



S IMMO
Interim Report
as of 30 June 2021

Q2 2021



KEY FIGURES

		01.01.–30.06.2021	01.01.–30.06.2020
Revenues	EUR m	91.1	87.8
EBITDA	EUR m	39.6	36.1
EBIT	EUR m	166.3	41.8
EBT	EUR m	164.1	20.0
Net income for the period	EUR m	137.3	16.1
NOI ratio	in %	56.2	50.9
FFO I	EUR m	25.6	17.4
FFO II	EUR m	25.0	51.6
Earnings per share	EUR	1.93	0.22
Operating cash flow	EUR m	36.5	34.3
Operating cash flow per share	EUR	0.51	0.48
Cash flow from investing activities	EUR m	-93.6	-16.8
Cash flow from financing activities	EUR m	124.1	108.4
		30 June 2021	31 December 2020
Total assets	EUR m	3,486.8	3,122.6
Equity	EUR m	1,558.6	1,383.8
Equity ratio	in %	44.7	44.3
Liabilities	EUR m	1,928.1	1,738.8
Cash and cash equivalents as of 30 June	EUR m	127.8	64.5
Closing price as of 30 June	EUR	20.20	16.96
EPRA NAV per share	EUR	27.51	24.32
EPRA NTA per share	EUR	27.21	24.06
Book value per share	EUR	21.92	19.34
Share price discount on book value per share	in %	-8	-12
Property assets	EUR m	2,709.5	2,476.9
whereof properties under construction and undeveloped land	EUR m	43.5	38.2

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Dear Shareholders,

We have an eventful first half of the year behind us. The COVID-19 pandemic is still severely impacting the global economy, although increasing vaccination progress has initiated a recovery and forecasts are gradually becoming more optimistic. For S IMMO, the first half of the year was undoubtedly dominated by the takeover offer by IMMOFINANZ AG, which was withdrawn at the end of June after the extraordinary shareholders' meeting decided against removing the voting rights cap. We would like to use these introductory words to express our great thanks to our shareholders for following our recommendation and placing their trust in S IMMO's continued successful path. The figures in this report provide impressive confirmation of our company's growth potential.

Strong operating result, valuation result at pre-crisis level

While hotel earnings still clearly show the impact of the pandemic, rental income posted an increase of more than 5% year-on-year. This improvement was achieved despite the continued challenging pandemic and was attributable firstly to acquisitions and secondly to careful management of the existing portfolio. At EUR 131.5m, the result from property valuation was not only up significantly on the previous year, but was also very pleasing when compared with the multi-year trend. Despite COVID-19, we thus managed to increase net income for the period to EUR 137.3m – this corresponds approximately to an eightfold increase of the previous year's value.

Capital market

The rise in the S IMMO share price in the first half of the year and the associated greater investor interest was partly a response to the company's very successful operating activities and of course partly a consequence of the takeover offer by IMMOFINANZ AG. The closing price as of 30 June 2021 was EUR 20.20 – corresponding to a year-to-date performance of 19.1%. It is also pleasing to note that a number of new analyses and price targets have been published – as of 23 August 2021, the analyst firms' average price target is EUR 24.08.



From left: Friedrich Wachernig, Bruno Ettenauer, Herwig Teufelsdorfer

Outlook

In July 2021, we submitted the shares in CA Immobilien Anlagen AG to Starwood Capital Group's takeover offer and thus sold them at a price of EUR 37.00 per share. This generated approximately EUR 230m before taxes – a figure that is considerably higher than the share package's acquisition cost. These funds are now to be used for direct property investments. For this purpose, we are currently examining acquisition options very intensively – particularly in Budapest and Bucharest, there are a number of exciting investment opportunities for which we are holding specific discussions. The goal is to acquire properties that will immediately generate cash flow and make a valuable contribution to earnings. This will ensure our company's ability to pay dividends and form the basis for further growth.

As of the end of August, it is still difficult to judge what the second half of the year will bring – the race between vaccination progress and virus mutations seems pivotal. However, it is clear that we will continue to work intensively on our portfolio, our projects and the profitability of S IMMO. No matter how eventful the coming months may be, our stable business model and comfortable liquidity situation provide an ideal starting point for our future plans.

As always, we would like to take this opportunity to thank you, our esteemed shareholders, for the trust you have placed in us. Stay healthy!

The Management Board

Bruno Ettenauer Herwig Teufelsdorfer Friedrich Wachernig

S IMMO IN THE CAPITAL MARKET

International capital market environment

The second quarter of 2021 was dominated by governments' health policy efforts to restore a large degree of normality for the population by the summer. All around the world, vaccination programmes were launched and vaccination coverage rates started to rise. In line with this, an economic recovery also began. This positive development was reflected on the international stock markets: Both US and European stock markets saw increases in the first half of the year. For example, the Dow Jones index closed the first half of the year with a year-to-date performance of 12.7% and the German benchmark index DAX with 13.2%. The Austrian benchmark index ATX also benefited from the economic momentum and was at the head of its international peers with a performance of 22.4% so far this year.

The S IMMO share

The price increase of the S IMMO share in the first half of 2021 and the associated greater investor interest were partly due to the company's very good operating activities and partly to the voluntary takeover offer by IMMOFINANZ AG as described in the following. The share closed the first half of the year with a strong performance at a price of EUR 20.20. With a price increase of 19.1%, it outperformed the sector index for property shares on the Vienna Stock Exchange, the IATX, as well as some international indices relevant to the company (see table below).

Share price development

indexed 01 January 2021 to 30 June 2021
 ■ S IMMO share ■ ATX ■ IATX



Takeover offer by IMMOFINANZ AG and extraordinary shareholders' meeting of S IMMO AG

On 14 March 2021, IMMOFINANZ AG announced its intention to submit a voluntary public takeover offer to the shareholders of S IMMO AG. The implementation of the offer was subject to the condition that the shareholders' meeting of S IMMO AG pass a resolution to remove the voting rights cap stipulated in the company's articles of incorporation since 2006. In another statement

Overview of S IMMO share and indices

	S IMMO share	ATX	IATX	DAX	DJIA	S&P 500
31 December 2020	16.96	2,780.44	329.19	13,718.78	30,606.48	3,756.07
30 June 2021	20.20	3,402.02	375.87	15,531.04	34,502.51	4,303.25
Year-to-date performance	19.10%	22.36%	14.18%	13.21%	12.73%	14.57%

Performance as of 30 June 2021

S IMMO share

Six months	19.10%
One year	26.57%
Three years, p.a.	6.13%

S IMMO share information

ISIN	AT0000652250/SPI
Ticker symbols	Reuters: SIAG.VI/Bloomberg: SPI:AV
Market	Vienna Stock Exchange
Market segment	Prime Market
Index	ATX/IATX/GPR General
Market capitalisation (30 June 2021)	EUR 1,486.9m
Number of securities (30 June 2021)	73,608,896
Market makers	Erste Group/Hauck & Aufhäuser/Baader Bank/Raiffeisen Centrobank

S IMMO bonds as of 30 June 2021

ISIN	Maturity	Coupon	Total nominal value EUR '000
AT0000A2MKW4 (Green Bond)	04 February 2028	1.750%	150,000.00
AT0000A1DBM5	09 April 2025	3.250%	33,993.50
AT0000A1DVK5	21 April 2027	3.250%	65,000.00
AT0000A1Z9D9	06 February 2024	1.750%	100,000.00
AT0000A1Z9C1	06 February 2030	2.875%	50,000.00
AT0000A285H4	22 May 2026	1.875%	150,000.00
AT0000A2AE8	15 October 2029	2.000%	100,000.00

on 25 March 2021, IMMOFINANZ AG announced an increase in the offer price from EUR 18.04 to EUR 22.25 per S IMMO share (cum-dividend basis). After the 3rd Senate of the Austrian Take-over Commission had decided on 15 April 2021 to temporarily prohibit the publication of the offer document together with the expert's confirmation, approval was granted in mid-May and the publication finally took place on 19 May 2021. After a careful

review of the offer documents, the Management Board and Supervisory Board of S IMMO AG turned down the takeover offer with the existing conditions in a statement on 03 June 2021, as

particularly the offer price of EUR 22.25 was considerably lower than the EPRA NAV and did not take into account the anticipated increases in the intrinsic value of S IMMO AG.¹

On 24 June 2021, a vote on IMMOFINANZ AG's proposed resolution to remove the voting rights cap stipulated in the articles of incorporation was held at an extraordinary shareholders' meeting requested by IMMOFINANZ AG. The necessary (capital) majority for its removal was not achieved, meaning that a key condition of the takeover offer was not met. In a statement on 28 June 2021, IMMOFINANZ AG announced that the takeover offer would not be altered and thus ceased to apply.

S IMMO equity story:
www.simmoag.at/annual-results2020

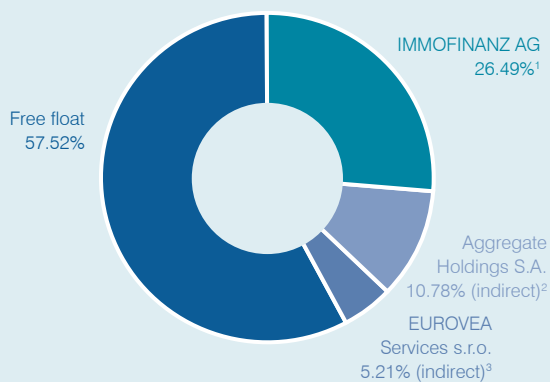
¹ For further details see www.simmoag.at/takeoveroffer

Share data

		30 June 2021	30 June 2020
Earnings per share (EPS)	EUR	1.93	0.22
FFO I per share	EUR	0.36	0.24
FFO II per share	EUR	0.35	0.72
		30 June 2021	31 December 2020
Closing price	EUR	20.20	16.96
Average daily turnover for the last 100 days	shares ¹	197,700	206,038
EPRA NAV per share	EUR	27.51	24.32
Share price discount on EPRA NAV per share	in %	-27	-30
EPRA NTA per share	EUR	27.21	24.06
Book value per share	EUR	21.92	19.34
Share price discount on book value per share	in %	-8	-12

¹ Double counting

Shareholder structure



¹ Based on the number voting of rights according to the notice of 21 September 2018

² Based on the number voting of rights according to the notice of 10 February 2021

³ Based on the number voting of rights according to the notice of 12 November 2020

Other investor relations activities and analysts' assessments

In the first half of the year, investor conferences and investor meetings continued to be held virtually. In the first quarter, S IMMO participated in the German Corporate Conference hosted by Kepler Cheuvreux, the Erste Conviction Conference and the Baader-Helvia investor conference, among other events. In the second quarter, the company presented itself at the Raiffeisen Centrobank AG investor conference. Together with Edison Investment Research, talks were held over two days with investors from Ireland, the UK and the USA. There was also a growing number of requests for one-on-one talks that did not relate to partnerships with banks and other service providers. In the second quarter, there were also many enquiries and calls from private shareholders. The investor discussions focussed on operating activities, S IMMO AG's strategy for dealing with the pandemic and the company's prospects – especially in connection with the takeover offer.

As a result of the takeover offer, there was also increased interest in S IMMO from analysts. The transparent communication with regard to the planned stand-alone strategy and the continuation of the successful current growth strategy led to higher price targets for the S IMMO share. At the time this report went to press on 23 August 2021, the average price target was EUR 24.08.

Calculation of FFO I

in EUR '000	30 June 2021	30 June 2020
Net income for the period	137,308	16,107
Non-cash taxes	24,331	2,105
Adjusted net income for the period	161,639	18,212
Non-cash revaluation result	-131,477	-10,226
Non-cash depreciation and amortisation	4,733	4,529
Sales result	0	0
Other non-cash/non-recurring effects	-2,526	-1,778
Non-cash valuation of financial instruments	-5,713	3,797
Non-cash FX result	-1,038	2,848
FFO I (without result from disposals)	25,618	17,382
FFO I per share in EUR	0.36	0.24

EPRA key figures

in EUR	30 June 2021	31 December 2020	in EUR '000	30 June 2021	30 June 2020
EPRA NAV per share	27.51	24.32	EPRA earnings and EPRA earnings per share (EPRA EPS)		
Share price discount on EPRA NAV per share in %	-27	-30	Earnings for the period according to IFRS income	136,746	15,858
EPRA NRV per share	29.79	26.40	Results from property valuations	-131,477	-10,226
EPRA NTA per share	27.21	24.06	Income from property disposals (including transaction costs)	0	0
EPRA NDV per share	23.10	20.38	Tax on income from disposals	0	5,396
EPRA net initial yield in %	4.0	4.3	Changes in fair value of financial instruments	-5,713	3,797
			Deferred taxes in respect of EPRA adjustments	23,592	-2,426
			EPRA adjustments for companies measured at equity	-1,834	0
			Minority interests in respect of the above	0	0
			EPRA earnings	21,315	12,399
			EPRA EPS in EUR	0.30	0.17

EPRA key figures

The definition of net asset value (NAV) has been changed by the European Public Real Estate Association (EPRA). From the financial year 2020 onward, it is to be presented using the new indicators EPRA net reinstatement value (EPRA NRV), EPRA net tangible assets (EPRA NTA) and EPRA net disposal value

(EPRA NDV) in addition to the existing indicators EPRA NAV and EPRA NNNAV. An exact description of the new indicators can be found starting on page 26 of the 2020 Annual Report of S IMMO AG and on the EPRA website (www.epra.com).

EPRA NAV, EPRA NNAV, EPRA NRV, EPRA NTA, EPRA NDV

30 June 2021

in EUR '000	EPRA NAV	EPRA NNAV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributable to shareholders	1,555,039	1,555,039	1,555,039	1,555,039	1,555,039
Per share in EUR	21.92	21.92	21.92	21.92	21.92
Intangible assets	0	0	0	-398	0
Revaluation of other non-current investments	129,121	129,121	129,121	129,121	106,824
Fair value of derivative financial instruments	32,982	0	32,982	32,982	0
Deferred taxes on derivative financial instruments	-7,107	0	-7,107	-7,107	0
Other deferred taxes	241,190	0	241,190	220,402	0
Fair value of liabilities	0	-30,799	0	0	-30,799
Deferred taxes on adjustments of liabilities	0	7,700	0	0	7,700
Ancillary acquisition costs	0	0	161,989	0	0
Calculated EPRA key figure	1,951,225	1,661,061	2,113,214	1,930,039	1,638,763
Calculated EPRA key figure per share in EUR	27.51	23.42	29.79	27.21	23.10

31 December 2020

in EUR '000	EPRA NAV	EPRA NNAV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributable to shareholders	1,380,551	1,380,551	1,380,551	1,380,551	1,380,551
Per share in EUR	19.34	19.34	19.34	19.34	19.34
Intangible assets	0	0	0	-251	0
Revaluation of other non-current investments	118,684	118,684	118,684	118,684	98,059
Fair value of derivative financial instruments	41,969	0	41,969	41,969	0
Deferred taxes on derivative financial instruments	-9,139	0	-9,139	-9,139	0
Other deferred taxes	203,848	0	203,848	185,870	0
Fair value of liabilities	0	-31,838	0	0	-31,838
Deferred taxes on adjustments of liabilities	0	7,960	0	0	7,960
Ancillary acquisition costs	0	0	149,007	0	0
Calculated EPRA key figure	1,735,913	1,475,356	1,884,919	1,717,684	1,454,732
Calculated EPRA key figure per share in EUR	24.32	20.67	26.40	24.06	20.38

INTERIM MANAGEMENT REPORT

Economic report

Economic overview

Economic development in the European Union (EU) is being determined by the further course of the COVID-19 pandemic, which depends on the success of the national vaccination programmes. The current forecasts are based on the assumption that no vaccine-resistant mutations will emerge and the quantity of available vaccine doses will be sufficient to ensure continued vaccination progress. At the same time, the vaccination rate is not expected to be high enough in the autumn of 2021 to entirely rule out another wave of infections.

According to Oesterreichische Nationalbank (OeNB), the Austrian economy enjoyed a solid upswing at the middle of the year. Experts expect growth to come in at 3.9% in 2021 and 4.2% in 2022. The rebound process will be concluded in 2023, and economic growth will normalise at 1.9%. The Institute of Economic Research (WIFO) also came to a similar conclusion, forecasting real GDP growth of 4% in 2021 and 5% in 2022.

The economic effects of the pandemic still vary among the EU member states, and there will likely be significant differences in the pace of the recovery as well. In its summer forecast, the European Commission projects economic growth of 4.8% for 2021 and of 4.5% for 2022 in the EU. The Organisation for Economic Co-operation and Development (OECD) also believes the euroarea economy will expand by 4.3% in 2021 and by 4.4% in 2022. The economic recovery in the CEE region (Bulgaria, Croatia, Czechia, Hungary, Poland, Romania) is expected to amount to 4.0% this year and 4.8% next year.

Economic growth is expected to be positive at the global level. The International Monetary Fund (IMF) projects global growth of 6.0% for 2021 and 4.9% for 2022. The OECD also expects the global economy to grow by 5.8% in 2021 and by 4.4% in 2022.

Real estate market overview

In retrospect, the COVID-19 pandemic affected the various segments of the real estate market differently. The hotel and retail markets continued to be heavily impacted by the effects of the pandemic during the first half of the year. Therefore, it is hardly surprising that investors are focusing on more resilient asset classes such as residential, office and logistics properties. The European office market has settled at around pre-crisis levels.

Austria

Developments on Vienna's office market were largely positive in the first half of the year. Roughly 66,000 m² of space were let out in Vienna over the first six months of the year – representing a year-on-year increase of 16% that underscores the crisis resistance and stability of the market. This also led to a further improvement in the vacancy rate, which came to 4.5% for the first half of the year. The low vacancy rate and the limited supply of available space pushed prime rents up to EUR 26.00/m²/month in the second quarter. CBRE expects take-up of approximately 160,000 m² and a further reduction of the vacancy rate by the end of the year. Roughly 83,000 m² of space are projected to be completed in 2021, which represents a 10% decline compared with the prior year.

In the retail sector, the anticipated business closures were largely prevented thanks to government assistance measures. Insolvencies were perceived by some players as an opportunity to enter the Austrian market. Nevertheless, the sector is still below the level of 2019. Quality locations are still enjoying outstanding demand, prime rents and yields remain unchanged.

Insolvencies were also averted in the hotel sector with the help of government aid. The loosening of travel regulations is leading to an increase in overnight stays. Austria has enjoyed an excellent reservation situation since hotels reopened in spring. Rising vaccination coverage rates also allow for optimistic projections for the second half of the year.

Overview of the real estate market ¹

	Prime rents (EUR/m ² /month)				Prime gross yields (%)				Total leasing activity (m ²)		Vacancy rate (%)	
	HY 2021	HY 2020	HY 2021	HY 2020	HY 2021	HY 2020	HY 2021	HY 2020	HY 2021	HY 2020	HY 2021	HY 2020
	Office	Office	Retail	Retail	Office	Office	Retail	Retail	Office	Office	Office	Office
Berlin	38.50	37.50	250.00	290.00	2.55	2.70	3.35	3.25	337,000	271,000	3.2	1.5
Bratislava	17.00	17.00	65.00 ²	67.00 ²	5.30	5.60	6.00 ²	6.00 ²	66,000	38,000	12.2	9.8
Bucharest	18.75	18.75	45.00	50.00	7.00	7.00	8.00	8.00	57,000	60,000	12.2	10.2
Budapest	26.00	26.00	110.00	120.00	5.25	5.75	5.50	5.75	98,000	91,000	9.8	7.3
Vienna	26.00	25.00	320.00	325.00	3.25	3.45	3.45	3.30	66,000	57,000	4.5	4.6
Zagreb	15.50	15.50	70.00	70.00	8.00	8.00	6.75	6.75	8,000 ³	12,000 ³	4.5	4.0

Source:

¹ CBRE Research

² Data for shopping centres. Data for remainder of the locations is for high street retail.

³ Estimated figure

Germany

All of the growth prospects for Berlin's residential property market came to fruition. The German capital is experiencing rapid population growth. The city's population has increased by 7% since 2014, which corresponds to roughly a quarter million people. By contrast, the housing stock has grown by only 5%. As a result, the vacancy rate is below 1% in Berlin. Developers are focussing more on the outskirts of Berlin and the surrounding area in Brandenburg, where infrastructure is being improved on an ongoing basis. The average rent for existing space in Berlin is EUR 12.75/m²/month (2020: EUR 11.76/m²/month). In April of this year, the German Federal Constitutional Court denied the state of Berlin legislative competence in the matter of the rent cap, meaning that it has lost its validity. Such an intervention in Berlin's housing market has thus been averted, at least for the time being.

The Berlin office market also had a very good half-year. Comparing take-up at the national level, Berlin came in ahead of Munich in the top spot and remains the leading office location. The strong first quarter, in which 181,000 m² of space were let out, was followed by a robust second quarter. With total take-up of roughly 337,000 m², Berlin came in only 1% below the prior-year level. The vacancy rate increased moderately to 3.2%, which can be attributed to a lack of modernisation measures. High-quality spaces in top locations are still in high demand. Prime rents remained stable at EUR 38.50/m²/month

(2020: EUR 40.00/m²/month). Average rents, on the other hand, are more volatile at EUR 27.30/m²/month, but are also the highest in Germany. Take-up for the second half of the year is estimated at approximately 700,000 m², which is slightly higher than the prior-year level. Based on the low vacancy rate and the high demand for modern space, BNP Paribas anticipates stable to slightly increasing rent prices.

CEE

While the office market in Budapest was severely impacted by the uncertainties in connection with the COVID-19 pandemic in 2020, 24,700 m² of new office space were completed in the first quarter of 2021. The vacancy rate rose slightly to 9.8%, which represents an increase of 0.7 percentage points in quarter-on-quarter terms and 3.6 percentage points in year-on-year terms. Despite the weak market, average quoted rents remained at a stable level of EUR 26.00/m²/month. The demand for office space also remained stable. BNP Paribas anticipates a gradual recovery of the market with a high volume of new space being built and a slight increase in the vacancy rate.

Office take-up in Bratislava came to 66,000 m² in the first half of 2021. The overall vacancy rate increased to 12.2%, while the vacancy rate in the city centre fell to 6.5%. Prime yields for offices remained stable at 5.3% and prime rents at a maximum level of EUR 17.00/m²/month in the city centre.

Take-up in Zagreb totalled 8,000 m² in the first half of the year. Prime rents stayed at a solid level of EUR 15.50/m²/month. The demand for new office space remained stable, primarily due to relocations and pre-leases. The total vacancy rate increased to roughly 4.5%. Yields for office space amounted to 8.0%.

Letting activity for office space in Bucharest has also been heavily influenced by the COVID-19 pandemic since the beginning of the year. Total take-up for office space came to 57,000 m². The stock of modern office space in Bucharest reached roughly 3.0 million m². The vacancy rate was 12.2% in the second quarter, which is 2 percentage points higher than last year.

The stock of modern retail space in shopping centres and big box retail centres in Romania totalled 3.9 million m² at the end of the second quarter of 2021. Roughly 30% of this is located in Bucharest, which amounts to approximately 1.2 million m². Prime rents were somewhat lower than in the previous year in the second quarter, at EUR 45.00/m²/month, and prime yields remained stable at 8.0%.

Hotels in the CEE region suffered immensely due to the pandemic-related closures last year, which led to a significant decline in investment activity. Compared with the record level of EUR 1.4bn in 2019, the transaction volume has decreased by a hefty 74.2%. However, rising vaccination coverage has led to a resurgence in investment activity, demonstrating the strong growth potential of the CEE region. Nevertheless, hotel owners are still feeling the effects of the pandemic. The majority expects the market to return to the pre-crisis level sometime between 2022 and 2024, depending on the size and significance of the location. Capital cities are still very popular destinations.

Business development and performance

Property portfolio

As of 30 June 2021, S IMMO's property portfolio consisted of 363 properties (31 December 2020: 358) with a book value of EUR 2,709.5m (31 December 2020: EUR 2,476.9m) and a total area of around 1.3 million m² (31 December 2020: 1.3 million m²). The occupancy rate came to 93.2% for the reporting period. The overall rental yield was 5.0%. The calculation of the occupancy rate and of the rental yield includes all investment properties in the narrower sense (excluding investment properties with development potential and owner-operated hotels).

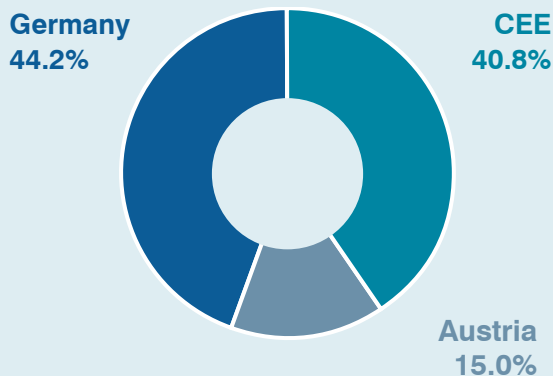
Based on book value, properties in Austria made up 18.0% of the portfolio (31 December 2020: 18.5%), while properties in Germany accounted for 48.7% (31 December 2020: 49.3%). Properties in CEE made up 33.3% of the portfolio (31 December 2020: 32.2%).

Based on the main type of use as of 30 June 2021, the portfolio excluding plots of land broke down into 44.5% office buildings (31 December 2020: 43.1%), 16.8% retail properties (31 December 2020: 17.9%), 30.8% residential properties (31 December 2020: 30.2%) and 7.9% hotels (31 December 2020: 8.8%).

Increase in revenues and gross profit

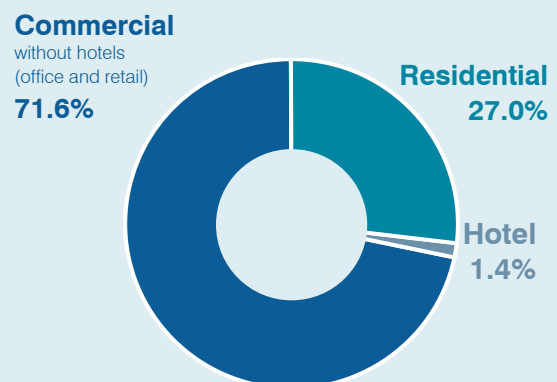
In the first half of the year, total revenues increased year-on-year from EUR 87.8m to EUR 91.1m. This improvement, which was achieved despite the continued challenging pandemic situation, was attributable to acquisitions and to careful operational management of the existing portfolio. While rental income improved from EUR 60.6m to EUR 63.9m, revenues from hotel operations were still impacted by the effects of the COVID-19 pandemic in the first half of 2021 and were lower than the prior-year level.

Rental income by region¹



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

Rental income by property type of use¹



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

Property operating expenses were slightly below the prior-year level at around EUR 31.9m (HY 2020: EUR 32.1m). Within this item, valuation allowances and write-downs on receivables declined significantly year-on-year to EUR -0.3m (HY 2020: EUR -3.4m). This effect was mainly offset by higher maintenance expenses incurred during the COVID-19 pandemic, particularly in the German portfolio.

Hotel earnings were also impacted by the continuing COVID-19 crisis on a year-on-year basis, as the first quarter of 2020 was hardly impacted by the effects of the pandemic yet. Overall, however, a positive gross profit from hotel operations was generated due to considerable operational efforts and the receipt of COVID-19 subsidies.

In total, gross profit improved from EUR 45.7m to EUR 53.2m.

Increase in EBITDA, significant positive valuation result

Management expenses in the first half of the year included a range of non-recurring effects, particularly consulting costs in connection with the voluntary takeover offer by IMMOFINANZ AG to the shareholders of S IMMO AG, which was ultimately withdrawn in June 2021, and amounted to EUR 13.6m (HY 2020: EUR 9.6m). However, due to the very positive development of gross profit, EBITDA increased by around 10% to EUR 39.6m (HY 2020: EUR 36.1m).

The result from property valuation improved significantly year-on-year to EUR 131.5m (HY 2020: EUR 10.2m). This result is also very pleasing when compared with the multi-year trend, and is only slightly below the figure from the first half of 2019, for instance. Around 72% of this increase was attributable to the German portfolio, around 22% to Austrian properties and roughly 6% to the CEE segment.

Consequently, EBIT also increased significantly to EUR 166.3m (HY 2020: EUR 41.8m), which was mainly due to the valuation of the property portfolio but also to ongoing operational success.

Significant increase in net income for the period and earnings per share

The financial result also improved significantly year-on-year to EUR -2.2m as at 30 June 2021 (HY 2020: EUR -21.8m). This substantial improvement is mainly attributable to dividend income for the investment in the CA Immobilien Anlagen AG shares, which was not paid until the second half of 2020 due to COVID-19, as well as to significantly improved derivative valuations, positive exchange rate effects and higher results from shares measured according to the equity method.

Tax expenses mainly reflect the increase in deferred taxes in connection with the positive property valuation.

Overall, net income for the period increased more than eightfold year-on-year to EUR 137.3m (HY 2020: EUR 16.1m). Earnings per share also saw a multifold improvement, rising to EUR 1.93 (HY 2020: EUR 0.22).

Consolidated statement of financial position

S IMMO Group's total assets increased to EUR 3,486.8m as of 30 June 2021 (31 December 2020: EUR 3,122.6m), partly as a result of the positive property valuations, the issue of a green bond in the first quarter and the acquisition of properties. For example, S IMMO acquired several properties in Germany in the first half of 2021 and an office property in Romania at the end of the second quarter. Cash and cash equivalents increased significantly compared to the end of the year and came to EUR 127.8m as of 30 June 2021 (31 December 2020: EUR 64.5m).

A recovery of the stock market prices and thus an increase in the book value of the shares in CA Immobilien Anlagen AG and IMMOFINANZ AG, which are recognised at FVOCI and reported in the "Other financial assets" item, also contributed to the increase in total assets.

In the third quarter, all shares held in CA Immobilien Anlagen AG were submitted to the Starwood Capital Group offer published in early July at a price of EUR 37.00 per share. At more than EUR 230m, the cash inflow before taxes is considerably higher than the historical acquisition cost of the shares. The funds generated from the sale are now to be used for direct property investments.

Equity not including minority shares increased to EUR 1,555.0m in the first half of 2021 (31 December 2020: EUR 1,380.6m). The book value per share amounted to EUR 21.92 as of 30 June 2021 (31 December 2020: EUR 19.34). The equity ratio was increased again and amounted to 44.7% at the end of the second quarter (31 December 2020: 44.3%).

Financing – improvement of the LTV ratio

A key figure for the assessment of the financing structure is the loan-to-value ratio (LTV ratio). S IMMO distinguishes between two types of this key figure: the LTV ratio for financing secured with properties (mortgages) and the LTV ratio for unsecured financing. The latter largely comprises bonds issued by S IMMO AG. S IMMO's reported property investments amounted to EUR 3,264.9m as of 30 June 2021 (31 December 2020: EUR 2,973.6m). At 29.4% (31 December 2020: 31.3%), the LTV ratio for financing secured with properties decreased slightly compared with the level reported at the end of 2020. The LTV

ratio for unsecured financing less cash and cash equivalents amounted to 15.9% as of 30 June 2021 (31 December 2020: 15.5%). In total, the company's LTV ratio improved to 45.3% (31 December 2020: 46.8%). The calculation method for both key figures is presented in detail in the 2020 Annual Report.

EPRA NAV again improved significantly compared to year-end and amounted to EUR 27.51 as of 30 June 2021 (31 December 2020: EUR 24.32). The EPRA NTA also increased from EUR 24.06 at year-end 2020 to EUR 27.21 as of 30 June 2021.

Risk management report

As an international real estate group, S IMMO Group faces a host of risks and opportunities that could impact operating activities, decision-making processes as well as 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 actively minimise them as far as possible. Nevertheless, the occurrence of risks cannot be completely ruled out.

Risk overview

Corporate strategy risks

- Business environment and industry risk
- Investment risk
- Capital market risk

Property-specific risks

- Property portfolio risk
- Letting and rental default risk
- Property development risk
- Construction risk
- Property valuation risk

Financial risks

- Liquidity risk
- Interest rate risk
- Financing risk
- Exchange rate risk
- Tax risks

Other risks

- Environmental risk
- Risks related to matters of NaDiVeG
- Risks in IT security
- Legal risk and regulatory risks

Potential risks for the current financial year and the risk management of S IMMO AG are set out in detail in the 2020 Annual Report (starting on page 59). The probability of occurrence of the described risks depends on a number of factors, including economic development in the respective markets.

As a result of rising vaccination rates in Europe, the measures to contain the COVID-19 pandemic have been increasingly eased, which in turn has initiated an economic recovery. In the European Commission's summer forecast, the experts estimate that the economy of the European Union (EU) will grow by 4.8% this year and by 4.5% next year. Real GDP could return to its pre-

crisis level in the fourth quarter of 2021. The reopening of the economy can be seen particularly clearly in the service sector. A recovery is likewise noticeable in the tourism sector, and private consumer spending is also picking up.

However, the growth forecasts are subject to uncertainty, particularly in view of the continuing spread of the Delta variant of the SARS-CoV-2 virus – which is now the dominant variant in Europe, as well – and other mutations. The key question here is whether there will be a fourth wave and, if so, how severe it will be. The situation could deteriorate again in the autumn and winter months due to influenza infections. In this context, there is

also uncertainty over which measures will be imposed by governments and whether further “hard lockdowns” could be required. If stricter measures become necessary again, this would have negative effects on consumer and travel behaviour. This could then have a negative impact on S IMMO AG’s rental income as a result of defaults, remissions, reductions or deferrals. Letting and vacancy risks could also become increasingly relevant. A sustained decrease in the general rent level could also be reflected in a lower property valuation. In the medium term, it will become clear how the COVID-19 pandemic will affect remote working and digitalisation in the work environment.

Another recession and changes in the economic environment could impact investment behaviour and thus stock market prices and ultimately also the performance of the S IMMO share and the market capitalisation of S IMMO AG.

However, the past few months have generally shown that the portfolio of S IMMO, which is diversified according to region and type of use, has proved its resilience in the crisis. The company counters all risks with careful risk monitoring and a responsible risk policy. However, the occurrence of risks cannot be completely ruled out. Provisions are made for potential risks.

Outlook

After the takeover offer by IMMOFINANZ AG was rescinded, S IMMO AG is continuing on its independent growth trajectory. The Management Board announced back in May that in the event of a failure of the takeover offer, it would seek to separate the property companies by selling the shareholdings in IMMOFINANZ AG and CA Immobilien Anlagen AG. The funds of around EUR 500 million generated in this way are to be used to purchase high-yield properties and for the profitable further development of the land reserves bought at a favourable price (particularly in the Berlin commuter belt). This will sustainably strengthen the company’s profitability and its ability to pay dividends, including in view of potential risks relating to the future development of the pandemic and resulting inflation. The investment focus is primarily on the CEE region.

S IMMO has already implemented the sale of its roughly 6% interest in CA Immobilien AG in July 2021 and transferred its shares to the takeover offer of SOF-11 Klimt CAI S.à r.l., a company controlled by the Starwood Capital Group. Based on the offer price of EUR 37.00 per share, the company generated a cash inflow (before taxes) of around EUR 230m and achieved a gain on disposal of almost EUR 100m over the entire investment period. In addition, S IMMO AG received dividend payments totalling approximately EUR 25m from this shareholding.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated statement of financial position

as of 30 June 2021

Assets EUR '000	Notes	30 June 2021	31 December 2020
Non-current assets			
Investment properties			
Rented properties	3.1.1.	2,547,334	2,316,747
Properties under development and undeveloped land	3.1.1.	43,521	38,175
		2,590,855	2,354,922
Owner-operated properties	3.1.2.	114,312	117,617
Other plant and equipment		5,899	6,346
Intangible assets		398	251
Interests in companies measured at equity		26,742	24,376
Group interests		4,885	4,609
Other financial assets	3.1.3.	556,895	497,721
Deferred tax assets		1,332	1,178
		3,301,318	3,007,020
Current assets			
Inventories		220	208
Trade receivables		5,735	4,270
Other financial assets		16,648	13,787
Other assets		30,757	28,477
Cash and cash equivalents	3.1.4.	127,783	64,503
		181,143	111,245
Assets held for sale	3.1.5.	4,322	4,345
		185,465	115,590
		3,486,783	3,122,610

Equity and liabilities EUR '000	Notes	30 June 2021	31 December 2020
Shareholders' equity	3.1.6.		
Share capital		257,731	259,397
Capital reserves		167,472	173,855
Other reserves		1,129,836	947,299
		1,555,039	1,380,551
Non-controlling interests		3,607	3,277
		1,558,646	1,383,828
Non-current liabilities			
Issued bonds	3.1.7.	646,581	497,215
Other financial liabilities	3.1.8.	867,297	873,801
Provisions for employee benefits		1,350	1,349
Other liabilities		734	957
Deferred tax liabilities		235,415	195,887
		1,751,377	1,569,209
Current liabilities			
Issued bonds	3.1.7.	0	28,529
Financial liabilities	3.1.8.	127,730	99,273
Income tax liabilities		1,217	2,384
Trade payables		3,341	3,616
Other liabilities		44,472	35,771
		176,760	169,573
		3,486,783	3,122,610

Consolidated income statement

for the six months ended on 30 June 2021

in EUR '000	Notes	01-06/2021	01-06/2020
Revenues			
Rental income	3.2.1.	63,859	60,572
Revenues from operating costs		17,060	15,996
Revenues from hotel operations	3.2.1.	10,156	11,182
		91,075	87,750
Other operating income			
		1,968	1,086
Property operating expenses	3.2.2.	-31,895	-32,076
Hotel operating expenses	3.2.2.	-7,962	-11,052
Gross profit		53,186	45,708
Income from property disposals		6	40,550
Book value of property disposals		-6	-40,550
Result from property disposals		0	0
Management expenses		-13,582	-9,583
Earnings before interest, tax, depreciation and amortisation (EBITDA)		39,604	36,125
Depreciation and amortisation		-4,733	-4,529
Results from property valuation	3.2.3.	131,477	10,226
Operating income (EBIT)		166,348	41,822
Financing costs	3.2.4.	-14,662	-24,155
Financing income ¹	3.2.4.	10,241	979
Results from companies measured at equity	3.2.4.	2,199	1,364
Financial result		-2,222	-21,812
Earnings before tax (EBT)		164,126	20,010
Taxes on income	3.2.5.	-26,818	-3,903
Consolidated net result for the period		137,308	16,107
of which attributable to shareholders in the parent company		136,746	15,858
of which attributable to non-controlling interests		562	249
Earnings per share			
undiluted = diluted		1.93	0.22

¹ Of which dividend income from shareholdings in listed real estate companies: HY 2021: EUR 6.3m (HY 2020: EUR 0)

Consolidated statement of comprehensive income

for the six months ended on 30 June

in EUR '000	01–06/2021	01–06/2020
Consolidated net result for the period	137,308	16,107
Change in value of cash flow hedges	5,034	-4,372
Income taxes on cash flow hedges	-1,053	654
Reclassification of derivative valuation effects	174	1,686
Income taxes on reclassification of derivative valuation effects	-43	-421
Reserve for foreign exchange rate differences	-1,134	2,713
Other comprehensive income for the period (realised through profit or loss)	2,978	260
Valuation of financial assets FVOCI	57,084	-164,979
Income taxes from measurement of financial assets FVOCI	-14,271	41,245
Other comprehensive income for the period (not realised through profit or loss)	42,813	-123,734
Other comprehensive income for the period	45,791	-123,475
of which attributable to shareholders in parent company	45,791	-123,475
of which attributable to non-controlling interests	0	0
Total comprehensive result for the period	183,099	-107,368
of which attributable to shareholders in parent company	182,537	-107,617
of which attributable to non-controlling interests	562	249

Consolidated income statement

for the three months ended on 30 June 2020

in EUR '000	Notes	04-06/2021	04-06/2020
Revenues			
Rental income	3.2.1.	31,867	29,439
Revenues from operating costs		7,930	6,398
Revenues from hotel operations	3.2.1.	8,262	1,269
		48,059	37,106
Other operating income		314	759
Property operating expenses	3.2.2.	-13,640	-15,233
Hotel operating expenses	3.2.2.	-4,769	-2,713
Gross profit		29,964	19,919
Income from property disposals		6	36,831
Book value of property disposals		-6	-36,831
Result from property disposals		0	0
Management expenses		-8,452	-5,157
Earnings before interest, tax, depreciation and amortisation (EBITDA)		21,512	14,762
Depreciation and amortisation		-2,383	-2,240
Results from property valuation	3.2.3.	128,997	41,765
Operating income (EBIT)		148,126	54,287
Financing costs	3.2.4.	-7,604	-10,298
Financing income ¹	3.2.4.	8,718	412
Results from companies measured at equity	3.2.4.	2,051	1,311
Financial result		3,165	-8,575
Earnings before tax (EBT)		151,291	45,712
Taxes on income	3.2.5.	-23,877	-8,185
Consolidated net result for the period		127,414	37,527
of which attributable to shareholders in the parent company		126,872	37,297
of which attributable to non-controlling interests		542	230
Earnings per share			
undiluted = diluted		1.79	0.52

¹ Of which dividend income from shareholdings in listed real estate companies: Q2 2021: EUR 6.3m (Q2 2020: EUR 0)

Consolidated statement of comprehensive income

for the three months ended on 30 June 2021

in EUR '000	04-06/2021	04-06/2020
Consolidated net result for the period	127,414	37,527
Change in value of cash flow hedges	1,185	-1,925
Income taxes on cash flow hedges	-210	203
Reclassification of derivative valuation effects	87	1,015
Income taxes on reclassification of derivative valuation effects	-22	-253
Reserve for foreign exchange rate differences	-1,084	-328
Other comprehensive income for the period (realised through profit or loss)	-45	-1,289
Valuation of financial assets FVOCI	19,708	-20,541
Income taxes from measurement of financial assets FVOCI	-4,927	5,135
Other comprehensive income for the period (not realised through profit or loss)	14,781	-15,406
Other comprehensive income for the period	14,736	-16,695
of which attributable to shareholders in parent company	14,736	-16,695
of which attributable to non-controlling interests	0	0
Total comprehensive result for the period	142,150	20,832
of which attributable to shareholders in parent company	141,608	20,602
of which attributable to non-controlling interests	542	230

Consolidated cash flow statement

for the six months ended on 30 June 2020

in EUR '000	01-06/2021	01-06/2020
Earnings before taxes (EBT)	164,126	20,010
Results from property valuation	-131,477	-10,226
Depreciation and amortisation	4,733	4,529
Results on property sales	0	0
Taxes on income paid	-3,060	-1,798
Financial result	2,222	21,812
Operating cash flow	36,544	34,327
Changes in net current assets		
Receivables and other assets	-4,060	-1,807
Provisions, other financial and non-financial liabilities	-250	16
Current liabilities	513	-11,864
Cash flow from operating activities	32,747	20,673
Cash flow from investing activities		
Investments in property portfolio (rented properties, developing projects, undeveloped land, owner-operated properties)	-14,259	-48,663
Investments in intangible assets	-212	-33
Investments in other fixed assets	-296	-245
Disposal of equity instruments of other companies	0	0
Acquisition of equity instruments of other companies	0	-8,158
Investments in financial assets	-38	-38
Disposals of financial assets	16	0
Investments in companies measured at equity	0	-2,634
Divestments in companies measured at equity	0	1,275
Net cash flow from deconsolidation of subsidiaries less cash and cash equivalents	0	0
Net cash flow from initial consolidations	-84,345	25
Net cash flow from changes in companies measured at equity	-150	409
Disposals of properties	6	40,550
Dividends from companies measured at equity	305	441
Dividends received	4,597	0
Income from equity investments	343	267
Interest received	420	40
Cash flow from investing activities	-93,613	-16,764

in EUR '000	01-06/2021	01-06/2020
Consolidated cash flow statement continued		
Cash flow from financing activities		
Issue of shares	0	146,477
Buyback of treasury shares	-8,049	-10,274
Bond issues	149,143	0
Bond redemptions	-28,549	0
Buyback of bonds	0	0
Payment for bond exchange	0	0
Distribution of minority shares	-232	-8
Increases in financing	84,560	49,579
Decreases in financing	-50,738	-56,734
Dividend payment	0	0
Interest paid	-21,989	-20,614
Cash flow from financing activities	124,146	108,426
Cash and cash equivalents 01 January	64,503	111,564
Net change in cash and cash equivalents	63,280	112,335
Cash and cash equivalents 30 June¹	127,783	223,899

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

Changes in consolidated equity

in EUR '000	Share capital	Capital reserves	Foreign currency translation reserve	Hedge accounting reserve	Equity instruments reserve	Other reserves	Subtotal S IMMO share-holders	Non-controlling interests	Total
As of 01 January 2021	259,397	173,855	-11,337	-18,802	-2,140	979,577	1,380,551	3,277	1,383,828
Consolidated net result for the period	0	0	0	0	0	136,746	136,746	562	137,308
Other comprehensive income	0	0	-1,134	4,112	42,813	0	45,791	0	45,791
Issue of shares	0	0	0	0	0	0	0	0	0
Buyback of treasury shares	-1,666	-6,383	0	0	0	0	-8,049	0	-8,049
Distribution with respect to non-controlling interests	0	0	0	0	0	0	0	-232	-232
As of 30 June 2021	257,731	167,472	-12,471	-14,690	40,673	1,116,323	1,555,039	3,607	1,558,646
As of 01 January 2020	240,544	68,832	-14,735	-17,123	91,419	973,238	1,342,175	2,910	1,345,085
Consolidated net result for the period	0	0	0	0	0	15,858	15,858	249	16,107
Other comprehensive income	0	0	2,713	-2,454	-123,734	0	-123,475	0	-123,475
Issue of shares	24,314	122,766	0	0	0	0	147,080	0	147,080
Buyback of treasury shares	-2,297	-8,056	0	0	0	0	-10,353	0	-10,353
Distribution with respect to non-controlling interests	0	0	0	0	0	0	0	-8	-8
As of 30 June 2020	262,561	183,542	-12,022	-19,576	-32,315	989,095	1,371,285	3,151	1,374,436

Notes to the consolidated interim financial statements

(condensed)

1. The Group

S IMMO Group (S IMMO AG and its subsidiaries) is an international real estate group. The parent company of the S IMMO Group, S IMMO AG, is headquartered at Friedrichstrasse 10, 1010 Vienna, Austria. The company has been listed on the Vienna Stock Exchange since 1987 and since 2007 in the Prime Market segment. S IMMO AG was included in the Austrian ATX benchmark index for the first time on 18 September 2017. It has subsidiaries in Austria, Germany, Czechia, Slovakia, Hungary, Croatia, Romania and Bulgaria. As of 30 June 2021, S IMMO Group owned properties in all the above countries. S IMMO Group is engaged 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, Czechia, Hungary, Romania, Bulgaria and Croatia).

2. Accounting and valuation policies

2.1. Accounting policies

The consolidated interim financial statements for the six months ended on 30 June 2021 have been prepared in accordance with IAS 34 and do not contain all the information required to be disclosed in a full set of IFRS consolidated financial statements. The interim financial statements should therefore be read in conjunction with the IFRS consolidated financial statements for the year ended on 31 December 2020.

In preparing the consolidated interim financial statements for the six months ended on 30 June 2021, the accounting and valuation policies applied in the consolidated financial statements for the year ended on 31 December 2020 have been applied continuously.

The financial statements for the six months ended on 30 June 2021 have neither been comprehensively audited nor reviewed by independent auditors.

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

In the first quarter of 2021, SOPOT Property d.o.o., Croatia, was included in the interim consolidated financial statements of S IMMO AG as a fully consolidated company for the first time. In the second quarter of 2021, SPC DELTA PROPERTY DEVELOPMENT COMPANY SRL, Romania, and SPC SIGMA PROPERTY DEVELOPMENT COMPANY SRL, Romania, were acquired by way of share deals. A business combination within the meaning of IFRS 3 did not exist for any of the newly consolidated companies, as there was no business operation as defined by IFRS 3.

In the first quarter of 2021, the shares in the subsidiary Einkaufs-Center Sofia Verwaltungs GmbH, Germany, which had previously not been included in the scope of consolidation due to its minor significance for the consolidated financial statements, were sold. In the second quarter of 2021, Einkaufs-Center Sofia GmbH & Co KG, Germany, which had previously been fully consolidated, was dissolved.

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

2.2. Reporting currency and currency translation

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

3. Selected notes to the consolidated interim financial statements

3.1. Statement of financial position

3.1.1. Investment properties

EUR '000	Rental properties	Properties under development and undeveloped land
As of 01 January 2020	2,188,317	21,846
Additions	101,840	18,209
Disposals	-469	-6
Reclassification	0	0
Other changes	0	0
Changes in fair value (realised through profit or loss)	33,269	2,471
Reclassifications as properties held for sale	-6,210	-4,345
As of 31 December 2020	2,316,747	38,175
whereof pledged as security	2,234,907	0
Additions	100,463	3,978
Disposals	-8	0
Reclassification	0	0
Other changes	0	0
Changes in fair value (realised through profit or loss)	130,132	1,368
Reclassifications as properties held for sale	0	0
As of 30 June 2021	2,547,334	43,521
whereof pledged as security	2,377,330	0

In addition, a change in the fair value of properties held for sale of kEUR -23 (HY 2020: kEUR 6,977) was recognised through profit or loss.

This consisted of:

Rental properties

EUR '000	30 June 2021	31 December 2020
Austria	436,060	406,960
Germany	1,285,167	1,190,110
CEE	826,107	719,677
	2,547,334	2,316,747

Properties under development and undeveloped land

EUR '000	30 June 2021	31 December 2020
Austria	0	0
Germany	35,843	30,900
CEE	7,678	7,275
	43,521	38,175

The measurement methods for the first half of 2021 correspond to level 3 of the IFRS 13.86 fair value hierarchy. The valuation result for the investment properties in the first half-year of 2021 are mainly based on valuations from external experts and apply to all segments.

3.1.2. Owner-operated properties

The segment owner-operated properties includes rental of rooms as well as 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 property) and are therefore to be treated as non-current property, plant and equipment under IAS 16. Despite the effects of COVID-19, it was not necessary to recognise an impairment loss as of 30 June 2021.

3.1.3. Other financial assets

Other financial assets mainly include shares in the companies IMMOFINANZ AG and CA Immobilien Anlagen AG that are accounted for as FVOCI (fair value through OCI, level 1 of IFRS 13.86 hierarchy level). They were measured at their closing prices on the Vienna Stock Exchange on 30 June 2021 and recognised in other comprehensive income. Due to the recovery of the markets in the first half of 2021, a total revaluation of kEUR 57,084 was recognised in other comprehensive income for FVOCI valued company shares.

3.1.4. Cash and cash equivalents

EUR '000	30 June 2021	31 December 2020
Bank balances	127,653	64,362
Cash in hand	130	141
	127,783	64,503

3.1.5. Assets held for sale and liabilities in connection with assets held for sale

Real estate assets are “held for sale” if the intention is to sell the property soon. This intention currently exists for a property in Romania.

3.1.6. Equity

A share buyback programme began on 28 October 2020 and ended on 30 June 2021. In the first half of 2021, 458,521 shares were repurchased. As a result, S IMMO AG held 2,676,872 treasury shares as of 30 June 2021 (31 December 2020: 2,218,351 treasury shares).

3.1.7. Issued bonds

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

ISIN	Total nominal value EUR '000	Coupon	Effective interest rate	Maturity
AT0000A2MKW4 (Green Bond)	150,000.0	1.75%	1.84%	04 February 2028
AT0000A1DBM5	33,993.5	3.25%	3.36%	09 April 2025
AT0000A1DWK5	65,000.0	3.25%	3.31%	21 April 2027
AT0000A1Z9D9	100,000.0	1.75%	1.90%	06 February 2024
AT0000A1Z9C1	50,000.0	2.875%	2.93%	06 February 2030
AT0000A285H4	150,000.0	1.875%	1.96%	22 May 2026
AT0000A2AEAB	100,000.0	2.00%	2.01%	15 October 2029

All of the bonds are listed in the Corporates Prime segment of the Vienna Stock Exchange. The bond with the ISIN AT0000A2MKW4 was issued in the first quarter of 2021.

3.1.8. Other financial liabilities

Other current and non-current financial liabilities amounted to kEUR 995,027 (31 December 2020: kEUR 973,074) and include primarily mortgage loans, derivatives and lease liabilities.

Like in the prior year, there were no covenant breaches in the first half of 2021.

3.1.9. Derivatives

The S IMMO Group currently uses swaps and caps to manage the interest rate risk in connection with property financing at variable interest rates.

The interest rate derivatives were disclosed under other non-current financial assets (30 June 2021: kEUR 1,434; 31 December 2020: kEUR 938) and non-current financial liabilities (30 June 2021: kEUR 34,417; 31 December 2020: kEUR 42,908). The fair value measurement of derivatives is based on the assessments of external experts. The valuation corresponds to a level 2 valuation according to IFRS 13. CVAs/DVAs were included in the derivative valuation by analogous application of the methods as of 31 December 2020.

In the first half of 2021, measurement changes of kEUR 5,208 (HY 2020: kEUR -2,687 not including deferred taxes and deferred taxes for derivatives of kEUR -1,096 (HY 2020: kEUR 233) were recognized in other comprehensive income. A total of kEUR 4,112 (HY 2020: kEUR -2,454) was therefore recognised in other comprehensive income.

30 June 2021

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	699,796	1,387	-34,417
Caps	190,000	47	0
Total	889,796	1,434	-34,417

31 December 2020

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	650,440	917	-42,908
Caps	190,000	21	0
Total	840,440	938	-42,908

3.2. Consolidated income statement

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

Rental income broken down by the type of use of single renting space is shown below:

EUR '000	01-06/2021	01-06/2020
Commercial excl. hotels	45,767	43,890
Hotel	897	1,109
Residential property	17,195	15,573
Rental income according to the consolidated income statement	63,859	60,572

Rental income increased slightly compared to the prior year, which was primarily due to additions to the portfolio of rental properties. However, as described in chapter 3.2.2, in contrast to the first half of 2020, no significant value adjustments and write-offs concerning trade receivables had to be recognised in profit or loss.

Revenues from hotel operations were lower in the first half of 2021 at kEUR 10,156 than in the previous year (kEUR 11,182). Among other things, this is due to the fact that the first quarter of 2020 was still largely unaffected by the COVID-19 pandemic. The receipt of subsidies in the first half of 2021 and an incipient recovery of the relevant tourism industry had a positive effect in the half-year comparison. However, the further development in this area remains difficult to assess.

3.2.2. Operating costs and expenses from properties and hotel operations

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

The expenses of hotel operations are made up largely of expenses for food, beverages, catering supplies, hotel rooms, licences and management fees, maintenance, operating costs, commissions, personnel expenses and advertising. In general, both income and expenses of hotel operations are subject to seasonal fluctuations, which were completely overshadowed by the effects of the COVID-19 crisis in the second quarter of 2020 and thus did not have any importance. As the first quarter of 2020 was operationally still largely unaffected by the effects of the pandemic, there was a reduction in revenues and expenses from hotel operations in a like-for-like view. Overall, the gross profit from hotel operations improved to kEUR 2,194 (HY 2020: kEUR 130), which is due to the receipt of subsidies in connection with COVID-19 as well as operational successes in hotel operations.

There were no significant increases in value adjustments and write-offs of trade receivables compared to the previous year, resulting in a significant improvement in the income statement compared to the first half of 2020, which was characterised by considerable COVID-19-related value adjustments (HY 2021: kEUR -327; HY 2020: kEUR -3,423).

Of the valuation allowances and write-downs on trade receivables in the first half of 2021, kEUR 180 (HY 2020: income of kEUR 1,834) related to the CEE segment, kEUR 133 (HY 2020: kEUR 1,463) to the Germany segment and kEUR 14 (HY 2020: kEUR 126) to the Austria segment.

3.2.3. Results from property valuation

The valuation result by region breaks down as follows:

EUR '000	01-06/2021	01-06/2020
Austria	28,856	-2,180
Germany	94,519	32,888
CEE	8,102	-20,481
	131,477	10,226

3.2.4. Financial result

Net financial result consisted of the following:

EUR '000	01-06/2021	01-06/2020
Financing expenses	-14,662	-24,155
Financing income	10,241	979
Results from companies measured at equity	2,199	1,364
	-2,222	-21,812

The financial result for the first half of 2021 included dividend income for the investment in CA Immobilien Anlagen AG in the amount of kEUR 6,341 (HY 2020: kEUR 0). In the 2020 financial year, the dividend distribution of CA Immobilien Anlagen AG only took place in the second half of the year due to COVID-19 and amounted to kEUR 6,317.

The financial result for the first half of 2021 was also characterised by significantly improved valuation effects of financial instruments recognised in profit or loss compared to the previous year.

3.2.5. Taxes on income

EUR '000	01-06/2021	01-06/2020
Current tax expense	-2,190	-6,585
Deferred tax income/expense	-24,628	2,681
	-26,818	-3,903

4. Operating segments

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

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

Germany: This operating segment includes the German subsidiaries and also subsidiaries in Austria (under Austrian company law) holding properties in Germany.

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

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

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

in EUR '000	Austria		Germany		CEE		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Rental income	9,402	9,578	28,297	27,032	26,160	23,962	63,859	60,572
Revenues from operating costs	2,003	1,970	6,109	6,174	8,948	7,852	17,060	15,996
Revenues from hotel operations	6,331	5,102	0	0	3,825	6,080	10,156	11,182
Total revenues	17,736	16,650	34,406	33,206	38,933	37,894	91,075	87,750
Other operating income	190	245	460	219	1,318	623	1,968	1,086
Property operating expenses	-3,622	-3,265	-15,886	-15,565	-12,387	-13,246	-31,895	-32,076
Hotel operating expenses	-4,318	-6,007	0	0	-3,644	-5,045	-7,962	-11,052
Gross profit	9,986	7,623	18,980	17,860	24,220	20,225	53,186	45,708
Gains on property disposals	0	0	0	0	0	0	0	0
Management expenses	-9,229	-5,239	-3,167	-3,247	-1,186	-1,096	-13,582	-9,583
EBITDA	757	2,384	15,813	14,612	23,035	19,129	39,604	36,125
Depreciation and amortisation	-2,454	-2,401	-94	-93	-2,186	-2,035	-4,733	-4,529
Results from property valuation	28,856	-2,180	94,519	32,888	8,102	-20,481	131,477	10,226
EBIT	27,159	-2,197	110,238	47,407	28,950	-3,387	166,348	41,822
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Non-current assets	1,062,880	977,120	1,323,088	1,221,862	915,350	808,038	3,301,318	3,007,020
Non-current liabilities	867,926	719,682	516,231	484,911	367,221	364,616	1,751,377	1,569,209

5. Other obligations and contingent liabilities

In S IMMO Group there were a number of open legal disputes as of 30 June 2021. However, in the management's opinion, neither the individual amounts involved nor the total are material.

6. Related party disclosures

S IMMO Group's related parties are as follows:

- S IMMO Group's managing bodies
- IMMOFINANZ AG
- Associated companies and joint venture companies of the Group

In the first half of 2021, there were no related party transactions with S IMMO AG's shareholders.

S IMMO Group's managing bodies are as follows:

S IMMO AG Management Board as of 30 June 2021:

- Bruno Ettenauer, MRICS (CEO)
- Herwig Teufelsdorfer, MRICS
- Friedrich Wachernig, MBA

Ernst Vejdovszky left the Management Board during the first half of 2021.

S IMMO AG Supervisory Board as of 30 June 2021:

- Karin Rest, EMBA (chairwomen)
- Christian Hager (first deputy chairman)
- Manfred Rapf (second deputy chairman)
- Hanna Bomba
- Holger Schmidtmayr, MRICS, employee representative
- Elisabeth Wagerer, employee representative

As of 30 June 2021, 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 30 June 2021, there were no receivables resulting from these loans (31 December 2020: kEUR 0). In the first half of 2021 there was no interest income for these loans (HY 2020: kEUR 380). There were also no other transactions 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.

7. Significant events after the balance sheet date

In July 2021, the shares in CA Immobilien Anlagen AG were included in the takeover offer of Starwood Capital Group and thus sold at a price of EUR 37.00 per share.

In the third quarter of 2021, the effects of the COVID-19 pandemic and the related uncertainties continue to exist in the markets in which S IMMO Group operates.

Vienna, 27 August 2021

Management Board:

Bruno Ettenauer, MRICS m.p.

Herwig Teufelsdorfer, MRICS m.p.

Friedrich Wachernig, MBA m.p.

DECLARATION OF THE MANAGEMENT BOARD

pursuant to section 125 (1) item (3) Austrian Stock Exchange Act (Börsegesetz)

Statement of all legal representatives

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

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

Vienna, 27 August 2021

The Management Board



Bruno Ettenauer, MRICS



Herwig Teufelsdorfer, MRICS



Friedrich Wachernig, MBA

FINANCIAL CALENDAR 2021

27 August 2021 Results for the first half-year 2021
26 November 2021 Results for the first three quarters 2021



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



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