

# Dear Shareholders,

After high-volume disposals in 2016 and 2017, 2018 represented a year of transition for S IMMO AG. Regardless of this, the company managed to significantly increase its Group result to EUR 204.2m and the FFO I to a record level. This was possible thanks to a very good valuation result from strong operating activities, positive sentiment on the real estate markets and the successful cycle-oriented strategy of the company. S IMMO was also very successful in project development: Both of its office properties Einsteinova Business Center in Bratislava and The Mark in Bucharest were completed on schedule and successfully let in 2018 and in the beginning of 2019, respectively.

In the 2019 financial year, S IMMO AG will continue working to create value for its shareholders. As in the previous financial years, the Supervisory Board will advise and assist the Management Board in its undertakings.

In its meetings and the meetings of its committees, the Supervisory Board discharged its duties under the law, the company's articles of incorporation and the Group's internal rules and procedures, advised the Management Board on strategic issues in particular and monitored its activities in the reporting period.

The 29<sup>th</sup> Annual General Meeting of S IMMO AG was held at the Vienna Marriott Hotel on 03 May 2018. The agenda items and voting results have been published on the company's website [www.simmoag.at](http://www.simmoag.at).

Beginning in financial year 2018, Supervisory Board remuneration for the Supervisory Board members elected by the Annual General Meeting is as follows until further notice: Annual remuneration is EUR 40,000 for the Chairman of the Supervisory Board, EUR 30,000 for the Deputy Chairmen of the Supervisory Board and EUR 20,000 for every other member of the Supervisory Board. Every member of the Supervisory Board also receives a meeting fee of EUR 1,000 for each Supervisory Board meeting or Supervisory Board committee meeting attended.

In addition to the Annual General Meeting, six Supervisory Board meetings were held in the reporting period, where the average attendance of Supervisory Board members was 89%. No members were absent at more than half of the meetings.

During the six Supervisory Board meetings, the Supervisory and Management Boards of S IMMO AG discussed the Group's economic situation, its risk and opportunity management, its strategic direction and its business development. At the meetings, the Management Board reported to the Supervisory Board on the



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Group's business affairs and finances as well as on strategic issues. In 2018, no agenda items were discussed at any Supervisory Board meeting without the attendance of any Management Board members.

S IMMO AG has subscribed to the Austrian Code of Corporate Governance since 2007. The voluntary obligations contained therein go beyond the statutory requirements applicable to public limited companies and are designed to ensure even greater transparency in reporting.

The Supervisory Board has formed three committees: the Management Board Committee (Remuneration Committee), the Audit Committee and the Working Committee. The duties, the number of meetings and the composition of the committees are detailed in the corporate governance report on page 23. The Audit Committee exercised the duties and authority assigned to it by law, and met twice in the reporting year. Its agenda particularly covered the accounting process, the auditing of the consolidated financial statements, the Internal Control System, risk management, the audit system and compliance and anti-corruption issues.

In preparation for the Supervisory Board's nomination of auditors for the company's individual and consolidated annual financial statements, the Audit Committee reviewed the documentation submitted by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft evidencing their authorisation to practise as auditors. A written report confirmed that there were neither grounds for exclusion nor any circumstances that could give rise to concerns about conflicts of interest of the auditors. In addition, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuer-

beratungsgesellschaft reported on its involvement in the external quality assurance system set up by the Austrian Auditor Supervision Act and proper registration as well as presented a list of the remuneration received from the company for the preceding financial year broken down by category of services. When selecting the auditors of the individual and consolidated financial statements, the Audit Committee also took into account the appropriateness of the auditor's fee. The Audit Committee reported to the Supervisory Board on the outcomes of its reviews and its findings in these matters. On this basis, the Supervisory Board proposed to the Annual General Meeting the appointment of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as auditors of the company's individual and consolidated annual financial statements for the financial year 2018.

The Audit Committee of the Supervisory Board also accepted the submission of the annual financial statements as of 31 December 2018 by the Management Board, together with the management report and the corporate governance report. In the course of this review, the Management Board's proposal for the distribution of profits was also discussed. The Audit Committee also reviewed the consolidated annual financial statements as of 31 December 2018 prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union together with the Group management report. On the basis of its review and discussions, the Audit Committee recommended to the Supervisory Board the acceptance of the company's individual annual financial statements and their adoption in accordance with section 96 (4) Austrian Stock Corporation Act (AktG) and the acceptance of the Group's consolidated financial statements. The Supervisory Board discussed in detail and reviewed the individual annual financial statements as of 31 December 2018, including the management and corporate governance reports, the consolidated financial statements as of 31 December 2018 prepared in accordance with the International Financial Reporting Standards including the Group management report and the distribution of profits proposed by the Management Board.

The Audit Committee and the Supervisory Board also reviewed and discussed in detail with KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft the audit reports submitted by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft on the individual annual financial statements as of 31 December 2018, including the management report, and the consolidated annual financial statements as of 31 December 2018, including the Group management report. No objections were raised by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in the course of their audit of the annual financial statements and the management reports of the company and the Group for the year ended 31 December 2018. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft confirmed that the individual annual financial statements as of 31 December 2018 comply with the statutory requirements and give a true and fair view of the assets

and finances of S IMMO AG as of 31 December 2018 and of its earnings for the year ended on that date, and are in accordance with generally accepted Austrian accounting principles. The management report is consistent with the individual annual financial statements as of 31 December 2018. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft further confirmed that the consolidated annual financial statements as of 31 December 2018 comply with the statutory requirements and give a true and fair view of the assets and finances of the Group as of 31 December 2018 and of its earnings for the year ended on that date, and are in accordance with the IFRS as adopted by the European Union as well as the additional requirements of section 245a Austrian Commercial Code (UGB). The Group management report is consistent with the consolidated financial statements as of 31 December 2018. The disclosures pursuant to section 243a Austrian Commercial Code (UGB) are appropriate.

The final results of the review by the Audit Committee and Supervisory Board gave no reasons for objection. The Supervisory Board declared that it had nothing to add to the audit reports by the auditors. The Supervisory Board therefore resolved to accept without objection the individual annual financial statements and management report for the year ended on 31 December 2018 prepared by the Management Board, and the consolidated annual financial statements (prepared in accordance with the IFRS as adopted by the European Union) and Group management report for the year ended on 31 December 2018. The Supervisory Board also resolved to accept the Management Board's proposal for the distribution of profits. In accordance with section 96 (4) Austrian Stock Corporation Act (AktG), the individual annual financial statements as of 31 December 2018 were therefore adopted.

The Supervisory Board will propose to the Annual General Meeting that the Management Board's proposal for the distribution of profits be adopted, and that the Management and Supervisory Boards be discharged from liability.

The Supervisory Board has also accepted the submission of the non-financial report from the Management Board, and reviewed and discussed it. As a result of this discussion and review, the non-financial report was accepted by the Supervisory Board.

And finally on behalf of the Supervisory Board, I would like to thank the Management Board and staff of S IMMO AG for their hard work and dedication each and every day during the past year and wish them a successful financial year 2019.

Vienna, April 2019

The Supervisory Board



Martin Simhandl, Chairman