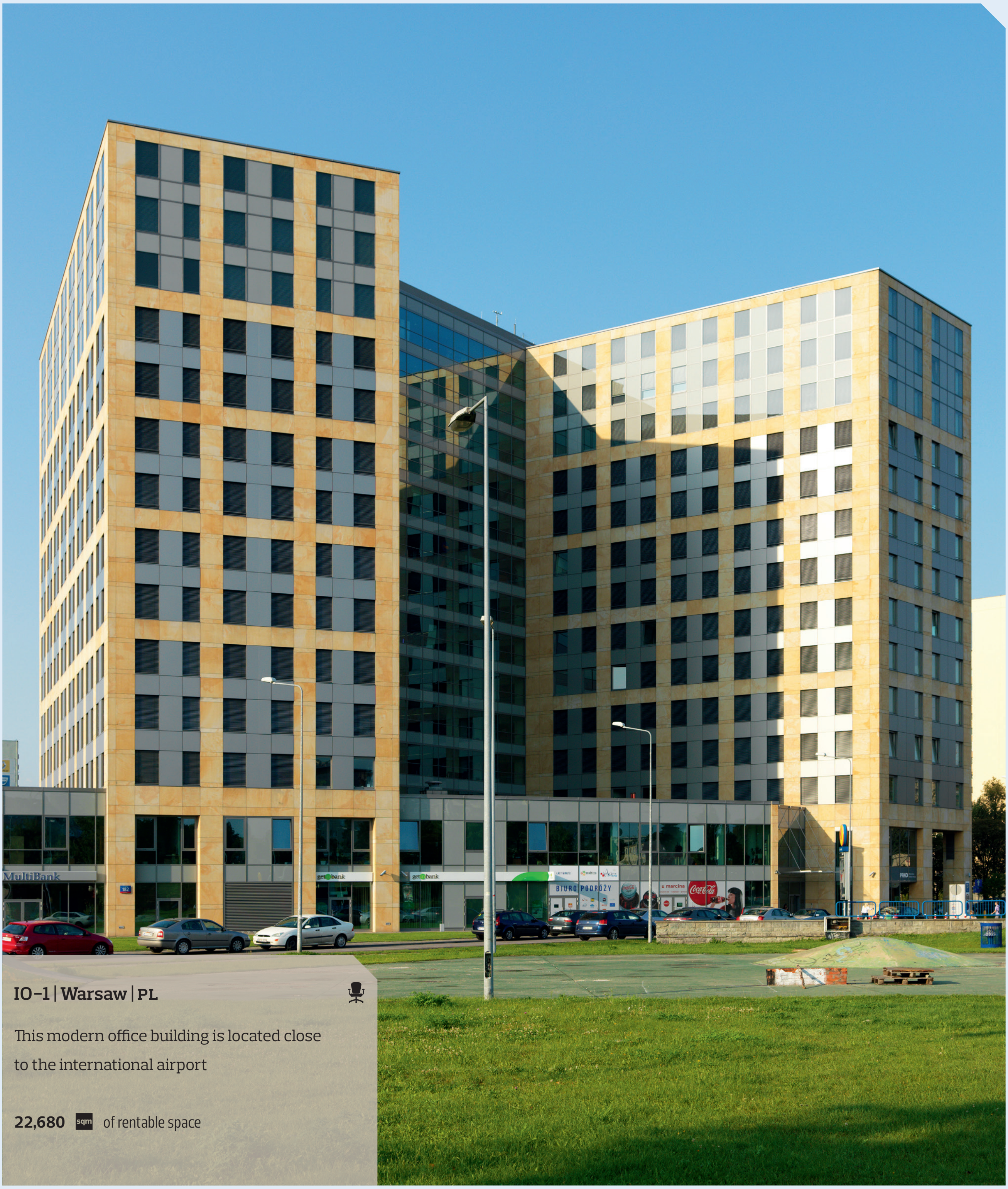
Financial Statements
IMMOFINANZ AG 2011/12
incl. Management Report



IO-1 | Warsaw | PL

This modern office building is located close to the international airport

22,680 sqm of rentable space

Balance Sheet as of 30 April 2012

Assets

			30 April 2012 EUR	30 April 2011 TEUR
A.	**Non-current assets**			
		I. Intangible assets		
		Trademarks and software	149,069.97	71
		II. Tangible assets		
		1. Buildings on land owned by third parties	1,245,492.43	1,416
		2. Furniture. fixtures and office equipment	730,488.47	632
			1,975,980.90	**2,047**
		III. Financial assets		
		1. Investments in subsidiaries	6,654,955,786.96	6,151,320
		2. Investments in associated companies	850,000.00	850
		3. Treasury shares	145,755,598.51	145,756
		4. Non-current securities (rights)	8,129,033.31	7,373
			6,809,690,418.78	**6,305,299**
			6,811,815,469.65	**6,307,417**
B.	**Current assets**			
		I. Receivables		
		1. Trade receivables	2,438.46	2
		2. Receivables from subsidiaries	716,551,816.66	662,812
		3. Receivables from associated or jointly controlled entities	13,361,347.68	14,764
		4. Other receivables	5,282,165.73	8,175
			735,197,768.53	**685,753**
		II. Current marketable securities		
		1. Miscellaneous securities and shares	101,374,540.57	111,038
		III. Cash in bank	**871,711.02**	**10,804**
			837,444,020.12	**807,596**
C.	**Prepaid expenses and deferred charges**		**958,762.61**	**669**
			7,650,218,252.38	**7,115,682**

Equity and Liabilities

			30 April 2012 EUR	30 April 2011 TEUR
A.	**Equity**			
	I. Share capital		**1,184,026,409.36**	**1,085,289**
	II. Capital reserves			
		1. Appropriated	4,005,813,124.67	3,908,489
			4,005,813,124.67	**3,908,489**
	III. Revenue reserves			
		1. Other reserves (voluntary)	302,859,656.91	156,860
		2. Reserve for treasury shares	145,755,598.51	145,756
			448,615,255.42	302,615
	IV. Profit (loss) account		**175,076,208.76**	**119,088**
		Thereof profit carried forward: EUR 14,360,684.30; prior year: TEUR 0		
			5,813,530,998.21	**5,415,482**
B.	**Provisions**			
	1. Provisions for termination benefits		201,877.46	0
	2. Provisions for taxes		1,837,712.60	1,435
	3. Other provisions		20,446,972.52	10,425
			22,486,562.58	**11,860**
C.	**Liabilities**			
	1. Bonds		867,998,732.46	1,137,120
	2. Liabilities with financial institutions		36,541,273.70	36,586
	3. Trade liabilities		4,041,582.98	1,960
	4. Liabilities with subsidiaries		904,540,810.46	512,302
	5. Other liabilities		1,078,291.99	371
		From taxes: EUR 449,346.62;		
		prior year: TEUR 6		
		From social security: EUR 355,308.50;		
		prior year: TEUR 16		
			1,814,200,691.59	**1,688,340**
			7,650,218,252.38	**7,115,682**

Contingent liabilities	321,265,994.27	332,536

Income Statement for the 2011/12 Financial Year

		2011/12	
		EUR	EUR
1.	Revenues		69,032,990.96
2.	Other operating income		
	a) Income from the disposal of non-current assets. with the exception of financial assets	2,434.81	
	b) Income from the reversal of provisions	145,028.55	
	c) Miscellaneous	3,076,310.39	3,223,773.75
3.	Personnel expenses		
	a) Salaries	22,386,655.97	
	b) Expenses for contributions to employee pension/severance funds	396,723.43	
	c) Expenses for pensions	149,574.97	
	d) Expenses for legally required social security and payroll-related duties and mandatory contributions	3,875,638.32	
	e) Other employee benefits	642,193.63	-27,450,786.32
4.	Depreciation and amortisation		-524,501.73
5.	Other operating expenses		
	a) Non-income based taxes	2,320,478.89	
	b) Miscellaneous	59,017,968.01	-61,338,446.90
6.	**Subtotal of no. 1 to 5 (operating profit)**		**-17,056,970.24**
7.	Income from investments in subsidiaries		350,503,300.00
	Thereof from subsidiaries: EUR 387,784.26; prior year: TEUR 316		
8.	Income from other securities classified as financial assets		457,959.26
	Thereof from subsidiaries: EUR 387,784.26; prior year: TEUR 316		
9.	Interest and similar income		22,280,731.92
	Thereof from subsidiaries: EUR 21,532,818.80; prior year: TEUR 16,544		
10.	Income from the write-up of financial assets		3,635,325.00
11.	Expenses arising from investments in subsidiaries		
	a) Impairment losses	0.00	
	b) Expenses arising from investments in subsidiaries	0.00	0.00
12.	Interest and similar expenses		-58,481,561.64
	Thereof related to subsidiaries: EUR 19,576,038.67; prior year: TEUR 24,171		
13.	**Subtotal of no. 7 to 12 (financial results)**		**318,395,754.54**
14.	**Profit/(loss) on ordinary activities**		**301,338,784.30**
15.	Income tax expenses		5,376,740.16
16.	**Profit/(loss) for the year before changes to reserves**		**306,715,524.46**
17.	Additions to revenue reserves		
	a) Other reserves (voluntary)	-146,000,000.00	
	b) Reserve for treasury shares	0.00	-146,000,000.00
18.	Profit carried forward from prior year		14,360,684.30
19.	**Profit/(loss) account**		**175,076,208.76**

		2010/11	
		TEUR	TEUR
1.	Revenues		8,072
2.	Other operating income		
	a) Income from the disposal of non-current assets. with the exception of financial assets	0	
	b) Income from the reversal of provisions	262	
	c) Miscellaneous	45,307	45,570
3.	Personnel expenses		
	a) Salaries	3,840	
	b) Expenses for contributions to employee pension/severance funds	62	
	c) Expenses for pensions	153	
	d) Expenses for legally required social security and payroll-related duties and mandatory contributions	370	
	e) Other employee benefits	38	-4,463
4.	Depreciation and amortisation		-120
5.	Other operating expenses		
	a) Non-income based taxes	556	
	b) Miscellaneous	43,370	-43,926
6.	**Subtotal of no. 1 to 5 (operating profit)**		**5,133**
7.	Income from investments in subsidiaries		499,993
	Thereof from subsidiaries: EUR 387,784.26; prior year: TEUR 316		
8.	Income from other securities classified as financial assets		386
	Thereof from subsidiaries: EUR 387,784.26; prior year: TEUR 316		
9.	Interest and similar income		19,056
	Thereof from subsidiaries: EUR 21,532,818.80; prior year: TEUR 16,544		
10.	Income from the write-up of financial assets		0
11.	Expenses arising from investments in subsidiaries		
	a) Impairment losses	37,658	
	b) Expenses arising from investments in subsidiaries	0	-37,658
12.	Interest and similar expenses		-64,814
	Thereof related to subsidiaries: EUR 19,576,038.67; prior year: TEUR 24,171		
13.	**Subtotal of no. 7 to 12 (financial results)**		**416,963**
14.	**Profit/(loss) on ordinary activities**		**422,096**
15.	Income tax expenses		-393
16.	**Profit/(loss) for the year before changes to reserves**		**421,703**
17.	Additions to revenue reserves		
	a) Other reserves (voluntary)	-156,860	
	b) Reserve for treasury shares	-145,755	-302,615
18.	Profit carried forward from prior year		0
19.	**Profit/(loss) account**		**119,088**

Notes

1. General Information

The annual financial statements of IMMOFINANZ AG as of 30 April 2012 were prepared in accordance with the provisions of the Austrian Commercial Code ("Unternehmensgesetzbuch") in the current version. The principles of correct bookkeeping as well as the general objective of providing a true and fair view of the asset, financial and earnings position were observed.

The reporting year of IMMOFINANZ AG covers the period from 1 May 2011 to 30 April 2012.

In accordance with § 223 (2) of the Austrian Commercial Code, the comparable prior year data are presented in EUR 1,000.

The company elected to utilise the option provided by § 223 (4) of the Austrian Commercial Code, which permits the inclusion of additional positions when their content is not covered by a required position.

The income statement was prepared in accordance with the nature of expense method under which "total costs" are shown.

The central issues during the 2011/12 financial year were the conversion of the 2011 convertible bond and the partial redemption of the 2014 convertible bond. Preparations were also made for the issue of a bond in July 2012, and individual contracts were concluded with the staff members employed by IMMOFINANZ since the beginning of the 2011/12 financial year.

Valuation was based on the going concern principle.

2. Accounting and Valuation Principles

Intangible assets are carried at acquisition cost, less scheduled straight-line amortisation that is based on the expected useful life of the respective asset. All intangible assets held by the company were purchased.

Property, plant and equipment are carried at acquisition cost, less scheduled straight-line depreciation.

Depreciation and amortisation for the various asset additions and disposals in the reporting year are calculated beginning with the month of acquisition, respectively terminated in the month of disposal.

Financial assets are carried at cost less any necessary impairment losses. Impairment is determined by comparing the carrying amount of the asset with the equity owned plus any undisclosed reserves. Each subsidiary is responsible for valuing its own assets, whereby the combined results are included in the consolidated financial statements of the Group parent company IMMOFINANZ AG. If the value of an asset increases in subsequent financial years, the previously recognised impairment loss is reversed. This process involves a write-up equal to the amount of the impairment loss, whereby the value of the asset is not increased above historical cost. Treasury shares are carried at acquisition cost, whereby the carrying amount is reduced through an impairment loss if there is a lasting decline in value.

Receivables and other assets are carried at their nominal amount less any necessary impairment losses. The calculation of impairment losses to Group receivables is based on the fair value of equity in the financed company. If the financial statements of a borrower show negative equity (at fair value), an appropriate impairment loss is recognised. In accordance with the option provided by § 208 (2) of the Austrian Commercial Code, potential write-ups are not recognised.

The **miscellaneous securities** and shares reported under current assets are carried at cost, which is reduced by any necessary impairment losses as required by § 207 of the Austrian Commercial Code.

Provisions are recorded at the amount of the expected use, in accordance with the principle of prudent business judgment.

Liabilities are carried at their repayment amount in keeping with the principle of conservatism.

All **foreign currency** transactions are translated at the average exchange rate in effect on the date of the transaction. The measurement of foreign currency receivables and liabilities as of the balance sheet date is based on the applicable average exchange rate in effect on that date in keeping with the principle of conservatism. Any resulting exchange rate gains or losses are recognised to profit or loss for the financial year.

Derivative financial instruments are measured at market value. In accordance with the principle allowing for the application of different methods to the realisation of income and expenses, positive changes in market value are not recognised as income but losses are accounted for through provisions.

3. Notes to the Balance Sheet

Assets

Non-current assets

The development of non-current assets is shown on the attached schedule.

The following useful lives are used to calculate scheduled straight-line depreciation and amortisation for non-current assets:

	Useful life in years
Other intangible assets	3–10
Property, plant and equipment	2–10

The major change to **investments in subsidiaries** involves an addition of EUR 500,000,000.00 to IMBEA IMMOEAST Beteiligungsverwaltung GmbH in connection with a subsidy provided by the indirect parent company. This subsidy had not been transferred as of the balance sheet date. A write-up of EUR 3,635,325.00 was recorded to IMMOWEST Immobilien Anlagen GmbH as of 30 April 2012.

In connection with the merger of IMMOEAST AG into IMMOFINANZ AG, the stake in IMBEA IMMOEAST Beteiligungsverwaltung GmbH was recognised under **investments in subsidiaries** as of 30 April 2010 at a fair value of TEUR 5,939,471.

Non-current securities consist primarily of shares in the Vienna Stock Exchange with a value of EUR 1,000,699.26 (2010/11: TEUR 1,001) as well as participation rights in RentCon Handels- u. Leasing GmbH with a value of EUR 7,078,334.05 (2010/11: TEUR 6,323).

As of 30 April 2012 the company held **treasury shares** with a value of EUR 145,755,598.51 (2010/11: TEUR 145,756). These treasury shares had a value of TEUR 125,762 based on the market price as of 30 April 2012. An impairment loss was not recognised because there are no indications of a lasting decline in value. Impairment testing included, above all, an assessment of the indicators normally used to evaluate the shares recorded under non-current assets. The net asset value (NAV) of EUR 5.33 per share as of 30 April 2012 also speaks against any lasting decline in value: this indicator remained nearly unchanged in year-on-year comparison and exceeded the market price by a substantial amount as of the balance sheet date.

In accordance with § 240 (3) of the Austrian Commercial Code, treasury shares held directly by the company or by an entity controlled by the company are as follows:

Date of purchase	Number of shares	Shareholding company	Circumstances and authorisation	Proportional amount of share capital 30 April 2012 in EUR	Proportional amount of share capital 30 April 2012 in %	Purchase price in EUR
Aug. 2010	55,005,409	IMBEA IMMOEAST Beteiligungsverwaltung GmbH	Closing of the agreements with Constantia Packaging B.V. on the "IBAG bond" (§ 65 (1) no. 1 of the Austrian Stock Corporation Act)	57,105,699.52	4.82	151,264,874.75
Sep. 2010	2,066,020	IMBEA IMMOEAST Beteiligungsverwaltung GmbH	Settlement of Aviso Zeta banking business (§ 65 (1) no. 1 of the Austrian Stock Corporation Act)	2,144,907.56	0.18	5,594,782.16
Dec. 2010	6	Aviso Zeta AG	Acquisition of Aviso Zeta (§ 65 (1) no. 1 of the Austrian Stock Corporation Act)	6.23	0.00	16.85
Nov. 2010–Mar. 2011	47,350,248	IMMOFINANZ AG	Share buyback programme 2010–2011 (§ 65 (1) no. 8 of the Austrian Stock Corporation Act)	49,158,238.87	4.15	145,755,598.51
Total	**104,421,683**			**108,408,852.18**	**9.16**	**302,615,272.27**

Current assets

Receivables

The following table shows the classification of receivables by remaining term:

All amounts in EUR	30 April 2012	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Trade accounts receivable	2,438.46	2,438.46	0.00	0.00
Receivables from subsidiaries	716,551,816.66	716,551,816.66	0.00	0.00
Receivables from associated or jointly controlled entities	13,361,347.68	13,361,347.68	0.00	0.00
Other receivables and assets	5,282,165.73	5,282,165.73	0.00	0.00
Total	**735,197,768.53**	**735,197,768.53**	**0.00**	**0.00**

All amounts in EUR	30 April 2011	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Trade accounts receivable	2,438.46	2,438.46	0.00	0.00
Receivables from subsidiaries	662,812,009.77	662,812,009.77	0.00	0.00
Receivables from associated or jointly controlled entities	14,764,001.95	14,764,001.95	0.00	0.00
Other receivables and assets	8,174,593.95	4,124,229.57	4,050,364.38	0.00
Total	**685,753,044.13**	**681,702,679.75**	**4,050,364.38**	**0.00**

Receivables from subsidiaries and receivables from associated or jointly controlled entities are classified as current in cases where a specific payment term was not defined. However, these receivables are only collected if permitted by the liquidity situation of the respective creditor.

Receivables from subsidiaries comprise receivables EUR 93,247,577.46 (2010/11: TEUR 31,028) from the provision of services and receivables of EUR 387,784.26 (2010/11: TEUR 157) related to accrued interest for the participation rights in RentCon Handels- und Leasing GmbH. This position also includes other receivables of EUR 15,415,214.42 (2010/11: TEUR 16,654), dividends receivable of EUR 350,000,000.00 (2010/11: TEUR 289,993) and loans receivable of EUR 327,295,914.63 (2010/11: TEUR 367,280). Impairment losses of EUR 69,794,674.11 (2010/11: TEUR 42,300) were recognised to these loans receivable. The method used to assess impairment is described more closely in the section on accounting and valuation principles and in the notes to the income statement.

The value of selected properties held by subsidiaries of IMMOFINANZ AG increased during the reporting year and could have resulted in write-ups of EUR 21,548,070.65 to receivables that were previously reduced through impairment losses. These write-ups would have led to an increase in income taxes, but were not recorded because Austrian tax law does not require the recognition of these value increases.

Other receivables include loans of TEUR 3,097 granted to the members of the Executive Board of IMMOFINANZ AG during the prior year in connection with the long-term incentive programme. The Executive Board members repaid a total of EUR 3,168,764.35 (including interest) on these loans in 2011/12.

Miscellaneous securities and shares

This position comprises 962 shares of the 2014 convertible bond with a nominal value of EUR 96,200,000.00 (2010/11: TEUR 96,200) and 68 shares of the 2017 convertible bond with a nominal value of EUR 6,800,000.00 (2010/11: TEUR 4,300). In 2011/12 the company repurchased 25 certificates from the 2017 convertible bond with a nominal value of EUR 2,500,000.00.

Cash in bank

This item consists chiefly of deposits with UniCredit Bank Austria AG, Vienna, RAIFFEISEN BANK INTERNATIONAL AG, Vienna, Erste Group Bank AG, Vienna, Deutsche Bank Aktiengesellschaft, Frankfurt, and Portigon AG, Duesseldorf.

Prepaid expenses

This position includes miscellaneous fees paid in 2011/12 that relate to the following financial year, e.g. amounts due to the Austrian Financial Market Authority as well as insurance, flights and licenses.

Equity and liabilities

Equity

Share capital totals EUR 1,184,026,409.36 (2010/11: TEUR 1,085,289) and is classified as follows:

	Number of shares 30 April 2012	Share capital in EUR 30 April 2012	Number of shares 30 April 2011	Share capital in EUR 30 April 2011
Registered shares	0	0.00	6	6.23
Bearer shares	1,140,479,102	1,184,026,409.36	1,045,373,580	1,085,289,440.37
Total	**1,140,479,102**	**1,184,026,409.36**	**1,045,373,586**	**1,085,289,446.60**

Equity as of 30 April 2012 comprised the following:

Amounts in EUR	30 April 2012	30 April 2011
Share capital	1,184,026,409.36	1,085,289,446.60
Capital reserves		
1) Appropriated	4,005,813,124.67	3,908,489,407.46
Revenue reserves		
1) Other reserves (voluntary)	302,859,656.91	156,859,656.91
2) Reserve for treasury shares	145,755,598.51	145,755,598.51
Profit/(loss) account	175,076,208.76	119,087,975.50
Equity	**5,813,530,998.21**	**5,415,482,084.98**

IMMOFINANZ AG held 47,350,248 treasury shares as of 30 April 2012. IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a wholly owned subsidiary of IMMOFINANZ AG, held 57,071,429 shares of IMMOFINANZ AG on this same date. Aviso Zeta AG, a wholly owned subsidiary of IMBEA IMMOEAST Beteiligungsverwaltung GmbH, held six bearer shares (in 2010/11: registered shares) on this date. The 18th annual general meeting on 28 September 2011 approved an amendment to the articles of association, which cancelled the right of registered shareholders to nominate one member to the Supervisory Board of IMMOFINANZ AG for each registered share held and converted these registered shares to bearer shares. As of 30 April 2012 member companies of IMMOFINANZ Group held approx. 9.16% (2010/11: 9.99) of the share capital of IMMOFINANZ AG as treasury shares.

The annual general meeting authorised the Executive Board to repurchase the company's shares at an amount equalling up to 10% of share capital. The Executive Board was also authorised, contingent upon the approval of the Supervisory Board, to sell treasury shares in another way than over the stock exchange or through a public offer under the exclusion of subscription rights.

Exercise of conversion rights, purchases and issues in 2011/12

The holders of 1,870 certificates from the convertible bond CB 2011 exercised their conversion rights during the reporting year. These certificates represent a total nominal value of EUR 187.0 million.

In 2011/12 EUR 4.9 million of the CB 2011 convertible bond were redeemed. The holders of CB 2014 certificates with a total value of EUR 77.6 million exercised their put option, and EUR 2.5 million of the CB 2017 was repurchased.

The exchange rights for 576 certificates from the CB 2018 were exercised in 2011/12. These certificates had a total nominal value of EUR 2,373.12.

Capital and revenue reserves

The reserves in the separate financial statements of IMMOFINANZ AG, which were prepared in accordance with the Austrian Commercial Code, comprise the following: appropriated capital reserves from capital increases pursuant to § 229 (2) no. 1 of the Austrian Commercial Code and from the merger of IMMOEAST AG with IMMOFINANZ AG; a reserve for treasury shares pursuant to §225 (5) of the Austrian Commercial Code; and a voluntary revenue reserve that was created, among others, for treasury shares held by the subsidiary IMBEA IMMOEAST Beteiligungsverwaltung GmbH. The change in these appropriated capital reserves during 2011/12 resulted from the conversion of convertible bonds from the CB 2011 and CB 2018 issues.

Provisions

The provision for termination benefits (EUR 201,877.46) was calculated in accordance with actuarial principles, whereby the parameters included a discount rate of 4.25% and a retirement age of 60 years for men and 55 years for women.

Other provisions consist primarily of accruals for taxes, legal and auditing expenses, expert opinions, employees and derivatives.

In May 2012 EUR 3 million of turnaround bonuses were granted to the three Executive Board members who were active during the reorganisation phase from 2008 to 2011 and are still employed by the company. IMMOFINANZ Group was successfully directed out of the life-threatening crisis in the 2008/09 financial year, and equity and the NAV were substantially increased. Furthermore, dividend payments were made possible. A provision was created for this turnaround bonus.

Liabilities

Convertible bond 2007–2014

The annual general meeting on 28 September 2006 authorised the Executive Board to issue convertible bonds with a total nominal value of EUR 750.0 million. This annual general meeting also approved a conditional increase of EUR 58,076,106.11 in share capital pursuant to § 159 of the Austrian Stock Corporation Act to service the conversion or subscription rights of the convertible bonds issued on the basis of this resolution.

On 19 January 2007, IMMOFINANZ AG issued convertible bonds with a total nominal value of EUR 750.0 million and a term ending on 20 January 2014.

The annual general meeting on 2 October 2009 passed a resolution amending the purpose of the capital increase approved on 28 September 2006 to include the servicing of exchange and/or subscription rights from convertible bonds issued on the basis of resolutions passed by the annual general meeting on 27 September 2007.

Repurchase of the CB 2014 in 2010/11

During the first half of the 2010/11 financial year, IMMOFINANZ AG repurchased CB 2014 certificates with a nominal value of EUR 96.2 million. IMMOFINANZ AG has not cancelled these repurchased CB certificates to date.

In February/March 2011, IMMOFINANZ AG announced a tender offer to repurchase the CB 2014 and CB 2017. CB 2014 certificates with a nominal value of EUR 454.7 million were subsequently repurchased and withdrawn in March 2011 as a result of this offer.

Premature redemption of the CB 2014 in 2011/12

The issue terms of the CB 2014 entitle bondholders to put their certificates prematurely on 19 January 2012. CB 2014 certificates with a total nominal value of EUR 77.6 million were registered in accordance with this offer and subsequently redeemed by IMMOFINANZ AG. As of 30 April 2012 the outstanding nominal value of the CB 2014 totalled EUR 25.7 million.

Convertible bond 2007–2017

The annual general meeting on 27 September 2007 authorised the Executive Board to issue convertible bonds with a total nominal value of EUR 750.0 million. This annual general meeting also approved a conditional increase of EUR 156,828,594.90 in share capital pursuant to § 159 of the Austrian Stock Corporation Act to service the conversion or subscription rights of the convertible bonds issued on the basis of this resolution.

On 19 November 2007, IMMOFINANZ AG issued convertible bonds with a total nominal value of EUR 750.0 million and a term ending on 19 November 2017.

The annual general meeting of IMMOFINANZ AG on 2 October 2009 approved the following: the conditional capital increase approved by the annual general meeting on 27 September 2007 will be carried out at a scope required to service the exchange and/or subscription rights from convertible bonds issued on the basis of the resolution passed by the annual general meeting on 28 September 2006.

Repurchase of CB 2017 in 2010/11 and 2011/12

IMMOFINANZ AG repurchased CB 2017 certificates with a nominal value of von EUR 4.3 million during the first half of 2010/11. IMMOFINANZ AG has not cancelled these repurchased CB certificates to date.

In February/March 2011, IMMOFINANZ AG announced a tender offer to repurchase the CB 2014 and CB 2017. CB 2017 certificates with a nominal value of EUR 10.5 million were subsequently repurchased as a result of this offer and withdrawn in March 2011.

CB 2017 certificates with a nominal value of EUR 2.5 million were repurchased during the reporting year.

Convertible bond 2011–2018

On 8 March 2011, IMMOFINANZ AG issued 125,029,692 convertible bonds with a total nominal value of EUR 515.1 million and a term ending on 8 March 2018 (ISIN XS0592528870). This issue was based on a resolution passed by the annual general meeting on 27 September 2007 authorising the issue of convertible bonds and another resolution passed on 28 September 2010 authorising the Executive Board to sell treasury shares, in full or in part, in another manner than over the stock exchange or through a public offer.

The conversion rights connected with the CB 2018 initially involved 125,029,692 shares of IMMOFINANZ AG that were first serviced with up to 20,608,015 new shares from conditional capital and up to 104,421,677 treasury shares.

The annual general meeting of IMMOFINANZ AG on 28 September 2011 subsequently approved the issue of the convertible bond CB 2018 as well as an accompanying conversion right that initially involved up to 104,421,677 new bearer shares of common stock in the company. Moreover, the issue terms of the CB 2018 were approved in accordance with § 174 of the Austrian Stock Corporation Act.

In order to service the conversion rights from the CB 2018, the annual general meeting of IMMOFINANZ AG on 28 September 2011 approved a conditional capital increase of EUR 132.2 million pursuant to § 159 of the Austrian Stock Corporation Act.

Exercise of conversion rights and issue of new shares in 2011/12

The holders of 1,870 certificates from the convertible bond CB 2011 exercised their conversion rights during the reporting year. These certificates represent a total nominal value of EUR 187.0 million.

The exchange rights for 576 certificates from the CB 2018 were exercised in 2011/12. These certificates had a total nominal value of EUR 2,373.12.

These conversions led to an increase of EUR 98,736,962.76 in the share capital of IMMOFINANZ AG through the issue of 95,105,516 new shares during 2011/12 in accordance with § 167 of the Austrian Stock Corporation Act.

Authorisation to issue a new convertible bond

The annual general meeting of the company on 28 September 2011 authorised the Executive Board to issue convertible bonds with a total nominal amount of up to EUR 1.2 billion. These bonds may carry exchange and/or subscription rights for to up to 212,804,717 bearer shares in the company with a proportional share of up to EUR 220,9303,12.99 in share capital, and may be issued with or without the exclusion of subscription rights and in one or more tranches. This annual general meeting also approved a conditional capital increase of EUR 220,930,312.99 in accordance with § 159 of the Austrian Stock Corporation Act to service the exchange or subscription rights of the holders of convertible bonds that were or will be issued or equipped with exchange rights for new shares (i) based on a resolution of the annual general meeting on 28 September 2011 and/or (ii) the annual general meeting on 27 September 2007.

The following table shows the classification of liabilities by remaining term:

Amounts in EUR	30 April 2012	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Bonds	867,998,732.46	230,978,774.54	637,019,957.92	0.00
Liabilities with financial institutions	36,541,273.70	374,269.22	1,750,000.00	34,417,004.48
Trade liabilities	4,041,582.98	4,041,582.98	0.00	0.00
Liabilities with subsidiaries	904,540,810.46	904,540,810.46	0.00	0.00
Other liabilities	1,078,291.99	1,078,291.99	0.00	0.00
Total	**1,814,200,691.59**	**1,141,013,729.19**	**638,769,957.92**	**34,417,004.48**

Amounts in EUR	30 April 2011	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Bonds	1,137,120,215.60	402,024,161.62	735,096,053.98	0.00
Liabilities with financial institutions	36,586,477.55	319,414.61	1,250,000.00	35,017,062.94
Trade liabilities	1,960,276.21	1,960,276.21	0.00	0.00
Liabilities with subsidiaries	512,302,112.46	512,302,112.46	0.00	0.00
Other liabilities	371,023.30	371,023.30	0.00	0.00
Total	**1,688,340,105.12**	**916,976,988.20**	**736,346,053.98**	**35,017,062.94**

Liabilities with subsidiaries are classified as current in cases where a specific payment term was not defined.

Liabilities with subsidiaries consist entirely of other liabilities, above all EUR 387,573,210.34 (2010/11: TEUR 498,548) of loans granted to subsidiaries as well as other settlement items. Additional information is provided in the section on shares in subsidiaries.

Guarantees

IMMOFINANZ AG has issued comfort letters on behalf of individual subsidiaries to guarantee their solvency. These comfort letters confirm that the involved companies will be able to meet their payment obligations at any time and oblige IMMOFINANZ AG to ensure that sufficient funds will be available to meet all liabilities at maturity. Furthermore, IMMOFINANZ AG is obliged to undertake all other necessary measures required by the applicable insolvency laws. IMMOFINANZ AG is also required to subordinate all liabilities that represent debt from the viewpoint of the involved company and must take a secondary position to all other creditors who are not shareholders of the involved companies or are subordinated in another manner.

Moreover, the company has provided guarantees or pledges of EUR 321,265,994.27 (2010/11: TEUR 332,536) to financial institutions on behalf of subsidiaries.

Financial instruments

IMMOFINANZ AG concluded a contract for the following derivative financial instrument to hedge interest rate risk:

Type	Contract partner	Currency	Nominal value	Term	Net present value 30 April 2012
ZIO Collar CAP	Raiffeisen Bank International AG	EUR	240,000,000.00	27 Oct. 2011–13 May 2013	-1,319,345.41
Included under other provisions					1,319,345.41

This derivative is valued at the average interbank rates using generally accepted financial models.

The interest rate cap was concluded to hedge the outstanding balance of the revolving credit facility.

4. Notes to the Income Statement

Revenues

Revenues consist of management fees charged out to the Group companies as well as insurance commissions.

IMMOFINANZ AG and IMBEA IMMOEAST Beteiligungsverwaltung GmbH (operations of the former IMMOEAST AG) are executive holding companies that provide management services to subsidiaries in Austria and other countries. The performance-based allocation of costs between the two companies is based on third-party settlement conditions. In 2011/12 IMMOFINANZ AG recorded accruals of EUR 49,976,249.83 for revenues due from IMBEA IMMOEAST Beteiligungsverwaltung GmbH to reflect costs carried by IMMOFINANZ AG that are economically attributable to IMBEA IMMOEAST Beteiligungsverwaltung GmbH. An additional accrual of EUR 13,773,562.18 for 2010/11 should have been recorded in that year, but was recognised in 2011/12. This did not have any material effect on the financial statements.

Other operating income

The major components of miscellaneous operating income include reversals of EUR 145,028.55 (2010/11: TEUR 262) to other provisions, income of EUR 438,930.72 (2010/11: TEUR 44,459) from the reversal of valuation allowances and foreign exchange gains of EUR 2,138,226.05 (2010/11: TEUR 550).

Personnel expenses

Personnel expenses amounted to EUR 27,450,786.32 for the reporting year (2010/11: TEUR 4,436). As of 1 May 2011 IMMOFINANZ AG concluded individual agreements with staff members who are now employed directly by the company.

Other operating expenses

Impairment losses to and the derecognition of receivables totalled EUR 29,591,254.21 in 2011/12 (2010/11: TEUR 19,429).

Other major components of this position are administrative fees of EUR 5,057,968.93 (2010/11: TEUR 6,541), legal, auditing and consulting fees of EUR 8,655,762.69 (2010/11: TEUR 5,002), appraisal fees of EUR 429,002.00 (2010/11: TEUR 409), accounting fees of EUR 1,351,735.59 (2010/11: TEUR 7) and mileage allowances and travel expenses of EUR 1,967,606.51 (2010/11: TEUR 125).

The company has elected not to disclose the fees charged by the auditor in accordance with the option provided by § 237 no. 14 last sentence of the Austrian Commercial Code.

The remuneration for the members of the Supervisory Board is approved during the current financial year for the previous financial year and subsequently distributed. The members of the Supervisory Board received remuneration of EUR 273,350.00 for the 2010/11 financial year (previous year: TEUR 338).

Income from investments in subsidiaries

This position includes a dividend of EUR 350,000,000.00 paid by the subsidiary IMBEA IMMOEAST Beteiligungsverwaltung GmbH for 2011 (prior year: TEUR 499,993) and a dividend of EUR 503,300.00 paid by EHL Immobilien GmbH for 2010 (prior year: TEUR 0).

Interest and similar income

The major components of interest and similar income are interest of EUR 7,056,149.23 (2010/11: TEUR 12,189) on trustee loans granted by Immofinanz Corporate Finance Consulting GmbH and interest of EUR 14,476,669.57 (2010/11: TEUR 4,355) on Group receivables.

Income from the write-up of financial assets

Write-ups of EUR 3,635,325.00 to shares in subsidiaries were recorded in 2011/12 (2010/11: expenses of TEUR 37,658 arising from investments in subsidiaries).

Interest and similar expenses

This position includes interest expense from trustee loans granted by Immofinanz Corporate Finance Consulting GmbH (EUR 8,416,311.95; 2010/11: TEUR 16,572), interest on Group receivables (EUR 9,188,418.23; 2010/11: TEUR 1,355) and interest expense on the convertible bonds (EUR 36,778,979.31; 2010/11: TEUR 39,445). A guarantee of EUR 1,971,308.49 (2010/11: TEUR 6,243) for subsidiaries is also included under this position in accordance with a guarantee contract concluded on 6 April 2009.

Income tax expenses

This position includes the following items:

Amounts in EUR	2011/12	2010/11
Corporate income tax	-402,500.00	-410,697.00
Corporate income tax, credit prior years	0.00	3,500.00
Reversal of provision for corporate income taxes	0.00	6,132.00
Income tax expense (Group taxation), other periods	-13,343,051.74	-21,073.05
Income tax credits (Group taxation)	18,043,055.04	23,323.96
Income tax credits (Group taxation), other periods	1,079,236.86	6,112.82
Total	**5,376,740.16**	**-392,701.27**

Tax income for the reporting year includes EUR 12,263,814.88 of effects related to prior periods, which reflect the final corporate tax assessments for the members of the tax group for 2008 through 2010. These effects did not have a material influence on the financial statements.

In 2011/12 the company did not elect to use the option provided by § 198 (10) of the Austrian Commercial Code, which permits the recognition of deferred tax assets on temporary differences arising from the financial statements prepared in accordance with Austrian commercial law and the respective tax bases.

Deferred tax assets totalled TEUR 2,149 as of 30 April 2012 (2010/11: TEUR 3,123).

5. Other Information

Information on size pursuant to § 221 of the Austrian Commercial Code

The company is classified as a large corporation based on the criteria defined in § 221 (1) of the Austrian Commercial Code.

Information on Group taxation pursuant to § 9 of the Austrian Corporate Income Tax Act

In accordance with a group application filed on 29 April 2005, the company has served as the head of a corporate group as defined in § 9 of the Austrian Corporate Income Tax Act since the 2005 tax assessment year. This corporate group has been expanded several times.

The company is the head of a corporate group as defined in § 9 of the Austrian Corporate Income Tax Act. The company and the members of the tax group concluded an agreement for the settlement of taxes, which was amended in 2011/12. In accordance with the amended agreement, each member of the Group with positive results must pay a tax charge equal to 25% of the assessment base to the head of the group. Any losses by members of the group are registered and can be offset in full against taxable profit recorded by the respective member in subsequent years. Consequently, there are no payments by the head of the group to members.

In previous years, members of the group were required to pay a tax charge to the head of the group when taxable results were positive. A taxable loss by a group member resulted in the payment of a tax credit by the head of the group to the member, whereby a corporate income tax rate of 12.5% was applied in both cases.

Related party transactions in the sense of § 237 no. 8b of the Austrian Commercial Code

All transactions with related companies and persons during the reporting year took place at arm's length.

Risk report

As an international property investor and developer, IMMOFINANZ Group is exposed to a variety of risks. A systematic risk management process ensures the timely identification of developments that could endanger the realisation of strategic and operating goals and also allows for the inclusion of important information in decision-making processes.

IMMOFINANZ Group has integrated an active risk management system into its operating processes and reporting paths. This system supports the rapid implementation of measures to counter risk and also has a direct impact on strategic decisions and operating processes. Internal guidelines, reporting systems and control measures have been installed throughout IMMOFINANZ Group to support the monitoring, evaluation and control of risks related to the operating business. Risk management in IMMOFINANZ Group takes place at all levels and is ultimately the responsibility of the Executive Board, which is involved in all risk-related decisions. The Internal Control System (ICS) was also expanded to support the early identification and monitoring of risk. Auditors evaluate the efficiency and effectiveness of the ICS each year, to the extent this is necessary for the preparation of the annual financial statements and the provision of a true and fair view of the asset, financial and earnings position of the company.

The most significant risk factors can be summarised under financial risks and market/property-specific risks.

The major financial risk factors are associated with fluctuations in foreign exchange rates and interest rates as well as negative changes in the credit standing or liquidity of customers and business partners.
Market/property-specific risks arise from micro- and macroeconomic events in individual countries and developments at the property level. Included here are the market price risk as well as the competitive situation and transaction risk.

The primary objective of risk management is to identify risks at an early point in time and thereby support the rapid implementation of appropriate countermeasures.

Default/credit risk

Default and credit risks arise when a contract partner of IMMOFINANZ Group is unable to meet his or her obligations, and this situation leads to financial damage for IMMOFINANZ Group. The amounts reported on the balance sheet under assets represent the maximum risk of default. Default risks are accounted for through appropriate value allowances.

The most important instrument for managing default risk is the continuous evaluation of the credit standing of contract partners. In various development projects, IMMOFINANZ Group works together with local project developers. This cooperation can represent a risk for IMMOFINANZ Group if the business partners are unable to meet their contractual obligations in full or on time. Appropriate contractual provisions – e.g. penalties or damage payments in cases where performance does not meet the contract terms – are used to address this risk. In addition, specific activities and goal attainment are monitored regularly by the Group's asset management.

The risk of default on receivables due from tenants is low because tenants are generally required to provide security deposits (for residential properties: cash deposits; for commercial properties: bank guarantees or cash deposits) and the credit standing of tenants is monitored on a regular basis. The risk of default on receivables due from banks is also considered to be low because all financing transactions are concluded with financial institutions that have excellent credit ratings.

Capital market and financing risk

The ability to obtain refinancing on the capital markets is an important strategic factor for IMMOFINANZ Group. Significant fluctuations on these markets can limit the availability of equity and/or debt. In order to minimise refinancing risk, IMMOFINANZ Group works to maintain a balance between equity and debt and distributes bank financing over various terms.

In order to eliminate the risks associated with the failure to meet capital market regulations, IMMOFINANZ Group has issued a compliance guideline. This guideline is designed to ensure the fulfilment of all capital market regulations and, above all, to prevent the misuse or distribution of insider information. The measures implemented in this connection include: the development of a compliance organisation; the definition of authorisations and duties for the compliance officer; the implementation of permanent and, where necessary, temporary classified units as well as blackout periods and trading prohibitions for persons assigned to these units.

The generation of liquidity from the operating business represents a central element of IMMOFINANZ Group's strategy. Processes to evaluate opportunities for optimisation or a further reduction in operating costs are expanded and improved continuously. Internal procurement guidelines for the operating business, above all in the area of property services, construction and facility management, form an important part of this cost reduction and optimisation potential.

In order to receive or continue the use of funds obtained through loan agreements, IMMOFINANZ Group must meet certain obligations – so-called financial covenants. The Group continuously monitors compliance with these covenants and remains in close contact with the lending institutions. If these obligations are not met, the lender may cancel the loan agreement under certain circumstances. At the present time IMMOFINANZ Group is not aware of and does not expect a breach of any major covenants that could negatively influence its business activities.

Foreign exchange risk

IMMOFINANZ Group is exposed to various forms of foreign exchange risk in connection with its balance sheet and cash flows.

The risk of devaluation associated with foreign currency cash balances is offset by the rapid conversion of these funds into the Euro.

Foreign exchange risk is also minimised with a limited number of foreign exchange loans (originated loans as well as borrowings).

Interest rate risk

As an international company, IMMOFINANZ Group is exposed to the risk of interest rate fluctuations on various property submarkets. Rising interest rates can influence earnings because they increase the interest expense on the Group's floating rate financing.

A change in interest rates will have a direct influence on financial results through its impact on floating rate financing. IMMOFINANZ Group limits the risk associated with rising interest rates – which would lead to higher interest expense and a decline in financial results – through the use of fixed interest rate financing contracts and derivative financial instruments (above all caps and swaps).

Liquidity risk

Liquidity risks are minimised by the preparation of a medium-term (five-year) forecast and an annual budget with monthly segmentation as well as monthly revolving liquidity reports that include variance analyses and scenario calculations. Daily liquidity management ensures that all operating obligations can be met and funds can be optimally invested, and also gives the Group the necessary flexibility to realise short-term acquisition opportunities.

IMMOFINANZ Group also uses long-term financing that reflects the financial capability of the individual properties (interest coverage ratio and/or debt service coverage ratio) as well as their market value (loan-to-value ratio).

In order to prevent cost overruns and the resulting excess outflow of liquidity, IMMOFINANZ Group routinely monitors budgets and the progress of construction on all development projects and maintenance work.

Legal risks

As an international company, IMMOFINANZ Group is exposed to a variety of legal risks. Included here are risks related to the purchase or sale of property and risks arising from legal disputes with tenants or joint venture and development partners.

The outcome of current and future proceedings cannot be predicted with certainty. Therefore, expenses may arise from decisions or settlement agreements by the courts or public authorities that are not covered in full or in part by insurance or provisions. These expenses could have an impact on the results recorded by IMMOFINANZ Group.

Market risk and property-specific risks

The development of property markets is heavily dependent on economic growth and macroeconomic trends.

The related risks are based on the micro- and macroeconomic trends in the countries where IMMOFINANZ Group is active as well as developments on the global financial and investment markets. The resulting effects on market prices, market rents and yields also play an important role.

Property-specific risks are associated, above all, with the location of the properties, the architecture and the condition of the building as well as the local competitive situation.

In order to identify these risks and allow for the timely implementation of countermeasures, the property portfolio of IMMOFINANZ Group is analysed quarterly by means of a portfolio tracker. This analysis includes the systematic evaluation of quantitative and qualitative property factors, portfolio concentration, and sector and regional allocation and forms the basis for tactical decisions.

The examination of quantitative property factors includes the calculation of an expected future return for each property based on a detailed budget for the next financial year and medium-term forecasts derived from assumptions. The properties are then ranked according to their total return on equity. The qualitative factors are made measurable with a scoring model that values the quality of the building and location as well as the market attractiveness of each property.

Properties whose location and quality do not meet the portfolio requirements are sold over the medium-term. The goal of IMMOFINANZ Group is to manage a homogeneous property portfolio with four asset classes in eight core markets.

The sector and regional diversification of the property portfolio provides an excellent balance for market cycles and fluctuations as well as concentration risks. IMMOFINANZ Group generally owns high-quality properties in good locations, and this provides special protection against the above-mentioned risks. Detailed market studies are prepared on a regular basis and analysed in connection with reports by recognised real estate experts to allow for timely reaction to changes in the market environment. All market changes are included in the portfolio analysis and have an important influence on investment, sales and project plans and thereby also on the Group's medium-term planning. The acquisition process in IMMOFINANZ Group includes extensive due diligence audits together with independent experts that are intended to identify any such risks in advance and to evaluate all risks related to legal, tax, economic, technical and social issues. IMMOFINANZ Group does not purchase properties that fail to meet its high quality standards. Regular commercial and technical reports are prepared after the acquisition, and the results are presented to the Executive Board.

The internal investment guideline of IMMOFINANZ Group regulates the framework and approval limits for all capital expenditure (property acquisitions, development projects and on-going investments). This process minimises or eliminates the major strategic and property-specific risks. Approval limits are defined in an extensive guideline that applies to all Group companies and regulates all authorisations from individual employees up to the Executive Board. In some cases, these transactions are also subject to the approval of the Supervisory Board.

Development projects are exposed to increased risks in the form of schedule and construction cost overruns as well as the success of rentals. IMMOFINANZ Group minimises these risks by starting projects only after a specific level of pre-rentals is reached and by the regular monitoring of costs and schedules through variance analyses.

IMMOFINANZ Group minimises inflationary risk by including index clauses in its standard leases.

The business model defined by IMMOFINANZ Group includes the acquisition of properties and real estate development projects at attractive conditions and the profitable sale of individual assets. The risk associated with these transactions is addressed, above all, through the diversification of the property portfolio. This broad-based portfolio which covers four asset classes in eight core countries has allowed for the repeated sale of properties in excess of fair value. Permanent market screening and wide-ranging business relationships as well as extensive knowledge of the relevant markets makes it possible for IMMOFINANZ Group to identify investment opportunities at an early point in time and to utilise these opportunities for new development projects.

Concentration risk

Concentration risk is understood to mean the accumulation of similar risks that contradict the principle of risk diversification. IMMOFINANZ Group consciously reduces these risks through the sector and regional diversification of the property portfolio and the realisation of larger real estate projects together with a partner. In addition to sector and regional diversification, IMMOFINANZ Group also works to achieve a diversified tenant structure. In this way, the loss of a tenant will not have a significant influence on the Group. IMMOFINANZ Group has a very well balanced and diversified tenant mix no single tenant is responsible for more than 2% of total rental income.

Risks rising from legal proceedings

This section explains the status of legal proceedings related to lawsuits filed by (former) shareholders and lawsuits related to the management contract with Constantia Privatbank Aktiengesellschaft (now: Aviso Zeta AG).

Legal proceedings by shareholders against IMMOFINANZ AG and IMBEA IMMOEAST Beteiligungsverwaltung GmbH

Since November 2008 a number of shareholders have filed claims against IMMOFINANZ AG and IMMOEAST AG (now: IMBEA IMMOEAST Beteiligungsverwaltung GmbH, in short: IMBEA). Some of the plaintiffs are IMMOFINANZ AG shareholders, while others are shareholders of the former IMMOEAST AG, who are asserting various claims against IMMOFINANZ AG or against IMBEA as the legal successor of IMMOEAST AG. In all cases, the plaintiffs are claiming damages based on prospectus liability or other alleged inadequate capital market information. The plaintiffs' argumentation is based primarily on alleged deficiencies in the prospectuses of IMMOFINANZ AG or IMMOEAST AG. Many of the plaintiffs' claims are also based on other legal grounds, e.g. the violation of ad-hoc reporting requirements. Among others, the plaintiffs contend that the funds raised from the public offering were not used for acquisitions or the development of new real estate projects, but for the financing of IMMOFINANZ AG and IMMOEAST AG and for the purchase of shares in IMMOFINANZ AG and IMMOEAST AG. IMMOFINANZ AG and IMBEA reject these claims. Of special note are 19 class action lawsuits of Austrian origin involving between 11 and 910 plaintiffs who have filed claims against IMMOFINANZ AG. Most of these cases are still in the early stages. The plaintiffs' costs are being carried primarily by AdvoFin, a company that finances legal proceedings, or by special insurance.

By the end of May 2012 a total of 807 lawsuits had been filed against IMMOFINANZ AG (whereby IMBEA was also named in some of the cases) and 78 lawsuits only against IMMOEAST AG/IMBEA with a value in dispute totalling EUR 267.7 million. Most of the plaintiffs are covered by insurance for legal expenses or represented by a company that finances such proceedings. The status of the pending proceedings is different, whereby most are in the early stages. In 22 cases, a judgment in the first instance or a final judgment was issued, each – for different reasons – in favour of IMMOFINANZ AG or IMMOEAST AG/IMBEA. A decision in 16 cases is expected during the coming months. Some of the first-instance decisions were reversed by the Regional Appeals Court in Vienna or the Austrian Supreme Court and remanded to the first-instance court for renegotiation. In 12 of these proceedings, the plaintiffs withdrew their lawsuits. Thirty of the proceedings have been completed to date.

Pending proceedings: IFAG/IMBEA	Number of proceedings	Value in dispute in MEUR
IFAG	399	26.9
IMBEA	76	8.0
IFAG und IMBEA	380	231.8

Legal proceedings by shareholders against investment consultants and Aviso Zeta AG and third-party notices against IMMOFINANZ AG/IMBEA

At the beginning of August 2008 shareholders of IMMOFINANZ AG and IMMOEAST AG (now: IMBEA) filed lawsuits against Constantia Privatbank Aktiengesellschaft (now: Aviso Zeta AG) and AWD Gesellschaft für Wirtschaftsberatung GmbH, through which they purchased IMMOFINANZ and IMMOEAST shares. The plaintiffs allege, in particular, incorrect investment advising, misleading advertising and false depiction of IMMOFINANZ AG and IMMOEAST AG in public due to the withholding of information on the close relationship between the former Constantia Privatbank AG and IMMOFINANZ AG/IMMOEAST AG. Furthermore, the lawsuits contend that information was withheld on material transactions by the former Constantia Privatbank AG with shares of IMMOFINANZ AG and IMMOEAST AG and maintain that investors' funds were not used for the purposes stated in the prospectuses. The plaintiffs are seeking compensation and/or the assessment of the resulting financial losses. The plaintiffs did not lodge any direct claims against IMMOFINANZ AG in these cases. IMMOFINANZ AG and IMBEA are involved as intervening parties in some of the cases against Aviso Zeta AG or AWD Gesellschaft für Wirtschaftsberatung GmbH. An intervening party is someone who has a legal interest in the success of one party to pending legal proceedings between other persons or entities. The reason behind this type of intervention is that the defendant can file a recourse claim against IMMOFINANZ AG/IMBEA if the case is lost and is therefore taking action against IMMOFINANZ AG/IMBEA. If IMMOFINANZ AG/IMBEA did not join in these proceedings, IMMOFINANZ AG/IMBEA would not be able to raise the points addressed during the preliminary proceedings in any subsequent regress proceedings. The defendants' main argument against IMMOFINANZ AG/IMBEA is that the damages incurred by the plaintiffs were caused by actions on the part of IMMOFINANZ AG and IMMOEAST AG, which are currently under investigation by the Vienna public prosecutor in connection with criminal proceedings.

By the end of May 2012 Aviso Zeta AG had served IMMOFINANZ AG and/or IMBEA, in most cases both companies, with third-party notices in 325 cases. AWD Gesellschaft für Wirtschaftsberatung GmbH has also served IMMOFINANZ AG and/or IMBEA with third-party notices in 205 cases. IMMOFINANZ AG and IMBEA joined in most of these cases.

According to the information currently available to IMMOFINANZ AG, judgments have been issued in 32 lawsuits against AWD Gesellschaft für Wirtschaftsberatung GmbH and Aviso Zeta AG. Some of these judgments were issued in favour of the respective defendant, others against. Neither AWD Gesellschaft für Wirtschaftsberatung GmbH nor Aviso Zeta AG has filed recourse claims against IMMOFINANZ AG or IMBEA to date.

Third-party notice to IFAG/IMBEA	Number of proceedings	Value in dispute in MEUR
Aviso Zeta	325	33.8
AWD	205	12.9
Total	**530**	**46.6**

Proceedings to review the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG

IMMOFINANZ AG, as the accepting company, was merged with IMMOEAST AG, as the transferring company, in accordance with a merger agreement dated 21 January 2010. In connection with this merger, the former shareholders of IMMOEAST AG were granted a total of 567,363,702 shares in IMMOFINANZ AG based on an agreed exchange ratio of three IMMOFINANZ shares for each two IMMOEAST shares. Petitions were subsequently filed with the commercial court of Vienna by IMMOFINANZ shareholders and shareholders of the former IMMOEAST AG for a review of this exchange ratio pursuant to §§ 225c ff of the Austrian Stock Corporation Act. This step led to the start of court proceedings, and IMMOFINANZ AG has filed an extensive statement in response to the petitions.

Decisions or settlements in the proceedings to review the exchange ratio will apply to all shareholders in the respective shareholder groups (erga omnes right). If the proceedings lead to additional payments (additional settlement payments), the shareholders in the disadvantaged shareholder group will receive these payments plus interest at a rate of 2% over the base interest rate on the registration date (28 April 2010). IMMOFINANZ AG has requested permission to grant additional IMMOFINANZ shares in place of cash settlements.

The outcome of the proceedings to review the exchange ratio cannot be predicted at the present time. It is not possible to estimate whether the shareholder groups will be granted additional payments (additional settlement payments) or what the amount of these payments might be.

Other legal disputes

In March 2011 IMMOFINANZ AG filed a lawsuit against three former members of the Executive Board and members of the Supervisory Board of the former Constantia Privatbank AG that involved option transactions to the detriment of the former IMMOEAST AG. The proceedings were suspended after the first hearing in September 2011 until a final binding decision is issued in the criminal proceedings against these former Executive and Supervisory Board members. The main proceedings in this criminal case are expected to begin during 2012.

IMMOFINANZ AG filed a further lawsuit in September 2011 to enforce claims against a former member of the Executive Board and other persons in connection with payments made to third parties without justifiable grounds on the instructions of this former board member. These proceedings were suspended in June 2012 until a final binding decision is issued on the BUWOG criminal proceedings. However, this judgment is not yet binding.

In August 2011 a former member of the Executive Board filed a lawsuit against IMMOFINANZ AG to claim payment of remuneration for his duties on the Executive Board for a period of roughly three months. These proceedings are currently suspended until a decision is issued on a parallel case, which represents separate proceedings against IMBEA. The separate proceedings involve a claim by the same former Executive Board member for payment of remuneration for his duties on the Executive Board for the same period of roughly three months.

Investments in subsidiaries and associated companies

Shares in subsidiaries and associated companies comprise the following:

Company	Balance sheet date	Share owned	Equity as of 30 April 2012 in EUR	Profit for the year in EUR
IMBEA IMMOEAST Beteiligungsverwaltung GmbH, Vienna	30 April 2011	100%	4,846,385,898.78	68,337,046.15
IMMOWEST Immobilien Anlagen GmbH, Vienna	30 April 2011	100%	266,061,346.62	20,125,376.58
EHL Immobilien GmbH, Vienna	31 Dec. 2011	49%	1,708,664.08	810,080.55

Share-based payments

The employment contract concluded with Executive Board member Daniel Riedl in September 2008 provided for the granting of 200,000 stock options with cash settlement. The employment contract with Daniel Riedl was renewed in June 2011 and no longer calls for share-based remuneration.

Average number of employees

	Balance on 30 April 2012	Balance on 30 April 2011
Salaried employees	241	4
Wage employees	0	0
Total	**241**	**4**

Obligations arising from the use of tangible assets not shown on the balance sheet

	2011/12 EUR	2010/11 TEUR
Obligations for the next financial year	2,199,867.21	1,916
Obligations for the next five financial years	8,510,229.86	9,388

Bodies of the company

The corporate bodies of IMMOFINANZ AG are:

Executive Board

Eduard Zehetner (Chief Executive Officer)
Daniel Riedl FRICS
Manfred Wiltschnigg MRICS
Birgit Noggler (since 1 October 2011)

The members of the Executive Board received remuneration totalling EUR 3,831,685.56 in 2011/12. No provisions for termination benefits were recognised because these employment relationships fall under the provisions governing employee severance funds.

Supervisory Board

Herbert Kofler – Chairman
Michael Knap – Vice-Chairman
Guido Schmidt-Chiari
Vitus Eckert
Rudolf Fries
Nick J. M. van Ommen
Klaus Hübner
Christian Böhm

Authorised Signatories

Birgit Noggler (from 20 August 2009 to 30 September 2011)
Wolfgang Idl
Josef Mayer
Robert Operschall (from 30 April 2011 to 14 June 2012)
Martina Wimmer

Vienna, 1 August 2012

The Executive Board

Eduard Zehetner
Chief Executive Officer

Daniel Riedl FRICS
Member of the Executive Board

Birgit Noggler
Chief Financial Officer

Manfred Wiltschnigg MRICS
Member of the Executive Board

Development of Non-Current Assets in acc. with § 226 (1) of the Austrian Commercial Code

	Acquisition or Production Cost				
Amounts in EUR	Balance on 1 May 2011	Additions	Disposals	Reclassification	Balance on 30 April 2012
1. Wordmarks – Group	30,399.05	0.00	0.00	0.00	30,399.05
2. Software	267,654.41	144,977.32	0.00	0.00	412,631.73
Intangible assets	**298,053.46**	**144,977.32**	**0.00**	**0.00**	**443,030.78**
1. Buildings on land owned by third parties	1,427,526.15	10,384.21	41,739.67	0.00	1,396,170.69
2. Furniture, fixtures and office equipment	712,577.08	415,650.29	110,506.56	0.00	1,017,720.81
Tangible assets	**2,140,103.23**	**426,034.50**	**152,246.23**	**0.00**	**2,413,891.50**
1. Investments in subsidiaries	6,522,158,118.58	500,000,000.00	0.00	0.00	7,022,158,118.58
2. Investments in associated companies	850,000.00	0.00	0.00	0.00	850,000.00
3. Non-current securities (rights)	7,373,235.83	755,797.48	0.00	0.00	8,129,033.31
Thereof subsidiaries	6,322,536.57	755,797.48	0.00	0.00	7,078,334.05
4. Treasury shares	145,755,598.51	0.00	0.00	0.00	145,755,598.51
Financial assets	**6,676,136,952.92**	**500,755,797.48**	**0.00**	**0.00**	**7,176,892,750.40**
Total non-current assets	**6,678,575,109.61**	**501,326,809.30**	**152,246.23**	**0.00**	**7,179,749,672.68**

Management Report for the 2011/12 Financial Year

A. General information

IMMOFINANZ AG (in the following, IMMOFINANZ) is an international real estate investment and development corporation whose headquarters are located in Vienna, Austria. It serves as the parent company of IMMOFINANZ Group and is listed in the ATX segment of the Vienna Stock Exchange (ISIN AT0000809058). As of 30 April 2012 the company had 1,140,479, zero par value, voting shares outstanding. Market capitalisation amounted to approx. EUR 3.0 billion at the end of the 2011/12 financial year based on a closing price of EUR 2.66. As of 30 April 2012 5.6% of the IMMOFINANZ shares were held by the FRIES Family Private Foundation, the Dr. Rudolf FRIES Family Private Foundation and Mr. and Mrs. Rudolf Fries. The remaining 94.4% of the shares are held in free float by private and institutional investors.

B. Business activities

The headquarters of IMMOFINANZ AG are located in A-1100 Vienna, Wienerbergstrasse 11. The company serves as the parent company of IMMOFINANZ Group. The primary business activities of IMMOFINANZ are the investment in and management of stakes in other companies.

Amounts in EUR	Accumulated depreciation	Carrying amount 30 April 2012	30 April 2011	Impairment losses current year	Revaluations current year
1. Wordmarks – Group	18,807.43	11,591.62	13,691.32	2,099.70	0.00
2. Software	275,153.38	137,478.35	56,979.44	64,478.41	0.00
Intangible assets	**293,960.81**	**149,069.97**	**70,670.76**	**66,578.11**	**0.00**
1. Buildings on land owned by third parties	150,678.26	1,245,492.43	1,415,630.10	141,217.02	0.00
2. Furniture, fixtures and office equipment	287,232.34	730,488.47	631,544.78	316,706.60	0.00
Tangible assets	**437,910.60**	**1,975,980.90**	**2,047,174.88**	**457,923.62**	**0.00**
1. Investments in subsidiaries	367,202,331.62	6,654,955,786.96	6,151,320,461.96	0.00	3,635,325.00
2. Investments in associated companies	0.00	850,000.00	850,000.00	0.00	0.00
3. Non-current securities (rights)	0.00	8,129,033.31	7,373,235.83	0.00	0.00
Thereof subsidiaries	0.00	7,078,334.05	6,322,536.57	0.00	0.00
4. Treasury shares	0.00	145,755,598.51	145,755,598.51	0.00	0.00
Financial assets	**367,202,331.62**	**6,809,690,418.78**	**6,305,299,296.30**	**0.00**	**3,635,325.00**
Total non-current assets	**367,934,203.03**	**6,811,815,469.65**	**6,307,417,141.94**	**524,501.73**	**3,635,325.00**

The core business of IMMOFINANZ Group is the generation of rental income through the active management of a diversified real estate portfolio in Central and Eastern Europe. Development projects and portfolio-optimising sales represent additional sources of income. The Group's activities are based on an 80:10:10 strategy: property rentals are responsible for 80% of operating income, while 10% each is realised on development projects and property sales. This combination of standing investments and development projects allows IMMOFINANZ Group to optimise the balance between opportunities and risks. The standing investments produce steady income, while development activities create a potential for the future.

The business activities of IMMOFINANZ are concentrated in the residential, office, retail and logistics asset classes of eight core markets: Austria, Germany, Poland, Hungary, Czech Republic, Slovakia, Romania and Russia.

Additionally, IMMOFINANZ Group holds investments in international property companies and funds. One element of the current strategy is to reduce these passive commitments, either by selling them or by gaining majority control. The funds released by the sale of non-core assets and by opportunistic property sales are reinvested in prime properties.

C. Development of business

General information

The central issues for IMMOFINANZ AG during the 2011/12 financial year were the conversion of the 2011 convertible bond and the partial redemption of the 2014 convertible bond. Preparations were also made for the issue of a bond in July 2012, and individual contracts were concluded with the staff members employed by IMMOFINANZ since the beginning of the 2011/12 financial year.

Asset position

The assets held by IMMOFINANZ consist primarily of financial assets, receivables due from subsidiaries and marketable securities. The balance sheet total equalled EUR 7,650,218,252.38 as of 30 April 2012, which represents an increase of EUR 534,535,837.03 over the prior year. This development resulted, above all, from a subsidy provided by the indirect parent company of a subsidiary. The equity ratio equalled 75.99% (2010/11: 76.11%).

Earnings position

Net profit for the 2011/12 financial year amounted to EUR 306,715,524.46 (2010/11: net profit of TEUR 421,703). This increase resulted mainly from a distribution by the subsidiary IMBEA IMMOEAST Beteiligungsverwaltung GmbH.

Financial position

Cash and cash equivalents declined by TEUR 22,401 in year-on-year comparison (2010/11: TEUR 9,435) Net cash flow from operating activities amounted to TEUR 159,524 (2010/11: TEUR 220,147) and resulted mainly from dividends distributed by subsidiaries. Net cash flow from investing activities totalled TEUR -1,288 (2010/11: TEUR -20,684), and net cash flow from financing activities equalled TEUR -180,638 (2010/11: TEUR -190,027).

Non-financial performance indicators

The number of properties directly or indirectly owned by IMMOFINANZ declined from 1,672 to 1,618. This development led to a slight decrease in rentable space from 6.615 million sqm to 6.695 million sqm.

Net cash flow from operating activities	**All amounts in EUR**
Net profit for the year	306,715,524.46
Depreciation and amortisation	524,501.73
Write-ups to non-current assets	-3,635,325.00
Change in provisions	10,626,337.33
Change in receivables	-49,444,724.40
Change in liabilities	-104,972,726.54
Change in prepaid-expenses and deferred charges	-289,303.30
Operating cash flow	**159,524,284.28**

Net cash flow from investing activities	**All amounts in EUR**
Payments made for additions to non-current assets	-571,011.82
Payments made for additions to financial assets	-755,797.48
Proceeds from disposal of non-current assets	39,304.86
Total	**-1,287,504.44**

Net cash flow from financing activities	**All amounts in EUR**
Change in borrowings from financial institutions and bonds	-73.106.007,02
Repurchase of convertible bonds	-2.804.334,29
Dividend	-104.727.291,20
Total	**-180.637.632,51**

Cash change in cash and cash equivalents	**-22.400.852,67**
Change in cash and cash equivalents	
Balance at the beginning of the period	23.272.563,69
Balance at the end of the period	871.711,02
Total	**-22.400.852,67**

D. Significant events after the end of the reporting year

IMMOFINANZ AG launched a sponsored Level 1 American Depositary Receipt (ADR) programme on 4 May 2012. American Depositary Receipts are securities denominated in US Dollars, which allow US investors to purchase shares of IMMOFINANZ AG that are listed on the Vienna Stock Exchange indirectly on the US market. Deutsche Bank Trust Company Americas serves as the depository bank for this ADR programme.

The IMMOFINANZ AG corporate bond that was announced in May brought the following conditions: a volume of EUR 100 million and an interest rate of 5.25%. The bond has a five-year term and a denomination of EUR 1,000. It was offered from 18 to 22 June 2012 in Austria, Germany and Luxembourg. BAWAG P.S.K. Bank für Arbeit und Wirtschaft and Österreichische Postsparkasse AG served as the joint lead managers, and Raiffeisen Bank International AG and UniCredit Bank Austria AG were mandated.

BUWOG – Bauen und Wohnen Gesellschaft mbH, a subsidiary of IMMOFINANZ AG, entered the residential construction market in Berlin by acquiring the operating business of CMI AG, a Berlin company, in connection with reorganisation proceedings. This transaction also included the takeover the CMI projects in that city.

E. Information on capital

The share capital of IMMOFINANZ AG totalled EUR 1,184,026,409.35 as of 30 April 2012 (30 April 2011: EUR 1,085,289,446.59). It is divided into 1,140,479,102 (2010/11: 1,045,373,586) zero par value bearer shares with a proportional share of (rounded) EUR 1.04.

The classification of shares is shown in the following table:

	30 April 2012		30 April 2011	
	Number of shares	Share capital in EUR	Number of shares	Share capital in EUR
Registered shares	0	0.00	6	6.23
Bearer shares	1,140,479,102	1,184,026,409.35	1,045,373,580	1,085,289,440.36
Total	**1,140,479,102**	**1,184,026,409.35**	**1,045,373,586**	**1,085,289,446.59**

A resolution passed by the 18th annual general meeting on 28 September 2011 cancelled the previous right of shareholders with registered shares numbered one to six to each delegate one member to the Supervisory Board and also approved the conversion of these registered shares to bearer shares. The respective amendments to the articles of association took effect with their recording in the commercial register on 17 February 2012. All IMMOFINANZ shares are now bearer shares that entitle the holders to participate in the annual general meeting and to exercise voting rights and other shareholder rights in accordance with applicable legal regulations. Each bearer share is entitled to one vote.

The Executive Board is not aware of any agreements between shareholders that restrict voting rights or the transfer of shares.

There are no shares with special controlling rights as defined in § 243a (1) no. 4 of the Austrian Commercial Code.

IMMOFINANZ AG has no employee share participation programme. Therefore, no information is provided on the control of voting rights pursuant to § 243a (1) no. 5 of the Austrian Commercial Code.

The development of the number of shares during 2011/12 is shown below:

	Number of shares	Difference	Transaction
30 April 2011	**1,045,373,586**		
May 2011	1,063,073,586	17,700,000	Conversion of CB 2011
June 2011	1,063,573,586	500,000	Conversion of CB 2011
July 2011	1,063,873,586	300,000	Conversion of CB 2011
August 2011	1,064,023,586	150,000	Conversion of CB 2011
September 2011	1,094,623,586	30,600,000	Conversion of CB 2011
October 2011	1,140,478,501	45,854,915	Conversion of CB 2011
November 2011	1,140,478,770	269	Conversion of CB 2018
January 2012	1,140,479,102	332	Conversion of CB 2018
30 April 2012	**1,140,479,102**		

Convertible bonds

Convertible bond 2007 – 2014

The annual general meeting on 28 September 2006 authorised the Executive Board to issue convertible bonds with a total nominal value of EUR 750.0 million. A conditional capital increase of EUR 58,076,106.11 pursuant to § 159 of the Austrian Stock Corporation Act was also approved to service the exchange or subscription rights of these convertible bonds, which were subsequently issued in accordance with the authorisation of the annual general meeting.

On 19 January 2007 IMMOFINANZ AG issued convertible bonds with a total nominal value of EUR 750.0 million and a term ending on 20 January 2014.

A resolution of the annual general meeting on 2 October 2009 extended the purpose of the capital increase approved on 28 September 2006 to include servicing the exchange and subscription rights in the convertible bonds which were issued in accordance with a resolution of the annual general meeting 27 September 2007.

Repurchase of the CB 2014 in 2010/11

During the first half of the 2010/11 financial year, IMMOFINANZ AG repurchased CB 2014 certificates with a nominal value of EUR 96.2 million. IMMOFINANZ AG has not cancelled these repurchased CB certificates to date.

In February/March 2011, IMMOFINANZ AG announced a tender offer to repurchase the CB 2014 and CB 2017. CB 2014 certificates with a nominal value of EUR 454.7 million were subsequently repurchased and withdrawn in March 2011 as a result of this offer.

Premature redemption of the CB 2014 in 2011/12

The issue terms of the CB 2014 entitle bondholders to put their certificates prematurely on 19 January 2012. CB 2014 certificates with a total nominal value of EUR 77.6 million were registered in accordance with this offer and subsequently redeemed by IMMOFINANZ AG. As of 30 April 2012 the outstanding nominal value of the CB 2014 totalled EUR 25.7 million.

Convertible bond 2007 – 2017

The annual general meeting on 27 September 2007 authorised the Executive Board to issue convertible bonds with a total nominal value of EUR 750.0 million. A conditional capital increase of EUR 156,828,594.90 pursuant to § 159 of the Austrian Stock Corporation Act was also approved to service the exchange or subscription rights in these convertible bonds.

On 19 November 2007, IMMOFINANZ AG consequently issued convertible bonds with a total nominal value of EUR 750.0 million and a term ending on 19 November 2017.

The annual general meeting of IMMOFINANZ AG on 2 October 2009 resolved the following: the conditional capital increase approved by the annual general meeting on 27 September 2007 will also be executed to service exchange and/or subscription rights in the convertible bonds that were issued pursuant to a resolution of the annual general meeting on 28 September 2006.

Repurchase of the CB 2017 in 2010/11 and 2011/12

IMMOFINANZ AG repurchased CB 2017 certificates with a nominal value of EUR 4.3 million during the first half of 2010/11. IMMOFINANZ AG has not cancelled these repurchased CB certificates to date.

In February/March 2011, IMMOFINANZ AG announced a tender offer to repurchase the CB 2014 and CB 2017. CB 2017 certificates with a nominal value of EUR 10.5 million were subsequently repurchased as a result of this offer and withdrawn in March 2011.

CB 2017 certificates with a nominal value of EUR 2.5 million were repurchased during the reporting year.

Convertible bond 2011–2018

On 8 March 2011, IMMOFINANZ AG issued 125,029,692 convertible bonds with a total nominal value of EUR 515.1 million and a term ending on 8 March 2018 (ISIN XS0592528870). This issue was based on a resolution passed by the annual general meeting of the company on 27 September 2007 authorising the issue of convertible bonds and another resolution passed on 28 September 2010 authorising the Executive Board to sell treasury shares, in full or in part, in another manner than over the stock exchange or through a public offer.

The conversion rights connected with the convertible bond 2018 initially involved 125,029,692 shares of IMMOFINANZ AG that were first serviced with up to 20,608,015 new shares from conditional capital and up to 104,421,677 treasury shares.

The annual general meeting of IMMOFINANZ AG on 28 September 2011 subsequently approved the issue of the convertible bond 2018 as well as an accompanying conversion right that initially involved up to 104,421,677 new bearer shares of common stock in the company. Moreover, the issue terms of the convertible bond 2018 were approved in accordance with § 174 of the Austrian Stock Corporation Act.

In order to service the conversion rights from the convertible bond 2018, the annual general meeting of IMMOFINANZ AG on 28 September 2011 approved a conditional capital increase of EUR 132.2 million pursuant to § 159 of the Austrian Stock Corporation Act.

Exercise of conversion rights and issue of new shares in 2011/12

The holders of 1,870 certificates from the convertible bond CB 2011 exercised their conversion rights during the reporting year. These certificates represent a total nominal value of EUR 187.0 million.

The exchange rights for 576 certificates from the CB 2018 were exercised in 2011/12. These certificates had a total nominal value of EUR 2,373.12.

These conversions led to an increase of EUR 98,736,962.76 in the share capital of IMMOFINANZ AG through the issue of 95,105,516 new shares during 2011/12 in accordance with § 167 of the Austrian Stock Corporation Act.

Authorisation to issue a new convertible bond

The annual general meeting of the company on 28 September 2011 authorised the Executive Board to issue convertible bonds with a total nominal amount of up to EUR 1.2 billion. These bonds may carry exchange and/or subscription rights for to up to 212,804,717 bearer shares in the company with a proportional share of up to EUR 220,9303,12.99 in share capital, and may be issued with or without the exclusion of subscription rights and in one or more tranches. This annual general meeting also approved a conditional capital increase of EUR 220,930,312.99 in accordance with § 159 of the Austrian Stock Corporation Act to service the exchange or subscription rights of the holders of convertible bonds that were or will be issued or equipped with exchange rights for new shares (i) based on a resolution of the annual general meeting on 28 September 2011 and/or (ii) the annual general meeting on 27 September 2007.

Treasury shares

Share purchase based on agreements for the "IBAG Bond" and Aviso Zeta

As of 30 April 2012 IMBEA IMMOEAST Beteiligungsverwaltung GmbH (a wholly owned subsidiary of IMMOFINANZ AG) held 57,071,429 shares of IMMOFINANZ AG. That represents a proportional stake of EUR 59,250,607.08 or roughly 5% of the company's share capital as of 30 April 2012.

IMBEA IMMOEAST Beteiligungsverwaltung GmbH purchased 55,005,409 IMMOFINANZ shares during 2010/11 in connection with the closing of the agreements between the IMMOFINANZ Group and Constantia Packaging B.V. on the so-called "IBAG bond" (EUR 512 million) as part of the contract performance by Constantia Packaging B.V. This purchase was based on the statutory provision for the prevention of damages as defined in § 65 (1) no. 1 of the Austrian Stock Corporation Act.

The details of the share purchase by IMBEA IMMOEAST Beteiligungsverwaltung GmbH are as follows: The 55,005,409 IMMOFINANZ shares were held by four companies belonging to the CPB Enterprise Group. The transfer of the companies holding the shares (together with the other companies in the CPB Enterprise Group) from Constantia Packaging B.V. to IMBEA IMMOEAST Beteiligungsverwaltung AG represented part of the contract performance by Constantia Packaging B.V. based on the agreements covering the "IBAG bond" (EUR 512 million). In order to enable IMBEA IMMOEAST Beteiligungsverwaltung GmbH to hold these shares directly, the 55,005,409 IMMOFINANZ shares were purchased by IMBEA IMMOEAST Beteiligungsverwaltung GmbH from the four above-mentioned CPB Enterprise Group companies at the closing price of the IMMOFINANZ share on 23 August 2010 (i.e. at EUR 2.75 per share). The purchase price was settled through an offset with financial receivables held by IMBEA IMMOEAST Beteiligungsverwaltung GmbH against the companies holding the shares, which are now member companies of IMMOFINANZ Group – with the exception of the purchase price for 465,409 IMMOFINANZ shares from a company with no financial liabilities due to IMBEA IMMOEAST Beteiligungsverwaltung GmbH.

IMBEA IMMOEAST Beteiligungsverswaltung GmbH also purchased 2,066,020 IMMOFINANZ shares from Aviso Zeta AG (formerly Aviso Zeta Bank AG) on 29 September 2010 at the closing price of the IMMOFINANZ share on that date (i.e. EUR 2.708 per share). This purchase was based on the statutory provision for the prevention of damages as defined in § 65 (1) no. 1 of the Austrian Stock Corporation Act. The transaction made it possible for Aviso Zeta AG to terminate its banking activities without the "emergency sale" of these IMMOFINANZ shares and to fulfil the closing conditions for the share purchase agreement dated 19 May 2010 for the shares of Aviso Zeta AG.

Six bearer shares (the former registered shares numbered one through six) of IMMOFINANZ AG were held by Aviso Zeta AG. The purchase of all shares of Aviso Zeta by IMBEA IMMOEAST Beteiligungsverwaltung GmbH in December 2010 also resulted in the acquisition of these shares, here also based on the statutory provision for the prevention of damages (§ 65 (1) no. 1 of the Austrian Stock Corporation Act).

Share buyback programme 2010–2011

A resolution by the annual general meeting on 28 September 2010 authorised the Executive Board to repurchase the company's shares in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act at an amount equalling up to 10% of share capital. This authorisation is valid for a period of 30 months. This resolution also authorised the Executive Board, subject to the consent of the Supervisory Board, to sell treasury shares during a period of five years in full or in part in another manner than over the stock exchange or through a public offering, also under the exclusion of the general purchase option (exclusion of subscription rights), if this sale of treasury shares (i) represents return consideration for properties or stakes in property companies transferred to the company or its subsidiaries or (ii) if this sale of treasury shares is intended to service exchange and/or subscription rights of the convertible bondholders. The Executive Board is also authorised, subject to the consent of the Supervisory Board, to withdraw these shares without a further resolution of the annual general meeting.

Based on the resolution of the annual general meeting on 28 September 2010 that authorised the Executive Board pursuant to § 65 (1) no. 8 of the Austrian Stock Corporation Act to repurchase the company's shares up to 10% of share capital, IMMOFINANZ AG carried out a share buyback programme from 12 November 2010 to 18 March 2011. The purpose of this buyback was to use treasury shares for capital market instruments to refinance the CB 2017 and CB 2014. The share buyback programme led to the repurchase of 47,350,248 IMMOFINANZ shares for a total of EUR 145,755,598.48. These shares had a proportional stake of EUR 49,158,238.87 in the share capital of the company, which represents 4.15% of share capital as of 30 April 2012.

Treasury share buybacks during the 2010/11 financial year are summarised in the following table:

Date	Number of shares	Owner	Circumstances and statutory provision	Proportional share of share capital as of 30 April 2012 in EUR	Proportional share of share capital as of 30 April 2012 in %
Aug. 2010	55,005,409	IMBEA IMMOEAST Beteiligungsverwaltung GmbH	Closing of the agreements with Constantia Packaging B.V. on the "IBAG bond" (§ 65 (1) no. 1 of the Austrian Stock Corporation Act)	57,105,699.52	4.82
Sep. 2010	2,066,020	IMBEA IMMOEAST Beteiligungsverwaltung GmbH	Termination of banking activities by Aviso Zeta (§ 65 (1) no. 1 of the Austrian Stock Corporation Act)	2,144,907.56	0.18
Dec. 2010	6	Aviso Zeta AG	Acquisition of Aviso Zeta (§65 (1) no. 1 of the Austrian Stock Corporation Ac)	6.23	0.00
Nov. 2010–Mar. 2011	47,350,248	IMMOFINANZ AG	Share buyback programme 2010 – 2011(§ 65 (1) no. 8 of the Austrian Stock Corporation Act	49,158,238.87	4.15
Total	**104,421,683**			**108,408,852.18**	**9.16**

No treasury shares were purchased or sold during the reporting year. As of 30 April 2012 IMMOFINANZ AG and its subsidiaries together held 104,421,683 treasury shares, which represent 9.16% of share capital as of 30 April 2012.

Authorisation of Executive Board to purchase treasury shares

The 18th annual general meeting of IMMOFINANZ AG on 28 September 2011 authorised the Executive Board, with the consent of the Supervisory Board, to repurchase the company's shares in accordance with § 65 (1) no. 8 and (1a) and (1b) of the Austrian Stock Corporation Act at an amount equalling up to 10% of share capital. This authorisation is valid for a period of 18 months beginning on the date the resolution was passed. The shares may be purchased in one or more transactions over the stock exchange or over the counter, whereby the proportional sale rights of shareholders are excluded.

Authorisation of Executive Board to sell treasury shares

The 18th annual general meeting of IMMOFINANZ AG on 28 September 2011 authorised the Executive Board, with the consent of the Supervisory Board, to sell treasury shares in another manner than over the stock exchange or through a public offering in accordance with § 65 (1b) of the Austrian Stock Corporation Act. These shares may be sold or used for any legal purpose, whereby the proportional purchase rights of shareholders are excluded (exclusion of subscription rights). This authorisation is valid for a period of five years beginning on the date the resolution was passed.

Change of control provisions

Convertible bonds

The terms of the convertible bonds CB 2014, CB 2017 and CB 2018 entitle all bondholders to put some or all of the securities not yet converted or redeemed in the event of a change of control. In such case, IMMOFINANZ AG must redeem the tendered securities at the nominal value plus accrued interest as of the respective date. Details on these provisions are provided in the terms of issue for convertible bonds CB 2014, CB 2017 and CB 2018.

Syndicated loan

In 2006 a syndicate of Austrian and international banks granted IMMOFINANZ Finance B.V. a revolving credit facility (syndicated loan). In the event of a change of control, the lenders are entitled to demand immediate repayment of the outstanding amounts. IMMOFINANZ AG has provided the lenders with a guarantee for the liabilities incurred under this arrangement. The outstanding nominal amount was EUR 240.0 million as of 30 April 2012.

Corporate bond 2017

In July 2012 after the end of the reporting period, IMMOFINANZ AG issued a 5.25% 2012–2017 partial debenture (corporate bond 2017, ISIN AT0000A0VDP8) with a total volume of EUR 100.0 million. This bond has a five-year term extending from 3 July 2012 to 2 July 2017. If there is a change of control and this change significantly impairs the ability of IMMOFINANZ AG to meet its obligations under the terms of the debenture, the bondholders are entitled to put their partial debentures to the company and to demand immediate repayment of the nominal amount plus accrued interest up to the repayment date. A change of control is defined as the attainment of a controlling majority of 30% in IMMOFINANZ AG by a person (or several persons acting in consort), who did not hold a controlling investment at the time the corporate bond 2017 was issued.

Executive Board and Supervisory Board

The employment agreements with the members of the Executive Board contain a change of control clause that may lead to the cancellation of a contract. There are no other significant agreements which enter into force, change or terminate in the event of a change of control in the company following a takeover bid.

The company and the members of the Executive Board have concluded compensation agreements that will take effect in the event of a public takeover bid. Depending on the remaining term of the Executive Board member, the respective contract entitlement will equal one or two years at most.

There are no such agreements for the members of the Supervisory Board or for employees.

Amendments to the articles of association, board appointments and dismissals

In accordance with § 21 of the articles of association of IMMOFINANZ AG, the annual general meeting passes its resolutions with a simple majority of share capital represented at the time of voting unless legal regulations require another majority. The same applies to amendments to the articles of association and to the premature dismissal of members from the Supervisory Board.

In accordance with the articles of association of IMMOFINANZ AG, the person chairing the respective meeting will cast the deciding vote in the event of a tie in voting on the Supervisory Board. The same applies to the election to and dismissal of members from the Supervisory Board.

Significant holdings

On 15 April 2011 the company was informed that FRIES Familien-Privatstiftung, Dr. Rudolf FRIES Familien-Privatstiftung and Mr. and Mrs. Rudolf Fries (together the "Fries Group") hold a total of 52,873,309 voting rights directly and through their holdings. That represented a combined investment of more than 5% in the share capital of IMMOFINANZ AG as of 15 April 2011.

IMMOFINANZ AG held 47,350,248 treasury shares as of 30 April 2012. IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a wholly owned subsidiary of IMMOFINANZ AG, held 57,071,429 shares of IMMOFINANZ AG as of this same date. Aviso Zeta AG, a wholly owned subsidiary of IMBEA IMMOEAST Beteiligungsverwaltung GmbH, holds six shares of IMMOFINANZ AG. In total IMMOFINANZ AG and its subsidiaries held approx. 9.16% of the share capital of IMMOFINANZ AG in the form of treasury shares as of 30 April 2012.

F. Research and development

IMMOFINANZ does not incur any expenses for research and development.

G. Branch offices

IMMOFINANZ has no branch offices.

H. Financial instruments and risk reporting

As an international property investor and developer, IMMOFINANZ Group is exposed to a variety of risks. A systematic risk management process ensures the timely identification of developments that could endanger the realisation of strategic and operating goals and also allows for the inclusion of important information in decision-making processes.

IMMOFINANZ Group has integrated an active risk management system into its operating processes and reporting paths. This system supports the rapid implementation of measures to counter risk and also has a direct impact on strategic decisions and operating processes. Internal guidelines, reporting systems and control measures have been installed throughout IMMOFINANZ Group to support the monitoring, evaluation and control of risks related to the operating business. Risk management in IMMOFINANZ Group takes place at all levels and is ultimately the responsibility of the Executive Board, which is involved in all risk-related decisions. The Internal Control System (ICS) was also expanded to support the early identification and monitoring of risk. Auditors evaluate the efficiency and effectiveness of the ICS each year, to the extent this is necessary for the preparation of the annual financial statements and the provision of a true and fair view of the asset, financial and earnings position of the company.

The most significant risk factors can be summarised under financial risks and market/property-specific risks.

The major financial risk factors are associated with fluctuations in foreign exchange rates and interest rates as well as negative changes in the credit standing or liquidity of customers and business partners.

Market/property-specific risks arise from micro- and macroeconomic events in individual countries and developments at the property level. Included here are the market price risk as well as the competitive situation and transaction risk.

The primary objective of risk management is to identify risks at an early point in time and thereby support the rapid implementation of appropriate countermeasures.

Default/credit risk

Default and credit risks arise when a contract partner of IMMOFINANZ Group is unable to meet his or her obligations, and this situation leads to financial damage for IMMOFINANZ Group. The amounts reported on the balance sheet under assets represent the maximum risk of default. Default risks are accounted for through appropriate value allowances.

The most important instrument for managing default risk is the continuous evaluation of the credit standing of contract partners. In various development projects, IMMOFINANZ Group works together with local project developers. This cooperation can represent a risk for IMMOFINANZ Group if the business partners are unable to meet their contractual obligations in full or on time. Appropriate contractual provisions – e.g. penalties or damage payments in cases where performance does not meet the contract terms – are used to address this risk. In addition, specific activities and goal attainment are monitored regularly by the Group's asset management.

The risk of default on receivables due from tenants is low because tenants are generally required to provide security deposits (for residential properties: cash deposits; for commercial properties: bank guarantees or cash deposits) and the credit standing of tenants is monitored on a regular basis. The risk of default on receivables due from banks is also considered to be low because all financing transactions are concluded with financial institutions that have excellent credit ratings.

Capital market and financing risk

The ability to obtain refinancing on the capital markets is an important strategic factor for IMMOFINANZ Group. Significant fluctuations on these markets can limit the availability of equity and/or debt. In order to minimise refinancing risk, IMMOFINANZ Group works to maintain a balance between equity and debt and distributes bank financing over various terms.

In order to eliminate the risks associated with the failure to meet capital market regulations, IMMOFINANZ Group has issued a compliance guideline. This guideline is designed to ensure the fulfilment of all capital market regulations and, above all, to prevent the misuse or distribution of insider information. The measures implemented in this connection include: the development of a compliance organisation; the definition of authorisations and duties for the compliance officer; the implementation of permanent and, where necessary, temporary classified units as well as blackout periods and trading prohibitions for persons assigned to these units.

The generation of liquidity from the operating business represents a central element of IMMOFINANZ Group's strategy. Processes to evaluate opportunities for optimisation or a further reduction in operating costs are expanded and improved continuously. Internal procurement guidelines for the operating business, above all in the area of property services, construction and facility management, form an important part of this cost reduction and optimisation potential.

In order to receive or continue the use of funds obtained through loan agreements, IMMOFINANZ Group must meet certain obligations – so-called financial covenants. The Group continuously monitors compliance with these covenants and remains in close contact with the lending institutions. If these obligations are not met, the lender may cancel the loan agreement under certain circumstances. At the present time IMMOFINANZ Group is not aware of and does not expect a breach of any major covenants that could negatively influence its business activities.

Foreign exchange risk

IMMOFINANZ Group is exposed to various forms of foreign exchange risk in connection with its balance sheet and cash flows.

The risk of devaluation associated with foreign currency cash balances is offset by the rapid conversion of these funds into the Euro.

Foreign exchange risk is also minimised with a limited number of foreign exchange loans (originated loans as well as borrowings).

Interest rate risk

As an international company, IMMOFINANZ Group is exposed to the risk of interest rate fluctuations on various property submarkets. Rising interest rates can influence earnings because they increase the interest expense on the Group's floating rate financing.

A change in interest rates will have a direct influence on financial results through its impact on floating rate financing. IMMOFINANZ Group limits the risk associated with rising interest rates – which would lead to higher interest expense and a decline in financial results – through the use of fixed interest rate financing contracts and derivative financial instruments (above all caps and swaps).

Liquidity risk

Liquidity risks are minimised by the preparation of a medium-term (five-year) forecast and an annual budget with monthly segmentation as well as monthly revolving liquidity reports that include variance analyses and scenario calculations. Daily liquidity management ensures that all operating obligations can be met and funds can be optimally invested, and also gives the Group the necessary flexibility to realise short-term acquisition opportunities.

IMMOFINANZ Group also uses long-term financing that reflects the financial capability of the individual properties (interest coverage ratio and/or debt service coverage ratio) as well as their market value (loan-to-value ratio).

In order to prevent cost overruns and the resulting excess outflow of liquidity, IMMOFINANZ Group routinely monitors budgets and the progress of construction on all development projects and maintenance work.

Legal risks

As an international company, IMMOFINANZ Group is exposed to a variety of legal risks. Included here are risks related to the purchase or sale of property and risks arising from legal disputes with tenants or joint venture and development partners.

The outcome of current and future proceedings cannot be predicted with certainty. Therefore, expenses may arise from decisions or settlement agreements by the courts or public authorities that are not covered in full or in part by insurance or provisions. These expenses could have an impact on the results recorded by IMMOFINANZ Group.

Market risk and property-specific risks

The development of property markets is heavily dependent on economic growth and macroeconomic trends.

The related risks are based on the micro- and macroeconomic trends in the countries where IMMOFINANZ Group is active as well as developments on the global financial and investment markets. The resulting effects on market prices, market rents and yields also play an important role.

Property-specific risks are associated, above all, with the location of the properties, the architecture and the condition of the building as well as the local competitive situation.

In order to identify these risks and allow for the timely implementation of countermeasures, the property portfolio of IMMOFINANZ Group is analysed quarterly by means of a portfolio tracker. This analysis includes the systematic evaluation of quantitative and qualitative property factors, portfolio concentration, and sector and regional allocation and forms the basis for tactical decisions.

The examination of quantitative property factors includes the calculation of an expected future return for each property based on a detailed budget for the next financial year and medium-term forecasts derived from assumptions. The properties are then ranked according to their total return on equity. The qualitative factors are made measurable with a scoring model that values the quality of the building and location as well as the market attractiveness of each property.

Properties whose location and quality do not meet the portfolio requirements are sold over the medium-term. The goal of IMMOFINANZ Group is to manage a homogeneous property portfolio with four asset classes in eight core markets.

The sector and regional diversification of the property portfolio provides an excellent balance for market cycles and fluctuations as well as concentration risks. IMMOFINANZ Group generally owns high-quality properties in good locations, and this provides special protection against the above-mentioned risks. Detailed market studies are prepared on a regular basis and analysed in connection with reports by recognised real estate experts to allow for timely reaction to changes in the market environment. All market changes are included in the portfolio analysis and have an important influence on investment, sales and project plans and thereby also on the Group's medium-term planning. The acquisition process in IMMOFINANZ Group includes extensive due diligence audits together with independent experts that are intended to identify any such risks in advance and to evaluate all risks related to legal, tax, economic, technical and social issues. IMMOFINANZ Group does not purchase properties that fail to meet its high quality standards. Regular commercial and technical reports are prepared after the acquisition, and the results are presented to the Executive Board.

The internal investment guideline of IMMOFINANZ Group regulates the framework and approval limits for all capital expenditure (property acquisitions, development projects and on-going investments). This process minimises or eliminates the major strategic and property-specific risks. Approval limits are defined in an extensive guideline that applies to all Group companies and regulates all authorisations from individual employees up to the Executive Board. In some cases, these transactions are also subject to the approval of the Supervisory Board.

Development projects are exposed to increased risks in the form of schedule and construction cost overruns as well as the success of rentals. IMMOFINANZ Group minimises these risks by starting projects only after a specific level of pre-rentals is reached and by the regular monitoring of costs and schedules through variance analyses.

IMMOFINANZ Group minimises inflation risk by including index clauses in its standard leases.

The business model defined by IMMOFINANZ Group includes the acquisition of properties and real estate development projects at attractive conditions and the profitable sale of individual assets. The risk associated with these transactions is addressed, above all, through the diversification of the property portfolio. This broad-based portfolio which covers four asset classes in eight core countries has allowed for the repeated sale of properties in excess of fair value. Permanent market screening and wide-ranging business relationships as well as extensive knowledge of the relevant markets makes it possible for IMMOFINANZ Group to identify investment opportunities at an early point in time and to utilise these opportunities for new development projects.

Concentration risk

Concentration risk is understood to mean the accumulation of similar risks that contradict the principle of risk diversification. IMMOFINANZ Group consciously reduces these risks through the sector and regional diversification of the property portfolio and the realisation of larger real estate projects together with a partner. In addition to sector and regional diversification, IMMOFINANZ Group also works to achieve a diversified tenant structure. In this way, the loss of a tenant will not have a significant influence on the Group. IMMOFINANZ Group has a very well balanced and diversified tenant mix no single tenant is responsible for more than 2% of total rental income.

Risks arising from legal proceedings

This section explains the status of legal proceedings related to lawsuits filed by (former) shareholders and lawsuits related to the management contract with Constantia Privatbank Aktiengesellschaft (now: Aviso Zeta AG).

Legal proceedings by shareholders against IMMOFINANZ AG and IMBEA IMMOEAST Beteiligungsverwaltung GmbH

Since November 2008 a number of shareholders have filed claims against IMMOFINANZ AG and IMMOEAST AG (now: IMBEA IMMOEAST Beteiligungsverwaltung GmbH, in short: IMBEA). Some of the plaintiffs are IMMOFINANZ AG shareholders, while others are shareholders of the former IMMOEAST AG, who are asserting various claims against IMMOFINANZ AG or against IMBEA as the legal successor of IMMOEAST AG. In all cases, the plaintiffs are claiming damages based on prospectus liability or other alleged inadequate capital market information. The plaintiffs‘ argumentation is based primarily on alleged deficiencies in the prospectuses of IMMOFINANZ AG or IMMOEAST AG. Many of the plaintiffs‘ claims are also based on other legal grounds, e.g. the violation of ad-hoc reporting requirements. Among others, the plaintiffs contend that the funds raised from the public offering were not used for acquisitions or the development of new real estate projects, but for the financing of IMMOFINANZ AG and IMMOEAST AG and for the purchase of shares in IMMOFINANZ AG and IMMOEAST AG. IMMOFINANZ AG and IMBEA reject these claims. Of special note are 19 class action lawsuits of Austrian origin involving between 11 and 910 plaintiffs who have filed claims against IMMOFINANZ AG. Most of these cases are still in the early stages. The plaintiffs' costs are being carried primarily by AdvoFin, a company that finances legal proceedings, or by special insurance.

By the end of May 2012 a total of 807 lawsuits had been filed against IMMOFINANZ AG (whereby IMBEA was also named in some of the cases) and 78 lawsuits only against IMMOEAST AG/IMBEA with a value in dispute totalling EUR 267.7 million. Most of the plaintiffs are covered by insurance for legal expenses or represented by a company that finances such proceedings. The status of the pending proceedings is different, whereby most are in the early stages. In 22 cases, a judgment in the first instance or a final judgment was issued, each – for different reasons – in favour of IMMOFINANZ AG or IMMOEAST AG/IMBEA. A decision in 16 cases is expected during the coming months. Some of the first-instance decisions were reversed by the Regional Appeals Court in Vienna or the Austrian Supreme Court and remanded to the first-instance court for renegotiation. In 12 of these proceedings, the plaintiffs withdrew their lawsuits. Thirty of the proceedings have been completed to date.

Pending proceedings: IFAG/IMBEA	Number of proceedings	Value in dispute in MEUR
IFAG	399	26.9
IMBEA	76	8.0
IFAG und IMBEA	380	231.8

Legal proceedings by shareholders against investment consultants and Aviso Zeta AG and third-party notices against IMMOFINANZ AG/IMBEA

At the beginning of August 2008 shareholders of IMMOFINANZ AG and IMMOEAST AG (now: IMBEA) filed lawsuits against Constantia Privatbank Aktiengesellschaft (now: Aviso Zeta AG) and AWD Gesellschaft für Wirtschaftsberatung GmbH, through which they purchased IMMOFINANZ and IMMOEAST shares. The plaintiffs allege, in particular, incorrect investment advising, misleading advertising and false depiction of IMMOFINANZ AG and IMMOEAST AG in public due to the withholding of information on the close relationship between the former Constantia Privatbank AG and IMMOFINANZ AG/IMMOEAST AG. Furthermore, the lawsuits contend that information was withheld on material transactions by the former Constantia Privatbank AG with shares of IMMOFINANZ AG and IMMOEAST AG and maintain that investors' funds were not used for the purposes stated in the prospectuses. The plaintiffs are seeking compensation and/or the assessment of the resulting financial losses. The plaintiffs did not lodge any direct claims against IMMOFINANZ AG in these cases. IMMOFINANZ AG and IMBEA are involved as intervening parties in some of the cases against Aviso Zeta AG or AWD Gesellschaft für Wirtschaftsberatung GmbH. An intervening party is someone who has a legal interest in the success of one party to pending legal proceedings between other persons or entities. The reason behind this type of intervention is that the defendant can file a recourse claim against IMMOFINANZ AG/IMBEA if the case is lost and is therefore taking action against IMMOFINANZ AG/IMBEA. If IMMOFINANZ AG/IMBEA did not join in these proceedings, IMMOFINANZ AG/IMBEA would not be able to raise the points addressed during the preliminary proceedings in any subsequent regress proceedings. The defendants' main argument against IMMOFINANZ AG/IMBEA is that the damages incurred by the plaintiffs were caused by actions on the part of IMMOFINANZ AG and IMMOEAST AG, which are currently under investigation by the Vienna public prosecutor in connection with criminal proceedings.

By the end of May 2012 Aviso Zeta AG had served IMMOFINANZ AG and/ or IMBEA, in most cases both companies, with third-party notices in 325 cases. AWD Gesellschaft für Wirtschaftsberatung GmbH has also served IMMOFINANZ AG and/or IMBEA with third-party notices in 205 cases. IMMOFINANZ AG and IMBEA joined in most of these cases.

According to the information currently available to IMMOFINANZ AG, judgments have been issued in 32 lawsuits against AWD Gesellschaft für Wirtschaftsberatung GmbH and Aviso Zeta AG. Some of these judgments were issued in favour of the respective defendant, others against. Neither AWD Gesellschaft für Wirtschaftsberatung GmbH nor Aviso Zeta AG has filed recourse claims against IMMOFINANZ AG or IMBEA to date.

Third-party notice To IFAG/IMBEA	Number of proceedings	Value in dispute in MEUR
Aviso Zeta	325	33.8
AWD	205	12.9
Total	**530**	**46.6**

Proceedings to review the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG

IMMOFINANZ AG, as the accepting company, was merged with IMMOEAST AG, as the transferring company, in accordance with a merger agreement dated 21 January 2010. In connection with this merger, the former shareholders of IMMOEAST AG were granted a total of 567,363,702 shares in IMMOFINANZ AG based on an agreed exchange ratio of three IMMOFINANZ shares for each two IMMOEAST shares. Petitions were subsequently filed with the commercial court of Vienna by IMMOFINANZ shareholders and shareholders of the former IMMOEAST AG for a review of this exchange ratio pursuant to §§ 225c ff of the Austrian Stock Corporation Act. This step led to the start of court proceedings, and IMMOFINANZ AG has filed an extensive statement in response to the petitions.

Decisions or settlements in the proceedings to review the exchange ratio will apply to all shareholders in the respective shareholder groups (erga omnes right). If the proceedings lead to additional payments (additional settlement payments), the shareholders in the disadvantaged shareholder group will receive these payments plus interest at a rate of 2% over the base interest rate on the registration date (28 April 2010). IMMOFINANZ AG has requested permission to grant additional IMMOFINANZ shares in place of cash settlements.

The outcome of the proceedings to review the exchange ratio cannot be predicted at the present time. It is not possible to estimate whether the shareholder groups will be granted additional payments (additional settlement payments) or what the amount of these payments might be.

Other legal disputes

In March 2011 IMMOFINANZ AG filed a lawsuit against three former members of the Executive Board and members of the Supervisory Board of the former Constantia Privatbank AG that involved option transactions to the detriment of the former IMMOEAST AG. The proceedings were suspended after the first hearing in September 2011 until a final binding decision is issued in the criminal proceedings against these former Executive and Supervisory Board members. The main proceedings in this criminal case are expected to begin during 2012.

IMMOFINANZ AG filed a further lawsuit in September 2011 to enforce claims against a former member of the Executive Board and other persons in connection with payments made to third parties without justifiable grounds on the instructions of this former board member. These proceedings were suspended in June 2012 until a final binding decision is issued on the BUWOG criminal proceedings. However, this judgment is not yet binding.

In August 2011 a former member of the Executive Board filed a lawsuit against IMMOFINANZ AG to claim payment of remuneration for his duties on the Executive Board for a period of roughly three months. These proceedings are currently suspended until a decision is issued on a parallel case, which represents separate proceedings against IMBEA. The separate proceedings involve a claim by the same former Executive Board member for payment of remuneration for his duties on the Executive Board for the same period of roughly three months.

Internal Control System

IMMOFINANZ Group continued the development of its internal audit and control department during the reporting year and also launched a number of projects to strengthen the Internal Control System (ICS).

The ICS comprises a wide range of methods and measures to safeguard assets and to ensure the accuracy and reliability of data for accounting and financial reporting. The ICS is also intended to support compliance with the corporate policies defined by the Executive Board. The evaluation and design of controls are based on ICS benchmarks. The goals are to meet internal and external requirements and ensure that corporate processes and controls remain efficient.

As a multinational company, IMMOFINANZ Group utilises the framework developed by the Committee of Sponsoring Organisation of the Treadway Commission (COSO) in developing its ICS. This framework consists of five components: control environment, risk assessment, control activities, information and communication, and monitoring.

The control environment at the company level represents the general framework under which internal control activities are designed and implemented. The most important components are statutory regulations and the standards and guidelines issued by IMMOFINANZ Group – e.g. the authorisation guideline, compliance guideline, investment guideline and general IT controls – as well as a clear management and organisational structure and the communication of basic values by management.

The existing process landscape forms the starting point for the evaluation of the ICS at the process level. The control activities of IMMOFINANZ Group are integrated into procedures with special process management and ICS software as part of a risk control matrix.

The ICS in corporate accounting and financial reporting guarantees accuracy, security and efficiency and also ensures the correct, complete and timely preparation of necessary information. The key features of the ICS in IMMOFINANZ Group's accounting processes are the appropriate separation of functions, the application of dual controls to all order and invoice release procedures, compliance with internal guidelines (e.g. IMMOFINANZ Group's IFRS Accounting Manual), the review of accounting data by Group controlling for correctness, plausibility and completeness, the integration of preventive and detective controls in processes as well as the automation of key controls through specific system settings in the Navision financial accounting software and Hyperion consolidation software.

The implementation of new guidelines and control measures is supported by information events and feedback rounds. Progress and opportunities for improvement are then reported in regularly scheduled management meetings. The monthly internal report includes a comparison of budget and actual data as well as a variance analysis, which supports the early identification of risks and the timely implementation of countermeasures.

Compliance with controls is monitored by the internal audit department as part of its auditing activities. The internal audit department, as a staff department of IMMOFINANZ Group Executive Board that reports directly to Chief Financial Officer Birgit Noggler, is responsible for auditing work throughout the entire corporation. The corresponding corporate organisational guidelines apply to all auditing activities.

The internal audit department independently and regularly reviews operating processes and business transactions based on an annual schedule that is approved by the Executive and Supervisory Boards. The priorities for this schedule are defined on the basis of risk criteria and organizational goals. These reviews focus primarily on compliance, the Internal Control Systems and opportunities to improve efficiency.

The results of the audits are reported to the Executive Board of IMMOFINANZ AG on a regular basis and to the Supervisory Board at least once each year. As part of an annual report, the internal audit department gives an account of its performance during the auditing year and presents a summary of all significant auditing areas and results.

I. Outlook

The 2011/12 financial year – above all the second half – was influenced by a strategic reorientation: we worked intensively to transform IMMOFINANZ Group from a real estate owner manager into a real estate machine. This concept of a real estate machine links our three core business areas: the development of sustainable, specially designed top properties in prime locations, the professional management of these properties and cycle-optimised sales. Through our active and decentralised asset management, we work to increase rental income and reduce vacancies. The proceeds generated by property sales are reinvested in new development projects. Our plans for the future call for the steady continuation of this course.

We have set three central goals for 2012/13 and the following years:

1. Adjustment of the portfolio and optimisation of the balance sheet
2. Portfolio optimisation through sales and an increase in real estate development
3. Operational and organisational measures

We are optimistic that we will be able to further increase the value of IMMOFINANZ Group during the 2012/13 financial year and generate growing, risk-optimised cash flows for our shareholders.

Vienna, 1 August 2012

The Executive Board

Eduard Zehetner
Chief Executive Officer

Daniel Riedl FRICS
Member of the Executive Board

Birgit Noggler
Chief Financial Officer

Manfred Wiltschnigg MRICS
Member of the Executive Board

Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system of IMMOFINANZ AG, Vienna, for the fiscal year from 1 May 2011 to 30 April 2012. These financial statements comprise the balance sheet as of 30 April 2012, the income statement for the fiscal year ended 30 April 2012 and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of IMMOFINANZ AG, Vienna, as of 30 April 2012 and of its financial performance for the fiscal year from 1 May 2011 to 30 April 2012 in accordance with Austrian Generally Accepted Accounting Principles.

Comments on the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 1 August 2012

Claudia Fritscher-Notthaft
(Austrian) Certified Public Accountant

Marieluise Krimmel
(Austrian) Certified Public Accountant

Deloitte Audit Wirtschaftsprüfungs GmbH