

REPORT
on the
joint spin-off audit in accordance with
Section 17 in conjunction with Section 5 of the Spin-off Act
of
IMMOFINANZ AG, Vienna
and
BUWOG AG, Vienna

Vienna, 30/01/2014

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Table of Contents

	Page
1. Mandate and performance	1
2. Documents	3
3. Legal environment	4
3.1. Transferring company	4
3.2. Acquiring company	4
3.3. Brief description of the reorganisation measures to be taken by IMMOFINANZ AG	4
4. The course of the spin-off	7
4.1. Spin-off and Takeover Contract, as required under Section 17 no. 1 in conjunction with Section 2 of the Spin-off Act	7
4.2. Information audit pursuant to Section 2 para. 1 of the Spin-off Act	7
4.3. Audit of the exchange ratio (Section 17 no. 5 in conjunction with Section 5 of the Spin-off Act in conjunction with Section 220b para. 4 of the Stock Corporation Act)	10
4.4. Capital maintenance	14
5. Summary of the audit result	16

List of annexes

	Annex
Draft of the Spin-off and Takeover Contract in accordance with Section 17 no. 1 of the Spin-off Act, including annexes	I

1. Mandate and performance

By a decision of the Commercial Court of Vienna dated 16 October 2013, we were appointed as joint spin-off auditor (*gemeinsamer Spaltungsprüfer*) with a mandate to conduct an audit of the spin-off by absorption of a share in GENA SECHS Immobilienholding GmbH from

IMMOFINANZ AG, FN 114425 y
Wienerbergstrasse 11, 1100 Vienna

("transferring company")

to

BUWOG AG, FN 349794 d
Wienerbergstrasse 11, 1100 Vienna

("acquiring company")

and of the issuance of shares in BUWOG AG to the shareholders of IMMOFINANZ AG, as required under Section 17 in conjunction with Section 5 of the Spin-off Act (*Spaltungsgesetz*).

In accordance with Section 17 no. 1 of the Spin-off Act, the management boards of the aforementioned companies prepared a draft of the Spin-off and Takeover Contract (*Spaltungs- und Übernahmevertrag*) on 30 January 2014 in which the entire course of the spin-off and all facts and decisions relevant to performing the spin-off are explained.

This spin-off is deemed to be a spin-off by absorption (*Abspaltung zur Aufnahme*) as defined in Section 17 in conjunction with Section 1 para. 2 no. 2 of the Spin-off Act. Under Section 17 no. 1 in conjunction with Section 5 para. 1 of the Spin-off Act, the Spin-off and Takeover Contract must be audited by a spin-off auditor (*Spaltungsprüfer*). The audit should include an assessment of whether the information provided in the Spin-off and Takeover Contract is correct and complete and whether the individual steps for implementing the spin-off meet the legal requirements. As, pursuant to Section 17 no. 5 of the Spin-off Act, the rules governing mergers by absorption (Sections 220 to 232 of the Stock Corporation Act (*Aktiengesetz*)) have to be applied *mutatis mutandis* with respect to the acquiring company in the case of a spin-off by absorption, we were appointed under Section 220b para. 2 of the Stock Corporation Act as joint spin-off auditor of IMMOFINANZ AG and BUWOG AG.

In accordance with Section 17 no. 1 and Section 5 para. 1 of the Spin-off Act in conjunction with 220b of the Stock Corporation Act, the scope of our audit relates to the completeness and lawfulness of the draft Spin-off and Takeover Contract attached as Annex 1. As such, assessing the appropriateness of the exchange ratio for the shares and, if applicable, the amount of additional cash payments forms an essential part of the spin-off audit. The audit report must be concluded

with a declaration stating whether the proposed exchange ratio for the shares and, if applicable, the amount of additional cash payments are deemed appropriate.

In accordance with Section 3 para. 4 of the Spin-off Act, an audit must be carried out to establish whether the actual value of the remaining net assets of the transferring company at least corresponds to the size of the nominal capital plus appropriated reserves following implementation of the spin-off. By a decision of the Commercial Court of Vienna dated 16 October 2013, we were also appointed as the remaining assets auditor of the transferring company. A separate report will be produced on the audit of the remaining net assets of the transferring company.

In the case of the acquiring company, a contribution in kind audit (*Sacheinlageprüfung*) must be performed in accordance with Section 17 no. 3a of the Spin-off Act in conjunction with Section 25 para. 3 of the Stock Corporation Act as the assets being spun off are being transferred to an existing company which will increase its share capital. The audit will establish, among other things, whether the value of the spin-off assets covers the issue value of the shares issued from the ordinary capital increase and from the conditional capital increase performed by BUWOG AG. By a decision of the Commercial Court of Vienna dated 15 January 2014, we were also appointed as the contribution in kind auditor of BUWOG AG. A separate report will likewise be produced on the result of our audit.

Mag Peter Bartos, auditor, is responsible for ensuring the proper execution of the mandate by our company.

We conducted our audit between November 2013 to January 2014.

2. Documents

In executing our mandate, the following documents were made available to us and formed the basis of our audit:

- Draft of the Spin-off and Takeover Contract dated 30 January 2014 in accordance with Section 17 no. 1 of the Spin-off Act, including annexes;
- Joint spin-off report prepared by the management boards of IMMOFINANZ AG and BUWOG AG with regard to the spin-off by absorption of a share in GENA SECHS Immobilienholding GmbH and the issuance of shares in BUWOG AG to the shareholders of IMMOFINANZ AG, dated 30 January 2014;
- Closing balance sheet (*Schlussbilanz*) as at 31 October 2013 of the transferring company including the notes and audit opinion;
- Transfer balance sheet (*Übertragungsbilanz*) as at 1 November 2013 of the acquiring company;
- Spin-off balance sheet (*Spaltungsbilanz*) as at 1 November 2013 regarding the remaining assets retained by the transferring company.

In a written statement of completeness signed and dated 30 January 2014, the members of the management board of IMMOFINANZ AG and BUWOG AG confirmed to us that all assets, untaxed reserves, provisions for liabilities and charges, liabilities, accruals and deferred income, and guarantees and other commitments that can be recorded in the closing balance sheet as at 31 October 2013 and in the spin-off and transfer balance sheet as at 1 November 2013 are shown therein, that all details and particulars required under Section 17 in conjunction with Section 2 para. 1 of the Spin-off Act are complete and correct and that the explanations contained therein correspond to the factual circumstances, and that all information and documents relevant to our spin-off audit under Section 17 in conjunction with Section 5 para. 1 of the Spin-off Act have been made available to us and that we have also been informed of all events and/or findings which occurred or came to light until our activities concluded.

Furthermore, it was also confirmed to us that in connection with the spin-off, no special benefits as defined in Section 2 para. 1 no. 9 of the Spin-off Act have been granted or promised either to a member of the management or supervisory boards of the companies participating in the spin-off or to an auditor (*Abschlussprüfer*), company foundation auditor (*Gründungsprüfer*), contribution in kind auditor (*Sacheinlageprüfer*) or a spin-off auditor (*Spaltungsprüfer*), with the exception of those facts disclosed in the draft Spin-off and Takeover Contract.

3. Legal environment

3.1. Transferring company

The transferring company is IMMOFINANZ AG with its registered office in Vienna and its business address at Wienerbergstraße 11, 1100 Vienna, registered in the commercial register maintained by the Commercial Court of Vienna under FN 114425 y.

Its financial year begins on 1 May of each year and ends on 30 April of each year.

At the time of the preparation of the draft Spin-off and Takeover Contract, the share capital amounted to EUR 1,172,059,877.27 and was divided into 1,128,952,687 bearer shares.

3.2. Acquiring company

The acquiring company is BUWOG AG with its registered office in Vienna and its business address at Wienerbergstraße 11, 1100 Vienna, registered in the commercial register maintained by the Commercial Court of Vienna under FN 349794 d.

Its financial year begins on 1 May of each year and ends on 30 April of each year.

At the time of the preparation of the draft Spin-off and Takeover Contract, the share capital of the company recorded in the commercial register amounted to EUR 70,000 and was divided into 70,000 bearer shares. With regard to the resolution adopted at the shareholders' meeting of BUWOG AG on 30 January 2014 authorising a capital increase from EUR 70,000 by EUR 43,095,844 to EUR 43,165,844 through the issuance of 43,095,844 new bearer shares, we refer to the explanatory notes in section 3.3 of our report which contain a summarised description of the reorganisation steps which precede this spin-off.

The sole shareholder of the acquiring company is the transferring company, namely IMMOFINANZ AG. Therefore, the transferring company directly holds 100% of the shares in the acquiring company. This shareholding ratio will change when shares in the acquiring company are transferred to the owners of the transferring company (for more information on this, see section 3.3. below).

3.3. Brief description of the reorganisation measures to be taken by IMMOFINANZ AG

Prior to execution of the transaction described below, BUWOG AG only has minor assets.

The current spin-off is part of several reorganisation steps aimed at transferring the 100% interest in BUWOG-Bauen und Wohnen Gesellschaft mbH, FN 123812 b, which is currently indirectly held by IMMOFINANZ AG, to BUWOG AG as the new holding company. By issuing shares in BUWOG AG to the shareholders of IMMOFINANZ AG for the purpose of implementing the spin-off, IMMOFINANZ AG will surrender the majority of its shares in BUWOG AG and BUWOG AG will become independent and be listed on the stock exchange.

IMMOFINANZ AG, Vienna and BUWOG AG, Vienna
*Audit report on the spin-off by absorption
required under Section 17 in conjunction with Section 5 of the Spin-off Act*

For the purpose of implementation, the indirect interest held by IMMOFINANZ AG in BUWOG GmbH will be transferred in its entirety to BUWOG AG in two preparatory reorganization steps and by means of the current spin-off by absorption involving IMMOFINANZ AG and BUWOG AG as follows:

The first step involves IMMOFINANZ AG transferring its 100% interest in Parthica Immobilien GmbH, FN 349791 z, to BUWOG AG as a contribution in kind. Parthica Immobilien GmbH indirectly holds an interest in BUWOG-Bauen und Wohnen Gesellschaft mbH of approximately 5.1% via its interest in GENA ZWEI Immobilienholding GmbH, FN 370882 s. In exchange for the contribution in kind, IMMOFINANZ AG will receive 43,095,844 shares in BUWOG AG which will perform a capital increase in the same amount. The capital increase in kind (*Sachkapitalerhöhung*) from EUR 70,000 to EUR 43,165,844 will be performed before the share in GENA SECHS Immobilien Holding GmbH, FN 370877 h, is spun off to BUWOG AG.

According to the Spin-off and Takeover Contract dated 22 January 2014, the remaining interest in BUWOG-Bauen und Wohnen Gesellschaft mbH of approximately 94.9% was transferred from IMMOEAST Immobilien GmbH, FN 334103 d, to GENA SECHS Immobilienholding GmbH by means of a spin-off by absorption. IMMOFINANZ AG holds 59.71% of the shares in GENA SECHS Immobilienholding GmbH and BUWOG AG holds 40.29% of the shares.

The validity of the current spin-off is conditional upon execution of both of these reorganisation steps and registration in the commercial register.

After the interest in BUWOG-Bauen und Wohnen Gesellschaft mbH of approximately 94.9% has been spun-off, the interest of 40.29% in GENA SECHS Immobilienholding GmbH held by BUWOG AG will correspond to an indirect interest of approximately 38.23% in BUWOG-Bauen und Wohnen Gesellschaft mbH (40.29% of 94.90%) and the spin-off share in GENA SECHS Immobilienholding GmbH held by IMMOFINANZ AG will correspond to an indirect interest of 56.67% in BUWOG-Bauen und Wohnen Gesellschaft mbH (59.71% of 94.90%).

Spinning off the 59.71% share in GENA SECHS Immobilienholding GmbH from IMMOFINANZ AG as the transferring company to BUWOG AG as the acquiring company by means of the spin-off by absorption, which is the subject of our audit, represents the final step. Upon this spin-off becoming effective, BUWOG AG will indirectly hold all shares in BUWOG-Bauen und Wohnen Gesellschaft mbH. In return for transferring the spin-off assets to BUWOG AG, the shareholders of IMMOFINANZ AG will - in proportion to their equity stake in IMMOFINANZ AG - be allocated one share in BUWOG AG (BUWOG spin-off Share) for every twenty shares they hold in IMMOFINANZ AG. The share capital of BUWOG AG will be increased by a further EUR 56,447,635 to EUR 99.613.479 in order to issue the BUWOG spin-off shares. The BUWOG spin-off shares created as a result of the capital increase will be issued without fixing a share premium, representing a *pro-rata* share in the capital of the company (Section 8 para. 3 clause 3 of the Stock Corporation Act) of EUR 1 per share. Under the capital increase, the spin-off assets constitute a contribution in kind.

BUWOG spin-off shares will also be allocated in respect of the 11,289,521 IMMOFINANZ shares currently held by IMBEA IMMOEAST Beteiligungsverwaltung GmbH, FN 337411 v. IMBEA IMMOEAST Beteiligungsverwaltung GmbH is a wholly-owned subsidiary of IMMOFINANZ AG. Consequently, IMBEA will hold approximately 0.57% of the shares in BUWOG AG following the spin-off. Together with the 43,165,844 BUWOG shares held by IMMOFINANZ AG prior to the spin-off, IMMOFINANZ AG

will initially hold, directly or indirectly, 43.9% of the shares in BUWOG AG following the spin-off under civil law.

5,080,287 of the BUWOG spin-off shares, corresponding to an interest in BUWOG AG of approximately 5.1%, will be allocated for those IMMOFINANZ shares sold by IMMOFINANZ AG in January 2013 for financing purposes to two credit institutions and whose repurchase was agreed subject to repayment of the financing. In connection with the spin-off, the financing agreements will be amended so that the BUWOG spin-off shares that are issued are included - in addition to the IMMOFINANZ shares - under the financing transactions, which means that these 5,080,287 BUWOG spin-off shares will also be acquired by IMMOFINANZ AG upon repayment of the financing together with the repurchase of the IMMOFINANZ shares.

Thus, IMMOFINANZ AG will retain a beneficial interest in BUWOG AG of 49% in total following the spin-off (together with IMBEA IMMOEAST Beteiligungsverwaltung GmbH, there will exist a joint direct interest of 43.9%, plus beneficial ownership of 5.1%).

4. The course of the spin-off

4.1. Spin-off and Takeover Contract, as required under Section 17 no. 1 in conjunction with Section 2 of the Spin-off Act

In accordance with Section 17 no. 1 of the Spin-off Act, the management boards of the transferring and acquiring companies prepared a draft Spin-off and Takeover Contract on 30 January 2014. This draft is the subject of our audit.

The current draft was prepared correctly and covers the points listed in Section 17 no. 1 in conjunction with Section 2 para. 1 nos. 1 to 13 of the Spin-off Act, thereby complying with the relevant legislation.

The draft Spin-off and Takeover Contract was audited by us and the information and details contained therein were found to be correct, complete and in line with the statutory requirements.

The draft Spin-off and Takeover Contract between IMMOFINANZ AG and BUWOG AG provides for the transfer of the defined spin-off assets to BUWOG AG by means of a spin-off by absorption in accordance with Section 1 para. 2 nos. 2 and 17 of the Spin-off Act in application of Article VI of the Reorganisation Tax Act (*Umgründungssteuergesetz*) in exchange for the granting of shares in BUWOG AG to the shareholders of IMMOFINANZ AG. The spin-off assets which are earmarked to be transferred consist of the 59.71% share in GENA SECHS Immobilienholding GmbH which belongs to IMMOFINANZ AG.

The validity of the agreement is conditional upon the satisfaction of the following events:

- Registration in the commercial register of the spin-off, as specified in the Spin-off and Takeover Contract between IMMOFINANZ AG and GENA SECHS Immobilienholding GmbH;
- Registration in the commercial register of the capital increase performed by BUWOG AG against a contribution in kind in the form of shares in Parthica Immobilien GmbH, as specified in the contribution in kind and contribution agreement (*Sacheinlage- und Einbringungs-vertrag*) between IMMOFINANZ AG and BUWOG AG, entered into on 30 January 2014, and in respect of which a resolution was adopted at the shareholders' meeting of BUWOG AG;
- Approval of the Spin-off and Takeover Contract by the shareholders' meetings of IMMOFINANZ AG and BUWOG AG.

4.2. Information audit pursuant to Section 2 para. 1 of the Spin-off Act

The draft Spin-off and Takeover Contract contains all required information and declarations.

The information stipulated in Section 2 para. 1 no. 1 of the Spin-off Act regarding the company name and registered office of the transferring company is provided in the preamble of the draft contract. The articles of association of the transferring and acquiring companies are attached to the draft of the Spin-off and Takeover Contract as Annex 2.1.3a and Annex 2.1.3b.

The declaration required under Section 2 para. 1 no. 2 of the Spin-off Act is given regarding the transfer of the assets of the transferring company by way of universal succession in exchange for the granting of shares in the acquiring company. The spin-off assets are defined in section 2.10.1 of the draft Spin-off and Takeover Contract as being the 59.71% share (corresponding to a principal amount of EUR 20,899.19) in GENA SECHS Immobilienholding GmbH. As consideration, the shareholders of IMMOFINANZ AG receive shares in BUWOG AG.

In connection with the spin-off, no additional payments or cash settlements will be made by third parties as defined in Section 17 in conjunction with Section 2 para. 1 no. 3 and no. 13 of the Spin-off Act. The existing ownership structure will remain the same following the spin-off because the BUWOG spin-off shares will be allocated to the shareholders of IMMOFINANZ AG as the transferring company in proportion to their equity stake in IMMOFINANZ AG as the transferring company. Furthermore, the spin-off does not relate to different corporate forms. Consequently, no cash settlement will be offered to the shareholders of IMMOFINANZ AG. With regard to calculating the allocation ratio, we refer to our explanations in section 4.3. of the report.

As the spin-off does not result in a reduction of the nominal capital of the transferring company, the explanatory notes required under Section 2 para. 1 no. 4 of the Spin-off Act are omitted. The spin-off loss incurred by IMMOFINANZ AG will be offset against the appropriated capital reserves. Insofar as the book value of the spin-off assets under corporate law exceeds the amount of the ordinary capital increase and the share capital increase from conditional capital performed by BUWOG AG, this amount will be transferred to the appropriated capital reserves of BUWOG AG pursuant to Section 229 para. 2 no. 1 of the Commercial Code (*Unternehmensgesetzbuch*).

Details regarding the granting of shares, as required under Section 2 para. 1 no. 5 of the Spin-off Act, are provided in sections 2.3. and 2.5. of the Spin-off and Takeover Contract. Upon registration of the spin-off in the commercial register, the shareholders of IMMOFINANZ AG will, in exchange for transferring the spin-off assets to BUWOG AG, receive one share in BUWOG AG for every 20 shares they hold IMMOFINANZ AG in proportion to their equity stake in IMMOFINANZ AG. Furthermore, the draft Spin-off and Takeover Contract contains provisions on the issuance of further shares by BUWOG AG in the event of the exercise of conversion rights from the convertible bonds issued by IMMOFINANZ AG prior to the spin-off. Provision is made in the draft Spin-off and Takeover Contract for the settlement of fractional amounts in the event that shareholders of IMMOFINANZ AG hold a number of shares which cannot be evenly divided by twenty without remainder.

For the BUWOG spin-off shares to be granted to the shareholders of IMMOFINANZ AG, the date on which entitlement to profit participation commences in accordance with Section 2 para. 1 no. 6 of the Spin-off Act is fixed as the beginning of the financial year of BUWOG AG in which they are issued.

The effective date of the spin-off within the meaning of Section 2 para. 1 no. 7 of the Spin-off Act is 31 October 2013. As of 1 November 2013, all acts undertaken by IMMOFINANZ AG with regard to the spin-off assets are deemed as having been carried out by BUWOG AG.

Special rights as defined in Section 2 para. 1 no. 8 of the Spin-off Act are provided as specified in the terms and conditions for creditors of the IMMOFINANZ convertible bonds issued by IMMOFINANZ AG (ISIN XS0332046043 and ISIN XS0592528870), which are due 2017 and 2018. In the event of conversion, the creditors are also entitled to subscribe for BUWOG shares. When exercising the conversion right (in addition to being entitled to receive IMMOFINANZ shares based on the exercise of the conversion right), a convertible bond creditor will be entitled, on a *pro-rata* basis, to delivery of 0.05 BUWOG shares for each settlement share delivered in accordance with the conversion price applicable as at the day of the registration of the spin-off in the commercial register. In the event that conversion rights are exercised, IMMOFINANZ AG will use its own holdings or make purchases on the market in order to deliver BUWOG shares or where necessary make use of the right granted to it under the terms of the convertible bonds to pay a (partial) cash settlement under certain conditions. Furthermore, the management board of BUWOG AG will, pursuant to Section 174 para. 2 of the Stock Corporation Act, be authorised by a resolution of the shareholders' meeting yet to be adopted to issue convertible bonds in the aggregate principal amount of up to EUR 310,000,000. It is intended that these convertible bonds of BUWOG AG will be issued prior to the spin-off becoming effective and that they will be subscribed in full by IMMOFINANZ AG. To provide partial securitisation of the conversion rights from these convertible bonds which are convertible into shares in BUWOG AG, a resolution will subsequently be adopted on a conditional capital increase and on authorisation for the management board to increase the capital of the company (authorised capital).

Section 2.9 of the Spin-off and Takeover Contract lists the dual positions held by the board members of IMMOFINANZ AG as special benefits, as defined in Section 2 para. 1 no. 9 of the Spin-off Act: Mag. Daniel Joachim Riedl is a member of the management boards of IMMOFINANZ AG and BUWOG AG; Mag. Birgit Noggler and Dr. Eduard Zehetner are members of the management board of IMMOFINANZ AG and the supervisory board of BUWOG AG; Mag. Vitus Eckert is a member of the supervisory boards of IMMOFINANZ AG and BUWOG AG. A long-term incentive program is planned for the members of the management board of BUWOG AG, the conditions of which will be determined by the supervisory board of BUWOG AG at some point after the spin-off becomes effective. Furthermore, no special benefits have been granted to the members of the management boards and supervisory boards of the companies participating in the spin-off. The same applies to the auditor (*Abschlussprüfer*), remaining assets auditor (*Restvermögensprüfer*), spin-off auditor (*Spaltungsprüfer*), contribution in kind auditor (*Sacheinlageprüfer*) and any other auditor.

Furthermore, the draft Spin-off and Takeover Contract contains the exact description required by Section 2 para. 1 no. 10 of the Spin-off Act and details regarding the allocation of the assets being transferred to the acquiring company and those assets being retained by the transferring company. The spin-off assets are comprised of the entire share in GENA SECHS Immobilienholding GmbH held by IMMOFINANZ AG in the principal amount of EUR 20,899.19 which is to be spun off and which represents an interest in the company of approximately 59.71%. At the time of the spin-off, the sole relevant asset held by GENA SECHS Immobilienholding GmbH is the interest in BUWOG-Bauen und Wohnen Gesellschaft mbH of approximately 94.9%. Consequently, the spin-off assets correspond to an indirect interest in BUWOG-Bauen und Wohnen Gesellschaft mbH of approximately 56.67%. The remaining assets of IMMOFINANZ AG will be unaffected by the spin-off and will be retained by IMMOFINANZ AG (the "catch-all rule" specified in Section 2 para. 1 no. 11 of the Spin-off Act). In particular, the shares in BUWOG AG held by IMMOFINANZ AG will not be

transferred under the spin-off and therefore will not be issued to the shareholders of IMMOFINANZ AG (no passing-through of shares as defined in Section 17 no. 5 of the Spin-off Act in conjunction with Section 224 para. 3 of the Stock Corporation Act). With these shares, IMMOFINANZ AG will retain an interest in BUWOG AG following the spin-off. In accordance with Section 14 para. 2 no. 1 of the Spin-off Act, the spin-off assets of IMMOFINANZ AG will be transferred to BUWOG AG by way of universal succession at the time of the registration of the spin-off in the commercial register. BUWOG AG as the acquiring company will be entitled to all dividends paid by GENA SECHS from the effective date of the spin-off. In the interests of clarity, it should be noted that no dividends will be paid by GENA SECHS during the retroactive period.

Only the spin-off assets mentioned in section 2.10.1 of the Spin-off and Takeover Contract will be transferred. According to sections 2.10.2 and 2.11 of the Spin-off and Takeover Contract, all other assets form part of the remaining assets and consequently will be retained by IMMOFINANZ AG following the spin-off.

The balance sheets required under Section 2 para. 1 no. 12 of the Spin-off Act are attached to the draft Spin-off and Takeover Contract. A closing balance sheet including appendix pursuant to Section 17 in conjunction with Section 2 para. 2 of the Spin-off Act was prepared by the transferring company on the effective date of the spin-off and was audited by Deloitte Audit Wirtschaftsprüfungs GmbH, in respect of which it issued an unqualified audit opinion. The spin-off balance and the transfer balance sheet both as at 1 November 2013 were verifiably derived from the closing balance sheet.

The information required under Section 2 para. 1 no. 13 of the Spin-off Act can be omitted as in the case of the intended spin-off, the existing shareholding structure will be maintained and it does not pertain to different corporate forms. Consequently, no cash settlement will be offered to the shareholders of IMMOFINANZ AG.

4.3. Audit of the exchange ratio (Section 17 no. 5 in conjunction with Section 5 of the Spin-off Act in conjunction with Section 220b para. 4 of the Stock Corporation Act)

At the time of the current spin-off, the contribution in kind consisting of the shares in Parthica Immobilien GmbH (and the related beneficial interest in BUWOG-Bauen und Wohnen Gesellschaft mbH of 5.1%) was transferred to BUWOG AG and the share capital of BUWOG AG was increased from EUR 70,000 to EUR 43,165,844. The validity of the Spin-off and Takeover Contract is conditional upon registration of this contribution in kind and the related capital increase by BUWOG AG in the commercial register.

Furthermore, the 94.9% interest in BUWOG-Bauen und Wohnen Gesellschaft mbH has been spun off from IMMOEAST Immobilien GmbH to GENA SECHS Immobilienholding GmbH. The validity of the Spin-off and Takeover Contract is likewise conditional upon registration of this spin-off in the commercial register.

Thus, prior to implementation of the current spin-off, BUWOG AG indirectly holds 43.33% of the shares in BUWOG-Bauen und Wohnen Gesellschaft mbH (38.23% via its 100% interest in GENA Sechs Immobilienholding GmbH and 5.1% via its 100% interest in Parthica Immobilien GmbH).

GENA SECHS Immobilienholding GmbH indirectly holds 56.67% of the shares in BUWOG-Bauen und Wohnen Gesellschaft mbH.

Prior to the spin-off, IMMOFINANZ AG is the sole owner of the 43,165,844 BUWOG shares and also directly holds 59.71% of the shares in GENA SECHS Immobilienholding GmbH. Consequently, BUWOG-Bauen und Wohnen Gesellschaft mbH is wholly-owned by IMMOFINANZ AG (and therefore by the shareholders via their IMMOFINANZ shares) from an economic perspective prior to the spin-off.

The transfer of the spin-off assets (an indirect interest in BUWOG-Bauen und Wohnen Gesellschaft mbH of approximately 56.67%) from IMMOFINANZ AG to BUWOG AG by way of a spin-off by absorption will be made in exchange for the granting of shares in BUWOG AG to the shareholders of IMMOFINANZ AG. The draft Spin-off and Takeover Contract stipulates that the shareholders of IMMOFINANZ AG will receive one (1) share in BUWOG AG for every twenty (20) IMMOFINANZ shares they hold, in proportion to their equity stake in IMMOFINANZ AG. Provision is made for the settlement of fractional amounts. No additional cash payments will be made.

As shares are not being exchanged in the present case, but instead newly created shares in BUWOG AG are being issued to the shareholders of IMMOFINANZ AG, the term "allocation ratio" (*Zuteilungsverhältnis*) will be used in the draft Spin-off and Takeover Contract and in our report instead of the term "exchange ratio" (*Umtauschverhältnis*).

Section 8 of the joint spin-off report prepared by the management boards of IMMOFINANZ AG and BUWOG AG dated 30 January 2014 explains as follows the considerations which formed the basis for calculating the allocation ratio:

- Determining the future size of the share capital of BUWOG AG and the number of shares in BUWOG AG;
- Taking into consideration the expected market capitalisation of BUWOG AG in such a way that the future price of shares in BUWOG AG should lie within an attractive range from the present perspective of private and institutional investors.
- Taking into consideration that the number of fractions of a share created from issuing BUWOG spin-off shares should be kept as low as possible. The allocation ratio of 20:1, into which shares can be evenly divided, should make it possible to issue one BUWOG spin-off share or a number of BUWOG spin-off shares for a large proportion of the shares held by the shareholders of IMMOFINANZ AG without causing fractions of a share to be created.

When assessing the appropriateness of the allocation ratio, a number of specific details have to be taken into consideration in the case of the present spin-off, which results in it not being necessary to carry out a comparative company valuation to determine the calculated ratio between the spin-off assets on the one hand and the existing assets (= value of BUWOG AG as the

IMMOFINANZ AG, Vienna and BUWOG AG, Vienna
*Audit report on the spin-off by absorption
 required under Section 17 in conjunction with Section 5 of the Spin-off Act*

acquiring company prior to the spin-off) on the other. From an economic point of view, the valuation objects are identical, as the following explanations illustrate.

The spin-off assets consist solely of the 59.71% share held by IMMOFINANZ AG in GENA SECHS Immobilienholding GmbH. The sole relevant asset held by GENA SECHS Immobilienholding GmbH is its share in BUWOG-Bauen und Wohnen Gesellschaft mbH of approximately 94.9%. From an economic point of view, the spin-off assets thus correspond to an (indirect) interest in BUWOG-Bauen und Wohnen Gesellschaft mbH of approximately 56.67%.

The existing assets held by BUWOG AG prior to the spin-off consist almost exclusively of its share in BUWOG-Bauen und Wohnen Gesellschaft mbH of approximately 43.33%. Prior to the spin-off, BUWOG AG does not have any other assets of any economic relevance. At the present time, there are no relevant liabilities.

From an economic point of view, the valuation objects are identical. Thus, the allocation ratio is calculated on the basis of the share ratios in BUWOG GmbH prior to the spin-off. Therefore, it is not necessary to carry out a comparative company valuation.

The spin-off assets acquired by BUWOG AG under the spin-off correspond to an indirect interest in BUWOG-Bauen und Wohnen Gesellschaft mbH of approximately 56.67%. Likewise, the number of BUWOG spin-off shares issued by BUWOG AG as consideration to the IMMOFINANZ shareholders, which was determined on the basis of the number of IMMOFINANZ shares issued at the time of the preparation of the draft Spin-off and Takeover Contract, corresponds to an interest in BUWOG AG of approximately 56.67% and consequently - just as is the case with the spin-off assets - also to an indirect interest in BUWOG-Bauen und Wohnen Gesellschaft mbH of approximately 56.67%.

On the basis of the beneficial interest in BUWOG-Bauen und Wohnen Gesellschaft mbH of 43.33% and/or 56.67%, which is connected in each case with the existing assets and/or spin-off assets, it is clear - based on the 43,165,844 BUWOG shares already issued prior to the spin-off - that 56,447,635 BUWOG shares (= the BUWOG spin-off shares) will have to be issued in respect of the spin-off assets in order to perform a spin-off which maintains the existing shareholding structure. Following the spin-off, the number of BUWOG shares and the related beneficial interest in BUWOG-Bauen und Wohnen Gesellschaft mbH will be as follows:

	No. of shares in BUWOG AG	Beneficial interest in BUWOG GmbH
Existing assets	43,165,844	43.33%
Spin-off assets (= BUWOG spin-off shares)	56,447,635	56.67%
	99,613,479	100.00%

IMMOFINANZ AG, Vienna and BUWOG AG, Vienna
*Audit report on the spin-off by absorption
required under Section 17 in conjunction with Section 5 of the Spin-off Act*

The following allocation ratio is calculated based on the shares issued by IMMOFINANZ AG at the time of the preparation of the draft Spin-off and Takeover Contract in proportion to the spin-off shares to be issued by BUWOG AG in order to perform a spin-off which maintains the existing shareholding structure:

	No. of shares	Allocation ratio
IMMOFINANZ shares	1,128,952,687	20
BUWOG spin-off shares	56,447,635	1

In our opinion, the allocation ratio established using this method in the draft Spin-off and Takeover Contract of 20:1 is appropriate. The number of BUWOG spin-off shares to be issued to perform the spin-off will guarantee that the shareholding ratio in BUWOG AG will exactly correspond to the value ratio between the assets to be spun off and the acquiring legal entity. Shares in BUWOG AG will be issued to the shareholders of IMMOFINANZ AG by maintaining the existing ownership structure; that is, from the 56,447,635 new shares created to perform the spin-off, the shareholders of IMMOFINANZ AG will receive one BUWOG spin-off share for every twenty IMMOFINANZ shares they hold in proportion to their equity stake in IMMOFINANZ AG or fractional amounts will be settled, respectively. This ensures that the shareholders of IMMOFINANZ AG do not have to accept any change in assets before and after the spin-off.

This assessment is based on the following considerations also by taking into consideration the intended issuance of convertible bonds by BUWOG AG in the period between the preparation of the draft Spin-off and Takeover Contract and the time at which the spin-off becomes effective. These convertible bonds will solely be subscribed by IMMOFINANZ AG (see the detailed information provided in Annex 2.8.3. of the draft Spin-off and Takeover Contract). The funds generated from these convertible bonds will be provided by BUWOG AG as a loan to BUWOG-Bauen und Wohnen Gesellschaft mbH for the purpose of financing the purchase of a real estate portfolio in Germany.

The assets that largely determine the enterprise value of BUWOG AG consist, prior to the spin-off, of the indirect interest in BUWOG-Bauen und Wohnen Gesellschaft mbH of approximately 43.33%. If the terms and conditions of the convertible bonds are prepared on an arm's length basis, this will not lead to any change in the enterprise value of BUWOG AG as the funds generated are also contrasted with corresponding liabilities in the same amount. To assess whether the terms and conditions of the convertible bonds were prepared on an arm's length basis, the management boards of IMMOFINANZ AG and BUWOG AG provided us with the assessment conducted by Barclays PLC (an international investment bank) which confirms in writing that the conditions and the pricing for the convertible bonds are in line with the market and that they correspond, by and large, to similar instruments available on the international capital market. Likewise, the transfer to BUWOG-Bauen und Wohnen Gesellschaft mbH will be made at arm's length financing conditions, meaning that the transfer will also not affect the enterprise value in any way.

According to the supporting documents provided to us, an issuance of these convertible bonds by BUWOG AG and subscription by IMMOFINANZ AG under the conditions set out in the draft Spin-off and Takeover Contract will not alter the enterprise value of BUWOG AG (corresponding to an

indirect interest in BUWOG-Bauen und Wohnen Gesellschaft mbH of 43.33%) which forms the basis upon which the allocation ratio is calculated. Thus, the allocation ratio is also unaffected.

Finally, when assessing how appropriate the allocation ratio is, it is also necessary to factor in the possible effects of the exercise of conversion rights from the convertible bonds issued by IMMOFINANZ AG (ISIN XS0332046043 and ISIN XS0592528870).

The number of qualifying IMMOFINANZ shares may increase as a result of the exercise of conversion rights from IMMOFINANZ convertible bonds and a related issuance of new shares in IMMOFINANZ AG from conditional capital in the period between the preparation of the draft Spin-off and Takeover Contract and the spin-off becoming effective. In such a case, additional BUWOG spin-off shares will be issued in order to guarantee the allocation of BUWOG spin-off shares to IMMOFINANZ shareholders based on the allocation ratio of 20:1. In order to issue additional BUWOG spin-off shares on the basis of the allocation ratio, BUWOG AG will conditionally increase the share capital of the company by up to EUR 7,364,646.00 through the issuance of up to 7,364,646 new bearer shares in BUWOG AG. Issuing additional BUWOG spin-off shares will guarantee that newly issued shares in IMMOFINANZ AG from conditional capital - following the preparation of the draft Spin-off and Takeover Contract - are treated equally to the IMMOFINANZ shares which had already been issued. Both the possible issuance of new IMMOFINANZ shares on the basis of the exercise of conversion rights as well as the related issuance of additional BUWOG spin-off shares (for these new IMMOFINANZ shares) pertain to the same group of shareholders, namely the shareholders of IMMOFINANZ AG, and therefore this does not affect the allocation ratio.

At the time the spin-off becomes effective and the spin-off assets are transferred (registration in the commercial register), the same shareholders hold (indirect) interests in IMMOFINANZ AG and BUWOG AG. From an economic perspective, both IMMOFINANZ AG and BUWOG AG will continue to be wholly-owned by the IMMOFINANZ shareholders at the time the spin-off becomes effective; namely, BUWOG AG following the spin-off (through the BUWOG spin-off shares issued to IMMOFINANZ shareholders) in part directly and also indirectly via their existing interest in IMMOFINANZ AG (with regard to the interest in BUWOG AG retained by the IMMOFINANZ Group following the spin-off). Given that the group of IMMOFINANZ shareholders remains the same, the appropriateness of the allocation ratio is in any case guaranteed as the spin-off and issuance of BUWOG spin-off shares to IMMOFINANZ shareholders cannot result in a transfer of property among IMMOFINANZ shareholders, taking into account the proposed settlement of fractional amounts.

4.4. Capital maintenance

In accordance with Section 3 para. 1 of the Spin-off Act, the total of the nominal capitals of the companies participating in the spin-off must at least equal the size of the nominal capital of the transferring company prior to the spin-off, and the total of the appropriated reserves of the companies participating in the spin-off must at least equal the size of the appropriated reserves of the transferring company prior to the spin-off. Appropriated reserves may be transferred.

In its audited closing balance sheet as at 31 October 2013, IMMOFINANZ AG has appropriated capital amounting to EUR 5,189,839,534.03. This appropriated capital is as follows:

IMMOFINANZ AG, Vienna and BUWOG AG, Vienna
Audit report on the spin-off by absorption
required under Section 17 in conjunction with Section 5 of the Spin-off Act

	IMMOFINANZ AG Closing balance sheet 31/10/2013 [EUR]
Share capital	1,172,059,877.28
Appropriated capital reserves	4,017,779,656.75
Appropriated capital	5,189,839,534.03

Due to spinning off the interest in GENA SECHS Immobilienholding GmbH, IMMOFINANZ AG will incur a spin-off loss in the amount of the assets transferred to BUWOG AG totalling EUR 891,298,292.00. This spin-off loss will be offset against the appropriated reserves on the spin-off balance sheet of IMMOFINANZ AG as at 1 November 2013. No reduction in share capital will be made. Following the spin-off, the appropriated capital of IMMOFINANZ AG will reduce to EUR 4,298,541,242.03.

BUWOG AG will create appropriated capital equalling the spin-off loss incurred by IMMOFINANZ of EUR 891,298,292.00 by performing a share capital increase and by forming capital reserves. The appropriated capital created by BUWOG during the course of the spin-off is as follows:¹

	BUWOG AG Transfer 1/11/2013 [EUR]
Share capital	56,477,635.00
Appropriated capital reserves	834,820,657.00
Appropriated capital	891,298,292.00

Following implementation of the spin-off, the appropriated capital of IMMOFINANZ AG and BUWOG AG will be as follows:

	IMMOFINANZ AG spin-off balance sheet 1/11/2013 [EUR]	BUWOG AG Transfer 1/11/2013 [EUR]	Total following the spin-off 1/11/2013 [EUR]
Share capital	1,172,059,877.28	56,477,635.00	1,228,537,512.28
Appropriated capital reserves	3,126,481,364.75	834,820,657.00	3,961,302,021.75
Appropriated capital	4,298,541,242.03	891,298,292.00	5,189,839,534.03

As a result, the total nominal capitals and appropriated reserves of IMMOFINANZ AG and BUWOG AG following the spin-off equal the appropriated capital of IMMOFINANZ AG of EUR 5,189,839,534.03 prior to the spin-off.

¹ Without taking into consideration any additional share capital increase from conditional capital performed by BUWOG AG which would lead to a reduction of the appropriated capital reserves in the same amount. There will be no effect on the total appropriated capital of BUWOG AG.

5. Summary of the audit result

Based on our appointment by the Commercial Court of Vienna on 16 October 2013, we have conducted an audit of the draft Spin-off and Takeover Contract prepared by the management boards of IMMOFINANZ AG and BUWOG AG on 30 January 2014 regarding the spin-off by absorption of a 59.71% share in GENA SECHS Immobilienholding GmbH and the issuance of shares in BUWOG AG to the shareholders of IMMOFINANZ AG.

The draft Spin-off and Takeover Contract covers the points listed in Section 17 no. 1 in conjunction with Section 2 para. 1 nos. 1 to 13 of the Spin-off Act, thereby complying with the relevant legislation.

As described in our report, there is no need - due to the economic identity of the valuation objects - to assess the transferred assets and the acquiring legal entity to establish the exchange ratio (here allocation ratio) and to assess the details in the audit report regarding the methods used when conducting the assessment, to what extent they are appropriate and whether any difficulties were encountered when conducting the assessment.

With respect to the consideration to be granted to the shareholders of IMMOFINANZ AG in proportion to their equity stake in IMMOFINANZ AG and with respect to the value relation between the assets to be spun off and the acquiring legal entity, the method chosen for establishing the allocation ratio for BUWOG shares maintains in each case the existing shareholding structure. This ensures that the shareholders of IMMOFINANZ AG do not have to accept any change in assets before and after the spin-off.

Having regard to the final result of the audit conducted by us in accordance with our duties as spin-off auditor pursuant to Section 17 in conjunction with Section 5 para. 4 of the Spin-off Act, we hereby confirm - on the basis of the documents and materials submitted to us and the explanations and evidence provided to us - that the information and details contained in the draft Spin-off and Takeover Contract prepared by the management boards of IMMOFINANZ AG and BUWOG AG were found to be correct, complete and in line with the statutory requirements.

The proposed allocation ratio (exchange ratio), according to which the shareholders of IMMOFINANZ AG will receive one BUWOG share for every 20 IMMOFINANZ shares they hold, is appropriate taking into consideration the proposed settlement of fractional amounts. No additional cash payments will be made.

Vienna, 30/01/2014

BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag Peter Bartos
Auditor

by procuration: Mag Gerhard Posautz
Auditor