

Corporate Governance Report of IMMOFINANZ AG for 2013/14

Commitment to compliance with the Austrian Corporate Governance Code

We stand for transparent value added with responsibility

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 2013/14 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 2013/14; this audit is scheduled for 2014/15.

Shareholders and annual general meeting

The share capital of IMMOFINANZ AG was divided into 1,128,952,687 shares as of 30 April 2014.

Most of the IMMOFINANZ shares are held in free float. The company was notified that the Fries Group (FRIES Familien-Privatstiftung, Dr. Rudolf FRIES Familien-Privatstiftung, Mr. and Mrs. Rudolf Fries and other closely related persons) held over 5% of the shares (5.8%) directly and indirectly as of 30 April 2014. In connection with financing through the use of treasury shares, JPMorgan Chase & Co. notified the company that it – together with companies under its control – held an investment representing 6.1% of the voting rights in 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 for 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 IMMOFINANZ AG Executive Board changed during the reporting year. The Executive Board had three members up to 25 April 2014, two members as of 26 April 2014 and again comprised three members as of 1 May 2014. Daniel Riedl FRICS resigned from the Executive Board as of 26 April 2014 with the spin-off of BUWOG. Dietmar Reindl was appointed to the Executive Board as of 1 May 2014 for a three-year term. Eduard Zehetner currently serves as the chief executive officer of IMMOFINANZ AG.


In 2013/14 the term of office for Birgit Noggler as chief financial officer was extended for four years to 30 September 2017.


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 (as of 26 April 2014)	
Other supervisory board positions¹	<ul style="list-style-type: none"> > A.M.I Agency for Medical Innovation GmbH – Member of the Supervisory Board > BUWOG AG² – Member of the Supervisory Board > „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 Following the spin-off of BUWOG AG as of 26 April 2014, IMMOFINANZ AG holds a 49% (financial) investment in BUWOG AG and concluded a de-dominion agreement with BUWOG AG.

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 (as of 26 April 2014)	

Personal data	Daniel Riedl FRICS, born on 7 September 1969	
Term of office	Appointed from 1 July 2008 to 25 April 2014	
Responsibilities	Property development, management and transactions in the residential sector (including investments such as BUWOG, ESG and Adama), personnel, IT, marketing	

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	

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. 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 75% of fixed remuneration. The performance-based payment is tied to the fulfilment of qualitative and quantitative targets. In contrast, the variable component of remuneration for the chief executive officer equals 0.5% of the dividend (before the deduction of the respective withholding tax). The contracts with all members of the Executive Board include a change of control clause that defines the entitlements in the event of premature termination.

Defined contribution pension plans that involve annual contributions by the company were concluded on behalf of the Executive Board members.

The company has no other obligations on behalf of the Executive Board. The pension fund contributions (defined contribution commitments) for the Executive Board amounted to EUR 149,149.00 in 2013/14 (2012/14: EUR 188,700.00).

These contributions included EUR 47,600.00 for Eduard Zehetner, EUR 60,120.00 for Daniel Riedl and EUR 41,429.00 for Birgit Noggler. The decline in the total expense resulted primarily in the reduction of the Executive Board from four to three members.

These amounts are disclosed in the notes to the consolidated financial statements.

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 2013/14 in TEUR	Fixed	Variable	Total
Eduard Zehetner	1,408.0	762.0	2,170.0
Daniel Riedl FRICS	841.0	230.0	1,071.0
Birgit Noggler	453.0	180.0	633.0
	2,702.0	1,172.0	3,874.0

The above data reflect the amounts paid; the actual amount of the variable remuneration for 2013/14 will only be available after the completion of the financial statements.

The 20th annual general meeting on 2 October 2013 approved remuneration of EUR 300,300.00 for the members of the Supervisory Board for the 2012/13 financial year. This remuneration is voted on each year by the annual general meeting. Therefore, remuneration for the 2013/14 financial year will be the subject of voting by the 21st annual general meeting on 30 September 2014. The remuneration for the Supervisory Board of IMMOFINANZ AG in 2012/13 was based on a fixed payment of EUR 25,025.00 plus EUR 5,005.00 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 for 2012/13	Fixed payment in EUR	Committee¹ in EUR	Number of committees	Chairman/vice-chairman²	Total in EUR
Michael Knap	25,025.00	5,005.00	3	1.50	60,060.00
Rudolf Fries	25,025.00	5,005.00	2	1.00	35,035.00
Christian Böhm	25,025.00	5,005.00	1	1.00	30,030.00
Vitus Eckert	25,025.00	5,005.00	2	1.00	35,035.00
Klaus Hübner	25,025.00	5,005.00	1	1.00	30,030.00
Herbert Kofler	25,025.00	5,005.00	3	2.00	80,080.00
Nick J. M. van Ommen FRICS	25,025.00	5,005.00	1	1.00	30,030.00
	175,175.00	35,035.00	13		300,300.00

¹ Member of a committee in 2012/13

² Chairman/vice-chairman of the Supervisory Board in 2012/13

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 four members who were elected by the annual general meeting and two members delegated by the Works' Council. One organisational session, five regular meetings and one extraordinary meeting were held during the 2013/14 financial year.

The composition of the IMMOFINANZ AG Supervisory Board changed during the reporting year. Herbert Kofler resigned from the Supervisory Board for private reasons. In connection with the spin-off of the BUWOG Group, Vitus Eckert and Klaus Hübner transferred to the Supervisory Board of BUWOG AG. Representatives of the Works' Council were also delegated to the Supervisory Board of IMMOFINANZ AG in September 2013.



From left to right: Nick J. M. van Ommen FRICS, Michael Knap, Christian Böhm, Rudolf Fries

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

Christian Böhm

born on 20 September 1958

Member

First appointed in: 2010

Term of office ends in: 2014

Chairman of the management board of:

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

Nick J. M. van Ommen FRICS

born on 17 August 1946

Member

First appointed in: 2008

Term of office ends in: 2016

Member of the supervisory boards of the following companies:

- > 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
- > Former chief executive officer of the European Public Real Estate Association (EPRA)

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 near Vienna
- > Attorney, partner of Eckert Fries Prokopp Rechtsanwälte GmbH, Baden near Vienna

Herbert Kofler

born on 14 May 1949

Member up to 30 January 2014, Chairman of the Supervisory Board up to 2 October 2013

First appointed in: 2008

- > Chairman of the Supervisory Board of B+S Banksysteme AG, Germany
- > Member of the Supervisory Board of Kärntner Sparkasse AG, Klagenfurt
- > Professor Emeritus (former head of the Institute for Financial Management, Alpen Adria University of Klagenfurt)

Vitus Eckert

born on 14 July 1969

Member up to 25 April 2014

First appointed in: 2008

- > Attorney, partner of Eckert Fries Prokopp Rechtsanwälte GmbH, Baden near Vienna

Klaus Hübner

born on 9 November 1952

Member up to 25 April 2014

First appointed in: 2010

- > Austrian Chartered Accountant, Vienna
- > Chairman of the Chamber of Austrian Chartered Accountants, Vienna

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

The Works' Council of IMMOFINANZ AG held its organisational meeting on 9 September 2013 and delegated the following members to the Supervisory Board:

Nikolaus Obermair

born on 24 January 1985
> Cash Management



Mark Anthony Held

born on 8 May 1979
> Central Controlling



Philipp Obermair

born on 10 March 1979
Member up to 30 January 2014
> Controlling East Team Polen

Siegfried Burger-Schattauer

born on 4 March 1970
Member up to 25 April 2014
> Engineering

The Supervisory Board has established three committees

Audit Committee

Michael Knap, Chairman
Rudolf Fries, Vice-Chairman
Christian Böhm, Member
Klaus Hübner, Member up to 25 April 2014

Philipp Obermair, Member up to 30 January 2014
Mark Anthony Held, Member as of 30 January 2014
Siegfried Burger-Schattauer, Member up to 25 April 2014
Nikolaus Obermair, Member as of 25 April 2014

The Audit Committee deals with accounting issues as well as the audit of the company and the Group. It is responsible for examining and preparing the approval of the annual financial statements and management report, 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 2013/14 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
Vitus Eckert, Vice-Chairman up to 25 April 2014
Nick J. M. van Ommen, Vice-Chairman since 25 April 2014
Herbert Kofler, Member up to 30 January 2014

Mark Anthony Held, Member
Nikolaus Obermair, Member

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 Strategy Committee is also authorised to make decisions in urgent cases, when a decision by the full Supervisory Board is not possible for scheduling reasons. Any such approvals are discussed at the next meeting of the Supervisory Board. 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

Vitus Eckert, Member up to 25 April 2014
Klaus Hübner, Member up to 25 April 2014

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 2013/14 financial year.

Independence and avoidance of conflicts of interest

The members of the Executive Board are required to make their decisions independent of any personal interests or the interests of controlling shareholders. Moreover, these decisions must be based on well-founded knowledge and comply with all relevant legal regulations. The members of 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 colleagues on the board. Persons serving on the Executive Board may only accept appointments to the supervisory 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.

Rudolf Fries and Vitus Eckert, who are members of the Supervisory Board of IMMOFINANZ AG, are partners in Eckert Fries Prokopp Rechtsanwälte GmbH, a law firm located in Baden near Vienna. This law firm charged fees of EUR 65,945.00 for legal advising provided to IMMOFINANZ Group companies in 2013/14. The terms of these fees, above all the hourly rates, reflect standard market conditions.

A former subsidiary of IMMOFINANZ Group (BUWOG-Facility Management GmbH) manages properties owned by ARSENAL Immobilien Development GmbH. Rudolf Fries, a member of the Supervisory Board, is the managing director of this company and Dr. Rudolf FRIES Familien-Privatstiftung is an indirect shareholder of this company. The property management fees reflect standard market rates. In 2013/14 these property management fees totalled EUR 418,601.80. As a result of the spin-off of BUWOG from IMMOFINANZ, BUWOG-Facility Management GmbH is no longer a subsidiary of IMMOFINANZ Group but is attributable to the BUWOG Group.

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 2013/14 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. 5.8% of the voting rights in IMMOFINANZ AG as of 30 April 2014. 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.

All Supervisory Board members are independent

Criteria for the independence of the Supervisory Board

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.

The Supervisory Board has defined the following guidelines, which are included in Appendix 1 to the Austrian Corporate Governance Code, as decisive for determining the independence of a Supervisory Board member:

- › The Supervisory Board member may not have been a member of the Executive Board or a key employee of the company or a subsidiary of the company during the past five years.
- › The Supervisory Board member may not presently have/or have had in the previous year any business relations with the company or a subsidiary of the company of a scale that is significant for the Supervisory Board member. This also applies to business relationships with companies in which the Supervisory Board member holds a significant financial interest, but does not include positions on corporate bodies. The approval of individual transactions by the Supervisory Board in accordance with L-Rule 48 does not automatically result in qualification as not independent.

- > The Supervisory Board member may not have been an auditor of the company or a participant in or employee of the examining audit company during the previous three years.
- > The Supervisory Board member may not be an executive board member in another company in which an Executive Board member serves on the supervisory board.
- > The Supervisory Board member may not serve on this body for more than 15 years. This criterion does not apply to Supervisory Board members who are shareholders with an entrepreneurial interest or who represent the interests of such shareholders.
- > The Supervisory Board member may not be a close family member (direct descendant, spouse, life partner, parent, uncle/aunt, brother/sister, nephew/niece) of an Executive Board member or a person in one of the positions described above.

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 2014

Name	IMMOFINANZ shares
Eduard Zehetner	1,806,788
Birgit Noggler	240,000
Daniel Riedl FRICS ¹	400,942

¹ Up to 25 April 2014

Supervisory Board as of 30 April 2014

Name	IMMOFINANZ shares
Michael Knap	1,250
Rudolf Fries (incl. investment companies under the scope of influence and related parties)	65,051,048
Christian Böhm	0
Nick J. M. van Ommen FRICS	50,000
Herbert Koffler ¹	65,400
Vitus Eckert ²	20,000
Klaus Hübner ²	80,000
Mark Anthony Held	0
Nikolaus Obermair	0

¹ Up to 30 January 2014

² Up to 25 April 2014

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 25% of the management positions and represented 59% 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.

With Birgit Noggler, IMMOFINANZ Group appointed its first female member to the Executive Board in September 2011. She was the only female CFO in an ATX company at the time of her appointment.