

Supervisory Board Report

Fundamental aspects

The Supervisory Board of Warimpex Finanz- und Beteiligungs Aktiengesellschaft was regularly informed by the Management Board of all significant transactions, the development of business, and the business and financial situation of the Group and its equity interests in detailed verbal and written reports as well as at regular meetings during the 2018 financial year and properly fulfilled all of the duties and control functions required of it by law, the articles of association of the Company, and the terms of reference of the Supervisory Board. In particular, we supervised the Management Board in the direction of the Company and convinced ourselves that the operations of the Company were managed properly. The Chairman of the Supervisory Board also maintained regular contact with the Chairman of the Management Board and his deputy, in particular to discuss and coordinate the Company's strategic orientation, the future development of business, and the Company's risk management. One of the key topics at the Supervisory Board meetings was the provision of comprehensive, timely reports to the Supervisory Board on the economic and structural changes in Russia and Central and Eastern Europe and the associated discussion of the resulting opportunities and risks. The development of sales and earnings, liquidity forecasts, and the Company's financial position were also regularly discussed at these meetings.

The Company is committed to compliance with the Austrian Code of Corporate Governance as well as the Polish Best Practice for GPW Listed Companies 2016. The Supervisory Board faithfully fulfilled the duties and responsibilities laid down in these codes and thoroughly monitored the Company's compliance with these rules and standards in the interest of continuing and further developing the Company's responsible and sustainable corporate governance. The articles of association and the terms of reference of the Management Board and Supervisory Board are amended as needed to account for changes. Deviations from individual corporate governance rules relate to the Company's structure and/or to Polish rules that are not complied with due to the Company's primary orientation towards the relevant Austrian regulations.

A total of five Supervisory Board meetings were held in financial year 2018, at which the necessary resolutions were adopted in each case. All members of the Supervisory Board fulfilled the minimum attendance requirements. In addition, one motion relating to the proposed resolutions for the Annual General Meeting was adopted by way of circular resolution in the form of a written vote. The Project Committee also held a meeting in connection with the acquisition of a conference hotel in Darmstadt. The circular resolution that was adopted by the Supervisory Board was again discussed in detail at the subsequent Supervisory Board meeting. The necessary

approvals were obtained for all transactions that are subject to approval pursuant to § 95 (5) Austrian Stock Corporation Act (Aktiengesetz, AktG).

Committees

The Supervisory Board has set up three permanent committees: the Audit Committee, the Project Committee, and the Personnel Committee. A separate strategy committee has not been formed because all such issues are handled by the Supervisory Board as a whole. The members of the committees are appointed for the duration of their tenure on the Supervisory Board. Each committee elects a chairman and a deputy chairman from among its members. An ad hoc committee can be formed if necessary. The resolutions that were adopted at committee meetings were again discussed in detail at subsequent Supervisory Board meetings.

Audit Committee

In accordance with the law and the terms of reference of the Supervisory Board, the Supervisory Board has set up a permanent committee for reviewing and accepting the annual financial statements (consolidated financial statements), the proposal for the appropriation of profits, and the management report for the Company and the Group (Audit Committee). In addition to performing the other duties it is responsible for pursuant to the Austrian Stock Corporation Act, the Audit Committee reviewed the consolidated financial statements in cooperation with the auditor responsible for auditing the financial statements, issued a proposal on the selection of the financial auditor, and reported to the Supervisory Board on this. The Chairman of the Supervisory Board, Günter Korp, is a member of the Audit Committee and applies his special knowledge and practical experience in finance and accounting and in financial reporting (financial expert). Two other members of the Supervisory Board who are independent according to the terms of reference of the Supervisory Board also sit on the Audit Committee.

Two Audit Committee meetings were held in financial year 2018.

Project Committee

The Supervisory Board has set up a permanent committee to monitor and approve transactions that are subject to approval according to law and the terms of reference of the Management Board, provided that the total transaction costs do not exceed EUR 50,000,000 (Project Committee). When the total costs of the intended transaction exceed this limit, the transaction must be reviewed and approved by the Supervisory Board as a whole. The Project Committee is chaired by Supervisory Board member Harald Wengust. Two other members of the Supervisory Board who are independent according to the

terms of reference of the Supervisory Board also sit on the Project Committee.

Three motions were adopted by the Project Committee during the 2018 financial year: two related to the financing of AIRPORTCITY St. Petersburg and one related to the acquisition of a conference hotel in Darmstadt.

Personnel Committee

The Supervisory Board has formed a permanent committee that is responsible for personnel matters between the Company and the Management Board (remuneration, issue of proposals for the filling of vacant posts on the Management Board, and succession planning). The Personnel Committee is chaired by Supervisory Board Chairman Günter Korp. Two other members of the Supervisory Board who are independent according to the terms of reference of the Supervisory Board also sit on the Personnel Committee.

No Personnel Committee meetings were held during the reporting period.

Revised terms of reference for the Management Board and the Supervisory Board as well as revised criteria for the independence of Supervisory Board members

The Supervisory Board approved the revised versions of the terms of reference for the Management Board, the terms of reference for the Supervisory Board, and the criteria for the independence of Supervisory Board members.

Opening of a new operating credit line

The Supervisory Board approved the opening of an operating credit line.

Bond issue/Treasury share purchase

In September 2018, Warimpex floated the bond 09/25 as a private placement with a term of seven years and a nominal value of EUR 9 million. An ad hoc Supervisory Board committee adopted the approval resolution.

The Management Board of the Company passed a motion to make use of its authorisation to acquire shares in the Company in the form of the repurchase of own shares without a specified purpose pursuant to § 65 (1) 8 AktG (buyback programme), subject to the approval of the Supervisory Board. An ad hoc Supervisory Board committee consisting of the Supervisory Board members Günter Korp, Thomas Aistleitner, and Harald Wengust discussed the share buyback in detail and adopted the approval resolution on 19 November 2018. The Supervisory Board approved this buyback programme through the ad hoc committee that was formed for this purpose on 19 November 2018. The buyback programme began on 26 November 2018

and is scheduled to run until the end of August 2019. The maximum volume for the repurchase of shares in the Company is up to 1,000,000 shares. The acquisition price range was set at a maximum of 30% below and 10% above the average unweighted closing share price on the Vienna Stock Exchange for the 10 trading days preceding the buyback. As at 31 December 2018, a total of 160,980 shares had been purchased at an average price of EUR 1.07.

Annual financial statements for 2018

The annual financial statements, the management report, the consolidated financial statements, and the group management report for the year ended 31 December 2018 were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. The final result of this audit revealed no grounds for objection and the legal provisions were fully complied with, so that unqualified auditor's reports were issued.

The annual financial statements, the management report, the consolidated financial statements including the group management report, the corporate governance report, and the consolidated non-financial report were reviewed by the Audit Committee at its meeting on 12 April 2019 in the presence of and after an oral report by the auditor, and their acceptance was proposed to the Supervisory Board. The Supervisory Board reviewed the annual financial statements including the management report, the consolidated financial statements including the group management report, the corporate governance report, and the non-financial report prepared by the Management Board and approved the annual financial statements. The Audit Committee also proposed to the Supervisory Board that Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. be appointed as the financial auditor for the Company and the Group for the financial year ending on 31 December 2019.

The Supervisory Board thanks the Management Board, the Company's managers, and all employees of Warimpex Group for their commitment during the financial year and wishes the Company continued success in the future.

Vienna, April 2019

Günter Korp
Chairman of the Supervisory Board