

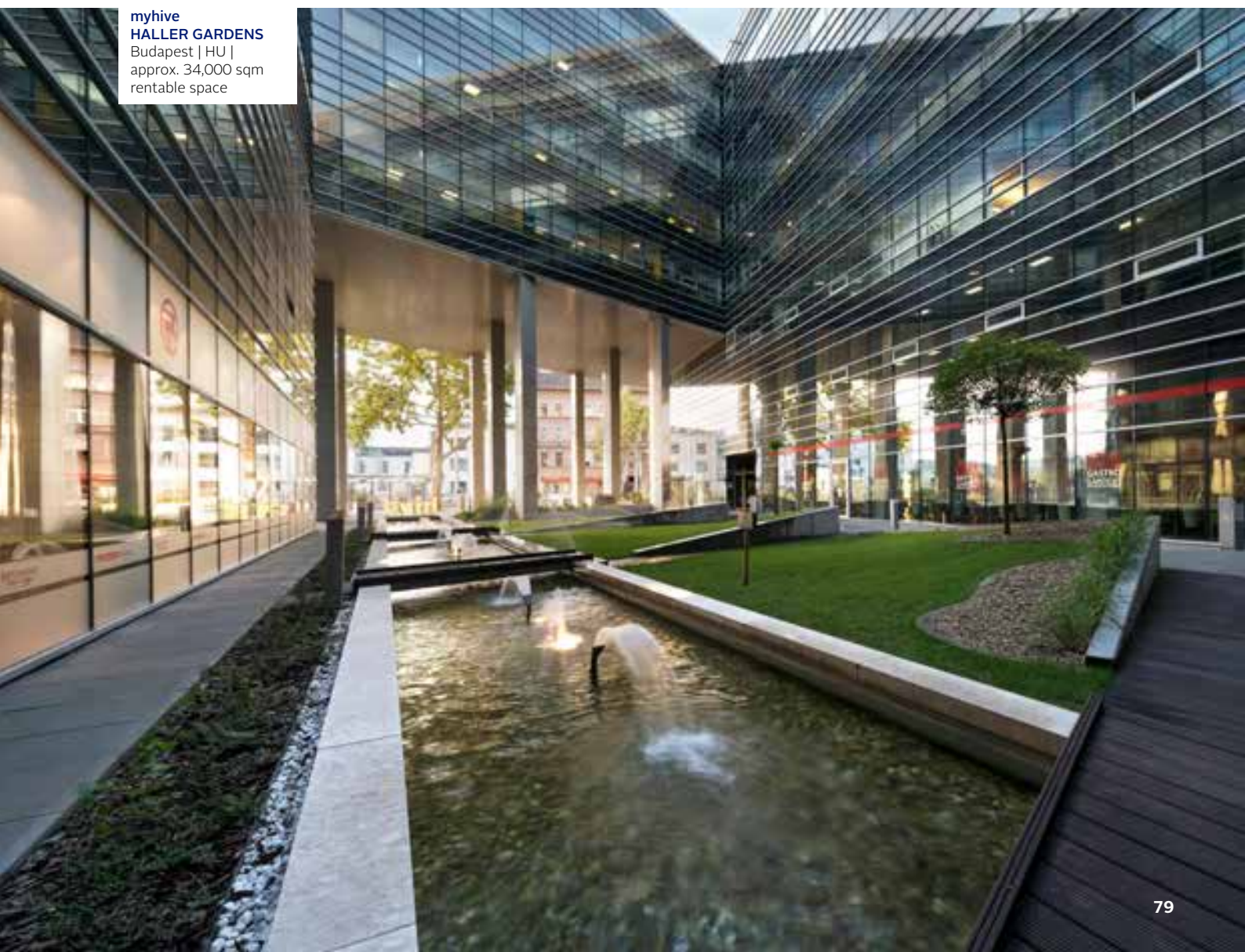
# Consolidated Non-financial Statement to the Report on the 2017 Financial Year

The core business of IMMOFINANZ is the management and development of retail and office properties in selected Central and East European countries. In the office sector, the company with its international myhive brand concentrates on the capital cities of the core countries and the major office locations in Germany. The office portfolio was responsible for 62.6% of the total portfolio value and 52.8% of the rental income from the standing investments at the end of the 2017 financial year. The expansion of the retail portfolio is based on the STOP SHOP and VIVO! brands which are designed, above all, for secondary and tertiary cities. The retail portfolio was responsible for 33.6% of the total portfolio value and 47.0% of the rental income from the standing investments at year-end 2017. IMMOFINANZ's goal is to assemble and maintain a high-quality, profitable portfolio of commercial properties.

The Austrian Sustainability and Diversity Improvement Act ("Nachhaltigkeits- und Diversitätsverbesserungsgesetz") requires IMMOFINANZ to publish a non-financial statement or non-financial report for the 2017 financial year. This requirement is met with the following chapter.

In order to avoid repetition, references are occasionally made to other sections in this annual report – e.g. for information on risk management.

myhive  
**HALLER GARDENS**  
Budapest | HU |  
approx. 34,000 sqm  
rentable space



## MATERIALITY ANALYSIS

The selection of the reportable content and the calculation of current and potential future indicators is based on a materiality analysis carried out in 2017. An internal workshop was held to identify and categorise the major issues related to the company's positioning, products and services as well as the impact of its activities. The assessment also covered the importance of these issues for the company and its internal and external stakeholders (shareholders, tenants, employees, suppliers and business partners). Also included were tenant and employee surveys together with criteria that represent focal points for investors and service providers in the area of environmental social governance.

The list of the most important issues includes energy efficiency and resource conservation in the standing investments and development projects together with the related cost savings, sustainable investments in the quality of the standing investment portfolio, sustainability certifications, tenant satisfaction and the related attainment and protection of high occupancy levels, human resources development and employee satisfaction, diversity in the workforce, a responsible procurement policy and compliance and anti-corruption.

The following individual areas of responsibility were defined:

- > Environment
- > Employees
- > Customers
- > Responsible business practices

The next sections provided additional information on the individual areas, underlying goals and measures. Plans for the medium-term call for the step-by-step expansion of the reported indicators. This will be supported by the continuous energy auditing of the standing investment portfolio and by the roll-out of a customer management tool for tenants and suppliers.

This non-financial statement covers all member companies of the IMMOFINANZ Group (see section 8 of the notes to the consolidated financial statements under *Group Companies of IMMOFINANZ*).

## RESPONSIBILITY TOWARDS THE ENVIRONMENT

IMMOFINANZ is committed to the responsible use of natural resources, the utilisation of climate-friendly technologies, a systematic energy savings strategy, the refurbishment of building substance which is worth preserving and the construction of efficient new buildings. These central points reduce operating costs and emissions and also make an important contribution to environmental protection and tenant satisfaction.

The corporate goals include the steady reduction of energy consumption as well as an increase in the energy efficiency of the standing investment portfolio and the related energy savings. The scope of these goals cannot be quantified at the present time, but they are intended to reduce the risks and impact on the environment. Prior to the start of new activities or projects, the impact on the environment is assessed and the results are integrated in the decision process. Plans also include the gradual expansion of sustainability certification for development projects and standing investments – at the present time, approximately 250,000 sqm are under evaluation or in the certification process.

### SUSTAINABILITY CERTIFICATIONS

Certification according to environmental standards is currently planned for development projects and standing investments in the office and VIVO! portfolios. The primary certification for office buildings is LEED (Leadership in Energy and Environment Design) and for shopping centers BREEAM (Building Research Establishment Environmental Assessment Method). The increased application of BREEAM standards in the office properties is also planned. There is no certification according to international standards for the STOP SHOP retail parks, but the strict standards for construction and furnishings represent wide-ranging criteria for sustainable construction.

The recently opened *VIVO! Krosno* shopping center in Poland was certified with "BREEAM Very Good (Design Stage)" in 2017. Three office properties in Bucharest also received sustainability certification: the *myhive METROFFICE* (LEED Gold), *Victoria Park* (LEED Gold) and *myhive S-Park* (BREEAM In-Use).

The certified space totalled approximately 350,000 sqm at year-end 2017, which represents 18% of the space in the standing investment portfolio (year-end 2016: 225,000 sqm resp. 12.7%). These certifications reduce environmental risks, help to improve the environmentally friendly use of space and increase efficiency.

## SUSTAINABLE ENERGY MANAGEMENT

As a means of optimising energy efficiency, the standing investment portfolio will be subjected to an energy audit. The goal is to identify potential sources of increased energy consumption and define appropriate countermeasures. Audits were carried out at 33 standing investment properties in Austria, Romania, Hungary, Poland and Slovakia during 2017 and were followed by the implementation of structural and building technology optimisation with the support of energetic analyses. The goal for 2018 is to carry out energy audits, as a minimum, in the standing investment buildings in Romania and Austria.

### Example

In the *Business Park Vienna* and *myhive Twin Towers*, various measures – like the reduction of cooling water flow temperature and the optimisation of control and monitoring mechanisms in annual operations – led to energy savings of 8,400 Megawatt hours from May 2016 to April 2017 versus the 2014 reference year. That represents savings of roughly 23% compared with consumption in the reference year. The next step will involve, among others, the conversion to LED lighting and the installation of a high-temperature heat pump.



## SUMMARY AND OUTLOOK

The IMMOFINANZ portfolio has been the focus of an optimisation and concentration process in recent years, which led to the concentration on two asset classes and three brands as well as the sale of properties that no longer fit with the corporate strategy. The next step will involve the development of a group-wide, standardised recording process for energy consumption data. It will cover, for example, the collection of non-financial performance indicators in the facility management area.

The goal is to continuously reduce the consumption of resources while maintaining or improving the quality of building use through energy savings measures and, in this way, realise energy savings and reduce environmental impact and risks. This also applies to energy consumption in the IMMOFINANZ headquarters and in the country organisations.

In addition, the expansion of sustainability certifications to other IMMOFINANZ properties in the future will also include an evaluation of the cost effectiveness.

Compliance with project development and refurbishment standards is guaranteed by the Development Process Guideline. It applies to all companies in the IMMOFINANZ Group and regulates construction-related activities. The material risks in this area are covered in the *Risk Report* beginning on page 88.

## RESPONSIBILITY TOWARDS TENANTS AND CUSTOMERS

The satisfaction of IMMOFINANZ's tenants is an important factor for achieving and maintaining high occupancy levels and minimising tenant turnover. This, in turn, is the guarantee for efficient property management.

Tenant loyalty through high customer satisfaction and the acquisition of new tenants therefore represent a strategic focus of activities. In 2017 the occupancy rate in the standing investment portfolio rose from 84.2% to 94.2%.

## BRAND POLICY AND INVESTMENTS IN QUALITY

The IMMOFINANZ property portfolio now follows a **clearly defined brand policy**: myhive represents the offices of the future, STOP SHOPS are retail parks and VIVO! are full-featured shopping centers. These brands are a quality promise to tenants and create security and trust. A high degree of standardisation based on extensive criteria catalogues for presentation, furnishings and design also support a sustainable procurement policy.



The myhive office brand, which was introduced at the end of 2016, was rolled out to further IMMOFINANZ office buildings in 2017. myhive offices are characterised by a wide range of services and top infrastructure and provide space for communicative and lively interaction between tenants – for example through attractive communication zones, tenant lounges and regular events like after-work get-togethers, business breakfasts with expert discussions and the organisation of sport activities (also see the detailed description in the brand section).

Networking between tenants is given particularly high priority. The recently established function of community manager – i.e. one employee per country – is responsible for supporting exchanges between tenants, identifying possibilities for cooperation and brokering the necessary contacts. A specially designed, international myhive office app was also introduced in December 2017. It provides a wide range of information on the latest events in the respective office building and in the myhive community, promotes communication between experts in different companies at the same location and also supports IMMOFINANZ's central services, for example through a direct feedback tool. In this way, tenants can register for events, submit suggestions and requests, and also file damage reports quickly, easily and at any time.

In order to hold the occupancy rate and customer satisfaction at a high level over the long-term, IMMOFINANZ makes targeted **investments in the quality** of its properties. Improvements were made during 2017, for example, in several office buildings in Vienna, Budapest, Warsaw and Bucharest in connection with the myhive roll-out.

### Example

The myhive Twin Towers in Vienna recently underwent extensive refurbishing. Rebranding as a "myhive" property promises not only the best infrastructure and numerous services, the new design reflects the friendly atmosphere of a hotel lobby. A central welcome desk and exclusive tenant lounge are part of the new furnishings. This redesign and modernisation also covered the shopping mall, public areas, the food court in the style of a large, comfortable dining room, and a large bicycle storage room with showers. The gastronomy offering was also expanded.



IMMOFINANZ's investments in the STOP SHOP retail parks are directed to improving the quality of service and the quality of stay in order to optimise the shopping experience. The related measures include, among others, the addition of playgrounds, free WLAN and a gastronomy offering in the form of a café at selected locations. In 2017 playgrounds were completed at a number of STOP SHOP locations in Austria, Hungary, Slovakia and Slovenia. The improvements at the individual locations are made in close coordination with tenants and also reflect any special local shopping habits.

## EVALUATION OF CUSTOMER SATISFACTION

IMMOFINANZ has carried out regular tenant surveys in its office properties for many years to **evaluate customer satisfaction**. Based on the results, individualised optimisation measures are then implemented at the respective locations. The design of the new myhive office brand also reflects the suggestions and requirements defined by these surveys. The tenant survey in 2017 was carried out in all of IMMOFINANZ's seven core office markets. The focal points included an evaluation of the customer orientation as well as satisfaction with the quality of the property and the related infrastructure, services and communication.

In the retail sector, visitor surveys are carried out at regular intervals – normally once each year – in the VIVO! shopping centers. The focal points include the catchment area, demographic data, purchasing behaviour and the brand recognition of the respective shopping center, satisfaction with the offering and branch mix as well as ideas and suggestions for improvement. These results and conclusions from the frequency counting in the individual retail property are shared with the tenants and flow into measures to optimise the branch mix, improve the arrangement of tenants and increase frequency.

## SUMMARY AND OUTLOOK

Measures to further strengthen the focus on customers, among others through digitalisation, are planned for 2018. The roll-out of a customer relationship management (CRM) application will also include a service and sales module, which can be used in the future to measure tenant satisfaction in the office and retail properties, as well as a ticket system to support the faster and more efficient recording of customer inquiries.

This will form the basis for the publication of central indicators on customer satisfaction over the medium-term.

The Asset Management Process Guideline regulates all procedures related to rentals, beginning with the initial tenant contact to ongoing tenant support.

The material risks in this area and their management are covered in the *Risk Report* beginning on page 88.

## RESPONSIBILITY TOWARDS EMPLOYEES

The expertise and commitment of its employees are key requirements for the IMMOFINANZ's long-term success. Numerous activities in the area of human resources create an environment in which talents can optimally develop and cooperation is promoted at all levels. These activities are directed, in particular, to underscoring IMMOFINANZ's attractiveness as an employer and to retaining and further developing employees. Risks associated with qualifications and expertise are addressed and minimised with the measures described below.

The diversity of the workforce is seen as an asset. Diversity at all levels leads to positive effects from the exchange of differing values and experience. IMMOFINANZ opposes any form of discrimination or harassment based on gender, race, skin colour, religion, age, national/ethnic origin, disability or sexual orientation. Employees and applicants are evaluated in accordance with the principle of equal treatment.

## CONTINUOUS HUMAN RESOURCES DEVELOPMENT

In the area of human resource development, training is focused on technical as well as social and methodical skills. An important instrument for management is the annual appraisal discussion between employees and their supervisors, which include the definition of clear goals and individual training activities. As in previous years, IMMOFINANZ also made a wide range of training and continuing education programmes available to its employees in 2017. The human resources department is responsible for ongoing personnel development and is also preparing a succession plan for key positions in the core areas.

## IMMOFINANZ ACADEMY

The IMMOFINANZ Academy serves as a Group-wide institution for training and continuing education, with individual instruction in the form of specific courses and group programmes serving as important elements. Internal courses led by IMMOFINANZ experts are also part of the curriculum. Examples include workshops on the brand strategy, the IMMOFINANZ Real Estate Training series and IT modules on the new CRM tool. In 2017 more than 370 employees took part in these programmes. Statistics on the training hours per employee will be provided starting with the 2018 financial year.

## TRAINING PROGRAMMES

With the apprenticeship programme started in 2016, IMMOFINANZ offers ambitious young men and women training opportunities in the Group. The apprentices work through a rotation programme in various departments, whereby the focal points are on real estate agent and finance and accounting assistance. The "Young Professional" talent promotion programme, which was established in 2017, is directed to students and recent graduates. It also follows a rotation scheme and concentrates on knowledge transfer in the operating business and finance departments.

The Leadership Curriculum represents the Group-wide training series for managers, in which several modules deal with various management issues. The internal exchange and transfer of know-how provide support for employees in management functions. In this way, IMMOFINANZ provides optimal development opportunities for managers.

## HEALTH MANAGEMENT AND WORK-LIFE BALANCE

A company physician holds regular office hours at the headquarters in Vienna. Her responsibilities include, among others, compliance with legal requirements as well as vaccination drives, preventive medical check-ups and eye examinations as well as consultations on healthcare issues – all of which are intended to address typical office medical problems on a timely basis.

IMMOFINANZ also provides wide-ranging support for its employees outside the workplace: teambuilding and promotion for the work-life balance represent key elements. Included here are sport offerings, coaching vouchers and various voluntary employee benefits.

## ATTRACTIVE EMPLOYER

These many initiatives in the area of human resources have been recognised: on kununu, the largest employer ranking platform in Europe with over 2.3 million ratings on more than 610,000 companies, IMMOFINANZ was graded above-average:

### KUNUNU SCORES IN COMPARISON

As of January 2018	Ranking	Points	Gradings
IMMOFINANZ	★★★★★	4.15	128
Branch – average (Properties/ Facility Management)	★★★★★	3.20	19,235
kununu – average	★★★★★	3.23	2,376,000

More information under <https://www.kununu.com/at/immofinanz>



**myhive S-Park**  
Bucharest | RO |  
approx. 34,000 sqm  
rentable space

## EMPLOYEE STRUCTURE

IMMOFINANZ had a total workforce of 406\* in nine countries as of 31 December 2017 (31 December 2016: 492), which represents an annual average\*\* of 470 (2016: 534). Employees from 17 nations currently work for IMMOFINANZ.

### TOTAL NUMBER OF SALARIED EMPLOYEES 2017

#### BY EMPLOYMENT AGREEMENT

##### (PERMANENT AND TEMPORARY), CLASSIFIED BY GENDER

Total number of employees: 406 (thereof temporary: 10)



#### BY EMPLOYMENT AGREEMENT

##### (PERMANENT AND TEMPORARY), CLASSIFIED BY REGION

Countries	Headcount	thereof temporary
Austria	181	6
Czech Republic	29	1
Germany	23	
Hungary	30	
Poland	45	
Romania	46	1
Serbia	5	
Russia	22	
Slovakia	25	2
<b>Total</b>	<b>406</b>	<b>10</b>

#### BY EMPLOYMENT RELATIONSHIP

##### (FULL-TIME AND PART-TIME) CLASSIFIED BY GENDER

Working time	Gender	Fulltime	Part-time
40 hours	Male	178	5
40 hours	Female	199	24
<b>Total number of employees</b>		<b>377</b>	<b>29</b>

The material risks in this area and their management are summarised in the *Risk Report* beginning on page 88.

## DIVERSITY CONCEPT

Equal opportunity and the equal treatment of employees without differentiation, e.g. according to gender, age or national/ethnic origin, is a matter of course for IMMOFINANZ.

IMMOFINANZ does not follow an abstractly defined diversity concept. The human resources department considers diversity, in particular with regard to age, gender, national/ethnic origin, religion, education and professional background, to be very important. Accordingly, specific appointments or recommendations are based not only on criteria like expertise, specific requirements, experience, availability but also on the above aspects.

\* Excl. employees on official leave (43), excl. Executive Board, incl. Russia

\*\* Excl. employees on official leave, excl. Executive Board, calculation based on the absolute number of employees at the end of the months/number of months



## RESPONSIBLE BUSINESS PRACTICES

IMMOFINANZ is committed to business practices that are based on integrity, honesty, fairness, transparency and responsibility. Mutual trust as a fundamental understanding forms the basis for constructive cooperation within the company and with business partners. All activities are based on compliance and the fight against corruption, a sustainable procurement policy and human rights.

The Executive Board has approved several corporate guidelines for these areas, which are binding for all employees and member companies of the IMMOFINANZ Group.

The Corporate Code serves as the basis for all business activities and decisions in the IMMOFINANZ Group and includes, in particular, guidelines for respecting fundamental rights, integrity and fairness, the fight against corruption, the acceptance of gifts and the prohibition of discrimination as well as relations with competitors, customers and associations.

The Compliance Guideline covers the legal prohibitions on the use of insider information through insider transactions and the unlawful disclosure of insider information. In addition, an e-learning tool for training on capital market compliance was introduced in 2017. A compliance officer is also available to answer employees' questions at any time. Further details are provided in the consolidated *Corporate Governance Report* (see page 35).

### SUSTAINABLE PROCUREMENT POLICY

The development of long-standing business relationships based on sustainability and continuity represents the focus for relations with suppliers and business partners. As an international corporation, IMMOFINANZ worked with suppliers from 29 countries in 2017. In order to ensure sustainability in procurement and maintain long-term cooperative relationships, 79% of all suppliers come directly from IMMOFINANZ's operating markets and are therefore defined as "local suppliers" according to the standards of the Global Reporting Initiative (GRI). Over 90% of the total procurement volume comes from suppliers located in the operating markets. The support for local suppliers and contribution to added value in the operating markets is, therefore, a central concern.

#### IMMOFINANZ'S SUPPLIERS

Origin



The implementation of a supplier relationship management tool (SRM) is targeted for 2018. This interactive platform will help to further strengthen communications with suppliers and, with registration, also require business partners to comply with sustainability and ethical principles.

The basis for this SRM tool will be formed by the Group Procurement Guideline, which defines the rules and procedures for all purchasing activities at IMMOFINANZ. This guideline requires the careful and responsible selection of suppliers and will be revised in 2018 to include additional details in accordance with the Corporate Code and GRI standards. Decisive factors for IMMOFINANZ are respect by suppliers for human dignity, compliance with legal requirements, a sense of responsibility towards the environment and a commitment to fair competition.

The material risks in this area and their management are covered in the *Risk Report* beginning on page 88.

### RESPECT FOR HUMAN RIGHTS

IMMOFINANZ places high priority on respect for and compliance with human rights. The dignity of the individual enjoys highest priority. In addition to compliance with national constitutional and legal requirements, IMMOFINANZ places special important on compliance with the conventions of the International Labour Organization (ILO) on the freedom of assembly, the abolition of forced labour and child labour and discrimination. Violations of human rights – above all forced labour and child labour – are strictly rejected and IMMOFINANZ's business partners are expected to comply with these ethical standards (also see the previous comments under "Sustainable procurement policy").



IMMOFINANZ has a very large number of business relationships, and there is a risk that some of these business relationships involve companies that follow less strict ethical standards. The planned implementation of a supplier relationship management tool (SRM) in 2018 is designed to ensure compliance with these ethical principles (also see the previous comments under "Sustainable procurement policy").

### FIGHT AGAINST CORRUPTION AND BRIBERY

IMMOFINANZ has issued binding guidelines for all employees and members of the corporate bodies concerning the prevention of corruption and other conflicts of interest. These guidelines apply, in particular, to the acceptance and granting of gifts/advantages in business transactions between IMMOFINANZ employees, customers and business partners and are intended to ensure the legally compliant and correct conduct of IMMOFINANZ employees in their interaction with business partners and customers and to prevent conflicts of interest.

IMMOFINANZ employees receive detailed information on the principles of these guidelines in regular training sessions. Employees are also sensitised, above all, to potential conflicts of interest and problematic situations in connection with the acceptance and granting of gifts/advantages.

The acceptance of gifts, corruption, bribery and conflicts of interest carry an inherent risk of damage to the company's reputation as well as the risk of detrimental transactions for the IMMOFINANZ Group. These guidelines are intended to prevent such consequences. There are currently no indications of risks of corruption, and the ongoing measures will ensure added training for and create a greater awareness among employees.



**FLOAT**  
Düsseldorf | DE |  
approx. 30,000 sqm  
rentable space