



S IMMO
Interim Report
as of 30 June 2020

Q2 2020

Key figures

		01.01.–30.06.2020	01.01.–30.06.2019
Revenues	EUR m	87.8	101.0
EBITDA	EUR m	36.1	43.3
EBIT	EUR m	41.8	173.3
EBT	EUR m	20.0	170.8
Net income for the period	EUR m	16.1	147.9
Total assets	EUR m	3,110.2	3,024.5
Equity	EUR m	1,374.4	1,242.1
Liabilities	EUR m	1,735.8	1,782.4
Equity ratio	in %	44	41
Operating cash flow	EUR m	34.3	39.9
Cash flow from investing activities	EUR m	-16.8	-36.7
Cash flow from financing activities	EUR m	108.4	62.8
Cash and cash equivalents as of 30 June	EUR m	223.9	133.7
NOI ratio	in %	50.9	51.2
FFO I	EUR m	17.4	39.0
FFO II	EUR m	51.6	41.2
Earnings per share	EUR	0.22	2.23
Book value per share	EUR	18.98	18.72
Difference between share price and book value per share (2020: discount, 2019: premium)	in %	-16	2
Operating cash flow per share	EUR	0.48	0.60
Property assets	EUR m	2,395.1	2,300.5
whereof properties under construction	EUR m	31.7	42.4

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Dear Shareholders,

In government and directors' offices, at media companies and in private discussions, one question has dominated everything since mid-March: What impact will the COVID-19 pandemic have? Will it change our society, what will it mean for our healthcare system, what will it do to our economy, what consequences are we facing in our professional and private lives, how will we live with the virus? We, too, lack the all-knowing crystal ball, so we have no concrete answers to these questions. However, we have spent the last few months working very hard to anticipate the potential impact of the pandemic on our business model and to keep it as low as possible. We are doing our best to counter the negative consequences that have already made themselves felt, but it is clear: 2020 is the "year of the coronavirus".

Results from property valuation and net income for the period positive again

The negative effects on revenues for the first half of the year are visible in the results as of 30 June 2020. Thanks to our highly qualified employees in asset management and good relationships with our tenants, we successfully minimised the decline in rents in the second quarter, which was heavily affected by government restrictions, to a manageable level. Overall, total revenues declined by around 13% year-on-year in the first half-year. Due to the major challenges faced by the tourism industry, net income from hotel operations also fell significantly short of the record set in 2019. In contrast, it is very gratifying that the valuation result is positive again after a negative result in the first quarter. The increases in value in the German residential portfolio more than compensated for the write-downs in the hotel and retail segment in Austria and Eastern Europe. Net income for

the period amounted to EUR 16.1m as of 30 June 2020 and likewise turned positive again – after negative net income in the first quarter.

Capital market

We have not yet pulled off a trend reversal on the capital market. The S IMMO share closed the first half-year at EUR 15.96 and with a year-to-date performance of -28.43%. We, the Management Board of the company, cannot be satisfied with this performance even in the context of the global uncertainty, and we are working hard to once again strengthen investors' confidence in our stock. However, EPRA NAV per share and the current average analyst price target of EUR 20.50 are presently well above the current price and clearly demonstrate the potential of our share.

Outlook

As mentioned above, forecasts remain difficult in the current environment and are fraught with uncertainty. The half-year result shows that, in these challenging times, the effects on rental income and revenues in the retail and hotel segment were at least partially offset by the other segments and that external appraisers are confident for our key markets. As things stand, we assume that the largest losses are behind us and that we will see a gradual recovery in the second half of the year. The crisis has proved that our diversified portfolio strategy has significant advantages. While the hotel segment will probably need more time to return to its pre-crisis level, we see hardly any constraints in the retail and office segment. In fact, we believe that prices for residential properties – which make up 30% of our portfolio and the vast majority of our land reserves – could rise. It is clear that a deterioration of the general



Friedrich Wachernig, Ernst Vejdovszky

economic situation also affects the real estate market, but this is counteracted by the low interest rates and persistently high interest from private and institutional investors. We are already striving to continue the long standing upward trend as soon as the crisis is over and assume that the next few months will slowly but surely bring investments and purchases again. Crises offer opportunities. We have the expertise and the means to take advantage of these opportunities and this crisis will also come to an end eventually.

To borrow from Socrates: We know that there is a lot we do not yet know. But we are confident that we will again master the challenges that the near future will bring. We thank you for your trust and wish you good health above all else.

The Management Board

Ernst Vejdovszky

Friedrich Wachernig

S IMMO in the capital market

International capital market environment

The second quarter of 2020 was dominated by the COVID-19 pandemic. The various measures to contain the virus had a drastic economic impact, and the international capital markets reacted accordingly. All stock indices suffered unprecedented declines in value in March 2020. A recovery was observed in some places – such as the USA and Germany – during the second quarter. At the end of the second quarter, the Dow Jones (DJIA) and S&P 500 indices from the USA and the German benchmark index, the DAX, showed negative year-to-date performance in just the single digits. In contrast, the Austrian benchmark index (ATX) and the IATX property industry index posted year-to-date performance of -29.5% and -29.2%, respectively, at the year's halfway point. The table below provides an overview of the performance of the S IMMO share and the indices relevant to the company.

The S IMMO share

The S IMMO share, which in 2019 was still the strongest share in the ATX, was unable to escape the negative developments and was listed at EUR 15.96 on 30 June 2020. Trading activity doubled in the relevant period. The average trading volume for the last 100 days amounted to 323,694 S IMMO shares (double counting).



Share price development

indexed 01 January 2020 to 30 June 2020
 ■ S IMMO share ■ ATX ■ IATX



Investor relations activities

The reporting period saw the publication of not only the results for the financial year 2019, but also the results for the first quarter of this year. On both occasions, domestic and foreign investors had opportunities to communicate virtually with the S IMMO AG management and to ask questions about the company's current position. In light of the current situation, all the other conferences and roadshows typical for the second quarter were also held virtually.



Overview of S IMMO share and indices

	S IMMO share	ATX	IATX	DAX	DJIA	S&P 500
31 December 2019	22.30	3,186.94	429.07	13,249.01	28,538.44	3,230.78
30 June 2020	15.96	2,246.72	303.74	12,310.90	25,812.90	3,100.29
Year-to-date performance	-28.43%	-29.50%	-29.21%	-7.08%	-9.55%	-4.04%



Performance as of 30 June 2020

S IMMO share

One year	-21.96%
Three years, p.a.	8.91%

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 2020)	EUR 1,174.80m
Number of securities (30 June 2020)	73,608,896
Market makers	Erste Group/Hauck & Aufhäuser/Baader Bank/Raiffeisen Centrobank

S IMMO bonds as of 30 June 2020

ISIN	Maturity	Coupon	Total nominal value EUR '000
AT0000A177D2	17.06.2021	4.500%	28,549.00
AT0000A1DBM5	09.04.2025	3.250%	33,993.50
AT0000A1DWK5	21.04.2027	3.250%	65,000.00
AT0000A1Z9D9	06.02.2024	1.750%	100,000.00
AT0000A1Z9C1	06.02.2030	2.875%	50,000.00
AT0000A285H4	22.05.2026	1.875%	150,000.00
AT0000A2AEA8	15.10.2029	2.000%	100,000.00

From the company's headquarters in Vienna and with support from the bank partners, the Management Board and the IR team presented the Group's results and developments to investors from Germany, Ireland, the UK, Switzerland, the USA, and elsewhere. These virtual conversations primarily focused on strategy in the crisis, the effects of the coronavirus lockdowns and an estimate of each segment's performance in future quarters and years.

S IMMO equity story:
www.simmoag.at/annual-results2019



Share data

		30 June 2020	30 June 2019
Closing price	EUR	15.96	19.04
Average daily turnover for the last 100 days	shares	323,694	167,010
Earnings per share (EPS) for the first half year	EUR	0.22	2.23
Book value per share	EUR	18.98	18.72
Difference between share price and book value per share (2020: discount, 2019: premium)	in %	-16	2
EPRA NAV per share	EUR	23.78	24.27
Share price discount on EPRA NAV per share	in %	-33	-22
EPRA NNNAV per share	EUR	20.45	20.32
FFO I per share for the first half year	EUR	0.24	0.59
FFO II per share for the first half year	EUR	0.72	0.62

¹ Double counting

Annual General Meeting

S IMMO AG's 31st Annual General Meeting, which was originally scheduled for 24 April 2020, was called off in light of the Austrian measures to contain the pandemic and will take place on 12 October 2020.

Interim management report

Economic report

Economic overview

The COVID-19 pandemic put an abrupt stop to global economic growth and triggered a severe recession. Economic forecasts across the board have had to be revised repeatedly in recent months.

The International Monetary Fund (IMF) expects global economic growth to fall by 4.9% in 2020 and to rise by 5.4% next year. The Organisation for Economic Co-operation and Development (OECD) has published two scenarios, both with an identical probability of materialising. In the event of a mild progression of the COVID-19 pandemic, global GDP will retreat by 6% according to the OECD. In the case of a second wave of infections and new extensive lockdowns in 2020, the OECD projects a decline of 7.6% in global GDP.

The European Commission's summer forecast expects GDP to decrease by 8.3% in the European Union and 8.7% in the euro area. For the subsequent year, the Commission expects economic growth of 6.1% for the European Union as a whole and 5.8% for the euro area. The Commission believes that the lowest point of the recession is already behind us and that the EU economy will recover in the second half of the year. In its preliminary flash estimate from July 2020, Eurostat concluded that GDP declined by 12.1% versus the previous quarter in the euro area and by 11.9% in the EU.

The Oesterreichische Nationalbank (OeNB) expects Austria's GDP to contract by 7.2% in 2020. The Institute of Economic Research (WIFO) anticipates a decline in Austria's economic output of 7.0% in 2020. According to WIFO's flash estimate from July 2020, Austrian GDP shrank by 10.7% compared with the previous quarter in the second quarter of 2020. The researchers expect a dynamic recovery in 2021, with GDP growth of 4.3%.

The OeNB anticipates comparatively mild turbulence for Bulgaria, Croatia, the Czech Republic, Hungary, Poland and Romania. Economic growth in this region is projected to decrease by 4.5% this year and bounce back by 3.0% in 2021. One of the key factors for how things develop in the future will be the economic situation in the other member states of the European Union.

Real estate market overview

Austria

In the second quarter of 2020, the Viennese office market reached a total take-up of around 30,600 m², which is 49% lower than in the prior-year period. The vacancy rate declined slightly and came to 3.9%. Prime rents remained at a stable level of EUR 25/m²/month. The completion of 296,000 m² is scheduled for 2020 and 2021, 190,000 m² of which is new space.

In the first half of 2020, the Viennese hotel industry could only lean on the strong months of January and February in terms of overnight stays before revenues declined in March. Overnight stays dropped by 65%, which subsequently led to a decrease of 63% in room revenues between January and May 2020.

Germany

The office take-up in Berlin fell by 30% to 271,000 m² compared to the prior year. Turnover per square metre has dropped significantly as well due to the high take-up in the previous years and the uncertainty caused by the COVID-19 pandemic. This decrease was primarily observed when renting areas up to 2,000 m². In the first half of 2020, prime rents stayed at the stable level seen in the previous year and came to EUR 37.50/m²/month. Average rents rose by 16% to EUR 27.63/m²/month. The continued tension on Berlin's office market is reflected by the low vacancy rate of 1.5%. As a result, corporations are having difficulties finding centrally located and, above all, flexible office space.



Overview of the real estate market¹

	Prime rents (EUR/m ² /month)				Prime gross yields (%)				Total leasing activity (m ²)		Vacancy rate (%)	
	HY 2020	HY 2019	HY 2020	HY 2019	HY 2020	HY 2019	HY 2020	HY 2019	HY 2020	HY 2019	HY 2020	HY 2019
	Office	Office	Retail	Retail	Office	Office	Retail	Retail	Office	Office	Office	Office
Berlin	37.50	35.00	290.00	320.00	2.70	3.10	3.25	3.10	271,000	170,600	1.5	2.1
Bratislava	17.00	17.00	67.00 ²	67.00 ²	5.60	6.00	6.00 ²	5.50 ²	38,000	14,660	9.8	8.1
Bucharest	18.75	18.50	50.00	55.00	7.00	7.00	8.00	7.50	60,000	63,700	10.2	8.8
Budapest	26.00	26.00	120.00	135.00	5.75	5.50	5.75	5.50	91,000	127,500	7.3	6.3
Vienna	25.00	25.50	325.00	310.00	3.45	3.65	3.30	3.15	57,000	110,000	4.6	5.0
Zagreb	15.50	15.50	70.00	60.00	8.00	8.00	6.75	6.75	12,000 ³	n/a	4.0	5.0

Source:

¹ CBRE Research² Data for shopping centres. Data for remainder of the locations is for high street retail.³ Estimated figure

The residential sector in major German cities has yet not been affected by the consequences of COVID-19. Purchase prices for apartments continued moving upwards, while rents rose marginally. The altered working conditions caused by remote work during lockdown could make secondary cities more popular to live in and clearly strengthen the suburbs.

CEE

In the second quarter of 2020, Budapest's office market generated the highest supply of space since 2018. Overall, an area of 87,800 m² was completed according to schedule despite the COVID-19 pandemic. The pre-lease ratio amounted to 64% and was thus significantly below the average seen in previous years. Total take-up also contracted and came to 88,000 m², with new lettings accounting for the majority. An additional 123,100 m² of space is currently scheduled to be completed in 2020, of which 59% is already pre-let. The considerable new supply and relatively low demand led to an expansion of the vacancy rate to 7.3% at the end of the quarter. Rents for office space grew slightly and came to EUR 13.50/m²/month.

As expected, Bratislava's office market recorded a lower take-up. Scheduled completions of new office space have been postponed. The vacancy rate rose to 9.8%. Prime rents amounted to EUR 17/m²/month.

In Zagreb, the vacancy rate dropped to an all-time low of 2.9%. Completed new office space met the continuing demand, which is still mainly being driven by the IT sector. Prime rents amounted to EUR 15.50/m²/month.

Demand for office space in Bucharest was subdued by the COVID-19 pandemic. As a result, demand came to 100,000 m² in the first half of 2020. A total area of 105,000 m² was made available to the market. Prime rents amounted to EUR 18.50/m²/month. The vacancy rate rose slightly to 11.5%. A further 100,000 m² of space is scheduled to be completed in the second half of 2020.

The temporary lockdown hit the Romanian retail market hard. Around 45% of retail tenants expect a decline of more than 30% in their turnover. Therefore, a slow recovery is not expected to start until the fourth quarter of 2020.

The CEE hotel industry was also severely affected by the ongoing crisis. Although the outlook for the year is still uncertain, initial signs of a moderate market recovery are emerging, as investors are slowly becoming active again. It is assumed that more affordable hotels will recover faster than more luxurious establishments or hotels with a strong focus on business travel and conferences.

Business development and performance

Property portfolio

As of 30 June 2020, S IMMO's property portfolio consisted of 352 properties (31 December 2019: 331) with a book value of EUR 2,395.1m (31 December 2019: EUR 2,371.0m) and a total area of around 1.2 million m² (31 December 2019: 1.2 million m²). The occupancy rate came to 94.4% for the reporting period. The calculation of the occupancy rate includes all investment properties for which no development potential is currently identified. The overall rental yield was 5.1%.

Based on book value, properties in Austria made up 18.8% of the portfolio (31 December 2019: 19.1%) and properties in Germany 49.8% (31 December 2019: 48.5%). The properties in CEE accounted for 31.4% (31 December 2019: 32.4%).

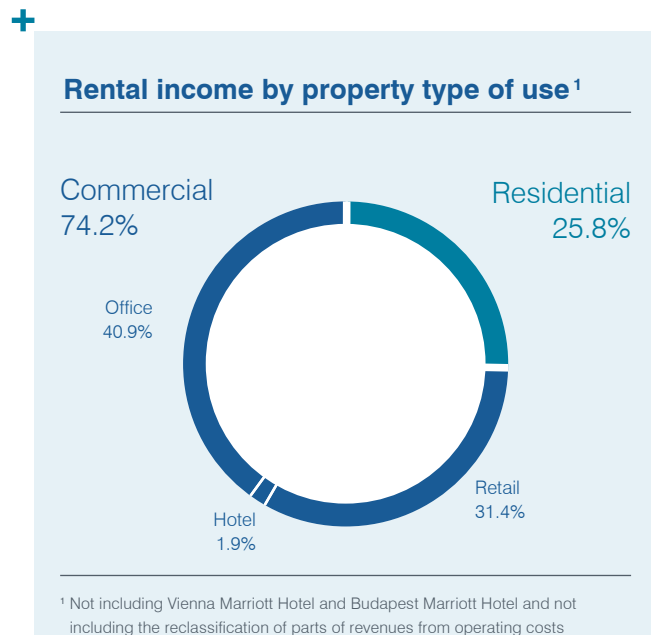
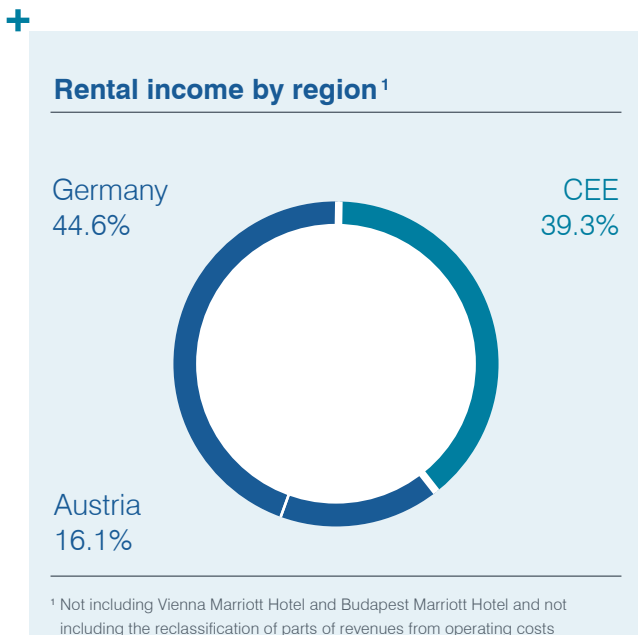
Based on the main type of use, the portfolio excluding plots of land broke down into 41.8% office buildings (31 December 2019: 41.4%), 18.9% retail properties (31 December 2019: 19.6%), 30.0% residential properties (31 December 2019: 29.0%) and 9.3% hotels (31 December 2019: 10.0%) as of 30 June 2020.

Operating performance: decline in total revenues due to COVID-19

As a result of the COVID-19 pandemic, total revenues recorded a year-on-year decline of 13.1% to EUR 87.8m (HY 2019: EUR 101.0m). This development was mainly attributable to revenues from hotel operations, which slumped as a result of government-mandated measures to combat the pandemic and due to the sharp decline in urban tourism in the second quarter. On the positive side, however, it should be noted that a large portion of the lost revenues was compensated by a decrease in hotel operating expenses to EUR 11.1m (HY 2019: EUR 18.3m).

By contrast, rental income increased by around 4.2% to EUR 60.6m (HY 2019: EUR 58.1m) due to acquisitions and the effective operational management of the portfolio properties. However, the negative effects of COVID-19 also resulted in significantly higher valuation allowances, causing expenses for valuation allowances and write-downs on trade receivables to worsen to EUR 3.4m (HY 2019: EUR 0.4m).

As a consequence, gross profit declined to EUR 45.7m (HY 2019: EUR 52.7m). The fact that the decrease was kept within relatively narrow limits is attributable to major operational efforts and the broad diversification of the portfolio.



Decline in EBITDA, positive valuation result

At EUR 9.6m (HY 2019: EUR 9.4m), management expenses were roughly at the prior-year level, which meant that EBITDA declined by 16.5% over the past twelve months to EUR 36.1m (HY 2019: EUR 43.3m).

The result from property valuation was positive overall despite the negative effects of the COVID-19 crisis and came to EUR 10.2m (HY 2019: EUR 134.1m). Consequently, EBIT amounted to EUR 41.8m (HY 2019: EUR 173.3m).

Positive net result for the period despite COVID-19 crisis

Compared to the same period of the previous year, the postponement of the Annual General Meetings of IMMOFINANZ AG and CA Immobilien Anlagen AG to the second half of 2020 due to COVID-19 is reflected primarily in the absence of the corresponding dividend income (HY 2019: EUR 17m). The financial result totalled EUR -21.8m (HY 2019: EUR -2.5m).

The revaluation result, which was lower than last year, had a positive impact on income taxes, so that total tax expenses improved to EUR -3.9m (HY 2019: EUR -22.9m).

Despite the effects of the COVID-19 crisis, net income for the first half of 2020 thus came to EUR 16.1m (HY 2019: EUR 147.9m). Earnings per share amounted to EUR 0.22 (HY 2019: EUR 2.23).

Consolidated statement of financial position – successful capital increase

S IMMO Group's total assets decreased slightly from EUR 3,137.7m as of 31 December 2019 to EUR 3,110.2m as of 30 June 2020. Cash and cash equivalents increased significantly compared to the end of the year and came to EUR 223.9m as of 30 June 2020 (31 December 2019: EUR 111.6m). This is mainly due to a cash capital increase that was implemented in an accelerated book building (ABB) process in January 2020. A total of 6,691,717 new shares were issued at a subscription price of EUR 22.25 per share and thus at market, i.e. at no discount compared to the closing price on 15 January 2020. This generated gross issue proceeds (before deducting additional costs) of EUR 148.9m.

Due to the uncertainty in connection with the COVID-19 pandemic, investments in IMMOFINANZ AG and CA Immobilien Anlagen AG that are measured at exchange prices were written down. Consequently, the item "other financial assets" decreased to EUR 396.8m (31 December 2019: EUR 554.1m) and the statement of comprehensive income was impacted negatively.

In the first half of 2020, S IMMO acquired a few properties in Germany. There were no acquisitions in Austria or CEE in the first half-year. Equity not including minority shares increased to EUR 1,371.3m in the first half of 2020 (31 December 2019: EUR 1,342.2m). As of 30 June 2020, the book value per share came to EUR 18.98 (31 December 2019: EUR 20.27) and the equity ratio to 44.2% (31 December 2019: 42.9%).

After the balance sheet date, S IMMO purchased 2,700,000 IMMOFINANZ shares in the amount of around EUR 41.3m in the wake of IMMOFINANZ AG's capital increase in July 2020. Moreover, S IMMO also bought subordinated mandatory convertible notes, which were also placed by IMMOFINANZ, in the amount of EUR 18m.

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 2,791.0m as of 30 June 2020 (31 December 2019: EUR 2,924.2m). At 33.8% (31 December 2019: 32.7%), the LTV ratio for financing secured with properties increased slightly compared with the level reported at the end of 2019. The LTV ratio for unsecured financing less cash and cash equivalents amounted to 10.8% as of 30 June 2020 (31 December 2019: 14.2%). The improvement of the LTV ratio for unsecured financing is mainly attributable to the cash inflows due to the capital increase in the first quarter. In total, the company's LTV ratio improved again despite the effects of COVID-19 on the valuations of the property investments and decreased to 44.6% (31 December 2019: 46.9%). The calculation method for both key figures is described in detail in the 2019 Annual Report.

Risk management report

As an international real estate group, S IMMO Group faces a host of risks and opportunities that impact operating activities, the decision-making process 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 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 2019 Annual Report (starting on page 52). The probability of occurrence of the described risks depends on a number of factors, including economic development in the respective markets.

In the first half of 2020, the COVID-19 pandemic and the resulting measures to contain the virus led to a severe global economic crisis and caused all economic forecasts to be revised. In their latest forecast, experts from the Institute for Advanced Studies (IHS) assume that the recession bottomed out in the second quarter of 2020, so the global economy will grow moderately again in the months and quarters to come (see the economic overview on page 8 for details). All forecasts are dependent on the further progression of the pandemic.

In this environment, it is also difficult for the management of S IMMO to make precise forecasts about the further effects of the COVID-19 pandemic on S IMMO's business activities and the individual segments and types of use. At present, the management assumes that there will be an economic recovery in the second half of the year. However, if infection numbers drastically increase again and local governments reintroduce relevant restrictions, there is a risk of rent reductions or rental defaults in the retail segment in particular. The impact of the pandemic on the tourism industry means that the hotels operated under management agreements are likely to see further revenue declines. The difficult economic situation in all markets is also leading to

an increase in letting and vacancy risk. A sustained decline in general rent levels would also be reflected in property valuations. In the long term, the COVID-19 pandemic could lead to changes in property industry trends. For example, the desire to work from home could grow and result in increased demand for residential properties on the outskirts or in the surrounding areas of major cities.

Investments are also subject to higher risk in the current circumstances. Negative price developments on the stock markets influence S IMMO's business activities as well, and would especially affect the price of the S IMMO share as well as the valuations of the shareholdings in IMMOFINANZ AG and CA Immobilien Anlagen AG.

S IMMO pursues a diversified portfolio strategy by owning properties in different markets with various types of use, thus allowing risks to be spread. The property industry is heavily influenced by property cycles and requires a long-term view. The management assumes that the current crisis will also offer opportunities in the quarters to come. Interventions by central banks to cushion the effects of the pandemic and the assumption that interest rates will remain very low for a long time could have a positive impact on property and equities.

Outlook

In the current environment, the management of S IMMO AG and its team are concentrating on reducing the negative effects on the company's business activities as far as possible, while maintaining continuous communication with tenants. The Management Board assumes that the low point of the crisis was reached in the first half of the year and is cautiously optimistic about the second half. The Management's hypothesis is that there will be a number of approved vaccines and various therapies by the first quarter of 2021, which would lead to an economic recovery. Under this assumption, the company is already striving to continue its longstanding upward trend in the year 2021. This includes selected investments as well as pushing project developments and various planning activities related to the landbank.

With its high-quality portfolio and very experienced team, S IMMO has withstood crises before. In the current crisis, the company is again trying to identify and take advantage of opportunities at an early stage. Property will remain a sought-after investment – especially with interest rates still so low. The management currently assumes that the hotel segment in particular will see a market shakeout in the next few quarters. Opportunities could arise primarily in office and residential property. High-quality office properties in good locations will remain attractive, as will residential properties, the prices of which may even increase. The residential sector is particularly popular in times of crisis, especially among risk-averse investors.

On the purchasing side, emerging German cities such as Erfurt and Leipzig are therefore still one of the company's primary investment focuses. The extensive reserves of land around Berlin will provide a strong development pipeline for the years to come. At the same time, these investments are very low-risk thanks to the low purchase prices. Investment opportunities are also continuously examined in the CEE region, especially in Budapest, Bucharest, Bratislava and Zagreb. To this end, the company's experts constantly monitor the trends and markets and can react quickly if necessary.

Consolidated interim financial statements

Consolidated statement of financial position

as of 30 June 2020

Assets EUR '000	Notes	30 June 2020	31 December 2019
Non-current assets			
Investment properties			
Rented properties	3.1.1.	2,238,171	2,188,317
Properties under development and undeveloped land	3.1.1.	31,667	21,846
		2,269,838	2,210,163
Owner-operated properties	3.1.2.	120,676	124,377
Other plant and equipment		4,658	5,123
Intangible assets		221	242
Interests in companies measured at equity		35,932	36,284
Group interests		4,275	3,863
Loans to companies measured at equity		2,918	2,010
Other financial assets	3.1.3.	396,840	554,090
Deferred tax assets		1,118	1,077
		2,836,476	2,937,229
Current assets			
Inventories		221	332
Trade receivables		6,862	7,437
Loans to companies measured at equity		8,737	6,631
Other financial assets		9,127	6,932
Other assets		20,358	31,063
Cash and cash equivalents	3.1.4.	223,899	111,564
		269,204	163,959
Assets held for sale	3.1.5.	4,560	36,500
		273,764	200,459
		3,110,240	3,137,688

Equity and liabilities EUR '000	Notes	30 June 2020	31 December 2019
Shareholders' equity	3.1.6.		
Share capital		262,561	240,544
Capital reserves		183,542	68,832
Other reserves		925,182	1,032,799
		1,371,285	1,342,175
Non-controlling interests		3,151	2,910
		1,374,436	1,345,085
Non-current liabilities			
Issued bonds	3.1.7.	497,038	525,352
Other financial liabilities	3.1.8.	917,630	848,862
Provisions for employee benefits		1,390	1,376
Other liabilities		7,587	6,723
Deferred tax liabilities		176,873	221,658
		1,600,518	1,603,971
Current liabilities			
Issued bonds	3.1.7.	28,507	0
Financial liabilities	3.1.8.	70,860	145,221
Income tax liabilities		7,177	1,649
Trade payables		2,863	5,510
Other liabilities		25,879	36,252
		135,286	188,632
		3,110,240	3,137,688

Consolidated income statement

for the six months ended on 30 June 2020

EUR '000	Notes	01-06/2020	01-06/2019
Revenues			
Rental income	3.2.1.	60,572	58,105
Revenues from operating costs		15,996	16,178
Revenues from hotel operations	3.2.1.	11,182	26,711
		87,750	100,994
Other operating income		1,086	978
Property operating expenses	3.2.2.	-32,076	-30,995
Hotel operating expenses	3.2.2.	-11,052	-18,320
Gross profit		45,708	52,657
Income from property disposals		40,550	6,510
Book value of property disposals		-40,550	-6,510
Result from property disposals	3.2.3.	0	0
Management expenses		-9,583	-9,372
Earnings before interest, tax, depreciation and amortisation (EBITDA)		36,125	43,285
Depreciation and amortisation		-4,529	-4,098
Results from property valuation	3.2.4.	10,226	134,108
Operating income (EBIT)		41,822	173,295
Financing costs	3.2.5.	-24,155	-27,853
Financing income	3.2.5.	979	17,504 ¹
Results from companies measured at equity	3.2.5.	1,364	7,830
Financial result		-21,812	-2,519
Earnings before taxes (EBT)		20,010	170,776
Taxes on income	3.2.6.	-3,903	-22,865
Consolidated net result for the period		16,107	147,911
of which attributable to shareholders in parent company		15,858	147,587
of which attributable to non-controlling interests		249	324
Earnings per share			
undiluted = diluted		0.22	2.23

¹ Of which dividend income from shareholdings in listed real estate companies: HY 2019: EUR 17.0m

Consolidated statement of comprehensive income

for the six months ended on 30 June 2020

EUR '000	01-06/2020	01-06/2019
Consolidated net result for the period	16,107	147,911
Change in value of cash flow hedges	-4,372	-12,909
Income taxes on cash flow hedges	654	2,336
Reclassification of derivative valuation effects	1,686	568
Income taxes on reclassification of derivative valuation effects	-421	-142
Reserve for foreign exchange rate differences	2,713	239
Other comprehensive income for the period (realised through profit or loss)	260	-9,908
Valuation of financial assets FVOCI	-164,979	56,135
Income taxes from measurement of financial assets FVOCI	41,245	-16,891
Other comprehensive income for the period (realised not through profit or loss)	-123,734	39,244
Other comprehensive income for the period	-123,475	29,336
of which attributable to shareholders in parent company	-123,475	29,336
of which attributable to non-controlling interests	0	0
Total comprehensive result for the period	-107,368	177,247
of which attributable to shareholders in parent company	-107,617	176,923
of which attributable to non-controlling interests	249	324

Consolidated income statement

for the three months ended on 30 June 2020

EUR '000	Notes	04-06/2020	04-06/2019
Revenues			
Rental income	3.2.1.	29,439	29,694
Revenues from operating costs		6,398	7,812
Revenues from hotel operations	3.2.1.	1,269	15,644
		37,106	53,150
Other operating income		759	568
Property operating expenses	3.2.2.	-15,233	-15,296
Hotel operating expenses	3.2.2.	-2,713	-9,758
Gross profit		19,919	28,664
Income from property disposals		36,831	1,810
Book value of property disposals		-36,831	-1,810
Result from property disposals	3.2.3.	0	0
Management expenses		-5,157	-4,907
Earnings before interest, tax, depreciation and amortisation (EBITDA)		14,762	23,757
Depreciation and amortisation		-2,240	-2,009
Results from property valuation	3.2.4.	41,765	124,167
Operating income (EBIT)		54,287	145,915
Financing costs	3.2.5.	-10,298	-14,307
Financing income	3.2.5.	412	17,118 ¹
Results from companies measured at equity	3.2.5.	1,311	4,328
Financial result		-8,575	7,139
Earnings before taxes (EBT)		45,712	153,054
Taxes on income	3.2.6.	-8,185	-20,244
Consolidated net result for the period		37,527	132,810
of which attributable to shareholders in parent company		37,297	132,531
of which attributable to non-controlling interests		230	279
Earnings per share			
undiluted = diluted		0.52	2.00

¹ Of which dividend income from shareholdings in listed real estate companies: Q2 2019: EUR 17.0m

Consolidated statement of comprehensive income

for the three months ended on 30 June 2020

EUR '000	04-06/2020	04-06/2019
Consolidated net result for the period	37,527	132,810
Change in value of cash flow hedges	-1,925	-5,373
Income taxes on cash flow hedges	203	976
Reclassification of derivative valuation effects	1,015	284
Income taxes on reclassification of derivative valuation effects	-253	-71
Reserve for foreign exchange rate differences	-328	238
Other comprehensive income for the period (realised through profit or loss)	-1,289	-3,946
Valuation of financial assets (FVOCI)	-20,541	11,106
Income taxes from measurement of financial assets (FVOCI)	5,135	-5,633
Other comprehensive income for the period (not realised through profit or loss)	-15,406	5,473
Other comprehensive income for the period	-16,695	1,527
of which attributable to shareholders in parent company	-16,695	1,527
of which attributable to non-controlling interests	0	0
Total comprehensive result for the period	20,832	134,337
of which attributable to shareholders in parent company	20,602	134,058
of which attributable to non-controlling interests	230	279

Consolidated cash flow statement

for the six months ended on 30 June 2020

EUR '000	01-06/2020	01-06/2019
Earnings before taxes (EBT)	20,010	170,776
Results from property valuation	-10,226	-134,108
Depreciation and amortisation on intangible assets and equipment	4,529	4,098
Results from property sales	0	0
Taxes on income paid	-1,798	-3,427
Financial result	21,812	2,519
Operating cash flow	34,327	39,858
Changes in net current assets		
Receivables and other assets	-1,807	-595
Provisions, other financial and non-financial liabilities	16	-68
Current liabilities	-11,864	-4,588
Cash flow from operating activities	20,673	34,607
Cash flow from investing activities		
Investments in property portfolio (rented properties, developing projects, undeveloped land, owner-operated properties)	-48,663	-47,498
Investments in intangible assets	-33	-57
Investments in other fixed assets	-245	-635
Disposal of equity instruments of other companies	0	0
Acquisition of equity instruments of other companies	-8,158	0
Investments in financial assets	-38	-28
Disposals of financial assets	0	18
Investments in companies measured at equity	-2,634	-1,114
Divestments in companies measured at equity	1,275	0
Net cash flow from deconsolidation of subsidiaries less cash and cash equivalents	0	0
Net cash flow from initial consolidations	25	-4,902
Net cash flow from changes in companies measured at equity	409	0
Disposals of properties	40,550	1,810
Dividends from companies measured at equity	441	0
Dividends received	0	15,468
Income from equity investments	267	158
Interest received	40	109
Cash flow from investing activities	-16,764	-36,671

EUR '000	01-06/2020	01-06/2019
Consolidated cash flow statement continued		
Cash flow from financing activities		
Issue of shares	146,477	0
Buyback of treasury shares	-10,274	0
Bond issues	0	149,281
Bond redemption	0	0
Buyback of bonds	0	-34,044
Payment for bond exchange	0	0
Distribution of minority shares	-8	-343
Increases in financing	49,579	34,403
Decreases in financing	-56,734	-19,321
Dividend payment	0	-46,341
Interest paid	-20,614	-20,810
Cash flow from financing activities	108,426	62,825
Cash and cash equivalents 01 January	111,564	73,281
Reclassification of cash and cash equivalents as properties held for sale	0	-359
Net change in cash and cash equivalents	112,335	60,761
Cash and cash equivalents 30 June¹	223,899	133,683

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 shareholders	Non-controlling interests	Total
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
Change in non-controlling interests	0	0	0	0	0	0	0	-8	-8
Distribution	0	0	0	0	0	0	0	0	0
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
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 result for the period	0	0	0	0	0	147,587	147,587	324	147,911
Other comprehensive income	0	0	239	-10,147	39,244	0	29,336	0	29,336
Change in non-controlling interests	0	0	0	0	0	0	0	-343	-343
Distribution	0	0	0	0	0	-46,341	-46,341	0	-46,341
As of 30 June 2019	240,544	68,832	-15,633	-18,783	56,357	908,118	1,239,435	2,702	1,242,137

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, the Czech Republic, Slovakia, Hungary, Croatia, Romania and Bulgaria. As of 30 June 2020, S IMMO Group owned properties in all the above countries. S IMMO Group is an international real estate group that engages in buying, selling, real estate project development, letting, asset management, and operating hotels and shopping centres as well as in revitalising and renovating properties in Austria, Germany and CEE (Slovakia, the Czech Republic, 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 2020 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 2019.

In preparing the consolidated interim financial statements for the six months ended on 30 June 2020, the accounting and valuation policies applied in the consolidated financial statements for the year ended on 31 December 2019 have been applied continuously.

The financial statements for the six months ended on 30 June 2020 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 half-year of 2020, S IMMO Property Zwölf GmbH (Germany) and SIAG Multipurpose Center, s.r.o. (Slovakia) were fully consolidated in the consolidated financial statements of S IMMO AG for the first time. A business combination as per IFRS 3 did not occur for the two newly consolidated companies.

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. New mandatory accounting regulations

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

Standard	Title of standard	First-time adoption
Amendments to IAS 1 and IAS 8	Definition of Material	01 January 2020
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards	01 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	01 January 2020

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

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

Standard	Title of standard	First-time adoption
IFRS 14	Regulatory Deferral Accounts	Adopted by the IASB on 01 January 2016. EU endorsement is not intended.
IFRS 17	Insurance Contracts	01 January 2023
Amendments to IFRS 3	Amendments to References to the Conceptual Framework in IFRS Standards	01 January 2022
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	On 17 December 2015, the IASB resolved to postpone the first-time adoption of these amendment standards for an indefinite period.
Amendments to IAS 1	Classification of current and non-current assets	01 January 2022. On 15 July 2020, the IASB published that the entry into force will be postponed.
Amendments to IFRS 16	Rent reductions in connection with COVID-19	01 June 2020
IAS 37	Costs connected to onerous contracts	01 January 2022
All IFRS	Annual improvements (cycle 2018-2020)	01 January 2022
IAS 16	Earnings before appropriate use	01 January 2022
Amendments to IFRS 4	Postponement of the first-time adoption of IFRS 9	01 January 2021

2.3. Reporting currency and currency translation

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

3. Selected notes to the consolidated interim financial statements

3.1. Statement of financial position

3.1.1. Investment properties

EUR '000	Rented properties	Properties under development and undeveloped land
As of 01 January 2019	1,880,507	73,750
Recording of right-of-use from initial application of IFRS 16	2,973	1,424
Adjusted figure as of 01 January 2019	1,883,480	75,174
Additions	97,743	13,667
Disposals	-615	-1,800
Reclassification	62,819	-62,819
Other changes	0	0
Changes in fair value (realised through profit or loss)	162,722	29,424
Reclassifications as properties held for sale	-17,832	-31,800
As of 31 December 2019	2,188,317	21,846
of which pledged as security	2,083,607	0
Additions	47,244	9,973
Disposals	-281	0
Reclassifications	0	0
Other changes	0	0
Changes in fair value (realised through profit or loss)	3,401	-152
Reclassifications as properties held for sale	-510	0
As of 30 June 2020	2,238,171	31,667
of which pledged as security	2,132,431	0

In addition, a change in the fair value of properties held for sale of kEUR 6,977 (HY 2019: kEUR 236) was recognised through profit or loss.

This consisted of:

Rented properties

EUR '000	30 June 2020	31 December 2019
Austria	395,651	397,830
Germany	1,164,195	1,096,887
CEE	678,325	693,600
	2,238,171	2,188,317

Properties under development and undeveloped land

EUR '000	30 June 2020	31 December 2019
Austria	0	0
Germany	24,957	15,241
CEE	6,710	6,605
	31,667	21,846

The measurement methods for the first half of 2020 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 2020 are mainly based on valuations from external experts and apply to all segments.

3.1.2. Owner-operated properties

Owner-operated properties consist of hotels operated by S IMMO Group. The business of these hotels includes the rental of rooms and catering activities. These hotels are operated under management agreements for the most part, and consequently the risks associated with occupancy rates are borne by S IMMO Group. Hotels of this kind are outside the scope of IAS 40 (investment 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 2020.

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 2020 and recognised in other comprehensive income. Owing to the significant impact of COVID-19 on the stock markets, a write-down of kEUR 165,394 in comparison to 31 December 2019 was recognised in other comprehensive income.

3.1.4. Cash and cash equivalents

EUR '000	30 June 2020	31 December 2019
Bank balances	223,759	111,352
Cash in hand	140	212
	223,899	111,564

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

Properties are treated as "held for sale" if it is the intention of the Group's management to dispose of them in the near future. The properties held for sale as of 30 June 2020 in the amount of kEUR 4,560 relate solely to the Germany segment.

3.1.6. Equity

In January 2020, a cash capital increase was implemented in an accelerated book-building (ABB) process. The registered share capital (without deduction of treasury shares) therefore increased to kEUR 267,458 due to the issue of 6,691,717 bearer shares against cash contributions under exclusion of the subscription rights. The subscription price per new share was set at EUR 22.25 per share – at market and thus without a discount on the closing price on 15 January 2020. The gross issue proceeds amounted to around kEUR 148,891.

On 24 March, a share repurchase programme started, which is expected to end on 30 September 2020. By 30 June 2020, a total of 632,266 shares had been bought back. S IMMO AG thus held 1,347,690 treasury shares as of 30 June 2020 (31 December 2019: 715,424).

3.1.7. Issued bonds

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

ISIN	Total nominal value in EUR '000	Coupon	Effective interest rate	Maturity
AT0000A177D2	28,549	4.50%	4.66%	17 June 2021
AT0000A1DBM5	33,993.5	3.25%	3.36%	09 April 2025
AT0000A1DVK5	65,000	3.25%	3.31%	21 April 2027
AT0000A1Z9D9	100,000	1.75%	1.90%	06 February 2024
AT0000A1Z9C1	50,000	2.875%	2.93%	06 February 2030
AT0000A285H4	150,000	1.875%	1.96%	22 May 2026
AT0000A2AEA8	100,000	2.00%	2.01%	15 October 2029

All of the bonds are listed in the Corporates Prime segment of the Vienna Stock Exchange.

3.1.8. Other financial liabilities

Other current and non-current financial liabilities amounted to kEUR 988,490 (31 December 2019: kEUR 994,083) and include primarily mortgage loans, derivatives and leasing liabilities.

Like in the prior year, there were no covenant breaches in the first half of 2020.

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 2020: kEUR 41; 31 December 2019: kEUR 48) and under non-current financial liabilities (30 June 2020: kEUR 44,342; 31 December 2019: kEUR 37,834) and under current financial liabilities (30 June 2020: kEUR 0; 31 December 2019: kEUR 31). The fair value measurement of derivatives is based on estimates made by external experts. The measurement falls under level 2 of the IFRS 13 fair value hierarchy. CVAs/DVAs were applied for the measurement of derivatives in analogy to the methods as of 31 December 2019.

In the first half of 2020, measurement changes of kEUR -2,687 (HY 2019: kEUR -12,341) not including deferred taxes and deferred taxes for derivatives of kEUR 233 (HY 2019: kEUR 2,194) were recognised in other comprehensive income. In total, kEUR -2,454 (HY 2019: kEUR -10,147) was therefore recognised in other comprehensive income.

30 June 2020

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	639,799	0	-44,342
Caps	190,000	41	0
Total	829,799	41	-44,342

31 December 2019

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	618,598	0	-37,865
Caps	190,000	48	0
Total	808,599	48	-37,865

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	01-06/2020	01-06/2019
Commercial	44,999	44,447
Residential	15,573	13,658
	60,572	58,105

Commercial consists of 55% (HY 2019: 51%) rental income from offices, 43% (HY 2019: 44%) retail and 2% (HY 2019: 5%) hotels.

Rental income increased slightly compared to the prior year, which was primarily due to additions to the portfolio of rental properties. However, it should be noted that considerably higher valuation allowances for rents receivable had to be recognised than in the previous year as a result of COVID-19. These are reflected in the property management expenses and are described in section 3.2.2. In the retail sector in particular, lease incentives were granted in some cases due to the coronavirus. These were deferred as of 30 June 2020 and are distributed over the lease term.

Revenues from hotel operations amounted to kEUR 11,182 in the first half of 2020 and were thus considerably lower than in the previous year (kEUR 26,711). This was firstly due to temporary government-imposed closures in the first half of 2020 and secondly to the impact of the COVID-19 crisis on urban tourism and on the organisation of conferences and similar events. It remains to be seen when exactly and in what form there will be a recovery in this area. This will probably also depend on the availability of vaccines and treatment options. The recovery has been much more significant in the hotel catering sector and partly at the prior-year level. The room rental sector is still heavily affected by the global travel restrictions.

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. In the first half of 2020, there was a significant decrease in expenses from hotel operations due to COVID-19 in connection with the temporary closure and subsequent very low capacity utilisation, which considerably reduced the negative impact of the COVID-19 pandemic on gross profit from hotel operations (HY 2020: kEUR 130; HY 2019: kEUR 8,391).

There were also considerably higher valuation allowances for trade receivables in the first half of 2020 due to the effects of the COVID-19 crisis. Compared to the same period of the previous year, expenses for valuation allowances and write-downs on trade receivables increased from kEUR -365 (HY 2019) to kEUR -3,423 (HY 2020), with the majority of the necessary valuation allowances being recognised on the basis of specific valuation allowances and relating to the retail sector.

Of the valuation allowances and write-downs on trade receivables in the first half of 2020, kEUR 1,834 (HY 2019: income of kEUR 80) related to the CEE segment, kEUR 1,463 (HY 2019: kEUR 349) to the Germany segment and kEUR 126 (HY 2019: kEUR 96) to the Austria segment.

3.2.3. Result from property disposals

In the first half of 2020, two properties that were held for sale as of 31 December 2019 were sold in the Germany segment.

EUR '000	01-06/2020	01-06/2019
Income from property disposals		
Investment properties	0	1,810
Properties held for sale	40,550	4,700
	40,550	6,510
Book value of property disposals		
Investment properties	0	-1,810
Properties held for sale	-40,550	-4,700
	-40,550	-6,510
Gains on property disposals		
Investment properties	0	0
Properties held for sale	0	0
	0	0

3.2.4. Results from property valuation

The Germany segment accounted for kEUR 32,888 (HY 2019: kEUR 93,268) of the revaluation results, the Austria segment for kEUR -2,180 (HY 2019: kEUR 12,830) and CEE for kEUR -20,481 (HY 2019: kEUR 28,010).

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

The following tables show the sensitivity of the fair value of rented investment property with regard to changes in sustainable rental income and interest rates. The table does not include properties held for sale and individual properties with development potential totalling kEUR 25,776.

Change in sustainable rent

EUR '000	30 June 2020			31 December 2019		
	-10%	Output value	+10%	-10%	Output value	+10%
Austria	355,430	395,650	436,040	357,000	397,830	438,360
Germany	1,078,193	1,189,152	1,227,174	986,131	1,081,659	1,195,452
CEE	600,770	663,820	727,030	614,115	680,430	746,850
	2,034,393	2,248,622	2,390,244	1,957,246	2,159,919	2,380,662

Change in interest rate

EUR '000	30 June 2020			31 December 2019		
	-10%	Output value	+10%	-10%	Output value	+10%
Austria	423,240	395,650	370,790	425,470	397,830	372,640
Germany	1,274,290	1,189,152	1,047,701	1,181,700	1,081,659	956,491
CEE	734,880	663,820	604,320	753,550	680,430	619,940
	2,432,410	2,248,622	2,022,811	2,360,720	2,159,919	1,949,071

3.2.5. Financial result

Net financial result consisted of the following:

EUR '000	01-06/2020	01-06/2019
Financing expense	-24,155	-27,853
Financing income	979	17,504
Results from companies measured at equity	1,364	7,830
	-21,812	-2,519

The financial result for the first half of 2019 included dividend income for the investments in IMMOFINANZ AG and CA Immobilien Anlagen AG in the amount of kEUR 17,000. As a result of the postponement of the Annual General Meetings of these two companies due to COVID-19, no corresponding dividend income could be recognised or received in the first half of 2020.

3.2.6. Taxes on income

EUR '000	01-06/2020	01-06/2019
Current tax expense	-6,585	-2,733
Deferred tax income/expense	2,681	-20,132
	-3,903	-22,865

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, the Czech Republic, 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.

EUR '000	Austria		Germany		CEE		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Rental income	9,578	9,500	27,032	24,552	23,962	24,053	60,572	58,105
Revenues from operating costs	1,970	2,065	6,174	5,281	7,852	8,832	15,996	16,178
Revenues from hotel operations	5,102	13,812	0	0	6,080	12,899	11,182	26,711
Total revenues	16,650	25,377	33,206	29,833	37,894	45,784	87,750	100,994
Other operating income	245	206	219	372	623	400	1,086	978
Property operating expenses	-3,265	-4,201	-15,565	-13,869	-13,246	-12,925	-32,076	-30,995
Hotel operating expenses	-6,007	-10,065	0	0	-5,045	-8,255	-11,052	-18,320
Gross profit	7,623	11,317	17,860	16,336	20,225	25,003	45,708	52,657
Gains on property disposals	0	0	0	0	0	0	0	0
Management expenses	-5,239	-5,718	-3,247	-2,957	-1,096	-697	-9,583	-9,372
EBITDA	2,384	5,599	14,612	13,379	19,129	24,306	36,125	43,285
Depreciation and amortisation	-2,401	-2,267	-93	-84	-2,035	-1,747	-4,529	-4,098
Results from property valuation	-2,180	12,830	32,888	93,268	-20,481	28,010	10,226	134,108
EBIT	-2,197	16,162	47,407	106,563	-3,387	50,570	41,822	173,295
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Non-current assets	881,387	1,039,618	1,189,951	1,114,859	765,139	782,753	2,836,476	2,937,229
Non-current liabilities	733,643	776,139	467,529	449,390	399,347	378,442	1,600,518	1,603,971

5. Other obligations and contingent liabilities

In S IMMO Group there were a number of open legal disputes as of 30 June 2020. 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 2020, 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

- Ernst Vejdovszky, Vienna (CEO)
- Friedrich Wachernig, MBA, Vienna

S IMMO AG Supervisory Board

- Martin Simhandl, Vienna (Chairman)
- Franz Kerber, Graz (First Deputy Chairman)
- Wilhelm Rasinger, Vienna (Second Deputy Chairman)
- Andrea Besenhofer, Vienna
- Hanna Bomba, Vienna
- Christian Hager, Krems
- Manfred Rapf, Vienna
- Karin Rest, MBA, Vienna

As of 30 June 2020, 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 2020, there were receivables of kEUR 11,655 (31 December 2019: kEUR 8,641) resulting from these loans. For these loans, interest income in the amount of kEUR 380 arose in the first half of 2020 (HY 2019: kEUR 184). Other than this, no transactions were conducted with associated companies or joint ventures that are recognised according to the equity method.

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

7. Significant events after the balance sheet date

S IMMO AG purchased 2,700,000 IMMOFINANZ AG shares in the amount of around EUR 41.3m in the wake of IMMOFINANZ AG's capital increase in July 2020. Moreover, S IMMO AG also bought subordinated mandatory convertible notes, which were also placed by IMMOFINANZ AG in July 2020, in the amount of EUR 18m.

Vienna, 25 August 2020

Management Board

Ernst Vejdovszky 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

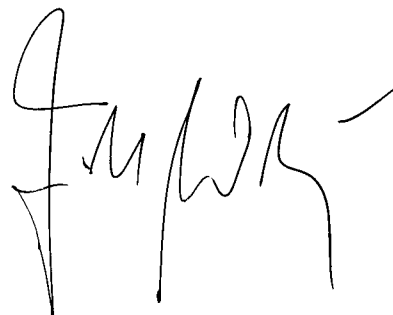
financial statements, of the principal risks and uncertainties for the remaining six months of the financial year, and of the major related party transactions to be disclosed.”

Vienna, 25 August 2020

The Management Board



Ernst Vejdovszky



Friedrich Wachernig, MBA

Financial calendar 2020

25 August 2020	Results for the first half-year 2020
02 October 2020	Record date Annual General Meeting
12 October 2020	Annual General Meeting
19 October 2020	Ex-dividend date
20 October 2020	Dividend record date
21 October 2020	Dividend payment date
24 November 2020	Results for the first three quarters 2020



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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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