

Q2 INTERIM REPORT
as at 30 June 2014



Key figures

		30.06.2014	30.06.2013 ¹
Revenues	EUR m	93.2	97.0
whereof rental income and revenues from hotel operations	EUR m	76.0	78.2
EBITDA	EUR m	47.0	49.9
EBIT	EUR m	52.2	48.0
EBT	EUR m	20.6	17.6
Net income for the period	EUR m	16.4	16.0
Total assets	EUR m	1,841.3	1,943.4
Equity	EUR m	551.4	529.1
Liabilities	EUR m	1,289.9	1,414.3
Equity ratio	in %	30	27
Operating cash flow	EUR m	45.0	49.3
Cash flow from investing activities	EUR m	44.5	70.1
Cash flow from financing activities	EUR m	-79.9	-102.1
Cash and cash equivalents as at 30 June	EUR m	55.1	54.0
NOI margin	in %	56.2	53.2
FFO I	EUR m	15.2	16.0
FFO II	EUR m	29.1	23.0
Earnings per share	EUR	0.22	0.22
Book value per share	EUR	7.87	7.47
Share price discount from book value per share	in %	24	37
Operating cash flow per share	EUR	0.67	0.73
Property portfolio	EUR m	1,726.7	1,796.5
whereof properties under construction	EUR m	17.2	20.6

¹ Adjusted



Akademiehof Vienna

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Dear Shareholders,

Halfway through 2014, we can look back on the first two quarters of the financial year with satisfaction, and we look forward to the second half with optimism. The excellent performance of the S IMMO share and the successful exchange of the participating certificates into a bond were additional confidence boosters. We confirm our expressed intention of achieving even better results for the current financial year than the successes of 2013.

The period under review brought us a good deal closer to this goal, and the figures confirm the success of the Group's strategy. Even though property assets were lower as a result of planned sales, our key indicators were still at the same high level as last year, or in some cases even higher. We pushed EBIT up by nearly 9% to EUR 52.2m, and our consolidated net income of EUR 16.4m for the period was higher than in the same period last year. The basis of this success are our outstanding operating performance and our lean structures.

Even though the second quarter was clouded by the uncertainties surrounding the trouble spots in Ukraine and the Middle East, we sense growing optimism in our markets. Increasingly positive news is heard from Bucharest and Sofia, cities that in past years provided undeniable challenges; it would appear that the markets have put their troughs behind them. At the same time, Germany is a source of great satisfaction to us, where especially in Berlin we see great potential in the years to come. We intend to take full advantage of all opportunities, and our plans include the construction of freehold properties on land that we already own. Some of these projects are scheduled to start this year. At the same time, we are constantly on the lookout for promising purchase and sales opportunities in the German transaction market.

Our operating success is based on the commitment that our staff bring to their daily work with, in and for our properties. The quality of our buildings is an important factor to us, not only for their continuing appreciation but also because quality contributes to tenant satisfaction. A variety of awards confirm our quality standards – most recently the Courtyard by Marriott hotel in Viertel Zwei received a BREEAM Green Building certification and an "Excellent" rating.

Our high quality is also evident in the capital markets: During the most recent quarter, our exchange offer to the holders of participating certificates was a further important and successful step



The Management Board: Ernst Vejdovszky, Friedrich Wachernig

towards simplifying our capital structure. Our chosen dividend policy is also having an effect: The S IMMO share put on more than 12% in the first half year. We are registering increasing investor interest – also on the part of international investors – and are very pleased with the improvement. We still see significant upside potential for our share and will continue to work hard to bring the price closer to its inner value.

All these factors combine to strengthen our conviction that an optimistic outlook is once again justified. We are ideally positioned to bring you further successes in the second half of 2014.

The Management Board



Ernst Vejdovszky



Friedrich Wachernig

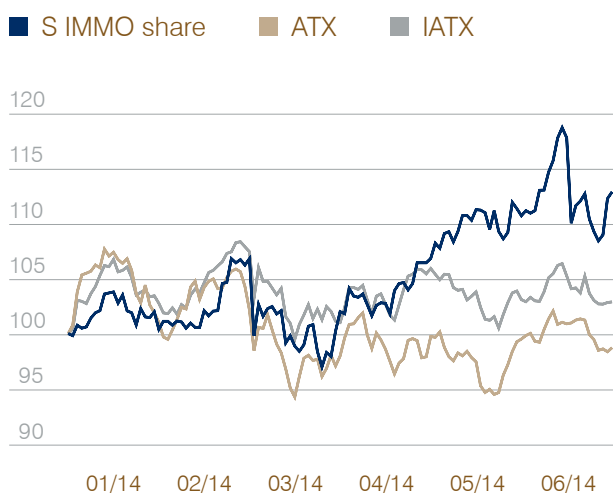
Our share

On the capital markets in Europe and the USA, the positive trend of the first quarter continued: In the first half of 2014, the stock markets posted growth of approximately 4.5%. One of the reasons for the upswing was the European Central Bank's decision to cut the base rate to a record low of 0.15%. The deposit facility interest rate for banks was cut from 0% to -0.10%, taking it negative for the first time. No interest rate increases are expected in the coming months. This development lent much tailwind to shares and corporate bonds; interest in small and mid-cap stocks increased in particular.

New highs were observed in nearly all key share indices and were maintained up to the end of the first half of the year. The broad-based S&P 500 Index performed best, with a gain of 6.05% and an index level of 1,960.23 points. Significant growth of 2.94% was also shown by the German leading index, the DAX, and the 10,000-point mark was surpassed on 20 June 2014. As at 30 June 2014, the index was at 9,833.07 points. The Austrian leading index, the ATX, closed at 2,501.21 points, which equates to a loss of 1.78%. The IATX, the index relevant for Austrian property shares, has performed positively in 2014 so far and closed the reporting period at 195.35 points, growing by 1.88%.

Share price development

indexed (01.01.2014 to 30.06.2014)



In this environment, the S IMMO share was more than convincing. Despite the fact that the increased dividend of EUR 0.20 per share had already been distributed, the share was listed at EUR 5.94 on 30 June 2014. This price gain represents a year-to-date increase of 12.29%. In addition, the six-euro mark was exceeded for the first time in five years. The S IMMO share's highest price so far this year was fixed at EUR 6.249 on 12 June.

Exchange offer for S IMMO INVEST participating certificates

From the beginning of the acceptance period on 21 May 2014, holders of participating certificates were able to exchange their S IMMO INVEST participating certificates for a seven-year bond with a fixed coupon of 4.5%. The acceptance period ended on 06 June 2014. The exchange offer applied to up to 1,140,000 of the 2,280,797 S IMMO INVEST participation certificates outstanding at the time, i.e. just under 50% of the outstanding participation capital back then. The high demand resulted in

Share indicators		2014	2013
Closing price (as at 30 June)	EUR	5.940	4.729
Average daily turnover	shares	59,700	40,900
Earnings per share (EPS)	EUR	0.22	0.22
EPRA NAV per share	EUR	9.80	9.47
Share price discount from EPRA NAV	in %	39	50
Balance sheet NAV per share (book value per share)	EUR	7.87	7.47
Share price discount from book value per share	in %	24	37
Operating cash flow per share	EUR	0.67	0.73
Price/operating cash flow	EUR	4.42	3.23

S IMMO share performance

ISIN AT0000652250	
One year	25.61%
Three years, p.a.	8.64%

S IMMO share information

ISIN	AT0000652250/SPI
Ticker symbols	Reuters: SIAG.VI Bloomberg: SPI:AV
Market	Vienna Stock Exchange
Market segment	Prime Market
Index	GPR General / IATX
Market capitalisation (30 June 2014)	EUR 397.50m
Number of shares (30 June 2014)	66,917,179
Market maker	Erste Group/KochBank
Initial listing	28 June 2002

oversubscription and a reduction in line with the allocation rules. After the exchange offer, S IMMO AG retired the acquired participation certificates, so the number of outstanding S IMMO INVEST participation certificates fell to 1,140,797.

Investor relations activities

In the first half of 2014, the Management Board and the IR team participated in a range of capital market events. Supported by positive market sentiment and the rising price of its share, S IMMO accepted the invitation to Kepler Cheuvreux's investors' conference in Frankfurt in January and participated in Erste Group's investors' conference in London. Institutional investors in particular see great potential in property investments: This optimism was also seen in one-on-one discussions at the Baader Bank conference in London and the well-attended investors' conference of Raiffeisen Centro Bank in Zürs.

S IMMO INVEST participating certificate performance

ISIN	AT0000795737	AT0000630694
One year	12.60%	12.40%
Three years, p.a.	6.40%	6.90%

Participating certificate information

ISIN	AT0000795737 (initial listing 1996) AT0000630694 (initial listing 2004)
Ticker symbols	Reuters: SIMIg.VI Bloomberg: SIIG:AV
Market	Vienna Stock Exchange
Market segment	other securities.at
Market capitalisation (30 June 2014)	EUR 89.68m
Number of participating certificates (30 June 2014)	764,481 (tranche I) 376,316 (tranche II)

Management also took part in roadshows with KochBank in Frankfurt and Stuttgart, where S IMMO's strategy was presented to existing and potential investors. Stock market information days for consultants at domestic banks in Dornbirn and Linz and consultant events for Erste Bank specialists rounded off the IR activities of the second quarter of 2014.

S IMMO AG's 25th Annual General Meeting was held on 11 June 2014 in the Vienna Marriott Hotel, a property belonging to the Group.

in EUR	S IMMO share price AT0000652250	S IMMO INVEST price AT0000795737	S IMMO INVEST price AT0000630694	ATX	IATX
30.06.2013	4.729	72.510	72.600	2,223.98	150.62
31.12.2013	5.290	78.500	78.500	2,546.54	191.73
30.06.2014	5.940	78.650	78.530	2,501.21	195.35

Interim Management Report

Economic overview

In the second quarter of 2014, gross domestic product in the eurozone grew by 0.3% and is likely to remain at this level in the third and fourth quarters of this year. In response to the weak price development in the eurozone, the European Central Bank has maintained its base rate at a historic low since 11 June 2014. The negative effects of budget consolidation on consumption in the eurozone have been declining and are expected to continue diminishing in the coming months. In addition, a positive trend reversal appears to have begun in the labour markets of many countries.

After a weak start to the year, the Austrian economy is likely to grow less strongly than originally forecast; the Austrian Institute of Economic Research (WIFO) and the Institute for Advanced

Studies in Vienna (IHS) now expect growth of only 1.4% and 1.5%, respectively, for real GDP. In particular, private consumption and domestic demand are lower than most recently assumed. Export growth is speeding up somewhat, but will probably not gain any real momentum until 2015. Economic experts see downside risks for international recovery primarily in the further escalation in the conflict regions of Ukraine and the Middle East and in a renewed decline of sentiment indicators. If negative surprises occur in the second half of the year or the recovery loses pace again, fiscal and monetary policymakers are urged to take rapid countermeasures. There are already signs of both.

Real estate market overview

AUSTRIA AND GERMANY

In the first half of 2014, only about 100,000 m² were let on the Viennese office market. Large transactions above 4,000 m² were the exception. The main reason for this weak development was the lower level of public sector activity. The year 2014 may turn out to be weak in terms of take-up and also in terms of new office space.

Although purchase prices on the German residential market have risen, one cannot speak of a trend towards a housing bubble because, with a year-on-year plus of 5.3 percentage points, rents have developed in parallel on national average. Even in Berlin, where prices for existing flats rose 15.6 percentage points in annual comparison while rents only gained seven percentage points, there is no reason to suspect a bubble at the moment because of the positive development of demand.

At 274,400 m², Berlin's office market recorded the second-best take-up result of the last ten years in the first half of 2014. The vacancy rate decreased to 8.4%. Demand should remain high during the coming years because of the persistent robustness of the economy.

In the first half of 2014, the Viennese hotel market saw a 5.8% year-on-year increase in overnight stays. With the exception of five-star hotels, all market segments benefited from this growth. Vienna's total lodging capacity rose by 4.5%, or 1,330 rooms during the same period. Over the last 24 months, the supply of accommodations in Vienna has grown by more than 11% to 30,895 rooms. The occupancy rate averaged 65% during the first half of the year, which represents a slight improvement compared with the prior-year period (first half of 2013: 64%). Due to the significant capacity increases in all segments, however, the hotel market is under considerable pressure with regard to both room rates and occupancy. Additional chain hotels are scheduled to open in the coming months, which will intensify the competition.

	Prime rents (EUR/m ² /month)		Prime gross yields (%)		Total leasing activity HY 2014 (m ²)	Vacancy rate (%)
	Office	Retail	Office	Retail	Office	Office
Berlin	22.50 ¹	330.00 ¹	4.65 ¹	4.20 ¹	274,400 ⁵	8.4 ⁵
Bratislava	16.00 ¹	60.00 ^{1*}	7.00 ¹	7.00 ^{1*}	103,000 ¹⁰	13.6 ¹⁰
Bucharest	18.00 ¹	60.00 ^{1*}	8.00 ¹	8.25 ^{1*}	89,500 ⁹	13.0 ⁹
Budapest	20.00 ¹	100.00 ^{1*}	7.50 ¹	7.00 ^{1*}	248,900 ⁴	17.6 ⁴
Prague	19.50 ¹	85.00 ^{1*}	6.00 ¹	6.00 ^{1*}	128,500 ⁷	14.6 ⁷
Sofia	12.50 ²	21.50 ^{3*}	9.25 ²	9.25 ^{3*}	57,500 ²	28.5 ²
Vienna	25.50 ¹	310.00 ¹	4.65 ¹	3.95 ¹	100,000 ⁶	6.6 ⁶
Zagreb	14.50 ¹	22.50 ^{1*}	8.30 ¹	8.25 ^{1*}	52,400 ⁸	17.0 ⁸

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

¹ CBRE, Market View, EMEA Rents and Yields, Q2 2014

² Forton, Bulgarian Office Market, Q2 2014

³ Forton, Bulgarian Retail Market, Q2 2014

⁴ Budapest Research Forum, press release, Q2 2014

⁵ CBRE, Market View, Office Market Berlin, Q2 2014

⁶ CBRE, press release, July 2014

⁷ CBRE, Market View, Office Market Prague, Q2 2014

⁸ CBRE, Market View, Office Market Croatia, Q2 2014

⁹ Cushman & Wakefield, Marketbeat Office Snapshot Romania, Q2 2014

¹⁰ Bratislava Research Forum, press release, Q2 2014

CENTRAL EUROPE (CEE)

The Budapest office market performed very well in the second quarter of 2014. Total leasing activity amounted to 191,720 m², which is a high quarterly figure. At 81,210 m², take-up excluding renewals also reached a record high. As a result, total leasing activity for the first half of the year increased 71% compared with the same period in 2013 and was very satisfactory. Furthermore, while the vacancy rate decreased slightly to 17.6%, the average transaction size rose considerably to 1,020 m².

Bratislava's office market saw a significant increase in total leasing activity in the second quarter of 2014. The figure rose by 270% compared with the previous quarter to reach 75,000 m². The vacancy rate declined from 14.6% in the first quarter of 2014 to 13.6%. About 40,000 m² of new office space is expected to be completed by the end of the year.

Bratislava is still suffering from a structural surplus of hotel rooms. Demand has sunk to an extremely low level, making increases in room rates impossible or only possible at the cost of even lower occupancy.

The Budapest hotel market continued its stable development in the first half of 2014. The trend for 2014 as a whole is expected to be similar and is projected to produce results comparable to those seen in 2013.

From January to May 2014, Prague's chain hotel segment experienced a slight pickup in room rates compared with the same period of the previous year. As a result, RevPAR grew by 1.2% and GOP advanced by an impressive 8.1%.

Sources: Austrian Institute of Economic Research (WIFO), Bank Austria, Bratislava Research Forum, Budapest Research Forum, CBRE, Der Standard, Deutscher Wirtschaftsdienst, Die Presse, EuroStat, Forton, IMX – The property index of ImmobilienScout24, Institute for Advanced Studies (IHS), Institut national de la statistique et des études économiques (Insee), Istituto nazionale di statistica (Istat), International Monetary Fund, Münchner Ifo-Institut, Oesterreichische Nationalbank (OeNB), Reuters.

SOUTHEASTERN EUROPE (SEE)

In Sofia, office space take-up in the second quarter amounted to 37,500 m², which is a rise of 27% compared with the previous quarter and more than twice the volume of the same period last year. The major driver behind this was expansions. Supply remained unchanged as no new projects were completed. As a result, the overall vacancy rate decreased to 28.5%, and the figure for the top ten offices even declined to 6.6%.

On the Sofia retail market, there is still 120,000 m² in the pipeline due for delivery within the next 12 months. Demand for shopping centre space was stable over the quarter and especially the fashion segment remained active both in Sofia and in the countryside. After 2014, a limited pipeline should reduce pressure.

According to a recent survey by CBRE, 70% of Romanians prefer large shopping centres over any other retail format. This figure lies markedly above the European average of 47%. In particular, it is more important to Romanians to have a hypermarket or supermarket, entertainment facilities and events in the centres compared to other country clusters and the European average. High streets, on the other hand, play no role in Romania at all, with just 2% of the respondents selecting them as their most frequently used non-food shopping location.

The Bucharest hotel market enjoyed stable development in the first half of 2014, and the overall trend for 2014 is expected to be similar to last year.

Business performance and results**Property portfolio**

As at 30 June 2014, S IMMO AG owned a total of 204 real estate properties, with a book value of EUR 1,726.7m and total usable space of roughly 1.2 million m². The property portfolio had an occupancy rate of 89.9% on that date, and the overall rental yield was 6.9%.

S IMMO's buildings are located in four regions within the European Union with a focus on capital cities. By market value, the majority of the properties as at 30 June 2014 was in Austria (32.7%), followed by Germany (25.1%), SEE (22.3%) and CEE (19.9%). The company invests in four property use types: office (40.8%), retail (26.0%) and residential space (19.3%) as well as hotels (13.9%).

Performance – summary

S IMMO's operating activities were very successful in the first half of the year. The company improved on significant key figures like EBIT, which was nearly 9% or EUR 4.2m above the figure for the previous year and amounted to EUR 52.2m.

Sales-related reduction of rental income had only a minor impact on funds from operations (FFO I), which came to EUR 15.2m in the first half of 2014 (HY 2013: EUR 16.0m), while FFO II surpassed the comparative period of the previous year considerably and amounted to EUR 29.1m (HY 2013: EUR 23.0m). Although sales of EUR 39.6m were made in the first half of 2014, net operating income rose by approximately 1.5% to EUR 52.4m.

Gross profit

S IMMO AG's revenues in the first half of 2014 totalled EUR 93.2m (HY 2013: EUR 97.0m). As expected, the rental income included therein reflected the property disposals made and amounted to EUR 56.8m (HY 2013: EUR 59.0m).

Rental income for the first six months by region broke down as follows: SEE contributed 29.8%, Austria 26.7%, Germany 24.9% and CEE 18.5%. Rental income by property use type showed retail property contributing 39.7%, followed by offices with 34.1%, residential property with 18.6% and hotels with 7.5%.

Revenues from hotel operations (revenues from the Vienna and Budapest Marriott hotels, both operated under management agreements) came to EUR 19.1m (HY 2013: EUR 19.2m). Gross profit from hotel operations improved to EUR 4.5m (HY 2013: EUR 3.9m).

In the first half of 2014, property management expenses were reduced by 12.8% to EUR 26.2m compared to the same period last year. The sales-related reduction of rental income was mostly compensated for by improvements in the cost structure and increased gross profit from hotel operations. The gross profit of EUR 54.6m was kept close to the previous year's level despite lower other operating income (EUR 2.3m). This was due to the very good operating performance.

Successful property sales

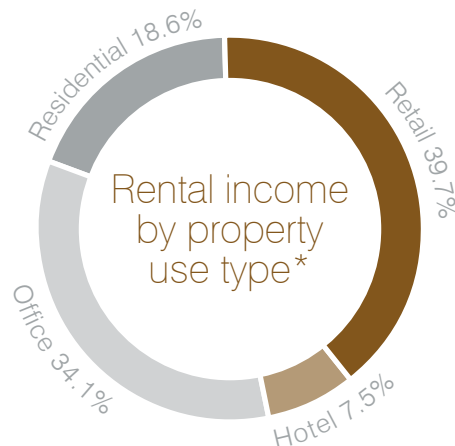
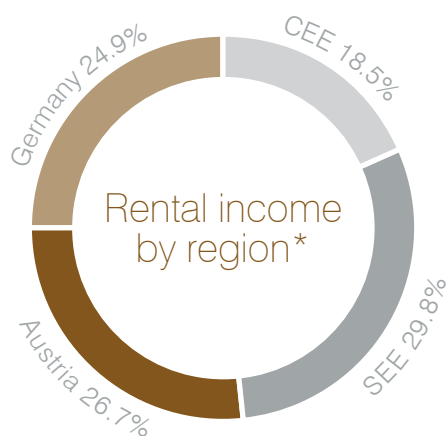
For the financial year 2014, S IMMO is planning on property disposals amounting to about 5% of the portfolio. Four properties were sold in the first half of 2014: Sale proceeds totalled EUR 39.6m, compared with EUR 83.8m in the same period last year. In the income statement for the first half of the year, no gains were to be recognised on these sales, because the properties in question had already been revalued in 2013 to reflect the final selling prices. This means all properties held for sale as at the end of 2013 have been successfully sold.

EBITDA and EBIT

EBITDA came to EUR 47.0m (HY 2013: EUR 49.9m). As at 30 June 2014, properties with a total fair value of EUR 8.8m were classified as "held for sale", and their value was correspondingly increased. In total, there were property value increases of EUR 8.9m (HY 2013: EUR 2.8m). EBIT consequently exceeded that of the previous year and amounted to EUR 52.2m (HY 2013: EUR 48.0m), which is an increase of approximately EUR 4.2m or nearly 9%.

Increase in net profit for the period

In the reporting period, the financial result including the participating certificates result amounted to EUR -31.6m (HY 2013: EUR -30.4m) and was mainly at the previous year's level despite negative foreign currency effects. As a result, EBT amounted to EUR 20.6m, an increase of 17.0% on the same period of the previous year. Net profit for the period came to EUR 16.4m (HY 2013: EUR 16.0m).



* Not including Vienna Marriott Hotel and Budapest Marriott Hotel

Funds from operations (FFO)

The sales-related reduction of rental income had only a minor impact on FFO I (not including the effects of property sales), as the operating performance was stable and negative effects from lower rents and other operating income were largely offset by cost savings. In the first half of 2014, FFO I came to EUR 15.2m, compared with EUR 16.0m for the same period last year. FFO II, which includes gains on property sales and valuation gains on properties intended for sale in the current year, totalled EUR 29.1m, exceeding the previous year's level (HY 2013: EUR 23.0m).

Improvement in net operating income (NOI)

The cost savings discussed above resulted in a further improvement in NOI, which totalled EUR 52.4m as at 30 June 2014, compared with EUR 51.6m for the first six months of 2013. As a further result, the NOI margin rose by 3.0 percentage points despite a lower property volume.

NOI as at 30 June

	2014	2013	Change
NOI (EUR m)	52.4	51.6	+1.5%
NOI margin (%)	56.2	53.2	+3 percentage points

Cash flow

As at 30 June 2014, operating cash flow came to EUR 45.0m (HY 2013: EUR 49.3m). Due to lower sales, cash flow from investing activities decreased to EUR 44.5m (HY 2013: EUR 70.1m). Cash flow from financing activities was EUR -79.9m (HY 2013: EUR -102.1m).

Consolidated statement of financial position

As a result of the property sales, S IMMO Group's total assets as at 30 June 2014 were down slightly compared with the end of 2013, from EUR 1,879.6m to EUR 1,841.3m. Cash and cash equivalents came to EUR 55.1m, an increase compared to the level at the end of the previous year (31 December 2013: EUR 49.9m).

Financing

As part of an exchange offer, participating certificate holders had the opportunity to swap their subordinated participating rights for a bond with a fixed coupon of 4.5% and a term of seven years. The offer volume of EUR 90m was fully subscribed. This measure led to an improvement in planning certainty with regard to the maturity structure of the Company's financial liabilities. In addition, S IMMO's liabilities to banks were spread among 23 financial institutions as at 30 June 2014, ensuring a broad diversification of the Company's financing. During the period under review, the loan-to-value ratio (LTV ratio) including the participating capital and the bond amounted to 62%, which is approximately the same level as in the prior year.

Net asset value (NAV)

In the first half of 2014, both book value (balance sheet NAV) and EPRA NAV per share were close to the previous year's level. The book value as at 30 June 2014 stood at EUR 7.87 (31 December 2013: EUR 7.83) per share, while EPRA NAV was EUR 9.80 (31 December 2013: EUR 9.76) per share. EPRA NAV represents the value of equity adjusted for effects that do not have a long-term impact on the business activities of S IMMO Group, such as valuations of interest rate hedges and deferred taxes. Derivatives being used as interest rate hedges will gradually expire over the coming years. The effects are already becoming apparent in the equity and the book value per share.

Risk report

The overall assessment of S IMMO's potential opportunities and risks for the current financial year is explained in detail in the Annual Report 2013 (starting on page 42). Therefore, this section mainly concentrates on the possible risks in the coming months.

In its current World Economic Outlook (WEO), the International Monetary Fund projects that the global economy will grow by 3.6% in 2014, which represents an increase of 0.6% over last year.

In Germany, economic growth has slowed recently. After a strong start to the year, the industrial and construction sectors in particular have lost momentum, declining by 1.8% in month-on-month terms in May. However, experts believe that this is only a temporary stagnation rather than an actual downturn. Germany's economic development is having a direct impact on the export-oriented countries of Central and Eastern Europe, and especially on the Czech Republic and Hungary. Hungary in particular is only emerging from the recession very slowly, and S IMMO continues to expect increased risks in the country when it comes to changes in property value, letting and rental default.

In contrast, the Austrian real estate investment market turned in a strong first half of the year, with a transaction volume of roughly EUR 930m, which is twice as much as the investment

volume in the first half of 2013. This development has given rise to optimism in the real estate sector, which is also benefiting S IMMO. The transaction volume is expected to increase further in the second half of the year.

Along with these economic trends, the geopolitical risks connected with the conflict between Ukraine and Russia also have to be taken into consideration. With this in mind, a fragile recovery of the European economy is to be expected.

S IMMO strives to minimise these risks by maintaining a balanced property portfolio in the capital cities of its markets. The Company's focus on four property use types and four regions enables it to take advantage of real estate cycles and optimally diversify risks.

Outlook

After a successful financial year 2013, S IMMO posted a very good first half of 2014 in operational terms. This positive development was supported by the steady economic growth in the eurozone. This means the risk of the eurozone slipping back into a recession is continuing to decline. In parallel with this trend, increasing optimism can be felt in our markets, especially in Central and Southeastern Europe. We expect to increase our earnings further in 2014.

In Budapest, a market that remains very challenging, leases for space totalling 2,600 m² have been concluded and 5,400 m² have been extended since the start of the year. Most investments are in the maintenance of office buildings in order to boost their attractiveness on the Hungarian market. In Bucharest and Sofia, the worst is already over, and interest in these markets is increasing noticeably. Pleasing rental successes were thus achieved there as well.

As in previous years, we are looking at opportunities for both buying and selling. Approximately 5% of the property portfolio is expected to be sold annually, with a focus on Austria and Germany.

We still see attractive investment opportunities in Berlin, especially in the residential property sector. Due to the brisk demand for housing, the priority is to develop freehold apartments on land we already own. The go-ahead for individual projects should be given in 2014.

On the capital market, S IMMO concluded the exchange of the S IMMO INVEST participating certificates very successfully. Over the years, participating certificates have become a very rare and, above all, atypical form of financing. This measure is intended to make the Group's financing structure more understandable for domestic and also international investors. In the first half of 2014, 1,166,950 participating certificates were retired and taken off the stock market.

Due to the excellent results for 2013, a dividend of EUR 0.20 per share (EUR 0.05 higher than for the previous year) was distributed on 18 June. At the time of going to press on 19 August, the S IMMO share was listed at EUR 5.94.

Consolidated statement of financial position

as at 30 June 2014

Assets	NOTES	30 June 2014	31 December 2013
EUR '000			
NON-CURRENT ASSETS			
Investment properties			
Rental properties	3.1.1.	1,580,865	1,580,311
Properties under development and undeveloped land	3.1.1.	17,227	16,677
		1,598,092	1,596,988
Owner-operated properties	3.1.2.	119,743	120,017
Other plant and equipment		6,527	7,447
Intangible assets		119	139
Interests in companies measured at equity		7,474	7,393
Group interests	3.1.3.	751	749
Other financial assets	3.1.3.	600	0
Deferred tax assets		13,932	13,764
		1,747,238	1,746,497
CURRENT ASSETS			
Inventories	3.1.4.	1,301	1,328
Trade receivables	3.1.3.	12,858	12,115
Other financial assets	3.1.3.	7,722	21,576
Other assets		8,288	8,709
Cash and cash equivalents	3.1.5.	55,053	49,873
		85,222	93,601
Properties held for sale	3.1.6.	8,845	39,550
		94,067	133,151
		1,841,305	1,879,648

Equity and liabilities

EUR '000

NOTES

30 June 2014

31 December 2013

SHAREHOLDERS' EQUITY

Share capital		242,883	243,126
Capital reserves		72,422	72,535
Other reserves		210,487	208,432
		525,792	524,093
Non-controlling interests	3.1.7.	25,634	25,531
		551,426	549,624

NON-CURRENT LIABILITIES

Subordinated participating certificate capital	3.1.8.	91,712	186,645
Issued bonds	3.1.9.	89,054	0
Other financial liabilities	3.1.10.	751,440	754,957
Provisions		3,079	2,962
Other liabilities		0	5
Deferred tax liabilities		52,617	53,005
		987,902	997,574

CURRENT LIABILITIES

Financial liabilities	3.1.10.	260,471	285,551
Income tax liabilities		7,181	4,325
Provisions		1,196	1,924
Trade payables		4,109	4,860
Other liabilities		29,020	35,790
		301,977	332,450

1,841,305

1,879,648

Consolidated income statement

for the six months ended 30 June 2014

EUR '000	NOTES	01 – 06 / 2014	01 – 06 / 2013 ¹
Revenues			
Rental income	3.2.1.	56,843	58,967
Revenues from operating costs		17,271	18,821
Revenues from hotel operations		19,119	19,183
		93,233	96,971
Other operating income		2,274	3,538
Expenses directly attributable to properties	3.2.2.	-26,232	-30,093
Hotel operating expenses	3.2.2.	-14,645	-15,304
Gross profit		54,630	55,112
Income from property disposals		39,550	83,758
Book value of property disposals		-39,550	-81,370
Gains on property disposals	3.2.3.	0	2,388
Management expenses		-7,626	-7,562
Earnings before interest, tax, depreciation and amortisation (EBITDA)		47,004	49,938
Depreciation and amortisation		-3,667	-4,737
Results from property valuation		8,904	2,810
Operating result (EBIT)		52,241	48,011
Financing cost	3.2.4.	-29,830	-25,827
Financing income	3.2.4.	760	1,366
Results from companies measured at equity	3.2.4.	328	0
Participating certificates result	3.1.8.	-2,870	-5,912
Net income before tax (EBT)		20,629	17,638
Taxes on income	3.2.5.	-4,191	-1,604
Consolidated net income for the period		16,438	16,034
of which attributable to shareholders in parent company		14,820	14,534
of which attributable to non-controlling interests		1,618	1,500
Earnings per share			
undiluted = diluted		0.22	0.22

¹ Adjusted

Consolidated statement of comprehensive income

for the six months ended 30 June 2014

EUR '000	01 – 06 / 2014	01 – 06 / 2013 ¹
Consolidated net income for the period	16,438	16,034
Change in value of cash flow hedges	-3,041	20,014
Income tax on cash flow hedges	394	-4,535
Reclassification of derivative valuation effects	1,333	0
Foreign exchange rate differences	1,789	375
Other comprehensive income for the period (realised through profit or loss)	475	15,854
Remeasurement of post-employment benefit obligations	0	-3
Income taxes on remeasurement of post-employment benefit obligations	0	1
Other comprehensive income for the period (not realised through profit or loss)	0	-2
Total comprehensive income for the period	16,913	31,886
of which attributable to shareholders in parent company	16,038	29,645
of which attributable to non-controlling interests	875	2,241

¹ Adjusted

Consolidated income statement

for the three months ended 30 June 2014

EUR '000	NOTES	04-06/2014	04-06/2013 ¹
Revenues			
Rental income	3.2.1.	28,620	29,574
Revenues from operating costs		8,554	9,498
Revenues from hotel operations		11,257	11,165
		48,431	50,237
Other operating income		1,854	1,197
Expenses directly attributable to properties	3.2.2.	-13,336	-15,603
Hotel operating expenses	3.2.2.	-7,944	-8,220
Gross profit		29,005	27,611
Income from property disposals		18,000	51,140
Book value of property disposals		-18,000	-50,175
Gains on property disposals	3.2.3.	0	965
Management expenses		-4,434	-3,958
Earnings before interest, tax, depreciation and amortisation (EBITDA)		24,571	24,618
Depreciation and amortisation		-1,804	-2,316
Results from property valuation		3,006	-1,290
Operating result (EBIT)		25,773	21,012
Financing cost	3.2.4.	-14,379	-11,116
Financing income	3.2.4.	370	1,036
Results from companies measured at equity	3.2.4.	299	0
Participating certificates result	3.1.8.	-135	-2,664
Net income before tax (EBT)		11,928	8,268
Taxes on income	3.2.5.	-2,170	1,195
Consolidated net income for the period		9,758	9,463
of which attributable to shareholders in parent company		9,162	8,662
of which attributable to non-controlling interests		596	801
Earnings per share			
undiluted = diluted		0.14	0.13

¹ Adjusted

Consolidated statement of total comprehensive income

for the three months ended 30 June 2014

EUR '000	04–06/2014	04–06/2013 ¹
Consolidated net income for the period	9,758	9,463
Change in value of cash flow hedges	-2,937	12,250
Income tax on cash flow hedges	520	-2,746
Reclassification of derivative valuation effects	666	-321
Foreign exchange rate differences	312	-1,457
Other comprehensive income for the period (realised through profit or loss)	-1,439	7,726
Remeasurement of post-employment benefit obligations	0	-3
Income taxes on remeasurement of post-employment benefit obligations	0	1
Other comprehensive income for the period (not realised through profit or loss)	0	-2
Total comprehensive income for the period	8,319	17,187
of which attributable to shareholders in parent company	8,153	15,859
of which attributable to non-controlling interests	166	1,328

¹ Adjusted

Consolidated cash flow statement

for the six months ended 30 June 2014

EUR '000	01 – 06 / 2014	01 – 06 / 2013 ¹
Operating cash flow	44,955	49,255
Changes in net current assets	-4,341	-20,311
Cash flow from operating activities	40,614	28,944
Cash flow from investing activities	44,506	70,121
Cash flow from financing activities	-79,940	-102,123
Total	5,180	-3,058
Cash and cash equivalents as at 01 January	49,873	57,076
Cash and cash equivalents as at 30 June	55,053	54,018
Net change in cash and cash equivalents	5,180	-3,058

¹ Adjusted

Changes in consolidated equity

EUR '000	Share capital	Capital reserves	Foreign currency translation reserve	Hedge accounting reserve	Other reserves	Sub-total S IMMO shareholders	Non-controlling interests	Total
As at 01 January 2014	243,126	72,535	-19,193	-39,212	266,837	524,093	25,531	549,624
Consolidated net income for the period	0	0	0	0	14,820	14,820	1,618	16,438
Other comprehensive income	0	0	1,789	-571	0	1,218	-743	475
Repurchase of own shares	-243	-112	0	0	0	-356	0	-356
Disposals	0	0	0	0	0	0	-1,386	-1,386
Purchase of non-controlling interests	0	0	71	0	-685	-614	614	0
Distribution ¹	0	0	0	0	-13,369	-13,369	0	-13,369
As at 30 June 2014	242,883	72,422	-17,333	-39,783	267,603	525,792	25,634	551,426
As at 01 January 2013	244,705	73,005	-19,568	-64,456	249,625	483,311	26,323	509,634
Consolidated net income for the period ²	0	0	0	0	14,534	14,534	1,500	16,034
Remeasurement of post-employment benefit obligations	0	0	0	0	-2	-2	0	-2
Other comprehensive income	0	0	375	14,738	0	15,113	741	15,854
Repurchase of own shares	-387	-112	0	0	0	-499	0	-499
Disposals	0	0	0	0	0	0	-1,810	-1,810
Distribution	0	0	0	0	-10,092	-10,092	0	-10,092
As at 30 June 2013	244,318	72,893	-19,193	-49,718	254,065	502,365	26,754	529,119

¹ The dividend disbursement of kEUR 13,369 in 2014 corresponds to a dividend of EUR 0.20 per share (2013: EUR 0.15 per share), and was effected on 18 June 2014.

² Adjusted

Notes to the consolidated interim financial statements

(condensed)

1. THE GROUP

S IMMO Group (S IMMO AG and its subsidiaries) is an international real estate group. The parent company of the 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 1992, since 2007 in the Prime Segment. It has subsidiaries in Austria, Germany, the Czech Republic, Slovakia, Hungary, Croatia, Romania, Bulgaria and Denmark. As at 30 June 2014, S IMMO Group owned properties in all of the above mentioned countries except Denmark. The company focuses on profitable, long-term property investments through the development, purchase, rental, operation, renovation and sale of buildings and apartments in Austria, Germany and six countries in Central and Southeastern Europe.

Its activities include:

- real estate project development,
- the operation of hotels and shopping centres,
- the refurbishment of existing properties,
- active asset and portfolio management and
- services such as facility management

2. ACCOUNTING AND VALUATION POLICIES

2.1. Accounting policies

The consolidated interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34 and do not contain all the information required to be disclosed in a full set of IFRS consolidated financial statements. The interim financial statements should therefore be read in conjunction with the IFRS consolidated financial statements for the year ended 31 December 2013.

In preparing the consolidated interim financial statements for the six months ended 30 June 2014, the accounting and valuation policies applied in the consolidated financial statements for the year ended 31 December 2013 have been applied substantially unchanged.

The financial statements for the six months ended 30 June 2014 were neither reviewed nor audited by a financial auditor.

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 is the year ending on 31 December. There has been no change in the companies included in consolidation as compared with the consolidated financial statements for the year ended 31 December 2013.

The consolidated interim financial statements are presented rounded to the nearest 1,000 euro (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.

The figures of the first half of 2013 were adjusted as a result of the first-time application of the revised IAS 19.

2.2. New mandatory accounting regulations

As of 01 January 2014, the following new or amended standards and interpretations are mandatory: IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements), IFRS 12 (Disclosure of Interests in Other Entities), IAS 27 (Separate Financial Statements), IAS 28 (Investments in Associates and Joint Ventures), IAS 32 (Financial Instruments: Presentation – Offsetting), IAS 36 (Impairment of Assets), IAS 39 (Financial Instruments: Recognition and Measurement) and IFRIC 21 (Levies).

The indicated new or amended standards and interpretations had no material effects on the recognition and measurement methods or on the presentation of the interim report.

2.3. Reporting currency and currency translation

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

3. SELECTED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3.1. Statement of financial position

3.1.1. Investment properties

EUR '000	Rental properties	Properties under development and undeveloped land
As at 01 January 2013	1,661,226	20,157
Additions	11,767	1,188
Disposals	-64,459	0
Changes in fair value (realised through profit or loss)	11,327	-4,668
Hierarchy reclassifications	0	0
Reclassifications as properties held for sale	-39,550	0
As at 31 December 2013	1,580,311	16,677
whereof pledged as security	1,567,942	0
Additions	1,745	550
Disposals	-1,250	0
Changes in fair value (realised through profit or loss)	8,904	0
Hierarchy reclassifications	0	0
Reclassifications as properties held for sale	-8,845	0
As at 30 June 2014	1,580,865	17,227
whereof pledged as security	1,568,270	0

Consisting of:

Rental properties

EUR '000	30.06.2014	31.12.2013
Austria	512,230	518,891
Germany	434,242	425,355
Central Europe	277,294	279,265
Southeastern Europe	357,099	356,800
	1,580,865	1,580,311

Properties under development and undeveloped land

EUR '000	30.06.2014	31.12.2013
Austria	0	0
Germany	0	0
Central Europe	6,081	6,006
Southeastern Europe	11,146	10,671
	17,227	16,677

Appraisals are generally obtained from independent experts once per year to measure the fair value of all investment properties. The measurement methods are the same as those used for the 2013 annual financial statements and correspond to level 3 of the IFRS 13.86 fair value hierarchy. The valuation result for the investment properties in the first half of 2014 is based on internal calculation models with input parameters that have changed since the preparation of the 2013 annual financial statements, but with the same valuation methods as applied for the 2013 annual financial statements.

3.1.2. Owner-operated properties

Owner-operated properties are hotels operated for the S IMMO Group by international hotel chains under management agreements. Both income and expenses of hotel operations are subject to seasonal fluctuations.

3.1.3. Financial assets

The carrying amounts of the current and non-current financial assets correspond largely to their present values.

3.1.4. Inventories

Inventories essentially consist of one freehold apartment (in Austria) and are measured at cost of acquisition and construction. The book value in the consolidated financial statements as at 30 June 2014 amounted to kEUR 1,301 (31 December 2013: kEUR 1,328).

3.1.5. Cash and cash equivalents

EUR '000	30.06.2014	31.12.2013
Bank balances	54,854	49,667
Cash in hand	199	206
	55,053	49,873

3.1.6. Properties held for sale

Properties are treated as "held for sale" if it is the intention of the Group's Management to dispose of them in the near future (if, for example, negotiations for sale are already well advanced). This is currently intended for one commercial property in Austria.

EUR '000	30.06.2014	31.12.2013
Germany	0	39,550
Austria	8,845	0
	8,845	39,550

3.1.7. Non-controlling interests

The non-controlling interests of kEUR 25,634 (31 December 2013: kEUR 25,531) consisted principally of Einkaufscenter Sofia G.m.b.H. & Co KG (35% minority interest).

3.1.8. Subordinated participating certificate capital

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

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

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

To the extent that the income entitlement 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 six months ended 30 June 2014, the total share of income entitlements was kEUR 2,591 (31 December 2013: kEUR 9,211).

As at 30 June 2014, there were 1,140,797 participating certificates in issue. The total entitlements of participating certificate holders as of that date were EUR 80.39 (31 December 2013: EUR 80.88) per certificate and were made up 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 2014	167,704			2,099	169,803
Profit brought forward 01 January 2014		7,632			7,632
Income entitlements of participating certificate holders from 2013			9,211		9,211
Distribution 28 April 2014			-6,842		-6,842
Change in profit brought forward pursuant to Clause 5 (6), Participating Certificates Agreement		2,368	-2,368		0
Repurchase and retirement of 1,166,950 participating certificates	-84,802	-5,097		-1,061	-90,961
Income entitlements of participating certificate holders			2,591		2,591
Allocation of undisclosed reserves on property portfolio				279	279
Participating certificates capital as at 30 June 2014	82,901	4,903	2,591	1,317	91,712
Per participating certificate (EUR)	72.67	4.30	2.27	1.15	80.39

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 2013	201,584			2,433	204,017
Profit brought forward 01 January 2013		6,449			6,449
Income entitlements of participating certificate holders from 2012			12,018		12,018
Distribution 17 May 2013			-9,045		-9,045
Change in profit brought forward pursuant to Clause 5 (6), Participating Certificates Agreement		2,973	-2,973		0
Repurchase and retirement of 466,215 participating certificates	-33,880	-1,790		-409	-36,078
Income entitlements of participating certificate holders			9,211		9,211
Allocation of undisclosed reserves on property portfolio				75	75
Participating certificates capital as at 31 December 2013	167,704	7,632	9,211	2,099	186,645
Per participating certificate (EUR)	72.67	3.31	3.99	0.91	80.88

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. Due to the exchange of participating certificates for a bond as described in section 3.1.9., the result allocable to the liabilities arising from the participating certificates declined substantially in the first half of the year. On 30 June 2014, the participating certificate tranche with the ISIN AT0000795737 was listed at a price of EUR 78.65 per certificate; the tranche with the ISIN AT0000630694 was listed at a price of EUR 78.53 per certificate.

3.1.9. Issued bonds

S IMMO AG issued a bond (ISIN AT0000A177D2) with a total nominal value of kEUR 89,739.5 in June 2014. The bond is divided into 179,479 units with a nominal value of EUR 500, and was issued in exchange for participating certificates. The exchange took the form of a voluntary exchange offer and resulted in the swapping of 519,584 participating certificates with the ISIN AT0000795737 and 620,416 participating certificates with the ISIN AT0000630694. The bond is listed in the Corporates Prime segment of the Vienna Stock Exchange and runs until 16 June 2021 at a fixed coupon of 4.50%. On 30 June 2014, the bond was listed at a price of EUR 104.05. Taking into account the issue costs to be offset, this resulted in a kEUR 88,894 increase in bond liabilities, and equates to an effective interest rate of roughly 4.66%. The associated bond liability on the basis of present values on 30 June 2014 was kEUR 93.374. The exchange of the participating certificates for the bond was recognised according to IAS 39.40.

3.1.10. Other financial liabilities

The short-term and long-term financial liabilities amounted to kEUR 1,011,911 (31.12.2013: kEUR 1,040,508) in total, and were made up as follows:

EUR '000	30.06.2014	31.12.2013
Remaining maturity less than 1 year	260,471	285,551
Remaining maturity between 1 and 5 years	323,423	366,015
Remaining maturity over 5 years	428,017	388,942
Total	1,011,911	1,040,508

The indicated carrying amounts correspond mostly to the present value.

3.1.11. Derivatives

S IMMO Group uses caps, collars and swaps to hedge interest rate risks. These derivatives were disclosed under other financial assets (kEUR 115; 31 December 2013: kEUR 35) and under non-current and current financial liabilities (kEUR 66,884; 31 December 2013: kEUR 65,498). The fair value measurement of derivatives is based on estimates made by banks. There were no changes to the applied measurement methods or key input parameters compared with the 2013 annual financial statements. The measurement falls under level 2 of the IFRS 13 fair value hierarchy. CVAs/DVAs were applied for the measurement of derivatives in analogy to the methods as at 31 December 2013 and resulted in minor adjustments of the liabilities from derivatives. In the first six months of 2014 expenses of kEUR 3,041 were recognised under equity without affecting the income statement; and kEUR 492 were recognised as financial income in the consolidated income statement.

30 June 2014

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	472,180	0	-56,785
Caps	157,685	115	-2,204
Collars	200,000	0	-7,895
Total	829,865	115	-66,884

31 December 2013

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	454,300	0	-53,009
Caps	154,041	35	-2,117
Collars	200,000	0	-10,372
Total	808,341	35	-65,498

3.2. Consolidated income statement

3.2.1. Rental income

Rental income by property use type was as follows:

EUR '000	01-06/2014	01-06/2013
Office	19,383	20,543
Residential	10,598	11,478
Retail	22,573	22,887
Hotels	4,289	4,059
	56,843	58,967

3.2.2. Operating costs and expenses from properties and hotel operations

These expenses arise in connection with non-current property assets, consisting mainly of operating costs, provisions for doubtful debts, maintenance expenses and commissions.

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. Both income and expenses of hotel operations are subject to seasonal fluctuations.

The number of employees in the Group was 507 (HY 2013: 505), including hotel staff. Personnel expenses for the hotels are disclosed under hotel operations.

3.2.3. Gains on property disposals

In the first half of 2014, three residential properties in Berlin and one retail property in Berlin were sold.

EUR '000

Disposal proceeds

	01-06/2014	01-06/2013
Properties held as financial investments	0	17,850
Properties held for sale	39,550	62,990
Inventories	0	2,918
	39,550	83,758

Carrying value of property disposals

	01-06/2014	01-06/2013
Properties held as financial investments	0	-17,160
Properties held for sale	-39,550	-62,700
Inventories	0	-1,510
	-39,550	-81,370

Gains on property disposals

	01-06/2014	01-06/2013
Properties held as financial investments	0	690
Properties held for sale	0	290
Inventories	0	1,408
	0	2,388

3.2.4. Financing result

Net financing costs were made up as follows:

EUR '000	01-06/2014	01-06/2013
Financing expense	-29,830	-25,827
Financing income	1,088	1,366
	-28,742	-24,461

In the first half of 2014, financing costs included a non-cash foreign exchange loss of kEUR -2,017 (first half of 2013: kEUR -483).

3.2.5. Taxes on income

EUR '000	01-06/2014	01-06/2013
Current tax expense	-4,797	-1,213
Deferred tax income/expense	606	-391
	-4,191	-1,604

4. OPERATING SEGMENTS

Segment reporting for S IMMO Group is based on geographical regions. The four regions are as follows:

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

Germany: This operating segment includes the German subsidiaries and also the subsidiaries in Denmark, which are property ownership companies holding properties in Germany.

EUR '000	Austria		Germany		Central Europe	
	2014	2013 ¹⁾	2014	2013	2014	2013
Rental income	15,203	15,631	14,132	15,269	10,543	11,367
Revenues from operating costs	3,723	4,225	4,317	5,269	3,080	3,471
Revenues from hotel operations	11,095	10,881	0	0	8,024	8,302
Total revenues	30,021	30,737	18,449	20,538	21,647	23,140
Other operating income	1,129	1,523	1,012	1,507	16	161
Property operating expenses	-5,338	-6,183	-8,532	-11,493	-3,915	-4,321
Hotel operating expenses	-9,016	-9,500	0	0	-5,629	-5,804
Gross profit	16,796	16,577	10,929	10,552	12,119	13,176
Gains on property disposals	0	1,698	0	690	0	0
Management expenses	-4,569	-4,952	-1,528	-1,635	-635	-582
EBITDA	12,227	13,323	9,401	9,607	11,484	12,594
Depreciation and amortisation	-1,300	-1,758	-77	-49	-1,944	-2,362
Results from property valuation	1,316	0	8,886	5,310	-2,548	-2,500
EBIT	12,243	11,565	18,210	14,868	6,992	7,732
	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
Non-current assets	567,737	576,835	436,089	427,388	352,559	353,704
Non-current liabilities (incl. participating certificates in Austria)	452,960	488,025	227,565	199,886	181,156	182,757

¹⁾ Adjusted

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.

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

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

Southeastern Europe		Total	
2014	2013	2014	2013
16,965	16,700	56,843	58,967
6,151	5,856	17,271	18,821
0	0	19,119	19,183
23,116	22,556	93,233	96,971
117	347	2,274	3,538
-8,447	-8,096	-26,232	-30,093
0	0	-14,645	-15,304
14,786	14,807	54,630	55,112
0	0	0	2,388
-894	-393	-7,626	-7,562
13,892	14,414	47,004	49,938
-346	-568	-3,667	-4,737
1,250	0	8,904	2,810
14,796	13,846	52,241	48,011
30.06.2014	31.12.2013	30.06.2014	31.12.2013
390,853	388,570	1,747,238	1,746,497
126,221	126,906	987,902	997,574

5. OTHER OBLIGATIONS AND CONTINGENT LIABILITIES

In S IMMO Group there were a number of open legal disputes as at 30 June 2014, however, in Management's opinion, neither the individual amounts involved nor the total were material.

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

S IMMO Group's managing bodies are as follows:

S IMMO AG Management Board

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

S IMMO AG Supervisory Board

- Martin Simhandl, Vienna (Chairman)
- 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

There were the following receivables and payables with Erste Group and Vienna Insurance Group at the reporting date:

EUR '000	30.06.2014	31.12.2013
Other receivables	3,250	2,107
Bank balances	28,065	20,256
Receivables	31,315	22,363

EUR '000	30.06.2014	31.12.2013
Non-current bank and financial liabilities	396,820	458,172
Current bank and financial liabilities	45,410	60,286
Trade payables	20	13
Other liabilities	800	536
Liabilities	443,049	519,007

There were the following material expenses and income in connection with Erste Group and Vienna Insurance Group in the first six months of the year:

EUR '000	01-06/2014	01-06/2013
Management fees - Erste Group Immorent AG	-658	-708
Bank loan interest, other interest and charges	-16,145	-11,943
Other expenses	-1,603	-896
Expenses	-18,406	-13,547

EUR '000	01-06/2014	01-06/2013
Rent and revenues from operating costs	344	344
Bank interest	38	64
Other interest income	0	19
Income	382	427

7. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

By the publication date of the interim report on 28 August 2014, no shares were repurchased as part of the repurchase programme. Since 30 June 2014, another 2,850 participating certificates at a price of kEUR 224 were repurchased. There were no further significant events after the reporting date.

Vienna, 28 August 2014

Management Board

Ernst Vejdovsky m.p.

Friedrich Wachernig, MBA m.p.

Declaration

pursuant to section 87 (1) (3) Austrian Stock Exchange Act (Börsegesetz)

“STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the first six months of the

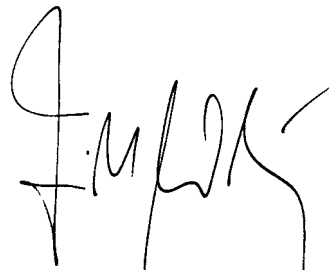
financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.”

Vienna, 28 August 2014

The Management Board



Ernst Vejdovszky
(CEO)



Friedrich Wachernig
(Member of the Management Board)

Financial calendar 2014

28 August 2014	Results first half year 2014
27 November 2014	Results first three quarters 2014

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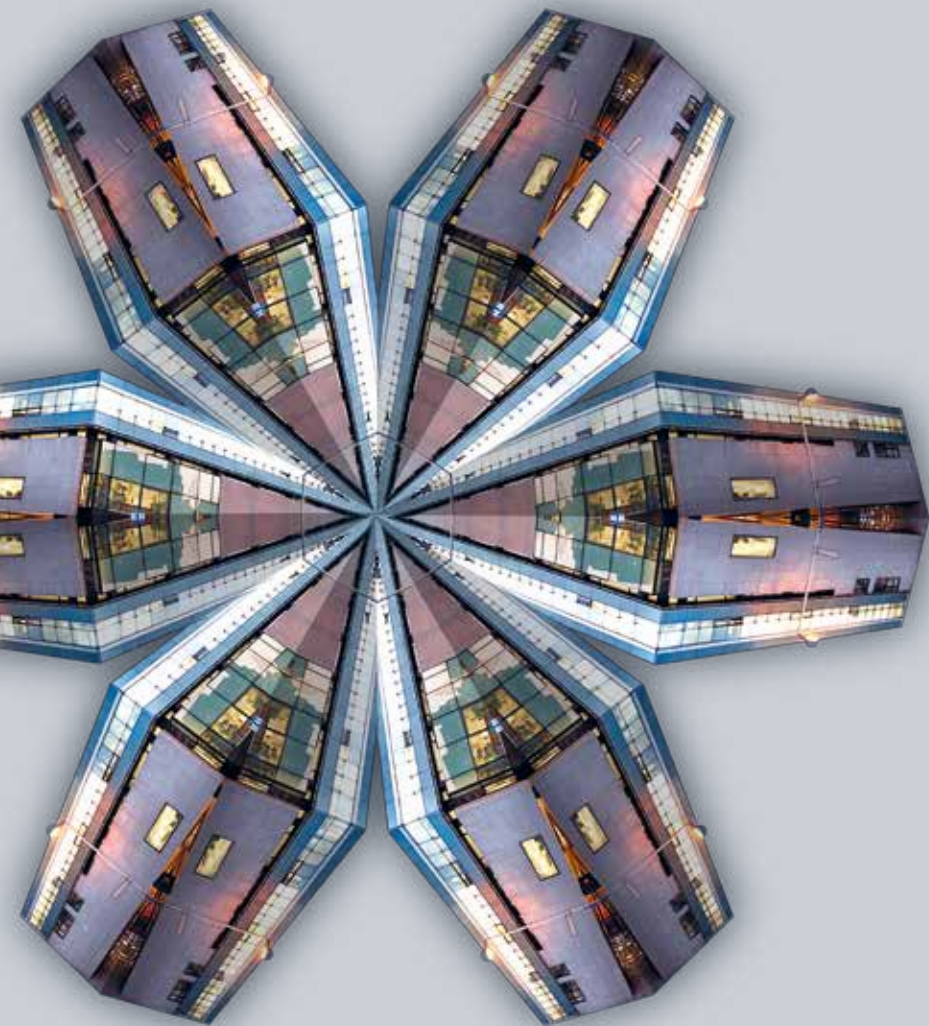
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at the time the Interim Report was prepared. Should the assumptions on which the forecasts are based prove to be unfounded, or should events of the kind described in the risk report occur, then the actual outcomes may differ from those currently expected. This Interim Report neither contains nor implies a recommendation either to buy or to sell shares and participating certificates of S IMMO AG. Past events are not a reliable indicator of future developments. This Interim Report has been prepared in the German language, and only the German language version is authentic. The Interim Report in other languages is a translation of the German Report.



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