

**Q2**

**INTERIM REPORT**  
AS AT 30 JUNE 2013



Investing in living space



## KEY FIGURES

|                                                          |       | 01.01. – 30.06.2013 | 01.01. – 30.06.2012 |
|----------------------------------------------------------|-------|---------------------|---------------------|
| Revenues                                                 | EUR m | 97.0                | 98.6                |
| whereof rental income and revenues from hotel operations | EUR m | 78.2                | 79.2                |
| EBITDA                                                   | EUR m | 49.9                | 50.9                |
| EBIT                                                     | EUR m | 48.0                | 51.0                |
| EBT                                                      | EUR m | 17.6                | 15.9                |
| Net income for the period                                | EUR m | 16.0                | 15.1                |
| Total assets                                             | EUR m | 1,943.8             | 2,026.8             |
| Shareholders' equity                                     | EUR m | 529.0               | 501.1               |
| Liabilities                                              | EUR m | 1,414.9             | 1,525.6             |
| Equity ratio (incl. participating certificate capital)   | in %  | 38                  | 36                  |
| Investments                                              | EUR m | 9.1                 | 7.4                 |
| Operating cash flow                                      | EUR m | 49.2                | 46.2                |
| Cash flow from investing activities                      | EUR m | 70.1                | 88.3                |
| Cash flow from financing activities                      | EUR m | -102.1              | -182.8              |
| Cash and cash equivalents as at 30 June                  | EUR m | 54.0                | 54.5                |
| NOI margin                                               | in %  | 53                  | 50                  |
| FFO                                                      | EUR m | 18.5                | 16.2                |
| Earnings per share                                       | EUR   | 0.22                | 0.21                |
| EPRA NAV per share                                       | EUR   | 9.31                | 8.88                |
| Share price discount from EPRA NAV                       | in %  | 49                  | 52                  |
| Book value per share (balance sheet NAV per share)       | EUR   | 7.47                | 7.00                |
| Share price discount from book value                     | in %  | 37                  | 39                  |
| Cash flow from operations per share                      | EUR   | 0.73                | 0.68                |
| Property portfolio                                       | EUR m | 1,796.5             | 1,883.6             |
| whereof properties under construction                    | EUR m | 20.6                | 56.5                |

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# Dear Shareholders,

Sometimes the good news is that there are no surprises to report, and that what has already been said can be confirmed. The half-year results we are currently reporting on are a case in point: S IMMO is number one in efficiency. Our financial indicators are excellent and are in line with our targets. Although the property sales of recent quarters have expectably reduced rental income, our success in cutting back administrative and property-related costs has enabled us to improve our already very good consolidated net income by a further 6.2%, to EUR 16.0m. Our goal is to sell around 5% of our existing portfolio in 2013, which was already largely achieved as at 30 June 2013. The increase in funds from operations by 14.1%, to EUR 18.5m, is remarkable.

With the continuing buoyancy of residential property markets in Germany and Austria, we see excellent opportunities for sales on the one hand. On the other, our local experts are exploring interesting investment opportunities in Berlin. Moreover, the buildings refurbishment programme in Germany is also bearing fruits: The market value of our buildings is being raised continuously, while vacancy rates are being reduced at the same time.

The office property market in Budapest is currently challenging: The difficult political situation in Hungary has all but put a stop to expansion, and large enterprises are consolidating and reducing the number of their premises. Our local team of experts is reacting to this challenge by refurbishing and improving quality and by flexibly adapting available office space. In such circumstances, the advantages of our diversified and balanced strategy are clear: While the office property market is difficult at present, our Budapest Marriott Hotel is delivering excellent results. We are seeing first signs of a recovery in Sofia and Bucharest, where tenancy negotiations for our office buildings are proceeding well, and where there are considerable increases in office rent revenue generally to report. With a current occupancy rate of 85%, Sun Offices in Bucharest is well on the way to being fully let.



The Management Board:  
Ernst Vejdovszky and Friedrich Wachernig

Our plans for the second half of 2013 remain unchanged: In the capital markets, the current repurchase programmes for the S IMMO Share and the S IMMO INVEST participating certificate will continue. The proceeds of property sales will also be used to pursue attractive investment opportunities in Berlin. In Vienna, we are focusing on the Quartier Belvedere Central project, which we will implement together with partners at Vienna Central Station. Overall, we are very confident that we are seeing the first signs of sustained economic recovery and that in the coming quarters we shall experience a significant upwards trend.

The Management Board




Ernst Vejdovszky

Friedrich Wachernig

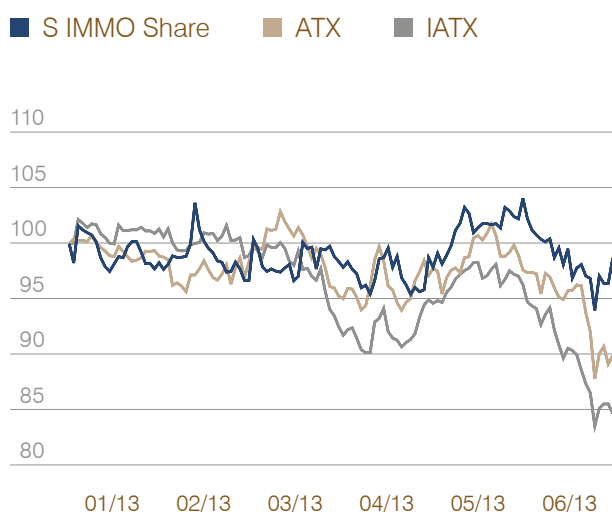
# Our Share

During the second quarter of 2013, important capital markets in Europe and the USA hit new highs. Up until May, this positive development was encouraged by the expansionary monetary policies of the central banks and hopes that the global economy would stabilise. After that point, however, optimistic feelings were dampened by forecasts of weaker economic progress in the eurozone because of continuing recession in many eurozone economies. Gradual recoveries are predicted for 2014 at the earliest. Additional unsettling factors were the high levels of unemployment, the difficulties of the Portuguese government

and a possible new debt cut in Greece. The announcement by the US Federal Reserve Bank that it could end its monthly 85 billion dollar bond-buying programme in mid-2014 also caused concern in international financial markets. An additional impact on many investors' confidence came from the move by the People's Bank of China to stem the growth in lending by tightening the money supply. As a result, many investors elected to realise their gains before the end of June.

## Share price development

indexed (01.01.2013 to 30.06.2013)



In European capital markets, the position at the end of the first half of 2013 was as follows: The DAX, the leading German index, closed the half year with a positive 7,959.22 points, though it again failed to reach the strategically important 8,000 mark. Sentiment on the Vienna Stock Exchange was sometimes improved during the course of the first half year, though its status as a secondary market and its closeness to Eastern Europe acted as a brake on trading. The reduced volumes meant that the leading Austrian index, the ATX, closed the second quarter at 2,223.98 points, a fall of 7.4% since the beginning of the year.

The performance of real estate indices during the period was variable: The GPR 250 World Index was up 7.5% in the first half year, while the GPR 250 Europe put on only 2.1%. This is yet another clear indication that Europe is currently struggling with structural weaknesses of the euro and the sovereign debt crisis. The IATX, the Austrian property share index, dropped 13.4% over the first half year to close at 150.62 points.

| Share indicators                                   |        | 2013   | 2012   |
|----------------------------------------------------|--------|--------|--------|
| Closing price (as at 30 June)                      | EUR    | 4.729  | 4.279  |
| Average daily turnover                             | shares | 40,900 | 45,000 |
| Earnings per share (EPS)                           | EUR    | 0.22   | 0.21   |
| EPRA NAV per share                                 | EUR    | 9.31   | 8.88   |
| Share price discount from EPRA NAV                 | in %   | 49     | 52     |
| Book value per share (balance sheet NAV per share) | EUR    | 7.47   | 7.00   |
| Share price discount from book value               | in %   | 37     | 39     |
| Operating cash flow per share                      | EUR    | 0.73   | 0.68   |
| Price/operating cash flow                          | EUR    | 3.23   | 3.13   |

## S IMMO Share performance

| ISIN AT0000652250 |        |
|-------------------|--------|
| One year          | 10.52% |
| Three years, p.a. | -0.99% |

## 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 2013) | EUR 322.13m                          |
| Number of shares (30 June 2013)      | 68,118,718                           |
| Market maker                         | Erste Group / KochBank               |
| Initial listing                      | 28 June 2002                         |

The S IMMO Share again performed better than the ATX and the IATX, although price movements during the period were predominantly sideways. For a brief period, the price of the Share almost reached the 5-euro-mark, however it closed at EUR 4.729 on 30 June 2013. The average Share price target of the four research houses covering the S IMMO Share is EUR 5.72, which represents an upside price potential of over 20% compared with the current share price.

## Investor relations activities

In the second quarter of 2013, S IMMO AG's Management Board and the IR team participated in several capital market events, such as the Raiffeisen Centro Bank investors conference in Zürs, which was very well attended. S IMMO's one-on-one talks with investors showed an increased interest in Austrian property shares with a CEE focus. This positive change in sentiment was also noticeable among UK investors at the Baader Bank conference in London.

## S IMMO INVEST participating certificate performance

| ISIN              | AT0000795737 | AT0000630694 |
|-------------------|--------------|--------------|
| One year          | 13.30%       | 10.20%       |
| Three years, p.a. | 5.80%        | 6.30%        |

## S IMMO INVEST participating certificate information

|                                                     |                                                                            |
|-----------------------------------------------------|----------------------------------------------------------------------------|
| ISIN                                                | AT0000795737 (initial listing 1996)<br>AT0000630694 (initial listing 2004) |
| Ticker symbols                                      | Reuters: SIMlg.VI / Bloomberg: SIIG:AV                                     |
| Market                                              | Vienna Stock Exchange                                                      |
| Market segment                                      | other securities.at                                                        |
| Market capitalisation (30 June 2013)                | EUR 195.87m                                                                |
| Number of participating certificates (30 June 2013) | 1,641,269 tranche I<br>1,058,764 tranche II                                |

For the first time, Management also took part in a roadshow with KochBank in Frankfurt, where S IMMO's strategy was presented to fund managers. Management's contacts with investors were not limited to roadshows and conferences. For several months now, Management has taken part in regular live web chats on the derboersianer.com platform. Investors – both existing and potential – and people interested in capital markets and property markets can ask their questions.

S IMMO AG's 24<sup>th</sup> Annual General Meeting was held on 12 June 2013 in the Vienna Marriott Hotel again, a standing property belonging to the Group. In the course of the meeting, the Management and Supervisory Boards were unanimously discharged from liability for the financial year 2012, one new member was elected to the Supervisory Board, and one member was re-elected. The proposal to raise the dividend by 50% was also unanimously approved.

| in EUR     | S IMMO Share price<br>AT0000652250 | S IMMO INVEST price<br>AT0000795737 | S IMMO INVEST price<br>AT0000630694 | ATX      | IATX   |
|------------|------------------------------------|-------------------------------------|-------------------------------------|----------|--------|
| 30.06.2012 | 4.279                              | 67.000                              | 69.000                              | 1,975.35 | 140.79 |
| 31.12.2012 | 4.810                              | 72.970                              | 72.250                              | 2,401.21 | 174.01 |
| 30.06.2013 | 4.729                              | 72.510                              | 72.600                              | 2,223.98 | 150.62 |

# Interim Management Report

## Macroeconomic overview

The economic situation in Europe remains weak, especially in the eurozone. The continuing crisis in the southern member countries also spread to the central and northern regions of the eurozone to some extent in 2012 and pushed countries such as Finland, Belgium and the Netherlands into an unexpected recession. Economic developments in other European countries are also being impacted due to the close economic ties in the region. At the beginning of 2013, the crisis in Cyprus and the brief political stalemate following the parliamentary elections in Italy led to another deterioration of sentiment. Among the major European economies, France, Spain and Italy are expected to suffer a decline in economic output in 2013. The growth prospects for Germany are positive at the moment, but the International Monetary Fund (IMF) halved its forecast for the year as a whole to 0.3%. A growth of 1.6% is forecasted for the Romanian economy, and 1.2% for the Bulgarian economy. The Institute for Advanced Studies (IHS) in Vienna expects the eurozone economy to resume growing starting next year, albeit at a

low level. In addition, the IHS believes that the implemented and planned structural adjustments will help to ensure that the gradual reduction of structural imbalances in the eurozone that is already under way will continue. The European banking and sovereign debt crisis shall be resolved with the relevant reforms. Exports are also being heralded as a major beacon of hope for economic growth in the eurozone and in Central and South-eastern Europe.

Austria was unable to escape the developments of the overall European economy. As a result, economic growth was weaker than expected in the first quarter of 2013. A moderate rise in real incomes and increasing savings activity inhibited private consumption. Export and investment activity is subdued this year because of the weak international conditions. According to the forecasts of Austrian economists, the country's economic growth will amount to between 0.4% and 0.6% in 2013. Growth of 1.8% is expected for 2014.

## Real estate market overview

### AUSTRIA AND GERMANY

The Viennese office market showed a stable, slightly positive development in the first six months of 2013. The low production of new space and the rising conversion of offices into other property use types resulted in a moderate vacancy rate of 7%. On the German residential market, offer rents stagnated in most of the major cities in Q2 2013. The only exception is Berlin, which is still seeing increases due to its generally low rent level. Purchase prices rose for existing properties in the German metropolises because of the strong demand. The incipient stagnation of prices for new buildings however shows that the partially very high level was not viable over the long run.

The Viennese hotel market developed very well in the first half of 2013, with the number of overnight stays growing by 3.1% and guest volume advancing by 3.3% year-on-year. The most important markets for the Viennese hotel industry are still Germany and Austria. The most significant growth in overnight stays of 13.9% in the first half of the year was among Russian guests, who now represent the fourth most important country of origin for the Viennese tourism segment. The supply of accommodations in Vienna increased by roughly 2,900 rooms from June 2012 to June 2013. This represents growth of over 10%. Supply is expected to continue expanding in the second half of the year and in 2014.

## CENTRAL EUROPE (CEE)

In Q2 2013, take-up on the Budapest office market was almost the same as in the quarter before. The share of renewals, however, increased from 24.6% to 37.4%. Only one new office building was brought onto the market, allowing the vacancy rate to remain virtually unchanged. There was also only one new building completed on the Prague office market. Renewals reached a record level of 50% of total leasing activity. Vacancy, however, remained stable but is likely to increase in the second half of 2013 due to the delivery of 77,000 m<sup>2</sup> of new space. Slovakia's economic growth has not yet had an impact on the property market.

Prague's chain hotel segment saw significant growth in occupancy and room rates in May 2013. However, in the first five months of the year this was balanced out by a slight decline in both categories compared with the first half of 2012. Bratislava's hotel market experienced a very positive trend in April and May 2013, posting double-digit occupancy growth. An impressive gain of 63.4% was achieved in May. RevPar, the average revenue per available room, also saw a double-digit improvement in April 2013, albeit still to a very low level of EUR 38. However, these positive developments could be the first sign that this market, which is suffering from a supply surplus, has bottomed out. The hotel market in Budapest is still expected to deliver stable development in 2013, with increases in occupancy and room rates. In May, RevPar improved by 14.8% and occupancy by 13.2% compared to the same period last

year. No major new hotel developments are planned due to the economic crisis, which means that no supply pressure for the existing hotel segment is to be expected.

## SOUTHEASTERN EUROPE (SEE)

In the first half of 2013, Sofia saw a 63% decline in office completions when compared with the same period last year. Some of the major projects that are expected to be completed in 2014 might be postponed, as there has not been much progress yet. The reduced supply should support a further decrease in the vacancy rate. The Bucharest office market is still dominated by relocations and renegotiations. However, vacancy declined to 14.1% due to only one office building delivery and the increased take-up in Q2. The market is still tenant-dominated. As regards the outlook, a continuous shift towards a more balanced position between landlords and tenants is expected within the next two years.

No new shopping centres were opened in Sofia in Q2 2013. Nevertheless, the pipeline remains strong with three further projects currently under construction totaling 122,000 m<sup>2</sup>. Large international and local retailers remained active in Bulgaria in the second quarter. Some of them even opened a flagship store. No new projects were completed in Bucharest, either, but another major shopping centre, Promenada Mall, is scheduled to open in the second half of 2013. Demand from retailers is mainly focused on prime assets and is expected to increase further over the next months.

|            | Prime rents<br>(EUR/m <sup>2</sup> /month) |                      | Prime<br>gross yields<br>(%) |                    | Take-up<br>H1 2013<br>(m <sup>2</sup> ) | Vacancy rate<br>(%) |
|------------|--------------------------------------------|----------------------|------------------------------|--------------------|-----------------------------------------|---------------------|
|            | Office                                     | Retail               | Office                       | Retail             | Office                                  | Office              |
| Berlin     | 22.50 <sup>1</sup>                         | 310.00 <sup>1</sup>  | 5.00 <sup>1</sup>            | 4.50 <sup>1</sup>  | 219,000 <sup>6</sup>                    | 8.8 <sup>6</sup>    |
| Bratislava | 16.00 <sup>1</sup>                         | 70.00 <sup>1*</sup>  | 7.25 <sup>1</sup>            | 7.00 <sup>1*</sup> | 46,000 <sup>11</sup>                    | 13.6 <sup>11</sup>  |
| Bucharest  | 18.00 <sup>1</sup>                         | 50.00 <sup>1*</sup>  | 8.25 <sup>1</sup>            | 8.50 <sup>1*</sup> | 132,500 <sup>10</sup>                   | 14.1 <sup>10</sup>  |
| Budapest   | 20.00 <sup>1</sup>                         | 100.00 <sup>1*</sup> | 7.50 <sup>1</sup>            | 7.00 <sup>1*</sup> | 145,700 <sup>4</sup>                    | 19.9 <sup>4</sup>   |
| Hamburg    | 24.00 <sup>1</sup>                         | 290.00 <sup>1</sup>  | 4.75 <sup>1</sup>            | 4.30 <sup>1</sup>  | 218,500 <sup>7</sup>                    | 7.9 <sup>7</sup>    |
| Prague     | 21.00 <sup>1</sup>                         | 85.00 <sup>1*</sup>  | 6.25 <sup>1</sup>            | 6.25 <sup>1*</sup> | 166,000 <sup>9</sup>                    | 12.8 <sup>8</sup>   |
| Sofia      | 12.50 <sup>2</sup>                         | 27.00 <sup>3*</sup>  | 9.50 <sup>2</sup>            | 9.25 <sup>3*</sup> | 50,000 <sup>2</sup>                     | 31.0 <sup>2</sup>   |
| Vienna     | 25.00 <sup>1</sup>                         | 305.00 <sup>1</sup>  | 4.80 <sup>1</sup>            | 4.10 <sup>1</sup>  | 110,000 <sup>5</sup>                    | 7.0 <sup>5</sup>    |
| Zagreb     | 15.00 <sup>1</sup>                         | 22.50 <sup>1*</sup>  | 8.30 <sup>1</sup>            | 8.25 <sup>1*</sup> | 18,600 <sup>12</sup>                    | 17.0 <sup>12</sup>  |

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

<sup>1</sup> CBRE, Market View, EMEA Rents and Yields, Q2 2013

<sup>2</sup> Forton, Bulgarian Office Market, Q2 2013

<sup>3</sup> Forton, Bulgarian Retail Market, Q2 2013

<sup>4</sup> Budapest Research Forum, press release, Q2 2013

<sup>5</sup> EHL Immobilien GmbH

<sup>6</sup> CBRE, Market View, Office Market Berlin, Q2 2013

<sup>7</sup> CBRE, Market View, Office Market Hamburg, Q2 2013

<sup>8</sup> CBRE, Market View, Office Market Prague, H1 2013

<sup>9</sup> Cushman & Wakefield, Marketbeat, Office Snapshot Czech Republic, Q2 2013

<sup>10</sup> Cushman & Wakefield, Marketbeat, Office Snapshot Romania, Q2 2013

<sup>11</sup> Jones Lang LaSalle, on.point, Bratislava City Report, Q2 2013

<sup>12</sup> Jones Lang LaSalle, on.point, Zagreb City Report, Q2 2013

## Business performance and results

### Property portfolio

S IMMO AG's portfolio as at 30 June 2013 comprised 214 properties with a market value of EUR 1,796.5m and total lettable space of around 1.3 million m<sup>2</sup>. The occupancy rate came to 89.4% and the overall rental yield amounted to 6.8%.

S IMMO's buildings are located in four regions with a focus on capital cities within the European Union. By market value, the majority of the properties as at 30 June 2013 was in Austria (32.1%), followed by Germany (25.8%), SEE (21.6%) and CEE (20.5%). The company invests in four property use types: office (40.5%), retail (26.4%) and residential space (19.1%) as well as hotels (14.0%).

### Performance

S IMMO's operating activities were successful in the first half of 2013. On the one hand, the impact of property sales – that began in 2012 – on rental income was mitigated by renewals of existing tenancy agreements and new lettings. On the other

hand, good gross profits from hotel operations and further reductions in administrative and property-related costs also contributed to raising the consolidated net profit. In combination with a considerably improved financial result, this brought a further 6.2% increase in the consolidated net profit for the period to EUR 16.0m despite lower results from valuations and gains on property disposals.

### Gross profit

Total income for the first half of 2013 was EUR 97.0m, compared with EUR 98.6m in the same period last year. As expected, the rental income of EUR 59.0m was lower than in the first half of 2012 (EUR 60.6m) because of the successful sale of properties. The property portfolio was reduced by 5.6%, while rental income fell by only 2.7%.

Rental income for the first six months of 2013 by region broke down as follows: SEE contributed 28.3%, Austria 26.5%, Germany 25.9% and CEE 19.3%. Rental income by property use

type showed retail property contributing 38.8%, followed by offices at 34.8%. Residential property made up 19.5%, and hotels 6.9%.

Revenues from hotel operations for the first half year (revenues from the Vienna and Budapest Marriott Hotels, both operated under management agreements) increased by 2.9% to EUR 19.2m (first half of 2012: EUR 18.6m). As a result, the gross profit from hotel operations improved by 14.4% to EUR 3.8m, compared with EUR 3.3m a year ago.

Expenses directly attributable to properties fell from EUR 33.9m to EUR 30.1m in the first half of 2013 – a reduction of 11.2% compared with last year. The higher gross profit from hotel operations combined with the lower property expenses more than compensated for the reduction in rental income, resulting in a higher gross profit of EUR 55.1m (first half of 2012: EUR 53.2m), an improvement of 3.6%.

### Successful property sales

S IMMO's plan for 2013 is to sell roughly 5% of its property portfolio. In the first half of 2013, properties with a carrying value of EUR 81.4m were sold, so that the target has largely already been achieved. The sales were as follows:

- one apartment in the Neutor 1010 office and residential building in Vienna
- one residential building in Vienna
- two residential properties in Berlin
- one office property in Bremen

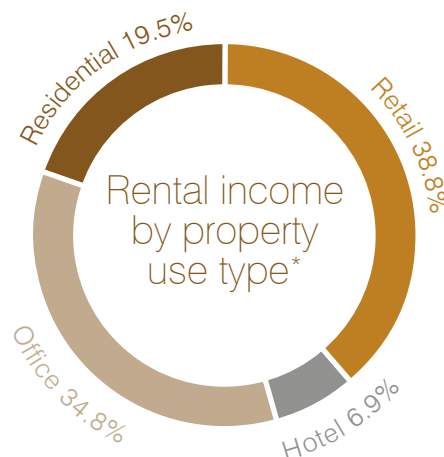
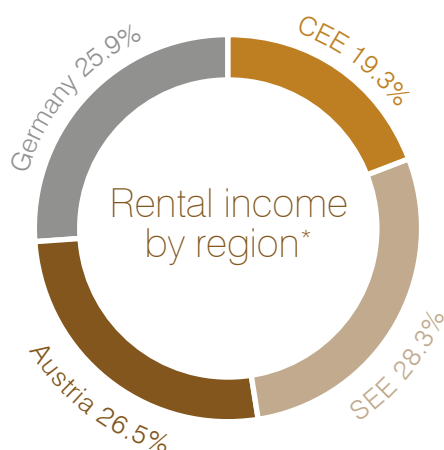
As at 30 June 2013, the total proceeds of these sales came to EUR 83.8m, compared with EUR 97.4m in the first half of 2012. Furthermore, gains on disposals came to EUR 2.4m (first half of 2012: EUR 5.8m). This consisted largely of the gain on the sale of the apartment in Vienna. Most of the properties sold in the first half of 2013 were already held for sale at the end of 2012, and were thus already disclosed in the accounts at amounts very close to the amounts ultimately realised. Compared with the estimated values as at 30 September 2012, the gains on disposal were EUR 7.4m.

### EBITDA and EBIT

Along with the property-related costs, administrative expenses were again also successfully reduced: For the first half of 2013 they came to EUR 7.6m, compared with EUR 8.1m in the same period last year. EBITDA was EUR 49.9m (first half of 2012: EUR 50.9m), and EBIT came to EUR 48.0m (first half of 2012: EUR 51.0m).

### Further increase in net profit for the period

As a result of the reduction in borrowings and lower interest rates compared with the first half of 2012, the financial result for the first half of 2013 improved by 14.7%, from EUR -28.6m in the first half of 2012 to EUR -24.4m. This included non-cash effects from the valuation of derivatives and foreign currencies of EUR -0.2m (first half of 2012: EUR -1.4m). Overall, the net profit for the first half of 2013 rose by 6.2% to EUR 16.0m, compared with EUR 15.1m in the same period last year.



\* Not including Vienna Marriott Hotel and Budapest Marriott Hotel

**Funds from operations (FFO)**

The positive earnings performance was also reflected in higher FFO, which increased by 14.1% to EUR 18.5m in the first half of 2013, compared with EUR 16.2m a year earlier. In calculating FFO, the results for the period were adjusted for non-cash items such as depreciation and amortisation, valuation gains and losses on interest rate hedges, and exchange rate differences.

**Net operating income (NOI)**

The cost savings discussed above also resulted in a further improvement in NOI, which totalled EUR 51.5m as at 30 June 2013, compared with EUR 49.4m for the first six months of 2012.

**Net operating income as at 30 June**

|                | 2013 | 2012 | Change  |
|----------------|------|------|---------|
| NOI (EUR m)    | 51.5 | 49.4 | +4.2%   |
| NOI margin (%) | 53.1 | 50.2 | +2.9 pp |

**Cash flow**

For the first half of 2013, operating cash flow increased by 6.5% to EUR 49.2m, compared with EUR 46.2m a year earlier. The net cash inflow from investing activities came to EUR 70.1m (first half of 2012: EUR 88.3m) and the net cash outflow from financing activities totalled EUR 102.1m (first half of 2012: EUR 182.8m).

**Consolidated balance sheet**

S IMMO Group's total assets were reduced by the property sales from EUR 2,013.8m as at 31 December 2012 to EUR 1,943.8m as at 30 June 2013. Cash and cash equivalents at that date totalled EUR 54.0m (31 December 2012: EUR 57.1m).

**Financing**

S IMMO's loan to value ratio (not including derivatives at valuation) improved again in the first half of 2013 to approximately 53% (first half of 2012: 55%). The Group also has participating capital in issue (a hybrid between equity and debt) equivalent to around 12% of the property portfolio. Liabilities to banks at 30 June 2013 were spread among 21 individual banks. The average maturity of long-term bank loans was 7.4 years.

**Net asset value (NAV)**

In the first half of 2013, both book value (balance sheet NAV) per share and EPRA NAV per share rose again. The book value as at 30 June 2013 stood at EUR 7.47 (31 December 2012: EUR 7.17) per share, while EPRA NAV was EUR 9.31 (31 December 2012: EUR 9.18) per share. EPRA NAV represents the value of equity adjusted for items that do not have a long-term effect on the business activities of the Group, such as valuations of derivatives and deferred taxes.

## Opportunities and risks

The overall assessment of opportunities and risks for S IMMO Group is explained in detail in the Annual Report 2012 (pages 42–47). As the economic and business climate has not changed significantly since the publication of the Annual Report on 25 April 2013, the discussion in this section concentrates mainly on possible risks in the coming months.

The economic situation in the eurozone remains very tense: The region is still in recession, and the forecasts for the rest of the year hold little hope of swift recovery. The International Monetary Fund (IMF) expects the eurozone economy to shrink by 0.6%, and predicts modest growth of 0.9% for next year. Even for Germany, which has always been seen as the engine of the European Union economy, the IMF's forecast has been halved,

and the German economy is expected to grow by only 0.3%. The forecasts for Italy and Spain have also been revised downwards. The eurozone crisis also directly affects EU countries in Central and Southeastern Europe. The Hungarian economy is currently stagnating, and economic growth of 1.6% is forecast for Romania and 1.2% for Bulgaria.

The European Union's weak economic performance is having an impact on S IMMO's operations, with the Hungarian, Romanian and Bulgarian markets especially hard hit. The present political situation in Hungary has led many investors to withdraw from the market. Large enterprises are consolidating and reducing the number of their locations, and demand for office space is down. The possibility of adverse consequences,

particularly for rental income, property valuations and occupancy rates, cannot be precluded. S IMMO seeks to reduce potential risks and negative effects on earnings and operating activities to a minimum by taking appropriate specific measures, carefully monitoring the relevant performance indicators for each property and having a team of local experts. In addition to the property-specific risks, the current challenging economic climate in Europe also affects the Group's financing costs, its liquidity, and the solvency of its business partners. The risks in question

are covered in the financial reporting. Moreover, S IMMO's corporate strategy divides business activities between four different property use types and four regions with a focus on capital cities within the European Union. This diversification makes it possible to adapt to changing business circumstances and to use real estate cycles to strategic advantage. By combining the operation and refurbishment of standing properties with development projects, S IMMO AG strikes an optimum balance between risks and opportunities.

## Outlook

S IMMO AG's half-year business was good. On this basis – and taking into account the economic environment discussed under opportunities and risks above – we can retain the operating objectives and targets established for the financial year 2013 and continue to implement them in the second half of the year. S IMMO develops and operates properties of four different use types in capital cities within the European Union – from Berlin via Prague and Vienna to Bucharest. This diversification enables us to take advantage of differences in real estate cycles, at present principally in Germany and Austria. Therefore, in 2013, the Group again plans to sell around 5% of the existing property portfolio, mainly in Vienna, Hamburg and Berlin, and to lock in profits. In the first half of 2013, we largely achieved this target.

The funds from sales will among other things be used to take up attractive investment opportunities, including ones in Berlin. S IMMO's team of experts in Berlin is in a position to use its skills and experience to purchase promising properties and exploit their potential. During the next half year we will again be watching the market carefully and looking for attractive offers. In Vienna, we are concentrating on our project Quartier Belvedere Central, which we will implement together with our partners at Vienna's Central Station.

In Southeastern Europe, our asset management activities focus on two office properties, Sun Offices in Bucharest and Serdika Offices in Sofia. In the case of Sun Offices, new lettings and expansion by existing tenants have enabled us to achieve an occupancy rate of over 85%, and by the end of the year we expect the property to be nearly fully let. The occupancy rate for Serdika Offices currently stands at 52%. Promising negotiations with potential tenants are currently ongoing, so that by the end of the year we expect the occupancy rate – in what is still an extremely challenging market – to reach about 65%.

In the capital markets, another important step towards permanently simplifying the Group's capital structure was taken. On 22 June 2013, we launched a further repurchase programme for the participating certificates, which is open-ended. Another repurchase programme for the S IMMO Share was also decided on, authorising the repurchase of a further 3% of the share capital from 09 July 2013 until 18 December 2013 at the latest.

# Consolidated statement of financial position

as at 30 June 2013

| Assets                                            | NOTES  | 30 June 2013 | 31 December 2012 |
|---------------------------------------------------|--------|--------------|------------------|
| EUR '000                                          |        |              |                  |
| <b>NON-CURRENT ASSETS</b>                         |        |              |                  |
| Properties held as financial investments          |        |              |                  |
| Investment properties                             | 3.1.1. | 1,643,537    | 1,661,226        |
| Properties under development and undeveloped land | 3.1.1. | 20,649       | 20,157           |
|                                                   |        | 1,664,186    | 1,681,383        |
| Owner-operated properties                         | 3.1.2. | 124,677      | 128,202          |
| Other plant and equipment                         |        | 6,330        | 7,034            |
| Intangible assets                                 |        | 134          | 165              |
| Goodwill                                          |        | 10           | 10               |
| Interests in associated companies                 |        | 11,012       | 9,382            |
| Group interests                                   |        | 756          | 774              |
| Deferred tax assets                               |        | 34,166       | 38,504           |
|                                                   |        | 1,841,271    | 1,865,454        |
| <b>CURRENT ASSETS</b>                             |        |              |                  |
| Properties held for sale                          | 3.1.3. | 7,610        | 62,700           |
| Inventories                                       | 3.1.4. | 2,565        | 4,150            |
| Trade receivables                                 |        | 11,247       | 10,560           |
| Other accounts receivable                         |        | 21,204       | 8,116            |
| Other assets                                      |        | 5,930        | 5,776            |
| Cash and cash equivalents                         | 3.1.5. | 54,018       | 57,076           |
|                                                   |        | 102,574      | 148,378          |
|                                                   |        | 1,943,845    | 2,013,832        |

## Equity and liabilities

EUR '000

NOTES

30 June 2013 31 December 2012

### SHAREHOLDERS' EQUITY

|                           |        |         |         |
|---------------------------|--------|---------|---------|
| Share capital             |        | 244,318 | 244,705 |
| Capital reserves          |        | 72,893  | 73,005  |
| Other reserves            |        | 185,017 | 165,463 |
|                           |        | 502,228 | 483,173 |
| Non-controlling interests | 3.1.6. | 26,754  | 26,323  |
|                           |        | 528,982 | 509,496 |

### NON-CURRENT LIABILITIES

|                                                |        |           |           |
|------------------------------------------------|--------|-----------|-----------|
| Subordinated participating certificate capital | 3.1.7. | 219,351   | 222,483   |
| Financial liabilities                          | 3.1.8. | 871,477   | 973,426   |
| Provisions                                     |        | 6,230     | 9,853     |
| Other liabilities                              |        | 3,920     | 9,358     |
| Deferred tax liabilities                       |        | 68,722    | 68,966    |
|                                                |        | 1,169,700 | 1,284,086 |

### CURRENT LIABILITIES

|                       |        |           |           |
|-----------------------|--------|-----------|-----------|
| Financial liabilities | 3.1.8. | 207,472   | 180,352   |
| Trade payables        |        | 4,318     | 6,807     |
| Other liabilities     |        | 33,373    | 33,091    |
|                       |        | 245,163   | 220,250   |
|                       |        | 1,943,845 | 2,013,832 |

# Consolidated income statement

for the six months ended 30 June 2013

| EUR '000                                                                     | NOTES  | 01 – 06/2013 | 01 – 06/2012 |
|------------------------------------------------------------------------------|--------|--------------|--------------|
| Revenues                                                                     |        |              |              |
| Rental income                                                                | 3.2.1. | 58,967       | 60,604       |
| Revenues from operating costs                                                |        | 18,821       | 19,361       |
| Revenues from hotel operations                                               |        | 19,183       | 18,634       |
|                                                                              |        | 96,971       | 98,599       |
| <b>Other operating income</b>                                                |        | 3,538        | 3,724        |
| Expenses directly attributable to properties                                 | 3.2.2. | -30,093      | -33,871      |
| Hotel operating expenses                                                     | 3.2.2. | -15,352      | -15,285      |
| <b>Gross profit</b>                                                          |        | 55,064       | 53,167       |
| Income from property disposals                                               |        | 83,758       | 97,384       |
| Carrying value of property disposals                                         |        | -81,370      | -91,543      |
| <b>Gains on property disposals</b>                                           | 3.2.3. | 2,388        | 5,841        |
| Management expenses                                                          |        | -7,545       | -8,091       |
| <b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b> |        | 49,907       | 50,917       |
| Depreciation and amortisation                                                |        | -4,737       | -4,531       |
| Results from property valuation                                              |        | 2,810        | 4,650        |
| <b>Operating result (EBIT)</b>                                               |        | 47,980       | 51,036       |
| Financing costs                                                              | 3.2.4. | -24,431      | -28,639      |
| Participating certificates result                                            | 3.1.7. | -5,912       | -6,491       |
| <b>Net income before tax (EBT)</b>                                           |        | 17,637       | 15,906       |
| Taxes on income                                                              | 3.2.5. | -1,604       | -808         |
| <b>Consolidated net income for the period</b>                                |        | 16,033       | 15,098       |
| of which attributable to shareholders in parent company                      |        | 14,533       | 14,262       |
| of which attributable to non-controlling interests                           |        | 1,500        | 836          |
| Earnings per share                                                           |        |              |              |
| undiluted = diluted                                                          |        | 0.22         | 0.21         |

# Consolidated statement of total comprehensive income

for the six months ended 30 June 2013

| EUR '000                                                | 01 – 06/2013  | 01 – 06/2012 |
|---------------------------------------------------------|---------------|--------------|
| <b>Consolidated net income for the period</b>           | <b>16,033</b> | 15,098       |
| Change in value of cash flow hedges                     | 20,014        | -12,616      |
| Income tax related to other comprehensive income        | -4,535        | 2,440        |
| Foreign exchange rate differences                       | 375           | 2,127        |
| <b>Total comprehensive income for the period</b>        | <b>31,887</b> | 7,049        |
| of which attributable to shareholders in parent company | 29,646        | 7,101        |
| of which attributable to non-controlling interests      | 2,241         | -52          |

# Consolidated income statement

for the three months ended 30 June 2013

| EUR '000                                                                     | NOTES  | 04 – 06 / 2013 | 04 – 06 / 2012 |
|------------------------------------------------------------------------------|--------|----------------|----------------|
| Revenues                                                                     |        |                |                |
| Rental income                                                                | 3.2.1. | 29,574         | 30,501         |
| Revenues from operating costs                                                |        | 9,498          | 10,295         |
| Revenues from hotel operations                                               |        | 11,165         | 10,892         |
|                                                                              |        | 50,237         | 51,688         |
| <b>Other operating income</b>                                                |        | 1,197          | 649            |
| Expenses directly attributable to properties                                 | 3.2.2. | -15,603        | -17,590        |
| Hotel operating expenses                                                     | 3.2.2. | -8,159         | -8,277         |
| <b>Gross profit</b>                                                          |        | 27,672         | 26,470         |
| Income from property disposals                                               |        | 51,140         | 57,899         |
| Carrying value of property disposals                                         |        | -50,175        | -52,710        |
| <b>Gains on property disposals</b>                                           | 3.2.3. | 965            | 5,189          |
| Management expenses                                                          |        | -3,949         | -4,351         |
| <b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b> |        | 24,688         | 27,308         |
| Depreciation and amortisation                                                |        | -2,316         | -2,185         |
| Results from property valuation                                              |        | -1,290         | 800            |
| <b>Operating result (EBIT)</b>                                               |        | 21,082         | 25,923         |
| Financing costs                                                              | 3.2.4. | -10,065        | -12,365        |
| Participating certificates result                                            | 3.1.7. | -2,664         | -3,298         |
| <b>Net income before tax (EBT)</b>                                           |        | 8,353          | 10,260         |
| Taxes on income                                                              | 3.2.5. | 1,174          | -1,566         |
| <b>Consolidated net income for the period</b>                                |        | 9,527          | 8,694          |
| of which attributable to shareholders in parent company                      |        | 8,726          | 8,271          |
| of which attributable to non-controlling interests                           |        | 801            | 423            |
| Earnings per share                                                           |        |                |                |
| undiluted = diluted                                                          |        | 0.13           | 0.12           |

# Consolidated statement of total comprehensive income

for the three months ended 30 June 2013

| EUR '000                                                | 04-06/2013    | 04-06/2012 |
|---------------------------------------------------------|---------------|------------|
| <b>Consolidated net income for the period</b>           | <b>9,527</b>  | 8,694      |
| Change in value of cash flow hedges                     | 11,929        | -7,205     |
| Income tax related to other comprehensive income        | -2,746        | 1,469      |
| Foreign exchange rate differences                       | -1,457        | -530       |
| <b>Total comprehensive income for the period</b>        | <b>17,253</b> | 2,428      |
| of which attributable to shareholders in parent company | 15,925        | 2,590      |
| of which attributable to non-controlling interests      | 1,328         | -162       |

# Consolidated cash flow statement

for the six months ended 30 June 2013

| EUR '000                                       | 01 – 06/2013  | 01 – 06/2012   |
|------------------------------------------------|---------------|----------------|
| Operating cash flow                            | 49,224        | 46,231         |
| Changes in net current assets                  | -20,280       | -12,478        |
| Cash flow from operating activities            | 28,944        | 33,753         |
| Cash flow from investing activities            | 70,121        | 88,335         |
| Cash flow from financing activities            | -102,123      | -182,811       |
| <b>Total</b>                                   | <b>-3,058</b> | <b>-60,723</b> |
| Cash and cash equivalents as at 01 January     | 57,076        | 115,260        |
| Cash and cash equivalents as at 30 June        | 54,018        | 54,537         |
| <b>Net change in cash and cash equivalents</b> | <b>-3,058</b> | <b>-60,723</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 2013</b> | 244,705       | 73,005           | -19,568                              | -64,456                  | 249,487        | 483,173                       | 26,323                    | 509,496 |
| Net income for the period    | 0             | 0                | 0                                    | 0                        | 14,533         | 14,533                        | 1,500                     | 16,033  |
| 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 |
| <b>As at 30 June 2013</b>    | 244,318       | 72,893           | -19,193                              | -49,718                  | 253,928        | 502,228                       | 26,754                    | 528,982 |
| <b>As at 01 January 2012</b> | 246,341       | 73,416           | -22,040                              | -55,627                  | 231,952        | 474,042                       | 29,088                    | 503,130 |
| Net income for the period    | 0             | 0                | 0                                    | 0                        | 14,262         | 14,262                        | 836                       | 15,098  |
| Other comprehensive income   | 0             | 0                | 2,127                                | -9,288                   | 0              | -7,161                        | -888                      | -8,049  |
| Repurchase of own shares     | -643          | -117             | 0                                    | 0                        | 0              | -760                          | 0                         | -760    |
| Disposals                    | 0             | 0                | 0                                    | 0                        | 0              | 0                             | -1,507                    | -1,507  |
| Distribution                 | 0             | 0                | 0                                    | 0                        | -6,767         | -6,767                        | 0                         | -6,767  |
| <b>As at 30 June 2012</b>    | 245,698       | 73,299           | -19,913                              | -64,915                  | 239,447        | 473,616                       | 27,529                    | 501,145 |

# 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, Denmark and Cyprus. As at 30 June 2013, S IMMO Group owned properties in all of the above mentioned countries except Denmark and Cyprus. 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 and brokerage.

## 2. ACCOUNTING AND VALUATION POLICIES

### 2.1. Accounting policies

The consolidated interim financial statements for the six months ended 30 June 2013 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 2012.

In preparing the consolidated interim financial statements for the six months ended 30 June 2013, the accounting and valuation policies applied in the consolidated financial statements for the year ended 31 December 2012 have been applied substantially unchanged.

The financial statements for the six months ended 30 June 2013 have neither been audited nor reviewed by independent auditors.

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 2012.

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. 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's Group companies.

### 3. NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 3.1. Statement of financial position

##### 3.1.1. Properties held as financial investments

| EUR '000                      | Investment properties | Properties under development and undeveloped land |
|-------------------------------|-----------------------|---------------------------------------------------|
| <b>As at 01 January 2012</b>  | <b>1,716,899</b>      | <b>55,480</b>                                     |
| Additions                     | 6,544                 | 1,977                                             |
| Disposals                     | -55,957               | 0                                                 |
| Changes in fair value         | 23,940                | -4,800                                            |
| Reclassifications             | -30,200               | -32,500                                           |
| <b>As at 31 December 2012</b> | <b>1,661,226</b>      | <b>20,157</b>                                     |
| whereof pledged as security   | 1,586,424             | 0                                                 |
| Additions                     | 8,181                 | 492                                               |
| Disposals                     | -21,070               | 0                                                 |
| Changes in fair value         | 2,810                 | 0                                                 |
| Reclassifications             | -7,610                | 0                                                 |
| <b>As at 30 June 2013</b>     | <b>1,643,537</b>      | <b>20,649</b>                                     |
| whereof pledged as security   | 1,578,667             | 0                                                 |

Consisting of:

##### Investment properties

| EUR '000            | 30.06.2013       | 31.12.2012       |
|---------------------|------------------|------------------|
| Austria             | 529,604          | 529,391          |
| Germany             | 456,624          | 473,482          |
| Central Europe      | 300,853          | 302,438          |
| Southeastern Europe | 356,456          | 355,915          |
|                     | <b>1,643,537</b> | <b>1,661,226</b> |

##### Properties under development and undeveloped land

| EUR '000            | 30.06.2013    | 31.12.2012    |
|---------------------|---------------|---------------|
| Austria             | 0             | 0             |
| Germany             | 0             | 0             |
| Central Europe      | 5,697         | 5,639         |
| Southeastern Europe | 14,952        | 14,518        |
|                     | <b>20,649</b> | <b>20,157</b> |

##### 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. 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 two properties in Germany.

| EUR '000 | 30.06.2013   | 31.12.2012    |
|----------|--------------|---------------|
| Germany  | 7,610        | 29,700        |
| Austria  | 0            | 33,000        |
|          | <b>7,610</b> | <b>62,700</b> |

### 3.1.4. Inventories

Inventories essentially consist of freehold apartments under construction (in Austria) and are measured at cost of acquisition and construction. The carrying values in the consolidated financial statements as at 30 June 2013 amounted to kEUR 2,565 (31.12.2012: kEUR 4,150).

### 3.1.5. Cash and cash equivalents

| EUR '000      | 30.06.2013    | 31.12.2012    |
|---------------|---------------|---------------|
| Bank balances | 53,780        | 56,853        |
| Cash in hand  | 238           | 223           |
|               | <b>54,018</b> | <b>57,076</b> |

### 3.1.6. Non-controlling interests

The non-controlling interests of kEUR 26,754 (31 December 2012: kEUR 26,323) consisted principally of Einkaufszentrum Sofia G.m.b.H. & Co KG (35% interest).

### 3.1.7. Participating certificates (subordinated)

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:

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

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 six months ended 30 June 2013, the total share of income entitlements was kEUR 5,477 (31 December 2012: kEUR 12,018).

As at 30 June 2013, there were 2,773,962 participating certificates in issue. The total entitlements of participating certificate holders as of that date were EUR 79.07 per certificate (31 December 2012: EUR 80.20) 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 2013</b>                                    | <b>201,584</b>                    |                        |                       | <b>2,433</b>                                        | <b>204,017</b> |
| 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              |
| Income entitlements of participating certificate holders                                       |                                   |                        | 5,477                 |                                                     | 5,477          |
| Allocation of undisclosed reserves on property portfolio                                       |                                   |                        |                       | 435                                                 | 435            |
| <b>Participating certificates capital as at 30 June 2013</b>                                   | <b>201,584</b>                    | <b>9,422</b>           | <b>5,477</b>          | <b>2,868</b>                                        | <b>219,351</b> |
| <b>Per participating certificate (EUR)</b>                                                     | <b>72.67</b>                      | <b>3.40</b>            | <b>1.97</b>           | <b>1.03</b>                                         | <b>79.07</b>   |

| EUR '000                                                                                       | Participating certificate capital | Profit brought forward | Profit for the period | Share of undisclosed reserves on property portfolio | Total   |
|------------------------------------------------------------------------------------------------|-----------------------------------|------------------------|-----------------------|-----------------------------------------------------|---------|
| <b>Participating certificate capital – 01 January 2012</b>                                     | 211,137                           |                        |                       | 1,720                                               | 212,857 |
| Profit brought forward 01 January 2012                                                         |                                   | 7,345                  |                       |                                                     | 7,345   |
| Income entitlements of participating certificate holders from 2011                             |                                   |                        | 10,595                |                                                     | 10,595  |
| Distribution – 18 May 2012                                                                     |                                   |                        | -11,186               |                                                     | -11,186 |
| Change in profit brought forward pursuant to Clause 5(6), Participating Certificates Agreement |                                   | -591                   | 591                   |                                                     | 0       |
| Repurchase and retirement of 131,464 participating certificates                                | -9,553                            | -306                   |                       | -78                                                 | -9,937  |
| Income entitlements of participating certificate holders                                       |                                   |                        | 12,018                |                                                     | 12,018  |
| Allocation of undisclosed reserves on property portfolio                                       |                                   |                        |                       | 791                                                 | 791     |
| <b>Participating certificates capital as at 31 December 2012</b>                               | 201,584                           | 6,449                  | 12,018                | 2,433                                               | 222,483 |
| <b>Per participating certificate (EUR)</b>                                                     | 72.67                             | 2.32                   | 4.33                  | 0.88                                                | 80.20   |

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.

### 3.1.8. Financial liabilities

The short-term and long-term financial liabilities amounted to kEUR 1,078,949 (31 December 2012: kEUR 1,153,778) in total, and were made up as follows:

| EUR '000                                 | 30.06.2013       | 31.12.2012       |
|------------------------------------------|------------------|------------------|
| Remaining maturity less than 1 year      | 207,472          | 180,352          |
| Remaining maturity between 1 and 5 years | 449,831          | 472,484          |
| Remaining maturity over 5 years          | 421,646          | 500,942          |
|                                          | <b>1,078,949</b> | <b>1,153,778</b> |

### 3.1.9. Derivatives

S IMMO Group uses caps, collars and swaps to hedge interest rate risks. These derivatives were disclosed under non-current financial liabilities (30.06.2013: kEUR 76,660; 31.12.2012: kEUR 97,021) and under other financial assets (30.06.2013: kEUR 4; 31.12.2012: kEUR 30). The fair value measurement of derivatives is based on estimates made by banks. In the first six months of 2013 a revenue of kEUR 20,014 was recognised under equity without affecting the income statement; and kEUR 322 were recognised as financial income in the consolidated income statement.

#### 30.06.2013

| EUR '000     | Nominal        | Positive fair value | Negative fair value |
|--------------|----------------|---------------------|---------------------|
| Swaps        | 455,955        | 0                   | -60,972             |
| Caps         | 151,884        | 4                   | -2,232              |
| Collars      | 200,000        | 0                   | -13,456             |
| <b>Total</b> | <b>807,839</b> | <b>4</b>            | <b>-76,660</b>      |

31.12.2012

| EUR '000     | Nominal          | Positive fair value | Negative fair value |
|--------------|------------------|---------------------|---------------------|
| Swaps        | 457,470          | 0                   | -76,262             |
| Caps         | 385,089          | 30                  | -2,804              |
| Collars      | 200,000          | 0                   | -17,956             |
| <b>Total</b> | <b>1,042,559</b> | <b>30</b>           | <b>-97,021</b>      |

### 3.2. Consolidated income statement

#### 3.2.1. Rental income

Rental income by property use type was as follows:

| EUR '000    | 01-06/2013    | 01-06/2012    |
|-------------|---------------|---------------|
| Office      | 20,543        | 21,282        |
| Residential | 11,478        | 13,237        |
| Retail      | 22,887        | 22,042        |
| Hotels      | 4,059         | 4,043         |
|             | <b>58,967</b> | <b>60,604</b> |

#### 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 average number of employees in the Group was 505, including hotel staff (Q2 2012: 519). Personnel expenses for the hotels are disclosed under hotel operations.

#### 3.2.3. Gains on property disposals

In the first two quarter of 2013, two residential properties in Berlin and one office property in Bremen were sold. Moreover, a residential property in Vienna as well as a freehold flat in the Viennese property Neutor 1010 were sold.

EUR '000

01-06/2013 01-06/2012

#### Disposal proceeds

|                                          |               |               |
|------------------------------------------|---------------|---------------|
| Properties held as financial investments | 17,850        | 30,708        |
| Properties held for sale                 | 62,990        | 64,570        |
| Inventories                              | 2,918         | 2,106         |
|                                          | <b>83,758</b> | <b>97,384</b> |

#### Carrying value of property disposals

|                                          |                |                |
|------------------------------------------|----------------|----------------|
| Properties held as financial investments | -17,160        | -27,608        |
| Properties held for sale                 | -62,700        | -62,800        |
| Inventories                              | -1,510         | -1,135         |
|                                          | <b>-81,370</b> | <b>-91,543</b> |

#### Gains on property disposals

|                                          |              |              |
|------------------------------------------|--------------|--------------|
| Properties held as financial investments | 690          | 3,100        |
| Properties held for sale                 | 290          | 1,770        |
| Inventories                              | 1,408        | 971          |
|                                          | <b>2,388</b> | <b>5,841</b> |

#### 3.2.4. Financing costs

Net financing costs were made up as follows:

| EUR '000          | 01-06/2013     | 01-06/2012     |
|-------------------|----------------|----------------|
| Financing expense | -25,797        | -29,124        |
| Financing income  | 1,366          | 485            |
|                   | <b>-24,431</b> | <b>-28,639</b> |

In the first half of 2013, financing costs included a non-cash foreign exchange loss of kEUR 483 (first half of 2012: kEUR -1,831).

#### 3.2.5. Taxes on income

| EUR '000                    | 01-06/2013    | 01-06/2012  |
|-----------------------------|---------------|-------------|
| Current tax expense         | -1,213        | -3,828      |
| Deferred tax income/expense | -391          | 3,020       |
|                             | <b>-1,604</b> | <b>-808</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 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.

**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, and the subsidiary in Cyprus, which is related to the Group companies in Romania.

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

#### 5. OTHER OBLIGATIONS AND CONTINGENT LIABILITIES

In S IMMO Group there were a number of open legal disputes as at 30 June 2013, however in Management's opinion neither the individual amounts involved nor the total were material.

| EUR '000                        | Austria       |               | Germany       |               | Central Europe |               |
|---------------------------------|---------------|---------------|---------------|---------------|----------------|---------------|
|                                 | 2013          | 2012          | 2013          | 2012          | 2013           | 2012          |
| Rental income                   | 15,631        | 15,621        | 15,269        | 16,944        | 11,367         | 12,175        |
| Revenues from operating costs   | 4,225         | 4,074         | 5,269         | 5,809         | 3,471          | 3,691         |
| Revenues from hotel operations  | 10,881        | 11,085        | 0             | 0             | 8,302          | 7,549         |
| <b>Total revenues</b>           | <b>30,737</b> | <b>30,780</b> | <b>20,538</b> | <b>22,753</b> | <b>23,140</b>  | <b>23,415</b> |
| Other operating income          | 1,523         | 2,718         | 1,507         | 920           | 161            | 111           |
| Property operating expenses     | -6,183        | -6,418        | -11,493       | -12,274       | -4,321         | -4,163        |
| Hotel operating expenses        | -9,548        | -9,667        | 0             | 0             | -5,804         | -5,618        |
| <b>Gross profit</b>             | <b>16,529</b> | <b>17,413</b> | <b>10,552</b> | <b>11,399</b> | <b>13,176</b>  | <b>13,745</b> |
| Gains on property disposals     | 1,698         | 2,575         | 690           | 3,266         | 0              | 0             |
| Management expenses             | -4,935        | -5,068        | -1,635        | -1,891        | -582           | -533          |
| <b>EBITDA</b>                   | <b>13,292</b> | <b>14,920</b> | <b>9,607</b>  | <b>12,774</b> | <b>12,594</b>  | <b>13,212</b> |
| Depreciation and amortisation   | -1,758        | -1,813        | -49           | -83           | -2,362         | -2,087        |
| Results from property valuation | 0             | 0             | 5,310         | 4,650         | -2,500         | 0             |
| <b>EBIT</b>                     | <b>11,534</b> | <b>13,107</b> | <b>14,868</b> | <b>17,341</b> | <b>7,732</b>   | <b>11,124</b> |

|                                                                       | 30.06.2013 | 31.12.2012 | 30.06.2013 | 31.12.2012 | 30.06.2013 | 31.12.2012 |
|-----------------------------------------------------------------------|------------|------------|------------|------------|------------|------------|
| Non-current assets                                                    | 622,645    | 626,758    | 458,099    | 475,052    | 370,675    | 373,831    |
| Non-current liabilities (incl. participating certificates in Austria) | 531,685    | 663,238    | 240,856    | 266,086    | 200,010    | 203,332    |

## 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

S IMMO Group's managing bodies are as follows:

### S IMMO AG Management Board

- Ernst Vejdovsky, Vienna (CEO)
- Friedrich Wachernig MBA, Vienna
- Until 31 January 2013: Holger Schmidtmayr MRICS, Vienna

### S IMMO AG Supervisory Board

- Martin Simhandl, Vienna (Chairman)
- Ralf Zeitlberger, Vienna  
(since 12 June 2013: first deputy chairman)
- Franz Kerber, Graz (second deputy chairman)
- Since 12 June 2013: Andrea Besenhofer, Vienna
- Christian Hager, Krems
- Erwin Hammerbacher, Vienna
- Michael Matlin MBA, New York
- Wilhelm Rasinger, Vienna
- Until 12 June 2013: Gerald Antonitsch, Vienna  
(first deputy chairman)

| Southeastern Europe |            | Total      |            |
|---------------------|------------|------------|------------|
| 2013                | 2012       | 2013       | 2012       |
| 16,700              | 15,864     | 58,967     | 60,604     |
| 5,856               | 5,787      | 18,821     | 19,361     |
| 0                   | 0          | 19,183     | 18,634     |
| 22,556              | 21,651     | 96,971     | 98,599     |
| 347                 | -25        | 3,538      | 3,724      |
| -8,096              | -11,016    | -30,093    | -33,871    |
| 0                   | 0          | -15,352    | -15,285    |
| 14,807              | 10,610     | 55,064     | 53,167     |
| 0                   | 0          | 2,388      | 5,841      |
| -393                | -599       | -7,545     | -8,091     |
| 14,414              | 10,012     | 49,907     | 50,917     |
| -568                | -548       | -4,737     | -4,531     |
| 0                   | 0          | 2,810      | 4,650      |
| 13,846              | 9,464      | 47,980     | 51,036     |
| 30.06.2013          | 31.12.2012 | 30.06.2013 | 31.12.2012 |
| 389,852             | 389,813    | 1,841,271  | 1,865,454  |
| 197,149             | 151,431    | 1,169,700  | 1,284,086  |

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

| EUR '000                               | 30.06.2013     | 31.12.2012     |
|----------------------------------------|----------------|----------------|
| Other receivables                      | 1,416          | 1,123          |
| Bank balances                          | 13,111         | 34,159         |
| <b>Receivables</b>                     | <b>14,527</b>  | <b>35,283</b>  |
| EUR '000                               | 30.06.2013     | 31.12.2012     |
| Non-current liabilities to banks       | 397,492        | 416,702        |
| Non-current financial liabilities      | 37,080         | 51,469         |
| Current bank and financial liabilities | 92,281         | 45,632         |
| Trade payables                         | 71             | 88             |
| Other liabilities                      | 395            | 236            |
| <b>Liabilities</b>                     | <b>527,319</b> | <b>514,128</b> |

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 / 2013 | 01 – 06 / 2012 |
|---------------------------------------------------|----------------|----------------|
| Management fees –<br>Erste Group Immorent AG      | -708           | -676           |
| Bank loan interest,<br>other interest and charges | -11,943        | -13,862        |
| Other expenses                                    | -896           | -1,198         |
| <b>Expenses</b>                                   | <b>-13,547</b> | <b>-15,736</b> |
|                                                   |                |                |
| EUR '000                                          | 01 – 06 / 2013 | 01 – 06 / 2012 |
| Rent and revenues from<br>operating costs         | 344            | 372            |
| Bank interest                                     | 64             | 98             |
| Other interest income                             | 19             | 66             |
| <b>Income</b>                                     | <b>427</b>     | <b>536</b>     |

## 7. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In the third quarter of 2013, another 46,294 Shares at a price of kEUR 214 as well as 51,935 participating certificates at a price of kEUR 3,833 were repurchased.

Vienna, 26 August 2013

Management Board

Ernst Vejdovszky 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

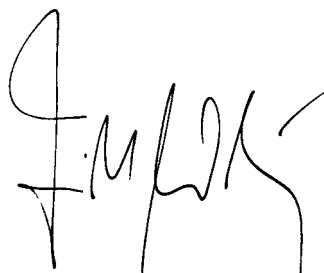
of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.”

Vienna, 26 August 2013

The Management Board



Ernst Vejdovszky  
(CEO)



Friedrich Wachernig  
(Member of the Management Board)

# Financial calendar 2013

|                  |                                           |
|------------------|-------------------------------------------|
| 27 August 2013   | Results for the first half year 2013      |
| 21 November 2013 | Results for the first three quarters 2013 |

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