

Report of the Supervisory Board

The Supervisory Board of IMMOFINANZ AG can look back on a productive and successful year in 2011/12. In a total of seven meetings (six scheduled and one supplementary), we discussed the financial position and strategy of IMMOFINANZ Group as well as market conditions and the latest developments.

In accordance with the articles of association, the Supervisory Board held an organisational session immediately after the 18th annual general meeting of shareholders in September 2011. This meeting confirmed the existing structures, both for the presidium and the committees, and also reactivated the Strategy Committee.

Appointment of Birgit Noggler as chief financial officer and extension of term of office

In the September 2011 meeting, the Supervisory Board unanimously appointed Birgit Noggler as a member of the Executive Board and chief financial officer for a period of two years. The term of office for Manfred Wiltschnigg was also extended by one year to 31 March 2013.

From left to right: Herbert Kofler, Klaus Hübner, Michael Knap and Christian Böhm (standing), Guido Schmidt-Chiari, Nick J. M. van Ommen, and Vitus Eckert (seated)



Herbert Kofler and Klaus Hübner



New rules of procedure for the Executive Board

The distribution of duties among the members of the Executive Board of IMMOFINANZ AG was amended at the Supervisory Board meeting in October 2011.

Birgit Noggler is now responsible for accounting, real estate finance, procurement and internal auditing. Eduard Zehetner took over the asset management office and retail area from Manfred Wiltschnigg who, in exchange, took charge of frozen projects/restructuring. The responsibilities of the individual Executive Board members are listed in the Corporate Governance Report on page 41.

Successful acquisition of Golden Babylon Rostokino shopping center

In February 2012, the Supervisory Board approved the refinancing of the *Golden Babylon Rostokino* shopping center in Moscow by the Russian Sberbank. On 21 March 2012 a contract was signed for the full acquisition of the *Golden Babylon Rostokino* from the joint venture partner. A credit agreement for the long-term financing of this project was finalised with the Russian Sberbank one month later in April. The closing took place in May 2012 following the approval of the transaction by the Russian anti-trust authorities.

Strategy update

The strategy update and the concept of the real estate machine were presented to the Supervisory Board at the meeting in March 2012. This strategy is intended to transform IMMOFINANZ Group from a real estate manager into a real estate machine. The development of sustainable prime properties that are specially



**Michael Knap and
Christian Böhm**

designed for their respective location as well as professional management and cycle-optimised sales will create increased profitability along the entire value chain. Accordingly, the company will strengthen its focus on the development of prime projects at core and core+ locations. A clearly defined, standardised and industrialised process will be used for these projects. The company's own development projects will be stabilised through active asset management and then sold at the best possible time. This approach will increase the opportunities to realise a purchase price significantly in excess of the carrying amount. The liquid funds generated from the sale of properties will be reinvested in new development projects to keep the real estate machine running. The strategy update was accepted by the Supervisory Board.

Budget for the 2012/13 financial year

The budget for the 2012/13 financial year was presented by the Executive Board and approved by the Supervisory Board during the April 2012 meeting. The revised medium-term planning was also presented to and approved by the Supervisory Board.

Successful issue of the 2017 corporate bond

In May 2012, after the end of the reporting period, the Supervisory Board approved the issue of a five-year corporate bond with a minimum volume of EUR 100 million. This bond was successfully placed in July 2012 with a volume of EUR 100 million and an interest rate of 5.25%.

Audit Committee

The Audit Committee of the Supervisory Board, which met three times during the reporting year, is responsible among others for monitoring accounting processes and overseeing the audit of the annual and consolidated financial statements. This committee also monitors the effectiveness of the company's Internal Control System, the internal audit system and the risk management system.

At the March meeting, the Supervisory Board received an interim report on the results of internal audits as well as a schedule for the implementation of audit recommendations throughout the company.

The Audit Committee meeting in August 2012 focused on a review of the annual financial statements and management report of IMMOFINANZ AG and the consolidated financial statements and group management report as well as the recommendation for the distribution of profit and the corporate governance report, each for the 2011/12 financial year. The results of this review were presented to the full Supervisory Board.

Strategy Committee

The Strategy Committee is responsible for the company's strategic orientation, investments and divestments. This committee was dissolved during the previous financial year, but reactivated at the Supervisory Board meeting on 28 September 2011.

Personnel and Nominating Committee

The duties of the Personnel and Nominating Committee of the Supervisory Board cover the appointment and remuneration of the Executive Board members as well as their employment contracts. This committee did not meet during the reporting year as all relevant work was performed by the full Supervisory Board.

Extensive information from the Executive Board

The Executive Board provided the Supervisory Board with comprehensive, regular and timely information on the development and financial position of the company. In addition to the above-mentioned issues, the Supervisory Board held extensive discussions on the company's strategic orientation, financial position and developments in the target markets as well as capital market trends. Special focus was placed on the optimisation and financing of the property portfolio. Selected topical issues were also handled outside these meetings in direct discussions between the Executive Board, the chairman and the members of the Supervisory Board.

Approval of the annual financial statements for 2011/12

The Executive Board presented the Supervisory Board with the following documents: the annual financial statements for 2011/12, which were prepared in accordance with the Austrian Commercial Code, and the management report; the consolidated financial statements for 2011/12, which were prepared in accordance with International Financial Reporting Standards (IFRS), and the group management report; the recommendation of the Executive Board for the distribution of profit and the corporate governance report for 2011/12. The annual financial statements for 2011/12 and the management report as well as the consolidated financial statements for 2011/12 and the group management report were audited by Deloitte Audit Wirtschaftsprüfungs GmbH and each awarded an unqualified opinion.

The annual financial statements and consolidated financial statements as well as the auditor's reports were discussed by the Audit Committee in detail in the presence of the auditor and the Executive Board and reviewed in accordance with § 96 of the Austrian Stock Corporation Act. Following this examination and discussion, the members of the Audit Committee unanimously agreed to recommend the unqualified acceptance of these documents to the Supervisory Board. The Supervisory Board accepted the annual financial statements as of 30 April 2012, which are considered approved in accordance with § 96 (4) of the Austrian Stock Corporation Act.

The Supervisory Board would like to thank the members of the Executive Board and the employees of IMMOFINANZ Group for their outstanding commitment and also express its gratitude to shareholders for their confidence.

Vienna, 1 August 2012

For the Supervisory Board



Herbert Kofler

Chairman