

WARIMPEX

*Consolidated
Non-Financial
Report*

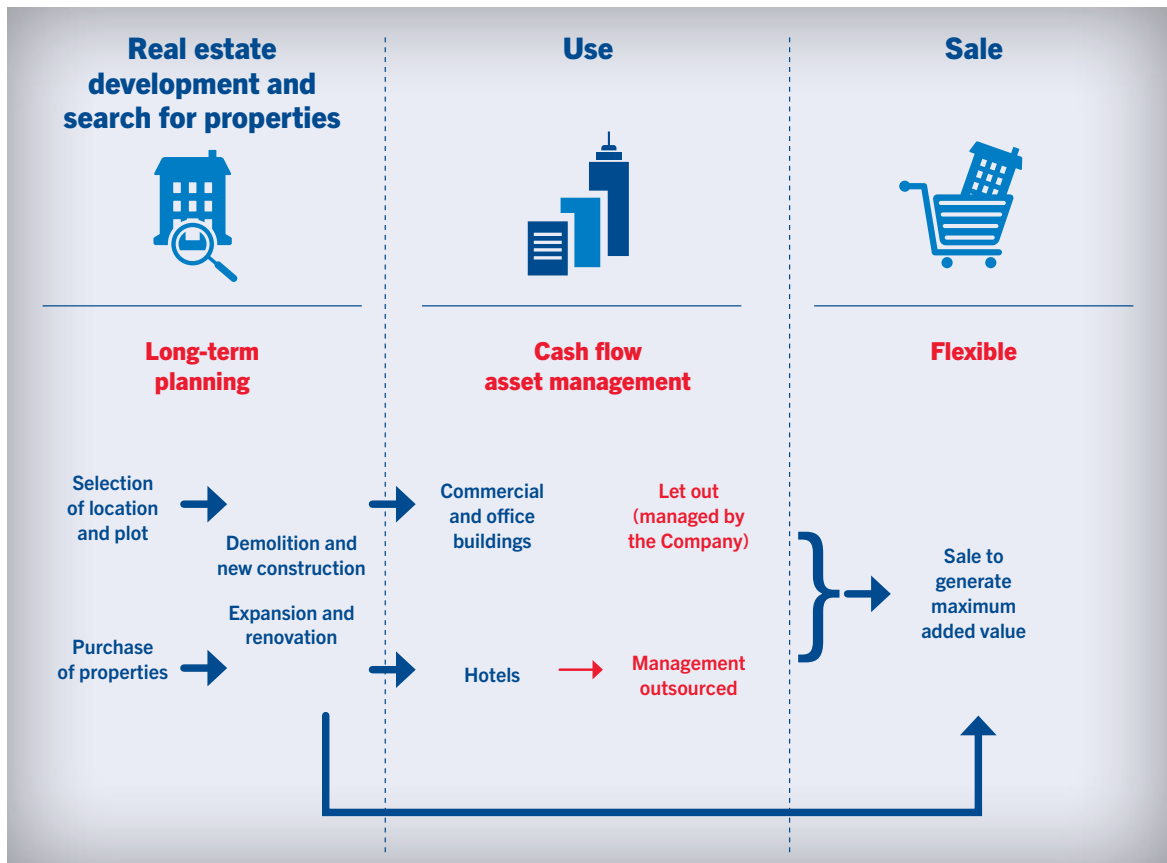
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AUSTRIAN COMMERCIAL CODE

WARIMPEX – Business model

Warimpex is a “hybrid” real estate company that develops and operates properties itself as an asset manager and property owner until the time at which the highest added value can be realised through sale. The majority of these projects is located in Central and Eastern Europe.

Accordingly, the Warimpex Group generates stable cash flows from the operation of hotel properties and the letting of office space while simultaneously realising proceeds from property sales.

In contrast to pure real estate portfolio companies, Warimpex combines the steady business of the asset management segment with the high profitability of the property development segment. Under this strategy, the property development units benefit from the financing strength of the asset management units, and the typical exit risk of a pure project developer is simultaneously minimised because the completed properties are generally held in the Company’s portfolio initially in order to wait for the right time to sell.



Sustainable management

The Warimpex Group's real estate development projects and the operation of its properties have an impact on the social, ecological, and economic environments in which it does business. Because of this, the Company bears great responsibility. It has firmly anchored the fulfilment of this responsibility into its corporate culture, and sees living up to this responsibility as a central element in its success. This applies to new and existing buildings. In the further development of existing properties into hotel and office buildings, we attach considerable importance to compliance with the requirements for the preservation of the historic features of the properties. Building energy-efficient buildings is a matter of course for us because the operating costs of these buildings are lower, and this enables higher rents to be negotiated.

Due to the long service life of properties, the decisions we make today have an impact for the next 10 to 30 years. In the coming decades, climate protection and the sustainable use of resources will become even more important than they already are today. Real estate companies have to respond now – for instance in the area of climate protection. In order to achieve the 2-degree target defined at the Paris climate conference in 2015, we will have to transform into a low-carbon economy that hardly emits any carbon dioxide by 2050. This already has to be taken into consideration in long-term investments today. Warimpex is aware of its deep responsibility in this context and does not see properties merely as economic goods, but instead places emphasis on the ecological and social aspects. This basic philosophy reflects a deep-seated conscientiousness and respect for people and the environment and shapes both the Company's corporate culture and its concrete activities in all areas of business.

The following sustainability report prepared in accordance with the requirements of the Austrian Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz, NaDiVeG) is addressed to all stakeholders as well as everyone else who is interested in Warimpex's ecological, social, and economic performance.

Materiality and stakeholders

Sustainable development is a multifaceted process that is influenced by many different issues in the areas of the economy, the environment, and society. The potential impact of business activities on these areas of life is determined by a company's core business, industry, and business environment.

Process description and strategic integration

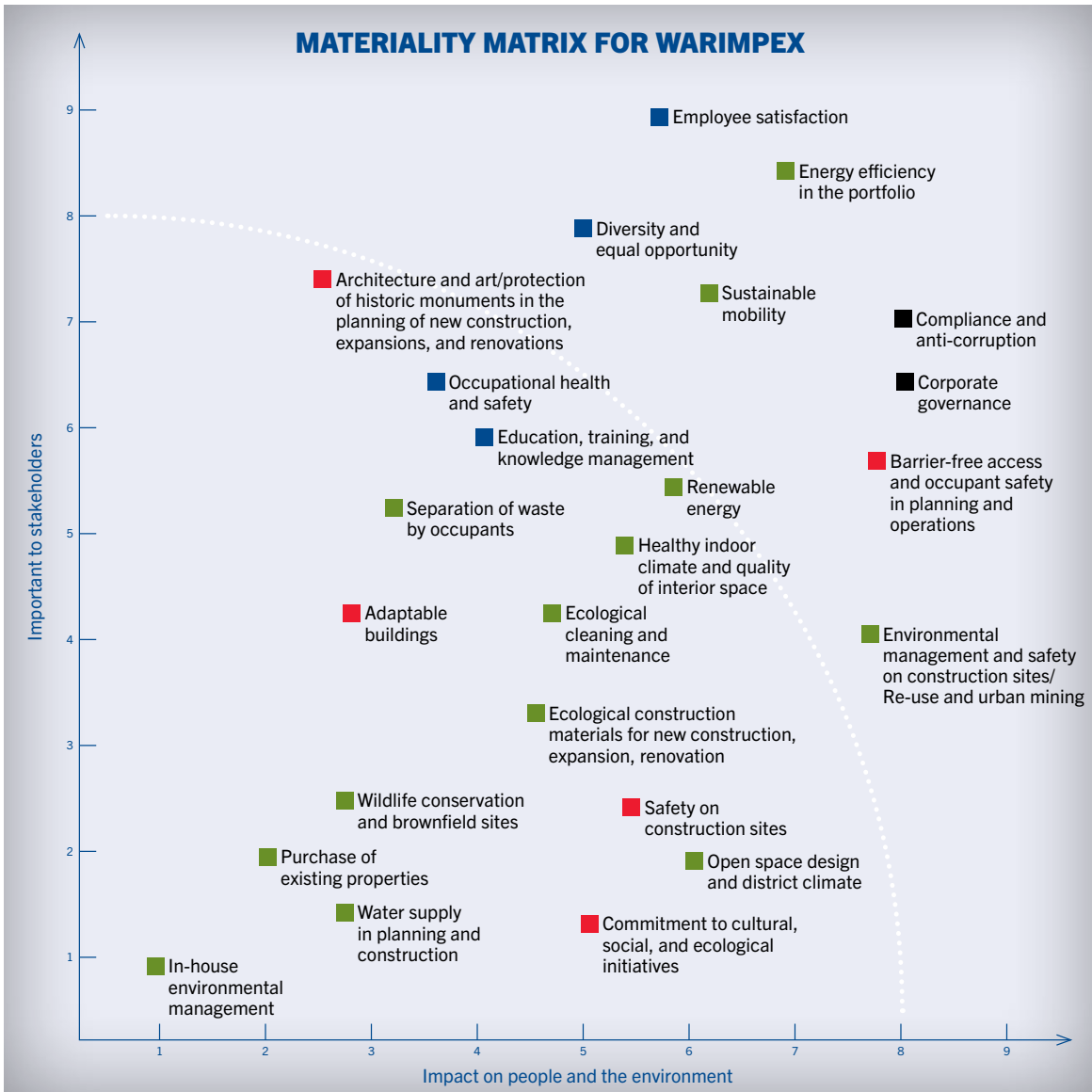
A comprehensive materiality analysis forms the basis for the reporting. The potential material topics for Warimpex Group were identified and prioritised in a multi-stage process. The topics were analysed with regard to their impact on people and the environment as well as with regard to their importance for the following key stakeholders: investors, shareholders, analysts, banks, employees, suppliers, service providers, tenants, neighbours, peer companies, the media, policymakers, public authorities, and hotel guests.

The topics that were deemed to be material can be assigned to the following categories:

- **Environment and energy**
- **Sustainable corporate culture (ethics and compliance)**
- **Social responsibility**
- **Employees**
- **Human rights**

In the following, Warimpex reports on activities and measures related to the issues deemed to be material, which are described in the overview below:

Topic	Description	Issue according to NaDiVeG
Energy efficiency of buildings	Thermal quality of buildings, energy-efficient technical building systems, appliances, etc. support the energy efficiency of buildings (heating, cooling, electricity consumption)	Environmental issue
Re-use and urban mining/ Environmental management on construction sites	Renewable materials, manufactured in an environmentally friendly manner, regionally sourced, contaminant-free, multifunctional, and recyclable Noise and dust prevention, exclusion of brownfield sites, effective waste management, safe handling and storage of chemicals, and short transport distances	Environmental issue
Sustainable mobility	Offering of and incentives to use environmentally friendly means of transport such as connections to public transport networks, pedestrian and bike path networks, provision of infrastructure for bicycles, e-mobility, and car and bike sharing	Environmental issue
In-house environmental management	Conservation of resources within the Company's own operations (planning of travel activities, sustainable mobility)	Environmental issue
Corporate governance, compliance, and anti-corruption	Compliance with legal requirements (employment law, competition law, data protection, etc.), clear contract awarding processes, proper working relationships with contractors	Combating corruption and bribery
Barrier-free access and occupant safety	Technical components (such as fire protection measures, escape routes, alarms for dangerous situations, or evacuation), structural components (such as signage, lighting, video surveillance, or concierge services) Compliance with all legal regulations and requirements and regular monitoring of this compliance	Social issue
Employee satisfaction	Motivation and satisfaction of the team is strengthened and maintained at a high level	Employee issue
Diversity and equal opportunity	Diverse team structure with regard to age, gender, background, working model, etc.	Employee issue
Work-life balance	Different work schedule models, flexible time management	Employee issue
Respect for human rights	Deep-rooted part of the corporate culture that is put into practice internally and externally	Respect for human rights



- Categories**
- Environment and energy
 - Employees
 - Sustainable corporate culture (ethics and compliance)
 - Social responsibility

Warimpex – An overview

Evolution of the Warimpex Group

Warimpex was founded in 1959 by Stefan Folian as an import/export and transit trading company. From 1982 onwards, under the management of Georg Folian and Franz Jurkowitzsch, the Company started to specialise in real estate projects in Central and Eastern Europe. Since that time, the Warimpex Group has developed real estate with investments amounting to more than one billion euros, including hotels in the five-, four-, and three-star categories. In addition, Warimpex also develops office buildings and other real estate.

Development and asset management

Real estate project development and operations are coordinated by Warimpex in Vienna together with the local branch offices in

Prague, Budapest, St. Petersburg, and Warsaw. Warimpex is also building upon its successful, long-standing cooperative projects with international hotel groups such as Vienna House, InterContinental Group, Kempinski, and Sheraton.

As at the end of 2017, Warimpex was the owner, co-owner, or leaseholder of six hotels with a total of 1,600 rooms (roughly 900 rooms when adjusted for the proportionate share of ownership), plus six commercial and office buildings with a total floor area of some 60,100 square metres (roughly 40,100 square metres when adjusted for the proportionate share of ownership) in Poland, the Czech Republic, Russia, Hungary, France, and Austria.

ENVIRONMENT AND ENERGY

The topics of energy supply, energy consumption, and energy-related technical building systems are extremely important in the construction and real estate industry. The provision of energy in the form of electricity and heat is the basis for comfortable office facilities. At the same time, energy sources and energy consumption have a significant impact on climate change. Warimpex is aware of its energy-related impact on the environment and society and therefore takes great care with regard to ecological and economic requirements in terms of the energy supply and energy consumption and in terms of enhancing and preserving the value of buildings. Warimpex also confronts the challenges of our time and makes an essential contribution to the lasting reduction of emissions by planning projects on a long-term basis. Building energy-efficient buildings is a matter of course for us because the operating costs of these buildings are lower, and this enables higher rents to be negotiated.

The Warimpex Group's real estate development projects and the operation of its properties have an impact on the social, ecological, and economic environments in which it does business. Because of this, the Company bears great responsibility. It has firmly anchored the fulfilment of this responsibility into its corporate culture, and sees living up to this responsibility as a central element in its success. This applies to new and existing buildings. In the further development of existing properties into hotel and office buildings, we attach considerable importance to compliance with the requirements for the preservation of the historic features of the properties.

Warimpex believes that sustainability and cost efficiency are not mutually exclusive.

At the beginning of 2013, Warimpex completed the BREEAM – Good-certified Le Palais Office building in Warsaw. The Ogrodowa office building that is currently under construction in Łódź will be certified BREEAM – Very Good, and the Mogilska 43 project in Krakow aims to attain a BREEAM – Very Good certification. The Company generally strives to obtain certifications for all new projects in the office segment. There are currently no certified properties in the hotel portfolio, but the Company still aims to achieve a high standard in this segment.

The Company plans to maximise the benefit for the environment, society, and the economy in future projects. For us, this means that projects maintain their value or increase in value over the long term while also offering ecological and social benefits. This also means preventing damage to the environment. We aim to adhere to these principles not only in new construction projects, but also in renovations. Starting in 2018, a controlling segment will be added to the internal project controlling that includes the assessment of the project with regard to energy efficiency, flexible floor plans, accessibility, and mobility.

A property is not included in the non-financial reporting until it has been in the portfolio for 12 months.

Energy efficiency of the portfolio

Warimpex's direct area of influence lies in the energy-related design of new buildings, modernisation measures on existing properties, and energy performance. In addition, the selection of the energy source can have a positive impact on the energy balance of the properties to some extent.

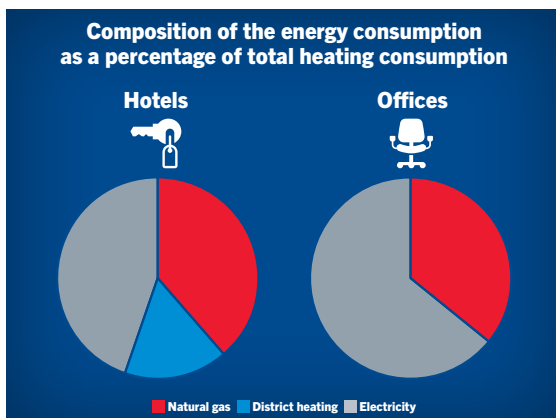
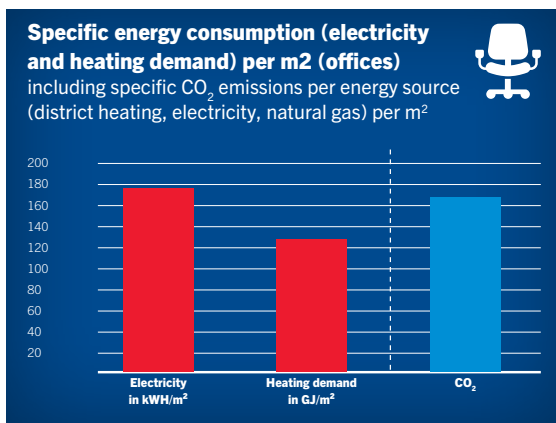
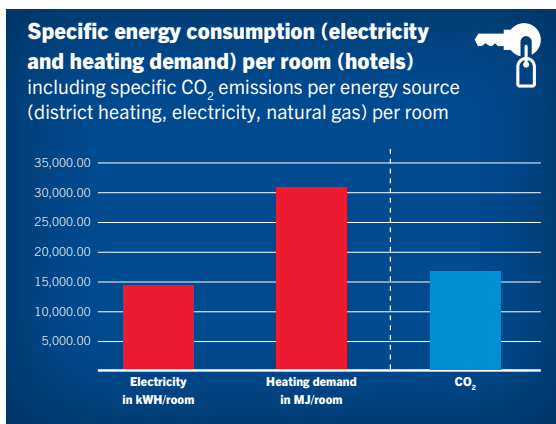
However, energy efficiency does not just depend on the building itself. The careful use of energy by the occupants is also a decisive factor and can make a significant contribution to climate protection. However, Warimpex can only influence the individual behaviour of the occupants to a very limited extent. The steering measures in this regard are focused on clear and targeted communication, such as through notices at the property.

The key task for Warimpex is to create the conditions for low energy consumption at its buildings. This includes the energy-efficient design of new properties as well as the gradual energy-related modernisation of suitable existing properties.

Indicators for 2017

The indicators are presented differently for the different asset classes of hotels and office buildings in order to provide a clear picture. In the case of hotels, indicators are reported on a per-room basis worldwide in order to improve comparability. The energy consumption figures for office properties are based on the square metres of lettable space.

With regard to Warimpex’s energy consumption figures, it must be noted that one hotel property, the Dvořák hotel in Karlovy Vary, is unique when it comes to the heating of the hotel. Karlovy Vary is located in a geothermal zone and has 12 thermal springs that are used for health spa operations. The residual heat from these thermal springs is used as district heat for businesses. Thus, the Dvořák hotel has access to a local energy source that is carbon-neutral and eco-friendly.



The indicators were collected for the first time in 2017 and thus form the basis for the future monitoring of energy consumption in order to keep track of and minimise the risk of contributing to climate change. Warimpex aims to improve these indicators on an ongoing basis and take them into consideration in the planning of new projects.

Particular emphasis is being placed on energy-efficient and environmentally friendly design for the two development projects being realised in Poland in 2018: A green wall is being built at the Mogilska 43 project in Krakow, and a green roof is planned for the Ogrodowa development project in Łódź. These measures not only contribute to the occupants’ well-being, but also play a decisive role in environmental and climate protection. The energy consumption for cooling is reduced and the burden on the sewer system is minimised by the water retention. At the same time, these measures help to counteract urban heating and the formation of heat islands.

The following initiatives have already been implemented to boost energy efficiency in the Hotels segment:

In 2014, a technical pilot project was launched to identify energy savings potential in hotels, and this project has continued on an ongoing basis. The development of energy consumption in the asset management segment is being monitored. The project covers the areas of electricity; heating, ventilation, and climate control; water consumption; and waste separation.

In addition, the Company ensures the energy-efficient operation of its own hotels by planning the occupancy of the rooms so that vacant rooms or floors do not have to be fully heated. In this way, care is taken in the initial planning of the projects to ensure that hotel areas can be supplied with energy individually. This can make a major contribution to reducing heating demand.

Warimpex aims to reduce the specific carbon dioxide emissions of its operations on an ongoing basis.

Environmental management and safety on construction sites/Re-use and urban mining

At construction sites, the Company does everything in its power to prevent noise and dust, to clean up brownfield sites, and to ensure effective waste management for building demolitions. The efficient separation of secondary raw materials is facilitated by working with companies that provide separation with as little mixing of materials as possible. It is important to Warimpex to maintain good relations and communication with all stakeholders. One example in this context is the fact that the heating system of the direct neighbours of the Mogilska 43 construction site was converted to a district heat connection. In addition, vouchers for car washes were handed out to neighbours during the demolition work at this construction site. Warimpex aims to continue preventing complaints and lawsuits through good communication with neighbours.

All legal requirements are complied with, and there have been no official complaints or fatal workplace accidents to date. Warimpex receives monthly reports from the general contractors containing updates on the progress of projects and, if applicable, information about violations of safety requirements and accidents on construction sites. Workplace accidents represent a significant risk at construction sites. With this in mind, Warimpex has set a clear goal to continue to maintain its clean record with regard to legal complaints and major violations of safety requirements at construction sites. In addition, the monthly reports from the general contractors for future projects will be expanded to include information about workplace accidents and official complaints related to occupational safety, environmental issues, and other legal issues.

The rehabilitation of old buildings is prioritised whenever possible in order to save resources, costs, and time. Construction activities are always resource-intensive. The intense use of raw materials can contribute to the waste of resources and thus represents a risk to the environment. Warimpex minimises this risk by ensuring the optimal continued use of existing buildings in its projects. For example, an old office building in Munich was converted into a hotel and an old office building that was built in Budapest in the 1960s was gutted and refurbished into an office building that meets today's requirements. There were no corresponding rehabilitation projects in 2017.

This table provides an overview of the indicators regarding the demolition for the Mogilska 43 project:

Mixed waste	4.6 t
Large-volume waste	24 t
Roofing felt	16.8 t
Insulation material	2.5 t
Timber	12,690 t

Brick rubble	72 t
Concrete rubble	11,731 t
Steel	87.12 t
Soil	4,080 t

Sustainable mobility

Mobility involves a number of current and future challenges pertaining to climate change, particularly in urban areas. This includes the risk of local air pollution due to emissions from automobile traffic in the form of nitrogen oxide as well as energy consumption.

Due to the rising demand for charging stations for electric vehicles, there is a risk that it will not be possible to provide a sufficient number of EV charging stations for the occupants of buildings. Forward-looking, intelligent mobility and traffic concepts are viable solutions in this context, including the increased use of public transport and car-sharing programmes as well as the further electrification of mobility in urban areas. In order to meet these requirements, it is important to account for a sufficient number of charging stations with a suitable charging capacity and charging connection in the initial planning stages and to observe and evaluate various concepts in order to determine which concept should be implemented at a site to optimally meet the demand.

E-mobility in particular represents an essential and ground-breaking topic. In this context, the future need for parking spaces with electric charging points or cable conduits for later retrofitting efforts at the building already have to be taken into consideration in the design and planning of newly constructed properties – generally around three years before completion. There are not currently any EV charging stations at Warimpex's existing properties, but EV charging stations are planned for new projects such as Mogilska 43 and the Ogródowa office building. The plans for Mogilska 43 call for 60 bike parking spaces (which corresponds to 0.4 parking spaces per 100 square metres of office space). Showers and changing rooms are also planned in order to make it more appealing for employees to bike to the office. The plans for the Ogródowa 8 project in Łódź also include 150 bike parking spaces (which corresponds to 0.5 parking spaces per 100 square metres of office space) as well as the construction of showers and changing rooms in the office facilities.

The majority of Warimpex's projects are in central locations in primary and secondary cities. Good transport connections for the occupants of the building are an important factor for all of the projects. Hotels should always be easy to get to – both with public transport such as buses or trains as well as with cars and coaches. For tenants of an office building, it is also important that their employees and customers can reach the office with various means of transport (bus, rail, connection to the airport).

All of Warimpex’s projects offer good connections to the public transport network. Public transport stations are generally located within a radius of 200 metres.

In the future, it will also become increasingly important to offer optimal connections to the public transport network in a city because significant restrictions on private transport such as car-free zones or parking restrictions are to be expected. It is also crucial to promote sustainable mobility (electric vehicles, car sharing, etc.) because property users will see these offerings as decisive factors. In order to optimally address these developments, Warimpex has set itself the goal of taking sustainable mobility into consideration as a criterion for future projects.

In-house environmental management

Flights	CO ₂ 123 t
Kilometres driven by car	CO ₂ 64 t

Employees of Warimpex AG

Warimpex has a high level of travel because all of its projects are located outside of Austria. This impacts the environment through increased emissions and represents a danger to employee safety due to the increased risk of car accidents. Travel planning is the responsibility of the relevant project team, but reducing travel to an absolute minimum is a basic principle at Warimpex. Efforts are always made in the planning of business travel to combine the travel of individual employees and to form carpools in order to keep travel expenses and the environmental impact as low as possible. Some projects can be reached by train or plane, while others are more conducive to travelling by car because they are more easily accessible by car or require technical equipment to be taken along. In order to reduce business travel, the use of teleconferences and video conferences is encouraged and the necessary technology provided.

New developments are evaluated and incorporated into the Company’s IT on an ongoing basis in order to ensure the optimal use of new technologies. This enables cross-border collaboration in projects to be simplified and employees’ travel to be optimised. In addition, Warimpex plans to use electric vehicles for its fleet in the future: An electric car has already been ordered and will be added to the fleet in the spring of 2018. The Company hopes that this pilot project will provide valuable information about usage behaviour both for future travel and for the charging infrastructure and other requirements for office locations. Along with the ongoing maintenance and modernisation of the vehicle fleet, investments are being made in employee training for business travel in the form of driving courses.

SUSTAINABLE CORPORATE CULTURE (ETHICS AND COMPLIANCE)

Around the world, bribery and corruption hinder investment activities and disrupt international competition. In addition, the economic, social, and ecological well-being of society is jeopardised by the diversion of funds through corrupt practices. Companies play an important role in combating these practices because corruption is damaging not only to democratic institutions but also to proper corporate governance. In addition, some of the countries in which Warimpex does business have poor rankings according to the Corruption Perceptions Index and are thus exposed to a higher risk of corruption.

Corporate governance, compliance, and anti-corruption

Therefore, the implementation of effective corporate governance practices represents a significant sustainability topic with regard to fostering a responsible corporate culture.

As a listed company, Warimpex operates in accordance with the rules of the Austrian Code of Corporate Governance (January 2015 version) and the Polish Best Practice for GPW Listed Companies 2016. These codes are voluntary agreements for proper corporate governance and control aimed at achieving responsible value creation focused on sustainability and a long-term vision. These measures ensure that the interests of all stakeholders whose welfare is dependent upon the success of the Company are optimally served and that a high level of transparency is provided.

Code of Conduct

The Code of Conduct (CoC) is a summary of the general rules of conduct for Warimpex employees. The CoC has been applied at Warimpex since 2013 and will be extended to all of the fully consolidated companies in 2018.

It documents the Company’s interactions with employees, customers, suppliers, and all other stakeholders and provides orientation for day-to-day conduct.

The ethical and legal rules and guidelines are specified in the CoC and promote individual responsibility and an open, respectful, and responsible working climate.

Employees receive ongoing training in order to foster an open and honest working climate. In 2018, training courses will be offered on current topics such as the new General Data Protection Regulation. Training courses on the Code of Conduct and corruption prevention as well as occupational safety are also planned. The various workdays of employees due to different scheduling models and travel are taken into

account in the training programmes by offering multiple courses on different days so that everyone can participate. In addition, Warimpex strives to offer additional training as needed when it becomes apparent that a certain topic is important at the moment or is requested by the employees.

No cases related to corruption or violations of internal compliance guidelines have been identified to date.

SOCIAL RESPONSIBILITY

Barrier-free access and occupant safety in planning and operations

Barrier-free access is taken into account in accordance with legal requirements in both new construction and in the renovation/refurbishment of existing properties. All offices and hotels offer barrier-free access. The safety of the occupants is ensured through regular monitoring in line with local ordinances (e.g. inspection by the fire department or work inspectors) and at the management level (inspection together with the operators of the relevant property). Our own random inspections ensure the safety of the occupants of our properties and minimise the risk of a violation of the applicable regulations. No significant complaints pertaining to imminent hazards have been lodged by authorities in relation to safety requirements to date. In acute cases, individual measures are taken to ensure the safety of the occupants at the given property. For example, increased security checks have been performed at the entrances to hotels in response to terrorist attacks in a given destination.

The goal is to prevent complaints by authorities and customers and to meet all legal requirements in order to guarantee the safety of the occupants at all times.

Eight of the total 420 rooms are barrier-free, which represents a share of 2 per cent.

EMPLOYEES

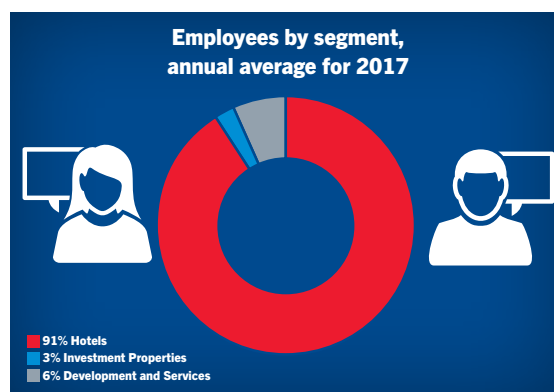
Employee satisfaction

Warimpex aims to offer opportunities for growth and career advancement, to reward outstanding performance, to promote collaboration at all levels, and to foster an open corporate culture.

The working world is constantly changing due to more vigorous demands and increasing requirements for flexibility. This makes it more and more difficult for employees to achieve a balance between their careers, family duties, and private lives.

A consistent policy of equal treatment, flexitime work models, and teleworking opportunities represent the pillars of a healthy work-life balance for Warimpex's employees.

Employees in the Group



Hotels are operated by hotel management companies under management contracts. Accordingly, the hotel managers have autonomy in personnel matters and are responsible for the supervision of the hotel staff, so these aspects are not under Warimpex's control. Therefore, the following information only includes Warimpex's other two segments.

As at 31 December 2017, 57 employees worked at the fully consolidated companies of Warimpex Group. The following charts show the distribution of the employees according to their regional assignment and their area of responsibility. Overall, roughly 51 per cent of the employees work in the areas of asset and property management.

The duties in asset and property management include the management of the existing properties and development properties by the managers, technicians, and project controllers. The finance segment encompasses the chief accountants and accountants. The support functions provide administrative and

organisational assistance to the other two segments. In order to guard against the risk of losing highly qualified staff members, Warimpex’s employees are provided with state-of-the-art technical equipment to make the work process as smooth and efficient as possible. This is intended to ensure a safe and pleasant work environment for everyone. Employees are also supported through the open and honest corporate culture. Warimpex does not put stock in adhering to hierarchies, but instead fosters a level playing field and respectful collaboration. The Company takes the individual needs of the employees into consideration by offering various working models such as part-time schedules, teleworking, and other possibilities, and adapting these models as necessary.

Diversity and equal opportunity

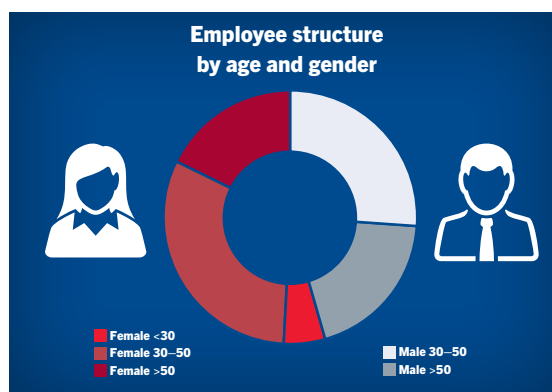
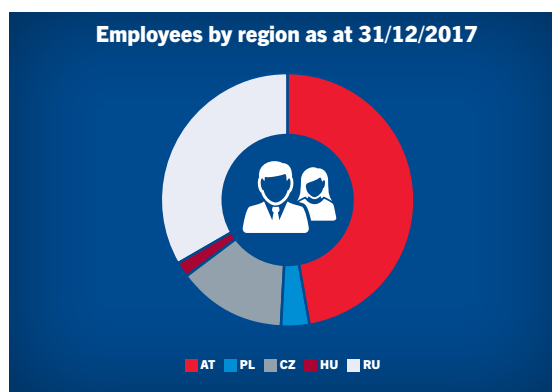
Ensuring equal opportunity between women and men and diversity with regard to the employees’ overall background is a key priority for the Company. This diversity is not only apparent in the background of employees from different cultures and countries, but can also be seen in the age structure of the staff. At Warimpex, no one is excluded due to their gender, age, or background. On the contrary: The convergence of different views, opinions, and experiences allows many different aspects to be examined and addressed in projects.

A flat hierarchy also allows goals to be achieved through short communication channels, without having to fight through extraneous bureaucracy. Women and men are given equal opportunities to stay connected to the Company even when they are on parental leave. Invitations to company events are also sent to employees on parental leave, and these employees can continue to use communication devices such as their phones and laptops while on leave. It is also possible to work while on parental leave, and many employees take advantage of this opportunity. When employees return from parental leave, their needs are re-evaluated and individually adapted to suit their circumstances. In cases where it is desired and possible, teleworking and flexible working hours are agreed with employees. All of these measures have proven to be effective in the past and will thus be continued in the future. As a result, the risk of potential discrimination against employees is deemed to be low. Warimpex sees the diversity of its employees as an opportunity and utilises it accordingly.

The share of women in the total workforce was 46 per cent as at 31 December 2017. Warimpex offers its female and male employees the same opportunities and requirements. What counts is an employee’s qualifications and experience in their field, not their nationality or gender. There are no targeted women’s advancement measures – gender equality is a matter of course at Warimpex and is also reflected in the percentage of women in the total workforce.

The average age of the employees is roughly 46 years. Warimpex Group works with an attractive mix of experienced employees and new employees.

The diversity with regard to the nationality of employees from different countries also represents a success factor for Warimpex. Employees from four countries and with various migration backgrounds work at the Group’s headquarters in Vienna.



HUMAN RIGHTS

Respecting human rights is seen as a deep-rooted part of Warimpex's philosophy and is put into practice each and every day. Freedom of expression is anchored in Warimpex's organisational structure because there are no restrictions on communication of any kind. Warimpex also respects and values everyone's right to freely practice their beliefs. At hotel projects, for example, the interior design is kept non-religious as far as possible in order to ensure the religious freedom of all users. Neutrality is emphasised in the selection of the pictures in the rooms, and religious symbols such as crosses are not used in the hotel premises.

In addition, Warimpex's activities cannot result in human rights violations.

Warimpex is clearly committed to protecting human rights. We will support the protection of human rights within our sphere of influence and ensure that we are not involved in human rights violations. We expect our suppliers and partners to comply with the legal regulations as well. We assume that they comply with the applicable laws for the protection of human rights and that violations are appropriately prosecuted by the competent legal authorities in the jurisdiction of the relevant suppliers and partners. We do not see a need or a possibility to take additional internal initiatives in this area. We also have to assume that suppliers and partners receive goods and services from third parties in some cases. We are not aware of any human rights violations in connection with this supply chain to date. We assume that our suppliers and partners take action if they become aware of such issues. Proven violations are punished and can result in the termination of the business relationship with the respective supplier or partner.