

# Corporate Governance

expanded to include the consolidated Corporate Governance Report

## COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

IMMOFINANZ pursues responsible business activities that are designed to create and maintain sustainable, long-term value. In line with this orientation, the company strives to achieve a high degree of transparency for all stakeholders.

The Austrian Corporate Governance Code\* provides Austrian stock companies with a framework for corporate management and monitoring. The Executive Board and Supervisory Board of IMMOFINANZ are committed to compliance with the code, in the currently applicable version, and to the related transparency and principles of good management.

IMMOFINANZ complied with all provisions of the code during the 2017 financial year. The implementation of the code and the correctness of our statements were evaluated by the auditor, Deloitte Audit Wirtschaftsprüfung GmbH, in connection with a review of the corporate governance report. The resulting report can be reviewed on our website ([www.immofinanz.com](http://www.immofinanz.com)). The most recent evaluation of our corporate governance report for 2017 did not raise any objections.

## CORPORATE BODIES AND REMUNERATION

### THE EXECUTIVE BOARD

#### Oliver Schumy, Chief Executive Officer

- > Member of the Executive Board since 1 March 2015
- > Appointed up to 29 February 2020
- > Born in 1971

Oliver Schumy has been a member of the Executive Board of IMMOFINANZ since 1 March 2015 and has served as Chief Executive Officer since 1 May 2015. In this function he is responsible for project development, transactions, legal affairs and human resources as well as corporate communications and investor relations. Mr. Schumy also serves as a managing director of IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a material IMMOFINANZ subsidiary. He has been a member of the Supervisory Board of CA Immobilien Anlagen Aktiengesellschaft (CA Immo) since 2 August 2016, in which IMMOFINANZ holds an investment of roughly 26%. Mr. Schumy resigned as vice-chairman of the BUWOG supervisory board as of 6 March 2017.

#### Stefan Schönauer

- > Member of the Executive Board since 11 March 2016
- > Appointed up to 11 March 2019 with an extension to 30 April 2021
- > Born in 1979

Stefan Schönauer has worked with IMMOFINANZ in leading positions since the end of 2008 and was appointed Chief Financial Officer on 11 March 2016. He is responsible for accounting, controlling, consolidation, taxes, financing, cash management, IT, procurement and internal audit. Mr. Schönauer also serves as a managing director of IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a material IMMOFINANZ subsidiary. He has been a member of the Supervisory Board of CA Immobilien Anlagen Aktiengesellschaft (CA Immo) since 2 August 2016, in which IMMOFINANZ holds an investment of roughly 26%.

#### Dietmar Reindl

- > Member of the Executive Board since 1 May 2014
- > Appointed up to 30 April 2021
- > Born in 1969

Dietmar Reindl has been with IMMOFINANZ in leading functions since 2012 and was appointed to the Executive Board in May 2014. He is responsible for the management of all commercial properties and for marketing. Mr. Reindl also serves as a managing director of IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a material IMMOFINANZ subsidiary. He holds no positions on the supervisory boards of non-group companies.

\* The current version of the code (January 2018) is available on the website of IMMOFINANZ AG ([www.immofinanz.com](http://www.immofinanz.com)) and on the website of the Austrian Working Group for Corporate Governance ([www.corporate-governance.at](http://www.corporate-governance.at)).



**THE SUPERVISORY BOARD**

From left to right:  
Werner Ertelthaler,  
Christian Böhm,  
Nick van Ommen,  
Michael Knap,  
Rudolf Fries,  
Wolfgang Schischek,  
Larissa Lielacher,  
Horst Populorum

**THE SUPERVISORY BOARD**

Member	Function
<b>Michael Knap</b> (Born in 1944)	Chairman of the Supervisory Board
<b>Rudolf Fries</b> (Born in 1958)	Vice-Chairman of the Supervisory Board
<b>Christian Böhm</b> (Born in 1958)	Member
<b>Nick J. M. van Ommen</b> (Born in 1946)	Member
<b>Horst Populorum</b> (Born in 1973)	Member
<b>Wolfgang Schischek</b> (Born in 1944)	Member
<b>Werner Ertelthaler</b> (Born in 1987)	Member
<b>Philipp Obermair</b> (Born in 1979)	Member
<b>Larissa Lielacher</b> (Born in 1985)	Member since 23 May 2017

The terms of office of the members delegated to the Supervisory Board by the Works' Council are unlimited.



First appointed in	Term ends in	Other functions
2008	2020	> Vice-president of IVA Interessenverband für Anleger, Vienna
2008	2020	> Chairman of the supervisory board of EAG-Beteiligungs Aktiengesellschaft, Baden > Attorney, partner in Eckert Fries Prokopp Rechtsanwälte GmbH, Baden
2010	2020	> Chairman of the management board of APK Pensionskasse AG, Vienna > Chairman of the Supervisory Board of APK Versicherung AG, Vienna > Member of the Supervisory Board of APK Vorsorgekasse AG, Vienna
2008	2020	Member of the supervisory boards of: > W.P. Carey & Co. LLC, USA > Allianz Nederland Group N.V., Netherlands > Allianz Benelux SA, Belgium
2015	2019	Holds no other supervisory board positions
2015	2019	Member of the supervisory boards of: > Vice-chairman of the supervisory board of KBA-MÖDLING GmbH, Mödling > Kostwein Holding GmbH, Klagenfurt
2016		Delegated by the IMMOFINANZ Works' Council
2014		Delegated by the IMMOFINANZ Works' Council
2017		Delegated by the IMMOFINANZ Works' Council

## MEMBERS OF THE SUPERVISORY BOARD COMMITTEES

<u>Audit Committee</u>	<u>Strategy Committee</u>	<u>Personnel and Nominating Committee</u>
<b>Michael Knap</b> , Chairman	<b>Michael Knap</b> , Chairman	<b>Michael Knap</b> , Chairman
<b>Rudolf Fries</b> , Vice-Chairman	<b>Nick J. M. van Ommen</b> , Vice-Chairman	<b>Rudolf Fries</b> , Vice-Chairman
<b>Christian Böhm</b> , Financial expert	<b>Wolfgang Schischek</b>	<b>Horst Populorum</b>
<b>Philipp Obermair</b>	<b>Christian Böhm</b>	
<b>Werner Ertelthalner</b>	<b>Werner Ertelthalner</b>	
	<b>Larissa Lielacher</b>	

The Supervisory Board monitors the Executive Board and provides support for the management of the company, particularly on decisions of fundamental importance. In addition to its primary function as a monitoring and support body, the Supervisory Board constantly strives to further improve the efficiency of its work through self-evaluation. The Supervisory Board currently has six members who were elected by the annual general meeting and three members delegated by the Works' Council. Six Supervisory Board meetings were held during the 2017 financial year.

### Audit Committee

The Audit Committee is responsible for monitoring accounting processes and supervising the audit of the separate and consolidated financial statements. This committee also monitors the effectiveness of the company's internal control system, risk management and internal audit. Its responsibilities were expanded in 2017 to include property valuation, and all Supervisory Board members have received training on this subject. Christian Böhm serves as the Audit Committee's financial expert based on his professional experience and knowledge of finance and accounting. The committee members, as a whole, are well informed of the business sector in which IMMOFINANZ operates. The Audit Committee held two meetings in 2017.

### Strategy Committee

The Strategy Committee is responsible, above all, for the regular evaluation of the company's strategy and orientation as well as consultations with the Executive Board on the definition of this strategy. These responsibilities were fulfilled by the full Supervisory Board in 2017.

### Personnel and Nominating Committee

The Personnel and Nominating Committee makes recommendations to the Supervisory Board for nominations to the Executive and Supervisory Boards and is responsible for determining the remuneration and preparing the employment contracts for the Executive Board members. This committee met twice in 2017.

## REMUNERATION OF THE EXECUTIVE BOARD

The contracts with the members of the IMMOFINANZ Executive Board include fixed and variable remuneration components. The performance-based remuneration is linked, in particular, to sustainable, long-term and multi-year criteria and includes both qualitative and quantitative goals (e.g. occupancy level, cash flow and net profit for the year). The variable component of the Executive Board remuneration is limited to 100% of the fixed remuneration.

The members of the Executive Board do not receive any remuneration from the subsidiaries for management functions in these companies.

All Executive Board contracts include change of control clauses, which regulate the entitlements of the Executive Board members if their contracts are terminated prematurely due to a change in the control over the company. The entitlements of the individual Executive Board members from their respective contracts are limited to a maximum of two years, depending on the remaining contract time.

**EXECUTIVE BOARD REMUNERATION FOR THE 2017 FINANCIAL YEAR**

in EUR	Oliver Schumy	Dietmar Reindl	Stefan Schönauer	Total
Fixed remuneration, gross	600,000.00	500,000.00	300,000.00	1,400,000.00
Compensation in kind	11,578.12	11,578.12	11,578.12	34,734.36
<b>Total fixed remuneration</b>	<b>611,578.12</b>	<b>511,578.12</b>	<b>311,578.12</b>	<b>1,434,734.36</b>
<i>Fixed remuneration as a % of total remuneration</i>	47.40%	58.53%	56.71%	52.87%
<b>Total variable remuneration</b>	<b>600,000.00</b>	<b>300,000.00</b>	<b>200,000.00</b>	<b>1,100,000.00</b>
<i>Variable remuneration as a % of total remuneration</i>	46.51%	34.33%	36.40%	40.54%
Contributions to pension fund <sup>1</sup>	60,000.00	50,000.00	30,000.00	140,000.00
Contributions to employee benefit fund	18,537.16	12,417.16	7,827.14	38,781.46
<b>Total fund contributions</b>	<b>78,537.16</b>	<b>62,417.16</b>	<b>37,827.14</b>	<b>178,781.46</b>
<b>Total remuneration</b>	<b>1,290,115.28</b>	<b>873,995.28</b>	<b>549,405.26</b>	<b>2,713,515.82</b>

<sup>1</sup> Defined contribution commitments

Directors' and officers' insurance (D&O insurance) with coverage of EUR 100 million was concluded for the corporate bodies of IMMOFINANZ. The related costs are carried by the company.

**SUPERVISORY BOARD REMUNERATION**

The remuneration of the Supervisory Board for the current financial year is approved by the annual general meeting in the following year and paid out after this approval is received. A recommendation will be made to the next annual general meeting calling for remuneration of EUR 260,939.38 for the Supervisory Board for the 2017 financial year.

Each member receives fixed remuneration of EUR 25,125.25. An additional payment of EUR 5,000.00 is made for services performed on a committee. The remuneration for the chairman and vice-chairman of the Supervisory Board equals twice and one and a half times this amount, respectively.

**RECOMMENDED REMUNERATION FOR 2017**

in EUR	Michael Knap	Rudolf Fries	Christian Böhm	Nick J. M. van Ommen	Horst Populorum	Wolfgang Schischek
<b>Total</b>	<b>80,250.50</b>	<b>52,687.88</b>	<b>35,125.25</b>	<b>32,625.25</b>	<b>30,125.25</b>	<b>30,125.25</b>

**SHAREHOLDINGS OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS AS OF 31 DECEMBER 2017**

Members of the IMMOFINANZ corporate bodies and closely related persons are required to report their transactions in financial instruments issued by the company. These reports ("Directors' Dealings") are published on the IMMOFINANZ website. Following is an overview of the direct and indirect shareholdings of these members:

Name	Number of IMMOFINANZ shares
Oliver Schumy	362,000
Dietmar Reindl	25,150
Stefan Schönauer	50,000
Michael Knap	1,294 <sup>1</sup>
Rudolf Fries (incl. investment companies under the scope of influence and members of the Fries family)	69,781,813
Nick J. M. van Ommen	125,000 <sup>1</sup>
Horst Populorum (and related persons)	62,480
Wolfgang Schischek	201,500
Christian Böhm	10,000

<sup>1</sup> In connection with the settlement of the legal proceedings to review the exchange ratio applied to the merger with IMMOEAST AG (see section *Information on Equity*), IMMOFINANZ shares were distributed to former IMMOEAST shareholders. These shareholders include Michael Knap (44 IMMOFINANZ shares) and Nick van Ommen (317 IMMOFINANZ shares). Since neither of these Supervisory Board members exceeded the reporting threshold of EUR 5,000, Directors' Dealings reports were not filed.

## WORKING PROCEDURES OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

The cooperation between the Executive Board and Supervisory Board of IMMOFINANZ is based on open and constructive discussions. The Executive Board provides the Supervisory Board with regular, timely and comprehensive information on the development of business and related issues and also prepares the documentation for the Supervisory Board's meetings and resolutions. The rules of procedure for the Executive Board define the transactions and measures that require Supervisory Board approval. In addition, the Executive Board provides the Supervisory Board with information on issues of major importance outside the framework of scheduled meetings.

### Independence and avoidance of conflicts of interest

The members of the Executive Board are required to take their decisions independent of any personal interests and the interests of controlling shareholders. Moreover, these decisions must be based on well-founded knowledge and comply with all relevant legal regulations. Persons serving on the Executive Board must disclose any personal interests in the company's transactions or other conflicts of interest to the Supervisory Board without delay and also inform their board colleagues. The Executive Board members may only accept appointments to a supervisory board with the consent of the IMMOFINANZ Supervisory Board. Key company employees must also have the approval of the Executive Board and Supervisory Board before they may accept a position on the corporate body of a non-Group company. A legal restraint on competition is also in place.

The members of the Supervisory Board are required to represent the interests of the company and must disclose any conflicts of interest without delay. They may not accept positions on the corporate bodies of any companies that compete with IMMOFINANZ.

Christian Böhm, a member of the Supervisory Board, serves on the management board of APK Pensionskasse AG. IMMOFINANZ makes pension fund contributions at ordinary market conditions to this firm for the company pensions of the Executive Board members. The contributions made in 2017 totalled EUR 140,000.

Apart from the above business relationship, there are no contracts between the members of the Supervisory Board or companies in which a member of the Supervisory Board holds a significant financial interest, on the one hand, and IMMOFINANZ or one of its subsidiaries, on the other hand.

### Criteria for the independence of the Supervisory Board

The Austrian Corporate Governance Code (C-Rule 53) requires the majority of the supervisory board members elected by the annual general meeting or by shareholders in accordance with the articles of incorporation to be independent of the company and its management board. A supervisory board member is considered to be independent when he or she has no business or personal relations with the company or its management board that constitute a material conflict of interest and are therefore capable of influencing the member's behaviour.

The following independence criteria were defined by the IMMOFINANZ Supervisory Board and reflect the standards listed in Annex 1 to the Corporate Governance Code. All elected Supervisory Board members are independent based on these criteria. No member represents a shareholder with an investment of more than 10% or the interests of such a shareholder.

- > The Supervisory Board member did not serve as a member of the Executive Board or a key employee of IMMOFINANZ or one of its subsidiaries during the past five years.
- > The Supervisory Board member does not currently, or did not in the past year, maintain any business relations with IMMOFINANZ or one of its subsidiaries of a scope considered significant for the Supervisory Board member. The same applies to business relationships with companies in which the Supervisory Board member holds a considerable economic interest, but not for exercising functions on IMMOFINANZ's corporate bodies. The approval of individual transactions by the Supervisory Board pursuant to L-Rule 48 does not automatically qualify the member as not independent.
- > The Supervisory Board member did not act as an auditor of IMMOFINANZ or own an investment in the auditing company or work for the auditing company during the past three years.
- > The Supervisory Board member is not a member of the management board of another company in which a member of the Executive Board of IMMOFINANZ serves on the supervisory board.

- > The Supervisory Board member has not served on the Supervisory Board of IMMOFINANZ for more than 15 years. This does not apply to members who are shareholders with a direct investment in IMMOFINANZ or who represent the interests of such a shareholder.
- > The Supervisory Board member is not closely related (direct offspring, spouse, life partner, parent, uncle, aunt, sibling, niece, nephew) to a member of the Executive Board or to persons specified in one of the above points.

### SUPPORT FOR WOMEN ON THE EXECUTIVE BOARD AND SUPERVISORY BOARD AND IN KEY FUNCTIONS

In the interest of the company, appointments to the Executive Board, Supervisory Board and key positions are based solely on professional and personal qualifications.

Women filled 30.8% of the management positions and represented approximately 58.6% of the total workforce in 2017. In the IMMOFINANZ Group, women hold key management positions in central corporate functions and on the local country boards.

Men and women have equal opportunities for advancement at IMMOFINANZ, and all employees receive performance-based remuneration for their work.

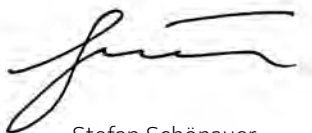
### DIVERSITY CONCEPT

IMMOFINANZ does not follow an abstractly defined diversity concept for appointments to the Executive Board or Supervisory Board. The Supervisory Board, which is responsible for appointments to the Executive Board and for issuing recommendations to the annual general meeting for elections to the Supervisory Board, considers the diversity aspects listed in § 243c (2) no. 2a of the Austrian Commercial Code (age, gender, education and professional experience) and the international aspects for supervisory board members which are discussed in L-Rule 52 of the Austrian Corporate Governance Code to be very important. Accordingly, these aspects are acknowledged and reflected in connection with specific appointment decisions or recommendations.

However, the company does not consider it suitable or expedient to tie its decisions on recommendations or appointments to a diversity concept with abstractly defined goals. The Supervisory Board believes the decisive factors for recommended elections to the Supervisory Board and appointments to the Executive Board must involve aspects like expertise, specific requirements, experience, availability etc.

Vienna, 30 March 2018

The Executive Board



Stefan Schönauer  
CFO



Oliver Schumy  
CEO



Dietmar Reindl  
COO