

Corporate Governance

Corporate Governance Report expanded to include the Consolidated Corporate Governance Report

COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

IMMOFINANZ pursues responsible business activities that are designed to create and maintain sustainable, long-term value. In line with this orientation, the company strives to achieve a high degree of transparency for all stakeholders.

The Austrian Corporate Governance Code* provides Austrian stock companies with a framework for corporate management and monitoring. The Executive Board and Supervisory Board of IMMOFINANZ are committed to compliance with the code, in the currently applicable version, and to the related transparency and principles of good management.

IMMOFINANZ complied with all provisions of the code during the 2018 financial year.

CORPORATE BODIES AND REMUNERATION

THE EXECUTIVE BOARD

Oliver Schumy, Chief Executive Officer

- > Member of the Executive Board since 1 March 2015
- > Appointed up to 29 February 2020
- > Born in 1971

Oliver Schumy has been a member of the Executive Board of IMMOFINANZ since 1 March 2015 and has served as Chief Executive Officer since 1 May 2015. In this function he is responsible for project development, transactions, legal affairs and human resources as well as corporate communications and investor relations. Mr. Schumy also serves as a managing director of IMBEA IMMOEAST Beteiligungsverwaltung GmbH (IMBEA), a material IMMOFINANZ subsidiary. He resigned from the supervisory board of CA Immobilien Anlagen Aktiengesellschaft (CA Immo) as of 27 September 2018.

Stefan Schönauer

- > Member of the Executive Board since 11 March 2016
- > Appointed up to 30 April 2021
- > Born in 1979

Stefan Schönauer has worked with IMMOFINANZ in leading positions since the end of 2008 and was appointed Chief Financial Officer on 11 March 2016. He is responsible for accounting, controlling, consolidation, taxes, financing, cash management, IT, procurement and internal audit. Mr. Schönauer also serves as a managing director of the IMMOFINANZ subsidiary IMBEA. He resigned from the supervisory board of CA Immobilien Anlagen Aktiengesellschaft (CA Immo) as of 27 September 2018.

Dietmar Reindl

- > Member of the Executive Board since 1. Mai 2014
- > Appointed up to 30 April 2021
- > Born in 1969

Dietmar Reindl has been with IMMOFINANZ in leading functions since 2012 and was appointed to the Executive Board in May 2014. He is responsible for the management of all commercial properties and for marketing. Mr. Reindl also serves as a managing director of the IMMOFINANZ subsidiary IMBEA.

* The current version of the code (January 2018) is available on the website of IMMOFINANZ AG (www.immofinanz.com) and on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at).



THE SUPERVISORY BOARD

From left to right:
Christian Böhm,
Maria Onitcanscaia,
Horst Populorum
Nick van Ommen,
Larissa Lielacher,
Wolfgang Schischek,
Michael Knap,
Philipp Obermair
(not in picture:
Rudolf Fries)

THE SUPERVISORY BOARD

Member	Function	First appointment	Term ends in
Michael Knap (born in 1944)	Chairman of the Supervisory Board	2008	2020 ¹
Rudolf Fries (born in 1958)	Vice-Chairman of the Supervisory Board	2008	2020 ¹
Christian Böhm (born in 1958)	Member	2010	2020 ¹
Nick J. M. van Ommen, FRICS (born in 1946)	Member	2008	2020 ¹
Horst Populorum (born in 1973)	Member	2015	2018 ²
Wolfgang Schischek (born in 1944)	Member	2015	2018 ²
Werner Ertelthaler (born in 1987)	Member until 26 March 2019	2016	
Philipp Obermair (born in 1979)	Member	2014	
Larissa Lielacher (born in 1985)	Member	2017	
Maria Onitcanscaia (born in 1981)	Member since 26 March 2019	2019	

¹ End of term: at the end of the annual general meeting which votes on the release from liability for the 2020 financial year (28th AGM in 2021)
² End of term: at the end of the annual general meeting which votes on the release from liability for the 2018 financial year (26th AGM in 2019)

The terms of office of the members delegated to the Supervisory Board by the Works' Council are unlimited.



Experience

Extensive experience in the areas of capital markets, corporate governance, financial analysis and investor representation; many years of management experience in the banking and insurance sector

Extensive experience in the areas of corporate and company law as well as real estate

Many years of management experience in the financial and insurance sector (pension funds)

Many years of management and supervisory board experience in the banking sector and in real estate companies; served as CEO of EPRA from 2000 to 2008

Extensive management experience in the food products and retail sectors

Many years of management and supervisory board experience in the industrial sector

Currently serves as a system expert in the IMMOFINANZ consolidation department

Currently serves as a research manager and previously as a senior controller at IMMOFINANZ

Currently serves as a risk manager at IMMOFINANZ

Currently serves as a group asset manager in the retail business at IMMOFINANZ

Other functions

> Vice-president of IVA Interessenverband für Anleger, Vienna

> Chairman of the supervisory board of EAG-Beteiligungs Aktiengesellschaft, Baden
> Attorney, partner in Eckert Fries Prokopp Rechtsanwälte GmbH, Baden

> Chairman of the management board of APK Pensionskasse AG, Vienna
> Chairman of the supervisory board of APK Versicherung AG, Vienna
> Member of the supervisory board of APK Vorsorgekasse AG, Vienna

Member of the supervisory boards of:
> W.P. Carey & Co. LLC, USA
> Allianz Nederland Group N.V., Netherlands
> Allianz Benelux SA, Belgium
> Brack Capital Properties N.V., Israel

Holds no other supervisory board positions

Member of the supervisory boards of:
> Vice-chairman of the supervisory board of KBA-MÖDLING GmbH, Mödling
> Kostwein Holding GmbH, Klagenfurt

Delegated by the IMMOFINANZ Works' Council

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MEMBERS OF THE SUPERVISORY BOARD COMMITTEES

Audit Committee	Strategy Committee	Personnel and Nominating Committee
Michael Knap , Chairman	Michael Knap , Chairman	Michael Knap , Chairman
Rudolf Fries , Vice-Chairman	Nick J. M. van Ommen, FRICS , Vice-Chairman	Rudolf Fries , Vice-Chairman
Christian Böhm , financial expert	Wolfgang Schischek	Horst Populorum
Philipp Obermair	Christian Böhm	
Werner Ertelthaler (until March 2019)	Werner Ertelthaler (until March 2019)	
Maria Onitcanscaia (since March 2019)	Larissa Lielacher	
	Maria Onitcanscaia (since March 2019)	

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 improve 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. Seven Supervisory Board meetings were held during the 2018 financial year. These meetings were attended by roughly 97% of the elected members: Michael Knap, Rudolf Fries, Christian Böhm, Horst Populorum and Wolfgang Schischek attended all of the meetings, Nick J.M. van Ommen was present at five of the seven meetings (71.4%).

Audit Committee

The Audit Committee is responsible for monitoring accounting processes and supervising the audit of the separate and consolidated financial statements. This committee also monitors the effectiveness of the company's internal control system, risk management and internal audit as well as property valuation. Christian Böhm serves as the Audit Committee's financial expert based on his professional experience and knowledge of finance and accounting. The committee members, as a whole, are well informed of the real estate sector. The Audit Committee held two meetings in 2018, whereby all of the shareholder representatives were in attendance at both meetings.

Strategy Committee

The Strategy Committee is responsible, above all, for the regular evaluation of the company's strategy and orientation as well as consultations with the Executive Board on the definition of this strategy. These responsibilities were fulfilled by the full Supervisory Board in 2018.

Personnel and Nominating Committee

The Personnel and Nominating Committee makes recommendations to the Supervisory Board for nominations to the Executive and Supervisory Boards and is responsible for determining the remuneration and preparing the employment contracts for the Executive Board members. In its capacity as a remuneration committee, the Personnel and Nominating Committee has at least one member with knowledge and experience in the area of remuneration policy. This committee met twice in 2018, whereby all of the shareholder representatives were in attendance at both meetings.

CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD AFTER THE END OF THE 2018 FINANCIAL YEAR

Werner Ertelthaler, who was delegated to the Supervisory Board by the Works' Council, resigned from this body as of 26 March 2019. Maria Onitcanscaia was delegated to the Supervisory Board by the Works' Council as of this same date and serves as a member of the Strategy and Audit Committees.

REMUNERATION OF THE EXECUTIVE BOARD

The contracts with the members of the IMMOFINANZ Executive Board include fixed and variable remuneration components. The performance-based remuneration is linked, in particular, to sustainable, long-term and multi-year criteria and includes both qualitative and quantitative goals – for example, the fulfilment of budget targets, cash flow, annual results, implementation of a digitalisation concept, sale of non-strategic properties, optimisation of property financing, attainment of a specific rating level (target: investment grade) and occupancy rate. The variable component of the Executive Board remuneration is dependent on the target attainment in the respective financial year and is limited to 100% of the fixed remuneration. In accordance with a resolution of the Personnel and Nominating Committee, the target attainment for 2018 equals 100% for all three Executive Board members based on a resolution by the Personnel and Nominating Committee on 29 March 2019.

In addition to the fixed and variable remuneration, the Supervisory Board can award a special bonus for exceptional achievements to the Executive Board members each year. The successful restructuring of the corporation during the period from 2015 to 2017, which culminated, among others, in the sale of the retail portfolio in Russia, led to the approval of a special bonus totalling EUR 4.0 million by the Personnel and Nominating Committee of the Supervisory Board in 2018. This bonus was allocated as follows: EUR 2.0 million for Oliver Schumy and EUR 1.0 million each for Stefan Schönauer and Dietmar Reindl.

The members of the Executive Board do not receive any remuneration from the subsidiaries for management functions in these companies.

All Executive Board contracts include change of control clauses, which regulate the entitlements of the Executive Board members if their contracts are terminated prematurely due to a change in the control over the company. The entitlements of the individual Executive Board members from their respective contracts are limited to a maximum of two years, depending on the remaining contract term. The Executive Board contracts also include so-called "clawback" clauses, which give IMMOFINANZ the right to claim repayment of the variable remuneration if a member of the Executive Board is guilty of a criminal act or failure to act as confirmed by a binding legal judgment.

IMMOFINANZ has not granted any loans to the members of the Executive Board.

EXECUTIVE BOARD REMUNERATION FOR THE 2018 FINANCIAL YEAR

in EUR	Oliver Schumy	Dietmar Reindl	Stefan Schönauer	Total
Fixed remuneration, gross	742,857	500,000	371,429	1,614,286
Compensation in kind	11,694	11,694	11,694	35,083
Total fixed remuneration	754,552	511,694	383,123	1,649,369
<i>Fixed remuneration as a % of total remuneration</i>	<i>21.2%</i>	<i>25.6%</i>	<i>21.8%</i>	<i>22.5%</i>
Total variable remuneration	685,714	407,143	314,285	1,407,143
<i>Variable remuneration as a % of total remuneration</i>	<i>19.2%</i>	<i>20.4%</i>	<i>17.9%</i>	<i>19.2%</i>
Contributions to pension fund ¹	73,333	50,000	36,667	160,000
Contributions to employee benefit fund	52,636	29,030	25,533	107,200
Total fund contributions	125,969	79,030	62,200	267,200
Special bonuses (payment in March 2018)	2,000,000	1,000,000	1,000,000	4,000,000
Total remuneration	3,566,235	1,997,868	1,759,608	7,323,711

¹ Defined contribution commitments

Directors' and officers' insurance (D&O insurance) with coverage of EUR 100 million was concluded for the corporate bodies of IMMOFINANZ. The related costs are carried by the company.

SUPERVISORY BOARD REMUNERATION

The remuneration of the Supervisory Board for the current financial year is approved by the annual general meeting in the following year and paid out after this approval is received. A recommendation will be made to the next annual general meeting calling for remuneration of EUR 260,939.38 for the Supervisory Board for the 2018 financial year.

Each member receives fixed remuneration of EUR 25,125.25. An additional payment of EUR 5,000.00 is made 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.

RECOMMENDED REMUNERATION FOR 2018

in EUR	Michael Knap	Rudolf Fries	Christian Böhm	Nick J. M. van Ommen, FRICS	Horst Populorum	Wolfgang Schischek
Total	80,251	52,688	35,125	32,625	30,125	30,125

SHAREHOLDINGS OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS AS OF 31 DECEMBER 2018

Members of the IMMOFINANZ corporate bodies and closely related persons are required to report their transactions in financial instruments issued by the company. These reports ("Directors' Dealings") are published on the IMMOFINANZ website. Following is an overview of the direct and indirect shareholdings of these members:

Member	Number of IMMOFINANZ shares
Oliver Schumy	36,200
Dietmar Reindl	2,515
Stefan Schönauer	5,000
Michael Knap (and related persons)	156
Fries Foundation (and companies and members of the Fries family)	6,978,181
Nick J. M. van Ommen, FRICS	14,000
Horst Populorum (and related persons)	7,148
Wolfgang Schischek	22,080
Christian Böhm	1,000
Philipp Obermair	50

WORKING PROCEDURES OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

The cooperation between the Executive Board and Supervisory Board of IMMOFINANZ is based on open and constructive discussions. The Executive Board provides the Supervisory Board with regular, timely and comprehensive information on the development of business and related issues and also prepares the documentation for the Supervisory Board's meetings and resolutions. The rules of procedure for the Executive Board define the transactions and measures that require Supervisory Board approval. In addition, the Executive Board provides the Supervisory Board with information on issues of major importance outside the framework of scheduled meetings.

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 may only accept appointments to a supervisory board with the consent of the IMMOFINANZ Supervisory Board. Key company employees must also have the approval of the Executive Board and Supervisory Board before they may accept a position on the corporate body of a non-Group company. A legal restraint on competition is also in place.

The members of the Supervisory Board are required to represent the interests of the company and must disclose any conflicts of interest without delay. They may not accept positions on the corporate bodies of any companies that compete with IMMOFINANZ.

Christian Böhm, a member of the Supervisory Board, serves on the management board of APK Pensionskasse AG. IMMOFINANZ makes pension fund contributions at ordinary market conditions to this firm for the company pensions of the Executive Board members. The contributions made in 2018 totalled EUR 160,000.

Apart from the above business relationship, there are no contracts between the members of the Supervisory Board or companies in which a member of the Supervisory Board holds a significant financial interest, on the one hand, and IMMOFINANZ or one of its subsidiaries, on the other hand.

Criteria for the independence of the Supervisory Board

The Austrian Corporate Governance Code (C-Rule 53) requires the majority of the supervisory board members elected by the annual general meeting or by shareholders in accordance with the articles of incorporation to be independent of the company and its management board. A supervisory board member is considered to be independent when he or she has no business or personal relations with the company or its management board that constitute a material conflict of interest and are therefore capable of influencing the member's behaviour.

The following independence criteria were defined by the IMMOFINANZ Supervisory Board and reflect the standards listed in Annex 1 to the Corporate Governance Code. All elected Supervisory Board members are independent based on these criteria. No member represents a shareholder with an investment of more than 10% or the interests of such a shareholder.

- > The Supervisory Board member did not serve as a member of the Executive Board or a key employee of IMMOFINANZ or one of its subsidiaries during the past five years.
- > The Supervisory Board member does not currently, or did not in the past year, maintain any business relations with IMMOFINANZ or one of its subsidiaries of a scope considered significant for the Supervisory Board member. The same applies to business relationships with companies in which the Supervisory Board member holds a considerable economic interest, but not for exercising functions on IMMOFINANZ's corporate bodies. The approval of individual transactions by the Supervisory Board pursuant to L-Rule 48 does not automatically qualify the member as not independent.
- > The Supervisory Board member did not act as an auditor of IMMOFINANZ or own an investment in the auditing company or work for the auditing company during the past three years.
- > The Supervisory Board member is not a member of the management board of another company in which a member of the Executive Board of IMMOFINANZ serves on the supervisory board.
- > The Supervisory Board member has not served on the Supervisory Board of IMMOFINANZ for more than 15 years. This does not apply to members who are shareholders with a direct investment in IMMOFINANZ or who represent the interests of such a shareholder.
- > The Supervisory Board member is not closely related (direct offspring, spouse, life partner, parent, uncle, aunt, sibling, niece, nephew) to a member of the Executive Board or to persons specified in one of the above points.

SUPPORT FOR WOMEN ON THE EXECUTIVE BOARD AND SUPERVISORY BOARD AND IN KEY FUNCTIONS

In the interest of the company, appointments to the Executive Board, Supervisory Board and key positions are based solely on professional and personal qualifications.

Women filled 36.2% (2017: 30.8%) of the management positions and represented 59.0% of the total workforce in 2018 (2017: 58.6%). In the IMMOFINANZ Group, women hold key management positions in central corporate functions and on the local country boards.

Men and women have equal opportunities for advancement at IMMOFINANZ, and all employees receive performance-based remuneration for their work.

DIVERSITY CONCEPT

IMMOFINANZ does not follow an abstractly defined diversity concept for appointments to the Executive Board or Supervisory Board. The Supervisory Board, which is responsible for appointments to the Executive Board and for issuing recommendations to the annual general meeting for elections to the Supervisory Board, considers the diversity aspects listed in § 243c (2) no. 2a of the Austrian Commercial Code (age, gender, education and professional experience) and the international aspects for supervisory board members which are discussed in L-Rule 52 of the Austrian Corporate Governance Code to be very important. Accordingly, these aspects are acknowledged and reflected in connection with specific appointment decisions or recommendations.

However, the company does not consider it suitable or expedient to tie its decisions on recommendations or appointments to a diversity concept with abstractly defined goals. The Supervisory Board believes the decisive factors for recommended elections to the Supervisory Board and appointments to the Executive Board must involve aspects like expertise, specific requirements, experience, availability etc.

EXTERNAL EVALUATION

IMMOFINANZ's compliance with the provisions of the Austrian Corporate Governance Code was evaluated by the auditor, Deloitte Audit Wirtschaftsprüfung GmbH, in connection with a review of the corporate governance report. The related auditor's report is available for review on our website (www.immofinanz.com). The evaluation of the corporate governance report for 2018 did not result in any objections.

Vienna, 1 April 2019

The Executive Board



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO