

Corporate Governance Report

The Austrian Code of Corporate Governance contains rules for the management and control of an enterprise and therefore forms the basis of responsible management. In 2012, S IMMO AG again complied with the requirements of the Code.

CLEAR COMMITMENT TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

The fundamental principles underlying good corporate governance are an integral part of what S IMMO AG stands for. From its beginnings in 1987, the main principles of S IMMO AG's business strategy have been sustainability, long-term growth and transparency. This is why the Management and Supervisory Boards work closely and efficiently together. The

Company's 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 its 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 published immediately in the form of ad hoc and press releases. Additionally, all important announcements, annual and interim reports as well as presentations are published on S IMMO AG's website at once.

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

COMPLIANCE STATEMENT

Since 2007, S IMMO AG has been expressly committed to complying with the provisions and recommendations of the Austrian Code of Corporate Governance (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.

Continuously updated information on corporate governance is posted on S IMMO AG's website: www.simmoag.at/en/cgk

The rules of the Austrian Code of Corporate Governance 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 L Rules.

Referring to L Rule 60, S IMMO AG is fully committed to the advancement of women in management positions. Within the Group, around 52% of the staff are women, and in senior management positions, roughly 20% of the managers are women. S IMMO AG has taken specific measures to ensure that when 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.

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."

based on 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.

In 2012, the Management Board consisted of three members, who were jointly responsible for managing the Company's day-to-day affairs. Since 01 February 2013, the Management Board has consisted of two members. 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 Stock Corporation Act (AktG), the Company's articles of incorporation as well as the rules and procedures established by the Supervisory Board.

As at 31 December 2012, the Supervisory Board consisted of eight members. Information about the individual 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

The Supervisory Board has not appointed a chairperson of the Management Board, because it is of the opinion that the duties and responsibilities of all 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 and its Members is disclosed in this report. The separate disclosure of the fixed, variable and other components of their individual remuneration remains the personal decision of each Management Board member. In the Management Board's opinion, such disclosure does not provide significant information for investors.

C Rule 41: "The supervisory board shall appoint a Nominations Committee."

Appointments to vacant positions on the Management Board are matters of importance, and – together with the issue of succession planning – are therefore discussed by the full Supervisory Board.

C Rule 45: "Members of the supervisory board may not exercise man-aging body functions in 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 in Erste Group Bank AG, its wholly owned subsidiary Erste Group Immoent 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 Stock Corporation 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 VEJDOVSKY

Member of the Management Board

Born 30 October 1953
Appointment until 31 January 2016
First appointed 01 January 2001

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

As from 27 February 2013:
Responsible for finances, corporate communications, investor relations, acquisition, disposals, risk management, audit, asset management in Germany

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 Kapitalanlage-gesellschaft m.b.H.

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

As from 27 February 2013:
Responsible for project developments, asset management in CEE/SEE and Austria, legal, compliance, organisation, IT, HR

After studying business administration at the Vienna University of Economics and Business, 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.

HOLGER SCHMIDTMAYR MRICS

Member of the Management Board

Born 06 May 1966
Appointment until 31 January 2013
(current term of office has expired)
First appointed 01 October 2004

Responsible for acquisition and disposal of investment properties, corporate communications, investor relations, 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 was on the Management Board of S IMMO AG, Vienna, from 2004 to January 2013.

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
Versicherung AG Vienna Insurance
Group; Ringturm Kapitalanlagegesell-
schaft 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

Former member of the management
board, Erste Group Immorent AG

Other supervisory board appointments:
Immorent-Bank GmbH; ERSTE Immo-
bilien 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; 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

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

Other appointments:
Appointment as a board member for the
foundation HATEC Privatstiftung, Dornbirn

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 as well as the finances, strategy, performance and risk management of the Company. It is responsible for decision-making as provided by statute, the Company's articles of incorporation as well as its internal rules and procedures. The Supervisory Board has formed committees, which are listed below. During the year under review, there were four Supervisory Board meetings. At these, between six and eight Board members were present, representing an average attendance rate of 90.1%.

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 process 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 (Remuneration Committee)

The Management Board Committee is responsible for negotiating, concluding and amending contracts with the Management Board. 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 has certain approval rights on behalf of the Supervisory Board. These are limited to a certain value and are practised in cases where it is impractical for the entire Supervisory Board to give approval either due to lack of time or organisational constraints. This is common for the purchase and sale of company properties (up to a certain risk level) as defined in the Supervisory Board's rules and procedures. 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 Code of Corporate Governance:

- A Supervisory Board member should not in the preceding five years have been a member of the Management Board or an 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 in the preceding three years have served as statutory auditor of S IMMO AG, or have had an interest in, or been an employee of the auditing firm.
- 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 2012, 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 Code of Corporate Governance. 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 MBA (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 Rule 53)

Their positions, their 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 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. In the financial year 2012, there were neither purchases nor sales of shares or participating certificates made by any of the above persons.

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 are insured. The costs of the insurance are borne by the Company.

REMUNERATION OF THE SUPERVISORY BOARD

Members of the Supervisory Board received a total remuneration amounting to EUR 106,500 (2011: EUR 123,336).

Total Management Board remuneration 2012

Simhandl	EUR	18,000
Antonitsch	EUR	15,500
Kerber	EUR	14,500
Hammerbacher	EUR	13,000
Hager	EUR	10,500
Matlin	EUR	10,000
Rasinger	EUR	12,000
Zeitlberger	EUR	13,000
Total	EUR	106,500

Supervisory Board members received neither loans nor advances, and no guarantees have been given on their behalf.

REMUNERATION OF THE MANAGEMENT BOARD

During the financial year 2012, the total remuneration of the Management Board amounted to EUR 1,121,100 (2011: EUR 934,000). The total remuneration consisted of a fixed as well as a variable component making up approximately 80% of the fixed remuneration in 2012. Profit participation is dependent on the achievement of quantitative and qualitative targets, such as consolidated earnings, letting successes and the volume of property sales. The total remuneration includes contributions to pension funds of EUR 74,400 (2011: EUR 73,800), contributions to the employees severance pay and pension fund of EUR 14,300 (2011: EUR 9,000) as well as an increase of the pension accrual for Mr. Vejdovszky in the amount of EUR 126,600 (2011: EUR 43,000).

Total Management Board remuneration 2012

Vejdovszky	EUR	488,200
Wachernig	EUR	316,500
Schmidtmayr	EUR	316,400
Total	EUR	1,121,100

S IMMO AG has no stock option scheme at present and no individual severance entitlements for Management Board members.

AUDITORS

By resolution of the Annual General Meeting 2012, 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 Code of Corporate Governance.



Ernst Vejdovszky



Friedrich Wachernig