

Corporate Governance Report

The Austrian Corporate Governance Code contains rules for the management and control of an enterprise and therefore forms the basis of responsible management. In 2011, S IMMO AG again complied with the requirements of the Code.

CLEAR COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

The fundamental principles underlying good corporate governance are an integral part of what S IMMO AG stands for. From its beginnings 25 years ago, the main principles of S IMMO

AG's business strategy have been sustainability and long-term growth, which is why the Management and Supervisory Boards work so efficiently together. The corporate

communications and investor relations activities are based on openness and transparency.

Information about corporate governance:

www.simmoag.at/en/cgk

www.corporate-governance.at

TRANSPARENT COMMUNICATION AND REPORTING

The provision of transparent, prompt information to shareholders, analysts and all other interested parties – while observing the provisions of company law and stock exchange regulations – is a cornerstone of S IMMO AG's corporate strategy. Important business events and information relevant to the Company's performance are made public without delay. This applies in particular to ad hoc and press releases as well as annual and quarterly financial reports. Additionally, all important announcements, releases, reports and presentations are published on S IMMO AG's website immediately.

COMPLIANCE STATEMENT

Since 2007, S IMMO AG has been expressly committed to complying with the provisions and recommendations of the Austrian Corporate Governance Code (ÖCGK). The full rules and regulations for responsible management and leadership of enterprises can be found on the website of the Austrian Working Group for Corporate Governance.

Updated information on corporate governance is posted on S IMMO AG's website on a regular basis: www.simmoag.at/en/cgk

The rules of the Austrian Corporate Governance Code are as follows:

1. L Rules (legal requirements): L Rules are based on mandatory statutory requirements.
2. C Rules (comply or explain): C Rules should be complied with. According to the Code, any non-compliance must be explained and justified.
3. R Rules (recommendations): R Rules are recommendations. Non-compliance needs neither be disclosed nor justified.

S IMMO AG fully complies with all the L Rules.

Referring to L Rule 60, S IMMO AG is fully committed to the advancement of women in management positions. Around 55% of the staff are women, and in leading management positions, roughly 21% of the employees are women. S IMMO AG has taken specific measures to ensure that in filling senior managerial positions, the advancement of women will also be given greater emphasis in future. Given the existing long-term appointments, specific measures to appoint women to the Management and Supervisory Boards are not currently under consideration. With the Group's best interests in mind, the emphasis when making appointments to the Boards has been on the maximum possible degree of professional skill and international experience. Considerations such as gender are only taken into account as a secondary factor. Where appropriate, however, when men and women are equally qualified and experienced, S IMMO AG will give preference to women in order to encourage their participation in the Management and Supervisory Boards.

S IMMO AG also complies with almost all the C Rules, with the exceptions explained below.

C Rule 16: "The management board shall consist of more than one person, and shall have a chairperson."

The Supervisory Board has not appointed a chairperson of the Management Board, because it is of the opinion that the duties and

As a member of the European Public Real Estate Association (EPRA), S IMMO AG has adopted the guidelines and standards of that organisation. These cover the disclosure of information, ethical principles and industry standards. EPRA's guidelines are based on the International Financial Reporting Standards (IFRS) and provide specific accounting recommendations for listed real estate companies. In the interests of transparent and comparable reporting, S IMMO AG implements these recommendations in the detailed notes to the consolidated financial statements.

COMPOSITION, ACTIVITIES AND PROCEDURES OF THE MANAGEMENT AND SUPERVISORY BOARDS

The Management and Supervisory Boards are fully conscious of their responsibility for ensuring long-term sustainable value creation and the continuing success of the Group. The intensive, ongoing dialogue between the two Boards is the basis of efficient and competent management.

The Management Board consists of three members, who are jointly responsible for managing the Company's day-to-day affairs. More detailed information about the individual members

and their responsibilities is shown in the overview of management bodies on page 3 of this report. The Management Board discusses current business developments several times a week and holds regular Management Board meetings. There is an ongoing exchange of information with the managers responsible for the various departments.

The Management Board also provides the Supervisory Board with information about all material aspects of the progress of business and all strategic considerations. Collaboration between the two Boards is governed by the Austrian Companies Act, the Company's articles of incorporation as well as the rules and procedures established by the Supervisory Board.

As at 31 December 2011, the Supervisory Board consisted of eight members. Information about the members of the Supervisory Board is shown in the overview of management bodies on page 4.

European Public Real
Estate Association (EPRA):
www.epra.com

responsibilities of all three members of the Management Board are of equal importance, and because it believes that the Company is adequately represented by individual Management Board members with collective authority.

C Rule 31: "The fixed and performance-related compensation of each member of the management board shall be disclosed separately in the annual report."

The total remuneration of the Management Board is disclosed in this report. The disclosure of their individual remuneration is the personal decision of each Management Board member. In the Management Board's opinion, such disclosure does not provide important information for investors.

C Rule 36: "The supervisory board shall discuss the efficiency of its activities annually, in particular, its organisation and work procedures (self-evaluation)."

The Supervisory Board has already discussed the self-evaluation and will implement it from 2012.

C Rule 45: "Members of the supervisory board may not exercise managing body functions at other companies that are in competition with the company."

Certain members of the Supervisory Board of S IMMO AG also serve on the boards of similar companies or perform executive functions at Erste Group Bank AG, its wholly owned subsidiary Erste Group Immo AG or Vienna Insurance Group.

All members of the Supervisory Board are obliged to disclose any conflicts of interest arising from their activities as members of the Supervisory Board without delay. In any event, the Company considers the extensive knowledge of the industry and the networks of certain Supervisory Board members to be an advantage from which it can benefit.

C Rule 49: "The company shall disclose in its annual report details of the objects and remuneration of contracts and agreements requiring approval under L Rule 48. Summary disclosure of agreements of similar kinds is permissible."

The Company may enter into contractual relationships with individual members of the Supervisory Board, or with businesses in which Supervisory Board members have an interest or exercise a management body function. To the extent that such contractual agreements require the approval of the Supervisory Board under section 95 Austrian Companies Act (AktG) and L Rule 48, approval has been sought and obtained. The details of such contracts and agreements are not disclosed for reasons of competition. All such contracts and agreements are concluded on normal market conditions.

Management Board

ERNST VEJDOVSZKY

Member of the Management Board

Born 30 October 1953
Appointment until 31 January 2013
First appointed 01 January 2001

Responsible for finances, asset management in Austria and Germany and risk management

After studying business administration and information systems at the Vienna University of Technology, he began his career in 1982 at Girozentrale, Vienna. As a founding member of the Management Board of Sparkassen Immobilien Anlagen AG (later Sparkassen Immobilien AG), Vienna, in 1986, he has been a member of the Management Board of S IMMO AG, Vienna, since 2001.

Other appointments:

Member of the supervisory board, Erste Immobilien Kapitalanlagegesellschaft m.b.H.

HOLGER SCHMIDTMAYR MRICS

Member of the Management Board

Born 06 May 1966
Appointment until 31 January 2013
First appointed 01 October 2004

Responsible for acquisition and disposal of investment properties, corporate communications and investor relations as well as legal and compliance

After studying law and business in Vienna, he started to work at GiroCredit, Vienna, in 1994. As a result of a merger, he moved to Erste Bank in 1997. From 2001 on, he was responsible for building up the CEE portfolio for Sparkassen Immobilien AG, Vienna. He has been on the Management Board of S IMMO AG, Vienna, since 2004.

FRIEDRICH WACHERNIG MBA

Member of the Management Board

Born 28 June 1966
Appointment until 14 November 2013
First appointed 15 November 2007

Responsible for project developments, asset management in CEE/SEE, acquisition and disposal of development land and projects, organisation, IT and HR

After studying business at the Vienna University of Economics and Business Administration, he started at Eraproject GmbH, Vienna, in 1993. He held various management and development positions at Strabag AG, Raiffeisen Evolution GmbH and Porr Solutions GmbH in several Eastern European countries. He has been on the Management Board of S IMMO AG, Vienna, since 2007.

Supervisory Board

MARTIN SIMHANDL

Chairman of the Supervisory Board

Born 05 November 1961
Appointment until the AGM in 2015
First appointed 24 June 2004

Chairman of the Audit Committee
Chairman of the Management Board
Committee

CFO, Vienna Insurance Group AG Wiener
Versicherung Gruppe

Other supervisory board appointments:
DONAU Versicherung AG Vienna
Insurance Group; Sparkassen Ver-
sicherung AG Vienna Insurance Group;
Ringturm Kapitalanlagegesellschaft m.b.H.
and others

GERALD ANTONITSCH

First Deputy Chairman of the
Supervisory Board

Born 11 April 1956
Appointment until the AGM in 2015
First appointed 18 June 2002

Chairman of the Working Committee
Member of the Audit Committee
Member of the Management Board
Committee

Member of the management board, Erste
Group Immorent AG

Other supervisory board appointments:
Immorent-Bank GmbH; ERSTE Immobilien
Kapitalanlagegesellschaft m.b.H.

Advisory board appointments:
s REAL Immobilienvermittlung GmbH;
AREALIS Liegenschaftsmanagement
GmbH

FRANZ KERBER

Second Deputy Chairman of the
Supervisory Board

Born 20 June 1953
Appointment until the AGM in 2015
First appointed 24 June 2004

Member of the Management Board
Committee
Member of the Working Committee

Deputy chairman of the management
board, Steiermärkische Bank und
Sparkassen AG

Other supervisory board appointments:
Bankhaus Krentschker & Co. AG; Banka
Sparkasse Bank d.d., Sarajevo; Erste &
Steiermärkische Bank d.d., Rijeka;
Sparkasse Bank Makedonija a.d., Skopje

CHRISTIAN HAGER

Member of the Supervisory Board

Born 06 December 1967
Appointment until the AGM in 2014
First appointed 23 June 2009

Member of the management board,
KREMSENER BANK und Sparkassen AG

ERWIN HAMMERBACHER

Member of the Supervisory Board

Born 27 May 1957
Appointment until the AGM in 2013
First appointed 28 May 2008

Member of the Audit Committee
Member of the Working Committee

Member of the management board,
Sparkassen Versicherung AG Vienna
Insurance Group

Other supervisory board appointments:
DONAU Versicherung AG Vienna
Insurance Group

MICHAEL MATLIN MBA

Member of the Supervisory Board

Born 07 January 1964
Appointment until the AGM in 2015
First appointed 21 May 2010

Managing director, Concord Management
LLC (portfolio strategy consultants);
Member of the investor advisory
committee, Carlyle European Real Estate
Funds

WILHELM RASINGER

Member of the Supervisory Board

Born 04 March 1948
Appointment until the AGM in 2015
First appointed 21 May 2010

Alternate member of the Audit Committee

Managing partner, Inter-Management
Unternehmensberatung Gesellschaft
m.b.H. and Am Klimtpark Liegenschafts-
verwaltungsgmbH; Chairman of the
Austrian Shareholder Association (IVA);
Chairman of the supervisory board,
Friedrichshof Wohnungsgenossenschaft

Other supervisory board appointments:
Erste Group Bank AG; Wienerberger AG

RALF ZEITLBERGER

Member of the Supervisory Board

Born 07 April 1959
Appointment until the AGM in 2015
First appointed 21 May 2010

Member of the Audit Committee
Member of the Working Committee

Division manager, Group Corporate
Workout, Erste Group Bank AG

Other supervisory board appointments:
Let's Print Holding AG; Erste Group
Immorent AG

The Supervisory Board regularly reviews the management of the Company's affairs. In its meetings, the Supervisory Board monitors the management of the business, the finances, strategy, performance and risk management of the Company. It is responsible for decision making as provided by statute, Company articles of incorporation as well as internal rules and procedures. The Supervisory Board has formed committees, which are listed below. During the year under review, there were a total of four Supervisory Board meetings. At each of the Supervisory Board's meetings, between six and eight Board members were present, representing an average attendance rate of 87.5%.

SUPERVISORY BOARD COMMITTEES

Audit Committee

The functions of the Audit Committee include monitoring the accounting and reporting process and the work of the auditors, monitoring the effectiveness of the Internal Control System and the risk management system, and monitoring the processes of auditing the Group's financial statements. The Audit Committee consisted of the following members: Martin Simhandl (Chairman), Gerald Antonitsch, Erwin Hammerbacher, Ralf Zeitlberger and Wilhelm Rasinger (alternate). In virtue of their experience and specialist knowledge of finance and accounting, Martin Simhandl and Ralf Zeitlberger are the Committee's financial experts. The Audit Committee met twice during the year under review.

Management Board Committee (appointments and remuneration)

The Management Board Committee deals with the remuneration of Management Board members and the details of employment contracts for Management Board members. It is also responsible for submitting proposals to the Supervisory Board for the appointment of Management Board members when positions become vacant, and for succession planning. The Committee consisted of the following members: Martin Simhandl (Chairman), Gerald Antonitsch and Franz Kerber. The Management Board Committee did not meet during the year under review.

Working Committee

The Working Committee is responsible for authorising on behalf of the full Supervisory Board transactions for the acquisition and disposal of businesses, business interests or properties up to a maximum value of EUR 60m in cases where seeking the approval of the full Supervisory Board would be impractical due to lack of time or other organisational constraints. The members of the Working Committee were Gerald Antonitsch (Chairman),

Erwin Hammerbacher, Franz Kerber and Ralf Zeitlberger. The Working Committee met twice during the year under review.

STATEMENT OF INDEPENDENCE

S IMMO AG's Supervisory Board has established the following criteria for the independence of its members as required under C Rule 53 of the Austrian Corporate Governance Code:

- A Supervisory Board member should not in the preceding five years have been a member of the Management Board or executive officer of S IMMO AG or one of its subsidiaries.
- A Supervisory Board member should not maintain, or in the preceding year have maintained, a business relationship of material importance to that Supervisory Board member with S IMMO AG or one of its subsidiaries. This applies also to business relationships with enterprises in which the Supervisory Board member has a material interest. The approval of individual transactions by the Supervisory Board in accordance with L Rule 48 does not automatically mean that a person is not independent.
- A Supervisory Board member should not have served as statutory auditor to S IMMO AG, or have had an interest in, or been an employee of the auditing firm in the preceding three years.
- A Supervisory Board member should not be a member of the management board of another company where a member of the Management Board of S IMMO AG is a member of that company's supervisory board.
- A Supervisory Board member should not be a close family member (direct descendant, spouse, domestic partner, parent, uncle, aunt, sibling, nephew, niece) of a member of the Management Board or of persons in any of the positions described above.

For the financial year 2011, the following members of the Supervisory Board, who together constitute the majority of the Supervisory Board, are independent in the meaning of C Rule 53 and C Rule 54 of the Corporate Governance Code. These members satisfy the Supervisory Board's criteria for independence.

Current independent members of the Supervisory Board:

Martin Simhandl (in the meaning of C Rule 53)
 Franz Kerber (in the meaning of C Rules 53 and 54)
 Christian Hager (in the meaning of C Rules 53 and 54)
 Erwin Hammerbacher (in the meaning of C Rule 53)
 Michael Matlin (in the meaning of C Rule 53)
 Wilhelm Rasinger (in the meaning of C Rules 53 and 54)
 Ralf Zeitlberger (in the meaning of C Rules 53 and 54)

Their posts, principal occupations and other supervisory board appointments are shown in the overview of management bodies on page 4.

DIRECTORS' DEALINGS

Under section 48d(4) Austrian Stock Exchange Act (BörseG), S IMMO AG is required to report all share purchases and sales by members of management bodies or persons in close relationships with them. In the financial year 2011, the purchase of 2,000 shares by a member of the Management Board was reported to the Financial Market Authority. In accordance with the requirements of the Code, dealings by members of the Management and Supervisory Boards (directors' dealings) are disclosed on S IMMO AG's website (www.simmoag.at/en) under Investor Relations/Corporate Governance/Directors' Dealings.

D&O INSURANCE

Pursuant to a resolution of the Annual General Meeting 2009, a directors and officers liability insurance policy has been in force since 01 September 2009. Under this policy, claims by the Company, the shareholders or third parties against members of managing bodies or executive officers of the Company for damages arising from breaches of the duty of care by members of managing bodies or executive officers are insured. The costs of the insurance are borne by the Company.

REMUNERATION OF THE SUPERVISORY BOARD

Members of the Supervisory Board received remuneration amounting to EUR 123,336 (2010: EUR 110,000). Pursuant to a resolution of the Annual General Meeting on 23 June 2009, the annual remuneration is EUR 15,000 for the Chairman of the Supervisory Board, EUR 12,000 for the Deputy Chairmen and EUR 9,000 for each member of the Supervisory Board.

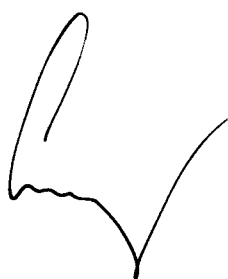
Additionally, there is an attendance fee of EUR 500 for every Supervisory Board or Committee meeting attended. Supervisory Board members received neither loans nor advances, and no guarantees have been given on their behalf.

REMUNERATION OF THE MANAGEMENT BOARD

The remuneration of the members of the Management Board usually consists of a fixed component and a variable, profit-related component of up to a maximum of 75% of the fixed remuneration. Profit participation is dependent on the achievement of quantitative and qualitative targets, such as consolidated earnings, cash flow and occupancy rate. In the financial year 2011, there were no variable bonus payments to members of the Management Board. During the financial year 2011, the total remuneration of the Management Board amounted to EUR 934,000 (2010: EUR 775,000). This included expenses for pensions of EUR 117,000 (2010: EUR 136,000) and contributions to the employee severance pay and pensions fund of EUR 9,000 (2010: EUR 9,000). S IMMO AG has no stock option plan at present and no separate dismissal entitlements for Management Board members.

AUDITORS

By resolution of the Annual General Meeting 2011, Deloitte Audit Wirtschaftsprüfungs GmbH was appointed as statutory auditors. The auditors assist the Supervisory Board in assessing whether appropriate accounting policies have been applied, and whether the accounts and financial statements conform with the applicable statutory regulations and are reasonable and reliable. The auditors must immediately report to the Supervisory Board on any deficiencies revealed by the audit. This also applies to any discrepancies in the compliance statement made by the Supervisory and Management Boards in connection with the Austrian Corporate Governance Code.



Holger Schmidtmayr



Ernst Vejdovszky



Friedrich Wachernig