IMMOFINANZ
GROUP

Report on Item 8 of the
Agenda

21st Ordinary Shareholders' Meeting
of
IMMOFINANZ AG
on 30 September 2014

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

In the 21st ordinary shareholders' meeting of IMMOFINANZ AG (the "**Company**") the following motion in connection with item 8 of the agenda shall be proposed:

1.1 Buyback of treasury shares

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%-threshold, 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 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 arithmetic mean of the average of the volume weighted daily closing price 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 the duration of 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 shareholders' 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) as well as by applying the mentioned reporting requirements under the Austrian Stock Corporation Act analogously based 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 (exclusion of subscription rights) in the course of a sale or deployment 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 (in particular 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 for 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.

- By means of a placement of treasury shares under exclusion of the shareholders' right to pro-rata purchase the shareholding structure of the Company may also be broadened or stabilised. First, this concerns an appropriate anchoring of the shareholders' base of the Company with institutional investors (in particular financial investors and strategic investors). Furthermore, based on strategic reasons with respect to the business activities of the Company it can be appropriate to acquire an investor as new shareholder, who, due to know-how and/or investment capital broadens the business activities for the Company or stabilises and strengthens the market position of the Company. The sale or deployment of treasury shares under exclusion of the shareholders' right to pro-rata purchase enables a placement of the treasury shares within a short period of time. By that means the Company can quickly and flexibly exploit market opportunities, in particular regarding the price level of the shares, for the sale or deployment of treasury shares.

- 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, e.g. in case of a bond, a convertible bond or loan or other financing. Due to the amount of the necessary financing requirement and/or the given time limit in which the financing requirement has to be met and in consideration of 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, it may be the case that the necessary financing requirement cannot be met or not be met within the time limit required through a (exclusive) sale of treasury shares via the stock exchange or by way of public offering.

  In particular the exclusive sale of treasury shares via the stock exchange or by way of public offering is not feasible for the (short term) procurement of means necessary 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.

  By exclusion of the shareholders' right to pro-rata purchase potential disadvantages to the Company can also be avoided. This particularly applies to negative share price developments because of an 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") in 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). Especially in an unstable and volatile market environment due to macro-economic factors the Company can be subject to market-driven price risks of the shares.

- Excluding the shareholders’ right to a pro-rata purchase allows the Company to execute an Accelerated Bookbuilding which reduces the placement risk. In the course of an Accelerated Bookbuilding the Company is able to assess the market price more swiftly and precisely during a short offer period, which in this form would not be possible in the course of a public offer of the shares. International practice has also shown that better pricing has been achieved in the course of an Accelerated Bookbuilding due to the immediate placement, which eliminates market risk factors otherwise reducing the offered price from institutional investors. A public offering also requires a significantly longer time period for preparation and approval of a prospectus. A placement of the shares with exclusion of the shareholders’ right to a pro-rata purchase as well as executing a private placement under a prospectus exemption avoids such downsides. Further, a placement within the scope of a prospectus exemption significantly reduces the liability risks of the Company compared to a public offering requiring the publication of a prospectus.

- The exclusion of the shareholders’ right to pro-rata purchase can also be useful in the course of a capital increase and placement of new shares of the Company if overallotment options (Greenshoe) can be fulfilled with treasury shares. Overallotment options (Greenshoe) are applied for over-subscribed issues of shares. For overallotment options additional shares are issued with the same conditions as the new shares issued in the course of the capital increase. Overallotment options (Greenshoe) are standard international practice with the purpose to stabilize the share price after the placement of shares and are therefore in the interest of the Company.

- 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 conduct 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. Furthermore, treasury shares can be deployed in security lending transaction as (price) stabilisation measures in connection with issuances of securities (e.g. convertible bonds of the Company with conversion and/or subscription rights into shares of the Company). For the purpose of the sale of treasury shares it might be appropriate to conclude options with the right of the Company to sell shares (put-options) or the obligation of the Company to sell shares if the option is exercised (call-options).

- It is also in the interest of the Company that treasury shares can be deployed for participation programmes (granting of stock options or transfer of shares) to members of the executive board, employees or executive employees of the Company or of its affiliated companies. Therefore, according to section 65 para 1b sentence 3 of the Austrian Stock Corporation Act a resolution of the shareholders’ meeting is not required in case treasury shares are sold to fulfil participation programmes with respect to these persons (section 65 para 1 item 4 of the

Austrian Stock Corporation Act). In addition, the issuance of shares to these persons qualifies as appropriate reason for the exclusion of subscription rights of shareholders according to section 153 para 5 of the Austrian Stock Corporation Act.

- 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 by means of public offering, also excluding the shareholders' right to purchase shares (exclusion of subscription rights) is both suitable and necessary in order to deploy treasury shares as compensation for acquisition purposes and/or to ensure the disposal of the treasury shares at the best possible terms and/or in order to achieve a placement and anchoring within a preferred (institutional) range of investors and/or in order to achieve optimal financing terms and/or to procure the necessary financing means within a certain time limit and/or to an overallotment option (Greenshoe) and/or for the use for financing transactions and/or security lending transactions or security loan transactions and/or for concluding call-/put-options and/or deployment for participation programmes and/or to secure or fulfil conversion rights of convertible bonds, each as described under point 2.1.

To the extent of the usual trading volumes the shareholders are free to purchase shares via the stock exchange. Consequently, in general also in the case of off-exchange disposal/deployment 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 and deployment of treasury shares, in general there is no dilution risk for shareholders – comparable to capital increases – provided the sale price is adequate (see point 2.3). The percentage of the shareholder's shareholding changes in the case of sale of treasury shares, but in this case only the original percentage of the shareholding is restored as it was 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, security lending transactions or security loan transactions or concluding put- or call-options may only be executed with professional market participants, for appropriate and practical reasons, in particular to react in a quick and flexible way to the market situation. Therefore, the exclusion is necessary to execute these transactions and – because these transactions cannot be executed otherwise – it is a suitable method for business interest.

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 by means of 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 by means of 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 deployment of treasury shares as consideration for acquisition purposes (acquisition currency) the sales price for the treasury shares has to fall in an appropriate ratio with respect to the value of the acquired asset.

If the treasury shares are deployed to fulfil overallotment options (Greenshoe), the sales price for the treasury shares essentially corresponds to the issue price of the shares issued in the course of the capital increase (issuance).

In the case of an off-exchange sale or deployment of treasury shares under exclusion of the shareholder's right to purchase shares the sales prices shall be determined depending on market conditions with regard to (average) share prices and the price level of the shares; where appropriate also with regard to calculated market values based on market standard calculation methods of options, taking into account in particular the strike price and paid and/or received option premiums. In most cases, with such pricing based on market standard calculation and pricing methods no disadvantage occurs to the shareholders; in any case, however, no disproportionate disadvantage occurs as a result of a percentage dilution.

In case of deployment of treasury shares for financing transactions (e.g. repo transactions or swap transactions) or security lending transactions or security loan 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. Thus, it may be necessary for the Company to swiftly procure treasury shares as acquisition currency at adequate terms.

In addition, it is also in the interest of the Company to be able to swiftly acquire and deploy treasury shares for the use of financing instruments, to underlie convertible bonds or options, in case a certain financing requirement of the Company (as described 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 via the stock exchange or by way of public offering within the required time schedule or at adequate prices.

It can also be in the interest of the Company to conclude put-options which oblige the Company upon exercise of the option to purchase shares of the Company or to agree on call-options which grant rights to the Company upon exercise of the option to purchase shares of the Company. Put-options in the context with the repurchase of shares can be appropriate, if the Company intends to repurchase treasury shares at low share price level. By using call-options the Company can also hedge the share price. Concluding options may also create liquidity advantages because liquidity is only required upon exercise of the option. Those transactions can – for practical and appropriate reasons – only be executed with professional market participants. Therefore those transactions can only be executed by excluding the shareholders' right to a pro-rata disposal of shares.

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

Through the off-exchange purchase of blocks of shares as well as agreements on put- or call-options, which require a 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. The 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 as well as 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' rights to dispose shares in case of an off-exchange repurchase of treasury shares by the Company will not have a negative dilutive effect for the shareholders and there is no risk of a decrease of the percentage shareholding. As the purchase price is determined depending on market conditions with regard to (average) share prices and the price level of the shares (also where appropriate with regard to calculated market values based on market standard calculation methods of options, taking into account in particular the strike price and paid and/or received option premiums) in most cases no disadvantage of shareholders will arise and in the (fewer) remaining cases no disproportionate disadvantage will occur as the shareholders are free to sell shares via the stock exchange within the limits of 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.

As regards the exclusion of the shareholders' right to a pro-rata disposal in case of the purchase of shares which are purchased in the course of the repayment of financing transactions deploying treasury shares (sale of treasury shares based on the authorisation granted by the Company's shareholders' meeting on 05 October 2012), it is also referred to the report of the executive board published on 17 December 2012 in connection with the exclusion of the shareholders' rights to purchase shares (subscription right) in the course of sale of treasury shares and the exclusion of the shareholders' right to a pro-rata disposal in the course of a repurchase of shares upon termination of the financing transactions.

In considering (i) the interests of the Company on the one hand 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 and (ii) 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 on the other hand the conclusion can be drawn that the authorisation to repurchase treasury shares off-exchange under exclusion of the shareholders' right to dispose of shares is not disproportionate and based on the reasons described above is necessary and suitable in order to achieve the investment and financing objectives 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 2014

The Executive Board