

Dear Shareholders,

In 2017, S IMMO published the second-best Group result in the company's history. In addition to the successful disposals, several attractive properties in German cities were purchased and the company's development projects were driven forward. After the successful completion of the remodelling of Sun Plaza in Bucharest in spring, the opening of the office properties Einsteinova Business Center and The Mark are expected for 2018. In addition to the company's highly successful operating activities, the S IMMO share performed particularly well. At the end of the year, it was listed at EUR 16.15, having gained 61.5% year-on-year.

In the 2018 financial year, S IMMO AG continues working to create value for its shareholders. As in the previous financial years, the Supervisory Board will advise and assist the Management Board in all 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 28th Annual General Meeting of S IMMO AG was held at the Vienna Marriott Hotel on 08 June 2017. The agenda items and voting results have been published on the company's website www.simmoag.at. In addition, six Supervisory Board meetings were held in the reporting period, where the average attendance of Supervisory Board members was 83%. 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 Group's business affairs and finances as well as on strategic issues. In 2017, 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.



Martin Simhandl

The Supervisory Board has formed three committees: the Management Board Committee (Remuneration Committee), the Audit Committee and the Working Committee. The duties and composition of the committees are detailed in the corporate governance report on page 36.

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, auditing of the consolidated financial statements, the Internal Control System, risk management and the audit system as well as 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 PwC Wirtschaftsprüfung GmbH 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. A schedule of the total remuneration paid to PwC Wirtschaftsprüfung GmbH by S IMMO AG, itemised by categories of services, in particular remuneration for additional non-audit services, was requested and reviewed. 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. It was also confirmed that PwC Wirtschaftsprüfung GmbH complies with the legally required quality assurance measures for maintaining audit quality. 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 PwC Wirtschaftsprüfung GmbH as auditors of the company's individual and consolidated annual financial statements for the financial year 2017.

The Audit Committee of the Supervisory Board also accepted the submission of the annual financial statements as of 31 December 2017 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 2017 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 para 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 2017, including the management and corporate governance reports, the consolidated financial statements as of 31 December 2017 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 PwC Wirtschaftsprüfung GmbH the audit reports submitted by PwC Wirtschaftsprüfung GmbH on the individual annual financial statements as of 31 December 2017, including the management report and the consolidated annual financial statements as of 31 December 2017, including the Group management report. No objections were raised by PwC Wirtschaftsprüfung GmbH 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 2017. PwC Wirtschaftsprüfung GmbH confirmed that the individual annual financial statements as of 31 December 2017 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 2017 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 2017. PwC Wirtschaftsprüfung GmbH further con-

firmed that the consolidated annual financial statements as of 31 December 2017 comply with the statutory requirements and give a true and fair view of the assets and finances of the Group as of 31 December 2017 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 2017. 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 2017 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 2017. The Supervisory Board also resolved to accept the Management Board's proposal for the distribution of profits. In accordance with section 96 para 4 Austrian Stock Corporation Act (AktG), the individual annual financial statements as of 31 December 2017 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.

In the reporting period, a non-financial report was published for the first time to comply with the requirements from the Austrian Sustainability and Diversity Improvement Act (NaDiVeG). This replaces the previous mandatory disclosures in accordance with section 243 para 5 of the management report. S IMMO has been taking sustainability in its operating activities into consideration for years. The Supervisory Board has accepted the submission of the non-financial report, reviewed and discussed it. As a result, 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 2018.

Vienna, April 2018
The Supervisory Board



Martin Simhandl, Chairman