

Joint Spin-off Report

of the management boards of

IMMOFINANZ AG
and
BUWOG AG

with regard to the spin-off by absorption (*Abspaltung zur Aufnahme*) of a share in GENA SECHS Immobilienholding GmbH and the issuance of shares in BUWOG AG to the shareholders of IMMOFINANZ AG

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1. Introduction

IMMOFINANZ AG, FN 114425 y, with its registered office in Vienna (hereinafter "**IMMOFINANZ AG**", together with its direct and indirect subsidiaries and interests, the "**IMMOFINANZ Group**"), indirectly holds a 100% interest in BUWOG-Bauen und Wohnen Gesellschaft mbH, FN 123812 b, with its registered office in Vienna (hereinafter "**BUWOG GmbH**", together with its direct and indirect subsidiaries and interests, the "**BUWOG GmbH Subgroup**").

The interest in BUWOG GmbH Subgroup shall be transferred to BUWOG AG, FN 349794 d, with its registered office in Vienna (hereinafter "**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 shall surrender the majority of the shares in BUWOG AG, and BUWOG AG (the BUWOG Group) shall become independent and be listed on the stock exchange (hereinafter "**Spin-off**").

As a result of the Spin-off, IMMOFINANZ AG shall relinquish management control of the BUWOG Group and – in addition to surrendering the majority of the shares in the company – a De-domination Agreement (*Entherrschungsvertrag*) shall be concluded to this end, under which IMMOFINANZ AG shall be required to adhere to certain restrictions when exercising voting rights attached to BUWOG shares (hereinafter "**De-domination Agreement**").

For the purposes of implementation, the indirect interest of IMMOFINANZ AG in BUWOG GmbH shall, as a result of the spin-off by absorption, which is the subject of this joint spin-off report, involving IMMOFINANZ AG as the transferring company and BUWOG AG as the acquiring company, be transferred in its entirety to BUWOG AG as the new holding company – which in future shall be listed on the stock exchange – in two preparatory reorganization steps (BUWOG AG together with its direct and indirect subsidiaries following the Spin-off and its interests shall hereinafter be referred to as the "**BUWOG Group**").

a) Overview of the individual steps

- (i) At present, IMMOFINANZ AG holds all 70,000 shares issued by BUWOG AG. According to the contribution in kind and contribution agreement (*Sacheinlage- und Einbringungsvertrag*) dated 30.01.2014, IMMOFINANZ AG shall transfer its 100% interest in Parthica Immobilien GmbH, FN 349791 z (hereinafter "**Parthica**"), to BUWOG AG as a contribution in kind. Parthica indirectly holds an interest in BUWOG GmbH of approximately 5.1% via its interest in GENA ZWEI Immobilienholding GmbH, FN 370882 s (hereinafter "**GENA ZWEI**"). In return for the contribution in kind, IMMOFINANZ shall receive 43,095,844 BUWOG shares. BUWOG AG shall perform a capital increase in kind (*Sachkapitalerhöhung*; hereinafter "**Capital Increase in Kind**"). Once the Capital Increase in Kind has been entered in the commercial register,

IMMOFINANZ AG shall hold 43,165,844 shares in BUWOG. The Capital Increase in Kind shall be performed before the share in GENA SECHS Immobilienholding GmbH is spun off to BUWOG AG (which is the subject of this report). Following the Spin-off, IMMOFINANZ AG shall hold 43,165,844 shares in BUWOG AG.

- (ii) At present, IMMOEAST Immobilien GmbH, FN 334103 d (hereinafter "**IMMOEAST**"), holds the remainder of the approximately 94.9% interest in BUWOG GmbH. In accordance with the Spin-off and Takeover Contract dated 22.01.2014, this interest in BUWOG GmbH shall be transferred by means of a spin-off by absorption from IMMOEAST as the transferring company to GENA SECHS Immobilienholding GmbH, FN 370877 h (hereinafter "**GENA SECHS**") as the acquiring company.

Prior to the Spin-off from IMMOFINANZ AG, BUWOG AG shall hold approximately 40.29% of the shares in GENA SECHS and IMMOFINANZ AG shall hold approximately 59.71% of the shares in GENA SECHS (the share in GENA SECHS held by IMMOFINANZ AG shall hereinafter be referred to as the "**Spin-off Share in GENA SECHS**" or "**Spin-off Assets**"). After the interest in BUWOG GmbH has been spun off from IMMOEAST to GENA SECHS (which shall occur before the Spin-off Share in GENA SECHS is spun off to BUWOG AG), the interest held by BUWOG AG in GENA SECHS of 40.29% shall indirectly correspond to an interest in BUWOG GmbH of approximately 38.23% and the Spin-off Share in GENA SECHS held by IMMOFINANZ AG shall indirectly correspond to an interest in BUWOG GmbH of approximately 56.67%.

- (iii) The final step involves spinning off the Spin-off Share in GENA SECHS from IMMOFINANZ AG as the transferring company to BUWOG AG as the acquiring company by means of a spin-off by absorption (Section 1 para. 2 no. 2 and Section 17 Spin-off Act; *Spaltungsgesetz*). Following the Spin-off, BUWOG shall indirectly hold all shares in BUWOG GmbH, namely (i) approximately 94.9% via its 100% interest in GENA SECHS after the Spin-off has taken effect, and (ii) the remaining approximately 5.1% via the 100% interest in Parthica (see (i)) transferred from IMMOFINANZ AG to BUWOG AG as a contribution in kind.

- b) Issuance of BUWOG shares to the shareholders of IMMOFINANZ

In exchange for transferring the Spin-off Assets to BUWOG AG, the shareholders of IMMOFINANZ AG shall – in proportion to their equity stake in IMMOFINANZ AG – be allocated one (1) share in BUWOG AG (hereinafter "**BUWOG Spin-off Shares**") for every twenty (20) shares they hold in IMMOFINANZ AG upon the Spin-off becoming effective (i.e. upon its registration in the commercial register). The share capital of BUWOG AG shall be increased to issue the BUWOG Spin-off Shares.

- c) The shareholding structure of BUWOG AG following the Spin-off

At the time of the preparation of this spin-off report, IMMOFINANZ AG has issued 1,128,952,687 bearer shares (ISIN AT0000809058) (hereinafter referred to as the "**IMMOFINANZ Shares**"). In order to issue the BUWOG Spin-off Shares in accordance with the allocation ratio of 1:20, BUWOG AG shall increase the share capital and it shall issue 56,447,635 BUWOG Spin-off Shares to the shareholders of IMMOFINANZ AG, which following the Spin-off shall correspond to an interest in BUWOG AG of approximately 56.67%.

BUWOG Spin-off Shares shall also be allocated in respect of the 11,289,521 IMMOFINANZ Shares currently held by IMBEA IMMOEAST Beteiligungsverwaltung GmbH, FN 337411 v (hereinafter "**IMBEA**") (a 100% subsidiary of IMMOFINANZ AG). Consequently, IMBEA shall 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 shall 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%, shall be allocated in respect of 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 view of the Spin-off, the financing agreements shall 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 shall also be acquired by IMMOFINANZ AG upon repayment of the financing together with the repurchase of the IMMOFINANZ Shares.

From an economic perspective, the IMMOFINANZ Group shall retain an interest in BUWOG AG totalling 49% following the Spin-off (43.9% directly, plus beneficial ownership of 5.1%).

The share capital and the number of shares of IMMOFINANZ AG may still increase by the time the Spin-off becomes effective as a result of the exercise of conversion rights from 2011-2018 and 2007-2017 convertible bonds issued by IMMOFINANZ AG and the issuance of new IMMOFINANZ Shares from conditional capital. In order to issue BUWOG Spin-off Shares for these (additional) IMMOFINANZ Shares in accordance with the allocation ratio of 1:20, BUWOG AG resolves to perform a conditional capital increase (Section 159 para. 2 no. 2 of the Stock Corporation Act). If conversion rights are exercised and a higher number of BUWOG Spin-off Shares are issued to IMMOFINANZ shareholders, the interest in BUWOG AG retained by the IMMOFINANZ Group following the Spin-off shall reduce accordingly.

d) Stock exchange listing of the BUWOG Shares

Immediately following the Spin-off, all shares issued by BUWOG AG (ISIN AT00BUWOG001) shall be admitted to trading on the Regulated Market of the Frankfurt Stock Exchange, the Official Market of the Vienna Stock Exchange, and the Main Market (*Rynek podstawowy*) of the Warsaw Stock Exchange.

e) Spin-off and Takeover Contract

The Spin-off shall be performed in accordance with the Spin-off and Takeover Contract (*Spaltungs- und Übernahmevertrag*) concluded between IMMOFINANZ AG and BUWOG AG, the draft of which was prepared by the management boards of IMMOFINANZ AG and BUWOG AG on 30.01.2014.

The Spin-off requires the approval of the shareholders' meetings of IMMOFINANZ AG and BUWOG AG and the matter shall be put before an extraordinary shareholders' meeting of IMMOFINANZ AG on 14.03.2014 for the adoption of a resolution. The approval of the shareholders' meeting of BUWOG AG shall subsequently be granted by IMMOFINANZ AG as its sole shareholder.

f) Subject of this joint spin-off report

Under Section 4 in conjunction with Section 17 clause 1 of the Spin-off Act, the management board of IMMOFINANZ AG as the transferring company, and under Section 220a of the Stock Corporation Act in conjunction with Section 17 no. 5 of the Spin-off Act, the management board of BUWOG AG as the acquiring company, shall be required to prepare a written report in which the Spin-off, the draft Spin-off and Takeover Contract, the likely effects of the Spin-off (Section 220a of the Stock Corporation Act), and the measures under Section 226 para. 3 of the Stock Corporation Act (*Aktengesetz*) and Section 15 para. 5 of the Spin-off Act are explained and justified in detail, both from a legal and financial perspective. Under Section 4 para. 1 clause 2 of the Spin-off Act, reference must also be made to any particular difficulties encountered when valuing the company and to the formation audit reports to be drawn up pursuant to Section 3 para. 4 of the Spin-off Act that are to be filed with the Commercial Court of Vienna (*Handelsgericht Wien*).

This spin-off report serves to inform the shareholders of IMMOFINANZ AG in preparation for the adoption of a resolution concerning the Spin-off at the extraordinary shareholders' meeting of IMMOFINANZ AG.

The admission of the shares of BUWOG AG to trading on the Frankfurt Stock Exchange, the Vienna Stock Exchange and the Warsaw Stock Exchange shall be made on the basis of a separate stock exchange admission prospectus.

2. Initial status

2.1. IMMOFINANZ AG as the transferring legal entity

2.1.1. Registered office, financial year and object of the company

The transferring company, IMMOFINANZ AG, registered in the commercial register under FN 114425 y, with its registered office in the Municipality of Vienna and its business address at Wienerbergstraße 11, 1100 Vienna, is a stock corporation established under Austrian law. Its financial year runs from 01.05. to 30.04. of the following year.

According to Section 2 of the articles of association of IMMOFINANZ AG, the business purpose of the company both in Austria and abroad is as follows:

Purchase, development, management, renting (leasing) and realisation of developed and undeveloped real properties (including building on third party land (*Superädifikate*) and building rights (*Baurechte*)); real estate development, planning and implementation of real estate projects of any kind; operating retail properties, residential properties, office properties, logistics centres and other properties; conduct the business (*Gewerbe*) as real estate trustee (estate agent, property management, property developer); acquisition, management and disposal of investments in other enterprises or corporations with the same or similar business purpose as well as the management and administration of such investments (holding function).

The company shall be entitled to conduct any business and adopt all measures which are deemed to be necessary or useful within the scope of its business purpose, in particular also in fields of operations similar or related to the business purpose of the company. Banking business according to the Banking Act (*Bankwesengesetz*) shall be excluded from the company's operations.

2.1.2. Share capital and shares

At the time of the preparation of the draft Spin-off and Takeover Contract, the share capital of IMMOFINANZ AG amounts to EUR 1,172,059,877.27 and is divided into 1,128,952,687 no-par bearer shares, each with an interest in the share capital of the company of approximately EUR 1.04. The share capital and the number of shares of IMMOFINANZ AG may still increase by the time the Spin-off becomes effective as a result of the exercise of conversion rights from convertible bonds (see Section 2.1.3.) issued by IMMOFINANZ AG and the issuance of IMMOFINANZ Shares from conditional capital.

2.1.3. Convertible bonds

a) Convertible Bonds due 2017

At the time of the preparation of this spin-off report, the 2007-2017 convertible bonds (ISIN XS0332046043) issued by IMMOFINANZ AG (hereinafter "**IMMOFINANZ Convertible Bonds due 2017**" or "**Convertible Bonds 2017**") are outstanding in the aggregate principal amount of EUR 35,100,000. Of this, IMMOFINANZ AG holds repurchased and not yet cancelled Convertible Bonds 2017 in the aggregate principal amount of EUR 22,400,000.

The Convertible Bonds 2017 mature on 19.11.2017. Under the terms and conditions, every holder of the Convertible Bonds 2017 is entitled to terminate the Convertible Bonds 2017 with effect from 19.11.2014 and demand early repayment.

In line with the applicable conversion price of EUR 7.97 (last amended on 4.10.2013 owing to a dividend payment for the 2012/2013 fiscal year), the outstanding Convertible Bonds 2017 entitle their holders to receive in total 4,404,015 shares in IMMOFINANZ AG. Conditional capital, as defined in Section 159 para. 2 no. 1 of the Stock Corporation Act, is available to satisfy the conversion rights from the Convertible Bonds 2018 in accordance with the resolutions adopted by the shareholders' meeting of IMMOFINANZ AG on 28.09.2006, 27.09.2007 and 02.10.2009.

b) Convertible Bonds due 2018

At the time of the preparation of this spin-off report, the 2011-2018 convertible bonds (ISIN XS0592528870) issued by IMMOFINANZ AG on 08.03.2011 (hereinafter "**IMMOFINANZ Convertible Bonds due 2018**" or "**Convertible Bonds 2018**") are still outstanding in the aggregate principal amount of EUR 508,684,500.00. Of this, IMMOFINANZ AG holds repurchased and not yet cancelled Convertible Bonds 2018 in the aggregate principal amount of EUR 6,435,400.

The Convertible Bonds 2018 are due on 08.03.2018. Under the terms and conditions, every holder of the Convertible Bonds 2018 shall be entitled to terminate the Convertible Bonds 2018 with effect from 08.03.2016 and demand early repayment.

In line with the applicable conversion price of EUR 3.56 (last amended on 04.10.2013 as a result of a dividend payment for the 2012/2013 fiscal year), the outstanding Convertible Bonds 2018 in the principal amount of EUR 508,684,500.00 entitle their holders to receive in total 142,888,909 shares in IMMOFINANZ AG. Conditional capital, as defined in Section 159 para. 2 no. 1 of the Stock Corporation Act, is available to satisfy the conversion rights from the Convertible Bonds 2018 in accordance with the resolution adopted by the shareholders' meeting of IMMOFINANZ AG on 28.09.2011.

c) Adjustment of the conversion rights upon the Spin-off becoming effective

The rights of creditors arising from the IMMOFINANZ Convertible Bonds due 2017 and the IMMOFINANZ Convertible Bonds due 2018 shall, upon the Spin-off becoming effective, be amended in accordance with the rules governing the terms and conditions applicable to convertible bonds (see the comments in section 7.18).

2.1.4. Treasury shares

a) Holdings of treasury shares

At the time of the preparation of this spin-off report, IMMOFINANZ AG does not directly hold any treasury shares and it is also unlikely that it will hold any treasury shares at the time at which the Spin-off is entered in the commercial register. Subsidiaries of IMMOFINANZ AG (within the meaning of Section 228 para. 3 of the Commercial Code) hold 11,289,527 IMMOFINANZ Shares at the time of the preparation of this spin-off report. Of this, IMBEA holds 11,289,521 IMMOFINANZ Shares and Aviso Zeta AG holds six IMMOFINANZ Shares.

b) Financing transactions with treasury shares

On the basis of the authorisation issued by the shareholders' meeting on 05.10.2012 to sell treasury shares in accordance with Section 65 para. 1b of the Stock Corporation Act and to repurchase the same in accordance with Section 65 para. 1 no. 8 and 1b of the Stock Corporation Act, IMMOFINANZ AG sold and transferred in January 2013 a total of 101,605,741 treasury shares to credit institutions for financing purposes, and in so doing it agreed to repurchase these IMMOFINANZ Shares upon repayment of the financing, and in return to receive total financing of EUR 150 million for a period of up to three years.

From an economic perspective, it concerns a financing by way of credit where the treasury shares were sold for collateralisation purposes. The financing transactions shall be shown on the balance sheet in application of the accounting principles for pension transactions (as regards accounting treatment, see the comments in 9.1).

Within the context of these financing transactions, 44,534,312 IMMOFINANZ Shares were sold from the holdings of IMMOFINANZ AG. The remaining 57,071,429 IMMOFINANZ Shares stem from the holdings of IMBEA. IMMOFINANZ AG sold these shares in preparation for the financing transactions in January 2013 in exchange for which it was granted the financing, and in so doing largely the same conditions for selling, financing and repurchasing the IMMOFINANZ Shares were agreed between IMMOFINANZ and IMBEA as for the financing transactions between IMMOFINANZ AG and the financing credit institutions.

See 7.19 for information on the amendments made to the contractual conditions for these financial transactions with regard to the issuance of BUWOG Spin-off Shares.

2.1.5. Shareholder structure and stock exchange trading

The current shareholder structure of IMMOFINANZ AG is as follows:

Shareholder	Proportion of the share capital in %
Fries Group ^{*)}	5.80
J.P. Morgan Securities plc ^{**) (financing transaction in treasury shares)}	6.10
Financing credit institution ^{***) (financing transaction in treasury shares)}	2.90
IMBEA IMMOEAST Beteiligungsverwaltung GmbH (100% subsidiary of IMMOFINANZ AG) (treasury shares)	1.00
Shares held in free float	84.20

^{*)} FRIES Family Private Foundation, Dr. Rudolf FRIES Family Private Foundation, spouses Rudolf and Anna Fries and persons closely related to them (all together, the "FRIES Group") in accordance with the publication of shareholdings notification issued by the Fries Group on 15.04.2011 and directors dealings notifications.

^{**) In accordance with the publication of shareholdings notification issued on 11.01.2013. The shares held by J.P. Morgan Securities plc also include the 67,737,161 treasury shares sold by IMMOFINANZ AG to J.P. Morgan as part of the financing transactions.}

^{***) The disposal of 33,868,580 shares of IMMOFINANZ AG to a financing credit institution as part of the financing transactions in treasury shares.}

In addition, the shares of IMMOFINANZ AG are widely held in free float by institutional and private investors in Austria and abroad.

The shares of IMMOFINANZ AG are admitted to trading on the Official Market of the Vienna Stock Exchange in the Prime Market segment (Index: ATX) and on the Main Market of the Warsaw Stock Exchange (*Rynek podstawowy*) (Index: WIG), in each case under ticker IIA. The shares of IMMOFINANZ AG are traded under International Securities Identification Number (ISIN) AT0000809058.

Furthermore, a sponsored Level 1 American Depository Receipt (ADR) program exists for the shares of IMMOFINANZ AG. Deutsche Bank Trust Company Americas is the depository bank for the ADR program.

2.1.6. Management board

Pursuant to Section 7 para. 1 of the articles of association of IMMOFINANZ AG, the management board of IMMOFINANZ AG consists of one, two, three, four or five persons.

At the time of the preparation of this spin-off report, the following three members are on the management board of IMMOFINANZ AG:

- Dr. Eduard Zehetner, Chairman of the Management Board
- Mag. Birgit Noggler
- Mag. Daniel Joachim Riedl

2.1.7. Supervisory board

Pursuant to Section 10 para. 1 of the articles of association of IMMOFINANZ AG, the supervisory board of IMMOFINANZ AG consists of no fewer than three and no more than eighteen members.

At the time of the preparation of this spin-off report, the following seven members elected by the shareholders' meeting of IMMOFINANZ AG are on the supervisory board of IMMOFINANZ AG:

- Dr. Michael Knap, Chairman of the Supervisory Board
- Dr. Rudolf Fries, Deputy Chairman
- Mag. Christian Böhm
- Mag. Vitus Eckert
- Mag. Klaus Hübner
- Univ.-Prof. Mag. Dr. Herbert Kofler
- Nick J. M. van Ommen, MBA

At the time of the preparation of this spin-off report, the following four further members (employee representatives) are on the supervisory board of IMMOFINANZ AG:

- Dipl.-Ing. Siegfried Burger-Schattauer
- Mag. (FH) Philipp Amadeus Obermair
- Nikolaus Obermair
- Mag. Mark Anthony Held

2.2. IMMOFINANZ Group

2.2.1. IMMOFINANZ Group: earnings drivers, asset classes, business fields and segments

The business activities of IMMOFINANZ Group cover the earnings drivers along the value chain in the real estate sector, beginning with project development (Development) to the active management (Asset Management) and trading of properties (Trade).

Earnings drivers	Asset Management	Trade	Development
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As of 31.10.2013, the property portfolio contained roughly 1,688 properties in the office, retail, residential and logistics asset classes with a focus on the core markets of Austria, Germany, Czech republic, Poland, Hungary, Romania, Slovakia and Russia.

Asset classes	Office			Retail			Logistics		Residential	
Business segments	International High Class Office	Secondary Office AT/DE & CEE	Opportunistic Office	Quality Shopping Centers	STOP. SHOP. Retail Warehouse	Opportunistic Retail	Logistics West	Logistics East	Residential West	Residential East

Segment reporting has been based on the core countries of IMMOFINANZ Group since the end of the 2012/13 financial year. In addition, IMMOFINANZ introduced the “BUWOG“ segment to underscore the independent character of these activities, increase transparency and simplify the planned separation.

Segments	Core countries								BUWOG	Non-core countries
	Austria	Germany	Poland	Hungary	Slovakia	Czech Republic	Romania	Russia		

With the exception of BUWOG, IMMOFINANZ Group is active in multiple asset classes in all its core countries. The future focus in the individual core countries lies on the pure commercial asset classes (see the following overview).

		Segments									
		Austria	Germany	BUWOG	Poland	Czech Republic	Slovakia	Hungary	Romania	Russia	Non-core countries
Asset classes	Office	✓	✓		✓	✓	✓	✓	✓		✓
	Retail	✓			✓	✓	✓	✓	✓	✓	✓
	Residential	✓		✓	✓				✓		✓
	Logistics		✓		✓	✓	✓	✓	✓	✓	✓

The following table provides an additional overview of the composition of the IMMOFINANZ portfolio as of 31.10.2013. The portfolio comprises standing investments (properties that generate rental income), development projects (projects under construction and completed condominiums) and pipeline projects (temporarily suspended projects and undeveloped land reserves).

Property portfolio	Number of properties	Standing investments	Development projects ²⁾	Pipeline projects	Property portfolio	Property portfolio
		in EUR mill.	in EUR mill.	in EUR mill.	in EUR mill.	in %
Austria	209	1,428.7	3.6	10.1	1,442.4	14.3%
Germany	39	412.1	168.6	0.5	581.2	5.8%
BUWOG	1,164	2,519.0	89.5	150.9	2,759.4	27.4%
Czech Republic	31	533.4	50.9	4.7	589.0	5.8%
Hungary	33	480.9	0.0	35.9	516.8	5.1%
Poland	38	522.0	64.5	23.4	609.9	6.1%
Romania	88	657.0	38.0	304.2	999.2	9.9%
Russia	6	1,607.7	226.4	0.0	1,834.1	18.2%
Slovakia	20	265.7	0.0	20.3	286.0	2.8%
Non-core countries ¹⁾	60	394.0	3.1	63.5	460.5	4.6%
IMMOFINANZ Group	1,688	8,820.5	644.5	613.6	10,078.5	100.0%
		87.5%	6.4%	6.1%	100,0%	
1) Bulgaria, Croatia, Moldavia, Netherlands, Serbia, Slovenia, Switzerland, Turkey, Ukraine, USA						
2) Future standing investments, completed property inventories and property inventories under construction						

2.2.1.1. IMMOFINANZ earnings drivers

Asset management, i.e. the active management, rental and administration of the standing investments, was the most important earnings driver during the period from the 2011/12 financial year to the first half of 2013/14 with 84-95% of the results of operations¹. Development and Trade complement these earnings and represent key business activities with strategic growth potential. The following table shows the results of operations classified by earnings driver:

(EUR mill.)	First half-year		Full year	
	2013/14	2012/13	2012/13	2011/12
Asset Management	260.8	264.7	513.0	445.9
Trade	17.5	18.3	110.8	53.2
Development	-1.4	0.3	-18.4	30.1
Total	276.9	283.3	605.4	529.2

Earnings driver: asset management

The rental of standing investments is the most important earnings driver for IMMOFINANZ Group and covers properties in four asset classes: office, retail, residential and logistics. As of 31.10.2013 the office portfolio included 100 standing investments with a book value of approx. EUR 2,593.5 million, which represented 29.4% of the standing investment portfolio. The retail property portfolio consisted of 177 standing investments with a book value of EUR 2,692.6 million as of 31.10.2013, or 30.5% of the standing investment portfolio. The logistics portfolio covered 66 standing investments with a book value of EUR 694.7 million as of 31.10.2013,

¹ Results of operations before other operating income and expenses not directly attributable

which comprised 7.9% of the standing investment portfolio. The residential portfolio contained 1,128 standing investments with 2,698,940sqm of rentable space and a combined book value of EUR 2,820.3 million as of 31.10.2013; this represents 32.0% of the standing investment portfolio.

IMMOFINANZ Group regularly acquires properties for its standing investment portfolio. The acquisition strategy is focused on premium properties at prime locations. In addition to purchasing properties, IMMOFINANZ also develops properties for its standing investment portfolio (see Earnings driver: development).

Earnings driver: trade

The sale of properties from IMMOFINANZ Group's portfolio and the development of properties for sale after completion, which are not intended to be transferred into the own portfolio, represent a further earnings driver for IMMOFINANZ Group. In this context IMMOFINANZ Group generally sells properties at a value-optimising point in the cycle, when and where appropriate opportunities are available.

IMMOFINANZ Group is now in the fourth year of a five-year real estate sales programme with a scope of roughly EUR 2.5 billion. This programme includes cycle-optimised sales as well as the portfolio-optimising sale of properties from the Opportunistic Office and Opportunistic Retail Segments that do not fit in with the corporate strategy (see the following Section: 2.2.1.2.). A total sales volume of EUR 2.375 billion had been realised in connection with this programme as of 31.10.2013, including EUR 721.9 billion in the first half of 2013/14.

Earnings driver: development

The development of projects for its own standing investment portfolio supplements asset management and trade activities as earnings drivers and allows IMMOFINANZ Group to utilise opportunities along its real estate value chain, above all in the markets of Central and Eastern Europe. As of 31.10.2013, IMMOFINANZ Group's development portfolio contained 51 development projects with a combined book value of EUR 644.5 million and outstanding construction costs of EUR 421.3 million. The market value of these properties at completion is currently estimated at approx. EUR 1.2 billion.

Development projects are currently concentrated in the core markets of Austria, Russia, Poland and Germany. Future plans call for the expansion of development activities, above all in the BUWOG segment.

2.2.1.2. IMMOFINANZ asset classes and business segments

Within the office, retail, logistics and residential asset classes, the activities of IMMOFINANZ Group are classified in business segments based on sectoral and/or geographic criteria.

Office

The business segment **International High-Class Office** consists exclusively of premium office properties at prime locations in the most attractive markets. Highest architectonic quality and the best sites are the basic criteria for the selection of the properties in this business segment. Furthermore, these properties must meet international office standards. With 12.7% of the total portfolio of IMMOFINANZ Group, the International High-Class Office portfolio represents the focal point of the office asset class.

The **Secondary Office AT/DE** portfolio comprises good quality, efficient, functional office properties. The target group for this business segment consists primarily of cost-conscious tenants. With 5.7% of the total portfolio, the focal points of this business segment are the stable markets in Austria and Germany. Properties in the **Secondary Office CEE** portfolio are located in capital cities of Central and Eastern Europe. With approx. 8.0% of the total portfolio, this business segment also concentrates primarily on cost-conscious tenants and strengthens IMMOFINANZ Group's market position in Eastern Europe.

IMMOFINANZ Group's focus on high-quality properties in good locations requires the sale of assets that have a sizeable potential for repositioning, but do not match the criteria for the target portfolio with respect to size, location, quality and/or other features. These properties are designated for sale over the short- and medium-term and are combined under the business segment **Opportunistic Office**. This category represents 2.1% of the entire portfolio.

Retail

Business activities in the retail asset class are concentrated in the **Quality Shopping Center** segment. With a 23.1% share of the total portfolio, these prime shopping facilities with international tenants are found exclusively in large, strong locations. Many years of expertise in the retail segment and an established network make it possible for IMMOFINANZ Group to generate sustainable competitive advantages in this area.

The business segment **STOP.SHOP./Retail Warehouse** comprises retail warehouses in Austria and Eastern Europe that are characterised by a standardised format and an attractive tenant mix. This segment currently represents 4.4% of the total portfolio. The properties are situated mainly at good locations in catchment areas with 30,000 to 150,000 residents. As the nucleus of this segment, IMMOFINANZ Group created the STOP.SHOP. brand in 2002 and has since successfully established it in CEE and Austria. Following the successful rebranding

of selected Austrian retail warehouses at the end of 2012, the STOP. SHOP. brand can now be found at 46 locations in six countries. These retail warehouses offer convincing benefits, above all, with uniform quality standards, a functional layout and high recognition. Plans call for the further expansion of this chain in the future with a focus on the Polish market.

The focus on high-quality properties at good locations also requires the sale of assets in the retail asset class that have a sizeable potential for repositioning, but do not match the target portfolio of IMMOFINANZ Group with respect to size, location, quality and/or other features. These retail properties are designated for sale over the short- to medium-term and are combined under the business segment **Opportunistic Retail**. They comprise 2.9% of the total portfolio.

Logistics

Logistics activities in Western Europe are located primarily in Germany, Switzerland and the Netherlands and are combined in the **Logistics West** business segment. IMMOFINANZ Group has successfully developed a strong position in the logistics market with its subsidiaries Deutsche Lagerhaus and Citybox. This market is characterised by outstanding growth forecasts and is considered one of the most dynamic asset classes in Western Europe. This category represents 5.2% of the total portfolio.

The **Logistics East** portfolio, with a share of 2.4%, is concentrated mainly in the promising Central and East European region and covers all logistics activities in Poland, Romania, Slovakia, Czech Republic, Hungary and Russia. With “LOG CENTER“ a strong international umbrella brand was created for the logistics properties in Romania, Hungary and Slovakia. Close cooperation with the Logistics West portfolio allows IMMOFINANZ Group to offer logistics space from a single hand to tenants in large parts of Europe.

Residential

The **Residential West** portfolio consists primarily of rental apartments in Austria and Germany and comprises 31.0% of the total portfolio. The vast majority of the properties in Residential West are attributable to the BUWOG segment.

The **Residential East** business segment comprises all properties in the residential asset class that are located in Eastern Europe. Activities in this segment solely involve the development of condominium apartments for sale, whereby IMMOFINANZ Group plans to benefit from the high pent-up demand for new housing by the emerging middle class in these regions and from the growing interest in new housing. With a large number of residential construction sites already in its portfolio, IMMOFINANZ Group is well positioned to meet this potential demand with market-oriented products. In addition, the full takeover of the leading Romanian residential

property developer Adama in November 2011 has created an ideal platform for the expansion of residential construction and development in the CEE and SEE regions that will also allow for the utilisation of existing land reserves. The Residential East category represents 2.6% of the total portfolio.

2.2.2. The economic environment and market development in the core countries of IMMOFINANZ Group²

General economic situation

The slowdown in economic growth that has characterised Europe since the start of the financial crisis continues to have a negative effect on a number of the IMMOFINANZ core countries. However, the real estate markets in other countries, e.g. Austria and Germany, were again able to avoid the crisis in 2013 as safe havens for investors, or successfully disengaged from the general trend due to their lower economic dependence and confirmed their growth potential, e.g. Russia.

According to the EIU, the average GDP in the EU will stagnate in 2013 after a 0.3% decline in 2012. The EIU is also projecting growth of 0.8% for the Euro zone in 2014. The CEE region presents a better picture: the average GDP for the CEE core countries of IMMOFINANZ Group should rise by 1.2% in 2013 and by 2.7% in 2014 – with Romania (2013e: 2.4%) and Russia (2013e: 1.5%) serving as the growth drivers. Sovereign debt in the CEE core markets is still much lower than Western Europe, even though austerity measures have led to a slight decline in debt ratios for a number of the countries in the west. The solid standing of the CEE core countries confirms IMMOFINANZ Group's strategic focus on these growth markets.

The average unemployment rate in the EU improved slightly during autumn 2013 and equalled 10.9% in October according to EuroStat. Unemployment is substantially lower in the core countries of IMMOFINANZ Group than in the other EU countries, with the exception of Slovakia. The inflation rate in these core countries also remained low during October, or declined in comparison with the previous quarter, with the exception of Russia (6.1%).

	Unemployment rate in October 2013 in %	Annual inflation rate in October 2013 in % *	Öffentlicher Brutto-schuldenstand 2013 in % des BIP	Gross national debt 2013 in % of GDP	GDP growth rate 2013 in % **	Forecasted GDP growth rate 2014 in % **	Forecasted GDP growth rate 2015 in % **
Austria	4.8%	1.5%p	75.6%	-3.0%	0.3%	1.4%	1.7%
Germany	5.2%	1.2%	79.9%	0.1%	0.5%	1.3%	1.4%
Poland	10.2%	0.7%	48.2%	0.0%	1.3%	2.9%	3.5%

² The references to time and time periods in this section are not related to the financial year of IMMOFINANZ Group, but to the calendar year.

Czech Republic	6.8%	0.8%	48.1%	-2.9%	-0.7%	1.7%	2.5%
Slovakia	13.9%	0.7%	55.3%	-3.1%	1.0%	2.4%	3.0%
Hungary	10.1% s	1.1%	79.8%	-3.0%	0.4%	1.7%	2.4%
Romania	7.3%	1.2%	36.3%	-2.4%	2.4%	3.0%	3.5%
Russia	5.3%	6.1%	8.1%	-0.5%	1.5%	3.0%	3.8%
EU-28	10.9%	0.9%p	88.9%	-3.5%	0.0%	1.1%	1.5%
Euro zone (17 countries)	12.1%	0.7%p	95.4%	-3.0%	-0.5%	0.8%	1.3%
IMMOFINANZ Group (weighted by fair value)	6.4%	2.5%	57.1%	-1.8%	0.8%	2.0%	2.5%

* Change in the annual average of the harmonised index of consumer prices (HICP)

** Growth in GDP volume – per cent change in relation to the prior year

Sources:

EU = EuroStat; Economist Intelligence Unit (EIU)

RU = Rosstat; EIU

p = preliminary

s = September

The property markets in the core countries of IMMOFINANZ Group

The property markets followed dynamic momentum in the first half of 2013 with stable development in the third quarter. The start of recovery on the investment market in Europe has been confirmed, above all, by the rising volume of transactions. Southern Europe has also seen the first transactions since the crisis, e.g. residential and retail properties in Spain and Italy. However, the future development of the European property market is still dependent on economic growth in the individual countries.

The volume of commercial transactions in Europe totalled EUR 99 billion for the first three quarters of 2013 (+21% year-on-year) according to CB Richard Ellis (CBRE). The third quarter 2013, with transactions of EUR 35.5 billion, is therefore the fourth quarter in succession with an increase in volumes. Investors continued to focus their demand on so-called “safe havens“, i.e. stable economies like Germany. The situation also improved in a number of CEE countries: properties with a value of EUR 6.8 billion were traded during the first three quarters, for a plus of 47% over the comparable prior year period.

The market indicators remained solid to positive in the relevant asset classes and core countries of IMMOFINANZ Group. The outlook for the CEE countries is generally positive because a number of these economies still show substantially better development and greater growth potential than the countries in Western Europe. The core countries of IMMOFINANZ Group in Western Europe, Austria and Germany, have also been affected by the Euro crisis and the related rescue measures, but are still considered safe and stable by investors.

Office

The European Office Index issued by Jones Lang LaSalle (JLL), which is based on the weighted prime rents in 24 European markets, declined by 1.1% from the second to the third quarter of 2013. That places the index 1.4% below the comparable prior year value, a decline that was caused above all by falling rents in saturated markets like Paris and Milan. At 9.7% the average vacancy rate on the European markets remained stable compared with the first two quarters of 2013, according to JLL.

City / core market	Vacancy rate in Q3 2013 for office properties in %	Prime yields in Q3 2013 for office properties in %
Bratislava, Slovakia	13.7	7.0-7.3
Budapest, Hungary	18.6	7.5-7.8
Bucharest, Romania	15.0	8.3
Düsseldorf, Germany	11.8	4.7-5.7
Moscow, Russia	13.1	8.8
Prague, Czech Republic	13.1	6.3
Warsaw, Poland	10.9	6.3
Vienna, Austria	7.0	5.3

Sources: Jones Lang LaSalle (JLL), EHL (Vienna data)

Prime office rents remain stable in the core markets of IMMOFINANZ Group. In Prague, new construction led to a minor decline in rents. The yield was also generally constant in the various core countries. Geographic differences were only recorded in the development of vacancies: vacancies were slight higher in Düsseldorf, Prague and Warsaw, but declined moderately after many negative quarters due to an improvement in the rental situation in the CEE markets of Bratislava, Budapest and Bucharest.

Retail

The retail sector was characterised by generally favourable development in 2013, and CBRE is forecasting sound growth in rents through 2017 for nearly all East European countries and the CEE region. Renewed consumer confidence in the economy after the crisis has given European retailers a positive outlook on the future.

City / core market	Vacancy rate in Q3 2013 for shopping centers in %	Prime yields in Q3 2013 for shopping centers in %
Bratislava, Slovakia	8.0	6.8-7.0
Budapest, Hungary	10.0	7.3-7.5
Bucharest, Romania	9.0-9.5	8.5
Düsseldorf, Germany	n.a.	4.8-5.3
Moscow, Russia	2.5	9.0-9.5
Prague, Czech Republic	3.5	6.3

Warsaw, Poland	2.0	5.8
Vienna, Austria	n.a.	5.8

Sources: Jones Lang LaSalle (JLL), EHL (Vienna data)

Prime rents and yields in the IMMOFINANZ core markets remained generally constant in the third quarter of 2013, with a slight improvement in Warsaw. There was virtually no change in the other parameters, and developments in the core markets were stable. Only Bratislava registered a slight rise in vacancies and a decline in prime yields.

Logistics

The investment market for logistics properties is expected to remain constant due to the yield gap between modern office properties and the stable macroeconomic situation in Germany. Investments are focused on state-of-the-art buildings that also offer good possibilities for third party use and flexible solutions for distribution logistics in connection with e-commerce.

On the rental market, growing confidence in the economy is expected to result in an increase in business with a moderate rise in rents. Rental prices in Germany are, on average, still substantially lower than other European logistics locations (e.g. London, Helsinki), but are also characterised by lower volatility. The vacancy rate for logistics properties in Moscow also remained stable at a low level in the third quarter of 2013 and the trend is pointing downward. A further rise in vacancies was reported in Bratislava and Budapest. However, prime rents also held steady during the third quarter of the year – with a slight increase registered in Bratislava.

City / core market	Vacancy rate in Q3 2013 for logistics properties in %	Prime yields in Q3 2013 for logistics properties in %
Bratislava, Slovakia	6.6	8.5-8.8
Budapest, Hungary	23.7	9.3-9.5
Bucharest, Romania	12.0-13.0	10.0-11.0
Düsseldorf, Germany	n.a.	6.5-7.9
Moscow, Russia	1.0	11.0
Prague, Czech Republic	9.8	8.0-8.3
Warsaw, Poland	14.4	8.0
Vienna, Austria	n.a.	7.0

Sources: Jones Lang LaSalle (JLL), EHL (Vienna data)

There is a steady and strong rise in the demand for logistics space in Europe. According to Jones Lang LaSalle (JLL), rentals totalled 6.5 million sqm in the first half of 2013, which represents a year-on-year increase of approx. 10%. Demand was particularly high for space in France, Poland and Russia.

Residential

The strong momentum on the investment market for residential property portfolios in Germany continued during the third quarter, with Savills placing the volume of transactions at EUR 2.9 billion for that period. The transaction volume for the first three quarters totalled EUR 8.8 billion, as reported by Savills, for a year-on-year increase of 14%. Roughly 75% of the residential property buyers were of German origin, while the remaining 25% were European investors, above all from Austria, Luxembourg and Switzerland. Following the announcement of further major portfolio transactions in the fourth quarter of 2013, it appears realistic that the total volume for 2013 could exceed EUR 10 billion.

In Austria, the prices for new condominium apartments for first time use rose by an average of 3.9% and the prices for used condominiums by an average of 4.6% in 2012 according to a survey published in 2013 by the Austrian Economic Chamber (*WKO*). The increases were above-average, especially in Vienna where the prices for condominium apartments increased by 9.1% and the prices for used condominiums by 8.8%. The demand for housing has not been met to date by a comparable increase in the supply. This on-going gap between supply and demand was responsible, among others, for an average increase of 3.5% in rental prices for apartments in Austria during 2012 (Vienna: 3.8%).

The trend on the residential market in Central and Eastern Europe remains positive, whereby this momentum is attributable above all to local investors. Demand in the region is strongest for apartments in the lower to medium-price segment. The CEE market is considered to be particularly interesting and promising due to the expected high pent-up demand, above all for modern living space.

2.3. BUWOG Segment

The BUWOG segment contains most of the residential properties owned by IMMOFINANZ Group and includes the entire portfolio of the BUWOG GmbH subgroup³. The BUWOG portfolio consists primarily of rental apartments in Austria and Germany. It had a fair value of EUR 2,791.3 million as of 31.10.2013 and represented 27.4% of the IMMOFINANZ Group's portfolio on that date. Rental income amounted to EUR 57.0 million in the first half of 2013/14 based on approx. 2.50 million sqm of rentable space, an occupancy rate of 94.7% and an average base rent of EUR 4.19 per sqm.

In connection with the strategic focus of IMMOFINANZ Group and the planned separation of commercial and residential activities, all residential activities attributable to the BUWOG GmbH subgroup – approx. 90% of the residential properties owned by IMMOFINANZ Group based

³ The BUWOG GmbH subgroup includes a number of companies that are directly or indirectly owned in full by IMMOFINANZ Group. The most important company is BUWOG - Bauen und Wohnen Gesellschaft mbH together with its subsidiaries ESG Wohnungsgesellschaft mbH Villach and BUWOG – Meermann GmbH.

on fair value – were separated from the Austria and Germany segments and presented in a separate BUWOG segment starting on 30.04.2013.

The business activities of the BUWOG GmbH subgroup are concentrated on the management, rental, administration and sale of its own apartments as well as the development of rental and condominium apartments in the growth regions of Vienna and Berlin. With a total of 33,394 residential units (thereof 27,073 in Austria and 6,321 in Germany), the BUWOG GmbH subgroup – which is part of the BUWOG segment – is one of the leading residential property companies in the German-speaking region. As the largest private residential property company in Austria, BUWOG is one of the most active residential building contractors and property developers in Austria with a new construction volume of roughly 700 apartments per year in the greater Vienna area.

The most important growth market for the BUWOG GmbH subgroup is the residential property market in Germany. Here, the company intends to increase its portfolio mainly in Berlin and north-western Germany. The BUWOG GmbH subgroup also entered the new construction segment of this market during 2012 through the acquisition of a well-known Berlin development company and is currently working on a project pipeline of approx. 1,600 apartments. Future plans also include further growth through the acquisition of standing investment portfolios and further development projects in Germany.

Key data on the BUWOG segment as of 31.10.2013(H1 2013/14)

Number of rental units	33,394
Rentable space (in sqm)	2,504,375
Occupancy in %	94.7%
Net base rent per sqm/ month	4.19
Rental income from asset management (EUR million)	57.0
Fair value of investment properties (EUR million)	2.518
Revenues (in EUR million)	88.0
Results of operations (EUR million)	53.0
Operating profit (EBIT) (EUR million)	60.5

2.4. BUWOG AG as the acquiring legal entity

BUWOG AG, registered in the commercial register under FN 349794 d, with its registered office in the Municipality of Vienna, a stock corporation duly established under Austrian law, is the company acquiring the Spin-off Share in GENA SECHS by way of a spin-off by absorption (*Abspaltung zur Aufnahme*). BUWOG AG is a wholly-owned subsidiary of IMMOFINANZ AG prior to the Spin-off becoming effective.

2.4.1. General information required under company law and the purpose of the business

BUWOG AG was established by IMMOEAST by means of a declaration on the establishment of the company dated 07.07.2010 in the form of a GmbH (limited liability company) under Austrian law and under the name Artemis Immobilien GmbH with its registered office in Vienna and registered in the commercial register under FN 349794. Under a purchase and transfer agreement (*Kauf- und Abtretungsvertrag*) dated 23.10.2013, IMMOFINANZ AG acquired all of the shares in Artemis Immobilien GmbH from IMMOEAST ALLEGRO Beteiligungs GmbH.

At the shareholders' meeting on 27.11.2013, a resolution was adopted to increase the share capital of the company to EUR 70,000 and to change the corporate form of Artemis Immobilien GmbH to that of a stock corporation (*Aktiengesellschaft*, Section 245 et seq. of the Stock Corporation Act) with effect from the conversion date of 31.10.2013. Furthermore, the name of the company was changed to BUWOG AG and the articles of association of BUWOG were drawn up. Registration in the commercial register of the change of corporate form to that of a stock corporation under the name BUWOG AG was made on 17.12.2013.

The fiscal year of BUWOG AG runs from 01.05. to 30.04 of the following year.

To date, the company has not been operationally active and also has not had any employees.

2.4.2. Business purpose

According to Section 2 of the articles of association of BUWOG AG, the business purpose of the company both in Austria and abroad is the purchase, development, management, renting (leasing) and realisation of developed and undeveloped real properties (including building on third party land (*Superädifikate*) and building rights (*Baurechte*)); real estate development, planning and implementation of real estate projects of any kind; operating real estate businesses, in particular residential properties, retail properties, office properties, and other properties; the provision of services of any kind, including the operation of facilities required therefor, including the provision of services related to real estate, such as acting as real estate trustee (estate agent, property management, property developer) and master builder; acting as an insurance and financing agent; the acquisition, management and disposal of investments in other enterprises or corporations with the same or similar business purpose as well as the management and administration of such investments (holding function).

The company shall be entitled to conduct any business and adopt all measures which are deemed to be necessary or useful within the scope of its business purpose, in particular also in fields of operations similar or related to the business purpose of the company. The company shall be entitled to pursue the purpose of the business via branch offices and subsidiaries in Austria and abroad. Banking business within the meaning of the Banking Act (*Bankwesengesetz*) shall be excluded from the company's operations.

2.4.3. Share capital and shares

At the time of the preparation of this spin-off report, the share capital of BUWOG AG amounts to EUR 70,000 and is divided into 70,000 bearer shares, each with an interest in the share capital of the company of EUR 1.00. In accordance with Article 5 (1) of the articles of association of BUWOG AG, the shares of BUWOG AG shall be admitted to trading on a recognised stock exchange within the meaning of Section 2 no. 32 of the Banking Act (Section 10 of the Stock Corporation Act). IMMOFINANZ AG holds all shares in BUWOG AG. Prior to the Spin-off becoming effective, BUWOG AG shall perform a Capital Increase in Kind (see 5). Furthermore, BUWOG AG shall resolve to perform a conditional and approved capital increase prior to the Spin-off becoming effective (see 10.3.2).

2.4.4. Management board

Pursuant to Section 7 para. 1 of the articles of association of BUWOG AG, the management board of BUWOG AG consists of one, two, three, four or five persons.

By a resolution of the supervisory board of BUWOG AG dated 27.11.2013, Mag. Daniel Joachim Riedl and Mag. Josef Mayer were each appointed as members of the management board of BUWOG AG for one year. Both of the aforementioned persons are members of the management board of BUWOG AG at the time of the preparation of the spin-off report.

Mag. Josef Mayer shall step down from his position as a member of the management board of BUWOG AG prior to the Spin-off becoming effective.

Prior to the Spin-off becoming effective, the supervisory board of BUWOG AG intends to appoint Mag. Daniel Joachim Riedl as a member of the management board of BUWOG AG for a term in office of three years from the time the Spin-off becomes effective.

The supervisory board of BUWOG AG intends to appoint another member of the management board of BUWOG AG prior to the Spin-off becoming effective, likewise for a term in office of three years from the date the Spin-off becomes effective. At present, it has not been decided who this member of the supervisory board shall be.

2.4.5. Supervisory board

Pursuant to Section 10 para. 1 of the articles of association of BUWOG AG, the supervisory board of BUWOG AG consists of no fewer than three and no more than ten members.

At the shareholders' meeting of the company held on 27.11.2013, at which the change of corporate form to that of a stock corporation (*Aktiengesellschaft*) was decided, Mag. Vitus Eckert, Dr. Eduard Zehetner and Mag. Birgit Noggler were appointed as members of the first supervisory board of BUWOG AG for a term in office lasting until the end of the first

shareholders' meeting of BUWOG AG held one year after registration of the change of corporate form in the commercial register, during which meeting a resolution is adopted on discharging the supervisory board (Section 87 para. 9 of the Stock Corporation Act).

At the time of the preparation of this spin-off report, the aforementioned persons are members of the supervisory board of BUWOG AG. Mag. Vitus Eckert is chairman of the supervisory board and Dr. Eduard Zehetner is deputy chairman of the supervisory board.

The aforementioned persons shall also be members of the supervisory board of BUWOG AG after the Spin-off becomes effective.

It is intended that the shareholders' meeting of IMMOFINANZ AG shall elect up to three further members of the supervisory board of BUWOG AG prior to the Spin-off becoming effective. At present, it has not been decided who these members of the supervisory board shall be.

The term in office of all members of the supervisory board shall conclude at the end of the first shareholders' meeting of BUWOG AG after the Spin-off becomes effective.

2.4.6. Resolutions adopted by the general meeting and shareholders' meeting in the 2013/2014 fiscal year

On 27.11.2013, the general meeting of the company adopted a resolution to increase the share capital of the company to EUR 70,000, change the corporate form of the company to that of a stock corporation (*Aktiengesellschaft*, Section 245 et seq. of the Stock Corporation Act) and change the name of the company to BUWOG AG. Furthermore, the members of the first supervisory board of BUWOG AG were appointed.

At this general meeting, Deloitte Audit Wirtschaftsprüfungs GmbH, Renngasse 1/Freyung, 1010 Vienna, FN 36059 d, was appointed as the auditor of BUWOG AG for the 2013/2014 fiscal year and also as the auditor of the consolidated financial statements for the 2013/2014 fiscal year, to the extent the preparation of consolidated financial statements is necessary.

At the shareholders' meeting of BUWOG AG held on 30.01.2014, a resolution was adopted to amend the articles of association of BUWOG AG authorising the management board to introduce new possibilities for participation in the shareholders' meetings of BUWOG AG (satellite meetings, remote participation and remote voting) (Article 17 (5), (6) and (7) of the articles of association of BUWOG AG as amended, attached as an annex to the draft Spin-off and Takeover Contract).

As regards the other resolutions adopted at the shareholders' meeting of BUWOG AG on 30.01.2014, see the comments in 5 regarding the resolution on (i) the Capital Increase in Kind and approval for the contribution in kind and contribution agreement (*Sacheinlage- und*

Einbringungsvertrag) concerning the interest in Parthica, and also see the comments in Section 4.2. regarding the resolution (ii) authorising the management board of BUWOG AG to issue convertible bonds.

3. Separation of BUWOG through a spin-off

When the spin-off to BUWOG AG becomes effective and the shares in BUWOG AG are granted to the shareholders of IMMOFINANZ AG in exchange, IMMOFINANZ Group with its remaining activities and the BUWOG Group – with the activities previously attributable to the BUWOG GmbH subgroup as part of IMMOFINANZ Group – will represent two independent corporate entities.

When the spin-off becomes effective, IMMOFINANZ Group will hold an investment of 49% in BUWOG AG. This investment will comprise a direct shareholding of 43.9% and an investment of 5.1% received in the form of BUWOG spin-off shares which are allocated for IMMOFINANZ shares. This 5.1% holding will be sold for financing purposes, whereby an agreement has already been reached to repurchase the shares when the financing is repaid (see the Section “Financing transactions with treasury shares“, 7.19).

Plans call for the sale, at a later date, of the investment held by IMMOFINANZ Group in BUWOG AG in a single transaction or in several steps over the stock exchange or by other means.

The decision by the Executive Board of IMMOFINANZ AG to present the spin-off and takeover agreement to the extraordinary general meeting for approval is the result of an extensive analysis of the current business activities and structures of IMMOFINANZ Group and the BUWOG GmbH subgroup as well as the subsequent evaluation of strategic alternatives. After analysing all relevant factors, the Executive Board of IMMOFINANZ AG believes the separation and subsequent listing of the BUWOG GmbH subgroup is not only in the best interest of IMMOFINANZ AG and its shareholders, but also in the best interest of the BUWOG GmbH subgroup. The following Sections explain, from the viewpoint of the Executive Board of IMMOFINANZ AG, the major considerations and reasons in favour of separation and against the retention of the BUWOG GmbH subgroup as part of IMMOFINANZ Group in connection with the strategic development of IMMOFINANZ Group and the BUWOG GmbH subgroup. An explanation is also provided for the decision by the Executive Board of IMMOFINANZ AG to pursue this separation through a spin-off under the Austrian Spin-off Act (*Spaltungsgesetz, SpaltG*). In conclusion, the major reasons will be presented for the decision by the Executive Board of IMMOFINANZ AG not to sell the entire investment in the BUWOG Group as part of the spin-off. The major reasons for the decision by the Executive Board of BUWOG AG in favour of the spin-off are presented separately.

3.1. Reasons for the separation of the BUWOG GmbH subgroup

IMMOFINANZ Group wants to simplify its presentation on the capital market for current shareholders and potential investors. IMMOFINANZ Group and the BUWOG GmbH subgroup address different capital market investment strategies, and consequently different investor groups, because their activities are fundamentally different. The Executive Board therefore believes IMMOFINANZ Group is underrated by the capital market due to the current conglomerate structure and single listing. By separating the BUWOG GmbH subgroup into a distinct, listed company, the Executive Board intends to create the structural requirements for a more efficient valuation of both companies by the capital market.

An analysis of the companies listed in the MDAX on the German stock exchange and companies whose business model and size are similar to the BUWOG GmbH subgroup (currently: Deutsche Annington SE, Deutsche Wohnen AG, Gagfah S.A., LEG Immobilien AG and TAG Immobilien AG – together referred to as the peer group) shows that these companies trade at approx. 80 to 110% of their net asset value (“NAV”). In contrast, the BUWOG GmbH subgroup, as part of IMMOFINANZ Group, is not adequately valued by the capital market according to the Executive Board. A separate listing on the stock exchange in Frankfurt am Main after separation from IMMOFINANZ Group would allow for the presentation of the BUWOG GmbH subgroup as the independent BUWOG Group with a more transparent and clear capital market focus as a residential property company. The basic consideration of the Executive Board in this connection is to meet the requirements of many capital market investors for focused investment profiles – e.g. based on business model, type of use and/or geography – and thereby create an independent position on the capital market for both companies – IMMOFINANZ Group with its concentration on commercial properties in Central and Eastern Europe and the BUWOG Group, a company that is active on the residential property market in Germany and Austria.

3.1.1. Developments in the market environment of IMMOFINANZ Group

The intention of the Executive Board of IMMOFINANZ Group to spin off the BUWOG Group is based, among others, on the underlying market considerations described below:

- The various segments of the real estate market in which IMMOFINANZ Group is active have been characterised by widely divergent developments in recent years. The steady rise in rents, purchase prices and purchase price factors on the German and Austrian residential property markets, on the one hand, are contrasted by differing developments on the commercial property markets in Central and Eastern Europe and in Russia. This gap between the various types of use, locations and quality segments underscores the high degree of heterogeneity in the business activities of IMMOFINANZ Group.

- Recent years have seen the emergence of a trend on the capital markets, whereby investors are looking for a clear focus on specific market segments and/or business models when they purchase listed real estate shares. Companies with mixed portfolio structures or business models with a conglomerate character are less popular with capital market investors, a situation that tends to result in higher discounts to the NAV in the valuation of the share.
- Due to the high capital intensity of property investments and the experience with reliable debt supplies in recent years, real estate companies have started to issue shares and convertible bonds on the capital market as an additional source of external financing. This gives the companies added flexibility and also reduces the structural dependency on the mortgage banking sector.

Against this backdrop, the spin-off will create two independent listed companies, each of which will have a substantially sharper corporate profile and a better position to meet the rising demands of capital market investors.

3.1.2. Reasons in the interest of the BUWOG Group

The Executive Boards of IMMOFINANZ AG and BUWOG AG see the following reasons in favour of the spin-off of the BUWOG Group:

- An independent presence will have a positive effect on business operations in the relevant markets and, in turn, allow for the better development of the company's potential.
- The spin-off will give the BUWOG Group direct access to the capital market, which will allow for the independent procurement of funds as required and facilitate the realisation of investment and growth opportunities.
- The spin-off will substantially expand the BUWOG Group's strategic flexibility, including the opportunity to establish partnerships or carry out acquisitions by using capital market instruments.
- Independence on the capital market and the related reporting lead to a more transparent and detailed external presentation and, in this way, to improved awareness of the BUWOG Group on the market.

- Independence will increase the identification of employees with the company. Greater opportunities to hire and retain qualified personnel will ensure the success of the BUWOG Group over the long-term.

In summary, the spin-off of the BUWOG Group will create an independent company that has been focused on the residential property sector in Germany and Austria for many years. There is substantial demand among real estate and capital market investors for this segment because its character is stable and earnings can be forecasted with relative certainty.

3.1.3. Reasons in the interest of IMMOFINANZ Group

The Executive Board of IMMOFINANZ AG sees the following considerations as particularly relevant for the planned separation of the BUWOG Group through a spin-off:

- Focus on office, retail and logistics properties in Central and Eastern Europe, including Russia. That will make IMMOFINANZ Group one of the largest listed real estate companies in this defined segment based on portfolio volume and market capitalisation.
- Sharpening of IMMOFINANZ Group's corporate profile through the improvement of key operating and financial indicators as well as a substantial reduction in the complexity of the corporate structure following the separation of the BUWOG GmbH subgroup.
- The future orientation will allow IMMOFINANZ Group to realise numerous strategic opportunities, including joint ventures, acquisitions, takeovers and/or mergers in a more direct manner.
- The Executive Board of IMMOFINANZ AG does not expect any major loss of synergies from the spin-off of the BUWOG GmbH subgroup.
- Based on the current level of valuations for the peer group, the Executive Board of IMMOFINANZ AG expects a capital market valuation of the BUWOG Group that carries a lower discount to the NAV than the current valuation of IMMOFINANZ Group. This would give shareholders an opportunity to realise a higher value for their investment.
- IMMOFINANZ Group will participate in the development of the share price of the BUWOG Group through its 49% investment.

The spin-off of the BUWOG Group will allow for the focused positioning of IMMOFINANZ Group on the capital market. The property portfolio of IMMOFINANZ Group has been divided, up to now, almost equally between Eastern and Western Europe. In recent periods, IMMOFINANZ Group was able to generate substantially higher added value in Eastern Europe than in the West European countries. The Executive Board is still convinced of the long-term

growth story and the convergence potential of this region. The total return on the CEE properties from 2010 to 2012 brought IMMOFINANZ Group the “IPD Property Investment Award in Central & Eastern Europe” for the portfolio with the highest performance among 49 surveyed portfolios in the region. This performance was based primarily on the cash flow relevant rental yield and underscores the asset management services of IMMOFINANZ Group. The comparatively moderate added value component documents the conservative valuation of the portfolio.

In view of the above, the Executive Board expects an increase in the value of the IMMOFINANZ share over the medium- to long-term, which should substantially reduce the current discount from the share price to the NAV. This would not only create direct value for the shareholders of IMMOFINANZ AG but, based on the higher share price, also place IMMOFINANZ Group in a position to realise additional strategic opportunities for the benefit of its shareholders.

3.2. Decision in favour of the spin-off

At the annual general meeting in September 2012, the Executive Board of IMMOFINANZ AG announced the evaluation of various strategic options for the BUWOG GmbH subgroup. In advance of the annual general meeting, IMMOFINANZ Group discussed the possible separation of the residential management and development activities in Germany and Austria that are bundled in BUWOG GmbH from IMMOFINANZ Group during numerous road shows, meetings with analysts and conferences with investors and other capital market participants. The separation of the BUWOG GmbH subgroup was planned either through a public offering of BUWOG shares to the investing public (a so-called initial public offering, in the following **IPO**) or through a spin-off.

After thorough examination, the Executive Board of IMMOFINANZ AG, with the approval of the Supervisory Board, decided on a spin-off under the Austrian Spin-off Act (*Spaltungsgesetz*, SpaltG). The Executive Board was supported in this decision process, among others, by investment banks and other capital market experts.

3.2.1. Reasons for the spin-off

The Executive Board of IMMOFINANZ AG believes the spin-off is in the best interests of IMMOFINANZ Group and the shareholders of IMMOFINANZ AG. In particular, the following reasons are decisive:

- The successful execution of the spin-off is dependent to a lesser extent on a positive capital market climate than a public offering of shares in conjunction with an IPO. Contingent on the approval of the annual general meeting of IMMOFINANZ AG, the listing of BUWOG AG following the spin-off will follow a clearly defined schedule, which gives both IMMOFINANZ Group and the BUWOG Group a reliable basis for planning.
- A spin-off will allow IMMOFINANZ Group to determine, exactly and in advance, the investment it intends to retain in the BUWOG Group. Moreover, this transaction will allow IMMOFINANZ Group to divest a substantially larger volume of BUWOG shares than would be practical under a public offering in view of the limited acquisition capability of the capital market. The spin-off – in combination with the De-domination agreement – will ensure the intended surrender of the management of the BUWOG Group by IMMOFINANZ Group.
- In the event of a spin-off, IMMOFINANZ shareholders would not be forced to realise a change in value resulting from a possible discount to the BUWOG Group's NAV because they can autonomously decide whether to realise this value on the stock exchange by selling their allocated BUWOG shares or continue to hold the shares. This type of discount is frequently seen in connection with an IPO and would be presumably not be immaterial because of the uncertainty on the capital markets.
- Direct access to the BUWOG AG investment gives shareholders an opportunity to independently evaluate their investment in both companies, IMMOFINANZ Group and the BUWOG Group, with their distinct investment profiles.

The spin-off of the BUWOG Group also brings certain disadvantages for IMMOFINANZ Group, which were taken into account in the decision in favour of the spin-off:

- In contrast to an IPO or non-public sale of the BUWOG GmbH subgroup to third party investors, IMMOFINANZ Group will only realise cash flows after the spin-off in part and under the condition that it subsequently sells the initially retained 49% stake in the BUWOG Group.
- Furthermore, the structure of the entire transaction as a spin-off under the Austrian Spin-off Act and other measures explained in this report are, in some respects, more complex than other possible transaction types, e.g. an IPO. This complexity is related primarily to the target structure and the steps required to reach this structure, for example the reviews by court-certified auditors that are required for implementation, the adaptation of contracts for financing transactions with treasury shares and the adjustment of the conversion rights for the IMMOFINANZ convertible bonds that are due in 2017 and 2018.

- It can also be assumed that a spin-off under which all IMMOFINANZ shareholders receive shares in BUWOG AG will be followed by the sale of these allocated shares by a not insignificant group of investors (e.g. certain index funds). This could, subject to the implementation of countermeasures, influence the market price of the BUWOG share, at least over the short-term.

After careful consideration, the Executive Board of IMMOFINANZ AG does not see these spin-off disadvantages as grounds for a different decision. The Executive Board of IMMOFINANZ AG is, on the contrary, convinced that the above-mentioned advantages of the spin-off outweigh the resulting disadvantages.

3.2.2. Reasons against the issue of an investment in the BUWOG Group in the form of a dividend in kind

The separation of the BUWOG GmbH subgroup through a distribution as a dividend in kind was examined, but not pursued further by the Executive Board of IMMOFINANZ AG. The issue of BUWOG AG shares in the form of a dividend in kind would not lead to any major advantages compared with a spin-off under the planned structure. It would, however, create a number of important disadvantages under company and tax law:

A dividend in kind would not represent a suitable alternative from the tax standpoint because it leads to the realisation of undisclosed reserves for IMMOFINANZ AG. Similar to any other dividend, a dividend in kind would also be taxable for the shareholders of IMMOFINANZ AG (deduction of withholding tax by IMMOFINANZ AG). In particular, smaller shareholders would not be able to hold the allocated shares in place of the previously held shares under certain circumstances – in contrast to the spin-off.

3.2.3. Reasons against a sale in the form of an initial public offering (“IPO“)

The Executive Board of IMMOFINANZ AG carefully evaluated the monetarisation of the activities of the BUWOG GmbH subgroup through an IPO as an alternative to the spin-off. The Executive Board does not believe this type of transaction can be implemented at the present time or in the near future in a way that would reflect the interests of IMMOFINANZ AG and its shareholders, above all, for the following reasons:

- Notwithstanding the latest rise of several leading indexes to new record highs, the situation on the capital market in recent years has been characterised by significant volatility. IPOs are connected with considerable uncertainty, especially in the German-speaking region. It is therefore unlikely that an IPO by the BUWOG GmbH subgroup could be planned with the necessary security. In particular, it should be noted that most of the recent IPOs in the German-speaking residential property sector were connected

with considerable difficulties – e.g. postponement with a reduced price range for the offering by Deutsche Annington SE, cancellation by Ledermann Immobilien AG.

- Accordingly, recent successful IPOs– such as LEG Immobilien AG – cannot be used as the basis to conclude that an IPO by the BUWOG GmbH subgroup would also be successful. The Executive Board of IMMOFINANZ AG was advised by investment banks in this connection and does not believe the latest developments provide grounds for a significantly different evaluation of the outlook for an IPO by the BUWOG GmbH subgroup.
- Based on the current capital market environment in the German-speaking real estate sector, the Executive Board believes an IPO would be connected with the risk of an inappropriate discount – from the viewpoint of IMMOFINANZ Group – from the realisable placement price for the shares of the BUWOG GmbH subgroup. This would result in a possible undervaluation by the market and, in turn, indirectly have a negative effect on the asset position of the IMMOFINANZ AG shareholders.
- An IPO would not permit the precise determination of a clearly defined stake for IMMOFINANZ Group in the BUWOG Group after the completion of the transaction. That could endanger the appearance of clear-cut independence for BUWOG Group. The conceivable necessary sale of further BUWOG shares after the IPO would not be possible because of standard retention requirements (so-called “lock-up“) or would have a negative effect on the development of the BUWOG AG share, at least over the short-term.
- An IPO by the BUWOG GmbH subgroup would generate sale proceeds for IMMOFINANZ Group but – given the current solid liquidity position – IMMOFINANZ Group is not dependent on this type of cash inflow. On the contrary, the value of the BUWOG GmbH subgroup can be immediately transferred to IMMOFINANZ AG shareholders. This form of allocation is, in many cases, also preferable from a tax standpoint compared with the distribution of IPO proceeds in the form of a cash dividend.

3.2.4. Reasons against a sale through an M&A transaction

The Executive Board of IMMOFINANZ AG also evaluated various options for the full or partial, non-public sale of the BUWOG GmbH subgroup through a third-party acquisition ("**M&A transaction**") prior to taking its decision and rejected these options after careful analysis. In particular, there were no signs – direct or indirect – that would have supported the realisation of an equivalent or higher valuation compared with the spin-off of the BUWOG GmbH subgroup. Investment banks advised the Executive Board of IMMOFINANZ AG in advance of this decision.

The Executive Board of IMMOFINANZ AG also believes the goals for the separation of the BUWOG GmbH subgroup would not be met with an M&A transaction. Above all, it would not be possible to achieve an independent stock market listing for the BUWOG Group. However, in the opinion of the Executive Boards of IMMOFINANZ AG and BUWOG AG, this goal best reflects the future orientation of and responsibility toward the BUWOG GmbH subgroup. The partial sale of the BUWOG GmbH subgroup would also prevent the realisation of the goals for the separation, i.e. the transfer of entrepreneurial responsibility for the activities of the BUWOG GmbH subgroup from IMMOFINANZ Group to the BUWOG Group.

3.3. Reasons for the partial spin-off

IMMOFINANZ AG does not intend to divest all shares in the BUWOG Group in connection with the spin-off of the BUWOG GmbH subgroup, but will initially retain a stake of 49%.

IMMOFINANZ Group in no way connects the post-spin-off financial investment in the BUWOG Group with an intention to make further use of or significantly influence the management of the BUWOG GmbH subgroup. On the contrary, the De-domination agreement between IMMOFINANZ AG and BUWOG AG is designed to achieve a separation for accounting purposes.

IMMOFINANZ Group plans to monetise its remaining financial investment in the BUWOG Group over the medium- to long-term. However, the timing, form and scope of this sale are open and will be determined by the Executive Board of IMMOFINANZ AG in a flexible way and in accordance with the available market opportunities. The goals of this sale, among others, are to monetise the shares in the BUWOG Group over time after the spin-off while protecting the share price and to also provide IMMOFINANZ Group with sufficient liquidity for the further development of its portfolio, the repayment of financial liabilities and/or distribution to shareholders. Moreover, the partial spin-off of the BUWOG GmbH subgroup from IMMOFINANZ Group will allow the latter to participate in the future market development of the BUWOG share.

3.4. Reasons for the spin-off for acquisition

The spin-off from IMMOFINANZ AG to BUWOG AG will take the form of a spin-off for acquisition (§§ 1 (2) no. 2, 17 SpaltG). As an alternative, the separation could be carried out as a spin-off for new foundation (§§ 1 (2) no. 2, 2 ff SpaltG). The spin-off for acquisition differs from the spin-off for new foundation in that the receiving entity (in this case, BUWOG AG) existed prior to the spin-off. A spin-off for new foundation that retains the previous share ratio does not require the preparation of a spin-off report by the Executive Board, the review of the spin-off by a spin-off auditor, review and reporting by the Supervisory Board or the preparation of interim financial statements (§ 16a SpaltG).

Only a spin-off for acquisition will, in reality, permit the realisation of the goals of the current spin-off: the capital increase in kind for BUWOG AG through the issue of shares in BUWOG AG to IMMOFINANZ AG must occur before the spin-off becomes effective; therefore an existing legal entity must be involved. An existing legal entity is also required so the annual general meeting of BUWOG AG can approve the measures required for capital market operations by BUWOG AG (resolution over authorised capital) before the spin-off becomes effective. An existing legal entity is also required before the spin-off becomes effective to provide the future BUWOG Group with financing for the planned acquisition of a real estate portfolio in Germany (also see Section 10.3.) through the subscription by IMMOFINANZ AG to a convertible bond that will be issued by BUWOG AG (also see Section 10.3.).

4. Legal and organisational separation of BUWOG

4.1. BUWOG-Bauen und Wohnen Gesellschaft mbH

The present BUWOG-Bauen und Wohnen Gesellschaft mbH was initially recorded in the commercial register of the commercial court in Vienna on 04.03.1951 under HRB 13569 as Buwog-Gemeinnützige Wohnungsgesellschaft für Bundesbedienstete, Gesellschaft m.b.H. The company's current name is BUWOG-Bauen und Wohnen Gesellschaft mbH. The corporate headquarters are located in Vienna, and the company is recorded in the company register under FN 123812b. The share capital equals EUR 18,894,936.88.

The object of business as defined in the articles of association comprises the construction, acquisition and sale of real estate, the establishment of home ownership, the provision of property-related services, above the sale, rental and management of real estate, real estate brokerage, insurance and financing as well as real estate development activities. The company is entitled to exercise the object of business through branches and subsidiaries in Austria and other countries and to undertake all ancillary and auxiliary activities necessary or useful for the pursuit of the object of business.

The current managing directors of BUWOG GmbH are Daniel Joachim Riedl, Andreas Ratzinger and Andreas Holler.

The Supervisory Board of BUWOG GmbH currently includes the following four members elected by the annual general meeting: Vitus Eckert, chairman, Michael Knap, vice-chairman, Eduard Zehetner and Birgit Noggler. Elisabeth Bulis and Christa Maria Reisner serve as the employee representatives on the Supervisory Board.

4.2. Description of the activities to be transferred indirectly

The activities to be transferred indirectly, which will comprise the BUWOG Group after the spin-off, represent the current BUWOG segment of IMMOFINANZ Group. The activities to be

transferred involved approx. 90% of the residential property investments of IMMOFINANZ Group as of 31.10.2013.

The activities of the BUWOG Group, as a company focused exclusively on the residential property asset class in Austria and Germany, cover the following business segments: asset management (management and rental of own properties), development (project development) and sales (sale of investment properties), with Austria and Germany representing individual segments. Assets of EUR 3.0 billion are bundled in the future BUWOG Group, whereby EUR 2.8 billion of this total represent real estate assets (incl. inventories). In the first half of the 2013/14 financial year, the activities of the future BUWOG Group generated operating profit of EUR 52.6 million and EBIT of EUR 60.5 million

The business segments of the future BUWOG Group were organised largely independent of IMMOFINANZ Group prior to the spin-off. A detailed description of the business activities of the BUWOG Group is provided in Section 10.4.

4.3. Financing

The BUWOG GmbH subgroup arranged its own financing autonomously and independently from IMMOFINANZ Group prior to the planned separation. Debt is generally arranged within the framework of property and project financing. Exceptions to this practice are special financing, e.g. transaction financing for portfolio acquisitions which are subsequently refinanced and possible future capital market financing. Interest expense and principal repayments are covered by ongoing rental income and proceeds from the sale of properties.

Cash management and investment are also carried out independently by the financial management of the BUWOG GmbH subgroup. Interest rate hedges were concluded through separate contracts, independent of the remainder of IMMOFINANZ Group, prior to the spin-off at the BUWOG GmbH subgroup level.

4.3.1. Liabilities between the BUWOG GmbH subgroup and IMMOFINANZ Group

As of 31.10.2013 the BUWOG GmbH subgroup held approx. TEUR 53 of liabilities due to IMMOFINANZ Group in the form of outstanding administrative fees owed by companies in the BUWOG GmbH subgroup. These liabilities are contrasted by approx. EUR 12.2 million (including interest) of intercompany loans owed to the BUWOG GmbH subgroup by IMMOFINANZ Group companies. In addition, one of the BUWOG GmbH subgroup companies has dividend liabilities of EUR 0.3 million due to a subsidiary of IMMOFINANZ Group. The financial liabilities due to IMMOFINANZ Group will be repaid before the spin-off or are listed separately in this report.

Plans call for the issue of a convertible bond by BUWOG AG prior to the spin-off. This convertible bond will have a total nominal value of EUR 260 to 310 million and will be subscribed in full by IMMOFINANZ AG. BUWOG AG will use the proceeds from the issue of this convertible bond to finance the acquisition of a residential portfolio with approx. 18,000 rental units and approx. 1.1 million sqm of rentable space in northern Germany. Information on this planned portfolio acquisition is provided in Section 10.5.2. Information on the terms of the BUWOG convertible bond is provided in Section 10.3.

4.3.2. Cash pooling

The BUWOG GmbH subgroup was not integrated in IMMOFINANZ Group's cash pooling system prior to the spin-off. All accounts of the BUWOG GmbH subgroup were managed independently as of the time this spin-off report was prepared.

4.3.3. Collateral, bank and group guarantees

Within the context of acquisition financing by Berlin Hyp AG for the acquisition of a portfolio by the BUWOG GmbH subgroup in northern Germany, IMMOFINANZ AG has commissioned a third financial institution (UniCredit Bank Austria AG) to issue a bank guarantee of EUR 100 million with a tenure of up to 6 months in favour of Berlin Hyp AG.

IMMOFINANZ AG and IMBEA have provided owner commitments and sureties for credit liabilities of approx. EUR 67.3 million owed by BUWOG GmbH to Oberbank AG. IMMOFINANZ AG and BUWOG AG (as well as BUWOG GmbH) intend to conclude an agreement with Oberbank AG that will transfer these obligations to BUWOG AG.

4.4. Reciprocal delivery and service relationships

The BUWOG GmbH subgroup and the remainder of IMMOFINANZ Group have only limited reciprocal service relationships prior to the spin-off. The BUWOG GmbH subgroup is independently organised in the following areas prior to the legal separation: personnel/ human resources, accounting, controlling, financing/ treasury and legal. Independent teams for the BUWOG GmbH subgroup are currently under development for taxes and internal audit. These areas will also be independent before the spin-off.

The only reciprocal services for central functions are found in the areas of consolidation (in this area, the BUWOG GmbH subgroup relies on the services of IMMOFINANZ Group) and payroll accounting (which is provided by employees in the BUWOG GmbH subgroup for IMMOFINANZ Group). Plans call for the termination of reciprocal consolidation services over the short- to medium-term.

4.4.1. Insurance

The BUWOG GmbH subgroup holds separate insurance policies and is insured as an independent party in the areas of company insurance and property insurance. The BUWOG GmbH subgroup and IMMOFINANZ Group only hold a joint policy for D&O insurance. Plans call for the replacement of this insurance coverage by a separate BUWOG policy. In addition, the BUWOG GmbH subgroup and IMMOFINANZ Group have formed a procurement pool for insurance services.

4.4.2. IT

The IT applications of the BUWOG GmbH subgroup were generally serviced on an autonomous basis within IMMOFINANZ Group prior to the decision in favour of separation. Services, applications and IT infrastructure previously provided by IMMOFINANZ Group will be developed and serviced in the BUWOG GmbH subgroup together with certified outsourcing partners and completely independent of IMMOFINANZ Group. Plans call for the complete independence of the BUWOG GmbH subgroup, also in the IT area, by the end of 2014.

4.4.3. Intragroup services and contracts, transitional service agreements

In the area of central functions, the BUWOG Group will provide payroll accounting services for IMMOFINANZ AG retroactive as of 01.01.2014 and based on special contracts that will be concluded prior to and in connection with the spin-off. IMMOFINANZ AG will pay for these services on third party terms.

Moreover, BUWOG Facility Management ("**BUWOG FM**") has managed a sub-portfolio of IMMOFINANZ Group with 682,444 sqm of rentable space as of 31.10.2013, whereby approx. 458,000 sqm are attributable to the office asset class. All of these properties are located in Austria.

The services provided by BUWOG FM cover commercial and technical activities (e.g. maintenance and repairs) as well as the conventional infrastructure and coordination services provided by facility management.

Plans call for the sale of BUWOG FM in 2014. After the completion of this transaction, there will be no further connections between IMMOFINANZ AG and the BUWOG Group in the area of facility or building management.

4.5. Taxes, termination of tax group

GENA SECHS, BUWOG GmbH, ESG Wohnungsgesellschaft mbH Villach ("ESG") and other subsidiaries of the BUWOG Group are members of the corporate tax group that includes IMMOFINANZ AG as the head of the group. Due to the spin-off of the investment in GENA SECHS to BUWOG AG and the issue of BUWOG shares to IMMOFINANZ shareholders, there

will no longer be a sufficient financial connection between IMMOFINANZ AG and the BUWOG Group as of 01.10.2013. These companies will therefore leave the tax group as defined in § 9 of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*) with the start of the financial year in which the spin-of date occurs.

BUWOG GmbH, ESG and other subsidiaries of the BUWOG Group have already fulfilled the three-year minimum holding period for group taxation and the spin-off will therefore not lead to retroactive elimination from the corporate tax group. The losses transferred by the group members to the corporate tax group entitle these group members to a settlement payment as defined in the IMMOFINANZ Group tax sharing agreement. These settlement payment claims were recognised in the final balance sheet in accordance with § 2 (2) of the Austrian Spin-off Act (*Spaltungsgesetz*). The group members that do not meet the three-year minimum holding period will receive a refund for previously paid tax charges following the reversal of the tax effects from the group's creation.

5. Capital Increase in Kind performed by BUWOG AG in order to issue shares to IMMOFINANZ AG

- a) Contribution in kind, consisting of the interest in Parthica, made in BUWOG AG by IMMOFINANZ AG

The contribution in kind is comprised of the entire share in Parthica held by IMMOFINANZ AG in the principal amount of EUR 35,000.00, representing 100% of the registered capital of the company.

Parthica Immobilien GmbH, FN 349791 z, with its registered office in Vienna, is a limited liability company established under Austrian law with registered capital of EUR 35,000.00, half of which has been paid up.

Parthica was established by IMMOEAST by means of a declaration on the establishment of the company dated 07.07.2010 (with an addendum dated 16.10.2010).

According to the declaration on the establishment of the company (articles of association), the purpose of the business is the purchase of real estate (principally in Austria), also for the purpose of creating a long-term real investment, and the sale and realisation of real estate. Furthermore, the company shall buy shares in other companies with the same or similar activities. The company shall be entitled to conduct any business and adopt all measures which are deemed to be necessary or expedient for the purpose of achieving the purpose of the business, in particular unlimited interests in other companies with the same or similar activities.

Under a purchase and transfer agreement dated 23.10.2013, the entire share in Parthica was acquired by IMMOFINANZ AG from IMMOEAST.

Under a purchase and transfer agreement dated 21.10.2013, Parthica acquired the entire share in GENA ZWEI in the principal amount of EUR 35,000.00 from IMMOEAST.

b) Purchase of the share in BUWOG GmbH of approximately 5.1% by GENA ZWEI

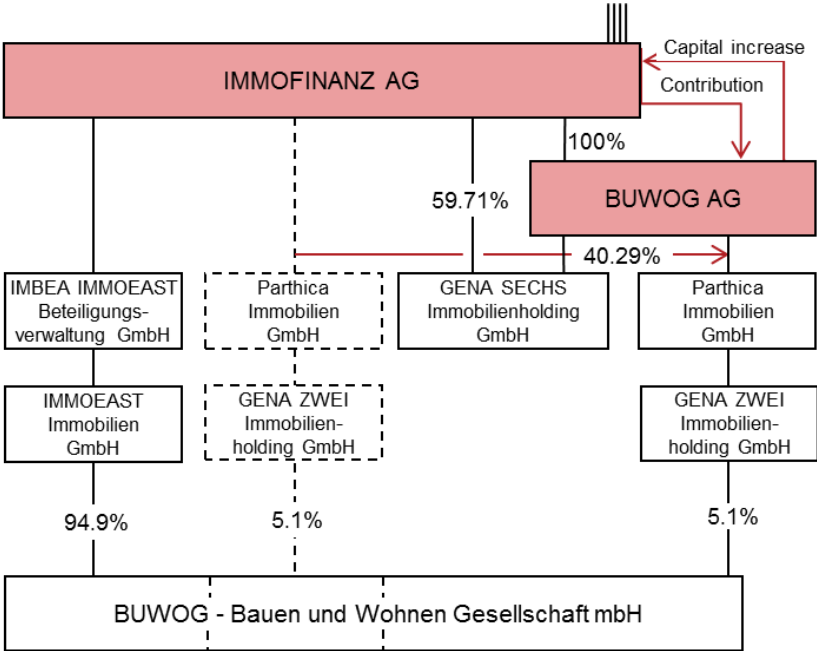
Under a purchase and transfer agreement dated 22.01.2014 which came into effect on 29.01.2014, GENA ZWEI acquired the share in BUWOG GmbH from IMMOEAST and Dr. Christoph Bieber in the principal amount of EUR 963,641.79, corresponding to an interest of approximately 5.1%.

The first step in transferring the indirect interest in BUWOG GmbH from IMMOFINANZ AG to BUWOG AG involved IMMOFINANZ AG providing its 100% interest in Parthica as a contribution in kind to BUWOG AG.

The purchase price paid by GENA ZWEI to IMMOEAST for the share in BUWOG was agreed on the basis of the *pro-rata* enterprise value of BUWOG GmbH attributable to the acquired share in BUWOG. To finance the purchase price, IMMOFINANZ AG paid a parent company contribution (*Großmutterzuschuss*) to GENA ZWEI.

In return, BUWOG performed a Capital Increase in Kind in order to issue BUWOG Shares to IMMOFINANZ AG.

The contribution in kind, consisting of the interest in Parthica, made in BUWOG AG by IMMOFINANZ AG is shown below:



c) Liens on the share in BUWOG GmbH held by GENA ZWEI

The share in BUWOG acquired by GENA ZWEI is part of the share in BUWOG GmbH which was originally acquired by IMF Immobilienholding Gesellschaft m.b.H., FN 248248 x, with its registered office in Vienna ("IMF") (at the time, a group company of IMMOFINANZ AG), from the Republic of Austria under a purchase and transfer agreement dated 06.07.2004. The share in BUWOG is pledged in favour of the Republic of Austria as collateral for certain contingent liabilities vis-à-vis the Republic of Austria (see Section 6.2. for more detailed information on contingent liabilities and liens on the shares of BUWOG GmbH). By means of a certificate of pledge (*Pfandbestellungsurkunde*) dated 18.12.2013, GENA ZWEI granted certain enforcement rights and powers to the Republic of Austria with regard to the share in BUWOG. The Republic of Austria agreed to the transfer of the share in BUWOG to GENA ZWEI. GENA ZWEI assumed an obligation to indemnify and hold the companies of the IMMOFINANZ Group harmless with regard to the contingent liabilities vis-à-vis the Republic of Austria.

Furthermore, the share in BUWOG acquired by GENA ZWEI is pledged in favour of the bank financing the purchase price of BUWOG GmbH, namely RAIFFEISEN LANDESBANK OBERÖSTERREICH Aktiengesellschaft ("RLB OÖ"). The credit liability vis-à-vis RLB OÖ under the purchase financing, which was assumed by IMMOEAST as the universal successor of IMF, shall not be transferred to GENA ZWEI, but instead shall remain with IMMOEAST. The share in BUWOG, combined with the existing encumbrance in the form of the pledge in favour of RLB OÖ, was acquired through GENA ZWEI. The outstanding credit liability of IMMOEAST

currently amounts to approximately EUR 206 million. IMMOFINANZ AG intends to reach an agreement with RLB OÖ to release the pledge by providing substitute security through companies of the IMMOFINANZ Group.

d) Contribution in kind and acquisition agreement, Capital Increase in Kind performed by BUWOG AG

On 30.01.2014, a contribution in kind and contribution agreement was concluded between IMMOFINANZ AG and BUWOG AG concerning the contribution in kind, consisting of the share in Parthica, transferred from IMMOFINANZ AG to BUWOG AG. The contribution in kind is comprised of the entire share in Parthica held by IMMOFINANZ AG in the principal amount of EUR 35,000.00, which represents 100% of the registered capital of the company. BUWOG AG shall become the civil law owner of the share in Parthica, which is the subject of the contribution, upon the contribution in kind and contribution agreement taking effect. The effective date of the contribution for tax purposes is 30.10.2013 (Section 13 of the Reorganisation Tax Act; *Umgründungssteuergesetz*).

BUWOG shall perform a Capital Increase in Kind in order to issue the BUWOG Shares in return for the contribution in kind made to IMMOFINANZ AG. The shareholders' meeting of BUWOG AG adopted a resolution to this effect on 30.01.2014. Thereafter, BUWOG AG shall increase its share capital from EUR 70,000 by EUR 43,095,844 to EUR 43,165,844 by issuing 43,095,844 new BUWOG bearer shares. Under the capital increase, the share in Parthica shall be paid as a contribution in kind. The shares of BUWOG AG shall 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 1.00 per share; that is, with a total issue value of EUR 43,095,844. The new shares shall be subscribed by IMMOFINANZ AG, the latter being entitled to payment of a dividend from the beginning of the fiscal year of BUWOG AG in which they are issued. Insofar as the book value of the shares contributed by IMMOFINANZ AG exceeds the amount by which the share capital of BUWOG AG has been increased, this amount shall – pursuant to Section 229 para. 2 no. 1 of the Commercial Code – be transferred to the appropriated capital reserves of BUWOG AG.

e) Contribution in kind and post-formation audit

Under Section 150 para. 3 of the Stock Corporation Act, an audit of the contribution in kind (*Sacheinlageprüfung*) must be performed in respect of the capital increase by a court-appointed auditor whose task it is, among other things, to verify whether the value of the contribution in kind equals the issue value of the shares to be granted in exchange therefor. BUWOG AG was created by a change of corporate form (Section 245 et seq. of the Stock Corporation Act). The change of corporate form was entered in the commercial register on 17.12.2013, which means that at the time the contribution in kind was made, the two-year period specified in Section 45 para. 1 of the Stock Corporation Act (post-formation), calculated

from the time at which the change of corporate form was entered in the commercial register, had not yet expired. In the event that the regulations governing post-formation (Section 45 et seq. of the Stock Corporation Act) have to be applied *mutatis mutandis* to the Capital Increase in Kind and in the event, therefore, that the contribution in kind and contribution agreement fulfils the requirements of a post-formation agreement within the meaning of Section 45 para. 1 clause 1 of the Stock Corporation Act, a post-formation audit (*Nachgründungsprüfung*) has also been performed by a court-appointed auditor (Section 45 para. 3 in conjunction with Section 25 paras. 3 to 5 of the Stock Corporation Act).

By a decision of the Commercial Court of Vienna dated 27.12.2013, BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, was appointed as the auditor of the contribution in kind (Section 150 para. 3 in conjunction with Section 25 paras. 3 to 5 of the Stock Corporation Act). BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft prepared an audit report on the post-formation and on the contribution in kind (*Nachgründungs- und Sacheinlagenprüfungsbericht*) dated 30.01.2014 and confirmed that the value of the contribution in kind equals the issue value of the BUWOG Shares which are to be granted. On the same day, the supervisory board of BUWOG AG reported on the post-formation (Section 45 para. 2 in conjunction with Section 24 paras. 2 and 3 of the Stock Corporation Act). On this basis, the shareholders' meeting of BUWOG AG approved the contribution in kind and contribution agreement as well as the post-formation agreement on 30.01.2014.

An application shall be made in February 2014 for registration of the Capital Increase in Kind in the commercial register in which BUWOG AG is registered. The validity of the Spin-off and Takeover Contract between IMMOFINANZ AG and BUWOG AG is conditional upon registration of the Capital Increase in Kind in the commercial register (condition precedent).

f) Interest in Parthica (and indirectly BUWOG GmbH) following the contribution in kind

By way of the contribution in kind, BUWOG AG shall acquire a 100% interest in Parthica. Via its 100% interest in GENA ZWEI, Parthica indirectly holds an interest in BUWOG GmbH of approximately 5.1%. Consequently, as a result of the contribution in kind, BUWOG shall indirectly acquire the interest in BUWOG of approximately 5.1%.

6. Subject of the Spin-off

The spin-off by absorption from IMMOFINANZ AG to BUWOG AG concerns the entire share in GENA SECHS held by IMMOFINANZ AG in the principal amount of EUR 20,899.19, representing an interest in GENA SECHS of approximately 59.71%.

Under the Spin-off and Takeover Contract dated 22.01.2014 between IMMOEAST and GENA SECHS, a share in BUWOG GmbH in the principal amount of EUR 17,931,295.09,

representing an interest in BUWOG GmbH of approximately 94.9%, shall be transferred to GENA SECHS by means of a spin-off by absorption (Section 1 para. 2 no. 2 and Section 17 of the Spin-off Act) from IMMOEAST to GENA SECHS prior to the Spin-off becoming effective. Following the Spin-off, the sole asset held by GENA SECHS will be its interest in BUWOG AG of approximately 94.9% (see the comments in Section 6.2).

Consequently, the Spin-off Assets spun off from IMMOFINANZ AG to BUWOG AG (the Spin-off Share in GENA SECHS) shall indirectly correspond to an interest in BUWOG GmbH of approximately 56.67%.

6.1. GENA SECHS Immobilienholding GmbH

GENA SECHS Immobilienholding GmbH, FN 370877 h, with its registered office in Vienna, is a limited liability company established under Austrian law with registered capital of EUR 35,000.00, which has been paid up in full.

GENA SECHS was established by IMMOEAST by means of a declaration on the establishment of the company dated 19.09.2011.

According to the declaration on the establishment of GENA SECHS (articles of association), the purpose of the business is the acquisition, ownership, management and realisation of interests in companies of any legal form whatsoever, whether in Austria or abroad, but primarily in such companies which own real estate or equivalent property rights.

All shares in GENA SECHS were acquired by IMBEA in July 2013. Under a purchase and transfer agreement between IMBEA and IMMOFINANZ AG dated 18.10.2013, IMMOFINANZ AG acquired all shares in GENA SECHS.

From these, IMMOFINANZ AG then sold a share in GENA SECHS to BUWOG AG in the principal amount of EUR 14,100.81, representing an interest in GENA SECHS of approximately 40.29%, under the terms of a purchase and transfer agreement between IMMOFINANZ AG and BUWOG AG dated 19.12.2013.

At present, IMMOFINANZ AG consequently still holds the Spin-off Share in GENA SECHS in the principal amount of EUR 20,899.19, representing an interest in GENA SECHS of approximately 59.71%.

6.2. Spin-off by absorption of a share in BUWOG GmbH of approximately 94.9% from IMMOEAST to GENA SECHS

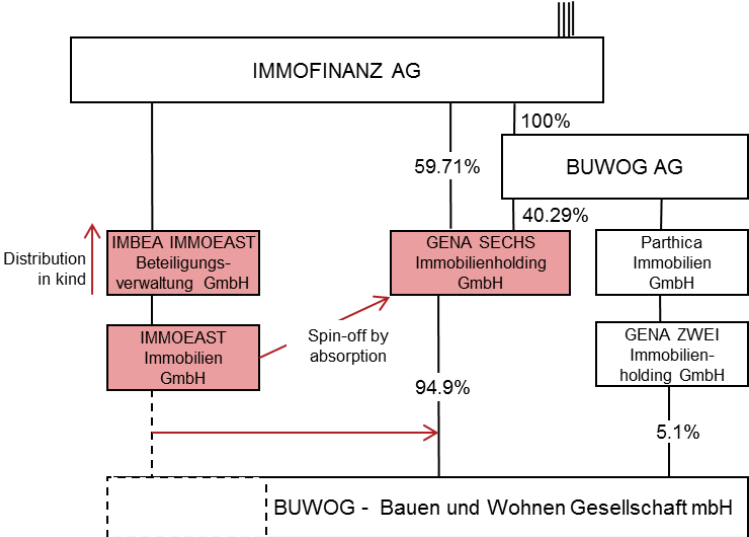
6.2.1. Business divested from IMMOEAST to GENA SECHS

At the time of the preparation of this spin-off report, IMMOEAST holds a share in BUWOG GmbH in the principal amount of EUR 17,931,295.09, representing an interest in BUWOG GmbH of approximately 94.9%.

IMBEA holds all shares in IMMOEAST; in turn, IMMOFINANZ AG holds all shares in IMBEA. Consequently, IMMOEAST is a wholly-owned subsidiary of IMMOFINANZ AG, albeit indirectly.

In preparation for spinning off the Spin-off Share in GENA SECHS to BUWOG AG, the share in BUWOG AG held by IMMOEAST in the principal amount of EUR 17,931,295.09, corresponding to an interest in BUWOG GmbH of approximately 94.9% (hereinafter referred to as the "**Spin-off Share in BUWOG**"), shall be transferred from IMMOEAST to GENA SECHS by means of a spin-off by absorption (Section 1 para. 2 no. 2 and Section 17 of the Spin-off Act) under the terms of a Spin-off and Takeover Contract between IMMOEAST and GENA SECHS dated 22.01.2014.

The spin-off by absorption from IMMOEAST to GENA SECHS is shown below:



The key points of the Spin-off and Takeover Contract are as follows:

IMMOEAST shall transfer to GENA SECHS the Spin-off Share in BUWOG by means of a spin-off by absorption in accordance with Section 1 para. 2 no. 2 and Section 17 of the Spin-off Act and in application of Article VI of the Reorganisation Tax Act. The remaining assets of IMMOEAST shall be unaffected by the Spin-off and shall be retained by IMMOEAST.

The effective date of the Spin-off is 30.04.2013 (Section 1 para. 2 no. 7 of the Spin-off Act and Section 33 para. 6 of the Reorganisation Tax Act). As of 01.05.2014, all acts undertaken by IMMOEAST with regard to the Spin-off Assets shall be deemed as having been carried out for the account of GENA SECHS.

The Spin-off Share in BUWOG shall be transferred to GENA SECHS by way of universal succession at the time of the registration of the Spin-off in the commercial register. GENA SECHS as the acquiring company shall be entitled to all dividends paid by BUWOG GmbH from the effective date of the Spin-off. No dividends shall be paid by BUWOG AG during the retroactive period.

No shares shall be granted in GENA SECHS as the acquiring company owing to the fact that the indirect ownership structure remains the same (Section 17 no. 5 of the Spin-off Act in conjunction with Section 224 para. 2 no. of the Stock Corporation Act). Via its 100% interest in IMBEA, IMMOFINANZ AG indirectly holds the entire registered capital of IMMOEAST and, via its interest in BUWOG AG, which is still 100%, it also holds (partly directly and partly indirectly) the entire registered capital of GENA SECHS.

As no shares are to be granted in GENA SECHS as the acquiring company, the Spin-off shall be performed by not maintaining existing ownership structures (*nicht verhältnismäßig*; Section 8 para. 3 of the Spin-off Act). However, no offer of a cash settlement shall be made as IMBEA, in its capacity as the sole shareholder of IMMOEAST as the transferring company, has waived its right to a cash settlement in a separate written declaration.

As IMBEA shall not be granted any shares in GENA SECHS as the acquiring company, the Spin-off shall lead to a reduction in assets for IMBEA.

To comply with capital maintenance rules, IMMOFINANZ AG in its capacity as the sole shareholder of IMBEA IMMOEAST Beteiligungsverwaltung GmbH adopted a resolution on 22.01.2014 to distribute part of the distributable balance sheet profit generated by IMBEA as shown in its annual financial statements as at 30.04.2013 as a dividend in kind (*Sachdividende*) in the amount of EUR 1,492,777,000.00 such that IMMOFINANZ AG's entitlement to profit is not fulfilled in the form of a cash payment, but in the form of a distribution in kind (*Sachausschüttung*) by transferring the consideration to which IMBEA is entitled, due to its reduction in assets as a result of the Spin-off, in the amount of the market value of the assets spun off. The resolution on distribution was adopted subject to a condition precedent and shall become effective upon the Spin-off being entered in the commercial register in which IMMOEAST as the transferring company is registered (Section 14 para. 1 of the Spin-off Act).

A spin-off audit (*Spaltungsprüfung*) as specified in Section 5 of the Spin-off Act is not necessary as all of the shareholders of IMMOEAST and GENA SECHS waived their right to this in the shareholders' meeting.

Audits of remaining assets:

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 IMMOEAST after the Spin-off at least corresponds to the size of the share capital of IMMOEAST plus allocated reserves following implementation of the Spin-off. By a decision of the Commercial Court of Vienna dated 16.10.2013, BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, was appointed as the remaining assets auditor (*Restvermögensprüfer*). Pursuant to Section 3 para. 4 clause 2 of the Spin-off Act, the managing directors of IMMOEAST shall conduct an audit in application, *mutatis mutandis*, of the provisions governing formation audits (*Gründungsprüfungen*) and they shall prepare an audit report.

In accordance with Section 13 nos. 3 and 4 of the Spin-off Act, the audit reports shall be filed with the Commercial Court of Vienna under FN 334103 d (IMMOEAST) and FN 370877 h (GENA SECHS).

The validity of the Spin-off and Takeover Contract is subject to the approval of the shareholders' meetings of IMMOEAST and GENA SECHS. Resolutions to this effect were adopted at the shareholders' meetings held on 22.01.2014.

On 29.01.2014, the managing directors of IMMOEAST and GENA SECHS filed an application to have the spin-off by absorption entered in the commercial register. The registration of this Spin-off in the commercial register is a prerequisite for ensuring the validity of the Spin-off and Takeover Contract concluded between IMMOFINANZ AG and BUWOG AG (condition precedent).

6.2.2. Liens on the share in BUWOG GmbH

The Spin-off Share in BUWOG is part of the share in BUWOG GmbH which IMF Immobilienholding Gesellschaft m.b.H., FN 248248 x, with its registered office in Vienna ("**IMF**") (at the time, a group company of IMMOFINANZ AG), originally acquired from the Republic of Austria under a purchase and transfer agreement dated 06.07.2004. Under the purchase and transfer agreement with the Republic of Austria, IMF undertook to pay a purchase price premium to the Republic of Austria in the event of an amendment to the Act on Non-profit Housing (*Wohnungsgemeinnützigkeitgesetz*) or the revision or abolition of the law governing non-profit housing by 6.07.2014, which positively impacts its results of operations. It is not expected that the Act on Non-profit Housing will be amended accordingly or abolished by July 2014. Under the purchase and transfer agreement with the Republic of Austria dated

06.07.2004, IMF further undertook to indemnify the Republic of Austria against any claims in connection with the repayment of Federal loans (*Bundesdarlehen*) made prior to closing of the purchase and transfer agreement (jointly, the "contingent liabilities vis-à-vis the Republic of Austria").

The Spin-off Share in BUWOG is pledged in favour of the Republic of Austria in order to secure these contingent liabilities vis-à-vis the Republic of Austria. By means of a certificate of pledge dated 18.12.2013, GENA SECHS granted certain enforcement rights and powers to the Republic of Austria with regard to the Spin-off Share in BUWOG that would be held in future. The Republic of Austria agreed to the transfer of the Spin-off Share in BUWOG. GENA SECHS assumed an obligation to indemnify and hold IMMOEAST harmless with regard to the contingent liabilities.

Furthermore, by means of a certificate of pledge dated 01.10.2004, IMF pledged the share it holds in BUWOG GmbH in favour of the financing bank, namely RAIFFEISEN LANDESBANK OBERÖSTERREICH Aktiengesellschaft, FN 247579 m ("**RLB OÖ**").

The share in BUWOG GmbH held by IMF (including the contingent liabilities vis-à-vis the Republic of Austria and the credit liability vis-à-vis RLB OÖ under the purchase financing) was transferred first of all under the terms of the merger of IMF as the transferring company and IMMOFINANZ Alkmene Vermietungs GmbH, FN 24232 d, as the acquiring company, and finally under the terms of the merger of IMMOFINANZ Alkmene Vermietungs GmbH as the transferring company and IMMOEAST as the acquiring company, in each case by way of universal succession.

The outstanding credit liability vis-à-vis RLB OÖ under the purchase financing, which was assumed by IMMOEAST as the universal successor of IMF, currently amounts to approximately EUR 206 million. The Spin-off Share in BUWOG shall be transferred as Spin-off Assets. The credit liability vis-à-vis RLB OÖ shall remain with IMMOEAST. However, the Spin-off Share in BUWOG together with the existing encumbrance in the form of the pledge in favour of RLB OÖ shall be transferred to GENA SECHS. IMMOFINANZ AG intends to reach an agreement with RLB OÖ to release the pledge by providing substitute security through companies of the IMMOFINANZ Group.

6.2.3. Interests in GENA SECHS (and indirectly BUWOG GmbH) prior to the Spin-off from IMMOFINANZ AG to BUWOG AG

BUWOG AG holds a share in GENA SECHS in the principal amount of EUR 14,100.81, representing an interest of approximately 40.29%. IMMOFINANZ AG holds the Spin-off Share in GENA SECHS in the principal amount of EUR 20,899.19, representing an interest of approximately 59.71%.

After the Spin-off Share in BUWOG (approximately 94.9%) has been spun off from IMMOEAST to GENA SECHS, (i) the interest held by BUWOG AG in GENA SECHS of approximately 40.29% shall indirectly correspond to an interest in BUWOG GmbH of approximately 38.23%, and (ii) the Spin-off Share in GENA SECHS held by IMMOFINANZ AG of 59.71% shall indirectly correspond to an interest in BUWOG GmbH of approximately 56.67%.

7. Legal implementation of the Spin-off

7.1. Overview

The entire Spin-off Share in GENA SECHS held by IMMOFINANZ AG, representing an interest in BUWOG GmbH of approximately 56.67% immediately after the side-stream spin-off takes effect, shall be transferred as the Spin-off Assets by means of a spin-off by absorption (Section 1 para. 2 no. 2 and Section 17 of the Spin-off Act) from IMMOFINANZ AG as the transferring company to BUWOG AG as the acquiring company.

Prior to the Spin-off, BUWOG AG shall perform a Capital Increase in Kind (see 5) and issue BUWOG Shares to IMMOFINANZ AG. After the Capital Increase in Kind, IMMOFINANZ AG shall hold 43,165,844 shares in BUWOG AG. This means IMMOFINANZ AG shall have a direct interest in BUWOG AG following the Spin-off.

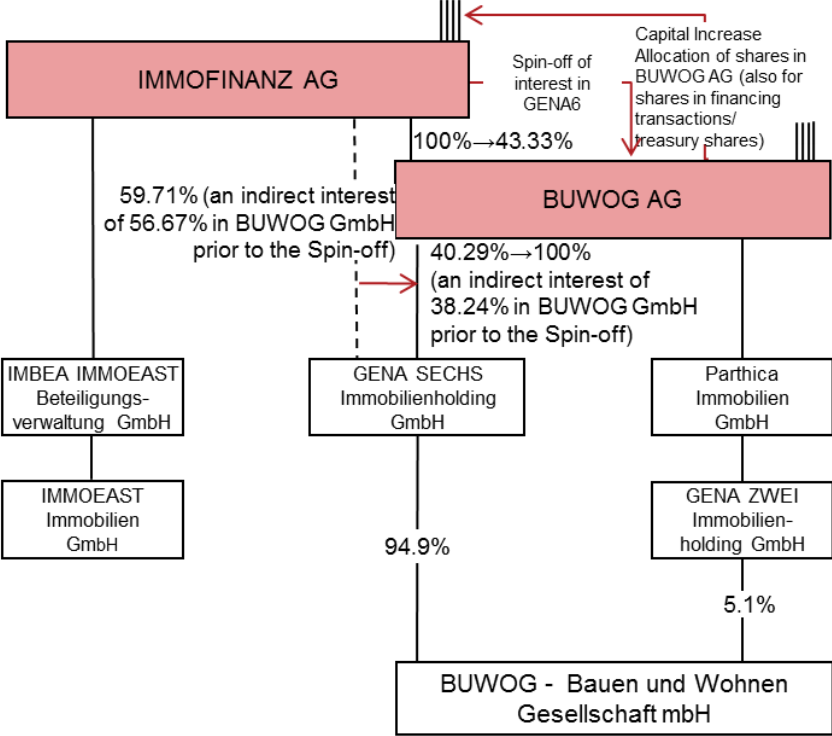
Prior to the Spin-off, BUWOG AG holds an indirect interest in BUWOG GmbH of approximately 43.33%, namely (i) approximately 5.1% indirectly via its interest in Parthica (contribution in kind, see 5) and (ii) approximately 38.24% via its 40.29% interest in GENA SECHS prior to the Spin-off.

By means of the Spin-off, IMMOFINANZ AG shall transfer the entire Spin-off Share in GENA SECHS to BUWOG AG as the acquiring company. Consequently, BUWOG AG shall indirectly acquire approximately 56.67% in BUWOG GmbH and thereafter shall indirectly hold all shares in BUWOG GmbH, namely (i) approximately 94.9% via its 100% interest in GENA SECHS following the Spin-off, and (ii) the remaining approximately 5.1% indirectly via its 100% interest in Parthica.

For transferring the assets spun off to BUWOG AG, the shareholders of IMMOFINANZ AG shall – in proportion to their equity stake in IMMOFINANZ AG – be allocated one (1) share in BUWOG AG for every twenty (20) shares they hold in IMMOFINANZ AG. BUWOG AG shall increase its share capital in order to issue the BUWOG Spin-off Shares.

The BUWOG Spin-off Shares shall be allocated to the shareholders of IMMOFINANZ AG as the transferring company in proportion to their shareholdings in IMMOFINANZ AG. Therefore, the Spin-off shall be performed by maintaining the existing ownership structure (*verhältnismäßig*).

The spin-off operations are shown below:



Following the Spin-off and the issuance of the BUWOG Spin-off Shares to the shareholders of IMMOFINANZ AG, all shares of BUWOG AG shall be admitted to trading on the Regulated Market of the Frankfurt Stock Exchange, the Official Market of the Vienna Stock Exchange, and the Main Market (*Rynek podstawowy*) of the Warsaw Stock Exchange.

7.2. The transferring and acquiring legal entities

The transferring company is IMMOFINANZ AG with its registered office in Vienna. It shall continue to exist after implementation of the Spin-off. The acquiring company is BUWOG AG with its registered office in Vienna. At the time of the preparation of this spin-off report, BUWOG AG has share capital amounting to EUR 70,000, which is divided into 70,000 bearer shares. Prior to the Spin-off, BUWOG AG shall perform a Capital Increase in Kind (see 5), on the occasion of which IMMOFINANZ AG shall subscribe for 43,095,844 BUWOG Shares. The capital increase performed by BUWOG AG shall take effect upon its registration in the commercial register. The validity of the Spin-off and Takeover Contract between IMMOFINANZ AG and BUWOG AG is conditional upon registration of the capital increase in the commercial register (condition precedent).

Following the Capital Increase in Kind, IMMOFINANZ AG shall hold 43,165,844 BUWOG Shares. This means IMMOFINANZ AG shall have an interest in BUWOG AG following the Spin-off.

7.3. Spin-off by absorption from IMMOFINANZ AG to BUWOG AG

According to the draft Spin-off and Takeover Contract to be concluded with BUWOG AG in the form of a notarial deed, IMMOFINANZ AG intends to transfer the entire Spin-off Share in GENA SECHS held by IMMOFINANZ AG to BUWOG AG as Spin-off Assets by means of a spin-off by absorption in accordance with Section 1 para. 2 no. 2 and Section 17 Spin-off Act (*Spaltungsgesetz*) and in application of Article VI of the Reorganisation Tax Act (*Umgründungssteuergesetz*) by granting shares in BUWOG AG to the shareholders of IMMOFINANZ AG.

7.4. Spin-off Assets

The Spin-off Assets are comprised of the entire Spin-off Share in GENA SECHS held by IMMOFINANZ AG in the principal amount of EUR 20,899.19, representing an interest of approximately 59.71%. At the time of the Spin-off, the sole asset held by GENA SECHS shall be its interest in BUWOG AG of approximately 94.9%. Consequently, the Spin-off Assets correspond to an indirect interest in BUWOG GmbH of approximately 56.67%.

The remaining assets of IMMOFINANZ AG shall be unaffected by the Spin-off and shall 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 shall not be transferred under the Spin-off and therefore shall also not be issued to the shareholders of IMMOFINANZ AG (no distribution of shares as described in Section 17 no. 5 of the Spin-off Act in conjunction with Section 224 para. 3 of the Stock Corporation Act). This means IMMOFINANZ AG shall retain an interest in BUWOG AG following the Spin-off.

7.5. Spin-off and Takeover Contract

The Spin-off shall be performed on the basis of the Spin-off and Takeover Contract between IMMOFINANZ AG and BUWOG AG, the draft of which was prepared by the management boards of IMMOFINANZ AG and BUWOG AG on 30.01.2014.

After approval has been granted by the shareholders' meetings (see section 7.6.), the Spin-off and Takeover Contract shall be concluded by IMMOFINANZ AG and BUWOG AG in the form of a notarial deed. The Spin-off and Takeover Contract lays down the detailed rules for the transfer of the Spin-off Assets from IMMOFINANZ AG to BUWOG AG. The individual provisions of the Spin-off and Takeover Contract are explained in 12.2.

7.6. Shareholders' meetings of IMMOFINANZ AG and BUWOG AG

Under Section 8 of the Spin-off Act and Section 221 of the Stock Corporation Act in conjunction with Section 17 no. 5 of the Spin-off Act, the Spin-off shall require the approval of the shareholders' meetings of IMMOFINANZ AG and BUWOG AG with a majority of three quarters of the share capital represented at the time the resolution is adopted. The resolution shall be adopted at an extraordinary shareholders' meeting of IMMOFINANZ AG on 14.03.2014. The approval of the shareholders' meeting of BUWOG AG shall subsequently be granted by IMMOFINANZ AG as its sole shareholder.

In preparation for the shareholders' meeting of IMMOFINANZ AG, the spin-off documents (Section 17 no. 5 of the Spin-off Act in conjunction with Section 221a of the Stock Corporation Act), consisting of the draft Spin-off and Takeover Contract including annexes, the audited annual financial statements and management reports of IMMOFINANZ AG for the past three fiscal years (2010/2011, 2011/2012 and 2012/2013), the audited balance sheet of IMMOFINANZ AG as at 31.10.2013, the annual financial statements of BUWOG AG (previously Artemis Immobilien GmbH) for the past three fiscal years (2010/2011, 2011/2012 and 2012/2013), the Corporate Governance Reports of IMMOFINANZ AG for the past three fiscal years, the interim financial report (Section 87 of the Stock Exchange Act) of IMMOFINANZ AG as at 31.10.2013, the interim balance sheet of BUWOG AG (previously Artemis Immobilien GmbH) as at 31.10.2013, the joint spin-off report of the management boards of IMMOFINANZ AG and BUWOG AG, the spin-off audit report of the joint spin-off auditor BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and the reports of the supervisory boards of IMMOFINANZ AG and BUWOG AG, shall be made available on the website of IMMOFINANZ AG registered with the commercial register in accordance with Section 108 paras. 3 to 5 of the Stock Corporation Act (www.immofinanz.com).

The spin-off documents shall also be made available for inspection at the shareholders' meeting of IMMOFINANZ AG.

7.7. Effective date of the Spin-off

The transfer of the Spin-off Assets to BUWOG AG shall become effective at the time of the registration of the Spin-off in the commercial register in which BUWOG AG is registered (Section 14 para. 1 of the Spin-off Act).

The effective date of the Spin-off within the meaning of Section 2 para. 1 no. 7 of the Spin-off Act and Section 33 para. 6 of the Reorganisation Tax Act is 31.10.2013. As of 01.11.2013, all acts undertaken by IMMOFINANZ AG with regard to the Spin-off Assets shall be deemed as having been carried out by BUWOG AG.

7.8. Spin-off audit report

The Spin-off and Takeover Contract (draft) between IMMOFINANZ AG and BUWOG AG shall be reviewed by a spin-off auditor (Section 5 para. 1 and Section 17 no. 5 of the Spin-off Act in conjunction with Section 220b para. 2 of the Stock Corporation Act).

By a decision of the Commercial Court of Vienna dated 16.10.2013, BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, was appointed as the joint spin-off auditor (*gemeinsamer Spaltungsprüfer*).

On the basis of the draft Spin-off and Takeover Contract and this spin-off report, the spin-off auditor shall conduct a spin-off audit and prepare a written report in which it details the results of the audit. The audit report prepared by the spin-off auditor shall be made available in preparation for the shareholders' meeting of IMMOFINANZ AG at which a decision shall be taken on whether to grant approval for the Spin-off.

7.9. Audit conducted by the supervisory boards of IMMOFINANZ AG and BUWOG AG

The Spin-off from IMMOFINANZ AG into BUWOG AG shall be audited by the supervisory board of IMMOFINANZ AG and the supervisory board of BUWOG AG (Section 17 no. 5 of the Spin-off Act in conjunction with Section 220c of the Stock Corporation Act). Appropriate audit reports shall be prepared. The audit performed by the supervisory boards shall be conducted on the basis of the draft Spin-off and Takeover Contract prepared by the management boards, this spin-off report and the spin-off audit report prepared by the joint spin-off auditor.

7.10. Capital increase performed by BUWOG AG to implement the Spin-off

7.10.1. Ordinary capital increase

To implement the Spin-off, BUWOG AG shall increase its share capital from EUR 43,165,844.00 by EUR 56,447,635.00 to EUR 99,613,479.00 by issuing 56,447,635 new bearer shares. Under the capital increase, the Spin-off Assets constitute a contribution in kind. The BUWOG Spin-off Shares created as a result of the capital increase shall 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 1.00 per share.

7.10.2. Conditional capital to create additional BUWOG Spin-off Shares in the event of the exercise of conversion rights from IMMOFINANZ convertible bonds

The share capital of IMMOFINANZ AG and the number of IMMOFINANZ Shares that have been issued may increase by the time the Spin-off becomes effective as a result of the exercise of conversion rights from IMMOFINANZ Convertible Bonds due 2018 and 2017 (for more

information on the IMMOFINANZ convertible bonds, see section 10.3.) and a related issuance of shares in IMMOFINANZ AG from conditional capital:

- a) The share capital of IMMOFINANZ AG may, having regard to the conversion price of EUR 3.56 applicable at the time of the preparation of this spin-off report, increase by the time the Spin-off becomes effective due to the issuance of up to 142,888,909 IMMOFINANZ Shares as a result of the exercise of conversion rights from the Convertible Bonds 2018 issued by IMMOFINANZ AG and a related issuance of shares in IMMOFINANZ AG (subscription shares) from conditional capital (Section 159 para. 2 no. 1 of the Stock Corporation Act):
- b) The share capital of IMMOFINANZ AG may, having regard to the conversion price of EUR 7.97 applicable at the time of the preparation of this spin-off report, increase by the time the Spin-off becomes effective due to the issuance of up to 4,404,015 IMMOFINANZ Shares as a result of the exercise of conversion rights from the Convertible Bonds 2017 issued by IMMOFINANZ AG and a related issuance of shares in IMMOFINANZ AG (subscription shares) from conditional capital (Section 159 para. 2 no. 1 of the Stock Corporation Act):

In order to issue BUWOG Spin-off Shares in accordance with the allocation ratio of 20:1 for those IMMOFINANZ Shares which are issued due to the exercise of conversion rights from IMMOFINANZ Convertible Bonds due 2018 or IMMOFINANZ Convertible Bonds due 2017 by the time the Spin-off becomes effective, BUWOG AG shall conditionally increase its share capital as follows:

- a) To prepare for the Spin-off, the share capital of BUWOG AG shall, in accordance with Section 159 para. 2 no. 2 of the Stock Corporation Act, be increased by up to EUR 7,364,646.00 by issuing up to 7,364,646 new bearer shares in BUWOG AG. The purpose of the conditional capital increase according to Section 159 para. 2 no. 2 of the Stock Corporation Act is to prepare the merger of several businesses by transferring the Spin-off Assets and by securing entitlement to the allocation of BUWOG Spin-off Shares in accordance with the allocation ratio of 20:1 for IMMOFINANZ Shares which are issued due to the exercise of conversion rights from (i) the IMMOFINANZ Convertible Bonds due 2018 or (ii) the IMMOFINANZ Convertible Bonds due 2017, in each case in the period between the preparation of the draft Spin-off and Takeover Contract and the effective date of the Spin-off.
- b) The conditional capital increase (Section 159 para. 2 no. 2 of the Stock Corporation Act) of BUWOG AG shall be performed in accordance with the allocation ratio of one (1) BUWOG Spin-off Share for every twenty (20) shares held in IMMOFINANZ AG and only insofar as the holders of the IMMOFINANZ Convertible Bonds due 2018 or the IMMOFINANZ Convertible Bonds due 2017 exercise their conversion rights in the period

from the beginning of the day (00:00) on which the draft Spin-off and Takeover Contract is prepared up to the effective date of the Spin-off and for which new shares are issued by IMMOFINANZ AG from conditional capital.

- c) Under the conditional capital increase, the Spin-off Assets constitute a contribution in kind. The BUWOG Spin-off Shares created as a result of the conditional capital increase shall 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 1.00 per share. The holders of the BUWOG Spin-off Shares created from conditional capital shall be entitled to payment of a dividend from the beginning of the fiscal year of BUWOG AG in which they are issued.

The resolution on the condition capital increase shall be adopted at the shareholders' meeting of BUWOG AG at a time when the Capital Increase in Kind has been entered in the commercial register.

7.11. Contribution in kind audit with regard to the capital increase performed by BUWOG AG and submission of the contribution in kind audit report

The capital increase performed by BUWOG AG to implement the spin-off by absorption requires a contribution in kind audit to be conducted (*Sacheinlageprüfung*; Section 17 no. 3a of the Spin-off Act). The audit shall establish, among other things, whether the value of the Spin-off Assets covers the issue value of the BUWOG Spin-off Shares issued from the ordinary capital increase (see Section 7.10.1.) and from the conditional capital increase (see Section 7.10.2.).

By decisions of the Commercial Court of Vienna dated 23.10.2013 and 15.01.2014, BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, was appointed as the contribution in kind auditor (*Sacheinlageprüfer*).

The contribution in kind auditor shall prepare an appropriate contribution in kind audit report (*Sacheinlageprüfungsbericht*; Section 17 no. 3a of the Spin-off Act in conjunction with Section 26 of the Stock Corporation Act). In accordance with Section 13 no. 4 of the Spin-off Act, the contribution in kind audit report shall be filed with the Commercial Court of Vienna under FN 114425 y (IMMOFINANZ AG) and FN 349794 d (BUWOG AG).

7.12. Remaining assets audits conducted at IMMOFINANZ AG (Section 3 para. 4 of the Spin-off Act)

A remaining assets audit shall be conducted at IMMOFINANZ AG in connection with the Spin-off. 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 IMMOFINANZ AG as the

transferring company at least corresponds to the size of the nominal capital plus allocated reserves following implementation of the Spin-off. The provisions of stock corporation law governing formation audits shall apply *mutatis mutandis*. A formation report as specified in Section 24 of the Stock Corporation Act is not required.

The audit shall be conducted by a court-appointed remaining assets auditor (*Restvermögensprüfer*). By a decision of the Commercial Court of Vienna dated 16.10.2013, BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, was appointed as the remaining assets auditor. The remaining assets auditor shall prepare an audit report detailing its audit of the remaining assets (Section 3 para. 4 of the Spin-off Act).

Furthermore, the management board and the supervisory board of IMMOFINANZ AG shall carry out corresponding audits in accordance with Section 3 para. 4 of the Spin-off Act and shall in each case prepare reports.

In accordance with Section 13 nos. 3 and 4 of the Spin-off Act, the audit reports shall be filed with the Commercial Court of Vienna under FN 114425 y (IMMOFINANZ AG) and FN 349794 d (BUWOG AG) after the shareholders' meetings of IMMOFINANZ AG and BUWOG AG have been held.

7.13. Application for registration of the Spin-off in the commercial register

After approval for the Spin-off has been granted by the shareholders' meetings of IMMOFINANZ AG and BUWOG AG, IMMOFINANZ AG and BUWOG AG shall conclude the Spin-off and Takeover Contract in the form of a notarial deed. Thereafter, the application for registration of the Spin-off in the commercial register shall be made within the nine-month period which commences from the effective date of the closing balance sheet of IMMOFINANZ AG (31.10.2013) (Section 2 para. 2 of the Spin-off Act).

All members of the management board of IMMOFINANZ AG as the transferring company and the chairman (or his/her deputy) of the supervisory board of BUWOG AG together with a number of members of the management board authorised to represent BUWOG AG shall file an application for registration of the spin-off by absorption, together with the application for registration of the capital increases performed by BUWOG AG, after the resolutions to this effect have been adopted by the shareholders' meetings of IMMOFINANZ AG and BUWOG AG (Section 17 no. 6 of the Spin-off Act).

7.14. The effects of registration of the Spin-off

The Spin-off and the capital increase performed by BUWOG AG to implement the Spin-off shall take effect upon their registration in the commercial register in which IMMOFINANZ AG as the transferring company is registered (Section 14 para. 1 of the Spin-off Act).

Upon registration of the Spin-off in the commercial register, the following shall occur in accordance with Section 14 para. 2 of the Spin-off Act.

7.14.1. Universal succession

The Spin-off Assets (the Spin-off Share in GENA SECHS) shall be transferred by way of universal succession from IMMOFINANZ AG to BUWOG AG.

7.14.2. Granting of shares

Upon registration of the Spin-off, the shareholders of IMMOFINANZ AG shall – in proportion to their equity stake in IMMOFINANZ AG – receive one (1) BUWOG Spin-off Share for every twenty (20) IMMOFINANZ Shares they hold in exchange for transferring the Spin-off Assets to BUWOG AG.

7.15. Issuance of shares in BUWOG AG to the shareholders of IMMOFINANZ AG

7.15.1. General

The shareholders of IMMOFINANZ AG must not take any action in connection with the issuance of the BUWOG Spin-off Shares. The allocation of BUWOG Shares shall be made via Oesterreichische Kontrollbank Aktiengesellschaft ("**OeKB**") as the central securities depository (or in the case of IMMOFINANZ Shares held in securities accounts with Polish depository banks, by using the National Depository for Securities ("**NDS**")) and this shall be recorded in the securities accounts of IMMOFINANZ shareholders by their respective depository banks. The allocation of BUWOG Spin-off Shares to qualifying IMMOFINANZ shareholders whose IMMOFINANZ Shares are held in securities accounts in Austria shall be made free of charge and commission. Shareholders whose IMMOFINANZ Shares are held in securities accounts abroad may be liable to pay charges and commission under the existing agreements with the depository institution, as the case may be.

The Spin-off shall take effect upon its registration in the commercial register of the Commercial Court of Vienna ("**Allocation Effective Date**"). As at the Allocation Effective Date, the shareholders of IMMOFINANZ AG shall be granted BUWOG Spin-off Shares in accordance with the allocation ratio of 20:1. The allocation of BUWOG Spin-off Shares via the Clearing System of OeKB shall be made on the basis of the respective security holdings of

IMMOFINANZ Shares at the end of the day before the Allocation Effective Date. The BUWOG Spin-off Shares are expected to be recorded in the securities accounts of IMMOFINANZ shareholders by the depository banks one day after the Allocation Effective Date (the exact date and time at which this happens depends on the booking system of the respective depository bank).

The delivery of BUWOG Spin-off Shares to IMMOFINANZ shareholders whose IMMOFINANZ Shares are held in securities accounts with Polish depository banks shall be made following registration of the BUWOG Spin-off Shares with NDS. This may therefore result in delays in delivering the BUWOG Spin-off Shares to Polish security accounts.

7.15.2. Transfer by using a securities deposit clearing system

Erste Group Bank AG has been appointed as the trustee for taking receipt of the BUWOG Spin-off Shares to be granted (Section 17 no. 5 of the Spin-off Act in conjunction with Section 225a para. 2 of the Stock Corporation Act). BUWOG AG shall securitise the BUWOG Spin-off Shares in a global certificate (*Sammelurkunde*; Section 24 of the Securities Deposit Act) which shall be deposited with the OeKB by the trustee prior to registration of the Spin-off in the commercial register. The BUWOG Spin-off Shares securitised therein shall be delivered to a securities account of the trustee held at the OeKB. The trustee shall be required to notify the Commercial Court of Vienna that it has taken possession of the BUWOG Spin-off Shares.

Following registration of the Spin-off in the commercial register, the trustee shall transfer the BUWOG Spin-off Shares to the IMMOFINANZ shareholders in accordance with the allocation ratio (20:1) specified in the Spin-off and Takeover Contract via the Clearing System of OeKB (or in the case of IMMOFINANZ Shares held in securities accounts with Polish depository banks, by using the NDS (see Section 7.15.3)) and the depository banks of the IMMOFINANZ shareholders. All qualifying shares of IMMOFINANZ AG are deposited with OeKB as the central securities depository for collective deposits. Therefore, the exchange of shares shall be performed solely by using a securities deposit clearing system.

7.15.3. Registration of the shares of BUWOG AG with the Polish National Depository for Securities (NDS)

On account of the admission to trading of the IMMOFINANZ Shares on the Warsaw Stock Exchange, the IMMOFINANZ Shares are registered with the Polish NDS in its capacity as a securities depository. The IMMOFINANZ Shares held in securities accounts with Polish depository banks via the NDS are recorded by OeKB as being held by the NDS. Therefore, the NDS must be used as the securities depository for delivery of the BUWOG Spin-off Shares to those IMMOFINANZ shareholders whose IMMOFINANZ Shares are held in securities accounts with Polish depository banks. The corresponding BUWOG Spin-off Shares to be issued shall be delivered by OeKB to the securities account of the NDS at OeKB on the

instructions of the trustee. In connection with the Spin-off, BUWOG AG shall apply for the shares of BUWOG AG and the BUWOG Spin-off Shares to be registered with the NDS and conclude the corresponding agreements enabling it to participate in the Clearing System run by NDS. After deciding on the registration of the shares of BUWOG AG, the NDS shall deliver the BUWOG Spin-off Shares to the Polish depository banks in accordance with their holdings.

7.15.4. Settlement of fractional amounts

As a result of the allocation ratio of 20:1, (i) shareholders who hold a number of IMMOFINANZ Shares in their respective securities accounts that cannot be evenly divided by twenty without remainder shall receive rights to a BUWOG Spin-off Share on a *pro-rata* basis or (ii) corresponding entitlement to delivery of one BUWOG Spin-off Share on a *pro-rata* basis may arise in respect of stock exchange transactions for a number of IMMOFINANZ Shares that cannot be evenly divided by twenty which are not settled as of the Allocation Effective Date ("**Fractions of a Share**"). Shareholder rights cannot be asserted with Fractions of a Share.

BUWOG Spin-off Shares allocated to Fractions of a Share which arise at the individual depository banks shall be transferred by the depository banks to the trustee via the Clearing System of OeKB (or in the case of Polish depository banks, by using the NDS) who shall sell these BUWOG Spin-off Shares on the stock exchange. The proceeds from the sale shall be credited to the shareholders of IMMOFINANZ AG – again via the Clearing System of OeKB and the individual depository banks – in accordance with the Fractions of a Share attributable to them (Section 179 para. 3 of the Stock Corporation Act).

7.16. Admission to trading and stock exchange trading

All shares of BUWOG AG shall be admitted to trading on the Regulated Market of the Frankfurt Stock Exchange, the Official Market of the Vienna Stock Exchange and the Main Market (*Rynek podstawowy*) of the Warsaw Stock Exchange immediately following the Spin-off.

The admission of the shares of BUWOG AG and the commencement of trading in the shares of BUWOG AG on these stock exchanges shall be made in accordance with the specific provisions governing admission to trading and stock exchange trading. It is intended that trading in the BUWOG Shares shall commence for the first time on the trading day following the registration of the Spin-off in the commercial register (Allocation Effective Date) or the next trading day. To the extent possible, trading on the various stock exchanges shall commence on the same trading day.

7.17. Strategy with regard to the ADR program

There is a sponsored Level 1 American Depositary Receipt (ADR) program for IMMOFINANZ Shares enabling US investors to create what are called American Depositary Receipts by

depositing IMMOFINANZ Shares in the ADR program or by buying pre-existing ADRs with IMMOFINANZ Shares in the United States over the counter (OTC). Deutsche Bank Trust Company Americas is the depository bank for the ADR program. IMMOFINANZ AG shall notify the depository bank of the (intended) Spin-off. At present, there is no intention to create an ADR program for the BUWOG Shares. The depository bank shall sell BUWOG Spin-off Shares allocated for ADRs and pay the proceeds from the sale to the holders of the ADRs after deduction of expenses and tax, if any.

7.18. Adjustment of the conversion rights from IMMOFINANZ Convertible Bonds due 2018 and 2017

The rights of creditors arising from the IMMOFINANZ Convertible Bonds due 2017 and the IMMOFINANZ Convertible Bonds due 2018 shall, upon the Spin-off becoming effective, be amended by the respective calculation agent (*Berechnungsstelle*) for the convertible bonds in accordance with the rules governing the terms and conditions of convertible bonds. In accordance with the terms and conditions, Deutsche Bank Aktiengesellschaft, London Branch (Convertible Bonds due 2018) and J.P. Morgan Securities Ltd. (Convertible Bonds due 2017) have been appointed as calculation agents. The adjustments shall be made by the calculation agents in accordance with the terms and conditions of the convertible bonds and are binding for IMMOFINANZ AG and the convertible bond creditor.

7.18.1. Convertible Bonds due 2018 (ISIN XS0592528870)

Upon the Spin-off becoming effective, a convertible bond creditor shall – when exercising the conversion right for the convertible bonds submitted for conversion – also be entitled to delivery of BUWOG Shares for each share to be delivered to it equivalent to that number of BUWOG Shares to which a shareholder of IMMOFINANZ AG is entitled in accordance with the allocation ratio for the Spin-off with respect to one IMMOFINANZ share, in addition to the shares to be delivered to it pursuant to Section 8 of the terms and conditions for the IMMOFINANZ Convertible Bonds due 2018 (shares of IMMOFINANZ AG pursuant to Section 9(a) of the terms and conditions) based on the conversion price applicable as at the effective date (as defined in Section 11(m) of the terms and conditions). The allocation ratio for the Spin-off is 1:20 (one share in BUWOG AG for every twenty IMMOFINANZ shares), meaning that – after the adjustment takes effect – additional entitlement to a *pro-rata* delivery of 0.05 BUWOG Shares shall exist when exercising the conversion right for each share to be delivered. The provisions on the settlement of fractions of shares to be delivered under Section 8(c)(ii) to (iii) of the terms and conditions shall be applied *mutatis mutandis* to the delivery of the shares of BUWOG AG. Upon the adjustment taking effect, the terms and conditions shall also apply *mutatis mutandis* to the shares of BUWOG AG as though they were shares to be delivered.

After the calculated conversion price has been adjusted, the conversion price on the effective date (as defined in Section 11(m) of the terms and conditions) shall apply to the shares to be

delivered when the conversion right is exercised and to the BUWOG Shares and shall, having regard to the shares to be delivered and the BUWOG Shares to be delivered after the adjustment has been made during the remaining term of the bonds, be subject to the adjustments provided for in the terms and conditions concerning shares to be delivered and (after the adjustment) the BUWOG Shares.

The adjustment shall not be made with regard to bonds whose conversion rights have already been exercised prior to the Spin-off becoming effective.

Upon the Spin-off becoming effective, this adjustment shall result in the following treatment of convertible bond creditors. 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 shall be entitled, on a *pro-rata* basis, to delivery of 0.05 BUWOG Shares for each share delivered in accordance with the conversion price applicable as at the effective date (the day of the registration of the Spin-off in the commercial register).

By way of example, the number of additional BUWOG Shares to be delivered for each convertible bond after the adjustment has been made shall be calculated as follows:

EUR 4.12 (principal amount of the bond) divided by the conversion price calculated on the effective date, multiplied by the number of BUWOG Shares to which a shareholder of IMMOFINANZ AG is entitled according to the allocation ratio for the Spin-off with respect to one IMMOFINANZ share. Based on the conversion price of EUR 3.56 applicable at the time of the preparation of this spin-off report, this gives rise to: $4.12 / 3.56 \times 0.05 = 0.0579$ BUWOG Shares. For instance, if 10,000 Convertible Bonds 2018 (in the aggregate principal amount of EUR 41,200.00) were submitted for conversion, this would give the holder the right to be granted 578 BUWOG Shares (in addition to the IMMOFINANZ Shares).

7.18.2. Convertible Bonds due 2017 (ISIN XS0332046043)

The terms and conditions applicable to the IMMOFINANZ Convertible Bonds due 2017 lay down the rules for adjusting the provisions governing the conversion right and the conversion price, as do the terms and conditions applicable to the IMMOFINANZ Convertible Bonds due 2018. Therefore, the same kind of adjustment shall be made by the calculation agent (see Section 7.18.1. above).

By way of example, the number of additional BUWOG Shares to be delivered for each convertible bond after the adjustment has been made shall be calculated as follows:

EUR 100,000.00 (principal amount of the bond) divided by the conversion price calculated on the effective date, multiplied by the number of BUWOG Shares to which a shareholder of IMMOFINANZ AG is entitled according to the allocation ratio for the Spin-off with respect to

one IMMOFINANZ share. Based on the conversion price of EUR 7.97 applicable at the time of the preparation of the draft Spin-off and Takeover Contract, this gives rise to: $100,000.00 / 7.97 \times 0.05 = 627.3526$ BUWOG Shares.

On the current basis, the conversion rights attached to the IMMOFINANZ Convertible Bonds due 2017 and 2018 correspond to BUWOG Shares – in addition to the rights enabling conversion into IMMOFINANZ Shares – as follows:

	ISIN	Outstanding principal amount in TEUR	Conversion price in EUR	Conversion rights in IMMOFINANZ Shares	Conversion rights in BUWOG Shares
Convertible Bonds 2017	XS0332046043	35,100.00	7.97	4,404,015	220,200
Convertible Bonds 2018	XS0592528870	508,684.50	3.56	142,888,909	7,144,445
Total		543,784.50		147,292,924	7,364,645

Having regard to the shares to be delivered and the BUWOG Shares to be delivered after the adjustment has been made during the remaining term of the bonds, the number of IMMOFINANZ Shares to be delivered when the conversion right is exercised and the number of BUWOG Shares shall be subject to adjustments in accordance with the terms and conditions and therefore may change during the term of the bonds depending on the adjustments to be applied.

In the event that conversion rights are exercised, IMMOFINANZ AG shall 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.

7.19. Contract amendments to the financing transactions with treasury shares with regard to the BUWOG Spin-off Shares

On the basis of the authorisation issued by the shareholders' meeting on 05.10.2012 to sell treasury shares in accordance with Section 65 para. 1b of the Stock Corporation Act and to repurchase the same in accordance with Section 65 para. 1 no. 8 and 1b of the Stock Corporation Act, IMMOFINANZ AG sold and transferred in January 2013 a total of 101,605,741 treasury shares to financing credit institutions for the purpose of receiving financing for a period of up to three years (thus until January 2016), and in so doing it agreed to repurchase these IMMOFINANZ Shares upon repayment of the financing. The repurchase price corresponds to the sale price. During the term, IMMOFINANZ shall be entitled to terminate the financing agreements either in whole or in part and to repay the financing accordingly together with the repurchase of the IMMOFINANZ Shares by IMMOFINANZ AG.

Of the treasury shares sold under the financing transactions, 44,534,312 IMMOFINANZ Shares stem from the holdings of IMMOFINANZ AG. The remaining 57,071,429 IMMOFINANZ Shares stem from the holdings of IMBEA. IMMOFINANZ AG sold these IMMOFINANZ Shares on behalf of IMBEA in exchange for the *pro-rata* financing under the financing transactions and it agreed largely the same conditions for selling, financing and repurchasing the IMMOFINANZ Shares with IMBEA.

Under the Spin-off, BUWOG Spin-off Shares shall be allocated to the financing credit institutions in accordance with the IMMOFINANZ Shares held by them. At the time of the preparation of the spin-off report, 101,605,741 IMMOFINANZ Shares are included in the financing transactions. Consequently, 5,080,287 BUWOG Spin-off Shares shall be issued in respect of these IMMOFINANZ Shares based on the allocation ratio (1:20).

On the basis of the ISDA contractual conditions agreed for the financing transactions (among others, the 2002 ISDA Equity Derivatives Definitions), a contract amendment shall be agreed in connection with the Spin-off such that the BUWOG Spin-off Shares – in addition to the IMMOFINANZ Shares – are included in the financing transactions. The inclusion of the BUWOG Spin-off Shares in the financing transactions means that, upon repayment of the financing and upon IMMOFINANZ AG repurchasing the IMMOFINANZ Shares, the corresponding number of BUWOG Spin-off Shares allocated to the financing credit institutions shall also be acquired by IMMOFINANZ AG. The purchase price to be paid by IMMOFINANZ AG upon it repurchasing the IMMOFINANZ Shares (corresponding to the sale price) does not change and includes, following the Spin-off, the IMMOFINANZ Shares to be repurchased together with the BUWOG Spin-off Shares.

The agreements between IMMOFINANZ AG and IMBEA shall be amended accordingly.

Based on the share capital of BUWOG AG following the ordinary capital increase to implement the Spin-off, the number of BUWOG Spin-off Shares allocated to the financing credit institutions corresponds to an interest in BUWOG AG of approximately 5.1%.

If additional BUWOG Spin-off Shares (from conditional capital) are issued due to the exercise of the conversion rights from the IMMOFINANZ Convertible Bonds due 2018 and 2017 prior to the Spin-off becoming effective, the percentage shall be reduced accordingly (for more information, see Section 7.2. below).

7.20. The shareholding structure of BUWOG AG following the Spin-off

The following explanation of the shareholding structure of BUWOG AG following the Spin-off is based on the assumption that the number of IMMOFINANZ Shares will not increase by the time the Spin-off becomes effective (i.e. no conversion rights from IMMOFINANZ convertible bonds are exercised, see Section 7.10.2.) and that consequently to implement the Spin-off,

BUWOG AG (only) performs the ordinary capital increase in order to issue 56,447,635 BUWOG Spin-off Shares. Based on these assumptions, the share capital of BUWOG AG following the Spin-off shall be EUR 99,613,479.00, divided into 99,613,479 shares.

Prior to the Spin-off, IMMOFINANZ AG holds 43,165,844 shares in BUWOG AG (for information on the Capital Increase in Kind, see clause 5). This means IMMOFINANZ AG holds an interest in BUWOG AG following the Spin-off.

To implement the Spin-off, BUWOG AG shall increase its share capital by issuing 56,447,635 BUWOG Spin-off Shares. The 43,165,844 shares in BUWOG held by IMMOFINANZ AG prior to the Spin-off represent an interest in BUWOG AG of approximately 43.33%.

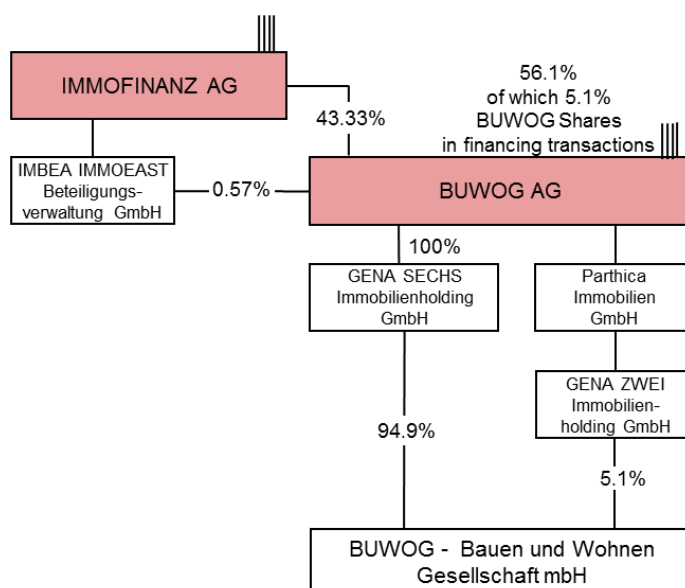
At the time of the preparation of the spin-off report, IMBEA holds 11,289,521 IMMOFINANZ Shares. Of the BUWOG Spin-off Shares issued, 564,476 BUWOG Spin-off Shares shall be allocated to IMBEA in accordance with the allocation ratio (20:1), equivalent to an interest in BUWOG AG of approximately 0.57%.

Consequently, the companies of the IMMOFINANZ Group shall hold 43.9% of the shares in BUWOG AG immediately after the Spin-off.

Of the BUWOG Spin-off Shares, 5,080,287 shall be allocated in respect of those 101,605,741 IMMOFINANZ Shares which at the time of the preparation of the spin-off report are included in the financing transactions with treasury shares (see 7.19). For these BUWOG Spin-off Shares, an adjustment of the contractual conditions applicable to the financial transactions shall be made such that these BUWOG Shares shall also be acquired by IMMOFINANZ AG upon repayment of the financing, together with the repurchase of the IMMOFINANZ Shares. The purchase price to be paid by IMMOFINANZ AG – corresponding to the original sale price – does not change as a result and also includes the BUWOG Shares to be acquired together with the IMMOFINANZ Shares.

Taking into consideration the BUWOG Shares included in the financing transactions, the IMMOFINANZ Group shall have a beneficial interest in BUWOG AG following the Spin-off of 49%.

IMMOFINANZ AG and IMBEA shall directly hold an interest of approximately 43.9% under civil law. The BUWOG Shares included in the financing transactions represent a beneficial interest in BUWOG AG of approximately 5.1%.



On the basis of (i) the current shareholding structure of IMMOFINANZ AG and (ii) assuming the number of IMMOFINANZ Shares remains the same and consequently the issuance of a number of BUWOG Spin-off Shares, corresponding to an interest of approximately 56.67% (see above), the shareholders of BUWOG AG following the Spin-off shall be as follows:

Shareholder	Proportion of share capital in %
IMMOFINANZ AG	43.33
IMBEA	0.57
J.P. Morgan Securities plc (financing transaction in treasury shares)	3.40
Financing credit institution (financing transaction in treasury shares)	1.70
Free float (including 3.29% by the Fries Group)	51.00

8. Explanation and justification of the exchange ratios (allocation ratio) for the BUWOG Spin-off Shares

The transfer of the Spin-off Assets (consisting primarily of an indirect interest in BUWOG GmbH of approximately 56.67%) from IMMOFINANZ AG to BUWOG AG by way of a spin-off by absorption (*Abspaltung zur Aufnahme*) shall be made in exchange for the granting of shares in BUWOG AG to the shareholders of IMMOFINANZ AG. The Spin-off and Takeover Contract stipulates that the shareholders of IMMOFINANZ AG shall receive one (1) share in BUWOG AG for every twenty (20) IMMOFINANZ Shares they hold, in proportion to their equity stake in IMMOFINANZ AG. No additional cash payments shall be made.

The future size of the share capital of BUWOG AG and the number of shares in BUWOG AG was crucial to determining the ratio (20:1) for allocating the BUWOG Spin-off Shares to the shareholders of IMMOFINANZ AG.

When determining the future size of the share capital of BUWOG AG, the expected market capitalisation of BUWOG AG was taken into account in such a way that the future price of shares in BUWOG should lie within an attractive range from the present perspective of private and institutional investors.

Furthermore, when determining the ratio of 20:1, consideration was also given to ensuring that the number of fractions of a share created from issuing BUWOG Spin-off Shares is kept as low as possible. The 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 share holdings of IMMOFINANZ shareholders without causing fractions of a share to be created (for more information on the treatment of fractions of a share with respect to the allocation of BUWOG Spin-off Shares, see Section 7.15.4.).

The number of BUWOG Spin-off Shares 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 (1,128,952,687 shares), in respect of which a total of 56,447,635 BUWOG Spin-off Shares shall be allocated on the basis of the allocation ratio (20:1). This number of BUWOG Spin-off Shares corresponds to an interest in BUWOG AG of approximately 56.67%. Both the Spin-off Assets and the existing assets (already held by BUWOG AG prior to the Spin-off) consist largely of an indirect interest in BUWOG GmbH. The BUWOG Spin-off Shares to be issued to IMMOFINANZ shareholders consequently represent an interest in BUWOG GmbH of approximately 56.67%. The Spin-off Assets to be transferred likewise correspond to an indirect interest in BUWOG GmbH of approximately 56.67%.

It was not necessary to carry out a comparative company valuation in order to calculate the number of BUWOG Spin-off Shares to be issued for the purpose of implementing the Spin-off

on the basis of the ratio of the value of the Spin-off Assets on the one hand to the value of BUWOG AG as the acquiring company (existing assets held) on the other.

The Spin-off Assets solely consist of the Spin-off Share in GENA SECHS, the sole asset of which is the share in BUWOG GmbH of approximately 94.9%. Consequently, the Spin-off Assets correspond to an indirect interest in BUWOG GmbH of approximately 56.67%.

This as an asset of BUWOG AG should be seen alongside the indirect share held in BUWOG GmbH (existing assets held) prior to the Spin-off of approximately 43.33%. In addition to this indirect interest in BUWOG GmbH, BUWOG AG does not have a significant enterprise value – compared to the value of the share in BUWOG GmbH.

As the Spin-off Assets consist of an indirect interest in BUWOG GmbH and the existing assets (already held by BUWOG AG prior to the Spin-off) consist of an indirect interest in BUWOG GmbH, the same assets – namely, BUWOG GmbH – are relevant on both sides (Spin-off Assets – existing assets held) to the enterprise values on the basis of which the exchange ratio is determined. From an economic point of view, the valuation items are identical, meaning that it is not necessary to carry out a comparative company valuation. The allocation ratio is calculated from the ratio of the share ratios held in BUWOG GmbH by IMMOFINANZ AG prior to the Spin-off on the one hand and by BUWOG AG on the other.

The Spin-off Assets acquired by BUWOG AG under the Spin-off correspond to an indirect interest in BUWOG GmbH 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 – to an indirect interest in BUWOG GmbH of approximately 56.67%. Thus, the allocation ratio (exchange ratio) is deemed to be appropriate.

The assets that largely determine the existing assets held by BUWOG AG consist, prior to the Spin-off, of the indirect interest in BUWOG GmbH of approximately 43.33%. In the period between the preparation of the draft Spin-off and Takeover Contract and the Spin-off becoming effective, BUWOG AG intends to issue convertible bonds, which shall be subscribed exclusively by IMMOFINANZ AG (for more information on the details of the convertible bonds, see Section 10.3. and Annex 2.8.3 to the draft Spin-off and Takeover Contract).

The issuance and subscription of the convertible bonds shall be made at arm's length conditions. BUWOG AG shall provide the funds generated to BUWOG GmbH at arm's length financing conditions. An issuance of these convertible bonds by BUWOG AG at the terms and conditions stipulated in the spin-off report and specified in the Spin-off and Takeover Contract (and subscription by IMMOFINANZ AG) shall not affect the enterprise value of BUWOG AG

which forms the basis for calculating the allocation ratio. The issuance of the convertible bonds by BUWOG AG therefore shall not affect the allocation ratio.

As explained, the number of BUWOG Spin-off Shares to be issued is determined on the basis of (i) the number of IMMOFINANZ Shares issued at the time of the preparation of the draft Spin-off and Takeover Contract, (ii) the allocation ratio of 20:1, and (iii) the ratio of the Spin-off Assets to existing assets held.

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 shall be issued in order to guarantee the allocation of BUWOG Spin-off Shares to IMMOFINANZ shareholders on the basis of the allocation ratio of 20:1. A conditional increase of the share capital of BUWOG AG shall be performed so as to issue additional BUWOG Spin-off Shares on the basis of the allocation ratio (see also Section 7.10.2.). Issuing additional BUWOG Spin-off Shares shall 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 already exist prior to the preparation of the draft Spin-off and Takeover Contract. Both the issuance of new IMMOFINANZ Shares on the basis of the exercise of conversion rights and the issuance of additional BUWOG Spin-off Shares for these new IMMOFINANZ Shares pertain to the same group of shareholders, namely the shareholders of IMMOFINANZ, 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), these same shareholders hold (indirect) interests in IMMOFINANZ AG and BUWOG AG. From an economic perspective, IMMOFINANZ AG and BUWOG AG shall continue to be wholly-owned by the IMMOFINANZ shareholders at the time the Spin-off becomes effective; BUWOG AG in part directly following the Spin-off through the BUWOG Spin-off Shares issued to IMMOFINANZ shareholders 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 Shares cannot result in a transfer of property among IMMOFINANZ shareholders.

The joint spin-off auditor (BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna) shall assess the appropriateness of the allocation ratio and confirm in its spin-off audit report that the exchange ratio is appropriate.

9. Accounting, tax and other effects of the spin-off

This Section presents the accounting, tax and other effects of the spin-off.

9.1. Accounting effects under the Austrian Commercial Code (*Unternehmensgesetzbuch*) of the capital increase in kind, the spin-off of IMMOEAST to GENA SECHS and the side-stream spin-off of BUWOG AG

9.1.1. Overview

This Section explains the accounting effects of the spin-off from IMMOFINANZ AG to BUWOG AG and the preparatory reorganisation steps for the transfer of the indirect investment in BUWOG GmbH to BUWOG AG. These effects are also presented in pro-forma balance sheets for IMMOFINANZ AG and BUWOG AG.

The reorganisation steps are summarised as follows in order to present the pro-forma adjustments to the pro-forma balance sheets:

- a) Capital increase in kind for BUWOG AG and side-stream spin-off for acquisition of a stake of approx. 94.9% in BUWOG GmbH from IMMOEAST to GENA SECHS (presented as **“Pro-forma adjustments 1”**).

This pro-forma presentation covers the capital increase in kind for BUWOG AG in exchange for a contribution of 100% of the shares in Parthica (indirectly approx. 5.1% of BUWOG GmbH) by IMMOFINANZ AG, connected with the issue of BUWOG shares to IMMOFINANZ AG (for detailed information, see Section 5.).

Pro-forma adjustments 1 also include the spin-off for acquisition of the approx. 94.9% stake in BUWOG GmbH from IMMOEAST to GENA SECHS (in the following also referred to as **“side-stream spin-off”**).

- b) Spin-off of the respective GENA SECHS holding from IMMOFINANZ AG to BUWOG AG (presented as **“Pro-forma adjustments 2”**)

This presentation shows the balance sheet effects, as of the spin-off date, of the spin-off of the respective GENA SECHS holding (a stake of approx. 59.71%) from IMMOFINANZ AG, as the transferring company, for acquisition by BUWOG AG, as the receiving company. It also includes the ordinary capital increase by BUWOG AG to execute the spin-off and the issue of BUWOG spin-off shares to the shareholders of IMMOFINANZ AG (for detailed information, see Section 7.).

Following the side-stream spin-off (approx. 94.9% investment in BUWOG GmbH from IMMOEAST to GENA SECHS), which is presented under Pro-forma adjustments 1, GENA SECHS will hold only one asset, the approx. 94.9% investment in BUWOG GmbH. The spin-

off assets (approx. 59.71% of the respective GENA SECHS holding) therefore represent an indirect investment of approx. 56.67% in BUWOG GmbH (for detailed information, see Section 6).

9.1.2. Relevant balance sheets and pro-forma assumptions

The presentation and explanation of the individual financial statements prepared in accordance with the Austrian Commercial Code (*Unternehmensgesetzbuch*) and the pro-forma adjustments to the relevant individual financial statements as of 31.10.2013 are based on the final balance sheet of IMMOFINANZ AG and on the conversion balance sheet of BUWOG AG which, in turn, is based on the change in the legal form (§§ 245 ff of the Austrian Stock Corporation Act, *Aktiengesetz*) of Artemis Immobilien GmbH into BUWOG AG.

The relevant pro-forma balance sheets are the pro-forma balance sheet of IMMOFINANZ AG and the pro-forma balance sheet of BUWOG AG, both as of 01.11.2013.

The individual balance sheets of IMMOFINANZ AG and BUWOG AG, each as of 31.10.2013, reflect the status prior to the capital increase in kind and the side-stream spin-off as well as before the effective date of the spin-off from IMMOFINANZ AG to BUWOG AG.

The pro-forma balance sheets as of 01.11.2013, 12 a.m., reflect the status that would have occurred when the capital increase in kind and the side-stream spin-off (Pro-forma adjustments 1) as well as the spin-off (Pro-forma adjustments 2) had all taken place on 01.11.2013, 12 a.m. The pro-forma assumption is that all of the reorganisation steps were implemented.

The underlying balance sheets of IMMOFINANZ AG and BUWOG AG were prepared as of 31.10.2013. This date also represents the spin-off date defined by the spin-off and takeover agreement between IMMOFINANZ AG and BUWOG AG. All actions by IMMOFINANZ AG with respect to the spin-off assets and all actions by BUWOG AG are considered to be completed at the start of the day following the spin-off date, i.e. 01.11.2013 (§ 2 (1) no. 7 SpaltG).

That means the spin-off and, consequently, the transfer of the spin-off assets are considered to take place on 01.11.2013 at 12 a.m. for economic purposes. The pro-forma balance sheets (with respect to Pro-forma adjustments 2) were therefore prepared as of that date. For simplification reasons, this date also forms the basis for the pro-forma presentation of the side-stream spin-off that took place on 30.04.2013 and for the capital increase in kind, which has no retroactive accounting effects (Pro-forma adjustments 1).

The pro-forma balance sheets as of 01.11.2013 show the major direct accounting effects of the capital increase in kind and the side-stream spin-off (Pro-forma adjustments 1) as well as the spin-off (Pro-forma adjustments 2) based on the book values as of 31.10.2013. The actual

balance sheets prepared when these measures take effect can differ significantly from these pro-forma balance sheets.

In particular, the pro-forma balance sheets as of 01.11.2013 do not include any changes in assets, liabilities or equity resulting from the business activities of the companies from 01.11.2013 up to the effective date of the reorganisation steps. The pro-forma balance sheets also exclude business transactions occurring after 01.11.2013 which are closely connected with the reorganisation steps.

An underlying pro-forma assumption presumes the distribution of BUWOG spin-off shares after the spin-off based on an investment of approx. 56.67% in BUWOG AG in conjunction with the share capital increase carried out by BUWOG AG to execute the spin-off. Moreover, it is assumed that the number of BUWOG spin-off shares will not increase due to the increase in the number of issued IMMOFINANZ shares as a result of conversions up to the effective spin-off date.

In accordance with Article 4 (1) lit b) of EU Council Directive 2008/7 on the raising of capital, which is directly applicable because it has not yet been implemented into Austrian law, the capital increase in kind and the spin-off will not result in a capital tax liability. Therefore, BUWOG AG did not recognise a liability for this tax. Any transaction tax on the capital increase in kind and the spin-off will be carried by BUWOG AG.

Any special measures or effects connected with the reorganisation steps that are foreseeable at the present time and have a major accounting effect are explained in the following Sections, but are not included in the pro-forma balance sheets.

9.1.3. Preparation, approval and audit of the relevant balance sheets

The individual balance sheets were prepared in accordance with the accounting regulations set forth in the Austrian Commercial Code (*Unternehmensgesetzbuch*, UGB).

The pro-forma balance sheets reflect the accounting principles applicable to pro-forma individual balance sheets under the Austrian Commercial Code, whereby – as described in detail below – the basis is formed by the balance sheets as of 31.10.2013 and the book values included in these balance sheets are carried forward. In order to present the accounting effects of the spin-off and the preparatory reorganisation steps on the asset position of IMMOFINANZ AG as of 31.10.2013, the pro-forma balance sheets as of 01.11.2013 were prepared on the basis of the same accounting principles as the balance sheets as of 31.10.2013.

The pro-forma balance sheets represent pro-forma presentations prepared solely for the purpose of this joint spin-off report.

The individual balance sheet of IMMOFINANZ AG as of 31.10.2013, which represents the closing balance sheet for the spin-off, was audited by the auditor of IMMOFINANZ AG, Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, and awarded an unqualified opinion. This balance sheet was accepted by the Supervisory Board of IMMOFINANZ AG on 30.01.2014 and is therefore considered approved.

The underlying individual balance sheet of BUWOG AG as of 31.10.2013 is the conversion balance sheet prepared by the managing directors of Artemis Immobilien GmbH as of 20.11.2013. This balance sheet formed the basis for a resolution of the extraordinary general meeting of Artemis Immobilien GmbH on 27.11.2013 over the conversion (§§ 245 ff of the Austrian Stock Corporation Act) of Artemis Immobilien GmbH into BUWOG AG. The conversion balance sheet as of 31.10.2013 was audited by BDO Austria GmbH Wirtschaftsprüfung und Steuerberatungsgesellschaft as the court-appointed conversion auditor (§§ 247 (3) of the Austrian Stock Corporation Act in connection with 25ff of the Austrian Stock Corporation Act) as part of the conversion audit (§ 247 (3) of the Austrian Stock Corporation Act). The auditor subsequently confirmed that the conversion balance sheet as of 31.10.2013 provides a true and fair picture of the asset and earnings position of the company as of the conversion date (31.10.2013).

The individual numbers on the balance sheets and pro-forma balance sheets may not add up exactly to the total amounts due to rounding.

9.1.4. Balance sheet and pro-forma balance sheet of IMMOFINANZ AG (Austrian Commercial Code)

The column "31.10.2013" in the following overview includes the individual balance sheet (Austrian Commercial Code) of IMMOFINANZ AG as of 31.10.2013, 12 pm. It shows the status before the capital increase in kind, the side-stream spin-off (Pro-forma adjustments 1) and the effective date of the spin-off (Pro-forma adjustments 2). The column "01.11.2013" includes the pro-forma balance sheet of IMMOFINANZ AG as of 01.11.2013, 12 am. It shows the status after Pro-forma adjustments 1 and 2 based on the pro-forma assumptions explained under Section 9.1.2.

(in TEUR)	31.10.2013	Pro-forma adjustments 1 (capital increase in kind; side-stream spin-off)	Pro-forma adjustments 2 (spin-off)	01.11.2013
Assets				
Non-current assets				
Intangible assets	646			646
Property, plant and equipment	1,895			1,895
Financial assets	6,692,241			5,800,964
<i>Thereof 100% in GENA SECHS *)</i>	35	-14+891,277	-891,298	0
<i>Thereof 100% in BUWOG AG **)</i>	65	35+80,249+601,400	+19,569	701,318

(in TEUR)	31.10.2013	Pro-forma adjustments 1 (capital increase in kind; side-stream spin-off)	Pro-forma adjustments 2 (spin-off)	01.11.2013
<i>Thereof 100% in IMBEA</i>	6,264,580	-1,492,677		4,771,903
<i>Thereof 100% in Parthica***)</i>	80,249	-80,249		0
<i>Thereof treasury shares</i>	137,730		-19,569	118,161
	6,694,782	21	-891,298	5,803,505
Current assets				
Receivables and other assets	476,825	+14		476,839
Securities and shares	126,358			126,358
Cash on hand, checks, deposits with financial institutions	48,020			48,020
	651,203	+14		651,217
Prepaid expenses and deferred charges	980			980
Total Assets	7,346,965	+35	-891,298	6,455,702
Equity and Liabilities				
Equity				
Share capital	1,172,060			1,172,060
Capital reserves	4,017,780		-891,298	3,126,482
Other reserves	157,786			157,786
<i>Thereof for treasury shares</i>	137,730		-19,569	118,161
<i>Thereof voluntary reserves</i>	20,056		19,569	39,625
Profit/(loss) carried forward	0.00			0.00
	5,347,626		-891,298	4,456,328
Provisions	44,157			44,157
Liabilities	1,955,182	+35		1,955,217
Total Equity and Liabilities	7,346,965	+35	-891,298	6,455,702
Contingent liabilities	85,470			85,470

*) After the spin-off, IMMOFINANZ AG will no longer hold an investment in GENA SECHS.

**) After the spin-off, IMMOFINANZ AG will only hold a stake of 43.33% in BUWOG AG.

***) After the contribution in kind, IMMOFINANZ AG will no longer hold an investment in Parthica.

a) Effects of the capital increase in kind and side-stream spin-off (Pro-forma adjustments 1) as presented in the pro-forma balance sheet

The individual balance sheet of IMMOFINANZ AG as of 31.10.2013, 12 pm includes the following under financial assets: the 100% investment in IMBEA at an amount of TEUR 6,264,580, the 100% investment in GENA SECHS at an amount of TEUR 35, the 100% investment in BUWOG AG (on this date still Artemis Immobilien GmbH) at an amount of TEUR 65 and the 100% investment in Parthica at an amount of TEUR 80,249.

On the capital increase in kind:

Through a first-tier parent company agreement (*Großmutterzuschussvereinbarung*) dated 29.10.2013, IMMOFINANZ AG and GENA ZWEI Immobilienholding GmbH (a wholly owned, indirect subsidiary of IMMOFINANZ AG) agreed to provide a non-repayable subsidy to finance the purchase price for a 5.1% stake in BUWOG GmbH. The amount of the subsidy to be provided was set at the amount of the purchase price payable by GENA ZWEI for the stake in BUWOG which, in turn, was determined on the basis of the proportional enterprise value of BUWOG GmbH. Through purchase and assignment agreements (*Kauf- und Abtretungsverträge*) dated 22.01.2014, effective as of 29.01.2014, GENA ZWEI acquired the approx. 5.1% stake in BUWOG GmbH. The purchase price paid by GENA ZWEI to IMMOCENT for the stake in BUWOG was agreed to equal the proportional enterprise value of the acquired investment in BUWOG GmbH (TEUR 80,223). In January 2014, IMMOFINANZ AG provided GENA ZWEI with a shareholder contribution equal to this amount. The book value of the investment in Parthica was increased accordingly in the balance sheet of IMMOFINANZ AG as of 31.10. 2013. The obligation arising from the first-tier parent company agreement with GENA ZWEI was recognised as a liability.

In connection with the capital increase in kind by BUWOG AG, IMMOFINANZ AG is transferring its 100% investment in Parthica to BUWOG AG as a contribution in kind. This transfer is connected with the capital increase in kind by BUWOG AG with the issue of 43,095,839 BUWOG shares to IMMOFINANZ AG. The book value of the investment in Parthica will therefore be transferred to the book value of the investment in BUWOG AG. The book value of the investment in BUWOG AG (i.e. TEUR 65) will be increased by TEUR 80,249 to TEUR 80,314 and by a further TEUR 35 to TEUR 80,349 due to the capital increase in connection with the change in the legal form of Artemis into BUWOG AG (recorded in the company register on 17.12.2013).

On the side-stream spin-off:

As of 31.10.2013 IMMOFINANZ AG still held all shares in GENA SECHS. Through a purchase and assignment agreement agreements (*Kauf- und Abtretungsvertrag*) dated 19.12.2013 between IMMOFINANZ AG and BUWOG AG, IMMOFINANZ sold an investment in GENA

SECHS with a nominal value of EUR 14,100.81, which represents a stake of approx. 40.29% in GENA SECHS, to BUWOG AG for TEUR 14.

In order to disengage the investment in BUWOG GmbH from the investment chain with IMMOFINANZ AG, IMBEA and IMMUEAST, IMMUEAST is spinning off an approx. 94.9% stake in BUWOG GmbH through a side-stream spin-off for acquisition by GENA SECHS. This transaction is based on a spin-off and acquisition agreement dated 22.01.2014 and a spin-off date of 30.04.2013. The side-stream spin-off of the 94.9% investment in BUWOG GmbH leads to the following shifts in the book value of the investment in IMBEA based on the ratio of the fair value of the spin-off assets to the fair value of IMMOFINANZ AG prior to the spin-off, i.e. TEUR 1,492,677: a shift of 59.71% of the book value of the 59.71% investment in GENA SECHS, i.e. TEUR 891,277, and a shift of 40.29% of the 100% investment in BUWOG AG (the indirect investment held by IMMOFINANZ AG in GENA SECHS), i.e. TEUR 601,400. This step therefore has no effect on the earnings of IMMOFINANZ AG. The book value of the investment in IMBEA will therefore decrease by TEUR 1,492,677 from TEUR 6,264,580 to TEUR 4,771,903. The book value of the investment in GENA SECHS (TEUR 35) will decline by TEUR 14 to TEUR 21 following the assignment of the 40.29% stake and increase by TEUR 891,277 to TEUR 891,298 due to the shift in the book value from the side-stream spin-off. The book value of the investment in BUWOG AG (TEUR 80,349) will increase by TEUR 601,400 to TEUR 681,749 due to the shift in the book value from the side-stream spin-off.

b) Spin-off of the respective investment in GENA SECHS from IMMOFINANZ AG to BUWOG AG (Pro-forma adjustments 2)

IMMOFINANZ AG is spinning off its 59.71% investment in GENA SECHS down-stream for acquisition by BUWOG AG ab. The derecognition of the book value of the investment (TEUR 891,298) represents the book loss of the spin-off. This spin-off loss will be offset against appropriated reserves on the balance sheet. BUWOG AG will recognise appropriated capital at the same amount.

The total share capital increase by BUWOG AG and the creation of an appropriated reserve (§ 229 (2) no. 1 of the Austrian Commercial Code) by BUWOG AG in connection with the spin-off will, in any event, equal the reduction in appropriated reserves for IMMOFINANZ AG.

In exchange for the transfer of spin-off assets, the shareholders of IMMOFINANZ AG will receive return compensation in the form of BUWOG spin-off shares based on a stake of approx. 56.67% in share capital. BUWOG AG will carry out an ordinary capital increase to execute the spin-off. IMMOFINANZ AG will hold an investment of 43.33% in the share capital of BUWOG AG after the spin-off.

Within the context of financing transactions with treasury shares, IMMOFINANZ AG sold 44,534,312 of its treasury shares (also see Section 7.19). These transactions represent credit

financing from an economic standpoint, under which treasury shares are sold for use as collateral. The financing transactions are presented in the balance sheet (Austrian Commercial Code) of IMMOFINANZ AG under the analogous application of the principles for the accounting treatment of pension transactions. The sold IMMOFINANZ shares are (still) reported as treasury shares under non-current assets, while the related financing is reported under amounts due to financial institutions.

BUWOG spin-off shares will be allocated to these IMMOFINANZ shares based on an allocation ratio of 1 : 20. The financing transactions will be adjusted in connection with the spin-off to include the allocated BUWOG spin-off shares – together with the IMMOFINANZ shares. When the financing is repaid and the IMMOFINANZ shares are repurchased IMMOFINANZ AG will also repurchase the BUWOG spin-off shares. These BUWOG spin-off shares will therefore also be reported as financial assets under the investment in BUWOG AG.

This leads to a shift in the book value of the treasury shares to these BUWOG spin-off shares based on the ratio of the fair value of the spin-off assets to the pre-spin-off fair value of IMMOFINANZ AG. The book value of treasury shares decreases by TEUR 19,569 from TEUR 137,730 to TEUR 118,161 TEUR. At the same time the book value of the shares in BUWOG AG (TEUR 681,749) increases by this same amount from TEUR 19,569 to TEUR 701,318. The reserve for treasury shares (§ 225 (5) of the Austrian Commercial Code) will be released accordingly and reduced to TEUR 118,161. The voluntary reserves will increase from TEUR 19,569 to TEUR 39,625.

As a consequence of the spin-off, the member companies of the BUWOG Group will no longer qualify as subsidiaries of IMMOFINANZ AG. The receivables and liabilities due from/to subsidiaries will therefore be reduced and the receivables and liabilities due from/to associated or jointly controlled companies will be increased. This reclassification is not shown in the pro-forma balance sheet.

9.1.5. Balance sheet and pro-forma balance sheet of BUWOG AG (Austrian Commercial Code)

The column “31.10.2013“ in the following overview includes the individual balance sheet of BUWOG AG as of 31.10.2013, 12 pm. It reflects the status before the capital increase in kind and the side-stream spin-off (Pro-forma adjustments 1) and before the effective date of the spin-off (Pro-forma adjustments 2). The column “01.11.2013“ includes the pro-forma balance sheet of BUWOG AG as of 01.11.2013, 12 am. It shows the status after the capital increase in kind, the side-stream spin-off and the implementation of the spin-off. This data is also based on the pro-forma assumptions described under Section 9.1.2.

(in TEUR)	31.10 2013	Pro-forma adjustments 1 (capital increase in kind; side-stream spin-off)	Pro-forma adjustments 2 (spin-off)	1.11.2013
Assets				
Non-current assets				
Financial assets	0	14+386,046	891,298	1,357,607
<i>Thereof 100% in GENA SECHS</i>		80,249		1,277,358
<i>Thereof 100% in Parthica</i>				80,249
	0	466,309	891,298	1,357,607
Current assets				
Cash on hand, checks, deposits with financial institutions	45	35		80
	45	35		80
Total Assets	45	466,344	891,298	1,357,687
Equity and Liabilities				
Equity				
Share capital	35	35+43,096	56,448	99,614
Capital reserves	30	386,046+37,153	834,851	1,258,080
Balance sheet loss	-28			-28
	37	466,330	891,298	1,357,666
Provisions	7			7
Liabilities	0	14		14
Equity and Liabilities	45	466,344	891,298	1,357,687

a) Effects of the capital increase in kind and the side-stream spin-off as presented in the pro-forma balance sheet (Pro-forma adjustments 1)

The individual balance sheet of BUWOG AG as of 31.10.2013 (as of this date, still Artemis Immobilien GmbH) shows paid-in share capital of EUR 35. In connection with the change in the legal form, share capital will increase by TEUR 35 to TEUR 70 and be divided into 70,000 shares. The change of the company's name and the conversion of the legal form were recorded in the company register on 17.12.2013.

On the capital increase in kind:

IMMOFINANZ AG will transfer its investment in Parthica to BUWOG AG as a contribution in kind. This is connected with a capital increase in kind for BUWOG AG under the issue of 43,095,839 BUWOG shares. The book value of the investment held by IMMOFINANZ AG in Parthica equals TEUR 80,249. The pro-forma balance sheet is based on the exercise of an option by BUWOG AG to carry forward the book value followed by the subsequent capitalisation of the book value of the investment in Parthica (TEUR 80,249). This option, which is provided by § 202 of the Austrian Commercial Code, will only be exercised in connection

with the preparation of the annual financial statements of BUWOG AG as of 30.04.2014. The presentation in the pro-forma balance sheets has no determining effect on the annual financial statements of BUWOG AG as of 30.04.2014. This is connected with the capital increase in kind for BUWOG AG. The share capital of BUWOG AG will increase by TEUR 43,096 to TEUR 43,166. The amount exceeding the capital increase in kind of TEUR 37,153 will be reported under appropriated capital reserves, which will then equal TEUR 423,229.

On the side-stream spin-off:

IMMOFINANZ AG still held all shares in GENA SECHS as of 31.10. 2013. In accordance with a purchase and assignment agreement (*Kauf- und Abtretungsvertrag*) dated 19.12.2013 between IMMOFINANZ AG and BUWOG AG, BUWOG AG purchased a stake of approx. 40.29% in GENA SECHS from IMMOFINANZ AG for TEUR 14.

In order to disengage the investment in BUWOG GmbH from the investment chain with IMMOFINANZ AG, IMBEA and IMMOEAST, IMMOEAST is spinning off an approx. 94.9% stake in BUWOG GmbH through a side-stream spin-off for acquisition by GENA SECHS. This transaction is based on a spin-off and takeover agreement dated 22.01.2014 and a spin-off date of 30.04.2013.

The pro-forma assumption is based on the exercise of an option provided by § 202 (2) of the Austrian Commercial Code to carry forward the book value in connection with the reorganisation. Accordingly, the proportional book value of BUWOG GmbH will be capitalised on the book value of the 40.29%-investment in GENA SECHS. The book value of the 94.9% investment held by IMMOEAST in BUWOG GmbH equalled TEUR 958,169 as of 31.10.2013. BUWOG AG will exercise the above option and capitalise the book value of the 40.29% investment in GENA SECHS (TEUR 386,046). The book value of the investment in GENA SECHS will therefore increase by TEUR 14 from TEUR 386,046 to TEUR 386,060. It should be noted that the option provided by § 202 of the Austrian Commercial Code to carry forward the book value will only be exercised in connection with the preparation of the annual financial statements of GENA SECHS as of 30.04.2014. The presentation in the pro-forma balance sheets has no determining effect on the annual financial statements of GENA SECHS as of 30.04.2014.

b) Spin-off of the respective GENA SECHS investment from IMMOFINANZ AG to BUWOG AG (Pro-forma adjustments 2)

IMMOFINANZ AG will spin off its 59.71% investment in GENA SECHS down-stream for acquisition by BUWOG AG. The derecognition of the book value of the investment (TEUR 891,298) represents the balance sheet loss for IMMOFINANZ AG. BUWOG AG will exercise the option to carry forward the book value and recognise, at this same amount, the 59.71% stake in GENA SECHS acquired through the spin-off. Of this amount, TEUR 56,448

will be used to finance the increase in the share capital of BUWOG AG that is connected with the spin-off. The remainder of TEUR 834,851 will be credited to appropriated capital reserves.

The total share capital increase by BUWOG AG and the recognition of an appropriated reserve (§ 229 (2) no. 1 of the Austrian Commercial Code) by BUWOG AG will equal the amount of the reduction in the appropriated reserves of IMMOFINANZ AG.

The use of the option to carry forward the book value in accordance with § 202 of the Austrian Commercial Code represents a pro-forma assumption and will only be exercised in connection with the preparation of the annual financial statements of BUWOG AG as of 30.04.2014. After the spin-off, the investment in GENA SECHS will equal 100%. The book value of the investment in GENA SECHS will increase by TEUR 891,298 from TEUR 386,060 to TEUR 1,277,358. The share capital of BUWOG AG after the spin-off will amount to TEUR 99,614 and the capital reserves will total TEUR 1,258,080.

9.2. Balance sheet and pro-forma balance sheet of IMMOFINANZ Group (IFRS)

The simulated derecognition of the BUWOG GmbH subgroup as part of a simulated De-domination shows the decrease in net assets of IMMOFINANZ Group as of 31.10.2013 under the assumption that 51% of BUWOG AG is distributed to the shareholders of IMMOFINANZ AG and there is a loss of control. The remaining 49% investment would therefore be included at equity, i.e. at the proportional share of equity.

The following presentation is based on the published, unaudited half-year financial statements of IMMOFINANZ Group as of 31.10.2013.

Consolidated balance sheet as of 31.10.2013, all amounts in TEUR	IMMOFINANZ Group	Abgang BUWOG GmbH subgroup	Effects of transition consolidation	IMMOFINANZ Group excl. BUWOG GmbH subgroup
Investment property	9,750,856.5	-2,620,967.0		7,129,889.5
Other non-current assets	689,802.8	-33,328.0		656,474.8
Investments in associated companies	72,145.6	0.0	770,770.0	842,915.6
Other financial assets	213,735.7	-17,859.0		195,876.7
Deferred tax assets	44,073.9	-2,596.4		41,477.5
Non-current assets	10,770,614.5	-2,674,750.3	770,770.0	8,866,634.2
Real estate inventories	277,690.5	-138,478.9		139,211.6
Other current assets	304,959.4	-34,541.4	12,613.7	283,031.7
Cash and cash equivalents	643,087.3	-113,046.3		530,041.0
Current assets	1,225,737.2	-286,066.7	12,613.7	952,284.3
ASSETS	11,996,351.7	-2,960,817.0	783,383.7	9,818,918.4
Equity before non-controlling interests	5,266,428.5	-1,539,150.6	763,360.7	4,490,638.6
Non-controlling interests	14,277.1	-4,368.4		9,908.7
Equity	5,280,705.6	-1,543,519.0	763,360.7	4,500,547.3
Financial liabilities	4,670,799.1	-964,287.3		3,706,511.8
Other non-current liabilities	181,057.2	-36,648.2		144,409.0
Provisions	52,032.0	-2,684.3		49,347.7
Deferred tax liabilities	591,287.9	-146,084.6		445,203.3
Non-current liabilities	5,495,176.2	-1,149,704.4	-	4,345,471.8
Financial liabilities	539,521.8	-98,098.0		441,423.8
Other current liabilities	619,714.4	-163,697.2	20,023.0	476,040.2
Provisions	61,233.7	-5,798.4		55,435.3
Current liabilities	1,220,469.9	-267,593.7	20,023.0	972,899.3
EQUITY AND LIABILITIES	11,996,351.7	-2,960,817.0		9,818,918.4

The effects of the transition consolidation show net assets of EUR 770.8 million (i.e. 49% of BUWOG AG) plus EUR 12.6 million from the reversal of receivables due and payable by the BUWOG GmbH subgroup to IMMOFINANZ Group, which will not be offset during the consolidation of liabilities, as well as liabilities of EUR 20.0 million due and payable by the IMMOFINANZ Group to the BUWOG GmbH subgroup, which will also not be offset.

9.3. IFRS balance sheet of the future BUWOG Group

The final structure of the BUWOG Group under Austrian company law had not been determined as of 31.10.2013. The independent BUWOG Group will be created when the spin-off becomes effective (recording in the company register). The obligation to prepare consolidated financial statements will arise at that time. The first IFRS consolidated financial statements must be prepared as of the following balance sheet date.

The BUWOG Group will then be an IAS 1 applier and have options for the recognition and measurement of assets and liabilities that may differ from the options selected by IMMOFINANZ Group. These options have not yet been defined, and the financial statements for a BUWOG Group can therefore not be provided.

9.4. Tax effects of the spin-off

The following Sections explain the main tax effects of the spin-off for shareholders and for IMMOFINANZ AG, BUWOG AG, BUWOG GmbH and their subsidiaries. A comprehensive and/or conclusive presentation of all conceivable tax aspects for each IMMOFINANZ shareholder is not possible because this information is dependent on the individual tax situations. Moreover, the following presentation cannot take the place of personalised tax advising for the individual shareholders. Shareholders should therefore consult their tax advisers for information on the individual tax effects of the spin-off.

The following presentation is based on currently applicable tax law in Austria and its interpretation by the taxation authorities in their guidelines and directives and on decisions by the competent courts (*Unabhängige Finanzsenat/Bundesfinanzgerichts*) and the Austrian Administrative Supreme Court (*Verwaltungsgerichtshof*).

It should be noted that the fiscal environment can change at any time – possibly also retroactively due to a change in legal regulations or the interpretation thereof. Furthermore, it cannot be excluded that the tax authorities and/or the courts could support another position than the one described in this Section. The following Sections do not address the tax effects under foreign legal systems especially not the taxation of foreign shareholders in their state of residence or potentially applicable double taxation agreements.

The spin-off to transfer the shares in GENA SECHS to BUWOG AG is subject to the provisions of Article VI of the Austrian Reorganisation Tax Act (*Umgründungssteuergesetz, UmgrStG*) because this transaction is considered a spin-off in the sense of the Austrian Spin-off Act and the share of capital to be transferred equals at least one-fourth of nominal capital, which represents privileged assets pursuant to § 32 (2) in connection with § 12 (2) no. 3 UmgrStG. Therefore, the preferential provisions of the UmgrStG apply to the shareholders of IMMOFINANZ AG as the transferring company and to BUWOG AG as the receiving company.

9.4.1. Tax effects for shareholders

The exchange of shares in connection with a spin-off is not classified as an exchange under § 36 (1) UmgrStG. Consequently, the spin-off does not lead to the taxable realisation of profit. The shares in the new or receiving company are considered to be purchased on the day after the spin-off date. For new shares, the acquisition date for the old shares is decisive.

In accordance with § 36 (4) UmgrStG, a spin-off for transfer is initially treated for income tax purposes as a spin-off for new foundation that is subject to § 36 (2) UmgrStG. The rules defined in § 5 UmgrStG for mergers therefore also apply to the exchange of shares. The transfer of the investment in GENA SECHS to an interim holding company through a spin-off for new formation can be seen as an interim step, whereby § 36 (2) no. 2 in connection with § 20 (4) no. 3 UmgrStG apply. IMMOFINANZ shareholders must reduce the taxable acquisition cost for IMMOFINANZ AG shares by the ratio of the fair value of the fictitious interim holding company (the fair value of the spin-off investment in GENA SECHS) to the fair value of the remaining assets of IMMOFINANZ AG and attribute these same costs to the fictitious interim holding company. The following (fictitious) merger is subject to § 5 UmgrStG. The exchange of shares does not represent an exchange in the sense of § 5 (1) no. 1 UmgrStG. Pursuant to § 5 (2) UmgrStG, the acquisition cost for the old shares is decisive for the new shares.

In summary, the acquisition cost for tax purposes and the book values of the IMMOFINANZ shares must be reduced by the ratio of the fair value of the transferred assets to the remaining assets. This amount represents the acquisition cost for tax purposes and the book values of the BUWOG AG shares. Since plans call for the issue of one BUWOG share for each 20 IMMOFINANZ shares, these 20 IMMOFINANZ shares will represent the acquisition cost for tax purposes and the carrying amount of the BUWOG share.

Based on the available enterprise valuation, the IMMOFINANZ Executive Board expects a fair value ratio of 85.79% to 14.21% for the remaining assets of IMMOFINANZ AG in proportion to the spin-off assets.

Investors who do not keep their IMMOFINANZ shares in an Austrian depositary and investors whose Austrian depositaries are exempt from withholding tax (corporations, private foundations) must make this allocation in the relevant tax documentation (corporate tax returns, tax balance sheets, listing of the acquisition cost of financial assets for tax purposes, etc.). It should also be noted that the allocation ratio recommended by the IMMOFINANZ AG Executive Board is not binding for shareholders or the tax authorities to which the individual investors must report, and could be assessed differently in a tax assessment or tax audit.

Private investors who keep their IMMOFINANZ shares in an Austrian depositary and are subject to withholding tax on realised capital gains (natural domestic persons, public law corporations) must allocate the acquisition costs as determined for tax purposes to the Austrian

depository in accordance with the Austrian Capital Measures Directive (*Kapitalmaßnahmen-Verordnung*). IMMOFINANZ AG will submit the relevant information on the fair value ratio via the main payment office.

The following issue is also important for private investors: whether the newly issued BUWOG shares represent old assets (acquired on or before 31.12.2010 and therefore not taxable if they were exempt before that date) or new assets (taxable) in the sense of the capital gains taxation that was introduced in 2011 as part of the Austrian Budget Implementation Act (*Budgetbegleitgesetz 2011*). Pursuant to § 36 UmgrStG in the version set forth in the Austrian Tax Amendment Act of 2012 (*Abgabenänderungsgesetz 2012*), the acquisition date for the old shares is decisive for the new shares. If shares are granted as return compensation for older shares that are not taxable, the shares received as return compensation are classified as non-taxable old shares. If the (temporarily) forfeited shares were taxable, the resulting (temporary) tax liability would also extend to the return compensation, independent of its amount. If the forfeited shares represented new shares, the shares received as return compensation would also be classified as new shares. Therefore, the BUWOG shares received by domestic investors in connection with the spin-off are still considered to be old shares for the purpose of capital gains taxation when the investment in IMMOFINANZ AG shares also represents an old investment.

9.4.2. Tax effects for IMMOFINANZ AG

In accordance with § 33 (1) UmgrStG, the spin-off does not lead to the realisation of profit for the transferring company. In accordance with § 33 (2) UmgrStG, the taxable income of IMMOFINANZ AG must be determined as if the transfer of assets had taken place at the end of the spin-off date.

In accordance with § 33 (6) UmgrStG, IMMOFINANZ AG must prepare a transfer balance sheet for tax purposes as of the spin-off date. This transfer balance sheet must show the assets to be transferred together with the respective tax bases and the tax base of the resulting capital to be transferred. A remaining balance sheet must also be prepared to show the remaining assets of IMMOFINANZ AG in relation to the respective tax bases.

The taxable book value loss resulting from the decrease in assets is tax-neutral pursuant to § 33 (7) UmgrStG and has no effect on the taxable income of IMMOFINANZ.

The balance of the IMMOFINANZ AG account (*Evidenzkonto*) as defined in § 4 (12) of the Austrian Income Tax Act (*Einkommensteuergesetz*) must be reduced according to the ratio of the fair value of the assets involved in the spin-off to total assets (before the spin-off) and the balance of the comparable BUWOG AG account (*Evidenzkonto*) must be increased by the same amount.

9.4.3. Tax effects for BUWOG AG

In accordance with § 34 UmgrStG, BUWOG AG must carry forward the tax bases of the GENA SECHS shares previously recorded by IMMOFINANZ AG.

The book gain on the transfer of assets is tax-neutral and does not increase the taxable profit of BUWOG AG. It represents a contribution to BUWOG AG pursuant to § 8 (1) of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*).

The balance of the account (*Evidenzkonto*) pursuant to § 4 (12) of the Austrian Corporate Income Tax Act must be increased by an amount equal to the reduction recorded by IMMOFINANZ AG.

The spin-off is subject to capital tax because the contribution is made in exchange for a capital increase. In this case there are no exemptions under Austrian tax law, in particular under the Capital Transaction Act (*Kapitalverkehrsteuergesetz*) or the Reorganisation Tax Act (*Umgründungssteuergesetz*), because IMMOFINANZ AG will not hold the shares in GENA SECHS for more than two years. The assessment base for capital tax equals the fair value of the shares, i.e. EUR 891,573,314.09. At the applicable tax rate of 1%, the capital tax would equal EUR 8,915,733.14.

However, in the opinion of IMMOFINANZ AG and BUWOG AG, the exemption provided by Art 4 (1) letter b of the EU Council Directive 2008/7 on the raising of capital can be applied. Under this provision, the exchange of shares is exempt from capital tax. A tax-exempt exchange of shares in the sense of this provision is understood to mean the purchase (from the viewpoint of the receiving company) by a capital company of shares that represent a majority of the voting rights in another capital company, to the extent that the return compensation for the purchased shares is provided, at least in part, in the form of shares. Although EU Council Directive 2008/7 on the raising of capital has not been implemented in Austrian law to date, the judicature of the European Court of Justice and decisions by the Austrian courts require its application. Since this spin-off meets the requirements defined in Art 4 (1) letter b of the above directive, the exemption provided by EU law is directly applicable. IMMOFINANZ AG and BUWOG AG will disclose these circumstances to the taxation authorities and, if a contrary view is taken, will undertake all legal steps to enforce their legal viewpoint.

9.4.4. Tax effects for BUWOG GmbH and its subsidiaries

BUWOG GmbH and its subsidiaries are only affected by the spin-off through the indirect change in shareholders.

There could be a possible effect on losses recorded by BUWOG GmbH and its subsidiaries prior to their inclusion in the tax group. However, classification as the purchase of a corporate

shell pursuant to § 8 (4) no. 2 of the Austrian Corporate Tax Act requires a change in the direct shareholder in exchange for payment. Neither of these circumstances is given because the shareholding only changes indirectly and the spin-off of the shares in GENA SECHS does not represent a transaction in exchange for payment. Apart from that, the economic and organisational structures of BUWOG GmbH and its subsidiaries will remain intact and classification as a shell purchase for tax purposes is therefore not possible.

Moreover, there is no combination of shares that would trigger a real estate tax liability in the sense of § 1 (2) of the Austrian Real Estate Transfer Tax (*Gründerwerbsteuergesetz*) because the spin-off does not involve any shares in BUWOG GmbH. Due to their withdrawal from the corporate tax group as defined in §9 of the Austrian Corporate Income Tax Act (see section 4.5.), BUWOG GmbH and its subsidiaries are entitled to a final settlement payment as defined in the tax sharing agreement for IMMOFINANZ Group.

9.5. Other effects of the Spin-off

9.5.1. Liability consequences under the Spin-off Act and the Stock Corporation Act

Under Section 15 para. 1 of the Spin-off Act, BUWOG AG as joint and several debtor shall be liable for the obligations and commitments of IMMOFINANZ AG incurred up until registration of the Spin-off, including commitments from subsequent improper performance and subsequent reversal, up to the value of the net assets allocated to BUWOG AG.

IMMOFINANZ AG would bear liability for obligations and commitments allocated to BUWOG AG under the Spin-off and Takeover Contract. However, such liability on the part of IMMOFINANZ AG is ruled out as no obligations, commitments and liabilities are to be transferred to BUWOG AG with the Spin-off Assets.

The rules provided for in the Spin-off and Takeover Contract on the distribution of liability shall apply between IMMOFINANZ AG and BUWOG AG (for more information on the Spin-off and Takeover Contract, see 11.2).

Under Section 15 para. 1 of the Spin-off Act, both IMMOFINANZ AG and BUWOG AG shall provide security to the creditors of IMMOFINANZ AG to the extent they are unable to obtain satisfaction if they come forward for this purpose within six months of the publication of the registration of the Spin-off. However, the creditors shall only be entitled to this right to the provision of security if they credibly demonstrate that the satisfaction of their claim is jeopardised as a result of the Spin-off. If the provision of security is asserted in court within the six month period, IMMOFINANZ AG and BUWOG AG shall from this point in time, as specified in Section 15 para. 3 of the Spin-off Act, be liable for the claim as joint and several debtor up to an unlimited amount until such time as security is provided or a court has issued a binding decision dismissing the action.

The right of a creditor of IMMOFINANZ AG, as the transferring company, to the provision of security under Section 17 para. 4 of the Spin-off Act in conjunction with Section 226 of the Stock Corporation Act is ruled out because no obligations and commitments are being transferred with the Spin-off Assets – therefore, no obligations and commitments are being allocated to BUWOG AG as the acquiring company in the Spin-off and Takeover Contract.

The creditors of BUWOG AG as the acquiring company shall be entitled to the provision of security under Section 17 no. 5 of the Spin-off Act in conjunction with Section 226 of the Stock Corporation Act for conditional and uncertain claims which have not yet fallen due, namely against BUWOG AG. Security shall be provided to such creditors if they approach BUWOG AG for this purpose within six months of the publication of the registration of the merger, but such security shall only be provided if they are unable to obtain satisfaction and the satisfaction of their claim is jeopardised as a result of the Spin-off.

The management boards of IMMOFINANZ AG and BUWOG AG assume that the claims of creditors of IMMOFINANZ AG and/or BUWOG AG shall not be jeopardised as a result of the Spin-off becoming effective.

9.5.2. Effects of the Spin-off on IMMOFINANZ Shares (index)

The Spin-off shall have no effect on the stock market listing of the shares of IMMOFINANZ AG. The IMMOFINANZ Shares shall be admitted to trading on the Vienna Stock Exchange after the Spin-off becomes effective, as is the case now. Nothing will change with regard to the listing of the IMMOFINANZ Shares on the Warsaw Stock Exchange (secondary listing) and the ADR program.

The share price of IMMOFINANZ Shares will (likely) fall after the Spin-off. It is possible that the IMMOFINANZ share minus BUWOG is withdrawn from share indexes and/or included in new indexes.

9.5.3. Effects of the Spin-off on IMMOFINANZ shareholders

Even after the Spin-off becomes effective, all shareholders of IMMOFINANZ AG shall retain their shares to the same extent in IMMOFINANZ AG and consequently the remaining economic activities of the IMMOFINANZ Group. The number of shares issued by IMMOFINANZ AG shall remain unaffected by the Spin-off. The rights of IMMOFINANZ shareholders shall not be affected by the Spin-off. The existing shareholder structure of IMMOFINANZ AG prior to the Spin-off shall not be directly affected by the Spin-off.

In exchange for transferring the Spin-off Assets, the IMMOFINANZ shareholders shall be granted one BUWOG Spin-off Share for every twenty IMMOFINANZ Shares in accordance with the ratio of 1:20.

9.5.4. Effects of the Spin-off on the dividend policy of IMMOFINANZ AG and BUWOG AG

For their respective companies, the management boards of IMMOFINANZ AG and BUWOG AG have assessed what effect spinning off the activities of BUWOG GmbH Subgroup will have on the size of the distributable balance sheet profit and consequently the dividend policy for the fiscal years to come.

IMMOFINANZ AG intends to suspend the payment of a dividend for at least the current 2013/2014 fiscal year and once again to recommend the payment of a dividend to the shareholders' meeting in the years to come. The suspension of the dividend is justified in particular on the grounds that the IMMOFINANZ Group has invested significant portions of the liquid funds it has generated into the purchase of residential real estate in Germany which should enable the planned independence of the BUWOG GmbH Subgroup.

The dividend policy of the BUWOG Group is geared both towards the development of earnings and the sustainable profitability of the business. The aim will be to ensure that the shareholders are appropriately involved in the development of the BUWOG Group and that a dividend is paid out to the shareholders of BUWOG AG for the 2013/2014 fiscal year.

9.6. Effects of the Spin-off for employees

9.6.1. There are no individual consequences of the Spin-off for employees

The employment conditions of the employees of BUWOG GmbH shall in principle not be affected by the Spin-off. The same shall apply to the employment conditions of the employees of IMMOFINANZ AG.

To date, BUWOG AG has not been operationally active and also has not had any employees.

9.6.2. Effects of the Spin-off on the employee representative bodies

Both IMMOFINANZ AG and BUWOG GmbH have a works council (*Betriebsrat*). No group representative body (*Konzernvertretung*) exists in which the employee representatives of IMMOFINANZ AG and BUWOG GmbH are jointly represented.

The businesses which currently exist as part of the IMMOFINANZ Group shall remain unaffected by the intended Spin-off. Therefore, the existence, composition and term in office

of the existing works councils at IMMOFINANZ AG and BUWOG GmbH shall remain unchanged.

9.6.3. Participation in the supervisory board of BUWOG AG

The rules on the participation of employees enshrined in the Labour Relations Act (*Arbeitsverfassungsgesetz*) shall apply to the supervisory board of BUWOG AG. Under Section 110 of the Labour Relations Act, employee representatives can be delegated to the supervisory board of BUWOG AG. There will be a right to establish a works council at the level of BUWOG AG depending on the future number of employees at BUWOG AG. In addition, it should be assumed that the works council of BUWOG GmbH may have subsidiary appointment rights enabling it to delegate employee representatives to the supervisory board of BUWOG AG.

10. The BUWOG Group following the Spin-off

10.1. Legal structure of BUWOG AG and the BUWOG Group following the Spin-off

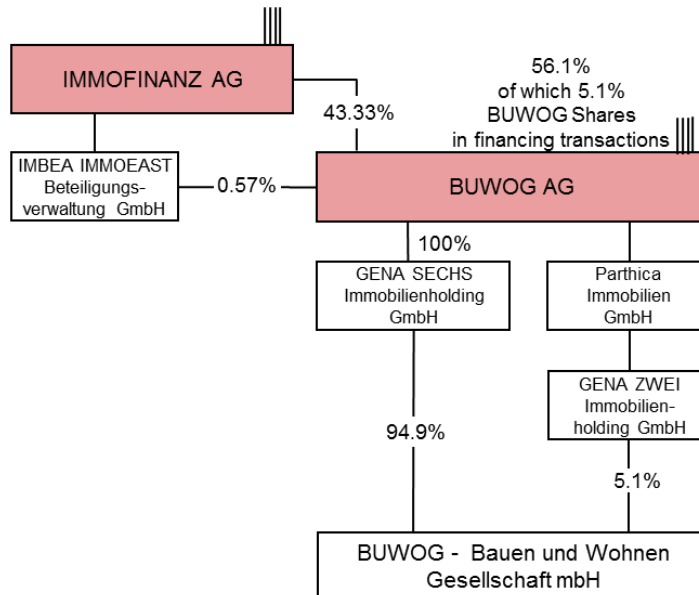
10.1.1. Shareholder structure

On the basis of the notification of voting rights disclosed to IMMOFINANZ AG at the time of the preparation of this spin-off report, no shareholder of BUWOG AG other than IMMOFINANZ AG shall reach or exceed the voting rights threshold of 4% specified in Section 91 para. 1 of the Stock Exchange Act, taking into consideration the allocation ratio of 20:1.

10.1.2. Group structure

Upon the Spin-off becoming effective, a holding structure shall be formed with BUWOG AG as the parent company of the new BUWOG Group. As such, BUWOG AG shall hold 94.9% of the shares in BUWOG GmbH indirectly via its subsidiary GENA SECHS and the further 5.1% indirectly via the subsidiary Parthica and the sub-subsidiary GENA ZWEI. Consequently, BUWOG AG shall indirectly hold the entire registered capital of BUWOG GmbH.

Graphical representation of the group structure:



10.1.3. Articles of association of BUWOG AG

The articles of association of BUWOG AG as amended following the Spin-off are attached as an annex to the Spin-off and Takeover Contract. As sole shareholder of BUWOG AG prior to the Spin-off becoming effective, IMMOFINANZ AG shall adopt the necessary amendments to the articles of association of BUWOG AG.

General provisions

Articles 1 to 3 of the articles of association address general issues such as the name of the company ("BUWOG AG"), the location of its registered office ("Vienna"), the business purpose of the company and notifications. In terms of their content, these are standard provisions. See Section 2.4.2. for information on the business purpose.

Share capital and shares

Article 4 of the articles of association contains information on and rules governing share capital, shares and the exclusion of the right to certification of shares.

Following the Capital Increase in Kind and the ordinary capital increase to implement the Spin-off, the share capital amounts to EUR 99,613,479.00 and is divided into 99,613,479 bearer shares. In the event of the issuance of additional BUWOG Spin-off Shares when increasing the number of IMMOFINANZ Shares due to the exercise of conversion rights (for more detailed information, see Section 7.10.2.), BUWOG AG will report correspondingly higher share capital in the balance sheet following the Spin-off. In such a case, the supervisory board of BUWOG

AG will adopt a resolution amending the articles of association (change of version) (Article 8 (1) of the articles of association).

Article 4 of the articles of association contains the provisions on authorised capital and conditional capital for depositing the BUWOG convertible bonds (for more information, see the explanations in 10.1.8. and 10.3.1.).

Management board, supervisory board and shareholders' meeting

Articles 7 to 17 deal with the management board, the supervisory board and the shareholders' meeting of BUWOG AG. These provisions contain rules that are usual for Austrian public companies (for more information on the provisions in the articles of association concerning the management board, see Section 10.1.4. and for those concerning the supervisory board, see Section 10.1.6.).

Annual financial statements and distribution of profit

Articles 23 to 27 address the issues of the preparation of the annual financial statements and the consolidated financial statements, the appropriation of net profit and the shareholders' entitlement to profit.

10.1.4. The management board of BUWOG AG

Pursuant to Section 7 para. 1 of the articles of association of BUWOG AG, the management board of BUWOG AG consists of one, two, three, four or five persons. The specific number of members of the management board is determined by the supervisory board.

By a resolution of the supervisory board of BUWOG AG dated 27.11.2013, Mag. Daniel Joachim Riedl and Mag. Josef Mayer were appointed as members of the management board for the duration of one year from the time at which the registration of the change of corporate form became effective. Upon the Spin-off becoming effective, Mag. Josef Mayer will step down from his position on the management board of BUWOG AG.

The supervisory board of BUWOG AG intends to (re)appoint Mag. Daniel Joachim Riedl as a member of the management board prior to the Spin-off becoming effective and likely for a term in office of three years from the time the Spin-off becomes effective. Mag. Daniel Joachim Riedl will be appointed as chairman of the management board of BUWOG AG.

The supervisory board of BUWOG AG intends to appoint another member of the management board of BUWOG AG prior to the Spin-off becoming effective, also for a term in office of three years from the time the Spin-off becomes effective.

10.1.5. Long-term incentive program for the members of the management board of 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.

10.1.6. The supervisory board of BUWOG AG

Pursuant to Section 10 of the articles of association of BUWOG AG, the supervisory board of BUWOG AG consists of no fewer than three and no more than ten members. At the time of the publication of this report, Mag. Vitus Eckert, Dr. Eduard Zehetner and Mag. Birgit Noggler of IMMOFINANZ AG as the sole shareholder of BUWOG AG have been appointed as members of the supervisory board. The supervisory board members shall terminate their mandate as members of the first supervisory board of BUWOG AG prior to the Spin-off becoming effective and shall once again be elected as members of the supervisory board of BUWOG AG at a shareholders' meeting of BUWOG AG at some time before the Spin-off becomes effective, and namely for a term in office lasting until the end of the first ordinary or extraordinary shareholders' meeting of BUWOG AG after the Spin-off becomes effective.

The aim is that the supervisory board of BUWOG AG shall consist of six shareholders' representatives. In addition, three further shareholders' representatives shall be appointed – by IMMOFINANZ AG as the sole shareholder – at a point in time before the Spin-off becomes effective. At present, it has not been decided who these members of the supervisory board shall be.

The appointment of all members of the supervisory board of BUWOG AG by IMMOFINANZ AG prior to the Spin-off becoming effective shall be made in each case for a term in office up to the end of the first (extraordinary or ordinary) shareholders' meeting of BUWOG AG after the Spin-off becomes effective.

New elections shall be held concerning all members of the supervisory board at the first shareholders' meeting of BUWOG AG held after the Spin-off has taken effect. In accordance with the De-domination Agreement to be concluded between IMMOFINANZ AG and BUWOG AG, IMMOFINANZ AG shall exercise the voting rights from the BUWOG Shares directly or indirectly by it at the shareholders' meeting of BUWOG AG only when electing two shareholders' representatives in the supervisory board of BUWOG AG and shall not exercise voting rights when the remaining shareholders' representatives are elected (for more information on the De-domination Agreement, see the explanations in Section 10.2.)

For more information on sending employee representatives in the supervisory board of BUWOG AG, see the explanations in Section 9.6.3.

10.1.7. Auditor

By a resolution of the shareholders' meeting of the company (at the time Artemis Immobilien GmbH) dated 27.11.2013, Deloitte Audit Wirtschaftsprüfungs GmbH, Renngasse 1/Freyung, 1010 Vienna, FN 36059 d, was appointed as the auditor for the 2013/2014 fiscal year. Deloitte Audit Wirtschaftsprüfungs GmbH was also appointed as the auditor of the consolidated financial statements for the 2013/2014 fiscal year, if it is necessary to prepare consolidated financial statements.

10.1.8. Authorised capital

After BUWOG AG has performed the Capital Increase in Kind (see 5), IMMOFINANZ AG shall adopt a resolution at the shareholders' meeting of BUWOG AG at some point before the Spin-off becomes effective authorising the management board to increase the capital of the company under Section 169 of the Stock Corporation Act (authorised capital) by up to EUR 21,582,922.00 in order to issue up to 21,582,922 BUWOG Shares, combined with authorisation for the exclusion of subscription rights, as follows:

For a period of five years after registration of this amendment to the articles of association, the management board shall be authorised under Section 169 of the Stock Corporation Act to increase the share capital of the company with the consent of the Supervisory Board by up to EUR 21,582,922.00 by issuing 21,582,922 new bearer shares against contributions in cash or in kind, even in multiple tranches, and to fix the issue value, which may not be less than the *pro-rata* share in the capital of the company, the terms of issue and the other details regarding implementation of the capital increase in consultation with the supervisory board. The management board shall be authorised, with the consent of the supervisory board, to exclude the subscription rights of shareholders either in whole or in part (i) if the capital increase is made against a contribution in cash and the share in the capital of the company allocated to the shares issued against a contribution in cash by excluding subscription rights does not exceed in total the threshold of 10% (ten percent) of the share capital of the company at the time of the authorisation is exercised, (ii) if the capital increase is made against a contribution in kind, (iii) if the capital increase is made to service an over-allotment option (greenshoe option), or (iv) if the capital increase is made to settle fractional amounts. The Supervisory Board shall be authorised to adopt resolutions on amendments to the articles of association arising from the issuance of shares from the authorised capital.

10.2. De-domination Agreement between IMMOFINANZ AG and BUWOG AG

10.2.1. Purpose of the De-domination Agreement.

By issuing BUWOG Spin-off Shares to the shareholders of IMMOFINANZ, the IMMOFINANZ Group shall no longer hold the majority of shares in BUWOG AG following the Spin-off. Following the Spin-off, IMMOFINANZ AG shall not exert a controlling influence over the commercial and financial policy decisions of the BUWOG Group. To this end, a De-domination Agreement shall be concluded between IMMOFINANZ AG and BUWOG AG under the terms of which IMMOFINANZ AG – in addition to surrendering the majority of the shares in the company – commits itself to restrictions on the voting rights attached to BUWOG Shares currently held by the companies of the IMMOFINANZ Group or those held by them in future.

The De-domination Agreement shall be concluded between IMMOFINANZ AG and BUWOG AG and shall become effective at the time of the Spin-off.

Control of BUWOG AG by IMMOFINANZ AG according to IFRS 10 shall also be eliminated by the De-domination Agreement.

Together with surrendering the majority of the shares in BUWOG AG, this shall also lay the foundation for the deconsolidation of the interest held by IMMOFINANZ AG in BUWOG AG in the IFRS consolidated financial statements of IMMOFINANZ AG (for more information on the effects of the Spin-off on the balance sheet, also see 9.2).

10.2.2. Voting right restrictions in the De-domination Agreement

IMMOFINANZ AG, in its own name and on behalf of directly or indirectly controlled companies within the meaning of IFRS 10 (hereinafter "Affiliated Companies"), undertakes not to exercise the voting rights from current or future BUWOG Shares held by it only when electing shareholders' representatives in the supervisory board of BUWOG AG, if and for so long as not two shareholders' representatives, for the election of whom voting rights from BUWOG Shares held by IMMOFINANZ or Affiliated Companies were exercised (hereinafter "Supervisory Board Members Attributed to IMMOFINANZ") have been elected at the shareholders' meeting of BUWOG AG and not to exercise the voting rights when the remaining shareholders' representatives are being elected and (ii) thus to ensure that no more than two Supervisory Board Members Attributable to IMMOFINANZ are represented in the supervisory board of BUWOG AG.

If the number of members (shareholders' representatives, Section 87 para. 1 of the Stock Corporation Act) of the supervisory board of BUWOG AG is four or three, the exercise of voting rights by IMMOFINANZ AG and its Affiliated Companies shall only be admissible with respect to one shareholder representative.

Under the De-domination Agreement, IMMOFINANZ AG and its Affiliated Companies shall also not exercise their voting rights in the case of resolutions concerning (a) issues relating to management which are submitted to the shareholders' meeting for a decision (Section 103 para. 2 of the Stock Corporation Act), (b) the discharge of Supervisory Board Members Attributable to IMMOFINANZ (Section 104 para. 2 no. 3 of the Stock Corporation Act), (c) the discharge of members of the management board (Section 104 para. 2 no. 3 of the Stock Corporation Act), and (d) the dismissal of a supervisory board member not attributable to IMMOFINANZ (Section 87 para. 8 of the Stock Corporation Act), the election of the auditor and/or the group auditor (Section 270 para. 1 of the Commercial Code), the approval of the annual financial statements if the supervisory board has not given its approval or the management board and the supervisory board have decided in favour of approval through the shareholders' meeting (Section 104 para. 2 no. 1 in conjunction with para. 3 of the Stock Corporation Act), and the appropriation of net profit, if one is shown in the balance sheet (allocation of profit) (Section 104 para. 2 no. 7 of the Stock Corporation Act).

10.2.3. Other key provisions of the De-domination Agreement

BUWOG shareholders whose shares in aggregate reach 5% of the share capital of BUWOG AG shall be entitled to demand performance of the De-domination Agreement for its term (the provisions on the required duration of shareholder status under Section 105 para. 3 clause 3 of the Stock Corporation Act shall apply *mutatis mutandis* to the entitlement of the BUWOG shareholder). Furthermore, each member of the management board of BUWOG AG shall individually be entitled to demand performance of this De-domination Agreement through IMMOFINANZ AG. In the event a board member steps down from the management board of BUWOG AG, he/she shall continue to be entitled to demand performance if he/she asserts such right in court no later than one month after stepping down. The right of IMMOFINANZ AG and BUWOG AG to amend the De-domination Agreement by mutual agreement and to supplement or cancel it, shall remain unaffected.

The De-domination Agreement lays down the following grounds for termination by IMMOFINANZ AG:

- (a) The percentage of voting rights from BUWOG Shares (including voting rights attributable under Section 92 of the Stock Market Act) of a BUWOG shareholder reaches or exceeds 25% of the voting rights, calculated without taking into consideration voting rights which have been suspended in accordance with the principles of the acquisition of treasury shares (§ 22 para. 6 of the Takeover Act).
- (b) Another investor acquires control of BUWOG AG within the meaning of the IFRS consolidation provisions (IFRS 10).
- (c) At two consecutive shareholders' meetings of BUWOG AG, the percentage of BUWOG Shares held by the IMMOFINANZ Group falls below the threshold of 45% of the voting rights

present at the respective shareholders' meeting when a resolution is adopted on this first agenda item.

(d) A criminal complaint is brought or charges are filed against (i) a board member of BUWOG AG for a criminal offence in connection with his/her activities as a board member or (ii) an application is made for the imposition of a corporate fine under Section 13 of the Corporate Criminal Liability Act (*Verbandsverantwortlichkeitsgesetz*) against BUWOG AG and in connection with the facts of the case specified in (i) or (ii) there is or there is expected to be a negative impact on the assets, financial position and results of operation of BUWOG AG.

(e) A negative result of BUWOG AG for one quarter, whereby a negative result before tax (EBT) for a period reported in the consolidated income statement of BUWOG AG in accordance with IFRS adjusted for the (i) real estate valuation result in accordance with IAS 40 (ii) the valuation result from derivatives for the purpose of hedging interest rates or foreign currency exchange rates, is relevant.

(f) BUWOG AG finds itself in a crisis within the meaning of Section 2 para. 1 of the Equity Substitution Act (*Eigenkapitalersatz-Gesetz*).

The term of the De-domination Agreement shall end on the day before the fiscal year of IMMOFINANZ AG ends in which the shareholders' meeting of BUWOG AG is held that resolves on the discharge of the members of the supervisory board for the fourth fiscal year of BUWOG AG after the election in the first shareholders' meeting of BUWOG AG following the Spin-off. The fiscal year in which the election was held shall not be counted (Section 87 para. 7 of the Stock Corporation Act) ("End of the term in office for members of the supervisory board"). Consequently, this would be on 29.04.2020 in the case of the election of members of the supervisory board by a shareholders' meeting of BUWOG AG during the 2014/2015 fiscal year.

The term shall be extended in each case from the last end of the term in office of the supervisory board in accordance with the previous paragraph unless IMMOFINANZ AG objects to this extension in writing by the end of January of the year in which the term in office end at the latest.

10.3. Convertible bonds issued by BUWOG AG

At the shareholders' meeting of BUWOG AG, the sole shareholder shall adopt a resolution authorising the management board of BUWOG AG under Section 174 para. 2 of the Stock Corporation Act to issue convertible bonds, namely at the conditions that are attached as an annex to the (draft) Spin-off and Takeover Contract concluded between IMMOFINANZ AG and BUWOG AG.

It is intended that the convertible bonds shall be issued by BUWOG AG in the aggregate principal amount of EUR 260 to 310 million prior to the Spin-off becoming effective and that they shall be fully subscribed by IMMOFINANZ AG.

BUWOG AG shall provide the funds generated from the issuance of these convertible bonds as a loan to BUWOG GmbH for the purpose of financing the purchase of the German residential real estate portfolio (for more information on the intended acquisition of the German residential real estate portfolio, see the explanations in 10.5.2).

10.3.1. Terms and conditions of the BUWOG convertible bonds

The terms and conditions of the BUWOG convertible bonds are attached as an annex to the Spin-off and Takeover Contract. An extract of the terms and conditions is provided below:

Issuer:	BUWOG AG
Bonds to be issued:	Bonds in the aggregate principal amount of EUR 260-310 million combined with conversion rights in existing or new bearer shares of BUWOG AG with a <i>pro-rata</i> share in the capital of BUWOG AG of EUR 1.00 per share (ISIN AT00BUWOG001) (the "Shares")
Initial investor:	IMMOFINANZ AG shall subscribe for all convertible bonds issued.
Commencement of trading:	First trading day of the shares on regulated markets in Frankfurt.
Status of the bonds:	Unsecured, not subordinated.
Form:	Bearer bonds, represented by a global note
Aggregate principal amount:	EUR 260-310 million
Principal amount:	EUR 100,000 per bond
Term/maturity:	Issuance expected on 01.03.2014 due 01.03.2019 (five years).
Coupon:	3.5% payable semi-annually on 01.09. of each year and 01.03. of each following year, beginning on 01.09.2014.
Effective rate of interest:	3.5%
Issue value:	100%
Repayment value:	100%
Conversion right:	The holders of the bonds shall have the right to convert them into shares within the conversion period at the conversion price.
Conversion period:	Commencing nine months following the start of stock market trading in the shares up until 01.03.2019.
Conversion price/premium:	40% premium on the reference share price. The reference share price is the arithmetic average of the daily closing price of the share on five consecutive trading days, beginning (and including) the day on which stock market trading commences, in the XETRA system of the Frankfurt Stock Exchange, rounded up to the next full cent, where EUR 0.005 is rounded up.
Repayment right of the issuer:	The issuer shall be entitled to repay the bond in full, but not in part, at 101% of the principal amount plus accrued interest within a period of nine months (including) of the commencement of trading.
Repayment right of the issuer (issuer soft call):	Three years after the commencement of trading, the issuer shall be entitled to terminate and repay the bond in full, but not in part, by giving notice of at least 30 days but no more than 90 days if the share price amounts to at least 130% of the conversion price on at least 20 trading days within a period of at least 30

	consecutive trading days, which does not end prior to the expiry of 15 trading days from publication of termination.
Repayment right in respect of residual amounts:	Termination and repayment at the principal amount plus accrued interest if 20% or less of the aggregate principal amount of the bonds is outstanding.
Right to cash settlement:	In the event shares cannot be delivered by the issuer on a de jure or de facto basis.
Dilution protection:	Standard Euro Market, including full dividend adjustments.
Change of control protection:	In the event of a change of control, the holder shall be entitled to declare the bonds due for repayment at the principal amount plus accrued interest or to exercise the conversion rights at the reduced conversion price.
Negative pledge:	Relating to the capital market indebtedness of the issuer.
Termination rights by the holder:	Termination rights in accordance with the Standard Euro Market Conditions with respect to the issuer and material subsidiaries.
Cross default:	Relating to the payment obligations of the issuer and material subsidiaries, with a threshold of EUR 50 million.
Applicable law:	Austrian law
Holding periods:	Three months for IMMOFINANZ AG
Application of funds:	The net proceeds from the offering will be provided to BUWOG GmbH as a loan to finance the acquisition of a German residential real estate portfolio.
Expected issue date:	01.03.2014

The terms and conditions of the convertible bonds are basically market standard. When preparing the terms and conditions, the management boards of IMMOFINANZ AG and BUWOG AG sought advice and obtained confirmation from Barclays Bank PLC that the key conditions and the pricing for the convertible bonds are in line with the market and correspond to the conditions for similar instruments on the international capital markets.

10.3.2. Securitisation of the conversion rights from the BUWOG convertible bonds

The conversion rights from the BUWOG convertible bonds shall be securitised by a combination of the following capital measures:

a) Conditional capital

Through a condition capital increase of BUWOG AG (Section 159 para. 2 no. 1 of the Stock Corporation Act). The resolution on this conditional capital increase shall be adopted at a shareholders' meeting of BUWOG AG at a point in time after the Capital Increase in Kind of BUWOG AG (see 5), as follows:

The share capital shall, in accordance with Section 159 para. 2 no. 1 of the Stock Corporation Act, be conditionally increased by up to EUR 14,218,275.00 by issuing up to 14,218,275 new bearer shares. The conditional capital increase shall only be effected to the extent that the

conversion rights of holders of the convertible bonds 2014-2019 ("Convertible Bonds 2019") issued by the company on the basis of the resolution adopted by the shareholders' meeting on [the day on which the resolution is adopted] and the terms and conditions are fulfilled. New shares shall only be issued to the holders of Convertible Bonds 2019 who exercise their conversion rights, at the conversion price to be determined in accordance with the terms and conditions of the Convertible Bonds 2019.

The initial conversion price of the Convertible Bonds 2019 and as such the initial issue value of the shares corresponds to (i) the arithmetic average of the daily closing price of the share on five consecutive trading days, beginning (and including) the day on which stock market trading commences, in the XETRA system of the Frankfurt Stock Exchange, rounded up to the next full cent, where EUR 0.005 is rounded up, increased by the conversion premium of 40%.

The conversion price and as such the issue value of the shares are subject to adjustments in accordance with the terms and conditions of the Convertible Bonds 2019. The issue value may not be less than the *pro-rata* share in the capital of the company. The new shares shall be issued with such entitlement to a dividend as applicable to the ordinary shares of the company at the time at which the shares are issued. With the consent of the supervisory board, the management board shall be authorised to determine the further details for implementing the conditional capital increase. The Supervisory Board shall be authorised to adopt resolutions on amendments to the articles of association arising from the issuance of shares from the conditional capital.

b) Authorised capital

The conversion rights shall be securitised further by authorising the management board to increase the capital of the company in accordance with Section 169 of the Stock Corporation Act (approved capital), which may also be utilized against a contribution in kind of receivables from convertible bonds, by up to EUR 21,582,922.00 and by issuing up to 21,582,922 BUWOG Shares (for more information, see 10.1.8.). The resolution on authorised capital shall likewise be adopted at a shareholders' meeting at a point in time after the Capital Increase in Kind has become effective (see 5).

c) Subsidiary purposes of the conditional capital increase for implementing the Spin-off

In addition, it shall be decided that the servicing of the conversion rights from the BUWOG convertible bonds is a subsidiary purpose of the conditional capital increase of BUWOG AG in order to implement the Spin-off (safeguarding the issuance of additional BUWOG Spin-off Shares) (see Section 7.10.2.). This conditional capital increase can only be used to service conversion rights insofar as the conditional capital has not already been used to issue additional BUWOG Spin-off Shares.

- d) Adoption of a resolution on conditional capital following the Spin-off

For complete securitisation of the conversion rights from the BUWOG convertible bonds with conditional capital, the adoption of a resolution on a conditional capital increase (Section 159 para. 2 no. 1 of the Stock Corporation Act) will have to be proposed to the shareholders' meeting of BUWOG AG after the Spin-off becomes effective.

10.4. Business activities of the BUWOG Group after the spin-off

10.4.1. Overview of the activities of the BUWOG Group

The business activities of the BUWOG Group focus on the residential property sector. BUWOG is not only active in its historical core market of Austria, but also in Germany. In this latter country it has developed a portfolio in recent years, above all in growth regions.

The business model of the BUWOG Group is based on three main business segments: asset management, development and sales. Part of the activities of a former fourth, significantly smaller, business segment, namely the management of properties for third parties (including properties owned by IMMOFINANZ Group), will be sold in connection with the spin-off. The remaining facility management activities and functions for properties owned by the BUWOG Group – including homeowners' associations – will be allocated to the asset management business segment in the future.

Asset management – i.e. the rental and management of apartments – is the historical core business and largest revenue generator in the BUWOG Group. The **development** business segment covers the development of residential properties for direct sale to third parties or for inclusion in the company's standing investment portfolio. The **sales** business segment includes the rapidly growing and profitable sale of individual apartments as well as block sales, i.e. the sale of entire properties as well as small- and medium-sized real estate portfolios.

In spite of its clear focus on only one asset class in two countries – Austria and Germany are each defined as a separate segment – the BUWOG Group distinguishes itself from comparable companies in the German-speaking residential property capital market, above all through its broader, integrated business model with several complementary business segments. The income of the BUWOG Group is not solely dependent on rentals (asset management), but is complemented by recurring income from property development and sales. A high share of the income from the development and sales business segments is sustainable and predictable, and therefore represents a recurring component of operating cash flow. Project development is based on an established development pipeline currently in implementation and is supported by the BUWOG Group's many decades of experience in this area. Property sales are handled by the BUWOG Group within the framework of privatisation activities and the regular sale of smaller portfolios, and do not represent the proceeds from irregular, one-off transactions. The

BUWOG Group can also rely on extensive experience in property sales, above all apartment privatisation.

The following table provides an overview of the contributions made by the individual business segments to the results of operations for the BUWOG Group.

Results of operations

(EUR million)	1st Half-year		Full year	
	2013/14	2012/13	2012/13	2011/12
Asset management	41.6	40.7	78.2	65
Sales	10.0	12.9	39.9	26.7
Development	6.7	1.9	1.7	-5.9
Total	58.3	55.5	119.8	85.8

Source: IMMOFINANZ Group Report on the 1st Half-Year, segment report.

The management of the BUWOG Group plans to further increase the average yield on the rental portfolio through selective portfolio acquisitions in Austria and purchases in Germany. The resulting cash flows will be supplemented by a profitable development business, whereby the concentration clearly lies on the demographically strong urban centers of Vienna and Berlin. The gradual shift of the portfolio to Germany will support an improvement in the gross yield and, therefore, also in the return on capital across the entire portfolio of the BUWOG Group.

10.4.2. Asset management

Asset management, the central area of business with a historical contribution to earnings that averages roughly 70%, bundles the BUWOG Group's expertise in the rental, management and administration of its own residential units. As of 31.10.2013, the BUWOG Group's asset management was responsible for 33,394 rental units with approx. 2.50 million sqm of rentable space and a market value of approx. EUR 2.5 billion. The following table summarises the most important key data:

Key data on asset management as of 31.10.2013

Units in standing investments	33,394
Standing investments in sqm	2,504,375
Fair value	2,518 MEUR
Average apartment size	75 sqm
Net primary rent/month/sqm	4.19 EUR
Occupancy	94.7%
Gross rental yield	4.7% (based on 31.10.2013 annualised)
	<i>Austria</i> 4.3%
	<i>Germany</i> 7.7%

Of the total managed portfolio, 83% of the rental space is located in Austria and the remaining 17% in Germany. The capital cities Vienna and Berlin are the central locations for the portfolio and represented roughly 51% of the fair value as of 31.10.2013. In these cities the BUWOG Group develops projects for the sale of individual units and for its standing investment portfolio and benefits from its strong local market position.

An important element of the BUWOG Group's strategy in recent quarters has been the successful shift of the portfolio from Austria to Germany through portfolio acquisitions. Key milestones in this strategy include the finalisation of the purchase of 317 units in Kassel after 31.10., that acquisition of portfolios (in Kiel as well as Berlin and the surrounding area; transfers currently in progress) with roughly 1,790 units and the currently planned acquisition of a German residential portfolio with approx. 17,800 rental units. This will represent a major shift in the weighting of the BUWOG portfolio toward Germany and to a higher average rental yield.

Units by province

	Number of units	Usable space (in sqm)	Share of space	Fair value per sqm	Share of fair value	Occupancy rate
Austria	27,073	2,072,308	82.75%	1,047	86.20%	94.2%
Burgenland	200	13,727	0.55%	584	0.32%	95.9%
Carinthia	10,309	763,656	30.49%	708	21.48%	93.7%
Lower Austria	1,337	95,083	3.80%	877	3.31%	95.4%
Upper Austria	668	49,099	1.96%	1,082	2.11%	95.3%
Salzburg	1,558	106,636	4.26%	1,264	5.35%	98.7%
Styria	4,247	297,305	11.87%	722	8.52%	94.7%
Tyrol	1,434	110,569	4.42%	1,072	4.71%	97.1%
Vienna	7,320	636,232	25.40%	1,599	40.40%	93.1%
Germany	6,321	432,067	17.25%	804	13.80%	96.8%
Berlin	4,243	281,422	11.24%	911	10.18%	97.5%
Hessen	1,194	88,439	3.53%	559	1.96%	97.5%
Lower Saxony	884	62,206	2.48%	674	1.66%	92.3%
Total	33,394	2,504,375	100.00%	1,005	100.00%	94.7%

The units classified under the asset management business segment are allocated to three different groups based on strategic criteria (current number of units per group as of 31.10.2013):

- Core portfolio: 15,302 units
- Sale of individual apartments: 13,722 units
- Sale of entire properties: 4,370 units

The core portfolio is designated for rental over the long-term. It is optimised through active rental management as well as maintenance and investment measures. The management of properties whose individual apartments are designated for sale is concentrated on value-optimising sales, whereby the timing of the planned transactions – which can be several years in the future – has an influence on the management strategy and can involve management activities similar to the core portfolio over the short-term. The units in the properties designated for sale will be sold as entire buildings or sub-portfolios to third parties. These properties are intended for sale because they only offer limited possibilities for value creation through active management or their location does not fit in with the future strategic orientation of the portfolio.

Over 80% of the BUWOG Group's portfolio is subject to restrictions in determining the net primary rent – largely through the application of Austrian non-profit housing regulations (*Wohnungsgemeinnützigkeitgesetz, WGG*) to the Austrian properties owned by the BUWOG Group. This situation is to be seen in connection with the company's history as a former state-owned entity whose defined objective was the creation of housing. However, there are opportunities to gradually adjust the rents for these units, in particular when the tenants change.

The BUWOG Group is dependent on third-party service providers to only an immaterial degree for the management of its portfolio and therefore independently covers the entire value chain for apartment management. The facility management activities for homeowners' associations and other third parties that will remain after the planned sale of the property management business for third parties (including IMMOFINANZ Group) will also be allocated to the asset management business segment, but will only make a minor contribution to earnings.

10.4.3. Development

The BUWOG Group bundles project development for residential properties – which are intended for retention in the Group's portfolio or for direct sale after completion – in the development business segment. These activities are concentrated solely on the demographically strong urban centers of Vienna and Berlin. The BUWOG Group has many years of experience and very good local knowledge in these markets, two factors that are decisive for the early identification and acquisition of possible project development opportunities. In both countries, the BUWOG Group is now of the leading developers. The activities attributable to the future BUWOG Group for the 2012/13 financial year generated revenues of EUR 72.2 million and operating profit of EUR 8.8 million. The company's plans include, above all, the expansion of the project pipeline in the Berlin region as well as the further optimisation of margins in this business segment through a focus on direct sales structures – especially for the development of projects with units intended for sale.

The BUWOG Group had a secured project pipeline of nearly 5,000 units on its own sites as of 31.10.2013, which represented a total investment volume of nearly EUR 1.2 billion. At that time, 649 apartments were under construction.

Key data on development as of 31.10.2013

Project pipeline auf on own land	4.958 units
Investment volume for project pipeline	1.235 MEUR
Units sold and transferred (as of 30.04.13)	253 units
Apartments under construction	649 units
<i>Thereof Austria</i>	<i>530 units</i>
<i>Thereof Germany</i>	<i>119 units</i>

The BUWOG Group follows clear criteria for the selection and design of its projects. These criteria include the size of the market and the individual project as well as future prospects for sale (also for the development of projects for its own portfolio), the current and expected future demand for a specific product and, above all, the expected return on the project.

The BUWOG Group's long-term project pipeline is well balanced with regard to the various development stages. In spite of the challenging conditions on the Vienna land market, the BUWOG Group holds sufficient land reserves to ensure the realisation of the planned construction volume. The long-range target for the distribution of the portfolio between Vienna and Berlin is 50/50; it will be reached through above-average growth in Germany (currently, 31% of the investment volume is located in Berlin)

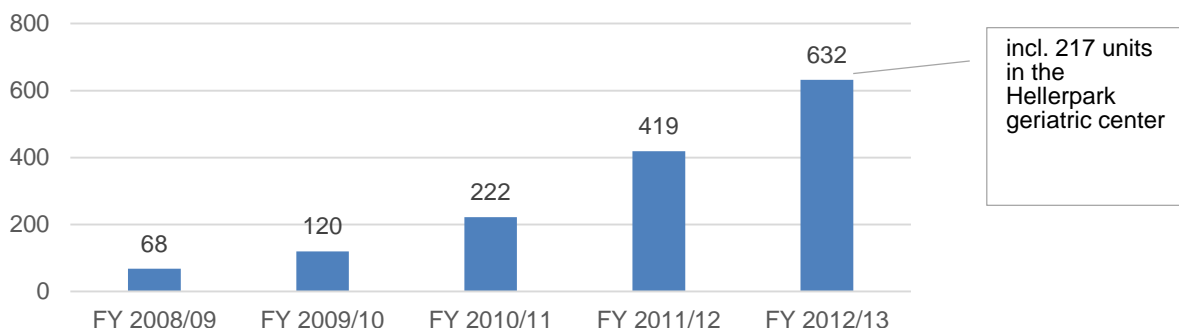
Overview of development pipeline

Status as of 31.10.2013	Projects	Units	Usable space	Investment volume (in MEUR)	Share of investment Volume
Under construction	12	649	50,874	153.0	10.9%
Before realisation (start of construction in FY 2014)	8	433	40,158	152.0	10.9%
In planning (start of construction beginning in 2015)	20	3,876	325,578	930.2	66.4%
Land reserves	9	706	60,653	165.2	11.8%
Total	44	5,664	477,263	1,400.4	100.0%

The BUWOG Group realises freely financed apartments, publicly subsidised apartments and investment apartments in the development business unit. Above all in the past three years, the

company has been able to substantially increase the number of completed units. Alone in Vienna the BUWOG Group is targeting an average construction volume of 700 units per year.

Development of completed units



10.4.4. Sales

The activities of the BUWOG Group's sales business segment are concentrated on the value-maximising sale of individual units, entire buildings or smaller portfolios whose full value potential has been reached from the company's viewpoint or whose profile, among others due to the regional orientation, no longer fits with the corporate strategy.

The following table shows the key data for the sales business segment in the financial year ending 30.04.2013. In particular, this data underscores the high profitability of individual apartment sales.

Key data on sales	FY 2012/13	1st half-year 2013/14
Sold units	1,666	1,522
<i> Thereof individual apartments</i>	<i> 467</i>	<i> 191</i>
<i> Thereof buildings</i>	<i> 1,199</i>	<i> 1,331</i>
Ø sale proceeds per sqm	EUR 1,088	EUR 916
Sale proceeds per sqm individual apartments	EUR 2,015	EUR 1,984
Sale proceeds per sqm buildings	EUR 733	EUR 752

In line with its overriding strategic premises, the BUWOG Group focuses on the continuous expansion of the high-margin sale of individual apartments based on the opportunities provided by the current attractive market climate. The company is also adjusting its portfolio in the outlying areas of Austria, whereby it can benefit from regionally optimised sales structures. Based on the fair value of the housing units, the major part (53%) of the BUWOG Group's sales portfolio as of 31.10.2013 was located in Vienna. The regional distribution is shown in the following table:

Regional distribution of the sales portfolio as of 31.10.2013

	Sale of individual apartments Fair value (in TEUR)	Sale of buildings Fair value (in TEUR)
Vienna	746,621	155,420
Carinthia	225,850	78,690
Styria	111,822	33,100
Other Austria	313,276	27,940
Other Germany	0	0
Total	1,397,569	295,150

The sales business unit has generated steady earnings growth in recent years.

(in EUR million)	FY2011/12	FY 2012/13
Asset management		
Rental income	111.5	109.5
Operating profit ¹	73.4	85.1
Sales		
Revenues from the sale of portfolio properties	104.3	152.9
Operating profit ¹	27.5	33.0
Development		
Revenues from the sale of new construction	48.0	72.2
Operating profit ¹	3.3	9.7

1) Before valuation results & charges for personnel and overhead costs

Based on its strong track record, the BUWOG Group plans to expand its sales activities in the future in keeping with its clear strategic premises, above all for the sale of individual apartments.

10.5. Earnings position of the BUWOG Group after the spin-off

10.5.1. Accounting of the BUWOG Group

The final corporate structure of the BUWOG Group had not been finalised as of 31.10.2013. The independent BUWOG Group will be created when the spin-off becomes effective (recording in the company register). The obligation to prepare consolidated financial statements will arise at that time. The first IFRS consolidated financial statements must be prepared as of the following balance sheet date

The BUWOG Group will then be an IAS 1 applier and have options for the recognition and measurement of assets and liabilities that may differ from the options selected by

IMMOFINANZ Group. These options have not yet been defined, and the financial statements for a BUWOG Group can therefore not be provided. However, the earnings position of the future BUWOG Group can be derived from the segment data provided in the 1st Half-year report of IMMOFINANZ Group as of 31.10.2013.

10.5.2. Material portfolio transactions currently in progress

The BUWOG Group plans to acquire a residential property portfolio in Northern Germany and has already signed the relevant contracts with Solaia RE S.à.r.l., a joint venture between Prelios and an investment fund managed by Deutsche Asset & Wealth Management – Real Estate, at the time of publication of this spin-off report. The portfolio acquisition will take place through several share deals. The closing of the transaction is dependent on customary conditions and is currently expected to take place in the second quarter of 2014.

The portfolio comprises approx. 18,000 housing units with 1.1 million sqm of lettable space. The properties are located primarily in Schleswig-Holstein and Lower Saxony (*Niedersachsen*) furthermore a smaller group of properties is located in Mecklenburg-Western Pomerania (*Mecklenburg-Vorpommern*) and Berlin.

The portfolio generates an annualised net cold rent of approx. EUR 68 million on a vacancy rate of 2.3%. The purchase price for the portfolio amounts to EUR 892 million and is payable by the BUWOG Group at closing. The financing for the purchase price (including the repayment of any third party liabilities, but after the deduction of subsidised loans remaining after the acquisition) is secured by a combination of committed mortgage loans and the proceeds from the issue of a convertible bond by BUWOG to IMMOFINANZ AG (see Section 10.3.).

After the acquisition of the portfolio from Solaia, the enlarged BUWOG portfolio of approx. 54,000 units will be equally split among Austria (51%) and Germany (49%) based on rental units.

In addition to this portfolio transaction, plans call for the transfer of the residential property management business of Prelios Germany to the BUWOG Group, as well. This transaction has been discussed and agreed in parallel with Prelios S.p.A in order to realise a complete internal solution for the management of the entire German portfolio of the BUWOG Group over the medium-term.

The BUWOG Group has no other material portfolio acquisitions or sales current under negotiation.

11. The IMMOFINANZ Group following the Spin-off

11.1. Legal structure of IMMOFINANZ AG and the IMMOFINANZ Group following the Spin-off

11.1.1. IMMOFINANZ AG

IMMOFINANZ AG as the transferring company shall continue to exist after implementation of the Spin-off. No amendments to the articles of association of IMMOFINANZ AG shall be made. The articles of association of IMMOFINANZ AG as amended following the Spin-off are attached as an annex to the Spin-off and Takeover Contract.

11.1.2. The management board of IMMOFINANZ AG

Upon the Spin-off becoming effective, Mag. Daniel Joachim Riedl shall step down from his position on the management board of IMMOFINANZ AG. Whether the management board will be reduced to two members or continue to consist of three members and which person will if necessary be appointed after Mag. Daniel Joachim Riedl steps down as a member of the management board has to be decided by the supervisory board of IMMOFINANZ AG and at present this has not been determined.

The term in office of the remaining members of the management board shall remain unaffected by the Spin-off. Dr. Eduard Zehetner will continue in his position as chairman of the management board and Mag. Birgit Noggler will continue to be a member of the management board.

11.1.3. The supervisory board of IMMOFINANZ AG

Mag. Vitus Eckert intends to step down as a member of the supervisory board of IMMOFINANZ AG on the occasion of the Spin-off and (only) to act as chairman of the supervisory board of BUWOG AG.

The supervisory board of IMMOFINANZ AG intends to reduce the number of members of the supervisory board by one member to five shareholders' representatives. The appointment rights of the works council of IMMOFINANZ AG to delegate employee representatives to the supervisory board will reduce accordingly to three employee representatives – in accordance with the concept of one third parity.

11.1.4. Shareholder structure and stock exchange trading

The shareholder structure of IMMOFINANZ AG shall not be directly affected by the Spin-off.

The share capital of IMMOFINANZ AG shall remain unchanged. As a result of the transfer of the Spin-off Assets from IMMOFINANZ AG to BUWOG AG, the Spin-off will result in a loss in the amount of the book value of the Spin-off Assets leaving IMMOFINANZ AG. The loss suffered by IMMOFINANZ AG under the Spin-off will be offset against the appropriated capital reserves of IMMOFINANZ AG. Therefore, there will be no reduction in the share capital of IMMOFINANZ AG.

11.2. Business activities of IMMOFINANZ Group after the spin-off

The separation of the BUWOG Group will lead to changes in the property portfolio of IMMOFINANZ Group (residential asset class) and the weighting of business activities due to the exit of the BUWOG segment. These changes are described in the following Sections. There will be no changes at all or no material changes in the other areas compared with the pre-spin-off period, and reference is therefore made to Section 2.3 in this report.

The following table classifies the property portfolio of IMMOFINANZ Group without the properties attributable to BUWOG GmbH subgroup based on the segment report as of 31.10.2013:

Property portfolio	Number of properties	Standing investments	Development projects ²⁾	Pipeline projects	Property portfolio	Property portfolio
		in EUR mill.	in EUR mill.	in EUR mill.	in EUR mill.	in %
Austria	209	1,428.7	3.6	10.1	1,442.4	19.7%
Germany	39	412.1	168.6	0.5	581.2	7.9%
Czech Republic	31	533.4	50.9	4.7	589.0	8.0%
Hungary	33	480.9	0.0	35.9	516.8	7.1%
Poland	38	522.0	64.5	23.4	609.9	8.3%
Romania	88	657.0	38.0	304.2	999.2	13.7%
Russia	6	1,607.7	226.4	0.0	1,834.1	25.1%
Slovakia	20	265.7	0.0	20.3	286.0	3.9%
Non-core countries ¹⁾	60	394.0	3.1	63.5	460.5	6.3%
IMMOFINANZ Group	524	6,301.5	555.0	462.6	7,319.1	100.0%
		86.1%	7.6%	6.3%	100.0%	
1) Bulgaria, Croatia, Moldavia, Netherlands, Serbia, Slovenia, Switzerland, Turkey, Ukraine, USA						
2) Future standing investments, completed inventories and inventories under construction						

11.2.1. IMMOFINANZ earnings drivers

Asset management, i.e. the active management, rental and administration of the standing investments, generates over 85% of results of operations⁴ and will remain the most important earnings driver after the spin-off of the BUWOG GmbH subgroup. Its share of the results of operations will also increase slightly. Development and Trade complement these earnings and

⁴ Results of operations before other operating income and expenses not directly attributable.

represent key strategic business activities. The following table shows the results of operations classified by earnings driver

(EUR million)	2nd Half-year		Total year	
	2013/14	2012/13	2012/13	2011/12
Asset Management	219.2	224.0	434.8	380.9
Trade	7.5	5.4	70.9	26.5
Development	-8.1	-1.7	-20.1	36
Total	218.6	227.7	485.6	443.4

Asset Management

As of 31.10.2013 the IMMOFINANZ Group portfolio included 378 standing investments with a book value of EUR 6,301.5 million, excluding properties attributable to the BUWOG GmbH subgroup.

Trade

The weighting of the earnings driver Trade will decline in both absolute and relative numbers after the exit of the BUWOG segment. The earnings volatility of this earnings driver can also be expected to increase due to the absence of the steady privatisation activities in the BUWOG GmbH subgroup.

Development

As of 31.10.2013 the IMMOFINANZ portfolio contained 33 development projects with a book value of EUR 555.0 million and outstanding construction costs of EUR 389.2 million, excluding properties attributable to the BUWOG GmbH subgroup. The market value on completion is current estimated at approx. EUR 1,053.3 million. These projects are focused primarily on office and retail space in Russia, Germany, Poland and Austria.

11.2.2. IMMOFINANZ asset classes

IMMOFINANZ Group will continue its previous activities in the office, retail and logistics assets classes after the spin-off of the BUWOG GmbH subgroup. The Residential East business segment, which is part of the residential asset class, will not be affected by the spin-off.

The majority of the properties in the **Residential West** business segment are attributable to the BUWOG GmbH subgroup. Accordingly, the weighting of this business segment will decline substantially following the separation. After the spin-off this business segment will only contain

residential properties in Austria that are not attributable to the BUWOG GmbH subgroup. These 30 properties had a book value of EUR 180.4 million as of 31.10.2013.

After the spin-off of the BUWOG GmbH subgroup, neither the Residential East nor the Residential West business segment will represent a core segment of IMMOFINANZ Group.

11.3. Asset, financial and earnings position of IMMOFINANZ Group after the spin-off

After an adjustment for the spin-off of the BUWOG GmbH subgroup, IMMOFINANZ Group would have generated EBIT of approx. EUR 245 million, or approx. EUR 60 million less, in the first half of the 2013/14 financial year. The adjustment of data for the earnings drivers to reflect the spin-off of the BUWOG GmbH subgroup would show the following for IMMOFINANZ Group: a decline of approx. EUR 42 million in the results of asset management, a decline of approx. EUR 10 million in the results of property sales and a decline of approx. EUR 7 million in the results of property development. In contrast, the asset management margin would increase from approx. 82% to approx. 84%.

With respect to the balance sheet, the spin-off of the BUWOG GmbH subgroup would reduce investment property (excluding real estate inventories) to approx. EUR 7.1 billion versus EUR 9.8 billion prior to the spin-off as of 31.10.2013. Financial liabilities would decline from EUR 5.2 billion to EUR 4.1 billion and cash and cash equivalents from EUR 0.6 billion to EUR 0.5 billion. This would lead to an increase in the loan-to-value ratio (LTV) from 46% to 50% after an adjustment for the spin-off. Equity would decline from EUR 5.3 billion before the spin-off to EUR 4.5 billion. The most important changes are summarised in the following table.

IMMOFINANZ Group as of H1 2013/14 All amounts in TEUR	IMMOFINANZ Group	BUWOG Segment	IMMOFINANZ Group pro-forma excl. BUWOG segment
Income statement			
Rental income	317,619.4	57,014.5	260,604.9
Results of asset management	260,826.9	41,646.0	219,180.9
Results of property sales	17,529.3	10,007.3	7,522.0
Results of property development	- 1,404.5	6,657.4	- 8,061.9
Results of operations	239,248.5	52,615.0	186,633.5
Other revaluation results	65,796.6	7,875.4	57,921.2
Operating profit (EBIT)	305,045.1	60,490.4	244,554.7
IMMOFINANZ Group per H1 2013/14 All amounts in TEUR	IMMOFINANZ Group		IMMOFINANZ Group excl. BUWOG GmbH subgroup
Balance sheet			
Investment property	9,750,856.5		7,129,889.5
Real estate inventories	277,690.5		139,211.6
Cash and cash equivalents	643,087.3		530,041.0
Equity (incl. non-controlling interests)	5,280,705.6		4,500,547.3

Financial liabilities	5,210,320.9		4,147,935.6
Key data			
Asset management margin	82%		84%
LTV	46%		50%

The following table shows the earnings position of IMMOFINANZ Group (pro-forma for the spin-off of the BUWOG GmbH subgroup), based on the published, unaudited half-year report 2013/14 of IMMOFINANZ Group.

All amounts in TEUR	IMMOFINANZ Group	BUWOG Segment	IMMOFINANZ Group pro-forma excl. BUWOG segment
	H1 2013/14	H1 2013/14	H1 2013/14
Office	68,602.3	592.4	68,009.9
Logistics	32,621.3	914.6	31,706.7
Retail	139,556.0	355.7	139,200.3
Residential	64,015.3	53,861.4	10,153.9
Other rental income	12,824.5	1,290.4	11,534.1
Rental income	317,619.4	57,014.5	260,604.9
Operating costs charged to tenants	92,575.9	30,084.9	62,491.0
Other revenues	6,114.8	893.3	5,221.5
Revenues	416,310.1	87,992.7	328,317.4
Expenses directly related to investment properties	- 66,471.4	- 16,685.0	- 49,786.4
Operating expenses	- 89,011.8	- 29,661.7	- 59,350.1
Results of asset management	260,826.9	41,646.0	219,180.9
Results of property sales	17,529.3	10,007.3	7,522.0
Results of property development	- 1,404.5	6,657.4	- 8,061.9
Other operating income	8,073.3	1,779.3	6,294.0
Expenses not directly attributable	- 45,776.5	- 7,475.0	- 38,301.5
Results of operations	239,248.5	52,615.0	186,633.5
Revaluation of investment properties adjusted for foreign exchange effects	- 20,467.7	11,920.5	- 32,388.2
Revaluation of investment properties resulting from foreign exchange effects	108,161.7	-	108,161.7
Impairment and related reversals	- 18,876.4	- 4,045.1	- 14,831.3
Addition to/reversal of provision for onerous contracts	- 3,021.0	-	- 3,021.0
Other revaluation results	65,796.6	7,875.4	57,921.2
Operating profit (EBIT)	305,045.1	60,490.4	244,554.7

12. Notes on the Spin-off and Takeover Contract including its annexes

12.1. Structure of the Spin-off and Takeover Contract

In addition to the preamble, the Spin-off and Takeover Contract (*Spaltungs- und Übernahmevertrag*) is divided into eight Sections. The introduction (preamble) and the definition of the contract's subject are followed by the mandatory content (Section 2) for a Spin-off and Takeover Contract as required under Section 2 para. 1 of the Spin-off Act (*Spaltungsgesetz*). This is then followed by optional provisions (Sections 3 to 8), such as provisions concerning internal recourse between the companies participating in the Spin-off (Section 3), the imposition of conditions precedent affecting the validity of the Spin-off and Takeover Contract (Section 6.1) and a right of withdrawal in the event of a delay in registering the Spin-off in the commercial register (Section 6.2).

12.2. Explanation of the individual sections of the Spin-off and Takeover Contract

12.2.1. Preamble

The companies participating in the Spin-off – IMMOFINANZ AG and BUWOG AG – are, among other things, defined in the preamble to the Spin-off and Takeover Contract. Furthermore, the amounts of share capital and the number of shares issued by these companies, the interest held by IMMOFINANZ AG in BUWOG AG and the preparatory reorganisation steps for the Spin-off are described (for more information on the preparatory reorganisation steps, see Sections 5 and 6 of this spin-off report). Finally, the existing conversion rights from IMMOFINANZ convertible bonds are explained.

12.2.2. Subject of the contract (Section 1)

In accordance with Section 1 of the Spin-off and Takeover Contract, IMMOFINANZ AG shall transfer the Spin-off Assets to BUWOG AG by way of a spin-off by absorption (*Abspaltung zur Aufnahme*). Furthermore, the statutory provisions applicable to the Spin-off are provided in this section, in terms of company law: Section 1 para. 2 no. 2 and 17 of the Spin-off Act (*Spaltungsgesetz*), and in terms of tax law: Article VI of the Reorganisation Tax Act (*Umgründungssteuergesetz*).

12.2.3. Mandatory contractual contents (Section 2)

In accordance with Section 2 para. 1 of the Spin-off Act, Section 2 of the Spin-off and Takeover Contract contains the following ("mandatory") content.

The transferring and acquiring companies (Section 2 para. 1 no. 1 of the Spin-off Act)

The rules contained in Section 2.1 of the Spin-off and Takeover Contract are self-explanatory, which is why reference is made to the provisions therein. The articles of association of BUWOG AG as amended following the Spin-off are attached as Annex ./2.1.3.b to the contract. As sole shareholder of BUWOG AG prior to the Spin-off becoming effective, IMMOFINANZ AG shall adopt the necessary amendments to the articles of association of BUWOG AG. The articles of association of BUWOG AG are explained in detail in Section 10.1.3 of this spin-off report.

The articles of association of IMMOFINANZ AG are attached as Annex ./2.1.3. The articles of association shall not be affected by the Spin-off.

Transfer agreement (Section 2 para. 1 no. 2 of the Spin-off Act)

Section 2.2 of the Spin-off and Takeover Contract contains the agreement between the companies participating in the Spin-off, specifying that the Spin-off Assets are to be transferred by way of universal succession to BUWOG AG as the acquiring company and that the shareholders of IMMOFINANZ AG as the transferring company shall receive shares in BUWOG AG as consideration.

The exchange ratio for the shares and their distribution to the shareholders (Section 2 para. 1 no. 3 of the Spin-off Act)

Section 2.3 of the Spin-off and Takeover Contract stipulates that the shareholders of IMMOFINANZ AG shall receive one (1) bearer share in BUWOG AG for every twenty (20) bearer shares they hold in IMMOFINANZ AG in proportion to their equity stake in IMMOFINANZ AG (maintaining the existing ownership structure) upon registration of the Spin-off in the commercial register.

The allocation of shares and the exchange ratio are explained in more detail and justified in Section 8 of this spin-off report.

No additional cash payments shall be made. With regard to the settlement of fractional amounts, reference is made to Section 7.15.4. of this spin-off report.

No reduction in the share capital (Section 2 para. 1 no. 4 of the Spin-off Act)

Under Section 2.4 of the Spin-off and Takeover Contract, no reduction in the share capital of IMMOFINANZ AG as the transferring company will be made. The rules contained in this section are self-explanatory, which is why reference is made to the provisions therein.

Detailed information regarding the granting of shares (Section 2 para. 1 no. 5 of the Spin-off Act)

Section 2.5 of the Spin-off and Takeover Contract lays down the rules on the granting of BUWOG Spin-off Shares and explores the proposed capital measures to be effected by BUWOG AG. More detailed information on the granting of BUWOG Spin-off Shares and on the capital measures to be taken can be found in Sections 7.10. to 7.20. of this spin-off report.

Effective date of the commencement of profit participation (Section 2 para. 1 no. 6 of the Spin-off Act)

Under Section 2.6 of the Spin-off and Takeover Contract, the shareholders of IMMOFINANZ AG to whom BUWOG Spin-off Shares are granted shall be entitled to payment of a dividend from the beginning of the fiscal year of BUWOG AG in which they are issued.

Effective date of the Spin-off and retroactive effect (Section 2 para. 1 no. 7 of the Spin-off Act)

Under Section 2.7 of the Spin-off and Takeover Contract, the acceptance of the Spin-off Assets of IMMOFINANZ AG by BUWOG AG shall be made with effect from 31.10.2013, both for accounting purposes and for income tax purposes (effective date of the Spin-off within the meaning of Section 2 para. 1 no. 7 of the Spin-off and Section 33 para. 6 of the Reorganisation Tax Act).

The statutory provisions applicable to the Spin-off becoming effective and to the transfer of the Spin-off Assets of IMMOFINANZ AG to BUWOG AG under civil law shall remain unaffected by this.

Special rights (Section 2 para. 1 no. 8 of the Spin-off Act)

Under Section 2 para. 1 no. 8 of the Spin-off Act, the Spin-off and Takeover Contract shall contain details of the rights which the companies participating in the Spin-off are to grant to the individual shareholders and the holders of special rights, such as shares without voting rights, preference shares, shares which carry multiple voting rights, profit-sharing bonds and profit participation rights, and also contain where necessary the measures envisaged for these persons.

Section 2.8 of the Spin-off and Takeover Contract, together with Annex ./2.8.1 and Annex ./2.8.2, contains the adjustments made to the rights of creditors from the IMMOFINANZ Convertible Bonds 2017 and 2018 issued by IMMOFINANZ AG. The adjustments made to the conversion rights from IMMOFINANZ Convertible Bonds 2017 and 2018 are explained in greater detail in Section 7.18 of this spin-off report.

Furthermore, this section stipulates that the rights of creditors from convertible bonds, in respect of which a resolution of the shareholders' meeting of BUWOG AG has yet to be adopted and which have yet to be issued, shall remain unaffected by the Spin-off. The terms and conditions to be adopted by the shareholders' meeting of BUWOG AG are attached as Annex ./2.8.3 to the Spin-off and Takeover Contract. The conditions of these convertible bonds are explained in greater detail in this spin-off report in section 10.3.

Finally, Section 2.8 clarifies that no special rights or other rights beyond these within the meaning of Section 2 para. 1 no. 8 of the Spin-off Act shall be granted and also that no other measures within the meaning of Section 2 para. 1 no. 8 of the Spin-off Act shall be taken.

Special benefits (Section 2 para. 1 no. 9 of the Spin-off Act)

Under Section 2 para. 1 no. 9 of the Spin-off Act, the Spin-off and Takeover Contract shall contain details of every special benefit granted to a member of the management board or a supervisory body of the companies participating in the Spin-off or to an auditor, company foundation auditor (*Gründungsprüfer*) or spin-off auditor.

Accordingly, Section 2.9 of the Spin-off and Takeover Contract contains every special benefit granted to a member of the management board or a supervisory body of the companies participating in the Spin-off. According to Section 2.9, no special benefits are granted to the auditor (*Abschlussprüfer*), remaining assets auditor (*Restvermögensprüfer*), contribution in kind auditor (*Sacheinlageprüfer*) or spin-off auditor (*Spaltungsprüfer*).

Description and assignment of certain assets (Section 2 para. 1 no. 10 of the Spin-off Act)

In accordance with Section 2.10 of the Spin-off and Takeover Contract, IMMOFINANZ AG shall solely transfer to BUWOG AG the Spin-off Share in GENA SECHS in the principal amount of EUR 20,899.19 as the Spin-off Assets, representing an interest of approximately 59.71%.

At the time of the Spin-off, the sole asset held by GENA SECHS will be its interest in BUWOG AG of approximately 94.9%. Consequently, the Spin-off Assets correspond to an indirect interest in BUWOG GmbH of approximately 56.67%.

Standard rules for the assignment of assets (Section 2 para. 1 no. 11 of the Spin-off Act)

Under Section 2.11 of the Spin-off and Takeover Contract, only the Spin-off Assets mentioned in Section 2.10.1 of the Spin-off and Takeover Contract shall be transferred. This section also

clarifies that all other assets constitute the remaining assets and thus shall be retained by IMMOFINANZ AG following the Spin-off.

Balance sheets (Section 2 para. 1 no. 12 of the Spin-off Act)

Section 2.12 of the Spin-off and Takeover Contract states that the closing balance sheet of IMMOFINANZ AG as at 31.10.2013, the spin-off balance sheet of IMMOFINANZ AG as at 01.11.2013 and the transfer balance sheet of BUWOG AG as at 01.11.2013 are to be attached as annexes to the Spin-off and Takeover Contract in accordance with the statutory provisions.

Closing balance sheet

Under Section 2 para. 2 of the Spin-off Act, IMMOFINANZ AG as the transferring company shall prepare a closing balance sheet as at the effective date of the Spin-off (31.10.2013), to which the provisions on annual financial statements and audits conducted thereof contained in the Commercial Code (*Unternehmensgesetzbuch*) shall apply *mutatis mutandis*. The closing balance sheet was audited by the auditor of IMMOFINANZ AG, Deloitte Audit Wirtschaftsprüfungs GmbH, in respect of which it issued an unqualified audit opinion. Furthermore, the closing balance sheet was prepared with the approval of the supervisory board of IMMOFINANZ AG on the same day on which the spin-off report was prepared. The reporting date of the closing balance sheet must be no more than nine months from the date on which application is made for registration of the Spin-off in the commercial register. The closing balance sheet was prepared in accordance with the statutory provisions.

Spin-off balance sheet

Under Section 2 para. 1 no. 12 of the Spin-off Act, IMMOFINANZ AG as the transferring company shall be required to prepare – in addition to a closing balance sheet – a spin-off balance sheet in which the remaining assets of IMMOFINANZ AG are shown as at the day following the effective date of the Spin-off (01.11.2013). The spin-off balance sheet was prepared in accordance with the statutory provisions and attached as an annex to the Spin-off and Takeover Contract.

Transfer balance sheet

In addition, a transfer balance sheet was prepared and attached as an annex to the Spin-off and Takeover Contract. The transfer balance sheet contains the Spin-off Assets transferred to BUWOG AG as the acquiring company as at the effective date of the Spin-off (01.11.2013).

No cash settlement (Section 2 para. 1 no. 13 of the Spin-off Act)

Under Section 2.13 of Spin-off and Takeover Contract, a cash settlement shall not be offered to the shareholders of IMMOFINANZ AG. The reasons for this are given in this section.

12.2.4. Internal recourse (Section 3)

Pursuant to Section 15 para. 1 of the Spin-off Act, the other company participating in the Spin-off shall be liable – alongside the company to which the obligation or commitment is allocated under the Spin-off and Takeover Contract – as joint and several debtor for the obligations and commitments of IMMOFINANZ AG as the transferring company incurred up until registration of the Spin-off, including commitments from subsequent improper performance and subsequent reversal, up to the value of the net assets respectively allocated to it (value of the assets allocated to the company bearing liability, less the value of the liabilities and commitments allocated to it). The liability consequences arising from the Spin-off are explained in greater detail in Section 9.5.1. of this spin-off report.

Section 3 of the Spin-off and Takeover Contract contains the provisions concerning internal recourse between the companies participating in the Spin-off. Pursuant to this section, any company to which a liability or obligation is allocated in accordance with the provisions of the Spin-off and Takeover Contract shall be required to completely indemnify and hold the respective other company harmless if and to the extent it avails itself of this right under Section 15 of the Spin-off Act. The same shall apply in the event that a company participating in the Spin-off avails itself of the right to the provision of security.

12.2.5. Transfer of the Spin-off Assets (Section 4)

Section 4 of the Spin-off and Takeover Contract repeats the statutory provision (Section 14 para. 2 no. 1 of the Spin-off Act) that the Spin-off Assets of IMMOFINANZ AG shall be transferred to BUWOG AG by way of universal succession at the time at which the Spin-off is entered in the commercial register. As such, the date on which the Spin-off becomes effective under civil law differs from the effective date of the Spin-off.

Furthermore, this section stipulates that BUWOG AG as the acquiring company shall be entitled to all dividends of GENA SECHS as of the effective date of the Spin-off.

12.2.6. Stock exchange listing of the shares of BUWOG AG (Section 5)

In accordance with clause 5 of the Spin-off and Takeover Contract, BUWOG AG shall apply for all shares of BUWOG AG to be admitted to trading on the Regulated Market of the Frankfurt Stock Exchange, the Official Market of the Vienna Stock Exchange and the Main Market (*Rynek podstawowy*) of the Warsaw Stock Exchange.

12.2.7. Approval by the shareholders' meetings and conditions precedent (Section 6)

Section 6.1 of the Spin-off and Takeover Contract stipulates that the validity of the Spin-off and Takeover Contract shall be conditional upon satisfaction of the three events listed in this section under a) to c). Thus, the validity of the Spin-off and Takeover Contract assumes that the contribution in kind consisting of the 100% interest in Parthica (representing an indirect interest in BUWOG GmbH of approximately 5.1%) made in BUWOG AG and the related capital increase in kind performed by BUWOG AG (Section E of the preamble) have become effective. Both the contribution and the contribution in kind are explained in detail in Section 5 of this spin-off report. Furthermore, the validity of the aforementioned shall be subject to the spin-off of the interest in BUWOG GmbH of approximately 94.9% from IMMOEAST to GENA SECHS (Section F of the preamble) becoming effective. This Spin-off is explained in Section 6.2. of this spin-off report. Finally, the resolutions of the shareholders' meetings of IMMOFINANZ AG and BUWOG AG granting approval with regard to the Spin-off and Takeover Contract are also required.

Section 6.2 of the Spin-off and Takeover Contract contains a right of withdrawal in the event of a delay in registering the Spin-off in the commercial register.

12.2.8. Duties and costs (Section 7)

Section 7 of the Spin-off and Takeover Contract specifies which parties bear which costs in connection with the Spin-off, the majority of which shall be for the account of IMMOFINANZ AG.

12.2.9. Final provisions (Section 8)

Section 8 of the Spin-off and Takeover Contract contains various final provisions.