

Q3 2019



S IMMO
Interim Financial
Statements as of
30 September 2019



Key figures

		<u>01.01. – 30.09.2019</u>	<u>01.01. – 30.09.2018</u>
Revenues	EUR m	154.5	139.6
EBITDA	EUR m	67.8	62.8
EBIT	EUR m	198.8	102.9
EBT	EUR m	183.2	95.4
Net income for the period	EUR m	158.9	79.7
Total assets	EUR m	3,093.6	2,611.7
Equity	EUR m	1,278.1	1,021.2
Liabilities	EUR m	1,815.5	1,590.6 ¹
Equity ratio	in %	41	39
Operating cash flow	EUR m	63.8	59.4
Cash flow from investing activities	EUR m	-4.7	-255.0
Cash flow from financing activities	EUR m	67.0	194.5
Cash and cash equivalents as of 30 September	EUR m	191.9	67.6
NOI ratio	in %	52	54
FFO I	EUR m	53.0	47.7
FFO II	EUR m	55.7	50.0
Earnings per share	EUR	2.40	1.20
EPRA NAV per share	EUR	25.09	19.20
Share price discount to EPRA NAV per share	in %	-16	-10
Operating cash flow per share	EUR	0.96	0.90
Property assets ¹	EUR m	2,263.6	1,978.6
of which properties under construction	EUR m	48.3	56.1

¹ Including held for sale

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Dear Shareholders,

The year 2019 is gradually drawing to a close and, together with the quarterly figures as of 30 September, we would like to present you with a quick review. So far it has been a very exciting, and above all, an extremely successful year for S IMMO. After achieving strong results in the first half of the year, we also further increased our key figures in the third quarter. We are benefiting from the investment decisions we have made in the past few years and are actively working to create sustainable value for the years ahead.

As of the end of the third quarter, we thus succeeded in increasing FFO I – a key figure that reflects our operating strength – to EUR 53.0m. We increased our net income for the period from EUR 79.7m in the previous year to EUR 158.9m as of 30 September 2019. This corresponds to earnings per share of EUR 2.40. The EPRA NAV rose to EUR 25.09 as of 30 September 2019, clearly demonstrating that there is still great value-enhancement potential on the capital market, too.

Capital market

Midway through the year, the S IMMO share displayed the best performance in the ATX. We have successfully continued this trend and are still the strongest stock in the Austrian benchmark index. As of 30 September, our share was trading at EUR 21.10 – equivalent to a price increase of 45.1% since the start of the year. Looking back further, the S IMMO share has also been considerably outperforming other stocks in its sector for many years. We have demonstrated in the past that we can deliver consistently strong results. S IMMO stands for reliability, fairness, transparency and a high level of expertise. This is also clearly reflected in the share price performance.

Outlook

We are working intensively on our portfolio and securing the basis for future value enhancement. In the short term, this primarily means purchasing existing properties that generate income directly. Just a few weeks ago, we purchased an office property in



Friedrich Wachernig, Ernst Vejdovszky

the heart of Zagreb that has great potential for the future. In addition, there is still a strong focus on properties in cities such as Erfurt and Leipzig. Here, real estate can still be bought at reasonable prices. The properties deliver good yields even with lower rents, meaning that they offer high value-enhancement potential for the coming years.

In the medium term, we are focusing on project developments on all of our markets and continuously assessing exciting investment opportunities. Taking a long-term perspective, we have secured large reserves of land in the area around Berlin over the past few quarters. We now own more than 1.25 million square metres of land in this commuter belt. We see great potential in this region. These locations should benefit enormously from price increases in Berlin and continuing migration to the city, as well as from people's growing need for places to retreat and to relax.

We are highly confident that we will be able to present you with another round of extremely successful annual results in April next year. In the meantime, we will continue our intensive work on our more than 300 properties and generate added value for you month after month. Finally, we would like to thank you for the trust you have placed in us.

The Management Board

Ernst Vejdovszky

Friedrich Wachernig

S IMMO in the capital market

Capital market environment

In mid-October, the International Monetary Fund (IMF) revised its global economic growth forecast for 2019 and 2020 downwards. According to the IMF, growth of only 3% is expected for 2019 – the lowest since the financial crisis. This trend is being driven by the ongoing trade conflict between the US and China, the climate crisis and Brexit. A so-called hard Brexit in particular would have negative effects for the economy.

As a result of slower economic growth, persistent expansionary monetary policy and the continuation of low interest rate policies are to be expected. Further interest rate cuts are expected from both the US Fed and the European Central Bank (ECB). In this environment, the national and international stock markets have developed positively, especially Austrian property shares.

Share price development

indexed 01 January 2019 to 30 September 2019

■ S IMMO share ■ ATX ■ IATX



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	S IMMO share price	Austrian benchmark index (ATX)	ATX for property shares (IATX)	German benchmark index (DAX)	Dow Jones Industrial Average (DJIA)	US S&P 500 Index
31 December 2018	14.540	2,745.78	311.94	10,559.00	23,327.50	2,506.85
30 September 2019	21.100	3,010.61	401.88	12,428.10	26,916.80	2,976.74
Year-to-date performance	45.12%	9.64%	28.83%	17.70%	15.39%	18.74%

S IMMO AG securities

The ATX listed S IMMO share put in a remarkable performance in the reporting period and ended the third quarter at a closing price of EUR 21.10. With price growth of 45.1% since the start of the year, the S IMMO share made the biggest price gain in the Prime Market segment. As the above table shows, the share price thus performed much better than the ATX and the IATX as well as international stock market indices such as the DAX, DJIA and

S&P 500. A price gain of 225.2% was generated over three years (30 September 2016 to 30 September 2019) and of even 342.5% over five years (30 September 2014 to 30 September 2019). When this report went to press on 19 November 2019, the share was trading at EUR 22.25.

Moreover, the average trading volume for the last 100 days also increased by 17.3% year-on-year to 178,788 shares (double counting). At the end of the third quarter, S IMMO had a market capitalisation of EUR 1,411.95m.

Performance as of 30 September 2019

S IMMO share

One year	22.67%
Three years, p.a.	31.07%

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 September 2019)	EUR 1,411.95m
Number of shares (30 September 2019)	66,917,179
Market makers	Erste Group/Hauck & Aufhäuser/Baader Bank/Raiffeisen Centrobank

S IMMO bonds as of 30 September 2019

ISIN	Maturity	Coupon	Total nominal value in EUR '000
AT0000A19SB5	02 October 2019	3.00%	66,931.50
AT0000A177D2	16 June 2021	4.50%	89,739.50
AT0000A1DBM5	08 April 2025	3.25%	33,993.50
AT0000A1DWK5	20 April 2027	3.25%	65,000.00
AT0000A1Z9D9	06 February 2024	1.75%	100,000.00
AT0000A1Z9C1	06 February 2030	2.875%	50,000.00
AT0000A285H4	22 May 2026	1.875%	150,000.00

In mid-September, S IMMO invited the bearers of the 4.5% S IMMO bond to submit exchange or repurchase offers on S IMMO debentures, enabling them to exchange their existing debentures for a newly issued S IMMO bond (fixed coupon of 2% p.a. and a term of ten years) or to offer them for repurchase. The offer was a great success with a return rate of 68.2% – debentures with a total nominal value of around EUR 58.9m and around

EUR 2.3m were offered for exchange and repurchase, respectively. In a further step, the exchangeable bond was topped up to a volume of EUR 100m in a book-building process in October. The exceptionally high return rate and the attractive yield of the cash subscription offer underscore S IMMO's high level of acceptance on the Austrian capital market.

Share data

		30 September 2019	30 September 2018
Closing price	EUR	21.100	17.200
Average daily turnover in the last 100 days	shares ¹	178,788	152,434
Earnings per share (EPS) for the first three quarters	EUR	2.40	1.20
Book value per share	EUR	19.26	15.39
Share price premium to book value per share	in %	10	12
EPRA NAV per share	EUR	25.09	19.20
Share price discount from EPRA NAV per share	in %	-16	-10
EPRA NNNAV per share	EUR	20.84	16.36
FFO I per share for the first three quarters	EUR	0.80	0.72
FFO II per share for the first three quarters	EUR	0.84	0.76
Dividend per share ²	EUR	0.70	0.40

¹ Double counting

² The dividend distributed in 2019 and 2018 corresponds to the respective preceding financial year.

Investor relations activities

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In the reporting period, the management and the Investor Relations team attended the annual SRC Forum in Frankfurt and the Baader Bank Annual Conference in Munich. At roadshows (e.g. with Raiffeisen Centro Bank), talks were held with investors in London, Edinburgh, Paris and Zurich. Investors' interest in S IMMO remains high. Topics under discussion included the corporate strategy, future prospects, the excellent earnings and price performance of recent quarters and the current market trends in S IMMO's individual markets.

Business development and performance

Property portfolio

As of 30 September 2019, S IMMO's property portfolio consisted of 319 properties (31 December 2018: 284) with a book value of EUR 2,263.6m including properties held for sale (31 December 2018: EUR 2,121.4m). The total area came to approximately 1.2 million m² (31 December 2018: 1.2 million m²). In the reporting period, the occupancy rate of the portfolio was 95.4% (31 December 2018: 95.8%). The overall rental yield was 5.5% (31 December 2018: 5.7%).

The properties are located in Austria, Germany and the Central and Eastern Europe (CEE) region. Based on book value, properties in Austria made up 19.3% (31 December 2018: 22.1%) while properties in Germany made up 48.1% (31 December 2018: 45.4%). The properties in CEE accounted for 32.6% (31 December 2018: 32.5%) of the portfolio.

According to main type of use, the property portfolio broke down into 38.2% (31 December 2018: 36.6%) office buildings, 18.8% (31 December 2018: 17.9%) retail properties, 27.8% (31 December 2018: 29.3%) residential properties and 15.2% (31 December 2018: 16.2%) hotels.

Increase in revenues and gross profit

Compared to the first three quarters of the 2018 financial year, revenues saw an increase of 10.7% to EUR 154.5m (Q3 2018: EUR 139.6m). The increase in total revenues was driven by a rise in rental income to EUR 88.2m (Q3 2018: EUR 76.5m) as well as an increase in revenues from hotel operations to EUR 42.0m (Q3 2018: EUR 38.3m).

On the one hand, the improvement in rental income reflects the acquisitions and the good like-for-like performance. On the other hand, the increase in the amount of EUR 4.0m (Q3 2019: EUR 0m) is a result of the first-time adoption of accounting regulations. These 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 7.7m, or 10.0%.

Broken down by region and not including the reclassification of parts of revenues from operating costs, rental income in the reporting period was as follows: Austria and Germany contributed 58.5% (Q3 2018: 58.3%) and CEE 41.5% (Q3 2018: 41.7%). In terms of main type of use and not including the reclassification within revenues, commercial properties contributed 75.1% (Q3 2018: 75.7%) to the rental income. Residential properties contributed 24.9% (Q3 2018: 24.3%).

Property management expenses increased to EUR 44.8m (Q3 2018: EUR 38.8m). This was primarily due to higher operating expenses. Overall, gross profit improved to EUR 82.5m (Q3 2018: EUR 76.2m) – an increase of 8.3%.

Property transactions

In the first three quarters of 2019, S IMMO was also active in terms of acquisitions and purchased properties with a total value of roughly EUR 38.1m. The holdings of shares in CA Immobilien Anlagen AG and IMMOFINANZ AG did not change due to purchases or sales in the first three quarters of 2019.

Increase in EBITDA and significant rise in the results from property valuation

In the first three quarters of 2019, a property in Germany and a property in Vienna were successfully sold. At EUR 14.7m (Q3 2018: EUR 13.4m), management expenses were in line with the prior-year level, which meant EBITDA improved by 8.0% year-on-year to EUR 67.8m (Q3 2018: EUR 62.8m).

The result from property valuation for the first three quarters of 2019 amounted to EUR 137.3m (Q3 2018: EUR 45.8m). The majority of positive valuations is attributable to the Germany segment. However, satisfying increases in valuations were also seen in the Austria and CEE segments.

Due to the operating successes and the excellent results from property valuation, EBIT increased by 93.2% to EUR 198.8m (Q3 2018: EUR 102.9m).

Development of financial results

In the first nine months of the year, S IMMO earned dividend income of EUR 17.0m (Q3 2018: EUR 14.3m) for its shares in IMMOFINANZ AG and CA Immobilien Anlagen AG. On the expense side, non-cash derivative expenses increased to EUR -11.2m (Q3 2018: EUR +1.3m) due to the recent decline in interest rates. In addition, there was a slight rise in interest expenses in connection with the property investments made and another bond issue in the second quarter of 2019.

The result from companies measured according to the equity method contributed EUR 8.1m (Q3 2018: EUR 2.3m) to the financial results.

The cost of funding including bond interest and derivatives decreased from 2.53% as of 31 December 2018 to 2.46% as of 30 September 2019.

Significant increase in EBT and earnings per share

EBT rose by 92.0% and amounted to EUR 183.2m (Q3 2018: EUR 95.4m) despite the higher non-cash derivative expenses. Net income for the period increased by EUR 79.2m to EUR 158.9m (Q3 2018: EUR 79.7m). Consequently, earnings per share (EPS) also increased to a very gratifying EUR 2.40 (Q3 2018: EUR 1.20).

Consolidated statement of financial position

S IMMO Group's total assets increased from EUR 2,720.1m as of 31 December 2018 to EUR 3,093.6m as of 30 September 2019. Investment property rose from EUR 1,954.3m as of 31 December 2018 to EUR 2,128.8m as of 30 September 2019. This development is attributable to acquisitions and the positive valuation result in all segments. The "other financial assets" item increased to EUR 545.1m (31 December 2018: EUR 453.0m), primarily due to the positive valuations of the shares in IMMOFINANZ AG and CA Immobilien Anlagen AG.

Cash and cash equivalents totalled EUR 191.9m as of the end of the third quarter of 2019 (31 December 2018: EUR 73.3m). This increase is partly attributable to the issue of a corporate bond with a total nominal value of EUR 150m and a fixed coupon rate of 1.875% p.a. in the second quarter of 2019, as well as to disposals and good operating results.

Significant equity increase despite substantially higher dividend distribution

In the second quarter, a much higher dividend of EUR 0.70 per share was distributed (2018 dividend for the financial year 2017: EUR 0.40 per share). Nevertheless, the equity ratio increased compared with the level at the end of the year and came to 41.3% as of 30 September 2019 (31 December 2018: 40.9%). Equity not including minority shares increased to EUR 1,275.4m in the first three quarters of 2019 (31 December 2018: EUR 1,108.9m). As a result, the EPRA NAV per share rose to EUR 25.09 (31 December 2018: EUR 21.25). To calculate the EPRA NAV, the book value per share is adjusted for the revaluation of other non-current investments, derivative valuations and deferred taxes.

On the whole, operating successes and the significantly improved valuation result led to an increase in the book value per share to EUR 19.26 (31 December 2018: EUR 16.75 per share).

Financing

A key figure for the assessment of the financing structure is the loan-to-value ratio (LTV ratio), which is the ratio between the book values of financing instruments (not including the fair values of derivatives) and the reported property investments. 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 including properties held for sale and the investments in shares in IMMOFINANZ AG and CA Immobilien Anlagen AG amounted to EUR 2,808.7m as of 30 September 2019 (31 December 2018: EUR 2,573.4m). The LTV ratio for financing secured with properties decreased to 34.4% compared to 36.3% as of 31 December 2018.

S IMMO has unsecured financing as well. The LTV ratio for unsecured financing less cash and cash equivalents amounted to 12.9% as of 30 September 2019 (31 December 2018: 14.1%). Overall, the company's LTV ratio as of 30 September 2019 decreased to 47.2% (31 December 2018: 50.4%).

In the fourth quarter of 2019, the bond with the ISIN AT0000A19SB5 was redeemed on maturity as planned. Also in the fourth quarter, another bond with the ISIN AT0000A2AEA8 was issued with a total nominal value of EUR 100m, a coupon of 2% p.a. and a term of ten years. This bond was issued partly in exchange for the bond with the ISIN AT0000A177D2, which matures in 2021 and has a coupon of 4.5% p.a.

Condensed consolidated interim financial statements

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Consolidated statement of financial position

as of 30 September 2019

Assets EUR '000	30 September 2019	31 December 2018
Non-current assets		
Investment properties		
Rented properties	2,080,544	1,880,507
Properties under development and undeveloped land	48,263	73,750
	2,128,807	1,954,257
Owner-operated properties	124,104	126,789
Other plant and equipment	4,854	4,469
Intangible assets	183	208
Interests in companies measured at equity	33,046	25,704
Group interests	2,428	2,448
Loans to companies measured at equity	7,892	4,214
Other financial assets	545,082	452,981
Deferred tax assets	977	1,534
	2,847,373	2,572,604
Current assets		
Inventories	261	531
Trade receivables	11,623	10,641
Other financial assets	17,004	10,440
Other assets	14,728	12,256
Cash and cash equivalents	191,909	73,281
	235,525	107,149
Assets held for sale	10,701	40,381
	246,226	147,530
	3,093,599	2,720,134

Equity and liabilities EUR '000

	30 September 2019	31 December 2018
Shareholders' equity		
Share capital	240,544	240,544
Capital reserves	68,832	68,832
Other reserves	965,998	799,478
	1,275,374	1,108,854
Non-controlling interests	2,734	2,720
	1,278,108	1,111,574
Non-current liabilities		
Issued bonds	486,368	336,910
Other financial liabilities	858,973	861,335
Provisions for employee benefits	1,353	1,368
Other liabilities	6,723	6
Deferred tax liabilities	205,441	162,173
	1,558,858	1,361,792
Current liabilities		
Issued bonds	66,931	99,902
Financial liabilities	155,461	93,239
Income tax liabilities	2,010	1,791
Provisions for employee benefits	85	0
Trade payables	5,331	8,884
Other liabilities	26,815	42,952
	256,633	246,768
	3,093,599	2,720,134

Consolidated income statement

from 01 January 2019 to 30 September 2019

EUR '000	01 – 09 / 2019	01 – 09 / 2018
Revenues		
Rental income	88,209	76,533
Revenues from operating costs	24,252	24,696
Revenues from hotel operations	42,033	38,345
	154,494	139,574
Other operating income	1,456	1,445
Property operating expenses	-44,841	-38,822
Hotel operating expenses	-28,570	-25,976
Gross profit	82,539	76,221
Income from property disposals	52,758	6,641
Book value of property disposals	-52,758	-6,641
Gains on property disposals	0	0
Management expenses	-14,739	-13,424
Earnings before interest, tax, depreciation and amortisation (EBITDA)	67,800	62,797
Depreciation and amortisation	-6,342	-5,712
Results from property valuation	137,326	45,789
Operating result (EBIT)	198,784	102,874
Financing costs	-41,957	-25,711
Financing income ¹	18,346	15,998
Results from companies measured at equity	8,071	2,283
Financial result	-15,540	-7,430
Earnings before taxes (EBT)	183,244	95,444
Income tax	-24,310	-15,738
Consolidated net income for the period	158,934	79,706
of which attributable to shareholders in parent company	158,578	79,640
of which attributable to non-controlling interests	356	66
Earnings per share		
undiluted = diluted	2.40	1.20

¹ of which dividend income from shareholdings in listed real estate companies: 30.09.2019 EUR 17.0m; 30.09.2018: EUR 14.3m

Consolidated statement of comprehensive income

from 01 January 2019 to 30 September 2019

EUR '000	01 – 09 / 2019	01 – 09 / 2018
Consolidated net income for the period	158,934	79,706
Change in value of cash flow hedges	-17,980	-431
Income taxes on cash flow hedges	3,239	58
Reclassification of derivatives valuation effects	568	935
Reserve for foreign exchange rate differences	1,532	1,698
Other comprehensive income for the period (realised through profit or loss)	-12,641	2,260
Valuation of financial assets FVOCI	93,042	31,293
Income taxes from measurement of financial assets FVOCI	-26,117	-10,166
Other comprehensive income (not realised through profit or loss)	66,925	21,127
Other comprehensive income	54,284	23,387
of which attributable to shareholders in parent company	54,284	23,387
of which attributable to non-controlling interests	0	0
Total comprehensive income for the period	213,218	103,093
of which attributable to shareholders in parent company	212,862	103,027
of which attributable to non-controlling interests	356	66

Consolidated income statement

from 01 July 2019 to 30 September 2019

EUR '000	07-09/2019	07-09/2018
Revenues		
Rental income	30,104	26,130
Revenues from operating costs	8,074	8,230
Revenues from hotel operations	15,322	14,204
	53,500	48,564
Other operating income	478	487
Property operating expenses	-13,846	-12,647
Hotel operating expenses	-10,249	-8,936
Gross profit	29,883	27,468
Income from property disposals	46,248	0
Book value of property disposals	-46,248	0
Results from property disposals	0	0
Management expenses	-5,367	-4,246
Earnings before interest, tax, depreciation and amortisation (EBITDA)	24,516	23,222
Depreciation and amortisation	-2,244	-1,966
Results from property valuation	3,218	27,225
Operating result (EBIT)	25,490	48,481
Financing costs	-14,104	-6,493
Financing income	842	468
Results from companies measured at equity	241	-153
Financial result	-13,021	-6,178
Earnings before taxes (EBT)	12,469	42,303
Income tax	-1,446	-10,471
Consolidated net income for the period	11,023	31,832
of which attributable to shareholders in parent company	10,991	31,814
of which attributable to non-controlling interests	32	18
Earnings per share		
undiluted = diluted	0.17	0.48

Consolidated statement of comprehensive income

from 01 July 2019 to 30 September 2019

EUR '000	07-09/2019	07-09/2018
Consolidated net income for the period	11,023	31,832
Change in value of cash flow hedges	-5,071	720
Income taxes on cash flow hedges	904	-108
Reclassification of derivatives valuation effects	142	312
Reserve for foreign exchange rate differences	1,293	-517
Other comprehensive income for the period (realised through profit or loss)	-2,732	407
Valuation of financial assets FVOCI	36,907	41,309
Income taxes from measurement of financial assets FVOCI	-9,227	-10,327
Other comprehensive income (not realised through profit or loss)	27,680	30,982
Other comprehensive income	24,948	31,389
of which attributable to shareholders in parent company	24,948	31,389
of which attributable to non-controlling interests	0	0
Total comprehensive income for the period	35,971	63,222
of which attributable to shareholders in parent company	35,939	63,204
of which attributable to non-controlling interests	32	18

Consolidated cash flow statement

from 01 January 2019 to 30 September 2019

EUR '000	01-09/2019	01-09/2018
Earnings before taxes (EBT)	183,244	95,444
Results from property valuation	-137,326	-45,789
Depreciation and amortisation on intangible assets and equipment	6,342	5,712
Gains/losses on property sales	0	0
Taxes on income paid	-3,995	-3,433
Financial result	15,540	7,430
Operating cash flow	63,805	59,364
Changes in net current assets		
Receivables and other assets	-2,115	-2,621
Provisions, other financial and non-financial liabilities	-18	-944
Current liabilities	-5,417	-1,027
Cash flow from operating activities	56,255	54,772
Cash flow from investing activities		
Investments in property portfolio (rented properties, developing projects, undeveloped land, owner-operated properties)	-65,590	-110,780
Investments in intangible assets	-55	-64
Investments in other fixed assets	-1,054	-2,020
Disposal of equity instruments of other companies	0	239
Acquisition of equity instruments of other companies	0	-162,661
Investments in financial assets	-100	0
Disposals of financial assets	462	0
Investments in companies measured at equity	-3,390	-1,632
Divestments in companies measured at equity	0	525
Net cash flow from deconsolidation of subsidiaries less cash and cash equivalents	44,902	217
Net cash flow from initial consolidations	-4,882	30
Net cash flow from changes in companies measured at equity	6,908	1,154
Disposals of properties	1,810	6,300
Dividends from companies measured at equity	595	501
Dividends received	15,468	12,968
Income from equity investments	158	153
Interest received	94	42
Cash flow from investing activities	-4,674	-255,028

EUR '000	01 – 09 / 2019	01 – 09 / 2018
Consolidated cash flow statement continued		
Cash flow from financing activities		
Purchase of own participating certificates	0	-550
Bond issues	149,156	148,862
Bond repurchase	-34,044	0
Distribution of minority shares	-343	-1,351
Increases in financing	53,303	177,013
Decreases in financing	-28,193	-24,961
Dividend payment	-46,341	-26,481
Repayment participation certificates	0	-54,331
Dividends paid on certification certificates	0	-1,630
Interest paid	-26,491	-22,067
Cash flow from financing activities	67,047	194,504
Cash and cash equivalents 01 January	73,281	73,390
Reclassification of cash and cash equivalents to "assets held for sale"	0	-36
Net change in cash and cash equivalents	118,628	-5,752
Cash and cash equivalents 30 September¹	191,909	67,602

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

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 2019	240,544	68,832	-15,872	-8,636	17,113	806,873	1,108,854	2,720	1,111,574
Consolidated net income for the period	0	0	0	0	0	158,578	158,578	356	158,934
Other comprehensive income	0	0	1,532	-14,173	66,925	0	54,284	0	54,284
Change in non-controlling interests	0	0	0	0	0	0	0	-343	-343
Distribution ¹	0	0	0	0	0	-46,341	-46,341	0	-46,341
As of 30 September 2019	240,544	68,832	-14,340	-22,809	84,038	919,109	1,275,374	2,734	1,278,108
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 taxes)	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 for the period	0	0	0	0	0	79,640	79,640	66	79,706
Other comprehensive income	0	0	1,698	562	21,127	0	23,387	0	23,387
Change in non-controlling interests	0	0	0	0	0	0	0	-1,351	-1,351
Other changes	0	0	0	0	-54	54	0	0	0
Distribution	0	0	0	0	0	-26,481	-26,481	0	-26,481
As of 30 September 2018	240,544	68,832	-15,502	-5,460	47,604	682,821	1,018,839	2,326	1,021,165

¹ 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.

Further information

In view of the changed rules for Wiener Börse AG's prime market segment, S IMMO AG has adjusted its quarterly report for the first and third quarter of 2019. The adjustment has been made to the extent that the additional information provided below was not prepared in accordance with requirements of IAS 34. These interim financial statements should be read in conjunction with the IFRS consolidated financial statements for the year ended on 31 December 2018.

1. The Group

S IMMO Group (S IMMO AG and its subsidiaries) is an international real estate group. The ultimate parent company of the Group, S IMMO AG, has its registered office and headquarters at Friedrichstrasse 10, 1010 Vienna, Austria. The company has been listed on the Vienna Stock Exchange since 1987 and 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 30 September 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.

2. Accounting and valuation policies

In preparing the consolidated interim financial statements for the three months ended on 30 September 2019, the accounting and valuation policies applied in the consolidated financial statements for the year ended on 31 December 2018 have been applied substantially unchanged, except where new accounting regulations were required to be applied. New effective standards, particularly including "IFRS 16 – Leases", did not result in any significant effects.

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 included in the consolidation is the year ending on 31 December.

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.

3. Notes to the consolidated interim financial statements

3.1. Investment properties

Investment properties include purchases in all segments. The changes arising from the first-time application of IFRS 16 are not material.

3.2. 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). In the first three quarters of 2019, there were no transactions in the equity instruments mentioned above. All valuation effects are recognised in other comprehensive income.

3.3. Issued bonds

In May 2019, a fixed-rate corporate bond was issued with a total nominal value of EUR 150m, a term of seven years and a coupon of 1.875% p.a. In October 2019, a fixed-rate corporate bond was issued with a total nominal value of EUR 100m, a term of ten years and a coupon of 2% p.a. The bond is listed on the official market of the Vienna Stock Exchange in the Corporates Prime segment.

3.4. Rental income

As a result of new effective IFRS regulations, revenues (building tax and building insurance billed to tenants) that were shown as revenues from operating costs until 31 December 2018 will be reported as rental income for the first time in the 2019 financial year. The previous year's figures have not been adjusted. Because this is solely a reclassification within revenues, they remain unchanged overall in methodological terms compared to the previous years.

Rental income under the old regulations and broken down by the type of use of the properties is shown below, along with the cumulative change in presentation:

EUR '000	01-09/2019	01-09/2018
Office	27,565	25,197
Residential	21,003	18,564
Retail	32,054	29,182
Hotels	3,580	3,590
Subtotal "old"	84,202	76,533
Reclassification of former operating costs	4,007	n/a
Rental income according to the consolidated income statement	88,209	76,533

3.5. Gains on property disposals

In the first quarter of 2019, one property was sold in the German segment and one property in the Austrian Segment was sold in the third quarter 2019.

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 the Group's Austrian subsidiaries, apart from those with property in Germany.

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

CEE: This operating segment comprises the subsidiaries in Slovakia, the Czech Republic, Hungary, Romania, Bulgaria and Croatia.

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

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

EUR '000	Austria		Germany		CEE		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Rental income	14,190	13,825	37,286	30,762	36,733	31,946	88,209	76,533
Revenues from operating costs	2,854	3,449	8,629	9,056	12,770	12,191	24,252	24,696
Revenues from hotel operations	21,851	19,213	0	0	20,182	19,132	42,033	38,345
Total revenues	38,895	36,487	45,915	39,818	69,684	63,269	154,494	139,574
Other operating income	291	733	501	600	664	112	1,456	1,445
Property operating expenses	-5,363	-5,421	-21,157	-18,164	-18,321	-15,237	-44,841	-38,822
Hotel operating expenses	-16,127	-14,534	0	0	-12,443	-11,442	-28,570	-25,976
Gross profit	17,696	17,265	25,259	22,254	39,584	36,702	82,539	76,221
Gains on property disposals	0	0	0	0	0	0	0	0
Management expenses	-8,902	-7,835	-4,461	-4,118	-1,376	-1,471	-14,739	-13,424
EBITDA	8,794	9,430	20,797	18,136	38,208	35,231	67,800	62,797
Depreciation and amortisation	-3,432	-3,281	-129	-138	-2,781	-2,293	-6,342	-5,712
Results from property valuation	13,076	10,960	96,240	24,732	28,011	10,097	137,326	45,789
EBIT	18,438	17,109	116,908	42,729	63,438	43,036	198,784	102,874
	30.09.2019	31.12.2018	30.09.2019	31.12.2018	30.09.2019	31.12.2018	30.09.2019	31.12.2018
Non-current assets	1,014,010	915,053	1,087,955	955,457	745,408	702,095	2,847,373	2,572,604
Non-current liabilities	735,490	612,470	467,801	411,983	355,567	337,339	1,558,858	1,361,792

Vienna, 26 November 2019

Management Board

Ernst Vejdovszky m. p.

Friedrich Wachernig, MBA m. p.

Financial calendar 2019/20

26 November 2019	Results for the first three quarters 2019
02 April 2020	Annual results 2019 (press conference)
14 April 2020	Record date Annual General Meeting
24 April 2020	Annual General Meeting
04 May 2020	Dividend ex day
05 May 2020	Record date dividend
06 May 2020	Dividend payment day
26 May 2020	Results for the first quarter 2020
25 August 2020	Results for the first half-year 2020
24 November 2020	Results for the first three quarters 2020



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the interim financial statements were prepared. Should the assumptions on which the forecasts are based prove to be unfounded, or should events of the kind described in the risk report of the annual report occur, then the actual outcomes may differ from those currently expected. These interim financial statements neither contain nor imply 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. These interim financial statements have been prepared in the German language, and only the German language version is authentic. The interim financial statements in other languages are a translation of the German interim financial statements.

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