Report on Item 6 of the Agenda

22nd Ordinary Shareholders' Meeting

of

IMMOFINANZ AG

on 01 December 2015

Report by the executive board of IMMOFINANZ AG on the authorisation to exclude the shareholders' subscription rights in connection with the authorisation of the executive board to issue convertible bonds in accordance with section 174 para 4 in conjunction with section 153 para 4 of the Austrian Stock Corporation Act

1. Authorisation

It will be proposed to the shareholders' meeting of IMMOFINANZ AG (the "**Company**") that the executive board shall be authorised, within five years from the date of the resolution, with the consent of the supervisory board, to issue convertible bonds up to a total nominal amount of EUR 900,000,000 with conversion and/or subscription rights in respect of up to 210,000,000 ordinary bearer shares of the Company representing a pro-rata amount of the share capital of the Company of up to EUR 218,018,502.51, also in several tranches and to determine all other terms of the convertible bonds as well as in respect of the issuance and the conversion procedure. The convertible bonds may be issued against cash and also for contribution in kind. This authorisation may also be exercised repeatedly. In that case the total number of (i) the shares already issued to holders of convertible bonds according to this authorisation and (ii) the shares in relation to which conversion and/or subscription rights may be exercised out of convertible bonds already issued and out of convertible bonds to be issued pursuant to the repeated exercise of the issuance authorisation, must not exceed the total maximum amount set out in this resolution. The same applies mutatis mutandis for the total nominal value of the convertible bonds set out in this authorisation. The fulfilment of the conversion and/or subscription rights can be effected through conditional capital, authorised capital, out of treasury shares or by way of delivery from third parties or a combination thereof.

The executive board shall be authorised by the shareholders' meeting, with the consent of the supervisory board, to fully or partially exclude the shareholders' subscription rights for convertible bonds.

Under this authorisation convertible bonds may only be issued under exclusion of the subscription rights, if the total number of new shares, for which conversion and/or subscription rights may be exercised on the basis of such convertible bond, shall not exceed 20% (twenty per cent) of the share capital at the time this authorisation is exercised. This limit shall also include new shares issued on the basis of another authorisation under exclusion of the shareholders' subscription rights during the term of this authorisation; further, the number of such new shares for which conversion and/or subscription rights of convertible bonds may be exercised, which are issued under exclusion of the subscription rights on the basis of another authorisation during the term of this authorisation.

In preparation of the shareholders' meeting the executive board submits a written report in accordance with section 174 para 4 in conjunction with section 153 para 4 of the Austrian Stock Corporation Act stating the reasons for the exclusion of the subscription rights as well as justifying the proposed issue price of the shares.

2. Interest of the Company

The authorisation to exclude the shareholders' subscription rights in the course of an issue of convertible bonds is in the interest of the Company for the following reasons:

The Company shall be able to finance itself quickly by issuing convertible bonds, in particular also to refinance the following outstanding bonds:

Bond	ISIN	Term		Outstanding Volume
Convertible Bond 2007–2017	XS0332046043	19.11.2017	EUR	21,400,000.00
Convertible Bond 2011–2018	XS0592528870	08.03.2018*)	EUR	508,453,707.00
Corporate Bond 2012–2017	AT0000A0VDP8	03.07.2017	EUR	100,000,000.00
			EUR	**629,853,707.00**

*) Put-Option for bondholders as of 08 March 2016

Further, there may arise a financing requirement, in particular to finance acquisitions of companies or real estate in the course of the Company's growth strategy.

The Company pursues an active management of its capital structure in order to keep the costs of capital at a minimum. This can be achieved by issuing convertible bonds, as in general the Company can obtain more favourable financing conditions compared to (mere) debt instruments (loan financing, bonds).

The more favourable financing conditions are a result from a combination of the following factors:

Convertible bonds bear interest together with a redemption right of the bondholders at maturity. In addition the bonds carry the right to acquire shares of the Company at a price fixed upon issuance of the convertible bond (conversion price), which allows to participate in the substance and the profitability of the Company as well as in the increase of the share value.

Issuing convertible bonds is in general more favourable than an immediate capital increase (such as from authorised capital): Under the common conditions of convertible bonds the conversion and/or subscription price of the shares to be issued in the course of a conversion (exercise of conversion and/or subscription rights) is above the share price at the time of issuance of the convertible bonds, so that a higher issue price can be achieved by the Company compared to an immediate capital increase.

The practise has shown that, with an issue under exclusion of subscription rights, better conditions can be achieved by the Company since an immediate placement avoids price effective risks from changes in market conditions. A rights issue with subscription rights requires a minimum two weeks statutory subscription period (sec 174 para 4 in conjunction with sec 153 para 1 of the Austrian Stock Corporation Act) having the effect that institutional investors, which focus on investments in convertible bonds and have special requirements on denomination, structuring and for the issuance procedure, may not or may only be addressed with a lower amount due to non-market standard arrangements, allocation mechanisms and/or potential market risks. Also an investor communication focused on the specific target group is required. The Company can also strengthen this institutional investor base by issuance of convertible bonds.

The performance of the share price as well as the volatility of stock markets in general have significant influence on the structuring and the terms and conditions of convertible bonds. Based on experience, more attractive financing conditions can be achieved if the Company is able to react swiftly and flexibly to favourable market conditions to optimise the conversion and/or financing conditions.

The issue of convertible bonds under exclusion of shareholders' subscription rights can be processed significantly faster (and more cost efficiently) since no preparation time for prospectus drafting and obtaining the prospectus approval is required. Further, the placement under a prospectus exemption also reduces the liability risks of the Company compared to an offering with publishing a prospectus.

It is further in the interest of the Company to issue convertible bonds in exchange for contributions in kind, in particular in connection with mergers or for acquiring (also indirectly) companies and parts thereof, shares, businesses or parts of businesses or other assets (in particular real estate) or rights to acquire assets and also receivables against the Company. Convertible bonds can be used – depending on market conditions and the future development of the Company – as an acquisition currency for strategic transactions. In general it is possible to realise an issue price above the share price at the issue date compared to an acquisition in exchange for new shares (e.g. from authorised capital). Further, it is not required to immediately use liquid funds to finance the consideration. The issue of convertible bonds in exchange for contributions in kind in general requires the exclusion of the subscription rights, because in most cases individual assets are acquired (e.g. real estate, companies, parts of companies and shares or other assets) which cannot be provided by the shareholders. Having the opportunity to offer convertible bonds as acquisition currency can be an advantage for the Company in the competition for assets to be acquired.

The exclusion of the shareholders' subscription right is necessary for strategic, financial and organisational reasons in order to achieve the advantages for the Company in connection with the issuance of convertible bonds.

For the reasons listed above, the exclusion of the shareholders' subscription right in the course of convertible bonds issuances is common practise on the international capital market. This is also accepted by the stock market investors, in particular, if the shareholders are able to purchase convertible bonds on the secondary market. Thus, it is intended that convertible bonds are admitted to trading at an appropriate stock exchange or a multilateral trading facility.

By issuing convertible bonds under exclusion of subscription rights the Company is able to strengthen its equity as well as to reduce its financing costs in the interest of the Company and its shareholders.

3. Issue price

In case of an issue of convertible bonds the executive board will determine with the consent of the supervisory board and in accordance with the provisions of the Austrian Stock Corporation Act the terms of issuance and the terms and conditions of the convertible bonds, in particular interest rate, issue price, maturity and denomination, dilution adjustment, conversion period and/or conversion date, conversion rights and/or conversion obligations, conversion ratio and conversion price as well as the terms for conversion and/or subscription.

The fulfilment of the conversion and/or subscription rights can be effected through conditional capital, authorised capital, out of treasury shares or by way of delivery from third parties or a combination thereof.

The price of the convertible bonds shall be determined with regard to market-standard calculation methods in a market-standard pricing procedure. The price (issue price) of a convertible bond thereby has to be determined by the price (issue price) of an ordinary fixed-interest bond and the price for the conversion rights taking into consideration the other terms and conditions. The issue price of a bond is determined on the basis of market-standard calculation methods subject to the maturity of the bond, interest rate, current market interest rate as well as considering the credit rating of the Company. The value of the conversion and/or subscription right is calculated by means of option price calculation, in particular considering maturity/exercise period, share price development (volatility) or other financial ratios as well as the relation of the conversion and/or subscription price to the share price. Further conditions, e.g. rights to early redemption, a conversion obligations, and a fixed or variable conversion ratio are to be considered.

The issue price of the shares issued upon exercise of conversion (exercise of the conversion and/or subscription right) and the conversion and/or subscription ratio shall be determined with regard to market-standard calculation methods and the stock market price of the shares of the Company (basis of the calculation of the issue price).

In case of an issue of convertible bonds in exchange for contributions in kind (i) the issue price of the convertible bonds determined by applying the pricing terms described above analogously and to be agreed upon with the investors (contributors in kind) and (ii) the value of the contributed (acquired) assets must be in an adequate ratio.

The issue price of convertible bonds as well as the issue price of the shares are determined by objective criteria in line with international standards and satisfy the interest of the shareholders, whereby a dilution of the shareholders' financial participation shall be avoided as far as possible.

4. Consideration of interests

The authorisation to exclude the subscription rights for the described purposes is in the interest of the Company and is objectively justified in particular to strengthen and improve the market and competitive position in the interest of the Company and the shareholders.

The exclusion of shareholders' subscription rights is also necessary and appropriate, as in general more favourable conditions for convertible bonds can be achieved and more cost-intensive capital measures can be replaced. This secures long term and flexible financial and business planning. Without the exclusion of the shareholder' subscription rights the Company would not be able to use market conditions and/or acquisition opportunities as swiftly and flexibly. These benefits of the Company are also advantageous for all shareholders and it is to be expected that these benefits and, thus, the interest of the Company outweigh the interference by the exclusion of subscription rights.

Finally, an issue price will be targeted that avoids a dilution of the current shareholders.

If the mentioned circumstances are carefully considered, the exclusion of the subscription rights within the described limits is necessary, suitable, appropriate and in the prevailing interest of the Company objectively justified as well as required.

Vienna, November 2015

The Executive Board