

## **Report of the Supervisory Board of Nemetschek AG**

The supervisory board of Nemetschek AG carried out the tasks assigned to it by law, the articles of incorporation and rules of procedures with the utmost care in the fiscal year 2013. In the leadership of the company, the supervisory board supported the executive board in an advisory capacity and followed and monitored the company's management and development within the scope of an intensive and open dialog.

The executive board instructed the supervisory board regularly and comprehensively, as well as orally and in writing, with regard to corporate planning, development of revenues, earnings and liquidity, strategic action, planned investments, the fulfilment of the planning of the Group and the individual brand companies including the risk profile and risk management. Current quarterly development and short- and medium-term prospects as well as the long-term growth and earnings strategy were regularly discussed and, within the scope of regular meetings over the course of the year, discussed and scrutinized. The supervisory board was involved in decisions of fundamental importance for the company and obtained holistic information on backgrounds and contexts. On the basis of the executive board's reports, the supervisory board supported the executive board's work and made decisions on actions requiring approval. The committee continuously dealt with the risk situation of the Group.

The deliberations focused on the strategic alignment of the Nemetschek Group, addressing international markets and further development of the solution portfolio. Detailed reports concerning the brand companies in the Nemetschek Group were also requested. Business performance which deviated from the corresponding annual planning and annual targets was openly discussed in detail at the supervisory board meetings and jointly analyzed. Regulatory measures were initiated, where required. Moreover, the committee formed its own picture of the companies. At the meetings, the supervisory board was regularly occupied with the development of the Group and individual brands, as well as with the assets, financial position and implementation of the strategies.

The executive board presented acquisition projects, which were then decided on in close collaboration with the supervisory board. Prior to the acquisition of Data Design System, headquartered in Norway, the target company was analyzed in detail and the opportunities and risks extensively debated and discussed with the committee.

### **MEETINGS AND TOPICS OF FOCUS**

In the fiscal year 2013, five regular supervisory board meetings were held – in the months of March (balance sheet meeting for the 2012 financial report), June, July, October and December. The supervisory board was represented in full at the meetings. In addition to the meetings, the written circular procedure was used for further urgent resolutions on current topics.

The meetings and further discussions outside of the meetings focused on the following topics, which were the subject of intensive deliberation and verification:

- Annual financial statements and consolidated financial statements for the 2012 fiscal year
- Invitation and agenda items for the regular 2013 Annual General Meeting with proposed resolutions including the dividend proposal to the Annual General Meeting
- Executive board and managing directors' specification of targets reached in 2012 and release of payment of variable remuneration shares as well as the definition of target agreements for the 2013 fiscal year
- Declaration of Conformity in accordance with the "German Corporate Governance Code"
- Selection and appointment of a new executive board team
- Strategic alignment of the Nemetschek Group and brand companies
- International market activities as well as opportunities and risks of expansion
- Product developments and innovations of the respective brand companies regarding topics such as the internet, cloud, collaboration and digitalization
- Realignment of the brand company Allplan
- Acquisition projects, interests and cooperations
- Acquisition and integration of Data Design System
- Internal control and early stage risk detection systems, compliance
- Corporate planning and investment projects for 2014

## **EXECUTIVE BOARD MEMBERS**

The following changes were made in the executive board in the fiscal year 2013. Until the end of August 26, 2013, Tanja Tamara Dreilich stepped down as the sole member of the executive board. Dr. Tobias Wagner was appointed as the successor by the supervisory board on August 29, 2013, first as sole member of the executive board and since November 1, 2013 as spokesman. Dr. Wagner has many years of national and international experience in management positions and proven expertise in real estate management as well as in the area of software and innovative web solutions. His main tasks were the management of the strategic holding, representation of Nemetschek AG on the capital market, accompaniment of the acquisition of Data Design System, realignment of the Allplan Group together with the new management team as well as reworking and structuring of numerous other subjects and projects.

On November 1, 2013, Viktor Várkonyi, CEO of Graphisoft SE since 2009, and Sean Flaherty, CEO of Nemetschek Vectorworks, Inc. since 2005, were appointed as further members of the executive board of Nemetschek AG. Both managers convince with their sharp business sense, strategic leadership skills and a passion for technology. Furthermore, they bring with them comprehensive knowledge of international markets. By adding experienced brand CEOs to the executive board of Nemetschek AG, the supervisory

board relies on the strengths of the brand companies to extend the market position of the Nemetschek Group worldwide. In the future as well, the two executive board members will continue to serve in the position of CEO of their respective brand companies.

The executive board team is complete as of March 1, 2014 with the appointment of Patrik Heider. Serving as CFOO (Chief Financial & Operations Officer) and spokesman of the executive board, Mr. Heider will make up the newly formed executive board team together with Sean Flaherty and Viktor Várkonyi. Patrik Heider contributes to the Nemetschek Group extensive operating and strategic experience with globally active and expanding companies. He has comprehensive expertise in the finance and M&A sectors and a pronounced strength in terms of implementation, experience in international project management and strategic leadership skills.

Dr. Tobias Wagner will cease his activities on the executive board according to plan at the end of March 2014. The supervisory board cordially thanks Dr. Tobias Wagner for his outstanding performance. The three-man team will continue the growth course of the Nemetschek Group and its internationalization.

## **SUPERVISORY BOARD MEMBERS**

As in the previous year, the supervisory board is made up of three members. There were no changes in personnel. The formation of supervisory board committees is not expedient since the supervisory board comprises three members. The supervisory board was aware of no conflicts of interest on the part of any of the supervisory board members.

In this context, the following is to be noted: Within the scope of a follow-up plan, the members of the Nemetschek family consolidated their Nemetschek shares at the end of December 2013; Prof. Georg Nemetschek, Ingrid Nemetschek, Alexander Nemetschek and Dr. Ralf Nemetschek contributed a total of 4,655,732 shares to the newly founded Nemetschek Vermögensverwaltungs GmbH & Co. KG, Grünwald. 500,000 shares will continue to be held directly by Prof. Georg Nemetschek. Moreover, a pooling agreement was concluded between Nemetschek Vermögensverwaltungs GmbH & Co. KG and Prof. Georg Nemetschek for the respectively held shares. Nemetschek Verwaltungs GmbH is a general partner of Nemetschek Vermögensverwaltungs GmbH & Co. KG. Prof. Georg Nemetschek is the general manager. Prof. Georg Nemetschek exercises significant influence in Nemetschek Verwaltungs GmbH and thus directly in Nemetschek Vermögensverwaltungs GmbH & Co. KG.

Despite the shareholder position of Prof. Georg Nemetschek described above, the supervisory board has no reason to doubt the independence of Prof. Georg Nemetschek as a member of the supervisory board. The supervisory board remains convinced that his actions as a member of the supervisory board will be solely governed by the well-being of the company. Furthermore, besides the Nemetschek shares, Prof. Georg Nemetschek has no entrepreneurial interest which would constitute a conflict of interest.

## **AUDIT OF THE 2013 ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

On May 16, 2013, the Annual General Meeting of Nemetschek AG selected the Ernst & Young GmbH auditing firm, Munich, as auditors and group auditors for the 2013 fiscal year. The supervisory board has investigated the independence of the auditors and obtained a written declaration of independence from the auditors.

The annual financial statements prepared by the executive board according to the German Commercial Code (HGB), taking into consideration the accounting principles and annual report of Nemetschek AG for the 2013 fiscal year, the consolidated financial statements prepared according to the International Financial Reporting Standards (IFRS), as applicable in the EU, and also according to § 315a Paragraph 1 of the German Commercial Code (HGB), and the consolidated annual report for the 2013 fiscal year have been audited and approved without qualification by auditing firm Ernst & Young GmbH, Munich.

The specified final documents of the AG, the Group and the executive board's proposal on the appropriation of profits as well as the auditor's reports were available to the members of the supervisory board in good time and during the balance sheet meeting on March 20, 2014. The auditor took part in the meeting, reported extensively on his auditing activities and the main audit results, explained his audit report, and provided detailed answers to all of the supervisory board members' questions.

Taking the auditor's reports into consideration, the supervisory board has examined the annual financial statements, the management report, the consolidated financial statements, and the Group's management report and is convinced of the correctness and completeness of the actual information. The supervisory board concurs with the result of the audit performed by the auditor and has determined, within the scope of its own investigations, that there are no reservations whatsoever to be raised. The supervisory board approved the 2013 financial statements and consolidated financial statements of Nemetschek AG at the balance sheet meeting of March 20, 2014. The annual financial statements of Nemetschek AG for the fiscal year 2012 are thus final within the scope of § 172 of the German Stock Corporation Act (AktG).

## **REPORT OF THE EXECUTIVE BOARD ON RELATIONSHIPS WITH AFFILIATED COMPANIES**

The auditor also examined the report of the executive board prepared as per § 312 of the German Stock Corporation Act (AktG) on relationships with affiliated companies in the period from December 30, 2013 to December 31, 2013 and reported the result of the examination. The following approval was granted:

“Following our mandatory examination and assessment, we confirm that

- 1. the actual details of the report are correct,
- 2. no legal transactions or measures subject to mandatory reporting were undertaken or omitted in the period from December 30, 2013 to December 31, 2013.“

The supervisory board examined the report on relationships with affiliated companies in the period from December 30, 2013 to December 31, 2013 and discussed it at its meeting of March 20, 2014. It raised no reservations regarding the declaration of the executive board or the examination result of the auditor.

## **DIVIDEND**

After conducting its own investigations, the supervisory board concurred with the proposal of the executive board on the use of retained earnings at the balance sheet meeting. In accordance with legal rulings and the articles of incorporation, it was decided to propose the following appropriation of profits to the Annual General Meeting on May 20, 2014:

Of the balance sheet profit amounting to EUR 63,059,122.95, an amount of EUR 12,512,500.00 will be paid out to the shareholders. This represents a dividend per share of EUR 1.30 (previous year: EUR 1.15). The remaining balance sheet profit of EUR 50,546,622.95 will be carried to a new account.

## **CORPORATE GOVERNANCE**

The supervisory board and executive board have deliberated on the principles of good corporate governance and obtained ongoing information on the further development of the corporate governance standards. The supervisory board and executive board submitted an updated declaration of conformity as per § 161 of the German Stock Corporation Act (AktG) in March 2014 and made this permanently available to shareholders via the company website. Nemetschek AG conforms to the recommendations of the Government Commission of the German Corporate Governance Code as per the version of the code published in June 2013, with the exception of the justified deviations specified in the declaration of conformity. Please refer to the Corporate Governance section in the annual report for more details on that topic.

The supervisory board thanks all employees who work for the Nemetschek Group worldwide for their dedicated commitment in the 2013 fiscal year. Also at this time, the supervisory board would like to thank the executive board and the managing directors and express appreciation of their personal engagement.

Munich, March 20, 2014

Kurt Dobitsch  
Chairman of the Supervisory Board