

**REPORT OF THE SUPERVISORY BOARD
of IMMOFINANZ AG and of IMMOEAST AG
regarding the application of corporate governance criteria
in the context of the planned acquisition of the real-estate division of
CONSTANTIA PRIVATBANK AKTIENGESELLSCHAFT**

IMMOFINANZ AG and IMMOEAST AG adhere to the Austrian Corporate Governance Code ("ACGC"; cf the internet statements on

http://www.immofinanz.com/02ir/corporate_governance_bk.htm and
http://www.immoeast.com/02ir/corporate_governance_bk.htm).

In the planned acquisition of the real-estate division of CONSTANTIA PRIVATBANK AKTIENGESELLSCHAFT (the "planned transaction"), IMMOFINANZ AG with a quota of 40 % and IMMOEAST AG with a quota of 60 % (collectively, the "IMMOFINANZ-COMPANIES") will jointly purchase the shares of I&I Real Estate Asset Management AG ("I&I"), which will be the receiving entity in the spin-off of the real-estate business of CONSTANTIA PRIVATBANK AKTIENGESELLSCHAFT. In light of the interrelation of the purchasers, the supervisory boards of both IMMOFINANZ-COMPANIES have jointly established the present report.

1. Guiding Principle

When assessing and recommending the planned transaction, the guiding principle, apart from legal requirements, was the criteria of good corporate governance.

2. Basis

- a) Pursuant to the draft share purchase agreements, Constantia Packaging B.V., Netherlands, which holds 95 %, and Constantia AG, Switzerland, which holds 5 % of the shares in I&I, will act as sellers. In that context, the fact that the chairman of the supervisory board of both IMMOFINANZ-COMPANIES, Dr Helmut Schwager, is also Director of Constantia AG, had to be considered. Further, the real-estate division offered for sale, which the IMMOFINANZ-COMPANIES shall acquire via I&I, is defined in a spin-off agreement drawn up and drafted by the competent body of CONSTANTIA PRIVATBANK AKTIENGESELLSCHAFT. In that context it had to be considered that Dr Helmut Schwager is the chairman of the supervisory board of the IMMOFINANZ-COMPANIES, on the one hand, and is a member of the supervisory board of CONSTANTIA PRIVATBANK AKTIENGESELLSCHAFT (as its vice-chairman), on the other, and that Dr Karl Petrikovics is a member of the executive board of both IMMOFINANZ-COMPANIES, on the one hand and was a member of the executive board of CONSTANTIA PRIVATBANK AKTIENGESELLSCHAFT until 30 June 2008, on the other. Moreover, Mag Norbert Gertner is a member of the executive board of CONSTANTIA PRIVATBANK AKTIENGESELLSCHAFT and was a member of the executive board of both IMMOFINANZ-COMPANIES until 30 June 2008. As a consequence, the executive boards and the supervisory boards of the IMMOFINANZ-COMPANIES deemed it ap-

appropriate to apply to the planned transaction the statutory provisions for situations in which agents simultaneously represent two or more entities with conflicting interests against each other ("Twofold Agency"; *Doppelvertretung*).

- b) Consequently, the supervisory boards of the IMMOFINANZ-COMPANIES dealt with the planned transaction, after the executive boards had presented it to them, not only from the viewpoint of a mere "acquisition of participations" pursuant to sec 95 para 5 n°1 Stock Corporation Act ("*Aktiengesetz – AktG*"), but also, at large, under the perspective of the above conflict of interests. (It should be noted that, according to the prevailing view, in case of Twofold Agency the validity of the transaction requires the approval of a body not involved in the conflict.)

3. Approach

- a) Dr Helmut Schwager did not participate in the consultations of the supervisory boards of the IMMOFINANZ-COMPANIES. Without counting his vote, the circular resolution of the particular supervisory board features a voting result which evidences the unanimous approval of the motion to the General Meeting concerning the planned transaction.
- b) The supervisory boards of the IMMOFINANZ-COMPANIES mandated selected advisers who participated in the respective meetings of the supervisory boards. They advised the supervisory boards directly and independently, being appointed by the respective executive board on behalf of the company but acting free of orders in respect thereof. For this purpose Ernst & Young Wirtschaftsprüfungsgesellschaft mbH (Mag Gerhard Schwartz with his staff members) provided the financial valuation, DORDA BRUGGER JORDIS Rechtsanwälte GmbH (Dr Christian Dorda with his team) the legal advice and the negotiation of the share purchase agreements.
- c) In order to give the shareholders the opportunity to decide on the planned transaction, the supervisory board of each of the IMMOFINANZ-COMPANIES passes the proposed transaction on to the General Meeting for decision pursuant to sec 103 para 2 of the Stock Corporation Act. The executive boards of the IMMOFINANZ-COMPANIES have welcomed these intentions of the supervisory boards.

Vienna, July 16, 2008

Dkfm Michael Kaufmann
Vice-Chairman of the
Supervisory Board of IMMOFINANZ AG

Dr Wolfgang Reithofer
Vice-Chairman of the
Supervisory Board of IMMOCAP AG