



Entrepreneurs develop **value**

Annual Report 2016

Key figures

		31 December 2016	31 December 2015	31 December 2014
Revenues	EUR m	198.754	190.697	188.491
whereof rental income and revenues from hotel operations	EUR m	161.097	157.231	153.949
EBITDA	EUR m	92.468	88.748	89.827
EBIT	EUR m	278.680	165.698	138.744
EBT	EUR m	216.471	112.253	59.522
Consolidated net income	EUR m	204.323	77.249	33.840
Total assets	EUR m	2,278.900	2,067.356	1,894.672
Equity	EUR m	824.342	646.595	581.252
Liabilities	EUR m	1,454.558	1,420.760	1,313.420
Equity ratio	in %	36	31	31
Operating cash flow	EUR m	86.339	83.889	85.838
Cash flow from investing activities	EUR m	-39.159	-141.120	47.875
Cash flow from financing activities	EUR m	-35.750	30.061	-106.653
Cash and cash equivalents as at 31 December	EUR m	66.029	50.683	74.697
NOI margin	in %	52	53	54
FFO I	EUR m	40.138	35.019	21.295
FFO II	EUR m	75.658	40.021	37.874
Earnings per share	EUR	2.98	1.17	0.46
Book value per share	EUR	12.02	9.34	8.31
Share price discount from book value per share	in %	17	12	26
Operating cash flow per share	EUR	1.30	1.26	1.28
Property portfolio	EUR m	2,063.872	1,960.648	1,764.359
whereof properties under construction	EUR m	20.801	16.201	14.452

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039 **Entrepreneurs develop value**

As dedicated entrepreneurs, we have to constantly ask ourselves: Where do we want to go and how will we get there? We manage our markets sustainably and focused on opportunities. In doing so, we develop value. This is the basis of our business model and our promise to our investors. Let's take a look at the projects we are paying particular attention to this year.

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There are a lot of things that can be said about the year 2016, but you certainly couldn't call it boring. Brexit, the US elections and geopolitical uncertainties dominated the headlines, while the capital markets achieved records and the real estate industry benefited from an extremely favourable environment. Low interest rates and constantly growing demand from investors brought about a sharp rise in property prices on many markets.

As a real estate entrepreneur, our task is to use the cycles that properties traditionally go through to our benefit. In the current market environment, this means cashing in and taking profits in some cases. In this context, we sold part of our German portfolio extremely profitably in summer 2016. This sale made a significant contribution to the record result that we can now present to you in this annual report.

Record year in 2016

We increased consolidated net income from EUR 77.2m to EUR 204.3m. Accordingly, earnings per share improved to EUR 2.98. This record result is attributable not least to a very strong revaluation result. We not only achieved value enhancements in Germany, but also recorded revaluation gains in CEE. EPRA NAV increased by 24.4% to EUR 14.62 as at 31 December 2016.

Focus on project developments

We were also active as a buyer in 2016 and added a number of properties to our Germany portfolio in particular. Owing to the high price level on the property markets, however, we only consider acquisitions to be worthwhile in individual sub-sectors. Instead, our main focus in the coming months will be on our many exciting project developments. Among other projects, we are developing a residential property in Vienna, constructing an office property in a prime location in Bucharest, extending our Sun Plaza shopping centre – also in Bucharest – and have begun an office development in Bratislava. At the same time, exciting office projects are under way in Berlin. With these measures, we are sustainably creating value for the future of S IMMO.

Strong performance of S IMMO share

On the capital market, our investors are benefiting from our value-creating strategy. S IMMO's share price rose by more than 20% in 2016 and ended the year at EUR 10.00. It thus outperformed both the ATX, which posted an annual performance of 9.24%, and our sector index IATX, which increased by only 4.86%. Our share also recorded further increases in the first few weeks of the new year. As a company whose share has now become established as a dividend-paying stock, we naturally want you to profit from our record result with a distribution as well. At the Annual General Meeting on 08 June 2017, we will propose a dividend of EUR 0.30 plus a bonus dividend of EUR 0.10, resulting in a total distribution of EUR 0.40.



Ernst Vejdovszky, Friedrich Wachernig

Agenda for 2017

We intend to take advantage of the favourable market conditions this year and are currently examining the sale of a number of properties. Acquisitions are planned in cases where the price level is still attractive and there are good opportunities for us. In particular, we are focusing on medium-sized German cities where the yield potential is still high. We will also continue to focus on our project developments. In addition, we are currently investing capital in shares of property companies that trade considerably below NAV (CA Immo and Immofinanz).

Our declared corporate goal is to create value for you on a long-term basis. We will continue to pursue this goal with great commitment and entrepreneurial ambition in 2017.

We would like to thank you for the trust you have placed in us, and look forward to another exciting and successful year for S IMMO AG.

The Management Board

A stylized, handwritten signature in black ink, appearing to be 'E. Vejdovszky'.

Ernst Vejdovszky

A handwritten signature in black ink, appearing to be 'F. Wachernig'.

Friedrich Wachernig

The potential for increasing value is essential

S IMMO manages its portfolio with the clear goal of sustainably creating value. For this purpose, it makes strategic use of property cycles. Currently there is a comparatively high price level in the markets in which S IMMO operates. This environment is suitable for acquisitions to a limited extent only. In this interview, the Management Board talks about the measures that resulted in success in 2016 and the plans that S IMMO has for the near future.

First of all, congratulations on achieving this record result. What is it that makes S IMMO so successful?

Ernst Vejdovszky: Not least the fact that in 2016 we reaped the benefits of decisions that we had made many years before. Around ten years ago, we went to Germany and acquired major portfolios, particularly in Berlin. This was around the same time that others were focusing on much riskier markets. We were harshly criticised back then because the general consensus was that Germany was a boring market offering no potential. Over the past few years, we have proven the opposite. Not only do we consistently earn good returns there, but we were able to realise some truly impressive profits – primarily through the sale of a part of our Germany portfolio this summer. These profits are also a key driver of our record result.

What prompted you to dispose of 20% of your space in Germany?

Ernst Vejdovszky: An important element of our corporate strategy is taking advantage of cycles that properties go through. Everything revolves around the right time to buy and sell. On the whole, you don't always catch exactly the perfect moment, but you can try to get close. We believe that the rise in prices Berlin has experienced in recent years – mainly affecting residential properties – will not last for too much longer to this extent. We are also seeing increasing political efforts to intervene more heavily in the formulation of rent prices, the key word being rent price caps. From our perspective, it was an optimum time to sell off parts of the portfolio. However, you should bear in mind that we are still invested with 80% of our original property portfolio,



“Whether we buy, sell or develop – sustainable decisions are based on logical arguments and commercial considerations.”
Ernst Vejdovszky

and we still have more than 70 properties in Berlin. But it was time to cash in and take some of the profits.

When you talk about making profits, the next question that immediately presents itself is: what are you going to do with the money?

Friedrich Wachernig: That's an excellent question, but it's not at all easy to answer in the current environment. We're already seeing an extremely high price level in many of our markets, meaning that the environment is not necessarily ideal for acquisitions. In our opinion, given the current situation it is much more logical to invest in project developments, but also in our existing properties.

Speaking of project development, you have a number of items on your agenda, isn't that right? What projects are you working on at the moment?

Friedrich Wachernig: Yes, our pipeline is well filled. Back in the summer of 2016, we started construction work on the office property THE MARK in Bucharest. We are building 24,000 m² of high-quality office space here and are striving to obtain BREEAM certification. In Bucharest, we are also currently expanding our shopping centre Sun Plaza. Around 40 new shops will be opened until spring 2018. In Vienna, we're working on a residential and office property on Siebenbrunnengasse in the up-and-coming fifth district. In Bratislava, we started development on the Einsteinova project in late autumn and over 80% is pre-let already. In tandem with this, we are working hard on a number of very exciting projects in Berlin. One example is the office development 101 Neukölln and a large plot in Adlershof, where we are currently screening various concepts. As you can see, there's a lot to do.

So you have no acquisitions planned at all in the current year?

Ernst Vejdovszky: We have set ourselves the goal of creating value – on a sustainable basis and in the interests of our shareholders. As already mentioned, the price level is high in many markets – meaning that the potential for increasing value is therefore correspondingly low. We think that now is not the right time to acquire additional properties at this level on a large scale. But there are of course still a few opportunities, particularly in smaller markets. We're currently looking very closely at a few German cities, including Leipzig for example. Both the demographic and economic data add up here and the current prices will allow for a stable return with additional value enhancing potential. We still have acquisitions planned in this segment.

Ongoing market changes also require ongoing adjustments to strategy. How would you describe this process?

Friedrich Wachernig: S IMMO operates like a traditional entrepreneur here. We have flat structures and short decision-making channels, which enable us to react very quickly to market conditions. We also have the right people in the right places – local

expertise is the be-all and end-all when it comes to anticipating trends and developments ahead of time. We know our markets, are flexible and have a clear focus when it comes to opportunities. Undoubtedly, this is what gives us a crucial advantage again and again. And it helps us keep our promise to our investors. In general, however, we will be sticking to our strategy of investing mainly in office and retail properties and making selective investments in residential properties in Germany.

As an entrepreneur, you must repeatedly be faced with criticism or different points of view. How do you deal with that?

Ernst Vejdovszky: The trick is to be able to evaluate which criticism to take to heart and which criticism you shouldn't let affect you. Over the past 30 years, I have gained some valuable

"We are entrepreneurs. This means that we think flexibly and get the most out of new circumstances."

Friedrich Wachernig



Einsteinova, Bratislava

The Einsteinova office building right next to the Old Town will offer around 23,500 m² of lettable space. The property is being built in accordance with the most stringent green building standards and is expected to obtain a BREEAM certificate rated "Excellent". Completion is scheduled for the end of 2017/beginning of 2018.



experience in this regard. Essentially, I'm a staunch advocate of remaining true to your convictions and opinions. But it's much less about having the frequently cited gut feeling, and much more about coming to a sensible and sustainable decision based on logical arguments and business considerations. That's not always the most exciting way of doing things – at least not in the immediate moment. But returning once again to the example of Germany: In the mid-2000s, not many people thought that Berlin would become sexy. And now everyone wants to be there.

You stress that Germany will continue to be a clear priority for you. But what's the situation with Eastern Europe?

Friedrich Wachernig: If you look at our project pipeline, you can clearly see that we are still very active in this region, too. In recent years, we have seen signs of a stable recovery, and cities like Bucharest and Budapest are now experiencing a clear and – above all – sustained upturn. We are also seeing this development reflected in our valuation gains. A value of EUR 19.2m has already come from revaluations of properties in the CEE region. After the drastic devaluations in 2009 we still have considerable potential, which we now intend to leverage on a gradual basis.

Does this mean that sales are also planned in CEE?

Friedrich Wachernig: Anything is possible. We're not a real estate museum. It's our job to generate value for our investors, and when an attractive and – above all – lucrative option to sell presents itself, then we analyse it very carefully. In any case, we're seeing a significantly greater number of investors again in this region than there were a few years ago.

Speaking of investors, last year you were very successful on the capital market as well. What are your future plans in this regard?

Ernst Vejdovszky: In 2016, the S IMMO share achieved a performance of over 20%, which we are of course delighted about! We are noticing a growing interest in our share at a lot of roadshows – and recently also a resurgence of interest in the British and US markets. A key contributing factor to the strong performance posted in recent years was undoubtedly the fact that in 2011 we decided to position the S IMMO share as a sustainable dividend-paying stock. We're pleased when we can enable our investors to share in the company's success in this way.

Nevertheless, your share is still listed well below EPRA NAV. Why is that?

Friedrich Wachernig: Unfortunately, this is the fate shared by almost all Austrian property stocks. Various factors are playing a role here: Eastern Europe is still a cause for concern in some places, then there is of course the loss of confidence since the crisis and the comparatively small size of the Austrian capital market. But we have gradually closed the gap between the share price and EPRA NAV over the past few years – we're very pleased about that. But it is a fact that in the present environment you can still get some property shares considerably below their inner value, and there is naturally also potential in this.

Is that the reason why you decided to invest in your competitors CA Immo and Immofinanz?

Ernst Vejdovszky: Precisely. As an entrepreneur, at the moment I would prefer to invest in assets that I can get for as much as 40% below their inner value than in properties where the value enhancing potential may have already been tapped. Our advantage is that we know both of these companies well and are able to evaluate them. Of course there are still a few problem areas here and there, but I'm very confident that the people in charge have the requisite expertise to resolve them.

So, in summary, we can expect 2017 to be another exciting year, is that correct?

Ernst Vejdovszky: Absolutely! We have some big plans. We have months of hard work ahead of us on our project developments. The level of work involved in transactions should not be underestimated either – whether they involve purchases or sales. And, at the same time, we will continue to be fully committed to our investors. Of course, we cannot neglect our ongoing business either, such as managing our portfolio, ensuring the satisfaction of our tenants and communicating with all our stakeholders. The year ahead has a lot of promise and I'm looking forward to what's in store.

Let's finish with a question that is not really related to your day-to-day business. You've been increasingly involved in financial literacy since last year. What can you tell us about that?

Friedrich Wachernig: We asked ourselves why it is that so few Austrians (current studies put the figure at about 5%) invest in shares. We believe one key factor to be that our school system doesn't teach nearly enough about finance. We are very concerned about this and want to do our bit to help in order to raise awareness for that topic.

What does this "bit" involve exactly?

Friedrich Wachernig: We're working with a number of different channels. One way we're approaching this subject is rather playful: We have initiated the Aktien Trophy (www.aktientrophy.at) to familiarise young adults – and others who are young at heart – with the topic of share in a playful way. We also regularly publish financial material in an easy-to-understand format on our blog (blog.simmoag.at), as well as organise podium discussions and events. Our aim is to introduce this subject to a wider audience and keep things simple and clear. I firmly believe that a basic financial education is absolutely essential for people to lead financially independent and self-determined lives, and this education should begin when people are young.

Sun Plaza, Bucharest

The shopping centre was opened in 2010 and is one of the largest development projects in S IMMO's history. A total area of 20,000 m² is currently being redesigned and will provide space for up to 40 new shops.



Management Board

Ernst Vejdovsky

CEO

Born: 30 October 1953
Appointed until: 30 June 2019
First appointed: 01 January 2001

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

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

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

Friedrich Wachernig, MBA

Member of the Management Board

Born: 28 June 1966
Appointed until: 14 November 2019
First appointed: 15 November 2007

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

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

Supervisory Board

Martin Simhandl

Chairman of the Supervisory Board

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

Chairman of the Audit Committee
Chairman of the Management Board
Committee

CFO at Vienna Insurance Group AG
Wiener Versicherung Gruppe

Other Supervisory Board appointments:
Wiener Börse AG; Erste Asset Management GmbH et al.

Ralf Zeitlberger

First Deputy Chairman of the Supervisory Board

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

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

Head of Group Corporate Workout at
Erste Group Bank AG

Other Supervisory Board appointments:
Let's Print Holding AG until 19 July 2016

Franz Kerber

Second Deputy Chairman of the Supervisory Board

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

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

Deputy Chairman at Steiermärkische Bank
und Sparkassen AG

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

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

Andrea Besenhofer

Member of the Supervisory Board

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

Member of the Working Committee

Division Manager of Group Services at
Erste Group Bank AG; Managing Director
of OM Objektmanagement Ges.m.b.H.

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

Christian Hager

Member of the Supervisory Board

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

Member of the Board at KREMSEK BANK
und Sparkassen AG

Erwin Hammerbacher

Member of the Supervisory Board

Born: 27 May 1957
Appointed until: AGM in the year 2018
First appointed: 28 May 2008

Member of the Audit Committee
Member of the Working Committee

Member of the Board at Sparkassen Versi-
cherung AG Vienna Insurance Group

Michael Matlin, MBA

Member of the Supervisory Board

Born: 07 January 1964
Appointed until: AGM in the year 2020
First appointed: 21 May 2010

Managing Director of Concord Manage-
ment LLC (consultancy firm for investment
strategy); Member of the Investment
Advisory Committee for the Carlyle
European Real Estate Funds

Wilhelm Rasinger

Member of the Supervisory Board

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

Member of the Audit Committee

Chairman of the Austrian Shareholder
Association (IVA); Chairman of the
Supervisory Board at Friedrichshof
Wohnungsgenossenschaft

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

Other appointments:
Appointment on the Board of HATEC
Privatstiftung, Dornbirn

Dear Shareholders,

The year 2016 was another very successful period for S IMMO AG. The company once again considerably increased its net income in 2016. The outstanding financial year, the robust business model and the existing potential of the company are also reflected by the performance of the S IMMO share. It was listed at EUR 10.00 as at 31 December 2016, having gained 21.95% year-on-year.

In the months ahead, the company will continue working to ensure it can keep on generating healthy income for its shareholders both now and in the future. As in the previous financial years, the Supervisory Board will advise and assist the Management Board in all its undertakings. I am particularly pleased to inform you that the Supervisory Board has extended the Management Board mandate of Friedrich Wachernig until 14 November 2019.

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

S IMMO AG's 27th Annual General Meeting was held on 03 June 2016 at the Vienna Marriott Hotel. The agenda items and voting results were posted on the company's website, www.simmoag.at. In addition, six Supervisory Board meetings were held in the reporting period, at which the average attendance of Supervisory Board members was 85%. No members were absent at more than half of the meetings.

At the six Supervisory Board meetings, the Supervisory and Management Boards of S IMMO AG discussed the Group's economic situation, its risk and opportunity management, its strategic direction and its business development. The Management Board reported at the meetings on the Group's business affairs and finances as well as on strategic issues. In 2016, no agenda items were discussed at any Supervisory Board meeting without the attendance of any Management Board members.

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



Martin Simhandl

The Supervisory Board has formed three committees: the Management Board Committee (Remuneration Committee), the Audit Committee and the Working Committee. The duties and composition of the committees are detailed in the corporate governance section of this report on page 15.

The Audit Committee exercised the duties and authority assigned to it by law, and met twice in the year under review. Its agenda particularly covered the accounting process, auditing of the consolidated financial statements, the Internal Control System, risk management and the audit system as well as compliance and anti-corruption issues.

In preparation for the Supervisory Board's nomination of auditors for the company's individual and consolidated annual financial statements, the Audit Committee reviewed the documentation submitted by PwC Wirtschaftsprüfung GmbH evidencing their authorisation to practise as auditors. A written report confirmed that there were neither grounds for exclusion nor any circumstances that could give rise to concerns about conflicts of interest. A schedule of the total remuneration paid to PwC Wirtschaftsprüfung GmbH by S IMMO AG, itemised by category,

ries of services, in particular also remuneration for additionally performed non-audit services, was requested and reviewed. When selecting the auditors of the individual and consolidated financial statements, the Audit Committee also took into account the appropriateness of the auditor's fee. It was also confirmed that PwC Wirtschaftsprüfung GmbH complies with the legally required quality assurance measures for maintaining audit quality. The Audit Committee reported to the Supervisory Board on the outcomes of its reviews and its findings in these matters. On this basis, the Supervisory Board proposed to the Annual General Meeting the appointment of PwC Wirtschaftsprüfung GmbH as auditors of the company's individual and consolidated annual financial statements for the financial year 2016.

The Audit Committee of the Supervisory Board also accepted the submission of the annual financial statements as at 31 December 2016 by the Management Board, together with the management report and the corporate governance report. In the course of this review, the Management Board's proposal for the distribution of profits was also discussed. The Audit Committee also reviewed the consolidated annual financial statements as at 31 December 2016 prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU together with the Group management report. On the basis of its review and discussions, the Audit Committee recommended to the Supervisory Board the acceptance of the company's individual annual financial statements and their adoption in accordance with section 96 para 4 Austrian Stock Corporation Act (AktG) and the acceptance of the Group's consolidated financial statements. The Supervisory Board discussed in detail and reviewed the individual annual financial statements as at 31 December 2016, including the management and corporate governance reports, the consolidated financial statements as at 31 December 2016 prepared in accordance with the International Financial Reporting Standards including the Group management report and the distribution of profits proposed by the Management Board.

The Audit Committee and the Supervisory Board also reviewed and discussed with PwC Wirtschaftsprüfung GmbH the audit reports submitted by PwC Wirtschaftsprüfung GmbH on the individual annual financial statements as at 31 December 2016 including the management report and the consolidated annual financial statements as at 31 December 2016 including the Group management report. No objections were raised by PwC Wirtschaftsprüfung GmbH in the course of their audit of the annual financial statements and the management reports of the company and the Group for the year ended 31 December 2016. PwC Wirtschaftsprüfung GmbH confirmed that the individual annual financial statements as at 31 December 2016 comply with the statutory requirements and give a true and fair view of

the assets and finances of S IMMO AG as at 31 December 2016 and of its earnings for the year ended on that date, and are in accordance with generally accepted Austrian accounting principles. The management report is consistent with the individual annual financial statements as at 31 December 2016. PwC Wirtschaftsprüfung GmbH further confirmed that the consolidated annual financial statements as at 31 December 2016 comply with the statutory requirements and give a true and fair view of the assets and finances of the Group as at 31 December 2016 and of its earnings for the year ended on that date, and are in accordance with the IFRS as adopted for the EU as well as the additional requirements of section 245a Austrian Commercial Code (UGB). The Group management report is consistent with the consolidated financial statements as at 31 December 2016. The disclosures pursuant to section 243a Austrian Commercial Code (UGB) are appropriate.

The review by the Audit Committee and Supervisory Board gave no grounds for objection. The Supervisory Board declared that it had nothing to add to the audit reports by the auditors. The Supervisory Board therefore resolved to accept without objection the individual annual financial statements and management report for the year ended 31 December 2016 prepared by the Management Board, and the consolidated annual financial statements (prepared in accordance with the IFRS as adopted for the EU) and Group management report for the year ended 31 December 2016. The Supervisory Board also resolved to accept the Management Board's proposal for the distribution of profits. In accordance with section 96 para 4 Austrian Stock Corporation Act (AktG), the individual annual financial statements as at 31 December 2016 were therefore adopted.

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

And finally on behalf of the Supervisory Board, I would like to thank the Management Board and staff of S IMMO AG for their hard work and dedication each and every day during the past year and wish them a successful financial year 2017.

Vienna, April 2017
The Supervisory Board



Martin Simhandl, Chairman

Corporate Governance Report

1. Clear commitment to the Austrian Code of Corporate Governance

The Austrian Code of Corporate Governance contains rules and principles relating to transparency and sound corporate management. S IMMO AG has subscribed to the Austrian Code of

Corporate Governance (ÖCGK) since 2007. This code is available on the website of the Austrian Working Group for Corporate Governance. Notwithstanding the excep-

tions set out and explained below, the Management Board and Supervisory Board of S IMMO AG declare full observance of and compliance with the C Rules of the ÖCGK.

Exceptions to the C Rules

S IMMO AG does not fully comply with the following C Rules of the Austrian Code of Corporate Governance:

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

The 66,917,179 shares in S IMMO AG are construed in accordance with the principle "one share – one vote". All shares carry the same rights. In particular, there are no registered shares with special rights such as nomination of Supervisory Board members or preference shares. The only restriction regarding the voting right associated with all shares exists in the context of the maximum voting right provided for in section 13 para 3 of the articles of incorporation. At the Annual General Meeting the voting rights of each shareholder are accordingly limited to 15% of the issued share capital. For this purpose, shares held by companies that together constitute a group for the purposes of section 15 Austrian Stock Corporation Act (AktG) are to be aggregated, as are shares held by third parties for the account of the relevant shareholder or the account of a company forming part of a group with that shareholder. Holdings of shares by shareholders exercising their voting rights in concert in virtue of an agreement or as part of coordinated behaviour are also to be aggregated. The maximum voting right is intended to restrict the influence of major shareholders. It thus serves to protect minority shareholders. S IMMO AG therefore believes that the maxi-

imum voting right is consistent with sound management. The maximum voting right was adopted on 03 May 2006 at the 17th Annual General Meeting of S IMMO AG.

C Rule 41: "The Supervisory Board shall appoint a nominations committee."

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

C Rule 49: "The company shall disclose in its annual report details of the objects and remuneration of contracts and agreements requiring approval under L Rule 48. Summary disclosure of agreements of similar kinds is permissible."

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

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

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

Information on Corporate Governance:
www.simmoag.at/en/cg
www.corporate-governance.at

2. Composition of managing bodies and remuneration

Management Board

In the last financial year, the Management Board consisted of two members. More detailed information about the individual members and their responsibilities is shown in the overview of management bodies on page 8 of this report. The members of the Management Board keep each other informed of all important business events and developments at all times and discuss the progress of business. There is an ongoing exchange of information with the managers responsible for the various departments.

Remuneration of the Management Board

Remuneration of the Management Board consists of a fixed component and a variable component. The fixed basic salary is based on the scope of tasks and responsibilities of each Management Board member as well as their years of service. The basic salary is paid out 14 times per year. The criteria for variable profit-sharing are the attainment of quantitative and qualitative targets such as EBT, cash flow, one-year share performance and the sales volume, with the maximum limit being set at around one year's annual fixed remuneration. The fulfilment of the performance criteria is determined on the basis of the audited and adopted annual financial statements and other documented target attainment records.

Overall, in 2016, the Management Board received total remuneration of EUR 946,308 (2015: EUR 861,886), including contributions to pension funds of EUR 53,005 (2015: EUR 52,721) and

contributions to the employees' severance pay and pension fund of EUR 13,840 (2015: EUR 12,478). The fixed remuneration of Mr. Vejdovszky also contains a compensatory allowance for late commencement of pension. Moreover, the pension reserve for Ernst Vejdovszky had to be increased in accordance with IAS 19 by EUR 112,691 (2015: release of EUR 15,590) primarily due to the reduction of the applicable interest rate from 2.5% to 1.6%.

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

D&O insurance

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

Supervisory Board

As at 31 December 2016, the Supervisory Board consisted of eight members. Information on the Supervisory Board members, their positions, their principal occupations and other Supervisory Board appointments can be found in the overview of management bodies on page 9.

Criteria for independence

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

- A Supervisory Board member should not have been a member of the Management Board or an executive officer of S IMMO AG or one of its subsidiaries in the preceding five years.
- A Supervisory Board member should not maintain, or in the preceding year have maintained, a business relationship of material importance to that Supervisory Board member with S IMMO AG or one of its subsidiaries. This also applies to business relationships with enterprises in which the Supervisory Board member has a material interest. The approval of individual transactions by the Supervisory Board in accordance with L Rule 48 does not automatically mean that a person is not independent.
- A Supervisory Board member should not have served as statutory auditor of S IMMO AG, or have had an interest in, or been an employee of the auditing firm in the preceding three years.
- A Supervisory Board member should not be a member of the management board of another company where a member of

Total Management Board remuneration

2016 in EUR	Vejdovszky	Wachernig
Fixed remuneration	321,024	208,176
Variable remuneration	203,558	146,705
Other remuneration	38,356	28,489
Total	562,938	383,370

2015 in EUR	Vejdovszky	Wachernig
Fixed remuneration	256,239	206,766
Variable remuneration	184,746	148,936
Other remuneration	36,868	28,331
Total	477,853	384,033

the Management Board of S IMMO AG is a member of that company's Supervisory Board.

■ A Supervisory Board member should not be a member of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with an entrepreneurial investment or who represent the interests of such a shareholder.

■ A Supervisory Board member should not be a close family member (direct descendant, spouse, lifetime partner, parent, uncle, aunt, sibling, nephew, niece) of a member of the Management Board or of persons in any of the positions described above.

The following members of the Supervisory Board, who together constitute the majority of the Supervisory Board, declared themselves to be independent in the meaning of C Rule 53 of the Code of Corporate Governance.

- Andrea Besenhofer
- Franz Kerber
- Christian Hager
- Erwin Hammerbacher
- Michael Matlin, MBA
- Wilhelm Rasinger
- Ralf Zeitlberger

Of the independent members as per C Rule 53, a further three members of the Supervisory Board were not shareholders with a stake of more than 10% or represented the interests of such a shareholder pursuant to C Rule 54 of the Code of Corporate Governance:

- Franz Kerber
- Christian Hager
- Wilhelm Rasinger

Remuneration of the Supervisory Board

Remuneration including meeting fees paid to Supervisory Board members totalled EUR 175,500 (2015: EUR 108,500).

Total Supervisory Board remuneration		
in EUR	2016	2015
Simhandl	30,000	18,500
Zeitlberger	29,500	17,000
Kerber	28,500	13,000
Besenhofer	18,500	13,000
Hager	15,000	11,000
Hammerbacher	21,500	13,000
Matlin	13,500	11,000
Rasinger	19,000	12,000
Total	175,500	108,500

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

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

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

The Management Board runs the company – its allocation of tasks is set out in the overview of management bodies on page 8. The Management Board also provides the Supervisory Board with information about all material aspects of the progress of business and all strategic considerations. They jointly pursue the aim of managing the company responsibly with a long-term approach geared towards sustainable value creation and lasting corporate success. The Management Board and Supervisory Board work very closely together in the interest of the company. The intensive, ongoing dialogue between the two bodies forms the basis for this.

In its meetings, the Supervisory Board monitors the management of the business as well as the finances, strategy, performance and risk management of the company. Investment projects above a specific volume also require approval from the Supervisory Board. The Supervisory Board has formed three committees, which are listed below.

During the year under review, there were six Supervisory Board meetings. No Supervisory Board member was absent at more than half of the Supervisory Board meetings.

Supervisory Board committees

Audit Committee

The functions of the Audit Committee include monitoring the accounting and reporting process and the work of the auditors, monitoring the effectiveness of the Internal Control System and the risk management system, and monitoring the process of auditing the Group's financial statements. The Audit Committee consists of the following members: Martin Simhandl (Chairman), Erwin Hammerbacher, Franz Kerber, Wilhelm Rasinger and Ralf Zeitlberger. In virtue of their experience and specialist knowledge of finance and accounting, Martin Simhandl and Ralf Zeitlberger are the committee's financial experts. The Audit Committee met twice during the year under review.

Management Board Committee (Remuneration Committee)

The Management Board Committee is responsible for negotiating, concluding and amending the contracts of Management Board members. The committee consists of the following members: Martin Simhandl (Chairman), Franz Kerber and Ralf Zeitlberger. The Management Board Committee did not meet in 2016.

Working Committee

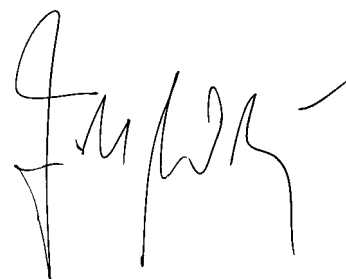
The Working Committee has been given authority by the Supervisory Board to approve certain transactions up to a specified maximum value, where due to lack of time or other organisational constraints seeking the approval of the full Supervisory Board would be impractical. This applies in the case of the purchase or sale of properties up to a certain risk level as defined in the Supervisory Board's rules and procedures. The members of the Working Committee are Ralf Zeitlberger (Chairman), Andrea Besenhofer, Erwin Hammerbacher and Franz Kerber. Two meetings of the Working Committee were held in the year under review. In addition, the Working Committee decided on one motion by way of written circular resolution.

4. Measures for the advancement of women

S IMMO AG has set itself the aim of continuously increasing the proportion of women in management positions and is expressly committed to the advancement of women in management positions. The company places great emphasis on the advancement of women when filling senior managerial positions. As at 31 December 2016, 57% of the workforce and 44% of managers were female. Specific measures to appoint women to the Management Board will be considered when a change to the composition of the Management Board is due. With the company's best interests in mind, the emphasis when making appointments to the Management Board and the Supervisory Board has been on the maximum possible degree of professional skill and international experience. Considerations such as gender are taken into account only as a secondary factor. When men and women are equally qualified and experienced, women are given preference. There were no women on the Management Board of S IMMO AG in the year under review. As at 31 December 2016, the proportion of women on the Supervisory Board was 12.5%.



Ernst Vejdovszky



Friedrich Wachernig

S IMMO on the capital market

Capital market environment

The year 2016 was an eventful period on the stock markets, dominated in particular by major political changes. Donald Trump's election as US president in November led to rising

share prices on Wall Street up to the end of the year. The Dow Jones Industrial Index (DJII) came close to the 20,000-point mark, reached a new all-time high in 2016 and ended the year at 19,762.60

points. This equates to an increase of 13.42%. A robust employment market, sound domestic consumption, a predictable interest-rate policy of the US Federal Reserve, which increased the base rate again, and the strong US dollar were additional factors in the economic upturn in the US.

The Brexit vote in the United Kingdom had a substantial impact on the financial markets in Europe, with the stock markets picking up again after initial losses. The long-term effects of this exit remain calculable to a limited extent only. In the fourth quarter of

2016, the European Central Bank (ECB) extended its bond-buying programme until the end of 2017, and raised the prospect of maintaining a low base rate in the longer term. This boosted the European stock markets at the end of the year. The German DAX share index, which recorded its worst start to a year in 25 years in 2016, ended the year at 11,481.06 points, an all-time high. The Austrian ATX benchmark index ended the year at 2,618.43 points, having gained 9.24% in the course of 2016. In contrast with 2015, property shares no longer outperformed the overall market in the reporting period. This is reflected by the sector index for Austrian property shares IATX, which rose by 4.86% in 2016. As the interest rate curve in Europe increased slightly despite the ECB's base rate policy, leading to the possibility of a slight deterioration in the refinancing environment, the market took a more cautious view of property companies.

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Price performance of the S IMMO share

The S IMMO share continued its outstanding trend in 2016. At the end of the year, the share was listed at EUR 10.00, having gained 21.95%. After rising by more than 30% in the previous year, it achieved another significant increase in 2016.

S IMMO as a dividend-paying stock

S IMMO AG has the stated aim of creating value for its shareholders. The dividend for the financial year 2015, to be paid on 10 June 2016, was increased to EUR 0.30 per share. On the basis of the excellent results for 2016, a dividend of EUR 0.30 plus a bonus dividend of EUR 0.10, resulting in a distribution of EUR 0.40, will be proposed at the Annual General Meeting on 08 June 2017. The positioning of the S IMMO share as a sustainable dividend-paying stock corresponds to the long-term-oriented strategy of the company.

Share price development

indexed (01 January 2016 to 31 December 2016)

■ S IMMO share ■ ATX ■ IATX



Performance

as at 31 December 2016

	S IMMO share	S IMMO INVEST participating certificates	
ISIN	AT0000652250/SPI	AT0000795737 (initial listing 1996)	AT0000630694 (initial listing 2004)
One year	21.95%	10.59%	10.54%
Three years, p.a.	23.65%	8.80%	8.81%
Year-end closing price in EUR	10.00	90.00	90.00
Ticker symbols	Reuters: SIAG.VI, Bloomberg: SPI:AV	Reuters: SIMIg.VI, Bloomberg: SIIG:AV	
Market	Vienna Stock Exchange	Vienna Stock Exchange	
Market segment	Prime Market	other securities.at	
Index	GPR General/IATX	-	
Market capitalisation (31 Dec. 2016)	EUR 669.17m	EUR 54.41m	
Number of securities (31 Dec. 2016)	66,917,179	486,844	117,758
Market maker	Erste Group/Baader Bank/ Hauck & Aufhäuser		

S IMMO bonds

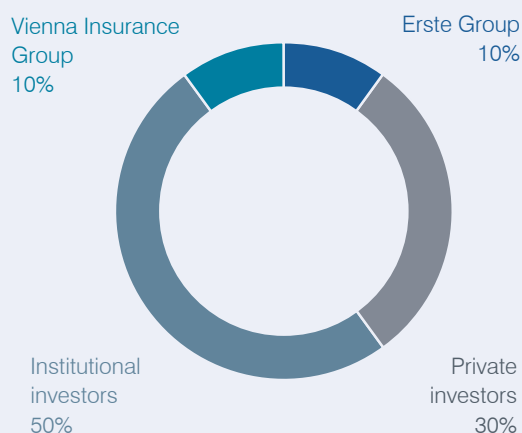
ISIN	Maturity	Coupon	Total nominal value in kEUR
AT0000A19SB5	02 October 2019	3.00%	100,000.00
AT0000A177D2	16 June 2021	4.50%	89,739.50
AT0000A1DBM5	08 April 2025	3.25%	33,993.50
AT0000A1DWK5	20 April 2027	3.25%	65,000.00

Investor relations activities

The management and the investor relations team met existing and potential investors in close to 100 face-to-face meetings at 17 international roadshows and conferences throughout 2016. For instance, talks with S IMMO were keenly sought at the annual investment conferences in London, Paris, Frankfurt, Zürs and Stegersbach. As a result, S IMMO gained new shareholders from Switzerland, the United Kingdom, Poland and Hungary.

S IMMO invests in its properties in order to develop sustainable value. Consequently, as well as attending conferences and roadshows, the investor relations team travelled to Berlin, Bratislava and Bucharest with investors, enabling them to see the quality of S IMMO's properties and the positive mood in the respective cities for themselves.

Shareholder structure 2016



Share data

		2016	2015
Closing price at year-end	EUR	10.000	8.200
High	EUR	10.185	8.900
Low	EUR	7.060	6.111
Average daily turnover for the last 100 days	shares	112,522	63,222
Earnings per share (EPS)	EUR	2.98	1.17
Book value per share	EUR	12.02	9.34
Share price discount from book value per share	in %	17	12
FFO I per share	EUR	0.60	0.52
FFO II per share	EUR	1.14	0.60
Dividend per share *	EUR	0.30	0.24

* The dividend that was distributed in 2016 and 2015 relates to the preceding financial year.

Capital market transactions

In 2016, the Management Board of S IMMO AG approved a share repurchase programme that the Annual General Meeting authorised on 03 June 2016. Under this programme, a total of 525,421 S IMMO shares were repurchased between 04 October and 09 December 2016. This equates to around 0.79% of the current share capital. S IMMO also repurchased 21,476 participating certificates in the reporting period. The repurchased participating certificates were retired.

S IMMO equity story:
www.simmoag.at/en/equitystory

Annual General Meeting

S IMMO AG's 27th Annual General Meeting was held on 03 June 2016 at the Vienna Marriott Hotel. The actions of the Management Board and the resolution on appropriation of retained earnings for 2015 were unanimously approved.

Management continuity

The Supervisory Board has extended the Management Board contract of CEO Ernst Vejdovszky until 30 June 2019. Likewise, the Management Board mandate of Friedrich Wachernig has been renewed until 14 November 2019. Management continuity thus remains in place at S IMMO AG.

Website and blog

S IMMO's company website was updated in November 2016. Important information and key figures of the company and its share are now more easily accessible and set out more transparently and intuitively. In addition, S IMMO has been regularly publishing articles in its company blog since January 2016. One aim of these articles is to raise awareness of the capital market and S IMMO's business.

Private shareholder event

In October 2016, S IMMO held a podium discussion on the topic of asset accumulation in times of dwindling interest rates and growing uncertainty in conjunction with the newspaper "Die Presse". The aim of this event was to bring the subject of the capital market and different investment options to a wider audience while presenting various expert opinions to existing or potential shareholders.

Management Report

Group fundamentals

Business activities and corporate structure

S IMMO Group is an international real estate group headquartered in Vienna, Austria. It also has subsidiaries in Berlin and Budapest. The property management company Maior Domus in Germany is also part of the Group. In addition, the Group includes numerous project, property and holding companies (please refer to section 2.2.4. of the notes). S IMMO AG has been listed on the Vienna Stock Exchange since 1987.

S IMMO Group manages long-term, income-producing property investments by developing, buying, letting, operating, renovating and selling properties in Austria, Germany, CEE (Czech Republic, Hungary and Slovakia) and SEE (Bulgaria, Romania and Croatia). The Group's activities also include property project development, the operation of hotels and shopping centres, the revitalisation and renovation of standing properties as well as asset management. S IMMO AG does not conduct research and development. The subsidiaries in Germany and Hungary have local responsibility for asset management and letting activities.

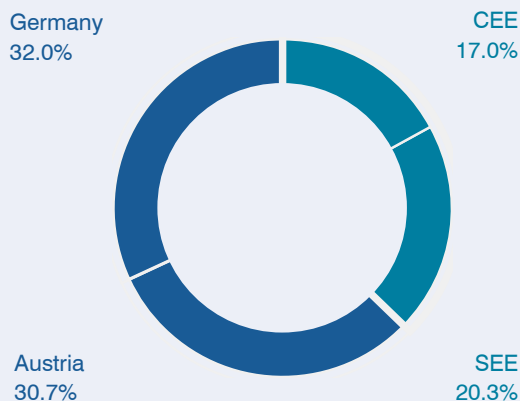
S IMMO had an annual average number of employees of 101 (annual average 2015: 92) in Austria, Germany, Hungary, Romania and Bulgaria (calculated on the basis of full time equivalents). Including hotel staff, the Group employed 575 (annual average 2015: 555) people.

Property portfolio

As at 31 December 2016, S IMMO Group's property portfolio consisted of 194 (31 December 2015: 222) properties with a book value of EUR 2,063.9m (31 December 2015: EUR 1,960.6m) and a total area of around 1.3 million m² (31 December 2015: 1.2 million m²). Most of the properties are located in capital cities within the European Union.

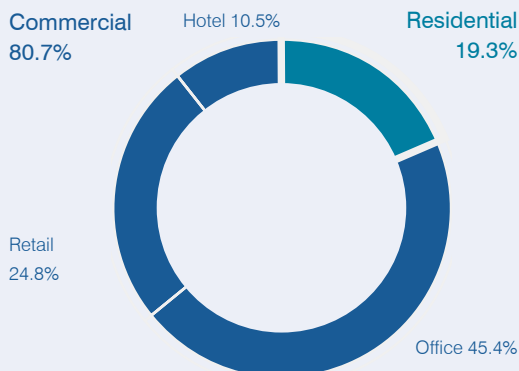
Properties in Austria accounted for 30.7% (31 December 2015: 29.6%), in Germany for 32.0% (31 December 2015: 33.1%), in SEE for 20.3% (31 December 2015: 19.4%) and in CEE for 17.0% (31 December 2015: 17.9%).

Book value by region*



* Including book value of land bank

Book value by property use type*



* Including book value of land bank

The portfolio broke down into 45.4% offices (31 December 2015: 40.7%), 24.8% retail properties (31 December 2015: 24.4%), 19.3% residential properties (31 December 2015: 24.2%) and 10.5% hotels (31 December 2015: 10.7%) as at 31 December 2016. The occupancy rate of the entire portfolio was 93.9% (31 December 2015: 92.7%). The calculation of the occupancy rate includes all investment properties for which no development potential has currently been identified. The overall rental yield amounted to 6.2% (31 December 2015: 6.7%).

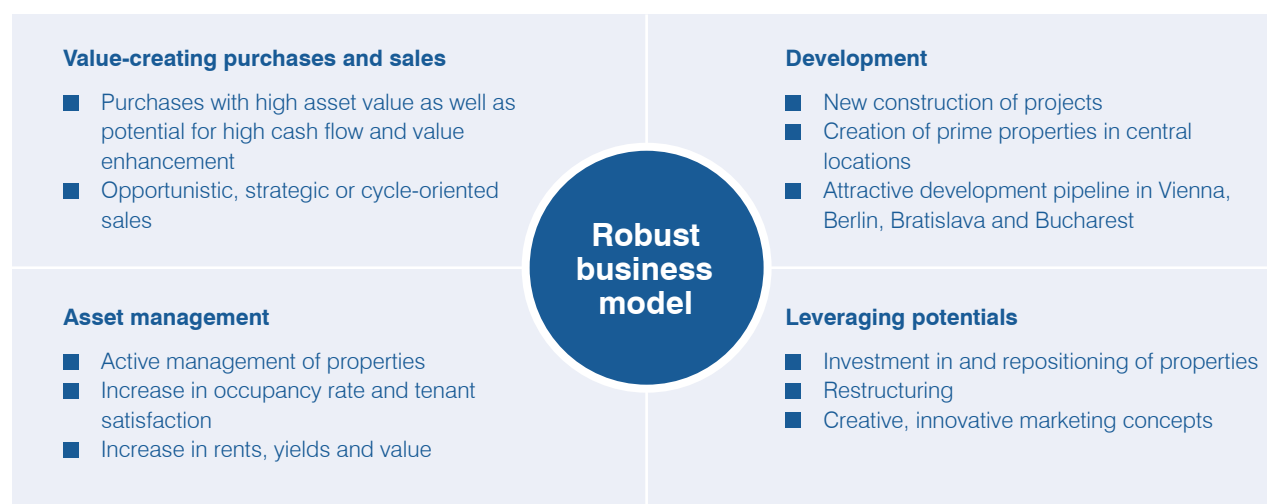
Overview of rental yields*

in %	31 December 2016	31 December 2015
Germany	5.1	5.4
Austria	5.0	5.8
SEE	8.7	9.3
CEE	7.6	7.5
Total	6.2	6.7

* The rental yield is the ratio of annual rental income generated to the property value. The calculation includes all investment properties for which no development potential has currently been identified. For acquisitions during the reporting period, rental income is calculated for a whole year.

Strategy and objectives

S IMMO AG has been pursuing a sustainable and prudent business policy for almost three decades with the aim of constantly improving its results and creating value for its shareholders. The Group applies a robust business model here:



By purchasing properties with potential, S IMMO adds attractive options to its portfolio. In this respect, the Group is currently focusing on office properties in Berlin as well as on residential properties in economically up-and-coming German cities in the company's sphere of action such as Leipzig. S IMMO makes these purchases in attractive market niches with little competition.

The value-enhancing approach of S IMMO AG is pursued with newly acquired office properties in particular. The buildings are fully revamped and repositioned with innovative concepts.

In-depth knowledge of the local markets is a key factor here. These measures enable increased occupancy rates, rents and customer satisfaction.

In addition, S IMMO has been developing its own projects for many years. Currently the Group is building – on its own or together with partners – office properties in Vienna, Bratislava and Bucharest. Modern technologies and high property standards are an integral part of the Group's approach. All current development projects will be certified according to internationally recognised standards such as BREEAM, DGNB or LEED.

S IMMO also creates value by selling properties. The Group pursues a cycle-oriented strategy here. This means that property sales are usually conducted when a market is at its peak. Sales opportunities are also being monitored in 2017.

The Group has positioned the S IMMO share on the capital market as a sustainable dividend-paying stock. In the forthcoming quarters, the international shareholder base is to be extended and the share price is to be aligned more closely with EPRA NAV. Moreover, S IMMO invests in shares of real estate companies that significantly trade below NAV (CA Immobilien Anlagen AG and Immofinanz AG).

Management and control

In the last financial year, the Management Board consisted of two members. Collaboration between the two members of the Management Board is regulated in the statutory provisions, the articles of incorporation and the rules of procedure. The Management Board pursues a responsible and stable management approach aimed at enhancing earnings and increasing the Group's value on a long-term basis. In addition, the Management Board works closely with the Supervisory Board, which consisted of eight members at the end of the year (for further details, please refer to section 5.6. of the notes).

Economic overview

According to the International Monetary Fund (IMF), global economic growth amounted to 3.1% in 2016. Experts project that the global economy will expand by 3.4% in 2017 and 3.6% in 2018. GDP growth increased by 1.6% in the eurozone in 2016. The main drivers for this development were rising private and public consumption according to the three research institutes Ifo (Germany), Insee (France) and Istat (Italy). The individual countries within the eurozone benefited from the upswing to varying degrees: Along with Spain and Ireland, the countries with the highest growth rates included Malta, Slovakia and Luxembourg. Italy, Finland and Cyprus were among the countries at the bottom of the list. Germany's economy enjoyed robust development. The countries in Central and Southeastern Europe are on a solid growth path with annual growth rates of around 3%. The persistent employment growth and the associated rise in income will continue to bolster private household consumption throughout the eurozone in the first half of 2017.

In Austria, real GDP increased by 1.4% in 2016 after remaining below 1.0% for the previous four years. The rise in economic output was primarily driven by private consumption. The uncertainty regarding the economic policy measures of the new

US administration, the trend towards protectionism, geopolitical risks and the potential economic effects of the Brexit could negatively impact economic growth. Despite these question marks, the Institute for Advanced Studies (IHS) expects Austria's economy to expand by 1.4% in 2017 and 1.5% in 2018.

Real estate market overview

Austria

The Viennese office market recorded a total leasing activity of 329,000 m² in 2016 – a rise of around 59% compared with the previous year. This stimulation is a result of several pre-leases in projects scheduled to be completed in 2017 or 2018. The vacancy rate decreased by 1.1 percentage points year-on-year to 5.3%. In 2017, the volume of new office space will be nearly three times higher than in the previous year, amounting to 160,000 m². The supply of large-scale and modern first occupancy space has been limited in the last few years. Accordingly, the demand for these new projects is now strong.

Vienna's hotel industry set a record in overnight stays for the seventh year in a row in 2016. The number of overnight stays grew by 4.4%, rising to nearly 15 million. However, room revenues for the Viennese hotel industry fell short of the strong figure achieved in 2015, coming in 0.3% below the prior-year level at EUR 663.4m.

Germany

The German market for freehold flats recorded very strong price increases in 2016. On average, prices for existing freehold flats rose approximately 14%. With a gain of 23.6%, Berlin was even able to significantly exceed this figure. This development is the result of the low interest rate level and the tense situation on the residential market especially in the metropolitan areas.

For the second year in a row, Berlin's office market broke all records in 2016. Total leasing activity amounted to 888,300 m², which is 0.7% above last year's figure and 60% above the average for the last ten years. Thus, Berlin is once again Germany's most active office leasing market. Due to the strong demand, the vacancy rate decreased further to 4.9%. The shortage of space led to a rise in prime rents as well as to an increase in the weighted average rent. Currently, there is about 100,000 m² of office space under construction with planned completion in 2017. However, the increase in new construction is unlikely to meet the enormous demand. The conditions for Berlin's office market remain positive. The high demand and low supply are continuing to drive rising rents and falling vacancies.

Real estate market overview

	Prime rents (EUR/m ² /month)				Prime gross yields (%)				Total leasing activity (m ²)		Vacancy rate (%)	
	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015	2016	2015	Q4 2016	Q4 2015
	Office	Office	Retail	Retail	Office	Office	Retail	Retail	Office	Office	Office	Office
Berlin	27.50 ¹	23.50 ¹	335.00 ¹	330.00 ¹	3.40 ¹	4.00 ¹	3.40 ¹	3.90 ¹	888,300 ⁵	881,800 ⁵	4.9 ⁵	6.4 ⁵
Bratislava	16.00 ¹	16.00 ¹	60.00* ¹	55.00* ¹	6.90 ¹	6.90 ¹	6.00* ¹	6.50* ¹	233,475 ⁷	220,057 ⁷	6.6 ⁷	8.8 ⁷
Bucharest	18.50 ¹	18.50 ¹	60.00* ¹	60.00* ¹	7.50 ¹	7.50 ¹	7.25* ¹	7.25* ¹	412,000 ⁶	240,000 ⁶	11.7 ⁶	11.9 ⁶
Budapest	22.00 ¹	21.00 ¹	100.00* ¹	95.00* ¹	6.75 ¹	7.15 ¹	6.50* ¹	7.00* ¹	472,412 ⁴	538,000 ⁴	9.5 ⁴	12.1 ⁴
Sofia	13.00 ²	12.50 ²	30.00* ³	27.00* ³	8.00 ²	8.50 ²	8.00* ³	9.00* ³	135,407 ²	127,000 ²	10.0 ²	n/a
Vienna	26.00 ¹	25.85 ¹	310.00 ¹	310.00 ¹	4.00 ¹	4.20 ¹	3.40 ¹	3.80 ¹	329,000 ⁸	195,000 ¹⁰	5.3 ⁸	6.3 ⁸
Zagreb	14.00 ¹	14.00 ¹	22.00* ¹	22.00* ¹	8.00 ¹	8.05 ¹	7.00* ¹	8.00* ¹	59,800 ⁹	45,900 ⁹	14.4 ⁹	16.0 ⁹

* Data for shopping centres; data for remainder of the locations is for high street retail.

¹ CBRE, Market View, EMEA Rents and Yields, Q4 2015/Q4 2016

² Cushman & Wakefield / Forton, Bulgarian Office Market, Q4 2015/Q4 2016

³ Cushman & Wakefield / Forton, Bulgarian Retail Market, Q4 2015/Q4 2016

⁴ Budapest Research Forum, press release, Q4 2015/Q4 2016

⁵ CBRE, Market View, Office Market Berlin, Q4 2015/Q4 2016

⁶ CBRE, Market View, Office Market Bucharest, Q4 2015/Q4 2016

⁷ CBRE, Market Report, Office Market Bratislava, Q4 2015/Q4 2016

⁸ CBRE, Market View, Office Market Vienna, Q4 2015/Q4 2016

⁹ CBRE, Research Report, Office Market Zagreb, Q4 2015/Q4 2016

¹⁰ CBRE, Press release, January 2016

¹¹ Vienna Research Forum, Q4 2016

CEE and SEE

The Budapest office market recorded a take-up of 163,600 m² in the fourth quarter of 2016 – a plus of 2% compared with the same quarter of the previous year. Only one new, fully-occupied building was delivered to the market in the same period. Despite the high demand in the fourth quarter, the total leasing activity in 2016 was 13% below the record level of 2015. Nevertheless, it was the second most active year since the crisis. Thus, the vacancy rate decreased to 9.5% – the lowest figure since the collection of this data started.

Budapest's hotel segment is still enjoying positive development. Over the first nine months of 2016, the number of overnight stays advanced by 1.6% compared with the prior year. Luxury hotels in particular saw an increase in revenue per available room.

Prague's hotel market also continued to develop well. The average room rate was EUR 91.12, a gain of 2.7%. A 6.6% year-on-year increase in revenue per available room is expected for 2016 as a whole.

In 2016, Bratislava's office market recorded a 6% increase in total leasing activity to 233,475 m². Due to the rising leasing activity and limited completions during the last quarters, the vacancy rate dropped to 6.6% – a new record low. The total

stock under development currently amounts to 225,000 m², which should be available to new tenants within the next two years. Almost half of the space is already pre-leased. Although Bratislava's hotel market is recovering, it remains one of the weakest markets in Europe.

Zagreb's office market recorded a total leasing activity of 59,000 m² in 2016. This is an increase of 30.3% year-on-year. Due to the strong demand in the second half of the year, the vacancy rate dropped from 16% to 14.4%. Construction of new office projects in Zagreb has slowed slightly. Nevertheless, three projects comprising a total of 23,000 m² of lettable area are expected to be delivered in 2017.

The Bucharest office market remains dynamic. With 144,000 m², the fourth quarter of 2016 registered the highest quarterly total leasing activity ever recorded. The development for 2016 as a whole was also very good. Take-up amounted to 412,000 m², which is 42% above the previous year's figure. Despite numerous new projects, the vacancy rate fell by 0.2 percentage points year-on-year to 11.7%. Over the next two years, some 592,000 m² of additional space will be available on the market. This could temporarily lead to a higher vacancy rate.

Sources: Budapest Research Forum, CBRE, Cushman & Wakefield, EHL, Forton, International Monetary Fund (IMF), IMX December 2016 – The real estate index by Immobilien-Scout24, Vienna Research Forum, www.b2b.wien.info, www.cesifo-group.de, www.dw.com, www.horwathntl.com, www.hospitalitynet.org, www.ihs.ac.at, www.oenb.at, www.pwc.ch

The Romanian retail market recorded a sales increase of 14.3% between January and November 2016 compared with the same period last year. This rise was boosted by the reduction of VAT from 24% to 20% in 2016 and by higher salaries. While the supply of modern retail space is expected to decrease in Bucharest in 2017, occupier demand will climb due to expanding international retailers. Retail sales are also expected to increase because of the further reduction of VAT to 19% and rising salaries in the public sector.

The Sofia office market recorded an annual take-up of 135,407 m² in 2016 – a 7% increase year-on-year. More than 60% of the occupier activity came from the IT and BPO industry (business process outsourcing). Due to the limited volume of prime space, the share of pre-leases was relatively high in 2016, amounting to 41%. However, the shortage of premium office space will be partly overcome in 2017 with scheduled delivery of over 160,000 m² of new space. The vacancy rate continued to decrease and dropped to 10% in the fourth quarter of 2016.

The Bulgarian retail market has entered a more mature phase with a diversity of schemes and increasing tenant activity. The average vacancy rate in Sofia's shopping centres went back to its regular levels, reaching 8% in the fourth quarter of 2016. The increasing purchasing power and the lack of new large projects also led to an increase in prime rents.

Economic report

Business development and performance

In the financial year 2016, S IMMO achieved the best result in its history. The Group increased its consolidated net income from EUR 77.2m to EUR 204.3m in 2016. Due to this record result, the book value per share climbed to EUR 12.02 as at 31 December 2016 (31 December 2015: EUR 9.34). The record result achieved was due in particular to revaluation gains, which more than doubled to EUR 194.0m in 2016 (2015: EUR 84.6m). This development was attributable largely to the dynamic development of the German property market. Key indicators such as EBIT and EBT increased significantly compared with the previous year. For example, EBIT amounted to EUR 278.7m (2015: EUR 165.7m), representing an increase of 68%. The financial result was impacted by higher derivative valuation effects and a higher result from participating certificates, causing it to deteriorate from EUR -53.4m in 2015 to EUR -62.2m. A one-off effect from the reversal of deferred taxes led to a tax result of EUR -12.1m (2015: EUR -35.0m).

Overall, earnings per share increased from EUR 1.17 to EUR 2.98 as at 31 December 2016.

Earnings situation

Gross profit

In 2016, S IMMO AG increased its rental income to EUR 118.2m (2015: EUR 111.7m). This was attributable to purchases in Germany, an improvement in property industry parameters and the fact that most of the sales in the financial year did not take effect until the fourth quarter.

Revenues from hotel operations (Vienna Marriott and Budapest Marriott Hotel) amounted to EUR 42.9m (2015: EUR 45.5m). The decrease in revenues compared to the previous year is due to the renovation of the Vienna Marriott Hotel in the first half of the year, in which around half of the available rooms were renovated. Given that the remaining rooms are being renovated in the first half of the financial year 2017, a similar effect is to be expected in 2017. The hotel gross operating profit amounted to EUR 10.9m (2015: EUR 12.4m).

For 2016, S IMMO's total income therefore came to EUR 198.8m, up on the previous year's figure (2015: EUR 190.7m). Gross profit totalled EUR 106.0m (2015: EUR 105.2m).

Total rental income*

in EUR m

- CEE
- SEE
- Austria
- Germany



* Not including Vienna Marriott Hotel and Budapest Marriott Hotel

Successful property transactions

S IMMO sold part of its German property portfolio in the financial year 2016, with the majority of the properties being sold in a share deal and a smaller portion being sold in asset deals. The sale comprised a total of around 1,500 residential units in Berlin and the Hamburg region. In terms of space, this corresponds to a third of S IMMO's German residential portfolio. The buyers of these properties with a focus on Berlin are Deutsche Investment and EB Group. As well as the recognition of valuation gains, the share deal also involved a reversal of deferred taxes through profit or loss, as current taxes were largely avoided within the transaction. This effect came to a total of approximately EUR 24m.

The gain on disposal amounted to EUR 5.1m (2015: EUR 0.0m), as the majority of the income from the disposals was already recognised in revaluation gains. Administrative expenses totalled EUR 18.6m in the financial year 2016 (2015: EUR 16.5m). The increase was due to the expansion of the portfolio and increased costs as a result of the sales successfully concluded in the financial year. EBITDA for the financial year 2016 increased to EUR 92.5m (2015: EUR 88.7m).

The company was also active in terms of acquisitions in the reporting period, purchasing several properties in Germany. Additions to portfolio properties came to a total of EUR 117.3m.

For the financial year 2017, the company will examine the usefulness and benefits of further property sales as appropriate depending on the assessment of the current property cycles.

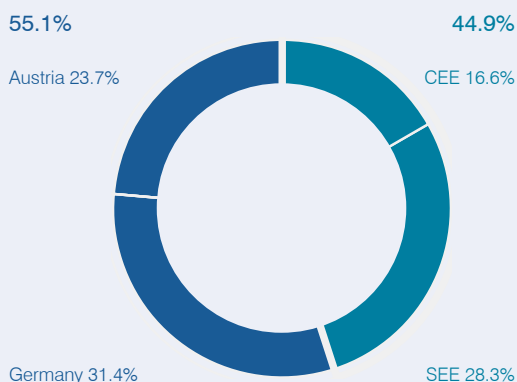
Revaluation gains

Revaluation gains more than doubled in 2016, amounting to EUR 194.0m as at 31 December 2016 (2015: EUR 84.6m). The measures of the Asset Management aimed at increasing the value of properties and in particular the constantly improving sentiment on the German property market played a part here.

Properties in Germany accounted for EUR 136.7m (2015: EUR 73.1m) of revaluation gains. Overall, revaluation gains for the Germany/Austria segments amounted to EUR 174.8m (2015: EUR 87.8m), while CEE/SEE accounted for EUR 19.2m (2015: EUR -3.2m).

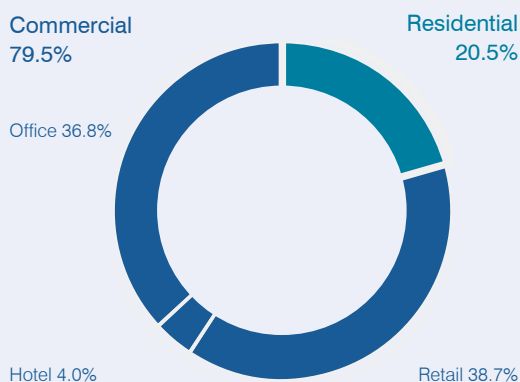
EBIT consequently rose to EUR 278.7m (2015: EUR 165.7m), representing an increase of around 68% compared to 2015.

Rental income by region*



* Not including Vienna Marriott Hotel and Budapest Marriott Hotel

Rental income by property use type*



* Not including Vienna Marriott Hotel and Budapest Marriott Hotel

Financial result

As at 31 December 2016, the financial result including the participating certificates result stood at EUR -62.2m (2015: EUR -53.4m). This change was largely due to the increase in non-cash, negative derivative effects. In addition, the company also faced somewhat higher expenses from interest on bonds, as the bonds issued in the prior year were issued in April and therefore did not have an effect over the whole of the previous year.

Consolidated net income

EBT amounted to EUR 216.5m (2015: EUR 112.3m), up around 93% compared to the previous year. All in all, S IMMO ended the financial year 2016 with a net income of EUR 204.3m (2015: EUR 77.2m), the best result in the company's history. Consequently, earnings per share also improved to EUR 2.98 (2015: EUR 1.17).

Financial position and net assets

Cash flow

Cash flow from operating activities for the financial year 2016 came to EUR 90.3m (2015: EUR 87.0m). Cash flow from investing activities amounted to EUR -39.2m (2015: EUR -141.1m), while cash flow from financing activities totalled EUR -35.8m (2015: EUR 30.1m).

Consolidated statement of financial position

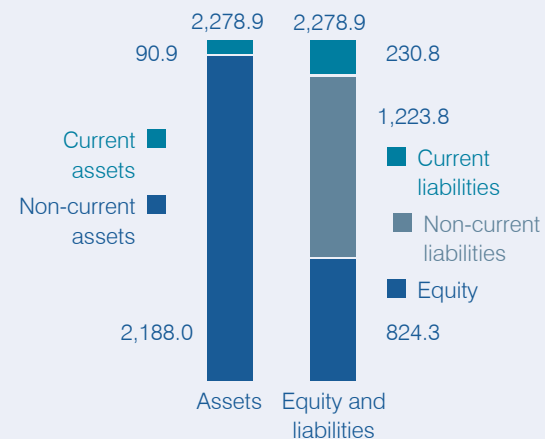
S IMMO Group's total assets increased from EUR 2,067.4m as at 31 December 2015 to EUR 2,278.9m as at 31 December 2016. Cash and cash equivalents amounted to EUR 66.0m as at 31 December 2016 (31 December 2015: EUR 50.7m). No properties were held for sale as at 31 December 2016, as had also been the case as at 31 December 2015.

Equity

During the reporting period, equity excluding minorities rose to EUR 795.6m (2015: EUR 623.3m) despite the dividend payment and ongoing share repurchases. As a result, the book value per share improved to EUR 12.02 as at 31 December 2016 (31 December 2015: EUR 9.34).

Balance sheet structure

in EUR m



Financial management

All of S IMMO's loan liabilities are denominated in euros. As at 31 December 2016, 13% (31 December 2015: 19%) of loans were fixed-rate and 87% (31 December 2015: 81%) were variable-rate loans. S IMMO reduces the risk of rising interest rates on variable-rate financing with interest rate hedges such as swaps and caps.

Breakdown of financial liabilities

in EUR m

	2016	2015
Subordinated participating certificate capital	58.1	56.0
Issued bonds	287.2	286.9
Other financial liabilities, non-current	770.7	792.0
Other financial liabilities, current	184.1	132.5
Total	1,300.1	1,267.4

Net debt from secured financing is calculated from total financial liabilities of EUR 1,300.1m (2015: EUR 1,267.4m) less subordinated participating capital of EUR 58.1m (2015: EUR 56.0m),

bond liabilities of EUR 287.2m (2015: EUR 286.9m), derivative liabilities of EUR 30.3m (2015: EUR 28.3m) and utilised credit lines of EUR 35.0m (2015: EUR 40.0m). As a result, net debt from secured financing totalled EUR 889.4m (2015: EUR 856.2m).

In relation to property investments of EUR 2,151.3m (2015: EUR 1,960.6m), this resulted in the loan-to-value ratio for secured financing. In the reporting period, this figure fell to 41.3% (31 December 2015: 43.7%).

Net debt from unsecured financing results from the following items: subordinated participating capital, bond liabilities and utilised credit lines. The available cash and cash equivalents of EUR 66.0m (2015: EUR 50.7m) are deducted from this. As a result, unsecured financing totalled a net amount of EUR 314.3m (2015: EUR 332.2m).

The loan-to-value ratio for unsecured financing in relation to total property investments therefore amounted to 14.6% in the reporting period (31 December 2015: 16.9%).

Thus, the total loan-to-value ratio (secured and unsecured) came to 55.9% (31 December 2015: 60.6%).

The bond liabilities of EUR 287.2m are divided between four individual bonds maturing in 2019 (nominal value of EUR 100.0m), 2021 (nominal value of EUR 89.7m), 2025 (nominal value of EUR 34.0m) and 2027 (nominal value of EUR 65.0m). This division is based on the company's risk-optimising efforts to keep maturities from unsecured financing within a manageable range at all times.

The participating certificate liability is cancellable for the first time in the financial year 2017, with an impact on cash in 2018. Further details about the participating certificate liability are provided in the notes (section 3.1.12.).

As at 31 December 2016, S IMMO's liabilities to banks were spread among 22 (2015: 21) individual banks. The average maturity of liabilities to banks was 5.7 years (2015: 6.2 years).

Non-financial performance indicators and corporate social responsibility

With its properties, S IMMO satisfies people's basic need for living and working space. In this way, the company plays a very important role in the lives of many people and actively fulfils its economic, environmental and social responsibility.

This responsibility – which is also referred to as corporate social responsibility – also pertains to the core business of a company. S IMMO meets the highest standards in both development projects and the energy-efficient and structural renovation of portfolio properties. This reduces operating costs and emissions and makes a significant contribution to protecting the environment and enhancing tenant satisfaction. Green building certifications for properties underscore S IMMO's sustainable approach and high standard of quality.

Further property certifications planned

Portfolio properties make up the majority of S IMMO's real estate holdings. Therefore, the Group began gradually certifying its portfolio properties in 2014. Six of S IMMO's properties were certified as at 31 December 2016:

- Serdika Center, Sofia
- Serdika Offices, Sofia
- Sun Plaza, Bucharest
- Sun Offices, Bucharest
- Eurocenter, Zagreb
- Blue Cube, Budapest

S IMMO's total certified floor space amounted to 296,247 m² (2015: 291,953 m²) or 24.6% (2015: 23.5%) of the total space held in the portfolio. S IMMO plans to have two more portfolio office properties in Budapest certified in the financial year 2017. In addition, the current development projects Einsteinova in Bratislava, The Mark in Bucharest and QBC in Vienna are being built in accordance with stringent standards and will also be certified.

The team

S IMMO provides its staff with targeted support for professional and personal training. Along with individual coaching sessions, language courses and part-time training programmes, the primary focus in this area is on expanding employees' industry-specific knowledge, for example through the completion of post-graduate programmes in the field of real estate. S IMMO offers a broad range of benefits aimed at providing a pleasant work environment, including flexible working hours, medical services, meal vouchers and more.

Team structure

S IMMO had an annual average number of employees of 101 (annual average 2015: 92) in Austria, Germany, Hungary, Romania and Bulgaria (calculated on the basis of full time equivalents). Including hotel staff, the Group employed 575 (annual average 2015: 555) people.

Our tight-knit structure is our strength

As an internationally active group, S IMMO employs people from many different countries. The Group considers this wealth of languages and cultures an extremely valuable resource. Our corporate culture is characterised by lean, efficient structures and interdepartmental collaboration. The proximity to the company's management allows for rapid, open communication. In addition, S IMMO offers plenty of room for individual development and advancement.

Social responsibility

In the area of social responsibility, S IMMO has been supporting projects that offer homes for people in need in line with the motto "providing shelter" since 2008. The Group places particular emphasis on long-term collaborations and the regular exchange of ideas and experiences with the supported organisations.

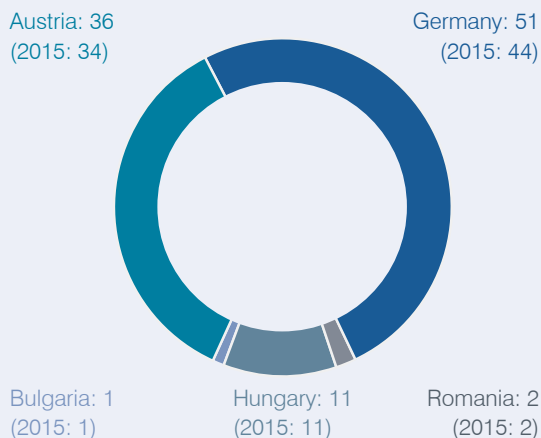
In addition, S IMMO once again supported student projects in 2016 in order to encourage future professionals in the real estate industry. As part of the existing collaboration with Danube University Krems, a foreign studies module on the topic of portfolio optimisation was again held at S IMMO Germany in Berlin for students of the postgraduate real estate programme.

S IMMO awarded a scholarship for the short-term master's level course Green.Building.Solutions. This annual summer programme provides 30 students in the fields of architecture and civil engineering with extensive insight into the topic of sustainable construction.

In addition, S IMMO launched a financial literacy initiative in 2016 which is primarily aimed at young people between the ages of 20 and 30. The company aims to raise awareness for the importance of basic financial education on a targeted basis through various events and projects such as the "Aktien Trophy" stock market game.

Team structure by country

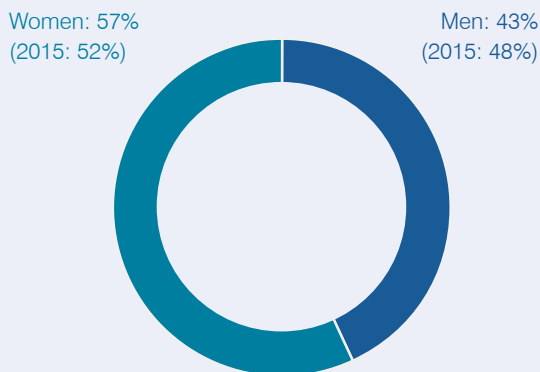
(annual average 2016)*



* Excluding Vienna Marriott Hotel and Budapest Marriott Hotel

Gender distribution*

(as at 31 December 2016)



* Calculated on the basis of headcounts excluding Vienna Marriott Hotel and Budapest Marriott Hotel

The following projects were also supported in 2016:

- In cooperation with Caritas (since 2008):
 - Community centre in Esztergom, Hungary
 - Hope House and counselling centre in Alba Iulia, Romania
 - Day centre and mobile care in Pokrovan, Bulgaria
- Vienna Kunstsupermarkt art sales project (since 2007)
- Caritas Socialis (since 2008)
- Christmas campaign for the benefit of the Caritas initiative “Schenken mit Sinn” (Giving Meaningful Gifts)
- International Summer Academy of the University of Music and Performing Arts Vienna

In addition, we once again supported the People Share Foundation in 2016 by providing three flats for asylum-seeking families.

Additional information about S IMMO's CSR activities is available at:
www.simmoag.at/en/csr

Contacts

If you have any questions about our CSR activities, please contact the Corporate Communications team by telephone on +43 1 22795-1121 or by e-mail at media@simmoag.at.

www.aktientrophy.at
www.caritas.at
www.cs.or.at
www.kunstsupermarkt.at
www.peoplesharefoundation.org
www.mdw.ac.at/isa

Other legal information

Disclosures pursuant to section 243a para 1 Austrian Commercial Code (UGB)

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

1. As at 31 December 2016, the issued share capital of S IMMO AG was EUR 243,143,569.90, divided into 66,917,179 no par value bearer shares. All shares have the same rights.
2. S IMMO AG's articles of incorporation restrict the voting rights of each shareholder at the Annual General Meeting to a maximum of 15% of the issued share capital. For this purpose, shares held by companies that together constitute a group for the purposes of section 15 Austrian Stock Corporation Act (AktG) are to be aggregated, as are shares held by third parties for the account of the relevant shareholder or the account of a company forming part of a group with that shareholder. Holdings of shares by shareholders exercising their voting rights in concert in virtue of an agreement or as part of coordinated behaviour are also to be aggregated.

The Management Board of S IMMO AG is not aware of any agreements applying to limitations of voting rights or the transfer of shares.

3. The company has been notified under section 91 para 1 Austrian Stock Exchange Act (BörseG) of the following holdings in excess of 10%:

On 20 April 2009, the company was notified that Sparkassen Versicherung Aktiengesellschaft (now Sparkassen Versicherung AG Vienna Insurance Group), a company forming part of Vienna Insurance Group, for the purposes of section 91 para 1 Austrian Stock Exchange Act (BörseG), had increased its interest in Sparkassen Immobilien Aktiengesellschaft (now S IMMO AG) to 7,000,000 shares, which was about 10.27% of the issued share capital at the time, and following the cancellation of treasury shares on 19 December 2013 constituted about 10.46% of the reduced share capital.

On 24 July 2012, the company received notification from Erste Group Bank AG pursuant to section 91 para 1 Austrian Stock Exchange Act (BörseG) that it had increased its interest in S IMMO AG, and that as at 20 July 2012, the 10% threshold specified under section 91 para 1 Austrian Stock Exchange Act (BörseG) had been exceeded. Erste Group Bank AG's direct and indirect interest increased to 6,893,561 shares, which was about 10.12% of the issued share capital at the time, and following the cancellation of treasury shares on 19 December 2013 constituted about 10.30% of the reduced share capital.

On 24 September 2009, the Management Board received notification under section 91 para 1 Austrian Stock Exchange Act (BörseG) from Tri-Star Capital Ventures Ltd., an international investment company, that it had increased its interest in Sparkassen Immobilien Aktiengesellschaft (now S IMMO AG) to about 11.15% of the issued share capital. On 05 December 2013 and 13 January 2014, notifications were received from Anadoria Investments Ltd., a 100% subsidiary of Tri-Star Capital

Ventures Ltd., that as at 30 November 2013, it had purchased the 7,593,611 shares in S IMMO AG previously held by Tri-Star Capital Ventures Ltd., which was about 11.15% of the issued share capital at the time, and following the cancellation of treasury shares on 19 December 2013 constituted about 11.35% of the reduced share capital, and that as at 30 November 2013 Tri-Star Capital Ventures Ltd. no longer held any shares in S IMMO AG directly.

Notification under section 91 para 1 Austrian Stock Exchange Act (BörseG) was received from Erste Asset Management GmbH on 30 November 2011 that it and its subsidiaries RINGTURM Kapitalanlagegesellschaft m.b.H. and ERSTESPARINVEST Kapitalanlagegesellschaft m.b.H. pursue a joint voting policy, and that the voting rights of the managed funds are therefore reported in aggregate. The three companies therefore reported that as at 29 November 2011, they held 8,130,557 shares in aggregate, which was about 11.94% of the issued share capital at the time, and following the cancellation of treasury shares on 19 December 2013 constituted about 12.15% of the reduced share capital.

For clarification purposes, S IMMO AG states that it has learned of the existence of the above-mentioned equity interests greater than 10% based on notifications under section 91 para 1 Austrian Stock Exchange Act (BörseG), and that it therefore cannot guarantee the completeness or correctness of the above information. Moreover, notifications pursuant to sections 91 et seq Austrian Stock Exchange Act (BörseG) are only required on reaching, exceeding or falling below the relevant thresholds, so that the actual current extent of the interests may differ from those listed in the notifications.

4. There are no shares with special control rights.
5. Employees who are shareholders exercise their voting rights at the Annual General Meeting directly, if appropriate.
6. The Management Board consists of two, three or four members. The members of the Management Board are appointed by the Supervisory Board by a three-quarters majority of the votes cast. The Supervisory Board may at the same time appoint a member of the Management Board as Chairman and another member as Deputy Chairman. This resolution also requires a three-quarters majority of the votes cast. Appointment to the Management Board is open only to those under the age of 65 at the time of appointment. The Supervisory Board consists of a maximum of 10 members elected by the Annual General Meeting. Resolutions proposing increases in share capital are passed by a simple majority of the votes cast at the Annual General

Meeting and by a simple majority of the shareholders voting on a resolution.

7. a) In accordance with section 169 Austrian Stock Corporation Act (AktG) and the resolution of the 23rd Annual General Meeting of 01 June 2012, the Management Board, with the approval of the Supervisory Board, is authorised for a period of five years dating from the registration of this change in the articles of incorporation, that is, until 19 October 2017, to increase the share capital of the company by up to EUR 123,754,680.93 in one or more tranches by the issue of up to 34,059,359 ordinary bearer shares for a minimum issue price of 100% of the proportionate share of the issued capital. The issue may be for cash or for contributions in kind (not including contributions in kind made in exchange for the issue by the company of participating certificates and entitlements of such certificates, or other entitlements). The Management Board, with the agreement of the Supervisory Board, is authorised to fix the issue price, the terms and conditions of the issue and all other details of the implementation of the capital increase (authorised capital). In the event of a capital increase for contributions in kind (not including contributions in kind made in exchange for the issue by the company of participating certificates and entitlements of such certificates, or other entitlements), the Management Board is authorised with the approval of the Supervisory Board to exclude shareholder subscription rights in part or in full.

b) At the 27th Annual General Meeting of 03 June 2016, the Management Board was authorised under the provisions of section 65 para 1 fig 8 Austrian Stock Corporation Act (AktG) for a period of 30 months from the date of the passing of the resolution, that is, until 03 December 2018, with the approval of the Supervisory Board, to acquire shares in the company up to the statutory maximum of 10% of the company's share capital on one or more occasions, and if appropriate to cancel them. The Management Board was also authorised for a period of five years from the date of the passing of the resolution, that is, until 03 June 2021, with the approval of the Supervisory Board to dispose of own shares (treasury shares) in a manner other than through the stock exchange or through a public offer and under exclusion of shareholders' subscription rights.

c) In accordance with section 159 para 2 fig 1 Austrian Stock Corporation Act (AktG), the authorised capital is conditionally increased by up to EUR 123,754,680.93 by the issue of up to 34,059,359 new ordinary bearer shares (conditional capital). The conditional capital increase will only be put into effect to the extent that owners of convertible loan stock issued on the basis of the resolution of the Annual General Meeting of 01 June 2012 exercise their rights of conversion or subscription. The issue

price and the conversion and/or subscription ratios are to be calculated on the basis of the market price of the company's shares in accordance with standard market practice. The issue price may not be less than the proportionate interest in the share capital. With the approval of the Supervisory Board, the Management Board is authorised to determine all other details of the implementation of the conditional capital increase (in particular, the issue price, the rights attached to the shares and the date of entitlement to dividends). The Supervisory Board is authorised to amend the articles of incorporation in connection with the issue of shares out of conditional capital or when the time authorised for the use of such capital expires.

d) At the 23rd Annual General Meeting of 01 June 2012, in accordance with section 174 Austrian Stock Corporation Act (AktG), the Management Board was authorised, within five years of the passing of the resolution, that is, until 01 June 2017, to issue for cash, in one or more tranches, convertible loan stock carrying the right of conversion or subscription to up to 34,059,359 ordinary bearer shares in the company representing a proportionate interest in the share capital of the company of up to EUR 123,754,680.93. The Management Board was also authorised, with the approval of the Supervisory Board, to exclude subscription rights of existing shareholders to convertible loan stock, and to determine all other terms and conditions of the convertible bonds, including their issue price and the conversion procedures.

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

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

Risk management report

As an international real estate group, S IMMO Group faces a host of risks and opportunities that impact operating activities and strategic management. By identifying, analysing, managing and monitoring risks and opportunities, the Group strives to detect negative developments and potential risk factors in good time and take them into account in its decision making processes. S IMMO engages in long-term property investments by developing, buying, letting, operating, renovating and selling properties in Austria, Germany, CEE and SEE. The portfolio contains commercially used properties (office, retail and hotel) and a complementary set of residential properties. Other activities of the Group therefore include:

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

In addition to internal regulations and guidelines, risk management at S IMMO comprises ongoing reports in the context of regular meetings with the Management Board. Furthermore, there are control measures in place in the Group for the purpose of the early detection, management and monitoring of risks. The Management Board takes the key risk-relevant decisions. Investment projects above a specific volume also require approval from the Supervisory Board. Both management bodies are regularly informed with regard to risks and the Internal Control System. The risk groups set out in this section have been continuously analysed and assessed retrospectively for the financial year 2016 and with regard to business activities in 2017.

Internal Control System

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

Key features of the accounting-specific ICS are:

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

a review of the data of all Group companies at headquarters together with the specialist departments (e.g. Asset Management and Tax), with the involvement of the Accounting departments of the individual companies. When preparing the consolidated financial statements, Group Accounting uses a validated consolidation software package. The effectiveness of risk management is assessed each year on the basis of the critical self-assessment of the Group and on a voluntary basis of the Group's auditor in line with the requirements of C Rule no. 83 of the Austrian Code of Corporate Governance. The Management Board, Supervisory Board and Audit Committee are made aware of the results of this audit.

Internal Audit

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

Risk overview

Corporate strategy risks

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
Legal risk

Notes on individual risks

Corporate strategy risks

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

Business environment and industry risk

The development of an industry is heavily dependent on external factors such as the economy or the prevailing technological, political and legal situation. As the economic environment is constantly changing, the resulting risks are hard to forecast. A deterioration of the economic situation in a market can affect purchase and sale prices as well as the value of and return on a property. In addition, rent reductions, rental defaults or a termination of rental agreements by tenants may occur. To counter these risks, S IMMO owns properties in different regions with various use types. Careful asset management and constant monitoring also help to reduce the described risks. At present, the situation on the markets where S IMMO operates is as follows: Significantly more space will be completed on the Vienna office property market in 2017 and 2018 than in previous years. This could lead to a rise in vacancy rates as well as greater pressure on lessors, particularly those with older properties. The constant rise in prices in recent years on the German residential property market increases the risk of a price bubble. In some CEE and SEE markets such as Bucharest, Budapest and Sofia, the numerous projects under construction could increase vacancy rates and lead to a reduction in rents. Furthermore, an end to the economic recovery in CEE and SEE could have a major impact on the property markets.

Investment risk

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

S IMMO holds shares of Immofinanz AG and CA Immobilien Anlagen AG. As property investment companies and property developers, both of these companies are exposed to similar risks to those of S IMMO, particularly all risks associated with the

purchase, development, operation and sale of properties, as well as general business risk. For information on the particular risks of these companies, please refer to the corresponding financial reports of the two companies. The shares of Immofinanz and CA Immo are listed in the Austrian ATX benchmark index and are subject to market price risks that could have a negative impact on S IMMO's equity.

Capital market risk

The capital market is hugely important to S IMMO in terms of the borrowing of equity and external capital. Unstable capital markets can impair the Group's financing options. The management works to strengthen investors' confidence in the securities issued by S IMMO AG through transparent, reliable information and prompt communication.

Property-specific risks

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

Property portfolio risk

S IMMO counters property portfolio risk with a balanced portfolio mix. The portfolio contains offices, retail and residential properties as well as hotels. In geographical terms, the properties are divided between Austria, Germany, CEE and SEE. The Group focuses on capital cities and cities over the million mark within the European Union. The value of a property depends largely on its location and intended use. Therefore, the attractiveness of the location or the potential use can significantly affect S IMMO's financial situation. The property portfolio risk was not identical in all regions and use types in the financial year 2016: Through diversification within the portfolio, the risks of one market can often be cushioned by positive developments in another market.

Letting and rental default risk

Letting risk is closely linked with the general economic situation in the individual markets, and therefore involves associated uncertainty in terms of forecasting. In the current year, there is again a letting risk – also regarding contract extensions – due to the various political and economic developments in the individual markets. The competition situation can also have an impact on the letting rate and contract extensions. Competition between owners for prestigious tenants is intense. Rents are under pressure in some markets in which S IMMO operates. This can mean having to accept rents that are lower than originally forecast. In addition, S IMMO is exposed to rental default risk. If the Group is unable to extend expiring rental agreements on favourable terms or find suitable creditworthy tenants who are willing to enter into a long-term lease, this impairs the market

value of the properties concerned. There may also be long-term vacancies. Particularly in times of economic and political uncertainty, S IMMO may be forced to accept rent reductions in order to maintain its letting rate. The credit rating of a tenant can decrease in the short or medium term, particularly during an economic downturn. In addition, there is the potential risk of a tenant becoming insolvent or otherwise being unable to fulfil its payment obligations under the rental agreement.

Property development risk

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

Construction risk

Construction risk is the risk of damage to newly constructed properties and portfolio properties, which S IMMO reduces through industry-standard construction contracts with experienced construction firms, warranty periods and guarantees. To limit risks in this area as much as possible, detailed inspections are arranged before the end of the warranty periods so that any damage can still be rectified at the construction firm's expense. To safeguard against conventional damage to portfolio buildings, such as fire or water, S IMMO takes out insurance policies at normal market conditions.

Property valuation risk

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

Financial risks

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

Liquidity risk

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

Interest rate risk

The vast majority of S IMMO Group's financing agreements provide for a variable interest rate, resulting in the risk of a changing interest rate level. The costs of interest payments increase if the respective reference interest rate rises. However, the European Central Bank is currently expected to keep the base rate at a very low level for the time being. S IMMO Group reduces interest rate risk on a long-term basis by hedging the interest rates of its variable-rate loans. As at 31 December 2016, 13% (31 December 2015: 19%) of loans were fixed-rate and 87% (31 December 2015: 81%) were variable-rate loans – mostly pegged to the three-month Euribor. S IMMO generally hedges its variable-rate loans with the following derivative financial instruments: swaps and caps. At the end of the year, most of the variable-rate financing portfolio was hedged. The extent to which the Group uses instruments of this kind depends on the assumptions and market expectations of the management and the responsible employees at S IMMO with regard to the future interest rate level as well as the development of borrowing levels. If these assumptions prove to be incorrect, this may lead to a significant rise in interest expenses. The stress tests, which include the existing bonds (please refer to section 5.2.1. of the notes for details), show that S IMMO Group is exposed to interest rate changes to a limited extent. A Euribor of 1.0% p.a. increases the cost of funding by 27 basis points. This means that despite hedging with derivative financial instruments, the Group would be exposed to higher financing costs if interest rates were to rise.

Financing risk

Market conditions for property financing are constantly changing, and deteriorated significantly in the course of the financial and economic crisis, for example. However, the refinancing situation continued to improve in the previous year. Refinancing – including large volumes – was concluded at further reduced margins due to the investment pressure on many banks, particularly in Germany and Austria. Borrowing has also improved in CEE and SEE depending on the asset class, location and loan volume.

The attractiveness of various types of financing depends on several factors, some of which are beyond the Group's control. These factors include in particular market interest rates, tax aspects and the assessment of the value and realisation potential of properties that serve as collateral, as well as the assessment of the general economic situation by the financing partners. In times of highly volatile property markets, lenders may sometimes be unwilling to extend maturing loans under terms that are acceptable to S IMMO Group. This can lead in particular to higher margins, lower lending levels and the need to provide further collateral, and generally leads to a lack of refinancing options.

If the Group is unable to generate liquidity or external funds to the required extent at the required time or to borrow under acceptable terms, its ability to fulfil its obligations under financing agreements could be impaired. S IMMO Group strives to reduce this risk by spreading its borrowing among different lenders (22 individual banks as at the reporting date of 31 December 2016). Borrowing is monitored on the basis of approvals on a staggered basis by the Management Board and Supervisory Board. As at 31 December 2016, non-current liabilities to banks had an average weighted residual term of 5.7 years. This long-term financing is standard industry practice.

In addition, there is the risk that it may not be possible to comply with financial covenants (clauses in loan agreements regarding the permitted indebtedness and the debt service cover ratio) or other contractual terms, guarantees or conditions in financing agreements. This may limit flexibility in financing future business activities. Compliance with financial covenants is constantly monitored by S IMMO Group in close contact with lending financial institutions. Covenant infringements may constitute a default incident. The Group is committed to a balanced ratio between financing and the book value of the property portfolio (loan to value ratio). As at 31 December 2016, the Group-wide loan to value ratio for secured financing stood at 41.3% (31 December 2015: 43.7%). In addition, the Group has unsecured financing (utilised credit lines, loans and subordinated participating capital) that was equivalent to 14.8% (31 December 2015: 16.9%) of the property assets. Despite close monitoring of financing instruments and the relevant parameters, S IMMO could be confronted with risks in the area of refinancing if the economy and the financing environment deteriorate sufficiently.

Exchange rate risk

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

Tax risks

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

Other risks

Environmental risk

S IMMO is potentially affected by various environmental risks such as natural or man-made disasters. Environmental risks may arise in connection with portfolio properties as well as development projects. For example, amended laws or renovation obligations as a result of environmental or safety regulations may require the removal or replacement of materials. Environmentally harmful substances at a development site may also have to be disposed of. New or stricter environmental, health and safety legislation may also give rise to additional costs.

Natural disasters or extreme weather conditions such as floods, storms and hail may cause significant damage to properties under construction or portfolio properties. Man-made disasters such as nuclear incidents or accidents may also cause damage. Serious material damage to buildings is covered by appropriate building insurance policies, supplemented by special insurance policies such as against earthquake damage in Romania and Bulgaria. S IMMO strives to reduce environmental risks by

performing thorough location analyses and obtaining written guarantees when making acquisitions and investments. Furthermore, S IMMO handles portfolio properties and development projects responsibly by insisting on high-quality materials and construction methods. In this respect, several S IMMO buildings have already received green building certificates.

Legal risk

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

Overall statement on risks and opportunities

S IMMO AG's business activities are subject to a large number of risks and heavily dependent on the economic situation in the markets in which the Group operates. The European Central Bank (ECB) expects stable growth of the Monetary Union, forecasting economic growth of 1.7%. Major elements of uncertainty are the Brexit and its consequences, the elections in some EU countries such as Germany and France, and possible restrictions to free trade under the new US president. As far as the property markets are concerned, the Group continues to benefit from the ongoing dynamic development of the office market and the constant demand for apartments in Berlin. In CEE and SEE, the office markets are recovering in Budapest, Bucharest and Sofia. If the economic situation in these markets were to deteriorate again, the Group would have to expect an increase in industry, property portfolio, letting and rental default risk. The Group also sees an easing of the financing risk. As the extended period of low interest rates continues, conditions for the property industry remain ideal. Refinancing was taken out at lower margins in Austria and Germany in particular. Borrowing has also become easier in CEE and SEE. The volatility on the capital markets remains another risk factor. However, the performance of the S IMMO share is currently very solid.

S IMMO counters the risks with careful risk monitoring and a responsible risk policy. In addition, sufficient accounting provisions are made for potential risks.

The described risks are countered by opportunities: Major European cities such as Berlin and Vienna are experiencing a substantial population influx, which is in turn causing rising demand for residential and office properties. Against this background, S IMMO is moving forward with its development projects and taking opportunities for purchases and sales. There are also opportunities for the Group on the capital market despite the volatility outlined above: The S IMMO share performed extremely well, having gained 21.95% year-on-year as at 31 December 2016, but continued to be listed below its EPRA NAV. This holds further price potential.

Outlook

Significant events after the balance sheet date

The company is currently exploring further sales opportunities for major properties. Possible sales are examined in the context of all sales options, taking account of anticipated developments on the property markets.

Expected economic development

The moderate growth of the global economy continued in 2016. In autumn, the European Commission projected growth of 1.7% for the eurozone. Despite numerous risk factors, the commission is optimistic about economic development going forward and projects an expansion of 1.8% for the EU as a whole in both 2017 and 2018.

The Commission expects economic output to increase by 1.6% in Germany and Austria over the next year. However, there are also many challenges at the moment, including the tense geopolitical conditions, the uncertain outcome of the Brexit negotiations, the new direction of US politics and the many upcoming elections in Europe.

The outlook for the real estate markets is as follows: Vienna's office market is expected to see a turnaround in the construction of new space in 2017. With a volume of roughly 160,000 m², almost three times as much new office space will come onto the market as in the prior year. The supply of modern and spacious new units has been very limited in recent years, so there is a tremendous amount of demand for these new projects.

Conditions on the Berlin office market are still very positive. The high demand and the limited available space will once again lead to a rise in rents and a decline in vacancy in 2017. By contrast, for the German residential market, especially for Berlin, S IMMO expects no further significant rise in rents and prices.

In several of S IMMO's markets in CEE and SEE, large volumes of new office space are expected to come onto the market based on the robust economic conditions and positive forecasts. For the most part, this increase in supply will be met with high demand, especially for large spaces.

Expected business development

S IMMO is benefiting from the positive economic development on its markets and from the continued low interest rate environment and the associated high price level on many property markets. This is giving rise to attractive sales opportunities that we wish to take advantage of again in 2017 in line with our cyclically oriented strategy. In this environment, we will purchase existing properties only selectively and are currently focussing primarily on residential properties in economically up-and-coming German cities in our sphere of action. At present, our focus is on project development and investments in our portfolio properties.

One of our current projects in Germany is the Leuchtenfabrik building in Berlin Oberschöneweide. This historic property, which S IMMO purchased in 2015, is located directly on the Spree. The building has been repositioned in the course of a comprehensive renovation focused on highlighting the architectural qualities of the complex while also preserving its historic value. The property is now being targeted at the creative and technology industries with innovative letting concepts.

A plot of land spanning nearly 45,000 m² was purchased in Berlin's Adlershof district. Various national and international experts are currently developing concepts for the future optimal use of the space.

Another key project in Berlin is a former department store in Berlin's Neukölln borough that S IMMO purchased in 2015. The company plans to completely renovate the six-storey building along with the accompanying parking garage under the name 101 Neukölln.

In Vienna, the renovations at the Vienna Marriott Hotel, which are being completed without interrupting the hotel's business, will be finished around the middle of the year. S IMMO is involved in the Quartier Belvedere Central development, which is one of the showcase projects for pioneering urban development in Vienna. Siebenbrunnengasse – a planned development project in Austria – is located in Vienna's fifth district.

In CEE and SEE, S IMMO has observed a stable and sustained recovery on the markets recently, with significant progress being made in Romania in particular. With this in mind, we launched the construction of the office property The Mark in summer 2016. The property is in a prime business location in Bucharest and will offer roughly 28,000 m² of gross floor space when it is completed. A space encompassing 20,000 m² is currently being re-designed at our Sun Plaza shopping centre and will offer room for up to 40 new shops when it is finished.

Besides the investments in project developments, the proceeds from past and future property disposals will also be invested in shares of real estate companies that trade below NAV (CA Immo and Immofinanz).

On the capital market, the Group has positioned the S IMMO share as a reliable dividend-paying share. Based on the outstanding results in the reporting period, at the Annual General Meeting we will propose a dividend of EUR 0.30 plus a bonus dividend of EUR 0.10, resulting in a distribution of EUR 0.40.

Vienna, 17 March 2017

The Management Board:

The image shows two handwritten signatures in black ink. The signature on the left is a stylized, cursive 'E' followed by a vertical line, representing Ernst Vejdovszky. The signature on the right is a more complex, cursive script, representing Friedrich Wachernig.

Ernst Vejdovszky

Friedrich Wachernig



Entrepreneurs develop **value**

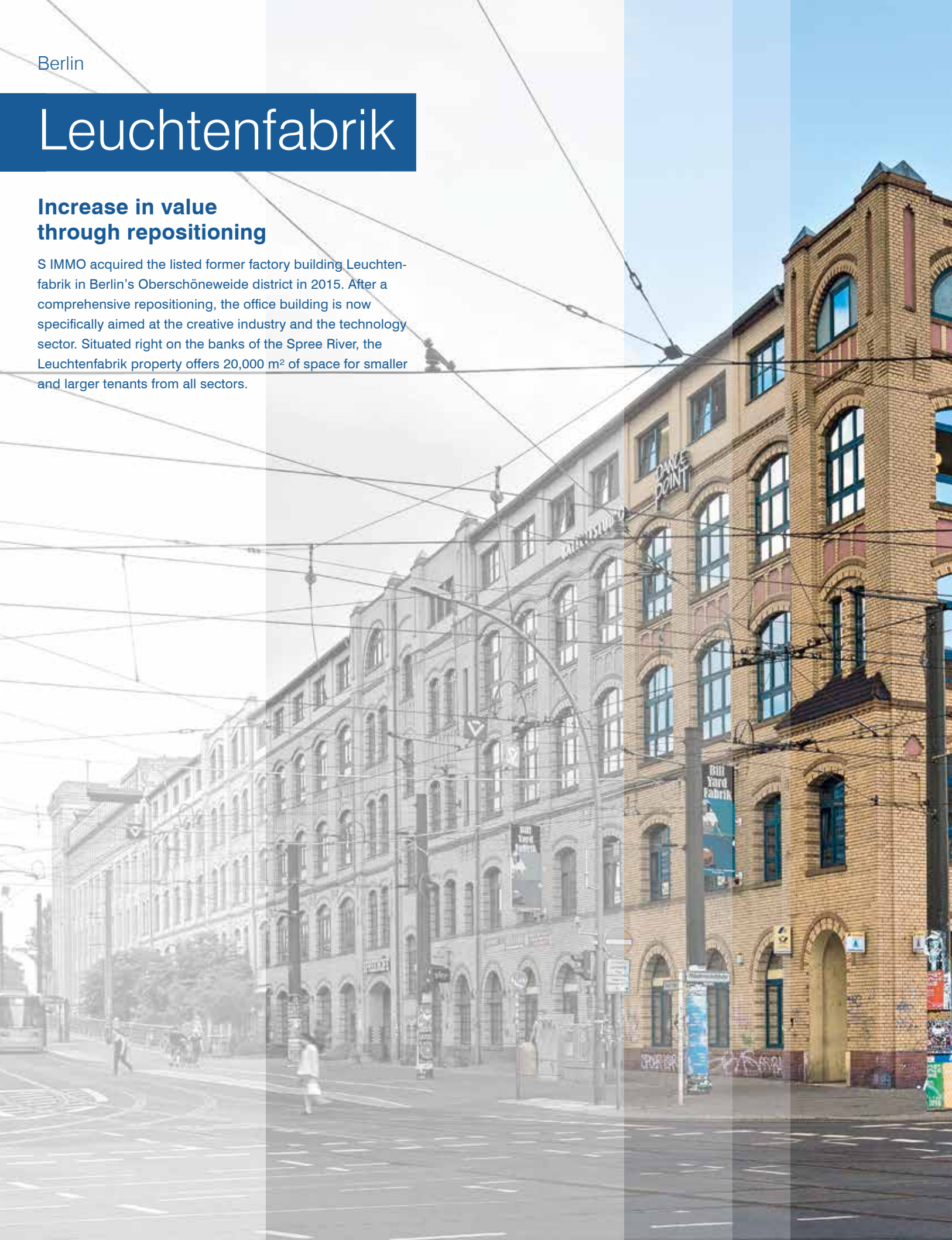
As an entrepreneur, we focus on profitable opportunities. We invest in properties with the aim of generating profits. In this way, we develop value that will support S IMMO in the future as well.

Berlin

Leuchtenfabrik

Increase in value through repositioning

S IMMO acquired the listed former factory building Leuchtenfabrik in Berlin's Oberschöneeweide district in 2015. After a comprehensive repositioning, the office building is now specifically aimed at the creative industry and the technology sector. Situated right on the banks of the Spree River, the Leuchtenfabrik property offers 20,000 m² of space for smaller and larger tenants from all sectors.





SPIEHHÖFE

PEAK

Bill
Yard
Fahrrad

Bill
Yard
Fahrrad

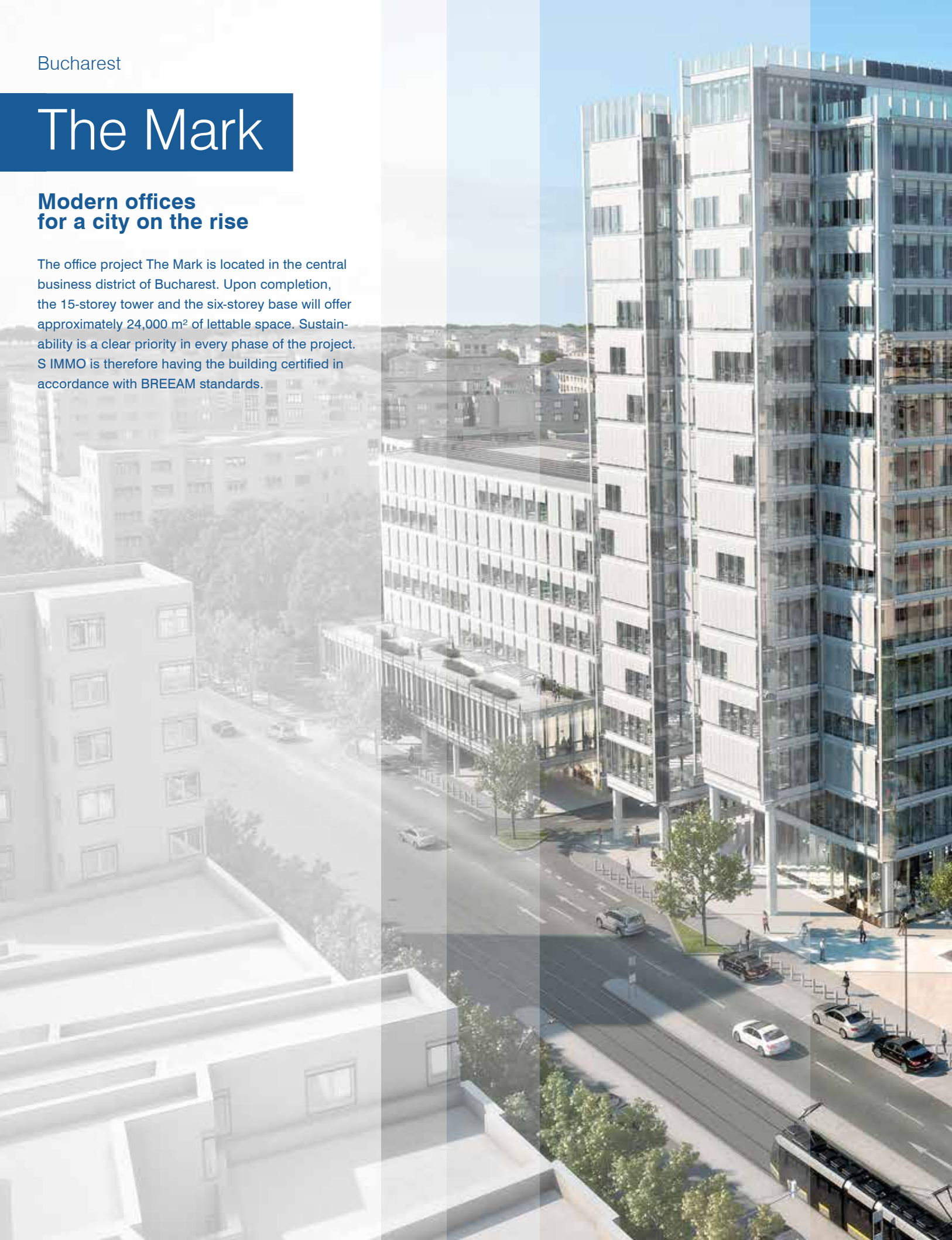
SAKSON

Bucharest

The Mark

Modern offices for a city on the rise

The office project The Mark is located in the central business district of Bucharest. Upon completion, the 15-storey tower and the six-storey base will offer approximately 24,000 m² of lettable space. Sustainability is a clear priority in every phase of the project. S IMMO is therefore having the building certified in accordance with BREEAM standards.





Berlin

101 Neukölln

Repurposing turns property into driving force for urban development

In 2015, S IMMO purchased a department store along with the associated car park in the Neukölln district of Berlin. In close coordination with the city administration, the 22,000 m² building is to be converted into offices as well as retail and restaurant spaces. The project is intended to revitalise the centre of Neukölln and act as a driving force for creative urban development.





Berlin

Sonneninsel

From vacancy to full occupancy

In 2013, S IMMO acquired two almost entirely vacant buildings in Berlin's Neukölln district and repositioned them. The space of around 12,000 m² is now fully let. In spring 2015, the company acquired additional, adjacent sites and thus launched the overall development of this location on the banks of the Neukölln canal.





Vienna

QBC

Urban development at Vienna Central Station

Quartier Belvedere Central is located directly at Vienna's new central station. Following the successful sale of two sub-projects, S IMMO still holds a 35% stake in two building sections. In addition to offices, the gross floor space of around 42,000 m² will also be used for restaurants and shops. The project is scheduled to be completed in 2019.





Vienna

Siebenbrunnengasse

From commercial to residential – in the heart of Vienna

The building on Siebenbrunnengasse impresses with its central location in Vienna's fifth district. As part of an extensive renovation, around two-thirds of the 18,000 m² of usable space is being converted into apartments. The remainder will continue to be used as an office and commercial property.





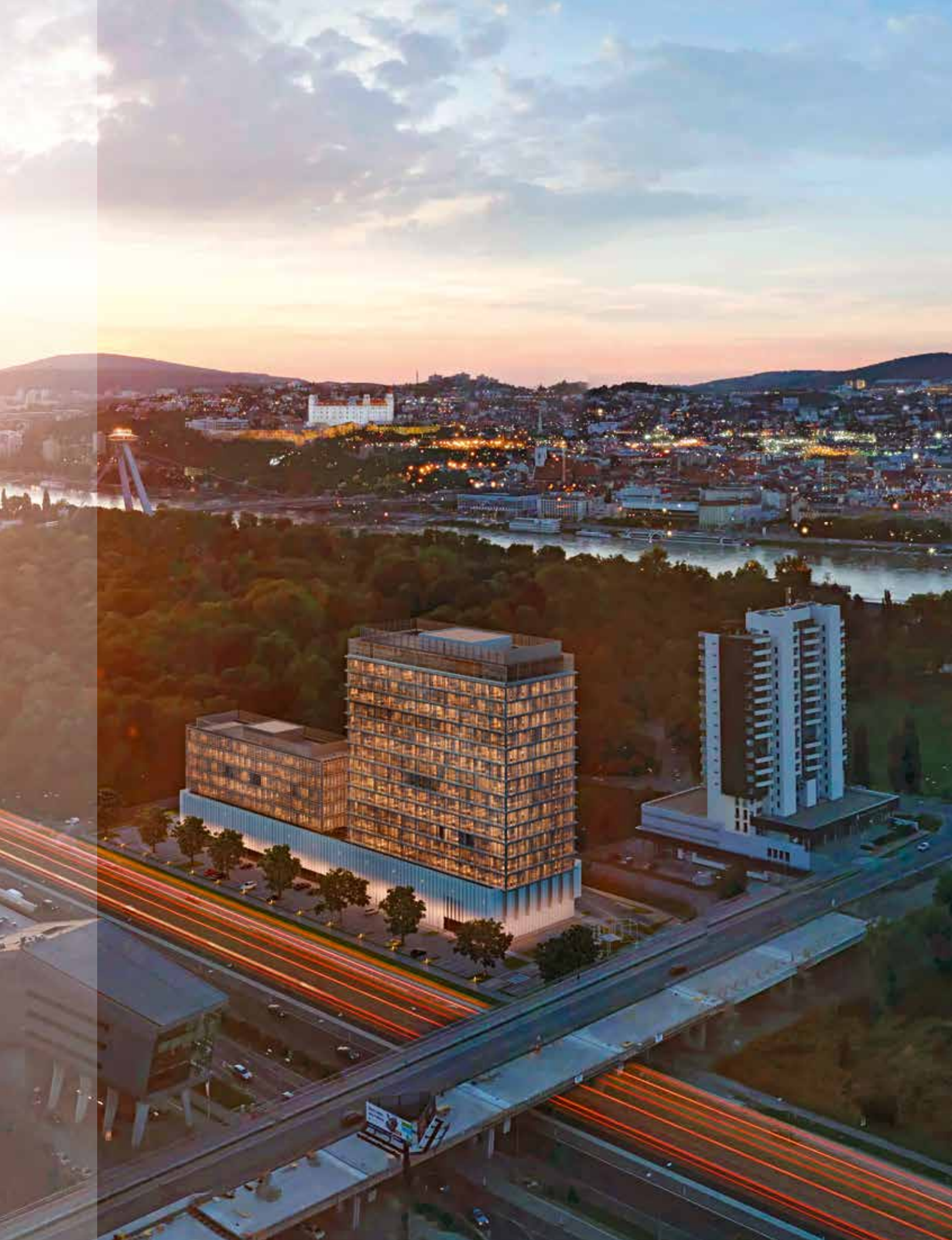
Bratislava

Einsteinova

High demand for new space

Right next door to Bratislava's Old Town, S IMMO is currently constructing a modern, sustainable office building with lettable space of around 23,500 m². Even at an early stage of the project, more than 80% was already pre-let – attesting to the high quality of the property.





Our portfolio

Germany

Rental income in EUR m: **37.1**
Total revenues in EUR m: **48.7**
EBITDA in EUR m: **21.9**
Rental yield in %: **5.1**
Vacancy rate in %: **5.5**
Results from property valuation in EUR m: **136.7**
EBIT in EUR m: **158.5**
Non-current assets in EUR m: **660.4**
Total area in m²: **395,939**
Book value in EUR m: **660.0**



Austria

Rental income in EUR m: **28.1**
Total revenues in EUR m: **56.2**
EBITDA in EUR m: **17.0**
Rental yield in %: **5.0**
Vacancy rate in %: **7.1**
Results from property valuation in EUR m: **38.2**
EBIT in EUR m: **51.2**
Non-current assets in EUR m: **742.8**
Total area in m²: **259,008**
Book value in EUR m: **632.8**

CEE

Czech Republic, Slovakia, Hungary,
Croatia, Romania, Bulgaria

Rental income in EUR m: **53.0**
Total revenues in EUR m: **93.9**
EBITDA in EUR m: **53.6**
Rental yield in %: **8.2**
Vacancy rate in %: **6.2**
Results from property valuation in EUR m: **19.2**
EBIT in EUR m: **69.0**
Non-current assets in EUR m: **784.8**
Total area in m²: **548,522**
Book value in EUR m: **771.1**



Consolidated Financial Statements

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Consolidated statement of financial position

as at 31 December 2016

Assets <small>EUR '000</small>	Notes	31 December 2016	31 December 2015
Non-current assets			
Investment properties			
Rental properties	3.1.1.	1,917,303	1,826,403
Properties under development and undeveloped land	3.1.1.	20,801	16,201
		1,938,104	1,842,604
Owner-operated properties	3.1.2.	125,768	118,044
Other plant and equipment	3.1.2.	6,340	5,165
Intangible assets	3.1.2.	193	210
Interests in companies measured at equity	3.1.3.	10,241	5,112
Group interests	3.1.4.	777	777
Loans to companies measured at equity	3.1.3.	10,372	6,230
Other financial assets	3.1.4.	90,394	4,533
Deferred tax assets	3.1.15.	5,807	7,521
		2,187,996	1,990,196
Current assets			
Inventories	3.1.5.	606	1,444
Trade receivables	3.1.6.	10,412	10,984
Other financial assets	3.1.6.	4,241	5,205
Other assets	3.1.7.	9,616	8,843
Cash and cash equivalents	3.1.8.	66,029	50,684
		90,904	77,160
		2,278,900	2,067,356

Equity and liabilities EUR '000

Notes

31 December 2016

31 December 2015

Shareholders' equity

Share capital	3.1.10.	240,544	242,453
Capital reserves	3.1.10.	68,832	72,030
Other reserves	3.1.10.	486,229	308,781
		795,605	623,264
Non-controlling interests	3.1.11.	28,737	23,331
		824,342	646,595

Non-current liabilities

Subordinated participating certificate capital	3.1.12.	58,131	55,959
Issued bonds	3.1.13.	287,221	286,935
Other financial liabilities	5.2.2.	770,602	792,062
Provisions	3.1.14.	2,143	3,648
Other liabilities		15	28
Deferred tax liabilities	3.1.15.	105,645	109,639
		1,223,757	1,248,271

Current liabilities

Financial liabilities	5.2.2.	184,096	132,482
Income tax liabilities		3,666	1,277
Provisions	3.1.14.	162	395
Trade payables	5.2.2.	9,298	6,502
Other liabilities		33,579	31,834
		230,801	172,490
		2,278,900	2,067,356

Consolidated income statement

for the financial year 2016

EUR '000	Notes	2016	2015
Revenues			
Rental income	3.2.1.	118,174	111,686
Revenues from operating costs	3.2.1.	37,657	33,465
Revenues from hotel operations		42,923	45,546
		198,754	190,697
Other operating income		3,405	3,534
Property operating expenses	3.2.2.	-64,152	-55,841
Hotel operating expenses	3.2.2.	-32,037	-33,164
Gross profit		105,970	105,226
Income from property disposals	3.2.3.	229,882	15,943
Book value of property disposals	3.2.3.	-224,749	-15,938
Gains on property disposals	3.2.3.	5,133	5
Management expenses	3.2.4.	-18,635	-16,483
Earnings before interest, tax, depreciation and amortisation (EBITDA)		92,468	88,748
Depreciation and amortisation	3.2.5.	-7,823	-7,695
Results from property valuation	3.2.6.	194,035	84,645
Operating result (EBIT)		278,680	165,698
Financing cost	3.2.7.	-58,358	-51,934
Financing income	3.2.7.	2,769	680
Results from companies measured at equity	3.2.7.	292	2,362
Participating certificates result	3.1.12.	-6,912	-4,553
Net income before tax (EBT)		216,471	112,253
Taxes on income	3.1.15.	-12,148	-35,004
Consolidated net income		204,323	77,249
of which attributable to shareholders in parent company		198,459	78,209
of which attributable to non-controlling interests		5,864	-960
Earnings per share			
undiluted = diluted	3.2.8.	2.98	1.17

Consolidated statement of comprehensive income

for the financial year 2016

EUR '000	Notes	2016	2015
Consolidated net income		204,323	77,249
Change in value of cash flow hedges	5.1.2.	-4,053	700
Income taxes on cash flow hedges	5.1.2.	1,041	149
Reclassification of derivative valuation effects	5.1.2.	5,921	5,945
Foreign exchange rate differences	3.1.10.	-829	-63
Valuation of financial instruments available for sale	3.1.10.	-5,144	0
Income taxes from measurement of financial instruments available for sale	3.1.10.	1,286	0
Other comprehensive income for the period (realised through profit or loss)		-1,778	6,731
Remeasurement of post-employment benefit obligations		-158	-45
Income taxes on remeasurement of post-employment benefit obligations		40	11
Other comprehensive income for the period (not realised through profit or loss)		-118	-34
Total comprehensive income		202,427	83,946
of which attributable to shareholders in parent company		196,425	84,591
of which attributable to non-controlling interests		6,002	-645

Consolidated cash flow statement

for the financial year 2016

EUR '000	Notes	2016	2015
Net income before tax (EBT)		216,471	112,253
Results from property valuation	3.2.6.	-194,035	-84,645
Depreciation and amortisation	3.2.5.	7,823	7,695
Gains/losses on property sales	3.2.3.	-5,133	-5
Taxes on income paid	3.1.15.	-996	-4,855
Participating certificates result	3.1.12.	6,912	4,553
Financing result	3.2.7.	55,297	48,892
Operating cash flow		86,339	83,889
Changes in net current assets			
Receivables and other assets		-9	3,277
Provisions and other non-current liabilities		-491	212
Current liabilities		4,415	-332
Cash flow from operating activities		90,254	87,046
Cash flow from investing activities			
Investments in property portfolio		-87,253	-135,341
Investments in intangible assets		-89	-149
Investments in equipment and machinery		-2,947	-691
Payment for the acquisition of equity instruments of other companies	3.1.4.	-92,582	0
Investments in financial assets		0	-381
Disposals of financial assets		1,577	600
Investments in companies measured at equity		-6,133	-9,165
Net cash flow from disposal of property holding companies	2.2.4.	111,927	13,723
Net cash flow from initial consolidations	2.2.4.	-12,776	-28,600
Net cash flow from additions/disposals of non-controlling interests		2,109	0
Disposals of properties		45,568	11,280
Dividends from companies measured at equity		398	7,144
Interest received and other financial income	3.2.7.	1,042	460
Cash flow from investing activities		-39,159	-141,120

EUR '000

Notes

2016

2015

Consolidated cash flow statement continued

Cash flow from financing activities

Purchase of own participating certificates	3.1.12.	-1,863	-42,809
Purchase of own shares	3.1.10.	-5,107	-642
Bond issues	3.1.13.	0	98,307
Cash flows from decreases in non-controlling interests		-1,488	-1,769
Increases in financing		185,489	167,073
Decreases in financing		-139,304	-96,180
Dividend payment	3.1.10.	-20,018	-16,030
Distribution to participating certificates	3.1.12.	-2,429	-1,960
Interest paid		-51,030	-75,929
Cash flow from financing activities		-35,750	30,061
Cash and cash equivalents 01 January		50,684	74,697
Net change in cash and cash equivalents		15,345	-24,013
Cash and cash equivalents 31 December ¹		66,029	50,684

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	AFS-reserve	Other reserves	Sub-total S IMMO share-holders	Non-controlling interests	Total
As at 01 January 2016	242,453	72,030	-16,536	-20,356	0	345,673	623,264	23,331	646,595
Consolidated net income	0	0	0	0	0	198,459	198,459	5,864	204,323
Other comprehensive income	0	0	-829	2,771	-3,858	-118	-2,034	138	-1,896
Repurchase of own shares	-1,909	-3,198	0	0	0	0	-5,107	0	-5,107
Additions/Disposals of non-controlling interests	0	0	0	0	0	0	0	892	892
Disposals – others	0	0	0	0	0	1,041	1,041 ²	-1,488 ³	-447
Distribution for 2015 to shareholders ¹	0	0	0	0	0	-20,018	-20,018	0	-20,018
As at 31 December 2016	240,544	68,832	-17,365	-17,585	-3,858	525,037	795,605	28,737	824,342
As at 01 January 2015	242,775	72,350	-16,473	-26,835	0	283,580	555,397	25,855	581,252
Consolidated net income	0	0	0	0	0	78,209	78,209	-960	77,249
Other comprehensive income	0	0	-63	6,479	0	-34	6,382	315	6,697
Repurchase of own shares	-322	-320	0	0	0	0	-642	0	-642
Other changes recognised in equity	0	0	0	0	0	-52	-52	0	-52
Disposals	0	0	0	0	0	0	0	-1,879	-1,879
Distribution for 2014 to shareholders	0	0	0	0	0	-16,030	-16,030	0	-16,030
As at 31 December 2015	242,453	72,030	-16,536	-20,356	0	345,673	623,264	23,331	646,595

¹ The distribution of kEUR 20,018 equates to a dividend per share of EUR 0.30 (2015: EUR 0.24) and was paid out on 10 June 2016.

² Disposal of other reserves in connection with loss of control

³ Distribution

Notes to the consolidated financial statements

as at 31 December 2016

1. The Group

S IMMO Group (S IMMO AG and its subsidiaries) is an international real estate group. The ultimate parent company of the Group, S IMMO AG, has its registered office and headquarters at Friedrichstrasse 10, 1010 Vienna, Austria. The company has been listed on the Vienna Stock Exchange since 1987, since 2007 in the Prime Market segment. It has subsidiaries in Austria, Germany, the Czech Republic, Slovakia, Hungary, Croatia, Romania, Bulgaria and Denmark. As at 31 December 2016, S IMMO Group owned properties in all the above countries except Denmark. The company's principal business is the acquisition, letting and sale of properties in different regions and market segments in order to achieve a balanced investment portfolio. Another business activity is the development and construction of properties in cooperation with project development partners.

2. Accounting and valuation policies

2.1. Accounting policies

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

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

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

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

2.2. Consolidation group and basis of consolidation

2.2.1. Subsidiaries

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

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

If acquisitions result in business combinations as defined by IFRS 3, they are recognised according to the acquisition method. Assessing whether a transaction includes the acquisition of a business requires a detailed analysis of the relevant structures and processes. If the company obtains control of a business through an acquisition, the acquisition costs are offset against the attributable fair value of the identifiable net assets acquired to determine any difference. A positive difference is recognised as goodwill. If the amount is negative, it is recognised by the S IMMO Group in profit or loss after a further critical review of the recognition and measurement of the assets and liabilities acquired.

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

Changes to interests in subsidiaries that do not lead to the establishment or loss of control are classified as equity transactions. The book values of the interests held by the Group and accordingly those held by the controlling shareholders are adjusted in such a way that they reflect the changes to the ownership interests appropriately. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received is recognised under equity and allocated to the shareholders of S IMMO AG.

In the event of loss of control over a subsidiary, the attributable assets and liabilities and the related non-controlling interests are derecognised. The remeasurement of any retained interests at fair value as at the date of the loss of control is performed via the income statement and represents the starting point for the future measurement as an associate, joint venture, or equity investment. Obtaining control over an existing joint venture or associate is treated as a sale and subsequent acquisition to which the above principles apply.

2.2.2. Non-controlling interests

As a general rule, S IMMO Group recognises non-controlling interests as the proportionate share of identifiable net assets of the subsidiary.

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

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

2.2.3. Associates and joint ventures

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

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

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

2.2.4. Consolidation scope

Apart from S IMMO AG, the consolidated financial statements include 74 (2015: 71) companies (property holding and intermediary holding companies) that are fully consolidated and directly or indirectly owned by S IMMO AG, and 11 (2015: 11) companies included at equity.

In the third quarter of 2016, the fully consolidated company S Immo Wohnimmobilien GmbH, Germany, was sold; the payment received consisted entirely of cash in the amount of kEUR 112,994. S IMMO Wohnimmobilien GmbH had the following book value at the time of the disposal:

EUR '000	Book value
Current assets	
Investment property (held for sale)	178,115
Other current assets	418
Cash and cash equivalents	1,067
Total assets	179,600
Non-current liabilities	
Non-current liabilities	-91,094
Current liabilities	-3,508
Total book value of disposals	84,998

The company was sold as part of the "Berolina" project, which – in addition to the sale of shares in the company S Immo Wohnimmobilien GmbH – also included asset deals for the sales of seven other properties.

Also in the third quarter of 2016, a 93% share in the companies S IMMO Berlin III GmbH, Germany, and S IMMO Berlin IV GmbH, Germany, was acquired by way of a share deal. The purchase price (not including ancillary purchasing costs) of kEUR 11,855 consisted entirely of cash.

The two acquired companies had the following book values at the time of the addition:

EUR '000	Book value
Non-current assets	
Property assets	52,250
Current assets	
Other current assets	95
Cash and cash equivalents	335
Total assets	52,680
Non-current liabilities	
Non-current liabilities	-37,792
Current liabilities	-2,141
Total book values added	12,747

In the second quarter of 2016, the company WASHINGTON PROJEKT EOOD, Bulgaria, which was previously measured at equity, was fully consolidated. Some of the shares in IPD International Development s.r.o., Slovakia, were also sold in the second quarter of 2016. The remaining shares in this company are reported under joint ventures in these consolidated financial statements. In the third quarter of 2016, the company S IMMO Property Vier GmbH, Austria, was fully consolidated for the first time. In the fourth quarter 2016, S IMMO Property Drei GmbH, Austria, followed. A business combination as per IFRS 3 did not occur for any of the five newly consolidated companies, as the definition of a business according to IFRS 3 was not met.

Company	Location	Nominal capital 2016	Nominal capital 2015	Group share % 2016	Group share % 2015	Currency ¹	Consolidation type 2016	Consolidation type 2015
CEE Immobilien GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
CEE PROPERTY-INVEST Immobilien GmbH	A, Vienna	48,000,000	48,000,000	100	100	EUR	FC	FC
CEE CZ Immobilien GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
German Property Invest Immobilien GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
Hotel DUNA Beteiligungs Gesellschaft m.b.H.	A, Vienna	145,346	145,346	100	100	EUR	FC	FC
AKIM Beteiligungen GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
SO Immobilienbeteiligungs GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
CEE Beteiligungen GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
E.VI. Immobilienbeteiligungs GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
SIAG Berlin Wohnimmobilien GmbH	A, Vienna	3,982,500	3,982,500	99.74	99.74	EUR	FC	FC
E.I.A. eins Immobilieninvestitionsgesellschaft m.b.H.	A, Vienna	36,336	36,336	100	100	EUR	FC	FC
PCC-Hotellerrichtungs- und Betriebsgesellschaft m.b.H. & Co KG	A, Vienna	8,299,238	8,299,238	74.61	74.26	EUR	FC	FC
PCC-Hotellerrichtungs- und Betriebsgesellschaft m.b.H.	A, Vienna	36,336	36,336	100	100	EUR	FC	FC

Company	Location	Nominal capital 2016	Nominal capital 2015	Group share % 2016	Group share % 2015	Currency ¹	Consolidation type 2016	Consolidation type 2015
Neutorgasse 2–8 Projektverwertungs GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
H.S.E. Immobilienbeteiligungs GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
A.D.I. Immobilien Beteiligungs GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
QBC Management und Beteiligungen GmbH & Co KG	A, Vienna	35,000	35,000	35	35	EUR	E	E
QBC Immobilien GmbH	A, Vienna	60,000	60,000	21.02	21.02	EUR	E	E
QBC Management und Beteiligungen GmbH	A, Vienna	35,000	35,000	35	35	EUR	E	E
QBC Alpha SP Immomanagement GmbH	A, Vienna	35,000	35,000	35	35	EUR	E	E
QBC Gamma SP Immomanagement GmbH	A, Vienna	35,000	35,000	35	35	EUR	E	E
QBC Immobilien GmbH & Co Alpha KG	A, Vienna	10,000	10,000	35	35	EUR	E	E
QBC Immobilien GmbH & Co Gamma KG	A, Vienna	10,000	10,000	35	35	EUR	E	E
QBC Immobilien GmbH & Co Zeta KG	A, Vienna	10,000	10,000	21.02	21.02	EUR	E	E
BGM-IMMORENT Aktiengesellschaft & Co KG	A, Vienna	4,360,370	4,360,370	22.83	22.83	EUR	E	E
Viertel Zwei Hoch GmbH & Co KG	A, Vienna	100,000	100,000	100	100	EUR	FC	FC
Viertel Zwei Plus GmbH & Co KG	A, Vienna	100,000	100,000	100	100	EUR	FC	FC
S IMMO Property Invest GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
S Immo Immobilien Investitions GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
S IMMO Beteiligungen GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
Siebenbrunnengasse 21 GmbH & Co KG	A, Vienna	300	300	100	100	EUR	FC	FC
S IMMO Property Eins GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
S IMMO Property Zwei GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
S IMMO Property Drei GmbH	A, Vienna	35,000	N/A	100	N/A	EUR	FC	FC
S IMMO Property Vier GmbH	A, Vienna	35,000	N/A	100	N/A	EUR	FC	FC
Viertel Zwei Hoch GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
Viertel Zwei Plus GmbH	A, Vienna	35,000	35,000	100	100	EUR	FC	FC
HANSA IMMOBILIEN OOD	BG, Sofia	8,310,000	8,310,000	76.90	76.90	BGN	FC	FC
CEE PROPERTY BULGARIA EOOD	BG, Sofia	37,180,770	37,180,770	100	100	BGN	FC	FC
WASHINGTON PROEKT EOOD	BG, Sofia	45,000	20,000	100	50	BGN	FC	E
ELTIMA PROPERTY COMPANY s.r.o.	CZ, Prague	100,000	100,000	100	100	CZK	FC	FC
REGA Property Invest s.r.o.	CZ, Prague	200,000	200,000	100	100	CZK	FC	FC
Lützow-Center GmbH	DE, Berlin	25,000	25,000	100	100	EUR	FC	FC
Ikaruspark GmbH	DE, Berlin	25,000	25,000	100	100	EUR	FC	FC
S IMMO Germany GmbH	DE, Berlin	25,000	25,000	100	100	EUR	FC	FC
S Immo Geschäftsimmobilien GmbH	DE, Berlin	25,000	25,000	100	100	EUR	FC	FC
Markt Carree Halle Immobilien GmbH	DE, Berlin	25,000	25,000	100	100	EUR	FC	FC
Tölz Immobilien GmbH	DE, Berlin	25,000	25,000	99.74	99.74	EUR	FC	FC
Einkaufs-Center Sofia G.m.b.H. & Co KG	DE, Hamburg	87,000,000	87,000,000	65	65	EUR	FC	FC
SIAG Deutschland Beteiligungs-Verwaltungs GmbH	DE, Berlin	25,000	25,000	100	100	EUR	FC	FC
SIAG Deutschland Beteiligungs GmbH & Co. KG	DE, Berlin	100,000	100,000	94.90	94.90	EUR	FC	FC
SIAG Leipzig Wohnimmobilien GmbH	DE, Berlin	750,000	750,000	99.74	99.74	EUR	FC	FC
Maior Domus Hausverwaltungs GmbH	DE, Berlin	25,000	25,000	100	100	EUR	FC	FC

Company	Location	Nominal capital 2016	Nominal capital 2015	Group share % 2016	Group share % 2015	Currency ¹	Consolidation type 2016	Consolidation type 2015
SIAG Property I GmbH	DE, Berlin	25,000	25,000	100	100	EUR	FC	FC
SIAG Property II GmbH	DE, Berlin	25,000	25,000	100	100	EUR	FC	FC
S IMMO Berlin II GmbH	DE, Berlin	25,000	25,000	100	100	EUR	FC	FC
S IMMO Berlin III GmbH	DE, Berlin	25,000	N/A	93	N/A	EUR	FC	N/A
S IMMO Berlin IV GmbH	DE, Berlin	25,000	N/A	93	N/A	EUR	FC	N/A
H.W.I. I ApS	DK, Århus	939,000	939,000	99.72	99.72	EUR	FC	FC
H.W.I. IV ApS	DK, Århus	134,000	134,000	99.72	99.72	EUR	FC	FC
GPI I ApS	DK, Århus	17,000	17,000	99.71	99.71	EUR	FC	FC
GPI II ApS	DK, Århus	60,000	60,000	99.71	99.71	EUR	FC	FC
GPI III ApS	DK, Århus	17,000	17,000	99.71	99.71	EUR	FC	FC
Bank-garázs Kft.	H, Budapest	3,000,000	3,000,000	100	100	HUF	FC	FC
CEE Property-Invest Kft.	H, Budapest	110,000,000	100,000,000	100	100	HUF	FC	FC
Maros utca Kft.	H, Budapest	3,000,000	3,000,000	100	100	HUF	FC	FC
BUDA Kft.	H, Budapest	3,000,000	3,000,000	100	100	HUF	FC	FC
Duna Szálloda Zrt.	H, Budapest	5,000,000	5,000,000	100	100	HUF	FC	FC
City Center Irodaház Kft.	H, Budapest	44,370,000	44,370,000	100	100	HUF	FC	FC
Szegedi út Kft.	H, Budapest	3,000,000	3,000,000	100	100	HUF	FC	FC
Nagymező Kft.	H, Budapest	462,590,000	462,590,000	100	100	HUF	FC	FC
CEE Property-Invest Hungary 2003 Kft.	H, Budapest	3,000,000	3,000,000	100	100	HUF	FC	FC
S IMMO APM Hungary Kft.	H, Budapest	20,000,000	20,000,000	100	100	HUF	FC	FC
SOCIETATE DEZVOLTARE COMERCIAL SUDULUI (SDCS) SRL.	RO, Bucharest	334,676,390	334,676,390	100	100	RON	FC	FC
VICTORIEI BUSINESS PLAZZA SRL	RO, Bucharest	18,852,144	18,852,144	100	100	RON	FC	FC
DUAL CONSTRUCT INVEST SRL	RO, Bucharest	80,732,000	2,000	100	100	RON	FC	FC
ROTER INVESTITII IMOBILIARE SRL	RO, Bucharest	4,472,020	4,472,020	100	100	RON	FC	FC
CII CENTRAL INVESTMENTS IMMOBILIARE SRL	RO, Bucharest	1,816,000	1,816,000	47	47	RON	E	E
Galvániho Business Centrum, s.r.o.	SK, Bratislava	6,639	6,639	100	100	EUR	FC	FC
GALVÁNIHO 2, s.r.o.	SK, Bratislava	6,639	6,639	100	100	EUR	FC	FC
IPD International Property Development, s.r.o.	SK, Bratislava	33,194	33,194	51	100	EUR	E	FC
SIAG Fachmarktzentren, s.r.o.	SK, Bratislava	6,639	6,639	100	100	EUR	FC	FC
SIAG Hotel Bratislava, s.r.o.	SK, Bratislava	6,639	6,639	100	100	EUR	FC	FC
GALVÁNIHO 4, s.r.o.	SK, Bratislava	33,195	33,195	100	100	EUR	FC	FC
EUROCENTER d.o.o.	HR, Zagreb	20,000	20,000	100	100	HRK	FC	FC

¹ In the financial year 2016, there were no changes compared to the financial year 2015.

The following subsidiaries are not fully consolidated due to immateriality. They had a book value of kEUR 157 as at 31 December 2016 (31 December 2015: kEUR 157). The non-consolidated subsidiaries include aptus Immobilien GmbH, Berlin, Germany (nominal capital kEUR 25, Group share 100%), Einkaufs-Center Sofia Verwaltungs G.m.b.H., Hamburg, Germany (nominal capital kEUR 25, Group share 65%), SIAG Multipurpose s.r.o., Bratislava, Slovakia (nominal capital kEUR 7, Group share 100%), S IMMO Berlin I GmbH, Berlin, Germany (nominal capital kEUR 25, Group share 100%) and the S IMMO Property Fünf GmbH, Vienna, Austria (nominal capital kEUR 35, Group share 100%).

2.3. Reporting currency and currency translation

The Group's reporting currency is the euro. The functional currency of individual Group companies is determined by the economic environment in which they operate.

For those Group companies for which the local currency is equivalent to the functional currency, functional currencies are translated into the reporting currency in accordance with IAS 21 as follows:

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

Foreign currencies have been translated using the following exchange rates:

	Czech Republic CZK	Hungary HUF	Bulgaria BGN	Romania RON	Croatia HRK
Closing rate 31 December 2016	27.021	309.830	1.956	4.539	7.560
Average price rate in 2016	27.042	311.909	1.956	4.493	7.536
Closing rate 31 December 2015	27.023	315.980	1.956	4.524	7.638
Average price rate in 2015	27.305	310.045	1.956	4.444	7.621

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

2.4. New mandatory accounting regulations

2.4.1. New standards and interpretations

The following new or amended standards and interpretations were applied for the first time in 2016.

Standard	Content	Applicable as of
IAS 16 IAS 41	Accounting for bearer plants	January 2016
IFRS 11	Amendment to IFRS 11 with regard to the acquisition of interests in a joint operation	January 2016
IAS 16 IAS 38	Amendments to IAS 16 and 38 regarding the permissibility of revenue-based amortisation	January 2016
IFRS 5	Changes in the disposal method: clarification of accounting for cases in which an asset is reclassified from the "held for sale" category to the "held for distribution" category or vice versa	Annual Improvements to IFRSs 2012-2014 Cycle
IFRS 7	Clarification regarding the inclusion of servicing contracts and offsetting disclosures in condensed interim financial statements	
IAS 19	Clarification regarding the derivation of the discount rate: depth of the market for high-quality corporate bonds to be assessed at currency level	
IAS 34	Clarification of the meaning of "elsewhere in the interim report" and addition of a cross-reference requirement	
IAS 1	Amendments to IAS 1: disclosure initiative	January 2016
IAS 27	Separate financial statements: equity method in separate financial statements	January 2016
IFRS 10 IFRS 12 IAS 28	Investment entities: applying the consolidation exception	January 2016

Amendments to IFRS 11: The amendment clarifies that acquisitions and additional acquisitions of interests in joint operations that constitute a business as defined in IFRS 3 are to be accounted for in line with the principles on business combination accounting in IFRS 3 and other applicable IFRSs with the exception of those principles that conflict with the guidance in IFRS 11.

However, if additional interests are acquired while retaining joint control, the previously held interests are not remeasured. These amendments do not apply if the parties that share joint control are themselves under the common control of the same ultimate controlling entity.

Amendments to IAS 16 and IAS 38: The amendments to IAS 16 and IAS 38 provide additional guidance with regard to the applicability of certain methods of depreciation and amortisation for property, plant and equipment and intangible assets. They clarify that depreciation of property, plant and equipment on the basis of revenue from the goods it produces is not appropriate, as the revenue depends not only on the consumption of the asset but also on other factors such as sales volumes, prices

and inflation. This clarification is generally also incorporated in IAS 38 for the amortisation of intangible assets with finite useful lives. However, the IASB also introduces a rebuttable presumption in this regard. In line with this, revenue-based amortisation of intangible assets with finite useful lives is permitted in the two following exceptions:

- The "value" of the asset can be expressed directly in terms of the revenue generated, or
- it can be demonstrated that there is a strong correlation between the revenue generated and the amortisation of the intangible asset.

For both property, plant and equipment and intangible assets, it is also clarified that a decrease in the selling prices of goods and services produced with them could be indicative of their economic obsolescence and thus of a decline in the potential economic benefits of the assets required for production.

Amendments to IAS 1: The amendments emphasise the concept of materiality and clarify that this applies to all parts of the financial statements, explicitly mentioning the notes. They add

that immaterial information should not be presented separately even if its presentation is specifically required in a standard. It must also be determined whether, in addition to the specifically required disclosures, further disclosures are necessary in order to give readers a better understanding of the net assets, financial position and results of operations.

The amendments also include explanations regarding the aggregation and disaggregation of line items in the statement of financial position and the statement of comprehensive income. They clarify that the share of other comprehensive income attributable to associates and joint ventures should be presented as separate line items based on whether or not amounts will subsequently be reclassified to profit or loss. Additional examples of possible ways of ordering the notes are added to clarify that understandability and comparability should be considered when determining the order of the notes.

With the amendment to IAS 27, the equity method is permitted again as an accounting option for interests in other entities in separate financial statements.

The amendments to IFRS 10, IFRS 12 and IAS 28 serve to clarify issues relating to the application of the investment entities exception according to IFRS 10 when the parent company meets the definition of an investment entity.

In the "Annual Improvements to IFRSs" projects, individual standards are adjusted, mostly in order to clarify the existing regulation.

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

There are several new and amended standards and interpretations that were neither compulsory in the 2016 financial year nor applied in these financial statements.

IFRS 9 "Financial Instruments" deals with the classification, recognition and measurement of financial assets and financial liabilities. The complete version of IFRS 9 was published in July 2014. This standard replaces the sections of IAS 39 Financial Instruments: Recognition and Measurement that deal with the classification and measurement of financial instruments. IFRS 9 retains the mixed measurement model with simplifications and creates three measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The categorisation is based on the business model of the reporting entity and the characteristics of the contractual cash flows of the financial asset. Investments in equity instruments are generally required to be measured at fair value through profit or loss. Only at the beginning is there an irrevocable option to present changes in their fair value in other comprehensive income. In addition, there is a new impairment model based on expected losses that replaces the IAS 39 model based on incurred losses. The categorisation and measurement of financial liabilities generally have not changed. The only exception relates to liabilities designated as fair value through profit or loss, for which changes in the entity's own credit risk are to be recognised in other comprehensive income. IFRS 9 facilitates hedge accounting. An economic relationship between the hedged item and hedging instrument is required. In addition, the hedging relationship must correspond to what the management actually uses for risk management purposes. Simultaneous documentation is still required, but differs from the documentation currently prepared in accordance with IAS 39. The current evaluation of the effects comes to the following conclusion:

Other financial assets include equity instruments that are currently accounted for as AFS securities and for which there is an option in accordance with IFRS 9 to classify them as FVOCI, but without the possibility of recycling. It can thus be ascertained that IFRS 9 does not have any significant effects on the accounting for the Group's financial assets.

No effects on the Group's financial liabilities are expected, either, as there are no liabilities assigned to the FVPL category. With the regulations on disposals in IAS 39 having been retained in IFRS 9, no changes are anticipated here, either.

The new hedge accounting regulations align the accounting for hedges more closely with the Group's risk management activities. More hedges may be eligible for hedge accounting, as IFRS 9 introduces a principle-based approach. The Group's current hedges are expected to qualify as continued hedges when IFRS 9 is adopted. Accordingly, the Group does not anticipate any significant effects on the accounting.

The new impairment model requires impairment to be recognised on the basis of expected credit losses (expected credit loss model) instead of using the incurred loss model in accordance with IAS 39. It applies to financial assets measured at amortised cost, debt instruments measured at FVOCI, contract assets within the scope of IFRS 15, lease receivables, loan commitments and certain financial guarantees. While the Group has not yet carried out an in-depth assessment of how its impairment provisions will be affected by the new model, earlier recognition of credit defaults can be expected.

The new standard also includes additional disclosure obligations and changes in presentation. These are expected to affect the type and scope of the Group's disclosures in the year of the transition.

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

The management is currently examining the effects of the application of the new standard on the consolidated financial statements. The presentation and disclosure requirements of IFRS 15 are very extensive. Many disclosure requirements relate to completely new disclosures. The implementation of these disclosure requirements calls for appropriate systems, guidelines and internal controls.

It is not currently possible for the Group to estimate the effects of the new regulations on the consolidated financial statements in more detail. The effects will be assessed in greater depth over the next twelve months.

IFRS 16 "Leases" governs the recognition, measurement, presentation and disclosure requirements for leases in financial statements. The standard stipulates a single accounting model for lessees. Under this model, lessees must recognise all assets and liabilities from leases in the statement of financial position, unless the term is twelve months or less or the asset in question is a low-value asset. The simplifications represent options. Lessors continue to distinguish between finance and operating leases for accounting purposes. The accounting model in IFRS 16 does not differ significantly from that in IAS 17.

The standard will primarily affect the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease obligations of kEUR 13,936. However, the Group has not yet determined the extent to which these obligations will result in the capitalisation of assets and the recognition of liabilities or the effect this will have on consolidated net income and the classification of cash flows.

Some of the obligations may be covered by the exception for short-term leases and for low-value leased assets. By contrast, others may relate to agreements that come under leases in accordance with IFRS 16.

Amendments to IFRS 2: The amendments deal with individual issues relating to the accounting for cash-settled share-based payments. The main addition is that the standard now includes provisions with regard to calculating the fair value of the obligations resulting from share-based payments. No significant effects on the Group's net assets, financial position and earnings situation are currently anticipated.

IFRIC 22: The Interpretation clarified which exchange rate is to be used on initial recognition of a foreign-currency transaction in an entity's functional currency if the entity makes or receives payments in advance. No significant effects on the Group's net assets, financial position and earnings situation are currently anticipated.

Amendments to IAS 40: The amendments serve to clarify the provisions with regard to transfers to or from investment property. In particular, they address the question of whether properties under construction or under development that were previously

accounted for as inventories can be reclassified to the category of investment property if there has been a clear change in use. No significant effects on the Group's net assets, financial position and earnings situation are currently anticipated.

Amendments to IAS 7: The amendments aim to bring about an improvement in information on the entity's financing activities. According to the amendments, entities will have to make additional disclosures on the development of liability items in the statement of financial position during the reporting period for which related cash flows were or will be presented in the cash flow statement as cash flows from financing activities. In addition, corresponding additional disclosures must be made on the development of the carrying amount of financial assets for which related payments are also presented in the cash flow from financing activities. The amendments result in additional disclosures for the Group.

Amendments to IAS 12: The amendments provide clarifications on the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. They also explain how an entity should estimate future taxable profits and to what extent the recognition of assets beyond their carrying amount can be taken into account. No significant effects on the Group's net assets, financial position and earnings situation are currently anticipated.

Amendments to IFRS 10 and IAS 28: The amendments address a conflict between the provisions of IAS 28 "Investments in Associates and Joint Ventures" and IFRS 10 "Consolidated Financial Statements". They clarify that in transactions with an associate or joint venture the extent of the recognition of gains or losses depends on whether the assets sold or transferred constitute a business in accordance with IFRS 3 "Business Combinations". The effective date of the amendments has been postponed indefinitely. The effects of the amendments still have to be analysed.

2.5. Changes in accounting and valuation policies

Apart from the new standards described under 2.4.1. there were no changes in accounting and valuation policies or in the presentation of the financial statements in the financial year 2016.

2.6. Accounting and valuation policies

2.6.1. Properties held as financial investments

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

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

Properties are recognised as assets of each company in their relevant functional currency.

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

Subsequent costs for the expansion, partial replacement or maintenance of the property are capitalised to the extent that they represent the replacement of parts of a property unit according to the component approach and provided that the costs can be reliably measured. Costs are also capitalised when the expenditure results in increased future benefits and the costs can be reliably measured. The capitalised costs are not subject to scheduled depreciation because no scheduled depreciation is applied in general pursuant to the fair value model selected according to IAS 40.

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

2.6.2. Inventories

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

2.6.3. Owner-operated properties, other plant and equipment

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

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

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

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

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

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

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

2.6.4. Intangible assets

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

Intangible assets with a limited useful life are subject to scheduled amortisation, calculated on the basis of the following useful lives:

	Useful life in years	
	from	to
Software	3	6

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

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

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

2.6.5. Financial instruments

2.6.5.1. Primary financial instruments

In accordance with IAS 39, S IMMO Group as a general rule classifies its financial instruments as follows:

- Financial assets and liabilities measurable at fair value through profit or loss
- Loans and receivables
- Financial assets held to maturity
- Available for sale financial assets
- Financial liabilities at amortised cost

Classification is based on the purpose for which the individual instrument is acquired and takes place at the time of acquisition.

S IMMO Group as a general rule classifies financial instruments into the following categories:

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

The category *financial instruments and liabilities measurable at fair value through profit or loss* includes financial instruments held for trading purposes, financial instruments classified as such at the time of acquisition and all derivative financial instruments except those serving as hedges.

The assets classified under *loans and receivables* are financial instruments with fixed or determinable payment flows not traded in an active market. This category mainly includes trade receivables and other financial assets. Where their remaining maturities are less than twelve months, they are disclosed under *current assets*, and otherwise under *non-current assets*.

Financial assets with fixed or determinable payment flows are disclosed under *financial assets held to maturity*.

Available for sale financial assets comprise all financial assets not included in any of the above categories or deliberately classified as available for sale. These financial instruments are disclosed as *non-current assets* unless it is the management's intention to dispose of them within the next twelve months.

Financial instruments for which a fair value cannot be reliably determined are recognised at the cost of acquisition less any impairment.

The category *financial liabilities at amortised cost* comprises trade payables and other financial liabilities.

Additions to and disposals of financial instruments are recognised as of the applicable settlement dates. Financial assets in all categories are measured at fair value at the time of acquisition and – with the exception of those recognised at fair value through profit or loss – including transaction costs.

The other financial liabilities are measured at amortised cost.

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

2.6.5.2. Derivatives

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

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

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

Hedged risk

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

Hedging instruments

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

The changes in the valuation of cash flow hedges recognised under equity are transferred to the income statement in the period in which the hedged underlying transaction affects profit or loss or when the requirements for recognition as a cash flow hedge are no longer met. In the financial year 2016, derivative valuation effects of kEUR 5,921 (2015: KEUR 5,945) were reclassified from equity to the income statement according to the provisions of IAS 39.

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

2.6.6. Impairment of assets

2.6.6.1. Non-financial assets

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

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

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

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

The impairment test for hotels is a two-stage process. The carrying value is first compared with the independent assessment of the hotel's fair value. If the carrying value exceeds the fair value, the question is then whether the value in use differs substantially from the fair value. If this is not the case, then the carrying value is written down to correspond to the fair value.

If the impairment subsequently disappears, the impairment loss is reversed through profit or loss, up to the lower of the new recoverable amount or the depreciated original cost of acquisition or construction. The Group had no such reversals of impairment losses in 2016 or the previous year.

2.6.6.2. Financial instruments

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

For debt instruments of all kinds except those measured at fair value through profit or loss, an impairment is recognised if, as a result of one or more events occurring after the initial recognition of the asset, there is objective evidence that S IMMO Group will no longer be in a position to collect the payments relating to the asset. The amount of the impairment is calculated as the difference between the carrying value of the financial asset and the present value of the future cash flows, calculated using the original rate of interest on the asset. A subsequent disappearance of the factors causing the impairment and a recovery in value entails a reversal of the impairment loss.

Trade receivables

Where there are objective indications that individual receivables cannot be recovered in full, provisions are raised for the amounts expected to be irrecoverable. General provisions for doubtful individual debts are made on the basis of experience. S IMMO Group generally adjusts receivables overdue by more than three months by 50% or 90%, and receivables overdue by more than one year by 100%.

The outstanding balances are constantly monitored by the responsible asset managers, so that appropriate measures can be taken in good time.

2.6.7. Other assets

Other assets are measured at cost less any impairment losses, which are recognised through profit or loss.

2.6.8. Cash and cash equivalents

Cash and cash equivalents comprise cash and sight deposits together with bank deposits with a maturity of up to three months at the time of the original deposit.

2.6.9. Properties held for sale

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

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

The Group did not intend to dispose of any property at the end of the reporting period (31 December 2016).

2.6.10. Other provisions

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

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

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

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

2.6.11. Taxes

The individual companies in the Group raise liabilities both for current tax liabilities and for deferred taxes.

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

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

2.6.12. Leasing

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

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

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

2.6.13. Revenues

2.6.13.1. Rental income

Rental income is recognised evenly over the term of the rental agreement. One-time payments and waivers of rent as well as any other kind of rental incentive are spread over the lifetime of rental agreements (according to SIC 15).

2.6.13.2. Revenues from hotel operations

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

2.6.13.3. Income and costs from financial instruments

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

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

Interest is accrued using the effective interest rate method.

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

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

2.7. Hierarchy of fair value measurement

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

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

31 December 2016 EUR '000	Level 1	Level 2	Level 3	Total
Properties held as financial investments				
Rental properties	0	0	1,917,303	1,917,303
Properties under development and undeveloped land	0	0	20,801	20,801
Other financial assets				
Listed equity instruments	87,437	0	0	87,437
Derivatives	0	2,580	0	2,580
Financial liabilities				
Derivatives	0	-30,347	0	-30,347

31 December 2015 EUR '000	Level 1	Level 2	Level 3	Total
Properties held as financial investments				
Rental properties	0	0	1,826,403	1,826,403
Properties under development and undeveloped land	0	0	16,201	16,201
Other financial assets				
Derivatives	0	3,937	0	3,937
Financial liabilities				
Derivatives	0	-28,316	0	-28,316

2.8. Estimation and assumption uncertainties

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

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

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

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

2.8.1. Properties held as financial investments

The calculation of the fair value of properties held as financial investments was based on expert valuations by internationally recognised valuers such as CBRE, Colliers International, EHL and Dr. Heinz Muhr. The valuations were prepared in compliance with International Valuation Standards. The values of these properties depend to a significant extent on present estimates of future rental trends and vacancy levels, and on the interest rates used for discounting purposes. Properties held as financial investments had a carrying value of kEUR 1,938,104 (31 December 2015: kEUR 1,842,604).

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

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

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

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

The investment method calculates the fair value on the basis of the current rental, capitalisation rate and estimated rental value.

The residual value method is based on investment considerations and calculates the residual value that remains when the property is sold, taking account of construction and development costs. The project costs include construction costs, ancillary construction costs, a percentage for contingencies, interest during construction and marketing costs.

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

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

Different valuation methods were used in the various segments. In Austria, the fair value of kEUR 574,808 was in the majority of cases calculated using the capitalised earnings method, while in Germany, the fair value of kEUR 660,044 was calculated mainly using the DCF method. In Central Europe, the DCF method, the capitalised earnings method, the investment method and the residual value method were used to calculate the fair value of kEUR 296,811. In Southeastern Europe, the fair value of kEUR 406,441 was calculated using the DCF method, the investment method, the sales comparison approach and the residual value method.

The significant parameters per segment and valuation method applied are as follows:

	Book value as at 31 December 2016 EUR '000	Valuation method	Input factors	Range ¹
Austria	574,808	Capitalised earnings method	Capitalisation rate	3.00% to 5.25%
			Remaining useful life	10 to 64 years
Germany	660,044	Discounted cash flow	Capitalisation rate	2.75% to 8.00%
			Discount rate	3.75% to 8.50%
		Residual value method	Capitalisation rate	6.25%
			Construction costs	EUR 1,200.00 or 1,458.00/m ²
Central Europe	296,811	Discounted cash flow	Capitalisation rate	7.00% to 8.00%
			Discount rate	6.75% to 7.75%
		Investment method	Capitalisation rate	7.75% to 8.75%
			Discount rate	8.00% to 9.00%
		Capitalised earnings method	Capitalisation rate	4.42% to 6.91%
			Remaining useful life	30 to 42 years
		Residual value method	Capitalisation rate	5.15%
			Construction costs	EUR 1,150.00/m ²
Southeastern Europe	406,441	Discounted cash flow	Capitalisation rate	7.25% to 8.50%
			Discount rate	8.00% to 9.50%
		Investment method	Capitalisation rate	7.80%
		Sales comparison approach	Average comparative value	EUR 31.01/m ²
		Residual value method	Capitalisation rate	7.75%
			Construction costs	EUR 1,350.00/m ²

¹ Across all use types

Overview of the average rental yields

in % ¹	31 December 2016	31 December 2015
Austria	5.0	5.8
Germany	5.1	5.4
Central Europe	7.6	7.5
Southeastern Europe	8.7	9.3
	6.2	6.7

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

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

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

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

The following tables show the sensitivity of the fair value of rented properties held as financial investments to changes in sustainable rental yields and interest rates:

Change in sustainable rent

EUR '000	2016			2015		
	-10%	Output value	+10%	-10%	Output value	+10%
Austria	519,105	574,808	632,748	477,295	533,339	589,619
Germany	595,432	660,044	723,052	582,489	648,290	712,137
Central Europe	260,774	296,811	334,364	261,415	289,378	318,133
Southeastern Europe	341,769	385,640	429,514	315,271	355,396	395,026
	1,717,080	1,917,303	2,119,678	1,636,470	1,826,403	2,014,915

Change in interest rate

EUR '000	2016			2015		
	-10%	Output value	+10%	-10%	Output value	+10%
Austria	625,903	574,808	532,425	577,270	533,339	494,517
Germany	740,652	660,044	594,582	730,387	648,290	581,159
Central Europe	325,691	296,811	272,947	317,014	289,378	266,402
Southeastern Europe	433,314	385,640	346,883	397,626	355,396	320,798
	2,125,560	1,917,303	1,746,837	2,022,297	1,826,403	1,662,876

2.8.2. Intangible assets and property, plant and equipment

Estimates of the long-term value of tangible and intangible assets are based on assumptions about the future. The calculation of recoverable amounts for the purpose of impairment tests is based on several assumptions, for example, about future net cash flows and discount rates. The book value of intangible assets amounted to kEUR 193 (31 December 2015: kEUR 210), that of other non-current assets to kEUR 6,340 (31 December 2015: kEUR 5,165). Owner-operated properties had a book value of kEUR 125,768 (31 December 2015: kEUR 118,044).

2.8.3. Financial instruments

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

2.8.3.1. Valuation of derivatives

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

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

not used for OTC derivatives that are secured by property together with the designated loans under the terms of the respective credit agreements.

2.8.3.2. Derivatives – sensitivity analysis

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

+100 BPS EUR '000	31 December 2016			
	Nominal	Fair value before interest rates shift	Change EUR '000	Change in %
Swaps	508,997	-28,754	33,258	115.66
Caps	227,460	988	1,495	151.40
Total	736,457	-27,766	34,753	

-50 BPS EUR '000	31 December 2016			
	Nominal	Fair value before interest rates shift	Change EUR '000	Change in %
Swaps	508,997	-28,754	-17,502	-60.87
Caps	227,460	988	-490	-49.58
Total	736,457	-27,766	-17,992	

+100 BPS EUR '000	31 December 2015			
	Nominal	Fair value before interest rates shift	Change EUR '000	Change in %
Swaps	480,820	-27,385	33,025	120.59
Caps	214,740	3,007	2,594	86.27
Total	695,560	-24,378	35,619	

-50 BPS EUR '000	31 December 2015			
	Nominal	Fair value before interest rates shift	Change EUR '000	Change in %
Swaps	480,820	-27,385	-16,941	-61.86
Caps	214,740	3,007	-957	-31.83
Total	695,560	-24,378	-17,898	

2.8.4. Deferred taxes

The recognition of deferred tax assets for tax loss carryforwards is based on the assumption that taxable income earned in the future will be sufficient to enable existing loss carryforwards to be utilised. Deferred tax assets for tax loss carryforwards of kEUR 31,495 (31 December 2015: kEUR 35,224) have been recognised. Further information on deferred taxes can be found in note 3.1.15.

2.8.5. Post-employment benefit obligations

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

Change in interest rate

EUR '000	2016			2015		
	-0.50%	Output value	+0.50%	-0.50%	Output value	+0.50%
Pensions	1,655	1,533	1,424	1,534	1,421	1,319
Severance payments	935	915	895	726	706	688
Long-service bonuses	347	335	323	511	484	459

Change in valorisation

EUR '000	2016			2015		
	-0.20%	Output value	+0.20%	-0.20%	Output value	+0.20%
Pensions	1,521	1,533	1,547	1,408	1,421	1,434
Severance payments	907	915	922	700	706	714
Long-service bonuses	331	335	339	474	484	493

2.8.6. Obligations arising from liabilities not included in the consolidated statement of financial position

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

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

3.1. Statement of financial position

3.1.1. Properties held as financial investments

EUR '000	Properties under development and undeveloped land	
	Rental properties	
As at 01 January 2015	1,587,063	14,452
Additions	159,189	1,323
Disposals	0	0
Other changes	-969	0
Changes in fair value (realised through profit or loss)	84,420	426
Reclassifications as properties held for sale	-3,300	0
As at 31 December 2015	1,826,403	16,201
whereof pledged as security	1,651,819	0

Additions	117,340	11,250
Disposals	0	-5,305
Other changes	-245	0
Changes in fair value (realised through profit or loss)	195,380	-1,345
Reclassifications as properties held for sale	-221,575	0
As at 31 December 2016	1,917,303	20,801
whereof pledged as security	1,806,978	0

The value of the other changes in the amount of kEUR -245 (31 December 2015: kEUR -969) consists primarily of retroactive acquisition cost reductions.

Additions by country were as follows:

Rental properties

EUR '000	31 December 2016	31 December 2015
Austria	3,301	30,575
Germany	96,640	123,999
Central Europe	4,746	3,127
Southeastern Europe	12,653	1,488
	117,340	159,189

Properties under development and undeveloped land

EUR '000	31 December 2016	31 December 2015
Austria	0	0
Germany	0	0
Central Europe	105	185
Southeastern Europe	11,145	1,138
	11,250	1,323

Consisting of:

Rental properties

EUR '000	31 December 2016	31 December 2015
Austria	574,808	533,339
Germany	660,044	648,290
Central Europe	296,811	289,378
Southeastern Europe	385,640	355,396
	1,917,303	1,826,403

The measurement of the fair value of rental properties totalling kEUR 1,917,303 in the financial year 2016 was based on hierarchy level 3.

Properties under development and undeveloped land

EUR '000	31 December 2016	31 December 2015
Austria	0	0
Germany	0	0
Central Europe	0	5,200
Southeastern Europe	20,801	11,001
	20,801	16,201

The measurement of the fair value of development projects and undeveloped land totalling kEUR 20,801 in the financial year 2016 was based on hierarchy level 3. This relates to land reserves and projects for which significant construction or project development measures are already in progress as at the reporting date and for which generating rental income is already of only minor significance.

Purchasing obligations for properties in the amount of kEUR 14,316 result from the purchasing contracts concluded in the financial year 2016.

S IMMO capitalises borrowing costs that serve the purpose of acquiring, purchasing or manufacturing a qualifying asset also if the qualifying asset is measured at fair value. Capitalising borrowing costs in accordance with IAS 23 was immaterial in the 2016 financial year, as in the 2015 financial year.

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

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

EUR '000	Owner-operated properties	Other plant and equipment	Intangible assets	Total
Costs of acquisition as at 01 January 2015	179,681	19,954	618	200,253
Currency translation	0	-13	-2	-15
Additions	3,759	691	149	4,599
Disposals	0	-6,092	-20	-6,112
As at 31 December 2015	183,440	14,540	745	198,725
Currency translation	0	195	35	230
Additions	14,091	2,898	89	17,078
Disposals	0	-1,313	-2	-1,315
As at 31 December 2016	197,531	16,320	867	214,718

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

EUR '000	Owner-operated properties	Other plant and equipment	Intangible assets	Total
Accumulated depreciation and amortisation as at 01 January 2015	59,682	13,546	450	73,678
Currency translation	0	-20	-3	-23
Depreciation and amortisation	5,714	1,877	104	7,695
Disposals	0	-6,028	-16	-6,044
As at 31 December 2015	65,396	9,375	535	75,306
Currency translation	0	189	33	222
Depreciation and amortisation	6,367	1,348	108	7,823
Disposals	0	-932	-2	-934
As at 31 December 2016	71,763	9,980	674	82,417
Book value as at 01 January 2015	119,999	6,408	168	126,575
Book value as at 31 December 2015	118,044	5,165	210	123,419
Book value as at 31 December 2016	125,768	6,340	193	132,301

3.1.3. Interests in companies measured at equity

The book value of the companies measured at equity came to KEUR 10,241 as at 31 December 2016 (31 December 2015: KEUR 5,112). The companies recognised according to the

equity method are shown in the table depicting the scope of consolidation in section 2.2. These are companies that either hold or develop properties.

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

Associated companies

EUR '000	31 December 2016	of which AT	of which SEE	31 December 2015	of which AT	of which SEE
Non-current assets	77,292	42,708	34,584	66,570	31,157	35,413
Current assets	5,574	5,506	68	5,000	4,629	371
Non-current liabilities	67,245	36,738	30,507	54,866	22,757	32,109
Current liabilities	2,073	2,039	34	462	311	151
Net assets	13,548	9,437	4,111	16,242	12,718	3,524
Group interest in net assets	4,181	2,249	1,932	5,112	3,456	1,656

EUR '000	2016	of which AT	of which SEE	2015	of which AT	of which SEE
Revenues	5,242	2,420	2,822	5,550	2,528	3,022
Net income for the period	-1,168	-1,958	790	10,706	9,730	976
Group share of the profit for the period	-533	-904	371	3,610	3,151	459

Joint ventures

EUR '000	31 December 2016	of which CEE	31 December 2015	of which SEE
Non-current assets	7,965	7,965	2,996	2,996
Current assets	3,063	3,063	10	10
Non-current liabilities	101	101	4,152	4,152
Current liabilities	1,302	1,302	7	7
Net assets	9,625	9,625	-1,153	-1,153
Group interest in net assets	4,909	4,909	-577	-577

EUR '000	2016	of which CEE	2015	of which SEE
Revenues	0	0	0	0
Net income for the period	-385	-385	-11	-11
Group share of the profit for the period	-197	-197	-6	-6

In the financial year 2016, there were proportional losses from companies included at equity amounting to kEUR 1,153 (2015: kEUR 6) that were not recognised. A cumulative total of kEUR 1,153 (2015: kEUR 582) was not realised as losses for companies measured at equity. The cumulative losses from previous years were attributable to a company over which control was obtained in the financial year 2016.

Loans to associated companies amounted to kEUR 10,372 (2015: kEUR 6,230) as at 31 December 2016.

3.1.4. Other financial assets

The book value of non-current financial assets largely correspond to their fair values. The majority of other financial assets relate to shares in the companies Immofinanz and CA Immo that were acquired in 2016 and for which a dividend of kEUR 778.8 (2015: kEUR 0) was received in the past financial year. Both securities are attributable to the "available for sale" category.

3.1.5. Inventories

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

3.1.6. Trade receivables and other accounts receivable

Trade receivables include rents receivable from tenants less any specific provisions required. These consist mainly of provisions against receivables in SEE (kEUR 11,845; 2015: kEUR 15,362) and in CEE (kEUR 795; 2015: kEUR 1,160). As in 2015, there were no other impairments that had to be recognised. There is not a concentration of credit risk because the Group generally has a large number of customers (particularly tenants) in the countries in which it operates.

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

3.1.6.1. Changes in provisions

Provisions for trade receivables developed as follows:

EUR '000	2016	2015
As at 01 January	17,400	17,791
Utilisation	-178	-101
Reversal	-4,657	-2,554
Increase	1,032	2,264
As at 31 December	13,597	17,400

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

3.1.6.2. Receivables – maturities

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

EUR '000	2016		2015	
	Trade receivables	Other financial assets	Trade receivables	Other financial assets
Less than 3 months past due	1,346	134	1,855	86
3 to 12 months past due	135	0	826	0
Over 1 year past due	158	0	58	0
Total	1,639	134	2,739	86

3.1.6.3. Other current financial assets

EUR '000	31 December 2016	31 December 2015
Property management agent clearing accounts	1,201	1,420
Receivables from disposals of properties and property holding companies	1,080	1,260
Deposits	724	691
Finance receivables	92	692
Other assets	1,144	1,142
	4,241	5,205

3.1.7. Other assets

The other assets of kEUR 9,616 (31 December 2015: kEUR 8,843) consisted mainly of prepaid expenses, tax receivables and prepayments.

3.1.8. Cash and cash equivalents

EUR '000	31 December 2016	31 December 2015
Bank balances	65,726	50,437
Cash in hand	303	247
	66,029	50,684

3.1.9. Properties held for sale

EUR '000	Austria	Germany	Total
As at 01 January 2015	34,865	7,980	42,845
Reclassification	0	0	0
Disposals	-34,865	-7,980	-42,845
As at 31 December 2015	0	0	0
Reclassification	0	221,575	0
Disposals	0	-221,575	0
As at 31 December 2016	0	0	0

3.1.10. Equity

The nominal capital of the Group's parent company amounted to kEUR 243,144 (2015: kEUR 243,144) and is fully paid up. In the financial year 2016, no shares were cancelled.

On 04 October 2016, a further share repurchase programme was launched, which expired on 09 December 2016. In the financial year 2016, 525,421 shares were repurchased at a total price of kEUR 5,107 and in the financial year 2015, 88,503 shares were repurchased at a total price of kEUR 642.

The Management Board is authorised to issue convertible bonds conferring the right of conversion and/or subscription to up to 34,059,359 bearer shares in the company representing up to kEUR 123,755 of the share capital of the company in one or more tranches and with or without an exclusion of subscription rights until 01 June 2017, with the approval of the Supervisory Board. These shares will be issued against cash or equivalent contributions. The share capital is conditionally increased pursuant to para 159 (2) 1 Austrian Stock Corporation Act (AktG) by up to kEUR 123,755 through the issue of up to 34,059,359

common bearer shares (authorised but unissued capital). The Management Board is authorised to increase the share capital by up to kEUR 123,755 through the issue of new bearer shares against cash contributions or contributions in kind (authorised capital).

Details of share capital

EUR '000	2016	2015
Total share capital	243,144	243,144
Treasury shares (nominal)	-2,600	-691
	240,544	242,453

Changes in number of shares

	2016	2015
Number of shares as at 01 January	66,727,176	66,815,679
Repurchase of own shares	-525,421	-88,503
Issue of new shares	0	0
Treasury shares sold	0	0
Issued share capital as at 31 December	66,201,755	66,727,176

The shares are listed in the Prime Market segment of the Vienna Stock Exchange.

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

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

The capital reserves of kEUR 68,832 (31 December 2015: kEUR 72,030) are restricted reserves in the meaning of section 229 (5) Austrian Commercial Code (UGB).

The other reserves of kEUR 525,037 (31 December 2015: kEUR 345,673) shown in the statement of changes in consolidated equity consist mainly of reversed capital reserves together with accumulated retained earnings. The foreign currency reserve of kEUR -17,365 (31 December 2015: kEUR -16,536) is made up of

the currency translation differences in accordance with IAS 21. The hedge accounting reserve of kEUR -17,585 (31 December 2015: kEUR -20,356) comprises the measurement differences on cash flow hedges recognised under equity. The AFS reserve of kEUR -3,858 (31 December 2015: kEUR 0) relates to the equity instruments described in note 3.1.4. and results from the write-down to fair value.

Additional information on capital management

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

The Group's capital consists of bank and financial liabilities including bonds, equity provided by the shareholders of the parent company and subordinated participating certificates, which are described in more detail in note 3.1.12. There are no provisions in the articles of incorporation concerning the capital structure.

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

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

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

3.1.11. Non-controlling interests

The minority interests of kEUR 28,737 (31 December 2015: kEUR 23,331) primarily relate to Einkaufscenter Sofia G.m.b.H. & Co KG (35% interest). As at 31 December 2016, Einkaufscenter Sofia G.m.b.H. & Co KG reported equity of kEUR 73,054 (31 December 2015: kEUR 61,157) and annual net income of kEUR 15,754 (2015: annual net loss kEUR -3,651). The disposals in the amount of kEUR 1,488 (2015: kEUR 1,879) shown in the statement of changes in consolidated equity are due primarily to distributions.

3.1.12. Subordinated participating certificate capital

The terms of the agreement for S IMMO INVEST participating certificates were changed retroactively with effect from 01 January 2007 and the S IMMO INVEST Participating Certificates Fund was dissolved (resolution of the meeting of the holders of the participating certificates on 11 June 2007 and resolution of the Annual General Meeting on 12 June 2007).

Under the amended agreement, the holders of the participating certificates receive an annual income entitlement (interest) calculated as follows:

$$\frac{\text{(Participating certificate capital + Profit brought * forward)}}{\text{Consolidated EBIT Average property portfolio (not including development projects)}}$$

To the extent that the interest under the terms of the Participating Certificates Agreement is not paid out, it is added to the profit carried forward into the next year.

For the financial year 2016, the profit for the year was kEUR 6,735 (2015: kEUR 4,452).

As at 31 December 2016, there were 604,602 participating certificates in circulation. The total entitlements of participating certificate holders as of that date were EUR 96.15 (2015: EUR 88.72) per certificate, which break down as follows:

EUR '000	Participating certificate capital	Profit brought forward	Profit for the period	Share of undisclosed reserves on property portfolio	Total
Participating certificates capital 01 January 2016	45,839			998	46,837
Profit brought forward 01 January 2016		4,671			4,671
Income entitlements of participating certificate holders from 2015			4,452		4,452
Distribution 25 May 2016			-2,429		-2,429
Change in profit brought forward pursuant to Clause 5 (6), Participating Certificates Agreement		2,023	-2,023		0
Repurchase and retirement of 26,177 participating certificates	-1,902	-368		-41	-2,311
Income entitlements of participating certificate holders			6,735		6,735
Allocation of undisclosed reserves on property portfolio				176	176
Participating certificates capital as at 31 December 2016	43,937	6,326	6,735	1,133	58,131
Per participating certificate (EUR)	72.67	10.47	11.14	1.87	96.15

Figures of 2015:

EUR '000	Participating certificate capital	Profit brought forward	Profit for the period	Share of undisclosed reserves on property portfolio	Total
Participating certificates capital 01 January 2015	82,166			1,608	83,774
Profit brought forward 01 January 2015		4,860			4,860
Income entitlements of participating certificate holders from 2014			6,905		6,905
Distribution 22 May 2015			-1,960		-1,960
Change in profit brought forward pursuant to Clause 5 (6), Participating Certificates Agreement		4,945	-4,945		0
Repurchase and retirement of 499,902 participating certificates	-36,328	-5,134		-711	-42,173
Income entitlements of participating certificate holders			4,452		4,452
Allocation of undisclosed reserves on property portfolio				101	101
Participating certificates capital as at 31 December 2015	45,839	4,671	4,452	998	55,959
Per participating certificate (EUR)	72.67	7.41	7.06	1.58	88.72

The participating certificates mature on 31 December 2029. With effect from 31 December 2017, both the holders and the company may annually give notice of redemption of the participating certificates in whole or in part.

On 31 December 2016, the participating certificate tranche with the ISIN AT0000795737 was listed at a price of EUR 90.00 per certificate; the tranche with the ISIN AT0000630694 was listed at a price of EUR 90.00 per certificate, which translates to a fair value of kEUR 54,414.

3.1.13. Issued bonds

In June 2014, S IMMO AG issued a bond (ISIN AT0000A177D2) with a total nominal value of kEUR 89,739.5. The bond is divided into 179,479 units with a nominal value of EUR 500 each, and was issued in exchange for participating certificates. At the beginning of October 2014, S IMMO AG issued a bond (ISIN AT0000A19SB5) with a total nominal value of kEUR 100,000 divided into 200,000 shares with a nominal value of EUR 500 each.

In April 2015, S IMMO AG issued two more bonds. The bond with the ISIN AT0000A1DBM5 followed a voluntary public offer pursuant to section 4 et seqq. Austrian Takeover Act (ÜbG) issued in March 2015 to the holders of the S IMMO INVEST participating certificates with the ISIN AT0000795737 and the ISIN AT0000630694 for the purchase of these participating certificates by way of an alternative exchange and cash offer. Also in April 2015, S IMMO AG issued a further bond (ISIN AT0000A1DWK5) with a total nominal value of kEUR 65,000 divided into 130,000 shares with a nominal value of EUR 500 each.

Four corporate bonds with the following key data were issued 2014 and 2015:

ISIN	Total nominal value EUR '000	Coupon	Effective interest rate	Maturity	Market prices ¹
AT0000A177D2	89,739.5	4.50%	4.66%	16 June 2021	110.50
AT0000A19SB5	100,000	3.00%	3.13%	02 October 2019	105.13
AT0000A1DBM5	33,993.5	3.25%	3.36%	08 April 2025	106.25
AT0000A1DWK5	65,000	3.25%	3.31%	20 April 2027	109.25

¹ The market values are based on the most recent transactions before 31 December 2016.

All of the bonds are listed in the Corporates Prime segment of the Vienna Stock Exchange. The market value of the bond liabilities as at 31 December 2016 is kEUR 311,423.

3.1.14. Provisions

The non-current provisions developed as follows:

EUR '000	As at 01 January 2016	Accumulation	Reclassification	Reversal	Increased	As at 31 December 2016
Project and transaction risks	1,619	0	0	-1,619	0	0
Employee provisions	2,029	0	0	0	114	2,143
	3,648	0	0	-1,619	114	2,143

The employee provisions as at 31 December 2016 include provisions for pension entitlements (kEUR 893; 31 December 2015: kEUR 839), provisions for severance benefits (kEUR 915; 31 December 2015: kEUR 706) and provisions for long-service entitlements (kEUR 335; 31 December 2015: kEUR 484). The following parameters were taken as a basis for the actuarial calculation:

	31 December 2016	31 December 2015
Actuarial interest rate	1.00% to 1.70%	1.50% to 2.50%
Expected raise in salaries	1.50% to 2.58%	1.50% to 2.58%
Blanket fluctuation allowance	7.00% to 26.10%	7.00% to 22.36%

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

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

EUR '000	Pension	Severance payment	Anniversary
Present value of obligation at 01 January 2015	1,436	537	452
Current service costs	69	46	81
Interest expense	27	9	8
Payments	0	-42	-35
Remeasurement of benefit obligations	-111	156	-22
Present value of obligation at 31 December 2015	1,421	706	484
Plan assets at 31 December 2015	582	0	0
Provisions at 31 December 2015	839	706	484
Present value of obligation at 01 January 2016	1,421	706	484
Current service costs	66	21	84
Interest expense	35	8	8
Payments	0	-92	-21
Remeasurement of benefit obligations	11	272	-220
Present value of obligation at 31 December 2016	1,533	915	335
Plan assets at 31 December 2016	640	0	0
Provisions at 31 December 2016	893	915	335

The obligation to form a provision for severance benefits is based on labour law. For persons whose employment started before 01 January 2003 in Austria, S IMMO Group is required under the statutory provisions to make a one-time severance payment to any employee whose employment is terminated by the employer or who reaches the age of retirement while employed. The benefit entitlements are dependent on the number of years of service and the level of remuneration at the time the entitlement arises, and amount to between two and 12 months' salary. The pension obligations shown at the balance sheet date relate to current staff. Payments for Group employees are made to an external pension fund. The plan assets resulting from these contributions amounts to about kEUR 640 as at 31 December 2016 (31 December 2015: kEUR 582).

The current provisions developed in the financial year 2016 as follows:

EUR '000	As at 01 January 2016	Reclassification	Reversal	Utilised	Increased	As at 31 December 2016
Other provisions	395	0	-359	-125	251	162

Other provisions include provisions for indemnification costs and legal disputes.

The reconciliation item "Tax effect from sale of Berlin portfolio" relates to the reversal of deferred taxes that did not take effect in the sales process.

3.1.15. Taxes on income

3.1.15.1. Current and deferred taxes on income

Tax expense was made up as follows:

EUR '000	2016	2015
Current taxes	-3,813	1,091
Deferred taxes	-8,335	-36,095
	-12,148	-35,004

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

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

EUR '000	01-12/2016	01-12/2015
Net income before tax	216,471	112,253
Income tax expense at the standard Austrian tax rate of 25%	-54,118	-28,063
Effects of differing foreign tax rates	17,793	3,575
Tax effect from sale of Berlin portfolio	23,558	0
Taxable appreciation of interests and loans	0	-3,098
Taxes from previous years	1,735	-3,883
Decreases relating to non-taxable income	3,121	2,662
Increases relating to non-deductible expenses	-4,237	-6,197
Tax expense as disclosed	-12,148	-35,004
Effective tax rate	5.60%	31.18%

3.1.15.2. Deferred tax liabilities

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

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

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

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

EUR '000	2016		2015	
	Assets	Liabilities	Assets	Liabilities
Properties	5,684	-143,556	8,045	-149,249
Financial instruments	5,993	0	4,879	-674
Other items	2,155	-1,609	2,935	-3,279
Tax loss carryforward	31,495	0	35,224	0
Subtotal	45,327	-145,165	51,084	-153,202
Netting	-39,520	39,520	-43,564	43,564
Deferred tax assets (+) / liabilities (-)	5,807	-105,645	7,521	-109,639

Of these totals, deferred tax assets of kEUR 5,039 (2015: kEUR 5,684) from derivatives valuation were recognised under other comprehensive income. No deferred tax assets have been recognised for tax loss carryforwards totalling kEUR 95,940 (31 December 2015: kEUR 96,703).

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

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

EUR '000	Output value for deferred taxes in 2016 (offset)			Output value for deferred taxes in 2015 (offset)		
	+10%		-10%	+10%		-10%
Deferred taxes on properties	172,633	137,872	103,297	179,436	141,204	102,971

3.1.15.3. Measurement

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

	Applicable tax rate in 2017	Applicable tax rate in 2016
Austria	25.00%	25.00%
Germany	15.83%	15.83% or 30.80% ¹
Czech Republic	19.00%	19.00%
Slovakia	21.00%	22.00%
Hungary	9,00%	19.00% ²
Croatia	20.00%	20.00%
Romania	16.00%	16.00%
Bulgaria	10.00%	10.00%

¹ The tax rate in Germany can vary depending on whether the company is subject to business tax or not. As at 31 December 2016, only the tax rate of 15.83% is relevant for measuring S IMMO's deferred taxes in Germany.

² The tax rate in Hungary was progressive until 2016. Up to a taxable amount of HUF 500,000,000, the tax rate was 10%, thereafter 19%.

3.2. Income statement

3.2.1. Rental income and revenues from operating costs

Rental income EUR '000	2016	2015
Office	43,405	40,281
Residential property	24,247	21,421
Retail	45,741	44,586
Hotel	4,781	5,398
	118,174	111,686

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

3.2.2. Operating costs and expenses from properties and hotel operations

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

EUR '000	2016	2015
Operating costs	-42,043	-38,493
Maintenance expenses	-14,492	-12,005
Write-offs of and provisions on trade receivables	-710	-533
Commissions	-2,562	-1,479
Other	-4,345	-3,331
	-64,152	-55,841

Expenses of kEUR 167 were attributable to properties not yet generating income (2015: kEUR 270).

The expenses of hotel operations are largely made up of expenses for food, beverages, catering supplies, hotel rooms, licences and management fees, maintenance, operating costs, commissions, personnel expenses and advertising.

3.2.3. Gains on property disposals

EUR '000	2016	2015
Disposal proceeds		
Properties held as financial investments	2,564	0
Properties held for sale	225,950	15,943
Inventories	1,368	0
	229,882	15,943
Book value of property sold		
Properties held as financial investments	-2,314	0
Properties held for sale	-221,603	-15,938
Inventories	-832	0
	-224,749	-15,938
Gains on property disposals		
Properties held as financial investments	250	0
Properties held for sale	4,347	5
Inventories	536	0
	5,133	5

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

3.2.4. Management expenses

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

EUR '000	2016	2015
Staff costs	-8,916	-7,665
Legal, audit, consulting and estimated costs	-3,365	-2,719
Servicing fees and administration costs	-655	-999
Corporate communications and investor relations	-1,620	-1,426
Other taxes and duties	-899	-723
Other	-3,180	-2,951
	-18,635	-16,483

Fees for the Group's auditor for 2016 totalled kEUR 252 (2015: kEUR 243). This amount is divided into the following fields of activity:

EUR '000	2016	2015
Audit of the consolidated financial statements	58	52
Other audit-related services	194	191
Tax consultation services	0	0
Other consultation services	0	0
	252	243

The average number of employees in 2016 was 575 (2015: 555), including hotel staff. Personnel expenses for the hotels are disclosed under hotel operations.

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

Defined contribution plans

As required by law, S IMMO Group pays 1.53% of the relevant monthly salaries into an employees' severance pay and pension fund for all employees who joined the Group after 31 December 2002. Personnel expenses included contributions of kEUR 56 (2015: kEUR 50) paid into the fund. For other defined contribution plans, kEUR 116 (2015: kEUR 108) were recognised in profit or loss.

3.2.5. Depreciation and amortisation

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

EUR '000	2016	2015
Owner-operated properties	-6,367	-5,714
Other plant and equipment	-1,348	-1,877
Intangible assets	-108	-104
	-7,823	-7,695

3.2.6. Results from property valuation

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

EUR '000	2016	2015
Changes in fair value		
Increases	204,978	124,481
Reductions	-11,073	-40,173
Others	130	337
	194,035	84,645

In the reporting period, other operating income from property valuations consisted of the change in provisions for project and transaction risks and building cost settlements.

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

EUR '000	2016	2015
Properties held in the portfolio	143,605	84,196
Properties held for sale	0	0
Properties sold	50,430	449
	194,035	84,645

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

EUR '000	2016	2015
Austria	38,167	14,736
Germany	136,698	73,079
Central Europe	2,701	6,515
Southeastern Europe	16,469	-9,685
	194,035	84,645

3.2.7. Financing result

EUR '000	2016	2015
Bank interest expense (incl. derivatives accounted for)	-29,065	-33,186
Effects arising from hedge accounting and the measurement of derivatives through profit or loss	-16,407	-7,020
Result from foreign exchange differences	-584	-712
Bond interest	-10,541	-9,584
Result from the repurchase and collection of participating certificates	49	-298
Other financing and interest expenses	-1,761	-1,134
Bank interest revenue	30	84
Income from equity investments	981	86
Results from companies measured at equity	292	2,362
Other financing and interest income	1,709	510
	-55,297	-48,892

3.2.8. Earnings per share

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

		2016	2015
Own share in consolidated net profit	EUR '000	198,459	78,209
Average number of shares in issue	Number	66,645,014	66,768,722
Basic earnings	EUR	2.98	1.17
Diluted earnings	EUR	2.98	1.17

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

4. Operating segments

An operating segment is defined as having the following characteristics:

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

Based on these characteristics, segmentation occurs by region at S IMMO Group. The four regions selected are as follows.

Austria: This operating segment includes all of the Group's Austrian subsidiaries.

Germany: The Germany operating segment includes the German subsidiaries and also the subsidiaries in Denmark, which held properties in Germany up until 31 December 2016, and the Austrian companies, which hold properties solely in Germany.

Central Europe: This operating segment comprises the subsidiaries in Slovakia, the Czech Republic and Hungary.

Southeastern Europe: This operating segment includes the subsidiaries in Bulgaria, Croatia and Romania.

The segment reporting is based on the internal reporting system for management purposes. Starting from the financial year 2017, the observation and analysis of the regional structure will follow the new strategic direction as of this financial year, which differentiates between Austria, Germany and Eastern Europe (Central and Southeastern Europe).

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

In preparing and presenting the segment information, the same accounting and valuation policies are applied as for the consolidated financial statements. The carrying value of the interests in companies that are recognised according to the equity method breaks down to kEUR 3,401 for the segment of Austria (31 December 2015: kEUR 3,455), kEUR 4,909 (31 December 2015: kEUR 0) for the segment of Central Europe and kEUR 1,931 for the segment of Southeastern Europe (31 December 2015: kEUR 1,657).

Major customers

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

EUR '000	Austria		Germany		Central Europe		Southeastern Europe		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Rental income	28,074	28,458	37,069	30,466	19,573	19,052	33,458	33,710	118,174	111,686
Revenues from operating costs	6,916	6,501	11,626	8,953	7,026	6,382	12,089	11,629	37,657	33,465
Revenues from hotel operations	21,178	25,127	0	0	21,745	20,418	0	0	42,923	45,546
Total revenues	56,168	60,086	48,695	39,419	48,344	45,852	45,547	45,339	198,754	190,697
Other operating income	664	653	1,491	1,208	493	469	757	1,203	3,405	3,534
Property operating expenses	-12,147	-9,841	-27,088	-21,342	-8,890	-9,736	-16,027	-14,922	-64,152	-55,841
Hotel operating expenses	-17,555	-19,456	0	0	-14,482	-13,707	0	0	-32,037	-33,164
Gross profit	27,130	31,442	23,098	19,285	25,465	22,878	30,277	31,621	105,970	105,226
Gains on property disposals	536	1	4,347	4	250	0	0	0	5,133	5
Management expenses	-10,691	-9,419	-5,551	-4,633	-1,757	-1,611	-636	-821	-18,635	-16,483
EBITDA	16,975	22,025	21,894	14,656	23,958	21,268	29,641	30,800	92,468	88,748
Depreciation and amortisation	-3,900	-3,359	-96	-113	-3,105	-3,524	-722	-699	-7,823	-7,695
Results from property valuation	38,167	14,736	136,698	73,079	2,701	6,515	16,469	-9,685	194,035	84,645
EBIT	51,242	33,402	158,496	87,622	23,554	24,258	45,388	20,416	278,680	165,698
Non-current assets as at 31 December	742,766	599,308	660,385	649,842	358,541	354,269	426,304	386,777	2,187,996	1,990,196
Non-current liabilities (incl. participating certificates in Austria) as at 31 December	635,178	611,177	262,310	230,496	195,554	204,709	130,715	201,889	1,223,757	1,248,271

5. Other information

5.1. Financial instruments

5.1.1. Categories

S IMMO Group classifies its financial instruments as follows:

31 December 2016

Book values EUR '000	Derivatives	Available for sale	Held to maturity	Loans and receivables	Financial liabilities at amortised cost	Total
Assets						
Non-current assets						
Group interests		777				777
Loans to companies measured at equity				10,372		10,372
Other financial assets	2,580	87,437	377			90,394
Current assets						
Trade receivables				10,412		10,412
Other financial assets				4,241		4,241
Cash and cash equivalents				66,029		66,029
Total assets	2,580	88,214	377	91,054	0	182,225

Equity and liabilities

Non-current liabilities

Subordinated participating certificate capital					58,131	58,131
Issued bonds					287,221	287,221
Other financial liabilities	30,347				740,255	770,602
thereof finance leasing					9,160	
Current liabilities						
Financial liabilities ¹					184,096	184,096
thereof finance leasing					2,099	
Trade payables					9,298	9,298
Total equity and liabilities	30,347	0	0	0	1,279,001	1,309,348

¹ including bond interest accrued

31 December 2015

Book values EUR '000	Derivatives	Available for sale	Held to maturity	Loans and receivables	Financial liabilities at amortised cost	Total
Assets						
Non-current assets						
Group interests		777				777
Loans to companies measured at equity				6,230		6,230
Other financial assets	3,937		381	215		4,533
Current assets						
Trade receivables				10,984		10,984
Other financial assets				5,205		5,205
Cash and cash equivalents				50,684		50,684
Total assets	3,937	777	381	73,318	0	78,413

Equity and liabilities

Non-current liabilities

Subordinated participating certificate capital					55,959	55,959
Issued bonds					286,935	286,935
Other financial liabilities	19,243				772,819	792,062
thereof finance leasing					11,259	
Current liabilities						
Financial liabilities ¹	9,073				123,409	132,482
thereof finance leasing					3,978	
Trade payables					6,502	6,502
Total equity and liabilities	28,316	0	0	0	1,245,624	1,273,940

¹ including bond interest accrued

The bond liabilities had a fair value of kEUR 311,423 as at 31 December 2016 (31 December 2015: kEUR 308,130). The fair value of the participating certificate liabilities as at 31 December 2016 is kEUR 54,414 (31 December 2015: kEUR 53,616). The book values indicated for the other financial liabilities largely correspond to the fair values.

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

EUR '000	2016		2015	
	Current financial result	Valuation effects	Current financial result	Valuation effects
Derivatives	-8,264	-16,430	-11,800	-7,020
Available for sale	981		86	
Loans and receivables		-710		-533
Financial liabilities at amortised cost	-38,231		-35,523	

The amounts for exchange rate differences were accrued as income for financial liabilities at amortised cost amounting to kEUR 617 (2015: expense of kEUR 749).

5.1.2. Derivatives

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

Derivatives disclosed under other current and non-current financial assets (kEUR 2,580; 31 December 2015: kEUR 3,937) and under non-current and current financial liabilities (kEUR 30,347; 31 December 2015: kEUR 28,316).

EUR '000	31 December 2016				31 December 2015			
	Nominal	Positive fair value	Negative fair value	Maturity	Nominal	Positive fair value	Negative fair value	Maturity
Swaps	0	0	0	< 1 year	50,000	0	-9,073	< 1 year
	116,580		-9,410	1 – 5 years	120,820	0	-11,099	1 – 5 years
	392,417	1,264	-20,608	> 5 years	310,000	359	-7,573	> 5 years
Caps				< 1 year	0	0	0	< 1 year
	62,460	34	-329	1 – 5 years	44,740	1	-571	1 – 5 years
	165,000	1,283	0	> 5 years	170,000	3,577	0	> 5 years
Total	736,457	2,581	-30,347		695,560	3,937	-28,316	

5.2. Risk management

5.2.1. Exchange and interest rate risk

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

At 31 December 2016, around 87% (31 December 2015: 81%) of the Group's credit portfolio consisted of variable-rate loans and roughly 13% (31 December 2015: 19%) were fixed-rate loans. The current and non-current financial liabilities include fixed-rate loans in the amount of kEUR 114,447 (31 December 2015: kEUR 166,364). Of the variable-rate loans, roughly 97% are based on the three-month Euribor with quarterly adjustment (31 Decem-

ber 2015: approx. 90%), roughly 2% on the six-month Euribor with bi-annual adjustment (31 December 2015: approx. 9%) and roughly 1% on the one-month Euribor (31 December 2015: 1%). In the 2014 and 2015 financial years, the company issued fixed-rate bonds. More details can be found in section 3.1.13.

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

The stress test (based on the variable- and fixed-rate financial liabilities as at 31 December 2016) shows that increases in the base rate (Euribor) have only a small effect on the Group's financing costs. For example, a 100 bp increase in the three-month Euribor increases financing costs by 27 bp.

Stress test as at 31 December 2016

Interest rate (3M Euribor)	Cost of funding	Difference cost of funding	Interest sensitivity
Interest rate 4%	3.99%	87 BP	22%
Interest rate 3%	3.87%	75 BP	25%
Interest rate 2%	3.67%	55 BP	28%
Interest rate 1%	3.39%	27 BP	27%
Interest rate 0.5%	3.25%	13 BP	27%
Interest rate -0.5%	3.17%	5 BP	-9%

Stress test as at 31 December 2015

Interest rate (Euribor)	Cost of funding	Difference cost of funding	Interest sensitivity
Interest rate 4%	4.07%	60 BP	15%
Interest rate 3%	4.02%	56 BP	19%
Interest rate 2%	3.87%	41 BP	20%
Interest rate 1%	3.66%	20 BP	20%
Interest rate 0.5%	3.56%	9 BP	18%
Interest rate -0.5%	3.50%	4 BP	-7%

5.2.2. Liquidity and lender risks

S IMMO Group manages liquidity and lender risks actively. As part of managing and monitoring liquidity, all maturities are subject to continual review, and appropriate adjustments are made as part of the rolling budget process if necessary. In order to minimise liquidity risks, the Group ensures that a balanced relationship is maintained between the amounts of loans and the market values of the individual properties.

In 2016, the loan to value ratio for secured financing amounted to 41% (2015: 44%) and for unsecured financing to 15% (2015: 17%). To keep lender risks to a minimum, S IMMO Group works with a total of 22 different, well-known financial institutions in Austria and Germany.

Share in liabilities to banks	
Erste Group	25%
Savings banks	10%
Other Austrian banks	29%
Insurance	16%
German Banks	20%

Maturity analysis of financial liabilities

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

31 December 2016 EUR '000	Subordinated participating certificate capital	Issued bonds	Other financial liabilities ¹	Trade payables
Remaining maturity less than 1 year	0	10,256	209,742	9,298
Remaining maturity between 1 and 5 years	58,131	224,762	523,196	0
Remaining maturity over 5 years	0	116,088	313,974	0

¹ Thereof finance leasing less than 1 year: kEUR 2,199; between 1 and 5 years: kEUR 8,797; over 5 years: kEUR 550

December 2015 EUR '000	Subordinated participating certificate capital	Issued bonds	Other financial liabilities ¹	Trade payables
Remaining maturity less than 1 year	0	10,256	155,783	6,502
Remaining maturity between 1 and 5 years	55,959	138,022	598,087	0
Remaining maturity over 5 years	0	213,083	280,412	0

¹ Thereof finance leasing less than 1 year: kEUR 4,109; between 1 and 5 years: kEUR 8,797; over 5 years: kEUR 2,749

5.2.3. Borrower risks

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

Provisions are formed for default risks on receivables from tenants and purchasers of properties to the extent that such risks are recognised. The criteria for the formation of these provisions are explained in note 2.6.6.2.

5.3. Rental agreements

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

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

EUR '000	2016	2015
In the following year	93,189	86,187
For the 4 years following thereafter	226,138	227,289
Over 5 years	116,974	120,741
	436,301	434,217

5.4. Leasing – Group as lessee

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

EUR '000	2016	2015
In the following year	482	482
For the 4 years following thereafter	1,889	1,901
Over 5 years	11,565	11,888
	13,936	14,271

The investment property assets include properties from finance leases in the amount of kEUR 42,110 (2015: kEUR 54,050).

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

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

EUR '000	In the following year	For the 4 years following thereafter	Over 5 years	31 December 2016
Amount of future minimum lease payments	2,199	8,797	550	11,546
Interest amount	101	186	0	287
Present value of minimum lease payments	2,098	8,611	550	11,259

EUR '000	In the following year	For the 4 years following thereafter	Over 5 years	31 December 2015
Amount of future minimum lease payments	4,109	8,798	2,749	15,656
Interest amount	131	274	14	419
Present value of minimum lease payments	3,978	8,524	2,735	15,237

5.5. Pending litigation

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

5.6. Related party disclosures

For S IMMO Group related parties are as follows:

- S IMMO Group's managing bodies
- Erste Group
- Vienna Insurance Group
- Arealis Liegenschaftsmanagement GmbH
- Associated companies and joint venture companies of the Group

Erste Group and Vienna Insurance Group are S IMMO AG's strategic core shareholders. Arealis Liegenschaftsmanagement GmbH is a joint subsidiary of Erste Group and Vienna Insurance Group.

S IMMO Group's managing bodies are as follows:

S IMMO AG Management Board

Ernst Vejdovszky, Vienna
Friedrich Wachernig, MBA, Vienna

S IMMO AG Supervisory Board

Martin Simhandl, Vienna (Chairman)
Ralf Zeitlberger, Vienna (first deputy chairman)
Franz Kerber, Graz (second deputy chairman)
Andrea Besenhofer, Vienna
Christian Hager, Krems
Erwin Hammerbacher, Vienna
Michael Matlin, MBA, New York
Wilhelm Rasinger, Vienna

The remuneration of the Management Board breaks down as follows:

EUR '000	2016	2015
Fixed	529	463
Variable	350	334
	879	797

In addition to the amounts specified above, other benefits consisted primarily of contributions to pension funds in the amount of kEUR 53 (2015: kEUR 53) and contributions to the staff benefit fund in the amount of kEUR 14 (2015: kEUR 12). The allocable service cost from pension entitlements comes to kEUR 66 (2015: kEUR 69).

In 2015, members of the Supervisory Board received remuneration amounting to kEUR 176 (2015: kEUR 109). Members of subsidiaries' supervisory boards received no remuneration. Neither members of the Management Board nor Supervisory

Board members received either loans or advances, and no guarantees have been provided on their behalf.

Erste Group mainly provides S IMMO Group with administrative, intermediary and financial services, while Vienna Insurance Group mostly provides financial and insurance services.

There were the following receivables and payables with Erste Group and Vienna Insurance Group as at 31 December 2016 and as at 31 December 2015:

EUR '000	31 December 2016	31 December 2015
Other receivables	2,925	2,038
Bank balances	48,244	25,678
Receivables	51,169	27,716

Bank balances consist mainly of current account balances at interest rates of up to 0.01%.

EUR '000	31 December 2016	31 December 2015
Non-current bank and financial liabilities	351,514	424,715
Current bank and financial liabilities	121,673	63,585
Trade payables	51	185
Other liabilities	19	469
Liabilities	473,257	488,954

The financial liabilities and liabilities to banks were subject to interest rates of between 0.75% and 6.54% and had an average residual maturity of 5.7 years.

From 01 January 2015 until 31 December 2015 and from 01 January 2016 until 31 December 2016, the following material expenses were incurred and income generated in connection with Erste Group and Vienna Insurance Group:

EUR '000	2016	2015
Commissions	-79	-33
Management fees	-539	-884
Bank loan interest, other financing expenses and charges	-26,298	-53,085
Other expenses	-1,235	-1,755
Expenses	-28,151	-55,757

EUR '000	2016	2015
Rent and revenues from operating costs	437	650
Bank interest	1	3
Other interest income	273	169
Income	711	822

Property management for the majority of the Austrian properties is provided by Arealis Liegenschaftsmanagement GmbH, Vienna, in which Erste Group and Vienna Insurance Group each hold a 50% interest.

Loans were granted to associated companies recognised according to the equity method in the 2016 financial year. As at 31 December 2016, there were receivables of kEUR 10,372 (31 December 2015: kEUR 6,230) resulting from these loans. Other than this, no transactions were conducted with associated companies or joint ventures that are recognised according to the equity method.

5.7. Significant events after the balance sheet date

The company is currently exploring further sales opportunities for major properties and will evaluate possibilities for sales on a case-by-case basis in a comprehensive assessment of the anticipated situation on the property markets and possible specific opportunities.

These consolidated financial statements were prepared by the Management Board on 17 March 2017 and approved for submission to the Supervisory Board.

Vienna, 17 March 2017

The Management Board

Ernst Vejdovszky m.p.

Friedrich Wachernig, MBA m.p.

Declaration pursuant to section 82 (4) item (3) Austrian Stock Exchange Act (BörseG)

“Statement of all legal representatives

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

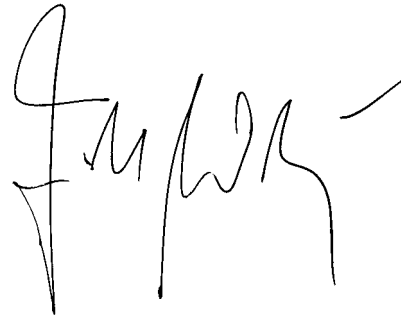
loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.”

Vienna, 17 March 2016

The Management Board



Ernst Vejdovszky



Friedrich Wachernig, MBA

We draw attention to the fact that the English translation of this auditor's report according to Section 274 of the Austrian Commercial Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Auditor's Report

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of S IMMO AG, Vienna, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2016, the separate consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements under Section 245a Austrian Commercial Code.

Basis for Opinion

We conducted our audit in accordance with Austrian generally accepted auditing standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have structured key audit matters as follows:

- Descriptions of individual key audit matters
- Audit approach and findings
- Reference to related disclosures

1. Measurement of investment properties

Description of the individual key audit matter

As at December 31, 2016, the Group reports property in the amount of EUR 1,938,104k (prior year: EUR 1,842,604k) that is stated at fair value in accordance with IAS 40 in conjunction with IFRS 13, leading to a measurement result of EUR 194,035k (prior year: EUR 84,645k) in the fiscal year under review. The measurement of property is particularly important for the audit of the consolidated financial statements since it strongly depends on estimates with regard to input parameters that are not observable in the market and, to some extent, is materially based on judgment. Further, IAS 40 and IFRS 13 require a number of disclosures to be made in the notes, the completeness and appropriateness of which has to be ensured.

Audit approach and findings

In the course of our audit of the consolidated financial statements, we evaluated the annual property measurement process. We particularly subjected the process for the selection and engagement of the external assessors to a critical assessment. Under our professional auditing standards, we evaluated the professional qualification of the assessors as described in ISA 550. Based on the samples used to audit significant individual projects, we reconciled the basic data on which measurement

is based with the data provided by the S IMMO Group (i.e., floor area and space, current rent and most recent number of vacancies). As part of the process, the respective asset managers use a central group-wide management tool to manage, consistently evaluate and update the data provided by S IMMO AG, Vienna. In the course of our risk-oriented audit approach, we were able to ascertain the design and effectiveness of the implemented controls. We then critically assessed the experts' opinion provided on the sustainable rents, the discounting and capitalization rates applied, as well as other relevant measurement parameters. The measurement process used by the expert for the respective asset class was also audited as regards the appropriateness and the methodologically correct design of the process. We paid particular attention to the accounting treatment of the disposal of part of the German property portfolio in the course of the share deal (Berolina).

Reference to related disclosures

The Group provides information on investment properties in the notes to the consolidated financial statements in sections 2.2.4., 2.6.1., 2.8.1., 3.1.1. and 3.2.6.

2. Deferred taxes on property and on tax loss carry-forwards

Description of the individual key audit matter

The consolidated financial statements of S IMMO AG, Vienna, include deferred tax assets on tax loss carry-forwards in the amount of EUR 31,495k (prior year: EUR 35,224k) in its consolidated balance sheet as at December 31, 2016. Deferred tax assets are capitalized based on the assumption that sufficient taxable income will be generated in the future against which loss carry-forwards can be offset. With regard to the temporary differences arising between the carrying amounts of property under tax law and the carrying amounts of property under IFRSs, deferred tax assets were capitalized as at December 31, 2016 in an amount of EUR 5,684k (prior year: EUR 8,045k) and deferred tax liabilities in an amount of EUR -143,556k (prior year: EUR -149,249k). Tax loss carry-forwards not capitalized because they could not be utilized amount to EUR 95,940k (prior year: EUR 96,703k) as at December 31, 2016.

Audit approach and findings

As the utilization of tax loss carry-forwards of the S IMMO Group mainly depends on the existence of temporary differences that are taxable in the future, we critically assessed the measurement of the tax debit differences with regard to property in the course of our audit procedures. In doing so, we audited the carrying amounts of property under IFRSs as described in item 1 of the

key audit matters. The carrying amounts under tax law were substantially audited based on the calculation of current taxes. This audit mainly includes the evaluation of the acquisition costs under tax law and the scheduled depreciation for tax purposes under the respective tax systems of the eight different countries in which the subsidiaries have their registered offices and where these subsidiaries pay taxes. We also critically assessed the existence and amount of the tax loss carry-forwards using tax advisor confirmation letters. We requested the tax forecast and audited the underlying assumptions made by management as to their accuracy for those individual tax loss carry-forwards that were recoverable not only due to the existence of sufficient taxable temporary differences. We audited the reasons stated for the inability to utilize the tax loss carry-forwards which the Group did not capitalize as disclosed in the notes to the consolidated financial statements.

Reference to related disclosures

The Group provides information on deferred taxes on property and the tax loss carry-forwards in the notes to the consolidated financial statements in sections 2.6.1., 2.8.4., and 3.1.15.2.

3. Use of derivative financial instruments by the S IMMO Group

Description of the individual key audit matter

The S IMMO Group uses various derivative financial instruments, such as interest swaps and caps, to hedge future interest payments due from the funding of property that usually bears variable interest. As provided by the Group's risk strategy, the Group designates the individual derivatives for hedge accounting pursuant to IAS 39. If, however, no documented hedge accounting as set forth under IAS 39 is available for individual derivatives, the respective derivative financial instruments are accounted for on a stand-alone basis under IAS 39. As at December 31, 2016, the Group shows interest swaps in an amount of EUR 508,997k (prior year: EUR 480,820k) and interest caps at a nominal value of EUR 227,460k (prior year: EUR 214,740k). Overall, the interest caps have a positive fair value at the reporting date of EUR 988k (prior year: EUR 3,007k) and the interest swaps a negative fair value in the amount of EUR -28,754k (prior year: EUR -28,386k). The impact of hedge accounting and the measurement of derivatives on profit or loss is EUR -16,407k (prior year: EUR -7,020k) in the fiscal year 2016. The measurement of cash flow hedges recognized in other comprehensive income is EUR -4,053k (prior year: EUR -700k) in the fiscal year 2016, and the reclassification of other comprehensive income to the consolidated income statement amounts to

EUR 5,921k (prior year: EUR 5,945k). Hedge accounting requires a thorough documentation that complies with the reporting standard. In addition to the designation of hedged items and hedged instruments, this documentation is to particularly include the measurement of their prospective and retrospective effectiveness. The risk for the consolidated financial statements lies in derivatives that have been measured based on judgments and the presentation of financial instruments in line with IAS 39 that takes into account the designation as hedge accounting

Audit approach and findings

We audited the existence and amount of the outstanding nominal amount of the derivatives by obtaining bank confirmation letters from the respective credit institutions. We also identified the processes and controls implemented under the group-wide treasury process and tested the key controls that are of relevance for the audit. With regard to derivatives recognized as a cash flow hedge, we requested the necessary designation documentation in accordance with IAS 39 from group management and assessed if it is accurate and complete. In doing so, we particularly audited compliance with the formal criteria of IAS 39 applicable to cash flow hedges. For purposes of the measurement of the derivatives, the Group uses a renowned auditing firm that performs the effectivity and sensitivity analyses and calculates the fair values by taking into account credit and debit value adjustments pursuant to IFRS 13. In the course of our audit procedures, we ascertained the qualification of the external expert. In addition, we requested from this expert the calculations made, critically assessed the use of material input parameters (e.g. the yield curve used), and made comparative calculations. In a final step, we audited the correct accounting entries of the derivatives by taking into account the hedging relationships based on the effectivity tests made at the reporting date.

Reference to related disclosures

The Group provides information on use of derivative financial instruments in the notes to the consolidated financial statements in sections 2.6.5.2., 2.8.3.1., 2.8.3.2. and 5.1.2.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB, and for such internal control as management determines is necessary to enable the preparation

of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian generally accepted auditing standards, which require the application of ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian generally accepted auditing standards, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the audit committee with a statement that we have complied with all relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Group

Pursuant to the Austrian Commercial Code, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the management report for the Group in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the applicable legal requirements, includes accurate disclosures pursuant to Section 243a UGB and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the management report for the Group and the auditor's report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsible Engagement Partner

Responsible for the proper performance of the engagement is Mr. Peter Pessenlehner, Austrian Certified Public Accountant.

Vienna, March 17, 2017

PwC Wirtschaftsprüfung GmbH

Signed:

Peter Pessenlehner
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. For deviating versions, the provisions of Section 281 (2) UGB apply.

Property portfolio

	Acquisition date	Use type	Total area in m ²	Main lettable area in m ² (excl. internal parking and ancillary space)	Office in m ²
Austria					
Vienna					
1010 Vienna, Getreidemarkt 2–4 (Akademiefhof)	2007	Office	5,886	5,184	5,184
1010 Vienna, Marriott Vienna (Vienna Marriott Hotel)	2000	Hotel	19,631	19,631	0
1010 Vienna, Neutorgasse 4–8 (Neutor 1010)	2010	Office	7,171	5,077	5,077
1010 Vienna, Parking 12a	2003	Office	2,576	1,827	1,130
1020 Vienna, Franzensbrückenstrasse 5	2001	Office	2,914	2,054	2,054
1020 Vienna, Trabrennstrasse 6	2010	Office	28,718	21,709	21,709
1020 Vienna, Trabrennstrasse 8	2010	Office	31,304	19,014	19,014
1030 Vienna, Franzosengraben 12	1990	Office	5,998	3,750	3,750
1031 Vienna, Ghegastrasse 1	2005	Office	24,001	19,051	19,051
1050 Vienna, Schönbrunnerstrasse 108	2000	Office	3,050	2,642	2,484
1050 Vienna, Schönbrunnerstrasse 131	2000	Office	2,901	2,148	2,148
1060 Vienna, Mariahilfer Strasse 121 b	2001	Office	5,490	4,191	3,045
1060 Vienna, Mariahilfer Strasse 103	2004	Office	11,180	7,767	5,628
1070 Vienna, Burggasse 51	1998	Residential	11,284	11,175	137
1100 Vienna, Hasengasse 56 (IPONE)	1999	Office	7,732	5,646	5,506
1120 Vienna, Meidlinger Hauptstrasse 73	2002	Retail	18,967	13,647	5,975
1140 Vienna, Scheringgasse 2	2004	Office	10,945	10,045	2,464
1150 Vienna, Gasgasse 1–7	2002	Office	7,358	6,008	5,736
1150 Vienna, Sechshauser Strasse 31–33	2006	Residential	7,945	7,062	2,130
1160 Vienna, Lerchenfeldergürtel 43 (IP.TWO)	2000	Office	5,749	4,204	3,837
1210 Vienna, Brünner Strasse 72 a	2005	Retail	14,074	8,724	0
1210 Vienna, Franz-Jonas-Platz 2–3	2007	Retail	14,774	10,327	2,233
1210 Vienna, Gerasdorferstrasse 133	2004	Office	943	943	0
Total Vienna			250,592	191,826	118,291
Properties in Austrian Federal States					
2384 Breitenfurt, Hauptstrasse 107	1987	Retail	850	850	0
9560 Feldkirchen, Kindergartenstrasse 2	1987	Retail	2,000	2,000	0
5020 Salzburg, Sterneckstrasse 50–52	1994	Office	5,566	3,079	2,237
Total properties in Austrian Federal States			8,416	5,929	2,237
Total Austria			259,008	197,756	120,529
Germany					
Berlin					
Portfolio Charlottenburg and Wilmersdorf			30,638	30,246	0
Portfolio Friedrichshain			32,197	31,963	6,123
Portfolio Kreuzberg			16,654	16,605	0
Portfolio Lichtenberg			4,316	4,009	1,225
Portfolio Lützow Center			38,636	37,610	15,742
Portfolio Neukölln			35,450	33,588	10,370
Portfolio Pankow			582	582	0
Portfolio Prenzlauer Berg			5,063	5,028	0
Portfolio Reinickendorf			9,346	9,050	7,811
Portfolio Schöneberg			21,229	20,995	0
Portfolio Spandau			1,295	1,295	0
Portfolio Steglitz			10,824	10,657	962
Portfolio Tiergarten			7,884	7,835	0
Portfolio Wedding			2,863	2,843	0
Portfolio Weissensee			1,624	1,612	0
Total Berlin			226,668	216,828	45,142

Retail in m ²	Residential in m ²	Hotel in m ²	Other in m ²	Vacant main lettable area in %	Vacant main lettable area in m ²	Book value in EUR m ¹	Rental yield in % ¹
0	0	0	278	7.4	382		
0	0	19,631	0	0.0	0		
0	0	0	194	28.2	1,430		
697	0	0	749	0.0	0		
0	0	0	85	14.9	306		
0	0	0	5,284	0.0	0		
0	0	0	1,540	0.0	0		
0	0	0	1,023	0.0	0		
0	0	0	0	6.0	1,146		
158	0	0	33	22.6	596		
0	0	0	78	8.2	176		
1,147	0	0	74	7.2	304		
1,409	730	0	1,138	16.4	1,271		
603	10,435	0	109	0.0	0		
141	0	0	1,136	1.7	96		
7,672	0	0	1,146	7.2	976		
7,581	0	0	900	39.1	3,923		
272	0	0	0	0.0	0		
807	4,125	0	108	0.0	0		
367	0	0	20	32.5	1,367		
8,724	0	0	0	0.0	0		
8,094	0	0	721	11.5	1,189		
943	0	0	0	0.0	0		
38,614	15,289	19,631	14,615	6.9	13,160		
850	0	0	0	0.0	0		
2,000	0	0	0	0.0	0		
842	0	0	687	25.8	795		
3,692	0	0	687	13.4	795		
42,306	15,289	19,631	15,302	7.1	13,954	603.7	5.0
5,905	24,340	0	392	8.7	2,623		
3,722	22,119	0	234	5.3	1,706		
2,188	14,417	0	49	2.8	472		
2,784	0	0	307	11.6	466		
10,288	11,580	0	1,026	2.2	819		
1,284	21,935	0	1,862	3.8	1,290		
0	582	0	0	0.0	0		
64	4,964	0	35	4.2	209		
1,239	0	0	296	2.2	195		
2,097	18,898	0	234	2.1	450		
0	1,295	0	0	10.7	139		
3,684	6,011	0	167	3.3	357		
2,551	5,284	0	49	11.0	865		
385	2,458	0	20	5.3	152		
338	1,275	0	12	7.8	126		
36,528	135,158	0	9,841	4.6	9,914		

	Acquisition date	Use type	Total area in m ²	Main lettable area in m ² (excl. internal parking and ancillary space)	Office in m ²
Halle			29,274	29,256	1,210
Hamburg			12,713	12,297	11,151
Leipzig			62,579	62,273	5,446
Magdeburg			30,810	30,380	2,791
Munich			14,534	8,503	8,180
Rostock			19,361	17,823	7,164
Total Germany			395,939	377,360	81,084
CEE					
Bulgaria					
1505 Sofia, 48 Sitnyakovo Blv. (Serdika Center)	2010	Retail	81,491	46,964	0
1505 Sofia, 48 Sitnyakovo Blv. (Serdika Offices)	2012	Office	43,622	28,396	28,396
Total Bulgaria			125,113	75,359	28,396
Croatia					
10000 Zagreb, Miramarska 23 (Eurocenter)	2008	Office	11,413	8,217	7,548
Total Croatia			11,413	8,217	7,548
Romania					
10061 Bucharest, Calea Victoriei 37B, Sektor 1 (Novotel Bukarest)	2006	Hotel	19,426	15,926	0
40069 Bucharest, Piata Sudului/Calea Vacaresti nr. 391 (Sun Plaza)	2010	Retail	130,394	81,111	0
40069 Bucharest, Piata Sudului/Calea Vacaresti nr. 391 (Sun Offices)	2010	Office	14,037	9,639	9,639
Total Romania			163,857	106,675	9,639
Slovakia					
81106 Bratislava, Vysoká 2a (Austria Trend Hotel Bratislava)	2008	Hotel	16,427	13,929	1,161
82104 Bratislava, Galvaniho 17 (Galvaniho Business Center IV)		Office	36,639	24,582	21,871
82104 Bratislava, Galvaniho 7 (Galvaniho Business Center I)	2004	Office	11,405	8,686	7,324
82104 Bratislava, Galvaniho 7B (Galvaniho Business Center II)	2006	Office	21,440	13,007	11,503
97101 Prievidza, Nedožerská cesta III. 1269 / 17B (Big box retail)	2000	Retail	13,737	13,737	0
91101 Trenčín, Ku Štvrtiam 7029 – 7030 (Big box retail)	2000	Retail	11,954	11,954	0
Total Slovakia			111,602	85,894	41,859
Czech Republic					
11000 Prague, Wenceslas Square 22 (Hotel Juliš)	2004	Hotel	6,664	4,963	0
11000 Prague, Wenceslas Square 41 (Hotel Ramada)	2002	Hotel	8,768	8,768	0
Total Czech Republic			15,432	13,731	0
Hungary					
1016 Budapest, Hegyalja út 7 – 13. (Buda Center)	2005	Office	7,944	5,913	4,771
1051 Budapest, Bajcsy Zsilinszky út 12. (City Center)	2001	Office	11,686	8,956	7,954
1052 Budapest, Apaczai Csere János utca 2 – 4. (Budapest Marriott Hotel)	2005	Hotel	30,021	27,646	0
1065 Budapest, Nagymező utca 44. (Pódium Irodaház)	2006	Office	8,118	5,739	5,370
1122 Budapest, Maros utca 19 – 21. (Maros Utca Business Center)	2004	Office	8,891	6,741	5,583
1134 Budapest, Váci út 35. (River Estates)	2001	Office	30,141	20,245	17,491
1135 Budapest, Szegedi út 35 – 37. (Twin Center)	2006	Office	9,014	6,163	6,163
1138 Budapest, Váci út 182. (Blue Cube Irodaház)	2001	Office	15,290	9,469	9,469
Total Hungary			121,104	90,872	56,801
Total CEE			548,522	380,749	144,243
Total values (without projects with potential and land bank)			1,203,469	955,864	345,855
Projects with potential and land bank					
Austria		Office	30,322	19,342	
Germany		Office, Retail	42,971	41,136	
CEE		Office, Retail	55,292	55,292	
Total projects with potential and land bank²			128,585	115,770	

¹ The hotels Vienna Marriott and Budapest Marriott are calculated at cost. Book values do not include any advanced payments.

² The total area and the main lettable area figures for the development projects and the land bank are mere indications and might change during development. Quartier Belvedere Central is held at equity and therefore does not appear in the property portfolio overview.

Retail in m ²	Residential in m ²	Hotel in m ²	Other in m ²	Vacant main lettable area in %	Vacant main lettable area in m ²	Book value in EUR m ¹	Rental yield in % ¹
25,579	2,467	0	18	0.8	249		
1,146	0	0	416	13.8	1,698		
22,668	34,159	0	306	7.7	4,820		
3,079	24,509	0	430	12.9	3,926		
0	323	0	6,031	0.0	0		
2,427	8,232	0	1,513	1.5	275		
91,428	204,849	0	18,555	5.5	20,881	620.1	5.1
46,964	0	0	4,528	1.8	843		
0	0	0	302	1.4	411		
46,964	0	0	4,830	1.7	1,254		
669	0	0	121	5.1	420		
669	0	0	121	5.1	420		
2,128	0	13,798	0	0.0	0		
81,111	0	0	1,458	13.4	10,901		
0	0	0	398	2.9	280		
83,239	0	13,798	1,856	10.5	11,181		
2,207	0	10,560	74	1.1	159		
2,711	0	0	1,857	0.2	48		
1,362	0	0	1,120	0.0	0		
1,504	0	0	1,008	10.0	1,295		
13,737	0	0	0	1.8	246		
11,954	0	0	0	0.0	0		
33,475	0	10,560	4,059	2.0	1,748		
1,478	0	3,485	1,701	9.5	469		
4,046	0	4,722	0	0.0	0		
5,524	0	8,207	1,701	3.4	469		
1,142	0	0	306	20.7	1,221		
1,002	0	0	330	3.4	303		
0	0	27,646	0	0.0	0		
369	0	0	179	7.9	456		
1,158	0	0	426	16.2	1,090		
2,754	0	0	1,096	1.5	296		
0	0	0	1,051	0.0	0		
0	0	0	1,195	55.8	5,287		
6,425	0	27,646	4,582	9.5	8,654		
176,295	0	60,211	17,149	6.2	23,726	750.3	8.2
310,029	220,138	79,842	51,006	6.1	58,562	1,974.0	6.2
84.1							

Financial calendar 2017

05 April 2017	Publication of annual results 2016 (press conference)
29 May 2017	Record date Annual General Meeting
30 May 2017	Results for the first quarter 2017
08 June 2017	Annual General Meeting
13 June 2017	Dividend ex day
14 June 2017	Record date dividend
16 June 2017	Dividend payment day
29 August 2017	Results for the first half year 2017
28 November 2017	Results for the first three quarters 2017



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<http://www.linkedin.com/company/2279913>

Contact

S IMMO AG

Friedrichstrasse 10
1010 Vienna
E-mail: office@simmoag.at
Phone: +43 1 22795-1112
Fax: +43 1 22795-91112
www.simmoag.at/en

Investor Relations

E-mail: investor@simmoag.at
Phone: +43 1 22795-1125
Fax: +43 1 22795-91125
investors.simmoag.at

Corporate Communications

E-mail: media@simmoag.at
Phone: +43 1 22795-1120
Fax: +43 1 22795-91120
press.simmoag.at



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This report also contains information and forecasts relating to the future development of S IMMO AG and its subsidiaries. These forecasts are

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Sonneninsel Erich Sinzinger
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Siebenbrunnengasse ATP, Telegram 71
Einsteinova IPD

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S IMMO AG
Friedrichstrasse 10
1010 Vienna

Phone: +43 1 22795-1125
Fax: +43 1 22795-91125

E-mail: investor@simmoag.at
www.simmoag.at/en