IMMOFINANZ

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The German original version shall prevail.

Report on Item 9 of the Agenda

27th Ordinary Shareholders' Meeting
of
IMMOFINANZ AG
on 01 October 2020

Report of the Executive Board of IMMOFINANZ AG in accordance with section 170 para 2 in conjunction with section 153 para 4 Austrian Stock Corporation Act regarding the authorisation for exclusion of subscription rights in connection with the authorisation of the Executive Board for a capital increase in accordance with section 169 Austrian Stock Corporation Act in return for contributions in cash and/or in kind

1. Authorisation

At the 27th ordinary shareholders' meeting of IMMOFINANZ AG (the "**Company**") the following motion in connection with item 9 of the agenda shall be proposed:

The authorisation of the Executive Board resolved upon in the ordinary shareholders' meeting on 11 May 2018 to increase the share capital by 19 June 2023 by up to EUR 50,000,000.00 by issuance of up to 50,000,000 new no-par value bearer shares in return for contributions in cash and/or in kind, with or without exclusion of subscription rights, shall be withdrawn in the unused volume and shall be replaced by the following authorisation:

The Executive Board shall be authorised for five years after the registration of this amendment to the Articles of Association in the Commercial Register pursuant to section 169 Austrian Stock Corporation Act, with the consent of the Supervisory Board, to increase the share capital by up to EUR 61,646,897.00 by issuance of up to 61,646,897 new ordinary bearer shares in return for contributions in cash and/or in kind, also in several tranches and to specify the issue price, which must not be below the notional par value per share in the Company's share capital, the terms of the issuance and further details of the execution of the capital increase in agreement with the Supervisory Board as well as to offer the new shares to the shareholders also by way of an indirect subscription right pursuant to section 153 para 6 Austrian Stock Corporation Act. The Executive Board shall be authorised, with the consent of the Supervisory Board, to fully or partially exclude shareholders' subscription rights. In total the shares issued with excluded subscription rights on the basis of this authorisation against contribution in cash and/or in kind shall not exceed the limit of EUR 12,329,379.00, corresponding to 10% (ten per cent) of the share capital of the Company. The number of those shares shall be included for the calculation of this limit, for which conversion and/or subscription rights are granted by way of convertible bonds issued under exclusion of subscription rights during the term of this authorisation. The Supervisory Board shall be authorised to resolve upon amendments of the Articles of Association resulting from the issuance of shares based on the authorised capital.

In preparation, the Executive Board submits a written report to the shareholders' meeting in accordance with section 170 para 2 in conjunction with section 153 para 4 Austrian Stock Corporation Act stating the reasons for the authorisation for the exclusion of the subscription right as well as justifying the proposed issue price of the shares.

2. General

The ordinary shareholders’ meeting on 11 May 2018 resolved upon an authorisation of the Executive Board pursuant to section 169 Austrian Stock Corporation Act to increase the share capital by issuance of up to 50,000,000 new shares in return for contributions in cash and/or in kind with or without exclusion of the shareholders’ subscription rights (authorised capital 2018). The authorised capital 2018 and the authorisation for the exclusion of subscription rights was partially used in July 2020 by a cash capital increase of EUR 11,208,526.00 to issue 11,208,526 bearer shares.

Thus, the resolution upon a new authorised capital in connection with the authorisation of the Executive Board to exclude the subscription rights will be proposed to the shareholders’ meeting to ensure continued flexibility of the Company regarding capital measures. The authorisation for the exclusion of subscription rights is limited to 12,329,379 shares, which corresponds to 10% of the Company´s share capital.

3. Capital increase in return for contributions in cash

A total or partial exclusion of the shareholders’ subscription rights in case of a cash capital increase is in the Company’s interest for the following reasons:

It is in the interest of the Company to strengthen the capital structure, for example to take advantage of potential growth opportunities, or to cover a financing need of the Company quickly by placing larger blocks of shares. A respective capital or financing requirement may in particular arise for an acquisition of a company or of real estate, but also for the coverage of a refinancing requirement of the Company or one of its subsidiaries, such as for redemption of a bond, a convertible bond, loan or other financing. In particular in these cases the swift placement of shares of the Company can be necessary and appropriate.

A capital increase with exclusion of shareholders’ subscription rights can be processed significantly faster and more cost efficiently as a subscription offer with a statutory subscription period of two weeks (section 153 para 1 Austrian Stock Corporation Act) and a considerable longer preparation time required for drafting and approval of a prospectus. A placement with exclusion of the shareholders’ subscription rights combined with an exemption to publish a prospectus avoids these downsides. Further, a placement under a prospectus exemption significantly reduces the liability risks of the Company compared to a public offering requiring the publication of a prospectus.

By means of a placement of larger blocks of shares under exclusion of the shareholders’ subscription rights the shareholding structure of the Company may also be broadened or stabilised. First, this concerns an appropriate anchoring of the shareholders’ base of the Company with institutional investors (in particular financial investors and strategic investors). Furthermore, based on strategic reasons with respect to the business activities of the Company it can be appropriate to attract investors as new shareholders, in particular investors who, due to their know-how, business connections and/or investment capital are able to broaden the business activities of the Company and/or stabilise and strengthen it’s market position.

With a (partial) exclusion of the subscription right, the Company is able to address an institutional investor, or a range of selected institutional investors, in advance, who commit to subscribe to a certain number of shares (so called “anchor investors”). Being able to commit to a certain allotment of new shares to such investor(s) (without claw-back) on the one side in general a higher issue price for the new shares may be realised, and further a fixed placement and subscription of shares by an anchor investor renders a positive signal and in general enhances the transaction security for the subsequent rights issue of the Company.

By complying with a two-week subscription period there is a risk that institutional investors may not or may only be addressed with a reduced volume because of the allocation structure and/or the exposure of the investors to market risks during the subscription period.

The share issuance (capital increase) under exclusion of the shareholders' subscription rights allows a quick placement within a short offer period. By that means the Company can swiftly and flexibly exploit market opportunities for a capital increase, in particular regarding the price level of the shares.

Potential disadvantages for the Company can also be avoided. This applies in particular to negative share price developments during the offer period with adverse effects on the success or the costs of the capital measure (notably in volatile markets) as well as the avoidance of risk of speculation ("short selling") against the share during the offer period. In particular, in a difficult stock market environment it is important to reduce the placement risk. Especially in an unstable and volatile market environment due to macro-economic factors the Company can be subject to market-driven price risks of the shares.

Excluding the shareholders´ subscription rights allows the Company to execute an Accelerated Bookbuilding and thus reduce the placement risk. In an Accelerated Bookbuilding the Company is able to assess the market price precisely and more swiftly during a short offer period.

An Accelerated Bookbuilding also reduces the risk that determined conditions are no longer in line with market conditions as at the time of the actual placement. Experience shows that market expectations may be subject to significant changes within a two-week subscription period. However, in case of an issue under (partial) exclusion of subscription rights the Company is able to determine quickly and flexibly an optimized issue price for the capital increase as far as possible by taking into account actual market conditions.

International practice has also shown that better pricing is possible in an Accelerated Bookbuilding due to the immediate placement, which eliminates market risk factors otherwise reducing the offered price from institutional investors. An Accelerated Bookbuilding may also achieve a higher degree of transaction security, as the claw-back risk for institutional shareholders in the course of placements with subscription rights is detrimental for the placement with institutional investors. A (partial) exclusion of the subscription right in case of a capital increase in return for cash contribution reduces this claw-back risk as not a total allocation is subject to the exercise of subscriptions rights. A reduced claw-back risk also reduces discounts of the investors on the issue price.

The authorisation of the exclusion of the shareholders' subscription right is suitable, necessary and proportionate:

The authorisation of the Executive Board regarding the above-mentioned exclusion of the subscription right is both suitable and necessary to raise equity in a quick and flexible way to address financial needs or to strengthen the Company's capital structure and to extent or stabilise the shareholder structure of the Company and to address certain groups of investors as well as to exploit market opportunities swiftly and flexibly and to reduce the placement risk.

4. Capital increase in return for contributions in kind

In the case of a capital increase in return for contributions in kind, the total or partial exclusion of the shareholders' subscription rights is in the interest of the Company for the following reasons.

The Company should be able to acquire real estate, companies, parts of companies as well as shares, in particular in real estate holding companies, or other assets, where appropriate, in return for shares in the Company.

Strategic transactions shall be enabled depending on market conditions and the future development of the Company. When acquiring real estate, a company, parts of companies, shares, in particular in real estate holding companies, or other assets (including claims of third parties against the Company or its affiliated companies), it may be appropriate or necessary to use or issue shares of the Company as consideration, e.g. where shareholders of the target company need to be compensated or in case the seller prefers to receive shares of the Company instead of cash.

Potential vendors often prefer an acquirer who offers to execute the acquisition in return for listed shares as this often renders tax benefits for the vendor. In addition, the vendor may optimally realise the received consideration by having the flexibility to sell the shares received as consideration in the market and thereby to exploit market developments. Furthermore, it may also be necessary for the Company on account of strategic or corporate-organisational reasons to include the seller as shareholder in the Company.

An investment/acquisition in return for shares is also beneficial to the Company itself because this way of financing does not increase the Company's liquidity requirements or interest expenses. In particular due to own limited financial resources and/or difficulties in procuring debt financing the utilisation of shares under authorised capital usually serves as reasonable compensation for investments/acquisitions. The opportunity of offering shares from authorised capital as acquisition currency for investments and acquisitions provides the Company with the necessary flexibility to exploit acquisition opportunities in a quick and flexible way.

Especially a capital increase against contribution in kind usually requires the exclusion of subscription rights since the assets to be contributed are mostly unique in their composition (such as real estate, companies, parts of companies and shares, in particular in real estate holding companies as well as other assets) and cannot be contributed by all shareholders.

Thus, the exclusion of the subscription right in case of a capital increase in return for the contribution of real estate, companies, parts of companies as well as shares, in particular in companies holding real estate, or of other assets is in the interest of the Company and its shareholders because this type of investment/acquisition offers advantages compared to other investors/bidders and does not burden the Company with financing expenses.

In case the Company pursues certain investment/acquisition the exclusion of subscription rights is both suitable and necessary to achieve the goals as described above. When considering the interests involved, the interest of the Company and the shareholders in the investment/transaction prevails.

It is also in the interest of the Company to be able to use shares from authorised capital as an alternative or in addition to shares from conditional capital to cover or fulfil conversion and/or subscription rights or obligations from convertible bonds of the Company. This increases the Company's flexibility when issuing and fulfilling convertible bonds.

5. Exclusion of subscription rights in the case of overallotment options

In the course of placement of new shares of the Company it may be advantageous to be able to grant overallotment options (so called Greenshoe). Overallotment options (Greenshoe) can be used to react at short notice to rising or falling demand during a placement and/or to stabilise the share price. In the case of overallotment options, additional shares are issued under the same terms as the shares originally issued in the capital increase. This market standard measure aims at keeping the placement volume flexible and stabilising the share price after placement and are therefore in the interest of the Company.

6. Exclusion of subscription rights to make up for fractional amounts

It is in the Company's interest to (partially) exclude subscription rights to make up for fractional amounts to achieve a practicable conversion ratio in relation to the amount of the capital increase in return for contribution of cash considerations. Without such exclusion of subscription rights the technical execution of the capital increase may be hindered, especially in case of a capital increase by an even sum. The new shares, which have been excluded from shareholders' subscription rights as free fractions, will either be sold on the stock market (stock exchange) or in any other manner be utilised for the Company in the best possible way. This procedure is in line with market standards and objectively justified since the costs of subscription right trading in case of fractional amounts are out of proportion in relation to the shareholders' advantage. In addition, impacts of the restrictions are hardly noticeable.

7. Issuance of shares for employee stock option plans

It is in the Company's interest to allot or offer shares for purchase to members of the Executive Board and employees of the Company or an affiliated company in employee participation programmes (perhaps also by way of an employee foundation). According to the express provision in section 153 para 5 Austrian Stock Corporation Act, this is sufficient reason to exclude subscription rights.

8. Justification of the Issue Price

The issue price for the shares of the Company in case of a capital increase in return for contributions in cash with shareholders' subscription rights (partly) excluded will be set depending on market conditions based on (average) share prices and the share price level.

In the case of exclusion of subscription rights in the course of a capital increase in return for contributions in kind the Executive Board, with the consent of the Supervisory Board, will make use of the authorised capital only if the issue price of the shares or the number of shares of the Company to be issued is reasonable in relation to the value of the contribution in kind.

The offering price in case of overallotment options (Greenshoe) is determined in accordance with the offering price of the shares to be issued in the course of the original capital increase.

9. Exemption from publishing a prospectus for admission to trading

According to Art. 1 para 5 lit a of Regulation (EU) 2017/1129 (Prospectus Regulation), an exemption from the obligation to publish a prospectus applies to shares which represent, over a period of 12 months, less than 20% of the shares already admitted to trading on the same regulated market. Within this limit of the Prospectus Regulation, the newly issued shares from authorised capital can therefore be admitted to exchange trading immediately after issue without approval and publication of a prospectus.

10. Potential dilution of shareholders remains within narrow limits

To the extent of the usual trading volumes the shareholders are free to purchase shares via the stock exchange. Consequently, in general also in the case of a capital increase with excluded shareholders' subscription rights, the shareholders have the opportunity to avoid a dilution of their shareholding quota by way of purchases of shares via the stock exchange. In view of the limitation of the exclusion of subscription rights to a maximum of 10% of the share capital, any dilution of shareholders with regard to their participation in the value of the Company and their voting rights is also kept within reasonable limits. Even in case of certain disadvantages for the existing shareholders because of an exclusion of subscription rights, such disadvantages would remain within reasonable limits, because the share capital increase is limited to 10% of the share capital.

For the reasons stated the Company's interest in the objectives pursued by the exclusion of subscription rights and the corresponding measures – which are in any case indirectly in line with the interests of the shareholders – prevails so that excluding the shareholders' subscription rights is not disproportionate.

In summary, after considering all described circumstances, the exclusion of subscription rights within the limits described above is necessary, suitable, appropriate and in the prevailing interest of the Company objectively justified and required.

11. Additional reporting

In the case of exclusion of subscription rights the Executive Board will publish an additional report at the latest two weeks before the respective resolution of the Supervisory Board is passed in accordance with the applicable statutory requirements (section 171 para 1 in conjunction with section 153 para 4 Austrian Stock Corporation Act).

Vienna, September 2020

The Executive Board