IMMOFINANZ GROUP

Report on Item 9 of the agenda

19th Ordinary Shareholders' Meeting

of

IMMOFINANZ AG

on 05 October 2012

Report of the Executive Board of IMMOFINANZ AG in connection with the authorisation of the executive board to exclude the shareholders' right to a pro-rata disposal of their shares in the course of an off-exchange repurchase of treasury shares and to exclude the right to purchase shares (exclusion of subscription rights) in the case of sale of treasury shares other than via the stock exchange or via a public offering (section 65 para 1b in connection with section 153 para 4 of the Austrian Stock Corporation Act)

1. Authorisations

The executive board of IMMOFINANZ AG (the "Company") plans to propose to the ordinary shareholders' meeting of the Company the following motions in connection with item 9 of the agenda:

1.1 Buyback of treasury shares

The authorisation of the executive board of the 18th ordinary shareholders' meeting held on 28 September 2011 to repurchase treasury shares shall be revoked and the executive board shall be authorised in accordance with section 65 para 1 item 8 and para 1a and para 1b Austrian Stock Corporation Act for a time period of 30 months starting with the date of the resolution, with the consent of the supervisory board, to repurchase treasury shares in the company up to 10% of the share capital of the company, also with repetitive utilisation of the 10%-treshhold, both via the stock exchange and off-exchange, also excluding the shareholders' right to a pro-rata disposal of their shares. The authorisation may be exercised in total or partially or also in several tranches and in pursuit of one or several purposes. The consideration per share must not be below the limit of EUR 0.10. The consideration per share to be paid shall not be higher than 15% of the average of the volume weighted daily closing prices of the previous ten trading days of the shares at the Vienna Stock Exchange. If treasury shares are sold and repurchased by the company in the course of financing transactions (e.g. repo transactions or swap transactions), the consideration per share shall not be higher than the sale price plus an appropriate interest rate.

1.2 Sale of treasury shares

The executive board shall be authorised in accordance with section 65 para 1b Austrian Stock Corporation Act for 5 years from the date of the resolution, subject to the approval of the supervisory board, to resolve on a mode of sale of treasury shares other than via the stock exchange or via a public offering or to deploy the shares in other forms, also excluding the shareholders' right to pro-rata purchase (exclusion of subscription rights). The authorisation may be exercised in total or partially or also in several tranches and in pursuit of one or several purposes.

With regard to the authorisation to exclude the shareholder's right to pro rata disposal of shares in the course of an off-exchange repurchase of treasury shares according to section 65 para 1 item 8 Austrian Stock Corporation Act as well as the authorisation to exclude the shareholder's right to purchase shares (exclusion of subscription rights) in the case of sale of treasury shares other than via the stock exchange or via a public offering the executive board hereby reports in writing in accordance with section 65 para 1b in connection with section 170 para 2 and section 153 para 4 sentence 2 Austrian Stock Corporation Act on the reasons for the partial or total exclusion of the shareholders' right to purchase shares (exclusion of subscription rights) and by applying the mentioned reporting requirements under the Austrian Stock Corporation Act analogously also on the reasons for the authorisation to totally or partially exclude the shareholders' right to a pro-rata disposal of shares in the course of an off-exchange repurchase of treasury shares.

2. Exclusion of the shareholders' right to purchase shares in the course of a sale of treasury shares

2.1 Interest of the company

The exclusion of the shareholders' right to purchase shares in the course of a sale of treasury shares through the company in accordance with motion 1.2 is in the interest of the company for the following reasons:

- In the case of acquisition of companies, participations, business operations or parts of business operations as well as in connection with the acquisition of certain assets (especially real estate) it may be beneficial to the company to offer treasury shares as consideration in whole or in part, for instance to compensate shareholders of target companies or in case the seller prefers to receive shares of the company (due to tax implications) instead of cash in whole or in part. Furthermore, it may also be necessary for the company to integrate the seller as shareholder in the company due to strategic reasons or reasons in relation to the company's organisational structure. Through the use of treasury shares the liquidity requirements of the company for investments/acquisitions are reduced and the execution of the investment/acquisition is accelerated as existing shares can be used and no new shares need to be created. An advantage of the use of treasury shares may also arise due to the fact that the dilution effect typical for an acquisition in return for the delivery of newly created shares (e.g. out of authorised capital) is avoided.

- On an individual basis the company may be capable to meet a particular financing requirement at more favourable terms by selling or deploying treasury shares than by way of debt financing. In particular in connection with the financing of the acquisition of a company or real estate, but also when meeting a refinancing requirement of the company or one of its subsidiaries, for example in case of expiration of a convertible bond or loan financing, it may be the case, due to the amount of the necessary financing requirement and/or the tight time schedule to meet the financing requirement, having regard to the general market and share prices development, the trading volumes available on the stock exchange and the statutory restrictions on trading volumes for share disposal programmes over the stock exchange, that the necessary financing requirement cannot be met or not be met within the time limit required through an (exclusive) sale of treasury shares over the stock exchange of via a public offering to the shareholders.

  In particular the exclusive sale of treasury shares via the stock exchange or by way of public offering is not feasible for short term procurement of means to cover a specific financing need in cases when it is not possible to sell the required number of treasury shares or to sell the treasury shares at the appropriate average prices on the market due to the usual trading volumes on the stock exchange.

  The intended authorisation of the executive board to resolve on another mode of sale, also excluding the general opportunity to buy, enables the executive board to swiftly and flexibly take advantage of upcoming opportunities for the off-exchange block sale of treasury shares at appropriate prices. This is of particular importance to the company as it must be able to take advantage of market opportunities in a swift and flexible way in order to meet the necessary capital and financing requirements briskly and in each case at the most favourable financing terms.

  Through exclusion of the general opportunity to buy also potential disadvantages to the company can be avoided. This particularly applies to negative share price developments because of a increased supply of shares on the stock exchange and in the course of a disposal programme with negative implications for the success or the costs of the capital measure (notably in volatile markets), avoidance of risk of speculation (“short selling”) against the share during the disposal programme, as well as hedging of certain disposal proceeds, in particular in a difficult stock market environment (elimination of the placement risk).

- The deployment of treasury shares of the company in the course of financing transactions (e.g. repo transactions or swap transactions) increases the ways in which the company may obtain financing and is therefore an option to swiftly and flexibly achieve financing to optimal conditions. It is also in the interest of the company to deploy treasury shares (e.g. in the course of security lending transactions or security loan transactions) as a source of income.

- In case treasury shares are deployed as underlying for conversion and/or subscription rights of convertible bonds of the company and in case of fulfilment of conversion and/or subscription rights of convertible bonds of the company with already existing treasury shares no additional capital measures (e.g. conditional capital) are necessary. Hence, for the fulfilment of conversion and/or subscription rights no new shares (e.g. from conditional capital) would have to be created, whereby the typical dilution effect of share capital increases can be avoided.

2.2 The exclusion of the right to purchase shares is suitable, necessary and proportionate

The authorisation of the executive board to resolve on a mode of sale of treasury shares other than via the stock exchange or via a public offering, also excluding the shareholders' right to purchase shares (exclusion of subscription rights) is both suitable and necessary in order to ensure the disposal of the treasury shares at the best possible terms and/or in order to achieve optimal financing terms and/or to procure the necessary financing means within a tight time schedule and/or for the use for financing transactions and/or security lending transactions or security loan transactions for the purposes mentioned under point 2.1.

To the extent of the usual trading volumes the shareholders are free to purchase shares through the stock exchange. Consequently, in general also in the case of an off-exchange disposal of treasury shares through the company under exclusion of the shareholders' right to purchase shares the shareholders have the opportunity to avoid a dilution of their shareholding quota by way of purchases of shares via the stock exchange.

Hereby it is to be noted that in case of disposal of treasury shares, in general there is no risk of a dilution of shareholders – comparable capital increases – provided the sale price is adequate (see point 2.3). The percentage of the shareholder's shareholding also changes in the case of sale of treasury shares, however by such sale only the original percentage of the shareholding is restored which was in place prior to the buyback of treasury shares and which has changed temporarily to the benefit of the shareholders due to the restrictions on the rights of treasury shares held by the company in accordance with section 65 para 5 Austrian Stock Corporation Act.

Financing transactions (e.g. repo transactions or swap transactions) deploying treasury shares may (for practical reasons) only be executed with professional market participants. Therefore the shareholders' right to a pro-rata purchase with respect to the treasury shares has to be excluded for the sale or other transfer of treasury shares in the course of such transactions.

In the case of deployment of treasury shares as underlying for conversion and/or subscription rights of convertible bonds or to fulfil conversion and/or subscription rights of convertible bonds the above mentioned justifications apply mutatis mutandis: In general a dilution of existing shareholders can be avoided through an adequate pricing at the issuance of the convertible bonds. Dilution effects can be reduced if conversion and/or subscription rights out of convertible bonds are fulfilled with treasury shares instead of issuing new shares out of conditional capital.

In any case the exclusion of the right to purchase shares is suitable, necessary and proportionate if a block of shares cannot be sold via the stock exchange within the time schedule required for the financing requirement or the transaction due to the usual trading volumes on the stock exchange.

Even if disadvantages occur for the existing shareholders because of the exclusion of the right to purchase shares such disadvantages will remain within tight limits due to the statutory maximum amount for treasury shares held by the company of 10% of the share capital.

A consideration of the interests of the company with respect to an optimised way for the utilisation of treasury shares and/or financing of the company on the one hand and the interests of the existing shareholders to preserve their percentage shareholding on the other hand leads to the conclusion that the authorisation for the sale of treasury shares excluding the shareholders' subscription rights is not disproportionate.

The sale or deployment of treasury shares other than via the stock exchange or via a public offering and the determination of the terms of the sale or deployment may only be exercised with the consent of supervisory board.

2.3 Justification of the sales price

In the case of an off-exchange sale of treasury shares under exclusion of the shareholder's right to purchase shares the sales prices shall be determined with regard to (average) share prices or above the average share prices. In most cases, with such pricing no disadvantage occur to the shareholders; in any case however no disproportionate disadvantage occurs as a result of a percentage dilution.

In case of financing transactions the sales price may deviate from the above described limits, whereas a balance will be achieved due to a respective deviation of the repurchase price.

3. Exclusion of the shareholders' right to a pro-rata disposal of shares in case of an off-exchange repurchase of treasury shares

3.1 Interest of the company

As mentioned under point 2.1 it may be beneficial to the company to be able to offer treasury shares as consideration (acquisition currency) for investments and acquisitions, also in the course of a merger. Thus, it may be necessary for the company to swiftly procure treasury shares as acquisition currency at adequate terms.

In addition, it also is in the interest of the company to be able to swiftly acquire and deploy treasury shares for the use for refinancing instruments, to underlie convertible bonds or options, in case a certain financing requirement of the company (as elaborated under point 2.1) needs to be met.

Thus, it is in the interest of the company to acquire treasury shares also off-exchange in the course of block trades under exclusion of the shareholders' right to a pro-rata disposal, in particular if due to the available time schedule or with regard to the general and individual market and share price developments, the trading volumes available on the stock exchange or the statutory restrictions on trading volumes for share repurchase programmes via the stock exchange, it has to be assumed that the necessary number of treasury shares cannot be acquired by the company over the stock exchange or by way of public offering within the required time schedule or at adequate prices.

The authorisation of the executive board enables the company to acquire the treasury shares required for purposes of the company swiftly and at optimised terms.

Through the off-exchange purchase of blocks of shares and the corresponding exclusion of the shareholders' right to a pro-rata disposal of shares also potential disadvantages to the company in the course of a share repurchase programme can be avoided. This applies specifically to share price changes during the term of the repurchase programme with negative implications for the success or the costs of the capital measure (particularly in volatile markets), hedging of a certain investment volume for the repurchase programme as well as the avoidance of peak share prices because of increased demand driven by the share repurchases by the company.

As already described under point 2.1, it may be in the interest of the company to deploy treasury shares in the course of financing transactions (e.g. repo transactions or swap transactions) or security lending transactions or security loan transactions. The repurchase of treasury shares upon the termination of a financing transaction requires – as part of the whole transaction – the exclusion of the shareholders from their right to a pro-rata disposal of the treasury shares, which is – as the financing transactions itself – in the interest of the company. Same applies to security lending transactions or security loan transactions.

3.2 The exclusion of the right to dispose of shares is suitable, necessary and proportionate

The authorisation of the executive board for the repurchase of treasury shares also off-exchange and the exclusion of the shareholders' rights to dispose shares are suitable and necessary to secure the availability of treasury shares for acquisition purposes or to meet particular financing needs of the company.

The exclusion of the shareholders' right to dispose shares in case of an off-exchange repurchase of treasury shares by the company does not result in a dilution effect to the disadvantage of the shareholders and there is no risk of a decrease of the percentage shareholding. Through the determination of a purchase price for the company which is based on the (average) share price or below the exclusion of the shareholders' right to dispose shares does not result in a disadvantage to shareholders in most cases while in the (fewer) remaining cases a disadvantage is not disproportionate as the shareholders are free to sell shares via the stock exchange to the extent of the usual trading volumes.

The exclusion from the right to a pro-rata disposal in case of the repurchase of treasury shares upon the termination of financing transactions, securities lending transactions or security loan transactions does not result in any (disproportionate) disadvantages for the shareholders. On the one hand, only the original status – prior to the sale of treasury shares – is restored. On the other hand, the shareholdings are not diluted: The consideration per share paid by the company is limited with the initial sale price and – in accordance with the financing purpose – an appropriate interest rate may be taken into account.

A consideration of the interests of the company in the swift execution of an investment/a transaction and/or a refinancing utilising treasury shares and/or a repurchase of treasury shares in context with financing transactions (e.g. repo transactions or swap transactions) or security lending transactions or security loan transactions on the one hand and the interest of the shareholders of the company to sell shares to the company via the stock exchange in the course of a share repurchase programme or to tender the shares to the company in another way on the other hand leads to the conclusion that the authorisation to repurchase treasury shares off-exchange under exclusion of the shareholders' right to dispose of shares is not disproportionate and because of the reasons mentioned is necessary and suitable in order to achieve the investment and financing goals in the interest of the company and the shareholders.

The off-exchange repurchase of treasury shares under exclusion of the shareholders' right to dispose shares and the determination of the terms for the repurchase may only be executed with the consent of the supervisory board.

Vienna, September 2012

The Executive Board