

Corporate Governance

COMMITMENT TO COMPLIANCE WITH 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 the code during the 2015/16 financial year, whereby there was a variance to the following C-Rules (comply or explain):

Rule 36: The Supervisory Board did not deal with the efficiency of its work in the form of a self-evaluation in 2015/16. This analysis is planned for the current abbreviated financial year.

Rule 83: In addition to the scheduled audit of the annual financial statements for 2015/16, there was no special audit of the effectiveness of the risk management system by the auditor. This is planned for the current abbreviated financial year.

CORPORATE BODIES AND REMUNERATION

EXECUTIVE BOARD

Oliver Schumy, Chief Executive Officer

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

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. In this function he is responsible for project development, transactions, legal affairs, human resources as well as corporate communications and investor relations. Mr. Schumy is also vice-chairman of the Supervisory Board of BUWOG AG.

Stefan Schönauer

- > Born in 1979
- > Member of the Executive Board since 11 March 2016
- > Appointed up to 11 March 2019

Stefan Schönauer has worked with IMMOFINANZ in leading positions since the end of 2008 and succeeded Birgit Noggler as 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 holds no positions on the supervisory boards of non-group companies.

Dietmar Reindl

- > Born in 1969
- > Member of the Executive Board since 1 May 2014
- > Appointed up to 30 April 2017, contract extended to 30 April 2021

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 holds no positions on the supervisory boards of non-group companies.

* The current version of the code (dated January 2015) is available on the website of IMMOFINANZ AG (www.immofinanz.com) and on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at).



SUPERVISORY BOARD
From left to right, standing:
Philipp Obermair, Christian Böhm,
Mark Held, Michael Knap, Horst
Populorum, Wolfgang Schischek
From left to right, seated: Rudolf Fries,
Carmen Balazs, Nick van Ommen

THE SUPERVISORY BOARD

Member	Function
Michael Knap (born 1944)	Chairman of the Supervisory Board
Rudolf Fries (born 1958)	Vice-Chairman of the Supervisory Board
Christian Böhm (born 1958)	Member
Nick J. M. van Ommen (born 1946)	Member
Horst Populorum (born 1973)	Member
Wolfgang Schischek (born 1944)	Member
Mark Anthony Held (born 1979)	Member (Delegated by the IMMOFINANZ Works' Council)
Philipp Obermair (born 1979)	Member (Delegated by the IMMOFINANZ Works' Council)
Carmen Balazs (born 1983)	Member (Delegated by the IMMOFINANZ Works' Council)

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	2016	> Vice-president of IVA Interessenverband für Anleger, Vienna
2008	2016	> Chairman of the supervisory board of EAG-Beteiligungs Aktiengesellschaft, Baden > Attorney, partner in Eckert Fries Prokopp Rechtsanwälte GmbH, Baden
2010	2016	> 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	2016	Member of the supervisory board of: > BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A., Greece > Intervest Retail Actions au Port. O.N., Belgium > Intervest Offices SICAFI Actions Nom. O.N., Belgium > W.P. Carey & Co. LLC, USA > Allianz Nederland Asset Management B.V., Netherlands
2015	2019	Holds no other supervisory board positions
2015	2019	Member of the supervisory board of: > Vice-chairman of the supervisory board of KBA-MÖDLING GmbH, Mödling > Kostwein Holding GmbH, Klagenfurt
2013		
2014		
2015		

MEMBERS OF THE SUPERVISORY BOARD COMMITTEES

<u>Audit Committee</u>	<u>Strategy Committee</u>	<u>Personnel and Nominating Committee</u>
Michael Knap , Chairman	Michael Knap , Chairman	Michael Knap , Chairman
Rudolf Fries , Vice-Chairman	Nick J. M. van Ommen , Vice-Chairman	Rudolf Fries , Vice-Chairman
Christian Böhm , financial expert	Wolfgang Schischek	Horst Populorum
Philipp Obermair	Christian Böhm	
Mark Anthony Held	Philipp Obermair	
	Carmen Balazs	

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 increase 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 meetings of the Supervisory Board were held during the reporting year.

AUDIT COMMITTEE

The Audit Committee is responsible for monitoring accounting processes and supervising the audit of the individual and consolidated financial statements. This committee also monitors the effectiveness of the company's internal control system, risk management and internal audit. Christian Böhm serves as the Audit Committee's financial expert based on his professional experience and knowledge of finance and accounting. The Audit Committee met twice in 2015/16.

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 during the reporting year.

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 three times in 2015/16 and dealt with the appointment of Stefan Schönauer and the extension of the contract with Dietmar Reindl.

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, net profit for the year). The variable component of the Executive Board remuneration is limited to 100% of the fixed remuneration.

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 one to two years, depending on the contract time remaining.

EXECUTIVE BOARD REMUNERATION FOR 2015/16

in EUR	Oliver Schumy	Dietmar Reindl	Birgit Noggler	Stefan Schönauer	Total
Fixed remuneration, gross	600,000.00	300,000.00	416,471.54	42,500.00	1,358,971.54
Compensation in kind	9,600.00	9,600.00	7,680.00	1,290.00	28,170.00
Holiday compensation	0.00	0.00	55,721.90	0.00	55,721.90
Total fixed remuneration	609,600.00	309,600.00	479,873.44	43,790.00	1,442,863.44
<i>Fixed remuneration as a % of total remuneration</i>	52.66%	61.44%	63.31%	82.99%	58.36%
Total variable remuneration	471,428.58	157,142.79	147,618.99	4,047.62	780,237.98
<i>Variable remuneration as a % of total remuneration</i>	40.73%	31.19%	19.48%	7.67%	31.56%
Contributions to pension fund	60,000.00	30,000.00	120,833.37	4,193.54	215,026.91
Contributions to employee benefit funds	16,539.76	7,141.21	9,600.67	731.92	34,013.56
Total fund contributions	76,539.76	37,141.21	130,434.04	4,925.46	249,040.47
Total remuneration	1,157,568.34	503,884.00	757,926.47¹	52,763.08	2,472,141.89

1 Excluding termination benefits of EUR 791,861.83 following the premature cancellation of the Executive Board contract by mutual consent.

Directors' and officers' insurance (D&O insurance) with coverage of EUR 40.0 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. The Supervisory Board remuneration for 2014/15 totalled EUR 200,116.30. 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 2015/16 financial year. The year-on-year increase reflects the first full year of remuneration for the two Supervisory Board members elected in April 2015.

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 2015/16

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

SHAREHOLDINGS OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS AS OF 30 APRIL 2016

Name	Number of IMMOFINANZ shares
Oliver Schumy	362,000
Dietmar Reindl	14,000
Stefan Schönauer ¹	5,000
Michael Knap	1,250
Rudolf Fries (incl. investment companies under the scope of influence and members of the Fries family)	69,781,813
Nick J. M. van Ommen, FRICS	72,500
Horst Populorum (and related persons)	52,480
Wolfgang Schischek	47,500

1 Purchased prior to appointment

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 and key company employees may only accept appointments to the supervisory board or other corporate bodies of non-Group companies with the consent of the Supervisory Board. 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 also disclose any conflicts of interest without delay. They may not accept positions on the corporate bodies of any companies that compete with IMMOFINANZ.

The Supervisory Board member Christian Böhm is a member of 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 2015/16 are disclosed in the notes to the consolidated financial statements.

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 and IMMOFINANZ or one of its subsidiaries.

Criteria for the independence of the Supervisory Board

The 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.



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approx. 38,000 sqm
rentable space

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 in 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 POSITIONS

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 38% of the management positions and represented approx. 64% of the total workforce during the reporting year. At IMMOFINANZ women hold key management positions in central corporate functions (finance & accounting, compliance, corporate communications and investor relations) and on the local country boards (Austria, Poland, Romania).

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

EXTERNAL EVALUATION

The Austrian Corporate Governance Code requires a regular external evaluation (at least every three years) of compliance with the code (C-Rule 62). IMMOFINANZ arranges for this evaluation on an annual basis. The latest review was made by Deloitte Audit Wirtschaftsprüfung GmbH in connection with the audit of the annual financial statements for 2015/16; it confirmed that the statements issued by IMMOFINANZ on compliance with the Corporate Governance Code correspond to the actual circumstances.

The report on the external evaluation is available for download under:
www.immofinanz.com/en/investor-relations/corporate-governance/code