



**MORE  
OPTIONS**

**Q3** Interim Report  
as at 30 September 2015



# Key figures

		01.01. – 30.09.2015	01.01. – 30.09.2014
Revenues	EUR m	141.6	140.5
whereof rental income and revenues from hotel operations	EUR m	116.2	114.7
EBITDA	EUR m	65.2	67.6
EBIT	EUR m	76.1	74.9
EBT	EUR m	34.6	27.3
Net income for the period	EUR m	28.2	22.2
Total assets	EUR m	1,934.8	1,840.3
Equity	EUR m	594.5	558.3
Liabilities	EUR m	1,340.3	1,282.0
Equity ratio	in %	31	30
Operating cash flow	EUR m	61.0	64.4
Cash flow from investing activities	EUR m	-75.4	50.4
Cash flow from financing activities	EUR m	-17.0	-99.9
Cash and cash equivalents as at 30 September	EUR m	48.2	46.9
NOI margin	in %	53	54
FFO I	EUR m	26.8	17.9
FFO II	EUR m	29.1	33.1
Earnings per share	EUR	0.40	0.30
Book value per share	EUR	8.52	7.97
Share price discount to book value per share	in %	11	23
FFO I per share	EUR	0.40	0.27
Property portfolio	EUR m	1,831.7	1,722.2
whereof properties under construction	EUR m	15.3	15.6

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# Dear Shareholders,

A few weeks ago, we and a media partner welcomed some 180 guests to a panel discussion entitled “Where should I invest my money?”. Together with well-known financial experts, we discussed topics such as the current interest rate environment, short-term and long-term investment strategies and financial education. One especially positive aspect from S IMMO’s perspective is that the historically low level of interest rates offers a particularly favourable environment for real estate companies. Our markets have recovered well and are stable. And our strategy – capital cities within the European Union with a current focus on Berlin – is proving very successful.

We are also pleased that in this interim report we can confirm what we have already said: S IMMO is fully on track with its ambitious plans for 2015 and all key indicators are in line with the targets for the year as a whole. For example, we increased our net profit by over 27% to EUR 28.2m in the reporting period. Earnings per share accordingly improved to EUR 0.40 – a rise of over 33%. In the second and third quarters of 2015, S IMMO closed out existing derivatives that had been concluded in the past when interest rates were much higher. At the same time, we negotiated new agreements and secured the current, historically low interest rates for the long-term future. The positive effects of these measures on cash flow and FFO will become fully apparent in the 2016 financial year.

## Success on the capital market

As in the previous quarters, the S IMMO share significantly outperformed the ATX and the IATX in the reporting period. At the end of the quarter, the share price stood at EUR 7.60 – a gain of more than 23% since the beginning of the year. Since 30 September 2015 the share price further increased and currently stands at a level of around EUR 8.00. In the numerous discussions that we have held at investor conferences and roadshows over the past few weeks, there has been a particularly positive response to our securing the interest rate level over the long term, as well as to the consistency of our strategy and the attractive dividend of EUR 0.24. Accordingly, our declared aim is and remains to position the S IMMO share as a consistently dividend-paying stock.



Ernst Vejdovszky (left), Friedrich Wachernig (right)

## Outlook confirmed

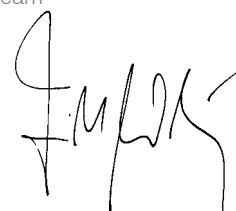
After a highly successful business performance to date, we also expect a positive development in the final quarter of 2015. S IMMO confirms its intention to further increase net income once again this year. We aim to nearly double FFO, raising it from EUR 21.3m for the 2014 financial year to over EUR 40m by the end of 2018. We continue to see the greatest potential in Germany – particularly among commercial properties in Berlin with development opportunities. Around two-thirds of the planned investment volume is earmarked for projects in Germany.

The remaining third is planned for opportunistic investments in S IMMO’s other markets. We are looking forward to presenting you with further projects in Germany and in our other markets – for example, in the area surrounding the central station in Vienna – in 2016. Overall, we believe that we are exceptionally well-positioned for the coming quarters and years and are optimistic for the future.

The Management Board team



Ernst Vejdovszky



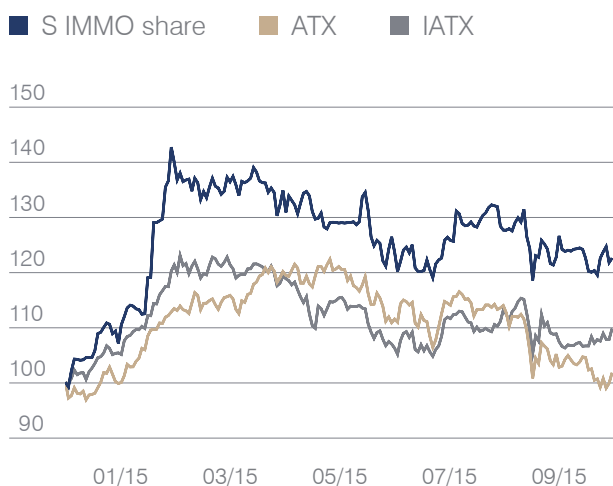
Friedrich Wachernig

# Our share

“Sell in May and go away” – this old stock-market adage could have spared some investors from annoyance and real losses, as many international capital markets fell sharply in the third quarter of 2015. This was due to factors including the weak economic figures for China published in August 2015, growing concerns about the economic situation in the emerging markets and the uncertainty surrounding a possible rise in interest rates by the US Federal Reserve. However, the announcement that interest rates will remain unchanged for the time being failed to calm the markets for long. In addition, news of the manipulation of emissions figures by Volkswagen broke in September.

## Share price development

indexed (01 January 2015 to 30 September 2015)



The Dow Jones Industrial Index (DJII) ended the third quarter of 2015 at 16,284.70 points, down more than 2,000 points on the all-time high reached in the year 2015 and 8.68% lower than at the beginning of the year. The performance of the S&P 500 Index was slightly better, yet it still fell sharply by 6.68% to 1,920.53 points.

The German DAX benchmark index, which also reached a new all-time high this year, dropped by 1.07%, ending the quarter at 9,660.44 points. In Austria, the ATX benchmark index fared similarly, rising slightly by 1.75% to finish the quarter at 2,229.49 points. The Austrian IATX, which tracks all Austrian property shares, posted an outstanding performance, gaining 9.77%. As at 30 September 2015, it stood at 223.08 points – a sign that property shares are currently in great demand as an investment product. At present, sentiment is being boosted by positive conditions such as low interest rates, strong demand for apartments and office space in some major European cities and greater optimism surrounding investments in parts of Central and Southeastern Europe.

In this positive environment, the S IMMO share also performed impressively, gaining 23.38% year-on-year and rising by 23.18% in the year to date. On 24 February 2015, the S IMMO share reached its high for the year to date (closing price) of EUR 8.85. It boasts the following investment case: an attractive dividend of EUR 0.24 per share and an average price target from analysts of EUR 8.44.

## Share indicators

		30.09.2015	30.09.2014
Closing price	EUR	7.600	6.160
Average daily turnover for the last 100 days	Shares	64,270	78,000
Earnings per share (EPS) for the first three quarters	EUR	0.40	0.30
EPRA NAV per share	EUR	10.43	9.89
Share price discount to EPRA NAV per share	in %	27	38
Book value per share	EUR	8.52	7.97
Share price discount to book value per share	in %	11	23
FFO I per share for the first three quarters	EUR	0.40	0.27
Dividend per share*	EUR	0.24	0.20

\* The dividend that was distributed in 2015 and 2014 relates to the preceding financial year.

### S IMMO share performance

ISIN	AT0000652250
1 year	23.38%
3 years, p.a.	16.80%

#### 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 September 2015)	EUR 508.57m
Number of shares (30 September 2015)	66,917,179
Market maker	Erste Group/Hauck&Aufhäuser/ Baader Bank
Initial listing	28 June 2002

### S IMMO INVEST participating certificate performance

ISIN	AT0000795737	AT0000630694
1 year	8.70%	8.70%
3 years, p.a.	11.00%	10.80%

#### 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 September 2015)	EUR 55.54m
Number of participating certificates (30 September 2015)	521,411 (tranche I) 132,046 (tranche II)

in EUR	S IMMO share price AT0000652250	S IMMO INVEST price AT0000795737	S IMMO INVEST price AT0000630694	ATX	IATX
30 September 2014	6.160	81.000	81.000	2,203.94	200.29
31 December 2014	6.170	81.000	81.000	2,160.08	200.52
30 September 2015	7.600	85.000	85.000	2,229.49	223.08

In the third quarter, the S IMMO management together with the IR team attended further conferences and roadshows such as the SRC Research Forum in Frankfurt and the investors' conference of Baader Bank in Munich. The group presentations and numerous one-on-one conversations with potential investors

and existing shareholders from Germany, Poland, Switzerland and the USA went very well, thus clearly vindicating S IMMO's strategy. In addition, teleconferences were held with further potential international investors in the third quarter.

### S IMMO corporate bonds

ISIN	Maturity	Coupon	Total nominal value in kEUR	Exchange price
AT0000A19SB5	02 October 2019	3.00%	100,000.00	102.48 as at 30 September 2015
AT0000A177D2	16 June 2021	4.50%	89,739.50	111.00 as at 27 July 2015
AT0000A1DBM5	08 April 2025	3.25%	33,993.50	100.50 as at 24 September 2015
AT0000A1DVK5	20 April 2027	3.25%	65,000.00	101.08 as at 30 September 2015

# Interim Management Report

## Macroeconomic overview

Economic growth is still sluggish in the eurozone. According to Eurostat, gross domestic product advanced by just 0.4% in quarter-on-quarter terms in Q2 2015. There are primarily two reasons for this lower growth: The French economy stagnated in the second quarter, and leading German economic research institutes have lowered their growth outlook for 2015 to 1.8%. One positive note worth mentioning is the fact that the former crisis countries – especially Spain – are continuing to recover. Greece's growth delivered a positive surprise, coming in at plus 0.8%. The EU member states in Central and Southeastern Europe experienced a slight deceleration of economic momentum in the second quarter, although growth remains largely stable and is expected to range between 2.5 and 3.5% this year. The IMF projects average growth of 1.5% for the eurozone countries this year. The joint forecast issued by Insée in Paris, Istat in Rome and the Ifo Institute in Munich calls for economic expansion of 1.6% in the eurozone.

Austria's economy is growing very slowly. According to Eurostat, economic output increased by just 0.1% in the second quarter. This puts Austria at the lower end of the spectrum compared with the other EU member states. Investment activity and consumption are both low at the moment. However, the 2015/2016 tax reform should have a positive impact and boost households' disposable income next year. As a result, private consumer spending is expected to increase by 1.5% in 2016, and investment activity is also expected to pick up. The labour market continues to be characterised by high employment growth and a simultaneous increase in unemployment. By 2018, unemployment will likely rise to roughly 10% in Austria according to WIFO. The Institute for Advanced Studies (IHS) forecasts GDP growth of 0.7% for 2015. Austrian economic research institutes and the IMF expect growth to come in at 1.6% in 2016.

## Real estate market overview

### AUSTRIA

The Vienna office market recorded take-up of 29,000 m<sup>2</sup> in Q3 2015, renewals accounted for 10,000 m<sup>2</sup>. The limited availability of high-quality space above 5,000 m<sup>2</sup> is expected to boost pre-letting activity during the next months. The current development pipeline with a total size of 470,000 m<sup>2</sup> will be a welcome addition to the market. However, half of the space is already pre-leased.

In September 2015, the series of record months on the Viennese hotel market since January continued. With 1.4 million overnight stays, September 2015 outperformed the corresponding month in 2014 by 9%. Some 10.7 million overnight stays were recorded in the first nine months. This is an increase of 7.1% compared with the corresponding period last year. Net revenue from overnight stays grew even more strongly this year. From January to

August, the Viennese hotel market generated EUR 447.8m. This is an increase of 16.4% compared with the corresponding period in 2014.

### GERMANY

Berlin's strong economic performance continued in Q3 2015. Office space take-up registered a new record level of 232,400 m<sup>2</sup>. The combined result for the first three quarters came to 570,200 m<sup>2</sup> and was the highest ever recorded. The great demand for office space cannot be satisfied by the low volume of completions. As a result, further rent increases can be expected. The vacancy rate declined to 7.3% in the third quarter – the lowest level since recordings have started. The vivid demand for office space is expected to continue until the end of the year, leading to a record take-up of over 650,000 m<sup>2</sup> and a further decrease of vacancy.

	Prime rents (EUR/m <sup>2</sup> /month)				Prime gross yields (%)				Total leasing activity (m <sup>2</sup> )		Vacancy rate (%)	
	Q1-Q3 2015	Q1-Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Q1-Q3 2015	Q1-Q3 2014
	Office	Office	Retail	Retail	Office	Office	Retail	Retail	Office	Office	Office	Office
Berlin	23.00 <sup>1</sup>	22.50 <sup>1</sup>	330.00 <sup>1</sup>	330.00 <sup>1</sup>	4.00 <sup>1</sup>	4.65 <sup>1</sup>	3.90 <sup>1</sup>	4.20 <sup>1</sup>	570,200 <sup>5</sup>	389,300 <sup>10</sup>	7.3 <sup>5</sup>	8.3 <sup>10</sup>
Bratislava	16.00 <sup>1</sup>	16.00 <sup>1</sup>	55.00 <sup>*1</sup>	60.00 <sup>*1</sup>	6.90 <sup>1</sup>	7.00 <sup>1</sup>	6.50 <sup>*1</sup>	7.00 <sup>*1</sup>	139,655 <sup>7</sup>	175,000 <sup>11</sup>	11.5 <sup>7</sup>	13.1 <sup>11</sup>
Bucharest	18.50 <sup>1</sup>	18.00 <sup>1</sup>	60.00 <sup>*1</sup>	60.00 <sup>*1</sup>	7.50 <sup>1</sup>	7.75 <sup>1</sup>	7.50 <sup>*1</sup>	8.00 <sup>*1</sup>	203,000 <sup>6</sup>	159,500 <sup>6</sup>	13.1 <sup>6</sup>	14.1 <sup>6</sup>
Budapest	20.00 <sup>1</sup>	20.00 <sup>1</sup>	90.00 <sup>*1</sup>	90.00 <sup>*1</sup>	7.25 <sup>1</sup>	7.25 <sup>1</sup>	7.00 <sup>*1</sup>	7.00 <sup>*1</sup>	377,100 <sup>4</sup>	348,560 <sup>4</sup>	13.5 <sup>4</sup>	16.9 <sup>4</sup>
Sofia	12.50 <sup>2</sup>	12.50 <sup>2</sup>	25.00 <sup>*3</sup>	21.50 <sup>*3</sup>	8.50 <sup>2</sup>	9.00 <sup>2</sup>	9.25 <sup>*3</sup>	9.25 <sup>*3</sup>	95,513 <sup>2</sup>	102,500 <sup>2</sup>	25.0 <sup>2</sup>	27.5 <sup>2</sup>
Vienna	25.75 <sup>1</sup>	25.75 <sup>1</sup>	310.00 <sup>1</sup>	310.00 <sup>1</sup>	4.30 <sup>1</sup>	4.65 <sup>1</sup>	3.85 <sup>1</sup>	3.90 <sup>1</sup>	135,000 <sup>9</sup>	167,000 <sup>8</sup>	6.3 <sup>8</sup>	6.6 <sup>8</sup>
Zagreb	14.00 <sup>1</sup>	14.25 <sup>1</sup>	22.00 <sup>*1</sup>	22.50 <sup>*1</sup>	8.05 <sup>1</sup>	8.30 <sup>1</sup>	8.00 <sup>*1</sup>	8.25 <sup>*1</sup>	n/a	n/a	n/a	n/a

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

<sup>1</sup> CBRE, Market View, EMEA Rents and Yields, Q3 2014/Q3 2015

<sup>2</sup> Cushman & Wakefield/Forton, Bulgarian Office Market, Q3 2014/Q3 2015

<sup>3</sup> Cushman & Wakefield/Forton, Bulgarian Retail Market, Q3 2014/Q3 2015

<sup>4</sup> Budapest Research Forum, press release, Q3 2014/Q3 2015

<sup>5</sup> CBRE, Market View, Office Market Berlin, Q3 2015

<sup>6</sup> CBRE, Market View, Office Market Bucharest, Q3 2014/Q3 2015

<sup>7</sup> CBRE, Market Report, Office Market Bratislava, Q3 2015

<sup>8</sup> CBRE, Market View, Office Market Vienna, Q3 2014/Q3 2015

<sup>9</sup> Cushman & Wakefield, Office Market Snapshot Austria, Q3 2015

<sup>10</sup> CBRE, press release, October 2014

<sup>11</sup> JLL, Bratislava City Report, Q3 2014

Berlin's residential market also developed very positively. Especially inventory freehold flats recorded significant price increases year-on-year. In September 2015 alone, the prices rose three percentage points. The prices of newly built properties also climbed up but not that markedly. Starting from a low level, rents are still clearly on the upswing.

## CENTRAL EUROPE (CEE)

The office market in Budapest recorded a demand of 99,600 m<sup>2</sup> in Q3 2015. This is only about half the size of last quarter's record volume but is in line with the five-year average. Renewals made up 54% of the total leasing activity, new deals accounted for 31% and expansions for the remaining 15%. The average deal size amounted to 553 m<sup>2</sup> in Q3 2015. The vacancy rate declined to 13.5%, reaching the lowest level of the last seven years.

The Bratislava office market saw no completions in Q3 2015. Nevertheless, a record amount of office space with expected completion within three years is currently under construction. This reflects the positive market sentiment and developers' optimistic outlook. The leasing activity amounted to 62,650 m<sup>2</sup> – an increase of 41% compared to the previous quarter but 13% lower than in the same period last year. The vacancy rate decreased to 11.5% until the end of the third quarter.

The hotel sector in Budapest is continuing to perform strongly. Room occupancy grew to 92.6%, enabling hoteliers to effectively leverage average room rates and resulting in a 14.8% year-on-year rise to EUR 96.24. These figures reinforce Budapest's image as an increasingly popular tourist destination.

Hotels in Prague and Bratislava are also experiencing an upswing. This year, both markets increased their occupancy rate. The Prague hotel market benefited from growth in revenues per available room of 25.3%. Despite the positive news, Bratislava still remains one of the weakest hotel markets in Europe.

Sources: Austrian Institute of Economic Research (WIFO), Budapest Research Forum, CBRE, Christie + Co, Cushman & Wakefield, Der Spiegel, Der Standard, finanzen.at, Forton, German Institute for Economic Research in Berlin (DIW), Handelsblatt, HotStats European Chain Hotels Market Review May and August 2015, Institute for Advanced Studies (IHS), Kiel Institute for the World Economy (IfW), Kurier, Leibniz Institute for Economic Research at the University of Munich (Ifo Institute in Munich), Oesterreichische Nationalbank (OeNB), Vienna Tourist Board (info.wien.at), www.immobilienscout24.de

## SOUTHEASTERN EUROPE (SEE)

Office demand in Sofia remained strong also in Q3 2015, which is reflected in the take-up number of 38,104 m<sup>2</sup>. The vacancy stayed at the previous quarter's level of about 25%. As a result of an increasing occupier demand, development activity increased. Nevertheless, the supply of prime space will remain limited in the medium term.

In Q3 2015, the retail market in Sofia was characterised by a lack of new completions and the continuing restructuring of underperforming shopping centres. After the pressure at the end

of 2014, prime rents in leading shopping centres are now recovering.

The total leasing activity on the Bucharest office market amounted to 72,000 m<sup>2</sup> in Q3 2015. New deals accounted at least for 30%. IT and telecommunications continued to be the most active sector. The vacancy rate slightly increased from 12.9% in Q2 to 13.1%. Three new office properties offering 42,000 m<sup>2</sup> overall are expected on the market until the end of the year. For 2016, there are currently 16 further projects with a total size of 382,000 m<sup>2</sup> under construction.

## Business development and performance

### Property portfolio

As at 30 September 2015, S IMMO's property portfolio consisted of 205 (31 December 2014: 203) properties with a book value of EUR 1,831.7m (31 December 2014: EUR 1,764.4m) and a total usable space of around 1.2 million m<sup>2</sup> (31 December 2014: 1.2 million m<sup>2</sup>).

The properties are situated in the developed markets of Austria and Germany as well as the growth markets of Central Europe (Czech Republic, Slovakia and Hungary) and Southeastern Europe (Romania, Bulgaria and Croatia). In terms of market value, 59.9% (31 December 2014: 58.5%) of the properties were in Austria and Germany and 40.1% (31 December 2014: 41.5%) in CEE and SEE as at 30 September 2015.

With regard to use type, 78.5% (31 December 2014: 79.8%) of the portfolio by market value consisted of commercial properties (office, retail and hotel) and a supplementary share of 21.5% (31 December 2014: 20.2%) is attributable to residential properties.

In the reporting period, the portfolio had an occupancy rate of 91.5% (31 December 2014: 91.1%) and an overall rental yield of 7.0% (31 December 2014: 6.9%).

### Performance – summary

The first three quarters of 2015 were very successful for S IMMO, with further increases in key indicators such as EBIT, EBT and net income for the period. EBIT climbed to EUR 76.1m

(Q3 2014: EUR 74.9m), EBT totalled EUR 34.6m (Q3 2014: EUR 27.3m) and net income for the period was increased to EUR 28.2m (Q3 2014: EUR 22.2m). Earnings per share also developed positively and amounted to EUR 0.40 (Q3 2014: EUR 0.30). The financial result including the participating certificates result improved to EUR -41.5m (Q3 2014: EUR -47.6m). This was primarily due to the lower interest payments resulting from newly concluded derivatives and to lower foreign currency translation expenses.

### Development of income

S IMMO's total income for the first nine months of 2015 amounted to EUR 141.6m (Q3 2014: EUR 140.5m) and was thus slightly higher than the prior-year level. The rental income included in this figure amounted to EUR 83.2m (Q3 2014: EUR 84.5m) and reflected the property disposals completed since the beginning of 2014.

Broken down by region, rental income for the reporting period was as follows: Austria and Germany 52.2% (Q3 2014: 51.8%), and CEE and SEE 47.8% (Q3 2014: 48.2%). As regards rental income by use type, commercial properties contributed 81.1% (Q3 2014: 80.8%) and residential properties 18.9% (Q3 2014: 19.2%).

Revenues from hotel operations (revenues from the Vienna and Budapest Marriott Hotels, both operated under management agreements) increased to EUR 33.0m (Q3 2014: EUR 30.2m). An improved occupancy rate and a rise in room prices con-

tributed to this positive development. Gross profit from hotel operations consequently improved to EUR 9.2m (Q3 2014: EUR 6.9m).

In the first three quarters of 2015, property management expenses amounted to EUR 42.6m (Q3 2014: EUR 41.0m). Gross profit came to EUR 77.4m (Q3 2014: EUR 79.7m).

### Successful property transactions

In the first three quarters of 2015, S IMMO sold six properties in Germany and Austria with a total book value of EUR 45.9m (Q3 2014: EUR 48.4m). Five of these properties sold were already classified as held for sale as at 31 December 2014. The corresponding total revaluation gains of EUR 2.2m (Q3 2014: EUR 15.3m) were recognised in the results from property valuation for the 2014 and 2015 financial years.

S IMMO also purchased properties in Austria and Germany at a total price of EUR 72.6m in the first three quarters. In addition, purchases amounting to EUR 70.5m for which S IMMO AG will not obtain ownership until after 30 September 2015 were contractually agreed by the time of going to press on 23 November 2015.

### EBITDA and EBIT

In the first three quarters of 2015, EBITDA amounted to EUR 65.2m (Q3 2014: EUR 67.6m). The decrease reflected lower rental income as a result of disposals and increased costs that were largely attributable to non-recurring and timing-related effects.

Revaluation gains developed very positively, amounting to EUR 16.8m as at 30 September 2015 (Q3 2014: EUR 12.8m). The measures aimed at increasing the value of properties in Asset Management and the constantly improving sentiment in S IMMO's markets played a part here. The portfolio in Germany in particular made a significant contribution to the increase in revaluation gains. Overall, EBIT was higher than in the previous year at EUR 76.1m (Q3 2014: EUR 74.9m).

### Financing result

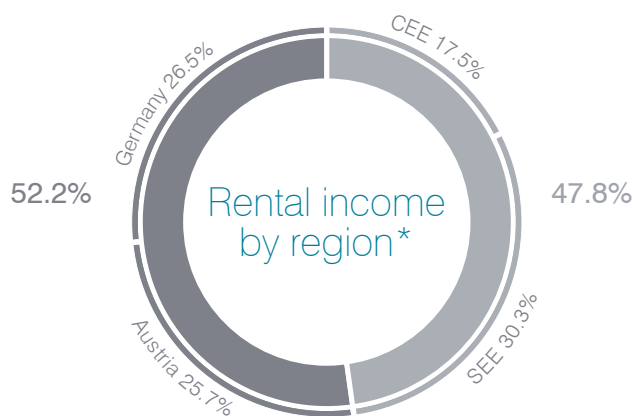
As at 30 September 2015, the financial result including the participating certificates result stood at EUR -41.5m (Q3 2014: EUR -47.6m). This significant improvement is primarily attributable to lower interest payments as a result of newly concluded interest-rate hedges and an improvement in currency translation differences compared with the previous year.

### Development of EBT, net profit for the period and earnings per share

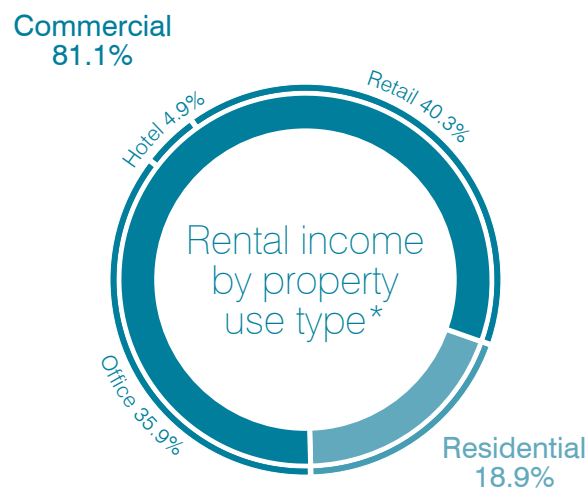
As a result, EBT amounted to EUR 34.6m (Q3 2014: EUR 27.3m), up 26.7% on the same period of the previous year. Due to the effects described above, profit for the period increased by 27.1% to EUR 28.2m (Q3 2014: EUR 22.2m). Earnings per share improved again to EUR 0.40 (Q3 2014: EUR 0.30), corresponding to an increase of 33.3%.

### Funds from operations (FFO)

FFO I, which is a key indicator for the operating performance of a property company and does not include the sale of standing properties, rose by 50.2% to EUR 26.8m as at 30 September



\* Not including Vienna Marriott Hotel and Budapest Marriott Hotel



\* Not including Vienna Marriott Hotel and Budapest Marriott Hotel

2015 (Q3 2014: EUR 17.9m). FFO I was calculated from net income for the period, adjusted for non-cash tax expenses of EUR 2.3m (Q3 2014: EUR 2.0m), depreciation and amortisation of EUR 5.8m (Q3 2014: EUR 5.5m), income from property valuation of EUR 16.8m (Q3 2014: EUR 12.8m) and other effects on income, including from interest rate hedges and exchange rate differences, of EUR 7.3m (Q3 2014: EUR 1.0m). The participating certificates are reflected by including the share of profits accruing over the year, rather than the annual distribution.

FFO II came to EUR 29.1m (Q3 2014: EUR 33.1m). It mainly includes the sales-related revaluation gains of the current year and the previous year at a total of EUR 2.2m (Q3 2014: EUR 15.3m).

### Consolidated statement of financial position

S IMMO Group's total assets increased from EUR 1,894.7m as at 31 December 2014 to EUR 1,934.8m as at 30 September 2015. Cash and cash equivalents amounted to EUR 48.2m as at 30 September 2015 (31 December 2014: EUR 74.7m). As at 30 September 2015, no properties were held for sale (31 December 2014: EUR 42.8m).

### Financing

One key indicator for assessing the financing structure is the loan-to-value ratio (LTV ratio). S IMMO differentiates between two types of this key indicator: the LTV ratio for financing secured by properties (mortgages) and the LTV ratio for unsecured financing. The latter primarily relates to the bonds issued by S IMMO AG and a small proportion of utilised credit lines. The calculation of these two key indicators is described in detail in the 2014 annual report.

S IMMO's reported property assets stood at EUR 1,831.7m as at 30 September 2015 (31 December 2014: EUR 1,764.4m). The LTV ratio for financing secured by properties improved to 46% in the reporting period (31 December 2014: 48%).

## Risk report

The complete risk management report of S IMMO AG and the assessment of potential risks for the current financial year are set out in detail in the 2014 annual report (starting on page 42). This section deals mainly with potential risks in the coming months.

S IMMO also has unsecured financing. The LTV ratio for unsecured financing less cash and cash equivalents amounted to 16% in the reporting period (31 December 2014: 12%). The total LTV ratio of the company amounted to 62% (31 December 2014: 60%). As at 30 September 2015, the average weighted residual term of the loans, credit lines and bonds was 6.7 years (Q3 2014: 6.7 years).

In the second and third quarters of 2015, S IMMO closed out existing derivatives that had been concluded in the past when interest rates were much higher, and negotiated new, long-term interest-rate hedges commensurate with the current low interest rates. As a result, the company expects improvements in future cash flows and the key indicators FFO I and FFO II (by definition, payments for close-outs and new contracts are not taken into account in FFO).

Overall, derivatives with a nominal value of EUR 375.0m (30 September 2014: EUR 0m) were closed out by 30 September 2015, with payments of EUR 32.2m (30 September 2014: EUR 0m) being made. Conversely, new derivatives (caps and swaps) amounting to EUR 435m (30 September 2014: EUR 45m) were concluded, ensuring interest-rate hedging in line with current market conditions for roughly the next ten years.

### Net asset value (NAV)

In the first three quarters of 2015, both the book value and EPRA NAV per share were up again. As at 30 September 2015, the book value of the equity per share improved to EUR 8.52 (30 September 2014: EUR 7.97), while EPRA NAV stood at EUR 10.43 (30 September 2014: EUR 9.89) per share. EPRA NAV represents the value of equity adjusted for effects which, assuming that the property portfolio is held for the long term, do not have an effect on the business activities of S IMMO Group, such as valuations of interest-rate hedges and deferred taxes.

According to the IMF, the global economy is in a recovery phase, although the pace is slowing. For instance, in October, the IMF revised its forecast for global economic growth in 2015 to 3.1%. In September, the OECD also reduced its forecast for global GDP growth to 3.0% for 2015. The Austrian Institute of

Economic Research (WIFO) has forecast the growth of the 28 EU member states for this year at 1.5%. The rather moderate economic recovery could impact S IMMO's business development. In particular, it could affect letting and rental default risks.

Ongoing concerns surrounding the global economy and falling inflation rates have caused the US Federal Reserve to stick to its zero interest-rate policy. However, there have recently been indications that the first rise in nearly ten years could happen this year.

As a result of its business activities, S IMMO is also exposed to a large number of legal risks that may arise from a change in the legal situation, for example. In spring 2015, the control of rental prices came into force in Germany, meaning that in certain regions the rent charged for any new lease may be no more than

10% higher than the rent according to the rent index. Even so, S IMMO is only affected slightly, as current rent levels are high. In addition, apartments that have been built since 01 October 2014 are exempt from the control of rental prices. The same applies to apartments that have been extensively renovated (if the conversion costs account for more than a third of the new construction costs) and then re-let for the first time.

Further risks relate to the refinancing of S IMMO. These may arise from any tightening of the equity and liquidity regulations of banks and could additionally result in a more restrictive lending policy.

Corresponding measures and, if necessary, accounting provisions are made for risks.

## Outlook

After three highly successful quarters of the 2015 financial year, S IMMO expects a positive performance for the final quarter as well. For instance, we are reaffirming our target of further increasing our consolidated net income and other key ratios such as cash flow and FFO. We aim to nearly double FFO, raising it from EUR 21.3m for the 2014 financial year to over EUR 40m by the end of 2018.

With our business model, we are constantly creating value for our shareholders: On the investment side, we continue to see the greatest potential in Germany, particularly among commercial properties in Berlin with development opportunities. Around two thirds of the planned investment volume is earmarked for projects in Germany. Re-zoning, refurbishment measures and development of additional space on existing plots of land are being looked into here. Opportunistic purchases are also planned in our other regions. In Vienna, we have invested in four office developments at the Central Station. Construction of the first office building with usable space of 9,000 m<sup>2</sup> could start in mid-2016, with completion planned by the end of 2017.

Our interest-rate hedging policy remains geared towards creating value: We have bought back derivatives concluded in the past with a short remaining maturity, and concluded new long-term interest-rate hedges at very attractive terms. In this way, we are securing ourselves the current low interest rate for the next ten years. The positive effects of these measures will become fully apparent as early as the 2016 financial year.

On the capital markets, the positioning of the S IMMO share as a consistently dividend-paying stock remains an unchanged goal. The company also plans to pay out a dividend in the coming years.

# Consolidated statement of financial position

as at 30 September 2015

Assets	NOTES	30 September 2015	31 December 2014
EUR '000			
<b>NON-CURRENT ASSETS</b>			
Investment properties			
Rental properties	3.1.1.	1,697,639	1,587,063
Properties under development and undeveloped land	3.1.1.	15,252	14,452
		<b>1,712,891</b>	<b>1,601,515</b>
Owner-operated properties	3.1.2.	118,770	119,999
Other plant and equipment		5,617	6,408
Intangible assets		222	168
Interests in companies measured at equity		8,610	8,021
Group interests	3.1.3.	777	834
Other financial assets	3.1.3.	2,528	600
Deferred tax assets		10,399	10,772
		<b>1,859,814</b>	<b>1,748,317</b>
<b>CURRENT ASSETS</b>			
Inventories	3.1.4.	1,137	1,394
Trade receivables	3.1.3.	11,014	12,078
Other financial assets	3.1.3.	6,761	6,234
Other assets		7,906	9,107
Cash and cash equivalents	3.1.5.	48,170	74,697
		<b>74,988</b>	<b>103,510</b>
Properties held for sale	3.1.6.	0	42,845
		<b>74,988</b>	<b>146,355</b>
		<b>1,934,802</b>	<b>1,894,672</b>

## Equity and liabilities

EUR '000

NOTES

30 September 2015

31 December 2014

### SHAREHOLDERS' EQUITY

Share capital		242,453	242,775
Capital reserves		72,030	72,350
Other reserves		253,793	240,272
		568,276	555,397
Non-controlling interests	3.1.7.	26,194	25,855
		594,470	581,252

### NON-CURRENT LIABILITIES

Subordinated participating certificate capital	3.1.8.	55,436	95,539
Issued bonds	3.1.9.	286,864	188,367
Other financial liabilities	3.1.10.	781,768	782,190
Provisions		3,620	3,453
Other liabilities		17	11
Deferred tax liabilities		79,857	75,156
		1,207,562	1,144,716

### CURRENT LIABILITIES

Financial liabilities	3.1.10.	88,059	122,992
Income tax liabilities		4,648	6,433
Provisions		751	754
Trade payables		5,570	6,444
Other liabilities		33,742	32,081
		132,770	168,704

1,934,802

1,894,672

# Consolidated income statement

for the nine months ended 30 September 2015

EUR '000	NOTES	01 – 09 / 2015	01 – 09 / 2014
Revenues			
Rental income	3.2.1.	83,169	84,519
Revenues from operating costs		25,418	25,852
Revenues from hotel operations		33,038	30,160
		141,625	140,531
<b>Other operating income</b>		2,253	3,460
Expenses directly attributable to properties	3.2.2.	-42,574	-41,018
Hotel operating expenses	3.2.2.	-23,883	-23,246
<b>Gross profit</b>		77,421	79,727
Income from property disposals		15,943	48,395
Book value of property disposals		-15,938	-48,395
<b>Gains on property disposals</b>	3.2.3.	5	0
Management expenses		-12,235	-12,109
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		65,191	67,618
Depreciation and amortisation		-5,824	-5,454
Results from property valuation		16,752	12,761
<b>Operating result (EBIT)</b>		76,119	74,925
Financing cost	3.2.4.	-41,105	-45,582
Financing income	3.2.4.	904	1,728
Results from companies measured at equity	3.2.4.	840	366
Participating certificates result	3.1.8.	-2,182	-4,140
<b>Net income before tax (EBT)</b>		34,576	27,297
Taxes on income	3.2.5.	-6,396	-5,132
<b>Consolidated net income for the period</b>		28,180	22,165
of which attributable to shareholders in parent company		26,547	20,191
of which attributable to non-controlling interests		1,633	1,974
Earnings per share			
undiluted = diluted		0.40	0.30

# Consolidated statement of comprehensive income

for the nine months ended 30 September 2015

EUR '000	01 – 09 / 2015	01 – 09 / 2014
<b>Consolidated net income for the period</b>	<b>28,180</b>	<b>22,165</b>
Change in value of cash flow hedges	-1,122	-2,198
Income tax on cash flow hedges	461	84
Reclassification of derivative valuation effects	4,331	2,212
Foreign exchange rate differences	-426	1,866
<b>Other comprehensive income for the period (realised through profit or loss)</b>	<b>3,244</b>	<b>1,964</b>
Remeasurement of post-employment benefit obligations	0	0
Income taxes on remeasurement of post-employment benefit obligations	0	0
<b>Other comprehensive income for the period (not realised through profit or loss)</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>	<b>31,424</b>	<b>24,129</b>
of which attributable to shareholders in parent company	29,551	23,124
of which attributable to non-controlling interests	1,873	1,005

# Consolidated income statement

for the three months ended 30 September 2015

EUR '000	NOTES	07–09/2015	07–09/2014
Revenues			
Rental income	3.2.1.	28,537	27,676
Revenues from operating costs		8,715	8,581
Revenues from hotel operations		12,174	11,041
		49,426	47,298
<b>Other operating income</b>		871	1,186
Expenses directly attributable to properties	3.2.2.	-15,571	-14,786
Hotel operating expenses	3.2.2.	-8,029	-8,601
<b>Gross profit</b>		26,697	25,097
Income from property disposals		0	8,845
Book value of property disposals		0	-8,845
<b>Gains on property disposals</b>	3.2.3.	0	0
Management expenses		-4,576	-4,483
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		22,121	20,614
Depreciation and amortisation		-1,990	-1,787
Results from property valuation		7,077	3,857
<b>Operating result (EBIT)</b>		27,208	22,684
Financing cost	3.2.4.	-18,786	-15,752
Financing income	3.2.4.	165	968
Results from companies measured at equity	3.2.4.	-181	38
Participating certificates result	3.1.8.	-748	-1,270
<b>Net income before tax (EBT)</b>		7,658	6,668
Taxes on income	3.2.5.	-402	-941
<b>Consolidated net income for the period</b>		7,256	5,727
of which attributable to shareholders in parent company		6,630	5,371
of which attributable to non-controlling interests		626	356
Earnings per share			
undiluted = diluted		0.10	0.08

# Consolidated statement of comprehensive income

for the three months ended 30 September 2015

EUR '000	07–09/2015	07–09/2014
<b>Consolidated net income for the period</b>	<b>7,256</b>	<b>5,727</b>
Change in value of cash flow hedges	-3,684	843
Income tax on cash flow hedges	764	-310
Reclassification of derivative valuation effects	1,613	879
Foreign exchange rate differences	-187	77
<b>Other comprehensive income for the period (realised through profit or loss)</b>	<b>-1,494</b>	<b>1,489</b>
Remeasurement of post-employment benefit obligations	0	0
Income taxes on remeasurement of post-employment benefit obligations	0	0
<b>Other comprehensive income for the period (not realised through profit or loss)</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>	<b>5,762</b>	<b>7,216</b>
of which attributable to shareholders in parent company	5,287	7,086
of which attributable to non-controlling interests	475	130

# Consolidated cash flow statement

for the nine months ended 30 September 2015

EUR '000	01 – 09 / 2015	01 – 09 / 2014
Operating cash flow	61,047	64,447
Changes in net current assets	4,859	-17,918
Cash flow from operating activities	65,906	46,529
Cash flow from investing activities	-75,395	50,392
Cash flow from financing activities	-17,038	-99,927
<b>Total</b>	<b>-26,527</b>	<b>-3,006</b>
Cash and cash equivalents as at 01 January	74,697	49,873
Cash and cash equivalents as at 30 September	48,170	46,867
<b>Net change in cash and cash equivalents</b>	<b>-26,527</b>	<b>-3,006</b>

## 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
<b>As at 01 January 2015</b>	242,775	72,350	-16,473	-26,835	283,580	555,397	25,855	581,252
Consolidated net income for the period	0	0	0	0	26,547	26,547	1,633	28,180
Other comprehensive income	0	0	-426	3,430	0	3,004	240	3,244
Repurchase of own shares	-322	-320	0	0	0	-642	0	-642
Disposals	0	0	0	0	0	0	-1,534	-1,534
Distribution <sup>1</sup>	0	0	0	0	-16,030	-16,030	0	-16,030
<b>As at 30 September 2015</b>	242,453	72,030	-16,899	-23,405	294,097	568,276	26,194	594,470
<b>As at 01 January 2014</b>	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	20,191	20,191	1,974	22,165
Other comprehensive income	0	0	1,866	1,067	0	2,933	-969	1,964
Repurchase of own shares	-243	-112	0	0	0	-356	0	-356
Disposals	0	0	0	0	0	0	-1,734	-1,734
Purchase of non-controlling interests	0	0	71	0	-685	-614	614	0
Distribution	0	0	0	0	-13,369	-13,369	0	-13,369
<b>As at 30 September 2014</b>	242,883	72,422	-17,256	-38,145	272,974	532,878	25,416	558,294

<sup>1</sup> The dividend distribution of kEUR 16,030 in 2015 corresponds to a dividend of EUR 0.24 (2014: EUR 0.20) per share, and was effected on 10 June 2015.

# 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 1987, 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 September 2015, S IMMO Group owned properties in all of the above mentioned countries except Denmark. The company focuses on profitable, long-term property investments through development, purchase, rental, operation, renovation and sale of buildings and apartments in Austria, Germany and six countries in Central and Southeastern Europe.

Its activities also 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 nine months ended 30 September 2015 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 2014.

In preparing the consolidated interim financial statements for the nine months ended 30 September 2015, the accounting and valuation policies applied in the consolidated financial statements for the year ended 31 December 2014 have been applied substantially unchanged.

The financial statements for the nine months ended 30 September 2015 were neither reviewed nor audited.

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. In the first quarter of 2015, the previously fully consolidated company Viertel Zwei Hotel GmbH & Co KG was sold. In the same period, four companies were fully consolidated in the interim consolidated financial statements of S IMMO AG for the first time. These companies are S IMMO Berlin II GmbH, Germany; S Immo APM Hungary Kft, Hungary; S IMMO Beteiligungen GmbH, Austria, and Siebenbrunnengasse 19–21 GmbH & Co OG, Austria. In the second quarter of 2015, the newly founded company S IMMO Property Eins GmbH, Austria, was fully consolidated in the interim consolidated financial statements. In the same period, the subsidiary CEE PROPERTY INVEST ROMANIA SRL, Romania, was merged with the subsidiary DUAL CONSTRUCT INVEST S.R.L., Romania. In the third quarter of 2015, the newly founded company S IMMO Property Zwei GmbH, Austria, was fully consolidated in the interim consolidated financial statements. A business combination as per IFRS 3 did not occur for any of the six newly consolidated companies, as the definition of a business according to IFRS 3 was not met.

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.

### 2.2. New mandatory accounting regulations

The amendment to IAS 19 "Employee Benefits" entitled "Defined Benefit Plans: Employee Contributions" applies for financial years beginning on 01 July 2014. The annual improvements 2010–2012 cycle also apply for financial years beginning on or after 01 July 2014. These amendments pertain to IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations", IFRS 8 "Operating Segments", IFRS 13 "Fair Value Measurement", IAS 7 "Statement of Cash Flows", IAS 16 "Property, Plant and Equipment", IAS 38 "Intangible Assets" and IAS 24 "Related Party Disclosures". The annual improvements 2011–2013 cycle apply

from 01 July 2014. The amendments pertain to IFRS 1 "First-time Adoption of IFRS", IFRS 3 "Business Combinations", IFRS 13 "Fair Value Measurement" and IAS 40 "Investment Property".

The indicated 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
<b>As at 01 January 2014</b>	1,580,311	16,677
Additions	6,279	928
Disposals	-8,845	-3,010
Other changes	-4,532	0
Changes in fair value (realised through profit or loss)	56,695	-143
Reclassifications as properties held for sale	-42,845	0
<b>As at 31 December 2014</b>	<b>1,587,063</b>	<b>14,452</b>
whereof pledged as security	1,516,780	0
Additions	97,402	800
Disposals	0	0
Other changes	-479	0
Changes in fair value (realised through profit or loss)	16,953	0
Reclassifications as properties held for sale	-3,300	0
<b>As at 30 September 2015</b>	<b>1,697,639</b>	<b>15,252</b>
whereof pledged as security	1,567,199	0

Consisting of:

#### Rental properties

EUR '000	30.09.2015	31.12.2014
Austria	518,132	491,159
Germany	531,096	451,207
Central Europe	283,541	281,098
Southeastern Europe	364,870	363,599
	<b>1,697,639</b>	<b>1,587,063</b>

#### Properties under development and undeveloped land

EUR '000	30.09.2015	31.12.2014
Austria	0	0
Germany	0	0
Central Europe	4,244	4,150
Southeastern Europe	11,008	10,302
	<b>15,252</b>	<b>14,452</b>

Valuation 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 2014 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 third quarter of 2015 is based on internal calculation models with input parameters that have changed since the preparation of the 2014 annual financial statements, but with the same valuation methods as applied for the 2014 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 non-current and 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 September 2015 amounted to kEUR 1,137 (31 December 2014: kEUR 1,394).

### 3.1.5. Cash and cash equivalents

EUR '000	30.09.2015	31.12.2014
Bank balances	47,979	74,511
Cash in hand	191	186
	48,170	74,697

### 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 not intended for any property.

EUR '000	30.09.2015	31.12.2014
Germany	0	7,980
Austria	0	34,865
	0	42,845

### 3.1.7. Non-controlling interests

The non-controlling interests of kEUR 26,194 (31 December 2014: kEUR 25,855) consisted substantially of Einkaufscenter Sofia G.m.b.H. & Co KG (35% minority interest). The disposals in the amount of kEUR 1,534 (30 September 2014: kEUR 1,734) shown in the statement of changes in consolidated equity are due primarily to distributions.

### 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:

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

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 nine months ended 30 September 2015, the total share of income entitlements was kEUR 2,160 (31 December 2014: kEUR 6,905).

As at 30 September 2015, there were 653,457 participating certificates in issue. The total entitlements of participating certificate holders as of that date were EUR 84.84 (31 December 2014: EUR 84.50) 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
<b>Participating certificates capital 01 January 2015</b>	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/Exchange and retirement of 477,224 participating certificates	-34,680	-4,966		-679	-40,324
Income entitlements of participating certificate holders			2,160		2,160
Allocation of undisclosed reserves on property portfolio				22	22
<b>Participating certificates capital as at 30 September 2015</b>	47,487	4,839	2,160	951	55,436
<b>Per participating certificate (EUR)</b>	72.67	7.41	3.31	1.46	84.84

EUR '000	Participating certificate capital	Profit brought forward	Profit for the period	Share of undisclosed reserves on property portfolio	Total
<b>Participating certificates capital 01 January 2014</b>	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 1,177,066 participating certificates	-85,537	-5,141		-1,071	-91,749
Income entitlements of participating certificate holders			6,905		6,905
Allocation of undisclosed reserves on property portfolio				580	580
<b>Participating certificates capital as at 31 December 2014</b>	82,166	4,860	6,905	1,608	95,539
<b>Per participating certificate (EUR)</b>	72.67	4.30	6.11	1.42	84.50

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 participat-

ing certificates for a bond or the acceptance of the cash offer as described in section 3.1.9., the liabilities arising from the participating certificates continued to decline substantially in the first three quarters of 2015.

On 30 September 2015, the participating certificate tranche with the ISIN AT0000795737 was listed at a price of EUR 85.00 per certificate and the tranche with the ISIN AT0000630694 was listed at a price of EUR 85.00 per certificate, which translates to a fair value of kEUR 55,544.

### 3.1.9. 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, 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 §§ 4 ff 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. A total of 401,312 participating certificates were exchanged for a bond from the company, and 74,457 submitted for the cash offer. The bond with the ISIN AT0000A1DBM5 was issued with a total nominal value of kEUR 33,993.5, broken down into 67,987 shares with a nominal value of EUR 500 each. The exchange of the participating certificates for the bond was recognised according to IAS 39.40. 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. Taking into account the issue costs to be offset, this resulted in an increase in bond liabilities of kEUR 33,666 and kEUR 64,640 during the reporting period.

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

ISIN	Total nominal value in kEUR	Coupon	Effective interest rate	Maturity	Exchange price
AT0000A177D2	89,739.5	4.50%	4.66%	16 June 2021	111.00 as at 27 July 2015
AT0000A19SB5	100,000	3.00%	3.13%	02 October 2019	102.48 as at 30 September 2015
AT0000A1DBM5	33,993.5	3.25%	3.36%	08 April 2025	100.50 as at 24 September 2015
AT0000A1DWK5	65,000	3.25%	3.31%	20 April 2027	101.08 as at 30 September 2015

All of the bonds are listed in the Corporates Prime segment of the Vienna Stock Exchange. The market value of the bond liabilities based on the share prices amounted to kEUR 301,956 as at 30 September 2015.

### 3.1.10. Other financial liabilities

The short-term and long-term financial liabilities amounted to kEUR 869,827 (31 December 2014: kEUR 905,182). The book values indicated for the other financial liabilities largely correspond to the fair values. The maturities of the undiscounted payment flows for future periods are as follows:

EUR '000	30.09.2015	31.12.2014
Remaining maturity less than 1 year	117,218	161,172
Remaining maturity between 1 and 5 years	563,243	480,684
Remaining maturity over 5 years	298,946	376,093

### 3.1.11. Derivatives

The S IMMO Group generally uses swaps, caps and collars to manage the interest rate risk in connection with variable-rate property financing. In some cases, interest rate derivatives are concluded for individual projects, and in other cases large volume derivatives are used for financing agreements for a number of individual projects. These derivatives were disclosed under other current and non-current financial assets (kEUR 2,528; 31 December 2014: kEUR 8) and under non-current and current financial liabilities (kEUR 29,964; 31 December 2014: kEUR 61,133). The fair value measurement of derivatives is based on estimates made by external experts. There were no changes to the applied measurement methods or key input parameters compared with the 2014 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 2014 and resulted in minor adjustments of the liabilities from derivatives. In the first nine months of 2015, kEUR -1,122 (Q3 2014: kEUR -2,198) was recognised under equity in other comprehensive income. In the first nine months of 2015, a number of swaps and one collar were settled and new derivatives concluded under current, more advantageous terms. Overall, valuation effects including newly concluded instruments and settlement had a negative effect in the consolidated income statement in the amount of kEUR 6,627 (Q3 2014: positive effect of kEUR 535).

#### 30 September 2015

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	481,880	28	-29,339
Caps	215,310	2,500	-625
Collars	0	0	0
<b>Total</b>	<b>697,190</b>	<b>2,528</b>	<b>-29,964</b>

#### 31 December 2014

EUR '000	Nominal	Positive fair value	Negative fair value
Swaps	470,060	0	-54,455
Caps	91,520	8	-810
Collars	100,000	0	-5,868
<b>Total</b>	<b>661,580</b>	<b>8</b>	<b>-61,133</b>

### 3.2. Consolidated income statement

#### 3.2.1. Rental income

Rental income by property use type was as follows:

EUR '000	01 – 09 / 2015	01 – 09 / 2014
Office	29,853	28,444
Residential	15,707	16,200
Retail	33,537	33,665
Hotels	4,072	6,210
	<b>83,169</b>	<b>84,519</b>

#### 3.2.2. Operating costs and expenses from properties and hotel operations

These expenses arise in connection with 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.

As at 30 September 2015, the number of employees in the Group was 552 (Q3 2014: 512), including hotel staff. Personnel expenses for the hotels are disclosed under hotel operations.

#### 3.2.3. Gains on property disposals

In the first three quarters of 2015, one residential property and one commercial property were sold in Hamburg, Germany, two residential properties in Berlin, Germany, and one office property in Wiener Neustadt, Austria. In addition, one property used as a hotel in Vienna, Austria, was sold as part of a share deal.

EUR '000	01 – 09 / 2015	01 – 09 / 2014
<b>Disposal proceeds</b>		
Properties held as financial investments	0	0
Properties held for sale	15,943	48,395
Inventories	0	0
	<b>15,943</b>	<b>48,395</b>
<b>Book value of property disposals</b>		
Properties held as financial investments	0	0
Properties held for sale	-15,938	-48,395
Inventories	0	0
	<b>-15,938</b>	<b>-48,395</b>
<b>Gains on property disposals</b>		
Properties held as financial investments	0	0
Properties held for sale	5	0
Inventories	0	0
	<b>5</b>	<b>0</b>

### 3.2.4. Financing result

Net financing costs were made up as follows:

EUR '000	01 – 09 / 2015	01 – 09 / 2014
Financing expense	-41,105	-45,582
Financing income	1,744	2,094
	<b>-39,361</b>	<b>-43,488</b>

In the period of 01 January 2015 to 30 September 2015, financing costs included a non-cash foreign exchange loss of kEUR 259 (Q3 2014: kEUR 2,327).

### 3.2.5. Taxes on income

EUR '000	01 – 09 / 2015	01 – 09 / 2014
Current tax expense	-2,202	-5,008
Deferred tax income/expense	-4,194	-124
	<b>-6,396</b>	<b>-5,132</b>

## 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 and Austria, which are property ownership companies holding properties in Germany.

EUR '000	Austria	
	2015	2014
Rental income	21,370	22,682
Revenues from operating costs	5,246	5,478
Revenues from hotel operations	17,859	17,062
<b>Total revenues</b>	<b>44,475</b>	<b>45,222</b>
Other operating income	504	1,656
Property operating expenses	-8,699	-8,001
Hotel operating expenses	-13,802	-14,595
<b>Gross profit</b>	<b>22,478</b>	<b>24,282</b>
Gains on property disposals	1	0
Management expenses	-7,296	-7,565
<b>EBITDA</b>	<b>15,183</b>	<b>16,717</b>
Depreciation and amortisation	-2,501	-2,003
Results from property valuation	449	3,366
<b>EBIT</b>	<b>13,131</b>	<b>18,080</b>

	30.09.2015	31.12.2014
Non-current assets	579,693	549,248
Non-current liabilities (incl. participating certificates in Austria)	592,759	530,028

**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.

## 5. OTHER OBLIGATIONS AND CONTINGENT LIABILITIES

In S IMMO Group there were a number of open legal disputes as at 30 September 2015, however, in Management's opinion, neither the individual amounts involved nor the total were material.

Germany		Central Europe		Southeastern Europe		Total	
2015	2014	2015	2014	2015	2014	2015	2014
22,069	21,100	14,502	15,417	25,228	25,320	83,169	84,519
6,301	6,571	4,738	4,558	9,133	9,245	25,418	25,852
0	0	15,179	13,098	0	0	33,038	30,160
28,370	27,671	34,419	33,073	34,361	34,565	141,625	140,531
960	1,506	462	26	327	272	2,253	3,460
-14,519	-13,708	-7,424	-6,119	-11,932	-13,190	-42,574	-41,018
0	0	-10,081	-8,651	0	0	-23,883	-23,246
14,811	15,469	17,376	18,329	22,756	21,647	77,421	79,727
4	0	0	0	0	0	5	0
-3,308	-2,382	-1,083	-982	-548	-1,180	-12,235	-12,109
11,507	13,087	16,293	17,347	22,208	20,467	65,191	67,618
-77	-96	-2,721	-2,833	-525	-522	-5,824	-5,454
15,667	8,969	299	-876	337	1,302	16,752	12,761
27,097	21,960	13,871	13,638	22,020	21,247	76,119	74,925
<b>30.09.2015</b>	<b>31.12.2014</b>	<b>30.09.2015</b>	<b>31.12.2014</b>	<b>30.09.2015</b>	<b>31.12.2014</b>	<b>30.09.2015</b>	<b>31.12.2014</b>
531,912	451,951	351,590	351,121	396,619	395,997	1,859,814	1,748,317
199,247	190,826	213,568	218,364	201,988	205,498	1,207,562	1,144,716

## 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

S IMMO Group's managing bodies are as follows:

### S IMMO AG Management Board

- Ernst Vejdovsky, 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	30.09.2015	31.12.2014
Other receivables	3,182	3,581
Bank balances	10,698	22,199
<b>Receivables</b>	<b>13,880</b>	<b>25,780</b>
EUR '000	30.09.2015	31.12.2014
Non-current bank and financial liabilities	432,205	376,568
Current bank and financial liabilities	33,727	99,715
Trade payables	30	402
Other liabilities	1,653	906
<b>Liabilities</b>	<b>467,615</b>	<b>477,591</b>

There were the following expenses and income in connection with Erste Group and Vienna Insurance Group in the first nine months of the year and, respectively, in the comparative period of the previous year:

EUR '000	01-09/2015	01-09/2014
Management fees – Erste Group Immorent AG	-966	-1,000
Bank loan interest, other financing expenses and charges	-50,520	-26,443
Other expenses	-1,577	-2,395
<b>Expenses</b>	<b>-53,063</b>	<b>-29,838</b>
EUR '000	01-09/2015	01-09/2014
Rent and revenues from operating costs	516	536
Bank interest	2	57
Other interest income	140	0
<b>Income</b>	<b>658</b>	<b>593</b>

## **7. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE**

By the publication date of the interim report on 26 November 2015, no further shares were repurchased as part of the repurchase programme. Since 30 September 2015, another 666 participating certificates at a price of kEUR 57 were repurchased.

Other than this, there were no significant events after the reporting date.

Vienna, 26 November 2015

Management Board

Ernst Vejdovszky m.p.

Friedrich Wachemig, MBA m.p.

This Interim Report has been prepared and proofread with the greatest possible care, and the information in it has been checked. Nevertheless, the possibility of rounding errors, errors in transmission, typesetting or printing errors cannot be excluded. Apparent arithmetical errors may be the result of rounding errors caused by software. In the interests of simplicity and readability, the language of this Interim Report is as far as possible gender neutral. Therefore, the terms used refer to people of both genders. This Interim Report contains information and forecasts relating to the future development of S IMMO AG and its subsidiaries. These forecasts are estimates, based on the information available to us

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.

# Financial calendar 2016

31 March 2016	Publication of preliminary results 2015
28 April 2016	Publication of annual results 2015 (press conference)
24 May 2016	Record date Annual General Meeting
31 May 2016	Results for the first quarter 2016
03 June 2016	Annual General Meeting
08 June 2016	Dividend ex day
09 June 2016	Record date dividend
10 June 2016	Dividend payment day
31 August 2016	Results for the first half year 2016
29 November 2016	Results for the first three quarters 2016



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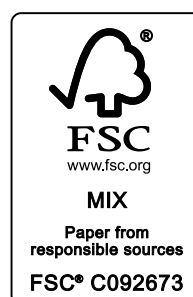
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