 (Vorjahr: TEUR 140) sind bereits abgezogen.

**Forderungen gegenüber verbundenen Unternehmen**

Die Forderungen gegenüber verbundenen Unternehmen betreffen Zinsen für eine stille Beteiligung in Höhe von TEUR 654 (Vorjahr: TEUR 436), kurzfristigen Gesellschafterdarlehen in Höhe von TEUR 328.290 (Vorjahr: TEUR 351.892), Cash-Pool-Forderungen in Höhe von TEUR 35.450 (Vorjahr: TEUR 1.366), Forderungen gegenüber Konzerngesellschaften aus Steuerumlagen in Höhe von TEUR 2.578 (Vorjahr: TEUR 1.826), Weiterverrechnung von Haftungsprovisionen in Höhe von TEUR 457 (Vorjahr: TEUR 316), Weiterverrechnungen von

konzerninternen Dienstleistungen in Höhe von TEUR 5.328 (Vorjahr: TEUR 0) sowie sonstige weiterverrechnete Aufwendungen in Höhe von TEUR 57 (Vorjahr: TEUR 0).

### Sonstige Forderungen

Die sonstigen Forderungen und Vermögensgegenstände beinhalten mit TEUR 54 (Vorjahr TEUR 421) Up-Front-Prämien für Zinscaps, die gem. AFRAC-Stellungnahme Nr. 15 „Die unternehmensrechtliche Bilanzierung von Derivaten und Sicherungsinstrumenten“ bilanziert und über die Laufzeit abgeschrieben werden. Weiters umfasst die Position mit TEUR 2.072 (Vorjahr: TEUR 1.138) sonstige Forderungen gegenüber der Hausverwaltung, mit TEUR 3.338 Forderungen aus Kapitalertragsteuer und mit TEUR 256 (Vorjahr: TEUR 386) sonstige Forderungen.

### 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 Steuerjudikatur) stellt sich wie folgt dar:

	Unternehmensrecht	Steuerrecht	Temporäre Differenzen	Latente Steuer (Steuersatz 25%)
<b>Aktive latente Steuern</b>				
Kosten der Geldbeschaffung	0	2.557.588	2.557.588	639.397
Abfertigungsrückstellung	133.486	51.517	81.869	20.492
Drohverlustrückstellung für negative Marktwerte von Derivaten	24.068.178	0	24.068.178	6.017.045
<b>Summe Stand 31.12.2019</b>				<b>6.676.934</b>
<b>Passive latente Steuern</b>				
Verschmelzungswert	6.999.233	0	-6.999.233	-1.749.808
Temporäre Differenzen Buchwerte des Immobilienvermögens	20.406.883	18.606.523	-1.800.360	-450.090
<b>Summe Stand 31.12.2019</b>				<b>-2.199.898</b>

Per 31.12.2019 ergibt sich auf saldierter Basis eine aktive Latenz in Höhe von TEUR 4.477 (Vorjahr: TEUR 2.010). Die Veränderung zum Vorjahr in Höhe von TEUR 2.467 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.

	Unternehmensrecht	Steuerrecht	Temporäre Differenzen	Latente Steuer (Steuersatz 25%)
<b>Aktive latente Steuern</b>				
Kosten der Geldbeschaffung	0	1.601.708	1.601.708	400.427
Abfertigungsrückstellung	199.692	99.643	100.049	25.012
Drohverlustrückstellung für negative Marktwerte von Derivaten	155.679.000	0	15.679.000	3.919.750
<b>Summe Stand 31.12.2018</b>				<b>4.345.189</b>

	Unternehmensrecht	Steuerrecht	Temporäre Differenzen	Latente Steuer (Steuersatz 25%)
<b>Passive latente Steuern</b>				
Verschmelzungswert	7.215.786	0	-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>

## Derivate 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 abzuschließenden 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	-24.068
Zinscaps	190.000	54
	<b>495.370</b>	<b>-24.014</b>

Für Swaps mit zum Bilanzstichtag negativen Marktwerten wurde (im Hinblick auf die AFRAC-Stellungnahme zu Nr. 15 „Die unternehmensrechtliche Bilanzierung von Derivaten und Sicherungsinstrumenten“) eine Rückstellung für drohende Verluste in Höhe von TEUR 24.068 (Vorjahr: TEUR 15.679) gebildet.

## 2.1.2. Bilanz - Passivseite

### 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 2019 wurden keine Aktien eingezogen.

Im Geschäftsjahr 2019 wurden Gewinnrücklagen in Höhe von TEUR 152 (Vorjahr: TEUR 152) aufgelöst. Insgesamt unterliegt ein Betrag von TEUR 4.477 (Vorjahr TEUR 2.010) 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 2019 wurden keine Aktien aus einem genehmigten Kapital gezeichnet.

In der am 14.06.2019 abgehaltenen 30. ordentlichen Hauptversammlung der S IMMO AG wurde für das Geschäftsjahr 2018 die Ausschüttung einer Dividende von EUR 0,70 je dividendenberechtigter Aktie beschlossen. Der gesamte Ausschüttungsbetrag belief sich auf TEUR 46.341.

Für das Geschäftsjahr 2019 wird der Vorstand die Ausschüttung einer Dividende von EUR 0,70 je dividendenberechtigter Aktie vorschlagen.

### Kapitalrücklagen

Die Kapitalrücklage setzt sich zur Gänze aus gebundenen Kapitalrücklage zusammen.

### Rückstellungen

Die Rückstellungen haben sich im Geschäftsjahr wie folgt entwickelt:

	Stand 01.01.2019 EUR	Verwendung EUR	Auflösung EUR	Zuweisung EUR	Stand 31.12.2019 EUR
Rückstellungen für					
Abfertigungen	199.692,09	87.767,66	0,00	21.561,19	133.485,62
Steuerrückstellungen	13.917,00	0,00	0,00	0,00	13.917,00
sonstige Rückstellungen	18.051.009,09	2.246.487,95	125.521,14	11.076.514,55	26.755.514,55
	<b>18.264.618,18</b>	<b>2.334.255,61</b>	<b>125.521,14</b>	<b>11.098.075,74</b>	<b>26.902.917,17</b>

Die **sonstigen Rückstellungen** setzen sich folgendermaßen zusammen:

	Stand am 31.12.2019 TEUR	Stand am 31.12.2018 TEUR
Rechts-, Prüfungs-, Beratungs-, Schätz-, Veröffentlichungskosten	643	723
Instandhaltung	468	261
Personal	1.577	1.388
Drohverluste aus Derivaten	24.068	15.679
	<b>26.756</b>	<b>18.051</b>

## Verbindlichkeiten

### Anleihen

Die Anleiheverbindlichkeiten zum 31.12.2019 setzen sich folgendermaßen zusammen:

ISIN	Buchwert TEUR	Kupon	Begeben in	Laufzeit bis
AT0000A177D2	28.549,00	4,50%	2014	16.06.2021
AT0000A1DBM5	33.993,50	3,25%	2015	08.04.2025
AT0000A1DWK5	65.000,00	3,25%	2015	20.04.2027
AT0000A1Z9D9	99.914,00	1,75%	2018	05.02.2024
AT0000A1Z9C1	50.000,00	2,875%	2018	05.02.2030
AT0000A285H4	150.000,00	1,875%	2019	21.05.2029
AT0000A2AEA8	100.000,00	2,00%	2019	15.10.2029
Gesamt	527.456,50			

Sämtliche Anleihenverbindlichkeiten sind endfällig.

## Verbindlichkeiten

Die einzelnen Verbindlichkeitsposten zeigen folgendes Bild:

	Restlaufzeit bis zu einem Jahr EUR	Restlaufzeit zwischen einem und fünf Jahren EUR	Restlaufzeit über fünf Jahren EUR	Bilanzwert EUR	Vor- jahres- wert TEUR
Verbindlichkeiten gegenüber Kreditinstituten	29.468.909,76	24.780.278,82	56.670.046,44	110.919.235,02	115.966
Verbindlichkeiten aus Lieferungen und Leistungen	342.302,51	0,00	0,00	342.302,51	259
Verbindlichkeiten gegenüber verbundenen Unternehmen	68.197.941,86	32.265.279,61	29.288.520,91	129.751.742,38	184.715
sonstige Verbindlichkeiten	11.051.750,51	0,00	1.704.034,53	12.755.785,04	11.142
	<b>109.060.904,64</b>	<b>57.045.558,43</b>	<b>87.662.601,88</b>	<b>253.769.064,95</b>	<b>312.082</b>

### **Verbindlichkeiten gegenüber Kreditinstituten**

Vom Gesamtbetrag der Verbindlichkeiten gegenüber Kreditinstituten sind TEUR 106.014 (Vorjahr: TEUR 108.926) dinglich besichert (Grundpfandrecht).

Die Verbindlichkeiten gegenüber Kreditinstituten enthalten mit TEUR 4.900 (Vorjahr TEUR 7.040) Verbindlichkeiten aus Sale-und-Lease-Back-Verträgen, die zum Barwert der zukünftigen Leasingraten bewertet sind.

### **Verbindlichkeiten gegenüber verbundenen Unternehmen**

Die Verbindlichkeiten gegenüber verbundenen Unternehmen betreffen Verbindlichkeiten aus Cash Pooling in Höhe von TEUR 34.167 (Vorjahr: TEUR 79.021), aus erhaltenen Darlehen in Höhe von TEUR 92.325 (Vorjahr: TEUR 105.351), einer Steuerverbindlichkeit gegenüber der CEE Immobilien GmbH in Höhe von TEUR 3.238 (Vorjahr: TEUR 342) sowie einer Steuerverbindlichkeit gegenüber der CEE Beteiligungen GmbH in Höhe von TEUR 22 (Vorjahr TEUR 0).

### **Sonstige Verbindlichkeiten**

Die sonstigen Verbindlichkeiten enthalten mit TEUR 1.704 (Vorjahr: TEUR 1.567) Kautionen, mit TEUR 2.105 (Vorjahr: TEUR 384) Verbindlichkeiten aus Steuern, mit TEUR 94 (Vorjahr: TEUR 84) Verbindlichkeiten aus sozialer Sicherheit, mit TEUR 8.094 (Vorjahr: TEUR 8.186) Verbindlichkeiten aus Anleihezinsen und mit 759 (Vorjahr: TEUR 921) sonstige Verbindlichkeiten.

In den sonstigen Verbindlichkeiten sind Aufwendungen in Höhe von TEUR 9.843 (Vorjahr TEUR 8.459) enthalten, die erst nach dem Stichtag zahlungswirksam werden.

### **Rechnungsabgrenzungsposten**

Unter dieser Position werden die Erlöse aus dem Verkauf eines Mietrechtes in Höhe von TEUR 197 (Vorjahr: TEUR 310) ausgewiesen sowie das Agio aus der Begebung der Anleihe im Geschäftsjahr 2019 mit der ISIN AT0000A2AEA8 in Höhe von TEUR 455 (Vorjahr: TEUR 0).

### **Haftungsverhältnisse und sonstige finanzielle Verpflichtungen**

Zum 31.12.2019 bestehen diverse Haftungsverhältnisse. Diese gliedern sich auf in: abgegebenen Bürgschaften und Garantien TEUR 291.878 (Vorjahr: TEUR 329.591) sowie Patronatserklärungen TEUR 145.721 (Vorjahr: TEUR: 137.069) 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.

## 2.2 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.

### Umsatzerlöse

Die Umsatzerlöse setzen sich wie folgt zusammen:

	2019 TEUR	2018 TEUR
Erlöse aus Vermietung	16.035	15.627
Betriebskostenweiterverrechnung	3.744	3.931
Konzerninterne Verrechnungen	5.576	0
Diverse	1.131	1.456
	<u>26.486</u>	<u>21.014</u>

Die konzerninternen Verrechnungen betreffen Personalüberlassungen, Verrechnungen von Verwaltungsentgelten und Dienstleistungen iZm Cash Management, Finanzierung, Projekt- und Asset-Management.

Die Umsatzerlöse betreffen in Höhe von TEUR 21.992 das Inland und in Höhe von TEUR 4.494 die Europäische Union.

### Sonstige betriebliche Erträge

	2019 TEUR	2018 TEUR
Erträge aus dem Abgang vom Anlagevermögen	1	9.106
Erträge aus der Auflösung von Rückstellungen	126	14
Diverse	272	1.106
	<u>399</u>	<u>10.226</u>

### Aufwendungen für sonstige bezogene Herstellungsleistungen

	2019 TEUR	2018 TEUR
Betriebskosten und laufende öffentliche Abgaben gemäß § 21 Abs 1 und 2 MRG	4.080	4.238
Instandhaltungsaufwendungen	1.577	1.563
	<u>5.657</u>	<u>5.801</u>

## Personalaufwand

Die Gesellschaft beschäftigt im Jahresdurchschnitt 2 Vorstandsmitglieder, 43 Angestellte und keine Arbeiter (Vorjahr: 2 Vorstandsmitglieder, 37 Angestellte und keine Arbeiter).

In den Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen sind Aufwendungen für Abfertigungen in Höhe von TEUR 22 (Vorjahr: TEUR 9) und Leistungen an die Mitarbeitervorsorgekasse in Höhe von TEUR 82 (Vorjahr: TEUR 86) enthalten.

Die Bezüge der Mitglieder des Vorstands lassen sich wie folgt aufgliedern:

	2019 TEUR	2018 TEUR
Fix	825	825
Variabel	914	551
	<u>1.739</u>	<u>1.376</u>

Neben den oben genannten Beträgen bestanden noch sonstige Bezüge, die im Wesentlichen die Beiträge an Pensionskassen in Höhe von TEUR 83 (Vorjahr: TEUR 85) und die Beiträge an die Mitarbeitervorsorgekasse in Höhe von TEUR 27 (Vorjahr: TEUR 36) enthalten.

## Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen

Die Abschreibungen enthalten neben den planmäßigen Abschreibungen in Höhe von TEUR 4.580 (Vorjahr: TEUR 5.222) auch Vollabschreibungen geringwertiger Wirtschaftsgüter in Höhe von TEUR 7 (Vorjahr: TEUR 3).

## Sonstige betriebliche Aufwendungen

	2019 TEUR	2018 TEUR
Steuern, soweit sie nicht unter Steuern vom Einkommen fallen	0	29
übrige	6.945	5.679
	<u>6.945</u>	<u>5.707</u>

Die ausgewiesenen **übrigen betrieblichen Aufwendungen** setzen sich folgendermaßen zusammen:

	2019 TEUR	2018 TEUR
Verwaltungskosten	1.880	1.347
Investor Relations und Unternehmenskommunikationskosten	1.434	1.630
Rechts- und Beratungsaufwand	1.971	2.063
Vergütungen an Aufsichtsratsmitglieder	239	243
Aufwendungen für Forderungsausfälle und Dotierung von Wertberichtigungen zu Forderungen	33	379
Diverse	1.388	17
	<b>6.945</b>	<b>5.679</b>

Die diversen übrigen betrieblichen Aufwendungen betreffen in Höhe von TEUR 1.236 Umsatzsteuernachzahlungen aus den Jahren 2013 bis 2015, welche im Rahmen einer Außenprüfung festgesetzt wurden.

### **Eträge aus Beteiligungen**

Hierunter werden erhaltene Dividenden aus Anteilen an verbundenen Unternehmen TEUR 83.413 (Vorjahr: TEUR 64.875) und aus Beteiligungen TEUR 617 (Vorjahr: TEUR 472) ausgewiesen.

### **Erträge aus Ausleihungen des Finanzanlagevermögens**

Hierunter werden die Zinserträge von Ausleihungen an verbundene Unternehmen ausgewiesen.

### **Sonstige Zinsen und ähnliche Erträge**

Die sonstigen Zinsen und ähnlichen Erträge resultieren im Wesentlichen mit TEUR 47 (Vorjahr: TEUR 603) aus weiterverrechneten Finanzierungskosten an diverse Konzerngesellschaften.

### **Erträge aus dem Abgang von und der Zuschreibung zu Finanzanlagen**

Die Erträge aus dem Abgaben von und der Zuschreibung zu Finanzanlagen betreffen Erlöse aus dem Verkauf von Wertpapieren des Anlagevermögens in Höhe von TEUR 1 sowie die Auflösung von Wertberichtigungen infolge Rückführung von Ausleihungen an verbundene Unternehmen in Höhe von TEUR 5.659.

Im Vorjahr wird hierunter die Auflösung von Wertberichtigungen auf eine Ausleihung an verbundene Unternehmen in Höhe von TEUR 788 und die Zuschreibung an der Beteiligung BGM – Erste Group Immorent GmbH & Co KG in Höhe von TEUR 928 ausgewiesen.

### **Zinsen und ähnliche Aufwendungen**

Der Zinsaufwand resultiert mit TEUR 1.740 (Vorjahr: TEUR 2.468) aus Bankzinsen, mit TEUR 2.671 (Vorjahr: TEUR 2.688) aus Darlehen von verbundenen Unternehmen, mit TEUR 13.911 (Vorjahr: TEUR 13.224) aus eigenen Anleihen, mit TEUR 12.482 aus der Bewertung und den Zinsen von Derivaten (Vorjahr: TEUR 6.388) und mit TEUR 1.804 (Vorjahr: TEUR 1.297) aus sonstigen Zinsen.

Darüber hinaus wird hierunter der Aufwand aus dem Rückkauf der kurzfristigen Anleihe sowie die Überzahlung in Zusammenhang mit dem Anleiheumtausch in Höhe von TEUR 4.642 (Vorjahr TEUR 0) ausgewiesen.

### **Steuern vom Einkommen und vom Ertrag**

Dieser Posten beinhaltet mit TEUR 30 (Vorjahr: TEUR 32) den Körperschaftsteueraufwand (Mindest-KöSt für Gruppenträger und Gruppenmitglieder der Unternehmensgruppe nach § 9 KStG für das Jahr 2019) sowie Körperschaftsteuernachzahlungen aus Vorperioden in Höhe von TEUR 208). Weiters gelangen Erträge aus Steuerumlagen in Höhe von TEUR 1.262 (Vorjahr: TEUR 1.794) und Aufwendungen aus Steuerumlagen aus Vorperioden in Höhe von TEUR 65 (Vorjahr: TEUR 0) von zur Unternehmensgruppe gehörenden Gruppenmitgliedern 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 der AFRAC-Stellungnahme 30 („Latente Steuern im Jahresabschluss nach UGB“).

### **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 31.12.2019 verwiesen, der beim Firmenbuch des Handelsgerichts Wien hinterlegt ist.

### 3. Ergänzende Angaben

#### Arbeitnehmer

Die Gesellschaft beschäftigte im Jahresdurchschnitt 2 Vorstandsmitglieder, 42 Angestellte und keine Arbeiter. (Im Vorjahr 2 Vorstandsmitglieder, 37 Angestellte und keine Arbeiter.)

#### 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.

#### 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.

#### 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)

Mag. Dr. Wilhelm RASINGER, Wien (2. stellvertretender Vorsitzender)

Mag. Andrea BESENHOFER, Wien

Mag. Hanna BOMBA, Wien

Christian HAGER, Krems

DI Manfred RAPF, Wien

Dr. Karin REST, MBA, Wien

Vorstand:

Mag. Ernst VEJDOVSZKY

Mag. Friedrich WACHERNIG, MBA

Die Aufsichtsratsmitglieder erhielten für das Geschäftsjahr 2019 folgende Vergütungen (inkl. Sitzungsgelder):

Dr. Martin SIMHANDL	EUR 47.073
Mag. Franz KERBER	EUR 36.099
Christian HAGER	EUR 24.014
Mag. Dr. Wilhelm RASINGER	EUR 37.000
DI Manfred RAPF	EUR 25.000
Mag. Andrea BESENHOFER	EUR 23.057
Mag. Hanna BOMBA	EUR 24.000
Dr. Karin REST, MBA	EUR 23.000

### **Vorschüsse, Kredite und Haftungsverhältnisse**

Es bestehen keine Vorschüsse, Kredite oder Haftungsverhältnisse an die Mitglieder der Vorstandes bzw. des Aufsichtsrates.

### **Ereignisse nach dem Bilanzstichtag**

Die Gesellschaft hat im Jänner 2020 ihr Grundkapital um TEUR 24.314 auf TEUR 267.458 durch Ausgabe von 6.691.717 Inhaberaktien gegen Bareinlage unter Ausschluss des Bezugsrechts erhöht.

Nach einem guten Start ins Jahr 2020 erfuhr die wirtschaftliche Gesamtlage im ersten Quartal durch den Ausbruch des Coronavirus einen erheblichen Dämpfer. Zum Zeitpunkt der Veröffentlichung dieses Berichts sind die Auswirkungen des Coronavirus auf die Immobilienbranche nur bedingt absehbar. Zu erwarten sind zumindest kurzfristige Auswirkungen auf Hotel- und Einzelhandelsflächen sowie generell auf die Kursnotizen von Aktien, so auch auf die Investments in IMMOFINANZ AG und CA Immobilien Anlagen AG. Das endgültige Ausmaß der Auswirkungen – auch auf andere Assetklassen und Geschäftsbereiche – und deren Zeithorizont sind derzeit aber nicht seriös abschätzbar.

Wien, am 17.3.2020



.....  
Mag. Ernst Vejdovszky



.....  
Mag. Friedrich Wachernig, MBA

## Anlagenspiegel zum 31. Dezember 2019

	Anschaffungs-/Herstellungskosten				kumulierte Abschreibungen					Buchwerte		
	Stand 01.01.2019 EUR	Zugänge EUR	Abgänge EUR	Umbuchungen EUR	Stand 31.12.2019 EUR	Stand 01.01.2019 EUR	Abschreibungen EUR	Zuschreibungen EUR	Abgänge EUR	Stand 31.12.2019 EUR	Stand 01.01.2019 EUR	Stand 31.12.2019 EUR
<b>A. ANLAGEVERMÖGEN</b>												
<b>I. Immaterielle Vermögensgegenstände</b>												
1. gewerbliche Schutzrechte und ähnliche Rechte und Vorteile und Software	247.493,44	41.400,00	0,00	0,00	288.893,44	207.339,45	22.462,10	0,00	0,00	229.801,55	40.153,99	59.091,89
<b>II. Sachanlagen</b>												
1. Grundstücke und Bauten	212.877.584,37	50.291,23	0,00	305.661,36	213.233.536,96	73.515.316,67	4.484.275,89	0,00	0,00	77.999.592,56	139.362.267,70	135.233.944,40
davon Grundwert	45.527.348,77	0,00	0,00	0,00	45.527.348,77	0,00	0,00	0,00	0,00	0,00	45.527.348,77	45.527.348,77
2. andere Anlagen, Betriebs- und Geschäftsausstattung	693.182,08	110.518,03	60.500,69	0,00	743.199,42	451.640,12	79.777,26	0,00	42.381,72	489.035,66	241.541,96	254.163,76
3. geleistete Anzahlungen	0,00	305.661,36	0,00	-305.661,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	<b>213.570.766,45</b>	<b>466.470,62</b>	<b>60.500,69</b>	<b>0,00</b>	<b>213.976.736,38</b>	<b>73.966.956,79</b>	<b>4.564.053,15</b>	<b>0,00</b>	<b>42.381,72</b>	<b>78.488.628,22</b>	<b>139.603.809,66</b>	<b>135.488.108,16</b>
<b>III. Finanzanlagen</b>												
1. Anteile an verbundenen Unternehmen	650.313.174,92	50.000.000,00	0,00	0,00	700.313.174,92	0,00	0,00	0,00	0,00	0,00	650.313.174,92	700.313.174,92
2. Ausleihungen an verbundene Unternehmen	62.318.026,98	105.862,58	56.945.808,48	0,00	5.478.081,08	5.659.000,00	0,00	0,00	5.659.000,00	0,00	56.659.026,98	5.478.081,08
3. Beteiligungen	2.820.017,60	0,00	0,00	0,00	2.820.017,60	0,00	0,00	0,00	0,00	0,00	2.820.017,60	2.820.017,60
4. Ausleihungen an Unternehmen, mit denen ein Beteiligungsverhältnis besteht	4.230.815,02	4.410.250,08	0,00	0,00	8.641.065,10	0,00	0,00	0,00	0,00	0,00	4.230.815,02	8.641.065,10
5. Wertpapiere (Wertrechte) des Anlagevermögens	451.931,04	0,00	451.931,04	0,00	0,00	8.881,34	0,00	0,00	8.881,34	0,00	443.049,70	0,00
	<b>720.133.965,56</b>	<b>54.516.112,66</b>	<b>57.397.739,52</b>	<b>0,00</b>	<b>717.252.338,70</b>	<b>5.667.881,34</b>	<b>0,00</b>	<b>0,00</b>	<b>5.667.881,34</b>	<b>0,00</b>	<b>714.466.084,22</b>	<b>717.252.338,70</b>
<b>SUMME ANLAGENSPIEGEL</b>	<b>933.952.225,45</b>	<b>55.023.983,28</b>	<b>57.458.240,21</b>	<b>0,00</b>	<b>931.517.968,52</b>	<b>79.842.177,58</b>	<b>4.586.515,25</b>	<b>0,00</b>	<b>5.710.263,06</b>	<b>78.718.429,77</b>	<b>854.110.047,87</b>	<b>852.799.538,75</b>

## Bestätigungsvermerk

### Bericht zum Jahresabschluss

#### Prüfungsurteil

Wir haben den Jahresabschluss der

S IMMO AG,  
Wien,

bestehend aus der Bilanz zum 31. Dezember 2019, 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 2019 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 unternehmens- 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.

#### 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 2019 Anteile an verbundenen Unternehmen mit einem Buchwert in Höhe von TEUR 700.313 (Vorjahr: TEUR 650.313) 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 die Werthaltigkeit der Anteile an verbundenen Unternehmen wie folgt beurteilt:

- Wir haben ein Verständnis über den Bewertungsprozess und die diesbezüglich unternehmensintern eingerichteten Kontrollen erlangt.
- Die Objektivität, Unabhängigkeit und Expertise der externen Sachverständigen haben wir gewürdigt und unter Einbeziehung unserer internen Immobilienbewertungsspezialisten die Veränderungen der beizulegenden Zeitwerte und wesentlichen Schätzungen, wie Renditen, zukünftige Marktmieten, Leerstandsdaten und -zeiten sowie mietfreie Zeiten kritisch hinterfragt. Zusätzlich haben wir die internen Kontrollen der Gesellschaft im Zusammenhang mit der Erhebung der für die Bewertung des Immobilienportfolios verwendeten Daten evaluiert.
- Wir haben die im Bewertungsmodell für die Immobiliengutachten verwendeten stichtagsbezogenen objektspezifischen Basisdaten, wie Grund- und Nutzungsfläche, laufende Miete und aktueller Leerstand, mit den zugrunde liegenden Daten der Gesellschaft abgeglichen. Auf Basis einer Stichprobe haben wir mit Unterstützung unserer internen Immobilienbewertungsspezialisten, die von den Gutachtern verwendeten Bewertungsmodelle 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.
- Die uns vorgelegten Unterlagen und Berechnungen zur Bewertung der Anteile an verbundenen Unternehmen haben wir rechnerisch nachvollzogen und beurteilt, inwiefern der jeweilige Beteiligungsansatz der betroffenen Anteile im ermittelten beizulegenden Wert Deckung findet.

### **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 14. Juni 2019 als Abschlussprüfer gewählt und am 12. November 2019 vom Aufsichtsrat mit der Abschlussprüfung der Gesellschaft für das am 31. Dezember 2019 endende Geschäftsjahr beauftragt.

Wir sind ohne Unterbrechung seit dem Jahresabschluss zum 31. Dezember 2018 Abschlussprüfer der Gesellschaft.

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 Mag. Thomas Smrekar.

Wien, am 17. März 2020

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



Mag. Thomas Smrekar  
Wirtschaftsprüfer

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