Report of the Executive Board of IMMOFINANZ AG on the exclusion of subscription rights in accordance with sections 171 para 1 in conjunction with 153 para 4 of the Austrian Stock Corporation Act regarding a potential capital increase from authorised capital

1. Basis of the authorisation – authorised capital (section 169 Austrian Stock Corporation Act) and authorisation to exclude the subscription rights (section 170 para 2 Austrian Stock Corporation Act)

By resolution of the ordinary shareholders' meeting of IMMOFINANZ AG, register number 114425 y (the "**Company**") held on 11 May 2018 the Executive Board was authorised to increase the registered capital up to EUR 50,000,000.00 by issuance of up to 50,000,000 new no-par value bearer shares against contributions in cash and/or in kind and to specify the issue price, the terms of the issuance and further details of the execution of the capital increase in agreement with the Supervisory Board (authorised capital).

The resolution of the shareholders' meeting held on 11 May 2018 also authorised the Executive Board, with the consent of the Supervisory Board, to fully or partially exclude the shareholders' subscription rights. In case the share capital is increased against contributions in cash, no more than 11,208,526 new shares shall be issued under exclusion of subscription rights. This corresponds to 10% of the current share capital of the Company (10%-limit).

Further the ordinary shareholders' meeting held on 11 May 2018 resolved upon an overall limit for the utilisation of the authorisation to exclude subscription rights: In case of capital increases against contributions in cash and/or in kind with exclusion of subscription rights, no more than 22,417,053 new shares in total shall be issued with exclusion of subscription rights. This corresponds to 20% of the current share capital of the Company (20%-limit).

For capital increases against contribution in cash with exclusion of subscription rights the lower 10%-limit is applicable (see above). The 20% total limit is relevant insofar as convertible bonds issued under exclusion of subscription rights are to be taken into account, with the effect that the total volume of the authorisation to exclude subscription rights is reduced accordingly. In particular the number of those shares shall be included for the calculation of this limit, for which conversion and/or subscription rights are granted by way of convertible bonds issued under exclusion of subscription rights during the term of the authorisation for a capital increase against contribution in cash (authorized capital). In case of an issue of convertible bonds with regard to more than 11,208,526 shares, corresponding to 10% of the current share capital of the Company, the volume of the authorisation for the exclusion of subscription rights is also reduced accordingly for a capital increase against contribution in cash. If a potential issue of a mandatory convertible bond in relation to a number of shares underlying the bonds in excess of 10% of the current share capital of the Company would be carried out as a capital measure of the Company, the authorisation for the exclusion of subscription rights in connection with the capital increase against contribution in cash would be reduced by the excess.

To the extent that treasury shares are sold with exclusion of subscription rights (i.e. in another way than over the stock exchange or through a public offering), this does not reduce the volume of the authorisation to exclude subscription rights in case of a capital increase against contribution in cash from authorised capital. The sale of treasury shares under exclusion of subscription rights also does not reduce the authorisation to issue convertible bonds (mandatory convertible bonds) in accordance with the resolution of the shareholders' meeting dated 11 May 2018.

In preparation of the resolution of the shareholders' meeting held on 11 May 2018 upon the authorized capital the Executive Board submitted a written report in accordance with sections 170 para 2 in conjunction with 153 para 4 Austrian Stock Corporation Act stating the reasons for the authorisation for the exclusion of the subscription right as well as justifying the proposed issue price of the shares. Also on the basis of this report, the Company's shareholders' meeting resolved upon the authorisation of the exclusion of subscription rights.

2. Exclusion of subscription rights – supplementary reporting

The Executive Board of the Company has resolved to commence the preparations for a potential placement of shares of the Company and a potential issue of mandatory convertible notes. In the event any of such capital measures takes place, the shares and the mandatory convertible notes shall be offered to institutional investors in the course of private placements by way of accelerated bookbuilding procedures under exclusion of shareholders' subscription rights.

Whether and which of the capital measures - placement of shares and issue of mandatory convertible notes - will take place, as well as the timing and specific conditions, depend in particular on the capital market environment, the investors interest and the approval of the Company's Supervisory Board.

In order to provide the basis for a potential placement of new shares from a capital increase against contribution in cash of the Company by way of an accelerated bookbuilding process, the Executive Board resolved upon the exclusion of the subscription rights for a potential capital increase against contribution in cash by issuing up to 11,208,526 new no-par value bearer shares of the Company based on the authorisation resolved upon in the shareholders' meeting held on 11 May 2018 and publishes this report in accordance with sections 171 para 1 in conjunction with 153 para 4 Austrian Stock Corporation Act on the reason for the exclusion of the subscription rights. In addition, reference is made to the report submitted in preparation for the shareholders' meeting on 11 May 2018.

In order to provide also the basis for a potential placement of treasury shares by way of an accelerated bookbuilding process, the Executive Board has resolved upon the exclusion of the subscription rights for a potential sale of up to 11,208,526 treasury shares of the Company based on the authorisation of the shareholders' meeting held on 22 May 2019. A separate report pursuant to sections 65 para 1b in conjunction with 171 para 1 in conjunction with 153 para 4 Austrian Stock Corporation Act is provided for this purpose.

The shareholders' meeting of the Company held on 11 May 2018 resolved upon an authorisation to issue convertible bonds (including mandatory convertible bonds) (section 174 Austrian Stock Corporation Act) in the course of an accelerated bookbuilding process and with this resolution the shareholders' meeting also excluded the subscription rights. Hence, it is not required that the Executive Board resolves upon the exclusion of subscription rights or submit a further report in that respect.

For a potential placement of shares of the Company by way of an accelerated bookbuilding process the Company may combine a share capital increase of the Company against contribution in cash and a sale of treasury shares of the Company. The maximum aggregate of (i) the number of shares to be placed (by way of a cash capital increase and a sale of treasury shares) and (ii) the (initial) number of shares underlying the mandatory convertible notes shall not exceed 28,021,316 shares (corresponding to approx. 25% of the current share capital of the Company) as maximum limit.

3. Interest of the Company

It is in the interest of the Company to strengthen the capital structure of the Company with a capital increase against contribution in cash. The strengthening of the Company's capital structure in particular serves to stabilise the relevant key figures for the existing credit rating of the Company from Standard & Poor's, current investment grade rating (BBB-, stable outlook) as well as for the rating of the bonds issued by the Company, in particular with regard to possible further crisis developments. The net proceeds shall be used for refinancing of financial liabilities, capitalise on potential growth opportunities and for general corporate purposes.

In case of a capital increase the new shares shall be offered to (institutional) investors in the course of a private placement by way of an accelerated bookbuilding. The accelerated bookbuilding is also the basis for the determination of the issue price (subscription price).

An accelerated bookbuilding is common practice on the international capital market for the placement of shares. It is a proven method that enables a quick and flexible placement of shares within a short offering period. This enables the Company to take market conditions into account and to use possible time windows for the placement of shares flexibly.

A quick placement in an accelerated bookbuilding also reduces the placement and market risk. Due to the two-week subscription period, the placement of shares with subscription rights has the disadvantage that (institutional) investors may not or may only be addressed with a reduced issue volume because of the allocation structure and/or the exposure of the investors to market risks during the subscription period. By placing the shares directly, also the risk of negative share price developments during the offer period (especially in volatile markets) with adverse effects on the success and/or costs of the capital measure and the risk of speculation ("short selling") against the share during the offer period is avoided. The reduction of the placement and market risk is important in particular in a difficult stock market environment, as marketrelated price risks can arise for the Company, particularly in a market environment that is uncertain and volatile in relation to macro-economic factors.

By way of an accelerated bookbuilding process with an exclusion of the subscription rights, the Company is able to involve (institutional) investors in the share placement, who commit to subscribe to a certain number of shares (anchor investors) and thereby achieve advantages for the achievable issue price. In the context of a share placement through an accelerated bookbuilding process also the shareholding structure of the Company may be broadened and stabilised. This applies in particular to an appropriate anchoring of the shareholder base of the Company with institutional investors (in particular financial investors and strategic investors).

The placement of shares in the course of an accelerated bookbuilding also reduces the Company's risks arising from the liability for the prospectus and is much cheaper and quicker to implement than a public offering requiring a prospectus.

4. Suitability, necessity and proportionality

The exclusion of the subscription rights to make a capital increase against contribution in cash and a share placement by way of an accelerated bookbuilding process is suitable in order to achieve the stated objectives in the interest of the Company. For these purposes the exclusion of the subscription rights is necessary and proportionate.

The capital increase against contribution in cash to strengthen the capital structure and share placement as well as the objectives and associated advantages pursued with the accelerated bookbuilding cannot be achieved to the same extent by a cash capital increase with subscription rights of the shareholders.

This applies in particular to the higher transaction security and the regularly achievable price-effective placement advantages through the accelerated bookbuilding process as well as an enlargement and a stabilisation of the shareholder structure and the advantages from the inclusion of anchor investors in the placement.

A capital increase with subscription rights also requires a considerably longer preparation time in particular for the drafting and approval of a prospectus. Thus market opportunities cannot be used as quickly and flexibly as with a capital increase under exclusion of subscription rights. In particular in a volatile market environment that is uncertain in terms of macro-economic factors, a longer preparation time can have an adverse effect on the implementation of the capital measure. The development of the market as well as the capital market environment cannot be foreseen and it is particularly difficult to assess whether and when further adverse market developments may occur.

Further, the cost advantages are not achievable in case of a capital increase against contribution in cash with subscription rights.

The issue price (subscription price) of the shares will be determined in a market-standard accelerated bookbuilding process and will be set appropriately depending on the market conditions and on the basis of the stock exchange price level of the shares. By orienting the subscription price to the stock exchange price of the shares, the interests of the shareholders will be appropriately protected and a dilution of the shareholders' participation in the Company value will be avoided as far as possible.

The extent of the capital increase against contribution in cash is limited to 10% of the share capital, so that a potential dilution of the shareholders with respect to their participation in the Company value and their voting rights is also kept within reasonable limits. To the extent of the usual trading volumes the shareholders are free to purchase shares via the stock exchange. Consequently, in general the shareholders shall have the opportunity to avoid a dilution of their shareholding quota by way of purchases of shares via the stock exchange.

For a potential placement of shares of the Company by way of an accelerated bookbuilding process, the Company may combine a share capital increase of the Company against contribution in cash and a sale of treasury shares of the Company. The maximum aggregate of (i) the number of shares to be placed (by way of a cash capital increase and a sale of treasury shares) and (ii) the (initial) number of shares underlying the mandatory convertible notes shall not exceed 28,021,316 shares (corresponding to approx. 25% of the current share capital of the Company) as maximum limit.

In particular due to the reasons referred to above the purposes and measures pursued in the Company's interest with the exclusion of the subscription rights – which are in any case indirectly aligned with the interests of the shareholders – prevail so that excluding the shareholders' subscription rights is not disproportionate.

5. Justification of the issue price (subscription price)

The issue price (subscription price) for the shares issued in the course of a capital increase against contributions in cash will be set on the basis of market-standard accelerated bookbuilding in accordance with standard market conditions and the stock exchange price level of the share. An accelerated bookbuilding for the placement of shares and the pricing is common and proven on the international capital market. Thus the issue price (subscription price) is determined in accordance with market conditions and the assessment of the issue price (subscription price) is subject to a "market test".

The shares will be issued with the same rights (in particular profit entitlements) as the existing shares of the Company (ISIN AT0000A21KS2). The rights arising from the shares are thus taken into account in the valuation of the shares on the capital market (in particular the stock exchange price) and thus are also taken into account in the issue price (subscription price).

6. Summary

Considering the described circumstances, it is noted that the intended exclusion of the subscription rights is necessary, suitable, proportionate and in the prevailing interest of the Company objectively justified and required.

This report from the Executive Board will be published on the Company's website, which is registered in the commercial register. A reference to this publication is made in the Wiener Zeitung. The consent of the Supervisory Board is required for the exclusion of the subscription right to execute a capital increase against contribution in cash. Pursuant to section 171 para 1 Austrian Stock Corporation Act the Supervisory Board resolution on this topic will be adopted at the earliest two weeks after publication of this report.

Vienna, 16 June 2020

The Executive Board of IMMOFINANZ AG