

Corporate Governance Report of IMMOFINANZ AG for 2012/13

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.

Voluntary commitment to transparency and good corporate management

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 2012/13 financial year, and there were no deviations from the comply or explain rules.

Shareholders and annual general meeting

The share capital of IMMOFINANZ AG was divided into 1,128,952,687 shares as of 30 April 2013.

Most of the IMMOFINANZ shares are held in free float. The company was notified that the shareholder Rudolf Fries held over 5% of the shares (5.8%) directly and indirectly as of 30 April 2013. In connection with financing through the use of treasury shares, IMMOFINANZ AG sold 67,737,161 IMMOFINANZ shares to J.P. Morgan Securities plc, London, during January 2013. On 11 January 2013 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.


Support for shareholders in the exercise of their rights

All Supervisory Board members 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 2009 Austrian Stock Corporation Amendment Act and the Austrian Corporate Governance Code, annual general meetings are announced at least four weeks in advance and extraordinary general meetings at least three weeks in advance. Documents are also published on the company's website three weeks 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 Executive Board of IMMOFINANZ AG had four members up to 31 March 2013 and three members as of 1 April 2013. Manfred Wiltschnigg left the board voluntarily as of 31 March 2013. Following his resignation, the rules of the procedure for the Executive Board were amended to restructure the cooperation between and responsibilities of the individual board members. The following table lists the responsibilities defined by these rules of procedure. Eduard Zehetner currently serves as the chief executive officer of IMMOFINANZ AG. In 2012/13 the Supervisory Board approved new rules of procedure for the Executive Board and updated the assignment of responsibilities.


After the end of the reporting year, the term of office for Birgit Noggler as chief financial officer was extended for four years to 30 September 2017.

Personal data	Eduard Zehetner , born on 9 August 1951	
Term of office	Appointed from 21 November 2008 to 30 November 2014	
Responsibilities	Chief executive officer, development and management of commercial office and retail properties, corporate finance, legal, investor and public relations, commercial and strategic investments and funds <i>as of 1 April 2013 also:</i> management of commercial logistics properties including operating investments, portfolio strategy and management, commercial property transactions	
Other supervisory board positions¹	<ul style="list-style-type: none"> > A.M.I Agency for Medical Innovation GmbH – Member of the Supervisory Board > "HSF" Vermögensverwaltung GmbH – Geschäftsführer > Privatstiftung Sparkasse Niederösterreich – member of the Supervisory Board > Sparkasse Niederösterreich Mitte West Aktiengesellschaft – member of the Supervisory Board > Up to 12 November 2012: GriffnerHaus AG – vice-chairman of the Supervisory Board 	

¹ or comparable functions in other domestic or foreign companies not included in the consolidated financial statements

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	

Personal data	Daniel Riedl FRICS, born on 7 September 1969	
Term of office	Appointed from 1 July 2008 to 30 June 2014	
Responsibilities	Property development, management and transactions in the residential sector (including investments such as BUWOG, ESG and Adama), personnel, IT, marketing	

Personal data	Manfred Wiltschnigg MRICS, born on 28 April 1962	
Term of office	Appointed from 29 April 2010 up to 31 March 2013	
Responsibilities	Management of commercial logistics properties including operating investments, portfolio strategy and management, commercial property transactions	

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.

A defined contribution pension scheme equalling up to 10% of annual fixed remuneration was also established for the members of the Executive Board. The amount of these contributions is disclosed in the notes to the consolidated financial statements.

A directors' and officers' insurance policy (D&O insurance) with coverage of EUR 40 million was concluded for the corporate bodies of IMMOFINANZ AG. This policy does not include any deductible for the insured persons.

In May 2012 EUR 3 million of turnaround bonuses were granted to the three Executive Board members who were active during the reorganisation phase from 2008 to 2011 and are still employed by the company. IMMOFINANZ Group was successfully directed out of the life-threatening crisis in the 2008/09 financial year, and equity and the NAV were substantially increased. Furthermore, dividend payments were made possible.

IMMOFINANZ AG Executive Board Remuneration for 2012/13 in TEUR	Fixed	Variable	Turnaround bonus	Total
Eduard Zehetner	1,400.0	776.0	1,000.0	3,176.0
Daniel Riedl FRICS	720.0	270.0	1,000.0	1,990.0
Birigit Noggler	300.0	193.0		493.0
Manfred Wiltschnigg MRICS ¹	719.0	253.0	1,000.0	1,972.0
	3,139.0	1,492.0	3,000.0	7,631.0

¹ Up to 31 March 2013

Performance-based remuneration for the Supervisory Board

The 10th annual general meeting on 5 October 2012 approved remuneration of EUR 300,300.00 for the members of the Supervisory Board for the 2011/12 financial year. This remuneration is voted on each year by the annual general meeting. Therefore, remuneration for the 2012/13 financial year will be the subject of voting by the 20th annual general meeting on 2 October 2013. The remuneration for the Supervisory Board of IMMOFINANZ AG in 2011/12 was based on a fixed payment of EUR 25,000.00 plus EUR 3,588.57 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 remuneration Supervisory Board 2011/12	Fixed payment	Committee work in EUR ¹	Number of committees	Subtotal	Chairman/vice-chairman ²	Total
Herbert Kofler	25,000.00	3,588.57	3	35,765.71	2.00	71,531.42
Michael Knap	25,000.00	3,588.57	3	35,765.71	1.50	53,648.57
Christian Böhm	25,000.00	3,588.57	1	28,588.57	1.00	28,588.57
Vitus Eckert	25,000.00	3,588.57	1	28,588.57	1.00	28,588.57
Rudolf Fries	25,000.00	3,588.57	2	32,177.14	1.00	32,177.14
Klaus Hübner	25,000.00	3,588.57	1	28,588.57	1.00	28,588.57
Guido Schmidt-Chiari	25,000.00	3,588.57	1	28,588.57	1.00	28,588.57
Nick J. M. van Ommen	25,000.00	3,588.57	1	28,588.57	1.00	28,588.57
	200,000.00	28,708.56	13	246,651.41		300,299.98

¹ Member of a committee in 2011/12

² Chairman/vice-chairman of the Supervisory Board in 2011/12

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 seven members, all of whom were elected by the annual general meeting. One organisational session and six regular meetings were held during the 2012/13 financial year.

The Supervisory Board has established three committees:

Audit Committee

Herbert Kofler – Chairman and financial expert
 Michael Knap – Vice-Chairman
 Christian Böhm
 Rudolf Fries

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 2012/13 financial year. In accordance with legal requirements and the provisions of the code, the Audit Committee includes at least one financial expert.

Strategy Committee

Herbert Kofler – Chairman
 Michael Knap – Vice-Chairman
 Vitus Eckert
 Rudolf Fries
 Nick J. M. van Ommen

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.

Personnel and Nominating Committee

Herbert Kofler – Chairman
 Michael Knap – Vice-Chairman
 Klaus Hübner
 Vitus Eckert

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 2012/13 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 53,130.70 for legal advising provided to IMMOFINANZ Group companies in 2012/13. The terms of these fees, above all the hourly rates, reflect standard market conditions.

A 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 Familienprivatstiftung is an indirect shareholder of this company. The property management fees reflect standard market rates. In 2012/13 these property management fees totalled EUR 316,474.74.

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 2012/13 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 2013. 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

Clear criteria regulate the independence of the Supervisory Board members

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 section 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.

Full transparency
in all transactions

Executive Board as of 30 April 2013

Name	IMMOFINANZ shares
Eduard Zehetner	1,676,788
Birgit Noggler	220,000
Daniel Riedl FRICS	400,942

Supervisory Board as of 30 April 2013

Name	IMMOFINANZ shares
Herbert Kofler	65,400
Michael Knap	1,250
Christian Böhm	0
Vitus Eckert	20,000
Investment companies attributed to Rudolf Fries	65,006,048
Klaus Hübner	80,000
Nick J. M. van Ommen	40,000

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 63% of the total workforce in 2012/13. 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.



From left to right standing : Nick J. M. van Ommen, Vitus Eckert, Michael Knap, Rudolf Fries

Herbert Kofler

born on 14 May 1949

Chairman of the Supervisory Board

First appointed in: 2008
 Term of office ends in: 2017

- Chairman of the supervisory board of the listed:*
- > B+S Banksysteme AG, Germany
 - > Professor Emeritus (former head of the Institute for Financial Management, Alpen Adria University of Klagenfurt)

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
 - > APK Versicherung AG
 - > APK Vorsorgekasse AG

Michael Knap

born on 18 May 1944

Vice-Chairman of the Supervisory Board

First appointed in: 2008
 Term of office ends in: 2016

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

Vitus Eckert

born on 14 July 1969

Member

First appointed in: 2008
 Term of office ends in: 2016

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



From left to right seated: Christian Böhm, Klaus Hübner, Herbert Kofler

Rudolf Fries

born on 9 May 1958

Member

First appointed in: 2008
Term of office ends in: 2016

- Chairman of the supervisory board of the listed:*
- > EAG-Beteiligungs Aktiengesellschaft, Austria
 - > Attorney, partner of Eckert Fries Prokopp Rechtsanwälte GmbH, Baden near Vienna

Guido Schmidt-Chiari

born on 13 September 1932

Member up to 5 October 2012

First appointed in: 1998
Term of office ended in: 2012

- > Former chairman of the management board of Creditanstalt-Bankverein AG

Klaus Hübner

born on 9 November 1952

Member

First appointed in: 2010
Term of office ends in: 2014

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

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