Financial Statements IMMOFINANZ AG 2012/13 incl. Management Report

Balance Sheet as of 30 April 2013

Assets					30 April 2013 EUR	30 April 2012 TEUR
A.	Non-current assets					
		I. Intangible assets				
			1. Trademarks and software	711,395.80	711,395.80	149
		II. Tangible assets				
			1. Buildings on land owned by third parties	1,434,210.41		1,245
			2. Furnitures, fixtures and office equipment	673,270.56		730
					2,107,480.97	**1,975**
		III. Financial assets				
			1. Investments in subsidiaries	6,640,074,739.49		6,654,956
			2. Investments in associated companies	850,000.00		850
			3. Treasury shares	172,644,852.04		145,756
			4. Non-current securities (rights)	8,129,033.31		8,129
					6,821,698,624.84	**6,809,691**
					6,824,517,501.61	**6,811,815**
B.	Current assets					
		I. Receivables				
			1. Trade receivables	237,274.59		2
			2. Receivables from subsidiaries	680,988,387.16		716,552
			3. Receivables from associated or jointly controlled entities	11,758,923.59		13,361
			4. Other receivables	9,044,132.35		5,282
					702,028,717.69	**735,197**
		II. Current marketable securities				
			1. Miscellaneous securities and shares		124,819,529.04	101,375
		III. Cash in bank			**111,247,825.80**	**872**
					938,096,072.53	**837,444**
C.	Prepaid expenses and deferred charges				**1,099,303.14**	**959**
					7,763,712,877.28	**7,650,218**

Equity				30 April 2013 EUR	30 April 2012 TEUR
A.	**Equity**				
		I. Share capital		**1,172,059,877.28**	**1,184,026**
		II. Capital reserves			
		1. Appropriated		4,017,779,656.75	4,005,813
		III. Revenue reserves			
		1. Other reserves (voluntary)	117,536,790.24		302,860
		2. Reserve for treasury shares	172,644,852.04		145,756
				290,181,642.28	448,616
		IV. Profit (loss) account			
		Thereof profit carried forward: EUR 11,267,344.66 (prior year: TEUR 14,361)		173,205,563.71	175,076
				5,653,226,740.02	**5,813,531**
B.	**Provisions**				
		1. Provisions for termination benefits		238,600.52	202
		2. Provisions for taxes		1,489,849.10	1,838
		3. Other provisions		19,227,680.22	20,447
				20,956,129.84	**22,487**
C.	**Liabilities**				
		1. Bonds		811,724,964.33	867,999
		2. Liabilities with financial institutions		186,526,093.39	36,541
		3. Trade liabilities		3,064,971.64	4,041
		4. Liabilities with subsidiaries		1,087,229,061.49	904,541
		5. Other liabilities		984,916.57	1,078
		From taxes: EUR 503,960.17 (prior year: TEUR 449)			
		From social security: EUR 408,127.73			
		(prior year: TEUR 355)			
				2,089,530,007.42	**1,814,200**
				7,763,712,877.28	**7,650,218**
Contingent liabilities				249,723,279.96	321,266

Income Statement for the Financial Year from 1 May 2012 to 30 April 2013

			2012/13	2011/12
			EUR	TEUR
1.	Revenues		51,381,917.27	69,033
2.	Other operating income			
	a) Income from the disposal of non-current assets with the exception of financial assets	0.00		2
	b) Income from the reversal of provisions	660,774.99		145
	c) Miscellaneous	4,587,708.53		3,077
			5,248,483.52	**3,224**
3.	Personnel expenses			
	a) Salaries	-22,669,403.78		-22,387
	b) Expenses for contributions to employee pension/severance funds	-406,674.29		-397
	c) Expenses for pensions	-188,540.84		-150
	d) Expenses for legally required social security and payroll-related duties and mandatory contributions	-5,083,533.20		-3,876
	e) Other employee benefits	-456,452.27		-642
			-28,804,604.38	**-27,452**
4.	Depreciation and amortisation		-669,021.99	-525
5.	Other operating expenses			
	a) Non-income based taxes	-446,250.88		-2,320
	b) Miscellaneous	-37,423,347.59		-59,018
			-37,869,598.47	-61,338
6.	**Subtotal of no. 1 to 5 (operating profit)**		**-10,712,824.05**	**-17,058**
7.	Income from investments in subsidiaries		81,111,364.86	350,503
	(Thereof from subsidiaries: EUR 80,000,000.00; prior year: TEUR 350,000)			
8.	Income from other securities classified as financial assets		17,145,689.53	458
	(Thereof from subsidiaries: EUR 17,075,514.53; prior year: TEUR 388)			
9.	Interest and similar income		23,833,880.70	22,281
	(Thereof from subsidiaries: EUR 18,227,055.30; prior year: TEUR 21,533)			
10.	Income from the write-up of financial assets		0.00	3,636
11.	Expenses arising from investments in subsidiaries			
	a) Impairment losses		-15,489,761.68	0
	(Thereof from subsidiaries: EUR 14,881,047.47; prior year: TEUR 0)			
12.	Interest and similar expenses		-69,090,366.60	-58,482
	(Thereof related to subsidiaries: EUR 29,740,730.52; prior year: TEUR 19,576)			
13.	**Subtotal of no. 7 to 12 (financial results)**		**37,510,806.81**	**318,396**
14.	**Profit/(loss) on ordinary activities**		**26,797,982.76**	**301,338**
15.	Income tax expenses		12,178,813.07	5,377
16.	**Profit/(Loss) for the year before changes to reserves**		**38,976,795.83**	**306,715**
17.	Release of revenue reserves			
	a) Other reserves (voluntary)		185,322,866.67	0
18.	Additions to other reserves			
	a) Other reserves (voluntary)	0.00		-146,000
	b) Reserve for treasury shares	-62,361,443.45		0
			-62,361,443.45	-146,000
19.	Profit carried forward from prior year		11,267,344.66	14,361
20.	**Profit/(loss) account**		**173,205,563.71**	**175,076**

Notes

1. General Information

The annual financial statements of IMMOFINANZ AG as of 30 April 2013 were prepared in accordance with the provisions of the Austrian Commercial Code ("Unternehmensgesetzbuch") in the current version. The principles of correct bookkeeping as well as the general objective of providing a true and fair view of the asset, financial and earnings position were observed.

The reporting year of IMMOFINANZ AG covers the period from 1 May 2012 to 30 April 2013.

In accordance with § 223 (2) of the Austrian Commercial Code, the comparable prior year data are presented in EUR 1,000.

The company elected to utilise the option provided by § 223 (4) of the Austrian Commercial Code, which permits the inclusion of additional positions when their content is not covered by a required position.

The income statement was prepared in accordance with the nature of expense method under which "total costs" are shown.

Valuation was based on the going concern principle.

2. Accounting and Valuation Principles

Intangible assets are carried at acquisition cost, less scheduled straight-line amortisation that is based on the expected useful life of the respective asset. All intangible assets held by the company were purchased.

Property, plant and equipment are carried at acquisition cost, less scheduled straight-line depreciation.

Depreciation and amortisation for the various asset additions and disposals in the reporting year are calculated beginning with the month of acquisition, respectively terminated in the month of disposal.

Financial assets are carried at cost less any necessary impairment losses. Impairment is determined by comparing the carrying amount of the asset with the equity owned plus any undisclosed reserves. Each subsidiary is responsible for valuing its own assets, whereby the combined results are included in the consolidated financial statements of the Group parent company IMMOFINANZ AG. If the value of an asset increases in subsequent financial years, the previously recognised impairment loss is reversed. This process involves a write-up equal to the amount of the impairment loss, whereby the value of the asset is not increased above historical cost. Treasury shares are carried at acquisition cost, whereby the carrying amount is reduced through an impairment loss if there is a lasting decline in value.

Receivables are carried at their nominal amount less any necessary impairment losses. The calculation of impairment losses to Group receivables is based on the fair value of equity in the financed company. If the financial statements of a borrower show negative equity (at fair value), an appropriate impairment loss is recognised. In accordance with the option provided by § 208 (2) of the Austrian Commercial Code, potential write-ups are not recognised.

The **miscellaneous securities and shares** reported under current assets are carried at cost, which is reduced by any necessary impairment losses as required by § 207 of the Austrian Commercial Code.

Provisions are recorded at the amount of the expected use, in accordance with the principle of prudent business judgment.

Liabilities are carried at their repayment amount in keeping with the principle of conservatism.

All **foreign currency transactions** are translated at the average exchange rate in effect on the date of the transaction. The measurement of foreign currency receivables and liabilities as of the balance sheet date is based on the applicable average exchange rate in effect on that date in keeping with the principle of conservatism. Any resulting exchange rate gains or losses are recognised to profit or loss for the financial year.

Derivative financial instruments are measured at market value. In accordance with the principle allowing for the application of different methods to the realisation of income and expenses, positive changes in market value are not recognised as income but losses are accounted for through provisions.

3. Notes to the Balance Sheet

Assets

Non-current assets

The development of **non-current assets** is shown on the attached schedule.

The following useful lives are used to calculate scheduled straight-line depreciation and amortisation for non-current assets:

	Useful life in years
Other intangible assets	3–10
Property, plant and equipment	2–10

The major change to **investments in subsidiaries** involves an impairment charge of EUR 14,881,047.47 to IMMOWEST Immobilien Anlagen GmbH.

Non-current securities consist primarily of shares in the Vienna Stock Exchange with a value of EUR 1,000,699.26 (2011/12: TEUR 1,001) as well as participation rights of EUR 7,078,334.05 (2011/12: TEUR 7,078) in RentCon Handels- u. Leasing GmbH.

As of 30 April 2013 the company held **treasury shares** with a value of EUR 172,644,852.04 (2011/12: TEUR 145,756). These treasury shares had a value of TEUR 173,333 based on the market price as of 30 April 2013. In accordance with an authorisation of the annual general meeting to withdraw treasury shares pursuant to § 65 (1) no. 8 sentence 3 of the Austrian Stock Corporation Act, a capital decrease of EUR 11,966,532.08 was carried out in October 2012 through the withdrawal of 11,526,415 treasury shares.

IMMOFINANZ AG held 55,823,833 treasury shares as of 30 April 2013. IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a wholly owned subsidiary of IMMOFINANZ AG, held 57,071,429 IMMOFINANZ shares as of this same date. Aviso Zeta AG, a wholly owned subsidiary of IMBEA IMMOEAST Beteiligungsverwaltung GmbH, held six shares. In total, member companies of the IMMOFINANZ Group held slightly less than 10% (2011/12: 9.16) of the share capital of IMMOFINANZ AG as treasury shares as of 30 April 2013.

The annual general meeting of IMMOFINANZ AG on 5 October 2012 authorised the Executive Board, with the consent of the Supervisory Board, to repurchase the company's shares in accordance with § 65 (1) no. 8 and (1b) of the Austrian Stock Corporation Act at an amount equalling up to 10% of share capital. This authorisation is valid for a period of 30 months beginning on the date the resolution was passed. The shares may be purchased in one or more transactions over the stock exchange or over the counter with repeated utilisation of the 10% limit, also with the exclusion of the proportional subscription rights of shareholders.

The annual general meeting of IMMOFINANZ AG on 5 October 2012 authorised the Executive Board, with the consent of the Supervisory Board, to sell treasury shares in another manner than over the stock exchange or through a public offering in accordance with § 65 (1b) of the Austrian Stock Corporation Act. These shares may be sold or used for any legal purpose, whereby the proportional purchase rights of shareholders are excluded (exclusion of subscription rights). This authorisation is valid for a period of five years beginning on the date the resolution was passed.

In 2012/13 44,534,312 treasury shares with a carrying amount of EUR 137,730,057.09 held by IMMOFINANZ AG and 57,071,429 shares with a carrying amount of EUR 156,859,656.91 held by IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a wholly owned subsidiary of IMMOFINANZ AG, were used as collateral for financing. Additional information on this financing is provided under the section on liabilities.

In accordance with § 240 (3) of the Austrian Commercial Code, treasury shares held directly by the company or by an entity controlled by the company are as follows:

Date of purchase	Number of shares	Shareholding company	Circumstances and authorisation	Proportional amount of share capital 30 April 2013 in EUR	Proportional amount of share capital 30 April 2013 in %	Purchase price in EUR
Aug. 2010	55,005,409	IMBEA IMMOEAST Beteiligungsverwaltung GmbH	Closing of the agreements with Constantia Packaging B.V. on the "IBAG bond" (§ 65 (1) no. 1 of the Austrian Stock Corporation Act)	57,105,699.52	4.87	151,264,874.75
Sep. 2010	2,066,020	IMBEA IMMOEAST Beteiligungsverwaltung GmbH	Settlement of Aviso Zeta banking business (§ 65 (1) no. 1 of the Austrian Stock Corporation Act)	2,144,907.56	0.18	5,594,782.16
Dec. 2010	6	Aviso Zeta AG	Acquisition of Aviso Zeta (§ 65 (1) no. 1 of the Austrian Stock Corporation Act)	6.23	0	16.85
Nov. 2010– March 2011	47,350,248	IMMOFINANZ AG	Share buyback programme 2010–2011 (§ 65 (1) no. 8 of the Austrian Stock Corporation Act)	49,158,238.87	4.19	145,755,598.51
Oct. 2012	-11,526,415	IMMOFINANZ AG	With drawal of treasury shares (§ 65 (1) no.8 sent. 3 of the Austrian Stock Corporation Act)	-11,966,532.08	-1.02	-35,472,189.92
Oct. 2012– Feb. 2013	20,000,000	IMMOFINANZ AG	Share buyback programme 2012–2013 (§ 65 (1) no. 8 of the Austrian Stock Corporation Act)	20,763,666.91	1.77	62,361,443.45 (incl. fees)
Total	**112,895,268**			**117,205,987.01**	**10**	**329,504,525.80**
Thereof used as collateral for financing						
Jan. 2013	-44,534,312	IMMOFINANZ AG	Sale for financing with treasury shares (§ 65 (1b) of the Austrian Stock Corporation Act)	-46,234,781.01	-3.94	-65,745,000.00
Jan. 2013	-57,071,429	IMBEA IMMOEAST Beteiligungsverwaltung GmbH	Sale for financing with treasury shares (§ 65 (1b) of the Austrian Stock Corporation Act)	-59,250,607.08	-5.06	-84,255,000.00
Total	**-101,605,741**		**Sale for financing with treasury shares (§ 65 (1b) of the Austrian Stock Corporation Act)**	**-105,485,388.09**	**-9**	**-150,000,000.00**

Information on the use of treasury shares as collateral for financing is provided in the notes under the section on liabilities.

Current assets

Receivables

The following table shows the classification of receivables by remaining term:

Amounts in EUR	30 April 2013	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Trade receivables	237,274.59	237,274.59	0	0
Receivables from subsidiaries	680,988,387.16	680,988,387.16	0	0
Receivables from associated or jointly controlled entities	11,758,923.59	11,758,923.59	0	0
Other receivables and assets	9,044,132.35	9,044,132.35	0	0
Total	**702,028,717.69**	**702,028,717.69**	**0**	**0**

Amounts in EUR	30 April 2012	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Trade receivables	2,438.46	2,438.46	0	0
Receivables from subsidiaries	716,551,816.66	716,551,816.66	0	0
Receivables from associated or jointly controlled entities	13,361,347.68	13,361,347.68	0	0
Other receivables and assets	5,282,165.73	5,282,165.73	0	0
Total	**735,197,768.53**	**735,197,768.53**	**0**	**0**

Receivables from subsidiaries and receivables from associated or jointly controlled entities are classified as current in cases where a specific payment term was not defined. However, these receivables are only collected if permitted by the liquidity situation of the respective creditor.

Receivables from subsidiaries comprise receivables of EUR 53,431,567.87 (2011/12: TEUR 93,248) from the provision of goods and services and receivables of EUR 363,364.17 (2011/12: TEUR 388) related to accrued interest for the participation rights in RentCon Handels- und Leasing GmbH. This position also includes other receivables of EUR 27,588,481.13 (2011/12: TEUR 15,415), dividends receivable of EUR 240,014,053.09 (2011/12: TEUR 350,000) and loans receivable of EUR 432,297,904.45 (2011/12: TEUR 327,296). Impairment losses of EUR 72,706,983.55 (2011/12: TEUR 69,795) were recognised to these loans receivable. The method used to assess impairment is explained in the section on accounting and valuation principles.

The value of selected properties held by subsidiaries of IMMOFINANZ AG increased during 2012/13 and earlier years and could have resulted in write-ups of EUR 16,864,110.83 (2011/12: TEUR 26,922) to receivables that were previously reduced through impairment losses. These write-ups would have led to an increase in income taxes, but were not recorded because Austrian tax law does not require the recognition of these value increases.

Other receivables consist primarily of EUR 6,548,079.28 (2011/12: TEUR 3,014) due from the taxation authorities.

In prior years, other receivables included TEUR 3,097 of loans granted to the members of the Executive Board of IMMOFINANZ AG during the prior year in connection with the long-term incentive programme. The Executive Board members repaid a total of EUR 3,168,764.35 (including interest) on these loans in 2011/12.

Miscellaneous securities and shares

This position comprises 962 shares of the 2014 convertible bond with a nominal value of EUR 96,200,000.00 (2011/12: TEUR 96,200), 224 shares of the 2017 convertible bond with a nominal value of EUR 22,400,000.00 (2011/12: TEUR 6,800) and 1,562,000 shares of the 2018 convertible bond with a nominal value of EUR 6,435,440.00 (2011/12: TEUR 0). In 2012/13 the company repurchased 156 shares of the 2017 convertible bond with a nominal value of EUR 15,600,000.00 and 1,562,000 shares of the 2018 convertible bond with a nominal value of EUR 6,435,440.00.

The repurchases made in 2012/13 covered EUR 15.6 million of the CB 2017 and EUR 6.44 million of the CB 2018.

Cash in bank

This item consists chiefly of deposits with UniCredit Bank Austria AG, Vienna, RAIFFEISEN BANK INTERNATIONAL AG, Vienna, ERSTE GROUP BANK AG, Vienna, Deutsche Bank Aktiengesellschaft, Frankfurt, Raiffeisenlandesbank Niederösterreich-Wien, Vienna, BAWAG P.S.K. Bank für Arbeit und Wirtschaft and Österreichische Postsparkasse Aktiengesellschaft, Vienna, LGT Bank AG, Vienna, and Landesbank Hessen-Thüringen, Frankfurt.

Prepaid expenses

This position includes miscellaneous fees paid in 2012/32 that relate to the following financial year, e.g. amounts due to the Austrian Financial Market Authority as well as insurance, flights, maintenance and licenses.

Equity and liabilities

Equity

Share capital totals EUR 1,172,059,877.28 (2011/12: TEUR 1,184,026) and is classified as follows:

	Number of shares 30 April 2013	Share capital in EUR 30 April 2013	Number of shares 30 April 2012	Share capital in EUR 30 April 2012
Bearer shares	1,128,952,687	1,172,059,877.28	1,140,479,102	1,184,026,409.36
Total	**1,128,952,687**	**1,172,059,877.28**	**1,140,479,102**	**1,184,026,409.36**

Equity as of 30 April 2013 comprised the following:

Amounts in EUR	30 April 2013	30 April 2012
Share capital	1,172,059,877.28	1,184,026,409.36
Capital reserves		
1) Appropriated	4,017,779,656.75	4,005,813,124.67
Revenue reserves		
1) Other reserves (voluntary)	117,536,790.24	302,859,656.91
2) Reserve for treasury shares	172,644,852.04	145,755,598.51
Profit (loss) account	173,205,563.71	175,076,208.76
Equity	**5,653,226,740.02**	**5,813,530,998.21**

In 2012/13 the company carried out a capital decrease of EUR 11,966,532.08 through the withdrawal of 11,526,415 treasury shares.

Capital and revenue reserves

The reserves in the separate financial statements of IMMOFINANZ AG, which were prepared in accordance with the Austrian Commercial Code, comprise the following: appropriated capital reserves from capital increases pursuant to § 229 (2) no. 1 of the Austrian Commercial Code and from the merger of IMMOEAST AG with IMMOFINANZ AG; a reserve for treasury shares pursuant to §225 (5) of the Austrian Commercial Code; and a voluntary revenue reserve. The change in the appropriated capital reserve resulted from the capital decrease of EUR 11,966,532.08 carried out in 2012/13 through the withdrawal of 11,526,415 treasury shares.

Provisions

The provision for termination benefits (EUR 238,600.52; 2011/12: TEUR 202) was calculated in accordance with actuarial principles, whereby the parameters included a discount rate of 3.5% and a retirement age of 60 years for men.

Other provisions consist primarily of accruals for taxes, legal and auditing expenses, legal proceedings, expert opinions, employees and derivatives.

Liabilities

Convertible bond 2007–2014, ISIN XS0283649977 (CB 2014)

Based on an authorisation of the annual general meeting on 28 September 2006 and with the consent of the Supervisory Board, IMMOFINANZ AG issued 7,500 convertible bond certificates on 19 January 2007. These certificates have a nominal value of EUR 100,000- each and carry an interest rate of 2.75%. The bondholders as well as the company were accorded certain premature cancellation rights. The CB 2014 has a term ending on 20 January 2014.

The put period for the premature redemption of the 2.75% CB 2014 issued by IMMOFINANZ AG ended on 9 January 2012. These notices took effect on 19 January 2012. Bondholders registered 776 CB 2014 certificates for redemption. The amount due for principal and interest totalled EUR 77.6 million and was financed from available liquid funds.

The outstanding nominal value of the CB 2014 amounted to EUR 25.7 million as of 30 April 2013 (2011/12: EUR 25.7 million). It will be redeemed on 20 January 2014 (maturity date).

Convertible bond 2007–2017, ISIN XS0332046043 (CB 2017)

Based on an authorisation of the annual general meeting on 27 September 2007, IMMOFINANZ AG issued 7,500 convertible bond certificates on 19 November 2007. These certificates have a nominal value of EUR 100,000- each and carry an interest rate of 1.25%. The bondholders as well as the company were accorded certain premature cancellation rights. The CB 2014 has a term ending on 19 November 2014.

A total of 156 CB 2017 convertible bond certificates with a nominal value of EUR 15.6 million were repurchased during the reporting year.

The put period for the premature redemption of the 1.25% CB 2017 issued by IMMOFINANZ AG ended on 9 November 2012. Bondholders registered 1,443 CB 2017 certificates (nominal value: EUR 100,000 per convertible bond certificate) for redemption. The nominal amount outstanding as of 30 April 2013 totalled EUR 35.1 million (2012: EUR 195.0 million).

The convertible bondholders have a further opportunity to put their bonds prematurely as of 19 November 2014.

Convertible bond 2009–2011, ISIN XS0416178530 (CB 2011)

On 6 April 2009 IMMOFINANZ AG announced a tender to all holders of the CB 2014 convertible bond (nominal value: EUR 750.0 million) and all holders of the CB 2017 convertible bond (nominal value: EUR 750.0 million). This offer covered the exchange of the existing bonds for a new CB 2011 convertible bond at a ratio of five to two plus a EUR 5,000.– cash payment for each EUR 100,000.– certificate exchanged. In connection with this tender, CB 2014 convertible bonds with a nominal value of EUR 75.5 million and CB 2017 convertible bonds with a nominal value of EUR 498.5 million were exchanged for CB 2011 convertible bonds with a nominal value of EUR 229.6 million.

A resolution of the annual general meeting on 2 October 2009 authorised the Executive Board to execute a conditional increase of up to EUR 23.4 million in share capital through the issue of up to 22,524,726 new bearer shares of common stock.

The conversion period for the 7.00%, CB 2011 convertible bond issued by IMMOFINANZ AG ended on 6 October 2011. Of the originally issued nominal value of EUR 229.6 million, convertible bond certificates with a nominal value of EUR 224.7 million were converted. The liabilities from the CB 2011 were reclassified to the equity of IMMOFINANZ AG on the conversion date and resulted in an increase of EUR 196.2 million in equity after the deduction of EUR 1.4 million in transaction costs (after the deduction of EUR 0.5 million in taxes).

IMMOFINANZ AG will redeem the CB 2011 convertible bonds on the scheduled date (22 December 2011) – after the exercise of conversion rights – at the outstanding amount of EUR 4.9 million.

Convertible bond 2011–2018, ISIN XS0592528870 (CB 2018)

On 14 February 2011 the Executive Board of IMMOFINANZ AG announced its intention, with the approval of the Supervisory Board on the same date, to issue up to 125,029,692 convertible bonds with a term ending in 2018. Based on a bookbuilding procedure, the interest rate was set at 4.25% per year, payable semi-annually in arrears on 8 March and 8 September of each year beginning on 8 September 2011. A conversion premium was also defined, which equalled 32.50% over the average volume-weighted price of the company's share on the Vienna Stock Exchange from the start of trading up to the price setting at EUR 3.1069. The subscription price for the convertible bond was set at EUR 4.12 and represents the nominal value, the issue amount, the initial conversion price and the repayment price per convertible bond.

On 8 March 2011, IMMOFINANZ AG issued 125,029,692 certificates within the framework of the 2011–2018 convertible bond with a nominal value of EUR 4.12 each and an interest rate of 4.25%. The term of this instrument ends on 8 March 2018. The bondholders as well as the company were accorded certain premature cancellation rights.

In 2012/13 1,562,000 CB 2018 convertible bond certificates with a nominal value of EUR 6.44 million were repurchased. The nominal amount outstanding as of 30 April 2013 was EUR 508.7 million (2012: 515.5 million).

Conversions and repurchases

No conversion rights were exercised during the 2012/13 financial year. In 2011/12 the exercise of conversion rights from the CB 2011 and CB 2018 convertible bonds increased the company's share capital by EUR 98.7 million through the issue of 95,105,516 IMMOFINANZ shares.

Convertible bonds with a total nominal value of EUR 22.0 million were repurchased in 2012/13 (2011/12: EUR 2.5 million).

Authorisation to issue new convertible bonds

The annual general meeting of the company on 28 September 2011 authorised the Executive Board to issue convertible bonds with a total nominal amount of up to EUR 1.2 billion. These bonds may carry exchange and/or subscription rights for to up to 212,804,717 bearer shares in the company with a proportional share of up to EUR 220,930,312.99 in share capital, and may be issued with or without the exclusion of subscription rights and in one or more tranches. This annual general meeting also approved a conditional capital increase of EUR 220,930,312.99 in accordance with § 159 of the Austrian Stock Corporation Act to service the exchange or subscription rights of the holders of convertible bonds that were or will be issued or equipped with exchange rights for new shares (i) based on a resolution of the annual general meeting on 28 September 2011 and/or (ii) the annual general meeting on 27 September 2007.

The following table shows the classification of liabilities by remaining term:

Amounts in EUR	30 April 2013	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Bonds	811,724,964.33	130,602,205.09	681,122,759.24	0
Liabilities with financial institutions	186,526,093.39	609,188.21	152,200,000.00	33,716,905.18
Trade liabilities	3,064,971.64	3,064,971.64	0	0
Liabilities with subsidiaries	1,087,229,061.49	1,087,229,061.49	0	0
Other liabilities	984,916.57	984,916.57	0	0
Total	**2,089,530,007.42**	**1,222,490,343.00**	**833,322,759.24**	**33,716,905.18**

Amounts in EUR	30 April 2012	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Bonds	867,998,732.46	230,978,774.54	637,019,957.92	0
Liabilities with financial institutions	36,541,273.70	374,269.22	1,750,000.00	34,417,004.48
Trade liabilities	4,041,582.98	4,041,582.98	0	0
Liabilities with subsidiaries	904,540,810.46	904,540,810.46	0	0
Other liabilities	1,078,291.99	1,078,291.99	0	0
Total	**1,814,200,691.59**	**1,141,013,729.19**	**638,769,957.92**	**34,417,004.48**

Liabilities with subsidiaries are classified as current in cases where a specific payment term was not defined.

In 2012/13 IMMOFINANZ AG issued a corporate bond with a total nominal value of EUR 100 million and an interest rate of 5.25%. The bond has a five-year term and a denomination of EUR 1,000.00.

Financing with treasury shares

Based on a resolution of the annual general meeting on 5 October 2012 to sell treasury shares in accordance with § 65 (1b) of the Austrian Stock Corporation Act and to purchase treasury shares in accordance with § 65 (1) no. 8 and (1b) of the Austrian Stock Corporation Act, IMMOFINANZ AG sold and transferred 101,605,741 treasury shares to financial institutions on 10 January 2013 for financing purposes. In exchange, IMMOFINANZ AG received financing of EUR 150 million for a term of up to three years. These 101,605,741 shares represented a proportional amount of EUR 105,485,388.09, or 9.00%, in share capital as of 30 April 2013.

In this connection, the 57,071,429 IMMOFINANZ shares held by IMBEA IMMOEAST Beteiligungsverwaltung GmbH (a wholly owned subsidiary of IMMOFINANZ AG) were also sold to IMMOFINANZ AG in January 2013 in exchange for a proportional share of the financing. This transfer of financing between IMMOFINANZ AG and IMBEA IMMOEAST Beteiligungsverwaltung GmbH generally reflects the same conditions for the sale, financing and repurchase of the IMMOFINANZ shares as defined in the contract between IMMOFINANZ AG and the financing financial institutions.

The company is entitled to repurchase the 101,605,741 shares in exchange for repayment of the financing (EUR 150 million) at any time during the term. At the end of the term, the company is required to repay the financing and repurchase the shares. The interest payments during the term of the financing are linked to the EURIBOR. Dividends paid by IMMOFINANZ AG during the term will be returned to the company. The agreed repurchase price for the shares equals the sale price, i.e. the market risk and opportunities associated with the shares remain with the company. From an economic standpoint, this transaction represents credit financing with collateral in the form of treasury shares; the financing is therefore reported under liabilities to financial institutions.

Liabilities with subsidiaries consist entirely of other liabilities, above all loans of EUR 568,110,383.68 (2011/12: TEUR 387,573) granted to subsidiaries as well as other settlement items. Additional information is provided in the section on investments in subsidiaries.

Guarantees

IMMOFINANZ AG has issued comfort letters on behalf of individual subsidiaries to guarantee their solvency. These comfort letters confirm that the involved companies will be able to meet their payment obligations at any time and oblige IMMOFINANZ AG to ensure that sufficient funds will be available to meet all liabilities at maturity. Furthermore, IMMOFINANZ AG is obliged to undertake all other necessary measures required by the applicable insolvency laws. IMMOFINANZ AG is also required to subordinate all liabilities that represent debt from the viewpoint of the involved company and must take a secondary position to all other creditors who are not shareholders of the involved companies or are subordinated in another manner.

Moreover, the company has provided guarantees or pledges of EUR 249,723,279.96 (2011/12: TEUR 321,266) to financial institutions on behalf of subsidiaries. The outstanding balance of the loan granted by Landesbank Hessen-Thüringen, for which IMMOFINANZ AG issued a guarantee in connection with a revolving credit facility, was repaid on 15 May 2013. The guarantee of EUR 173,493,975.90 also expired with this repayment.

Financial instruments

IMMOFINANZ AG concluded a contract for the following derivative financial instrument to hedge interest rate risk:

Type	Contract partner	Currency	Nominal value	Term	Net present value 30 April 2013
ZIO Collar CAP	Raiffeisen Bank International AG	EUR	182,000,000,00	27 Oct. 2011–13 May 2013	-89,828,82
Included under other provisions					**89,828,82**

This derivative is valued at the average interbank rates using generally accepted financial models.

The interest rate cap was concluded to hedge the outstanding balance of the revolving credit facility. The interest rate cap also ended with the repayment of the loan in May 2013.

4. Notes to the Income Statement

Revenues

Revenues consist of management fees charged out to the Group companies as well as insurance commissions.

IMMOFINANZ AG and IMBEA IMMOEAST Beteiligungsverwaltung GmbH (operations of the former IMMOEAST AG) are executive holding companies that provide management services to subsidiaries in Austria and other countries. The performance-based allocation of costs between the two companies is based on third-party settlement conditions. In 2012/13 IMMOFINANZ AG recorded accruals of EUR 48,641,636.14 (2011/12: TEUR 49,976) for revenues due from IMBEA IMMOEAST Beteiligungsverwaltung GmbH to reflect costs carried by IMMOFINANZ AG that are economically attributable to IMBEA IMMOEAST Beteiligungsverwaltung GmbH.

Other operating income

The major components of miscellaneous operating income include reversals of EUR 660,774.99 (2011/12: TEUR 145) to other provisions, income of EUR 1,102,318.36 (2011/12: TEUR 439) from the reversal of valuation allowances, income of EUR 1,591,508.01 (2011/12: TEUR 491) from expenses charged out and foreign exchange gains of EUR 900,221.00 (2011/12: TEUR 2,138).

Personnel expenses

Personnel expenses amounted to EUR 28,804,604.38 for the reporting year (2011/12: TEUR 27,451).

Other operating expenses

Impairment losses to and the derecognition of receivables totalled EUR 4,674,834.39 in 2012/13 (2011/12: TEUR 29,591).

Other major components of this position are administrative fees of EUR 5,977,281.88 (2011/12: TEUR 5,058), legal, auditing and consulting fees of EUR 6,912,428.80 (2011/12: TEUR 8,656), appraisal fees of EUR 1,326,959.60 (2011/12: TEUR 429), bookkeeping costs of EUR 1,135,609.85 (2011/12: TEUR 1,352) and mileage allowances and travel expenses of EUR 2,490,256.00 (2011/12: TEUR 1,968).

The company has elected not to disclose the fees charged by the auditor in accordance with the option provided by § 237 no. 14 last sentence of the Austrian Commercial Code.

The remuneration for the members of the Supervisory Board is approved during the current financial year for the previous financial year and subsequently distributed. The members of the Supervisory Board received remuneration of EUR 300,299.98 for the 2011/12 financial year (2011/12: TEUR 273).

Income from investments in subsidiaries

This position includes a dividend of EUR 80,000,000.00 paid by IMBEA IMMOEAST Beteiligungsverwaltung GmbH for 2012 (2011/12: TEUR 350,000) and a dividend paid of EUR 1,111,364.86 paid by EHL Immobilien GmbH for 2011 (2011/12: TEUR 503).

Interest and similar income

The major components of interest and similar income are interest of EUR 3,928,098.39 (2011/12: TEUR 7,056) on trustee loans granted by Immofinanz Corporate Finance Consulting GmbH and interest of EUR 14,298,956.91 (2011/12: TEUR 14,477) on Group receivables.

Expenses arising from investments in subsidiaries

In 2012/13 impairment charges totalling EUR 14,881,047.47 were recognised to investments in subsidiaries (2011/12: write-ups of TEUR 3,635).

Interest and similar expenses

This position includes interest expense from trustee loans granted by Immofinanz Corporate Finance Consulting GmbH (EUR 169,365.84; 2011/12: TEUR 8,416), interest on Group receivables (EUR 29,571,364.68; 2011/12: TEUR 9,188) and interest expense on the convertible bonds (EUR 35,365,637.10; 2011/12: TEUR 36,779).

Income tax expenses

This position includes the following items:

Amounts in EUR	2012/13	2011/12
Corporate income tax	-434,437.50	-402,500.00
Corporate income tax, credit prior years	207,720.23	0
Reversal of provision for corporate income taxes	10,178.00	0
Income tax expense (Group taxation), other periods	-1,870,590.03	-13,343,051.74
Income tax credits (Group taxation)	13,700,226.97	18,043,055.04
Income tax credits (Group taxation), other periods	564,272.89	1,079,236.86
Training bonus	1,442.51	0
Total	**12,178,813.07**	**5,376,740.16**

Tax income for the reporting year includes EUR -1,306,317.14 of effects related to prior periods, which reflect the final corporate tax assessments for the members of the tax group for 2008 through 2012. These effects did not have a material influence on the financial statements.

In 2012/13 the company did not elect to use the option provided by § 198 (10) of the Austrian Commercial Code, which permits the recognition of deferred tax assets on temporary differences arising from the financial statements prepared in accordance with Austrian commercial law and the respective tax bases.

Deferred tax assets totalled TEUR 1,028 as of 30 April 2013 (2011/12: TEUR 2,149).

5. Other Information

Information on size pursuant to § 221 of the Austrian Commercial Code

The company is classified as a large corporation based on the criteria defined in § 221 (1) of the Austrian Commercial Code.

Information on Group taxation pursuant to § 9 of the Austrian Corporate Income Tax Act

In accordance with a group application filed on 29 April 2005, the company has served as the head of a corporate group as defined in § 9 of the Austrian Corporate Income Tax Act since the 2005 tax assessment year. This corporate group has been expanded several times.

The company is the head of a corporate group as defined in § 9 of the Austrian Corporate Income Tax Act. The company and the members of the tax group concluded an agreement for the settlement of taxes, which was amended in 2011/12. In accordance with the amended agreement, each member of the Group with positive results must pay a tax charge equal to 25% of the assessment base to the head of the group. Any losses by members of the group are registered and can be offset in full against taxable profit recorded by the respective member in subsequent years. Consequently, there are no payments by the head of the group to members.

A provision of EUR 3.70 million was not recognised for negative taxable results generated and used by members of the IMMOFINANZ tax group because IMMOFINANZ does not expect any related tax liability in the future.

In previous years, members of the group were required to pay a tax charge to the head of the group when taxable results were positive. A taxable loss by a group member resulted in the payment of a tax credit by the head of the group to the member, whereby a corporate income tax rate of 12.5% was applied in both cases.

Related party transactions in the sense of § 237 no. 8b of the Austrian Commercial Code

All transactions with related companies and persons during the reporting year took place at arm's length.

Risk report

As an international property investor and developer, IMMOFINANZ Group is exposed to a variety of risks. A systematic risk management process ensures the timely identification of developments that could endanger the realisation of strategic and operating goals and also allows for the inclusion of important information in decision-making processes.

IMMOFINANZ Group has integrated an active risk management system into its operating processes and reporting paths. This system supports the rapid implementation of measures to counter risk and also has a direct impact on strategic decisions and operating processes. Internal guidelines, reporting systems and control measures have been installed throughout IMMOFINANZ Group to support the monitoring, evaluation and control of risks related to the operating business. Risk management in IMMOFINANZ Group takes place at all levels and is ultimately the responsibility of the Executive Board, which is involved in all risk-related decisions. The internal control system (ICS) was further optimised to support the early identification and monitoring of risk. Auditors evaluate the efficiency and effectiveness of the ICS each year, to the extent this is necessary for the preparation of the annual financial statements and the provision of a true and fair view of the asset, financial and earnings position of the company.

The most significant risk factors can be summarised under financial risks and market/property-specific risks.

Market-and property-specific risks arise from micro- and macroeconomic events in individual countries and developments at the property level. Included here are the market price risk as well as the competitive situation and transaction risk.

The primary objective of risk management is to identify risks at an early point in time and thereby support the rapid implementation of appropriate countermeasures.

Financial risks

Default/credit risk

Default and credit risks arise when a contract partner of IMMOFINANZ Group is unable to meet his or her obligations, and this situation leads to financial damage for IMMOFINANZ Group. The maximum credit risk represents the amounts reported under assets on the balance sheet and the amounts attributable to these risks. Default risk is reflected in appropriate valuation adjustments.

The most important instrument for managing default risk is the continuous evaluation of the credit standing of contract partners.

The risk of default on receivables due from tenants is low because tenants are generally required to provide security deposits (for residential properties: cash deposits; for commercial properties: bank guarantees or cash deposits) and the credit standing of tenants is monitored on a regular basis. The risk of default on receivables due from banks is also considered to be low because all financing transactions are concluded with financial institutions that have excellent credit ratings. Despite the high-quality of its financing partners, IMMOFINANZ Group will increase its monitoring of their credit standing in the future. This approach reflects the significant volumes of funds repeatedly invested with banks owing to the Group's business model as well as the regulatory changes planned for the banking sector in the EU.

Capital market and financing risk

The ability to obtain refinancing on the capital markets is an important strategic factor for IMMOFINANZ Group. Significant fluctuations on these markets can limit the availability of equity and/or debt. In order to minimise refinancing risk, IMMOFINANZ Group works to maintain a balance between equity and debt and distributes bank financing over various terms.

In order to eliminate the risks associated with the failure to meet capital market regulations, IMMOFINANZ Group has issued a compliance guideline. This guideline is designed to ensure the fulfilment of all capital market regulations and, above all, to prevent the misuse or distribution of insider information. The measures implemented in this connection include: the development of a compliance organisation; the definition of authorisations and duties for the compliance officer; the implementation of permanent and, where necessary, temporary classified units as well as blackout periods and trading prohibitions for persons assigned to these units.

The generation of liquidity from the operating business represents a central element of IMMOFINANZ Group's strategy. Processes to evaluate opportunities for optimisation or a further reduction in operating costs are expanded and improved continuously. Internal procurement guidelines for the operating business, above all in the area of property services, construction and facility management, form an important part of this cost reduction and optimisation potential.

In order to receive or continue the use of funds obtained through loan agreements, IMMOFINANZ Group must meet certain obligations – so-called financial covenants. The Group continuously monitors compliance with these covenants and remains in close contact with the lending institutions. If these obligations are not met, the lender may cancel the loan agreement under certain circumstances. At the present time IMMOFINANZ Group is not aware of and does not expect a breach of any major covenants that could negatively influence its business activities.

Foreign exchange risk

IMMOFINANZ Group is exposed to various forms of foreign exchange risk in connection with its balance sheet and cash flows.

The risk of devaluation associated with foreign currency cash balances is offset by the rapid conversion of these funds into the Euro.

Interest rate risk

As an international company, IMMOFINANZ Group is exposed to the risk of interest rate fluctuations on various property submarkets. Rising interest rates can influence earnings because they increase the interest expense on the Group's floating rate financing.

A change in interest rates will have a direct influence on financial results through its impact on floating rate financing. IMMOFINANZ Group limits the risk associated with rising interest rates – which would lead to higher interest expense and a decline in financial results – through the use of fixed interest rate financing contracts and derivative financial instruments (above all caps and swaps). These derivative financial instruments are recorded as independent transactions and not as hedges.

Liquidity risk

Liquidity risks are minimised by the preparation of a medium-term (five-year) forecast and an annual budget with monthly segmentation as well as monthly revolving liquidity reports that include variance analyses. Daily liquidity management ensures that all operating obligations can be met and funds can be optimally invested, and also gives the Group the necessary flexibility to realise short-term acquisition opportunities.

IMMOFINANZ Group also uses long-term financing that reflects the financial capability of the individual properties (interest coverage ratio and/or debt service coverage ratio) as well as their market value (loan-to-value ratio).

In order to prevent cost overruns and the resulting excess outflow of liquidity, IMMOFINANZ Group routinely monitors budgets and the progress of construction on all development projects and maintenance work.

Legal risks

As an international company, IMMOFINANZ Group is exposed to a variety of legal risks. Included here are risks related to the purchase or sale of property and risks arising from legal disputes with tenants or joint venture and development partners. A list of the major legal proceedings in which the Group is involved is provided in the section on legal disputes.

The outcome of current and future proceedings cannot be predicted with certainty. Therefore, expenses may arise from decisions or settlement agreements by the courts or public authorities that are not covered in full or in part by insurance or provisions. These expenses could have an impact on the results recorded by IMMOFINANZ Group.

Market risk and property-specific risks

The development of property markets is heavily dependent on economic growth and macroeconomic trends.

The related risks are based on the micro- and macroeconomic trends in the countries where IMMOFINANZ Group is active as well as developments on the global financial and investment markets. The resulting effects on market prices, market rents and yields also play an important role.

Property-specific risks are associated, above all, with the location of the properties, the architecture and the condition of the building as well as the local competitive situation.

In order to identify these risks and allow for the timely implementation of countermeasures, the property portfolio of IMMOFINANZ Group is analysed quarterly by means of a portfolio tracker. This analysis includes the systematic evaluation of quantitative and qualitative property factors, portfolio concentration, and sector and regional allocation and forms the basis for tactical decisions.

The examination of quantitative property factors includes the calculation of an expected future return for each property based on a detailed budget for the next financial year and medium-term forecasts derived from assumptions. The properties are then ranked according to their total return on equity. The qualitative factors are made measurable with a scoring model that values the quality of the building and location as well as the market attractiveness of each property.

Properties whose location and quality do not meet the portfolio requirements are sold over the medium-term.

The sector and regional diversification of the property portfolio provides an excellent balance for market cycles and fluctuations as well as concentration risks. IMMOFINANZ Group generally owns high-quality properties in good locations, and this provides special protection against the above-mentioned risks. Detailed market studies are prepared on a regular basis and analysed in connection with reports by recognised real estate experts to allow for timely reaction to changes in the market environment. All market changes are included in the portfolio analysis and have an important influence on investment, sales and project plans and thereby also on the Group's medium-term planning. The acquisition process in IMMOFINANZ Group includes extensive due diligence audits together with independent experts that are intended to identify any such risks in advance and to evaluate all risks related to legal, tax, economic, technical and social issues. IMMOFINANZ Group does not purchase properties that fail to meet its high quality standards. Regular commercial and technical reports are prepared after the acquisition, and the results are presented to the Executive Board.

The internal investment guideline of IMMOFINANZ Group regulates the framework and approval limits for all capital expenditure (property acquisitions, development projects and on-going investments). This process minimises or eliminates the major strategic and property-specific risks. Approval limits are defined in an extensive guideline that applies to all Group companies and regulates all authorisations from individual employees up to the Executive Board. In some cases, these transactions are also subject to the approval of the Supervisory Board.

Development projects are exposed to increased risks in the form of schedule and construction cost overruns as well as the success of rentals. IMMOFINANZ Group minimises these risks by starting projects only after a specific level of pre-rentals is reached and by the regular monitoring of costs and schedules through variance analyses.

IMMOFINANZ Group minimises inflationary risk by including index clauses in its standard leases.

The business model defined by IMMOFINANZ Group includes the acquisition of properties and real estate development projects at attractive conditions and the profitable sale of individual assets. The risk associated with these transactions is addressed, above all, through the diversification of the property portfolio. This broad-based portfolio which covers four asset classes in eight core countries has allowed for the repeated sale of properties in excess of fair value. Permanent market screening and wide-ranging business relationships as well as extensive knowledge of the relevant markets makes it possible for IMMOFINANZ Group to identify investment opportunities at an early point in time and to utilise these opportunities for new development projects.

Concentration risk

Concentration risk is understood to mean the accumulation of similar risks that contradict the principle of risk diversification. IMMOFINANZ Group consciously reduces these risks through the sector and regional diversification of the property portfolio and the realisation of larger real estate projects together with a partner. In addition to sector and regional diversification, IMMOFINANZ Group also works to achieve a diversified tenant structure. In this way, the loss of a tenant will not have a significant influence on the Group. IMMOFINANZ Group has a very well balanced and diversified tenant mix no single tenant is responsible for more than 2% of total rental income.

The Russian market is associated with a number of specific concentration risks. On the one hand, IMMOFINANZ Group has a single investment the *Golden Babylon Rostokino* shopping center in Moscow – which represents more than 10% of the standing investment portfolio based on fair value. On the other hand, the investments in Russia are concentrated on the Moscow retail market, which comprises 16.8% of the Group's standing investment portfolio.

Risks arising from legal proceedings

This section explains the status of legal proceedings related to lawsuits filed by (former) shareholders and lawsuits related to the management contract with Constantia Privatbank Aktiengesellschaft (now: Aviso Zeta AG).

Legal proceedings by shareholders against IMMOFINANZ AG and IMBEA IMMOEAST Beteiligungsverwaltung GmbH

Since November 2008 a number of shareholders have filed claims against IMMOFINANZ AG (in short: IFAG) and IMMOEAST AG (now: IMBEA IMMOEAST Beteiligungsverwaltung GmbH, in short: IMBEA). Some of the plaintiffs are IMMOFINANZ AG shareholders, while others are shareholders of the former IMMOEAST AG, who are asserting various claims against IMMOFINANZ AG or against IMBEA as the legal successor of IMMOEAST AG. In all cases, the plaintiffs are claiming damages based on prospectus liability or other alleged inadequate capital market information. The plaintiffs' argumentation is based primarily on alleged deficiencies in the prospectuses of IMMOFINANZ AG or IMMOEAST AG. Many of the plaintiffs' claims are also based on other legal grounds, e.g. the violation of ad-hoc reporting requirements. Among others, the plaintiffs contend that the funds raised from the public offering were not used for acquisitions or the development of new real estate projects, but for the financing of IMMOFINANZ AG and IMMOEAST AG and for the purchase of shares in IMMOFINANZ AG and IMMOEAST AG. IMMOFINANZ AG and IMBEA reject these claims. Of special note are 19 class action lawsuits of Austrian origin involving between 10 and 910 plaintiffs who have filed claims against IMMOFINANZ AG.

By the end of April 2013 a total of 810 lawsuits had been filed against IMMOFINANZ AG (whereby IMBEA was also named in some of the cases) and 78 lawsuits only against IMMOEAST AG/IMBEA with a value in dispute totalling approx. EUR 253 million. Most of the plaintiffs are covered by insurance for legal expenses or represented by Advo-Fin, a company that finances such proceedings. The status of the pending proceedings is different, whereby most are still in the early stages. In many of the cases the plaintiffs have already been heard, and a more extensive hearing of evidence has only taken place in a few cases. In 43 cases, a judgment in the first instance or a final judgment was issued, each – for different reasons – in favour of IMMOFINANZ AG or IMMOEAST AG/IMBEA. A decision in eight further cases is expected during the coming months. Some of the first-instance decisions were reversed by the Regional Appeals Court in Vienna or the Austrian Supreme Court and remanded to the first-instance court for renegotiation. In 17 of these proceedings, the plaintiffs withdrew their lawsuits. Seventy of the proceedings have been completed to date (19 legally binding judgments rejecting the lawsuits, 17 withdrawals of lawsuits and 34 agreements for withdrawal of the lawsuit under the waiver of claims).

Pending proceedings: IFAG/IMBEA	Number of proceedings	Value in dispute in MEUR
IFAG	376	25.3
IMBEA	66	7.7
IFAG and IMBEA	**376**	**218**

Legal proceedings by shareholders against investment consultants and Aviso Zeta AG and third party notices against IMMOFINANZ AG/IMBEA

At the beginning of August 2008 shareholders of IMMOFINANZ AG and IMMOEAST AG (now: IMBEA) filed lawsuits against Constantia Privatbank Aktiengesellschaft (now: Aviso Zeta AG) and AWD Gesellschaft für Wirtschaftsberatung GmbH (now: Swiss Life Select Österreich GmbH), through which they had purchased IMMOFINANZ and IMMOEAST shares. The plaintiffs allege, in particular, incorrect investment advising, misleading advertising and false depiction of IMMOFINANZ AG and IMMOEAST AG in public due to the withholding of information on the close relationship between the former Constantia Privatbank AG and IMMOFINANZ AG/IMMOEAST AG. Furthermore, the lawsuits contend that information was withheld on material transactions by the former Constantia Privatbank AG with shares of IMMOFINANZ AG and IMMOEAST AG and maintain that investors' funds were not used for the purposes stated in the prospectuses. The plaintiffs are seeking compensation and/or the assessment of the resulting financial losses. The plaintiffs did not lodge any direct claims against IMMOFINANZ AG in these cases. IMMOFINANZ AG and IMBEA are involved as intervening parties in some of the cases against Aviso Zeta AG or Swiss Life Select Österreich GmbH. An intervening party is someone who has a legal interest in the success of one party to pending legal proceedings between other persons or entities. The reason behind this type of intervention is that the defendant can file a recourse claim against IMMOFINANZ AG/IMBEA if the case is lost and is therefore taking action against IMMOFINANZ AG/IMBEA. If IMMOFINANZ AG/IMBEA did not join in these proceedings, IMMOFINANZ AG/IMBEA would not be able to raise the points addressed during the preliminary proceedings in any subsequent regress proceedings. The defendants' main argument against IMMOFINANZ AG/IMBEA is that the damages incurred by the plaintiffs were caused by actions on the part of IMMOFINANZ AG and IMMOEAST AG, which are currently under investigation by the Vienna public prosecutor in connection with criminal proceedings.

By the end of April 2013 Aviso Zeta AG had served IMMOFINANZ AG and/or IMBEA, in most cases both companies, with third party notices in 334 cases. Swiss Life Select Österreich GmbH has also served IMMOFINANZ AG and/or

IMBEA with third party notices in 226 cases, also in class action suits that were filed against Swiss Life Select Österreich GmbH. IMMOFINANZ AG and IMBEA joined in most of these cases.

According to the information currently available to IMMOFINANZ AG, judgments have been issued in 40 lawsuits against Swiss Life Select Österreich GmbH and Aviso Zeta AG. Some of these judgments were issued in favour of the respective defendant, others against. Neither Swiss Life Select Österreich GmbH nor Aviso Zeta AG has filed recourse claims against IMMOFINANZ AG or IMBEA.

Third party notices to IFAG/IMBEA	Number of proceedings	Value in dispute in MEUR
Aviso Zeta	334	36.9
AWD (now: Swiss Life Select Österreich GmbH)	226	17.6
Total	**560**	**54.5**

Proceedings to review the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG

IMMOFINANZ AG, as the accepting company, was merged with IMMOEAST AG, as the transferring company, in accordance with a merger agreement dated 21 January 2010. In connection with this merger, the former shareholders of IMMOEAST AG were granted a total of 567,363,702 shares in IMMOFINANZ AG based on an agreed exchange ratio of three IMMOFINANZ shares for each two IMMOEAST shares. Petitions were subsequently filed with the commercial court of Vienna by IMMOFINANZ shareholders and shareholders of the former IMMOEAST AG for a review of this exchange ratio pursuant to §§ 225c ff of the Austrian Stock Corporation Act. This step led to the start of court proceedings, and IMMOFINANZ AG has filed an extensive statement in response to the petitions. In accordance with legal regulations (§ 225g of the Austrian Stock Corporation Act), the commercial court of Vienna has ordered an expert opinion on the exchange ratio.

Decisions or settlements in the proceedings to review the exchange ratio will apply to all shareholders in the respective shareholder groups (erga omnes right). If the proceedings lead to additional payments (additional settlement payments), the shareholders in the disadvantaged shareholder group will receive these payments plus interest at a rate of 2% over the base interest rate on the registration date (28 April 2010). IMMOFINANZ AG has requested permission to grant additional IMMOFINANZ shares in place of cash settlements.

At the present time it is not possible to estimate whether the shareholder groups will be granted additional payments (additional settlement payments) or what the amount of these payments might be.

Other legal disputes

In March 2011 IMMOFINANZ AG filed a lawsuit against three former members of the Executive Board and members of the Supervisory Board of the former Constantia Privatbank AG that involved option transactions to the detriment of the former IMMOEAST AG. The proceedings were suspended after the first hearing in September 2011 until a final binding decision is issued in the criminal proceedings against these former Executive and Supervisory Board members. These criminal proceedings resulted in the (not yet legally binding) first-instance conviction, among others, of two of the three defendants. IMBEA was also awarded approx. EUR 7 million by this first-instance decision (not yet legally binding). In addition, Aviso Zeta was awarded approx. EUR 4 million.

IMMOFINANZ AG filed a further lawsuit in September 2011 to enforce claims against a former member of the Executive Board and other persons in connection with payments made to third parties without justifiable grounds on the instructions of this former board member. This case is still in the early stages.

In August 2011 a former member of the Executive Board filed a lawsuit against IMMOFINANZ AG to claim payment of remuneration for his duties on the Executive Board for a period of roughly three months. These proceedings are currently suspended until a decision is issued on a parallel case, which represents separate proceedings against IMBEA. The separate proceedings involve a claim by the same former Executive Board member for payment of remuneration for his duties on the Executive Board for the same period of roughly three months.

The above-mentioned values in dispute cover, in part, identical content. Based on estimates for the expected outcome of these proceedings, IMMOFINANZ Group has recognised an appropriate amount of provisions for legal disputes and provisions for legal proceedings in the consolidated financial statements.

Investments in subsidiaries and associated companies

Shares in subsidiaries and associated companies comprise the following:

Company	Balance sheet date	Share owned	Equity as of 30 April 2013 in EUR		Profit /(loss) for the year in EUR	
IMBEA IMMOEAST Beteiligungsverwaltung GmbH, Vienna	30 April 2012	100%	4,687,097,930.54	EUR	-309,287,968.24	EUR
IMMOWEST Immobilien Anlagen GmbH, Vienna	30 April 2012	100%	190,365,059.02	EUR	-75,696,287.60	EUR
EHL Immobilien GmbH, Vienna	31 Dec. 2012	49%	4,037,832.78	EUR	3,916,832.78	EUR

Average number of employees

	Balance on 30 April 2013	Balance on 30 April 2012
Salaried employees	271	241
Total	**271**	**241**

Obligations arising from the use of tangible assets not shown on the balance sheet

	2012/13	2011/12
	EUR	TEUR
Obligations for the next financial year	2,354,609.07	2,200
Obligations for the next five financial years	7,011,803.18	8,510

Corporate bodies

The corporate bodies of IMMOFINANZ AG are:

Executive Board

Eduard Zehetner (Chairman)
Daniel Riedl FRICS
Manfred Wiltschnigg MRICS (up to 31 March 2013)
Birgit Noggler

The members of the Executive Board received remuneration totalling EUR 4.7 million in 2012/13 (2011/12: EUR 3.8 million). Contributions of TEUR 117.2 (2011/12: TEUR 58.6) were made to the employee severance compensation fund and TEUR 188.5 (2011/12: TEUR 149.5) to the pension fund.

In May 2012, EUR 3 million of turnaround bonuses were granted to the three Executive Board members who were active during the reorganisation phase from 2008 to 2011 and are still employed by the company. IMMOFINANZ Group was successfully directed out of the life-threatening crisis in the 2008/09 financial year, and equity and the NAV were substantially increased. Furthermore, dividend payments were made possible.

Supervisory Board

Herbert Kofler – Chairman
Michael Knap – Vice-Chairman
Guido Schmidt-Chiari (up to 5 October 2012)
Vitus Eckert
Rudolf Fries
Nick J. M. van Ommen
Klaus Hübner
Christian Böhm

Authorised Signatories

Wolfgang Idl
Josef Mayer
Robert Operschall (from 30 April 2011 to 14 June 2012)
Alfons Mähr (since 17 January 2013)
Dietmar Reindl (since 17 January 2013)
Mario Josef Schmalzl (since 17 January 2013)
Martina Wimmer

Vienna, 2 August 2013

The Executive Board

Eduard Zehetner
CEO

Birgit Noggler
CFO

Daniel Riedl FRICS
COO

Development of Non-current Assets in acc. with § 226 (1) of the Austrian Commercial Code

	Acquisition or production cost				
Amounts in EUR	**Balance on 1 May 2012**	**Additions**	**Disposals**	**Reclassification**	**Balance on 30 April 2013**
1. Trademarks and software	443,030.78	665,745.92	0.00	0.00	1,108,776.70
Intangible assets	**443,030.78**	**665,745.92**	**0.00**	**0.00**	**1,108,776.70**
1. Buildings on land owned by third parties	1,396,170.69	365,879.81		0.00	1,762,050.50
2. Furniture, fixtures and office equipment	1,017,720.81	338,661.58	118,149.73	0.00	1,238,232.66
Tangible assets	**2,413,891.50**	**704,541.39**	**118,149.73**	**0.00**	**3,000,283.16**
1. Investments in subsidiaries	7,022,158,118.58	0.00	0.00	0.00	7,022,158,118.58
2. Investments in associated companies	850,000.00	0.00	0.00	0.00	850,000.00
3. Non-current securities (rights)	8,129,033.31	0.00	0.00	0.00	8,129,033.31
Thereof subsidiaries	7,078,334.05	0.00	0.00	0.00	7,078,334.05
4. Treasury shares	145,755,598.51	62,361,443.45	35,472,189.92	0.00	172,644,852.04
Financial assets	**7,176,892,750.40**	**62,361,443.45**	**35,472,189.92**	**0.00**	**7,203,782,003.93**
Total non-current assets	**7,179,749,672.68**	**63,731,730.76**	**35,590,339.65**	**0.00**	**7,207,891,063.79**

	Accumulated	Carrying amount		Impairment losses	Revaluations
Amounts in EUR	**Depreciation**	**30 April 2013**	**30 April 2012**	**Current year**	**Current year**
1. Trademarks and software	397,380.90	711,395.80	149,069.97	103,420.09	0.00
Intangible assets	**397,380.90**	**711,395.80**	**149,069.97**	**103,420.09**	**0.00**
1. Buildings on land owned by third parties	327,840.09	1,434,210.41	1,245,492.43	177,161.83	0.00
2. Furniture, fixtures and office equipment	564,962.10	673,270.56	730,488.47	388,440.07	0.00
Tangible assets	**892,802.19**	**2,107,480.97**	**1,975,980.90**	**565,601.90**	**0.00**
1. Investments in subsidiaries	382,083,379.09	6,640,074,739.49	6,654,955,786.96	14,881,047.47	0.00
2. Investments in associated companies	0.00	850,000.00	850,000.00	0.00	0.00
3. Non-current securities (rights)	0.00	8,129,033.31	8,129,033.31	0.00	0.00
Thereof subsidiaries	0.00	7,078,334.05	7,078,334.05	0.00	0.00
4. Treasury shares	0.00	172,644,852.04	145,755,598.51	0.00	0.00
Financial assets	**382,083,379.09**	**6,821,698,624.84**	**6,809,690,418.78**	**14,881,047.47**	**0.00**
Total non-current assets	**383,373,562.18**	**6,824,517,501.61**	**6,811,815,469.65**	**15,550,069.46**	**0.00**

Management Report for the 2012/13 Financial Year

A. General information

IMMOFINANZ AG is the largest listed property company in Austria. The company headquarters are located at A-1100 Vienna, Wienerbergstrasse 11. IMMOFINANZ AG (in the following, IMMOFINANZ) is the parent company of IMMOFINANZ Group whose business activities cover the development, acquisition, rental and best possible commercial utilisation of properties to optimise asset management. IMMOFINANZ is listed in the ATX index (ISIN AT 0000809058) of the Vienna Stock Exchange. As of 30 April 2013, the company had 1,128,952,687 zero par value, voting shares outstanding. Market capitalisation amounted to approx. EUR 3.5 billion at the end of the 2012/13 financial year based on a closing price of EUR 3.105. As of 30 April 2013 5.8% of the IMMOFINANZ shares were held by the FRIES Family Private Foundation, the Dr. Rudolf FRIES Family Private Foundation, Mr. and Mrs. Rudolf Fries and other closely related persons. JPMorgan Chase & Co, together with companies under its control, held 6.1% of the IMMOFINANZ shares. The remaining 88.1% of the shares are held in free float by private and institutional investors.

B. Business activities

IMMOFINANZ Group – a profitable, stable and risk-optimised real estate company

A real estate machine with a sustainable dividend policy

Who we are

IMMOFINANZ Group is a real estate investment and development corporation that is listed on the Vienna and Warsaw Stock Exchanges. Since its founding in 1990, the company has compiled a high-quality property portfolio that now includes more than 1,500 standing investments with a carrying amount of approx. EUR 9.4 billion. We currently manage 6,526,550 sqm of rentable space. The occupancy rate in these properties equals 89.5%, which confirms the quality of our portfolio.

Where we operate

We generate sustainable income for our shareholders with high-quality properties. Our activities are concentrated on prime properties in four asset classes – retail, office, logistics and residential. At the same time, our geographic portfolio in eight core countries – Austria, Germany, Poland, Czech Republic, Slovakia, Romania, Hungary and Russia – creates a balanced diversification of risk.

What we work on every day

As a **real estate machine**, we concentrate on linking our three core business areas: the development of sustainable, specially designed prime properties in premium locations, the professional management of these properties and cycle-optimised sales. Our active and decentralised asset management increases rental income and, at the same time, reduces vacancies. The liquid funds generated by property sales are reinvested in new development projects. That's how we keep the machine running. Our goal is to generate greater profitability along the entire value change with a clearly defined, standardised and industrialised process.

Why we believe in CEE

The IMMOFINANZ portfolio is divided nearly equally between Eastern and Western Europe. Our earnings in CEE are substantially higher than in the west, and we believe in the long-term growth story and the convergence potential of this region. The total return on our CEE properties from 2010 to 2012 brought us the "IPD Property Investment Award in Central & Eastern Europe for balanced funds".

C. Development of business

Asset position

The assets held by IMMOFINANZ consist primarily of financial assets, receivables due from subsidiaries and marketable securities. The balance sheet total equalled EUR 7,763,712,877.28 as of 30 April 2013, which represents an increase of EUR 113,494,624.90 over the prior year. This development resulted, above all, from the repurchase of convertible bonds and treasury shares, the issue of a corporate bond and new financing. The equity ratio was 72.82% (2011/12: 75.99%).

Earnings position

Net profit for the 2012/13 financial year amounted to EUR 38,976,795.53 (2011/12: TEUR 306,716) and is attributable mainly to the distribution from the subsidiary IMBEA IMMOEAST Beteiligungsverwaltung GmbH.

Financial position

Cash and cash equivalents increased TEUR 110,376 in year-on-year comparison (2011/12: TEUR -22,401). Net cash flow from operating activities amounted to TEUR 249,565 (2011/12: TEUR 159,524). Net cash flow from investing activities totalled TEUR -1,363 (2011/12: TEUR -1,288). Net cash flow from financing activities equalled TEUR -137,826 (2011/12: TEUR 180,638) and was based, above all, on the issue of a corporate bond and bank financing with collateral in the form of treasury shares.

Non-financial performance indicators

In 2012/13 IMMOFINANZ reduced the number of indirectly owned properties from von 1,618 to 1,542. As a result, the rentable space in the standing investments fell slightly from 6.696 million sqm to 6.527 million sqm.

Net cash flow from operating activities	
Net profit for the year	38,976,795.83
Depreciation and amortisation	16,158,783.67
Write-ups to non-current assets	0.00
Change in provisions	-1,530,432.74
Change in receivables	33,169,050.84
Change in liabilities	162,931,788.25
Change in prepaid-expenses and deferred charges	-140,540.53
Operating cash flow	**249,565,445.32**
Net cash flow from investing activities	
Payments made for additions to non-current assets and intangible assets	-1,370,287.31
Proceeds from disposal of non-current assets	7,439.42
Total	**-1,362,847.89**
Net cash flow from financing activities	
Change in borrowings from financial institutions and bonds	112,397,527.58
Repurchase of convertible bonds	-24,053,702.68
Payments made for the repurchase of treasury shares	-62,361,443.45
Dividend	-163,808,864.10
Total	**-137,826,482.65**
Cash change in cash and cash equivalents	**110,376,114.78**
Change in cash and cash equivalents	
Balance at the beginning of the period	871,711.02
Balance at the end of the period	111,247,825.80
Total	**110,376,114.78**

D. Significant events after the end of the reporting year

A syndicated loan of EUR 173.5 million concluded in 2006 was repaid during May 2013. The collateral for this loan included a guarantee issued by IMMOFINANZ AG and IMBEA IMMOEAST Beteiligungsverwaltung GmbH as well as real estate.

E. Information on capital

The share capital of IMMOFINANZ AG totalled EUR 1,172,059,877.28 as of 30 April 2013 (30 April 2012: EUR 1,184,026,409.36). It is divided into 1,128,952,687 (2011/12: 1,140,479,102) zero par value bearer shares, each of which represents a proportional share of EUR 1.04 (rounded) in share capital.

All IMMOFINANZ shares are bearer shares that entitle the holders to participate in the annual general meeting and to exercise voting rights and other shareholder rights in accordance with applicable legal regulations. Each bearer share is entitled to one vote.

The Executive Board is not aware of any agreements between shareholders that restrict voting rights or the transfer of shares.

There are no shares with special controlling rights as defined in § 243a (1) no. 4 of the Austrian Commercial Code.

IMMOFINANZ AG has no employee share participation programme. Therefore, no information is provided on the control of voting rights pursuant to § 243a (1) no. 5 of the Austrian Commercial Code.

The development of the number of shares during 2012/13 is shown below:

	Number of shares	Difference	Transaction
30 April 2012	1,140,479,102		
October 2012	1,128,952,687	11,526,415	Withdrawal of treasury shares
30 April 2013	**1,128,952,687**		

Convertible bonds

Convertible bond 2014 (CB 2014)

Based on an authorisation of the annual general meeting on 28 September 2006, IMMOFINANZ AG issued convertible bonds on 19 January 2007. These convertible bonds have a total nominal value of EUR 750.0 million and a term ending on 20 January 2014 (ISIN XS0283649977). The conversion rights for the CB 2014 will be serviced by authorised capital (§ 159 of the Austrian Stock Corporation Act), which was approved by the annual general meetings of IMMOFINANZ AG on 28 September 2006, 27 September 2007 and 2 October 2009.

IMMOFINANZ AG holds repurchased CB 2014 bonds that have not yet been withdrawn with a total nominal value of EUR 96.2 million. CB 2014 bonds with a total nominal value of EUR 25.7 million were outstanding as of 30 April 2013. Based on the current applicable conversion price of EUR 13.33 (which was last adjusted on 8 October 2012 following the dividend payment for the 2011/12 financial year), the outstanding CB 2014 bonds carry rights for conversion into a total of 1,927,982 IMMOFINANZ shares.

Convertible bond 2017 (CB 2017)

Based on an authorisation of the annual general meeting on 27 September 2007, IMMOFINANZ AG issued convertible bonds on 19 November 2007. These convertible bonds have a total nominal value of EUR 750.0 million and a term ending on 19 November 2017 (ISIN XS0332046043). The conversion rights for the CB 2017 will be serviced by authorised capital (§ 159 of the Austrian Stock Corporation Act), which was approved by the annual general meetings of IMMOFINANZ AG on 28 September 2006, 27 September 2007 and 2 October 2009.

Premature redemption of the CB 2017 in 2012/13

In accordance with the terms of the issue, the CB 2017 bondholders were entitled to register their certificates for premature repayment on 19 November 2012. CB 2017 convertible bonds with a total nominal value of EUR 144.3 million were registered for repayment and redeemed by IMMOFINANZ AG.

In accordance with the terms of the issue, the CB 2017 bondholders are entitled to register their certificates for premature repayment on one further date during the remaining term: 19 November 2014.

IMMOFINANZ AG holds repurchased CB 2017 bonds that have not yet been withdrawn with a total nominal value of EUR 22.4 million. CB 2017 bonds with a total nominal value of EUR 35.1 million were outstanding as of 30 April 2013. Based on the current applicable conversion price of EUR 8.41 (which was last adjusted on 8 October 2012 following the dividend payment for the 2011/12 financial year), the outstanding CB 2017 convertible bonds carry rights for conversion into a total of 4,173,602 IMMOFINANZ shares.

Convertible bond 2018 (CB 2018)

Based on an authorisation of the annual general meeting on 27 September 2007 (issue of convertible bonds) and 28 September 2010 (sale of treasury shares), IMMOFINANZ AG issued 125,029,692 convertible bonds on 8 March 2011. These convertible bonds have a total nominal value of EUR 515.1 million and a term ending on 8 March 2018 (ISIN XS0592528870). The terms of the issue entitle all bondholders to register their CB 2018 certificates for premature repayment on 8 March 2016.

The annual general meeting of IMMOFINANZ AG on 28 September 2011 subsequently approved the issue of the convertible bond 2018 as well as an accompanying conversion right that initially involved up to 104,421,677 new bearer shares of common stock in the company. Moreover, the issue terms of the convertible bond 2018 were approved in accordance with § 174 of the Austrian Stock Corporation Act.

In order to service the conversion rights from the convertible bond 2018, the annual general meeting of IMMOFINANZ AG on 28 September 2011 approved a conditional capital increase of EUR 132.2 million pursuant to § 159 of the Austrian Stock Corporation Act.

IMMOFINANZ AG holds repurchased CB 2018 bonds that have not yet been withdrawn with a total nominal value of EUR 6.4 million. CB 2018 bonds with a total nominal value of EUR 508,684,500 were outstanding as of 30 April 2013. Based on the current applicable conversion price of EUR 3.74 (which was last adjusted on 8 October 2012 following the dividend payment for the 2011/12 financial year), the outstanding CB 2017 convertible bonds carry rights for conversion into a total of 136,011,903 IMMOFINANZ shares.

No exercise of conversion rights or issue of new shares in 2012/13

No conversion rights for convertible bonds were exercised in 2012/13. Consequently, no new shares were issued by IMMOFINANZ AG.

The following table shows the development of the nominal value of the convertible bonds during 2012/13:

	ISIN	Nominal value 30 April 2012 in TEUR	Conversions 2012/13 in TEUR	Repurchased/ redeemed 2012/13 in TEUR	Nominal value 30 April 2013 in TEUR
CB 2014	XS0283649977	25,700.0	0.0	0.0	25,700.0
CB 2017	XS0332046043	195,000.0	0.0	-159,900.0	35,100.0
CB 2018	XS0592528870	515,120.0	0.0	-6,435.4	508,684.5
Total		**735,820.0**			**569,484.5**

Authorisation to issue new convertible bonds

The annual general meeting of the company on 28 September 2011 authorised the Executive Board to issue convertible bonds with a total nominal amount of up to EUR 1.2 billion. These bonds may carry exchange and/or subscription rights for up to 212,804,717 bearer shares in the company with a proportional share of up to EUR 220,9303,12.99 in share capital, and may be issued with or without the exclusion of subscription rights and in one or more tranches. This annual general meeting also approved a conditional capital increase of EUR 220,930,312.99 in accordance with § 159 of the Austrian Stock Corporation Act to service the exchange or subscription rights of the holders of convertible bonds that were or will be issued or equipped with exchange rights for new shares (i) based on a resolution of the annual general meeting on 28 September 2011 and/or (ii) the annual general meeting on 27 September 2007.

Treasury shares

Purchase of treasury shares in 2010/11 based on agreements for the "IBAG Bond" and Aviso Zeta

On 23 August 2010 55,005,409 IMMOFINANZ shares were purchased from IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a wholly owned subsidiary of IMMOFINANZ AG, at the closing price of EUR 2.75 per share in exchange for settlement of the financial receivables held by IMBEA IMMOEAST Beteiligungsverwaltung GmbH. This transaction represented part of the contract performance by Constantia Packaging B.V. in connection with the closing of the agreements between IMMOFINANZ Group and Constantia Packaging B.V. on the so-called "IBAG Bond" (EUR 512 million). This purchase was based on the statutory provision for the prevention of damages as defined in § 65 (1) no. 1 of the Austrian Stock Corporation Act.

IMBEA IMMOEAST Beteiligungsverwaltung GmbH also purchased 2,066,020 IMMOFINANZ shares from Aviso Zeta AG (now a wholly owned subsidiary of IMMOFINANZ AG) on 29 September 2010 at the closing price of the IMMOFINANZ share on that date (i.e. EUR 2.708 per share). This purchase was based on the statutory provision for the prevention of damages as defined in § 65 (1) no. 1 of the Austrian Stock Corporation Act.

The 57,071,429 IMMOFINANZ shares purchased by IMBEA IMMOEAST Beteiligungsverwaltung GmbH represented a proportional amount of EUR 59,250,607.08, or 5.06%, in share capital as of 30 April 2013.

The purchase of the shares previously held by Aviso Zeta AG by IMBEA IMMOEAST Beteiligungsverwatung GmbH in December 2010 also included the indirect purchase of six bearer shares (formerly registered shares) of IMMOFINANZ AG. This purchase was based on the statutory provision for the prevention of damages as defined in § 65 (1) no. 1 of the Austrian Stock Corporation Act. The six IMMOFINANZ shares represent a proportional amount of EUR 6.23 in share capital.

Share buyback programme 2010–2011

A resolution by the annual general meeting on 28 September 2010 authorised the Executive Board to repurchase the company's shares in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act. Based on this resolution, IMMOFINANZ AG carried out a share buyback programme from 12 November 2010 to 18 March 2011. This programme led to the repurchase of 47,350,248 IMMOFINANZ shares for a total price of EUR 145,755,598.48. These shares represented a proportional amount of EUR 49,158,238.87, or 4.19%, in share capital as of 30 April 2013.

Withdrawal of treasury shares in 2012/13

Based on a resolution of the annual general meeting on 28 September 2011 that authorised the Executive Board pursuant to § 65 (1) no. 8 of the Austrian Stock Corporation Act to withdraw the company's shares, 11,526,415 of the 47,350,248 IMMOFINANZ shares repurchased during the 2010–2011 share buyback programme were withdrawn as of 3 October 2012. The withdrawn shares represented a proportional amount of EUR 11,966,532.08 in share capital. The company's share capital was subsequently reduced through a simplified capital decrease as defined in § 192 (3) no. 2 of the Austrian Stock Corporation Act by EUR 11,966,532.08 to EUR 1,172,059,877.27, divided into 1,128,952,687 bearer shares.

Authorisation of the Executive Board to purchase treasury shares

The annual general meeting of IMMOFINANZ AG on 5 October 2012 authorised the Executive Board, with the consent of the Supervisory Board, to repurchase the company's shares in accordance with § 65 (1) no. 8 and (1b) of the Austrian Stock Corporation Act at an amount equalling up to 10% of share capital. This authorisation is valid for a period of 30 months beginning on the date the resolution was passed. The shares may be purchased in one or more transactions over the stock exchange or over the counter with repeated utilisation of the 10% limit, also with the exclusion of the proportional subscription rights of shareholders.

Authorisation of the Executive Board to sell treasury shares

The annual general meeting of IMMOFINANZ AG on 5 October 2012 authorised the Executive Board, with the consent of the Supervisory Board, to sell treasury shares in another manner than over the stock exchange or through a public offering in accordance with § 65 (1b) of the Austrian Stock Corporation Act. These shares may be sold or used for any legal purpose, whereby the proportional purchase rights of shareholders are excluded (exclusion of subscription rights). This authorisation is valid for a period of five years beginning on the date the resolution was passed.

Share buyback programme 2012–2013

Based on resolutions by the annual general meetings on 28 September 2011 and 5 October 2012 for the repurchase of treasury shares, IMMOFINANZ AG carried out a share buyback programme from 1 October 2012 to 25 February 2013. This programme led to the repurchase of 20,000,000 IMMOFINANZ shares for a total price of EUR 62,361,443.45, including fees. These shares represented a proportional amount of EUR 20,763,666.91, or 1.77%, in share capital as of 30 April 2013.

Financing with treasury shares

Based on a resolution of the annual general meeting on 5 October 2012 to sell treasury shares in accordance with § 65 (1b) of the Austrian Stock Corporation Act and to purchase treasury shares in accordance with § 65 (1) no. 8 and (1b) of the Austrian Stock Corporation Act, IMMOFINANZ AG sold and transferred 101,605,741 treasury shares to financial institutions on 10 January 2013 for financing purposes. In exchange, IMMOFINANZ AG received financing of EUR 150 million for a term of up to three years. These 101,605,741 shares represented a proportional amount of EUR 105,485,388.09, or 9.00%, in share capital as of 30 April 2013.

In this connection, the 57,071,429 IMMOFINANZ shares held by IMBEA IMMOEAST Beteiligungsverwaltung GmbH (a wholly owned subsidiary of IMMOFINANZ AG) were also sold to IMMOFINANZ AG in January 2013 in exchange for a proportional share of the financing. This transfer of financing between IMMOFINANZ AG and IMBEA IMMOEAST Beteiligungsverwaltung GmbH generally reflects the same conditions for the sale, financing and repurchase of the IMMOFINANZ shares as defined in the contract between IMMOFINANZ AG and the financing financial institutions.

The company is entitled to repurchase the 101,605,741 shares in exchange for repayment of the financing (EUR 150 million) at any time during the term. At the end of the term, the company is required to repay the financing and repurchase the shares. The interest payments during the term of the financing are linked to the EURIBOR. Dividends paid by IMMOFINANZ AG during the term will be returned to the company. The agreed repurchase price for the shares equals the sale price, i.e. the market risk and opportunities associated with the shares remain with the company. Based on the agreed right of IMMOFINANZ AG to repurchase the 101,605,741 shares during the term of the financing and the obligation to repurchase the shares at the end of the term, these 101,605,741 IMMOFINANZ shares are accounted for as treasury shares in accordance with International Financial Reporting Standards (IFRS) and the financing of EUR 150 million is reported as a liability.

The development of treasury shares is shown in the following table:

Date	Number of shares	Owner	Circumstances and statutory provision	Proportional share of share capital 30 April 2013 in EUR	Proportional share of share capital 30 April 2013 in %	Purchase price in EUR
Aug. 2010	55,005,409	IMBEA IMMOEAST Beteiligungsverwaltung GmbH	Closing of the agreements with Constantia Packaging B.V. on the "IBAG bond" (§ 65 (1) no. 1 of the Austrian Stock Corporation Act)	57,105,699.52	4.87	151,264,874.75
Sep. 2010	2,066,020	IMBEA IMMOEAST Beteiligungsverwaltung GmbH	Termination of banking activities by Aviso Zeta (§ 65 (1) no. 1 of the Austrian Stock Corporation Act)	2,144,907.56	0.18	5,594,782.16
Dec. 2010	6	Aviso Zeta AG	Acquisition of Aviso Zeta (§ 65 (1) no. 1 of the Austrian Stock Corporation Act)	6.23	0	16.85
Nov. 2010–March 2011	47,350,248	IMMOFINANZ AG	Share buyback programme 2010–2011 (§ 65 (1) no. 8 of the Austrian Stock Corporation Act)	49,158,238.87	4.19	145,755,598.51
Oct. 2012	-11,526,415	IMMOFINANZ AG	Withdrawal of treasury shares (§ (1) no. 8 sent. 3 of the Austrian Stock Corporation Act)	-11,966,532.08	-1.02	-35,472,189.92
Oct. 2012–Feb. 2013	20,000,000	IMMOFINANZ AG	Share buyback programme 2012–2013 (§ 65 (1) no. 8 of the Austrian Stock Corporation Act)	20,763,666.91	1.77	62,361,443.45 (incl. fees)
Total	**112,895,268**			**117,205,987.01**	**10**	**329,504,525.80**
Thereof used as collateral for financing						
Jan. 2013	-44,534,312	IMMOFINANZ AG	Sale for financing with treasury shares (§ 65 (1b) of the Austrian Stock Corporation Act)	-46,234,781.01	-3.94	-65,745,000.00
Jan. 2013	-57,071,429	IMBEA IMMOEAST Beteiligungsverwaltung GmbH	Sale for financing with treasury shares (§ 65 (1b) of the Austrian Stock Corporation Act)	-59,250,607.08	-5.06	-84,255,000.00
	-101,605,741		**Sale for financing with treasury shares (§ 65 (1b) of the Austrian Stock Corporation Act)**	**-105,485,388.09**	**-9**	**-150,000,000.00**

As of 30 April 2013 IMMOFINANZ AG was the owner under Austrian civil law of 11,289,521 treasury shares. Six of these shares are held by Aviso Zeta AG, a wholly owned subsidiary of IMMOFINANZ AG. These 11,289,527 shares represented a proportional amount of EUR 11,720,598.91, or 1.00%, of the company's share capital as of 30 April 2013.

Authorised capital

The annual general meeting on 2 October 2009 authorised the Executive Board, with the consent of the Supervisory Board, pursuant to § 169 of the Austrian Stock Corporation Act to increase the company's share capital by up to EUR 238,289,496.40 through the issue of up to 229,525,447 new shares in exchange for cash or contributions in kind. These new shares may also be issued under the exclusion of subscription rights for contributions in kind, to service a greenshoe option or for the settlement of peak amounts. The authorisation is valid up to 22 October 2014.

Change of control provisions

Convertible bonds

The terms of the convertible bonds CB 2014, CB 2017 and CB 2018 entitle the bondholders to put some or all of the securities not yet converted or redeemed in the event of a change of control. In such case, IMMOFINANZ AG must redeem the tendered securities at the nominal value plus accrued interest as of the respective date. Details on these provisions are provided in the terms of issue for convertible bonds CB 2014, CB 2017and CB 2018.

Syndicated loan

In 2006 a syndicate of Austrian and international banks granted IMMOFINANZ Finance B.V. a revolving credit facility (syndicated loan). In the event of a change of control, the lenders are entitled to demand immediate repayment of the outstanding amounts. IMMOFINANZ AG provided the lenders with a guarantee for the liabilities incurred under this arrangement. The outstanding nominal amount was EUR 173.5 million as of 30 April 2013. This outstanding balance of this syndicated loan was repaid from internal funds as planned shortly after the end of the reporting year.

Corporate bond 2017

In July 2012 IMMOFINANZ AG issued a 5.25% 2012–2017 partial debenture (corporate bond 2017, ISIN AT0000A0VDP8) with a total volume of EUR 100.0 million. This bond has a five-year term extending from 3 July 2012 to 2 July 2017. If there is a change of control and this change significantly impairs the ability of IMMOFINANZ AG to meet its obligations under the terms of the debenture, the bondholders are entitled to put their partial debentures to the company and to demand immediate repayment of the nominal amount plus accrued interest up to the repayment date. A change of control is defined as the attainment of a controlling majority of 30% in IMMOFINANZ AG by a person (or several persons acting in consort), who did not hold a controlling investment at the time the corporate bond 2017 was issued.

Executive Board and Supervisory Board

The employment agreements with the members of the Executive Board contain a change of control clause that may lead to the cancellation of a contract.

The company and the members of the Executive Board have concluded compensation agreements that will take effect in the event of a public takeover bid. Depending on the remaining term of the Executive Board member, the respective contract entitlement will equal one or two years at most.

There are no such agreements for the members of the Supervisory Board or for employees.

There are no other significant agreements which enter into force, change or terminate in the event of a change of control in the company following a takeover bid.

Amendments to the articles of association, board appointments and dismissals

In accordance with § 21 of the articles of association of IMMOFINANZ AG, the annual general meeting passes its resolutions based on a simple majority of the votes cast and, for resolutions that require a majority of capital, based on a simple majority of the share capital represented at the time of voting, unless legal regulations require another majority. The same applies to amendments to the articles of association and to the premature dismissal of members from the Supervisory Board.

In accordance with the articles of association of IMMOFINANZ AG, the person chairing the respective meeting will cast the deciding vote in the event of a tie in voting on the Supervisory Board. The same applies to the election to and dismissal of members from the Executive Board.

Significant holdings

On 15 April 2011 the company was informed that FRIES Familien-Privatstiftung, Dr. Rudolf FRIES Familien- Privatstiftung, Mr. and Mrs. Rudolf Fries and other closely related persons (together the "Fries Group") held a total of 65,006,048 voting rights directly and through their holdings. That represented a combined investment of more than 5% in the share capital of IMMOFINANZ AG as of 15 April 2011.

In connection with the conclusion of financing with treasury shares, IMMOFINANZ AG sold 67,737,161 treasury shares to J.P. Morgan Securities plc on 10 January 2013. On 10 January 2013 JPMorgan Chase & Co. announced that its holding, together with the holdings of controlled companies, exceeded a reportable threshold on that date. These combined holdings equalled a relevant stake of 69,131,831 IMMOFINANZ shares, or 6.12% of the total voting shares of IMMOFINANZ AG, on 10 January 2013.

F. Research and development

IMMOFINANZ does not incur any expenses for research and development.

G. Branch offices

IMMOFINANZ has no branch offices.

H. Financial instruments and risk reporting

As an international property investor and developer, IMMOFINANZ Group is exposed to a variety of risks. A continuous risk management process ensures the timely identification of developments that could endanger the realisation of strategic and operating goals and also allows for the inclusion of important information in decision-making processes.

IMMOFINANZ Group has integrated an active risk management system into its operating processes and reporting paths. This system supports the rapid implementation of measures to counter risk and also has a direct impact on strategic decisions and operating processes. Internal guidelines, reporting systems and control measures have been installed throughout IMMOFINANZ Group to support the monitoring, evaluation and control of risks related to the operating business. Risk management in IMMOFINANZ Group takes place at all levels and is ultimately the responsibility of the Executive Board, which is involved in all risk-related decisions. In addition, the internal control system (ICS) was further optimised to support the early identification and monitoring of risk. Auditors evaluate the efficiency and effectiveness of the ICS each year, to the extent this is necessary for the preparation of the annual financial statements and the provision of a true and fair view of the asset, financial and earnings position of the company.

The most significant risk factors can be summarised under financial risks and market/property-specific risks. The major financial risk factors are associated with fluctuations in foreign exchange rates and interest rates as well as negative changes in the credit standing or liquidity of customers and business partners.

Market-and property-specific risks arise from micro- and macroeconomic events in individual countries and developments at the property level. Included here are the market price risk as well as the competitive situation and transaction risk.

The primary objective of risk management is to identify risks at an early point in time and thereby support the rapid implementation of appropriate countermeasures.

Financial risks

Default/credit risk

Default and credit risks arise when a contract partner of IMMOFINANZ Group is unable to meet his or her obligations, and this situation leads to financial damage for IMMOFINANZ Group. The amounts reported on the balance sheet under assets represent the maximum risk of default. Default risks are accounted for through appropriate value allowances.

The most important instrument for managing default risk is the continuous evaluation of the credit standing of contract partners.

The risk of default on receivables due from tenants is low because tenants are generally required to provide security deposits (for residential properties: cash deposits; for commercial properties: bank guarantees or cash deposits) and the credit standing of tenants is monitored on a regular basis. The risk of default on receivables due from banks is also considered to be low because all financing transactions are concluded with financial institutions that have excellent credit ratings. Despite the high-quality of its financing partners, IMMOFINANZ Group will increase its monitoring of their credit standing in the future. This approach reflects the significant volumes of funds repeatedly invested with banks owing to the Group's business model as well as the regulatory changes planned for the banking sector in the EU.

Capital market and financing risk

The ability to obtain refinancing on the capital markets is an important strategic factor for IMMOFINANZ Group. Significant fluctuations on these markets can limit the availability of equity and/or debt. In order to minimise refinancing risk, IMMOFINANZ Group works to maintain a balance between equity and debt and distributes bank financing over various terms.

In order to eliminate the risks associated with the failure to meet capital market regulations, IMMOFINANZ Group has issued a compliance guideline. This guideline is designed to ensure the fulfilment of all capital market regulations and, above all, to prevent the misuse or distribution of insider information. The measures implemented in this connection include: the development of a compliance organisation; the definition of authorisations and duties for the compliance officer; the implementation of permanent and, where necessary, temporary classified units as well as blackout periods and trading prohibitions for persons assigned to these units.

The generation of liquidity from the operating business represents a central element of IMMOFINANZ Group's strategy. Processes to evaluate opportunities for optimisation or a further reduction in operating costs are expanded and improved continuously. Internal procurement guidelines for the operating business, above all in the area of property services, construction and facility management, form an important part of this cost reduction and optimisation potential.

In order to receive or continue the use of funds obtained through loan agreements, IMMOFINANZ Group must meet certain obligations – so-called financial covenants. The Group continuously monitors compliance with these covenants and remains in close contact with the lending institutions. If these obligations are not met, the lender may cancel the loan agreement under certain circumstances. At the present time IMMOFINANZ Group is not aware of and does not expect a breach of any major covenants that could negatively influence its business activities.

Foreign exchange risk

IMMOFINANZ Group is exposed to various forms of foreign exchange risk in connection with its balance sheet and cash flows.

The risk of devaluation associated with foreign currency cash balances is offset by the rapid conversion of these funds into the Euro.

Interest rate risk

As an international company, IMMOFINANZ Group is exposed to the risk of interest rate fluctuations on various property submarkets. Rising interest rates can influence earnings because they increase the interest expense on the Group's floating rate financing.

A change in interest rates will have a direct influence on financial results through its impact on floating rate financing. IMMOFINANZ Group limits the risk associated with rising interest rates – which would lead to higher interest expense and a decline in financial results – through the use of fixed interest rate financing contracts and derivative financial instruments (above all CAPS and SWAPS). These derivative financial instruments are recorded as independent transactions and not as hedges.

Liquidity risk

Liquidity risks are minimised by the preparation of a medium-term (five-year) forecast and an annual budget with monthly segmentation as well as monthly revolving liquidity reports. Daily liquidity management ensures that all operating obligations can be met and funds can be optimally invested, and also gives the Group the necessary flexibility to realise short-term acquisition opportunities.

IMMOFINANZ Group also uses long-term financing that reflects the financial capability of the individual properties (interest coverage ratio and/or debt service coverage ratio) as well as their market value (loan-to-value ratio).

In order to prevent cost overruns and the resulting excess outflow of liquidity, IMMOFINANZ Group routinely monitors budgets and the progress of construction on all development projects and maintenance work.

Legal risks

As an international company, IMMOFINANZ Group is exposed to a variety of legal risks. Included here are risks related to the purchase or sale of property and risks arising from legal disputes with tenants or joint venture and development partners. A list of the major legal proceedings in which the Group is involved is provided in the section on legal disputes.

The outcome of current and future proceedings cannot be predicted with certainty. Therefore, expenses may arise from decisions or settlements by the courts or public authorities that are not covered in full or in part by insurance or provisions. These expenses could have an impact on the results recorded by IMMOFINANZ Group.

Market risk and property-specific risks

The development of property markets is heavily dependent on economic growth and macroeconomic trends.

The related risks are based on the micro- and macroeconomic development of the countries where IMMOFINANZ Group is active as well as conditions on the global financial and investment markets. The resulting effects on market prices, market rents and yields also play an important role.

Property-specific risks are associated, above all, with the location of the properties, the architecture and the condition of the building as well as the local competitive situation.

In order to identify these risks and allow for the timely implementation of countermeasures, the property portfolio of IMMOFINANZ Group is analysed quarterly by means of a portfolio tracker. This analysis includes the systematic evaluation of quantitative and qualitative property factors as well as the portfolio concentration (i.e. sector and regional allocation) and forms the basis for tactical decisions.

The examination of quantitative property factors includes the calculation of an expected future return for each property based on a detailed budget for the next financial year and extrapolated medium-term forecasts. The properties are then ranked according to their total return on equity. Qualitative factors are made measurable with a scoring model that values the quality of the building and location as well as the market attractiveness of each property.

Properties whose location and quality do not meet the portfolio requirements are sold over the medium-term.

The sector and regional diversification of the property portfolio provides an excellent balance for market cycles and fluctuations as well as concentration risks. IMMOFINANZ Group generally owns high-quality properties in good locations, and this provides special protection against the above-mentioned risks. Detailed market studies are prepared on a regular basis and analysed in connection with reports by recognised real estate experts to allow for timely reaction to changes in the market environment. All market changes are included in the portfolio analysis and have an important influence on investment, sales and project plans and thereby also on the Group's medium-term planning. The acquisition process used by IMMOFINANZ Group includes extensive due diligence audits together with independent experts that are intended to identify any such risks in advance and to evaluate all risks related to legal, tax, economic, technical and social issues. IMMOFINANZ Group does not purchase properties that fail to meet its high quality standards. Regular commercial and technical reports are prepared after the acquisition, and the results are presented to the Executive Board.

An internal investment guideline issued by IMMOFINANZ Group regulates the framework and approval limits for all capital expenditure (property acquisitions, development projects and on-going investments). This established process minimises or eliminates the major strategic and property-specific risks. Approval limits are defined in an extensive guideline that applies to all Group companies and regulates all authorisations from individual employees up to the Executive Board. In some cases, these transactions are also subject to the approval of the Supervisory Board.

Development projects are exposed to increased risks in the form of schedule and construction cost overruns as well as the success of rentals. IMMOFINANZ Group minimises these risks by starting projects only after a specific level of pre-rentals is reached and by the regular monitoring of costs and schedules through variance analyses.

IMMOFINANZ Group minimises inflation risk by including index clauses in its standard leases.

IMMOFINANZ Group's business model includes the acquisition of properties and real estate development projects at attractive conditions as well as the profitable sale of individual assets. The risk associated with these transactions is addressed, above all, through the diversification of the property portfolio. This broad-based portfolio which covers four asset classes in eight core countries has allowed for numerous property sales in excess of fair value. Permanent market screening and wide-ranging business relationships as well as extensive knowledge of the relevant markets makes it possible for IMMOFINANZ Group to identify investment opportunities at an early point in time and to utilise these opportunities for new development projects.

Concentration risk

Concentration risk is understood to mean the accumulation of similar risks that contradict the principle of risk diversification. IMMOFINANZ Group consciously reduces these risks through the sector and regional diversification of the property portfolio and the realisation of larger real estate projects together with a partner. In addition to sector and regional diversification, IMMOFINANZ Group also works to achieve a diversified tenant structure. In this way, the loss of a tenant will not have a significant influence on the Group. IMMOFINANZ Group has a very well balanced and diversified tenant mix no single tenant is responsible for more than 2% of total rental income.

The Russian market is associated with a number of specific concentration risks. On the one hand, IMMOFINANZ Group has a single investment the *Golden Babylon Rostokino* shopping center in Moscow – which represents more than 10% of the standing investment portfolio based on fair value. On the other hand, the investments in Russia are concentrated on the Moscow retail market, which comprises 16.8% of the Group's standing investment portfolio.

Legal disputes

This section explains the status of legal proceedings related to lawsuits filed by (former) shareholders and lawsuits related to the management contract with Constantia Privatbank Aktiengesellschaft (now: Aviso Zeta AG).

Legal proceedings by shareholders against IMMOFINANZ AG and IMBEA IMMOEAST Beteiligungsverwaltung GmbH

Since November 2008 a number of shareholders have filed claims against IMMOFINANZ AG (in short: IFAG) and IMMOEAST AG (now: IMBEA IMMOEAST Beteiligungsverwaltung GmbH, in short: IMBEA). Some of the plaintiffs are IMMOFINANZ AG shareholders, while others are shareholders of the former IMMOEAST AG, who are asserting various claims against IMMOFINANZ AG or against IMBEA as the legal successor of IMMOEAST AG. In all cases, the plaintiffs are claiming damages based on prospectus liability or other alleged inadequate capital market information. The plaintiffs' argumentation is based primarily on alleged deficiencies in the prospectuses of IMMOFINANZ AG or IMMOEAST AG. Many of the plaintiffs' claims are also based on other legal grounds, e.g. the violation of ad-hoc reporting requirements. Among others, the plaintiffs contend that the funds raised from the public offering were not used for acquisitions or the development of new real estate projects, but for the financing of IMMOFINANZ AG and IMMOEAST AG and for the purchase of shares in IMMOFINANZ AG and IMMOEAST AG. IMMOFINANZ AG and IMBEA reject these claims. Of special note are 19 class action lawsuits of Austrian origin involving between ten and 910 plaintiffs who have filed claims against IMMOFINANZ AG.

By the end of April 2013 a total of 810 lawsuits had been filed against IMMOFINANZ AG (whereby IMBEA was also named in some of the cases) and 78 lawsuits only against IMMOEAST AG/IMBEA with a value in dispute totalling approx. EUR 253 million. Most of the plaintiffs are covered by insurance for legal expenses or represented by AdvoFin, a company that finances such proceedings. The status of the pending proceedings is different, whereby most are still in the early stages. In many of the cases the plaintiffs have already been heard, and a more extensive hearing of evidence has only taken place in a few cases. In 43 cases, a judgment in the first instance or a final judgment was issued, each – for different reasons – in favour of IMMOFINANZ AG or IMMOEAST AG/IMBEA. A decision in eight further cases is expected during the coming months. Some of the first-instance decisions were reversed by the Regional Appeals Court in Vienna or the Austrian Supreme Court and remanded to the first-instance court for renegotiation. In 17 of these proceedings, the plaintiffs withdrew their lawsuits. Seventy of the proceedings have been completed to date (19 legally binding judgments rejecting the lawsuits, 17 withdrawals of lawsuits and 34 agreements for withdrawal of the lawsuit under the waiver of claims).

Pending proceedings: IFAG/IMBEA	Number of proceedings	Value in dispute in MEUR
IFAG	376	25.3
IMBEA	66	7.7
IFAG and IMBEA	376	218

Legal proceedings by shareholders against investment consultants and Aviso Zeta AG and third party notices against IMMOFINANZ AG/IMBEA

At the beginning of August 2008 shareholders of IMMOFINANZ AG and IMMOEAST AG (now: IMBEA) filed lawsuits against Constantia Privatbank Aktiengesellschaft (now: Aviso Zeta AG) and AWD Gesellschaft für Wirtschaftsberatung GmbH (now: Swiss Life Select Österreich GmbH), through which they had purchased IMMOFINANZ and IMMOEAST shares. The plaintiffs allege, in particular, incorrect investment advising, misleading advertising and false depiction of IMMOFINANZ AG and IMMOEAST AG in public due to the withholding of information on the close relationship between the former Constantia Privatbank AG and IMMOFINANZ AG/IMMOEAST AG. Furthermore, the lawsuits contend that information was withheld on material transactions by the former Constantia Privatbank AG with shares of IMMOFINANZ AG and IMMOEAST AG and maintain that investors' funds were not used for the purposes stated in the prospectuses. The plaintiffs are seeking compensation and/or the assessment of the resulting financial losses. The plaintiffs did not lodge any direct claims against IMMOFINANZ AG in these cases. IMMOFINANZ AG and IMBEA are involved as intervening parties in some of the cases against Aviso Zeta AG or Swiss Life Select Österreich GmbH. An intervening party is someone who has a legal interest in the success of one party to pending legal proceedings between other persons or entities. The reason behind this type of intervention is that the defendant can file a recourse claim against IMMOFINANZ AG/IMBEA if the case is lost and is therefore taking action against IMMOFINANZ AG/IMBEA. If IMMOFINANZ AG/IMBEA did not join in these proceedings, IMMOFINANZ AG/IMBEA would not be able to raise the points addressed during the preliminary proceedings in any subsequent regress proceedings. The defendants' main argument against IMMOFINANZ AG/IMBEA is that the damages incurred by the plaintiffs were caused by actions on the part of IMMOFINANZ AG and IMMOEAST AG, which are currently under investigation by the Vienna public prosecutor in connection with criminal proceedings.

By the end of April 2013 Aviso Zeta AG had served IMMOFINANZ AG and/or IMBEA, in most cases both companies, with third party notices in 334 cases. Swiss Life Select Österreich GmbH has also served IMMOFINANZ AG and/or IMBEA with third party notices in 226 cases, also in class action suits that were filed against Swiss Life Select Österreich GmbH. IMMOFINANZ AG and IMBEA joined in most of these cases.

According to the information currently available to IMMOFINANZ AG, judgments have been issued in 40 lawsuits against Swiss Life Select Österreich GmbH and Aviso Zeta AG. Some of these judgments were issued in favour of the respective defendant, others against. Neither Swiss Life Select Österreich GmbH nor Aviso Zeta AG has filed recourse claims against IMMOFINANZ AG or IMBEA.

Third party notices to IFAG/IMBEA	Number of proceedings	Value in dispute in MEUR
Aviso Zeta	334	36.9
AWD (now: Swiss Life Select Österreich GmbH)	226	17.6
Total	**560**	**54.5**

Proceedings to review the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG

IMMOFINANZ AG, as the accepting company, was merged with IMMOEAST AG, as the transferring company, in accordance with a merger agreement dated 21 January 2010. In connection with this merger, the former shareholders of IMMOEAST AG were granted a total of 567,363,702 shares in IMMOFINANZ AG based on an agreed exchange ratio of three IMMOFINANZ shares for each two IMMOEAST shares. Petitions were subsequently filed with the commercial court of Vienna by IMMOFINANZ shareholders and shareholders of the former IMMOEAST AG for a review of this exchange ratio pursuant to §§ 225c ff of the Austrian Stock Corporation Act. This step led to the start of court proceedings, and IMMOFINANZ AG has filed an extensive statement in response to the petitions. In accordance with legal regulations (§ 225g of the Austrian Stock Corporation Act), the commercial court of Vienna has ordered an expert opinion on the exchange ratio.

Decisions or settlements in the proceedings to review the exchange ratio will apply to all shareholders in the respective shareholder groups (erga omnes right). If the proceedings lead to additional payments (additional settlement payments), the shareholders in the disadvantaged shareholder group will receive these payments plus interest at a rate of 2% over the base interest rate on the registration date (28 April 2010). IMMOFINANZ AG has requested permission to grant additional IMMOFINANZ shares in place of cash settlements.

The outcome of the proceedings to review the exchange ratio cannot be predicted at the present time. It is not possible to estimate whether the shareholder groups will be granted additional payments (additional settlement payments) or what the amount of these payments might be.

Other legal disputes

In March 2011 IMMOFINANZ AG filed a lawsuit against three former members of the Executive Board and members of the Supervisory Board of the former Constantia Privatbank AG that involved option transactions to the detriment of the former IMMOEAST AG. The proceedings were suspended after the first hearing in September 2011 until a final binding decision is issued in the criminal proceedings against these former Executive and Supervisory Board members. These criminal proceedings resulted in the (not yet legally binding) first-instance conviction, among others, of two of the three defendants. IMBEA was also awarded approx. EUR 7 million by this first-instance decision (not yet legally binding). In addition, Aviso Zeta was awarded approx. EUR 4 million.

IMMOFINANZ AG filed a further lawsuit in September 2011 to enforce claims against a former member of the Executive Board and other persons in connection with payments made to third parties without justifiable grounds on the instructions of this former board member. This case is still in the early stages.

In August 2011 a former member of the Executive Board filed a lawsuit against IMMOFINANZ AG to claim payment of remuneration for his duties on the Executive Board for a period of roughly three months. These proceedings are currently suspended until a decision is issued on a parallel case, which represents separate proceedings against IMBEA. The separate proceedings involve a claim by the same former Executive Board member for payment of remuneration for his duties on the Executive Board for the same period of roughly three months.

The above-mentioned values in dispute cover, in part, identical content. Based on estimates for the expected outcome of these proceedings, IMMOFINANZ Group has recognised an appropriate amount of provisions for legal disputes and provisions for legal proceedings in the consolidated financial statements.

Internal control system

IMMOFINANZ Group continued the development of its internal audit and control department during the reporting year and also implemented a number of measures to optimise the internal control system (ICS).

The ICS comprises a wide range of methods and measures to safeguard assets and to ensure the accuracy and reliability of data for accounting and financial reporting. The ICS is also intended to support compliance with the corporate policies defined by the Executive Board. The evaluation and design of controls are based on ICS benchmarks. The goals are to meet internal and external requirements and ensure that corporate processes and controls remain efficient.

As a multinational company, IMMOFINANZ Group utilises the framework developed by the Committee of Sponsoring Organisation of the Treadway Commission (COSO) in developing its ICS. This framework consists of five components: control environment, risk assessment, control activities, information and communication, and monitoring.

The control environment at the group level represents the general framework under which internal control activities are designed and implemented. The most important components are statutory regulations and the standards and guidelines issued by IMMOFINANZ Group – e.g. the authorisation guideline, compliance guideline, investment guideline and general IT controls – as well as a clear management and organisational structure and the communication of basic values by management.

Control environment: standards and guidelines

The existing process landscape forms the starting point for the evaluation of the ICS at the process level. The control activities of IMMOFINANZ Group are integrated into procedures with special process management and ICS software as part of a risk control matrix.

Process-based risk assessment

The ICS in corporate accounting and financial reporting guarantees accuracy, security and efficiency and also ensures the correct, complete and timely preparation of all necessary information. The key features of the ICS in IMMOFINANZ Group's accounting processes are the appropriate segregation of duties, the application of the four-eyes principle in all order and invoice release procedures, compliance with internal guidelines (e.g. IMMOFINANZ Group's IFRS Accounting Manual), the review of accounting data by Group controlling for correctness, plausibility and completeness, the integration of preventive and detective controls in processes as well as the automation of key controls through specific system settings in the Navision financial accounting software and Hyperion consolidation software.

The implementation of new guidelines and control measures is supported by information events and feedback rounds. Progress and opportunities for improvement are subsequently reported at regularly scheduled management meetings. The monthly internal reporting includes a comparison of budget and actual data as well as a variance analysis, which supports the early identification of risks and the timely implementation of countermeasures.

Compliance with internal controls is monitored by the internal audit department as part of its auditing activities. The internal audit department is responsible for audits throughout the entire Group. It reports to the Executive Board, but the organisational responsibility lies with Chief Financial Officer Birgit Noggler. The corresponding corporate organisational guidelines apply to all auditing activities.

The internal audit department independently and regularly reviews operating processes and business transactions based on an annual audit plan that is approved by the Executive and Supervisory Boards. The priorities for this schedule are defined on the basis of risk criteria and organisational goals. These reviews focus primarily on compliance, the internal control systems and opportunities to improve efficiency.

Monitoring by internal audit

The results of the audits are reported to the Executive Board of IMMOFINANZ AG on a regular basis and to the Supervisory Board twice a year. As part of an annual report, the internal audit department gives an account of its performance during the audit year and presents a summary of all significant audit areas and results.

I. Outlook

The IMMOFINANZ **real estate machine** gained considerable speed during the 2012/13 financial year. This is true, above all, for sales activities, where a volume of approx. EUR 661.3 million set a new record since the beginning of the sales programme. With these results, we exceeded the target of EUR 1.5 billion by EUR 153.2 million, or 10.2%, after three years. This figure does not include properties with a carrying amount of EUR 583.4 million that were classified as held for sale on the balance sheet as of 30 April 2013. A number of these properties have already been sold or the contract has been signed. Not least, results of operations rose from EUR 470.1 million to EUR 542.1 million, or by approx. EUR 71.9 million, in 2012/13 although results of property development were negative.

Our most important goals for the 2013/14 financial year are to significantly increase development activities and generate sound contributions to earnings, but to also create the requirements to raise the real estate machine to a new activity level. For 2014 we plan to separate the residential property management and development activities in Germany and Austria that are bundled in BUWOG from IMMOFINANZ Group and transfer this business to a separate company. This will take place through an initial public offering (IPO) or a "spin-off", depending on the relevant market environment at that time.

Both options will be designed to establish a fair balance between the interests of the company and shareholders, above all with a view to the potential effects of the individual alternatives on liquidity.

The remaining commercial part of IMMOFINANZ Group will concentrate on the highly profitable retail, office and logistics market segments especially in Central and Eastern Europe. Activities will be focused on real estate development, including the development of condominium apartments for sale in Central and Eastern Europe.

As in the past, we will also continue our efforts to optimise real estate management through
> the further reduction of vacancies in individual countries and asset classes, and
> the simplification of the portfolio through the sale of properties in non-core countries and the Opportunistic Office and Opportunistic Retail segments.

Our optimisation efforts will be accompanied by financial goals that include the sale of the remaining property assets that do not represent direct investments or are not under our direct control (e.g. fund investments etc.). These sales will support our goal to increase the percentage of directly owned assets on the balance sheet.

The turnover of the portfolio and an increase in profitability during the coming year will be supported by the above measures and other key factors: the steady continuation of the extremely successful sales programme that was launched in 2010/11 as an important cash generator for our real estate machine; the intensification of development activities with a focus on Germany, Poland, Russia and Romania; and the selective and opportunistic realisation of acquisitions to supplement the IMMOFINANZ portfolio.

We are optimistic that we will be able to further increase the value of IMMOFINANZ Group during the 2013/14 financial year and generate growing, risk-optimised cash flows for our shareholders.

Vienna, 2 August 2013

The Executive Board

Eduard Zehetner
CEO

Birgit Noggler
CFO

Daniel Riedl FRICS
COO

Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system of IMMOFINANZ AG, Vienna, for the fiscal year from 1 May 2012 to 30 April 2013. These financial statements comprise the balance sheet as of 30 April 2013, the income statement for the fiscal year ended 30 April 2013 and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of IMMOFINANZ AG, Vienna, as of 30 April 2013 and of its financial performance for the fiscal year from 1 May 2012 to 30 April 2013 in accordance with Austrian Generally Accepted Accounting Principles.

Comments on the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to section 243a UGB (Austrian Commercial Code) are appropriate. In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 2 August 2013

Marieluise Krimmel
(Austrian) Certified Public Accountant

Claudia Fritscher-Notthaft
(Austrian) Certified Public Accountant

Deloitte Audit Wirtschaftsprüfungs GmbH