

Report of the Supervisory Board

DEAR SHAREHOLDERS,

IMMOFINANZ continued to optimise its offering in the office and retail sectors during the abbreviated 2016 financial year. Activities also focused on further quality and efficiency improvements as well as the strengthening of ties with existing tenants and the acquisition of new tenants. The introduction of myhive added an international office concept to the company's previous product brands: STOP SHOP for retail parks and VIVO! for shopping centers. The future development of the portfolio will concentrate on these three brands. The 23rd annual general meeting on 29 September 2016 approved a dividend of six Euro cents per share and therefore re-established a sustainable distribution policy. In addition, the annual general meeting approved the conclusion of a settlement with former Executive Board member Norbert Gertner.

The Supervisory Board accompanied IMMOFINANZ and its Executive Board on all activities during the abbreviated 2016 financial year and, as in previous years, conscientiously performed the duties required by law and the articles of association. The Executive Board provided the Supervisory Board with extensive, ongoing and timely information on the development of business and on the company's asset, financial and earnings position and, in this way, met its information requirements.

Four Supervisory Board meetings were held during the abbreviated 2016 financial year, all of which included the members of the Executive Board. Outside the framework of these meetings, the Supervisory Board remained in regular contact with the Executive Board and took a number of decisions through circular resolutions.

The Supervisory Board dealt extensively with the company's strategic orientation and financing situation as well as developments on the capital market and in IMMOFINANZ's core markets. Focal points included the acquisition of a 26% investment in CA Immobilien Anlagen AG (CA Immo) and the further optimisation and financing of the property portfolio. The Executive Board also provided regular reports on the development of the shopping centers in Moscow. At the Supervisory Board meeting in December 2016, the Executive Board and Supervisory Board concluded that the separation process for the Russian properties would take longer than originally planned. This decision was based, among other factors, on the recent stabilisation of economic conditions in Russia, and efforts will be made to conclude the transaction during 2017. Since the separation of the Russian property portfolio is a precondition for the merger of IMMOFINANZ and CA Immo, the respective annual general meetings to approve the merger will presumably be held in 2018.

Further resolutions by the Supervisory Board involved, among others, the sale of a smaller retail portfolio in Austria with 88 properties, the sale of the *BBC Centrum A* and *B* office buildings in Prague and the acquisition of six retail parks in Slovakia. After the end of the reporting year, the Supervisory Board approved the incentivised premature conversion of the convertible bond 2018 and the issue of a new convertible bond with a term ending in 2024. These refinancing measures will help to improve the term structure of the company's liabilities and financing costs.

EFFICIENT WORK IN THREE COMMITTEES

In order to support the efficient performance of its duties, the Supervisory Board has established three committees: the Audit Committee, the Strategy Committee and the Personnel and Nominating Committee. The previous composition of the committees was retained by the Supervisory Board at its constituent meeting in September 2016. The Supervisory Board members also assessed the efficiency of their work (self-evaluation) at this meeting. Information on the composition and responsibilities of the committees is provided in the Corporate Governance Report on page 28.

APPROVAL OF THE 2016A FINANCIAL STATEMENTS

The following documents were prepared by the Executive Board and audited by Deloitte Audit Wirtschaftsprüfung GmbH, which was appointed as the auditor by the annual general meeting on 29 September 2016: the annual financial statements of IMMOFINANZ AG as of 31 December 2016 including the management report and the consolidated financial statements together with the group management report. All of these documents were awarded an unqualified opinion (see page 208).

The annual financial statements and consolidated financial statements as well as the related auditor's reports were made available to all Supervisory Board members immediately after completion. These documents were discussed by the Audit Committee in detail in the presence of the auditor and the Executive Board and reviewed

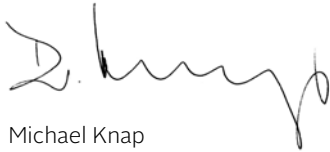
in accordance with § 96 of the Austrian Stock Corporation Act. Following this examination and discussion, the members of the Audit Committee unanimously agreed to recommend the unqualified acceptance of these documents to the Supervisory Board. The Supervisory Board accepted the annual financial statements as of 31 December 2016, which are considered approved in accordance with § 96 (4) of the Austrian Stock Corporation Act. The consolidated financial statements as of 31 December 2016 were also accepted by the Supervisory Board. In accordance with L-Rule 60 of the Austrian Corporate Governance Code, the Supervisory Board reviewed and approved the expanded corporate governance report which now also includes the consolidated corporate governance report.

The Supervisory Board agrees with the recommendation by the Executive Board for the use of profit. The agenda of the annual general meeting for the abbreviated 2016 financial year will therefore include a proposal to distribute a dividend of six Euro cents per share. Based on a recommendation by the Audit Committee, the Supervisory Board approved a proposal to the annual general meeting for the abbreviated 2016 financial year which calls for the appointment of Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, as the auditor for the 2017 financial year.

On behalf of the entire Supervisory Board, I would like to thank the members of the Executive Board and all IMMOFINANZ employees for their outstanding performance and strong commitment and also express our gratitude to shareholders for their confidence.

Vienna, 6 April 2017

For the Supervisory Board

A handwritten signature in black ink, appearing to read 'M. Knap', written in a cursive style.

Michael Knap
Chairman