

Corporate Governance Report

The Austrian Corporate Governance Code contains rules for the management and control of an enterprise and is part of the basis of responsible management. Sparkassen Immobilien AG's goal is to successfully increase the value of the Company over the long-term, and in 2010 it again fully complied with the requirements of the Code.

CLEAR COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

The fundamental principles underlying good corporate governance have been an integral part of what Sparkassen Immobilien AG has stood for since its inception 23 years ago. Responsible corporate management has always been the basis of our strategy for sustainably increasing the value of the enterprise over the long-term, which is why the Management and Supervisory Boards work so efficiently together. Our corporate communication is based on openness and transparency. For this reason, Sparkassen Immobilien AG commits to the rules and recommendations contained in the Austrian Corporate Governance Code (ÖCGK). The

full rules and regulations for responsible management and leadership of enterprises can be viewed on the Austrian Working Group for Corporate Governance's website.

The key elements of corporate governance at Sparkassen Immobilien AG are described on page 2 et seq. Additional information on the subject is contained in the Supervisory Board's report.

Updated information on corporate governance is posted on Sparkassen Immobilien AG's website on a regular basis: www.simmoag.at

Information about
corporate governance:
www.simmoag.at
www.corporate-governance.at

COMPLIANCE STATEMENT

Sparkassen Immobilien AG was founded 23 years ago. The fundamental principles of its business strategy have been both sustainability and long-term growth from the start. Since 2007, it has been expressly committed to complying with the provisions of the Austrian Corporate Governance Code in order to ensure maximum transparency for all its stakeholders.

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 deviations must be explained and justified.
3. R Rules (recommendations): R Rules are recommendations. Non-compliance need neither be disclosed nor justified.

Sparkassen Immobilien AG complies with all the L Rules.

It also complies with almost all of 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 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 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 Sparkassen Immobilien AG also serve on the boards of similar companies or perform executive functions at Erste Group Bank AG, its wholly owned subsidiary Erste Group Immortent 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 contacts 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. 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.

C Rule 51: "The remuneration of Supervisory board members for the financial year is to be reported in the corporate governance report for each individual

member of the supervisory board. Generally, there are no stock option plans for members of supervisory boards. Should stock option plans be granted in exceptional cases, then all details of these must be approved by resolution at the Annual General Meeting."

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

TRANSPARENT, PROMPT COMMUNICATION

Sparkassen Immobilien AG has identified the provision of transparent, prompt information to shareholders, analysts and other interested parties as a major element of its brand essence. In its communications, it observes the regulations of stock corporation and stock exchange law. Important business events and information relevant to the Company's performance are made public without delay. To ensure consistency in communication, all important releases, reports and presentations are published on Sparkassen Immobilien AG's website immediately. This applies in particular to ad hoc-releases, press releases as well as annual and quarterly financial reports. Interested investors can also contact the Investor Relations and Corporate Communications department directly via the Company's website, by e-mail or by calling the shareholder hotline.

As a member of the European Public Real Estate Association (EPRA), Sparkassen Immobilien 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 International Financial Reporting Standards (IFRS) and provide specific accounting recommendations for listed real estate companies. In the interests of transparent and comparable reporting, Sparkassen Immobilien AG implements these recommendations in the detailed notes to the consolidated financial statements.

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

COMPOSITION, ACTIVITIES AND PROCEDURES OF THE MANAGEMENT AND SUPERVISORY BOARDS

Management Board

ERNST VEJDOVSKY

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 IT 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, Vienna (now Sparkassen Immobilien AG) in 1986, he has been a member of the Management Board of Sparkassen Immobilien AG, Vienna since 2001.

Other appointments:

Member of the supervisory board, Erste Immobilien Kapitalanlage-gesellschaft 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 working at GiroCredit in Vienna in 1994. As a result of a merger, he moved to Erste Bank in 1997 and 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 Sparkassen Immobilien 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 development, 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 Sparkassen Immobilien AG, Vienna, since 2007.

Current members of the Supervisory Board

MARTIN SIMHANDL

Chairman of the Supervisory Board

Born 05 November 1961

Appointment until the Annual General Meeting 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 Kapitalanlagegesellschaft m.b.H. and others

GERALD ANTONITSCH

First Deputy Chairman of the Supervisory Board from May 2010

Born 11 April 1956

Appointment until the Annual General Meeting in 2015

First appointed 18 June 2002

Member of the Audit Committee

Chairman of the Working Committee

Member of the management board, Erste Group Immorent AG

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

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 Annual General Meeting 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; Sparkasse Hartberg-Vorau AG; Erste Bank a.d. Novi Sad, Beograd; Banka Sparkasse d.d., Ljubljana; 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 6 December 1967

Appointment until the Annual General Meeting in 2014

First appointed 23 June 2009

Member of the management board, KREMSER BANK und Sparkassen AG

ERWIN HAMMERBACHER

Member of the Supervisory Board

Born 27 May 1957

Appointment until the Annual General Meeting 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 from May 2010

Born 07 January 1964

Appointment until the Annual General Meeting in 2015

First appointed 21 May 2010

Managing director, Concord Management LLC (portfolio strategy consultants); Member of Investor Advisory Committee, Carlyle European Real Estate Funds

WILHELM RASINGER

Member of the Supervisory Board from May 2010

Born 04 March 1948

Appointment until the Annual General Meeting in 2015

First appointed 21 May 2010

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

Other supervisory board appointments:
Erste Group Bank AG, Wienerberger AG; CEE Immobilien Development AG

RALF ZEITLBERGER

Member of the Supervisory Board from May 2010

Born 07 April 1959

Appointment until the Annual General Meeting in 2015

First appointed 21 May 2010

Division manager, Group Corporate Workout, Erste Group Bank AG

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

Former members of the Supervisory Board

PETER NEMSCHAK

Member of the Supervisory Board until May 2010

Born 18 October 1948
Appointment until the Annual General Meeting in 2013 (appointment resigned)
First appointed 28 May 2008
Member of the Management Board Committee
Member of the Working Committee

Division manager, Group Corporate Risk Management, Erste Group Bank AG

Other supervisory board appointments:
Erste Group Immorent AG; Erste & Steiermärkische Bank d.d., Rijeka; Erste Bank a.d., Novi Sad, Beograd

REINHOLD SCHÜRER-WALDHEIM

Member of the Supervisory Board until May 2010

Born 25 March 1944
Appointment until the Annual General Meeting in 2010
First appointed 23 April 1990
Member of the Audit Committee
Alternate member of the Working Committee

Partner, Nordost-Treuhand- und Organisationsgesellschaft m.b.H., auditors and tax consultants

Other supervisory board appointments:
Filmcasino & Polyfilm Betriebs GmbH

RICHARD WILKINSON

First Deputy Chairman of the Supervisory Board until May 2010

Born 28 April 1964
Appointment until the Annual General Meeting in 2010
First appointed 31 May 2005
Member of the Audit Committee
Member of the Working Committee

Division manager, Group Real Estate & Leasing, Erste Group Bank AG

Other supervisory board appointments:
Let's Print Holding AG;
Capexit Beteiligungs Invest MF-AG;
Capexit II AT Beteiligungs Invest MF-AG;
Capexit II CEE Private Equity Invest AG;
Capexit Private Equity Invest AG;
Erste Group Immorent AG

The Management and Supervisory Boards pursue a common goal: They are fully conscious of their responsibility for ensuring long-term, sustainable value creation and the continuing success of the Group. The two Boards collaborate closely in the interests of the business. The intensive, ongoing dialogue between the Management Board and Supervisory Board 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 the management bodies on page 4 of this report. The Management Board meets several times a week to discuss current business developments and to make necessary decisions. There is an ongoing exchange of information with the responsible managers.

The Management Board also provides the Supervisory Board with regular and comprehensive information about all material aspects of the progress of business and all strategic considerations. Collaboration between the two Boards is governed by the rules of the Stock Corporation Act as well as by the statute and procedures established by the Supervisory Board.

As at 31 December 2010, 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 5 et seq.

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, the strategy, the development and the risk management of the Company. It is responsible for decision-making as provided by statute, the Company's articles of incorporation and its internal rules and procedures. The Supervisory Board has formed committees, which are listed below. During the year under review, there were a total of six Supervisory Board meetings. Between five and seven Board Members were present at each of the six Supervisory Board meetings, representing an average attendance rate of 75%.

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. Since the Supervisory Board meeting on 21 May 2010, the Audit Committee has consisted of the following members: Martin Simhandl (Chairman), Gerald Antonitsch, Erwin Hammerbacher, Ralf Zeitlberger and Wilhelm Rasinger (alternate member). Until the 2010 Annual General Meeting, Reinhold Schürer-Waldheim and Richard Wilkinson were members of the Committee and Erwin Hammerbacher was the alternate member. By 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

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.

Since the Supervisory Board meeting on 21 May 2010, the Committee has consisted of Martin Simhandl (Chairman), Gerald Antonitsch and Franz Kerber. Peter Nemschak was a member of the Committee until the 2010 Annual General Meeting.

Working Committee

The Working Committee attended to the purchase and disposal of properties and land, the renovation of buildings and development projects. Since the Supervisory Board meeting on 21 May 2010, the members of the Working Committee have been Gerald Antonitsch (Chairman), Erwin Hammerbacher, Franz Kerber and Ralf Zeitlberger. Peter Nemschak and Richard Wilkinson were members of the Working Committee until the 2010 Annual General Meeting. Reinhold Schürer-Waldheim was an alternate member then. The Working Committee met twice during the year under review.

STATEMENT OF INDEPENDENCE

Sparkassen Immobilien 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 Sparkassen Immobilien 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 Sparkassen Immobilien 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 member is not independent.
- A Supervisory Board member should not in the preceding three years have served as statutory auditor to Sparkassen Immobilien 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 Sparkassen Immobilien 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 2010, the following members of the Supervisory Board, who together constitute a majority of the Supervisory Board, are independent in the meaning of C Rule 53 of the Corporate Governance Code. These members satisfy the Supervisory Board's criteria for independence.

Current independent members of the Supervisory Board:

Martin Simhandl
Franz Kerber
Christian Hager
Erwin Hammerbacher
Michael Matlin
Wilhelm Rasinger
Ralf Zeitlberger

Former independent member of the Supervisory Board (until Annual General Meeting 2010):
Reinhold Schürer-Waldheim

Their posts, principal occupations and other supervisory board appointments are shown in the overview of management bodies on page 5 et seq.

DIRECTORS' DEALINGS

Under section 48d(4) Austrian Stock Exchange Act (BörseG), Sparkassen Immobilien 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 2010, the sale

of participating certificates by one person in a close relationship to a person with management responsibilities was reported to the Financial Market Authority: A total of 5,150 participating certificates were sold. There were no purchases or sales of shares. In accordance with the requirements of the Code, dealings by members of the Management and Supervisory Boards (directors' dealings) are disclosed on Sparkassen Immobilien AG's website (www.simmoag.at) 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 110,000 (2009: EUR 112,000). Supervisory Board members received neither loans nor advances, and no guarantees have been given on their behalf.

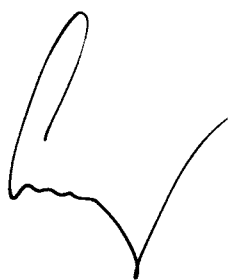
REMUNERATION OF THE MANAGEMENT BOARD

The remuneration of the members of the Management Board usually consists of a fixed and a profit-related variable component. Profit participation is dependent on the achievement of quantitative and qualitative targets, such as EBIT, cash flow and occupancy rate. During the financial year 2010, the remuneration of the Management Board amounted to EUR 775,000 (2009: EUR 985,000). This includes expenses for pensions of EUR 136,000 (2009: EUR 163,000) and contributions to the employee severance pay and pensions fund of EUR 9,000 (2009: EUR 12,000).

Sparkassen Immobilien AG has no stock option plan at present.

AUDITORS

By resolution of the Annual General Meeting 2010 Deloitte Audit Wirtschaftsprüfungs GmbH (formerly Eidos Deloitte Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH) were 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 Schmidmayr



Ernst Vejdovszky



Friedrich Wachernig