



IMMOFINANZ AG
ANNUAL REPORT
2018

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KEY FIGURES

Earnings Data

		2018	2017 ²	Change in %
Rental income	in MEUR	236.9	234.5	1.0%
Results of asset management	in MEUR	174.0	150.8	15.4%
Results of property sales	in MEUR	27.2	26.0	4.7%
Results of property development	in MEUR	-4.3	-28.8	85.0%
Results of operations	in MEUR	153.1	107.6	42.3%
Revaluations	in MEUR	24.9	28.5	-12.7%
EBIT	in MEUR	159.1	111.6	42.5%
Financial results	in MEUR	45.3	88.8	-49.0%
EBT	in MEUR	204.3	200.4	2.0%
Net profit for the period	in MEUR	217.5	-537.1	n. a.
FFO 1 before tax (sustainable FFO from asset management) ¹	in MEUR	85.0	36.9	≥ +100.0%
FFO 1 per share before tax ¹	in EUR	0.77	0.35	≥ +100.0%

1 See calculation in chapter *Business Development*
2 The comparative data were adjusted.

Asset Data

		31 Dec. 2018	31 Dec. 2017	Change in %
Balance sheet total	in MEUR	5,837.7	6,062.7	-3.7%
Equity as % of the balance sheet total	in %	48.0%	46.3%	n. a.
Net financial liabilities	in MEUR	1,793.5	2,140.4	-16.2%
Cash and cash equivalents	in MEUR	631.8	477.9	32.2%
Loan-to-value ratio (net)	in %	37.3%	40.8%	n. a.
Gearing	in %	64.1%	76.3%	n. a.
Average interest rate on financial liabilities, incl. hedging	in %	2.1%	2.3%	n. a.
Average term of financial liabilities	in years	3.3	3.5	-7.1%

Property Data

		31 Dec. 2018	31 Dec. 2017	Change in %
Total number of properties		226	239	-5.4%
Rentable space	in sqm	1,891,627	1,865,178	1.4%
Occupancy rate	in %	95.8%	94.2%	n. a.
Gross return	in %	6.3% ²	6.4%	n. a.
Invoiced rents return ¹	in %	6.7% ²	n. a.	n. a.
Portfolio value	in MEUR	4,338.0	4,194.8	3.4%
thereof investment properties	in MEUR	3,893.6	3,729.5	4.4%
thereof property under construction	in MEUR	397.5	404.1	-1.6%
thereof real estate inventories	in MEUR	46.9	61.2	-23.3%
Unencumbered investment property	in MEUR	749.0	846.1	-11.5%

1 Gross return based on invoiced rents; this information is provided to improve comparability with the peer group.
2 Gross return, adjusted for the completion of the *trivago Campus* and the *STOP SHOP* acquisitions in 2018

EPRA Indicators¹

		31 Dec. 2018	31 Dec. 2017	Change in %
EPRA Net Asset Value	in MEUR	3,086.0	3,220.6	-4.2%
EPRA Net Asset Value per share	in EUR	28.80	28.60	0.7%
EPRA Triple Net Asset Value	in MEUR	3,047.7	3,201.6	-4.8%
EPRA Triple Net Asset Value per share	in EUR	28.44	28.43	0.0%
EPRA Occupancy Rate ²	in %	95.9%	n. a.	n. a.
EPRA Vacancy Rate ³	in %	4.1%	n. a.	n. a.

		2018	2017 ⁴	Change in %
EPRA earnings	in MEUR	170.8	112.0	52.5%
EPRA earnings per share	in EUR	1.55	1.06	46.2%
EPRA earnings after company-specific adjustments	in MEUR	149.3	35.5	≥ +100.0%
EPRA earnings per share after company-specific adjustments	in EUR	1.35	0.34	≥ +100.0%
EPRA Net Initial Yield	in %	5.6%	5.3%	n. a.

1. See calculations in chapter *Business Development*

2. EPRA occupancy rate based on the calculation at 100% minus EPRA vacancy rate

3. EPRA vacancy rate is based on the ratio of the estimated market rent for the vacant space in the standing investments to the total estimated market rent for the standing investment portfolio.

4. The comparative data were adjusted.

Stock Exchange Data

		31 Dec. 2018	31 Dec. 2017	Change in %
Book value per share	in EUR	26.29	25.28	4.0%
Share price at end of period	in EUR	20.90	21.47	-2.7%
Discount of share price to NAV per share	in %	27.4%	24.9%	n. a.
Total number of shares		112,085,269	111,617,378	0.4%
thereof number of treasury shares		4,942,001	0	n. a.
Market capitalisation at end of period	in MEUR	2,342.6	2,396.4	-2.2%

		2018	2017	Change in %
Earnings per share (basic)	in EUR	1.97	-5.08	n. a.
Earnings per share (diluted)	in EUR	1.80	-5.08	n. a.

The plus and minus signs assigned to the changes reflect the business point of view: improvements are shown with a plus sign (+), deteriorations with a minus sign (-). Very high positive or negative per cent changes are reported as ≥ +100% or ≤ -100%. The designation "not applicable" (n. a.) is used when there is a change in the sign (i.e. from plus to minus or from minus to plus) and for changes in percentage rates.

All information on the share price and the resulting calculations as well as the data per share were adjusted to reflect the 10:1 reverse stock split which took effect on 23 June 2018.

**THREE BRANDS.
ONE COMPANY.
GREAT POTENTIAL.**



VIVO!



**STOP
SHOP**

**For the brand quality
we guarantee.
For the claims we share.**



HIGHLIGHTS 2018



JANUARY

- More than 120 million customers visited IMMOFINANZ's STOP SHOP and VIVO! retail properties in 2017



FEBRUARY

- At the "Office of the Year" gala in Hungary, IMMOFINANZ is recognised as the Best Asset Management Company of the Year for 2017

MARCH

- Results of operations double to MEUR 35.5 by the end of Q1 2018
- Start of the share buyback programme 1/2018 for up to 1.5 million shares

APRIL

- Share purchase contracts signed for approx. 29.1% of S IMMO
- Opening of two fully rented STOP SHOP retail parks in Serbia





MAY

–

Annual general meeting approves dividend increase and 10:1 reverse stock split



JUNE

–

Occupancy rate rises to new all-time high of 94.7% at the end of June

–

Results of operations more than triple to MEUR 114.8 in the first half-year

JULY

–

Package sale of CA Immo investment to Starwood for a total price of MEUR 757.9 – overall gain of more than MEUR 180 within two years

–

Start of the share buyback programme 2018/2019 for up to 9.7 million shares or 8.66% of the shares outstanding



SEPTEMBER

–

Closing for the package sale of the roughly 26% investment in CA Immo to Starwood

–

Acquisition of a 29.1% investment in S IMMO completed



NOVEMBER

–

Eight acquisitions bring the STOP SHOP portfolio to 80 locations with a carrying amount of approx. MEUR 800



DECEMBER

–

Roll-out of the myhive office brand in Bratislava – rebranding of the Polus Towers I and II completed. myhive office portfolio increases to 23 buildings in six countries

–

VIVO! Pila receives Eurobuild Award as “Shopping Center of the Year 2018” from a jury of international and national retailers.

–

Occupancy rate reaches new high of 95.8%

157

STANDING INVESTMENTS

Standing investments represent roughly 86% of the total property portfolio and are our most important earnings driver. These properties are located in seven core markets in the European Union.

3.7

CARRYING AMOUNT IN EUR BILLION

Based on the carrying amount, approx. 46% of our standing investment portfolio is located in Austria, Germany and Poland.

1.9

RENTABLE SPACE IN MILLION SQM

This space is distributed primarily between our two core businesses – office (53%) and retail (47%) – with additional areas in our completed development projects.

95.8

OCCUPANCY RATE IN %

Strengthening ties with existing tenants and acquiring new tenants are the main focus of our daily activities.



OUR COMPANY AT A GLANCE

We create real estate solutions for our customers. We own and manage office and retail properties in selected countries in Eastern and Western Europe. In addition to the professional management of these properties, we focus on value-creating growth through our own development projects and acquisitions. Our portfolio is concentrated on three brands: myhive for offices, STOP SHOP for retail parks and VIVO! for shopping centers – always based on the goal to strengthen our standing investments and sustainable cash flow.

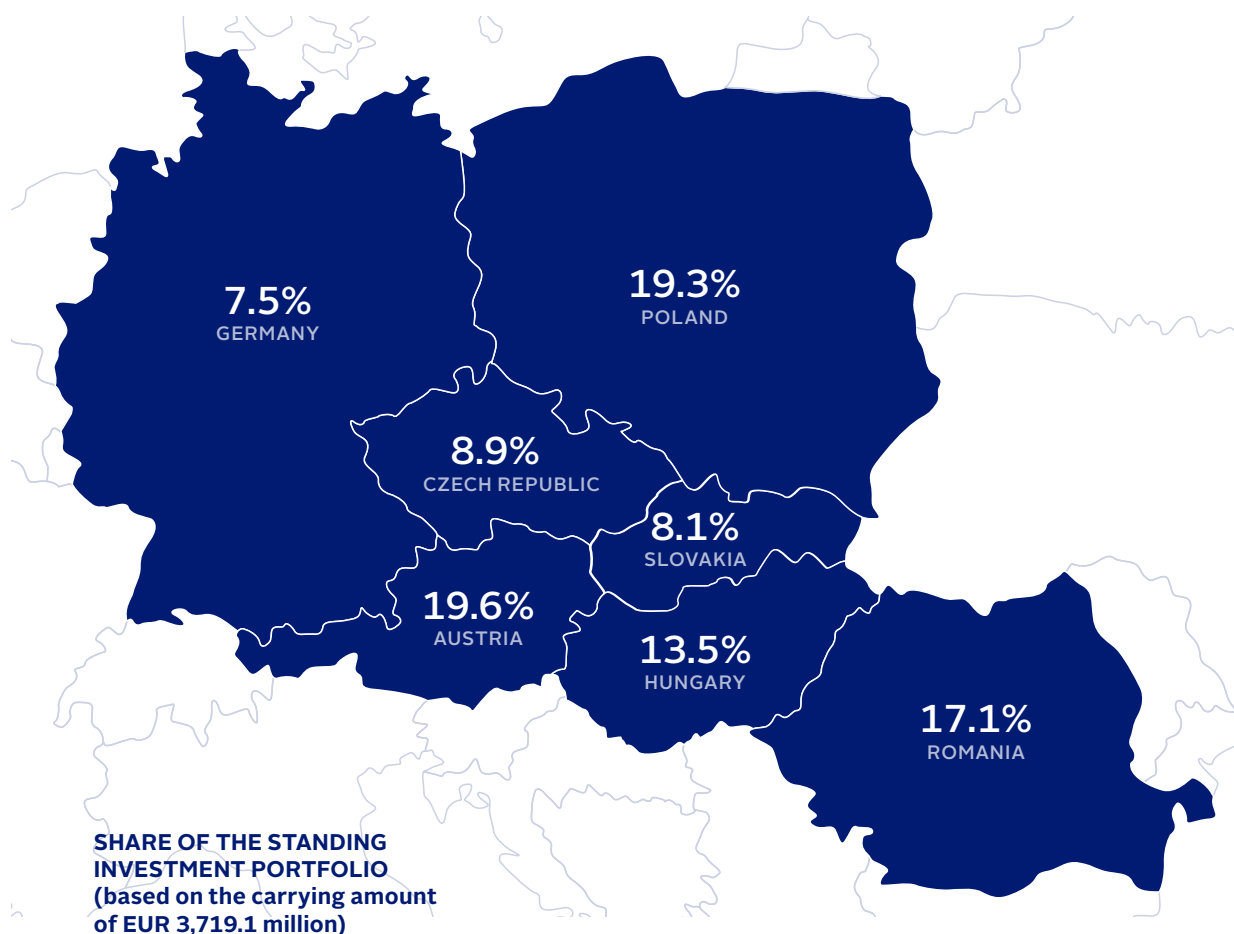
Our real estate portfolio had a carrying amount of roughly EUR 4.3 billion and covered 226 properties as of 31 December 2018. Seven core markets represent the geographical focus of our business activities: Austria, Germany, Poland, Czech Republic, Slovakia, Romania and Hungary. Our local teams in each of these core markets are the guarantee for a strong service orientation and customer satisfaction.



Cluster Produktionstechnik
Aachen | GER |
approx. 28,000 sqm
rentable space



KEY DATA ON THE STANDING INVESTMENT PORTFOLIO BY CORE MARKET AS OF 31 DECEMBER 2018



AUSTRIA	19.6%
Number of properties	27
Carrying amount in MEUR	728.0
Rentable space in sqm	281,365
Occupancy rate in %	93.8% (94.5% ¹)
Rental income Q1–4 2018 in MEUR ²	41.9
Gross return in %	5.7% (5.8% ³)

POLAND	19.3%
Number of properties	26
Carrying amount in MEUR	716.6
Rentable space in sqm	375,073
Occupancy rate in %	95.7% (95.7% ¹)
Rental income Q1–4 2018 in MEUR ²	43.8
Gross return in %	6.1% (7.0% ³)

ROMANIA	17.1%
Number of properties	18
Carrying amount in MEUR	635.7
Rentable space in sqm	343,659
Occupancy rate in %	94.4% (95.0% ¹)
Rental income Q1–4 2018 in MEUR ²	46.6
Gross return in %	7.3% (7.7% ³)

HUNGARY	13.5%
Number of properties	25
Carrying amount in MEUR	503.1
Rentable space in sqm	299,506
Occupancy rate in %	96.0% (95.8% ¹)
Rental income Q1–4 2018 in MEUR ²	30.9
Gross return in %	6.1% (6.6% ³)

CZECH REPUBLIC	8.9%
Number of properties	17
Carrying amount in MEUR	332.1
Rentable space in sqm	185,065
Occupancy rate in %	95.5% (96.0% ¹)
Rental income Q1–4 2018 in MEUR ²	20.2
Gross return in %	6.1% (6.1% ³)

SLOVAKIA	8.1%
Number of properties	20
Carrying amount in MEUR	302.4
Rentable space in sqm	177,143
Occupancy rate in %	96.9% (96.6% ¹)
Rental income Q1–4 2018 in MEUR ²	20.9
Gross return in %	6.9% (7.1% ³)

GERMANY	7.5%
Number of properties	4
Carrying amount in MEUR	279.1
Rentable space in sqm	71,451
Occupancy rate in %	99.4% (99.5% ¹)
Rental income Q1–4 2018 in MEUR ²	11.4
Gross return in % ⁴	4.8% (4.9% ³)

NON-CORE COUNTRIES	6.0%
Number of properties	20
Carrying amount in MEUR	222.1
Rentable space in sqm	158,364
Occupancy rate in %	99.5% (99.6% ¹)
Rental income Q1–4 2018 in MEUR ²	11.4
Gross return in % ⁵	8.1% (8.5% ³)

IMMOFINANZ	100%
Number of properties	157
Carrying amount in MEUR	3,719.1
Rentable space in sqm	1,891,627
Occupancy rate in %	95.8% (95.9% ¹)
Rental income Q1–4 2018 in MEUR ²	227.0
Gross return in % ^{4,5}	6.3% (6.7% ³)

1 EPRA occupancy rate based on 100% minus the EPRA vacancy rate

2 Rental income based on the primary use of the property (rental income on the income statement is based on the actual use of the property; marginal differences to the income statement are therefore possible)

3 Return based on invoiced rent; information provided to improve comparability with the peer group

4 Gross return, adjusted for the completion of the *trivago Campus* in 2018

5 Gross return, adjusted for the *STOP SHOP* acquisitions in 2018

Additional information on the IMMOFINANZ properties can be found in the *portfolio report* beginning on page 45.

INTRODUCTION

A SIGNIFICANTLY STRONGER PLAYER ON THE EUROPEAN MARKET

A new occupancy record, further expansion with the three brands and a significant improvement in profitability indicators – Oliver Schumy, CEO, on a very successful 2018 financial year.

Dear Shareholders,

IMMOFINANZ can report on a successful 2018 financial year. We continued to sharpen our profile as one of the leading commercial property companies in our core region, expanded our standing investment portfolio through acquisitions and completions, strengthened our operating business and made our balance sheet even more robust. The restructuring measures implemented in recent years are producing results, and we can now see the expected improvement in our key performance indicators. We have always said that our goal is to position IMMOFINANZ in the premiere league of the international credit rating system. We have now reached this position – and, at the beginning of 2019, received an investment grade rating of BBB- with stable outlook from S&P Global Rating. That is a unique milestone in the history of our company.

A look back at the most important developments in 2018 shows a real estate portfolio with 226 properties and a book value of EUR 4.3 billion at year-end. Most of these properties – roughly 86% or EUR 3.7 billion – are office or retail standing investments. The portfolio concentration on these two commercial asset classes and our clear brand policy form the basis for our sustainable success: we further increased our occupancy rate – and set a new record in our company's history with 95.8% at the end of December 2018.

That represents an improvement of 1.6 percentage points in comparison with the previous year and 6.2 percentage points over the past two years. Our offices have an occupancy rate of 93.7%, and our retail portfolio is fully rented at 98.2%. Our like-for-like rental income – in other words, adjusted for acquisitions, sales and completions – grew by almost 3%, and the gross return on our standing investment portfolios equals a solid 6.3%.

The concentration on our three brands, myhive for offices and STOP SHOP and VIVO! for retail properties, is proceeding at a fast pace: Nearly 74% of our rental income is now generated by properties in these three highly standardised brands. During the past year, we introduced our myhive office concept to three additional buildings and currently have a total of 23 locations in six capital cities. We are also using acquisitions to drive the expansion of our successful STOP SHOP retail park brand and strengthen our position as the leading European retail park operator. In mid-November we announced the acquisition of eight retail parks in Slovenia, Serbia and Croatia. These newly acquired properties are fully rented and generate rental income of roughly EUR 7.2 million per year, for a sound gross return of 8.0%. The STOP SHOP portfolio has grown to 80 locations in nine countries with



more than 560,000 sqm of rentable space and a book value of approximately EUR 800 million. Our plans for the future include further expansion with these successful brands.

Development projects make up nearly EUR 400 million, or roughly 9%, of our portfolio, and are focused on office properties in Germany. These projects are reclassified to our standing investment portfolio after completion. In 2018 we completed and transferred a number of fully rented projects to our tenants – including our landmark property, the *trivago Campus* in Düsseldorf, and two STOP SHOPS in Serbia. Our general objective is to achieve a sound balance between standing investments and development projects, with development projects not exceeding roughly 10% of the total portfolio.

A look at our most important performance indicators shows substantial improvement: The results of asset management rose by a sound 15.4% to EUR 174.0 million – above all due to a reduction in property expenses – and the results of property sales climbed 4.7% to EUR 27.2 million. The results of property development were clearly higher than the previous year at EUR -4.3 million, but were still negatively influenced by impairment losses and expenses from real estate inventories related to the

transfer of commercial and residential properties in Cologne. However, the sale of the hotel leased to 25hours and further units in Cologne closed in January 2019.

In total, our results of operations improved by roughly 42% to EUR 153.1 million. Financial results benefited, among others, from a sizeable reduction in financing costs, which fell by nearly 28% to EUR -68.4 million, as well as the book gain on the very profitable sale of our CA Immo investment and proportional earnings contributions totalling EUR 101.3 million from CA Immo and S IMMO. Below the line, our net profit turned strongly positive at EUR 217.5 million, following the negative effects from the sale of the Russian portfolio in the previous year.

The development of our sustainable Funds from Operations, a key profitability indicator in the real estate industry, also underscores our stronger earning power: FFO 1 (before tax) from the standing investment business more than doubled to EUR 85.0 million and FFO 1 per share rose by 120% to EUR 0.77. With these results, we are well on target to meet our goal and generate FFO 1 of more than EUR 100 million in 2019.

Our financial profile has also grown stronger: cash and cash equivalents rose to approximately EUR 631.8 million, and leverage – based on the net loan-to-value – consequently equals only 37.3%. Financing costs declined further to 2.14% including the derivatives held to hedge interest rates and 1.78% excluding derivatives.

During the past year we also took advantage of the opportunity to become the largest shareholder of the listed S IMMO. This creates a very good basis for various forms of cooperation between the two companies.

Dear Shareholders, my colleagues on the Executive Board and I are pleased to submit a proposal to the annual general meeting for a further increase in the dividend to 85 Euro cents per share. This represents the third increase in succession. Due to our sound liquidity position and the relatively high discount of the share price to the book value, share buybacks are also part of our distribution policy. We completed a buyback programme for 1.5 million shares during the first half of 2018 and launched another buyback programme in July for up to 9.7 million shares, or 8.66% of the shares currently outstanding.

DIETMAR REINDL, COO, ON RECORD OCCUPANCY LEVELS, THE INTERNATIONAL COMMUNITY AND 142 MILLION VISITORS



DIETMAR
REINDL,
COO

With a strong focus on brands for its office and retail asset classes, IMMOFINANZ has set out on a course that is new to the branch. Is IMMOFINANZ a real estate company or a brand company?

Both – these terms aren't mutually exclusive, even if we have taken a leading role in the branch. We are, so to speak, the "brand company" among the real estate corporations. A brand provides orientation, it creates trust and recognition value. That is also an important factor in our daily interaction with our customers, meaning our tenants. However, we have now gone one step further than the competition with our brand concept: Instead of different, individual branding for each property, our portfolio is focused on three brands – myhive for offices, STOP SHOP for retail parks and VIVO! for smaller shopping centers. And we have been very successful with this strategy: Our occupancy rate equalled 95.8% at the end of December 2018, which is the highest level in the company's history. That means we also have a solid position from an international standpoint. All this is clearly a result of our brand policy and our strong customer orientation.

myhive for offices is your "youngest" brand – it was introduced at the end of 2016. What is your assessment after nearly two years on the market?

Very good. This success is not only reflected in the occupancy rate – which has reached nearly 95% in our myhive buildings – but also in the positive feedback. Our tenants not only value the friendly, pleasant atmosphere and wide-ranging services, but also our community management. At myhive, networking between the tenants is an important factor. Our community managers support exchanges between tenants, identify possibilities for cooperation and broker the necessary contacts. Activities range from the organisation of sport programmes to after-work events and business breakfasts where experts discuss current issues with our tenants. This has helped us to develop a lively international community that can also exchange information over our myhive app. Roughly 400 companies with nearly 32,000 employees in six capital cities represent a unique network which we now want to grow – in both the number of locations and the range of the offering.

What new developments do you see for myhive?

We want to offer our office tenants even greater flexibility in the future – as you know, that's an important factor for high customer satisfaction. Our current plans include the design of a flexible concept that leaves all options open – from the rental of a small office to an entire floor. Our focus will remain on large tenants, and we want them to have the possibility to quickly and

easily reduce or increase space. At the same time, this concept also creates space for smaller tenants who can select and design their individual office solution with our app. And these smaller, dynamic companies, in turn, provide interesting impulses for the entire community.

In the retail sector, you made a number of acquisitions for the STOP SHOP portfolio in 2018. What role does online retailing play in your strategy? Isn't expanding with retail space the wrong direction in this digital age?

No, it's definitely not the wrong direction for IMMOFINANZ's retail products. Online retailing has been an important issue for us in recent years, and we have integrated these developments in our brand strategy and portfolio structuring. This, exactly, explains why our retail properties are concentrated at decentralised locations in Central and Eastern Europe. We have established a presence in regions where the shopping center density is significantly lower than in Western Europe. And precisely this is the strength of our decentralised structure: fast access, more or less on your doorstep. A characteristic feature of our retail parks is that our tenants come from the discounter and convenience sector where shipping costs, including free return of the merchandise for the consumer, are generally higher than the product costs. The statistics here also confirm our strategy: In 2018 we not only recorded a substantial increase in the number of visitors to our retail properties and an increase of more than 4% in adjusted rental income. The retailers in our STOP SHOPS and VIVO!s were able to increase their sales revenues by roughly 5%. In total, more than 142 million customers visited our retail parks and shopping centers in 2018. That represents an increase of nearly 20 million visitors, or 16.7%, over the previous year. As an illustration: 142 million visitors represent roughly the entire population in four of our core markets: Austria, Germany, Poland and the Czech Republic. On a like-for-like basis – in other words, adjusted for acquisitions, sales and completions – that translates to very satisfactory growth of 4.8% to roughly 128 million guests.

How important is the size of your retail platform?

That's an important factor for our tenants: They value our highly standardised retail formats, the possibility to establish an extensive presence in, currently, nine countries and our cost effectiveness. The rent and operating costs in our retail properties are very attractive. This, in turn, helps the retailers develop additional market capacity with high space productivity. Based on the very sound demand from tenants, we plan to strengthen our position as the leading retail park operator in Europe through further acquisitions and development projects in the future.

The 2018 financial year made IMMOFINANZ a substantially stronger player on the European commercial real estate market. We have a clearly defined portfolio with high occupancy, we further improved our efficiency through cost reductions and have a robust balance sheet with a comfortable liquidity buffer and comparatively low debt. We are also equipped with an investment grade rating that underscores the excellent credit standing of the IMMOFINANZ Group and gives us faster and more flexible access to liquidity on the international Eurobond market. That is a seal of quality and a competitive advantage.

We would like to thank you for the confidence you have shown with your investment in our company and look forward to continuing this course with our full commitment.



OLIVER SCHUMY,
1 APRIL 2019

STEFAN SCHÖNAUER, CFO, ON THE INVESTMENT GRADE RATING AS A SEAL OF APPROVAL, COMFORTABLE LIQUIDITY AND A MORE CLEAR-CUT CORPORATE STRUCTURE



**STEFAN
SCHÖNAUER,**
CFO

Where did you make the most important progress in the financing area during the past year?

We made a great deal of progress in all key areas – including the protection of our solid liquidity position, the further optimisation of financing costs and the diversification of our financing structure. Our liquidity buffer is very comfortable at EUR 632 million, and our financing costs were further reduced to only 2.14% including and 1.78% excluding derivatives. In addition, we refinanced roughly 30% of IMMOFINANZ's financial liabilities in 2018 – meaning a total of EUR 735 million – and, in doing so, locked in attractive interest rates and improved our credit profile. A further milestone was reached at the beginning of 2019, based on preparations that were started in 2018. IMMOFINANZ received an investment grade rating – namely a long-term issuer rating of BBB- with stable outlook – from the international agency S&P Global Rating in January 2019. In this connection, we also issued our first unsecured benchmark bond with a volume of EUR 500 million. It has a four-year term with a coupon of 2.625% and is also rated BBB- by S&P. This is the first benchmark bond with an investment grade rating ever issued by an Austrian real estate company.

What do the rating and the issue mean in detail?

The investment grade rating is a seal of approval for our company. As their reasons for the rating decision, S&P named, among others, IMMOFINANZ's market position as one of the largest owners of commercial properties in the CEE region, the stable occupancy level and the stable development of demand in our business sector. And the issue of this bond represents a further step in diversifying our financing sources, it gives us a more balanced financing structure between banks and the capital market. By refinancing existing liabilities from the proceeds, we locked in the current low interest rates and raised our hedging ratio – which is the per cent of financial liabilities that carry a fixed interest rate or are hedged against interest rate increases – to substantially more than 80%. This is important, above all, in view of a possible reversal in the present interest rate trend. And last but not least, the receipt of an investment grade rating led to a reduction of 0.5% in the coupon on our outstanding convertible bond 2024 to 1.5% per year. From 2019 to the end of the bond's term, this will save us roughly EUR 1.5 million per year in interest costs.

Were the bond proceeds used primarily to repay property financing?

Yes. And the result was a substantial increase in the share of unencumbered real estate to 32.5% of our

investment property during the first quarter of 2019. Including the shares we hold in S IMMO, which are not coupled with any financing, this value increases, pro forma, to 38.3% of our investment property.

You recorded a substantial increase in cash and cash equivalents over the previous year. What are your plans for these funds?

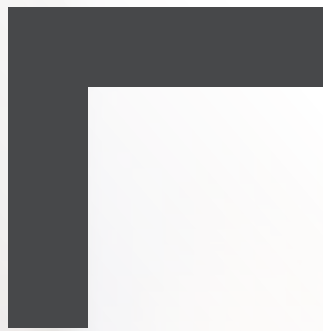
This comfortable liquidity buffer is, among others, a result of the very profitable sale of our CA Immo investment in September 2018. The price for the sale of our share package totalled EUR 757.9 million. After the repayment of credit financing related to the investment, our net cash inflow amounted to EUR 507.9 million. If we look at the investment over the entire holding period of roughly two years – including dividends and after the deduction of ancillary costs – we realised a profit of approximately EUR 184.0 million. In the end, that represents a total return on investment of roughly 30%. Part of the net proceeds from the sale of the CA Immo shares flowed directly back to our shareholders because we started an extensive share buyback programme more or less parallel to our announcement of the package sale. The share buyback programme 2018/2019 covers up to 9.7 million shares. Together with the 1.5 million shares from the buyback programme in the first quarter of 2018, we plan to repurchase up to 10% of share capital. We also want to strengthen our portfolio through acquisitions and, for example, announced the purchase of eight retail parks for EUR 90.5 million in November. Further acquisitions for our STOP SHOP brand and our office portfolio are currently under evaluation. In total, we feel very comfortable with this slightly more conservative liquidity base and are also well-equipped to deal with any changes in the market environment.

What progress have you made in simplifying the corporate structure?

Our progress has been substantial. We continued to reduce IMMOFINANZ's complexity and the related structural costs during the past year. The number of consolidated companies was reduced significantly from 370 to 278 in 2018, including the companies in liquidation and in merger. As a reminder: at the end of April 2016, we had a total of 568 companies. In the area of real estate financing, the bundling of properties in a brand or asset class into specific portfolios helped us to realise more favourable conditions and substantially reduce the number of financing banks and loan contracts.

**FOR THE INSPIRATION
WE SHARE.**





my**hive**

“

**We want our employees
to feel well in our offices.**

**The myhive concept
with its many different
benefits and services
fits perfectly with this
corporate philosophy.**

”

Bettina Augeneder,
Human Resources Director,
Coca-Cola HBC Austria

Coca-Cola HBC Austria,
with its 400 employees,
has been a tenant in the
myhive am Wienerberg
since 2016.





OUR BRANDS myhive

An office not only needs to be the right place to work, it should also offer much more. Our international office brand – myhive – places top priority on innovative office concepts that meet our tenants' needs. myhive offices stand for a wide range of services and excellent infrastructure as well as space for communicative and lively interaction between tenants. A friendly welcome desk and exclusive tenant lounges as well as regular networking events and joint sport and team activities are part of the standard features. Our community managers organise professional exchanges between the tenants in various myhive locations, identify opportunities for cooperation and arrange contacts.



myhive THIRTEEN

Budapest | HU |
approx. 26,000 sqm
rentable space

myhive am Wienerberg

Vienna | AT |
approx. 150,000 sqm
rentable space

Cluster Produktionstechnik

Aachen | GER |
approx. 28,000 sqm
rentable space

23

STANDING INVESTMENTS

Our activities in the office sector are concentrated on the capital cities of our core markets and on the major commercial locations in Germany. We currently have 23 myhive locations with approx. 504,000 sqm of rentable space.

1,129.4

CARRYING AMOUNT IN EUR MILLION

Our myhive offices represent roughly 51% of the carrying amount of our office standing investments. These properties have roughly 22,000 sqm of rentable space on average.

94.6

OCCUPANCY RATE IN %

Strong customer orientation and investments in the quality of our buildings led to a year-on-year increase of 1.6 percentage points in the occupancy rate of our myhive offices to 94.6%.



myhive – OFFICES FOR A COMFORTABLE FEELING AND GOOD NETWORKING



myhive

myhive LOCATIONS BY COUNTRY

POLAND 7

Rentable space in sqm approx. 141,000

AUSTRIA 5

Rentable space in sqm approx. 131,000

HUNGARY 5

Rentable space in sqm approx. 114,000

ROMANIA 3

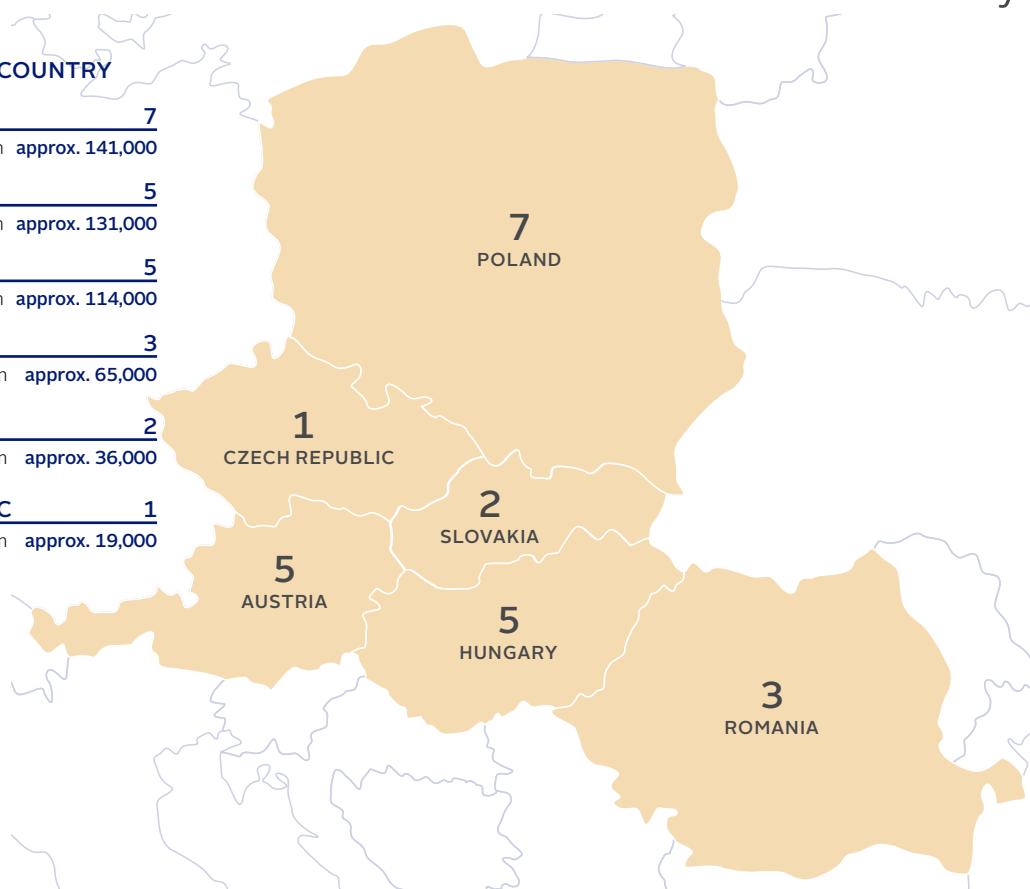
Rentable space in sqm approx. 65,000

SLOVAKIA 2

Rentable space in sqm approx. 36,000

CZECH REPUBLIC 1

Rentable space in sqm approx. 19,000



Our offices meet all the expectations of a modern working environment. With myhive, we create a friendly and lively atmosphere combined with numerous services for multi-tenant buildings. The following features are characteristic for our myhive office buildings:

- > Hotel-inspired design
- > Attentive service
- > Versatile infrastructure
- > International community

Over 504,000 sqm of rentable space

Additional information on the office properties is provided in the *portfolio report* beginning on page 49.

**FOR THE GROWTH
WE MAKE POSSIBLE.**





VIVO!

“

**A modern atmosphere,
high standardisation
and first-class support:
The VIVO! shopping
centers – just like the
STOP SHOPS – are the
ideal partner for our
further expansion
in the CEE region.**

”

Magdalena Nazarewicz,
Expansion Director PEPCO
Poland

PEPCO has rented
seven units with more
than 3,000 sqm in VIVO!
and is also represented in
numerous STOP SHOPS.



VIVO! STALOWA WOLA

PL |
approx. 23,000 sqm
rentable space

VIVO! KROSNO

PL |
approx. 21,200 sqm
rentable space

VIVO! LUBLIN

PL |
approx. 39,000 sqm
rentable space

OUR BRANDS **VIVO!**

Better shopping – better life – VIVO! is our shopping center brand. It is designed for cities with a catchment area of at least 200,000 residents and highlighted by strong anchor tenants and an attractive mix of international and local retailers. VIVO! makes shopping a special experience for the entire family. These shopping centers are normally single-storey and have a high recognition value.

10

STANDING INVESTMENTS

VIVO! was launched in 2014 as an IMMOFINANZ development project and subsequently rolled out to existing shopping centers. The gross revenues recorded by the retailers in our shopping centers increased by roughly 5% in 2018.

656.0

CARRYING AMOUNT IN EUR MILLION

Our VIVO! shopping centers represent roughly 45% of the carrying amount of our retail standing investments and generate approx. 46% of rental income.

97.9

OCCUPANCY RATE IN %

Our tenants value the high standardisation of VIVO! shopping centers. That improves cost efficiency and creates synergies – and everyone benefits. We increased the occupancy rate in these properties to 97.9% in 2018.



VIVO! RAISES SHOPPING TO A NEW LEVEL FOR MEDIUM-SIZED CITIES IN CENTRAL AND EASTERN EUROPE



VIVO! LOCATIONS BY COUNTRY

POLAND 4

Rentable space in sqm approx. 108,000

CZECH REPUBLIC 1

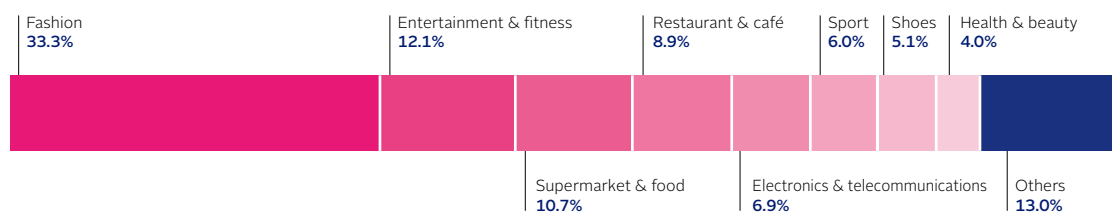
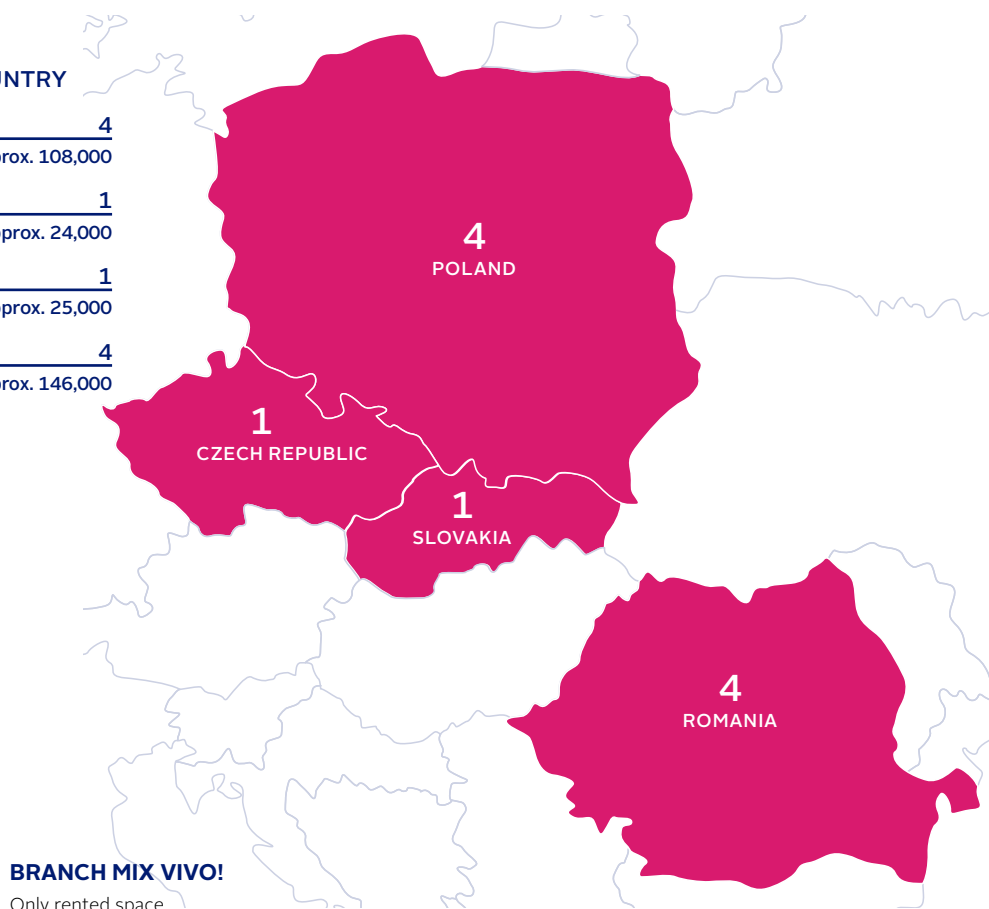
Rentable space in sqm approx. 24,000

SLOVAKIA 1

Rentable space in sqm approx. 25,000

ROMANIA 4

Rentable space in sqm approx. 146,000



VIVO! offers a unique shopping experience for the whole family. The VIVO! shopping centers are mainly built as single-level buildings with a standardised design and modern ambience. They offer a varied tenant mix, modern dining options as well as extensive services and entertainment. Other characteristic features include:

- > Rentable space of 17,000 sqm or more
- > Sufficient parking spaces
- > Combination of shopping enjoyment with a leisure character
- > International retail concepts and local retailers
- > Focus on the target group and their needs

Over 304,000 sqm of rentable space

Additional information on the retail sector is provided in the *portfolio report* beginning on page 52.

FOR THE SIMPLICITY
WE SHARE.





**STOP
SHOP**

“

Here we can take care of the entire family's shopping needs at attractive prices and drive right up to the front door. And what's also important: The children always have a good time.

”

The addition of playgrounds and cafés at selected locations has further increased the family-friendly atmosphere of the STOP SHOPS.



STOP SHOP VALJEVO
SRB |
approx. 6,100 sqm
rentable space

STOP SHOP TRENČÍN
SK |
approx. 6,800 sqm
rentable space

STOP SHOP STADLAU
Vienna | AT |
approx. 9,500 sqm
rentable space

OUR BRANDS STOP SHOP

STOP SHOP is our brand for retail parks in Central and Eastern Europe. These likeable and convenient local suppliers are located in catchment areas of 30,000 to 150,000 residents and offer a broad range of products with good value for money. With efficient transport connections as well as extensive parking, they concentrate on price-conscious “smart shoppers” who value easy accessibility.

80

STANDING INVESTMENTS

Our STOP SHOP portfolio is growing: In 2018 eight existing retail parks were acquired in Slovenia, Serbia and Croatia. Two newly developed locations in the Serbian cities of Požarevac and Vršac also opened – and further STOP SHOPS are in preparation.

802.5

CARRYING AMOUNT IN EUR MILLION

With good demand and manageable investments at every location, STOP SHOP is the ideal brand for fast portfolio growth.

98.8

OCCUPANCY RATE IN %

Our STOP SHOPS are almost fully occupied. Tenants value our professional support as well as the steady focus on standardisation in construction, rental and operations.



CLOSE COOPERATION WITH WELL-KNOWN RETAIL BRANDS CREATES A WIN-WIN SITUATION

**STOP
SHOP**

STOP SHOP LOCATIONS BY COUNTRY

POLAND 7

Rentable space in sqm approx. 40,000

CZECH REPUBLIC 10

Rentable space in sqm approx. 67,000

SLOVAKIA 16

Rentable space in sqm approx. 112,000

AUSTRIA 13

Rentable space in sqm approx. 60,000

HUNGARY 14

Rentable space in sqm approx. 136,000

SLOVENIA 9

Rentable space in sqm approx. 52,000

CROATIA 1

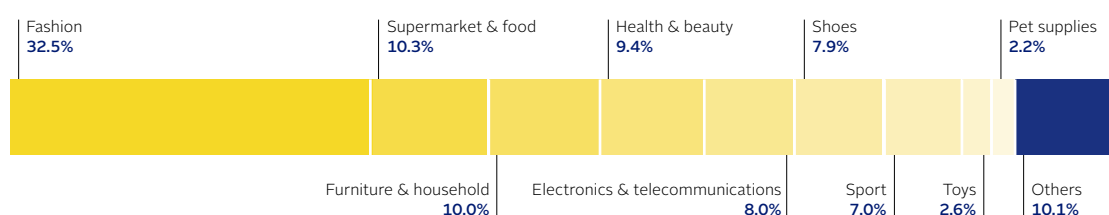
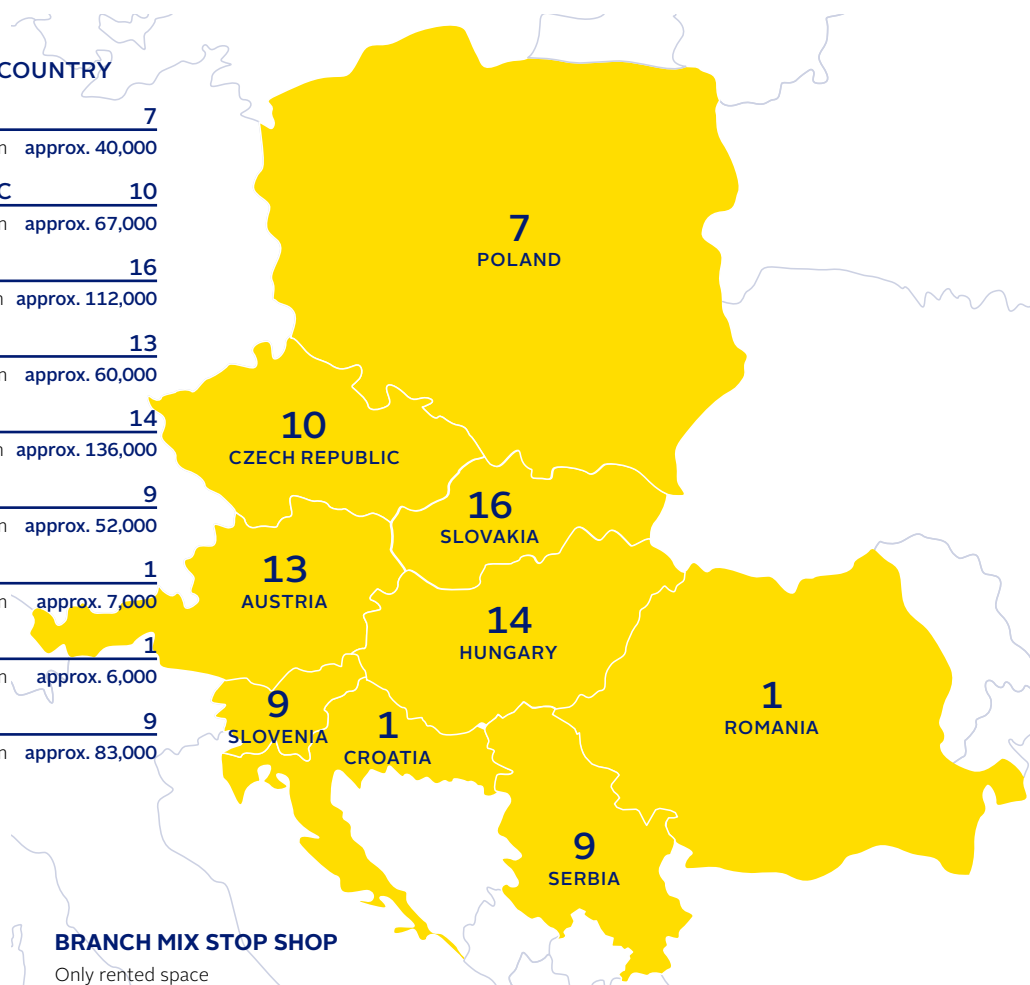
Rentable space in sqm approx. 7,000

ROMANIA 1

Rentable space in sqm approx. 6,000

SERBIA 9

Rentable space in sqm approx. 83,000



The success of the STOP SHOP brand is based on a standardised five-point approach:

- > Approx. 8,000 to 15,000 sqm of rentable space at each location
- > Good traffic connections
- > Sufficient parking spaces
- > High functionality with an attractive tenant mix of international and national retailers
- > High recognition value through architectonic features like open design and common areas with a canopy construction

Over 564,000 sqm of rentable space

Additional information on the retail sector is provided in the *portfolio report* beginning on page 52.

IMMOFINANZ on the Capital Market

THE MARKET ENVIRONMENT AND THE IMMOFINANZ SHARE

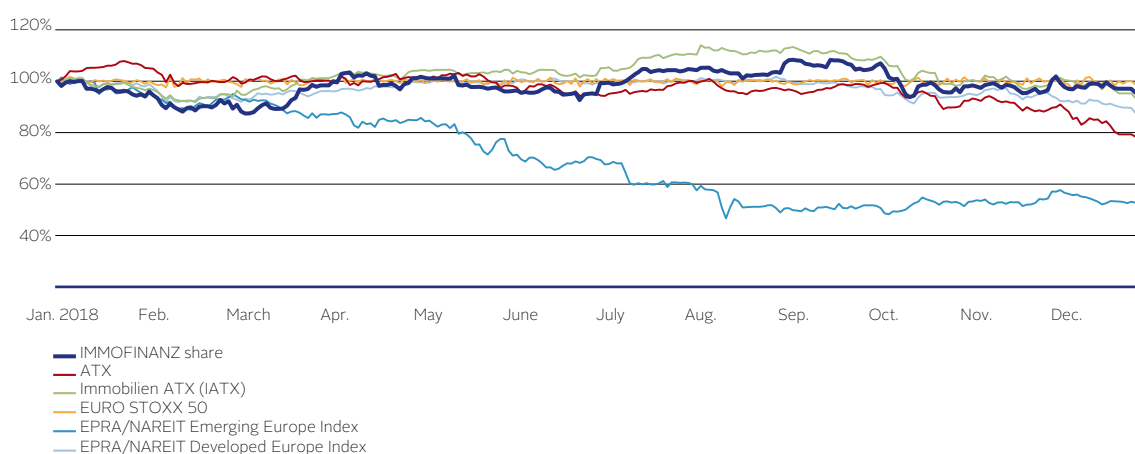
Market developments in 2018 were characterised by a clear three-way split: a roughly one-month phase with a strong rise in share prices, a longer period of highly volatile price fluctuations and a subsequent downward shift on the international stock exchanges. This correction took place at different times in the individual markets, but reached most at the beginning of the fourth quarter and grew considerably stronger during the final month of the year. Concerns over rising interest rates, an economic slowdown and intensifying trade conflicts were the main reasons for the negative trend on the global markets.

From the European perspective, the still unclear terms of the Brexit were a major cause of the increased stress. The pan-European EURO STOXX 50 index lost 14.3% in 2018. Vienna's leading ATX index was unable to disengage from the international developments and fell by 19.7% year-on-year.

The IMMOFINANZ share started the 2018 financial year at EUR 21.47 and closed at EUR 20.90, for a decline of 2.7%. The annual high of EUR 23.28 was reached on 4 September shortly after the presentation of half-year results for 2018. The IMMOFINANZ share traded at EUR 22.14 on the editorial deadline for this report (29 March 2019), which represents an increase of 5.9%.

DEVELOPMENT OF THE IMMOFINANZ SHARE VS. SELECTED INDEXES

Indexed as of 1 January 2018



PERFORMANCE COMPARISON

1 January to 31 December 2018	in %
IMMOFINANZ share	-2.7%
ATX	-19.7%
Immobilien ATX	-5.5%
EPRA/NAREIT Emerging Europe	-46.9%
EPRA/NAREIT Developed Europe	-11.2%

KEY DATA ON THE SHARE

ISIN	AT0000A21KS2
Segment	ATX, WIG
Reuters	IMFI.VI
Bloomberg	IIA:AV
Financial year 2018	1 January to 31 December

INFORMATION ON THE IMMOFINANZ SHARE

		31 Dec. 2018	31 Dec. 2017	Change in %
Book value per share	in EUR	26.29	25.28	4.0%
EPRA net asset value per share ¹	in EUR	28.80	28.60	0.7%
EPRA triple net asset value per share ¹	in EUR	28.44	28.43	0.0%
Earnings per share	in EUR	1.97	-5.08	n. a.
FFO 1 per share before tax (excl. CA Immo/S IMMO) ¹	in EUR	0.77	0.35 ⁴	≥ +100.0%
Share price at end of period	in EUR	20.90	21.47	-2.7%
Share price high based on the closing rate	in EUR	23.28	20.76	12.1%
Share price low based on the closing rate	in EUR	18.78	16.98	10.6%
Discount of share price to NAV per share	in %	27.4%	24.9%	n. a.
Total number of shares		112,085,269	111,617,378	0.4%
thereof treasury shares		4,942,001 ²	0	n. a.
Market capitalisation at the end of the period	in MEUR	2,342.6	2,396.4	-2.2%
Free float ³	in %	approx. 73%	approx. 84%	n. a.

¹ See the calculation under *Business development*

² IMMOFINANZ has been repurchasing its shares within the framework of the share buyback programme 2018/2019 since 16 July 2018 (for additional details, see the section *Share buyback programme*). IMMOFINANZ announced that it had exceeded the reporting threshold of 5% for treasury shares on 21 January 2019 and held 5,642,526 shares, or 5.03% of share capital, as of that date.

³ Calculation method as defined by the Vienna Stock Exchange, Prime Market rules. Free float equalled roughly 72% as of 21 January 2019.

⁴ Adjusted

REVERSE STOCK SPLIT AND SHARE CAPITAL

Date	Total number of shares	thereof treasury shares	thereof from capital increase	Explanation
31 Dec. 2017	1,116,173,778			
April 2018	4,678,921		4,678,921	Conversion of convertible bond 2018: The nominal value of EUR 32.8 million outstanding as of 31 Dec. 2017 was converted or redeemed in full.
March–June 2018	1,120,852,699	15,000,000		Purchases in share buyback programme 1/2018
June 2018	112,085,269	1,500,000		10:1 reverse stock split: The reverse stock split reduced the number of shares from 1,120,852,699 to 112,085,269.
July–December 2018		3,442,001		Purchases in share buyback programme 2018/2019
31 Dec. 2018	112,085,269	4,942,001		

The 25th annual general meeting of IMMOFINANZ AG on 11 May 2018 approved a reverse stock split at a ratio of 10:1. This resolution took effect when it was recorded in the company register on 23 June 2018. The reverse stock split reduced the number of shares from the previous level of 1,120,852,699 to 112,085,269. In connection with the reverse stock split, the IMMOFINANZ share also received a new International Securities Identification Number (ISIN): ATO000A21KS2.

Reverse stock split at a ratio of 10:1

This annual general meeting also approved an increase in share capital from internal funds, combined with an ordinary capital decrease. As a result of these resolutions, share capital now totals EUR 112.09 million (31 December 2017: EUR 1,116.2 million). The total number of shares rose by roughly 0.4% following capital increases from conditional capital to service the exchange rights of holders of the convertible bond 2018, which was converted or redeemed in full as of 8 March 2018.

Following the complete conversion/redemption of the convertible bond 2018 as of 8 March 2018 and the reverse stock split, share capital comprised 112,085,269 shares as of 31 December 2018.

In the following statements, the 10:1 reverse stock split is reflected in all earnings per share indicators as well as all share price information and the resulting calculations.

*Dividend of
EUR 0.85/share
planned for 2018*

DISTRIBUTION POLICY

The IMMOFINANZ share is positioned as a dividend stock, and the Executive and Supervisory Boards are committed to achieving and maintaining a sustainable dividend policy. Share buybacks are also a possible component of our distribution policy.

Sustainable dividend policy

The annual general meeting on 11 May 2018 approved a dividend of EUR 0.70 per share for the 2017 financial year (2016A: EUR 0.60). It was classified as a repayment of capital under Austrian law (§ 4 (12) of the Austrian Income Tax Act) and was therefore not subject to withholding tax for natural persons who are resident in Austria and who hold IMMOFINANZ shares as part of their private assets.* The ex-dividend date was 15 May and the dividend was paid on 17 May 2018.

Plans call for a further increase in the dividend to EUR 0.85 per share for the 2018 financial year.

Share buyback programmes

A total of 1.5 million shares were repurchased during the period from 14 March to 15 June 2018 as part of the share buyback programme 1/2018. The shares were repurchased over the stock exchange at an average price of EUR 21.05 per share.

*Share buybacks
up to 9.7 million
shares, or 8.66%*

A new share buyback programme with a volume of up to 9.5 million shares, or 8.66% of the outstanding shares, was approved on 2 July 2018. The buyback started on 16 July and will end, at the latest, on 31 December 2019. During the course of this buyback, the reportable shareholding threshold of 5% was exceeded after the end of the 2018 financial year, i.e. on 21 January 2019. IMMOFINANZ held 5,642,526 treasury shares as of that date (31 December 2018: 4,942,001), which represent 5.03% of the total shares issued. Information on the share buyback programme 2018/2019 is available under www.immofinanz.com/en/investor-relations/shares/share-buyback-programmes.

25TH ANNUAL GENERAL MEETING

The 25th annual general meeting of IMMOFINANZ AG was held on 11 May 2018 in Vienna. The related documents and voting results can be found under www.immofinanz.com/en/investor-relations/general-meeting.

The 26th annual general meeting will be held on 22 May 2019 at the Wiener Stadthalle in Vienna.

PARTIAL PUBLIC TAKEOVER OFFER

On 18 April 2018, SOF-11 Starlight 10 EUR S.à.r.l., Luxembourg, a member company of the Starwood Capital Group, published the offer documents for the voluntary public takeover offer of IMMOFINANZ shares which was announced on 22 March 2018.

The offer covered the purchase of up to 5,604,263 shares, respectively up to 5% of share capital. The offer price equalled EUR 21.0 per share (including the dividend). After an adjustment for the EUR 0.70 dividend for the 2017 financial year, the offer price equalled EUR 20.3 per share.

In the legally required statements, the Executive Board and Supervisory Board recommended the non-acceptance of the offer because the offer price was considered not appropriate. On 6 June Starwood announced that 239,913 IMMOFINANZ shares had been tendered by the end of the acceptance period.

The documents relating to the takeover offer by Starwood Capital and the statements by the Executive and Supervisory Board are available on the IMMOFINANZ website under the following link: www.immofinanz.com/en/investor-relations/takeover-offer-by-sof-11-starlight-10.

SHAREHOLDER STRUCTURE

IMMOFINANZ shares are widely held: the largest shareholder groups are long-term institutional investors from Europe and the USA, private investors in Austria and fixed ownership investors. Free float (based on the definition issued by the Vienna Stock Exchange for the Prime Market segment) equalled roughly 73% as of 31 December 2018.

* Subject to certain assumptions, e.g. when the total capital repayment exceeds the tax base of the purchased shares.

The following shareholders (all from Austria) hold investments of more than 4%:

	Number of voting rights	Percentage (basis: share capital on the reporting date)	Last reporting date
S IMMO AG (via CEE Immobilien GmbH) ¹	13,388,358	11.9%	27 March 2018
Fries Foundation (and companies and members of the Fries family)	6,978,181	6.2%	31 Dec. 2018
Erste Asset Management GmbH (together with subsidiaries) ² – allocated to free float	5,540,611	4.9%	21 March 2018
CA Immobilien Anlagen AG (via PHI Finanzbeteiligungs and Investment GmbH)	5,480,556	4.9%	2 Nov. 2017

Information on the holdings reflects the respective reporting date, adjusted for the reverse stock split. There are no reports of changes within the reporting thresholds.

¹ Includes shares and other financial instruments of IMMOFINANZ

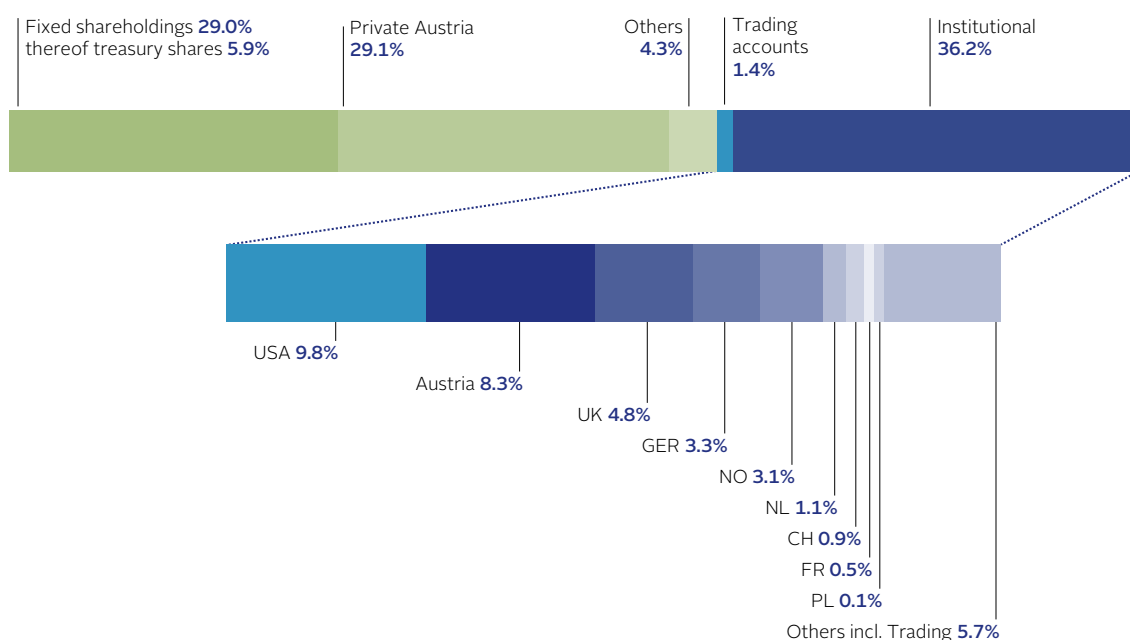
² Based on an announcement dated 13 February 2019 – i.e. after the end of the reporting year – Erste Asset Management GmbH, together with controlled companies, held 4,389,909 shares representing 3.9% of IMMOFINANZ.

There are no other reports of shareholdings over or under the reporting thresholds.

Detailed analysis

Regular shareholder surveys help us to define the regional focal points for investor relations activities. The latest survey was carried out in February 2019 and shows the following picture: 29.1% of IMMOFINANZ shares are held by private investors in Austria. Institutional investors hold 36.2% of the free float shares, whereby most come from the USA (9.8%), Austria (8.3) and the United Kingdom (4.8%). Fixed shareholdings by investors represent 23.1%, while a further 5.9% are also attributed to fixed shareholdings based on the free float definition of the Vienna Stock Exchange. The remaining 4.3% are unidentified investors or shares held by foreign private investors.

PRIVATE AND INSTITUTIONAL INVESTORS BY COUNTRY



Source: IPREO, February 2019 (Presentation adjusted)

IMMOFINANZ BONDS AND INVESTMENT GRADE RATING

IMMOFINANZ had one convertible bond with a nominal value of EUR 297.2 million outstanding as of 31 December 2018. The conversion price for this convertible bond, which is due in 2024, (ISIN XS1551932046) was adjusted to EUR 22.20 in the second quarter to reflect the dividend payment and the reverse stock split. The coupon was reduced by 50 basis points to 1.5% after the end of the 2018 financial year in accordance with the bond terms to reflect the receipt of an investment grade rating (see below); this reduction takes effect with the interest payment period which starts on 24 January 2019.

On 21 January 2019, i.e. after the end of the reporting year, IMMOFINANZ successfully placed a fixed interest, unsecured, non-subordinated benchmark bond (ISIN XS1935128956) with a nominal value of EUR 500.0 million. This bond has a four-year term, a fixed coupon of 2.625% and a denomination of EUR 100,000.0 per bond certificate. It is listed on the regulated market of the Luxembourg Stock Exchange and the third market (MTF) of the Vienna Stock Exchange.

IMMOFINANZ received a long-term issuer rating of BBB- with stable outlook and the benchmark bond an issue rating BBB- from S&P Global Rating on 22 January 2019, i.e. also after the end of the reporting year. As the reasons for its rating decision, S&P Global Rating listed, among others, IMMOFINANZ's market position as one of the largest owners of commercial properties in the CEE region, the stable occupancy level and the stable development of demand in the company's business environment.

ANALYSTS' RECOMMENDATIONS

The following ten national and international houses publish regular evaluations and studies on IMMOFINANZ: Baader Helvea, Deutsche Bank, Erste Group, HSBC, Kepler Cheuvreux, PKO BP Securities, Raiffeisen Centrobank, Société Générale, Wood & Company and Wiener Privatbank. These evaluations are updated regularly and can be reviewed on the IMMOFINANZ website under <https://www.immofinanz.com/en/investor-relations/our-share/analyses>.

INVESTOR RELATIONS ACTIVITIES

Our goal is to communicate an accurate picture of the Group and thereby ensure an appropriate valuation of IMMOFINANZ's securities. We therefore maintain a transparent, extensive and continuous dialogue with our analysts, shareholders, bondholders and potential investors. In 2018 we took part in roughly 25 investor conferences, roadshows and information events – among others in Amsterdam, Berlin, Boston, Cape Town, Copenhagen, Frankfurt, Helsinki, Hollywood (Florida, USA), London, Munich, New York, Paris, Prague, Stegersbach (Austria), Stockholm, Vienna, Warsaw, Zurich and Zürs (Austria). Numerous personal meetings and telephone conferences were held with investors and analysts to communicate key facts and figures and discuss the positive development of IMMOFINANZ. Investors and analysts also took regular advantage of the opportunity to gain a first-hand view of the quality of our properties and brands through visits to our various core markets.

The continuous and timely distribution of information is supported by our newly designed company website and blog (www.immofinanz.com) as well as our corporate newsletter. As an additional service for investors and analysts, our newly designed investor relations app provides up-to-date information on the share price as well as financial reports, presentations and corporate news. Our financial reporting dates can also be transferred directly to a personal calendar with a simple click.

YOUR IR CONTACT

We would be happy to answer your questions and provide additional information on IMMOFINANZ and its share.

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Report of the Supervisory Board

DEAR SHAREHOLDERS,

IMMOFINANZ continued to improve the efficiency of its portfolio, increased the quality of the standing investments and strengthened its balance sheet in 2018 and, in doing so, created a solid foundation for further growth.

In our function as the Supervisory Board, we accompanied IMMOFINANZ and its Executive Board on all activities and, as in previous years, conscientiously performed the duties required by law and the articles of association. The Executive Board provided the Supervisory Board with extensive, ongoing and timely information on the development of business and the company's asset, financial and earnings position and, in this way, met its information requirements at all times and in appropriate depth.

The Supervisory Board and Executive Board discussed the company's economic position as well as major events and measures in seven meetings during the 2018 financial year. All current members of the Supervisory Board attended roughly 97% of the meetings. Outside the framework of these meetings, the Supervisory Board remained in regular contact with the Executive Board and took a number of decisions through circular resolutions.

The Supervisory Board dealt extensively with the company's strategic orientation, its management by the Executive Board and its financing situation as well as developments on the capital market and in IMMOFINANZ's core markets.

The following subjects formed the focal points of discussions:

- > Early extension of the Executive Board contract with CFO Stefan Schönauer for a further two years up to 30 April 2021
- > Share buyback programme 1/2018 covering 1.5 million shares and share buyback programme 2018/2019 with a volume of up to 9.7 million shares
- > Purchase of 19,499,437 bearer shares, representing 29.14%, of S IMMO AG
- > Package sales of all shares in CA IMMO (25,690,163 bearer shares and four registered shares)
- > Increase in the efficiency of the real estate portfolio and the further improvement of the company's financing costs and financing structure
- > Evaluation, discussion and approval of the budget for the 2019 financial year

EFFICIENT WORK IN THREE COMMITTEES

In order to support the efficient performance of its duties, the Supervisory Board has established three committees: the Audit Committee, the Strategy Committee and the Personnel and Nominating Committee.

The previous composition of the committees was retained by the Supervisory Board at its constituent meeting in May 2018. Information on the composition and responsibilities of the committees is provided in the Corporate Governance Report beginning on page 33.

The Supervisory Board also completed a routine annual evaluation of its working efficiency, in particular with regard to its organisation and working procedures.

APPROVAL OF THE 2018 FINANCIAL STATEMENTS

The following documents were prepared by the Executive Board and audited by Deloitte Audit Wirtschaftsprüfungs GmbH, which was appointed as the auditor by the annual general meeting on 11 May 2018: the annual financial statements of IMMOFINANZ AG as of 31 December 2018 including the management report and the consolidated financial statements together with the group management report. All of these documents were awarded an unqualified opinion (pages 194–198).

The annual financial statements and consolidated financial statements as well as the related auditor's reports were made available to all Supervisory Board members immediately after completion. These documents were discussed by the Audit Committee in detail in the presence of the auditor and the Executive Board and

reviewed in accordance with § 96 of the Austrian Stock Corporation Act. Following this examination and discussion, the members of the Audit Committee unanimously agreed to recommend the unqualified acceptance of these documents to the Supervisory Board. The Supervisory Board accepted the annual financial statements as of 31 December 2018, which are considered approved in accordance with § 96 (4) of the Austrian Stock Corporation Act. The consolidated financial statements as of 31 December 2018 were also accepted by the Supervisory Board. In accordance with L-Rule 60 of the Austrian Corporate Governance Code, the Supervisory Board reviewed and approved the expanded corporate governance report which now also includes the consolidated corporate governance report.

The Supervisory Board agrees with the recommendation by the Executive Board for the use of profit. The agenda of the annual general meeting for the 2018 financial year will therefore include a proposal to distribute a dividend of EUR 0.85 per share. Based on a recommendation by the Audit Committee, the Supervisory Board approved a proposal to the annual general meeting for the 2018 financial year which calls for the appointment of Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, as the auditor for the 2019 financial year.

On behalf of the Supervisory Board, I would like to thank the members of the Executive Board and all IMMOFINANZ employees for their outstanding performance and strong commitment and also express our gratitude to shareholders for their confidence.

Vienna, 10 April 2019

A handwritten signature in black ink, appearing to read 'M. Knap', with a stylized, flowing script.

Michael Knap
Chairman

Corporate Governance

Corporate Governance Report expanded to include the Consolidated Corporate Governance Report

COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

IMMOFINANZ pursues responsible business activities that are designed to create and maintain sustainable, long-term value. In line with this orientation, the company strives to achieve a high degree of transparency for all stakeholders.

The Austrian Corporate Governance Code* provides Austrian stock companies with a framework for corporate management and monitoring. The Executive Board and Supervisory Board of IMMOFINANZ are committed to compliance with the code, in the currently applicable version, and to the related transparency and principles of good management.

IMMOFINANZ complied with all provisions of the code during the 2018 financial year.

CORPORATE BODIES AND REMUNERATION

THE EXECUTIVE BOARD

Oliver Schumy, Chief Executive Officer

- > Member of the Executive Board since 1 March 2015
- > Appointed up to 29 February 2020
- > Born in 1971

Oliver Schumy has been a member of the Executive Board of IMMOFINANZ since 1 March 2015 and has served as Chief Executive Officer since 1 May 2015. In this function he is responsible for project development, transactions, legal affairs and human resources as well as corporate communications and investor relations. Mr. Schumy also serves as a managing director of IMBEA IMMOEAST Beteiligungsverwaltung GmbH (IMBEA), a material IMMOFINANZ subsidiary. He resigned from the supervisory board of CA Immobilien Anlagen Aktiengesellschaft (CA Immo) as of 27 September 2018.

Stefan Schönaauer

- > Member of the Executive Board since 11 March 2016
- > Appointed up to 30 April 2021
- > Born in 1979

Stefan Schönaauer has worked with IMMOFINANZ in leading positions since the end of 2008 and was appointed Chief Financial Officer on 11 March 2016. He is responsible for accounting, controlling, consolidation, taxes, financing, cash management, IT, procurement and internal audit. Mr. Schönaauer also serves as a managing director of the IMMOFINANZ subsidiary IMBEA. He resigned from the supervisory board of CA Immobilien Anlagen Aktiengesellschaft (CA Immo) as of 27 September 2018.

Dietmar Reindl

- > Member of the Executive Board since 1. Mai 2014
- > Appointed up to 30 April 2021
- > Born in 1969

Dietmar Reindl has been with IMMOFINANZ in leading functions since 2012 and was appointed to the Executive Board in May 2014. He is responsible for the management of all commercial properties and for marketing. Mr. Reindl also serves as a managing director of the IMMOFINANZ subsidiary IMBEA.

* The current version of the code (January 2018) is available on the website of IMMOFINANZ AG (www.immofinanz.com) and on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at).



THE SUPERVISORY BOARD

From left to right:
Christian Böhm,
Maria Onitcanscaia,
Horst Populorum
Nick van Ommen,
Larissa Lielacher,
Wolfgang Schischek,
Michael Knap,
Philipp Obermair
(not in picture:
Rudolf Fries)

THE SUPERVISORY BOARD

Member	Function	First appointment	Term ends in
Michael Knap (born in 1944)	Chairman of the Supervisory Board	2008	2020 ¹
Rudolf Fries (born in 1958)	Vice-Chairman of the Supervisory Board	2008	2020 ¹
Christian Böhm (born in 1958)	Member	2010	2020 ¹
Nick J. M. van Ommen, FRICS (born in 1946)	Member	2008	2020 ¹
Horst Populorum (born in 1973)	Member	2015	2018 ²
Wolfgang Schischek (born in 1944)	Member	2015	2018 ²
Werner Ertelthaler (born in 1987)	Member until 26 March 2019	2016	
Philipp Obermair (born in 1979)	Member	2014	
Larissa Lielacher (born in 1985)	Member	2017	
Maria Onitcanscaia (born in 1981)	Member since 26 March 2019	2019	

¹ End of term: at the end of the annual general meeting which votes on the release from liability for the 2020 financial year (28th AGM in 2021)
² End of term: at the end of the annual general meeting which votes on the release from liability for the 2018 financial year (26th AGM in 2019)

The terms of office of the members delegated to the Supervisory Board by the Works' Council are unlimited.



Experience	Other functions
Extensive experience in the areas of capital markets, corporate governance, financial analysis and investor representation; many years of management experience in the banking and insurance sector	> Vice-president of IVA Interessenverband für Anleger, Vienna
Extensive experience in the areas of corporate and company law as well as real estate	> Chairman of the supervisory board of EAG-Beteiligungs Aktiengesellschaft, Baden > Attorney, partner in Eckert Fries Prokopp Rechtsanwälte GmbH, Baden
Many years of management experience in the financial and insurance sector (pension funds)	> Chairman of the management board of APK Pensionskasse AG, Vienna > Chairman of the supervisory board of APK Versicherung AG, Vienna > Member of the supervisory board of APK Vorsorgekasse AG, Vienna
Many years of management and supervisory board experience in the banking sector and in real estate companies; served as CEO of EPRA from 2000 to 2008	Member of the supervisory boards of: > W.P. Carey & Co. LLC, USA > Allianz Nederland Group N.V., Netherlands > Allianz Benelux SA, Belgium > Brack Capital Properties N.V., Israel
Extensive management experience in the food products and retail sectors	Holds no other supervisory board positions
Many years of management and supervisory board experience in the industrial sector	Member of the supervisory boards of: > Vice-chairman of the supervisory board of KBA-MÖDLING GmbH, Mödling > Kostwein Holding GmbH, Klagenfurt
Currently serves as a system expert in the IMMOFINANZ consolidation department	Delegated by the IMMOFINANZ Works' Council
Currently serves as a research manager and previously as a senior controller at IMMOFINANZ	Delegated by the IMMOFINANZ Works' Council
Currently serves as a risk manager at IMMOFINANZ	Delegated by the IMMOFINANZ Works' Council
Currently serves as a group asset manager in the retail business at IMMOFINANZ	Delegated by the IMMOFINANZ Works' Council

MEMBERS OF THE SUPERVISORY BOARD COMMITTEES

Audit Committee	Strategy Committee	Personnel and Nominating Committee
Michael Knap , Chairman	Michael Knap , Chairman	Michael Knap , Chairman
Rudolf Fries , Vice-Chairman	Nick J. M. van Ommen, FRICS , Vice-Chairman	Rudolf Fries , Vice-Chairman
Christian Böhm , financial expert	Wolfgang Schischek	Horst Populorum
Philipp Obermair	Christian Böhm	
Werner Ertelthaler (until March 2019)	Werner Ertelthaler (until March 2019)	
Maria Onitcanscaia (since March 2019)	Larissa Lielacher	
	Maria Onitcanscaia (since March 2019)	

The Supervisory Board monitors the Executive Board and provides support for the management of the company, particularly on decisions of fundamental importance. In addition to its primary function as a monitoring and support body, the Supervisory Board constantly strives to further improve the efficiency of its work through self-evaluation. The Supervisory Board currently has six members who were elected by the annual general meeting and three members delegated by the Works' Council. Seven Supervisory Board meetings were held during the 2018 financial year. These meetings were attended by roughly 97% of the elected members: Michael Knap, Rudolf Fries, Christian Böhm, Horst Populorum and Wolfgang Schischek attended all of the meetings, Nick J.M. van Ommen was present at five of the seven meetings (71.4%).

Audit Committee

The Audit Committee is responsible for monitoring accounting processes and supervising the audit of the separate and consolidated financial statements. This committee also monitors the effectiveness of the company's internal control system, risk management and internal audit as well as property valuation. Christian Böhm serves as the Audit Committee's financial expert based on his professional experience and knowledge of finance and accounting. The committee members, as a whole, are well informed of the real estate sector. The Audit Committee held two meetings in 2018, whereby all of the shareholder representatives were in attendance at both meetings.

Strategy Committee

The Strategy Committee is responsible, above all, for the regular evaluation of the company's strategy and orientation as well as consultations with the Executive Board on the definition of this strategy. These responsibilities were fulfilled by the full Supervisory Board in 2018.

Personnel and Nominating Committee

The Personnel and Nominating Committee makes recommendations to the Supervisory Board for nominations to the Executive and Supervisory Boards and is responsible for determining the remuneration and preparing the employment contracts for the Executive Board members. In its capacity as a remuneration committee, the Personnel and Nominating Committee has at least one member with knowledge and experience in the area of remuneration policy. This committee met twice in 2018, whereby all of the shareholder representatives were in attendance at both meetings.

CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD AFTER THE END OF THE 2018 FINANCIAL YEAR

Werner Ertelthaler, who was delegated to the Supervisory Board by the Works' Council, resigned from this body as of 26 March 2019. Maria Onitcanscaia was delegated to the Supervisory Board by the Works' Council as of this same date and serves as a member of the Strategy and Audit Committees.

REMUNERATION OF THE EXECUTIVE BOARD

The contracts with the members of the IMMOFINANZ Executive Board include fixed and variable remuneration components. The performance-based remuneration is linked, in particular, to sustainable, long-term and multi-year criteria and includes both qualitative and quantitative goals – for example, the fulfilment of budget targets, cash flow, annual results, implementation of a digitalisation concept, sale of non-strategic properties, optimisation of property financing, attainment of a specific rating level (target: investment grade) and occupancy rate. The variable component of the Executive Board remuneration is dependent on the target attainment in the respective financial year and is limited to 100% of the fixed remuneration. In accordance with a resolution of the Personnel and Nominating Committee, the target attainment for 2018 equals 100% for all three Executive Board members based on a resolution by the Personnel and Nominating Committee on 29 March 2019.

In addition to the fixed and variable remuneration, the Supervisory Board can award a special bonus for exceptional achievements to the Executive Board members each year. The successful restructuring of the corporation during the period from 2015 to 2017, which culminated, among others, in the sale of the retail portfolio in Russia, led to the approval of a special bonus totalling EUR 4.0 million by the Personnel and Nominating Committee of the Supervisory Board in 2018. This bonus was allocated as follows: EUR 2.0 million for Oliver Schumy and EUR 1.0 million each for Stefan Schönauer and Dietmar Reindl.

The members of the Executive Board do not receive any remuneration from the subsidiaries for management functions in these companies.

All Executive Board contracts include change of control clauses, which regulate the entitlements of the Executive Board members if their contracts are terminated prematurely due to a change in the control over the company. The entitlements of the individual Executive Board members from their respective contracts are limited to a maximum of two years, depending on the remaining contract term. The Executive Board contracts also include so-called “clawback” clauses, which give IMMOFINANZ the right to claim repayment of the variable remuneration if a member of the Executive Board is guilty of a criminal act or failure to act as confirmed by a binding legal judgment.

IMMOFINANZ has not granted any loans to the members of the Executive Board.

EXECUTIVE BOARD REMUNERATION FOR THE 2018 FINANCIAL YEAR

in EUR	Oliver Schumy	Dietmar Reindl	Stefan Schönauer	Total
Fixed remuneration, gross	742,857	500,000	371,429	1,614,286
Compensation in kind	11,694	11,694	11,694	35,083
Total fixed remuneration	754,552	511,694	383,123	1,649,369
<i>Fixed remuneration as a % of total remuneration</i>	<i>21.2%</i>	<i>25.6%</i>	<i>21.8%</i>	<i>22.5%</i>
Total variable remuneration	685,714	407,143	314,285	1,407,143
<i>Variable remuneration as a % of total remuneration</i>	<i>19.2%</i>	<i>20.4%</i>	<i>17.9%</i>	<i>19.2%</i>
Contributions to pension fund ¹	73,333	50,000	36,667	160,000
Contributions to employee benefit fund	52,636	29,030	25,533	107,200
Total fund contributions	125,969	79,030	62,200	267,200
Special bonuses (payment in March 2018)	2,000,000	1,000,000	1,000,000	4,000,000
Total remuneration	3,566,235	1,997,868	1,759,608	7,323,711

¹ Defined contribution commitments

Directors' and officers' insurance (D&O insurance) with coverage of EUR 100 million was concluded for the corporate bodies of IMMOFINANZ. The related costs are carried by the company.

SUPERVISORY BOARD REMUNERATION

The remuneration of the Supervisory Board for the current financial year is approved by the annual general meeting in the following year and paid out after this approval is received. A recommendation will be made to the next annual general meeting calling for remuneration of EUR 260,939.38 for the Supervisory Board for the 2018 financial year.

Each member receives fixed remuneration of EUR 25,125.25. An additional payment of EUR 5,000.00 is made for services performed on a committee. The remuneration for the chairman and vice-chairman of the Supervisory Board equals twice and one and a half times this amount, respectively.

RECOMMENDED REMUNERATION FOR 2018

in EUR	Michael Knap	Rudolf Fries	Christian Böhm	Nick J. M. van Ommen, FRICS	Horst Populorum	Wolfgang Schischek
Total	80,251	52,688	35,125	32,625	30,125	30,125

SHAREHOLDINGS OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS AS OF 31 DECEMBER 2018

Members of the IMMOFINANZ corporate bodies and closely related persons are required to report their transactions in financial instruments issued by the company. These reports ("Directors' Dealings") are published on the IMMOFINANZ website. Following is an overview of the direct and indirect shareholdings of these members:

Member	Number of IMMOFINANZ shares
Oliver Schumy	36,200
Dietmar Reindl	2,515
Stefan Schönauer	5,000
Michael Knap (and related persons)	156
Fries Foundation (and companies and members of the Fries family)	6,978,181
Nick J. M. van Ommen, FRICS	14,000
Horst Populorum (and related persons)	7,148
Wolfgang Schischek	22,080
Christian Böhm	1,000
Philipp Obermair	50

WORKING PROCEDURES OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

The cooperation between the Executive Board and Supervisory Board of IMMOFINANZ is based on open and constructive discussions. The Executive Board provides the Supervisory Board with regular, timely and comprehensive information on the development of business and related issues and also prepares the documentation for the Supervisory Board's meetings and resolutions. The rules of procedure for the Executive Board define the transactions and measures that require Supervisory Board approval. In addition, the Executive Board provides the Supervisory Board with information on issues of major importance outside the framework of scheduled meetings.

Independence and avoidance of conflicts of interest

The members of the Executive Board are required to take their decisions independent of any personal interests and the interests of controlling shareholders. Moreover, these decisions must be based on well-founded knowledge and comply with all relevant legal regulations. Persons serving on the Executive Board must disclose any personal interests in the company's transactions or other conflicts of interest to the Supervisory Board without delay and also inform their board colleagues. The Executive Board members may only accept appointments to a supervisory board with the consent of the IMMOFINANZ Supervisory Board. Key company employees must also have the approval of the Executive Board and Supervisory Board before they may accept a position on the corporate body of a non-Group company. A legal restraint on competition is also in place.

The members of the Supervisory Board are required to represent the interests of the company and must disclose any conflicts of interest without delay. They may not accept positions on the corporate bodies of any companies that compete with IMMOFINANZ.

Christian Böhm, a member of the Supervisory Board, serves on the management board of APK Pensionskasse AG. IMMOFINANZ makes pension fund contributions at ordinary market conditions to this firm for the company pensions of the Executive Board members. The contributions made in 2018 totalled EUR 160,000.

Apart from the above business relationship, there are no contracts between the members of the Supervisory Board or companies in which a member of the Supervisory Board holds a significant financial interest, on the one hand, and IMMOFINANZ or one of its subsidiaries, on the other hand.

Criteria for the independence of the Supervisory Board

The Austrian Corporate Governance Code (C-Rule 53) requires the majority of the supervisory board members elected by the annual general meeting or by shareholders in accordance with the articles of incorporation to be independent of the company and its management board. A supervisory board member is considered to be independent when he or she has no business or personal relations with the company or its management board that constitute a material conflict of interest and are therefore capable of influencing the member's behaviour.

The following independence criteria were defined by the IMMOFINANZ Supervisory Board and reflect the standards listed in Annex 1 to the Corporate Governance Code. All elected Supervisory Board members are independent based on these criteria. No member represents a shareholder with an investment of more than 10% or the interests of such a shareholder.

- > The Supervisory Board member did not serve as a member of the Executive Board or a key employee of IMMOFINANZ or one of its subsidiaries during the past five years.
- > The Supervisory Board member does not currently, or did not in the past year, maintain any business relations with IMMOFINANZ or one of its subsidiaries of a scope considered significant for the Supervisory Board member. The same applies to business relationships with companies in which the Supervisory Board member holds a considerable economic interest, but not for exercising functions on IMMOFINANZ's corporate bodies. The approval of individual transactions by the Supervisory Board pursuant to L-Rule 48 does not automatically qualify the member as not independent.
- > The Supervisory Board member did not act as an auditor of IMMOFINANZ or own an investment in the auditing company or work for the auditing company during the past three years.
- > The Supervisory Board member is not a member of the management board of another company in which a member of the Executive Board of IMMOFINANZ serves on the supervisory board.
- > The Supervisory Board member has not served on the Supervisory Board of IMMOFINANZ for more than 15 years. This does not apply to members who are shareholders with a direct investment in IMMOFINANZ or who represent the interests of such a shareholder.
- > The Supervisory Board member is not closely related (direct offspring, spouse, life partner, parent, uncle, aunt, sibling, niece, nephew) to a member of the Executive Board or to persons specified in one of the above points.

SUPPORT FOR WOMEN ON THE EXECUTIVE BOARD AND SUPERVISORY BOARD AND IN KEY FUNCTIONS

In the interest of the company, appointments to the Executive Board, Supervisory Board and key positions are based solely on professional and personal qualifications.

Women filled 36.2% (2017: 30.8%) of the management positions and represented 59.0% of the total workforce in 2018 (2017: 58.6%). In the IMMOFINANZ Group, women hold key management positions in central corporate functions and on the local country boards.

Men and women have equal opportunities for advancement at IMMOFINANZ, and all employees receive performance-based remuneration for their work.

DIVERSITY CONCEPT

IMMOFINANZ does not follow an abstractly defined diversity concept for appointments to the Executive Board or Supervisory Board. The Supervisory Board, which is responsible for appointments to the Executive Board and for issuing recommendations to the annual general meeting for elections to the Supervisory Board, considers the diversity aspects listed in § 243c (2) no. 2a of the Austrian Commercial Code (age, gender, education and professional experience) and the international aspects for supervisory board members which are discussed in L-Rule 52 of the Austrian Corporate Governance Code to be very important. Accordingly, these aspects are acknowledged and reflected in connection with specific appointment decisions or recommendations.

However, the company does not consider it suitable or expedient to tie its decisions on recommendations or appointments to a diversity concept with abstractly defined goals. The Supervisory Board believes the decisive factors for recommended elections to the Supervisory Board and appointments to the Executive Board must involve aspects like expertise, specific requirements, experience, availability etc.

EXTERNAL EVALUATION

IMMOFINANZ's compliance with the provisions of the Austrian Corporate Governance Code was evaluated by the auditor, Deloitte Audit Wirtschaftsprüfung GmbH, in connection with a review of the corporate governance report. The related auditor's report is available for review on our website (www.immofinanz.com). The evaluation of the corporate governance report for 2018 did not result in any objections.

Vienna, 1 April 2019

The Executive Board



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO

GROUP MANAGEMENT REPORT

Economic Overview and Property Markets

The following section presents a selection of key economic indicators on the IMMOFINANZ core markets. Included here are statistics on GDP growth, the inflation rate and the unemployment rate based on the autumn forecast published by the European Commission in November 2018 and on current Eurostat data. This information is followed by a summary of developments in the individual real estate market segments where IMMOFINANZ is active, which was drawn from market reports prepared by BNP Paribas, CBRE, JLL and EHL (data as of the end of Q3 or Q4 2018).

AUSTRIA

Economic growth in Austria again outpaced the Eurozone average with a slight improvement over the previous year to roughly 2.7% in 2018 (2017: 2.6%). This development was supported, above all, by the continuation of strong private consumption and an increase in exports. Forecasts point to growth of 2.0% and 1.8%, respectively, in 2019 and 2020 in line with the anticipated general slowdown in Austria's export markets. The inflation rate equalled 1.7% in 2018 (2017: 2.0%), with energy prices and services representing the main price drivers. Rising consumer prices and the related salary increases as well as higher oil prices are expected to push inflation to 2.1% and 2.0% in the following years. Unemployment fell to 4.7% in 2018 (2017: 5.4%), and a further slight decline to 4.4% is expected by 2020.

The transaction volume on the commercial property market in Austria totalled EUR 4.1 billion in 2018 and was 18% below last year's record level. Office properties were the most popular asset class at 41%, followed by retail and residential properties (21% and 27%). Despite the limited supply on the office investment market, Austrian properties remain very popular with investors. The prime yield in the office sector fell substantially to 3.75% in 2018 due to the short supply.

OFFICE

Completions on the Vienna office market totalled approx. 260,000 sqm in 2018, compared with 150,000 sqm in the previous year. This development was also reflected in an increase in take-up, which rose substantially to 230,000 sqm (2017: 185,000 sqm). Vienna currently has roughly 11.08 million sqm of modern office space. Vacancies remained very low at 5.1%. Prime rents were stable at approx. EUR 25.5/sqm/month and increased slightly to EUR 17.5/sqm/month in good office locations.

RETAIL

The focus for retail parks is not on new construction, but rather on an improvement in the quality of the offering. Selected expansion projects were also reported. Rental prices in retail parks were stable at EUR 8.0 to EUR 12.0/sqm/month in Vienna and somewhat lower in the provinces. The prime yield was roughly 5.0%.

GERMANY

The German economy followed a 2.2% increase in 2017 with weaker growth of 1.7% in 2018. This decline resulted, in particular, from the increasingly protectionist trade policies pursued by key business partners and the subsequent negative impact on exports. Positive factors included the strength of the construction industry and continuing robust consumption by private households. Similar growth rates of 1.8% and 1.7%, respectively, are projected for 2019 and 2020. Inflation rose to 1.7% in 2018 (2017: 1.5%), above all due to the upward trend in energy prices, and should increase to 1.9% in 2019 before declining to 1.6% in 2020. Unemployment equalled 3.3% at the end of December 2018 (2017: 3.7%) and is expected to drop further to 3.2% and 3.0% in the coming years.

Commercial property transactions reached a volume of approximately EUR 61.5 billion in 2018, which represents an increase of 6% over the record 2017 level. Office properties comprised 48.2%, or EUR 29.7 billion, of the transaction volume, with investments in individual properties forming the main focal point in 2018.

Prices in the triple-digit million Euro range were realised on 65 individual transactions. Strong demand combined with the limited supply created added pressure on prime yields, which have already reached 2.9% in Berlin. The transaction volume in Düsseldorf was roughly 21% higher than the previous year at EUR 3.9 billion.

OFFICE

Take-up in Düsseldorf was roughly 6% higher than the previous year at 399,500 sqm. Approx. 91,900 sqm were completed in 2018, whereby the two IMMOFINANZ projects, *trivago Campus* and *FLOAT*, served as the main volume drivers. The total supply of office space rose to 9.48 million sqm, and the vacancy rate declined to 7.1%. Prime yields fell from 3.45% at year-end 2017 to 3.3%. Completions are expected to rise to 145,000 sqm in 2019. Prime rents increased slightly to EUR 28.0/sqm/month, and the average rent in the metropolitan region equalled roughly EUR 16.0/sqm/month. The favourable economic environment is expected to support a continuation of this positive development next year.



POLAND

The Polish economy grew by a strong 4.8% in 2018 (2017: 4.2%). This sound development was driven, above all, by continuing high consumer demand and favourable conditions on the labour market. Corporate investments as well as the use of EU subsidies also increased during the past year. GDP is expected to rise at a slightly lower 3.7% and 3.3%, respectively, in 2019 and 2020 due to higher inflation and the related impact on household incomes as well as a gradual reduction of the positive labour market effects. The inflation rate fell to 0.9% in 2018 (2017: 1.7%), but should trend upward over the next two years – above all due to the current full employment and related salary adjustments as well as an expected increase in energy prices. Unemployment recently declined to 3.5% and is projected to fall further to 2.8% by 2020. The growing shortage of qualified labour represents a rising challenge for the Polish economy.

The commercial property investment market set a new record in 2018 with transactions totalling EUR 7.2 billion – which makes Poland responsible for nearly half the total transaction volume in CEE. Office properties were the most popular asset class at EUR 2.75 billion (38%), followed closely by retail properties at EUR 2.5 billion (35%). Nearly half of all transactions represented portfolio deals. Demand in the office sector is concentrated primarily on the Central Business District (CBD) in Warsaw. Yields continued to decline due to the strong demand and equalled 4.75% for office properties and 5.0% for retail properties.

OFFICE

Take-up on the Warsaw office market amounted to approx. 858,000 sqm in 2018, for a year-on-year increase of 4.6%. At the end of December, the Warsaw market had 5.46 million sqm of office space in total. The production of new space was lower than 2017 at 232,700 sqm, whereby a further 707,700 sqm are currently under construction and nearly 40% of this volume are scheduled for completion in 2019. The vacancy rate fell to 8.7%, but is somewhat higher at decentralised locations in Warsaw. Average contracted rents equal approx. EUR 20.0/sqm/month in the city center and EUR 14.0/sqm/month at decentralised locations.

RETAIL

The sound economic environment and rising consumer demand were reflected in the completion of retail space totalling 430,000 sqm in 2018, most of which is located in shopping centers. The volume of modern retail space in Poland has now reached 12 million sqm. The attractiveness of this market is underscored by the 29 international retailers who opened locations here in 2018. The effects of the ban on Sunday openings, which will be gradually expanded over the next two years, are still uncertain. Market participants indicate that it could lead to a drop in shopping center visitor frequency, but at a lower level than originally expected. IMMOFINANZ has noted a shift by visitors to its Polish retail properties to other weekdays.

ROMANIA

Economic growth in Romania slowed to 3.6% in 2018 (2017: 5.7%). Private consumption, which previously served as one of the main drivers, weakened as a result of the ongoing high inflation and the expiration of economic policy measures that were directed to improving disposable income. This development is expected to continue in 2019 and 2020, and would limit growth to 3.8% and 3.6%. The inflation rate in 2018 was the second highest in the EU at 3.0% (2017: 1.0%) and is forecasted to remain relatively constant over the coming years. Unemployment fell to a new low of 3.8% at the end of December (2017: 5.3%) and is projected to remain roughly at this level in the near term.

The transaction volume on the commercial property market totalled EUR 734 million in the first three quarters of 2018, with 73% attributable to office properties and 19% to retail properties. Prime yields equalled 6.5% for shopping centers and 7.25% for office properties. National investors dominated the market for the first time with 31% of the transaction volume, followed by Bulgarians (23%), South Africans (16%) and Austrians (7%).

OFFICE

The total space on the Bucharest office market rose by only a limited amount to 2.9 million sqm in 2018. However, completions of up to 900,000 sqm are expected in 2019 and 2020. The vacancy rate, which equalled 15% in 2014, has recently fallen to 8.1%. Rental levels were stable in properties at good locations. Prime rents currently range up to EUR 18.5/sqm/month in the city center and from EUR 10.0 to approx. EUR 16.0 in the surrounding districts. The prime yield for office properties was marginally lower at 7.25%.

RETAIL

The increase in purchasing power has also led to substantial revenue growth for the retail sector in Romania. Approx. 367,000 sqm of new retail space was completed in 2018, including nearly 40% in retail parks. The country now has over 3.5 million sqm of modern retail space. Rental levels are stable, whereby the limited supply in good locations can also lead to moderate price increases. Prime rents range from EUR 65.0 to EUR 70.0/sqm/month in shopping centers and from EUR 9.0 to EUR 9.5 in retail parks.

SLOVAKIA

The Slovakian economy generated further strong growth of 4.0% in 2018 (2017: 3.3%). Private consumption and rising employment combined with low Eurozone interest rates provided the main support for this development. The economic cycle is expected to peak in 2019, with a decline in growth to the 2018 level in 2020. The inflation rate equalled 1.9% in 2018 and is expected to rise in the coming years as a result of higher energy and food prices. The unemployment rate fell from 8.3% in 2017 to 6.1% and should decrease further due to the sound state of the economy.

Transactions on the commercial property market totalled nearly EUR 400 million in the first three quarters of 2018. This volume was slightly lower than the previous year, primarily owing to the lack of prime assets, and also failed to meet the expectations of market participants. Prime yields equalled 6.5% for office properties and 6.0% for retail properties.

OFFICE

The market for modern office properties in Bratislava covered 1.74 million sqm in Q3 2018. A further 237,200 sqm are currently under construction and should be completed by the end of 2020. The vacancy rate fell below 6%, and rental prices were stable.

RETAIL

Slovakia remains an attractive location for international retailers because of its stable economic growth and the strong purchasing power in Bratislava. Approx. 130,000 sqm of retail space is currently under construction. New construction is concentrated in secondary cities. The prime yield for retail properties equalled 6.0%.

CZECH REPUBLIC

Economic growth slowed from 4.3% in the previous year to 3.0% in 2018, but should stabilise slightly below 3% in the next two years thanks to full employment and higher consumer confidence. The inflation rate declined from 2.4% to 1.6% and is expected to level off near 2% in 2019 and 2020. Unemployment fell to a new low of 2.1% in 2018 (2017: 3.0%) and is projected to remain roughly at this level. Rising wage costs and a labour shortage represent the greatest risks for the export-oriented Czech economy.

The Czech real estate investment market clearly missed the prior year value of EUR 3.5 billion with transactions totalling EUR 2.6 billion in 2018. The main reason for this decline was the lack of available assets. Office properties were the most popular asset class with a volume of EUR 962.0 million, followed by retail properties with a volume of EUR 747.0 million. On the buyer side, Czech investors were responsible for 62% of revenues.

OFFICE

The office market in Prague has 3.45 million sqm of modern space, with an additional 354,000 sqm currently under construction. The vacancy rate declined to 6.1%, but new completions are expected to increase this level over the coming years. Rents are stable to slightly higher, with prime rents equalling EUR 22.0/sqm/month. The prime yield was constant at 4.75%.

RETAIL

The healthy economic environment was reflected in an increase of 4.5% in retail revenues during 2018. The volume of retail space was nearly unchanged at 2.4 million sqm due to the lack of new production. Projects totalling approx. 29,000 sqm will be under construction in 2019. The limited supply of space is expected to result in a slight rise in rents.

HUNGARY

Economic growth in Hungary rose from 3.7% in 2017 to 4.3% in 2018, supported, above all, by government spending and monetary measures. A slight decline to 3.4% and 2.6%, respectively, is expected in 2019 and 2020, primarily due to rising construction costs and a related cutback in investments. The inflation rate increased to 2.8% (2017: 2.3%), chiefly as the result of higher energy and food prices, and should generally reflect the Central Bank's target of 3.0% in 2019 and 2020. Unemployment fell to a new low of 3.7% (2017: 4.2%) and should decline further in the next two years.

Investments on the commercial property market amounted to EUR 1.68 billion in 2018, which represents a decline of 6% below the prior year value of EUR 1.8 billion. Office properties were also the most popular asset class in Hungary. They were responsible for transactions of EUR 818 million, followed by retail properties at EUR 732 million. Prime yields currently equal 5.75% for office properties and 5.5% for retail properties. Similar to Romania, national investors dominated the market in Hungary with 65% of the total transaction volume.

OFFICE

The take-up of 535,600 sqm in 2018 matched the record set in 2015. The vacancy rate fell slightly to 7.3%, compared with 7.5% in the previous year. The production of new space totalled 230,600 sqm. The rental level rose slightly, and average rents currently range from EUR 12.8 to EUR 14.8/sqm/month.

RETAIL

Economic growth has had a positive effect on the retail sector. Purchasing power in Hungary rose by more than 10% last year, and vacancies are at a very low 1.5%. The prime yield in the retail sector has fallen to 5.5% due to the demand by investors, but remains stable in the retail park segment at 7.5%. Prime rents in retail parks currently equal roughly EUR 9.0/sqm/month.

Portfolio Report

The property portfolio covered 226 properties* as of 31 December 2018 (31 December 2017: 239) with a combined value of EUR 4,338.0 million** (31 December 2017: EUR 4,194.8 million). These properties are located, above all, in the core markets of Austria, Germany, Poland, Czech Republic, Slovakia, Hungary and Romania. Standing investments represent the largest component at EUR 3,719.1 million, or 85.7% of the carrying amount, and approximately 1.9 million sqm which generate steady rental income. Development projects comprise EUR 397.5 million, or 9.2% of the carrying amount, and real estate inventories EUR 46.9 million, or 1.1%. Pipeline projects are responsible for EUR 174.5 million, or 4.0%, and include future planned development projects and undeveloped land as well as properties that are intended for sale.

**Portfolio value of
EUR 4.3 billion**

The IMMOFINANZ portfolio is focused on clearly defined brands with a high degree of standardisation. In the retail sector, the brands include STOP SHOP for retail parks and VIVO! for shopping centers. myhive, an international office brand, was launched in autumn 2016 and rolled out to a number of existing office buildings. Properties in these three brands were responsible for 69.6% of the carrying amount of the standing investment portfolio at year-end 2018 and 73.8% of rental income for the 2018 financial year.

**Clear brand
strategy**

STRUCTURE OF THE PROPERTY PORTFOLIO

Total carrying amount: MEUR 4,338.0



A geographical analysis shows 49.2% of the property portfolio in Austria, Germany and Poland, i.e. in so-called "developed markets" as defined by FTSE EPRA/NAREIT.

PROPERTY PORTFOLIO BY CORE MARKET AND CLASSIFICATION

Property portfolio	Number of properties	Standing investments in MEUR	Development projects in MEUR	Real estate inventories in MEUR	Pipeline projects in MEUR	Property portfolio in MEUR	Property portfolio in %
Austria	31	728.0	70.4	0.0	9.8	808.2	18.6%
Germany	10	279.1	239.7	46.3	0.0	565.0	13.0%
Poland	32	716.6	43.6	0.0	0.0	760.2	17.5%
Czech Republic	18	332.1	7.4	0.0	0.0	339.5	7.8%
Hungary	31	503.1	2.6	0.0	24.2	529.9	12.2%
Romania	54	635.7	31.3	0.6	100.8	768.5	17.7%
Slovakia	21	302.4	0.0	0.0	1.2	303.6	7.0%
Non-core countries ¹	29	222.1	2.6	0.0	38.5	263.2	6.1%
IMMOFINANZ	226	3,719.1	397.5	46.9	174.5	4,338.0	100.0%
		85.7%	9.2%	1.1%	4.0%	100.0%	

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates.

¹ In declining order based on the carrying amount: Serbia, Slovenia, Croatia, Turkey and Bulgaria

* Properties that are held for sale and fall under IFRS 5 were, as in the past, not included in the portfolio report (see section 4.8 in the consolidated financial statements).

** Incl. non-core countries, excl. IFRS 5

SALE OF NON-STRATEGIC PROPERTIES

The portfolio optimisation also includes the sale of properties that are not part of the core business. These sales are directed, above all, to properties that no longer fit with the core portfolio because of their size, location, quality or other features. The focus in the office sector, for example, is on larger buildings because they can be managed more efficiently. The proceeds from the portfolio optimisation sales are invested to expand the portfolio, in other words in development projects and acquisitions.

Property sales of MEUR 317.8

Properties with a value of EUR 317.8 million (excl. proceeds from the sale of real estate inventories) were sold in 2018. Included here, for example, are office properties in the Czech Republic, a hotel property at the *myhive am Wienerberg* location in Austria and various non-core properties and land reserves in Poland and Romania. In addition, the sale of the office properties in Cologne closed during the past year.

PROPERTY ACQUISITIONS

In November 2018 IMMOFINANZ announced the acquisition of eight retail parks in Slovenia, Serbia and Croatia. The transactions for seven of these properties closed by the end of 2018. IMMOFINANZ also acquired a 50% interest in *Na Příkopě 14*, a building in the inner city of Prague, at the end of January 2019, i.e. after the end of the reporting year. This acquisition makes IMMOFINANZ the sole owner of the property.

INVESTMENTS

IMMOFINANZ invested a total of EUR 240.2 million in the property portfolio during 2018 (2017: EUR 278.9 million).

STRUCTURE OF THE PROPERTY PORTFOLIO BY ASSET CLASS AND CLASSIFICATION

Total carrying amount: MEUR 4,206.2 (excl. Others); in MEUR



The following table shows the carrying amount of IMMOFINANZ's property portfolio as of 31 December 2018:

PROPERTY PORTFOLIO BY BRAND AND CLASSIFICATION

Property portfolio	Number of properties	Standing investments in MEUR	Development projects in MEUR	Real estate inventories in MEUR	Pipeline projects in MEUR	Property portfolio in MEUR	Property portfolio in %
Office	78	2,235.4	350.8	40.1	49.5	2,675.8	61.7%
thereof myhive	24	1,129.4	43.9	0.0	0.0	1,173.3	27.0%
Retail	112	1,475.5	20.3	0.0	34.6	1,530.4	35.3%
thereof VIVO!/ Shopping Center	11	656.0	1.0	0.0	0.0	657.0	15.1%
thereof STOP SHOP/ Retail Park	91	802.5	19.3	0.0	5.7	827.6	19.1%
Others	36	8.1	26.5	6.9	90.4	131.8	3.0%
IMMOFINANZ	226	3,719.1	397.5	46.9	174.5	4,338.0	100.0%

Presentation based on the primary use of the property (in the income statement based on the actual use of the property; marginal differences to the income statement are therefore possible).

STANDING INVESTMENTS

With an 85.7% share of the total property portfolio, the standing investments are the major source of earnings for IMMOFINANZ. These properties are held to generate rental income. The most important objectives for their management include the continuous improvement of quality and efficiency, the strengthening of ties with existing tenants and the acquisition of new tenants.

Standing investments are the most important source of earnings

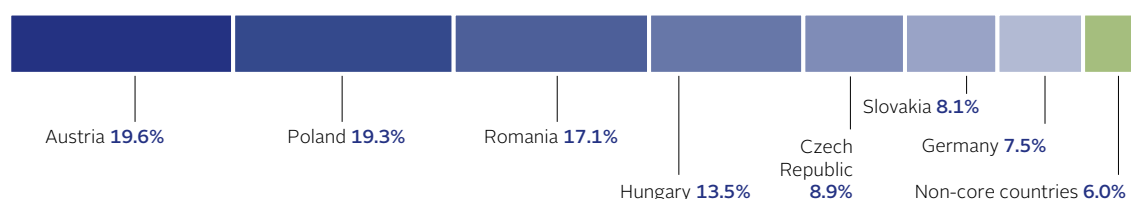
The 157 standing investments had a combined carrying amount of EUR 3,719.1 million as of 31 December 2018 (31 December 2017: 153 investments and EUR 3,527.2 million). Of this total, 60.1% are attributable to office properties and 39.7% to retail properties. The focal point of the standing investments based on the carrying amount are the markets in Austria (EUR 728.0 million), Poland (EUR 716.6 million) and Romania (EUR 635.7 million).

These properties have 1,891,627 sqm of rentable space (31 December 2017: 1,865,178 sqm). Based on annualised rental income (2018: EUR 227.0 million), the portfolio has a gross return of 6.3%* and a return of 6.7% based on invoiced rents**. The difference is explained by the accrual of rental incentives – e.g. the standard market practice of granting rent-free periods or allowances for fit-out costs. These incentives must be accrued on a straight-line basis over the contract term in accordance with IFRS (basis for gross return under IFRS), but are not included in the invoiced rent.

The occupancy rate rose to a new record level of 95.8% in 2018 (31 December 2017: 94.2%). According to the EPRA's calculation formula, the vacancy rate equals 4.1% – which represents an EPRA occupancy rate of 95.9%. The EPRA vacancy rate is based on the ratio of the estimated market rent for the vacant space in the standing investments to the total estimated market rent for the standing investment portfolio. IMMOFINANZ rented roughly 312,400 sqm of usable space in 2018 (excl. Other standing investments; 2017: 253,800 sqm). Of this total, 119,700 sqm represented new rentals and 192,700 sqm contract extensions. The strongest growth in 2018 was recorded on the rental markets in the Czech Republic, Slovakia and Hungary. The occupancy rate in these countries increased between 3.1 and 3.9 percentage points year-on-year, and the take-up ranged from 23.4% to 29.2% of IMMOFINANZ's rentable space in the respective core country. The average unexpired lease term (WAULT***) weighted by rental income equalled nearly four years as of 31 December 2018.

New record: occupancy rate rises to 95.8%

The following graph shows the distribution of IMMOFINANZ's standing investment portfolio as of 31 December 2018, based on the carrying amount:



* Gross return, adjusted for the completion of the *trivago Campus* and the *STOP SHOP* acquisitions in 2018.

** Return based on invoice rent; information provided to improve comparability with the peer group.

*** Average unexpired lease term weighted by rental income, excl. open-ended contracts.

STANDING INVESTMENTS BY CORE MARKET

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate (EPRA occupancy rate ¹) in %
Austria	27	728.0	19.6%	281,365	264,000	93.8% (94.5%)
Germany	4	279.1	7.5%	71,451	71,016	99.4% (99.5%)
Poland	26	716.6	19.3%	375,073	359,100	95.7% (95.7%)
Czech Republic	17	332.1	8.9%	185,065	176,823	95.5% (96.0%)
Hungary	25	503.1	13.5%	299,506	287,480	96.0% (95.8%)
Romania	18	635.7	17.1%	343,659	324,423	94.4% (95.0%)
Slovakia	20	302.4	8.1%	177,143	171,730	96.9% (96.6%)
Non-core countries	20	222.1	6.0%	158,364	157,640	99.5% (99.6%)
IMMOFINANZ	157	3,719.1	100.0%	1,891,627	1,812,211	95.8% (95.9%)

Standing investments	Rental income Q1-4 2018 in MEUR ²	Gross return (invoiced rents return ³) in %	Carrying amount financing in MEUR	Financing costs in % ⁴	Financing costs incl. derivatives in %	LTV in %
Austria	41.9	5.7% (5.8%)	395.0	1.8%	2.8%	54.3%
Germany	11.4	4.8% ⁷ (4.9% ⁷)	191.6	0.6%	1.0%	68.6%
Poland	43.8	6.1% (7.0%)	384.4	1.6%	2.1%	53.6%
Czech Republic	20.2	6.1% (6.1%)	190.5	1.6%	1.8%	57.4%
Hungary	30.9	6.1% (6.6%)	245.9	1.8%	2.2%	48.9%
Romania	46.6	7.3% (7.7%)	112.5	3.4%	3.6%	17.7%
Slovakia	20.9	6.9% (7.1%)	148.8	2.1%	2.2%	49.2%
Non-core countries	11.4	8.1% ⁸ (8.3% ⁸)	99.8	3.3%	3.3%	44.9%
IMMOFINANZ	227.0	6.3%^{7,8} (6.7%^{7,8})	1,768.5	1.8%	2.3%	47.6%

Development projects and pipeline projects	6.0		202.1	1.2%	1.4%	
Rental income from sold properties plus adjustments	3.9		0.0	0.0%	0.0%	
Group financing	0.0		424.6	1.9%	1.9%	
IMMOFINANZ	236.9		2,395.3	1.8%	2.1%	

Market value property portfolio						4,338.0
EPRA NAV S IMMO shares (19.5 million shares) ⁵						414.4
Cash and cash equivalents ⁵			-632.0			
Properties/liabilities held for sale (asset & share deals)			30.3			56.7
IMMOFINANZ			1,793.5			4,809.1
Net LTV						37.3%

1 EPRA occupancy rate based on the calculation at 100% minus EPRA vacancy rate

2 Rental income based on the primary use of the property (rental income reported in the income statement is based on the actual use of the property; marginal differences to the income statement are therefore possible)

3 Return based on invoice rent; information provided to improve comparability with the peer group.

4 Financing costs based on nominal outstanding liability

5 19.5 million S IMMO shares at the EPRA NAV of EUR 21.25 per share as of 31 December 2018

6 Cash and cash equivalents, incl. cash and cash equivalents from assets held for sale

7 Gross return, adjusted for completion of the *trivago Campus* development projects during 2018

8 Gross return, adjusted for the *STOP SHOP* acquisitions during 2018

FURTHER INCREASE IN LIKE-FOR-LIKE RENTAL INCOME

A like-for-like analysis (i.e. acquisitions, completions and sales are deducted to facilitate comparison with the 2017 financial year) shows an increase of EUR 5.5 million or 2.9% in rental income to EUR 196.7 million in 2018. The increase in the office sector equalled 1.8%, while the rental income from retail properties rose by 4.1% primarily due to an increase in rents.

STANDING INVESTMENTS LIKE-FOR-LIKE BY CORE MARKET

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rental income Q1-4 2018 in MEUR	Rental income Q1-4 2017 in MEUR	Change in rental income Q1-4 2018 to Q1-4 2017 in MEUR
Austria	25	656.9	21.3%	38.1	36.4	1.7
Germany	1	41.7	1.3%	2.0	1.9	0.1
Poland	25	679.0	22.0%	40.6	40.1	0.5
Czech Republic	17	332.1	10.7%	20.2	19.2	1.0
Hungary	23	480.8	15.6%	28.9	27.8	1.1
Romania	15	581.9	18.8%	43.8	43.3	0.5
Slovakia	13	209.3	6.8%	14.6	14.5	0.1
Non-core countries	10	108.8	3.5%	8.4	8.0	0.4
IMMOFINANZ	129	3,090.3	100.0%	196.7	191.2	5.5
Rental income from properties sold/ acquired and development projects				40.2		
IMMOFINANZ				236.9		

STANDING INVESTMENTS LIKE-FOR-LIKE BY ASSET CLASS AND BRAND

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rental income Q1-4 2018 in MEUR	Rental income Q1-4 2017 in MEUR	Change in rental income Q1-4 2018 to Q1-4 2017 in MEUR
Office	54	1,859.5	60.2%	103.8	102.0	1.8
thereof myhive	20	997.9	32.3%	56.4	54.2	2.2
Retail	72	1,230.1	39.8%	92.9	89.2	3.7
thereof VIVO!/Shopping Center	9	618.4	20.0%	45.8	44.0	1.8
thereof STOP SHOP/Retail Park	61	597.1	19.3%	45.5	43.6	1.9
Others	3	0.8	0.0%	0.0	0.0	0.0
IMMOFINANZ	129	3,090.3	100.0%	196.7	191.2	5.5

¹ This calculation only includes the properties which were fully owned by IMMOFINANZ during both periods. In other words, the calculation excludes new acquisitions, completions and sales.

OFFICE STANDING INVESTMENTS

The carrying amount of the 60 office standing investments totalled EUR 2,235.4 million as of 31 December 2018 (31 December 2017: 64 standing investments and EUR 2,165.4 million). These assets represented 60.1% of the standing investment portfolio and 52.9% of rental income in 2018. A regional analysis shows the focal points of the office properties in the capital cities of the core markets of Austria (EUR 612.9 million), Poland (EUR 450.6 million) and Romania (EUR 317.2 million).

The office standing investments have 1,003,941 sqm of rentable space (31 December 2017: 1,046,828 sqm). Based on the rental income of EUR 120.1 million recorded in 2018, the office portfolio generated a gross return of 5.5%* and a return of 5.9%* based on invoiced rents. The office properties in the myhive brand represent a carrying amount of EUR 1,129.4 million and generated a gross return of 5.5%, respectively 6.1% based on invoiced rents.

* Gross return, adjusted for the completion of the *trivago Campus* in 2018.

**myhive office
occupancy rate:
94.6%**

The occupancy rate in the office portfolio equalled 93.7% as of 31 December 2018 (31 December 2017: 91.9%), and the myhive offices have an occupancy rate of 94.6%. The take-up in the office segment amounted to roughly 165,000 sqm in 2018. Of this total, roughly 65,000 sqm represented new rentals and 100,000 sqm contract extensions. The largest individual new rentals involved the *IRIDE Business Park* in Bucharest with over 3,000 sqm and the *myhive IO-1* in Warsaw with over 2,000 sqm.

The office portfolio has a balanced tenant structure. The ten largest tenants are responsible for 20.4% of the space in the office standing investments, and no single tenant has rented more than 3.4% of the total space in these properties. Of the total leases for office space, 36% have a term of five years or longer. The WAULT* equalled 4.1 years as of 31 December 2018.

The ten largest standing investments in the office portfolio based on the carrying amount (in declining order) are the *myhive am Wienerberg* (Vienna), *trivago Campus* (Düsseldorf), *City Tower Vienna* (Vienna), *myhive Átrium Park* (Budapest), *myhive S-Park* (Bucharest), *BB Centrum Gamma* (Prague), *myhive Park Postępu* (Warsaw), *Clus-ter Produktionstechnik* (Aachen), *myhive Haller Gardens* (Budapest) and *IRIDE Business Park* (Bucharest).

KEY DATA ON THE OFFICE STANDING INVESTMENTS BY CATEGORY

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate (EPRA occupancy rate ¹) in %
IMMOFINANZ	60	2,235.4	100.0%	1,003,941	940,733	93.7% (94.2%)
thereof myhive	23	1,129.4	50.5%	504,238	477,242	94.6% (94.6%)

Standing investments	Rental income Q1-4 2018 in MEUR ²	Gross return (invoiced rents return ³) in %	Carrying amount financing in MEUR	Financing costs in % ⁴	Financing costs incl. derivatives in %	LTV in %
IMMOFINANZ	120.1	5.5% ⁵ (5.9% ⁵)	1,109.3	1.7%	2.2%	49.6%
thereof myhive	62.7	5.5% (6.1%)	571.0	1.8%	2.6%	50.6%

1 EPRA occupancy rate based on the calculation at 100% minus EPRA vacancy rate

2 Rental income based on the primary use of the property (rental income reported in the income statement is based on the actual use of the property; marginal differences to the income statement are therefore possible)

3 Return based on invoice rent; information provided to improve comparability with the peer group.

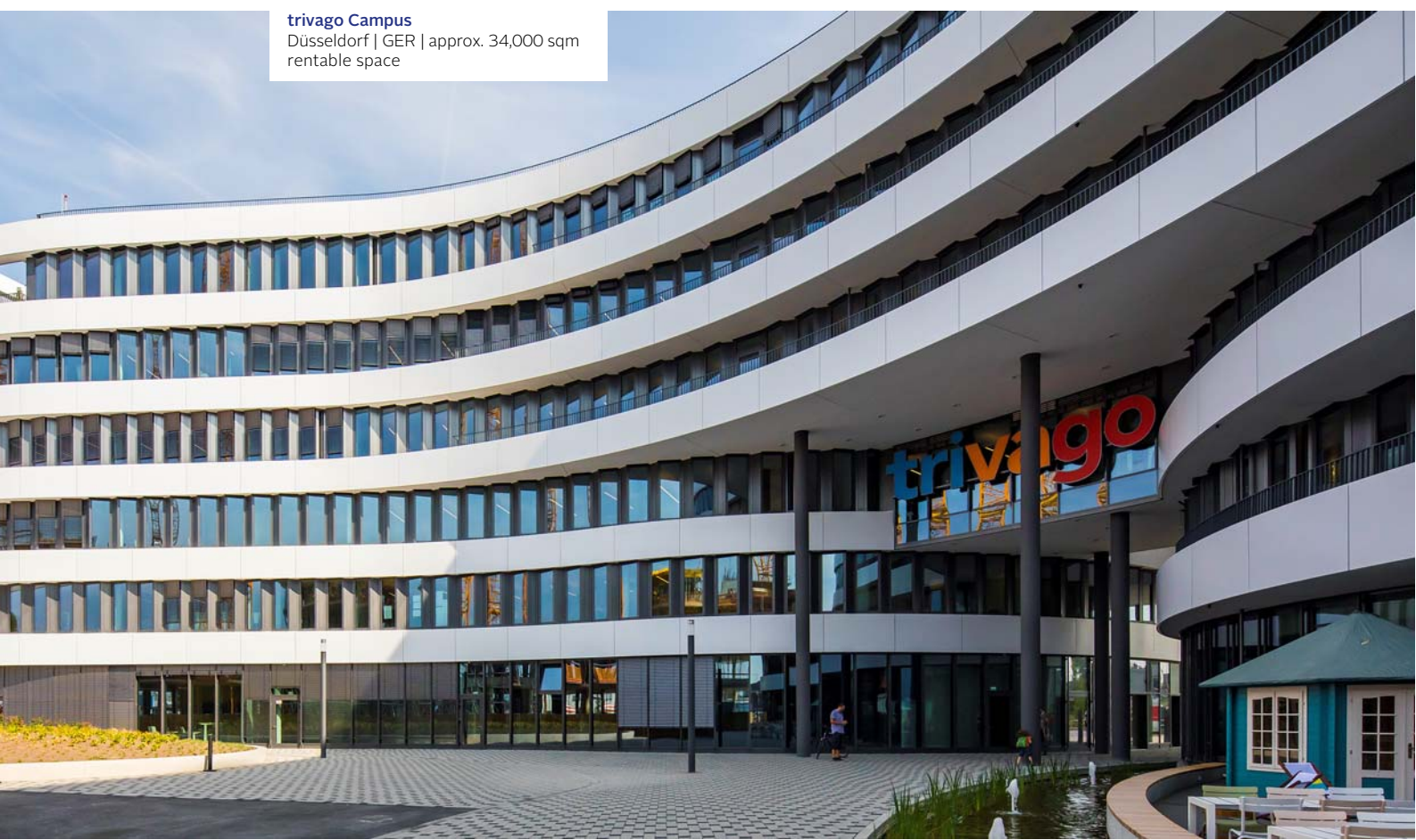
4 Financing costs based on nominal outstanding liability

5 Gross return, adjusted to reflect the completion of the *trivago Campus* development project in 2018

* Average unexpired lease term weighted by rental income, excl. open-ended contracts.

trivago Campus

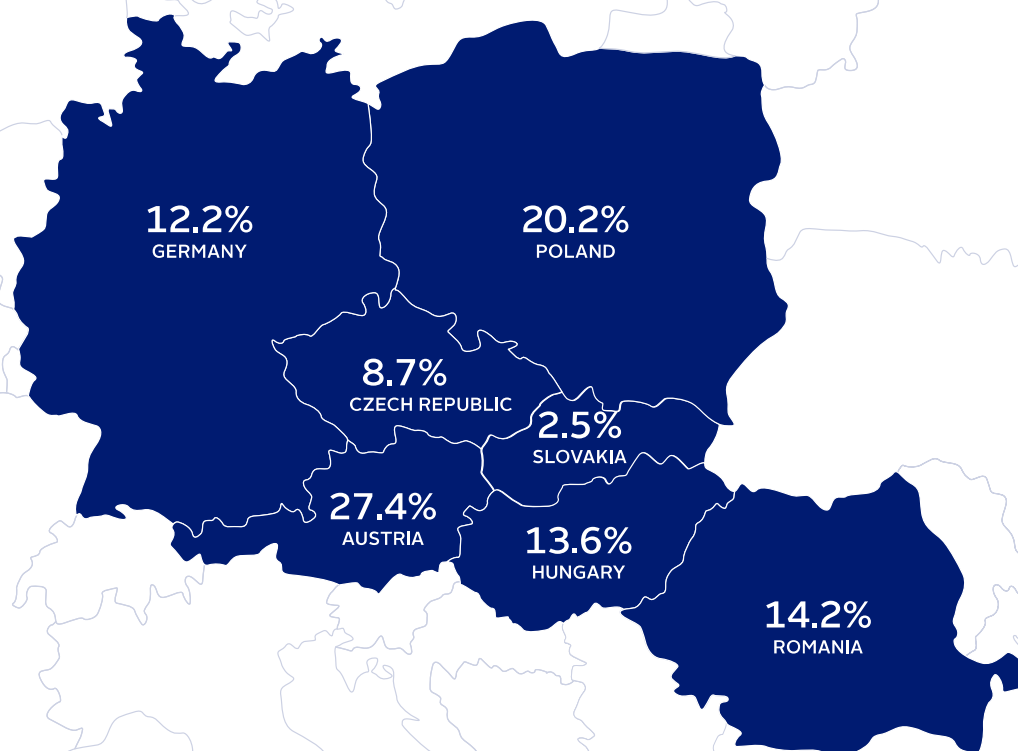
Düsseldorf | GER | approx. 34,000 sqm rentable space





THE OFFICE SECTOR IN THE IMMOFINANZ CORE MARKETS

Share of the standing investment portfolio
(based on the carrying amount of MEUR 2,235.4)



AUSTRIA	27.4%
Number of properties	14
Carrying amount in MEUR	612.9
Rentable space in sqm	221,114
Occupancy rate	92.4% (93.4% ¹)
Rental income Q1-4 2018 in MEUR ²	33.5
Gross return in %	5.5%

POLAND	20.2%
Number of properties	15
Carrying amount in MEUR	450.6
Rentable space in sqm	226,732
Occupancy rate	93.7% (94.3% ¹)
Rental income Q1-4 2018 in MEUR ²	25.5
Gross return in %	5.6%

ROMANIA	14.2%
Number of properties	9
Carrying amount in MEUR	317.2
Rentable space in sqm	190,152
Occupancy rate	91.3% (91.4% ¹)
Rental income Q1-4 2018 in MEUR ²	19.5
Gross return in %	6.2%

HUNGARY	13.6%
Number of properties	11
Carrying amount in MEUR	305.1
Rentable space in sqm	163,503
Occupancy rate	94.2% (94.2% ¹)
Rental income Q1-4 2018 in MEUR ²	16.2
Gross return in %	5.3%

GERMANY	12.2%
Number of properties	3
Carrying amount in MEUR	271.7
Rentable space in sqm	71,451
Occupancy rate	99.4% (99.5% ¹)
Rental income Q1-4 2018 in MEUR ²	11.1
Gross return in % ³	4.8%

CZECH REPUBLIC	8.7%
Number of properties	5
Carrying amount in MEUR	193.6
Rentable space in sqm	79,402
Occupancy rate	94.7% (95.4% ¹)
Rental income Q1-4 2018 in MEUR ²	9.6
Gross return in %	5.0%

SLOVAKIA	2.5%
Number of properties	2
Carrying amount in MEUR	55.8
Rentable space in sqm	35,592
Occupancy rate	96.3% (96.2% ¹)
Rental income Q1-4 2018 in MEUR ²	3.0
Gross return in %	5.4%

NON-CORE COUNTRIES ⁴	1.3%
Number of properties	1
Carrying amount in MEUR	28.5
Rentable space in sqm	15,995
Occupancy rate	99.1% (99.1% ¹)
Rental income Q1-4 2018 in MEUR ²	1.7
Gross return in %	5.9%

IMMOFINANZ	100.0%
Number of properties	60
Carrying amount in MEUR	2,235.4
Rentable space in sqm	1,003,941
Occupancy rate	93.7% (94.2% ¹)
Rental income Q1-4 2018 in MEUR ²	120.1
Gross return in % ³	5.5%

1 EPRA occupancy rate based on 100% calculation minus EPRA vacancy rate

2 Rental income based on the primary use of the property (rental income reported in the income statement is based on the actual use of the property; marginal differences to the income statement are therefore possible)

3 Gross return, adjusted for the completion of the *trivago Campus* development project during 2018

4 Croatia

RETAIL STANDING INVESTMENTS

The carrying amount of the 93 standing investments in the retail sector totalled EUR 1,475.5 million as of 31 December 2018 (31 December 2017: 84 investments and EUR 1,353.8 million). These properties represent 39.7% of the standing investment portfolio and generated 47.0% of rental income in 2018. The largest regional markets are Romania with EUR 317.7 million, Poland with EUR 266.0 million and Slovakia with EUR 246.6 million. The STOP SHOP retail parks have a carrying amount of EUR 802.5 million and a gross return of 7.8%*, respectively 7.9%* based on invoiced rents. The VIVO! shopping centers have a carrying amount of EUR 656.0 million; they generate a gross return of 7.5% and an invoiced rental return of 7.6%.

The retail standing investments have 887,685 sqm of space (31 December 2017: 818,350 sqm). Based on the rental income of EUR 106.7 million recorded in 2018, the retail portfolio had a gross return of 7.7%* and a return of 7.8%* based on invoiced rents.

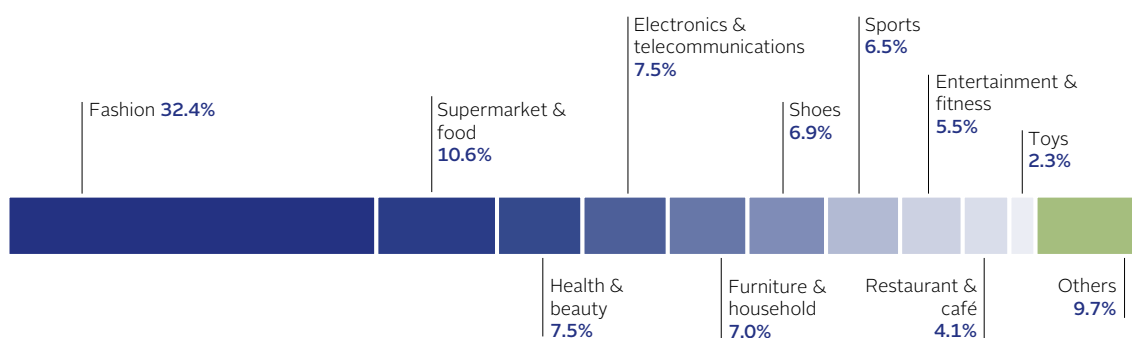
**Retail portfolio
fully rented
at 98.2%**

The occupancy rate in the retail properties rose to 98.2% at the end of December 2018 (31 December 2017: 97.2%). The STOP SHOPS and VIVO!s are fully rented at 98.8% and 97.9%, respectively. Take-up in the retail properties amounted to roughly 147,400 sqm in 2018 and includes approximately 54,700 sqm of new rentals and 92,700 sqm of contract extensions. Major new rentals over roughly 2,000 sqm each included, for example, the expansion of the STOP SHOP in Trebíč, Czech Republic, and the *Polus City Center* in Bratislava.

IMMOFINANZ relies on a balanced tenant mix and the inclusion of recreational and entertainment opportunities to create an optimal environment for retailers and their customers. All of the larger IMMOFINANZ retail properties have numerous solid international and local anchor tenants. Retailers from the fashion sector in the discount and medium price segment are the largest tenant group based on rented space, followed by food products. Other important tenant groups are health & beauty, electronics & telecommunications, furniture & household, restaurant & café, entertainment & fitness, shoes, sport, and toys. The WAULT** equalled 3.7 years as of 31 December 2018.

BRANCH MIX – RETAIL

Only rented space in standing investments as of 31 December 2018



The number of visitors to IMMOFINANZ's retail properties increased substantially in 2018: More than 142 million customers visited the STOP SHOP retail parks and VIVO! shopping centers with over 800,000 sqm of rentable space. That represents an increase of roughly 20 million visitors, or 16.7%, over the previous year. On a like-for-like basis, i.e. after an adjustment for acquisitions, sales and completions, the number of visitors rose by 4.8% to approximately 128 million. The retailers operating in the IMMOFINANZ retail parks and shopping centers generated a year-on-year increase of nearly 5.0% in their gross sales revenues.

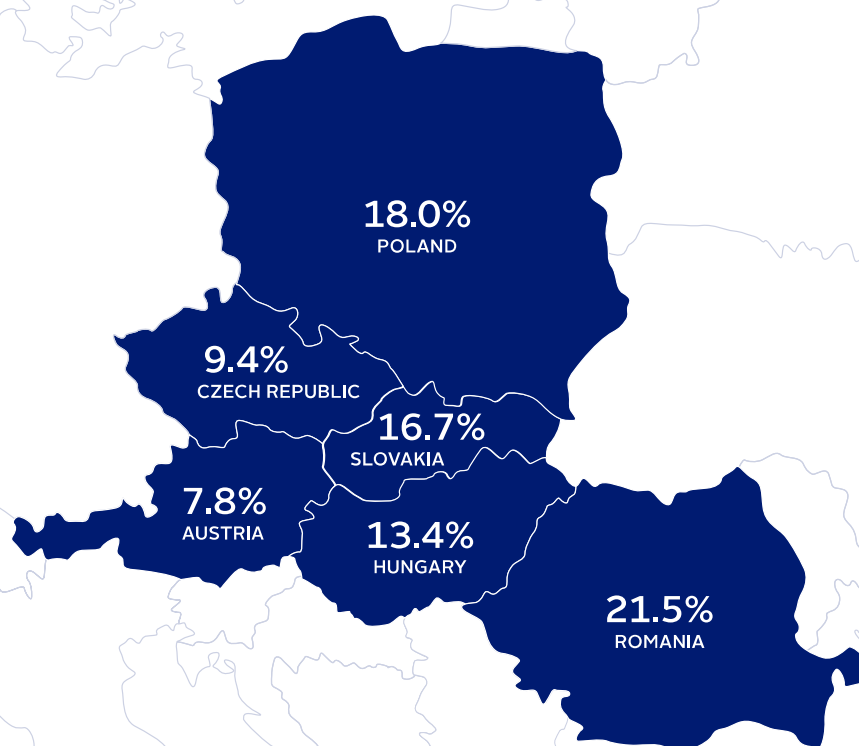
* Gross return, adjusted for the STOP SHOP acquisitions in 2018.

** Average unexpired lease term weighted by rental income, excl. open-ended contracts.



THE RETAIL SECTOR IN THE IMMOFINANZ CORE MARKETS

Share of the standing investment portfolio
(based on the carrying amount of MEUR 1,475.5)



ROMANIA	21.5%
Number of properties	6
Carrying amount in MEUR	317.7
Rentable space in sqm	153,507
Occupancy rate	98.2% (98.3% ¹)
Rental income Q1-4 2018 in MEUR ²	27.0
Gross return in %	8.5%

POLAND	18.0%
Number of properties	11
Carrying amount in MEUR	266.0
Rentable space in sqm	148,341
Occupancy rate	98.8% (98.5% ¹)
Rental income Q1-4 2018 in MEUR ²	18.3
Gross return in %	6.9%

SLOVAKIA	16.7%
Number of properties	18
Carrying amount in MEUR	246.6
Rentable space in sqm	141,551
Occupancy rate	97.1% (96.8% ¹)
Rental income Q1-4 2018 in MEUR ²	17.9
Gross return in %	7.2%

HUNGARY	13.4%
Number of properties	14
Carrying amount in MEUR	197.9
Rentable space in sqm	136,003
Occupancy rate	98.1% (98.2% ¹)
Rental income Q1-4 2018 in MEUR ²	14.6
Gross return in %	7.4%

CZECH REPUBLIC	9.4%
Number of properties	12
Carrying amount in MEUR	138.5
Rentable space in sqm	105,663
Occupancy rate	96.2% (96.7% ¹)
Rental income Q1-4 2018 in MEUR ²	10.6
Gross return in %	7.7%

AUSTRIA	7.8%
Number of properties	13
Carrying amount in MEUR	115.1
Rentable space in sqm	60,251
Occupancy rate	99.1% (99.3% ¹)
Rental income Q1-4 2018 in MEUR ²	8.4
Gross return in %	7.3%

NON-CORE COUNTRIES ³	13.1%
Number of properties	19
Carrying amount in MEUR	193.6
Rentable space in sqm	142,369
Occupancy rate	99.6% (99.6% ¹)
Rental income Q1-4 2018 in MEUR ²	9.8
Gross return in %	8.4% ⁴

IMMOFINANZ	100.0%
Number of properties	93
Carrying amount in MEUR	1,475.5
Rentable space in sqm	887,685
Occupancy rate	98.2% (98.2% ¹)
Rental income Q1-4 2018 in MEUR ²	106.7
Gross return in %	7.7% ⁴

1 EPRA occupancy rate based on 100% calculation minus EPRA vacancy rate

2 Rental income based on the primary use of the property (rental income reported in the income statement is based on the actual use of the property; marginal differences to the income statement are therefore possible)

3 Slovenia, Serbia and Croatia

4 Gross return, adjusted to reflect the STOP SHOP acquisitions in 2018

The ten largest standing investments in the retail portfolio based on the carrying amount (in declining order) are the *VIVO! Cluj* (Romania), *VIVO! Lublin* (Poland), *Polus City Center* (Slovakia), *VIVO! Constanța* (Romania), *VIVO! Baia Mare* (Romania), *VIVO! Stalowa Wola* (Poland), *VIVO! Piła* (Poland), *VIVO! Krosno* (Poland), *VIVO! Hostivař* (Czech Republic) and *STOP SHOP Veszprém* (Hungary).

KEY DATA ON THE RETAIL STANDING INVESTMENTS BY CATEGORY

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate (EPRA occupancy rate ¹) in %
IMMOFINANZ	93	1,475.5	100.0%	887,685	871,478	98.2% (98.2%)
thereof VIVO!/ Shopping Center	10	656.0	44.5%	303,570	297,225	97.9% (97.8%)
thereof STOP SHOP/ Retail Park	80	802.5	54.4%	564,079	557,129	98.8% (98.8%)

Standing investments	Rental income Q1-4 2018 in MEUR ²	Gross return (invoiced rents return ³) in %	Carrying amount financing in MEUR	Financing costs in % ⁴	Financing costs incl. derivatives in %	LTV in %
IMMOFINANZ	106.7	7.7% ⁵ (7.8% ⁵)	656.2	2.1%	2.4%	44.5%
thereof VIVO!/ Shopping Center	49.0	7.5% (7.6%)	225.6	1.9%	2.2%	34.4%
thereof STOP SHOP/ Retail Park	55.9	7.8% ⁵ (7.9% ⁵)	430.6	2.2%	2.4%	53.7%

1 EPRA occupancy rate based on the calculation at 100% minus EPRA vacancy rate

2 Rental income based on the primary use of the property (rental income reported in the income statement is based on the actual use of the property; marginal differences to the income statement are therefore possible)

3 Return based on invoice rent; information provided to improve comparability with the peer group.

4 Financing costs based on nominal outstanding liability

5 Gross return, adjusted to reflect the STOP SHOP acquisitions in 2018.

DEVELOPMENT PROJECTS

Active development projects with a carrying amount of MEUR 277.5

The development projects had a carrying amount of EUR 397.5 million as of 31 December 2018, which represents 9.2% of the total property portfolio. This amount includes EUR 277.5 million of active development projects and EUR 120.1 million of projects in the preparation or concept phase which are expected to be reclassified as active projects in the coming quarters but for which outstanding construction costs are not yet available.

The expected fair value of the active projects on completion amounts to EUR 391.6 million. At EUR 316.1 million, the core market Germany represents the focus of these activities based on the expected fair value after completion. The active development projects also include the expansion and refurbishment of existing properties which will be reclassified to the standing investment portfolio after completion. These types of projects were ongoing in three buildings as of 31 December 2018: the conversion of an office building in the *myhive am Wienerberg* into a hotel and office tower as well as the expansion of the *VIVO! Stalowa Wola* shopping center and the *STOP SHOP Třebíč* retail park.

The development projects in preparation include the extensive modernisation of standing investments, e.g. three office buildings in Bucharest and three standing investment buildings in the *EMPARK* office complex in Warsaw.

The following development projects were reclassified to standing investments in 2018: the *STOP SHOP Požarevac* and *STOP SHOP Vršac* in Serbia, the *trivago Campus* and a car park at the *Cluster Produktionstechnik* in Germany.

CURRENT FOCUS OF DEVELOPMENT ACTIVITIES

GERMANY

Düsseldorf

Development projects focused on Germany

The new global headquarters for *trivago* was constructed in the Medienhafen and covers approximately 26,000 sqm of rentable office space in the first building section. This six-storey, horizontally structured building opens towards the harbour basin, which creates an expansive campus with a welcoming atmosphere. The *trivago Campus* was reclassified to the standing investment portfolio as of 30 June 2018.

The second building section covers approximately 22,000 sqm on 16 floors. This high-rise is designed as a multi-tenant building and will be the first myhive office property (*myhive Medienhafen*) in Germany. Completion is scheduled for 2021.

Also under development in the Medienhafen is the *FLOAT*, an office ensemble with six buildings designed by the star architect Renzo Piano. The utility company Uniper has leased the entire office space of approximately 28,000 sqm. The first building sections were transfer to the tenant in the fourth quarter of 2018.

AUSTRIA

In the *myhive am Wienerberg*, work is currently in progress to convert an office building into a hotel and office property. The ground floor lobby will include an entranceway to the neighbouring shopping center; the hotel rooms will be integrated on floors 8 to 21; and the other areas – six floors in total – will be refitted as modern offices. The hotel will be operated by the NOVUM Group as the Holiday Inn Vienna South and is scheduled to open in summer 2019.

myhive am Wienerberg: office building conversion

CZECH REPUBLIC

The STOP SHOP in Třebíč is currently undergoing expansion to add approximately 6,600 sqm of rentable space. This retail park will then have roughly 21,800 sqm of rentable space in total. Completion is planned for the second quarter of 2019.

POLAND

Activities in Poland currently include the development of a STOP SHOP retail park in Siedlce and the expansion of the *VIVO! Stalowa Wola* shopping center. The latter has roughly 23,500 sqm of space, which is almost fully rented. The facility will now be expanded by 1,800 sqm, whereby the new space has already been rented and is partially completed. The STOP SHOP in Siedlce is expected to have roughly 11,000 sqm of rentable space and is scheduled to open at the end of 2019.

The STOP SHOP portfolio continues to grow

SERBIA

One retail park in Serbia was under development as of 31 December 2018: construction on the *STOP SHOP Sremska Mitrovica* started at the beginning of March. This STOP SHOP will have approximately 7,000 sqm of rentable space and is expected to open in the second half of 2019.

DEVELOPMENT PROJECTS BY CORE MARKET

Development projects	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construction costs in MEUR	Planned rentable space in sqm	Expected fair value after completion in MEUR	Expected rental income at full occupancy in MEUR	Yield on cost in % ¹
Austria	1	26.5	9.5%	9.5	10,189	36.0	2.1	5.9%
Germany	2	238.9	86.1%	61.2	52,364	316.1	14.0	4.7%
Poland	2	2.1	0.7%	17.0	15,857	21.0	1.6	8.6%
Czech Republic	1	7.4	2.7%	2.3	6,615	9.7	0.8	8.1%
Non-core countries ²	1	2.6	1.0%	5.6	7,006	8.8	0.8	9.7%
Active projects	7	277.5	100.0%	95.7	92,031	391.6	19.4	5.2%
Projects in preparation	11	120.1						
IMMOFINANZ	18	397.5						

1 Expected rental income after completion in relation to the current carrying amount, including outstanding construction costs. The current carrying amount includes previously realised valuation gains.

2 Serbia

ACTIVE DEVELOPMENT PROJECTS BY BRAND

Development projects	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construction costs in MEUR	Planned rentable space in sqm	Expected fair value after completion in MEUR	Expected rental income at full occupancy in MEUR	Yield on cost in % ¹
Active projects	7	277.5	100.0%	95.7	92,031	391.6	19.4	5.2%
thereof VIVO!/ Shopping Center	1	1.0	0.3%	0.3	1,750	1.4	0.1	7.6%
thereof STOP SHOP/ Retail Park	3	11.2	4.0%	24.6	27,728	38.1	3.1	8.8%

1 Expected rental income after completion in relation to the current carrying amount, including outstanding construction costs. The current carrying amount includes previously realised valuation gains.

REAL ESTATE INVENTORIES

Real estate inventories with an expected fair value of MEUR 47.5

Real estate inventories are apartments that are intended for sale after completion or underground garages as well as the hotel in Cologne's *Gerling Quartier* which was still classified as a development project as of 31 December 2018. This hotel was sold as a forward purchase, but was under development by IMMOFINANZ. It was transferred to the operator, 25hours, in July 2018, but was still classified as a development project at the end of December 2018 because the closing took place in the first quarter of 2019.

Real estate inventories	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construction costs in MEUR	Expected fair value after completion in MEUR
Germany	3	46.3	98.6%	0.4	46.6 ¹
Romania	6	0.6	1.4%	0.0	0.9
IMMOFINANZ	9	46.9	100.0%	0.4	47.5

¹ Reduction versus 31 December 2017 due to the initial application of IFRS 15. Details are provided in note 1.1 to the consolidated financial statements.

PIPELINE PROJECTS

Pipeline projects include planned development projects, undeveloped land and/or temporarily suspended projects.

Pipeline projects with a carrying amount of MEUR 174.5

The pipeline projects had a carrying amount of EUR 174.5 million as of 31 December 2018 (31 December 2017: EUR 202.3 million). These sites and projects are evaluated quarterly for possible transfer to an active development status. IMMOFINANZ intends to reduce the share of pipeline projects in the property portfolio through selected sales.

PIPELINE PROJECTS BY CORE MARKET

Pipeline projects	Number of properties	Carrying amount in MEUR	Carrying amount in %
Austria	2	9.8	5.6%
Hungary	4	24.2	13.9%
Romania	27	100.8	57.8%
Slovakia	1	1.2	0.7%
Non-core countries	8	38.5	22.1%
IMMOFINANZ	42	174.5	100.0%

ASSETS HELD FOR SALE

The assets held for sale totalled EUR 56.7 million as of 31 December 2018 and are not included in this portfolio report (31 December 2017: EUR 263.3 million). Concrete sale plans have been approved for these properties, and their sale is intended in the near future. Details are provided in note 4.8 to the consolidated financial statements.

Property Valuation

IMMOFINANZ prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and arranges for the regular valuation of its properties by independent experts. These external appraisals are carried out each year as of 30 June and 31 December. The valuation of the property portfolio also follows the EPRA's Best Practices Policy Recommendations for the application of the fair value method as defined in IFRS.

As of 31 December 2018, CBRE appraised the CEE portfolio (EUR 2.9 billion or 66.9% of the property portfolio) and BNP Paribas Real Estate Consult (BNPP REC) appraised the properties in Austria and Germany (EUR 1.3 billion or 30.6%). Internal appraisals covered 2.5% (EUR 107.9 million).

*Independent,
external property
valuation by
CBRE and BNPP
REC*

DEVELOPMENT OF PROPERTY VALUATION IN 2018

Revaluations totalled EUR 24.9 million in 2018 (2017: EUR 28.5 million) and included EUR 15.6 million (2017: EUR 22.0 million) of foreign exchange-adjusted revaluations. Positive effects were provided, among others, by an increase in the value of the *trivago Campus* and *FLOAT* development projects in Germany, whereby the *trivago Campus* was reclassified to investment property as of 30 June 2018. Other positive effects resulted from several myhive office buildings in Budapest and Warsaw based on higher occupancy rates and a better market environment.

*Revaluations of
MEUR 24.9*

Foreign exchange-based revaluations amounted to EUR 9.3 million (2017: EUR 6.5 million) and involved non-core countries whose functional currency is not the Euro.

DEVELOPMENT OF PROPERTY VALUATION LIKE-FOR-LIKE

A like-for-like analysis – i.e. after an adjustment for new acquisitions, completions and sales to improve comparability – shows a positive foreign exchange-adjusted revaluation effect of EUR 10.7 million for the 2018 financial year. Higher occupancy rates and/or an improvement in the market environment were responsible for valuation increases in Hungary and Romania. The valuation reductions in Austria resulted primarily from increased expenses for refurbishment and modernisation and from the relocation of individual office tenants. Re-letting is currently in progress.

STANDING INVESTMENTS LIKE-FOR-LIKE BY CORE MARKET

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Valuation effects 2018 in MEUR
Austria	25	656.9	21.3%	-11.9
Germany	1	41.7	1.3%	1.5
Poland	25	679.0	22.0%	-3.0
Czech Republic	17	332.1	10.7%	-4.8
Hungary	23	480.8	15.6%	18.9
Romania	15	581.9	18.8%	8.3
Slovakia	13	209.3	6.8%	-1.6
Non-core countries	10	108.8	3.5%	3.2
IMMOFINANZ	129	3,090.3	100.0%	10.7

¹ This calculation only includes the properties which were fully owned by IMMOFINANZ during both financial years. In other words, the calculation excludes new acquisitions, completions and sales.

STANDING INVESTMENTS LIKE-FOR-LIKE BY ASSET CLASS

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Valuation effects 2018 in MEUR
Office	54	1,859.5	60.2%	4.8
thereof myhive	20	997.9	32.3%	3.5
Retail	72	1,230.1	39.8%	6.0
thereof VIVO!/Shopping Center	9	618.4	20.0%	-0.6
thereof STOP SHOP/Retail Park	61	597.1	19.3%	7.5
Others	3	0.8	0.0%	-0.1
IMMOFINANZ	129	3,090.3	100.0%	10.7

1. This calculation only includes the properties which were fully owned by IMMOFINANZ during both financial years. In other words, the calculation excludes new acquisitions, completions and sales.

STOP SHOP ŻARY

PL | approx. 3,600 sqm
rentable space



Financing

IMMOFINANZ's financing strategy is designed to ensure sufficient liquidity at all times, to achieve and maintain a balanced capital structure and maturity profile and to also optimise financing costs. The best possible structuring of debt financing is an important priority and, in addition to successful property management, represents a decisive factor for the results generated by IMMOFINANZ's business activities.

Financing with a total volume of EUR 735.3 million was refinanced in 2018. That represents approximately 30.0% of the total financial liabilities as of 31 December 2018 and involves extensions as well as new financing.

In the area of property financing, the strategic combination of individual properties in a particular brand or asset class into specific portfolios led to the realisation of more attractive conditions. Specific examples include the refinancing of VIVO! shopping centers in Poland through portfolio financing with a volume of EUR 78.0 million, the refinancing of an office property portfolio in Hungary with a volume of EUR 137.2 million and the refinancing of an office portfolio in Prague with a volume of EUR 115.0 million.

Shortly after the end of the reporting year, IMMOFINANZ AG received a long-term issuer rating of BBB- with stable outlook from S&P Global Rating. Based on this investment grade rating, a EUR 500 million benchmark bond with a fixed coupon of 2.625% per year was issued. The net proceeds from the bond issue were used during the first quarter of 2019 to refinance existing collateralised financial liabilities and for general corporate purposes.

Investment grade rating received

Cash and cash equivalents, including cash held for sale (IFRS 5), totalled EUR 632.0 million as of 31 December 2018, and financial liabilities amounted to EUR 2.4 billion (31 December 2017: EUR 2.6 billion). Net debt, i.e. debt after the deduction of cash and cash equivalents held by the Group, equalled EUR 1.8 billion (31 December 2017: EUR 2.1 billion).

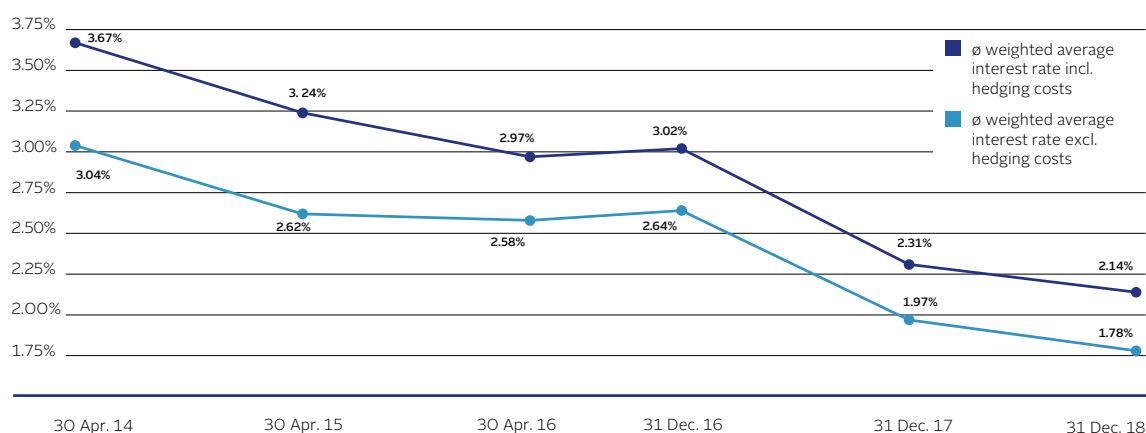
Robust balance sheet structure

IMMOFINANZ has a robust balance sheet structure with an equity ratio of 48.0% (31 December 2017: 46.3%) and a net loan-to-value ratio (net LTV) of 37.3% (31 December 2017: 40.8%).

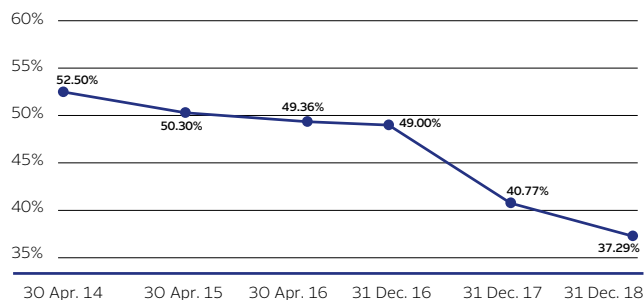
Net loan-to-value ratio of 37.3%

The net LTV shows the carrying amount of financing less cash and cash equivalents in relation to the total carrying amount of the properties and the EPRA NAV for the roughly 29% interest in S IMMO AG (S IMMO). The closing for the acquisition of this investment took place in the third quarter of 2018 for a price of approximately EUR 390.0 million. In addition, the package sale of the investment in CA Immo – approximately 26% plus four registered shares – for a total price of EUR 757.9 million was finalised during the third quarter of 2018.

DEVELOPMENT OF AVERAGE FINANCING COSTS



DEVELOPMENT OF NET LTV



CALCULATION OF NET LTV AS OF 31 DECEMBER 2018

Amounts in TEUR	
Carrying amount of financing	2,425,521.3
– Cash and cash equivalents ¹	-632,008.7
Net carrying amount of financing	1,793,512.7
Carrying amount of property & EPRA NAV of S IMMO shares ²	4,809,113.7
Net LTV	37.29%

¹ Cash and cash equivalents, incl. cash and cash equivalents in assets held for sale
² 19.5 million S IMMO shares at the EPRA NAV of EUR 21.25 per share as of 31 December 2018.

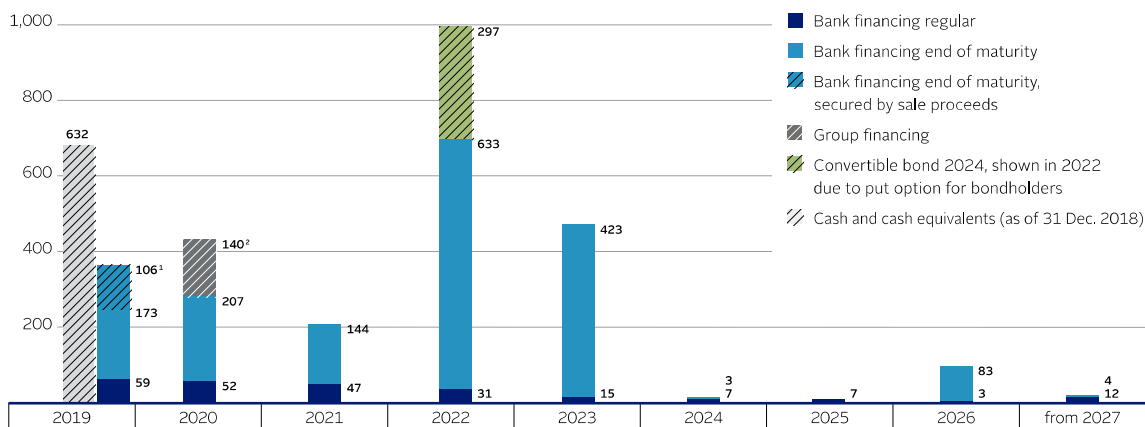
Further reduction in financing costs

Financing costs declined substantially to EUR -68.4 million in 2018 (2017: EUR -94.9 million). The average financing costs for IMMOFINANZ equalled 2.14% per year as of 31 December 2018 (31 December 2017: 2.31% per year) including the derivatives used for interest rate hedging and 1.78% per year (31 December 2017: 1.97% per year) excluding the derivatives used for interest rate hedging.

Term structure

The weighted average remaining term of the financial liabilities equals 3.25 years (2017: 3.50 years). The following graph shows the term structure by year for IMMOFINANZ as of 31 December 2018. The financing scheduled to expire in 2019 totalled EUR 278.9 million as of 31 December 2018 (31 December 2017: EUR 447.6 million). This amount includes EUR 106.2 million of financing for properties which have already been sold and will be repaid from the sale proceeds by the end of 2019.

TERM STRUCTURE OF FINANCIAL LIABILITIES BY FINANCIAL YEARS AS OF 31 DECEMBER 2018



¹ Maturing financing, exclusively from sold properties, which will be repaid from the sale proceeds by the end of 2019

² A margin loan on the S IMMO shares which was repaid during the first quarter of 2019

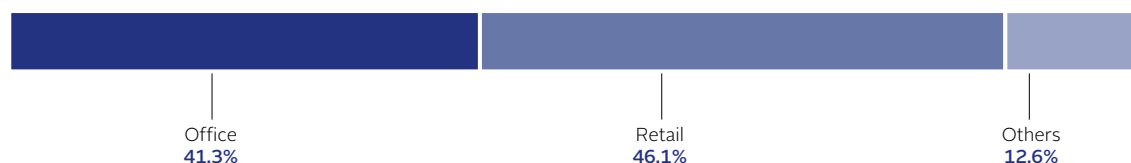
17.0% of property carrying amount unencumbered

Unencumbered property

In addition to properties which carry external financing and are encumbered through standard market collateral (e.g. mortgages, pledge of company shares), EUR 749.0 million, or 17.0%, of the total property carrying amount was not externally financed and therefore unencumbered as of 31 December 2018 (31 December 2017: EUR 846.1 million or 19.0%).

UNENCUMBERED PROPERTY BY ASSET CLASS

Unencumbered property in total: MEUR 749.0



The share of unencumbered properties increased substantially to EUR 1,429.8 million, or 32.5% of IMMOFINANZ's total investment property, during the first quarter of 2019 following the refinancing of existing collateralised financial liabilities from the net proceeds of the benchmark bond. Including the S IMMO shares (valued at the EPRA NAV), which are not backed by any financing, this value increases (pro forma) to EUR 1,844.2 million, or 38.3% of investment property.

Before repayment from the corporate bond



After repayment from the corporate bond

**COMPOSITION OF FINANCIAL LIABILITIES**

The financial liabilities held by IMMOFINANZ consist of amounts due to financial institutions as well as liabilities from a convertible bond. The composition of these liabilities as of 31 December 2018 is as follows:

	Outstanding liability in TEUR as of 31 Dec. 2018	Weighted average interest rate excl. derivatives ¹	Fixed interest rate in % ¹	Floating interest rate in % ¹	Share of fixed interest in % ¹	Share of floating interest in % ¹
Convertible bond in EUR	284,637.8	2.00% ²	2.00% ²	n. a.	100.00%	n. a.
Bank liabilities in EUR	2,140,883.5	1.75%	1.30%	1.79%	7.06%	92.94%
IMMOFINANZ	2,425,521.3	1.78%	1.76%	1.79%	18.36%	81.64%

¹ Calculation basis: actual remaining debt (nominal amount)² Coupon reduced by 50 basis points as of 24 January 2019 following the receipt of an investment grade rating

The remaining balance of the financial liabilities held by IMMOFINANZ totalled EUR 2,425.5 million as of 31 December 2018. As of that date, all of the financing was denominated in Euros.

BANK LIABILITIES

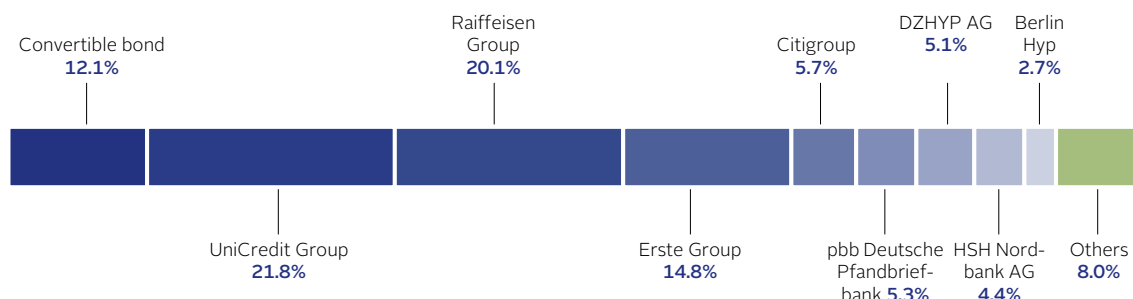
The total volume of refinancing, long-term extensions and new financing from bank liabilities amounted to EUR 735.3 million in 2018.

Refinancing of EUR 490.4 million was arranged for properties in the office asset class during 2018. Key transactions included long-term portfolio financing for four office properties in Prague, the refinancing of the *trivago Campus* and *Panta Rhei* in Düsseldorf, and the refinancing of nine office properties in Budapest.

New financing in the retail sector covered EUR 104.9 million for the Polish VIVO! shopping centers.

At the corporate level, acquisition financing of EUR 140.0 million was arranged for the S IMMO investment and repaid in full during the first quarter of 2019. The credit financing of EUR 250.0 million concluded for the purchase of the CA Immo investment was repaid during the reporting year.

FINANCING BANKING GROUPS AS OF 31 DECEMBER 2018



DERIVATIVES

73.8% of financial liabilities hedged against interest rate risk

IMMOFINANZ uses derivatives to hedge against interest rate increases. The volume of financial liabilities hedged through interest rate derivatives amounted to EUR 1,354.3 million as of 31 December 2018 (31 December 2017: EUR 1,182.7 million). In total, 73.8% of financial liabilities are hedged against interest rate risk; 55.4% via interest rate derivatives, while a further 18.4% represent financial liabilities with fixed interest rates.

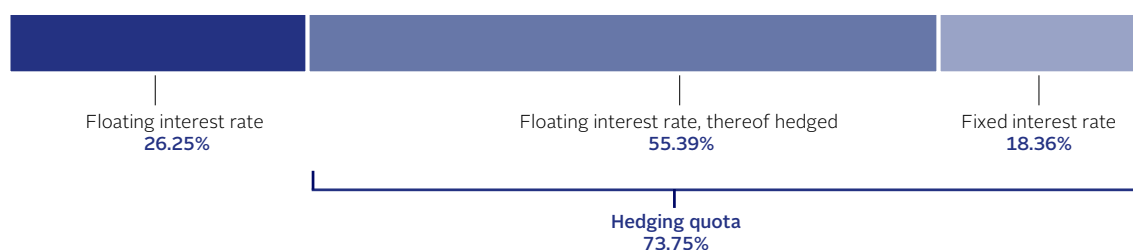
Derivatives ¹	Floating leg	Market value incl. interest & CVA/DVA as of 31 Dec. 2018 in TEUR	Notional amount in TEUR	Average hedged reference interest rate
Interest rate swap	3-M-EURIBOR	-11,460.8	1,144,274.8	0.23%
Interest rate swap	6-M-EURIBOR	-2,194.8	210,000.0	0.95%
IMMOFINANZ AG		-13,655.5	1,354,274.8	

1 Including IFRS 5 (For information on held-for-sale assets, see section 4.8 in the consolidated financial statements).

A swap exchanges floating for fixed interest payments. Therefore, floating rate liabilities that are hedged with a swap can be regarded as fixed interest rate liabilities from an economic standpoint.

The interest rates used for discounting and the calculation of variable payment flows are based on interest rate curves for each currency and matching maturities that are observable on the market. In accordance with IFRS 13 (Fair Value Measurement), the resulting market values are adjusted to include a credit value adjustment (CVA) and a debt value adjustment (DVA).

FINANCIAL LIABILITIES – TYPE OF INTEREST AS OF 31 DECEMBER 2018



BONDS

Convertible bond with a nominal value of MEUR 297.2 outstanding

The outstanding nominal value of the bonds totalled EUR 297.2 million as of 31 December 2018 (31 December 2017: EUR 330.0 million) and is attributable to the convertible bond issued in January 2017. This bond has a term ending in 2024 and a put option for the investors in 2022.

The development of the convertible bonds is as follows:

	ISIN	Maturity	Interest rate in %	Nominal value as of 31 Dec. 2017 in TEUR	Repurchases/redemptions/conversions/new issues 2018 in TEUR	Nominal value as of 31 Dec. 2018 in TEUR
Convertible bond 2011–2018	XS0592528870	8 March 2018	4.25%	32,819.7	-32,819.7	0
Convertible bond 2017–2024	XS1551932046	24 Jan. 2022 ¹	2.00% ²	297,200.0	0	297,200.0
IMMOFINANZ				330,019.7	-32,819.7	297,200.0

¹ Maturity at put option; term ends in 2024

² Coupon reduced by 50 basis points as of 24 January 2019 following receipt of an investment grade rating

The outstanding nominal value of the convertible bond 2018, which equalled EUR 32.8 million as of 31 December 2017, was converted or redeemed in full during the first quarter of 2018. The conversions represented a nominal value of EUR 15.5 million and involved approximately 4.7 million IMMOFINANZ shares and approximately 0.3 million BUWOG shares. The remaining amount of EUR 17.3 million was repaid as of the maturity date on 8 March 2018.



myhive Átrium Park

Budapest | HU | approx. 39,000 m² rentable space

Business Development

IMMOFINANZ significantly strengthened its earning power during the 2018 financial year: Results of operations rose by 42.3% to EUR 153.1 million (2017: EUR 107.6 million), and sustainable FFO 1 (before tax) from the standing investment business more than doubled to EUR 85.0 million (2017: EUR 36.9 million). Net profit turned positive with a significant increase to EUR 217.5 million, following a previous year that was negatively influenced, above all, by the sale of the Russian portfolio (2017: EUR -537.1 million).

INCOME STATEMENT

A condensed version of the consolidated income statement is presented below:

All amounts in TEUR	2018	2017 ¹
Rental income	236,905	234,494
Results of asset management	174,047	150,845
Results of property sales	27,201	25,985
Results of property development	-4,332	-28,802
Other operating income	6,140	8,700
Other operating expenses	-49,949	-49,165
Results of operations	153,107	107,563
Revaluation result from standing investments and goodwill	5,955	4,066
Operating profit (EBIT)	159,062	111,629
Financial results	45,275	88,777
Earnings before tax (EBT)	204,337	200,406
Net profit for the period from continuing operations	218,332	181,013
Net profit or loss from discontinued operations	-785	-718,097
Net profit or loss	217,547	-537,084

¹ The comparative data were adjusted.

RESULTS OF ASSET MANAGEMENT

The results of asset management include rental income, other revenues, operating income and operating costs as well as the expenses directly attributable to investment property. Rental income rose by 1.0% to EUR 236.9 million in 2018 (2017: EUR 234.5 million). The decline in rental income from the sale of properties which do not fit in with the corporate strategy was offset by completions and acquisitions as well as higher like-for-like rental income. At EUR 61.2 million, rental income in Q4 2018 exceeded the preceding quarters.

Property expenses were 22.8% lower year-on-year at EUR -64.0 million (2017: EUR -82.9 million). This reduction was supported, in particular, by a decline in fit-out costs (EUR -2.5 million versus EUR -9.9 million) and maintenance expenses (EUR -24.0 million versus EUR -28.9 million). Vacancy costs, which were reclassified to operating expenses, dropped to EUR -8.5 million (2017: EUR -12.1 million).

In total, the increase in rental income and decline in property expenses led to an improvement of 15.4% in the results of asset management to EUR 174.0 million (2017: EUR 150.8 million).

RESULTS OF PROPERTY SALES AND PROPERTY DEVELOPMENT

The results of property sales rose by 4.7% year-on-year to EUR 27.2 million (2017: EUR 26.0 million), whereby the increase resulted chiefly from the reclassification of foreign exchange differences. The results of property development improved to EUR -4.3 million (2017: EUR -28.8 million), but were negatively influenced by impairment losses and expenses from real estate inventories related to the transfer of commercial and residential properties in Cologne. The sale of the Cologne hotel leased to 25hours and further units was, however, finalised in January 2019. The remaining assets held for sale and real estate inventories in Cologne (EUR 1.5 million) are expected to be transferred during the first half of 2019.

RESULTS OF OPERATIONS

The results of operations improved by 42.3% to EUR 153.1 million (2017: EUR 107.6 million). Other operating expenses generally reflected the previous year at EUR -49.9 million in 2018 (2017: EUR -49.2 million) and – as reported in Q1 2018 – also included the payment of a one-time special bonus of EUR -4.0 million to the

Executive Board for the successful restructuring of the Group. Other non-recurring effects of approximately EUR -8.6 million involved one-off expenses and special projects related to the simplification of the corporate structure and preparations for the receipt of an investment grade rating and the issue of a benchmark bond. After an adjustment for the special bonus, personnel expenses were 10.5% lower year-on-year at EUR -30.2 million (2017: EUR -33.7 million).

REVALUATION

Results from the revaluation of investment property and goodwill increased to EUR 6.0 million (2017: EUR 4.1 million).

The total revaluation results recorded by IMMOFINANZ in 2018 amounted to EUR 24.9 million (2017: EUR 28.5 million). Positive effects were provided, among others, by an increase in the value of the *trivago Campus* and *FLOAT* development projects in Germany, whereby the *trivago Campus* was reclassified to investment property as of 30 June 2018.

FINANCIAL RESULTS AND TAXES

Financing costs declined substantially, as expected, by 27.9% to EUR -68.4 million as a result of the extensive refinancing measures carried out in 2017 and further optimisation in 2018 (2017: EUR -94.8 million). Other financial results improved to EUR -2.5 million, whereby the previous year (EUR -12.1 million) was negatively influenced, above all, by the valuation of derivatives and the earnings effect from the incentivised conversion of the convertible bond 2018.

The share of profit/loss from equity-accounted investments amounted to EUR 108.2 million (2017: EUR 200.0 million). Included here are a book gain of EUR 66.1 million on the sale of the CA Immo shares, EUR 24.0 million for the proportional share of CA Immo earnings for the first half of 2018 and EUR 11.2 million from the S IMMO investment (EUR 36.1 million for the proportional share of Q4 2018 earnings and an impairment loss of EUR -25.1 million which was recognised as of 30 September 2018). The S IMMO investment had a book value of EUR 391.9 million, or EUR 20.1 per share, as of 31 December 2018. In 2017, the share of profit/loss from equity-accounted investments was influenced by the very positive development of the CA Immo and BUWOG share prices. Financial results for the 2018 financial year totalled EUR 45.3 million (2017: EUR 88.8 million).

Earnings before tax (EBT) increased by 2.0% to EUR 204.3 million (2017: EUR 200.4 million). Income tax totalled EUR 14.0 million (2017: EUR -19.4 million), whereby deferred taxes were the largest component at EUR 37.6 million. The finalisation of the *Gerling Quartier* included the initial recognition of deferred tax assets.

NET PROFIT

Net profit from continuing operations rose by 20.6% to EUR 218.3 million (2017: EUR 181.0 million). Total net profit for the Group improved significantly to EUR 217.5 million, following the negative effects from the sale of the retail portfolio in Russia during the previous year (2017: EUR -537.1 million). Basic earnings per share equalled EUR 1.97 (2017: EUR -5.08) and diluted earnings per share EUR 1.80 (2017: EUR -5.08).

FUNDS FROM OPERATIONS (FFO)

The development of sustainable funds from operations, an important profitability indicator for the real estate branch, underscores IMMOFINANZ's stronger earning power. FFO 1 (before tax) from the standing investment business more than doubled to EUR 85.0 million in 2018 (2017: EUR 36.9 million) and FFO 1 per share (before tax) increased by 120% to EUR 0.77. FFO 1 does not include the dividend or the economic interest in CA Immo or S IMMO. Including the dividend payment of EUR 20.6 million from CA Immo in 2018, FFO 1 would equal EUR 105.6 million or EUR 0.96 per share.

FUNDS FROM OPERATIONS (FFO)

All amounts in TEUR	P&L 2018	Adjustments	FFO 2018	FFO 2017 (adjusted)
Results of asset management	174,047	328	174,375	151,287
Results of property sales	27,201	-27,201		
Results of property development	-4,332	4,332		
Other operating income	6,140	-621	5,519	5,354
Other operating expenses	-49,949	12,625	-37,324	-43,910
Results of operations	153,107	-10,537	142,570	112,730
Other revaluation results	5,955	-5,955		
Operating profit (EBIT)	159,062	-16,492	142,570	112,730
Financing costs	-68,374			
Financing income	7,941			
Foreign exchange differences	95			
Other financial results	-2,548			
Net profit or loss from equity-accounted investments	108,161			
Financial results	45,275	-102,811	-57,536	-75,862
Earnings before tax (EBT) / FFO 1 before tax (excl. CA Immo / S IMMO)	204,337	-119,303	85,034	36,868
Dividends received from CA Immo (2017 incl. BUWOG)			20,552	17,177
FFO 1 before tax adjusted			105,586	54,045
Number of shares (according to EPS calculation)			110,243,185	105,183,761
FFO 1 per share before tax			0.77	0.35
FFO 1 per share before tax adjusted			0.96	0.51

Other operating expenses were adjusted for non-recurring effects which included the special bonus granted to the Executive Board in Q1 for the restructuring of the Group as well as costs related to the simplification of the corporate structure and preparations for the receipt of an investment grade rating and the issue of a benchmark bond. The adjustments to financial results involve, above all, the contributions from CA Immo and S IMMO which are included under the net profit or loss from equity-accounted investments.

BALANCE SHEET

The condensed balance sheet is shown below:

All amounts in TEUR	31 Dec. 2018	in %	31 Dec. 2017	in %
Investment property	3,893,568		3,729,519	
Property under construction	397,540	75.3%	404,064	73.6%
Real estate inventories	46,932		61,221	
Assets held for sale	57,162		265,148	
Other assets	107,413	1.8%	73,702	1.2%
Equity-accounted investments	397,671	6.8%	685,984	11.3%
Trade and other receivables	305,628	5.2%	365,137	6.0%
Cash and cash equivalents	631,754	10.8%	477,889	7.9%
Assets	5,837,668	100.0%	6,062,664	100.0%
Equity	2,800,341	48.0%	2,808,043	46.3%
Liabilities from convertible bonds	284,638	4.9%	313,217	5.2%
Financial liabilities	2,140,884	36.7%	2,306,418	38.0%
Trade and other payables	199,025	3.4%	242,656	4.0%
Other liabilities	74,050	1.3%	67,218	1.1%
Deferred tax liabilities	338,730	5.8%	325,112	5.4%
Equity and liabilities	5,837,668	100.0%	6,062,664	100.0%

The value of the property portfolio amounted to EUR 4.4 billion and represented 75.3% of total assets as of 31 December 2018. These properties are reported on the balance sheet under the following positions: investment property, property under construction, real estate inventories and non-current assets held for sale. Non-current assets held for sale include properties as well as other assets which will be transferred to the

buyer in the event of a sale. Of the properties classified as held for sale as of 31 December 2017, 12 office properties and three retail properties were sold during 2018. These transactions reduced the balance of held-for-sale properties to EUR 57.2 million as of 31 December 2018.

The balance of equity-accounted investments declined during the reporting year following the sale of the CA Immo investment, which closed during the third quarter. The investment of 29.14% in S IMMO is carried at EUR 391.9 million (for details see note 4.4 and 5.8 in the *consolidated financial statements*).

The following properties were transferred from property under construction to investment property during the reporting period: the *trivago Campus* and *Parkhaus Cluster Produktionstechnik* in Germany, two STOP SHOP retail parks in Serbia and the expansion of a Polish VIVO! shopping center.

Financial liabilities declined by 7.2% during the reporting year to EUR 2.1 billion as of 31 December 2018. This is a result, among others, of the repayment of EUR 250.0 million in credit financing related to the CA Immo investment and the repayment of financing for sold properties. New borrowings included external financing of EUR 140.0 million for the purchase of the shares in S IMMO, which was repaid in Q1 2019.

EPRA INDICATORS

NET ASSET VALUE (NAV) AND TRIPLE NET ASSET VALUE (NNNAV)

Net asset value (NAV) is calculated in accordance with the Best Practices Recommendations issued by the European Public Real Estate Association (EPRA). The EPRA NAV concept is used to present the fair value of equity on a long-term basis in order to give investors an overview of a company's sustainable asset position. The calculation of EPRA NAV also includes the undisclosed reserves in real estate inventories as well as the (negative) fair value of derivative financial instruments. Undisclosed reserves are not included in carrying amounts in accordance with IFRS accounting rules, while the (negative) fair values of derivative financial instruments regularly serve as a means of hedging long-term financing so these gains or losses will remain hypothetical as of the balance sheet date. The deferred taxes on these items are included. Goodwill, which arises as a technical figure due to the recognition of deferred taxes on business combinations, is deducted.

Triple net asset value (NNNAV) is also calculated in accordance with the EPRA's Best Practices Recommendations. The calculation of EPRA NNNAV involves an adjustment to reverse the (negative) fair value of derivative financial instruments from the NAV calculation. In addition, financial liabilities are restated at their fair value. Asset deals generally result in the full realisation of deferred taxes, while the assumption for sales through share deals is that IMMOFINANZ will (economically) bear 50% of the deferred tax liabilities.

The EPRA NNNAV calculation also includes the deferred taxes from the adjustments to derivative financial instruments and from the fair value measurement of financial liabilities. The objective is to give investors an overview of the current value of all assets and liabilities.

The results of the NAV and NNNAV calculations are shown below:

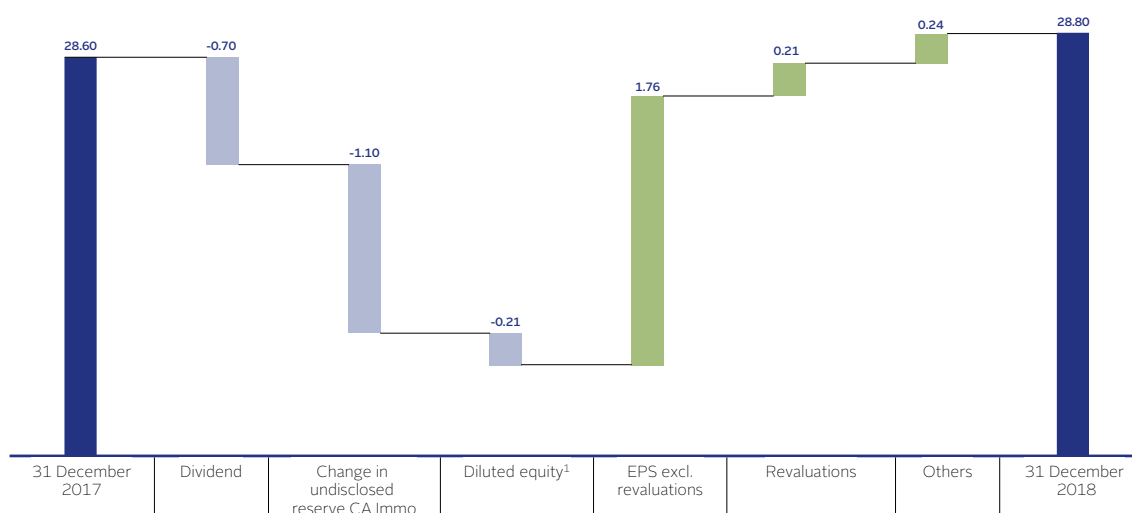
	30 December 2018		31 December 2017	
	in TEUR	in EUR per share	in TEUR	in EUR per share
Equity excl. non-controlling interests	2,816,934		2,821,521	
Diluting effects of convertible bonds	0		19,121	
Diluted equity excl. non-controlling interests after an adjustment for convertible bonds and the exercise of options	2,816,934		2,840,642	
Undisclosed reserves in the investments	0		123,993	
Undisclosed reserves in real estate inventories	202		74	
Fair value of derivative financial instruments	12,515		7,375	
Deferred taxes on investment property	283,502		274,977	
Deferred taxes on real estate inventories and derivative financial instruments	-2,641		-1,643	
Goodwill resulting from deferred taxes	-24,507		-24,848	
Number of shares excl. treasury shares (in 1,000)		107,143		111,617
Potential shares (in 1,000)		0		989
EPRA NAV	3,086,005	28.80	3,220,570	28.60
Fair value of derivative financial instruments	-12,515		-7,375	
Effect of fair value measurement of financial liabilities	-15,499		5,737	
Deferred taxes on derivative financial instruments and the fair value measurement of financial liabilities	6,485		197	
Deferred taxes on investment property	-16,793		-17,495	
EPRA NNNAV	3,047,683	28.44	3,201,634	28.43

The EPRA NAV totalled EUR 3,086.0 million as of 31 December 2018. The EPRA NAV per share equalled EUR 28.80 after the distribution of a EUR 0.70 dividend in May 2018 (31 December 2017: EUR 28.60). The EPRA NNNAV per share equalled EUR 28.44 (31 December 2017: EUR 28.43).

The EPRA NAV and EPRA NNNAV calculations as of 31 December 2018 did not include any potential diluting effects from the conversion of the IMMOFINANZ convertible bond 2024 because the bond was not "in the money" as of that date.

The book value per share rose to EUR 26.29 as of 31 December 2018 (31 December 2017: EUR 25.28).

EPRA NAV BRIDGE



¹ Through a diluting effect on the number of shares from conversions of the convertible bond 2018

EPRA EARNINGS PER SHARE

All amounts in TEUR	2018	2017 ¹
Weighted average number of shares (in 1,000)	110,243	105,184
Net profit or loss from continuing operations excl. non-controlling interests	218,046	183,484
Revaluation of investment properties and development properties	-23,337	-33,329
Results of property sales	-27,203	-25,983
Goodwill impairment, negative differences and earn-out effects on income	100	867
Changes in fair value of financial instruments	3,845	-24,305
Acquisition costs on share deals	22	0
Taxes in respect of EPRA adjustments	4,994	7,755
EPRA adjustment in respect of joint ventures and non-controlling interests	-5,633	3,482
EPRA earnings	170,834	111,971
EPRA earnings per share	1.55	1.06
Company-specific adjustments		
Result from termination of equity accounting of BUWOG AG	0	-25,841
Impairment loss/reversal CA IMMO Group	0	-91,850
Sale CA Immo	-66,067	0
Result from incentivised conversion of the convertible bond 2018	19	37,661
One-time effects in other operating expenses	12,207	0
Impairment loss S IMMO	25,129	0
Foreign exchange gains and losses	-95	8,447
Deferred taxes in respect of company-specific adjustments	7,238	-4,864
Company-specific adjusted earnings	149,264	35,524
EPRA earnings per share after company-specific adjustments	1.35	0.34

1 The comparative data were adjusted.

EPRA earnings per share equalled EUR 1.55, respectively EUR 1.35 per share after company-specific adjustments.

EPRA NET INITIAL YIELD

All amounts in TEUR	2018	2017
Investment property	3,924,486	3,862,140
Investment property – proportional share of joint ventures	54,508	46,268
Less undeveloped land	-180,507	-182,924
Less undeveloped land – proportional share of joint ventures	-1,690	-1,283
Total property portfolio	3,796,797	3,724,201
Allowance for estimated purchasers' costs	72,139	67,036
Gross value of total property portfolio	3,868,936	3,791,237
Annualised cash rental income	248,734	241,031
Annualised cash rental income – proportional share of joint ventures	1,992	1,815
Non-recoverable property operating expenses	-34,628	-42,037
Non-recoverable property operating expenses – proportional share of joint ventures	-92	-55
Annualised net rental income	216,005	200,755
EPRA net initial yield	5.6%	5.3%

The EPRA net initial yield increased from 5.3% in the previous year to 5.6%.

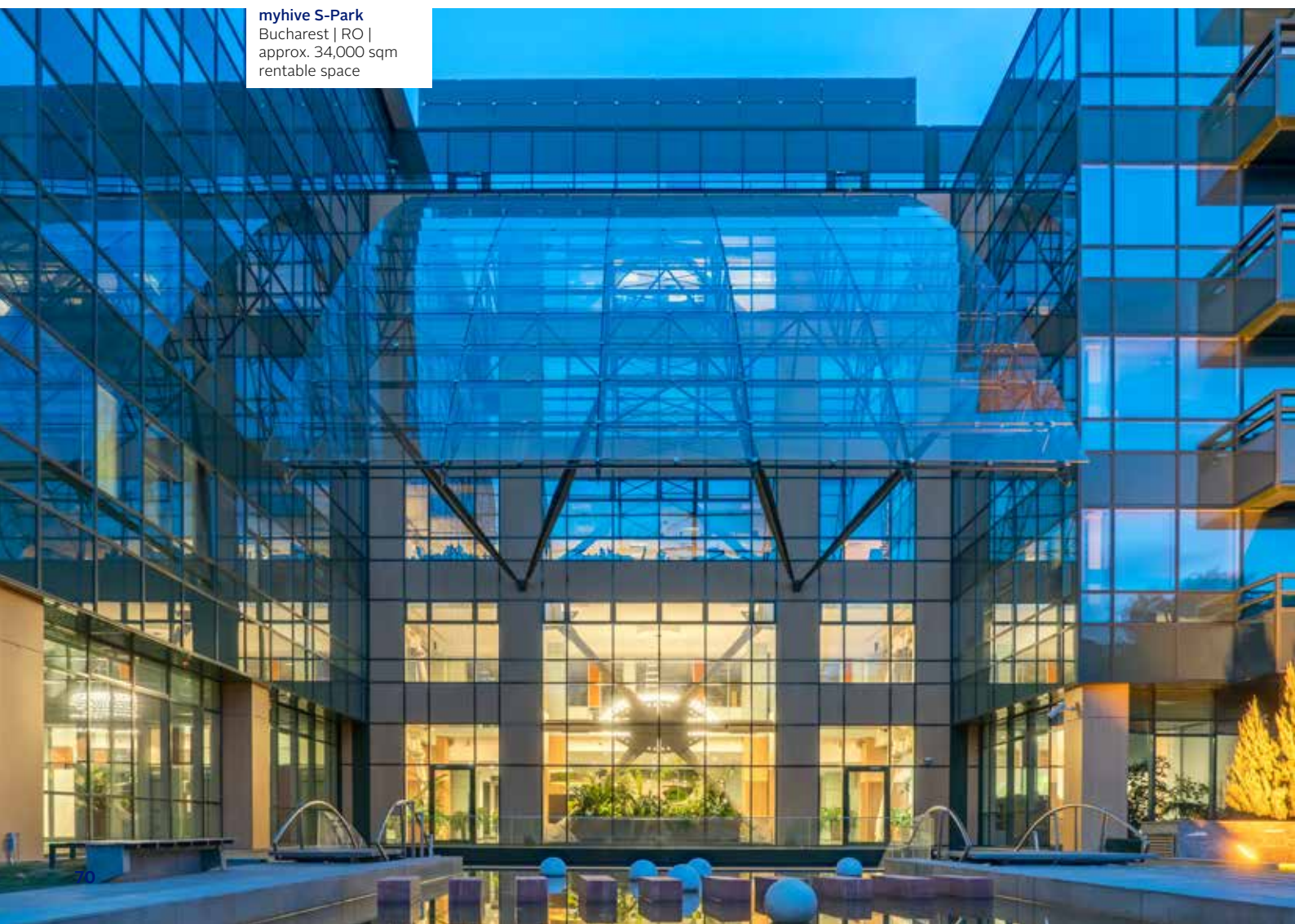
Consolidated Non-financial Statement for the 2018 Financial Year

The core business of IMMOFINANZ is the management and development of retail and office properties in selected Central and East European countries. The portfolio comprised 226 properties with a total value of EUR 4.3 billion as of 31 December 2018. In the office sector, the company with its international myhive brand concentrates on the capital cities of the core countries and the major office locations in Germany. The office portfolio was responsible for 61.7% of the total portfolio value and 52.9% of the rental income from the standing investments at the end of the 2018 financial year. The expansion of the retail portfolio is based on the STOP SHOP and VIVO! brands which are designed, above all, for secondary and tertiary cities. The retail portfolio was responsible for 35.3% of the total portfolio value and 47.0% of the rental income from the standing investments at year-end 2018. IMMOFINANZ's goal is to compile and maintain a high-quality, profitable portfolio of commercial properties. Additional details are provided under *Portfolio report*.

The Austrian Sustainability and Diversity Improvement Act ("Nachhaltigkeits- und Diversitätsverbesserungsgesetz") requires IMMOFINANZ to publish a non-financial statement or non-financial report for the 2018 financial year. This requirement is met with the following chapter.

This report covers IMMOFINANZ AG and all consolidated subsidiaries (see note 8 in the *consolidated financial statements*). Unless otherwise indicated, it is not based on any framework and was not subjected to an external review.

myhive S-Park
Bucharest | RO |
approx. 34,000 sqm
rentable space



MATERIALITY ANALYSIS

The selection of the reportable content and the calculation of current and potential future indicators are based on a materiality analysis which was carried out with the support of various corporate departments in 2017 and is also valid for 2018. An internal workshop was held to identify and categorise the major issues related to the company's positioning, products and services as well as the impact of its activities. These issues were subsequently aggregated into four areas. Also addressed were issues which are regularly reviewed by various rating agencies.

The analysis reflects the significance of these issues not only for the company, but also for its internal and external stakeholders (shareholders, tenants, employees, suppliers and business partners). In addition, it includes surveys of tenants and employees as well as criteria which are important to investors and service providers in the ESG area (Environmental Social Governance). The list of the key issues includes energy efficiency and resource conservation in the standing investments and development projects together with the related cost savings, sustainable investments in the quality of the standing investment portfolio, sustainability certifications, tenant satisfaction and the related attainment and protection of high occupancy levels, human resources development and employee satisfaction, diversity in the workforce, a responsible procurement policy and compliance and anti-corruption.

The following individual areas of responsibility were defined:

> Environment

IMMOFINANZ is committed to the responsible use of natural resources, the utilisation of climate-friendly technologies, a systematic energy savings strategy, the refurbishment of building substance which is worth preserving and the construction of efficient new buildings. An increase in sustainability certifications and sustainable energy management are two of the most important issues in this area.

> Customers/tenants

Central strategic focal points are the creation and maintenance of tenant loyalty through high customer satisfaction and the acquisition of new tenants. The IMMOFINANZ brands represent a service and quality promise which support these efforts. Investments in the quality of the properties and a strong customer orientation are further important issues.

> Employees

The expertise and commitment of its employees are key requirements for IMMOFINANZ's long-term success. Numerous activities in the area of human resources create an environment in which talents can optimally develop and cooperation is promoted at all levels.

> Responsible business practices

IMMOFINANZ is committed to business practices that are based on integrity, honesty, fairness, transparency and responsibility. Compliance and the fight against corruption, a sustainable procurement policy and human rights represent the basis for all activities.

Detailed information on the individual areas, the underlying goals and measures as well as potential risks is provided in the following sections.

RESPONSIBILITY TOWARDS THE ENVIRONMENT

IMMOFINANZ is committed to the responsible use of natural resources, the utilisation of climate-friendly technologies, a systematic energy savings strategy, the refurbishment of building substance which is worth preserving and the construction of efficient new buildings. These central points reduce operating costs and emissions and also make an important contribution to environmental protection and tenant satisfaction.

Corporate goals include the steady reduction of energy consumption as well as an increase in the energy efficiency of the standing investment portfolio and the related energy savings. Prior to the start of new activities or projects, the related environmental impact is estimated and the results are integrated in the decision process. Plans also include the gradual expansion of sustainability certification for development projects and standing investments. These certifications reduce environmental risks and help to improve the environmentally friendly use of space and an increase in efficiency.

SUSTAINABILITY CERTIFICATIONS

Certification according to environmental standards is currently planned for development projects and standing investments in the office and VIVO! portfolios. Office buildings are generally certified according to BREEAM and LEED, while shopping centers are generally certified under BREEAM.

BREEAM (BRE Environmental Assessment Method) is the leading and most frequently used certification method for buildings. It defines the highest standards for sustainable design and has become the de facto benchmark for describing the environmental impact of a building. In 2018 the following IMMOFINANZ office buildings received BREEAM certification: *myhive Thirteen (Xenter)* in Budapest, *myhive Brama Zachodnia* and *myhive IO-1* (both in Warsaw) and *myhive Twin Towers* in Vienna.

There is no certification according to international standards for the STOP SHOP retail parks, but the strict standards for construction and furnishings define wide-ranging criteria for sustainable construction.

The certified space totalled approximately 472,000 sqm at the end of 2018, which represents 26.0% of the space in the standing investment portfolio (year-end 2017: 350,000 sqm, resp. 18.0%). Moreover, approximately 120,000 sqm in standing investments and development projects were under evaluation or in the certification process at the end of 2018.

Example

The Twin Towers and a further office building at the *myhive* location on the Wienerberg – IMMOFINANZ's largest office site in Vienna with more than 150,000 sqm of rentable space – received the BREEAM standing investment certificate with an overall rating of "four stars" (i.e. "very good") for the buildings in 2018. The evaluation criteria include, for example, materials (among others, condition and maintenance strategy), transport (among others, connections to public transportation, convenience stores and gastronomy, secured and covered bicycle parking, medical care), energy (among others, energy certification, examination of the exterior facade, share of renewable energies), water (among others, consumption, flow volumes), environment (among others, use of polluting materials in the building), grounds and ecology (examination of the exterior design of the grounds and green areas) as well as health and wellbeing (among others, transparent facade areas, ventilation and common rooms).



SUSTAINABLE ENERGY MANAGEMENT

Energy efficiency is not only a function of the building itself. On the contrary, the energy and water consumption in the properties managed by IMMOFINANZ is heavily dependent on tenant behaviour and, consequently, largely outside the company's control. Plans call for the gradual expansion of control measures in this area through clear communications, for example the posting of information signs in the properties.

As a means of optimising energy efficiency, the standing investment portfolio is undergoing an energy audit. The goal is to identify potential sources of increased energy consumption and define appropriate countermeasures. The audits of 33 standing investment properties in 2017 were followed by similar inspections at ten standing investments in the Czech Republic and Romania (approximately 164,000 sqm in total) during 2018. Structural and building technology optimisation measures were then implemented with the support of energetic analyses. The goal for 2019 is to carry out energy audits at a minimum of ten standing investment buildings.

Opportunities for energy savings are regularly developed in cooperation with the property and facility managers. Examples of the results are the conversion to LED lighting, the replacement of cooling equipment and the upgrading of washbasins with aerators which reduce the waterflow.

Following is an overview of the energy and water consumption in the office and retail portfolio during 2018. The indicators are based on 64 office properties with approximately 1.0 million sqm of rentable space and 80 retail properties with approximately 800,000 sqm (70 STOP SHOPS and 10 VIVO!) and, therefore, do not cover the entire standing investment portfolio.

It should also be noted that most of the tenants in the VIVO! shopping centers purchase their entire energy requirements from IMMOFINANZ. This practice differs individually in the STOP SHOP retail parks.

	Office ²	Retail ³
Heating ¹	129,402,311 kWh	45,826,163 kWh
Electricity	153,997,194 kWh	128,229,239 kWh
Water	520,957,870 l	454,190,137 l

¹ Hot water and gas

² KW data excluding electricity purchased by tenants

³ Data on KWh/electricity includes the electricity for common areas, tenants and ventilation (for cooling and heating).

FURTHER MEASURES

IMMOFINANZ is working to meet the rising demand by tenants for sustainable mobility offerings. Activities include, for example, cooperation with car sharing providers and the installation of e-charging stations and weatherproof bicycle parking areas.

POTENTIAL RISKS FOR THE ENVIRONMENT AND SOCIETY

Buildings are a major cause of greenhouse gas emissions. IMMOFINANZ is therefore working continuously on comprehensive measures to safeguard and improve the energy efficiency in its standing investments. For development projects, energy efficiency becomes an important issue as early as the planning phase. Development projects or modernisation activities can also have an impact on the environment through the use of harmful building materials. Here IMMOFINANZ makes sure construction is sustainable with highly standardised descriptions for buildings and furnishings as well as the careful selection of business partners.

SUMMARY AND OUTLOOK

The IMMOFINANZ portfolio has been the focus of an optimisation and concentration process in recent years, which led to the concentration on two asset classes and three brands as well as the sale of properties that no longer fit with the corporate strategy. The next step began in 2017 with the development of a group-wide, standardised recording process for energy consumption data.

The goal is to continuously reduce resource consumption, while maintaining or improving the quality of building use through energy savings measures. This will help to realise energy savings and reduce the environmental impact and risks.

Another objective is to expand the space in the standing investments which is covered by sustainability certifications. Compliance with project development and refurbishment standards is guaranteed by the Development Process Guideline. It applies to all companies in the IMMOFINANZ Group and regulates construction-related activities.

RESPONSIBILITY TOWARDS TENANTS AND CUSTOMERS

The satisfaction of IMMOFINANZ's tenants is an essential factor for achieving and maintaining high occupancy levels and strong tenant loyalty. This, in turn, is the guarantee for efficient property management. Tenant loyalty through high customer satisfaction and the acquisition of new tenants therefore represent a strategic focus of activities. In 2018 the occupancy rate in the standing investment portfolio rose from 94.2% to 95.8%.

BRAND POLICY AND INVESTMENTS IN QUALITY

The IMMOFINANZ property portfolio follows a clearly defined brand policy: myhive represents the offices of the future, STOP SHOPS are retail parks and VIVO! are full-featured shopping centers. These brands are a quality promise to tenants and create security and trust. A high degree of standardisation based on extensive criteria catalogues for presentation, furnishings and design also supports a sustainable procurement policy.

The myhive office brand, which was introduced at the end of 2016, was rolled out to further IMMOFINANZ office buildings in 2018. myhive offices are characterised by a wide range of services and top infrastructure and provide space for communicative and lively interaction between tenants – for example through attractive communication zones, tenant lounges and regular events like after-work get-togethers, business breakfasts with expert discussions and the organisation of sport activities (also see the detailed description in the brand section).

Networking between tenants is given particularly high priority. Designated community managers are responsible for supporting exchanges between tenants, identifying possibilities for cooperation, brokering the necessary contacts and organising events (among others, sport activities). A specially designed, international myhive office app was also introduced. It provides a wide range of information on the latest events in the respective office building and in the myhive community, promotes communication between experts in different companies at the same location and also supports IMMOFINANZ's central services, for example through a direct feedback tool. In this way, tenants can register for events, submit suggestions and requests, and also file damage reports quickly and easily.

In order to hold the occupancy rate and customer satisfaction at a high level over the long-term, IMMOFINANZ makes targeted investments in the quality of its properties. Improvements were made during 2018, for example, in the *myhive Crown Tower*, Warsaw, and the *myhive Polus Towers*, Bratislava, in connection with the myhive roll-out.

IMMOFINANZ's investments in the STOP SHOP retail parks are directed to improving the quality of service and the quality of stay in order to optimise the shopping experience. The related measures include, among others, the addition of playgrounds, free WLAN and a gastronomy offering in the form of a café at selected locations. In 2018 playgrounds and cafés were added to a number of STOP SHOP locations. The improvements at the individual locations are made in close coordination with tenants and also reflect any special local shopping habits.

EVALUATION OF CUSTOMER SATISFACTION

IMMOFINANZ has carried out regular tenant surveys in its office properties for many years to evaluate customer satisfaction. Based on the results, individualised optimisation measures are then implemented at the respective locations. The design of the new myhive office brand also reflects the suggestions and requirements defined by these surveys. The tenant survey in 2017 was carried out in all of IMMOFINANZ's seven core office markets. The focal points included an evaluation of the customer orientation as well as satisfaction with the quality of the property and the related infrastructure, services and communication.

In the retail sector, visitor surveys are carried out at regular intervals – normally once each year – in the VIVO! shopping centers. The focal points include the catchment area, demographic data, purchasing behaviour and the brand recognition of the respective shopping center, satisfaction with the offering and branch mix as well as ideas and suggestions for improvement. These results and conclusions from the frequency counts in the individual retail property are shared with the tenants and flow into measures to optimise the branch mix, improve the arrangement of tenants and increase frequency.

CUSTOMER ORIENTATION

"Triple 90", an internal initiative, was launched in 2018 to increase the customer orientation in the entire organisation. Employees throughout the company registered to participate in innovation groups, which then developed suggestions to improve the focus on customers. The best concepts were announced at the end of the year and will be gradually implemented. One recommendation, for example, was to define annual service targets together with the tenants.

POTENTIAL RISKS

The loss of a dissatisfied anchor tenant in the retail sector or difficulties in re-letting and the resulting reduction in visitor frequency could have an impact on other tenants or reduce the offering. IMMOFINANZ minimises this risk with a high customer orientation and proactive rental management.

SUMMARY AND OUTLOOK

Plans for 2019 include the above-mentioned measures as well as the further strengthening of customer orientation, among others through digitalisation. The customer relationship management (CRM) application currently in roll-out includes, among others, a service and sales module which can be used in the future to measure tenant satisfaction in the office and retail properties, as well as a ticket system to support the faster and more efficient recording of customer inquiries.

The Asset Management Process Guideline regulates all procedures related to rentals, beginning with the initial tenant contact to ongoing tenant support.

RESPONSIBILITY TOWARDS EMPLOYEES

The expertise and commitment of its employees are key requirements for IMMOFINANZ's long-term success. Numerous activities in the area of human resources create an environment in which talents can optimally develop and cooperation is promoted at all levels. These activities are directed, in particular, to underscoring IMMOFINANZ's attractiveness as an employer and to retaining and further developing employees. Risks associated with qualifications and expertise are addressed and minimised with the measures described below.

CONTINUOUS HUMAN RESOURCES DEVELOPMENT

In the area of human resource development, training is focused on technical as well as social and methodological skills. An important instrument for management is the annual appraisal discussion between employees and their supervisors, which includes the definition of clear goals and individual training activities. As in previous years, IMMOFINANZ also made a wide range of training and continuing education programmes available to its employees in 2018. The human resources department is responsible for ongoing personnel development as well as the preparation of a succession plan for key positions in the core areas. A total of 11,427 training hours were completed in 2018, which represent 34.6 hours per employee (FTE). Language courses account for most of these hours (46%), followed by external training courses and seminars.

IMMOFINANZ ACADEMY

The IMMOFINANZ Academy is the corporate institution for training and continuing education, with individual instruction in the form of specific courses and group programmes serving as important elements. Internal courses led by IMMOFINANZ experts are also part of the curriculum. Examples include workshops on the brand strategy and the IMMOFINANZ Real Estate Training series.



trivago Campus
Düsseldorf | GER |
approx. 34,000 sqm
rentable space

TRAINING PROGRAMMES

With the apprenticeship programme started in 2016, IMMOFINANZ offers ambitious young men and women training opportunities as real estate agents ("Immobilienkaufmann") and finance/accounting assistants. The "Young Professional" talent promotion programme, which was established in 2017 and successfully continued in 2018, is directed to students and recent university graduates. It follows a rotation scheme and concentrates on knowledge transfer in the operating business and finance departments.

The Leadership Curriculum represents the Group-wide training series for managers, in which individual modules deal with various management issues. The internal exchange and transfer of know-how provide support for employees in management functions. In this way, IMMOFINANZ creates optimal development opportunities for managers.

HEALTH MANAGEMENT AND WORK-LIFE BALANCE

A company physician holds regular office hours at the headquarters in Vienna. Her responsibilities include, among others, compliance with legal requirements as well as vaccination drives, preventive medical check-ups and eye examinations as well as consultations on healthcare issues – all of which are intended to address typical office medical problems on a timely basis.

IMMOFINANZ also provides wide-ranging support for its employees outside the workplace: teambuilding and promotion for the work-life balance represent key elements. Included here are sport offerings like participation in the Vienna City Marathon or Business Run, coaching vouchers and various voluntary employee benefits.

ATTRACTIVE EMPLOYER

These many initiatives in the area of human resources have received considerable attention: On kununu, the largest employer ranking platform in Europe with over 3.2 million ratings on more than 850,000 companies (as of February 2019), IMMOFINANZ was graded above-average.

KUNUNU SCORES IN COMPARISON

	As of February 2019			As of January 2018		
	Ranking	Points	Gradings	Ranking	Points	Gradings
IMMOFINANZ	★★★★★	4.16	166	★★★★★	4.15	128
Branch – average (Properties/ Facility Management)	★★★★★	3.33	29,727	★★★★★	3.20	19,235
kununu – average	★★★★★	3.36	3,187,000	★★★★★	3.23	2,376,000

More information under <https://www.kununu.com/at/immofinanz>



IMMOFINANZ was rated one of the most valued employers in the branch by "Beliebter Arbeitgeber", a study conducted for the first time by Milestones in Communication, Faktenkontor and IMWF Institut für Management- und Wirtschaftsforschung GmbH. This report was based on the 1,800 companies in Austria with the largest workforces and covered various branches. Employees' opinions on their working climate, corporate culture and careers were collected from social media during the period from February to July 2018 and analysed. The ratings are based on comments by the employees who work in these companies every day and who share their opinions online with their community.

In the study "BEST-RECRUITERS 2018/2019" (carried out by BEST RECRUITERS | CAREER Verlag, Vienna), IMMOFINANZ was ranked second in the real estate segment and awarded the BEST-RECRUITERS seal in bronze. The issues analysed here included the company's online recruiting presence, online job advertisements and interaction with candidates. Positive factors included, among others, the speed and efficiency of the application process.

EMPLOYEE STRUCTURE

IMMOFINANZ had a total workforce of 333* in nine countries as of 31 December 2018 (31 December 2017: 406), which represents an annual average** of 345.2 (2017: 470). Employees from 14 nations currently work for IMMOFINANZ.

TOTAL NUMBER OF SALARIED EMPLOYEES BY EMPLOYMENT AGREEMENT (PERMANENT AND TEMPORARY) CLASSIFIED BY GENDER

2018

Total number of employees: 333 (thereof temporary: 3)



2017

Total number of employees: 406 (thereof temporary: 10)



TOTAL NUMBER OF SALARIED EMPLOYEES BY EMPLOYMENT AGREEMENT (PERMANENT AND TEMPORARY) CLASSIFIED BY REGION

Countries	2018		2017	
	Headcount	thereof temporary	Headcount	thereof temporary
Austria	163		181	6
Germany	19	3	23	
Poland	38		45	
Czech Republic	24		29	1
Hungary	28		30	
Romania	34		46	1
Slovakia	21		25	2
Serbia	6		5	
Russia			22	
Total	333	3	406	10

* Excl. Executive Board, employees on official leave, students, trainees, young professionals

** Excl. employees on official leave, excl. Executive Board, calculation based on the absolute number of employees at the end of the months/number of months

TOTAL NUMBER OF SALARIED EMPLOYEES (FULL-TIME AND PART-TIME) CLASSIFIED BY GENDER

Working time	2018			2017		
	Gender	Fulltime	Part-time	Gender	Fulltime	Part-time
40 hours	Male	135	3	Male	178	5
40 hours	Female	167	28	Female	199	24
Total number of employees		302	31		377	29

SOCIAL DIALOGUE

The employment relationships with the workforce in Austria are governed by the collective agreement for salaried employees in property management companies. IMMOFINANZ has also concluded a number of agreements with the Works Council, which provided added improvements for the workforce. The employment relationships outside Austria comply with the applicable national regulations. IMMOFINANZ places high value on the application of uniform standards in dealing with employees. The Executive Board and the Works Council meet at least once each quarter to discuss the current development of the company, and additional meetings are also organised on short-term notice to consider important issues.

POTENTIAL RISKS

IMMOFINANZ minimises the risks arising from employees' health, lack of motivation or continuing education through the above-mentioned measures for human resources development and health management.

DIVERSITY CONCEPT

Equal opportunity and the equal treatment of employees without differentiation, e.g. according to gender, age or national/ethnic origin, is a matter of course for IMMOFINANZ.

IMMOFINANZ does not follow an abstractly defined diversity concept. The human resources department considers diversity to be very important, in particular with regard to age, gender, national/ethnic origin, religion, education and professional background. Accordingly, specific appointments or recommendations are based not only on criteria like expertise, individual requirements, experience, availability but also on the above aspects.

RESPONSIBLE BUSINESS PRACTICES

IMMOFINANZ is committed to business practices that are based on integrity, honesty, fairness, transparency and responsibility. Mutual trust as a fundamental understanding forms the basis for constructive cooperation within the company and with business partners. All activities are based on compliance and the fight against corruption, a sustainable procurement policy and human rights.

The Executive Board has approved several corporate guidelines for these areas, which are binding for all employees and member companies of the IMMOFINANZ Group:

The **Corporate Code** serves as the basis for all business activities and decisions in the IMMOFINANZ Group: In particular, it includes guidelines for respecting fundamental rights, integrity and fairness, a ban on discrimination as well as relations with competitors, customers and associations.

The **Anti-corruption Guideline** is based on the UN Convention against Corruption and summarises the principles and rules of conduct for dealing with corruption.

The **Compliance Guideline** covers the legal prohibitions on the use of insider information through insider transactions and the unlawful disclosure of insider information. In addition, an e-learning tool for training on capital market compliance was introduced in 2017. A compliance officer is also available to answer employees' questions at any time. Further details are provided in the consolidated Corporate Governance Report (see page 33).

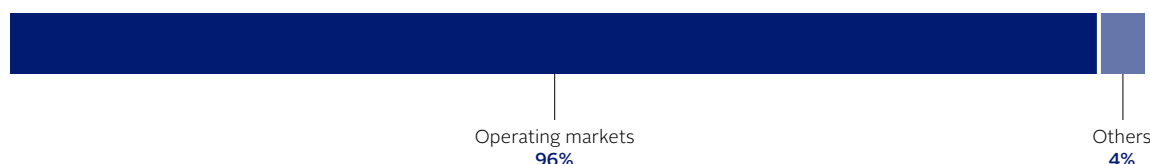
Regular training courses are held to familiarise IMMOFINANZ employees with the principles underlying these guidelines.

SUSTAINABLE PROCUREMENT POLICY

The development of long-standing business relationships based on sustainability and continuity represents the focal point for relations with suppliers and business partners. As an international corporation, IMMOFINANZ worked with suppliers from 31 countries in 2018. In order to ensure sustainability in procurement and maintain long-term cooperative relationships, 96% of all suppliers come directly from IMMOFINANZ's operating markets. The support for local suppliers and contribution to added value in the operating markets is, therefore, a central concern.

IMMOFINANZ'S SUPPLIERS

Origin



The following operating markets are defined as "significant locations of operations": Austria, Germany, Czech Republic, Slovakia, Romania, Hungary, Poland and Serbia.

The selection of business partners is based on the **Group Procurement Guideline**, which specifies the rules and procedures for all purchasing activities at IMMOFINANZ. This guideline reflects the principles defined by the Corporate Code and requires the careful and responsible selection of suppliers. A central objective is to minimise the supplier risks arising from child labour, forced labour and compulsory labour and from an insufficient social assessment of suppliers.

In addition to the responsible selection of suppliers, IMMOFINANZ works continuously to intensify the communication with its business partners. The medium-term goal is the implementation of a supplier relationship management tool (SRM), whereby the starting point for this interactive platform will be formed by the newly planned ERP system.

RESPECT FOR HUMAN RIGHTS

The respect for and compliance with human rights, and above all the dignity of the individual, has high priority for IMMOFINANZ. In addition to compliance with national constitutional and legal requirements, IMMOFINANZ places special importance on compliance with the conventions of the International Labour Organization (ILO) for the freedom of assembly, the abolition of forced labour and child labour and discrimination. Violations of human rights – above all forced labour and child labour – are strictly rejected and IMMOFINANZ's business partners are expected to observe these ethical standards.

FIGHT AGAINST CORRUPTION AND BRIBERY

The **Anti-Corruption Guideline** issued by IMMOFINANZ is based on the UN Convention against Corruption and summarises the principles and rules of conduct for dealing with corruption. Its goals are to ensure legally compliant behaviour by employees, business partners and customers; to prevent conflicts of interest from arising; to sensitise employees for potential conflicts of interest and thereby protect them from criminal offenses; and to prevent damage to IMMOFINANZ's reputation as a result of improper practices. The guideline includes, among others, rules for the acceptance and granting of advantages, donations and sponsoring, the use of intermediaries and the prevention of money laundering.

POTENTIAL RISKS

The acceptance of gifts, corruption, bribery and conflicts of interest carry an inherent risk of damage to the company's reputation as well as the risk of detrimental transactions for the IMMOFINANZ Group. These guidelines are intended to prevent such consequences. There are currently no indications of risks of corruption, and the ongoing measures will ensure added training for and create a greater awareness among employees.

IMMOFINANZ's wide range of business relationships is accompanied by a risk that a company with lower ethical standards could be involved. IMMOFINANZ minimises this risk with the careful and responsible selection of business partners.

DATA SECURITY

IMMOFINANZ started at an early point in time to address the extended requirements for the protection of personal data which are required by the Data Protection Regulation ("Datenschutzgrundverordnung", DSGVO) which took effect in May 2018. This regulation significantly expands the obligations of responsible organisations and the rights of involved parties, but also brings a massive increase in the sanctions for violations of data protection. Consequently, compliance with the applicable data protection rules is a legal requirement and an essential objective for the IMMOFINANZ Group.

The measures and investments required to apply the Data Protection Regulation were defined and implemented by corporate legal affairs und compliance, legal and IT together with all other business areas.

The **Data Protection Guideline** defines binding rules for all employees of the IMMOFINANZ Group and covers the legally compliant processing of personal data and related obligations. All processing activities must be logged in a register. Compliance with this guideline is intended to ensure that the company meets all relevant data protection requirements, in particular protection for the rights of involved parties, the definition of processes for handling these rights, the prevention of data protection violations and the avoidance of fines.

The organisational measures for the protection of data and compliance with data protection rights include mandatory training for employees by the data protection coordinator.

The company is not aware of any justified complaints by third parties or supervisory authorities in connection with violations of the protection of customer data in 2018.



myhive am Wienerberg
Vienna | AT |
approx. 150,000 sqm
rentable space

Risk Report

As an international property investor and project developer, IMMOFINANZ is exposed to a variety of general and branch-specific risks in its business operations. An integrated risk management process provides the Group with a sound basis for the timely identification of potential risks and the assessment of the potential consequences.

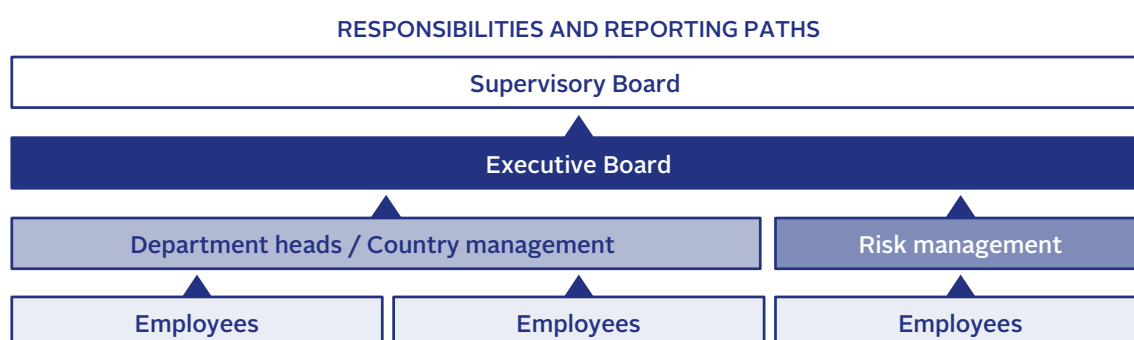
Based on the hedging and management instruments currently in use, no material risks can be identified at the present time that could endanger the company's standing as a going concern. An overall evaluation of the risk situation for the 2018 financial year and the beginning of the 2019 financial year shows no major changes.

IMMOFINANZ has anchored the procedures for handling risk in a Group-wide risk management system, which is integrated in business practices and reporting paths and has a direct influence on processes and strategic decisions. Risk management takes place at all levels through internal guidelines, reporting systems and an internal control system (ICS) which is reviewed by the internal audit department.

STRUCTURE OF RISK MANAGEMENT

The goal of risk management is to implement the strategy defined by the Executive Board with a minimum of risk. This implementation transfers the Group's strategic goals to the operating processes in which the measures for the identification, prevention and management of risks are embedded.

The structure of risk management is based on the rules of the Austrian Corporate Governance Code and the integrated framework of the COSO ERM*, an internationally accepted framework concept for the design of risk management systems.



The Executive Board, as a whole, is responsible for risk management in the IMMOFINANZ Group and defines the corporate goals and related risk strategy.

Risk management is a staff function which reports directly to the Chief Financial Officer (CFO). It monitors the corporate risks that are not related to specific business areas, aggregates risk data and reports, and actively supports the business areas and country organisations in the identification of risks and economically suitable countermeasures. Risk management reports regularly to the CFO and at least once each year to the Supervisory Board.

At the business area and country organisation levels, the heads of the respective business area or country organisation are responsible for risk management. Risk positions are reported to the Executive Board at least once each quarter by the business area managers and at least twice per year by the country management. Acute risks are reported immediately to the Executive Board.

* Committee of Sponsoring Organizations of the Treadway Commission – Enterprise Risk Management. www.coso.org

Risk management process

The identification of risks is the first step in the risk management process. Every employee is responsible for identifying risks in his or her area of activity. These risks are recorded in a risk catalogue, evaluated and flow into the budgeting process. Risk reporting also includes a review to ensure that all risks are covered.

The business area heads and country managers also use early warning indicators, e.g. visitor frequency measurements or tenant surveys, wherever appropriate.

The identified risks are managed according to their nature and potential effects and, where possible, avoided or directly addressed. In cases where this is not possible, the risks are minimised with economically reasonable measures, transferred to third parties or carried by IMMOFINANZ and monitored continuously.

These risks are aggregated and reported to the Executive Board as part of regular risk communications. Acute material risks must be reported immediately.

Risk classification

The recorded risks are classified under the following categories: market risk, property-specific risks and business and other risks.

The following section describes the risk areas that are considered significant for IMMOFINANZ and also explains the measures implemented to manage the related individual risks. Financial risk factors are described in note 7.2 to the *consolidated financial statements*.

MARKET AND PROPERTY-SPECIFIC RISKS

The development of the real estate markets is dependent on cyclical and macroeconomic factors. The related risks include events on the global financial and capital markets as well as political, micro- and macroeconomic issues in the countries where IMMOFINANZ is active. These factors can have a significant effect on the market value of properties, earnings and development plans as well as investment and sales activities.

Concentration risk and the risk associated with the property portfolio are addressed through the diversification of property investments by sector and region. IMMOFINANZ focuses on two commercial asset classes – office and retail – in Austria, Germany and CEE. In addition to the diversification of the portfolio by sector and region, a differentiated tenant structure is also important for minimising risk. IMMOFINANZ has a balanced and diversified tenant mix.

MAJOR MARKET AND PROPERTY-SPECIFIC RISKS

Description of risk	Effects	Measures
Rental risks	> Loss of income due to vacancies	> Proactive rental management (close cooperation with tenants, high service orientation, continuous optimisation of offering and tenant mix)
	> Default on rental payments due to deterioration of economic environment or tenant bankruptcies	> Continuous monitoring of rental status, credit evaluation of tenants, security deposits, diversification of tenants
	> Decline in rental income due to intense competition	> Selection of attractive locations, granting of incentives for tenants
	> Rental price reductions or costly incentives to retain tenants	> Review and release of rental contracts and incentives as per corporate approval guidelines, granting of rental price reductions for a limited period
	> Inflation risk	> Index clauses in rental contracts
	> Reduction in income through limitations on use	> Investments in quality and maintenance management, selection of professional service providers
Project development risks	> A location turns out to be suboptimal in relation to demand, competitive behaviour or economic power	> Market, competitive and site analyses, if necessary exit from certain regions
	> Delays in initial rentals	> Definition of minimum pre-rental levels
	> A project cannot be realised as planned, e.g. because of problems with financing, approvals or historical protection	> Extensive analyses and project planning, timely communications with banks and public authorities, thorough due diligence
	> Construction defects lead to delays and higher costs	> Continuous monitoring of construction progress and quality
	> Problems arise with general contractors or subcontractors	> Selection of experienced business partners and continuous control of all contractors
	> A project cannot be realised as planned due to higher costs or delays	> Detailed project organisation, regular cost, quality and schedule controls, variance analyses, selection of experienced partners, transfer of risks
Property valuation risks	> High dependence on macroeconomic environment, calculation method and underlying assumptions: decline in valuation due to negative market developments or as a result of lower "return" on the property	> Market studies, analyses and forecasts, portfolio optimisation, continuous maintenance and modernisation
Transaction risks	> High dependence on transaction market liquidity: a transaction is not realised as planned, e.g. because the seller drops out or the desired price is not achievable	> Market analyses, legal, economic and technical due diligence, checklists for the transaction process, analysis of effects on the portfolio

MAJOR BUSINESS AND OTHER RISKS

Description of risk	Effects	Measures
Strategic business risks	<ul style="list-style-type: none"> > Increase in similar risks in the portfolio > Capital market movements make it difficult to raise equity or debt > Loans for projects and transactions are not available 	<ul style="list-style-type: none"> > Diversification by sector and region > Balanced structure of equity and debt > Medium-term planning, capital and liquidity management
Financial risks	<ul style="list-style-type: none"> > See note 7.2 to the <i>consolidated financial statements</i> 	
Legal and tax risks	<ul style="list-style-type: none"> > Legal disputes with tenants, business partners, investors or public authorities > Changes in national tax schemes result in subsequent tax liabilities 	<ul style="list-style-type: none"> > Continuous monitoring of legal developments, creation of provisions > Continuous monitoring of legal developments, compliance with disclosure requirements
Organisational risks	<ul style="list-style-type: none"> > IT risks materialise, e.g. failure of technical systems, unauthorised data access or manipulation > Environmental risks, e.g. extreme weather conditions, natural disasters or man-made damages like ground contamination can result in damages to properties > HR risks like staff turnover lead to the loss of top performers or capacity bottlenecks > Compliance risks materialise, which can result in penalties and damage to the company's reputation > Procurement risks, e.g. dependence on suppliers and subcontractor bankruptcies, can lead to supply shortages 	<ul style="list-style-type: none"> > Group-wide IT governance and compliance, continuous updating of security standards, penetration tests, connections to geographically separate back-up data processing facility > Insurance to cover environmental damages > Personnel development and appropriate remuneration and bonus systems > Strict compliance with legal regulations and regular training for employees > Optimisation of supplier base, development of sourcing strategies, ongoing and comprehensive evaluation of suppliers
Investment risks	<ul style="list-style-type: none"> > Fluctuations in the value of the S Immo investment 	<ul style="list-style-type: none"> > Continuous monitoring and evaluation

Monitoring and control of the risk management system

The risk management system is monitored and controlled through two corporate channels. On the one hand, internal audit evaluates the effectiveness of risk management and contributes to its improvement.

On the other hand, the auditor reviews the effectiveness of risk management in accordance with Rule 83 of the Austrian Corporate Governance Code (in the version released in January 2018) and reports to the Executive Board on the results of this analysis.

Evaluation of the functionality of the risk management system

Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, audited IMMOFINANZ's risk management system during the period from December 2018 to February 2019. This audit covered the design and implementation of the measures and organisational procedures instituted by the company, but not their application in the sense of operating effectiveness. Based on the knowledge gained by Deloitte during the related activities, no circumstances were identified that would lead to the assumption that the risk management system instituted by IMMOFINANZ as of 31 December 2018 – based on the comprehensive framework for corporate risk management according to COSO – is not functional.

RISKS IN THE 2018 FINANCIAL YEAR

MARKET AND PROPERTY-SPECIFIC RISKS

The risks arising from the composition of the portfolio, rentals and project development as well as the purchase and sale of properties basically remained unchanged, in total, compared with the 2017 financial year.

The overall occupancy rate for IMMOFINANZ's portfolio equalled 95.8% as of 31 December 2018, which represents an increase of 1.6 percentage points since 31 December 2017. The occupancy rate rose to 93.7% (31 December 2017: 91.9%) in the office properties and to 98.2% (31 December 2017: 97.2%) in the retail properties.

The development projects currently under realisation by IMMOFINANZ (property under construction) have a combined carrying amount of EUR 277.5 million (31 December 2017: EUR 312.9 million), and the real estate inventories have a carrying amount of EUR 46.9 million (31 December 2017: EUR 61.2 million). The budgeted outstanding construction costs for these development projects and real estate inventories totalled EUR 96.0 million as of 31 December 2018 (31 December 2017: EUR 141.3 million).

BUSINESS AND OTHER RISKS

IMMOFINANZ is also exposed to other risks in connection with its business activities. These legal, compliance, environmental, tax, information security and human resources risks generally remained unchanged in comparison with the 2017 financial year.

Information security risks

The progressive digitalisation in the company and the related system conversions are connected with a temporary increase in information security risks. The risks resulting from the introduction of the Austrian Data Protection Regulation ("Datenschutzgrundverordnung", DSGVO) are minimised by systems and internal procedures.

Other legal proceedings

In certain East European countries, legal uncertainty could arise in connection with land ownership. This applies, above all, to the *VIVO! Cluj* shopping center.

Risk arising from the Austrian Sustainability and Diversity Improvement Act

This legal regulation requires an examination of the material risks which could have a negative effect on the company's interests. These risks are listed in the non-financial report (beginning on page 70).

Investments

IMMOFINANZ AG acquired 19,499,437 bearer shares (which represent an investment of 29.14%) in S IMMO AG through share purchase contracts dated 18 April 2018. The transaction closed on 21 September 2018. The S IMMO share is listed in the Prime Segment of the Vienna Stock Exchange and is therefore exposed to market price risks.

The 26% investment in CA Immo was sold during the third quarter of 2018.

FEATURES OF THE INTERNAL CONTROL SYSTEM

IMMOFINANZ's internal control system (ICS) comprises a wide range of measures and processes to protect assets and to ensure the accuracy and reliability of accounting. The goal of the ICS is to prevent or identify errors and therefore allow for early correction. The ICS also supports compliance with the major legal directives and the business policies defined by the Executive Board.

The ICS is integrated in individual process flows. The key features of the ICS in accounting processes are the appropriate segregation of duties, the application of the four-eyes principle in all order and invoice release procedures, compliance with internal guidelines (e.g. IMMOFINANZ's IFRS accounting manual), the review of accounting data by Group controlling for correctness, plausibility and completeness, the integration of preventive and detective controls in processes as well as automatic key controls through specific software settings.

Monitoring by internal audit

Internal audit is responsible for the independent review of the effectiveness of the ICS and, in this way, contributes to its quality control. This department also evaluates the effectiveness of risk management and supports its continuous improvement. Based on an annual audit plan approved by the Supervisory Board, the internal audit department independently and regularly reviews operating processes and business transactions. The priorities for this schedule are defined in accordance with risk criteria and organisational goals.

The results of the audits are reported to the IMMOFINANZ Executive Board on a regular basis and to the Supervisory Board twice a year. As part of an annual report, the internal audit department gives an account of its performance and presents a summary of the major audit areas and results.

Information on Equity

The share capital of IMMOFINANZ AG totalled EUR 112,085,269.0 as of 31 December 2018 (31 December 2017: EUR 1,116,173,778.0). It is divided into 112,085,269 zero par value shares with voting rights (31 December 2017: 1,116,173,778), each of which represents a proportional share of EUR 1.00 in share capital.

Share capital and the number of shares changed as a result of the following measures:

- > The conversion of the convertible bond 2018, which expired in March 2018, resulted in the issue of 4,678,921 IMMOFINANZ shares through a capital increase from conditional capital in April 2018. This led to an increase in share capital to EUR 1,120,852,699.

Information on the outstanding convertible bond 2024 is provided in note 4.12 to the *consolidated financial statements*.

- > The annual general meeting of IMMOFINANZ AG on 11 May 2018 approved the re-division of share capital through a reverse stock split at a ratio of 10:1 as well as the ordinary reduction of share capital. These measures took effect when they were recorded in the company register during June 2018. Share capital has equalled EUR 112,085,269.0 since that date and is divided into 112,085,269 shares.

TREASURY SHARES

HOLDING AND BUYBACK OF TREASURY SHARES

IMMOFINANZ and its subsidiaries held 4,942,001 treasury shares, representing a proportional share of EUR 4,942,001.0, or 4.41% of share capital, as of 31 December 2018. Of this total, 1,500,000 shares were held by IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a wholly owned subsidiary, and 3,442,001 shares directly by IMMOFINANZ. As of 31 December 2017, IMMOFINANZ and its subsidiaries held no treasury shares.

Share buyback programme 1/2018

IMBEA IMMOEAST Beteiligungsverwaltung GmbH repurchased a total of 15 million* shares at a weighted average price of EUR 2.105 per share between 14 March 2018 and 15 June 2018 as part of the share buyback programme 1/2018. The total purchase price amounted to EUR 31,573,202.4.

The share buyback programme 1/2018 is based on an authorisation by the annual general meeting on 1 June 2017 in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act. The repurchased shares represent EUR 15 million*, or 1.34%, of share capital.

Share buyback programme 2018/2019

IMMOFINANZ repurchased 3,442,001 shares at a weighted average price of EUR 21.743 per share between 16 July 2018 and 28 December 2018 as part of the share buyback programme 2018/2019. The total purchase price amounted to EUR 74,839,425.5.

The share buyback programme 2018/2019 is based on an authorisation by the annual general meeting on 11 May 2018 in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act. The shares repurchased by 31 December 2018 represent EUR 3,442,001, or 3.07%, of share capital.

* before reverse stock split at a ratio of 10:1

DEVELOPMENT OF TREASURY SHARES DURING THE 2018 FINANCIAL YEAR

Date	Number of shares ¹	Circumstances/authorisation	Proportional share of share capital ¹	Purchase/sale price in EUR
December 2017	0		0.00%	n. a.
March–June 2018	1,500,000	Purchases in share buyback programme 1/2018 (§ 65 (1) no. 8 of the Austrian Stock Corporation Act)	1.34%	31,573,202.4
July–December 2018	3,442,001	Purchases in share buyback programme 2018/2019 (§ 65 (1) no. 8 of the Austrian Stock Corporation Act)	3.07%	74,839,425.5
December 2018	4,942,001		4.41%	106,412,627.9

¹ After reverse stock split at a ratio of 10:1

AUTHORISATIONS OF THE ANNUAL GENERAL MEETING TO PURCHASE AND/OR SELL TREASURY SHARES

The annual general meeting on 11 May 2018 authorised the Executive Board, with the consent of the Supervisory Board, to repurchase the company's shares in accordance with § 65 (1) no. 8 and (1b) of the Austrian Stock Corporation Act at an amount equalling up to 10% of share capital. The shares may be purchased over the stock exchange or over the counter. The Executive Board was also authorised, with the consent of the Supervisory Board, to exclude the proportional subscription rights of shareholders.

This annual general meeting also authorised the Executive Board, with the consent of the Supervisory Board, to sell or use treasury shares in another manner than over the stock exchange or through a public offering in accordance with § 65 (1b) of the Austrian Stock Corporation Act, whereby the proportional purchase rights of shareholders can be excluded. This authorisation is valid for a period of five years beginning on the date the resolution was passed.

AUTHORISED CAPITAL

The annual general meeting on 11 May 2018 authorised the Executive Board, with the consent of the Supervisory Board, pursuant to § 169 of the Austrian Stock Corporation Act to increase the company's share capital by up to EUR 50,000,000.0 through the issue of up to 50,000,000 new shares (i.e. 5,000,000 new shares after the 10:1 reverse stock split) in exchange for cash or contributions in kind. The authorisation is valid up to 19 June 2023. This authorised capital may also be issued under the exclusion of subscription rights, e.g. in connection with a capital increase in exchange for cash contributions of up to EUR 11,208,526.0 (i.e. 10% of share capital) as well as for contributions in kind, the fulfilment of greenshoe options or the settlement of peak amounts up to EUR 22,417,053.0 (i.e. 20% of share capital). The 20% limit also includes any new shares to be delivered in connection with the exchange or subscription rights of a convertible bond that was issued during the term of the authorised capital under the exclusion of subscription rights.

This authorisation has not been used to date and is therefore available in full.

CHANGE OF CONTROL

Convertible bond 2024

In accordance with the issue terms of the convertible bond 2024 (issued in January 2017), the conversion price will be reduced in line with the remaining term of the bond when a controlling investment (also taking into account the reduced threshold defined by the articles of association) in the company, as defined in the Austrian Takeover Act, is acquired. The bondholders are also entitled to tender their securities and to demand immediate repayment at the nominal value plus accrued interest as of the respective date. Details on these provisions are provided in the terms and conditions for the convertible bond 2024 (for additional information see note 4.12 in the *consolidated financial statements*).

Corporate bond 2023

In accordance with the issue terms of the EUR 500 million bond 2023 issued in January 2019, the bondholders are entitled under the following circumstances to put their bonds and demand immediate repayment at 101% of the nominal value plus accrued interest as of the respective date. This provision takes effect when a controlling investment (also taking into account the reduced threshold defined by the articles of association) in the company, as defined in the Austrian Takeover Act, is acquired and results in a mandatory takeover offer. Details on these provisions are provided in the terms for the bond 2023.

Margin loan

IMMOFINANZ arranged for a margin loan of EUR 140 million in September 2018 to serve as partial financing for the acquisition of an investment in S IMMO AG. The related contract includes cancellation rights for the lender in the event of a change of control. The loan was repaid in full at the beginning of February 2019 after the end of the 2018 financial year.

Executive Board and Supervisory Board

The employment agreements with the members of the Executive Board include change of control clauses that may lead to the cancellation of a contract. The company and the members of the Executive Board have concluded compensation agreements that will take effect when a controlling investment (also taking into account the reduced threshold defined by the articles of association) in the company, as defined in the Austrian Takeover Act, is acquired. Depending on the remaining term of the Executive Board member, the respective contract entitlement will equal two years at most.

There are no such agreements for the members of the Supervisory Board or for employees.

The company has no other significant agreements which would enter into force, change or terminate in the event of a change of control that results from a takeover bid.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION, BOARD APPOINTMENTS AND DISMISSALS

In accordance with § 21 of the articles of association of IMMOFINANZ AG, the annual general meeting passes its resolutions based on a simple majority of the votes cast and, for resolutions that require a majority of capital, based on a simple majority of the share capital represented at the time of voting, unless legal regulations require a different majority. The same applies to amendments to the articles of association and to the premature dismissal of members from the Supervisory Board.

The person chairing the respective meeting casts the deciding vote in the event of a tie in voting on the Supervisory Board in accordance with the articles of association. This also applies to the election to and dismissal of members from the Executive Board.

The corporate governance report included in this annual report, which was expanded to the consolidated corporate governance report, is available on the company's website under www.immofinanz.com.

SIGNIFICANT HOLDINGS

Information reported to the company shows the following investments and attributed voting rights under stock corporation law which exceeded 4% of share capital as of 31 December 2018 (basis: share capital as of 31 December 2018, including the 10:1 reverse stock split):

- > S IMMO AG (through CEE Immobilien GmbH): 11.94%
- > Fries Foundation (and companies and members of the Fries family): 6.23%
- > Erste Asset Management GmbH (together with controlled companies): 4.94%
- > CA Immobilien Anlagen AG (through PHI Finanzbeteiligungs und Investment GmbH): 4.89%

Research & Development

As a real estate company that is specialised in the management, project development and acquisition of office and retail properties, IMMOFINANZ does not invest any funds in activities which could be considered part of classical research and development. Information on this topic is therefore not provided.

Outlook

The continued improvement of operating indicators and the realisation of cost savings formed the focal points of activities for IMMOFINANZ in 2018. Its profile as a commercial real estate corporation with a concentration on the office and retail asset classes and on three brands – myhive, STOP SHOP and VIVO! – was strengthened and the occupancy rate was further increased during the past year.

Consequently, the steady improvement of the core operating business and value-creating growth to strengthen the standing investments will remain central issues in 2019.

A robust balance sheet and available liquidity allow IMMOFINANZ to take advantage of suitable investment opportunities, through acquisitions as well as development projects. The proceeds from the sale of non-strategic properties will be used to finance further growth.

STANDING INVESTMENTS AND PROJECT DEVELOPMENT

A strong customer orientation, investments in the quality of the standing investments and the continuous improvement of the service offering for our tenants led to a further increase in the occupancy rate during the past year. Consequently, we will continue this course in 2019. Our objectives include high customer satisfaction and the protection of a very solid occupancy rate across the entire portfolio.

Economic developments in our core markets are expected to remain generally positive during the coming year. Based on a like-for-like analysis, rents should be basically stable throughout the portfolio.

Project activities in 2019 will include the opening of the refurbished office and hotel towers at the *myhive am Wienerberg* in Vienna as well as the completion of two STOP SHOPS in Poland and Serbia. These last two projects will increase the number of STOP SHOP locations to 82.

FINANCING AND THE CAPITAL MARKET

The climate for both new financing and refinancing at the property level is expected to remain reasonable – also for development projects. The refinancing carried out at the Group and property levels in 2018 will protect current interest rates over the long-term and further reduce financing costs.

IMMOFINANZ issued an unsecured, EUR 500.0 million bond with an investment grade rating in the first quarter of 2019. The company was given a long-term issuer rating of BBB- with stable outlook from S&P Global Rating in connection with this issue, and the bond received an issue rating of BBB-. The net proceeds will be used to refinance existing liabilities and for general corporate purposes. These funds allowed for a further increase in the hedging ratio and in the share of unencumbered property. The recently received investment grade rating also led to a reduction of 0.5% to 1.5% p.a. in the coupon for IMMOFINANZ's outstanding convertible bond 2024.

On the capital market, IMMOFINANZ is positioned as a sustainable dividend stock. The Executive Board will make a recommendation to the 26th annual general meeting to distribute a dividend of 85 Euro cents per share for the 2018 financial year. Share buybacks are also part of this distribution policy due to the company's sound liquidity position and the discount of the share price to the book value. A buyback programme for up to 9.7 million shares, or 8.66% of the shares currently outstanding, has been in progress since July 2018.

The guidance is confirmed for sustainable FFO 1 of more than EUR 100 million from the standing investment business in 2019.

The acquisition of 29.14% of the shares in S IMMO closed at the end of September 2018. The reciprocal investment between IMMOFINANZ and S IMMO creates a good basis for various forms of cooperation between the two companies.

This outlook reflects the Executive Board's assessments as of 1 April 2019 and includes statements and forecasts concerning the future development of IMMOFINANZ. The forecasts represent estimates that are based on the information available at the present time. If the underlying assumptions do not occur or risks – as indicated in the risk report – materialise, actual results could differ from the statements made here. This annual report does not represent a recommendation to buy or sell IMMOFINANZ AG securities.

Significant events occurring after the end of the 2018 financial year are reported in section 7.6 of the notes to the *consolidated financial statements*.

Vienna, 1 April 2019

The Executive Board



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO

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Consolidated Balance Sheet

All amounts in TEUR	Notes	31 12 2018	31 12 2017
Investment property	4.1.1	3,893,568	3,729,519
Property under construction	4.2	397,540	404,064
Other tangible assets		1,109	1,719
Intangible assets	4.3.1	24,926	25,056
Equity-accounted investments	4.4	397,671	685,984
Trade and other receivables	4.5	88,185	118,767
Income tax receivables		82	0
Other financial assets	4.6	11,969	32,015
Deferred tax assets	4.7	58,697	5,291
Non-current assets		4,873,747	5,002,415
Trade and other receivables	4.5	217,443	246,370
Income tax receivables		10,630	9,621
Assets held for sale	4.8	57,162	265,148
Real estate inventories	4.9	46,932	61,221
Cash and cash equivalents	4.10	631,754	477,889
Current assets		963,921	1,060,249
Assets		5,837,668	6,062,664
Share capital	4.11	112,085	1,116,174
Capital reserves	4.11	4,465,259	3,452,324
Treasury shares	4.11	-106,414	0
Accumulated other equity		-183,324	-129,961
Retained earnings		-1,470,672	-1,617,016
Equity attributable to owners of IMMOFINANZ AG		2,816,934	2,821,521
Non-controlling interests		-16,593	-13,478
Equity		2,800,341	2,808,043
Liabilities from convertible bonds	4.12	278,694	277,460
Financial liabilities	4.13	1,802,563	1,773,688
Trade and other payables	4.14	40,902	40,680
Income tax liabilities		92	0
Provisions	4.15	17,936	2,151
Deferred tax liabilities	4.7	338,730	325,112
Non-current liabilities		2,478,917	2,419,091
Liabilities from convertible bonds	4.12	5,944	35,757
Financial liabilities	4.13	338,321	532,730
Trade and other payables	4.14	158,123	201,976
Income tax liabilities	4.7	16,028	5,704
Provisions	4.15	38,433	56,702
Liabilities held for sale	4.8	1,561	2,661
Current liabilities		558,410	835,530
Equity and liabilities		5,837,668	6,062,664

Consolidated Income Statement

All amounts in TEUR	Notes	2018	2017 ¹
Rental income	5.1.1	236,905	234,494
Operating costs charged to tenants	5.1.2	90,813	83,537
Other revenues		6,059	6,372
Revenues		333,777	324,403
Expenses from investment property	5.1.4	-63,988	-82,897
Operating expenses	5.1.2	-95,742	-90,661
Results of asset management	5.1	174,047	150,845
Results of property sales	5.2	27,201	25,985
Results of property development	5.3	-4,332	-28,802
Other operating income	5.4	6,140	8,700
Other operating expenses	5.5	-49,949	-49,165
Results of operations		153,107	107,563
Revaluation result from standing investments and goodwill	5.7	5,955	4,066
Operating profit (EBIT)		159,062	111,629
Financing costs	5.9	-68,374	-94,852
Financing income	5.9	7,941	4,200
Foreign exchange differences		95	-8,448
Other financial results	5.9	-2,548	-12,144
Net profit or loss from equity-accounted investments	5.8	108,161	200,021
Financial results	5.9	45,275	88,777
Earnings before tax (EBT)		204,337	200,406
Current income tax	5.10	-23,635	-11,882
Deferred tax	5.10	37,630	-7,511
Net profit or loss from continuing operations		218,332	181,013
Net profit or loss from discontinued operations	2.4	-785	-718,097
Net profit or loss		217,547	-537,084
Thereof attributable to owners of IMMOFINANZ AG		217,261	-534,613
Thereof attributable to non-controlling interests		286	-2,471
Basic earnings per share in EUR	5.11	1.97	-5.08
Net profit or loss from continuing operations per share in EUR		1.98	1.74
Net profit or loss from discontinued operations per share in EUR		-0.01	-6.83
Diluted earnings per share in EUR	5.11	1.80	-5.08
Net profit or loss from continuing operations per share in EUR		1.81	1.74
Net profit or loss from discontinued operations per share in EUR		-0.01	-6.83

¹ The comparable prior year figures were adjusted accordingly (see section 1.6 and 5.11).

Consolidated Statement of Comprehensive Income

All amounts in TEUR	Notes	2018	2017
Net profit or loss		217,547	-537,084
Other comprehensive income (reclassifiable)			
Currency translation adjustment		-42,277	491,978
Thereof changes during the financial year		-9,965	-13,847
Thereof reclassification to profit or loss	2.3 / 2.4	-32,312	505,825
Other comprehensive income from equity-accounted investments	4.4	-1,320	5,401
Thereof changes during the financial year		-2,323	6,001
Thereof reclassification to profit or loss		776	-37
Thereof income taxes		227	-563
Total other comprehensive income (reclassifiable)		-43,597	497,379
Other comprehensive income (not reclassifiable)			
Other comprehensive income from equity-accounted investments	4.4	-10,335	47
Thereof changes during the financial year		-13,329	69
Thereof income taxes		2,994	-22
Total other comprehensive income (not reclassifiable)		-10,335	47
Total other comprehensive income after tax		-53,932	497,426
Total comprehensive income		163,615	-39,658
Thereof attributable to owners of IMMOFINANZ AG		166,743	-33,411
Thereof attributable to non-controlling interests		-3,128	-6,247

Consolidated Cash Flow Statement

All amounts in TEUR	Notes	2018	2017
Earnings before tax (EBT)		204,337	200,406
Earnings before tax (EBT) from discontinued operations	2.4	-615	-739,303
Revaluations of investment properties	2.4 / 5.7	-24,905	127,940
Goodwill impairment		0	62,179
Write-downs and write-ups on real estate inventories (including impending losses from forward sales)	5.3	10,427	46,194
Write-downs and write-ups on receivables and other assets		2,343	1,893
Net profit or loss from equity-accounted investments	5.8	-108,161	-200,022
Foreign exchange differences and fair value measurement of financial instruments		3,285	4,027
Net interest income/expense		60,433	143,456
Results from deconsolidation	2.3 / 2.4	-33,399	491,285
Other non-cash income/expense/reclassifications		-3,007	-2,091
Gross cash flow before tax		110,738	135,964
Income taxes paid		-9,569	-25,096
Gross cash flow after tax		101,169	110,868
Change in real estate inventories		-5,044	-17,875
Change in trade and other receivables		-6,228	2,166
Change in trade payables and other liabilities		888	-13,981
Change in provisions		-5,492	3,643
Cash flow from operating activities		85,293	84,821
Acquisition of investment property and property under construction		-258,063	-270,601
Consideration paid for business combinations in prior periods		-325	0
Consideration transferred from disposal of discontinued operations, net of cash and cash equivalents (EUR 0.0 mill.; 2017: EUR 1.8 mill.)	6.	7,736	78,783
Consideration transferred from disposal of subsidiaries, net of cash and cash equivalents (EUR 2.3 mill.; 2017: EUR 0.0 mill.)	6.	77,351	29,392
Acquisition of other non-current assets		-708	-19,233
Acquisition of equity accounted investments and increase in receivables from other net investment positions		-391,849	0
Disposal of investment property and property under construction		247,001	242,640
Disposal of other non-current assets		14,718	9,690
Disposal of equity-accounted investments and cash flows from other net investment positions		764,058	105,023
Dividends received from equity-accounted investments	4.4	24,072	18,365
Interest or dividends received from financial instruments		914	2,099
Cash flow from investing activities		484,905	196,158
Increase in financial liabilities plus decrease in blocked cash and cash equivalents		790,274	1,960,303
Proceeds from the issue of convertible bonds less transaction costs	4.12	0	294,972
Repayment of financial liabilities plus increase in blocked cash and cash equivalents		-938,049	-1,887,400
Redemption of convertible bonds	4.12	-17,286	-27,230
Transaction costs from the issue of shares (settlement of the legal proceedings over the review of the exchange ratio)	4.11	0	-203
Incentivised conversion of convertible bonds plus transaction costs	4.12	0	-127,526
Derivatives		-11,215	-14,392
Interest paid		-52,737	-120,630
Distributions	4.11	-77,928	-63,152
Transactions with non-controlling interest owners		-1,850	19,024
Share buyback	4.11	-106,478	-40,232
Cash flow from financing activities		-415,269	-6,466
Net foreign exchange differences		-2,190	-1,474
Change in cash and cash equivalents		152,739	273,039
Cash and cash equivalents at the beginning of the period (consolidated balance sheet item)		477,889	189,287
Plus cash and cash equivalents in discontinued operations and disposal groups		1,378	16,941
Cash and cash equivalents at the beginning of the period	6.	479,267	206,228
Cash and cash equivalents at the end of the period	6.	632,006	479,267
Less cash and cash equivalents in discontinued operations and disposal groups	4.8	252	1,378
Cash and cash equivalents at the end of the period (consolidated balance sheet item)		631,754	477,889

Consolidated Statement of Changes in Equity

All amounts in TEUR	Notes	Share capital	Capital reserves	Treasury shares	
Balance on 31 December 2017		1,116,174	3,452,324	0	
Effects of the initial application of IFRS 9					
Effects of the initial application of IFRS 15					
Balance on 1 January 2018		1,116,174	3,452,324	0	
Other comprehensive income	4.11				
Net profit or loss					
Total comprehensive income					
Share buyback	4.11		-64	-106,414	
Issue of shares (for conversion of the convertible bond 2011-2018)	4.12	4,678	4,232		
Increase in share capital from internal funds		750,000	-750,000		
Ordinary capital decrease		-1,758,767	1,758,767		
Reclassification of the valuation reserve recorded under other comprehensive income					
Distributions	4.11				
Transactions with non-controlling interest owners					
Disposal of non-controlling interests	2.4				
Balance on 31 December 2018		112,085	4,465,259	-106,414	
Balance on 31 December 2016		975,956	3,353,263	-18,214	
Other comprehensive income					
Net profit or loss					
Total comprehensive income					
Share buyback				-40,230	
Issue of shares (for incentivised conversion of the convertible bond 2011-2018)		127,181	122,736	27,138	
Issue of convertible bond 2017-2024			21,655		
Settlement of legal proceedings over the review of the exchange ratio applied to the merger of IMMOEAST and IMMOFINANZ		13,037	-45,330	31,306	
Distributions					
Transactions with non-controlling interest owners					
Balance on 31 December 2017		1,116,174	3,452,324	0	

	Revaluation reserve (former AFS reserve)	Accumulated other equity			Retained earnings	Total	Non- controlling interests	Total equity
		IAS 19 reserve	Hedge accounting reserve	Currency translation reserve				
	4,323	-414	0	-133,870	-1,617,016	2,821,521	-13,478	2,808,043
	-1,096				2,723	1,627		1,627
					4,633	4,633		4,633
	3,227	-414	0	-133,870	-1,609,660	2,827,781	-13,478	2,814,303
	-10,364	29	-925	-39,258		-50,518	-3,414	-53,932
					217,261	217,261	286	217,547
	-10,364	29	-925	-39,258	217,261	166,743	-3,128	163,615
						-106,478		-106,478
						8,910		8,910
						0		0
						0		0
	-1,749				1,749	0		0
					-77,928	-77,928	-90	-78,018
					-2,094	-2,094	244	-1,850
						0	-141	-141
	-8,886	-385	-925	-173,128	-1,470,672	2,816,934	-16,593	2,800,341
	-783	-461	0	-629,919	-1,019,542	2,660,300	-9,684	2,650,616
	5,106	47		496,049		501,202	-3,776	497,426
					-534,613	-534,613	-2,471	-537,084
	5,106	47		496,049	-534,613	-33,411	-6,247	-39,658
						-40,230		-40,230
						277,055		277,055
						21,655		21,655
						-987		-987
					-63,152	-63,152	-16,336	-79,488
					291	291	18,789	19,080
	4,323	-414	0	-133,870	-1,617,016	2,821,521	-13,478	2,808,043

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Principles

1.1 REPORTING COMPANY

IMMOFINANZ AG is the parent company of IMMOFINANZ group, a listed real estate company in Austria. Its registered headquarters are located at Wienerbergstrasse 11, 1100 Vienna. The business activities of IMMOFINANZ cover the development, acquisition, rental and best possible commercial utilisation of properties. The IMMOFINANZ AG share is listed in the prime market segment of the Vienna Stock Exchange and in the main market segment of the Warsaw Stock Exchange.

1.2 BASIS OF REPORTING

These consolidated financial statements cover the financial year from 1 January to 31 December 2018. They were prepared in accordance with §245a (1) of the Austrian Commercial Code and in agreement with International Financial Reporting Standards (IFRS), as adopted by the EU.

The consolidated financial statements are presented in the Euro, which is the functional currency of the parent company. All financial information reported in the Euro is rounded to thousand Euros, unless indicated otherwise. The use of automatic data processing equipment can lead to rounding differences in the addition of rounded amounts and percentage rates.

Uniform accounting policies are used to measure the assets and liabilities of all Group companies, whereby these items are basically measured individually. Disposal groups represent an exception to this practice and are reported under “assets held for sale” and “liabilities held for sale” (see section 4.8). In addition, impairment losses are calculated in part on the basis of cash-generating units if the recoverable amount of specific assets (goodwill) cannot be determined separately (see section 4.3.2).

Assets and liabilities are generally measured at amortised cost. For financial assets and liabilities, this involves the application of the effective interest rate method. In contrast, different measurement methods are applied to the following material positions:

- > Investment property and property under construction are measured at fair value.
- > Derivative financial instruments are classified as financial instruments held for trading and measured at fair value.
- > Provisions are measured at the present value of the expected settlement amount.
- > Deferred tax assets and deferred tax liabilities are measured at their nominal value based on the temporary differences as of the balance sheet date and the tax rate expected when the existing differences are realised.
- > Non-current assets and disposal groups held for sale are measured at the lower of the carrying amount or fair value less costs to sell unless they are excluded from the valuation requirements defined in IFRS 5. This applies, in particular, to investment property that is measured based on the fair value model.

Fair value is not always available as an observable market price, but must often be determined on the basis of various valuation parameters. Depending on the availability of observable parameters and the importance of these parameters for the general assessment procedure, the fair values are classified in different levels on the fair-value hierarchy:

- > Level 1: quoted prices (unadjusted) on active markets for identical assets or liabilities
- > Level 2: valuation parameters that do not reflect the quoted prices defined for Level 1, but which can be derived directly (as a price) or indirectly (from prices) for the asset or liability
- > Level 3: valuation parameters for assets or liabilities that are not based on observable market data

1.3 JUDGMENTS AND ESTIMATION UNCERTAINTY

1.3.1 JUDGMENTS

The following notes provide information on judgments made in the application of accounting methods which have the greatest influence on the amounts recognised in the consolidated financial statements:

- > Full consolidation (see section 2.2.2): assessment of the existence of control over subsidiaries in cases where control is not based solely on the ownership interest (de facto control) and assessment of the existence of joint control or significant influence when a majority holding does not convey control over an investment
- > Full consolidation (see section 2.2.2): assessment of whether the acquisition of property companies represents business combinations in the sense of IFRS 3 (characteristics of a business)
- > Equity accounting (see section 2.2.3): assessment of the existence of significant influence in contrast to the assumption of such influence at an ownership interest of 20% or more and evaluation of the existence of objective indications of impairment
- > Functional currency (see section 2.5.1): determination of the functional currency of a foreign operation, above all when this currency differs from the currency of the subsidiary's headquarters country
- > Rental income (see section 5.1.1): assessment of whether an adjustment to a rental agreement substantially represents a new rental relationship
- > Information on financial instruments (see section 7.1): identification and accounting treatment of embedded derivatives

1.3.2 ASSUMPTIONS AND ESTIMATES

The preparation of consolidated financial statements requires the Executive Board to make assumptions and estimates related to the application of accounting methods and the amounts reported for assets, liabilities, income and expenses. Actual results can vary from these estimates. The estimates and underlying assumptions are reviewed regularly, and any changes to these estimates are recognised prospectively. The following notes provide information on assumptions and estimation uncertainty which can lead to a significant risk that a material adjustment will be required during the financial year ending on 31 December 2019:

- > Valuation assumptions and existing uncertainty (see section 4.1.3): determination of the fair value of investment property and property under construction
- > Goodwill (see section 4.3.2): determination of the recoverable amount within the scope of impairment tests
- > Equity-accounted investments (see section 4.4): determination of the recoverable amount within the scope of impairment tests for investments in associates
- > Conditional purchase price receivables (see section 2.4): determination of the fair value of conditional purchase price receivables
- > Contingent receivables (see section 2.4): contingent receivables may only be recognised when their realisation as income is highly probable
- > Deferred taxes (see section 4.7): assessment of the usability of deferred tax assets (above all from loss carryforwards)
- > Real estate inventories (see section 4.9): determination of the net realisable value of inventories
- > Provisions (see section 4.15): determination of the expected settlement amount and the related present value
- > Financial instruments (see section 7.1.3): determination of the fair value of primary and derivative financial instruments
- > Contingent liabilities and guarantees (see section 7.3.1): assessment of the expected claims from obligations not reported on the balance sheet

1.4 FIRST-TIME APPLICATION OF STANDARDS AND INTERPRETATIONS

The following new or revised standards and interpretations were applied for the first time in 2018:

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for IMMOFINANZ	Effects on IMMOFINANZ
Changes to standards and interpretations				
IFRS 9	Financial instruments	24 July 2014 (22 November 2016)	1 January 2018	Yes
IFRS 15	Revenue from Contracts with Customers	28 May 2014 (22 September 2016)	1 January 2018	Yes
IFRS 15	Clarification of IFRS 15 Revenue from Contracts with Customers	12 April 2016 (31 October 2017)	1 January 2018	Yes
IFRS 4	Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts	12 September 2016 (3 November 2017)	1 January 2018	No
IFRIC 22	Transactions in a foreign currency and return consideration paid in advance	8 December 2016 (28 March 2018)	1 January 2018	Yes
IAS 40	Transfers of investment property	8 December 2016 (14 March 2018)	1 January 2018	No
IFRS 2	Clarification of the classification and measurement of share-based payment transactions	20 June 2017 (26 February 2018)	1 January 2018	No
Various	Annual Improvements to IFRS 2014 - 2016	8 December 2016 (7 February 2018)	1 January 2018	No

IFRS 9: Financial Instruments

IFRS 9 replaces the rules defined by IAS 39 for the recognition and measurement of financial instruments as of 1 January 2018. IMMOFINANZ did not adjust previous financial years, but recorded the differences in the carrying amounts from the initial application of IFRS 9 as of 1 January 2018 under equity without recognition in profit or loss.

In contrast to IAS 39, IFRS 9 defines a new procedure for the classification of financial assets which is based on the respective business model and the characteristics of the contractual payment flows for the individual financial instruments. Accordingly, the goal of the business model can be

- > to hold the asset to collect contractual payment flows (hold to collect)
- > to hold the asset to collect contractual payment flows and to sell the asset (hold to collect and sell)
- > other intentions

The business model and the characteristics of the contractual payment flows result in the following valuation categories:

- > at amortised cost (AC)
- > at fair value through other comprehensive income (FVOCI)
- > at fair value through profit or loss (FVPL).

The assignment to the individual business models and the evaluation of the characteristics of the contractual payment flows for IMMOFINANZ were made at the individual account level and – aggregated according to the classes of financial instruments – led to the following results:

Class of financial instruments	Business model	Measurement
Trade accounts receivable	Hold to Collect	AC
Financing receivables	Hold to Collect	AC
Loans and other receivables	Hold to Collect	AC
Real estate fund shares	Other	FVPL
Derivatives	Other	FVPL
Miscellaneous other financial instruments	Other	FVPL

The following table shows the original valuation category under IAS 39 and the valuation category under IFRS 9 for each class of financial assets and financial liabilities as well as the carrying amounts under IAS 39 and IFRS 9 as of the conversion date:

Assets

All amounts in TEUR	Original measurement category IAS 39	Measurement category IFRS 9	Carrying amount as per IAS 39 1 1 2018	Carrying amount as per IFRS 9 1 1 2018
Trade accounts receivable	L&R/AC	AC	55,681	55,681
Financing receivables	L&R/AC	AC	46,205	46,205
Loans and other receivables	L&R/AC	AC	224,222	224,162
Trade and other receivables			326,108	326,048
Real estate fund shares	AFS	FVPL	206	206
Real estate fund shares	Fair value option	FVPL	4,728	4,728
Derivatives	HFT	FVPL	2,206	2,206
Miscellaneous other financial instruments	AC	FVPL	5,055	6,335
Miscellaneous other financial instruments	FVPL	FVPL	19,820	19,820
Other financial assets			32,015	33,295
Cash and cash equivalents	AC	AC	477,889	477,830
Total assets			836,012	837,173

Equity and liabilities

All amounts in TEUR				
Liabilities from convertible bonds	FLAC	AC	313,217	313,217
Amounts due to financial institutions	FLAC	AC	2,305,028	2,305,028
Other financial liabilities	FLAC	AC	1,390	1,390
Financial liabilities			2,306,418	2,306,418
Trade payables	FLAC	AC	114,591	114,591
Derivatives	HFT	FVPL	10,929	10,929
Miscellaneous other liabilities	FLAC	AC	78,412	78,412
Trade and other payables			203,932	203,932
Total equity and liabilities			2,823,567	2,823,567

AC: financial assets/liabilities measured at amortised cost

FVPL: financial assets/liabilities at fair value through profit or loss

L&R: loans and receivables

AFS: available for sale

Fair-Value-Option: financial assets designated at fair value through profit or loss

HFT: held for trading

FLAC: financial liabilities measured at amortised cost

The effects of the initial application of IFRS 9 on the other financial instruments include EUR 1.3 million from the change in valuation category, TEUR -60 on loans and other receivables and TEUR -59 to cash and cash equivalents due to a change in the valuation benchmark.

IFRS 9 also replaces the incurred loss model previously applied to financial assets under IAS 39 with an expected loss model. Under the new model, impairment losses must be recognised at the amount of the credit defaults that are expected within the next 12 months or at the amount of the credit defaults that are expected over the entire term of the asset. The first alternative is applied when the credit risk has not increased significantly since the initial recognition of the asset; the second alternative is applied when the credit risk has increased significantly since the initial recognition of the asset or when there are objective indications of impairment as a result of default events similar to those listed in IAS 39. The change in impairment guidelines from IAS 39 to IFRS 9 resulted in an equity effect of EUR -0.1 million, including deferred taxes, as of 1 January 2018.

A further effect from the initial application of IFRS 9 resulted from the equity-accounted investment in CA Immo, which also applied IFRS 9 as of 1 January 2018. The result was an increase of EUR 1.9 million in retained earnings and a reduction of EUR 1.1 million in accumulated equity.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 replaced the rules defined by IAS 18, IAS 11 and the related interpretations for revenue recognition as of 1 January 2018. IMMOFINANZ did not apply IFRS 15 prematurely and selected the cumulative method for the conversion. In accordance with IFRS 15, revenue recognition must be changed from a point in time to over time when the performance obligation leads to an asset with no alternative use and an enforceable right to payment for the performance transferred to date. This led to a change as of 1 January 2018 from revenue recognition at a point in time to revenue recognition over time for apartment development projects sold but not transferred as of 31 December 2017. It also resulted in the reporting of contractual assets and contractual liabilities in place of real estate inventories and prepayments received which are included under trade payables and other liabilities. Since the involved apartment development projects were measured at their respective net realisable value less transaction costs as of 31 December 2017 in accordance with IAS 2, there will be no resulting effects on equity. As of 1 January 2018, real estate inventories as reported on the consolidated balance sheet were therefore reduced by EUR 29.2 million and trade receivables and other liabilities by EUR 20.0 million; contractual assets of EUR 9.2 million were also recognised as of that date.

A further effect from the initial application of IFRS 15 resulted from the investment in CA Immo, which is included in the consolidated financial statements at equity; this company also initially applied IFRS 15 as of 1 January 2018. The related effect on equity as of 1 January 2018 equalled EUR 4.6 million.

Summary of the effects of the initial application of IFRS 9 and IFRS 15 on the individual balance sheet positions as of 1 January 2018

All amounts in TEUR	31 12 2017 as reported	Effects of the initial application of IFRS 9	Effects of the initial application of IFRS 15	1 1 2018 adjusted
Equity-accounted investments	685,984	764	4,633	691,381
Other financial assets	32,015	1,280	0	33,295
Deferred tax assets	5,291	22	0	5,313
Non-current assets	5,002,415	2,066	4,633	5,009,114
Trade and other receivables	246,370	-60	9,196	255,506
Real estate inventories	61,221	0	-29,219	32,002
Cash and cash equivalents	477,889	-59	0	477,830
Current assets	1,060,249	-119	-20,023	1,040,107
Assets	6,062,664	1,947	-15,390	6,049,221
Accumulated other equity	-129,961	-1,096	0	-131,057
Retained earnings	-1,617,016	2,723	4,633	-1,609,660
Equity	2,808,043	1,627	4,633	2,814,303
Deferred tax liabilities	325,112	320	0	325,432
Non-current liabilities	2,419,091	320	0	2,419,411
Trade and other payables	201,976	0	-20,023	181,953
Current liabilities	835,530	0	-20,023	815,507
Equity and liabilities	6,062,664	1,947	-15,390	6,049,221

The above table also includes the indirect effects of IFRS 9 and IFRS 15 on the equity-accounted investment in CA Immo, which resulted from the initial application of the two standards by that company.

The initial application effects of IFRS 15 as of 1 January 2018 which were reported in the first and second quarter of 2018 included a calculation error. The values presented in the interim financial statements as of 31 March 2018 and 30 June 2018 were therefore adjusted. The adjustment to contractual assets as of 1 January 2018 which was reported under trade receivables in the first and second quarter of 2018 was increased by EUR 3.3 million from EUR 5.9 million to EUR 9.2. At the same time, the adjustment to real estate inventories reported as of 1 January 2018 was increased by EUR -3.3 million from EUR -26.4 million to EUR -29.7 million. There was no related effect on earnings.

Summary of the effects of IFRS 15 on the individual positions of the consolidated balance sheet and consolidated income statement as of 31 December 2018

The following tables on the consolidated balance sheet as of 31 December 2018 and the income statement for the 2018 financial year show only details to the positions that were influenced by the application of IFRS 15 as of 1 January 2018.

All amounts in TEUR	31 12 2018 as reported	Adjustment as per IFRS 15	Amounts excl. application of IFRS 15
Non-current assets	4,873,747	0	4,873,747
Trade and other receivables	217,443	-2,876	214,567
Real estate inventories	46,932	16,119	63,051
Current assets	963,921	13,243	977,164
Assets	5,837,668	13,243	5,850,911
Equity	2,800,341	0	2,800,341
Non-current liabilities	2,478,917	0	2,478,917
Trade and other payables	158,123	13,243	171,366
Current liabilities	558,410	13,243	571,653
Equity and liabilities	5,837,668	13,243	5,850,911

With regard to the equity-accounted investment in CA Immo, the earnings effects from the initial application of IFRS 15 up to 30 June 2018 were recorded under the proportional share of profit for the period in accordance with IAS 28. The sale of the CA Immo shares closed on 27 September 2018. IFRS 15 does not require separate disclosures for an equity-accounted investment.

The apartment development projects affected by the initial application of IFRS 15 were measured at their respective net realisable value less transaction costs as of 31 December 2017 and, consequently, there were no resulting effects on Group net profit for 2018. Without the initial application of IFRS 15, the only differences would have involved the results of property development through an increase in the proceeds from the sale of real estate inventories and a corresponding increase the cost of real estate inventories sold.

All amounts in TEUR	2018 as reported	Adjustment as per IFRS 15	Amounts excl. application of IFRS 15
Proceeds from the sale of real estate inventories	6,621	13,620	20,241
Cost of real estate inventories sold	-6,663	-13,620	-20,283
Results of property development	-4,332	0	-4,332

IFRIC 22: Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting treatment of transactions which involve the receipt or payment of advance consideration in a foreign currency. This interpretation is applicable to foreign currency transactions in which a company recognises a non-monetary asset or non-monetary liability only after making or receiving an advance payment. The interpretation does not apply when a company initially recognises the related asset, expense or income at fair value or at the fair value of the consideration paid or received at a date other than the date of the initial recognition of the non-monetary item. Application scenarios for IFRIC 22 could arise for IMMOFINANZ, above all, in connection with the advance payment of rents or operating costs in core markets with a different national currency than the Euro, when management has defined the Euro as the applicable functional currency (see section 2.5.1). In such cases, the amount of the advance component of the rent or operating costs would be determined by the foreign exchange rate in effect at the time of the advance payment. The quantitative effects of the initial application of IFRIC 22 – which was applied prospectively by IMMOFINANZ – were immaterial due to the low volatility of the foreign exchange rates in relation to the Euro in the IMMOFINANZ core markets which are not part of the Eurozone.

1.5 STANDARDS AND INTERPRETATIONS APPLICABLE IN THE FUTURE

1.5.1 STANDARDS AND INTERPRETATIONS ADOPTED BY THE EU, BUT NOT YET APPLIED

The following changes to standards and interpretations had been adopted by the EU as of the balance sheet date, but did not require mandatory application in the 2018 financial year and were not applied prematurely:

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for IMMOFINANZ	Expected effects on IMMOFINANZ
New standards and interpretations				
IFRS 16	Leases	13 January 2016 (31 October 2017)	1 January 2019	Yes
IFRIC 23	Uncertainty over income tax treatment	7 June 2017 (23 October 2018)	1 January 2019	Yes
IFRS 9	Clarification of the classification of financial assets with negative prepayment penalty	12 October 2017 (22 March 2018)	1 January 2019	No
IAS 28	Clarification of the applicability of IFRS 9 to financial instruments due from/to associates and joint ventures which are not accounted for at equity	12 October 2017 (8 February 2019)	1 January 2019	No

IFRS 16: Leases

IFRS 16 replaces the previous rules for the recognition and measurement of leases (IAS 17) as of 1 January 2019. It introduces extensive changes to lease accounting for the lessee, while the rules for lessors remain largely unchanged. This standard was adopted into EU law through the endorsement procedure on 31 October 2017. IMMOFINANZ will apply IFRS 16 as of 1 January 2019; conversion will be based on the modified retrospective approach.

IFRS 16 standardises the accounting presentation of leasing contracts for the lessee, in that all future leases must be reported on the balance sheet as rights-of-use for the leased assets and as lease liabilities for the related payment obligations. The lease liability represents the present value of the remaining lease payments as of the initial application date. Discounting is based on the internal or incremental borrowing rate. For short-term leases (under 12 months) and low-value leases, IMMOFINANZ will apply the practical expedients provided by IFRS 16. The practical expedient which permits the non-recognition of a right of use and lease liability for leases with a remaining term of less than 12 months as of 1 January 2019 will also be used.

IMMOFINANZ is the lessee of leasehold rights in Poland, Austria and Germany and, to a lesser extent, the lessee of buildings, land and other assets (autos and other items of furniture, fixtures and office equipment).

The recognition of rights of use for leasehold rights, land and buildings in accordance with IFRS 16 led to an increase of EUR 58.8 million in investment property and EUR 13.7 million in property under construction, which was contrasted by an increase of EUR 0.7 million in current lease liabilities and EUR 71.8 million in non-current lease liabilities. The recognition of rights of use to other assets is expected to result in an increase of EUR 0.8 million in other tangible assets as well as an increase of by EUR 0.3 million in current lease liabilities and EUR 0.5 million in non-current lease liabilities. The recognition of rights of use and lease liabilities will have also an appropriate effect on deferred taxes.

In contrast to the previously reported expenses for operating leases, the application of IFRS 16 will also result in the recognition of amortisation for the capitalised rights of use and interest expense from the compounding of lease liabilities. Operating results will presumably increase and financial results will presumably decline in comparison with IAS 17.

With regard to accounting by the lessor, the revenues previously included under operating costs charged to tenants – which are not contrasted by the provision of services in the narrower sense of the term, but only represent the reimbursement of costs connected with legal ownership of the property (i.e. property tax and building insurance) – will be reported as rental income as of 1 January 2019 in the sense of IFRS 16. The revenues from advertising space and telecommunications equipment, which were previously included in other revenues, will also be reported as rental income in the sense of IFRS 16 as of 1 January 2019. These reclassifications will not have any effect on earnings as reported on the consolidated income statement, but only involve a change in presentation. Property

taxes and building insurance totalled EUR 14.2 million in 2018, and the revenues from advertising space and telecommunications equipment amounted to EUR 3.2 million.

IFRIC 23: Uncertainty over income tax treatment

IFRIC 23 includes supplementary provisions to IAS 12 which clarify the recognition and measurement of uncertainty concerning the tax treatment of certain circumstances and uncertainty over the acceptance of the chosen treatment by the tax authority. Uncertainty arises in connection with income tax treatment when the application of the respective tax law to a specific transaction is not clear and is therefore (also) dependent on the interpretation of the tax authority – which is unknown at the time the financial statements are prepared. This uncertainty in the measurement of current and deferred taxes may only be recognised when it is probable that the related tax will be paid or refunded. The quantitative effects of the initial application of IFRIC 23 will be immaterial for IMMOFINANZ. IFRIC 23 requires mandatory application for financial years beginning on or after 1 January 2019.

IAS 28: Clarification of the applicability of IFRS 9 to financial instruments due from/to associates and joint ventures which are not accounted for at equity

IAS 28 clarifies that companies are required to apply IFRS 9, including its impairment requirements, to long-term interests in associates and joint ventures which form part of the net investment in the associate or joint venture but to which the equity method is not applied. IFRS 9 is to be applied to these long-term interests before the possible recognition of the proportional share of losses in accordance with IAS 28 and before the application of the impairment requirements to the net investment. These changes are to be applied retrospectively, in agreement with IAS 8, to financial years beginning on or after 1 January 2019. The quantitative effects of the initial application of IAS 28 are expected to be immaterial due to the continued reduction of the financial receivables which are held as part of the net investment in the associate or joint venture.

1.5.2 STANDARDS UND INTERPRETATIONS ANNOUNCED, BUT NOT YET ADOPTED BY THE EU

The following changes or revisions to standards and interpretations had been published as of the balance sheet date, but have not yet been adopted by the EU and are therefore not applicable:

Standard	Content	Published by the IASB	Expected mandatory application for IMMOFINANZ	Expected effects on IMMOFINANZ
New standards and interpretations				
IFRS 14	Rate-regulated Activities	30 January 2014	Not adopted by the EU	No
IFRS 17	Insurance contracts	18 May 2017	Not adopted by the EU	No
Changes to standards and interpretations				
IFRS 10, IAS 28	Sale or contribution of assets between an investor and an associate or joint venture	11 September 2014	Postponed	Yes
Various	Annual Improvements to IFRS 2015 - 2017	12 December 2017	1 January 2019	No
IAS 19	Clarification of the treatment of plan amendments, curtailments and settlement of pension obligations	7 February 2018	1 January 2019	No
IFRS 3	Clarification of IFRS 3 Business Combinations	22 October 2018	1 January 2020	No
IAS 1, IAS 8	Definition of materiality	31 October 2018	1 January 2020	No

IFRS 10, IAS 28: Sale or contribution of assets between an investor and an associate or joint venture

The changes eliminate an existing inconsistency between IFRS 10 and IAS 28. They clarify that the recognition of the gain or loss resulting from transactions with an associate or joint venture depends on whether the sold or contributed assets represent a business as defined in IFRS 3. Transactions related to assets that do not represent a business lead, as in the past, only to the recognition of the gain or loss attributable to the third-party investor's interest in associate or joint venture. Transactions related to assets that represent a business will, in the future, lead to the full recognition of the gain or loss by the entity holding the investment. The changes to this standard require prospective application.

1.6 CHANGES IN COMPARATIVE INFORMATION

The structure of the income statement was adjusted to better present IMMOFINANZ's strategic development into a company which is focused predominately on property holding. The changes involve the shortened presentation of the results of asset management, the results of property sales and the results of property development. Details on the results of asset management and the results of property sales are provided in individual sections of the notes (5.1 and 5.2). In addition, the designation of 'other valuation results' was changed to 'revaluation of standing investments and goodwill' in order to more clearly present this component of earnings in the consolidated income statement.

In connection with this change, vacancy costs were reclassified and are now included under the expenses from investment property instead of under operating expenses (see section 5.1.2). The comparable data for 2017 were adjusted accordingly. The reclassification totalled EUR 8.5 million as of 31 December 2018 (2017: EUR 12.1 million).

2. Scope of Consolidation

2.1 DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

Scope of consolidation	Subsidiaries full consolidation	Joint ventures at equity	Associates at equity	Total
Balance on 31 December 2017	421	8	13	442
Companies initially included				
Other acquisitions	5	0	1	6
New foundations	1	0	2	3
Companies no longer included				
Sales	-18	0	-1	-19
Loss of control with retention of investment	-1	0	0	-1
Mergers	-53	0	0	-53
Liquidations	-74	-2	-3	-79
Balance on 31 December 2018	281	6	12	299
Thereof foreign companies	182	5	5	192
Thereof in liquidation	17	0	1	18
Thereof intragroup merger resolution adopted	3	0	0	3

An overview of the companies included in the consolidated financial statements is provided in section 8.

Of the 79 companies liquidated in 2018, 16 were only deleted from the company register in February 2019. These companies are, however, presented as deconsolidated as of 31 December 2018.

Initially consolidated subsidiaries which do not constitute a business on the acquisition date are not considered business combinations in the sense of IFRS 3 and are included in the above table as other acquisitions.

The subsidiaries with an investment of less than 100% (see section 8) have no material non-controlling interests.

Restrictions defined by the articles of association, contracts or legal regulations as well as protective rights held by non-controlling interests can limit the ability of IMMOFINANZ to gain access to the Group's assets, to transfer these assets between Group companies or to utilise the coverage potential of these assets to meet liabilities. Information on the existing limitations is provided in sections 7.1.4. and 7.3.1.

No business combinations as defined in IFRS 3 were carried out in 2018.

2.2 CONSOLIDATION METHODS

2.2.1 BASIS OF CONSOLIDATION

Standardised accounting and valuation principles as well as uniform options and judgments are applied by all companies included in the consolidated financial statements. Material interim profits – which arise, at most, from the intragroup transfer of investments in other companies, treasury shares receivables or properties – are eliminated. The financial statements of all companies included through full consolidation and joint ventures accounted for at equity were prepared as of the same balance sheet date as the consolidated financial statements. For associates, the latest available financial statements form the basis for accounting. In cases where a different balance sheet date is used, any necessary adjustments are recognised when applying the equity-method of accounting for material transactions or other events that occur between the associate's balance sheet date and IMMOFINANZ's balance sheet date.

2.2.2 FULL CONSOLIDATION

A subsidiary is an entity that is controlled by a parent company. A subsidiary is included in the consolidated financial statements through full consolidation from the date on which IMMOFINANZ attains control over the subsidiary and up to the date on which control ends.

A controlling influence based on voting rights is generally presumed to exist when the direct or indirect interest in an entity exceeds 50%. In individual cases (see section 8), interests over 50% are contrasted by statutory rights for a co-investor or the absence of a connection between IMMOFINANZ's control over the investee and the receipt of variable returns. A co-investor may be assumed to have such statutory rights, above all, when there are wide-ranging requirements for unanimity or the co-investor's agreement on decisions over material activities (e.g. the sale of investment property). Investments with a share of voting rights less than 50% are reviewed to determine whether control is established by other factors.

The acquisition of a subsidiary requires a decision as to whether the entity represents a business in the sense of IFRS 3. Assessing whether acquired property assets represent a business in the sense of IFRS 3 involves discretionary judgment and, frequently, a detailed analysis of the acquired processes and structures, above all with respect to asset and property management. If a business is acquired the acquisition method defined by IFRS 3 is applied. The related transaction costs are treated as an expense and deferred taxes on temporary differences between the fair value of the acquired property assets and their respective tax bases are recognised in full. At IMMOFINANZ, goodwill (see section 4.3.2) regularly results as a technical figure because of the obligation to record deferred taxes on the difference between the fair value and the tax base of the acquired real estate assets. The acquisition method is not applied if the acquired entity does not represent a business. The acquisition of shell companies and pure land-owning companies does not normally involve a business. In this case the acquisition costs, including transaction costs, are allocated to the acquired assets and assumed liabilities based on their fair value; deferred taxes are not recognised (initial recognition exemption); and goodwill does not arise.

2.2.3 EQUITY METHOD

IMMOFINANZ's interests in equity-accounted investments comprise shares in joint ventures and associates.

IFRS 11 differentiates between joint ventures and joint operations. The joint arrangements in which IMMOFINANZ is involved generally represent joint ventures. A joint venture is a joint arrangement under which the co-investors exercise joint control over a company and (only) have rights to the company's net assets. There are no direct claims or obligations arising from the company's assets and liabilities.

Associates are companies over which IMMOFINANZ can exercise significant influence. Significant influence is the power to participate in an investee's financial and operating policy decisions without control or joint control. It is generally presumed (but can be refuted) when the direct or indirect interest in the investee equals or exceeds 20%. The possibilities for influence created by company law (e.g. through seats on a supervisory board) or other available opportunities can also lead to significant influence when an interest is less than 20%. With respect to shares in real estate funds, IMMOFINANZ does not have significant influence, even with an interest of 20% or more, because it is not represented in the fund's operating management or this influence is excluded by the fund's legal structure (see section 8).

In accordance with the equity method of accounting, investments in associates or joint ventures are initially recognised at cost, including transaction costs, as of the acquisition date. Any surplus of the acquisition cost over the acquired share of identifiable assets and assumed liabilities and contingent liabilities at fair value is recognised as goodwill. Negative differences are recognised immediately to profit or loss. Goodwill represents part of the carrying amount of the investment and is not tested separately for impairment. After initial recognition, the carrying amount of the investment is increased or decreased by the proportional share of the investee's profit or loss and other comprehensive income attributable to IMMOFINANZ until significant influence or joint control ends. Any losses recorded by an associate or joint venture which exceed IMMOFINANZ's investment in this entity are not recognised. Such losses are only recognised when the Group has a legal or actual obligation to cover the losses. The investments in companies accounted for at equity are assessed for indications of impairment as of every balance sheet date in accordance with IAS 28. If any such indications are identified, the investments are tested for impairment in accordance with IAS 36.

2.3 SALE OF SUBSIDIARIES

An overview of the subsidiaries deconsolidated in 2018 is provided in section 8.

The following table summarises the effects on various balance sheet items as well as the deconsolidation results from the sale of subsidiaries, with the exception of the effects reported in section 2.4:

All amounts in TEUR	2018
Investment property (see 4.1.1)	57,977
Goodwill	336
Receivables and other assets	50,586
Deferred tax assets	3,669
Investment properties held for sale	19,900
Assets held for sale	46
Cash and cash equivalents held for sale	156
Real estate inventories	115
Cash and cash equivalents	2,101
Financial liabilities	-34,334
Trade payables	-1,102
Other liabilities	-36,740
Income tax liabilities	-275
Provisions	-228
Deferred tax liabilities	-5,098
Liabilities held for sale	-142
Net assets sold	56,967
Consideration received in cash and cash equivalents	56,122
Outstanding purchase price receivables	1,750
Less net assets sold	-56,967
Reclassification of foreign exchange differences to profit or loss	32,309
Results from deconsolidation	33,214
Consideration received in cash and cash equivalents	56,122
Less cash and cash equivalents sold	-2,257
Net inflow of cash and cash equivalents	53,865

2.4 DISCONTINUED OPERATIONS

The closing for the sale of the shopping centres included in the discontinued operation “retail portfolio Moscow”, with the exception of one Russian service company, took place on 6 December 2017. The retail portfolio Moscow had been presented as a discontinued operation since 19 December 2016 based on a resolution passed by the Executive Board and Supervisory Board on that date. The assets and liabilities of the Russian service company, which were reported under “assets held for sale” or “liabilities held for sale” as of 31 December 2017, were sold through the closing on 8 February 2018. On the consolidated income statement, the results (after tax) for the retail portfolio Moscow and the comparative data for 2017 are reported on a separate line. The results from discontinued operations in 2018 also include other operating income of EUR 2.6 million in connection with a contingent receivable from the retail portfolio Moscow. This receivable originated on 6 December 2017 in connection with pending proceedings for the refund of withholding taxes and land taxes which are currently in progress and have an uncertain outcome. A contingent receivable was not recognised for the remaining balance of this item because the realisation of the related income was not considered highly probable as of 31 December 2018.

The following table shows the net assets of the service company and its subsidiary, which were part of the retail portfolio Moscow and were sold on 8 February 2018, as well as the results from deconsolidation:

All amounts in TEUR	2018
Assets held for sale	
Intangible assets (excl. goodwill)	3
Receivables and other assets	56
Cash and cash equivalents	16
Liabilities held for sale	
Trade payables	-79
Other liabilities	-178
Net assets sold	-182
Consideration received in cash and cash equivalents	1
Less net assets sold	182
Reclassification of foreign exchange differences to profit or loss	2
Results from deconsolidation	185
Consideration received in cash and cash equivalents	1
Less cash and cash equivalents sold	-16
Net inflow of cash and cash equivalents	-15

The net profit or loss from discontinued operations as reported on the consolidated income statement also include expenses related to the sale of the logistics portfolio in the abbreviated 2016 financial year. These subsequently recognised costs represent contractually agreed reimbursements in connection with pending tax proceedings involving the sold logistics properties. In the first quarter of 2018, IMMOFINANZ received EUR 5.2 million of the outstanding purchase price receivables from the sale of the logistics portfolio in the abbreviated 2016 financial year. All of the outstanding purchase price receivables from the sale of the logistics portfolio have now paid in full.

The following table shows the results of the two discontinued operations as presented in the consolidated income statement:

All amounts in TEUR	2018	2017
Net profit or loss retail portfolio Moscow	2,452	-714,655
Net profit or loss logistics portfolio	-3,237	-3,442
Net profit or loss from discontinued operations	-785	-718,097

The detailed results from the retail portfolio Moscow and the logistics portfolio are as follows:

All amounts in TEUR	Retail portfolio Moscow		Logistics portfolio	
	2018	2017	2018	2017
Rental income	0	76,766	0	0
Operating costs charged to tenants	0	17,175	0	0
Other revenues	0	1,593	0	0
Revenues	0	95,534	0	0
Expenses from investment property	0	-29,476	0	0
Operating expenses	0	-16,829	0	0
Results of asset management	0	49,229	0	0
Expenses from property sales	0	-3	0	0
Results of property sales	0	-3	0	0
Other operating income	2,579	807	0	0
Other operating expenses	-145	-5,481	-3,237	-5,106
Results of operations	2,434	44,552	-3,237	-5,106
Revaluation of investment properties adjusted for foreign exchange effects	0	6,795	0	0
Revaluation of investment properties resulting from foreign exchange effects	0	-39,420	0	0
Goodwill impairment	0	-5,197	0	0
Other revaluation results	0	-37,822	0	0
Operating profit (EBIT)	2,434	6,730	-3,237	-5,106
Financing costs	0	-52,811	0	0
Financing income	0	8	0	0
Foreign exchange differences	3	17,259	0	0
Financial results	3	-35,544	0	0
Earnings before tax (EBT)	2,437	-28,814	-3,237	-5,106
Current income tax	-16	-3,934	0	0
Deferred tax	-154	2,959	0	0
Earnings from discontinued operations	2,267	-29,789	-3,237	-5,106
Loss from fair value measurement less costs to sell	0	-182,816	0	0
Income tax on the valuation loss attributable to the sale	0	22,181	0	0
Result from the disposal of the business operation (including reclassification of foreign exchange differences to profit or loss)	185	-524,231	0	0
Subsequent purchase-price-adjustment effects on income	0	0	0	1,664
Net profit or loss from discontinued operations	2,452	-714,655	-3,237	-3,442
Thereof attributable to owners of IMMOFINANZ AG	2,452	-714,655	-3,237	-3,442

The influence of the discontinued operations on the consolidated cash flow statement (condensed) is as follows:

All amounts in TEUR	Retail portfolio Moscow		Logistics portfolio	
	2018	2017	2018	2017
Cash flow from operating activities	-1,110	37,874	0	0
Cash flow from investing activities	-33	-4,719	0	0
Cash flow from financing activities	0	-60,807	0	0
Net cash flow from discontinued operations	-1,143	-27,652	0	0

The cash flows shown in the above table consist entirely of cash flows from companies classified as discontinued operations. Any cash inflows from purchase price receivables are reported on a separate line in the consolidated cash flow statement (see note 6).

2.5 FOREIGN CURRENCY TRANSLATION

2.5.1 FUNCTIONAL CURRENCY

The Group reporting currency is the Euro. For subsidiaries and equity-accounted investments that prepare their financial statements in a foreign currency, the determination of the functional currency is based on the primary (macro)economic environment in which the respective company operates. One determining factor is the currency in which the majority of cash flows, goods and services are denominated and settled in the relevant country.

When the functional currency of a subsidiary cannot be clearly identified, IAS 21 allows management to use its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions and events. Management has principally designated the Euro as the functional currency for the subsidiaries in Romania, Poland, Czech Republic and Hungary; however, the local currency remains the functional currency for individual service and management companies. This decision reflects the fact that macroeconomic developments in these countries are influenced by the Euro zone. In addition, the leases concluded by IMMOFINANZ in these countries and real estate financing are generally denominated in the Euro.

2.5.2 TRANSLATION OF FINANCIAL STATEMENTS FROM FOREIGN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

In accordance with IAS 21, the modified current rate method is used to translate the financial statements of the Group's subsidiaries, joint ventures and associates whose functional currency is not the Euro. The assets and liabilities in the financial statements to be consolidated are translated at the mean exchange rate on the balance sheet date, while the income statement positions are translated at the weighted average exchange rate for each quarter.

Foreign currency translation is based on the exchange rates issued by the European Central Bank and by local national banks.

The following table lists the exchange rates in effect on the balance sheet date and the average exchange rates for the key currencies from IMMOFINANZ's viewpoint:

Currency	Closing rate on 31 12 2018	Closing rate on 31 12 2017	Average rate 2018	Average rate 2017
BGN	1.95583	1.95583	1.95583	1.95583
CHF	1.12690	1.17020	1.15572	1.10955
CZK	25.72500	25.54000	25.64438	26.36300
HRK	7.41758	7.51365	7.42515	7.47183
RSD	118.19460	118.47270	118.21095	121.38362
RUB	79.71530	68.86680	73.93892	65.67243
TRY	6.05880	4.54640	5.63557	4.09596
UAH	31.77500	33.82000	32.30751	30.08996
USD	1.14500	1.19930	1.18246	1.12628

3. Information on Operating Segments

3.1 INTERNAL REPORTING

The chief operating decision-maker of IMMOFINANZ is the Executive Board as a collegial body. Internal reporting to the Executive Board is based on the classification of data into seven regional core markets (Austria, Germany, Czech Republic, Slovakia, Hungary, Romania and Poland). Within the core markets, rental income is reported by asset class (office, retail and other). Regions with a lower volume of business are aggregated under "Other non-core countries". The presentation of segment results is based on internal reporting to the Executive Board (management approach), whereby the statement of comprehensive income only includes the continuing operations.

3.2 TRANSITION FROM OPERATING SEGMENTS TO GROUP RESULTS

There are no material transactions between the segments, and the elimination of intersegment amounts is therefore not reported separately. Central services are allocated to the operating segments based on actual expenses. Service companies that only work for a particular segment are allocated to that segment.

Investments in holding companies that cannot be assigned to a specific segment and non-operating companies are included in the transition column. Also included in this column is elimination of immaterial intersegment transactions.

3.3 INFORMATION ON REPORTABLE OPERATING SEGMENTS

Segment assets consist primarily of investment properties, property under construction, goodwill, properties held for sale and real estate inventories. Segment investments include additions to investment property and property under construction. Liabilities are not allocated to the individual segments for internal reporting purposes.

The results of asset management and operating profit (EBIT) are used to assess performance and to allocate resources. The development of financial results and tax expense in the Group is managed centrally. Separate country boards, which report regularly to the chief operating decision-maker, were established for the core markets. EBIT in the "total" column reflects the same position on the income statement; the reconciliation to earnings before tax can be seen in the income statement.

The accounting and valuation methods applied by the reportable segments comply with the accounting and valuation methods used to prepare IMMOFINANZ's consolidated financial statements.

3.4 REGIONS AS OPERATING SEGMENTS

The allocation of revenues and non-current assets to the individual regions is based on the location of the property.

- > Austria: The business segment Austria is a major focal point for the office standing investments. These properties include, among others, the *myhive Twin Towers* and *City Tower Vienna*. This portfolio also includes retail properties under the STOP SHOP brand and properties in the other asset class.
- > Germany: The business segment Germany is the location, above all, for the first section of the TRIVAGO headquarters, which was completed in 2018, as well as the *Campus Aachen* which was completed in 2017. This segment also includes the FLOAT office building and the second section of the TRIVAGO headquarters, which are currently under development, as well as the real estate projects in the *Gerling Quartier* which are classified as held for sale and attributable to the office and other asset classes.
- > Poland: This country represents a further focal point for the office standing investments which include, in particular, the *Park Postępu*, *myhive IO-1* building and *myhive Nimbus Office* in Warsaw as well as the EMPARK. This operating segment also contains retail properties like the *Tarasy Zamkowe shopping center* in Lublin, and shopping centers/retail parks under the VIVO! and STOP SHOP brands and properties in the other asset class.
- > Czech Republic: The Czech portfolio includes office properties like the *BB Centrum Gamma* and *myhive Pankrac House* as well as retail properties under the VIVO! and STOP SHOP brands and the *Na příkopě* office property which was acquired in full during 2019.
- > Slovakia: The core business in Slovakia lies primarily in the retail asset class with the *Polus City Center* in Bratislava and retail parks under the STOP SHOP brand. This portfolio also includes office properties like the *myhive Polus Towers*.
- > Hungary: This portfolio comprises a balanced mix of office properties like the *myhive Átrium Park* and *myhive Haller Gardens* and retail parks under the STOP SHOP brand.
- > Romania: The business segment Romania consists primarily of office properties like the *myhive S-Park* and *IRIDE Business Park* and retail properties like the *VIVO! Cluj-Napoca* and *VIVO! Constanta* shopping centers.
- > Other non-core countries: This business segment consists primarily of STOP SHOP retail parks in Slovenia, Serbia and Croatia, which were expanded by further acquisitions during the reporting year. It also includes an office property in Zagreb and properties in the other asset class in Turkey.

3.5 INFORMATION ON KEY CUSTOMERS

IMMOFINANZ had no individual customers who accounted for 10% or more of revenues in the 2018 or 2017 financial year.

3.6 SEGMENT REPORTING

Information on IMMOFINANZ'S reportable segments is provided in the following section:

All amounts in TEUR	Austria		Germany	
	2018	2017	2018	2017
Office	29,606	31,575	9,287	7,280
Retail	10,938	15,174	65	379
Other	7,118	6,096	1,142	1,737
Rental income	47,662	52,845	10,494	9,396
Operating costs charged to tenants	11,965	11,111	3,271	3,375
Other revenues	551	1,605	0	6
Revenues	60,178	65,561	13,765	12,777
Expenses from investment property	-16,041	-30,056	-6,663	-4,781
Operating expenses	-13,313	-14,192	-3,815	-3,653
Results of asset management	30,824	21,313	3,287	4,343
Results of property sales	-3,019	-4,607	959	-1,490
Results of property development	-5,161	-827	3,217	-17,129
Other operating income	1,118	1,438	372	806
Other operating expenses	-702	-1,972	-4,902	-3,740
Results of operations	23,060	15,345	2,933	-17,210
Revaluation result from standing investments and goodwill	-19,583	-10,326	-552	-1,542
Operating profit (EBIT)	3,477	5,019	2,381	-18,752
	31 12 2018	31 12 2017	31 12 2018	31 12 2017
Investment property	737,800	809,060	279,080	114,040
Property under construction	70,360	9,040	239,680	293,550
Goodwill	0	0	0	0
Investment properties held for sale	21,600	72,407	8,292	136,437
Real estate inventories	0	0	46,284	55,859
Segment assets	829,760	890,507	573,336	599,886
	2018	2017	2018	2017
Segment investments	30,116	6,794	86,582	115,535

All amounts in TEUR	Poland		Czech Republic	
	2018	2017	2018	2017
Office	22,883	26,399	9,833	11,766
Retail	19,743	14,308	10,355	10,248
Other	3,545	3,061	917	1,025
Rental income	46,171	43,768	21,105	23,039
Operating costs charged to tenants	21,434	20,623	7,154	7,055
Other revenues	2,533	1,911	237	237
Revenues	70,138	66,302	28,496	30,331
Expenses from investment property	-10,965	-11,623	-4,456	-4,272
Operating expenses	-24,229	-22,718	-7,322	-8,116
Results of asset management	34,944	31,961	16,718	17,943
Results of property sales	-4,157	-16,183	6,401	1,919
Results of property development	-5,257	-1,668	-944	-298
Other operating income	1,666	817	93	1,541
Other operating expenses	-3,290	-3,038	-1,534	-1,795
Results of operations	23,906	11,889	20,734	19,310
Revaluation result from standing investments and goodwill	-2,702	-4,639	-4,002	7,788
Operating profit (EBIT)	21,204	7,250	16,732	27,098
	31 12 2018	31 12 2017	31 12 2018	31 12 2017
Investment property	716,610	712,869	332,080	391,290
Property under construction	43,550	44,974	7,440	0
Goodwill	32	32	7,056	7,396
Investment properties held for sale	1,480	13,742	0	0
Real estate inventories	0	3,935	0	0
Segment assets	761,672	775,552	346,576	398,686
	2018	2017	2018	2017
Segment investments	7,048	29,601	10,404	6,762

All amounts in TEUR	Slovakia		Hungary	
	2018	2017	2018	2017
Office	2,778	1,969	13,375	14,162
Retail	17,659	15,537	15,411	14,057
Other	442	346	2,080	1,131
Rental income	20,879	17,852	30,866	29,350
Operating costs charged to tenants	9,884	7,202	12,117	11,376
Other revenues	438	207	334	305
Revenues	31,201	25,261	43,317	41,031
Expenses from investment property	-4,596	-5,778	-5,825	-8,782
Operating expenses	-8,837	-6,682	-12,696	-12,002
Results of asset management	17,768	12,801	24,796	20,247
Results of property sales	371	-47	422	-81
Results of property development	-141	-5,179	221	-146
Other operating income	100	81	66	56
Other operating expenses	-1,366	-1,386	-2,027	-1,455
Results of operations	16,732	6,270	23,478	18,621
Revaluation result from standing investments and goodwill	1,611	2,809	14,654	22,147
Operating profit (EBIT)	18,343	9,079	38,132	40,768
	31 12 2018	31 12 2017	31 12 2018	31 12 2017
Investment property	303,600	291,300	527,252	513,025
Property under construction	0	0	2,600	0
Goodwill	184	184	2,708	2,708
Investment properties held for sale	0	0	0	0
Real estate inventories	0	0	0	0
Segment assets	303,784	291,484	532,560	515,733
	2018	2017	2018	2017
Segment investments	9,946	69,207	1,184	21,271

All amounts in TEUR	Romania		Other non-core countries	
	2018	2017	2018	2017
Office	15,122	18,937	1,270	1,207
Retail	27,493	26,893	9,910	6,893
Other	5,577	3,957	356	357
Rental income	48,192	49,787	11,536	8,457
Operating costs charged to tenants	21,921	20,850	3,067	1,945
Other revenues	1,890	1,884	76	217
Revenues	72,003	72,521	14,679	10,619
Expenses from investment property	-13,554	-15,047	-1,888	-2,558
Operating expenses	-22,552	-21,396	-2,978	-1,902
Results of asset management	35,897	36,078	9,813	6,159
Results of property sales	2,602	-1,186	23,622	47,660
Results of property development	60	-2,150	3,673	-1,405
Other operating income	2,069	316	38	261
Other operating expenses	-58	-4,027	-2,182	-2,440
Results of operations	40,570	29,031	34,964	50,235
Revaluation result from standing investments and goodwill	11,865	-11,846	4,664	-325
Operating profit (EBIT)	52,435	17,185	39,628	49,910
	31 12 2018	31 12 2017	31 12 2018	31 12 2017
Investment property	736,554	772,899	260,592	125,036
Property under construction	31,270	48,620	2,640	7,880
Goodwill	13,529	13,529	998	999
Investment properties held for sale	25,336	1,890	0	38,859
Real estate inventories	648	1,242	0	185
Segment assets	807,337	838,180	264,230	172,959
	2018	2017	2018	2017
Segment investments	998	7,703	93,896	19,136

	Total reportable segments		Reconciliation to consolidated financial statements		IMMOFINANZ	
All amounts in TEUR	2018	2017	2018	2017	2018	2017
Office	104,154	113,295	0	0	104,154	113,295
Retail	111,574	103,489	0	0	111,574	103,489
Other	21,177	17,710	0	0	21,177	17,710
Rental income	236,905	234,494	0	0	236,905	234,494
Operating costs charged to tenants	90,813	83,537	0	0	90,813	83,537
Other revenues	6,059	6,372	0	0	6,059	6,372
Revenues	333,777	324,403	0	0	333,777	324,403
Expenses from investment property	-63,988	-82,897	0	0	-63,988	-82,897
Operating expenses	-95,742	-90,661	0	0	-95,742	-90,661
Results of asset management	174,047	150,845	0	0	174,047	150,845
Results of property sales	27,201	25,985	0	0	27,201	25,985
Results of property development	-4,332	-28,802	0	0	-4,332	-28,802
Other operating income	5,522	5,316	618	3,384	6,140	8,700
Other operating expenses	-16,061	-19,853	-33,888	-29,312	-49,949	-49,165
Results of operations	186,377	133,491	-33,270	-25,928	153,107	107,563
Revaluation result from standing investments and goodwill	5,955	4,066	0	0	5,955	4,066
Operating profit (EBIT)	192,332	137,557	-33,270	-25,928	159,062	111,629
	31 12 2018	31 12 2017	31 12 2018	31 12 2017	31 12 2018	31 12 2017
Investment property	3,893,568	3,729,519	0	0	3,893,568	3,729,519
Property under construction	397,540	404,064	0	0	397,540	404,064
Goodwill	24,507	24,848	0	0	24,507	24,848
Investment properties held for sale	56,708	263,335	0	0	56,708	263,335
Real estate inventories	46,932	61,221	0	0	46,932	61,221
Segment assets	4,419,255	4,482,987	0	0	4,419,255	4,482,987
	2018	2017	2018	2017	2018	2017
Segment investments	240,174	276,009	0	2,857	240,174	278,866

4. Notes to the Consolidated Balance Sheet

4.1 INVESTMENT PROPERTY

Investment property includes land, buildings and/or parts of buildings that are held to generate rental income or for capital appreciation. The space used by the Group is immaterial and is therefore included under investment property. Properties acquired at the start of the development process are classified as property under construction when the necessary decisions have been taken as of the acquisition date. Otherwise all other real estate acquisitions are recognised as investment property.

Investment property also includes assets obtained through finance leases as well as operating leases. In individual cases, IMMOFINANZ exercises the option to account for investment property utilised on the basis of an operating lease at fair value when this property is classified as investment property. These properties are not reported separately on the following tables.

4.1.1 DEVELOPMENT OF INVESTMENT PROPERTY

Details on the development of the fair value of investment property are presented in the following section. Foreign exchange differences resulting from the translation of foreign company assets at the rates in effect at the beginning and the end of the year are presented separately.

The development of investment property is as follows:

All amounts in TEUR	2018	2017
Beginning balance	3,729,519	3,531,379
Deconsolidations (see 2.3)	-57,977	-2,428
Currency translation adjustments	-9,290	1,089
Additions	111,556	116,543
Disposals	-46,041	-99,250
Revaluation	10,553	5,916
Reclassifications	140,314	142,035
Reclassification from IFRS 5	38,860	87,149
Reclassification to IFRS 5	-23,926	-52,914
Ending balance	3,893,568	3,729,519

The additions are related primarily to the acquisition of Stop Shop retail parks in Slovenia, Serbia and Croatia as well as investments in office properties in Bratislava and Vienna.

The disposals in 2018 consisted almost entirely of standing investments in the core country Romania. The largest disposal involved the sale of a large land reserve in Bucharest to facilitate concentration on the core office and retail property business.

The reclassifications are related chiefly to transfers of EUR -47.8 million (2017: EUR -56.9 million) from investment property to property under construction and EUR 182.5 million (2017: EUR 190.0 million) from property under construction to investment property.

The reclassifications from assets held for sale involved properties in Turkey which are allocated to the other asset class (see section 4.8) and reflect management's conclusion that the realisation of a sale during the coming year is not probable.

The reclassifications to assets held for sale include, above all, one office property in Austria, an office property in Romania and properties in the other asset class in Romania and Poland.

4.1.2 ACCOUNTING POLICIES

The fair value of the standing investments as of 31 December 2018 and in the previous year was generally determined with the so-called hardcore and top slice method. The term and reversion method was also used for this purpose in the previous year.

Under the hardcore and top slice method, the net income generated by a property – up to the market rent (the so-called hardcore component) – is capitalised at a normal market interest rate as a perpetual yield over the entire term (term of the rental contract plus subsequent rental). The top-slice component (i.e. the net income that exceeds or falls below the market rent) is then discounted at a risk-adjusted market interest rate if necessary. The amount of the risk premium is dependent on the probability of vacancy. Quantitative information on the parameters used for valuation is provided in section 4.1.3.

The valuation of undeveloped land is based on a comparable value method. This method uses the realised purchase prices from other sites with a similar location and size to determine the value of the target property.

Properties under construction, development objects and investment properties that were acquired for possible redesign and renovation (redevelopment) are also measured at fair value using the residual value method. Properties whose development has been suspended are valued according to the sales comparison approach. The hardcore and top slice method is also applied to standing investments that were transferred to property under construction due to upcoming refurbishment or upgrading until detailed redevelopment plans are available. As soon as detailed redevelopment plans are available, valuation is based on the residual value method. The appraiser is responsible for selecting the valuation method. Differences to the above-mentioned procedure are therefore possible.

Changes in the fair value of investment properties, properties under construction, properties held for sale and properties sold are recognised to profit or loss and reported on the income statement under revaluation (see section 5.7).

The accounting of investment property in accordance with the fair value model requires regular revaluation. In IMMOFINANZ, the valuation of, de facto, all properties is carried out by independent appraisers in accordance with the recommendations of the European Public Real Estate Association (EPRA).

As of 31 December 2018, CBRE and BNP Paribas Real Estate Consult served as the appraisers for IMMOFINANZ. The properties in Eastern Europe were valued by CBRE, while BNP Paribas Real Estate Consult was responsible for valuing the properties in Austria and Germany. The contracts awarded to CBRE and BNP Paribas Real Estate Consult resulted from a tender carried out in the 2015/16 financial year for the period from 30 April 2016 to 31 December 2018. Internal valuations are used in a very limited number of cases.

The valuations by these external appraisers are based on their market knowledge and the inspection of the properties as well as supplied information, e.g. rental lists, rental contracts, land register excerpts and investment budgets. This data is reviewed by the appraisers, who verify its plausibility through comparisons with market data. The experts also make estimates, among others, for the occupancy, future rental income, scheduled investments and expected returns. This process is accompanied by the members of IMMOFINANZ's asset management and controlling staffs. Input parameter and the results of the property valuation process are coordinated with IMMOFINANZ's Executive Board.

A Group guideline and the contract concluded by IMMOFINANZ with each appraiser require the inspection of all properties as part of the initial valuation. Starting with the first follow-up valuation, the appraisers are required to inspect at least 10% of properties in their assigned portfolio and to examine all newly acquired properties each year.

IMMOFINANZ properties are appraised as of 31 December for the preparation of the consolidated financial statements and as of 30 June for the preparation of the interim financial statements. Internal valuations are carried out for the preparation of the interim financial statements as of 31 March and 30 September.

4.1.3 VALUATION ASSUMPTIONS AND EXISTING VALUATION UNCERTAINTY

IFRS 13 requires the classification of assets and liabilities measured at fair value in three fair value hierarchy levels based on the determining input factors. All investment properties are classified under Level 3 of the fair value hierarchy because of the various parameters used in property valuation that are not directly or indirectly observable on the market (see the following table for information on the most important non-observable input factors).

The investment properties are assigned to classes based on their respective characteristics, features and risks. The criteria used for allocation include the business segments and the asset classes (office, retail and other). The office, retail and other asset classes were aggregated into the following country groups based on specific homogeneity criteria: West (Austria, Germany), CEE (Poland, Czech Republic, Slovakia, Hungary and Romania) and other non-core countries.

This aggregation results in the following classes:

- > **Office** – in each of the country groups West, CEE, other non-core countries
- > **Retail** – in each of the country groups West, CEE, other non-core countries
- > **Other** – in each of the country groups West, CEE, other non-core countries

The valuation of investment properties is generally based on the hardcore and top slice method (see section 4.1.2). The following table shows the non-observable input factors used for valuation and also lists the key input parameters for each class of standing investments. A minimum and maximum value is shown for each input parameter in the class; consequently, the various parameters are generally not related to the same property. In addition to the minimum and maximum amounts, a weighted average and median amount are provided for each input parameter within the individual classes.

The input parameters presented in the following tables for 2018 and 2017 are to be understood as follows:

- > Lettable space in sqm: the total gross space available for rental by tenants (excluding parking areas)
- > Market rent per sqm and month in EUR: the appraiser's estimate of the monthly rent for which a property could be rented by knowledgeable and willing parties under appropriate conditions and without compulsion in an arm's length transaction
- > Actual rent per sqm and month in EUR: the monthly rent in square meters based on contractual rents and the appraisers' estimates for the first-year rent attainable for vacant space
- > Capitalisation rate in %: yield based on the expected income from the property
- > Vacancy rate in %: the actual vacancy rate as of the balance sheet date
- > Weighted average remaining term of the rental contracts in years: a weighted average of the remaining terms is developed on the basis of the existing rental agreements for a property.

Depending on the estimates of risk – which are based, in general, on the asset class, the country and current market circumstances and, in particular, on the condition of the building, its location and occupancy rate – different capitalisation rates are applied to the individual properties. The assumptions underlying the valuation, e.g. for market rents, rental default risks, vacancies or maintenance costs, are based on market assessments, on derived data or on the appraisers' experience.

The following tables also include the investment property classified held for sale (see section 4.8) in cases where current appraisals were available as of the balance sheet date.

Office						
2018		Lettable space in sqm	Market rent per sqm and month in EUR	Actual rent per sqm and month in EUR	Capitalisation rate in %	Vacancy rate in %
West	min	2,194	6.40	5.63	3.55	0.00
	max	66,507	19.59	18.25	5.85	26.08
	weighted average	17,210	14.11	13.01	4.66	4.05
	median	9,606	13.94	13.21	4.80	0.18
CEE	min	1,437	8.79	5.05	5.15	0.00
	max	57,724	17.47	13.20	9.60	28.13
	weighted average	16,829	12.97	9.21	7.77	6.86
	median	14,542	12.37	9.35	7.75	3.92
Other non-core countries	min	15,995	11.81	8.84	7.75	0.93
	max	15,995	11.81	8.84	7.75	0.93
	weighted average	15,995	11.81	8.84	7.75	0.93
	median	15,995	11.81	8.84	7.75	0.93

Retail						
2018		Lettable space in sqm	Market rent per sqm and month in EUR	Actual rent per sqm and month in EUR	Capitalisation rate in %	Vacancy rate in %
West	min	2,174	5.57	4.80	4.90	0.00
	max	9,480	13.81	13.58	7.50	7.99
	weighted average	4,635	11.77	11.56	5.59	0.61
	median	4,368	11.97	12.01	5.60	0.00
CEE	min	2,636	5.12	4.73	6.10	0.00
	max	62,983	20.59	20.05	9.25	17.27
	weighted average	11,395	9.79	9.66	7.55	2.05
	median	8,047	9.16	9.40	7.50	0.00
Other non-core countries	min	1,657	7.23	5.56	7.50	0.00
	max	13,176	11.91	13.39	8.50	9.25
	weighted average	7,493	9.75	6.16	8.06	0.56
	median	7,208	9.64	9.97	8.50	0.00

Office						
2017		Lettable space in sqm	Market rent per sqm and month in EUR	Actual rent per sqm and month in EUR	Capitalisation rate in %	Vacancy rate in %
West	min	2,252	7.64	4.56	3.55	0.00
	max	66,716	20.37	19.16	5.85	34.48
	weighted average	15,824	13.41	13.38	4.74	5.73
	median	9,280	12.96	13.45	4.80	3.52
CEE	min	1,437	8.61	8.15	5.25	0.00
	max	57,724	17.47	17.53	9.75	37.31
	weighted average	16,580	12.62	12.21	7.89	9.12
	median	14,307	12.12	11.91	8.00	6.40
Other non-core countries	min	15,887	11.59	11.25	7.55	0.26
	max	15,887	11.59	11.25	7.55	0.26
	weighted average	15,887	11.59	11.25	7.55	0.26
	median	15,887	11.59	11.25	7.55	0.26

Retail

2017		Lettable space in sqm	Market rent per sqm and month in EUR	Actual rent per sqm and month in EUR	Capitalisation rate in %	Vacancy rate in %
West	min	2,174	5.22	4.86	4.95	0.00
	max	9,495	12.98	13.91	8.00	10.02
	weighted average	4,723	10.79	11.18	5.79	1.97
	median	4,379	11.14	11.73	5.78	0.00
CEE	min	1,380	5.10	5.71	6.50	0.00
	max	62,959	18.75	21.55	9.50	24.19
	weighted average	11,346	9.70	9.92	7.68	2.93
	median	8,203	8.96	9.39	7.75	0.00
Other non-core countries	min	1,665	7.11	7.23	7.40	0.00
	max	13,109	11.80	13.99	9.00	26.85
	weighted average	6,600	9.99	10.68	8.33	2.29
	median	5,755	10.11	10.82	7.73	0.00

An increase in the rent per square meter would lead to an increase in fair value, while a decrease in this parameter would cause a decrease in fair value. An increase in the capitalisation rate or the vacancy rate would lead to a reduction in fair value, while a reduction in these input factors would result in a higher fair value.

The following tables show the input factors for properties valued with comparable value methods (undeveloped land and vacant buildings):

Office 2018		Land in sqm	Price per sqm in EUR
West	min	4,256	664.94
	max	8,723	800.18
	weighted average	6,490	755.84
	median	6,490	732.56
CEE	min	2,162	107.00
	max	214,576	550.22
	weighted average	62,306	168.40
	median	16,243	538.66

Retail 2018		Land in sqm	Price per sqm in EUR
CEE	min	18,475	13.02
	max	126,500	187.42
	weighted average	54,094	69.09
	median	24,582	50.04
Other non-core countries	min	30,000	39.00
	max	39,471	84.11
	weighted average	34,736	64.63
	median	34,736	61.56

Other 2018		Land in sqm	Price per sqm in EUR
CEE	min	2,686	44.97
	max	210,319	431.87
	weighted average	65,771	122.55
	median	44,222	135.42

Office 2017		Land in sqm	Price per sqm in EUR
West	min	4,256	664.94
	max	8,723	792.16
	weighted average	6,490	750.44
	median	6,490	728.55
CEE	min	2,162	124.52
	max	214,576	529.84
	weighted average	65,577	172.85
	median	22,785	383.97
Other non-core countries	min	68,896	61.31
	max	68,896	61.31
	weighted average	68,896	61.31
	median	68,896	61.31
Retail 2017		Land in sqm	Price per sqm in EUR
CEE	min	17,905	22.79
	max	126,500	197.11
	weighted average	64,341	66.19
	median	52,948	54.88
Other non-core countries	min	30,000	42.00
	max	30,000	42.00
	weighted average	30,000	42.00
	median	30,000	42.00
Other 2017		Land in sqm	Price per sqm in EUR
CEE	min	2,686	13.02
	max	210,034	434.28
	weighted average	39,903	132.19
	median	24,193	149.95
Other non-core countries	min	6,632	116.11
	max	196,671	1,319.36
	weighted average	48,513	160.20
	median	9,572	142.03

An increase in the price per square meter would lead to an increase in fair value, while a decrease would result in a lower fair value.

The following tables show a transition calculation from the beginning balance to the ending balance for the various property classes:

Office

All amounts in TEUR	West	CEE	Other non-core countries	Total
Balance on 1 January 2017	860,420	1,263,968	31,460	2,155,848
Foreign exchange differences	0	0	139	139
Additions	6,234	13,672	0	19,906
Disposals	-49,566	0	0	-49,566
Revaluation of properties in the portfolio as of the balance sheet date	-9,559	-4,242	299	-13,502
Revaluation of properties no longer in the portfolio as of the balance sheet date	1,618	0	0	1,618
Reclassifications	40,773	30,902	486	72,161
Reclassification from IFRS 5	0	83,149	0	83,149
Reclassification to IFRS 5	-44,550	0	0	-44,550
Balance on 31 December 2017	805,370	1,387,449	32,384	2,225,203
Balance on 1 January 2018	805,370	1,387,449	32,384	2,225,203
Deconsolidations	0	-57,318	0	-57,318
Foreign exchange differences	0	0	363	363
Additions	7,890	9,262	0	17,152
Disposals	0	-8,345	0	-8,345
Revaluation of properties in the portfolio as of the balance sheet date	-21,729	21,694	99	64
Revaluation of properties no longer in the portfolio as of the balance sheet date	0	1,434	0	1,434
Reclassifications	119,399	3,944	-437	122,906
Reclassification to IFRS 5	-16,500	0	0	-16,500
Balance on 31 December 2018	894,430	1,358,120	32,409	2,284,959

Retail

All amounts in TEUR	West	CEE	Other non-core countries	Total
Balance on 1 January 2017	110,900	1,050,130	82,230	1,243,260
Foreign exchange differences	0	0	1,309	1,309
Additions	1,985	92,871	1,748	96,604
Disposals	-10,145	-290	-24	-10,459
Revaluation of properties in the portfolio as of the balance sheet date	2,238	21,154	-1,184	22,208
Revaluation of properties no longer in the portfolio as of the balance sheet date	-805	30	0	-775
Reclassifications	2,587	28,458	10,547	41,592
Reclassification from IFRS 5	4,000	0	0	4,000
Reclassification to IFRS 5	0	-1,890	-3,224	-5,114
Balance on 31 December 2017	110,760	1,190,463	91,402	1,392,625
Balance on 1 January 2018	110,760	1,190,463	91,402	1,392,625
Foreign exchange differences	0	0	156	156
Additions	1,792	9,336	83,236	94,364
Disposals	0	-4,142	0	-4,142
Revaluation of properties in the portfolio as of the balance sheet date	2,429	7,863	3,471	13,763
Reclassifications	129	-2,473	19,824	17,480
Reclassification to IFRS 5	0	-4,146	0	-4,146
Balance on 31 December 2018	115,110	1,196,901	198,089	1,510,100

Other

All amounts in TEUR	West	CEE	Other non-core countries	Total
Balance on 1 January 2017	12,284	115,997	3,990	132,271
Deconsolidations	0	0	-2,428	-2,428
Foreign exchange differences	0	0	-359	-359
Additions	33	0	0	33
Disposals	-25,045	-14,180	0	-39,225
Revaluation of properties in the portfolio as of the balance sheet date	76	96	219	391
Revaluation of properties no longer in the portfolio as of the balance sheet date	-3,220	-632	-172	-4,024
Reclassifications	22,842	5,440	0	28,282
Reclassification to IFRS 5	0	-3,250	0	-3,250
Balance on 31 December 2017	6,970	103,471	1,250	111,691
Balance on 1 January 2018	6,970	103,471	1,250	111,691
Deconsolidations	0	0	-659	-659
Foreign exchange differences	0	0	-9,809	-9,809
Additions	40	0	0	40
Disposals	0	-33,554	0	-33,554
Revaluation of properties in the portfolio as of the balance sheet date	402	-2,592	1,094	-1,096
Revaluation of properties no longer in the portfolio as of the balance sheet date	0	-2,970	-642	-3,612
Reclassifications	-72	0	0	-72
Reclassification from IFRS 5	0	0	38,860	38,860
Reclassification to IFRS 5	0	-3,280	0	-3,280
Balance on 31 December 2018	7,340	61,075	30,094	98,509

The following table shows a reconciliation from the various classes of investment properties to the total investment property reported on the consolidated balance sheet:

All amounts in TEUR	31 12 2018	31 12 2017
Office	894,430	805,370
Retail	115,110	110,760
Other	7,340	6,970
Total West	1,016,880	923,100
Office	1,358,120	1,387,449
Retail	1,196,901	1,190,463
Other	61,075	103,471
Total CEE	2,616,096	2,681,383
Office	32,409	32,384
Retail	198,089	91,402
Other	30,094	1,250
Total Other non-core Countries	260,592	125,036
Total (as per consolidated balance sheet)	3,893,568	3,729,519

Sensitivity analysis of revaluation results

The fair values determined by the property appraisals are heavily dependent on the input factors underlying the valuation. For example: a change in the assumed occupancy or future investment costs can have a direct effect on the fair value of the property and, in turn, on the revaluation results reported by IMMOFINANZ. Therefore, the derived fair values are directly related to the underlying assumptions and the calculation method. Even minor changes in the economic or property-specific assumptions used for valuation can have a significant influence on the Group's earnings.

The following two tables show the per cent change in the fair value of investment property as of 31 December 2018 that would result from changes in rental income and interest rates, respectively from changes in the vacancy rate:

Sensitivity of fair value as of 31 December 2018					Rental income
Interest rate ¹⁾	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -50 basis points	3.9%	7.0%	10.1%	13.3%	16.4%
Δ -25 basis points	-1.1%	1.8%	4.8%	7.8%	10.8%
Δ 0 basis points	-5.7%	-2.8%	0.0%	2.8%	5.7%
Δ +25 basis points	-9.8%	-7.1%	-4.4%	-1.7%	1.1%
Δ +50 basis points	-13.6%	-11.0%	-8.4%	-5.8%	-3.2%

¹⁾ Capitalisation rate

For example: if the interest rate fell by 25 basis points and rental income rose by 2.5%, the fair value of investment property would increase by 7.8%.

Sensitivity of fair value as of 31 December 2018					Rental income
Vacancy rate	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -5.0% points	-3.7%	-0.8%	2.0%	4.8%	7.7%
Δ -2.5% points	-4.4%	-1.5%	1.2%	4.1%	6.9%
Δ 0.0% points	-5.7%	-2.8%	0.0%	2.8%	5.7%
Δ +2.5% points	-7.4%	-4.8%	-2.0%	0.9%	3.7%
Δ +5.0% points	-9.3%	-6.6%	-4.0%	-1.1%	1.7%

For example: if the vacancy rate fell by 2.5% points and rental income rose by 2.5%, the fair value would increase by 4.1%.

The following two tables show the per cent change in the fair value of investment property as of 31 December 2017 that would result from changes in rental income and interest rates, respectively from changes in the vacancy rate:

Sensitivity of fair value as of 31 December 2017					Rental income
Interest rate ¹⁾	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -50 basis points	3.5%	6.6%	9.7%	12.7%	15.8%
Δ -25 basis points	-1.2%	1.7%	4.6%	7.5%	10.5%
Δ 0 basis points	-5.6%	-2.8%	0.0%	2.8%	5.6%
Δ +25 basis points	-9.6%	-6.9%	-4.2%	-1.5%	1.2%
Δ +50 basis points	-13.3%	-10.7%	-8.1%	-5.5%	-2.9%

¹⁾ Capitalisation rate

Sensitivity of fair value as of 31 December 2017					Rental income
Vacancy rate	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -5.0% points	-3.6%	-0.8%	2.0%	4.8%	7.6%
Δ -2.5% points	-4.6%	-1.8%	1.0%	3.9%	6.7%
Δ 0.0% points	-5.6%	-2.8%	0.0%	2.8%	5.6%
Δ +2.5% points	-7.6%	-4.8%	-2.0%	0.8%	3.7%
Δ +5.0% points	-9.5%	-6.7%	-3.9%	-1.1%	1.7%

The above data are based on the top 30 properties in the standing investment portfolio, excluding the properties classified as held for sale in accordance with IFRS 5. As of 31 December 2018, the investment property had a carrying amount of EUR 3,893.6 million (31 December 2017: EUR 3,729.5 million), and the carrying amount of the top 30 properties totalled EUR 2,170.7 million (31 December 2017: EUR 2,040.5 million) or 55.8% (31 December 2017: 54.7%) of the standing investment portfolio.

For the top 30 properties in the standing investment portfolio, the capitalisation rate used by the appraisers for valuation as of 31 December 2018 ranged from 3.65% to 8.5% (31 December 2017: 3.8% to 8.8%). The interest rates were highest in Romania during 2018 with a range of 7.5% to 8.5% and lowest in Germany with a range of 3.7% to 4.8%. The interest rates were highest during the previous financial year in Romania with a range of 7.5% to 8.8% and lowest in Austria with a range of 3.8% to 4.8%.

In addition to the previously discussed valuation-relevant parameters, changes in exchange rates also have an effect on profit or loss through revaluation results. Interest rate fluctuations no longer have a material effect on the valuation of the investment properties following the sale of the retail portfolio in Russia: the functional currency in all core countries is now the Euro and only a few non-core countries have a different functional currency. The sensitivity analysis for this input parameter was therefore discontinued.

4.1.4 CONCENTRATION RISK

Concentration risk is understood to mean the accumulation of similar risks that contradict the principle of risk diversification. IMMOFINANZ consciously reduces these risks through the sector and regional diversification of the property portfolio. In addition to this sector and regional diversification, IMMOFINANZ also works to achieve a diversified tenant structure so the loss of a tenant will not have a significant influence on the company. IMMOFINANZ has a well balanced and diversified tenant mix. No single tenant is responsible for more than 2.0% of total rental income (also see section 3.5.).

4.2 PROPERTY UNDER CONSTRUCTION

Property under construction covers properties under development as well as standing investments which were reclassified over time from standing investments to property under construction. IMMOFINANZ views refurbishment and renovation as the structural-technical restoration or modernisation of one or more floors, the communal areas or an entire property to eliminate damages and/or improve the overall standard. Above all, it involves maintaining the value of the building substance and/or modernising the property to improve its potential. This involves the facade as well as the building core (floors, rental areas, communal areas, plant rooms etc.). Renovation extends beyond normal maintenance and repairs and beyond a maintenance backlog. An important criterion for classification as renovation is the investment volume and a reduced occupancy level. A renovation case is considered to exist when the investment volume equals or exceeds 10% of the property's current fair value and the occupancy rate has fallen below 50%.

Borrowing costs directly attributable to the acquisition, construction or production of assets whose purchase or development requires a substantial period of time are generally capitalised as part of the acquisition or production cost. In accordance with IAS 23, the application of this accounting procedure is not mandatory if the acquired or developed assets are measured at fair value. IMMOFINANZ has elected to use the fair value model for the subsequent measurement of investment property (see section 1.2), and borrowing costs are therefore not capitalised on property accounted for according to IAS 40.

The development of property under construction is shown in the following table:

All amounts in TEUR	2018	2017
Beginning balance	404,064	379,036
Deconsolidations (see 2.3)	0	-19,083
Currency translation adjustments	32	262
Additions	128,618	159,466
Disposals	-916	-10,900
Revaluation	17,388	23,073
Reclassifications	-134,146	-130,230
Reclassification from IFRS 5	0	44,181
Reclassification to IFRS 5	-17,500	-41,741
Ending balance	397,540	404,064

The additions are related primarily to the FLOAT development project in Düsseldorf as well as investments in the Wienerberg location and STOP SHOP retail parks.

The reclassifications involve, above all, transfers of EUR 47.8 million (2017: EUR 56.9 million) from investment property to property under construction and transfers of EUR -182.5 million (2017: EUR -190.8 million) from property under construction to investment property.

The reclassifications to assets held for sale involve one office property in Bucharest.

The residual value method is generally used to value property under construction. Standing investments that were transferred to property under construction due to upcoming refurbishment or upgrading are valued with hardcore and top slice method until detailed redevelopment plans are available. As soon as these plans are available, valuation is based on the residual value method. Residual value is understood to represent the amount remaining after the deduction of all project development costs and the imputed project development profit (developer profit) from the property's estimated selling price after completion. The unrealised imputed project development profit declines with the progress on the project. The most important input factors for this valuation method are the future rental income from the project, the discount rate (these two parameters generally determine the estimated fair value on completion) and the outstanding project development costs. The capitalisation rates for IMMOFINANZ's development projects range from 3.6% to 11.2% (2017: 3.6% to 9.8%), while the project development profit ranges from 5.6% to 13.5% (2017: 4.7% to 10.8%). The estimated fair values of the projects on completion range from EUR 0.8 million to EUR 197.4 million (2017: EUR 6.4 million to EUR 198.1 million) and the estimated outstanding construction costs by property range from EUR 0.3 million to EUR 53 million (2017: EUR 1.6 million to EUR 54.3 million).

Of the total carrying amount of property under construction as of 31 December 2018, 60.3% (31 December 2017: 72.7%) is attributable to development projects in Germany.

Information on other valuation-relevant parameters and valuation uncertainty is provided in section 4.1.3.

4.3 INTANGIBLE ASSETS

4.3.1 COMPOSITION OF INTANGIBLE ASSETS

The carrying amounts of goodwill and other intangible assets are as follows:

All amounts in TEUR	31 12 2018	31 12 2017
Goodwill	24,507	24,848
Other intangible assets	419	208
Total	24,926	25,056

4.3.2 GOODWILL

The development of goodwill is shown in the following table:

All amounts in TEUR	2018	2017
Acquisition cost - beginning balance	1,101,638	1,018,676
Deconsolidations	-48,647	71,898
Currency translation adjustments	71	11,064
Acquisition cost - ending balance	1,053,062	1,101,638
Accumulated depreciation - beginning balance	-1,076,790	-992,963
Deconsolidations	48,312	-71,898
Currency translation adjustments	-77	-11,062
Impairment losses to continuing operations	0	-867
Accumulated depreciation - ending balance	-1,028,555	-1,076,790
Carrying amount as of the balance sheet date	24,507	24,848

Goodwill regularly results as a technical figure when the acquisition of a subsidiary represents a business combination as defined in IFRS 3 and does not result in another acquisition (see section 2.2.2) because of the obligation to recognise deferred taxes on the difference between the fair value and the tax base of the acquired real estate assets. This goodwill is tested for indications of impairment each year. Since it is normally assumed that net yields above the market level are not sustainable on real estate markets, IMMOFINANZ determines the recoverable amount based on fair value less costs to sell and not on the basis of the value in use.

The cash-generating units generally represent individual properties or property portfolios. Due to the extensive number of properties held by IMMOFINANZ, this presentation in each case is aggregated by segment.

The recoverable amount of the cash-generating units is based on the fair value of the included property (properties) as determined by an expert opinion and includes the deferred taxes that are not transferrable to a hypothetical buyer as well as costs to sell. If the hypothetical transaction underlying the determination of the recoverable amount is assumed to be structured in a way that does not change the tax base of the asset(s) – which is regularly the case with share deals – this factor would be implicitly included in the recoverable amount at zero. The experience from recent transactions has shown that the determination of the selling price through negotiations generally leads to an equal allocation of the deferred tax liabilities between the seller and the buyer. In cases where it cannot be anticipated with sufficient certainty that the sales in a regional real estate market will take place through share deals, it must be assumed that the full amount of the deferred tax liabilities will remain with the seller; in such cases, goodwill would be no longer considered recoverable.

The recoverable amount of the cash-generating unit is then compared with the carrying amount of the included property (properties) plus any goodwill and minus the deferred tax liabilities attributable to the respective property (properties). Deferred taxes are included in accordance with IAS 36 because these items are implicitly included in the determination of the recoverable amount.

Information on property valuation and the related estimation uncertainty is provided in sections 4.1.2 and 4.1.3. The selling costs for IMMOFINANZ are estimated at 0.5% to 2.0% of the respective property value and result primarily from brokerage services and legal advising.

The key valuation-relevant input parameters for properties that carry goodwill are summarised in the following table, classified by segment:

Segment		Lettable space in sqm	Market rent per sqm and month in EUR	Actual rent per sqm and month in EUR	Capitalisation rate in %	Vacancy rate in %
Poland	min	21,264	15.99	13.20	6.85	0.00
	max	21,264	15.99	13.20	6.85	0.00
	weighted average	21,264	15.99	13.20	6.85	0.00
	median	21,264	15.99	13.20	6.85	0.00
Czech Republic	min	4,250	7.70	7.64	5.90	0.00
	max	31,154	14.82	11.34	7.25	10.52
	weighted average	9,725	9.98	9.57	6.99	2.17
	median	5,863	9.02	9.27	7.25	0.00
Slovakia	min	4,433	8.45	9.28	7.50	0.00
	max	6,809	9.66	11.17	9.25	10.28
	weighted average	5,869	9.03	10.09	8.08	5.44
	median	6,366	8.97	9.82	7.50	6.03
Hungary	min	7,210	9.78	9.35	7.00	0.00
	max	38,674	14.29	10.48	7.75	16.95
	weighted average	19,809	12.03	9.77	7.40	5.78
	median	10,060	12.37	9.79	7.50	3.38
Romania	min	16,688	8.79	5.80	7.50	0.00
	max	62,983	19.76	17.19	8.60	15.16
	weighted average	30,955	14.97	11.97	7.97	4.20
	median	20,923	15.80	12.30	7.75	0.90
Other non-core countries	min	5,050	7.23	7.32	7.50	0.00
	max	15,995	11.81	8.84	7.75	9.25
	weighted average	11,125	9.27	7.89	7.65	3.39
	median	12,332	8.76	7.52	7.70	0.93

Impairment testing of the cash-generating units in IMMOFINANZ's continuing operations which carry goodwill did not indicate any need for the recognition of an impairment loss during 2018.

Impairment losses are reported on the consolidated income statement under "goodwill impairment". The impairment losses to goodwill resulted from decline in the value of the related properties or property portfolios and/or through an evidence-based change in deferred taxes. Impairment losses to goodwill are not deductible for tax purposes.

4.4 EQUITY-ACCOUNTED INVESTMENTS

4.4.1 INVESTMENTS IN JOINT VENTURES

IMMOFINANZ's most important joint venture as of 31 december 2018 is NP Investments a.s., which maintains its registered office in Prague. This joint venture is the owner of the *Na Příkopě* office property in the inner city of Prague and was acquired in full during the 2019 financial year (see section 7.6).

With regard to the investments in joint ventures, joint arrangements normally include limitations on the sale of the investment in the form of pre-emptive or purchase rights and tag-along sale rights or obligations. These types of limitations are found, among others, with the stake held in NP Investments a.s.

Mollardgasse 18 Projektentwicklungs GmbH and IMMOKRON Immobilienbetriebsgesellschaft m.b.H. were liquidated during 2018. In The net profit or loss from equity-accounted investments therefore includes disposal and liquidation results of TEUR 23.

The following table provides aggregated financial information on the joint ventures, including a reconciliation to the carrying amounts and shares of profit or loss reported in IMMOFINANZ's consolidated financial statements.

The other adjustments included in the transition from the proportional share of equity to the carrying amount reported by IMMOFINANZ are related primarily to coverage for negative carrying amounts. This coverage was achieved through the reduction of receivables which are considered net investments in the joint ventures according to IAS 28 because of their economic content. The other adjustments included in the transition from the proportional share of profit or loss for the period to the share of profit or loss reported by IMMOFINANZ involve impairment losses or the reversal of such losses to the net investment in the joint ventures.

All amounts in TEUR	NP Investments a.s. 31 12 2018	Other 31 12 2018	Total 31 12 2018
Non-current assets	110,700	2,196	112,896
Thereof investment property	106,480	1,690	108,170
Current assets	2,948	104	3,052
Thereof cash and cash equivalents	1,517	50	1,567
Non-current liabilities	103,357	8,658	112,015
Thereof non-current financial liabilities	64,521	0	64,521
Current liabilities	4,870	2,937	7,807
Thereof current financial liabilities	1,853	0	1,853
Equity	5,421	-9,295	-3,874
Equity interest of IMMOFINANZ in the investment	2,710	-6,435	-3,725
Other adjustments	0	6,435	6,435
Carrying amount as of 31 December 2018	2,710	0	2,710
Losses not recognised during the financial year	0	16	16
Cumulative losses not recognised as of 31 December 2018	0	-32	-32
	2018	2018	2018
Rental income	3,967	0	3,967
Expenses charged on and other revenue	536	0	536
Revenues	4,502	0	4,502
Net profit or loss for the period	10,427	-408	10,019
Thereof interest income	182	-33	149
Thereof interest expense	-3,848	-272	-4,120
Thereof income taxes	-3,062	162	-2,900
Thereof attributable to shareholders of the investment	10,427	-408	10,019
Share of net profit or loss attributable to IMMOFINANZ	2,739	64	2,803
Other adjustments	2,475	-348	2,127
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	5,214	-284	4,930
Other comprehensive income	-57	-198	-255
Thereof attributable to shareholders of the investment	-57	-198	-255
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	-29	-128	-157
Other adjustments	0	-128	-128
Total comprehensive income	10,370	-606	9,764
Thereof attributable to shareholders of the investment	10,370	-606	9,764
Share of IMMOFINANZ total comprehensive income for the period	5,185	-411	4,774
Other adjustments	-2,475	348	-2,127
Dividends received	0	0	0

	NP Investments a.s.	Other	Total
All amounts in TEUR	31 12 2017	31 12 2017	31 12 2017
Non-current assets	93,899	2,213	96,112
Thereof investment property	89,970	1,710	91,680
Current assets	1,837	561	2,398
Thereof cash and cash equivalents	676	499	1,175
Non-current liabilities	97,816	8,306	106,122
Thereof non-current financial liabilities	56,486	0	56,486
Current liabilities	2,870	3,157	6,027
Thereof current financial liabilities	1,557	0	1,557
Equity	-4,950	-8,689	-13,639
Equity interest of IMMOFINANZ in the investment	-2,475	-6,041	-8,516
Other adjustments	2,475	6,106	8,581
Carrying amount as of 31 December 2017	0	65	65
Losses not recognised during the financial year	0	-39	-39
Cumulative losses not recognised as of 31 December 2017	0	-48	-48
	2017	2017	2017
Rental income	3,528	126	3,654
Expenses charged on and other revenue	493	0	493
Revenues	4,021	126	4,147
Net profit or loss for the period	5,026	-725	4,301
Thereof interest income	97	1	98
Thereof interest expense	-3,700	-487	-4,187
Thereof income taxes	-1,200	142	-1,058
Thereof attributable to shareholders of the investment	5,026	-725	4,301
Share of net profit or loss attributable to IMMOFINANZ	149	-502	-353
Other adjustments	2,364	-110	2,254
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	2,513	-612	1,901
Other comprehensive income	-298	320	22
Thereof attributable to shareholders of the investment	-298	320	22
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	-149	193	44
Share of reclassification of foreign exchange effects to profit and loss attributable to IMMOFINANZ	0	-37	-37
Other adjustments	0	193	193
Total comprehensive income	4,728	-405	4,323
Thereof attributable to shareholders of the investment	4,728	-405	4,323
Share of IMMOFINANZ total comprehensive income for the period	2,364	-419	1,945
Other adjustments	-2,364	419	-1,945
Dividends received	0	-17,700	-17,700

4.4.2 INVESTMENTS IN ASSOCIATES

S IMMO AG (in short: S IMMO) was IMMOFINANZ's most important associate as of 31 December 2018. The shares of S IMMO are listed on the Vienna Stock Exchange. The contract for the purchase of 19,499,437 bearer shares of S IMMO was signed on 18 April 2018. The purchase price totalled EUR 390 million (EUR 20.00 per share), and the capitalisable transaction costs amounted to EUR 0.7 million. The closing took place on 21 September 2018. Given the brief period between the closing of the transaction and the end of the reporting period, 30 September 2018 was selected as the initial consolidation date for simplification reasons. IMMOFINANZ holds an investment of roughly 29.14% in the capital of S IMMO, which represents 15% of the voting rights based on the issuer's current articles of association. This share package gives IMMOFINANZ significant influence over S IMMO, and the investment is consequently accounted for at equity.

IAS 28.40 requires a company that applies the equity method, including the recognition of the associate's losses, to determine whether there are any objective indications of significant or lasting impairment to its net investment in the associate. Following the rejection by the S IMMO annual general meeting on 3 May 2018 of management's recommendation to cancel the voting an impairment test was performed as of 30 September 2018. This impairment test involved comparing the recoverable value of the share package based on the applicable fair value less selling costs.

The absence of Level 1 fair values for the share package (unit of account), which represents a comparable capital interest, required a discretionary decision concerning the valuation procedure. IFRS do not provide any explicit rules for determining the fair value of such valuation objects in accordance with IFRS 13. IMMOFINANZ's management decided to carry out these valuations as "close to market" as possible. The price on the Vienna Stock Exchange as of the respective balance sheet date, plus a package premium, therefore forms the basis for valuation. IFRS 13 permits the inclusion of premiums under the following conditions: when the premium reflects the economic characteristics of the valuation object; when hypothetical buyers would include the premium in determining a purchase price; and when the inclusion of a premium does not contradict the unit of account (in this case, the equity-accounted investment in S IMMO). In view of these circumstances, the determination of fair value (including the existing voting restriction) included an appropriate premium of 10.8% (EUR 1.86 per share, or EUR 36.2 million) over the share price for the size of the capital investment. The premium was derived from comparable transactions (the purchase of capital investments in European companies from 2009 to 2018) based on capital market data. Since the fair value was ultimately derived from observable and non-observable data, it is classified under level 3 in accordance with IFRS 13.

The recoverable amount determined by this method – which represents the fair value of EUR 371.6 million (EUR 19.1 per share) less selling costs of 1.75% – amounted to EUR 365.1 million as of 30 September 2018. IMMOFINANZ therefore recorded an impairment loss of EUR 25.1 million in results for the period.

As of 31 December 2018, there were no objective indications of significant or lasting impairment to the S IMMO investment.

On 2 July 2018 the IMMOFINANZ Supervisory Board approved the package sale of the CA Immo investment (25,690,163 bearer shares and four registered shares with restricted transferability), and this equity-accounted investment was therefore reclassified from non-current assets to assets held for sale at an amount of EUR 688.4 million as of 30 June 2018. The closing took place on 27 September 2018. The selling price, less transaction costs of EUR 2.6 million, totalled EUR 755.2 million. A book gain of EUR 66.1 million, including the reclassification of EUR 0.8 million in currency translation differences, was realised as of the closing date and is included under the net profit/loss from equity-accounted investments.

The following table provides aggregated financial information on the associates, including a reconciliation to the carrying amounts and shares of profit or loss reported in IMMOFINANZ's consolidated financial statements. The other adjustments included in the reconciliation from the proportional share of equity to the carrying amount reported by IMMOFINANZ are related primarily to coverage for negative carrying amounts through the reduction of receivables which are considered to be net investments in the investee according to IAS 28 because of their economic content. The other adjustments to the S IMMO investment are related to impairment losses and the carryforward of fair value adjustments identified in connection with the acquisition of the shares during the purchase price allocation. The other adjustments included in the reconciliation from the proportional share of profit or loss for the period to the share of profit or loss reported by IMMOFINANZ involve impairment losses or the reversal of such losses to the net investment in the investee. The other adjustments to net profit recorded by the CA Immo Group also include the carryforward of fair value

adjustments totalling EUR 0.6 million (2017: EUR -0.3 million) that were recognised in connection with the acquisition of the investment. The other adjustments to the net profit of S IMMO also include the carryforward of fair value adjustments totalling EUR 0.1 million that were identified during the acquisition of the investment. In the segment report, these fair value adjustments are included in the Austria segment.

	CA Immo Group ¹	S IMMO ²	Other	Total
All amounts in TEUR	31 12 2018	31 12 2018	31 12 2018	31 12 2018
Non-current assets	0	2,572,604	24,863	2,597,467
Thereof investment property	0	2,081,046	22,420	2,103,466
Current assets	0	147,530	8,847	156,377
Non-current liabilities	0	1,361,792	36,564	1,398,356
Current liabilities	0	246,769	8,256	255,025
Equity	0	1,111,573	-11,110	1,100,463
Thereof attributable to shareholders of the investment	0	1,108,853	-11,427	1,097,426
Equity interest of IMMOFINANZ in the investment	0	323,120	-4,319	318,801
Other adjustments	0	68,782	7,378	76,160
Carrying amount as of 31 December 2018	0	391,902	3,059	394,961
Losses not recognised during the financial year	0	0	60	60
Cumulative losses not recognised as of 31 December 2018	0	0	-2,350	-2,350
	2018	2018	2018	2018
Rental income	93,761	27,781	763	122,305
Expenses charged on and other revenue	29,346	25,087	28,740	83,173
Revenues	123,107	52,867	29,504	205,478
Net profit or loss for the period	89,579	124,444	4,114	218,137
Thereof attributable to non-controlling interests	2	395	0	397
Thereof attributable to shareholders of the investment	89,577	124,049	4,114	217,740
Share of net profit or loss attributable to IMMOFINANZ	23,437	36,148	1,952	61,537
Other adjustments	596	-24,993	1	-24,396
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	24,033	11,155	1,953	37,141
Other comprehensive income	-9,091	-34,046	0	-43,137
Thereof attributable to shareholders of the investment	-9,091	-34,046	0	-43,137
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	-2,510	-9,921	0	-12,431
Total comprehensive income	80,488	90,399	4,113	175,000
Thereof attributable to non-controlling interests	2	395	0	397
Thereof attributable to shareholders of the investment	80,486	90,004	4,113	174,603
Share of IMMOFINANZ total comprehensive income for the period	21,523	11,155	1,953	34,631
Dividends received	20,552	0	3,520	24,072

1 The financial data recorded for the CA Immo Group is based on the CA Immo Group's consolidated financial statements as of 31 December 2018. The income statement data cover the period from 1 January 2018 to 27 September 2018.

2 The financial data recorded for the S Immo Group is based on the S Immo Group's consolidated financial statements as of 31 December 2018. The financial information on the income statement covers the period from 1 October 2018 to 31 December 2018.

	CA Immo Group	Other	Total
All amounts in TEUR	31 12 2017	31 12 2017	31 12 2017
Non-current assets	4,047,393	34,735	4,082,128
Thereof investment property	3,155,677	19,924	3,175,601
Current assets	721,259	15,399	736,658
Thereof real estate inventory	79,317	0	79,317
Non-current liabilities	2,067,555	45,662	2,113,217
Current liabilities	302,588	12,165	314,753
Equity	2,398,509	-7,693	2,390,816
Thereof attributable to non-controlling interests	51	0	51
Thereof attributable to shareholders of the investment	2,398,458	-7,693	2,390,765
Equity interest of IMMOFINANZ in the investment	623,599	-2,815	620,784
Other adjustments	58,408	6,727	65,135
Carrying amount as of 31 December 2017	682,007	3,912	685,919
Losses not recognised during the financial year	0	-245	-245
Cumulative losses not recognised as of 31 December 2017	0	-2,609	-2,609
	2017	2017	2017
Rental income	180,281	925	181,206
Expenses charged on and other revenue	51,263	22,962	74,225
Revenues	231,544	23,887	255,431
Net profit or loss for the period	234,859	204	235,063
Thereof attributable to non-controlling interests	5	0	5
Thereof attributable to shareholders of the investment	234,854	204	235,058
Share of net profit or loss attributable to IMMOFINANZ	61,820	911	62,731
Other adjustments	91,550	-1	91,549
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	153,370	910	154,280
Other comprehensive income	23,782	0	23,782
Thereof attributable to shareholders of the investment	23,782	0	23,782
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	5,440	0	5,440
Total comprehensive income	258,641	204	258,845
Thereof attributable to non-controlling interests	5	0	5
Thereof attributable to shareholders of the investment	258,636	204	258,840
Share of IMMOFINANZ total comprehensive income for the period	158,810	910	159,720
Dividends received	-16,699	-1,666	-18,365

4.5 TRADE AND OTHER RECEIVABLES

IMMOFINANZ carried trade receivables and other financial receivables at amortised cost. Recognisable individual risks are reflected in appropriate valuation adjustments. Non-financial receivables, e.g. claims against administrative authorities for the reimbursement of input VAT, are also carried at amortised cost after the deduction of any necessary write-downs.

The following table shows the composition and remaining terms of trade and other receivables.

All amounts in TEUR	31 12 2018	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Rents receivable	22,823	22,823	0	0	18,515	18,493	22	0
Miscellaneous	33,709	33,709	0	0	37,166	36,643	523	0
Total trade accounts receivable	56,532	56,532	0	0	55,681	55,136	545	0
Receivables due from associates	4,550	4,269	0	281	3,371	3,109	0	262
Receivables due from joint ventures	29,604	717	28,837	50	30,184	893	29,172	119
Receivables due from equity-accounted investments	34,154	4,986	28,837	331	33,555	4,002	29,172	381
Receivables due from subsidiaries	9	9	0	0	0	0	0	0
Restricted funds	129,054	100,041	28,979	34	154,806	97,642	57,164	0
Financing	14,424	3,561	921	9,942	12,650	892	299	11,459
Property management	2,033	1,944	53	36	1,651	1,592	19	40
Outstanding purchase price receivables - sale of properties	3,130	3,130	0	0	10,043	10,043	0	0
Outstanding purchase price receivables - sale of shares in other companies	14,605	1,167	13,438	0	39,924	27,824	12,100	0
Miscellaneous	13,862	8,248	5,383	231	17,798	10,210	7,357	231
Total other financial receivables	177,108	118,091	48,774	10,243	236,872	148,203	76,939	11,730
Tax authorities	34,949	34,949	0	0	39,029	39,029	0	0
Other contractual assets	2,876	2,876	0	0	0	0	0	0
Total other non-financial receivables	37,825	37,825	0	0	39,029	39,029	0	0
Total	305,628	217,443	77,611	10,574	365,137	246,370	106,656	12,111

Restricted funds consists primarily of prepayments on apartment sales which were pledged to banks and bank balances pledged as collateral for property financing.

The outstanding purchase price receivables from the sale of shares consists primarily of the purchase price receivable from the sale of the retail portfolio Moscow which was deferred to 2022 (see section 2.4) and was recognised as of 31 December 2018 at a present value of EUR 10.5 million. This position also includes a long-term purchase price receivable of EUR 1.7 million from the sale of REVIVA Am Spitz Liegenschafts GmbH.

The other contractual assets of EUR 2.9 million resulted from the initial application of IFRS 15 as of 1 January 2018. A summary of the effects of IFRS 15 is provided in section 1.4.

The default risk associated with receivables due from tenants is generally low because credit standings are monitored on a regular basis and the tenant is generally required to provide a deposit of one to five months' rent or an appropriate bank guarantee when the contract is signed. Individual valuation adjustments are recognised for receivables that carry an increased risk of default. Consequently, all uncollectible receivables had been written off and all doubtful receivables had been impaired as of the balance sheet date. These valuation adjustments are included in the results of asset management and are not reported on a separate line on the income statement, as required by IAS 1.82, because the related amounts are not considered material.

As in the previous financial year, valuation adjustments were recognised to trade accounts receivable in 2018. Valuation adjustments (and revaluations) were also recorded to financing receivables, receivables from joint ventures and other receivables. Therefore, the expected recoverability of these receivables is reflected on the balance sheet.

The valuation adjustments to trade and other receivables totalled EUR -1.9 million in 2018 (2017: EUR -2.5 million). Detailed information on the change in impairment and default risk is provided in section 7.2.2.

4.6 OTHER FINANCIAL ASSETS

Other non-current financial instruments comprise shares in real estate funds, derivatives and miscellaneous securities as shown below:

All amounts in TEUR	31 12 2018	31 12 2017
Other securities	6,445	24,875
Real estate fund shares	5,025	4,934
Derivative financial instruments	499	2,206
Total	11,969	32,015

The other securities include investments in companies which are carried at fair value through profit or loss. The shares in BUWOG AG which were included under this position at EUR 19.8 million as of 31 December 2017, were used in part to service the conversion of the convertible bond 2011-2018; the remaining shares were sold during the first quarter of 2018.

The real estate fund shares are also carried at fair value through profit or loss.

Derivatives are accounted for as standalone financial instruments and are used to reduce the risks associated with interest rate fluctuations. Derivative transactions are only concluded with financial institutions that have first-rate credit standings. Derivatives are carried at fair value through profit or loss as of the balance sheet date. Hedge accounting in the sense of IFRS 9 is not applied by the full consolidated companies in the IMMOFINANZ Group.

Information on the development of the other financial assets is provided in section 7.

4.7 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities as of 31 December 2018 resulted from the following temporary accounting and valuation differences between the carrying amounts according to IFRS in IMMOFINANZ's consolidated financial statements and the respective tax bases:

All amounts in TEUR	31 12 2018		31 12 2017	
	Assets	Liabilities	Assets	Liabilities
Investment property	542	284,044	2,905	277,723
Other financial assets and miscellaneous assets	16,139	18,166	9,570	206,207
Total	16,681	302,210	12,475	483,930
Other liabilities and provisions	6,356	6,876	6,027	9,717
Financial liabilities	1,403	6,727	587	8,083
Total	7,759	13,603	6,614	17,800
Tax loss carryforwards	636,356	0	902,704	0
Real differences from the elimination of intra-Group liabilities	0	625,016	0	739,884
Deferred tax assets and deferred tax liabilities	660,796	940,829	921,793	1,241,614
Offset of deferred tax assets and deferred tax liabilities due to the same taxation authority	-602,099	-602,099	-916,502	-916,502
Net deferred tax assets and deferred tax liabilities	58,697	338,730	5,291	325,112

Deferred taxes are calculated for temporary differences that lead to taxable or deductible amounts for the determination of taxable profit in future financial years. These temporary differences are calculated by comparing the carrying amounts of the assets and liabilities in the consolidated financial statements with the respective tax bases at the subsidiary level. Deferred taxes are recognised when the existing differences are expected to reverse in the future. With regard to the differences arising from the fair value measurement of investment property (see section 4.1), it is generally assumed that the temporary differences will reverse when the property is sold.

Deferred taxes are not recognised for temporary differences arising from the initial recognition of goodwill or the initial recognition of an asset or a liability from a transaction which does not represent a business combination as defined in IFRS 3 and which does not influence pre-tax earnings or taxable income on the transaction date. This applies, above all, to the acquisition of property companies that are not classified as business combinations in the sense of IFRS 3 (see section 2.2.2).

Deferred tax liabilities are not recognised for temporary differences resulting from shares in subsidiaries, joint ventures or associates (outside-basis differences) in cases where their reversal can be controlled by IMMOFINANZ and is not probable in the foreseeable future. For this reason, deferred tax liabilities were not recognised for temporary differences of EUR 1,418.9 million (31 December 2017: EUR 1,026.8 million).

Deferred tax assets are recognised on tax loss carryforwards when it is probable that sufficient taxable income will be available to utilise these tax loss carryforwards in the future. Deferred tax assets are also recorded in cases where sufficient deferred tax liabilities relating to the same tax subject and taxation authority were recognised and are assumed to reverse at the same time as the deferred tax assets on the loss carryforwards.

Deferred tax assets of EUR 54 million were recognised for a German subsidiary as of 31 December 2018. This reflects the first time this company can be expected, with sufficient certainty, to utilise loss carryforwards through the generation of taxable profit in the future.

The recognition of deferred tax assets, in general, and deferred taxes on unused tax loss carryforwards and deductible temporary partial depreciation charges on investments ("Siebentelabschreibung"), in particular, is based on expectations by IMMOFINANZ's management concerning the availability of sufficient taxable profits in the future. These expectations reflect the previous history of tax losses, limits on the utilisation of tax losses, membership in a tax group and the possible expiration of tax loss carryforwards in some countries. Accounting decisions over the recognition or recoverability of deferred taxes are based, on the one hand, on the latest data from tax planning over a five-year forecast period and, on the other hand, on assumptions for the timing of the reversal of deferred tax liabilities and the availability of tax planning opportunities to utilise previously unused tax losses in Austria and other countries.

The recoverability of deferred tax assets by Group companies that recorded losses in 2018 and 2017 (EUR 2.4 million; 2017: EUR 3.0 million) is dependent on the generation of future taxable profits that are higher than the earnings effect from the reversal of the existing taxable temporary differences.

Deferred tax assets were not recognised for loss carryforwards of EUR 1.699,4 million (31.12.2017: EUR 2,156.7 million). A number of these items have an indefinite term, while others will expire within the next 5-10 years. Any limits on the use of loss carryforwards were taken into account. Deferred tax assets were not recognised for deductible temporary partial depreciation charges on investments ("Siebentelabschreibung") of EUR 485.6 million (31 December 2017: EUR 306.8 million).

The calculation of deferred taxes is based on the tax rate that is expected to apply when the temporary differences are presumed to reverse. The applicable tax rate for IMMOFINANZ AG and all Austrian Group companies is 25%. The applicable local tax rate is used for foreign Group companies.

The tax rates used to value deferred taxes in the core countries of IMMOFINANZ are as follows:

Country	Applicable tax rate 31 12 2018	Applicable tax rate 31 12 2017
Germany ¹	15.83%-32.45%	15.83%-32.45%
Austria	25.00%	25.00%
Poland	15.00%/19.00%	15.00%/19.00%
Romania	16.00%	16.00%
Russia ²	20.00%	20.00%
Slovakia	21.00%	21.00%
Czech Republic	19.00%	19.00%
Hungary	9.00%	9.00%
Non-core countries	10.00%-35.00%	10.00%-35.00%

¹ The tax rate can vary and is dependent on the company's headquarters and trade tax liability.

² Discontinued operation

4.8 ASSETS AND SPECIFIC LIABILITIES HELD FOR SALE

IFRS 5 requires non-current assets and groups of assets (disposal groups) to be classified as held for sale if they can be sold in their present condition and if appropriate documentation shows a highly probable intention by management to sell the assets within 12 months. A documented intention by IMMOFINANZ's management to sell an asset is reflected in a resolution by the Executive Board as well as the Supervisory Board, for transactions requiring an approval of this corporate body.

Non-current assets and groups of assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell. The following items, among others, are excluded from the IFRS 5 valuation requirements: investment properties that are measured at fair value, financial assets and deferred tax assets. These non-current assets must be presented separately according to IFRS 5. A separate provision is generally recorded when an impairment loss must be recognised to a disposal group or expected selling costs must be deducted from fair value and these adjustments cannot be allocated to assets covered by the valuation rules in IFRS 5.

The intention to sell investment properties or groups of assets that include such properties (e.g. based on change-of-control clauses) can be expected to result in the premature repayment of financial liabilities. Any expected decisions concerning premature repayment represent changes in estimates for cash flows from financial liabilities and lead to an adjustment of the carrying amount through profit or loss. Financial liabilities attributable to a disposal group are reported under "Liabilities held for sale"; in all other cases, they are reclassified to current financial liabilities.

Details on the assets and liabilities classified as held for sale are provided below:

All amounts in TEUR	Friesen-/ Gerling- Quartier	Other	Carrying amount as of 31 12 2018	Carrying amount as of 31 12 2017
Investment property	0	30,916	30,916	132,623
Property under construction	3,266	17,500	20,766	124,462
Real estate inventories	5,026	0	5,026	6,250
Other tangible assets	0	0	0	27
Intangible assets	0	0	0	3
Deferred tax assets	0	0	0	50
Trade and other receivables	0	202	202	355
Cash and cash equivalents	0	252	252	1,378
Assets held for sale	8,292	48,870	57,162	265,148
Reclassifiable reserves	0	682	682	677
Trade and other payables	0	366	366	720
Provisions	0	14	14	1,941
Deferred tax liabilities	0	1,181	1,181	0
Liabilities held for sale	0	1,561	1,561	2,661

Of the assets and liabilities classified as held for sale as of 31 December 2017, three retail properties, 12 office properties and three properties in the other asset class were sold during 2018. A further sale in 2018 involved the Russian service company, together with a related subsidiary, which was part of the discontinued operation "retail portfolio Moscow". This transaction closed on 8 February 2018 and marked the final step in the sale of the retail portfolio Moscow.

Management has abandoned its plans to sell two of the Turkish land reserves which were classified as held for sale as of 31 December 2017 due to the ongoing rezoning process and, consequently, reclassified these assets to investment property (see section 4.1.1). The intention to sell three other Turkish land reserves is principally supported by management, but the classification as held for sale was not retained as of 31 December 2018 because the sale of this land within the next financial year cannot be considered economically feasible due to macroeconomic factors in Turkey. These land reserves were therefore also reclassified to investment property.

The properties in the disposal group *Gerling Quartier*, with the exception of two office buildings, were sold during 2018. Following the closing for the sale of an unused office property on Hohenzollernring in Cologne, only the two above properties were classified as held for sale in the core market of Germany at year-end 2018. Foreign exchange-adjusted revaluations of EUR 2.1 million were recognised to standing investments and real estate inventories in 2018.

The Romanian and Polish properties in the other and office asset classes which were initially classified as held for sale in 2018 were, with the exception of one Polish property, also sold in 2018. The following properties were reclassified as held for sale during the fourth quarter of 2018: two Romanian properties in the other asset class and an office property that is to be sold through an asset deal. In addition, the company plans to sell one Austrian retail company through a share deal.

With regard to the sales not yet realised, management stands by its intention to sell these properties.

All of the above sales, respectively divestment resolutions by the Executive Board and Supervisory Board are intended to align the portfolio with IMMOFINANZ's strategic focus.

4.9 REAL ESTATE INVENTORIES

The properties held for sale by IMMOFINANZ during the course of ordinary business operations do not fall under the scope of application of IAS 40, but are treated as inventories in accordance with IAS 2. As a rule, these inventories represent residential properties.

Inventories of residential properties are valued according to the moving average price method. Disposals are calculated on the basis of square meters and, after the recognition of additions, measured at the average price applicable to the respective quarter. A provision is recognised for any outstanding construction work required after the transfer of a property, which increases the production costs of the sold inventories as well as the book value disposals. The net selling prices used for valuation as of the balance sheet date are normally based on current list prices less outstanding project development costs and flat-rate marketing costs; to a lesser extent, they are measured at the appraised fair value as of the balance sheet date for simplification purposes. Estimation uncertainty in the determination of the net selling price, e.g. concerning the outstanding project development costs, could lead to negative margins on the sale of the inventories (in spite of previous loss-free measurement) if construction cost overruns occur at a later date.

All amounts in TEUR	31 12 2018	31 12 2017
Inventories carried at net realisable value less costs to sell	46,753	59,986
Inventories carried at acquisition or production cost	179	1,235
Total	46,932	61,221

Write-downs totalling EUR -11.9 million were recognised to real estate inventories in 2018 (2017: EUR -45.6 million). They are attributable primarily to costs for construction, the correction of defects and project management following the decision to sell the *Gerling Quartier* (see section 4.8).

Borrowing costs directly attributable to the acquisition, construction or production of assets whose purchase or development requires a longer period of time are capitalised as part of acquisition or production cost. The borrowing costs for real estate inventories under development are capitalised on the basis of actual interest expense. For financing provided by the Group, the average borrowing costs are capitalised. The average borrowing costs for IMMOFINANZ according with IAS 23 equalled approximately 2.14% in 2018 (2017: approx. 3.6%). Borrowing costs of EUR 1.6 million were capitalised for real estate inventories under development during the reporting year (2017: EUR 2.9 million).

4.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, funds in transit and deposits with financial institutions with a term of up to three months. These items are carried at the value applicable on the balance sheet date. Restricted funds are included under other receivables.

The balance sheet shows cash and cash equivalents of EUR 631.8 million as of 31 December 2018 (31 December 2017: EUR 477.9 million). In addition, other financial receivables include various bank deposits whose use is restricted (see section 4.5).

4.11 EQUITY

In connection with the initial application of IFRS 15 and IFRS 9, EUR -1.1 million from the revaluation reserve recognised under other comprehensive income (formerly AFS reserve) were reclassified to retained earnings and EUR 6.3 million were transferred to retained earnings without recognition through profit or loss (see section 1.4).

In the first quarter of 2018, 4,678,921 new shares were issued from conditional capital to service the conversion of the convertible bond 2011–2018. This led to an increase of EUR 4.7 million in share capital and EUR 3.7 million in appropriated reserves.

The 25th annual general meeting of IMMOFINANZ AG on 11 May 2018 approved the new classification of share capital following a reverse stock split at a ratio of 10 : 1 (ten existing shares will be combined into a single share). The reverse stock split took effect when it was recorded in the company register on 23 June 2018. The 10 : 1 reverse stock split reduced the number of shares from the previous level of 1,112,085,269 to 112,085,269.

The 25th annual general meeting on 11 May 2018 also approved a capital increase from internal funds (through the conversion of appropriated capital reserves into share capital) of EUR 750 million and a subsequent reduction of EUR 1,758.8 million in share capital (for inclusion in the unappropriated capital reserve and to re-establish the proportional amount of share capital at EUR 1.00 per share).

Share capital totalled EUR 112 million as of 31 December 2018 (31 December 2017: EUR 1,116.2 million). It is divided into 112,085,269 (31 December 2017: 1,116,173,778) zero par value shares, each of which represents a stake of EUR 1.00 in share capital. All shares are fully paid in.

The number of shares developed as follows:

Number of shares	2018	2017
Balance at the beginning of the financial year	1,116,173,778	975,955,651
Issue of shares (for conversion of the convertible bonds 2011-2018 and 2007-2017)	4,678,921	127,180,870
Reverse stock split	-1,008,767,430	0
Issue of new shares in connection with the settlement to terminate the legal proceedings for the review of the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG	0	13,037,257
Balance at the end of the financial year	112,085,269	1,116,173,778

The Executive Board and Supervisory Board announced the start of a buyback programme for up to 15 million IMMOFINANZ shares (before the reverse stock split) on 8 March 2018. This decision was based on an authorisation of the 24th annual general meeting on 1 June 2017 in accordance with § 65 (1) No. 8 of the Austrian Stock Corporation Act. The maximum volume of 15 million shares was reached on 15 June 2018, and the share buyback programme was therefore terminated. The amount of the repurchase totalled EUR 31.6 million, and the weighted average cost per share equalled EUR 2.105. The related transaction costs of TEUR 19 were recorded under capital reserves. The 10 : 1 reverse stock split at the end of June reduced the 15 million treasury shares held by IMMOFINANZ to 1.5 million shares.

On 2 July 2018, the Executive Board and Supervisory Board of IMMOFINANZ AG approved the use of an authorisation by 25th annual general meeting on 11 May 2018 to carry out a share buyback programme (share buyback programme 2018/19) in accordance with § 65 (1) No. 8 of the Austrian Stock Corporation Act. The authorisation covers up to 10% of the company's share capital. The share buyback programme 2018/2019 has a volume up to 9.7 million IMMOFINANZ shares, which represent 8.66% of the current share capital. The share buyback started on 16 July 2018 and, by 31 December 2018, 3.4 million IMMOFINANZ shares had been repurchased for a total price of EUR 74.8 million. The related transaction costs amounted to TEUR 45 and are included under capital reserves.

IMMOFINANZ held 4,942,001 treasury shares as of 31 December 2018 (31 December 2017: zero shares).

The annual general meeting on 11 May 2018 authorised the Executive Board in accordance with § 169 of the Austrian Stock Corporation Act to increase the company's share capital, with the consent of the Supervisory Board, by up to EUR 50,000,000.00 through the issue of up to 50,000,000 new shares in exchange for cash or contributions in kind. This authorisation is valid up to 19 June 2023. It has not been used to date and is therefore still available in full.

The Executive Board is not aware of any agreements between shareholders that restrict voting rights or the transfer of shares. All shares are bearer shares and entitle the holders to participate in the annual general meeting and to exercise their voting rights. Each bearer share is entitled to one vote.

The 25th annual general meeting on 11 May 2018 approved the payment of a EUR 0.07 dividend per share for the 2017 financial year. Based on this resolution, a total of EUR 77.9 million was distributed to shareholders on 17 May 2018. The Executive Board of IMMOFINANZ AG plans to recommend the payment of an ordinary dividend of EUR 0.85 per share for the 2018 financial year to the annual general meeting on 22 May 2019.

Of the total other comprehensive income, EUR -50.5 million (2017: EUR 501.2 million) is attributable to IMMOFINANZ shareholders and EUR -3.4 million (2017: EUR -3.8 million) to non-controlling interests. The other comprehensive income attributable to IMMOFINANZ shareholders resulted primarily from the reclassification of currency translation differences to profit or loss following the sale of several Ukrainian and Czech companies belonging to the IMMOFINANZ Group. The other comprehensive income attributable to non-controlling interests resulted entirely from currency translation differences.

The sale of the CA IMMO investment resulted in the reclassification to retained earnings of the related non-reclassifiable valuation reserve of EUR 1.7 million which was recorded under other comprehensive income. The amount reported under this reserve as of 31 December 2018 resulted solely from the equity-accounted S IMMO shares.

4.12 LIABILITIES FROM CONVERTIBLE BONDS

IMMOFINANZ had convertible bonds with a total nominal value of EUR 297.2 million outstanding as of 31 December 2018 (31 December 2017: EUR 330.0 million). The underlying bond liability and the related interest coupons are measured at amortised cost based on the effective interest rate method.

All amounts in TEUR	31 12 2018	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Convertible bond 2011-2018	0	0	0	0	33,151	33,151	0	0
Convertible bond 2017-2024	284,638	5,944	278,694	0	280,066	2,606	277,460	0
Total	284,638	5,944	278,694	0	313,217	35,757	277,460	0

Convertible bond 2011–2018

Holders of the convertible bond 2011–2018 converted bond certificates with a nominal value of EUR 15.5 million during the first quarter of 2018. These conversions led to the issue of 4,678,921 IMMOFINANZ shares (see section 4.11) from conditional capital and the transfer of 252,938 BUWOG shares. The remainder of EUR 17.3 million was repaid as of the maturity date on 8 March 2018.

The value of the standalone derivative from the convertible bond 2011–2018, which was recorded under other liabilities (see section 4.14), was derecognised through financial results as of 8 March 2018 at an amount of EUR 1.3 million (see section 5.9).

Convertible bond 2017–2024

IMMOFINANZ issued a convertible bond on 24 January 2017 through an accelerate bookbuilding process with institutional investors. The bond has a nominal value of EUR 297.2 million, an interest rate of 2.0% and a term ending on 24 January 2024. Following the receipt of an investment grade rating of BBB- from S&P Global Rating on 22 January 2019 (see section 7.6), the coupon will be reduced by 0.5% to 1.5% in accordance with the issue terms beginning with the next interest rate period (as of 24 January 2019). The convertible bond 2017–2024 includes a (non-separable) put option at the nominal value plus accrued interest as of 24 January 2022, which also determines the instrument's maturity at the present time.

The cash dividend of EUR 0.07 per share (see section 4.11) which was approved by the annual general meeting on 11 May 2018 led to the adjustment of the conversion price for the convertible bond 2017–2024 to EUR 2.22 per share. The conversion price was further adjusted on 23 June 2018 to reflect the reverse stock split (see section 4.11) and equalled EUR 22.2 per share as of 30 September 2018. The conversion right can be exercised up to 10 January 2024.

4.13 FINANCIAL LIABILITIES

The following table shows the composition and classification of financial liabilities by remaining term as of 31 December 2018:

All amounts in TEUR	31 12 2018	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Amounts due to financial institutions	2,140,731	338,168	1,686,550	116,013	2,305,028	532,330	1,533,028	239,670
Thereof secured by collateral	2,140,625	338,062	1,686,550	116,013	2,304,691	531,993	1,533,028	239,670
Thereof not secured by collateral	106	106	0	0	337	337	0	0
Other financial liabilities	153	153	0	0	1,390	400	0	990
Total	2,140,884	338,321	1,686,550	116,013	2,306,418	532,730	1,533,028	240,660

The conditions of the major financial liabilities are as follows:

31 12 2018		Interest rate		Nominal value of remaining liability		Carrying amount
	Currency	fixed/variable	Weighted average interest rate	Issue currency in 1,000	TEUR	TEUR
Amounts due to financial institutions	EUR	fixed	1.30%	151,613	151,613	
	EUR	variable	1.79%	1,996,097	1,996,097	
Total amounts due to financial institutions					2,147,710	2,140,731
Other financial liabilities						153
Total						2,140,884

31 12 2017		Interest rate		Nominal value of remaining liability		Carrying amount
	Currency	fixed/variable	Weighted average interest rate	Issue currency in 1,000	TEUR	TEUR
Amounts due to financial institutions	EUR	fixed	1.25%	163,269	163,269	
	EUR	variable	1.99%	2,146,335	2,146,335	
Total amounts due to financial institutions					2,309,604	2,305,028
Other financial liabilities						1,390
Total						2,306,418

None of the covenants connected with the bank financing was breached in 2018.

4.14 TRADE PAYABLES AND OTHER LIABILITIES

All amounts in TEUR	31 12 2018	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Trade payables	101,928	99,512	2,358	58	114,591	111,689	2,897	5
Derivative financial instruments (liabilities)	13,015	263	12,752	0	10,929	3,588	7,152	189
Property management	6,957	6,957	0	0	2,913	2,913	0	0
Amounts due to non-controlling interests	3,966	0	262	3,704	6,777	0	262	6,515
Amounts due to associated companies	271	271	0	0	319	298	0	21
Amounts due to joint ventures	334	6	21	307	386	58	21	307
Deposits and guarantees received	24,687	4,868	14,034	5,785	25,586	5,972	13,687	5,927
Prepayments received on property sales	1,317	1,307	10	0	24,691	24,014	677	0
Construction and refurbishment	2,895	2,895	0	0	4,552	4,510	42	0
Outstanding purchase prices (share deals)	49	2	47	0	373	326	47	0
Outstanding purchase prices (acquisition of properties)	0	0	0	0	2,846	1,850	996	0
Miscellaneous	11,112	10,135	971	6	9,969	8,935	1,026	8
Total other financial liabilities	64,603	26,704	28,097	9,802	89,341	52,464	23,910	12,967
Tax authorities	10,017	10,017	0	0	14,695	14,695	0	0
Rental and lease prepayments received	22,448	21,864	518	66	24,006	23,112	894	0
Miscellaneous	29	26	3	0	23	16	7	0
Total non-financial liabilities	32,494	31,907	521	66	38,724	37,823	901	0
Total	199,025	158,123	30,976	9,926	242,656	201,976	27,708	12,972

Due to the application of IFRS 15 as of 1 January 2018, the prepayments received and reported as of 31 December 2018 are EUR 15.4 million lower than they would have been without the initial application of this standard. A summarised presentation of the effects of IFRS 15 is provided in section 1.4.

4.15 PROVISIONS

Provisions are recognised at the present value of the expected settlement amount. The provision is based on the best estimate at the time the consolidated financial statements are prepared. The best estimate of the amount required to meet the present obligation is the amount the company would rationally pay to settle the obligation at the balance sheet date or to transfer the obligation to a third party at that time. The risks and uncertainties that inevitably surround many events and circumstances must be taken into account in determining the best estimate. Valuation is therefore based in part on expert opinions and, above all, on past experience, probabilities for the outcome of legal disputes or proceedings under tax law, future cost trends, assumptions over interest rates, etc.

In cases where some or all of the costs required to settle an obligation are expected to be reimbursed by another party, the reimbursement may only be recognised when it is virtually certain that this reimbursement will be received if the company settles the obligation. This reimbursement must be treated as a separate asset. The amount recognised for the reimbursement may not exceed the amount of the provision.

The provisions developed as follows in 2018:

All amounts in TEUR	2018
Balance at the beginning of the financial year	58,853
Deconsolidations (see 2.3 and 2.4)	-218
Foreign exchange differences	-11
Additions	28,079
Disposals	-10,278
Use	-21,182
Reclassifications	1,126
Balance at the end of the financial year	56,369
Thereof current	38,433
Thereof non-current	17,936

This position comprises provisions of EUR 21.9 million (2017: EUR 23.8 million) for legal proceedings, EUR 6.8 million (2017: EUR 12.3 million) for work outstanding after the transfer of apartments in the *Gerling-Quartier* and other provisions. The other provisions consist primarily of provisions for tax risks (above all VAT and property tax), contractual obligations and obligations to employees (e.g. for bonuses and unused vacation).

Restitution proceedings are currently in progress over land on which a Romanian subsidiary constructed a shopping center and over another parcel of land in Romania. These proceedings (de facto) restrict the rights of disposal. Activities are currently in progress to settle these restitution proceedings.

Detailed information on the provisions for legal proceedings is not provided in accordance with IAS 37 because it could, under certain circumstances, seriously prejudice IMMOFINANZ's position.

5. Notes to the Consolidated Income Statement

5.1 RESULTS OF ASSET MANAGEMENT

5.1.1 RENTAL INCOME

The following table shows the classification of rental income by asset class:

All amounts in TEUR	2018	2017
Office	104,154	113,295
Retail	111,574	103,489
Other	21,177	17,710
Total	236,905	234,494

All leases in which IMMOFINANZ serves as the lessor are classified as operating leases, and all leased property is therefore carried on IMMOFINANZ's balance sheet. The resulting rental income is distributed on a straight-line basis over the term of the lease. The term of the lease includes the non-cancellable contract periods as well as option periods when the exercise of the extension option is sufficiently certain at the beginning of the lease. Incentives granted for the conclusion or extension of leases (e.g. rent-free periods, reduced rents for a certain period, graduated rents that increase at fixed rates over the lease term, fit outs for individual tenants or the assumption of relocation costs) are included in the determination of the fair value of investment property and recognised as an adjustment to rental income on a straight-line basis over the term of the lease. Contractually agreed inflation-based rental price adjustments are recognised when the adjustments take effect and not on a straight-line basis over the term of the lease. Contingent rental income (generally turnover-based rents) are only recognised when they are realised. The contingent rental income totalled EUR 12.1 million (2017: EUR 9.3 million) and is included in the rental income from the retail asset class. Compensation payments received from tenants for the premature cancellation of leases are recognised to rental income as incurred.

When renegotiation, additions or amendments lead to a material change in the cash flows realisable over the remaining term of a rental agreement, the previous accruals from incentive agreements – with the exception of fit-outs that will be reused – are derecognised as a reduction of rental income. If there is no material change in the rental agreement, the previously accrued incentives remain unchanged and are recognised on a straight-line basis. The general rules for the recognition of rental income on the initial conclusion of a rental agreement also apply when there is a substantial change in the rental agreement.

The rental income from the contracts in effect as of 31 December 2018 is as follows:

All amounts in TEUR	2018	2017
Within 1 year	218,862	246,960
Between 1 and 5 years	508,875	642,329
Over 5 years	359,325	423,701
Total	1,087,062	1,312,990

The agreed rental income from existing leases includes future index-based adjustments. Future rental income was adjusted to exclude the contracts related to disposal groups or the discontinued operations as of the balance sheet date. Special cancellation rights or additional rental income from turnover-based rents were not included. An average term of 15 years was applied to open-end rental contracts.

5.1.2 OPERATING COSTS CHARGED TO TENANTS AND OPERATING EXPENSES

The results of asset management include the net presentation of the income from operating costs charged to tenants and operating expenses. These items are shown separately under the results of asset management on the income statement to achieve a transparent presentation. The income from operating costs charged to tenants represents revenue in the sense of IFRS 15 (Revenue from Contracts with Customers), which is recognised over time. Operating costs are generally charged on a monthly basis and do not include any material financing components. The segment report provides information on the allocation of revenue from operating costs charged to tenants to the individual IMMOFINANZ regional core markets (see section 3.6).

The income from operating costs charged to tenants totalled EUR 90.8 million in 2018 (2017: EUR 83.5 million) and exceeded operating expenses. This was due, in particular, to the fact that the income in certain countries (e.g. in Hungary, Slovakia and Poland) also includes contractually agreed flat-rate administrative costs or mark-ups to operating costs that are also collected from tenants.

Operating expenses include operating costs that are charged to tenants totalling EUR -87.2 million (2017: EUR -78.6 million) as well as expenses of EUR -8.5 million (2017: EUR -12.1 million) for vacancies. The operating costs charged to tenants also contain personnel expenses (see section 5.6) of EUR 0.5 million (2017: EUR 0.6 million) for properties managed by IMMOFINANZ.

5.1.3 OTHER REVENUES

Other revenues consist primarily of revenues from advertising space and telecommunications equipment that is positioned on IMMOFINANZ properties.

5.1.4 EXPENSES FROM INVESTMENT PROPERTY

All amounts in TEUR	2018	2017
Commission expenses	-1,374	-1,074
Maintenance	-23,990	-28,858
Operating costs charged to building owners	-12,596	-13,024
Property marketing	-6,295	-6,329
Personnel expenses from asset management (see 5.6)	-5,113	-6,337
Other expenses from asset management	-4,039	-6,347
Rental and lease payments	-2,048	-2,714
Fit-out costs	-2,544	-9,889
Write-off of receivables from asset management	-2,742	-2,175
Other expenses	-3,247	-6,150
Total	-63,988	-82,897

In previous years, the position “vacancies” covered the operating costs for vacant properties that must be carried by IMMOFINANZ as the owner. These costs are now reported under operating expenses, and the comparable prior year data was adjusted accordingly. The reclassifications totalled EUR 8.5 million in 2018 (2017: EUR 12.1 million). The operating costs charged to building owners include the portion of operating costs not charged to tenants.

Maintenance costs are attributable to the implementation of the “myhive” office concept, rebranding measures for the VIVO! shopping center brand and regular building maintenance.

Expenses of EUR 2.6 million were recognised for lease and rental payments in connection with operating leases during 2018 (2017: EUR 3.3 million). The minimum lease payments for the operating leases in effect as of 31 December 2018 are as follows:

All amounts in TEUR	31 12 2018	Due within 1 year	Due in 1 to 5 years	Due in over 5 years
Minimum lease payments for land	192,400	3,281	12,568	176,551
Minimum lease payments for buildings	527	234	293	0
Minimum lease payments for movable assets	1,008	365	556	87
Total	193,935	3,880	13,417	176,638

All amounts in TEUR	31 12 2017	Due within 1 year	Due in 1 to 5 years	Due in over 5 years
Minimum lease payments for land	174,966	3,114	11,647	160,205
Minimum lease payments for buildings	793	268	525	0
Minimum lease payments for movable assets	499	256	240	3
Total	176,258	3,638	12,412	160,208

The operating leases primarily represent leases for land. The average term of these leases equals 66.3 years (2017: 66.1 years). The contracts generally include clauses that provide for indexing or an adjustment of the lease fee in line with the development of land prices. As a rule, the leases do not include a purchase option.

5.2 RESULTS OF PROPERTY SALES

All amounts in TEUR	2018	2017
Office	193,685	91,771
Retail	8,894	62,079
Other	37,303	56,614
Proceeds from property sales	239,882	210,464
Less carrying amount of sold properties	-239,373	-210,464
Net gain/loss from property sales	509	0
Gains/losses from deconsolidation (see 2.3)	33,214	32,946
Sales commissions	-1,029	461
Personnel expenses from property sales (see 5.6)	-1,044	-1,388
Legal, auditing and consulting fees from property sales	-828	-779
VAT adjustments from the sale of properties	-427	77
Other expenses	-4,762	-535
Expenses from property sales	-8,090	-2,164
Revaluation results from properties sold and held for sale (see 5.7)	1,568	-4,797
Total	27,201	25,985

Results from the sale of properties show the income from asset deals. This income represents the fair value of the property on the transaction date and is therefore generally contrasted by book value disposals of the same amount. The differences between the proceeds on sale and the carrying amounts on the last balance sheet date are recorded under the revaluation of properties sold and held for sale. The differences between the sale proceeds and book value disposals in 2018 resulted from the receipt of purchase price payments for sales made in earlier financial years. The proceeds from the sale of properties are not part of IMMOFINANZ's ordinary business activities and, consequently, do not represent revenues in the sense of IFRS 15 (Revenue from Contracts with Customers).

Expenses from property sales include all personnel and operating expenses directly related to the sale process for a property or property company.

5.3 RESULTS OF PROPERTY DEVELOPMENT

All amounts in TEUR	2018	2017
Proceeds from the sale of real estate inventories	6,621	30,852
Cost of real estate inventories sold	-6,663	-26,045
Marketing for real estate inventories	0	-2
Brokerage fees for real estate inventories	-24	-383
Other costs to sell for real estate inventories	-1,110	-3,248
Write-down related reversals of real estate inventories	21	1,009
Write-down of real estate inventories	-11,957	-46,614
Income and expenses related to written-off purchase price receivables from the sale of real estate inventories	-350	0
Impending losses from the forward sale of real estate inventories	1,509	-589
Operating costs charged to building owners-inventories	-630	-6,353
Other expenses from real estate inventories	-4,633	0
Expenses from real estate inventories	-17,174	-56,180
Expenses from property development	-4,397	-5,824
Revaluation results from properties under construction (see 5.7)	17,281	28,395
Total	-4,332	-28,802

The sale of real estate inventories is reported under income from property development. Following the mandatory application of IFRS 15 as of 1 January 2018, revenue is no longer recognised at a point in time (i.e. with the transfer of economic ownership), but over time when the performance provided leads to an asset with no alternative use for IMMOFINANZ and IMMOFINANZ has an enforceable right to payment for the performance transferred to date. This is regularly the case with residential properties which are sold during the planning or construction stage. In cases where an advance payment is made, a proportional share of profit is recognised according to the percentage of completion if the carrying amount of the involved property exceeds the agreed net realisable value less transaction costs. Revenue from the sale of properties with an alternative use or without an enforceable right to payment is still recognised at a point in time (i.e. with the transfer of economic ownership); this point in time is generally the date on which the property is transferred because it marks the transfer of opportunities and risks as well as economic control.

Due to the initial application of IFRS 15 as of 1 January 2018, proceeds from the sale of real estate inventories were EUR 13.6 million lower than they would have been without the application of this standard. Since the involved residential development projects were reported at their net realisable value less transaction costs as of 31 December 2017, the production costs of the sold inventories were also EUR 13.6 million lower due to the initial application of IFRS 15. A summary of the effects of IFRS 15 is provided in section 1.4.

The following table classifies the proceeds from the sale of real estate inventories in 2018 according to the timing of revenue recognition.

All amounts in TEUR	Q3 2018	Q4 2018
Revenue recognised at a point in time	5,393	5,393
Revenue recognised over time	2,172	1,227
Income from derecognised liabilities	7,565	6,620

The segment report (see section 3.6) shows the allocation of the EUR 6.6 million in proceeds from the sale of real estate inventories to IMMOFINANZ's regional core markets.

The results of property development also include charges of EUR 2.4 million (2017: EUR 3.6 million) for personnel costs.

5.4 OTHER OPERATING INCOME

Other operating income comprises the following items:

All amounts in TEUR	2018	2017
Expenses charged on	454	878
Insurance compensation	256	298
Income from derecognised liabilities	2,635	2,415
Reimbursement for penalties	208	40
Miscellaneous	2,587	5,069
Total	6,140	8,700

Most of the miscellaneous other operating income in 2018 was related to settlement claims from previous legal disputes in Romania.

5.5 OTHER OPERATING EXPENSES

Other operating expenses include the following items:

All amounts in TEUR	2018	2017
Administrative expenses	-310	-745
Legal, auditing and consulting fees	-9,256	-11,596
Penalties	-2,403	-93
Levies	432	-1,775
Advertising	-2,972	-2,248
Expenses charged on	-19	-252
Rental and lease expenses	-580	-590
EDP and communications	-4,249	-3,589
Expert opinions	-708	-552
Personnel expenses (see 5.6)	-25,102	-21,794
Addition to/reversal of provision for onerous contracts	732	37
Other write-downs	-695	-817
Miscellaneous	-4,819	-5,151
Total	-49,949	-49,165

A positive effect from taxes and duties resulted from the release of provisions for VAT risks in Romanian companies which were no longer required in 2018.

5.6 PERSONNEL EXPENSES

Personnel expenses for IMMOFINANZ's employees include the following:

All amounts in TEUR	2018	2017
Wages	0	-277
Salaries	-26,795	-29,609
Employee benefits	-7,379	-10,094
Total	-34,174	-39,980

Employee benefits include EUR 0.1 million (2017: EUR 0.1 million) for pensions, EUR 1.0 million (2017: EUR 1.5 million) for severance payments and contributions to employee benefit funds and EUR 5.8 million (2017: EUR 6.1 million) for statutory social security contributions as well as payroll-based duties and mandatory contributions.

Personnel expenses were allocated to the following sections of the consolidated income statement as follows:

All amounts in TEUR	2018	2017
Results of asset management	5,595	6,969
Results of property sales	1,044	1,388
Results of property development	2,433	3,581
Other operating expenses	25,102	21,794
Total continuing operations	34,174	33,732
Discontinued operations retailportfolio Moscow	0	6,248
Personnel expenses	34,174	39,980

The functional operating areas include only the directly allocated personnel expenses. In cases where direct allocation is not possible, the personnel expenses are included under other operating expenses.

The following table shows the average workforce employed by the IMMOFINANZ Group companies:

	2018	2017
Salaried employees	345	382
Wage employees	0	7
Total continuing operations	345	389
Salaried employees	0	81
Wage employees	0	0
Total discontinued operations	0	81
Total	345	470

In order to improve comparability with the amounts reported for personnel expenses, the average number of employees excludes employees on official leave. The average number of employees in the previous year was adjusted accordingly.

5.7 REVALUATION RESULTS FROM INVESTMENT PROPERTY AND GOODWILL

The results from the revaluation of investment properties and goodwill comprise valuation results of EUR 6.0 million (2017: EUR 4.1 million) and subsequent purchase price adjustments of EUR -0.1 million (2017: 0.0). The comparable prior year amount included an impairment loss of EUR -0.9 million to goodwill.

The following table shows the revaluation gains and losses on investment property:

All amounts in TEUR	2018			2017		
	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total
Investment property	68,393	-62,338	6,055	80,251	-75,318	4,933
Property under construction	28,263	-10,982	17,281	42,524	-14,129	28,395
Properties sold and held for sale	13,596	-12,028	1,568	27,074	-31,871	-4,797
Total	110,252	-85,348	24,904	149,849	-121,318	28,531

Details on property under construction are provided in section 5.3, and details on property sold and held for sale can be found in section 5.2.

5.8 SHARE OF PROFIT OR LOSS FROM EQUITY-ACCOUNTED INVESTMENTS

All amounts in TEUR	Joint ventures	Associates	Total 2018
Share of profit or loss for the period	2,803	61,537	64,340
Other adjustments	2,127	-24,396	-22,269
Reclassification of foreign exchange differences to profit or loss	0	-776	-776
Gains/losses on the sale of equity-accounted investments	23	66,843	66,866
Total	4,953	103,208	108,161

All amounts in TEUR	Joint ventures	Associates	Total 2017
Share of profit or loss for the period	-353	62,731	62,378
Other adjustments	2,254	91,549	93,803
Reclassification of foreign exchange differences to profit or loss	37	0	37
Gains/losses on the sale of equity-accounted investments	-115	43,918	43,803
Total	1,823	198,198	200,021

The share of profit or loss from equity-accounted investments in 2018 includes the proportional share of results for the period as well as the EUR 66.1 million gain on the sale of the CA Immo investment and an impairment loss of EUR 25.1 million to the S IMMO shares.

Gains and losses on the sale of equity-accounted investments in 2017 included EUR 18.0 million (see section 4.4.2) from the sale of BUWOG shares through an accelerated bookbuilding process as well as EUR 25.9 million (see section 4.4.2) from the change in valuation to fair value measurement in accordance with IAS 39 following the loss of significant influence over the BUWOG Group and the related termination of equity accounting. The other adjustments in 2017 include a reversal of EUR 91.9 million to an impairment loss recorded to the investment in the CA Immo Group (see section 4.4.2).

Aggregated financial information on the joint ventures and associates is presented in section 4.4.

5.9 FINANCIAL RESULTS

All amounts in TEUR	2018	2017
For financial liabilities AC	-58,948	-83,743
For derivative financial instruments	-9,426	-11,109
Total financing costs	-68,374	-94,852
For financial receivables AC	7,800	4,160
For derivative financial instruments	141	40
Total financing income	7,941	4,200
Foreign exchange differences	95	-8,448
Profit or loss on other financial instruments and proceeds on the disposal of financial instruments	51	-35,880
Valuation of financial instruments at fair value through profit or loss ¹	-3,845	22,525
Distributions	498	1,496
Valuation adjustments and impairment of receivables	748	-285
Other financial results	-2,548	-12,144
Net profit or loss from equity-accounted investments (see 5.8)	108,161	200,021
Total	45,275	88,777

1 The initial application of IFRS 9 led to the following change in presentation: this position now includes the valuation of all financial instruments carried at fair value, in contrast to the previous year which only included the financial instruments assigned to the valuation category "fair value option under IAS 39". The prior year data were adjusted to reclassify the valuation effects of derivative financial instruments from "profit or loss on other financial instruments and disposal of financial instruments" to "valuation of financial instruments at fair value through profit or loss". AC: financial assets/liabilities measured at amortised cost

AC: financial assets/liabilities measured at amortised cost

Financing income includes EUR 0.9 million (2017: EUR 2.4 million) of interest income from impaired financial assets.

The measurement of financial instruments at fair value through profit or loss comprises the following:

All amounts in TEUR	2018	2017
Revaluation results from real estate fund shares	2,105	2,922
Valuation results from derivative financial instruments	-6,226	8,317
Valuation results from shares in companies	276	11,286
Total	-3,845	22,525

Of the total revaluation results from derivative financial instruments, EUR 0.7 million (2017: EUR -2.3 million) are related to the standalone derivative from the convertible bond 2011–2018 and EUR -6.9 million (2017: EUR 10.6 million) to other derivatives (interest rate swaps).

The results from the valuation of financial instruments at fair value through profit or loss in 2017 consist primarily of expenses for the incentivised conversion of the convertible bond 2011–2018.

Information on the net gains and losses from financial instruments is provided in section 7.1.2.

5.10 INCOME TAXES

This position includes income taxes paid or owed by Group companies as well as deferred taxes. Interest and penalties from tax proceedings are also included here. An overview of deferred tax assets and deferred tax liabilities is presented in section 4.7.

All amounts in TEUR	2018	2017
Current income tax	-23,635	-11,882
Thereof from current period	-22,185	-6,962
Thereof from prior periods	-1,450	-4,920
Deferred tax	37,630	-7,511
Thereof from current period	-32,398	-24,214
Thereof from changes in tax rates	-548	82
Thereof from deductible temporary differences previously not recognised and loss carryforwards from previous financial years	85,954	22,282
Thereof from the revaluation of investment property	-12,434	-2,565
Thereof impairment losses (resp. reversals of previous impairment losses) to deferred tax assets	-2,944	-3,096
Total	13,995	-19,393

The difference between calculated income tax expenses and the actual income tax expenses shown on the income statement is attributable to the following factors:

All amounts in TEUR	2018		2017	
Earnings before tax	204,337		200,406	
Income tax expense at 25% tax rate	-51,084	25.0%	-50,102	25.0%
Effect of different tax rates	21,477	-10.5%	47,492	-23.7%
Effect of changes in tax rates	-549	0.3%	83	0.0%
Impairment losses to goodwill/negative differences recognised in profit or loss	0	0.0%	-164	0.1%
Loss carryforwards and deferred tax assets not recognised	-3,355	1.6%	-77,776	38.8%
Non-deductible income and expenses	5,184	-2.5%	-10,561	5.3%
Write-downs and write-ups to deferred taxes	82,997	-40.6%	24,268	-12.1%
Effects related to other periods	6,658	-3.3%	-4,784	2.4%
Effects of deferred taxes on investments in subsidiaries, joint ventures and associates	-46,793	22.9%	15,998	-8.0%
Other non temporary differences	-540	0.3%	36,153	-18.0%
Effective tax rate	13,995	-6.8%	-19,393	9.7%

The impact of the different tax rates on the effective tax rate for the Group results from the difference between the Austrian corporate tax rate of 25% and the respective local tax rates (see section 4.7).

The non-deductible income and expenses consist mainly of non-deductible interest expense, tax-free income from investments and non-deductible foreign exchange losses.

In the 2004/05 financial year, the major Austrian companies joined together into a corporate group in the sense of § 9 of the Austrian Corporate Tax Act. IMMOFINANZ AG serves as the lead company of this group. The company and the members of the tax group concluded an agreement for the settlement of taxes, which was amended in 2011/12. In accordance with the amended agreement, each member with positive results must pay a tax charge to this lead company. The charge equals 25% of the assessment base and is based on the tax rate defined in § 22 (1) of the Austrian Corporate Tax Act. Any losses by the group members are registered and can be offset in full against taxable profit recorded by the respective member in subsequent years. Group members with registered tax losses are not required to make payments to the lead company; no payments for (negative) charges are made by the lead company to the group members. A routine tax audit of the Austrian tax group for the 2012 to 2014 assessment period is currently in progress and covers, through sampling, individual members as well as the head of the group.

Another corporate group was established in 2009/10 pursuant to § 9 of the Austrian Corporate Tax Act. CPB Enterprise GmbH serves as the lead company of this group. Based on the group and tax assessment agreement concluded on 22 December 2009, the taxable income generated by the members of this group is allocated to CPB Enterprise GmbH, as the lead company of the group, after an offset against any pre-group losses. The group contract also calls for a tax charge as settlement for the transfer of taxable income. The tax charge procedure for this tax group is the same as the new tax charge agreement implemented for the IMMOFINANZ AG corporate group; it took effect starting in the 2011/12 financial year.

5.11 EARNINGS PER SHARE

In accordance with IAS 33, earnings per share are calculated by the dividing net profit for the period attributable to the shareholders of IMMOFINANZ AG by the weighted average number of shares outstanding.

	2018	2017
Weighted average number of shares (basic)	110,243,185	105,183,761
Diluting effect IMMOFINANZ convertible bond 2011-2018	1,704,001	0
Diluting effect IMMOFINANZ convertible bond 2017-2024	12,957,230	0
Weighted average number of shares (diluted)	124,904,416	105,183,761
Net profit or loss (excl. non-controlling interests) in EUR	217,261,000.00	-534,613,000.00
Diluting effect IMMOFINANZ convertible bond 2011-2018	253,000.00	0.00
Diluting effect IMMOFINANZ convertible bond 2017-2024	7,887,000.00	0.00
Net profit or loss excl. non-controlling interests in EUR (diluted)	225,401,000.00	-534,613,000.00
Basic earnings per share in EUR	1.97	-5.08
Diluted earnings per share in EUR	1.80	-5.08

Diluting effects in 2018 were created by the potential common shares from the issue of the convertible bond 2011–2018 and the convertible bond 2018-2024. These diluting effects are only included in the calculation when they reduce earnings per share or increase the loss per share. The calculation of diluted earnings per share in 2017 did not include any dilution because the effects of the convertible bonds did not increase the loss per share. The calculation of the number of shares as of 31 December 2018 included the 4,942,001 treasury shares held by IMMOFINANZ (31 December 2017: zero treasury shares). The new division of share capital following the 10 : 1 reverse stock split was included retroactively in calculating the number of shares for 2017.

6. Notes to the Consolidated Cash Flow Statement

The cash flow statement of IMMOFINANZ shows the changes in cash and cash equivalents resulting from the inflow and outflow of funds during the financial year. The cash flow statement distinguishes between cash flows from operating activities, investing activities and financing activities. Interest paid is reported under cash flow from financing activities, while interest and dividends received are reported under cash flow from investing activities. Cash flow from operating activities is calculated using the indirect method. Cash and cash equivalents comprise the following as of the balance sheet dates shown below:

All amounts in TEUR	31 12 2018	31 12 2017
Cash and cash equivalents (see 4.10)	631,754	477,889
Cash and cash equivalents held by disposal groups (see 4.8)	252	1,378
Cash and cash equivalents	632,006	479,267

Foreign currency cash flows are translated at the weighted average exchange rate for the respective local currency and quarter. Translation differences arising from the use of this exchange rate and the mean exchange rate on the balance sheet date are charged or credited to net foreign exchange differences.

The consolidated cash flow statement for 2018 and 2017 also includes the cash flows attributable to discontinued operations (see section 2.4).

The consideration received from the sale of discontinued operations and subsidiaries, less cash and cash equivalents, as reported on the cash flow statement includes the following components:

All amounts in TEUR	2018	2017
Net cash flow from the sale of the retail portfolio Moscow in 2017 (see 2.4)	-15	70,145
Net cash flow from the sale of the retail portfolio Moscow in 2017	2,601	0
Net cash flow from the sale of the logistics portfolio in the previous year	5,150	8,638
Consideration received from the sale of discontinued operations	7,736	78,783
Net cash flow from sales in the financial year (see 2.3)	53,865	27,754
Net cash flow from the sale in the previous financial year	23,486	1,638
Consideration received from the sale of subsidiaries in continuing operations, less cash and cash equivalents	77,351	29,392
Total	85,087	108,175

The following table reconciles financial liabilities, derivatives and equity, including cash flow from financing activities, as of 1 January 2018 and 31 December 2018:

Financial liabilities

All amounts in TEUR	Liabilities from convertible bonds	Amounts due to financial institutions	Other financial liabilities
Balance sheet as of 31 12 2017	313,217	2,305,028	1,390
Effects of the initial application of IFRS 9			
Effects of the initial application of IFRS 15			
Balance sheet as of 1 1 2018	313,217	2,305,028	1,390
Changes in cash flow from financing activities			
Increase in financial liabilities	0	790,242	31
Proceeds from the issue of convertible bonds less transaction costs			
Repayment of financial liabilities		-937,770	-279
Redemption of convertible bonds	-17,286		
Transaction costs from the issue of shares (settlement of the legal proceedings over the review of the exchange ratio)			
Incentivised conversion of convertible bonds plus transaction costs			
Derivatives			
Interest paid	-6,311	-46,426	
Distributions			
Transactions with non-controlling interest owners			
Share buyback			
Total change in cash flow from financing activities	-23,597	-193,954	-248
Changes from the loss of control over subsidiaries		-4,862	-29,472
Changes from the loss of control over the retail portfolio Moscow			
Effects of changes in exchange rates		50	
Changes in fair value			
Other changes in financial liabilities	-4,982	34,469	28,483
Other changes in equity			
Balance sheet as of 31 12 2018	284,638	2,140,731	153

Derivatives		Equity						
	Derivative assets	Derivative liabilities	Share capital/capital reserves	Treasury shares	Accumulated other equity	Retained earnings	Non-controlling interests	Total
	-2,206	10,929	4,568,498	0	-129,961	-1,617,016	-13,478	5,436,401
					-1,096	2,723		1,627
						4,633		4,633
	-2,206	10,929	4,568,498	0	-131,057	-1,609,660	-13,478	5,442,661
								790,273
								0
								-938,049
								-17,286
								0
								0
		-11,215						-11,215
								-52,737
						-77,928		-77,928
						-2,094	244	-1,850
			-64	-106,414				-106,478
		-11,215	-64	-106,414		-80,022	244	-415,270
					-31,798		-653	-66,785
					-2			-2
					-7,065		-2,900	-9,915
	1,707	5,229						6,936
	0	8,072						66,042
			8,910	0	-13,402	219,010	194	214,712
	-499	13,015	4,577,344	-106,414	-183,324	-1,470,672	-16,593	5,238,379

7. Other Disclosures

7.1 INFORMATION ON FINANCIAL INSTRUMENTS

Primary financial instruments reported under assets consist primarily of trade accounts receivable, financing receivables, loans and other receivables, real estate fund shares, miscellaneous other financial instruments and cash and cash equivalents. Primary financial instruments recorded under liabilities consist primarily of financial liabilities, liabilities arising from convertible bonds and trade accounts payable. The non-derivative financial instruments recorded under assets are carried at fair value through profit or loss (real estate fund shares and shares in other companies) or at amortised cost. The fully consolidated companies in the IMMOFINANZ Group do not carry any financial instruments at fair value through other comprehensive income at the present time. Non-derivative financial liabilities are carried at amortised cost. Fair value is based on market prices or calculated in accordance with recognised valuation methods.

Derivative financial instruments are used to hedge the interest rate risk from business operations (see section 7.2.5).

Financial instruments can consist of a non-derivative underlying agreement and a derivative financial instrument. If the underlying agreement in which the derivative is embedded involves a financial asset, the derivative is not separated, but recognised together with the underlying agreement as a single unit. If the underlying agreement involves a financial liability, the embedded derivative is accounted for separately unless it can be considered closely connected with the underlying agreement. Hybrid financial instruments which include both equity and debt elements are separated into their respective components.

7.1.1 CLASSES AND CATEGORIES OF FINANCIAL INSTRUMENTS

IFRS 7 requires the breakdown of financial instruments by classes as well as the reconciliation of these classes with the line items shown on the balance sheet. Since the reporting company is entitled to define these classes, they generally differ from the categories defined by IAS 39 for the measurement of financial instruments.

The definition of the reportable classes reflects the different characteristics of the major financial instruments held by IMMOFINANZ. Accordingly, similar financial instruments are grouped together to form a separate class. The classes are also defined to facilitate reconciliation with the line items shown on the balance sheet. These factors led to the definition of the following classes: trade accounts receivable, financing receivables, loans and other receivables (including restricted funds), real estate fund shares, derivative financial assets, current securities, miscellaneous other financial instruments and cash and cash equivalents (asset classes) as well as liabilities arising from convertible bonds, bonds, liabilities with financial institutions, other financial liabilities, trade accounts payable, derivative financial liabilities and miscellaneous other liabilities (liability classes).

In addition to the assignment of financial instruments to classes, IFRS 7 calls for the disclosure of the carrying amount of financial assets and financial liabilities in accordance with the categories defined in IFRS 9. The following table presents the carrying amount and fair value of each class of financial assets and financial liabilities as well as each IFRS 9 category, and reconciles these amounts to the appropriate balance sheet line item. Since the balance sheet positions trade and other receivables and trade and other liabilities can contain financial instruments as well as non-financial assets/liabilities (e.g. tax receivables), the column "Non-FI" allows for a full reconciliation with the balance sheet line items.

Assets	FVPL				Carrying amount	Fair value
All amounts in TEUR	mandatory	AC	Cash and cash equivalents	Non-FI	31 12 2018	31 12 2018
Trade accounts receivable	0	56,532	0	0	56,532	56,532
Financing receivables	0	48,578	0	0	48,578	48,578
Loans and other receivables	0	162,693	0	37,825	200,518	200,518
Trade and other receivables	0	267,803	0	37,825	305,628	305,628
Real estate fund shares	5,025	0	0	0	5,025	5,025
Derivatives	499	0	0	0	499	499
Miscellaneous other financial instruments	6,445	0	0	0	6,445	6,445
Other financial assets	11,969	0	0	0	11,969	11,969
Cash and cash equivalents	0	0	631,754	0	631,754	631,754
Total assets	11,969	267,803	631,754	37,825	949,351	949,351

Equity and liabilities	FVPL				Carrying amount	Fair value
All amounts in TEUR	mandatory	AC		Non-FI	31 12 2018	31 12 2018
Liabilities from convertible bonds	0	284,638		0	284,638	297,751
Amounts due to financial institutions	0	2,140,731		0	2,140,731	2,143,117
Other financial liabilities	0	153		0	153	153
Financial liabilities	0	2,140,884		0	2,140,884	2,143,270
Trade payables	0	101,928		0	101,928	101,928
Derivatives	13,015	0		0	13,015	13,015
Miscellaneous other liabilities	0	51,588		32,494	84,082	84,082
Trade and other payables	13,015	153,516		32,494	199,025	199,025
Total equity and liabilities	13,015	2,579,038		32,494	2,624,547	2,640,046

FVPL: financial assets/liabilities at fair value through profit or loss

AC: financial assets/liabilities at amortised cost

Non-FI: non-financial assets/liabilities

Assets		FA@FV/P&L					Carrying amount	Fair value
All amounts in TEUR	AFS	Fair value option	HFT	L&R/at Cost	Cash and cash equivalents	Non-FI	31 12 2017	31 12 2017
Trade accounts receivable	0	0	0	55,681	0	0	55,681	55,681
Financing receivables	0	0	0	46,205	0	0	46,205	46,205
Loans and other receivables	0	0	0	224,222	0	39,029	263,251	263,251
Trade and other receivables	0	0	0	326,108	0	39,029	365,137	365,137
Real estate fund shares	206	4,728	0	0	0	0	4,934	4,934
Derivatives	0	0	2,206	0	0	0	2,206	2,206
Miscellaneous other financial instruments	0	19,820	0	5,055	0	0	24,875	24,875
Other financial assets	206	24,548	2,206	5,055	0	0	32,015	32,015
Cash and cash equivalents	0	0	0	0	477,889	0	477,889	477,889
Total assets	206	24,548	2,206	331,163	477,889	39,029	875,041	875,041

Equity and liabilities		FL@FV/P&L					Carrying amount	Fair value
All amounts in TEUR		Fair value option	HFT	FLAC	Non-FI		31 12 2017	31 12 2017
Liabilities from convertible bonds		0	0	313,217	0		313,217	320,450
Amounts due to financial institutions		0	0	2,305,028	0		2,305,028	2,292,264
Other financial liabilities		0	0	1,390	0		1,390	1,390
Financial liabilities		0	0	2,306,418	0		2,306,418	2,293,654
Trade payables		0	0	114,591	0		114,591	114,591
Derivatives		0	10,929	0	0		10,929	10,929
Miscellaneous other liabilities		0	0	78,412	38,724		117,136	117,136
Trade and other payables		0	10,929	193,003	38,724		242,656	242,656
Total equity and liabilities		0	10,929	2,812,638	38,724		2,862,291	2,856,760

AFS: available for sale

FA@FV/P&L: financial assets at fair value through profit or loss

FL@FV/P&L: financial liabilities at fair value through profit or loss

FLAC: financial liabilities measured at amortised cost

HFT: held for trading

L&R: loans and receivables at amortised cost, miscellaneous other financial instruments at cost

Non-FI: non-financial assets/liabilities

The fair values shown in the above table were derived from stock exchange prices or determined by applying recognised valuation methods, depending on the class (see section 7.1.3).

Trade account receivables are generally considered to be current or are carried net of any necessary valuation adjustments and, for this reason, fair value generally reflects the carrying amount. The same applies to cash and cash equivalents.

The fair value of financial receivables, loans and other receivables as well as the fair value of the miscellaneous other financial instruments also generally approximates the carrying amount because impairment losses have already been deducted.

The fair value shown in the above table for liabilities from convertible bonds and amounts due to financial institutions was calculated as the present value of future interest and principal payments. The discount rate includes a margin for IMMOFINANZ's own credit risk (debt value adjustment), and the valuation method used to determine fair value therefore represents Level 3 in the fair value hierarchy under IFRS 13. Information on the method used to determine the debt value adjustment is provided in section 7.1.3. The fair value of the corporate bond up to the redemption date on 3 July 2017 was based on the market price and therefore represents Level 1 in the fair value hierarchy under IFRS 13. The discount rates used to calculate the present value of the amounts due to financial institutions were based on the listing shown below, which reflects the

market interest rates as of 31 December 2018 and the weighted average credit spreads for the loans in the continuing operations as of the balance sheet date.

Discount rates as of	2018 EUR
1.1.2019	1.728%
1.1.2020	1.918%
1.1.2021	1.848%
1.1.2022	1.979%
1.1.2023	2.119%
1.1.2024	2.263%
1.1.2025	2.397%
1.1.2026	2.523%
1.1.2027	2.639%
1.1.2028	2.742%
1.1.2029	2.839%
1.1.2030	2.920%
1.1.2031	3.109%

The fair value of the miscellaneous other liabilities approximates the carrying amount.

The following table shows the carrying amounts of the held-for-sale financial instruments classified by the IFRS 9 valuation categories. These financial instruments represent receivables and liabilities carried at amortised cost:

	31 12 2018 Carrying amount	31 12 2017 Carrying amount
All amounts in TEUR		
Financial assets		
Loans and receivables	202	355
Financial liabilities		
At amortised cost	366	720
Cash and cash equivalents	252	1,378

7.1.2 NET GAINS AND LOSSES

The net gains and losses which must be presented in accordance with IFRS 7 for each category of financial instrument defined in IFRS 9 comprise the following:

				31 12 2018
All amounts in TEUR	Measurement at fair value	Income from disposals/repurchase	Other gains/losses	Net gain/loss
FA-FVPL	753	0	497	1,250
thereof mandatory	753	0	497	1,250
FA-AC	0	0	8	8
FL-FVPL	-4,598	0	-44	-4,642
thereof mandatory	-4,598	0	-44	-4,642
FL-AC	0	-19	107	88

FVOCI: financial assets at fair value through other comprehensive income

FA-FVPL/FL-FVPL: financial assets/liabilities at fair value through profit or loss

FA-AC/FL-AC: financial assets/liabilities at amortised cost

31 12 2017

All amounts in TEUR	Measurement at fair value	Impairment losses	Revaluation	Recycling	Income from disposals/repurchase	Other gains/losses	Net gain/loss
AFS	0	0	462	0	0	36	498
Thereof recognised to the consolidated income statement	0	0	462	0	0	36	498
FA@FV/P&L	15,586	0	0	0	0	523	16,109
Thereof fair value option	14,208	0	0	0	0	523	14,731
Thereof HFT	1,378	0	0	0	0	0	1,378
L&R	0	-3,157	697	0	0	928	-1,532
FL@FV/P&L	6,939	0	0	0	0	-84	6,855
Thereof HFT	6,939	0	0	0	0	-84	6,855
FLAC	0	0	0	0	-37,661	1,412	-36,249

AFS: available for sale

FA@FV/P&L: financial assets at fair value through profit or loss

FL@FV/P&L: financial liabilities at fair value through profit or loss

FLAC: financial liabilities at amortised cost

HFT: held for trading

L&R: loans and receivables at amortised cost, miscellaneous other financial instruments at cost

Information on financing costs and financing income is provided in section 5.9.

7.1.3 HIERARCHY OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

The following section includes an analysis of the financial instruments carried at fair value. A three-level classification was developed for this analysis in accordance with the measurement hierarchy defined in IFRS 13:

- > Level 1: quoted prices for identical assets or liabilities on an active market (without any adjustments)
- > Level 2: inputs that can be derived directly (e.g. as prices) or indirectly (e.g. based on prices) for the individual assets or liabilities and cannot be classified under Level 1
- > Level 3: inputs for assets or liabilities that are not based on observable market data

				31 12 2018
All amounts in TEUR	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Real estate fund shares	-	-	5,025	5,025
Derivatives	-	-	499	499
Miscellaneous other financial instruments	6,445	-	-	6,445
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	13,015	13,015

				31 12 2017
All amounts in TEUR	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Real estate fund shares	-	-	206	206
Financial assets at fair value through profit or loss				
Fair value option				
Real estate fund shares	-	-	4,728	4,728
Miscellaneous other financial instruments	19,820	-	-	19,820
Held for trading				
Derivatives	-	-	2,206	2,206
Financial liabilities at fair value through profit or loss				
Held for trading				
Derivatives	-	-	10,929	10,929

The following table reconciles the beginning and ending balances of the financial instruments classified under Level 3:

	Real estate fund shares			Derivatives		Total
All amounts in TEUR	2018	2017	2018	2017	2018	2017
Beginning balance	4,934	4,253	-8,723	-28,414	-3,789	-24,161
Recognised in the consolidated income statement	2,105	3,383	-6,226	8,317	-4,121	11,700
Disposals	-2,014	-3,097	2,433	11,374	419	8,277
Reclassification from/to assets held for sale	0	395	0	0	0	395
Ending balance	5,025	4,934	-12,516	-8,723	-7,491	-3,789

Of the EUR -4.1 million (2017: EUR 11.7 million) results recognised in profit or loss and reported in the above table, EUR -5.4 million are attributable to financial instruments that were held at the end of the 2018 financial year (31 December 2017: EUR 7.5 million). The respective amounts are included under other financial results.

The valuation procedures and valuation-relevant input factors used to determine the fair value of financial instruments (for both continuing and discontinued operations) are as follows:

Level	Financial instruments	Valuation method	Major input factors	Major non-observable input factors
3	Real estate fund shares	Net present value methods	Discount rate, expected principal repayments and dividends	Discount rate: 8.50%
3	Derivatives (interest rate swaps)	Net present value methods	Interest rate curves observable on the market, probability of default, loss given default, exposure at default	Credit margin: 1.00% to 3.00%

IMMOFINANZ calculates the fair value of derivatives by discounting the future cash flows based on a net present value method. The interest rates used to discount the future cash flows are based on an interest curve that is observable on the market. The following three parameters are required to calculate the credit value adjustment (CVA) and the debt value adjustment (DVA): the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). The probability of default is derived from the credit default swap (CDS) spreads of the respective counterparty. Derivatives with a positive fair value represent receivables for IMMOFINANZ; in these cases, a CVA calculation is used to calculate the amount of the receivable. One parameter for this calculation is the probability of default for the counterparties. IMMOFINANZ concludes contracts with over 10 financial institutions, and observable CDS spreads are available on the market for many of them. In exceptional cases, average branch benchmarks are used as a substitute for unavailable spreads. These benchmarks represent Level 1 and 2 input factors on the fair value measurement hierarchy. Derivatives with a negative fair value represent liabilities for IMMOFINANZ; in these cases, a DVA calculation is used to calculate the amount of the liability and IMMOFINANZ's own probability of default must be determined. IMMOFINANZ generally concludes derivatives at the level of the property company that manages a particular property. Neither observable market CDS spreads, nor benchmarks are available for these property companies. Credit margins are therefore used to estimate CDS spreads which, in turn, form the basis for deriving the probability of default. The credit margin for IMMOFINANZ is determined in a two-step procedure. The first step involves the calculation of an average margin based on signed credit agreements and term sheets, whereby the time horizon for the applied margins equals 12 months. The second step involves obtaining indicative credit margin offers from banks and averaging these values with the margins from the credit agreements and term sheets. These offers are grouped by country and asset class. The individual property companies that have concluded financial instruments are assigned to a group based on country and asset class. The plausibility of the calculated credit margins is also verified by comparison with external market reports. This procedure results in market-conform credit margins that can be used as estimates for valuing the company's own credit risk. These input factors represent Level 3 on the IFRS 13 measurement hierarchy. The loss given default (LGD) is the relative value that would be lost on default. IMMOFINANZ uses an ordinary market default rate to calculate the CVA and DVA. The exposure at default represents the expected amount of the asset or liability at the time of default. The calculation of the exposure at the time of default is based on a Monte Carlo simulation.

The liabilities carried at fair value through profit or loss include EUR 0.3 million (31 December 2017: EUR 0.2 million) attributable to default risk; the change in 2018 equalled EUR 0.1 million (2017: EUR -0.3 million).

For net present value methods, an increase in the discount rate, exit yield or counterparty CDS values leads to a reduction in fair value. In contrast, fair value is increased by a reduction in these input factors.

The valuation of default risk includes assumptions for the probability of default, loss rate and the outstanding amount at the time of expected default. An increase in the probability of default and the loss rate will reduce the fair value of a derivative with a positive outstanding amount (receivable) and reduce the liability for a derivative with a negative outstanding amount (liability). A decrease in the probability of default and the loss rate leads to the opposite effect.

7.1.4 COLLATERAL

IMMOFINANZ companies normally provide collateral for loans related to project financing. Financing is generally concluded at the individual project level, and each company or property is responsible for the related debt service. There are no rights of regress involving IMMOFINANZ AG. As security for the loan, the lending bank receives a package of collateral that can be used to satisfy the receivable in the event a loan is called. This package can include the following types of collateral:

- > Mortgage on the land or the land and the building
- > Pledge of shares in the project company
- > Pledge of receivables (from rental agreements, insurance contracts, property management contracts etc.)
- > Pledge of bank accounts (accounts for rental payments or other project-related accounts)
- > Promissory notes
- > Shares in subsidiaries

The conditions, type and scope of collateral are defined on an individual basis (for each company and property) and are dependent on the project volume and the amount and term of the loan.

Investment property with a carrying amount of EUR 1,779.6 million (31 December 2017: EUR 1,676.5 million) was pledged as collateral for long-term financing of EUR 3,924.5 million (31 December 2017: EUR 3,957.7 million).

Property under construction with a carrying amount of EUR 418.3 million (31 December 2017: EUR 532.0 million) and real estate inventories with a carrying amount of EUR 52.0 million (31 December 2017: EUR 67.5 million) also serve as collateral. The corresponding financial liabilities total EUR 161.2 million (31 December 2017: EUR 312.4 million) and EUR 67.0 million (31 December 2017: EUR 70.7 million).

For property financing concluded by IMMOFINANZ, shares in the respective subsidiary serve as additional collateral to the mortgages in 47 cases (31 December 2017: 54 cases). The limitations on disposal end when the financial liability is repaid or when other collateral is provided.

Moreover, the shares held by IMMOFINANZ in S IMMO serve as collateral for financing with a nominal value of EUR 140 million.

In 2018 and in previous financial years, IMMOFINANZ accepted liabilities or guarantees on behalf of third parties with a maximum risk of EUR 261.0 million (31 December 2017: EUR 246.7 million). The probability of occurrence for these contingent liabilities is linked to the fulfilment or non-fulfilment of future conditions and was considered low as of the balance sheet date.

7.2 FINANCIAL RISK MANAGEMENT

7.2.1 GENERAL INFORMATION

IMMOFINANZ has integrated an active risk management system into its operating processes and reporting paths. This system supports the rapid implementation of measures to counter risk and also has a direct influence on strategic decisions and operating processes. Internal guidelines, reporting systems and control measures have been installed throughout IMMOFINANZ to support the monitoring, evaluation and control of risks related to the operating business. Risk management is a staff function which reports directly to the Chief Financial Officer. It autonomously monitors the corporate risks, aggregates risk data and reports, and actively supports the department and country organisations in the identification of risks and economically suitable countermeasures. At the department and country organisation levels, the heads of the respective department or country organisation are responsible for risk management. The department heads and country managers report their risk positions to the Executive Board at least once each quarter. Acute risks are reported immediately to the Executive Board. IMMOFINANZ also works to continuously improve the internal control system (ICS) to support the early identification and monitoring of risks. A description of the ICS is provided in the management report.

As an international corporation, IMMOFINANZ is exposed to various financial risks. The most important financial risks for the Group arise from possible changes in foreign exchange rates and interest rates and from the credit standing and solvency of its customers and business partners.

7.2.2 DEFAULT / CREDIT RISK

Default or credit risks arise from the possibility that the counterparty to a transaction could fail to meet the related obligations and the Group incurs financial damages as a result. The maximum credit risk represents the amounts reported under assets on the balance sheet. Default risk is reflected in appropriate valuation adjustments.

The most important instrument for managing default risk is the continuous evaluation of the credit standing of contract partners. In various development projects, IMMOFINANZ works together with local project developers. This cooperation can represent a risk for IMMOFINANZ if the business partners are unable to meet their contractual obligations in full or on time. Appropriate contractual provisions – e.g. penalties or damage payments in cases where performance does not meet the contract terms – are used to address this risk. In addition, activities and goal attainment are monitored regularly by the Group's development department.

The risk of default on receivables due from tenants is low because tenants are regularly required to provide security deposits – cash deposits for residential properties, bank guarantees or cash deposits for commercial properties – and their credit standing is monitored on a regular basis. Individual valuation adjustments are generally recorded to receivables that are exposed to an increased risk of default.

The default risk associated with receivables due from banks is also considered to be low because all financing transactions are concluded with financial institutions that have excellent credit ratings. The counterparty default risk is limited by continuous monitoring, fixed investment limits and the diversification of financial institutions.

A default event is assumed to occur when the debtor is not expected to meet his or her credit obligations in full or when a financial asset is overdue more than 90 days and the possible utilisation of collateral (if available) does not appear sufficient to fully settle the liability.

A receivable is written off when it is overdue more than 365 days and collection measures have ceased or when the receivable is considered uncollectible in full even if it is not overdue more than one year.

IMMOFINANZ assigns financial receivables to the following classes of financial instruments:

- > Trade receivables
- > Financing receivables
- > Loans and other receivables

The next two tables present the following information in summarised form: the gross amount for each category of receivables as of the balance sheet date, the recognised impairment losses and resulting net receivables, a reconciliation of the beginning balance to the ending balance of the valuation allowances and explanatory comments on the creation of the valuation allowances for each of the three receivables classes:

All amounts in TEUR	2018			2017		
	Gross receivable	Impairment	Net receivable	Gross receivable	Impairment	Net receivable
Trade accounts receivable	68,687	-12,155	56,532	68,754	-13,073	55,681
Financing receivables	72,660	-24,082	48,578	114,451	-68,246	46,205
Loans and other receivables	168,174	-5,490	162,684	229,435	-5,213	224,222
Total change in valuation adjustments	309,521	-41,727	267,794	412,640	-86,532	326,108

Valuation allowances for trade receivables:

All amounts in TEUR	2018	2017
Beginning balance before the application of IFRS 9	-13,073	-
Effects of the initial application of IFRS 9	0	-
Beginning balance	-13,073	-15,196
Deconsolidations (see 2.3)	50	9,708
Currency translation adjustments	64	911
Depreciation and amortisation	1,971	3,013
Revaluation	-1,089	-2,134
Reclassifications and other developments	-78	-9,375
Ending balance	-12,155	-13,073

The trade receivables held by IMMOFINANZ comprise rents receivable, operating costs receivable and receivables from the sale of real estate inventories. The calculation of impairment for all these receivables is based on the simplified approach defined by IFRS 9.5.5.15, which requires the recognition of a loss allowance equal to the lifetime expected credit losses as of the initial recognition date as well as in subsequent periods. The application of the simplified approach to rents receivable, which represent lease receivables, is based on the option provided by this standard. The remaining trade receivables fall within the scope of application of IFRS 15 and do not include any material financing components. The application of the simplified approach is therefore mandatory.

The rents receivable and operating costs receivable held by IMMOFINANZ are principally covered by collateral in the form of three-months' rent (for the most part, deposits) and bank guarantees. In view of this collateral and for materiality reasons, IMMOFINANZ generally does not recognise impairment losses on receivables in the overdue classes up to 90 days. An impairment loss is only recognised when a tenant's rent is overdue more than 90 days or, at an earlier point in time, when a default event is assumed to occur. Impairment losses are based on historical experience in accordance with the number of days overdue. The calculation of impairment losses also includes more specific information on expected return flows or forward-looking assumptions, if this information is available and if it is assumed that these factors will influence the amount of the impairment loss. Based on the available collateral, no impairment losses were recognised for the outstanding receivables from the sale of real estate inventories, which are included under trade receivables at an amount of EUR 12.5 million.

The following table shows the gross receivables and impairment losses recognised for rents and operating costs receivable based on the time overdue as of 31 December 2018:

All amounts in TEUR	Gross receivable	Impairment	Impairment in %
Not due	31,274	-1	0.00%
1-30 days overdue	8,222	-267	3.25%
31-60 days overdue	2,501	-16	0.63%
61-90 days overdue	1,015	-56	5.53%
91-180 days overdue	1,478	-613	41.49%
181-365 days overdue	3,039	-2,536	83.47%
More than 365 days overdue	8,666	-8,666	100.00%
Ending balance	56,195	-12,155	

Valuation allowances for financing receivables

All amounts in TEUR	2018	2017
Beginning balance before the application of IFRS 9	-68,246	-
Effects of the initial application of IFRS 9	0	-
Beginning balance	-68,246	-91,648
Depreciation and amortisation	40,389	25,320
Revaluation	1,283	529
Reclassifications and other developments	2,492	-2,447
Ending balance	-24,082	-68,246

Financing receivables consist of receivables due from associates, receivables due from joint ventures and other financing receivables. The receivables due from associates and joint ventures represent an increase in the net investment in the respective associate or joint venture for IMMOFINANZ because of their economic content. These associates and joint ventures are carried at equity. The proportional losses recorded by an associate or a joint venture which can no longer be recorded under the equity-accounted book value of the investment because they exceed the cost for the proportional share of equity are allocated to the receivables due from the associate or joint venture. The allocation of these proportional losses to the receivables must then be followed by an evaluation to determine whether an impairment loss must also be recognised in accordance with the impairment rules defined by IFRS 9. This is the case when there is objective evidence of impairment and a reliable estimate is possible of the effects of this damage event on future payment flows from the net investment. IMMOFINANZ will apply the clarification rules defined by IAS 28 in connection with IFRS 9 as of 1 January 2019 (see section 1.5.1). The allocation of losses from the equity-accounted investment will be included in the impairment accounts for receivables, and the resulting annual change will be shown on the reconciliation line "reclassifications and other developments". The other financing receivables primarily represent financing for property companies which is collateralised by the property and the related return flows. Consequently, impairment losses were generally not required for these items. The valuation allowances shown in the following table were measured on the basis of the expected lifetime credit losses because a default event was assumed.

Valuation allowances for loans and other receivables:

	2018			2017
All amounts in TEUR	Expected 12-month credit loss	Lifetime expected credit loss - impaired credit standing	Total	
Beginning balance before the application of IFRS 9	0	-5,213	-5,213	-
Effects of the initial application of IFRS 9	-60	0	-60	-
Beginning balance	-60	-5,213	-5,273	-6,181
Deconsolidations (see 2.3)	0	62	62	0
Currency translation adjustments	0	22	22	-5
Depreciation and amortisation	0	2,035	2,035	1,759
Revaluation	-9	-2,092	-2,101	-855
Reclassifications and other developments	0	-235	-235	69
Ending balance	-69	-5,421	-5,490	-5,213

Restricted funds represent the largest component by far of the assets reported under other receivables. These deposits with financial institutions have only a minimal risk of default, and it can therefore be assumed that the default risk has not increased significantly since initial recognition. The credit loss expected within the next 12 months was therefore determined in accordance with IFRS 9. For the remaining other receivables, an impairment loss was not required due to available collateral or an impairment loss was recognised because of an assumed default event at the amount of the expected loss over the lifetime of the financial instrument.

7.2.3 LIQUIDITY RISK

Liquidity risks are minimised by the preparation of a medium-term forecast covering five years, an annual budget with monthly segmentation and monthly revolving liquidity reports that include variance analyses. Daily liquidity management ensures that all operating obligations can be met and funds can be optimally invested, and also gives the Group the necessary flexibility to realise short-term acquisition opportunities.

IMMOFINANZ also uses long-term financing in which the financial capability of the individual properties (interest coverage ratio, debt service coverage ratio) as well as their present value (loan-to-value ratio) is reflected in appropriate contract clauses.

In order to prevent cost overruns and the resulting excess outflow of liquidity, IMMOFINANZ routinely monitors budgets and the progress of construction on all development projects and maintenance work.

The following table shows the term structure of derivative and non-derivative financial liabilities based on the contractually defined outflow of funds from continuing operations. In particular, the reported amounts include current and bullet repayments for financial liabilities, interest payments and net payments from derivatives.

All amounts in TEUR	Cash outflows under 1 year	Cash outflows between 1 and 5 years	Cash outflows over 5 years	Total	Carrying amount as of 31 12 2018
Liabilities from convertible bonds	5,944	312,060	0	318,004	284,638
Amounts due to financial institutions	373,913	1,774,449	123,783	2,272,145	2,140,731
Miscellaneous	124,799	17,693	9,860	152,352	153,669
Total non-derivative financial liabilities	504,656	2,104,202	133,643	2,742,501	2,579,038
Derivative financial instruments (liabilities)	6,718	10,819	20	17,557	13,015
Total derivative financial liabilities	6,718	10,819	20	17,557	13,015
Total	511,374	2,115,021	133,663	2,760,058	2,592,053

All amounts in TEUR	Cash outflows under 1 year	Cash outflows between 1 and 5 years	Cash outflows over 5 years	Total	Carrying amount as of 31 12 2017
Liabilities from convertible bonds	23,614	318,004	0	341,618	313,217
Amounts due to financial institutions	524,727	1,657,934	283,737	2,466,398	2,305,028
Miscellaneous	136,951	18,978	13,773	169,702	194,393
Total non-derivative financial liabilities	685,292	1,994,916	297,510	2,977,718	2,812,638
Derivative financial instruments (liabilities)	7,949	9,661	0	17,610	10,929
Total derivative financial liabilities	7,949	9,661	0	17,610	10,929
Total	693,241	2,004,577	297,510	2,995,328	2,823,567

Miscellaneous non-derivative financial liabilities include, among others, trade accounts payable, liabilities to joint ventures and liabilities from deposits received.

The amounts due to financial institutions are broadly diversified by region and counterparty, and the exposure to a change in the risk policy of an individual financial institution is therefore considered low.

7.2.4 FOREIGN EXCHANGE RISK

IMMOFINANZ is exposed to various forms of foreign exchange risk in connection with its accounting data and cash flows. Fluctuations in foreign exchange rates can influence the Groups' earnings position and also have an impact on the Group's asset position.

Effect on the asset and earnings positions

The individual Group companies record transactions in a currency that differs from their functional currency at the mean exchange rate on the date of the respective transaction. Foreign currency monetary assets and liabilities are translated at the mean exchange rate in effect on the balance sheet date. The resulting foreign exchange gains and losses are recognised in profit or loss for the financial year.

As of 31 December 2018, all liabilities to financial institutions were denominated in Euros.

The risk of devaluation associated with foreign currency bank deposits and cash balances is offset by the earliest possible conversion of these funds into the Euro.

Derivative financial instruments are used in some cases to manage the low structural foreign exchange risk. The derivative financial instruments used by IMMOFINANZ to hedge this risk are recorded as standalone derivatives and not as hedging instruments. Hedge accounting as defined in IFRS 9 is not applied by IMMOFINANZ's fully consolidated companies. Therefore, the standalone derivatives are measured through profit or loss.

As of 31 December 2018, IMMOFINANZ held no derivatives to hedge foreign exchange risk.

Cash and cash equivalents are held in the following currencies:

All amounts in TEUR	31 12 2018	31 12 2017
EUR	531,899	381,904
USD	6,708	7,547
HUF	30,833	20,430
PLN	19,156	20,581
CZK	2,275	8,248
RON	33,432	34,556
RUB	1,861	569
Other	5,590	4,054
Total	631,754	477,889

7.2.5 INTEREST RATE RISK

As an international company, IMMOFINANZ is exposed to the risk of interest rate fluctuations on real estate submarkets. Changes in interest rates can have a negative impact on Group earnings by increasing the cost of floating rate financing.

A change in interest rates will have a direct influence on financial results through its impact on floating rate financing. IMMOFINANZ limits the risk associated with rising interest rates – which would lead to higher interest expense and a decline in financial results – through the use of fixed interest rate financing contracts and derivative financial instruments (above all caps and swaps). These derivative financial instruments are accounted for as standalone derivatives and not as hedging instruments in the sense of IAS 39.

The classification of financial liabilities (book values, including convertible bonds) by type of interest rate is shown in the following table:

All amounts in TEUR	31 12 2018	31 12 2017
Fixed interest financial liabilities	436,404	477,876
Floating rate financial liabilities	1,989,118	2,141,759
Total interest-bearing financial liabilities	2,425,522	2,619,635

Of the floating rate financial liabilities, a nominal value of EUR 1,354.3 million is hedged through interest rate swaps. This results in a fixed interest rate based on the combined interest effect of the financial liability and the derivative.

The following table shows the fair values and conditions of all derivative financial instruments that were purchased and held by IMMOFINANZ as of 31 December 2018 to hedge interest rate and foreign exchange risk:

	Type	Reference value as of 31 12 2018 in TEUR	Market value incl. interest in TEUR ¹	Maturity
Interest rate up to 0.50%	Interest rate swap	47,466	-97	2019
	Interest rate swap	98,885	-454	2020
	Interest rate swap	156,774	-689	2021
	Interest rate swap	404,902	-3,708	2022
	Interest rate swap	296,244	-2,954	2023
	Interest rate swap	110,000	499	2026
Number of derivatives: 66		1,114,271	-7,403	
Interest rate from 0.50% to 1.00%	Interest rate swap	1,797	-36	2021
	Interest rate swap	138,207	-3,523	2022
Number of derivatives: 11		140,004	-3,559	
Interest rate over 1.00%	Interest rate swap	100,000	-2,694	2020
Number of derivatives: 4		100,000	-2,694	
Total number of derivatives: 81 ²		1,354,275	-13,656	

¹ Fair value includes a credit risk adjustment

² As of 31 December 2018, 80 derivatives had a combined negative value of EUR -14.2 million and one derivative had a positive market value of EUR 0.5 million.

The reference value forms the basis value for derivatives outstanding as of the balance sheet date. The fair value represents the amount that the respective company would receive or be required to pay if the transaction were terminated as of the balance sheet date.

A change in the market interest rate will influence the valuation of interest rate derivatives. Net present value calculations based on the DCF method – which is also used to value derivatives – discount future cash flows with current interest rate curves to determine market value. Rising interest rates lead to a higher discount factor and to a reduction in the present value of the derivative. Sensitivity analyses are used to illustrate the risk associated with interest rate fluctuations. They show the effects of changes in market interest rates on market values and interest payments as well as interest income and expense.

The following sensitivity analysis shows the effect of a change in the interest rate level on the fair value of interest rate derivatives (interest rate swaps). An increase of 10 and 25 basis points is assumed; the effects of falling interest rates were not analysed due to the current very low interest rate level. The following fair values include accrued interest, but exclude credit risk adjustments.

Sensitivity of derivatives		Interest rate	
All amounts in TEUR	31 12 2018	Δ +10 basis points	Δ +25 basis points
Fair value based on increase in interest rate	-13,915	-10,429	-3,538

Sensitivity of derivatives		Interest rate	
All amounts in TEUR	31 12 2017	Δ +10 basis points	Δ +25 basis points
Fair value based on increase in interest rate	-8,826	-5,769	744

A further sensitivity analysis shows the influence of floating interest rates on the interest expense associated with financial liabilities. It presents the effect of an assumed average increase of 50 and 100 basis points in interest rates on earnings before tax in 2018. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. Due to the very low level of interest rates as of 31 December 2018 (e.g. 3-month EURIBOR: -0.309%), a sensitivity analysis was not prepared for falling interest rates during the 2018 financial year or the previous financial year.

Sensitivity of interest expense		Interest rate	
All amounts in TEUR	2018	Δ +50 basis points	Δ +100 basis points
Interest expense	68,374	71,481	74,690

Sensitivity of interest expense		Interest rate	
All amounts in TEUR	2017	Δ +50 basis points	Δ +100 basis points
Interest expense	94,852	99,876	104,694

Since most of IMMOFINANZ's floating rate financial liabilities are hedged through interest rate swaps, the risk of an increase in interest expense as the result of changes in interest rates is therefore considered low.

Details on the conditions of financial liabilities are provided in section 4.13.

In addition to financial liabilities, securities and other receivables – above all financing receivables (loans granted to third parties) – can be sensitive to interest rate changes. The financing receivables generally carry fixed interest rates, and the Group is therefore exposed to no risk or only limited risk of a changing interest rate from these items.

7.2.6 CAPITAL MANAGEMENT

The goals of IMMOFINANZ's management are to protect the Group's short-, medium- and long-term liquidity at all times and to create and maintain a strong capital base in order to earn the trust of investors, creditors and the markets and safeguard the Group's sustainable positive development. The Executive Board regularly monitors the development of the share price, the discount of the share price to the net asset value (NAV) and the amount of dividends paid to the shareholders of IMMOFINANZ AG. The IMMOFINANZ share is positioned as a dividend stock, and the Executive and Supervisory Boards are committed to achieving and maintaining a sustainable dividend policy. Details on the planned dividend policy can be found in section 4.11. Through share buybacks, management signals the capital market that the share is trading substantially below its intrinsic value – the discount to the NAV equalled 27.3% as of 31 December 2018 (31 December 2017: 24.8%). The timing of these buybacks is dependent on the market price and available liquidity. The share buybacks lead to an increase in value, which benefits the remaining shareholders of IMMOFINANZ AG.

The Group's capital structure is determined by financial liabilities, including convertible bonds, and by equity, excluding treasury shares. IMMOFINANZ intends to further optimise its capital structure by arranging for new financing, by terminating, extending or restructuring old financing and, where appropriate, issuing new debt securities (see section 7.6). The average financing costs for the Group, including derivatives, used for interest rate hedging, equalled 2.1% in 2018 (2017: 2.3%).

The Executive Board monitors the Group's capital structure by means of the LTV ratio. This indicator shows the relation between financial liabilities less liquid funds and the value of the property portfolio plus properties held for sale. The LTV ratio equalled 37.6% as of 31 December 2018 (31 December 2017: 40.8%). IMMOFINANZ's target for the LTV ratio up to 45%. IMMOFINANZ is not subject to any external minimum capital requirements.

7.3 FINANCIAL OBLIGATIONS

7.3.1 CONTINGENT LIABILITIES AND GUARANTEES

Contingent liabilities represent possible or existing obligations arising from past events, in cases where it is not probable that an outflow of resources will be required to settle the obligation (also see section 7.1).

The contingent liabilities arising from sureties, guarantees and other liabilities that are not recognised on IMMOFINANZ's balance sheet are evaluated regularly with respect to the probability of their occurrence. If an outflow of resources embodying economic benefits is neither sufficiently probable to require the recognition of a provision nor improbable, the obligations are recognised as contingent liabilities. The estimates are made by IMMOFINANZ specialists based on market-related inputs (where possible) and expert opinions (in individual cases).

Settlements have since been reached in all lawsuits against former board members.

A preliminary injunction had been issued over the shares in a Romanian subsidiary (carrying amount of net assets: EUR 84.2 million) as of 31 December 2018 which limits the power to dispose over these shares. In addition, legal uncertainty could arise in connection with land ownership in specific East European countries (e.g. Romania).

7.3.2 OTHER FINANCIAL OBLIGATIONS

The following table shows the financial obligations arising from previously contracted construction services, maintenance and other contractual obligations for the construction or acquisition of properties:

All amounts in TEUR	2018	2017
Outstanding construction costs	85,178	151,923
Contracted maintenance	3,536	3,037
Contractual obligations for the construction or acquisition of properties	12,468	3,781
Total	101,182	158,741

7.4 TRANSACTIONS WITH RELATED PARTIES

Related parties in the sense of IAS 24 include all subsidiaries, joint ventures and associates of IMMOFINANZ AG (see section 8). In addition to persons who have a significant influence over IMMOFINANZ, related parties include the members of the Executive Board and Supervisory Board of IMMOFINANZ AG and their close family members.

Any transactions carried out with related parties during the financial year 2018 reflected arm's length conditions.

As part of the remuneration for the members of the Executive Board, IMMOFINANZ AG makes payments to APK Pensionskasse AG. These payments are related to company pensions for the Executive Board members and reflect standard market conditions. Christian Böhm, a member of the Supervisory Board, is the chairman of the executive board of this company. The contributions made in 2018 are reported in section 7.4.2.

Transactions between fully consolidated subsidiaries are eliminated during the consolidation and are therefore not explained in detail.

7.4.1 JOINT VENTURES AND ASSOCIATES

All amounts in TEUR	31 12 2018	31 12 2017
Relations with joint ventures		
Receivables	29,604	30,185
Thereof allowance for bad debt	-7,175	-10,838
Liabilities	333	386
Relations with associated companies		
Receivables	4,550	3,372
Thereof allowance for bad debt	-7,343	-6,621
Liabilities	261	320
All amounts in TEUR	2018	2017
Relations with joint ventures		
Other income	30	597
Interest income	4,596	2,108
Write-downs for bad debt	3,663	3,024
Thereof results that increase or reduce the net investment	2,127	2,254
Income taxes	-53	-172
Relations with associated companies		
Other income	731	733
Other expenses	-3,233	-4,460
Interest income	724	398
Write-downs for bad debt	-722	-1,469
Thereof results that increase or reduce the net investment	-723	-896
Income taxes	1	-23

Transactions with joint ventures and associates are carried out at standard market prices and conditions. The financing for joint ventures is frequently arranged by IMMOFINANZ and its co-investors at a ratio that differs from the respective interest in capital.

There were no reportable transactions with closely related parties of IMMOFINANZ during the 2018 financial year.

7.4.2 MEMBERS OF MANAGEMENT IN KEY POSITIONS

The members of management in key positions as defined in IAS 24 are active solely in the corporate bodies of IMMOFINANZ AG and include the following persons:

Executive Board

Oliver Schumy – Chief Executive Officer
Dietmar Reindl – Chief Operating Officer
Stefan Schönaier – Chief Financial Officer

Supervisory Board

Michael Knap – Chairman
Rudolf Fries – Vice-Chairman
Christian Böhm – Member
Nick J. M. van Ommen, FRICS – Member
Horst Populorum – Member
Wolfgang Schischek – Member

Members delegated to the Supervisory Board by the Works Council

The following persons were delegated by Works Council of IMMOFINANZ AG to the Supervisory Board:

Philipp Amadeus Obermair
Werner Ertelthalner (until 26 March 2019)
Maria Onitcanscaia (since 26 March 2019)
Larissa Lielacher

The members of management in key positions received the following remuneration:

All amounts in TEUR	Supervisory Board	Executive Board	2018	Supervisory Board	Executive Board	2017
			Total			Total
Short-term employee benefits	261	3,057	3,318	261	2,535	2,796
Special bonus	-	4,000	4,000	-	-	-
Post-employment benefits	-	267	267	-	179	179
Total	261	7,324	7,585	261	2,714	2,975

The short-term employee benefits for the members of the Executive Board comprise a fixed component (gross salary and compensation in kind) as well as a variable component (bonuses). In addition to the fixed and variable remuneration, the Supervisory Board awarded a special bonus for exceptional achievements to the Executive Board members. It covered the successful restructuring of the corporation during the period from 2015 to 2017, which culminated, among others, in the sale of the retail portfolio in Russia.

The amounts reported under termination benefits represent the contributions by IMMOFINANZ to a pension fund. These contributions result from defined benefit pension commitments to the members of the Executive Board, which were outsourced to a pension fund.

The Supervisory Board remuneration reported under short-term benefits reflects the expenses for the respective financial year. However, this remuneration is only paid out after the approval of the annual general meeting which decides on the release from liability of the Supervisory Board members.

The members of the Executive Board and Supervisory Board held a total of 7,066,330 IMMOFINANZ shares as of 31 December 2018 (31 December 2017: 70,619,237 shares). No advances or loans were granted to the members of the Executive Board or Supervisory Board. Moreover, there is no share-based remuneration for the members of the Executive Board.

7.5 AUDITOR'S FEES

The fees charged by Deloitte Österreich for services provided in 2018 comprise TEUR 417 (2017: TEUR 444) for the audit of the individual and consolidated financial statements, TEUR 376 (2017: TEUR 95) for other assurance services, TEUR 23.7 (2017: TEUR 27) for tax advising and TEUR 14.5 (2017: TEUR 80) for other services.

7.6 SUBSEQUENT EVENTS

On 21 January 2019, IMMOFINANZ AG placed a fixed interest, unsecured, non-subordinated benchmark bond with a nominal value of EUR 500.0 million. This bond has a four-year term and a fixed coupon of 2.625%. The net proceeds will be used to refinance existing liabilities and for general corporate purposes. This benchmark bond is listed on the regulated market of the Luxemburg Stock Exchange, and an application has been filed for listing on the third market (MTF) of the Vienna Stock Exchange.

IMMOFINANZ received a long-term issuer rating of BBB- and the benchmark bond an issue rating BBB- from S&P Global Rating on 22 January 2019.

This investment grade rating will lead to a reduction of 0.5% to 1.5% in the coupon of the convertible bond 2024 issued by IMMOFINANZ beginning with the next interest rate period.

IMMOFINANZ acquired a 50% interest in *Na Příkopě 14*, a building in the inner city of Prague, from the LORDSHIP company for EUR 9.6 million on 29 January 2019 and is now the sole owner of this property. With the acquisition of this 50% investment from LORDSHIP, IMMOFINANZ ended its last joint venture in the Czech Republic and is now the sole owner of all its properties in this core country.

During the course of the share buyback programme 2018/19, IMMOFINANZ exceeded the threshold of 5% for treasury shareholdings on 21 January 2019.

8. Group Companies

The following list covers the subsidiaries, joint ventures and associates of IMMOFINANZ AG. It was prepared in accordance with § 245a (1) of the Austrian Commercial Code in connection with § 265 (2) of the Austrian Commercial Code. This list also includes individual subsidiaries that were not fully consolidated for materiality reasons and joint ventures that were not included at equity as well as associates and other investments held by IMMOFINANZ with a share of $\geq 20.00\%$.

The companies deconsolidated or attributed to discontinued operations during the financial year (see section 2.4) are reported in the column 'type of consolidation' as sold, liquidated, merged or 'retail portfolio Moscow'.

Company	Country	Headquarters	Interest in capital	2018 Type of consolidation	Interest in capital	2017 Type of consolidation
"Wienerberg City" Errichtungsges.m.b.H.	AT	Vienna	100.00%	F	100.00%	F
AAX Immobilienholding GmbH	AT	Vienna	100.00%	F	100.00%	F
ABSTEM Holdings Ltd.	CY	Nicosia	100.00%	F	100.00%	F
Adama Adviso SRL	RO	Bucharest	100.00%	F	100.00%	F
Adama Holding Public Ltd	CY	Nicosia	100.00%	F	100.00%	F
Adama Management SRL	RO	Bucharest	100.00%	F	100.00%	F
Adama Management Ukraine LLC	UA	Kiev	0.00%	Sold	98.71%	F
Adama Romania Ltd.	CY	Nicosia	100.00%	F	100.00%	F
Adama Ukraine Ltd	CY	Nicosia	98.71%	F	98.71%	F
AEDIFICIO Liegenschaftsvermietungs- und Beteiligungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Ahava Ltd.	CY	Nicosia	0.00%	Sold	98.71%	F
Ahava Ukraine LLC	UA	Kiev	0.00%	Sold	98.71%	F
Airport Business Center, s.r.o.	CZ	Prague	100.00%	F	100.00%	F
AIRPORT PROPERTY DEVELOPMENT, a.s.	CZ	Prague	0.00%	Merged	100.00%	F
Al Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Aloli Management Services Limited in Liqu.	CY	Nicosia	100.00%	F	100.00%	F
Alpha Arcadia LLC	UA	Odessa	49.45%	E-JV	49.45%	E-JV
Alpha real d.o.o.	SI	Laibach	100.00%	F	100.00%	F
Anadolu Gayrimenkul Yatirimciligi ve Ticaret A.S.	TR	Istanbul	64.89%	F	64.89%	F
Appartement im Park ErrichtungsGmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
ARAGONIT s.r.o.	CZ	Prague	0.00%	Sold	100.00%	F
ARE 5 Sp. z o.o. w likwidacji	PL	Warsaw	0.00%	Liquidated	100.00%	F
ARMONIA CENTER ARAD S.R.L.	RO	Bucharest	100.00%	F	100.00%	F
ARO IBK GmbH	AT	Vienna	0.00%	Merged	100.00%	F
ARO Immobilien GmbH	AT	Vienna	100.00%	F	100.00%	F
Arpad Center Kft.	HU	Budapest	0.00%	Merged	100.00%	F
Atom Centrum, s.r.o.	CZ	Prague	100.00%	F	100.00%	F
Atrium Park Kft.	HU	Budapest	100.00%	F	100.00%	F
Aviso Delta GmbH	AT	Vienna	0.00%	Merged	100.00%	F
Aviso Zeta AG i.A.	AT	Vienna	100.00%	F	100.00%	F
Banniz Ltd	CY	Nicosia	100.00%	F	100.00%	F
Barby Holding Sàrl in Liqu.	LU	Valletta	0.00%	Liquidated	100.00%	F
Baron Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Bauteil M Errichtungsges.m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Bauteile A + B Errichtungsges.m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Bauteile C + D Errichtungsges.m.b.H.	AT	Vienna	100.00%	F	100.00%	F
BB C - Building GAMMA, a.s.	CZ	Prague	0.00%	Merged	100.00%	F
Berceni Estate Srl	RO	Bucharest	100.00%	F	100.00%	F
Berga Investment Limited	CY	Nicosia	100.00%	F	100.00%	F
Bermendoca Holdings Ltd	CY	Nicosia	100.00%	F	100.00%	F
Bertie Investments Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Bivake Consultants Ltd.	CY	Nicosia	100.00%	F	100.00%	F
Bloczek Ltd	CY	Nicosia	100.00%	F	100.00%	F
Blue Danube Holding Ltd. in Liqu.	MT	Valletta	0.00%	Liquidated	100.00%	F
Boondock Holdings Ltd	CY	Nicosia	100.00%	F	100.00%	F
Borča Retail Park d.o.o. Beograd	RS	Belgrade	100.00%	F	0.00%	n.a.

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

Company	Country	Headquarters	Interest in capital	2018	Interest in capital	2017
				Type of consolidation		Type of consolidation
Borisov Holdings Ltd.	CY	Nicosia	0.00%	Sold	100.00%	F
Brno Estates a.s.	CZ	Prague	0.00%	Sold	100.00%	F
Bucharest Corporate Center s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Business Park Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Business Park West-Sofia EAD	BG	Sofia	100.00%	F	100.00%	F
BUWOG AG	AT	Vienna	0.00%	Sold	4.21%	NC
C.E. Immobilienprojekte und Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
C.E. Management GmbH	AT	Vienna	0.00%	Merged	100.00%	F
C.I.M. Beteiligungen 1998 GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	33.00%	E-AS
C.I.M. Verwaltung und Beteiligungen 1999 GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	33.00%	E-AS
CA Immobilien Anlagen AG	AT	Vienna	0.00%	Sold	26.00%	E-AS
Campus Budapest Bt.	HU	Budapest	99.92%	F	99.92%	F
Capri Trade s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
CB Richard Ellis Strategic Partners IV, L.P.	US	Los Angeles	2.56%	Fonds	2.56%	Fonds
CENTER INVEST BCSABA Kft.	HU	Budapest	0.00%	Merged	100.00%	F
CENTER INVEST Kft.	HU	Budapest	100.00%	F	100.00%	F
Central Business Center Kft.	HU	Budapest	100.00%	F	100.00%	F
Centrum Opatov a.s. v likvidaci	CZ	Prague	0.00%	Liquidated	100.00%	F
CEPD Kft.	HU	Budapest	0.00%	Merged	100.00%	F
CGS Gamma Immobilien Vermietung GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CHB Immobilienholding GmbH	AT	Vienna	100.00%	F	100.00%	F
Chronos Immobilien GmbH	AT	Vienna	0.00%	Merged	100.00%	F
City Tower Vienna Errichtungs- und Vermietungs-GmbH	AT	Vienna	100.00%	F	100.00%	F
Constantia Beteiligungsgesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Constantia Treuhand und Vermögensverwaltungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Contips Limited	CY	Nicosia	100.00%	F	100.00%	F
Cora GS s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
COREAL ESTATE RESIDENCE INVEST SRL	RO	Bucharest	100.00%	F	100.00%	F
CPB Advisory GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB ALPHA Anlagen Leasing GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB Anlagen Leasing Gesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB BETA Anlagen Leasing GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB Beteiligungs GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB DELTA Anlagen Leasing GmbH	AT	Vienna	100.00%	E-JV	100.00%	E-JV
CPB DREI Anlagen Leasing GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB Enterprise GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB EPSILON Anlagen Leasing GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB GAMMA Anlagen Leasing GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB Gesellschaft für Unternehmensbeteiligungen m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB Grundstücks und Mobilien Vermietungs GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB Investitionsgüter Leasing GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB JOTA Anlagen Leasing GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB Maschinen Leasing Gesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB Mobilien Leasing Gesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB OMIKRON Anlagen Leasing GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB Pegai Anlagen Leasing GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB Realitäten und Mobilien Vermietungs GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPB TERTIA Anlagen Leasing GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
CPBE Clearing GmbH	AT	Vienna	0.00%	Merged	100.00%	F
Credo Immobilien Development GmbH	AT	Vienna	100.00%	F	100.00%	F
CREDO Real Estate GmbH	AT	Vienna	100.00%	F	100.00%	F
Dalerise Limited	CY	Nicosia	100.00%	F	100.00%	F

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

Company	Country	Headquarters	Interest in capital	2018	Interest in capital	2017
				Type of consolidation		Type of consolidation
Dapply Trading Ltd.	CY	Nicosia	100.00%	F	100.00%	F
Debowe Tarasy Sp. z o.o. w likwidacji	PL	Warsaw	0.00%	Liquidated	100.00%	F
Dębowe Tarasy sp. z o.o. w likwidacji IV sp.k. w likwidacji	PL	Warsaw	0.00%	Liquidated	100.00%	F
Dikare Holding Ltd.	RO	Bucharest	22.00%	Fonds	22.00%	Fonds
Dionysos Immobilien GmbH	AT	Vienna	100.00%	F	100.00%	F
DUS Plaza GmbH	DE	Cologne	100.00%	F	100.00%	F
Ebulliente Holdings Ltd	CY	Nicosia	100.00%	F	100.00%	F
EFSP Immobilienentwicklung GmbH	AT	Vienna	0.00%	Merged	100.00%	F
EHL Gewerbeimmobilien GmbH	AT	Vienna	49.00%	E-AS	0.00%	n.a.
EHL Immobilien Bewertung GmbH	AT	Vienna	49.00%	E-AS	49.00%	E-AS
EHL Immobilien GmbH	AT	Vienna	49.00%	E-AS	49.00%	E-AS
EHL Immobilien Management GmbH	AT	Vienna	49.00%	E-AS	49.00%	E-AS
EHL Investment Consulting GmbH	AT	Vienna	49.00%	E-AS	49.00%	E-AS
EHL Real Estate Slovakia s.r.o. in Liqu.	SK	Istanbul	0.00%	Liquidated	49.00%	E-AS
EHL Wohnen GmbH	AT	Vienna	49.00%	E-AS	0.00%	n.a.
Elmore Investments Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Emolu Trading Ltd.	CY	Nicosia	99.00%	F	99.00%	F
ENIT Lublin Sp. z o.o. w likwidacji	PL	Warsaw	100.00%	F	100.00%	F
Equator Real Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Erlend Investments Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
ESCENDO Liegenschaftshandels-gesellschaft m.b.H. & Co KG	AT	Vienna	100.00%	F	100.00%	F
E-stone Central Europe AT Holding GmbH	AT	Vienna	0.00%	Sold	28.00%	NC
E-Stone Central Europe Holding B.V.	NL	Amsterdam	0.00%	Sold	28.00%	NC
EUREDES Immobilien GmbH	AT	Vienna	100.00%	F	100.00%	F
EXIT 100 Projektentwicklungs GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Eye Shop Targu Jiu s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Fawna Limited	CY	Nicosia	99.36%	F	99.36%	F
Flureca Trading Ltd	CY	Nicosia	100.00%	F	100.00%	F
FMZ Baia Mare Imobiliara s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
FMZ Lublin Sp. z o.o.	PL	Warsaw	30.00%	E-AS	30.00%	E-AS
FMZ MB, investicijska družba d.o.o.	SI	Laibach	100.00%	F	0.00%	n.a.
FMZ Sosnowiec Sp. z o.o.	PL	Warsaw	45.00%	E-AS	45.00%	E-AS
GAL Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Galeria Zamek Sp. z o.o.	PL	Lublin	100.00%	F	100.00%	F
Gangaw Investments Limited	CY	Nicosia	100.00%	F	100.00%	F
Geiselbergstraße 30-32 Immobilienbewirtschaftungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
GENA DREI Immobilienholding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
GENA ELF Immobilienholding GmbH	AT	Vienna	100.00%	F	100.00%	F
GENA NEUN Beteiligungsverwaltung GmbH	AT	Vienna	100.00%	F	100.00%	F
GENA SIEBEN Immobilienholding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
Gena Vier Immobilienholding GmbH	AT	Vienna	100.00%	F	100.00%	F
GENA ZEHN Immobilienholding GmbH	AT	Vienna	100.00%	F	100.00%	F
Gendana Ventures Ltd.	CY	Nicosia	100.00%	F	100.00%	F
GF Amco Development srl	RO	Ilfov	22.00%	NC	22.00%	NC
Gila Investment SRL	RO	Bucharest	100.00%	F	100.00%	F
Global Emerging Property Fund L.P.	GB	Jersey	25.00%	Fonds	25.00%	Fonds
Global Trust s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Globe 13 Kft.	HU	Budapest	0.00%	Merged	100.00%	F
Globe 3 Ingatlanfejlesztő Kft.	HU	Budapest	100.00%	F	100.00%	F
GORDON INVEST Kft.	HU	Budapest	100.00%	F	100.00%	F
Gordon Invest Netherlands B.V.	NL	Amsterdam	100.00%	F	100.00%	F
Grand Centar d.o.o.	HR	Zagreb	100.00%	F	100.00%	F
GVG Gewerbepark Langen GmbH & Co KG in Liqu.	DE	Frankfurt	0.00%	Liquidated	60.00%	NC
Hadas Management SRL	RO	Bucharest	75.00%	E-JV	75.00%	E-JV
Haller Kert Kft.	HU	Budapest	0.00%	Merged	100.00%	F
Hamlingate Investments Limited	CY	Nicosia	100.00%	NC	100.00%	NC
Harborside Imobiliara s.r.l.	RO	Bucharest	90.00%	F	90.00%	F
HDC Investitii SRL	RO	Bucharest	100.00%	F	100.00%	F
Herva Ltd.	CY	Nicosia	0.00%	Sold	100.00%	F

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IE Equuleus NL B.V.	NL	Amsterdam	100.00%	F	100.00%	F
I-E Immoeast Real Estate GmbH	AT	Vienna	100.00%	F	100.00%	F
IE Narbal NL B.V.	NL	Amsterdam	100.00%	F	100.00%	F
I-E-H Immoeast Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMAK CEE N.V.	NL	Amsterdam	100.00%	F	100.00%	F
IMAK Finance B.V.	NL	Amsterdam	100.00%	F	100.00%	F
IMBEA Immoeast Beteiligungsverwaltung GmbH	AT	Vienna	100.00%	F	100.00%	F
IMF Campus GmbH	DE	Cologne	100.00%	F	100.00%	F
IMF Campus Verwaltungs GmbH	DE	Cologne	0.00%	Merged	100.00%	F
IMF Casa Stupenda GmbH	DE	Düsseldorf	100.00%	F	100.00%	F
IMF Casa Stupenda Verwaltungs GmbH	DE	Düsseldorf	100.00%	F	100.00%	F
IMF Deutschland GmbH	DE	Cologne	0.00%	Merged	100.00%	F
IMF Königskinder GmbH	DE	Cologne	100.00%	F	100.00%	F
IMF PRIMA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
IMF QUARTA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMF SECUNDA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOASIA Beteiligungs GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOASIA IMMOBILIEN ANLAGEN GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Immobilien Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOBILIA Immobilienhandels GmbH & Co KG	AT	Vienna	100.00%	F	100.00%	F
Immobilien L Liegenschafts Vermietungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Immobilien L Liegenschafts Vermietungs GmbH & Co Bischoffgasse 14/Rosagasse 30 KG	AT	Vienna	100.00%	NC	100.00%	NC
Immobilien L Liegenschafts Vermietungs GmbH & Co Vriotgasse 4 KG	AT	Vienna	100.00%	NC	100.00%	NC
IMMOEAST Acquisition & Management GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST ALLEGRO Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Immoeast Baneasa Airport Tower srl	RO	Bucharest	100.00%	F	100.00%	F
IMMOEAST Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Bulgaria 1 EOOD	BG	Sofia	100.00%	F	100.00%	F
Immoeast Cassiopeia Financing Holding Ltd.	CY	Nicosia	0.00%	Sold	100.00%	F
IMMOEAST Despina I B.V.	NL	Amsterdam	100.00%	F	100.00%	F
IMMOEAST Despina II B.V.	NL	Amsterdam	100.00%	F	100.00%	F
IMMOEAST Immobilien GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Iride IV Project s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
IMMOEAST Polonia Sp. z o.o. w likwidacji	PL	Warsaw	100.00%	F	100.00%	F
Immoeast Polonia sp. z o.o. w likwidacji III sp.k. w likwidacji	PL	Warsaw	100.00%	F	100.00%	F
Immoeast Polonia spółka z ograniczoną odpowiedzialnością w likwidacji 1 sp.k.	PL	Warsaw	100.00%	F	100.00%	F
IMMOEAST PRESTO Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Abdallo Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Almensor Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Almaria Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Amfortas Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt ANDROMACHE Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Annus Holding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOEAST Projekt Arbaces Holding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOEAST Projekt Aries Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Babekan Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Barbarina Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Beta Holding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOEAST Projekt Caelum Holding GmbH	AT	Vienna	100.00%	F	100.00%	F

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IMMOEAST Projekt Cassiopeia Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Cepheus Holding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOEAST Projekt CIMAROSA Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Cinna Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Circinus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Cygnus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Decimus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Delta Holding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOEAST Projekt DESPINA Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Dorabella Holding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOEAST Projekt Ducentesimus Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Epsilon Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Equuleus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Eridanus Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Fenena Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Gamma Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Hekuba Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Hüon Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Hydrus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Hylas Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Idamantes Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Jota Holding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOEAST Projekt Kappa Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Lambda Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt MASETTO Holding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOEAST Projekt Montano Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Moskau Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Narbal Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Nonus Holding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOEAST Projekt Octavus Holding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOEAST Projekt Omega Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Pantheus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Quartus Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Quindecimus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Radames Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Rezia Holding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOEAST Projekt ROSCHANA Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Secundus Holding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOEAST Projekt Semos Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Septendecimus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Septimus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Sexagesimus Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Sextus Holding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOEAST Projekt Sita Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Tertius Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt TITANIA Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Titurel Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Trecenti Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Zerlina Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Silesia Holding Ltd.	CY	Nicosia	100.00%	F	100.00%	F
IMMOFINANZ AG	AT	Vienna	100.00%	F	100.00%	F

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IMMOFINANZ ALPHA Immobilien Vermietungs-Gesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ Artemis Immobilien Vermietung GmbH	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Beta Liegenschaftsvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOFINANZ BETEILIGUNGS GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOFINANZ CAMPUS GmbH & Co. KG	DE	Cologne	0.00%	Merged	100.00%	F
IMMOFINANZ Carlsquartier GmbH	DE	Düsseldorf	0.00%	Merged	100.00%	F
Immofinanz Center Management Romania SRL	RO	Bucharest	100.00%	F	100.00%	F
Immofinanz Corporate Finance Consulting GmbH	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Deutschland GmbH	DE	Cologne	100.00%	F	100.00%	F
IMMOFINANZ Enodia Realitäten Vermietungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Epsilon Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOFINANZ Float GmbH & Co. KG	DE	Düsseldorf	100.00%	F	94.90%	F
IMMOFINANZ Friesenquartier GmbH	DE	Cologne	92.70%	F	92.70%	F
IMMOFINANZ Friesenquartier II GmbH	DE	Cologne	100.00%	F	92.70%	F
Immofinanz Gamma Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Gesellschaft für Unternehmensbeteiligungen GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Immofinanz Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOFINANZ Hungária Harmadik Kft.	HU	Budapest	100.00%	F	100.00%	F
IMMOFINANZ Immobilien Vermietungs-Gesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ Ismene Immobilien Vermietungs-Gesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ JOTA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOFINANZ KAPPA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOFINANZ LAMBDA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Liegenschaftsverwaltungs- und Beteiligungsgesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Immofinanz Medienhafen GmbH	DE	Cologne	100.00%	F	100.00%	F
IMMOFINANZ MONTAIGNE Liegenschaftsvermietungs GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ OMEGA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOFINANZ OMIKRON Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Immofinanz Polska Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
IMMOFINANZ Real Estate Slovakia s.r.o. in Liqu.	SK	Bratislava	0.00%	Liquidated	100.00%	F
IMMOFINANZ Residential Slovakia s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
IMMOFINANZ Services Czech Republic, s.r.o.	CZ	Prague	100.00%	F	100.00%	F
Immofinanz Services d.o.o. Beograd-Novi Beograd	RS	Belgrade	100.00%	F	100.00%	F
IMMOFINANZ Services Hungary Kft.	HU	Budapest	100.00%	F	100.00%	F
Immofinanz Services Poland Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
IMMOFINANZ Services Romania s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
IMMOFINANZ Services Slovak Republic, s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
IMMOFINANZ SITA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Immofinanz zwei Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOKRON Immobilienbetriebsgesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	80.00%	E-JV
ImmoPoland Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
IMMOWEST Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOWEST IMMOBILIEN ANLAGEN GMBH	AT	Vienna	100.00%	F	100.00%	F
ImmoWest Lux II S.à.r.l. in Liqu.	LU	Luxembourg	0.00%	Liquidated	100.00%	F

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IMMOWEST Lux III S.à.r.l. in Liqu.	LU	Luxembourg	100.00%	F	100.00%	F
Immowest Lux IV S.à.r.l. in Liqu.	LU	Luxembourg	0.00%	Liquidated	100.00%	F
Immowest Lux V S.à.r.l. in Liqu.	LU	Luxembourg	100.00%	F	100.00%	F
Immowest Lux VI S.à.r.l. in Liqu.	LU	Luxembourg	100.00%	F	100.00%	F
Immowest Lux VII S.à.r.l. in Liqu.	LU	Luxembourg	100.00%	F	100.00%	F
Immowest Lux VIII Sarl in Liqu.	LU	Luxembourg	0.00%	Liquidated	100.00%	F
IMMOWEST OVERSEAS REAL ESTATE GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOWEST PROMTUS Holding GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
Infinitas ProjektentwicklungsgesmbH	AT	Vienna	100.00%	F	100.00%	F
IPOPEMA 78 Fundusz Inwestycyjny Zamkniety Aktywów Niepublicznych	PL	Warsaw	0.00%	Sold	100.00%	F
Irascib Holdings Ltd.	CY	Nicosia	100.00%	F	100.00%	F
IRIDE S.A.	RO	Bucharest	100.00%	F	100.00%	F
Itteslak Trading Ltd	CY	Nicosia	100.00%	F	100.00%	F
IWD IMMOWEST Immobilienholding GmbH	AT	Vienna	100.00%	F	100.00%	F
J.H. Prague a.s.	CZ	Prague	0.00%	Merged	100.00%	F
JUNGMANNOVA ESTATES a.s.	CZ	Prague	0.00%	Merged	100.00%	F
Kastor Real Sp. z o.o. in Liqu.	PL	Warsaw	100.00%	F	100.00%	F
Kibiq Ltd	CY	Nicosia	0.00%	Sold	100.00%	F
Klio Real Sp. z o.o.	PL	Warsaw	0.00%	Merged	100.00%	F
Klyos Media s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Koral Residence EOOD	BG	Sofia	100.00%	F	100.00%	F
Lagerman Properties Limited	CY	Nicosia	100.00%	F	100.00%	F
Lasianthus Ltd	CY	Nicosia	100.00%	F	100.00%	F
Lasuvu Consultants Ltd.	CY	Nicosia	100.00%	F	100.00%	F
LeasCon Anlagen Leasing und Beteiligungs GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
LeasCon Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
LeasCon Maschinen Leasing und Handels GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
LENTIA Real (1) Hungária Kft.	HU	Budapest	100.00%	F	100.00%	F
Leutselinge Ltd	CY	Nicosia	0.00%	Sold	100.00%	F
Lonaretia Consultants Ltd	CY	Nicosia	100.00%	F	100.00%	F
Loudaumcy Investments Ltd	CY	Nicosia	100.00%	F	100.00%	F
LUB Leasing- und Unternehmensbeteiligungs GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
M.O.F. Immobilien AG	AT	Vienna	20.00%	Fonds	20.00%	Fonds
Maalkaf BV	NL	Amsterdam	100.00%	F	100.00%	F
Malemso Trading Ltd	CY	Nicosia	100.00%	F	100.00%	F
MBP I Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
MBP II Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Medin-Trans LLC	UA	Kiev	0.00%	Sold	98.71%	F
Merav Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Merav Finance BV	NL	Amsterdam	100.00%	F	100.00%	F
Metropol Consult SRL	RO	Bucharest	100.00%	F	100.00%	F
Mill Holding Kft.	HU	Budapest	38.90%	E-AS	38.90%	E-AS
Mollardgasse 18 Projektentwicklungs GmbH	AT	Vienna	0.00%	Liquidated	50.00%	E-JV
Monorom Construct SRL	RO	Bucharest	100.00%	F	100.00%	F
Nimbus Real Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Norden Maritime Services Limited	CY	Nicosia	100.00%	F	100.00%	F
Norden Maritime SRL	RO	Bucharest	100.00%	F	100.00%	F
NP Investments a.s.	CZ	Prague	50.00%	E-JV	50.00%	E-JV
Nuptil Trading Ltd	CY	Nicosia	100.00%	F	100.00%	F
Nutu Limited	CY	Nicosia	100.00%	F	100.00%	F
Objurg Consultants Ltd	CY	Nicosia	100.00%	F	100.00%	F
OCEAN ATLANTIC DORCOL DOO	RS	Belgrade	80.00%	NC	80.00%	F
OFFICE CAMPUS BUDAPEST Kft.	HU	Budapest	75.00%	F	75.00%	F
OOO IMMOconsulting	RU	Moscow	0.00%	Retail portfolio	100.00%	Retail portfolio
OOO Real Estate Investment Management	RU	Moscow	0.00%	Retail portfolio	100.00%	Retail portfolio
OPTIMA-A Kft.	HU	Budapest	0.00%	Merged	100.00%	F
Oscepar Consultants Ltd	CY	Nicosia	100.00%	F	100.00%	F
OSG Immobilienhandels G.m.b.H.	AT	Vienna	100.00%	F	100.00%	F

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PBC Liegenschaftshandelsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
PBC Liegenschaftshandelsgesellschaft m.b.H. & Co KG	AT	Vienna	100.00%	F	100.00%	F
PBC Liegenschaftshandelsgesellschaft m.b.H. & Co Projekt "alpha" KG	AT	Vienna	100.00%	F	100.00%	F
Perlagonia 1 Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
Pivuak Trading Ltd.	CY	Nicosia	100.00%	F	100.00%	F
Polluks Real Sp. z o.o. in Liqu.	PL	Warsaw	0.00%	Liquidated	100.00%	F
Polonia Property Fund L.P.	GG	Guernsey	0.00%	Liquidated	19.99%	Fonds
Polus a.s.	SK	Bratislava	100.00%	F	100.00%	F
Polus Tower 2, a.s.	SK	Bratislava	0.00%	Merged	100.00%	F
Polus Tower 3, a.s.	SK	Bratislava	0.00%	Merged	100.00%	F
Polus Transilvania Companie de Investitii S.A.	RO	Floresti	100.00%	F	100.00%	F
PRAGUE OFFICE PARK I, s.r.o.	CZ	Prague	0.00%	Sold	100.00%	F
Prelude 2000 SRL	RO	Bucharest	100.00%	F	100.00%	F
Prinz-Eugen-Straße Liegenschaftsvermietungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Probo Management LLC	UA	Kiev	0.00%	Sold	98.71%	F
ProEast Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
Progeo Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Promodo Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Quixotic Trading Ltd	CY	Nicosia	100.00%	F	100.00%	F
Real Habitation s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Rekan Estate d.o.o. in Liqu.	HR	Zagreb	100.00%	F	100.00%	F
Remsing Investments Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
RentCon Handels- und Leasing GmbH	AT	Vienna	100.00%	F	100.00%	F
Retail Park d.o.o. Beograd	RS	Belgrade	100.00%	F	0.00%	n.a.
Retail Park Four d.o.o. Beograd	RS	Belgrade	100.00%	F	0.00%	n.a.
REVIVA Am Spitz Liegenschafts GmbH	AT	Vienna	0.00%	Sold	100.00%	F
Rezidentim s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Riverpark Residential Sp. z o.o. in Liqu.	PL	Warsaw	0.00%	Liquidated	100.00%	F
Ronit Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Roua Vest SRL	RO	Bucharest	100.00%	F	100.00%	F
Russia Development Fund L.P.	GB	Cayman Islands	0.00%	Liquidated	50.66%	Fonds
S IMMO AG	AT	Vienna	29.14%	E-AS	0.00%	n.a.
S.C. Baneasa 6981 s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
S.C. Brasov Imobiliara S.R.L.	RO	Bucharest	100.00%	F	100.00%	F
S.C. Flash Consult Invest s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
S.C. IE Baneasa Project s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
S.C. IMMOEAST Narbal Project s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
S.C. Meteo Business Park s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
S.C. Retail Development Invest 1 s.r.l.	RO	Baia Mare	100.00%	F	100.00%	F
S.C. Stupul de Albine s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
S.C. Union Investitii S.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Sadira Ltd.	CY	Nicosia	49.45%	E-JV	49.45%	E-JV
Sapir Investitii SRL	RO	Bucharest	100.00%	F	100.00%	F
SARIUS Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
SARIUS Liegenschaftsvermietungs GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
SBF Development Praha spol.s r.o.	CZ	Prague	100.00%	F	100.00%	F
SCPO s.r.o. in Liqu.	SK	Bratislava	100.00%	F	100.00%	F
SCT s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
Secunda Immobilienanlagen GmbH	AT	Vienna	0.00%	Merged	100.00%	F
Shaked Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Shark Park Holding Kft.	HU	Budapest	0.00%	Merged	100.00%	F
Shopping Center Tri d.o.o. Beograd-Novi Beograd	RS	Belgrade	100.00%	F	0.00%	n.a.
Silesia Residential Holding Limited	CY	Nicosia	100.00%	F	100.00%	F
Silesia Residential Project Sp. z o.o. w likwidacji	PL	Warsaw	0.00%	Liquidated	100.00%	F
SITUS Holding GmbH	AT	Vienna	100.00%	F	100.00%	F

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

Company	Country	Headquarters	Interest in capital	2018 Type of consolidation	Interest in capital	2017 Type of consolidation
SITUS L Liegenschafts Vermietungs GmbH & Co Seidengasse 39 KG	AT	Vienna	100.00%	NC	100.00%	NC
SITUS L Liegenschafts Vermietungs GmbH & Co. Kaiserstraße 44-46 KG	AT	Vienna	100.00%	NC	100.00%	NC
SITUS L Liegenschafts Vermietungs GmbH & Co. Neubaugasse 26 KG	AT	Vienna	100.00%	NC	100.00%	NC
Snagov Lake Rezidential SRL	RO	Bucharest	100.00%	F	100.00%	F
S-Park Offices s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Starmaster Limited	CY	Nicosia	100.00%	F	100.00%	F
Stephanshof Liegenschaftsverwaltungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Stop Shop d.o.o.	HR	Zagreb	100.00%	F	0.00%	n.a.
Stop Shop Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
Stop Shop Poland Sp.z.o.o.	PL	Warsaw	100.00%	F	100.00%	F
STOP SHOP RO RETAIL ONE SRL	RO	Bucharest	100.00%	F	100.00%	F
Stop Shop Romania I B.V.	NL	Amsterdam	0.00%	Merged	100.00%	F
Stop Shop Romania II B.V.	NL	Amsterdam	0.00%	Merged	100.00%	F
STOP SHOP SERBIA d.o.o.	RS	Belgrade	100.00%	F	100.00%	F
Stop Shop Ungarn GmbH	AT	Vienna	0.00%	Merged	100.00%	F
STOP.SHOP GNS Kft.	HU	Budapest	100.00%	F	100.00%	F
STOP.SHOP Kisvárda Kft.	HU	Budapest	100.00%	F	100.00%	F
STOP.SHOP OHÁZA Kft.	HU	Budapest	0.00%	Merged	100.00%	F
STOP.SHOP STARJÁN Kft.	HU	Budapest	100.00%	F	100.00%	F
STOP.SHOP TB Kft.	HU	Budapest	100.00%	F	100.00%	F
STOP.SHOP. CZ s.r.o.	CZ	Prague	100.00%	F	100.00%	F
STOP.SHOP. Slovakia s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
STOP.SHOP.Czech Republic I B.V.	NL	Amsterdam	0.00%	Merged	100.00%	F
STOP.SHOP.Czech Republic II B.V.	NL	Amsterdam	0.00%	Merged	100.00%	F
STOP.SHOP.Holding B.V.	NL	Amsterdam	100.00%	F	100.00%	F
STOP.SHOP.Hungary B.V.	NL	Amsterdam	0.00%	Merged	100.00%	F
STOP.SHOP.Serbia B.V.	NL	Amsterdam	0.00%	Merged	100.00%	F
STOP.SHOP.Slovakia I B.V.	NL	Amsterdam	0.00%	Merged	100.00%	F
STOP.SHOP.Slovakia II B.V.	NL	Amsterdam	0.00%	Merged	100.00%	F
STOP.SHOP.Slovenia B.V.	NL	Amsterdam	0.00%	Merged	100.00%	F
Sunkta Ltd	CY	Nicosia	100.00%	F	100.00%	F
SZÉPVÖLGYI BUSINESS PARK Kft.	HU	Budapest	100.00%	F	100.00%	F
Taifun Real Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Talia Real Sp. z o.o.	PL	Warsaw	0.00%	Merged	85.00%	F
Tamar Imob Investitii SRL	RO	Bucharest	100.00%	F	100.00%	F
Termaton Enterprises Limited	CY	Nicosia	75.00%	E-JV	75.00%	E-JV
Topaz Development SRL	RO	Bucharest	100.00%	F	100.00%	F
TradeCon Leasing- und Unternehmensbeteiligungs GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Tripont Invest s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Utility Park West s.r.o.	CZ	Prague	0.00%	Sold	31.32%	NC
Váci út 184.Business Center Kft.	HU	Budapest	38.90%	E-AS	38.90%	E-AS
Vastator Limited	CY	Nicosia	99.36%	F	99.36%	F
VCG Immobilienbesitz GmbH	AT	Vienna	100.00%	F	100.00%	F
Ventane Ltd.	CY	Nicosia	98.71%	F	98.71%	F
Ventane Ukraine LLC	UA	Kiev	0.00%	Sold	98.71%	F
Ventilatorul Real Estate SRL	RO	Bucharest	100.00%	F	100.00%	F
Vertano Residence Sp. z o.o. w likwidacji	PL	Warsaw	0.00%	Liquidated	100.00%	F
Vitrust Ltd.	CY	Nicosia	100.00%	F	100.00%	F
VIV Gebäudeerrichtungs GmbH	AT	Vienna	0.00%	Merged	100.00%	F
VIVO! Poland Sp. z o.o.	PL	Warsaw	100.00%	F	86.00%	F
W zehn Betriebs- & Service GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
Walkabout Beteiligungs GmbH in Liqu.	DE	Rodgau	66.67%	E-AS	66.67%	E-AS
WINNIPEGIA SHELF s.r.o.	CZ	Prague	100.00%	F	100.00%	F
Xantium Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

9. Release of the Consolidated Financial Statements

These consolidated financial statements were completed and signed by the Executive Board of IMMOFINANZ AG on 1 April 2019 and subsequently distributed to the Supervisory Board. The Supervisory Board is responsible for examining the consolidated financial statements and stating whether or not it approves these documents.

Vienna, 1 April 2019

The Executive Board of IMMOFINANZ AG



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO

Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of IMMOFINANZ AG, Vienna (the Company), and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB.

BASIS FOR OPINION

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revaluation of investment property

Audit matters and related information

(See sections 4.1. and 5.7. of the notes to the consolidated financial statements and the section "Property valuation" in the group management report)

The revaluation of standing investments amounted to EUR 6 million in the 2018 financial year based on a total carrying amount of EUR 3,894 million for investment property, which represents the most important asset position on the balance sheet.

In order to determine the fair value of each property as of the balance sheet date, management uses independent appraisers for nearly all properties. The input parameters for these valuations include data supplied by the Company as of the balance sheet as well as numerous assumptions by the Executive Board and the appraisers for various "input factors", above all concerning market rents, expected vacancies, future new rentals and the resulting realisable rents and the discount rates based on the yields for comparable properties, all of which are intended to best depict the future earnings potential of the respective property. These estimates have a material influence on property valuation.

Given the high importance of investment property for the consolidated financial statements and the increased valuation uncertainty connected with the estimates of future developments, we have defined the revaluation of investment property as a key audit matter.

Audit procedures

Our audit procedures to evaluate the appropriateness of the revaluation of investment property included the following activities:

- > An analysis of the process used to value investment property with regard to the general procedures, design and functioning of controls in processing the results
- > An evaluation of the professional suitability and objectivity of the appraisers appointed by the Executive Board
- > The sampling of property appraisals based on the size of the property, the change in the fair value of the property above a defined scope and properties with changes in material input factors without the expected change in fair value
- > A critical assessment of the methods and key assumptions in the expert opinions for the sampling through comparison with current publicly available data and market developments
- > Communication with the external appraisers and asset managers to clarify any implausibility arising from the above-mentioned audit procedures
- > An analysis of the disclosures in the notes on investment property with regard to the appropriateness of the information on estimation uncertainty and sensitivities.

Deferred tax assets

Audit matters and related information

(See sections 4.7. and 5.10. of the notes to the consolidated financial statements)

Deferred tax assets (before offset: EUR 661 million) and deferred tax liabilities (before offset: EUR 940 million) are recognised, on the one hand, for temporary differences which could lead to taxable or deductible amounts and, on the other hand, for future tax receivables resulting from the utilisation of loss carryforwards. The recognition of deferred tax liabilities includes all taxable temporary differences, while deferred tax assets are only recorded to the extent it is probable that sufficient deferred tax liabilities or taxable profit will be available in the future against which the deductible temporary differences can be used.

The IMMOFINANZ Group is active in various tax jurisdictions and has a complex corporate and financing structure. This corporate structure is subject to continuous change, in particular through the project to simplify the corporate structure which was launched in 2017. This has appropriate effects on the future development of earnings and the tax burden in the individual Group companies.

The valuation of deferred tax assets is based on significant estimates by management concerning the future development of business, including the necessary inclusion of previously implemented or planned changes in the corporate or financing structure, and must be continuously monitored both prospectively and retrospectively. These calculations are complex because of the applicable tax rules and the necessary subjective estimates and accompanying uncertainty.

Therefore, we have defined the carrying amount of deferred tax assets as a key audit matter.

Audit procedures

In connection with our audit of the recoverable value of deferred tax assets, our audit procedures focused on the following matters:

- > Reconciliation of the forecast calculations which form the basis for tax planning in each company with the overall budget approved by the Supervisory Board
- > An analysis of the forecast data and its development, in particular with respect to internal corporate procedures and the adjustments resulting from tax laws
- > An analysis of the non-recurring effects (in particular, sales) in the forecast data and their effects on future forecast years
- > An analysis of the calculation methodology and the consistency of the individual calculation steps
- > A comparison of the key assumptions used for tax planning with the legal framework (in particular tax rates and the possible utilisation of loss carryforwards)
- > A summarised assessment of the recognised deferred tax assets.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises all information in the consolidated non-financial statement, which we obtained prior to the date of this auditor's report, and the annual report, but does not include the consolidated financial statements, the consolidated management report and our auditor's report thereon, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. With respect to the information in the consolidated management report beyond the consolidated non-financial statement we refer to the section "Report on the Audit of the Consolidated Management Report".

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the additional requirements under section 245a UGB and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- > Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- > Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- > Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- > We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. Wir tauschen uns mit dem Prüfungsausschuss unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Abschlussprüfung sowie über bedeutsame Prüfungsfeststellungen, einschließlich etwaiger bedeutsamer Mängel im internen Kontrollsystem, die wir während unserer Abschlussprüfung erkennen, aus.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE AUDIT OF THE CONSOLIDATED MANAGEMENT REPORT

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements. The consolidated non-financial statement included in the consolidated management report is not subject to our audit; our respective responsibilities are described in the section "Other Information".

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

OPINION

In our opinion, the consolidated management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the consolidated financial statements.

STATEMENT

In the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit of the consolidated financial statements, we have not identified material misstatements in the consolidated management report.

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS ACCORDING TO ARTICLE 10 OF REGULATION (EU) NO 537/2014

We were appointed by the annual general meeting on 11 May 2018 and commissioned by the supervisory board on 14 June 2018 to audit the consolidated financial statements for the financial year ending 31 December 2018. We have been auditing the Group uninterrupted since the financial year ending 30 April 2011.

We confirm that our opinion expressed in the section "Report on the Audit of the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of the Group in conducting the audit.

ENGAGEMENT PARTNER

The engagement partner responsible for the audit is Mag. Friedrich Wiesmüllner.

Vienna, 1 April 2019

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Friedrich Wiesmüllner
Certified Public Accountant

Mag. Nikolaus Schaffer
Certified Public Accountant

This report is a translation of the long-form audit report according to section 273 of the Austrian Commercial Code (UGB). The translation is presented for the convenience of the reader only. The German wording of the long-form audit report is solely valid and is the only legally binding version. Section 281(2) UGB applies.

Statement by the Executive Board

We confirm to the best of our knowledge that the consolidated financial statements of IMMOFINANZ provide a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report of IMMOFINANZ provides a true and fair view of the development and performance of the business and position of the group, together with a description of the principal risks and uncertainties faced by the group.

We confirm to the best of our knowledge that the individual financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of IMMOFINANZ AG as required by the applicable accounting standards and that the management report provides a true and fair view of the development and performance of the business and position of the company, together with a description of the principal risks and uncertainties faced by the company.

Vienna, 1 April 2019

The Executive Board of IMMOFINANZ AG



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO

Glossary

Ad-hoc announcement

Corporate announcements that could influence the share price. These announcements are published by stock corporations in the form of ad-hoc press releases as required by § 48d of the Austrian Stock Corporation Act and are designed to ensure that all market participants are provided with the same information

Annualised rents

Projection of rental income for a specific period to total rental income for the year

Asset class

Classification categories for real estate based on the use of the property. IMMOFINANZ differentiates between the office, retail and other asset classes

Asset management

Asset management covers the administration, rental and maintenance of standing investments

ATX

(Austria Traded Index) of the Vienna Stock Exchange

Austrian Commercial Code

The commercial (legal) code applicable to companies in Austria

Austrian Corporate Governance Code

A set of voluntary rules for the establishment of good corporate governance and control systems

Benchmark

A comparative analysis, e.g. of companies or shares

bp

Basis point; a unit equal to one hundredth of a percentage point

BREEAM

The BRE Environmental Assessment Method is a certification method for buildings that concentrates on ecological aspects

Cap

Agreed upper limit for the interest rate on a floating interest rate loan

Carrying amount

The value of an asset or a liability as reported on the balance sheet

Cash flow

This indicator represents the inflows and outflows of cash and cash equivalents during a reporting period

CEE

Central Eastern Europe

Center Management

Coordination office for shopping centers that provides services for tenants and owners' representatives

Change of control clause

A contractual provision that regulates specific claims by parties (e.g. Executive Board members) if there is a change in the ownership of a company

Closing price

The final trading price for a security at the end of a specific period

Compliance rules

Compliance rules are issued to ensure conformity with legal, regulatory and voluntary regulations

Comply or explain

A category of rules in the Austrian Corporate Governance Code. Any deviation from these "C-Rules" must be explained and justified to achieve compliance with the code

Contingent liability

An obligation whose existence or amount is uncertain on the balance sheet date

Convertible bond

A financial instrument that creates a financial liability for the issuing company and gives the holder the right to convert the bond into a fixed number of common shares in the company

Corporate bond

An interest-bearing security issued by a company

Corporate governance

Corporate governance is the general term for a variety of policies and practices (e.g. management and control) in companies or other organisations

Corporate Social Responsibility (CSR)

A voluntary contribution to sustainable development which exceeds legal minimum requirements (compliance), for example by companies and other members of society

Cost model

A method to account for investment properties, which is based on the respective acquisition or production cost less accumulated depreciation (also see fair value model and IAS 40)

COSO ERM (COSO Enterprise Risk Management)

An internationally recognised and applied framework for the design of integrated corporate risk management

Coupon

A certificate that entitles the holder to receive dividends or interest

Debt Service Coverage Ratio

An indicator that compares income to interest and principle payments

Deferred taxes

A balance sheet position resulting from the valuation differences on taxes between the financial statements prepared under IFRS and the financial statements prepared for tax purposes

Development project (property)

A property built or developed by the company

Discount rate

The interest rate used to discount future cash flows; also see discounted cash flow method

Discounted cash flow method

See the notes to the consolidated financial statements

Diversification

Distribution of real estate investments over various types of use and geographical regions in order to minimise risk

Dividend

A distribution of profit by the company to its shareholders

DGNB

German Sustainable Building Council
(Deutsche Gesellschaft für nachhaltiges Bauen)

Due diligence

Careful analysis and examination of data on an investment target, in particular, as regards financial, legal, tax, technical and economic relationships

D&O (Directors & Officers) insurance

Asset damage-liability insurance that is concluded by a company for its corporate bodies and key employees

Earnings per share (EPS; basic)

Group net profit for the period divided by the weighted number of shares outstanding

Earnings per share (diluted)

Group net profit for the period divided by the weighted number of shares outstanding, which also includes all potential conversions (e.g. from convertible bonds or stock options)

EBIT

Earnings before interest and tax

EBT

Earnings before tax

EPRA

European Public Real Estate Association; the association of listed real estate companies in Europe

EPRA Best Practice Policy Recommendations

Recommendations made by the EPRA to increase Transparency

EPRA/NAREIT Developed Europe Index

EPRA stock index category

EPRA/NAREIT Emerging Europe Index

EPRA stock index category

Equity

The amount of a company's assets that remains after the deduction of liabilities

Equity consolidation (equity method)

A method to account for the carrying amount of certain investments in the consolidated financial statements of the parent company that holds voting capital in another company. See the notes to the consolidated financial statements

EuroStat

Statistical office of the European Union

Fair value

The amount for which an asset could be exchanged or a liability settled between knowledgeable, willing and independent business partners

Fair value method

Approach for the valuation of assets (including real estate); it is based on the actual price that could be realised on the market

FRICS

Fellow of the Royal Institution of Chartered Surveyors; the title held by the members of a British association of real estate experts

Full consolidation

A consolidation method under which the assets and liabilities of a subsidiary are included in the consolidated financial statements at 100%

FX effects

Foreign exchange effects; all financial effects resulting from exchange rate differences

Gearing

An indicator that measures the ratio of a company's debt to its equity (financial liabilities less cash and cash equivalents divided by equity)

Green Building

A certification system for commercial properties which was introduced by the EU Commission

Gross return on a property

Annual gross return on a property, based on its carrying amount

IAS

International Accounting Standards, also see IFRS

IAS 40

The International Accounting Standard that regulates the accounting treatment and valuation of investment properties; it includes an option that allows companies to choose between the fair value model and the cost model (also see Fair value method and Cost model)

IATX

Branch index for property stocks in the Austria Traded Index (ATX)

ICS

Internal Control System, the processes and procedures implemented by companies to ensure proper management and control, above all compliance with guidelines and the prevention of damages that could be caused by employees or malicious third parties

IFRIC

International Financial Reporting Interpretations Committee; subgroup of the International Accounting Standards Committee Foundation (IASCF) that deals with the interpretation of IFRSs and IASs

IFRS

International Financial Reporting Standards

IFRS 5

Defines rules for the accounting treatment of non-current assets and discontinued operations held for sale

Interest Coverage Ratio

Indicator that shows the ratio of a company's earnings to its interest payments

Interest rate swap

A derivative financial instrument which exchanges variable for fixed interest payments as protection against the risk of interest rate fluctuations

Investment property

See the notes to the consolidated financial statements

ISIN

International Security Identification Number

IVA

Austrian Shareholder Association
(Österreichischer Interessenverband für Anleger)

Joint venture

A joint arrangement where the partner companies with joint control rights also share rights to the net assets of the joint arrangement

LEED

Leadership in Energy and Environment Design is a certification method for office buildings that is focused on ecological aspects

Like-for-like analysis (lfl)

Change in rental income or property valuation adjusted for new acquisitions, completions and sales during the respective period

Loan-to-Value (LTV)

The ratio of a loan to the fair value of a property

Market capitalisation

Market value of a stock corporation (share price x number of shares outstanding)

Market value

See fair value

NAV

Net Asset Value, see the calculation in the section *Business Development*

Net profit

Profit or loss recorded by a company during a specific period

NNNAV

Triple Net Asset Value, see the calculation in the section *Business Development*

Nominal value

Repayment amount of a liability

Operating expenses

Costs that normally arise in connection with the use of a property (e.g. building management); these costs are charged to the tenants

Operating segment

A component of a corporation

PP

Percentage points, absolute difference between two percentage rates

Property management

Coordination office for the administration, management and monitoring of properties

Property portfolio

All property assets held by a company

Property valuation

The determination of the value of properties by external experts. The IMMOFINANZ property portfolio is valued by external appraisers as of 31 December and 30 June

Proportionate consolidation

A consolidation method under which the assets and liabilities of a joint venture are included in the consolidated financial statements based on the percentage of ownership ("proportional share")

Registered share with restricted transferability

The issuer's consent is required for the purchase of these shares

Return

An indicator that shows the relationship between the income from an investment and the amount of the investment

Return based on invoiced rents (invoiced rents return)

Return based on invoiced rents is explained by the accrual of rental incentives – e.g. the standard market practice of granting rent-free periods or allowances for fit-out costs. These incentives must be accrued on a straight-line basis over the contract term in accordance with IFRS (basis for gross return under IFRS), but are not included in the invoiced rent.

Risk management

Active measures to provide protection against risks

Scope of consolidation

Term for the companies to be included in the consolidated financial statements

Share capital

The total nominal value of the shares issued by a company

Share performance

The development of a share price during a specific period

Share price

The price at which a share trades on the stock exchange

Spin-off

Spin-off of a business unit or operation from IMMOFINANZ

Standing investment

Investment property that is held to generate rental income

Trade

The purchase and sale of properties

Value date

The date on which funds are credited to an account and interest payments begin

Value in dispute

An expression used in legal proceedings that refers to the monetary value of the disputed object

Voting rights

The right to vote on motions at the annual general meeting

WAULT**(Weighted Average Unexpired Lease Term)**

Average remaining term of rental contracts weighted by rental income

Withholding tax

Also called capital yields tax; a tax on income from Investments

FINANCIAL CALENDAR 2019

12 May 2019	Record date for participation in the 26th annual general meeting
22 May 2019	26th annual general meeting
24 May 2019	Expected ex-dividend date
27 May 2019	Expected record date for the determination of dividend rights (record date)
28 May 2019	Expected dividend payment date
28 May 2019	Announcement of results for the first quarter of 2019 (after the close of trading)
29 May 2019	Report on the first quarter of 2019
28 August 2019	Announcement of results for the first half of 2019 (after the close of trading)
29 August 2019	Report on the first half of 2019
27 November 2019	Announcement of results for the first three quarters of 2019 (after the close of trading)
28 November 2019	Report on the first three quarters of 2019

IMPRINT

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Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates.

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