IMMOEAST

ANNUAL REPORT 2004/05

Unique Network

How IMMOEAST became the only listed property company with a widely diversified sector and geographical portfolio in Central and Eastern Europe.

Home Game in the East

An interview with the IMMOEAST Executive Board on the advantages created by a home market and strategic positioning.

New Property Star on the Vienna Stock Exchange

IMMOEAST has established a firm position as the property share with the highest return on the Vienna Stock Exchange since its IPO in December 2003.

IMMOEAST

H, Budapest, Europe Business Tower

2004/05 at a Glance

Key Data on IMMOEAST

	2004/05	Change in %	2003/04	2002/03
Corporate Data				
Revenues in EUR mill.	25.4	156.6	9.9	5.0
Operating profit (EBIT)[1] in EUR mill.	34.3	328.8	8.0	7.1
Earnings before tax (EBT)[1] in EUR mill.	51.2	258.0	14.3	6.3
Gross cash flow in EUR mill.	5.5	41.0	3.9	1.5
Return on equity (ROE)[1][2] in %	14.9	122.4	6.7	7.4
Return on capital employed (ROCE)[1][3] in %	7.8	212.0	2.5	8.8
Equity in EUR mill. (including minority interests)	382.3	134.3	163.2	127.3
Equity ratio in %[2]	67.2	-24.0	88.4	100.0
Balance sheet total in EUR mill.	680.8	153.2	268.9	211.6
Property Data				
Number of properties	58	11.5	52	13
Thereof investments in other companies[3]	29	-29.3	41	6
Letable space in sqm	711,356	79.1	397,172	236,206
Thereof investments in other companies[3]	205,468	-7.2	221,297	120,769
Occupancy in %	94.6	-2.0	96.5	95.5
Fair value of properties in EUR mill.	649.0	140.4	269.9	150.0
Thereof investments in other companies[3]	124.1	11.7	111.1	47.7
Investments in EUR mill.	341.9	587.9	49.7	86.9
Stock Exchange Data				
Basic earnings per share[1] in EUR	0.96	146.2	0.39	0.21
P/E ratio[1]	7.5	-	16.6	-
Share price at year-end	7.20	12.7	6.39	-
Number of shares in mill.	59,294,160	-	29,647,080	137,255
Market capitalisation at year-end in EUR mill.	426.9	125.3	189.5	-

1) This indicator is based on data calculated according to the fair value method (IAS 40).
2) Equity in relation to property at fair value.
3) Investments in other companies include associates consolidated at equity and holdings recorded as financial instruments in accordance with IAS 39.

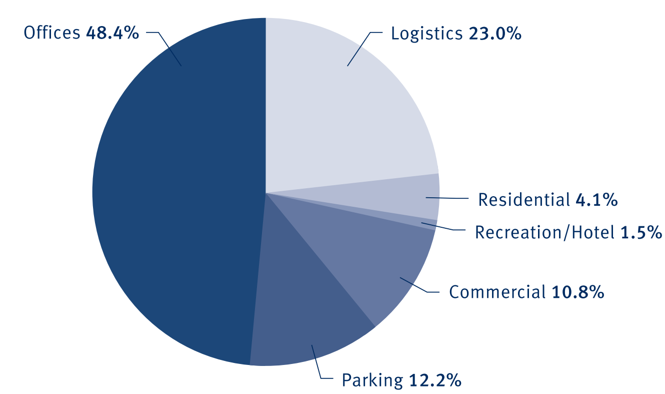
IMMOEAST – Where investment pays!

IMMOEAST Immobilien Anlagen AG was founded in 1999 as a subsidiary of IMMOFINANZ. The company has traded on the Vienna Stock Exchange since December 2003, and advanced to the top Prime Market segment in March 2005. The majority shareholder of IMMOEAST with a stake of 51% is IMMOFINANZ Immobilien Anlagen AG – which is not only one of the leading property companies in Europe but also the company with the broadest diversification. This allows IMMOEAST to profit from the long-standing experience and know-how of its successful parent. An after-tax return of 16.96% in 2004/05 made the IMMOEAST share the clear leader among property stocks in Vienna.

The IMMOEAST portfolio covers all sectors of the real estate market – from offices, retail space, garages, logistics objects and apartments to hotels – and also has a broad geographical diversification. At the close of the 2004/05 Business Year IMMOEAST was present in Hungary, the Czech Republic, Poland, Romania, Slovakia and Russia. The company's portfolio included 58 objects with letable space of more than 1.9 million sqm (proportional share of space owned: 711,356 sqm) and a fair value of EUR 648.8 million. During the first months of 2005/06 IMMOEAST entered the markets in Bulgaria, Estonia and Latvia. Transactions that have already been concluded or are planned for the new business year are expected to increase the property portfolio to roughly EUR 2 billion.

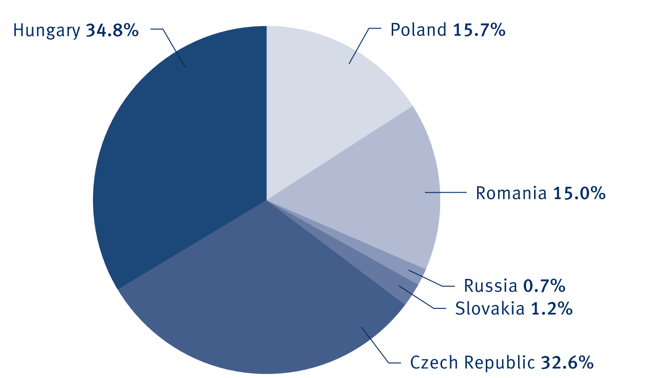
DISTRIBUTION OF LETABLE SPACE BY SECTOR

as of 30.4.2005



DISTRIBUTION OF LETABLE SPACE BY REGION

as of 30.4.2005



Growth, Return and Stability

Even if IMMOEAST was founded back in 1999, it is in fact still a very young company. In the early years, it was a wholly owned subsidiary and arm of its parent IMMOFINANZ. A private placement in May 2003 and IPO in December 2003 transformed IMMOEAST into an independent enterprise and marked the starting point of an extremely successful entrepreneurial life.

As is the case with many young companies, the changes that take place within a single year are often exceptional. That was also true in 2004/05, the first full year of business for IMMOEAST as a listed company. Operating activities were extended from three to six countries, the property portfolio increased 140.4% to EUR 649 million, market capitalisation rose 125% to EUR 427 billion, earnings per share grew from EUR 0.39 to EUR 0.96 and more than EUR 341 million was invested.

However, as satisfying and impressive these numbers may be, and even if they are explained and analysed in detail throughout the many sections of this annual report, they simply do not reflect the dynamics of the company in full measure. A large part of the work done by the highly qualified IMMOEAST asset management team will only be reflected in specific transactions and results during 2005/06. Investments with a total volume of EUR 650 million were finalised during May and June 2005, the first two months of the current business year, which exceeds the value of the property

Karl Petrikovics, Chief Executive Officer

Norbert Gertner, Member of the Executive Board

portfolio at the end of April 2005. Even if the efforts to develop these projects are not mirrored in reporting year results, the high quality of this preparatory work and the pipeline of outstanding investments represent a major milestone of 2004/05. These activities form a solid foundation for IMMOEAST, the most important and most active property investor in Central, Eastern and South-eastern Europe, to make optimal use of the historic opportunities created by the opening of the EU and the new impulses found in this region. And that forms the basis to generate steady high returns for you as a shareholder over the long-term.

Nevertheless, results for the reporting year were also excellent. Operating profit increased nearly 330% to EUR 34 million and revenues rose 156.6%. Even though the number of properties grew only slightly from 52 to 58, the number of objects owned directly by IMMOEAST increased strongly from 11 to 29 and the number of minority holdings declined by a sizeable amount.

The geographic diversification of our activities increased significantly in 2004/05. At the start of the business year IMMOEAST acquired the Iride Business Park in Romania, one of the most important properties in the capital city of Bucharest with 85,000 sqm of warehouse and office space. IMMOEAST has already started a further expansion stage on this project and also acquired a first-class office building in the city centre and a development project at the airport –

which demonstrate that the company is on a clear growth course in one of the region's most important future markets.

More or less in its own "front yard", IMMOEAST entered Slovakia by acquiring the Bratislava Business Center in May 2004. Unlike Romania, the volume of the Slovakian market is limited and our plans therefore call for the development of only a small portfolio in this country.

The situation in Russia is entirely different: This tremendous market is only now starting to open and will offer international property investors like IMMOEAST excellent opportunities for many years to come. We completed our first acquisition in March 2005 after careful preparation and purchased a stake in Fleming Family & Partner, one of the country's best known property firms.

On the promising but difficult Russian market, it is particularly important that we consistently follow our proven strategy to first acquire stakes in local specialists and only later carry out direct property investments. This approach allows us to gain extensive knowledge of the market and make the necessary contacts – in other words, to become a real "insider" – before we start up our own operating activities. The competition often uses other methods, but they would not be compatible with the security-oriented strategy pursued by IMMOEAST.

In addition to entering new markets, IMMOEAST has and will continue to expand its activities into new segments of the real estate market. The company has shifted its original focus on office space to develop new fields of business and has established a broad base in the office, retail, logistics, recreational and residential sectors. This diversification is also supported by acquisitions – individual buildings, entire portfolios or investments in other firms – as well as the development of our own projects.

This steady geographic and sector diversification is clearly more complex and also slower than the focus on a single country or investment category, which is the road taken by most of our competitors. However, the long-term potential for success and above all security for the company and for you as shareholders unquestionably supports the strategy pursued by IMMOEAST – especially in the markets of the east, which are characterised by unusually high momentum and, as a result, frequent and surprising developments. IMMOEAST has the flexibility to shift the focus of its activities in keeping with market trends, and because developments in one region will often reappear in another area, we can recognise trends at an earlier point in time than investors who concentrate on only a single field. We are convinced that this strategy will provide not only greater stability over the mid- and long-term, but also higher returns for the company and its shareholders.

However, the choice between the various sectors is particularly difficult at this time because of the excellent opportunities found in nearly all major areas. The primary drivers for this growth are rapid economic development and the increasing prosperity of the population. This high momentum supports rising demand in the office and logistics sectors, and higher disposable income increases the potential for growth in the retail area. An especially promising field of business is the residential sector, which IMMOEAST entered with a large investment after the close of the reporting year. In contrast to our activities in Austria, we will not concentrate on rentals but construct apartments that will be sold as condominiums.

The road taken by IMMOEAST is obviously respected by the capital market. That is demonstrated not "only" in the decidedly positive development of the share price, which brought our stockholders an after-tax return of 16.96% for the reporting year, but also in the enormous demand for new shares issued by the company. Both the EUR 192.7 million capital increase in October 2004 and the record EUR 1.13 billion issue carried out after the close of the 2004/05 Business Year were oversubscribed. The importance of IMMOEAST for the Austrian capital market was also reflected in the advance of the share into the ATX Prime Market. IMMOEAST and its parent company IMMOFINANZ are the only property companies to list in this top segment of the Vienna Stock Exchange. These successful capital increases provided us with sufficient funds to develop our EUR 1.5 billion pipeline of projects in 2005/06 and still be able to take advantage of favourable short-term opportunities.

These capital increases also led to a clear change in the shareholder structure of IMMOEAST, which now has more than 14,000 private owners. In their interest, the annual general meeting in September 2005 will be asked not to pay dividends in the future, so the total return will be available in the form of growth in the share price that is not subject to withholding tax. This policy will also be continued in the future.

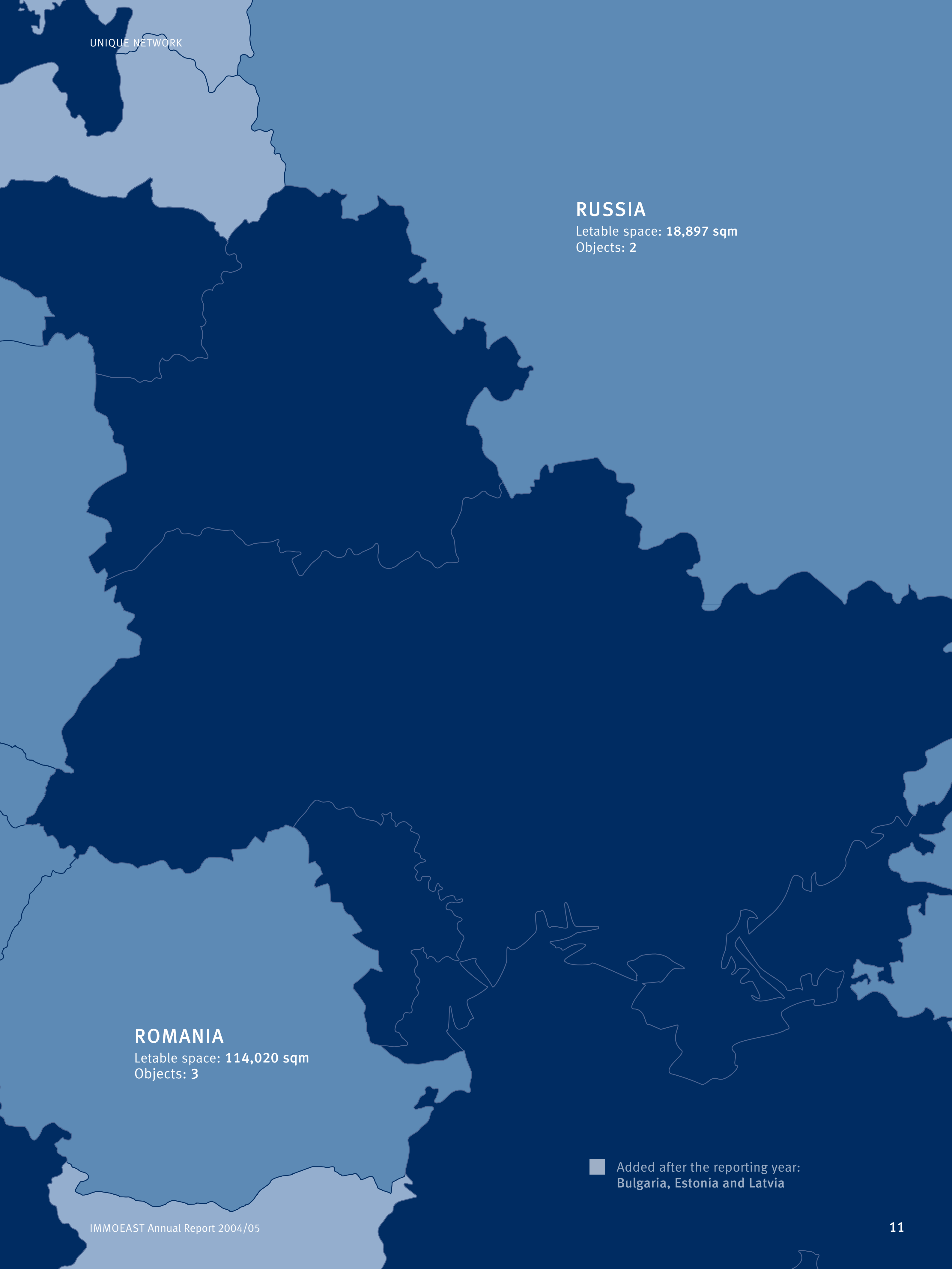
The status at the end of 2004/05 and developments during the first months of the new business year show a very promising situation for IMMOEAST: The market environment is favourable, we have a well-structured portfolio of profitable objects and the capital market has given IMMOEAST and its strategy a strong vote of confidence – the best requirements to meet our goals for growth, good return and safety in the future.

Norbert Gertner
Member of the Executive Board

Karl Petrikovics
Chief Executive Officer

Unique Network

IMMOEAST is the only listed property company with a widely diversified sector and geographical portfolio in Central and Eastern Europe.


RUSSIA
Letable space: 18,897 sqm
Objects: 2
ROMANIA
Letable space: 114,020 sqm
Objects: 3
Added after the reporting year:
Bulgaria, Estonia and Latvia

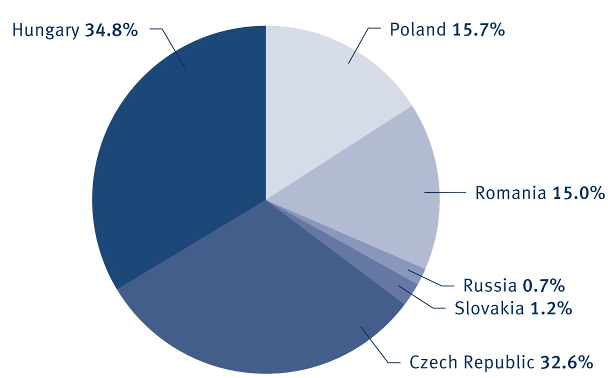
PL, Katowice, Silesia City Centre

Broad geographical diversification forms the core of the IMMOEAST strategy. However, the company's activities are not designed to select only the best niches from the many opportunities offered by real estate markets in Central and Eastern Europe. IMMOEAST works to develop a presence in as many countries as possible throughout the region.

The investment approach followed by IMMOEAST was chosen for good reasons. In dynamic markets such as Central and Eastern Europe, unexpected developments – positive or negative – can happen at any time. A focus on one or only a few local markets (just the same as concentration on specific sectors) in this region would create an unjustifiable risk for a security-oriented company. Broad geographical diversification also reflects the interests of most shareholders in this real "eastern stock", which reflects the combined potential of all the Central and East European markets where IMMOEAST is active.

DISTRIBUTION OF LETABLE SPACE BY REGION

as of 30.4.2005



H, Budapest, Xenter 13 Office Building

RO, Bucharest, Iride Business Park

In order to support the expansion of its market presence, IMMOEAST has developed a procedure to minimise the risks associated with market entry. The first step generally involves the acquisition of a stake in a local property specialist. This investment usually gives IMMOEAST access to a property portfolio with prospects for a good return. It also gives the company's representatives an excellent opportunity to gain detailed knowledge of the market and to make important contacts through their positions on supervisory boards or investment committees. When direct investments are made at a later date, IMMOEAST is no longer a "newcomer" but an experienced market player. "As a rule, this strategy is much more cost-effective", commented CEO Karl Petrikovics.

After a phase of several years in which IMMOEAST concentrated on the more developed real estate markets in Hungary, the Czech Republic and Poland, the company's geographical presence was expanded rapidly during 2004/05.

The Iride Business Park was acquired in May 2004, and represents the first direct project on the booming Romanian market. IMMOEAST was previously represented in Bucharest through an investment in GTC (which has since been sold). May 2004 also marked the first investment in Slovakia – the Bratislava Business Center is one of the most prominent objects in this capital city with 55,000 sqm of letable space. The Slovakian market has a sizeable potential because of the strong recovery currently experienced by this "late starter".

The most important expansion step was taken near the end of the business year in March 2005: The purchase of a stake in FF&P Russia Real Estate Ltd., one of the leading property companies on the Russian market, formed the first transaction in this largest real estate market in the east.

However, the expansion of business activities from three to six countries within a single year does not represent the

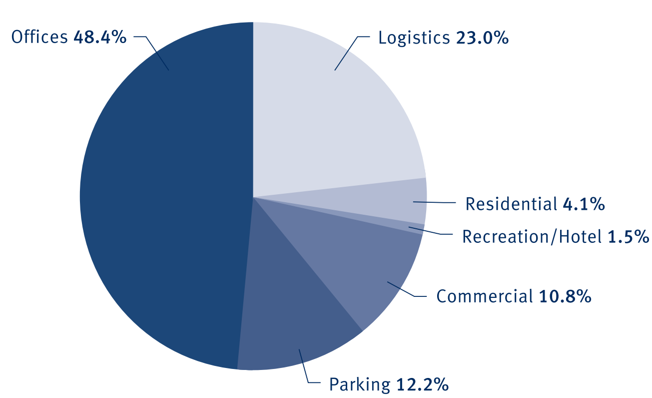
RO, Bucharest, Global Business Center

EE, Tallinn, apartment complex Haabersti

end of the diversification process. New markets were entered in May and June 2005 after the close of the reporting year. A joint venture with Grainger, the leading British residential property investor, represented the start of activities on the dynamic real estate market in the Baltic Republics (Estonia and Latvia). In Bulgaria IMMOEAST established a firm position on one of the region's most attractive future markets with the acquisition of a stake in Prime Property BG, the leading property firm in the country. And last but not least, IMMOEAST is also the largest shareholder in the newly founded Global Emerging Property L.P. (GEP), a company that plans to develop a portfolio in south-eastern Europe, and will thereby also establish a presence for IMMOEAST in ex-Yugoslavia (in particular Serbia).

DISTRIBUTION OF LETABLE SPACE BY SECTOR

as of 30.4.2005



Overview of IMMOEAST investment regions

Poland

IMMOEAST is represented on this largest real estate market in Central-East Europe above all with office buildings and individual retail objects. The portfolio is comprised primarily of fully rented properties, but activities also focus on the development of investments in major regional centres.

Czech Republic

As one of the most developed real estate markets in the east, Prague is a real stronghold for IMMOEAST. The portfolio comprises office and retail space, hotels and logistics properties. With development projects such as the Palladium and Vitek, IMMOEAST is of one of the most active investors in the Czech capital.

Hungary

Budapest was the site of the first IMMOEAST investment in 2001, and today the company is represented with numerous fully rented office properties. The Europe Business Tower, one of the most spectacular development projects at a prime location in the Budapest commercial district, will be completed in 2006.

Slovakia

Slovakia is currently in the midst of a stormy economic recovery process that will create interesting opportunities for property investors. IMMOEAST has already established a foothold in this future market with the 55,000 sqm Bratislava Business Center.

Romania

Romania is the most important real estate market in south-eastern Europe, and IMMOEAST was one of the first western property companies to invest in the capital city of Bucharest. Logistics and office space form the focal point of business activities.

Russia

The acquisition of a stake in FF&P Russia Real Estate Ltd., one of the leading property companies in Russia, formed the first step on this major developing real estate market in the east.

MARKET ENTRY AFTER THE REPORTING YEAR

Bulgaria

IMMOEAST acquired a 20% stake in the leading property developer, the listed Prime Property BG REIT. This investment also carries an option that will allow IMMOEAST to purchase a direct majority share in every large project developed by Prime Property.

Baltic States

A joint venture started with the British residential investor Grainger and the local specialist Nordic Property Consultants is intended to become the largest residential housing construction company in Baltic States over the coming years. Projects in Tallinn and Riga with a total of more than 3,000 apartments have already been fixed.

Home Game in the East

IMMOEAST enjoys a "home team advantage" in large parts of Central and Eastern Europe as an Austrian company. In addition to its unique strategic positioning, that is an important reason why more and more leading international investors are also turning to the IMMOEAST share.

Karl Petrikovics, Chief Executive Officer

IMMOEAST has become an absolute favourite with both Austrian and international investors. Why?

Norbert Gertner, member of the Executive Board: During the 10 months between October 2004 and July 2005, investors purchased roughly EUR 1.3 billion of new IMMOEAST shares. All our capital increases were oversubscribed by a substantial margin, and the subscription periods were closed ahead of schedule. So the demand by investors was actually much higher. The main reason for this situation is undoubtedly the strong performance of the IMMOEAST share, which showed an after-tax plus of 16.96% for the 2004/05 Business Year. At the same time the stock has shown remarkably stable development, and this combination of high earning power and security is exactly what investors – private as well as institutional – are looking for.

Another important factor is the long and successful track record of our parent company IMMOFINANZ, which is a recognised player on the global real estate market. The confidence enjoyed by IMMOFINANZ as one of the largest listed property companies in Austria gives IMMOEAST a decisive competitive advantage.

CEO Karl Petrikovics: In addition to these obvious reasons, there are a number of less evident factors. The geographic proximity of Austria to markets in the east, the large pool of top eastern experts who live in Vienna, the fact that we often have the same customers in the east as in Austria – for example, the tenants in our largest property in the Czech Republic, the Westpoint Distribution Park, include UPS, Böhler Uddeholm and Pfanner – and last but not least our shared history and similar mentality are so natural for us that we hardly count them as advantages. But these factors are well known and acknowledged on the international arena.

Isn't that also true for other Austrian property companies?

Petrikovics: The fact that we're an Austrian company gives us a head start. What's really important is how we use these favourable conditions. We have been successful in establish-

Norbert Gertner, Member of the Executive Board

ing a position as the East European property stock that allows investors to profit from developments on all eastern markets. While our competitors generally concentrate on only a few countries or a few or just individual sectors, we are well represented in all major markets and property sectors – that is office, retail, logistics, hotel and residential.

Isn't this strategy easy to copy?

Petrikovics: No, not really. In order to develop such a broad diversification, you need an extraordinary team of experts with specialists for each and every one of these sub-markets. And except for IMMOEAST, no other company has such a team. What is more, you need a certain size to reach the same scope of diversification that has been reached by IMMOEAST. It's just not enough to buy a property in every sector in every country. We owe our success to the fact that we don't blindly follow a standard scheme, but create a suitable strategy for every market. One example: While we generally acquire or develop properties for investment over the long-term, we have decided to take another road in the residential sector. Here we are focusing above all on apartments that will be sold as condominiums. This strategy best meets the needs of the market, and promises the highest returns. Or we take a flexible approach and combine the purchase of single objects with entire portfolios. We also acquire finished objects and, at the same time, develop our own projects. We invest directly, but our excellent standing in the branch also frequently leads us to first-class partners with whom we enter new markets in the form of joint ventures or holdings. It is therefore a very complex combination of entrepreneurial activities that was built up over many years and is by no means easy to duplicate.

How safe are investments in Central and Eastern Europe? Don't shareholders take on greater risks in this region?

Petrikovics: Of course, markets with greater prospects also contain certain risks. However, the eastern real estate market is not a single entity but a large number of individual markets with different levels of maturity and opportunities for expansion. Since we are represented in many of these individual markets, problems in one region can't have a very large effect on our business. In addition, the real estate market is ultimately a mirror of economic development, and the momentum in Central and Eastern Europe is currently higher than in the west. Growth rates are easily twice as high as in the rest of the EU and disposable income is increasing rapidly – all in all, the best conditions to support a stable upward trend on real estate markets.

For these reasons, there is a heavy flow of capital into eastern real estate markets. Couldn't IMMOEAST grab an even larger part of this business?

Gertner: The demand by Austrian and international investors is large enough, as our oversubscribed capital increases showed in an impressive manner. However, we don't want to raise more capital than we need for our planned projects. We're working at a fast pace to arrange attractive and highly profitable investments, and compiled a pipeline with roughly EUR 1.5 billion of projects in 2004/05 that will be realised during the current business year. We approach the capital market to raise the financing required for these investments and also allow us to take advantage of opportunities that arise over the short-term. No more, no less. In this way, capital increases help us to maximise our earning power and safeguard the best possible return for our shareholders. And we obviously do that very well.

From left to right: Edgar Rosenmayr, Günther Bukor, Peter Oesterle

Strong Team

A large experienced team of specialists as well as a long-term management contract with Constantia Privatbank represent two of the most important factors for the continued success of IMMOEAST.

In the property business, known-how is always the key success factor. The expertise of employees, contacts that have been built up over many years and, last but not least, the confidence placed in these men and women by other market participants are the "real capital" of a property company.

And IMMOEAST has a firm base with this capital. The asset management team that is responsible for identifying and evaluating investment opportunities is also unique in international comparison – no other listed property company has such a large and experienced team of first-class East European specialists. However, asset management is only one area of activities – financing specialists, attorneys, perfect accounting and controlling etc. are just as important.

The IMMOEAST success formula is based on a long-term management contract with Constantia Privatbank, the leading Austrian supplier of property investments. This gives IMMOEAST expert know-how in all fields of the property business – but without the substantial time and financial expense that would be required to build up a staff of this size and quality. The management contract with Constantia

Asset Management IMMOEAST:
From left to right: standing: Benedikt Attems, Günther Bukor, Denitza Hodjaeva, Robert Velich, Katharina Molnar, Edgar Rosenmayr, Marie-Theres Tauber, Peter Oesterle
seated: Richard Weberberger, Birgit Gaulhofer, Eva Bano, Christian Grossschartner

Privatbank covers all facets of management, and IMMOEAST does not need any employees. The only activities not included in the contract are facility management and broker services, e.g. property rentals. In this second area, IMMOEAST operates together with the leading local specialists in each region.

Asset management – or the acquisition of objects, start of development projects and optimisation of the property portfolio – forms the core of IMMOEAST business activities. This function is carried out by three teams that are responsible for the search, evaluation and realisation of attractive investment opportunities. The members of these teams include some of the best-known East European specialists in the property branch.

The areas of responsibility are defined according to geographic and content-related criteria.

The team under Peter Oesterle is in charge of the markets in Hungary, the Czech Republic, Slovakia and Slovenia. The largest acquisition made to-date by IMMOEAST was realised by these experts after the end of the reporting year, namely the purchase of 13 branches belonging to the Stop Shop specialty shopping centre chain in Hungary.

A further group under the direction of Edgar Rosenmayr completed the market entry of IMMOEAST into Russia, Bulgaria, Latvia and Estonia during the early months of 2005 (in part after the close of the reporting year on 30 April 2005).

The third unit under Günther Bukor is responsible for direct investments in Poland, Romania, Russia and Bulgaria. One of the most notable successes of this team was the acquisition of the Iride Business Park in Bucharest.

The financing area clearly illustrates the major advantages created by the cooperation with Constantia Privatbank, which allows IMMOEAST to draw on a complete team of financial and capital market specialists from the leading Austrian private bank. In addition, the optimal investment of liquid funds plays an important role in the overall success of IMMOEAST.


49%
16,96%
Performance 2004/05
14,000

New Property Star on the Vienna Stock Exchange

IMMOEAST has established a firm position as the property share with the highest return on the Vienna Stock Exchange since its IPO in December 2003. Alone in the 2004/05 Business Year, performance reached 16.96%.

IMMOEAST closed its first full business year as a listed company in 2004/05 with a sweeping and unqualified success. Strong performance, a successful capital increase and advance into the Prime Market segment were the highlights of this period, in which IMMOEAST rose to become the new star under the property shares on the Vienna Stock Exchange.

The development of the share price was obviously another strong plus point for investors: The stock rose from EUR 6.40 on 2 May 2004 to EUR 7.20 at the end of April 2005. In addition, the company also paid a dividend of 23 cents per share. Including the capital increase in October and the dividend payment, that represents an after-tax return of 16.96%.

IMMOEAST was therefore able to continue the strong development that began with the successful start of trading in December 2003. In total, the price of the share rose 22.47% from the IPO to the end of the 2004/05 Business Year. Compared to the other property shares on the Vienna Stock Exchange, in particular firms that also invest in Central and Eastern Europe, IMMOEAST was the clear leader for the period from December 2003 up to May 2005 as well as during the 2004/05 Business Year.

Solid growth in the share price combined with the decidedly positive long-term outlook for the company led to heavy demand for the new IMMOEAST shares that were sold through a 1:1 capital increase in October 2004. The issue volume of EUR 192.7 million was heavily oversubscribed and, as a result, the capital increase was closed ahead of schedule.

The capital increase led to a substantial rise in the number of private investors among IMMOEAST shareholders, which will also be reflected in a change to the company's dividend policy. In contrast to dividend payments, gains in the price of shares are tax-free for private stockholders (after a one-year speculation period). Therefore, the recom-

KEY DATA ON THE IMMOEAST SHARE

	2004/05	2003/04[1]
Equity (incl. minority interest) as of 30.4. in EUR million	382.3	163.2
Number of shares as of 30.4. in million	59.3	29.6
Business year – high in EUR	7.34	6.39
Business year – low in EUR	6.14	6.10
Business year – closing price in EUR	7.28	6.39
Market capitalisation as of 30.4. in EUR million	431.7	189.4
Stock exchange turnover in EUR million	197.9	23.3
Fair value in EUR million as of 30.4.	648.8	269.8
Earnings per share[2] in EUR	0.96	0.39
P/E ratio[2] as of 30.4.	7.5	16.6

1) IPO on 12.12.2003
2) According to the IFRS fair value model

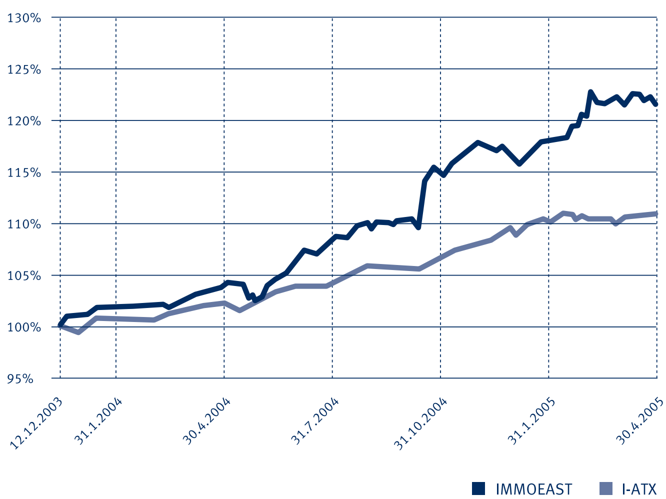
mendation of the Executive Board to the annual general meeting will call for a zero dividend for the 2004/05 Business Year. With this step, IMMOEAST is following the successful example of its parent company IMMOFINANZ. Furthermore, the retention of profits is common practice for Austrian property companies.

Trading in IMMOEAST shares also gained considerable momentum in 2004/05. During the months from January to April 2005, which permit a comparison with the same four months in the previous year, turnover was 241% to 547% higher than the relative values for 2004. In total, 28,549,944 shares with a combined volume of EUR 197.9 million were traded during the 2004/05 Business Year.

The increasing importance of IMMOEAST on the Austrian capital market was reflected in the stock's shift into the Prime Market, the uppermost segment of the Vienna Stock Exchange, in March 2005. Together with its parent company IMMOFINANZ, IMMOEAST is the only property company to trade in this category and also be represented in the ATX Prime. This change also brought additional publication requirements for IMMOEAST (e.g., interim reports

DEVELOPMENT OF SHARE PRICE: IMMOEAST VS. I-ATX

From 12.12.2003 to 30.4.2005



within two months). For shareholders, that means even greater transparency and ultimately even greater security. In the ATX Property Index, IMMOEAST is weighted at 32.77%.

These developments – growth in the share price, sound liquidity, advance into the Prime Market segment – were very well received by the capital market and created an excellent starting position for a broad-based capital transaction that was realised just after the close of the reporting year: A EUR 1.13 billion capital increase (formally comprised of two subsequent issues) was completed in June and July 2005. This transaction represents not only the largest capital increase ever made by an Austrian property company to date, but also the largest capital increase in the history of the Vienna Stock Exchange. In spite of the extraordinarily large volume, the issue was heavily oversubscribed and a sizeable number of purchase orders remained unfilled. The substantial demand by international investors was also surprising.

The necessary cuts in orders affected private investors as well as numerous institutional buyers from Austria and foreign countries. All the same, the shareholder base was clearly expanded and the number of stockholders increased to roughly 14,000. IMMOFINANZ, the parent company, continues to hold 51% of the shares. A ranking after the capital increase in July 2005 shows IMMOEAST – with market capitalisation of approx. EUR 1.7 billion – on second place of all listed property companies in Austria, only preceded by its parent IMMOFINANZ.

INFORMATION ON THE IMMOEAST SHARE

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Shareholders' telephone	+43/1/532 87 60-0
E-mail	investor@immoeast.at
Internet	www.immoeast.at
Traded on	Vienna Stock Exchange
Trading segment	Standard Market
Market segment	Standard Market Auction
Vienna Stock Exchange abbreviation	IEA
ISIN	AT0000642806
Reuters	IMEA.VI
Bloomberg	IEA AV Equity
Included in the following indices	WBI, ATX Prime, ATX Property
IPO	12.12.2003

No room for fantasy

The IMMOEAST property portfolio is valued each year by well-known experts. Their work is based on hard facts, and leaves no room for fantasy.

A realistic valuation of the property portfolio is the most important factor for determining the commercial success of a property company. The price of the company's stock is also influenced by this figure since the capital market views net asset value (the value of the property portfolio + liquid funds - debt) as a key indicator. As a rule, the stock price varies only slightly from net asset value per share.

IMMOEAST has always placed a special focus on this subject because of the central importance formed by the valuation of the property portfolio. A team of three external specialists – all court-certified experts – evaluates the property portfolio and the development of its value each year. These experts act independently, and provide the company and its shareholders with objective results.

This appraisal is voluntary, and has been performed since 2001 to provide IMMOEAST shareholders with maximum transparency. It also exceeds the legal requirements introduced in 2003 for open property funds, which call for valuation by two outside experts. The IMMOEAST Valuation Committee consists of three specialists. In order to provide new impulses for the work of the Valuation Committee, Anton Wallner was selected to replace Dagobert Pantschier in 2004/05.

The valuation of properties is generally based on the discounted cash flow method. The starting point for this calculation is formed by technical features that include the size, scope and quality of a building as well as economic factors like the location, functionality, type of use and current and future earnings. The value of a property equals the discounted total of all expected future cash flows and the residual value. Immediately after acquisition, properties are valued at their purchase price.

Therefore, increases or decreases in value result primarily from changes in rental income. An increase in rents leads to an increase in the value of a property – if the price for a new rental is lower, the value of the property will be reduced.

Wolfgang Foglar-Deinhardstein

Wolfgang Foglar-Deinhardstein is an architect who can look back on a successful career in public service. Positions with the Austrian federal construction agency and as secretary to a number of ministers preceded his appointment as the head of Section V in the Austrian Ministry of Commerce.

Peter Steppan

Peter Steppan is one of the best known property experts in Austria. With 25 years of professional experience, he is regarded as a genius in the branch. He has worked for many years in the field of property development and project management, and has been a court-certified expert for property and construction since 1980.

Anton Wallner

Anton Wallner is civil engineer who has also worked as a court-certified expert for 10 years. He manages a civil engineering firm that specialises in building construction as well as a planning and project management company.

Rental agreements are normally concluded in Euro and only seldom in local currency. Therefore, exchange rate fluctuations have no direct influence on the earning power of a property. There are exceptions, above all in countries such as Poland, where rents are set primarily in US Dollars.

Properties owned directly by IMMOEAST as well as objects with high IMMOEAST stakes that are held through investments in other companies (S+B, European Property Group, IMAK) are valued by the IMMOEAST Valuation Committee. Other investments (Heitman Central Europe Property Partners, Polonia Property) are generally valued by recognised international experts like CB Richard Ellis.

H, one of the 13 objects in the Stop Shop portfolio

Investment Offensive in 2005/06

The first months of the 2005/06 Business Year – after the close of the reporting period – saw a record volume of capital market transactions as well as numerous acquisitions.

Acquisition of the Stop Shop chain in Hungary

In June 2005 IMMOEAST acquired a chain of specialty shopping centres in Hungary. The Stop Shop chain is one of this country's most successful retail concepts. The portfolio includes 13 facilities that are finished, under construction or in the planning stage. The investment volume totalled EUR 210 million and represents the largest acquisition made by IMMOEAST to date.

Residential joint venture in the Baltic States

A major joint venture was founded together with the British residential investor Grainger and a local partner in June 2005. Plans call for this firm to play a leading role on the housing market in the Baltic States during the coming years. The first projects have already been defined and cover the construction of more than 3,000 units.

Investment in the Bulgarian developer Prime Property BG

IMMOEAST also purchased a stake of approximately 20% in the leading Bulgarian property developer, Prime Property BG, in June 2005. This acquisition includes an option to purchase a majority holding in all large projects carried out by Prime Property BG. It will allow IMMOEAST to invest selectively in the most attractive developments and create an excellent opportunity to establish an important position on the emerging Bulgarian real estate market.

EUR 1.13 billion through capital increase

A EUR 1.13 billion capital increase (in the form of two successive issues) was carried out by IMMOEAST during June and July. The issue was heavily oversubscribed, which led to the closing of the brief subscription period earlier than planned. This transaction is the largest issue ever car-

CZ, Olomouc, Olympia Centre

ried out by an Austrian property company on the Vienna Stock Exchange.

Investment in Russia specialist EPH

IMMOEAST acquired a stake in Eastern Property Holding Ltd (EPH), a Russia specialist that is listed in Switzerland. The company has compiled an attractive retail and office portfolio in Moscow, and also holds investments in several shopping centre chains. IMMOEAST owns a share of slightly more than 6% in EPH.

Acquisition of Airport Business Center in Prague

With the Airport Business Center, IMMOEAST acquired a particularly attractive property in the Czech capital during July. This 15,300 sqm object is fully rented. Tenants include the Czech customs authority, which has a lease that extends for more than 12 years, as well as major logistics companies (DHL, Schenker) and leading airlines.

GEP investment strengthens position in Southeast Europe

Also in July, IMMOEAST purchased a stake of roughly 25% in Global Emerging Property for EUR 31.3 million and thereby became the company's largest shareholder. The remaining partners include the EBRD as well as leading Greek ship owners. The company is managed by the Southeast Europe specialist Global Finance SA, and plans to develop a property portfolio of EUR 450 million over the next three years. Romania, Bulgaria and Serbia will form the focal point of investment activities, with smaller projects in other states of the former Yugoslavia as well as Ukraine.

Purchase of the Olympia Shopping Centre in Olomouc

This shopping centre with total selling space of more than 31,000 sqm was completed during the summer of 2004, and has already established a firm position on the market in Olomouc, the regional hub of Moravia. The property includes more than 114,000 sqm of land that will provide extensive opportunities for further development. The major tenants include a Hypernova market belonging to the Dutch Ahold retail chain as well as Hervis Sports and C&A.

Office property in Romania

The Pipera Center I, a prime office property in Romania, was acquired after the close of the reporting period. This facility was completed in 2005, and is almost fully rented.

EUR 1.5 billion of investments in 2005/06

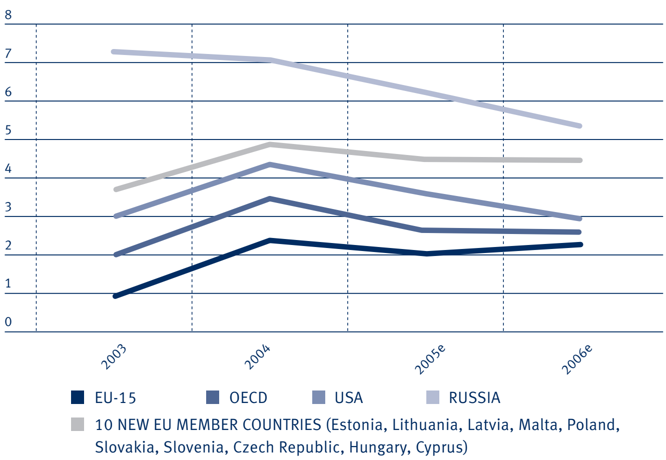
The IMMOEAST project pipeline remains full, even after the conclusion of the above-mentioned investments at the start of the current business year. Plans call for the investment of EUR 1.5 billion during 2005/06 to support further diversification. The successful capital increases have given IMMOEAST a strong equity basis that will provide optimal support for this growth.

Analysis of Results of the 2004/05 Business Year

The Economic Environment

GLOBAL ECONOMIC DEVELOPMENT

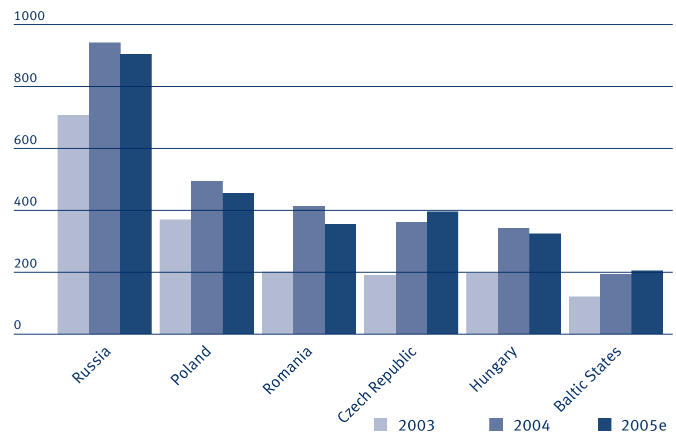
Real GDP growth in %



Source: WIFO, OECD

FOREIGN DIRECT INVESTMENTS

in EUR mill.



Source: WIIW

Differing scenarios in Europe

The development of the global economy in 2004 was influenced by low interest rates, rising exports and high oil prices. The main drivers for the 3.5% average growth reported by the OECD countries were the USA and China. After several years of weakness, the EU-15 reported an average GDP increase of 2.4%. However, growth was subdued in Germany (1.6%), Italy (1.2%) and the Netherlands (1.4%).

Economic momentum continued at a steady and dynamic pace throughout Central and Eastern Europe during 2004, with the ten new EU members recording average GDP growth of 4.9% after 3.7% in the previous year. Above-average increases were reported not only by the Baltic countries but also Poland, which returned to stronger growth after weakness in earlier years. The Russian economy was characterised by unbroken strong growth, with a plus of 7.1% in 2004.

Rising investments in Central an Eastern Europe

Foreign direct investment in Central and Eastern Europe reached record levels during the reporting year, supported by a decline in transaction costs following the accession of ten countries to the European Union in May 2004. A ranking based on per capita investment is led by Estonia, the Czech Republic and Hungary. The steady growth in Romania resulted from an improvement in the general business climate and major privatisation projects. Russia profited from a continuation of above-average growth, with developments varying by sector.

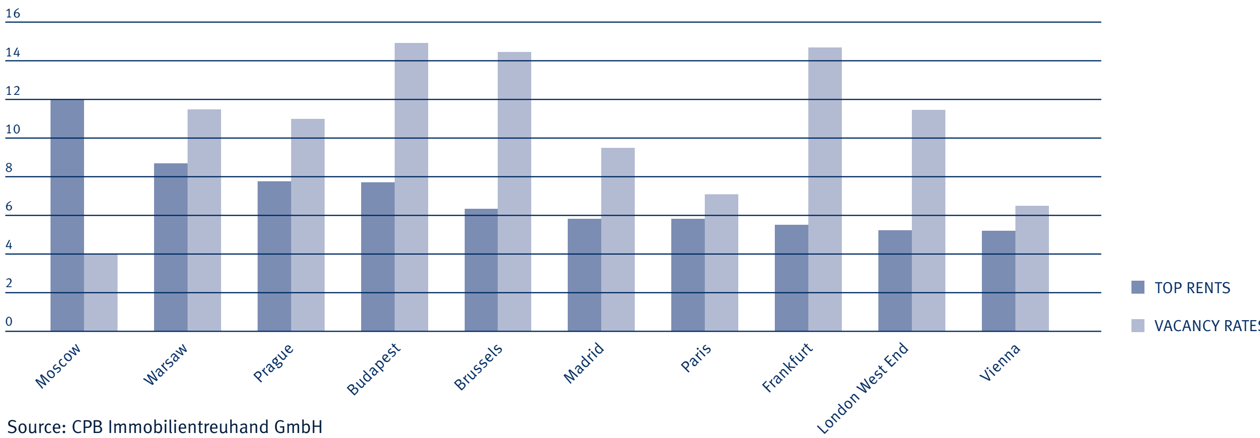
Substantially more than one-half of all foreign investment in the region was directed toward branches that serve the domestic market: energy, banks and property.

Real estate markets in Western Europe are still influenced by the tense economic climate, but Central and Eastern Europe are profit-

The Market Environment

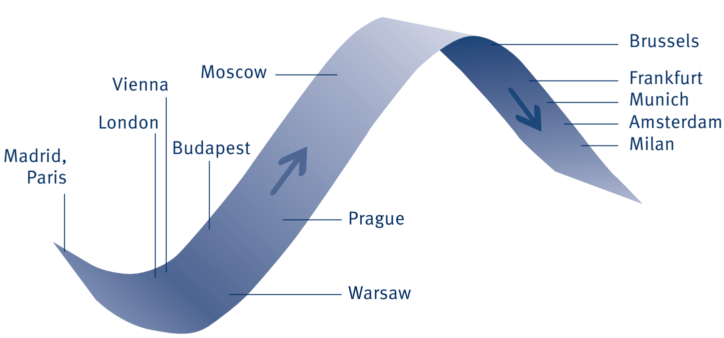
TOP RENTS AND VACANCY RATES ON EUROPEAN OFFICE MARKETS

First Quarter 2004, in %



Source: CPB Immobilientreuhand GmbH

EUROPEAN REAL ESTATE MARKETS IN COMPARISON



This graph provides information on price developments for the most important European office markets.

Source: CPB Immobilientreuhand GmbH

ing from the strong growth that characterises the region. Moreover, the markets of Central and Eastern Europe differ from markets in the west with regard to size and transaction volumes. Interest in the new EU member states is still focused primarily on the capital cities, and activities in the prospering provincial towns have been limited to individual projects. Rising foreign investment and strong domestic demand have also triggered a wave of activity on real estate markets in recent years. For example, the share of modern office space in the new EU capitals lies below comparable levels in Western Europe but the first signs of a gradual improvement has started to appear.

International investors were particularly active on real estate markets throughout the region in 2004. Numerous investment projects developed in earlier years were temporarily postponed to the second half of 2004 in anticipation of possible changes in the legal and tax framework after EU accession. The interest of investors is expected to remain strong in 2005. High demand and a resulting increase in property prices have pushed returns on Central and East European markets up to western levels. The first wave of investment focused on Poland, Hungary and Czech Republic, but the second and current wave is concentrated on markets such as Romania, Bulgaria, Serbia, Croatia and the Baltic States as well as Russia.

Property Accounting – The Cost and Fair Value Models

IMMOEAST reports in accordance with IAS 40

The creation of a lasting increase in the value of property through professional portfolio and asset management form the cornerstone of IMMOEAST activities. Since the 2001/02 Business Year, IMMOEAST has prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS, formerly IAS) as a requirement for listing in the Prime Market Segment of the Vienna Stock Exchange. IAS 40 provides enterprises with an option for recording real estate held as investment property. Companies may use a cost model, which requires property to be reported at acquisition or production cost less ordinary and extraordinary depreciation. This method corresponds to the accounting rules set forth in the Austrian Commercial Code and reflects general practice in Austria. IFRS also permit the recording of property in keeping with a fair value model, which requires the recognition of any changes in market value to the income statement.

Focus on international interests

In keeping with Austrian practice, IMMOEAST utilises the cost model and deducts accumulated depreciation from the acquisition or production price of property. In order to ensure the transparent and complete presentation of information on the development of business, IMMOEAST presents a transition from the cost model to a fair value model. This data is also provided because the fair value method is gaining in popularity on the international market. Moreover, preparation of the income statement according to the fair value method is recommended by the European Public Real Estate Association (EPRA), an organisation of listed property companies in Europe.

Transparent presentation of results

Under the cost model, only annual depreciation is charged to the income statement. The income statement presentation of actual increases or decreases in value, which are determined through expert opinions prepared by a valuation committee, are only guaranteed by the use of a fair value model. Value is determined in accordance with IAS 40 based on the discounted cash flow method, with the inputs formed by the individual factors that establish the worth of a specific property. The starting point for valuation under the discounted cash flow method includes technical values as well as the size and quality of the building and key economic indicators such as location, functionality, type of use and both current and future earnings. With this differentiated presentation, IMMOEAST aims to provide shareholders with the best possible transparency concerning the development of business and the company's portfolio.

EBIT: EUR 34.3 million – EBT: EUR 51.2 million

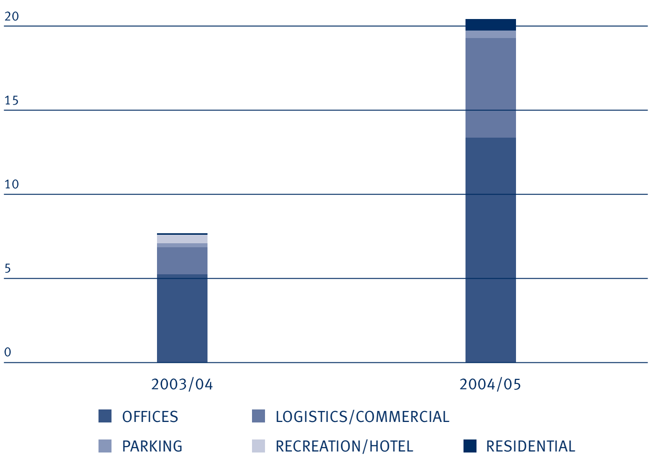
The application of the fair value model and inclusion of actual changes in the value of property increased EBIT from EUR 8.0 million to EUR 34.3 million, or by more than 328%. Combined with a clear increase of 168% in financial results to EUR 16.9 million, EBT rose from EUR 14.3 million in the previous year to EUR 51.2 million for 2004/05. IFRS regulations also call for the creation of deferred taxes on all temporary differences between the value of an asset for tax purposes and the IFRS value. Measures designed to optimise taxes, such as the use of Group taxation, are also available to companies to distribute and minimise this tax liability to a substantial degree when a property is sold. After the inclusion of all deferred taxes, net profit totalled EUR 44.0 million for the 2004/05 Business Year, compared to EUR 24.0 million under the cost model.

in TEUR	Cost Model 2004/05	Expense	Income	Fair Value Model 2004/05
Revenues	**25,401.5**			**25,401.5**
Revaluation of property (IAS 40)			22,621.3	22,621.3
Other operating income	21,553.0			21,553.0
Depreciation	-18,250.2		1,919.1	-16,331.1
Expenses related to properties	-7,775.2			-7,775.2
Other operating expenses	-11,129.7			-11,129.7
Operating profit (EBIT)	**9,799.4**	**0.0**	**24,540.4**	**34,339.8**
Net financing costs	-3,790.4			-3,790.4
Income/(loss) on financial assets	25,283.2			25,283.2
Share of profit/(loss) from associated companies	-4,641.9			-4,641.9
Financial results	**16,850.9**	**0.0**	**0.0**	**16,850.9**
Earnigs before tax (EBT)	**26,650.3**	**0.0**	**24,540.4**	**51,190.7**
Income taxes	-2,635.0			-2,635.0
Deferred taxes on revaluation (IAS 40)		-4,585.1		-4,585.1
Net profit for the period	**24,015.3**	**-4,585.1**	**24,540.4**	**43,970.6**
Equity holders of the parent company	**23,985.2**			**44,019.3**
Minority interests	**30.1**			**-48.7**
Basic and diluted earnings per share in EUR	**0.53**		**0.43**	**0.96**

Revenues

RENTAL INCOME BY SECTOR

in EUR mill.



Increase of 156.6% to EUR 25.4 million

The 2004/05 Business Year was extremely successful for IMMOEAST. Group revenues increased 156.6% over the previous year to EUR 25.4 million. This dynamic growth was supported by higher occupancy rates as well as numerous acquisitions made during the year. The proportional share of letable space owned by IMMOEAST rose by more than 79% to 711,356 sqm, with Hungary and the Czech Republic forming the focal point of activities at roughly one-third each. Total revenues comprise EUR 20.5 million of rental and other income and EUR 4.9 million of operating expenses charged to tenants.

Rental income is classified by sector as follows: 65.2% offices, 29.1% commercial and logistics, 3.5% residential and 2.2% parking.

INCOME STATEMENT –

SUMMARY ACCORDING TO THE FAIR VALUE MODEL

in EUR mill.	2004/05	Change in %	2003/04
Revenues	25.4	156.6	9.9
EBIT	34.3	328.8	8.0
Financial results	16.9	168.3	6.3
EBT	51.2	258.0	14.3
Net profit	44.0	327.2	10.3
Earnings per share in EUR*	**0.96**	**146.2**	**0.39**

* Basic

REVENUES BY COUNTRY

in EUR mill.	2004/05	Change in %	2003/04
Czech Republic	8.9	89.4	4.7
Hungary	8.0	66.7	4.8
Poland	1.8	1,700.0	0.1
Romania	6.7	-	-
Revenues*	**25.4**	**156.6**	**9.9**

* Incl. Other and Group eliminations

Earnings

EBIT: +330% to EUR 34.3 million

EBIT calculated under the fair value model increased by nearly 330% to EUR 34.3 million during the 2004/05 Business Year. Expenses related to properties, which are comprised largely of operating costs charged to tenants and maintenance fees, rose by a sizeable amount during the reporting period due to an increase in direct investments. Other operating expenses - for the most part administrative costs – rose at a slightly lower rate than revenues. Financial results reflected the successful development of investments in other companies and financial instruments, and increased 168% to EUR 16.9 million. Financing costs also showed very favourable development, and rose at a much slower rate than the total volume of financing.

After the deduction of income taxes and deferred taxes, net profit recorded by IMMOEAST equalled EUR 44.0 million. This figure represents an increase of more than 327% over the previous year. Earnings per share rose from EUR 0.39 in 2003/04 to EUR 0.96 for 2004/05. Return on equity improved from 6.7% to 14.9%, for a more than twofold increase in capital employed in the interest of shareholders.

IMMOEAST makes selected acquisitions through investments in other companies. These acquisitions are not reported as revenues, but under financial results. IMMOEAST acquired stakes in the following companies during the 2004/05 Business Year: Heitman Central Europe Property Partners III, FF & P Russia Real Estate Limited and Nowe Centrum s.a.

Projects under construction are only reflected in revenues after completion and rental. At the end of the reporting year, IMMOEAST was involved in development projects in Budapest, Prague, Warsaw and Bucharest.

Cash flow from operating activities: + 144%

Gross cash flow increased by 41.0% to EUR 5.5 million during the 2004/05 Business Year and cash flow from operating activities rose by 144.3% to EUR 13.2 million. After the inclusion of results from investing and financing activities, cash and cash equivalents increased to EUR 27.9 million at the end of the reporting year.

CONSOLIDATED STATEMENT OF CASH FLOWS – SUMMARY

in EUR mill.	2004/05	Change in %	2003/04
Gross cash flow	5.5	41.0	3.9
Cash flow from operating activities	13.2	144.3	-29.8
Cash flow from investing activities	-116.6	-80.5	-64.6
Cash flow from financing activities	130.7	212.7	41.8
Cash and cash equivalents at the beginning of the period	30.9	-63.3	84.1
Cash and cash equivalents at the end of the period	58.8	90.3	30.9
Change in cash and cash equivalents	27.9	152.4	-53.2

Asset and Financial Position

CONSOLIDATED BALANCE SHEET – SUMMARY

in EUR mill.	2004/05	in %*	2003/04	in %*
Property	486.4	71.5	136.8	50.9
Intangible assets and goodwill	2.2	0.3	-0.9	-
Financial and other non-curent assets	103.9	15.3	62.5	23.2
Non-current assets	**592.5**	**87.1**	**198.4**	**74.1**
Current assets	**88.2**	**12.9**	**70.5**	**26.2**
Total assets	**680.8**	**100.0**	**268.9**	**100.0**
Equity	382.3	56.2	163.2	60.7
Non-current liabilities	199.4	29.3	89.1	33.1
Current liabilities	99.1	14.5	16.6	6.2
Total equity and liabilities	**680.8**	**100.0**	**268.9**	**100.0**

* As a % of the balance sheet total

BALANCE SHEET INDICATORS

	2004/05	Change in %	2003/04
Equity in EUR mill. (excl. minority interests)	380.6	133.2	163.2
Equity ratio to fair value in %	67.2	-24.0	88.4
Investments in EUR mill.	341.9	589.3	49.6
Balance sheet total in EUR mill.	680.8	153.2	268.9

Balance sheet total: +153%

The balance sheet total of the IMMOEAST Group increased 153% to EUR 680.8 million during the 2004/05 Business Year. The structure of the balance sheet is determined largely by the property portfolio, cash and cash equivalents and financial liabilities. The carrying value of equity, excluding minority interests, rose by 133% from EUR 163.2 million to EUR 380.6 million. The share capital of the company totalled EUR 59.3 million as of 30 April 2005 and is divided into 59.3 million shares with zero par value. The ratio of non-current assets to carrying values grew from EUR 198.4 million to EUR 592.5 million during the 2004/05 Business Year.

Investments

As of 30 April 2005, IMMOEAST had invested available funds in the Czech Republic, Hungary, Poland and Romania as follows:

INVESTMENTS

in EUR mill.	2004/05	Change in %	2003/04
Czech Republic	71.2	87.4	38.0
Hungary	95.3	5,505.9	1.7
Poland	82.6	550.4	12.7
Romania	102.8	-	-
Total investments*	341.9	589.3	49.6

* Incl. Group eliminations

IMMOEAST invested a total of EUR 341.9 million in property during the 2004/05 Business Year, compared to EUR 49.6 million in the previous year. Roughly one-third of this volume, or EUR 102.8 million, was directed to Romania – where the purchase of three office properties formed the first major investments in this country. The IMMOEAST presence in Poland was also strengthened substantially through the acquisition of office, commercial and logistics objects. Approximately one-half of the total invested was used to expand the portfolios in Hungary and the Czech Republic through the acquisition of logistics and office space in these countries.

The IMMOEAST portfolio comprised 58 objects at the end of the reporting year, with one-half of this amount representing direct investments. This high level of investment activity in 2004/05 increased the proportional share of letable space by 79% to 711,356 sqm. Preparatory work was also completed for a number of transactions, and several were finalised at the start of the 2005/06 Business Year. (For additional information, see the section “Investment Offensive” on page 28ss.)

RO, Bucharest, Global Business Center

Outlook

Economic forecasts indicate that the sound recovery in 2004 will be followed by slower development in 2005. GDP growth in the USA is expected to decline to 3.6% after 4.4% in the previous year, and estimates for the EU show an average of 2%. Austria will not be able to completely avoid the slowdown in the euro region, but development should remain stable because of the recent tax reform and resulting support for domestic demand.

Strong recovery should continue throughout the ten new EU member states, but growth rates will be slightly lower than in recent years at an average of 4.5%. Better utilisation of the substantial economic potential in this region has triggered a downturn in the relatively high unemployment rates in these countries.

IMMOEAST owned a total of 58 objects in Hungary, the Czech Republic, Poland, Slovakia, Romania and Russia as of 30 April 2005. The company also entered the markets in Bulgaria and the Baltic States after the close of the reporting year, and investments in other countries are planned. In addition to this broad geographic presence in Central and Eastern Europe, the IMMOEAST portfolio is widely diversified by sector to minimise dependency on branch trends to the greatest extent possible.

OUTLOOK ON IMMOEAST

in EUR mill.	Actual 2004/05	Change in %	Forecast 2005/06
Market value of properties	648.8	208.3	2,000.0
Revenues	25.4	136.2	60.0
Equity	382.3	292.4	1,500.0

Based on transactions completed after the reporting period and planned acquisitions, IMMOEAST forecasts revenues of EUR 60 million for the 2005/06 Business Year. The property portfolio should rise to EUR 2 billion. Equity will grow to roughly 1.5 billion following the successful capital increases, and provide a solid financial basis for the further expansion course of IMMOEAST.

Subsequent Events

IMMOEAST carried out a capital increase in June 2005. The enormous interest shown by investors led to an extension of the issue through a further capital increase on 30 June. These transactions raised a record EUR 1.13 billion, which will allow for the successful realisation of projects developed in 2004/05.

After the close of the reporting year, IMMOEAST acquired the Stop Shop chain of specialty shopping centres in Hungary. The portfolio includes 13 facilities with a total of 120,000 sqm that are finished, under construction or in the planning stage. The investment volume totalled EUR 210 million

The Olympia shopping centre in Olomouc, Czech Republic, with more than 31,000 sqm of letable space was acquired with a value of EUR 56 million.

The company took its first step on the dynamic residential market in the Baltic States through a joint venture with the leading British investor Grainger Trust Plc and a local development partner, Nordic Property Consultants (NPC). Activities will focus on the construction of more than 3,000 apartments in the Latvian capital of Riga and the Estonian capital of Tallinn.

In Bulgaria the company acquired an approx. 20% stake in this country's leading property developer, Prime Property BG (formerly TBI-BAC).

A stake in Eastern Property Holding Ltd., a Russia specialist, was also purchased after the close of the reporting year. This firm holds investments in three major shopping centre chains with more than 15 facilities in Russia.

In Prague, the Airport Business Center was acquired. It is the only office building available to external companies at the international airport in the Czech capital. The facility is fully rented and has 15,300 sqm of letable space.

The Pipera Center I, a prime office property in Romania, was acquired after the close of the reporting period. This facility was completed in 2005, and is almost fully rented.

CZ, Prague, Airport Business Center

Corporate Governance & Compliance

Guidelines for corporate management and control

The IMMOEAST strategy focuses on the creation of a lasting long-term increase in the property portfolio and, as a result, in the value of the company. Strict principles for good management and transparency as well as the steady development of an efficient system of corporate control in the interest of all stakeholders form the key elements of this policy.

The Austrian Corporate Governance Code took effect on 1 October 2002 and includes rules that serve as a framework for the management and control of companies. The objectives of these regulations include the equal treatment of all shareholders, an increase in the confidence of shareholders through greater transparency and information as well as the improvement of cooperation between the Executive Board, Supervisory Board and shareholders.

Voluntary compliance by IMMOFINANZ beginning in 2005/06

IMMOEAST has declared its intention to voluntary comply with the provisions of the Corporate Governance Code beginning in the 2005/06 Business Year. The majority of these regulations have been met for years through the company's responsible and conscientious management.

The regulations set forth in the code exceed legal requirements, and compliance is voluntary. When a company agrees to comply with the code, it must explain any failure to observe the C rules ("comply or explain").

IMMOEAST will deviate from the following "comply or explain rules" in the Austrian Corporate Governance Code during the 2005/06 Business Year, and explains this deviation as follows:

Rule 38 and 54

The articles of association do not set a specific age limit for the members of the Executive Board or Supervisory Board. The company does not consider such age limits to be reasonable, but rather allows the individual bodies of the corporation to make their own decisions on appointments.

Rule 51

The Supervisory Board had five members as of 30 April 2005, which reflects the relevant provision of the code. With regard to the balanced composition of the Supervisory Board, no motions have been made up to now to appoint a representative for free float shareholders. IMMOEAST places the highest priority on the equal treatment of and provision of extensive information for all shareholders. In order to ensure the equal treatment of all shareholders in the determination of a price for a mandatory offer, the Annual General Meeting of IMMOEAST on 6 June 2005 amended the articles of association to exclude the 15% discount permitted by § 26 Par. 1 of the Austrian Takeover Act. This step guarantees that every IMMOEAST shareholder will receive the same price for his/her shares in the event of a mandatory takeover offer.

Observance of Issuer Compliance Regulations

The Issuer Compliance Regulations announced by the Austrian financial markets supervisory authority took effect on 1 April 2002. These guidelines establish principles for the distribution of information within companies listed on the Vienna Stock Exchange, and are designed to prevent the misuse of such information. IMMOEAST complies with the provisions of the Issuer Compliance Regulations, and also extends these regulations to the activities of the Supervisory Board. The observance of these rules is monitored on a regular basis.

The IMMOEAST website (www.immoeast.at) under "Directors' Dealings" provides up-to-date information on the purchase and sale of the company's shares by members of the Executive Board or Supervisory Board.

Voluntary external evaluation

After the end of the 2005/06 Business Year, IMMOEAST will commission a voluntary audit of the company's compliance with the individual regulations by an external institution, and report on the results of this evaluation

Risk Management

The responsible management of risk is an inherent part of good corporate governance. As an international company, IMMOEAST is exposed to a variety of risks. The handling of these risks is an indication of the quality of this management – to recognise risks at an early stage and eliminate them to the greatest extent possible through effective operating and control systems is a key objective of IMMOEAST strategy. The planning and controlling process, Group guidelines and regular reporting represent the most important instruments for the management of risk. Reporting plays a key role in the monitoring and control of the economic risks associated with ordinary business operations. Risk management is a central part of all decisions and business processes at IMMOEAST, and is well integrated throughout the entire organisation. The responsibility for the monitoring of risk management at the Group level lies with the Executive Board. IMMOEAST conducted an extensive risk survey during the 2004/05 Business Year with the support of an external risk management consultant to systematically identify, document and evaluate all business risks.

Strategic risk management

IMMOEAST works to steadily broaden the geographical scope of its activities in order to achieve the widest possible regional diversification in its property portfolio. Before a project is started in a new IMMOEAST market, the local business environment is analysed in detail by the company or a qualified local or international partner. This evaluation covers the country's general economic position, legal regulations for zoning, building procedures and municipal regulations, as well as tax and company law. IMMOEAST has developed direct access to local know-how through its many partners, but can also draw on international or local consultants for assistance on specific issues. Depending on the type of investment, the physical condition of the target property as well as local economic and legal conditions will be examined systematically by IMMOEAST or an experienced resident partner. If this detailed selection process leads to a positive decision by the Executive Board, the investment must then be approved by the supervisory board of the respective company. When acquisitions are made through international firms, IMMOEAST exercises its right of approval as a member of the relevant investment committee.

Operational risks

The credit standing of prospective tenants is evaluated before the conclusion of every contract and deposits are established based on credit ratings to ensure the fulfilment of legal obligations. IMMOEAST has developed standard leases for each industry segment, which are designed to meet the specific interests of property owners. Extensive negotiations are also conducted with potential tenants to determine the optimal term and lock-in period for the contract. IMMOEAST protects itself against the risk of inflation on new leases through an annual index adjustment. An optimal tenant structure is determined for each property based on the current market situation. Efficient reporting by the facility and asset management department to the Executive Board and Supervisory Board guarantees the availability of key information for decision-making. The facility management experts prepare status reports and forecasts on the optimal maintenance of properties at regular intervals.

Financing and foreign exchange risks

IMMOEAST has an equity ratio of 67%, which forms the cornerstone for a solid balance sheet structure and stability in turbulent economic times. The target for debt financing is adjusted to reflect the respective market situation over the mid- to long-term. The goal is to maintain a balance between equity and debt. The financing currency is also selected in keeping with the respective market situation. Foreign investments are financed in Austria or through local banks, but only in major international currencies. In the area of financial management, IMMOEAST is supported by the specialists at Constantia Privatbank AG.

Sector and economic risks

Real estate markets are characterised by cyclical developments. IMMOEAST attempts to generate the greatest possible benefits for shareholders from these fluctuations, and make optimal use of investment opportunities in different regions and sectors. The company is supported in this process by experienced local partners, who can draw on asset managers, brokers and other specialists for key information on structures and markets.

Overview of the IMMOEAST Property Portfolio[1)]

As of 30.4.2005

OFFICE PROPERTIES

Country	City	Property	Acquired		Total-usable space in sqm[2)3)]
CZ	Prague	Arbes	2002		6,449
CZ	Prague	European Business Center	2001		3,830
CZ	Prague	Italská	2001		3,060
CZ	Prague	Palladium	2001		79,510
CZ	Prague	Pankrác Business Corner	2002		6,215
CZ	Prague	Pankrác House	2002		20,996
CZ	Prague	Valdek	2002		5,834
CZ	Prague	Vinice	2004		37,167
CZ	Prague	Vitek	2003		105,277
H	Budapest	Arpad Center	2002		6,932
H	Budapest	East-West Business Centre	2004		27,032
H	Budapest	Europe Business Tower	2004	**N**	34,324
H	Budapest	Globe 13	2002		21,870
H	Budapest	Globe 3	2004	**N**	7,952
H	Budapest	Mester Business Park	2001		200,000
H	Budapest	Obuda Gate Office Center	2003		20,191
H	Budapest	Szepvölgyi Business Park	2004	**N**	15,542
H	Budapest	West Gate Business Park	2004	**N**	18,069
H	Budapest	Xenter 13 Office Building	2004		11,927
PL	Poznan	Poznan Financial Center	2004	**N**	22,369
PL	Warsaw	Bokserska Office Centre	2004	**N**	7,095
PL	Warsaw	Crown Point	2005	**N**	10,989
PL	Warsaw	Crown Tower	2004	**N**	8,528
PL	Warsaw	Cybernetyki Office Centre	2004	**N**	7,438
PL	Warsaw	IO-1	2004	**N**	29,823
RO	Bucharest	Global Business Center	2004	**N**	13,688
RO	Bucharest	Iride Business Park	2004	**N**	85,586
RO	Bucharest	Otopeni	2004	**N**	14,746
RUS	Moscow	Gogolevsky Boulevard 11	2005	**N**	10,897
RUS	Moscow	Lesnaya Strasse 3	2005	**N**	8,000
SK	Bratislava	Bratislava Business Center	2004	**N**	55,067

RESIDENTIAL PROPERTIES

Country	City	Property	Acquired		Total-usable space in sqm[2)3)]
CZ	Prague	Novy Eden	2004		5,468
CZ	Prague	Stodulky	2004		21,500
CZ	Prague	Vokovice	2004		10,950
H	Budapest	Engel Park	2004		27,660
H	Budapest	Sun Palace	2004		46,759
H	Györ	Györ	2004		216,000
PL	Warsaw	Lesna Polana	2004		37,278

RETAIL/COMMERCIAL PROPERTIES

Country	City	Property	Acquired		Total-usable space in sqm[2)3)]
CZ	Hradec Kralove	Futurum Centrum	2003		57,568
CZ	Olomouc	Hana Centrum	2003		15,000
CZ	Ostrava	Futurum Centrum	2003		56,051
CZ	Prague	Park Hostivar	2002		36,516
PL	Glogow	Galeria Glogow	2004	**N**	22,050
PL	Gniezno	Galeria Gniezno	2004	**N**	18,750
PL	Grudziadz	Galeria Grudziadz	2004	**N**	21,400
PL	Kalisz	Galeria Kalisz	2004	**N**	25,159
PL	Katowice	Silesia City Centre	2005	**N**	66,318
PL	Ostrowiec	Galeria Ostrowiec	2004	**N**	22,500
PL	Poznan	Galeria Poznan	2004	**N**	36,205
PL	Wloclawek	Real Hypermarket	2004		13,200

RECREATION/HOTEL PROPERTIES

Country	City	Property	Acquired		Total-usable space in sqm[2)3)]
CZ	Prague	Opletalová	2003		10,284

LOGISTICS PROPERTIES

Country	City	Property	Acquired		Total-usable space in sqm[2)3)]
CZ	Prague	Rudna Logistics Park	2003		115,917
CZ	Prague	Westpoint Distribution Park	2004	**N**	61,237
H	Budapest	Pharmapark Logistic Centre	2004	**N**	14,649
PL	Warsaw	Bokserska Distribution Centre	2004	**N**	17,455
PL	Warsaw	Lopuszanska Business Park	2005	**N**	13,559
PL	Warsaw	Zeran Park	2004		52,411

TOTAL IMMOEAST 1,948,247

1) Properties classified by primary usage
2) Including parking spaces (rounded)
3) In order to provide a transparent presentation, the total usable space of the properties is provided. The share of usable space owned by IMMOEAST totals 711,356 sqm.
N Represents newly acquired objects.

CZ-Hradec Kralove
Futurum Centrum C

CZ-Olomouc
Hana Centrum C

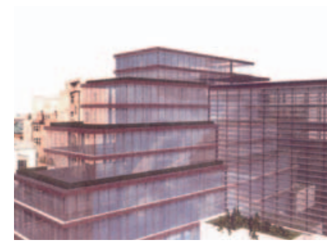
CZ-Ostrava
Futurum Centrum C

CZ-Prague
Arbes O

CZ-Prague
European Business Center O

CZ-Prague
Italská O

CZ-Prague
Novy Eden R



CZ-Prague
Opletalová H

CZ-Prague
Palladium O

CZ-Prague
Pankrác Business Corner O

CZ-Prague
Pankrác House O

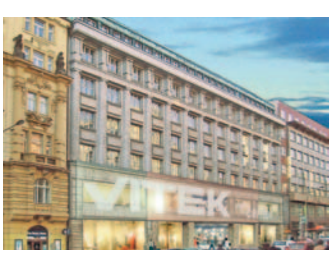
CZ-Prague
Park Hostivar C

CZ-Prague
Rudna Logistics Park L

CZ-Prague
Stodulky R

CZ-Prague
Valdek O

CZ-Prague
Vinice O



CZ-Prague
Vitek O

CZ-Prague
Vokovice R

CZ-Prague
Westpoint Distribution Park L N

H-Budapest
Arpad Center O

O Office H Recreation/ Hotel C Retail/Commercial L Logistics R Residential N new


H-Budapest
East-West Business Centre O


H-Budapest
Engel Park R


H-Budapest
Europe Business Tower O N


H-Budapest
Globe 13 O


H-Budapest
Globe 3 O N


H-Budapest
Mester Business Park O


H-Budapest
Obuda Gate Office Center O


H-Budapest
Pharmapark Logistic Centre L N


H-Budapest
Szepvölgyi Business Park O N

H-Budapest
West Gate Business Park O N

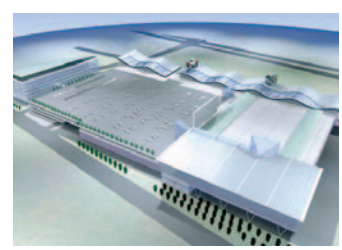

H-Budapest
Xenter 13 Office Building O


H-Györ
Györ R


PL-Kalisz
Galeria Kalisz C N


PL-Katowice
Silesia City Centre C N


PL-Ostrowiec
Galeria Ostrowiec C N


PL-Poznan
Galeria Poznan C N


PL-Poznan
Poznan Financial Center O N


PL-Warsaw
Bokserska Distribution Centre L N


PL-Warsaw
Bokserska Office Centre O N


PL-Warsaw
Crown Point O N

O Office H Recreation/Hotel C Retail/Commercial L Logistics R Residential N new


PL-Warsaw
Crown Tower O N


PL-Warsaw
Cybernetyki Office Centre O N


PL-Warsaw
IO-1 O N


PL-Warsaw
Lopuszanska Business Park L N


PL-Warsaw
Zeran Park L

PL-Wloclawek
Real Hypermarket C


RO-Bucharest
Global Business Center O N


RO-Bucharest
Iride Business Park O N


RO-Bucharest
Otopeni O N


RUS-Moscow
Gogolevsky boulevard 11 O N


RUS-Moscow
Lesnaya Strasse 3 O N


SK-Bratislava
Bratislava Business Center O N

O Office H Recreation/ Hotel C Retail/Commercial L Logistics R Residential N new

Segment Reporting Czech Republic

Positive economic development

Real GDP in the Czech Republic rose by 4% in 2004, which represents the highest level in eight years. This upward trend should continue, even if forecasts for the near future call for slightly weaker development. The situation on the labour market remains tense, with unemployment at a high 10%. Prague and the surrounding regions form the core of the Czech real estate market, which carries an enormous inherent potential for the coming years because of its current stage of development.

Stagnation on Prague office market

With 1.2 million residents, Prague is by far the largest city in the Czech Republic. The office market has 1.7 million sqm of space, of which 60% is concentrated in new buildings. New rentals reached record levels in 2002 and 2003 as a result of numerous large transactions, but 2004 was marked by a subsequent contraction to a low 150,000 sqm. A comparable level is expected for 2005. Declining demand coupled with an increase in the production of new space raised vacancy rates and triggered a drop in rental prices. However, the office market is expected to return to equilibrium and show solid development in the coming years.

Attractive retail and residential market

With 4.4 million apartments and 10.2 million residents, the Czech housing market is considered to be balanced. The stock of apartments is distributed equally between rentals and condominiums. Rising wage levels are leading to a parallel increase in the demand for higher quality apartments. The growth in purchasing power has also had a positive impact on the retail sector. The demand for space in the Prague city centre is strong, but new space is rare. Interesting opportunities are available for investors in the shopping centre sector, also in the larger provincial cities.

Developments

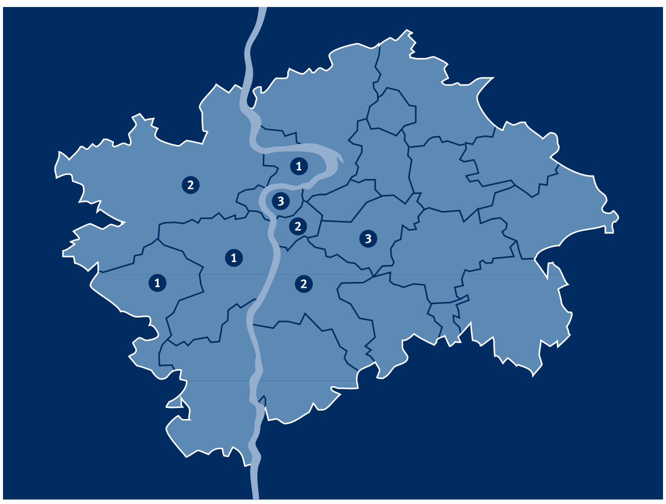
Investments totalling EUR 71.2 million were made in the Czech Republic during the 2004/05 Business Year. Revenues increased by 90% from EUR 4.7 million in the previous year to EUR 8.9 million. The application of the fair value model and corresponding inclusion of the actual change in the value of the property portfolio show an increase of more than 150% in EBIT from EUR 5.7 million to EUR 14.3 million. Investments and lasting increases in the value of existing properties generated a fair value portfolio of EUR 210.8 million, compared to EUR 144.4 million in the previous year.

KEY DATA ON THE CZECH REPUBLIC

	2004/05	Change in %	2003/04
Revenues in EUR mill.	8.9	89.4	4.7
Fair value EBIT in EUR mill.	14.3	150.9	5.7
Investments in EUR mill.	71.2	87.4	38.0
Letable space in sqm	658,829	-6.9	707,517
Proportional share of letable space in sqm	231,829	28.3	180,648
Letable space as a %of the total portfolio	32.6	-28.4	45,5
Fair value in EUR mill.	210.8	46.0	144.4
Fair value as a % of the total portfolio	32.5	-39.3	53.5

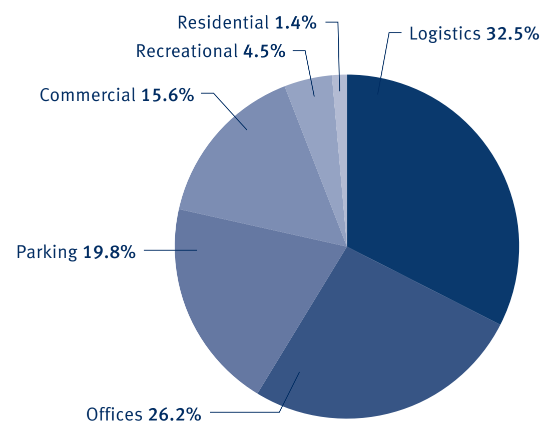
OVERVIEW OF PROPERTIES IN PRAGUE

Number of properties by district



SECTOR DISTRIBUTION OF THE CZECH PORTFOLIO

as of 30.4.2005



INVESTMENTS IN 2004/05

Westpoint Distribution Park. This property is a leading logistics centre. It is situated at an excellent location in Prague, only five minutes from the ring road that links the western part of the city with major traffic intersections. The airport can also be reached easily in a few minutes.
This facility was built at the end of the 1970's and completed renovated in 2002. Today it has 61,000 sqm of letable space, which is fully rented to international companies like UPS and Böhler Uddeholm.

Hungary

Hungary recorded the highest GDP growth in four years with a plus of 4% for 2004. Budget consolidation measures led to restrictive public investment, and private consumption also slowed towards the end of the year. However, this subdued domestic demand was countered by a strong rise in exports. The unemployment rate hovered at a level of 6.1%. The pace of growth is expected to slow slightly in the coming years, but should still remain clearly above the West European average.

Signs of recovery on the office market

Budapest is the most densely populated city in Hungary with 1.8 million residents, and is comparable in size to Vienna. However, the total volume of the office market is only 1.5 million sqm. After a period of intensive construction in earlier years, only 95,000 sqm of new space were completed in 2003 and 2004. In 2004 the volume of new rentals exceeded the production of new space for the first time since the mid-1990's, which led to a moderate decline in vacancy rates. Top rents currently range from EUR 16 to EUR 17, but an increase in prices and general market recovery is expected over the mid-term.

Retail and residential markets

Hungary has roughly 4.1 million apartments for a total population of 10.1 million, which represents the average size of households in the west. A unique feature of the Hungarian residential market is the relation of condominium to rental apartments - extensive privatisation during the 1990's has created a situation where roughly 91% of all apartments are condominiums and the rental market is underdeveloped. Given the general decline in the size of the population, market activities now focus primarily on quality features. The retail trade is also profiting from the improvement in purchasing power, which has encouraged a steady stream of new retail operators to enter the market.

Developments

IMMOEAST significantly expanded its activities in Hungary during 2004/05. Investments of EUR 1.7 million in 2003/04 were followed by a total of EUR 95.3 million for the reporting year. Revenues nearly doubled from EUR 4.8 million to EUR 8.0 million, and fair value EBIT totalled EUR 13.2 million. The fair value of property as of the balance sheet date was EUR 173.2 million, or 105% higher than the comparable value for the previous year.

KEY DATA ON HUNGARY

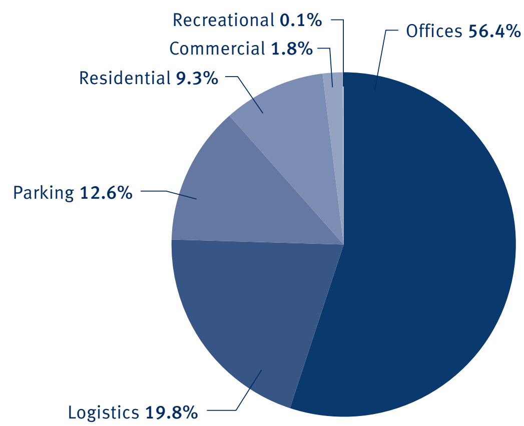
	2004/05	Change in %	2003/04
Revenues in EUR mill.	8.0	66.7	4.8
Fair value EBIT in EUR mill.	13.2	312.5	3.2
Investments in EUR mill.	95.3	5,505.9	1.7
Letable space in sqm	668,907	8.1	618,591
Proportional share of letable space in sqm	247,300	45.9	169,528
Letable space as a %of the total portfolio	34.8	-18.5	42.7
Fair value in EUR mill.	173.2	105.2	84.4
Fair value as a % of the total portfolio	26.7	-14.7	31.3

OVERVIEW OF PROPERTIES IN BUDAPEST

Number of properties by district

SECTOR DISTRIBUTION OF THE HUNGARIAN PORTFOLIO

as of 30.4.2005



INVESTMENTS IN 2004/05

West Gate Business Park: This office property has 18,000 sqm of letable space and was completed in 2004. It is located 12 km west of Budapest in a flourishing commercial and industrial zone. The tenants include well-known companies such as Johnson & Johnson, Goodyear Dunlop and KTM Motorcycle.

Szepvölgyi Business Park: The newly constructed Szepvölgyi Business Park is located in Obuda, the 3rd District of Budapest in the north-west of the city. The 15,500 sqm are fully rented to companies like Samsung and Xerox as well as the Saudi Arabian embassy.

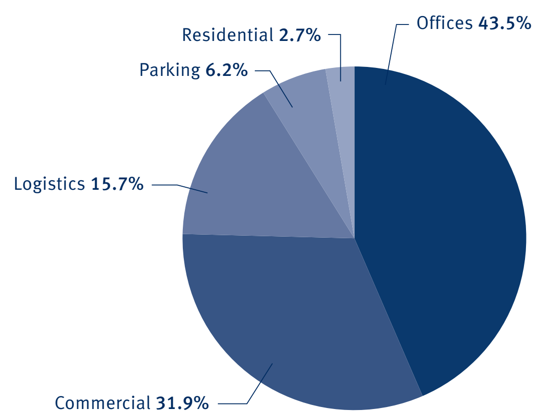
Above: **Globe 3:** This office building is situated at a prime location near the Arpad Bridge. It has 8,000 sqm of space, which is almost entirely rented to companies such as Group 4 Falck.

Below, left: **Europe Business Tower:** The first-class office building near the Danube River has modern, flexible space and was acquired during the second quarter of the reporting year. Although completion is only scheduled for spring 2006, negotiations are now in progress with potential tenants. Excellent traffic connections and close proximity to the subway make this property particularly attractive.

Below, right: **Pharmapark Logistics Centre:** This logistics park is located between the M1 and M7 motorways, 9 km from the Budapest city centre and 22 km from the international airport. The facility has 14,600 sqm of space, which is fully rented to companies such as Novartis, Bayer, Cemelog and Schering.

Poland

SECTOR DISTRIBUTION OF THE POLISH PORTFOLIO
as of 30.4.2005



Economic recovery

The economic upturn that began during 2003 culminated in growth of 5.3% for 2004, but momentum slowed during the second half of the year. A strong rise in exports helped to significantly reduce the balance of trade deficit. However, structural weakness held the unemployment rate at a high 19.1%. Forecasts show a stabilisation in the inflation rate and further increase in exports, which should support continued recovery over the coming years.

Upturn on the office market

The office market in Poland is concentrated in the capital city of Warsaw and flourishing provincial towns such as Wroclaw and Posnan. The Warsaw office market has 2.2 million sqm of letable space for a population of 1.7 million, and is larger than the comparable markets in Budapest and Prague. After a decline in 2002 and modest recovery in 2003, the volume of new space reached 150,000 sqm in 2004. Strong economic recovery has triggered a sharp rise in new rentals and lowered the average vacancy rate from 16% to 13%. This trend is expected to continue in the next years, and should lead to a stabilisation of rental prices.

Strong retail and apartment market

The housing market in Poland clearly exceeds the West European level with an average of three persons per household - only 25% of the apartments are occupied by singles. Parallel to the general improvement in living standards, forecasts also call for a massive

KEY DATA ON POLAND

	2004/05	Change in %	2003/04
Revenues in EUR mill.	1.8	1,700.0	0.1
Fair value EBIT in EUR mill.	5.5	1,275.0	0.4
Investments in EUR mill.	82.6	550.4	12.7
Letable space in sqm	432,527	-0.8	435,898
Proportional share of letable space in sqm	112,096	154.3	44,072
Letable space as a %of the total portfolio	15.7	41.4	11.1
Fair value in EUR mill.	136.2	241.4	39.9
Fair value as a % of the total portfolio	21.0	41.9	14.8

rise in household formation and an adjustment to West European standards. Over 15% of all apartments are currently substandard, and the growing demand overhang is therefore expected to focus more on quality than quantity.

The retail sector in Poland has become a focal point of interest by investors. The rapid improvement in living standards and subsequent rise in consumption have made shopping malls and speciality shopping centres attractive investment targets, not only in Warsaw but also in densely populated areas such as the Slask region.

Developments

IMMOEAST invested EUR 82.6 million in Poland during the reporting year, which raised the total weighting of properties in this country to 21% of the company's portfolio. Revenues increased from EUR 0.1 million to EUR 1.8 million, and fair value EBIT reached EUR 5.5 million. Investments and lasting increases in the value of existing properties raised the fair value of the portfolio from EUR 39.9 million in the previous year to EUR 136.2 million for 2004/05.

INVESTMENTS IN 2004/05

Silesia City Centre: This shopping facility is located only a few minutes walk from the city centre of Katowice, the capital of the Upper Slask region, and is scheduled for completion in November 2005. With total letable space of 100,000 sqm and more than 66,000 sqm of letable space, it is comparable to Vienna's Donauzentrum shopping mall. The acquisition of this object from TriGranit, one of the leading property developers in Central Europe, will take place in two steps: the initial investment of 10% will be followed by the purchase of 90% after completion and realisation of an agreed high occupancy rate, which transfers the rental risk to the developer. Over 90% of the space was rented or reserved through contracts by the end of July. The tenants include well-known retailers such as Tesco, C&A and Zara.

Above: **IO-1:** The IO-1 development project with letable space of 30,000 sqm is located in the Mokotow District of Warsaw. Completion is planned for December 2006.

Below, left: **Bokserska Office Centre:** This Warsaw office property was completed in 2003 and has excellent traffic connections near the airport. The 7,100 sqm of space are fully rented.

Below, right: **Bokserska Distribution Centre:** The Bokserska logistics centre adjoins the Bokserska office building. It has 17,500 sqm of letable space, which is also fully rented.

Above: **Cybernetyki Office Centre:** The Cybernetyki Office Centre is situated near the two Bokserska properties, and is also fully rented.

Below, right: **Crown Point:** IMMOEAST also acquired the Crown Point, an office building near the Crown Tower, during the reporting year. This object has 11,000 sqm of space that is rented to international companies such as Commercial Union, Eco Invest and Storck.

Below, left: **Crown Tower:** The Crown Tower in Warsaw was completed at the end of 2004, and is characterised by excellent traffic connections. The 8,500 sqm of space are fully rented to tenants such as Beco Trust and Gerling.

Above: **Lopuszanska Business Park:** This logistics property roughly 7 km outside the Warsaw city centre was completed only several months ago at the start of 2005, but the occupancy rate has already passed 60%. The tenants include recognised international companies like Nestlé.

Below, left: **Galeria Shopping Centre:** IMMOEAST is developing a portfolio of shopping centres in six medium-sized Polish cities (Kalisz, Poznan, Gniezno, Grudziadz, Glogow, Ostrowiec) through a partnership with Heitman Central Europe. These facilities will have roughly 146,000 sqm of total letable space.

Below, right: **Poznan Financial Center:** Through a partnership with Polonia Property L.P., IMMOEAST acquired the Poznan Financial Center. This object is situated in a prime location and has 22,000 sqm of letable space. The occupancy rate has reached nearly 100%, with tenants including international firms such as PriceWaterhouse Coopers and the Arcelor steel company.

Romania

Economic development in Romania has been characterised by strong recovery in recent years, with GDP growth reaching 8.3% in 2004. This momentum is expected to slow somewhat in the coming years, but still exceed the West European average. The Romanian real estate market is viewed as underdeveloped, but does have potential in a number of sectors.

The office market in Bucharest

The Romanian capital of Bucharest has roughly 2 million residents and 460,000 sqm of office space. Although the supply of new space has increased in recent years, the demand overhang is still massive. The production of 80,000 sqm of new space in 2004 was contrasted with rentals of 130,000 sqm. This situation triggered a decline in vacancy rates and increase in rental prices over the comparable values for Central Europe.

Retail and residential markets

The housing market in Romania – and above all in Bucharest – is characterised by substandard quality and a low supply of new space. The average household size of three persons significantly exceeds the West European average. Extensive privatisation measures in the early 1990's prevented the establishment of a functioning rental market in this sector. The steady growth in real incomes has also led to greater demand for more and better quality space. The interest of international investors in retail objects has been reserved because of weak consumer spending, but rising income levels are expected to reverse this trend in the near future.

OBJECTS IN THE ROMANIA PORTFOLIO

Country	City	Property	Acquired	Total-usable space in sqm
RO	Bucharest	Global Business Center	2004	13,688
RO	Bucharest	Iride Business Park	2004	85,586
RO	Bucharest	Otopeni	2004	14,746

Developments

In addition to numerous investments on core markets in Central Europe, market entry into Romania represented a highlight of IMMOEAST activities in 2004/05. A total of EUR 102.8 million were invested during the reporting year to acquire three objects in Bucharest. Revenues reached EUR 6.7 million and fair value EBIT totalled EUR 4.3 million. The fair value of property equalled EUR 106.4 million as of the balance sheet date.

KEY DATA ON ROMANIA*	2004/05
Revenues in EUR mill.	6.7
Fair value EBIT in EUR mill.	4.3
Investments in EUR mill.	102.8
Letable space in sqm	114,020
Proportional share of letable space in sqm	106,433
Letable space as a %of the total portfolio	15.0
Fair value in EUR mill.	106.4
Fair value as a % of the total portfolio	16.4

* Market entry during the reporting year

INVESTMENTS IN 2004/05

Above: **Iride Business Park:** This property (stages I and II) was acquired during the first quarter of the 2004/05 Business Year and has 55,000 sqm of letable space, which comprise 35,000 sqm of offices and 20,000 sqm of warehouses. The property is fully rented to prominent western companies such as Raiffeisen Bank, Procter & Gamble and Nestlé. The third stage of expansion is currently in progress, and covers 30,000 sqm of space in three buildings. One building has already been completed and fully rented. The other two are scheduled to open at the end of 2005, and pre-letting is excellent.

Below, left: **Otopeni:** This 38,520 sqm property on a prime site adjacent to Otopeni International Airport was acquired during the second quarter of the reporting year. The project offers excellent opportunities for development. It will have letable space of 14,700 sqm on completion in 2006, consisting of 10,700 of offices and 4,000 sqm of warehouse space. A large number of rental contracts have already been signed.

Below, right: **Global Business Center:** This office building was completed during the previous year and acquired in November. The site offers good traffic connections in the heart of Bucharest. It is fully rented to a telecommunications company through a long-term contract.

Other IMMOEAST Markets

In addition to the countries described in detail in this report, IMMOEAST started activities in Russia and Slovakia during 2004/05 and also entered the Bulgarian market in June 2005. The real estate markets in these three countries are generally considered to be in a phase of expansion or development. IMMOEAST again followed its proven market entry strategy by first acquiring stakes in strong partners to acquire local know-how, and will only make direct investments at a later date.

Russia

The development of the Russian economy has significantly outpaced West European countries in recent years. However, the 10% target that would allow for a doubling of GDP by 2010 was not met in 2004.

The large number of sub-markets makes the Russian real estate market difficult to define. Up to now, international investors have limited their activities to the office sector in Moscow or St. Petersburg. Forecasts for the Moscow office market call for the production of 400,000 to 500,000 sqm of new space in 2005, with a slight decline in demand. The vacancy rate for new projects should remain low at 5% to 6%.

In the spring of 2005 IMMOEAST acquired two first-class office buildings in Moscow through its investment in Fleming Family & Partners Russia Real Estate, the leading Russian property investment company. The Gogolevsky Boulevard 11 office building has 11,000 sqm of letable space and is fully rented to international companies such as KPMG, General Motors, Delta Airlines and the International Monetary Fund. The Lesnaya Street 3 property is also fully let to the Coalco aluminium giant as well as prominent retail firms. IMMOEAST plans to increase its activities in this country during the coming months because of the enormous potential inherent in the Russian market.

Slovakia

Economic recovery in Slovakia was reflected in a GDP increase of 5.5% for 2004. This momentum is expected to continue during the coming years.

An office market has started to develop in the capital of Bratislava, despite the small size of the city. It is characterised by a clear improvement in the quantity and quality of new space as well as increasing professionalism on the part of owners. The residential sector experienced a temporary overheating in the period before EU accession, above all in the border regions.

IMMOEAST entered the Slovakian market during the reporting year through its investment in Heitman, and acquired the Bratislava Business Center. This office complex has 55,000 sqm of letable space in three buildings, whereby roughly 34,000 sqm are currently under construction. The completed space is fully rented.

Bulgaria

Strong economic recovery was reflected in a 5.6% GDP increase for 2004, which represents the highest rate of growth since the early 1990's. The continued stabilisation of the economic, political and legal environment is expected to result in an increase in the number of international companies on the Bulgarian market, and also lead to higher demand for office space. The residential market should profit from a general improvement in income levels over the next years as well as a shortfall of housing that meets the current quantity and quality demands of the market.

IMMOEAST entered this emerging market after the close of the reporting year by purchasing a stake in Prime Property BG. The company's portfolio currently includes an office building in the capital city of Sofia and an apartment project on the Black Sea coast.

Consolidated Financial Statements of IMMOEAST IMMOBILIEN ANLAGEN AKTIENGESELLSCHAFT

IMMOEAST Immobilien Anlagen AG

Consolidated Balance Sheet as of 30 April 2005

with comparison to prior year

ASSETS	Note	30 April 2005 in TEUR	30 April 2004 in TEUR
Property	(4.1)	486,449.6	136,820.8
Other tangible assets	(4.2)	1,487.7	867.0
Intangible assets and goodwill	(4.3)	2,220.9	-930.0
Shares in associated companies	(4.4)	25,169.9	35,075.7
Other financial instruments	(4.5)	65,928.7	22,466.4
Receivables and other assets	(4.6)	3,155.1	0.0
Deferred tax assets	(4.13)	8,137.6	4,064.4
Non-current assets		**592,549.5**	**198,364.3**
Receivables and other assets	(4.6)	29,405.0	11,582.8
Available-for-sale securities	(4.7)	0.0	28,015.9
Cash and cash equivalents		58,811.7	30,922.7
Current assets		**88,216.7**	**70,521.5**
ASSETS		**680,766.2**	**268,885.8**

SHAREHHOLDERS´ EQUITY AND LIABILITIES

Share capital		59,294.2	29,647.1
Capital reserves		286,559.9	127,724.7
Retained earnings and consolidated profit		28,918.0	5,700.5
Currency translation adjustment		5,799.5	121.8
		380,571.6	163,194.1
Minority interests		1,699.5	0.0
Shareholders' Equity	**(4.8)**	**382,271.1**	**163,194.1**
Long-term financial liabilities	(4.9)	152,049.2	78,891.9
Trade accounts payable	(4.10)	301.4	216.0
Other liabilities	(4.12)	2,977.1	333.0
Deferred tax liabilities	(4.13)	44,058.3	9,681.7
Non-current liabilities		**199,386.0**	**89,122.6**
Short-term financial liabilities	(4.9)	60,597.7	3,983.7
Trade accounts payable	(4.10)	12,283.5	3,124.7
Provisions	(4.11)	2,190.4	1,063.9
Other liabilities	(4.12)	24,037.5	8,396.8
Current liabilities		**99,109.1**	**16,569.1**
SHAREHOLDERS´ EQUITY AND LIABILITIES		**680,766.2**	**268,885.8**

The following Notes to the Consolidated Financial Statements form an integral part of this Consolidated Balance Sheet.

IMMOEAST Immobilien Anlagen AG

Consolidated Income Statement

with comparison to prior year

IAS 40 – COST MODEL	Note	2004/05 in TEUR	2003/04 in TEUR
Revenues	**(5.1)**	**25,401.5**	**9,944.0**
Other operating income	(5.2)	21,553.0	1,258.8
Depreciation and amortisation		-18,250.2	-2,747.7
Expenses related to properties	(5.3)	-7,775.2	-1,636.7
Other operating expenses	(5.4)	-11,129.7	-4,699.6
Operating profit (EBIT)		**9,799.4**	**2,118.8**
Net financing costs		-3,790.4	-1,826.6
Income/(loss) on financial investments		25,283.2	8,259.3
Share of profit/(loss) from associated companies		-4,641.9	-136.5
Financial results	**(5.5)**	**16,850.9**	**6,296.2**
Earnings before tax (EBT)		**26,650.3**	**8,415.1**
Income taxes	(5.6)	-2,635.0	-2,485.2
Net profit for the period		**24,015.3**	**5,929.9**
Equity holders of the parent company		**23,985.2**	**5,929.9**
Minority interest		**30.1**	**0.0**
Earnings per share in EUR	**(8.2)**	**0.53**	**0.22**

The following Notes to the Consolidated Financial Statements form an integral part of this Consolidated Income Statement.

Consolidated Income Statement according to the Fair Value Model

with comparison to prior year

IAS 40 – FAIR VALUE MODEL	2004/05 in TEUR	2003/04 in TEUR
Revenues	**25,401.5**	**9,944.0**
Revaluation of investment property (IAS 40)	22,621.3	4,252.8
Other operating income	21,553.0	1,258.8
Depreciation and amortisation	-16,331.1	-1,132.2
Expenses related to properties	-7,775.2	-1,636.7
Other operating expenses	-11,129.7	-4,699.6
Operating profit (EBIT)	**34,339.8**	**7,987.1**
Net financing costs	-3,790.4	-1,826.6
Income/(loss) on financial investments	25,283.2	8,259.3
Share of profit/(loss) from associated companies	-4,641.9	-136.5
Financial results	**16,850.9**	**6,296.2**
Earnings before tax (EBT)	**51,190.7**	**14,283.3**
Income taxes	-2,635.0	-2,485.2
Deferred taxes from revaluation (IAS 40)	-4,585.1	-1,509.2
Net profit for the period	**43,970.6**	**10,288.9**
Equity holders of the parent company	**44,019.3**	**10,288.9**
Minority interest	**-48.7**	**0.0**
Earnings per share in EUR	**0.96**	**0.39**

The following Notes to the Consolidated Financial Statements form an integral part of this Consolidated Income Statement.

IMMOEAST Immobilien Anlagen AG

Consolidated Statement of Cash Flows

with comparison to prior year

	2004/05 in TEUR	2003/04 in TEUR
Earnings before tax	26,650.3	8,415.1
Amortisation/reversal of negative goodwill	-1,788.0	1,873.7
Share of profit/(loss) from associated companies	4,641.9	136.5
Gain/(loss) on the sale of non-current assets	-133.7	0.0
Temporary changes in the fair value of financial investments	-25,292.3	-7,647.4
Income taxes paid	-1,056.3	-82.6
Net financing costs	4,345.9	1,214.6
Other non-cash income/(expenses)	-1,864.5	0.0
Gross cash flow	**5,503.3**	**3,909.9**
Receivables and other assets	3,118.4	-7,944.0
Trade accounts payable	645.4	-14,838.8
Provisions (excl. tax provisions)	461.7	-349.5
Other liabilities	3,487.2	-10,543.2
Cash flows from operating activities	**13,216.0**	**-29,765.6**
Acquisition of property	-31,332.5	-11,917.5
Acquisition of property companies less cash and cash equivalents	-97,525.0	-10,837.5
Acquisition of other tangible assets	-983.1	-47.0
Acquisition of intangible assets	-26.4	-38.8
Acquisition of financial assets	-43,891.6	-22,296.7
Acquisition of current assets	0.0	-20,368.5
Proceeds from the sale of current assets	20,368.5	0.0
Proceeds from the sale of non-current assets	859.3	0.0
Proceeds from the sale of financial investments	14,693.5	0.0
Interest income from financial investments	21,237.4	859.0
Cash flows from investing activities	**-116,599.9**	**-64,647.0**
Cash inflows from long-term financing	21,354.8	17,169.7
Cash inflows from capital increases	188,482.2	29,532.2
Repayment of short-term debt	-64,761.2	-2,437.8
Repayment of long-term debt	-5,303.1	-1,040.0
Interest expense	-2,291.4	-1,428.3
Dividends paid	-6,818.8	0.0
Cash flows from financing activities	**130,662.6**	**41,795.8**
Differences arising from foreign currency translation	610.3	-604.0
Change in cash and cash equivalents	**27,889.0**	**-53,220.7**
Cash and cash equivalents at the beginning of the period	30,922.7	84,143.4
Cash and cash equivalents at the end of the period	58,811.7	30,922.7
Change in cash and cash equivalents	**27,889.0**	**-53,220.7**

The following Notes to the Consolidated Financial Statements form an integral part of this Statement of Cash Flows.

IMMOEAST Immobilien Anlagen AG

Statement of Changes in Shareholders' Equity

with comparison to prior year

All amounts in TEUR	Share capital	Capital reserves	Retained earnings	Cumulative translation adjustment	Minority interests	Total
Balance on 30 April 2003	**137.3**	**127.702.4**	**-53.1**	**-509.1**	**0.0**	**127,277.5**
Fair value reserve	–	–	-106.7	–	–	-106.7
Hedging reserve	–	–	-69.6	–	–	-69.6
Net income recognised directly in equity	**–**	**–**	**-176.3**	**–**	**–**	**-176.3**
Net profit for 2004	–	–	5.929.9	–	–	5,929.9
Total recognised income and expense for the period	**–**	**–**	**5.753.6**	**–**	**–**	**5,753.6**
Capital increase	4,941.2	25,200.0	–	–	–	30,141.2
Capital increase from internal funds	24,568.6	-24,568.6	–	–	–	0.0
Cost of capital increase	–	-609.0	–	–	–	-609.0
Currency translation adjustment	–	–	–	630.9	–	630.9
Balance on 30 April 2004	**29,647.1**	**127,724.7**	**5,700.5**	**121.8**	**0.0**	**163.194.1**
Negative goodwill	–	–	4,088.5	–	–	4,088.5
Adjusted balance as of 1 May 2004	**29,647.1**	**127,724.7**	**9,788.9**	**121.8**	**0.0**	**167,282.6**
Fair value reserve	–	–	3,189.6	–	–	3,189.6
Deferred tax assets/liabilities recognised directly in equity	–	–	-811.9	–	–	-811.9
Net income recognised directly in equity	**–**	**–**	**2,377.6**	**–**	**–**	**2,377.6**
Net profit for 2005	–	–	23,985.2	–	30.1	24,015.3
Total recognised income and expense for the period	**–**	**–**	**26,362.9**	**–**	**30.1**	**26,392.9**
Capital increase	29,647.1	163,058.9	–	–	–	192,706.0
Cost of capital increase	–	-4,223.8	–	–	–	-4,223.8
Dividends	–	–	-6,818.8	–	–	-6,818.8
Currency translation adjustment	–	–	–	5,819.4	42.5	5,861.9
Changes in shareholders´ equity of associates	–	–	-415.0	-141.7	–	-556.6
Additions to consolidation range	–	–	–	–	1,626.9	1,626.9
Balance on 30 April 2005	**59,294.2**	**286,559.9**	**28,918.0**	**5,799.5**	**1,699.5**	**382,271.1**

The following Notes to the Consolidated Financial Statements form an integral part of this Statement of Changes in Equity.

Statement of Changes in Non-Current Assets

All amounts in TEUR	Balance on 1 May 2003	Changes in the consolidation range	Currency translation differences	Historical Cost Additions	Disposals
Land, rights to land and buildings, and buildings on land owned by third parties	85,986.4	39,029.3	-2,557.0	13,946.1	0.0
Prepayments and properties under construction	0.0	2,262.1	4.5	485.0	0.0
Properties	**85,986.4**	**41,291.4**	**-2,552.6**	**14,431.1**	**0.0**
Machinery and equipment	0.7	0.0	0.0	0.0	0.0
Other equipment, fixtures and furniture	2,112.3	0.0	-57.6	47.0	0.0
Other tangible assets	**2,113.0**	**0.0**	**-57.6**	**47.0**	**0.0**
Other intangible assets	72.4	0.0	-2.4	0.0	-18.3
Intangible assets	**72.4**	**0.0**	**-2.4**	**0.0**	**-18.3**

All amounts in TEUR	Balance on 1 May 2004	Changes in the consolidation range	Currency translation differences	Historical Cost Additions	Disposals
Land, rights to land and buildings, and buildings on land owned by third parties	136,463.5	279,014.9	16,834.4	3,163.5	-1,368.5
Prepayments and properties under construction	2,743.4	33,833.5	947.3	25,910.5	-91.1
Properties	**139,206.9**	**312,848.5**	**17,781.7**	**29,074.1**	**-1,459.7**
Other equipment, fixtures and furniture	2,102.4	100.7	56.5	151.1	-81.8
Prepayments made	0.0	0.0	-12.3	816.2	0.0
Other tangible assets	**2,102.4**	**100.7**	**44.3**	**967.3**	**-81.8**
Other intangible assets	1.1	2,187.7	153.1	4.8	-0.2
Intangible assets	**1.1**	**2,187.7**	**153.1**	**4.8**	**-0.2**

The following Notes to the Consolidated Financial Statements form an integral part of this Statement of Changes in Non-Current Assets.

		Accumulated Depreciation						Carrying Amounts	
Reclassification	Balance on 30 April 2004	Balance on 1 May 2003	Currency translation differences	Disposals	Reclassification	Depreciation for the current year	Balance on 30 April 2004	30 April 2004	30 April 2003
58.7	136,463.5	877.8	-128.3	0.0	26.7	1,615.5	2,391.6	134,071.9	85,108.6
-8.2	2,743.4	0.0	-5.5	0.0	0.0	0.0	-5.5	2,748.9	0.0
50.6	**139,206.9**	**877.8**	**-133.8**	**0.0**	**26.7**	**1,615.5**	**2,386.1**	**136,820.8**	**85,108.6**
-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
0.7	2,102.4	455.1	-15.2	0.0	0.0	795.5	1,235.4	867.0	1,657.2
0.0	**2,102.4**	**455.1**	**-15.2**	**0.0**	**0.0**	**795.5**	**1,235.4**	**867.0**	**1,657.9**
-50.6	1.1	46.5	-1.2	-18.4	-26.7	0.2	0.4	0.7	25.9
-50.6	**1.1**	**46.5**	**-1.2**	**-18.4**	**-26.7**	**0.2**	**0.4**	**0.7**	**25.9**

		Accumulated Depreciation						Carrying Amounts	
Reclassification	Balance on 30 April 2005	Balance on 1 May 2004	Currency translation differences	Disposals	Reclassification	Depreciation for the current year	Balance on 30 April 2005	30 April 2005	30 April 2004
21,186.2	455,294.0	2,391.6	647.7	-801.7	0.0	7,814.5	10,052.1	445,241.9	134,071.9
-22,131.0	41,212.6	-5.5	10.4	0.0	0.0	0.0	4.9	41,207.7	2,748.9
-944.9	**496,506.6**	**2,386.1**	**658.1**	**-801.7**	**0.0**	**7,814.5**	**10,057.0**	**486,449.6**	**136,820.8**
0.0	2,328.9	1,235.4	44.3	-24.1	0.0	389.6	1,645.2	683.7	867.0
0.0	804.0	0.0	0.0	0.0	0.0	0.0	0.0	804.0	0.0
0.0	**3,132.9**	**1,235.4**	**44.3**	**-24.1**	**0.0**	**389.6**	**1,645.2**	**1,487.7**	**867.0**
21.5	2,368.1	0.4	2.0	0.7	0.0	144.1	147.2	2,220.9	0.7
21.5	**2,368.1**	**0.4**	**2.0**	**0.7**	**0.0**	**144.1**	**147.2**	**2,220.9**	**0.7**

Segment Reporting

Segmentation by Region

All amounts in TEUR	Hungary		Czech Republic	
	2004/05	2003/04	2004/05	2003/04
Revenues from property rental/leasing	7,016.1	3,941.4	6,748.4	3,554.5
Operating costs charged to tenants	799.4	804.6	2,143.5	964.3
Other revenues	191.6	28.6	24.7	149.2
Revenues	**8,007.1**	**4,774,5**	**8,916.6**	**4,668.0**
Depreciation and amortisation	-2,166.2	-1,101.8	-2,064.5	-1,556.0
Operating profit (EBIT)	**664.8**	**2,120.9**	**5,673.8**	**1,266.3**
Financial results				
Earnings before tax (EBT)				
Thereof share of profit/(loss) from joint ventures	0.0	0.0	1,739.4	27.3
Thereof share of profit/(loss) from associated companies	-418.9	-114.2	-4,223.0	-22.3
Segment assets	**198,826.2**	**58,367.6**	**166,141.8**	**86,467.4**
Thereof share of profit/(loss) from associated companies	9,046.9	9,434.1	16,123.0	25,641.6
Liabilities	**115,282.6**	**42,415.9**	**103,284.1**	**59,125.8**
Investments	**95,298.8**	**1,729.0**	**71,173.4**	**38,015.6**

	Poland		Romania		Other and Group Elimininations		IMMOEAST Group	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
	1,612.8	89.8	4,950.9	0.0	0.0	0.0	20,328.2	7,585.6
	148.9	0.0	1,763.3	0.0	0.0	0.0	4,855.1	1,768.9
	1.9	0.0	0.0	0.0	0.0	411.6	218.2	589.5
	1,763.6	**89.8**	**6,714.2**	**0.0**	**0.0**	**411.6**	**25,401.5**	**9,944.0**
	-411.6	-23.2	-1,968.3	0.0	0.0	-66.8	-6,610.7	-2,747.7
	1,930.8	**-10.7**	**4,560.7**	**0.0**	**-3,030.7**	**-1,257.7**	**9,799.4**	**2,118.8**
							16,850.9	6,296.3
							26,650.3	**8,415.1**
	-1,104.8	0.0	0.0	0.0	70.6	0.0	705.2	27.3
	0.0	0.0	0.0	0.0	0.0	0.0	-4,641.9	-136.5
	158,844.2	**12,796.6**	**113,386.0**	**0.0**	**43,568.0**	**111,254.2**	**680,766.2**	**268,885.8**
	0.0	0.0	0.0	0.0	0.0	0.0	25,169.9	35,075.7
	125,523.2	**12,826.4**	**71,878.0**	**0.0**	**-117,472.7**	**-8,676.4**	**298,495.2**	**105,691.7**
	82,621.5	**12,717.7**	**102,779.1**	**0.0**	**-9,950.3**	**-2,816.5**	**341,922.5**	**49,645.9**

Segment Reporting
Segmentation by Sector

	2004/05			2003/04		
All amounts in TEUR	**Revenues**	**Investments**	**Assets**	**Revenues**	**Investments**	**Assets**
Offices	16,557.8	192,425.9	317,088.5	6,819.8	36,928.2	106,024.3
Logistics/Commercial	7,398.4	149,496.6	169,361.1	2,134.1	12,717.7	27,219.8
Recreation/Hotel	0.0	0.0	0.0	646.0	0.0	3,576.8
Residential	879.6	0.0	0.0	38.3	0.0	0.0
Parking	565.6	0.0	0.0	305.8	0.0	0.0
Total	**25,401.5**	**341,922.5**	**486,449.6**	**9,944.0**	**49,645.9**	**136,820.9**
Shares in associated companies			25,169.9			35,075.7
Investments in other companies			50,073.3			17,737.3
Other assets			119,073.4			79,252.0
Total Group assets			**680,766.2**			**268,885.8**

Notes

1. General Principles

1.1. Introduction

IMMOEAST IMMOBILIEN ANLAGEN AG (hereafter IMMOEAST AG) maintains its registered headquarters in A-1010 Vienna, Bankgasse 2. The business activities of the IMMOEAST Group include the acquisition and development of properties, above all in Central and Eastern Europe, as well as the sale, commercial utilisation and management of properties to optimise asset management.

The company's share has traded in the standard market segment of the Vienna Stock Exchange since 12 December 2003 and in the Prime Market Segment since 21 March 2005.

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) that required mandatory application as of the balance sheet date. IFRS comprise the new IFRS issued by the International Accounting Standards Board (IASB) and International Accounting Standards (IAS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC).

The IASB amended 13 existing IAS standards as part of the so-called "Improvement Project", and also issued revised versions of IAS 32 and IAS 39 in December 2003. Furthermore, the IASB issued other amendments and new regulations during the first half of 2004. These new or amended standards generally apply to business years that begin on or before 1 January 2005, whereby early application is recommended. IMMOEAST AG applied most of these new or amended standards earlier (see 1.2).

These consolidated financial statements were prepared pursuant to the Austrian Consolidated Financial Statements Act, which was issued in March 1999. As set forth in this law, parent companies that prepare consolidated financial statements in accordance with internationally recognised accounting standards and also issue a Group management report are released from the obligation to provide consolidated financial statements in keeping with the requirements of the Austrian Commercial Code.

The annual financial statements of all fully consolidated Austrian and foreign companies were audited by independent certified public accountants and awarded unqualified opinions. The correct transition from the annual financial statements prepared under national requirements to IFRS financial statements that meet Group guidelines was also verified.

In accordance with IAS 27.26, the balance sheet date for the consolidated financial statements is the same as the balance sheet date of the parent company. The balance sheet dates for the annual financial statements of all fully consolidated companies are the same as the balance sheet date for the consolidated financial statements.

The principle of fair presentation was observed in preparing the consolidated financial statements. The asset, financial and earnings positions as well as cash inflows and cash outflows of the company provide a true and fair view of the actual situation and events.

The consolidated financial statements are presented in thousand EURO ("TEUR", rounded). The use of automatic data processing equipment can lead to rounding differences in the addition of rounded amounts or percentage rates.

1.2. Overview of applied standards and interpretations

Given the large number of new standards and generally permitted early application of these standards, the following table provides an overview of the regulations applied by IMMOEAST AG in preparing the consolidated financial statements as of 30 April 2005:

Standard	Application	Standard	Application	Interpretation	Application
IFRS 1	n.a.	IAS 23	as of 2000/01	SIC-7 to IAS 21	n.a.
IAS 1	up to 2003/04	IAS 24	up to 2003/04	SIC-10 to IAS 20	n.a.
IAS 1 (revised 2003)	as of 2004/05*	IAS 24 (revised 2003)	as of 2004/05*	SIC-12 to IAS 27	n.a.
IFRS 2	n.a.	IAS 26	n.a.	SIC-13 to IAS 31	n.a.
IAS 2	n.a.	IAS 27	up to 2003/04	SIC-15 to IAS 17	as of 2000/01
IAS 2 (revised 2003)	as of 2004/05*	IAS 27 (revised 2003)	as of 2004/05*	SIC-21 to IAS 12	n.a.
IFRS 3	as of 2004/05*	IAS 28	up to 2003/04	SIC-25 to IAS 12	n.a.
IFRS 4	n.a.	IAS 28 (revised 2003)	as of 2004/05*	SIC-27 to IAS 1/17/18	as of 2000/01
IFRS 5	n.a.	IAS 29	n.a.	SIC-29 to IAS 1	n.a.
IAS 7	as of 2000/01	IAS 30	n.a.	SIC-31 to IAS 18	n.a.
IAS 8	up to 2003/04	IAS 31	up to 2003/04	SIC-32 to IAS 38	n.a.
IAS 8 (revised 2003)	as of 2004/05*	IAS 31 (revised 2003)	as of 2004/05*	IFRIC to IAS 16/37	n.a.
IAS 10	up to 2003/04	IAS 32	up to 2003/04		
IAS 10 (revised 2003)	as of 2004/05*	IAS 32 (revised 2003)	as of 2004/05*		
IAS 11	n.a.	IAS 33	up to 2003/04		
IAS 12	as of 2000/01	IAS 33 (revised 2003)	as of 2004/05*		
IAS 14	as of 2000/01	IAS 34	as of 2000/01		
IAS 15 **	n.a.	IAS 35	n.a.		
IAS 16	as of 2000/01	IAS 36	up to 2003/04		
IAS 16 (revised 2003)	n.a.	IAS 36 (revised 2004)	as of 2004/05*		
IAS 17	up to 2003/04	IAS 37	as of 2000/01		
IAS 17 (revised 2003)	as of 2004/05*	IAS 38	up to 2003/04		
IAS 18	as of 2000/01	IAS 38 (revised 2004)	as of 2004/05*		
IAS 19	as of 2000/01	IAS 39	up to 2003/04		
IAS 20	as of 2000/01	IAS 39 (revised 2003)	as of 2004/05*		
IAS 21	up to 2003/04	IAS 40	as of 2000/01		
IAS 21 (revised 2003)	as of 2004/05*	IAS 40 (revised 2003)	n.a.		
IAS 22 ***	up to 2003/04	IAS 41	n.a.		

* new; ** cancelled without replacement; *** replaced by IFRS 3; n.a. = not applied / not applicable

In contrast to the previous depreciation method, IAS 16 and consequently also the new version of IAS 40 now require the separate capitalisation and depreciation of components of major assets as stated in IAS 16.43 and IAS 40.56. This component approach leads to a different allocation of the purchase price for the individual components of an asset over their individual useful lives. Since the allocation of existing properties – because of their number and value – is connected with considerable expense and high costs for expert opinions, management has decided not to apply IAS 16 und IAS 40 earlier.

2. Basis of Consolidation

2.1 Consolidation methods

In accordance with IFRS 3, which was applied together with IAS 36 and IAS 38 as of 1 May 2004, all business combinations must be accounted for using the purchase method of accounting. This method calls for the elimination of the investment and equity at the point of purchase through the offset of the purchase price with the revalued proportional share of net assets in the acquired company. All identifiable assets, liabilities and contingent liabilities of the subsidiary are stated at their full fair value, independent of any minority interest. Intangible assets must be shown separately from goodwill, if they are separable from the company or result from a contractual or other right. Provisions for restructuring may not be created during the allocation of the purchase price. Any remaining differences are capitalised as goodwill. Negative differences arising from the initial consolidation are recognised immediately to the income statement. Any negative goodwill that arose or existed prior to 30 April 2004 was offset against reserves as required by IFRS 3.81.

In accordance with IFRS 3 and in connection with IAS 36, capitalised goodwill has not been amortised since 1 May 2004. In place of this amortisation, goodwill is subject to an impairment test once each year or on an interim basis if there are any signs of a decrease in value. If the carrying value of a cash generating unit to which goodwill has been allocated should fall below its recoverable amount, goodwill is reduced by the amount of the difference through an extraordinary write-down. Any remaining difference is reflected in a proportional reduction of the carrying value of the other non-current assets.

Joint ventures are included at their proportional share according to the same general principles described above.

All receivables and liabilities, revenues, other income and expenses from the provision of goods and services between companies consolidated at 100% or their proportional share are eliminated. All intergroup profits were eliminated.

For associated companies consolidated at equity, the difference resulting from the elimination of the investment and equity is determined according to the same general principles used for fully consolidated companies. The carrying values of assets and liabilities as well as the amount of revenues and expenses were determined in accordance with IAS 28.20 on a uniform basis as required by IFRS. For associated companies with a different balance sheet date, financial statements were prepared at a balance sheet date within three months from the balance sheet date used by IMMOEAST AG in accordance with IAS 28.25. Major transactions were reflected in a proportional adjustment of results included in the consolidated financial statements.

2.2 Consolidation range

An overview of the Group companies of IMMOEAST AG is included at the end of the notes.

The consolidation range was determined in keeping with the principles of IAS 27.12. In addition to IMMOEAST AG, the consolidated financial statements include six domestic and 18 foreign subsidiaries in which IMMOEAST AG directly or indirectly holds the majority of shareholder voting rights or exercises legal or actual control.

In accordance with IAS 31, two domestic and 29 foreign companies were included in the consolidation using the proportional method. Two companies and one consolidated sub-group are included in the consolidated financial statements at equity.

Through syndicate agreements concluded with other shareholders for the joint management of businesses in accordance with IAS 31.3 in connection with IAS 31.9, IMMOEAST AG does not exercise control in some companies despite its majority holding (see Group companies of IMMOEAST AG).

The consolidation range changed during the reporting year as follows:

Consolidation range	Fully consolidated	Proportionate consolidation	Associates
Balance on 30 April 2004	**9**	**11**	**3**
Newly consolidated	16	23	0
Disposal through merger	0	-3	0
Balance on 30 April 2005	**25**	**31**	**3**
Thereof foreign companies	18	29	3

2.3 Changes in the consolidation range

The following acquisitions made during the 2004/05 Business Year were consolidated for the first time:

Name of Company	Share	Consolidation Method
IRIDE S.A.	100%	V
Westgate Kft.	100%	V
Globe 3 Kft.	100%	V
Szepvölgyi Business Park Kft.	100%	V
Gordon Invest Kft.	100%	V
S+B CEE Project srl	50%	Q
S+B CEE Cyprus Ltd.	50%	Q
KIP Development spol.s.r.o.	50%	Q
Global Trust srl	100%	V
ABLO Property s.r.o.	90%	V
IO-1 Building Sp. Z.o.o.	100%	V
Atom Centrum a.s.	50%	Q
IMAK CEE B.V.	56.6%	Q
ARE 1 Sp. z.o.o.	56.6%	Q
ARE 2 Sp. z.o.o.	56.6%	Q
ARE 3 Sp. z o.o.	56.6%	Q
ARE 4 Sp. z o.o.	56.6%	Q
ARE 5 Sp. z.o.o.	56.6%	Q
ARE 7 Sp. z.o.o.	56.6%	Q
Flex Invest Sp. z.o.o.	56.6%	Q
Central Bud Sp. z o. o.	56.6%	Q
Secure Bud Sp. z.o.o.	56.6%	Q
Al Sp.z.o.o.	56.6%	Q
Atlantis Sp.z.o.o.	56.6%	Q
Ol Sp.z.o.o.	56.6%	Q
Omega Invest Sp.z.o.o.	56.6%	Q
SAS Inter Kft.	56.6%	Q
IMAK Finance B.V.	56.6%	Q
Akron Finance Kft.	56.6%	Q
UKS GmbH	56.6%	Q
I-E-H Immoeast Holding GmbH	100%	V
I-E-H Holding GmbH	100%	V
ImmoPoland Sp. z o.o.	100%	V
ARE 6 Sp. z.o.o.	46%	Q
Zitna Building s.r.o.	100%	V
Immoeast Silesia Holding Ltd.	100%	V
Immoeast Real Estate Holding Ltd.	100%	V
IMMOEAST Acquisition & Management GmbH	100%	V
ProEast Holding GmbH	100%	V

V = Full consolidation; Q = Proportional consolidation

The purchase of 100% of the shares in IRIDE S.A. (Romania) as of 13 May 2004 resulted in the takeover of the IRIDE Business Park with 55,000 sqm of letable space. Roughly 35,000 sqm are occupied by offices, and a further 20,000 sqm represent warehouse space. An additional 30,000 sqm are scheduled for completion by the end of 2005.

Further acquisitions include 100% of the shares in the Hungarian Westgate Kft. on 2 July 2004 and 100% of the shares in Globe 3 Kft. on 13 July 2004. The West Gate Business Park has 12,500 sqm of usable space, and the object is fully rented to international tenants. A further 5,500 sqm of office and warehouse space has been completed, and is now partly rented. The prime state-of-the-art Globe 3 office project has 7,900 sqm of letable space and is located in the 3rd District of Budapest.

All shares in the Hungarian Szepvölgyi Business Park Kft. were acquired as of 5 August 2004. This object is situated at a central location on the Buda side of the 3rd District of Budapest and has 15,399 sqm of usable space.
As of 6 August 2004 IMMOEAST AG purchased all shares in the Hungarian Gordon Invest Kft., which owns the Europe Tower project. This object has 24,500 sqm of usable space on 16 stories and is located directly at the Arpad Bridge. This prime site is not only close to the Danube River, but also near the most important office and shopping district in Budapest.
During the second quarter of the 2004/05 Business Year, IMMOEAST AG completed an acquisition on the Bucharest property market through its 50% holding in S+B CEE. The purchase of S+B CEE Project srl in Romania also included a 38,520 sqm-large property directly adjacent to Otopeni International Airport. A project with 14,700 sqm of letable space, comprising 10,700 sqm of offices and 4,000 sqm of warehouses, will be realised here by 2006.
Through I-E-H Immoeast Holding GmbH, IMMOEAST Beteiligungs GmbH acquired 100% of the shares in the Romanian Global Trust srl during the third quarter of the 2004/05 Business Year. This transaction expanded the property portfolio of IMMOEAST AG to include the Global Business Center in Bucharest, which has 10,600 sqm of usable space.
90% of the shares in ABLO Property s.r.o. were acquired as of 3 December 2004. This firm owns the Westpoint Distribution Park in the west of Prague, which has 61,237 sqm of letable space.
All shares in the Polish IO-1 Building Sp. z o.o. were purchased as of 9 December 2004. This company is constructing a modern office and commercial building in Warsaw with 29,823 sqm of usable space.
A further 45% stake was acquired in Atom Centrum a.s., Czech Republic, during the third quarter of 2004/05. The investment was then consolidated at a proportional share of 50%.
IMMOEAST AG acquired a 56.6% stake in the property portfolio of the joint venture partner Akron Investment Central Eastern Europe B.V with Crown Point, an office property in Warsaw with 6,620 sqm of usable space, and Central Bud Sp.z.o.o. with Crown Tower, another office building with 4,827 sqm, of usable space as of 30 April 2005 through IMAK CEE B.V. and its associate IMAK Finance B.V. and in exchange for the transfer of investments and shareholder loans to ARE 3 Sp.z.o.o., ARE 4 Sp.z.o.o. and Flex Invest Sp.z.o.o. This transaction includes the operating companies Omega Sp.z.o.o. with the Bokserska Distribution Park and Bokserska Office Center, Atlantis Sp.z.o.o., with Cybernetiki and Sasinter Kft. with the Pharma Park in Budapest. The first joint project was the purchase of the Lopuszanska Distribution Park together with Secure Bud Sp.z.o.o.
In accordance with IFRS 3.36, newly acquired companies are included in the consolidation for the first time as of the date of acquisition, when control over net assets and business activities has been transferred.

The acquisition of companies and resulting initial consolidations had the following impact on the consolidated balance sheet:

All amounts in TEUR	**30 April 2005**	**30 April 2004**		**30 April 2005**	**30 April 2004**
Non-current assets	360,252	38,930	Equity	219,344	10,986
Current assets	24,710	543	Non-current liabilities	117,955	19,803
			Current liabilities	47,663	8,684
	384,962	**39,473**		**384,962**	**39,473**

The following table shows the pro rata values for companies included in the consolidated financial statements at their proportional share:

All amounts in TEUR	**30 April 2005**	**30 April 2004**		**30 April 2005**	**30 April 2004**
Non-current assets	156,542	48,994	Equity	56,822	17,702
Current assets	11,848	3,385	Non-current liabilities	87,766	31,113
			Current liabilities	23,802	3,564
Total	**168,390**	**52,379**		**168,390**	**52,379**

All amounts in TEUR	**2004/05**	**2003/04**
Revenues	4,988.5	4,668.0
Operating profit	2,543.5	1,266.3
Financial results	-1,838.3	-1,239.0
Income before tax	**705.2**	**27.3**

In accordance with IFRS 3.70, information on pro-forma results is not provided for reasons of practicality.

2.4 Foreign currency translation

The individual Group companies record foreign currency transactions at the average exchange rate in effect on the date of the event. Monetary assets and liabilities denominated in foreign currencies are translated on the balance sheet date at the average exchange rate in effect on this date. Any resulting foreign exchange gains or losses are recognised to the income statement for the reporting year.

The Group currency is the EURO. In accordance with IAS 21 and the functional currency concept, assets and liabilities, goodwill and any valuation adjustments resulting from the initial consolidation of these companies are translated at the average exchange rate on the balance sheet date. Income statement items are translated at the weighted average exchange rate for the reporting year. Any resulting foreign exchange gains or losses are recorded to the currency translation reserve under equity, with no effect on the income statement. The following exchange rates were used for foreign currency translation:

	HUF	CHF	PLN	CZK	ROL	CYP
Balance sheet rate on 30 April 2005	252.51000	1.53740	4.27150	30.49900	36,180.00000	0.58180
Average rate	248.72000	1.54142	4.37586	31.28200	39,224.20000	0.58156
Balance sheet rate on 30 April 2004	251.15000	1.55110	4.81080	32.54300	40,424.00000	0.58650

3. Accounting and Valuation Principles

3.1 Intangible assets

In accordance with IAS 38, intangible assets are recorded at cost less ordinary amortisation and any impairment losses. All intangible assets with the exception of goodwill have an identifiable useful life, and are therefore reduced by ordinary amortisation. Ordinary amortisation is calculated according to the straight-line method, based on the following useful lives:

	Useful life in years
Other intangible assets	3 – 25

Intangible assets include no items that were internally generated.

In accordance with IFRS 3, which was applied for the first time in the reporting year, goodwill is no longer amortised at regular intervals but subject to an impairment test once each year or on an interim basis if there are signs of a loss in value. In preparation for this impairment test, goodwill is allocated to the various cash generating units. The need to record an impairment charge to a cash generating unit is determined by comparing the carrying value of the asset with its recoverable amount. If the recoverable amount falls below the carrying value, the difference must be reflected in an extraordinary write-down. Any remaining difference is distributed among the other assets of the cash generating unit in proportion to their carrying values.

For goodwill, the carrying value of the cash generating unit is increased by the carrying value of the goodwill. This total is compared with the recoverable amount of the cash generating unit. A negative difference leads to an extraordinary write-down of this goodwill. Newly acquired project companies normally generate positive goodwill through the recording of deferred tax liabilities on the re-valued properties. The asymmetrical valuation of these deferred tax liabilities, which in contrast to the other acquired net assets may not be discounted according to IFRS 3.57b in connection with IFRS 3.B16 (i) and IAS 12.53, results in goodwill being a technical figure that is subject to an impairment test at the point of acquisition. The outcome of this valuation concept is an impairment charge due to the fact that this goodwill results from the recognition of a deferred tax liability consequently, goodwill was impaired.

3.2 Property and other tangible assets

Investment properties comprise all objects that are held to generate rental revenue or long-term increases in value and are not used in production, for administrative purposes or for sale as part of the ordinary business activities of the company.

Property is valued in accordance with the cost model, in keeping with an option set forth in IAS 40. As required by this model, property is valued at cost less ordinary straight-line depreciation and any impairment losses. Other tangible assets are carried at cost less depreciation according to IAS 16.

As additional information, an income statement is prepared in accordance with the fair value method (see 7.). Details on valuation are provided under point 4.1.

Depreciation is calculated beginning in the month of acquisition.

Government grants are recorded as a reduction of cost after a binding commitment is received.

Financing costs are capitalised in accordance with IAS 23.

Ordinary straight-line depreciation on depreciable tangible assets is based on the following useful lives:

	Useful life in years
Property (buildings)	25 – 50
Other tangible assets	4 – 10

3.3 Leasing
In accordance with IAS 17, the allocation of a leased asset to the lessor or lessee is based on the transfer of all material risks and rewards incident to ownership of the asset.

Assets obtained through financing leases are capitalised at the fair value or lower present value of the minimum lease payments, and amortised over the shorter of the presumed useful life or term of the lease agreement. Payments required on operating leases are recognised to the income statement in equal instalments over the term of the lease.

3.4 Financial instruments
Investments in other companies are stated at fair value. If this amount cannot be determined reliably, such investments are reported at acquisition cost less any impairment losses.

Loans granted are generally recorded at cost or the lower present value as of the balance sheet date.

Securities reported under non-current assets and investments in other companies are classified as available-for-sale in keeping with IAS 39, and recorded at their fair value or market value as of the balance sheet date. The initial valuation is made as of the settlement date. Fluctuations in fair value are charged or credited to equity with no effect on the income statement; these changes are only recognised to the income statement in the event of impairment or when the securities are sold.

3.5 Receivables and other assets
Receivables and other assets are stated at nominal value. Recognisable individual risks are reflected in appropriate valuation adjustments.

3.6 Available-for-sale securities
Securities recorded under current assets are classified as available-for-sale in keeping with IAS 39, and shown at their fair value or market value as of the balance sheet date. All purchases and sales are recorded on the date the asset is transferred. Fluctuations in fair value are recognised to the income statement.

3.7 Cash and cash equivalents
Cash on hand and deposits with financial institutions are recorded at their actual value as of the balance sheet date.

3.8 Impairment of assets
In accordance with IAS 36 all assets, in particular intangible assets with an indeterminate useful life as well as goodwill, are subject to a regular impairment test. This test is generally performed individually for each asset. The impairment test is only performed on the smallest group of assets, the cash generating unit, in cases where cash inflows cannot be directly allocated to a specific asset and an individual valuation is therefore not possible.

The cash generating unit is the smallest identifiable group of assets to generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The relevant standard for the impairment test according to IAS 36 is the recoverable amount. This figure is the higher of an asset's fair value less costs to sell and its value in use. If the carrying value of an asset exceeds its recoverable amount, the difference is reflected in an impairment charge.

Fair value less costs to sell represents the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction at normal market conditions between knowledgeable and willing parties less the costs of disposal. The costs of disposal are incremental costs directly attributable to the disposal of an asset or cash generating unit, excluding financing costs.

Value in use is the present value of estimated future cash flows that are expected to arise from the continuing use of an asset or cash generating unit.

Any necessary impairment write-down is recognised to the income statement. If there is an indication that an impairment loss may no longer exist or may have decreased, the impairment loss is reversed to the carrying amount that would have been determined (net of amortisation or depreciation) if no impairment loss had been recognised in prior years.

3.9 Deferred taxes
In accordance with the balance sheet liability method required by IAS 12, deferred taxes are calculated on all temporary differences

between the carrying amount of an asset or liability in the IFRS consolidated financial statements and its tax base in the individual company financial statements. This calculation includes probable realisable tax benefits from existing tax loss carry-forwards.

For Austrian companies, the calculation of deferred taxes is based on a corporate tax rate of 25% (2003/04: 34%). The relevant local tax rate is used for foreign companies.

In accordance with IAS 1.51, deffered taxes are now classified solely by term under non-current assets or non-current liabilities.

3.10 Financial liabilities

Liabilities are recorded at the amount of funds received less transaction costs. Any premium, discount or other difference (e.g. costs for the procurement of funds) between the amount received and the repayment amount is allocated over the term of the financing according to the effective interest rate method and recorded under financial results.

3.11 Provisions and other liabilities

In accordance with IAS 37.14, an obligation arising from past events whose timing or amount is uncertain is recorded as a provision when it becomes probable that an outflow of resources will be required to settle this obligation. The provision is based on the best estimate possible at the time the financial statements are prepared.

3.12 Contingent liabilities

Contingent liabilities represent possible or existing obligations that arise from past events and it is not probable that an outflow of resources will be required to settle the obligation. In accordance with IFRS 3, contingent liabilities are only recorded on the balance sheet if they were obtained in connection with the acquisition of a company and fair value at the point of acquisition can be measures with sufficient reliability.

3.13 Revenue recognition

Revenues from the rental of property are recognised during the appropriate period as called for by the rental agreement.

3.14 Estimates

In preparing the Group financial statements, it is necessary to estimate certain figures (for example, with respect to the parameters for property valuation) and make assumptions that influence the recording of assets and liabilities, the declaration of other obligations as of the balance sheet date, and the recording of revenues and expenses during the reporting period. The actual figures that become known at a later time may differ from these estimates.

4. Notes to the Balance Sheet

Detailed information on the development of fixed and financial assets is provided on the Statement of Changes in Non-Current Assets. The effect of changes in the consolidation range is shown separately. Also shown separately are currency translation differences, which result from the translation of assets by foreign companies using different exchange rates at the beginning and end of the year.

4.1 Property

The development of property is shown on the Statement of Changes in Non-Current Assets, which forms an integral part of these consolidated financial statements.

Property owned by the IMMOEAST Group was appraised as of 30 April 2005 by an independent Valuation Committee of three court-certified experts. This valuation was based on the discounted cash flow method, which conforms to the principles of International Valuation Standards. The calculations are based on a valuation period of ten years; at the end of this period, a perpetual yield is computed in keeping with a growth discount. Potential risks are incorporated in the discounted cash flow. The discount factors vary between the different property markets and were determined based on expert opinions. The fair value of the property portfolio developed as follows:

All amounts in EUR mill	Fair value of property held as financial investments (IAS 40)[1]	Fair value of property under construction[2]	Fair value of other property[3]	Fair value of Total fair value
Balance on 30 April 2003	**79.7**	**22.6**	**47.7**	**150.0**
Additions	49.4	2.9	63.6	115.9
Increases/decreases in value	3.9	0.3	-0.3	3.9
Balance on 30 April 2004	**133.0**	**25.8**	**111.0**	**269.8**
Additions	309.0	36.3	42.9	388.2
Disposals	0.0	0.0	-45.0	-45.0
Increases/decreases in value	15.7	5.0	15.1	35.8
Balance on 30 April 2005	**457.7**	**67.1**	**124.0**	**648.8**

1) Additions resulting from the acquisition of property classified as financial investments (IAS 40) represent the following objects:

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CZ, Prague,Westpoint Distribution Park	PL, Warsaw, Crown Point
H, Budapest, Globe 3	PL, Warsaw, Crown Tower
H, Budapest, Pharma Park	PL, Warsaw, Cybernetyki Office Center
H, Budapest, Szepvölgyi Business Park	PL, Warsaw, Lopuszanska
H, Budapest, Westgate Business Park	RO, Bucharest, Global Business Center
PL, Warsaw, Bokserska Distribution Park	RO, Bucharest, Iride Business Park
PL, Warsaw, Bokserska Office Center	CZ, Prague, Pankrac House

2) Properties under development or construction are generally valued at cost in accordance with IAS 16. Major projects as of the balance sheet date on 30 April 2005 were as follows:

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CZ, Prague, VITEK	PL, Warsaw, IO-1 Building
H, Budapest, Europe Tower	RO, Bucharest, Otopeni
H, Budapest, Lentia Real - Xenter 13	

3) Investments in other companies are recorded under other financial assets in accordance with IAS 39 (4.5). Objects shown under 'other property' are stated at the proportional share fair value, or the proportional share of acquisition cost if purchased close to the balance sheet date.
Properties acquired through investments in other companies include the Bratislava Business Center in Slovakia and the Poznan Financial Center in Poland as well as the Gogolevsky Boulevard and Lesnaya Street objects in Russia.
The property portfolios of associated companies consolidated at equity were also appraised by the independent Valuation Committee as of the balance sheet date. These stakes were recorded as additions to investments in other companies at their proportional share, or in keeping with any different agreements for the distribution of profit.

Land, rights to land and buildings, and buildings on land owned by third parties include land with a value of TEUR 97,861.4 (2003/04: TEUR 43,957.1).

The carrying value of tangible assets pledged as collateral for long-term debt totalled TEUR 400,280.0 (2003/04: TEUR 104,480.9). Liens of TEUR 386,736.5 (2003/04: TEUR 84,646.5) are recorded in land registers.

An impairment charge of TEUR 1,740.7 was recorded to the object owned by Global Trust srl in 2003/04.

Interest expense of TEUR 100.7 (2003/04: 0) on debt was capitalised during the reporting year in accordance with IAS 23.11.

4.2 Other tangible assets

Details on the development of these assets are shown on the Statement of Changes in Non-Current Assets, which forms an integral part of these consolidated financial statements.

Other tangible assets are comprised primarily of furniture, fixtures and office equipment as well as machinery and equipment located in the individual properties.

4.3 Intangible assets and goodwill

Details on the development of this item (with the exception of goodwill – see following table) are shown on the Statement of Changes in Non-Current Assets, which forms an integral part of these consolidated financial statements. Intangible assets are comprised primarily of a construction right in Constanta, Romania.

If goodwill arises on an acquisition, the carrying value of the cash generating unit is increased by the amount of this goodwill. The total is subsequently compared with the recoverable amount of the cash generating. Any negative difference is reflected in an extraordinary write-down to goodwill. Newly acquired project companies normally generate positive goodwill through the recording of deferred tax liabilities on the re-valued properties. The asymmetrical valuation of these deferred tax liabilities, which in contrast to other acquired net assets may not be discounted according to IFRS 3.57b in connection with IFRS 3.B16 (i) and IAS 12.53, results in goodwill being a technical figure that is subject to an impairment test at the point of acquisition and the outcome of this valuation concept is an impairment charge.

During the reporting year an impairment of TEUR 9,898.8 was recognised to existing and new goodwill in accordance with IFRS 3.54. The development of goodwill is as follows:

Development of goodwill	**All amounts in TEUR**
Cost as of 30 April 2004	3,432.0
Accumulated amortisation as of 30 April 2004	-389.2
Carrying value as of 30 April 2004	**3,042.8**
Additions	6.834.1
Currency translation differences	21.9
Impairment	-9,898.8
Carrying value as of 30 April 2005	**0.0**

Negative goodwill (as defined by IFRS 3.56, the excess of the acquisition price paid for an investment in a company over net assets in the acquired company – hereafter referred to as negative goodwill for reasons of simplicity) arising from business combinations that were completed prior to the reporting year was credited on the opening balance sheet reserves in accordance with IFRS 3.81; the relevant amount equalled TEUR 4,088.5. In the current business year, newly acquired negative goodwill will require a new assessment of the purchase price allocation in accordance with IFRS 3.56 (a). The remaining surplus of acquired net assets over the purchase price must be recognised to the income statement in accordance with IFRS 3.56 (b). The resulting difference of TEUR 20,035.0 was recorded under other operating income.

The development of negative goodwill is as follows:

Development of negative goodwill	**All amounts in TEUR**
Cost as of 30 April 2004	-4,014.5
Accumulated reversal as of 30 April 2004	40.9
Carrying value as of 30 April 2004	**-3,973.6**
Currency translation differences	-114.9
Offset against reserves as per IFRS 3.81	4,088.5
Additions	-20,035.0
Reversal with recognition to the income statement	20,035,0
Carrying value as of 30 April 2005	**0.0**

4.4 Shares in associated companies

Development of shares in associated companies

All amounts in TEUR	**2004/05**	**2003/04**
Cost as of 1 May	**34,053.0**	**31,292.6**
Additions	0.0	2,760.4
Disposals	-4,707.2	0.0
Cost as of 30 April	**29,345.8**	**34,053.0**
Carrying value as of 1 May	**35,075.7**	**31,286.6**
Additions	0.0	2,760.4
Disposals	-4,707.2	0.0
Changes in the associates equity	-556.6	1,165.2
Share of profit/(loss)	-4,642.0	-136.5
Carrying value as of 30 April	**25,169.9**	**35,075.7**

Shares in associated companies include a 45% stake in Mester Park Kft. and Mester Park Ost Bt and a 25% stake in European Property Group Ltd.

The proportional canges in the associates equity, which were included in the consolidated financial statements in accordance with IAS 28.11, covers a hedging reserve of TEUR -414.9 (2003/04: TEUR -69.6) from the consolidated financial statements of European Property Group Ltd. as well as currency translation differences of von TEUR -141.7 (2003/04: TEUR 1,234.9).

4.5 Other financial instruments

All amounts in TEUR	**Investments in other companies**	**Non-current securities**	**Other loans granted**	**Total**
Cost as of 1 Mai 2004	**17,898.9**	**3.1**	**4,726.0**	**22,628.0**
Additions	30,528.7	0.0	18,145.6	48,674.3
Disposals	-1,846.4	-3.1	-8,136.8	-9,986.3
Currency translation differences	63.6	0.0	1,120.6	1,184.2
Cost as of 30 April 2005	**46,644.8**	**0.0**	**15,855.4**	**62,500.2**
Carrying value as of 30 April 2004	**17,737.3**	**3.1**	**4,726.0**	**22,466.4**
Carrying value as of 30 April 2005	**50,073.3**	**0.0**	**15,855.4**	**65,928.7**

Investments in other companies represent the stakes in Heitman Central Europe Property Partners II, Polonia Property Fund L.P., Heitman Central Europe Property Partners III and FF & P Russia Real Estate Limited, a holding in Nowe Centrum s.a. and an atypical silent partner investment in “Wienerberg City” Errichtungsgesellschaft m.b.H. With the exception of the stake in FF&P Russia Real Estate Limited, which was purchased during the reporting year, all other investments are classified as available-for-sale and increases or decreases in value are recorded under equity. The stake in FF&P Russia Real Estate Limited was recorded as a financial asset on acquisition in accordance with IAS 39, and any changes in value will be recognised to the income statement. An increase of TEUR 400.6 to the value of this investment was recognised in 2004/05.

Other loans granted include a mezzanine loan of TEUR 15,855.4 provided to Nowe Centrum Sp.z.o.o.

4.6 Receivables and other assets

All amounts in TEUR	30 April 2005	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2004
Trade accounts receivable					
- Rents receivable	2,900.3	2,900.3			1,101.7
Accounts receivable from joint venture partners	**2,712.4**	**349.4**	**2,363.0**		**247.0**
Accounts receivable from parent company	**0.1**	**0.1**			**7,801.3**
Other receivables and assets					
- Financing	10,665.6	10,646.7	13.5	5.4	65.1
- Fiscal authorities (transaction taxes)	7,012.1	7,012.1			414.6
- Fiscal authorities (income taxes)	163.3	163.3			0.0
- Property management	85.8	85.8			261.2
- Accrued interest	49.4	49.4			48.7
- Insurance	183.7	180.5	3.2		10.8
- Administrative duties	1,121.7	1,121.7			0.0
- Commissions	528.6	483.5	30.3	14.7	0.0
- Miscellaneous	7,137.1	6,412.2	442.5	282.5	1,632.4
	32,560.1	**29,405.0**	**2,852.5**	**302.6**	**11,582.8**

4.7 Available-for-sale securities

In 2003/04 this item included TEUR 28,015.9 of shares in Globe Trade Centre S.A. These shares were sold in November 2004.

4.8 Shareholders´ equity

The development of equity in the IMMOEAST Group is shown on the Statement of Changes in Shareholders´ equity, which forms an integral part of these consolidated financial statements.

The share capital of IMMOEAST IMMOBILIEN ANLAGEN AG equalled EUR 59,294,160.00 as of 30 April 2005. It is divided into 59,294,160 non-par value shares.

The classification of shares as of 30 April 2005 is as follows:

	Number of shares 30 April 2005	Share capital in EUR 30 April 2005	Number of shares 30 April 2004	Share capital in EUR 30 April 2004
Registered shares	2	2	2	2
Bearer shares	59,294,158	59,294,158	29,647,078	29,647,078
Total	**59,294,160**	**59,294,160**	**29,647,080**	**29,647,080**

The fifth Annual General Meeting of IMMOEAST AG on 17 September 2004 approved an increase of EUR 29,647,080 in share capital from EUR 29,647,080 to EUR 59,294,160.00 through the issue of 29,647,080 bearer shares. Authorised capital was also increased by 29,647,080 new bearer shares of stock, with or without subscription rights.

The fifth Annual General Meeting also approved the distribution of a EUR 0.23 dividend per share.
In accordance with § 130 Par. 2 of the Austrian Stock Corporation Act, the share premium includes TEUR 233,568.3 (2003/04: TEUR 70,509.3) of appropriated reserves.

The capital increase carried out during the 2004/05 Business Year generated a premium of TEUR 163,058.9. Issue costs of TEUR 4,223.8 were charged to the share premium account after the deduction of taxes.

The increase in retained earnings was comprised of net profit for the 2004/05 Business Year as well as an increase of TEUR 2.377,6 from the valuation of available-for-sale assets. The proportional inclusion of equity components in Group equity as part of equity accounting procedures is explained under 4.4.

4.9 Financial liabilities

All amounts in TEUR	30 April 2005	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2004
Amounts due to financial institutions	212,326.9	60,597.7	61,442.5	90,286.7	82,875.6
Other financial liabilities	320.0	0.0	320.0	0.0	0.0
Total	**212,646.9**	**60,597.7**	**61,762.5**	**90,286.7**	**82,875.6**

The key conditions of financial liabilities are as follows:

All amounts in TEUR	Currency	Nominal value	Interest rate fixed/variable	Effective interest rate
Amounts due to financial institutions				
Loans and advances	EUR	258,097.7	variable	3.93%
	CHF	14,550.7	variable	2.10%
	USD	10,477.1	variable	1.87%

Foreign currency differences of TEUR 9,243.5 (2003/04: TEUR 1,348.4) were recognised to the income statement under financial results and TEUR 174.4 (2003/04: TEUR 0) under operating results.

4.10 Trade accounts payable

All amounts in TEUR	30 April 2005	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2004
Trade accounts payable	12,584.9	12,283.5	301.4	0.0	3,340.7
Total	**12,584.9**	**12,283.5**	**301.4**	**0.0**	**3,340.7**

4.11 Provisions

Provisions were created primarily for taxes as well as auditing and consulting costs. This item developed as follows during the reporting year:

Other Provisions

All amounts in TEUR	2004/05	2003/04
Balance on 1 May	**1,063.9**	**881.7**
Use	-893,3	-791.4
Reversal	-480.0	-0.4
Creation	1,840.2	759.1
Foreign currency differences	39.7	-3.7
Change in consolidation range	619.9	218.6
Balance on 30 April	**2,190.4**	**1,063.9**
Thereof current	2,190.4	1,063.9

Other provisions include TEUR 649.2 (2003/04: TEUR 633.6) of provisions for taxes.

4.12 Other liabilities

All amounts in TEUR	30 April 2005	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2004
Amounts due to Group companies	13,997.6	13,997.6			6,675.3
Advance rental and lease prepayments	2,873.4	2,210.4	291.5	371.5	127.0
Fiscal authorities (transaction taxes)	483.0	483.0			316.3
Fiscal authorities (income taxes)	251.4	251.4			0.0
Property management	17.4	17.4			8.3
Miscellaneous	9,391.8	7,077.8	1,190.2	1,123.8	1,603.0
Total	**27,014.6**	**24,037.5**	**1,481.8**	**1,495.3**	**8,729.9**

4.13 Deferred taxes

Through an agreement dated 29 April 2005, the major Austrian companies have joined together in a group as defined in § 9 of the Austrian Corporate Tax Act as set forth in the Austrian Tax Act. The parent company, IMMOEAST AG, will serve as the head of the group. Taxable income earned by the individual members of the group will be allocated to the head of the group after an offset against any (individual company) losses. A tax charge was included in the group contract as settlement for the transfer of taxable income.

On 6 May 2004 the Austrian Parliament approved a reduction in the corporate tax rate from 34% to 25% beginning in 2005. In accordance with International Financial Reporting Standards, the deferred taxes were calculated based on the current rate of 25%.

Deferred tax assets and liabilities as of 30 April 2005 and 30 April 2004 are the result of the following timing differences in valuation or accounting treatment between carrying values in the IFRS consolidated financial statements and the related tax bases. Furthermore, deferred tax assets were created for tax loss carry-forwards.

	30 April 2005		30 April 2004	
All amounts in TEUR	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Property	60.8	38,494.5	0.0	6,775.4
Other financial assets	3,426.2	1,830.4	821.8	2,800.5
Total	**3,487.0**	**40,324.9**	**821.8**	**9,575.9**
Financial liabilities	900.6	3,733.4	29.2	105.8
Total	**900.6**	**3,733.4**	**29.2**	**105.8**
Tax loss carry-forwards	3,750.0	0.0	3,213.4	0.0
Net sum of deferred tax assets and liabilities	**8,137.6**	**44,058.3**	**4,064.4**	**9,681.7**

5. Notes to the Income Statement

5.1 Revenues

Detailed information on revenues is presented by region (primary segmentation) and sector (secondary segmentation) under segment reporting, which forms an integral part of these consolidated financial statements.

In accordance with the management approach defined by IAS 14, the primary segments of business reflect the internal reporting structure of the company.

Rental revenues are classified by sector as follows:

All amounts in TEUR	2004/05	%	2003/04	%
Offices	13,250.8	65.19%	5,202.3	68.58%
Logistics/commercial	5,920.7	29.13%	1,628.0	21.46%
Recreation/hotel	0.0	0.00%	492.8	6.50%
Residential	703.9	3.46%	29.2	0.39%
Parking	452.5	2.23%	233.3	3.08%
Rental income	**20,327.9**	**100.00%**	**7,585.6**	**100.00%**
Operating costs charged on to tenants	4,855.1		1,768.9	
Other revenues	218.5		589.5	
Total	**25,401.5**		**9,944.0**	

5.2 Other operating income

All amounts in TEUR	2004/05	2003/04
Reversal of negative goodwill	20,035.0	874.0
Reversal of provisions	480.0	0.4
Insurance compensation	0.4	0.0
Miscellaneous	1,037.6	384.4
Total	**21,553.0**	**1,258.8**

5.3 Expenses related to properties

All amounts in TEUR	2004/05	2003/04
Operating costs charged on	5,295.6	1,118.1
Valuation adjustments to receivables	612.9	62.6
Commissions	385.6	118.3
Other regular expenses	328.0	71.1
Maintenance	280.5	255.1
Vacancies	51.3	11.5
Other directly allocated expenses	821.3	0.0
Total	**7,775.2**	**1,636.7**

5.4 Other operating expenses

All amounts in TEUR	2004/05	2003/04
Administration	4,552.4	1,854.9
Legal, auditing and consulting fees	2,090.9	631.1
Taxes and duties	864.3	523.0
Commissions	509.3	2.3
Advertising	209.8	216.9
Rental and leasing expenses	88.9	41.7
Miscellaneous	2,814.1	1,429.7
Total	**11,129.7**	**4,699.6**

5.5 Financial results

All amounts in TEUR	2004/05	2003/04
Interest and similar income	1,635.6	1,418.7
Interest and similar expenses	-5,426.0	-3,245.3
Net financing costs	**-3,790.4**	**-1,826.6**
Profit/(loss) on financial instruments and proceeds on the disposal of financial instruments	13,916.1	8,259.3
Currency translation differences	9,243.5	0.0
Share of profit/loss) from investments in other companies	2,123.7	0.0
Profit/(loss) on financial instruments	**25,283.2**	**8,259.3**
Share of profit/(loss) from associated companies	**-4,641.9**	**-136.5**
Financial results	**16,850.9**	**6,296.2**

Income from investments in other companies includes a distribution of TEUR 1,376.1 from Heitman Central Europe Property Partners II .

5.6 Income taxes

This item includes income taxes paid or owed by Group companies and provisions for deferred taxes.

All amounts in TEUR	2004/05	2003/04
Income tax expense	-1,031.0	-128.3
Deferred taxes	-1,604.0	-2,356.9
Total	**-2,635.0**	**-2,485.2**

The difference between theoretical income tax expense and actual income expense as shown on the income statement is due to the following factors:

All amounts in TEUR	**2004/05**		**2003/04**	
Earnings before tax	**26,650.3**		**8,415.1**	
Income tax expense at current tax rate	**-8,261.6**	**31.0%**	**-2,861.1**	**34.0%**
Different tax rates	2,440.9	-9.2%	147.2	-1.7%
Changes in tax rates	277.6	-1.0%	416.5	-4.9%
Amortisation of goodwill/reversal of negative goodwill	2,534.1	-9.5%	182.8	-2.2%
Non-deductible expenses	-1,689.2	6.3%	0.0	0.0%
Tax-free income	2,052.2	-7.7%	0.0	0.0%
Valuation adjustments to deferred taxes	-78.6	0.3%	0.0	0.0%
Effects related to other periods and other non-temporary differences	89.6	-0.3%	-370.5	4.4%
Effective tax rate	**-2,635.0**	**9.9%**	**-2,485.1**	**29.5%**

This calculation was performed in accordance with the transition rules defined in § 26c Nr. 2 of the Austrian Income Tax Act of 1988 as set forth in the Austrian Tax Reform Act of 2005, which allow companies with differing business years to allocate taxable income to the periods before and after 31 December 2004. The old 34% tax rate is used up to 31 December 2004, and the new 25% tax rate is used beginning on 1 January 2005. An average based on the relevant number of months resulted in a tax rate of 31% for IMMOEAST AG.

6. Notes to the Statement of Cash Flows

The Statement of Cash Flows for the IMMOEAST Group shows the changes in cash and cash equivalents resulting from the inflow and outflow of funds during the reporting year. The Statement of Cash Flows distinguishes between cash flows from operating activities, investing activities, and financing activities. Cash flow from operating activities is calculated using the indirect method in accordance with IAS 7.18 (b). Cash and cash equivalents of TEUR 6,055.9 are attributable to companies consolidated on a proportional basis. All information required by IAS 7 is provided in the statement of cash flows. The following assets and liabilities were acquired through the purchase of property companies, and are stated at present value:

All amounts in TEUR	**2004/05**	**2003/04**
Cash and cash equivalents	7,590.9	148.2
Intangible assets (excluding goodwill)	2,187.7	0.0
Financial assets	3,410.8	0.0
Receivables and other assets	25,425.8	394.7
Deferred tax assets	4,078.4	1,136.8
Property	312,949.2	41,291.4
Financial liabilities	-135,724.2	-20,164.3
Trade accounts payable	-8,585.4	-78.2
Other liabilities	-58,896.4	-4,518.2
Deferred tax liabilities	-31,572.8	-3,726.4
Net assets acquired	**120,864.0**	**14,484.0**
(Negative) goodwill	-13,201.0	-3,498.2
	107,663.0	**10,985.8**
Total purchase price	105,116.0	10,985.8
Less cash and cash equivalents acquired	-7,590.9	-148.2
Net purchase price for property companies	**97,525.1**	**10,837.6**

Acquisitions of property companies totalled TEUR 105,116.0; this amount was paid in cash.
Cash and cash equivalents are comprised of the following:

All amounts in TEUR	**2004/05**	**2003/04**
Liquid funds	58,811.7	30,922.7
Cash and cash equivalents	**58,811.7**	**30,922.7**

Liquidity as shown on the Statement of Cash Flows is comprised solely of cash and cash equivalents

7. IAS 40 – Fair Value Model

IAS 40 provides an option for the reporting of property held as a financial investment, and allows companies to choose between the fair value model and cost model. IMMOEAST AG generally records property at cost less accumulated depreciation. Especially in the international arena, the fair value model is becoming more and more the method of choice. IMMOEAST AG has opted to also present a fair value income statement in the interest of providing the greatest possible transparency following the inclusion of the share of the parent company, IMMOFINANZ IMMOBILIEN ANLAGEN AG, in the GPR 15 Real Time Index and MSCI World Index. In presenting results according to the fair value model, IMMOEAST AG also follows a recommendation by the European Public Real Estate Association (EPRA), an organisation of listed property companies in Europe.

Application of the fair value model and the recognition of changes in fair value to the income statement yield the following:

	Cost model	Fair value model			
in TEUR	**2004/05**	**Expense**	**Income**		**2004/05**
Revenues	**25,401.5**				**25,401.5**
Revaluation of property (IAS 40)			22,621.3	(1)	22,621.3
Other operating income	21,553.0				21,553.0
Depreciation and amortisation	-18,250.2		1,919.1	(2)	-16,331.1
Expenses related to properties	-7,775.2				-7,775.2
Other operating expenses	-11,129.7				-11,129.7
Operating profit (EBIT)	**9,799.4**	**0.0**	**24,540.4**		**34,339.8**
Net financing costs	-3,790.4				-3.790.4
Profit/(loss) on financial instruments	25,283.2				25,283.2
Share of profit/(loss) from associated companies	-4,641.9				-4.641.9
Financial results	**16,850.9**	**0.0**	**0.0**		**16,850.9**
Earnings before tax (EBT)	**26,650.3**	**0.0**	**24,540.4**		**51,190.7**
Income taxes	-2,635.0				-2.635.0
Deferred taxes from revaluation (IAS 40)		-4,585.1		(1) (2)	-4.585.1
Net profit for the period	**24,015.3**	**-4,585.1**	**24,540.4**		**43,970.6**
Equity holders of the parent company	**23,985.2**				**44,019.3**
Minority interests	**30.1**				**-48.7**
Basic and diluted earnings per share in EUR	**0.53**		**0.43**	**(1) (2)**	**0.96**

The revaluation of property (1) resulted in a gain of TEUR 22,621.3. A deferred tax liability of TEUR 4,585.1 was recognised on this income, in keeping with the tax rate applicable for the country in which the property is located.

Ordinary depreciation was cancelled on investment properties (2) that were valued in accordance with the fair value model. In such cases, a provision for taxes was recognised in keeping with the tax rate of the country in which the property is located.

The adjustment of net profit to reflect the fair value model leads to an increase of EUR 0.43 in earnings per share.

The application of the fair value model leads to an increase of TEUR 24,540.4 in EBIT to TEUR 34,339.8 and raises the share of net profit due to equity holders of the parent company from TEUR 23,985.2 to TEUR 44,019.3.

8. Other Information

8.1 Financial instruments

IAS 32 and IAS 39 make a distinction between primary and derivative financial instruments.

Primary financial instruments include investments in other companies that are reported under financial instruments as well as securities and loans granted, trade accounts receivable, available-for-sale securities, deposits with financial institutions, debt and trade accounts payable.

The volume of primary financial instruments held by the Group is shown on the balance sheet.

The maximum credit risk equals the amounts shown under assets on the balance sheet. The risk associated with receivables due from tenants is low because the credit standing of all tenants and customers is reviewed on a regular basis, and no single tenant or customer is responsible for more than 5% of total outstanding receivables. The risk of non-payment associated with other primary or derivative instruments is also low because all financing transactions are concluded with financial institutions that have excellent credit ratings.

Risks associated with interest rate fluctuations are chiefly related to long-term debt and changes in the fair value of derivative instruments. A list of all major interest-bearing liabilities with information on the effective interest rate and remaining term as well as information on existing hedges are provided under Note 4.9.

Foreign exchange risks on liabilities are associated with loans concluded by subsidiaries (see Note 4.9). These obligations are generally offset by rental income, which is calculated monthly based on the euro exchange rate.

The fair value of financial assets and financial liabilities generally reflects the carrying value of the relevant item. The fair values of the remaining primary financing instruments is generally equal to carry values value because these items are payable on demand or short-term in nature

8.2 Earnings per share

In accordance with IAS 33, earnings per share are calculated by dividing net profit for the period by the weighted average number of issued shares.

	2004/05	**2003/04**
Total number of shares	59,294,160	29,647,080
Weighted average number of shares	45,404,706	26,722,984
Net profit in EUR	23,985,286	5,929,895
Earnings per share in EUR	**0.53**	**0.22**

Separate information on diluted earnings per share is not provided because the company has no potentially diluting shares of common stock. In accordance with IAS 33.43, earnings per share for 2003/04 were adjusted to reflect the higher number of shares that resulted from the capital increase in 2003/04.

8.3 Information on the company

The members of the Executive Board and Supervisory Board of IMMOEAST AG are as follows:

EXECUTIVE BOARD:
Karl Petrikovics, CEO
Norbert Gertner, Member

SUPERVISORY BOARD:
Helmut Schwager, Chairman
Wolfgang Reithofer, Vice-Chairman
Christian Böhm
Herbert Kofler
Erhard Schaschl

8.4 Related party transactions

IMMOEAST AG is a subsidiary of IMMOFINANZ IMMOBILIEN ANLAGEN AG, which holds 51% of the shares and voting rights.

The company has concluded an agreement with Constantia Privatbank Aktiengesellschaft, Vienna, for the provision of administrative services (asset management, finance and accounting, management, selection of properties, purchase negotiations etc.). Constantia Privatbank Aktiengesellschaft provides IMMOEAST with a complete infrastructure and personnel.

Payment for the calendar year was set at 1% of new investments and commissioned projects plus 0.60% of existing properties at the beginning of the year. This second component is linked to the consumer price index. In addition, CONSTANTIA PRIVATBANK AKTIENGESELLSCHAFT also receives an annual payment equal to 0.60% of stakes in other companies that are purchased by member companies of the Group.

For the 2004/05 Business Year, CONSTANTIA PRIVATBANK AKTIENGESELLSCHAFT charged administrative fees of TEUR 4,552.4 (2003/04: TEUR 1,854.9) to IMMOEAST AG.

The company also conducts investment and service transactions with the Constantia Privatbank Group and IMMOFINANZ IMMOBILIEN ANLAGEN AG at arm's length conditions. As of the balance sheet date IMMOEAST AG had concluded financing of TEUR 5,339.5 (2003/04: TEUR 7,801.3) with IMMOFINANZ IMMOBILIEN ANLAGEN AG at arm's length conditions.

The Executive Board receives no additional compensation from the company. Plans call for the submission of a motion to the next annual general meeting, which would provide for total remuneration of EUR 97,500 for the members of the Supervisory Board. IMMOEAST AG is included in the consolidated financial statements of IMMOFINANZ IMMOBILIEN ANLAGEN AG; the executive boards of these two companies are identical.

8.5 Subsequent events

A capital increase was completed in June 2005, which raised share capital from EUR 59,294,160 by EUR 88,941,240 to EUR 148,235,400. Prior to this increase, issued capital equalled share capital of EUR 59,294,160. The zero par value shares included two registered shares and 59,294,158 bearer shares. After the capital increase, share capital comprised two registered shares and 148,235,398 bearer shares. The enormous interest of investors led IMMOEAST AG to approve an extension of the issue through a further capital increase from authorised capital on 30 June 2005. A total of 74,117,700 new shares were issued at a price of EUR 6.90 per share.

The Stop Shop specialty shopping centre chain in Hungary was acquired after the end of the reporting year. A number of the 13 locations are completed, and the remainder is under construction or in planning. The locations cover letable space of 120,000 sqm and the investment volume for the acquisition equalled EUR 210 million.

The Olympia shopping centre in Olomouc, Czech Republic, with 31,520 sqm of usable space was purchased for EUR 56 million.

The company took its first step on the booming residential market in the Baltic States through a joint venture with the leading British investor Grainger Trust Plc and a local development partner, Nordic Property Consultants (NPC). Activities will focus on the construction of up to 3,000 apartments in the Latvian capital of Riga and the Estonian capital of Tallinn.

In Bulgaria the company acquired an approx. 20% stake in this country's leading property developer, Prime Property BG REIT (formerly TBI-BAC).

A stake in Eastern Property Holding Ltd., a Russia specialist, was also purchased after the close of the reporting year. This firm holds investments in three major shopping centre chains with more than 15 facilities in Russia.

In Prague, the Airport Business Center was acquired. It is the only office building available to external companies at the international airport in the Czech capital. The facility is fully rented and has 15,300 sqm of usable space.

Major differences between the Austrian Commercial Code and IFRS accounting principles

Fundamental differences

Austrian accounting standards and International Financial Reporting Standards (IFRS) are based on fundamentally different principles. The Austrian Commercial Code places the principle of conservatism and protection of creditors in the foreground, while the primary goal of accounting under IFRS is the provision of appropriate decision-making information for shareholders. For this reason, IFRS places a higher value on the comparability of annual financial statements than the Austrian Commercial Code.

Goodwill

In accordance with IFRS 3 in connection with IAS 36, the IMMOEAST Group has not amortised goodwill on a regular basis since 1 May 2004, but subjects this goodwill to a test once each year or on an interim basis if there are signs of a decrease in value. The Austrian Commercial Code requires the capitalisation and regular amortisation of goodwill or an offset against reserves.

Deferred taxes

IFRS require the creation of deferred taxes on all temporary differences arising between the financial statements prepared for tax purposes and IFRS financial statements; in such cases deferred taxes are calculated based on the current actual tax rate. IFRS also require the calculation of deferred tax assets on tax loss carryforwards that are expected to be realised in the future. The Austrian Commercial Code calls for the creation of provisions for deferred taxes on timing differences if a tax liability is expected to arise when these differences are reversed.

Other provisions

In contrast to the Austrian Commercial Code, IFRS interpret the principle of conservatism differently with respect to provisions. IFRS tend to place stricter requirements on the probability of an event occurring and on estimating the amount of the provision.

Foreign currency valuation

Under IFRS the exchange rate in effect on the balance sheet date is used to translate foreign exchange liabilities; the historical exchange rate in effect on the date of the initial transaction is disregarded. In contrast to Austrian accounting practice, IFRS therefore recognise both unrealised gains and unrealised losses.

Issue costs

In accordance with IAS 32.35, directly allocable external transaction costs associated with a security offering should be recorded as a reduction of equity after the deduction of any related income tax benefits. The Austrian Commercial Code requires these transaction costs to be expensed in their entirety.

Derivative financial instruments

Derivative financial instruments are classified as available-for-sale and carried in the consolidated financial statements at fair value, unless they are held explicitly for hedging purposes. In contrast to the Austrian Commercial Code, derivative financial assets are recorded in the IFRS consolidated financial statements at fair value; Austrian regulations require the use of the cost principle.

Elimination of the investment and equity

Under IFRS 3, business combinations are recorded In accordance with the purchase method. All acquired identifiable assets, liabilities and contingent liabilities are subject to a completely new valuation independent of acquisition price and minority interests. In contrast, the Austrian Commercial Code permits the use of the book value method or re-valuation method for the valuation of newly acquired assets and liabilities.

The consolidated financial statements were completed and signed by the Executive Board of IMMOEAST AG on 20 July 2005.

Vienna, 20 July 2005

The Executive Board of
IMMOEAST IMMOBILIEN ANLAGEN AG

Norbert Gertner	**Karl Petrikovics**
Member	Chairman

The consolidated financial statements of IMMOEAST AG and all relevant documents were filed with the Company Register of the Commercial Court in Vienna under Registry Number 189637d.

Group Companies of IMMOEAST Immobilien Anlagen AG

Company	Headquarters	Share Capital	Currency	Stake	Initial Consolidation	Type of Consolidation
IMMOEAST IMMOBILIEN ANLAGEN AG	Vienna	59,294,160	EUR			
IMMOEAST Beteiligungs GmbH	Vienna	35,000	EUR	100%	22.08.2001	V
Mester Park Kft.	Budapest, H	626,000,000	HUF	45%	31.12.2000	E
Mester Park Ost Bt.	Budapest, H	1,403,000,000	HUF	45%	31.12.2002	E
European Property Group Ltd.	Tortula, BVI	133,902,000	CHF	25%	31.12.2001	E
S+B CEE Beteiligungsverwaltungs GmbH	Vienna	35,000	EUR	50%	01.01.2003	Q
SBF Development Praha, spol.s.r.o.	Prague, CZ	30,600,000	CZK	50%	01.01.2003	Q
ODP Office Development Praha spol.s.r.o.	Prague, CZ	10,700,000	CZK	50%	01.01.2003	Q
WEGE, spol.s.r.o.	Prague, CZ	100,000	CZK	50%	01.01.2003	Q
SB Praha 4, spol.s.r.o.	Prague, CZ	26,532,000	CZK	50%	01.01.2003	Q
RHP Development spol.s.r.o.	Prague, CZ	200,000	CZK	50%	08.01.2003	Q
VERDI Development spol.s.r.o.	Prague, CZ	200,000	CZK	50%	08.07.2003	Q
VALDEK Praha spol.s.r.o.	Prague, CZ	100,000	CZK	50%	16.10.2003	Q
KIP Development spol.s.r.o.	Prague, CZ	200,000	CZK	50%	20.05.2004	Q
I-E-H Immoeast Holding GmbH	Vienna	35,000	EUR	100%	18.09.2004	V
I-E-H Holding GmbH	Vienna	35,000	EUR	100%	15.02.2005	V
I-E Immoeast Real Estate GmbH	Vienna	35,000	EUR	100%	30.04.2004	V
ARE 4 Sp. z.o.o.	Warsaw, PL	50,000	PLN	56,6%	07.12.2004	Q
Central Bud Sp. z.o.o.	Warsaw, PL	50,000	PLN	56,6%	09.12.2004	Q
ImmoPoland Sp. z.o.o.	Warsaw, PL	50,000	PLN	100%	20.01.2005	V
ARE 3 Sp. z.o.o.	Warsaw, PL	50,000	PLN	56,6%	31.01.2005	Q
ARE 6 Sp. z.o.o.	Warsaw, PL	50,000	PLN	46%	03.02.2005	Q
IO-1 Building Sp. z.o.o.	Warsaw, PL	50,000	PLN	100%	09.12.2004	V
IMAK CEE B.V.	Amsterdam, NL	45,000	EUR	56,6%	18.02.2005	Q
Immofinanz Polska Sp.z.o.o.	Warsaw, PL	50,000	PLN	100%	31.03.2004	V
Global Trust srl	Bucharest, RO	20,300,436	ROL	100%	01.01.2005	V
IRIDE S.A.	Bucharest, RO	167,085,431,200	ROL	100%	13.05.2004	V
S+B CEE Project srl	Bucharest, RO	4,000,000	ROL	50%	16.08.2004	Q
S+B CEE Cyprus Ltd.	Nicosia, Cyprus	1,000	CYP	50%	01.08.2004	Q
Zitna Building s.r.o.	Prague, CZ	7,000,000	CZK	100%	24.11.2004	V
ABLO Property s.r.o.	Prague, CZ	100,000	CZK	90%	03.12.2004	V
ATLAS 2001 CR s.r.o.	Prague, CZ	200,000	CZK	100%	20.04.2004	V
Arpad Center Kft.	Budapest, H	31,000,000	HUF	100%	01.08.2002	V
Globe 13 Kft.	Budapest, H	50,000,000	HUF	100%	01.08.2002	V
IMMOFINANZ Hungária Harmadik Kft.	Budapest, H	3,000,000	HUF	100%	20.02.2004	V
Lentia Real (1) Kft.	Budapest, H	227,000,000	HUF	100%	24.02.2004	V
Westgate Kft.	Budapest, H	3,180,000	HUF	100%	02.07.2004	V
Globe 3 Kft.	Budapest, H	561,000,000	HUF	100%	13.07.2004	V
Szepvölgyi Business Park Kft.	Budapest, H	601,000,000	HUF	100%	05.08.2004	V
Gordon Invest Kft.	Budapest, H	583,000,000	HUF	100%	06.08.2004	V
Immoeast Silesia Holding Ltd.	Nicosia, Cyprus	1,000	CYP	100%	29.10.2004	V
Immoeast Real Estate Holding Ltd.	Nicosia, Cyprus	1,000	CYP	100%	31.01.2005	V
Atom Centrum a.s.	Prague, CZ	1,000,000	CZK	50%	20.01.2005	Q
IMMOEAST Acquisition & Management GmbH	Vienna	35,000	EUR	100%	21.04.2005	V
ARE 1 Sp. z.o.o.	Warsaw, PL	50,000	PLN	56.6%	30.04.2005	Q
ARE 2 Sp. z.o.o.	Warsaw, PL	50,000	PLN	56.6%	30.04.2005	Q
ARE 5 Sp. z.o.o.	Warsaw, PL	50,000	PLN	56.6%	30.04.2005	Q
ARE 7 Sp. z.o.o.	Warsaw, PL	50,000	PLN	56.6%	30.04.2005	Q
Flex Invest Sp. z.o.o.	Warsaw, PL	51,000	PLN	56.6%	30.04.2005	Q
Secure Bud Sp. z.o.o.	Warsaw, PL	50,000	PLN	56.6%	30.04.2005	Q
Al Sp. z.o.o.	Warsaw, PL	50,000	PLN	56.6%	30.04.2005	Q
Atlantis Sp. z.o.o.	Warsaw, PL	51,000	PLN	56.6%	30.04.2005	Q

Company	Headquarters	Share Capital	Currency	Stake	Initial Consolidation	Type of Consolidation
OI Sp.z.o.o.	Warsaw, PL	50,000	PLN	56.6%	30.04.2005	Q
Omega Invest Sp.z.o.o.	Warsaw, PL	50,000	PLN	56.6%	30.04.2005	Q
SAS Inter Kft.	Budapest, H	258,690,000	HUF	56.6%	30.04.2005	Q
IMAK Finance B.V.	Amsterdam, NL	18,000	EUR	56.6%	30.04.2005	Q
Akron Finance Kft.	Budapest, H	3,000,000	HUF	56.6%	30.04.2005	Q
UKS GmbH	Vienna	35,000	EUR	56.6%	30.04.2005	Q
ProEast Holding GmbH	Vienna	35,000	EUR	100%	16.04.2005	V

V = Full consolidation, Q = Proportional consolidation, E = Equity accounting

Auditor’s Opinion

We have audited the accompanying consolidated financial statements of IMMOEAST IMMOBILIEN ANLAGEN AKTIENGESELLSCHAFT as of April 30, 2005, which were prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Austria and International Standards on Auditing (ISA). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of IMMOEAST IMMOBILIEN ANLAGEN AKTIENGESELLSCHAFT as of April 30, 2005, and the results of its operations and its cash flows for the year then ended in accordance with IFRS.

We confirm that the Management Report complies with the consolidated financial statements.

Vienna, 22 July 2005

KPMG Alpen-Treuhand GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Johann Perthold

Günther Hirschböck

Certified Public Accountants

Report of the Supervisory Board

The Supervisory Board performed those duties mandated by law and the articles of association during the 2004/2005 Business Year. The Executive Board provided the Supervisory Board with regular reports and information on the development of business and the status of the company.

The Supervisory Board held five meetings during the reporting year.

The annual financial statements and management report of IMMOEAST Immobilien Anlagen AG as well as the consolidated financial statements, which were prepared in accordance with International Financial Reporting Standards (IFRS), and group management report as of 30 April 2005 were audited by KPMG Alpen-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. These statements and reports were prepared by the Executive Board, and awarded an unqualified opinion by the auditor. The Supervisory Board accepted the results of this audit.

The Supervisory Board has accepted the annual financial statements of IMMOEAST Immobilien Anlagen AG, and declared its agreement with the management report. The annual financial statements as of 30 April 2005 are therefore considered approved in accordance with § 125 Par. 2 of the Austrian Stock Corporation Act. The Supervisory Board also declared its approval of the consolidated financial statements and group management report.

The Supervisory Board has evaluated and approved the recommendation of the Executive Board for the distribution of profit.

The Supervisory Board would like to thank the members of the Executive Board and all employees for their commitment and performance.

Vienna, 29 July 2005

Schwager

Helmut Schwager
Chairman of the Supervisory Board

Supervisory Board, Executive Board and Valuation Committee
(as of 30 April 2005)

CORPORATE BODIES
OF IMMOEAST IMMOBILIEN ANLAGEN AG

SUPERVISORY BOARD
Helmut Schwager, Chairman
Wolfgang Reithofer, Vice-Chairman
Christian Böhm
Herbert Kofler
Erhard Schaschl

EXECUTIVE BOARD
Karl Petrikovics, CEO
Norbert Gertner

VALUATION COMMITTEE
Wolfgang Foglar-Deinhardstein
Court-certified expert for property valuation

Peter Steppan
Court-certified expert for construction and property

Anton Wallner
Court-certified expert for property valuation

Financial Calendar

22 September 2005
6th Annual General Meeting

30 September 2005
Report on the First Quarter as of 31.7.2005

30 December 2005
Report on the First Six Months as of 31.10.2005

31 March 2006
Report on the First Three Quarter as of 31.1.2006

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E-mail: investor@immoeast.at
Internet: www.immoeast.at

Glossary

Asset management: The management of assets by specialised service firms through a power of attorney.

ATX: Austrian Traded Index.

ATX Prime: Includes all shares in the Prime Market segment of the Vienna Stock Exchange. The Prime Market segment covers all stocks that are admitted for official trading or traded over-the-counter and also meet additional requirements. The ATX Prime was introduced on 2 January 2002 and included 39 stocks as of 31 July 2005 (IMMOFINANZ as well as IMMOEAST since March 2005).

Benchmark: External standard for the evaluation of business indicators.

Book value: Amount at which a property is carried on the balance sheet after the deduction of all ordinary and any extraordinary depreciation.

Cash flow from operating activities: Increase or decrease in cash and cash equivalents arising from cash inflows and outflows during the business year.

Corporate governance: The Austrian Corporate Governance Code issued in fall 2002 represents a "corporate constitution", or system of rules for the responsible management and control of a company.

Cost model: IFRS accounting method for property, which is similar to the method required by the Austrian Commercial Code and calls for annual depreciation independent of fair value.

DAX: German stock index.

Diversification: Distribution of property investments among various sectors and geographic regions to minimise risk.

Earnings per share: Net profit divided by the weighted average number of shares outstanding.

Earnings retention: Net income is not distributed as dividends but reinvested in the company, and thereby supports earnings growth; investors gain through an increase in the stock price.

EBIT: Earnings before interest and tax, or operating profit.

EBT: Earnings before tax.

EPRA: European Public Real Estate Association, an organisation of listed property companies in Europe.

Equity method: Accounting method, under which the value of an investment in a company is recorded at acquisition price and adjusted annually to reflect the proportional share of net assets; the pro rata share of annual profit or loss in the relevant company is recognised to the income statement.

Equity ratio: Indicator showing the relation of equity to total assets.

F**air value model:** IFRS accounting method for property, which is based on actual realisable market value.

Fair value: The market value of property as determined by the valuation committee.

Free float: The percentage of shares held by a large number of stockholders.

Gearing: Ratio of net debt to equity

GPR-15 Real Time Index: Global Property Research (GPR) prepares a stock index that covers the 15 largest listed property companies in Europe; of these companies, eight are located in Continental Europe. The index weighting of IMMOFINANZ increased from 4% to 7.2% as of 1 July 2005.

IAS 40: IAS 40 provides enterprises with an option for recording real estate held as investment property; companies may choose between a fair value model and a cost model (also see definitions of fair value model and cost model).

IATX: Branch index for property stocks in the ATX.

IFRS and IAS: International Financial Reporting Standards and International Accounting Standards.

IPO: Initial Public Offering; first issue by a company on the stock exchange (IMMOEAST in December 2003).

ISIN: International Security Identification Number (code number for stocks and bonds)

Market capitalisation: The market value of a stock corporation (stock price x number of shares).

MSCI World Index: Stock index published by Morgan Stanley Capital International (MSCI), which is based on roughly 2,000 stock prices from over 20 countries; in addition to a global index, MSCI also issues regional indexes (MSCI Europe Index).

Net debt: Financial liabilities minus liquid funds.

Net Asset Value (NAV): Fair value of the property portfolio less debt.

P/E ratio: Price/earnings ratio, an indicator of the market valuation of a stock.

Portfolio management: The purchase and management as well as the possible sale of property to increase and maintain the value of a portfolio.

Pre-letting: Space rented before the start of construction.

Private placement: Sale of shares outside the stock exchange.

Return: Key indicator for the yield on an investment, expressed as a percent of invested capital.

Revenues: For IMMOEAST, revenues equal income from rentals and operating costs.

ROE: Return on equity, or net income divided by average capital employed; key indicator for the profitable use of equity.

Secondary market yield: Average return on securities traded on the secondary market.

Speculation period: Austrian law classifies certain speculation gains (for example, the difference between the purchase and sale price of a share) as tax-free after one year.

Stock performance: Development of the value of a stock.

Undisclosed reserves: The fair value minus the carrying value of property.

Valuation committee: Group of three court-certified experts, who calculate the fair values of property as of the balance sheet date.

Withholding tax: Capital yields tax, which currently equals 25% in Austria.

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