

Report on Item 10 of the  
Agenda

**25<sup>th</sup> Ordinary Shareholders' Meeting**  
of  
**IMMOFINANZ AG**  
on 11 May 2018

**Report of the Executive Board of IMMOFINANZ AG in accordance with section 2 para 5 Austria Capital Adjustment Act regarding the proposed capital increase from company own funds**

For the ordinary shareholders' meeting of IMMOFINANZ AG (the "**Company**") on 11 May 2018 the resolution upon a capital increase from company own funds in accordance with sections 1 et seq. Austrian Capital Adjustment Act shall be proposed. The Executive Board hereby reports to the Shareholders' Meeting in accordance with section 2 para 5 Austrian Capital Adjustment Act.

The report in accordance with sec 2 para 5 Austrian Capital Adjustment Act shall render the proposals for the capital increase and describe the relevant circumstances leading to the proposals. The capital increase from company funds (capital adjustment) is associated with resolutions on a share split (reverse stock split) and an ordinary capital reduction. This report therefore also makes additional references to these two measures.

1. At the date of this report, the share capital of the company amounts to EUR 1,120,852,699.00 and is divided in 1,120,852,699 non-par value bearer shares. Thus, the pro-rata amount of the share capital per share amounts to EUR 1.00.
2. On the same agenda item (item 10), a share split (reverse stock split) in a ratio of 10: 1 shall be resolved upon. As a result, each of 10 existing non-par value bearer shares of the Company will be combined into one non-par value bearer share. Following the reorganization of the shares, the share capital of the Company in the amount of EUR 1,120,852,699.00 is divided into 112,085,269 bearer shares with - as an intermediate step until ordinary capital reduction - a pro rata amount of the share capital of approximately EUR 10.00 each.
3. The annual financial statements as of 31 December 2017 were audited by the auditor of the Company, Deloitte Audit Wirtschaftsprüfungs GmbH. An unqualified opinion was granted. The financial statements as of 31 December 2017 are adopted and will be submitted to the ordinary shareholders' meeting. The financial statements as of 31 December 2017 show appropriated capital reserves in the amount of EUR 1,149,878,868.14. Unappropriated reserves in accordance with section 2 para 5 Austrian Capital Adjustment Act are not shown in the financial statements as of 31 December 2017; the profits carried forward amount to EUR 1,848,477.50. The capital adjustment is based on the financial statements as of 31 December 2017.
4. A partial amount of EUR 750,000,000.00 of the appropriated capital reserves shown in the financial statements as of 31 December 2017 shall be converted into share capital by way

of capital adjustment in order to thereafter reduce the share capital by way of ordinary reduction of the share capital for the purpose of allocating the funds to unappropriated reserves. Following the resolution on the reverse stock split (item 10a), the pro-rata amount of the share capital per share amounts to approximately EUR 10.00. The capital reduction amount - in addition to the capital increase amount of EUR 750,000,000.00 - should include the amount of EUR 1,008,767,430.00 in order to reduce the proportional amount per share in the share capital of the company back to EUR 1.00. Thus the share capital will be aligned with the number of outstanding shares again and will amount to EUR 112,085,269.00 after the ordinary capital reduction.

5. Thus, the Executive Board of the Company proposes to increase the share capital of the Company from currently EUR 1,120,852,699.00 by EUR 750,000,000.00 to EUR 1,870,852,699.00 by converting the respective amount of the appropriated capital reserve shown in the annual financial statement as of 31 December 2017 without issuance of new shares (capital adjustment in accordance with sections 1 et seq. Austrian Capital Adjustment Act). The proposed capital increase from company own funds shall become effective in accordance with section 2 para 1 Austrian Capital Adjustment Act retroactively as of 31 December 2017.
6. The Company issued non-par value bearer shares. By resolution on the reverse stock split, which is connected to the increase of the share capital (capital adjustment), the number of non-par value bearer shares of the company will be reduced to 112,085,269 (see No 2). In the course of the capital adjustment, the number of shares will not be changed. The increase of the share capital of the Company from company own funds will be executed without issuance of new shares in accordance with section 4 para 1 Austrian Capital Adjustment Act.
7. The increased amount of the share capital shall not remain in place, but the Shareholders' Meeting shall – in connection with the resolutions upon the reverse stock split and the increase of the share capital (capital adjustment) – also resolve upon the reduction of the share capital in accordance with the provisions on the ordinary reduction of share capital (sections 175 et seq. Austrian Stock Corporation Act). The resolutions in agenda item 10 are linked to each other: each resolution (reverse stock split, capital adjustment and ordinary reduction of the share capital) shall be passed under the condition that the other two resolutions are passed.
8. The ordinary reduction of the share capital shall have the purpose to allocate the funds from the capital reduction to unappropriated reserves. Further, the pro-rata amount of the share capital per share shall be adjusted by way of reduction of the share capital to EUR 1.00 again. The pro-rata amount of share capital per share was increased to approximately EUR 10.00 per share through the reverse stock split and further to approximately EUR 16.69 through the capital increase from company own funds. The amount of the ordinary capital reduction proposed for the resolution therefore also includes, in addition to the capital increase amount of 750,000,000.00, the amount of EUR 1,008,767,430.00, which corresponds to a reduction of the pro-rata amount of the share capital per share of approximately EUR 9.00. By resolution on the reverse stock split the number of shares in the company will be reduced to 112,085,269 (see No 2). This number of shares will not change as a result of the intended ordinary reduction of the share

capital. By way of ordinary reduction of the share capital the share capital of the company shall be reduced by EUR 1,758,767,430.00 to EUR 112,085,269.00.

9. The number of shares issued may change until the date of the ordinary shareholders' meeting. In this case, the proposed resolution will be adjusted to the number of shares outstanding at the time of the ordinary shareholders' meeting.
10. The conversion of appropriated reserves to share capital (capital adjustment) together with the ordinary reduction of the share capital for the purpose of allocation in unappropriated reserves shall allow the release of unappropriated reserves for distributions to the shareholders. The first step to increase the share capital by conversion of a partial amount of the appropriated reserves to share capital (capital adjustment) is required, as the Austrian Stock Corporation Act does not provide a resolution upon a (direct) release or reduction of appropriated reserves.
11. After registration of the ordinary reduction of the share capital with the companies register the share capital of the Company will amount to EUR 112,085,269.00 and will be, based on the current number of issued shares, divided in 112,085,269 non-par value bearer shares. The pro-rata amount of the share capital per share will amount to EUR 1.00.
12. After registration of the reverse stock split, the capital adjustment and the ordinary reduction of the share capital the equity of the Company as of 31 December 2017 would be as follows (without taking into account changes in the share capital and the number of shares since 31.12.2017):

Balance sheet as of 31 December 2017	Prior to capital increase of company own funds in EUR	After capital increase of company own funds in EUR (incl. reverse stock split)	After ordinary reduction of the share capital in EUR (incl. reverse stock split)
<b>I. Share capital*)</b>	1,116,173,778.00	1,866,173,778.00	111,617,377.00
<b>II. Capital reserves</b>			
1. appropriated	1,149,878,868.14	399,878,868.14	399,878,868.14
2. unappropriated	0.00	0.00	1,754,556,401.00
<b>III. Profit (loss) Account</b>	325,898,339.84	325,898,339.84	325,898,339.84
Thereof profit carried forward	1,848,477.50	1,848,477.50	1,848,477.50
<b>Sum</b>	<b>2,591,950,985.98</b>	<b>2,591,950,985.98</b>	<b>2,591,950,985.98</b>

\*) As of the balance sheet date, 4,678,921 IMMOFINANZ shares were issued until the publication of this report due to conversions in the 2018 convertible bond.

13. The resolution of the Shareholders' Meeting upon the reverse stock split has to be filed for registration with the companies register by the Executive Board and will become effective upon registration with the companies register. The resolution of the Shareholders' Meeting upon the capital adjustment has to be filed for registration with the companies register by the Executive Board together with the chairman of the Supervisory Board (or the vice chairman) within nine months from the date of the financial statements as of 31 December 2017 on which the capital adjustment is based on, thus until 30 September 2018. The

capital adjustment will become effective upon registration with the companies register too. Further, the reduction of the share capital has to be filed for registration with the companies register and will become effective upon registration with the companies register.

14. According to sec 2 para 3 Austrian Capital Adjustment Act appropriated reserves may only be converted into share capital to the extent that the remaining appropriated reserves equals at least one tenth of the share capital after the conversion. The remaining appropriated reserves after the execution of the proposed capital increase amount to EUR 399,878,868.14. These appropriated reserves fulfil the statutory requirement of section 2 para 3 Austrian Capital Adjustment Act.
15. Further, no impairment of assets have occurred since the date of the financial statements as of 31 December 2017 on which the proposed capital adjustment is based until the date of this report, which would preclude the capital increase from company own funds in the sense of section 3 para 1 Austrian Capital Adjustment Act.
16. This report of the Executive Board will be audited by the auditor of the Company, Deloitte Audit Wirtschaftsprüfungs GmbH, in accordance with section 2 para 5 Austrian Capital Adjustment Act and the audit report will be submitted to the shareholders' meeting. Also, the Supervisory Board of the Company will submit a report.

Vienna, April 2018

The Executive Board