

Report

prepared by the supervisory board of

IMMOFINANZ 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

Vienna, January 2014

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1. Subject of the audit

The management board of IMMOFINANZ AG, FN 114425 y, with its registered office in Vienna (hereinafter "**IMMOFINANZ AG**") and the management board of BUWOG AG, FN 349794 d, with its registered office in Vienna (hereinafter "**BUWOG AG**") prepared the draft Spin-off and Takeover Contract on 30 January 2014. Under the contract, the share of approximately 59.71% held by IMMOFINANZ AG in GENA SECHS Immobilienholding GmbH, FN 370877 h (hereinafter "**GENA SECHS**") shall be transferred 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 of the Spin-off Act) (the share in GENA SECHS to be transferred under the spin-off shall hereinafter be referred to as the "**Spin-off Share in GENA SECHS**" or the "**Spin-off Assets**"). BUWOG already holds the remaining interest in GENA SECHS (approximately 40.29%).

The management boards of IMMOFINANZ AG and BUWOG AG prepared a joint spin-off report on 30 January 2014.

The spin-off and the draft Spin-off and Takeover Contract were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna (hereinafter "**BDO**") in its capacity as the spin-off auditor (*Spaltungsprüfer*). BDO prepared an audit report dated 30 January 2014.

Under Section 6 of the Spin-off Act, the supervisory board of IMMOFINANZ AG is required to conduct an audit of the intended spin-off by absorption on the basis of the joint spin-off report and the audit report produced by the spin-off auditor and to prepare a written report thereon.

The intended spin-off by absorption and the preparatory reorganisation steps are described in the joint spin-off report as follows:

IMMOFINANZ AG 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 indirect interest in BUWOG GmbH shall be transferred to BUWOG AG as the new holding company. By issuing shares in BUWOG AG to the shareholders of IMMOFINANZ AG for the purpose of implementing the spin-off, IMMOFINANZ AG 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, in which IMMOFINANZ AG shall be required to adhere to certain restrictions when exercising voting rights attached to BUWOG shares ("**De-domination Agreement**").

For the purpose of implementation, the indirect interest held by IMMOFINANZ AG in BUWOG GmbH shall, as a result of the spin-off by absorption 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) The first step involves IMMOFINANZ AG transferring its 100% interest in Parthica Immobilien GmbH, FN 349791 z (hereinafter "**Parthica**") to BUWOG AG as a contribution in kind. Parthica holds an indirect interest in BUWOG GmbH of approximately 5.1%. Thus, by taking this step, BUWOG AG shall acquire an indirect interest in BUWOG GmbH of approximately 5.1%.

BUWOG AG shall perform a capital increase in kind so as to issue 43,095,844 shares in BUWOG to IMMOFINANZ AG (hereinafter the "**Capital Increase in Kind**"). The Capital Increase in Kind shall be performed prior to the Spin-off, meaning that IMMOFINANZ AG shall hold 43,165,844 shares in BUWOG before the Spin-off takes place. With these shares IMMOFINANZ AG shall have an interest in BUWOG AG following the Spin-off. The validity of the Spin-off and Takeover Contract between IMMOFINANZ AG and BUWOG AG is conditional upon the Capital Increase in Kind becoming effective.

(ii) At present, IMMOEAST Immobilien GmbH, FN 334103 d (hereinafter "**IMMOEAST**"), holds the remainder of the approximately 94.9% interest in BUWOG GmbH. This interest in BUWOG GmbH shall be transferred in another preparatory reorganisation step by IMMOEAST as the transferring company to GENA SECHS by means of a side-stream spin-off by absorption.

The Spin-off Share in GENA SECHS, which subsequently is to be spun off from IMMOFINANZ AG to BUWOG AG, represents an indirect interest in BUWOG GmbH of approximately 56.67% following the Spin-off. The validity of the Spin-off and Takeover Contract between IMMOFINANZ AG and BUWOG AG is conditional upon this Spin-off becoming effective.

(iii) Spinning off the Spin-off Share in GENA SECHS, as the Spin-off Assets, 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 of the Spin-off Act) represents the final step. As a result of the Spin-off, the Spin-off Assets shall be transferred from IMMOFINANZ AG to BUWOG AG by way of universal succession.

Consequently, BUWOG AG shall acquire a 100% interest in GENA SECHS, thereby indirectly holding a 100% interest in BUWOG GmbH; that is, approximately 94.9% via its interest in GENA SECHS and the remaining approximately 5.1% via its 100% interest in Parthica.

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 1 (one) share in BUWOG AG (hereinafter "**BUWOG Spin-off Shares**") for every 20 (twenty) shares they hold in IMMOFINANZ AG upon the Spin-off becoming effective. 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 present, IMMOFINANZ AG has issued 1,128,952,687 bearer shares (ISIN AT0000809058) (hereinafter "**IMMOFINANZ Shares**"). Based on this number of IMMOFINANZ Shares, the draft Spin-off and Takeover Contract states that 56,447,635 BUWOG Spin-off Shares shall be issued as part of the ordinary capital increase on the basis of the allocation ratio (1:20), representing an interest in BUWOG AG following the Spin-off 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 for those IMMOFINANZ Shares sold by IMMOFINANZ AG in January 2013 for financing purposes to two credit institutions and whose repurchase was agreed subject to repayment of the financing. In 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 upon repayment of the financing.

Thus, from an economic perspective, the IMMOFINANZ Group shall retain an interest in BUWOG AG of 49% in total 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 on the basis of the allocation ratio of 1:20, BUWOG AG shall 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 market listing of the BUWOG Shares

Immediately after 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 between IMMOFINANZ AG and BUWOG AG, the draft of which was prepared by the management boards of IMMOFINANZ AG and BUWOG AG on 30 January 2014.

The Spin-off and Takeover Contract shall be put before the shareholders' meeting of IMMOFINANZ AG for approval on 14 March 2014. The approval of the shareholders' meeting of BUWOG AG shall be granted subsequently; likewise, resolutions on the capital increases shall be adopted by the shareholders' meeting.

f) Subject of this audit report

The audit of the intended spin-off by absorption conducted by the supervisory board of IMMOFINANZ AG in accordance with Section 6 of the Spin-off Act on the basis of the draft Spin-off and Takeover Contract prepared by the management boards of IMMOFINANZ AG and BUWOG AG on 30 January 2014, the joint spin-off report of the management boards of

IMMOFINANZ AG and BUWOG AG dated 30 January 2014 and the report produced by the spin-off auditor dated 30 January 2014, is the subject of this audit report.

This audit report prepared by the supervisory board was approved at the meeting of the supervisory board of IMMOFINANZ AG on 30 January 2014.

When conducting the audit in accordance with Section 6 of the Spin-off Act, the supervisory board started from the following points of departure:

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 114425y, 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.

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 within the meaning of 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 amounted to EUR 1,172,059,877.27 and was divided into 1,128,952,687 bearer shares. 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 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

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 Convertible Bonds 2017 in the aggregate principal amount of EUR 22,400,000 which have not yet been cancelled. In line with the applicable conversion price of EUR 7.97, the outstanding Convertible Bonds 2017 entitle their holders to receive in total 4,404,015 shares in IMMOFINANZ AG.

b) Convertible Bonds due 2018

The 2011-2018 convertible bonds (ISIN XS0592528870) issued by IMMOFINANZ AG on 8 March 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 Convertible Bonds 2018 in the aggregate principal amount of EUR 6,435,400 which have not yet been cancelled. In line with the applicable conversion price of EUR 3.56, the outstanding Convertible Bonds 2018 in the principal amount of EUR 508,684,500.00 entitle their holders to receive in total 142,888,904 shares in IMMOFINANZ AG.

2.1.4. Treasury shares

a) Holdings of treasury shares

At present, IMMOFINANZ AG does not directly hold any treasury shares and it is also unlikely that it will hold any treasury shares at the time of the registration of the Spin-off in the commercial register. Subsidiaries of IMMOFINANZ AG currently hold 11,289,527 IMMOFINANZ Shares. Of this, IMBEA holds 11,289,521 IMMOFINANZ Shares and Aviso Zeta AG holds six IMMOFINANZ Shares.

b) Financing transactions in treasury shares

On the basis of the authorisation issued by the shareholders' meeting on 5 October 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 it received total financing of EUR 150 million for a period of up to three years.

The contractual conditions agreed for the financing transactions shall be amended in connection with the Spin-off (see 5.16)

2.1.5. Shareholder structure and stock exchange trading

The current shareholding structure of IMMOFINANZ AG is as follows:

Shareholder	Proportion of share capital in %
Fries Group ¹⁾	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

¹⁾ 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 a shareholdings notification issued by the Fries Group on 15 April 2011 and directors dealings notifications.

^{**)} In accordance with the publication of a shareholdings notification issued on 11 January 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).

2.2. IMMOFINANZ Group

Detailed descriptions and explanations of the earnings drivers, asset classes, business fields and segments are provided in the joint spin-off report with regard to the business activities of the IMMOFINANZ Group. A summary is provided below:

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

The business activities of the IMMOFINANZ Group cover the earnings drivers along the value chain in the real estate sector, beginning with project development ("Development") to active management ("Asset Management") and the trading in properties ("Trade"). As of 31 October 2013, the property portfolio contained approximately 1,688 properties in the office, retail, residential and logistics asset classes with a focus on the core markets of Austria, Germany, the Czech Republic, Poland, Hungary, Romania, Slovakia and Russia.

IMMOFINANZ earnings drivers:

Asset Management, i.e. the active management, rental and administration of the standing investments, was the most important earnings driver. Development and Trade complement these business activities:

Earnings driver: Asset Management. The rental of standing investments is the most important earnings driver for the IMMOFINANZ Group and covers properties in four asset classes: office, retail, residential and logistics. The office portfolio represents 29.4% of the standing investment portfolio, the retail property portfolio represents 30.5% of the standing investment portfolio, and the logistics portfolio represents 7.9% of the standing investment portfolio. The residential portfolio represents 32.0% of the standing investment portfolio.

Earnings driver: Trade. The sale of properties from the portfolio of the IMMOFINANZ Group and the development of properties with the intention to sell them after completion, instead of incorporating the respective properties into its standing investment portfolio.

Earnings driver: Development. Asset Management and Trade are supplemented as earnings drivers by the development of property projects for its own standing investment portfolio. Development projects are currently concentrated in the core markets of Austria, Russia, Poland and Germany. Future plans call for the expansion of development activities, especially in the BUWOG segment.

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. Within the office asset class, the business segments are divided as follows: The business segment International High-Class Office consists exclusively of premium office properties at prime locations in the most attractive markets. Corresponding to approximately 12.1% 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. Corresponding to approximately 5.7% of the total portfolio, the focal points of this business segment are the stable markets in Austria and Germany. The properties in the Secondary Office CEE portfolio are located in the capital cities of Central and Eastern Europe (approx. 8.0% of the total portfolio) and do not match the criteria for the target portfolio with respect to the properties designated for sale over the short- and medium-term and are combined under the business segment Opportunistic Office (2.1% of the entire portfolio).

Retail. Business activities in the retail asset class are concentrated in the Quality Shopping Center segment (approximately 23.1% of the total portfolio) with prime shopping facilities with international tenants exclusively in large, strong locations. 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 (approximately 4.4% of the total portfolio). The properties in the business segment Opportunistic Retail, which are designated for sale over the short- to medium-term (approximately 2.9% of the total portfolio), do not match the criteria for the target portfolio of IMMOFINANZ Group.

Logistics. Logistics activities in Western Europe are located primarily in Germany, Switzerland and the Netherlands and are combined in the Logistics West business segment (approximately 5.2% of the total portfolio) and the Logistics East portfolio (approximately 2.4% of the total portfolio) in Poland, Romania, Slovakia, the Czech Republic, Hungary and Russia.

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 this business segment 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 (approximately 2.6% of the total portfolio).

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

Explanations of the general economic climate and the property markets in the core countries of the IMMOFINANZ Group, broken down into asset classes (office, retail, logistics and residential), are presented as the foundation for the explanations provided in the joint spin-off report with regard to the reasons underpinning the separation of the BUWOG GmbH Subgroup, and these explanations also form the basis of this audit report of the supervisory board.

2.3. BUWOG segment

The BUWOG Segment contains most of the residential properties owned by the IMMOFINANZ Group and includes the entire portfolio of the BUWOG GmbH Subgroup. The BUWOG portfolio consists primarily of rental apartments in Austria and Germany and had a fair market value of EUR 2,791.3 million as of 31 October 2013, representing 27.4% of the total portfolio of the IMMOFINANZ Group on that date.

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 new rental and condominium apartments in the growth regions of Vienna and Berlin and in northern Germany. The BUWOG GmbH Subgroup 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, above all Berlin and the northern federal states (*Bundesländer*). 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.

Future plans also include further growth through the acquisition of standing investment portfolios and further development projects in Germany. The BUWOG Group intends to acquire a residential real estate portfolio in northern Germany. At the time of publication of this report, it will have already signed and concluded the corresponding agreements (signing). The acquisition of the portfolio shall be made through several share deals. Completion (closing) of this agreement is tied to various standard market conditions and, according to the spin-off report prepared by the management boards, is expected to take place in the second quarter of 2014.

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*).

Prior to the Spin-off becoming effective, BUWOG AG is a wholly-owned subsidiary of IMMOFINANZ AG.

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 7 July 2010 in the form of a limited liability company (GmbH) 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.

The change of corporate form to that of a stock corporation (*Aktiengesellschaft*, Section 245 et seq. of the Stock Corporation Act) and the change of the name of the company to BUWOG AG were entered in the commercial register on 17 December 2013.

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 present, the share capital of BUWOG AG amounts to EUR 70,000 and is divided into 70,000 bearer shares. IMMOFINANZ AG holds all shares in BUWOG AG.

3. Separation of BUWOG by means of the Spin-off

Following the transfer of the Spin-off Assets to BUWOG AG, BUWOG AG shall hold an indirect interest in BUWOG GmbH of 100%.

By issuing BUWOG Spin-off Shares to IMMOFINANZ shareholders, IMMOFINANZ AG shall surrender the majority of the shares in BUWOG AG. IMMOFINANZ AG shall relinquish management control of the BUWOG Group and – in addition to surrendering the majority of the shares – a De-domination Agreement (*Entherrschungsvertrag*) shall be concluded with BUWOG AG to this end, under which IMMOFINANZ AG shall be obliged to adhere to certain restrictions when exercising voting rights attached to BUWOG shares. In accordance with the De-domination Agreement, IMMOFINANZ AG shall exercise the voting rights from the BUWOG shares when electing shareholders' representatives to sit on the supervisory board of BUWOG AG only in respect of two shareholders' representatives. This shall ensure that no more than two of the supervisory board members attributable to IMMOFINANZ AG are represented in the supervisory board of BUWOG AG.

Consequently, upon the Spin-off becoming effective, the BUWOG Group shall become independent and be listed on the stock exchange. The IMMOFINANZ Group and the BUWOG Group shall become two independent groups following the Spin-off.

The IMMOFINANZ Group shall have a beneficial interest in BUWOG AG following the Spin-off of 49%, 43.9% of which from its direct stake in the company, and a beneficial interest of 5.1% by means of those BUWOG Spin-off Shares which shall be allocated in respect of the IMMOFINANZ Shares sold for financing purposes and whose acquisition has been agreed.

These share ratios are based on the assumption that the BUWOG Spin-off Shares will be issued on the basis of the IMMOFINANZ Shares that have currently been issued. The interest in BUWOG AG retained by the IMMOFINANZ Group following the Spin-off shall reduce accordingly if the number of IMMOFINANZ Shares increases as a result of the exercise of conversion rights by the time the Spin-off becomes effective.

At a later date, the interest held by the IMMOFINANZ Group in BUWOG AG shall be sold in one transaction or successively in several stages on the stock exchange or otherwise.

The management boards of IMMOFINANZ AG and BUWOG AG explain in the spin-off report that the proposal to perform the current Spin-off was made on the basis of a comprehensive analysis of the current business activities and structures of the IMMOFINANZ Group and the BUWOG GmbH Subgroup and – based on this analysis – an assessment of the strategic options available to it was conducted.

In the spin-off report, the management board of IMMOFINANZ AG explains the key considerations and reasons that speak in favour of separation and thus against the retention of the BUWOG GmbH Subgroup as part of the IMMOFINANZ Group within the context of the strategic further development of the IMMOFINANZ Group and the BUWOG GmbH Subgroup. Furthermore, an explanation is also provided of the reasons for performing the separation of the BUWOG Group by means of a Spin-off. The management board of IMMOFINANZ AG also

justifies why the IMMOFINANZ Group has decided not to sell its entire interest in the BUWOG Group under the Spin-off. The (additional) material reasons for the decision of the management board of BUWOG AG are also set out in the spin-off report.

From the perspective of the supervisory board, the explanations and considerations of the management boards of IMMOFINANZ AG and BUWOG AG are persuasive and understandable and justify, in the opinion of the supervisory board, the economic viability and advantage to be gained by IMMOFINANZ AG and the shareholders of IMMOFINANZ AG from implementing the Spin-off.

The key reasons for the Spin-off can be summarised as follows:

3.1. Reasons for the separation of the BUWOG GmbH Subgroup

The IMMOFINANZ Group wishes to simplify the way in which it positions itself on the capital market for current shareholders and potential investors. The IMMOFINANZ Group and the BUWOG GmbH Subgroup address different capital market investment strategies, and consequently different investor groups, because their activities are fundamentally different. It can therefore be assumed that the IMMOFINANZ Group is undervalued by the capital market due to the current conglomerate structure and single listing. By separating the BUWOG GmbH Subgroup off into a distinct, listed company, the management board intends to create the structural requirements for a more efficient valuation of both companies by the capital market.

The management board is of the opinion that the BUWOG GmbH Subgroup, as part of the IMMOFINANZ Group, is not adequately valued by the capital market. A separate listing on the Frankfurt Stock Exchange after having been spun off from the IMMOFINANZ Group would allow the BUWOG Group to be presented as an independent entity with a more transparent and clear capital market focus as a residential property company.

The basic consideration is to meet the requirements of many capital market investors in terms of 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 – the IMMOFINANZ Group specialising in commercial properties in Central and Eastern Europe and the BUWOG Group, a company that is active on the residential property markets in Germany and Austria.

3.1.1. Developments in the market environment of the IMMOFINANZ Group

The proposal to perform a Spin-off and separation of the BUWOG GmbH Subgroup is based on the following underlying considerations:

- The various segments of the real estate market in which the 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.
- 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 purchasing shares in listed real estate companies. Companies with mixed portfolio structures or business models with a conglomerate character are much less popular with capital market investors, a situation that tends to result in higher discounts to the net asset value ("**NAV**") in the valuation of the share.
- Due to the high capital intensity of property investments on the one hand and the experience with reliable debt supplies in recent years on the other, 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 more 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 management boards of IMMOFINANZ AG and BUWOG AG cite the following as reasons which speak in favour of spinning off 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 raising 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 company 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, spinning off 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 forecast with relative certainty.

3.1.3. Reasons in the interest of the IMMOFINANZ Group

In the spin-off report, the management board of IMMOFINANZ AG specifies the following considerations as particularly relevant for the planned separation of the BUWOG Group:

- Focus on the office, retail and logistics properties in Central and Eastern Europe, including Russia. In so doing, the IMMOFINANZ Group will become one of the largest listed real estate companies in this defined segment based on portfolio volume and market capitalisation.
- Sharpening of the corporate profile of the IMMOFINANZ Group 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 the IMMOFINANZ Group to realise strategic opportunities, including joint ventures, acquisitions, takeovers and/or mergers in a more targeted manner.
- The management 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 management 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 the IMMOFINANZ Group. This would give shareholders an opportunity to realise a higher value for their investment.
- The IMMOFINANZ Group will participate in the development of the share price of the BUWOG Group through its 49% interest.

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

In view of the above, the management board of IMMOFINANZ AG 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.

3.2. Decision in favour of the Spin-off

The management board of IMMOFINANZ AG has evaluated various strategic options in connection with its interest in the BUWOG GmbH Subgroup. To achieve separation of the BUWOG GmbH Subgroup, consideration was given to doing so either through a public offering of BUWOG shares to the investing public (a so-called initial public offering, hereinafter "IPO") or through a spin-off.

After thorough examination, the management board of IMMOFINANZ AG, with the approval of the supervisory board, decided in favour of a spin-off under the Spin-off Act. The management board was advised, among others, by investment banks and other capital market experts.

3.2.1. Reasons for the Spin-off

In the spin-off report, the management board provides the following key reasons for opting in favour of a spin-off to achieve the separation of the BUWOG GmbH Subgroup:

- 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. Subject to the approval of the shareholders' meeting of IMMOFINANZ AG, the listing of BUWOG AG within the context of the Spin-off will follow a clearly defined schedule, which gives both the IMMOFINANZ Group and the BUWOG Group a reliable basis upon which to draw up plans.
- A spin-off will allow the IMMOFINANZ Group to determine, exactly and in advance, the investment it intends to retain in the BUWOG Group. Moreover, this transaction will allow the 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 that the IMMOFINANZ Group surrenders management control of the BUWOG Group.

- In the event of a spin-off, the shareholders of IMMOFINANZ 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. Such a discount is frequently seen in connection with an IPO and would presumably not be immaterial because of the uncertainty on the capital markets.
- Direct access to the BUWOG AG investment gives shareholders the opportunity to independently evaluate their investment in both companies, the IMMOFINANZ Group and the BUWOG Group, with their distinct investment profiles.

The Spin-off of the BUWOG Group also brings with it certain disadvantages for the 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 on 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 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 instance the audits conducted by court-appointed auditors that are required for implementation, the adaptation of contracts for financing transactions in treasury shares and the adjustment of the conversion rights from IMMOFINANZ convertible bonds that are due in 2017 and 2018.
- It can also be assumed that in the case of a spin-off where all IMMOFINANZ shareholders receive shares in BUWOG AG, a not insignificant number of investors (for instance, certain index funds) will sell the shares allocated to them. This could, subject to the implementation of countermeasures, influence the market price of the BUWOG share, at least over the short-term.

After carefully considering the facts upon which to make a decision, the management board of IMMOFINANZ AG has concluded that the implementation of the Spin-off is in the best interests of the IMMOFINANZ Group and the shareholders of IMMOFINANZ AG.

The management board also explored an alternative solution under company law where the separation of the BUWOG GmbH Subgroup would be achieved by a share distribution in the form of a dividend in kind. This option would give rise to considerable disadvantages under company and tax law and therefore was not pursued any further.

3.2.2. Reasons against a sale through an initial public offering (“IPO“)

The spin-off report explains why the management board of IMMOFINANZ AG decided not to pursue the separation of the BUWOG GmbH Subgroup by means of an IPO and why an IPO at present and in the near future cannot be implemented in a way that would benefit IMMOFINANZ AG and the shareholders of IMMOFINANZ AG.

- 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 of the BUWOG GmbH Subgroup could be planned with the necessary security. In particular, it should be noted that the majority of the recent IPOs launched in the German-speaking residential property sector were connected with considerable difficulties – for instance, postponement with a reduced price range for the offering by Deutsche Annington SE, and 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 management 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 management board believes an IPO would be connected with the risk of an inappropriate discount – from the perspective of the 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 the IMMOFINANZ Group in the BUWOG Group after completion of the transaction. That could endanger the appearance of clear-cut independence for the BUWOG Group with respect to third parties. 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.

- Although an IPO of the BUWOG GmbH Subgroup would generate sale proceeds for the IMMOFINANZ Group, given the current solid liquidity position, the 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 the shareholders of IMMOFINANZ AG. This form of allocation is, in many cases, also preferable for tax purposes compared with the distribution of IPO proceeds in the form of a cash dividend.

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

The management board of IMMOFINANZ AG also evaluated various options for sale of the BUWOG GmbH Subgroup through a third-party acquisition ("M&A transaction"). In the view of the management board of IMMOFINANZ AG, it should be assumed that the realisation of a comparable or higher value would not be achieved through an M&A transaction compared with what can be achieved by performing a spin-off of the BUWOG GmbH Subgroup. In addition, the goal of achieving an independent stock exchange listing for the BUWOG Group would not be met by an M&A transaction, nor would it be compatible with the future orientation of the BUWOG GmbH Subgroup.

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 an interest of 49%.

The IMMOFINANZ Group does not intend to use the financial investment it retains in the BUWOG Group following the Spin-off to maintain management control of the BUWOG GmbH Subgroup or to exert significant influence on it. On the contrary, the De-dominance Agreement between IMMOFINANZ AG and BUWOG AG is, in addition to IMMOFINANZ surrendering management control, designed to achieve a separation for accounting purposes.

As its strategic goal, the management board of IMMOFINANZ AG states that the IMMOFINANZ Group intends 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 management board of IMMOFINANZ AG, in consultation with the supervisory board of IMMOFINANZ AG, in a flexible way and in accordance with market opportunities.

3.4. Reasons for the spin-off by absorption

In connection with the review of the alternatives to taking this measure under company law, the management board of IMMOFINANZ AG also explains that performing a spin-off by absorption (*Abspaltung zur Aufnahme*; Section 1 para. 2 no. 2 and Section 17 of the Spin-off Act) has certain advantages over performing a spin-off into a newly established company (*Spaltung zur Neugründung*; Section 1 para. 2 no. 2 and Section 2 et seq. of the Spin-off Act) as the goals of the current Spin-off can in reality only be realised by performing a spin-off by absorption involving an existing legal entity.

4. Individual details regarding the preparatory reorganisation steps

The preparatory reorganisation steps described in section 1 precede the Spin-off.

4.1. Capital Increase in Kind

By a decision of the Commercial Court of Vienna dated 27 December 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) and as the post-formation auditor (Section 45 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 dated 30 January 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 (*Sacheinlage- und Einbringungsvertrag*) as well as the post-formation agreement (*Nachgründungsvertrag*) on 30 January 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).

4.2. Divesting spin-off from IMMUEAST to GENA SECHS

In preparation for spinning off the Spin-off Share in GENA SECHS to BUWOG AG, the share in BUWOG GmbH held by IMMUEAST, corresponding to an interest in BUWOG GmbH of approximately 94.9%, shall be transferred from IMMUEAST 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 IMMUEAST and GENA SECHS dated 22 January 2014.

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 January 2014 to distribute part of the distributable balance sheet profit generated by IMBEA as shown in its annual financial statements as at 30 April 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 (*Sachauschüttung*) 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).

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 October 2013, BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungs-gesellschaft, Vienna, was appointed as the remaining assets auditor (*Restvermögensprüfer*). Pursuant to clause 2 of Section 3 para. 4 of the Spin-off Act, the managing directors of IMMOEAST shall conduct an audit in application, *mutatis mutandis*, of the provisions governing formation audits 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 January 2014.

On 29 January 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 validity of the Spin-off and Takeover Contract between IMMOFINANZ AG and BUWOG AG is conditional upon registration of this Spin-off in the commercial register.

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

5. Legal implementation of the Spin-off

5.1. Overview

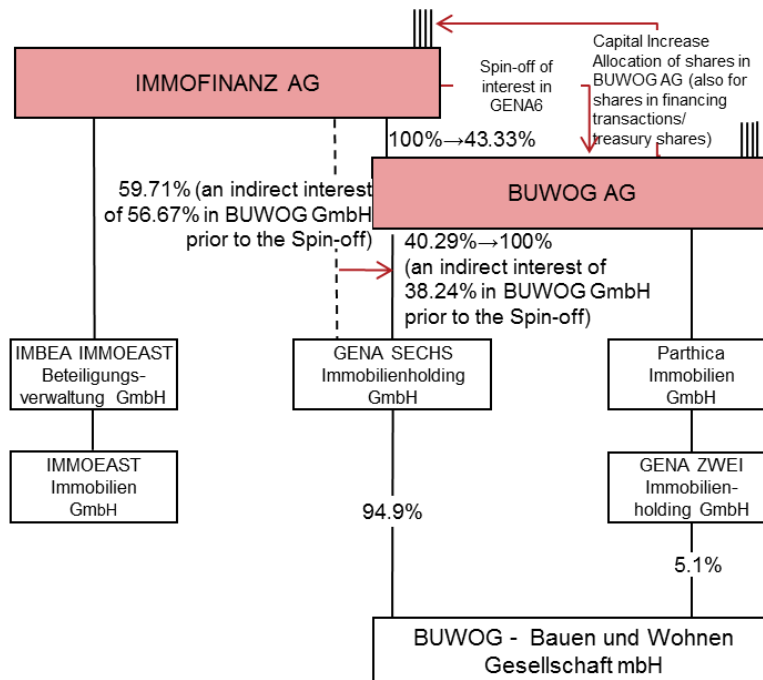
The Spin-off concerns the entire Spin-off Share in GENA SECHS held by IMMOFINANZ AG in the principal amount of EUR 20,899.19, which represents an interest in GENA SECHS of approximately 59.71%. These Spin-off Assets spun off from IMMOFINANZ AG to BUWOG AG shall indirectly correspond to an interest in BUWOG GmbH of approximately 56.67%. They shall be transferred as Spin-off Assets 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 of the Spin-off Act).

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 Spin-off Assets to BUWOG AG, the shareholders of IMMOFINANZ AG shall – in proportion to their equity stake in IMMOFINANZ AG – be allocated 1 (one) share in BUWOG AG for every 20 (twenty) 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 in the following graphic:



5.2. 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.

5.3. 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 GmbH of approximately 94.9%. 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 on the occasion of the Spin-off and therefore shall also not be issued to the shareholders of IMMOFINANZ AG (no passing-through of shares (*Anteilsdurchschleusung*) 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.

5.4. 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 January 2014.

5.5. 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 March 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 financial years (2010/2011, 2011/2012 and 2012/2013), the audited balance sheet of IMMOFINANZ AG as at 31 October 2013 (also the interim balance sheet), the annual financial statements of BUWOG AG (previously Artemis Immobilien GmbH) for the past three financial years (2010/2011, 2011/2012 and 2012/2013), the Corporate Governance Reports of IMMOFINANZ AG for the past three financial years, the interim balance sheet of BUWOG AG (previously Artemis Immobilien GmbH) as at 31 October 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.

5.6. 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 IMMOFINANZ 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 October 2013. As of 1

November 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.

5.7. Spin-off audit report

The Spin-off and Takeover Contract (draft) between IMMOFINANZ AG and BUWOG AG was reviewed by a spin-off auditor (Section 5 para. 1 and Section 17 no. 5 of the Spin-off Act in conjunction with the Section 220b para. 2 of the Stock Corporation Act). By a decision of the Commercial Court of Vienna dated 16 October 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 the spin-off report prepared by the management boards of IMMOFINANZ AG and BUWOG AG, the spin-off auditor conducted a spin-off audit and prepared a written report in which the results of the audit are set out.

In the audit report, the spin-off auditor noted in particular that the information contained in the draft Spin-off and Takeover Contract is both complete and correct and as such the statutory requirements are met. Furthermore, the spin-off auditor noted that the proposed allocation ratio (one share in BUWOG AG for every twenty shares held in IMMOFINANZ AG) is appropriate, taking into consideration the settlement of fractional amounts.

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.

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

5.8.1. 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.

5.8.2. 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 and a related issuance of shares in IMMOFINANZ AG from conditional capital:

- a) by up to 142,888,909 IMMOFINANZ Shares as a result of the exercise of conversion rights from IMMOFINANZ Convertible Bonds due 2018 based on the conversion price of EUR 3.56 applicable at the time of the preparation of this report.
- b) by up to 4,404,015 IMMOFINANZ Shares as a result of the exercise of conversion rights from IMMOFINANZ Convertible Bonds due 2017 based on the conversion price of EUR 7.97 applicable at the time of the preparation of this report.

To issue BUWOG Spin-off Shares on the basis of the allocation ratio (20:1) in respect of 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 – to prepare for the Spin-off – conditionally increase its share capital in accordance with Section 159 para. 2 no. 2 of the Stock Corporation Act by up to EUR 7,364,646.00 by issuing up to 7,364,646 new bearer shares in BUWOG AG. 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.

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 financial year of BUWOG AG in which they are issued.

The resolution on the conditional 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.

5.9. 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 and from the conditional capital increase.

By decisions of the Commercial Court of Vienna dated 23 October 2013 and 15 January 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).

5.10. Remaining assets audits 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 (*Gründungsbericht*) 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 October 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, at which resolutions on the Spin-off are adopted, have been held.

5.11. 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 October 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 together with a number of members of the management board authorised to represent BUWOG AG have to file an application for registration of the spin-off by absorption, together with the application for registration of the capital increase 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).

5.12. 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.

5.12.1. 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.

5.12.2. 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.

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

5.13.1. 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).

5.13.2. 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), to be deposited by the trustee, prior to registration of the Spin-off in the commercial register, with OeKB which in turn shall hold it in trust. The BUWOG Spin-off Shares securitised therein shall be delivered to a securities account of the trustee held in trust at OeKB.

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 the following section)) and the depository banks of the IMMOFINANZ shareholders.

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

On account of their 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 security accounts with Polish depository banks via the NDS are recorded by OeKB as being held by the NDS. Therefore, the NDS shall 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.

5.13.4. 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**").

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.

5.14. 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.

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 the commencement of 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.

The supervisory board is of the view that the prompt admission to trading of the shares of BUWOG AG shall guarantee that shareholders are able to trade in the shares allocated to them in a timely manner.

5.15. 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*) in accordance with the rules governing the terms and conditions for convertible bonds with effect from registration of the Spin-off.

Upon the Spin-off becoming effective, a convertible bond creditor shall – when exercising the conversion right for the bonds submitted for conversion – also be entitled on a *pro-rata* basis 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 applicable conversion price.

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.

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

In January 2013, IMMOFINANZ AG sold and transferred 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 it received total financing of EUR 150 million.

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. The contractual conditions agreed for the financing transactions shall be amended in connection with the Spin-off. The BUWOG Spin-off Shares shall be included – in addition to the IMMOFINANZ Shares – in the financing transactions and these BUWOG Spin-off Shares shall be acquired by IMMOFINANZ AG upon repayment of the financing.

6. Allocation of BUWOG Spin-off Shares

The transfer of the Spin-off Assets (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.

Furthermore, when determining the ratio of 20:1, the management board also took into consideration that the number of fractions of a share created from issuing BUWOG Spin-off Shares should be kept as low as possible. The 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 shareholdings of IMMOFINANZ shareholders without causing fractions of a share to be created.

The allocation ratio (exchange ratio) is calculated on the basis of share ratios in BUWOG GmbH prior to the Spin-off. The Spin-off Assets acquired by BUWOG AG under the Spin-off correspond to an indirect interest in BUWOG GmbH of approximately 56.67%. At the same time, shares in BUWOG shall be issued as consideration by BUWOG AG to the shareholders of IMMOFINANZ, likewise corresponding to an indirect interest in BUWOG GmbH of 56.67% (without taking into consideration the additional shares in BUWOG on account of the exercise of conversion rights).

At the time the Spin-off becomes effective, 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 shareholders of IMMOFINANZ. The shareholders of IMMOFINANZ shall have a stake in BUWOG AG following the Spin-off, in part directly through the BUWOG Spin-off Shares issued to them and also indirectly via the interest in BUWOG AG retained by IMMOFINANZ AG. Given that the group of IMMOFINANZ shareholders remains the same, 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) assessed the appropriateness of the exchange ratio and confirmed in its spin-off audit report that the proposed (allocation and) exchange ratio is appropriate, taking into consideration the settlement of fractional amounts (Section 17 no. 5 in

conjunction with Section 5 of the Spin-off Act in conjunction with Section 220b para. 4 of the Stock Corporation Act).

7. Accounting and other effects of the Spin-off

7.1. Accounting effects of the Spin-off

IMMOFINANZ AG shall spin off its 59.71% interest in GENA SECHS to BUWOG AG. The disposal of the book value of the interest constitutes the financial spin-off loss (*bilanzieller Spaltungsverlust*).

This spin-off loss shall be offset against the appropriated reserves (*gebundene Rücklagen*) on the balance sheet. BUWOG AG shall build up appropriated capital (*gebundenes Kapital*) in the same amount. The total from the share capital increase performed by BUWOG AG and the creation of an appropriated reserve at BUWOG AG (Section 229 para. 2 no. 1 of the Commercial Code) in connection with the Spin-off shall equal the reduction in the appropriated reserves of IMMOFINANZ AG.

With effect from the day (1 November 2013) following the effective date of the Spin-off (31 October 2013), all acts undertaken by IMMOFINANZ AG with regard to the 59.71%-stake in GENA SECHS shall be deemed as having been carried out by BUWOG AG.

In accordance with the statutory provisions, the closing balance sheet of IMMOFINANZ AG as at 31 October 2013, the spin-off balance sheet of IMMOFINANZ AG as at 1 November 2013 and a transfer balance sheet as at 1 November 2013 are attached to the Spin-off and Takeover Contract.

7.2. Liability consequences of the Spin-off

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.

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 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.

In accordance with the spin-off report, 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.

8. The BUWOG Group following the Spin-off

8.1. Structure of BUWOG AG and the BUWOG Group following the Spin-off

8.1.1. Shareholder structure

On the basis of (i) the current shareholder structure of IMMOFINANZ AG and (ii) assuming the number of IMMOFINANZ Shares remains the same, 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

8.1.2. The management board of BUWOG AG

By a resolution of the supervisory board of BUWOG AG dated 27 November 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 shall 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, likely for a term in office of three years from the time the Spin-off becomes effective. Mag. Daniel Joachim Riedl shall 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, likewise for a term in office of three years from the time the Spin-off becomes effective.

8.1.3. The supervisory board of BUWOG AG

At the time 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.

8.1.4. 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.

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

By issuing BUWOG Spin-off Shares to the shareholders of IMMOFINANZ, IMMOFINANZ AG shall surrender the majority of its shares in BUWOG AG. Following the Spin-off, IMMOFINANZ AG shall not exert a controlling influence over the commercial and financial policy decisions of the BUWOG Group and – in addition to surrendering the majority of its shares – it shall conclude a De-domination Agreement (*Entherrschungsvertrag*) with BUWOG AG to this end, under which IMMOFINANZ AG shall be obliged to adhere to certain restrictions when exercising voting rights attached to BUWOG shares.

In accordance with the De-domination Agreement, IMMOFINANZ AG shall exercise the voting rights from the BUWOG shares only when electing two shareholders' representatives in the supervisory board of BUWOG AG. This will ensure that no more than two of the supervisory board members attributable to IMMOFINANZ AG are represented in the supervisory board of BUWOG AG.

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

8.3. Convertible bonds issued by BUWOG AG

At a 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 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 in northern Germany (see 2.3).

When preparing the terms and conditions of the convertible bonds, 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 that they correspond to the conditions available for similar instruments on the international capital markets.

9. IMMOFINANZ AG and the IMMOFINANZ Group following the Spin-off

9.1. IMMOFINANZ AG

IMMOFINANZ AG as the transferring company shall continue to exist after implementation of the Spin-off.

9.2. The management board and supervisory 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. At present, it has not yet been determined whether the management board shall be reduced to two members or continue to consist of three members and which person shall – if necessary – be appointed after Mag. Daniel Joachim Riedl steps down as a member of the management board.

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

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 six shareholders' representatives. The appointment rights of the works council of IMMOFINANZ AG to delegate employee representatives to the supervisory board shall reduce accordingly to three employee representatives – in accordance with the concept of one third parity (*Drittelparität*).

9.3. 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 shall 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 shall be offset against the appropriated capital reserves of IMMOFINANZ AG. Therefore, there will be no reduction in the share capital of IMMOFINANZ AG.

9.4. The business activities of the IMMOFINANZ Group following the Spin-off

Detailed descriptions and explanations of the earnings drivers, asset classes, business fields and segments are provided in the joint spin-off report with regard to the business activities of the IMMOFINANZ Group. A summary is provided below:

The separation of the BUWOG Group shall give rise to changes in the property portfolio of the IMMOFINANZ Group (residential asset class) and the weighting of business activities due to the exit of the BUWOG segment. There will be no (material) changes in other areas.

IMMOFINANZ earnings drivers:

Earnings driver: Asset Management. Even after the Spin-off of the BUWOG GmbH Subgroup, asset management, i.e. the active management, rental and administration of standing investments, shall constitute the most important earnings driver.

Earnings driver: 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 within the BUWOG GmbH Subgroup.

Earnings driver: Development. The focus is primarily on office and retail space in Russia, Germany, Poland and Austria.

IMMOFINANZ asset classes and business segments:

The IMMOFINANZ Group shall continue its previous activities in the office, retail and logistics assets classes after the BUWOG GmbH Subgroup has been spun off. The Residential East business segment, which is part of the residential asset class, shall 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. After separation of the BUWOG GmbH Subgroup, neither the Residential East nor the Residential West business segment shall represent a core segment of the IMMOFINANZ Group.

10. Result of the audit conducted by the supervisory board

The supervisory board has assessed the intended Spin-off on the basis of the joint spin-off report prepared by the management boards of IMMOFINANZ AG and BUWOG AG and the audit report prepared by the spin-off auditor.

On that basis, the supervisory board records the following result of its audit:

Based on the provisions of the Spin-off and Takeover Contract and the details and information provided in the spin-off report, the Spin-off is performed in a legally correct manner. Taking into consideration the proposed settlement of fractional amounts, the proposed allocation ratio (exchange ratio) is appropriate.

Section 2.9 of the Spin-off and Takeover Contract lists every special benefit granted to a member of the management board or a supervisory body of the companies participating in the

Spin-off. Furthermore, no special benefits are granted to members of the management or supervisory boards of the companies participating in the spin-off by absorption. Likewise, no special benefits are granted to an auditor, remaining assets auditor, spin-off auditor, contribution in kind auditor or any other auditor.

The implementation of the Spin-off is economically viable and beneficial to the shareholders of the company.

Vienna, 30 January 2014

Dr. Michael Knap
Chairman of the Supervisory Board
of IMMOFINANZ AG