

EANS-Adhoc: S IMMO AG / dividend to be raised by 50%

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annual result/dividend

S IMMO AG: dividend to be raised by 50%

- S IMMO confirms preliminary results for 2012
- Highest EBIT in the Group's history
- Net income for the year increased by 22.5% to EUR 26.0m
- Ratio of EBITDA to portfolio value exceptionally strong at 5.3%
- FFO yield of 10.1%
- Dividend proposal: EUR 0.15 per share

Stock exchange listed S IMMO AG (Bloomberg: SPI:AV, Reuters: SIAG.VI) confirms its preliminary results for 2012. It has been another very successful financial year, underlined by profitable property sales, improvements in key performance indicators and the highest EBIT in the Group's history.

Positive developments in hotel market

Rental income in 2012 totalled EUR 118.5m, compared with EUR 125.9m in 2011. The difference is wholly attributable to property disposals. Revenues from hotel operations increased from EUR 40.6m in 2011 to EUR 42.0m. This pushed gross profit from hotel operations up from EUR 9.0m to EUR 9.9m, an increase of 9.1%.

The total gross profit for the year came to EUR 104.4m, as opposed to EUR 107.0m in 2011. The main reason for this slight decrease was the property sales, which reduced the property portfolio by 5.8%.

Profitable property sales

In the financial year 2012, the proceeds of property disposals came to EUR 132.2m, compared with EUR 46.5m in 2011. This meant that S IMMO significantly exceeded its EUR 100m target of property sales for 2012. Gains on disposals came to EUR 10.8m (2011: EUR 11.6m). EBITDA came to EUR 98.8m, compared with EUR 101.4m in 2011, and the EBITDA margin was raised from 48.8% in 2011 to slightly over 50% in 2012. The ratio of EBITDA to the value of the property portfolio is 5.3%, an exceptionally good result compared with the international industry average of roughly 4%.

EBIT at record level

Gains on property revaluations totalled EUR 16.8m (2011: EUR 0.1m). There were valuation gains on the Austrian and German property portfolios, reflecting the positive trends in both countries. In contrast, there were reductions in value in Central and Southeastern Europe. The overall gains contributed to increases in operating profits (EBIT) of EUR 14.5m, to EUR 106.8m in 2012 as opposed to EUR 92.3m in 2011. This was an impressive 15.7% increase, and pushed EBIT up to the highest level in the Group's history.

Consolidated net income up by 22.5%

For the financial year 2012, financing costs (not including participating certificate costs) amounted to EUR 61.8m (2011: EUR 51.5m). This included a non-cash foreign exchange loss of EUR 2.0m, as compared with a foreign exchange gain of EUR 7.3m in 2011, together with non-cash-effective valuation effects on derivatives of EUR 8.0m (2011: EUR 0). The results for the financial year as a whole were more than satisfactory, with consolidated net income of EUR 26.0m. This was a substantial increase of 22.5% compared with the EUR 21.2m achieved in 2011, and was delivered despite the reduction in size of the property portfolio.

Key indicators up

Funds from operations (FFO) in the fourth quarter continued the positive performance trend seen in the preceding three quarters of 2012, and for the whole financial year totalled EUR 33.0m (2011: EUR 28.9m), an increase of 14.3%. The FFO yield, calculated on the basis of the Group's market

capitalisation, was a very respectable 10.1%. Net operating income (NOI) decreased slightly by 1.7% to EUR 97.5m as a result of the property disposals (2011: EUR 99.3m), while the NOI margin improved by 1.8 percentage points to 49.6%.

Balance sheet net asset value (NAV) increased in the year under review, and at 31 December 2012 stood at EUR 7.17 per share, compared with EUR 6.96 a year earlier. EPRA NAV also improved to EUR 9.18 (31 December 2011: EUR 8.70) per share.

Capital markets: proposed dividend increase to EUR 0.15 per share
S IMMO's share price performance for 2012 (including dividend payment) was 9.1% - a good sign, but Management still sees considerable potential for improvement. The share repurchase programme continued, as did the repurchase of S IMMO INVEST participating certificates, in order to simplify the capital structure in the medium term.

In the Management Board's opinion the marked improvement in S IMMO's results justifies a significant increase in dividend: In the Annual General Meeting on 12 June 2013 a 50% increase in the dividend to EUR 0.15 per share will be proposed. The distribution will take the form of a tax-free capital repayment.

Outlook for 2013

As in 2012, S IMMO Group will in 2013 again focus on improving its key earnings indicators. It will again take advantage of the favourable climate in the German real estate market to sell properties at a profit. The Company will also exploit favourable purchase opportunities, particularly in Berlin. Further letting successes and higher rental income from refurbished properties in Germany will also continue to be the focus of activities.

Property-related costs and administrative expenses will be further optimised. The existing lean management structures will be continuously refined to further enhance cost effectiveness. In its financing, the Group's medium-term objective is to reduce its loan to value ratio to under 50%.

Consolidated income statement for the year ended 31 December 2012 EUR m / fair value basis

	01 - 12/2012	01 - 12/2011
Revenues	196.7	207.8
Rental income	118.5	125.9
Revenues from operating costs	36.2	41.3
Revenues from hotel operations	42.0	40.6
Other operating income	6.9	7.7
Expenses directly attributable to properties	-67.0	-77.0
Hotel operating expenses	-32.1	-31.6
Gross profit	104.4	107.0
Income from property disposals	132.2	46.5
Carrying value of property disposals	-121.4	-34.9
Gains on property disposals	10.8	11.6
Management expenses	-16.4	-17.2
Earnings before interest, tax, depreciation and amortisation (EBITDA)	98.8	101.4
Depreciation and amortisation	-8.8	-9.3
Gains on property valuation	16.8	0.1
Operating result (EBIT)	106.8	92.3
Financing costs	-61.8	-51.5
Participating certificates result	-12.8	-11.2
Net income before tax (EBT)	32.2	29.6
Taxes on income	-6.2	-8.4
Consolidated net income	26.0	21.2
of which attributable to shareholders in parent company	24.3	20.0
of which attributable to non-controlling interests	1.7	1.2
Earnings per share (EUR)	0.36	0.29

Property key figures		31.12.2012
Standing properties	number	218
Total usable space	m2	1,340,607
Gross rental yield	%	6.7
Occupancy rate	%	92.0

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