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**Report of the Management Board of S IMMO AG (FN 58358x)
regarding the exclusion of the shareholders' subscription rights in connection with the possible
implementation of a capital increase from authorised capital in accordance with Section 171 par 1 in
conjunction with Section 153 par 4 of the Austrian Stock Corporation Act ("AktG")**

The Management Board of S IMMO AG, FN 58358x, (hereinafter the "Company") was authorised by resolution of the Annual General Meeting held on 3 May 2018 to increase the share capital in accordance with Section 169 of the Austrian Stock Corporation Act (authorised capital; [AktG]) and to exclude the shareholders' subscription rights. In order to create the legal prerequisites for a capital increase, the Management Board, in accordance with international capital market practice and in partial use of the authorization granted by the aforementioned resolution of the Annual General Meeting, excludes the subscription rights for a capital increase by issuing up to 6,691,717 new ordinary bearer shares of the Company against cash contribution and publishes this report. As a result, the share capital of the Company can be increased from the current EUR 243,143,569.90 by up to EUR 24,314,353.72 to up to EUR 267,457,923.62.

In the event the capital increase against cash contributions takes place, the issue price of the new shares shall be determined through an Accelerated Bookbuilding procedure („ABB“). The actual issue price will be determined taking into account current market conditions, whereby the issue price may not be significantly lower than the prevailing price or an appropriate average price of the shares. The new shares to be issued will carry the same rights (in particular profit entitlements) as the existing shares of the Company with ISIN AT0000652250. In accordance with Austrian Stock Corporation law, the Management Board submits this report on the basis and reasons for the envisaged exclusion of the shareholders' subscription rights.

Basis of authorization - authorized capital (Section 169 of the Austrian Stock Corporation Act [AktG])

By resolution of the Annual General Meeting held on 3 May 2018, with the approval of the Supervisory Board, the Management Board of the Company was, among other things, authorised to exclude the subscription right of shareholders, completely or in part, as long as the capital increase against cash contributions does not exceed ten percent of the Company's share capital.

In preparation for the resolution on the authorization to exclude shareholders' subscription rights in accordance with Sections 170 par 2 in conjunction with 153 par 4 of the Austrian Stock Corporation Act (AktG), the Management Board submitted a written report to the Annual General Meeting held on 3 May 2018 and explained in detail the reasons why an exclusion of subscription rights is objectively justified; these reasons were approved by the Annual General Meeting. On this basis, the present written report is now being prepared in accordance with Sections 171 par 1 in conjunction with 153 par 4 2nd sentence of the Austrian Stock Corporation Act (AktG), whereby reference is also made to the report prepared in advance of the Annual General Meeting on 3 May 2018:

Reasons for the exclusion of subscription rights

The intended ABB and the associated exclusion of subscription rights are objectively justified in particular for the following reasons and are, therefore, in line with the requirements of the law and the Articles of Association of the Company:

Company interests

- The implementation of an ABB is the simplest and quickest way to raise fresh equity capital for this volume of capital increase, in line with international capital markets customs and approved by international proxy advisors. This will enable the Company to take advantage of investment opportunities at short notice and of the current capital market environment;
- An ABB is more flexible and thus enables the optimal exploitation of favourable market opportunities, particularly because of the lower market risk due to the quick execution process; as a result, possible timing windows for issuance of shares are more likely to be available with an ABB than with an issuance including subscription rights to existing shareholders;

- The liquidity of the shares is more likely to increase through an ABB due to the likely participation of institutional investors compared to an issuance with subscription rights, and can be expected to have a positive effect on the attractiveness of the shares, while also helps to secure the listing of the Company in the ATX;
- ABB could also attract new (institutional) investors to the Company;
- An ABB is significantly less expensive than a capital increase with subscription rights, which is amongst others subject to a prospectus.

Suitability and necessity

The implementation of the cash capital increase under exclusion of the shareholders' subscription rights is suitable to achieve the stated interests of the Company. The measure is also necessary for these purposes.

The objectives pursued with the ABB cannot be achieved to the same extent by a cash capital increase with inclusion of subscription rights of shareholders:

- The lead time for a capital increase with subscription rights would be longer and would have a negative impact on the possibility of taking advantage of existing opportunities;
- There is currently a positive capital market environment. It is not foreseeable how long such a supportive environment will continue to exist;
- The significantly higher costs associated with a cash capital increase while maintaining the shareholders' subscription rights cannot be avoided by other means. A cash capital increase with subscription rights would only be in the interest of the Company if the net proceeds per share issued were higher than in the case of an issue with subscription rights excluded. This however, is not to be expected, particularly because of the flexibility provided by an ABB and the placement advantages it offers;

- The capital market impulse created by increasing the liquidity of the shares due to the potential participation of institutional investors cannot be replicated by any other means than by excluding the shareholders' subscription rights.

Proportionality

The interests of the company in the envisaged measure outweigh the interests of the shareholders excluded from subscription rights. The issue of the new ordinary shares against cash contributions with the exclusion of subscription rights does not unduly interfere with the legal position of the shareholders excluded from subscription rights:

- The amount of the capital increase is limited to 10% of the share capital so that the effects on the shareholders are kept within reasonable limits. With a capital increase in the volume of no more than 10% of the total share capital, the exclusion of subscription rights is common practice in international capital markets for cash capital increases and is also considered to be proportionate;
- The subscription price per share is based on the stock market price, so that a dilution of the assets of existing shareholders can be avoided as far as possible, in particular due to the combination with a cost-efficient form of the issuance of new shares;
- Due to the Company's stock exchange listing and the available liquidity, a dilution of the shareholders' voting power can generally be compensated by purchases of shares on the stock exchange.

Explanation of the issue price (subscription price)

The subscription price in an ABB is determined exclusively by current market conditions. In this respect, the determination of the issue price is subject to a "market test" and thus the financial interests of the shareholders are safeguarded. The rights conferred by the new shares are taken into account in the valuation of the shares on the capital markets and priced into the issue price; in this respect, the rights of existing shareholders are not impaired.

The level of the share price is generally above the historical level. With a price gain of 55.43%, the Company recorded the best performance of all ATX stocks in 2019. This makes the creation of the legal conditions for implementing an ABB and their justification plausible.

Result

In summary, after consideration of the above-mentioned circumstances, it must be determined that the intended exclusion of the shareholders' subscription rights is necessary, appropriate, reasonable and in the overwhelming interest of the Company and is thus objectively justified and in line with the best interest of the Company.

Pursuant to Section 171 par 1 of the Austrian Stock Corporation Act, this Management Board report is published on the Company's website, which is registered in the commercial register, and reference is made to this publication in the Official Gazette (Amtsblatt zur Wiener Zeitung). The Supervisory Board resolution required for the approval of the exclusion of the subscription right will be adopted in accordance with the statutory provisions at the earliest two weeks after publication of this report.

Vienna, December 2019

The Executive Board of S IMMO AG