

Report on Item 8 of the Agenda
of the
29th Annual General Meeting
of
S IMMO AG
on 03 May 2018

Report by the Management Board of S IMMO AG in accordance with Sections 170 (2) in conjunction with Section 153 (4) AktG for authorisation to exclude subscription rights in combination with the authorisation of the Management Board to increase the share capital under Section 169 AktG in exchange for cash contributions or contributions in kind

1. Authorisation

In the 29th Annual General Meeting of S IMMO AG (the “Company”), the following resolution is to be proposed on agenda item 8:

For a period of five years after the corresponding amendment of the articles of incorporation is entered in the commercial register, the Management Board is authorised according to section 169 AktG, with the approval of the Supervisory Board, to increase the share capital in one or more tranches by up to EUR 48,628,711.07 by issuing up to 13,383,435 new ordinary bearer shares in the company in exchange for cash contributions or contributions in kind and to set the issue price, which must not be less than the proportionate interest in the share capital, and the terms and conditions of the issue with the agreement of the Supervisory Board. The Management Board is authorised, with the approval of the Supervisory Board, to fully or partially exclude the shareholders’ subscription right (i) if the capital increase is in exchange for a cash contribution and the total interest in the company’s share capital notionally attributable to the shares issued in exchange for a cash contribution with the subscription right excluded does not exceed the limit of 10% (ten percent) of the company’s share capital at the date the authorisation is exercised, (ii) if some or all of the capital increase is in exchange for a contribution in kind, (iii) to serve an over-allotment option (greenshoe) or (iv) for the elimination of fractional amounts. The total interest in the share capital notionally attributable to the sum of the shares issued in accordance with this authorisation with the shareholders’ subscription right excluded in exchange for a cash contribution or contribution in kind must not exceed 20% (twenty percent) of the company’s share capital at the date the authorisation was granted. All subscription and conversion rights to new shares granted for a convertible, exchangeable or warrant-linked bond issued during the term of this authorisation with the subscription or conversion right excluded must be counted towards this limit. The Supervisory Board is authorised to amend the articles of incorporation in connection with the issue of shares out of authorised capital.

To prepare this resolution, pursuant to Sections 170 (2) in conjunction with Section 153 (4) AktG, the Management Board submits a written report on the reasons for the authorisation to exclude the subscription rights and also stating the proposed issue price for the shares.

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2. General

The Company's authorised capital was not utilised, and expired on 19 June 2017. To continue to provide the company with flexibility for corporate actions, a proposal shall be submitted to the Annual General Meeting to renew the authorised capital – however, in an amount of only 20% of the share capital – while authorising the Management Board to exclude subscription rights.

Under the proposed resolution, the authorisation to exclude subscription rights in whole or in part pertains to the following cases:

- (i) utilisation of the authorised capital in exchange for cash (capital increase in cash). In this case, the restriction applies that the shares issued by the Company in exclusion of subscription rights cannot exceed the limit of 10% of the Company's share capital (at the time the authorisation is exercised);
- (ii) capital increase for contributions in kind;
- (iii) grant of an overallotment option (greenshoe) for a capital increase in cash; and
- (iv) to make up for any fractional amounts.

3. Cash capital increase

The authorisation to exclude some or all shareholder subscription rights in the event of a capital increase in cash is in the company's interest for the following reasons:

It is in the company's interest to quickly cover a financing requirement or reinforce the Company's capital structure by issuing larger stock packages. Such financing requirement may relate in particular to financing a company acquisition or purchasing real estate, or to cover a need for refinancing the Company or one of its subsidiaries, e.g. to pay out a bond, convertible bond, credit, or other financing. Particularly in these cases, it may be necessary or useful to quickly issue shares of the Company, such as via *accelerated book building*.

A capital increase can take place much faster and cost efficient if subscription rights are excluded, because if stocks are issued with subscription rights, there is a minimum two-week subscription period for the shareholders (Section 153 (1) AktG) on the one hand, and there is a much longer preparatory period to create and approve the listing prospectus on the other. Issuing the shares with the exclusion of subscription rights and refraining from a prospectus circumvents these disadvantages. A prospectus-free issue can also significantly reduce the liability risks of the company compared with a listing that includes a prospectus.

The new shares can also be listed for trading immediately after issue – without approval and publication of a listing prospectus, because under Art. 1 (5) of Regulation EU 2017/1129, securities are not subject to the obligation to publish a prospectus, provided that they represent, over a period of 12 months, less than 20% of the number of securities already admitted to trading on the same regulated market.

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By issuing larger stock packages with the exclusion of subscription rights, the Company shareholder structure can also be expanded or stabilised. First, this concerns anchoring of the Company's shareholder base with institutional investors (especially financial investors and strategic investors). With a (partial) exclusion of the subscription right, the Company is able to address an institutional investor, or a range of selected institutional investors, who commit to subscribe to a certain number of shares (so-called "anchor investors") in advance. Being able to commit to a certain allotment of new shares to such investor(s) means in general that, on the one hand, a higher issue price for the new shares may be realised, and on the other a fixed placement and subscription of shares by an anchor investor renders a positive signal and enhances the general transaction security for the subsequent rights issue of the Company.

Furthermore, based on strategic reasons with respect to the business activities of the Company it can be appropriate to acquire an investor as new shareholder who, due to knowledge and/or investment capital, broadens the business activities for the company or stabilises and strengthens the market position of the Company.

By complying with a two-week subscription period there is a risk that institutional investors may not be addressed, or only with a reduced volume, because of the allocation structure and/or the exposure of the investors to market risks during the subscription period.

The capital increase with exclusion of shareholder subscription rights allows for quick placement within a short offer period. In this manner, the Company can swiftly and flexibly exploit market opportunities, in particular regarding the price level of the shares, for a capital increase.

This applies in particular to negative share price developments during the offer period with adverse effects on the success or the costs of the corporate action (especially in volatile markets) and the avoidance of a risk of speculation (short selling) against the share during the offer period. Reducing the placement risk is important especially in a difficult stock market environment. Especially in an unstable and volatile market environment due to macro-economic factors, the Company can be subject to market-driven price risks of the shares.

The authorisation for excluding subscription rights allows the Company in particular to use the benefits of accelerated book building, thereby greatly reducing the placement risk associated with a capital increase.

With accelerated book building, the Company can assess the market price precisely and more swiftly during a short offer period; this would not be possible if the offer included subscription rights because in this case, the issue price would be determined in the course of the offer period.

Thus, accelerated book building can minimise the risk that defined conditions are no longer in line with market conditions by the time actual market placement occurs. Experience shows that market views can be subject to significant changes within a two-week subscription period. However, if an issue (partially) excludes subscription rights, the Company can define an optimum issue price, taking account of current market conditions – if possible – in a relatively quick and flexible manner and using this for the capital increase.

International practice has also shown that better pricing has been achieved in the course of accelerated book building due to the immediate placement, which eliminates market risk factors otherwise reducing the offered

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price from institutional investors. Accelerated book building also provides higher transaction security, as the claw-back risk for institutional shareholders in the course of placements with subscription rights is detrimental for the placement with institutional investors. The (partial) exclusion of subscription rights for a capital increase in exchange for a cash contribution reduces this claw-back risk, because not (all) of the allocation is subject to the exercise of subscription rights; thus, discounts of the investors on the issue price can be reduced.

The authorisation for exclusion of subscription rights is suitable, necessary and reasonable:

The authorisation of the Management Board regarding the above-mentioned exclusion of the subscription right is both suitable and necessary in order to raise equity in a quick and flexible way to address financial needs or to strengthen the Company's capital structure and to extend or stabilise the shareholder structure of the Company and to address certain groups of investors as well as to exploit market opportunities swiftly and flexibly and to reduce the placement risk.

Within the scope of standard trading volume, the shareholders are free to purchase shares via the stock exchange. Consequently, even in the case of a capital increase with the exclusion of shareholder subscription rights, shareholders would have the opportunity to avoid a dilution of their shares by purchasing shares on the stock exchange. If subscription rights were excluded in the case of a capital increase in return for cash contribution to a limit of 10% of the share capital, a dilution of the shareholding quota in the value of the enterprise as well as voting rights would be confined to reasonable limits. Even if excluding the subscription rights poses some disadvantages to the existing shareholders, limiting the share capital increase to 10% of the share capital will keep these disadvantages within reasonable limits. For this reason, German stock corporation laws generally consider the exclusion of subscription rights to be permissible.

For the above reasons, the company's interest in the goals pursued by the exclusion of subscription rights and the relevant actions – which are also in the interest of all shareholders – take priority, so the exclusion of shareholder subscription rights is not unreasonable.

In sum, in consideration of all conditions listed above, it can be said that the exclusion of subscription rights is required, suitable and – in the overwhelming interest of the company – it is objectively justified and appropriate.

4. Capital increase in exchange for contributions in kind

The Management Board is to be authorised to exclude the subscription rights in whole or in part for capital increases in exchange for contributions in kind.

This would enable the Management Board upon consent of the Supervisory Board in suitable cases to acquire real estate, companies, parts of companies and shareholdings, especially companies that hold real estate, or other assets in exchange for company shares.

Depending on market conditions and future company development, strategic transactions will be enabled and it may be useful or necessary when acquiring real estate, companies, parts of companies and shareholdings, especially in companies that hold real estate or other assets, to use company shares as consideration or to issue

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them as consideration, either in order to provide a settlement for shareholders of the relevant target company or – if the seller prefers – to receive company shares instead of cash.

Potential sellers often prefer buyers who offer listed shares in exchange for an acquisition. This generally has advantages under tax law for the seller. Moreover, the seller can optimally generate remuneration by taking advantage of relevant market developments with the flexible sale option of shares received in consideration.

Investments/acquisitions in exchange for shares is beneficial for the company as well, because this form of financing does not increase the company's need for liquidity and does not carry interest expenses. Particularly when financial resources are tight and/or it is more difficult to obtain external funds, the use of shares from authorised capital for investments/acquisitions is often a useful form of consideration. The option to use shares from authorised capital as a currency for acquisition gives the company the required flexibility to use acquisition opportunities quickly and flexibly.

Particularly contributions in kind generally require the exclusion of shareholder subscription rights, because the assets to be contributed usually have a unique composition (such as real estate, companies, parts of companies and shareholdings, especially companies that hold real estate or other assets) and cannot be contributed by all shareholders.

The exclusion of subscription rights in the event of capital increases for contributions in kind for the provision of real estate, companies, parts of companies and shareholdings, especially in companies that hold real estate or other assets is therefore in the interest of the company and its shareholders, particularly as this type of investment/acquisition can have an advantage over other investors/bidders and does not burden the company with financing expenses.

If the company wants to make a certain investment/acquisition, the exclusion of subscription rights is suitable and necessary to achieve the above goals. In consideration of the interests, the interest of the company and shareholders in the investment/transaction takes priority.

5. Exclusion of subscription rights for overallotment options

In the course of placement of new shares of the Company, it may be advantageous to grant overallotment options (“greenshoe”). Greenshoe is used when the new issue of shares is oversubscribed, i.e. when the demand for new shares exceeds the supply. Overallotment offers the opportunity to issue additional shares under the same terms as the shares originally issued in the course of the capital increase. This market standard measure aims at stabilising the share price after placement and as such is not only in the interest of the Company, but also of the shareholders. To perform this function, the subscription rights for shareholders must be excluded for the greenshoe option by the Management Board.

6. Exclusion of subscription rights to make up for fractional amounts

The authorisation of the Management Board to exclude subscription rights to make up for fractional amounts serves the purpose of achieving a useful conversion ratio in relation to the amount of the capital increase in return for contribution of cash considerations. Without such exclusion of subscription rights, the technical execution of

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the capital increase may be hindered, especially in case of a capital increase by an even sum. The new shares, which have been excluded from shareholders' subscription rights as fractional amounts, will either be sold on the stock market (stock exchange) or in any other manner be utilised for the Company in the best possible way. This procedure is in line with market standards and objectively justified since the costs of subscription right trading in the event of fractional amounts are disproportionate in relation to the shareholders' advantage.

7. Justification of the issue price

The issue price for the shares of the Company in case of a capital increase in return for contributions in cash with (partial) exclusion of shareholders' subscription rights will be set depending on market conditions and the current share price level.

If subscription rights are excluded as part of a capital increase for contributions in kind, the Management Board, with the authorisation of the Supervisory Board, will use the authorised capital only if the issue price of the shares to be agreed with the provider of a contribution in kind is reasonable in account of the acquisition of the contribution in kind given in consideration.

The offering price in the case of overallotment options (greenshoe) is identical to the offering price of the shares to be issued in the course of the original capital increase.

8. Further reporting

In the event that subscription rights are excluded for a capital increase from authorised capital, the Management Board must publish a further report under Sections 171 (1) in conjunction with Section 153 (4) AktG no later than two weeks before the relevant resolution is adopted by the Supervisory Board.

Vienna, April 2018

The Management Board

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