

# Report of the Supervisory Board

## DEAR SHAREHOLDERS,

IMMOFINANZ's concentrated efforts led to further substantial efficiency improvements in the portfolio, an increase in the quality of the standing investments and the strengthening of the balance sheet in 2017 – all of which create a solid foundation for further growth. Another milestone for the company's future development in line with the corporate strategy was set with the sale of the retail portfolio Moscow.

In our function as the Supervisory Board, we accompanied IMMOFINANZ and its Executive Board on all activities and, as in previous years, conscientiously performed the duties required by law and the articles of association. The Executive Board provided the Supervisory Board with extensive, ongoing and timely information on the development of business and the company's asset, financial and earnings position and, in this way, met its information requirements at all times and in appropriate depth.

The Supervisory Board and Executive Board extensively discussed the company's economic position as well as major events and measures in six meetings during the 2017 financial year. All current members of the Supervisory Board attended more than 98% of the meetings. Outside the framework of these meetings, the Supervisory Board remained in regular contact with the Executive Board and took a number of decisions through circular resolutions.

The Supervisory Board dealt extensively with the company's strategic orientation and financing situation as well as developments on the capital market and in IMMOFINANZ's core markets.

The following subjects formed the focal points of discussions:

- The further reduction of risk through the settlement of problems from the past and the creation of legal certainty with the termination of the legal proceedings to review the exchange ratio applied to the merger of IMMOFINANZ and IMMOEAST in 2010 as well as the settlement reached with former Executive Board member Karl Petrikovics
- The sale of the retail portfolio Moscow in line with the corporate strategy
- An increase in the efficiency of the property portfolio and its financing
- Optimisation of the Group's financing and the effects of the early incentivised conversion offer to the holders of the convertible bond which was scheduled to mature 2018 and the issue of a new convertible bond with a term ending in 2024
- Evaluation, discussion and approval of the budget for the 2018 financial year

## EFFICIENT WORK IN THREE COMMITTEES

In order to support the efficient performance of its duties, the Supervisory Board has established three committees: the Audit Committee, the Strategy Committee and the Personnel and Nominating Committee.

The previous composition of the committees was retained by the Supervisory Board at its constituent meeting in June 2017. The responsibilities of the Audit Committee were expanded in August to include property valuation, and all Supervisory Board members have received training on this subject. Information on the composition and responsibilities of the committees is provided in the Corporate Governance Report beginning on page 35.

The Supervisory Board also completed the annual routine evaluation of its working efficiency, in particular with regard to its organisation and working procedures.

## APPROVAL OF THE 2017 FINANCIAL STATEMENTS

The following documents were prepared by the Executive Board and audited by Deloitte Audit Wirtschaftsprüfungs GmbH, which was appointed as the auditor by the annual general meeting on 1 June 2017: the annual financial statements of IMMOFINANZ AG as of 31 December 2017 including the management report and the consolidated financial statements together with the group management report. All of these documents were awarded an unqualified opinion (page 222).

The annual financial statements and consolidated financial statements as well as the related auditor's reports were made available to all Supervisory Board members immediately after completion. These documents were discussed by the Audit Committee in detail in the presence of the auditor and the Executive Board and reviewed

in accordance with § 96 of the Austrian Stock Corporation Act. Following this examination and discussion, the members of the Audit Committee unanimously agreed to recommend the unqualified acceptance of these documents to the Supervisory Board. The Supervisory Board accepted the annual financial statements as of 31 December 2017, which are considered approved in accordance with § 96 (4) of the Austrian Stock Corporation Act. The consolidated financial statements as of 31 December 2017 were also accepted by the Supervisory Board. In accordance with L-Rule 60 of the Austrian Corporate Governance Code, the Supervisory Board reviewed and approved the expanded corporate governance report which now also includes the consolidated corporate governance report.

The Supervisory Board agrees with the recommendation by the Executive Board for the use of profit. The agenda of the annual general meeting for the 2017 financial year will therefore include a proposal to distribute a dividend of seven Euro cents per share. Based on a recommendation by the Audit Committee, the Supervisory Board approved a proposal to the annual general meeting for the 2017 financial year which calls for the appointment of Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, as the auditor for the 2018 financial year.

On behalf of the Supervisory Board, I would like to thank the members of the Executive Board and all IMMOFINANZ employees for their outstanding performance and strong commitment and also express our gratitude to shareholders for their confidence.

Vienna, 4 April 2018

For the Supervisory Board

A handwritten signature in black ink, appearing to read 'M. Knap', is written over a light grey rectangular background.

Michael Knap  
Chairman