

Corporate Governance Report of IMMOFINANZ AG for 2014/15

Commitment to compliance with the Austrian Corporate Governance Code

The Executive Board and Supervisory Board of IMMOFINANZ AG confirm their intent to comply with the rules of the Austrian Corporate Governance Code and underscore their commitment to transparency and good corporate management. The Austrian Corporate Governance Code, which was developed by the Austrian Working Group for Corporate Governance in 2002, represents a vital component of the Austrian capital market system as well as an essential tool for strengthening investors' confidence in the management and monitoring of companies. It is a voluntary self-imposed obligation for listed companies, which exceeds legal requirements and is reviewed and adapted each year to reflect national and international developments. The code (in the version dated July 2012) is published on the IMMOFINANZ AG website and on the website of the Austrian Working Group for Corporate Governance under: www.corporate-governance.at

The Corporate Governance Code includes legal requirements (L-Rules) as well as standard international regulations that must be met or explained and justified (comply or explain, C-Rules). It also includes rules with a recommendation attribute (R-Rules).

IMMOFINANZ AG complied with the Austrian Corporate Governance Code during the 2014/15 financial year. However, there was a deviation from the following "Comply or Explain" rule:

Rule 83: A separate review of the effectiveness of risk management by the auditor was not carried out in 2014/15; this audit is scheduled for 2015/16.

Shareholders and annual general meeting

The share capital of IMMOFINANZ AG was divided into 1,073,193,688 shares as of 30 April 2015.

Most of the IMMOFINANZ AG shares are held in free float. The company was notified that the Fries Group (FRIES Familien-Privatstiftung, Dr. Rudolf FRIES Familien-Privatstiftung and members of the Fries family) held 6.5% of the shares directly and indirectly as of 30 April 2015.





In accordance with a notification on 28 April 2015, O1 Group Limited and PHI Finanzbeteiligungs und Investment GmbH, an indirect wholly owned subsidiary of CA Immobilien Anlagen Aktiengesellschaft, held a total of 61,133,364 IMMOFINANZ shares directly or based on reciprocal allocation as defined in § 92 no. 7 of the Austrian Stock Exchange Act. These shares represent approx. 5.7% of the share capital of IMMOFINANZ AG.

All Supervisory Board members (shareholder representatives) were elected by the annual general meeting. IMMOFINANZ AG endeavours to provide its shareholders with the best possible support for attending the annual general meeting and exercising their rights. In accordance with the Austrian Stock Corporation Act and the Austrian Corporate Governance Code, annual general meetings are announced at least four weeks (28 days) in advance and extraordinary general meetings at least three weeks (21 days) in advance. Documents are also published on the company's website three weeks (21 days) before an annual general meeting wherever possible, and remain on the website or one month after the meeting. The results of voting and any amendments to the articles of association are published immediately on the website.

Executive Board

The composition of the Executive Board of IMMOFINANZ AG changed during the 2014/15 financial year. The Executive Board comprised three members up to 28 February 2015 and four members as of 1 March 2015. Oliver Schumy was appointed to the Executive Board as of 1 March 2015 for a period of five years. Eduard Zehetner left the Executive Board at the end of his term of office on 30 April 2015, and the Executive Board has had three members since that date. Oliver Schumy became Chief Executive Officer on 1 May 2015.

The following table shows the responsibilities of the Executive Board members as defined in the rules of procedure.

Personal data	Eduard Zehetner, born on 9 August 1951	
Term of office	Appointed from 21 November 2008 to 30 April 2015	
Responsibilities	Chief executive officer, development of commercial office and retail properties, corporate finance, legal, investor and public relations, commercial and strategic investments and funds, portfolio strategy and management, commercial property transactions, human resources	
Supervisory Board positions¹	<ul style="list-style-type: none"> > A.M.I Agency for Medical Innovation GmbH – Member of the Supervisory Board > BUWOG AG² – Vice-Chairman of the Supervisory Board up to 30 April 2015 > „HSF“ Vermögensverwaltung GmbH – Managing Director > Privatstiftung Sparkasse Niederösterreich – Member of the Supervisory Board > Sparkasse Niederösterreich Mitte West Aktiengesellschaft – Member of the Supervisory Board 	
	¹ Or comparable functions in other domestic or foreign companies not included in the consolidated financial statements	
	² Included in the consolidated financial statements at equity	
Personal data	Birgit Noggler, born on 10 September 1974	
Term of office	Appointed from 1 October 2011 to 30 September 2017	
Responsibilities	Accounting and reporting, controlling, taxes, general procurement, property financing, treasury, internal audit, internal control system and risk management (whereby the full Executive Board carries the overall responsibility for these areas), process development, information technology	
Supervisory Board positions¹	<ul style="list-style-type: none"> > Immigon portfolioabbau ag (formerly Österreichische Volksbanken-AG) – Member of the Supervisory Board since 25 September 2014 	
	¹ Or comparable functions in other domestic or foreign companies not included in the consolidated financial statements	
Personal data	Dietmar Reindl, born on 3 August 1969	
Term of office	Appointed from 1 May 2014 to 30 April 2017	
Responsibilities	Management of commercial office, logistics (including operating investments) and retail properties, marketing	
Supervisory Board positions¹	<ul style="list-style-type: none"> > None 	
	¹ Or comparable functions in other domestic or foreign companies not included in the consolidated financial statements	
Personal data	Oliver Schumy, born on 4 April 1971	
Term of office	Appointed from 1 March 2015 to 29 February 2020	
Responsibilities	Chief Executive Officer since 1 May 2015 Assumed the responsibilities of Eduard Zehetner	
Supervisory Board positions¹	<ul style="list-style-type: none"> > BUWOG AG² – Vice-Chairman of the Supervisory Board since 1 May 2015 	
	¹ Or comparable functions in other domestic or foreign companies not included in the consolidated financial statements	
	² Included in the consolidated financial statements at equity	

Cooperation between the Executive Board and Supervisory Board

The cooperation between the two bodies is based on open and constructive discussions. The Executive Board provides the Supervisory Board with regular, timely and comprehensive information on all issues related to the development of business. The documentation for the Supervisory Board's meetings and resolutions are prepared by the Executive Board and distributed to the Supervisory Board on a timely basis. In addition, the presidium of the Supervisory Board is immediately informed of all important events – also outside of the meetings – that could influence the profitability or liquidity of IMMOFINANZ Group.

Remuneration of the Executive Board and Supervisory Board

The remuneration of the Executive Board members includes a fixed component as well a performance-based, or variable, component that currently equals up to 100% of fixed remuneration. The performance-based payment is tied to the fulfilment of qualitative and quantitative targets, which are based on relative (budget) and absolute earnings goals.

The contract with Eduard Zehetner defined the variable component of his remuneration as 0.5% of the dividend before the deduction of withholding tax. As an alternative, the Supervisory Board decided to award Mr. Zehetner a bonus of EUR 1.2 million for the successful spin-off of BUWOG in the 2013/14 financial year and a bonus of EUR 1 million for the 2014/15 financial year.

All Executive Board contracts include change of control clauses which define the entitlements in the event of premature termination. The members of the Executive Board are covered by a pension fund scheme for which the company makes annual contributions.

The company has no obligations above and beyond this commitment. The contributions to pension funds on behalf of the Executive Board members (defined contribution commitments) totalled EUR 137,600.00 in 2014/15 (2013/14: EUR 149,149.00).

The payments made on behalf of the individual Executive Board members are as follows: for Eduard Zehetner EUR 47,600.00, for Oliver Schumy EUR 10,000.00, for Dietmar Reindl EUR 30,000.00 and for Birgit Noggler EUR 50,000.00.

A directors' and officers' insurance policy (D&O insurance) with coverage of EUR 40.0 million was concluded for the corporate bodies of IMMOFINANZ AG. This policy does not include any deductible for the insured persons.

IMMOFINANZ AG Executive Board remuneration for 2014/15 in TEUR	Fixed	Variable	Total
Eduard Zehetner	1,475.3	2,200.0 ¹	3,675.3
Birgit Noggler	508.6	157.1	665.7
Dietmar Reindl	294.1	147.6	441.7
Oliver Schumy (as of 1 March 2015)	86.4	85.7	172.1
	2,364.4	2,590.4	4,954.8

¹ For the 2013/14 and 2014/15 financial years

The variable remuneration reported for Mr. Zehetner in 2014/15 represents the payment of variable remuneration for both financial years.

The 21st annual general meeting on 30 September 2014 approved remuneration of EUR 289,575.00 for the members of the Supervisory Board for the 2013/14 financial year. This remuneration is voted on each year by the annual general meeting. Therefore, remuneration for the 2014/15 financial year will be the subject of voting by the 22nd annual general meeting in December 2015. The remuneration for the Supervisory Board of IMMOFINANZ AG in 2013/14 was based on a fixed payment of EUR 25,125.25 plus EUR 5,000.00 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.

IMMOFINANZ AG Supervisory Board remuneration in 2013/14	Fixed payment in EUR	Committee in EUR ¹	Number of committees	Chairman/ vice-chairman ²	Total in EUR (paid in 2014/15)
Michael Knap ³	25,125.25	5,000.00	3	1.50 resp. 2.00	71,891.08
Rudolf Fries ⁴	25,125.25	5,000.00	2	1.00 resp. 1.50	45,370.12
Christian Böhm	25,125.25	5,000.00	1	1.00	30,125.25
Vitus Eckert	25,125.25	5,000.00	2	1.00	35,125.25
Klaus Hübner	25,125.25	5,000.00	1	1.00	30,125.25
Herbert Kofler ⁵	18,843.93	5,000.00	3	2.00 resp. 1.00	46,812.79
Nick J. M. van Ommen	25,125.25	5,000.00	1	1.00	30,125.25
					289,575.00

¹ Member of a committee in 2013/14

² Chairman/Vice-Chairman in 2013/14

³ Up to 2 October 2013 Vice-Chairman, then Chairman of the Supervisory Board

⁴ Up to 2 October 2013 Member of the Supervisory Board, then Vice-Chairman

⁵ Up to 2 October 2013 Chairman of the Supervisory Board, then member up to 30 January 2014

Supervisory Board and Committees

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. Two organisational sessions, five regular meetings and one extraordinary meeting were held during the 2014/15 financial year.

The composition of the IMMOFINANZ AG Supervisory Board changed during the reporting year. Horst Populorum and Wolfgang Schischek were elected to the Supervisory Board by the extraordinary general meeting on 17 April 2015, and Carmen Balazs was appointed as an additional delegate by the Works Council.

The Supervisory Board has established three committees

Audit Committee

Michael Knap, Chairman

Rudolf Fries, Vice-Chairman

Christian Böhm, Member and financial expert

Philipp Obermair, Member since 21 November 2014

Mark Anthony Held, Member since 2 October 2013

Nikolaus Obermair, Member up to 17 November 2014

The Audit Committee deals with accounting issues as well as the audit of the financial statements of the company and the Group. It is responsible for examining and preparing the approval of the annual financial statements and management report and for examining the consolidated financial statements and group management report, the recommendation for the distribution of profit and the corporate governance report. Other duties include the monitoring of accounting, the effectiveness of the internal control system and the audit of the annual and consolidated financial statements as well as the verification and control of the auditor's independence. The Audit Committee held two meetings during the 2014/15 financial year. In accordance with legal requirements and the provisions of the code, the Audit Committee includes at least one financial expert.

Strategy Committee

Michael Knap, Chairman

Nick J. M. van Ommen, Vice-Chairman

Christian Böhm, Member

Mark Anthony Held, Member since 2 October 2013

Nikolaus Obermair, Member up to 17 November 2014

Philipp Obermair, Member since 21 November 2014

The Strategy Committee is responsible for the regular evaluation of the Group's strategy and consultations with the Executive Board on the definition of this strategy. It evaluates strategic opportunities for development, with the aim of improving the Group's competitive position and increasing the sustainable creation of value for shareholders. The responsibilities of the Strategy Committee were fulfilled by the full Supervisory Board during the reporting year.

Personnel Committee**Michael Knap**, Chairman**Rudolf Fries**, Vice-Chairman

The Personnel and Nominating Committee handles issues related to the remuneration of the Executive Board members and the content of their employment contracts. It also prepares recommendations for the Supervisory Board on appointments to fill vacant positions on the Executive and Supervisory Boards. The Personnel and Nominating Committee held one meeting during the 2014/15 financial year.

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 employees of the company may only accept appointments to the supervisory board or other corporate bodies of non-Group companies with the consent of the Supervisory Board. The legal prohibition on competition was not revoked.

The members of the Supervisory Board are also required to represent the interests of the company and must disclose any conflicts of interest. They may not accept positions on the corporate bodies of any companies that compete with IMMOFINANZ AG.

As part of the remuneration for the members of the Executive Board, IMMOFINANZ AG makes payments to APK Pensionskasse AG. These payments are related to company pensions for the Executive Board members and reflect standard market conditions. Christian Böhm, a member of the Supervisory Board, is a member of the management board of this company. The contributions made in 2014/15 are reported in the notes.

Apart from the above business relationships, there are no contracts in the sense of Rule L-48 between the members of the Supervisory Board or companies in which a member of the Supervisory Board holds a significant financial interest and IMMOFINANZ AG or one of its subsidiaries.

The members of the IMMOFINANZ AG Supervisory Board have defined rule C-53 and the guidelines presented in Appendix 1 of the Austrian Corporate Governance Code as the criteria for their independence. All members have declared their independence in accordance with these criteria. Investment companies attributable to Supervisory Board member Rudolf Fries held approx. 6.5% of the voting rights in IMMOFINANZ AG as of 30 April 2015. No Supervisory Board member represents a shareholder with a stake of more than 10% or his/her interests. The Supervisory Board does not include any former members of the Executive Board or key employees of the company.

Criteria for the independence of the Supervisory Boards

A Supervisory Board member is deemed independent if he/she has no professional or personal relationship with the company or its Executive Board that could constitute a material conflict of interest, and thus be likely to influence the behaviour of the member.

Compliance

In accordance with the Austrian Issuer Compliance Guidelines, the Executive Board has issued an internal directive for the distribution of information in order to prevent insider violations. The rules defined in these compliance guidelines apply to all employees and corporate bodies working for IMMOFINANZ AG. This underscores the efforts of the Executive Board to ensure the equal treatment of all shareholders, to prevent conflicts of interest and to represent the interests of all stakeholder groups. Adherence to the compliance guidelines is monitored on an on-going basis.

Directors' Dealings

In accordance with § 48d (4) of the Austrian Stock Exchange Act, members of management and persons closely related to these members are required to report all purchases and sales of IMMOFINANZ shares to the Financial Market Authority. These transaction reports are disclosed on the IMMOFINANZ AG website via a link to the relevant section of the Financial Market Authority homepage. The following tables present an overview of the direct and indirect shareholdings by members of the corporate bodies.

Executive Board as of 30 April 2015

Name	IMMOFINANZ shares
Eduard Zehetner	1,826,788
Birgit Noggler	360,000
Dietmar Reindl	0
Oliver Schumy ¹	362,000

¹ Purchased prior to the Executive Board appointment

Supervisory Board as of 30 April 2015

Name	IMMOFINANZ shares
Michael Knap	1,250
Rudolf Fries (incl. investment companies under the scope of influence and members of the Fries family)	69,781,813
Christian Böhm	0
Nick J. M. van Ommen	60,000
Horst Populorum (and related parties) ¹	52,480
Wolfgang Schischek	0
Mark Anthony Held	0
Philipp Obermair	0
Carmen Balazs	0

¹ Purchased prior to appointment

Internal audit and risk management

In agreement with C-Rule 18 of the Austrian Corporate Governance Code, internal audit was established as a separate staff department reporting directly to the Executive Board. The Audit Committee of the Supervisory Board receives at least one report each year on the audit schedule and the results of these reviews.

External evaluation

Compliance with the provisions of the Austrian Corporate Governance Code by IMMOFINANZ AG was evaluated and confirmed by Deloitte Audit Wirtschaftsprüfungs GmbH. The results of this evaluation are available for download under: www.immofinanz.com

Women in IMMOFINANZ AG

IMMOFINANZ AG offers equal compensation, equal opportunities for promotion and equal working conditions to male and female employees. Women filled 34.9% of the management positions and represented approx. 60% of the total workforce during the reporting year. IMMOFINANZ Group has implemented coaching measures that focus on specialised professional training and personal development to further increase the share of women in management positions.



From left: (seated) Horst Populorum, Nick J. M. van Ommen; (standing) Philipp Obermair, Mark Anthony Held

The following members of the Supervisory Board were elected by the annual general meeting

Michael Knap

born on 18 May 1944

Chairman of the Supervisory Board since 2 October 2013

First appointed in: 2008

Term of office ends in: 2016

- > Vice-president of IVA Interessenverband für Anleger, Vienna

Rudolf Fries

born on 9 May 1958

Vice-Chairman of the Supervisory Board since 2 October 2013

First appointed in: 2008

Term of office ends in: 2016

- > Chairman of the Supervisory Board of EAG-Beteiligungs Aktiengesellschaft, Baden bei Wien
- > Attorney, partner of Eckert Fries Prokopp Rechtsanwälte GmbH, Baden near Vienna

Christian Böhm

born on 20 September 1958

Member

First appointed in: 2010

Term of office ends in: 2016

Chairman of the management board of:

- > APK Pensionskasse AG, Vienna
- > APK Versicherung AG, Vienna
- > APK Vorsorgekasse AG, Vienna

Nick J. M. van Ommen

born on 17 August 1946

Member

First appointed in: 2008

Term of office ends in: 2016

Member of the Supervisory Board of:

- > BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A., Greece
- > VASTNED Retail GVV, Belgium
- > Intervest Offices GVV, Belgium
- > W.P. Carey Inc., USA
- > Allianz Nederland Asset Management B.V., Netherlands
- > Former Chairman of the Executive Board of the European Public Real Estate Association (EPRA)



From left: (seated) Michael Knap, Rudolf Fries; (standing) Carmen Balazs, Christian Böhm, Wolfgang Schischek

Horst Populorum

born on 8 June 1973

Member

First appointed in: 2015

Term of office ends in: 2019

Wolfgang Schischek

born on 30 March 1944

Member

First appointed in: 2015

Term of office ends in: 2019

Member of the Supervisory Board of:

- > Vice-Chairman of the Supervisory Board of KBA-MÖDLING GmbH, Mödling
- > Kostwein Holding GmbH, Klagenfurt

Works Council delegates to the Supervisory Board

The following members of the Supervisory Board were delegated by the Works Council:

Nikolaus Obermair

born on 24 January 1985

Member up to 17 November 2014

Philipp Obermair

born on 10 March 1979

Member since 21 November 2014

Mark Anthony Held

born on 8 May 1979

Member since 2 October 2013

Carmen Balazs

born on 17 January 1983

Member since 17 April 2015