

Corporate Governance Report

The Austrian Code of Corporate Governance contains rules for the management and control of an enterprise and constitutes the basis of responsible management in the Group this year as in past years. In 2013, 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 and transparency. The Management and Supervisory Boards work closely and effectively together to achieve these goals.

The Group'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 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 immediately on S IMMO AG's website.

In the interests of transparent and comparable reporting, S IMMO AG's consolidated financial statements are prepared in accordance with the mandatory International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (formerly IFRIC).

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) in its most recent version. The Code is available 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 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 need neither be disclosed nor justified.

S IMMO AG complies with all the L Rules fully and without exception.

With reference to L Rule 60, S IMMO AG is expressly committed to the advancement of women in management positions. Around 54.4% of the staff are women, and in senior management positions 26.7% of the managers are women. S IMMO AG has taken specific measures to ensure that the advancement of women will be given greater emphasis in filling senior managerial positions in future. Women are now represented on the Supervisory Board: On 12 June 2013, Andrea Besenhofer was appointed as a member. Given the existing long-term appointments, specific measures to appoint women to the Management Board are not under consideration at the moment. 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 complies with almost all the C Rules, with the exceptions explained below.

C Rule 2: "Shares are to be construed in accordance with the principle of one share – one vote."

The only exception is under section 13 para 3 of the articles of incorporation, which restricts the maximum percentage of voting rights per shareholder in the Annual General Meeting to 15% of the issued share capital.

Moreover, S IMMO AG is a member of the European Public Real Estate Association (EPRA), and follows their guidelines and standards.

COMPOSITION, ACTIVITIES AND PROCEDURES OF THE MANAGEMENT AND SUPERVISORY BOARDS

The Management and Supervisory Boards are fully aware 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 the last financial year, the Management Board consisted of three members until 31 January 2013, and thereafter 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 members of the Management Board keep each other informed of all important business events and developments at all times and discuss the progress of business in 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 2013, 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

C Rule 39, fifth sentence: "The majority of the committee members shall meet the criteria for independence under C Rule 53."

Supervisory Board committees are restricted to a very limited number of members. Compliance with the Rule could, in the Company's view, conflict with the rights of the Supervisory Board to divide up its work effectively and efficiently in the context of its self-organisation. Since the Supervisory Board as a whole is in compliance with C Rule 53 and the Supervisory Board remains at liberty to deal with committee matters in full meetings of the Board, the Company considers that the above provision in C Rule 39 (fifth sentence) is inappropriate.

C Rule 41: "The supervisory board shall appoint a nominations committee."

S IMMO AG has no Nominations Committee. Appointments to vacant positions on the Management Board and succession planning are discussed by the full Supervisory Board.

C Rule 45: "Members of the supervisory board may not exercise managing 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 or Vienna Insurance Group companies. 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 at normal market conditions.

C Rule 57: "Supervisory board members serving on the management board of a listed company may not hold more than four positions on supervisory boards (position of chairperson counts double) of stock corporations not belonging to the group."

In light of the personal and professional competence of the Supervisory Board members in question, a deviation in this instance is accepted.

Management Board

ERNST VEJDOVSZKY

Member of the Management Board
Since 18 April 2013 CEO

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

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. Founding member of the Management Board of Sparkassen Immobilien Anlagen AG (later Sparkassen Immobilien AG), Vienna, in 1986 and since 2001 a member of the Management Board of S IMMO AG, Vienna.

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

Until 31 January 2013:

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

Until 31 January 2013 responsible for acquisition and disposal of investment properties, corporate communications, investor relations, legal and compliance

FRIEDRICH WACHERNIG, MBA

Member of the Management Board

Born 28 June 1966
Appointment until 14 November 2016
First appointed 15 November 2007

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.

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:
Ringturm Kapitalanlagen GmbH;
Sparkassen Versicherung AG VIG;
Wiener Börse AG and others

RALF ZEITLBERGER

Since 12 June 2013 first Deputy
Chairman of the Supervisory Board

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

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

Division manager, Group Corporate
Workout, Erste Group Bank AG

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

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
Member of the Audit 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;
MCG Graz e.gen.

ANDREA BESENHOFER

Member of the Supervisory Board

Born 02 July 1970
Appointment until the AGM in 2015
First appointed 12 June 2013

Member of the Working Committee

Division manager, Group Services and
Properties Erste Group Bank AG; Project
manager Quartier Belvedere, Erste Group
Immorent AG

Other functions:
Member of the management board,
Besenhofer Privatstiftung (without ongoing
operational activities); since 01 January
2014 Managing director, sOM Objektman-
agement GmbH

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,
KREMSEK BANK und Sparkassen AG

ERWIN HAMMERBACHER

Member of the Supervisory Board

Born 27 May 1957
Appointment until the AGM in 2018
First appointed 28 May 2008

Member of the Audit Committee
Member of the Working Committee

Member of the management board,
Sparkassen Versicherung AG VIG

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

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;
Haberhorn Holding AG

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

UNTIL 12 JUNE 2013:

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

The Supervisory Board 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.

The Supervisory Board is responsible for decision-making as provided by legal statutes, 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 financial year 2013, there were five Supervisory Board meetings. On average, 77.5% of the Supervisory Board members attended the meetings. Only one member was unable to be personally present at more than half of the meetings.

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 consists of the following members: Martin Simhandl (Chairman), Erwin Hammerbacher, Wilhelm Rasinger, Ralf Zeitlberger and Franz Kerber. Franz Kerber became a member of the Audit Committee on 12 June 2013, replacing Gerald Antonitsch. 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 the contracts of Management Board members. The Committee consists of the following members: Martin Simhandl (Chairman), Franz Kerber and Ralf Zeitlberger. Ralf Zeitlberger became a member of the Management Board Committee on 12 June 2013, replacing Gerald Antonitsch. The Management Board Committee met once during the year under review.

Working Committee

The Working Committee has been given authority by the Supervisory Board to approve certain transactions up to a specified maximum value, where due to lack of time or other organisational constraints seeking the approval of the full Supervisory Board would be impractical. This applies in the case of the purchase or sale of properties up to a certain risk level as defined in the

Supervisory Board's rules and procedures. The members of the Working Committee are Ralf Zeitlberger (Chairman), Andrea Besenhofer, Erwin Hammerbacher and Franz Kerber. Ralf Zeitlberger became Chairman of the Working Committee on 12 June 2013, replacing Gerald Antonitsch. Andrea Besenhofer became a member of the Working Committee on 12 June 2013. The Working Committee met once 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, lifetime 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 2013, the following members of the Supervisory Board, who together constitute the majority of the Supervisory Board, were independent in the meaning of C Rule 53 of the Code of Corporate Governance. Three members were also independent for the purposes of C Rule 54.

Andrea Besenhofer (in the meaning of C Rules 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)

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 para 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 2013, Ernst Vejdovszky, Chairman of the Management Board, and Wilhelm Rasinger, member of the Supervisory Board, each reported the acquisition of 3,000 shares. 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 are insured. The costs of the insurance are borne by the Company.

REMUNERATION OF THE SUPERVISORY BOARD

Members of the Supervisory Board received total remuneration (including attendance fees) amounting to EUR 104,533 (2012: EUR 106,500).

Total Supervisory Board remuneration 2013

Simhandl	EUR	18,500
Zeitlberger	EUR	13,657
Kerber	EUR	14,500
Besenhofer	EUR	4,973
Hager	EUR	11,000
Hammerbacher	EUR	12,500
Matlin	EUR	10,000
Rasinger	EUR	12,500
Antonitsch	EUR	6,903
Total	EUR	104,533

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 2013, the total remuneration of the Management Board amounted to EUR 978,718¹⁾ (2012: EUR 999,045¹⁾). Profit participation is dependent on the achievement of quantitative and qualitative targets, such as consolidated earnings, cash flow and the volume of property sales. Remuneration consists of fixed and of variable components. Depending on the extent to which the targets are achieved, the variable component constitutes around 75% of the fixed remuneration, if targets are fully achieved. In particularly successful financial years, the variable component may total up to roughly 100%. Other remuneration includes, among other things, contributions to pension funds of EUR 54,333 (2012: EUR 74,400) and contributions to the employees severance pay and pension fund of EUR 14,242 (2012: EUR 14,300). The company pension plan for Ernst Vejdovszky is a defined benefit plan in the amount of 40% of the fixed remuneration after 35 years of service. For this purpose, the pension accrual was increased by EUR 36,052 (2012: EUR 126,000). The company pension plans for Friedrich Wachernig and Holger Schmidtmayr are and were, respectively, defined contribution plans. S IMMO AG has no stock option scheme at present, and no individual severance entitlements for Management Board members.

Total Management Board remuneration 2013¹⁾

in EUR			
Remuneration	Vejdovszky	Wachernig	Schmidtmayr
Fixed	209,067	181,302	16,430
Variable	162,230	143,443	189,301
Other	35,630	27,804	13,511
Total	406,927	352,549	219,242

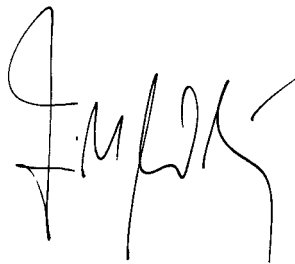
¹⁾ Without provisions

AUDITORS

At the 24th Annual General Meeting on 12 June 2013, PwC Wirtschaftsprüfung GmbH was appointed as statutory auditors for the financial year 2013. 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